



Czech Economy Briefs

Czech gross domestic product (GDP) grew by 1,3 percent y-o-y and by 0.2 percent q-o-q in the December quarter 2014. In 2014 the GDP grew by 2.0% according to preliminary data released by the Czech Statistical Office. The annual growth was driven by foreign and also domestic demand for investment goods and final consumption of households.

In 2014 **the industrial production** increased by 4.9%, y-o-y. The following contributed most to the growth: manufacture of motor vehicles, trailers and semi-trailers (up 13%), manufacture of metal structures and parts of structures (up 6.0%) and manufacture of electrical equipment (up 7.2%). Sales from industrial activity at current prices were higher by 8.4%, y-o-y, in 2014. Direct export sales of industrial enterprises increased by 15.9%.

There is no need for the Czech National Bank's (CNB) monetary policy to react fast to the drop in the prices of oil and food products, CNB governor Miroslav Singer said in his blog on CNB website. Singer said the central bank would react only to long-term deflation pressures that could cause drop in domestic demand.

The Czech Central bank recent **outlook** foresees **a real GDP growth 2,6% for 2015 and 3% for 2016**. Accelerating external demand, low oil prices, easy domestic monetary conditions via the weakened koruna, exceptionally low interest rates, and expansionary fiscal policy will lead to GDP growth. Economic growth will accelerate to next year despite falling government investment, thanks mainly to a further pick-up in external demand growth.

Headline inflation will be at zero or slightly negative levels in 2015, reflecting the sharp fall in global energy prices and deflationary tendencies in the euro area. It will then rise to the 2% target

in 2016, due to unwinding of the imported deflationary pressures and ongoing growth of the domestic economy and wages. The forecast expects **market interest rates** to be flat at their current very low level until the end of 2016.

In 2014 the Czech Republic **public deficit** was broadly stable at **1.2 % of GDP** (revival of public investment and current spending vs. growing economic activity and extraordinary revenues from an auction of frequency bands to mobile operators). **In 2015 the CNB expects an increase of the deficit to 1.9 % of GDP** (abolition of health care fees, a new 10 % reduced VAT rate, growing pensions, increase in public wages, culminating public investment financed by both EU funds and domestic sources, etc.). In 2016 the deficit should decline **to 1.4 % of GDP** (continuing economic growth, lower public investment due to the EU funds' cycle).

Unemployment rate in the Czech Republic was 7,7% in January 2015. up from 7,5% in December 2014. Only a year ago, the rate was 8,6%. There has been a record number of free job positions since 2009. The experts expect the rate further decrease below 7% this year due to stronger domestic demand and the hiring staff in the services, industries and construction.

Exports from the Czech Republic rose by 12,7% and imports to the country rose by 11,4% in 2014. **The record trade surplus** reached AUD 8,26 bil., some AUD 2,6 bil. more than in 2013. The reasons for such a record numbers are external demand, weaker Czech crown and falling oil prices.

The **Czech crown** weakened to about a nine-year low to the American dollar and a six-year low to the euro, falling by about 20 hellers to get to CZK 28.4/EUR and beyond CZK 24/\$ in January.

Business Brief



Car maker **Skoda Auto** recorded the highest passenger car output among car makers in the Czech Republic in 2014, making up more than 59 percent of the total output of 1.240 million cars, the Automotive Industry Association (SAP) announced. Skoda Auto's output increased by 15 percent last year.

The three way **agreement between the state, Skoda Auto and Hradec Králové** region centres on the creation of a new industrial zone at Solnice Kvasiny. That is the site where Škoda Auto is committed to invest around 7 billion crowns in production capacity for a new SUV type vehicle. At least 1,300 new jobs should be created by the manufacturer itself with another 400 expected in the region as subcontractors expand their capacity to furnish goods and services to Škoda Auto.



The biggest Czech brewer **Plzeňský Prazdroj** announced record beer sales in 2014. The brewery sold 10 million hectolitres of beer last year, which is an increase of 4.5 percent compared with 2013. Export sales climbed by 6 percent year-on-year to around 3.5 million hectolitres. The total sales of the premium lager Pilsner Urquell last year exceeded two million hectolitres for the first time in the company's history. Domestic sales of the flagship lager went up by 10 percent and exports increased by four percent. The company has gained new markets like **New Zealand**, Slovenia or Serbia and expanded in Scandinavia, Canada or the UK.

