



THE CZECH REPUBLIC





The Place for Business



Content

- **CzechInvest and its mission**
- **FDI in the Czech Republic**
- **From manufacturing to high value-added services**
- **Investment environment**

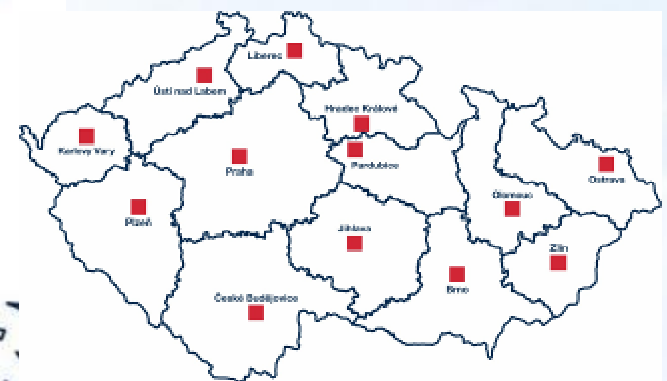
CzechInvest



CzechInvest's Mission



- Develop local companies
- Improve business environment
- Support foreign direct investment



CzechInvest's Activities: Developments since 1993



Ministry of Industry and Trade

1993

**Promotion of
foreign direct
investment
(FDI)**

1998

**Development
of business
infrastructure**
Local suppliers

2003

**Support of
local
entrepreneurs
and SMEs**
**Structural
funds of the EU**

2005

**Consolidation
+
Support of
technological
development
in companies**

FDI in the Czech Republic



Inflow of Foreign Direct Investment



1993 – 2006

58,8 USD Billion

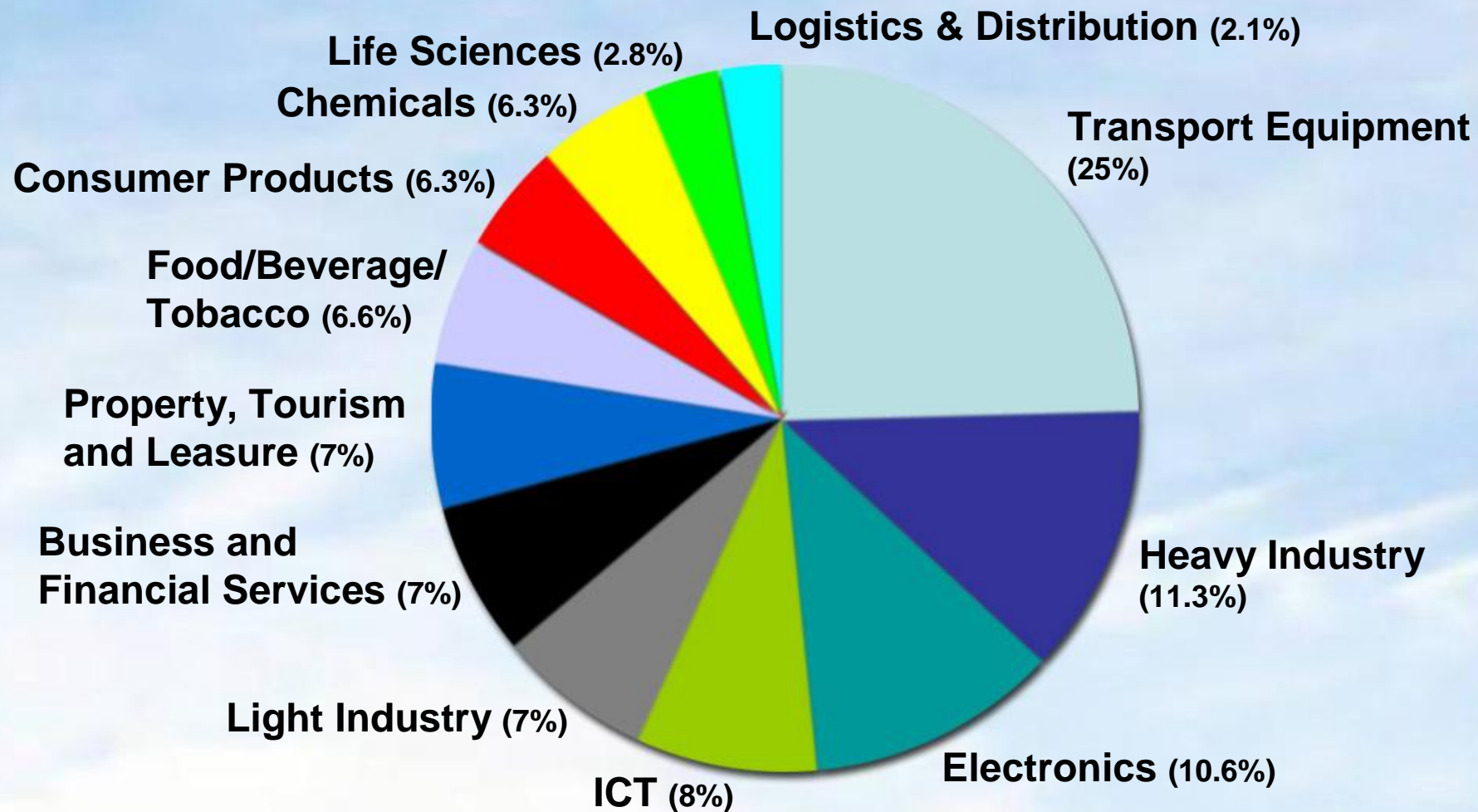
CzechInvest's results

Successfully completed projects: 771

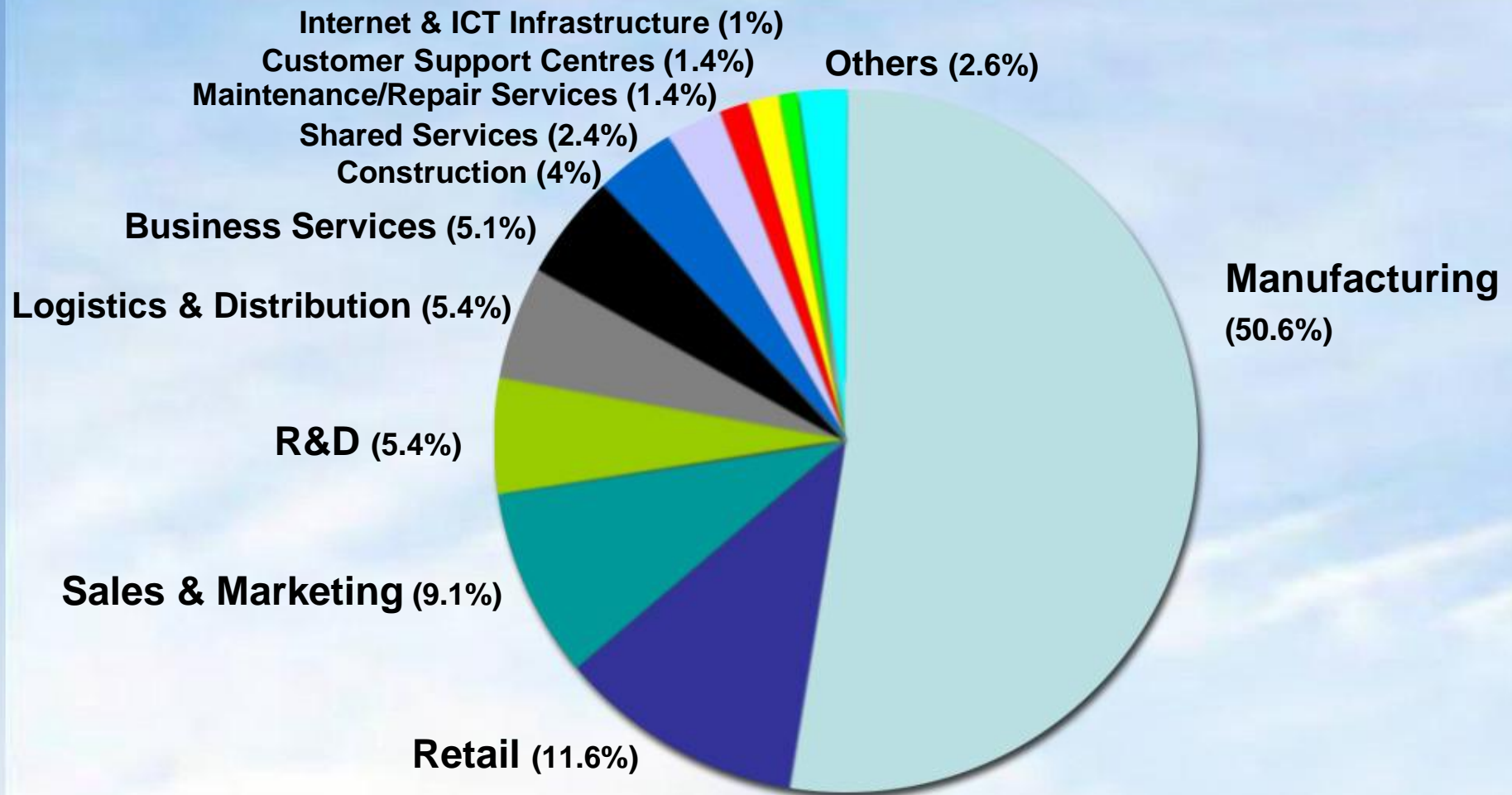
No. of jobs created or safeguarded: 154,000

