



Ministerstvo zahraničních věcí
České republiky

The Czech Republic



ODBOR EKONOMICKÉ
DIPLOMACIE



Location in the Heart of the Europe



The Czech Republic in the World



Source: Wikimedia Commons



The Czech Republic in Europe



Source: Wikimedia Commons



Location on the heart of the Europe

› Accessible by plane from most of the European destinations in less than 2 hours

- › **Berlin** 55min
- › **Paris** 1h 50min
- › **London** 2h
- › **Moscow** 2h 45min
- › **Tel Aviv** 3h 50min
- › **Dubai** 6h
- › **Shanghai** 11h 50min



Source: AFI Business Guidebook 2019



Quick facts about the Czech Republic



The Czech Republic

- › Population 10.6 mil
- › Area 78.866 km²
- › Language: Czech
- › Currency: Czech koruna (CZK)
- › Political system: Parliamentary republic
- › Capital: Prague



Source: CzechInvest



Recent history





Prague – The Capital

- › The largest city in the Czech Republic
- › Population **1,27 mil.**
- › **25% of national GDP** created in Prague (*Prague = 13% of Czech population*)
- › 6th major European city of the future in **business friendliness**
- › **7th richest region of the European Union**
- › Cost of living index in Prague is **51.86% lower** than in New York

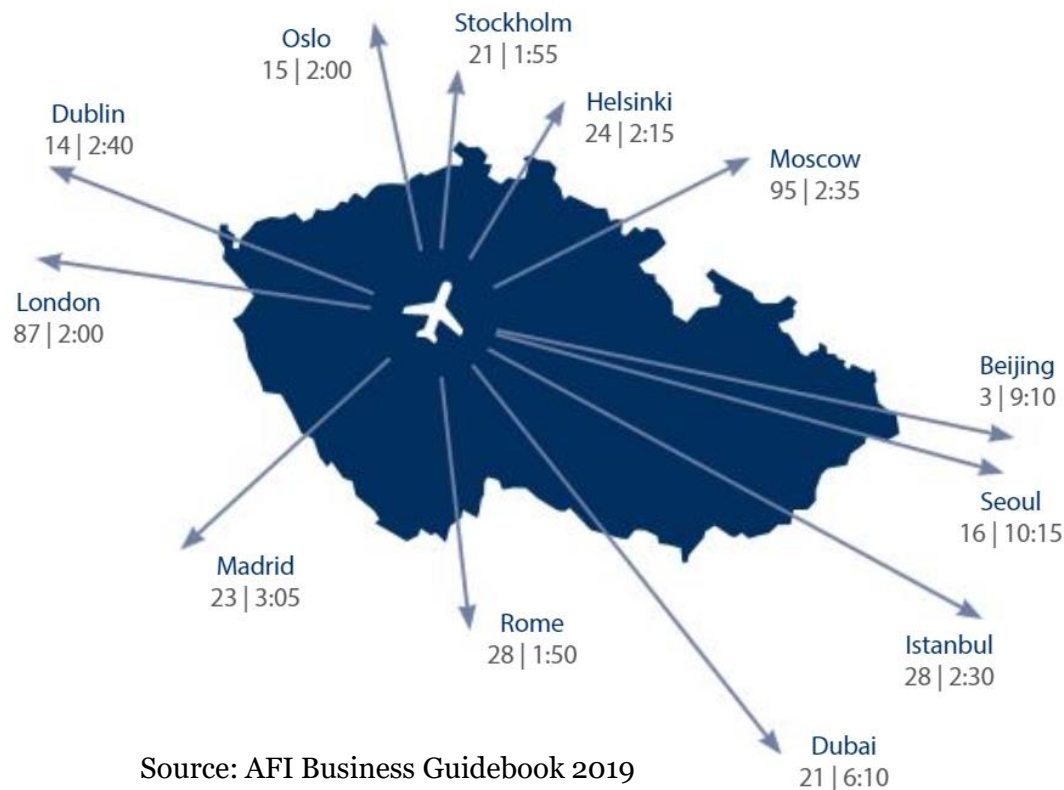




Prague Airport


› Václav Havel Airport

- › Biggest airport among the new EU members
- › Handles alsmst 17. mil passengers annually
- › Direct flights to 171 destinations around the world



