

CZECH FOCUS

Magazine of the Association for Foreign Investment



Number 2/2006



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Association for Foreign Investment



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SERVICE OFFICE

With the aim of providing a comprehensive package of essential services to the investors that have qualified as a project and are handled by CzechInvest, the AFI opened its Service Office offering free-of-charge use of a furnished meeting room/office with internet access. The office is located at the AFI premises next door to CzechInvest thus enabling both investors and CzechInvest representatives to cooperate on a continuous basis.

WHO WE ARE

The Association for Foreign Investment represents a group of service companies with local experience that support the entry of foreign investors to the Czech Republic and offer a wide range of professional services to foreign investors entering the local market.

Thanks to direct and long-term experience with local conditions followed by proven successful performance, AFI members are entitled to be the helping hand to foreign investors.



Vaclavek Petricek, Deputy Minister of Industry and Trade, Milan Urban, Minister of Industry and Trade and Martin Jahn, former Deputy Prime Minister talking to representatives of AFI members and Partners



Francis Uytendaele, ExxonMobil and Arnaud de la Hosserey, Komerční pojišťovna

WHAT WE DO

The chief aim of the AFI is to ensure that foreign investors' entry into the Czech market is as smooth and easy as possible. Consultants from the AFI group are experts in the field of advisory services, consultancy, project services, inspection and studies with specific specializations.

They provide information in this field so both potential as well as existing investors have the best conditions for their objectives.

AFI & CZECHINVEST

The common aim of both organizations is to create awareness of the Czech Republic as a good location for investment and to participate in cultivation of the investment environment. CzechInvest conducts a host of marketing and PR activities thanks to the support of the AFI. Besides this support, AFI members offer investors further relevant services that go beyond the framework of CzechInvest's assistance.

AFI 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
- CTP Invest
- Cushman & Wakefield
- CzechInvest
- DELOITTE Czech Republic B.V.
- DELTA Systems
- EarthTech CZ
- EBO Reality
- EC HARRIS
- ENVIROS
- Ernst & Young Tax & Transactions
- GLEEDS ČESKÁ REPUBLIKA
- Grafton Recruitment
- GrEco International, poradenství pro riziko a pojištění
- HAVEL & HOLÁSEK
- Hays Czech Republic
- CHEMING
- CHEMOPRAG
- Investorsko inženýrská
- JONES LANG LASALLE EUROPEAN SERVICES LTD.
- Kovoprojekta Brno
- KPMG Česká republika
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- PricewaterhouseCoopers Česká Republika
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- TACOMA Consulting
- Tebodin Czech Republic
- Technoprojekt
- TMF Czech
- Trenkwalder KAPPA people
- Weinhold Legal
- WHITE & CASE

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INVESTOR'S CALENDAR

October - November 2006

October

- 3.10.** Czech Biotech and Pharma Sector - Opportunities for Cooperation, Seminar, Bern, Switzerland
- 9. - 12.10.** Hospimedica Asia 2006, Trade fair, Suntec City, Singapore
- 10.10.** BSS-IT Seminar, Zurich, Switzerland
- 17., 19.10.** Seminars about Central European Countries, Montreal and Toronto, Canada
- 18. - 19.10.** Planning and Implementing New Shared Services, Conference, Belfast, UK
- 23. - 25.10.** EXPO Real, Trade fair, Munich, Germany
- 23. - 27.10.** Systems 2006, Trade fair and Conference, Munich, Germany
- 24. - 26.10.** MRO Europe 2006, Trade fair, Amsterdam, Netherland
- 24. - 27.10.** Biotec 2006, Trade fair and Conference Hospimedica, Brno, Czech Republic
- 26.10.** Doing Business with the Czech Republic, Seminar, Chicago, USA

November

- 6. - 8.11.** BioEurope, Conference, Düsseldorf, Germany
- 7., 9.11.** Centrope Seminar, Tokio, Osaka, Japan
- 8. - 9.11.** BFIC, Brownfields Invest Czech, Conference, Prague, Czech Republic
- 12. - 15.11.** CoreNet Global Summit, Orlando, USA
- 14. - 17.11.** Electronica 2006, Trade fair, Munich, Germany
- 14. - 17.11.** Elmia Subcontractor 2006, Trade fair, Elmia, Jönköping, Sweden
- 14. - 17.11.** Swisstech, Trade fair, Basel, Switzerland
- 15. - 18.11.** Medica 2006, Trade fair, Düsseldorf, Germany
- 29.11. - 1.12.** Innovation & Design Expo 2006, Trade fair, Hong Kong, China

Dear Readers,

Extraordinary friendship currently characterises the relationship between the Czech Republic and Germany, which is confirmed by a range of impressive statistics. Thanks to its geographic proximity and the size of its economy, Germany is the Czech Republic's most important trading and investment partner. In 2005, the Czech Republic concluded 32% of its total foreign trade with Germany (which represents one-third of Czech exports and 30% of imports). The Czech Republic's accession to the EU on 1 May 2004 represented a further advance for bilateral trade.

Also impressive is the inflow of German foreign direct investment into the Czech Republic. Of the EUR 50 billion of foreign investment from 1993 to 2005, German investment accounted for EUR 13 billion. The investments of companies such as Škoda/VW, RWE, E.ON, Siemens, Bosch, Linde, T-Mobile and others have greatly contributed to the modernisation of the Czech economy. These companies have created a large number of jobs (with salaries above the Czech average) while supporting the Czech export sector and helping the Czech Republic to achieve its first trade-balance surplus. From the point of view of German entrepreneurs, the enormous inflow of foreign direct investment illustrates that the Czech Republic is an attractive location for investments. Among the main reasons for this are the country's position in the heart of Europe, the potential for growth in this developing region, relatively low wage costs in comparison with Germany, skilled and motivated workforce and relatively good infrastructure.

This positive evaluation of the Czech Republic as a suitable location for investment is also reflected in a recent survey conducted by the Czech-German Chamber of Commerce, according to which 77% of respondents confirmed that they would again give the Czech Republic priority over other locations.

However, it is important that the Czech Republic continues to improve its investment environment, especially with regard to legal safeguards, transparent proceedings of administrative bodies and stronger efforts in educating its workforce, primarily in technical fields. With increased legal safeguards, the Czech Republic will continue to become more attractive for small and medium-sized German enterprises, which will thus continue to consider investing in the Czech Republic and take advantage of the growing potential for mutually beneficial cooperation. As a result, economic cooperation will significantly contribute to strengthening ties between our two countries in the future.

Helmut Elfenkämper
Ambassador of the Federal Republic
of Germany in the Czech Republic



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of the Ministry of Industry & Trade.

Rise of the Czech Food Sector

France is known for its wine and cheese, Italy is synonymous with pasta, and Denmark is famous for its pork. When you mention the Czech Republic, most people will think of beer. However, the Czech Republic's food-processing industry involves much more than just brewing, and offers foreign investors a wealth of opportunities that allow them to take full advantage of the country's potential in this area.

Foreign investment on the rise

The food-processing industry now accounts for some 12% of the output of the Czech manufacturing sector and employs over 10% of the Czech manufacturing workforce, which means that it ranks among the five largest industrial sectors in the Czech Republic. However, its position in the Czech economy has not been reflected in the inflow of foreign direct investment into the sector, which attracted only EUR 1.6 billion of foreign investment in 1993-2004, or just 11% of the total.

The relatively small inflow of foreign investment in the sector can be explained by two factors:

- the relatively small size of the domestic market (the Czech Republic has a population of 10.3 million), and
- barriers to free trade in food and drinks which existed until the Czech Republic's accession to the European Union.

As the Czech market is relatively small, most of the investors coming to the Czech Republic are building manufacturing plants to produce for export, mainly to Western Europe. In the automotive and electronics sectors, the leading recipients of foreign investment, 90% of investors export more than 95% of their Czech production, as there have been no barriers to Czech exports of non-food products since 1995. In the food and drinks sector, many more tariff and non-tariff barriers were in place until the Czech Republic joined the European Union in May 2004 and adopted EU standards. Due to the above-mentioned reasons we can see three distinctly different phases in the inflow of foreign investment into the Czech food-processing industry:

1. the early 1990s: the majority of foreign investment into the sector came during this phase and most of it came in the form of privatisation of state-owned enterprises. During this period, companies such as Danone, Nestle and Unilever bought existing Czech companies, usually with domestic brand names.

2. the late 1990s – EU accession: once privatisation was over, the inflow of foreign investment dried up, with most incoming investment being in the form of modernisation and expansion of existing facilities. One of the exceptions to this trend was the investment of the Irish company Largo Foods, also known under its brand name Perri Crisps. The company built a new production facility in Tremosna near Plzen in 1999 to produce potato chips for the continental European market. There were a few more privatisation deals, including the purchase of the Pilsner Urquell brewery by the SAB-Miller group and a few acquisitions of small Czech private companies by foreign firms.

3. since 2004: the removal of barriers to export to the "old" member countries of the EU and rising purchasing power of inhabitants of the "new" EU member countries such as Hungary, Poland, Slovakia and the Czech Republic have stimulated new interest from foreign investors. An example is the Scottish company Lightbody who recently decided to build a plant in Louny to produce celebration cakes and other bakery products for continental Europe and Russia. Judging from the number of inquiries CzechInvest has received since 2004, the food-processing sector in Central Europe is poised for a major increase in foreign investment and the Czech Republic has a good chance to attract a fair proportion of these projects.

