

CZECH FOCUS

The magazine of the Association for Foreign Investment and CzechInvest Number 2/2013



Wheels Are Turning

The Czech automotive industry
in the spotlight

The Association for Foreign Investment is a non-governmental, non-profit organisation representing a group of international and regional consultancies and other renowned firms supporting investments in the Czech Republic. The AFI focuses on foreign direct investment, development of the Czech business environment, export of investments and services and cooperation between companies and the research sphere.

The AFI cooperates with CzechInvest and other significant institutions. Since its establishment in 1996, the AFI and its members have assisted in the majority of successful investment projects (including Volkswagen, Toyota, Hyundai, DHL and Honeywell) and projects supporting improvement of the Czech investment and business environment.

Association for Foreign Investment members:



Architecture & Design | Auditing | Business Enterprise and Assets Valuation | Construction | Corporate Finance | Development
Environmental Consultancy | Executive Search | Financial Consultancy and Services | Legal Services | Management Consultancy
Personnel Consultancy and Recruitment | Project & Construction Management | Real Estate Consultancy | Strategic Marketing
Tax Consultancy and Services

- Close cooperation with CzechInvest, the government and all relevant ministries
- Seventeen years on the market
- Specialisation in M&A and capital investment in all sectors

We will help you identify relevant service providers according to your particular needs. It is also possible to cooperate with the Association for Foreign Investment as a partner.

Please feel free to contact the AFI for more information.

AFI CONTACT

Martin Michalov
Association for Foreign Investment
Štěpánská 11, 120 00 Prague 2
Czech Republic
PHONE: (+420) 224 911 750
MOBILE: (+420) 725 555 344
E-MAIL: martin.michalov@afi.cz
www.afi.cz



Content

4

Events

Major changes in the Czech Republic's business environment

6

Sector Focus

The Czech Republic – a growing centre of the European automotive industry

10

Country Focus

South Korean chaebols: the Asian investment tiger in the Czech economy

14

Region Focus

Hradec Králové region: centre of science and education

17

Export Focus

NOPO ENGINEERING: Export is fundamental for us

20

Investment Climate

Prague: an ideal headquarters location

22

Investment Climate

Will the Czech Republic be a fund centre?

24

Questions & Answers

Everything you need to know about investment in the Czech Republic

26

Living Czech

Treasures of Czech cuisine

Musthead

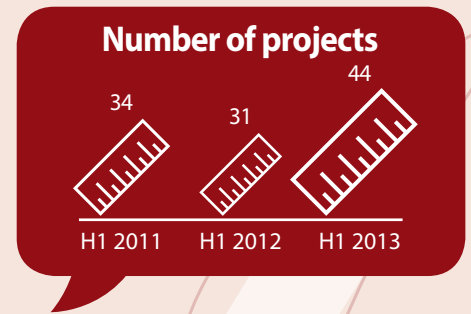
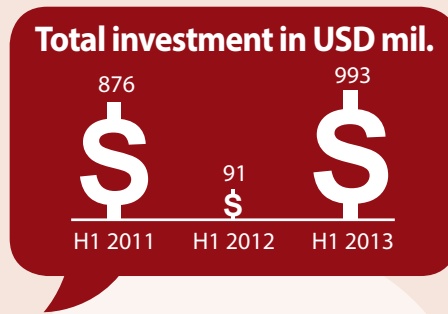
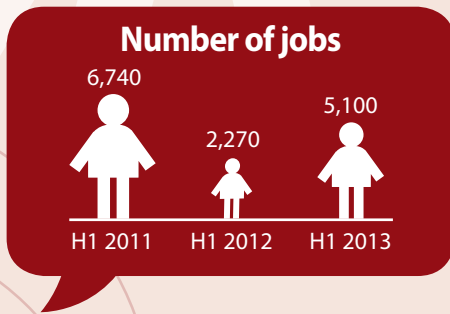
Title	Czech Focus
Publication periodicity:	biannually
Place of issue:	Prague
Number and date of issue:	2/2013, October 2013
Ref. No:	MK ČR E 18872
Publisher:	Association for Foreign Investment, Štěpánská 11, 120 00, Prague 2
Identification No.:	63835339
Web:	www.afi.cz



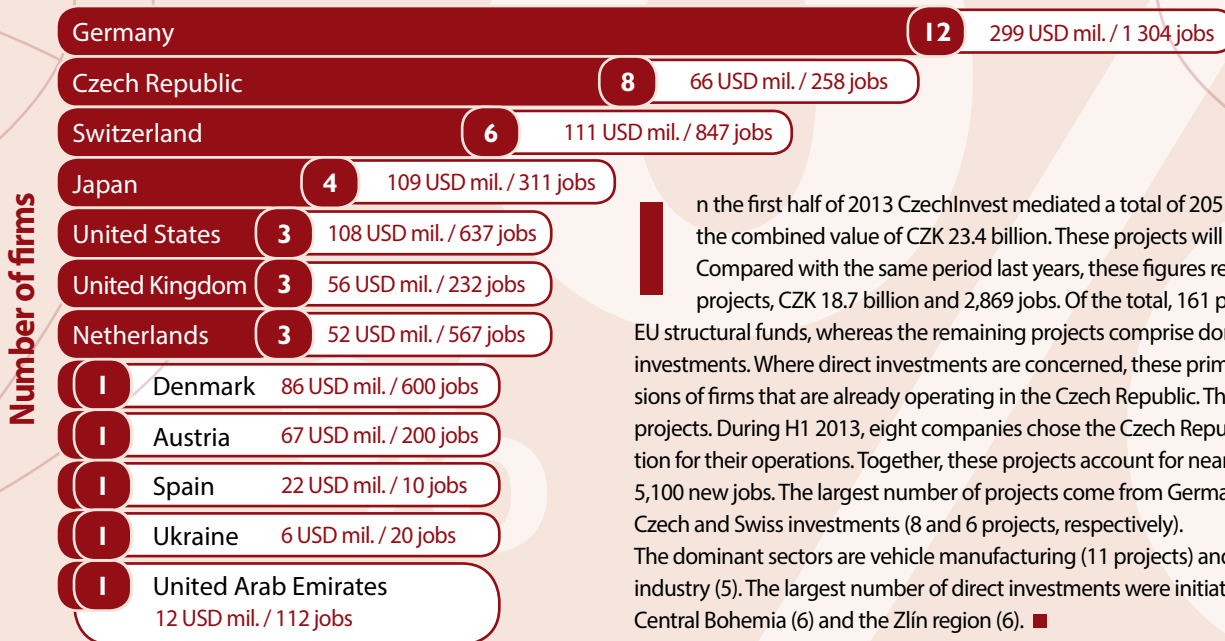
Dear Readers,

I am pleased that, as the new CEO of CzechInvest, I can introduce the autumn edition of Czech Focus. The Czech Republic is generally criticised for having an economy that is too dependent on neighbouring Germany and on the automotive industry. According to direct-investment statistics compiled by CzechInvest for the first half of 2013, it is true to that the largest number of projects comes from Germany and vehicle manufacturing is the country's dominant sector. However, I would not consider this a negative. Rather, it is confirmation of the fact that the automotive industry has a long and successful tradition here, that we have an abundance of capable people to carry out both production and research and development, and that our country's location in the heart of Europe is truly special, as will become apparent in the following pages. Investors other than Germans choose the Czech Republic for investments not only in the automotive industry. Korean firms, with Hyundai in Nošovice at the fore, also play an important role here. In this issue of Czech Focus, you can learn more about Czech-Korean trade relations, including features on particular firms. The automotive industry in the Czech Republic is not confined to Moravia-Silesia, as it also has a strong presence in other regions, one of which is Hradec Králové, where Škoda Auto has one of its manufacturing plants. Though Škoda Auto is no longer a Czech firm in the true meaning of the word, it remains the Czech economy's "crown jewel" with thousands of jobs and opportunities for Czech suppliers. In order to effectively attract investments, it is necessary to offer investors such conditions that will make investing in a given country worthwhile. One of the forms of investment support in the Czech Republic is investment incentives, the system which must be changed due to new rules imposed by the European Commission. This provides impetus for us to reassess our investment-incentives system and change it in order to gain the greatest possible number of applicants. I provide more information on this topic in the interview on page four. I believe that you will find in this issue of Czech Focus a lot of information from which you can form an image of what the Czech Republic has to offer and see that there is much to discover beyond the Prague city limits, where you will find not only beautiful landscapes and excellent beer, but also favourable conditions for your investment!

CzechInvest attracted CZK 19.5 billion of investments to the Czech Republic in H1 2013



Distribution by country of origin of direct investments



In the first half of 2013 CzechInvest mediated a total of 205 investment projects in the combined value of CZK 23.4 billion. These projects will create nearly 7,400 jobs. Compared with the same period last years, these figures represent increases of 12 projects, CZK 18.7 billion and 2,869 jobs. Of the total, 161 projects received aid from EU structural funds, whereas the remaining projects comprise domestic and foreign direct investments. Where direct investments are concerned, these primarily involved expansions of firms that are already operating in the Czech Republic. This specifically involved 36 projects. During H1 2013, eight companies chose the Czech Republic as the new destination for their operations. Together, these projects account for nearly CZK 19.5 billion and 5,100 new jobs. The largest number of projects come from Germany (12), followed by Czech and Swiss investments (8 and 6 projects, respectively). The dominant sectors are vehicle manufacturing (11 projects) and the rubber and plastics industry (5). The largest number of direct investments were initiated in South Moravia (7), Central Bohemia (6) and the Zlín region (6). ■

Fiftieth GE Aviation H80 turboprop engine produced



GE Aviation has celebrated the production of the fiftieth H80 turboprop engine in the Czech Republic in April 2013. The company began series production of H80 turboprop engines in June 2012. Engineers from GE Aviation cooperated with the Czech Aviation Research and Test Institute on the development of the engine. According to Jim Stoker, president and COO

of GE Aviation's BGA Turboprops subsidiary, H80 engines are currently in operation in the United States, Canada, Ecuador and Argentina, and the company will produce engines for aircraft to be delivered to China, Russia, South Africa, Uruguay and Brazil over the next several months.

Neturen comes to the Czech Republic



Neturen, a Japanese manufacturer of metal components, has begun construction of its first manufacturing plant in the Czech Republic in July 2013. The company chose the Triangle Strategic Industrial Zone in

Žatec as the location for its investment in the value of EUR 16 million. It will employ 40 people in the facility. CzechInvest assisted Neturen with its selection of the most suitable location. The company plans to commence production in April 2014. According to Shigeru Mizoguchi, COO of Neturen Czech, one of the reasons for placing the investment in this location was the potential of the local workforce, especially among students.



BGI Health opens new chapter of Czech genetic research

The company BGI Health and the Association of Czech Genetic Centres have opened

a prenatal diagnostics centre in Prague in June 2013. The new laboratory is focused on genetic testing in prenatal and reproductive medicine. CzechInvest assisted with mediating the project. This investment represents not only EUR 2 million and ten new jobs for university graduates in the fields of biology, biochemistry and bioinformatics, but also an extraordinary opportunity for the further development of Czech science and research activities in the field of genomics.



Source: Panalpina

Panalpina opens service centre in Prague

The Swiss company Panalpina, one of the world's leading providers of shipping solutions, has opened a service centre in Prague in July 2013. The centre is focused on services for internal customers for the entire Europe and Middle East region. Panalpina is cooperating with CzechInvest in its activities in the Czech Republic, which the company wants to expand. The Panalpina group provides comprehensive air-, sea- and ground-transport services, including logistics, on all continents. Its global network includes 500 branches in more than 80 countries and employs approximately 15,000 people.

First Mitas tire produced at new Otrokovice plant



Mitas manufactured its first radial tractor tire at the company's new production

facility in Otrokovice on 2 July 2013. The company began construction of the new plant last August and recently received a permit for trial operation. The Otrokovice facility is the second modern manufacturing plant opened by the company in just over a year, following a factory in the U.S. state of Iowa in April 2012. In close cooperation with the investor, the engineering firm Tebodín Czech Republic, AFI member, designed both the process and technical parts of the project, co-organised the selection of contractors, supervised the course of construction, ensured the acquisition of all permits for the start of construction and supervised and revised the project documentation during the "field engineering" on site. The relocation of production equipment from the Mitas facility located in the Barum Continental complex to the new facility began in June and will be completed in December 2013. Radial tyres of all sizes for use in agriculture will be manufactured at the plant.

Czech real estate investments on the upswing

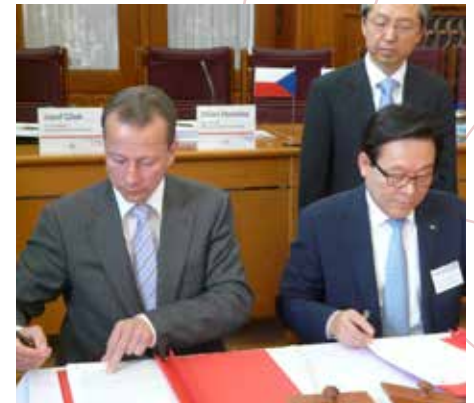


Investment volumes in Czech real estate in 2013 will significantly exceed 2012 figures, with up to EUR 1 billion worth of transactions expected to close. This is the prognosis from AFI member Colliers International, a knowledge leader in the commercial real estate sector, which recently released its H1 2013 Czech Republic Real Estate Review. The first half of 2013 saw a significant rise in investment volumes with EUR 373 million of investment transactions closed in the Czech Republic. This represents a 74% increase on the EUR 214 million of investment transactions closed during the same period in 2012. "The office sector will continue to be the most popular and accounts for around 60% of the total transaction volume this year," said Chris Sheils, Director of

Investment at Colliers International Czech Republic. Both the industrial and office markets are having a good year. More than 100,000 m² of new industrial premises were completed during H1 2013 and in the same period gross uptake amounted to 457,160 m², representing a significant year-on-year increase of 22%. A total of 181,000 m² of office space was leased during H1 2013. This is a significant increase compared to the gross uptake figures seen in both H1 2012 and H2 2012. Lease renegotiations amounted to 50% (90,500 m²) of total leased space.

