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Czech Republic

– a European Union Member 2010



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CZECH REPUBLIC – A EUROPEAN UNION MEMBER 2010

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What Will the Year 2010 Bring?



In 2010, the European Union is facing a difficult task: to handle the transition from crisis, to support economic growth and the creation of new jobs, and to ensure the prevention of other critical situations. According to Herman Van Rompuy, President of the European Council, the way to strengthening the European economy leads through the common market. The new EU2020 strategy, a plan on how to develop European economy in the next ten years now under preparation, will be based on the analysis of the former Commissioner Mario Monti, in charge of the single market and financial services, and also responsible for competition policy. Monti was charged with the preparation of a draft for the EU27 to make better use of the EU single market, especially in the area of services, finance and knowledge. Another source of inspiration and topics will be the report on future EU, now being prepared by Felipe González and his Reflection Group.

To make sure that the EU2020 Strategy does not remain a mere intellectual exercise and formal document, but does help strengthen EU's competitiveness on the ever keener global market, will also depend on the political support of the leaders of the 27 EU Member States. Preparations for the EU2020 Strategy will be with us all through the Spring and June sessions of the European Council.

Spain, which is now holding EU Presidency for the fourth time, has set out four priorities for its work:

1. In the area of economy, the Spanish Presidency will control preparations for the EU2020 Strategy and will be in charge of new legislation for the supervision of

European financial systems. Another great task in the area of economy will be the Energy Action Plan for 2010-2012, prompted by the recent UN climate conference in Copenhagen.

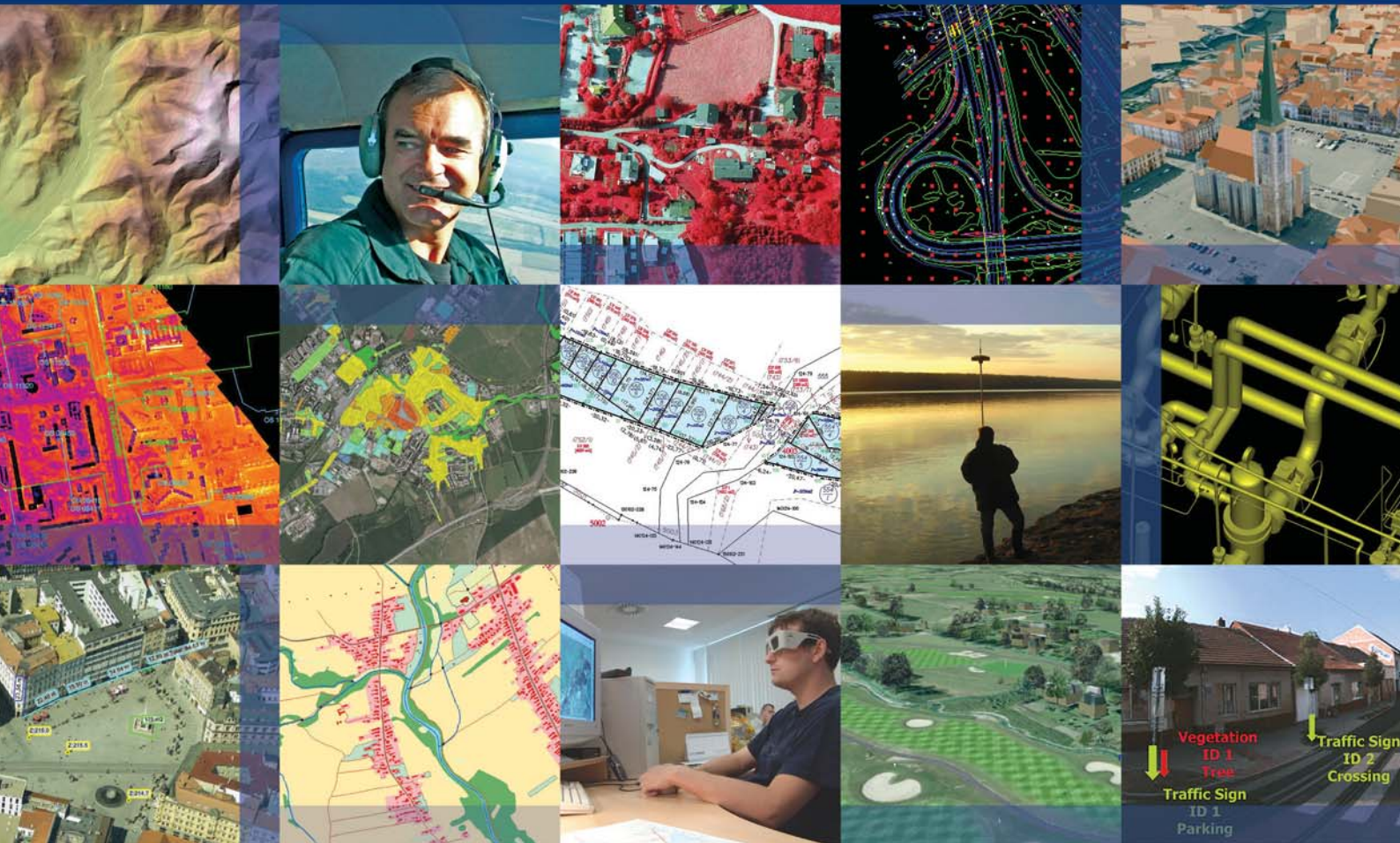
2. Preparations will continue for the implementation of the Lisbon Treaty. Special attention will be devoted to the completion of the basic structure of the European External Action Service. The Lisbon Treaty also contains a new provision – the solidarity clause, which says that Member States will come forward to help any of its members hit by a natural or a man-made disaster.
3. The priority called People's Europe covers both the implementation of the Stockholm programme in the area of justice and home affairs, as well as what is called citizens' initiative. Under the Lisbon Treaty, the European Commission is obliged to consider and submit for further deliberations any proposal winning the support of at least one million citizens, which at the same time meets the requirement of the minimum number of nationalities supporting it.
4. In foreign policy, Spain is making preparations for top-level meetings, for example with Russia, Canada, Mexico, Morocco and Pakistan.

Let me briefly elaborate on the European External Action Service, a completely new EU body. In October 2009, permanent representatives of the 27 member states spent dozens of hours trying to create justly, transparently and without undue bureaucracy a strong, capable and proportionally balanced team of diplomats comprising representatives of all member states, the European Commission and the General Secretariat of the Council. The team will operate throughout the world, represent the Union and assist the High Representative in implementing the common foreign and defence policy of the EU.

What does it mean for us? In countries where an EU Member State has no embassy or consulate, its citizens will receive assistance in an emergency situation. The embassies of Member States, as we know them now, will naturally remain in place. Certain areas, such as foreign trade and EU enlargement, will be handled by the European Commission as before, and most negotiations will be under the remit of individual Member States holding the rotating EU Presidency. The establishment of the European External Action Service, however, does not mean that EU foreign policy will be formulated by officials of the European Union: foreign affairs ministers of the national governments will participate in its creation, as they have done until now. The advantage will be that its presentation and implementation will be made easier.

MILENA VICENOVÁ,
Ambassador
Permanent Representative
of the Czech Republic to the EU

. . . f o c u s e d o n f u t u r e



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Useful Information

The Czech Republic is situated in Central Europe, neighbouring the Federal Republic of Germany, Austria, Slovakia, and Poland.

The President of the Czech Republic is Václav Klaus.

BASIC DATA

Population	10 489 628 (September 2009)
Area	78 864 sq. km
The capital city	Praha (Prague)
System of government	a republic
Language	Czech
Highest peak	Sněžka (Snow) Mountain (1602 m above sea level)
Time zone	Central European Time GMT + 1, summer time GMT + 2
Monetary unit	1 Czech crown (Kč/CZK) = 100 halers
Internet domain	.cz

MEMBERSHIP OF ORGANISATIONS

The Czech Republic is a member of the European Union, the United Nations, NATO, the WTO, the International Monetary Fund, the International Bank for Reconstruction and Development, the European Bank for Reconstruction and Development, the OECD, as well as many other organisations.

UNESCO WORLD HERITAGE

The UNESCO World Heritage List includes the following cities and sites: Prague, Český Krumlov, Kutná Hora, the Litomyšl Chateau, Telč, the Lednice-Valtice area, Zelená Hora - St John of Nepomuk Church, Holašovice, Kroměříž (chateau and gardens), the Holy Trinity Column in Olomouc, the Tugendhat Villa in Brno (designed by architect Ludwig Mies van der Rohe), and St Procopius Basilica and the Jewish Cemetery in Třebíč. For more information, please see www.unesco-czech.cz.

PROMINENT FIGURES

The Czechs are described as a very cultured nation which has contributed to the world a large number of prominent figures. In the history of the Czech Republic, the most significant rulers and heads of state include emperor Charles IV and presidents T. G. Masaryk and Edvard Beneš. Names of world renown include Jan Amos Komenský (Comenius) “the Teacher of Nations“, scientists Jaroslav Heyrovský (Nobel Prize laureate for chemistry), and Otto Wichterle, a Czech chemist who invented contact lenses. The founder of psychoanalysis Sigmund Freud and founder of genetics Johann Gregor Mendel were of Czech origin. Businessman Tomáš Baťa was also famous in the world. Famous people of culture include composers Bedřich Smetana, Leoš Janáček, Antonín Dvořák (his “New World Symphony” accompa-



State Symbols of the Czech Republic

Large State Coat of Arms



State Flag



nied the first steps of man on the Moon), and Bohuslav Martinů, writers Franz Kafka, Karel Čapek, Jaroslav Seifert (Nobel Prize laureate), Jaroslav Hašek, and Bohumil Hrabal. Creative artists to be named include painters František Kupka and Alfons Mucha, and architect Jan Kaplický. Emil Zátopek and Věra Čáslavská were athletes of world renown.

AT THE MOMENT, THERE ARE MANY WORLD RENOWNED PERSONS IN THE CZECH REPUBLIC ACTIVE IN VARIOUS FIELDS:

the politician and former president of the Czech Republic (1990-2003) Václav Havel, the scientist Antonín Holý (Professor of Honour in medicinal chemistry), who discovered drugs against AIDS, the mezzo-soprano Dagmar Pecková, Michal and Šimon Cabans (scenographer and choreographer), and the photographer Jan Saudek. Czech Oscar-winning film directors are Jiří Menzel and Jan Svěrák. World renowned sportsmen include Petr Čech, Jaromír Jágř, Dominik Hašek, Pavel Nedvěd, Jan Železný, Kateřina Neumannová, and many others. The winners of gold medals at the 2008 Olympic Games in Beijing were Kateřina Emmons, Barbora Špotáková, and David Kostelecký.

FAMOUS PEOPLE OF CZECH ORIGIN WHO LIVE ABROAD:

Madeleine Albright, former US Secretary of State, writer Milan Kundera, mezzo-soprano Magdalena Kožená, musician Jan Hammer, dancers Jiří and Otto Bubeníček,

ballet dancer and photographer Darja Klimentová, dancer and choreographer Jiří Kylián, singer Markéta Irglová, film director Miloš Forman, architect and designer Eva Jiřičná, and fashion designer Blanka Matragi. Martina Navrátilová and Ivan Lendl are also of Czech origin.

PRACTICAL INFORMATION

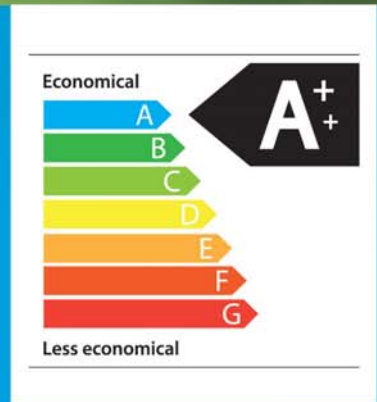
Country dialling code: +420. Details regarding phone numbers are available at the following website:

www.zlatestranky.cz.

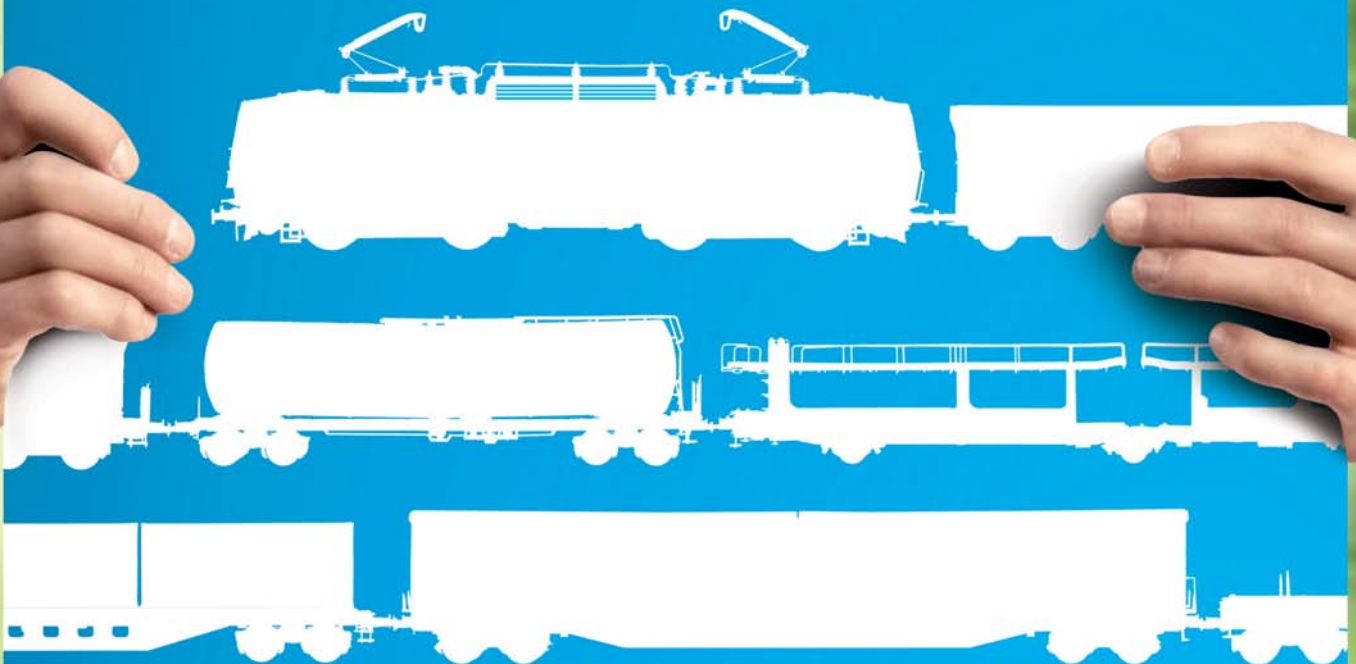
Licences to operate mobile phone networks in the Czech Republic have been awarded to the following companies: Telefónica O2 Czech Republic, a.s., T-Mobile Czech Republic a.s., Vodafone Czech Republic a.s., and MobilKom, a.s. The most commonly used credit cards in the Czech Republic are: Eurocard/MasterCard, Maestro, and Visa.

THE BIGGEST CITIES OF THE CZECH REPUBLIC

city	population
1. Praha	1 233 211
2. Brno	370 592
3. Ostrava	307 767
4. Plzeň	169 273
5. Liberec	100 914
6. Olomouc	100 373
7. Ústí nad Labem	95 289
8. České Budějovice	94 936
9. Hradec Králové	94 497
10. Pardubice	89 892



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*I. Economic
Policy*

Common Trade Policy and Trade in Services

With the EU accession on 1 May 2004, the Czech Republic, and especially its business policy, entered a significant change. From this date, the rules for Common Trade Policy – community trade-policy legal directives and international trade agreements between EU and third countries – became obligatory.

Inclusion in the Common Trade Policy brought generally better conditions for Czech companies' business, not only in relation to the possibility to benefit from preferential contracts, but also thanks to more extensive sources of information and more effective tools for the protection of our interests which are available to us as members of the EU.

IMPULSE FOR EU ECONOMY

Connecting the Czech market with the markets of other member states at the same time creates great pressure on high production standards for goods as well as services and it supports the increase of competitiveness. EU extension had a positive influence on both the competitiveness of newly accessing countries, which also had a positive effect on its international standing. The complex study of the economic department of the European Commission of 2008 was not the only source to show that especially the considerable complementarity between "old" and "new" member states and the possibility of integration of production within the European market represented a desirable impulse for the EU economy as a whole.

NEW CHALLENGES IN THE GLOBAL ECONOMY

Despite the above-mentioned positive effects, the European Union as well as the Czech Republic face new

challenges from the world economy. More and more countries have learned to use the opportunities brought about by globalisation. The dominance of the United States, Europe, and Japan has been weakened by the expansion of other economies led by China, India, Brazil, Russia, and South Korea. Because of the tradition of social states and strict environmental protection standards, the European Union represents an economy with high costs in comparison to its competition and cannot usually compete with the low price of its products. To prevent its competitiveness being endangered, it must search for new strategies for a successful presence in the global economy.

EU STRATEGY FOR THE INCREASE OF COMPETITIVENESS

One of the pillars of the EU strategy for the increase of competitiveness internationally is opening markets in new areas with high growth potential. In this respect, it is trade in services which plays the key role. Services represent a significant share in GDP as well as employment rate in the EU and it is also the sector where we have a comparative advantage. It is thus no surprise that the liberalisation of trade in services is in the long-term interest of the European Union and thus of its member states.

The General Agreement on Trade in Services (GATS) represents a basic framework for international trade in services. Unlike trade in goods, the international trade in services is harder to define and calculate. Supplying services is often related to delivering goods, new technologies allow new services to emerge, individual services are often dependent and connected to other services and the international supply of services is possible through several very different means. The GATS defines four modes of service supplies that serve as the basis of all negotiations on the liberalisation of trade in services.

The GATS also stipulates an obligation to provide service suppliers from each signatory state, which all 153 members of the World Trade Organisation are, with treatment not worse than a service supplier from any third country (the so-called "Most Favoured Nation" clause). It also includes a demand for transparency of relevant legislation and reasonable and impartial regulation. Demands for liberalisation include removal and non-introduction of measures such as limitations on the number of service suppliers, on the total value of service transactions or the total number of service op-



erations, or the number of natural persons that may be employed. Liberalisation also includes obligations of national (non-discriminatory) treatment for foreign service suppliers.

THE CZECH REPUBLIC SUPPORTS LIBERALISATION

The Czech Republic as an open, export-oriented economy positively supports liberalisation of world trade and, within the EU Common Trade Policy, aims at securing level playing field for Czech entrepreneurs in markets of third countries. At the same time, we are aware of the significant potential of services for the growth of exports and we consider this area our key offensive interest.

In spite of the relatively different interests of developed and developing countries and the complexity of negotiations on removal of obstacles to free market in services, there is no doubt that liberalisation of services represents a win-win situation. Market opening does not mean gain for one group of countries at the expense of other. The growth of trade in services is, on the contrary, a decisive factor for the transfer of technologies and knowledge and a high level of services is essential for the functioning of any economy.

Specialists as well as politicians agree on the fact that trade policy, as one of the factors that can positively influence the strengthening of the competitiveness of the EU economy as a whole as well as the economies of its member states, is closely related to the internal market. After a long negotiation process, the EU member states passed the directive on services representing another step towards the implementation of free movement of services within the EU and, by the end of this year, they should ensure its transposition into national legislation. The Czech Republic is one of the first countries to complete the legislative process and now we are ready to apply these changes in practice. The result of this success and related effort for the liberalisation of trade in services between the EU and business partners will create new opportunities for entrepreneurs from the Czech lands who will have greater motivation and especially greater opportunity to emerge from these lands and set out into the world.

LUCIE VONDRÁČKOVÁ

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Public Finance Reform Is a Must for Euro Adoption

Introduction of the Euro is one of the obligations ensuing for the Czech Republic from its membership of the European Union. As in the case of any other Member States of the European Union not using the euro, the condition for the Czech economy to enter into the Eurozone is attaining a high level of sustainable convergence measured by Maastricht criteria.

These convergence criteria, also known as the Maastricht Criteria, can be divided into budgetary and monetary. While budgetary criteria fix the government deficit and public debt in relation to gross domestic product, monetary criteria are concerned with the inflation rate, interest rates, and exchange rate stability. A necessary condition is the sustainability of those criteria, and not just their fulfilment during one year.

THE DATE HAS NOT BEEN FIXED

Currently, there is no fixed date for the adoption of the euro by the Czech Republic. This date will be definitely fixed by the government and it will be derived from how the Czech Republic is prepared to enter the Eurozone. The government debates the issue in the autumn of each year. An important document for reaching a decision is the "Assessment of the Fulfilment of the Maastricht Convergence Criteria and the Degree of Economic Alignment of the Czech Republic with the Eurozone" prepared by the Czech National Bank and the Ministry of Finance. This document reviews the current level of the country meeting the convergence criteria and the prospects of meeting them in future,

and the capacity of the Czech economy to operate within the Eurozone. The expectations for the year 2009 are that the Czech Republic will meet two of the four convergence criteria. The Czech Republic meets the price stability criterion and the long-term interest rate stability criterion, but it does not meet the sustainable public finance criterion and the exchange rate criterion, as the Czech crown is not included in the ERM II exchange rate mechanism.

CONVERGENCE CRITERIA

In 2009, the inflation rate in the Czech Republic oscillated around 0.6%, which is below the inflation criterion's reference value of 1.8% for 2009. In addition, the criterion is also expected to be met without difficulty in future, as inflation in EU Member States is expected to grow as a result of an economic revival. The long-term interest rate criterion, expressed by yields on ten-year government bonds, is also being met without difficulty. For the year 2009, the reference value of this criterion is 6.3% and yields on Czech government bonds amount to 4.9%, which is greatly below the reference limit. In view of the world fiscal expansion in connection with the global economic crisis, the reference

values and yield values are expected to grow slightly in the Czech Republic in the coming period.

PUBLIC FINANCE

The public finance criterion currently seems to be the most difficult Maastricht Criterion to be met. This criterion has two parts: the 3% government deficit-to-GDP ratio limit and the 60% public debt-to-GDP ratio limit. Currently, the Czech Republic is not meeting the public finance sustainability criterion and, considering the current fiscal policy pattern and macroeconomic development expectations, it is not likely to meet the target in the medium-term outlook. The budget deficit for 2009 is expected to amount to 6.9% of GDP, which is far above the reference value. Besides the thus far unresolved structural problems of Czech public finance, the government sector is facing an important loss on the asset side, in particular as regards tax revenue. This is due to the current economic slowdown and to legislative changes on the asset side of public budgets, which were intended to mitigate the impact of the economic crisis on the enterprise sphere. The other part of the public finance criterion is being met for the time being, as the government debt for 2009 is oscillating at the level of 35.6%. In spite of this, a worsening is expected in the medium term. Unless essential reforms in the Pension and Health Care systems are carried out, the debt in 2012 may grow to as much as 45% of GDP.

THREE MILESTONES

The government decision on the date of euro introduction therefore depends primarily on the prospects of the capability of the Czech economy to meet the required Maastricht Criteria. The date will be determined as soon as the government is persuaded that the Czech Republic is able to meet the convergence criteria without any problem and when external economic developments, too, are favourable. Three milestones have been set on the way to euro introduction in the Czech Republic. In the first phase, the Czech crown must be included in the ERM II exchange rate system and stay there for at least two years. The second phase will start with the announcement by the European Council of the conversion coefficient in the form 1 = XX.XXXX CZK. Within a month of the announcement of the coefficient, at the latest, most economic entities will be obliged to state the prices of goods and services both in crowns and euros for consumers to become accustomed to the value of the new currency. The third step will be the actual introduction of the euro. The first fourteen days are termed as a dual circulation period. Sellers will be obliged to accept payments both in crowns and euros, but will have the duty to return money only in euros. This will result in the gradual withdrawal of the original currency from circulation. After that period has ended, people will still be able to change Czech crowns into euros at banks.

TO BE INFORMED IS WHAT MATTERS

Euro introduction is a demanding process, which, in addition, is rather costly and requires thorough legislative, organisational, and technical preparation. The experience of states which have adopted the euro before us shows that the preparations must start well in advance. Therefore, the Czech Republic, too, has taken measures to acquaint the people, businessmen, and public administration author-



ities with the steps to be taken during the process. The basic institutional structure has been created, which is headed by the National Co-ordination Group for the Adoption of the Euro in the Czech Republic. It is a central co-ordination and control body consisting of the National Co-ordinator, a member of the Czech National Bank Council, Deputy Ministers whose ministries are most concerned with the adoption of the euro (i.e. Ministry of Industry and Trade, Ministry of Foreign Affairs, Ministry of Justice, Ministry of the Interior), and the Deputy Prime Minister for European Affairs.

In April 2007, the Government of the Czech Republic approved the plan for euro introduction, which describes the technical, organisational, and legislative steps that must be taken for the smooth transition to the new currency and specifies the time schedule. Currently, work is in progress on documents dealing with the more specific areas. These include the general provisions of the Act on the introduction of the euro, guidelines for the rounding-off of amounts of money, and methods to prepare the financial sector, etc.

VILMA DINGOVÁ

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Any queries concerning the euro may be sent by electronic mail to euro@mfc.cz, where the printed version of the National Plan for Euro Introduction can be ordered. For more information about euro introduction in the Czech Republic, visit the website: www.zavedenieura.cz.

Photo: www.sxc.hu

Czech Foreign Trade in the Framework of the EU

In 2008, in comparison with the previous period, the trade of EU member states¹⁾ showed lower growth rates both in exports and imports. Under the influence of the oncoming world financial and economic crisis, hitting simultaneously the United States, Japan, and the European Union, external demand weakened considerably in the second half of 2008, which gradually also affected trade relations within the European Union.

In comparison with the situation in the EU as a whole and the new EU states, trade of the Czech Republic in 2008 was still showing relatively favourable results, thus strengthening the position of the CR in the overall trade relations of EU states. The share of the CR of total EU exports grew from 2.3% in 2007 to 2.5% in 2008, and its share of total EU imports in the same period rose from 2.1% to 2.3%. In 2008, the Czech Republic was one of eight EU member states and the only one of the new states to show a favourable balance of trade.

In 2009, as a result of the world economic crisis, the foreign trade of EU states underwent a dramatic change. The total foreign trade turnover of EU states in the 1st half of 2009 dropped by nearly one-quarter (23.6%) in comparison with the 1st half of 2008. All EU states showed a two-digit decline in both exports and imports. The Czech Republic's year-on-year fall in exports and imports was somewhat greater than that of the EU as a whole, but was less severe in comparison with the new EU member states. The unfavourable balance of trade of EU states was reduced from EUR 75.3 billion in the 1st half of 2008 to EUR 30.1 billion in the 1st half of 2009. In the same period, the Czech Republic raised the surplus of its balance of trade from EUR 2.8 billion to EUR 3.0 billion.

EFFECT OF CR'S TRADE WITH EU STATES ON ITS TOTAL FOREIGN TRADE

In 2008, trade of the CR²⁾ showed the lowest growth since the country's joining the EU. In comparison with 2007, the value of its trade turnover grew by 11.5% (in 2007 in com-

parison with 2006 by 17.1%) to EUR 195.9 billion. Exports rose by 11.0% and imports by 11.9%. In comparison with 2004, when the CR joined the EU, its trade turnover was up by nearly 70%. As against 2004 (when it showed a deficit of EUR 0.8 billion), its balance of trade in 2008 improved by EUR 3.5 billion, and in comparison with 2007 was up by EU 0.5 billion.

The Czech Republic's trade with EU states influenced significantly the development of its overall foreign trade relations. In 2008, its trade turnover with EU states rose by 8.7% on a year-on-year basis (in 2007 by 17.0% as against 2006). Czech exports to EU states were worth EUR 84.6 billion and were up by 5.9% on 2007. The surplus of its trade with EU states in 2008 amounted to EUR 19.9 billion (the rate of coverage of imports by exports was 130.8%) and was the highest since the CR joined the EU. Its favourable balance of trade was up by EUR 4.7 billion on 2007 and by EUR 12.5 billion on 2004. The balance of trade surplus with EU states sets off significantly the CR's growing deficit in trade with states outside the EU (mainly China, Russia, and Japan; the deficit in trade with those states in 2008, taken together, amounted to EUR 14.3 billion), on a long-term basis. In 2008, this country's deficit in trade with states outside the EU was EUR 17.2 billion, EUR 5.2 billion more than in 2007.

DOMINANT ROLE OF EU STATES IN THE CR'S TERRITORIAL TRADE STRUCTURE

EU states account for the major part of the Czech Republic's trade on a long-term basis. EU states hold a leading posi-

Table 1: Foreign trade of EU states

	Exports		Imports		Balance of trade	
	2008	2008/2007	2008	2008/2007	2007	2008
	EUR billion	index	EUR billion	index	EUR billion	
EU total	4 011.1	103.0	4 188.4	104.3	-121.2	-177.3
of which:						
- EU 15	3 566.9	102.0	3 666.0	103.3	-52.5	-99.1
- EU 12*	444.2	111.4	522.4	111.7	-68.7	-78.2
of which						
Czech Republic	99.8	111.7	96.6	112.0	3.2	3.2
Slovakia	48.2	113.0	49.9	112.8	-1.5	-1.7
Poland	115.9	113.3	142.0	117.4	-18.6	-26.1
Hungary	73.8	106.0	74.1	106.2	-0.1	-0.3

* States which became EU members in 2004 (Czech Republic, Cyprus, Lithuania, Latvia, Estonia, Hungary, Malta, Poland, Slovenia, Slovakia) and in 2007 (Bulgaria, Romania).

