

# CAPTURE THE OPPORTUNITY IN THE CZECH REPUBLIC

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BUSINESS SWEDEN

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20150413

Prague

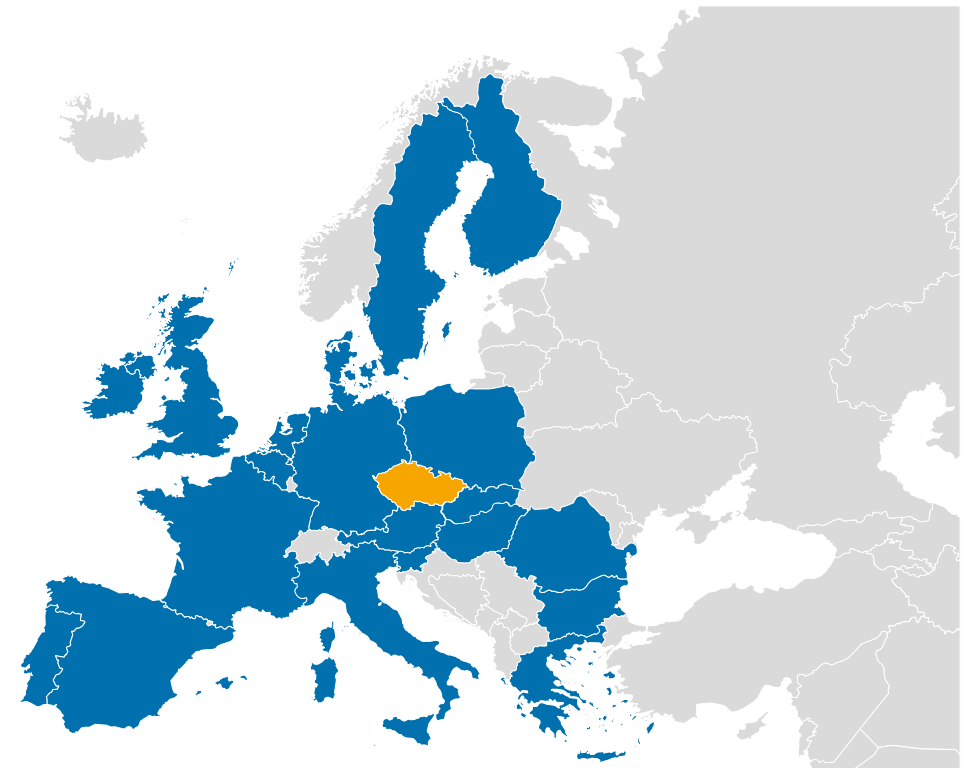


# THE CZECH REPUBLIC HAS BEEN EU MEMBER SINCE MAY 2004

## ECONOMICAL AND MONETARY STABILITY, LEGISLATION COMPATIBLE WITH EU

- ▶ **Population:** 10,538,300
- ▶ **Area (km2):** 79,000
- ▶ **Capital:** Prague
- ▶ **Language:** Czech
- ▶ **Government:** Parliamentary democracy
- ▶ **Currency:** Czech Koruna
- ▶ The Czech Republic is one of the most developed transitional economies in European Union
- ▶ The country's economic policy is consistent and foreseeable
- ▶ The strong and independent Czech National Bank has maintained exceptional monetary stability since 1991
- ▶ Laws pertaining to commerce, accounting and bankruptcy are compatible with Western standards
- ▶ Between 2004-2013 the Czech Republic got EU subsidies of 24 BSEK( 2,6 BEUR)\*

