

CZECH REPUBLIC

MONTHLY NEWSLETTER

June 2010



Headline News

- **Knorr-Bremse**, a manufacturer of brake systems for railway vehicles and utility vehicles, has opened a new production plant for utility vehicle systems in Liberec. The 7,800 sq m plant is replacing an older site in Hejnice near Frydlant.
- The company has been present in Hejnice since 1993 and is now moving to the Liberec industrial zone mainly in order to increase the flexibility of its production and logistics.

Source: CNA, Jun 11

conditions and engine coolers, to extend its plant in the industrial area Mosnov, Novy Jicin district, has passed the environmental impact assessment by the authority of Moravia-Silesia Region. The construction will likely be completed by the end of October 2012. The extended plant will likely offer about 360 new jobs.

• The proposed intention includes the extension of the production by two lines of a type similar to the current ones. The company also plans to complete the production hall, the warehouse, administrative premises and technical buildings in 2010 - 2012. The production hall will likely be extended by 8,800 sq m. The new production hall B will cover the area of 8,000 sq m.

Source: CNA, Jun 21

- European auto parts supplier **Rieter** plans to enter CTPark Bor near Tachov this fall. CTP chief executive officer Remon Vos stated that the anticipated rented area for production and office space will total 7,000 sq m in the first phase. The new hall will create roughly 80 new jobs.

Source: CNA, Jun 3

- **MRB Sazovice** and **Foundry and Machining** will allocate their investments into the Holesov industrial zone in the coming months. The total cost of the investment will be about CZK 240 mln. The total occupied area will be 2.33 ha. According to the Holesov zone website, the investment will create 150 job opportunities, including 145 brand new jobs.

Source: CNA, Jun 30

• The firm **Geis CZ** plans to build the second Nokian II hall in its existing warehouse facility in Ejpovice. The plan involves the creation of the central tyre warehouse of Finnish Nokian for the entire European Union. Implementation of the project is scheduled to start in September 2010 and be completed in March 2011.

Source: CNA, Jun 3

Business

- The firm **KOS Wire Europe** will open a new production line in its plant in the Lovosice industrial zone. The plant will be used for the rolling and drawing of stainless steel spring wires for the automotive industry, machinery and electric and electronic parts. The annual production is foreseen at 3,600 tons of steel wire.
- The Usti nad Labem Region Office has informed that the plan has no significant impact on the environment. This stems from the EIA Information System.

Source: CNA, Jun 2

- An intention of **Behr Ostrava**, a producer of car air-

- **GE Aviation's Business & General Aviation Turboprop** plans to launch serial production of the new H80 engine developed by Czech and US specialists on the basis of the Czech Walter M601 engine in Prague-Letnany. The first engines are to be presented on the market following the grant of the necessary certificates at the end of this year.

- The H80 with an output of 800 HP will be used to drive smaller business and transport aircraft or dusters. To develop the new engine, GE Aviation received a grant from the Czech government of USD 4 mln (almost CZK 84 mln).

Source:  Jun 28

Infrastructure

- The Regional Authority of the Olomouc Region has approved a project for the completion of the area of former plant Philips in Hranice na Morave proposed by **CTP Invest** in terms of its environmental impact. The investor intends to build universal halls for a light production or warehouses. The newly built area will likely employ 1,730 people in one, two or three shifts based on the type of activities. The investor has not provided the date for the implementation of the project.

Source:  Jun 9

R&D

- The Faculty of Construction at the **Brno University of Technology** (VUT) is planning to build a new center for science and research, AdMaS in Mydlany. The project is estimated to be worth roughly CZK 1 bln and will be funded through subsidies from European structural funds through Operating Program Research and Development for Innovation. Thanks to VUT projects the south of Moravia could get almost CZK 8 bln. AdMaS is in the final preparatory stages and actual construction should take place in 2011 – 2012.

Source:  Jun 17

- The advised project of **Biomedicine for Regional Development and Human Resources**, Biomedreg, was launched at Palacky University.

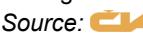
The Ministry of Education, Youth and Sports of the Czech Republic will support the project with almost CZK 133 mln; and more than CZK 750 mln will be granted by the European Union within the operational programme Research and Development for Innovations. The construction of the scientific centre will cost about CZK 250 mln and a further CZK 0.5 bln will be allocated to laboratory appliances and equipment.

- A tender for the contractor of the Institute of Molecular and Translation Medicine is currently under preparation, as well as tenders for some technologies, said Project Manager Petr Hajduch. Six structural research programmes will be implemented within this project. The project is to be completed in four years.

Source:  Jun 21

Economy

- On Friday June 4, the rating agency **Fitch** increased its sovereign **rating outlook for the Czech Republic** from "stable" to "positive" while maintaining other ratings. The reason given by the agency is the election result and a stronger chance of creating a centre-right coalition government that might be able to push through measures necessary to reduce state budget deficit.

Source:  Jun 4

- The biggest **investment opportunities** in the former Eastern bloc are according to the representatives of 13 private equity companies in **Poland**, the **Czech Republic** and **Romania**. The sectors with the most potential for investment are the energy, healthcare, food, telecoms and information technology sectors. This stems from a survey conducted by TPA Horwath.

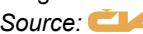
- Up to 96 % of respondents expect there to be more investments opportunities in the

Czech Republic than in Slovakia. This is the result of the y/y drop in investor expectations on the Slovak market from 13 to 6 %.

Source:  Jun 8

Culture

- This year's 51st year of the **Chopin Festival** starts in Marianske Lazne's Casino house on Thursday August 12. The opening concert will be played by the Prague Chamber Orchestra, conducted by Jiri Belohlavek. French piano player Philippe Guisiano will be the soloist. The festival will run through to August 21.

Source:  Jun 29

CzechInvest

- The KPMG study entitled EU Funds in Central and Eastern Europe - Progress report 2007-09 about the state and development of drawing on **subsidies** for projects supported by the European Union indicates that the Czech Republic lags slightly behind the average of other Central and Eastern European countries when it comes to drawing on funding. Lithuania and Estonia fared the best.

- In the 2007 to 2013 period a total of EUR 214.7 bln was allocated from European funds for the 10 new member states; according to Eurostat this represents 22 % of the annual GDP of the CEE region. The Czech Republic can draw on 14 % of this funding, which is equal to almost EUR 30 bln.

Source:  Jun 10

Exchange Rates
Averages for June 2010
EUR 1 = CZK 25.780
GBP 1 = CZK 31.149
USD 1 = CZK 21.562

Source: Česká informační agentura, s.r.o.

