

CZECH FOCUS

Magazine of the Association for Foreign Investment



Number 3/2006



**Czech Textiles:
Going Nano**
Sector Focus

2-5



**The northern
wind blows
into the Czech
Republic**
Country Focus

6-8



**International
Clinical
Research Center
in Brno**
Events

9



**Brownfields
Invest Czech
- BFIC 2006
Conference**
Events

10



**Textile
brownfields
in the Liberec
region**
Business Climate

11



**The gateway
to the world
of nanofibres**
Spotlight on People

13



**The Hradec
Kralove Region**
Region Focus

14-15



**Where can you
eat well
in the Czech
Republic?**
Living Czech

16



Czech Textiles: Going Nano

Special supplement: **Industrial zone of the year 2005**

Association for Foreign Investment



Your roadmap to quality services
in the Czech Republic

OUR SERVICES

Architecture & Design
Auditing
Bank activities
Business Activities
Business Enterprise and Assets Valuation
Business Process Reengineering
Corporate Financing
Environmental Consultancy
Executive Search
Financial Consultancy and Services
Hotel services
Industrial Consultancy
Information Technology Support
Insurance
Interpreting and Translation Services
Legal Services
Management Consultancy
Other Professional Services
Personnel Consultancy and Recruitment
Project & Construction Management
Public Relations and Media Management
Quality Control
Real Estate Consultancy

Services Offered: www.afi.cz/en/services

The Association for Foreign Investment

represents a group of Czech service companies with local experience that support the entry of foreign investors into the Czech Republic and provide a wide range of professional services to foreign investors entering the local market.

The primary aim of the AFI is to ensure that the entry of foreign investors into the Czech market is as smooth and easy as possible. Companies from the AFI group are experts in the fields of advisory services, consultancy, project services and auditing. These companies also offer investors related services after the start of their business operations in the Czech Republic.

OUR MEMBERS

- ABB Lummus Global
- ABL
- Accord Group
- ADECCO
- Advokátní kancelář Pokorný, Wagner & spol.
- Allen & Overy, Praha Advokátní kancelář
- ALPHA MANAGEMENT CONSULTANTS
- American Appraisal
- ARCADIS Project Management
- ASB Prague
- ATELIER TSUNAMI
- AYS Placement & Workshops
- B.I.G.
- B.I.R.T. GROUP
- Bovis Lend Lease
- Bureau Veritas Czech Republic
- CB Richard Ellis
- CHEMING
- CHEMOPRAG
- CTP Invest
- Cushman & Wakefield
- CzechInvest
- DELOITTE Czech Republic B.V.
- DELTA Systems
- EarthTech CZ
- EBO Reality
- ENVIROS
- Ernst & Young Tax & Transactions
- GLEEDS ČESKÁ REPUBLIKA
- Grafton Recruitment
- GrECo International, poradenství pro riziko a pojištění
- HAVEL & HOLÁSEK
- Hays Czech Republic
- Investorsko inženýrská
- JONES LANG LASALLE EUROPEAN SERVICES LTD.
- Kocián Šolc Balaščík, advokátní kancelář
- Kovoprojekta Brno
- KPMG Česká republika
- Linklaters
- LMC
- NÖRR STIEFENHOFER LUTZ
- Norton Rose
- Peterka & Partners
- PricewaterhouseCoopers Česká Republika
- PSG
- PST Ostrava
- RAVEN Consulting
- Red Group
- RENOMIA
- Skřivánek
- SOPHIA, tlumočnické a překladatelské služby
- Synergie
- TACOMA Consulting
- Tebodin Czech Republic
- Technoprojekt
- The Charnwood Company
- THE SOURCE NETWORK (CZ)
- TMF Czech
- Trenkwalder KAPPA people
- Weinhold Legal
- WHITE & CASE

www.afi.cz
info@afi.cz



INVESTOR'S CALENDAR

January - March 2007

January

- 24.-25.1. Shared Services Eastern Europe, Conference, Prague, Czech Republic
- 30.-1.2. ITnT, Trade Fair, Wien, Austria

February

- 5.-7.2. Shared Services Summit 2007, Conference, London, UK
- 14.-15.2. IPOT (Imaging, Photonics and Optical Technology), Machine Vision and Displays Technology, Birmingham, UK

March

- 13.-16.3. MIPIM, Trade Fair, Cannes, France
- 15.-16.3. European Business Summit, Brussel, Belgium
Main Theme – Reform to perform:
Europe is our business (www.ebsummit.org)
- 15.-21.3. CeBIT 2007, Trade Fair, Hannover, Germany
- 19.-21.3. Gartner Outsourcing Summit 2007, Dallas, Texas, USA
- 26.-30.3. 11th Annual Shared Services Week 2007, Conference, Lake Buena Vista, Florida, USA
- 28.-31.3. MTA-MetalAsia, International Exhibition, Singapore, Malaysia



Coverpage photo by Elmarco (Detail of nanofiber)

Contact: Editorial Board of Czech Focus Association for Foreign Investment, czechfocus@afi.cz, Stepanska 11, 120 00 Prague 2, Czech Republic

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

Dear Readers,

Prior to being asked to write a few lines as an introduction to this magazine meant to support the interests of Swedish entrepreneurs in the economic relations between the Czech Republic and the Kingdom of Sweden, I had not realised how complicated this task may be. Why? Well, because our country is just normal. It has developed into a standard European economy, functioning according to the standard free-market principles, applying the standard European legislation, struggling with the same problems and challenges as any other European country. So, are there any specific features that might address the Swedish businessmen?

The answer is definitively yes. It is rather connected more to the psychological background of the Czech people than to dry statistical data or legislation. In brief, the Czechs have a positive attitude to the Swedish people and their country. For many decades, Sweden has been perceived as a well-ordered, beautiful country, whose people have for a long time avoided wars and conflicts, while patiently working to secure their own wellbeing and that of their descendants. In addition, the people of Sweden are endeavouring to support the development of the world's least wealthy. The Swedish label is synonymous with high quality and reliability – see, e.g., Swedish steel or Volvo cars. And the Swedish people are looked upon as reliable and honest partners. Moreover, Sweden has the aura of a safe country. Many people still believe, with some justification, that a woman can leave her purse lying on a bench at Stockholm's Gamla Stan and find it there after an hour or two. Why not do business with people from such a country?

I believe that the perception of the Czech Republic and its people in Sweden is also developing in a positive direction. After the revolution in 1989, our country stepped out of the communist darkness and resumed the positive features it had displayed before the second world war. Even though the Czech communist regime had nationalised almost the entire economy, the proportion of products now generated by private companies surpasses even some traditional democracies. The country has adapted its legal system to the standards common in western European countries. The Czech Republic has been welcomed into the developed world's most prestigious clubs, starting with the World Bank/IMF and OECD, later followed by membership in NATO. The crowning achievement of this process of acceptance into the developed world was the country's accession to the European Union in 2004. These feats of development clearly demonstrate that the Czech Republic has grown into its role as a modern democracy ready to take its place on the world stage.

Many Swedish companies and entrepreneurs have recognised the potential of the emerging market in our country, and have invested substantial capital there. It is fair to say that most success stories are related to the initial stage of post-communist development, i.e. participation in privatisation and in the post-privatisation re-shuffle of ownership patterns. Many important Swedish companies (Skanska, ASSA Abloy, SAB WABCO, ABB, to mention just a few) maintain subsidiaries in the Czech Republic. The long, uninterrupted tradition of Czech-Swedish trade relations is represented by the local subsidiary of SKF AB which, though reduced after the second world war to a mere sales branch, has been present on the ground continuously for 87 years.

The bilateral-trade statistics show steady growth of the activities conducted by the successors of the pioneers of Czech-Swedish business relations. Of course, there is unlimited space for new initiatives and activities, whether in traditional industries or in high-technology and advanced research. Czech companies and institutions are ready to do their part in fulfilling the potential that characterises the positive relations between Sweden and the Czech Republic.

*Jiri Charvat
Head of the Commercial
and Economic Section
Czech Embassy, Stockholm*



Czech Textiles: Going Nano

Textile products are all around us and make our lives more comfortable. Czech textile companies are striving to extend the limits of this comfort by incorporating new technologies into their products. Imagine no longer having to wash your clothes every day or week, but only once a month. In conditions where it is necessary to maintain a sterile environment, textiles can simply be washed at normal temperatures instead of boiled or chemically cleaned. The lapel of your coat contains a mobile-phone microphone or perhaps a chip for monitoring your heart rate. Bandages made of nanofibres perfectly protect wounds against microorganisms but are also breathable. Replacement human organs and joints can be made from textiles... What you have just read is neither science fiction nor a dream of the distant future. It's the Czech Republic in a year or two.

Once upon a time...

The textile and clothing industry (TCI) in the Czech Republic has a long tradition dating back more than four centuries, reaching its peak during the industrial revolution of the 19th century. Textile production was concentrated mainly in the Liberec, Hradec Kralove and Pardubice regions of North and East Bohemia, whereas clothing production was centred in the South Moravia, Olomouc and Moravia-Silesia regions of what was then the Austro-Hungarian Empire.

Education is also a part of the textile industry's tradition. The Textile Trade School, the first school of its kind in Austria-Hungary, was founded as early as in 1852 in Liberec. After the Second World War, the Technical University in Liberec was established in 1953 with the subsequent founding, in 1960, of a textiles faculty that today is a leading research institute in the area of textiles and textile machines on the global scale. In the second half of the 20th century, the Czech textile industry enjoyed a fertile period during which a range of new, revolutionary technologies were invented, e.g. the Metap high-speed winding and knitting machine and the Kontis shuttleless jet weaving loom.

Even though the significance of TCI has gradually fallen due to changes in the industry's character, it still remains a relatively important sector of the economy, especially in terms of employment in the relevant regions. For example, in 2004 in the NUTS II Northeast region of cohesion, i.e. in the aforementioned Liberec, Hradec Kralove and Pardubice regions, over 20,000 people were employed in the textile industry, which accounted for nearly 40% of all employees in this sector in the Czech Republic.

The times they are a-changin'

Like other industrial sectors, TCI underwent substantial changes in the 1990s in connection with the change in the political and economic situation. The transition from the centrally planned economy to the market system brought intense pressure to improve production efficiency. Within the privatisation process, many large enterprises were split up in order to achieve greater specialisation. Whereas, for example, until that time each textile plant had its own design department and collections, today production and design are separate. Liberalisation of foreign trade also played a role in the transformation of the Czech economy. Companies were not able to compete with imported products and therefore some traditional branches of the industry, such as wool production and carpet-making, almost disappeared in the Czech Republic.

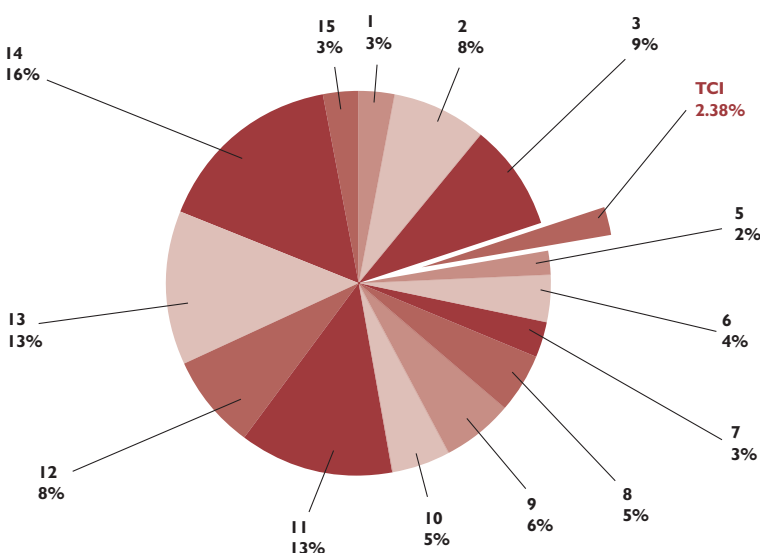
China's entry into the World Trade Organisation (WTO) in 2001, and the related growth of its exports to WTO member states, brought a further increase of competition.