Table 2: Commodity structure of Czech foreign trade in 2008

SITC sections, rev. 4	Exports EUR billion	of which: exports to EU (%)	Imports EUR billion	of which: imports from EU (%)	Balance of trade	
					total	of which with EU
					EUR billion	
0+1+4 Agricultural and food crude materials and products	3.9	92.3	4.9	84.2	-1.0	-0.6
2+3 Crude materials, inedible, and mineral fuels	60	94.6	12.6	33.2	-6.6	1.5
5 chemicals and related products	5.9	80.9	9.9	95.1	-4.0	-3.7
6 manufactured goods classified chiefly by material	19.4	85.5	19.1	83.4	0.3	0.7
7 machinery and transport equipment	53.4	83.8	39.9	64.7	13.5	18.9
8+9 miscellaneous manufactured articles and commodities not classified elsewhere	10.7	86.0	10.2	60.4	0.5	3.1

tion in its total exports as well as total imports, and trade with those states therefore determines the development of this country's trade with them. Since the Czech Republic's accession to EU, the position of EU states in its trade has somewhat weakened (exports dropped from 87.1% in 2004 to 85.2% in 2008 and to 85.1% in the 1st half of 2009, and imports in the same period declined from 72.3% to 67.0% and 66.2%, respectively). In 2008, the Commonwealth of Independent States (Russia) and EFTA states strengthened their position in the territorial structure of Czech exports, while the share of the other developed market economies (United States of America and Japan) and European transition economies weakened. In the territorial structure of imports, the category of "other states" (China) and the Commonwealth of Independent States (Russia) gained a stronger position in that period, while the share of developing economies and other developed market economies declined.

STRONG ORIENTATION TOWARDS TRADE WITH EU STATES IN ALL COMMODITY SECTIONS

In the commodity structure of the Czech Republic's trade all SITC sections in 2008 showed a year-on-year growth both in exports and imports, although the growth rates differed, which has changed the position of the different commodity sections in total exports and total imports. The position of machinery and transport equipment weakened (having declined from 54.2% in 2007 to 53.8% in 2008), especially in total imports (in the same period from 43.0% to 41.3%). In the structure of both exports and imports, the share of the second most important section - semi-finished products and materials - also declined (in the same periods from 20.2% to 19.5% in exports and from 20.9% to 19.7% in imports).

Machinery and transport equipment, a commodity group greatly responsible for the CR's overall balance of trade surplus and its surplus in trade with EU states, continued to play its important role. In 2008, the favourable balance of trade in those products rose by EUR 2.1 billion over 2007 (in trade with EU states in the same period by EUR 3.2 billion). Road vehicles remained the most important item in engineering exports and in total exports (15.8% in 2008), in particular motor cars (8.2% in 2008), followed by car parts and accessories (7.3%). In the 1st half of 2009, motor cars raised their share of total exports (9.2%), mainly due to higher foreign demand (car scrapping subsidies in neighbouring states).

As shown by Table 2, with the exception of crude materials and inedible and mineral fuels, the prevailing part of exports and imports in all the other commodity groups was realised with EU states, which underlines the importance of this territorial orientation for Czech foreign trade.

The trends in the 1st half of 2009 indicate that for the first time since the Czech Republic joined the EU, its foreign trade turnover in 2009 will show a year-on-year decline. The results will reflect the negative effect of a number of external factors (economic growth decline in EU states resulting in lower foreign demand) as well as internal factors (fall in industrial production, declining domestic consumer demand, reduced investment activities, growing unemployment, etc.)

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Source: ¹⁾ Eurostat; dates at 16 November 2009, ²⁾ Czech Statistical Office; dates at 28 August 2008



EU Gate Opens to Eastern Markets

The direction of Czech exports has witnessed an important shift towards the European Union. Nevertheless, countries east of the EU borders have remained important export targets, especially for suppliers of turn-key projects and complete technological equipment.

The Czech Republic is a country with a strongly export-oriented economy. Between 2006 and 2008, Czech exports accounted for 76-80% of the country's GDP. Before the "Velvet Revolution" in 1989, the exports of the former Czechoslovakia were oriented practically exclusively to the Eastern Block countries. Since then, and especially after the Czech Republic's accession to the EU, the situation changed significantly; in 2009, Czech exports to the EU accounted for 86% of the country's total exports.

THE EAST – PROMISING MARKETS FOR EU EXPORTERS

Countries east of the EU boundaries are a tremendous, unsaturated market providing very good opportunities for EU exporters, especially as regards the Russian Federation and other CIS countries. The much needed modernisation of the obsolescent industrial and mining facilities and the infrastructure alone represent a tremendous potential demand. The interest of European exporters in these markets has become even more accentuated during the recent financial crisis and economic recession, when demand on the traditional export markets declined.

Czech exporters have comparative advantages in addressing those territories as they know how to move around those markets and have historical experience in doing business there. In the CIS zone, the language barrier is not such a hindrance for them as it is for most West Europeans. Czech supplies and products are well known in the CIS countries from the past and they enjoy a good reputation there.

MANUFACTURERS FROM OTHER EU STATES ALSO BENEFIT FROM CZECH EXPORTS

The system of officially supported export credits in the Czech Republic is built-up and regulated in the same way as in other OECD member states. As far back as 1993, the Czech Republic has been following the rules of the OECD Arrangement on Guidelines for Officially Supported Export Credits. Presently, the most important target countries for supported export financing are the Russian Federation, Turkey, China, Georgia, Azerbaijan, Montenegro, Belarus, the Ukraine, and Vietnam.

At the present time, for which global co-operation is symbolic, Czech exporters complete their turn-key projects and machinery exports with subdeliveries of technological equipment from other EU states, which often make up an important proportion of Czech export orders. **In this way, manufacturers from other EU states participate in the exports of Czech companies to eastern markets.**

The Czech system of officially supported export financing and insurance relies on two key state-owned institutions, Export Guarantee and Insurance Corporation (EGAP), established in 1992 as the export credit insurance institution, and Czech Export Bank (CEB) established on 1 March 1995. In 2010, **CEB will celebrate 15 years of its existence.**

The purpose of establishing the Czech Export Bank was to put in place an institution to finance especially export of large capital goods and complete engineering and technological projects, specifically to provide large credits requiring long-term repayments. Gradually, the Bank has enlarged the range of its products and increased the number of its clients.

Today, it is an important and respected part of the Czech banking sector. At the end of 2009, its credit portfolio accounted for 32% of the total of foreign currency credits granted by all Czech banks.

CEB provides the following products for foreign buyers of Czech goods and services:

Guarantees: bid bonds, advance payment guarantees, performance bonds, retention money guarantees;

Export credits: direct buyer's credits (granted to a foreign buyer), indirect buyer's credits (granted to the foreign buyer's bank), refinancing of buyer's credits (granted to a local commercial bank).

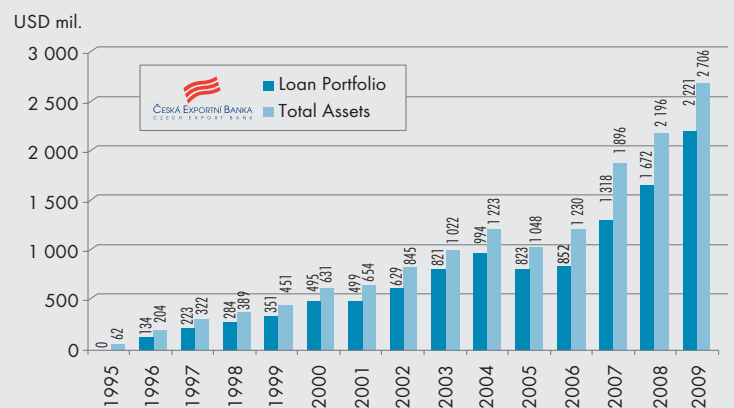
Currently the most popular are export buyer's credits, i. e. financing, where the recipient of the credit is the foreign importer or his bank.

Details about the bank's products and contacts are available at www.ceb.cz.

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Chart: PERFORMANCE OF CZECH EXPORT BANK



■ Printing

- Roller coverings
- Printing chemicals
- Printing blankets

Main supplier of rubber rollers for printing machines of the brands HEIDELBERG, MAN-ROLAND, ADAST, KBA-PLANETA, KBA-GRAFITEC, WIFAG, GOSS, KOMORI, RYOBI

■ Sleeves

■ Escalator handrails

■ Rubber coverings for industrial rollers

■ Polyurethane application on the roller

■ Use of technical rollers:

wrapping production, textile industry, steel industry, paper industry, tanning industry, plastic materials industry, furniture industry, chemical industry, food industry, electrical engineering, glass industry, mechanical engineering



Lower Inflation and Growth of Unemployment

In 2008 and the first half of 2009, the global crisis was reflected in a general decline in economic activity, growth of unemployment, wage stagnation, and an increase in the state budget deficit.

Economic growth, measured by the growth rate of the gross domestic product, slowed down significantly in 2008 in comparison with the preceding years. In the whole year, GDP increased in real terms by 2.5%, while the fourth quarter year-on-year increase was 0.5%. In the first three quarters of 2008, GDP growth was assisted by net exports, while in the fourth quarter, as well as in the first two quarters of 2009, its effect was negative.

In the first half of 2009, the rate of the year-on-year decrease accelerated significantly (-5.0%), with the drop in the first quarter amounting to -4.5%, and in the second quarter to -5.5%, which was the highest drop in the existence of the Czech Republic.

DECLINE PARTICULARLY IN THE MANUFACTURING INDUSTRY

Compared with 2007, industrial production fell by 1.9% in 2008, particularly as a result of the steep fall in the fourth quarter. Production decreased in almost all industrial sectors, falls were recorded especially in the manufacture of food products and beverages, tobacco products, textiles and clothing, manufacture of basic metals, metallurgical and fabricated metal products. The steep fall in industrial production continued in the first half of 2009, when it dropped by 18.5% year-on-year, of which by 20.7% in the manufacturing industry alone. Falls in the first and second quarters were 19% and 18.1%, respectively.

FOREIGN TRADE - LARGE FALL IN IMPORTS

The drop in industrial production, especially in sectors of the manufacturing industry, and the decline in the global demand for goods negatively affected foreign trade results, particularly in 2009. In 2008, exports decreased by 0.2% against 2007, and imports were 0.6% higher. The trade balance remained in surplus in 2008, which amounted to CZK 67.2 billion/EUR 2.71 billion. In the first half of 2009, foreign trade turnover decreased by 19.6% year-on-year (exports by 18.6% and imports by 20.6%), which represented the highest fall in the history of the Czech Republic. The surplus was worth CZK 77.1 billion/EUR 2.85 billion (largely due to the greater decrease in imports). The goods and territorial structure remained basically unchanged¹⁾.

PRICES ARE FALLING

The rate of inflation measured by the consumer price index was recorded as 6.3% in 2008 and was thus the highest in the last ten years. Its level was influenced especially by increases in the prices of energy and housing, an increase in VAT rate from 5% to 9%, the introduc-

tion of healthcare fees, and an increase in food prices. The effect of the higher prices of agricultural and energy commodities still lingered on. In both the first and second quarters of 2009, the increase in prices slowed down, the average rate of inflation stood at 5.0% in the first quarter and at 3.7% in the second quarter. Price decreases were recorded, particularly in the categories of food products and non-alcoholic beverages, catering and accommodation, and in the categories of housing, water, energy and fuel (reduced prices of natural gas). In addition, the slump in domestic consumer demand, caused by low consumer confidence, influenced by the worsened data from the labour market and prospects of the economy, presses for a further decrease in the price of consumer goods in shops.

Unemployment rates in selected EU countries

Country	2nd Qtr 2009 (in %)		
	total	men	women
EU 27	8.9	8.9	8.8
Austria	4.7	4.9	4.5
Belgium	7.5	7.6	7.4
Bulgaria	6.4	6.3	6.4
Czech Republic	6.4	5.6	7.5
Germany	7.8	8.4	7.2
Denmark	6.1	6.6	5.5
Estonia	13.6	17.2	9.9
Spain	18.0	17.7	18.4
Finland	9.7	10.7	8.6
France	8.8	8.5	9.1
Greece	9.0	6.5	12.7
Hungary	9.6	9.9	9.3
Ireland	12.1	15.4	8.0
Italy	7.5	6.5	8.9
Lithuania	13.7	16.9	10.6
Latvia	17.2	20.4	14.0
Netherlands	3.3	3.3	3.3
Poland	8.0	7.6	8.4
Portugal	9.6	9.2	10.1
Romania	6.6	7.4	5.5
Sweden	9.3	9.7	8.9
Slovenia	5.7	5.7	5.7
Slovakia	11.3	10.5	12.3
United Kingdom	7.7	8.8	6.5

Source: Eurostat

UNEMPLOYMENT IS RISING

The number of unemployed increased from 229 800 in 2008 to 333 900 in the second quarter of 2009. During this period, the general unemployment rate rose from 4.4% to 6.4%.

SALARIES DECREASING

The average monthly nominal salary of employees (full-time equivalent) amounted to CZK 22 691 /EUR 836¹⁾ in 2008, a 1.9% year-on-year increase in real terms. In the first quarter of 2009, the growth rate of salaries slowed down significantly. The average monthly gross salary totalled CZK 22 605 (approx. EUR 833¹⁾, an increase of 0.9% in real terms. In the first quarter of 2009 it in-

creased by 0.6%, and in the second quarter by 1.4% in real terms.

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¹⁾ *Converted by the average exchange rate of the first half of 2009 as published by the Czech National Bank.*

All data in this article as at the closing date on 28 August 2009, the average monthly exchange rate based on data published by the Czech National Bank was used for conversions to EUR.

Why Invest in the Czech Republic?

In 2008 new investments mediated through CzechInvest in research and development or business support services for the Czech Republic outweighed those in manufacturing projects for the first time.

The first half of 2009 showed an even more positive sign – over 85% of all new investment projects were actually research and development or services. In 2008 alone domestic and international companies invested over 1.5 billion dollars and pledged to create over 15 000 jobs.

Since 1993, a host of major multinational companies have come to the Czech Republic, investing billions of dol-

lars in the country and creating tens of thousands of new jobs. For example, Czech Republic is now home to global management centres of DHL; Accenture, Olympus, Honeywell, or IBM. Among Central Bohemia production you can find the car factory of Toyota Peugeot Citroen Automobile (TPCA), which is one of the biggest investment projects of any kind in Europe. Another newcomer to the Czech market, the Korean car manufacturer Hyundai, built a record-breaking USD 1.2 billion plant in North Moravia.

CENTRAL LOCATION

The outstanding geographical location of the Czech Republic - in the centre of Europe - offers excellent connections to the majority of the important transit routes. The Czech transportation network belongs to one of the best among countries in Central and East Europe.

In the competition among countries for placement of direct foreign investment, it is absolutely necessary to offer a qualified and highly-educated workforce. The Czech Republic ranked among countries with the highest percentage of university-science and technology graduates in the world. Presently this tradition continues: the number of university-science and technology graduates directly related to the highest in Europe.

Our country also pays considerable attention to foreign-language education, where English and German predominate. At least one world language is studied by 76% of university students while 20% study two and 4% study three or more languages. And according to a recent study undertaken by CzechInvest, almost 9 out of 10 Czechs speak a foreign language. As for the offer of business properties suitable for manufacturing and production, business support services and technology centres, CzechInvest - Business Development and Investment



Investment projects*

Country of origin	Number	Investment (USD million)	Jobs
Czech Republic	123	272.03	1814
Denmark	1	1.28	10
France	1	5.44	20
Italy	1	18.59	32
Japan	3	4.43	74
Germany	4	127.07	484
Poland	2	25.65	1
Austria	1	24.36	82
USA	2	13.57	219
United Kingdom	2	25.21	180
Total	140	517.63	2916

* in the 1st half of 2009

Investment projects mediated by CzechInvest in the 1st half of 2009

Total number of reported projects	140
Number of new long-term jobs	2 916
Number of jobs for university graduates	863
Expected amount to be invested (USD million)	518

Agency administers a business property database, which currently consists of more than 500 industrial zones and buildings fully prepared for potential investors, including the necessary infrastructure.

SUPPORT FOR INVESTORS

The Investment Incentives Act precisely defines the criteria for receiving incentives, from the outset it has been discussed with the European Commission and complies with the EU's rules for granting state aid. The Czech investment-support scheme includes tax relief, job-creation grants, training and retraining grants, as well as construction and development of industrial properties.

Investors can obtain distinctive state aid in the regions worst affected by unemployment – support of job creation programmes, employment of people registered at the labour office, secondary school graduates, and the handicapped. However, companies or projects which, for whatever reason, do not meet the criteria of the Investment Incentives Act may take advantage of another form of the aid available in the Czech Republic, for example EU structural funds.

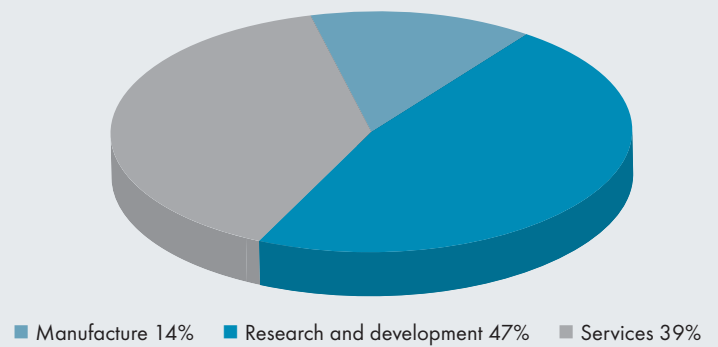
THE CZECH REPUBLIC – A EUROPEAN HUB OF NEW TECHNOLOGIES AND INNOVATION

The structure of foreign investments recently shows that the Czech Republic is shifting from quantity towards quality. Investors who require thousands of cheap workers are moving further east and there are more and more smaller projects heading to the Czech Republic which employ a high educated labour force with language skills.

In the near future, the trend of direct investment into sophisticated production, research and development activities, and shared business services can be expected to continue in the Czech Republic. Greater emphasis in business

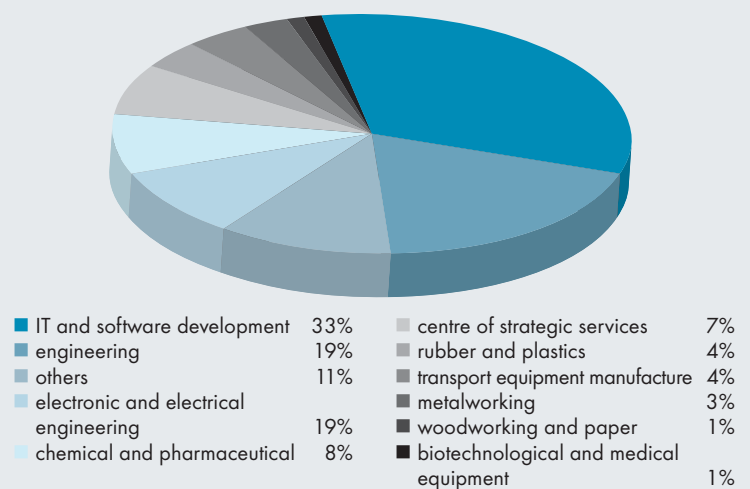
Graph 1: Type of activities of investment projects mediated by CzechInvest

Division of projects according to the type of activity in the 1st half of 2009



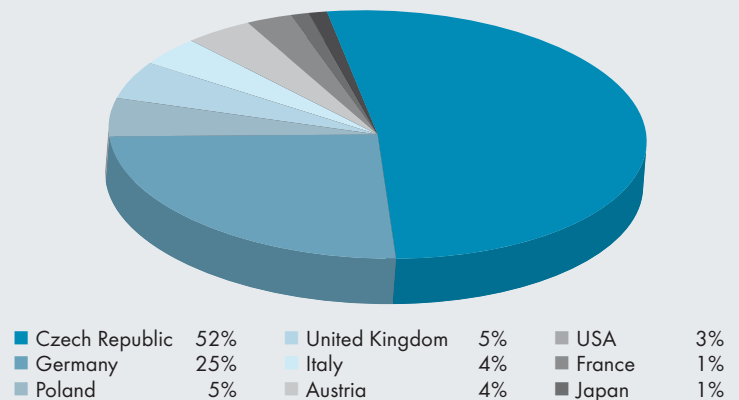
Graph 2: Sector division of investment projects mediated by CzechInvest

Division of the number of projects according to sectors in the 1st half of 2009



Graph 3: Investment amount according to the country of origin

Division of projects according to the type of activity in the 1st half of 2009



development projects will be placed on modern fields such as biotechnology, nanotechnology, microelectronics, and pharmaceuticals. The Czech Republic is directly located in the centre of Europe, often called the heart of Europe. It has huge potential and will not be afraid to use it.

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European Funds Helping to Overcome the Economic Crisis

Czech entrepreneurs have gained a wealth of experience in acquiring money from EU Structural Funds. In the 2007–2013 programme period, they can receive more than EUR 3.5 billion through the Operational Programme Enterprise and Innovations.

By the end of September, the Ministry of Industry and Trade had announced 34 calls for proposals with a total allocation of EUR 2.2 billion, which accounts for about 64 % of the overall financial resources available for the seven-year programme period. It is important that over 700 applications for payments for implemented projects have already been settled and the overall acquisition of funds under the Operational Programme Enterprise and Innovations has reached EUR 277 million.

DROP IN ORDERS

Since the end of 2008, the impact of the economic downturn has also been reflected in the drawing on resources from the Structural Funds of the European Union. Some of the entrepreneurs who had prepared suitable projects and successfully applied with them for support from the European Funds have had to revise their investment plans, either because of a significant drop in orders and the consequent necessity to change enterprise strategy, or due to problems with the private co-financing of such projects when banks often backed down on their earlier promises of relatively advantageous loans for their funding. The number of projects discarded for these reasons has reached 100, with the value of awarded aid amounting to EUR 24 million.

GOVERNMENT INTERMEDIATE MEASURES

The Industry and Trade Ministry has reacted to this situation with intermediate measures aimed at mitigating the negative impact of the present economic downturn. First of all, following a decision of the Government of the Czech Republic, it has increased the allocations for the guarantee of investment credits which are being offered by the Českomoravská záruční a rozvojová banka within the GUARANTEE programme, and has also endorsed the possibility to combine subsidies with guarantees for the granted credits. In addition, it has increased allocations for calls announced earlier in cases where, notwithstanding the economic downturn, the interest of entrepreneurs exceeds the originally planned financial resources. It has also sped up the preparation of further calls, even at the price of an accelerated use of the available funding, at the expense of future years. Naturally, this does not affect the quality of the selected projects, since their minimum three- to five-year sustainability is a precondition for European funding. To assess the ability of applicants for support to meet this requirement, their financial and non-financial health is evaluated already in the registration phase of applications, with the utilisation of software similar to that used for this purpose by banks.

SUPPORT FOR SMALL COMPANIES

As the present economic situation impacts negatively, particularly on small enterprises, the Ministry of Industry and Trade has started offering entirely new projects focused on support for precisely this segment of business. In order to help them gain a better starting position on foreign markets, it has launched the Joint Trade



In the 2007-2009 period, Duratec Company has been scoring success in gaining EU support, which came for two Duratec marketing projects, and its development team gained backing from the Potential programme of the Operational Programme Enterprise and Innovations provided by the Ministry of Industry and Trade.

Fairs and Exhibitions project which, from the beginning of 2010, will enable small companies in particular to obtain very favourable conditions for participation in the national presentations of the Czech Republic at various trade fairs abroad, where all the paperwork involved will be handled on behalf of the entrepreneurs by a single implementing entity. Similarly, the Ministry has prepared a support programme for the development of information and communication technologies in micro-enterprises, as a result of which these smallest companies will gain better access to essential ICT in the form of services provided at advantageous conditions, free from unnecessary bureaucracy. The Ministry has also joined the Czech Republic's efforts in these rather difficult times to negotiate better conditions with the European Commission for the granting of support on the basis of the temporary framework of state aid measures, which facilitates access to funding up to the amount of EUR 500 000.

MORE OPEN COMPETITION

Although the attention of the European Commission in the area of aid is focused mainly on small and medium-sized enterprises, these often face problems at present as a result of the loss of orders from their large customers. This is why the Ministry of Industry and Trade is negotiating with the European Commission for more flexible conditions that will not mean a departure from the largest grants to the segment of small and medium-sized enterprises, but will open even further the competition for the truly best projects in the different programmes of state aid. This is also an opportunity for a number of subsidiaries of foreign companies, which compete in the Czech market with small or medium-sized firms of similar size and turnover, but which are not categorised among small and medium-sized enterprises precisely because they fail to meet the condition of independence, and which have so far been entitled to draw on European money designed exclusively for large enterprises, even though they could not compete with them. If they plan to invest in modern technology and innovation, the



Operational Programme Enterprise and Innovations is fully open to them as well.

EXAMPLE OF SUCCESSFUL OPEI PROJECT

Within the support programme Innovation, a grant of EUR 1.3 million has been awarded to a project of the ELMARCO s.r.o. company in Liberec (North Bohemia), focused on the launching of serial production of the Nanospider TM equipment for industrial scale production of nanofibres. This cutting edge technology is the result of developmental work carried out by the company in co-operation with the Technical University of Liberec.

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Czech Republic

a European Union Member

*II. How to Do Business
in the Czech Republic*

Setting Up a Business

The Czech Republic's accession to the EU in 2004 put the regulation of business activities in line with European standards and EU legislation. Setting up a business in the Czech Republic has thus become much easier and more transparent.

Any business activity in the Czech Republic is generally subject to the issuance of a trade license (regulated by the Trade Licensing Act) or another specific permit (regulated by a number of specific acts), depending on the type of business activity.

Czech law generally provides that a foreign person may undertake business activities in the Czech Republic under the same conditions and to the same extent as Czech persons. Under the Czech Trade Licensing Act, a legal entity with its seat in another EU member state can temporarily provide its services within the territory of the Czech Republic based on the trade licenses issued in such member state. If this legal entity's activities become more regular and meet the legal definition of a business activity (i.e., continuous business activity carried out independently and aimed at generating a profit), it should either apply for the respective trade licenses or other permits in the Czech Republic and subsequently register its branch in the Czech Commercial Register or set up a subsidiary company in the Czech Republic.

BRANCH OFFICE

Under the Czech Commercial Code, a branch office is a registered organisational unit of a foreign or domestic legal entity and, as such, may engage in business activities only within the limits set by the founding company. Since a branch office is merely an organisational unit of the founding company, it is not regarded as a separate legal entity and does not have its own legal capacity. The branch office must be registered in the Commercial Register and the founder must appoint a director of the branch office, who acts on behalf of the founding company, but this is only in relation to matters concerning the branch office.

LEGAL FORMS OF COMPANIES

Legal forms of companies are regulated in particular by the Czech Commercial Code. Under Czech law it is possible to set up six different forms of business companies, i.e. a general partnership, limited partnership, limited liability company, joint-stock company, European Company, and European Economic Interest Grouping.

A general partnership is a separate legal entity in which at least two natural persons undertake business activity under a common business name and bear a joint and several liability for the obligations of the company with all their property. A limited partnership is an entity where one or more partners are liable for the obligations of the



company up to the amount of the unpaid parts of their contributions as registered in the Commercial Register (limited partners), and one or more partners are liable for the obligations of the company with all their property (general partners).

The limited liability company is the most common legal form for a business entity in the Czech Republic. This company is a separate legal entity whose registered capital is made up of contributions paid by its shareholders. These shareholders are liable for the obligations of the company up to the amount of their unpaid contribution to the company capital as registered in the Commercial Register. A limited liability company must have at least CZK 200 000 (8 000 EUR) in registered capital, whereas the minimum contribution of each shareholder is CZK 20 000 (800 EUR). The statutory body of the company is made up of one or more managing directors.

In a joint-stock company, the registered capital is divided into a certain number of shares with a specific nominal value. Shareholders of the company are not liable for the obligations of the company. The Board of Directors is the statutory body of the company, and it manages the company's business activities and acts on its behalf. A joint-stock company formed on the basis of a public offering of shares must have at least CZK 20 000 000 in registered capital. The amount of registered capital of a joint-stock company formed without a public offering must amount to at least CZK 2 000 000 (80 000 EUR).

As a result of the implementation of EU regulations, Czech law also permits certain European companies to be set up here (i.e. a European Company and European

Economic Interest Grouping). According to information published by the European Trade Union Institute as of October 2009, there were 431 European companies registered within the EU, whereas more than 40% of them are registered in the Czech Republic.

SETTING UP A LIMITED LIABILITY COMPANY

By far the most common form of a legal entity is the limited liability company. It is founded by a Memorandum of Association or a Deed of Foundation, in the case of a sole founder. These must both be concluded in the form of a notarial deed, which must contain the essentials as prescribed by law, such as the business name of the company, the first managing director(s), the amount of the registered capital, the scope of business, and the registered seat. Once the company is duly founded, the shareholder(s) must pay the minimum prescribed amount of their contribution to the registered capital. Subsequently, the appointed managing director(s) must apply for the necessary trade licenses.

As soon as the above conditions have been fulfilled and the company obtains the respective trade licenses, the appointed managing director(s) may file a petition for registration of the company in the Commercial Register. If there are no errors in the petition for registration of the company in the Commercial Register, the company will be registered within five working days. The limited liability company comes into being as a separate legal entity at the moment of its registration in the Commercial Register. The average time needed to set up a limited liability company in the Czech Republic has been reduced to approximately 30 days.

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Amendment to the Czech Commercial Code

For several years, the work has been in progress on the preparation of a new wording of the Czech Commercial Code. The Parliament of the Czech Republic has so far not approved the comprehensive recodification of the Commercial Code. However, an Amendment to the Commercial Code came into effect on 20 July 2009.



Among other things, it significantly changes the rules for increasing the registered capital of companies by means of the non-monetary contributions, lifts the ban on the target companies to provide and secure financing for the acquisition of participations in such target, and has relaxed the restrictions on the acquisition by companies of their own shares. This amendment helps to substantially reduce the transaction costs related to the acquisitions of participations in the Czech legal entities.