INVESTOR	COUNTRY OF ORIGIN	TYPE OF BUSINESS
Agrana	Austria	Sugar
Binding Brauerei	Germany	Brewing
Bockhold	Belgium	Brewing
Bongrain	France	Dairy products
Brau Union International	Austria	Brewing
Coca-Cola Amatil	USA	Soft drinks
CPC Foods	USA	Knorr instant soups, sauces
Danisco	Denmark	Pectin
Danone	France	Chocolate, dairy products
Douwe Egberts / Sara Lee	USA/Netherlands	Coffee and tea processing
Dr. Oetker	Germany	Starch products, Frozen pizza
Eastern Sugar	UK/France	Sugar
Eckes and Stock International	Germany	Alcoholic beverages
Fromageries Bel	France	Dairy products
Hans Riegelein & Sohn	Germany	Food
H.J. Heinz	USA	Dairy Products, baby formula
Interbrew	Belgium	Beer
Intersnack	Germany	Chips and related snacks
Kelsen Bakery International	Denmark	Biscuits, cakes & preserved pastries

INVESTOR	COUNTRY OF ORIGIN	TYPE OF BUSINESS
Kraft Foods	USA/Switzerland	Coffee and tea, Spices
Largo Foods	USA/Switzerland	Food
Lekkerland	Ireland	Potato chips
Lyckby Starkelsen	Germany	Food products
Master Foods (Mars) (Effem)	Sweden	Food processing
Nestlé	USA	Chocolate, confectionery
Nowaco	Switzerland	Chocolate & biscuits
Nutricia International	Denmark	Frozen food
Pepsi-Cola International	Netherlands	Dairy products
Pernod Richard	USA	Non-milk baby food
Rieber & Son	France	Soft drinks
Ronaldsay	Norway	Alcoholic beverages
SABMiller	Italy/Netherlands	Food products
South African Breweries	South Africa	Bottled water
Spak	South Africa	Beverages
Suncone Backwaren	Austria	Brewing
Tchibo	Austria	Brewing
Unilever	Germany	Fruit processing
V&S Vin & Sprit	Austria	Food
Yoplait	Germany	Coffee processing
	UK/Netherlands	Vegetable oil and butter, Algida ice cream
	Sweden	Alcoholic beverages
	France	Dairy products

Selected Investors in the Czech Food Processing Sector



Source:
CzechInvest, 2006

Cakes a la Disney

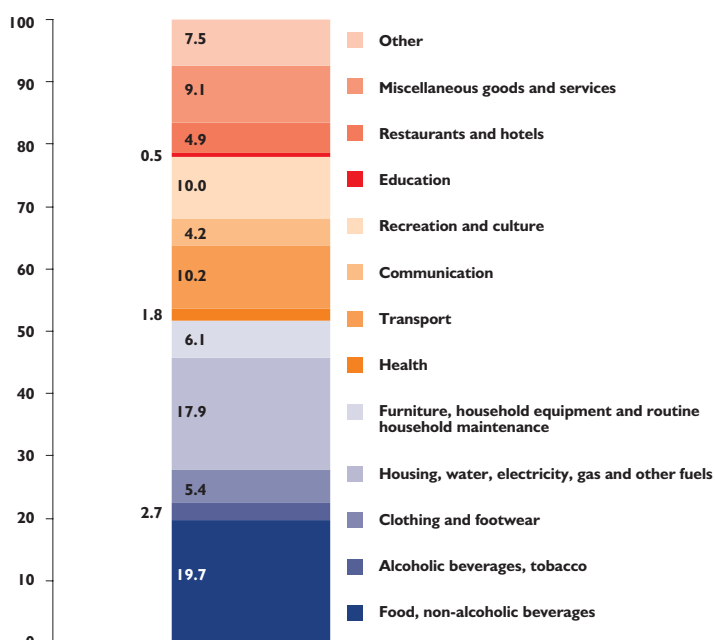
Lightbody Celebration Cakes is an innovative producer of celebration cakes, power bars and other bakery products based in Scotland. The company makes celebration cakes decorated in its own style and in the style of cartoon characters. It holds licences from the Walt Disney Company and other companies to produce cakes decorated in the style of their animated movies. The market for these cakes is expanding very rapidly and the company has decided to build a production facility in Central Europe to supply their customers in continental Europe and Russia. Louny, approximately 45 minutes west of Prague, has been selected as the site of the company's new factory. Production is to start in 2007 and the facility is planned to employ up to 500 within 5 years.

The Lightbody factory is the first building to be built in the Central European Food Park, a manufacturing zone in Louny. The Park, which is being developed by a consortium of Scottish investors and Czech developers, will offer plots of land and/or buildings for purchase or rent to companies in the food-processing sector, including packaging companies and ingredient suppliers. The first plots of land and buildings will be available in 2007.

Growing market, new opportunities

For more than five years the Czech Republic has been enjoying a period of stable economic growth. The growth rate has recently accelerated to more than 6% and is expected to remain at 5-5.5% this year and next. The growth of the economy is reflected in the growth of the population's purchasing power, thus stimulating consumer spending which has been growing by more than 5% per year since 2000.

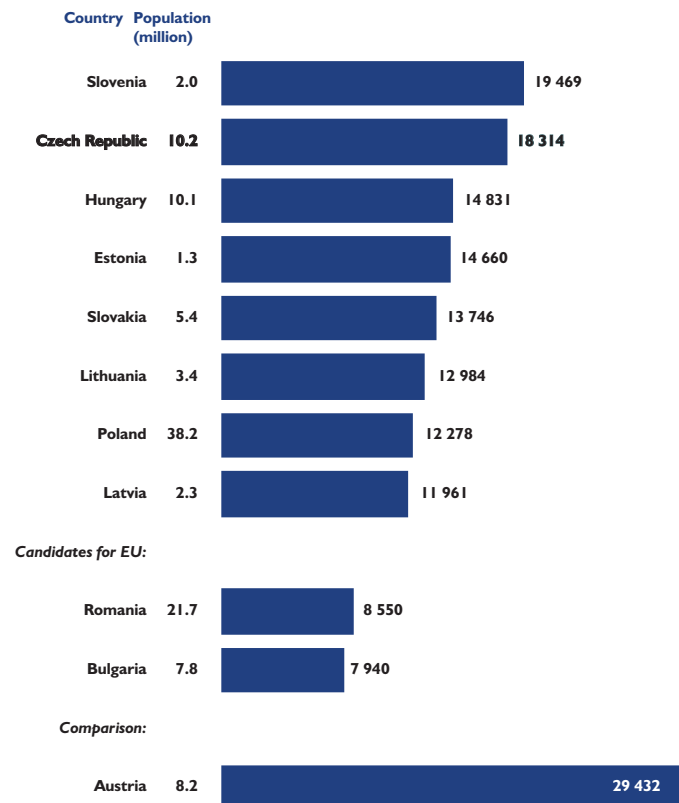
Breakdown of consumer expenditures in the Czech Republic



Source: Marketwatch, Cushman & Wakefield Healy & Baker

As some nearly 23% of consumer spending goes toward food and drinks, the growth of purchasing power is very visible in the number of new hypermarkets, supermarkets and shopping centres that have been built since the late 1990s. The Czech Republic now has nearly 200 hypermarkets – every mid-sized town has at least one. Several international hypermarket chains operate in the Czech Republic; the leading operators are Ahold (Hypernova), Lidl & Schwarz (Kaufland), Tesco, Interspar, Makro Cash & Carry and Globus.

Per capita GDP (forecast for 2006 according to PPP, in EUR)



Source: Vienna Institute for Comparative Economic Studies, WIIW, July 2006

In the supermarket segment, international chains include Ahold (Albert), Billa and Delvita, but there are also smaller domestic chains such as Coop, Samka and others. Due to the relatively lower purchasing power in comparison to the "old" member countries such as Austria, the intensive development of discount stores has been apparent in recent years. Lidl, Penny Market, Plus Discount and Norma are the main discount chains.

The Czech Republic has the second-highest per capita GDP in Central Europe. For its size, it is a much larger economy than Hungary, Poland or Slovakia. Nevertheless, these economies have been growing too and it is therefore not surprising that Slovakia and Poland are the largest and third-largest export markets, respectively, for the Czech food-processing sector (the second largest market is Germany).

Year-on-year GDP growth (in percent)

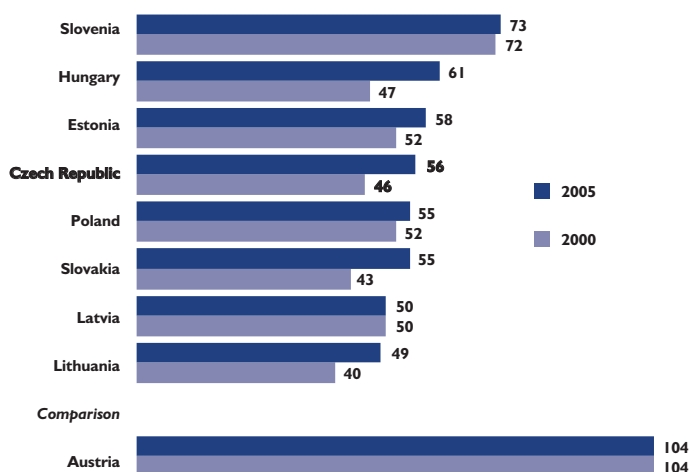
Country	2005	2006*	2007*
Slovakia	6.1	6.5	6.5
Czech Republic	6.1	5.5	5.0
Poland	3.4	5.0	4.5
Slovenia	3.9	4.0	4.0
Hungary	4.1	4.0	2.3
Central European average	4.3	5.0	4.4
Estonia	9.8	8.9	7.9
Latvia	10.2	8.5	7.6
Lithuania	7.5	6.5	6.2
Baltic average	4.7	5.2	4.6
EU 15	1.5	2.2	2.0

* Forecast

Source: Vienna Institute for Comparative Economic Studies, WIIW, July 2006

The accession of the Czech Republic to the EU removed customs and other barriers to Czech-based producers, provided they were able to meet EU standards. Immediately after accession, exports of some products increased significantly. This included milk and dairy products, meat, sugar, sweets and chocolate, as well as drinks. Imports of meat, dairy products, tea and coffee, as well as wine and liquor, also increased significantly. The new standards introduced before EU enlargement forced Czech companies to modernise their production facilities and some of these companies were not strong enough to survive. However, the remaining companies have a good starting position to expand to other EU member states. Several Czech companies have also invested in Eastern Europe. Hame, the traditional Czech producer of pates, has invested in Romania and Russia, for example.

Price level (EU average = 100)



Source: Vienna Institute for Comparative Economic Studies, WIIW, July 2006

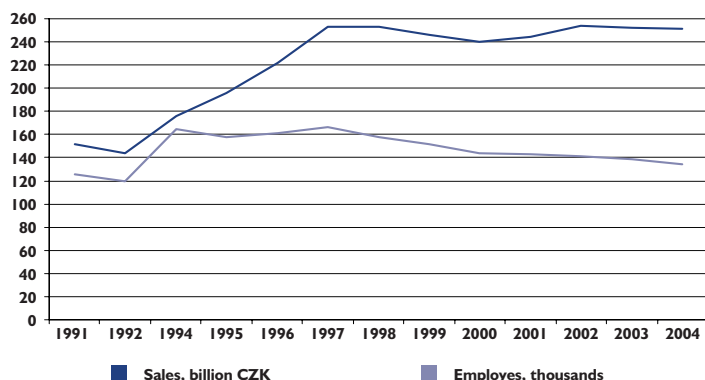
Educated workforce – the main asset

The food-processing sector now employs 134,000 people, with main production centres in Central Bohemia and Prague, South and Central Moravia and the Plzen region. The sector employed nearly 160,000 people in 1994 as a result of liberalisation of the market and the lift of a ban on private businesses in 1990. Since then the number of employees has been slowly but continuously decreasing and a further reduction in the number of employees is expected as a result of increased automation and consolidation of production. The sector is thus approaching the number of employees it had before the start of the economic transformation in 1990 (approximately 125,000 employees).

Despite the falling number of employees, production increased by 11.5% between 2000 and 2004. Food-processing companies are continuously increasing productivity in order to remain competitive. In the past five years productivity has increased by 7% per year.