Investment commitments mediated: US\$ 18 bn

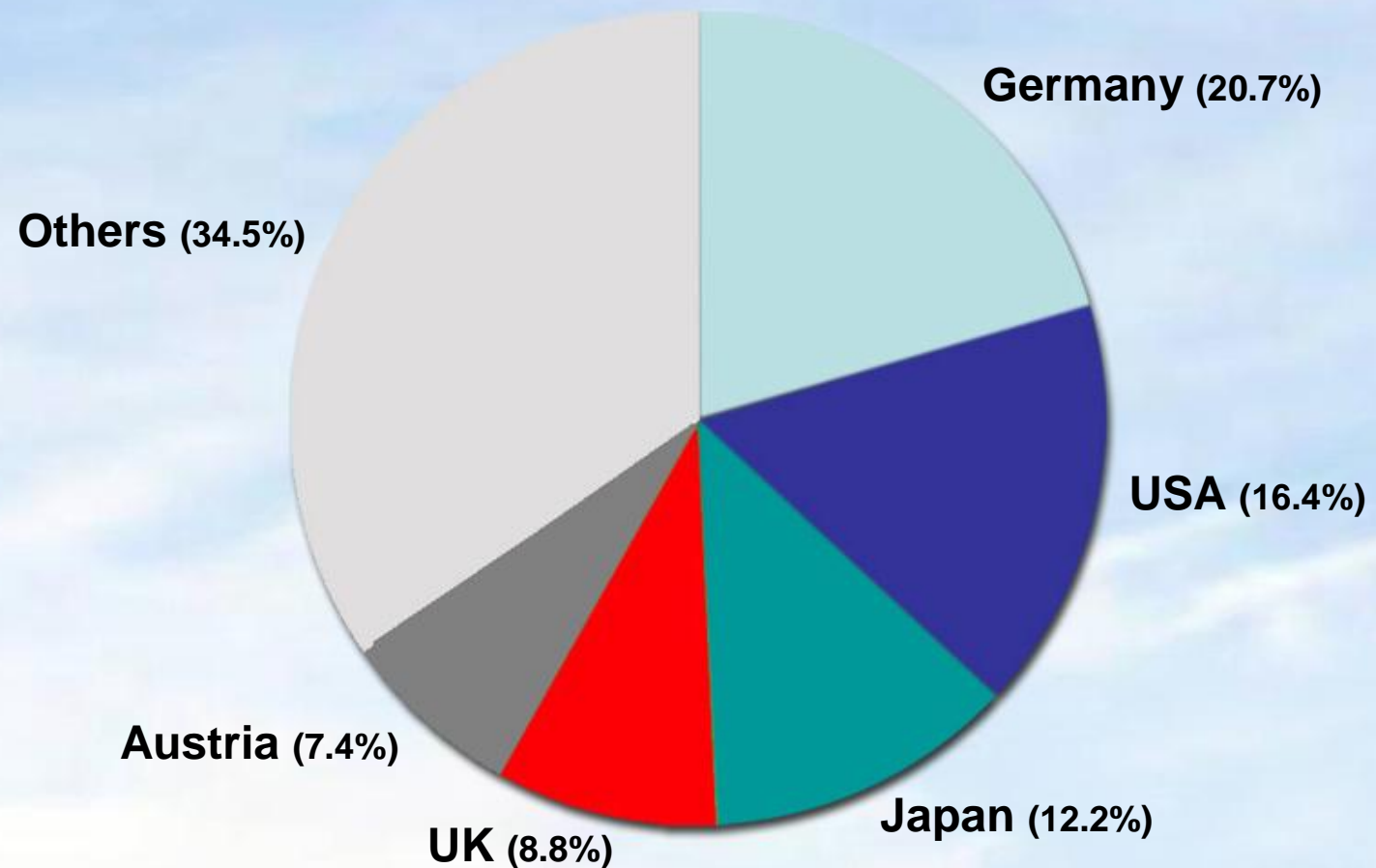
FDI Projects by Clusters



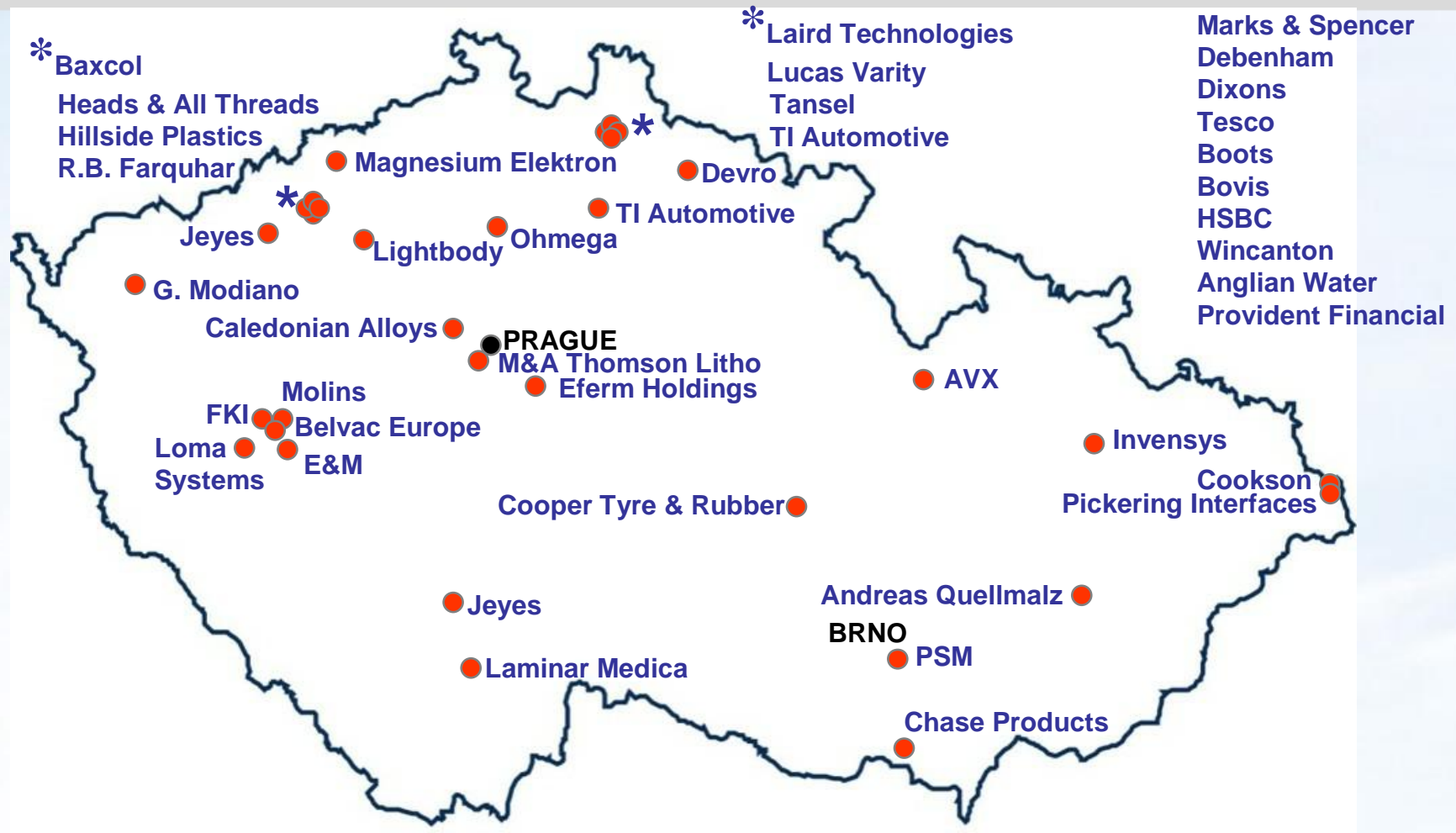
FDI Projects by Key Business Function



FDI Projects by Source Country



British Investors in the Czech Republic: Manufacturing Sectors



Updated: January 2007

British Investors in the Czech Republic: BSS & Technology Centres



Updated: January 2007

