czech
business & trade

economic quarterly

CAPITAL CITY OF PRAGUE

NEW LAW ON PUBLIC CONTRACTS

MUCH-FAVOURED EMPLOYEE BENEFITS

MODERN RELAXATION IN CZECH SPAS

NO. 3 IN ELECTRIC POWER EXPORT

4
2010

ZVVZ GROUP IS BASED ON MANY YEARS OF TRADITION OF COMPLEX SYSTEMS FOR VENTILATION, SEPARATION, AND AIR FILTRATION AND HARMFUL POLLUTANTS LIQUIDATION.

„Hand in Hand with the Environment“

„from design to assembly“

Tradition
Reliability
Partnership

ZVVZ MACHINERY, a.s. is specialised in:

- axial and radial fans, medium-pressure and high-pressure fans,
- fans for nuclear and thermal power stations, ventilation of mines, tunnels and underground spaces, industrial use, aerodynamic tunnels,
- thermal combustion including recuperation, driers,
- square and round pipes group I including accessories, sound dampers including accessories,
- canals and pipes including accessories,
- pressure vessels and autoclaves,
- stationary pneumatic transport components,
- components for nuclear power plants,
- piping group II and III including accessories,
- ISO containers (steel 20 – 25 cu. m, aluminum 37 cu. m),
- reservoirs, silos (for bulk materials, lime, …)
- steel construction.

Production according to the customer’s documentation.
Production from carbonic, stainless, and aluminum materials.




Company ZVVZ-Enven Engineering, a.s. is specialised in equipment for:

- smoke and technological gases from solid and gaseous pollutants cleaning,
- pneumatic transport of bulk materials,
- air-conditioning and ventilation of nuclear power stations,
- air-conditioning of buildings, ventilation of industrial buildings, mines, tunnels, and underground.

Major focus area of ZVVZ-Enven Engineering, a.s. is:

- fabric filters,
- electric and mechanical separators,
- pneumatic transport of bulk materials,
- stabilisers and heat air-air exchangers,
- air-conditioning and ventilation equipment, also for nuclear power stations,
- filter ventilation equipment and closing elements, also for nuclear power stations.

ZVVZ GROUP

ZVVZ GROUP
Supplier of environmental equipment

ZVVZ MACHINERY, a.s., Sažinova 888, 399 25 Milevsko, Czech Republic, Phone: +420 382 551 111, e-mail: zvvz@zvvz.cz, www.zvvz.cz
ZVVZ-Enven Engineering, a.s., Sažinova 1339, 399 01 Milevsko, Czech Republic, Phone +420 382 551 111
e-mail: info@zvvz-enven.cz, www.zvvz-enven.cz

Czech Republic

Czech Business and Trade

Economic Quarterly Magazine with a Supplement is Designed for Foreign Partners, Interested in Cooperation with the Czech Republic

Issued by PP AGENCY s.r.o. in cooperation with
- Ministry for Regional Development of the Czech Republic
- Ministry of Industry and Trade of the Czech Republic
- Ministry of Foreign Affairs of the Czech Republic
- Confederation of Industry of the Czech Republic
- Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic
- Czech Chamber of Commerce
- CzechTrade

MANAGING EDITOR:
Šárka Kratochvílová

EDITORS:
Jana Pike, Jaroslava Bradová

REGULAR COLLABORATORS:
David Hort

TRANSLATION:
Vlasta Benešová, Alena Kenclová, Robert Krátký, Dagmar Šímová, Halka Varhaníková

READ:
Matthew Booth, Pearl Harris, Ivana Kadlecová

GRAPHIC DESIGN:
Art Director: Nina Nováková
Graphic Designer: Jiří Hetfleisch
Production: Anežka Zvěřinová

DEADLINE: 30/8/2010

Company with the ISO 9001 certified quality management system for publishing services

ADDRESS:
Myslíkova 25, 110 00 Praha 1
Czech Republic
Phone: +420 221 406 622
Fax: +420 224 930 016
e-mail: journal@ppagency.cz
www.ppagency.cz, www.doingbusiness.cz

Press run: 10 000 copies. The number of printed and sold copies of the journal is verified by auditor, PKF Audit, s.r.o., member of PANNELL KERR FORSTER Worldwide. MK ČR E 6379, ISSN 1211-2208 „Podávání novinových zásilek povoleno Českou poštou, s. p., odštěpný závod Přeprava, č. j. 3468/95, ze dne 24/10/1995"

Cover photo: www.sxc.hu

EXPECTED CHANGES IN THE POWER INDUSTRY

The principal priorities of the new Czech Minister of Industry and Trade include efforts to ensure efficient support of the business environment, elimination of superfluous regulation, strengthening the energy safety of the Czech Republic and efficient support of Czech exporters. The Minister also wants to focus on the power industry. In contrast to his predecessor, he intends to keep the brown coal mining limits and is also considering the revision of the energy mix, mainly in connection with renewable sources. If everything goes well, the Minister's final draft is expected at the end of the year.

Questions of the Month for Martin Kocourek, Minister of Industry and Trade

Martin Kocourek

When he assumed office recently, the Minister of Industry and Trade, Martin Kocourek, outlined several themes he considered as his main priorities. They include the energy safety of the Czech Republic, raising the competitiveness of Czech firms, reducing bureaucracy in business, and enhancing economic diplomacy.

As one of your priorities, you pointed out energy market liberalisation. Can you be more specific?

Energy market liberalisation is an ongoing process. The first step, which has already been taken, is the separation of electricity transmission and its production, distribution, and marketing. A correct separation of manufacturers from firms distributing energy raises the competitiveness of the environment. Here it should be noted that transmission and distribution are now already regulated activities. A similar process is also taking place in the area of gas and heat supply. On the other hand, there are various burdens, such as the support of renewable sources, that will pose obstacles to raising the competitiveness of the Czech power industry. Using renewable sources, however, is a commitment which the Czech Republic has taken upon itself, so that this market distortion must be reckoned with. Many of these problems are being tackled by the Energy Act Amendment, whose draft has already been prepared. On the European level, competitiveness can be raised by the creation of regional energy markets and the EU energy market. Energy safety is indeed a key priority. The principal requirement is that the government update the State Energy Concept (SEC) with a 20- to 40-year outlook. The draft update prepared by Minister Tošovský is very well conceived, nevertheless certain corrections will have to be made.

The current and expected energy situation in the Czech Republic shows that we will need a new nuclear source …

As regards primary sources, the situation is more or less stable on the long-term basis. Our plan is to strengthen the role of nuclear energy, as it appears to be feasible and efficient. At the moment, I cannot see much scope for any dramatic changes in the energy mix. We respect our commitment, which means that we will do our best for the Czech Republic in 2020 to be generating 13% of its energy output from renewable sources. In fulfilment of this commitment, the Government has adopted a Renewable Energy Sources National Action Plan and a programme for the promotion of renewable energy sources. At the same time, however, we must clearly state that it is not within our capabilities to raise this commitment, as the Czech economy and Czech industry simply cannot afford it.

The requirement for greater competitiveness, however, does not concern only the power industry, but also other sectors. What is your plan to eliminate the current commodity dependence of Czech exports and to raise the competitiveness of Czech exporters on foreign markets?

You are right, the dependence of the Czech economy on certain branches constitutes a threat for the Czech Republic. I think our response must be the creation of suitable conditions for innovative firms. It is in the area of innovation support in particular that a number of obstacles exists, beginning with the complicated and costly patent protection and ending with the inadequate commercialisation of applied research results. A number of measures will have to be taken to help to raise the innovative efforts of Czech firms and to strengthen international competitiveness in general. On the part of the Ministry, this will not mean raising fiscal expenses, but the creation of a system in which commercially oriented innovative plans of firms could be financed by private resources and assert themselves on foreign markets. The commercialisation of applied research and its practical use is a key to the strengthening and long-term sustainability of the Czech Republic's international competitiveness. The times are long past when Czech firms frequently based their competitiveness on low labour costs.

You have mentioned the complicated and costly patent protection. How do you see the current repeated attempts of the European Union to revive the EU patent project?

I welcome the idea of a single EU patent system. Currently, intensive talks are in progress on EU soil, particularly on the language aspect of the envisaged EU patent system. It is a basic issue on which the member states have been unable to agree for several decades. The current patent system is fragmented and is very costly for enterprises, mainly due to the fact that, when awarded, the patent must be translated into the 27 national languages. In my opinion, the undeniable advantage of the EU patent system is that it will mean considerable savings for Czech enterprises and will mean great simplification when seeking protection for new technological solutions throughout the European

Photo: Ministry of Industry and Trade of the Czech Republic archives

Union. Saving money on the translation of patents, however, is not the only advantage. Another benefit would be that EU patents would have to be administered centrally by the European Patent Office. This would save businessmen the costs of legal representation in the Member States connected with the validation or payment of maintenance fees. Total savings for businessmen derived from the introduction of a single EU patent system are estimated at approximately EUR 250 million per year.

Let's get back to priorities. How do you want to attain greater efficiency in the work of Czech economic diplomacy?

The Ministry of Industry and Trade is striving for a more dynamic support of Czech exporters, based on a new model of the country's commercial representations in foreign countries. This could be done by the merger of the current commercial departments of embassies and the foreign branches of the CzechTrade and CzechInvest agencies. The commercial representation would be a flexible organisation representing Czech commercial interests. By the end of this year, I would like to present to the government a new project, the Export Strategy of the Czech Republic for the years 2011-2016.

Laments continue to be heard from both domestic and foreign businessmen, who complain of an excessive administrative burden linked with doing business…

Combating bureaucracy is a never-ending process. We would like to abolish, or at least simplify, a number of regulations and ordinances each year. Each year we will analyse their impact, especially on small and medium-sized firms. For each new legislative motion, I want to introduce an obligatory assessment of its impact on businessmen. We are aware that it is necessary to simplify the business opening and closing procedures by not requiring businessmen to supply data which public administration authorities already have in their files. This means broadening the services of central registration departments so as to make it possible for a large part of the applications to be handled electronically.

How Much Will the European Union Contribute and What Projects Will It Support?

By joining the European Union, the Czech Republic has gained access to the EU's internal funds. The sum appropriated to it for 2007-2013 amounts to EUR 29.5 billion (EUR 4.2 billion per year on average). Of the neighbouring states, only Poland will be receiving more: EUR 80.5 billion. The Czech Republic - the richest country of the Visegrád Four – is entitled to draw something below 3% of GDP per year on average, Slovakia and Poland approximately 3%.

Members can draw money from the structural and cohesion funds intended for rural development, including agriculture and fisheries. The Czech Republic is receiving 90% of all European transfers from those funds, four-fifths of which go for the development of the infrastructure and human resources, environmental protection, innovation, and competition support.

The amount of committed money is one thing, but the ability to spend it rationally is quite another. In this sense, the Czech Republic has had to cope with two major handicaps: initial delay in drawing money from EU funds and a large proportion of investments in the transport infrastructure, which has a lower potential to raise the future production capacity of the economy in comparison, for example, with innovation and human resources development support.

Unfortunately, the amount of money drawn during the first quarter of 2010 grew by more than one-half, from CZK 70.4 billion (approx. EUR 2.8 billion) at the end of 2009 to CZK 116 billion (EUR 4.64 billion), with the value of all applications for support submitted, but not yet approved, exceeding the aid promised for 2007-2013 by approx. EUR 2 billion (CZK 49 billion). To prevent losing a part of the money promised to it, the Czech Republic must accelerate the process of drawing to comply with rule "n+2" (for 2007-2010 rule "n+3"), according to which the member state will lose the unused money which it is entitled to draw from the various funds (operational programmes) if it does not use the money earmarked for the particular year, even during the next two to three years.

EU MONEY PIPELINE

So far, the Czech Republic has little experience with EU money – the drawing from European funds in the 2007-2013 budgetary period has only just begun. Nevertheless, despite the recession, money drawn from European structural funds in 2009 (EUR 2 billion, i.e. 1.9% of nominal GDP) added about one percentage point[1] to the growth of the Czech nominal GDP. This cushioned the slump of the Czech economy, which in 2009 showed a 4.0% decline in terms of real GDP, less than was the case of Germany (-4.7%), the CR's main trading partner. Despite the massive global recession, maybe European money even helped the CR to maintain a relatively high economic standard, the highest among the Visegrád Four, which corresponds to 80% of the EU27 average (in terms of GDP per capita in PPS). It is expected that, in 2010, the Czech Republic will cut from the EU structural fund cake a portion twice as large as that which it consumed in 2009. Theoretically, in 2010 structural funds could raise nominal GDP by 2% in comparison with the scenario not including EU subsidies. In general, it can be said that 2010 is a year of the rapid beginning of the drawing of European money, so that the impact of the flow of European money into the domestic economy may be more tan-

Structure of EU funds in the CR (%, 2007-2013)

Infrastructure and the environment:	40.3
Innovation, competition, convergence:	25.3
Human resources:	13.8
Regional development:	19.7
Technical support:	0.9

gible than ever before or after. According to a European Commission study (2007), thanks to European money, the Czech Republic is expected to accelerate its growth (by more than 1 percentage point each year) more quickly than, for example, Poland, Hungary, or Slovakia. In addition, higher production, but not consumption, will be responsible for more than three-quarters of the CR's expected additional growth of GDP, the European Commission said. In consequence, the employment rate in the CR will rise by 7 percentage points between 2009 and 2015.

■ EUROPEAN FUNDS – PATCH FOR WANING DIRECT FOREIGN INVESTMENTS?