INCREASE OF THE REGISTERED CAPITAL BY MEANS OF NON-MONETARY CONTRIBUTIONS

When establishing a company or increasing its registered capital, the shareholder's contribution may consist of money ("monetary contribution"), or other assets of a value which could be expressed in money ("non-monetary contribution"). A non-monetary contribution may be formed by any property that can be used by a company for its business, such as for example a real estate or movable property, but also a registered trademark, a share in another company, or a bond. In case of a non-monetary contribution, the amount of the shareholder's contribution is determined as the market value, and not the book value, of the assets that are to form the contribution. The assessment of the property value must always be made by an expert opinion prepared by an expert appointed ad hoc upon request of the company concerned by the competent court from the list of the court experts.

The Amendment to the Commercial Code has newly introduced the possibility for the statutory representative of the company to decide not to apply the above-mentioned rule. In such case, the value of the assets forming the shareholder's contribution can be determined in another way than by an expert opinion prepared by an expert appointed in the formal court proceedings. As of the effectiveness of the Amendment, the following methods can be used to determine the value of the assets forming the non-monetary contribution:

- If a non-monetary contribution is to be formed by the investment instruments (e.g. shares, bonds, derivatives, or monetary market instruments), the value of these investment instruments, and thus the amount of the shareholder's contribution, can be calculated as the average price of such investment instruments on a regulated market in the last 6 months.
- If a non-monetary contribution is to be formed by other assets than the investment instruments mentioned above, the value of such property can be determined in two ways, namely:
 - (i) by a generally recognised independent specialist, who does not have to be appointed by the court or registered in the list of the authorised experts;
 - (ii) as the real price of the assets concerned, documented in the latest financial statements, if the accounts of such assets are kept in real prices.

The last above-mentioned valuation methods are an alternative way of determining the value of the assets which is to form a non-monetary contribution, and determining the amount of the shareholder's contribution. The decision on the use of these alternative valuation methods is taken by the statutory representative of the company. At all times, the possibility to determine the value of the assets which is to form a non-monetary contribution by an expert opinion prepared by a court-appointed expert remains unaffected.

BREAKING THROUGH THE PROHIBITION OF FINANCIAL ASSISTANCE

Before the Amendment to the Czech Commercial Code came into force, the applicable Czech laws had not recognised any exceptions from the prohibition of the so-called financial assistance. Thus, a target company was not allowed to provide any monetary payments or any security for the purpose of the acquisition of the shares in such target company. For example, before the Amendment came into force, it was not possible in the Czech Republic to secure the payment of a loan granted by a bank for the purchase of shares in the target company by a lien over the assets of the target company or entities controlled by the target company. Financing or security granted in breach of the prohibition of the financial assistance had always been invalid, which caused problems especially to the financing banks. In practice, the parties usually structured around the prohibition of financial assistance by a time-consuming and costly proceeding, whereby the purchaser established a special purpose vehicle through which it acquired a participation in the target company; however, the purchaser had also to finance the initial acquisition from its own sources. Subsequently, the bank refinanced the costs of the acquisition of the shares in the target company. The refinancing was usually secured by the bank's lien over the shares in the special-purpose vehicle. Then, the special purpose vehicle merged with the target company, and the property originally owned by the target company was made available to the bank as an additional security for the refinancing of the acquisition.

The Amendment to the Commercial Code allows the target company, be it a limited liability company or a joint-stock company, to grant an advance, a loan, credit, or other monetary payment, or to provide security for the purpose of the acquisition of the shares in the target company (financial assistance), in compliance with the following rules:

- financial assistance is granted at arm's length;
- the target company will not become insolvent as a result of the granting of the financial assistance ;
- the target company does not have unrecovered losses; and
- the statutory body of the company prepares a report on the reasons and the terms of the granting of financial assistance, and the report is made publicly available in the Collection of Deeds.

In case of a joint stock company, it is necessary to prevent the decrease in the company's equity below the amount of the registered capital adjusted in a certain way (so-called negative equity) as a result of the granting of the financial assistance. A joint-stock company must create a special reserve fund in the amount equal to the granted financial assistance.

The breakthrough in the prohibition of the financial assistance introduced by the Amendment opens up the possibility of using the methods of acquisitions financing, which were previously not allowed in the Czech Republic.

ACQUISITION OF OWN SHARES

According to Czech law in force before the Amendment came into effect, a joint-stock company was allowed to acquire its own shares only up to such amount that the aggregate nominal value of all own shares in the company's possession did not exceed 10% of the company's registered capital. In addition, the general meeting could authorise the company to acquire its own shares only for a period not exceeding 18 months. After enactment of the Amendment, a joint-stock company may acquire any number of its own shares, regardless whether the aggregate nominal value of such shares exceeds 10% of the company's registered capital, provided that the following requirements are met:

- the company's own shares do not cause a decrease in the company's equity below the amount of the registered capital adjusted in a certain way (so-called negative equity);
- the company will not become insolvent as a result of the acquisition of its own shares; and
- the company has resources to create a special fund concerning its own shares.

Further, the Amendment has clarified that a company may acquire only its own shares with a fully paid-up issue price. Above all, the Amendment has extended the period for which a company may acquire its own shares from eighteen months to five years.

IMPACT OF THE AMENDMENT ON BUSINESS PRACTICE

The Amendment to the Czech Commercial Code of July 2009 implements the respective amendment of the 2nd Company Law Directive. Besides that, the Amendment has removed certain restrictions in the Czech Commercial Code, which no longer served the original purpose of protection and, on the contrary, imposed unreasonable demands on the contracting parties in the course of the acquisitions, in particular in relation to the acquisitions of participations in the Czech companies. The Amendment opens up the possibility to use formerly inadmissible methods of securing the acquisition financing and substantially reduces the transaction costs typically related to the acquisitions and their financing in the Czech Republic. The Amendment has also succeeded in bringing the Czech Commercial Code still closer to the standards that are customary for investors in the so-called old European Union member states.

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Czech Tax System

Below, we provide an overview of taxes applicable to Czech businesses and a brief description of income taxes, value added tax (VAT) and real estate transfer tax. Currently, the Czech tax system comprises of the following taxes - income taxes (corporate income tax and personal income tax), VAT, excise duties, energy taxes, gift tax, inheritance tax, real estate transfer tax, real estate tax, and road tax.

CORPORATE INCOME TAX

Czech tax residents (companies with their registered office or place of management in the Czech Republic) are taxed on their worldwide income. Non-Czech tax residents are taxed only on their income from Czech sources (e.g. dividends, interest, royalties, permanent establishment income), while respecting the provisions of applicable double taxation treaties.

The corporate tax rate for the tax year commencing in 2009 is 20%, for the tax year commencing in 2010 and onwards is 19%. The tax base is the profit (or loss) figure reported according to Czech Accounting Standards, which is adjusted for non-deductible expenses and non-taxable income, as set out in the Czech Income Taxes Act.

Tax losses can be generally carried forward and set off against future profits in the subsequent five years. Companies within the same group are generally not able to transfer losses to each other for tax purposes since a tax loss is not transferable to another entity. Certain R&D costs may be claimed as a special tax allowance.

The distribution of profits/dividends is subject to withholding tax levied at a rate of 15%. The withholding tax can be reduced or eliminated on the basis of double taxation treaties, or, if payable to a parent company in an EU member state, it can be eliminated under the conditions set out in the EU Parent-Subsidiary Directive ¹⁾.

Interest paid to a non-Czech tax resident is generally subject to a 15% withholding tax unless provided otherwise in a double taxation treaty. Furthermore, the withholding tax on interest charged between related entities can generally be eliminated under the conditions set out in the EU Interest-Royalties Directive ²⁾.

As a result of the implementation of the EU Merger Directive ³⁾ in 2004, the Income Taxes Act provides for the tax neutrality of mergers and other transformations if certain conditions are fulfilled. No income tax, VAT, real estate transfer tax, or other transfer taxes are generally due on the transfer of assets of a dissolved company to a successor company. Tax obligations of the dissolved company pass to the legal successor on the date of the registration of the transformation in the Commercial Register.

PERSONAL INCOME TAX

Personal income tax is levied at a flat rate of 15%. Tax is calculated from gross income increased by the em-

ployer's part of social security and healthcare contributions, which leads to an effective tax rate of approx. 23%.

In addition to income tax, the employment income and business income of self-employed persons is subject to social security and healthcare contributions. Annual contributions on employment income (totalling 45% of the gross salary) are capped at a 48 multiple of the officially published average monthly salary in 2009 (i.e. the annual cap on the gross salary is approx. EUR 43,000 for year 2009). As a special anti-crisis measure (currently valid only for year 2010), the annual cap has been increased to 72 multiples of officially published average monthly salary (i.e. the annual cap on the gross salary is approx. EUR 65 000 for year 2010).

VAT

VAT law has been harmonised with the EU Directives as of 1 May 2004. The standard VAT rate is 20%; the reduced VAT rate is 10%.

A company is generally obliged to register for VAT if its turnover for VAT purposes during the previous 12 calendar months exceeds CZK 1 million (approx. EUR 38 000). It may also be obliged to register for VAT if it purchases goods from other EU member states or certain services from abroad. Voluntary VAT registration is possible. VAT group registration is possible.

REAL ESTATE TRANSFER TAX

The transfer of real estate is subject to a real estate transfer tax of 3%. The tax base is either the agreed purchase price or the value according to an expert valuation under Czech valuation law, whichever is higher. The taxpayer is generally the seller; however, the buyer is a guarantor of the tax due. The transfer of shares in a company (with the major assets being the real estate) is generally not subject to real estate transfer tax.

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¹⁾ EU Council Directive of 23 July 1990 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States (90/435/EC).

²⁾ EU Council Directive of 3 June 2003 on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States (2003/49/EC).

³⁾ EU Council Directive of 23 July 1990 on the common system of taxation applicable to mergers, divisions, transfers of assets, and exchanges of shares concerning companies of different member states (90/434/EC).

Acquisition of Real Estate

The rules for the acquisition of real estate in the Czech Republic are not applicable universally. There are still exceptions which limit foreign persons (including European Union citizens) in acquiring certain types of real estates, despite the fact that the Czech Republic has been a member of the European Union since 2004.

RESTRICTIONS APPLYING TO ACQUISITION OF REAL ESTATE

The internal market of the European Union is based on the application of four basic freedoms, which are the free movement of goods, persons, services, and capital. Free movement of capital includes unrestricted acquisition of real estate in particular European Union member states. In accordance with such principle, Article 56 of the Treaty establishing the European Community prohibits any restrictions of the free movement of capital, both between European Union member states and in relation to third countries. On the basis of these freedoms, citizens of the European Union are free to acquire real estates in other states of the European Union without any restrictions.

Upon its accession to the European Union, the Czech Republic was granted two exemptions related to the above mentioned Article 56 of the Treaty establishing the European Community, which were implemented by the introduction of the so-called transition periods for the acquisition of real estate in the territory of the Czech Republic. During these transition periods, certain restrictions were maintained in the area of the acquisition of domestic real estate by foreign persons, and that in the duration of 7 years for the acquisition of farmland and woodland, and in the duration of 5 years for the acquisition of other real estate. Both transition periods became effective as of the Czech Republic's accession to the European Union, i.e. as of 1 May 2004, and were incorporated into documents signed by the Czech Republic upon its entry into the European Union. These transition periods are implemented in the Czech law by the Foreign Exchange Act (Act No. 219/1995 Coll.).

With respect to the above mentioned, in the case of land which is part of the agricultural land resources, and land designated for the fulfilment of forest functions, the transition period still lasts and will end in May 2011 (i.e. on the expiry of 7 years from the Czech Republic's accession to the European Union). As regards other types of real estates – especially residential and commercial – the exemption restricting their acquisition by the foreign persons, granted for 5 years from the Czech Re-

public's accession to the European Union, expired in May 2009. The acquisition of this type of real estates is thus no longer restricted, despite the fact that the respective amendment to the Foreign Exchange Act has not yet been approved by the Parliament of the Czech Republic.

To summarise, as regards the acquisition of real estates in the Czech Republic by the foreign entities, the Foreign Exchange Act still distinguishes two categories of real estates, namely the agricultural and forest land,



and other real estates. Both types of real estates may be acquired without restrictions by individuals with permanent residence on the territory of the Czech Republic or legal entities with the registered offices in the country (resident status). Foreign individuals and legal persons (non-residents) are restricted at present only from the acquisition of the agricultural and forest land because, due to the expiry of the five-year transition period, they are entitled to acquire other real estates under the same conditions as the resident individuals and legal entities.

AGRICULTURAL LAND

Restrictions on the acquisition of real estates in the territory of the Czech Republic thus currently apply only to the acquisition of the agricultural and forest land, which is available to the non-residents under the conditions stipulated in Section 17 of the Foreign Exchange Act. Besides the resident individuals and legal entities, agricultural and forest land may be acquired also by:

- non-residents who are Czech citizens; and
- non-residents who hold the residence permits for nationals of the European Union member states, provided that they are (i) registered as agricultural entrepreneurs in the territory of the Czech Republic, and (ii) have been permanent residents in the Czech Republic for a minimum of 3 years.

If an acquirer of the agricultural and forest land does not meet the above-mentioned conditions, a non-resident may acquire the agricultural land only:

- by inheritance;
- for the diplomatic representation of a state;
- into a co-ownership of a married couple if one of the spouses is a Czech citizen;
- from parents or grandparents, brother or sister, or spouse;
- through exchange for other agricultural land if its price does not exceed the price of the exchanged land;
- on the basis of a legal or contractual pre-emption right or by virtue of a co-ownership of the land;
- in cases the agricultural land forms a functional unit with a building owned by a non-resident; or
- where stipulated by special laws (e.g. Property Restitution and Privatisation Acts).

PROPERTY ACQUISITION BY NON-RESIDENTS

The existing legal regulation of the real estate acquisitions in the Czech Republic does not restrict the Czech residents and legal entities who may acquire the real estates (with the exception of the so-called reserved property that, pursuant to the Charter of the Fundamental Rights and Freedoms and the implementing regulations, may be acquired only by the state, municipalities, or listed legal persons) without any limitations. Thus, if a foreign individual or legal person wishes to invest in the real estates in the Czech Republic, although they are formally prevented from such intention by a legal restriction or the continuation of the transition period, they may acquire the real estates through a resident legal entity (e.g. a limited liability company) established for such specific purpose. This practice was common during the existence of more extensive restrictions on

the acquisition of the real estates for the non-residents, even with the aim to acquire the real estates for residential purposes.

BASIC PRINCIPLES

In addition, certain basic principles of the applicable laws must be respected by the acquisition of the real estates in the Czech Republic. These principles are as follows:

- Real estates situated in the territory of the Czech Republic are registered in the publicly accessible Land Register. The Land Register contains facts about the particular real estates as well as information about legal relationships to them, especially the identification of their owners and limitations of the ownership rights. Before any acquisition, it is thus advisable to check the Land Register for the legal status of the real estates being acquired, preferably with the help of an appointed consultant specialising in the relevant legal field.
- The principle “superficies solo credit” (the surface yields to the ground) does not apply in the Czech Republic. Thus, if someone is acquiring a building, he/she is not automatically acquiring the land on which the building is situated. Therefore, it is necessary in every acquisition to ensure that besides the ownership title to the building being acquired, the acquirer also acquires the ownership (or at least the enjoyment) right to the land on which it stands.
- Real estates in the Czech Republic are being acquired upon entry of the ownership right in the Land Register (referred to as a two-phase acquisition of ownership right). Thus, for the transfer of an ownership right to an acquirer, it is not sufficient to sign the respective contract (e.g. on purchase or on a donation), but the ownership right must also be entered in favour of the acquirer in the Land Register. Only then is the property acquisition accomplished.
- From the formal point of view, a written form is obligatory for legal acts (especially contracts) concerning the transfer and acquisition of the real estates, and the signatures of the parties (i.e. the transferor and acquirer) must be on the same document. In order to prove the identity of the parties vis-à-vis the respective cadastral office, it is regularly required that the signatures on this document be officially certified.
- Transfers of the real estates are subject to real estate transfer tax, which amounts to 3% of the price of the real estates being transferred. The tax is payable by the transferor, but the real estates acquirer becomes by operation of law the guarantor of the tax liability. Consultation with specialists is advisable on other tax liabilities related to the acquisition of the real estates.

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Win a Public Contract in the Czech Republic

For the suppliers from the European Union, the rules for winning public contracts are the same as for the Czech suppliers.

The Czech Republic has transposed both essential procurement directives, 2004/17/EC and 2004/18/EC, into the Act No. 137/2006 Coll., on Public Contracts and Act No. 139/2006 Coll., on Concession Contracts and Concession Procedures (Concessions Act). On 1 January 2010, the amendment to both acts came into force, by which the new EU directive on remedies concerning in particular the review of fault actions on the part of the contracting authority in public procurement has been transposed into the Czech law.

The above mentioned acts regulate comprehensively the area of public procurement in the Czech Republic, in particular as regards the new EC legal regulations. The aim of the Czech acts is to ensure the economical, efficient, and purposeful handling of the public funds. The transposition of the European legislation into the Czech law ensures a transparent, non-discriminatory and equal treatment of all suppliers regardless of the place they come from. The Czech market of the public contracts is fully opened to foreign suppliers, who can participate in the tenders for any public contract or concession.

The relevant legislation is available for free on the websites of the Ministry for the Regional Development, also in English (www.portal-vz.cz).

PUBLIC CONTRACTS

Based on the expected value, public contracts can be divided into the above-the-threshold, below-the-threshold and the public contracts of the minor value. Based on the subject-matter of the performance, the public contracts can be divided into supplies, services, and construction works. This classification of public contracts could be important for the more or less formalised procedure under the Public Procurement Act, its actual application, publication of the particular tender, or the type of the awarding procedure.

CONTRACTING ENTITY

The law defines three categories of the contracting entities: (i) public contracting authority, (ii) subsidised contracting entity and (iii) sector contracting entity. The law imposes different requirements on the particular categories of the contracting entities (e.g. it sets out different financial limits for particular types of public tender) and different conditions for awarding public tenders.

Defined as contracting authorities are the Czech Republic, state-run contributory organisations, territorial self-governing units and other bodies governed by public law. Contracting authorities are, for example, the ministries, other administration authorities, courts, municipalities (cities), regions, and town districts.

A subsidised contracting entity is a legal or natural person awarding above-the-threshold public contracts for the construction work and related services where more than 50% of the cost are financed by the contracting authority, possibly also through an intermediary. Typically, it may be any entity which obtained a subsidy from the contracting authority.

A sector contracting entity is a legal or natural person who is a natural monopoly, i.e. a person performing a "relevant activity" (as defined by applicable law) in sectors such as the gas industry, heating industry, power industry, water supply, etc. A sector contracting entity awards only above the threshold public contracts. Generally, less strict procurement rules apply.

PUBLIC PROCUREMENT INFORMATION SYSTEM

The information system collects information about tenders for public contracts and concessions. Suppliers have free access to the system on the website www.isvz.cz, where they find information about current procurement proceedings.





AWARDING PROCEDURE

Awarding procedures lead to the award of a public contract, i.e. the contracting entity's selection of the most suitable tender and conclusion of a contract with the winner. The most frequently used type of the awarding procedure in the Czech Republic is the open procedure, in which the contracting authority invites an unlimited number of suppliers to submit their tenders and prove their qualification. Other types of procedures are (i) restricted procedure, (ii) negotiated procedures, (iii) competition dialogue (making it possible to the contracting entity to restrict the number of suppliers who will be invited to submit tenders) and the simplified procedure for below-the-threshold public contracts.

SUPPLIER'S QUALIFICATION

The purpose of assessing the supplier's qualification is to ensure that only the tenders of suppliers who are in a position to meet the requirements of the tender will be placed before the evaluation commission. For this purpose, the contracting entity sets out basic qualification requirements (e.g. the supplier's integrity), professional requirements (registration, e.g. in the companies register or membership in a professional chamber), economic and financial requirements (e.g. liability insurance) and technical qualification requirements (e.g. list of references, i.e. important contracts already carried out by the supplier).

Foreign suppliers are required to prove their qualification in accordance with legislation applying in the country of their registration. If the legislation of the country concerned does not provide for the issue of

a specific document, the foreign supplier is required to make an affirmation of qualification. Documents of the foreign supplier proving the fulfilment of the qualification requirements must be submitted in the original language together with the certified translation into the Czech language.

BLACK LIST

The amendment to the Public Procurement Act effective as of January 2010 contains completely new provisions concerning the "black list", i.e. a list of persons not permitted to perform public contracts. The list will include the names of suppliers who, to prove their qualification, have submitted documents or information, which are untrue and could influence the supplier's qualification assessment in the awarding procedure. The suppliers included in the list will not be permitted to participate in the public tenders in the Czech Republic for a period of 3 years.

PPP PROJECTS

PPP projects can be realised in the Czech Republic under the Public Procurement Act (in the form of "quasi-concessions") or as concessions under the Concessions Act. In both cases, this involves the transfer of certain economic risks related to the use of the object of the PPP project to the supplier. The essential difference between a quasi-concession public contract and a concession is the source of the supplier's income: in the case of a concession, the source is drawing benefits from the realised construction or the services granted; in the case of a quasi-concession public contract, the supplier receives the remuneration for the realised construction or the service granted primarily from the contracting authority.

SUPERVISION OVER COMPLIANCE WITH THE LAW

A supplier who feels to have his rights injured by the contracting entity's procedure may raise reasoned objections with the contracting entity. If the contracting entity does not accept the objection, the supplier may submit a complaint to the Office for the Protection of Economic Competition. Following the transposition of the EU directive on remedies, in case the contracting entity awarded a contract in contradiction with the Public Procurement Act or the Concessions Act, the Office may impose on the contracting authority a ban on performance of the contract. Another new provision is that the Office may exclude the supplier from tendering in the Czech Republic for a period of 3 years.

ECONOMIC IMPACTS

With its share of more than 17% of the GDP of the Czech Republic, public procurement plays an important role in its economy. Therefore, winning public contracts in the Czech Republic may sound very interesting for suppliers, especially at the time of financial crisis.

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TRAUMA CENTRE



The Central Military Hospital (ÚVN) has the Trauma Centre status and provides comprehensive super specialised care for polytrauma patients and patients with multiple injuries in immediate danger to life, 24 hours a day all the year round.

The treatment of serious injuries requires interbranch team co-operation. The basic philosophy of the centre's work is that specialists come to the patient in the Trauma Centre Emergency Hall, where all necessary treatment is provided in accordance with the hospital's all-round treatment programme.

The ÚVN Trauma Centre has a team of erudite surgeons, orthopaedists, anaesthesiologists, radiodiagnostic specialists, neurosurgeons, and dental surgeons. The ÚVN Trauma Centre is headed by an injury surgeon. Interbranch co-operation, however, requires the services of other specialists depending on the individual needs of the patients. The Centre therefore uses the services of consultants with the following specialisations: neurologists, blood-vessel surgeons, intervention radiologists, plastic surgeons with micro-surgery specialisation, interns, ophthalmologists, otorhinolaryngolo-



gists, urologists, gynaecologists, and psychiatrists. Diagnostic specialists in all complementary branches are also permanently available, as are acute biochemical and haematological laboratories with a blood bank.

Part of the ÚVN Trauma Centre is a heliport located on the roof of Pavilion CH2. After landing, the patient is taken directly to the Emergency Hall, which is connected to the operating theatres. The ÚVN Trauma Centre also has the use of a unique multifunction operating theatre with magnetic resonance facilities, a Columbus navigation system used for the treatment of post-injury trauma conditions and a daVinci robotic system for urological, gynaecological, and other surgeries.

A specific service provided by the ÚVN Trauma Centre is post-surgery care for members of the Czech Army and alliance soldiers injured during foreign combat and humanitarian missions.

The ÚVN Trauma Centre has the use of the most advanced instruments and apparatus purchased with the help of money from EU funds. This project, called "Apparatus outfit of the ÚVN Praha Trauma Centre for Adults", was co-financed by the European Union in the framework of the European Regional Development Fund programme.

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Czech Republic

a European Union Member

*III. Human
Resources*

Rights and Obligations of Employers and Employees

In the Czech Republic, the rights and obligations of employers and employees are regulated mainly by Act No. 262/2006 Coll., the Labour Code.

Every employee is entitled to receive a written employment contract. While an employment contract can be drafted in any language, it is recommended that parties conclude them in Czech if one of the participants (the employee in particular) is Czech. However, the contract can be written in multiple languages, depending on the participants. The following must always be agreed in the employment contract: type of work, place of work, and the date work commences. Additionally, employees must be notified of a number of details about the employment, in writing – either in the employment contract itself or within one month of commencing the employment relationship. These details include working hours, paid leave, notice periods, etc.

EMPLOYEE'S SALARY

One feature of Czech contracts, which is not common in other European Union countries, is that it is not necessary to specify the employee's salary therein (although it usually does). The salary can be agreed in a separate contract or

even unilaterally set by the employer in a salary assessment. A salary assessment entitles the employer to lower the employee's salary at its discretion, provided that the minimum wage is respected (currently CZK 8 000 per month – approximately EUR 310 – but please note that there are also higher, job-specific minimum wages set by governmental decree.) The minimum wage is regulated centrally, unlike in many European countries, where minimum wages are set by collective agreement only and therefore vary for specific individual industries.

PROBATIONARY PERIOD

It is also possible to agree in the contract a probationary period for new employees, during which employment can be terminated without giving a reason or a notice period. One problematic aspect of a probationary period is its length, which the Labour Code limits to a maximum of three months after the employment commences. This period may be adequate for blue-collar employees, but in most cases this is insufficient for managers. A proposed amendment to the Labour Code prepared by a panel of experts has suggested extending the maximum notice period for managerial employees to six months, i.e. dividing employees into two groups as regards probationary periods. Unfortunately, the chances of this amendment being passed are uncertain.

WORKING CONDITIONS

A working week consists of a maximum of 40 working hours (with some exceptions), as in most European countries. The employer can demand a maximum of eight hours of overtime work per week, but no more than 150 hours per year. Any additional overtime work requires employee approval. Total overtime work must not exceed an average of eight hours per week, which means approximately 416 hours per year. For each hour of overtime, the employee receives his regular salary + 25% of the average salary as an overtime allowance. For managerial employees, it can be agreed that 150 hours of overtime per calendar year is covered under a manager's regular salary; however, in most cases this is rarely enough; therefore, paying sufficient overtime is a requirement that is often breached in the Czech Republic. Each employee is entitled to a minimum of four weeks of holiday per calendar year, which is one of the lower entitlements within the European Union. Holiday time can be increased by additional weeks or days. In addition to four weeks of holiday, currently the Czech Republic has 12 statutory public holidays. Some of these always fall on weekends (these holidays are not shifted to a work day as in some countries). As a result, the Czech Republic has one of the highest numbers of workdays in the EU.



CZECH REGULATIONS VERSUS EU COUNTRIES

The Czech regulations on terminating employment contain significant differences in relation to many EU countries. Most importantly, employers must realise that they may only terminate an employment contract for reasons stated in the Labour Code, which are organisational grounds, health grounds, poor performance of the employee or breach of the employee's obligations. The employer may not terminate employment "at will" (i.e. without citing one of the reasons listed in the Labour Code), although this kind of termination is common in some EU countries (e.g. Belgium). The group of experts preparing the amendment to the Labour Code tried to introduce the option of "at will" termination into Czech law, in exchange for higher severance pay for an employee whose employment is terminated at will. However, this idea was not acceptable to the Trade Union, and it is uncertain whether it will ever be implemented.

STATUTORY NOTICE PERIOD

A shortcoming of the Czech legal regulations is the absence of any relationship between the duration of employment and the length of the notice period or amount of severance pay, even though this is standard in many European countries. The statutory notice period is

a minimum of two months. It can be extended by the parties' mutual agreement. But in this case, the notice period must be the same for both parties – which is very unusual and therefore generally not used by the parties (especially by employees).

STATUTORY SEVERANCE PAY

If an employee is dismissed because of organisational changes, he/she is entitled to receive statutory severance pay. This must be a minimum of three of the employee's average monthly earnings. If dismissal is for health reasons, such as an industrial injury, occupational disease or the threat of such disease, the employee is entitled to severance pay of at least 12 of the employee's average monthly earnings. A collective agreement, internal regulation or individual agreement (employment contract or agreement on termination of employment) may increase severance pay or set out additional conditions under which the employee is entitled to increased severance pay.

NATAŠA RANDLOVÁ

Randl Partners

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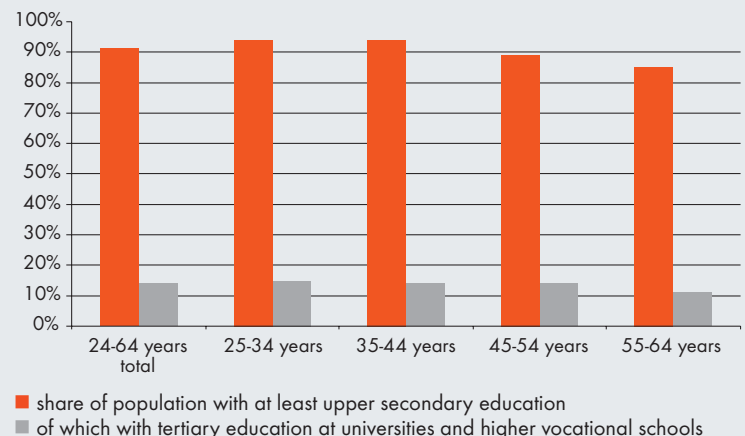
How Well Educated Are Czechs?

The level of development achieved by a society is judged, among other aspects, also by the level of education of the population. The fewer uneducated people and the more people with higher degrees of education there are, the more educated the society is considered.

