

CZECH FOCUS



The magazine of the Association for Foreign Investment and CzechInvest

The Meaning of Life Sciences in the Czech Republic

The Association for Foreign Investment (AFI) is a non-governmental, non-profit organisation representing a group of global and regional firms actively supporting investors and being leaders in their respective fields in the Czech Republic. The AFI focuses on foreign direct investment, export of investments and services, commercialisation of R&D, support for innovative start-up projects and development of the Czech business environment.

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Content

6

Events

CzechInvest and the AFI recognise top investors and business properties of 2014

8

Sector Focus

From Gregor Mendel and his peas to professor Holy's anti-HIV drugs

12

Country Focus

Japan values Czech industry

16

Region Focus

Racing ahead: Pardubice's investment environment is poised to take the lead

19

Investment Climate

Medical devices: new law sets clearer framework for the sector

22

Investment Climate

Public funding for R&D in life sciences

23

Investment Climate

New investment incentives in the Czech Republic

26

Living Czech

Dvořák, Smetana, Janáček...
Czech classical music enchants the world

Dear Readers,



This issue of Czech Focus is devoted to life sciences, a sector in which Czechs are responsible for numerous historic discoveries and inventions. The results of the work carried out by Czech scientists and researchers are encountered by people around the world every day. The Czech Republic has a long and continuing tradition in the area of life sciences, of which we are very proud.

Today, the primary areas within which the Czech life-sciences community operates and collaborates internationally are research, development and production of human and veterinary pharmaceuticals, diagnostics, synthetic and fermentation technologies, animal and plant biotechnologies, and the use of biotechnologies in waste liquidation and environmental protection. The country is home to a number of noteworthy research centres recognised for their high-quality research. According to preliminary estimates, a period of growth awaits the Czech Republic in the near future. In the past year and a half, CzechInvest assisted with 196 new investment projects in the estimated value of nearly CZK 108 billion (approx. EUR 4 billion).

Since the beginning of 2015, we have gained new projects with high value added primarily from the United States, Japan and China, which reflects the recovery and growth of the global economy. Companies that are preparing new investment projects through their Czech acquisitions include Schaeffler Group of Germany, RONAL GROUP of Switzerland and Nachi-Fujikoshi Corp of Japan. CzechInvest's task for the coming years is to gain more projects with high value added that require experience and a qualified workforce, which is where the Czech Republic has a major competitive advantage.

In connection with this endeavour, we have marked out several points whose implementation will help us to attract new investors. CzechInvest will primarily enhance its activities abroad. We took the first step in this direction in February 2015, when we opened a new foreign office in South Korea. Investors can also expect better service from us, as we intend to improve the offer of business properties and to more effectively support investors in dealing with the authorities. Our new strategy also includes the systematic use of research and development capacities.

I wish you pleasant reading.

Karel Kučera
CEO
CzechInvest

Masthead

Title:	Czech Focus
Number:	2/2015
Publication periodicity:	biannually
Place of issue:	Prague
Date of issue:	October 2015
Ref. No:	MK ČR E 18872
Publisher:	Association for Foreign Investment, Štěpánská 11, 120 00, Prague 2
Identification No.:	63835339
Web:	www.afi.cz
Contact:	iva.fialova@afi.cz
Editorial board:	Kamil Blažek, Iva Fialová, Eva Bendlová, Petra Menclová, Eva Křivánková, Šárka Spoutilová, Vojtěch Rajtr, Štěpán Procházka, Jan Bobek

Czech economy growing faster than expected

It is highly probable that a period of strong growth awaits the Czech economy. The initial statistics for 2015 are better than expected. In the first quarter of 2015, the Czech Republic's gross domestic product grew 4.2% year-on-year, which was 0.3 percentage point higher than the preliminary estimate. The revised estimate confirmed that the Czech economy's growth accelerated markedly at the beginning of the year, while favourable economic development is apparent across the whole domestic economy. "Overall, the outcome significantly exceeded the expectations of the Czech

National Bank. According to the CNB forecast, the economy will continue to grow this year. Accelerating external demand, low oil prices, easy domestic monetary conditions due to the weakened koruna and exceptionally low interest rates, and a rise in government investment will lead to GDP growth. Economic growth will accelerate further next year despite falling government investment, thanks mainly to a further pick-up in external demand growth," said Tomáš Holub, Executive Director of the Monetary Department of the Czech National Bank. ■

Year-on-year GDP development



Source: Ministry of Finance of the Czech Republic, 2015

Foxconn plans to invest in the Czech Republic

Prime Minister Bohuslav Sobotka signed a memorandum of cooperation with the Taiwanese company Foxconn. The company is planning to invest CZK 2.5 billion (EUR 92.6 million) in the Czech Republic. An additional CZK 3.7 billion (EUR 137 million) will go into human resources, as the investment will lead to the creation of 2,000 jobs. The planned investment will be focused on a full range of areas, including research and development, solutions for automation and digitisation, infrastructure and e-commerce. "Foxconn's expansion is an opportunity for current and future university students, as it will allow them to gain experience with a global technology leader. We are therefore engaging in discussions with the highest representatives of our leading technical universities on possible cooperation," said Minister of Industry and Trade Jan Mládek.

Eaton expands its R&D facilities near Prague



The power management company Eaton celebrated the expansion of its European Innovation Centre on 9 June 2015. The new building is part of the science and technology park in Roztoky u Prahy, which is a global research centre focused on innovation for Europe, the Middle East and Africa. Seventy-five people are currently employed at the innovation centre. The company plans to increase that num-

ber to as many as 300 in the coming years in response to strong demand from customers in the region. The Czech facility is one of Eaton's five main innovation centres, the others being in the United States, India and China.

Amazon opens new Czech corporate offices



Amazon opened its new corporate offices in Prague's Dejvice district on 22 June 2015. Up to 500 people will be employed at the new facility in management and

support positions for the IT and HR areas. Amazon's Prague offices will also be staffed by employees supporting the operation of the company's distribution centres in the Czech Republic and Poland. "In the Czech Republic there are a lot of highly qualified professionals who are open to gaining new experience in an innovative technology firm such as Amazon. I would like to once again thank the Czech government for its support and the local representatives who supported us in building up our operation here," said Roy Perticucci, vice-president of Amazon for Europe.

Simoldes coming to Rychnov nad Kněžnou



Simoldes Plásticos, a Portuguese automotive supplier, is heading to Panattoni Park in Rychnov nad Kněžnou. The company plans to create up to 300 new jobs in the park, which is currently being constructed by the developer Panattoni Europe. The available land in Rychnov nad Kněžnou's Lipovka district near Kvasiny, where Simoldes Plásticos plans to invest over CZK 800 million (approx. EUR 30 mil.), was prepared by the Czech group Accolade. When selecting the most suitable location for its project, Simoldes Plásticos was advised by the real estate consultancy company CBRE. Simoldes Plásticos will be able to deduct a part of its investment costs from its income tax thanks to investment incentives mediated by CzechInvest and provided by the Ministry of Industry and Trade.

The best PR projects in the Czech Republic announced

AC&C Public Relations, a supporting partner of the AFI, was named the overall winner of the tenth annual Czech Public Relations Awards, which were presented by the Association of Public Relations Agencies. A record 155 projects were entered in this year's edition of the event. AC&C took the top prize with a project that it implemented in conjunction with its client Seznam.cz. The agency also took home a gold medal for its project for the Deposit Insurance Fund and a special prize for a project carried out for Microsoft. Awards were presented in 22 categories. Other winning agencies included AMI

Communications, PR.Konektor and Bison & Rose. The competition is open to all entities operating in the Czech Republic that provide or use services in this area. The award-winning projects are those that best reflect the client's business strategy, contain a creative solution, are in accordance with the sector's code of ethics and have a demonstrable positive impact on the client's business and reputation.

Lear's development centre in Plzeň to be expanded

Lear Corporation, one of the world's biggest manufacturers of automotive accessories, will double the capacity of its technology centre in Plzeň. Lear will relocate to new facilities covering 4,700 m² at CTPark Plzeň at the beginning of next year. "Expansion of the research centre's capacities confirms the high-quality environment Plzeň offers to investors seeking highly qualified specialists and cooperation with a university," says Lukáš Šaling, Senior Industrial Consultant at CBRE, who handled the property aspect of the project for Lear. The Plzeň centre supports design and engineering of plastic components, foams, upholstery materials and wiring systems for car seats. The car seats developed by the company are delivered to highly-renowned automobile manufacturers.



Honeywell opens new laboratories in Brno

Honeywell put three new research and development laboratories into operation in Brno in March 2015. The company is investing CZK 250 million (approx. EUR 9,3 mil.) here and will hire 300 employees. There will eventually be eight new facilities. The Honeywell group has been operating in the Czech Republic since 1993 and has two production facilities here, specifically in Brno and Olomouc, as well as a sales office in Prague. In total, the company employs more than 4,300 people in the Czech Republic. The Brno branch, which develops technologies for local and global customers in various sectors, employs 1,500 engineers, 70% of whom are graduates of the local Brno University of Technology.

LEGO opens new building in Kladno

LEGO Production, which operates in Kladno, unveiled its new 50,000 m² production facility in April 2015. The company thus increased its operating capacity by 30%. The Danish toy manufacturer employs 2,000 people in the Czech Republic. Thanks to its recent expansion in response to demand, it could eventually add 600 employees to its payroll here. LEGO Group's expansion in Kladno is part of the company's global strategy, on the basis of which LEGO intends to remain as close as possible to key markets. LEGO has a total of four major factories worldwide. LEGO started operations in Kladno in 2000 with an eight-member team.



SSI Technologies comes to the Czech Republic

A new factory for the company SSI Technologies has been under construction in the town of Přestanov in the Ústí nad Labem district since the end of April 2015. The US-based company is a manufacturer of magnetic sensors, pressure and depth sensors, monitoring systems and digital pressure gauges for the automotive and mechanical-engineering industries. The new Czech operation will employ approximately 120 people in the first phase. Construction of the new buildings VGP Park Ústí nad Labem, which will comprise 3,515 m² of production space and 1,821 m² of offices, will be completed by the end 2015. "This is our first manufacturing plant outside the United States," said Frank Jassner, operations manager at SSI Technologies.



Advantage Consulting:

The Czech labour market is changing



According to Advantage Consulting, the unemployment rate in the Czech Republic has reached a seven-year low, while the number of vacant positions has risen by more than 35,000. Nominal wage growth of 2.5% is expected this year. "Knowledge of precise data is becoming a competitive advantage for employers that want to hire good workers. Sectoral NACE data, data on workforce availability, and information on pay conditions, tax rules and the systems of benefits common in the given region provide investors with a comprehensive analysis for recruitment planning," says Olga Hyklová, owner of Advantage Consulting, which is the biggest purely Czech personnel agency. "Last year we procured more than 2,600 new workers for our clients, and we regularly carry out surveys for our customers," she adds.

Czech drug administration imposes a record fine for advertising in the pharmaceutical sector

In 2014, the State Institute for Drug Control (SIDC) imposed a record fine for excessive fees that a pharmaceutical company paid to healthcare professionals involved in post-registration studies. The SIDC classified the honoraria as gifts that could have unduly influenced the healthcare professionals' decision to prescribe medicines. In addition, according to the SIDC, similar cases are reportedly in the pipeline. The fine, together with recent legislative proposals, may suggest that regulation of advertising in the pharmaceutical sector and its enforcement will be strengthened. "If the SIDC confirms this trend in its coming decisional practice, pharmaceutical companies will need to pay close attention to their interactions with healthcare professionals," said Václav Audes, head of the life sciences group and partner at the Havel, Holásek & Partners law firm.