Money from the European Union figured strongly in the Czech Republic's balance of payments in 2009, when some CZK 42 billion (approx. EUR 1.68 billion), or slightly more than 1% of the nominal GDP, flew into the CR through the EU monetary pipelines. In 2007, at the beginning of the new budgetary period, it was "only" CZK 15 billion (0.4% of GDP). Money from the EU funds began to flow into the CR just in time – however, under the weight of the global recession, the stream of direct foreign investments flowing into the country began to dwindle. In comparison with 2008, the flow of investments into the CR dropped by CZK 58 billion to 52 billion (approx. EUR 2 billion). If the CR proves competent enough in drawing money from EU funds, it may be looking forward to an even stronger stream of money flowing in from the EU in the coming years, estimated at CZK 100-200 billion per year (approx. EUR 4-8 billion, i.e. 2-4% of nominal GDP). In times of uncertainty, money from the EU may become a welcome substitute for any potential decline in private foreign capital investment and may support the stability of the currency, as it happened in 2009. On the other hand, however, the accumulation of the flow of subsidies within a short period of time may cause the currency to fluctuate. Long-lasting massive strengthening of the currency may prove harmful for Czech exports and may undermine economic growth.

Although European funds may fill the gap in the balance of payments created by a decline in foreign investments, this will not replace their ability to raise production capacity and boost economic growth. Therefore, the Czech Republic must be prepared to face up to declining foreign investment as a result of strong competition from even cheaper countries and build a new growth model, based on higher added value production, focused more on services, human resource development, and innovation support.

Helena Horská
Economic Research Raiffeisenbank a.s.
e-mail: helena.horska@rb.cz

1) Expected multiplier of European funds is 0.6. More details later in the text.

ECO-BUILDING BRNO s.r.o.

Modern, environmentally friendly technologies for the building industry. Waste utilisation and liquidation.

www.eco-building.cz

CLPR CERTIFIKACE ISO 9001

Contact address:
Ing. Miroslav Bílý, CSc., Ing. Martin Ivan
Příční 29, 602 00 Brno, Czech Republic
Telephone: +420 545 215 375, Fax: +420 545 215 357
e-mail: info@eco-building.cz

ECO-BUILDING BRNO, S. R. O., IS A PURELY CZECH PRIVATE COMPANY, FOUNDED IN OCTOBER 1992, SPECIALISING IN PROJECT ENGINEERING. DURING ITS 18 YEARS OF EXISTENCE, IT HAS BECOME ONE OF THE SMALLER, FLEXIBLE, AND DYNAMIC COMPANIES ORIENTED AT THE REALISATION OF NEW, PROGRESSIVE TECHNOLOGIES IN THE AREA OF EFFICIENT AND ENVIRONMENTALLY FRIENDLY PROCESSING OF MAINLY ENERGETICS BY-PRODUCTS (VEP) AND SECONDARY MATERIALS INTO STABILISED COMPOSITE MIXTURES, BOTH DOMESTICALLY AND ABROAD.

THE COMPANY HAS HAD A CLPR CERTIFIED SYSTEM OF QUALITY MANAGEMENT, ČSN EN ISO 9001 : 2001, IMPLEMENTED SINCE 2004.

CLPR IMPLEMENTS AND PROVIDES:

- Technological tests of waste and secondary materials – determining technological appropriateness.
- Technological solutions of concrete methods of waste liquidation and utilisation.
- Conceptual technical designs and projects, deliveries of technological complexes and equipment.
- Construction, design, and realisation of industrial buildings and technological facilities of structures in the area of ecologically harmless processing of waste and secondary raw materials.
- Complete engineering services related to the construction and actual realisation of turnkey projects.
- Drawing up documents and experts‘ assessments concerning the evaluation of the influence of structures, activities, and technologies on the environment (Environmental Impact Assessment). Ecological audits.
- Development and construction designs of technical means in the area of solid industrial waste processing, with subsequent utilisation in the form of know-how.
- Trade and consulting activities in the field of building materials, industrial building, and waste treatment.

AREAS OF REALISATION:

- Mixing centres for the production of optimally moistened and pumpable stabilisate from high-temperature and fluid fly ashes and ashes.
- Centres for the manufacture of solidificates from the products of the desulphurisation of energetic resources and incinerating plants of solid municipal waste.
- Construction of disposal areas and road bases built using the technology of concentrated fly ash suspensions aggregate perfused with a fly ash suspension.
- Line routes pouring, maintenance of subsurface structures.
- Furnace modules for the burning of the Cinispor light synthetic aggregate.

KNOW - HOW:

- Technology for the production and use of concentrated fly ash suspensions (KOPOS).
- Technology for the building of road bases (KAPS).
- Production of the Cinispor light synthetic aggregate from fly ashes, using the endless self-burning technology.
- Technology for the production of a stabilisate from the products of fluid burning.
- Method of continual mixing and moistening of solid powder to grain materials with liquids, and equipment for the realisation of this method.
- Technological equipment for pneumatic transport of loose materials.

SELECTED PROJECTS AFTER THE YEAR 2000:

- Mixing centre for the OTOSAN fly ash mortar at Teplárna (Heating Plant) Otrokovice, STAPO MORAVA, a. s., 2001.
- Expansion of a mixing terminal (TM) 1 by adding the FGD-gypsum dosage facility at Sokolov-Svatava, Sokolovská uhelná, a. s., 2001.
- Reconstruction of the FK8 ground limestone transport, ČEZ, a. s., Elektrárna (Power Plant) Poříčí, 2002.
- Ground limestone transport to the FK5 operating silo, Dalkia Morava, a. s., Teplárna (Heating Plant) Olomouc, 2003.
- Repairs of end product dosage, Teplárna (Heating Plant) Otrokovice, a. s., 2004
- Mixing centre for the production of a pumpable stabilisate at the Starobeševo Thermal Power Plant, the Ukraine, HYDROSYSTEM project/SES a. s., Tlmače, 2004.
- Optimisation of the ELE 2 desulphurisation, ČEZ, a. s., Elektrárna (Power Plant) Ledvice, 2005.
- PS 1040 Dosage of bio-fuel for the K18 boiler, Chemopetrol Litvínov, project documentation for CHETENG Brno, 2006.
- Repair of the FP40 horizontal mixer, ENERGY Ústí nad Labem, a. s., 2007.
- Reconstruction of the FP65 mixers, ČEZ, a. s., Elektrárna (Power Plant) Ledvice, 2007.
- Desulphurisation at Plzeňská Energetika, a. s., Preparation of limestone suspension, a turnkey project for Tenza, a. s., Brno, 2009.
- Moistening of fluid fly ash – construction of an additional production line in a fly ash expedition silo, Hexion Speciality Chemicals, a. s., Sokolov, 2010.
- NZ 660 MWe ČEZ, a. s., Elektrárna (Power Plant) Ledvice – Mixing centre for the production of concentrated suspension, being realised as a turnkey project for another supplier: KLEMENT, a. s., Řehlovice.

Coping with Economic Crisis Is Easier than Managing the Growth of One's Own Firm

A survey conducted by PricewaterhouseCoopers Czech Republic (PwC), which addressed the owners of important Czech firms and asked them how they were coping with the current complex economic situation and what their future plans were, has revealed that 60% of the respondents last year showed lower revenues; this year, however, 70% of companies expect a growth in profits. Their message to the new government is: less bureaucracy and more flexible labour legislation.

The survey has shown clearly both the achievements and the challenges facing private company owners. On the one hand, their advantage is greater flexibility and wide-ranging opportunities to identify and use the gaps in the market, even in times of crisis while, on the other hand, they are more dependent on their own resources and often crucially dependent on the person of the owner. This manifests itself most strikingly when the enterprise has reached a certain size, or if some unexpected event has befallen the owner.

CRISIS – BEST TIME FOR INNOVATION

Czech firms have confirmed the experience well-known for centuries, namely that crisis is the best time for innovation and daring action. In this way, many of them have succeeded in areas which they would hardly have penetrated in times of prosperity, in the face of competition from global corporations. This explains the optimistic evaluation of Czech businessmen in comparison with their rivals: on a scale from 1 to 10 (1 = the best position in relation to rival firms), most owners see themselves in positions between 1 and 4. "Paradoxically, the optimism of Czech companies is largely the result of the economic crisis. A number of those companies managed their affairs wisely, even before the crisis, and used the slump as an opportunity to cut unnecessary costs, think about the real nature of their business and become aware of long-lasting sources of value. Now they are prepared for future growth and expansion," says Jiří Moser, leading partner of PricewaterhouseCoopers Czech Republic.

BUSINESSMEN PURSUE A MEDIUM-TERM STRATEGY

"Limited access to financing and the uncertain economic development in the Czech Republic and in other countries prompted a number of domestic enterprises to review their plans and concentrate on the environment they know well," Moser adds. An expression of the cautious optimism of managers of Czech firms is that more than one-quarter (28%) of them consider the development of a new product or service the best opportunity to ensure growth. The leading representatives of domestic firms clearly realise the risks they will have to face in the near future: 60% of the responding general managers mentioned low-cost competition as an important threat to attaining their aims and more than half of the respondents also fear a permanent change in consumer behaviour and preferences. "The customer, in the first place, is not a mere proclamation but, according to the majority of company heads, is an absolute necessity for maintaining the company's long-term growth. This means ensuring high-quality customer service, having the correct information about the market and the right people to meet the customers' expectations," Moser points out.

CASH REMAINS KING

Obtaining sources of growth will continue to be a challenge for most companies. More than a half (55%) of the general managers count on the fact that, in order to finance potential growth in the next 12 months, they will have to use sources generated inside the company. Only one-fifth (20%) are planning to borrow from the bank and one in every ten (10%) will rely on the credit market. "Banks remain cautious. The debts of many enterprises have already reached a level requiring company restructuring, in order to be able to obtain additional money for their further development, or a mere continuation of their business. Today, the winners are those who have managed to keep the companies' own capital on a satisfactory level," continues Jiří Moser.

STABLE PUBLIC FINANCES AND A FAVOURABLE BUSINESS ENVIRONMENT

The survey has revealed that the business sphere primarily expects from the government the stabilisation of public finances (90%), stability of the tax system (88.5%), easing the administrative burden (78%), and more flexible labour legislation (73%). If the government "frees the companies' hands" and allows them enough elbow room for business, this will raise the competitiveness of Czech enterprises much more than export support programmes or regional projects, according to the companies' general managers. A good example would be the simplification of the complicated administration of the tax system. While reducing the tax burden may be a difficult task for the government to accomplish, the reduction of the administrative burden connected with the payment of taxes will prove advantageous for both the state and the taxpayer. The greatest motivation for Czech owners in doing business is their craving for freedom when making decisions and their passion for the object of their business. Ranking far behind these strongly personal motives are factors such as securing personal or family finances, or success and prestige. A number of Czech firms and their owners are relatively young, so that it is natural that they are not thinking about handing over the reins of their business – only 16% are considering a change in the ownership structure in the next two years. In the longer-term outlook, nearly half of the respondents are expecting a change in the ownership structure. Most owners considering the handover of their enterprise prefer either the sale of the company to a strategic investor (39%) or succession in the family (35%).

-red-


A STAR ALLIANCE MEMBER
FLYING CHEF
Globally Yours
IN PRAGUE
Our globally awarded cuisine orchestrated by the unique "Flying Chefs" offers you exquisite tastes from all around the globe. We are proud to be the airline that offers the "Best Economy Class On-Board Catering"* in the world. We are Turkish Airlines. We are globally yours.
*According to Skytrax Civil Aviation Assessment Foundation.
turkishairlines.cz | +420 234 708 708
TURKISH AIRLINES

Foreign Investments Cautiously Pouring In

In 2009, the Czech Republic attracted foreign investments worth USD 2.7 billion. According to the United Nations Conference on Trade and Development, this was the 57th best result worldwide.

UNCTAD reports that, last year, global foreign direct investment declined massively, including in the Czech Republic. In 2009, foreign direct investment in the CR dropped by 42%. This result, however, is at least 2% better in comparison with the world's other industrialised countries. However, Miroslav Křížek, CEO of CzechInvest Agency, whose task it is to attract foreign investors to the Czech Republic, adds one more reason why foreign direct investment is declining: "Last year, foreign owners borrowed a record three billion dollars from their Czech branches," he explains. "Although this added to the fall of the Czech Republic from its position on the list of the most successful recipients of foreign direct investment, it actually means that investing in the Czech Republic is rewarding – even to the extent that those investments may finance the loss-making operation of the investors' own parent companies," Křížek adds.

NEW INVESTMENT FIGURES ARE ENCOURAGING

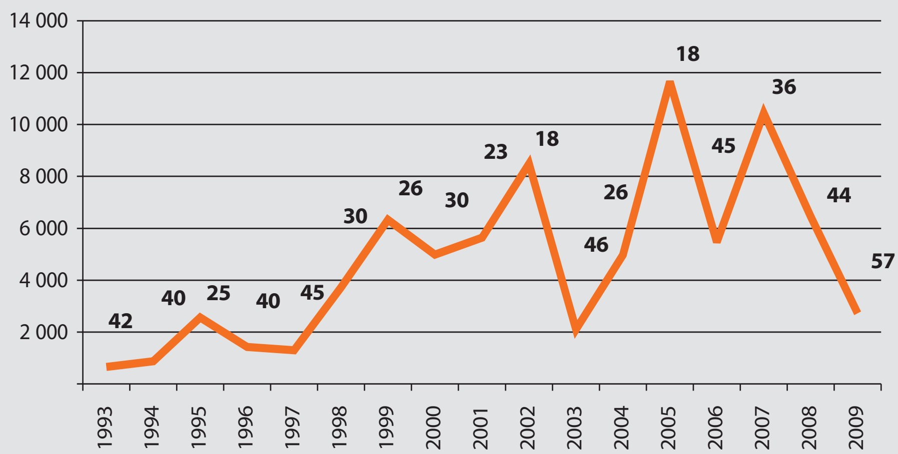
Despite the general investment downturn, the Czech Republic has appeared on the 2009 list of the world's largest mergers and acquisitions, due to the decision of the French pharmaceutical company, Sanofi-Aventis, to take over Zentiva, the Czech drug manufacturing firm. According to UNCTAD, this deal, worth two billion dollars, was last year's 50th largest merger and acquisition. Foreign direct investment in 2008 declined by 16% and, last year, by as much as 37%. UNCTAD predicts that, after two years of decline, this year may show a very cautious change for the better. According to current figures of the Czech National Bank, more direct investments flowed into the Czech Republic in the first quarter of 2010 than during the whole of last year. The amount of foreign direct investment in the first quarter of this year amounted to CZK 53 billion (approx. EUR 2.1 billion), one billion crowns (approx. EUR 400 000) more than during the whole of last year. "One-quarter is too short a time in which to make a forecast for the whole year, nevertheless the figures are encouraging. In addition, the stable results are also confirmed by CzechInvest's estimates for the first half of this year – during the first six months of last year we assisted 140 projects, and this year, during the same period, we assisted 125," says Miroslav Křížek.