CzechInvest Priority Sectors for Active FDI Promotion



- **Aerospace**
- **Automotive**
- **High-tech engineering**
- **Electronics, microelectronics**
- **IT services, software development**
- **Life sciences: biotech + pharmaceuticals**
- **Strategic services: shared services, call centres, high-tech repair centres**

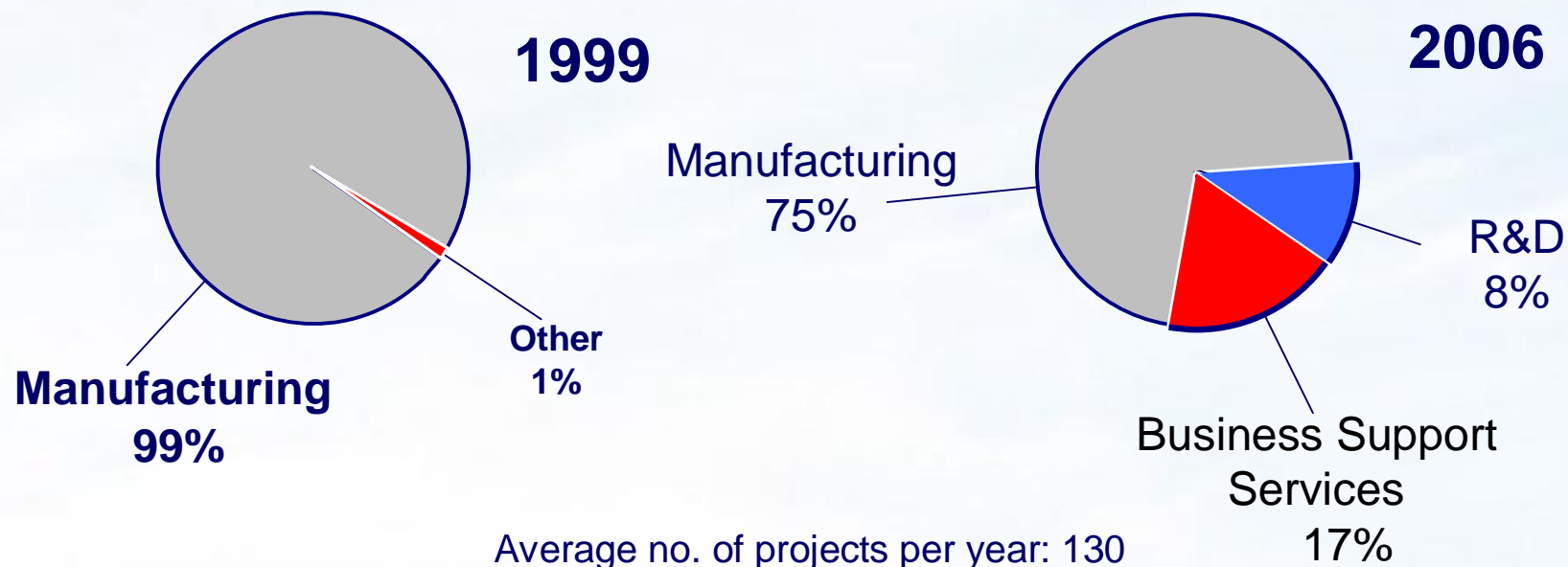
From Manufacturing to High-added Value Services