Source: AFI Business Guidebook 2019





Czech Republic – A Good Place to Live



Quality of life in the Czech Republic

- › **The highest quality of life amongst new EU members**
- › **Higher quality of life than in the USA**
 - › According to the Deloitte 2019 Quality of Life Index
 - › Czech Republic rates 24th out of 149 countries, USA ranks 26th
- › **10th safest country in the World**
- › **13th best healthcare in the EU**
 - › Czech Republic ranked higher than the UK or Ireland

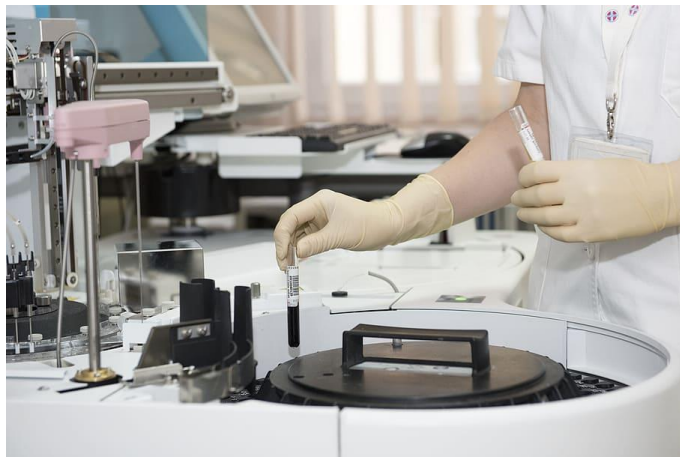
2019 Global Peace Index

RANK	COUNTRY	SCORE
1	● Iceland	1.072
2	● New Zealand	1.221
3	● Portugal	1.274
4	● Austria	1.291
5	● Denmark	1.316
6	● Canada	1.327
7	● Singapore	1.347
8	● Slovenia	1.355
9	● Japan	1.369
10	● Czech Republic	1.375
11	● Switzerland	1.383
12	● Ireland	1.390
13	● Australia	1.419
14	● Finland	1.488
15	● Bhutan	1.506



Quality of life in the Czech Republic

- › Prague has ranked among **100 cities with the best hospital care in the World**
- › Czech Republic is the **12th most attractive country for expats**
- › **20th happiest country in the World**
 - › According to World Happiness Index 2016-2017 rankings
- › **5th best public transport in the World is in Prague**





Transportation

› One of the densest railway networks in the World

- › 9580 km of railways
- › 0,12 km/km² (USA 0,01; Japan 0,06)

› Well-developer network of motorways

- › 479 mil tons of goods transported on Czech roads and motoways in 2018

Motorway network



Source: AFI Business Guidebook 2019

Railway transit corridors



Source: AFI Business Guidebook 2019



Czech Economy in a Nutshell



Czech Republic – open and competitive economy



- › **Developed country with a market economy**
 - › Among thirty most advanced countries in the World (World Bank)
 - › The most stable and prosperous economy of all post-communist states
 - › 16th richest country of the European Union (GDP/Capita, PPP; Eurostat)

- › **The most competitive country in the CEE region, 32nd in the World**
 - › Among 140 countries according to Global Competitiveness Report (2019)

- › **Ease of doing business ranking – 41st**
 - › Among 190 countries according to the World Bank (2019)
 - › Netherlands 42nd, Belgium 46th, Italy 58th