The key asset of the Czech Republic in many sectors is its educated and skilled workforce. Food-processing technologies are taught at several Czech universities and higher vocational schools (two-year colleges). There are also secondary technical schools, which partly or fully specialise in food-processing technologies.

Food Processing Industry in the Czech Republic



Source: Vienna Institute for Comparative Economic Studies, WIIW, July 2006

Secondary schools and institutes

- Institute of Food Technology and Secondary School of the Dairy Industry, Kromeriz
- Institute of Food Technology, Bzenec
- Secondary School and Institute of Food Technology, Prague
- Secondary Technical School of Meat Technology, Prague
- Secondary Technical School of Food Technology, Pardubice
- Secondary School of Agriculture and Catering, Klatovy
- Vocational School and Secondary School of Catering and Services, Brno
- Secondary School of Viticulture, Valtice
- Secondary School of Catering, Smirice

Universities

- Mendel University of Agriculture and Forestry in Brno – Faculty of Agronomy
- Tomas Bata University in Zlin – Faculty of Technology
- University of Veterinary and Pharmaceutical Sciences Brno – Faculty of Veterinary Medicine and Ecology
- Institute of Chemical Technology Prague – Faculty of Food and Biochemical Technology
- Brno University of Technology – Faculty of Chemistry
- Czech University of Agriculture in Prague – Faculty of Agrobiology, Food and Natural Resources
- University of Pardubice – Faculty of Chemical Technology

R&D and innovation

Of the countries of Central and Eastern Europe, the Czech Republic conducts the most science and research, whereas in recent years a transition from basic research to applied research has occurred. This development is due in large part to foreign investors that have production plants here and associated research and development centres (e.g. the Danone Institute). Total expenditures on R&D in the Czech Republic amounted to USD 235.70 per capita in 2004. The number of employees engaged in R&D in the Czech Republic is increasing, having risen from 4.7 per 1,000 workers in 2000 to 5.6 per 1,000 workers in 2004.

In the area of food processing, the trend of ensuring the quality and safety of foods should continue to develop. The discrepancy between available resources and food requirements should be eliminated through the introduction of new technologies, especially biotechnologies and genetically modified products. Prospective solutions include, for example, new high-pressure food-preservation technologies (extended shelf life, not long-term preservation), the use of bacterial agents, and combinations of various technological approaches to reduce technological losses. Mathematical modelling of basic food-processing techniques will also be developed for use in the automation of production. New applications of traditional processes (extrusion, pasteurization, dehydration, etc.), and prevention of disease through the use of food for targeted diets will also be of importance.

The Academy of Sciences of the Czech Republic (www.cas.cz)

- the leading non-university, basic public research institution in the Czech Republic, the Academy of Sciences conducts both fundamental and strategic applied research. The Academy currently manages a network of sixty research institutes and five supporting units staffed by a total of 6,400 employees. The Chemistry and Life Sciences Division is one of the Academy's three science divisions.

Grant Agency of the Czech Republic (www.gacr.cz)

- an independent institution that promotes progress over the whole spectrum of scientific and technological development in the Czech Republic.
- grants are provided to all kinds of Czech state and private research and development institutions and to private persons who are Czech citizens and reside permanently in the Czech Republic. Foreign individuals and institutions can cooperate in the grant projects.

Czech Academy of Agricultural Sciences (www.cazv.cz)

- specialized and professional scientific agricultural institution and scientific advisory body to the Minister of Agriculture of the Czech Republic. Among other things, its research activities are focused on human nutrition and quality of food products.

Research Institute of Brewing and Malting (www.beerresearch.cz)

- established in 1887, this is one of the oldest research institutes in Europe. Its current fundamental research project is the specification of the character of Czech beer, especially Pilsner Urquell, with the aim of defining this beer by means of chemical and sensory analyses and the use of technology in order to preserve its character in changing economic and technological conditions. The second aim is to succeed in finding new techniques of fermentation shortening and continuous hopping to achieve greater economic savings in production.

Dairy Research Institute (www.milcom-as.cz)

- this institute carries out agricultural research, develops new dairy products, and assists with solving technological production problems. It also conducts chemical and microbiological analyses of raw milk and milk products.

Potato Research Institute (www.vubhb.cz)

- science and research centre for potatoes in the Czech Republic.

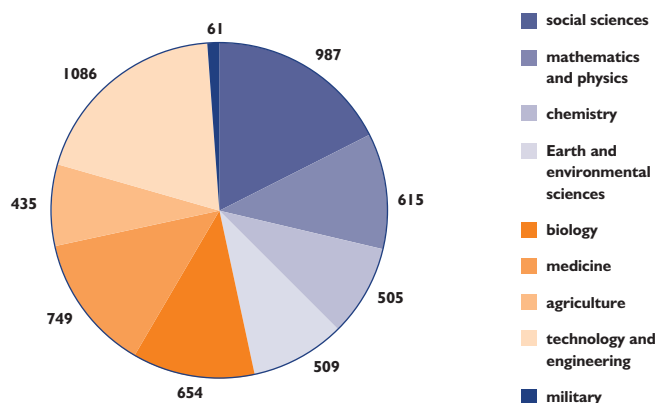
Food-processing research institutes are very closely connected with agricultural research institutes and other institutions that have a very strong presence in the Czech Republic, such as the Central Institute for Supervision and Testing in Agriculture, the Animal Production Research Institute, the Agricultural Research Institute Kromeriz, etc.

Development of number of students in tertiary life-sciences and technical study programmes in the CR

	2000	2001	2002	2003	2004
Life sciences and technical fields, total	75 394	80 193	85 463	93 026	98 375
Tertiary education, total	235 903	249 693	271 349	300 375	323 841

Source: Czech Statistical Office, 2005

A number of food-processing trade journals are published in the Czech Republic, for example *Maso (Meat)*, *Pekař a cukrář (Baker and Confectioner)*, *Potravinářský zpravodaj (Food-Processing Herald)*, *Potravinářská Revue (Revue of Food Processing)* and others. The status of impact journal achieved by *The Czech Journal of Food Science* is a great success for Czech food science.

Number of R&D projects in the CR by field, 2004

Source: Research and Development Information System, Office of the Government of the Czech Republic

Other research institutes

- Food Research Institute Prague, www.vupp.cz
- Research Institute of Agricultural Economics, www.vuze.cz

Other important organisations

- Czech Food Technology Platform, www.foodnet.cz
- National Programme for Support of Food Production

Recommended information sources

- Institute of Agricultural and Food Information, www.uzpi.cz
- Concept of the Czech food-processing industry for the period from the

Czech Republic's accession to the EU (2004-2013), Ministry of Agriculture of the Czech Republic, www.mze.cz

- Panorama of the Food-Processing Industry in the CR 2005, Ministry of Agriculture of the Czech Republic, www.mze.cz

Useful contacts

Federation of Food and Drink Industries of the Czech Republic, www.foodnet.cz

- Czech Food Authority (Ministry of Agriculture), www.mze.cz
- Ministry of Agriculture, www.mze.cz
- Agrarian Chamber of the Czech Republic, www.agrocr.cz
- Czech Academy of Agricultural Sciences, www.cazv.cz

Czech Food Technology Platform

Established in March 2006, the Czech Food Technology Platform is modelled on the European Technology Platform Food for Life. The goal of the Czech Food Technology Platform is the coordination and integration of research in the area of nourishment, food-processing and food-chain management in order to generate new or improved food products. The result should be a competitive Czech food-processing industry based on economic growth, technology transfer, ecologically sustainable production and the trust of consumers. The Czech Food Technology Platform can be reached via the Federation of Food and Drink Industries of the Czech Republic. Contact: www.foodnet.cz.

Average per capita food consumption in the CR (kg/person/year)

Food (sub)group	1990	1995	2004
Meat, total (1)	96.5	82.0	80.5
beef	28.0	18.5	10.3
pork	50.0	46.2	41.1
poultry	13.6	13.0	25.3
Fish	5.4	4.9	5.5
Milk (2)	256.2	187.8	230.0
Butter	8.7	4.5	4.6
Eggs (pcs.)	340	290	247
Sugar	44.0	38.9	42.6
Cereals (3)	110.6	111.3	110.2
Potatoes	77.9	76.5	73.0
Vegetables (4)	66.6	78.0	79.8
Temperate-zone fruit (4)	44.8	39.1	50.3
Tropical fruit (4)	14.9	33.0	33.5
Non-alcoholic beverages	110.1	121.3	275.0

Notes:

(1) meat incl. bones, (2) liquid milk and milk products, excl. butter, (3) flour, (4) fresh

Source: Information summary, Institute of Agricultural and Food Information, Prague 2006



Monument to the invention of the sugar cube in the town of Dacice. In the 19th century, the Czech lands were the leading European producer of sugar from sugar-beet. In 1843, the Czech Jakub Krstof Rad invented the sugar cube as a convenient way of serving sugar with tea and coffee.

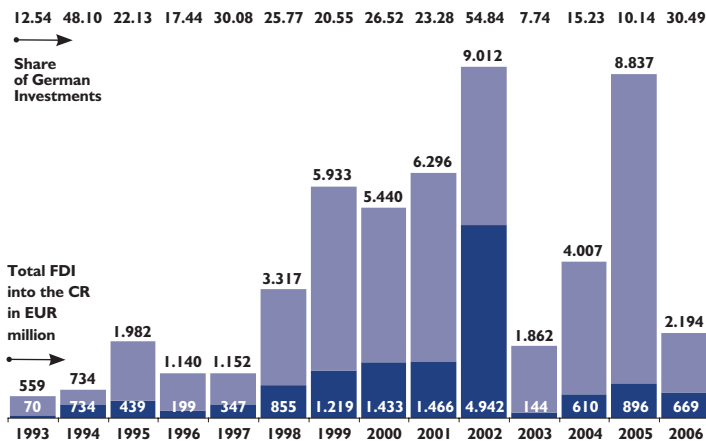
Source: Dacice, www.dacice.cz, 2006

More than just a neighbour...

Perhaps only a few Czechs do not know the meaning of words such as *niemand* and *stammgast*, or do not understand when someone asks them how their food *schmeckt*. Even though there have been times in our history when there was a lack of friendship and cooperation with our **German** neighbours, relations between the two nations have improved – according to research conducted by the Public Opinion Research Centre in 2003, 80% of Czechs considered Czech-German relations as “good”.

The Czech Republic is immediately connected to Germany by several issues. Besides the countries' rich history and common border, successful bilateral trade plays an important role. Germany is the Czech Republic's most important trading and investment partner. In 2005, the Czech Republic concluded 32% of its total foreign trade with the Federal Republic of Germany. Each year since the 1990s, Germany has held a leading position in the rankings of the largest investors in the Czech Republic. In addition, the projects of German investors have accounted for a quarter (24%) of successfully completed investment projects mediated by CzechInvest.