Strategic Decision Taken by CzechInvest in 2000



- Centres for research and development
- Centres for industrial design
- Software development centres, IT expert solution centres
- High-tech repair centres
- Shared services centres, customer contact centres



Major Investors (Manufacturing)

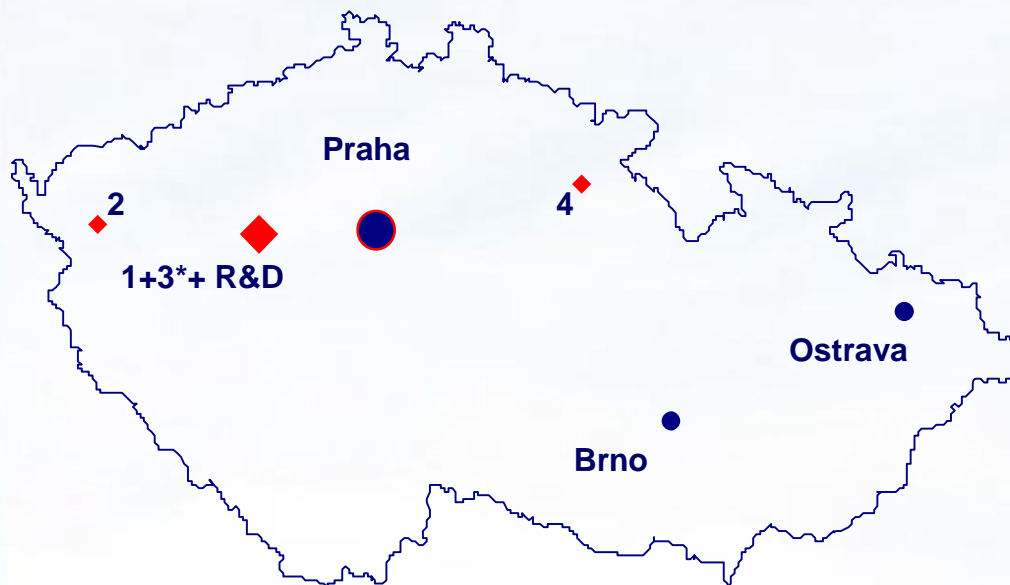


- ABB
- BOSCH
- CELESTICA
- CONTINENTAL
- DANONE
- DENSO
- FKI
- FOXCONN
- HONEYWELL
- KYOCERA/AVX
- LG PHILIPS
- MAGNA
- MOTOROLA (ON SEMICON)
- MATSUSHITA (PANASONIC)
- NESTLE
- PROCTOR & GAMBLE
- RENAULT
- REXAM
- SIEMENS
- TORAY INDUSTRIES
- TOYOTA+PEUGEOT-CITROEN
- TRW
- UNILEVER
- VISTEON
- VOLKSWAGEN
- WAGON AUTOMOTIVE

Five Matsushita Investments in the Czech Republic



- Panasonic AVC networks Czech – tv sets 1996-97
- Panasonic electric works communication relays – 1998
- Panasonic AVC networks Czech – expansion – 1999 - 2000
- Panasonic mobile & automotive systems – 2000
- Panasonic AVC networks Czech – technology center - 2003



Panasonic

Total investment:
USD 500 million

No. of employees:
over 7,000

Major Investors in Business Support Services



- ACCENTURE SERVICES (ss)
- ACER (ss)
- AOL (cc)
- AXA ASSISTANCE (cc)
- COMPUTER ASSOCIATES (it)
- DHL IT SERVICES (it)
- EDS (it)
- ERICSSON (it)
- EUROP ASSISTANCE - AF (cc)
- EXXON MOBIL (ss)
- GE MONEY BANK (cc)
- HEWLETT PACKARD (it)
- IBM GLOBAL SERVICES (it)
- ICON COMM. CENTRES (cc)
- LUFTHANSA (cc)
- PHILIPS (cc, it)
- PROGEON (ss)
- SAP (it)
- SAP BUSINESS SERVICES (ss)
- SCHNEIDER LOGISTICS (ss)
- SIEMENS BUSINESS SERVICES
- SUN MICROSYSTEMS (it)
- SYMBOL TECHNOLOGIES (ss)
- TESCO STORES (ss)
- TIETOENATOR(it)
- WESTCOMBE (cc)

cc = call centres, it = software & IT services, ss = shared services

IBM Global Services Delivery Center

- IT outsourcing services to European clients
- Located in Czech Technology Park in Brno
- Start of operations: May, 2001
- Planned employment (2001): 70+
- Current employment: 1,500 (and growing)
- Incentives: awarded March 2001, pilot project
- Competing countries:
- Hungary, Slovakia, Estonia



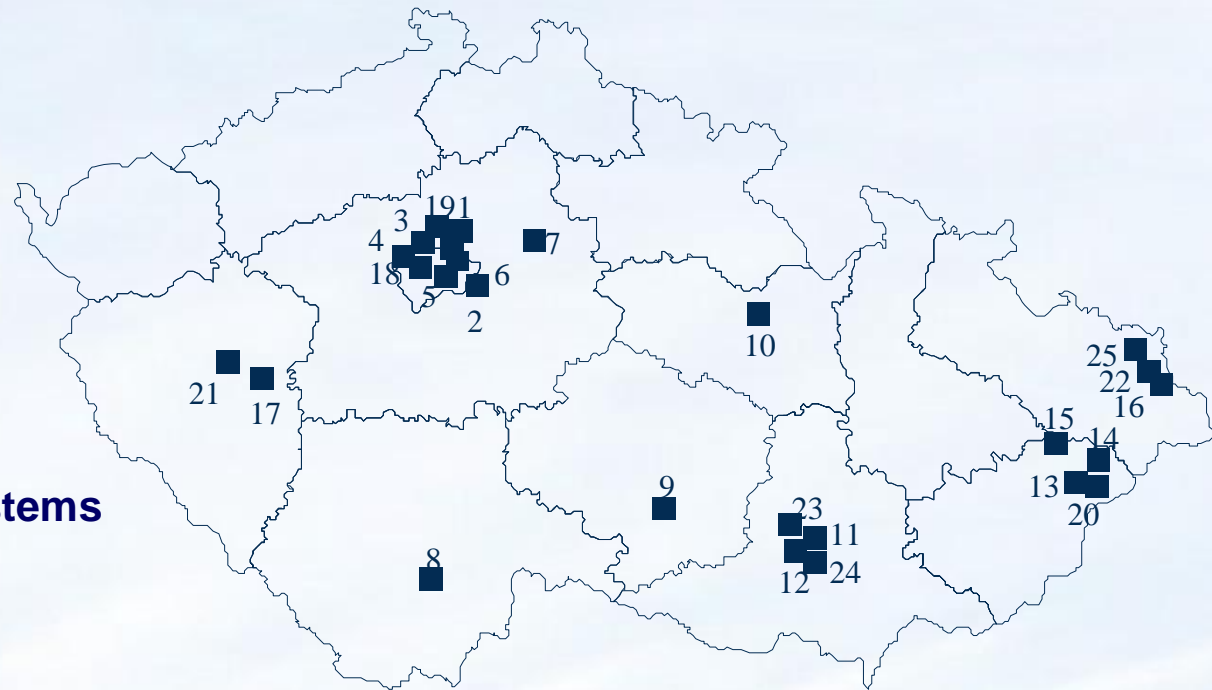
Major Investors in Research and Development