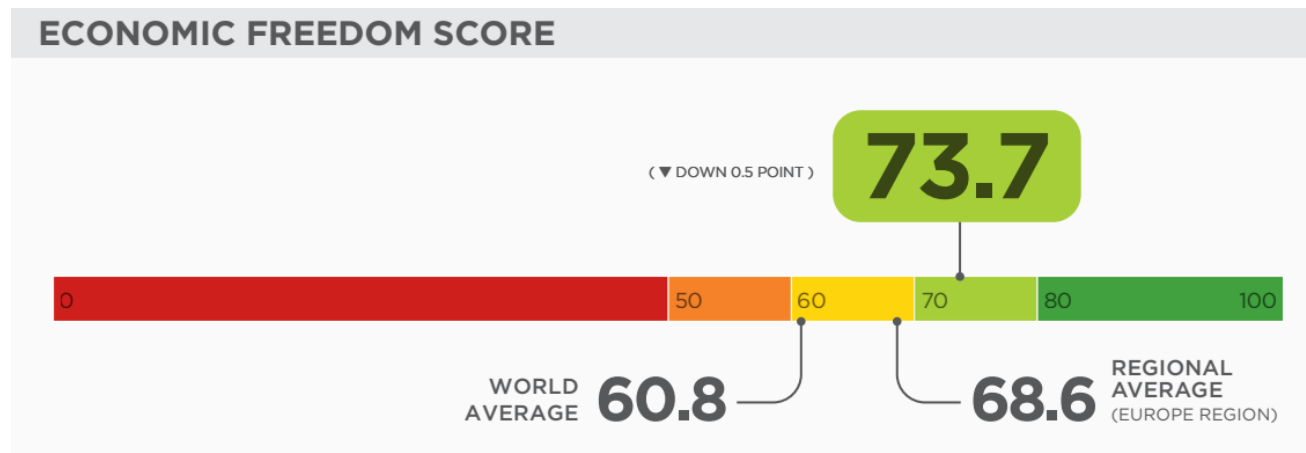


› **A small open economy**

- › Export oriented (main factor of growth – 80% of GDP)
- › Stable and strong domestic consumption
- › Strong business and ownership relations to the European Union
- › The most industrialized country within the European Union

› **23rd freest economy in the World**

- › According to 2019 Heritage Economic Freedom Index





Perfect macroeconomic stability



- › Perfect **macroeconomic stability**
 - › Score 100/100 according to WE Forum Global Competitiveness Index 2019

- › Low debt to GDP ratio – 33,1%
 - › **4th lowest within the EU**

- › Long-term real convergence to the developed countries
 - › **86% of the EU average** in GDP per capita (2018)



Macroeconomic stability



	2018	2019 ^a	2020 ^a	2020-2024 ^a
GDP growth (%)		2,5	2,4	2,5
GDP per head (US\$, PPP)	39 741	41 461	43 096	
Inflation (%)		2,8	2,6	2
Unemployment (%)		2,0	2,2	2,3
Current-account balance (% of GDP)		0,5	0,5	0,45
Exports of goods & services (% growth)		2,0	1,6	3

Sources: Ministry of Finance of the Czech Republic, Economist Intelligence Unit, OECD
^a Estimates

- › **Stable GDP growth** despite slowdown in Western Europe
- › **Overlapped Spain** (39 711 US\$) in **GDP per head** and **equalised Israel** (39 932) and **Korea** (40 096)
- › **Stable inflation and currency**
- › The **lowest unemployment rate** in the European Union
 - › Average unemployment rate in the EU is 6,3% (9/2019)
- › Balanced **trade balance with slight surplus** in export
- › **Growing exports of goods & services**



Czech foreign trade



- › 80 % of Czech GDP created by exports
- › In 2018, exports have exceeded **200 bil. USD** (annual growth +3,7 %), expected to exceed **210 bil. USD in 2019**
- › Trade balance **+17,6 bil. USD** (2018)
 - › In surplus since 2005
- › Czech share of world export **exceeded 1 % in 2017**, with a share of only **0,14 %** in the world population
- › Czech economy is more open than German by approx. 10 %
 - › **Exports of goods per capita are higher than in Germany (2018)**



Czech foreign trade



- › Territorial dependence on the **EU internal market**
 - › 84 % of all exports

- › Strong reliance on **manufacturing**
 - › 95 % share in 2018

- › Main export article is **machinery and transport equipment**
 - › 58 % share in 2018

- › Reliance on **automotive**
 - › The total share of motor vehicles in Czech export is **23 %** (2018)
 - › The total share on Czech industry is 26 % (2018)



Investment climate



- › One of the **most successful transition economies** in terms of attracting FDI
- › **Open investment climate**
 - › Key element of the Czech Republic's economic transition
 - › Effective legal environment
 - › Healthy banking system
- › **OECD** member since 1995
- › **High investment ranking** with stable and positive outlook
 - › Moody's rating – Aa3, 4th highest (level of Belgium)
 - › Fitch rating – AA-, 4th highest
 - › S&P rating – AA, 3rd highest
- › **National currency koruna (CZK) is fully convertible and extremely stable**





Important Player in a Global Arena



Important Player in a Global Arena



› Membership in important international organizations such as:

- › UN
- › OECD
- › WTO
- › UNESCO

› European Union


- › Member since 2004
- › Free access to the European Union Custom Union
- › Member of the Schengen area



› NATO

- › Member since 1999
- › *Doplnit něco že ty výroby zbrojního průmyslu jsou se standarty nato*





Czech Industry - Highly Developed and Innovative



Where Czechs Excel

Did you know?