The Agrofert Group, a Czech food, agriculture, chemistry and media conglomerate, owned by Czech Finance Minister Andrej Babiš is flourishing. Its unconsolidated revenues last year rose by 3 billion crowns to an overall 239 billion crowns year-on-year, a spokesman for the group told reporters. Agrofert comprises 223 companies and is among the top business conglomerates in the country, the biggest entity in the agriculture and food production sector, second in the chemical sector and a powerful player in the areas of forestry and media. Altogether the group now employs 34 thousand people.

Energy and industry group **Energetický a průmyslový holding (EPH)**, owned by entrepreneurs Daniel Kretinsky and Patrik Tkac and financial group J&T, bought seven power plants with a total output of 4,500 MW in Italy from E.ON. The debt of EUR31b forced E.ON to launch reorganisation as part of which it is selling some of its operations. The transaction is yet to be approved by relevant EU bodies, and it should be concluded in the second quarter of this year.

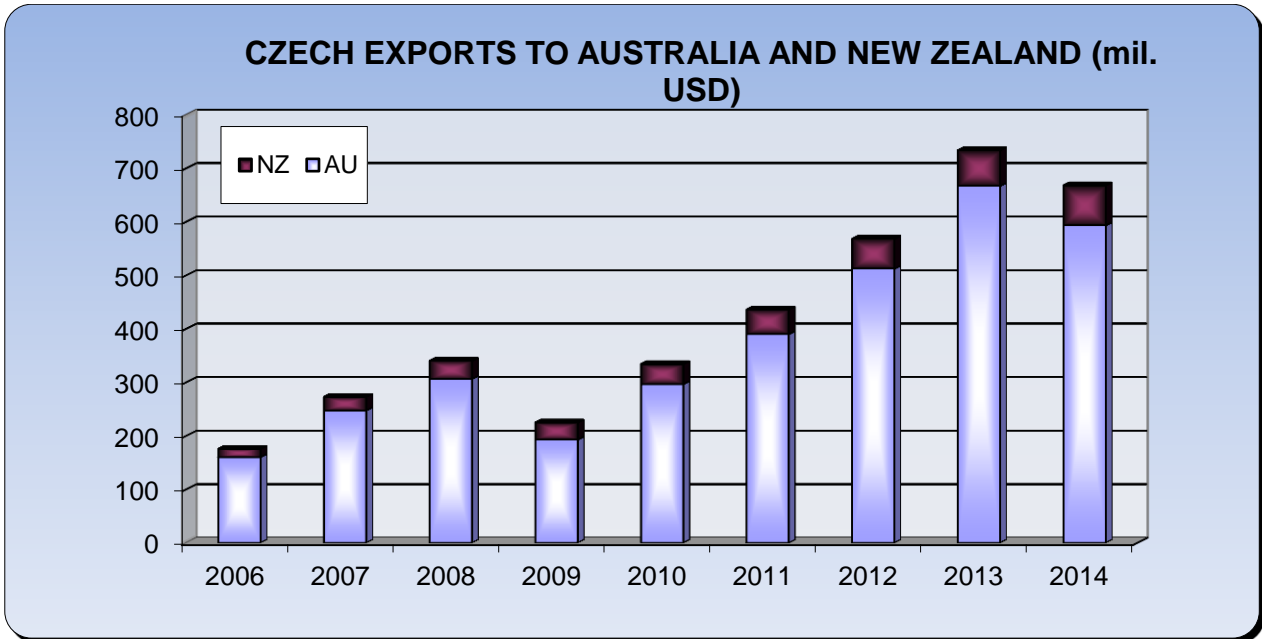


Around **eight million foreign tourists came to the Czech Republic** last year, 3.5 percent more than in 2013, according to figures from the Czech Statistics Agency. There was a marked decline in visitors from Eastern Europe but that fall was offset by a jump in travelers from China and South Korea. The overall upswing has been chiefly attributed to the weakness of the Czech currency. Moreover the first ever Chinese movie filmed in the Czech Republic recently premiered in Beijing is expected to attract more tourists to the Czech capital. Chinese tourists spend on average 17,000 crowns on a visit to the Czech Republic. Last year there were 211, 000 Chinese visitors.

Cheaper mortgage loans as well as an increased interest of foreigners, particularly Slovaks and Russians, is behind the **record-high sales of new flats in Prague last year**. Developers sold a record of 5,950 new flats in Prague, more than in the pre-crisis year 2007. Citizens of the former Soviet Union buy hundreds of flats in the Czech Republic annually, both new and old ones.