Position of TCI in the Czech economy, 2005

Production units in TCI	624
Jobs in TCI	67,000
Share of manufacturing-industry employment	6.5%
Sales revenues TOP (CZK million)	57,000
Share of manufacturing-industry revenues	2.5%

Source: Association of the Textile, Clothing and Leather Industry (ATOK), Czech Statistical Office, 2006

The textile, clothing and leather industry's share of industrial production, 2005



- 1 - Mineral extraction
- 2 - Electricity, gas and water production and distribution
- 3 - Food-processing industry and tobacco industry
- 4 - TCI
- 5 - Wood-processing industry
- 6 - Paper and polygraphic industry
- 7 - Coal production, oil refining
- 8 - Chemical and pharmaceutical industry
- 9 - Rubber and plastic industry
- 10 - Glass, ceramics and building-materials industry
- 11 - Prod. of base metals and fabricated metal products
- 12 - Machinery and equipment manufacture
- 13 - Electrical and optical-instruments production
- 14 - Vehicle production
- 15 - Other

(Position of the textile, clothing and leather industry in the structure of industrial production of the Czech Republic in 2005)
Source: Association of the Textile, Clothing and Leather Industry (ATOK), 2006

Selected Foreign Investors in the Textile and Clothing Industry

Foreign investor	Czech company	Year of investment	Company activities
Marzotto, Italy	Nova Mosilana	1994	Wool thread and fabrics
Schoeller – The Spinning Group, Austria	Schoeller Kresice	1995	Wool Thread
Schiesser Group, Switzerland	Pleas	1995	Underwear
Toray Textiles, Japan	Toray Textiles Central Europe	1997	Polyester fabrics
Mehler, Germany	Technolen Technical Textiles	1998	Technical textiles
Schoeller Textil, Germany	Schoeller Litvinov	2000	Cotton thread
Fibertex, Denmark	Vigona / Fibertex	2004	Non-woven textiles
Pamplona Capital Management, GB	Pegas Nonwovens	2006	Non-woven textiles

Of Czech TCI firms that have more than 20 employees, twenty-three percent are under foreign control. Twenty-nine percent of all Czech TCI employees are employed in these firms.

Source: Association of the Textile, Clothing and Leather Industry (ATOK) and CzechInvest, 2006

The year 2005 saw the last phase of liberalisation among WTO members within the framework of the Agreement on Textile and Clothing, bringing the complete elimination of quotas on textile exports. Consumers began to develop a preference for the very price-competitive goods from China and other Asian countries, which of course had a substantial impact on domestic production. Even though the European Union responded by introducing temporary protective quotas, in comparison to the period prior to January 2005 textile imports grew at an astounding rate. In addition, Asian companies dominated the markets in other countries to which Czech products were traditionally exported.

Asian companies compete not only through imports, but also by acquiring Czech firms with a view to easy access to European markets and protection against the products of companies based outside the European Union. An example of this is the Indian firm Alok Industries, which recently acquired the majority share in the important Czech textile company Miletá.

Innovate or die

This development has led the Czech textile and clothing industry to a crossroads with companies reappraising their current activities and deciding which way to go.

1. Orientation toward technical textiles with high added value

Textiles designated as technical are those that are intended for purposes other than clothing production. Their end-customers are firms from the most various branches of the manufacturing industry, healthcare and the agricultural sectors, in which these textiles perform sanitary, insulation, decorative and protective functions. In the EU15 countries, the proportion of technical textiles in total textile production amounts to roughly 40%. A key factor for success in this field is the ability to innovate – for achieving special properties and functions, textiles are manufactured using new processes, among which the most promising role is played by nanotechnological production. Nanotechnology refers to technical fields involving objects that are more than a thousand times smaller than the thickness of a human hair. The use of nanotechnologies is not limited only to TCI, but can also be found in medicine, mechanical engineering, electronics and many other fields. The use of nanotechnologies in TCI consists in the incorporation of nanoparticles into textiles, which thanks to this modification achieve special properties. The production of nanofibres, i.e. nano-scale fibres from which textiles are made, thus has a specific position in this area. Nanofibres can be used, for example, for filtration and sound insulation. Technical textiles with high added value can now be produced thanks to these new, innovative methods.

2. Building a strong brand based on difference

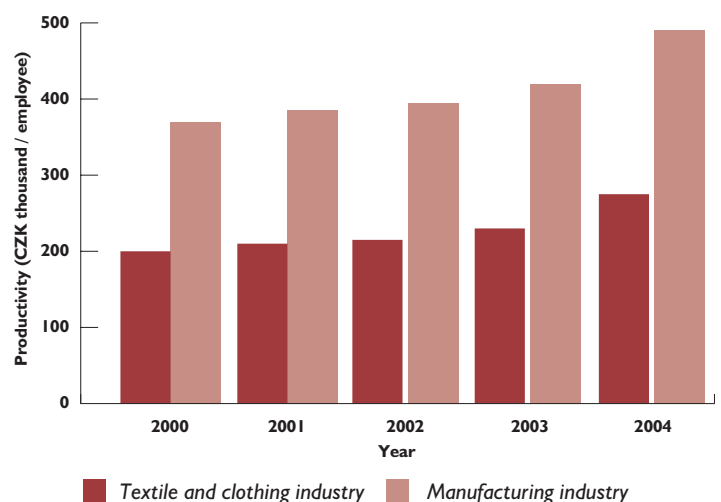
In the field of textiles for clothing, there is a distinct endeavour to build a strong brand that is based either on quality and exclusivity or on its special features (for example, clothing for the elderly or sportswear). Czech companies have a strong competitive advantage for such a strategy – in the country's backyard lies the European market, which provides an outlet for such products. Companies realise that to compete only in terms of price is not sustainable in the long term.

3. Development of intelligent textiles

Another field of operation open to Czech companies, both in clothing and technical textiles, is the development and sale of intelligent fabrics built into

their textile products. Such intelligent elements have the ability to formulate decisions on the basis of external sense, mechanical and chemical stimuli. Sensors, control units or systems for storing and transferring data are built into the textiles. What forms will the actual products take? There is a whole range of them, including highly reflective components for sportswear, heart-rate-sensing chips built into ordinary clothing and mobile-phone microphones in coat collars.

The orientation of the field toward higher added value is confirmed by data from the last period:



Source: Association of the Textile, Clothing and Leather Industry (ATOK), 2006

It is clear that these trends are completely changing the textile and clothing industry as we know it. On one hand, a fundamental aspect is the ability of a company to innovate and distinguish itself, and on the other hand is the ability to bring its products to market, which requires active marketing. Most small and medium-sized enterprises in this industry do not have the capacities to develop these capabilities. As a study conducted by the ATOK (Association of the Textile, Clothing and Leather Industry) association illustrates, 77% of TCI employees are engaged in production, whereas only 2% are involved in marketing and roughly 3% in research and development. Company expenditures on research and development amount to only 1.8% of turnover.

The textile industry's links to other branches of industry is also a point of interest. While the textile industry was previously connected primarily with mechanical engineering and production quality was determined mainly by the quality of machines, today this depends particularly on research and development in the chemicals industry, biotechnologies and nanotechnologies. This fact, together with the above-mentioned insufficient capacities for innovation and marketing, has led to the establishment of textile clusters.

Let's cluster!

A cluster is a geographically concentrated group of companies and associated institutions – particularly research institutes and universities – whose aim is to use the synergistic effect in specific, common areas of operation. This can involve, for

example, activities in the areas of marketing, purchasing, export, employee training and research and development. While the involvement of universities is of great importance, the benefit of collaboration goes both ways. Schools gain private funding for research at their own facilities and their students pick up invaluable practical experience. Companies directly utilise the know-how of universities and research findings for their own activities and at the same time have the possibility to indirectly influence which fields will be developed at universities.

In view of these positive effects, the formation of clusters is supported from European Union funds. In 2004-2006 it was possible to finance the search for suitable firms for clusters, their establishment and joint projects with funding from the Operational Programme Industry and Enterprise. In the next programming period funding for clusters will be reserved within the Operational Programme Enterprise and Innovation.

Several TCI cluster initiatives will be immediately launched in the Czech Republic. It is worth mentioning that all Czech R&D-oriented institutions in the TCI field are represented in the clusters being formed.

CLUTEX – technical-textile cluster

Companies in one of the traditional textile-producing regions, i.e. the Liberec, Hradec Kralove and Pardubice regions, are realising the potential that lies in the field of technical textiles and have decided to focus on this area. The transition to technical textiles requires time and a systematic approach, for example in the area of marketing and market research, relying on multi-discipline research often bordering on basic research. These are the main reasons that led seventeen entities – including companies (involved directly in production, as well as in development), a testing and certification office and universities – to form the CLUTEX cluster.

The cluster will map the situation in the area of technical textiles, conduct studies of demand and trends in this area and provide its members with information support. Held in common will also be activities in the area of marketing and promotion, where the aim is to raise the level of Czech and foreign firms' awareness of the possibilities of collaboration, available production capacity, new products and the direction of innovation in companies associated within the cluster while protecting their know-how. For example, companies are planning joint promotion at trade fairs. The cluster is also focused on effective education of its workers; companies use combined resources for organising seminars and courses, the professional preparation of which will be the responsibility of associated universities and innovative member companies. Specialists from faculties of medicine will also provide instruction and ensure the necessary insight into the field of medicine.

Collaboration in development and innovation will be essential. Development and implementation teams for proposed development projects will be formed within the cluster. So far the cluster has announced projects focused on nano-treatment of textiles to achieve antibacterial and self-cleaning effects or to increase the electrical conductivity of textiles. This will also be used in barrier and protective textiles intended for occupational safety and extreme conditions. Intelligent textiles also come to mind – a range of surface sensors (pressure, temperature, humidity, chemical and gas sensors) that are usable in textiles will be developed. The cluster should reach the point where the results of conducted science-research projects are used in the members' enterprises.

The innovation potential of the cluster's members is very promising. The companies Inotex and Spolsin, the Textile Testing Institute and the Technical University in Liberec have experience in international projects of collaboration in research and development, whether in the 5th and 6th EU framework programmes, the EUREKA programme or in the Leonardo da Vinci programme. Experience gained through past cooperation between the cluster's members will also be mutually beneficial. For example, at the Technical University the second phase of the Textile Research Centre project is currently underway. Within this project, members of the solution team were, and are – in addition to representatives of the university – employees of the Research Institute of Textile Machines, the Research Institute of Cotton, and the companies Inotex and Spolsin. Within the Textile Centre, the team conducts projects focused on the development of new textile machines and research in the area of textile structure. The Faculty of Textiles at the University of Liberec has been involved in a range of revolu-

tionary projects, including the development of technologies for the industrial production of nanofibres, on which the Faculty's team collaborated with the company Elmarco. The Research Institute of Textile Machines appropriately complements the cluster's membership structure, as it is the only institute in the Czech Republic engaged in research and development in the area of textile machines. The institute is responsible for several successful inventions, including the CAM-EL air-jet weaving machine – an innovation in its field which aroused interest at global exhibitions of textile machines. CAM-EL is based on a unique concept comprising traditional mechanisms that enable a substantial reduction of energy consumption. The angular velocity of the main motor's spindle can be changed in the course of the weaving cycle, which is not possible under normal conditions.