AFI and KOIMA signed Memorandum of Understanding

The Association for Foreign Investment and the Korea Importers Association (KOIMA) signed a Memorandum of Understanding on the occasion of the Republic



of Korea – Czech Republic Business Forum held on 6 June 2013 at the Ministry of Industry and Trade in Prague, thus becoming cooperating partners. The AFI and KOIMA are aware of the importance of developing high-quality business relations between the Czech Republic and South Korea, with focus on support for investments, bilateral trade, research projects and other forms of interaction between Czech and Korean companies and institutions. The parties will actively exchange information on business and investment opportunities and seek further possibilities of cooperation. The AFI will support KOIMA in searching for potential business partners, subcontractors and EPC contractors for Korean companies in the Czech market. Both parties will actively search for opportunities for jointly organised initiatives, professional events and projects.

Photo: Mr. Kamil Blažek (Chairman of AFI), Mr. Tae Yong Shinn (Chairman and CEO of KOIMA) and Mr. Gabriel Oh (former Ambassador of the Republic of Korea). ■



Major changes in the Czech Republic's business environment

The European Commission adopted new Regional Aid Guidelines for the 2014-2020 period on 28 June 2013. Among other things, the guidelines reduce, in the case of the Czech Republic, the maximum possible state-aid intensity for large enterprises from the current 40% to 25% of eligible costs. We spoke with **CzechInvest CEO Marian Piecha** about the circumstances and consequences of this change, which will affect the Czech Republic's ability to attract investors by means of investment incentives.

Investment incentives are an important tool for attracting investments to the country. What major changes can be expected in connection with the new guidelines?

Among other things the new Regional Aid Guidelines for 2014-2020, which the European Commission adopted on 28 June 2013, reduce the maximum possible state-aid intensity for large firms from the current 40% to 25% of eligible costs. And because large companies comprise 95% of all current investment-incentive applicants, there is the danger that the new guidelines will substantially diminish the inflow of new investments as well as the number of expansions of existing investors in the Czech Republic. In spring this year CzechInvest carried out a survey in which 66% of the addressed investors stated that lowering the state-aid ceiling would discourage them from investing in the Czech Republic. If they were to invest here in spite of that, the change could still affect the extent of their investments. Due to all these circumstances it is a challenge for us to prepare new system of investment support to keep the competitiveness and attractiveness of the Czech Republic and I hope we succeed.

How will the changes affect the Czech Republic?

In comparison with some regions of Poland, Hungary and Slovakia the Czech Republic has higher per-capita GDP. Therefore state aid in

the Czech Republic must be reduced more than in other Central European countries. However, this does not involve only our direct competitors in Central Europe. The new guidelines will be applied across the European Union and thus reduce its competitiveness as a whole in relation to other countries outside Europe.

The Czech Republic tried to prevent the proposed changes. How specifically?

Intensive negotiations between the Czech Republic and the European Commission were conducted and continue to be conducted. Unfortunately, we did not succeed in preserving the existing state-aid intensity, though we delivered to Brussels several other proposals that could limit the impact of the new guidelines on investment support in the Czech Republic. For example, we managed to preserve the existing incentive effect, which means that investors will continue to be able to start work on a project at the moment of submitting an application to CzechInvest. We are continuing with negotiations on increasing the proposed block-exemption limit (General Block Exemption Regulation), which for investors should ease the administrative procedure of applying for aid.

When will the new guidelines come into force?

Through intensive negotiation with the European Commission, we managed to postpone the effective date of the new

guidelines until 1 July 2014, by which time we want to harmonise our system of investment incentives so that investors will feel the effects of the given changes as little as possible.

How will that be accomplished?

We are currently working on a new concept for luring investments to the country, part of which will be the amendment of the Investment Incentives Act. Due to decreasing of the state aid in the Czech Republic, we try to make the incentives more attractive, i.e. within the reduced 25% state aid to use more attractive forms of incentives like cash grants or social security&health insurance exemptions for sophisticated investments, etc. The act was amended relatively recently, in July 2012. With the passing of a year, we can see that the amendment has had a very positive impact. Using investment incentives, in 2012 we managed to attract 48 projects to the country, which is the highest number since 2009. That trend is continuing to intensify this year; by the end of July we had already reached the total values of 2012. However, further amendment of the act is now necessary because of harmonisation with the new Regional Aid Guidelines and increasing the attractiveness of the incentives system. Naturally, we want to continue the trend of investment growth so we want to use the opportunity and keep the new system attractive.

Until when can investors apply for investment incentives under the old guidelines?

In order for the Ministry of Industry and Trade to be able to issue decisions on submitted applications by the given deadline of 30 June 2014, i.e. under the current, more favourable conditions, we are calling on investors to not hesitate and to submit their applications no later than January-February 2014. ■



South Korea, Germany, Great Britain: The AFI goes beyond borders to present possibilities of investing in the Czech Republic

The Association for Foreign Investment has participated in a number of professional events this year with the aim of presenting the extensive possibilities for investing in the Czech Republic. The calendar of upcoming events is quickly filling up. The Japan Bank for International Cooperation investment seminar will take place in autumn this year and the BPO Innovations Conference will be held in New York on 13 November 2013. **For more information on where you can meet with the AFI abroad, please check the website at www.afi.cz or contact martin.michalov@afi.cz.**

Invest in Europe via the Czech Republic: 30 May 2013, Czech Centre, Seoul, South Korea

In cooperation with CzechInvest, the AFI organised the Invest in Europe via the Czech Republic! seminar that took place in May with support from the Ministry of Foreign Affairs of the Czech Republic, the Czech Embassy in Seoul and the local Czech Centre, which hosted the event. The seminar was introduced by the Czech Republic's ambassador in South Korea. Representatives of the AFI and CzechInvest presented the investment environment in the Czech Republic, the system of state aid for investments and investment incentives, the Czech legal and tax systems, investment opportunities and locations, and case studies of Korean investors. The seminar was attended by representatives of Korean companies in the automotive industry, the financial sector, trade, waste management, logistics and the steel industry. The partners of the event were CTP Invest, Kinstellar and KPMG Česká republika.

Energy Forum: 1 October 2013, German Chamber of Commerce and Industry, Düsseldorf, Germany

This professional forum on the topic of energy and cooperation between Germany and the Czech Republic was organised by the Chamber of Commerce and Industry of North Rhine-Westphalia, the NRW Energy Agency, the Czech consulate in Düsseldorf, the Ministry of Industry and Trade of the Czech Republic, CzechTrade, CzechInvest and the Czech-German Chamber of Commerce and Industry in cooperation with the AFI. The forum featured presentations of the North Rhine-Westphalia region and opportunities for German firms in the energy sector in the Czech Republic. Erste Corporate Banking in cooperation with AFI presented investment possibilities in the form of acquisitions and the possibility of financing projects in the energy sector in the Czech Republic with focus on energy savings and renewable sources of energy.

Czech ICT Showcase: 2 October 2013, Google Campus, London, United Kingdom

The Ministry of Industry and Trade of the Czech Republic in the UK, CzechInvest and the Czech ICT Alliance, in conjunction with the AFI, organised a seminar presenting the ICT sector in the Czech Republic. Companies in the IT sector had the opportunity to convince those in attendance of the potential of investments in the Czech Republic. Promising innovative Czech firms also presented themselves and their international potential to venture capitalists. The AFI was represented at the seminar by Jon Hill, managing director of Hays Czech Republic, who gave a presentation on the IT labour pool in the Czech Republic. ■



Can you make your customer smile in 28 languages?

...ask us how.

BLUeLink

Ask CzechInvest or visit us on www.bluelinkservices.cz



Martin Michalov

PR Manager, Association for Foreign Investment

The Czech Republic

– a growing centre of the European automotive industry

The Czech automotive industry ranks among the best-developing sectors in Europe. Since the 1990s, when Czechs produced fewer than 200,000 units annually, total production of motor vehicles has grown by a full million only twenty years later. The Czech Republic has thus become one of the most dynamically growing automobile manufacturers in Europe, despite the economic crisis that has afflicted the European vehicle market in the past three years. OICA, an international organisation of vehicle manufacturers, states that the Czech Republic is the world's 13th biggest producer of passenger vehicles and 15th biggest producer of motor vehicles generally.

The automotive heart of Europe Long-term growth has accelerated especially since 2005, when the French-Japanese Toyota Peugeot Citroën Automobile plant began production in the Czech Republic. Hyundai opened a plant here three years later. The Czech Republic's competitiveness was confirmed when the threshold of one million vehicles produced was crossed in 2010. A total of 1,184,314 motor vehicles were produced in 2012 and further moderate growth is expected.

The automotive industry is traditionally the strongest sector in the Czech Republic. With an 8% share in GDP, the industry employs more than 100,000 people here, though some sources mention figures of more than a quarter million. It is a strongly pro-export sector. Furthermore, the intensity of the local automobile-related activity is illustrated by the production level of 113.2 passenger cars per 1,000 inhabitants, which is the second highest in the world according to OICA. In recent years the attractiveness and quality of the local environment have convinced a number of foreign automotive companies to set up both production and technology-oriented operations in the Czech Republic. In the past ten years these companies have invested more than EUR 9.5 billion (USD 12 billion) here and have created more than 65,000 jobs.

ŠKODA AUTO: the crown jewel of the Czech Republic

ŠKODA AUTO, Hyundai Motor Manufacturing Czech and Toyota Peugeot Citroën Automobile occupy a key position in the Czech automotive industry. ŠKODA AUTO, a member of the Volkswagen Group, is the biggest vehicle manufacturer



Sustainable Mobility
Research Centre,
Roztoky u Prahy

in the Czech Republic. This rejuvenated and energetic carmaker has enjoyed its historically highest growth in recent years. Since 1991, when the company was privatised, ŠKODA has been transformed from a regional carmaker to a globally recognised brand which is significantly gaining strength both in the European market and especially in growing developing markets such as China, India and Russia. In 2011 ŠKODA AUTO introduced its new Growth Strategy for the period until 2018, according to which the company plans to double the number of ŠKODA cars sold around the world to more than 1.5 million in eight years. Investments in production and in new markets, as well as the expansion of the model line should contribute to achieving this goal. ŠKODA currently produces eight models: Superb, Octavia, Rapid, Fabia, Citigo, Yeti, Roomster and Praktik. The newest models are the Citigo introduced in 2011 and the Rapid and third-generation Octavia, which were introduced to the market last year. The company wants to continue expanding its model line. This year it will unveil eight new or updated models including, for example, a sport version of the new Octavia RS and the new Rapid Spaceback. The Octavia CNG, Octavia Scout 4x4, third-generation Fabia and Yeti facelift should come to market in 2014, followed by the third-generation Superb in 2015. ŠKODA wants to change its entire model palette and expand it into more segments by 2015.

Do you want to know more about the automotive sector in the Czech Republic? Download the free leaflet from CzechInvest!



The biggest investment projects in the Czech Republic

Company	Country of origin	Jobs
Volkswagen Group	Germany	3,150
Hyundai Motor Company	South Korea	3,000
Toyota/PSA	Japan/France	3,000
Continental	Germany	1,900
Robert Bosch	Germany	1,500
Nemak	Mexico	1,350
Faurecia	France	1,050
SUNG WOO HITECH	South Korea	1,050
Denso	Japan	950
Kostal	Germany	900

Source: CzechInvest, 2013

Hyundai: the biggest investment project in the Czech Republic

Hyundai, specifically its Czech branch – Hyundai Motor Manufacturing Czech, is another successful producer in the Czech Republic. HMMC is the biggest investment project in the country's history. Over the course of 18 months in Nošovice, in the Moravian-Silesian region, the company built a plant in which it invested a total of EUR 1.2 billion. The plant is considered by the expert public to be the most highly advanced car-manufacturing facility in Europe. Production of four models in the compact, SUV and MPV segments began in 2008 and by 2012 annual production had reached the plant's full capacity of 303,035 cars. HMMC is Hyundai's only manufacturing operation in Europe.

TPCA: Europe's greenest plant in the Czech Republic

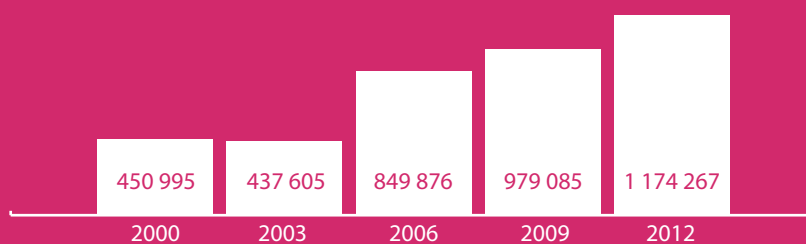
Toyota Peugeot Citroën Automobile, a joint-venture of Toyota of Japan and PSA Peugeot Citroën of France, began production in the Czech Republic at the beginning of 2005. The plant's millionth car rolled off the assembly line three years and nine months later. The plant's annual capacity is 300,000 vehicles and production is focused on small city cars with low fuel consumption and emissions. These cars are specifically the Toyota Aygo, Peugeot 107 and Citroën C1 models, which received facelifts in 2008 and 2012. TPCA focuses particularly on the matter of ecology and is rightfully considered to be the greenest factory in Europe. Czech small-series producers of sports cars include Kaipan and Gordan. In the area of heavy freight vehicles, local automobile manufacturing is represented by TATRA, which is the third oldest vehicle manufacturer in the world. Bus manufacturing is a very successful segment in the Czech Republic, as evidenced by IVECO IRISBUS, SOR Libchavy, Ekobus and Evobus, and Daimler Buses. Motorcycles are manufactured here by, for example, Jawa Moto, Blata and FGR.