- AMI SEMICONDUCTORS (m)
- BEHR (a)
- BOSCH (a)
- CONTINENTAL TEVES (a)
- ERICSSON (e)
- FLEXTRONICS (m)
- HONEYWELL (e)
- IMI (p)
- INDET SAFETY SYSTEMS (a)
- INGERSOLL RAND (p)
- KOSTAL (a)
- LATECOERE (aircraft parts)
- MERCEDES BENZ (a)
- MOTOROLA FREESCALE (m)
- ON SEMICONDUCTORS (m)
- RICARDO (engine parts)
- RIETER (a, p)
- ROCKWELL AUTOMATION (p)
- ROPER INDUSTRIES (p)
- SIEMENS (a, trains)
- SILICON & SOFT SYSTEMS (m)
- ST MICROELECTRONICS (m)
- TRW (a)
- TYCO (fire protection systems)
- VALEO (a)
- VISTEON (a)

a = automotive, e = electronics, p = precision engineering, m = microelectronics

Major Foreign Investors in Research and Development



- 1) Valeo
- 2) Ricardo
- 3) Rockwell Automation
- 4) STMicroelectronics
- 5) S3 Silicon&Software Systems
- 6) Honeywell
- 7) Siemens VDO
- 8) Robert Bosch
- 9) Bosch Diesel
- 10) Rieter
- 11) Honeywell
- 12) AMI Semiconductor
- 13) ON Semiconductor
- 14) Siemens Automotive
- 15) Visteon

- 16) Hayes Lemmerz
- 17) Mercedes Benz
- 18) Siemens Kolejová vozidla
- 19) Latecoere
- 20) Freescale Semiconductor

- 21) Matsushita
- 22) Roper Industries
- 23) Tyco Safety Syst.
- 24) IMI-Norgren
- 25) Siemens Rail

Rockwell Automation



Rockwell Automation: development laboratory in Prague

- In the Czech Republic since 1993
- Cooperation with Czech Technical University
- Cooperation with University of Western Bohemia



**Rockwell
Automation**

- One of 5 independent development labs of RA in the world
- 20+ development engineers
- Development of software for industrial machinery

Why the Czech Republic as a Location?



Czech Republic: Basic Data



Population 2006*	10.2 million
Labour force 2006*	5.2 million
Unemployment 2006	8.13 %
GDP(ppp) per capita 2006*	USD 22 500
GDP growth 2006*	5.9 %
Annual inflation 2006*	2.5 %
Average monthly wage 2006* (nominal)	USD 898

Source: Czech Ministry of Finance, January 2007

* estimate

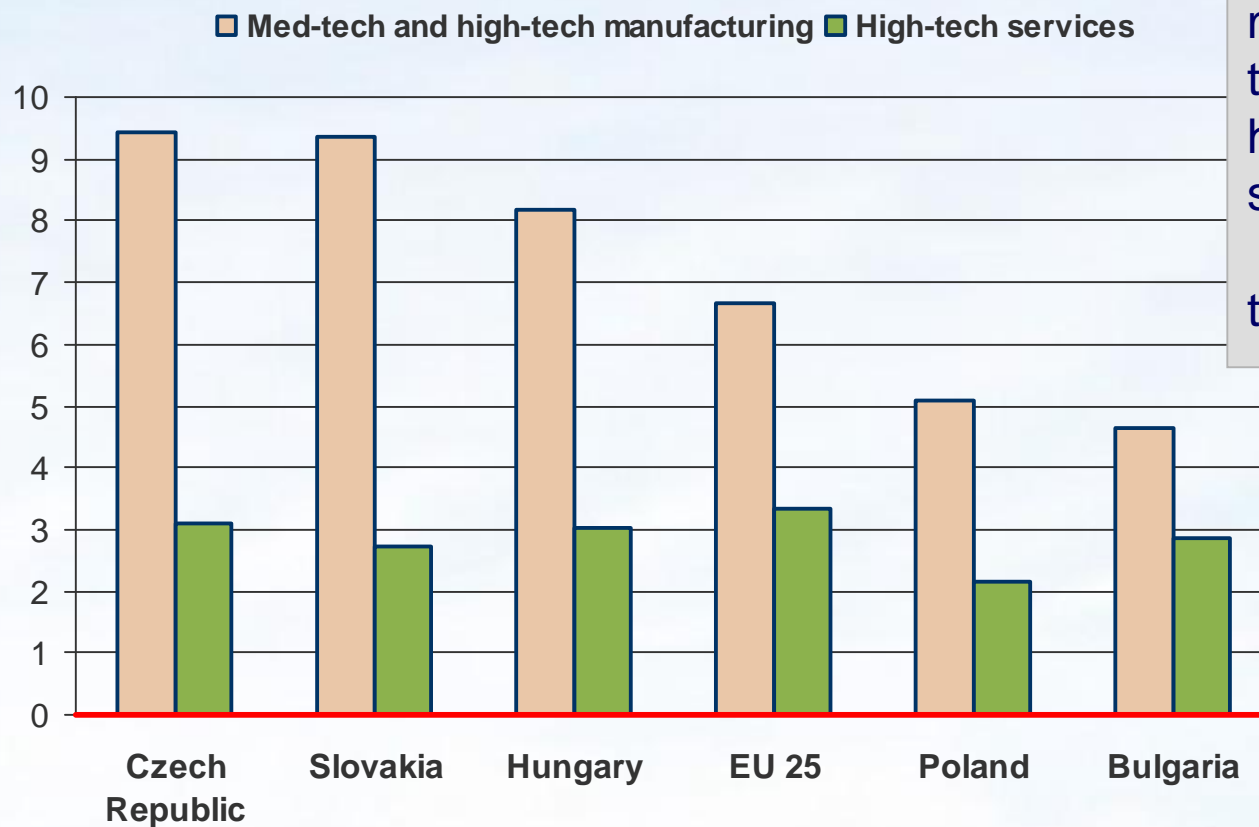
Why the Czech Republic?