Of the traditional textile firms that are members of the cluster, we can take as an example Veba textilní závody (Veba Textile Plants), whose activities reflect both trends mentioned in the preceding paragraphs. On one hand, the company is oriented toward technical textiles and is a member of the CLUTEX cluster, while on the other hand it has the ambition to create classic textiles with luxurious designs. This specifically concerns textiles for soft furnishings, in which the company is collaborating with the Danish firm Georg Jensen Damask, an important player on the European soft-furnishings market.

Značka Cluster – Clothing products with higher added value

Firms from the clothing industry are also joining the battle shoulder to shoulder, or rather they are planning to do so. A cluster focused on clothing products with high added value is taking shape in Moravia, specifically in the South Moravia, Moravia-Silesia and Olomouc regions, where the idea to establish a cluster is supported by nearly twenty companies and two universities. The project is currently in the mapping phase.

The primary aim of the cluster should be to create joint brands under which the firms will offer their products. The regions have significant potential in that it is home to the Czech Republic's largest textile and clothing enterprises in terms of both turnover and employment. Many of these started out as small firms founded by enterprising individuals that grew into large companies and have abundant experience in the field. The companies are substantially oriented toward exports; some export up to 90% of their production. For better performance in foreign markets, professional brand management appears to be the key – thus joining quality design with effective marketing communication. In this respect it will be possible to utilise the experience of the largest Czech clothing company, O.P.Prostějov, as well as the know-how of Tomas Bata University in Zlín, whose Department of Marketing Communications is assisting with the formulation of the cluster's marketing strategy, while its Department of Product Design is helping with the creation of the member companies' collections. Significant companies with foreign participation, such as the wool-processing company Nová Mosilana and Toray Textiles Central Europe, have displayed interest in becoming members of the cluster. The actual establishment of the cluster is planned for February 2007.

Nanotechnology cluster

The planned activities of the newly established Nanocluster in Olomouc are also related to TCI. The Centre for Research of Nanopowder Materials has been in operation at Palacky University for several years. In the mapping phase of the cluster, the university succeeded in bringing together twenty renowned firms which will collaborate in the field of nanotechnologies. This will particularly involve seeking out suitable opportunities for the use of current nanotechnology findings in companies' production programmes, as well as joint activities in the area of education, science and research.

What specific projects is the cluster planning? For example, the addition of the antibacterial effects of nanoparticles in clothing during the washing process is one area being considered. If these effects are confirmed, nanoparticles will in future be a component of washing powders and will thus enable much more thorough cleaning of laundry. The cluster will also map the market in the area of nanotechnological treatments of textile surfaces, which should improve the market position of its members thanks to their better view of new developments in the area of textile treatments. A technical study of the functionality, durability and resistance of individual treatments is planned, as are subsequent analyses of whether these treatments are widely usable on various types of textiles.

Some firms in the Nanocluster already use nanotechnological treatments not only for textiles and their products are available for ordinary purchase.

An example of this is provided by the innovative company Nanotrade, which uses the Envirox nanotechnology to enrich diesel fuel, thus lowering emissions and improving engine performance. Where the textile industry is concerned, Nanotrade offers socks impregnated with silver nanoparticles that have antibacterial and deodorising effects. According to technical analyses, silver nanoparticles under the trade name NanoSilver eliminate hundreds of pathogenic strains of bacteria.

Outside of clusters

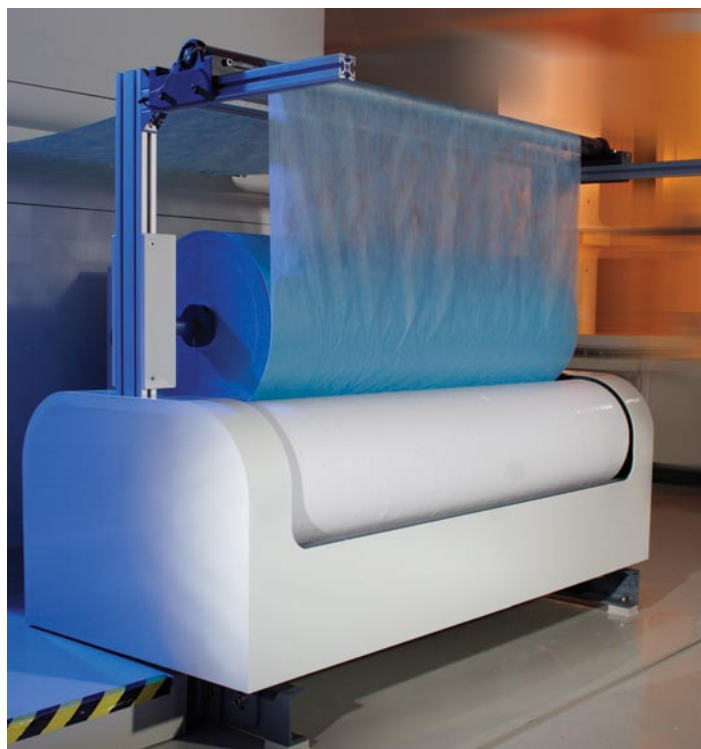
There are also innovative firms outside of clusters. The company Jitka in Jindřichuv Hradec is not involved in the technical textile cluster. Nevertheless, Jitka collaborates with the above-mentioned firm Inotex, from which it receives nanotechnological materials for treatment of its fabrics. Silver molecules, which – as shown above in the description of treated socks – protect against the reproduction of bacteria, are applied to the surface of Jitka's fabrics. This is, of course, excellent news for the area of healthcare, where extensive applications have been found for treated fabrics. Clothing, bedclothes and gloves made of these materials can be washed in temperatures not exceeding 60°C and yet come out perfectly clean. Nanotechnological treatment obviously raises the price of fabric, but not unreasonably – for work clothes for their personnel, hospitals will pay approximately CZK 1,500-2,000 instead of the original CZK 400-500. Fabrics are currently being tested in Czech hospitals and should appear on the market in the first quarter of 2007.

Liberec-based Elmarco is a significant player in the area of technical textiles. This purely Czech firm is the world's only company to possess its own technology for the industrial production of nanofibres. The Spotlight on People section on page 15 features an interview with Elmarco's CEO Mr. Mares.

The company Pegas Nonwovens, headquartered in South Moravia, is the biggest producer of non-woven textiles in the Czech Republic. Its products are finding applications in medicine and agriculture, and are used in insulation and furniture. Eighty percent of the company's products are intended for hygienic purposes. If you buy diapers in any European country, it is very likely that they will contain textiles produced at Pegas, which supplies eight leading European producers of children's hygiene products. Pegas focuses on textiles with higher added value. It has its own development centre in which it creates its products using the latest technologies. Pegas was, for example, one of the first companies in the world to launch production of bi-component textiles. This involves a technologically complex process of producing a non-woven fibre from two polymers, specifically polypropylene and polyethylene. Thanks to the company's ability to innovate, its produc-



Production of nanofibers in Liberec-based company Elmarco



Production of nanofibers in Liberec-based company Elmarco

tion is growing by 28 percent annually, whereas the market is growing by less than ten percent. In 2006 the British investment fund Pamplona Capital Management expressed interest in this progressive, originally fully Czech company and subsequently became its majority owner.

Author: Eva Jaksikova, CzechInvest

Universities engaged in clusters

Technical University of Liberec, Faculty of Textile Engineering, www.ft.vslib.cz

Palacky University, Faculty of Science, Centre for Nanomaterial Research, www.upol.cz/en

Tomas Bata University in Zlin, Faculty of Multimedia Communications, www.utb.cz/en

USEFUL CONTACTS

Association of the Textile, Clothing and Leather Industry (ATOK)

Member of EURATEX
Tesnov 5, 110 00 Prague 1
Tel.: +420 224 805 345
www.atok.cz

CLUTEX – Technical Textile Cluster

Ing. Libuse Founova – Cluster Manager
Email: f.tex@centrum.cz
Members of the CLUTEX cluster can be seen at the Styl trade fair in Brno, 13-15 February 2007.

Nanotechnology Cluster

Prof. RNDr. Miroslav Maslan, CSc., Cluster Chairman
Mozartova 178/12, 779 00 Olomouc
Tel.: +420 585 634 948
www.nanoklastr.cz

The northern wind blows into the Czech Republic

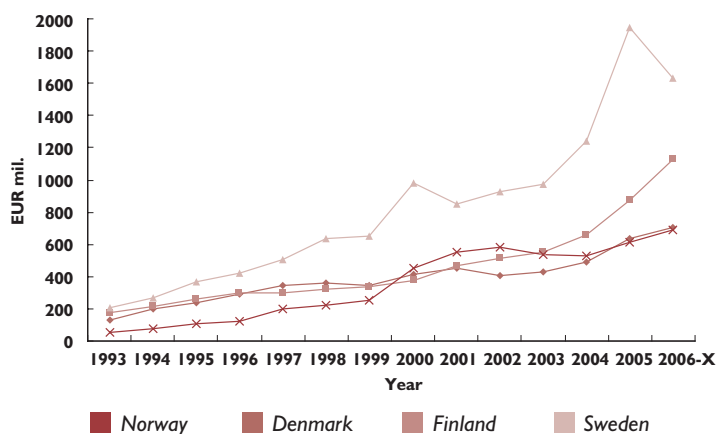
The Czech Republic often competes with the Scandinavians on the playing field. Whether it is football, ice hockey or cross-country skiing there is an ever-present rivalry between these nations. However, from the economic point of view the situation is totally the other way around.

With Sweden, Denmark, Finland and Norway accounting for only slightly more than three percent of Czech external trade, it is quite clear that these countries are not among the major players in terms of the Czech Republic's bilateral trade relations. As of 2005, all four countries ranked between 16th (Sweden) and 26th (Norway) among all the Czech Republic's trading partners. Nevertheless, mutual relations have undergone significant development in recent years.

Skoda conquers the north while Gripens protect Central Europe

When evaluating the common exchange of goods and services, the dominance of engineering products and vehicles among Czech exports is more than obvious and that fact applies to all of the above-mentioned countries. Skoda, a Czech carmaker and the country's largest exporter, has the biggest piece of cake, supplying a growing number of its Fabias, Octavias and Superbs to Scandinavia every year. Skoda has been present in the northern part of Europe for quite some time (especially in Denmark), although it's earlier insufficient quality prevented it from expanding into other countries.

Overall trade balance between the Czech Republic and Scandinavian countries



Source: Ministry of Industry and Trade, 2006

The change came after the Volkswagen's acquisition of Skoda in 1991. The well-known German company brought important know-how and helped the brand to completely change its image, thus removing the obstacles to further expansion. In 2005 more than 65,000 cars with the winged-arrow badge were on Sweden's roads and Octavia ranked 11th on that nation's list of best-selling cars. We can expect that with full production at the TPCA (Toyota-Peugeot-Citroen) factory situated in the town of Kolin and the announced plant of Hyundai near the city of Ostrava in eastern Moravia, "Czech made" cars will play an even bigger role in the Scandinavian automotive market.

But the Skoda brand is not known only for cars. Engineering products made by companies within the Skoda Holding group, situated in the city of Plzen have got a great reputation as well. One of these companies is Skoda Power, a producer of turbo aggregates, turbines and other ener-

gy-related engineering products which it successfully delivers to Sweden and Finland. Apart from automobiles and engineering products, Czech exports to Scandinavia include metallurgical products, consumer goods, plastics, glass and beverages. As for import from Scandinavia, engineering products play an important role as well. Pharmaceuticals and medical devices constitute a field in which Scandinavian countries dominate.