## EUROPEAN UNION MAP

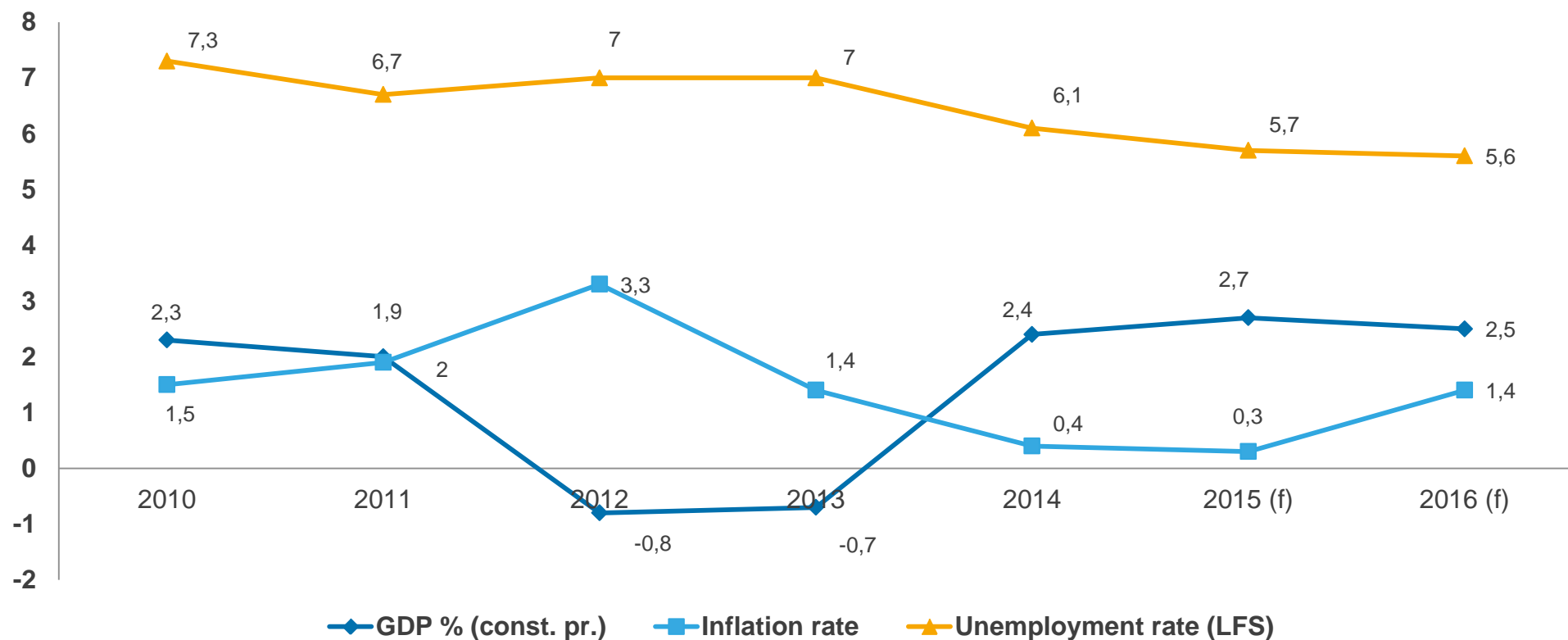


SOURCE; MINISTRY OF FINANCE OF THE CZECH REPUBLIC, CZECH INVEST, CURRENCY CONVERTER [WWW.OANDA.COM](http://WWW.OANDA.COM)



# CZECH ECONOMY IS ON A STRONG RECOVERY PATH

MAIN ECONOMIC INDICATORS, THE CZECH REPUBLIC (2010-2016 (F) %)



