



Doing Business in the Czech Republic: 2009

Country Commercial Guide for U.S. Companies

INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE, 2008. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.

- [Chapter 1: Doing Business In the Czech Republic](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

[Return to table of contents](#)

Chapter 1: Doing Business In (Insert Country Name Here)

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

Market Overview

[Return to top](#)

The Czech Republic boasts one of the region's most prosperous and industrialized economies. From January-June 2009 it holds the EU Presidency and it has made economic growth, energy security and a reduction of trade barriers its key priorities for Europe.

The country's strategic location, well-developed infrastructure, and skilled labor force attracts strong flows of foreign direct investment (FDI). There is high demand for U.S. products and services, which are known for their good quality and advanced technology. Economic growth was a robust 6% from 2005-7, dropping to 4% in 2008. In 2009, the Czech Republic will feel the impact of the global economic slowdown with growth dropping to 1-2% or possibly even fall into a recession due to a lack of export orders to Western Europe with the automotive sector particularly hard hit.

Economic growth is largely based on inflows of FDI and growth in exports. Foreign investment is boosting productivity, creating new jobs and raising wages and domestic consumption. In addition to new manufacturing facilities, a growing number of American companies are establishing R&D and shared-services support centers. The Czech Republic has become a major hub for automotive and electronics manufacturing in Central Europe. There is intense competition from European companies which have close historical and economic ties to the market.

The Czech government's recent decision to support the expansion of nuclear power generation should create opportunities for the U.S. nuclear industry, which has been active here since shortly after the Velvet Revolution. In addition, the Czech Republic's inclusion last November in the Visa Waiver Program should boost the U.S. travel and tourism sector through greater numbers of Czech visitors.

The Czech Republic's economic transformation is not yet complete. The government still faces challenges such as the slow pace of legislative reforms and industrial restructuring, lax enforcement of IPR protection, making the public procurement process more transparent, and a growing shortage of highly skilled technical workers. In addition, the government's reluctance to commit to a time table for conversion to the euro has many export-oriented businesses concerned. If unresolved, these conditions

can have an adverse effect on the business climate and competitiveness of the Czech Republic.

Market Challenges

[Return to top](#)

- Political impasse hampers government's ability to pursue reform
- Need for reform of taxation, health care and pension systems growing urgent
- Strong competition from European and Asian firms
- Declining population and shortage of skilled workers
- Possible anti-U.S. backlash from missile defense radar issue
- Economic downturn caused by Global Financial/Economic Crisis

Market Opportunities

[Return to top](#)

- Power generation equipment (includes renewable energy)
- Automotive parts and equipment
- Electric and electronics sector
- Medical products and services
- Telecommunications and computer equipment
- Environmental equipment and services

Market Entry Strategy

[Return to top](#)

- We suggest a regional approach involving one or more Central and Eastern European countries.
- It is crucial to find a local partner.
- We suggest participating in a Gold Key or trade mission to meet local partners and possible clients.

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/3237.htm>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

Using an Agent or Distributor

[Return to top](#)

The Czech Republic is geographically small, with 10 percent of the population and most decision-makers concentrated in the capital city of Prague. It is a market where good personal relationships are crucial, and everyone seems to know everyone else. Therefore, we recommend basing your approach on finding and supporting a Czech partner, agent, or distributor. An agent or distributor based in Prague can offer good coverage of the entire country. Though many will offer to represent your firm throughout Central Europe, we have found that a one-country, one-agent approach works best.

In general, agents and distributors will expect exclusivity. Be careful to negotiate an agreement that ties exclusivity to performance, either with a time limitation on the agent/distributor agreement, or a clause that allows termination for non-performance. Good support and management of the agent-distributor relationship is crucial. Many distributors are thinly capitalized and understaffed, yet represent a wide variety of foreign companies. They often focus efforts on the hottest-selling product of the moment, at the neglect of others.

Professional services firms, educational institutions, and engineering firms should use local partners as their entrée into the market. Using a local partner's facilities and staff will bring costs down to competitive levels, and your local partner's contacts will be crucial to developing business.

Many U.S. firms use the Commercial Service's Gold Key program and trade missions to meet and interview potential partners. For more information on these and other services, please view our website: <http://www.buyusa.gov/czechrepublic/en/>

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with European Union (EU) and Member State national laws. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. In essence, the Directive establishes the rights and obligations of the principal and its agents; the agent's remuneration; and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that the Directive states that parties may not derogate certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

Key Link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

The European Commission's Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of such "vertical agreements." Most U.S. exporters are small- and medium-sized companies (SMEs) and are therefore exempt from the Regulations because their agreements likely would qualify as "agreements of minor importance," meaning they are considered incapable of affecting competition at the EU level but useful for cooperation between SMEs. Generally speaking, companies with fewer than 250 employees and an annual turnover of less than €50 million are considered small- and medium-sized undertakings. The EU has additionally indicated that agreements that affect less than 10 percent of a particular market are generally exempted as well (Commission Notice 2001/C 368/07).

Key Link:

http://eur-lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf

The EU also looks to combat payment delays with Directive 2000/35/EC. This covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. In sum, the Directive entitles a seller who does not receive payment for goods/services within 30-60 days of the payment deadline to collect interest (at a rate of 7 percent above the European Central Bank rate) as compensation. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

Key Link: http://ec.europa.eu/enterprise/regulation/late_payments/index.htm

Companies' agents and distributors can take advantage of the European Ombudsman when victim of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights.

Key Link: <http://www.ombudsman.europa.eu/home/en/default.htm>

Establishing an Office

[Return to top](#)

For most small or mid-sized firms, an office in the Czech Republic is not worth the time and expense. If you decide to do so, however, we recommend that you work with a local attorney who can take on the burden of corporate registration and other paperwork.

Prague has a well-educated, multilingual population, many of whom have years of experience in working for Western firms. Companies offering attractive salaries can normally secure a talented nucleus of local staff for a new office. Executive recruiting firms are active in Prague, though most executives use word-of-mouth to make hiring decisions.

Franchising

[Return to top](#)

Franchising has finally become a well-known, successful and popular concept in the Czech market and it is poised for further growth. After a rather moderate start in the 1990s, franchising has seen a rapid growth especially after the Czech Republic's accession to the EU in 2004. Czechs have seen the success of the foreign franchising systems and are now founding domestic franchising concepts and expanding abroad. There are currently about 150 franchised brands on the Czech market, up by 67% over the last three years. The total number of licensee holders increased by 33% over the last three years, from 752 to over 1000 holders in 2006. Approximately 50% of the franchised brands are of Czech origin. Most of these businesses operate in the hospitality, hotel and retail markets.

Thanks to its advantageous geographic position and rapid economic development, the Czech Republic is an ideal starting point for expanding a franchise into Central and Eastern Europe. Many foreign franchise networks operating in Europe are still missing in the Czech Republic and they are expected to enter the market soon. There is still a lack of U.S. firms present, so U.S. franchisers should not miss the opportunity to enter the Czech booming market. Another key point for U.S. franchisers is that their licenses are comparatively cheaper given the weakness of the dollar. For that reason, Czech investors may find investment in this sector especially profitable at the moment.

From a legal perspective, Czech legal system is liberal and places no barriers for entrance and operation of a franchise. Franchising takes the form of a contract between two entities that is regulated by the Commercial Code pertaining to commercial contracts and sales and licensing agreements. Access to capital has also improved with Komerční Banka offering a financing program geared towards potential franchisees in the Czech Republic (<http://www.kb.cz/en/>).

Direct Marketing

[Return to top](#)

The top direct marketers in the Czech Republic are Amway, Avon, Just, Lux, Mary Kay, Oriflame, Tupperware, Vorwerk and WS International. Turnover in this market is about \$201.1 million per year, and the number of registered dealers is 200,686. 96% of these are women, and 85% work part-time. Direct marketers enable these firms to reach clients in small towns and villages, where retail outlets are limited. Both Amway's multi-level and Lux's one-level marketing approaches have worked here. Network marketing has also developed with a number of successful "membership" stores in Prague, Brno, Plzen, and Ostrava.

The Czech National Association of Direct Marketing organizes seminars and promotes international rules of direct marketing, such as the length of guarantees and the consumer's right to return a product. More information on direct marketing in the Czech Republic can be found on www.cnspp.cz

Joint Ventures/Licensing

[Return to top](#)

The Czech Republic has become an attractive destination for foreign investors seeking manufacturing and assembly operations. Perhaps the most common approach is a greenfield investment, but foreign companies also acquire existing Czech firms. Joint ventures are less popular. Although the law allows 100 percent foreign ownership, foreign companies are sometimes reluctant to acquire a Czech firm outright because of environmental or other long-term liabilities. Prague has a small, but skilled, local investment banking community, which can assist U.S. firms in structuring acquisitions or joint ventures.

Selling to the Government

[Return to top](#)

The Czech government has a thin purse, but a long shopping list as it seeks to modernize its military to meet NATO commitments, and upgrade infrastructure to meet environmental and other European Union requirements. EU, U.S. Defense Department, and other international funds are available to help finance purchases. Both the Czech federal government and major municipal governments make increasing use of bond offerings to pay for infrastructure improvements, but this approach is still far less common than in the U.S.

As a member of the EU, the Czech Republic is subject to the rules of the GATT Agreement on Government Procurement. The Czech government's current procurement law requires public tenders for major government and government-financed procurements. Tenders are publicized in the local daily press, particularly *Hospodarske noviny* (Economic News) and *Mlada Fronta Dnes* newspaper, as well as in the *Obchodni vestnik* (Trade Gazette) published by the Czech government. Major manufacturers of a particular product are usually notified directly. The period between calling and closing tenders is 180 days for internationally financed procurements.

U.S. companies bidding on Czech government tenders must have their products approved for the EU market (see standards section below). U.S. companies that find local Czech partners for joint bids can compete in tenders for environmental services, engineering services, and financial and management consulting services. Bid bonds from 1-5% may be required for large-scale contracts. An emphasis on total value (rather than low cost) has lessened the disadvantages U.S. companies once had against lower-cost domestic and European firms.

Lack of transparency throughout the procurement process remains a significant obstacle for U.S. companies. While the Czech government has publicly stated its commitment to fair, transparent tenders, rumors of corruption and preference for European suppliers are rife, particularly with regard to defense sector tenders. Government decision-making is in addition notoriously slow, with tenders frequently delayed and cancelled.

The EU public procurement market, including EU institutions and Member States, totals around EUR 1,600 billion. This market is regulated by two Directives:

- Directive 2004/18 on Coordination of procedures for the award of public works, services and supplies contracts, and
- Directive 2004/17 on Coordination of procedures of entities operating in the Utilities sector, which covers the following sectors: water, energy, transport and postal services.

Remedies directives cover legal means for companies who face discriminatory public procurement practices. These directives are implemented in the national procurement legislation of the 27 EU Member States.

The US and the EU are signatories of the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and some services and works contracts published by national procuring authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies and services contracts from European public contracting authorities above the agreed thresholds. The revision of this agreement should be finalized in 2009.

However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in the EU coverage of the Government Procurement Agreement (GPA). The Utilities Directive allows EU contracting authorities in these sectors to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50% of the total value of the goods constituting the tender, or is entitled to apply a 3% price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions however were waived for the electricity sector.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement. This site also has a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement. Access is free of charge.

Key Link: http://www.buyusa.gov/europeanunion/eu_tenders.html

Distribution and Sales Channels

[Return to top](#)

U.S. products are typically shipped to a major European port (often Antwerp), and then transported to Prague via truck or rail. (Smaller products often come by air to Prague's airport.) The area around Prague has many warehouses and distribution centers, and is the distribution hub of the country.

The Czech Republic has a developed, European-style distribution system and a strong and growing cadre of professional sales agents and distributors in most market segments. Representative offices or industrial sales agents usually handle industrial sales. The cadre of agents has expanded rapidly in recent years. U.S. firms will find agents to be very strong technically; however, many will need help developing marketing and customer service strategies. Margins for distributors are similar to those prevalent in Western European countries. Field sales representatives usually earn a base salary of about 30,000 crowns (\$1,230) per month plus commission (anywhere from 5 to 10 percent depending on the product), and travel benefits (company car, travel allowance).

Prague's winding cobblestone streets are lined with tiny shops -- groceries, pharmacies, music stores, clothing boutiques, and bookstores. These small shops face stiff competition from American-style supermarkets, European "hypermarkets," and shopping malls with a broader selection, lower prices and extended weekend and evening hours (increasingly, 24-hour operation). Swedish IKEA, British TESCO, and German OBI, Hornbach and Baumax, among others, operate multiple locations throughout Prague and have expanded throughout the nation. At this time, no large U.S. retailers are present in the market.

Selling Factors/Techniques

[Return to top](#)

Having a sales force that speaks the local language (Czech) is essential to success in the market. In order to also compete in the European market, this same sales force should have employees that can communicate in English – speaking the local language (French, German, Spanish, Italian, Russian, etc.) is of course an advantage.

Ideally, product literature should be in Czech, and it is advisable to also have some copies in English, as there are many international firms located in Prague with non-Czech speaking decision makers. A dual Czech/English brochure may be the most efficient way of handling this scenario. Any measurements used within the literature should be in metric. In addition, product labels must be in Czech. Your local partner/distributor can assist in this process.

As in most markets, companies doing business in the Czech Republic should have a website in Czech, English and possibly a third language (German). Having a website

gives legitimacy to a company's presence in the market and plays an increasingly important role here in attracting potential customers.

Electronic Commerce

[Return to top](#)

While some of the Czech consumers still do not regularly shop online, interest in e-commerce is growing and increasing numbers of Czechs are surfing – and buying – on the Web. During 2007, e-commerce in the Czech Republic grew by more than 17%, reaching almost \$464.3 million in B2C sales and \$351.2 million in B2B. The number of Internet users with e-shopping experience currently exceeds 305,600,240,000 and rose steadily in 2007. The gap between end-use procurement and process-use e-commerce narrowed significantly last year, and the former is now only slightly ahead.

A number of factors have supported this growth. Credit card use is on the rise, and lower telecommunication tariffs have prompted more Czech consumers to get online. In 2004, Ceska Sporitelna, a major Czech bank, began providing secure e-commerce transactions to online retailers. Finally, in 2005 the Ministry of Informatics introduced anti-Spam legislation (more information at <http://www.micr.cz>), which has been a benefit to legitimate online businesses. The most popular web trading sites are listed in the web resources section at the end of this document.

In July 2003, the EU started applying Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging Value Added Tax. These rules are currently set to expire at the end of 2009.

U.S. businesses mainly affected by the 2003 rule change are those that are U.S. based and selling ESS to EU based, non-business customers or those businesses that are EU based and selling ESS to customers outside the EU who no longer need to charge VAT on these transactions. There are a number of compliance options for businesses. The Directive created a special scheme that simplifies registering with each Member State. The Directive allows companies to register with a single VAT authority of their choice. Companies have to charge different rates of VAT according to where their customers are based but VAT reports and returns are submitted to just one authority. The VAT authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities.

Key Link: http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

Though choosing and supporting a suitable agent is the most important factor in achieving success in the market, companies can stimulate sales further by working with Czech partners on effective marketing campaigns. A good agent or distributor should be able to help you craft an appropriate strategy. The Czech market is small, and market entry is relatively low-cost. Expensive marketing campaigns are probably not necessary, unless promoting a consumer product. U.S. firms can spur sales through trade shows, in-country promotions, and advertising.

A U.S. firm can craft a targeted advertising campaign to introduce new products or support established ones for a fraction of the cost of advertising in the U.S. Retain a local public relations/advertising firm to provide an integrated program. Foreign firms most often pay for in-country advertising, while their local distributors provide facilities, warehousing, and equipment.

With a history dating back to the Middle Ages, trade shows are a European way of life. Both Prague and Brno host many international shows. A small booth is a good -- and comparatively low-cost way -- to meet customers in the Czech Republic and neighboring countries.

The Czech Republic is a small market, and each sector has a few key decision-makers and opinion leaders. One way to reach these leaders quickly is to hold an innovative in-country promotion. Examples of good programs include technical seminars or small receptions at industry trade shows in Brno and Prague, media events and press conferences related to events like launching new lines or opening new offices, or annual holiday receptions for key clients and potential clients. The U.S. Commercial Service in Prague can help to organize such an event and target key decision makers. On the retail side, in-store promotions are utilized extensively.

Czech consumers and firms are very price-sensitive. In the consumer market, however, increasing incomes and the wealth of products in the market have led to a shift toward prestigious name brands -- over low-cost competitors -- for certain high-end goods. U.S. firms are up against European competitors, who have lower transport costs and no import duties, as well as Czech firms that have home field advantage. A number of larger U.S. firms have lowered costs and improved sales prospects by doing some low-cost assembly or value-added production within the Czech Republic. With the weak dollar, Czech firms are giving American products a second look as they seek ways to reduce costs.

The Czech economy has traditionally been a cash economy, although credit card use has grown exponentially as bank regulations for the issuance of credit cards have been

relaxed to near-Western standards. Five years ago, it was rare for a Czech consumer to use a credit card to make a purchase; today, virtually all professionals in major cities have at least one.

Sales Service/Customer Support

[Return to top](#)

Although not yet at the level of Western standards, customer service has come a long way since the market opened up. There is still some room for improvement, and any firm able to implement a customer-friendly support system will have an edge in the market. This applies to both retail and industrial customers.

The retail market is less consistent when it comes to service/support. Many local firms still do not seem to have grasped the concept of employee customer service training in this post-Communist society, and this often leads to a mentality of “the customer is never right.”

The industrial sector is somewhat more developed as the Czechs have made great strides to become part of the international marketplace. U.S. companies should take pains to demonstrate to potential end users their after-sale service capacities. Some industrial users have the impression that European suppliers offer superior after-sale support, and the presence of a well-trained, well-supported local agent who can service equipment is important in closing a sale.

Protecting Your Intellectual Property

[Return to top](#)

Introduction

Several general principles are important for effective management of intellectual property rights in the Czech Republic. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in the Czech Republic than in the U.S. Third, rights must be registered and enforced in the Czech Republic, under local laws. Companies may wish to seek advice from local attorneys or IP consultants. The U.S. Commercial Service can often provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in the Czech Republic. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in the Czech Republic require constant attention. Work with legal counsel familiar with the Czech Republic laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both the Czech Republic or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- ***[Please insert names of appropriate local organizations, if any]***

IPR Resources

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at **www.StopFakes.gov**.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For US small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: **http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html**
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: **www.StopFakes.gov** This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR.

- For an in-depth examination of IPR requirements in specific markets, toolkits are currently available in the following countries/territories: Brazil, Brunei, China, Egypt, European Union, India, Italy, Malaysia, Mexico, Paraguay, Peru, Russia, Taiwan, Thailand, and Vietnam.
- For assistance in developing a strategy for evaluating, protecting, and enforcing IPR, use the free **Online IPR Training Module** on www.stopfakes.gov.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers the Czech Republic from [Ashley Miller](#) the Compliance Attaché who covers the European Union.

IPR Climate in the Czech Republic

The Czech Republic is a signatory to the Bern, Paris, and Universal Copyright Conventions. In 2001, the government ratified the WIPO Copyright Treaty and the WIPO Treaty on Performances and Phonograms. Domestic legislation protects all intellectual property rights, including patents, copyrights, trademarks, and semiconductor chip layout design. Amendments to the trademark law and the copyright law have brought Czech law into compliance with relevant EU directives and WTO TRIPs requirements. The Czech Republic was put on the 301 Intellectual Property Watch list in 2008 for counterfeiting infringements taking place in markets along the borders with Germany and Austria.