A special case of bilateral trade relations which affects business relations with not only Sweden is the offset programme of Swedish Gripen International, which has supplied the Czech Air Force with 14 JAS 39 jet fighters and has undertaken to implement offset projects worth CZK 25 billion (approx. EUR 900 million) by 2014. So far, there are 23 Czech-based companies involved in the programme, producing a wide range of products from computers to plastics and engineering products. Gas distribution is another specific business. The Czech Republic was the first country in the former Eastern Bloc to defy Russia's long-standing gas monopoly in the region when it signed a contract with the Norwegian consortium GFU. The current Czech-Norwegian gas contract runs until 2017 and secures 2.5 billion cubic metres per year (about 25 percent of total consumption).

Retail

When you think about outfitting your flat, sooner or later the name IKEA comes to mind. The well-known furniture retailer has conquered Central Europe, currently operating four stores in the Czech Republic – two in Prague and one each in Brno and Ostrava – and enjoys a double-digit growth. In a survey of the largest fashion retailers in the Czech Republic conducted by the local magazine *Textil Žurnal*, the Swedish company Hennes & Mauritz (H&M) ranked 6th but became the fastest growing retailer in the Czech market in 2005. Due to the opening of several new outlets, H&M doubled its turnover in 2005 to CZK 1,100 million. According to a Swedish newspaper, another Swedish fashion retailer is preparing to enter the Czech market. Though not widely known outside its home market, LINDEK is Sweden's top fashion retail chain. The company recently announced plans to expand into the Czech Republic rather than into the Baltic states.

Investments from Scandinavia

The world's second largest construction company, Skanska of Sweden, entered the Czech market by acquiring the Czech construction company IPS a.s. in 2000 and operates the subsidiary Skanska CZ, which consists of six divisions active in all construction categories and all regions in the Czech Republic as well as in Slovakia. It is a significant property developer as well. Among other things, Skanska built one of the world's most modern sport venues, the multipurpose Sazka Arena in Prague, where the 2004 IIHF Ice Hockey World Championship took place, and is taking part in the construction of the local highway network. Skanska operation in the Czech Republic is also one of the company's most profitable acquisitions ever.

The Swiss/Swedish concern ABB Group, a leader in power and automation technologies with operations in around 100 countries and employing approx. 107,000 people, founded its first subsidiary in the Czech Republic in 1991 and has been growing ever since. It currently employs about 2,000 people in several plants around the Czech Republic which belong to five different divisions of ABB: Power Products, Power Systems, Automation Products, Process Automation and Robotics.

In order to meet growing demand in Central Europe, ensure production capacity, and take advantage of the Czech Republic's access to the EU, the Finnish company KONE established a component factory in Usti nad Labem in 2004, providing jobs for 60 employees. KONE is one of the largest elevator manufacturers in the world with a tradition dating back nearly 100 years.



KONE, manufacturing facility in Usti nad Labem

The company produces elevators (both passenger and freight), escalators, autowalks and automatic doors. KONE annually delivers 26,000 new elevators and escalators. The service base has 500,000 elevators and escalators and more than 180,000 industrial entrance doors.

The Stockholm-based Assa Abloy AB, the world's largest manufacturer of locks headquartered in Stockholm, has set up shop in the Czech Republic as well. It did so through the acquisition of FAB, a traditional Czech lock-maker, which has been in business since 1911 and currently employs approx. 750 employees in the Czech Republic and Slovakia.

Arla Plast AB of Sweden, the third-largest European producer of polycarbonates built a production facility in Kadan in the Chomutov region and employs 40 people. Light but twice as durable as glass, the hollow polycarbonate sheets which are made in this plant, are used mostly in construction as they are great heat and sound insulators and easily transmit light. This makes them ideal for use in making windows, roofs, greenhouses, etc.

The owner of Arla Plast AB Mr. Kenneth Synnersten explains the reasons for locating the production facility in the Czech Republic: "After extensive investigation we chose the Czech Republic because it offers an experienced workforce and an excellent transport infrastructure."

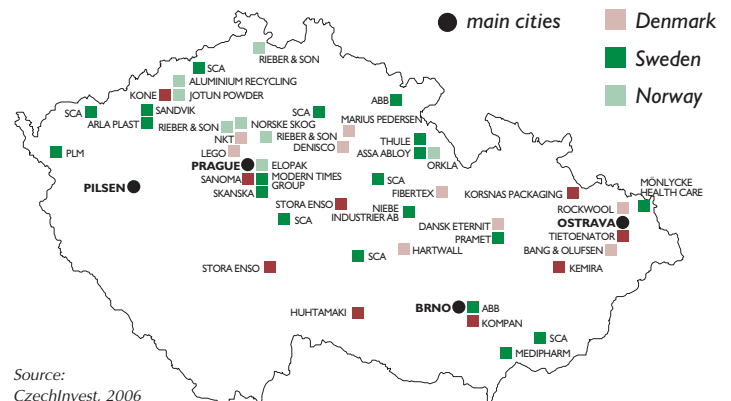
The strategic position in Central Europe, high-quality local management and good conditions for investors in the Nova Pole industrial zone in Karvina convinced the management of Göteborg based Mönlycke Health Care AB to select the Czech Republic as the location for its new manufacturing facility. Mönlycke Health Care ranks among the top manufacturers of single-use products for surgical interventions and wound care and has undertaken to employ 250 workers in its new plant in Karvina.

From the Czech Republic to the depths of the world's seas... Seamless stainless-steel tubes of the highest quality used, e.g., for the offshore oil extraction are produced by the Swedish company Sandvik in its factory in Chomutov, near the German border. Sandvik is one of the world's biggest producers of such tubes and employs more than 120 workers in the Czech Republic.

The paper and packaging business is also a sector that has lured Scandinavian investors. Korsnäs Packaging is one of the world's leading manufacturers of paper sacks and packaging systems, and is represented in 20 European countries. The company entered the Czech market by acquiring the Finnish Walki Sacks' factory in Uvalno outside Krnov in Silesia. The paper factory has 90 employees and an annual turnover of

approximately CZK 400 million. Another Swedish player in the packaging industry, Svenska Cellulosa Aktiebolaget (SCA) entered the Czech Republic through its acquisition of the Czech company Obalex and now controls 12 manufacturing facilities around the country which produce a wide variety of paper packaging products. ROTO, the former Czechoslovakia's leading papermaker situated in the town of Steti, was bought by the world's second-largest producer of newsprint and magazine paper, the Norwegian company Norske Skog, which currently employs more than 200 workers. One of Norske Skog's biggest competitors in the Czech newsprint market, Stora Enso of Finland, runs two sawmills in the Czech Republic in Plana u Marianskyh a Lazni and Zdirec, employing nearly 600 people.

Selected Scandinavian Investors



A bright example of how a foreign investor can save an ailing local company was the arrival of the Danish company Fibertex in Svitavy, where it acquired the local textile company Vigona, which had been experiencing difficulties. After the acquisition and an investment of EUR 28 million in state-of-the-art technology, Fibertex introduced the production of non-woven fabrics with broad applications in the automotive, filtration, furniture, bedding, and construction industries. Up to 80% of production is intended for export.

"We have great potential to become a strong, export-oriented company. Our further strategy will not only enhance productivity but also strengthen research and development".

Henrik Kjeldsen, Managing Director of Fibertex

When the Norwegian company Rieber bought the Czech dry-foods producer Vitana in the early 1990s, the situation was very similar of the Fibertex case. The Czech company suffered from a lack of interest and had a serious image problem due to the fact that it was a holdover from the "old times". Rieber invested heavily in production and changed the company's marketing approach. Thanks to these moves Vitana soon became a local champion despite fierce competition from international brands like Maggi and Knorr, while keeping its "truly Czech" image even though it was under foreign ownership.



KONE, production in Usti nad Labem

Backer Elektro CZ, a producer of heating elements located in Hlinsko, became a part of the Swedish concern NIBE Industrier AB, which operates eleven other plants in Europe.

Lego of Denmark, one of the most well-known toys producers, first invested in Kladno in 2000 when it started operations there with approximately 80 employees. That number gradually increased to more than 800 people working in three shifts who assemble, weld, decorate and pack Lego blocks and figures. After the closing of subsidiaries in Switzerland and Korea, the plant in Kladno became the company's largest factory. In 2006, Lego outsourced its Kladno operations to Singapore's Flextronics and kept only a smaller, modeling unit employing approx. 160 people.

The Swedish truck manufacturer Scania not only sells its well-known trucks in the Czech Republic but has also invested CZK 100 million in a new business and service centre located in Modletice, near the DI highway. The facility of about 2,800 square metres provides guarantee and post-guarantee controls of trucks and sophisticated engine diagnostics. Scania's new centre can service five long-haul trucks at the same time, and it represents the company's single largest investment in the service network since its establishment in the Czech Republic.

Swedish companies are very active in the Czech media market. One significant player is Sweden's Modern Times Group, which acquired 50% of Prima, one of the Czech Republic's two private nation-wide TV stations. In addition, its free daily newspaper, Metro, has already expanded to 30 Czech cities, having originally started in Prague in 1997. Sanoma Magazines Praha, owned by Finland's Sanoma publishing house, is one of the largest publishing houses in the Czech Republic, issuing magazines like Týdeník Květy, Men's Health and Vlasta, which are read by more than two million readers.

Case studies

Bang & Olufsen

Founded in 1925 in Struer, Denmark, Bang & Olufsen a/s is world-renowned for its distinctive range of high-quality consumer electronic products. The Bang & Olufsen Group manufactures a unique range of televisions, music systems, loud-

speakers, and telephones, as well as medical and multimedia products. In early 2004, the company shortlisted 40 industrial sites in three countries for its first production facility outside Denmark. In the end, it selected the Vlčovice industrial zone near the town of Koprivnice. Production began in 2004 with 114 workers in a hall rented from the Koprivnice truck producer Tatra, while at the same time B&O began constructing a new production hall in the industrial zone. The proximity of the Technical University of Ostrava will ensure that there will be enough highly qualified workers for the R&D centre which is now being established. Both the production facilities and the technology centre will closely cooperate with B&O's production and development departments in Struer.

"From the beginning it was our goal not only to establish a production facility, but also to include a fully integrated development department. Therefore, we conducted our search carefully, over a long period of time, before deciding to locate our only foreign branch in the Czech Republic."

Michael Jensen, General Director of the Koprivnice plant

TietoEnator

TietoEnator of Finland, the largest IT services company in the Nordic countries, entered the Czech ICT market in 2001 by founding a joint-venture company together with ISS Czech s. r. o. to provide high-value-added IT services for telecoms operators, consultation, system integration, project and development services. One year later, TietoEnator acquired 51% of SYKORA Group, a Czech-German provider of IT services to the telecoms industry in Europe. In 2004 TietoEnator set up its own nearshore service unit in Ostrava for customers in Scandinavia and the rest of Europe concentrating on mainstream technologies such as Java, .NET, C++ and Oracle. The Czech Republic was chosen because of the country's excellent experience in the telecom's field and the combination of lower production costs with geographical and cultural proximity. The centre currently employs more than 350 IT professionals; according to the company's top management, the final headcount should reach more than 1,000 by 2007 or 2008. In 2006 TietoEnator was awarded second place in the annual "Investor of the Year 2005" competition in the category "Greatest Economic Benefit – Investment in Business Support Services".

