



**Headline News**

**The Czech Republic joins the European space elite**

The Czech Republic has become the first post-communist country to join the first league of European science and technology. The European Space Agency (ESA) issued an invitation to the country, whose membership in the elite club of 17 nations has been confirmed by a meeting of the government. Other ex-communist states such as Poland and Hungary are still awaiting invitations to join the ESA. ESA specialists conducted an extensive audit of the abilities of Czech firms and scientific laboratories and came away satisfied. The Czech Republic's greatest opportunities within the ESA lie in the areas of electronics, optics and development of satellite control systems.

**R&D**

**Intelligent bandage invented in the Czech Republic**

The first product originated by the Nanomedic research cluster is being tested at the Gerontology-Metabolic Clinic of the University Hospital in Hradec Králové. The three-layer bandage, which is able to drain excess fluid from wounds and thus accelerate healing of infected sores, diabetes-related lesions and pressure sores, was developed by the clinic over several months in cooperation with the firms Inotex and Batist. For individual layers the developers used materials that had already been approved and certified, which resulted in the extraordinarily quick approval of the product. The new bandage will be produced by Batist, which is based in Červený Kostelec and is the Czech Republic's third largest producer of bandaging materials. The Nanomedic cluster was established in 2006 and comprises 15 small, private

firms and six scientific laboratories and universities. The cluster focuses on research, development and production of drugs and healthcare products using nanotechnologies. It is the only cluster in the Czech Republic engaged in the use of nanobiotechnologies in medicine and pharmacy.

**Science and technology park to provide facilities for scientists and entrepreneurs**

The new Mstětice Science and Technology Park has opened in the municipality of Zeleneč-Mstětice in the former Prague-east district. The park will offer facilities for developers, scientists and start-up firms in the area of transportation technology and related fields. The project is being implemented at a cost of CZK 160 million by a subsidiary of AŽD Praha in cooperation with the Czech Technical University's Faculty of Transportation and European Union funds.

## **Olomouc incubator expands its offer of services**

The Palacký University Science and Technology Park's business incubator has expanded its range of offered services for start-up firms. In addition to mediation of contacts with private investors and favourable rental rates for office and production spaces near the university, the incubator also offers a package of consulting services that includes 32 hours of free consultation. These consulting services are available to all firms in the Olomouc region. Entrepreneurs can receive consultation regarding their applications for aid from the Operational Programme Enterprise and Innovation and subsequent supervision of compliance with the obligations connected with utilisation of aid.

## **Economy**

### **The Czech Republic is one of the EU countries least dependent on energy imports**

The Czech Republic is one of the European Union's countries that are least dependent on imported energy. According to the latest Eurostat data, the Czech Republic imports 28% of the energy it consumes. Less dependent nations are Poland, Great Britain and Denmark, which is the only energy exporter in the EU. The Czech Republic's consumption of imported energy is comparable with that of Poland and Great Britain, which import roughly 20% of their energy. By comparison, Slovakia

imports 64% of the energy it consumes.

## **Business**

### **Walter Engines now fully owned by GE**

Walter Engines, a Prague-based manufacturer of aircraft engines, has been fully acquired by GE Aviation of the United States. The new owner plans to invest heavily in Walter with the aim of making the Czech Republic its chief location for production of turboprop engines. The company will further operate as a division of GE Aviation under the name Walter Aircraft Engines. GE wants the small Czech firm, with turnover of CZK 28 million, to compete with the much larger Canadian company Pratt & Whitney, which controls three-quarters of the turboprop-engine market and whose turnover amounts to USD 3.4 billion. GE Aviation is part of the General Electric Company and is one of the world's leading suppliers of engines for civilian and military aircraft, as well as integrated digital, electronic and mechanical systems for the aviation industry.

### **Aero: return to the major league**

The management of the Czech aviation firm Aero Vodochody want to return the firm to its former position among significant players in the European aviation industry. Following the announcement that it had won the tender to acquire its Romanian competitor Avioane Craiova, the company, which is owned by the Czech-Slovak

investment group Penta, announced its planned acquisition of helicopter manufacturers. Aero is participating in privatisation tenders involving the Romanian company IAR and the legendary Polish helicopter manufacturer PZL-Swidnik. The Romanian privatisation agency AVAS should decide the outcome of the tender by September this year. Firms competing in the tender to acquire the state-owned PZL-Swidnik had until 18<sup>th</sup> July to register and, according to the Polish industrial development agency, were required to bid at least EUR 50,000.

