

Headline News

Service centres in the Czech Republic – the best choice

In the past five years, the Czech Republic has built up its position as one of the most attractive places in Europe for investment in shared services and related fields. According to a study conducted by *The Economist* magazine, foreign firms appreciate the Czech Republic primarily for its experienced workforce, competitive prices, well-developed infrastructure and stable political environment as a member of the European Union. The brewery group InBrev and the company International SOS Assistance are among those that have opened shared-services centres in Prague.

Business

Quinlan Private Golub to build office building in Prague 13

Quinlan Private Golub has begun construction of a new office building in Prague 13's

Nove Butovice ward. The firm will build the **Explora Business Centre**, worth roughly CZK 860 million, on a 2.5-hectare property. Completion of the first phase is scheduled for next fall. The building will offer roughly 21.1 thousand m² of rental space.

AVC Networks Czech wants to increase production to 3 million TVs per year

Plzen-based **Panasonic AVC Networks Czech** wants to significantly increase its production of televisions to 3 million units this year. The firm manufactured 1.8 million flat-screen TVs in the fiscal year starting in April 2006 and ending in March 2007. Roughly half of its production consisted and will once again consist of plasma TVs; the other half will consist of LCD units. This increase will be secured with the firm's current employee base of almost 5,000 people.

AB Fenetres acquires 50% stake in AQ Okna

The French firm **AB Fenetres** has paid EUR 25 million (roughly CZK 700 million) for a 50% stake in the Czech firm **AQ Okna**. The **Novy** risk capital fund had held the majority share in the firm. The transaction was completed through the emission of new shares and the subsequent increase in capital by 50%.

Orco acquires two BesNet Center office buildings

Orco Property Group has completed the acquisition of two **BesNet Center** office buildings in Prague 4. Orco purchased the properties for its **Endurance Fund Office Sub-Fund** from **SFK Wing Investments Limited**. The investment is worth roughly EUR 20 million (roughly CZK 560 million). The properties are partially reconstructed multifunctional B-category office buildings.

Mošnov becoming centre of aviation industry

Representatives of the Moravia-Silesia region have

decided to spend roughly CZK 700 million to begin monumental development of air transport from the airport in Mošnov, thanks to which 12 new international routes will begin to operate from Leoš Janáček airport in the next five years. Connections to Moscow, Brussels, Amsterdam, Kiev, Riga, Vilnius, Zurich, Ruhrgebiet, Helsinki, Warsaw and Paris will eventually be established by 2010. The Ostrava region is enjoying an upswing in the aviation industry. The background for repairs of large aircraft belonging to European airlines is being built by the company CEAM (Central European Aircraft Maintenance), which is a 100% subsidiary of CCG (Central Connect Group) of the Geofin holding company. Investments amounting to approximately CZK 1.05 billion will create roughly 180 jobs for highly skilled workers.

IPS Alpha undertake large-scale expansion

IPS Alpha's plant in the Triangle industrial zone near Žatec is the world's second largest of its kind. It began operation on 29 June. Full production capacity will be achieved by the end of this year, with daily output totalling 7,000 LCD panels. In addition to 120 technical and administrative workers, whose number will not increase further, 519 production workers are employed by IPS Alpha in Žatec. By the end of the year, this number should increase to 1,500. Hitachi will employ another 2,000 people in the production of televisions in the Triangle

zone. Trial operation is to begin at the end of July.

Plzen's engineers – the best choice for ZF of Germany

The German company ZF recently acquired the Plzen-based development firm Value Engineering Services, thus illustrating the growing interest in Czech companies. The firm, which is an important global supplier of automobile parts, chose the Czech Republic primarily due to the Plzen region's skilled workers, who mostly come from the University of West Bohemia. Value Engineering Services' turnover reached nearly CZK 100 million last year and the company is making plans for its further growth.

German concern expands in the Třebíč region

The German concern Mann-Hummel has expanded its plant for automotive filtration technology in Nový Ves in the Třebíč region. Since last summer, the company has built two new halls, which now occupy over 8,000 m². The company is thus increasing capacity and expanding its selection of products, which are intended mainly for Eastern European markets. The plant, in which the company has committed to invest CZK 600 million, employs 760 people. It is possible that more new jobs will be created in future.

Audi selects Brisk Tábor as a supplier

The Tábor-based company Brisk has come out on top in a selection procedure conducted by the German

carmaker Audi for a supplier of ABS sensors. The contract, whose performance is to begin in the second half of next year, specifies annual production and delivery of 4.5 million sensors for all Audi models. Thanks to this, Brisk's will see a one-off increase in revenues of not quite CZK 200 million.

Schneider Electric in the Czech Republic – the group's largest European plant

Earlier this year, the Schneider Electric (SE) plant in Písek took over part of the Italian company Arenzano's production of pressure switches. In September, assembly will be moved to the plant from Agriès, France. SE has thus become a global producer within the group. As such, the Písek plant is one of the group's largest in Europe. For delivery of parts, the group will either find a local producer in Central Europe or request the existing supplier to build a plant here.

R&D

Czech firms for space

Domestic industrial enterprises are closely cooperating with the European Space Agency (ESA), participating particularly in navigation and satellite projects. Czech firms are associated within the Czech Space Alliance, which has been invited by ESA to become a founding member of pan-European industrial association SME4space.

Plzen attracting high-tech investors

Plzen city hall is endeavouring to attract firms engaged in activities with high added value to four sites in the vicinity of the city – Green Triangle South in Bory, the Světovar barracks site in Slovany, the former heating plant in Těšínská Street in Doubravka, and the land plot at the hospital in Lochotín. Research and development centres, software development centres, and expert and solutions workplaces are to be established in the zones. Preferred areas of activity are materials research and nanotechnology, development of tools and instruments, measuring and testing methods, cybernetics and artificial intelligence, pharmaceuticals, molecular biology and genetics.

Brno has new business incubator

The new Brno-South business incubator was ceremoniously opened in Brno at the end of June. The facility, which will assist creative firms in the beginning phases of business, will offer an area of 455 m² for at least 15 prospective firms. In addition, a specialised incubator will be established at Masaryk University for biotechnology firms. These incubators are focused on information technologies, electrical and mechanical engineering, construction and biotechnologies.

Politics & Legislation

Reform of science and tertiary education in the works

The cabinet is preparing to **reform science institutes and tertiary education**. In the future, universities and scientists will receive money based only on results. Universities and science institutes could be headed by the new Institute for Research and Development, which would result in the creation of an independent Ministry for Research and Tertiary Education. Only primary and secondary education would remain within the jurisdiction of the Ministry of Education.

Miscellaneous

IBM grooms future IT specialists

IBM is progressively supporting the teaching of IT Service Management at technical schools. The subject is being taught directly by specialists from IBM who have direct experience with provision of services to customers from technology centres. The specialists from IBM first began to teach the subject at the Technical University in Brno. Cooperation in this area is currently underway at Masaryk University, which is also in Brno.

Exchange Rates
Averages for the 2nd half of 2006
EUR 1 = CZK 28.330
GBP 1 = CZK 42.017
USD 1 = CZK 20.641
Source: Czech National Bank;
July 2007

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