Although U.S. companies should exercise due diligence in choosing partners, theft of intellectual property is not a major problem here. We encourage technology-based companies to work with legal specialists to develop a global intellectual property protection strategy, using an appropriate mix of trade secret, copyright, or patent protection. U.S. companies will often find protection in the Czech Republic by gaining intellectual property protection within the European Union. Separate copyright and patent protection within the Czech Republic is possible, relatively low cost, and prudent.

Information on IPR registration is available from the [Copyright Office](#) of the Czech Ministry of Culture.

Due Diligence

[Return to top](#)

Due diligence on potential partners (as well as on suppliers, major clients, and other contacts) is important. The U.S. Commercial Service offers an International Company Profile service that researches the bona fides of Czech firms. Dun & Bradstreet also offers profiles and financial information on Czech firms.

Prague has a cadre of U.S. and international law firms, accountants, and consulting firms that specialize in helping with market entry. We also suggest that U.S. companies new to the Czech market consider joining the American Chamber of Commerce in Prague.

Major Web trading sites:

<http://www.b2bcentrum.cz> - major provider of services in the field of B2B in Central Europe

<http://www.abcb.cz/> - general business information, news, food products

<http://www.glob2b.cz/> - advertising banners on the internet

American Chamber of Commerce in Prague

Executive Director, Weston Stacey

tel.: (+420) 222 329 430,

e-mail: amcham@amcham.cz, web <http://www.amcham.cz>.

Dun & Bradstreet

tel.: (+420) 226 538 600, fax: (+420) 226 538 700

e-mail: custserv@dnbczech.cz, web <http://www.dnbczech.cz>

Czech National Association of Direct Marketing

www.cnspp.cz

EU websites:

Coordination of the laws of the Member States relating to self-employed commercial agents (Council Directive 86/653/EEC):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

Agreements of Minor importance which do not appreciably restrict Competition under Article 81(1) of the Treaty establishing the European Community

[http://eur-](http://eur-lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf)

[lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf)

Regulation on late payment:

http://ec.europa.eu/enterprise/regulation/late_payments/index.htm

European Ombudsman: <http://www.ombudsman.europa.eu/home/en/default.htm>

EU's general data protection Directive (95/46/EC):

http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm

Safe Harbor: <http://www.export.gov/safeharbor/>

Model Contracts:

http://ec.europa.eu/justice_home/fsj/privacy/modelcontracts/index_en.htm

Data Protection Working Group:

http://ec.europa.eu/justice_home/fsj/privacy/workinggroup/wpdocs/2007_en.htm

Distance Selling Rules: http://ec.europa.eu/consumers/cons_int/safe_shop/index_en.htm

Distance Selling of Financial Services:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

E-commerce Directive (2000/31/EC):

http://ec.europa.eu/internal_market/e-commerce/index_en.htm

VAT on Electronic Service:

http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

The Unfair Commercial Practices Directive:

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm

Information to Patients - Major developments:

http://ec.europa.eu/enterprise/pharmaceuticals/patients/patients_key.htm

Nutrition and health claims made on foods:

[Regulation 1924/2006](#)

Provisions of Nutritional Labeling:

[Nutritional labeling directive 90/496/EC](#)

EU-27 FAIRS Subject Report Health Claims - EU Authorization Procedure 2008:

[GAIN Report E48055](#)

Guidance document on how companies can apply for health claim authorizations:

http://www.efsa.europa.eu/EFSA/efsa_locale-1178620753812_1178623592471.htm.

Health & Nutrition Claims:

http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm

Tobacco: http://ec.europa.eu/health/ph_determinants/life_style/Tobacco/tobacco_en.htm

Product Liability: http://ec.europa.eu/enterprise/regulation/goods/liability_en.htm

Product Safety: http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-sales Service:

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm

Copyright: http://ec.europa.eu/internal_market/copyright/documents/documents_en.htm

Harmonization of certain aspects of Copyright and related rights in the Information Society - Copyright Directive (2001/29/EC):

http://eur-lex.europa.eu/pri/en/oj/dat/2001/l_167/l_16720010622en00100019.pdf

Industrial Property: http://ec.europa.eu/internal_market/indprop/index_en.htm

European Patent Office (EPO): <http://www.european-patent-office.org>

Office for Harmonization in the Internal Market (OHIM): <http://oami.europa.eu/>

World Intellectual Property Organization (WIPO) Madrid: <http://www.wipo.int/madrid/en>

Directive on harmonizing trademark laws:
http://ec.europa.eu/internal_market/indprop/tm/index_en.htm

U.S. websites:

EU Public Procurement: http://www.buyusa.gov/europeanunion/eu_tenders.html

Food supplements: <http://useu.usmission.gov/agri/foodsupplements.html>

Local Professional Services: <http://www.buyusa.gov/europeanunion/services.html>.

EU Member State Country Commercial Guides - Market Research Library:
<http://www.export.gov/mrktresearch/index.asp>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

-  Electrical Power Systems (ELP)
 - Automotive Parts and Equipment (APS)
 - Electronic Components (ELC)
 - Medical Equipment (MED)
 - Telecommunications Eq. (TEL)
 - Pollution Control Equipment (POL)
 - Financial Services (FNS)
 - Security/Safety Equipment (SEC)
 - Additional Sectors
-
- Agricultural Sector

Overview[Return to top](#)

<i>In Million USD</i>	2007	2008	2009 est.
Total Market Size	2,750	3,000	3,300
Total Local Production	2,800	3,100	3,250
Total Exports	1,800	1,950	1,900
Total Imports	950	1,150	1,400
Imports from the U.S.	200	300	450

Note: 2009 data is estimated.

Sources: Czech National Bank, Ministry of Industry and Trade, Czech Energy Works (CEZ), General Inspectorate of Customs

The general electricity generation system will rely on the exhaustion of the remaining reserves of brown coal, and on nuclear energy. The potential of water energy is already being utilized at a high capacity. Renewable energy sources currently supply 4.8% of Czech Republic's primary needs. This share should be raised to 8% by 2010; biomass is considered the most important source of renewable energy while wind, solar and hydro sources are limited due to the country's natural conditions.

Opportunities in the Czech energy sector in the upcoming year will originate from projects introduced by the dominant Czech power generator – Czech Energy Works (CEZ). CEZ owns coal-fired power plants accounting for 56 percent of energy generation that will reach the end of their expected working life within four years. Retrofitting, modernization and construction of several power plants controlled by CEZ represent promising export potential for U.S. companies. CEZ will publish tenders which can be found at www.cez.cz and www.centralniadresa.cz

Opportunities[Return to top](#)

2010 – 2013 Prunerov; complete retrofit of 5 x 200 MW blocs

2010 – 2015 Pocerady; construction of a 1 x 660 MW new bloc

These power plants burn local brown coal and are located in the main mining region of Northern Bohemia.

Currently, the installed output in the country is 17,434 MW. In 2006, the country produced 86.331 TWh, of which 24.78 TWh of electric power was exported, mainly to Germany, Austria and Slovakia.

CEZ also owns and operates nuclear power capacity of 3.8 GW, which accounts for 31.1 percent of its total capacity. The Temelin plant is the largest at 2,000 MW.

(Westinghouse is the fuel supplier for Temelin until 2010, when Russian firm Tvel will begin supplying fuel. The company was selected in a public tender.) Skoda Praha, a 100% subsidiary of CEZ, received a \$123 million contract from CEZ to increase the

output of the Dukovany nuclear plant. CEZ is ready to expand the Temelin nuclear power plant and has applied for an Environment Impact Assessment (EIA) to do so.

In 2009, CEZ Distribution (a part of CEZ) will invest into the strengthening its high-voltage networks in the districts on along the Czech-Polish border.

Best Prospects/Services

[Return to top](#)

- Equipment for the retrofit of coal plants, including boilers and pumps
- Control systems and software services for power distribution networks
- Equipment/services for nuclear reactors

Resources

[Return to top](#)

Heating Days & Renewable Energy Sources

April 21-23, 2009, Hradec Kralove, Czech Republic

www.parexpo.cz/td

An international conference and trade event organized by the Association of Heating Companies and the Ministry of Environment.

50th International Machinery Fair

September 14-18, 2009, Brno, Czech Republic

www.bvv.cz/msv

A prestigious international trade fair attracting exhibitors and visitors from both Central and Eastern Europe, and the European Union countries.

Host Government:

Ministry of Industry and Trade

Na Frantisku 32

110 15 Praha 1

Tomas Huner, Deputy Minister (Energy, Metallurgy, Construction)

T: +420 224 853 307

e-mail: huner@mpo.cz

www.mpo.cz

Roman Portuzak, Director

Dept. of Electro Energy and Heating Sectors

T: +420 224 852 310

e-mail: portuzak@mpo.cz

Jan Zaplatilek, Director

Gas and Liquid Fuel Dept.

T: +420 224 852 420

e-mail: zaplatilek@mpo.cz

Zbysek Sochor, Director
Mining Dept.
T: +420 224 853 491
e-mail: sochor@mpo.cz

Ministry of Environment
Vrsovicka 65
100 10 Praha 10
Martin Bursik, Minister
T: +420 267 121 111
e-mail: ministr@env.cz
www.env.cz

Commercial Service of the U.S. Embassy
Trziste 15, 118 01 Prague 1
Hana Obrusnikova, Senior Commercial Specialist
T: +420 257 022 436
F: +420 257 022 810
hana.obrusnikova@mail.doc.gov
www.buyusa.gov/czechrepublic/en

Automotive Parts & Equipment (APS)

Overview

[Return to top](#)

<i>In Billion of USD</i>	2006	2007	2008 est.
Total market size (Import +Local Consumption)	16.4	18.0	18.8
Total local production (Export +Local Consumption)	31.1	34.2	34.8
Total export of transport equipment	22.1	24.2	24.5
Total import of transport equipment	11.3	13.0	10.3
Import from the U.S.	0.065	0.068	0.158

Source: CS Prague unofficial estimates, Automotive Industry Association of the Czech Republic
www.autosap.cz, Czech Statistical Office www.czso.cz

The Czech automotive industry has dominated the national economy and represented roughly 20% of its GDP in 2008. It is likely to be a negative scenario in 2009. As in most of the world, the automotive industry has been hit hard by the global financial crisis and it is predicted that there will be a 20-30 percent fall in sales throughout the EU (the main export market) in 2009.

However, Czech output of motor vehicles reached a record level in 2008. Output of road vehicles grew by 0.81 percent to 947,372 units. Output of light utility and passenger cars, which made up the biggest share of total car production, grew by 0.89 percent to 939,600 units. Nevertheless, in January-September 2008, car production grew by 9.5 percent and car producers had hoped that in early autumn that annual output would exceed one million units. While total passenger car sales in EU fell 7.8 percent, Czech car sales increased 8.4 percent in 2008.

Czech car maker Skoda Auto saw a drop in its output of approximately 3 percent to 603,200 units. Still, the company increased sales by 7 percent to a record 674,530 cars in 2008. Output at TPCA (Toyota-Peugeot-Citroen) increased by 5.1 percent to 324,289 cars. In November, 2008 South Korean car maker Hyundai launched production at its plant in Nosovice, northern Moravia. Hyundai produced 12,050 cars at the plant by year-end 2008. Truck output fell by 14 percent to 2,726 units. In contrast, output of buses increased slightly to 3,496 units. Motorbike production declined by 27 percent to 1,550 units.

Best Products/Services

- Spare parts
- In-car entertainment systems
- Auto security equipment
- Car care products

- Service suppliers for global manufacturers

Opportunities

- Toyota-Peugeot-Citroen (TPCA) is planning to increase its production capacity; however, a final decision regarding this upgrade has been postponed until the second half of 2009.

Resources

AUTOSALON BRNO - INTERNATIONAL MOTOR SHOW

June 6-14, 2009, Brno

Web: <http://www.bvv.cz/autosalon-gb>, E-mail: autosalon@bvv.cz

The most prestigious international fair in the automotive industry, this show is listed by O.I.C.A, the International Organization of Car Producers in the top calendar of world exhibitions.

MOTORCYCLE 2009 – International Motorcycle and Accessories Exhibition

March 11-15, 2009, Prague Exhibition Grounds

www.incheba.cz, E-mail: e.nogolova@incheba.cz

INTERNATIONAL ENGINEERING FAIR

October 14 -18. 2009, Brno

Web: <http://www.bvv.cz/msv-gb>

E-mail: msv@bvv.cz

The 50th International Engineering Fair is the most important engineering exhibition in Central and Eastern Europe. While the Fair does not focus specifically on automotive industry products, these are also exhibited.

Autoshow Praha 2009

October 15-18, 2009, Prague

Web: <http://www.incheba.cz>,

E-mail: v.janous@incheba.cz

An international fair for passenger cars, light commercial motor vehicles, and automobile styling, as well as an exhibition of trucks, water, rail, and air transport, logistics, and warehousing.

Association of Automotive Industry of the Czech Republic

Opletalova 55, 110 00 Praha 1, Czech Republic

web: <http://www.autosap.cz/default-e.asp>

U.S. Commercial Service

Zdenek Svoboda, Commercial Specialist

Phone: (420) 257-022-434

Fax: (420) 257-022-810

E-mail: Zdenek.Svoboda@mail.doc.gov

Electronic Components (ELC)

Overview

[Return to top](#)

<i>In Million USD</i>	2006	2007	2008 est.
Total market size (Local Consumption + Import)	28	31	31.3
Total local production (Local Consumption + Export)	29	32	33
Total Import	26.1	28	27.5
Total Export	27.7	30	30
Total Import from the U.S.	800	850	606

Source: CS Prague unofficial estimates, Electrical and Electronic Association www.electroindustry.cz

In 2007, exports from the Czech electrical and electronics industry reached over \$30 billion, which represented 10% annual growth. Preliminary figures for 2008 are even better. The largest share of exports is traditionally sent to EU countries, primarily Germany. This is due to the geographical proximity of customers and investment by German firms manufacturing electronics in the Czech Republic. For the fourth year running, the trade balance of the electrical and electronic industry is in surplus. However, the global economic crises and a dramatic slow-down of all EU economies will make this a challenge in 2009.

The breakdown of total electrical industry production was 44% heavy-current technology, 24% computer technologies, 21% audio/video and 11% for automation and medical equipment. The sector is characterized by a high proportion of imported materials, components and parts for production and assembly and also by a high proportion of export of products. Outsourcing of electronics manufacturing (contract manufacturing) has been a dominant trend, however, the Czech Republic's new R&D facilities are becoming an increasingly significant driver of economic activity. In early 2008, the Czech Electrical and Electronics Association estimated its revenues would grow by 5 to 10% yearly by 2010.

Best Products/Services

- Electronic components
- Measuring, controlling, automation and medical equipment.
- Computer technologies

Opportunities

- Measuring, controlling equipment for energy saving

Resources

Amper 2009 – International Trade Fair of Electrotechnics and Electronics, March 31 – April 3, 2009, Prague

Web: <http://www.amper.cz/en/>

AMPER is an international trade fair of electronics and one of the largest and most important electronics sector shows in the Czech Republic.

Pragothem 2009

February 26–28, 2009, Prague

Web: <http://www.pragothem.cz>

An international trade fair of the energy sector, heating, energy saving, sanitary technology, technical equipment for buildings, insulation and ecology, measuring, control technology, electronics and electronic equipment

INVEX / DIGITEX

October 5-6, 2009, Brno

DIGITEX 2009 - *International Fair of Consumer Electronics and Digital Entertainment*

Web: <http://www.bvv.cz/digitex-gb>

This show is focused on products and services in the field of consumer electronics and digital entertainment. It is held at the same place and on the same date as the major show INVEX.

INVEX 2009 - *International Fair of Information and Communication Technologies*

Web: <http://www.bvv.cz/invex-gb>

Designed for professionals in the field of information and communication technologies.

Czech And Moravian Electrical And Electronic Association

Web: www.electroindustry.cz

The trade association that promotes the interests of communications and electronics companies operating in the Czech Republic; provides legal, marketing and other expertise.

U.S. Commercial Service

Zdenek Svoboda, Commercial Specialist

Phone: (420) 257-022-434

Fax: (420) 257-022-810

E-mail: Zdenek.Svoboda@mail.doc.gov

Overview

<i>In Million USD</i>	2006	2007	2008(est.)
Total Market Size	712	794	949
Total Local Production	391	484	620
Total Exports	359	475	608
Total Imports	680	785	937
Imports from the U.S.	146	158	192

Note: Unofficial estimates (limited to medical device only)

The health care sector is very active and prominent in the Czech Republic. The current government recently introduced some long awaited health care reform that creates further opportunities. Although domestic manufacturers are increasingly competitive, the majority of medical devices used in the Czech Republic are imported. Germany dominates the market, with 25 percent of total medical device imports; the U.S. ranks second, and U.S. products, particularly high-tech equipment, have a good reputation for quality. The Czech medical market is very active and competitive. While most new products, equipment and technologies are imported, furnishings -- such as storage trays, cabinets and hospital beds -- are primarily of domestic origin.

One of the market trends is an increasing life expectancy (72 years for men and 78.5 years for women). Devices used to monitor symptoms and manage disease are in increasing demand. The most common cause of death is circulatory system problems. (Czechs continue to be heavy smokers, and air in many industrial cities is somewhat polluted.)

Growing interest in joint Czech-U.S. projects in the health care field could generate new opportunities for U.S. medical equipment providers. The most significant project to date is the International Clinical Research Center (ICRC) at St. Anne's Hospital in Brno, a project of the Czech Republic and the U.S. Mayo Clinic. Other Czech regions are eager to develop similar projects, and U.S. partners are in demand. Projects like these should raise the profile of the health care/biotechnology sector in the Czech Republic and increase demand for high-quality technology and equipment.

Best Prospects/Services

In the Czech Republic the best market opportunities exist for cutting-edge, high quality and technically sophisticated medical equipment, especially equipment that increases efficiency and reduces occupancy rates in hospitals. Products, such as the following, have the best sales potential in the Czech market: Mini invasive surgery (MIS), Patient monitoring systems, Video endoscopes, Digital image processing, High-end ultrasounds, Home-care equipment, etc.

Opportunities

- Czech institutions demonstrate strong interest in partnering with U.S. companies, hospitals and universities to create medical research partnerships.

OPTA

February 27 – March 1, 2009; Brno / Czech Republic

www.bvv.cz

International Fair of Eye Optics, Optometry and Ophthalmology

PRAGOMEDICA

April 21 - 24, 2009; Prague / Czech Republic

www.incheba.cz

Pragomedica covers medical technology for diagnostics and therapy, laboratory devices and equipment, pharmaceutical and OTC products, and optical devices and equipment.