Inflow of foreign direct investments into the Czech Republic



Source: Czech National Bank, 2006

From the past to the present

German-Czech trade and economic relations are based on a long tradition. For example, the Siemens concern had capital participation in the Czech Republic long before the Second World War. The current branch



The classic Skoda Superb

of Siemens AG, which was re-established in 1990, comprises a group of 23 companies. With more than 14,000 employees, Siemens is among the largest employers in the country. In the Czech Republic, Siemens operates in the fields of information and communications, automation and control, energy, transportation, healthcare, lighting, household appliances, electronic components, and purchasing and logistics.

Another very significant and successful German investment in the Czech Republic is that of Volkswagen in the carmaker Skoda Auto, which with nearly 23,000 workers is the biggest employer in the country. Last year Skoda Auto celebrated the 100th anniversary of the production of its first automobile. The founders of the carmaker, under its original name Laurin & Klement, introduced their Voiturette model in 1905. The company's cars have carried the Skoda badge since a merger with Skoda Plzen in 1925. In April 1991, VW took over the carmaker, thus enabling further development of not only this successful Czech brand, but the entire Czech automotive sector as well. This success ensured other carmakers' heightened interest in the Czech Republic and long-term inflow of foreign investments from a range of the most varied automotive suppliers, which have found in the Czech Republic the necessary skilled workforce and a developed network of local suppliers.



Skoda's latest model, the Yeti

From production to development centres

On the basis of their positive experience here, many firms in the Czech Republic are expanding not only their production operations, but are more often taking advantage of the creative potential of the country's qualified engineers in their design and development centres.

A typical example is provided by the company Robert Bosch, whose presence in the CR can be traced back to its involvement with the carmaker Laurin & Klement at the end of the nineteenth century. Since 1991, Robert Bosch has again been active in the Czech Republic through several individual companies, among which are three production plants: Bosch Diesel s.r.o. in Jihlava, Robert Bosch s.r.o. in Ceske Budejovice and Bosch Rexroth s.r.o. in Brno. Robert Bosch was established in Ceske Budejovice in 1992 as a joint venture with the Czech company Motor Jikov, a.s. The company's production programme includes automobile components for engine-control systems. The Ceske Budejovice-based company

exports over 90% of its products to customers, which include nearly every significant European carmaker. A technology centre has also been established in Ceske Budejovice that employs highly skilled specialists for the development of automotive-component and module platforms. The company's plant in Jihlava has been producing diesel pumps since 2000. The original investment has been expanded several times and the total volume of investment in the Jihlava plant is in excess of EUR 505 million. The Bosch group currently employs approximately 8,700 workers in the Czech Republic.

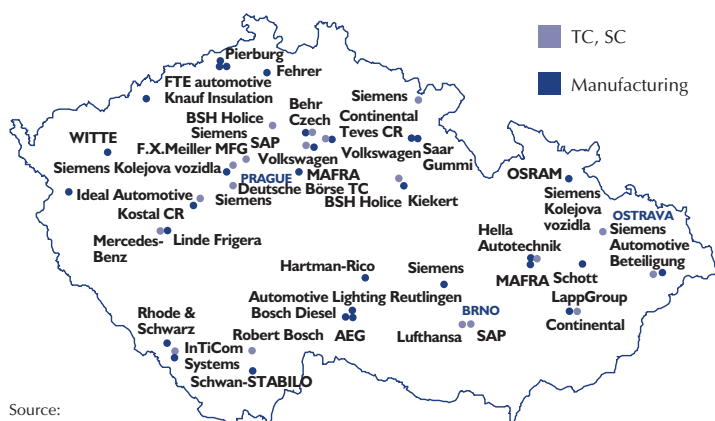


Bosch Diesel, Jihlava

Other important German companies that have production branches in the Czech Republic include AEG Kondensatoren, Dr. Oetker, Linde, Mercedes Benz, Miele, Osram, Schott and Thimm Verpackung. The automotive industry is among the largest industrial sectors in Germany and the Czech Republic, and it is therefore no wonder that a large part of German investments in the Czech Republic involves producers of automobile components, such as Behr, Benteler, Continental, Hella, Kiekert, Kostal, Peguform, Witte and Woco.

However, it is also necessary to mention smaller and less well-known German companies such as Erwin Junker (with three production plants in the CR), F.X. Meiler, and Demag. The number of investments of small and medium-sized German companies has grown very rapidly since the Czech Republic's accession to the European Union. Our membership in the EU is a guarantee that the investment and business environment is substantially similar to that to which they are accustomed in Germany, and that even small and medium-sized companies can confidently invest in this new EU member state.

Selected major German investors in the Czech Republic



Source: CzechInvest, 2006

Half of all Czechs speak German

After English, German is the second most-taught language in most Czech schools. According to a study by Universitas, approximately 50% of the Czech population has a command of German, which facilitates not only business communication, but also informal relations. In addition to

foreign languages, Czechs also excel in economics and finance, as determined by A.T. Kearney in its study of the suitability of individual countries for locating shared services centres. This study recognised the Czech Republic as the best destination in Europe for software-development centres, IT service centres, call centres, shared services centres, and high-tech product-repair centres.

The Czech Republic has successfully attracted several investments in these fields. Since 1992, SAP has operated a software-development

centre in Brno and a shared services centre in Prague, which provides to the company's branches in Europe, Africa and the Middle East support services in the areas of finance, administration and human resources management. The Prague centre also serves as a "display window" for demonstrating how SAP itself uses the SAP system. Similar shared services are provided by Siemens – in 2004 the company decided to expand its operations in the Czech Republic with provision of accounting services in its Siemens Business Services subsidiary.

Last year Lufthansa built a customer-support centre in Brno. Thus, if a Lufthansa customer in Central or Eastern Europe calls the Lufthansa customer line, his or her call will be directed to Brno. The centre employs more than 50 operators who handle an average of 2,000 calls daily. Brno is also the location of Lufthansa's new Global Load Centre for loading and weighing its aircraft for European flights. Operators at the Global Load Centre in Brno are connected with aircraft crews and airport personnel throughout Europe, from whom they receive information on the number of passengers, and the amount and weight of luggage and cargo. The operators evaluate this information and determine the best distribution of luggage and cargo in the aircraft, and return the results electronically in the so-called departure card. Without this departure card, the crew will not be given permission to take off.

The largest project in the area of business support services that the Czech Republic has gained so far is DHL's IT services support centre. Although DHL was founded in the United States, it can be considered a German company as it is owned by Deutsche Post. DHL has made use of the Czech Republic's strategic position in Europe with excellent transportation connections to all European destinations, and has opened a new IT and logistics services centre in Prague-Chodov, to which the company has transferred most of the operations from its branches in Great Britain and Switzerland.



DHL, Prague



Presentation of Siemens in the Czech Republic

How are specific development projects of German companies developing in the Czech Republic

Behr

Since it was established in 1905, Behr has evolved into an important supplier to leading global carmakers. During its post-war development, the company's specialists began to focus on complicated issues of tempera-



Behr's production, Mnichovo Hradiste

ture regulation in automobiles, and thus developed air-conditioning units as well as engine-cooling systems. The company gradually established its presence on six continents and currently has 16 plants and 11 partnership projects with more than 17,000 employees.

The company's Czech branch – Behr Czech – was established in 2002 in Mnichovo Hradiste to produce engine-cooling and air-conditioning systems. The plant's modern equipment ensures its privileged position within the entire concern, especially in the production of evaporators. The Czech Republic's favourable business climate convinced the company to expand its operations in the country and it is preparing construction of a new plant in the Ostrava region.



Behr's production facility, Mnichovo Hradiste

The company admits that in the Czech environment there is fierce competition in the labour market in Central Bohemia, especially with the large carmakers Skoda and TPCA and their suppliers. Behr Czech acquires its technical manual workers by maintaining close contacts with secondary vocational schools and through cooperation with experienced personnel agencies. The company addresses university-educated technicians and designers with offers of graduate and seminar work in manufacturing, and successfully attracts not only students of Czech universities, but also students from, for example, Germany. The company plans to continue with this strategy in the Ostrava region, where it wants to establish contacts with the local Technical University.

Kiekert

Kiekert-CS s.r.o. was established on 1 July 1993 as a subsidiary of the German company Kiekert AG. The main subject of Kiekert-CS's operations is the assembly and completion of sets and subsets of locks and central locking systems for automobiles. Kiekert AG is the largest global producer of automotive accessories of this kind and its most important customers include Volkswagen, Peugeot, General Motors, Mercedes, Opel, Seat, Saab, Skoda, Renault and others.



Kiekert, Prelouc

Due to growing demands from its German partner for the quality and quantity of production, the company's original site gradually ceased to be adequate, leading Kiekert-CS's management to search for new facilities. Production was thus moved to part of the former Tesla Prelouc site. Tremendous effort was exerted during the renovation and modernisation of the site; the company's premises currently cover an area of more than four hectares. With more than 1,000 employees, Kiekert-CS is currently the largest employer in the Prelouc region. Thanks to its carefully crafted motivation policy, the company is not faced with a lack of labour. In cooperation with personnel agencies, it is able to hire and retain scarce technical specialists. The company also established a language-training centre in order to enhance the language skills of its employees.



*Renata Haklova
Director of CzechInvest's Foreign Office
in Cologne, Germany*

Source: CzechInvest 2006, Skoda Auto, Kiekert, Behr Czech, Siemens, EURO magazine no. 40, 2006

CzechInvest - Investment and Business Development Agency

CzechInvest has been present in Germany since 1995. The agency's original Düsseldorf office was later moved to Cologne, and in April 2006 CzechInvest opened a second branch office for Bavaria and Baden-Württemberg in Munich, which also serves as a point of contact for investors from Austria and Switzerland.

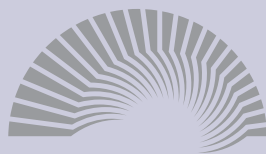
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INVESTOR ROKU
INVESTOR OF THE YEAR
2005

The most important investors that decided to invest in production, development and strategic services last year in the Czech Republic received awards from Czech minister as a part of the Investor of the Year 2005 ceremony. The sixth anniversary of the event was also marked by the addition of a new category: "Supplier of the Year", in which Czech firms that are the most significant suppliers of multinational companies are recognized. Within the Partnership for Support of Foreign Direct Investment in the Czech Republic, the Investor of the Year awards were announced by CzechInvest in cooperation with the Association for Foreign Investment and under the auspices of the Ministry of Industry and Trade.

Greatest Economic Benefit – Investment in Production

1st Place

SungWoo Hitech s.r.o.

SungWoo was established in 1977 and today is one of the largest suppliers of automobile components in Korea. The company specialises primarily in sheet-metal construction elements such as doors, roofs, and fenders. SungWoo has four factories in Korea and three foreign branches, including one in India and two in China. SungWoo is building its new plant in the Ostrava–Hrabova industrial zone. It came to Moravia as a supplier of the carmaker KIA in Zilina.