Ideal environment for the automotive industry

A very important competitive advantage of the Czech automotive industry is the density of the local supplier network, which indicates the attractiveness of the local environment. Czech suppliers often fulfil even the strictest

biggest development centre was established in 2008 in Mladá Boleslav, where a design centre is also located. An engine-testing centre is currently being constructed there at a cost of EUR 34 million. Successful research and development centres are being established across the supplier network. Whether this concerns suppliers with their own R&D facilities or providers of design and development solutions, automotive science and research are enjoying strong growth in the Czech Republic. The total number of companies active in automotive R&D here recently exceeded 50 and is continually growing. A significant global trend in the automotive industry consists in the reduction of CO₂ emissions and the Czech Republic is among the countries connected with this trend. Electric and hybrid drive systems, hydrogen fuel cells, CNG, LPG and biofuels have a future in the Czech Republic. There are a number of Czech companies that have set course for these new, rising markets. Academic and research facilities, such as the Sustainable Mobility Research Centre in Roztoky u Prahy, also play an important role here. ■

Development of production of passenger and light utility vehicles over the past twelve years



Source: Automotive Industry Association, 2013

criteria of the automotive industry, whereas international quality certifications (ISO 9001, ISO/TS 16949, VDA, etc.), just-in-time delivery, lean production, etc. are standard. Evidence of this is the fact that suppliers on the domestic market provide their products to carmakers throughout Europe, from mass producers to the most luxurious brands. Czech parts are found in cars from world-renowned manufacturers such as Porsche, Lamborghini, Ferrari, Rolls-Royce and Bentley. The quality of local suppliers is confirmed also by an Ernst & Young competitiveness comparison from the beginning of 2013, in which the Czech Republic placed third in the world in terms of production costs. However, the Czech automotive industry excels only in the area of production, as we are hearing ever more frequently about Czech results in the field of research and development. ŠKODA AUTO is maintaining its position as the biggest OEM producer. The Volkswagen Group's third

Automotive R&D investment projects and technology centres, 2003 – H1 2013

Destination country	Number of projects	Number of companies
Germany	37	31
UK	22	19
Czech Republic	16	14
Hungary	14	9
France	13	12
Spain	8	7
Poland	7	6
Slovakia	2	2

Source: fDi Markets, 2013

Štěpán Rabiňák
Investment Development Manager
Automotive and Green Mobility Industries
CzechInvest

LED-module technology

is a new path for **Automotive Lighting**



With annual turnover of nearly CZK 7 billion (approx. EUR 275 million), Automotive Lighting is currently perceived on the market as a leader in innovations. The company's biggest customers include carmakers BMW, Honda, Kia, Mercedes, Mitsubishi, Nissan, Opel, Renault, Škoda and Volkswagen. Automotive Lighting's plant in Jihlava is part of one of the biggest global producers of automotive lighting technology, Magneti Marelli, which ranks among the global elite in development and production of headlamps. The company's Czech branch, which currently employs 1,500 people, anticipates a 10% increase in orders this year, thanks mainly to new projects for Škoda, Daimler and BMW, for example. This is also primarily due to the start of groundbreaking production of LED modules

for passenger-car lights, which the company is developing in a new 4,000 m² production facility. An interesting aspect is that LED modules are manufactured in a specially designed dust-free space with strict requirements for cleanliness.

LED technologies will gradually replace halogen and xenon lights. LED lighting and energy-efficient lamps will also eventually become the standard in households. At the same time, LED lights are becoming ever more popular in the automotive industry. Primarily design flexibility and low operating and consumption costs are of key importance. Automotive Lighting is flexibly responding to this trend. The company's production plans anticipate gradual growth of production to five million modules annually. A significant part of production is exported to foreign markets. Two hundred workers will be employed

in production of LED modules following the planned start of full production next year. These employees' technical education is a necessary prerequisite for Automotive Lighting's success. Therefore, the company has long been in communication with the relevant bodies of the state administration, particularly the Ministry of Industry and Trade and the Ministry of Education, with the aim of supporting the development of the technically educated workforce in the Czech Republic. Automotive Lighting's long-term objective is to build in Jihlava a European technology and development centre with focus on electronics within the Magneti Marelli concern. Cooperation with CzechInvest should be of assistance in achieving this goal. ■

*Ferdinand Vala
HR Director CEE, Automotive Lighting*



Bosch in the Czech Republic means not only production, but also **R&D**

**SUPPORTED
BY CZECHINVEST**

As one of the leading suppliers in the technology and services field, Bosch Group is active in 150 countries with more than 300,000 employees worldwide maintaining turnover of EUR 52.5 billion in 2012. In the same year, Bosch Group dedicated EUR 4.8 billion to research and development activities. Bosch Group has a long history connected with the Czech lands. The company's first building here was erected in Prague-Vinohrady in 1925. Bosch expanded its activities in Central and Eastern Europe in the 1990s. Nowadays, Bosch Group has seven sister companies in the Czech Republic, whose production facilities employ 7,400 workers and achieved turnover of EUR 1.292 billion in 2012. The production plants are located all over the Czech Republic: in České Budějovice, Jihlava, Brno, Krnov and Albrechtice. The automotive industry represents Bosch's

core business. Therefore, the Jihlava and České Budějovice facilities are Bosch's lead plants in the Czech Republic, meaning that the whole process of development, testing and initial production takes place there before the final launch and start of mass production for other countries.

Established in 1993, Bosch Diesel in Jihlava has experienced significant growth and development. The Jihlava plant concentrates on diesel systems (high-pressure injection pumps, pressure tanks, pressure valves) and it is currently the largest production complex in this field in Europe. Starting with 190 employees at the very beginning, the company currently employs 4,000 workers in three production halls. The company is both the largest employer and exporter in the Vysočina region; moreover, it is also a significant player on the whole Czech labor and export markets. Bosch Diesel has an ex-

ceptional customer network comprising more than 30 leading automotive manufacturers worldwide.

On the other hand, the plant in České Budějovice focuses not only on production, but also on R&D activities for its gasoline systems division. Besides the plant with its 2,200 associates, Bosch runs the local development and testing centre, which is the biggest Bosch R&D centre in Europe outside of Germany. The centre participates in projects for customers worldwide. It was established in 2005 and employs 390 development engineers and technicians. As its activities are still expanding, Bosch is continuing in the hiring process, specifically for highly qualified engineers with a technical background. ■

*Pavel Roman
Head of Corporate Communication
Bosch Group in the Czech Republic and Slovakia*



Current trends and the future of the automotive industry in the Czech Republic

The automotive industry is one of the key sectors of the Czech economy, as it accounts for more than 20% of the country's industrial production and exports, whereas 80% of the sector's production is exported. Employing 150,000 highly qualified people, the sector places the Czech Republic – a small country of ten million people – in a noteworthy position on the global scale. In 2012 the country was the world's 13th biggest producer of passenger cars. In terms of per-capita production of passenger cars, the Czech Republic ranks second in the world with 112 vehicles manufactured per 1,000 inhabitants. Moreover, the country is number one in the world in the production of buses. Despite the ongoing economic recession in Europe, 2012 saw the highest rate of vehicle production in the history of the Czech lands, with total output amounting to roughly 1.2 million units, including 1.17 passenger cars and more

than 3,200 buses. Component manufacturing is also a major part of the Czech automotive industry, as suppliers account for nearly half of the local automotive industry's revenues. They produce all kinds of complete assemblies and parts, ranging from the simplest components to sophisticated electronic systems. The sector is represented in the Czech Republic by the Automotive Industry Association (AIA), which protects the interests of 150 vehicle manufacturers, suppliers and other entities involved in this industry. The AIA determines trends in the sector and exerts great effort on ensuring the future competitiveness of our automotive industry and its attractiveness for potential investors. What are the challenges that lie before us? The Czech automotive industry's strengths continue to consist in production of passenger cars, buses and sophisticated vehicle components and accessories, as well as provision of services with high value added.

We give priority to three main areas on a priority basis: 1. skilled workforce, 2. research, development and innovation, and 3. protection of the environment. Through its projects, the AIA supports the development of technical fields of study at schools and lifelong education of human resources. Furthermore, our companies are expanding their research and development centres. The AIA has supported this trend with its project called Technology Platform for Sustainable Mobility Vehicles. In the area of ecology, we are seeking solutions that are environmentally friendly throughout the vehicle lifecycle. For example, CNG technology appears to us to be the most sensible for the nearest future. ■

*Martin Jahn
President*

Automotive Industry Association

ŠKODA AUTO to bring a new model to the market every six months

SUPPORTED BY CZECHINVEST



Twenty-two years ago, the Volkswagen Group and the Czech cabinet at that time signed an agreement which stood at the beginning of a fundamental investment, bearing fruit not only for the Group and ŠKODA AUTO, but also benefiting the whole Czech economy. In the past two decades, ŠKODA AUTO has invested approx. EUR 10 billion, mainly in new vehicle models, but also in research and development facilities, as well as in expanding its capacities in the Czech Republic. In the same period, the largest Czech carmaker has increased its global sales fivefold and has grown its model range from one to a total of seven model lines. Throughout its modern history, the company has created over 7,500 new jobs at ŠKODA AUTO alone and many other jobs at its suppliers, several thousand of which as part of projects aided by investment incentives introduced by the Czech government, and has become the largest domestic exporter and the largest privately owned employer in the country. The development of the largest car manufactur-

er in the Czech Republic, with a history spanning more than a century, continues unabated. Three years ago, Chairman of the Board Prof. Winfried Vahland announced the ŠKODA Growth Strategy, which consists of a multitude of activities aimed at increasing profitability and investing in the carmaker's future growth.

All of these activities are firmly rooted in the Czech Republic. All three Czech production plants are receiving large investments to secure future development, to expand their performance, and to train employees. The main plant in Mladá Boleslav has increased its production capacity and expanded the parts centre, as well as putting a new, more powerful and especially more energy-efficient IT centre into operation, and has inaugurated its new "Lean Centre" training facility.

ŠKODA has also broken ground at the Česana technical development centre to erect a new engine testing facility. At the same time, we are building a new body shop at the Kvasiny plant. The Vrchlabí plant has undergone massive reno-

vation and has been modernised and expanded into a high-tech manufacturing plant, which has enabled it to commence production of the state-of-the-art seven-speed dual-clutch DQ 200 gearbox. We have also invested in employee training programmes in line with our push for internationalisation and our growth strategy. Our aim is to reach global sales of at least 1.5 million ŠKODA vehicles per year by 2018. The proverbial wind in our sails has taken the form of the largest model campaign in the history of our brand. We will bring a fully new or dramatically restyled model to the market every six months over the coming years. As proof, we are currently introducing our newest model, the ŠKODA Rapid Spaceback, which is the fourth new model from the Mladá Boleslav plant alone launched in the space of a single year. ■

*Bohdan Wojnar
Member of the ŠKODA AUTO Board of
Directors for Human Resources Management
ŠKODA AUTO*

South Korean chaebols: the Asian investment tiger in the Czech economy

A bit of history
Bilateral cooperation between the Czech Republic and South Korea is very young, as diplomatic relations were established only as recently as in 1990. At that time, only lower-quality South Korean electronics under the Goldstar brand (now LG) and Daewoo (today General Motors Korea) passenger cars were sold on the Czech market. At the beginning of the 1990s bilateral trade amounted to just over USD 1 million. Three years later, that figure had risen to USD 86 million, whereas Czech exports accounted for USD 26 million. Nevertheless, this volume was completely negligible in the context of our overall foreign trade.

“For Czech manufacturing and export companies, South Korean firms are not only prospective business partners, but also nearly ideal partners for joint ventures in third countries.”

Only twenty years later, however, South Korea ranks third (after China and the United States) among the Czech Republic's non-European trading partners. Last year, the volume of bilateral trade exceeded USD 3.7 billion, of which Czech exports accounted for more than USD 572 million. This positive growth trend continued in the first half of this year. According to national statistics, the volume of Czech-Korean trade reached approximately USD 2.2 billion for the period from January to June 2013, giving rise to the expectation that it will exceed the historic threshold of USD 4 billion by the end of this year.

With more than CZK 55 billion currently invested here, South Korea is currently the fourth-biggest investor in the Czech economy in terms of job creation, which unambiguously demonstrates South Korea's impact on our economy. The Korean investment total will further increase in future, as Korean Air acquired 44% of shares in the national airline ČSA on 10 April 2013 and two other new investments with a combined volume of more than EUR 1 billion are currently under negotiation. In addition, a very successful seminar recently conducted by CzechInvest, the AFI and the Embassy of the Czech Republic in Seoul confirmed the mutual interest of the Czech Republic and South Korea in further strengthening and expanding cooperation in the future.

Miracle on the Han River

South Korea's economic development since the end of the Korean War (1950-1953) has been phenomenal from the perspective of a global comparison of national economies. Decimated by war and lacking both mineral resources and any kind of industrial tradition, the country's per capita GDP at the beginning of the 1960s was similar to that of the least developed African nations and its exports barely amounted to USD 100 million, whereas the main exported product was seaweed.

Today South Korea is the world's twelfth-biggest economy (GDP of USD 1.51 trillion), seventh-biggest exporter (USD 542 billion) and eighth in terms of foreign trade with total turnover of USD 1.1 trillion. Last year, per capita GDP exceeded USD 32,100. Domestic family-owned firms, generally referred to as conglomerates

or chaebols, such as Samsung, Hyundai, SK, LG, Posco, Lotte, Doosan, GS, Hankook, Hanjin (of which Korean Air is a part), Asiana Kumho and CJ, currently account for 80% of the country's GDP and rank among the leaders on the global market in their respective sectors (electronics, the automotive industry, shipbuilding, energy, petrochemicals and metallurgy). For example, Samsung, the biggest domestic conglomerate, last year had assets in excess of USD 390 billion, which is roughly equivalent to the GDP of the country with the world's 29th biggest economy (at the level of South Africa and bigger than, for example, Thailand, the United Arab Emirates, Colombia, Denmark and Greece).