An educated society is one of the fundamental prerequisites for the economic and social development of a country. The basic information for measuring the educational level of a society is data on the structure of the population by the highest education achieved. The Czech Republic ranks among countries with a high proportion of people with completed secondary education and a low proportion of people with elementary or no education. This situation is largely influenced by the structure of the Czech educational system before the 1989 revolution, when enrolment capacities at universities were limited and, on the secondary level, most young people were educated in vocational training programmes. After the revolution, student numbers in secondary school studies concluded with a school-leaving examination increased and tertiary education opened up to larger numbers of applicants. These changes are reflected mainly in the growing educational level of the young generation, while the effect on the educational level of the whole population is smaller and somewhat delayed. Although, on the secondary school level, pressure has increased, in recent years particularly, for an extension of the general educational programmes, secondary vocational education has a long-standing tradition

in the country and graduates of these schools continue to be much sought-after on the labour market, whether as skilled workmen or technical management staff.

Education of the population in the Czech Republic by age groups in 2007 (in %)



Source: OECD, Education at a Glance 2009

UNCOMPLETED EDUCATION AMONG THE YOUNG POPULATION

The Czech Republic ranks among European Union and OECD countries with the lowest proportion of adult population having a low level of education, that is with elementary or no education. This proportion decreases with the lower age of the population. Among young people aged 18-24, merely 5.5% of the young population have elementary or no education. This is one of the lowest proportions compared with the 27 European Union countries, as the average of young people with elementary education or uneducated in countries of the European Union is 15.2%. Besides the Czech Republic, the group of countries with a lower than 10% proportion of these young people includes Slovakia, Poland, Finland, and Austria. In most other countries of the European Union, the proportion of young people with a low level of education is in the range of 10% to 20%.

The Czech Republic is also an exception among the European Union average when comparing the proportion of young women and men with this low educational level. In terms of gender, the situation in the Czech Republic is quite balanced as compared with the other countries of the European Union, and equal opportunities for education are more pronounced here, as only 5.7% of young men and 5.4% of young women have lower than secondary education. In the European Union countries, education is more often not completed by men (17.3%) than women (13.1%).

POPULATION WITH AT LEAST UPPER SECONDARY EDUCATION

The attained level of at least upper secondary education, which in the Czech Republic means at least education provided at all types of secondary schools, is a basic prerequisite in developed countries for successful entry into the labour market and for finding a corresponding qualified job. In the Czech Republic, the proportion of population with at least higher secondary education has traditionally been very high. In the last decade, this proportion has further increased, namely from 86% to 91%. This is also connected with the low proportion of inhabitants with no education or merely elementary education. Within the European Union, the Czech Republic is a country with a very high proportion of educated population. Besides the Czech Republic, a 90% proportion and more is achieved by the populations in Slovakia and Lithuania. The very favourable situation in the Czech Republic in this respect is also evidenced by 72% as the average proportion of the population, aged 25-64, with higher secondary education within the OECD countries.

The educational level of the Czech population shows significant gender distinctions, as the proportion of males with at least upper secondary education (94%) is considerably higher than the proportion of females with this educational level (88%). A great role is played by the lower educational level of older women, whereas, in



the young population, women are already considerably more educated than men.

Given the high educational level of the whole population of the Czech Republic, which considerably surpasses the average of European Union countries, the proportion of the young population with at least higher secondary education is not very different from the whole population, totalling 92% of young people. Despite the fact that these proportions are not very different, in the case of the young generation too, the Czech Republic ranks among countries with the highest proportions of these young people within the European Union, the levels of 90% and higher being achieved only by Slovenia, Poland, Slovakia, and Croatia.

PROPORTION OF POPULATION WITH TERTIARY EDUCATION

Although the Czech Republic's proportion of population with at least higher secondary education is one of the highest in the European Union, the proportion of population with tertiary education continues to be low, making up only 14% of the adult population aged 25-64, despite an increase in the number of university students in the last decade. The low proportion of population with tertiary education is the result of the limited access to university studies before the 1989 revolution, and of the fact that the large increase in new admissions to university studies in recent years has not yet manifested itself.

MICHAELA KLEŇHOVÁ

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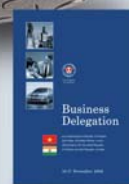


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www.doingbusiness.cz

The internet domain in English language is intended for foreign companies and entrepreneurs interested in the Czech Republic.

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Labour Market Dynamics in the Czech Republic

Although the Czech Republic covers only a small area in Europe, its labour market is significantly regionally diversified due to many factors.

Industry is strongly export-oriented and this also affects the economic situation and development. Long-term low unemployment was disrupted by the global crisis, the world-wide problem of talent shortage is perceptible here and people find it hard to accept any kind of multiculturalism. On the other hand, the differences of the regions support a wide spectrum of industrial and economic sectors, and even during the current record unemployment, its average rate does not exceed 10% and inhabitants are well informed thanks to support programmes for unoccupied professions. Gender studies are coming to the fore and together with them also the question of the equality of sexes. A long-term problem, which is becoming a priority for political parties, is the low percentage of university-educated people which is now 14%, i.e. half of the EU countries average. The average monthly salary is just under EUR 900. These are the main pillars forming the dynamics of the Czech labour market.

FORMS OF EMPLOYMENT

The most common form of employment is main employment, which corresponds to five working days per week, usually eight hours a day, the length of working time must not exceed 40 hours per week, extra working time is considered as so-called overtime and is evaluated differently. Working time per week for employees under 16 years old must not exceed 3 hours, in two-shift service 38.75 hours, in three-shift or continuous service 37.5 hours. The working hours per week are the same for employees in the coal and mineral mining sector and mine building sector etc. The basic length of paid leave is four weeks, but five-week leave is not unusual. Sickness insurance for the employee is paid by the employer as well as health insurance and social insurance – unless the labour relation is not that of main employment (such as work on trade licence, agency employees etc.)

According to a Manpower research, most employers (80.5%) in the Czech Republic do not consider flexible labour force a key element in their personal strategy. It is expected that with the economic crisis a flexible labour force will play a much more important role in personal strategy as is the case in West European countries and especially in the US. At the moment the main reason for firms in the Czech Republic to use a flexible labour force is the necessity to cover seasonal fluctuations in production. Strategic approach to the use of a flexible labour force could help employers in private and public sectors to gain higher effectiveness and cost saving.

REGIONAL CHARACTER

The labour market in the Czech Republic, as well as economy and industry, has a very regional character. The lowest unemployment rate, the highest number of work opportunities, and the highest average salaries are traditionally found in the capital of Prague and in the Central Bohemia Region. On the other hand, these values are the worst in Ústí nad Labem Region and Moravia-Silesia Region. As regards industrial sectors, the Czech Republic has mainly traditional heavy industry, car industry, but also rubber industry or power industry. Traditional fields are for example also glass-making and viticulture. Export is mainly to Germany, whose current situation due to economic crisis and recession influences also Czech industry and economy.

TALENT SHORTAGE

A global problem most apparent directly in the human resources sector is the above-mentioned talent shortage. However, a recent research carried out by Manpower employment agency shows that the situation in the Czech Republic is relatively favourable for employers – in comparison with other countries, only 17% of employers find it difficult to occupy a vacant workplace. Compared to the year 2008, it is an increase by full twenty percentage points (see Table).

Even from a global perspective, the development of the lack of people with sufficient qualification has a falling tendency despite the fact that it is considered as one of the most significant problems that will continue to affect world labour market. In 2006 the rate of companies that find it hard to occupy selected positions was 40%, in 2008 it was 31%. Worldwide, the most difficult to occupy are jobs in the sectors of crafts, sales representatives, and technical professions. It is interesting that in the Czech Republic they are the same jobs. In total the easiest to occupy are jobs in the field of electronics.

The Top 10 jobs which are most difficult to occupy have changed since last year. The demand for employees with technical education – both secondary and university educated (artisans, mechanics, technicians) continues. However, jobs such as sales representatives, programmers and software designers are new among the most difficult jobs to occupy.

The Czech Republic is favourable for employers

Companies having problems with occupying vacant positions	2009	2008
Czech Republic	17%	37%
Worldwide (33 countries)	30%	31%
Europe	25%	32%



JOBS MOST DIFFICULT TO OCCUPY IN THE CZECH REPUBLIC (2009):

1. Craftsman
2. Technician (especially machine specialist)
3. Sales representative
4. Chef/Cook
5. Driver
6. Mechanic/Machine operator
7. Doctor and other non-nursing medical staff
8. IT specialist (especially computer programmer and designer)
9. Project manager
10. Management

Despite high unemployment in many sectors, this year's research has shown that employers' demands on their potential employees do not meet with the profiles of the unemployed. At the moment, companies are pressed to find a strategic and creative way to increase productivity together with decreasing labour cost, and they also have to find a way to be attractive for potential employees. At the same time they look for suitable employees in a large group of unemployed people with a qualification that does not correspond to their demands.

LABOUR MIGRATION FROM EU COUNTRIES TO THE CZECH REPUBLIC

There are in total 400 000 foreigners in the Czech Republic. Most often they are citizens of the Ukraine, Slovakia, and Vietnam, followed by Russia and Poland. Vietnamese are among the most highly motivated workers and thanks to historical relations from the communist period they can speak Czech very well, which is their great advantage

compared to other nationalities. The Czech Republic is a very attractive destination for both unskilled workers as well as qualified specialists, both from East European countries (higher wages) as well as young people from West Europe (lower living costs).

JÍŘÍ HALBRŠTÁT

Manpower, spol. s r.o.

e-mail: jiri.halbrstat@manpower.cz

EU Citizens not Required to Obtain Work Permits

Citizens of European Union member states and their dependants are not regarded as foreigners and enjoy the same legal standing as citizens of the Czech Republic, in the sense of the Employment Act. The same legal standing as citizens of the Czech Republic also extends to citizens of the European Economic Area (EEA) and Switzerland and their dependants.

Regardless of citizenship, the dependants of a citizen of the EU/EEA or Switzerland are understood to be the spouse, partner with whom the EU citizen has a registered partnership, their children, given they are under 21 years of age or they are dependant, parents if the person in question is a citizen under the age of 21 subsisted by and sharing a common household with the parent, and unprovided for direct relatives in the ascending or descending line or such a relative of the spouse of an EU citizen. For the purposes of employment in the Czech Republic, citizens of the EU/EEA, Switzerland or their dependants do not need a work permit.

Dependants who are not citizens of the EU/EEA or Switzerland are, however, obliged to present to the rele-

vant Labour Office a document confirming they are the dependant of a citizen of the EU/EEA or Switzerland.

OBLIGATION OF EMPLOYERS TO INFORM

An employer who employs citizens of the EU/EEA or Switzerland or their dependants, or the legal entity or physical person to whom these persons are posted by a foreign employer, are obliged to inform in writing the respective Labour Office (according to the place of employment) at the latest on the first day these persons take up their duties. Upon termination of employment, the employer, legal entity or physical person is obliged to inform the relevant Labour Office of this fact at the latest within 10 calendar days of the termination of employment or of the posting. The forms for submitting this information are published on the website http://portal.mpsv.cz/sz/zahr_zam/tiskopisy. If the citizens of another member state of the EU/EEA or Switzerland lose their job in the Czech Republic, they have the option to register as jobseekers at their local Labour Office, situated in every district town. The list of Labour Office and contacts is available at this website <http://portal.mpsv.cz/sz/local>.

EURES PUBLIC EMPLOYMENT SERVICES

Following the accession of the Czech Republic to the European Union, the employment offices became a part of the EURES network, the principle mission of which is to facilitate international mobility of the workforce. EURES (EUROpean Employment Services) offers public employment services in all 27 member states of the EU, plus Norway, Island, and Lichtenstein. Switzerland has also agreed to participate in the EURES network.

EURES services are provided to citizens and employers by means of a database available at this address: <http://portal.mpsv.cz/eures>, or at www.eures.cz and by means of information and consulting services offered by EURES consultants and EURES contact persons at Labour Office in the Czech Republic.

Further information on current procedures for employing foreign nationals available at:
http://portal.mpsv.cz/sz/zahr_zam

PETRA BOUŠKOVÁ

Ministry of Employment and Social Affairs

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ČESKÁ VES



Řetězárna a.s., is a company with more than hundred years of tradition in production of welded and knotted chains and other accessories to chains. Since 1 January 1993 the factory exists as a private company. Qualified staff, proven skill, modern technology with an introduced and applied System of Quality according to ISO 9001:2000/ISO 14001:2004 guarantee to the customers purchase of high quality products. This quality is also confirmed in Certificate H45 for binding pulley block chains according to DIN EN 818-2 from 6 mm (1/4.) to 26 mm (1.) and DIN 5684-3 from 5 mm (3/16.) to 13 mm (1/2.). Only several dozens of companies in the world have obtained this type of certificate.

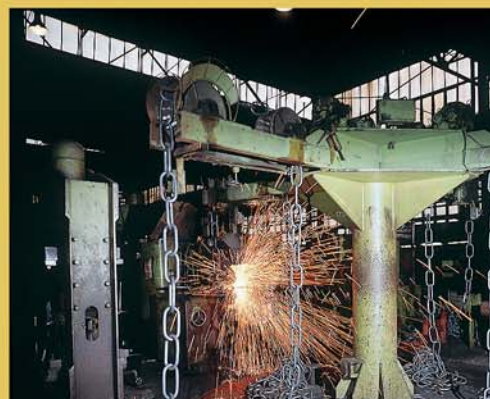
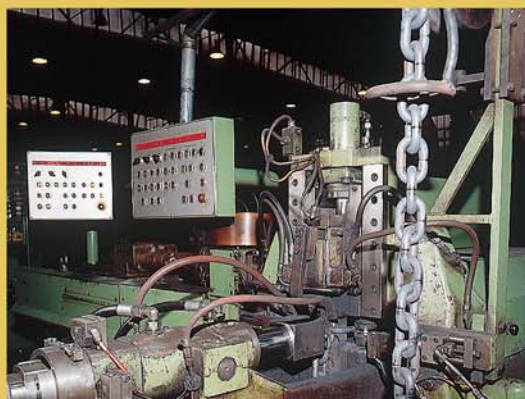
Current production plan covers:

- a) Tested chains of quality classes 2 and 3
 - calibrated ones from 4 mm to 30 mm (5/32l to 1 3/16l)
 - tested ones from 4 mm to 60 mm (5/32l to 2 3/8l)
- b) tested chains with enhanced strength calibrated and non-calibrated of quality classes 4,5,6,7,8 with dimensions from 5 mm to 30 mm (3/16l to 1 3/16l)
 - according to use: for lifting mechanisms, suspension means, mine chains, and conveyors
- c) untested chains
 - welded, from 3 mm to 13 mm (1/8l to 1/2l)
 - twisted, from 3 mm to 10 mm (1/8l to 3/8l)
 - knotted, from 1.8 mm to 5.5 mm (1/16l to 7/32l)
- d) suspension binding chains
 - quality class 2, from 6 mm to 60 mm (1/16l to 2 3/8l)
 - quality class 8, from 6 mm to 16 mm (1/16l to 1/2l)
- e) accessories for suspension chains of quality classes 2 and 8
 - forged (hooks, couplings)
 - welded (suspension lugs, master links, suspension heads)
- f) forged pieces of alloy steel up to 4 kg (8 lbs), of plain carbon steel up to 7 kg (14 lbs)
- g) chains for tyres of vehicles and machines (anti-skid chains, protective chains, grip chains)
- h) drawn wires

These products are made in accordance with ČSN, DIN, EN, and other standards. At present more than 60 per cent of production are exported to 36 countries of the world. The company co-operates with the leading European manufacturers of chain products.

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The famous castle of Karlštejn, proudly towering above the Berounka River. Its past is closely connected with the most illustrious period of Czech history. Emperor Charles IV had it built as a treasury for Czech coronation jewels.

Come and Discover the Czech Republic

Come and discover the Czech Republic, a country where you can spend an active holiday, relax in a spa, or conduct your business negotiations.

The capital of Prague is one of the most beautiful capitals in the world with the unforgettable atmosphere of a city with thousands of years of history. A great many museums, galleries and sights can be found, not only in Prague but also in other regions of the Czech Republic. The map of the Czech Republic is literally covered with historical towns, castles, chateaux, churches, and monasteries. A part of the unusual cultural heritage are 12 UNESCO sites – nowhere else in the world are they situated so close together. The beauty of the Czech countryside will also captivate you. Its diversity makes this an ideal venue for an active cycling or swimming holiday. More than 70 golf courses lure visitors and numerous ski resorts are ready for the winter holidays. The Czech spa industry is world famous and has a tradition of several centuries. You can enjoy the pleasant environment of a spa town, not only for the curative treatments, but also for the relaxation. During any of your visits to the Czech Republic you may discover the taste of Czech cuisine, famous Czech beer and excellent Moravian wine.

CZECH SPAS

Several centuries of history, over 30 spa venues throughout the country, hundreds of curative springs and rich deposits of peloids – all these contribute to making the Czech Republic one of the international Spa Superpowers. Like all Superpowers, this country also has several primacies on its account. Nowhere else in the world can you find such a concentration of curative springs as in the West Bohemian spa triangle, which consists of the three famous spa towns:

Karlovy Vary, Mariánské Lázně, and Františkovy Lázně. The collection of famous Czech unique locations would not be complete without Jáchymov and Jeseník. In 1906, experts in Jáchymov continued with the scientific discoveries made by Marie Curie-Sklodowska and started, as a world first, to use the curative effects of radon-rich waters. Jeseník became famous thanks to Vincenz Priessnitz, who founded the first hydrotherapeutic institute here in 1822.

THE CZECH REPUBLIC – THE GOLF REPUBLIC!

The Czech Republic has been making a good name for itself in Europe as a perspective golf destination. Golf has rich roots in the Czech Republic; as early as 1904, the first 9-hole course in Karlovy Vary was opened, after huge demand by the local spa clientele. In the Czech Republic, there are 124 clubs and 74 golf courses, of which two are 36-hole courses, three are 27-hole courses, twenty-four are 18-hole courses, and forty-five are 9-hole courses. Standard organisations which teach golf, such as the Professional Golf Association of the Czech Republic (PGAC) (www.pgac.cz), are also present in this country. Most golf courses offer the possibility of booking golf lessons under the guidance of a professional. Czech golf courses also provide the opportunity to participate in several-day-long basic golf playing courses. Other organisations which provide useful information related to golf are the Czech Golf Federation (www.cgf.cz), the Czech Golf Travel Association (www.cgta.cz), and the web portal www.golf.cz.

Processed using information from the CzechTourism site: www.czechtourism.com.

Capital City of Prague – Heart of Europe

Throughout its existence of more than a thousand years, Prague has been a natural crossroads of trade and diplomatic routes, an important strategic point, and a meeting place of people from countries near and far. It is one of the oldest political, economic, and cultural centres of Central Europe, and a global and state metropolis with an uninterrupted continuity of principal and administrative functions.

The significance of Prague has always gone beyond the borders of the country and Central Europe, and in the “golden eras” of its history had all-European and global dimensions. In accordance with the significance of Prague is its architecture and art, the quality of life of its inhabitants and visitors, the level of erudition, and the weight of culture spread abroad. Prominent personalities of European history and culture have always been attracted to Prague during the millennium of its existence, which also saw the creation of the wealth of unique monuments and atmosphere, the genius loci that still makes Prague one of the most culturally impressive towns of this continent, despite the unstoppable pressure of innovations and the invasion of modern tourism.

The capital of the Czech Republic is its most important Urban Monument Reserve. The 866-hectare historic centre of Prague has been on the UNESCO List of World Cultural and Natural Heritage Sites since 1992. Prague bears the inscription “Praga caput regni” on its coat of arms. Its natives are not the only ones to regard Prague as the most beautiful city worldwide, and so it is logically the most visited city in the Czech Republic. This city on the Vltava River

offers the most monuments, the most towers and turrets and, from its hills, the most splendid views of the web of palaces, houses, streets, yards and parks, and is the most visited venue for cultural and sporting events in Europe. Since it is a political centre, the most important decisions are taken in this city. Prague ranks among the cities which are most highly acclaimed in the songs, poems and novels of yore and the present, and it will certainly be so also in the future...

HIGHLIGHTS OF PRAGUE

Prague Castle

According to the Guinness Book of Records, this castle, founded in the 9th century, gradually grew into the largest castle complex in the world.

Przewalski Horse Breeding

The Zoo in Prague-Troja breeds the Przewalski horse (*Equus przewalskii*). About 300 horses of this breed are at large worldwide, and two-thirds of them have progenitors from Prague.

Pneumatic Post

The pneumatic post in Prague was introduced in 1887 as one of the first in Europe. The total length of the system is 55 km. The central control room is located in the building of the main Post Office in Jindřišská Street and the main lines radiate out to branches in Nusle, Dejvice, Vinohrady, Smíchov, and Palmovka.

Tram Network

Prague’s tram network of 140 km is regarded as the densest in Europe. It serves 340 million passengers a year.

Prague Monument Reserve

The Urban Monument Reserve, the largest one worldwide, was entered on the UNESCO List of World Cultural Heritage Sites in 1992.

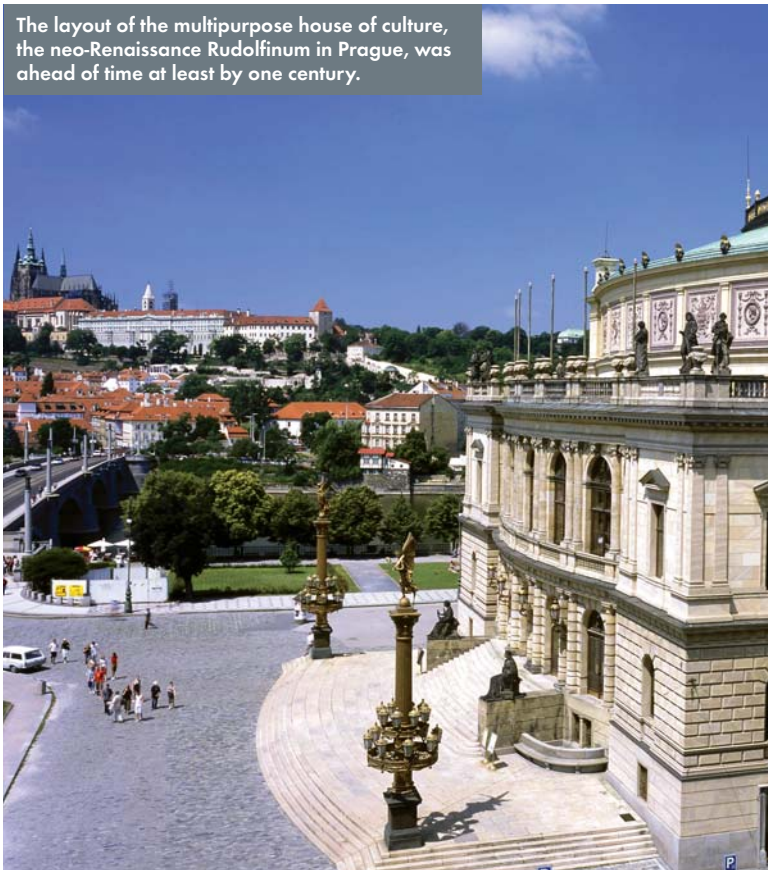
Charles Bridge

The popular tripadvisor.com website, used by tourists to assess places and hotels visited, this year included Charles Bridge among the world’s three most splendid bridges.

ECONOMIC CHARACTERISTICS

At the end of 2008, the Register of Economic Entities included 471 183 entities which are based in Prague and have a total of 967 956 employees, i.e. 29% of the total number of employees of enterprises in the Czech Republic. In 2008,

The layout of the multipurpose house of culture, the neo-Renaissance Rudolfinum in Prague, was ahead of time at least by one century.





Charles Bridge is the oldest surviving bridge across the Vltava River in Prague and second oldest one in the Czech Republic

the average salary of natural persons in the Czech Republic was CZK 23 542 (EUR 944), whereas the average in enterprises based in Prague was CZK 29 408 (EUR 1 179). The high salaries in Prague-based enterprises may have many reasons, which cannot be specified without knowledge of development elsewhere. The evident reasons would certainly include the higher cost of living in Prague, and the larger concentration of enterprises of the services sector, that is enterprises with specialised activities performed by people with a higher educational background and higher salaries. The unemployment rate in Prague was 1.9% in 2008, as compared with 3.9% in 2004.

Economic Indicators of the Capital City

Population	30 September 2009	1 246 406
Gross wages	1st half of 2009	CZK 28 796 (EUR 1 155)

Source: Czech Statistical Office

TOURISM

Tourism ranks among the branches of services which are extremely important to the economy of Prague. The city is the most visited destination in the Czech Republic, which is natural due to its status of capital city and its character. The number of guests at accommodation facilities in Prague has steadily been rising since 2004 and amounted to 4.6 million in 2008. The global crisis reduced the number of visitors to the Czech Republic, but in Prague it only slowed down the growth. The composition of guests in Prague differs from the average in the Czech Republic: in the period from 2004 to 2008, domestic guests accounted for 50% of guests in the Czech Republic, and foreign persons accounted for 90% of guests in Prague. The

most frequent guests come from Germany, the United Kingdom, Italy, the USA, Spain, and France. Prague has 33 five-star hotels, which is 85% of hotels of this category in the Czech Republic. There are more than 4 four-star hotels to each five-star one in Prague. Most guests are accommodated in hotels of the three-star and lower categories, and in guesthouses.

PRAGUE DRAWS FUNDS FROM TWO PROGRAMMES

In view of its economic performance in the use of structural funds, Prague is in a different group to other regions of the Czech Republic, and so it has different programmes of drawing. Support to Prague in the 2004-2006 period was approved within the Uniform Programme Document for Target 2 (JPD 2) and the Uniform Programme Document for Target 3 (JPD 3), and the hundreds of completed projects had a broad range, from the restoration of municipal parks to the construction of playgrounds and support to education. Prague drew all the European funds allocated to it, and was thus one of the most successful recipients of EU funds among CR regions. The capital city prepared two subsidy programmes for the 2007-2013 period. One is focused on transport, the environment and support to business and is entitled Operational Programme Prague – Competitiveness. The Operational Programme Prague – Adaptability concerns the development of human resources in the form of education and social integration.

COMPETITIVENESS

This programme supports, for example, the development of tram lines, the construction of P+R parking lots, construction of cycle paths, development of Internet connection to residential houses and small firms, e-services of the municipal administration, reconstruction of

Funds from European programmes can be used in Prague for educational programmes and courses in information and communication technologies, communication skills, and knowledge of foreign languages.



ADAPTABILITY

Funds from this source can be used for educational programmes and courses mainly in Information and Communication technologies, communication skills, sustainable development, knowledge of languages, preparation and innovation of the methods and instruments of continued education, support to increases in human resource capacities in Research and Development, consultations on the establishment of new firms, suggestions and spreading of innovative and more productive forms of the organisation of education, and professional schooling of staff for public administration in Prague, programmes for the inclusion of socially handicapped persons on the labour market, education of social services personnel, development and innovation of educational programmes for secondary and vocational schools, development of co-operation of schools, enterprises, universities and institutions in Research and Development, and support to afternoon educational programmes at schools, with emphasis on the development of the main competences (www.opka.cz).

USEFUL CONTACTS:

- Prague City Council**
e-mail: posta@cityofprague.cz
www.praha-mesto.cz
- Prague House in Brussels**
e-mail: brussels@cityofprague.cz
www.prazsky-dum.eu
- Charles University**
www.cuni.cz
- Prague Airport**
www.prg.aero.cz

contaminated, abandoned, and old industrial complexes and sites, construction of sound protection walls along roads, energy saving in buildings, use of waste heat and renewable energy sources, development of innovation centres, support to the partnership of the research institutes of the Academy of Sciences, universities and enterprises, and support to the establishment of technologically oriented firms (www.opka.cz).

Central Bohemia Region

The Central Bohemia Region is the largest one in the Czech Republic and surrounds its capital city. In contrast to all other regions, it does not border on any country and has no regional capital. Its seat is Prague.

From time immemorial, the area of the Central Bohemia Region has been closely connected with the history and culture of the whole country, and is rightly described as the heart of Bohemia. This position is reflected in the wealth of monuments and sights linked with the past and present of this territorial circle around Prague. An undoubted treasure among monuments is Kutná Hora, which is on the UNESCO List of Cultural and Natural Heritage Sites. The Region has an abundance of natural beauties, such as the Bohemian Paradise, the Kokořín area, and the UNESCO-listed Křivoklát biospheric reserve. The Central Bohemia Region has more than one million inhabitants. Close links with the capital and a dense transport network give the Region an extraordinarily advantageous position. The Region is Prague's important source of labour, complements its industry, supplies it with food and provides Prague with its recreational potential.

HIGHLIGHTS OF THE REGION

- The most visited Czech castle is the Gothic Karlštejn Castle.
- The confluence of the two largest Czech rivers, the Labe and the Vltava, is at Mělník



The name of the Central Bohemian town of Kutná Hora (Mining Hill) suggests its connection with silver mining. It is a valuable Monument Reserve on the UNESCO List of Cultural Heritage.

- The longest cave system in Bohemia is the Koněprusy Caves, which originated in the Devonian limestone. They are up to 400 million years old and their total length exceeds 2 km.

FOREIGN RELATIONS

The Central Bohemia Region opened its official EU Representation in Brussels in 2004, and thus joined many European regions which are asserting their interests at the headquarters of the most important European institutions. At present, the Representation is helping the Region to gain money from European funds, and to attract foreign tourists and potential investors. The Representation is an important source of information about events in the EU and about the basic legislative and other changes, and coordinator of inter-regional co-operation.

The Central Bohemia Region has a significant share in the activities of the EU Committee of the Regions, and is involved in the largest network of regional co-operation in Europe – the Assembly of European Regions (AER).

INTER-REGIONAL CO-OPERATION

The Central Bohemia Region also regards as important the co-operation with regions throughout the world. The most frequent areas of co-operation are culture, education, universities, science, economy, environmental protection, social care, and the co-operation of institutions. The Region is ready to involve other areas.

