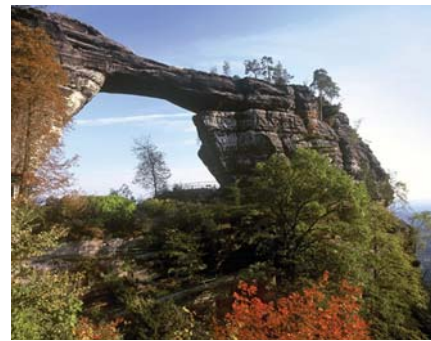
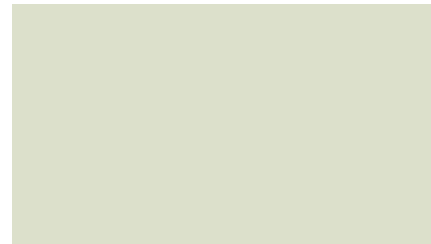


Export Opportunities in the Czech Republic



Czech Republic

General Overview

Thanks to its strong manufacturing tradition, educated workforce and central geographical location, the Czech Republic has become one of the most attractive locations for investment in Europe. The Czech capital Prague is the 12th richest EU region by GDP per capita and the economy continues to grow very strongly driven by increases in domestic consumption, investment inflows and rising exports. As a very popular tourist destination, the Czech Republic attracted over 6.4 million visitors in 2006. For international companies, the Czech Republic serves as a gateway to neighbouring countries and Eastern Europe.



Economic Overview

During 2006, the Czech economy was on the right track to repeat 2005 growth of 6.1% and continued to grow strongly, driven by increases in private consumption and gross capital formation as well as net exports. According to the European Commission economic forecast, the expansion of the Czech economy is expected to continue in 2007 and 2008. Sustained inflows of foreign investments and rising domestic consumption should create favourable sales opportunities for Irish exporters.

Key Indicators

- GDP growth of 6.1% in 2005 and 6.1% in 2006
- Nominal GDP CZK 2,618 billion (€92.37 billion)
- Unemployment rate 7.7% in December 2006
- Rate of inflation 2.5% in 2006
- Exchange rate €1 = CZK 28.2 (Czech Crown)
- Inflow of FDI €8.84 billion in 2005
- €75.6 billion of exports and €73.9 billion of imports in 2006
- Imports from Ireland reached €256 million in 2005 and €287 in January–October 2006
- Population 10.3 million, area 78,860 sq km
- Capital Prague (1.2m), major cities Brno, Ostrava, Plzen
- EU, NATO and OECD member
- English and German are the most widely spoken foreign languages
- Time zone GMT+1, summer time GMT+2
- Corporate tax rate of 24%; basic rate of VAT 19%
- Monthly gross earnings average €680

Travel and Business Costs

The Czech Republic is easily accessible by direct flights to Prague from Dublin (CSA Czech Airlines, Aer Lingus) and Cork (Aer Lingus). The flight time is just over two hours.

Item	Prague	Minimum Cost
Air Travel	Business Class	€550
	Economy Rate	€170
Hotel Costs	Five star	€150 - €190
	Four star	€100 - €140
Car Hire	Group C (Skoda Fabia)	€65

Trade Statistics Ireland Czech Republic

Irish exports to the Czech Republic have been steadily growing for the last three years and reached €256m in 2005. In the first six months of 2006 Ireland exported €163m worth of goods and services to the Czech Republic.

Enterprise Ireland companies on the Czech Market

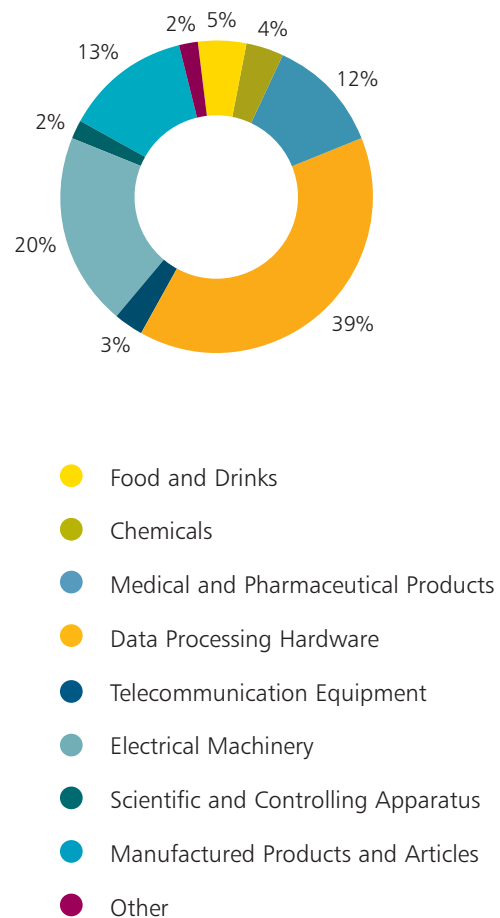
More than 100 EI client companies export to the Czech Republic at present, of which:

- over a half are in industrial markets, including electronics, chemicals, pharmaceuticals and engineering,
- one third is in software and services,
- food, beverages and consumer products represent the remainder.

Enterprise Ireland can help in many aspects of the first market entry. As Dr. Des O'Mahony, Managing Director of Bookassist says:

"Bookassist could not have entered the Czech market so successfully without the support of Enterprise Ireland staff in Prague. The readiness to help with research, the strong market contacts, the quality and depth of local intelligence provided on all levels and the willingness to work with us on every detail made our work not only a success but an enjoyable experience. The endorsement of our company by Enterprise Ireland and by His Excellency Ambassador Donal Hamill helped broaden our reach considerably and get us the foothold we needed in this important hub."