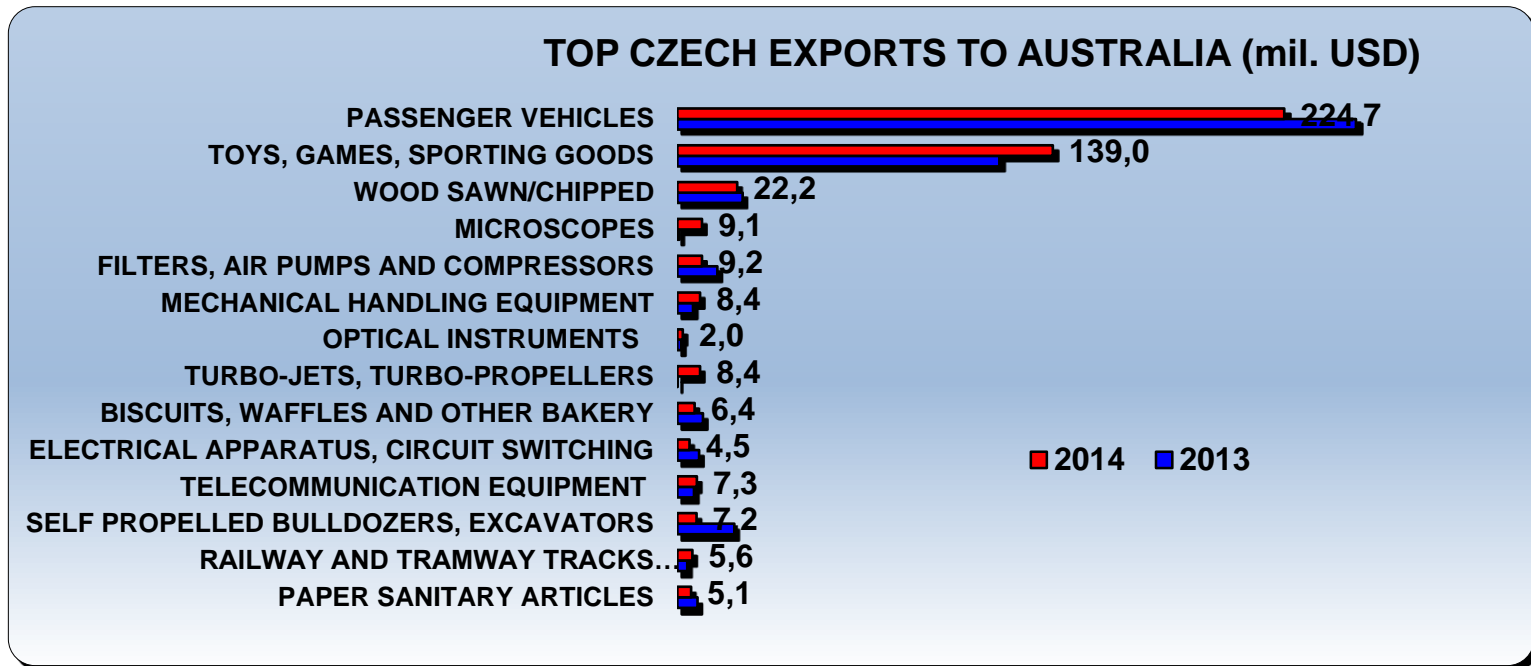
Czech exports to Australia and New Zealand

According to the latest export data of the Czech Statistical Office, exports from the Czech Republic to Australia reached 593 mil.USD (down 9% y/y) and exports to New Zealand 75 mil.USD (up 12% y/y) in 2014. The trade surplus of the Czech Republic with both countries is 476mil.USD.