- Good availability of qualified people
- Affordability and cost-competitiveness
- Strategic location
- Excellent infrastructure and facilities
- Attractive living environment
- Supportive attitude of the government
- Growing market in the region
- Proven track record

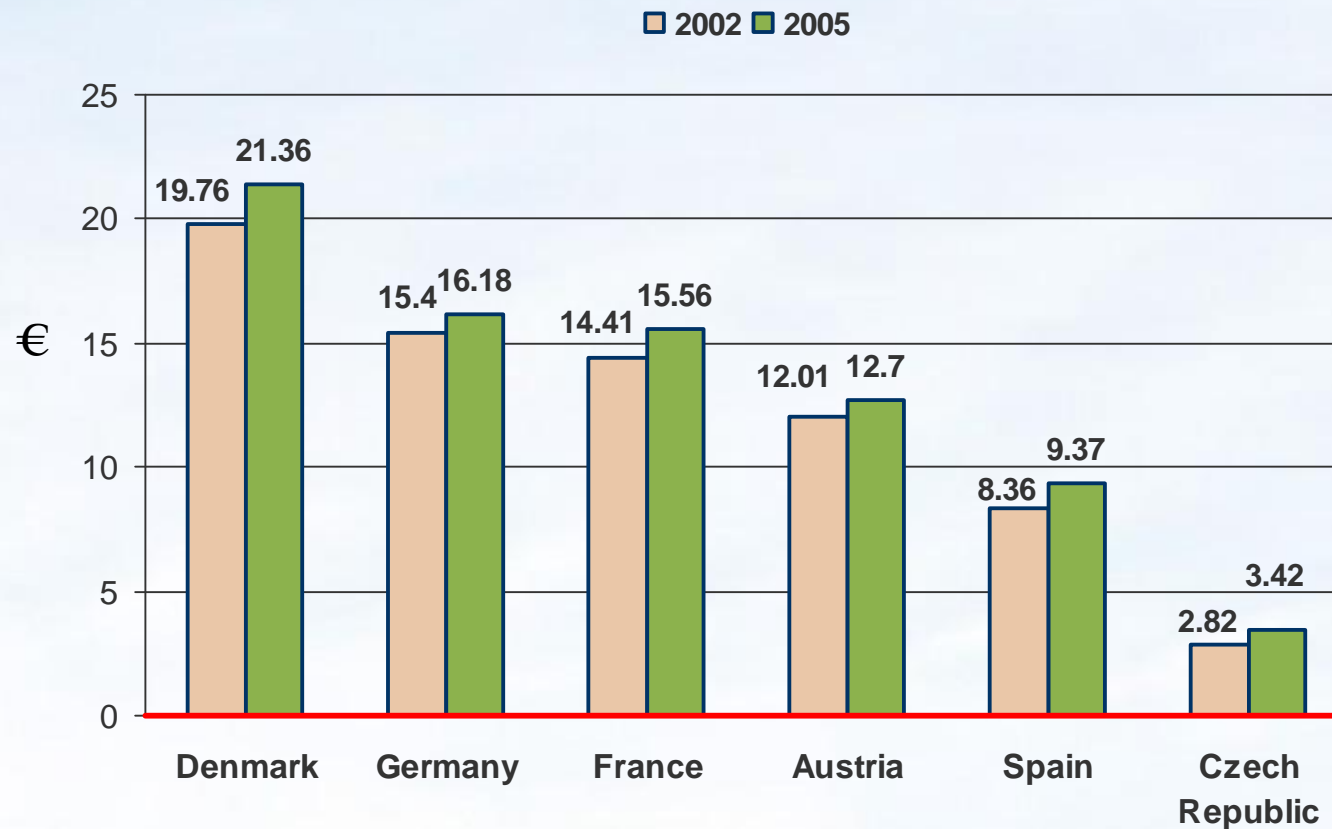


Good Availability of Highly Educated and Skilled People



Employment in medium-high and high-tech manufacturing and high-tech services in selected countries
(% of total workforce in the country)

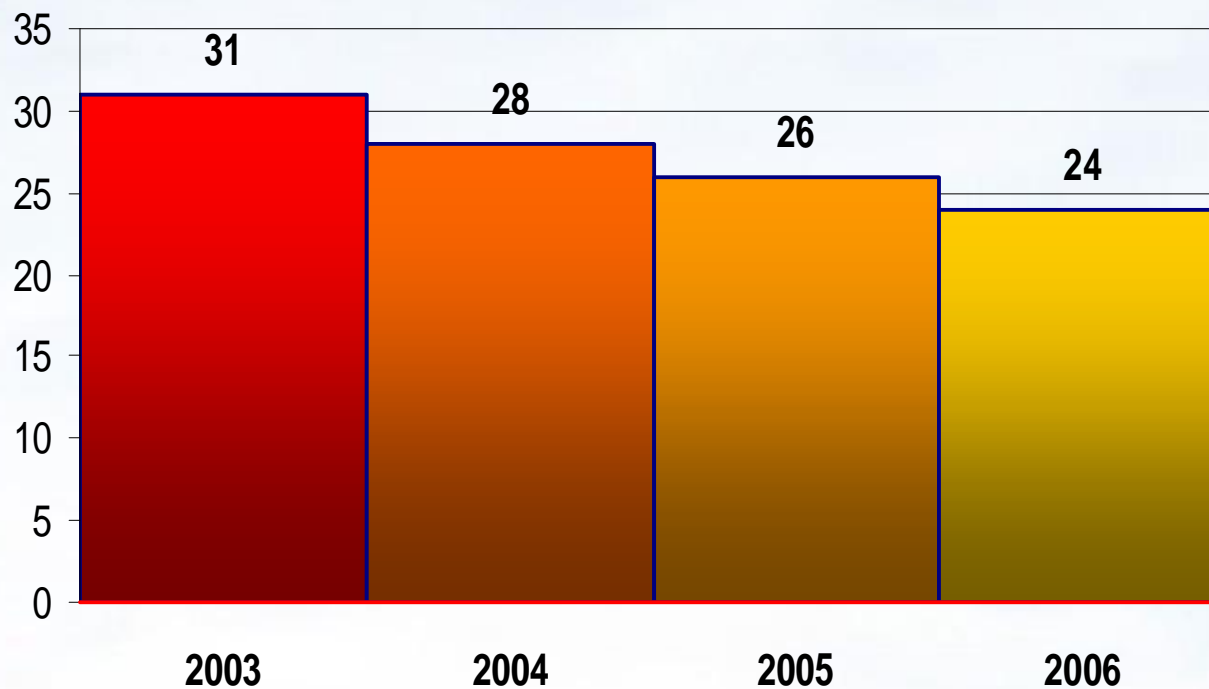
Average Hourly Wages in the European Union