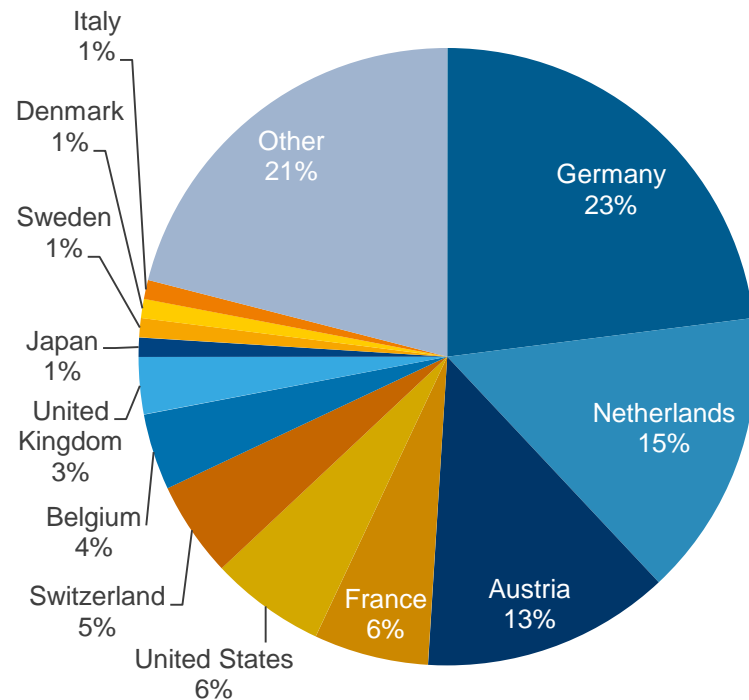
AFTER SEVERAL YEARS OF DEFLATIONARY PRESSURE, CZECH ECONOMY IS BACK ON TRACK

SOURCE; MINISTRY OF FINANCE OF THE CZECH REPUBLIC

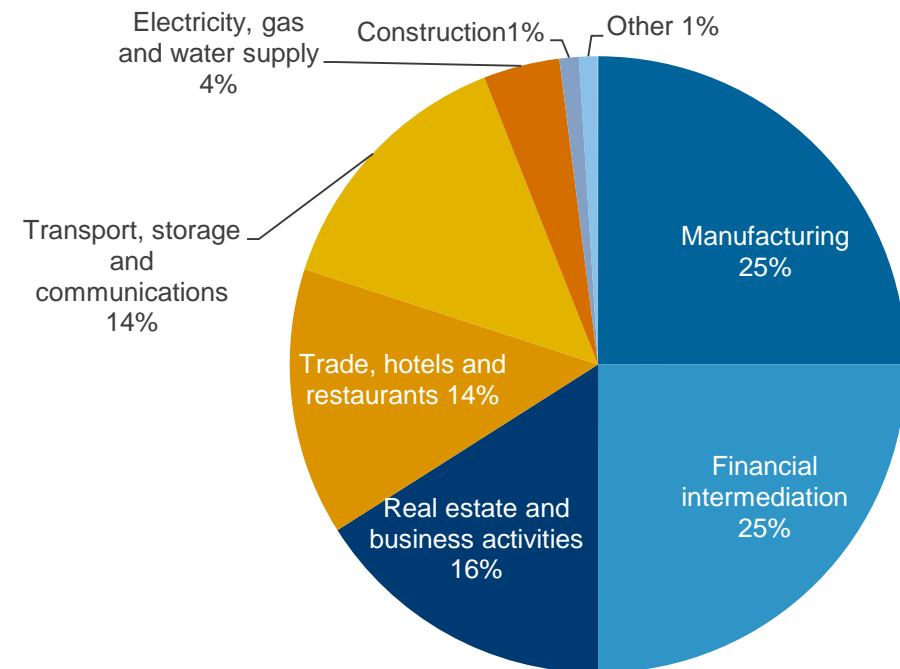


# 790 BSEK (85BEUR) WORTH OF FDI HAVE BEEN PERFORMED IN THE CZECH REPUBLIC SINCE 1993

CUMULATIVE FDI INFLOW BY COUNTRY 1993-2013  
TOTAL 790 BSEK\*



CUMULATIVE FDI INFLOW BY SECTOR 1993-2013  
TOTAL 790 BSEK\*



GERMANY HEADING WITH 25 % COMPARED TO SWEDEN 1%, MEANING LARGE POTENTIAL FOR SWEDEN TO INCREASE FDI

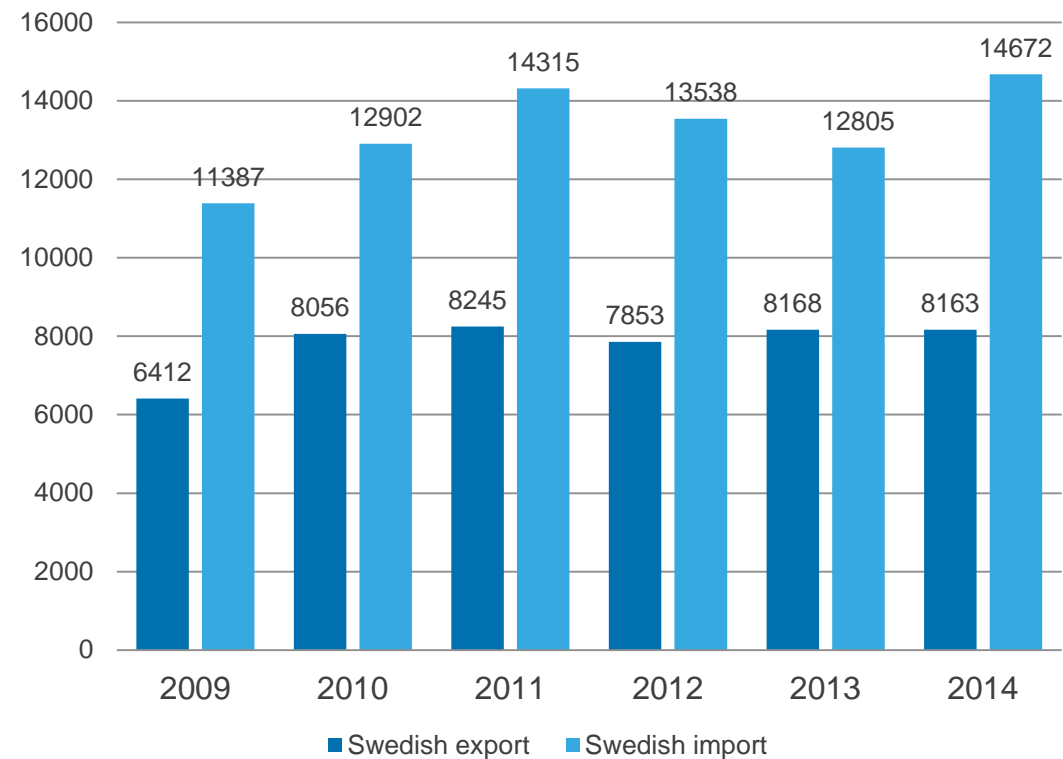
SOURCE: NATIONAL BANK OF THE CZECH REPUBLIC, 2014, CURRENCY CONVERTER [WWW.OANDA.COM](http://WWW.OANDA.COM)



# TRADE BETWEEN SWEDEN AND THE CZECH REPUBLIC ACCOUNTS FOR MORE THAN 20 BSEK (2,2 BEUR)

- ▶ Swedish exports has been stable during the last several years, portraying minor growth
- ▶ Sweden remains net importer in trade relations with the Czech Republic
- ▶ Machinery and chemical products account for more than 80% of the Swedish exports to the Czech Republic
- ▶ Czech Republic is one of the major production destinations for the Swedish companies in the CEE, therefore, manufactured products account ¼ of all the exports to Sweden
- ▶ Followed by transport equipment and related parts - primarily Skoda Auto and other automotive OEMs on the market