High-quality employees can be hired more easily in the Czech Republic



"Over the past six years, company managers have perceived an increasing lack of people with necessary skills. Those in Japan and South Africa showed the greatest concern, with more than 90% of survey respondents expressing worry about the shortage of skills. Within the CEE region, the Czech Republic has an improving position in terms of the availability of high-quality workers. Roughly one-third of general managers here see the lack of skilled people as a major threat to their business," said Daniel Soukup from PwC HR Consulting Services. According to PwC, there are insufficient numbers of well-educated technicians, IT specialists and experienced salespeople. ■



Düsseldorf hosts Czech-German Chemical Industry Forum

that could contribute to increasing the competitiveness of the Czech chemical industry in the long term. Kamil Blažek, chairman of the AFI and a partner in the Kinstellar law firm, spoke about the Czech Republic's investment environment from the perspective of the chemical industry and about opportunities in this sector. Jan Bobek, Business Development Manager at Tebodín, a member of the AFI, addressed the topic of permit processes relating to construction of chemical facilities. Investments in the chemical industry are characterised by specific features, as they are usually restricted to existing chemical parks. In the Czech Republic, there are some such parks with a greater extent of available capacities and it is easier to obtain specific permits for production of certain chemical substances. The presentation of the Czech chemical industry also focused on the Czech Republic's specialised university and science-and-research infrastructure. ■

The Czech-German Chemical Industry Forum was held in Düsseldorf, Germany, in July. The event was organised by the local consulate of the Czech Republic in cooperation with CzechInvest's German office. The Association for Foreign Investment was a partner of the event. North Rhine-Westphalia is a key area for Germany's chemical industry, as one-fourth of the country's chemical production is located there. The forum was attended by representatives of more than thirty firms, including major German companies operating in the sector, such as Evonik Industries, ThyssenKrupp and Oxea Chemicals. The purpose of the forum was to stimulate the interest of German investors

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Tomáš Placatka, Project Manager Orifarm

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Winners of Investor and Business Property of the Year 2014

CzechInvest and the AFI recognise top investors and business properties of 2014

In cooperation with the Association for Foreign Investment, CzechInvest presented the Investor and Business Property of the Year awards at the end of May.

In terms of investment activity, 2014 was a very eventful year for the Czech Republic. CzechInvest mediated 147 investment projects in the total estimated value of CZK 87 billion (approx. EUR 3.2 billion). The competition's expert jury had the difficult task of selecting nine of these projects, as well as the year's top two business properties and the recipients of the AFI special prizes. The crystal plaques for the year's top investors were presented to Nexen Tire Corporation Czech in the Manufacturing category, VALEO AUTOKLIMATIZACE in the Research and Development category, and MSD IT Global Innovation Centre in the IT and Shared Services category.

"Together with the Ministry of Foreign Affairs, we are focusing an extraordinary degree of attention on supporting economic diplomacy. We have come up with a number of projects and supporting measures in this regard. In the past year I have personally taken a full range of trips abroad as the head of business missions and I have headed a number of meetings in regions that are interesting in terms of investment, the result of which is that the Czech Republic is current seen as a stable and friendly environment for investors that motivates both Czech and foreign companies to continuously develop their business here," said Minister of Industry and Trade Jan Mládek.

Business Property of the Year

Last year's most successful business properties included the Triangle Strategic Industrial Zone near Žatec in the Ústí region and the Riverview office building in Prague's Smíchov district. "The portfolio of high-quality business properties prepared for leasing strengthens our position in negotiations with investors. We are successful in international competition because we are able to offer suitable business properties," says Karel Kučera, CEO of CzechInvest. The AFI Prize for Long-Term Benefit to

the Investment Environment of the Czech Republic was awarded to globally respected physicist Professor Armin Delong. The AFI Prize for Significant Achievement in the Field of Investments was presented to the UniCRE Centre of Research and Education.

"We are greatly honoured that we can present this award to Professor Armin Delong, the founder of electron microscopy in Czechoslovakia, in recognition of his life's work. His first electron microscope was put into production

was focused primarily on the launch of the Operational Programme Enterprise and Innovation for Competitiveness and the recently enacted amendment to the Investment Incentives Act. During the afternoon segment of the conference, guests also discussed the Czech Republic's visa policy, the Building Act and the EIA process. Speakers included representatives of CzechInvest, the Ministry of Industry and Trade and selected investors. Investment Week 2015 was held in conjunction

"Czech Republic is current seen as a stable and friendly environment for investors that motivates both Czech and foreign companies to continuously develop their business here."

Minister of Industry and Trade Jan Mládek.

in 1949. The products developed by him are valued mainly because they are compact, portable and easy to use, yet are comparable to significantly larger and more complex electron microscopes in terms of performance and resolution. Thanks to Professor Delong, Brno is the site of one-third of the world's total production of electron microscopes," says Kamil Blažek, chairman of the AFI Steering Committee.

Investment Week aids the development of the business environment

Presentation of the Investor and Business Property of the Year awards took place in connection with Investment Week for the second time. Through Investment Week, CzechInvest strives to strengthen relations between investors and the public sphere and to thus improve the business environment in the Czech Republic. This year's programme included a lunch meeting between Prime Minister Bohuslav Sobotka and selected investors, a conference at Žofín Palace and a number of excursions and lectures in the regions. The conference titled "A New Era of Investment Support in the Czech Republic"

with the Year of Industry and Technical Education project organised by the Confederation of Industry of the Czech Republic. The year-long campaign is aimed at popularising employment in industry and bringing more young people into technical education. The current government has made it a priority to resolve the issue of insufficient skilled labour in the Czech Republic.

Investment Week was held under the auspices of Minister of Industry and Trade Jan Mládek and Minister of Education, Youth and Sport Marcel Chládek. Main partners were the Confederation of Industry of the Czech Republic and Erste Corporate Banking. Other partners were Asental Group, the Association of Small and Medium-sized Enterprises and Crafts of the Czech Republic, CBRE, CPI Property Group, CTP, Huawei, Immofinanz, KPMG Česká republika, Nupharo, the Regional Development Agency. The supporting partners were AC&C Public Relations and Zátíší Group. ■

*Eva Křivánková
PR Specialist, CzechInvest*

Investor and Business Property of the Year 2014

Investor of the Year Research and Development



VALEO AUTOKLIMATIZACE

VALEO AUTOKLIMATIZACE is investing CZK 10 million (approx. EUR 370,000) in the expansion of its technology centre for the development of automobile components, particularly intelligent assistance systems. The company will create 135 jobs.

Investor of the Year IT and Shared Services



MSD IT Global Innovation Centre

Merck Sharp & Dohme is investing in a new technology and IT centre in the Czech Republic. MSD IT Global Innovation Centre will employ more than 250 people in Prague in the next three years. The centre will serve all of the company's branches around the world.

Investor of the Year Manufacturing



Nexen Tire Corporation Czech

NEXEN TIRE CORPORATION is constructing a manufacturing facility in the Czech Republic at a cost of CZK 22.8 billion (approx. EUR 844 mil.). The company will employ 1,384 people in the production of tires at the Triangle Strategic Industrial Zone near Žatec. The start of production is planned for the beginning of 2018.

Business Property of the Year Industrial Zone of the Year



Triangle Strategic Industrial Zone

The Triangle Strategic Industrial Zone lies between the cities of Most, Chomutov, Louny and Žatec. Three new investments in the combined value of CZK 23.6 billion (approx. EUR 873 mil.) entered the zone in 2014. Thanks to those investments, 1,579 new jobs will be created.

Business Property of the Year Technology Centres and Services



Riverview

Riverview, a seven-storey administrative building developed by Skanska, offers a total of 7,000 m² of leasable office space. Riverview is located on the bank of the Vltava River in the developing commercial district of Prague-Smíchov. The project is within walking distance of the Anděl metro station and the Na Knížecí bus station, and is also easily accessible from the D5 motorway, the Prague ring road and the airport.

AFI Prize for Significant Achievement in the Field of Investments



UniCRE Centre of Research and Education

The UniCRE Centre of Research and Education is a new regional entity founded by the Research Institute of Anorganic Chemistry in the CHEMPARK complex in the town of Záluží near Most, where the most promising fields of research are the focus of activity. The basic objective of UniCRE is to intensify and improve research and development in the area of industrial chemistry and environmental technologies.

AFI Prize for Long-Term Benefit to the Investment Environment of the Czech Republic



Prof. Ing. Armin Delong, DrSc.

Prof. Ing. Armin Delong, DrSc. is a globally recognised physicist and the founder of electron microscopy in former Czechoslovakia. Professor Delong had a hand in the establishment of three Brno-based enterprises that are involved in electron microscopy and today account for one-third of global production of electron microscopes. During his time at Brno University of Technology and Masaryk University in Brno, Professor Delong trained a number of new specialists in the field.

From Gregor Mendel and his peas to professor Holý's anti-HIV drugs

The Czech Republic has a rich heritage of scientific discoveries ranging from the building blocks of genetics laid down by Gregor Johann Mendel, through the invention of soft contact lenses, to groundbreaking antiviral drugs whose principal compounds were developed by Professor Antonín Holý at the Institute of Organic Chemistry and Biochemistry of the Czech Academy of Sciences.

The country is particularly strong in biomedical chemistry. Today, the primary areas within which the Czech life-sciences community operates and collaborates internationally are research, development and production of human and veterinary pharmaceuticals, diagnostics, synthetic and fermentation technologies, animal and plant biotechnologies, and the use of biotechnologies in waste liquidation and environmental protection. Development of the sector is supported by effective patent protection, adoption of GMP, GLP and GCP standards, relatively non-restrictive genetic-engineering policies and the government's policy goals comprising continuation of support for R&D and acceleration of the transfer of knowledge between the science and business communities. Moreover, the

Supporting research base

Due to the demands placed on healthcare systems and the public's ever increasing expectations with respect to healthcare services, the Czech government set development of new pharmaceutical treatments and diagnostics as one of its top priority areas in the long-term direction of research and innovation and used substantial public funding amounting to more than EUR 1.5 billion during the last programming period (2007-2013) to strengthen the sector's research infrastructure in this field. New, state-of-the-art research facilities have been completed in Prague, Brno and Olomouc to complement the existing institutes of the Academy of Sciences of the Czech Republic and universities.

The country is home to a number of noteworthy research centres recognised for their

“ The country is particularly strong in biomedical chemistry. ”

country's membership in the European Union guarantees a regulatory framework compatible with all EU countries, which comprise a consumer market of over 500 million customers within a two-hour flight from Prague. Examples of global companies conducting business, R&D and/or manufacturing in the Czech Republic include Teva Pharmaceutical, Zentiva (Sanofi Group), Lonza Biotec, Otsuka Pharmaceutical, Merck, Baxter, Nanotherapeutics, Glenmark Pharmaceutical, Gilead Sciences and Beckman Coulter, among others.

high-quality research in molecular biology and genetics, immunology, analytical and pharmaceutical chemistry and biochemistry, oncology, immunology, cardiology, neurology, metabolic diseases and, recently, medical applications of nanotechnologies. The majority of research institutes belong either to the Academy of Sciences of the Czech Republic or to universities and they participate in collaborative international projects financed through new funding schemes available from both the national and EU budgets.



Do you want to know more about the life sciences sector in the Czech Republic? Download the free brochure from CzechInvest!