Author: Lumir Flajshans, CzechInvest



Bang & Olufsen's production plant in Vlčovice industrial zone near Koprivnice



PRŮMYSLOVÁ ZÓNA ROKU
INDUSTRIAL ZONE OF THE YEAR
2005

Awards recognising the highest-quality industrial zones and business properties in the Czech Republic were presented at Prague’s Exhibition Grounds on 12 October 2006. The sixth annual Industrial Zone of the Year awards ceremony was held under the auspices of the Ministry of Industry and Trade and was organised by CzechInvest in cooperation with the Association for Foreign Investment. Awards were presented in the following categories: **Industrial Zone with the Greatest Economic Benefit, Industrial Zone with the Greatest Social Benefit, Brownfield of the Year, Business Property with the Greatest Benefit for Development of Applied Research, and Industrial Zone Manager of the Year.** As in previous years, the gala awards ceremony was attended by representatives of regional and municipal authorities, development companies, and investors, as well as by officials from various ministries and the Office of the Government.



Group photo of all awardees

By the end of 2005, a total of 92 industrial zones had received support from the Ministry of Industry and Trade’s Industrial Zone Development Programme. Thanks to these industrial zones, 51,000 jobs have been created, and the number of newly created jobs is expected to reach 72,000 by the end of 2007. Nearly 360 investors have undertaken to invest CZK 146 billion. These investors already occupy 80% of prepared industrial land. The remaining area is now available to tens of interested parties from a range of investors which are currently looking for suitable sites in the Czech Republic.



A special award was presented to Ladislav Kubicek, Mayor of Solnice.



Skoda Auto’s new Roomster model was conceived in the Solnice-Kvasiny industrial zone.

This year a special award was presented to Ladislav Kubicek, Mayor of Solnice. Mr. Kubicek received the award for his outstanding work on the Solnice-Kvasiny Strategic Industrial Zone development project. Thanks to Mr. Kubicek’s efforts, work was commenced on the construction of public infrastructure for the investment of Skoda Auto, which implemented its Roomster project in the Solnice-Kvasiny industrial zone. For the future, this zone is also prepared for Skoda Auto’s potential suppliers and other investors from the manufacturing industry.

Industrial Zone with the Greatest Economic Benefit

The basic criterion for nomination in this category was quantitative economic benefit arising from the creation of jobs and other effects ensuing from the investment.

1st Place

Krupka Industrial Zone

This industrial zone lies on the outskirts of the city of Krupka in the Usti region. It was built by the Liberec-based joint-stock company Investorskó inženýrská, using its own resources without direct financial assistance from the state, which participated in the preparation of the industrial zone through the preferential transfer of forty hectares of land plots.

The zone's land plants are already fully occupied up to the last 3,000 square metres. Incoming firms have undertaken to gradually invest over CZK 7.6 billion and, by the end of 2007, to create 1,500 new jobs. Knauf, Tivall and Toyota L.S.C. are among the significant investors that have decided to enter the zone.

2nd Place

Pisek-Cizovska Northern Industrial Zone

3rd Place

Cheb Industrial Park



From left: Jan Svoboda, Mayor of Cheb; Petr Kupf, Chairman of the Board, Investorskó inženýrská a.s.; and Lubos Prusa, Mayor of Pisek.

Industrial Zone with the Greatest Social Benefit

This category reflects the fact that the social value of newly created jobs is greater in regions with high unemployment.

1st Place

Zatec-Triangle Industrial Zone



From left: Mr. Pavel Dolezal, Director of CSOB's Institutional Clientele Division, presents a certificate to Jiri Sulc, Governor of the Usti region as Deputy Minister for Regional Development Miroslav Kalous looks on.

The Zatec-Triangle strategic industrial zone is located in the Usti region on the boundary of the Louny, Chomutov and Most districts, which for a number of years have been among the districts suffering from the highest rates of unemployment in the Czech Republic. Thanks to the decision of IPS Alpha Technology Ltd. and Hitachi Ltd. to invest in the Triangle zone, more than four thousand jobs will be created over the next three years. Another undeniable social benefit is the fact that the site involves an expansive area regenerated with state assistance.

2nd Place

Ostrava-Hrabova Industrial Zone

3rd Place

Kadan-Kralovsky Vrch Industrial Zone

Brownfield of the Year

This category is dedicated to the regeneration of old, disused industrial sites, of which there are many in the Czech Republic, into newly functional structures for investors. The Brownfield of the Year award was first presented last year. There were such a large number of nominees this year that it was difficult to choose only three winners.

1st Place

Krupka Industrial Zone TMT Chrudim (renovation of a former sugar refinery)

This project involved the renovation of a former sugar refinery owned by the company TMT, spol. s r.o. Chrudim. The aim of the project was to establish an additional technical-economic and production space. The renovation was performed very carefully and respectfully with regard to the original architectural and construction elements of the industrial building, which has long been a part of the city.



TMT Chrudim took top honours in the Brownfield of the Year category for the renovation of a former sugar refinery.



Ales Brotan, Director of TMT Chrudim. Event hostess Monika Valentova is pictured in the background.

2nd Place

Orlicke Barracks – Zamberk (revitalization of an expansive site)

The city of Zamberk decided to embark on the gradual regeneration of former barracks building and to make use of a site vacated by the army which is closely linked to the city. The aim of the city, which brought the site into its ownership and took on the role of project implementer, is to use the site as effectively as possible with regard to the city's development.



From left: Zamberk Mayor Tomas Kalous receives the second-place award from Miroslav Kalous, Deputy Minister for Regional Development. Jan Bobek of the Association for Foreign Investment and Stanislav Smejkal of the company Fides are pictured in the background.

3rd Place

Fides Bruntal (building renovation)

This project involved the renovation of a disused structure in which the company Fides built new production and administration spaces. The renovation made very good use of the original construction, thus giving the building an interesting and original appearance. All of the newly constructed internal spaces meet the requirements for modern technical equipment.



From right: Jan Bobek, Member of the Steering Committee of the Association for Foreign Investment, congratulates Stanislav Smejkal of Fides.

Business Property with the Greatest Benefit for Development of Applied Research

Winner

Centre for Biological Technologies, Institute of Physical Biology Nove Hradý

The Centre for Biological Technologies of the Institute for Physical Biology Nove Hradý prides itself primarily on its use of a unique architectural and construction solution. The building's technical equipment fully corresponds to the needs of this highly specialised technology incubator, which arose in the spaces of a former chateau. The use of modern materials and technologies led to the creation of a structure that is architecturally unique among buildings of similar function, which are mostly constructed on greenfields.

Others nominated:

VUT Technology Incubator (JIC Brno)

Opened in 2003, the VUT Technology Incubator is an institution that provides facilities for innovative start-up companies. The building is owned by the Technical University (VUT) in Brno, on whose campus the incubator is located, and is operated by the South Moravian Innovation Centre (JIC), which collaborates with all public universities in the South Moravia region. VUT Brno currently provides space for more than 120 highly qualified employees.

Ostrava Science and Technology Park

The Ostrava Science and Technology Park (OSTP) is situated on 10 hectares in close proximity to the Technical University of Ostrava. The mission of the Ostrava Science and Technology Park, a.s. is to build a STP that provides space for commercially oriented scientific and technological research, industrial adoption of research findings, product innovation and business development. More than 6,000 jobs have been created by companies headquartered at OSTP.



The nominees in the category Business Property with the Greatest Benefit for Development of Applied Research were (from left) Jiri Hudecek, Director of JIC Brno, Dalibor Stys of the Centre for Biological Technology of the Institute Physical Biology Nove Hradý (representatives of the winning project) and Radim Mrazek, Manager for Economics and Marketing at the Ostrava Science and Technology Park.



The Centre for Biological Technologies in Nove Hradý brings a unique architectural solution to a space for modern research.



Jan Sixta, Industrial Zone Manager of the Year.

An industrial zone's quality and success are strongly influenced by its manager, whose professionalism and dedication have a positive impact on the decisions of investors to locate their investment projects on a given site. Therefore, an award was presented this year for Industrial Zone Manager of the Year, the recipient of which was Jan Sixta, manager of the Zatec-Triangle strategic industrial zone. Mr. Sixta played a significant role in the zone's preparation and contributed to its successful occupation by investors.

International Clinical Research Center in Brno

A new concept of medical research, care and education in the heart of Europe

How the story began...

In 2000 a team of experts of St. Anne's University Hospital and the Instrumentation Institute of the Academy of Sciences in Brno was awarded the international scientific prize of the North American Society of Pacing and Electrophysiology for the description of a disorder of cerebral blood circulation. Following the excellent long-term results of Czech cardiology and cardiovascular surgery, members of the team were awarded the possibility of internships at the prestigious Mayo Clinic. The result of this Czech-American scientific cooperation is comprised of 15 completed research projects, 12 international publications, three joint patents, three pending patent applications and grants totalling USD 4 million. Excellent results provided the experts in Brno with new possibilities of cooperation. These were the deciding factors leading to Brno being chosen over competing cities such as Glasgow, Milan, Munich and Upsalla to become the optimal place in the EU for building the research centre.



ICRC architectural study

International Clinical Research Center (ICRC)

The new International Clinical Research Center should combine several elements – becoming not only a public health service institution, but also a scientific research base and international educational centre. The ICRC's concept is being developed as a substantially new one, meeting the needs of the 21st century better than current clinical research centres do. The concept of the centre will be based on the successful functioning of a completely different kind of international project – the International Space Station 2 (ISS-2). The so-called dynamic scientific teams (i.e. international scientific teams assembled specifically for each research project and operating on a short-term basis) and a flexible system of scientific labs will enable the acceleration of research and development by 50% in comparison with the clinical-research concept currently in use. With regard to the area of research and development, cardiology and cardiovascular surgery, internal medicine, neurosciences, acute medicine and oncology will represent the main trends. Three of the ICRC's clinics (research, development and industrial application; cardiovascular diseases; cardiovascular and grafting surgery) will focus on the development of new methods and procedures (e.g. individual treatment and non-invasive treatment).

Cooperation with the Mayo Clinic

The Mayo Clinic, considered by many experts to be the most prestigious health-services institution in the world, will significantly share in the strategic planning and professional management of the ICRC. This means, among other things, that the Mayo Clinic will move a part of its research capacities to the ICRC and will essentially participate in the provision of personnel and financing for research



Gala launch of the ICRC Brno project, 24 October 2006

projects. Due to the close collaboration between the ICRC and top foreign academic institutions, it will be easier for the Czech Republic to become involved in international research and education projects, to gain experience with the latest medical treatments and diagnostic processes and to get grants provided by the EU and the United States and thus to obtain the resources that are so greatly needed for Czech science and health services. By way of comparison, annually the Mayo Clinic invests approximately 350 million dollars in medical research, i.e. around ten times the amount that the Czech Republic invests in this area.

Creation of a Biotechnology and Medical Cluster

Building the biggest cluster for biomedical and biotechnology research in Central Europe is one of the objectives of the ICRC Brno project. This cluster will arise from the logistic connection of the University campus in Brno, the ICRC and the Cardiovascular Animal Research Centre in Brno. This cluster will be able to implement even the most sophisticated projects in one location, ranging from basic research, through preclinical research, to clinical research. The work of the cluster will be available to all scientific and academic institutions of the Czech Republic. The extensive support offered by the cluster to Czech industrial entities is implicit – the activities of the cluster will undoubtedly lead to the necessity to develop new technologies and software, thus opening up profitable opportunities for Czech medical-devices and IT companies as well as Czech technical universities. The founders of the ICRC have no doubt that in a few years many of the medical needs in selected areas will be met in a small region in the heart of Europe.