SWEDISH EXPORT TO THE CZECH REPUBLIC,  
VALUE IN MSEK



SOURCE: NATIONAL BOARD OF TRADE OF SWEDEN , CURRENCY CONVERTER [WWW.OANDA.COM](http://WWW.OANDA.COM)



# APPROX. 200 SWEDISH COMPANIES HAVE LOCAL ESTABLISHMENT IN THE CZECH REPUBLIC

## Large sized companies

- ▶ ABB
- ▶ Alfa Laval
- ▶ Astra Zeneca
- ▶ H&M
- ▶ IKEA
- ▶ KappAhl
- ▶ Lindab
- ▶ Oriflame
- ▶ SKF
- ▶ Systemair
- ▶ Volvo Truck Corporation



## Small and medium sized companies

- ▶ Arjo Scandinavia
- ▶ Arlaplast



## Local production activities

- ▶ Assa Abloy
- ▶ BE Group
- ▶ Mölnlycke Health Care



ASSA ABLOY

IKEA®

AstraZeneca



MÖLNLYCKE  
HEALTH CARE



# PROMISING SECTORS IN THE CZECH REPUBLIC

Dominant sector with long tradition. It attracts interest of many foreign companies that decide to manufacture in the CR due to favourable position and high quality of Czech engineers

## Automotive

The sector supplies equipment and machinery (turbines, transportation and air-conditioning equipment; agricultural, food-processing, construction machinery; and machine tools)

## High – tech Mechanical Engineering

The CR is an attractive location for contract R&D and manufacturing. Development of health care and life-sciences sector is supported by effective patent protection, public support for R&D etc.