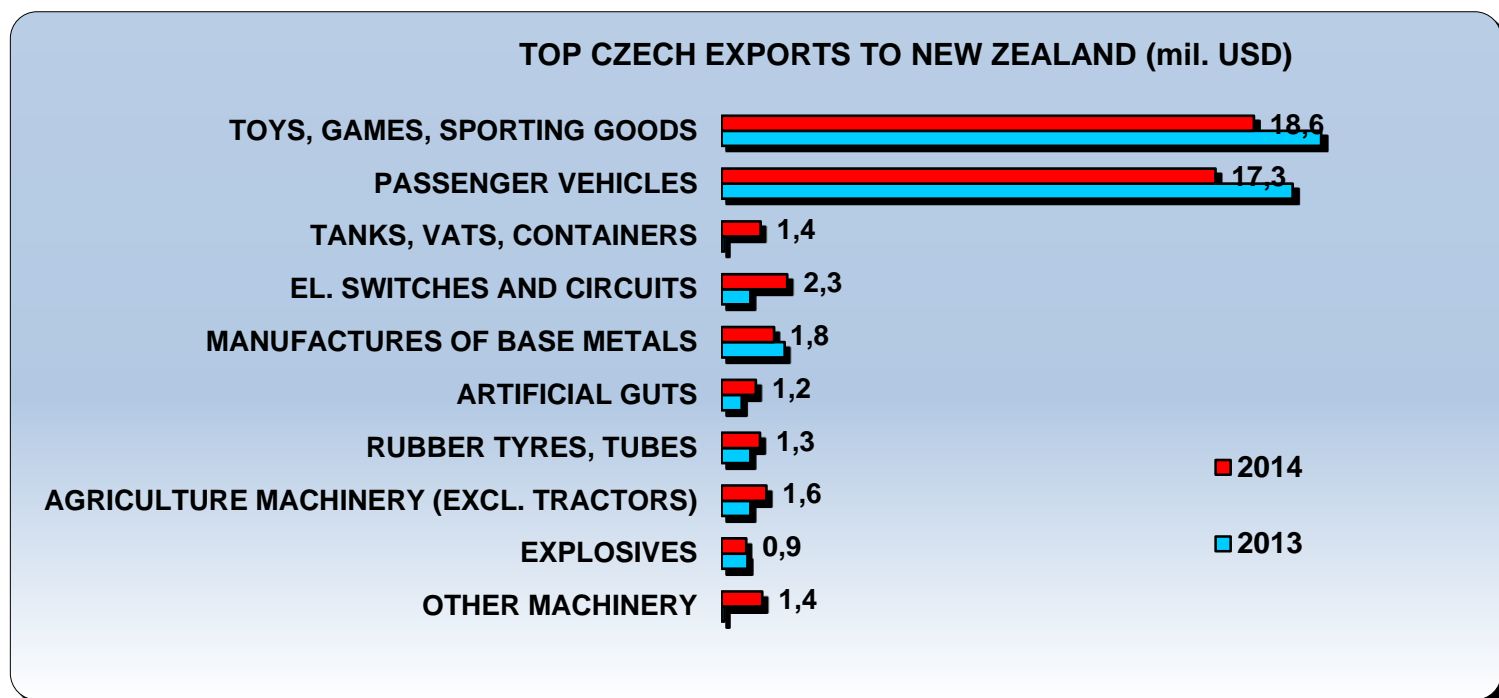
Passenger vehicles and toys (LEGO) continue to be the leading export articles to Australia and New Zealand in 2014. In Australia they make together 61% of export and in New Zealand 48%.

Following graph displays the major commodity exports in 2013 and 2014 in Australia:



The steep annual growth of export of microscopes to Australia is worth mentioning – from USD 0,9mil. to USD 9,1 mil.

Following graph displays the major commodity exports in 2013 and 2014 in New Zealand:



In New Zealand, a number of commodity categories has increased in export volume in 2014 compared to 2013, indicating new export opportunities for industrial machinery, electric plants and generators, newly also for prefabricated buildings. Overall Czech export to New Zealand has increased by 12% in the period.

Czech companies seeking Australian and New Zealand partners



DAKR is Czech manufacturer of **small farming and garden machinery** that has been on the market already since 1990. After its successful exposition at Australian National Field Days in Orange, NSW last year, the company seeks new dealers in Australia and New Zealand.

DAKR company specializes in the production of machinery with a special focus on mulching growths and brushwood, working in steep terrains, and cutting gardens and field grass. The products feature high

performance and quality, low level of noise, vibration and price. Using the top HONDA and BRIGGS&STRATTON engines, the machinery is suitable for diverse customer groups, from hobby to professional ones.

We are looking for distributors in Australia and New Zealand.