Author: Marta Mikulova, CzechInvest

Timeframe and budget of the project

June 1, 2005	project approved by the government of the Czech Republic for further consideration
July 7, 2005	ICRC chosen by the government as a potential strategic project of the Czech Republic and recommended for expedited final processing
March 8, 2006	project finally approved by the Czech government; financial support in the amount of USD 80 million provided by national and local governments
October 24, 2006	groundbreaking ceremony
May 2008	buildings 1 and 2 completed
October 2009	building 3 completed, Center fully operational

Buildings: USD 44 million
Technology: USD 30 million

Others: USD 6 million
TOTAL: USD 80 million

OR WHAT WE'VE FOUND OUT

Brownfields Invest Czech – BFIC 2006 Conference

The first annual Brownfields Invest Czech 2006 international conference took place on November 8th and 9th in the compelling environment of the former sewage-treatment plant in Prague. The conference was organised by the Investment and Business Development Agency CzechInvest in cooperation with the British Embassy in Prague, the Association for Foreign Investment, and Earth Tech CZ s.r.o., and in media partnership with Economia a.s.

The participants were mostly from the private sector, representatives of public institutions or representatives of regions and other state organisations. An additional 19 specialists from Great Britain, most of whom actively participated in the conference's panel discussions and workshops, were also in attendance. The conference was dedicated to issues associated with obsolete and disused sites, and their renewed utilisation following implementation of the revitalisation process. An interactive approach to handling these issues was guaranteed by inviting specialists in all of the relevant fields concerning the revitalisation of brownfields. Thus the programme for the entire first day was conceived as a discussion between the panellists in which the audience participated through their responses and questions. Thanks to this discussion, possible recommendations for formulating the National Brownfield Regeneration Strategy (NBFRS) were outlined.

On the second day of the conference, panellists in workshops focused on specific projects and the solution of problems associated with regeneration of the sites involved. Throughout the conference, investment opportunities in the area of brownfields were presented in the form of exhibition panels with information on individual sites, thus providing an offer for participants as well as investors and developers who expressed interest in investing in brownfields in the future. Supporting themes of the conference consisted in the presentation of the current results of the ongoing research study of brownfield sites, the fundamental propositions establishing the NBFRS, and the project "Brownfields 3000 – from derelict site to attractive location". The main goal was to gain from the discussion additional ideas and suggestions for the NBFRS and to involve the broader expert public in the creation of this document. Through the publication of the current results of the study, we would like to continue this discussion with other informed specialists who can give us their input on the formulation of the NBFRS.

Author: Lenka Pohlodkova, CzechInvest



BFIC 2006 Conference

How to approach the elimination of ecological burdens in brownfields

One of the partners of the Brownfields Invest Czech conference in November was the company Earth Tech CZ, which has been providing environmental engineering and consulting services since 1991 and has many years of experience with issues pertaining to the regeneration of brownfields. We therefore sat down to discuss these issues with Ing. Vladimír Brenner, CSs., business manager of Earth Tech, s.r.o.

You have been involved in a range of important projects, whereas the project of decontamination of the Karolina zone in Ostrava is considered your company's greatest success. Can you tell us a little about that?

The Karolina decontamination project was a success not only for our company, but for the whole team that took part in it. This team also included the companies OKD Rekultivace, SITA, Dekon Umwelttechnik and Aquatest. The actual removal of ecological burdens, which had accumulated on the nine-hectare site between 1842 and 1985 (when the coking plant was closed), was performed between 1998 and 2005, though the post-decontamination monitoring will continue until 2010 in the form of measuring the quality of groundwater. In total, 924 thousand cubic metres of water were pumped out and treated; 1.5 million tonnes of earth were removed; and 15,600 tonnes of contaminants and 830 tonnes of tar were eliminated, all at an average cost of 103 crowns per kilogram of contaminant.

At the conference it was made clear that it is not always necessary to reduce ecological burdens to zero, but only to such a level that they do not affect future use. Was that the case with the Karolina project?

Ecological burdens are never reduced to zero, but to below the limits that are stipulated for each contaminant on the basis of the valid regulations of the Ministry of the Environment. In this case, the predominant contaminants were tar, polyaromatic hydrocarbons, phenols, petroleum hydrocarbons, heavy metals and cyanide.

What do the research of the site in question and the risk assessment indicate with regard to future investment?

Detailed geological research and the risk assessment ensuing from it are essential for the estimate of the costs of decontamination works, which can greatly impact the budget for revitalising a brownfield, and thus possibly future investment as well. With regard to the fact that this is no simple matter and the sums required for decontamination in large projects are in the hundreds of millions of crowns, it is clear that the investor should choose only from a range of authorised firms that have extensive experience in the area of brownfields.



Karolina zone in Ostrava

The preliminary findings of the Brownfield Research Study indicate that only 6% of brownfields (by count) are ecologically burdened, whereas with 46% (by count) contamination can be expected. What do you think about these statistics?

I think that these are just rough estimates. For many of these sites, there are no updated ecological audits performed by a reliable firm. Also, from our experience we know that in many cases the owner will conceal ecological burdens in order to make a site more attractive.

Thank you for the interview.

Author: Lenka Pohlodkova, CzechInvest

Textile brownfields in the Liberec region

The textile industry in the Liberec region has a long tradition dating back several centuries. The cloth-making trade arose in Liberec as early as in the 16th century, and when the method of production changed in the 18th century, it brought forth the construction of specialised types of buildings, i.e. manufactories, and the first textile plants came into existence in the 19th century.

The location of the first manufactories and plants depended on the available source of energy, running water. The size of these enterprises was determined by the limited hydropower, and production facilities were necessarily accompanied by hydro-engineering technology. Thanks to this, these structures in their abundance formed a symbiosis with nature in mountainous areas (for example, in the Cerna Nisa valley), thus adding a certain new picturesque quality to the countryside. At the end of the 19th century, when water as a source of energy was replaced by the new, more efficient steam engine, which made it possible to locate production in logistically more suitable locations, the buildings in the valley fell into disuse (we can thus say that these were the first generation of textile brownfields in the Liberec region). The structures, including the waterworks, underwent massive renovation in the 1920s and, if they were not demolished, uses were found for them thanks to the aspects described above.

Today another generation of brownfields can be found in the Liberec region. This primarily concerns structures that fell under this category due to the restructuring of industry after 1989. In simple terms, there are two types of such structures here. The first type involves structures from the 19th or early 20th century, which may have aesthetic and historical value and are often found in more visible parts of cities and municipalities, and thus have stronger ties to their surroundings in terms of urban planning. The second type involves structures built in the second half of the 20th century, which are generally less interesting aesthetically but are more expansive, thus requiring handling of the related grounds. The future use of such sites will be determined by a range of factors (architectural and urban-planning value of a given structure, its technical condition and location, clarification of the property-rights relations, financial and time requirements for regeneration).

The regeneration of brownfields represents a significant financial risk for a purely economically functioning entity – and thus there is room for public resources and support from the state or the given municipality. The participation of the public sector can take various forms, from purely financial and legislative support, to taking on the role project holder.

Here the public sector has or must set up instruments which the investors or project implementers will be able to use, whether this involves legislative backing,

urban-planning instruments, or preparation of support programmes for financing and utilising brownfields.

A good example of a project involving a textile brownfield – even though for the time being it as an isolated case – is the regeneration of the textile plant in Andelska hora, which is unique among other textile plants which today are generally without production activities. At the beginning of the 20th century, the company Feigl and Widrich expanded its operations and built on a greenfield in this locality a dye-works and repair shop that feature Secessionist design elements. Production ceased in the 1990s, when new uses were sought for

one of the most beautiful textile mills in Bohemia. In 2003, the company Interlana a.s. restarted textile production in part of the plant, which had been gradually deteriorating for several years, whereas the progress of renovation works begun in 2002 was subordinate to the fastest possible launch of production. In future, part of the site is to serve as a “company museum” with a production demonstration, and the remaining part of the site – mainly the boiler room and power station – will figure in the establishment of a cultural centre. However, the project is currently in the beginning stage. If this entire project is successful, it will represent the complete revitalisation of the site, even though the degree to which it has been returned to its original use will not be common in most other projects.



Textile plant in Andelska hora

Author: Stanislava Hantonova, CzechInvest

CzechInvest's role in the area of brownfield regeneration

CzechInvest has been actively involved in the area of business properties for several years. The agency plays a role not only in attracting foreign investors to the Czech Republic, but also in providing investors with quality care and offering them suitable business properties that will be of benefit both for the investor and, in particular, the development of the Czech economy. Therefore, CzechInvest strives to continually improve its services in the area of real estate. Due to the ever-growing demand for high-quality industrial zones, of which there are a limited number, it is necessary to seek out other development opportunities. Today a rich source of land and facilities is provided by brownfields, i.e. industrial, agricultural, military and other sites, plots of land and structures that have fallen into disuse. At first site these locations appear unattractive and uninteresting both for investors and for the lay public, though at the same time they are properties that have value. In the case of brownfields, however, this concerns hidden value that must be demonstrated in order to convince the lay and expert public that these sites are not only of interest, but represent investment opportunities.

In 2004 CzechInvest submitted a study entitled Brownfield Regeneration Strategy – Phare 2001. This study was the agency's first step in the area of brownfields and led to the launch, in 2005, of the Brownfield Research Study, conducted in cooperation with individual regions. This study has led not only to brownfields in the Czech Republic having simply been inventoried, but also to initial contacts with owners of the given sites

and structures, as well as to the establishment of future cooperation in the regeneration of these locations. In order to successfully involve the maximum number of sites and to again use them directly for production, recreational activities and civic amenities, it is now necessary to gather the experience and knowledge gained from projects implemented in the Czech Republic and abroad, and to ensure communication with interested parties.

This was the purpose of the first annual conference Brownfields Invest Czech 2006 (BFIC 2006), which made possible a meeting among specialists in the area of brownfield regeneration, owners of disused sites, representatives of public institutions and experts from Great Britain.

In order to create a functional environment for the implementation of projects and ensuring the sufficient volume and coordination of financial resources, at the conference CzechInvest unveiled the Brownfields 3000 project, the main goals of which are:

1. to ensure that projects can be implemented
2. to ensure sufficient resources
3. to adapt legislation

The Brownfields 3000 project is being initiated on the basis of the Brownfield Research Study and the impetus to make use of its findings, and the need to formulate a National Brownfield Regeneration Strategy.

Author: Katerina Lorencova, CzechInvest

Structural Funds: three times more time, ten times more money

Interview with Lubos Lukasik, Director of the Business Support Division at CzechInvest



On 29 September 2006 the receipt of applications for support from most programmes within the Operational Programme Industry and Enterprise (OPIE) ended. In your opinion, was this programme successful in comparison with other operational programmes, for example?

The Operational Programme Industry and Enterprise is one of the most successful in the country. The interest of entrepreneurs, universities and other entities which could obtain grants from the programme is so intense that the requested amount exceeded the allocation in

practically all programmes. Unfortunately, however, this means that we will not be able to support some quality projects, because there will not be money for them. I see the great benefit of OPIE in the fact that we have learned how to draw money from the Structural Funds, which will be useful for us in the new programming period, when much greater sums will be at stake.

It has been often said that the Czech Republic will not manage to utilise all of the money that it has received from the European Union. How much money was earmarked for OPIE? How does it look with utilisation?

Roughly ten million crowns was allocated to OPIE and I think that this entire amount will be utilised. As I have already said, the number of quality projects exceeds our financial capabilities.