MEDICAL FAIR BRNO

October 20 - 23, 2009, Brno / Czech Republic

Web: www.bvv.cz/medicalfair

Medical Fair Brno is one of the most important specialist fairs of medical technology, equipment of hospitals, healthcare centers and subsequent rehabilitation incl. prosthetics in the area of EU new and member countries

Ministry of Health

Palackeho namesti, 128 01 Praha 2

e-mail: mzcr@mzcr.cz

U.S. Commercial Service

Ms. Veronika Novakova, Commercial Specialist

Phone: (420) 257-022-434

Fax: (420) 257-022-810

e-mail: Veronika.Novakova@mail.doc.gov

Telecommunications Eq. (TEL)

Overview

[Return to top](#)

<i>In Million USD</i>	2006	2007	2008 est.
Total Market Size	394	46.1	46.9
Total Local production Local Consumption + Export	37.2	39.9	41.3
Total Exports	30.1	31.6	32.5
Total Imports	36.5	39.1	40.1
Imports from the U.S.	10.3	11.1	11.8

Source: Czech Statistical Office, CS Prague unofficial estimates

The Czech IT and telecom market is vibrant and competitive. Penetration in mobile telephony surpassed that in Western European countries, government and private investment in the sector continues, and growth of almost two percent is expected this year. U.S. companies with niche products and services will continue to find good opportunities by working with a local partner, either agent or OEM.

Major players include SWS, Oracle, Auto Cont, Microsoft, Hewlett-Packard, IBM, Sun Microsystems, eD'T-Systems, Unisys, CompuSource/MacSource and Unicorn. Primary technology providers include Microsoft, IBM, Sun Systems, Oracle, Lotus, Novell, Compaq, Symantec, Spectrum and Citrix.

Best Prospects/Services

[Return to top](#)

- Electronic components
- Network equipment
- Software System Solutions
- IT solutions supporting the Internet
- Wireless equipment
- Data service equipment
- Voice service equipment
- Video conferencing equipment
- Multimedia applications

Opportunities

[Return to top](#)

- Telefonica increased its investment in the country and is committed to further modernization of the Czech telecom sector.
- E-commerce in the Czech Republic continues to grow. Thirty-six percent of households and 92 percent of business have internet access. Progress is slow but steady.

- Computer and office equipment hardware still accounts for a very large share (46 percent) of the IT market, but the market is gradually shifting to software and services (currently 19 and 36 percent respectively).
- Mobile phone usage outstrips the EU average – this country of 10.3 million people boasts 12 million mobile phones, and increasing numbers of Czech consumers are canceling their fixed lines. Overall spending on telecommunication equipment and services is steeply increasing.
- U.S. suppliers are price competitive in the Czech Republic, due to the continuously fluctuating dollar.

Resources

[Return to top](#)

INVEX Forum, International Fair of Information and Communication Technologies

October 5-6, 2009, Brno

www.invex.cz, e-mail: invex@bvv

The largest telecom event in Central/Eastern Europe, and ranked as one of the top four IT fairs worldwide. Over 600 exhibitors from 18 countries regularly take part.

DIGITEX, International Fair of Consumer Electronics and Digital Entertainment

October 8-10, 2009, Brno

www.bvv.cz invex@bvv.cz

MODERN ELECTRONICS 2009, International IT Fair

1st Audiovisual, Communication and Information Trade Fair

September 10-14, 2009, Prague, Letnany Exhibition Hall

www.modernielektrotechnika.cz

AMPER 2008 International Electro technical / Electronics Trade Fair

March 31 - April 3, 2009, Prague, Letnany Exhibition Hall

<http://www.amper.cz>

Ministry Of Interior

Mr. Ivan Langer, Minister

Nad Stolou 3

170 34 Praha 7

www.mvcr.cz

Czech Telecommunication Office (Regulatory body appointed by the government)

Sokolovska 219 Prague 9

web: www.ctu.cz, e-mail: info@ctu.cz

Association for Information Society

www.spis.cz

Association for e-Commerce
www.apek.cz

Center for e-Commerce
www.e-commerce.cz

U.S. Commercial Service

Ms. Luda Taylor, Commercial Specialist

Telephone: (+420) 257 022 315

Fax:(+420) 257 022 810

E-mail: luda.taylor@mail.doc.gov



Pollution Control Equipment (POL)

Overview

[Return to top](#)

U.S. environmental technologies are highly competitive in the Czech Republic. The country's 2004 accession to the EU was one of the main drivers for the introduction of new environmental laws. It is expected that by 2010, environmental investments in the Czech Republic will reach \$10 billion (CZK250 million).

The EU's focus on recycling and re-use has also been introduced to the country in recent years, following an EU trend of creating a 'recycling society'. But while the level of recycling and composting has improved significantly in the Czech Republic in recent years, there is still a long way to go to achieve the levels typical in Western Europe. Recycling technologies should find an increasingly receptive market; however, competition from European companies will be fierce.

Best Products/Services

[Return to top](#)

- Biodegradable waste treatment
- Recycling technologies
- Waste water treatment technologies
- Brownfield remediation
- Monitoring devices
- Cleaner production practices

Opportunities

[Return to top](#)

- Remediation tender: The Finance Ministry has called a public contract for the complex liquidation of environmental damages resulting from privatization. All burdens are to be liquidated as one contract, the value of which is CZK 115 bln. Decision on the tender winner should be disclosed in 2009. Remediation works are expected take several years.
- The Czech Republic has committed to the Kyoto Accord to reduce green house gas emissions (GHG) to 8% by the end of 2012. (Today, the Czech Republic is producing 25% GHG.)
- Project financing comes from various sources including the state budget, local government budgets, environmental funds, EU structural funds and from individual investors and entrepreneurs. With a Czech partner, U.S. firms can compete for EU funds.

Resources

[Return to top](#)

VODOVODY & KANALIZACE + ENVI BRNO TRADE FAIRS

May 26 - 28, 2009, Brno / Czech Republic

Web: www.bvv.cz/envibrno

The International Water Management and Ecological Fair which ranks among the largest fairs in Central and Eastern Europe focusing on water management, waste management and protection of all aspects of the environment. This event is regularly attended by most market leaders from the Czech Republic and abroad.

Ministry of Environment

Vrsovicka 65, 100 10 Praha 10

e-mail: info@env.cz

U.S. Commercial Service

Ms. Veronika Novakova, Commercial Specialist

Phone: (420) 257-022-434

Fax: (420) 257-022-810

e-mail: Veronika.Novakova@mail.doc.gov

Financial Services

Overview

[Return to top](#)

<i>In Billion USD</i>	2006	2007	2008 est.
Pension Funds	4,102	4,922	5,463
Insurance Market	1,320	1,450	1,540

Source: Czech Insurance and Pension Funds, CS Prague unofficial estimates

Czech banks have so far gone through the banking crisis as one of the strongest in Europe. The reason is primarily a lower ratio of customer loans to customer deposits, the high propensity of Czech consumers to save and the careful approach of Czech banks to lending.

The Czech financial sector is extremely conservative compared with international benchmarks. Czechs have a very low debt level, almost a fifth compared to the UK. Higher deposits make local banks less dependent on other sources of financing. Czech banks focus primarily on classic retail banking (loans and deposits) and are much less involved in investment banking common in the US.

There are 38 banks operating in the Czech Republic, but the market is dominated by a small number of foreign (primarily European) banks, including CSOB (KBC, Belgium), Ceska Sporitelna – CS (Erste Bank, Austria), Komerční banka – KB (Société Générale, France), and UniCredit Bank (Unicredit Group, Italy). The three major banks CSOB, CS and KB generated a combined net profit of Kc26.8 billion in the first three quarters of 2008, up by 13% year-on-year. The market is fairly open and looks increasingly like that in other EU countries.

Best Products/Services

[Return to top](#)

- Retail banking – deposit products
- Building savings banks loans
- Private pension funds
- Life Insurance

Opportunities

[Return to top](#)

- Despite a contraction in major industries, Czech banks have actually increased earnings, and their 2008 profit will likely exceed the record US\$2.2bn seen in 2007. Czech banks net profit increased by 12% in the first three quarters of 2008, to US\$1.8bn. Banks are foreseen to further raise profits, but at a much slower pace than in the past few years. People continue to withdraw their money from investment funds due to high losses and turn to banks seeking higher security for their money. This leads to increasing demand in deposit services and banks introduce new deposit products, especially long-term deposits to

attract these clients. The current trend is to open new offices to get closer to the clients and improve internet banking services.

- Although the mortgage market decreased in 2008 after record increases in previous years, the building savings banks maintained their growth and are expected to grow further in coming years. Building saving banks lent approximately US\$3.7bn in 2008 and the entire building savings loan market increased by 40% year-on-year.
- The private pension market in the Czech Republic continues to grow. The country has one of the highest levels of private pension participation in the world, with 4.2 million clients (over 60% of the productive adult population). The number of participants increased by 6% and assets increased by 11% in 2008. New regulations emphasize marketing pension funds to firms rather than individual employees.
- Despite the financial crisis, the Czech insurance market was marked by further growth. In the first three quarters of 2008, the insurance market grew by 6.2% from 2007. Life insurance accounted for most of the increase with 6.6% growth. In the structure of the insurance market non-life insurance continues to predominate (62:38), however the ratio between the life and non-life insurance is moving toward the 60:40 split found in developed countries. By Western standards, the Czech Republic is still underinsured. Although the insurance penetration increased from 2.9% to 3.8% over the last 10 years, it still lags behind the EU average. There is a high potential for further growth especially in life insurance.

Resources

[Return to top](#)

Czech Banking Association (CBA)

<http://www.czech-ba.cz/index.php?akce=home&kat=1&lang=en>

Association of Czech Building Savings Banks

<http://www.acss.cz/en/>

Czech Bank Card Association

http://www.bankovnikarty.cz/web_sbk/main_page/english/main_e.htm

Ministry of Finance of the Czech Republic

<http://www.mfcr.cz/cps/rde/xchg/mfcr/hs.xsl/en.html>

Czech National Bank (Central Bank)

<http://www.cnb.cz/en/index.html>

Czech Insurance Association

http://www.cap.cz/default_en.aspx

Association of Czech Insurance Brokers (ACIB)
<http://www.acpm.cz/index.php?lang=en>

Czech Insurers' Bureau
<http://www.ckp.cz/english/index.asp.htm>

Financial arbitrator
<http://www.finarbitr.cz/en/>

Deposit Insurance Fund
<http://www.fpv.cz/en/index.php>

Prague Stock Exchange
<http://www.pse.cz/?language=english>

Association of Funds and Asset Management of the Czech Republic (AFAM ČR)
<http://www.afamcr.cz/index.do>

Association of Financial Intermediaries and Financial Advisers of Czech Republic (AFIZ)
http://www.afiz.cz/page.php?menu_reference_name=English

Association of Pension Funds of the Czech Republic (APF CR)
<http://www.apfcr.cz/en/index.php?page=home.php>

U.S. Commercial Service

Jana Ruckerova, Commercial Specialist

Phone: (420) 257 022 310

Fax: (420) 257 022 810

E-mail: Jana.Ruckerova@mail.doc.gov

Security Equipment/Safety Eq. (SEC)

Overview

[Return to top](#)

<i>In Million USD</i>	2006	2007	2008 est.
Total Market Size	172	181	187
Total Local Production	132	139	142
Total Exports	57	60	64
Total Imports	89	94	97
Imports from the U.S.	34	37	40

*Predicted

Sources: Unofficial estimates, Czech Association of Safety and Security Companies; company annual reports. Expected inflation rate is 3% per year.

The Czech Republic's commitments to NATO and the European Union, combined with the demands of an increasingly prosperous society, contribute to heightened demand for safety and security equipment. Needs in the Czech market fall primarily into three categories: military/police, civilian, and EU accession.

- **Civilian:** The Czech Republic has long been considered a comparatively low-threat area for terrorist attack and ordinary crime, with the exception of car theft and pick-pocketing. Czech companies historically have not invested heavily in security. In fact, EU specialists found that only one-fifth of Czech companies provide efficient protection of their property. However, following the past year's terrorist bombings in India, Czech companies are rethinking their security needs.
- **EU membership:** The EU encourages Czech government officials to invest more in security, particularly building protection. A number of Czech government agencies have invested in security equipment, accelerating in the wake of the terrorist bombings. This trend is anticipated to continue.
- **Military/police:** NATO integration will require continuing efforts. Several large tenders for special equipment, such as light firearms, are expected.

Best Products/Services

[Return to top](#)

- Personal access checking systems
- Alarm equipment for building safety
- Alarm equipment for cars and motor vehicles
- Surveillance systems
- Fire prevention and control equipment

Best prospects for building security are expected to be:

- Metal detectors
- Monitoring systems

- Training and service for security equipment

Opportunities

[Return to top](#)

- The global security situation continues to be challenging, driving an ongoing demand for security products and devices.

Resources

[Return to top](#)

IDET

May 5 - 7, 2009 Brno, Czech Republic
idet@bvv.cz

One of the two largest international trade shows in Europe for military, security and safety equipment, drawing a high-level audience. This year, IDET is a Commerce Department Certified Trade Show, and exhibitors can take advantage of a Gold Key Plus program organized by the U.S. Commercial Service in Prague.

Association of Technical Security Services

Phone: (+420) 296 642 790
E-mail: info@gremiumalarm.cz
Web: www.gremiumalarm.cz

Association of Private Security Services of the Czech Republic

Phone: (+420) 222 711 661
E-mail: sekretariat@asbs.cz
Web: www.asbs.cz

Association of the Defense Industry of the Czech Republic

Phone: (+420) 224235320
E-mail: aop@mbox.vol.cz
Web: www.czech-aop.cz

Ministry of Interior, Czech Republic

Phone: (+420) 974 811 111
E-mail: dotazy@mvcr.cz
Web: www.mvcr.cz

Ministry of Industry and Trade, Czech Republic

Phone: (+420) 224 851111
Email: mpo@mpo.cz
Web: www.mpo.cz

Ministry of Defense, Czech Republic

Phone: +420 973 201 111
E-mail: posta@army.cz
Web: www.army.cz

US Commercial Service
Ms Luda Taylor, Commercial Specialist
US Embassy Prague
Trziste 15, Prague 1
Tel.: +420 257 022 310
Email: luda.taylor@mail.doc.gov

Additional Publications:

Internal security issues (crime, developments in individual kinds of crime and security risks) are covered in the report “**Security Situation in the Czech Republic**” written by Czech Ministry of the Interior.

A comprehensive overview of all external security issues is covered in the report “**Security Strategy of the Czech Republic**” which was produced by the Ministry of Foreign Affairs and adopted by the Czech Government on February 10, 2004.

As the Czech Republic is an EU accession country, it must consult on all external security issues with the European Union and comply with the “**Common European Security and Defense Policy**” that defines external action through the development of a military crisis management capability as well as a civilian one.

Additional Sectors

- **Franchising (FRA)**
- **Aircraft/Parts (AIR)**
- **Defense Industry Equipment (DFN)**
- **Architecture, Construction and Engineering Services (ACE) & Construction Equipment (CON)**
- **Education/Training Services (EDS)**
- **Sporting Goods/Recreational Equipment (SPT)**
- **Apparel (APP)**

Franchising

[Return to top](#)

Franchising has become a well-known, successful and popular concept in the Czech market and it is poised for further growth. After a rather moderate start in the 1990s, franchising has seen rapid growth especially after the Czech Republic's accession to the EU in 2004. Czechs have seen the success of the foreign franchising systems and are now founding domestic franchising concepts and expanding abroad. There are currently about 150 franchised brands on the Czech market, up by 67% over the last three years. The total number of licensee holders increased by 33% over the last three years, from 752 to over 1000 holders in 2006. Around 50% of the franchised brands are of Czech origin. Most franchise businesses operate in the hotel and hospitality sectors. Fast-food establishments are very popular with a strong U.S. presence. The most successful franchisor in the Czech Republic is McDonald's, using multiple franchising techniques. The bulk of franchises are also found in the retail sectors, including clothing, cosmetics, gas stations, automobile rentals, photo processing, training and other services. Most recently, the real estate sector has seen rapid growth.

Thanks to its advantageous geographic position and rapid economic development, the Czech Republic is an ideal starting point for expanding a franchise into Central and Eastern Europe. Many foreign franchise networks operating in Europe are still missing in the Czech Republic and they are expected to enter the market soon. There is still a lack of U.S. firms present, so U.S. franchisors should not miss the opportunity to enter the booming Czech market. Another key point for U.S. franchisors is that their licenses are comparatively cheaper given the weakness of the dollar. For that reason, Czech investors may find investment in this sector especially profitable at the moment.

With a total population of 10.3 million inhabitants, the Czech Republic represents the second biggest market out of the 10 nations that joined the European Union in 2004. The highly educated workforce, the relatively low costs of labor, and effective advertising are other benefits for foreign franchisors deciding to penetrate the Czech market. The implementation of a friendly service that attracts the customers also represents a great competitive advantage.

Hotel franchising, though it is more widespread than other types of franchising, is still waiting to take off in the Czech Republic. Most franchised hotels are clustered in

Prague, and the Czech Republic's second and third tier cities are hungry for internationally known hotel brands.

There is room for growth in the fast food sector. Czechs spend about \$1.2 billion (25 billion CZK) annually on fast food. This totals approximately 30 percent of restaurant revenues. The two biggest players on the local fast food market are McDonalds and KFC; these two chains account for 14 percent of the total of fast food market. Czechs eat fast food 3 times more frequently than Hungarians and 4 times more than Polish consumers. Popular pizza franchising systems are still absent in the Czech market. Great potential exists for coffee shops. Current players like Segafredo, Illy and Coffee Heaven are expanding rapidly and the market has attracted newcomers. Starbucks just entered the market in January 2008, and it is expected to be followed by other famous franchises, such as German Cup&Cino, Indian Café Coffee Day and Coffee Republic of the U.K. later this year.

Real estate franchising is booming. Three major players RE/MAX, ERA, and Chirs have entered the market recently and others plan to come soon. The real estate market has been growing rapidly in the last few years and it is undergoing major development.

Some franchising segments have yet to develop in the Czech market. Good prospects exist for Business Services, Travel Services, Digital Entertainment, etc. There is also room for Convenience and Apparel/Fashion stores, Senior Home Care and Children/Education and Training services.

From a legal perspective, Czech legal system is liberal and places no barriers for entrance and operation of a franchise. Franchising takes the form of a contract between two entities that is regulated by the Commercial Code pertaining to commercial contracts and sales and licensing agreements. Access to capital has also improved with Komerční Banka offering a financing program geared towards potential franchisees in the Czech Republic (<http://www.kb.cz/en/>).

Contacts:

U.S. Commercial Service

Ms. Jana Ruckerova, Commercial Specialist

Phone: (420) 257-022-310

Fax: (420) 257-022-810

E-mail: Jana.Ruckerova@mail.doc.gov

Czech Franchise Institute, Ltd - Český institut pro franchising, s.r.o.

Managing Partner: Jaroslav Tamchyna

Novodvorská 994

BesNet Centrum

142 00 Prague 4

Phone: (420) 603 578 035

E-mail: info@ifranchise.cz

<http://www.ifranchising.cz>

The Czech Franchise Association - Česká asociace franchisingu

Hana Jurášková - Association Manager

Opletalova 6 - budova Agropolu

110 00 Praha 1

Phone: (420) 242 444 509

Mobile: (420) 603 202 508

Fax: (420) 242 444 935

E-mail: caf@czech-franchise.cz

<http://www.czech-franchise.cz/>

Aircraft/Aircraft Parts (AIR)

With a well-managed, rapidly expanding, and soon to be privatized Prague airport, the Czech national airline CSA in the pipeline for privatization, and the surviving remnants of a once proud aviation industry, the Czech Republic promises to be a continuing consumer of aircraft parts and services. While the decision of Czech Airlines to choose Airbus for its next major purchase put a major dent in a once overwhelming U.S. market share, Czechs retain a respect for U.S. aircraft, and U.S. companies should continue to pay close attention not only to this market but also to the private business jet market. As commercial jet check-in procedures become ever more complicated, private business jet travel is grabbing a bigger share of the market. To meet the demand, some Czech-based operators are adding aircraft to their fleets and U.S. companies should keep an eye on this promising market.