In 2009, the total volume of foreign direct investment amounted to USD 1.1 billion – half the 2007 figure. This year is expected to show a slight revival, UNCTAD predicts, with global investments estimated to reach USD 1.2 billion. In 2011, it will be 1.3 to 1.5 billion, and the prediction is that a return to pre-crisis values could take place in 2012, when UNCTAD expects investment to amount to USD 2 billion. "These predictions, however, involve certain risks and uncertainty, including hazards resulting from the very moderate revival of the world economy," the report warns.

DEVELOPING AND TRANSITION ECONOMIES AT THE HEAD OF ECONOMIC REVIVAL

A comparison of the Visegrád Four countries, the largest Central European rivals of the Czech Republic in attracting foreign direct investment, has revealed that, in 2009, Poland was the country which attracted the most investments. Its lead over the Czech Republic, however, was in no way too impressive. Substantially worse off were Slovakia and Hungary, which found themselves at the bottom of the global list of the most successful states in attracting investments: Hungary was the very last and Slovakia only four positions up. The cautious revival of the world economy, according to UNCTAD, is led by the developing and transition economies, which, for the first time in history, attracted nearly half of all foreign direct investment. Those countries, in addition, are slowly penetrating the upper strata of tables, also as a source of foreign direct investment. This year's report on global investment focused thematically on investment in low CO_2 emission projects. In the area of power generation, UNCTAD mentions the project of the Czech company, ČEZ, for the construction of a giant wind power station in Romania, worth more than USD 1.6 billion. On the other hand, Czech firms invested the total sum of 25.5 billion in other countries, occupying 47th position among the most active investors.

FOREIGN DIRECT INVESTMENT IN THE CZECH REPUBLIC 1993-2009 (USD million)



Note: Figures in the chart referring to the years indicate the global order of states based on the size of investments flowing into them.

Jiří Sochor
CzechInvest
www.czechinvest.org

Photo: ZVZ archives

European Firm in South Bohemian Milevsko

The history of ZVVZ a.s., goes back to 1948, when the Janka Radotín factory started being built in Milevsko, South Bohemia. Today, a modern machine-building holding, ZVVZ GROUP - one of the respected European producers and suppliers of a complete air-conditioning portfolio contributing to a clean environment - is being formed. The company specialises in fans for aerodynamic testing tunnels that the company manufactures, as one of only three other producers in the world. This Czech product has been chosen by the German car company, Audi, and the Canadian University of Toronto, where American car companies test their cars.

STRONG, PRESTIGIOUS BRAND

The ZVVZ brand has become one of the strong, prestigious symbols of Czech machine building over the years. The company also supplies and manufactures equipment for the cleaning of combustion gases intended for heating plants, power plants, and incineration plants. Important products of the ZVVZ brand also include fans of artificial blasts for burners in industrial operations, fans for road and aerodynamic tunnels, and the already mentioned ventilation for underground railways and mines. The company supplies air-conditioning tubing for ventilation and air-conditioning including accessories, also for nuclear power plants, and manufactures smoke flues and components of stationary pneumatic transport, including accessories.

The company has modern manufacturing equipment at its disposal and provides its customers with excellent services. These services are built on the pillars of qualified employees and an experienced management. ZVVZ's largest customers include leading companies on the market, such as ČEZ, Vítkovice Power Engineering, a.s., Alstom, Škoda Praha, Skanska, ČKD Export, and Chemoprojekt.

ZVVZ GROUP HOLDING

The ZVVZ Group will now be called ZVVZ GROUP, a.s. The following companies have split from the original joint stock company, ZVVZ, to become independent entities: ZVVZ-Enven Engineering, a.s., ZVVZ Energo s.r.o., and ZVVZ Invest s.r.o. All three had existed before, but as subsidiaries. At the same time, two new companies were formed: ZVVZ NEMOVITOSTI, s. r. o., and ZVVZ MACHINERY, a.s.

These changes, long in preparation, will ensure that all activities become more transparent and efficient, a fact which will be appreciated by our customers as well. All firms in the holding will be transparent and product-oriented towards their core business.

Following these changes, the original home company, ZVVZ a.s., will become a "service" company for the holding and its firms. A new company, ZVVZ MACHINERY, has taken over all of its production and business activities. The existing divisions, Production, Air-Conditioning, and Fans and Megtec, have also become parts of the new company. ZVVZ MACHINERY has thus become the business partner for all existing and future contracts previously handled by the listed divisions.

The newly created ZVVZ GROUP, a.s., whose only stockholder is GES INVEST, a.s., a Czech company, thus directly owns 80% of ZVVZ-Enven Engineering, a.s., 100% of ZVVZ MACHINERY, a.s., 100% of ZVVZ Energo s.r.o., 100% of ZVVZ NEMOVITOSTI, s.r.o., 100% of ZVVZ Invest s.r.o., and 100% of ZVVZ a.s.

ZVVZ NEMOVITOSTI will handle all management of real estate owned by the holding.

ZVVZ-Enven Engineering carries out complete business and engineering activities, in particular providing all supplies in the area of the separation and dust removal of solid and gaseous pollutants from waste and technological gases. It also provides key-ready deliveries for ventilation, filter-ventilation, and air-conditioning of industrial buildings, mines, tunnels, underground railways, civilian protective shelters, and nuclear power plants. Nowadays, the company supplies filter-ventilating equipment for the 3rd and 4th blocks of MOCHOVCE Nuclear Power Plant and aims to succeed in the competition for the supply of air-conditioning and filter-ventilation systems for the completion of TEMELIN Nuclear Power Plant and other nuclear power plants abroad.

The company is active in Central and Eastern European countries, especially in Russia, the Ukraine, the Baltic Republics, Poland, Bulgaria, Kazakhstan, Slovakia, and now also in India.

HEALTHY ECONOMY

Consolidated economic results for last year show that the ZVVZ Group recorded revenues in the amount of CZK 1 660 million. Profit before tax was CZK 105 million. ZVVZ GROUP does not rely just on the strength of its own brand, it is also continuously innovating its portfolio. Products are delivered with great added value, certified according to ČSN EN ISO 9001:2008. The company's ambitions are to further expand its operations and to strengthen its position as a sought-after and respected supplier of products and equipment for green-friendly machine building.

Jaromíra Rottenbergová
ZVVZ a. s.
e-mail: jaromira.rottenbergova@zvvz.cz
www.zvvz.cz

Enterprises Reintroduce Employee Benefits

Luncheon vouchers, education, and insurance contributions continue to be the most popular tax-preferred benefits. The most favourite tax non-preferred benefit is the mobile phone. With the improving economic situation, 95% of Czech enterprises are reintroducing employee benefits, according to a survey conducted by the ING company and the Confederation of Industry of the Czech Republic. Generally, the most favoured benefit is the mobile phone, provided by 80% of companies. Luncheon vouchers and company cars are offered by three-quarters of the responding firms. A permanent highlight among company benefits for several years now have been insurance products: 60% of employers offer their employees pension insurance contributions and 30% life insurance contributions.

TAX-PREFERRED BENEFITS

The most popular tax-preferred benefits include lunch vouchers – provided by 75% of companies. A high percentage of companies also offer their employees educational opportunities and complementary pension insurance.

Lunch vouchers	75%
Education	70%
Complementary pension insurance	60%
Life Insurance	39%
Flu vaccination	24%
Holiday bonus	20%
Commuter bonus	14%

Source: ING

EDUCATION BENEFITS ARE BECOMING INCREASINGLY POPULAR

While the provision of tax non-preferred benefits is stagnant, firms rather choose to invest in tax-preferred advantages. The fastest growing are education benefits, offered by 11% of firms. An interesting growth has been shown by life insurance benefits: 5% of companies are planning to raise their life insurance contributions or to introduce this system. In the case of complementary pension insurance, this option has been chosen by 4% of respondents. "With the worsening of global economic conditions, firms became increasingly interested in insurance products. Besides guiding their employees towards greater responsibility for their future, these firms used their insurance contributions as motivation at a time when salary increases were not the order of the day. Consequently, employers have got used to regarding benefits as an important motivation for their employees and have decided to continue providing them, as interest in them keeps growing," explains Jiří Běťák, Director of ING Employee Benefits.

Photo: www.sxc.hu

INTEREST IN COMPLEMENTARY PENSION INSURANCE IS GROWING AS WELL

Complementary pension insurance proves to be an important indicator of the company's position. Firms whose economic situation has improved offer this benefit more readily (in 66% of cases) than those whose situation is felt as being worse (only 53% of firms). In the absence of tax non-preferred benefits, this role is played by rewards in the form of physical gifts or one-off premiums and contributions towards culture and health care. In addition, some 40% of companies have prepared yet other motivational measures for 2010. This trend can be observed primarily in the case of companies with a higher number of employees and firms perceiving their situation as taking a turn for the better. The most important are individual financial rewards, loyalty rewards for years of service or an extra week of holiday. "The economy is of basic importance for ascertaining the usefulness of employee benefits. A number of essential reforms are being prepared and steps are being taken to ensure the recovery of public finances; this, in relation to tax-preferred benefits, is certain to provoke heated discussion," says Zdeněk Liška, General Director of the Confederation of Industry of the Czech Republic.

TAX NON-PREFERRED BENEFITS

95% of the responding companies provide tax non-preferred benefits to their employees, with an average of five different benefits. In larger companies, employees are offered even more benefits. The most popular among these is the provision of a mobile phone, followed by a company car; education ranks fourth.

Mobile phone	80%
Company car	75%
Beverages	71%
Education	64%
Physical gifts/one-off	57%
Sports opportunities	33%
13th-month salary	32%
Employee loans	31%
Culture	29%
Health care (vitamins, rehabilitation)	24%
Holiday bonus	18%
Flexi-vouchers	14%

Source: ING

SALARY IS WHAT REALLY MATTERS

The survey conducted by LMC also shows interesting results. It reveals that, for 47% of people, the determining factor in choosing new employment is the salary. For one-fifth of employees, the decisive consideration is job description, 8% value most the assurance of a long-term perspective, while 7% consider the length of working hours most important.

On the other hand, the most dissuasive factors for employees are the non-observance of agreements on the part of the employer, excessive authoritative management and zero pay growth. Career advancement and self-improvement opportunities play an important role in making the decision only in the case of a mere 2% of job seekers. Other advantages or the atmosphere in the firm are of decisive importance for just 4%. "The survey only confirms the priorities of people who opt mainly for financial certitude," says LMC's spokeswoman, Jana Skalová. An important motivational factor, according to LMC, is finding a work-life-balance, i.e. conditions created by the employer that will also allow the employee time for family life, his/her hobbies and relaxation.

SIGNS OF IMPROVEMENT APPEARING, ALBEIT SLOWLY

The general economic situation in the Czech Republic is improving, yet at the moment most companies are hardly feeling any progress. Only one-third of the companies regard their current economic situation as being better in comparison with last year, while for another third the situation has remained unchanged and for the last third it has even worsened. Despite the improving economic conditions in certain sectors, the crisis persists, particularly in construction and in some branches of the transport industry.

FURTHER MOTIVATION FOR EMPLOYEES

The highest percentage of companies (38%) offer their employees financial motivation bonuses in appreciation of their performance, and a large number of firms pay their employees loyalty rewards for years of service. Other frequent benefits are an extra week of holiday or paid days off.

Financial reward based on the performance of individuals (individually)	38%
Loyalty reward for years of service	25%
Extra week of holiday, paid days off	14%
Open-door day for family members, company excursions, team activities	11%
Above-standard health care, physician	5%
Work canteen meals/refreshments	5%
Holiday bonus, children's recreation	5%
Work from home	3%
Possibility of purchasing a 12-month public transport ticket	3%
Reward – for raising the level of qualifications	3%
Bonuses based on the company performance, working groups (non-individually)	3%
Other	18%

Source: ING

Spa Holiday in the Czech Republic – What a Hit!

The Czech and Moravian spa industry has witnessed a period of development started after 1989. Gradually it has stopped relying on long-term tradition only and has adapted to both technical and medicinal innovations, as well as general trends of healthy lifestyle.

The Czech spa industry is unique in many respects – 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 (Marienbad), and Františkovy Lázně. This collection of unique places would not be complete without Jáchymov and Jeseník. In 1906, experts in Jáchymov continued in the scientific discoveries made by Marie Curie and they were the first in the world to start using the curative effects of radon-rich waters. Jeseník is famous thanks to Vincenz Priessnitz, who founded the first hydrotherapeutic institute here in 1822. And what makes the Czech spa industry so unique? It is mainly the connection of high-quality medical care, progressive curative and rehabilitation methods with the use of natural elements: mineral waters, curative peloids (peat and mud), natural gases as well as the positive effect of the climate.