Not all projects have undergone assessment yet. Will successful firms manage to realise their projects if they learn the results by, say, the end of the year, or even later? When will it be possible to actually obtain grants?

The assessment of all projects that we received up to the closure of the operational programme should be conducted by the end of the year. It will then be possible to physically draw grants until the middle of 2008 so that there will be enough time for implementation. In addition, support from OPIE should not be motivation for companies to implement projects, but only a possibility to lower their own costs. Many applicants have launched projects without knowing whether their applications will be successful.

There are some problems associated with the assessment of projects and the eventual payment of funds. Entrepreneurs point out that they wait too long for a verdict and that payments are delayed. Where did the error occur?

The system for drawing money from European Union funds is very complicated and, what's more, the Czech Republic entered the EU halfway through the programming period. It was not possible to eliminate all of the bugs in such a short time. In any case, however, we are missing the people who should take care of the agenda connected with this. In comparison with similar foreign agencies, we have few employees for the administration of grant programmes.

Can you briefly explain how the approval process is actually conducted?

The first inspection is performed by the employees of the regional offices to which the applications are submitted. This is followed by an assessment conducted by external and internal evaluators at CzechInvest and verification of the applicant's financial health. Finally, an assessment committee and the Ministry of Industry and Trade take a decision on the project. The process is relatively complicated, but it is also transparent and fair.

So far we've only spoken about the ending programming period, but another one is coming up. Do you think that it will be as hectic as the last one? Or are you better prepared?

We are doing everything to make access to grants as easy as possible for applicants. The post-election situation and the aforementioned lack of people have complicated the preparation process.

What specifically can entrepreneurs expect? In what areas will they be able to apply for support? How large is the amount that they can apply for?

The new Operational Programme Enterprise and Innovation (OPEI) is in many

ways related to the finishing OPIE, though it is focused more on the areas of innovation, research and development, support for start-up firms, cooperation among enterprises and consulting. Of the newly announced programmes, there will definitely be interest in ICT Utilisation in Companies. Grants from this programme are intended for the introduction and expansion of information and communications technologies in companies and the use of related services. A pivotal OPEI programme, however, will be the Innovation programme, for which the most funding will be earmarked. In the next seven years we will distribute around one hundred billion crowns from OPEI.

At whom are these programmes primarily aimed?

They are mainly aimed at small and medium-sized enterprises in the area of research and innovation, as well as larger firms and, not least of all, universities, research institutes and other similar entities.

Among the most successful programmes in the ending period was the Development programme, from which it was possible to finance the acquisition of new machinery and equipment. Are you making provisions for something similar in the new Operational Programme Enterprise and Innovation?

We are counting Development, of course, but to apply for grants for the purchase of technical equipment will obviously only be possible in structurally disadvantaged regions with high unemployment.

Some new programmes will be related to OPIE, which is terminating. Is it possible for an entrepreneur who was unsuccessful because of the lack of funds in the programme to resubmit a similar project in the next period?

If the applicant hasn't completely buried the original idea, then it is possible to use the idea and prospectus. As I said, some programmes will be tied directly to programmes from OPIE. However, the application must be new and, of course, the entrepreneur must fulfil the conditions stipulated by the new programmes. In any case, those who gained experience in this programming period will have a huge head-start over those who are new to the process.

What advice would you give to those who are considering submitting a project but do not know how to do it?

At the end of 2006 a new website was launched where interested parties can find not only the texts of the programmes, but also how to submit an application and implement a project. We are attempting to simplify the system as much as possible. At the beginning, the applicant should fill out a simple electronic form with a description of the project and information about the company. These input data will subsequently be assessed by a CzechInvest project manager, who in turn will let the applicant know if the project has any chance of success. At that time, the applicant can begin preparations.

You have already said that it will be easier to submit applications. However, if in spite of this a company needs assistance, would you recommend that it turn to a private consulting firm? After all, their services are quite expensive and the result is not certain.

That is completely depends on the decision of the company's management. If the company has sufficient capacities, it can handle the preparation of the project just as well as a consultant. With regard to the prices for having applications processed by consulting firms, I expect that, with respect to growing competition, the price will fall rapidly.

Where will it be possible to obtain up-to-date information on new programmes, and can entrepreneurs already begin with the preparation of projects?

Whoever gives priority to personal consultation can turn to CzechInvest's regional offices in individual regional capitals. Clients can also find current information on our website. We anticipate that we will gradually announce OPEI over the course of the first quarter of 2007.

ed.

For more information about Structural Funds, please visit www.czechinvest.org

The gateway to the world of nanofibres

The success of Elmarco is an example of the fact that one of the main ideas behind clusters – cooperation between companies and universities – works. Elmarco's inconspicuous industrial hall in Liberec contains a technology that enables the manufacture of tiny products with a huge future. Nanospider is a globally unique technology which is able to produce nanofibre materials on an industrial scale. We spoke with Elmarco CEO Ladislav Mares about the production of nanofibres, their application and their future.



Mr. Ladislav Mares,
CEO of Elmarco

How did you come to nanofibres?

I founded Elmarco in 2000. The company's main activity at that time was the manufacture of products for the semiconductor industry. In 2004 I began to look around for ways to invest generated profits and to diversify the company's operations. By coincidence, at that time I sponsored the women's volleyball team at the Technical University in Liberec, and through the university's rector I met professor Jirsak, who was dedicated to the research and development of nanofibres.

At what stage was the research at the Technical University in Liberec when Elmarco stepped in?

In its infancy. At that time a simple device had been developed on which one polymer could be spun. Now, after taking part in the research for two years, we are producing 1.6m-wide machines that have several spinning heads, thus several units producing a mass of nanofibres. The actual invention of the technology was performed by professor Jirsak's team. Elmarco improved the Nanospider technology so that it could be used industrially.

How can Nanospider's operation be described to the layman?

The machine's basic element consists of two electrodes, between which is an electrostatic field. The lower electrode has a cylindrical shape which is immersed in the polymer solution. The cylinder revolves and throws out a thin film of the solution into the electrostatic field, which draws long fibres from the solution to the second electrode. Here the fibres come into contact with the backing fabric and are expelled from the machine. It is a very simple principle – electrostatic forces, which stretch the fibre from the polymer to the base, can work for everything. Of course, the key factors are the properties of the polymers; their range of parameters, such as conductivity and viscosity, must be regulated in order for the nanofibre production process to work.

What exactly is a nanofibre? What accounts for its uniqueness?

It is a fibre that's a thousand times thinner than a human hair. It is so small that it can only be seen with an electron microscope. Nanofibres' properties are what give them their uniqueness. Thanks to their size, nanofibres have a huge specific surface, but they weigh only 0.1-1 gram per square metre. With regard to their low weight, a small amount of polymers is used in their production and thus, even though some polymers are expensive, the nanofibre comes relatively cheaply, on the order of tens of crowns, or less, per square metre.

What then are the applications of nanofibre materials?

There is an unlimited number of applications and no one today can say how many more will arise in the coming months and years. Of course, these applications are in various stages of development – whereas some are already on the market, we will have to wait a while for the others. Medicine is a prominent area of application. According to the latest findings, it will be possible to use nanofibres in creating replacements for various human organs. The healing of wounds is a very promising area in which Elmarco is heavily engaged. The field of medicine can benefit from the unique ability of nanofibres to stop bleeding, accelerate healing and prevent post-operative scarring. Thanks to the small size of pores, nanofibres can be used as barrier and filtration materials, for example in mouthpieces and masks, because the spaces between individual fibres are so small that they cannot be penetrated by bacteria, viruses or other microbes. These products take on an antimicrobial effect due to the amount of active substances involved. They can also be used as a means of protection against chemical weapons, and there is a broad range of applications in the area of technical textiles. We are also collaborating with some carmakers on the

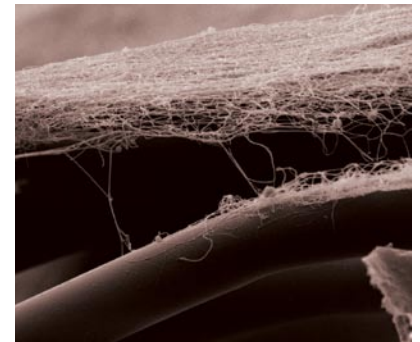
development of sound insulation for automobiles. The NS AcousticWeb™ material that we developed is three times lighter than classic insulation material, while it has comparable or better acoustic properties.

Is Elmarco collaborating with other Czech or foreign companies?

In September we founded the joint enterprise NANOPEUTICS with the Irish firm Alltracel Pharmaceuticals. Partnerships with other firms are necessary for us. Elmarco knows how to produce nanofibres, but in order to get to precisely where they can be used we need partners that are specialists in specific fields. Only then can we arrive at the final products. NANOPEUTICS will seek out applications for nanofibres in the area of healthcare, specifically in wound and trauma care. The company has recently signed a contract with the world's third most significant player in the area of wound care. We are also collaborating with a whole range of Czech companies on the development of other nanofibre applications.

Has NANOPEUTICS already achieved some concrete results?

We have succeeded in developing a nanofibre material based on oxycellulose, which has remarkable haemostatic effects (i.e. it stops bleeding) and accelerates healing. This material can be used in a complete range of sheathing materials, from simple bandages to advanced anti-adhesion membranes for operations in the abdominal cavity. The membrane is placed on the wound, stopping bleeding and inhibiting scarring of the organs. Thanks to the fact that the membrane is produced from a bio-degradable polymer, it breaks down on its own and thus it isn't necessary to reopen the abdominal cavity and take out the remnants of the membrane, as was the case with classic materials. Pre-clinical tests have already been conducted on animals with excellent results. The certification procedure for such products is, of course, very demanding and time-consuming. However, a simpler form of this product, namely the aforementioned bandage with nanofibres, should appear on the market as early as the first quarter of 2007.



Nanofiber, detail

In addition to finding uses for nanofibres with your partners, you are also selling the technology around the world. Where else in the world can Nanospider be found?

We are negotiating with the biggest global players working with technical textiles. We have sold four machines in Japan and Southeast Asia, four in America, and several more in Europe. With the exception of Australia, Antarctica and Africa, Nanospider is present on all continents.

Are you collaborating with other research institutes besides the Technical University?

Yes, of course. We have joint projects with Charles University, the Academy of Sciences, and the Institute of Chemical Technology. We are also collaborating with many renowned universities in other countries. It is in our interest to engage as many brains as possible in the area of nanofibre development. It is such a broad field that we cannot completely span it ourselves and find all applications. Therefore we want to collaborate on applied development with as many research institutes as possible. The more applications that are made ready, the greater the demand will be for our technology.

Author: Eva Jaksikova, CzechInvest

The Hradec Kralove Region – a great place not only for business

The Hradec Kralove region is situated in the north-eastern part of the Czech Republic on the border with Poland. The region lies roughly 100 km from Prague, making it close enough for convenient connection to the capital, but far enough away to preserve the feeling of “regional” life. In a survey conducted by the newspaper MF Dnes in 2004 the “Salon of the Republic”, as the city of Hradec Kralove was once known, was named the best place to live in the entire Czech Republic.

In terms of both population and area, the Hradec Kralove region ranks ninth out of the country's 13 regions. A large part of the region's landscape is covered by mountains and agricultural estates, though the history of some of its industrial enterprises reaches far into the past. The traditional branches of industry in the region include textiles, production of electrical and optical instruments, mechanical engineering and the manufacture of musical instruments. Among newly developing fields, software development and the production of computer technology and healthcare equipment dominate, while pharmaceuticals and the automotive industry are also strongly represented.