Where Czechs excel

Cardiology and heart surgery

Thanks to the extraordinary development of heart surgery here, the Czech Republic currently ranks among the most advanced European countries in terms of both the number of surgeries performed and the quality of care.

Ultralight aircraft

The Czech Republic is among the world leaders in the production of ultralight aircraft and is the third biggest producer in Europe.

Musical instruments

Established nearly 150 years ago, the family-owned Czech company Petrof in Hradec Králové is the biggest European piano manufacturer.

Footwear industry

Baťa, a family-owned global footwear and fashion accessory manufacturer and retailer was founded in 1894 in Zlín, Moravia by Tomáš Baťa, his brother Antonín and his sister Anna. Today, the company has a retail presence of over 5000 retail stores in over 70 countries. Baťa has entered the Guinness Book of Records as the largest retailer and manufacturer of shoes in the world.

Automotive industry

With more than 1.44 million cars produced in 2018, the Czech Republic is the leading automotive producer in the CEE region. The most significant Czech carmaker is Škoda Auto, which has been in existence for over a century. Czech trams are also well known elsewhere in the world.

Nanotechnology

In 2003 Oldřich Jirsák developed a reliable method of spinning fibres measuring 200 nanometres in diameter. Based on his patent, the Czech company Elmarco became the first supplier of industrial-scale nanofibre production equipment in 2004.

Defence industry

Already in the time of the First Czechoslovak Republic, the country was one of the world's biggest arms exporters. Nowadays, developed by the Pardubice-based company ERA, the Věra and Tamara passive radar systems are among the best in the world and can detect stealth aircraft.

Cyber security

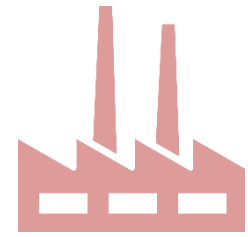
The anti-virus software companies AVG Technologies and AVAST have become a symbol of success for the Czech ICT sector. Each of these companies currently provides protection against cyber threats to more than 200 million users worldwide.

Plastic surgery

Czech physician František Burian laid the foundations of plastic surgery. In 1939, Czechoslovakia became the first country to recognise plastic surgery as a separate field of medicine.



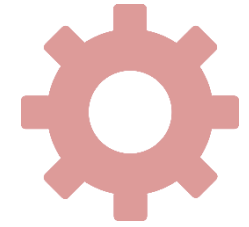
Czech Industry



- › Czech Republic is the **most industrialized** country in the EU
- › A country with **long tradition** in production and manufacturing industry of all kinds
- › Industrial production accounts for **37,8 %** of the commercial economy
- › Gross added value of the Czech industry is **32 % - 1st in the EU**
 - › Germany 25,7 %
 - › Poland 27,2 %
- › Almost 30 % of Czech employees work in industry
- › More than **half of Czech industrial production is exported**



Czech Industry

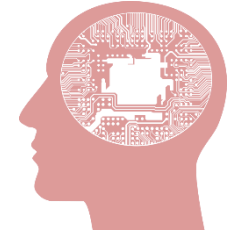


- › Important sectors are **mechanical-engineering**, metals, chemicals and food sector
 - › As well as energy, construction and consumer-goods industries and many more
- › Czech Republic is **one of the 7 countries** in the world that develops **aircraft engines**
- › Czech industry is **wide and complex** – there are being manufactured products such as ultralight airplanes, turbines, cars, buses, locomotives as well as machine tools, health technologies, arms and military equipment together with bearings, binoculars, brushes, needles or antivirus programmes, computer games and many more...





Innovative Industries



- › Czech Republic is the 24th most innovative country in the world
 - › According to 2020 Bloomberg Innovation Index
- › Nanotechnologie
- › ICT



Czech Industry – automotive



- › The most important branch of Czech industry is **vehicle manufacturing**
 - › Accounts for 10 % of GDP and 26 % of total industrial production
 - › The production has more than **doubled** in the past decade
- › Czech Republic is the **2nd largest producer of cars per capita** in the World (after Slovakia) with 133 cars/1000 inhabitants – **overtaking** automotive giants such as **Japan, USA or Germany**
- › **One of the oldest car producer in the World**
 - › Peugeot – 1810, **Tatra – 1850**, Opel – 1862, Mercedes – 1883, **Škoda – 1895**





Education and R&D



Educated and skilled workforce



- › **72 % of Czechs** have knowledge of **at least one foreign language**
 - › Dominantly **English or German**
 - › 90% knowledge at the management positions
- › The **largest share** of people who have **attained upper secondary education within OECD** countries
- › Strong **technological potencial** of the country due to pool of well-educated science workers and its skilled workforce
 - › Rise of industries such as biotechnology, software development, etc.