Current trade cooperation between the Czech Republic and South Korea

The continual growth of bilateral trade between South Korea and the Czech Republic over the past ten years has brought about an eleven-fold increase in trade in the given period (from USD 342 million to USD 3.7 billion). Last year Czech exports to South Korea grew by 24% and total bilateral trade increased by 16%. In terms of the Czech Republic's commodity structure, the main exported products are turbines, furnaces, machines and mechanical devices, as well as electrical machines, instruments and devices, optical instruments, measuring and

control devices, medical and surgical instruments, glass and glass products, iron and steel products, vehicle components and accessories, plastics and plastic products, various ordinary metal products, toys and sporting goods. Czech imports from South Korea consist predominantly of motor vehicles, automotive components and accessories, electrical appliances (refrigerators, freezers, air-conditioners), electronics (televisions, monitors, PCs, telephones), and photographic and optical devices. These five main types of goods comprise 90% of the total volume of direct imports from South Korea to the Czech market.

The very pleasing trend consisting in further growth of exports from the Czech Republic to South Korea in 2013 is, on one hand, partially the result of the implementation of a free-trade agreement between the European Union and South Korea (in force since 1 July 2011) and, on the other hand, the positive result of massive South Korean investments in the Czech economy in recent years. For Czech manufacturing and export companies, South Korean firms are not only prospective business partners, but also nearly ideal partners for joint ventures in third countries. Another interesting aspect is that South Koreans annually receive multibillion-dollar orders in infrastructure projects on the world market (South Korean firms annually win construction orders in foreign markets totalling USD 70 billion on average).

Hyundai, Doosan, Hanwha, GS Caltex – new “Czech” exporters

The investments of the four biggest South Korean investors in the Czech Republic (Hyundai, Doosan, Hanwha a GS Caltex) have surpassed CZK 55 billion. Today these firms employ thousands of people in the Czech Republic, mostly in northern Moravia (with the exception of Doosan), where the unemployment rate is high, and they are becoming major Czech manufacturers and exporters. Hyundai Motor Company's factory in Nošovice is the biggest individual foreign direct investment in the Czech Republic (CZK 30 billion). Today Hyundai directly employs roughly 3,500 people in the Czech Republic and 6,500 indirectly, which ranks the company among the biggest employers in the region. Last year, Hyundai accounted for USD 3.5 billion of Czech exports, i.e. 2.2% of the Czech Republic's total annual exports to foreign markets. Hyundai cars manu-

factured in the Czech Republic are exported to nearly 50 markets on three continents (Europe, Asia and Africa). Furthermore, experts consider the company's Czech factory to be the most modern manufacturing plant in the world. HMC's management often proudly emphasises that the Nošovice plant achieves the highest quality coefficient within Hyundai's worldwide operations. In terms of market capitalisation, Hyundai is the world's third most significant carmaker (USD 65 billion) behind Toyota and Volkswagen, which owns Škoda Auto in Mladá Boleslav. However, in terms of profitability Hyundai occupied the top

spot in the world among vehicle manufacturers, with operating profit amounting to 10.9% of revenues.

In the field of power generation, an example of successful cooperation is the sale of Škoda Plzeň to Doosan Power Systems. Thanks to this acquisition, Czech steam turbines and generators manufactured by Doosan Škoda Power commonly appear in the offer of South Korean EPC contractors in the implementation of power-generation projects in third-country markets (e.g. Hyundai Engineering in Colombia and SK Engineering & Construction in Panama). Plastic

products with the "Czech" Hanwha and GS Caltex brands from factories in Chlebovice and Karviná, respectively, find their way to carmakers and appliance manufacturers in a number of countries and thus increase the Czech Republic's overall export potential. ■

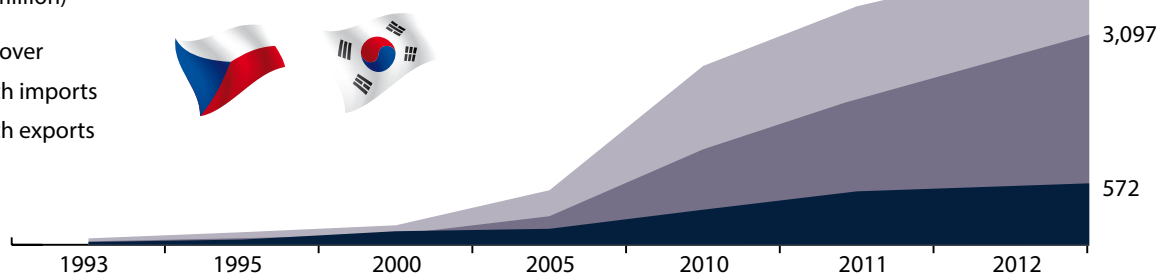
Miloš Sklenka

*Head of Economic and Commercial Mission
Embassy of the Czech Republic in Seoul*

Korean-Czech bilateral trade, 1993-2013

(in USD million)

■ Turnover
■ Czech imports
■ Czech exports



Source: Korea Customs Service, Ministry of Industry and Trade of the Czech Republic

Hyundai: Doing business in the Czech Republic

SUPPORTED BY CZECHINVEST



Hyundai Motor Company, a global carmaker established in South Korea in 1967, decided to react to the increasing demand for Hyundai cars in Europe by building its first European car plant in the Czech Republic. The company's Czech subsidiary – Hyundai Motor Manufacturing Czech – was founded in July 2006; construction started in March 2007 and in a mere 20 months, in early November 2008, mass production began in the most modern car plant in Europe. But what preceded this momentous occasion? Czech authorities, well aware of the uniqueness and importance of this giant investment project, the biggest one in the history of the Czech Republic, proved to have a great spirit of cooperation. The Ministry of Industry and Trade and the Moravian-Silesian Region, strongly supported by CzechInvest as the chief negotiator, combined their efforts, powers and resources to create a new industrial zone in Nošovice that would be able to accommodate such a big plant and several

smaller satellite zones for suppliers that followed Hyundai to the Czech Republic. The government offered competitive investment incentives and the region invested a lot of money in the construction of necessary infrastructure, connecting the HMMC plant to the existing road network. Labour authorities helped with organising the recruitment of employees and technical schools in the region have adapted their curricula according to HMMC's needs. The reason for locating the plant in the Czech Republic is very simple: the country is in the centre of Europe and has well-developed infrastructure, an industrial tradition dating back more than 200 years and a large workforce with the required technical education, qualifications, skills and experience. The central location is of tremendous importance, as HMMC's major markets are Germany, Russia, the United Kingdom, France and Italy, among others – countries located literally in all directions from the plant. Of no less importance, the company's sister plant,

Kia Motors Slovakia (KMS) is located nearby. Both plants cooperate closely, as they not only share engines made by KMS and transmissions made by HMMC, but they also share some component suppliers. During its less than five years in operation, HMMC has received numerous awards and accolades including the National Quality Award, Employer of the Year and, on three occasions, Company of the Year in the Car Industry. In May 2013, the one-millionth car rolled off the assembly line and the plant continues production at full throttle despite the economic crisis and decline of car sales in Europe. Cars from Hyundai Motor Manufacturing Czech have buyers in nearly sixty markets around the world, including all European countries, Turkey, Egypt, South Africa and Australia, confirming that the decision to do business in the Czech Republic was a smart move. ■

Petr Vaněk
PR Director

Hyundai Motor Manufacturing Czech

New dimension of Korean-Czech relations



Ambassador of the Republic of Korea H. E. Mr. Moon Ha-yong studied law at the National University in Seoul and also earned a Master of Arts degree in the field of international Relations at Boston University. He began his diplomatic career in the mid-1980s at the Korean embassy in Paris. Since then, he has held important posts at the Korean Ministry of Foreign Affairs as well as at several Embassies. He is a holder of the National Award for Service to the Country. Ambassador Moon is married and has two sons.

Interview with Ambassador of the Republic of Korea H. E. Mr. Moon Ha-yong

In which areas do you see the greatest potential for cooperation between Czechs and Koreans?

I see huge potential for cooperation in the fields of investment, technological cooperation and tourism. For instance, the Korean national carrier, Korean Air, was the only carrier offering direct flights between Vaclav Havel Airport Prague and Incheon International Airport until June 2013, when the Czech national carrier, Czech Airlines, started offering direct flights between the capital cities of our two countries. Meanwhile, the Prague-Seoul route remains the only direct connection between the Czech Republic and the Far East. Thanks to this route, the number of Korean tourists visiting the Czech Republic is growing year by year. The Czech Republic's reputation in Korea is very positive. Koreans admire Czech classical music, architecture, and art in general. The Korean drama "Lovers in Prague" had a significant impact on the positive perception of the Czech Republic in Korea and it is one of the reasons why a lot of Koreans choose the Czech Republic as their travel destination. One additional note regarding the Czech and Korean national carriers: in spring this year Korean Air bought shares in Czech Airlines, so there is no doubt that the cooperation between Vaclav Havel Airport Prague and Incheon International Airport is going to be even closer.

The other promising area is technological cooperation and R&D. The Czech Republic has a great tradition of exporting technology and equipment and the Republic of Korea is among the world leaders in the field of R&D as well. I

firmly believe that this cooperation can be very beneficial for both countries.

Another area that I would like to mention is the strong potential of cooperation between companies, including innovative companies. Until now cooperation has been focused mainly on conventional economic investments of big companies. Today, however, I see huge potential in the venture-capital sector. We will also further promote further cooperation between big companies. For instance, we see strong potential for cooperation between ČEZ (České energetické závody) and KEPKO (Korea Electric Power Corporation) in the energy sector.

How would you describe current Korean-Czech relations?

I consider current Korean-Czech relations to be very satisfying. However, I am convinced that it is possible to strengthen and deepen the ties between our two countries and thus bring them to a new, higher dimension.

Apart from the existing successful activities of Korean companies operating in the Czech Republic, I would like to point out the outstanding level of cultural exchange. Recently, a Czech Centre has opened in Seoul and a Sejong Institute has been established in Prague. Czech people might be surprised by the appearance of the Czech Centre in Seoul. It is located in a building which was designed as a copy of the Prague Old Town Hall and it resembles the original quite a lot. The latest exhibition there features a unique selection of photographs taken in Korea in the 1950s by members of the Czechoslovak contingent of

the Neutral Nations Supervisory Commission. As for the Sejong Institute in Prague, its main role is to offer lectures on the Korean language and culture to the Czech public.

I am also happy that there is a big, fun Korean Wave (so-called Hallyu) club in the Czech Republic. Korean Wave means especially Korean pop music (K-pop), drama, and movies, as well as Korean food. The Czech Hallyu Wave civic association organizes Czech K-pop contests every year with financial support from our embassy and Korean companies in the Czech Republic. Last year's winner – OMG, a Czech girls' dance team – won first place in the K-pop World Festival in Korea, and that is a remarkable success. The current cooperative Czech-Korean relationship will be elevated to the level of partnership in all fields, such as politics, diplomacy, investment, trade, culture and tourism, among others.

On which field of interest or policy do you mainly want to focus during your mandate in the Czech Republic?

I would like to develop and maintain closer relations between the Republic of Korea and the Czech Republic. First of all, I would like to intensify exchange of visits by high-level representatives of our two countries. Therefore, my aim is to form a strategic partnership between our two countries, which would contribute to building even closer and better relations in the future. One of the biggest goals during my mandate is to bring Czech-Korean relations to a new, higher dimension in all fields. ■

Building business relations in Korea brick by brick



Originally from Neratovice, Josef Jirovský currently lives in Seoul with his wife and two daughters. Before joining LEGO in 2008, he worked at Procter & Gamble and Mars. Having served as LEGO's director and country manager for the Czech Republic and Slovakia, Josef transferred to Seoul, where he is now the company's senior director and country manager for Korea.

Interview with Josef Jirovský, LEGO's country manager in Korea

You work as LEGO's country manager in Korea. How did you get that opportunity?

I joined LEGO nearly five years ago as the country manager responsible for the Czech Republic and Slovakia. I was offered the position in South Korea in connection with organisational shifts related to the growing importance of Asia for our business and in accordance with my personal development plan. Besides career advancement, the main reason that I applied for this position was the attractiveness of Asia, particularly South Korea, about which I had heard many good things from my colleagues. I have now been in Korea for six months and I definitely do not regret taking advantage of this opportunity.

What do you see as the biggest cultural differences between the Czech Republic and Korea in terms of doing business?

Small and medium-sized enterprises do not play such a significant role here as in other developed countries. This is due to the enormous privately owned conglomerates which not only account for most of South Korea's GDP, but also significantly influence the country's business environment. After being here for several months, I substantially changed my opinion about companies like Samsung, Hyundai, Doosan and LG, for which I now have great respect. Together with the fact that all these giants operate in several sectors concurrently, their impact on all business and political happenings is the main reason why smaller and medium-sized firms have such trouble establishing themselves. Paradoxically, open marketplaces are getting by relatively success-

fully, though even their influence is fading. The government is doing everything it can to support small business, but there remains the question of how successful it can be in this environment and with increasing globalisation.

What should Czech businesspeople focus on? Do you have any advice for them with regard to entering the Korean market and communication with local partners?

Everything derives from the specific mentality of Koreans and their different cultural habits. One of the main reasons for Korea's success is the prodigious industriousness of its people; their diligence is tremendous and they spend most of their time at work. They automatically expect the same from their business partners. Hierarchy is very important and Korean customers expect to deal with partners in similar positions. A business card is necessary and complying with rules of social etiquette and customs is the first prerequisite for successful meetings or establishing solid contacts. As opposed to what we know in the Czech Republic, meetings are very formal, and important meetings are conducted according to a precisely defined agenda. Koreans prefer Korean goods. On the one hand, this is because they have a strong sense of patriotism, while on the other hand they consider (for the most part rightfully) Korean products to be of high quality. Conversely, all goods produced in less developed Asian countries, especially in China, are automatically perceived as being of lower quality, so there is relatively weak demand for such products. For-

eign brands that have penetrated the Korean market either have no domestic equivalent or they are strong and well-established brands that offer the highest quality here. And Koreans are willing to pay more for quality without compromise. This is one of the main reasons why LEGO has been successful on the local market – we offer a brand that has a great image and high-quality products that also help children to develop their creativity. And that is very important for Koreans.

What most surprised you about life and business in Korea?