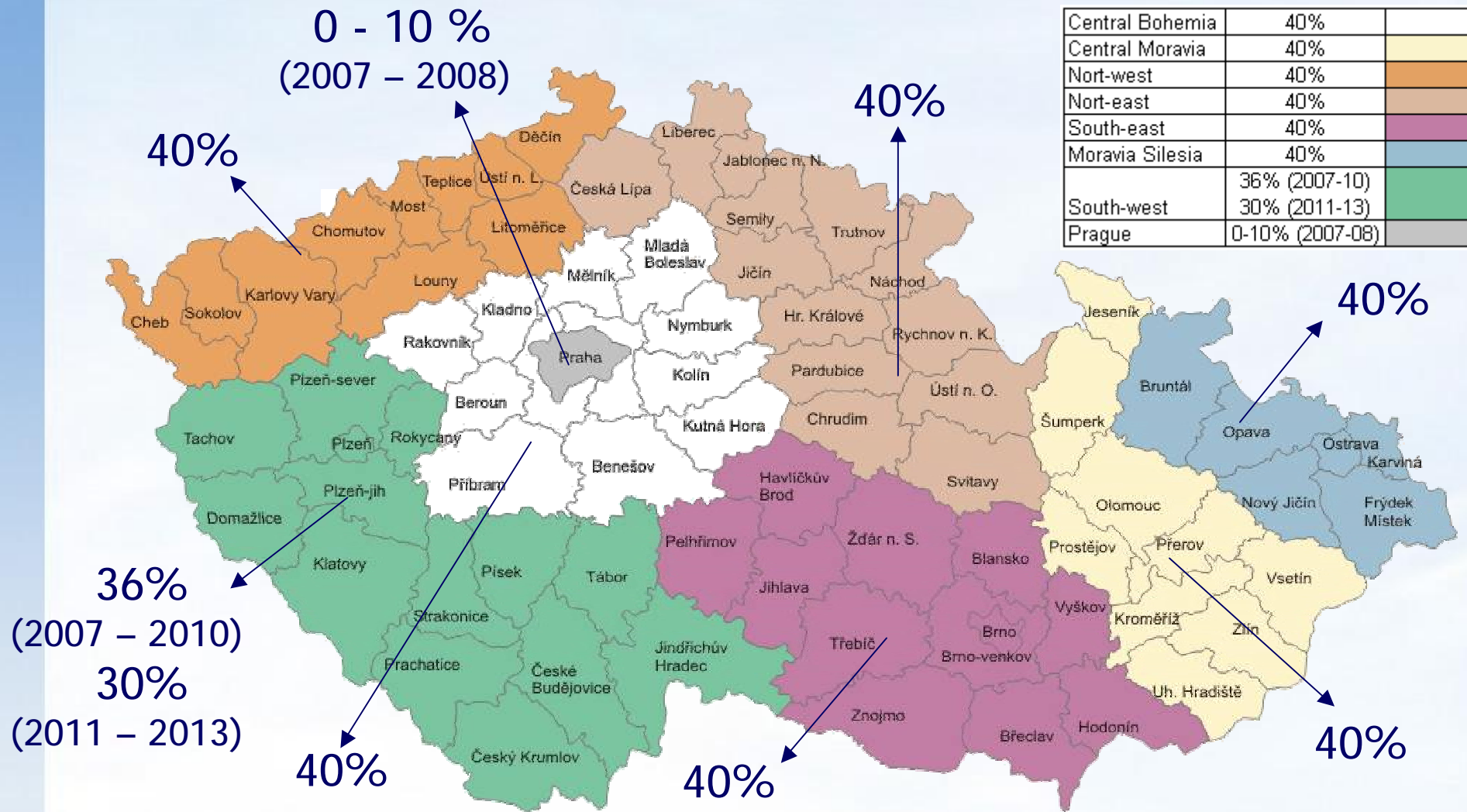
Source: Labour Market in the Czech Republic 1993 – 2005, Czech Statistical Office 2006

Tax Reforms

Corporate tax rate development: 2003 - 2006



Supportive Government: Maximum State Aid Map



Investment Incentives

- Act on Investment Incentives No. 72/2000 Coll., as amended**
- Framework Programme for Support of Technology Centres and Centres of Business Support Services**
- Programme to Support Job Creation in Regions Most Affected by Unemployment**



Structural Funds – a Tool to Enhancing Competitiveness



- **Local SMEs, institutions and selected MNCs**
- **2004-2006 CzechInvest engaged in selected operational programmes targeting enhancing competitiveness of Czech businesses and economy**
- **1300 project approved, approx. 340 mil. USD allocated**
- **2007-2013: focus on innovation, allocation of more than 4,500 mil. USD**
- **Lessons learnt, effective processes**

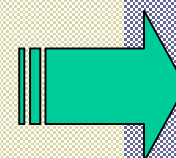


EU Structural Funds Support Available 2007 - 13



OP Enterprise and Innovation

-- the introduction of innovation, technologies, products; cooperation of the industrial sector with R&D; quality of the business infrastructure

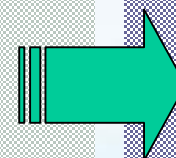


CzechInvest

SMEs, large, MNCs

OP Research and Development for Innovation

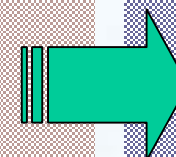
-- R&D capacities, capacities for cooperation between the public and private sector



Non profit research org.