CZECH SPAS ARE VISITED MOSTLY BY GERMAN TOURISTS

It is pleasing for Czech spa facilities that they continue to lure foreign visitors. The awareness of foreigners about Czech spa industry depends on individual countries. A relatively good awareness exists on all traditional foreign markets from which the majority of foreign visitors arrive. These clients chose Czech spas mainly for the high-quality curative approach, i.e. the use of unique natural healing sources for spa procedures as well as the care of qualified medical staff. Neighbouring countries, mainly Germany, which is at the top of the list of foreign spa tourist arrivals, appreciate the favourable ratio between quality and price. In Russia, from where more and more clients come here, they consider it a matter of prestige to spend some time in Czech spas. Clients from Arab countries come to our spas especially for the cure, often they spend several months in the Czech Republic with the whole family and they appreciate mainly a significant enhancement of their health condition thanks to the unique Czech spa treatment especially for locomotive organs or metabolism.

FANCY A RELAXATION SPECIALITY?

Taking a break from work duties and stress, curing health problems or restoring strength during convalescence. Today the offer is not limited to classic spa stays only, or programmes for seniors and children, but it also includes popular wellness programmes. These are made to measure and you can try programmes for managers, anti-stress, weight loss, detox, or wellness & beauty. Czech spas promote the so-called medical wellness – the harmonic connection of the use of natural healing sources and qualified medical care for many wellness procedures and other additional activities (golf, Nordic walking etc.).

ACTIVE SPAS

Movement is the alpha and omega of a healthy lifestyle. If you like to combine spas and golf, the oldest and best-known Czech golf courses are located near Karlovy Vary (www.golfresort.cz) or Mariánské Lázně (www.golfml.cz). An unusual relaxation is fishing which you can try in the spa town of Třeboň (www.trebon-mesto.cz) or in Toušen (www.slatinnelaznetousen.cz). You can enjoy spas in winter, too. Ski slopes and cross-country skiing tracks are close at hand in Jeseník, Jánské Lázně (www.janske-lazne.cz), or Lázně Libverda (www.laznelibverda.cz).

HOW ABOUT SOME BEER...

...well, not a glass of beer, but beer in a spa tub. The effects of a real beer spa can be tested in the Western Bohemian family brewery Chodovar in Chodová Planá (www.pivnilazne.cz). The local original reconditioning spa therapy uses a combination of curative effects of warm mineral water, dark beer, raw contents used for the production of beer and products of beer brewing, plus curative wraps, massages, and drinking treatments. The aim of the procedures is the harmonisation of the functions of the body, spiritual repose, reconditioning and relaxation. The procedures have curative effects on skin and hair, they relax muscles, warm up joints, and support the immune system.

FOREIGN VISITORS IN SPA ACCOMMODATION FACILITIES

	Number of guests		Average length of stay in days
	2008	2009	
Guests total	**674 313**	**647 568**	**11.3**
Residents	**337 392**	**341 520**	**12.8**
Foreign guests total	**336 921**	**306 048**	**9.7**
Germany	193 799	176 560	9.3
Russia	68 237	54 102	13.7
Asian countries (not mentioned here)	21 699	22 535	7.2
Ukraine	7 893	6 456	13.3
Austria	5 396	5 515	6.9
Israel	4 339	4 466	13.8
European countries (not mentioned here)	4 822	4 365	9.9
Slovakia	3 594	4 345	5.1
USA	3 315	3 304	9.8
Poland	3 301	3 012	4.6
France	1 847	1 907	4.5
Italy	1 474	1 802	5.3
UK	1 692	1 592	4.6
Netherlands	1 531	1 421	6.8
Switzerland	1 246	1 252	5.3
Belgium	741	1 124	5.1
Sweden	878	1 081	5.1
Hungary	1 252	1 081	3.8
China	1 014	1 044	2.2

Source: CzechTourism

Photo: CzechTourism

ST. ANNE'S UNIVERSITY HOSPITAL BRNO

A leading facility

with a long tradition, in continuous service

since 1786

- We can provide an escort for patients, if required
- We are a state co-funded organization, established by the Ministry of Health of the Czech Republic

The Hospital is currently building a science and research center – the International Clinical Research Center (FNUSA–ICRC) – in cooperation with leading Europen and U. S. institutions. The ICRC is to operate on a similar principle as the European Organization for Nuclear Research (CERN) and the International Space Station. The results produced by the scientific projects implemented at FNUSA–ICRC will facilitate effective prevention, earlier diagnosis, and minimally invasive and more efficient methods of therapy, in particular for cardiovascular and neurological diseases. Our added value consists primarily in an individual approach to each patient, based on the personal attitude of a team of renowned professionals using state-of-the art equipment. Our objective is to provide advanced care, individually tailored and applied to each patient or client.

WE OFFER A WIDE RANGE OF SERVICES

We place particular emphasis on prevention as the ideal way of avoiding many diseases and alleviating the effects of a disease already in progress. For those who do have a disease, we offer diagnosis and treatment in the following key programs at the University Hospital:

- A comprehensive range of cardiovascular problems, including vascular surgery and cardiac surgery
- Neurosciences – in particular neurology and neurosurgery
- Oncosurgery – surgical treatment of solid tumors in the following areas:
  General surgery, including thoracic surgery | urology | orthopedics
  Otorhinolaryngology | neurosurgery
- Plastic and aesthetic surgery
- In the area of general internal medicine, we specialize primarily in metabolic disorders and diseases of the endocrine system, including diabetology and obesitology, and in nephrology and hepatology
- We offer comprehensive services in dental medicine
- Last but not least, we offer special diagnostics in the area of imaging methods – 64-256 MS CT, 1.5 - 3 T NMR, biplane angiography
- Our hospital also provides its patients with leading anasthesiological and intensive care
- Our Pain Management Center provides treatment for chronic pain, including the implantation of stimulators and continuous pumps to eliminate chronic pain.

THE COMPREHENSIVE SERVICES WE PROVIDE ALSO INCLUDE BOTH PERSONAL AND ELECTRONIC CONSULTATION.

St. Anne's University Hospital Brno, Pekařská 53, 656 91 Brno, Czech Republic, phone: +420 543 182 003, e-mail: healthinfo@fnusa.cz, www.fnusa.cz

CHOCOLATE TO PAMPER COMPLEXION

Compared to beer, chocolate spa baths are better known and more common. The Regeneration Centre in Buchlovice (www.laznebuchlovice.cz) has been using them for several years. Chocolate bath and wrap clear fine lines, return minerals and amino-acids to skin, and restore the protective skin layer. The hit of recent years has been a hot chocolate massage, which is offered by several spa facilities and wellness salons. It is suitable for smoothing skin, eliminating cellulite, supporting metabolism or the relaxation of muscles.

BENEFICIAL EXTREME

Relaxation centres with cryotherapy – a curative method using extreme cold in a cryogenic chamber with temperatures reaching minus 160 °C – are very popular in the spa and wellness sector. Only a few years ago this therapy was a monopoly of the Beskydy Rehabilitation Centre in Čeladná (www.brc.cz), but at the moment there are several such facilities in the Czech Republic. The principle of cryogenic sauna is based on the fact that extreme cold mobilises unusual processes in the human body. In an extremely short time vessels in the blood and lymphatic systems expand and the increased production of enzymes and hormones starts anti-inflammatory and healing processes.

CAPACITY OF CZECH SPA FACILITIES

Category	year 2008		
	number of facilites	number of rooms	number of beds
hotels *****	4	470	914
hotels ****	56	4 437	8 241
hotels ***	37	2 065	3 843

The Czech Republic – Haven of Medical Tourism

Medical tourism is the phenomenon of today and the Czech Republic, thanks to the good reputation of its plastic surgery, is not lagging behind, at least in the number of foreign tourists. In 2009 six thousand foreigners made a trip to local hospitals or clinics; that is six per cent more than in 2008. According to the CzechTourism Agency the Czech Republic and especially Prague is sought after for its financially accessible plastic and aesthetic surgery. Even though plastic surgery is the main attraction for medical tourism in the Czech Republic foreign visitors are also interested in dentist and orthopaedic treatment and fertility treatment.

Tourists come to the Czech Republic on their own or with the help of agencies that mainly organise accommodation or aftercare. It is interesting that clients from abroad come more often and that it is more often a higher class of visitors. It is caused not only by the opening of borders, but also by the good reputation of Czech surgeons and competitive pricing – the cost of a surgery is 70% lower than in other Western countries. According to a Forbes league table, the Czech Republic is one of the top-ten international destinations for medical tourism.

PLASTIC AND AESTHETIC SURGERY IN THE LEAD

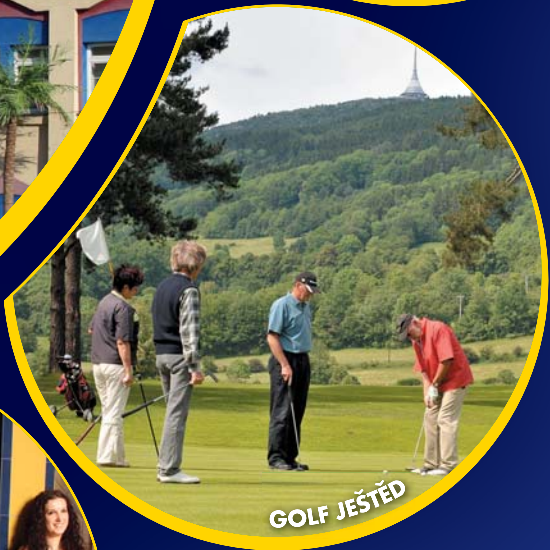
A study in the field of medical tourism was carried out by Hilcom. It attempted to map out the current situation of the Czech cosmetic surgery in 2008. The study took into consideration the specific nature of medical tourism in the Czech Republic – i.e. that it concerns individual doctors rather than clinics. "Some 45 plastic surgeons who took part in the study said that foreign clients made up 19% of all the operations they performed," cited Hilcom's executive director, Pavel Hilbert. The largest number of cosmetic surgery patients came from Germany, followed by Austria, the UK, and Slovakia. The overwhelming majority were women (87%), and travelled to the Czech Republic in most cases for breast enlargements, eyelid operations, and liposuction. Doctors also maintain that the number of foreign clients increases considerably when they offer to help to organise the trip to the Czech Republic. Most of them are able to assist with arrangements themselves, while 19% work with specialist travel agencies. Satisfied customers then return home and recommend good doctors to their friends. Doctors stated that personal recommendations are the most frequent way how foreign clients get the surgery door. But is the risk to which patients expose themselves during treatment in a foreign country outweighed by the lower price? The research shows that patients from other countries are better informed than the Czechs, as they have to discuss their issue with the doctor over a long distance by telephone or e-mail. According to Pavel Hilbert, foreign patients stay in the Czech Republic an average of 3–10 days (depending on the kind of operation they are undergoing).

OPERATIONS IN DEMAND IN THE CZECH REPUBLIC

Foreigners most often request for example an operation of upper eyelids (approx. CZK 7 000 - EUR 280), breasts enlargement (from CZK 47 000, approx. EUR 1880), liposuction (from CZK 20 000, approx. EUR 800), face lifting (from CZK 27 000 – approx. EUR 1080), nose surgery or improvement (from CZK 27 000, approx. EUR 1080), ear surgery (from CZK 7 500, approx. EUR 300).

BOOM IN REPRODUCTION

According to the European Society of Human Reproduction and Embryology (ESHRE), women who have fertility problems make a minimum of 20 to 25 thousand journeys abroad per year. One of the sought-after destinations is also the Czech Republic. According to their poll survey, for example half of British women who took part in the survey went to the Czech Republic. How many foreign clients visit the 26 Czech centres of reproductive medicine per year is not possible to even estimate. The offer of individual clinics can be found on the internet and the decisive factor for choosing the Czech Republic can be the price of treatment, which is 50% lower that in West-European countries.



CENTRUM
BABYLON
LIBEREC

CONGRESS – ENTERTAINMENT GOLF – RELAXATION – WELLNESS

CENTRUM BABYLON PROVIDES THE IDEAL ENVIRONMENT FOR COMBINING A CONGRESS WITH ENTERTAINMENT AND SPORT. THE CONGRESS SPACE ALLOWS FOR A NUMBER OF VARIABLE USES, INDIVIDUAL HALLS HAVING CAPACITIES OF BETWEEN 10 AND 950 PERSONS. EACH HALL OFFERS A UNIQUE ATMOSPHERE. CUSTOM-TAILORED ACTIVITIES ARE A MATTER OF COURSE, AS ARE OUR ACCOMMODATING STAFF, ABOVE-STANDARD GASTRONOMIC SERVICES, AND A HELPFUL APPROACH TOWARDS YOUR REQUIREMENTS.

WE INVITE YOU TO BRING YOUR FAMILY AND FRIENDS ALONG TO REVIEW OUR FACILITIES. BESIDES TOP QUALITY HOTEL SERVICES, CENTRUM BABYLON OFFERS A WIDE RANGE OF ENTERTAINMENT OPTIONS FOR ALL AGE GROUPS. **LUNAPARK** FOR THE YOUNGEST, IS STYLED LIKE AN OLD-FASHIONED CZECH FAIR. OLDER VISITORS CAN ENJOY **iQPARK** – AN INTERACTIVE CENTRE OF SCIENTIFIC FUN – AND THE THEMATICALLY ORIENTED **AQUAPARK**.

THE **WELLNESS CENTRUM** WITH A WIDE SELECTION OF PROCEDURES ON OFFER IN AN ANCIENT SPA ENVIRONMENT, IS AN INDISPENSABLE PART OF THE COMPLEX.

THE **JEŠTĚD GOLF CLUB** IS AN ESSENTIAL PART OF CENTRUM BABYLON. IT HAS AN INTERESTING TERRAIN, LOCATED BELOW THE JEŠTĚD RIDGE. EACH OF THE 9 HOLES OFFERS A UNIQUE PLAYING EXPERIENCE AND SURROUNDINGS. THE GOLF COURSE EVEN HAS AN AREA DEDICATED TO CHILDREN – MONKEY BARS, SEE-SAWS, IQPARK EXHIBITS, INDIAN CAMP GROUND, AND A SCOOTER RENTAL.