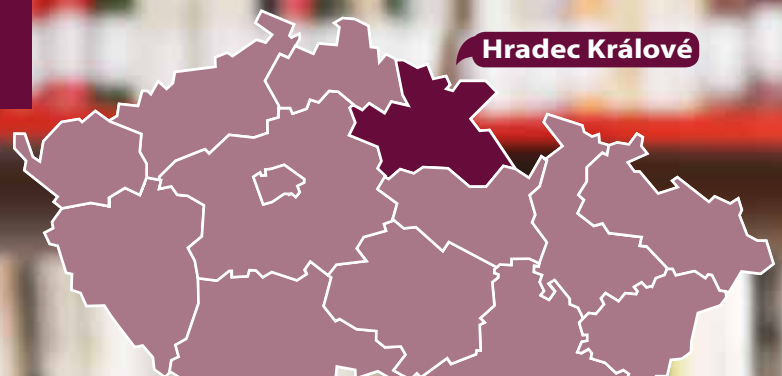
A relatively significant problem is making oneself understood, both in business relations and in everyday life. I quickly took advantage of the opportunity to learn Korean, because especially for business meetings you have to either use the language very well or rather not use it at all. English is at a very low level especially among the older generation, though some business partners have perfectly passable English but they simply don't want to speak it. Koreans firmly believe that investment in education is the best investment and that it will pay off many times over in later life. Students are extraordinarily hardworking and spend up to 14 a day studying, especially at secondary school. Getting their children into university is the main mission and life goal of most parents and is subordinate to everything else. Investments in education are huge. Students bring their diligence and industriousness to their careers. More so than what we are used to in Europe, Koreans employ and also expect a very direct style of management and have greater respect for authority figures. ■

Hradec Králové

Region: centre of science and education

Basic data

Area	4,759 km ²
Population	553,856
Average wage	EUR 880
Unemployment rate (2012)	7.1%
GDP	EUR 7,106 million



Characteristics of the region

Ch Concentrated in large cities, industry in the Hradec Králové Region coexists with intensive agriculture in the fertile Polabí area. Another key feature of the region, which lies in the northeastern part of Bohemia and shares a 200 km border with Poland, is its well-developed travel industry. Together with the Liberec and Pardubice regions, the Hradec Králové Region is part of the Northeast (NUTS II) area, which is one of the three biggest areas in the Czech Republic in terms of both land area and population. The region also borders Central Bohemia. With 94,000 inhabitants, the regional capital, Hradec Králové, is located roughly 100 km from Prague, to which it is linked by the D11 motorway. Two-thirds of the Krkonoše National Park is located in the Hradec Králové Region.

More than 250,000 people are employed in the region, which is currently focusing on completing the construction of high-quality transportation infrastructure, preparation and development of business properties for potential investors (e.g. office spaces) and support for the development of significant regional entities. Together with the Centre for Investment, development and innovation, CzechInvest's local regional office was one of the initiators of the Regional, investment, development and innovation platform, which contributes to the improvement of mutual coordination and communication of key actors from the area of production, research and mediating organisations.

Promising sectors

Mechanical engineering and the automotive industry are the most important sectors of the regional economy in terms of export, whereas the manufacturing industry has the highest rate

of employment. Due to technological advances, firms are feeling rising pressure with regard to production quality and acceleration of the innovation cycle. The Czech Republic's most significant carmaker, Škoda Auto, has manufacturing plants in the Hradec Králové Region, specifically in the Solnice-Kvasiny and Vrchlabí industrial zones, where it produces Superb, Roomster and Yeti car models and transmissions, respectively. Other major representatives of the automotive sector in the region are Saar Gummi Czech, SWELL, RONAL CR and RUBENA. In the field of mechanical engineering, significant companies include, for example, Wikov MGI (mechanical gearboxes) and Farnet (agricultural technology). This sector features a strong presence of company-based research and development, which partially offsets the absence of technical universities in the region.

institutions, especially the Faculty of Informatics and Management at the University of Hradec Králové. This faculty's presence in the region can be a competitive advantage for local ICT firms, as it is intensively working on closer relations and cooperation with the business sphere, for example in the form of participation in the Hradec IT Cluster project.

The agri-food industry ranks among the four most important branches of the manufacturing industry in the Hradec Králové Region. Its position in the context of the manufacturing industry in the Czech Republic has always been important, though it is gradually declining. However, in the Hradec Králové Region this industry exhibits a growth trend and it is anticipated that it will continue to play an important role in the local economy. Further growth and

“The unique Place for Living survey ranked Hradec Králové as the region with the highest quality of life in the Czech Republic.”

The sector of information and communication technologies is not currently among the most important sectors of the region's economy. However, its significance here consists in future development potential and cooperation with certain other key sectors of the regional economy, particularly the automotive industry, mechanical engineering, biomedicine and energy. The region features good academic

heightened competitiveness can consist in the rising interest of customers in regional foods and new products based on pharmaceutical and medical research. The development of so-called “superfoods” based on cooperation between biomedical departments of regional universities is emerging as the biggest opportunity. The Hradec Králové Region has the unique possibility to stimulate the establishment of

companies using the research and development capacities of Charles University in Hradec Králové. A major research project of Research and Breeding Institute of Promology Holovousy is important for the future development of the food cultivation sector.

The textile and clothing industry has a long tradition in the Hradec Králové Region. Within the context of the Czech Republic, the largest number of workers are employed in this sector in the region. This industry is concentrated in several small cities in the region's foothills and is now emerging from a period of crisis that afflicted it in 2008-2009. This type of industry is heavily dependent on imports of supplies and raw materials. On the other hand, exports of textile products are aided significantly by the region's favourable location in Europe. The local textile industry is undergoing partial restructuring with the transition to thorough specialisation of products. Large textile companies such as JUTA, Mileta and VEBA operate in the region.

Biomedicine is one of the high-tech sectors that depend heavily on science, research and development. The Hradec Králové Region is distinguished by a dense concentration of educational and research institutions in the area of pharmacy and biomedicine. The region is home to the Medical and Pharmaceutical Faculty of Charles University (with a prepared joint campus project), the Faculty of Military Health Sciences of the University of Defence, the Natural Sciences Faculty of the University of Hradec Králové (with

new infrastructure) and the Center for transfer of biomedical technologies, which is part of the Hradec Králové University Hospital. Globally operating firms located here include ARROW International CR (catheters), BATIST Medical (medical devices), ELLA-CS (stents) and GENERI BIOTECH (biotechnology).

Clusters and science-and-technology parks

There are three clusters operating actively in the Hradec Králové Region. A frequently cited example of successful cooperation between firms is the OMNIPACK cluster, which is focused on associating companies in the area of packaging and packaging technology. Development in the ICT sector and the large number of IT companies in the region led to the establishment of the Hradec IT Cluster. Finally, the CZECH STONE CLUSTER is a cooperative focused on processing stone materials. In the area of science-and-technology parks, the main institutions in the region are the TECHNOLOGY CENTRE Hradec Králové, which aids the development of start-up companies primarily in the ICT sector, and the INOTEX Centre of Textile Technologies and Education in Dvůr Králové nad Labem.

Interesting aspects of the Hradec Králové Region

In 2012 the unique Place for Living survey ranked Hradec Králové as the region with the highest quality of life in the Czech Republic. The region features beautiful countryside and a full range of historical and contemporary architectural sights. It has an extensive offer of possibilities for spend-

ing one's leisure time throughout the year. The region's land area of not quite 5,000 km² contains both the Czech Republic's highest mountains, the Krkonoše and the flatlands around the city of Hradec Králové, the architectural salon of the Czech Republic at the confluence of the Labe and Orlice rivers. A visit to the zoo in Dvůr Králové nad Labem is a veritable African safari. Sandstone formations, castles, chateaux, romantic ruins and, mainly, a fairytale atmosphere await visitors to Český ráj in the Jičín district. However, visitors are not confined only to walks in the country and sightseeing tours of historical monuments. The Hradec Králové Region also offers a full range of entertainment and cultural experiences. An unforgettable part of the region's cultural life is the various concerts and music festivals that take place here, such as the annual Rock for People festival, which is held in July on the site of a former military airfield in the city of Hradec Králové, and the Trutnov Open Air festival, often referred to as the Czech Woodstock, which takes place every August and was often attended by former Czech President Václav Havel. ■

Michal Tureček

*Director, Hradec Králové Regional Office
CzechInvest*

Overview of the region's biggest investors

Company	Sector
ARROW International CR	Chemical, pharmaceutical
Continental Automotive Czech Republic	Automotive
Federal – Mogul Friction Products	Automotive
AEG components (Hydra)	Electronics, electrical engineering
JUTA	Textile
Kimberly-Clark	Manufacturing (other)
Kingspan	Metalworking
RONAL CR	Automotive
RUBENA	Rubber (automotive)
Saar Gummi Czech	Rubber, plastic
SAINT GOBAIN ORSIL	Manufacturing (other)
SWELL	Technology centre (automotive)
ŠKODA AUTO (Volkswagen)	Automotive
Technistone	Manufacturing (other)
Tyco Electronic Czech	Electronics, electrical engineering
VEBA, textilní závody	Textile
Wikov MGI	Mechanical engineering

Source: CzechInvest, 1993-2013



ELLA-CS: A rising innovation star in the Hradec Králové region

ELLA-CS, which manufactures mainly stents, stent grafts, blood-vessel filters and other implantable medical devices, was established in 1991 by Doc. RNDr. PhMr. Karel Volenec, Cs. The legal form of the company was changed in 2007. The original enterprise fully consisted of ELLA-CS and its continuity in terms of structure, scope and volume of production and the number of employees was fully preserved. The company currently has three operations facilities including its own research and development capacities, laboratories and machinery for production of machines, instruments and preparations. ELLA-CS is certified pursuant to ČSN EN ISO 13485. The company currently employs 120 people and its total turnover for 2012 amounted to approximately EUR 4.3 million.

The main figure in ELLA-CS is Dr. Karel Volenec, who was previously involved in new methods of treating cancer at the Charles University Faculty of Medicine in Hradec Králové. Because the faculty was not sufficiently equipped to put those methods into practice, Dr. Volenec decided to go into business. He dedicated tremendous energy to his dream and it paid off. The construction of laboratories caused him to go into debt, for which he received financial assistance from friends and even from his company's employ-

ture of stents, primarily for the gastrointestinal area, became the company's main production programme. The stents have found markets both at home and mainly abroad, including countries outside the European Union.

In cooperation with both domestic and foreign medical capacities, the company continually engages in the development of new products and updated designs of existing products, thus responding to the requirements and findings of medical practice in connection with the development of new advanced materials and

“The stents have found markets both at home and mainly abroad, including countries outside the European Union.”

ees. But he believed in his vision and eventually began to achieve results. In 2012 Dr. Volenec and his company received several significant awards: Czech Brain 2012, Czech Innovation 2012 (overall winner and winner of the Innovation Star category), Technology Entrepreneur of the Year 2012 – Ernst & Young, Honorary Mention for Outstanding Results from the Association of Medical Device Manufacturers and Suppliers, and a Commemorative Medal of the Governor of the Hradec Králové region.

Stent production at the fore

The company's production and export activities began with special thermal-element probes for thermal radiotherapy. The product line was gradually expanded with the production of stents, stent grafts, blood-vessel filters and other implantable medical devices. Over time the manufac-

technologies, which are subsequently applied to the development and manufacture of new products. Successes achieved in recent years include the worldwide distribution of a special stent for oesophageal varices and stents made of biodegradable materials (where ELLA-CS currently holds the leading position in the area of oesophageal indications).

ELLA-CS successfully draws a broad spectrum of aid supporting the development of products, technical development and energy savings, as well as protection of intellectual-property rights and training. It is necessary to mention the company's cooperation with the Technical University of Liberec and the Hradec Králové University Hospital. The company also uses innovation vouchers (from the Hradec Králové Regional Innovation Fund in 2010 and 2011, JIC Brno in 2010).

State-of-the-art equipment

The latest major project involved the acquisition of a sterilisation unit, which comprises state-of-the-art technology for ethylene-oxide sterilisation of medical devices. It is one of only a few such units in the Czech Republic that are able to fulfil the legislative and regulatory requirements of the European Union, as well as the requirements of the United States Food and Drug Administration. Another unique project involves online transmissions from surgical theatres to the company's headquarters. This project supports interactive communication between doctors and implant manufacturers, thus contributing to the incorporation of the requirements of clinical practice into the development and production of implants. In the end, the project will thus contribute to the improvement of implants and greater comfort for physicians in the performance of their work, which will have a positive impact also on the quality, effectiveness and safety of treating patients. ELLA-CS has also participated in the Safe Catheter, Avalon, LOOSE and TIGHT, Biokom, Conform-Jet, SmartNets international projects within the 6th and 7th EU Framework Programmes. From the information provided above, it is apparent that the company places emphasis not only on the stability and quality of its existing products, but also on the continual development of its line of products and their technical solutions, as well as the application of modern scientific findings in the areas of materials and technologies. ■

Kateřina Nĕmečková
R&D
ELLA-CS

SUPPORTED BY
CZECHTRADE

NOPO ENGINEERING: Export is fundamental for us

There are a number of domestic firms operating in the Czech Republic that have both tradition and a promising future. One of them is NOPO ENGINEERING, which is a significant supplier of heavy cranes and hoisting and handling technology for various branches of industry, especially in the automotive industry. The company's clients include, among others, Škoda Auto, Peugeot, Mercedes-Benz, KIA and Hyundai. In the following interview NOPO ENGINEERING's director, Milan Saksa, answers questions about the company's origins, what it is most proud of and its prospects for the future.

NOPO ENGINEERING has been on the market for nearly 25 years. How did it all begin?

Our company's origins date back to 1989, when a group of enthusiasts under the leadership of founder Vladimír Novotný began as a small design office to create documentation for a simple crane. Production was later added, thanks to the success of which the company grew into a medium-sized engineering firm with state-of-the-art design programmes ensuring turnkey development and delivery of atypical hoisting and handling equipment.

How does the firm look today?