Best Prospects

- Regional and business aircraft
- Helicopters for medical emergencies and police work
- Utility cargo aircraft for Czech Air Force (a tender will be announced in 2009)
- Upgraded and sophisticated avionics
- Supply of technologies and aircraft components for domestic production
- Training and consulting services

Defense Industry Equipment (DFN)

Due to ongoing Czech government plans to dramatically modernize the country's military, the defense sector continues to be a lucrative one for U.S. companies. However, the challenges of selling to the Czech Government, including a lingering lack of transparency in the tendering process, mean that quick wins are unlikely. Only by proceeding with a longer-term view and building a solid network can a US company expect to succeed in the Czech defense market.

In order to remake the Czech armed forces into a small, mobile, and sophisticated professional army, the Czech Government has adopted the following plan:

2009:

- Armed wheeled vehicles

After 2009:

- Supersonic aircraft
- Long-range air defense systems

The Czech government is required by law to hold tenders for major procurements. Tenders are publicized on the webpage: www.army.cz. A public tender must be carried out whenever a procurement is ordered by a state/municipal organization or when the source of financing is from state or municipal budgets or a grant or loan from an international organization. A technical committee and/or a multi-ministerial committee decides on larger procurements. No rules exist to govern the selection or conduct of this committee and the current public procurement law does not have accompanying regulations. The result is wide variances in executing procurements.

Domestic content weighs heavily in purchasing decisions. Ideally, the MoD would like to see foreign suppliers transfer technology and manufacturing capability to local joint ventures. Offsets or other compensation to Czech industry can balance the lack of domestic content. In the past, firms have agreed to purchase Czech products and services so that the total value of these would be equal to that of the Ministry's purchase. The MOD prefers modern, NATO-compatible equipment from stable suppliers.

Architecture, Construction and Engineering Services (ACE) & Construction Material/Equipment (CON)

The year started with the most ambitious plans ever and ended with the biggest decline ever and with the anticipation of a further decrease – this is what property market looked like in 2008. A lack of financing availability has had the biggest impact on the purchasers of commercial buildings. Real estate investment decreased by almost two thirds, from \$3.1 billion in 2007 to 1.6 billion in 2008.

Demand for new flats and houses will continue, mainly in Prague, but at lower levels. It will likely increase among foreigners who will be able to legally buy residential property in the Czech Republic as of May 2009. Part of the reason that the demand will remain reasonably strong is due to the low quality of a large segment of the available residential property. Roughly 30% of all flats in the country are in poorly-built, aging panel apartment blocks.

In addition, at a time of financial crisis many see buying a new flat as the safest investment. One area where the crisis will significantly hamper the housing market will be the financing of development projects through credit loans since banks are making loans much harder to obtain.

The sector will be driven largely by intense continuation of work on the transport infrastructure and environmental remediation of brown-field industrial sites. Financing of these projects come from two sources, the state budget and EU funding.

Best Prospects in the Industrial Sector:

- Environmental remediation of brown-field industrial sites
- Highway, road and bridge information and technology systems

Education/Training Services (EDS)

The education market is made up of two distinct parts: student exchange programs and locally based programs. While study abroad programs are quite popular in the Czech Republic, the number of Czech students in the U.S. has experienced a slight decline in recent years largely due to the Czech Republic's entry into the European Union (EU) and the availability of EU grant programs for studies in the EU countries. Nevertheless, current exchange rates make tuition costs lower for schools in the U.S. The U.S. therefore has a good chance to regain its former position as a preferred location for higher education.

U.S. schools looking to start a Czech-based program should visit the market as an initial step. During this visit, the school should seek to evaluate what is already on offer and determine how their program can operate competitively and distinguish themselves from existing programs. While Prague already has a number of U.S.-sponsored or U.S.-style programs on offer, major towns elsewhere in the Czech Republic are hungry for this type of offering. Most U.S. schools choose to partner with a Czech educational institution to offer local programs.

Sporting Goods/Recreational Equipment (SPT)

The Czech Republic has a long tradition of sports and the sporting goods market is growing every year. The most popular sports are ice hockey, soccer, tennis, cross-country and downhill skiing. The average Czech family spent around \$1,100 on sporting goods in 2008, up almost 10% from 2007. Sporting apparel accounts for 48% of the spending, leaving 38% of spending for sport equipment, 10% for sport tournaments entrance tickets and passes and 5% for trainers and courses.

Skiing has become the most popular winter sport in the Czech Republic. The development of ski equipment as well as ski centers attract more and more people every year. Volleyball is also a common sport and many Czech volleyball players play successfully in foreign leagues. Hiking and cycling belong to the most popular outdoor sports. With one of the highest densities of fitness centers in Europe, gym equipment such as weight machines, treadmills, spinning bikes, etc. can also find a market here. Hunting, and scuba diving have also become popular.

Golf has enjoyed increasing popularity during the last five years. Eastern Europe represents a great potential for golf as the number of golf courses increased by 78% in the last five years. The Czech Republic has become a clear golf leader in this region, with 68% of golfers in the region playing in the country. The Czech Republic owns 50% of all golf courses in the whole Eastern Europe region. It is expected that golf will be developing rapidly in the future.

Czechs expect quality products, and this is where U.S. companies can gain a strategic advantage over other competitors. Advertising has become an important part of the Czech consumer culture, and U.S. companies must be aware of this when developing their product positioning strategy. Finding an experienced Czech distributor is a key to market access.

The Czech Republic will host three international tradeshows focused on sport equipment in 2009, the most visited being SportTech and Sport Prague.

Contacts:

U.S. Commercial Service

Ms. Jana Ruckerova, Commercial Specialist

Phone: (420) 257-022-310

Fax: (420) 257-022-810

E-mail: Jana.Ruckerova@mail.doc.gov

Apparel (APP)

The Czech luxury fashion market is gathering steam. Thanks to its advantageous geographical position in the center of Europe and favorable economic development, Prague has become the center of attention for world-renowned designer fashion brands. More and more Czechs are interested in fashion, read fashion magazines, watch trends and consult experts on their wardrobe. As the presence of reputable fashion houses has been insufficient until recently, the rising demand resulted in the growing number of new stores emerging in the market.

The days when Hermes was the only top-end fashion brand in Prague are gone. House of Gucci announced the company's plan to expand to the Czech Republic, joining several other recent arrivals. The vast majority of luxury brands wish to open their stores on Prague's high-end Parizska Street. The street has a reputation as the finest shopping zone in the Czech Republic, with more than three dozen boutiques including Christian Dior, Salvatore Ferragamo Italia, Cartier, Burberry, and Louis Vuitton Company. Dolce & Gabbana, Prada and Tod's are to open their stores very soon.

There has been growth in the number of Czechs willing to spend their money on exclusivity. While last year only 2 percent of women claimed interest in designer clothing, this year it is over 6 percent. Demand in the Czech market is driven not only by Czechs, but is also fueled by tourists who are abundant in Prague. Russians are the biggest spending tourist group, followed by the Japanese.

Great opportunities also exist for mid-market apparel. The demand for mid-priced apparel in the Czech Republic is rising and the supply is not sufficient. A quality offering in the mid-priced apparel market is missing and several new brands would prosper here. The sales in the textile and apparel market have been accelerating in the last 3 years. The market has risen by 4% in 2006, it accelerated 12% in 2007 and maintained continued growth in 2008 despite the financial crisis.

Contacts:

U.S. Commercial Service

Ms. Jana Ruckerova, Commercial Specialist

Phone: (420) 257-022-310

Fax: (420) 257-022-810

E-mail: Jana.Ruckerova@mail.doc.gov

2/5/2009

B. Best Prospects for Agricultural Products

Note: Many U.S. products enter via Germany or Netherlands and are therefore counted under these countries trade statistics, so the real U.S. market share is higher.

Dried fruits and nuts (almonds, pistachios, pecans, prunes, and other dried fruits and nuts) (HTS Number: 0802 + 0813)

In mill. USD	2006	2007	2008
Total market size	34	37	41
Total local production	3	2	2
Total exports	8	13	12
Total imports	39	48	51
Imports from the U.S.	12	13	15

Source: Czech Statistical Office <http://dw.czso.cz/pls/stazo/stazo.stazo>

Almonds are mostly imported from California. Almonds sell well in retail, especially in the hypermarkets. The processing sector (primarily bakers and confectioners) is searching for cheaper substitutes for costly almonds, but as purchasing power grows, consumers seek higher-quality products. The Almond Board of California promotes almonds in the Czech Republic by holding seminars and participating at Snack Food shows.

Wine and spirits (HTS Number: 2204 + 2208)

In millions USD	2006	2007	2008
Total market size	1,147	1,220	1,397
Total local production	990	1,020	1,165
Total exports	45	61	81
Total imports	202	261	313
Imports from the U.S.	8	10	13

Source: Czech Statistical Office <http://dw.czso.cz/pls/stazo/stazo.stazo>

Consumption of spirits is declining in the Czech Republic, while consumption of wine is on the rise. The U.S. is holding its share of the bourbon market, and its share of wine imports is growing rapidly due to the increased popularity of "New World" wines. Even though the number for U.S. imports seems to be stagnating, due to transshipments through European countries like Germany and Netherlands, real imports are much larger.

Fish and crustaceans (HTS Number: 03)

In millions USD	2006	2007	2008
Total market size	78	90	106
Total local production	50	52	55
Total exports	61	65	76
Total imports	89	103	127
Imports from the U.S.	5	7	8

Source: Czech Statistical Office <http://dw.czso.cz/pls/stazo/stazo.stazo>

The Czech Republic is a land-locked country and thus produces only fresh water fish, especially carp and trout (carp is a traditional Christmas dish). Sea fish and seafood are imported. Total imports are growing as Czechs move toward a healthier diet and consume more fish.

The following U.S. fish and seafood products have a good opportunity on the local market: Alaskan salmon, Alaskan pollock, scallops, shrimps, lobster, mackerel, herring etc.

Soybean meal (HTS Number: 2304)

In millions USD	2006	2007	2008
Total market size	150	183	241
Total local production	0	0	0
Total exports	0.8	1	3
Total imports	150	184	244
Imports from the U.S.	75	90	115

Source: Czech Statistical Office <http://dw.czso.cz/pls/stazo/stazo.stazo>

Due to unfavorable growing conditions, the Czech Republic produces very little soybean meal and must import it. Most meal imports come through either Germany or Holland via barge or rail. Major competitors are Argentina and Brazil. Imports of soybeans from the U.S. are currently lower due to GMO labeling requirements.

[Return to table of contents](#)

Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

Import Tariffs

[Return to top](#)

Tariff rates on U.S.-origin goods are contained in the EU's Common External Tariff schedule. Details are available through the EU or through the Czech Directorate of Customs/Ministry of Finance web page: www.mfcr.cz.

VAT and excise taxes are payable by the recipient of goods on the basis of Czech regulations. The value-added tax (VAT) applies to all goods, both domestic and foreign, sold within the Czech Republic. The VAT rate is generally 19%, although a lower VAT of 9% is charged for selected goods, such as food and services. As part of its fiscal reforms, and in order to meet EU requirements, the government has recently moved some services up to the 19% VAT rate. VAT on imports is calculated on the declared customs value plus applicable duty and excise tax.

Excise taxes are imposed on the following goods produced or imported into the Czech Republic: fuels and lubricants, tobacco products, beer, wine and liquor. The rate is determined by the type and quantity of the product and must be paid within ten days after being notified by the Customs Office of the tax amount due.

Trade Barriers

[Return to top](#)

The Czech Republic is committed to a free market and maintains a generally open economy, with few barriers to trade and investment. Membership in the European Union means that tariffs and standards, as well as most procedures, must conform to EU norms. This includes adoption of EU technical barriers to some imports of agricultural and food products. The importer usually handles customs formalities.

Goods transported to the Czech Republic under the Community Transit regime must be declared at a customs office in the Czech Republic. Applicable European Union legislation is available at: http://europa.eu.int/eur-lex/en/search/search_lif.html .

For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website:
http://www.ustr.gov/assets/Document_Library/Reports_Publications/2008/2008_NTE_Report/asset_upload_file991_14650.pdf

Information on agricultural trade barriers can be found at the following website:
<http://useu.usmission.gov/agri/>

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at <http://www.trade.gov/tcc> or the U.S. Mission to the European Union at <http://www.buyusa.gov/europeanunion>.

Import Requirements and Documentation

[Return to top](#)

U.S. companies exporting into the Republic from outside the European Union are required to present:

- A commercial invoice
- A bill of lading
- A shipper's export declaration for items requiring an export license or valued above \$2,500) and a declaration of conformity (issued by importer)

The Czech Ministry of Industry and Trade issues import licenses to those seeking to import selected goods into the Czech Republic. While most products and services are exempt from the licensing process, oil, natural gas, pyrotechnical products, sporting guns, ammunition and military equipment require a license. Under EU rules, imports of clothing, shoes, porcelain, and steel from certain Asian and Eastern European countries may require licenses. Electrical and electronic equipment may be subject to additional requirements under the EU WEEE & RoHS regulations. For more detailed information on these regulations and EU import documentation, including import licenses and agricultural documentation, please refer to the Commercial Service European Union's Country Commercial Guide, available at www.buyusa.gov/eu.

U.S. Export Controls

[Return to top](#)

The Czech Republic adheres to international export controls and works in close cooperation with the United States and other Western countries in implementing export controls on certain sensitive technologies. U.S. export controls on items exported from the United States to the Czech Republic are generally similar to those in effect on items exported to other Western European destinations. The U.S. Department of Commerce, Bureau of Industry and Security website (www.bis.doc.gov) has details on U.S. export controls.

Temporary Entry

[Return to top](#)

Temporary exemptions from duty are allowed for certain items, such as merchandise samples and items for display at trade shows or exhibitions. The Czech Republic also accepts ATA carnets as a way of facilitating temporary admission through customs. For more information about obtaining a carnet for clearance of goods, samples or equipment intended for temporary entry only, contact your local U.S. Department of Commerce Export Assistance Center.

Companies exporting goods to the Czech Republic for the purpose of temporary use may do so as long as the period does not exceed 24 months (in some cases it is possible to extend this). The exact time period must be agreed upon with Czech Customs. When the goods are re-exported, three percent of the duty value per month that the goods resided in the Czech Republic must be paid if the goods were used (maximum will not exceed full duty amount). The potential customs debt must be secured by a guarantee.

Exports to the Czech Republic of raw materials and certain semi-finished products that are processed and then re-exported from the European Union enter duty-free. This is contingent upon the approval by Czech Customs of the conditions of processing and the handling of any waste caused through transformation of the goods.

Labeling and Marking Requirements

[Return to top](#)

Czech importers and distributors are responsible for the correct labeling of products that are put on the Czech market and can typically advise the U.S. exporter of specific requirements regarding labeling and marking.

Czech labeling and marking requirements for products depend on the type of product and the intended use. In general, however, labels must be in the Czech language and can be affixed to the product or on a leaflet attached to the product. Information must include the name of the product, name of producer, country of origin, and in some cases, instructions for use. Labels for some products, such as foods, beverages, food supplements, and textiles, must also provide content/composition. Special labeling rules for products with biotech content have recently been introduced. In addition, international norms for warning labels on consumer products apply.

Czech labeling requirements were harmonized with EU norms in 2002. EU regulations require that all labels use metric units. (Dual labeling is acceptable until the end of December 2009.) A Commission Communication encourages multilingual labels, while preserving the freedom of Member States to require the use of language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 80/232/EC provides permissible ranges of nominal quantities, container capacities and volumes of a variety of products. Consult: http://europa.eu.int/eur-lex/en/consleg/main/1980/en_1980L0232_index.html

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at: http://www.buyusainfo.net/docs/x_4171929.pdf.

The subject has been also been covered in the section about standards (see below).

Prohibited and Restricted Imports

[Return to top](#)

The list of prohibited imports includes certain veterinary and plant materials, freon, non-registered pharmaceuticals and chemical, biological, and nuclear weapons. For information on EU restrictions on imports, consult the Integrated Tariff of the Community, referred to as TARIC (acronym for "Tarif Intégré de la Communauté").

The TARIC is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for that product for the following codes:

CITES	Convention on International Trade of Endangered Species
PROHI	Import Suspension
RSTR	Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

Key Link: http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm

Customs Regulations and Contact Information

[Return to top](#)

After accession to the European Union on May 1, 2004, customs controls at the land borders of the Czech Republic were abolished. International airports, of which the largest is Prague Ruzyně airport, are the only external borders controlled by Czech customs authorities.

General Directorate of Customs

Budejovicka 7, 140 96 Praha 4

tel: (+420) 261 331 111, fax: (+420) 261 332 000

e-mail: podatelna.grc@cs.mfcr.cz, web: www.cs.mfcr.cz

For more information on EU customs regulations, please refer to the Commercial Service European Union's Country Commercial Guide, available at www.buyusa.gov/eu, or visit the EU Web site at: http://ec.europa.eu/taxation_customs/customs/index_en.htm

Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)

- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
- [Contacts](#)

Overview

[Return to top](#)

The Czech Republic has harmonized its standards with European norms. Products certified in the Czech Republic or another EU member state can be marketed in the Czech Republic. In addition, products certified to meet EU standards (identified by the "CE" mark) by authorized U.S. testing laboratories are acceptable. ISO 9000 standards are being used increasingly in the Czech Republic as evidence of high product quality.

Domestically, the "Czech Made" mark is an award given to products that are judged to be of outstanding quality, environmentally friendly, and favorable to energy consumption. This award is given to Czech products that are produced by a company or entrepreneur registered in the Czech Republic, with at least 60 percent Czech content measured by the cost of the final product.

Products tested and certified in the United States to American standards are likely to have to be retested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

European Union standards created under the New Approach are harmonized across the 27 EU Member States and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking. For a list of new approach legislation, go to www.newapproach.org. This list shows that not all products are covered by EU legislation calling for CE marking.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations and technical standards might also function as barriers to trade if U.S. standards are different from those of the European Union.

Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: <http://useu.usmission.gov/agri/>.

The organization that develops and maintains standards within the Czech Republic is the Czech Office for Standards, Metrology and Testing. Their website (www.unmz.cz/index_en.html) outlines standards legislation, and offers international contract documents as well as harmonized standards in accordance to particular government orders. The annual plan for the Czech Office for Standards, Metrology and Testing is the harmonization of current standards in the Czech Republic with those of the EU, and maintaining the standards in relation to new government policies.

EU standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

- CENELEC, European Committee for Electrotechnical Standardization (<http://www.cenelec.org/Cenelec/Homepage.htm>)
- ETSI, European Telecommunications Standards Institute (<http://www.etsi.org/>)
- CEN, European Committee for Standardization, handling all other standards (<http://www.cen.eu/cenorm/homepage.htm>)

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the Member States, which have "mirror committees" that monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual Member States standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and gives away its individual standards at no charge on its website. In addition to the three standards developing organizations, the European Commission plays an important role in standardization through its funding of the participation in the standardization process of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical legislation. Mandates can be checked on line at http://ec.europa.eu/enterprise/standards_policy/mandates/.