Labour Availability and Quality Competitiveness Rating Index

USA	100
Czech Republic	97
UK	75
Japan	74
Germany	61
Sweden	59
Switzerland	54

Source: Financial Times, fDi Benchmark 2015

Experienced Industry-Specific Staff Index

Czech Republic	18,4
Germany	15,7
Japan	15,3
Sweden	12,9
Switzerland	12,3
UK	12,1
USA	11,3

Source: Financial Times, fDi Benchmark 2015

Operational Cost Index

Czech Republic	9
UK	17
USA	18
Japan	19
Sweden	21
Germany	25
Switzerland	33

Source: Financial Times, fDi Benchmark 2015

Thanks to the introduction of these fiscal measures in combination with the country's low corporate tax (19%) and R&D tax credits, the Czech Republic is an attractive location for R&D collaboration.

Partnerships in action

IOCB – Joint research facility of Gilead Sciences and the Institute of Organic Chemistry and Biochemistry in Prague

The Institute of Organic Chemistry and Biochemistry (IOCB), one of the 54 institutes of the Academy of Sciences of the Czech Republic, is a leading scientific institution in the Czech Republic as well as in Europe and on the global scale. The IOCB has a history of over 60 years of successful basic research in organic chemistry, biochemistry, chemistry of natural products and theoretical chemistry.

The results of antiviral research conducted by Professor Antonín Holý led to the invention of antiviral compounds derived from nucleotides and nucleosides. Three of the compounds are

“ The availability of skilled, sector-oriented workers is one of the Czech Republic's major competitive advantages. ”

used by Gilead Sciences for the treatment of AIDS (Tenofovir, Viread), cytomegalic retinitis (Cidofovir, Vistide) and hepatitis B (Adenovir, Hepsera). These drugs have given thousands of patients worldwide a chance for a better and longer life.

Compounds synthesised by the IOCB have the ability to heal cells damaged by cancer and show promise in the treatment of other human diseases, in veterinary applications and in the field of plant viruses. The IOCB's exceptional scientific results led Gilead Sciences to set up its only research centre outside of the United States in Prague in cooperation with the IOCB.

ICRC – Partnership between Mayo Clinic and the International Clinical Research Centre in Brno

The International Clinical Research Centre is an integral part of St. Anne's University Hospital in Brno. The centre uses the acronym FNUSA-ICRC. It is the result of long-term close cooperation between experts from St. Anne's University Hospital and Mayo Clinic in Rochester, Minnesota.

FNUSA-ICRC is an innovative science and research centre and a top-quality public healthcare facility focusing on prevention, early detection and treatment primarily of cardiovascular and neurological diseases. It has become an innovative international research and development and education centre

disseminating the latest findings in the field of healthcare, and it is also a state-of-the-art centre for public healthcare and a technology cluster for companies collaborating on research and development.

Skills and education

The success of companies operating in the life-sciences sector stems from the Czech Republic's long track record in research and development and high-quality education. More than 50,000 students were enrolled in life-sciences study programmes at universities in the Czech Republic, including Charles University in Prague, which was established in 1348 and is thus among the oldest universities in Europe.

Availability of a skilled workforce is one of the key determinants of successful development of the life-sciences sector due to its high degree of dependence on knowledge and transfer of knowledge from laboratories to patients.

The availability of skilled, sector-oriented

workers is one of the Czech Republic's major competitive advantages. Over 7,400 life-sciences students graduate every year in major Czech university centres in Prague, Brno, Olomouc and Hradec Králové. The Czech Republic's competitive cost-benefit ratio in human resources is due to the highly skilled graduates available at competitive cost and is just one of the reasons to consider the Czech Republic as a potential location for investment in the life-sciences sector. Competitive benchmarking demonstrates that while companies can achieve substantial savings in operating costs, the quality and availability of experienced industry-specific staff in the Czech Republic are among the highest when we compare them with those in the most advanced markets in the life-sciences sector.

The country's integrated healthcare system with an extensive network of nearly 200 public and private hospitals backed by cutting-edge research centres creates an attractive environment that is ideal for translational medicine and discovery of new drugs and advanced therapies. This in turn drives demand for upgraded skills and thus contributes to sustainable development of knowledge and skills. ■

Hana Chlebná
Head of the Sector Management Department
CzechInvest

Zentiva: Drugs for the whole world, support for the Czech economy

Zentiva, a pharmaceutical company with a production plant and development centre in Dolní Měcholupy, employs 1,500 people and provides drugs to patients as far away as Africa and Asia. Though the company was established in Prague by a pharmacist named Benjamin Fagner in the 1930s, its roots actually reach back to the 15th century, when the U Černého orla (At the Black Eagle) pharmacy was established in Prague's Malá Strana district. Zentiva has ranked among the pillars of the Czech economy for decades. In recent years, the company has accounted for approximately one-third of the gross value added in the pharmaceutical industry in the Czech Republic. Zentiva also ranks among the country's traditionally strong employers. It employs roughly one-sixth of the employees in the country's

whole pharmaceutical industry. Suppliers account for an additional 2,255 jobs, which are necessary to ensure the smooth running of the company.

The Zentiva brand has significance among Czech scientists. It spent a total of CZK 3.3 billion (approx. EUR 122 mil.) on research and development from 2009 to 2013. Other major investments include purchases of licenses for new drugs, thanks to which Zentiva is able to annually produce 100 million packages of medications and thus maintain its position as the clear leader on the local market. Zentiva is successful in our field, but that doesn't mean that it can rest on its laurels and stop paying attention to what's going on around it.

The success enables Zentiva to invest in products that are necessary throughout society. Zentiva has long been a supporter of Czech

science and helps talented students to get started in their careers and to enhance their education. To that end, the company signed a memorandum on cooperation with Charles University earlier this year. Another project backed by Zentiva involves bringing first-aid training to elementary schools.

Zentiva also supports educational campaigns which explain to the general public how important it is to keep an eye on their cholesterol level, avoid counterfeit drugs, get regular medical checkups, and so on. For Zentiva, it's about helping people to understand the importance of prevention and the value of their health. ■

Libor Kytýr
Communications Director
Zentiva

Teva links the needs of industry to education in Opava

With a history dating back 132 years and a number of successes achieved throughout Europe, the pharmaceutical industry in Opava has brought renown both to the region and to the Czech Republic as a whole. The region is home to important patents and production experiments, though the key feature is the large number of genuine professionals and people dedicated to the pharmaceutical sector here. Know-how is passed down through the generations and still today it is not unusual for whole families to work under the banner of the global corporation Teva.

The current management of the factory is also focused on flawless knowledge of this particular field and the needs of other narrowly specialised professions. Specialists for important positions are sought throughout the Czech Republic and newly in Slovakia, whereas this involves not only experienced professionals, but to an increasing extent also graduates of secondary schools and universities, mainly with degrees in chemistry, natural sciences or pharmacy.

The long-term partners of the plant include the University of Chemistry and Technology in

Prague, the Pharmaceutical Faculty of Charles University in Hradec Králové, the Faculty of Natural Sciences at Palacký University in Olomouc, the Secondary School of Chemistry in Ostrava, and Masaryk Secondary School of Agriculture in Opava, among others. A point of pride in this long-term cooperation is the creation of a special academic programme with leaving exam and title of chemist operator, which was opened six years ago in cooperation with the Secondary School of Agriculture in Opava, thus truly linking secondary education with the needs of industry. A large number of specialists from other production plants, laboratories and research and development facilities also cooperate with universities. This involves more than just recruitment of graduates, as the cooperation with schools is systematic and has three important pillars – education programmes, specialised cooperation with instructors and practical internships and excursions to the plant. The result is new employees who initially came here on an excursion as secondary-school students, continued as interns while at university and finally pass through the factory gates every day as permanent employees. ■

Teva's portfolio now contains generic drugs in the form of tablets, capsules and liquid preparations, as well as over-the-counter drugs, active pharmaceutical ingredients and plant extracts. These products are in compliance with the recognised standards of quality and are exported to a number of countries around the world, including the United States and Western Europe. In 2006 the company became part of the multinational Teva group. With annual production of 5 billion tablets, 50 million gelatine capsules and 1.6 million litres of liquid medications, it ranks among Teva's biggest production plants in Europe. The TAPI division, which produces more than 50 active pharmaceutical ingredients and intermediates, accounts for roughly one-third of the company's turnover. The products of the TCI division serve not only for direct sales to global markets but also for internal supplies within the Teva corporation.

Rita Gabrielová
Senior Director Corporate Communications
Poland & CEE
TEVA Pharmaceuticals

MSD IT Global Innovation Center:

Where healthcare meets digital innovation

It was not long ago that MSD, an established pharmaceutical company, opened its MSD IT Global Innovation Centre in Prague. The centre keeps its “start-up culture” due to its inception as a greenfield project. This start-up within a corporation aims to bring professionals from various fields closer together. Here in Prague, IT specialists, biologists, chemists, data scientists and UX designers work together on innovative projects. The MSD IT Global Innovation Centre reaches customers across all MSD divisions including sales, manufacturing and research.

An important part of MSD research laboratories is the Pharmacogenomics division. Recent advances in genetics and biochemistry are enabling the possibility of personalised treatment for individual patients. Pharmacogenomics links the patient’s genetic information to their response to

a drug. Such research can lead to individual dosage for each patient. That way, the patient can get the maximum drug benefit with minimal risk of toxicity. In this field, lots of data are becoming available and require advanced information technology for processing and analysis.

To foster innovation, MSD IT Global Innovation Centre regularly holds an event called Prague Innovation Days during which self-organized teams gather around innovative ideas. They have thirty hours to bring together a prototype of their proposed solution. One of the projects presented during the last Innovation Days held in June was focused on bringing internal tools for pharmacogenomics up to par with the public ones. The multidisciplinary team of Prague innovators included specialists on user experience, big data processing, genetics and linked data. Together, they were able to clean and process data

that were new to part of the team. The result was an interactive visualisation with multiple layers of detail over the genome region, similar to Google Maps. The team sees this project as an excellent opportunity to spark collaboration between the IT centre and MSD research laboratories in this field.

Such work bridges the world of IT specialists and life-science researchers. The MSD IT Global Innovation Centre continues to produce solutions which are strongly focused on ease of use while providing scientifically relevant insights and using the latest information technology. ■

*Anastasiya Zidkova
Scientific Information Content Specialist
MSD IT Global Innovation Centre*

SOTIO:

Czech biotech going global

In recent years SOTIO, a Czech Republic-based biotechnology company, has made significant progress in the area of clinical development. It was the first Czech company to become actively involved in carrying out clinical trials and joint research projects in a number of countries throughout the world.

In 2014, SOTIO launched the VIABLE study, a Phase III International Clinical Trial of an active cellular immunotherapy treatment for patients with metastatic castration-resistant prostate cancer. This is the first time in modern history that a company from the Czech Republic has reached this level of clinical development. SOTIO is also the first company from Central and Eastern Europe to initiate a Phase III clinical trial in the area of cellular immunotherapy and the first company in the world to reach Phase III of prostate cancer clinical development with dendritic cell treatment.

The target enrolment for the VIABLE study is 1,170 patients. Recruitment is currently underway in around twenty European countries and at additional research sites in the United States.

In addition to the VIABLE study, there are currently five Phase II clinical trials in prostate cancer being conducted in the Czech Republic and three Phase II clinical trials in ovarian cancer patients, which are being conducted in Germany, Poland and Czech Republic and are focused on different stages of disease treatment.