Today we employ nearly 200 people in our own and affiliated operations and roughly one-third of production comprises exports, which is of fundamental importance for us considering the size of the domestic market. Therefore, we strive to exert great effort on this area of our business.

decided in our favour due to our very short delivery times, top quality, overall level of technical advancement and, especially, the originality of our solutions for individual requirements. Good references from Škoda Auto, with which our company has been cooperating for more than 15 years, also helped us to win the order. In 1998 we even won the award for the Volkswagen Group's best supplier. Engagement with a German business partner, the company Carl Stahl, helped us to penetrate the demanding German market, which protects its own manufacturers. During the first quarter of 2013 we realised the delivery of a special manipulator for sorting textile rolls for the Egyptian plant of the Luxembourgian company Pegas Nonwoven. On the other side of the world, in Indonesia, we completed the delivery of two cranes with automatic suction cups, again for the Japanese paper-industry giant Maruishi. Negotiations with

requirements of customers and to offer more suitable and more effective solutions is one of our firm's major competitive advantages. We also recently began cooperation with the state agency for supporting exports and we are striving to use these activities. An outcome of this was our participation in a trade mission to Kazakhstan, where over the course of one week we had the opportunity to use perfectly organised meetings at selected local engineering firms and to thus begin establishing initial business contacts in that region. I believe that such events are very important and beneficial for domestic exporters, though of course it is necessary to count on longer-term development, especially if it involves cooperation with eastern countries, as our experience to date has shown. It is always necessary to persevere in your activities and to attain an initial reference project in the given location.

“ Currently, we are most proud of a delivery of cranes to the German carmaker Audi. ”

The result is successes in deliveries to destinations within the EU, Russia and, for example, Indonesia.

Is there any particular success that you would like to mention?

Currently, we are most proud of a delivery of cranes to the German carmaker Audi. Last year we delivered two cranes with load-bearing capacity of 50t in the value of nearly EUR 600,000 for Audi's newly constructed die-casting foundry in Münchsmünster. We won the Audi order in a demanding tender in which the world's leading manufacturers in our field also participated. Audi

Maruishi on the delivery of six more cranes to the company's factories in China and Taiwan are nearing completion.

What is behind these successes?

The rapid growth of exports has been helped by several factors including the quality of our products, sufficient references, the company's long existence on the market, our broad production programme and, especially, our ability to satisfy customers with specific requirements corresponding to the given territory. Particularly the ability to flexibly respond to the specific

Where do you see the firm's future?

We consider Russia to be one of the most promising markets. We opened a sales office in Moscow in mid-2011. The Russian market already accounts for 30% of the company's exports and that figure should increase in the coming years. Our success in eastern markets so far is all the more valuable because, unlike some other Czech engineering companies, we have not built on a previously established tradition in that region. We rather started there on a green field, so to speak. We are working there on projects for customers with which we were not familiar previously. One of the most recent orders for NOPO ENGINEERING in Russia was for the delivery of cranes for Magna Technoplast, a multinational manufacturer of plastic automotive components, in factories in St. Petersburg, Nizhny Novgorod and Kaluga. ■

Innovative power and gas supplies

AFI
PARTNER

Long-term pursuit of liberalisation of the electricity and gas sectors in the European Union has borne fruit, as business customers now enjoy a broad choice of potential suppliers of both electricity and gas, and the Czech Republic embodies that evolution. However, this reality also means that the choice of a reliable supplier is more often a matter of multi-criteria decision-making rather than a simple decision based on a single price indicator. And the good news is that there are suppliers capable of meeting customers' requirements while also taking their specific needs into account. The ČEZ Group certainly is a good example of this. The ČEZ Group produces nearly three-quarters of the total electricity generated in the Czech Republic. It also absorbed several regional electricity distribution companies during the integration of the energy sector here. Apart from the generation and sale of electricity, the ČEZ Group also deals in telecommunications; informatics; nuclear research; planning, construction and maintenance of energy facilities; raw-materials mining and processing of energy by-products. This list demonstrates that the ČEZ Group is a successful Czech syndicate of companies with a reliable portfolio of services. ČEZ Prodej (electricity and gas retailer and wholesaler, part of the ČEZ Group) is a dominant supplier for the retail segment, though not for the business segment, which is also why it can offer a customer-oriented approach to its business customers in both electricity and gas. An individual approach is a prerequisite for securing the whole range of services, based not only on competitive pricing, but also on a number of other attributes.

The ČEZ Group's services start with pre-screening support for all investors evaluating ways of connecting their planned facility. In this case, ČEZ Distribuce (distribution system operator, part of the ČEZ Group) presents a truly innovative solution in the form of the ČEZ Geoportal for customers requiring the details of the geographic location and parameters of distribution networks (the networks operated by ČEZ Distribution span more than 155,000 km). The Geoportal is a modular system with an online interface able to automatically resolve customers' requests for information regarding networks within the process of land-use planning. This progressive solution was also awarded first place in the Industry and Energy category of the Internet Effectiveness Awards 2012, a well-known competition that recognises



the most efficient Czech internet projects. The second attribute consists in full respect for the character of the industrial installation and operations schedule. This approach, embodied by individual the ČEZ representative assigned to business customers, helps clients to get

fleet vehicles, and travel. All of this is provided thanks to the close partnership between the ČEZ Group and its direct suppliers. Finally, ČEZ Prodej is a holder of the internationally recognised ISO 9001:2008 quality-management system certification, which is focused on supplies of electricity

“ The ČEZ Group produces nearly three-quarters of the total electricity generated in the Czech Republic. ”

familiar with the functioning of the Czech energy market and its pricing and development. It also leads to the optimisation of commodity purchasing processes, in electricity and gas, which is the core activity of the ČEZ Group. Business clients also become members of the ČEZ Business Club, which enables significant cost reductions in purchases of other goods and services, such as office supplies,

and gas to customers treated on an individual basis. All of this is enabled by the ČEZ Group's stability and reliability and modern online delivery of news and market analysis to its customers, and could form a firm basis for the establishment of a sound and beneficial partnership for tailored supplies of electricity and gas. ■



CEZ GROUP IS A DYNAMIC, INTEGRATED ENERGY CONGLOMERATE

based in the Czech Republic and with operations in a number of countries in the region of Central and Southeastern Europe. Its principal business encompass generation, distribution and sale of electricity and heat, sale of gas as well as coal mining.

The shares of the parent company ČEZ, a. s. are traded in Prague and Warsaw, and they are also a significant part of the stock exchange indexes there. The company's largest shareholder is the Czech Republic.

POLAND	Warsaw
THE CZECH REPUBLIC	Prague
SLOVAKIA	Bratislava
HUNGARY	Budapest
ROMANIA	Reșița Bucharest
BULGARIA	Sofia
TURKEY	Istanbul



Prague: an ideal headquarters location

According to the European Cities and Regions of the Future 2012/2013 ranking published by the British fDi Magazine, Prague is first overall in terms of FDI strategy in Eastern Europe.

If we take into account the city's attributes, which are its strategic location in the centre of Europe, the excellent price-quality ratio of services for investors, its cultural and historical wealth and favourable environment for expatriates, Prague is a unique and advantageous location for regional headquarters in Central and Eastern Europe. Besides the existing prerequisites, such as the stable tax environment and low tax rates, relatively low labour costs and property prices, and the very good level of municipal infrastructure, the AFI is also emphasising dialogue and cooperation between relevant entities of the public and private sectors so that they provide to investors maximum convenience and the best possible service.

**AFI
MEMBERS**

*Kamil Blažek
Chairman
Association for Foreign Investment*

Economy

Prague's open business environment, well-developed private sector, strategic location enabling easy connections within the country and to the rest of the world, strong potential in science and education, and its highly valued stability in the area of investment comprise only a fraction of the city's strengths as a possible location for establishing the regional headquarters of foreign companies.

The capital consistently accounts for more than 25% of the Czech Republic's GDP, or roughly CZK 1 billion at this time. Prague's GDP is 170% of the average per capita GDP of the European Union. Furthermore, Prague is ranked highly by rating agencies, having received an A- grade from Standard & Poor's and an A1 grade from Moody's.

Other factors supporting economic growth in Prague and in the Czech Republic as a whole include foreign investment. According to statistics from the Financial Times' fDi Markets database, 22.6% of the Czech Republic's investment projects in the period from 2003 to 2013 were implemented in Prague. The main sectors were financial and business services and IT and software development.

Karina Vašíňová

Strategic Project Manager, CzechInvest

Legislation

The Czech Republic's legal environment forms a good foundation for effective company management, flexible employment and nimble property management. An investor that decides to establish a company in the Czech Republic can expect, especially in the case of a limited-liability company, a fast process which requires only a small number of documents from the founders and can take less than 15 days. In the case of truly urgent need, it is standard practice on the market to purchase a shelf company. Furthermore, from 1 January 2014 new legislation in the area of corporate law will bring forth further simplification and flexibility with respect to establishing and managing companies. Like the rest of the Czech Republic, Prague offers flexibility also in the area of labour law, particularly in the case of employment relationships entered into for an indefinite period and staff reductions due to economic factors. Another advantage is the low level of union membership. Furthermore, the property market is fully liberalised and any property can be acquired directly by a foreigner from any country, whether

a natural person or legal entity. The basic regulations for concluding lease contracts are governed by the law, though there is sufficient leeway for mutual agreement between the parties to a lease contract.

Ondřej Dušek
Partner, Peterka & Partners

Viktor Dušek
Attorney, NWD Legal

Taxation

The stable tax environment and low level of taxation place Prague among attractive destinations for corporate headquarters. The corporate income-tax rate was set at 19% in 2008 and remains at that low level today. The personal income-tax rate is also very favourable, especially for persons with high incomes and for a significant part of the expatriate population. The personal income-tax rate is only 15%, though an additional 7% is being temporarily imposed on high-income earners from 2013 to 2015. Expatriates who are sent to work in the Czech Republic under the regime allowing them to stay within the social-security system of their home country do not have to pay additional tax in the Czech Republic, whereas expatriates from some countries pay only for health insurance. For others, including Czech employees, taxation is less favourable, as the social-security and health-insurance rates are relatively high in the Czech Republic. However, this applies only to earnings up to the amount of four times the average income, so people with higher incomes do not pay for health insurance beyond a certain limit.

Jan Linhart
Partner, KPMG Czech Republic

Costs of administrative premises

From the perspective of costs associated with administrative premises, Prague is a very stable and advantageous destination. For several years the average rental rate in central Prague has remained at the same level of EUR 20-21/m²/month, which is the same as or lower than the average rate in nearby locations in Central Europe, such as Vienna (EUR 25), Warsaw (EUR 27), Berlin (EUR 23) and Budapest (EUR 20). Only Bratislava has a lower average rental rate, at EUR 16/m²/month. Europe's main metropolises are tens of percent more expensive. For example, the average asking price in central London is

EUR 103/m²/month, EUR 34/m² in Rome, EUR 67/m² in Paris, and EUR 28/m² in Amsterdam. If we look at the districts of Prague with a dense concentration of administrative premises, such as Prague 4 – Pankrác, Prague 8 – Karlín and Prague 5 – Smíchov, we see that rental rates are lower, ranging from EUR 15 to EUR 17.50/m²/month. The Prague market is emphatically tenant-oriented. Effective rental rates are further reduced by offered rent holidays and contributions for furnishings and equipment. The required lease duration is five to seven years. The main factors having an impact on the further reduction of rates are demand, the company's reputation and the duration of the lease. The usual duration of rent holidays is 1.5 to two months for every year of the lease's duration, while contributions for furnishings and equipment of office space are currently in the range of EUR 100-150/m². These incentives thus significantly reduce the nominal value of the lease below the asking price.

Jan Kratochvíl
Associate Director, CBRE

Human resources

Prague has numerous advantages in terms of the availability of human resources, especially in the size and diversity of the local labour market. Prague attracts skilled jobseekers from both other regions of the Czech Republic as well as from abroad. In the past 10-15 years, Prague has become a truly cosmopolitan city, not only because it is a popular tourist destination, but also because it has become the home of many expatriates, especially from European countries, who have settled here. They have found here an enticing ratio of income, quality of life and cost of living. The newly prepared Act on Residence of Foreign Nationals should further simplify and accelerate the process of obtaining a work permit for expatriates from non-EU countries.

International shared-services centres established in Prague since the beginning of the last decade currently employ thousands of people who can serve as a source of qualified specialists and managers with above-average language skills for newly established headquarters in Prague. Besides mandatory English, the other most commonly used languages include German, French, Italian, Spanish, Russian, Polish, Turkish, Dutch, Scandinavian languages and Arabic. Prague seems to be the perfect place for new headquarters and, through close coopera-

tion with leading recruitment firms, results-driven success deriving from the best talent management can be guaranteed.

Martin Ježek
Business Development Director
Grafton Recruitment

Quality of life

Prague offers a more than solid foundation in terms of the quality of life for managers and employees of companies. The city's cultural attributes, good municipal infrastructure and abundance of high-quality services make it an ideal location for European headquarters. Prague's cultural wealth and tradition are its dominant features. Besides the city's omnipresent history and architectural beauty, which millions of tourist travel here to see each year, Prague also has numerous theatres, museums, cinemas and annual film, art and music festivals. Prague residents are very satisfied not only with the local cultural background, but also with the overall municipal infrastructure, which includes, for example, green spaces and facilities for sports and outdoor recreation. Among the cities monitored by the AFI, Prague is ranked by its residents as the best place to live in Central and Eastern Europe. A major advantage of the Czech capital is its public transportation system which, relative to population, carries 25% more passengers per year than that of Budapest and twice as many as Vienna's mass transit system (Quality of Living Survey 2012, Mercer). As well thanks to this, Prague placed fourth in the EuroTest 2010 ranking of cities. Besides high-quality infrastructure, Prague provides expatriates and their families with a comfortable environment for fulfilling both their basic and less common needs. In the area of education, Prague excels in the context of the region as a whole and in comparison with Vienna and Berlin thanks to the presence of forty international preschools and elementary and secondary schools. The high-quality healthcare provided by doctors and local hospitals also deserves mention, as 78% of the city's residents claim to be satisfied with the level of care they receive. Furthermore, the Czech capital does very well in terms of the availability of premium services. The world's top five luxury brands are present here and residents can enjoy a number of top-level restaurants and bars, including Michelin-starred establishments. Prague is also becoming one of the safest cities in the CEE region, which is reflected in its top-15 ranking in the Global Peace Index. ■

Eva Bendlová
Project Manager, AFI

Will the Czech Republic be a fund centre?



