

# CzechInvest Newsletter

May 2013

## Headline News

- According to a survey conducted by **CzechInvest**, more than half of major investors would not implement projects in the Czech Republic because of reduced investment incentives. A significant increase of costs, loss of motivation and low return on investment are the most frequently cited reasons why the surveyed foreign and domestic firms would not invest in new or existing projects in the Czech Republic if state aid were reduced from the current 40 % to 25 % of eligible costs as proposed by the European Commission.

According to Minister of Industry and Trade Martin Kuba, the European Commission's proposal would significantly worsen the conditions for providing state aid in the Czech Republic. The Czech Republic has made its objections known to Brussels.

*Source: CzechInvest, Apr 17*

## Business & Investment

- Skoda Parts Centrum** has been completed and the automated shelf warehouse has entered full operation. Overall, the carmaker invested some EUR 31.8 mln in it. With 25,000 daily supplies, Skoda Parts Centrum represents an important part of the global supplies of original spare parts and accessories of the brand as well as of VW, Audi and Seat. At the same time, it is the largest

warehouse of original parts in the Czech Republic. According to Skoda Original Parts and Accessories department head Roman Havlasek, the centre is one of three European central warehouses of the VW holding. By 2018, the portfolio of parts and accessories will be expanded by 50 % to 214,000 items.

*Source: CIA, Apr 9*

- Lumius** is considering building a small nuclear power plant with an installed output of up to 30 MWe. As company director Milon Vojnar stated at CIA's request, thinking about a certain location is premature for the time being. Small nuclear power plants will be a thing of the future and will start appearing after 2020, according to Vojnar.

*Source: CIA, Apr 29*

- GE Aviation** has celebrated the production of the fiftieth H80 turboprop engine in the Czech Republic. The company began series production of H80 turboprop engines in June 2012. Engineers from GE Aviation cooperated with the Czech Aviation Research and Test Institute on the development of the engine. According to the Jim Stoker, president and COO of GE Aviation's BGA Turboprops, H80 engines are currently in operation in the United States, Canada, Ecuador and Argentina, and the company will produce engines for aircraft to be delivered to China, Russia, South

Africa, Uruguay and Brazil over the next several months.

*Source: CzechInvest, Apr 26*

- Representatives of **Plzenska teplarenska** and **CKD Praha DIZ** have signed a contract on the construction of the communal waste incineration plant **ZEVO Chotikov**. The company won the tender with a bid of CZK 1.953 bln. The incinerator with a capacity of 95,000 tonnes of waste a year will produce electricity and supply heat to the central heating system in Plzen. The construction will likely be completed in 2015. According to CKD Group CEO Jan Musil, the project will be executed in cooperation with German company Martin and Austrian company Zauner.

*Source: CIA, Apr 17*

- The **Armatury Group** has begun constructing an industrial hall worth CZK 360 mln. The new production plant including technological equipment should be completed by mid-2014. Armatury Group board chairman Petr Holecek pointed out that after the completion, work conditions would improve and twenty new jobs would be created.

*Source: CIA, Apr 9*

- Wienerberger** is expanding its plant in Novosedly, planning to build a new line for the production of mineral wool-filled bricks by the end of 2013. The total investment into plant

modernisation and the new technology is CZK 175 mln. With the new manufacturing line, the company reacts to an increased demand in the Czech Republic and Slovakia, according to CEO Josef Kotek. Wieneberger also exports its products to Austria, Poland and Hungary.

Source: , Apr 22

## R&D

The Czech Republic is offering CZK 14 million to companies for international technological cooperation. The objective of the **Programme to Support International Cooperation** administered by the **Ministry of Industry and Trade** and **CzechInvest** is development and innovation of technologically advanced products and processes and support for cooperation between Czech firms and their foreign counterparts. Aid in the amount of up CZK 5 million is available to small, medium-sized and large enterprises that fulfil the conditions and will have a concluded contract with a partner based outside the European Union. The programme is focused on mechanical engineering, electrical engineering and electronics, information and communication technologies, energy, clean technologies, biotechnology, medical technology, and agricultural and food-production technologies. CzechInvest is accepting programme registrations until 14 June 2013.

Source: *CzechInvest*, Apr 22

Liberec Region's deputy governor Marek Pieter has proposed to build **an innovation centre in Liberec**. The project's first phase will focus primarily on starting up the business of people with innovative projects, from background to administrative help to workshops and cooperation with experienced mentors. Mr. Pieter has stated that he gained inspiration for the project in Brno, where the South Moravian Innovation Centre has been operating since 2003.

Source: , Apr 15

The first of two parts of the supercomputer that will be operated in Ostrava by the **IT4Innovations National Supercomputer Centre** has arrived into the facility of Mining University – Technical University Ostrava. The production, installation, rental and operation costs of the first part of the supercomputer in Ostrava total CZK 90 mln. The total value of the supercomputer centre project is ca. CZK 2 bln.

Source: , Apr 2

## Infrastructure

Development company **Erste Group Immorent (EIG)** was granted a building permit for the first three halls within the **Immopark Praha** project located 10 km west of Prague at the R6 speed road. EIG's Marketing Specialist Rudolf Kargl added for CIA that the premises for warehousing or production covering an area of almost 30,000 sq m could be completed by the end of this year.

Source: , Apr 15

## Economy

Since Tuesday, 2 April 2013, potential entrepreneurs have been able to submit applications for aid to cover the cost of consulting services associated with starting their own businesses. The second call of **CzechInvest's CzechEkoSystem project** offers a total of CZK 128 million in aid, which is more than twice the amount provided within the first call.

The CzechEkoSystem project is part of the Ministry of Industry and Trade's enhanced strategy in the area of support for small and medium-sized enterprises and is related to another of the ministry's projects, the Seed Fund, which makes it possible to support capital investment in start-up firms as well as in established, growing companies. CzechEkoSystem is financed from the Consulting Programme, which is part of the Operational Programme Enterprise and Innovation 2007-2013 administered

by the Ministry of Industry and Trade.

Source: *CzechInvest*, Apr 2

## CzechInvest

Alistair Hamilton, managing director of the **Invest Northern Ireland** agency, met with representatives of **CzechInvest** on Monday, 15 April 2013. Hamilton accompanied a trade mission comprising ten representatives of Northern Irish firms on a trip to the Czech Republic with the purpose of meeting with Czech and Slovak potential partners as well as a meeting at CzechInvest, which had the purpose of exchanging experience in the field of investment support and discussion of possibilities of closer cooperation.

Source: *CzechInvest*, Apr 18

At a conference held in Brno on 24 April 2013, **CzechInvest** evaluated the **Operational Programme Enterprise and Innovation (OPEI)**, which ends in 2013, and introduced the upcoming **Operational Programme Enterprise and Innovation for Competitiveness**. OPEI ranks among the most successful Czech operational programmes, having distributed a total of CZK 72.6 billion to 8,261 projects. The new operational programme, which will cover the period from 2014 to 2020, will be focused primarily on the innovation activities of small and medium-sized enterprises, reduction of emissions and introduction of high-speed internet and other modern means of communication in the business sphere.

Source: *CzechInvest*, Apr 25

## Exchange Rates

Averages for April 2013

EUR 1 = CZK 25.840

GBP 1 = CZK 30.374

USD 1 = CZK 19.836



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

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