Education



- › **67 universities**
- › 300 000 students enrolled (2017/2018 academic year)
- › 1/3 of the students study economics and finance, 1/3 enrolled in **technical programmes**
- › Charles University established in 1348
 - › One of the oldest universities in the world





Czech inventions (*the best of*)

› Contact lenses

- › Invented by Czech chemist **Otto Wichterle** in 1961



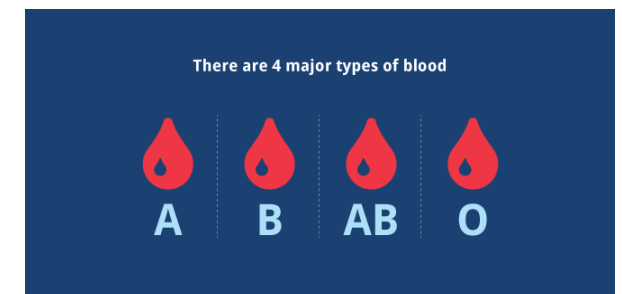
› Sugar Cube

- › Invented by **Jakub Kryštof Rad** in 1843
- › First ever cube-shaped sweetener was made in the town **Dacice**



› Blood Types

- › In 1907, **Jan Jánský** found out that human blood could be classified into four distinct groups

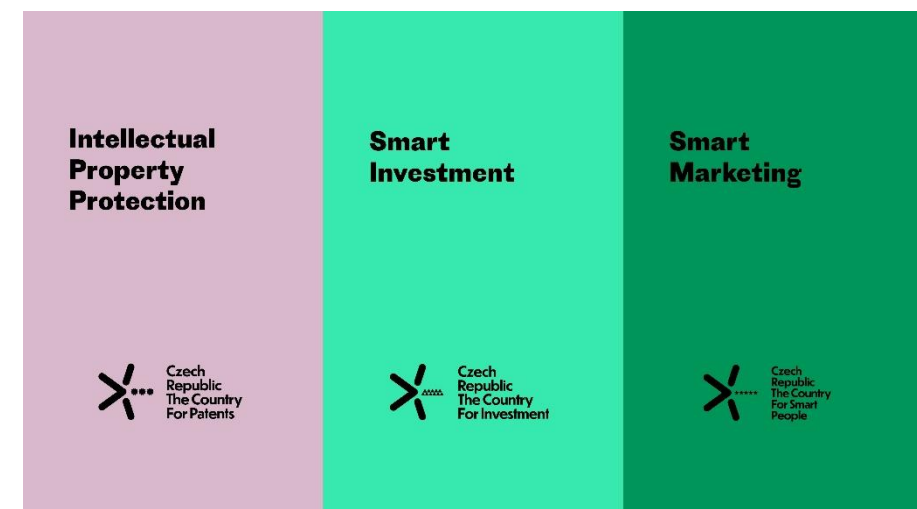
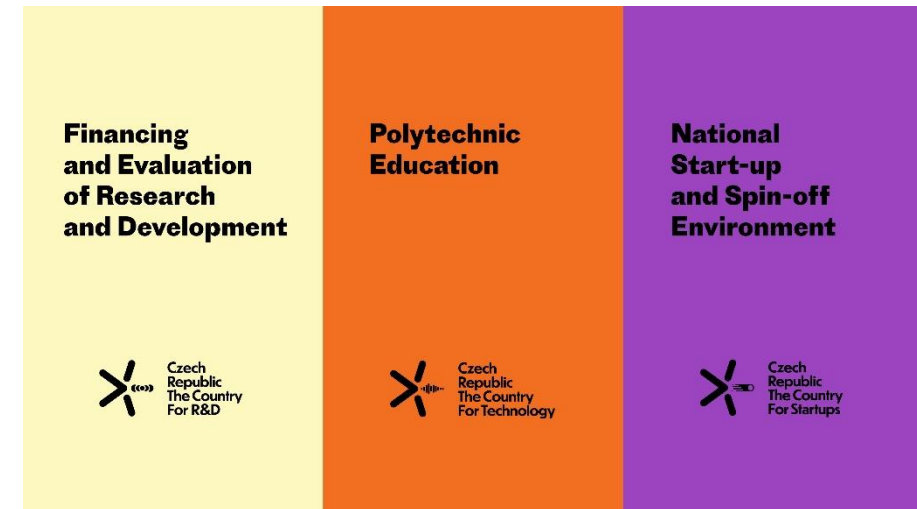