Gyu Soo Shim, President and CEO, SungWoo Hitech s.r.o.

Why did you decide to invest in the Czech Republic?

"We were originally choosing between Poland, Slovakia and the Czech Republic. In the end, we decided to invest here due to the well-developed infrastructure and sufficient, qualified workforce. That our decision was the right one is evident in the fact that everything is going according to plan."

What are your future plans?

"Thanks to the announced investment of Hyundai, we have decided to expand our operations in the Czech Republic. Both the value of the investment and the number of employees will grow. We want to hire up to 1,500 employees, by which we will fulfil our commitment to hire as many people as possible in the Czech Republic."



(from left) Petr Knapp, Chief Executive Officer at CSOB, Gyu Soo Shim, CEO of SungWoo in the Czech Republic, and Cestmir Sajda, Deputy Minister of Labour and Social Affairs

2nd Place

ADC Czech Republic s.r.o.

Production of network infrastructure (copper and optical cable, cable connectors, etc.) in Brno.

The ADC group holds thousands of patents and its products and services are used by telecommunications service providers, wireless operators, broadcast operators and Fortune 500 enterprises around the globe. The company has sales, manufacturing and development offices in more than 35 countries, including the Czech Republic.



(from left) Libor Vanek, Director, ADC Czech Republic s.r.o., and Zdenek Kaiser, Chief Operating Officer, Ingersoll Rand Czech Republic.

3rd Place

FTE automotive s.r.o.

Production of hydraulic brake and clutch components in Podborany.

FTE automotive Group is a leading global innovator and producer of hydraulic brake systems and clutches for passenger cars, utility vehicles and motorcycles. In Podborany in the Usti region, the company is building a plant for the production of hydraulic-brake and clutch components. Over six years, the company will invest more than one billion Czech crowns and employ several hundred people.



Peter Horn, Managing Director of FTE automotive Czechia s.r.o., Pavel Pilat, Business Director of Metrostav a.s.



Greatest Economic Benefit – Investment in Business Support Services

1st Place

Sun Microsystems Czech s.r.o.

Software-development centre in Prague.

The origins of Sun Microsystems' development centre in Prague date back to 1999 when Sun acquired NetBeans, a development environment for the Java platform. From 1999 to 2005, dozens of developers worked at Sun's development centre in the Czech Republic. The key turning point came in the first half of 2005, when Sun Microsystems, with support from CzechInvest, decided to expand its activities in the Czech Republic. More than 200 highly qualified specialists are currently working on the development of key software technologies at Sun's Prague centre. NetBeans, the best development environment for the Java Platform, remains the main project of the Prague development centre, which will eventually employ up to 400 people.

Petr Ryvola, Marketing Manager, Sun Microsystems Czech

Why did you decide to locate this investment in the Czech Republic?

This decision was the result of an analysis of several important prerequisites. The first of these is the supply of labour in the Czech Republic, which in our case means a sufficient number of qualified software specialists, and the extent of their abilities with respect to the future. We do not need the Czech government to build more kilometres of highway, but we especially value the connectivity and reliability of the communications network. An obvious parameter for the decision was understandably the investment and operation costs, when – particularly in our case – this does not concern only comparison of salaries. If that were the case, all such investments would of course be directed farther east. It also concerns costs associated with the rental of office space, inflationary trends, exchange-rate fluctuations and so on. In deciding for Prague, the Czech Republic's membership in the EU was also very helpful, as an important aspect is the overall legal framework, and thus the protection of investments and intellectual property, as well as regulation of the labour market.

What most surprised you when implementing this investment in the Czech Republic?

We were very pleasantly surprised by how quickly the Prague development centre gained an excellent reputation among our colleagues in the United States. Thanks to this, the centre will be able to expand more quickly than was originally planned. However, there is a huge demand for engineers and the Czech education system does not manage to satisfy it.



(from left) Zdenek Pilz, CEO of Sun Microsystems Czech, receives the award from Jiri Havel, Deputy Prime Minister for the Economy.

2nd Place

TietoEnator a.s.

Centre for administration, operation and security of data networks, servers, databases and applications in Ostrava.

TietoEnator is among the leading architects of the efficient information society and is one of the largest providers of IT services in Europe. The company specialises in consulting, development and operation of its customers' business processes in the environment of the digital economy. The corporation's services are founded on the combination of extensive knowledge of selected branches of business and the most modern information technologies. TietoEnator employs more than 15,000 specialists in over 25 countries.



(from left) Keiichi TAKAHASHI, General Manager of Sumitomo Corporation Europe, Zbynek Eiselt, Chairman of the Board of Directors and Chief Operating Offices of TietoEnator

3rd Place

Computer Associates CZ s.r.o.

Software-development centre in Prague.

Computer Associates offers a wide range of mainframe software solutions that enable IT organizations to optimize utilization of data-centre resources, reduce the total cost of ownership, maintain alignment of utilization with business value, and quickly respond to evolving enterprise computing requirements. CA chose Prague because of its highly qualified and educated workforce, the strong programme of mainframe education at Czech universities and Prague's strategic location at the geographic heart of the European Union. The company has had a direct presence in the Czech Republic since 1998 and employs 20 people at its existing sales offices in Prague and Bratislava, Slovakia. The new centre in Prague will focus on software development, maintenance, validation and quality assurance for the mainframe computing environment.



Martin Slaby, Chairman of the Steering Committee of the Association for Foreign Investment



Investments with the Greatest Innovation Potential

1st Place

TC INTER-INFORMATICS a.s.

Technology centre for design of technical aircraft-interior solutions in Prague.

Inter-Informatics a.s., which provides engineering services in the area of machining and comprehensive software-development solutions, founded the Inter-Informatics a.s. technology centre as its subsidiary three years ago. By doing so, the company's management responded to increasing cooperation with the Airbus concern, a multinational producer of aviation technology. Currently, 130 specialists work at TC Inter-Informatics, though over five years that number will grow to up to 300 in connection with the company's expansion project. The company's main customers are producers of aircraft, automobiles and ships, for which the company ensures a complete range of services in conjunction with product development and production of prototypes.

Dusan Ocka, Chairman of the Advisory Board, TC INTER-INFORMATICS a.s.

Why did you decide to establish a technology centre in the Czech Republic?

Because it is, among other things, also the headquarters of our parent company. During the launch of the technology centre's operations we had to use the existing background of the parent company so that the technology centre could be introduced into operation as quickly as possible.

At the time the technology centre came into being, the advantage of lower personnel costs in the Czech Republic, in comparison with "old" member states of the EU, was very interesting. Prague had the good infrastructure necessary for our activities. A further advantage was Prague's location and accessibility, both in terms of telecommunications connections as well as for personal communication with partners. An impetus for the technology centre's creation was also the gaining of support for its development.

What most surprised you when implementing this investment in the Czech Republic?

We were pleasantly surprised by the possibility to obtain a qualified workforce on the necessary scale. Also, the hired employees exhibit good flexibility. We appreciated the good cooperation with CzechInvest in processing the technology-centre project, as well as with the relevant ministries.



(from left) Dusan Ocka, Chairman of the Advisory Board, TC INTER-INFORMATICS, with event moderator Jana Viskova

2nd Place

TRW-DAS a.s.

Development and production of motor-vehicle components in Dacice.

The project of development and production of components for motor vehicles arose at TRW-DAS's Technology Centre in Dacice. The centre is engaged in developing and testing automobile components within the framework of worldwide projects in which top designers and developers take part. TRW-DAS reports to the leadership of TRW Automotive Operations, headquartered in Livonia, Michigan, USA.



(from left) Marie Macounova, Vice-President for Marketing and Product Development at Czech Airlines, and Bernd Hofmann, Director of the testing and development centre of TRW-DAS a.s. in Dacice

3rd Place

Alcoa Fujikura Czech s.r.o.

Development of electrical cable systems for the automotive industry in Plzen.

At its production plant located in Stribro, Alcoa Fujikura produces wiring-assembly systems for the automobile industry and customers across Europe. The company is globally active in all main branches of industry – development of technologies, mining, metallurgy, refining, manufacturing and recycling. It is one of the world's leading producers of primary aluminium, aluminium products and aluminium oxide.



Frantisek Med, Plant Production Manager, Alcoa Fujikura Czech s.r.o.



Supplier of the Year

1st Place

PLASTIK HT a.s.

Contracts for Daikin, Matsushita Plzen, Black & Decker – plastic mouldings.

PLASTIK HT is a company with a tradition dating back more than 40 years. Today the company is focused on the production of technical plastic mouldings for the automotive and electronics industries. Production is ensured by approximately 650 employees using the most modern machine equipment. With respect to the growing interest of customers, the management of the joint-stock company PLASTIK HT recently decided to expand production. As a result of this decision, the company will build a new 5,000m² production hall in the local industrial zone. Plastik HT's customers are located not only in the Czech Republic and Europe, but also in Mexico, Argentina and Australia.

Petr Smeral, Representative of the Board of Directors, PLASTIK HT a.s.

What steps did the company take in order to gain such significant customers from the ranks of international corporations?

Under the leadership of its Swiss owner, over the past nine years the company has undergone thorough restructuring. We know that international corporations require above-standard service. Therefore we embarked on a programme of ensuring commitments to our customers through the use of the most modern production and computer technologies. We have raised the level and number of our services. Today we ensure, together with the customer, the development of both products and forms, which we subsequently produce. Using these forms, we mould plastic components, which we are then able to assemble and sell to the customer with the highest added value. And, of course, we focus on quality, which is part of our process from the initial negotiations and continues through the quality of individual components to on-time deliveries.

How do you perceive your position on the market in relation to foreign suppliers?

I venture to say that our position on the market is significantly strong, which is due not only to the aforementioned restructuring, but also to our partnership with CzechInvest. Timely information about a new foreign investor gives us room to build a strong and high-

quality project team which from the beginning works on the customer's new projects and requirements. This is confirmed by the satisfaction of our customers, such as DAIKIN CR, PANASONIC, and Black & Decker.



(from left) Petr Smeral, Representative of the Board of Directors of PLASTIK HT, with Martin Tlapa, Deputy Minister of Industry and Trade

2nd Place

TOKOZ a.s.

Contract for Makita UK – aluminium and zinc castings and mouldings.

TOKOZ a.s. cooperates with a range of foreign companies, of which the largest are ROTO Frank and SAURER GROUP of Germany and ARVIN MERITOR, an American supplier to the automobile industry. The company specialises in construction hardware, security mechanisms, moulded components and pressure castings.



(from left) Vladimír Chladek, CEO and Vice-Chairman of TOKOZ a.s., and Tomáš Hruška, CEO of CzechInvest

3rd Place

OKULA Nyrsko a.s.

Contract for Daikin – forms for the production of plastic mouldings, precision sheet-metal mouldings.

