

Headline News

The Czech Republic remains among the most attractive countries for investors

Over the past 15 years, the Czech Republic has risen to become one of the world's most attractive countries for foreign direct investment. Firms from neighbouring Germany have invested the most here, followed closely over the past several years by Japanese companies, which is unusual in comparison with their investments in the rest of Europe. Counting only projects mediated by CzechInvest, since 1993 a total of 179 German, 109 American and 85 Japanese companies have invested here. In terms of investment volume, however, the Japanese rank second immediately behind Germany.

The Czech Republic joins the Schengen Area

The Czech Republic joined the **Schengen Area** at midnight on 21 December, thus eliminating controls on the country's borders. With the exception of Cyprus,

which had requested a deferral, all other countries that joined the European Union in 2004 (Slovakia, Poland, Hungary, Slovenia, Latvia, Lithuania, Estonia, and Malta) also joined the Schengen area at the same time.

Business

Faurecia opens new plant in Písek

Faurecia, a French manufacturer of automotive components, has opened a production plant in Písek. The plant, which is located in the local industrial zone, is comprised of three production halls in which 1,050 workers are currently employed. An additional 500 employees are to be hired by the end of 2008. The company has so far invested nearly CZK 1.5 billion in southern Bohemia. Faurecia's Písek plant manufactures door panels, car-seat frames and exhausts for leading global carmakers including Škoda Auto of Mlada Boleslav. The company's main customers include Volkswagen, Seat, Renault, Mercedes-Benz,

PSA Peugeot Citroën and Opel. Faurecia is leading global producer of automotive components. In the Czech Republic, the company operates seven enterprises in five locations and employs nearly 3,400 people in total.

New industrial zone opens in Vyškov

The new Nouzka II industrial zone has opened in Vyškov, where companies should build facilities and employ several hundred people in the next two to three years. Roughly 13 hectares have been sold for business purposes, the largest part of which was acquired by the Japanese firm SMC Industrial Automation CZ.

Matsushita making preparations for the LCD television market

The Japanese electronics giant Matsushita is planning to take over control of its joint enterprise with Hitachi and Toshiba for the production of LCD televisions. The transfer of activities worth billions of dollars could shake up the

sector, which is the subject of fierce competition. For Matsushita, which is the world's largest producer of plasma-screen televisions, the pair of agreements could represent the company's stunning entry into the LCD television market.

Kilcullen Kapital buys Tesla

The Czech-Irish investment company Kilcullen Kapital Partners has acquired nearly 95% of shares in Tesla, an electrical engineering and industrial company. Kilcullen Kapital is counting on significant investments, particularly in research and development, marketing and creation of new jobs in the most prospective fields. Tesla produces, for example, broadcasting, microwave and healthcare technology and mobile water-treatment plants. An important part of the company's activities is the Tesla protected trademark registered in 80 countries, which the firm is now licensing.

Aircraft from Kunovice spark interest

Kunovický Aircraft Industries has converted one of its L410 turboprop transport aircraft for coastal surveillance. A customer from the Baltic region took delivery of the plane this month. In total, the company delivered seven L410 aircraft to its customers in 2007. In addition to the specially converted plane, another L410 with luxury passenger amenities was delivered this month to the South Korean company KIM'S Solution, which focuses mainly on

charter flights and transport of VIP clients.

OMZ of Russia to invest billions in the Czech Republic

Over the next five years, the Russian engineering and steel group OMZ, owner of the Czech company Pilsen Steel, will invest more than CZK 8 billion in modernising production and building new capacities. A significant percentage of this sum will be invested in Czech companies in 2008-2010. The funds will go into modernisation and acquisition of new machinery, e.g. for production of crankshafts for transoceanic vessels. Pilsen Steel, whose roots date back 140 years, has recently put a modernised arc furnace into operation. The modernisation, which cost CZK 110 million, has lowered dust and noise levels while improving the efficiency of the furnace, which now produces higher-quality steel.

B. Braun is planning to expand its dialysis centre network

According to its co-owner, Ludwig Braun, the pharmaceutical firm B. Braun Melsungen, which does business in the Czech Republic as B. Braun Medical, is planning to expand its network of domestic dialysis centres. There are currently 11 such centres in the Czech Republic. B. Braun also is also planning to take part in the privatization of hospitals.

CSA boards approve sale of Air Czech Catering

The board of directors and board of trustees of Czech Airlines have approved the sale of the subsidiary Air Czech Catering to the Italian in-flight meal provider Alpha Holdings Limited. The sale is part of a planned restructuring. The transaction must now be approved by the general meeting at the end of January. The selling price of the catering subsidiary should amount to at least CZK 300 million.