In 2001, the Central Bohemia Region concluded its first international agreement with the Burgundy Region, which is renowned for wine, snails, and an eventful history. Then came the quadripartite statement on co-operation of the Central Bohemia Region, Burgundy, the Opole Voivodeship, and Rhineland-Palatinate. This “network of four regional partners” was, at the time that it was established, the first project that associated participants from the member and candidate countries of the European Union. In the same year, the Region concluded an agreement on co-operation with the Swedish Västra Götaland Region, and in the spring of 2004 established partnership with the Venice Region, Italy.

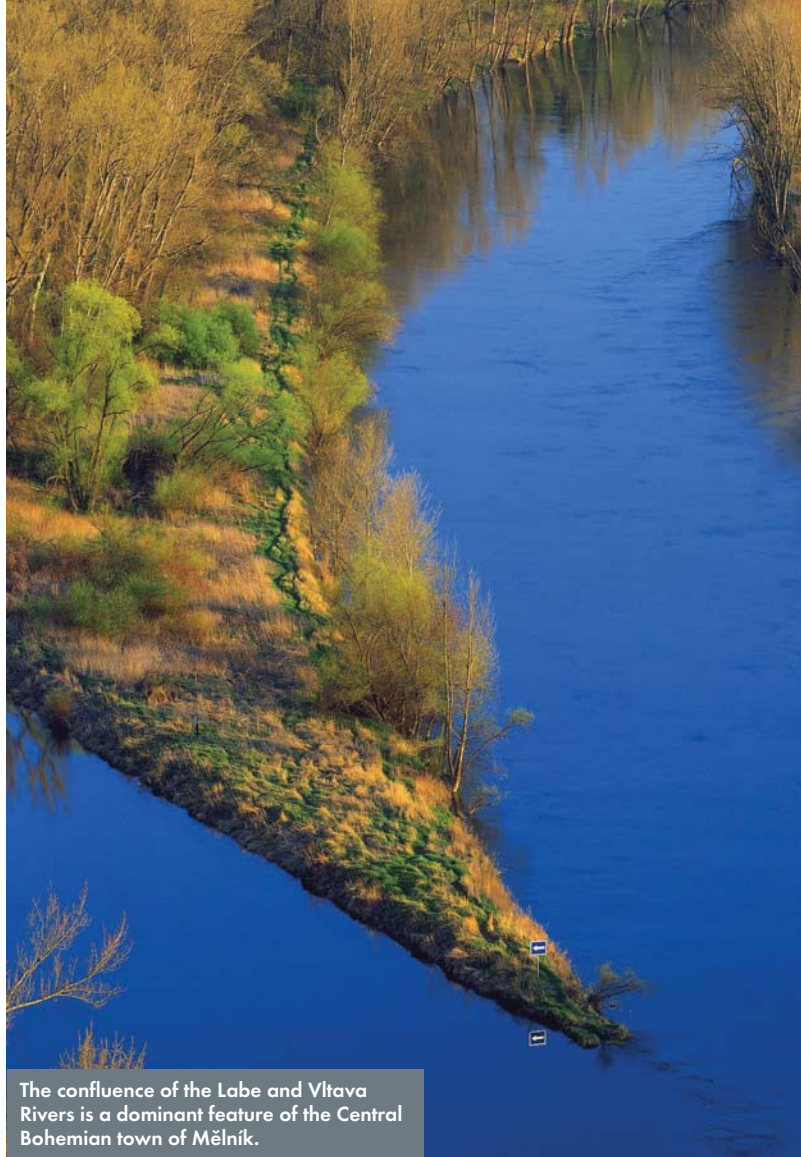
In 2005, the Central Bohemia Region expanded its international activities when it signed another three agreements on co-operation – with the Chinese province of Sichuan, the Moscow Area, and the Mazowiec Voivodeship in Poland.

The Region also maintains good relations with the Bratislava Region and Lombardy.

ECONOMIC CHARACTERISTICS

Developed agricultural and industrial production are characteristic of the Central Bohemia Region. Agriculture benefits from the excellent natural conditions in the north-east of the Region. Wheat, barley, and sugar beet are the main crops, and fruit, vegetables, and flowers are grown in areas around towns.

The main industrial sectors are engineering and the chemical and food industries. ŠKODA AUTO a.s. Mladá Boleslav is an enterprise of state-wide significance, and the manufacture of small cars is continued by TPCA Czech, s.r.o. Kolin. Several important companies operate in the



The confluence of the Labe and Vltava Rivers is a dominant feature of the Central Bohemian town of Mělník.

glass, ceramics, and printing industries. Decline has been recorded in formerly traditional sectors such as coal mining, and the steel and leather industries.

Compared with the structure of employment in sectors in the Czech Republic, the Region has employment above the average in industry and agriculture, while the proportion of total employment in the building industry and services is lower. But growth in services has been recorded in the last years.

Besides Prague, the Central Bohemia Region has the densest and most burdened transport network in the Czech Republic. Roads and railway lines cross the territory of the Region to Prague in a historical radial arrangement. The Labe-Vltava waterway is the only waterway present in the Czech Republic suitable for inland and international transport, and has approximately three-quarters of its length in the Region.

Economic Indicators of the Region

Population	30 September 2009	1 244 200
Gross wages	1st half of 2009	CZK 22 192 (approx EUR 890)
Unemployment	31 December 2009	7.01 %

Source: Czech Statistical Office

CENTRAL BOHEMIA REGION AND EUROPEAN SUBSIDIES

Like the other regions of the Czech Republic, the Central Bohemia Region has a programme which defines areas

of development and their priorities requiring attention in the coming years. Some of the projects can be realised with subsidies from the EU Structural Funds.

The Region has submitted projects to the Regional Operational Programme Central Bohemia, with priorities being Regional Transport Infrastructure, Development of Towns and Development of Rural Areas, Operational Programme Environment, and Operational Programme International and Multinational Co-operation.

SUPPORTED PROJECTS INCLUDE

The construction of a bridge spanning the Sázava River in the village of Vlastějovice received more than CZK 60 million (EUR 2.4 million) from EU funds. The 173-meter bridge replaced a bridge which had been declared as unsatisfactory back in 1999.

The Central Bohemia Region is in a consortium of foreign partners in the project entitled LABEL - Adaption to flood risk in the LABE-Elbe river basin. The partners are examining possible measures against floods, means of economic use of the river, and the development of tourism.

More at www.label-eu.eu



The first Mělník wine festival was held in 1878 on the occasion of the five-hundredth anniversary of the death of Charles IV.

USEFUL CONTACTS:

Regional Office of the Central Bohemia Region
www.kr-stredocesky.cz

Representation of the Central Bohemia Region in Brussels

e-mail: central.bohemia.eu@kr-s.cz
www.stredocech-eu.cz

DISTRICTS OF THE REGION:

Benešov – www.benesov-city.cz

Beroun – www.mesto-beroun.cz

Kladno – www.mestokladno.cz

Kolín – www.mukolin.cz

Kutná Hora – www.kutnahora.cz

Mělník – www.melnik.cz

Mladá Boleslav – www.mb-net.cz

Nymburk – www.mesto-nymburk.cz

Praha-východ

Praha-západ

Příbram – www.pribram-city.cz

Rakovník – www.mesto-rakovnik.cz

South Bohemia Region – Both Amiable and Rough

Whoever visits the South Bohemia Region once, never forgets its special atmosphere created by a combination of exceptional natural conditions and man-made treasures. Vast forests stretch over more than one-third of its territory, and the unique system of 7 000 ponds created in the past has been expanded by the great modern lakes of Lipno, Orlick, and Římov.

The South Bohemia Region is primarily a farming area, but its industry has been developed, mainly in the last decades. Industrial production is concentrated around České Budějovice and in the Tábor and Strakonice Districts. The manufacturing industry is predominant (the production of food and beverages, transport equipment, machinery and equipment, textiles and clothing). Fish farming has a long tradition in South Bohemia. Fish from 25 000 hectares of water expanses account for one-half of the entire production of the Czech Republic.

The South Bohemia Region has a strategic position on the north-south transport axis. It is crossed by important

international roads, the north-south railway corridor, and European cycling and hiking trails.

Domestic air transport is operated by Jihočeské letiště České Budějovice, a. s. (www.airport-cb.cz), and the airfield in Hosín near České Budějovice has an international licence.

Historic monuments are a wealth of the Region. The Urban Monument Reserves rank among the most splendid and most visited ones in the country. Český Krumlov is on the UNESCO List of Cultural Heritage Sites, as is the Holašovice village square for its "Rural Baroque" folk architecture, rivalled by historic town centres and local castles and chateaux.

HIGHLIGHTS OF THE REGION

The České Budějovice – Linz horse-drawn railway was the first horse-drawn railway in Europe. The České Budějovice – Linz – Gmunden line was gradually put into operation from 1827 to 1836. It served mainly for the transportation of salt from Salzkammer in Upper Austria to Bohemia.

The Rožmberk pond system includes Zlatá stoka (Golden Canal), Stará řeka (Old River), Nová řeka (New River), Rožmberk Pond, Rožmberská bašta (Fishmaster's Lodge) and Svět (World) Pond. This pond system, the first part of which dates back to the 16th century, ingeniously links the waters around the town of Třeboň and is a Protected Cultural Monument.

The Hoslovice Water Mill is a unique monument, an example of folk architecture and technical equipment of village mills. It was most likely built in the second half of the 16th century, and was first mentioned in 1654.

FOREIGN RELATIONS

The South Bohemia Region has been intensively developing foreign relations since it was established in 2001. The first strategy of its foreign relations was formed in the same year. The Region borders on two countries of the European Union, Germany (Lower Bavaria), and Austria (Upper and Lower Austria), which are its most important partners. Close co-operation with the aforementioned regions involves mutual publicity for tourism, transport projects (mainly support to the North-South European Corridor), education, culture, and increasing the importance of the regions in Europe. The Institutional framework of the co-operation is formed by agreements which define priorities.

BOHEMIAN FOREST EUROREGION

The Euroregion is a formal instrument for cross-border co-operation by regional organisations and municipalities linked with partners in all social and economic areas. The Bohemian Forest Euroregion was established in Český Krumlov in 1993. It includes the Districts of Domažlice, Klatovy, Prachatice, Český Krumlov, and Strakonice, and has some 125 member towns and villages at present. The foreign partners of the Bohemian Forest Euroregion are Euregio Bayerischer Wald – Unterer Inn in Bavaria, and Regionalmanagement Mühlviertel in Upper Austria.

More at: www.euregio.cz

ECONOMIC CHARACTERISTICS

The Region accounts for only 5.4% of the GDP of the Czech Republic, but, in per capita terms, it is 87.8% of the country's average. The cultivation of cereals, oil plants, and forage plants is predominant in agriculture, and potato production is

also important. Fish farming has a long tradition in the Region. The total area of fish ponds is approximately 25 000 hectares and their yield is one-half of the fish production of the Czech Republic. The proportion of water fowl (ducks and geese) is also important. Industrial production is concentrated mainly in the České Budějovice agglomeration, but the Tábor and Strakonice Districts also have a large share. The largest sector is the manufacturing industry and, within it, the production of food and beverages, and transport equipment. The regional economy has approximately 312 000 employees, including one-third in industry, 11% in the trade and repair of consumer goods, and 11% in the building industry.

Economic Indicators of the Region

Population	30 September 2009	636 880
Gross wages	1st half of 2009	CZK 19 497 (EUR 781)
Unemployment	31 December 2009	7.78 %

Source: Czech Statistical Office



Mount Klef (1084 m above sea level) offers a splendid circular view – the oldest stone lookout tower in the Czech Republic has been there since 1825.

Český Krumlov, a district town of the South Bohemia Region and its notable tourist centre, has been on the UNESCO List of Cultural Heritage since 1992.



USEFUL CONTACTS:

Regional Office of the South Bohemia Region
www.kraj-jihocesky.cz

Permanent Office of the South Bohemia Region in Brussels
e-mail: soukupp@kraj-jihocesky.cz
www.southbohemia.eu

Bohemian Economic Chamber
www.jhk.cz

SUPPORTED PROJECTS INCLUDE:

Reconstructed Lazebnický Bridge Opened in Český Krumlov

The Lazebnický Bridge, which spans the Vltava River on the main tourist route between the historic town centre and the Český Krumlov State Castle and Chateau, was reopened in a ceremony in May 2009. The bridge was damaged by the 2002 floods and a project to reconstruct it received an amount exceeding CZK 6 million (approx. EUR 240 000) from the Regional Operational Programme South-West.

Exhibition Grounds in Písek Reconstructed

Projects completed with support from the Regional Operational Programme South-West include the Reconstruction of the Exhibition Grounds in Písek. European funding in excess of CZK 26 million (approx. EUR 1 million) made it possible to regenerate the public areas with green vegetation, the reconstruction of roads, pavements, parking lots and lighting, and the installation of outdoor furniture. The grounds include facilities for culture, leisure, education, and public administration. All can be used by schools, non-profit organisations, inhabitants of the town, and visitors.

DISTRICTS OF THE REGION:

České Budějovice – www.c-budejovice.cz

Český Krumlov – www.ckrumlov.info

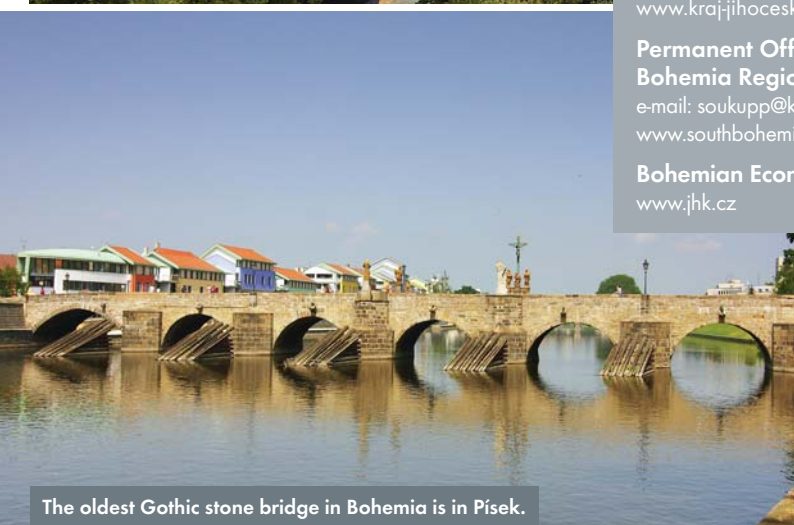
Jindřichův Hradec – www.jh.cz

Písek – www.mesto-pisek.cz

Prachatice – www.prachatice.cz

Strakonice – www.strakonice.net

Tábor – www.tabor.cz



The oldest Gothic stone bridge in Bohemia is in Písek.

THE SOUTH BOHEMIA REGION DOES NOT HESITATE TO DRAW FROM EUROPEAN FUNDS

South Bohemia leaves nothing to chance in using European subsidies. The Regional Operational Programme South-West is a boon to the funding of regional development. In the 2007-2013 planning period, this programme gives the South Bohemia and Plzeň Regions an exceptional opportunity to use CZK 17 billion (almost EUR 620 million) for projects which are to accelerate their development. The South Bohemia Region appreciates the fact that the operational programmes are managed directly in the regions. This allows the funds earmarked for regions to be distributed with a detailed knowledge of the specific features of the regions and their towns and villages. For this reason, South Bohemians expect that the realisation of the Regional Operational Programme South-West will make the targeting of support from the EU structural funds more effective.

Plzeň Region

– Natural Beauties and History

This third largest region is full of forests, waters, birds and animals, and has a rich history and the present... Many other characteristics could be mentioned. It certainly is an attractive region satisfying history lovers with its many cultural monuments as well as people who seek intact nature, which is protected by the Bohemian Forest National Park, and the newly added Bohemian Forest Protected Nature Area.

The Region has favourable conditions for tourism. The town of Plzeň offers many cultural monuments and an interesting historic underground, which with its area of some 20 km ranks among the largest in Central Europe. Natural sights in the town include the Bolevec Pond System, a late-Gothic work of the 15th century, which is unique from the technical and landscape view. The Region has a dense network of recreation resorts and hiking trails.

Tourism as an economic sector has a huge potential in the Region. However, it must be accessible to attract people from the Czech Republic and all parts of the world. Help in this respect will be the opening of the motorway bypass of Plzeň, motorway slip roads, and the bypasses of the towns of Klatovy, Železná Ruda, and Staňkov. When the railway line to Bavaria is modernised, it will easily serve as a quick link to Munich airport. The journey by train from Plzeň to Prague will take less than one hour. Excellent conditions for both summer and winter recreation exist in the Bohemian Forest, which has many hiking and cycling trails, and opportunities for cross-country and downhill skiing.

Recreation and health improvement are possible in Konstantinovy Lázně, a spa focused on the prevention and treatment of cardiovascular diseases, and treatment of the disorders of the locomotive system, metabolism, and the respiratory passages.

HIGHLIGHTS OF THE REGION

Rotunda of Sts Peter and Paul in Starý Plzenec – the oldest surviving architectural monument (fragment of the original Romanesque building, dating unknown) in Czech territory

Cathedral of St Bartholomew in Plzeň – the highest church tower in Bohemia (102 m)

Plzeň – The Brewery Museum is the only one worldwide which is preserved in the original mediaeval house that had the right to brew beer

West Bohemian Museum in Plzeň – displays the largest collection of the Gothic arquebus firearms from all Europe

Plzeň-Bory (1911) – the oldest airfield in the Czech Republic

Konstantinovy Lázně – carbon dioxide mineral water has the largest contents of free carbon dioxide in the Czech Republic

Sušice match factory – the oldest manufacture of matches in Bohemia (begun in 1839)

The first mention of the Rotunda of Sts Peter and Paul in Starý Plzenec was dated 1266, but the cylindrical stone structure 6.5 m in diameter was built much earlier, in the 10th century.



Černé (Black) Lake in the Bohemian Forest – 18.4 hectares, the largest natural lake in the Czech Republic

ECONOMIC CHARACTERISTICS

In the first half of 2009, enterprises based in the Region had a total of 189 200 employees, and the average wage was CZK 21 083 (EUR 845). Compared with other Regions, this was the third highest average wage after Prague and the Central Bohemia Region. In the middle of 2009, the Register of Economic Activities included 34 990 legal entities most of which (12 723) were commercial companies. The traditional enterprises include ŠKODA, Plzeňský Prazdroj, Stock, and Lasselsberger. The Region attracts foreign inves-

Economic Indicators of the Region

Population	30 September 2009	571 515
Gross wages	1st half of 2009	CZK 21 083 (EUR 845)
Unemployment	31 December 2009	8.16%

Source: Czech Statistical Office

tors - Panasonic, Daikin, Mercedes-Benz, and others. Many of the latter are focused on development.

FOREIGN RELATIONS

The towns and villages of the Plzeň Region have been developing significant partner relations with towns and villages of the European Union. An important role in the foreign relations of the Plzeň Region is played by cross-border co-operation. In 2001, the Plzeň Region established official relations with the governments of Upper Palatinate and Lower Bavaria. Co-operation is developed primarily in working groups for economy, tourism, transport, environmental protection, agriculture, and communities. The regular events of cross-border co-operation include regional conferences, which are held alternately in the Czech Republic and Germany. The Plzeň Region also maintains contacts with the Bergamo Province, which is a part of the Lombardy Region in northern Italy. In 2001, representatives of the Plzeň Region and the Bergamo Province signed a Memorandum of Friendship, which was the basis for future co-operation in culture, economy, and healthcare. In October 2006, the Plzeň Region established co-operation with Northamptonshire in the United Kingdom. During the July 2007 visit of a delegation of the Chinese Zhejiang Province, the President of the Plzeň Region signed a Memorandum of Friendship with this most distant partner of the Plzeň Region. The French region of Franche-Comté became a partner of the Plzeň Region in May 2008, and the last partnership was established with the Sverdlovsk Region in the Russian Federation. The Memorandum was signed in May 2009.

EUROREGION BOHEMIAN FOREST

Two Districts of the Plzeň Region, Domažlice and Klatovy, are members of the interest association Euroregion



Černé (Black) Lake, one of the most beautiful lakes in the Bohemian Forest and the largest of them. The name was inspired by its seemingly black water.

Bohemian Forest (more about the Euroregion Bohemian Forest is in the article on the South Bohemia Region). The Euroregion arranged talks on smooth traffic on the E53 international road between Plzeň and Deggendorf. The participants in the meeting held in Klatovy in May 2009, agreed on joint steps to secure smooth traffic in the two neighbouring areas – the Bohemian Forest and the Bavarian Forest. The Czech side acquainted the Bavarian representatives with the stage of designing of the Šlovice-Přeštice section, the bypass of Klatovy and the flow through Železná Ruda. All adaptations of the road in the Železná Ruda direction are included in the approved territorial planning documents of the Plzeň Region. The Bavarian side informed about preparations for a three-lane Regen-Zwiesel section, which is to be realised on the B11 road in the nearest future. Connection in the direction of Zwiesel, Rinchnach, Kirchberg, Hengersberg (A3) is being prepared.

PLZEŇ REGION PROJECTS WIN PRESTIGIOUS AWARDS

The Regional Operational Programme South-West of the South Bohemia and Plzeň Regions is focused on the improvement of the transport service and links in the Plzeň Region, including the modernisation of public transport equipment, on the development of the tourism infrastructure and services, preparation of small business areas, and improvement of living conditions in villages and rural areas mainly by increasing the quality of the educational, social, and healthcare infrastructure. Several projects of the Plzeň Region have gained prestigious awards. In February 2009, the second prize of the Holiday World international fair of tourism went to the Plzeň Region exposition. The Regional Operational



The Pilsen brewery is the birthplace of famous beer in the world, Pilsner Urquell.



USEFUL CONTACTS:

Regional Office
of the Plzeň Region
www.kr-plzensky.cz

Regional Office of the Plzeň
Region in Brussels
www.pilsenregion.eu

West Bohemian
University in Plzeň
www.zcu.cz

Regional Development
Agency of the Plzeň Region
www.rra-pk.cz

Regional Economic Chamber
www.khkpk.cz

Business and Innovation
Centre Plzeň
www.bic.cz

Programme South-West supported 80% of the exposition within the project of Complex Publicity for the Plzeň Region.

SUPPORTED PROJECT

Plzeň-Košutka Indoor Stadium

A new indoor stadium was opened in Plzeň in 2009. The "Construction of the Plzeň-Košutka Indoor Stadium Complex" was one of the largest tourism-related projects supported in the Plzeň Region

within the Regional Operational Programme South-West. The project gained a subsidy exceeding CZK 100 million (approx EUR 4 million). In addition to two ice rinks, the complex will include a fitness facility, a sports equipment shop, a restaurant, and a buffet.

DISTRICTS OF THE PLEŽŇ REGION:

Domažlice - www.domazlice.info

Klatovy - www.klatovy.cz

Plzeň-město, Plzeň-jih, Plzeň-sever - www.plzen.eu

Rokycany - www.rokycany.cz

Tachov - www.tachov-mesto.cz

Karlovy Vary Region – More than Spas

This westernmost region of the Czech Republic has only three districts and ranks among the smallest ones. However, this does not reduce its significance. The Karlovy Vary Region has a developed industry and unique natural beauty, but it is primarily known as an area of spas.

The best known spas are Karlovy Vary, Mariánské Lázně, Františkovy Lázně, and Kynžvart. The Region is also known for its famous film festival, which is an annual event in Karlovy Vary, visited by prominent personalities in international cinematography. Equally renowned is the manufacture of porcelain, Mattoni mineral water and Becherovka liqueur. The main destinations of visitors to the Region are the spas, but there are many other attractive places, such as the historic centres of the towns – Cheb, Loket, Jáchymov, Ostrov, and Horní Slavkov. The Ohře is the most important river of the Karlovy Vary Region, but best known is the Teplá River, which flows into the Ohře in Karlovy Vary. Many hot springs in its valley flow into the river and make possible the formation of aragonite and pisolite. Both have been excreted for thousands of years from the Karlovy Vary hot springs, which contain many minerals and gases, mainly carbon dioxide. Most important among other natural resources are lignite deposits in the Sokolov area, and potter's clay, which

Colonnades are an inherent part of the Karlovy Vary spa.





The SOOS Nature Reserve 6 km from Františkovy Lázně is a large peat bog and a mineral low bog. Deep mineral springs and pure carbon dioxide come to the surface and create mud volcanoes, so-called moffettes.

serves porcelain manufacture almost throughout the Region. Tourism is one of the most important sectors in the Karlovy Vary Region.

HIGHLIGHTS OF THE REGION

Best-known Spa Town

The best-known spa town is Karlovy Vary. Its most important event is the International Film Festival, and theatre and music also have a tradition (the Karlovy Vary Symphony Orchestra has been in existence since 1835 and is one of the oldest in Europe). The many famous visitors to Karlovy Vary have included Russian Tsar Peter the Great, Empress Maria Theresa, French Empress Marie Louise, Emperor Franz Joseph I, Johann S. Bach, Johann W. Goethe, Giacomo Casanova, Friedrich Schiller, Ludwig van Beethoven, Karl Marx, and Richard Strauss.

SOOS – Nature Reserve

This reserve is situated 6 km north-west of Františkovy Lázně. It was declared in 1964 on an area of 221 hectares. A part of it is accessible by a wooden footbridge equipped with descriptions and explanations. It is a large peat bog and a mineral swamp. Deep mineral springs and pure carbon dioxide come to the surface and create mud volcanoes, known as moffettes. A nature trail passes through a dried lake which used to contain salt (mineral) water. Nowadays one can find a European rarity – the infusorial shield – gathered infusorial earth from the shells of the lake diatoms, sediments on the bottom of the lake. It is a “lunar” landscape furrowed by erosion and covered by a yellow and white layer of precipitated mineral salts.

The Warmest Spring

The warmest spring, Vřídlo, has a temperature of 73 °C and spouts up to a height of 14 metres. The catchment of Vřídlo dates from the 16th century, when it was

named Brudel, Sprudel, or Fous. Until then, Karlovy Vary had only natural springs in the Teplá River valley. No visitor to Karlovy Vary misses a walk in the Vřídlo Colonnade. The fountain, which gushes to a height of 14 metres, induces everybody to stop for a while and admire this energy unceasingly rising from the depths of the Earth.

ECONOMIC CHARACTERISTICS

The Karlovy Vary Region is also known for its long and rich industrial tradition: tin, silver, kaolin, and lignite have been mined here since the Middle Ages, the oldest porcelain factory in Bohemia was founded here in 1792, chemical and textile production was established in the Austro-Hungarian era, and so on. Best known for the industrial tradition in the Karlovy Vary Region is the Sokolov area with traditional sectors such as the chemical industry, engineering, textile and clothing industries, the manufacture of glass and porcelain, the power industry, mineral raw materials mining (especially lignite), and the production of building materials. But the Sokolov area is undergoing gradual economic restructuring towards new industrial sectors (such as electrical engineering and electronics), economical use of energy resources, and an increased emphasis on tourism, sports and leisure time activities of the inhabitants and visitors of the area.

Economic Indicators of the Region

Population	30 September 2009	307 709
Gross wages	1st half of 2009	CZK 18 705 (EUR 750)
Unemployment	31 December 2009	11.07 %

Source: Czech Statistical Office



The Vřídlo spring is in the centre of Karlovy Vary; under the pressure of gases it gushes water up to a height of 14 metres.

FOREIGN RELATIONS

In its international relations, the Karlovy Vary Region has been logically focused on its immediate neighbour, Germany, since the beginning of its existence. The Karlovy Vary Region and Germany have a common border of 232.109 km (132.968 km with Saxony and 99.141 km with Bavaria), and 8 border crossings on roads (5 with Saxony and 3 with Bavaria). Joint projects in border areas have been regarded as a boon to regional development and to the integration of the Karlovy Vary Region into the European area. The Region has signed statements on co-operation with Saxony and Bavaria. There has been long-standing co-operation of the Region with the City of Moscow. The Russians, ever since the Tsarist era, have favoured Karlovy Vary and its environs. Their interest in visits to the spa was resumed in the 1990s, along with interest in investment in the town. The Karlovy Vary Region has a partnership agreement on co-operation with Changping, a district of Beijing.

EUROREGION EGRENSIS

Euroregion Egrensis is a successful project of Czech-German co-operation in the Bavaria-Saxony/Thuringia-West Bohemia area. It is a cross-border association of municipalities and small units at regional and community level. The word Egrensis is of Latin origin and derived from the name of the area around the town of Cheb (Eger in German and Egire in Latin). The project includes exchange study stays, new cycling trails (such as the 90-km Bavarian-Bohemian Friendship Trail, which links Nabburg in the Upper Palatinate Forest and Horšovský Týn). More at www.euroregion-egrensis.org.

USEFUL CONTACTS:

Regional Office of the Karlovy Vary Region
www.kr-karlovarsky.cz

Representation of the Karlovy Vary Region in Brussels
 e-mail: jan.bambas@karlovarsky.eu
www.kr-karlovarsky.cz

Regional Economic Chamber - Poohří
www.rhkpoohri.cz

THE KARLOVY VARY REGION IS HIGHLY INTERESTED IN SUBSIDIES

Together with the Ústí nad Labem Region, the towns, villages and firms of the Karlovy Vary Region can apply for the funding of their projects within the Regional Operational Programme North-West – in 2009 for support to the development of the transport infrastructure, the regeneration of small and medium-sized towns, and the development of the attraction and infrastructure of tourism.

SUPPORTED PROJECTS INCLUDE

The Karlovy Vary Airport

The first project which gained subsidy from the Regional Operational Programme North-West was the Modernisation of the Karlovy Vary Airport – Stage III, the 2nd part, which was completed in May 2009. The Karlovy Vary Airport has been in the hands of the Karlovy Vary Region for almost 5 years, and the completion of Stage III ended the phase of preparation and realisation of the basic modernisation of the airport infrastructure at a total cost of CZK 300 million (EUR 12 million). More than one-half of the amount was contributed by the European Union from its development funds, and by the Norwegian Financial Mechanism. Funds also came from the Karlovy Vary Region and the Airport operator, Letiště Karlovy Vary, s. r. o.