YOU CAN SPEND YOUR FREE TIME IN A NUMBER OF ENJOYABLE WAYS. CENTRUM BABYLON IS THE IDEAL VENUE TO COMBINE A CONGRESS WITH SPORT, ENLIVENING YOUR BUSINESS ACTIVITIES WITH RELAXATION AND ENTERTAINMENT.

CENTRUM BABYLON has been awarded as the "Bes t Tourism Product in the Czech Republic" by the CZECH TOURISM agency this year.

CENTRUM BABYLON, NITRANSKÁ 1, 460 12 LIBEREC, PHONE: +420 485 249 202, WWW.BABYLONLIBEREC.CZ

"Olomoucké tvarůžky" Cheese Now Only Comes from Haná

"Success is ours" is what the manufacturer of this traditional Moravian cheese with its distinct aroma, known under the name of Olomoucké tvarůžky, could say to himself at the beginning of August 2010. Indeed, Olomoucké tvarůžky cheese was awarded the Protected Geographical Indication of the European Union. The Czechs had been fighting for its registration for six years, and finally their efforts bore fruit…

This means that now Olomoucké tvarůžky can only come from Haná, region around Olomouc. Should anyone disobey this regulation, he or she will face sanction. Currently, real Olomoucké tvarůžky cheese can only be purchased from the firm A. W., which was founded in 1876 in the town of Loštice, some 30 kilometres from the city of Olomouc. The firm was founded by Alois Wessels, ancestor of today's owners, who, while using modern technology, have retained the original recipe unchanged.

"It is a recognition of the originality of this unique Czech cheese. Thanks to this designation, customers have the guarantee that the cheese was made according to the original recipe and that it is not an imitation, but the genuine article," Jaroslav Kovář, Chief Executive of the firm, says.

A UNIQUE MANUFACTURER

Only this one particular cheese manufacturing plant has remained. According to Kovář, however, this was not always the case. "In certain periods, there were several hundred such plants around," he says.

Why is the adjunct attached to this cheese related to Olomouc, when it is made in Loštice? It is a kind of cheese which used to be produced in cottages in the Haná region, and what the peasants could not consume themselves, they took to the market in Olomouc. There, the cheese was sold and later loaded on to carts and even trains, and transported to all parts of the then Austro-Hungarian Empire and further afield to Europe. But as the actual trading took place in Olomouc, the cheese was given the name "Olomoucké tvarůžky".

OLOMOUC SPELLS CHEESE

If you say "Olomouc", the first thing that springs to the mind of every Czech is the popular Olomouc cheese. Records featuring its manufacture go back more than 500 years. There is a museum in Loštice, in the manufacturing compound, documenting the history of "Olomoucké tvarůžky", the only original Czech cheese. Old machinery and the original equipment for the crushing and pressing of curd are on display, with illustrations of how the ancient cheese-makers lived.

There are some thirty different varieties of this type of cheese, which visitors to the Museum can buy in the workshop next to the manufacturing plant. For those with a passion for this delicacy, there is a restaurant in the square, where they can choose from an endless variety of dishes prepared with this product, as well as the world's first Olomouc cheese-vending machine.

HOW IS IT MADE?

Hardly anyone knows that Olomoucké tvarůžky is a very light cheese, which contains less than 1% fat. It is based on acid curd and salt. The mixture is left to mature for about 14 days. After that, the mixture is crushed, shaped, and put onto shelves in the drying house. Then the cheese is placed in maturing boxes and washed. After that, it is left to mature until the characteristic yellowish film appears on the surface. At this stage, the cheese is nearly ready and can be packed. The longer it is left to mature, the stronger the characteristic aroma becomes.

THEY OPPOSED IT, BUT FAILED

The Germans and Austrians were strongly opposed to the award of the protected designation. Their manufacturers use the name "Olmützer Quargel" and were unwilling to give it up. In the end, their objections were overruled. The firm A.W. now expects that, owing to the designation, their sales abroad will increase. Exports now account for approximately 15% of their total sales. The cheese is exported to Poland, Hungary, Austria, and Slovakia.

OTHER PROTECTED PRODUCTS

Last July, Olomoucké tvarůžky cheese was added to the more than twenty other products from the Czech Republic boasting the protected EU designation. These include, for example, Marienbad Wafers, Hořice Wafer Tubes, Pardubice Gingerbread, and Czech Beer. Recently, several Czech cheeses have obtained protected designations. About six months before Olomoucké tvarůžky, the South Bohemian Niva Blue Cheese obtained the EU Protected Geographical Indication.

"Olomoucké tvarůžky" cheese

Photo: A.W. archives, J&B – Josef Blažek's archives

When Quality Packing Is Needed

Firms which can be described as family ones are not numerous, but the company called J&B – Josef Blažek is worthy of this description. When Josef Blažek founded a firm more than a century ago, he might have anticipated that a firm of the same name would be managed early in the third millennium by a bearer of the family name, his great-grandson, Pavel Blažek.

Pavel Blažek's great-grandfather established a firm, at that time registered as "mechanical trade", in the town of Chlumec nad Cidlinou on 1 February 1908. The enterprise was developing well until 1951, when the same fate befell it as most other companies in the then-socialist Czechoslovakia – the whole plant, including the entire furnishings and buildings, was nationalised. The firm was liquidated and thus its history was discontinued for forty years.

MODERN HISTORY

One year after the regime in Czechoslovakia had changed, i.e. in 1990, the founder's grandson, Josef Blažek, resumed company operations, re-opening its modern history. The nature of business was "construction of mechanically driven machines". The company began developing and manufacturing packing machines and immediately headed to foreign markets. The breakthrough came in 1993 with the commencement of co-operation with a German seller, Schwarze – Automation GmbH. This opened the doors to international markets for the small Czech firm. Success came soon, as did the establishment of contacts at world fairs of packing equipment. In 1997, J&B – Josef Blažek's series of ABM packing machines was on markets throughout Europe. In 2000, development required larger production space and so the plant was moved to Vlašim, where it is still based. As time went on, clientele also came from Africa and America, and later from Australia. The company manufactures mainly one-portion packing machines. Its specialities are the „STICKPACK" packing into stick sachets, and triangular-shaped packs for sugar and other items. From the beginning, the company has done its best to tailor each machine to a particular client.

The T-STIX packages are to substitute the dipping tea bags or the instant coffee dosing with a spoon. They allow for the hygienic, simple and modern serving of hot beverages. Packages of this type are also very effective from the economic and ecological view (machines – cheaper than tea sachet packing machines, easy operation of the machine by one person, minimisation of mess connected with the use of tea bags and spoons).

THE COMPANY IS EXPANDING

The company is exerting great efforts to develop new machines and dosers, and to increase the quality of its packing machines. Pavel Blažek's endeavours for the development of new types of packages has been rewarded. His patented products include the "double-stick", a new type of wrapping which is very promising. The absolute majority of the manufactured packing machines are exported and the network of international agencies is expanding. In addition to other products, the exports include one-portion packing machines, and machines for the packing of cream, instant coffee, ketchup, mustard, mayonnaise, salad dressing, cheeses, ice creams, and many other products. Also included is the entire equipment for the automation of packing lines.

PRESENT-DAY J&B – JOSEF BLAŽEK

As a company which wants to remain successful, J&B is constantly striving to increase productivity by modern production technologies and the organisation of production. Besides the one-portion packing into sachets, it specialises in the "Tetraeder" packing. The highlight is the T-STIX package, which gained the Worldstar Award for Packaging Excellence in 2008, and in the same year won a prize in the prestigious national Package of the Year competition, organised by SYBA, the Czech Packaging Institute, members of the World Packaging Organisation. The company has direct representation in Germany, France, and Greece. Since 1991, it has manufactured more than 600 machines for 40 countries worldwide; 99% of its products are exported.

FAIRS

The end of 2010 is J&B – Josef Blažek's time for participation in foreign fairs. At the end of September, its representatives returned from the FachPack 2010 Fair held in Nuremberg, and are preparing for the Chicago PACK EXPO International 2010. At the former event, they introduced a new type of package, the thus named double-stick with two sections – one for sugar and one for a spoon – which was included in the shortlist nomination for the Deutsche Verpackung Preis. Let us wish many commercial achievements to the family firm which has adopted the slogan "The satisfaction of our customers and the quality of packing machines are crucial priorities for all of us."

We Are On the Verge of Major Changes

Zuzana Šolcová

“The recession that has hit the economy in 2008 is abating, according to the latest signals. From the point of view of the energy industry, which is measured in decades, it has been a very short period of time. It caused some projects to be temporarily put on hold, had a major impact on short term prices of electrical energy and gas, but the European Union’s legislature and climatic policies have a far greater impact on the industry,” says Zuzana Šolcová from the Association of Energy Managers.

Your Association collaborates on the preparations of the State Energy Policy of the CR. What do you see as priorities of this policy?

From the short-term point of view, it is the transformation of the Czech heating industry which is facing decreasing supplies of coal. Attempts to secure replacement coal (imported, “overpaying” other consumers) or switching to other fuels, such as gas, black coal, or biomass, carry a number of construction and technological problems with it, especially higher prices of heat for the population and businesses. Some consumers may choose a different method of heating and disconnect from the central heat supply, others will face further price increases, and at a certain point, either the given heat distribution system collapses because of economic difficulties, or the state, regions, or municipalities will have to provide subsidies. The first wave of problems is expected within the next three or four years. Following the political decision to uphold the mining limits, it is necessary to quickly finalise impact analyses for individual heat distribution systems and decide whether we wish to retain the heat distribution systems and centralised supply, or not. However, both cases will require a “plan” for the transformation of the heat industry to the new conditions.

From the long-term point of view, the priority is undoubtedly the renewal of energy sources and networks nearing the end of their life cycle, and infrastructure development in the gas and energy industries to ensure safe supplies. A fundamental priority, concerning other industries as well, is the renovation of the ageing technical intelligence, i.e. increasing the number of students in technical fields, improving quality and breadth of graduates’ knowledge, and tighter interconnection of education programmes with the practice of industrial enterprises. Last but not least, implementation of new control systems for energy networks of the 21st century. Following the huge boom in energy industry development in the 70’s and the beginning of the 80’s and the subsequent thirty years of use, we must now renew the hardware, software, and human resources to maintain a strong and safe energy industry.

The Czech Republic was the third largest exporter of energy in Europe and the fourth worldwide last year. Exports amounted to 13.5 terawatthours, which corresponds to burning about 5 million tonnes of coal. Do you think the Czech Republic will hold this position in the future, too?

This is the result of several factors at work, starting with the liberalisation of the energy industry and the accession to the EU, a decrease in the energy requirements of the Czech economy, and an increase in the utilisation of resources. The truth is that higher production meant faster depletion of coal reserves than expected based on original projections from around 2000. From the point of view of the industry, this was a short term issue and our export already culminated. Were it not for the economic recession, our export would be significantly lower than the 10 TWH today, and would fall to zero in 2014. Thanks to the recession and other related processes it still exceeds 10 TWH, but I expect it to decrease rapidly and reach minimum amounts after 2015 or 2016. The reason will be an increase in demand related to the revival of the economy and the slowdown of the coal energy industry caused by the use of written off resources and the reserves of brown coal running low – giving us a great competitive advantage today, thanks to the low production costs. New steam-gas power plants do not represent any competitive advantage over producers in Germany, and will not be a crucial factor in maintaining exports. New blocks of nuclear power plants will only become available after 2020. And even though they will cause a short term increase of surplus I do not expect our future exports to reach the levels of the recent years.

What is the current layout of energy sources in the Czech Republic?

A dominant role is still played by the brown coal energy industry which contributes over one-half of all electrical energy production. Nuclear power plants account for one-third and the rest is made up of renewable resources (almost 8%), black coal (approx. 3-4%), and natural gas (3-4%). However, we are on the verge of major changes. The contribution from renewable resources and nuclear energetics will double in the next fifteen years, natural gas will account for several times more than today, black coal energetics will practically disappear, and brown coal energetics will drop to one quarter. Our self-sufficiency in the area of primary resources will decrease.

Are you aware of any strong trends influencing this industry?

The change in the structure of resources, both in primary resources and in geographical distribution across Europe, and at the same time the growing non-uniformity of production caused by the influence of renewable resources. This necessitates overhauls of networks and their development, development of control technologies and implementation of new generation control systems, and an

Photo: Zuzana Šolcová’s archives

FANS
COOLING TECHNOLOGIES

www.fansct.com

we add value to your business

- Construction, reconstruction, and repair of Cooling Towers and equipment for the treatment of industrial water
- Cooling Tower technology supplies
- Supply, repair, and installation of Micro-coolers
- Supply, repair, and installation of Ventilators for Cooling Towers
- Production of equipment for cooling and cleaning of industrial water
- Preparation and processing of technical drafts
- Purchase of goods for resale and sale
- Research and development in the area of natural and technical sciences and social sciences
- Testing, measuring, analyses, and controls
- Technical consulting activities in the area of cooling and cleaning of industrial water

THE PRAGUE OFFICE:

FANS, a.s.
Lomnického 9, 140 00 PRAGUE 4
Tel.: +420 234 718 900, Fax: +420 234 718 918
E-mail: praha@fans.cz

THE HLINSKO OFFICE:

FANS, a.s.
Ležáků 231, 539 01 HLINSKO
Tel.: +420 469 312 460, Fax: +420 469 311 367
E-mail: info@fans.cz

expansion of cooperation between both countries and regions. Integration of electrical energy and gas markets, as well as integration of system operations on regional and European levels will also represent an important trend in the following years. Greater participation of customers in the control of balance through new technologies and products can be expected mainly after 2015, even though the possibilities of intelligent networks in this area are being rather overrated today. I am certain that one of the significant factors will be the renaissance of nuclear energetics (NE) and the construction of new resources not only in nuclear countries but also in countries that have not used NE until now, such as Poland or Italy.