## Health Care & Life Sciences

## Energy & Environment

The Czech Republic offers investors in these areas both technical competence and manufacturing excellence that, combined with cost effectiveness, create favourable conditions for new investments

## Software & ICT

The Czech Republic is one of Europe's top locations for ICT investments. This fact is confirmed by the strong inflow of high-value-added projects of the world's top ICT companies

## Retail

It is expected that retail will continue its recovery and will experience a moderate increase in value sales. Disposable incomes and consumer confidence are predicted to grow



# CZECH ECONOMY IS PROSPERING AND STABLE WITH NATIONAL TARGETS SET IN LINE WITH EU AGENDA

## A selection of CR's National Reform Programme targets

- ▶ Improvement of tax collection and combatting tax evasion: electronic submission of tax returns in 2015
- ▶ Economic stability, efficiency and transparency of the public health system
- ▶ Reduction of greenhouse gas emissions by 40% at the EU level
- ▶ Decrease of the high energy intensity of the economy from 2014-2020 : 13,29 TWh are planned to be saved (New Green Savings Programme 2013)
- ▶ Reduction of administration burdens, electronization of public administration
- ▶ Support of small and medium sized enterprises
- ▶ Development of digital infrastructure (ICT)





# EU FUNDS ALLOCATION IN THE CZECH REPUBLIC

OVER 214 BSEK (23 BEUR) IS ALLOCATED FOR 2014-2020

## OP Employment

**Total OP budget: 2,1 BEUR**

- Support of education connected with market needs
- Social&healthcare transformation

## OP Transportation

**Total OP budget: 43,7 BSEK (4,7 BEUR)**

- Development of environmentally friendly transportation systems
- Focus on road and railway infrastructure

## Integrated Regional OP

**Total OP budget:42,8 BSEK (4.6 BEUR)**

- Improvement of transportation in regions and public services
- Waste treatment

## OP Business and Innovation

**Total OP budget: 40 BSEK (4,3 BEUR)**

- Focus on small and medium sized companies
- Energy efficiency within business, access to high-speed internet etc.

## OP Research ,Development and Education

**Total OP budget: 26 BSEK (2.8 BEUR)**

- Focus on universities and their research activities

## OP Environment

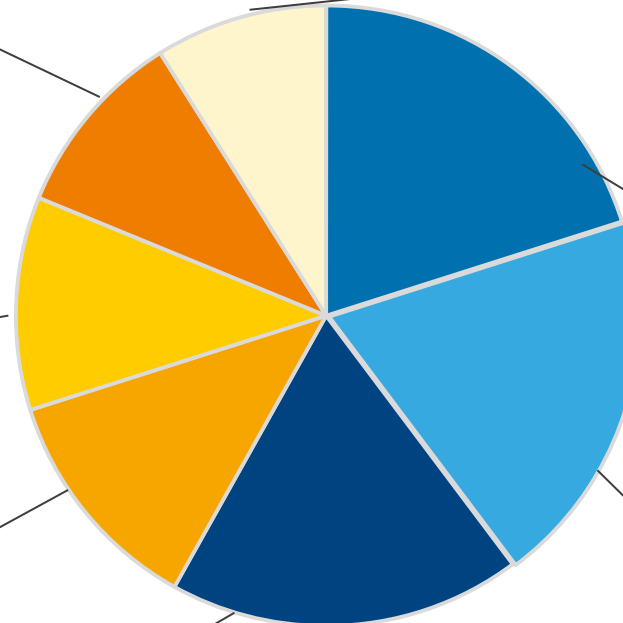
**Total OP budget: 24,2 BSEK (2,6 BEUR)**

- Focus on improvement of water and air quality
- Waste treatment

## OP Rural development

**Total OP budget: 21,4 BSEK (2,3 BEUR)**

- Knowledge and innovation support in agriculture, forestry and rural regions





# INVESTMENT INCENTIVES IN THE CZECH REPUBLIC

ONLY A LEGAL ENTITY WITH ITS REGISTERED OFFICE IN THE CZECH REPUBLIC CAN BE A RECIPIENT OF INVESTMENT INCENTIVES

## SUPPORTED AREAS:

Corporate income tax relief: 10 years

Cash grants on capital investments: 10-25% of eligible costs

Conditions for each activity must be fulfilled within 3 years from the date on which the investment incentives are granted

### ▶ **Manufacturing industry**

- ▶ Introduction or expansion of production in sectors of the manufacturing industry

### ▶ **Technology centres**

- ▶ Construction or expansion of research and development centres

### ▶ **Business support services centres**

#### ▶ **Launch or expansion of the activities of:**

- ▶ - Shared service centres
- ▶ - Software-development centres
- ▶ - High-tech repair centres

### ▶ **Strategic investments**

- ▶ The investor must invest at least CZK 200 million (7,3 MEUR/67,8 MSEK) within three years



# CONTACT US

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