The first stage of modernisation was completed with the reconstruction of the runway. Concurrent with it was the second stage, in which the runway lighting was modernised. When the first two stages were completed in 2006, the Airport was fit to serve aircraft for short and medium-length runways, such as Boeing 737 and Airbus 320, in rising numbers and adverse weather conditions. Stage III of the modernisation commenced in May 2007 and was divided into two parts. The first part responded to the need to fulfil the Schengen Agreement provisions applying to the arrangement of airports in connection with the Czech Republic's accession to the Schengen Area. The second part responded to the need to improve the comfort of passenger check-in, and the possibility to expand services. More at www.airport-kvary.cz

DISTRICTS OF THE KARLOVY VARY REGION:

Cheb – www.mestocheb.cz

Karlovy Vary – www.karlovyvary.cz

Sokolov – www.sokolov.cz





The neo-Baroque building of the Stone Spa in Teplice dates from 1911. The spa provides all cures on the basis of long experience and traditions.

The Phenomenon of the Ústí nad Labem Region

The Ústí nad Labem Region, one of the most industrialised areas of the Czech Republic, has been the country's energy supplier for many years. After coal mining had been reduced in the 1990s and the landscape was revitalised, the Region has been regaining its reputation as an area with natural beauties of European significance, such as the Bohemian Switzerland – Pravčice Gate and other unique sandstone formations.

The Region abounds with curative springs (Lázně Teplice and Bílina spas) and thermal springs (swimming pools in Ústí nad Labem and Děčín). Many splendid historical monuments, castles and chateaux are situated throughout the area. Sporting visitors find a rich selection – including the motor-racing circuit and Hippodrome in Most. Architectural and natural treasures include the Litoměřice area, known as the Garden of Bohemia, the memorable Mount Říp, the Central Bohemian Highlands with Milešovka Hill, the Ploskovice and Libochovice Chateaux, Budyně nad Ohří Moated Castle, Helfenburk Fort, the Lovoš, Mostná hora, and Varhošť lookout towers...

HIGHLIGHTS OF THE REGION

Busiest Port

Trieste, the largest port of the Austro-Hungarian Empire, was not as important to the monarchy as the river harbours in Ústí. The largest amount of goods was reloaded there at the turn of the 19th and 20th centuries.

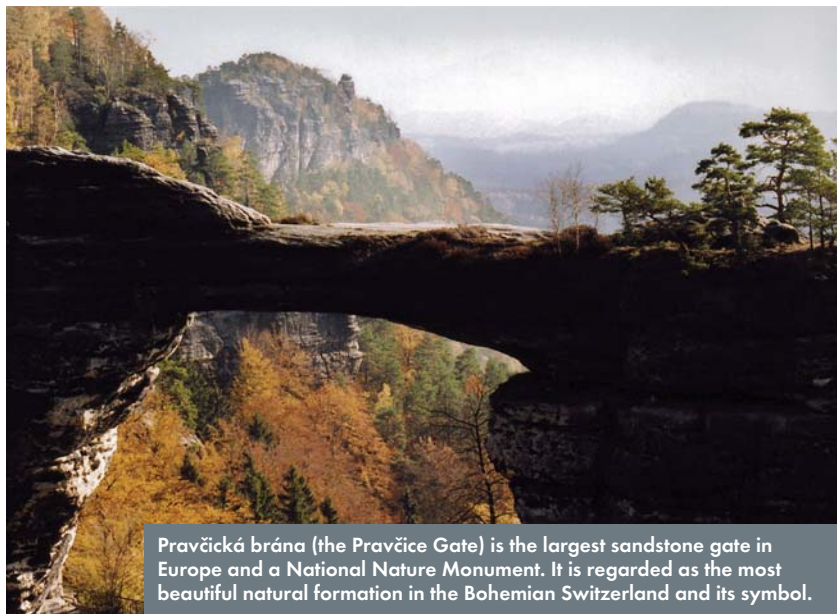
In 1903, the harbour served 7 000 ships with a total freight of 3.6 million tonnes, one million tonnes more than was handled at the Italian port of Trieste on the Adriatic Sea.

Tower which Leans the Most

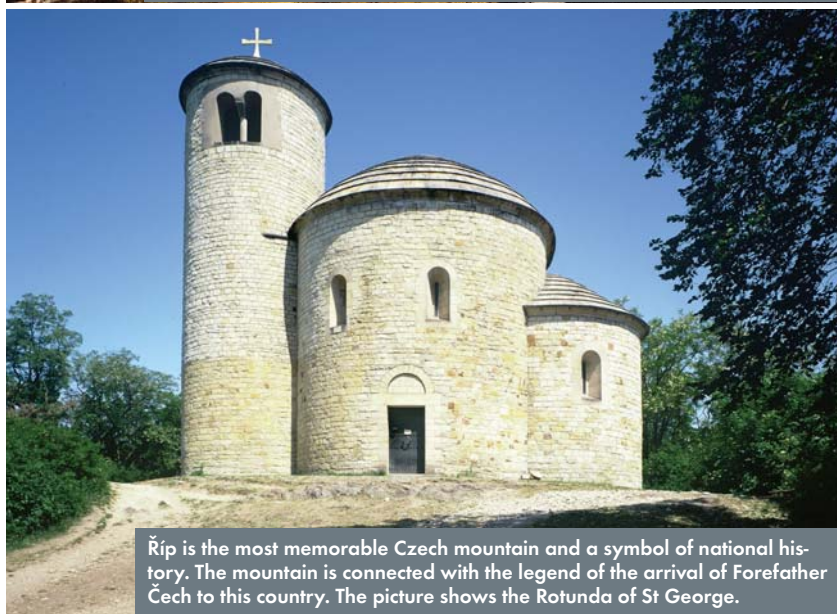
The Gothic Church of the Assumption in the centre of the town boasts the tower which leans the most in Central Europe. Its top, at a height of 65 metres, deviates 198 centimetres from the perpendicular. This slant was caused by the April 1945 bombing, when three bombs exploded close to the Church and damaged its stables.

Most Famous Submarine

Which submarine is the most famous internationally? Surely it must be the Beatles' Yellow Submarine. The mastermind of its cartoon form was the renowned graphic artist and illustrator, Heinz Edelmann, who was born in Ústí nad Labem. As its Art Director, he supervised the project. Were it not for his boundless fantasy and fran-



Pravčická brána (the Pravčice Gate) is the largest sandstone gate in Europe and a National Nature Monument. It is regarded as the most beautiful natural formation in the Bohemian Switzerland and its symbol.



Říp is the most memorable Czech mountain and a symbol of national history. The mountain is connected with the legend of the arrival of Forefather Čech to this country. The picture shows the Rotunda of St. George.

tic work, this most remarkable Beatles film would never have seen the light.

Longest Tunnel in this Country

Two kilometres of the D8 motorway go through the Panenská Tunnel under the Ore Mountains in the Ústí nad Labem area. This technically complicated structure was opened in 2006 as the third and longest motorway tunnel in the Czech Republic.

FOREIGN RELATIONS

The Ústí nad Labem Region is co-operating with a number of foreign regions. For example, it is participating together with Saxony in the three-nation ENLARGE-NET project, which gave rise to the EU-MED-EAST project. In 2007, the Region signed a memorandum on co-operation with Calgary, and is striving to establish closer relations with China – in 2009 a Chinese delegation paid a four-day visit to the Ústí nad Labem Region to discuss further possibilities of co-operation and mutual support with Anhui Province in China.

EUROREGION ELBE/LABE

The Euroregion Elbe/Labe is the Czech-German border area situated in the south-east of Germany (Saxony) and in the north of the Czech Republic (part of the Ústí nad Labem Region). The Euroregion Elbe/Labe borders on

the Euroregion Krušnohoří (Ore Mountains) in the west, and the Euroregion Nisa (Neisse) in the east. On the Czech side, it is comprised of towns and villages of the Districts of Litoměřice, Ústí nad Labem, Teplice, and Děčín (part), and on the Saxon side by the Districts of Saxon Switzerland and Weißeritzkreis, and the provincial capital, Dresden. The purpose of the Euroregion is to promote mutual confidence and support the development of cross-border co-operation in all areas of social life. This area has witnessed the contacts and struggles between the two nations for centuries. The Euroregion is a member of the Association of European Border Regions, which is comprised of some 90 cross-border regions and 5 large unions.

SAXON-CZECH CO-OPERATION PROJECTS GAINED SUBSIDIES

Subsidies totalling EUR 157 000 will go to 14 cross-border projects within the Target 3 programme, the Euroregion Elbe/Labe Local Steering Committee decided at its meeting in Pirna in May 2009.

ECONOMIC CHARACTERISTICS

Industrial activity has had an adverse effect on the environment in the Region. The intensive open-pit mining did great harm to the natural face of the landscape, which is being restored by very expensive reclamation – noticeable improvement was made in the last decade. The most important employers in the Region are Mostecká uhelná společnost, Severočeské doly (both connected with mining), Chemopetrol, and the hospital in Ústí nad Labem. The

Region is attractive to investors due to its industrial tradition and the resultant qualified labour. Moreover, it has an ideal geographic situation. Most investors come to Northern Bohemia from Germany, but the Region is also popular among enterprises of the United Kingdom and the USA. The Ústí nad Labem Region still has a large potential of securing new investment projects. The suitable logistic situation can also attract small and medium-sized enterprises. In addition, the Region offers the Žatec-Triangle Industrial Zone, which is one of the best prepared in Central Europe.

Economic Indicators of the Region

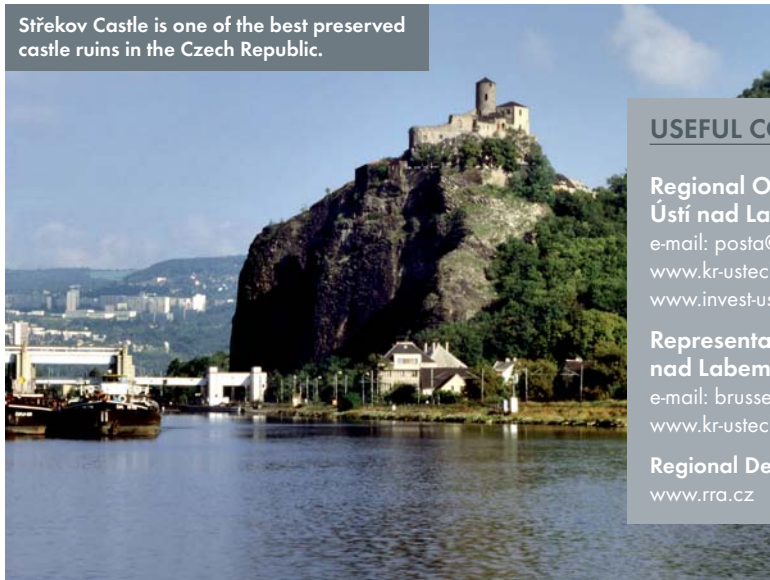
Population	30 September 2009	835 296
Gross wages	1st half of 2009	CZK 20 301 (EUR 814)
Unemployment	31 December 2009	13.61 %

Source: Czech Statistical Office

ÚSTÍ NAD LABEM REGION DRAWS EUROPEAN UNION SUBSIDIES

The Ústí nad Labem Region is very successful in the use of European subsidies. Projects to the total value of EUR 27 million were approved in the 2004-2006 planning period, and the Region is using the excellent opportunity offered by the EU Structural Funds in the current 2007-2013 planning period. The Region can draw funds from

Střekov Castle is one of the best preserved castle ruins in the Czech Republic.



USEFUL CONTACTS:

Regional Office of the Ústí nad Labem Region

e-mail: posta@kr-ustecky.cz
www.kr-ustecky.cz
www.invest-usti.cz

Representation of the Ústí nad Labem Region in Brussels

e-mail: brusselloffice@kr-ustecky.cz
www.kr-ustecky.cz

Regional Development Agency

www.rra.cz

catering facilities. The guesthouse with 38 beds is to welcome its first guests in Summer 2010.

Shrine of Bohemian Viticulture

An interesting project is the Shrine of Bohemian Viticulture in Litoměřice – CZK 137 million (approx EUR 5.5 million) from the Regional Operational Fund will help to convert a Gothic castle into a multifunctional centre representing the tradition of wine production in Bohemia, in the Litoměřice

the Regional Operational Programme North-West (together with the Karlovy Vary Region) of up to CZK 19.5 billion (approx EUR 781 million), i.e. 16.1% of the total allocation for all Regions of the Czech Republic.

SUPPORTED PROJECTS INCLUDE

Bohemian Switzerland Guesthouse

A derelict, vacant building, which is a cultural monument in the centre of Krásná Lípa, is being converted into a guesthouse and restaurant due to a subsidy. The project, submitted by ECON C & S, s. r. o., obtained the support of CZK 27 million (approx EUR 1 million) within Support 4.2 relating to the offer of accommodation and

area in particular. Parts of the reconstructed building will house exhibition areas, a social events hall, a visitors' centre and wine archives. Viticulture has a very long tradition in the Region and certainly deserves such a presentation. Moreover, the Shrine will revitalise the building in the centre of Litoměřice, and expand the choice of places of interest to tourists in the town.

DISTRICTS OF THE ÚSTÍ NAD LABEM REGION:

Děčín – www.mmdecin.cz

Ústí nad Labem – www.usti-nad-labem.cz

Teplice – www.teplice.cz

Litoměřice – litomerice.cz

Louny – www.mulouny.cz

Most – www.mesto-most.cz

Chomutov – www.chomutov-mesto.cz

Liberec Region – Renowned in the World of Nanotechnologies

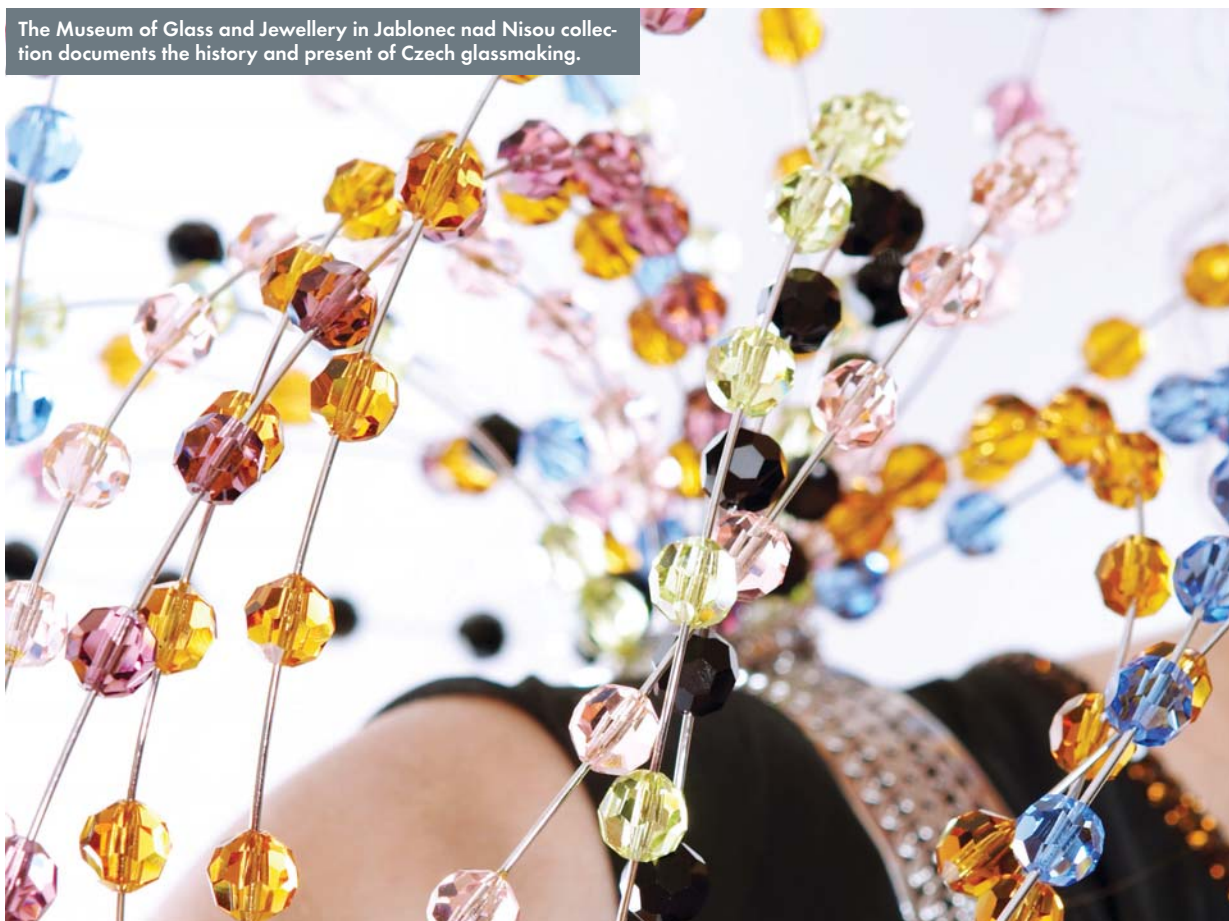
The industrial Liberec Region is known throughout the world for more than glass products and costume jewellery. A diversified economy and abundance of qualified labour has allowed a rapid recovery from the decline in traditional industrial branches within the tertiary sector, and fruit has also been yielded by the development of real estate ready for the arrival of strategic investors. Significant results in Science and Research are being achieved by the Technical University of Liberec. A great success has been the discovery of the technology for the industrial manufacture of nanotextiles, which is unique worldwide.

The Liberec Region has a rich cultural and historical tradition, which is reflected in numerous architectural and historic monuments and cultural facilities. Institutions significant also beyond the Region include the North Bohemian Museum in Liberec, the Regional Gallery in Liberec, and the Regional Scientific Library in Liberec. The traditional glass and costume jewellery manufacture has given rise to several glass museums. The Bohemian Paradise District Museum in Turnov houses collections unique in the Czech Republic and the whole of Europe, related to Geology, Mineralogy, and the goldsmith and jewellery trades.

Its geographic diversity makes the Liberec Region a very attractive destination for tourists. It has 5 Protected Landscape Areas and 7 National Nature Reserves.

The Region also has two spa centres (Lázně Libverda and Lázně Kundratice), which provide treatment for disorders of the locomotive system, heart and circulatory system, and rheumatism. Historically valuable monuments which attract many visitors include castles and chateaux (Bezděz, Zákupy, Lemberk, Frýdlant, Sychrov, Hrubý Rohozec, and Valdštejn) and a number of churches. The landscape is endowed with many expanses of water, the best known being Mácha Lake.

The Museum of Glass and Jewellery in Jablonec nad Nisou collection documents the history and present of Czech glassmaking.



HIGHLIGHTS OF THE REGION

Pantheon is the longest rock castle in this country, towering on a sandstone rock above Malá Skála. Together with its outer fortifications, it measures almost 400 m.

The highest basalt volcanic rock in this country is the solitary 1005-m Bukovec Hill in the Jizerské hory Mountains.

The oldest jewellery school in this country is the Vocational School of Jewellery in Turnov, which was founded in 1883.

The oldest school of glassmaking in the world is the Vocational School of Glassmaking in Kamenický Šenov, which was founded in 1856.

FOREIGN RELATIONS

The Liberec Region is aware that a basic prerequisite for successful development is an open character of regions, their links and co-operation. An important boost to international co-operation was given by the accession of the Czech Republic to the European Union, and the conditions it created for co-operation at all levels - from municipalities, cross-border groupings, up to large regions.

Co-operation with regions with which it does not share borders is important to the Liberec Region. These include the Orenburg Area (Russian Federation), the Lower Silesia Voivodeship (Poland), Gottland (Sweden), Canton St. Gallen (Switzerland), Møre og Romsdal (Norway), the Prešov Region (Slovakia), the Dresden Land Directorate and Saxony Free State (Germany), and Valle d'Aosta (Italy).

CROSS-BORDER CO-OPERATION WITH POLAND AND SAXONY

The Euroregion Neisse-Nisa-Nysa was established in the Liberec Region in 1991 to reduce the significance of borders as a barrier to the development of border areas, and to eliminate historical prejudices and barriers between the nations of Europe. This Euroregion was the first socially recognised form of cross-border co-operation in

The mediaeval castle and Renaissance chateau in Frýdlant is on a rock 60 m above the Smědá River.



Central and Eastern Europe, and was the pioneer in co-operation between border areas. It is an entity of three areas on the borders of the Czech Republic, Germany, and Poland. The three areas are linked by many common interests and problems ensuing from the long history of Europe.

More at www.neisse-nisa-nysa.org

ECONOMIC CHARACTERISTICS

The Liberec Region is mainly an industrial area. Quality glassmaking and foundry sands are dominant among its raw materials. The developed sectors are costume jewellery production, the manufacture and processing of plastic materials, engineering, and branches of the manufacturing industry closely linked to automobile production. The new market conditions after 1990 brought rapid development of small and medium-sized businesses mainly focused on automobile industry pro-

The Liberec Town Hall is a neo-Renaissance building from 1893.



USEFUL CONTACTS:

- Regional Office of the Liberec Region**
www.krj-lbc.cz
- Representation of the Liberec Region in Brussels**
e-mail: brussels@liberec-region.cz
www.liberec-region.cz
- Regional Development Agency**
www.arr-nisa.cz
- Regional Economic Chamber**
www.khliberec.cz

duction, the building industry and services. Foreign enterprises became involved in the Region, predominantly in the second half of the 1990s. In recent years, the proportion of trade and transport rose noticeably, and tourism plays a major role in the economy of the Region. The Region has an abundance of qualified labour, which is also due to the existence of a number of specialised secondary schools and apprentice facilities. The largest role, however, is

played by the Technical University of Liberec (www.vs-lib.cz) with faculties of Mechanical Engineering, Textile Engineering, Economics, Pedagogy, Architecture, and Mechatronics. The attraction of the Region in view of industrial areas is limited by an infrastructure weaker than in other parts of the country. Improvement is to come with the planned construction of the R35 express road to connect Liberec with Hradec Králové. Dominant in the Region is the Liberec-South industrial zone with the VGP Park Liberec complex and the many buildings of 20 more investors (including the Japanese air conditioning producer, Denso Manufacturing Czech). The automobile

Sychrov is a treasure among Czech chateaux.



industry and plastics processing are predominant in the industrial zone. The second important industrial zone is Liberec-North (more at: www.ias.cz/prumyslove-zony/obchodni-a-prumyslova-zona-liberec-sever.htm).

Economic Indicators of the Region

Population	30 September 2009	438 671
Gross wages	1st half of 2009	CZK 20 040 (approx. EUR 804)
Unemployment	31 December 2009	11.24 %

Source: Czech Statistical Office

LIBEREC REGION DRAWS FUNDS FROM EU STRUCTURAL FUNDS

The amount so far drawn by the Region has not been ascertained as yet, because many projects are in the stage of realisation. The Region draws most funds through the Regional Operational Programme North-East, which is the only one comprised of three Regions (Hradec Králové, Pardubice and Liberec).

SUPPORTED PROJECTS INCLUDE

A number of projects realised in the Liberec Region were related to human resources, with emphasis on better employability of the population and competitiveness of enterprises. These included a project which increased the professional qualifications of teachers at technical secondary schools linked with the automobile industry. The objective was to increase the standard of their pupils and to secure jobs for them in the automobile industry. Since the project has been successful, ŠKODA AUTO a.s., SCANIA CZECH REPUBLIC s.r.o. and Robert Bosch odbytová, s.r.o. want its continuation.

Support was given to the establishment of two clusters, one in textile manufacture, and one in glassmaking. The CLUTEX cluster associates some 25 enterprises operating in the textile industry, the Textile Machinery Research Institute, and the Technical University of Liberec.

DISTRICTS OF THE REGION:

- Česká Lípa** - www.mucl.cz
- Jablonec nad Nisou** - www.mestojablonec.cz
- Liberec** - www.liberec.cz
- Semily** - www.semily.cz

Photo: CzechTourism

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KUNĚTICKÁ HORA



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- Entry for handicapped persons



SPORT ACTIVITIES

- 18 hole golf course
- Indoor golf center
- Driving range
- Three tennis courts
- Multi-purpose sportground (mini-football, basketball, floor-ball)
- Cycle and roller skate track (4,2 km)
- Badminton
- Golf PRO Shop

Hradec Králové Region

– An Attractive Corner

The Hradec Králové Region is an area of mountains, valleys, rocks, forests, and fairy tales. Monument lovers will appreciate the many significant cultural and historical sights and events, numerous castles, chateaux, and ruins, such as Kost and Pořítejn Castles, and the Urban Monument Reserves... Altogether they form an extraordinarily attractive corner of the Czech lands.

The Region is situated in the north-east of Bohemia and more than one-third of its boundary is the border with Poland. The capital of the Region, Hradec Králové, is situated 112 km from Prague.

The highest mountain range in the Czech Republic – the Giant Mountains – lies in the north of the Hradec Králové Region. This range is the most visited, the highest, oldest, best known and, in some opinions, the most splendid among mountains in the Czech Republic.

The characteristics of the Giant Mountains are unique – they have both rounded peaks and rock formations, and slopes as sharp and steep as in the Alps. The mountain climate here is severe, reminiscent of the Scandinavian tundra.

HIGHLIGHTS OF THE REGION

The peak of Mount Sněžka, the highest in the Giant Mountains and the Czech Republic, is 1 602 m above sea level. The famous sandstone town, Prachovské Rocks, is situated on the southern outskirts of the Bohemian Paradise.

FOREIGN RELATIONS

The Hradec Králové Region regards international co-operation as a firm part of its development strategy. Its co-operation, including financial support, in Europe involves three basic areas: cross-border co-operation, multinational co-operation, and inter-regional co-operation.

CROSS-BORDER CO-OPERATION

Cross-border co-operation is organised primarily by the Euroregion Glacensis, comprised of the border areas of Bohemia, Moravia, and Kłodzko. This voluntary association of municipalities and other legal entities on the Czech and Polish sides of the frontier was established in 1996. Its main purpose is to support Czech-Polish cross-border co-operation and the development of border areas, which have close geographic, historical, and political links. At present, members on the Czech side are 65 towns and villages, and 11 districts. The Euroregion includes the territory of three Regions – Hradec Králové, Pardubice, and Olomouc.

To achieve its objectives, Euroregion Glacensis uses the 2007-2013 Operational Programme of the Czech Republic – Poland Cross-Border Co-operation, which reflects the endeavours of the European Union towards the development of border areas and the elimination of borders between countries. The Programme is focused on cross-border projects concerning economic growth, tourism, the environment, and the regeneration of border areas. The role of the Hradec Králové Region in the Programme is to pro-

vide consultations on planned projects, assistance with the choice of a cross-border partner, and to arrange seminars and consultation days for applicants, etc. More at www.euro-glacensis.cz.

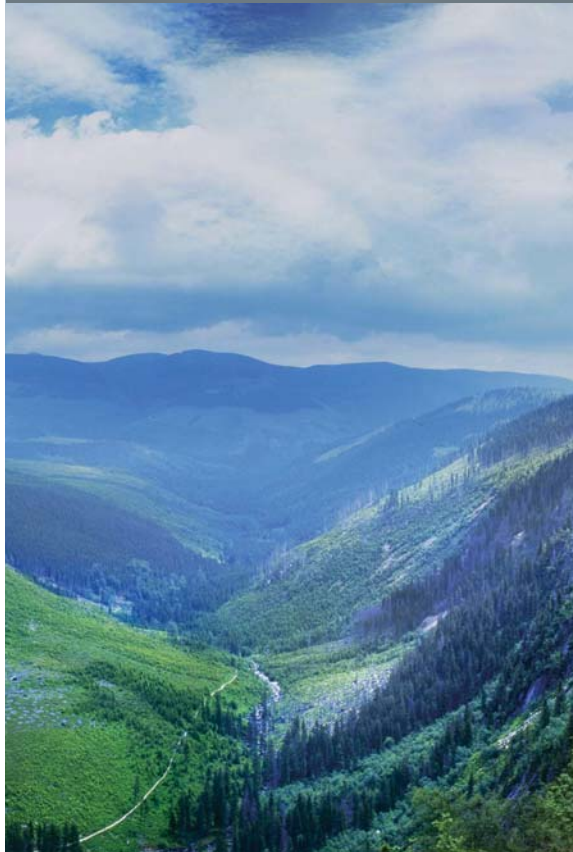
INTER-REGIONAL RELATIONS

The management of foreign relations is in the hands of the International Relations Department of the Regional Office, which also administers grants in support of international co-operation. The Hradec Králové Region has concluded agreements on co-operation with the following partners: Lower Silesia Voivodeship (Poland), Banská Bystrica Region (Slovakia), Seine et Marne (France), Sibiu (Romania), and the Chuvash Autonomous Republic. It also maintains contacts with the Jõgeva Region (Estonia), and supports Czech compatriots in Southern Banat in Serbia.

The Adršpach-Teplice Rocks are the largest and wildest rock town in central Europe.



Labský důl (Valley) in the Giant Mountains is a wild gorge of glacial origin. Its beauty is redoubled by several waterfalls.



USEFUL CONTACTS:

Regional Office of the Hradec Králové Region

www.kr-kralovehradecky.cz

Representation of the Hradec Králové Region in Brussels
Hradec Králové Region – EU Office

e-mail: brussels@cep-rra.cz

www.cep-rra.cz/euoffice

Regional Development Agency

www.euro-glacensis.cz

Regional Economic Chamber

www.rhkhradec.cz



Hiking has a long tradition in the Giant Mountains.



paratus and equipment. In 2007, the economy of the Region had a total of some 265 000 employees, with 35.1% of these employed in industry, 11.9% in trade and the repair of motor vehicles and articles of personal use, 6.8% in health and social care

and in veterinary medicine, 6.6% in the building industry, and 3.6% in agriculture, forestry, and fish farming.