The new Act on Investment Managers and Investment Funds was approved in July 2013, substantially changing the environment for collective investment in the Czech Republic and bringing Czech legislation pertaining to the fund business more in line with that of advanced centres such as Luxembourg and Ireland. Will this suffice for the development of collective investment in the Czech Republic and does the country even have the desire to become a fund centre?

Funds began to arise in the Czech Republic shortly after the revolution of 1989 during the process of coupon privatisation under somewhat wild conditions in terms of the legislation and the business environment in general. The results of most funds and the disappointment of investors should come as no surprise to anyone today, as the negative experience at that time cast an unflattering light on collective investment, thanks to which collective investment is still not at an appropriate level in the Czech Republic. Though the general public has the possibility to invest in so-called retail funds, which banks commonly offer to their clients, such investments almost exclusively involve foreign funds and they are not the subject of great interest. Another area of the fund business is so-called alternative funds intended for experienced and, usually, more highly motivated investors. Czech legislation refers to these investors, who can be both individuals and firms, as qualified investors. With respect to this, supervision by the regulator, the National Bank, is significantly more relaxed and thus the possibilities not only of the investment strategies of such funds are much more open.

In the Czech Republic today there are slightly more than 150 licensed funds of qualified

investors with assets totalling roughly CZK 60 billion (approx. EUR 2.3 billion), which at present is roughly 0.08% of the total volume of money managed by funds in the European Union. However, Europe is now dealing with the consequences of the financial crisis also in the area of collective investment. Politicians have realised how little the European collective investment market is protected and that billions of euros of European citizens and companies are placed without any benefit outside the EU, often in

offshore destinations. The Alternative Investment Fund Managers Directive (AIFMD) was drawn up in response to this situation. Among other things, the AIFMD has the objective of returning these monetary resources to Europe's collective-investment environment. This can be a great opportunity for the Czech Republic to achieve a better position as a new hand of cards is dealt in the European fund market.

In today's globalised world, it is common that an asset manager in London decides on the valuation of the investments of, for example, Norwegian retirees and invests his fund in, say, gold mines in Africa. Such a fund can be domiciled practically anywhere and our goal is to have some of these funds "housed" in the Czech Republic. Not only would they pay taxes into the state's coffers, but they also bring forth work and experience for numerous specialists, auditors, attorneys, experts, accountants, investment companies and banks, all of which would pay taxes directly in the Czech Republic. The fund

business is a very sophisticated field with high value added, requiring experience and know-how, and we should strive for the development precisely of such services over the long term. Let's take as an example, the case of Luxembourg, which has fewer than 500,000 inhabitants, yet earns nearly as much as the Czech national budget on these related services.

Why should the Czech Republic be the seat of some European funds? Because we have almost ideal conditions for that – a stable banking system and, despite the current crisis, a relatively stable economy generally, a suitable size and location, capable consulting firms and a high-quality regulator. In the legislative environment, the Czech Republic has achieved a lot not only with the passage of the Act on Investment Managers and Investment Funds, but a major role will also be played by the new Civil Code and Act on Commercial Corporations, which will come into force at the beginning of next year and will enable much better structuring of funds, for example. The related tax legislation, whose main point is a preferential corporate tax rate for funds, also does not in any way disqualify the country, though this is not a compelling argument in an international comparison. A clear danger is the potential instability of the legislative environment, to which foreign investors are very sensitive. Of course, it would be rather unpleasant if, for example, a new government fundamentally changed the Czech Republic's current helpful approach to building a high-quality fund environment without any

“The Czech Republic can now offer foreign investors and fund managers by far the best environment at least within its region.”

clear concept and only because of a lack of knowledge about the issue or, as the case may be, failure to appreciate the not insignificant future positives or overestimation of minor hiccoughs, especially in the area of taxation. Nevertheless, these dangers will dissipate as our experience in this highly prospective sector grows. In conclusion, the Czech Republic can now offer foreign investors and fund managers by far the best environment at least within its region. While legislation can be adopted and implemented relatively quickly, experience and know-how are something that our potential competitors will not build up so rapidly. Even though we still have something to learn from real, longstanding fund centres, this situation gives us a very good chance to gain a respectable share of the European fund business in the relatively near future. ■

Rudolf Vřešťál
Managing Partner, ASB Group
Chairman of the Board, REDSIDE fund management



Tebodin Consultants & Engineers

Škoda Auto – over 50 years of cooperation

Mr. Lubomír Vašický, head of Construction department at Škoda Auto: “We’ve been working with Tebodin in Czech Republic and its predecessor for more than fifty years now. This cooperation includes conceptual planning and design, preliminary studies and analysis, procurement and management. Our business relationship is based on mutual trust and top quality.”

(Tebodin World 4/2011)

IKEA Černý Most – construction management

“Tebodin did a really good job on this challenging project because the team was able to adapt to problematic situations. They coordinated the works of all contractors and ensures the project was completed on time and within budget”, says IKEA project manager Mr. Jaroslav Novotny.

(Tebodin World 10/2012)

Tebodin is the leading engineering company with more than 60 years of experience in the Czech Republic

Project management

Consultancy

Design

Procurement

Construction management

Find out what
we can do for you:
www.tebodin.com


TEBODIN | always
Consultants & Engineers | close

If I decide I need a new plant, **how long will it take before I can start supplying my automotive customer?**

Assuming that you want to build a new factory from scratch, it could be no more than eight months before it is operational. That is not to say that this is a given thing as the building regulations in the Czech Republic are somewhat strict and not all industrial zones can cope with the deadlines set by investors.

The crisis that gripped Europe, including the automotive industry, meant that large buyers, especially car manufacturers, shortened their deadlines for suppliers. Where a year and a half used to be sufficient, a maximum of eight months is the new standard now.

We now know about several automotive companies that were considering investing in the Czech Republic but ended up investing in Germany or Poland instead, stating that local building-permit processes in those

countries were more lax and thus faster. Well, no more. With a bit of extra effort on the developer's side, which does not need any extra work from the investor of course, the time needed to make sure a plant can be up and running can be significantly shortened into an eight-month framework after an investor signs a developer. This makes the Czech Republic very competitive in the context of Central Europe, where most of the European automotive industry is located. Tight deadlines and a minimal risk of late deliveries that major car manufacturers ask for limit the possible selection of locations where a new plant can be procured. It is absolutely crucial that suppliers have their manufacturing facility built and ready as fast as possible with regard to the long test operations required before mass production is feasible. The key is to make sure that an industrial

park that an investor is considering is in an advanced state of preparedness. What we do, for example, is to ensure that for each of our sites we already have laid out a universal industrial building project that only needs minor tweaking to suit the individual needs of an investor, whether the project involves standardised or specialised production. The thing is that we have those projects ready with all the necessary building permits. With this in mind, we have also decided to set up a new network of industrial parks spanning the Czech Republic focused especially on automotive investors, though of course it can serve companies from other fields of industry just as well. ■

Pavel Sovička
 Managing Director
 Panattoni Czech Republic
 sovicka@panattoni.com

Do firms in the automotive industry, especially carmakers, on the Czech market need different PR than that supporting their products?

The prosperity of all firms depends on whether customers buy their products or services, so it is no wonder that enormous sums of money are spent on marketing and advertising. A product does not have to be better than a competing product in every way, but if it deftly highlights some advantage, it can crush its rival. This involves emotion more than information.

A person's decision to buy a product or not can have a far more subtle basis. There are people who will not buy French (or, for example, German or Chinese) products simply because they do not like the French (or Germans or Chinese). Or they boycott the products of a firm which they have read does not use proper production processes (which can be apparent in the quality of goods), discriminates against foreign workers (scoundrels!), is preparing to close or sale its factory (no more spare parts), and so on. There can be thousands of reasons. These attitudes are often based on a lack of information or, conversely, a prevalence of

information that is not truthful or balanced, which in the era of the internet and social networks is not surprising. Companies' communication with the public is thus becoming much more important than it was ten or twenty years ago.

Journalists who recall the first major deal in the automotive industry in the Czech Republic, the sale of a majority bundle of shares in Škoda Auto, know that it was not easy then to get information – about the conditions of the sale or competing offers, for example. Where the Czech economy is concerned, everything definitely turned out better than it could have done. However, I am trying to imagine how such a megadeal would be conducted today, when all transactions, even significantly smaller ones, are subjected to the workings of several agencies that have communication with the public, i.e. public relations and often government relations, in their job description, as well as the effects of social networks. Surely there would be more information available, thanks to which

more pressure would be exerted, if everyone expressed their opinion about a project on Facebook or Twitter. Communication has changed radically in recent years and the ascent of social networks has brought forth undeniable benefits, as well as risks. Today it is true that without high-quality public relations (including engagement on social networks) fewer and fewer firms can get by, whether they produce whole automobiles, assemblies, airbags or interior air fresheners. Proper outward communication can improve and maintain a company's good name, explain happenings within the company so that they are accepted positively (though they may not necessarily be completely present for a given group) and, finally, support the sale of products or, as the case may be, an entire carmaker. ■

Jan Klíma
 Managing Director
 AC&C Public Relations
 jan.klima@accpr.cz

What are the current challenges for **commercial real estate development**?

Banks have for the past few years been quite reluctant to provide financing for development projects. The conditions imposed were quite strict. This seems to be softening and we see banks willing to lend again under reasonable conditions. This is of course a very positive sign for our sector. There was a lot of talk about other forms of financing, such as private equity and sovereign wealth funds stepping in to fill the gap. However, at the current low interest rates and terms offered by banks we do not feel this will have a real impact. From the industrial real estate perspective, most developers require long-term lease commitments in order to begin new development projects. This does not always correspond with the wishes of tenants. As a result, we have seen several direct leases

with end users rather than with logistics services providers. This makes sense for a number of reasons; firstly, the end user has secured a strategic long-term location and has full control over which logistics provider they partner with, often only committing to two- or three-year service contracts. This also reduces the risk for the logistics providers themselves, which are not required to invest their own capital and enter into long term contracts with developers. Importantly, it also enables developers to finance the property under reasonable conditions. Manufacturers tend to establish new operations with a long-term view in mind, as the investment volume is relatively high and there is often a lot of work involved in finding and training employees, purchasing

machinery, establishing supply chains, etc. With regard to office development projects, it has always been our belief that in order to find tenants for an office property you need to build it first. Office users like to touch and feel the product, walk through and get an idea of the environment their employees will be working in. This leads to a slight conundrum, as without a pre-lease these projects are often hard to finance. Again, we are seeing a positive trend where banks are willing to finance well-designed and well-located properties. Ultimately this should lead to a healthy supply-and-demand situation on the market. ■

*Paul Deverell
Business Director, CTP
paul.deverell@ctp.eu*



How can investment in **Customer Relationship Management** generate added value for companies?

As stated during the BlueLink Webinar held on the 19 September, our belief in the importance of customer relationship management was confirmed once again. Specialising in the field of customer care, BlueLink shared-services centres, carried out a study on stakeholders' practices in the travel industry across Europe. The objective of this study was to share best practices among 50 executives from key companies in the travel industry and to understand how the focus on customer relations allows them to generate value not only in the short term, e.g. through optimisation of the purchasing process, but also in the medium and long term, through customer retention and loyalty, for example. The travel industry creates great opportunities for developing new and additional services (up-sale, cross-sale) which lead to higher

revenues – today's business challenge for enterprises. As one of the outcomes of the study confirmed, another challenge is the optimisation of the functionalities of current CRM tools in order to exploit their potential and to ensure homogeneity. However, the basics remain the same for us: expertise and empathy of customer representatives! In a world where everything is being digitised, contact with a real person creates a real connection between "the brand" and its customers. It is the "little bit extra" that makes all the difference! In complaint management, no answering machine will ever resolve the case! It is crucial to approach your customer in his/her mother tongue, to listen and show him/her empathy and finally to find the most suitable resolution of the issue.

Therefore, investment in customer representatives' development and their communication skills, high level of product knowledge and professionalism are the key values to be applied for customer retention. That's why one of BlueLink's shared-services centres is located in Prague, where for the past ten years we have been successfully combining Czech precision with the local cosmopolitan environment, attracting native speakers from all around Europe and helping our clients to foster these values in customer care. ■

*Katarína Rusnáková
Business Development Manager
BlueLink International CZ
KRusnakova@bluelinkservices.cz*



Treasures of Czech cuisine

Dumplings with pork meat and sauce, goulash, apple strudel and beer are considered by tourists to be typical Czech meals, served in virtually every restaurant. But Czech cuisine is in fact a lot richer and ready to reveal its secrets to interested gourmets.

The Czech national cuisine was shaped by several geopolitical factors: the geographic isolation of the fertile lowlands embraced by forest-covered mountains, full of wildlife and herbs, for the first ten centuries, and later the growing political allegiance to the Austrian-Hungarian Empire, together with merchants travelling to Germany and Italy. The Czech cuisine is characterised by its extensive use of meat – pork, beef, duck, venison and fish – served with potatoes, dumplings, cabbage and sauces, rich vegetable and meat soups, mushrooms, giblets, and legumes, cooked in many different styles. A very specific category is sweet dishes, in the past served mainly on Friday, the day on fasting. These dishes include yeast sweet bread cubes with vanilla custard, fruit dumplings, pancakes and crepes with fruit, marmalade or cottage cheese, potato mini-loafs with poppy seed and sweet pockets with plum sauce and rice pudding, among others. Since about the 10th century, local wine and bitter beer have been the traditional drinks.