Contact: Ms. Marcela Belingerová

Telephone: +420 607 704 742

E-mail: marketing@dakr.eu

Web: www.dakr.com

REMAK

Solutions for a better climate - Ventilation, dehumidification, cooling and heating



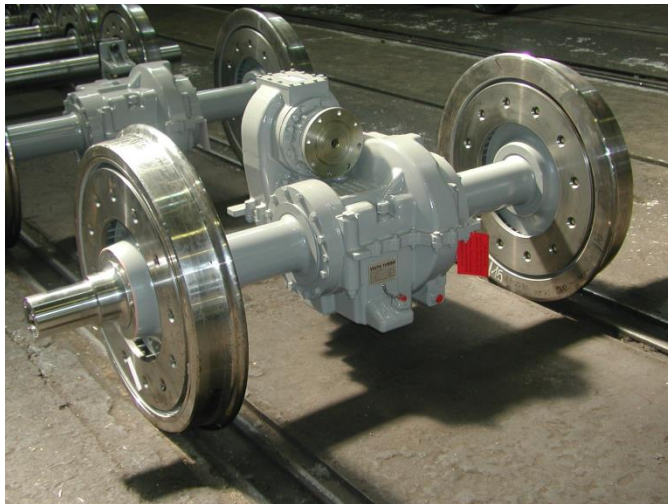
AERO
MASTER
Cirrus

We have pursued a family company tradition since 1993, and we are proud to be able to provide our customers with "Made in Czech Republic" products developed and manufactured to satisfy the specific needs and requirements of our customers in many countries. Our team is always ready to positively respond to the needs of our customers, whether they need specific solutions, technical support or logistics. We always promise only what we are able to guarantee.

All our solutions are genuine in both design and technology. Many of them are protected by patents. For us, the ISO 9000 quality system is not just an obligation, it is our style of doing business.

We are looking for long standing partners in Australia and New Zealand.

Contact: Mr. Tomáš Bradáč
Telephone: +420 571 877 778
E-mail: bradac@remak.cz
Web: www.remak.eu



GHH-BONATRANS GROUP is the **largest railway wheel and axle manufacturer in Europe**. We supply our products globally to passenger, locomotive, freight, high-speed and LRV segments, both OEM as well as after-market.

As part of our growth strategy we are expanding our business to Australia and New Zealand among others. Therefore, we are currently looking for a local partner with capability to develop business channels for our well reputed products. The experience with a local railway segment is a must.

For more information please see www.bonatrans.cz.

In case you are interested, please contact us:

Contact: Mr. Jan Sternadel
Telephone: +420 597 082 656
E-mail: jan.sternadel@ghh-bonatrans.com
Web: www.bonatrans.cz

JABLOTRON

CREATING ALARMS

Jablotron started from scratch with a few employees in 1990 and has developed into a significant global manufacturer of security and communication equipment. Today, its systems are installed by thousands of installation partners and used by **hundreds of thousands of satisfied customers** all around the world.

Jablotron's vision is to supply its customers with **premium security and communication systems** and first-class security services. Jablotron's intention is to create and fulfill dreams. Dreams of mutual utility and benefit. It wants to transform good ideas into attractive products and services for our customers and partners. It also wants to bring new innovative solutions that ensure better protection of our customers' property and health, facilitate installation and the everyday use of its products and enhance user comfort.

Since its establishment Jablotron has had a great ambition to **develop its own competitive systems**. Thanks to feedback from our customers and investment into our own development center we have always been able to manufacture products that our customers are looking for.

A real breakthrough in the development of the company came together with the **boom**

of wireless systems. With a lead over its competitors Jablotron introduced wireless security systems certified in accordance with new EC legislation. At that time orders exceeded production capacities.

Another important milestone in the history of Jablotron was an innovative solution in the field of communication. Jablotron started to use a **GSM communicator** not only for the transmission of alarm messages, but also installed it in a large desktop phone that was made popular by CNN television.

In recent years Jablotron has also focused on the services development. One of the most dynamically developing areas are **CLOUD applications**. It is moving the processing of its devices to secure remote servers. In this way, a new dimension of technical achievement is being entered.

Jablotron also cooperates on **research projects** in other fields. In cooperation with the European Centre of Nuclear Research and the Czech Technical University in Prague, Jablotron has developed the **MX-10 particle camera**, which opens up the invisible world of particles and not only to students. It is a unique aid for **nuclear physics education**.

Crucial moments in the history of Jablotron

1990	Establishment of JABLOTRON, s.r.o.
1991	The first security system CJ-91 control panel
1994	The first JABLOTRON 50 security system
1997	The JABLOTRON 60 security system started to be sold
2005	Introduction of the Maximobil phone with the famous CNN report
2007	The JABLOTRON 80 security system started to be sold
2010	The AZOR GSM Mini Alarm was introduced into the market
2012	Introduction of the revolutionary JABLOTRON 100 system into the market

The Jablotron Group has over 500 employees at its disposal. Jablotron Group's annual sales figures reached over 2,3 billion Czech crowns (92 million Euros), mainly due to thriving exports to practically the whole world.