Head to build new hall in Velesin

The Austrian concern Head is planning to build a new production and storage hall in the Velesin municipality of the Krumlovsko district. Head already manufactures skis in Ceske Budejovice where, according to some estimates, the company will manufacture 300,000 pairs of downhill skis this year, which this is half of the brand's total production.

R&D

Biotechnology park established near Prague

The Biotechnology and Biomedical Centre (BIOCEV), a joint project of the Academy of Sciences and Charles University in Vestec near Prague, will have the task of attracting top scientists from the Czech Republic and abroad as well as obtaining financing from European Union funds. The result could be the establishment of a comprehensive Central European biotechnology park.

Innovation 2007 in the Czech Republic

The Czech Republic offered numerous innovative products to the world in 2007. The Association of Innovative Companies of the Czech Republic has announced the Innovation of Year awards. The Liberec-based company Elmarco sold its first industrial line for the production of non-woven, nanofibre textiles. This product also received a prestigious award from Nanotech Briefs magazine, which is published by NASA. The firm Linet found success with its positionable bed which facilitates handling patients, while Optaglio broke through with its metallic dots, which function as a nearly counterfeit-proof security element in automobiles, personal documents and branded-product tags. A unique invention by Amagro consists in a method of artificially producing substances whose creation takes millions of years in nature. These artificially created substances are used for fertilisation, among other things. The Czech Republic ensured its paramount position among the world's beer-producing nations with a special beer vending machine from Plzeňský Prazdroj which enables the sale of canned beer on the basis of identification using a personal ID card. Škoda Auto will manufacture the body of its new Superb model in an unconventional manner which combines the sedan and liftback versions.

ČKD building a reactor for the Academy of Sciences

Four companies from the ČKD Group are manufacturing components for a special testing reactor called the "tokamak" in which the Academy of

Sciences of the Czech Republic will test the generation of electricity using thermonuclear fusion. The company is to deliver the reactor worth CZK 150 million in March 2008. The tokamak will be part of the ITER international science project with a budget of roughly EUR 10 billion (approx. CZK 262 billion). The tokamak is a scaled-down prototype of an actual thermonuclear reactor. Using tokamaks, scientists will attempt controlled nuclear fusion, the mastery of which would bring forth a practically inexhaustible and ecologically friendly source of energy. The tokamak uses available fuels, does not require the transport of nuclear fuel and is safer than current reactors. After the International Space Station, the ITER project is the world's most costly science programme and is financed in part by the European Union. The United States, Russia, China, Japan, South Korea and India are also taking part in the project.

Green Energy

New Škoda car runs on alcohol

In January, Škoda of Mlada Boleslav will begin selling the first Octavia cars able to run on a fuel mixture containing 85% ethanol. The first ten of these ecologically friendly cars were exported to the Swedish market in November. However, the Octavia is not the only ecologically friendly Škoda model. The carmaker has also unveiled a prototype Octavia fuelled with compressed natural gas (CNG). Unlike vehicles that run on LPG, automobiles using CNG are safer and can

be parked in underground garages.

Miscellaneous

Czech ministers and the European Commission sign nine Operational Programmes

Czech ministers and European Commission representatives have signed nine **operational programmes** from which the Czech Republic can draw EUR 14 billion (roughly CZK 365 billion) in coming years. This is roughly half the amount that the Czech Republic can receive from Brussels in the 2007–2013 period. Roughly CZK 125 billion from seven programmes will be spent in regions, while Czech firms will have access to roughly CZK 100 billion, and up to CZK 150 billion will be spent on transportation.

Air routes from Ostrava to London and other locations to be launched in March

Flights to London, Moscow, Amsterdam, and Brussels should begin operating out of Ostrava's **Leos Janacek Airport** in 2008. The new routes are expected to start operating in March 2008. Preparations for the tender to choose airlines, which will operate the flights with the help of subsidies totalling CZK 709 million from the Moravia-Silesia region, are currently underway.

Exchange Rates
Averages for December 2007
EUR 1 = CZK 26.300
GBP 1 = CZK 36.515
USD 1 = CZK 18.040
Source: Czech National Bank

Sources: Czech AM by Czech
Information Agency, Prague Daily
Monitor, Radio Prague, dailies
Hospodarske noviny, Pravo, MF
Dnes and Lidove noviny

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