Irish Exports Czech Republic



Opportunities in Czech Republic

The following gives an overview of main sectoral opportunities for Irish companies in the Czech market. The opportunities in software sector were neatly summarised by Simon Rees, Business Development Manager of Ildiro Technologies: “We have found the Czech market an attractive one, due to the maturity of the mobile telecoms market, the technical and commercial sophistication of the mobile operators, widespread use of English, and direct transport links.”

Engineering, Electronics and Services for Industry

Engineering

The Czech engineering sector has a 150 year-long tradition, the production base comprises more than 1,000 companies employing over 130 thousand people. The sector manufactures a wide range of machines (from turbines, transportation and air-conditioning equipment through agricultural and industrial machinery, to metal working and forming machines) including supply of complete plants and engineering goods for households. Components and accessories manufacturing, business service or automation solutions provision are the areas of interest for potential suppliers.

Key Players

Siemens, Skoda, Vitkovice Steel, AVL Moravia, Denso, Textron, Ingersoll Rand, Tokai Rika, Otis, Festo, Alstom, Mannesmann, Mattheyr etc.

Electronics

The electronic and microelectronic industry comprises 450 manufacturing companies employing over 180 000 people, accounts for 15% of the Czech manufacturing industry output and 16% of manufacturing exports. The industry covers a large spectrum of activities: electronic components, consumer goods, computer assembly, optoelectronics etc.

Key Players

LG, Phillips Displays, Panasonic, Black&Decker, Candy, Siemens, Bang & Olufsen, Celestica, Foxconn, FIC, ALPS Electric, FEI Company, Daikin, Infineon.

Automotive

Czech Republic hosts over half of the world's top fifty automotive components companies and has one of the highest concentrations of automotive-related manufacture and design activity in the world. The automotive sector accounts for 20% of manufacturing output and 25% of Czech export. Skoda (VW Group) combined with Toyota PSA will soon be producing 900,000 cars annually. In 2006, Hyundai Motor Corporation announced its plans to invest close to 1 billion Euro to develop a state of the art automotive assembly plant and reach production of 300,000 cars a year. Buyers in this segment may be interested in relevant software, car components, electronic sub-assemblies, plastic parts and quality control equipment.

Key Players

Skoda Auto, TPCA, Robert Bosch, Iveco (Irisbus Holding), Heyes Lemmerz, Mercedes-Benz Engineering, TRW/Lucas Varity, Valeo, Visteon, Denso, Saint Gobain, Siemens VDO.

Software and Services

The market for software continues its strong growth, on average 10% y-o-y over the past 5 years. The main opportunities exist in system software (over 50% of total sales) and application software for banks, telecoms and internationally traded businesses.

Financial Services

The four leading banks are controlled by multinational parents – Ceska sporitelna (Erste), CSOB (KBC), Komerčni banka (Societe Generale) and HVB Bank. There are a number of foreign owned middle-sized banks (such as BAWAG, Raiffeisen Bank, Citibank, GE Money Bank, Volksbank). Banking sector had CZK3.2trn (€120bn) in assets at end-September 2006, representing y-o-y growth of around 10%, while the insurance market has grown around 4% y-o-y. The largest insurance company – Ceska pojistovna – is domestically owned. Opportunities exist for niche applications such as CRM/ERP, payment processing, compliance and risk management.

Key Buyers

Banks: Ceska sporitelna, CSOB, Komerčni banka, HVB Bank, BAWAG, Raiffeisen Bank, Citibank, GE Money Bank, Volksbank.

Insurance companies: Ceska pojistovna, Kooperativa, Allianz, CSOB Pojistovna, Generali.

Telecommunications

The telecommunications market in the Czech Republic has reached the value of CZK 118.5 billion (that is 4.3% of the value of the Czech Republic's GDP, whereas the fixed-technologies market accounts for 1.8% and the mobile-technologies market accounts for 2.5%). The major players are parts of multinational companies.

Key Players

Mobile: O2, T-Mobile, Vodafone.

Fixed line: Telefonica O2, Radiokomunikace, GTS Novera, e-Tel.

Construction, Development and Project Management

The construction sector grew over 15% in 2006. Rising residential, industrial and office building activity coupled with construction, repairs and maintenance of transport infrastructure will ensure strong demand for construction related products and services.

Key Players

Skanska, Metrostav, Hochtief, Stavby silnic a zeleznic, Strabag.

Chemicals

The sector accounts for 5.4% of the Czech manufacturing industry revenue; in 2005 the imports of chemicals reached €6.4 billion with Germany as a top trading partner. Opportunities exist in industrial supplies, corporate acquisitions and supply of environmental technologies.

Key Producers

Chemopetrol, Kaucuk, Spolana, Synthesia, Lovochemie, Spolchemie.

Useful Information Sources

Enterprise Ireland

www.enterprise-ireland.com

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Czech-Irish Business Association

www.ciba.cz

CzechInvest

www.czechinvest.org

Czech Business Weekly online news

www.cbw.cz/phprs/

Czech Radio in English

www.radio.cz/en

Life in the Czech Republic

www.expats.cz

Book of Lists (companies search)

www.knihaseznamu.cz/en/catalog

Major Trade Fairs

www.eventseye.com

Czech Statistical Office

www.czso.cz

Czech National Bank

www.cnb.cz

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