The regional capital sees its future not only in fields with higher added value. The city is therefore focusing on attracting investments in the area

of business support services and ICT, which require a highly qualified workforce. The region is able to offer to investors the highly qualified employees that these fields demand. This primarily concerns graduates of local secondary schools and universities, particularly those focusing on IT development, medicine and healthcare, as well as those educated in the humanities.

In cooperation with CzechInvest and other organisations, the city of Hradec Kralove is building a technology centre for newly created firms. The building, in which start-ups will benefit from favourable rental rates including transportation services, is located on the site of a former military airport and is currently undergoing extensive renovation. The former military airport itself offers an expansive area which can be used in the fields of education, services and production. Entrepreneurs who at first find a niche in the business incubator can later use this free space for the development of their start-up enterprises.

In addition to the regional capital, important centres of industry include the cities of Jicin, Trutnov, Nachod, Rychnov nad Kneznou, Vrchlabi and Cerveny Kostelec, in some of which industrial zones have been successfully built and partially or even completely occupied. For example, the Taiwanese company Textonnia Czech, s.r.o., which is engaged in the production of synthetic fabrics and yarn, has set up shop in Cerveny Kostelec. Saurer Czech a.s., a member of the multinational Schlafhorst consortium, produces textile machines in Cerveny Kostelec, thus continuing the long tradition of the company Elitex. Several dozen companies currently have operations in the industrial zone in the city of Jicin, which therefore decided to invest in the zone's further expansion. However, there are other vacant sites available for incoming investors. A good example is the newly built industrial zone in Novy Bydzov, which will offer very favourable transport connections upon completion of the D11 highway. Due to their location, the prepared industrial zones in Dvur Kralove nad Labem, Horice and Police are particularly advantageous for investors



Hradec Kralove city centre



Saurer Czech, factory in Cerveny Kostelec

Selected Foreign Investors in the Hradec Kralove Region

Investor	Sector	Country	When	Where
Hualon	textile	Taiwan	1995	Cervey Kostelec
Orsit	building store	Austria	1999	Rychnov nad Kneznou
AEG	electronic	Germany	1998	Jicin
Continental Teves	automobile	Germany	2000	Jicin
Ronal	automobile	Switzerland	2000	Jicin, Pardubice
Saar Gummi	rubber	Germany	2000	Nachod
JUTA	other	Czech Republic	2001	Dvur Kralove, Jaromer
Kimberly Clark	other	USA	2001	Jaromer
Kimberly Clark	other	USA	2003	Jaromer
Volkswagen	automobile	Germany	2004	Kvasiny, Mlada Boleslav

Source: CzechInvest 2006

with links to neighbouring Poland. In the municipalities of Solnice and Kvasiny, a project to expand the local industrial zone is currently being carried out for Skoda Auto, which produces its Superb and Roomster models there.

Other opportunities for investors are represented by sites that, though once operational, have for various reasons fallen into disuse. In cooperation with the Hradec Kralove Regional Office, CzechInvest this year conducted an analysis of such disused sites, i.e. brownfields, of which there are over 250 in the Hradec Kralove region. This study is freely available to investors. We are endeavouring to ensure that currently disused structures and larger sites will be revitalised. With assistance in the form of grants from EU structural funds, these locations can be converted and prepared for subsequent industrial or other uses.

As mentioned previously, the Hradec Kralove region is home to both traditional and modern branches of industry. The textile industry is still dominant among the traditional fields, even though it is faced with fierce competition from Asia. It is for this reason that textile companies not only from the Hradec Kralove region established cluster under the name Clutex. Within this cluster, companies can exchange information, share their experience, collaborate with research laboratories and introduce new products, thus staying an important step ahead of the competition. Of course, association and collaboration are also apparent among companies

in newer fields. The Hradec Kralove region has great potential to become an important centre in the field of computer technology and software. Existing IT firms, together with the Faculty of Informatics and Management at the University of Hradec Kralove, have therefore launched a project to establish an IT cluster. The main goal of this project is to halt the outward migration of educated workers looking for better – and better-paid – jobs in Prague, Brno and abroad.

The further development of the Hradec Kralove region depends heavily on the development of transportation infrastructure. In the near future a new section of the D11 highway will be completed, linking Hradec Kralove to Prague and continuing toward the Polish border. Convenient transport connections not only to the capital but to the rest of the republic and Europe provide a good basis for the establishment of new enterprises, as well as for development of the travel industry. Like the chateaux in Opcno and Castolovice, or the zoological garden with safari in Dvur Kralove, mountainous areas such as the Krkonose and Orlicke ranges and Cesky raj are popular tourist destinations. Naturally, with easier access to these locations, more tourists will visit them. After all, why would anyone pass up the opportunity to experience the snow-covered Krkonose slopes or play golf in the castle park in Hradec u Nechanice when they are only an easy two-hour trip from Prague?

Author: Katerina Paskova, CzechInvest



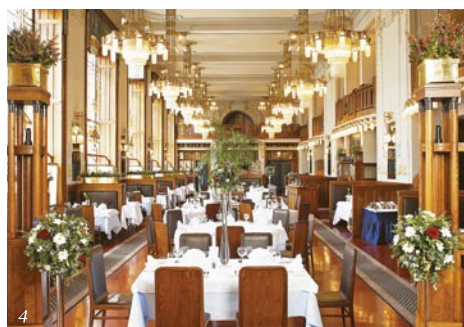
Snezka, the highest mountain in the Czech Republic, lying in the Krkonose range

Where can you eat well in the Czech Republic?

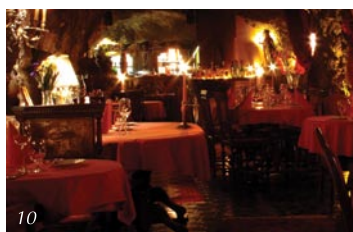
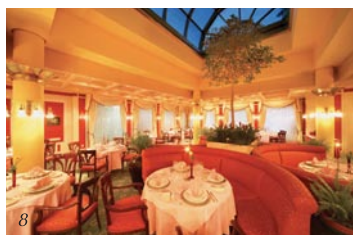
For the past ten years Mr. Pavel Maurer, a connoisseur of fine cuisine, has been answering this question with his ranking of the best restaurants and pubs in the Czech Republic. Restaurants are evaluated in three categories: food, service and atmosphere.

Each year several hundred volunteers take part in the evaluations, secretly visiting restaurants at their own expense and giving grades in the aforementioned categories based on their own opinions. For the latest ranking, which was published in December 2006, 399 restaurants in Prague and throughout the Czech Republic were evaluated.

What are the best restaurants in the Czech Republic according to the 2006 ranking?



illustrative photo, Prague



1. Four Seasons Hotel, Restaurace Allegro

Veleslavínova 2A, Prague 1 (Staré Město)

Cuisine: Italian, Mediterranean
Average expense: CZK 1,760
Restaurace Allegro has ranked first four times.

2. Radisson SAS Hotel, Alcron Restaurant

Štěpánská 40, Prague 1 (Nové Město)

Cuisine: Organic, Seafood, Fish
Average expense: CZK 1,580

3. Radisson SAS Hotel, La Rotonde

Štěpánská 40, Prague 1 (Nové Město)

Cuisine: Organic, Czech, International
Average expense: CZK 1,480

4. Obecní dům, Francouzská restaurace

nám. Republiky 5, Prague 1 (Staré Město)

Cuisine: French, International
Average expense: CZK 1,310

5. U Kastelána

Kotlářská 51/a, Brno

Cuisine: French, Italian, International, Moravian
Average expense: CZK 1,050

6. Hotel Diana

Hůrská 12, Prague 9 (Kyje)

Cuisine: Czech, Fish, Game
Average expense: CZK 630

7. The Sushi Bar

Zborovská 49, Prague 5 (Malá Strana)

Cuisine: Japanese
Average expense: CZK 1,010

8. Hotel Savoy Hradčany

Keplerova 6, Prague 1 (Hradčany)

Cuisine: International
Average expense: CZK 970

9. V zátiší

Liliová 1, Prague 1, (Staré Město)

Cuisine: International
Average expense: CZK 1,200

10. Svatá Klára

U Trojského zámku 35/9, Prague 7 (Trója)

Cuisine: Czech, International
Average expense: CZK 1,000

Partnership to Support Foreign Direct Investment in the CR



The **Partnership to Support Foreign Direct Investment in the Czech Republic** is a joint project of the Association for Foreign Investment and the Investment and Business Development Agency CzechInvest. The project is intended for stable companies that offer highly competitive services and products and that are interested in supporting the high-quality investment climate in the Czech Republic while promoting the Czech Republic abroad. Programme activities support, to the maximum degree possible, communication between partners and foreign investors, Czech companies, representatives of the state administration and AFI members.

Thanks to the Partners of the project we can organise e.g. the following events:



These Partners support the competitiveness of Czech economy as well as the positive image of the Czech Republic abroad:



Main Partners



Partners



Supporting Partners



YOUR CZECH E-GUIDE



■ Association of Textile-Clothing-Leather Industry
www.atok.cz



■ Doing Business in the Czech Republic
www.doingbusiness.cz



■ Czech Language and Culture
www.bohemica.com



■ Czech Information Agency - Economy & Business News
www.cianews.cz

USEFUL CONTACTS

CZECH REPUBLIC

CzechInvest
E-mail: info@czechinvest.org
Phone: +420 296 342 500
Stepanska 15
120 00 Prague 2, Czech Republic

FRANCE

Ms. Iva Ribaille, CzechInvest
E-mail: paris@czechinvest.org
Phone: +33 1 56 24 87 72
Centre tcheque , 18, rue Bonaparte
F-75006 Paris, France

GERMANY

Ms. Eva Bernardova, CzechInvest
E-mail: munich@czechinvest.org
Phone: +49 899 9216 362
Feringastrasse 6, 85774 Munich, Germany

GERMANY

Ms. Renata Haklova, CzechInvest
E-mail: cologne@czechinvest.org
Phone: +49 221 1612 145
Hansaring 61, 50670 Cologne, Germany

BELGIUM

Mr. Ales Hala, CzechInvest
E-mail: benelux@czechinvest.org
Phone: +32 2 550 35 53
Bastion Tower, level 20
5, Place du Champ de Mars
1050 Brussels, Belgium

JAPAN

Mr. Ondrej Votruba, CzechInvest
E-mail: yokohama@czechinvest.org
Phone: +81 45 222 2075
6th fl., Yokohama World Porters
2-2-1 Shinko, Naka-ku
Yokohama, 231-0001, Japan

SOUTHEAST ASIA – HONG KONG

Mr. Jaromir Cernik, CzechInvest
E-mail: southeast-asia@czechinvest.org
Phone: +852 2530 8806
Room 2207-9, Tower II, Lippo Centre
89 Queensway, Admiralty, Hong Kong

U.K. & IRELAND

Ms. Hana Chlebna, CzechInvest
E-mail: london@czechinvest.org
Phone: +44 20 7291 4610
1 Harley Street
London W1G 9QD, United Kingdom

U.S.A. - CHICAGO

Mr. Bohuslav Frelich, CzechInvest
E-mail: chicago@czechinvest.org
Phone: +1 312 245 01 80
Suite 938, The Merchandise Mart
200 World Trade Center
Chicago, IL 60654, U.S.A.

U.S.A. - SILICON VALLEY

Mr. Radomil Novak, CzechInvest
E-mail: california@czechinvest.org
Phone: +1 408 376 45 55
51 East Campbell Avenue, Suite 107-F
Campbell, CA 95008, U.S.A.