Due to the EU's vigorous promotion of its regulatory and standards system as well as its generous funding for its development, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which are hopeful of becoming full members in the future) such as Albania, Croatia, FYR of Macedonia, and Turkey among others. Another category, called "partner standardization body" includes the standards organization of Australia, which is not likely

to become a CEN member or affiliate for political or geographical reasons. Many other countries are targets of the EU's extensive technical assistance program, which is aimed at exporting EU standards and technical Regulations to developing countries, especially in the Mediterranean and Balkan countries, Africa, as well as programs for China and Latin America.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. CEN's "business domain" page provides an overview by sector and/or technical committee whereas CENELEC offers the possibility to search its database. ETSI's portal (http://portal.etsi.org/Portal_Common/home.asp) leads to ongoing activities.

With the need to adapt more quickly to market needs, European standards organizations have been looking for "new deliverables" which are standard-like products delivered in a shorter timeframe. While few of these "new deliverables" have been linked to EU Regulations, expectations are that they will eventually serve as the basis for EU-wide standards.

Key Link: <http://www.cenorm.be/cenorm/workarea/sectorfora/index.asp>.
(Insert text here)

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

[Return to top](#)

Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. You can find conformity assessment bodies in individual Member State country in this list by the European Commission.

Key Link: <http://ec.europa.eu/enterprise/newapproach/nando/>

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, CEN workshop agreements (CWA) and the European Standard Agreement Group. CENELEC has its own initiative. ETSI does not offer conformity assessment services.

To sell products on the EU market of 27 Member States as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this section provides some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by Member State inspectors, the consumer may well perceive it as a quality mark.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Independent certification bodies, known as notified bodies, have been officially accredited by competent authorities to test and certify to EU requirements. However, under U.S.-EU Mutual Recognition Agreements (MRAs), notified bodies based in the United States and referred to as conformity assessment bodies, are allowed to test in the United States to EU specifications, and vice versa. The costs are significantly lower which results in U.S. products becoming more competitive. At this time, the U.S.-EU MRAs cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (on hold), recreational craft (in force) and marine equipment (in force). The U.S. Department of Commerce, National Institute of Standards and Technology (NIST), has a link on its website to American and European Conformity Assessment bodies operating under a mutual recognition agreement.

Key Link: <http://ts.nist.gov/Standards/Global/mra.cfm>

Accreditation is handled at Member State level. "European Accreditation" (http://www.european-accreditation.org/default_flash.htm) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

Publication of Technical Regulations

[Return to top](#)

The Official Journal is the official gazette of the European Union. It is published daily on the internet and consists of two series covering draft and adopted legislation as well as case law, studies by committees, and more (<http://europa.eu.int/eur-lex/lex/JOIndex.do?ihmlang=en>). It lists the standards reference numbers linked to legislation (<http://ec.europa.eu/enterprise/newapproach/standardization/harmstds/whatsnew.html>). National technical Regulations are published on the Commission's website <http://ec.europa.eu/comm/enterprise/tris/> to allow other countries and interested parties to comment.

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT) Agreement to report to the WTO all proposed technical regulations that could affect trade with other member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect access to international markets. Register online at Internet URL: <http://tsapps.nist.gov/notifyus/data/index/index.cfm>

Labeling and Marking

[Return to top](#)

Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable until end of December 2009. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of Member States to require the use of language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC, to replace 80/232/EC in April 2009, harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers.

Key Link: http://ec.europa.eu/enterprise/prepack/packsizes/packsiz_en.htm

The Eco-label

EU legislation in 1992, revised in 2000, distinguishes environmentally friendly products and services through a voluntary labeling scheme called the Eco-label. Currently, the scheme applies to 28 product types in 7 categories: cleaning products, appliances, paper products, clothing, lubricants, home and garden products and tourism services. The symbol, a green flower, is a voluntary mark. The Eco-label is awarded to producers who can show that their product is less harmful to the environment than similar products. This "green label" also aims to encourage consumers to buy green products. However, the scheme does not establish ecological standards that all manufacturers are required to meet to place product on the market. Products without the EU Eco-label can still enter the EU as long as they meet the existing health, safety, and environmental standards and Regulations.

The EU Eco-label is a costly scheme (up to EUR 1,300 for registration and up to EUR 25,000/year for the use of the label, with a reduction of 25% for SMEs) and has therefore not been widely used so far. However, the Eco-label can be a good marketing tool and, given the growing demand for green products in Europe, it is likely that the Eco-label will become more and more a reference for green consumers.

Key Links: http://buyusainfo.net/docs/x_4284752.pdf
 http://ec.europa.eu/comm/environment/ecolabel/index_en.htm
 <http://www.eco-label.com/default.htm>

Contacts

[Return to top](#)

U.S. Government Contacts:

U.S. Embassy Prague, U.S. Commercial Service

Greg O' Connor, Senior Commercial Officer
Zdenek Svoboda, Standards Specialist
tel: (++420) 257-022-434, fax (++420) 257-022810
E-mail: Greg.O'Connor@mail.doc.gov, zdenek.svoboda@mail.doc.gov

Bureau of Industry and Security/U.S. Department of Commerce

Export Counseling Division
tel: (202) 482 4811, fax: (202) 482 3617
web: www.bxa.doc.gov

Czech Contacts:

Czech General Directorate of Customs

tel: (++420) 261 331 111, fax: (++420) 261 332 000
e-mail: podatelna.grc@cs.mfcr.cz, web: www.cs.mfcr.cz

Licensing Office Department, Ministry of Industry and Trade
Na Frantisku 32, 110 15 Praha 1, tel: (++420) 224 221 828, fax: (++420) 224 212 133
e-mail: mpo@mpo.cz , web: www.mpo.cz

Czech Office for Standards, Metrology and Testing
Gorazdova 24, 128 01 Praha 2, tel: (++420) 224 907 111, fax: (++420) 224 915 064
e-mail: unmz@unmz.cz, web: www.unmz.cz

Czech Accreditation Institute
Opletalova 41, Nove Mesto, 110 00 Praha 1
tel: (++420) 221 004 501, fax: (++420) 221 004 408
e-mail: mail@cai.cz, web: www.cai.cz

EU Contacts

United States Mission to European Union, U.S. Commercial Service

Foreign Commercial Service, European Union
Louis Santamaria, Standards Attaché
Sylvia Mohr, Standards Specialist
rue Zinner 13, 1000 Brussels, Belgium,
tel: (32) 2 508 2222, fax: (32) 2 513 1228
e-mail: Louis.Santamaria@mail.doc.gov, sylvia.mohr@mail.doc.gov

Trade Agreements

[Return to top](#)

As a member of the European Union, the Czech Republic participates in all free trade arrangements entered into by the EU. The Czech Republic is a signatory to GATT and member of the WTO. The Czech Republic also maintains a Bilateral Trade Agreement and Bilateral Investment Agreement with the United States.

For a list of trade agreements with the EU and its Member States, as well as concise explanations, please see http://tcc.export.gov/Trade_Agreements/index.asp.

Web Resources

[Return to top](#)

Bureau of Industry and Security/U.S. Department of Commerce
Export Counseling Division
tel: (202) 482 4811, fax: (202) 482 3617
web: www.bxa.doc.gov

Czech General Directorate of Customs

tel: (++420) 261 331 111, fax: (++420) 261 332 000
e-mail: podatelna.grc@cs.mfcr.cz, web: www.cs.mfcr.cz

Czech Office for Standards, Metrology and Testing

Gorazdova 24, 128 01 Praha 2, tel: (++420) 224 907 111, fax: (++420) 224 915 064
e-mail: unmz@unmz.cz, web: www.unmz.cz

Licensing Office Department, Ministry of Industry and Trade
Na Frantisku 32, 110 15 Praha 1, tel: (++420) 224 221 828, fax: (++420) 224 212 133
e-mail: mpo@mpo.cz, web: www.mpo.cz

Czech Accreditation Institute
Opletalova 41, Nove Mesto, 110 00 Praha 1
tel: (++420) 221 004 501, fax: (++420) 221 004 408
e-mail: mail@cai.cz, web: www.cai.cz

EU websites:

Online customs tariff database (TARIC):
http://ec.europa.eu/taxation_customs/common/databases/taric/index_en.htm

The Modernized Community Customs Code (MCCC):
http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm.

ECHA: http://echa.europa.eu/doc/press/pr_08_38_candidate_list_20081028.pdf

Taxation and Customs Union:
http://ec.europa.eu/taxation_customs/customs/index_en.htm

Regulation (EC) 648/2005:
Security and Safety Amendment to the Customs Code

Decision N° 70/2008/EC: Electronic Customs Decision

Regulation (EC) 450/2008): [Modernized Community Customs Code](#)

Legislation related to the Electronic Customs Initiative:
http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm

International Level: [Customs value](#)

What is Customs Valuation?
http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/index_en.htm

Customs and Security:
Two communications and a proposal for amending the Community Customs Code
http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm

Establishing the Community Customs Code:
[Regulation \(EC\) n° 648/2005 of 13 April 2005](#)

Pre Arrival/Pre Departure Declarations: [Pre Arrival / Pre Departure Declarations](#)

AEO: [Authorized Economic Operator](#)

Contact Information at National Customs Authorities:
http://ec.europa.eu/taxation_customs/common/links/customs/index_en.htm

New Approach Legislation: www.newapproach.org

Cenelec, European Committee for Electrotechnical Standardization:
<http://www.cenelec.org/Cenelec/Homepage.htm>

ETSI, European Telecommunications Standards Institute: <http://www.etsi.org/>

CEN, European Committee for Standardization, handling all other standards:
<http://www.cen.eu/cenorm/homepage.htm>

Standardisation – Mandates: http://ec.europa.eu/enterprise/standards_policy/mandates/.

ETSI – Portal – E-Standardisation : http://portal.etsi.org/Portal_Common/home.asp

CEN – Sector For a: <http://www.cenorm.be/cenorm/workarea/sectorfora/index.asp>

Nando (New Approach Notified and Designated Organizations) Information System:
<http://ec.europa.eu/enterprise/newapproach/nando/>

Mutual Recognition Agreements (MRAs):
<http://ts.nist.gov/Standards/Global/mra.cfm>

European Co-operation for Accreditation:
http://www.european-accreditation.org/default_flash.htm

Eur-Lex – Access to European Union Law:
<http://europa.eu.int/eur-lex/lex/JOIndex.do?ihmlang=en>

Standards Reference Numbers linked to Legislation:
<http://ec.europa.eu/enterprise/newapproach/standardization/harmstds/whatsnew.html>

National technical Regulations: <http://ec.europa.eu/comm/enterprise/tris/>

NIST - Notify us: <http://tsapps.nist.gov/notifyus/data/index/index.cfm>

Metrology, Pre-Packaging – Pack Size:
http://ec.europa.eu/enterprise/prepack/packsize/packsiz_en.htm

European Union Eco-label Homepage:
http://ec.europa.eu/comm/environment/ecolabel/index_en.htm

Eco-Label Catalogue: <http://www.eco-label.com/default.htm>

U.S. websites:

National Trade Estimate Report on Foreign Trade Barriers:
http://www.ustr.gov/assets/Document_Library/Reports_Publications/2008/2008_NTE_Report/asset_upload_file991_14650.pdf

Agricultural Trade Barriers: <http://useu.usmission.gov/agri/>

Trade Compliance Center: <http://www.trade.gov/tcc>

U.S. Mission to the European Union: <http://www.buyusa.gov/europeanunion>

The New EU Battery Directive: http://www.buyusainfo.net/docs/x_8086174.pdf

The Latest on REACH: <http://www.buyusa.gov/europeanunion/reach.html>.

WEEE and RoHS in the EU: <http://www.buyusa.gov/europeanunion/weee.html>

Overview of EU Certificates:
<http://useu.usmission.gov/agri/certificates-overview.html>

Center for Food Safety and Applied Nutrition: <http://www.cfsan.fda.gov/>

EU Marking, Labeling and Packaging – An Overview
http://www.buyusainfo.net/docs/x_4171929.pdf.

The European Union Eco-Label: http://buyusainfo.net/docs/x_4284752.pdf

Trade Agreements: http://tcc.export.gov/Trade_Agreements/index.asp

[Return to table of contents](#)

Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

Openness to Foreign Investment

[Return to top](#)

The Czech Republic has been a recipient of large amounts of foreign direct investment (FDI), which, together with strong export growth, has helped fuel economic growth, created new jobs, raised wages and increased domestic consumption. GDP per capita in 2008 was 80% of the EU average. The Czech Republic's Gross Domestic Product (GDP) increased 6.3% in 2005, 6.8% in 2006, and 6.0% in 2007, and remained strong throughout the first three quarters of 2008 (over 4%). The rate of economic growth, however, began to fall in the fourth quarter of 2008, mainly due to a significant decline in demand for Czech exports in Western Europe. The car industry (which with its suppliers accounts for as much as 20% of Czech manufacturing) has been especially affected. As a small, open export-driven economy, the Czech Republic remains sensitive to economic downturns in Western Europe. Over 80% of Czech exports go to its fellow EU member states, with 30% going to Germany alone. Most analysts are now predicting the economy will stagnate or grow only modestly in 2009.

The Czech crown has appreciated significantly over the past several years, peaking in July 2008. By the end of 2008, however, it had fallen to 2007 levels. The volatility of the Crown vis-à-vis the Euro and US Dollar has prompted calls from the business community for the quick adoption of the Euro. Adopting the Euro, however, has not been a priority of the current government, and Euro adoption is not expected prior to 2013. Inflation spiked in 2008 at 6.8%, partly due to a one-off increase in VAT and excise taxes, before falling to 3.6% at the end of the year. As economic growth slows, inflation is expected to fall to 2% in 2009. Unemployment, which was at a historical low of 5% in mid-2008, has begun to increase as many manufacturers cut production in the face of

falling demand, but is not expected to exceed 7% in 2009 (as compared to 7.7% as recently as 2006).

Some unfinished elements in the economic transition, such as the slow pace of legislative and judicial reforms and the uneven enforcement of contracts by the Czech courts, are continuing obstacles to investment, competitiveness, and company restructuring. The Czech government has harmonized its laws with EU legislation and the so-called "acquis communautaire." This effort has involved positive reforms of the judicial system, civil administration, financial markets regulation, intellectual property rights protection, and many other areas important to investors. While there have been many success stories involving American and other foreign investors, a handful have experienced problems, mainly in heavily regulated sectors of the economy, such as the media and aerospace. Investors also complain about difficulties in enforcing contractual rights, including security interests. The slow pace of the court system is often compounded by judges' lack of familiarity with commercial or intellectual property cases. Needed reforms of the system for registering companies have been slow in coming, but a new bankruptcy law, which entered into force July 1, 2007, addresses some of these issues. Concerns about corruption have been voiced by foreign and domestic businesses alike. The World Bank's 2006 Anti-Corruption in Transition report ranked the Czech Republic the most corrupt country in Central Europe. According to the report, the Czech Republic is the only country among the eight new Central European EU member states where the situation had worsened in the preceding years. The U.S. Mission in Prague held conferences on transparency (Fall 2007) and judicial reform (Summer 2008).

The right-of-center, pro-business Civic Democrats (ODS) won the greatest number of votes during parliamentary elections in June 2006, but no single party emerged with a majority. A government coalition consisting of ODS, the Christian Democrats (KDU-ČSL) and the Green Party (SZ) won a Parliamentary vote of confidence on January 19th, 2007, albeit with a very slim parliamentary majority. The next parliamentary elections are scheduled for 2010. All mainstream political parties welcome foreign investment.

a. Organizational Structure of Investments

Foreign investors can, as individuals or business entities, establish sole proprietorships, joint ventures and branch offices in the Czech Republic. In addition, the government recognizes joint-stock companies, limited liability companies, general commercial partnerships, limited commercial partnerships, partnerships limited by shares, and associations.

b. National Treatment

Legally, foreign and domestic investors are treated identically. Both are subject to the same tax codes and laws. The government does not differentiate between foreign investors from different countries, and does not screen foreign investment projects other than in the banking, insurance and defense sectors. Upon accession to the OECD, the Czech government agreed to meet (with a small number of exceptions) the OECD standards for equal treatment of foreign and domestic investors and limitations on special investment incentives. The U.S.-Czech Bilateral Investment Treaty contains specific guarantees of National Treatment and Most Favored Nation treatment for U.S. investors in all areas of the economy other than insurance and real estate. (See the

section on the Bilateral Investment Treaty below).

c. Exempted Sectors

According to CzechInvest, the Czech agency tasked with attracting and facilitating FDI and promoting small and mid-sized enterprises, all sectors of the Czech economy are open to foreign investment. Current legislation offers investment incentives to foreign and domestic firms that invest in the manufacturing sector. The Czech Government is considering similar incentives to support research and development centers and business service centers. Investors in the banking, financial services, insurance and broadcast media sectors must meet certain licensing requirements. Some professions, such as architects, physicians, lawyers and tax advisors, require memberships in the appropriate professional chamber. These licensing and membership requirements apply equally to foreign and domestic investors.

d. Privatization

According to the Ministry of Finance, more than eighty percent of the Czech economy is now in private hands after several waves of privatization of formerly state-owned companies since 1989. Privatization programs have been open to foreign investors. In fact, most major state-owned companies have been privatized with foreign participation. The government evaluates all investment offers for state enterprises. Non-transparent and unfair practices have been alleged in connection with some past or planned privatizations. In 2009, the government plans to privatize the Ruzyně airport in Prague and Czech Airlines.

Conversion and Transfer Policies

[Return to top](#)

The Czech crown is fully convertible. Imports or exports equal to or exceeding 10,000 Euro (approximately 259,000 Czech crowns or 12,950 USD) in cash, travelers' checks or money orders must be declared at the border.

The U.S.-Czech Bilateral Investment Treaty guarantees repatriation of earnings from U.S. investments. A 15% withholding tax is charged on repatriation of profits from the Czech Republic. This tax is reduced under the terms of applicable double taxation treaties. For instance, under the U.S. treaty, the rate is 5% if the U.S. qualifying shareholder is a company controlling more than 10% of the Czech entity, and 15% otherwise. There are no administrative obstacles for removing capital. The law permits convertibility into any currency. The average delay for remitting investment returns meets the international standard of three working days.

Expropriation and Compensation

[Return to top](#)

The Embassy is unaware of any expropriation of foreign investment since 1989. Government acquisition of property is done only for public purposes (similar to property

condemnation in the United States for public works projects) in a non-discriminatory manner, and in full compliance with international law. It is unlikely that any investor losing property due to a governmental taking would not receive full compensation.

Another issue of concern to foreign investors in the Czech Republic is restitution. In 1990 and 1991, the federal government of Czechoslovakia enacted various laws aimed at compensating those people whose property was confiscated by the communist regime during the period of 1948-1989. Under the restitution laws, persons have the right to claim compensation for property taken from them by the communist government. Most claims for restitution of non-agricultural property had to be filed by October 31, 1991, and agricultural property by December 1992. There were additional open seasons for claims in 1994 and 1998 respectively but all deadlines for these claims expired on July 8, 1999. In 2000, however, a new law to alleviate some of the property damages during the Holocaust entered into force. It amends the restitution laws allowing the state, subject to certain conditions, to return communal Jewish property, works of art and land illegally seized by the Nazis to entitled Jewish communities and individuals.