OKULA Nyrsko is a Czech company with a long tradition in the production of glasses frames and processing of plastic materials. The foundations of its current plant in Nyrsko were laid in 1895. The dominant product line of the Nyrsko plant, which has its own development laboratory, includes blow- and injection-moulded plastic products. The company meets the demanding requirements of its customers in the pharmaceutical and cosmetics fields, as well as in the electronics and automotive industries.



Ladislav Hrsel, CEO and Chairman of the Board of Directors of OKULA Nyrsko



PODNIKATELSKÝ PROJEKT ROKU ENTREPRENEURIAL PROJECT OF THE YEAR

For three years already, entrepreneurs in the Czech Republic have been able to apply for support from structural funds. For the first time this year CzechInvest, in cooperation with the Association for Foreign Investment, presented awards for the best projects supported by the European Union. The Entrepreneurial Project of the Year award is intended for quality projects of enterprises in the manufacturing industry and related services.



The Entrepreneurial Project of the Year 2005 awards were presented to the best projects that received grants last year from the Operational Programme Industry and Enterprise (OPIE)

To prepare a quality project that receives a grant is no easy feat. We are therefore presenting a summary of these award-winning projects in recognition of their accomplishment. The selection committee, which was composed of representatives of the Ministry of Industry and Trade of the Czech Republic, CzechInvest and independent experts, chose the winners in four categories: **Project with the Greatest Innovation Potential, Cluster of the Year, Technological Development of the Year and Business Incubator of the Year.**

There is no way forward without innovation

The projects in the following categories involve demanding research and development leading to the successful realisation of innovative products or processes that fundamentally and qualitatively advanced the production of their developers to a higher level. The winner in the **Project with the Greatest Innovation Potential** category was the Research Institute of Textile Machines Liberec, a.s. for its project "Introduction of Production using CAMEL Pneumatic Weaving Machines". CZK 12.8 million (EUR 440 thousand) was allocated from the Innovation Programme for the project. The exceptional performance of this weaving machine is due to the originality of its construction elements. The Research Institute is thus continuing the illustrious tradition of Czech textile engineering, which in the area of air-jet weaving and

break spinning fundamentally changed the textile industry around the world. In the short time of its existence, the CAMEL pneumatic weaving machine has won several prestigious awards, including the Czech Brain prize for 2004. According to experts, it exemplifies how new findings should be introduced into practice. Weaving-technology consumers, textile companies producing technical textiles and producers of fibreglass fabrics have expressed interest in the machine.

*Miroslav Vaclavik, CEO,
Research Institute of Textile Machines*

■ When and why did you decide to apply for support from OPIE?

With regard to foreign partners' positive experience with structural funds, we closely monitored information at the time of preparation of the funds. The origin of our project was not an incidental process; it derived from the results of earlier implemented research and development supported from a programme of the Ministry of Industry and Trade. One advantage was the fact that completion of the research works corresponded time-wise to the terms of the announcement of OPIE (Operational Programme Industry and Enterprise), and thus it was possible to consider the start of production with the use of structural funds.

- *Are you considering applying for support from SF in the next programming period too?*

Yes, one of the supporting activities of our institute is commercial research and development for engineering firms. We are currently recording increased demand from these firms for cooperation aimed at the innovation of their products, and we would like to respond to this need through development and improvement of our R&D capacities. In the next programming period, we would therefore like to take advantage of the possibilities provided by the preparation of programmes in the area of expanding R&D capacities (Operational Programme Science and Research for Innovation) and we can say that a proposal for a "Light Engineering Development Centre" is in the initial preparation phase.

Development of technologies

In the **Technological Development of the Year** category, the best project was that of the printing company and lithographic studio DURABO Celakovice – "Introduction of Top Printing Technology". The project was supported with CZK 20 million (approx. Euro 690 thousand) from the Development Programme. Since its establishment, the company has successfully operated in the Czech printing market, expanding its services, investing in new technologies, and progressively expanding production. In connection with the growth of DURABO's production, it was necessary to increase and improve its production facilities. Therefore, the company's management decided to purchase large print-production facilities, including the existing technology. This investment enabled DURABO to overcome its limitations and grow from a small company into a more advanced, more efficient and more capable firm with a wide range of products.

Iva Vodakova, Owner and Manager of DURABO

- *What does it mean for your company to receive the Entrepreneurial Project of the Year 2005 award?*

The award is very prestigious for us, especially as this was the first year of the competition.

- *When and why did you decide to apply for support from OPIE?*

Immediately after the Czech Republic's accession to the EU, we spent a lot of time gathering information on grant programmes. At that time, in autumn 2004, we took steps toward the largest investment in our history and the project was based on this investment.

- *What do you consider as the keys to success in obtaining grants?*

The key factors are the feasibility of the project, thorough knowledge of the programme's conditions and prescoring.



Iva Vodakova,
Owner and Manager of DURABO

Cluster – "C" as in cooperation

Under the somewhat mysterious appellation "cluster" is hidden an effective form of cooperation. We can describe a cluster as an extensive symbiosis and partnership of companies that share a common field of business and at the same time represent links in the production process. In the **Cluster of the Year** category, the expert committee chose

"Search for Companies for the OMNIPACK Cluster" of PolyPlasty s.r.o. as the year's best project. The project was supported with CZK 900 thousand (EUR 30 thousand) from the Clusters Programme. The aim of the cluster is to build a leading centre of the packaging industry in the Hradec Kralove region and to support the development of modern packaging systems. Within the association of firms engaged in the production of packaging, each of the companies specialises in a selected technology in the field of packaging production. "We want to create an environment for packaging producers that enables them to raise the number of innovations, establish cooperation with universities, more effectively implement many business processes and thus increase their competitiveness," says Petra Vseteckova, manager of the cluster.

Ing. Petra Vseteckova, Manager, OMNIPACK Cluster

- *With whom do you collaborate in the cluster?*

Collaboration with universities and colleges has proved very valuable to us. Thanks to our cooperation with the Faculty of Economics and Administration at the University of Pardubice, we successfully conducted questionnaire research in the Hradec Kralove and Pardubice regions, during which we addressed nearly 500 companies. In cooperation with the Faculty of Mechanical Engineering at the University of West Bohemia in Plzen, we determined a selection of suitable legal forms for the cluster and its organisational structure. Furthermore, during the course of the search project we addressed experts in all areas that more or less concern the direction and operation of the cluster. Thanks to the acquired information, it was possible to work out the project so that it would correspond to the latest findings and expected developments in individual areas.

- *Are you considering applying for support from SF in the next programming period?*

With regard to the fact that the next programming period will be focused primarily on the development of innovation, science and research, we will definitely utilise these possibilities in order to fulfil the basic purpose of the OMNIPACK Cluster, i.e. to increase the number of implemented innovations, among other things.

Hatchery for new companies

In the **Business Incubator of the Year** category, the expert committee chose as the year's best project "Expansion of Services to Entrepreneurs" of the Business and Innovation Centre Ostrava. The centre has been assisting both new and established companies since 1993. It received CZK 30 million (EUR 1 million) from the Prosperity Programme for expansion of its operations.

The Business and Innovation Centre Ostrava offers services to entrepreneurs in the areas of research and development, project management, international cooperation and education. Its business incubator has already served 150 companies, and another 300 companies apply to the centre for assistance every year. Thanks to the project of support from the Prosperity Programme, the scope of BIC Ostrava's activities continues to expand. BIC Ostrava places particular emphasis on research and development. Therefore, a technology-transfer centre and science-and-technology park have arisen within the project of expansion of services. Upon completion of construction, the site intended for production, research and training will have expanded by additional 5,000 m².

Jaroslav Kuncicky, Csc. – Director, BIC Ostrava s. r. o.

- *What do you consider as the keys to success in obtaining grants?*

Key factors are our experience with operating a business incubator and technology centre since 1994, very thorough knowledge of the business environment in the region and throughout the Czech Republic, and our employees, both in the technical and economic areas during the formulation of our project.

- *What does it mean for your company to receive the Entrepreneurial Project of the Year 2005 award?*

It represents the tremendous commitment necessary for the project to be implemented according to the original aim. There is also the task of ensuring that the spaces which will be prepared for business subjects are quickly occupied by companies with strong innovation potential and that the entire centre serves the business public as a place on which companies can rely when with regard to their development.

Where Hollywood goes shopping

“First-class design requires first-class manufacturing. So after the fall of the Iron Curtain, I travelled to the Czech town of Plzen, near Prague, to see for myself the famous precision engineering companies I had heard so much about. And I found the best place in the world to build such an ambitious mechanical masterpiece. The know-how and craftsmanship of generations of toolmakers and engineers makes Plzen the centre of excellence that is now the home town of Technocrane.”



Mr. Horst Burbulla with Oscar

Mr. Horst Burbulla and his company, Technocrane, have succeeded in the worldwide business of filmmaking. Burbulla's invention of a telescopic camera crane represents a major accomplishment, which was crowned with an Academy Award.

Horst Burbulla developed the first telescopic camera crane while shooting a movie 20 years ago. What was the impetus for such an accomplishment?

“From an early age I was fascinated by the cinema in my hometown, spending many afternoons watching the big screen. Love stories, mystery thrillers, historical dramas... I was hooked. I began to think about the visual language

of the film and the secrets of making great movies. Soon I was determined to become a film director myself. While shooting my one and only film, I wanted a camera crane capable of getting all those great shots of the classic movies. My film is now forgotten, but during the process of making it I developed something completely new: the telescopic camera crane. The invention from those days has become the artist's brush of today's moviemakers and television directors.”

Technocrane produces telescopic camera cranes for the film and television industry. Production started in 1990 in a suburb of Plzen in the Czech Republic. The beginning of production was not easy as the company was located in the leased space of a former restaurant and employed only three people. During the first five years of the company's existence, roughly three cranes were produced and shipped annually. In 2001, the company moved to a new production facility and experienced rapid growth in the number of its employees. Technocrane currently employs 60 people and produces around 40 cranes a year. Upon assembly and testing, most of the company's production is immediately shipped to end customers. Development and production takes place exclu-

sively in Plzen with the cooperation of designers, mechanics, machinists and electricians, most of whom are long-term employees of the company and have extensive experience with the development of telescopic camera cranes.

The Supertechno telescopic camera crane has a German patent (No. 101 47 602) and is produced with Czech precision, reflecting the country's industrial tradition. Thanks to its telescopic arm, and especially to its speed and smoothness, the camera can be placed anywhere, whether in an inaccessible corner or in the open air. This flexibility allows the shooting space to become bigger and production costs to significantly decrease. At present the telescopic camera crane is an essential part of the filmmaker's toolbox. With its electronically driven levelling head, adjustable moveable weight carriage and lightweight, extremely precise telescoping beam elements that allow camera movement during shots, the Technocrane has redefined the state-of-the-art in camera-crane technology.