In what way has the economic recession impacted the energy market?

The recession that has hit the economy in 2008 is abating, according to the latest signals. From the point of view of the energy industry, which is measured in decades, it has been a very short period of time. It caused some projects to be temporarily put on hold, had a major impact on short-term prices of electrical energy and gas, but the European Union's legislature and climatic policies have a far greater impact on the industry. In the short term, it caused a decrease in demand for electricity which was accompanied by a drop in prices by almost one-half. However, the prices have already bottomed and will now grow. The recession's positive impact was to postpone the impending shortage of electricity, which had been projected to start after 2013, by several years. It will now be partially balanced by the politically supported expansion of renewable resources. The wholesale prices of electricity will not reflect this but the end prices will. And along with the costs of network constructions it will bring the prices back to the trajectory they left in 2008.

The topic of photovoltaic power plants is hotly debated in the CR. Do renewable resources (RR) have any future in the Czech Republic, and if so, which ones?

RR certainly do have a future, all kinds of them. I expect the growth of production from RR not only to reach the required 13% in the CR by 2020, but to exceed it. It is, however, necessary to re-evaluate the philosophy of support for RR and the pace of their development so that the support becomes just a temporary phenomenon enabling the development of technologies and their becoming competitive, while monitoring the economical manageability of the support. It is a sad fact that the expansive development of photovoltaic resources during the past two years has practically drained the economical capacity of support for many years to come. The huge support for the economically least efficient production from RR caused by mistakes in legislation will, to a certain level, hamper further development. However, in the long term I expect mainly biomass use in the heating industry, biogas stations for the production of electricity and heat, new generations of photovoltaic systems with higher efficiency as supplemental resources in intelligent networks, development of solar thermal systems to supplement local heating, and also development of geothermal resources in the long term. It is a matter of course that wind energetics, which is one of today's most competitive RR, will see a great growth in production. Only hydro energetics is expected to experience a very limited growth as the majority of the energy potential of water in the Czech Republic is already being used, and even the new pumped storage hydro plants will have a difficult position faced with new technologies for electricity storage.

The Czech Republic must invest in the development of its transmission system. What are the strategies and priorities in this area?

The development of the transmission system is absolutely vital to the Czech Republic's energetics safety. The priority is to renovate the ageing system, reinforce the transmission capacity in the north-south direction, and connect new resources (nuclear power plants, new steam-gas resources, and wind parks). One of the most important issues is the acceleration of the approval process for new line constructions and ensuring access to properties which constitutes the greatest risk of construction delays. As it largely concerns a part of the European transmission infrastructure, an effort will be made to secure financial resources from EU funds. A new generation of control systems as well as the strengthening of international cooperation are indispensable parts of this endeavour.

With what foreign industry associations do you cooperate?

Our Association mainly cooperates with IFIEC Europe (International Federation of Industrial Energy Consumers) which represents the interests of industrial energy users in Europe for whom energy is a significant component of production costs and a key factor of competitiveness in their activities in both Europe and throughout the world. We also cooperate with our sister Association of Energy Managers (ASENEM) in Slovakia and the German Verband der Industriellen und Kraftwirtschaft (VIK) – Federation of Industrial Energy Consumers and Energy Industry.

Jana Pike

Photo: www.sxc.hu

DESIGN, PRODUCTION AND DELIVERIES OF PUMPS AND PUMPING EQUIPMENT FOR POWER ENGINEERING, PETROCHEMICAL INDUSTRY, WATER MANAGEMENT AND OTHER BRANCHES

EXECUTION OF TURNKEY PROJECTS

SIGMA GROUP a.s. – MAIN ADVANTAGES

- Long-term tradition – company established in 1868
- Great experiences
- High-end products
- Relevant quality
- Own R&D
- More than 30 years of continuous deliveries for nuclear power engineering

REFERENCES:

Alstom, ArcelorMittal, Atomstrojexport, Belenergo, ČEZ, Enel, Mosenergo, Siemens, Slovnaft, Škoda Power, U.S. Steel; The long-standing and rich history and tradition of the company resulted in many references not only in Europe, but also in Asia, Africa, and South America.

EN ISO 9001:2008

SIGMA GROUP A.S. PERFORMS FOLLOWING ACTIVITIES AND SERVICES:

- consulting
- elaboration of offers and projects
- deliveries of pumps including accessories
- project and deliveries of pumping stations
- erection, supervision
- commissioning, testing
- maintenance, overhauling
- training of operating staff

in the field of

- conventional and nuclear power engineering
- water management systems
- water treatment plants
- chemical and petrochemical industries
- mining and metallurgy
- agriculture, irrigation and drainage systems
- mechanical engineering and civil industry
- special categories for ecological, rescue and fire applications

SIGMA GROUP a.s., Jana Sigmunda 79, 783 50 Lutín, Czech Republic
phone: 00420 585 651 111, fax: 00420 585 944 258, e-mail: export@sigmagroup.cz

www.sigma.cz

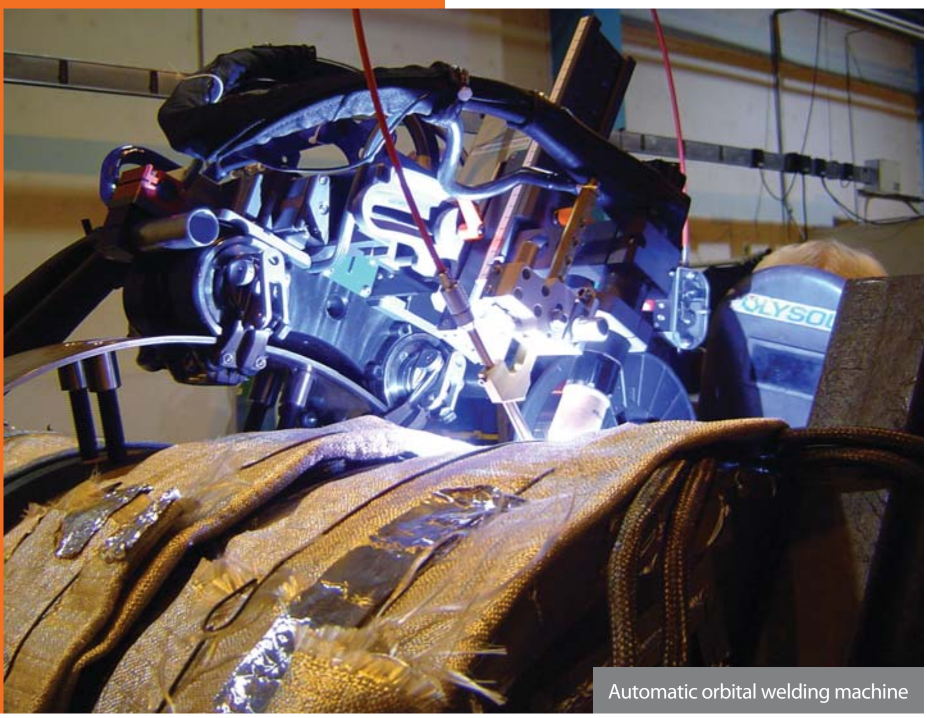
Piping Systems for State-of-the-art Power Stations

In 2009, construction of a new 660 MWe super-critical power station in Ledvice, North Bohemia, started. Its trial operation is planned for 2012. It will be one of the most advanced power stations in Central Europe with gross efficiency of approximately 47%. This, in comparison with old coal-firing power stations, whose gross efficiency is about 35%, means a significant reduction of CO_2 and other emissions.

One of the principal suppliers for the new power source is Prague's Modřanská potrubní, a.s., the most significant Czech manufacturer of high-pressure connecting piping for the power industry. For the Ledvice power station it supplies "critical piping", the technologically most demanding part of the plant, which connects the boiler to the turbine. To attain higher efficiency, the most advanced coal-fired power stations use hot-reheated steam systems with super above-critical steam parameters (temperature 600 °C and pressure 28.0 MPa), requiring high-strength steel piping, which resists high pressures and high temperatures. For their production, the manufacturer uses X10CrWMoVNb9-2 high-temperature steel (ASME code SA 335 P92), made available on the European market only a few years ago. The pipes from this high-quality steel with external diameter 510 mm and wall thickness 80 mm must be bent and welded, and the seams must be heat-treated both in the shop and during site assembly. This naturally requires completely new processing technologies.

MODERN BENDING MACHINES

For the bending of large diameter pipes Modřanská potrubní uses two CNC machines supplied to it by the Dutch firm Cojafex B.V., suitable for bending pipes in diameters of up to 1 020 mm: a PB 1 000 and a completely new machine, PB 850 Special with high forming strength specifically designed for bending large steel sections with great deformation resistance. Both machines use the induction heating principle for pipe bending. Due to the size of the sections the bending process is slow and takes more than 23 hours. After bending, the bend is heat treated at a temperature of 1 050 °C, which is followed by accelerated cooling in a water bath and tempering at 770 °C.



Automatic orbital welding machine

SHORTENING OF WELDING TIME

Another important process in the manufacture of steam piping is welding of the components. Before the actual welding could start, trial welding of the pipes was carried out both by the manual electric arc welding method and mechanised orbital welding. Welding of this size of sections is very demanding. It requires great skill and only very experienced welders are able to make faultless welds. Just for illustration: manual making of one weld sized 528 x 80 mm takes more than 46 hours. Mechanised orbital welding means that the automatic welding machine rotates around the joint and is ideal especially for field joints. The AUTOTIG 600 PC automatic orbital welding machine, which Modřanská potrubní uses for pipe welding, employs the method of butt welding into the narrow gap. Its advantages are the possibility of using a single welding method to make the entire weld, including the root layer, significant reduction of accessory material, and mainly the shortening of welding time down to one-fifth of the time needed in manual arc welding. These innovated production processes at Modřanské potrubní were consummated by successful bending and welding tests in the presence of an independent notified person. The mastering of new technologies in processing new materials for super above-critical power station units is confirmation that Modřanská potrubní ranks among leading piping system manufacturers.

The company has been in the piping systems branch since 1947 and during its existence has made deliveries of connecting piping for more than 300 power station units with an aggregate output of more than 50 000 MW to more than 20 countries on four continents, including all Czech and Slovak power stations and most power plants in Eastern Europe.

Photo: Modřanská potrubní archives

Renewable Sources of Energy: Biomass in the Lead

Although the share of electricity generated from alternative resources in the Czech Republic is increasing every year, we are still lagging behind the European Union average. While, in 2009, the share of renewable sources in the production of electricity was roughly 7% in the CR, in the EU this share was one-fifth.

The obligation of the Czech Republic to generate electricity from alternative resources ensues from the Accession Treaty signed in Athens in March 2003, which clearly states: "In 2010, the total share should be 8% and in 2020 the Czech Republic should produce a further 5% of alternative energy."

The Czech alternative energy platoon is still headed by energy produced from biomass (approx. 31%), closely followed by hydroelectric power plants with almost 29%. The proportion of solar energy has risen sharply, although it is still insignificant on the overall scale. Figures suggest that, in comparison with 2008, the increase is almost sevenfold. A similar boom to that of solar energy has been recorded by energy produced from biogas. An 18% increase has also been recorded in the output of wind-power plants. As a matter of interest: in the European Union, hydroelectric power plants are clearly top of the list with almost 60% of renewable energy production, whereas biomass (17.6%) ranks third after wind energy (21.1%).

CZECH SOLAR BOOM

In the Czech Republic, the last few years have been characterised by an enormous increase in the number of photovoltaic power plants. The number of solar energy sources has multiplied every year and investment in photovoltaic facilities is ranked among the most profitable. This development was brought about mainly by the purchase price of solar electricity being guaranteed by the state for 20 years in advance. Over time, however, this has grown into a problem with expected enormous energy price increases caused by excessive state support, and subsequently it has negatively affected Czech companies as well as households. The first reaction was the approval of an Amendment to the Renewable Sources Act, which provides for a reduction in the purchase price of electricity from solar sources by more than 5% than that previously allowed. Additionally, the substantial electricity price increases in 2011 are being corrected by the Government, which has levied a 26% tax on solar power plants put into operation in 2009 and 2010. The Government expects this withholding tax to generate about CZK 4.2 billion for the state next year. From the viewpoint of the other side, the terms are being changed "at half-time" and many operators of solar power stations speak about defence in the form of arbitration against the State.

Elektroporcelán Louny

Porcelain manufacturing in Bohemia has a very long tradition. Elektroporcelán Louny a.s. is based in North-west Bohemia, where, owing to the region's good raw material supplies, porcelain making historically underwent a turbulent development, with a large number of porcelain factories coming into being. The development of industry and electrification called for an ever larger supply of technical and electrical porcelain and ceramics. The history of Elektroporcelán goes back to the 1880s. To find out about the current history of this traditional ceramic insulator and technical ceramics market-player, we addressed Miroslav Jetleb, Director of the company's Sales and Marketing Department

What is your current range of products supplied to the market?

Our company is engaged in the production of porcelain and composite insulators for middle voltage (MV) and high/ultra high voltage (UHV). The insulators are produced in compliance with IEC, DIN, ANSI, EN standards and the customer's requirements and drawings. We supply both bare and reinforced types made from materials C110 and C130. Composite insulators are made from HTV silicon and cores from ECR glass. We are holders of the ISO 9001, 14001 and 18001 Certificates.