The latest and equally exciting addition to the SOTIO clinical study pipeline is active cellular immunotherapy for lung cancer patients. The first patient was enrolled in a Phase I/II study near the end of 2014.

The SOTIO laboratories in Prague are GMP (Good Manufacturing Practice) certified and comprise one of the largest cell therapy laboratories with clean-room facilities in Europe. In June 2014 the company opened its own laboratories in Beijing, China. These laboratories produce immunotherapy treatments as part of research projects on which SOTIO is cooperating at leading hospitals in China.

The company also conducts its own scientific research, the most extensive of its kind in the Czech Republic. SOTIO puts into practice new discoveries of Czech scientists who are currently

researching new methods of treating other serious oncological and autoimmune disorders. In research and development, SOTIO cooperates closely with the Institute of Immunology of the Second Medical Faculty of Charles University and with Motol University Hospital in Prague. SOTIO is part of the PPF Group and serves as its hub for further expansion in the biotechnology industry, searching for investment opportunities and partnership projects. In cooperation with SOTIO, PPF has acquired a majority stake in the French company OriBase Pharma, which focuses on developing promising new cancer treatment methods especially for pancreatic, liver and haematological cancers. Early in 2015, PPF also acquired a significant minority stake in Cytune Pharma, a French biotechnology company involved in research and development of new therapeutic procedures focusing on boosting the immune response to cancers and infectious diseases. ■

*Ladislav Bartoníček
CEO
SOTIO Group*

The Japanese economy is currently under the microscope of leading analysts due to long-term structural problems.

The world's third-biggest economy continues to hold an exceptional position in the global goods and services markets as well as in capital flows. However, persistent deflation, falling household savings and weak domestic consumption call for aggressive reforms. Subtle signs of recovery are appearing as a reaction to the stimulus implemented by the Bank of Japan, which is devaluing the domestic currency and maintaining low interest rates. Despite these measures, however, export volumes have unfortunately been below the level predicted for this year.

Outside observers see hope in the planned changes in corporate governance and in the increase of dividend payouts to shareholders and subsequent reinvestments. Japanese firms are showing a high degree of profitability and cost savings. For example, Toyota Motor Corporation manufactured the largest number of cars in the world in 2014 and was concurrently named the world's top original equipment manufacturer in terms of profitability. The company achieved this dual primacy thanks not only to the weakened yen, but also to cost savings resulting from reduction of components, cutting of lead times and active cooperation with suppliers. The net profit of the 202 biggest Japanese firms (including Toyota) reached 18.8 trillion yen in the last fiscal year (ended in March), a 5% increase over the previous year. According to analysts, the equivalent of 40% of the country's GDP is bound up in the net liquid assets of the top 202 Japanese firms. Prime Minister Shinzo Abe is attempting to motivate firms to pay more generous dividends to shareholders and to increase the share of foreign owners, thus attracting foreign capital to Japan. In this respect, he is focusing on firms such as Panasonic, Astellas Pharma, Fuji Heavy Industries, Konami Corp. and Kakaku.com.

The long-term significance of Japanese firms in the Czech Republic

In total, there are 228 Japanese companies operating in the Czech Republic, of which 95 are

manufacturing firms and 11 are R&D centres. These firms employ more than 44,000 local workers and represent roughly CZK 120 billion (more than USD 4 billion) in investments. Japan is the second biggest contributor of FDI in the Czech Republic in terms of volume. A significant portion of investment inflows to the Czech Republic has been concentrated in the automotive sector, which remains the key driver of FDI. Many Japanese companies have a long-term presence in the Czech Republic, with companies such as Toyota, Panasonic, Denso, KYB, Koito, Daikin Industries, JTEKT and Olympus Medical recently celebrating ten years on the local market. Probably the first company with a permanent office in Prague was the large trading company Mitsui & Co., which started operating here in 1968. The Japan External Trade Organization (JETRO) established its office in Prague twenty-five years later, in 1993. The pioneers in establishing Japanese manufacturing facilities followed, with Matsushita (1996, televisions, in Plzeň) and Toray (1997, polyester fabric, in Prostějov) leading the way. Prior to that, Japanese companies were represented by trading arms rather than manufacturing facilities. Over time, Japanese investment became highly significant in the Czech Republic, along with investment from Benelux and Germany.

Since the turn of the millennium, there has been a fairly consistent inflow of major Japanese investments, beginning in 2002 with the joint venture of Toyota Motor Corporation and PSA

Japan values Czech industry

Peugeot Citroën with the aim of annually producing 300,000 compact passenger cars for the European market. Each partner has 50% stake in the investment, which totalled

repair centre for endoscopes in Přerov. The location was selected due to its long tradition of producing medical instruments and the availability of workers. Construction of

in Prague and is a GMP-compliant full-scale manufacturing facility with state-of-the-art laboratories. IPP was founded in 1932 as a pharmaceutical manufacturer. After 1989, IPP focused on manufacturing numerous X-ray contrast media and other APIs from various therapeutic areas. In cooperation with Otsuka, IPP now participates in the development of new APIs and is expected to become one of Otsuka's core production bases for pharmaceutical products, second only to Otsuka's operation in Japan.

Japanese companies are aware that to get an order from a European carmaker worldwide, it is necessary to first succeed in Europe. Japanese automotive suppliers are no longer dependent on being part of a keiretsu group (an association of companies formed around a bank and owning shares in each other). They understand that to gain orders from the most demanding OEM firms, they must have a presence in Europe. For this reason they are seeking a suitable manufacturing base. A key point in the decision-making process of Japanese manufacturers' is access to local suppliers and their quality. Thanks to its industrial heritage, the Czech Republic has a broad industrial supply base. Our glass products have convinced several Japanese decision-makers that "monozukuri", i.e. craftsmanship, creativity and self-discipline, are features of the local environment and that Czechs are reliable and loyal. ■

Eliška Nováková

Director of Japanese Operations, CzechInvest

“ Situated in the heart of Europe, in a key location between west and east, the Czech Republic and Přerov fit very well into Olympus's concept of a unified, global corporation.

Haruhito Morishimy, president of Olympus Medical Systems.

CZK 38.8 billion (approx. EUR 1.4 billion). About 3,000 direct jobs were created and the investment also indirectly led to the creation of additional jobs among local suppliers. Though Toyota cut production in recent years due to lower demand for small cars in Western Europe, in 2014 it launched new-generation cars and is restoring production to full capacity.

The Toyota/Peugeot investment encouraged associated suppliers such as JTEKT, Tokai Rika, Aisin and Denso to establish operations in the Czech Republic in order to serve the final assembly plant. Japanese investors are spread out around the country, but it is evident that the Plzeň, Louny and Liberec regions are the most popular destinations especially among automotive suppliers.

Olympus undertook a significant investment in 2003, when it opened a high-tech repair centre for camera equipment, the capacity of which was later doubled. This was followed in 2009 by the opening of a production, R&D and high-tech

the R&D centre began in autumn 2008. Of the total amount of EUR 6 million, the firm invested EUR 3 million in the construction of the facility, EUR 1.7 million in ecological technology and the remainder in robots. “Situated in the heart of Europe, in a key location between west and east, the Czech Republic and Přerov fit very well into Olympus's concept of a unified, global corporation,” says Haruhito Morishimy, president of Olympus Medical Systems.

Japanese strategic partnerships with local Czech companies

In 2008 Otsuka Pharmaceutical acquired Interpharma Praha (IPP), a Czech producer of active pharmaceutical ingredients (APIs), in order to further strengthen its R&D and product development capabilities. Interpharma Praha has experience with researching active ingredients which are applicable to both nutraceutical and pharmaceutical products. The company is based



Rigaku brings the state of the art to Brno

Successful cooperation between Japan and the Czech Republic in the area of X-ray technologies has been developing in recent years. An example of this is Rigaku Innovative Technologies Europe (RITE), which is owned by the Rigaku Corporation of Tokyo, Japan. RITE was established in 2008 as a European centre of excellence for the design, development and manufacturing of X-ray optics, X-ray detectors and X-ray sources, as well as other related scientific products for industry and research. RITE is one of three Rigaku X-ray equipment research and development laboratories, the others being in Japan and in the United States.

Rigaku, which established the aforementioned research and development facility in Prague, recently introduced to the market an innovative X-ray microscope and tomography scanner called nano3DX. Development of this advanced instrument was completed in 2014, when it was

delivered first to the Japanese market.

The first such device installed outside of Japan was placed in the Micro- and Nanotomography Laboratory of the Central European Institute of Technology (CEITEC) in Brno. Based on an agreement with Rigaku, the CEITEC facility became the demonstration laboratory for the X-ray microscope for Europe, as well as for interested parties from other regions. The establishment of this laboratory is an example of successful cooperation between Japan and the Czech Republic in science and applied research.

According to Professor Jozef Kaiser, head of the Materials Characterisation and Advanced Coatings group at CEITEC, to which the computed micro- and nanotomography laboratory belongs, CEITEC's cooperation with Rigaku is mutually beneficial and strategic. "For CEITEC, this cooperation not only enables access to the latest innovative products from Rigaku in the area of computed tomography, but it also provides

the opportunity to be directly involved in the further development and testing of these devices. We can thus make full use of the experience gained not only from the basic and applied research conducted on the instruments in the CEITEC laboratories, but also at the facilities of another strategic partner such as Elettra Sincrotrone Trieste," says Professor Kaiser.

For Rigaku, cooperation means direct contact with a university laboratory at the international level and feedback regarding use of the instrument. Another important aspect is the availability of the device for interested parties from Europe and other regions for joint experiments and measuring of test specimens. The laboratory also plays a crucial role in training students and future specialists in the given area of science and in industry. ■

*Ladislav Pina, Ph.D.
Managing Director*

Rigaku Innovative Technologies Europe



A Czech manager in Japanese business world: being different is important

The company shecco has been doing business with Japanese firms for over ten years. When I joined the company three years ago, we set out to establish a subsidiary in Tokyo, the first outside the Brussels HQ. My role was to be "the man on the ground", to establish closer relationships with our current and prospective customers and to identify new business opportunities.

As a foreigner standing 193 cm tall speaking fluent Japanese, I stand out. There are many expats working in Tokyo but not that many are in the HVAC&R industry that we operate in. We have learnt that being "different" (i.e. not being a typical Japanese company) plays a vital role in our business. Let me give you few examples.

From day one, the fact that shecco could now communicate in the Japanese language was received very well. Language is the key. Despite the global operations of Japanese companies, proficient English is still rather an exception. Luckily, Czechs have very natural Japanese pronunciation. Globally, our role is to challenge the status quo and help to accelerate the transition to more climate friendly HVAC&R solutions – so-called natural refrigerants (NR). My role in Japan is to cre-

ate platforms to provide information from abroad and to build a network of relevant stakeholders and advocate for NR. When challenged by the powerful chemical lobby, it is important to be visible and confident, and to speak up with data from growing global markets – something that is not very common in Japan. The fact that shecco Japan, a global media company, is watching plays a significant role in pushing the industry forward. Advocating for NR, we often meet with representatives of key ministries and industry associations. Here again, being different plays an important role. While we are aware of Japanese culture and business manners, as a foreign company we do not need to follow the protocols required by other Japanese companies. In order to meet a new director at any ministry, Japanese companies would have to send in an executive level official; for us, such an introduction is usually very informal and friendly. I believe that the Japanese welcome the opportunity to escape unnecessary "protocols" and youthful and flexible yet culturally aware and Japanese-speaking foreign companies like shecco Japan provide just the right opportunity to do so. I believe that in every B2B operation, building relationships with your partners is the most important

thing. Once connected on a human level, everything else will be possible. Sometimes we have to be patient, as large Japanese companies do not have very aggressive or swift decision-making processes, unlike in other countries. Most of our meetings take place in a relaxed environment, with personal chit-chat and questions about my background and life in Japan. This all helps build trust in the long-term relationship, as I have a genuine love for Japan, my second home, and appreciation for its culture and people.