Technocrane's customers are found all over the world. However, the largest proportion of production goes still to Hollywood. The cranes are used for shooting almost every film made in the famous Hollywood studios but it is not unusual to transport them to the deepest part of a desert, to the rooftop of a skyscraper, to snowy mountains or to a rain forest. It can be said that without Technocrane some complicated action scenes, like those featured in Spiderman or Van Helsing, would not have been possible. Other films that have benefitted from Technocrane's innovation include Titanic, Pearl Harbor, Matrix, Harry Potter and Pirates of the Caribbean.

Source: Technocrane company, 2006



Supertechno telescopic camera crane



The Czech Film Industry at the Crossroads

At first sight, the Czech film sector is successful. Every year, Czech filmgoers have the opportunity to see 15-20 new feature-length Czech films, and they occasionally hear reports that a new major-budget, Bond-style thriller or fantasy in the mould of the "The Chronicles of Narnia" will be shot in the Czech Republic, and receive information on the approved project of expansion of Barrandov studios.

In addition, there is also the opportunity to participate in one of the dozens of film festival and seminars organized in the Czech Republic each year, and to visit one of the numerous club cinemas that are without parallel in the world. It is thus logical to have the feeling that the Czech film sector is flourishing.

The Czech film industry is currently drawing from its good reputation, from the legacy of Prague's FAMU and other film schools, and from major names in the industry such as Jiri Menzel and Milos Forman, and the leading light of the new generation, Jan Sverak. Nevertheless, the power of such a legacy cannot be everlasting. In order for the industry's current excellent reputation to endure, Czech cinematography must advance with new audio-visual enterprises that address both Czech and international filmgoers. Czech films are currently characterised by the telling of "little Czech stories" about Czech people in the Czech environment. One of the thematically purely Czech films of last year was "Happiness", winner of the Gold Shell at the International Film Festival in San Sebastian, the most significant award for Czech cinematography in recent years. On one hand, the use of Czech topics powerfully reinforces the cultural cohesiveness of the nation. On the other hand, however, this approach lacks the necessary reach beyond our country's borders, thus limiting the marketability of Czech films and their wider distribution outside the Czech market.

Czech films are financed almost entirely from local sources. Production budgets of Czech films rarely exceed USD 1 million. In spite of Czech films' impressive share of the domestic market (25%, which is a very solid figure in comparison with that of other European countries), this represents a lack of funding for the development of screenplays and production, and thus the fate of projects depends on their momentary success with Czech viewers. There are very few co-production films with greater hope for international success, and there is almost no investment in international promotion of successful Czech films. Without this, Czech films are presented abroad on a limited scale and the careers of Czech filmmakers cannot grow internationally.

Total financial support from the state amounted to CZK 129 million in 2005. This amount included payment of membership fees in European audio-visual organisations, contributions to the National Film Archive budget, organisation of film festivals and seminars, financing of annual awards and promotion of Czech cinematography abroad. In 2005, there was an attempt to enact the government's draft of an amendment to the Act on the State Fund of the Czech Republic for Support and Development of Czech Cinematography, which would have brought a fundamental increase of sources of income to the fund. However, the amendment did not receive the support of either the Senate or the president of the republic and therefore was not passed. In 2005, the fund's board distributed available funding to projects in the total amount of nearly CZK 70 million in the form of specific grants and reimbursable financial assistance. For comparison, the financial costs of Czech feature films amounted to approximately CZK 500 million last year.

Many states have long been aware of the advantages brought by the audio-visual industry. Film production is a cultural as well as an economic activity. It enables cultural expression, which supports the feeling of national identity and outwardly projects a positive image of the country. One of the indispensable functions of film is to popularise the country as a tourist des-

tinuation. The film industry fully meets the requirements of the knowledge economy, as it involves the use of the most modern technology and its competitiveness lies not only in high-quality technical equipment, but also in the skills and abilities of the professionals working in the industry. In order to make more extensive use of these indisputable benefits, a range of governments (New Zealand, Great Britain, Ireland, Canada, Hungary, South Africa, etc.) have introduced systems of financing and organizing support for their film industries.



illustration photo, interior shooting

The Ministry of Culture is aware of the proactive approach of other governments. Therefore, in the past year it commissioned the British firm Olsberg/SPI Ltd. to conduct the "Study of the Economic Influence of the Film Industry in the Czech Republic". Three fundamental recommendations for the Czech government are based on the conclusions of this study. The first of these is the necessity of creating a long-term strategy for the film sector and state institutions to ensure its implementation. The second recommendation is to ensure sufficient financial resources in the National Film Fund for development of screenplays and production of Czech films and co-productions. The final, and very substantial, recommendation is for an automatic financial incentive in the form of reimbursement of 12.5% of production costs expended by foreign film productions when shooting in the Czech Republic.

If, on one hand, we take into accounts the sector's current limitations, which are primarily the result of limited financial resources, and the increasing competitiveness of other countries in attracting foreign productions, and on the other hand we consider the benefit of this industry in the economic and cultural sense and the innate potential of Czech film professionals, then the proposed recommendations are substantially worthy of more than just consideration.

Dana Palickova, CzechInvest

Source: Study of the Economic Influence of the Film Industry in the Czech Republic, Olsberg, 2006
Report about the Czech cinematography 2005, Ministry of Culture of the Czech Republic
Technocrane company, 2006

Interview with Mr. Filip Hering, owner the Czech production company WILMA FILM

Filip Hering founded his company in 1999 after working for nearly twenty years in Germany, where he participated in the production of television and feature-films. Through WILMA FILM, he now offers services abroad, especially to German productions, to which the company provides comprehensive services including film technology and professionals in all areas of film production. Since it started operation, WILMA FILM has worked on approximately 20 films.

■ *In what ways is the Czech Republic interesting for foreign productions?*
The first great advantage of the Czech Republic is its long film-making tradition, and thus its abundance of film professionals and developed film infrastructure. Both technicians and artists are available to foreign producers here. In countries competing with the Czech Republic, this is not a matter of course, so foreign producers must often find such workers themselves or train local people.



illustration photo, interior shooting

Another huge advantage is the number of diverse locations for shooting. From the point of view of German producers, the Czech countryside is suitable for fairytales and historical films, for example. There are plenty of castles, chateaux, meadows, fields and farms here, all within the immediate vicinity of Prague, which is sufficiently equipped with modern film studios, ensuring real convenience for production work.

■ *To what extent can these advantages be offered by neighbouring countries, or countries that the Czech Republic most competes with in the area of foreign film production?*

A current, big disadvantage of countries competing with the Czech Republic in the film industry is the lack of professionally qualified workers. In the Czech Republic we have so many experienced people that several large productions can be underway at the same time. The question is what will happen when our competitors gain a qualified workforce and we thus lose this advantage. If the state does not introduce some incentive for foreign productions, which would at least signify that the Czech Republic is open to the film industry, we will not do as well in gaining foreign film production as we do today.

■ *What is the deciding factor for foreign production in terms of choosing locations?*

I estimate that 85% to 90% of such decisions are based on cost. Foreign producers thus face the question of whether shooting a film in another country will pay off and what won't pay off, or how much more financially advantageous one country offering a specific location is over another country.

■ *From the financial viewpoint, how is shooting a film for a foreign producer advantageous for the Czech side?*

If the entire film is shot in the Czech Republic, it is usual that approximately 35% to 45% of the film's total budget remains in the country. I can give the example of the feature-length film "Hui Buh", which our company worked on. The total budget was EUR 10 million, i.e. CZK 300 million, of which perhaps CZK 80 million was spent in the Czech Republic. Of course, the sum of money from the film's total budget that stayed in the Czech Republic does not represent the only financial benefit for the country. Another import aspect is the indirect revenues from the production of foreign films, i.e. the amount that foreign film crews spend in connection with their stay in the Czech Republic. According to estimates, these indirect and secondary revenues approximately equal the direct revenues from the production of foreign films in our country.

■ *What are some other advantages of shooting foreign films in the Czech Republic?*

Besides enhancing the skills of local film professionals, it also brings cultural and promotional benefits. There are feature-length films that take place in Prague and are thus extraordinary 90-minute advertisements for the city. The amounts paid for placement of advertisements in foreign media are enormous, but in this case the capital city does not have to pay a single crown for promotion. For this reason, in negotiations the city's representatives should work more toward the possibility of shooting in various parts of Prague.

■ *Is there any more explicit state support for the film industry in the Czech Republic, and would the introduction of such support be desirable?*

There is not currently any targeted support for the film sector. Tax breaks, such as those in Hungary, are being considered. (Note – Nörr Stiefenhofer Lutz: In Hungary, a programme of support was introduced with the goal of creating incentives for foreign producers and Hungarian companies to produce films in Hungary, or to participate in financing films shot in Hungary. On the basis of a points system, 20% of production costs that arise in Hungary can be returned to these subjects in the form of indirect support/tax allowances. There is also a special form of support for investments in film infrastructure.) In this regard, I would like to mention that the film industry is one of the cleanest industries of all – it has minimum impact on the environment and leaves behind only the enhanced experience and know-how of the people it employs. With respect to foreign productions, the country where a film is produced also profits financially. The relevant state bodies that will address these issues should always take into account this positive influence and the overall benefit provided by the film industry.

Barbara Kusak and Radka Felgrova,
NÖRR STIEFENHOFER LUTZ v.o.s.



illustration photo, exterior shooting

Czech-Japan Science and Technology Days

15-17 May 2006, Prague

Science and technology are currently among the main driving forces of all developed countries' economies. The Czech Republic also places great emphasis on the development and continual improvement of its science and technology capacities. Successful cooperation with Japan in recent years and the traditionally strong inflow of investments from this technologically advanced country have created suitable conditions for mutual future cooperation in the areas of science and technology.

In the interest of achieving better results of joint projects in the areas of scientific and technological development, the two countries came together in Prague on 15-17 May for the second annual "Czech-Japan Science and Technology Days" conference, which built on the success of the first such conference organised by the Japanese in Tokyo last year. This year's conference featured the participation of Czech and Japanese government officials and representatives of academia and technologically advanced companies. The goal of the organisers and participants was to establish direct contacts and to increase mutual awareness of the latest advances in the areas of scientific knowledge and technological development. Emphasis was placed primarily on precision engineering, robotics, cybernetics, electronics and micro-electronics, while those involved endeavoured to create a basis for continual cooperation in science and research, to present national development plans focused on research and development, and to discuss human resources in the field of science.