The range of MV up to 35/36 kV includes line suspension and line post insulators for overhead transmission lines, insulators for railway and other trolley lines, insulators for both in- and outdoor application in switching stations, switch boards and other AC electrical equipment. It further includes both bare indoor and outdoor wall and transformer bushings for conductor insulation and deliveries of complete sets of transformer bushings or cable bushings. The HV/UHV range includes protective housings for circuit breakers, surge arresters, cable sealing heads, instrument transformers etc. for use in switching stations for voltages of over 110 kV up to 750 kV. Maximum height of glued insulators is 5.15 m and max. height of one piece is 205 mm. We use exclusively C130 material.

What are your export markets?

We export up to 90% of our output, and our main outlets are Germany, Switzerland, Italy, Russia, and France. Our EPL products can be found in Japan, Australia, the USA, and Turkey.

How is your firm faring in the face of European competition?

Our EPL output capacity is about 6 000 t a year, and we are among leading European manufacturers in the smaller producer category as regards quality and important customers.

Company Tradition with Great Expectations

The roots of the JANKA Company go all the way back to 1872, when Jan Janka registered a tinsmith workshop in Prague. Today, JANKA ENGINEERING is working on a great number of very important projects that confirm its leading role in the area of complex deliveries of industrial air conditioning and cooling. Ms Lenka Chmátalová, Business Manager of the Company, confirms this in our interview.

Could you mention some export successes in the area of supplies for the energy industry that you have achieved in recent years? In what way were you better than your competition?

Thanks to our long tradition, we export to many different destinations. We have an especially strong position in European countries, but our products are used in all parts of the world. To name some of the more exotic places, I can list Bangladesh, Thailand, India, Vietnam and Peru. We have succeeded in acquiring many important orders in recent years. I consider as most significant the ones related to reconstruction and repair, where we have been able to replace equipment from other manufacturers with our products. I am convinced that this proves the quality and price competitiveness of our products.

The fact that we are headed in the right direction is also evidenced by our expanding co-operation with important customers, such as hospitals and Tesco Stores, etc.

Since 2009, you have been a part of Lloyd Electric and Engineering, the Indian corporation that is one of the leading players, particularly in the area of the manufacture of air conditioning units for track vehicles and heat exchangers for air conditioning manufacturers. How has your strategy changed following the entry of such an important investor?

The product portfolio has not changed following the acquisition, but understandably, there have been some strategic changes. We now have the opportunity to focus our business, manufacturing, and development strengths on a segment that has not been a preferred one up until now – industrial cooling, ventilators, and specialised air conditioning, especially for track vehicles. This allows us to apply our many years of experience and the power of an important investor, and I hope this will be one of the things that helps us to get over the financial crisis.

What other significant projects abroad lie ahead of you?

We have acquired several very important orders, and I consider the most significant to be the orders related to the completion of the Slovak Mochovce nuclear power plant. These orders have forced us to expand our manufacturing facilities which is good, and we consider this a great success. We also manufacture for our Czech partners, who then export to Russia, Belarus, and the Ukraine, among other countries.

Managers Blame Piracy on Employees

In the Czech Republic, 37% of software is used illegally; as a result, software producers lose CZK 3.6 billion (approx. EUR 144 million). The average penalty which a guilty company had to pay to the damaged software producers rose to CZK 240 thousand (approx. EUR 10 000) last year. "Compensations reaching several hundreds of thousands are not an exception," says Jan Hlaváč from the Business Software Alliance. The main cause of the existence of piracy in companies is the management's unwillingness to watch over software as a full-fledged part of a company's property. It is quite common that a significant part of a company's software is not at all filed and the management of the company has no idea where it came from. Software pirates face high penalties, forfeiture, or up to five years imprisonment. "The accused culprit is usually made to pay hundreds of thousands of crowns in the form of damages suffered by the software company consisting of up to double the value of discovered illegal software. The above-stated amounts do not include the cost of legal representation of the accused and other costs related to the criminal or civil court proceedings.

Photo: sxc.hu

Czech Financial Sector is Healthy and Resistant to Risks

The Czech banking sector is healthy and according to the results of stress tests, it remains resistant to market, credit, and other risks. In neither of the stress scenarios does any sector as a whole fall under critical values of relevant capital solvency requirements. Nevertheless, as the Report on Financial Stability 2009/2010 issued in June 2010 indicates, the possible impact of a worse than expected development of the economy must not be underestimated. "The stability of the Czech financial system is good and it is pleasing to see how financial institutions are coping with the crisis. The tough and comprehensive tests reveal that even strongly adverse conditions should not threaten the stability of the financial sector," said Zdeněk Tůma, the former Governor of the Czech National Bank. The high resilience of the Czech financial system is based on the fact that financial institutions entered the recession in good condition and were able to create a capital buffer during the recession. The Czech banking sector's strong position is supported not only by sufficient profitability, but also by good funding liquidity, a high deposit-to-loan ratio, a low proportion of foreign currency loans, independence from external financing and in particular sufficient capital adequacy. However, the risks for financial stability remain high and strong. The main risk scenario for the Czech economy and thus its financial sector in the following two years is the return of recession for its largest business partners and the resulting decrease of local economic activity. Economic regeneration which started in mid-2009 is fragile, because it ensues not only from a restored trust of the private sector, but also from strong support steps of economic policies. The second key risk is the worsening fiscal development in many countries including the Czech Republic. What is considered to be a current danger in this respect is the spreading of fear related to the ability to finance the state debt in critically indebted countries to other countries whose public finances also demonstrate partial signs of potential unsustainability.

Czech Republic Still Interesting for German Firms

For the fifth time, German companies placed the Czech Republic at the top of the list of the most attractive countries in the region of Central and Eastern Europe. It is the result of a survey among almost 1000 German investors in 15 countries of Central and Eastern Europe, which was carried out by German foreign chambers of commerce. The Czech-German Chamber of Commerce and Industry carried out the survey in the Czech Republic. The Czech Republic is still interesting for German companies; despite the economically and politically difficult period, not much has changed in the Central and East-European region. Only Poland, thanks to the resistance of its economy at the times of the economic crisis, secured a good position and moved up from the fourth place to the second. Slovakia, which only last year placed second after Czech Republic, fell to the fourth place. The top 5 also includes Slovenia and Croatia. Central and Eastern Europe is in total an important growth

market. By the end of 2008 German companies invested in ten East-European EU member states a total of EUR 77 billion, which represents 8% of the total German foreign investment. The largest volume of investment – over EUR 20 billion – went to the Czech Republic. German companies in the Czech Republic invest more than on the growth markets in Brazil, Russia, China, and India.

Capital City of Prague

Much has already been said and written about Prague, which is not surprising - Prague is one of the most beautiful and most admired cities in the world. It is a metropolis which is constantly expanding and developing, a prosperous city and the fifth richest region in the EU. Prague accounts for one-quarter of the economic performance of the Czech Republic, it is the destination of a half of all foreign direct investment in the Czech Republic.

Prague is the seventh most visited city in Europe, it ranks fourth in the quality to price ratio of hotel services, is the fifth most favoured Christmas destination. It has unique architecture, and countless theatres, concert and exhibition halls, museums and galleries, and cinemas. Since 1992 the historic centre of Prague, with an area of 866 hectares, has been entered on the UNESCO World Heritage List of cultural and natural sites. The complex of historical buildings is dominated by Prague Castle towering high above the city, and its historic core extending along both banks of the Vltava River.

ADMIRATION FOR PRAGUE

A look back at the city's eventful history shows that, ever since the Middle Ages, Prague has enjoyed the reputation of one of the most beautiful cities in the world, often dubbed "the Golden City", "the City of a Hundred Spires", "the Crown of the World" and a "Stone Dream". For centuries, famous people have been paying tribute to Prague. Enchantment with Prague was expressed by W. A. Mozart, L. van Beethoven, G. Apollinaire, P. I. Tchaikovsky, F. M. Dostoyevsky, A. Rodin, O. Kokoschka, as well as Elizabeth II, Queen of the United Kingdom, Pope John Paul II, and others. In more recent times, its beauties have been admired, for instance, by Barack Obama, Pope Benedict XVI, and Charles, Prince of Wales.

IMPORTANT DISTRICTS:

City Centre: The Old Town, The New Town, Josefov, The Lesser Quarter, Hradčany, Vyšehrad

Large districts flanking the Centre: Smíchov, Vinohrady, Nusle, Vršovice, Žižkov, Karlín, Libeň, Vysočany, Holešovice, Bubeneč, Dejvice, Braník

INDUSTRIAL CENTRE

Besides the very significant tourist industry, there are many manufacturing enterprises, and the important film industry is once again returning. Industrial plants are concentrated mainly in the south-east and south-west of

	Year 2002	Year 2009
Number of visitors to the city	2 534 421	4 346 079
Number of foreign visitors	2 232 000	3 803 518
Visitor overnight stays	7 025 955	11 243 453
Number of congresses at Prague Congress Centre	217	341
Number of visitors to the Zoo	527 061	1 296 579
Number of immovable cultural monuments	1 930	2 080
Number of immovable national cultural monuments	34	37

Source: www.prahavcase.cz

Indicator	Period	Indicator value	Increase * (decrease) in %
Population	on 30th June 2010	1 251 072	+0.7
Regional GDP (mil CZK) [1)]	2008	934 095	+2.4
Average salary (CZK)	1st half 2010	29 029	+0.4
General unemployment rate (%) [2)]	2nd quarter 2010	3.5	+0.9
Number of economic entities [3)]	on 30th June 2010	497 003	+3.4

*Source: Czech Statistical Office; *As against the same period of the previous year; [1)] Increase/decrease in current prices of the previous year (real growth) [2)] Increase/decrease in percentage points; [3)] Increase/decrease influenced by the discontinued statistics of self-employed farmers in the Economic Entities Register (approx. 65 000 in the CR)*

ADMINISTRATION OF THE CITY

Prague is the capital as well as the largest city of the Czech Republic in terms of area and population. At present it has more than 1 250 000 inhabitants. Prague is situated within the Central Bohemi Region, is the centre of its administration, but having regional status itself, is not a part of it. On its territory, there a large number of state institutions and many other organisations and companies. It is the seat of the country's president, government, central state bodies and the Supreme Court. Besides that, Prague is the seat of many other authorities, both of national level and self-governing territorial units.
In terms of self-government, the city is divided into 57 districts, where delegated competences are exercised by 22 offices in their administrative areas. These offices can issue e.g. building permits, identity cards, passports, trade licences, or pay social benefits.

Magistrát hl. m. Prahy (Prague City Hall)
Mariánské náměstí 2, 110 01 Praha 1
Phone: +420 236 001 111
E-mail: posta@cityofprague.cz
www.magistrat.praha-mesto.cz

Photo: CzechTourism

the city. Two categories are clearly gaining the dominant position in terms of production volume: they are food production and the manufacture of electrical and optical instruments.

In addition, Prague is also home to other large enterprises in the traditional industrial sectors and branches, which enhance the great importance of the capital city as an industrial centre:

- the printing industry
- the manufacture of metal products
- the manufacture of machinery and equipment
- the chemical and pharmaceutical industry
- the industries of glass, ceramic and porcelain products, building materials
- the manufacture of transport equipment (except car production), here especially rail vehicles, motorcycles, light aircraft, and others

ECONOMIC POSITION

The most frequent macro-economic indicator used to determine the overall economic performance of a region - GDP per inhabitant - in Prague twice exceeds the CR value in current prices, and more than 2.3 times the value of the second best region, Central Bohemia. Prague's high economic performance is influenced by companies based here which operate in progressive branches with a high added value. This also impacts on salaries in the city. The concentration of economic activities in Prague gives it a big lead over the other regions.

Charles Bridge

PRAGUE SUPERLATIVES

The longest square: Wenceslas Square, length 750 m
The largest square in Prague (and the CR): Charles Square (area 80 500 sq. m)
The oldest bridge: Charles Bridge (1357)
The oldest brewery: U Fleků (founded 1499)
The oldest café: still open - Slavia (opened 1881 in the Lažanský Palace)
The tallest building: City Tower at Pankrác (height 109 m, 30 stories)
The tallest structure: Žižkov TV Tower (216 m)

Source: www.praguewelcome.cz

SECTOR STRUCTURE IN PRAGUE

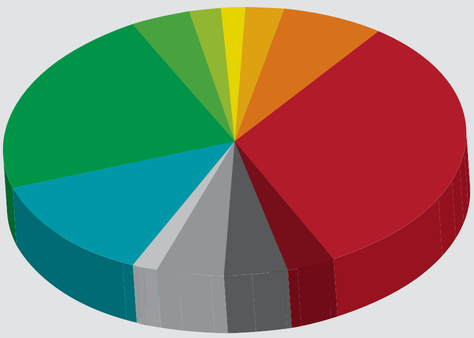
The following graph shows the sector structure of economic entities based in Prague. They are listed in the different sectors on the basis of the Classification of Economic Activities (CZ-NACE). Most of the overall number of incorporated economic entities based in Prague are active largely in the tertiary sphere, the figure exceeds 80%. This is typical of economies in cities.

Prague is the main transport junction in the Czech Republic and an important crossroads in Central Europe. It has an extensive transport infrastructure. The Prague railway junction is the node of long-distance and suburban passenger traffic. Prague's big goods stations are in recession, but the district of Uhříněves is today the base of the largest container transloading facility in Central Europe. Prague-Ruzyně Airport is the city's chief airport. Water transport in Prague is mostly used for recreation and tourism. Radotín port serves for the transport of goods on the Vltava River to the Labe waterway, but it is used sporadically, in particular to carry loose building materials and large-sized loads.

The roads are gradually being upgraded and modernised, along with the city's development. The main motorways are the D1 (Brno, Ostrava), D5 (Plzeň), D8 (Ústí nad Labem), D11 (Hradec Králové).

Two high-speed ring roads are being gradually built around Prague and are to be completed in about 2015. Traffic in the centre is regulated in particular by a system of paid parking zones. Around the year 2000, the city began to adopt the concept of a network of cycle routes, with bike paths being built in many places. Public transport subsidised by the Municipality is part of the Prague Integrated Transport System.