Although deadlines for submitting restitution claims are now officially past (note: Czech court decisions have struck down the deadline as it applies to direct restitutees and their heirs), it is nevertheless important that foreigners seeking to invest in the Czech Republic first ensure that they have clear title to all land and property associated with potential projects. The process of tracing the history of property and land acquisition can be complex and time-consuming, but it is necessary to ensure clear title. Title insurance is not yet offered in the Czech Republic. Investors participating in privatization of state-owned companies are protected from restitution claims through a binding contract signed with the government.

Dispute Settlement

[Return to top](#)

The Czech commercial code and civil code are largely based on the German legal system. The commercial code details rules pertaining to legal entities and is analogous to corporate law in the United States. The civil code deals primarily with contractual relationships among parties. When the Czech Republic was formed in 1993, the new Czech government maintained the previous commercial and civil codes. The laws have been extensively amended since then, but gray areas still remain. The judiciary is independent, but decisions may vary from court to court. Commercial disputes, particularly those related to bankruptcy proceedings, can drag on for years, though new bankruptcy legislation came into effect July 1, 2007 which should speed up the process. A new, streamlined Commercial Registry process took effect on July 1, 2005. While the new legislation is an improvement over the previous system, which placed the registry process entirely in the hands of the courts, companies report that in practice the process is still quite time-consuming.

The new bankruptcy law addresses important structural impediments such as the slow and uneven performance of the courts, weakness of creditors' legal standing, and the lack of provisions for corporate restructuring. According to local legal experts, the new law shortens court proceedings and makes them much more transparent, gives a stronger position to creditors and renders the entire process more efficient. To this end,

the new law has been given a more extensive and more accurate structure, the terms it uses have been made more exact, deadlines have been implemented and a number of crucial decisions have been passed directly to creditors.

The Czech Republic ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States in 1993. The U.S.-Czech Bilateral Investment Treaty provides for international arbitration of investment disputes with the state. The Czech Republic has ratified the New York Convention on the Recognition and Enforcement of Arbitral Awards. As a signatory of the latter convention, it is required to uphold binding arbitration awards in disputes between Czech and foreign parties. However, arbitration of disputes between two Czech corporations outside the Czech Republic is not permitted, even if the owners are foreign. Applications for enforcement of foreign judgments can be made to the Czech courts and will be determined in accordance with a bilateral recognition treaty, if any, or otherwise pursuant to the requirements of Czech law. Judgments rendered in other EU countries are enforceable in accordance with applicable EU regulations.

Performance Requirements and Incentives

[Return to top](#)

According to current legislation, incentives are offered to foreign and domestic firms that invest in the manufacturing sector. The package for manufacturing projects includes relief from corporate taxes for up to five years, job-creation grants, re-training grants and opportunities to obtain low-cost land. A partial tax incentive is also available for expansion of an existing manufacturing investment. Research and development centers and business service centers in software development, shared services and high-tech repairs can be currently supported through EU structural funds (Potential Program and ICT and Business Support Services Program). Incentives for new manufacturing projects, however, are becoming increasingly more difficult to obtain as the current government is seeking to channel new investments into research and development and business service centers.

The Czech Government currently is considering a new incentives legislative proposal to support research and development and business service centers through corporate tax relief of up to five years (i.e. same as for manufacturing). The incentives legislation is expected to be finalized by June 2009. For more information contact CzechInvest, at incentives@czechinvest.org, or www.czechinvest.org.

Right to Private Ownership and Establishment

[Return to top](#)

The right of foreign and domestic private entities to establish and own business enterprises is guaranteed by law in the Czech Republic. Enterprises are permitted to engage in any legal activity with the previously noted limitations in some sensitive sectors. Personal ownership of real estate by non-resident foreign individuals is not permitted, but since January 1, 2002, foreign companies registered to do business in the Czech Republic and Czech branches of foreign entities may own real estate, other than agricultural and forest land. Since May 1, 2004, EU nationals can acquire Czech real estate with some exceptions relating to agriculture land and forests. U.S. and some other nationals can purchase real property if they comply with temporary residence

requirements. Czech legal entities, including 100% foreign-owned subsidiaries, may own real estate without any limitations. The Finance Ministry announced in late 2008 that it has drafted a bill under which foreigners from EU and non-EU countries will be able to buy homes in the Czech Republic without any restrictions from 2009. A ban on foreigners buying farmland is expected to stay in place for another two years.

Protection of Property Rights

[Return to top](#)

Existing legislation guarantees protection of all forms of property rights, both intellectual and physical. Secured interests in land (mortgages) and in personal property are permitted. Government subsidy programs are making mortgage financing more accessible, and consumers are becoming more used to using both secured and unsecured forms of credit. According to American lawyers in the Czech Republic, enforcing judgments and foreclosing security interests in land and personal property can still be difficult in practice.

Major amendments to the Commercial Code came into force in 2001 that strengthen protection of creditors and minority shareholders. The law includes detailed provisions for mergers and places time limits on decisions by the authorities on registering of companies. New laws on auditing and on accounting were also enacted. These laws include the use of international accounting standards (IAS) for consolidated corporate groups.

The Czech Republic is a signatory to the Bern, Paris, and Universal Copyright Conventions. In 2001, the government ratified the World Intellectual Property Organization (WIPO) Copyright Treaty and the WIPO Treaty on Performances and Phonograms. Domestic legislation protects all intellectual property rights, including patents, copyrights, trademarks, and semiconductor chip layout design. Amendments to the trademark law and the copyright law have brought Czech law into compliance with relevant EU directives and WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) requirements. Changes to the civil procedure code, effective January 1, 2001, provide for ex parte search and seizure in enforcement actions. The Czech Republic increased copyright protection for literary works from 50 to 70 years, effective December 1, 2000, and boosted the powers of the customs service and the Czech Commercial Inspection to seize counterfeit goods. A 2006 amendment to the Law on Civil Procedure made ex-parte search more accurate, clearer and easier to apply and enforce. The amendment also makes it easier to define and get back losses caused to owners by piracy.

Intellectual property rights (IPR) violations at markets on the borders of Germany and Austria are an issue of concern to U.S. companies and the U.S. government. The markets consist primarily of open-air stalls which sell a variety of trademark and copyright-infringing goods such as clothing, cigarettes and CD/DVD recordings. In 2008, Czech authorities significantly increased the scope and number of raids, resulting in a large increase in the amount of pirated goods confiscated. Criminal and administrative penalties applied to IPR violators, however, continue to be infrequent, very mild and lacking deterrent value. The Czech authorities have also yet to fully apply many of the legal tools available to them to combat IPR piracy, including the revocation of business licenses. USTR elevated the Czech Republic to the Special 301 Watch List in January

2008 due to the extensive violations occurring at the outdoor markets and limited response from the Czech government. The Embassy will continue to work with U.S. industry and Czech government officials to strengthen enforcement of intellectual property rights.

Transparency of Regulatory System

[Return to top](#)

Tax, labor, environment, health and safety, and other laws generally do not distort or impede investment. Policy frameworks are consistent with a market economy. All laws and regulations are published before they enter into force. Opportunities for prior consultation on pending regulations exist, and all interested parties, including foreign entities, can participate. A biannual governmental plan of legislative and non-legislative work is available on the Internet, along with information on draft laws and regulations (often only in the Czech language). Comments can be and are made by business associations, consumer groups and other non-governmental organizations, including the American Chamber of Commerce.

However, bureaucracy and unnecessary red tape remain a source of complaints by both domestic and foreign investors. Delays and allegations of corruption are common, and are of particular concern to foreign companies operating in the Czech Republic.

A November 2008 OECD peer-review of the Czech Republic confirmed that in content and principle Czech competition policy meets OECD standards. An Act on the Protection of Economic Competition entered into force in 2001, adopting rules consistent with EU competition policy as regards restrictive agreements, abuse of dominant position and merger control.

Efficient Capital Markets and Portfolio Investment

[Return to top](#)

According to the CNB, in 2001 the last state financial institution (non-joint stock companies established prior to 1989) was privatized. The government has more than a 50% share of the equity capital or is a controlling shareholder in two banks: The Czech Export Bank and the Czech-Moravian Guarantee and Development Bank. The banking sector has recovered from the 1998-99 recession, the poor payment discipline of many of the banks' clients, and non-competitive loans offered in the early 1990s. Stricter oversight by the central bank has been imposed. Commercial banks have returned to profitability after posting losses in 1999 and have remained relatively healthy despite the international financial crisis. The Czech Republic was only one of three OECD countries not to have to inject capital into the banking system. As of October 31, 2008, the total assets of commercial banks stood at CZK 4.2 trillion (US\$ 221 billion), according to the CNB. As of the same date, non-performing loans amounted to 2.51 % of total credit volume, compared to 3.74% in 2003. Foreign investors have access to bank credit on the local market, and credit is generally allocated on market terms. In 2002, the banks for the first time established a mechanism for sharing credit histories of borrowers.

The Czech securities market has been handicapped by a poor reputation generated by several years of lax regulation, fraud and scandals. However, when the economy thrives the market follows suit, and although the Prague Stock Exchange (PSE) is small (with only 14 companies listed for stocks), the overall trade volume of stocks reached CZK

852.04 billion (USD \$50.4 billion) as compared to CZK 1,013 billion (USD\$ 50.1 billion) in 2007, with the average daily trading volume of CZK 3.4 billion (USD\$178 million). The PSE index tends to mirror movements in international markets. In 2008, the PSE index lost 52.72% of its value.

In March 2007, PSE created the Prague Energy Exchange (PXE) to trade electricity in the Czech Republic. PXE's goal is to increase liquidity in the electricity market and create a standardized platform for trading energy. PXE completed its first trade in July and trading volume has increased steadily with total contract value in 2007 of Euro1.89 billion (USD\$ 2.53 billion). The PXE energy exchange intends to expand as aggressively as possible in all directions, other than westward.

In 1998 the government created a Securities and Exchange Commission to function as capital market watchdog. The Commission has made important strides in establishing a regulatory framework for Czech capital markets and enforcing new rules. It has employed a large number of new staff. A new securities law was adopted in 2001 to improve regulation of brokers and dealers. Legislation adopted in 2002 gives the SEC more flexibility in issuing guidelines and requiring reporting of information. In 2006, the SEC moved into the Czech National Bank as part of a plan to bring all of the financial regulators under one roof.

Political Violence

[Return to top](#)

The risk of political violence in the Czech Republic is extremely low. There is no history of political violence or terrorism in modern times. Two recent historic political changes -- the "Velvet Revolution" which ended the Communist era in 1989 and the division of Czechoslovakia into the Czech Republic and Slovakia in 1993 -- occurred without loss of life or significant violence.

Corruption

[Return to top](#)

Current law makes both giving and receiving bribes criminal acts, regardless of the actor's nationality. Jail sentences have been increased to up to eight years for officials, with stiffer penalties for bribery previously enacted by Parliament. Bribes cannot be deducted from taxes. Law enforcement authorities are responsible for combating corruption. These laws are applied equally to Czech and foreign investors. While the current cabinet approved a multi-page document for confronting corruption, the strategy has yet to be implemented. Investigations suggested that public officials at times engaged in corrupt practices with impunity. Political pressure and ineffective police investigative tools contributed to the infrequent prosecution of high-level corruption. Disclosure of the origin of financial assets is voluntary for public figures. The absence of successful prosecutions for corruption (or exoneration by the courts) has in turn contributed to public disenchantment and concerns over impunity reflected in the 2008 Transparency International (TI) survey of managers in 26 countries, which found that the Czech Republic was 24th in terms of political corruption, finishing ahead of only Mexico and Nigeria.

The Czech Republic ratified the OECD anti-bribery convention in January 2000. A November 2006 OECD peer-review of the Czech Republic's implementation of the anti-bribery convention found that the Czech government needs to take additional steps, including criminalizing individual bribery and putting in place sanctions for non-compliance.

While there has been no lack of public accusations and suspicions of bribery, only a few cases have reached the prosecution and conviction stage. Allegations of corruption are most pervasive in connection with the court-controlled system of company registration and the police. Such allegations have also been raised in the course of privatizations and government procurements. A 2004 government procurement law, required for EU accession, sought to curb illegal activities in this sphere by ensuring that public tenders were not tailor-made for specific businesses. However, according to the TI chapter in the Czech Republic, the law has failed to reach that objective. Their research has shown that more than half of public contracts in the Czech Republic are not awarded in keeping with the 2004 Public Procurement Act. TI actively conducts public information campaigns through distribution of posters and has given numerous broadcast and print media interviews on corruption and bribery cases.

Bilateral Investment Agreements

[Return to top](#)

The former government of Czechoslovakia signed a bilateral investment treaty (BIT) with the United States, which came into effect in 1992. The Czech Republic adopted this treaty in 1993, after the split with Slovakia. Amendments to the treaty were approved in 2003 following negotiations involving both the Czechs and the European Commission designed to meet EU concerns about perceived conflicts with the EU *acquis communautaire*. The Czech government subsequently requested the United States consider further amendments that would affect the BIT's coverage and dispute settlement provisions; bilateral discussions are continuing.

To date, 77 countries have signed and ratified similar agreements with the Czech Republic. Agreements with several other countries are in the process of ratification. The full list of agreements including ratification dates can be found on the Ministry of Finance website:

http://www.mfcr.cz/cps/rde/xchg/mfcr/hs.xsl/ochrana_investic.html

A bilateral U.S.-Czech Convention on Avoidance of Double Taxation has been in force since 1993. In 2007 the U.S. and Czech governments signed a bilateral Totalization Agreement that exempts Americans working in the CR from paying into both the Czech and U.S. social security systems. The agreement entered into force on Jan. 1, 2009.

OPIC and Other Investment Insurance Programs

[Return to top](#)

Finance programs of the Overseas Private Investment Corporation (OPIC), including investment insurance, have been available in the Czech Republic since 1991. Investors are urged to contact OPIC's offices in Washington directly for up-to-date information regarding availability of services and eligibility. The OPIC Info Line (202) 336-8799 offers

general information 24 hours a day. Application forms and detailed information may be obtained from OPIC, 1100 New York Avenue, NW, Washington D.C. 20527. The Czech Republic is a member of the Multilateral Investment Guarantee Agency (MIGA).

Labor

[Return to top](#)

The wide availability of educated, relatively low-cost labor on the doorstep of the more expensive Western European labor market is a major attraction for foreign investors, particularly those looking to invest in manufacturing industries. Wages and benefits have risen to record levels in 2008, but the Czech Republic will still have far lower labor costs in the years ahead than those in Western Europe (although labor costs further to the East will remain even lower, including in new EU countries Romania and Bulgaria). The unemployment rate is 5.3 % (2008 third quarter) nationally, but varies from 2.0% in Prague to 7.5% in the Karlovy Vary region. Unemployment, however, is forecast to reach 7% in 2009 as Czech economic growth in 2009 is expected to be stagnant or very modest. In 2008, the relatively low unemployment rate made it increasingly difficult for many businesses to find skilled and experienced workers, especially in Prague and the surrounding region. This is especially true of employees with Western language skills, IT specialists, and engineers. Various factors, including rigidities in the labor code on overtime and the housing market, reduce the mobility of Czech workers within the country.

By law, all workers have the right to strike once mediation efforts have been exhausted, with the exception of workers in sensitive positions (nuclear power plant operators, military, police, etc.). Significant labor unrest remains rare, particularly in the private sector. Public sector unions, notably the rail workers and health workers, have staged strikes when the government tried to limit public sector wage increases. Workers in the Czech Republic have the legal right to form and join unions of their own choosing without prior authorization. Currently, less than 15% of the total labor force is a member of some labor organization. The overall number of union members has fallen sharply since 1991, reflecting the fact that union membership is no longer compulsory. Although union membership has been dropping at a rate of 8% per year, the former Social Democrat (CSSD) led government was responsive to labor concerns and passed a new labor code in parliament that is considered by observers to be 'labor-friendly.' The new labor code entered into force January 1, 2007.

The Ministry of Labor and Social Affairs sets minimum wage standards. The standard workweek is 40 hours. Caps exist for overtime. Workers are assured 30 minutes of paid rest per work day and annual leave of at least four weeks per year.

Foreign-Trade Zones/Free Ports

[Return to top](#)

Czech law permits foreign investors involved in joint ventures to take advantage of commercial or industrial customs-free zones into which goods may be imported and later exported without depositing customs duty. Duties need be paid only in the event that the goods brought into the free zone are introduced into the local economy. The investment incentive package also permits duty-free import of high tech goods and creation of additional foreign-trade zones. Due to EU accession and the investment incentives

offered by the government, the advantages of using these free-trade zone are limited and they have waned in popularity.

Foreign Direct Investment Statistics

[Return to top](#)

According to the preliminary data compiled by the Czech National Bank, the stock of foreign investment in the Czech Republic from 1993 through the first three quarters of 2008 (including reinvestment of profits) totaled US\$ 97.4 billion.

The Netherlands and Germany are officially the leading foreign investors. Their stock of investment totaled US\$ 24.9 billion (25.6 % of total FDI) and US\$ 21.2 billion (21.8 %) respectively, followed by Austria with US\$ 10.9 billion (11.3 %), Luxemburg with US\$ 6.7 billion (6.9%), France with US\$ 6.2 billion (6.4 %), Spain with US\$ 4.2 billion (4.4 %) and the United States US\$ 3.9 billion (4.0%). Other major investors included the United Kingdom, Belgium, Switzerland and Slovakia. The Czech Republic ranked second in Central and Eastern Europe in FDI stock and inflow per capita in 2007 (with a 2007 FDI inflow of USD 9.12 billion or 4.48% GDP). The upswing in investment since 1998 is generally attributed to the introduction of investment incentives, as well as the Czech Republic's central location and well-educated and relatively inexpensive labor force.

By sector, from 1993 through the first 3 quarters of 2008 foreign direct investment stock was divided into manufacturing (US\$ 36.6 billion or 37.5% of total FDI), financial services (US\$ 16.6 billion or 17.0%); real estate and business activities (US\$ 14.7 billion or 15.0%); trade and repairs (US\$ 9.6 billion or 9.9%); electricity, gas and water (US\$ 7.8 billion or 8.0%); transportation and telecommunications (US\$ 6.0 billion or 6.3 %); construction (US\$ 1.3 billion or 1.3%) and hotels and restaurants (US\$ 698 million or 0.7%). Other sectors attracting foreign investment included agriculture and mining. Government officials anticipate the steady inflow of investment to continue.

The stock of Czech direct investment abroad totaled US\$ 7.4 million as of September 2008. The flow of Czech investment abroad was US\$.1.3 billion in 2007 alone, with principal destinations of Georgia (24.1%), Poland (21.1%), the Netherlands (20.5 %), Slovakia (12.6%), Ireland (5.2%), Switzerland (4.5%) and Germany (4.5%) -- 1.6% of 2007 Czech investment went to the United States.

Investments in 2007

Total number of projects: 182 projects

Total investments: \$3.7 billion

US investments: \$444 million

USA was the second largest foreign investor (12%) behind Germany (16%).