Traditional Czech cuisine is enjoying a comeback and is sought after by foreigners who love to try the unique dishes and meals with history, as confirmed by recognition from the Michelin guide. Marek Purkart, a chef who prepares traditional Czech meals in an inventive way, using local ingredients and traditional Czech recipes at the Mlýnec restaurant, was voted the Michelin Bib Gourmand Chef three times in a row. From the restaurant's terrace, you can almost touch Charles Bridge and admire the silhouette of Prague Castle towering in the background while the attentive staff serves you lightly smoked trout with crème fraiche and dill, and Prague ham with apple

horseradish and pickled mustard seeds. Marek Šáda, Mlýnec's new creative chef, continues the quest to revive the national dishes, prepared in a modern way using carefully selected local ingredients. Do you care to try a cream of potato soup with marjoram, boletus mushrooms and bacon just as it is served in the Giant Mountains or Moravian cream of asparagus with lemon zest? Roasted duck with dumplings and cabbage, a perennial staple of Czech cuisine, is prepared by Marek as confit duck legs with red cabbage froth and bread dumplings. In the winter months, the restaurant's guests gladly venture for another popular First Republic dish, a veal gullet served with green peas, turnip cabbage and white asparagus. Try lamb chops or typical South Bohemian catfish baked in butter with barley risotto, spinach and herbs, enriched with oyster mushrooms. It is highly recommended that guests leave room for rhubarb-apple tartlet. The exceptional food

represented by variations of succulent piglet with sauerkraut, roasted apples, potatoes and rosemary sauce. The evening finishes with home-made apple strudel with walnut ice-cream. Traditional Czech dishes are also served at the V Zátíší restaurant, the flagship of the Zátíší Group's gastronomic empire. For the past twenty years, the Group has been promoting in Prague top gastronomy paired with wines, exceptional service, pleasant staff members and a philosophy to inspire happiness. V Zátíší proudly features interior décor by the renowned Czech and Slovak designers Rony Plesl and Barbara Hamplová. Kulajda soup with boletus mushrooms and egg is served here with a partridge egg; Moravian specialities are represented by a refreshing, cold radish soup, while roasted partridge breast with horse chestnut purée and thyme sauce draw on recipes of the Czech aristocracy. Traditional crispy duck with white and red cabbage, beef medal-

“Traditional Czech cuisine is enjoying a comeback and is sought after by foreigners who love to try the unique dishes and meals with history.”

is complemented with a selection of local wines from small and larger wineries. This encounter with modern Czech gastronomy will engage your curiosity and make you want to learn more. To find the Bellevue restaurant, take a few steps up the river. There you can also indulge in Czech cuisine prepared in interesting, new and lighter versions and paired with wines that best complement its taste – e.g. veal tenderloin steak tartare with pickled chanterelle mushrooms and mushroom purée, roasted veal tenderloin with root vegetable purée and mushroom sauce as a variation of the most typical Czech dish – beef sirloin with creamy-vegetable sauce and bread dumplings. Duck breast is served with red beet, chicory and baby carrots, and pork meat is

lions with creamy vegetable sauce and herb dumplings or slow roasted and honey-glazed streaky-bacon are also featured on the menu. The old tradition of fish hatcheries is represented by a pikeperch fillet with red beet sauce and potato purée. Do not resist the temptation to taste traditional Czech cuisine. When prepared the right way from the best ingredients and with respect to the contemporary culinary trends, it is healthy, very tasty and highly addictive – even more so if paired with the local wines that regularly receive awards at prestigious world competitions or world-renowned Czech beer that has some healing properties. ■

Zátíší Group

Flap steak and root vegetable purée



4 servings

Ingredients:

4 pieces of flap steak

Purée:

20 g of bacon

20 g of carrots

70 g of celery

70 g of parsley

50 g of onions

bag of spices: 5 pimento seeds, 2 bay-leaves,

10 black pepper seeds

salt to taste

1 tablespoon of sugar

1 lemon – both juice and shredded zest

3 tablespoons of oil

2 dcl of 30% cream

1 g of thyme

Sauce:

1 dcl of red wine

2 dcl of meat broth

50 g of butter

Directions:

Cut the vegetables in cubes and place with all the listed ingredients in a baking tray. Cover with aluminium foil and bake for about 40 minutes. Towards the end, remove the aluminium foil and let roast until golden-brown.

Remove the bag of spices, add the cream (adjust the amount based on the required consistency) and blend everything into smooth purée in a blender. Season with salt and lemon juice to taste. Salt and pepper the steaks and then fry in a pan on both sides. Remove the steaks from the pan, and add the wine and meat broth to the juices, then leave the sauce reduce to half. Finally, add the butter to refine and thicken the sauce.

Serving tips:

Cut carrots and parsley into slim strips and roast in a pan until golden-brown, then sprinkle with fine-chopped parsley.

Poached pear, vanilla buttermilk and Kozel dark beer froth



4 servings

Ingredients:

2 pears

½ l of dark beer

150 g of sugar

1 vanilla hull

½ l of buttermilk

5 slices of gelatine

10 egg yolks

400 ml of 30% cream

Directions:

Peel the pears and remove the cores. Place in a pot together with the beer and 100 g of sugar and slow-cook until the pears get soft (about 30 minutes depending on the type of pear used). Then remove from the heat and let cool. When cooled, remove the pears from the pot and add yolks and cream to the remaining mix. Whip the mix almost into froth, heating it up

indirectly with steam, making sure it does not start boiling. Place the froth into a cream siphon bottle to make whipped cream.

Buttermilk:

Mix 50 g of sugar, scraped pulp of the vanilla hull and the buttermilk. Over low heat, bring slowly almost to boil, but make sure it does not reach the boiling point. When heated to 90°C, remove from the heat and strain using a cheese cloth. Keep the curd left in the cheese cloth and add the gelatine slices to the strained juices. Let the gelatine mix rise and then slowly heat it up until the gelatine fully dissolves. Let cool to form jelly.

Serving tips:

Place the jelly on a plate first, top with the pears and sprinkle with the curd. Shape the whip-cream around and decorate with watercress leaves.

Pancake pockets stuffed with baked cinnamon apples

4 servings

Ingredients:

4 eggs

500 ml of milk

70 g of butter (melted)

260 g of all purpose flour

40 g of sugar

a pinch of salt

lemon and orange skins for seasoning

Apple stuffing:

500 g of apples

60 g of sugar

a pinch of ground cinnamon

Vanilla cream:

250 g of cream

2 egg yolks

1 vanilla hull

100 g of sugar

Directions:

Mix together all listed ingredients to prepare the pancake dough. In a frying pan greased with butter, make thin pancakes.

Apple stuffing:

Peel the apples and remove the cores. Cut them into small wedges. Place in a baking tray, sprinkle with sugar and cinnamon and bake under 120°C for 30 minutes.

Vanilla cream:

Steam cook the vanilla cream: place the cream into a bowl, add the vanilla hull and heat to 70°C. Add the egg yolks and sugar and beat until thick, then let cool.

Serving tips:

Stuff the pancake with baked apples, forming a pocket. Pour the vanilla cream over the apple-stuffed pancakes and serve.





Mark Chavez
Founder
Decapoda

"Czechs have quickly developed multi-lingual and multi-cultural skills that help them adapt to all the changes in their society."

What do you like most about living in the Czech Republic?

What I like most is the land, nature and the spirit of Prague. All of the Czech land is beautiful, but my favorite spot is South Bohemia. There are many lakes, ponds and rivers with lovely cities like Písek and Český Krumlov to name a few. I live in

Černošice, so I wake up to beautiful nature around the Berounka River every day. Prague is also like no other city in the world. It simply takes you into its own universe. There is always something new and its beauty never ages.

What was the most surprising for you?

I first moved to the Czech Republic in 1995 and then returned in 2006. I have seen many changes since I first arrived. The Czech Republic has developed so much during the past twenty years. What is most surprising is the speed of this development. Since then, many buildings have been renovated, some companies are growing while others are not surviving the economy, and the people have quickly developed multi-lingual and multi-cultural skills that help them adapt to all the changes.

What is your favourite Czech food?

My favourite Czech food is Svičková. The meat is delicious and the combination of cream sauce with dumplings is very tasty. I don't eat it too much

because I try to eat healthy, so I eat more modern Czech cuisine because it combines some of the older traditions of meats like beef, chicken or fish with some flavourful vegetable.

What would you recommend to visit in the Czech Republic?

If someone would like to come for one or two weeks, I would recommend visiting Moravia for the white wine, South Bohemia for the lakes and the Šumava Mountains, and Prague of course. Many tourists go to Karlovy Vary and other popular places but I would recommend some other places that are not as popular, such as smaller "secrets" like Telč.

About my Company

My company, Decapoda, is aiming to be one of the first scalable and sustainable indoor shrimp farms in the world using advance aquaculture techniques, biotechnology and process efficiency. Decapoda will produce completely natural, organic quality shrimp delivered to local markets within hours of harvest. ■



Clare Rimmer
Head of Valuation Advisory
CBRE

"I love a nice big bowl of goulash on a cold winter's day!"

What do you like most about living in the Czech Republic?

Being able to live in such a beautiful city which is situated right in the heart of Europe, making trips to Austria, Germany, Croatia, Slovenia and so on is really simple compared to being based in the UK. For lots of reasons the city cast a spell on me and my intended one-year stay has now been five!

What was the most surprising for you?

The Czech language! I'd never have thought a language could be so tricky!

What is your favourite Czech food?

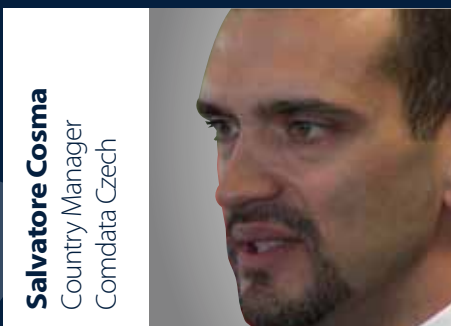
A nice big bowl of goulash on a cold winter's day.

What would you recommend to visit in the Czech Republic?

With the exception of the usual tourist places, Valtice (when the wine festival's on) and Český Švýcarsko

About my company

I work for the real estate company CBRE, which operates globally to provide full real estate services including leasing, property management, investment, project management and valuation services, all supported by our global research team. I am Head of Valuation in the Prague office and value all types of assets including offices, logistics, retail, residential and land for a broad range of local and international institutions such as funds, banks and property companies. ■



Salvatore Cosma
Country Manager
Comdata Czech

"I truly believe the Czech Republic has some of the world's best beers."

What do you like most about living in the Czech Republic?

I like the way the people welcome foreigners. I can say that in Ostrava in particular the locals are really happy to meet expats. I can also feel a multicultural atmosphere not only due to

the location of the city, but also events such as "St. Patrick's week" and the Colours of Ostrava festival.

What was the most surprising for you?

There are really nice historical towns that I love in the Beskydy Mountains and also around Opava. All of these villages have great architectural style, wonderful castles and a lot of green parks.

What is your favorite Czech food?

Food? Why food? I love Czech beer! I truly believe the Czech Republic has some of the world's best beers.

What would you recommend to visit in the Czech Republic?

I was really impressed by the historical centre of Olomouc with its lovely old streets,

fountains and squares. The city hall also has an amazing astronomical clock and there are beautiful churches all around.

About my Company

I have worked for Comdata Group since 2006. I love the job I do and I especially like the way my company cares not only for clients, but for our agents as well. With over 10,000 employees Comdata is a leading partner in contact-centre outsourcing, back-office, credit-management and document-management services, offering implementations and enabling technologies for cost-effective operational excellence. Comdata has 12 operational hubs in Italy, four in Romania, one in Argentina, and two recently added hubs in Turkey. The group has been operating at two sites in the Czech Republic – Chrudim and Ostrava – since 2012. ■



CZECHINVEST

THE GATE FOR FOREIGN INVESTMENT TO THE CZECH REPUBLIC

As a subordinate agency of the Ministry of Industry and Trade, CzechInvest's primary objective consists in strengthening the competitiveness of the Czech economy through support for small and medium-sized enterprises, business infrastructure and innovation, and revitalising Czech industry.

CzechInvest offers a broad spectrum of services, which it unceasingly strives to improve and adapt to economic demand. The agency aids the inflow of foreign direct investments to the Czech Republic and endeavours to maximally contribute to the creation of a favourable business environment in the country. In recent years, CzechInvest has focused increasingly on the area of business support services as well as technologically demanding projects requiring a high degree of knowledge and skills and with high value-added. Besides innovation and applied research and development, key sectors also include IT and software development, shared services, life sciences, clean technologies, electronics and electrical engineering, nanotechnology, aviation, aerospace and the automotive industry. The agency serves as an intermediary for facilitating communication between the state, companies and the European Union. It covers the entire area of business support from EU resources as well as from the state budget, and carries out activities connected with the preparation, introduction and administration of projects. At the same time, CzechInvest promotes the Czech Republic abroad as a location suitable for place-



ment of mobile investments. It is the exclusive organisation which may submit applications for investment incentives to the governing bodies. Furthermore, it supports Czech firms which are interested in becoming involved in the supply chains of multinational companies. Through its services and development programmes, CzechInvest contributes to the development of domestic companies, Czech and foreign investors, and the business environment as a whole. The agency also offers aftercare services and strives to maximally satisfy the demand for business properties. In order to be closer to its clients, CzechInvest has offices in thirteen regional capitals of the Czech Republic and seven foreign offices.

CzechInvest holds investors and their project in high regard in the Czech Republic. Therefore, CzechInvest recognises and values their benefit for the Czech Republic in several competitions: Investor of the Year, Business Property of the Year and Entrepreneurial Project of the Year. More information about CzechInvest is available at www.czechinvest.org.

CZECHINVEST CONTACT

Stepanska 15
120 00 Prague 2
PHONE: +420 296 342 500
E-MAIL: fdi@czechinvest.org
WEB: www.czechinvest.org



Your Czech e-guide



CzechInvest
www.czechinvest.org



Association for Foreign Investment
www.afi.cz



Contact: iva.stribrska@afi.cz, martin.michalov@afi.cz
Editorial Board of Czech Focus, Association for Foreign Investment, Štěpánská 11, 120 00 Prague 2, Czech Republic
www.afi.cz

Published by the Association for Foreign Investment - AFI under the auspices of CzechInvest,
the Investment and Business Development Agency of the Ministry of Industry & Trade, Czech Republic.