Presentation of an honorary doctorate from CVUT to Dr. Shoichiro Toyoda

CzechInvest and the Czech Technical University in Prague (CVUT) took part in organising the entire event in cooperation with the Office of the Government of the Czech Republic, the Ministry of Foreign Affairs, the Ministry of Industry and Trade, and the Ministry of Education, Youth and Sport. More than 130 people, including over 50 from the Japanese side, participated in the event. Among the most significant participants in the Czech-Japan Science and Technology Days were, for example, Shotaro Yachi, Deputy Minister of Foreign Affairs; Hajime Sasaki, Vice-Chairman of Committee on Europe, Japanese Federation of Economic Organizations; Toshiki Takahashi of the JETRO organisation; and H.E. Hideaki Kumazawa, Japanese Ambassador to the Czech Republic. This unique event was held under the auspices of Prime Minister Jiri Paroubek and Deputy Prime Minister for the Economy Jiri Havel.

In addition to the one-day seminar, the organisers prepared for the participants a rich programme that culminated with several important events. The first of these was the presentation of an honorary doctorate from CVUT to Dr. Shoichiro Toyoda, a leading exponent of Japanese management, as the first Japanese personality to be so honoured by CVUT.



Robot playing songs on the trumpet

Mr. Toyoda, the honorary chairman of the Toyota Motor Company, received this award in a traditional ceremony in Bethlehem Chapel. On this occasion, Toyota presented its robot, first introduced at last year's Aichi Expo, which played two well-known songs on the trumpet.

The accompanying programme also included a visit to the Research Institute of Textile Machines and to the company Elmarco, where Professor O. Jirsak of the Technical University in Liberec gave a presentation on nanotechnologies and production of nanofibres. Elmarco has also achieved considerable success with its nanofibre technology outside the Czech Republic. The company opened a branch in Japan earlier this year and is thus attempting to break into the Asian market. Elmarco collaborates with the Technical University in Liberec on the development of nanofibres for various industrial uses. The company has already introduced the use of nanofibres for production of bandage material and materials that absorb sound in a wide frequency range.



(from left) Kazuo Shimomura, Hiroto Ishida, Hajime Sasaki, Shotaro Yachi

In the Liberec region, a delegation of participants also visited Denso Corporation, one of the most important Japanese companies in the Czech Republic. Denso, a leading global supplier of advanced automotive technologies, systems and components, produces air-conditioning units for the automotive industry. The company has been operating in the Liberec region since 2001, bringing new technologies and product development to the region.

OR WHAT WE'VE FOUND OUT



Reception at the Hrzan Palace, hosted by Jiri Havel, Deputy Prime Minister for the Economy

Part of the delegation also visited the Faculty of Electrical Engineering at CVUT, the second largest technical university in Europe with 22,000 students, and was familiarised with the latest R&D successes of the faculty's laboratories. Toyota has collaborated with CVUT on several research projects with applications in the automotive industry.

The joint programme concluded with a visit to the flat-screen television production plant of Panasonic AVC Networks Czech s.r.o in Plzen. The Czech-Japan Science and Technology Days came to a close with a concert at the Rudolfinum



The Hrzan Palace in Prague

as part of the annual Prague Spring music festival. All participants, both Czech and Japanese, very positively evaluated the conference, its organisation and execution, while expressing interest in further cooperation with the related Czech organizations and in similar conferences in the future.

ed.



Reception hosted by the Japanese Ambassador, H.E. Mr. H. Kumazava



(from left) Josef Lebl, CzechInvest with Mikio Yotsu, Hitachi

Mark your calendar

Mark your calendar for the next Czech-Japan Science and Technology Days to take place in May 2007 in Tokyo!

Czech Top 100

This year marked the twelfth edition of the Czech Top 100, which recognises the most important companies in the Czech Republic. The ranking is compiled on the basis individual companies' revenues in the last financial period. This year's top three are unchanged from last year. Skoda Auto, whose revenues were 14% higher than in the previous year, succeeded in retaining the top spot. CEZ, a.s. took second place, followed by Unipetrol, a.s. The idea to compile the Czech Top 100 ranking was born of the need for better awareness of the Czech business environment. The annual announcement of the winners provides a splendid opportunity to bring together the country's best managers, who are responsible for leading their companies to these highest positions.



TOP 10 most important companies in the Czech Republic

2005	2004	Company	2005 revenues in USD th.
1.	1.	SKODA AUTO a.s.	8 077 155
2.	2.	CEZ, a. s.	5 391 749
3.	3.	UNIPETROL, a.s.	3 489 217
4.	5.	RWE Transgas, a.s.	3 001 302
5.	8.	AGROFERT HOLDING, a.s.	2 890 485
6.	4.	CESKY TELECOM, a.s.	2 631 148
7.	6.	OKD, a.s.	2 502 148
8.	10.	Siemens Group CR	2 323 670
9.	9.	MORAVIA STEEL a.s.	2 312 050
10.	11.	FOXCONN CZ s.r.o.	2 215 571

“I’m not a German; I’m a Boschman”

Beautiful landscape, friendly people, the grandiosity of Prague, faces of co-workers in the Jihlava plant and many kilometers spent on the road... These are the memories that come to the mind of Mr. Kersten Janik when he hears of the Czech Republic.

After four years as the manager of Bosch’s plant in Jihlava, Czech Republic, Kersten Janik returned in April of this year to his native Stuttgart, where he is now the Head of Product Group Bosch Common Rail Systems for passenger cars.



With over 6,000 employees, the Czech branch Bosch Diesel s.r.o., is the largest employer in the Vysocina region. At its plant, which was established in 1993, the company manufactures components for automotive diesel systems.

Foreigner in Jihlava

Living in Jihlava with his family, Mr. Janik had to deal with cultural differences not only in the work environment but also in his private life. How did he and his family live in the Czech Republic? How significant

are the differences between Czech and German culture? What kind of experience did he have with his Czech colleagues? What barriers must a German citizen living in the Czech Republic overcome?

Did it take long to get familiarized with Czech culture?

No. The culture is very close to that of Bavaria and Austria. There is a much bigger difference between southern Germany and northern Germany. This does not include the language, of course.

What were the biggest surprises for you as a German living in the Czech Republic?

People were far friendlier than I expected and they always tried to help me. In general, people try to be polite more than my German compatriots. Germans are much more focused on tasks and facts and figures. I was always surprised by how fast you get served in restaurants here.

Did you come across any particular situations you did not expect at work that arose due to the difference in Czech and German mentalities?

There were a few such situations. For example, we had a meeting of all workers where we informed our associates about our business situation and we also had some more critical demands. In other countries there might have been a negative reaction. In our plant we had long and personal discussions on the shop floor after the meeting, even one hour after the event. It was very impressive how open yet fair our associates were in the discussions there.

In your opinion, what are the most striking cultural differences between the Czech and German nations?

There are fewer differences than people normally think. Both nations are located in the center of Europe, share the same basic values, love the same kind of food and beer, and enjoy similar music. One difference, however, is that Czech people care much more about the personal feelings of other people. And Czech people give a high priority to their family and friends while Germans focus a lot on their jobs. Let me point out, that as the manager of a Bosch plant, there was never any focus placed on nationality. Our main effort concerns the business with a worldwide orientation. So in an interview I stated “Nejsem Němec, jsem Boschák” (“I’m not a German; I’m a Boschman”). This may sound ridiculous but it stands for our respect to every nation and to every associate.

Language education

What do you think of the language skills of your Czech colleagues: did you find enough people for your team who spoke German, or did you speak English?

It is a two-way street. Foreigners should learn the Czech language but Czech people dealing with international companies must learn the company language

as well. I speak Czech fairly well. At work I used mainly English and German; on the shop floor Czech. I wish I could have learned more. Bosch does look for people who speak German or English. But in the first place, qualifications are important. Languages can be learned and in our own experience Czechs are really motivated to learn foreign languages.

How did you manage language education for your employees (German, English)?

Our associates learned fast. In 2002 there were only a few people who spoke German (our company language); now we have more than 1,500 speaking it quite well. In English we have also made great progress. Bosch in Jihlava pays for the courses and evaluates the results. People who speak other languages (when needed) earn more.

How did your family deal with living in the Czech Republic? What is your experience of schools in the Czech Republic that teach in German?

My family lived in Jihlava most of the time. In cooperation with the magistrate in Jihlava, Bosch introduced a German-speaking class in the kindergarten and in the elementary school. This model worked quite well; the German pupils learned the Czech language fast, and the Czech pupils learned some German basics. In the kindergarten, we also supported an English group. It was very nice when I was there on the 6th of December when the pupils sang songs and presented poems in those languages.



German language lessons in Jihlava, Source: Bosch

In the kindergarten, we also supported an English group. It was very nice when I was there on the 6th of December when the pupils sang songs and presented poems in those languages.

Message to others

To conclude, is there a message you would like to send to German investors coming to or operating in the Czech Republic, something that they could like or that could help them?

Yes, there is. First, learn the language, at least the basic words to show your respect to your host country. Second, don’t just work; try to be open to the rich cultural life and enjoy life in the Czech Republic.

Source: Bosch, 2006

Useful contacts

- Portal Tschechien Online - www.tschechien-online.org
- Internet-Portal “Gute Nachbarschaft” - www.gute-nachbarschaft.org
- Deutsch-Tschechisches Café - <http://de.groups.yahoo.com/group/dtcafe/>
- Radio Prag - www.radio.cz
- Prager Zeitung - www.pragerzeitung.cz
- Deutschsprachige Evangelische Gemeinde Prag - www.martinvezdy.cz/deutsch.htm
- Deutschsprachige Katholische Gemeinde in Prag - www.kathprag.cz
- International Women’s Group - <http://www.volny.cz/iwap/>
- Tschechisch-deutscher Kindergarten - www.kindergarten-prag.cz, www.kachnicka.com

Source: Embassy of the Federal Republic of Germany in Prague, Czech Republic, www.german-embassy.cz

Partnership to Support Foreign Direct Investment in the CR



A joint project of the **Association for Foreign Investment (AFI)** and **CzechInvest**, intended for stable companies that offer highly competitive services and products, aimed at supporting a competitive investment climate in the Czech Republic and creating strong awareness about the Czech Republic abroad.



- The main aim of the project is to support the inflow of foreign direct investment to the Czech Republic, mainly by ensuring quality service for foreign investors, and to support the competitiveness of the Czech economy.
- Another aim is to create a space for communication between foreign investors, state administration and Czech companies that will lead to fulfillment of the project's main aim.
- This space is ensured by the project's activities supported by the involved Partners – CzechInvest, AFI and private companies.
- The project's main activities include a series of formal and informal gatherings with investors, award ceremonies such as **Investor of the Year, Industrial Zone of the Year and Supplier of the Year, working breakfasts with cabinet members** and other major representatives of the Czech state administration, **meetings with regional governors, seminars** and **trade fairs with specialized and other activities** in the form of sporting events, etc.



Main Partners



Partners



Supporting Partners



YOUR CZECH E-GUIDE



■ Food Research Institute Prague
www.vupp.cz



■ Federation of Food and Drink Industries of the Czech Republic
www.foodnet.cz



■ The Official Website of the Czech Republic
www.czech.cz



■ German Embassy in Prague, Czech Republic
www.german-embassy.cz

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