### **Swell expands**

Swell's development-services centre began trial operation at the end of June. The company is primarily engaged in the development of car-body components, production of prototype parts and testing. The new centre will enable it to increase its development capacity. Investment in the new development-services centre amounted to CZK 120 million in the first phase. Two more phases are planned and should be completed by the end of 2012, thus doubling the total investment amount. The project was awarded the prize for greatest technological benefit within the Investor of the Year competition. Swell receives from carmakers design specifications on the basis of which it develops primarily hoods, fenders, grills, bumpers, and fender wells. To date 70% of the company's output has been delivered to Škoda, though in the past five years it has

also worked on other brands of the Volkswagen group and (via suppliers) for Mercedes, BMW, Renault, Opel and Peugeot.

### **Parts to be shipped from Rokycany on road trains**

The Eugen Wexler group has obtained an order to produce plastic parts for the new Opel Astra. The Rokycany plant is the only European manufacturing facility that produces fabric-covered parts, which enabled it to secure this large order. The company is preparing an expansive new production hall, which will be 30 metres wide and 60 metres long with the possibility to double its length in future. The investment will amount to CZK 200 million, of which 130 million will go into technology. Attention is also being focused on the firm because parts from the factory will be delivered to Mladá Boleslav by means of so-called "road trains", which are more than 25 metres long. These vehicles' operation on Czech highways is not normally permitted, but Škoda's transportation department was able to obtain the police's consent and an exemption from the Ministry of Transportation. The main reason behind the exemption is that the vehicles are relatively light and their use reduces the number of standard trucks on the road. In addition, the road trains will travel on four-lane highways from Rokycany to Mladá Boleslav.

### **Czechs pick up promising orders in Oshkosh**

At Airventure Oshkosh 2008, the world's largest aviation

trade fair focused on light sport aircraft, eleven Czech manufacturers concluded contracts for the production of 33 aircraft at a cost CZK 66 million. Producers of engines, propellers and instruments also obtained orders in the value of nearly CZK 23 million at the air show, which takes place every year on the banks of Lake Winnebago in the American state of Wisconsin. Evektor-Aerotechnik, for example, sold eight planes directly at the trade fair. Besides Evektor, other Czech aircraft manufacturers exhibiting at Oshkosh included Fantasy Air with its Allegro model, TL Ultralight with its Sting S3, and CZAW (Czech Aircraft Works) with its SportCruiser aircraft. TL Elektronik, an instruments manufacturer, Walter Aircraft Engines and Avia Propeller also participated in Airventure Oshkosh. The trade fair featured the third annual "Czech Day", when exhibitors had the opportunity to hold discussions with their American representatives, business partners and the media.

### **Miscellaneous**

#### **The Czech Republic among the top five locations for industrial and logistics properties**

Central Europe is among the continent's most interesting locations for industrial and logistics properties. According to the European Distribution Report, which is regularly issued by the consulting firm Cushman & Wakefield, Belgium is the leading location, followed by the Netherlands, the Czech Republic and Poland. Central

Europe's growing popularity among manufacturers is due not only to lower production costs, but also to the rising purchasing power of Central Europeans.

### **The Czech Republic ranked as the 17th safest country**

CzechTourism, a government agency, has reported that the Czech Republic is the world's seventeenth safest country. The ranking is based on the latest Global Peace Index (GPI) evaluation of 140 countries. Within the context of Central and Eastern Europe, the Czech Republic is ranked second behind Slovenia. The GPI ranking takes into account 24 indicators, such as data on weapons, relations with neighbouring countries, the evaluated country's human-rights record, economic and education situation, risk of terrorist attacks and the crime rate.

Exchange Rates  
Averages for July 2008  
EUR 1 = 23,529 CZK  
GBP 1 = 29,666 CZK  
USD 1 = 14,920 CZK  
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

[www.czechinvest.org](http://www.czechinvest.org)  
[fdi@czechinvest.org](mailto:fdi@czechinvest.org)