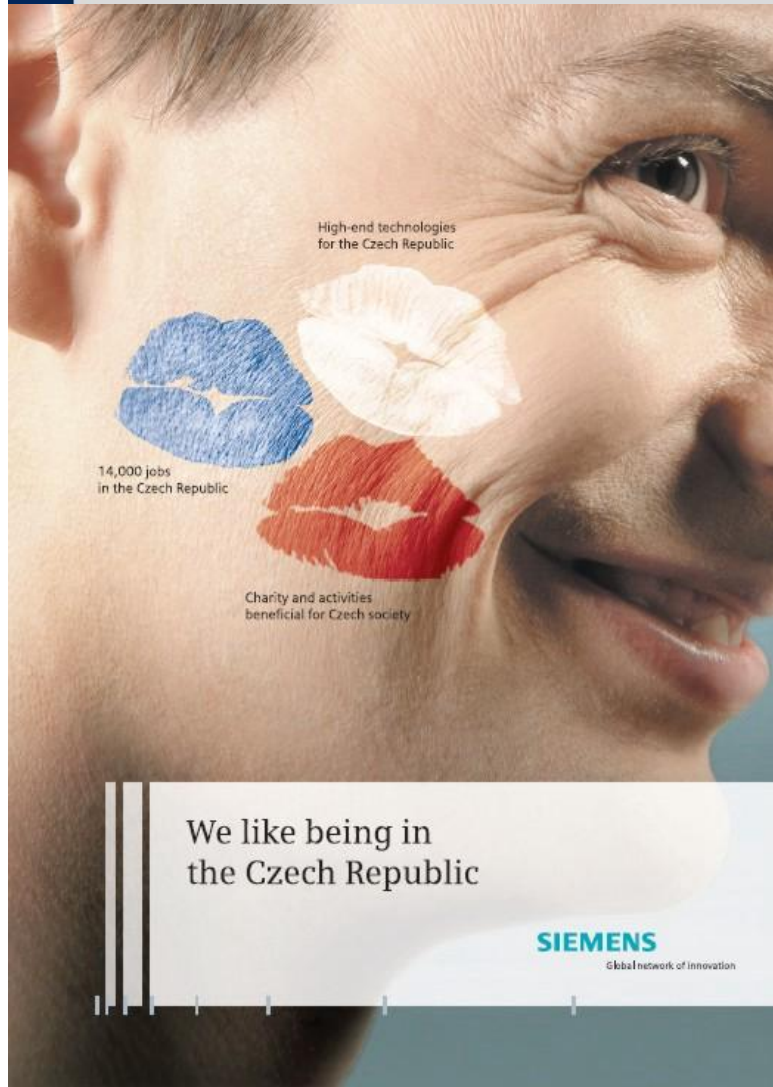
OP Human Resources and Employment

-- further professional education, modern forms of HR management



SMEs, large, MNCs

Proven Track Record



Foreign-owned enterprises account for (as of 1H 2006):

- 41.3 % of the workforce in industry*
- 58.8 % of sales in industry*
- 68.1 % of exports in industry*

- 700 German companies
- 300 US companies
- 181 Japanese companies
- 80 British companies
- 25 Taiwanese companies
- 15 Korean companies

* Source: Survey of the Czech Economy 1H 2006, Ministry of Industry & Trade, 2006

Flight Departures from Prague to Selected Destinations



Average per week – October 2006 to March 2007

Destination	Frequency	Destination	Frequency
London	92	Riga	12
Dublin	21	Tallinn	11
Paris	66	Vilnius	12
Frankfurt	51	Kiev	12
Copenhagen	32	St. Petersburg	8
Amsterdam	40	New York	8
Vienna	54	Montreal	6
Munich	42	Toronto	6
Brussels	33	Soul	3
Budapest	38	Madrid	21

Source: Czech Airport Authority, 2006

Golf Courses

- The Czech Republic can boast 45 full-range golf courses
- Marianske Lazne – established 1905 and inaugurated by King Edward VII.

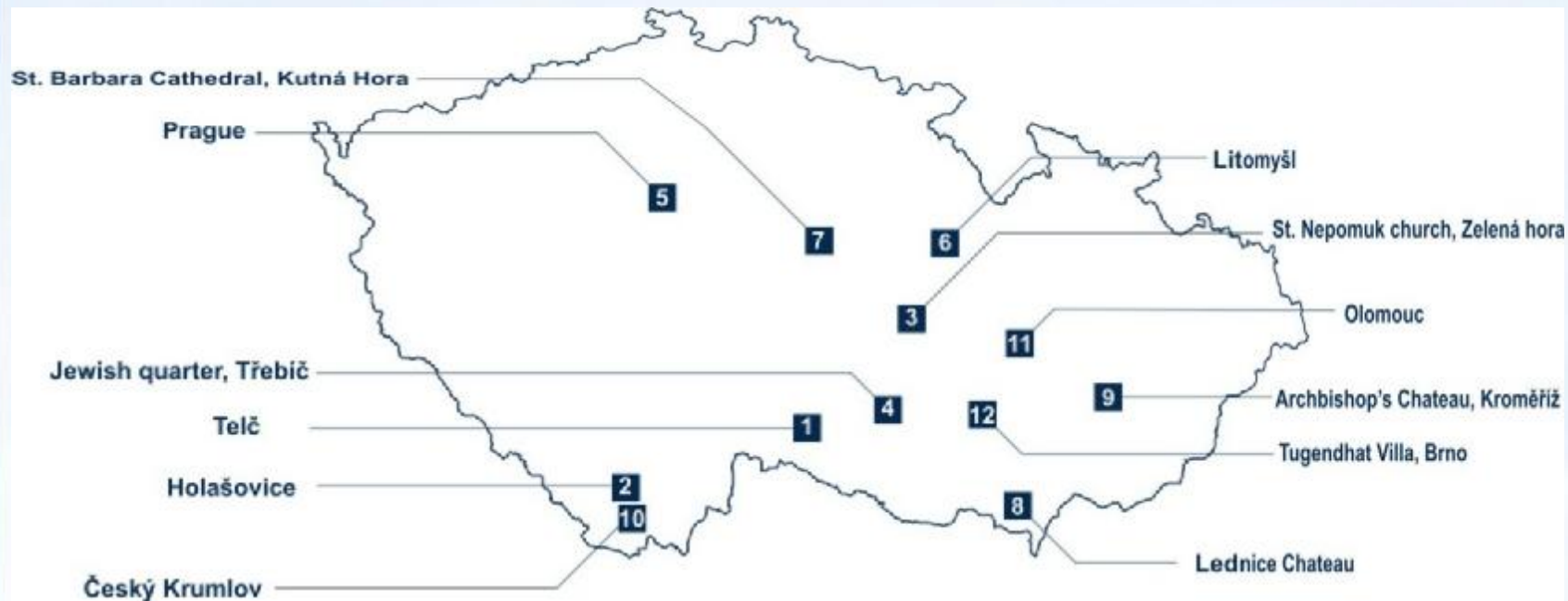
	Golf courses	Registered players
Czech Republic	45	15,997
Poland	15	1,258
Hungary	8	1,330
Slovakia	3	1,445



1	Atkovo	9
2	Blatná	10
3	Bechyně	9
4	Brno	9
5	Brno	9
6	Čáslav	10
7	Čestlá	10
8	Čestlá	10
9	Čestná u Střevače	9
10	Čestná u Střevače	9
11	Čepel	10
12	Černošice	9
13	Čáslav	10
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45	Čáslav	10



Unesco Sites in the Czech Republic



THANK YOU

Hana Chlebna

Director UK & Ireland Operations

london@czechinvest.org

Tel.: +44 020 7291 4610

www.czechinvest.org



CzechInvest, the Investment and Business Development Agency, is an agency of the Ministry of Industry & Trade of the Czech Republic