EU SUBSIDIES WILL BE USED TO REPAIR BORDER CROSSINGS AND OPEN THE SNĚŽKA UNDERGROUND

Projects which have obtained subsidies from the European Union include repairs of roads leading to Czech-Polish border crossings, opening of a part of the underground of Mount Sněžka, and support to tourism in the Broumov area.

ECONOMIC CHARACTERISTICS

The Hradec Králové Region has the fifth largest proportion of farmlands and forests. It is an agricultural-industrial area with well-developed tourism. Industry is concentrated in large towns, and agriculture is intensive in the Labe River basin. The main crops are wheat, barley, rape, and maize, followed by sugar beet and apples. Livestock production is focused on cattle and pig breeding. Regarding industry, the dominant sector, in terms of the number of employees, is the manufacturing industry and, within it, the textile industry and the manufacture of electrical and optical ap-

SUPPORTED PROJECT

The Hradec Králové Technology Centre has opened a Science and Technology Park to provide background for the development of business in the Region. The city received a subsidy for the construction of the Park from the Operational Programme Industry and Business; the total costs of the project amounted to almost CZK 87 million (approx. EUR 3.5 million). Representatives of the Technology Centre believe that the Park operations, which are focused on Information and Communication technologies, will attract investment with a high added value that will create highly qualified jobs in the Region.

Economic Indicators of the Region

Population	30 September 2009	554 860
Gross wages	1st half of 2009	CZK 19 646 (approx. EUR 788)
Unemployment	31 December 2009	7.97 %

Source: Czech Statistical Office

DISTRICTS OF THE REGION:

Hradec Králové – www.hrdeckralove.org

Jičín – www.mujicin.cz

Náchod – www.mestonachod.cz

Rychnov nad Kněžnou – www.rychnov-city.cz

Trutnov – www.trutnov.cz

Pardubice Region

– Variety for Life

The Pardubice Region in Eastern Bohemia has many faces. It is an area of lowlands and mountains, large towns and villages, natural beauty, and budding industry.

The Region does not rank among the economically strongest ones in the Czech Republic, and yet it must be seen as an industrially interesting and steadily developing region. Industrial production has a varied structure. The major sector is engineering, followed by the textile, clothing, and leather industries. The chemical industry is of great importance and has the largest share in this country's production. The importance of agriculture is indicated by the proportion of farmlands being more than 60% of the total area of the Region.

The strong economic potential of the Region is supported by its transport situation. The European high-speed Berlin – Prague – Vienna corridor is dominant in the dense railway network. The Region has an international airport in Pardubice, and a navigable section of the Labe River as far as Chvaletice.

The high standard of education is due to the large network of schools of all levels, including the University of Pardubice.

Cultural monuments and facilities include Pardubice Chateau, which houses a museum and a gallery, the Museum of Puppet Cultures in Chrudim, the African Museum in Holice, which is a memorial to the explorer Emil Holub, a native of the town, and the Litomyšl Chateau complex, which has been on the UNESCO List since 1999. A special attraction is the famous National Horse-breeding Farm in Kladruby nad Labem. Smetana's Litomyšl Festival of classical music, homage to the renowned Czech composer, is a major cultural event with a tradition of more than fifty years.

HIGHLIGHTS OF THE REGION

Pardubice Steeplechase

The Pardubice Steeplechase, an event dating from 1874, is regarded as the most challenging European horse race outside the United Kingdom. Statistics show that the 6 900-m track has 31 barriers, including the famous Taxis Ditch.

Pardubice Gingerbread

If one says "Pardubice" in the Czech Republic, almost everybody will add "gingerbread"! No wonder, because the manufacture of this sweet has an extraordinary tradition in Eastern Bohemia. The history of Pardubice gingerbread manufacture began in the 16th century and the foundations of its present worldwide fame were laid by local bakeries established in the early 20th century.

The very special quality of this product has been recognised with its inclusion among those awarded the EU protective mark. And so the continuators of this long East Bohemian tradition may use the "Pardubice Gingerbread" Protective Geographical Indication.

ECONOMIC CHARACTERISTICS

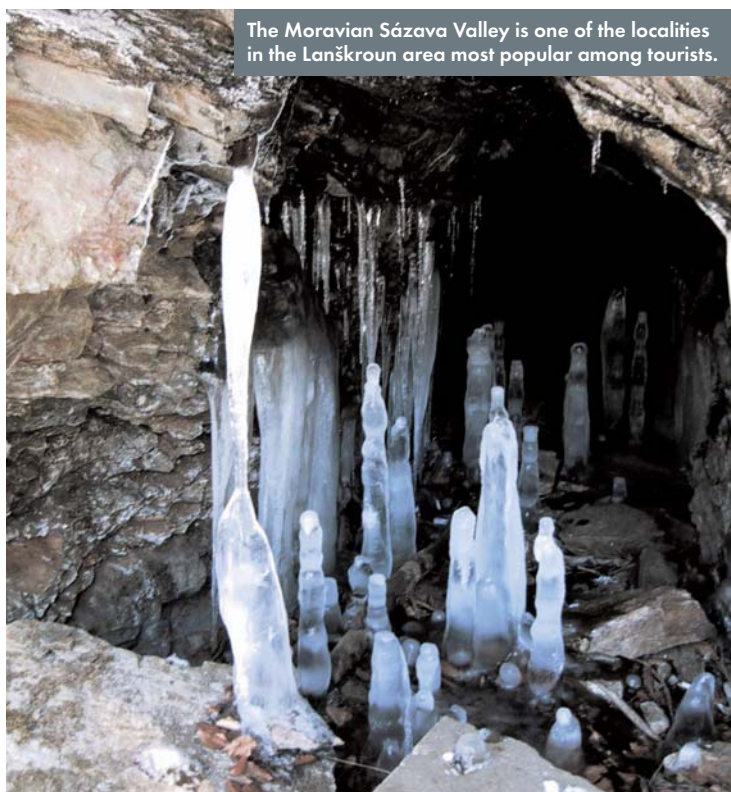
Many industrial sectors came to the Pardubice Region together with the railway in the late 19th century, and are now employing more than one-half of its economically active inhabitants. The Region has a rich choice of quality real estate for business, and industrial zones for investors. One of the latter is the 75-hectare Municipal Industrial Zone in Pardubice, part of "TechnoPark Pardubice" since 2008. It includes a Science and Technology park and a business incubator for new innovative firms and other institutions of science and research. There are also completed industrial zones in other towns of the Pardubice Region: Chrudim, Letohrad, Moravská Třebová, Polička, Svitavy, and Třemošnice. The many firms operating in the Region include Panasonic, which manufactures car radios, JTEKT, which specialises in the manufacture of precise mechanical components for car gearboxes, KYB Manufacturing, which turns out shock absorbers, Ronal – the well-known manufacturer of light alloy bicycles, and BRÜCK AM, the machine-tool producer. Purely Czech companies are the KORADO radiator producer, and SOMA, which manufactures printing machines.

FOREIGN RELATIONS

Throughout its existence, the Pardubice Regional Administration has declared the importance of foreign contacts for integration into Europe. While establishing these relations, the Region has respected the geographical, historic, and cultural connections, experience gained from existing bonds, and newly arisen opportunities. The Par-

Photo: CzechTourism

The Moravian Sázava Valley is one of the localities in the Lanškroun area most popular among tourists.



The history of Pardubice Chateau opened in the 13th century.



The Pardubice Steeple Chase is the most challenging horse race in continental Europe.



dubice Region has five partner regions abroad and is co-operating with them on the basis of agreements.

Economic Indicators of the Region

Population	30 September 2009	516 150
Gross wages	1st half of 2009	CZK 19 214 (approx. EUR 770)
Unemployment	31 December 2009	9.58 %

Source: Czech Statistical Office

LOWER SILESIA VOIVODESHIP

Poland is the only country with which the Pardubice Region shares a frontier. The Lower Silesia Voivodeship with Wrocław, its capital, is both a direct neighbour and partner. Co-operation is focused on joint activities in the border areas, including infrastructure construction, restoration of municipalities, and the development of tourism and mutual cultural events.

TÜBINGEN REGION AND REUTLINGEN DISTRICT

Partnership with the Tübingen Region and Reutlingen District in Baden-Württemberg, South-west Germany, is to develop the exchange of experience in public administration, education, co-operation of universities, breeding of historic breeds of horses, and emergency management.

PREŠOV REGION

The Pardubice Region declared an interest in close contacts with a region of the Slovak Republic as soon as it was established. The Regional Administration responded

to the interest of the Prešov Region, and an agreement on co-operation was signed in Prešov in 2002. Since then, many joint events have been arranged, mainly in the cultural and social areas, education and the exchange of experience in public administration.

RÉGION CENTRE

Région Centre, south of Paris, is renowned for wine and chateaux on the Loire. An agreement on co-operation was signed in its capital, the historic town of Orleans, in 2003. The establishment of this partnership was preceded by the participation of experts of the two Regions in the Twinning Project.

REGION ABRUZZO

Region Abruzzo is the last foreign region with which the Pardubice Region concluded a co-operation agreement, signed in Pardubice in 2004. It concerns the use of information systems in public administration, environmental protection, and education-related exchanges.

PARDUBICE KNOWS HOW TO USE EUROPEAN FUNDS

The Pardubice Region can be regarded as a region with significant inter-regional disparities. The Pardubice and Hradec Králové Regions co-operated in the preparation of the Regional Operational Programme North-east for the 2007-2013 period, on the basis of which the Pardubice Region will receive more than CZK 6 billion (approx. EUR 240 million) in EU subsidies. The Region has 83 projects already approved, for a total subsidy of almost CZK 2.8 billion (approx. EUR 112 million) from the Structural Fund.

SUPPORTED PROJECT

European Funds for Patients in the Podorlicko Area

A centre for the early diagnosis and treatment of cardiovascular diseases was opened in the Ústí nad Orlicí Hospital in March 2009. This project was focused on the modernisa-

USEFUL CONTACTS:

Regional Office of the Pardubice Region

www.pardubickykraj.cz

Office of the Pardubice Region in Brussels

E-mail: brussels@pardubickykraj.cz

www.pardubickykraj.cz

University of Pardubice

www.upce.cz

Regional Development Agency

www.rrapk.cz

Regional Economic Chamber

www.khkpcce.cz

tion of the equipment of the Cardiology Ward and the Intensive Care Unit. The equipment now ranks among the most modern in the Czech Republic. In addition to eleven Intensive Care beds equipped with a special system to prevent bedsores, the acquisition included quality cardiologic ultrasound apparatus for round-the-clock monitoring of blood pressure and cardiac arrhythmia, an ergometric bicycle and a running belt. There is also new monitoring equipment, including telemetry, infusion pumps and dosing devices, defibrillators, an ECG with automatic data analysis, and a number of other gadgets.

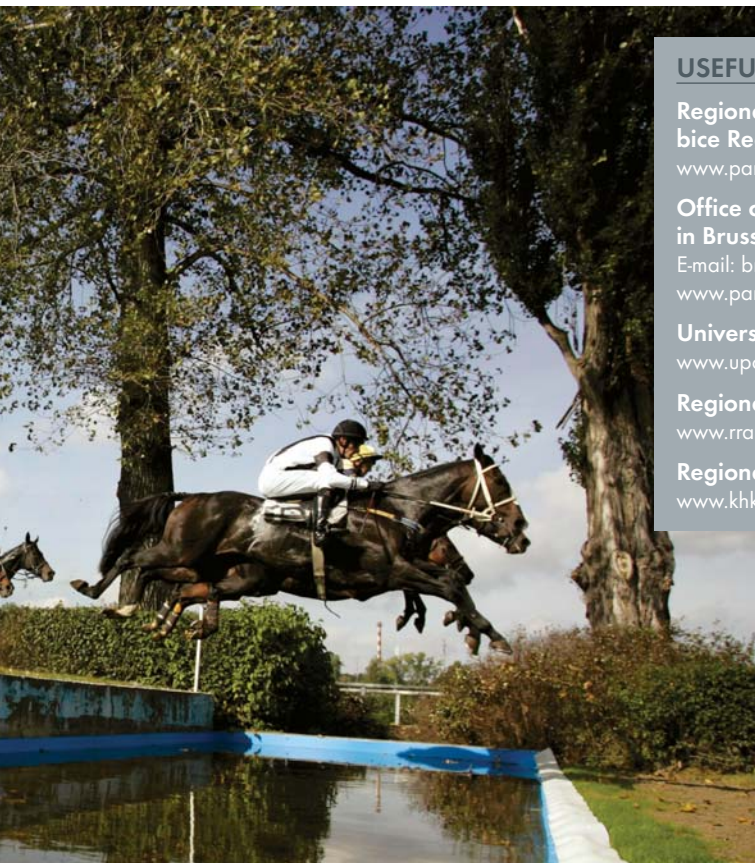
DISTRICTS OF THE PARDUBICE REGION:

Chrudim - www.chrudim-city.cz

Pardubice - www.mesto-pardubice.cz

Svitavy - www.svitavy.cz

Ústí nad Orlicí - www.ustinadorlici.cz



Vysočina

– The Best Place to Live

The fifth largest region in the Czech Republic – Vysočina – attracts with its pure air, wholesome forests, economically important water expanses, UNESCO-listed monuments, low crime rate, and many industrial zones for business and investment.

The name, Vysočina, is connected with the fact that this administrative entity is situated on a major part of the Bohemian-Moravian Highlands (“vysočina” in Czech meaning “highlands”), the elevated undulating countryside between the two historic lands of the Czech Republic.

The regional capital is Jihlava, the oldest mining town in the Czech lands, which was one of the richest towns in the Kingdom of Bohemia in the Middle Ages. Some of the cultural events held in the Region have a state-wide and international character. The meeting of choirs from the whole world, an annual event in Jihlava, is connected with the international mixed chamber choirs competition – the International Festival of Choral Singing. The town of Telč is a significant organiser of cultural events in the Region, the venue of the Holidays in Telč festival, and of the European Meeting of Folk Song and Dance Ensembles. The International Festival of Documentary Films, which is held in Jihlava as a contest for the Best Documentary of the Year, is popular. The Vysočina Region is a tourist destination throughout the year. It offers good opportunities for winter and summer tourism, and visits to valuable cultural and historic monuments. Three of the latter are on the UNESCO List: the Urban Monu-

ment Reserve in Telč, the Zelená hora Pilgrimage Church near Žďár nad Sázavou, which is a National Cultural Monument designed by Santini, and the Jewish Town with the Cemetery and the Basilica of St Prokopius in Třebíč. In addition to sightseeing in towns, visitors to Vysočina will appreciate stays in a friendly environment, a dense network of marked hiking trails, cycling trails, and agrotourism with accommodation.

The International Festival of Pelhřimov – the town of records – is the biggest event of its type in Europe.



IV. Regions

HIGHLIGHTS OF THE REGION

The Button Industry

Looking for buttons? Vysočina is the place to go. In the first half of the 19th century, Josef Žampach, then 24 years old, married into Žirovnice. He was a native of Vienna, where he was trained in button-making and came to Bohemia with a lathe and button-making tools. That was probably the beginning of the tradition of button manufacture in Vysočina. But the button industry boom was experienced in the late 19th century.

Largest Cheese-ripening Cellars in Central Europe

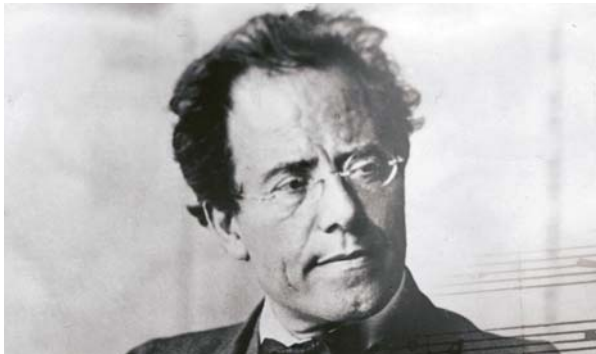
The cellars of the present Želetava Cheese Factory, dating from the 16th century, originally served beer maturation. In 1953, the brewery was abolished and reconstructed into a cheese factory, which is still in operation.

Largest Tower Clock

The clock on the municipal tower adjacent to St Martin's Church in Třebíč, is the largest tower clock in the Czech Republic and Europe. Four enamelled faces, 550 cm in diameter, are operated by five mechanical clockworks.

Oldest Dam

One of the oldest dams in the Czech Republic was completed in 1927, some 4 km south-east of Želiv and 9 km south-west of Humpolec. The walled dam is 11 m high and 118 m long at the crest. It serves a small hydroelectric plant and recreation.



Gustav Mahler, the composer born in Kaliště into a Jewish German speaking family, was also an excellent conductor.

Oldest Ski Manufacture

The oldest ski manufacturer, Sporten Nové Město na Moravě, has been making high-quality skis for more than a century. At present, it is the only ski producer in this country. Acrobatic skier Aleš Valenta won his first gold medal at the Salt Lake City Olympic Games in 2002 on skis from Vysočina.

ECONOMIC CHARACTERISTICS

Employees in the Vysočina Region totalled 246 400 in 2008. Most of them, 33.8%, worked in industry, and 12% in the sectors of trade, transport, motor vehicle repairs, and consumer goods; 9.7% were employed in agriculture, forestry, fish farming and related activities, which was the largest proportion among all the regions of the Czech Republic.

The manufacturing industry has the largest share, 99.7%, in the total revenues of enterprises. Of this, the manufacture of transport equipment accounts for 26.7%, and the manufacture of electrical and optical apparatus and equipment for 16.3%. The most dynamic growth was recorded by the manufacture of food, beverages, and tobacco products - the year-on-year rise in its revenues was 13.3%.

The manufacture of transport equipment showed the highest average wages in the Region (CZK 26 945 - EUR 1 080), and the manufacture of textiles and clothing showed the lowest (CZK 14 767 - EUR 592).

Economic Indicators of the Region

Population	30 September 2009	515 349
Gross wages	1st half of 2009	CZK 19 322 (EUR 774)
Unemployment	31 December 2009	10.25 %

Source: Czech Statistical Office

VYSOČINA - FIRST CZK 1 BILLION RECEIVED FROM EUROPEAN SUBSIDIES

The Regional Operational Programme South-East has at its disposal approximately EUR 704 million in the 2007-2013 period for priority groups (transport service, tourism development, sustainable development of towns and villages, and technical assistance).

The athletics stadium in Bystřice nad Pernštejnem was opened early in September 2009. The reconstruction of an unsatisfactory 40-years-old school playground into a modern sports complex was funded from the Regional Operational Programme South-East.



A Regional Council was established three years ago to advise potential applicants for European subsidies on the preparation of quality projects eligible for support. The Council also approves projects and pays subsidies to projects of the South-East Region (including Vysočina and the South Moravia Region).

SUPPORTED PROJECTS INCLUDE:

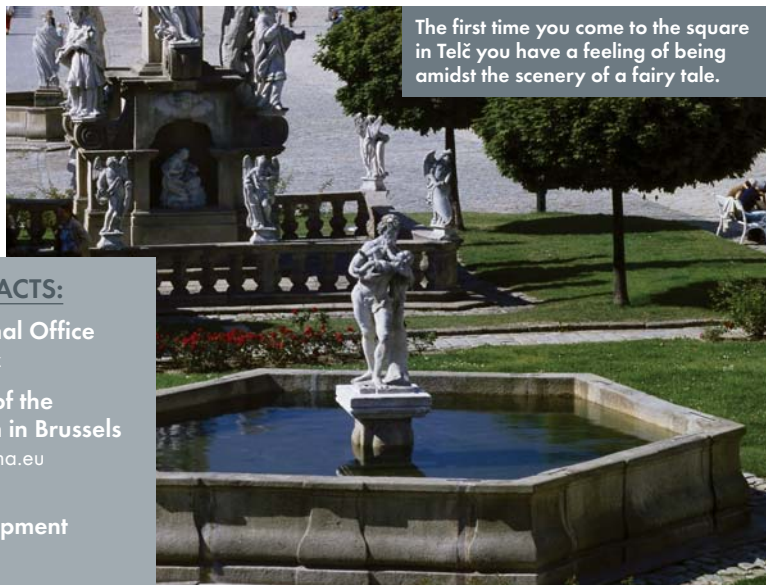
New Sports Complex in Přebyslav

A multifunctional sports complex has been built by the town of Přebyslav at the cost of CZK 12 million (0.5 mil. EUR), 90% of which was a Regional Operational Programme South-East subsidy from the European Union funds. The 166.7-m track has an artificial surface and 3 lanes, and the 60-m home stretch has 4 lanes. There are landing pits for long and high jumps, and a 3-m-high climbing wall.

The interior grounds, which also have an artificial surface, are designed for indoor football, handball, basketball, volleyball, and tennis. The new complex is in accordance with international rules of track and field events.

New Hospital Beds

The purchase of eight new special beds for the Intensive Care Unit of Havlíčkův Brod Hospital was funded from the Regional Operational Programme. These beds, designed for patients in a critical state, have an electro-hydraulic structure, meet the topical demands in intensive care, and are safe for both patients and nursing staff. The beds are easy to operate and have additional functions. They can be lengthened and put into a "sitting" position. Besides the special beds, the hospital has used money from European funds to purchase five defibrillators, one ECG, 14 vital function monitors, three lung ventilators, apparatus for sterilisation water treatment, and an automated washing and disinfecting machine.



The first time you come to the square in Telč you have a feeling of being amidst the scenery of a fairy tale.

USEFUL CONTACTS:

Vysočina Regional Office
www.kr-vysocina.cz

Representation of the Vysočina Region in Brussels
e-mail: info@vysocina.eu
www.vysocina.eu

Regional Development Agency
www.rrav.cz

Regional Economic Chamber
www.hkjhlava.cz

Support to Horse Riding Trails

The Vysočina Tourism regional organisation is preparing to mark a network of horse riding trails along which accommodation, farrier, and veterinary services will be available. The routes are chosen with a view to the terrain, the safety of riders, sights along them, and services provided by riding stations. Two trails, which have been completed to date, cross Vysočina from the south to the north. The first one is linked to the riding trail from Lichtenberg, Austria, to Telč and continues to Třešť, across the Čejíněk and Křemešník massif to the environs of Humpolec, Lipnice Castle, and via Kráty and Rozsochatec to Vilémov and Golčův Jeníkov. A network of trails is being designed within a project to improve the tourism options in the Region. The project, due to last until 2010, is being realised with subsidy from the Regional Operational Programme South-East.

DISTRICTS OF THE REGION:

Havlíčkův Brod - www.muhb.cz

Jihlava - www.jhlava.cz

Pelhřimov - www.mestopelhrimov.cz

Třebíč - www.trebic.cz

Žďár nad Sázavou - www.zdarns.cz

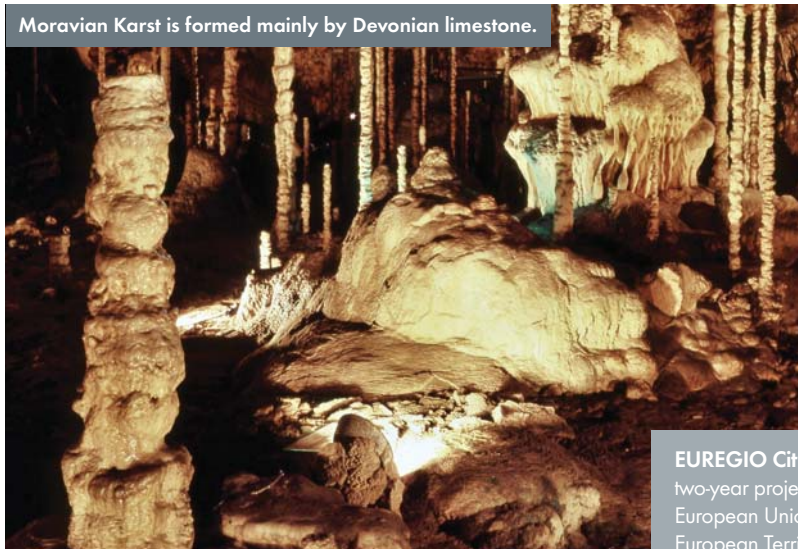
South Moravia Region – Strategic Crossroads

This economically important region, in an advantageous situation in the south-eastern part of the Czech Republic, on the borders of Austria and Slovakia, has been a strategic crossroads in Europe from time immemorial. It was Christianity's gateway to Europe, and for centuries people founded towns and villages along its rivers and planted vineyards and orchards on its slopes.

Brno, the capital of the Region, is the second largest city in the Czech Republic - an important seat of justice, and the economic and administrative centre, a city of universities, and the venue of a trade fair which has a long tradition in Central Europe and annually attracts more than a million people from all over the world. The prominent position of Brno in science and research is connected with its industrial tradition and choice of universities.

An advantage of the Region is its transport situation and strategic position on the crossroads of trans-European routes and railway lines which link the North and South and the East and West of Europe. The Brno-Tuřany Airport served more than half a million passengers in 2008 and ranked second among airports in the Czech Republic.

The South Moravia Region is an attractive tourist destination. Of the many monuments, the Tugendhat Villa in Brno



EUREGIO City.net is a cross-border two-year project supported by the European Union within the programme European Territorial Co-operation Austria – Czech Republic 2007-2013. Partners in the project: Weinviertel Management and the South Moravian Regional Development Agency.

deserves special mention, as does the Lednice-Valtice landscape complex. Both are on the UNESCO List of World Cultural and Natural Heritage Sites. The Region also has two UNESCO-listed biospheric reserves – Dolní Morava (Lower Morava – including the Pálava Protected Landscape Area, the Lednice-Valtice complex, and the area on the confluence of the Dyje and Morava Rivers) and the White Carpathians. Poďjí, a vast complex of dripstone caves, including the Macocha Abyss in the Moravian Karst Protected Landscape Area, one of the Czech Republic’s four National Parks, is another attraction. The charm of the South Moravia Region is multiplied by its excellent wine in picturesque little wine cellars, and its folk tradition, the significance of which is proved by the entry of the men’s solo dance called “verbuňk” (dance of recruits) on the UNESCO List of Intangible Heritage.

HIGHLIGHTS OF THE REGION

The archaeological site of Dolní Věstonice

The Venus of Věstonice, a ceramic figure of world fame was found there.

The European historic locality: Slavkov

Austerlitz, the site of the Battle of the Three Emperors.

Unique events documenting the folklore wealth of the Region:

Fašank (Shrovetide) in Strání, the Ride of Kings in Vlčnov, and the Kopanice Celebrations in Starý Hrozenkov.

FOREIGN RELATIONS

The South Moravia Region is promoting co-operation with foreign regions with which it established contacts after the year 2000 (Bergamo Province, Bratislava Region, Gers Department, Khanty Mansiysk Autonomous District, Kaunas, Lenin-grad Area, Lodz Voivodeship, Nizhnovgorodsk Area, Tuscany Region, Trnava Region, Varna Region and Zadar County).

Most of the inter-regional relations are based on joint documents – such as memoranda, agreements on co-operation, which define joint activities designed for bilateral development of the regions. Most of them concern economy, education, culture, tourism, institutions etc.

ECONOMIC CHARACTERISTICS

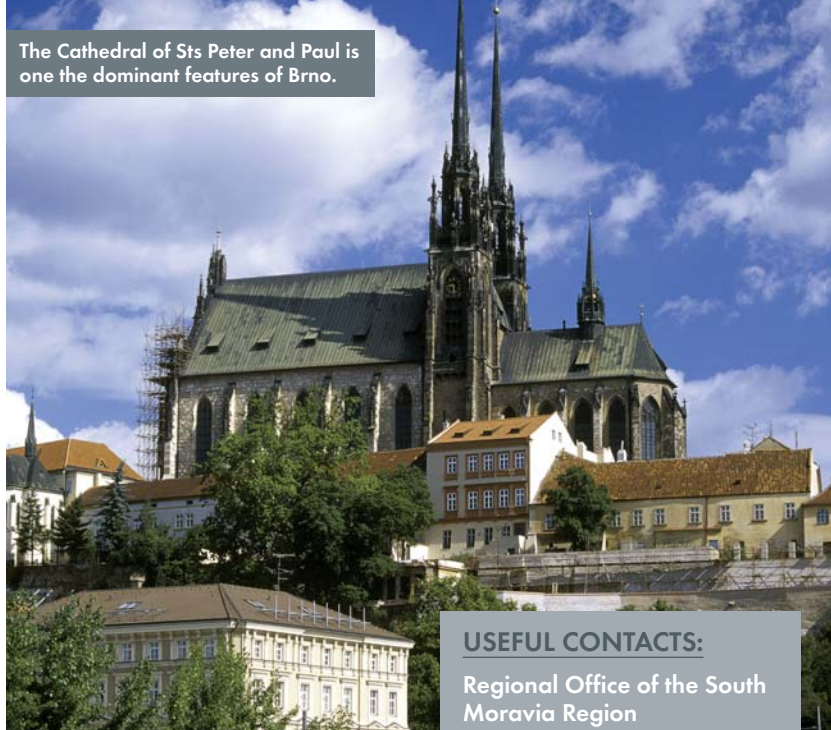
The South Moravia Region has a strong economic potential, and in the last few years has recorded growth in the number of business entities operating in computer technology, telecommunications, software development, and other hi-tech branches. The Region gives great support to technological

The minaret situated about 2 km from the chateau of Lednice was founded in 1797.





The Cathedral of Sts Peter and Paul is one the dominant features of Brno.