US:

The largest US investments in million USD:

GE Real Estate + Crestyl Group	140
Guardian	70
Tiger Holding Four	45
Honeywell	27.5
Commercial Vehicle Group	27
Donaldson	20.6
Ingersoll Rand	20
GE Aviation	7.8
JNJ Global Business Services	2.7
Rannoch	2.5
Autobatterie	0.5
Procter&Gamble	0.6
NovaSoft	0.75
SDE (SW Development Europe)	0.7

Other Countries:

Significant foreign direct investments:

Hyundai	Korea	\$1.2 billion
Toyota/PSA	Japan/France	\$850 million
Volkswagen	Germany	\$710 million
Robert Bosch	Germany	\$361 million
Matsushita	Japan	\$335 million

2/5/2009

Nemak	Mexico	\$317 million
Denso	Japan	\$254 million
Daikin	Japan	\$244 million
Panasonic	Japan	\$235 million
LG Philips	NL	\$201 million
DHL	UK	\$190 million
Siemens	Germany	\$179 million
Faurecia	France	\$156 million
Knauf Insulation	Germany	\$131 million
Tivali	Israel	\$131 million
Automotive Lighting	Germany	\$106 million
Kronospan	Cyprus	\$102 million

Sources of data for this report included the Czech Statistical Office, the Czech National Bank, CzechInvest, OECD, IMF and Central European Advisory Group (Insert text here)

Web Resources

[Return to top](#)

CzechInvest

www.czechinvest.org

Czech National Bank

<http://www.cnb.cz/en/index.html>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

[Return to top](#)

Most Czech firms use prepayment or partial prepayment with the balance due upon delivery or net 30-day terms. On shipments under US\$2,000, consider asking the buyer to pay by credit card. Czech firms are familiar with letters of credit, documentary collections, and wire transfer/cash in advance. Most would prefer not to use a letter of credit due to its high cost.

Although smaller sales of U.S. goods up to about US\$50,000 are common, above this threshold many small Czech businesses cannot afford or secure financing. An U.S. firm's ability to provide or arrange financing is often key to building significant market share.

The most attractive solution for exporters of consumer goods and industrial components may be to offer your distributor a container of product on consignment, and to enable your distributor to use proceeds from the first container to finance additional containers. For higher-value items, financing is tricky, yet crucial. Lease finance is an increasingly popular approach for equipment, vehicles, and other large capital items. Exporters should contact the U.S. Eximbank and Small Business Administration for information about their trade financing programs. In addition, a number of U.S. states and port authorities may offer financing assistance.

How Does the Banking System Operate

[Return to top](#)

U.S. firms will be able to choose between a number of foreign banks and large local banks offering highly professional service. Foreign and large domestic banks (such as Komerční and CSOB) offer corporate checking accounts and debit cards. Internal bank transfers take one day; domestic transfers take three days; transfers between major U.S. and Czech banks usually take less than a week. The top Czech commercial banks offer brokerage, investment advisory and underwriting services.

Foreign-Exchange Controls

[Return to top](#)

The Czech crown is fully convertible and there are no foreign exchange controls affecting trade in goods.

U.S. Banks and Local Correspondent Banks

[Return to top](#)

Ceskoslovenska obchodni banka (CSOB)

Ing Miroslav Klima, International Financing,
tel.: (+420) 224 118 034, fax: (+420) 224 113 367
e-mail: mklima@csob.cz, web: <http://www.csob.cz>

Komerční banka

Ing Jana Svabenská, International Financing,
tel.: (+420) 222 432 018, fax: (+420) 224 229 330
e-mail: Jana_Svabenska@kb.cz, web: <http://www.koba.cz>

Zivnostenská banka

Mr. Petr Merezko, Structured Finance,
tel.: (+420) 224 127 204, fax: (+420) 224 127 273
e-mail: merezko@zivnobanka.cz, web: <http://www.ziba.cz>

Citibank

Mr. Miroslav Lukac, Corporate Finance,
tel.: (+420) 233 061 837, fax: (+420) 233 061 614
e-mail: miroslav.lukac@citicorp.com, web: <http://www.citibank.cz>

GE Capital Bank a.s.

Ms. Sona Slavceva, Financial Director,
tel.: (+420) 224 441 111, fax: (+420) 224 441 500
e-mail: sona.slavceva@gecapital.com, web: <http://www.gecb.cz>

Project Financing

[Return to top](#)

Because most Czech firms and government agencies lack expertise in assembling financing packages for major projects or acquisitions, your ability to aid them in this process will be a critical part of the sales process. In some cases, your willingness to help assemble financing will put you ahead of competitors; in still more cases, your ability to put together a financing package will create a market that otherwise would not exist.

When looking beyond the first stage into project development, your firm will need to work with Czech counterparts to assemble a complex package from several sources. Besides private financing from banks or other sources, possible sources of funding include:

- U.S. Eximbank (to finance U.S. equipment purchases)
- Local bond offerings (for municipal and government projects)
- International Finance Institutions (such as the European Investment Bank and the European Bank for Reconstruction and Development), or
- The European Union's structural and cohesion funds.

Competing in EU Tenders:

The U.S. Mission to the European Union in Brussels has developed a tool to help U.S.-based companies bid on public procurement supplies contracts in particular. All contracts for supplies that are procured by European public authorities (national government departments, regional agencies and public institutions, city authorities) above established thresholds are open to U.S.-based companies by virtue of the Government Procurement Agreement, of which the U.S. and the EU are parties. All the tenders in this database are based on a selection of tenders published in the EU Official Journal that are open to GPA member countries. The database contains on average 6,000 to 10,000 tenders and is updated twice per week.

http://www.buyusa.gov/europeanunion/eu_tenders.html

Web Resources

[Return to top](#)

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

European Bank for Reconstruction and Development (EBRD)

Like the IFC, EBRD can either work independently, or arrange co-financing packages in conjunction with other multilateral government and private institutions.

In London:

U.S. Delegation to the EBRD

Sanford Owens, Senior Commercial Officer

tel.: (+44 171) 588-4027/28, fax: (+44 171) 588-4026

e-mail: sanford.owens@mail.doc.gov, web: <http://www.ebrd.org>

EBRD

Alain Pilloux, Director, PCSB Team London HQ,
tel.: (+44 171) 338-6561, fax: (+44 171) 338-7199.

European Investment Bank (EIB)

EIB is the EU's long term financing institution; its goal is to contribute towards the integration, balanced development and economic and social cohesion of the Member countries.

Mr. Paul Gerd Löser

tel.: (+35 2) 43 79 31 39, fax: (+35 2) 43 79 3189

e-mail: p.loeser@eib.org, web: <http://www.eib.org>.

Sources of information on EU Funding

The American Chamber of Commerce to the European Union in Brussels, Belgium offers a number of publications with up-to-date information on the most important EU proposals and how they impact business. These publications can be found on the Web at: <http://www.amchameu.be>

The American Chamber of Commerce in the Czech Republic developed a practical *Guide on How to Apply for and Receive Structural Funding in the Czech Republic*. This very practical document will help you navigate the structural funding labyrinth, and help you develop projects that will successfully be granted EU funding.

e-mail: amcham@amcham.cz; web: <http://www.amcham.cz>

The US Mission to the European Union developed an International Market Insight report: *EU Structural & Cohesion Funds: Opportunities in the Member States*.

For more information please visit:

http://europa.eu.int/comm/environment/funding/intro_en.htm

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

Business Customs

[Return to top](#)

Because Prague is a small, tightly knit city, word-of-mouth reputation is extremely important, and news about you -- good or bad -- will spread quickly. Czechs are more reserved than Americans, and will be nervous about a typical American "let's get down to business" approach. Start slowly by building a few good relationships. Let your new Czech friends introduce you to their contacts, and soon you will have a good business network. An attempt to take the city by storm with a flurry of quick meetings and barrage of e-mails is more likely to arouse suspicion than business. Czechs prefer to get to know you -- to learn about your background and your company, and then, if they are comfortable with you, get down to deal-making around the dessert course, or even at a follow-up meeting. Most Czechs want to build long-term, two-way business relationships, and will be put off by too much emphasis on an immediate sale.

Czechs do not smile as a social signal of greeting, as Americans, Britons, and many other Westerners do, but only when they are amused or pleased. This can create a false impression that Czechs are cold or unfriendly. Czechs are a more formal people than are Americans, and a serious demeanor is regarded as a sign of respect for the visitor and the business being transacted.

The business custom is to be punctual - even early - for appointments and engagements. It is best to start arranging meetings several weeks before you visit, as Czechs are reluctant to arrange impromptu meetings at the last minute.

Czechs dress more formally than their American counterparts preferring dark business suits and ties, and often vests. While a blazer or sports jacket is sometimes acceptable, Czechs find "American casual" a turn-off.

Business partners do not usually call each other by their first names, and Czechs may be offended if their foreign visitors address them by their first names without first being invited to do so. It may take several meetings to establish a sense of rapport and a more relaxed attitude.

Czechs are very gracious and will open a meeting with the offer of coffee, tea, water, juice, and cookies when they host business visitors. It is polite to accept at least a glass of water. Coffee and tea will be served in real china cups and juice or water in glass or crystal - never plastic or Styrofoam. Business luncheons normally are more formal and leisurely than in the United States. Even if dining alone with one business contact, expect to order multiple courses and do not expect the lunch to be finished in less than two hours. Rushing through lunch because of the press of business is considered ill mannered. Working breakfasts are not common in the Czech Republic. Although the Czechs regard the custom as an amusing American oddity, they are also very amenable to attending, as an offer of food is considered gracious and the typical Czech working day starts early.

Travel Advisory

[Return to top](#)

The Department of State has issued multiple public announcements since September 11, 2001 cautioning Americans worldwide to maintain a level of vigilance against potential terrorist incidents. All Americans are advised to be continually aware of their surroundings and be alert to suspicious activities or individuals. There are no outstanding travel advisories warning against travel to the Czech Republic.

Prague and other Czech cities are very safe by U.S. standards, but visitors are encouraged to exercise common sense precautions and be particularly wary of Prague's famously efficient pickpockets and occasional mugging/violent street crime. Be careful in and around train stations and when boarding and exiting trams. Taxi drivers, particularly those at train stations and those hailed on the street, are notorious for overcharging; occasionally becoming abusive if exorbitant fares are not paid. We suggest you phone for a taxi (your hotel can advise on honest drivers) or have the hotel arrange transport. If you must hail a taxi on the street, agree on an estimated fare with the driver in advance.

Consult the State Department's Consular Information Sheet on the Czech Republic at http://www.travel.state.gov/travel/cis_pa_tw/cis/cis_1099.html Before traveling abroad visit <http://www.travel.state.gov/index.html> for up-to-date travel advisories and warnings.

Visa Requirements

[Return to top](#)

U.S. passport holders (not U.S. resident aliens or refugee document holders) may visit the Czech Republic for tourism or business without a visa for 90 days. For this purpose, "business" is defined as consultations, negotiations, etc., but not employment reimbursed from an employer located in the Czech Republic. For stays of longer than 90 days or for purposes other than tourism/business, a new law requires any foreigner to obtain a visa in advance from a Czech Embassy or Consulate. Foreigners are no longer allowed to change their status from tourist to student or worker, or to extend their stay while still in the Czech Republic. Instead, a visa must be obtained from outside the country. The Czech Government expects that visa processing may take two or more months.

Details on how to apply for a visa are available from:

- Czech Embassy in Washington (<http://www.mzv.cz/washington>)
- The Czech Ministry of Foreign Affairs (<http://www.mzv.cz>).

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

Consular Section of US Embassy in Prague:
<http://www.usembassy.cz/consular/consular.htm>

Telecommunications

[Return to top](#)

The Czech telecommunications infrastructure was updated to meet EU requirements before accession, and now is comparable with Western Europe. The Czech Republic leads Central Europe in levels of Web usage in the home and in the workplace, but the low proportion of students with web access at school means the overall internet penetration is lower than in some neighboring countries, such as Hungary. Internet access in Prague and other major cities and towns is easily available.

Most Czechs have cell phones, and many have more than one, considering that there are just over 12 million cell phones in the Czech Republic and only 10.2 million people. There is excellent coverage all over the country.

Local telephone and mail services are good, reliable and inexpensive. U.S. long distance operators serve Prague through direct access numbers.

Country code 420 + number
To U.S. from Czech Republic: 001 + number

Transportation

[Return to top](#)

Visitors will find traveling in the Czech Republic to be much like traveling in Western Europe, except that costs are lower for food and transport, particularly in the off-season (November through April). Basic English is widely spoken in most hotels and restaurants. International hotels and restaurants catering to foreigners accept major credit cards, although smaller hotels and restaurants may not. Currency exchange is widely available, as are local currency (Koruna)-dispensing ATM's, that accept most U.S. bankcards. Please note that the Euro has not yet been adopted in the Czech Republic.

Major cities have Western-style hotels, though you may consider reducing costs (and getting more local flavor) by staying in smaller, non-business hotels. Many restaurants offer a wide variety of international cuisines. Prague menus are usually in Czech and

English. Tap water is safe. Bottled water is widely available; infants up to one year old should be given special "infant water."

In central Prague, visitors will often find walking faster (and more relaxing) than auto travel. The city also has fine, usually quick, public transit to most points. For trips outside Prague, we recommend hiring a car for the day. The domestic train network is extensive but can be slow.

Language

[Return to top](#)

The official language of the Czech Republic is Czech. Czechs have very strong linguistic abilities. Many older Czechs speak Russian, German, or English as second and third languages. Younger Czechs are more likely to speak English. About half of your likely business partners will speak good (or at least basic) English. Older Czechs (especially those living outside Prague) are less likely to have good English language skills.

Czech is an extremely difficult language to learn. It is helpful to learn a few basic phrases to get around restaurants, hotels, and airports. For complex business negotiations, English-speaking interpreters are readily available.

Health

[Return to top](#)

Prague has good Western-style medical clinics and English-speaking doctors and dentists. For major operations and complicated illnesses, most Westerners return to the USA or go to nearby Germany or the U.K. We recommend travel insurance sufficient to cover costs of medical evacuation out of the country. Prague and most major outlying cities have pharmacies that stock many Western medicines or that can order specialized prescriptions in 24 hours. U.S. prescription drugs often have different names in Europe. Travelers should carry prescriptions noting generic names. Keep all prescription drugs in original containers to avoid problems with Customs officials. In winter, Prague air pollution can pose problems for those with respiratory conditions.

Local Time, Business Hours, and Holidays

[Return to top](#)

Local time is Eastern Standard Time plus 6 hours. A typical Czech working day is 8:00 am to 4:30 pm, with a break for lunch. The workweek is 40 hours (Monday through Friday).

When scheduling meetings or events to which Czech business guests are invited, it is best to avoid Friday afternoon (and Friday morning, if possible), as many Czechs have country houses to which they travel as early as possible on Friday. Czechs regard weekends and holidays as near-sacrosanct family time, and they avoid allowing business to intrude on this time. As is the case in much of Europe, it is harder to make business appointments and contacts in the Czech Republic during August and close to major holidays, such as Christmas or Easter week.

Czech Holidays

January 1 (Varies)	New Year's Day Easter Monday
May 1	Labor Day
May 8	Liberation Day
July 5	Cyril & Methodius Day
July 6	Jan Hus Day
September 28	Statehood Day
October 28	Czech Founding Day
November 17	Struggle for Freedom Day
December 24	Christmas Eve
December 25	Christmas Day
December 26	St. Stephen's Day

Temporary Entry of Materials and Personal Belongings

[Return to top](#)

We are not aware of any difficulties bringing computers, software, exhibition materials or personal belongings into the country.

Web Resources

[Return to top](#)

State Department's Consular Information Sheet on the Czech Republic:
http://www.travel.state.gov/travel/cis_pa_tw/cis/cis_1099.html

State Department International Travel Site: <http://www.travel.state.gov/index.html>

Czech Embassy in Washington (<http://www.mzv.cz/washington>)

The Czech Ministry of Foreign Affairs (<http://www.mzv.cz>).

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

Consular Section of US Embassy in Prague:

http://www.usembassy.cz/general_consular_information.html

Emergency numbers

U.S Embassy

(+420) 257 022 000

web: <http://www.usembassy.cz>

Czech Emergency Number: 112

Medical Centers

Canadian Medical Center

(+420) 235 360 133

Motol Hospital

- adults

(+420) 224 433 681, (+420) 224 433 682

- children (+420) 224 433 690

Hospital Na Homolce

- adults (+420) 257 272 174
- after hours (+420) 257 272 191
- children (+420) 257 272 025
- after hours (+420) 257 272 043
- dental (+420) 257 272 601

web: <http://www.homolka.cz>

Transportation

Airport Information (+420) 220 113 314

Taxi Services:

AAA Cabs (+420) 14014
Profi (+420) 844 700 800

<http://www.aaa.radiotaxi.cz>
www.profitaxi.cz

Express mail and couriers:

Federal Express (+420) 800 133 339
DHL 1-800-103-000
UPS 1-800-181-111

<http://www.fedex.com/cz>
<http://www.dhl.cz>
www.ups.com/cz

Selected Hotels

Alchemist

Trziste 19, 110 00 Praha 1
Tel: (++420) 257 286 007
Web: www.alchymisthotel.com

Aria

Trziste 9, 110 00 Praha 1
Tel: (++420) 225 334 125
Web: www.aria.cz

Art Deco Imperial

Na Porici 15, 110 00 Praha 1
Tel: (++420) 246 011 111
Web: www.hotel-imperial.cz

Best Western Kampa

Vsehrdova 16, 118 00 Praha 1
Tel: (+420) 271 090 832
Web: <http://www.euroagentur.cz>

Constans

Bretislavova 309, 118 00 Praha 1
Tel. (+420) 234 091 818
Web: www.hotelconstans.cz

Crowne Plaza Prague Castle

Strahovska 128, 110 00 Praha 1
Tel. (+420) 226 080 111
Web: www.crowneplaza.com

Four Seasons

Veleslavinova 2a/1098, 110 00 Praha 1
Tel. (+420) 221 427 000
Web: www.fourseasons.com/prague

Hilton Prague

Pobrezni 1, 186 00 Praha 8
Tel. (+420) 224 841 111
Web: www.prague.hilton.com

Hilton Prague Old Town

V Celnici 7, 111 21 Praha 1
Tel. (+420) 221 822 100
Web: www.prague-oldtown.hilton.com

Holiday Inn Prague Congress Center

Na Pankraci 12/1684, 140 21 Praha 4
Tel. (+420) 296 895 000
Web: <http://www.holidayinn.cz>

InterContinental

Nam. Curieovych 43-5, 110 00 Praha 1
Tel. (+420) 296 631 111
Web: www.ichotelsgroup.com

Le Palais Prague

U Zvonářky 1, 120 00 Praha 2
Tel. (+420) 234 634 632
Web: www.palaishotel.cz

Marriott

V Celnici 8, 110 00 Praha 1
Tel. (+420) 222 888 888
Web: www.marriott-hotels.com

Mandarin Oriental

Hellichova 1, 110 00 Praha 1
Tel. (+420) 233 088 626
Web: www.mandarinoriental.com

Paris

U Obecního domu 1, 110 00 Praha 1
Tel. (+420) 222 195 821
Web: www.hotel-paris.cz

President Hotel Prague

Náměstí Curieových 100, 110 00 Praha 1
Tel. (+420) 234 614 169
Web: www.hotelpresident.cz

Radisson SAS

Stepánská 40, 110 00 Praha 1
Tel. (+420) 222 820 000
Web: www.radissonsas.com

Sax

Janský vršek 328/3, 118 00 Praha 1
Tel. (+420) 257 531 268
Web: www.sax.cz

U zlaté studně

U zlaté studně 166, 110 00 Praha 1
Tel. (+420) 257 011 213
Web: www.zlatastudna.cz

Banking and Financial Services

AIG/LINCOLN

Contact: Walter Dackiw, Managing Director
Zatecká 55/14, 110 00, Praha 1
tel: (+420)246 085 800, fax: (+420) 246 085 891
e-mail: dackiw@aiglincoln.com, web: <http://www.aiglincoln.com/czech/en/home/>

AMCICO AIG Life

Contact: Hana Krizkova, Agency Manager
Millenium Plaza, V Celnici 1028/10, 117 21, Praha 1
tel: (+420) 224 934 072
e-mail: amcico@amcico.cz, web: <http://www.amcico.cz>

American Express

Na Příkopě 1096/19, 110 00, Praha 1
tel: (+420) 222 800 111, fax: (+420) 224 224 353
e-mail: czechoffice@aexp.cz
web: <http://www.americanexpress.cz>

Citibank

Contact: Kenneth E. Quinn, Branch Manager/ CCO in the Czech Republic
Evropska 178, 166 40, Praha 6
tel: (+420) 233 061 111
e-mail: Kenneth.quinn@city.com
web: <http://www.citibank.cz/czech/homepage/index.htm>

GE Money

Contact: Peter Herbert, Managing Director
Vyskocilova 1422/1a, 140 28, Praha 4
tel: (+420) 224 441 111, fax: (+420) 224 448 363
web: <http://www.gemoney.cz/ge/cz/1>

Provident Financial

Contact: Christopher Rodrigues, Director
Olbrachtova 9, 140 00, Praha 4
tel: (+420) 241 029 111, fax: (+420) 241 482 201
e-mail: provident.cz@provident.cz
web: <http://www.providentfinancial.cz/>

The Royal Bank of Scotland

Jungmanova 745/24, 111 21, Praha 1
tel: (+420) 244 051 111, fax: (+420) 244 052 222
web: http://www.rbs.cz/corporates/docs/country/czechrepublic/index_cz.jsp

UniCredit Bank

Na Prikope 20, 111 21, Praha 1
tel: (+420) 221 112 111, fax: (+420) 221 112 132
e-mail: info@unicreditgroup.cz
web: <http://www.unicreditbank.cz/cz/uvod.html>

Business Consulting

Egon Zehnder International s.r.o.