This year, my task is to build a team and expand our services in Japan and increasingly in other Asian countries, establishing Tokyo as the Asian HQ. After three years in operation, we are hiring a Japanese colleague and becoming more Japanese, while still keeping in mind that being "different" is important. Maintaining the proper balance between being Japanese and being foreign is the key to success. I like to believe that shecco Japan and I can learn more about how to keep the best of both worlds. ■

*Jan Dušek
Business Development Manager
shecco Japan*

Technology Park Brno: We help our clients grow



Interview with Roderick Barker BSc (Hons) MRICS, General Manager, Technology Park Brno

Sir Frank Lampl, a native of Moravia and long-time director of Bovis Lend Lease, was present at the inception of the overall vision for Technology Park Brno. Can you tell us something more about the park's history? How did it all begin?

My involvement with the scheme started in early 1996, so a few years after its conception, but my understanding of the early history is that the City of Brno and Brno University of Technology had an area of land adjacent to the main university campus which they wished to develop into some form of technology park but lacked the economic and organisational skills to realise their intentions. They were aware that Sir Frank Lampl, who had studied at the university, had risen to the position of chairman of Bovis in the UK and they approached him to propose that Bovis form a joint venture to develop the technology park. I believe that Sir Frank recognised the opportunity presented to him and Bovis had been involved in such developments in the UK and there were similar technology park projects within the portfolio of P&O, Bovis's parent company at the time, both in the UK and US. The scheme was formally launched in May 1993.

The technology park was established in close cooperation with Brno University of Technology. How does that collaboration work?

Companies are drawn to the location for a number of reasons, but one of the biggest influences is the proximity of the university, so it helps to attract resident companies who collaborate in a variety of ways. Some organisations establish pure research and technical development activities here and undertake formal project outsourcing work with university departments. Others like to have a presence on site, as doing so assists in attracting skilled graduate engineers across various disciplines. On a more general level, the technology park and university have a formal cooperation agreement in place to coordinate

their activities, which has led to synergies in the types of institutions that have been developed at the location. The South Moravian Innovation Centre and the Central European Institute of Technology (CEITEC) are good examples, but there are many other forms of cooperation.

For what kinds of business and research is the technology park suitable?

We focus mainly on technology companies, since technology is the emphasis of the university and the various faculties at the campus. There are strong ICT and engineering activities with the significant presences of IBM, Red Hat and Vodafone on site and other technical development centres in the park, with Koyo (bearings) and Mann Hummel (automotive filters) as examples. Hardware and software are also important, with SGI and Y Soft as tenants, as well as Emerson with regulation controls. We also have electronics, represented by Sanmina, and a range of other companies undertaking a whole spectrum of broadly technical activities. One client, Mecas-Esi, develops engineering simulation systems to enable more economical product development and testing in close cooperation with the university.

How is the park doing these days? What kinds of companies are based there? Which countries are they from?

I think we are doing very well. From a purely financial perspective we have delivered significant profits over the past twelve years with particularly strong performance during the financial crisis. The scheme has grown considerably over the last ten years and we have now completed the first two buildings in phase II. Most of our business is generated by expansion of existing clients and we are fortunate to have an excellent portfolio of tenants. The majority of our clients are major blue chip multinationals with Czech subsidiary operations. We do have a growing numbers of smaller companies undertaking an interesting array of activities and many of them are Czech.

On a square-metre and headcount basis, the majority of our companies are from the US.

Are there projects, firms or instances of cooperation at the technology park of which you are particularly proud?

I think we can rightfully be proud of the IBM Global Services Delivery Centre that has developed here. Another success story is the presence of Y Soft, which emerged from the business incubator as a start-up and now occupies over 3,000 m² with 150 employees on site and 285 worldwide. Most recently, development has commenced on the second phase of the central zone. This involves a new building for Red Hat and an adjacent services and facilities building surrounded by a park and water feature. We are extremely proud of the completed buildings and surrounding landscaping.

How do you see the future development of Technology Park Brno?

We are currently in the process of defining our future strategy, since the project has reached a threshold in terms of its development to date. We must ensure that we are satisfying our shareholders but I see an opportunity to broaden our scope to embrace and coordinate more with the business incubator and the various research establishments at the park. Taking Y Soft as an example, we can encourage the development of successful high-tech start-ups at the location. I think of this as a form of grow-your-own tenant/clients, so it makes perfect economic sense. In parallel, I believe we have a very optimistic future in the realms of R&D and technical development with the opportunity to attract such centres. The recently established research institutions, CEITEC and AdMaS, will help us to attract more R&D projects and I believe we have a unique advantage in the region with the technical university's immediate proximity. There is a real opportunity ahead to make the most of these synergies and I believe this is where our future destiny lies. ■

Basic data

Area:	4,519 km ²
Population:	516,372
GDP:	3.9%
Average monthly income:	approx. EUR 840
Unemployment:	4.85%

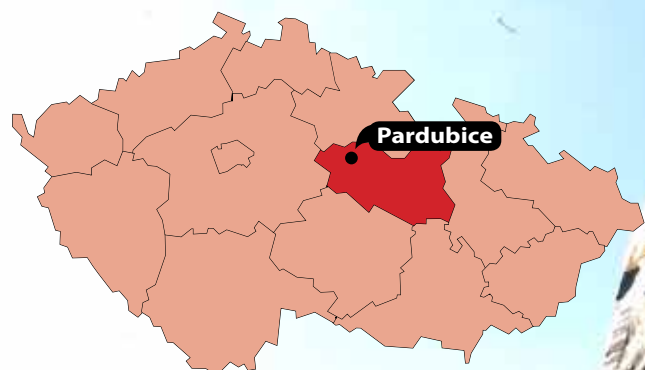
Racing ahead

Pardubice's investment environment is poised to take the lead

The general public sees Pardubice as the home of traditional gingerbread and the site of the famous Grand Pardubice horse race. For investors, however, the Pardubice region is a land of industry with high-quality research and development infrastructure. The local investment environment has been named one of the best in Central and Eastern Europe several consecutive times by fDi magazine.

Top investors in the Pardubice region

Company	Sector
REHAU	Plastics, Rubber
SOR Libchavy	Automotive
Westvaco	Packaging materials
Korado	Engineering
Panasonic (Matsushita Electric Industrial Co.)	EE/Electronics
Ronal	Automotive
AVX	EE/Electronics
Rieter	High-tech Mechanical Engineering
Isolit-Bravo	Plastics, Rubber & EE/Electronics
Fibertex	Textiles



The Pardubice region is a transport nexus and gateway to both eastern and western markets. It has already been recognised as an excellent investment location by companies such as AVX, Panasonic, Foxconn, Iveco, Ronal, SIAG Schaaf Industrie and Kiekert. The foundation of the region's economy comprises production of electrical and optical

“ The Pardubice region is a transport nexus and gateway to both eastern and western markets. **”**

instruments, machine and vehicle manufacturing, the textile industry and food production. The chemical industry, which is supported by local vocational schools and specialised research institutes, also holds an important position in the region. The Secondary Vocational School of Chemistry, the Faculty of Chemical Technology at the University of Pardubice, the Research Institute of Organic Synthesis, SYNPO and the Cotton Research Institute comprise a unique complex in the Czech Republic. The Pardubice region has the highest exports per capita in comparison with all other regions of the Czech Republic. For the national economy, the region is significant due to its share in the automotive sector, electronics, the chemical industry and biotechnology. In recent years, it has also seen major development of high-tech sectors such as ICT, healthcare and pharmacy (life sciences). The region is becoming an ideal destination for investments with higher value added. Within the European budget period of 2007-2013, thirty-eight Pardubice-based companies invested a total of CZK 605 million (approx. 22.4 mil.) from European funds in research and development. Since 2011, the region has regularly appeared in prestigious rankings of destinations for foreign direct investments in Europe, which are compiled by fDi magazine, a publication of the Financial Times. In 2014 Pardubice was declared the most attractive region for investment in Eastern Europe and in 2012 it reached fifth place among European regions evaluated in terms of their FDI-support strategies.

Space for doing business

With the government's support, four industrial zones have been established in the Pardubice region: Chrudim, Pardubice, Svitavy and Moravská Třebová. At present, all four zones are nearly fully occupied. Fortunately, however, a number of private industrial complexes in the region have room for expansion. For example, SemtinZone is owned

by the internationally known company Synthesia, which focuses on research, development and production of chemicals, drugs and related products. A total of 120 firms with 4,500 employees operate here on 7.5 km². The history of the zone dates back to the First World War, so there are a number of brownfield sites here that Synthesia is gradually revitalising and offering for sale or lease. Other zones with available space include Chvaletice, Hrochův Týnec and Opatovice. In Pardubice and its surrounding area, development of several brownfields is also expected. The regeneration of these sites is supported by the Pardubice regional authorities.

Transport connections

Since November 2009, the Pardubice region has been connected to the D11 motorway, which leads to Prague and thus ensures a direct road connection to Western Europe. A drive from Pardubice to the capital takes only an hour and a half. In the coming years, the region should be traversed by the R35 expressway joining northern Bohemia to eastern Moravia and the adjoining international road network. Pardubice itself lies at the site of one of the most important rail hubs in Central Europe, as well as the rail corridor that links Berlin to Prague and Brno to Vienna, among other destinations. Pardubice's airport has international status and is one of the five backbone airports of the Czech Republic. The airport serves for both military and civil operation, primarily for charter flights that ensure connections with Southeastern and Eastern Europe, including Russia. Water

transport is connected with the Elbe River, which is part of the trans-European network of category-E water routes (arterial route E20: North Sea – Hamburg – Ústí nad Labem – Mělník – Pardubice). Construction of a logistics hub in Pardubice with a port on the Elbe is anticipated in the long-term horizon.

Development of the skilled workforce

The region has a total of 79 secondary schools, of which 59 are technical schools. Approximately 50% of these schools' graduates advance to university. The University of Pardubice is a modern institution of higher education with more than 10,000 students and is ranked eighth out of the 26 public universities in the Czech Republic and tenth out of the country's 164 research facilities. The University consists of seven faculties, including the Faculty of Chemical Technology, the Faculty of Electrical Engineering and Informatics, the Transport Faculty and the Faculty of Economics. Since its establishment in 1950, the Faculty of Chemical Technology has become a renowned institution of higher education in a variety of chemistry-related areas, such as technical chemistry, technology of foodstuffs, clinical biology, and chemical and process engineering. The scientific activities of the faculty are aimed at both basic and technological research. A number of successful technical projects have been completed in cooperation with the industrial sector. The Transport Faculty offers several programmes ranging from logistics to automotive electronics and vehicle structure and testing. Younger faculties such as the Faculty of Electrical Engineering and Informatics concentrate on IT, computer-aided design and manufacturing, and diagnostics of electronic systems. Language skills are also an integral module of the degree courses with 326 subjects taught in a foreign language. In 2011 over 2,000 students graduated with an impressive 40% graduating in technical fields and 3% in natural sciences. ■

Marie Černošová
Director, Pardubice Regional Office
CzechInvest



Fighting the world's deadliest diseases in Těchonín

Biological Defence Centre (BDC) a specialised facility of the Armed Forces of the Czech Republic (AFCR) is located near the unobtrusive town of Těchonín in the Pardubice region. This facility was built on the foundation of the Czech Republic's international commitments within NATO. The main task of the BDC is to ensure isolation and treatment of persons with particularly dangerous diseases (e.g. SARS, hemorrhagic fevers such as Ebola, Margurg and Lassa, multi-drug-resistant tuberculosis and smallpox).