Future: Innovation strategy 2019–2030



- › Czech Republic as a highly innovative country
- › Long-term focus on technologies, R&D and commercial applications, human capital and innovative opportunities





Czech Republic in the World



Representation of the Czech Republic Worldwide

› Unified foreign network composed of:

- › Czech Embassies
- › Offices of CzechTrade
- › Offices of CzechInvest
- › Offices of CzechTourism
- › Czech Centers

› **159 offices covering 93 countries**





Socially Responsible Country



Socially Responsible Country



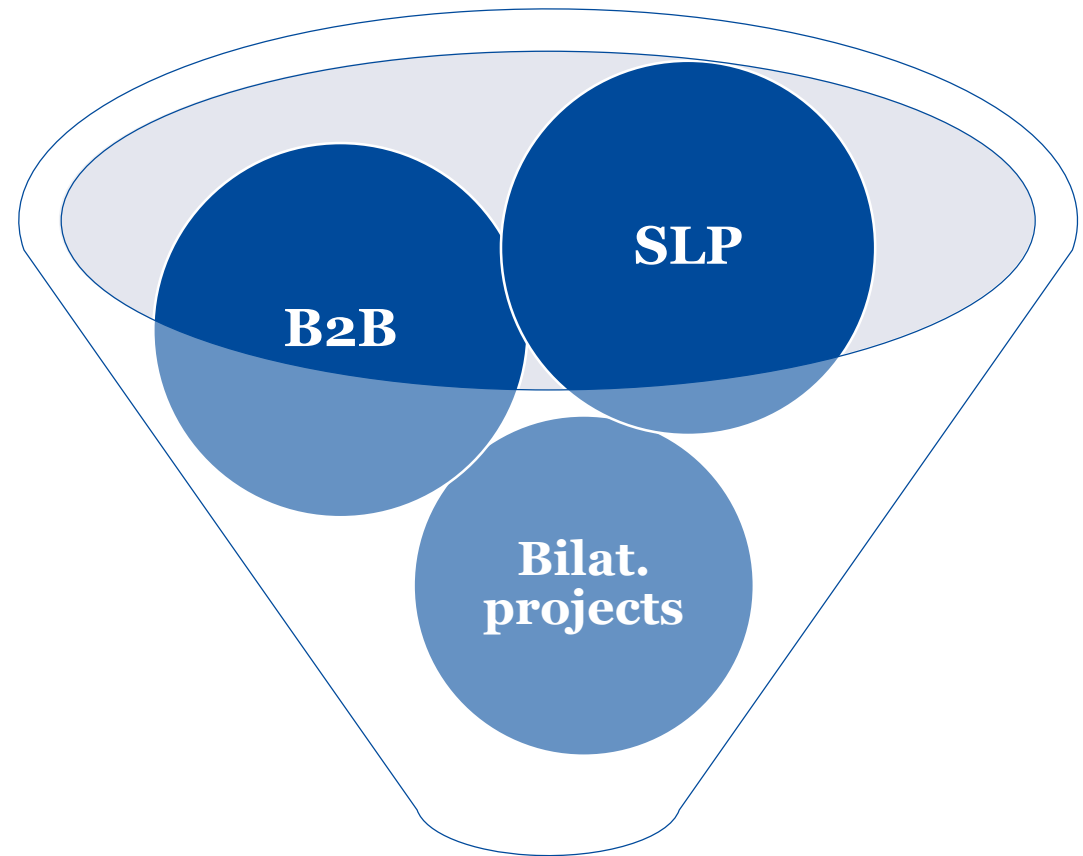
- › **Czech Republic ranked world's 7th most developed country in new UN report**
 - › Among the 162 countries evaluated in the sustainable development index (2019)

- › **Humanitarian Aid**
 - › 2018 – 44 humanitarian projects in 23 countries
 - › 8 mil USD in 2018
 - › Reallocated +1,5 mil USD for Yemen humanitarian aid



Foreign Development Cooperation

- › **B2B**
 - › Development cooperation based on fulfilling of SDGs
- › **Small local projects**
- › **Bilateral projects**



Involvement of Czech companies in the international system of development cooperation and its financing



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Odbor ekonomické diplomacie

Thank you for your attention