USEFUL CONTACTS:

Regional Office of the South Moravia Region
www.kr-jihomoravsky.cz

Representation of the South Moravia Region in Brussels
 e-mail: office@southern-moravia.eu
www.southern-moravia.eu

Regional Development Agency of the South Moravia
www.rrajm.cz

Brno Region Chamber of Commerce
www.rhkbrno.cz

mercial services 15.3%. The standard of South Moravian agriculture is high – 60% of the Region’s area is farmland. Viticulture is a special branch in Southern Moravia. Many small wine producers and wine cellars are typical of the area. Fruit and vegetable growing is also traditional in the South. Forestry and timber production are important in the northern areas of the Region.

USE OF EU FUNDS IN THE SOUTH MORAVIA REGION

It is very difficult to deal with all the opportunities for drawing European subsidies which the Region utilises, as they concern almost all fields of human activity. Besides national resources, regional development is financed from EU Structural Funds.

WHAT IS IT LIKE IN BRNO?

The significance of the Moravian capital, Brno, the centre of the South Moravia Region, is increased by its advantageous geographic situation near the Austrian and Slovakian borders. This allows the use of operational programmes of cross-border co-operation with both Slovakia and Austria. Many projects of cross-border co-operation are focused on tourism. The successful projects include “Children and Traditions Open Frontiers”, “BRNky – TRNky – Brno – Trnava Co-operation without Boundaries”, and “Road to and Parking Lot at the Harbour U jezu – Hodonín”. The total costs of the 37 projects realised with Austria were EUR 141 046 640, of which EUR 105 784 980 came from the EU. The successful projects include “Introduction of Family Passes”, “Portal of Cycling Tourism in the South Moravia Region further to Lower Austria”, and the project “Roaming in South Moravia Region on Horseback – Horse Stations and Riding Trails”.

DISTRICTS OF THE REGION:

- Blansko** – www.blansko.cz
- Brno-město** – www.brno.cz
- Brno-venkov** – www.brno-venkov.cz
- Břeclav** – www.breclav.info
- Hodonín** – www.hodonin.eu
- Vyškov** – www.vyskov-mesto.cz
- Znojmo** – www.znojmocity.cz

Economic Indicators of the Region

Population	30 September 2009	1 151 508
Gross wages	1st half of 2009	CZK 20 953 (EUR 840)
Unemployment	31 December 2009	10.59 %

Source: Czech Statistical Office

and biotechnological incubators designed for newly launched firms. The quality system of university-level education contributes to the high standard of erudition of its population.

Due to the industrial tradition of Brno and its environs, the dominant position in the economy of the South Moravia Region is consistently held by the manufacturing industry, which accounts for 24.1% of the total gross value added in the Region. Agriculture, which is traditional mainly in the south of the Region, accounts for 3.0%. The share of the building industry is 7.8%, trade and the repair of consumer goods 14.3%, and com-



Company VARI, a.s. is a Czech joint-stock company dealing with manufacture and sale of small farming, garden and communal machinery and accessories, with a tradition of more than 40 years.

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We are at your disposal for more information:

VARI, a.s., Opolanska 350, 289 07 Libice nad Cidlinou, Czech Republic, phone +420 325 637 404, fax +420 325 637 550, e-mail export@vari.cz

www.vari.cz/en

Olomouc Region

– More than You Expect

The Olomouc Region is famous for many unique towns, renowned specialities, and beautiful folk costumes and customs. The Region has an eventful history, picturesque countryside, and numerous opportunities for culture, sports and recreation. Its economy is focused on traditional agriculture, the manufacturing industry, and services.

The Region lies in the east of the Czech Republic and neighbours on Poland in the north. Its largest city is Olomouc with 100 000 inhabitants. Its Urban Monument Reserve is the second oldest and largest in the country after Prague's. The Holy Trinity Column, which is on the UNESCO List of Cultural Heritage, the Renaissance Town Hall with astronomical clock, and a set of Baroque fountains representing tales from ancient mythology are all noteworthy. Olomouc has a very advantageous geographic position near the important towns of the Czech Republic and the capital cities of Central and East European countries. Olomouc is situated 280 km (along the D1 motorway) from Prague and Ruzyně Airport, and 80 km from Brno with the Brno-Tuřany International Airport. Another international airport is at 100-km-distant Ostrava.

Many old castles and chateaux testify to the eventful history of the Olomouc Region. The castles of Bouzov, Helfštýn, and Šternberk, and the chateaux of Náměšť na Hané, Tovačov, and Plumlov are worth visiting. The Olomouc Region has many recreational areas where one can ride horses, play golf or tennis, or just relax at the water-side. The Jeseníky Range has many winter resorts, excellent for downhill and cross-country skiing. The best known of these include Červenohorské sedlo, Petříkov, Ostružná, and Ramzová.

HIGHLIGHTS OF THE REGION

Bouzov Castle

One of the most romantic castles in this country – Bouzov – towers above the forests. More at www.hrad-bouzov.cz

Exquisite Baroque Column

The most important monument in the Olomouc Region is the Baroque Holy Trinity Column in the central square of the regional capital, Olomouc. This unique column, formed by a group of statues, has been on the UNESCO List of Cultural and Natural Heritage Sites since 2001.

Unique Czech Cheese

The Olomouc curd cheese, manufactured in Loštice, is a soft, mature cheese with a pungent odour and yellow colour. It is the only Czech cheese with a distinctive strong flavour, which depends on the degree of ripening. It is made of non-curdling sour quark, with salt as the only preservative. This curd cheese has a firm place in Czech cuisine.

Museum of Paper in Velké Losiny

The Hand-made Paper Works and Paper Museum in Velké Losiny are unique in Europe.

Dlouhé Stráně

The Dlouhé Stráně pumped-storage hydroelectric plant is the third largest of its kind in the world. Thousands of visitors are attracted to a walk along the upper reservoir every year.

ECONOMIC CHARACTERISTICS

Within its area exceeding 5 000 kilometres, the Olomouc Region offers a large choice of business opportunities. An advantage of the Region is a long industrial tradition. Sectors with a long history are engineering, optics, the food and textile industries, electrical engineering and, last but not least, the building industry. The popularity of these sectors and the consequent abundance of qualified labour are proved by the important investment projects of recent years – such as the EPCOS project of Siemens and Matsushita in

Six Baroque fountains, which were created between 1683 and 1735, together with the Holy Trinity Column and the Marian Plague Column are a National Cultural Monument.



Velké Losiny Chateau – originally owned by the royal mining authority, went to the hands of the prominent aristocratic family of the Lords of Žerotín in the late 15th century.



Šumperk, the Siemens Elektromotory technology centre in Mohelnice, and the Olympus service facility in Přerov.

In the first half of 2009, 160 industrial enterprises with 100 and more employees were based in the Olomouc Region, and this placed it 9th among all regions of the Czech Republic. The average registered number of natural persons employed in these enterprises was 45 500.

Economic Indicators of the Region

Population	30 September 2009	642 223
Gross wages	1st half of 2009	CZK 19 259 (EUR 772)
Unemployment	31 December 2009	12.19 %

Source: Czech Statistical Office

FOREIGN RELATIONS

The Olomouc Region has a number of foreign partner regions. For example, the Vojvodina Autonomous Province is participating in the arrangement of Czech-Serbian summer camps and round-table debates on business. The Region gave financial support to operations of the economic information website www.newbalkan.cz. The most important activities have included business missions to Novi Sad and Kragujevac, and a visit of physicians to Vojvodina. In 2008, the Olomouc Region realised a project entitled “Building of local administration capacity, and organisation of civic society and the private sector in the Vojvodina Autonomous Province, Serbia”, which was supported by the Ministry of Foreign Affairs and co-funded from the budget of the Olomouc Region.

EUROREGION PRADĚD – PRADZIAD

The Euroregion is a voluntary organisation of Czech and Polish unions and associations of towns and villages in the Bruntál and Jeseník Districts in the Czech Republic and South Silesian Opole (Opole Voivodeship) in Poland. The Euroregion was established in 1997 and was named after Praděd - the highest peak in the Jeseníky Range. More at www.europraded.cz

OLOMOUC REGION – EMPHASIS ON QUALITY OF PROJECTS

The Regional Operational Programme NUTS II Central Moravia is comprised of the Olomouc and Zlín Regions. It is concentrating on the improvement of the transport service and links in the Region, including the modernisation of public transport equipment, support to the development of

the tourism infrastructure and services, preparation of small business areas, and improvement of living conditions in municipalities and rural areas, primarily by increasing the quality of the educational, social, and healthcare infrastructure, and elimination of environmental burdens. Earmarked for the programme is EUR 657.39 million, which is approximately 2.46% of EU funds that are to go to the Czech Republic.

SUPPORTED PROJECTS

Museum of Coaches

Almost four dozen historic coaches, hearses, barouches and sledges dating from 1750 to 1920 are on display in the new Museum of Coaches opened in Čechy pod Kosířem in the Prostějov area. The exhibits are unique and bring the orientation of the Museum of Coaches near that of the Viennese Imperial Museum of Coaches in Schönbrunn. In addition to the 40 different coaches and sledges, the exhibition, in an area of 700 sq. m, includes the largest collection of coach lamps in the Czech Republic. An exposition of period costumes is to be added in the future. The project received CZK 4.4 million from the Regional Operational Programme Central Moravia.

More at www.historickekokary.cz

Support to an Exceptional Cluster

The development of new medication and diagnostics is the task of the members of the new MedChemBio cluster established in Olomouc. This grouping, the only one of its kind in the Czech Republic, is to support medicinal and biological chemistry and associate all entities interested in these branches. MedChemBio is assisting new firms with the successful development of effective substances, and

The Japanese Olympus Company opened a unique centre for repairs of medical endoscopes in Přerov in 2007.



facilitating the transfer of scientific results into production. The cluster will include a section for the testing of the efficacy and safety of the newly discovered substances. Another objective of the professional association is the popularisation of the branch in the Czech Republic. Medicinal and biological chemistry has a huge potential in the Czech Republic – medicinal chemistry has lately been among the most successful scientific branches in this country, mainly due to Professor Antonín Holý of the Institute of Organic Chemistry and Biochemistry of the Czech Academy of Sciences. During research of many years, Professor Holý and his team developed a number of substances which became very effective medication in the treatment of AIDS, jaundice, and other infectious diseases. They are also testing substances for the treatment of cancer.

More at www.medchembio.cz

DISTRICTS OF THE OLOMOUC REGION:

Olomouc – www.olomouc.eu

Jeseník – www.mujes.cz

Prostějov – www.mestopv.cz

Přerov – www.mu-prerov.cz

Šumperk – www.sumperk.cz

USEFUL CONTACTS:

Regional Office of the Olomouc Region
www.kr-olomoucky.cz

Representation of the Olomouc Region in Brussels
www.olomoucregioninbrussels.eu

Palacký University in Olomouc
www.upol.cz

Regional Agency for Development of the Middle Moravia
www.rarsm.cz

Regional Economic Chamber
www.khkok.cz



Zlín Region *– Attractive for Living*

The Zlín Region ranks among the most interesting ones in the Czech Republic. Its singularity rests on its natural conditions, cultural wealth, and historically important industry.

The Zlín Region is situated in the east of the Czech Republic on the border with Slovakia. It has two Protected Landscape Areas – the Beskydy Mountains and the White Carpathians, which stretch across some 30% of the area of the Region. The White Carpathians Protected Landscape Area is one of the six UNESCO-listed biosphere reserves in the Czech Republic.

The Zlín Region is the only one in the Czech Republic to offer everything to tourists – mountains, garden architecture, spas, vineyards, remnants of the Great Moravian Empire, numerous monuments and historically valuable buildings, and unique modern Functionalist architecture. Its three ethnographic entities – the fertile Haná, hospitable Slovácko, and distinctive Valašsko add to the originality of the Region. Famous throughout the world are the Podzámecká and Květná Gardens and the Archbishopric Chateau in Kroměříž, which are on the UNESCO List of World Cultural Heritage Sites. There are countless unique monuments and cultural events, so let us mention at random the pilgrimage site in Velehrad, the Wallachian Open-air Museum in Rožnov pod

Radhoštěm, and the Summer Film School in Zlín. The best thing to do is to visit the Zlín Region.

HIGHLIGHTS OF THE REGION

The Wallachian Open-air Museum in Rožnov has several sections. The oldest one dates back to 1925, when the timbered houses in Rožnov Square were dismantled and reassembled to form the “wooden town” complex.

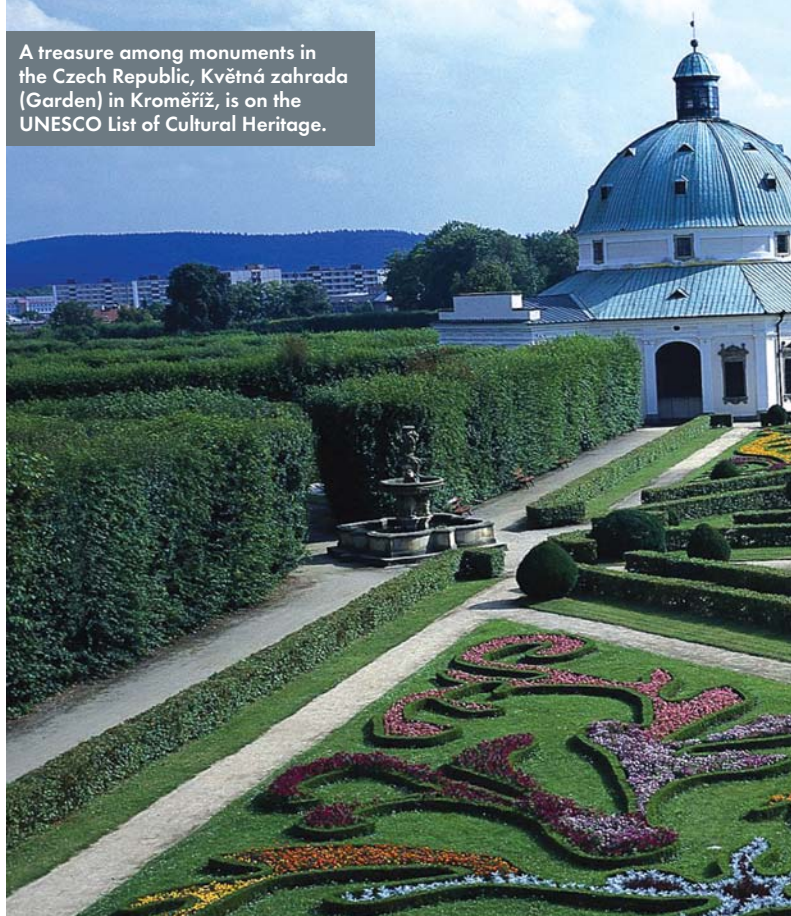
The Functionalist architecture in Zlín is unique in Europe. It was designed by J. Kotěra, F. L. Gahura, V. Karfík, and M. Lorenc, originating in the glorious days of the Baťa footwear plant. Its basic elements are bare red bricks, steel window frames, flat roof, and reinforced concrete framework.

The best known Functionalist structure in Zlín is the administrative building of the footwear company, the “Zlín Skyscraper”, which was one of the first high-rise buildings in Europe.

In the Czech Republic, the words “business” and “Zlín” evoke a single name: Baťa. The Czech footwear giant, Baťa Company, is closely linked with the Zlín Region. The found-



A treasure among monuments in the Czech Republic, Květná zahrada (Garden) in Kroměříž, is on the UNESCO List of Cultural Heritage.



When the Zlín skyscraper was constructed in 1938, it was the highest building in the Czech Republic.



er, Tomáš Baťa, opened his business in Zlín in 1894 and many years later the town became the national centre of footwear and still holds this position after many ups and downs.

FOREIGN RELATIONS

The foreign relations of the Zlín Region have been systematically built up by the Regional President's office since 2000, when the present regions were established. The main activities are focused on the private sector and create backing for the development of the Region.

The present development of relations with foreign regions rests chiefly on foreign economic missions which come to the Zlín Region or are being prepared for.

CO-OPERATING REGIONS

Since 2001, agreements on co-operation have been concluded with the following regions: Trenčín Region (Slovakia), Žilina Region (Slovakia), Podkarpackie Voivodeship (Poland), Piedmont Region (Italy), Vas Province (Hungary), and the Samarsk Area (Russia). Besides this, the Region has partnerships with other regions, such as Lvov Area (Ukraine), Shandong Province (China), Departement L'Orne (France), Bacau Area (Romania), and Pomoravlje Area (Serbia).

EUROREGION WHITE CARPATHIANS

The Euroregion of Czech and Slovak White Carpathians was established in July 2000 to develop cross-border co-opera-

tion in the White Carpathians Protected Landscape Area. The Slovakian part of the Euroregion is based in Trenčín, and the Czech part in Zlín. A project of the Euroregion White Carpathians, realised in the period from October 2007 to June 2008, was designed to create a system of co-operation on the two sides of the frontier, to support development in the border areas by strengthening cross-border structures, to build on the potential for tourism, and to give the border areas publicity, also in the unusual form of a heraldic map. The project was co-financed by the European Union and the Micro-project Fund. More at www.erbbk.sk

ECONOMIC CHARACTERISTICS

The industrial potential of the Region is based on the manufacturing industry, especially metalworking, wood-working, electrical engineering, and the textile industry. The Zlín Region has two schools of higher learning: Tomáš Baťa University in Zlín, which has a public status and offers Bachelor and Master studies in four faculties, and the private European Polytechnic Institute in Kunovice.

Economic Indicators of the Region

Population	30 September 2009	591 397
Gross wages	1st half of 2009	CZK 19 045 (EUR 763)
Unemployment	31 December 2009	10.83 %

Source: Czech Statistical Office

EUROPEAN SUBSIDIES GO MAINLY TO INFRASTRUCTURE AND TRANSPORT

The Zlín and Olomouc Regions form the Regional Operational Programme NUTS II Central Moravia, which has a per capita GDP lower than 75% of the EU average. In the Zlín Region, the priority areas of support include transport, tourism development, modernisation of the social and leisure time infrastructures, and, last but not least, innovation and education.

USEFUL CONTACTS:

Regional Office of the Zlín Region
www.kr-zlinsky.cz

Representation of the Zlín Region in Brussels
www.zlinregioninbrussels.eu

Regional Development Agency
www.rra-vychodnimorava.cz

Commercial and Economic Chamber in Zlín
www.ohkzlin.cz



tance, especially the continued construction of the D1 motorway in the Prague – Brno – Přerov direction.

Tourism Attracts

The spa town of Luhačovice and the Beskydy Mountains have been selected as areas with the largest potential for tourism development, and are being given massive financial support, including funds from EU resources.

Human Resources Are not Neglected

The Zlín Region, Tomáš Baťa University, and the Technology Innovation Centre are jointly preparing projects to support co-operation of the business and academic areas in human resources and the application of the results of research. The amount of funds for projects designed to increase the quality of education at all levels, including life-long learning, shows the importance attached to human resources.

SUPPORTED PROJECTS INCLUDE**Transport Comes First**

The largest investment supported from the Structural Funds and the Regional Operational Programme in the Zlín Region goes to the transport infrastructure development. This applies to projects of multiregional impor-

DISTRICTS OF THE REGION:

Kroměříž – www.mesto-kromeriz.cz

Uherské Hradiště – www.mesto-uh.cz

Vsetín – www.mestovsetin.cz

Zlín – www.zlin.eu

Moravia-Silesia Region – A Distinctive Area

The Moravia-Silesia Region, the easternmost in the Czech Republic, was shaped by natural influences as well the people who lived in it. Today, it is a significant region worth knowing in detail. Its situation in the border area of three countries, almost in the centre of Europe is very advantageous, and for a long time has been inspiring efforts to connect some activities of the Moravia-Silesia Region, the Žilina Region, and the Slaskie Voivodeship, with a view to forming a significant centre in Europe.

The traditional cultural centres of the Region are Ostrava, Opava, and Český Těšín. The latter has a large Polish minority. The Region has 22 theatres, 84 museums, 139 galleries, and 55 cinemas. The famous Janáček Philharmonic Orchestra is based in Ostrava. The Moravia-Silesia Region boasts many cultural monuments and three Urban Monument Reserves – the centres of Příbor, Nový Jičín, and Štramberk. A specific feature of the Region are the conditions for industrial tourism (the Technical Museum of Automobiles in Kopřivnice, the Museum of Wagons in Studénka, the Mining Museum in Ostrava-Petřkovice, the Dolní Vítkovice complex, and the Michal Mine, which is a National Cultural Monument.) The spa industry in the Region is based on the curative effects

of the iodine-bromine water of the Darkov Spa and Rehabilitation Institute. A new spa sanatorium in Klimkovice with architecturally interesting buildings has been in existence since the early 1990s.

HIGHLIGHTS OF THE REGION**Last Narrow-gauge Line**

The railway line from Třemešná to Osoblaha is the last narrow-gauge line operated by the Czech Railways. In 1870-1872, the Moravia-Silesia Central Railways Company built the main Olomouc – Bruntál – Krnov – Glubčice line with the branches of Krnov – Opava and Krnov – Ziegenhals (the present Glucholazy), to link the Osoblaha area with industrial areas. Why was the narrow gauge of 760 mm cho-



The 43-metre lookout tower Bílá Hora (White Mountain), reminiscent of the DNA structure symbol, is situated on the boundary between the towns of Kopřivnice and Štramberk.



sen? The main reason was low cost of construction – 30-40% of the substructural costs were saved. A disadvantage was the lower speed and transport capacity, but this was of no importance at the time of construction – with non-existing automobile transport competition.

Jade Trail

The Jade Trail is one of the oldest and best known merchant trails in Moravia. In the Roman era, it led from the Baltic (specifically from the mouth of the Visla River) through the Moravian Gate to Carnuntum (near Vienna).

FOREIGN RELATIONS

The Region has a network of co-operating foreign areas. For example, co-operation with Lorraine, France, was established in the 1990s, through the development agencies – Regional Development Agency in the Moravia-Silesia Region, and the A.R.C.O.L.E. in Lorraine. The Region is co-operating with the Silesian Voivodeship in transport infrastructure construction, environmental protection, economy, and tourism development. In 2002, co-operation was established with North Rhine-Westphalia, the Žilina Region, and the North East Region, the UK, with which it exchanges experience in heavy industry restructuring and the integrated rescue system, and the Vologda Area in Russia.

EUROREGION SILESIA

Euroregion Silesia was established in 1998 as one of the youngest Czech-Polish Euroregions. Its aim is to deal with joint tasks and assert joint objectives within the framework of Czech-Polish co-operation, and to secure balanced development in the border areas. On the Czech side, Euroregion Silesia has an area of 1 220 sq. km and approximately 225 000 inhabitants in 60 towns and villages in the Districts of Opava, Bruntál (Krnov area), and Nový Jičín. Its associate members are the Silesian University in Opava, the Opava District Chamber of Commerce, and the Matice slezská micro-region. The administrative centre of Euroregion Silesia on the Czech side is the town of Opava. The Euroregion meets all the basic attributes as defined by the Association of European Border Regions: “Euroregions do not correspond to any legislative or governmental institution, do not have direct political power, and their work is limited to the competencies of the local and regional authorities which constitute them. They are usually arranged to promote common interests across the border and co-operate for the common good of the border populations.” Euroregion Silesia is the recipient of a number of awards, such

as Honorary Mention of the Association of European Border Regions conferred on it in November 2006 for extraordinary achievements in European cross-border co-operation.

More at www.euroregion-silesia.cz

ECONOMIC CHARACTERISTICS

The major part of the Moravia-Silesia Region became a very important industrial area back in the time of the Austro-Hungarian Empire. The core is the Ostrava-Karviná industrial and mining basin. Its industrialisation was closely linked with the use of the local mineral wealth, mainly high-quality coking black coal, and the connected development of heavy industry and metallurgy. And so, the Region is a state-wide centre of metallurgical production, and provides almost all the black coal mined in the Czech Republic. Other sectors in the Region are power generation, electricity, gas and water distribution, transport equipment production, and the manufacture of chemical substances, preparations, medicines, and chemical fibres.

Economic Indicators of the Region

Population	30 September 2009	1 249 033
Gross wages	1st half of 2009	CZK 20 509 (EUR 822)
Unemployment	31 December 2009	12.14 %

Source: Czech Statistical Office

Photo: CzechTourism, ROP Moravia - Silesia

MORAVIA-SILESIA REGION TAKES CARE OF ITS ATTRACTIONS

Money from the Structural Funds of the European Union earmarked for the Moravia-Silesia Region in the 2007-2013 period can be drawn from the Regional Operational Programme Moravia-Silesia. It is focused on the improvement of the transport service and links in the Region, including the modernisation of public transport equipment, on support for the development of the tourism infrastructure and services, the regeneration of brown fields for future industrial use, and the improvement of living conditions in towns and villages, primarily an improved educational, social, and healthcare infrastructure.

SUPPORTED PROJECTS INCLUDE

Museum of Gorolian Customs

A witness of the time of yore is a picturesque log cabin of 1790 in the centre of the Mosty u Jablunkova village, which bears the name "At the Reeve's", as it was originally occupied by Mosty Reeve Szotkowski. The cabin houses the Gorolian Tourist Information Centre (GOTIC), which runs a museum of Gorolsko customs and a centre of folk traditions, established with a European subsidy from the Regional Operational Programme Moravia-Silesia. Visitors can see original methods of lace-making, weaving, dyeing, woodworking, painting on eggshells, and spinning wheel operation, and have a go themselves. The objective is to propagate the rich cultural tradition of the Region and to bring it to the present day.

USEFUL CONTACTS:

Regional Office of the
Moravia-Silesia Region
www.kr-moravskoslezsky.cz

Regional Development Agency
www.arr.cz

Chamber of Commerce of
Moravia-Silesia Region
www.khkmsk.cz



The reconstructed Museum of Gorolian Customs and Folk Traditions Centre was opened to the public late in August 2009.

Eight Tourist Stops in Příbor

A two-kilometre tourist route with eight stops has been set up in the town of Příbor with a subsidy of almost CZK 1.9 million (approx EUR 76 180) from the Regional Operational Programme Moravia-Silesia. It was the first project to have been completed and subsidised from this Programme. Each stop is equipped with information about the spot and a hand-forged pointer to the next stop. The information board at the stop in Sigmund Freud Square has an additional audio guide recording in three languages. This is where the route begins and continues on to the Sigmund Freud Memorial and birth-place, four churches, and ends at the Piarist Monastery.

DISTRICTS OF THE REGION:

Bruntál - www.mubruntal.cz

Frydek-Místek - www.frydekmistek.cz

Karviná - www.karvina.org

Nový Jičín - www.novy-jicin.cz

Opava - www.opava-city.cz

Ostrava-město - www.ostrava.cz



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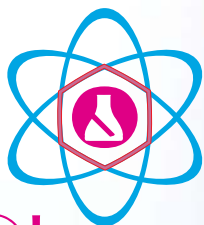
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www.mzv.cz/vienna

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Doing Business in the Czech Republic	www.doingbusiness.cz	General Information about business climate, structure, and development on the Czech economy
Portal of the Public Administration	http://portal.gov.cz	The electronic gateway for the public to administration and government services

Company Contact Information

Business Register	www.justice.cz	Public directory
Hoppenstedt Bonnier	www.hoppbonn.cz	The most important companies in the CR and the SR
Inform.cz	www.inform.cz	Czech Company Catalogue
Kompass	www.kompass.cz	Czech Company Catalogue
Albertina Data	www.albertina.cz	Czech Company Monitor
Creditinfo Czech Republic	www.cicr.cz	Financial and credit information
European Databank	www.edb.cz	Information operator
ARES	http://www.wininfo.mfcr.cz/ares	Access to Registers of Economic Subjects
Zlaté stránky	www.zlatestranky.cz	Telephone and companies directory

Legislation

Iuridika	http://iuridica.eunet.cz	Legal services in the Czech Republic
Portal of Czech judiciary	www.justice.cz	Course of legal proceedings

Finance

Czech National Bank	www.cnb.cz	Monetary, financial, and macroeconomic data
Prague Stock Exchange	www.pse.cz	Prague Stock Exchange data
RM-Systém	www.rmsystem.cz	RMS Securities Market
Czech Insurance Association	www.cap.cz	Directory of insurance companies operating in the CR
Středisko cenných papírů	www.scp.cz	Securities Centre Prague
Patria Group - Patria Finance	www.patria.cz	Investment portal
Register of excise duty payers	www.cs.mfcr.cz/spd_internet/	Directory of taxpayers registered under individual tax identification numbers (DIČ)
Chamber of Tax Advisers	www.kdpcr.cz	Database of tax advisers

Statistics

Czech Statistical Office	www.czso.cz	Official statistical data and information covering various subjects
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Fairs and Exhibitions

BVV – Brněnské veletrhy a výstavy	www.bvv.cz	List of exhibitions in Brno and relevant information
Association of Fair and Exhibition Organisers of the CR	www.czechfairs.cz	Exhibition centre companies organising trade fairs in the CR and abroad

Miscellaneous

The Industrial Property Office	www.upv.cz	Norms, Patents, and Standards
The Grant Agency of the Czech Republic	www.gacr.cz	Awards grants to the best projects of basic research in all branches of science
The Register of Advertising Agencies	www.registrara.cz/rra	Expert assistance in choosing and working with advertising and communication agencies in the CR
Česká pošta (the Czech Post)	www.cpost.cz	Incl. postcodes of municipalities and its districts (PSC), philately etc.
Residence of Foreigners in the CR	www.domavcr.cz	Advice for living in the CR
Association for Foreign Investment	www.afi.cz	Support for entry of foreign investors
Cadastre of Real Estate	www.cuzk.cz	Information system, contains data on real estate in the CR.
Road toll in the CR	www.premid.cz	Information on toll and charges
National system of qualifications	www.narodni-kvalifikace.cz	Nationally recognised qualifications in the CR
Portal of the Regional Information Service	www.risy.cz	Information website on the regions
The Czech Association of Hotels and Restaurants	www.ahrcr.cz	Directory of hotels in the CR



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