Contact: Andreas S. Gavrielides, Office Leader
Palladium, Na Porici 3a, 110 00, Praha 1
tel: (+420) 221 111 734, fax: (+420) 224 234 030
e-mail: eziprague@ezi.net
web: <http://www.egonzehnder.com/global/locations/officesregions/office/Prague>

Ernst & Young

Contact: Magdalena Soucek, Country Managing Partner
Karlovo namesti 10, 120 00, Praha 2
tel: (+420) 225 335 600, fax: (+420) 222 072 222
e-mail: Magdalena.soucek@cz.ey.com
web: http://www.ey.com/global/content.nsf/Czech_Republic/Ceska_republika_Home

KPMG

Contact: Frantisek Dostalek, Chairman
Pobrezni 1a, 186 00, Praha 8
tel: (++420) 222 123 111, fax: (++420) 222 123 100
e-mail: kpmg@kpmg.cz , web: <http://www.kpmg.cz/index.thtml/#>

McKinsey & Company

Contact: Gabriela Csontosova
Na Rybnicku 5, 120 00, Praha 2
tel: (++420) 221 414 111, fax: (++420) 221 414 100
e-mail: gabriela_csontosova@mckinsey.com
web: <http://www.mckinsey.com/locations/prague/home/index.asp>

PricewaterhouseCoopers

Contact: Stephen B. Booth, Managing Partner
Katerinska 40, 120 00, Praha 2
tel: (++420)251 151 111, fax: (++420) 251 156 111
e-mail: pricewaterhousecoopers.cz@cz.pwc.com
web: <http://www.pwc.com/cz/eng/main/home/index.html>

Legal Services

Central European Advisory Group

Contact: Laurie J. Spengler, Senior Partner
Betlemska 1, 110 00 Praha 1
tel: (++420) 222 220 500, fax: (++420) 222 220 500
e-mail: ceag@ceag.cz, web: <http://ceag.cz>

CMS Cameron McKenna v.o.s.

Contact: Iveta Placha, Managing Partners
Palladium, Na Porici 1079/3a, 110 00 Praha 1
tel: (++420) 296 798 111, fax: (++420) 221 098 000
e-mail: iveta.placha@cms-cmck.com, web: <http://www.law-now.com/ourbusiness>

CZERWENKA & PARTNER v.o.s.

Contact: Milan Chladek, Partner
Minoritska 10, 602 00 Brno
tel: (++420) 542 422 811, fax: (++420) 542 422 826
e-mail: chladek@N0SPAM.czerwpart.cz, web: <http://www.czerwpart.cz>

Čermák Hořejš Matějka a spol., Lawyers and Patent Attorneys

Contact: Jakub Vypel, Attorney at Law
Národní 32, 110 00 Praha 1
tel: (++420) 296 167 403, fax: (++420) 224 946 724
e-mail: jvypel@N0SPAM.apk.cz, web: <http://www.cermakhorejsmatejka.cz>

Daniel Mališ & Partners

Contact: Mr. Daniel Malis, Attorney at Law
Longin Business Center
Na Rybníčku Street No. 5, 120 00 Prague 2
tel: (++420) 296 368 350, fax: (++420) 296 368 351
e-mail: law.office@NOSPAM.malis.eu, web: <http://www.malis.eu>

DVOŘÁK & SPOL.

Contact: Mr. Stanislav Dvorak, Mr. Stanislav Servus, Partners
Burzovní palace, Rybna 14, 110 00 Prague 1
tel: (++420) 255 706 500, fax: (++420) 255 706 550
e-mail: stanislav.dvorak@NOSPAM.akds.cz, web: <http://www.akds.cz>

HÁJEK ZRZAVECKÝ advokátní kancelár, s.r.o.

Contact: Mr. Martin Hajek, Partner
Revolucní 3, CZ-110 00 Praha 1
tel: (++420) 227 629 700, fax: (++420) 221 803 384
e-mail: hajek@hajekzrzavecky.cz, web <http://www.hajekzrzavecky.cz>

HAVEL & HOLASEK s.r.o. advokátní kancelar

Contact: Mr. Jaroslav Havel, Legal Executive
Tyn 637/7, 110 00 Praha 1
tel: (++420) 224 859 950, fax: (++420) 224 895 980
e-mail: office@havelholasek.cz, web: <http://www.havelholasek.cz>

Linklaters, v.o.s., advokátní kancelar

Contact: Mr. Jason Mogg, Managing Partner
Na Prikope 19, 117 19 Praha 1
tel: (++420) 221 622 111, fax: (++420) 221 622 199
e-mail: prague.reception@linklaters.com, web: <http://www.linklaters.com>

Squire Sanders & Dempsey v.o.s. advokátní kancelar

Contact: Ms. Vladimira Papirnik, Managing Partner
Vaclavske namesti 57/813, 110 00 Praha 1
tel: (++420) 221 662 111, fax: (++420) 221 662 222
e-mail: prague@ssd.com, web: <http://www.ssd.com>

TRIBUTUM CONSULTING s.r.o.

Contact: Patrik Bartuska, LL.M., Managing Partner
Washingtonova 5, 110 00 Praha 1
tel: (++420) 222 212 322, fax: (++420) 222 212 418
e-mail: pbartuska@NOSPAM.tributum.cz, web: <http://www.tributum.com>

Vyskočil, Krošlák a spol., advokátní a patentová kancelar

Contact: Mr. Jiri Spousta, Partner
Vorsilska 10, 110 00 Prague 1
tel: (++420) 224 819 141, fax: +420 224 816 366
e-mail: spousta@NOSPAM.akvk.cz, web: <http://www.akvk.cz>

Weil Gotshal & Manges v.o.s.

Contact: Mr. Karel Muzikar, Managing Partner

Krizovnicke nam. 1, 110 00 Praha 1
tel: (++420) 221 407 300, fax: (++420) 221 407 310
e-mail: karel.muzikar@weil.com, web: <http://www.weil.com>

White & Case

Contact: Mr. Ales Rudisar, Marketing Manager
Na Prikope 8110 00 Praha 1
tel: (++420) 255 771 111, fax: (++420) 255 771 122
e-mail: arudisar@N0SPAM.whitecase.com, web: <http://www.whitecase.com>

Real Estate Services

ASB Prague, s.r.o.

Contact: Ms. Petra Rychnovska, Partner
V Celnici 1031/4, 110 00 Prague 1
tel: (++420) 224 931 366, fax: (++420) 224 931 368
e-mail: asbprague@N0SPAM.asbprague.com, web: <http://www.asbprague.com>

Century 21. Czech Republic

Contact: Ales Mazgaj, Managing Director
Korunni Dvur, Korunni 104, 101 00, Praha- Vinohrady
tel: (++420) 272 651 480, fax: (++420) 272 651 505
e-mail: a.mazgaj@century21-czech.cz, web: <http://www.century21-czech.cz>

CERES Group

Contact: Gal Peleg, Director
Na Prikope 15, 110 00, Praha 1
tel: (++420) 272 143 513, fax: (++420) 272 143 516
e-mail: gal.peleg@ceres-group.com, web: <http://www.ceres-group.com>

Colliers International

Contact: Mr. Peter Chatfield, Managing Director
Slovansky Dum, Na Prikope 22, 110 00 Praha 1
tel: (++420) 221 451 518, fax: (++420) 221 451 514
e-mail: prague@N0SPAM.colliers.cz, web: <http://www.colliers.cz>

Cushman & Wakefield s.r.o.

Contact: Jonathan Hallett, Partner
Na Prikope 1, 110 00, Praha 1
tel: (++420) 234 603 603, fax: (++420) 234 603 604
e-mail: jonathan.hallett@eur.cushwake.com, web: <http://www.cushmanwakefield.com>

ERA Reality

Contact: Michael Holecek, Executive Director
Pobrezni 8, 186 00, Praha 1
tel: (++420) 224 835 951, fax: (++420) 224 835 951
e-mail: mseidl@era-reality.com, web: <http://www.era-reality.com>

HORREN s.r.o.

Contact: Jaroslav Horky, Legal Executive
Pobrezni 58/6, 180 00, Praha 8- Karlín
tel: (++420) 221 719 041, fax: (++420) 221 719 059
e-mail: jhorky@horren.cz, web: <http://www.horren.cz>

IMPACT-CORTI s.r.o.

Contact: Lenka Gadasova, Headquarter Assistant
Jankovcova 2c, 170 00 Praha 7
tel: (++420) 221 51 11 60, fax: (++420) 221 511 169
e-mail: gadasova@N0SPAM.impact-corti.cz, web: <http://www.impact-corti.cz>

Jones Lang Lasalle

Contact: Tewfik Sabongui, Managing Director
Ovocny trh 8, 117 19, Praha 1
tel: (++420) 224 234 809, fax: (++420) 224 239 520
e-mail: tewfik.sabongui@eu.jll.com, web: <http://www.cz.joneslanglasalle.com/cs-CZ>

King Sturge s.r.o.

Contact: Angus Wade, Legal Executive
Olivova 4, 110 00, Praha 1
tel: (++420) 234 703 333, fax: (++420) 234 703 334
e-mail: anguswade@kingsturge.cz, web: <http://www.kingsturge.cz>

LEXXUS a.s.

Contact: Ivo Scuka, BD Manager
Panska 6, 110 00, Praha 1
tel: (++420) 224 812 611, fax: (++420) 224 217 314
e-mail: ivo.scuka@lexxus.cz, web: <http://www.lexxus.cz>

Maxima Reality s.r.o.

Contact: Adam Chladek, Legal Executive
Washingtonova 5, 110 00, Praha 1
tel: (++420) 221 110 110, fax: (++420) 221 110 555
e-mail: chladek@maxima.cz, web: <http://www.maxima.cz>

Mexx Reality s.r.o.

Contact: Zdenek Machacek, Director
Vaclavske namesti 56, 110 00, Praha 1
tel: (++420) 222 732 222, fax: (++420) 222 732 222
e-mail: machacek@mexxreality.cz, web: <http://www.mexxreality.cz>

Prestige Apartments s.r.o.

Contact: Linda Klementova, Manager
Bilkova 18/856, 110 00, Praha 1
tel: (++420) 222 312 912, fax: (++420) 222 312 912
e-mail: linda@prestigeapartments.cz, web: <http://www.prestigeapartments.cz>

Professionals s.r.o.

Contact: Tomas Duda, Executive Director

V Celnici 1031/4, 110 00, Praha 1

tel: (++420) 224 934 680, fax: (++420) 224 934 982

e-mail: tomas.duda@professionals.cz, web: <http://www.professionals.cz>

REMAX Czech Republic

Contact: Vojtech Kratky, Regional Director

Meteor Centre Office Park B, Sokolovska 100/94, 180 00, Praha 8

tel: (++420) 236 080 221, fax: (++420) 236 080 222

e-mail: kratky@remax-czech.cz, web: <http://www.remax-czech.cz>

Stewart International

Contact: Zdenek Valka, Czech and Slovak Country Manager

Bozdechova 7

tel: (++420) 225 275 300, fax: (++420) 225 275 301

e-mail: zvalka@NOSPAM.stewart.com, web: <http://www.stewart.com>

Svoboda & Williams

Contact: Prokop Svoboda, Executive Director

Benediktska 3, 110 00, Praha 1

tel: (++420) 257 328 281, fax: (++420)257 322 032

e-mail: prokop@ehs.cz, web: <http://www.ehs.cz>

[Return to table of contents](#)

Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

[Return to top](#)

American Embassy Prague

Ms. Mary Thompson-Jones, Chargé d'Affaires
Trziste 15, 118 01 Praha 1
tel.: (+420) 257 022 000, fax: (+420) 257 022 809
web: <http://www.usembassy.cz>

Mr. John Vance, Press Attaché
tel.: (+420) 257 022 005, fax: (+420) 257 022 814

Mr. Stuart Hatcher, Consul General
tel.: (+420) 257 022 000, fax: (+420) 257 022 809

Mr. Michael Dixon, Economic Officer
tel.: (+420) 257 022 000, fax: (+420) 257 022 808

U.S. Department of Commerce/U.S. Commercial Service

tel.: (+420) 257 022 434; fax: (+420) 257 022 810
web: <http://www.buyusa.gov/czechrepublic/en>

Mr. Greg O'Connor, Commercial Counselor
e-mail: Greg.O'Connor@mail.doc.gov

Ms. Hana Obrusnikova - Sectors: energy, aerospace, engineering/construction, real estate
e-mail: Hana.Obrusnikova@mail.doc.gov

Mr. Zdenek Svoboda - Sectors: auto parts/accessories, industrial parts/services, microelectronics
e-mail: Zdenek.Svoboda@mail.doc.gov

Ms. Veronika Novakova – Sectors: environmental Products/Services, medical/dental/pharmaceutical, veterinary, cosmetics, publishing & education
e-mail: Veronika.Novakova@mail.doc.gov

Ms. Lud'a Taylor - Sectors: telecommunications, e-commerce, IT, safety & security,
e-mail: Luda.Taylor@mail.doc.gov

Ms. Jana Ruckerova – Sectors: financial and business services, franchising, consumer goods, textile & apparel, food processing
e-mail: Jana.Ruckerova@mail.doc.gov

Ms. Irena Michlickova – Events management, Sectors: film, music
e-mail: Irena.Michlickova@mail.doc.gov

U.S. Department of Agriculture/Foreign Agricultural Service

Ms. Jana Mikulasova, Agricultural Specialist
tel.: (+420) 257 022 026, fax: (+420) 257 022 803
e-mail: jana.mikulasova@usda.gov, web: <http://www.fas.usda.gov>

U.S. Department of Commerce Washington, DC

Advocacy Center

Ms. Pat Nugent
tel.: (202) 482-3392,
e-mail: patricia.nugent@mail.doc.gov, web: <http://www.ita.doc.gov/td/advocacy>

Market Access and Compliance

Central and Eastern Europe Division (CEED)
Mr. Michael Rogers
tel. (202) 482-4915, fax (202) 482-4505
e-mail: Michael_Rogers@ita.doc.gov

American Chamber of Commerce

Mr. Weston Stacey, Executive Director
Dusni 10, 110 00 Prague 1
tel.: (+420) 222 329 430; fax: (+420) 222 329 433
e-mail: amcham@amcham.cz, web: <http://www.amcham.cz>

American Center Plzen

Mr. Vladimir Palek, Director
Dominikanska 9, 301 12 Plzen, Czech Republic
tel. (+420) 377 237 722, fax (+420) 377 237 725
e-mail: info@americancenter.cz, web: <http://www.americancenter.cz>

CzechTrade

Main office

Mr. Ivan Jukl, General Director
Dittrichova 21, P.O. Box 76, 128 01 Praha 2
tel: (+420) 224 907 500, fax: (+420) 224 907 503
e-mail: info@czechtrade.cz, web: <http://www.czechtrade.cz>

CzechTrade Chicago

Mr. Pavel Lacina
Suite 938 The Merchandise Mart, Chicago, IL 60654
tel: (312) 644-1790, fax: (312) 527-5544
e-mail: chicago@czechtrade.cz, web: <http://www.czechtrade.cz/en/>

CzechInvest

Main Office

Mrs. Alexandra Rudysarova, CEO
Stepanska 15, 120 00 Prague 2
tel: (+420) 296 342 500, fax: (+420) 296 342 502
e-mail: marketing@czechinvest.org, web: <http://www.czechinvest.org>

CzechInvest Chicago

Mr. Bohuslav Frelich
Suite 938, The Merchandise Mart, 200 World Trade Center, Chicago, IL 60654
tel: (312) 245-0180; fax: (312) 245-0183
e-mail: chicago@czechinvest.org, web: www.czechinvest.org

Czech Office for Standards, Metrology and Testing

Mr. Alexander Safarik-Pstrosz, President
Gorazdova 24, 128 01 Prague 2
tel: (+420) 224 915 489, fax: (+420) 224 915 064
e-mail: safarik@unmz.cz, web: <http://www.unmz.cz>

General Directorate of Customs

Mr. Pavel Novotny, General Director
Budejovicka 7, 140 96 Praha 4
tel: (+420) 261 331 111, fax: (+420) 261 332 900
e-mail: podatelna@cs.mfcr.cz, web: <http://www.cs.mfcr.cz>

Czech Confederation of Industry

Mr. Jaroslav Mil, President
Lighthouse Waterfronts Towers
Jankovcova 1569/2c
170 00 Praha 7
tel: (+420) 234 379 500, fax: (+420)234 379 463
e-mail: spcr@spcr.cz, web: <http://www.spcr.cz>

Economic Chamber of the Czech Republic

Mr. Petr Kuzel, President
Freyova 27, 190 00 Prague 9
tel: (+420) 266 721 317, fax: (+420) 266 721 690
e-mail: prezident@komora.cz, web: <http://www.komora.cz>

Market Research

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

Local Trade Events can be found at the link below.

<http://www.buyusa.gov/czechrepublic/en/47.html>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<http://www.buyusa.gov/czechrepublic/en/40.html>

[Return to table of contents](#)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.