Other tasks carried out by the BDC include provision of education and training for military and civilian specialists of the Czech Republic, NATO members and European Union countries, implementation of quarantine measures for member of the AFRC upon returning from epidemiologically risky areas, biological research, and management of a defence system for combating bioterrorism and for protecting members of the armed forces against biological weapons. The centre also fulfils specific tasks connected with supporting the Integrated Rescue System, of which it is a part. The BDC is involved in the allied biological protection system within NATO. The BDC's specialised infectious-disease treatment facility provides the highest level of biological security against the transmission of infectious diseases from infected persons to medical personnel or people outside the facility. The treatment facility is equipped with pressurised protective clothing for all workers and highly specialised air-filtration/ventilation and waste-handling systems, which effectively prevent the spread of infectious diseases beyond the facility. When operating at full capacity, the facility is able to admit up to 100 persons into quarantine, twenty patients into the standard ward and eight patients into intensive care. In recent years, the BDC has conducted research and development in the area of biological protection, particularly in the area of detecting and identifying disease agents in field conditions with focus on further development of the capabilities of mobile biological teams, laboratory identification and typing of selected biological disease agents.

for the needs of stationary and mobile biological laboratories, development of prevention options, diagnostics and treatment of serious infectious diseases, especially those that are transmitted through the air. Other projects include development of drugs in protecting the population. The Ministry of Defence of the Czech Republic is engaging in cooperation in the area of research and development projects with entities within NATO as well as at the national level within the academic and university communities and with other organisations operating in the areas of pharmacy and biological protection. The ministry is also seeking out other possibilities for development of cooperation between the AFRC and civilian entities in the area of biological protection as well as education and training of medical and non-medical personnel. The Biological Protection Centre and its specialised infectious-disease treatment centre offer interesting potential for cooperation in the areas of science and research projects focused on biological threats, which are currently of greater concern in light of globalisation and increased migration. Another strength of

the BDC consists in the outstanding experts who ensure the training and education of specialists in the area of detecting and diagnosing highly dangerous infectious disease agents and the illnesses caused by them, and verification of diagnostic processes. The BDC's potential can be used not only to meet the needs of the AFRC, but also for other entities that are involved in defence against biological threats within NATO and the EU, as well as at the national level and in the Pardubice region itself. ■

*Tomáš Kuchta
Deputy Minister of Defence of the Czech Republic
for Industrial Cooperation and Defence Industry
Management*



Medical devices: new law sets clearer framework for the sector

The new Czech Act on Medical Devices came into effect on 1 April 2015. This legislation has significantly changed the regulatory environment of the whole sector. Compared to the former status, it comprehensively regulates the whole life cycle of medical devices, from their inception to their discontinuation.

It aims at improving the safety of patients and streamlines administration in the area of medical devices. Companies are subject to more stringent regulation. On the other hand, the new regulation is in line with recent trends in the sector and provides more legal certainty with respect to the rights and obligations of all the parties involved.

Clinical trials and performance evaluation

There is a brand new regulation on clinical trials and performance evaluation, an area that had previously not been comprehensively regulated. Clinical trials will have to be approved in advance by the regulatory authority, the State Institute for Drug Control (SIDC). However, if the SIDC does not grant its approval within 60 days from submission of the application, the approval will be considered to have been granted.

New Register of Medical Devices

The act further introduced a new Register of Medical Devices, which serves the purpose of providing detailed information about all market players (such as manufacturers, importers, distributors and persons providing medical-device maintenance) and medical devices placed on the Czech market. The register is in the initial phase of establishment and should be fully operational within three years.

Distribution and importing

The act also contains new general rules for good distribution and importing practices. Distributors and importers have to comply with requirements concerning the storage and handling of medical devices. They are also obliged to provide

the required information about the product, to archive relevant documentation for five years and to subject medical devices to regular inspections. The main purpose of this regulation is to maintain the safety and performance of medical devices at adequate levels.

State Institute for Drug Control

The new act removed the long-criticised and inefficient system of fragmented enforcement in the area of medical devices. The main responsibility for enforcement now lies with the SIDC, which has become a powerful executive body in the sector tasked with the imposition of sanctions for violation of the act.

Sanctions

With respect to sanctions, the act introduces a more stringent regime. It will be possible to penalise a broad range of unlawful practices, including those that have not been penalised at all until recently or for which only a minimal penalty could be imposed. This mainly concerns areas related to the safety and clinical performance of medical devices, which lacked consistent inspection mechanisms in the past. The maximum fine for an administrative offence committed through a breach of the law has been increased to CZK 2 million (approximately EUR 75,000). The SIDC will conduct the infringement procedure and is also in charge of supervising compliance with the law, in particular with respect to supervision of the market, inspections of medical devices at healthcare providers and price checks.

Obviously, there have been a lot of expectations in relation to the new legislation, especially with regard to the question of whether the main regu-

latory authority, the SIDC, is prepared to take on its new, challenging task. The first few months have shown that, in general, it has been well prepared and it has coped reasonably well with the new challenges. The same holds true for the industry, which had to deal with a considerable increase in regulatory duties.

Areas to review

Despite the recent extensive changes, there remain many areas that will likely be subject to review. One such area is the advertising of medical devices, which, unlike the area of advertising for medicinal products, continues to be governed only by very broad, general provisions of the advertising law. Similarly, the original proposal regarding the new regulation of prices and reimbursements has been left unchanged by the final, adopted wording of the law. However, the Ministry of Health of the Czech Republic has started working on new legislation which would have the purpose of introducing a transparent system for price setting and the reimbursement of medical-device costs.

Additional changes will probably have to be made due to the new EU legislation on medical devices, which is currently being intensively discussed in EU institutions. Thus, it is expected that regulation in the sector will be further extended and the Czech Act on Medical Devices will also have to be amended accordingly. ■

Tomáš Čihula
Attorney

Head of Life Sciences & Healthcare Practice
Kinstellar



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Public funding for R&D in life sciences

The global life sciences industry and pharmaceutical research and development are divided into three traditional centres: Europe, the United States and Japan. To maintain Europe's traditionally strong position and competitiveness in this area, huge investments are needed.

Research and development of drugs is a very risky, costly and long process. In order to create a new kind of medication, scientists must find thousands of new compounds. A brief example: out of ten thousand newly discovered compounds, only 250 of them reach the pre-clinical phase. Currently available public funding aimed at supporting R&D in life sciences in the Czech Republic can be divided into two fundamental instruments: cash grants and tax incentives.

Cash grants for research and development

Currently available cash grants can be divided into two categories based on the management level. Local cash grants are managed by the Czech government. These type of grants are operational programmes (co-financed from European Structural Funds) and national funding programs. European grants are managed directly by the European Commission and are represented by the EU Horizon 2020 programme and other European programmes. The Ministry of Industry and Trade manages the following grant calls, which are administered by the CzechInvest agency.

The Potential programme covers the investment costs of constructing and equipping research and development laboratories and centres whose focus is primarily on industrial research relating to the development of new or innovated products in cooperation with research and development institutions. The level of funding is 50% of eligible costs. The Application programme covers the operating costs of research and experimental development projects leading to the introduction of higher-level innovations and the creation of internationally competitive products that are ready to be put on the market.

The funding covers up to 70% of operating costs. The TRIO programme covers the operating costs associated with companies' applied research and experimental development in order to increase the use of research and development results in

key technologies that are demanding in terms of knowledge and qualified manpower and require a significant share of research activities with fast innovation cycles. The funding covers up to 80% of operating costs.

The ICT and Shared Services programme covers the payroll costs of newly created jobs in projects that focus on the development of software and new ICT solutions in healthcare and education. The level of funding is up to 45% of eligible costs.

The Technology Agency of the Czech Republic supports applied research grants. The currently active Omega programme is aimed at financing the operating costs of research projects, with funding levels ranging from 25% to 100% of eligible costs. Projects should be aimed at strengthening research activities in applied social sciences and the outcome of these activities should be increased competitiveness.

The EU-funded Horizon 2020 programme is the EU Framework Programme for Research and Innovation 2014-2020, with a budget of €80 billion. International cooperation within the project consortia is crucial to this program; the funding level is up to 100% of eligible costs for R&D projects. Industrial research is preferred in this programme (as opposed to the participation of only research institutes and academic bodies). Given the large number of applications from older EU countries in the last Framework Programme 7, the participation of applicants from Central Europe, including the Czech Republic, is encouraged and applicants have a good chance of getting accepted into this programme. The call for submission of applications to the Health, Demographic Change and Wellbeing work programme should be opened in the autumn 2015.

The Innovative Medicines Initiative (IMI) is a public-private partnership organisation with the purpose of facilitating and funding collaboration between the key players involved in healthcare research, including universities. The currently opened call, IMI 2 – Call 5, is aimed at creating a large international consortia focused on relatively narrowly defined research areas.

Tax incentives for research and development

Income-tax deductions for R&D activities are an indirect form of financial support. R&D tax deductions make it possible to deduct the operating costs incurred for research and development twice in the course of one taxation period: first as accounting costs reducing the company's economic result and subsequently as an item deductible from the income-tax base. A company can also claim tax deductions in cases when it is benefiting from direct grant support, provided that the specific costs covered by the grant are not included in the deduction. Investment incentives in the Czech Republic are available for launching or expanding industrial production or technology centres. Support is provided in the form of a complex package including corporate income-tax relief for a period of ten years, transfer of land for a discounted price, cash grants for job creation, cash grants for retraining and training new employees, property-tax exemption for a period of five years (for special industrial zones only) and cash grants for acquisition of assets (for strategic investments only).

Public aid in the life sciences sector definitely pays off for society. The benefits that are being reaped include better personal care for patients and increased wellbeing, which improves people's ability to carry out economic activities. The development of innovative methods like biological treatment and personalised therapies also attracts world-class scientists and researchers, increases the level of qualifications of the workforce and strengthens the traditionally good reputation of the Czech Republic in the area of life sciences. ■

Roman Navrátil
Senior consultant

Martina Tulešková
Senior consultant

Deloitte Advisory

New investment incentives in the Czech Republic

The Czech Republic has significantly increased its focus on new investments over the past few years. In response to new EU rules, an amendment to the Investment Incentives Act came into force on 1 May 2015 with the purpose of making investment incentives more attractive for investors even despite the reduction of the maximum state-aid intensity (from 40% to 25% of eligible costs) imposed by the EU rules.

How does the incentives system work now and what are the key aspects of the amendment?

Supported activities basically comprise launching new or expanding existing production or technology centres and launching or expanding the activities of business support services centres and high-tech repair centres. Moreover, investment incentives can also be newly requested for projects involving construction or expansion of shared-services centres, data centres and customer support centres.