The Jablotron Group consists of:

- [**JABLOTRON ALARMS a.s.**](#)
Manufacture of security equipment
- [**JABLOCOM s.r.o.**](#)
Manufacturer of communications technology
- [**JABLOTRON SECURITY a.s.**](#)
Alarm Receiving Centre Service Provider
- [**JABLOPCB s.r.o.**](#)
Manufacturer of electronic systems
- [**JABLONET s.r.o.**](#)
Alarm Receiving Centre support provider
- [**JABLOTRON SLOVAKIA s.r.o.**](#)
Distributor of security equipment in the Slovak Republic





Pacific GSM is New Zealand and Australia distributor for Jablotron Group

Pacific GSM is a New Zealand based company that focuses on the development and distribution of GSM monitoring, security, automation and access control products.

Pacific GSM was founded in 2007 for developing the M2M (machine to machine) and GSM communication products for the local market and manufacturing them in the Czech Republic to guarantee top quality. Pacific GSM security/automation systems are the perfect type of equipment to master the many different challenges of today no matter what industry or application.

When Pacific GSM was starting it out it consisted of small projects. Today, Pacific GSM supplies their products to large companies and distributors such as Siemens, J.A Russell and Niwa.

Contact: Mr.Jakub Fiedler

Unit B 32 Poland road, Glenfield

Auckland New Zealand 0627

PO box 21666 Auckland 0650

phone +64 9 948 4762

email jakub@pacificgsm.co.nz

web <http://www.pacificgsm.co.nz> <http://www.jablotron.co.nz>

Shop <http://www.pacificgsm.com>

Devices www.gsmeye.co.nz <http://www.ema-alarm.com>

Tradeshows, Exhibitions, Events

AVALON 2015
Geelong, VIC

24 February
-1 March
2015

Czech company Aircraft Industries will be presenting its planes at the Australian biggest Airshow, Space and Defence Exposition. CzechInvest, CzechTrade and H.E.Martin Pohl visit the airshow as well.

**PET &
ANIMAL
EXPO**
Melbourne

28 February
-1 March
2015

Czech National Exposition organized by CzechTrade with a range of Czech companies which are specialized in high premium Czech food for dogs and cats, dog harnesses, accessories for pet, collars and leashes and much more. Are you looking for new suppliers? We'll be able to find you reliable, and suitable business partners from Central Europe.

**CZECH-
AUSTRALIAN**
Business
networking
Sydney

5 March
2015

The second informal **networking** for business people interested in importing goods or make business between the Czech Republic and Australia. Organized by the Consulate of the Czech Republic, CzechTrade office and the Czech-Australian Chamber of Commerce in Sydney.

TRABANT
tour in
Australia

April 2015

The group of **Czech adventurers** who travelled across Africa and South America in a trabant – a communist era tiny plastic car built in the former East Germany - are ready to set out on a trip across Australia. The documentaries reporting on their tours have made them immensely popular and thousands of fans crowded the Vltava embankment to give them a send-off. The trip is financed by sponsors and public donations. Within 24 hours they collected 1 mil CZK, it has been the most successful crowdfunding event in the Czech history.

EXPO
MILANO 2015

1 May to 31
October

The Czech Republic presents experience and innovation in the management and use of **water resources** and the results of institutional research. The winning proposal of the pavilion from the duo of **young architects Chybík + Kristof** offers a pavilion using **Koma modules** that provide a system of progressive construction. The challenge of using recyclable materials and the incorporation of the surface water in the structure has resulted in an eye-catching pavilion, included in **top 5 not to be missed** by the Italian media.

Business and Trade Websites and Links

CzechTrade: www.czechtrade-australia.com,
www.czechtrade.cz

CzechInvest www.czechinvest.org
Doing Business in the Czech Republic
www.doingbusiness.cz

General Information www.czech.cz
Czech Supplier www.supplier.cz

Tradeshows www.veletrhyavystavy.cz

Czech-Australian Chamber of Commerce in Sydney



<http://czechchambersydney.com/>

Czech-New Zealand Business Association in Auckland



<http://www.cnzba.co.nz/>

Distribution Information

The "Czech Republic Trade Review" is prepared and distributed by the Commercial Section of the Consulate of the Czech Republic in Sydney. To subscribe or unsubscribe from this service, please visit our Consular web page. Sources: CzechTrade, CzechInvest, Czech Statistical Office and public media. To access previous editions, view archive available also on our Consular web page. For content feedback, please contact us on: commerce_sydney@mzv.cz or tel. +61 2 9581 0100.