All existing types of investment incentives, such as income tax relief, cash grants for job creation and employee training and support for strategic investment activities, remain in place. In addition, a new incentive in the form of a property-tax exemption has been introduced and can be applied in special industrial zones proposed by the Ministry of Industry and Trade. Another expected benefit of these special industrial zones is the opportunity to draw cash grants for creating new jobs within them in the amount of approx. EUR 10,900 per new job created. There are also some significant changes in the area of basic conditions. For manufacturing projects, there is a new general condition requiring the creation of at least 20 jobs related to the investment project. Moreover, there is an obligation to maintain those jobs for a set period. The general conditions have also been changed in the area of project funding. It is not necessary to provide funding for

the mandatory part of the investment activity from equity capital and only a description of the method of financing is sufficient.

Another change is a reduction of the minimum number of new jobs created from 40 to 20 in the case of technology centres and business support services centres and from 100 to 70 in the case of software-development and data centres. As far as support for job creation and employee training and retraining is concerned, the number of eligible regions where support is available has risen significantly (from 4 regions to more than 30). The specific levels and amounts of support that can be obtained have been set by related legislation, which took effect on 15 July 2015.

How can I know if I qualify for incentives for investments in manufacturing or business support services?

In the case of technology centres, the basic conditions for obtaining an investment incentive are creation of at least 20 new jobs and investment of at least EUR 364,000, of which EUR 182,000 must be spent on new machinery.

If you plan to invest at least EUR 3.6 million (or only EUR 1.8 million in some regions) in starting production or expanding current production and at least half of the investment will be spent on new machinery and at least 20 new jobs will be created, all within three years, you can obtain an investment incentive in the form of tax relief for a period of ten

years. In selected Czech regions there is also opportunity to receive a cash grant of up to EUR 10,900 per newly created job as well as aid for training and retraining.

I don't meet the qualification conditions for investment incentives. Can I apply for a different type of support? And can I receive multiple types of support?

Besides investment incentives, there is a whole range of opportunities to receive direct cash grants for investments and for selected operating costs. It often occurs in practice that a company plans several investments during the same period and questions arise about the option of combining different types of state aid. In general, it is possible to use several types of subsidies and even different types of investment incentives. In such a situation, it is necessary to divide individual investments among various support programmes, particularly in view of the need for fulfilment of the specific conditions of each grant programme or investment incentive, while simultaneously maximising the potential benefit. For all types of support, there is a basic rule that each cost may be supported only once. Therefore, individual combinations need to be considered optimally prior to filing an application or an investment plan. ■

Karin Osinová
Tax Consultant, KPMG Česká republika

What is the quality of human resources for investors in the Czech Republic?

High-quality human resources, a central location and a stable political and economic environment are the main reasons foreign investors frequently choose the Czech Republic as a country in which to implement their investments. Investments with a high proportion of skilled jobs are increasing in line with the high level of education of the Czech people. Whether this concerns manufacturing companies, research facilities or shared-services centres, the Czech Republic is capable of offering a first-rate business environment thanks to its good location and transport infrastructure, sufficient high-quality workforce and advantageous conditions on the real estate market, as well as a whole range of supporting government programmes. More good news for investors considering doing business in Central Europe is the fact that the countries here display long-

term political and legislative stability. This is why this part of the world is slowly becoming a synonym for nearshoring. Human resources are the alpha and omega of every successful business project. Investors are not interested only in labour costs, but also the availability of employees and potential investments based on local workers' intellectual activities and their level of education, language skills and soft skills. In this respect, the Czech Republic does very well. It has been considered a traditional industrial country with excellent technical schools and universities since the time of the First Republic. According to data from the Grafton Recruitment Agency, Czechs have also put more effort into their language skills in recent years. Out of the hundred thousand candidates who tested their language skills during the past year, approximately a third

of those possessing knowledge of German and English were at the intermediate or advanced level. Apart from language skills and expertise, other decisive aspects are openness, communication skills, charisma and flexibility. Social intelligence, i.e. the ability to deal with people, communicate clearly and listen to others, is also important. And Czechs excel in these skills, as they are very adaptable and compatible with a number of cultures and can make good employee not only of European firms, but also and Korean, Japanese and American companies. ■

Martin Ježek
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Is now a good time to invest in the automotive industry in the CEE region?

In the past several years, the geographic heart of the European automotive industry, previously known colloquially as the "Blue Banana", has been migrating from industrially advanced western Europe (Great Britain, the Netherlands, Belgium, western Germany, Switzerland and Italy) eastward to a new position – the so-called "Golden Ball" – located in the middle of the continent (southern Germany, the Czech Republic, Slovakia, Austria, Hungary and Romania). In 2009, Central and Eastern Europe accounted for 25% percent of European automobile production. Since then, its production share has continued to grow steadily and it now holds roughly a 33% percent share of the industry. Situated at the centre of the Golden Ball, the Czech Republic is becoming a notable force. The country hosts production units of three large manufacturers (Škoda Auto-VW Group, TPCA –Toyota/Peugeot/Citroën, and Hyundai). A vibrant automobile cluster is forming in the Moravia-Silesian Region, offering fertile conditions for continued industrial growth. Historically, the region's strong industrial tradition led to the emergence of a highly

qualified local workforce, suitable infrastructure and transport accessibility. Local technical universities have added research and development potential. To help encourage continued growth, the Czech government has in the past few years added sizeable investment incentives and other forms of financial support (e.g. public co-funding of hard-cost investment and the opportunity to harvest fiscal incentives for the creation of new jobs). To further compliment this cooperative effort, the regional authorities have reorganized themselves in order to cut administrative red tape. There is today a well-established programme of coordination between the private and public sectors, which can offer significant cooperation, at both the regional and state levels, to serve the needs of future companies. The Moravia-Silesia's central and strategic location in the heart of Europe is thus a convenient mid-point for automotive component suppliers and subcontractors serving vehicle manufacturers in nearby countries – Poland, Slovenia and Hungary. Within a 50-km radius, subcontractors are in reach of Opel (Gliwice),

Fiat (Tychy) and Kia Motors (Žilina); within 100 km, they are in reach of PSA Peugeot Citroën (Trnava); and within 150 km, Volkswagen (Bratislava). The region's industrial heartland lies within the geographic agglomeration of Ostrava, Karviná and Havířov, which contains the Moravia-Silesia Development Zone. This "free zone" consists of three industrial parks owned by the Asental Group: František II (30 ha with the possibility of enlargement to 60 ha), Dukla (with 20 ha available) and Barbora (with 65 ha prepared for future investments). All three parks are situated within a five-minute drive of each other. The mutual proximity of these parks creates opportunities for important operational synergies among automotive subcontractors and nearby carmakers. ■

Anthony Caine
CEO
Asental Group
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How much does one square metre of industrial land cost in the Czech Republic?

Construction of industrial premises and the cost thereof in the Czech Republic depend predominantly on the location, the level of preparation of the land – issued permits, existing infrastructure in close proximity to the land and availability of utility connections at the construction site.

Land is becoming increasingly scarce due to a number of reasons, such as increased competition for land between different groups and land-use planning restrictions implemented in various regions in the Czech Republic.

Nevertheless, clients are currently able to rent industrial premises, albeit at a higher cost, as long as such premises correspond to the client’s needs in relation to shipment/delivery of goods to customers as well as cost optimization. When taking logistics services

into account, this could mean future savings in the case of a long-term lease.

It is almost impossible to set an exact price for industrial property in the Czech Republic, as each region and municipality may require additional services from the developer, namely creation of new infrastructure or improvement of the local water treatment plant and participation in several other community projects.

These and other factors play a significant role in the overall pricing of land and construction.

It is also important to point out that in the Czech Republic pre-conditions that need to be fulfilled by the developer are in most instances unknown until the advanced stages of the planning/permit process. On the other hand, in the United Kingdom, additional requirements that must be met by any interested party in

relation to the land along with the construction of the industrial property are clearly set out within the land-use plan. As a result, developers in the UK are not required to negotiate these conditions with municipalities at a later stage. Based on this, construction of industrial properties in the Czech Republic is a complex subject which requires long-term experience within this particular field as well as a professional approach to municipalities and, most importantly, towards clients that are willing to invest in and set up industrial premises in the Czech Republic. ■

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Dvořák, Smetana, Janáček...

Czech classical music enchants the world

Only a few nations are home to so many composers of classical music who rank among the most played in the world. The most famous Czech musical greats are Antonín Dvořák, Bedřich Smetana and Leoš Janáček, while Bohuslav Martinů and Josef Suk are becoming ever more popular. Listeners are constantly discovering new treasures in the history of Czech music.

Last year marked the musical anniversary of major composers, performers and organisations, which was a beautiful occasion for year-long celebrations. The Year of Czech Music 2014 supported Czech musical culture and was kicked off with the New Year's Concert of the Czech Philharmonic at the Rudolfinum in Prague.

The privileged position of the Czech Philharmonic The full and ardent sound of the Czech Philharmonic has been bringing joy to listeners around the world for 120 years, thus representing Czech culture in the best sense of the word. Many refer to it as "the first national orchestra". For Czechs, it is truly a matter of the heart and belongs among the nation's treasures along with the Bohemian Crown Jewels.

At present, it is again regarded as one of the most interesting instrumental ensembles on world stages and performs with renowned soloists such as Héléne Grimaud, Lang Lang, Janine Jansen and Anne-Sophie Mutter.

Under the baton of Chief Conductor Jiří Bělohlávek, the orchestra recently made a complete recording of all symphonies and three concerts composed by Antonín Dvořák, which was released by Decca and featured violinist Frank Peter Zimmerman, pianist Garrick Ohlsson and cellist Alisa Weilerstein. The Czech Philharmonic has collaborated with outstanding musicians since its inception – its very first concert, which took place at the Rudolfinum on 4 January 1896, was conducted by Antonín Dvořák himself.

The Rudolfinum has remained the home venue of the orchestra to this day and houses the Orchestral Academy, which is one of the Czech Philharmonic's many successful educational projects.

Through other educational activities, the orchestra strives to establish contact with new audiences, from the youngest children to university students and adult listeners who want to enhance their knowledge of classical music.

Besides Antonín Dvořák, the history of

“ Did you know? It said that “If he's Czech, he's a musician!” ”

the Czech Philharmonic features other major conductors such as Gustav Mahler, who in 1908 conducted the world premier of his Seventh Symphony in Prague. The orchestra saw its international renown grew under the baton of Václav Talich and survived the difficult war years under the energetic leadership of Rafael Kubelík. During the era of Karel Ančerl, the Czech Philharmonic undertook numerous and diverse tours abroad. Nowadays the orchestra performs at the world's most prestigious concert halls, having recently appeared several times at the venue of the Berlin Philharmonic and at Suntory Hall in Tokyo. In 2014 the Czech Philharmonic performed at Carnegie Hall in New York and the National Centre for the Performing Arts in Beijing. The orchestra's plans for 2015 and 2016 include one concert at the Royal Festival Hall and one concert at the Konzerthaus in Vienna.

In 2014 the Czech Philharmonic also performed in the BBC Proms concert cycle and at a festival in Edinburgh. With Chief Conductor Jiří Bělohlávek the orchestra has in recent years undertaken successful tours of Croatia, Italy, Japan, Luxembourg, Germany, Poland, Slovenia, the United Arab Emirates, Spain, Switzerland and Great Britain.

The Czech Philharmonic enjoys the favour of many of the world's outstanding conductors – past and future guest conductors

include, for example, Herbert Blomstedt, Semjon Byčkov, Fabio Luisi, Valerij Gergijev, Robin Ticciati and David Zinman. The Czech Philharmonic has received a number of international awards and nominations, including the Grand Prix du Disque de l'Académie Charles-Cros, five Grand Prix du Disque de l'Académie française, and several prizes from the international music trade fair MIDEM (Cannes Classical Award), and was included in the ranking of the world's top twenty orchestras published by the British magazine Gramophone. The Czech Philharmonic has also been nominated for an award presented by Gramophone as well as for a Grammy. At the end of 2014 the orchestra was nominated for an "Opera Oscar" in the Rediscovered Works category in The International Opera Awards 2015 for a concert performance of Bohuslav Martinů's opera *What Men Live By* conducted by Jiří Bělohlávek.

The Czech Philharmonic celebrates its 120th anniversary

The 2015-2016 jubilee season is a celebration of the 120th anniversary of the Czech Philharmonic's establishment. The season's programmes feature world-renowned violinists led by Anne-Sophie Mutter and in spring 2016 the orchestra will perform Janáček's *Jenůfa* with Karita Mattila in the role of the *Kostelníčka* (the widow of the churchwarden); the Czech Philharmonic will reprise the performance at the Royal Festival Hall in London.

During the season, the Czech Philharmonic will perform a total of 28 concerts in 12 countries, with Asia figuring prominently in the schedule (Taipei, Seoul, Japan and China). The Japanese tour will culminate with three concerts in Tokyo – two at Suntory Hall and one at NHK Hall. In Europe, the Czech Philharmonic will return, after thirteen long years, to London's Royal Festival Hall with a concert performance of *Jenůfa* and, after fifteen years, to the Konzerthaus in Vienna.

The artist in residence for the 120th season is mezzo-soprano Magdalena Kožená, who will perform in a song recital and with the chamber ensemble in addition to a concert with the Czech Philharmonic, and will also appear

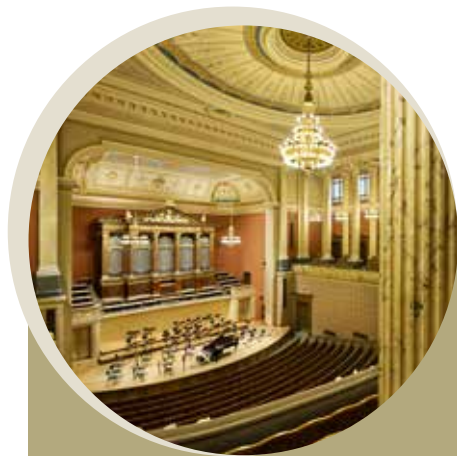
in a special semi-staged programme. She will thus have the opportunity to display here extraordinarily broad range of artistic abilities in cooperation with musicians such as Robin Ticciati, Dame Mitsuko Uchida, Sir Simon Rattle, Andrea Marcon and Ondřej Havelka. Her residency with the Czech Philharmonic is part of the European Residencies of Magdalena Kožená, in which the renowned Czech mezzo-soprano will perform with leading European musical institutions, appearing at, for example, Wigmore Hall in London, concert halls in Berlin and Hamburg,

the venue of the Luxembourg Philharmonic and the Alter Oper in Frankfurt. Led by Chief Conductor Jiří Bělohávek and Principal Guest Conductor Manfred Honeck, the Czech Philharmonic's team of conductors will be strengthened with the addition of Permanent Guest Conductor Jakub Hrůša. ■

Kateřina Motlová
Spokeswoman
Czech Philharmonic

Selected concerts of the Czech Philharmonic

Where	When	Programme
Tokyo , Japan Suntory Hall, 19:00	28/10/15	SMETANA: Šárka MENDELSSOHN: Violin Concerto BEETHOVEN: Symphony No. 5
Fukuoka , Japan Symphony Hall, 19:00	29/10/15	SMETANA: Šárka MENDELSSOHN: Violin Concerto DVOŘÁK: Symphony No. 9 From the New World
Tokyo , Japan Suntory Hall, 18:00	31/10/15	SMETANA: Vltava RACHMANINOFF: Piano Concerto No. 2 TCHAIKOVSKY: Symphony No. 5
Nagoya , Japan Aichi Prefectural Arts Center, 14:00	01/11/15	SMETANA: Šárka RACHMANINOFF: Piano Concerto No. 2 DVOŘÁK: Symphony No. 9 From the New World
Hamamatsu , Japan Act City Hall, 19:00	02/11/15	SMETANA: Z Českých luhů a hájů RACHMANINOFF: Piano Concerto No. 2 BEETHOVEN: Symphony No. 5
Yokohama , Japan Minato Mirai Hall, 14:00	03/11/15	SMETANA: Šárka MENDELSSOHN: Violin Concerto DVOŘÁK: Symphony No. 9 From the New World
Tokyo , Japan NHK Hall, 19:00	04/11/15	SMETANA: My Fatherland
Graz , Austria Stephaniensaal, 19:30	07/12/15 08/12/15	JANÁČEK: The Cunning Little Vixen, suite MARTINŮ: Rhapsody-Concerto for Viola and Orchestra DVOŘÁK: Symphony No. 6
Innsbruck , Austria Congres, 20:00	10/12/15	JANÁČEK: The Cunning Little Vixen, suite MARTINŮ: Rhapsody-Concerto for Viola and Orchestra DVOŘÁK: Symphony No. 6
Turin , Italy Auditorium Lingotto, 20:30	29/02/16	DVOŘÁK: Othello, Overture TCHAIKOVSKY: Piano Concerto No. 1 in G minor DVOŘÁK: Symphony No. 6
Vienna , Austria Konzerthaus, 19:30	02/03/16	DVOŘÁK: Othello, Overture TCHAIKOVSKY: Piano Concerto No. 1 in G minor DVOŘÁK: Symphony No. 6
Nuernberg , Germany Meistersingerhalle, 20:00	03/03/16	DVOŘÁK: Othello, Overture TCHAIKOVSKY: Piano Concerto No. 1 in G minor DVOŘÁK: Symphony No. 6
London , UK Southbank Centre, 19:00	18/04/16	JANÁČEK: <i>Jenůfa</i> - concert version



The Rudolfinum in Prague – Home of the Czech Philharmonic

The Rudolfinum, home of the first national orchestra, the Czech Philharmonic, was established as a unique cultural complex. The Neo-Renaissance building from 1896 contains impressive and appropriately capacious spaces to meet the needs of the symphony orchestra as well as for picture galleries.

From the beginning, the Rudolfinum was planned and commissioned in competition conditions as a multipurpose facility intended for concerts and containing a conservatory and museum and gallery spaces.



Mihoko Yamakawa
Wife of the Ambassador
of Japan to the Czech Republic

"I have been impressed by the high quality of the workforce in the Czech Republic."

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

I like the lovely rows of houses and streets, especially the stone pavements which seem to have been here since the Middle Ages. When I am in the Old Town I can feel the everlasting history of this city. I especially like the shapes and colours of the buildings. When I found out that one of the buildings of the Ministry of Defence is painted in fuchsia, I was deeply impressed by the maturity of Czech culture, the sense of calmness and peace-

fulness that is ubiquitous in the Czech Republic.

What was the most surprising for you?

At first I was surprised by the slow pace of life, but welcomed this as I myself appreciate time that is spent calmly. Besides that, I was surprised by the existence of the small-group activities which we call "kaizen" in the factories of Japanese origin. In Japan it is common in the factories to involve employees in the "kaizen" activities; however, I never imagined it would be so widespread throughout Europe. I have been impressed by the high quality of the workforce in the Czech Republic.

What is your favourite Czech food?

I enjoy various kinds of Czech food. My favourites include the roast sirloin in cream sauce (svíčková na smetaně) and roasted pork knee. At Christmas time I enjoy fried fillet of carp and carp soup.

What would you recommend to visit in the Czech Republic?

Besides Prague, I most highly recommend visiting Český Krumlov, a world-heritage site. However, I know many other places that are as beautiful. I like Hluboká Castle, Valtice Castle, Lednice Castle and its gardens, the Zacharias of Hradec Square in Telč, and the Kozel Hunting Lodge.

About my activities

I am so pleased that many Czech people love Japanese culture. Above all, I was impressed by the flower arrangement group Sogetsu Study Group in Prague. The president of the group introduced me to the members of the Czech-Japanese Friendship Association and the Association of Lady Entrepreneurs. I very much enjoy talking to them. ■

Omar Sattar
Managing Director
Colliers International



"It's surprising for me how much Czechs love going to their country cottages or pursuing outdoor sports."

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

Some of the architecture you find here is simply breathtaking and it's a privilege to be living in Prague. I also enjoy the Czech countryside and the proximity of neighbouring countries makes visiting other places easy. I also

like the fact there are more or less four climatic seasons, each with its own charm.

What was the most surprising for you?

How much Czechs love going to their country cottages or pursuing outdoor sports such as biking, skiing and hiking and of course their passion for mushroom picking.

What is your favourite Czech food?

To be completely honest I am not the biggest fan of Czech cuisine, though I am quite partial to "palačinky" (crepes), hearty Czech soups and the occasional plate of goulash with bread dumplings.

What would you recommend to visit in the Czech Republic?

Prague is the obvious choice; however, other gems worth visiting include the castle at Vranov nad Dyjí, the sandstone rock formations of Český ráj and the town of Český Krumlov.

About my company

Colliers International is a global leader in commercial real estate services, with more than 16,300 professionals operating out of 502 offices in 67 countries. We have been operating in the Czech Republic since 1994 and provide a full range of professional, comprehensive real estate consultancy services. Service, expertise, community and fun form the four core values of who we are. ■

John R. Westby
Associate Vice President
MSD IT Global
Innovation Centre



"I really like the unique mixture of Central European history, European culture, and a rapidly changing westernised society."

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

I love Prague and so many things about it, as well as all the different cities and villages you can reach within a five-hour drive. Relative to Prague itself, I really like the unique mixture of Central European history, European culture, and a rapidly changing westernised society. The city always feels very alive to me and is very welcoming of Americans, albeit in a somewhat quiet and reserved manner.

the Czech Republic, but rather with experiencing a completely different lifestyle. My family and I have found there are actually a lot more similarities between our countries than differences. The strong focus on and acceptance of public transportation (and the great system in Prague to enable this), the preference for warmer offices and shops versus the American dependence on air conditioning, the Czechs' love for the outdoors and their pets, and the high proficiency in English throughout Prague have all been pleasant surprises.

What is your favourite Czech food?

Pilsner! But if I have to select something that actually needs to be chewed, it's a toss-up for me between Kulajda soup and just about any style of pork cooked here in the Czech Republic. The pork here is always good, although I am surprised sometimes at all the different parts of the pig that get eaten here in the Czech Republic...the Czechs are definitely more adventurous eaters than I am.

What would you recommend to visit in the Czech Republic?

There are the more obvious attractions in Prague, to many of which my wife and I take our visiting

friends and family. The ones we prefer besides Prague Castle (which is a must) are Vyšehrad, the Communist Walk, Strahov Monastery and the Jewish Quarter. We also love having a drink up at the U Prince Hotel at dusk and going for coffee at Café Savoy. But there are also some great day and weekend trips outside of Prague that we would always recommend – Olomouc, Špindlerův Mlýn, Mikulov and Karlštejn.

About my company

MSD (known as Merck & Co, Inc. in the USA and Canada) is an innovative, global healthcare leader committed to improving health and wellbeing in 140 countries around the world. Our product categories include heart and respiratory health, diabetes, infectious diseases, consumer products and women's health. My assignment in the Czech Republic is focused on creating the MSD IT Global Innovation Centre, which will provide the highly skilled professionals as well as tools and techniques needed to develop and apply advanced capabilities in information sciences, information security, mobile applications, social media, big data and operations and service management to serve the IT needs of our entire company. ■

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