ECONOMIC ENTITIES BASED IN PRAGUE WITH PREVALENT ACTIVITIES IN THE TERTIARY SECTOR, BY CZ-NACE SECTIONS, 2009



- Wholesale and retail trade; repair of motor vehicles and motorcycles - **33%**
- Transportation and storage - **3%**
- Accommodation and food service activities - **4%**
- Information and communication - **5%**
- Financial and insurance activities - **2%**
- Real estate activities - **13%**
- Professional scientific and technical activities - **22%**
- Administrative and support service activities - **4%**
- Public administration and defense; compulsory social security - **0%**
- Education - **2%**
- Health care and social work activities - **2%**
- Arts, entertainment, and recreation - **3%**
- Other service activities - **7%**
- Activities of households as employers + Activities of extraterritorial organisations and bodies - **0%**

Source: Czech Statistical Office

Prague – the Second Best Place to Do Business

In the Central and East- European area, Prague is the hot spot to do business among the post-communist countries. The rankings of capital cities in the area are topped by Vienna with 89.9 points out of the possible 100, followed by Prague with 70.8 points. This finding has been presented in a study by the Roland Berger Strategy Consultants.

Wenceslas Square – Prague's shopping centre

Culture, the choice of leisure activities, the public transport system, and education are Prague's forte, while, on the other hand, the quality of the environment and health services are its weakest spots. Prague is ahead compared with capitals in Eastern Europe, but it still lags behind Vienna and cities in Western Europe.

■ INFRASTRUCTURE IN 2ND PLACE

In terms of infrastructure, Vienna is clearly in the lead with 82.1 points, followed by Prague (61.2) and Budapest (45.7). This ranking is based on how many direct flights a city has, how extensive the public transport system is, how many Magnetic Resonance Imaging facilities it has per capita, and how many households are connected to the Internet.

■ POLLUTION IN PRAGUE

According to the study, Prague has a dense public transport network, but a problem is access for handicapped people. The reputation of Prague taxi drivers is said to continue to be bad. Prague is considered abroad as a city with quite a polluted environment, mostly as a result of the heavy traffic in the centre.

■ EDUCATED PRAGUE

In terms of education, the ranking is the same, which means Vienna (77.5 points), Prague (64.5), and Budapest (62.2). This aspect is evidenced by the number of pupils and students per teacher, the proportion of the population with a completed education, and the number of universities in the country out of the list of the 500 best universities in the world. Prague is ahead of Bratislava and Vienna in the number of secondary school graduates.

■ PRAGUE INNOVATION

Ljubljana leads in innovation, with 71.4 points, followed by Budapest (69.1) and Prague (53.4). The survey counted the number of newly founded companies, the number of people working in the creative industries, the number of registered national patents, and the cities' expenditure on research and development. The number of people working in the creative industries in Prague ranks among the lowest in the area.

■ NUMBER TWO IN LIVING STANDARDS

In terms of living standards, Vienna comes out ahead with 90.8 points, followed by Prague with 78.4 points and Ljubljana with 63.6. This is based on UBS's Big Mac Index, which compares the amount of working time needed to buy a hamburger at McDonald's, on the comparison of the average rent per apartment, and the proportion of green spaces and recreational areas in a city.

BEST CITIES TO DO BUSINESS IN THE CENTRAL AND EAST-EUROPEAN AREA:

■ Vienna ■ Prague ■ Budapest ■ Ljubljana ■ Moscow ■ Warsaw ■ Bratislava ■ Bucharest ■ Kiev ■ Zagreb

Source: Roland Berger Strategy Consultants

■ INTERNATIONAL PRAGUE

Vienna has the top score in terms of internationalism, obtaining the maximum of 100 points, followed by Prague in the second place with 36.2 points, and Ljubljana and Bratislava jointly holding third position with 23.8 points each. The survey looked at how many international headquarters the capitals had, and surveyed the numbers of foreigners and mixed-nationality marriages.

■ STAR IN CULTURE

Prague won on culture. The Czech capital gained 88.8 points, Vienna in the second place received 70.7 points, followed by Moscow in the third place with 48.5 points. The survey looked at the number of concerts by international rock bands, the number of theatres and museums in the cities, and the number of visiting tourists.

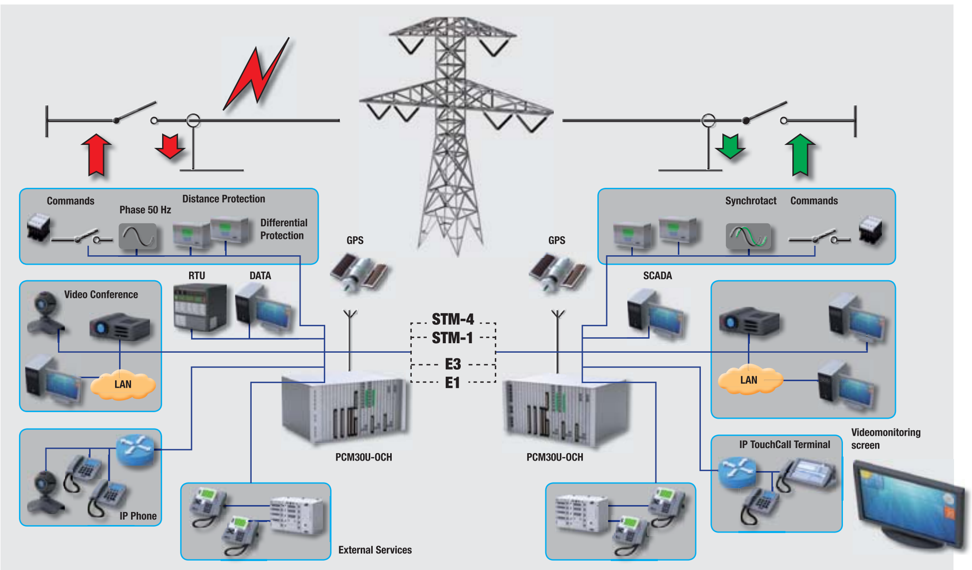
Photo: CzechTourism

be connected. secured. integrated.

PCM30U-OCH

Unique Solution for Teleprotection and Communication in Power Networks

Continuous access to sources of electricity and a functioning transport infrastructure is one of the important preconditions for successful economic and social development of the country. TTC solution concentrate all necessary signals into one optical fiber. Wide range of supported protective devices makes OCH unique between other competitors.



Main Benefits for Customers

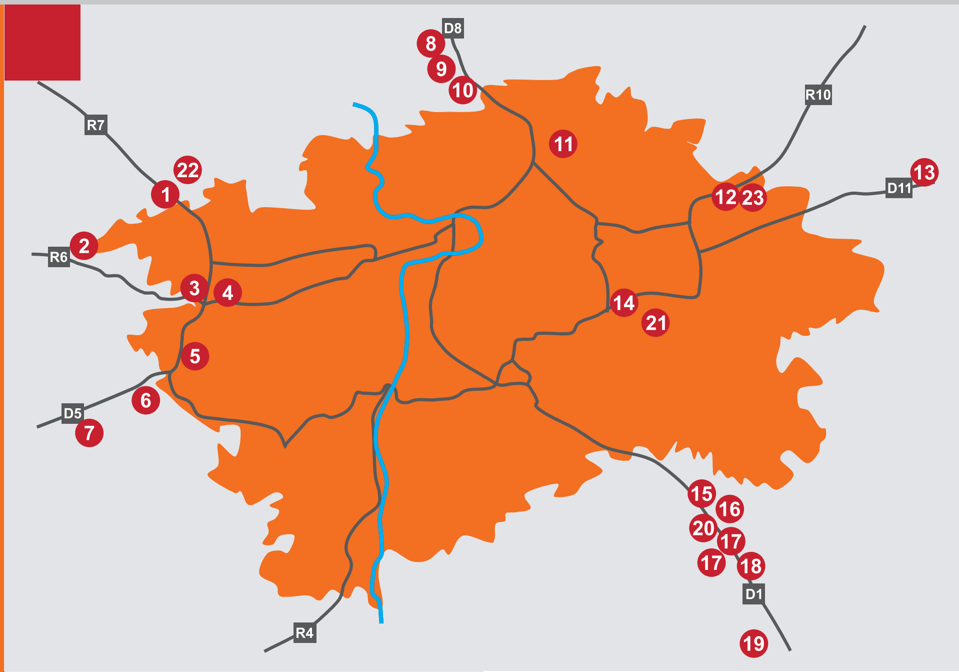
- *superior operating efficiency and reliability*
- *individual customer support*
- *full compatibility with analog and digital protection systems of third parties*
- *protecting future investments*

TTC TELEKOMUNIKACE, s.r.o.
Třebohostická 987/5, 100 00 Prague 10
Czech Republic
tel.: +420 234 052 442, fax: +420 234 052 338
e-mail: bokstefl@ttc.cz

TTC MARCONI s.r.o.
Třebohostická 987/5, 100 00 Prague 10
Czech Republic
tel.: +420 234 052 366, fax: +420 274 814 474,
e-mail: stepan@marconi.ttc.cz

Prague A-class Industrial Parks Attract Investors

Prague and its surroundings offer an unusual density of real estate for business, tailored to domestic and foreign investors. This includes industrial zones, developer industrial parks, production complexes for various purposes, office space, brownfields, and other commercial real estate. Generally, support is given to the construction of industrial zones, other commercial space, and brownfield regeneration, since quality commercial real estate is a key to success in attracting foreign investment. Let us pay more attention to the warehousing and logistics market in Prague and its surroundings.



1. Airport Logistics Park (51 038 sq. m)
2. Panattoni Park Prague Airport (49 558 sq. m)
3. Tulipan Park Prague (80 071 sq. m)
4. Karlovarská Business Park (13 088 sq. m)
5. Zličín Business Centre (23 771 sq. m)
6. Prague Chrášťany Business Park (11 457 sq. m)
7. Rudná Business Park (130 336 sq. m)
8. Prologis Park Úžice (97 326 sq. m)
9. D8 European Park (20 125 sq. m)
10. PointPark D8 (64 356 sq. m)
11. VGP Green Park Letňany (16 833 sq. m)
12. VGP Park Horní Počernice (288 177 sq. m)
13. Prologis Park Prague Jirny (192 627 sq. m)
14. Průmyslová Business Park (15 877 sq. m)
15. IOG Industrial Park Čestlice (9 061 sq. m)
16. D1 Zone Nupaky (7 500 sq. m)
17. Prologis Park Prague D1 East/West (190 451 sq. m)
18. Jažlovice Logistics Platform (20 808 sq. m)
19. PointPark Prague D1 (134 195 sq. m)
20. Modletice Logistics Park (16 772 sq. m)
21. U Továren Business Park (28 423 sq. m)
22. Tuchoměřice Warehouse (5 400 sq. m)
23. Big Box Horní Počernice (8 000 sq. m)

1st Quarter 2010 Indicators	Total	Greater Prague	Rest of Czech Republic
Warehousing stock (sq. m)*	3 356 000	1 486 000	
Existing vacant space (sq. m)	567 000	237 000	
Vacancy rate	16.9%	17.9%	16.1%
Total leasing activity (sq. m)	158 000	75 000	83 200
Net absorption (sq. m)	108 600	33 400	75 200
New completions (sq. m)	0	0	0
Space under construction (sq. m)	67 500	11 900	55 600
Average net effective rents ** (EUR/sq. m/ month)	3.00 – 4.00	3.25	3.00 – 4.00
"Prime industrial yield"	8.75%		

*Source: CB Richard Ellis, 2010; *In the 1st quarter, parks were requalified and the amount of space changed; ** For units of 2 000 – 5 000 sq. m*

The Czech Republic and its capital city are also affected by the lingering economic crisis. A favourable outlook for the future can be based to some extent on the industrial market's revival, which has been evident since the 2nd half of 2009, as shown by research of the CB Richard Ellis company. The revival continued in the 1st quarter of 2010. This means that demand for modern industrial space is growing and, as no new projects have been completed in the last year, due to low construction activity, the vacancy rate has decreased.

GREATER PRAGUE AREA

In the 1st quarter of 2010, total leasing activity increased by 25% quarter-on-quarter, to 75 000 sq. m. Net take-up activity accounted for only 44% of the total, which means that, in this quarter, the market was driven mainly by renegotiation. A total of 9 lease agreements were concluded, with an average size of 3 700 sq. m each. However, it should be noted that there were three renegotiations for space with an average size of 13 800 sq. m each. In the 1st quarter of 2010, the vacancy rate was 17.9%, differentiated by the areas of Prague. At the moment, there are 270 000 sq. m of vacant space, which is a little less than in the rest of the Czech Republic as a whole. At the end of the 1st quarter of 2010, three warehouse sheds of 11 900 sq. m area were under construction.

STABLE NET EFFECTIVE RENTS

During the last year, the net effective rents in most industrial areas decreased, but at

Photo: VGP archives, T.Stařík

the moment they seem to be stabilised. Average net effective rents for units of 2 000–5 000 sq. m are in the region of 3.25 EUR/sq. m/month in the Greater Prague Area.

PointPark D8 Industrial zone offers modern A-class warehouse and light production space in the north of Prague-Zdiby. This location offers an excellent connection to the centre of Prague and other main traffic arteries. The Park will eventually offer 150 000 sq. m, situated just off the D8 highway on Exit 1.

D8 European Park is situated at Exit 9 of the D8 motorway, linking Prague and Dresden and approx. 14 km from Prague. Towns in the direct vicinity provide the Park with a large labour pool. There is a total of approx. 20 000 sq. m of existent ultra-modern warehouse space, with another 70 000 sq. m planned to be developed, with units of various sizes from 1 900 sq. m upwards.

PointPark D1 is situated approximately 16 km from the centre of Prague on Exit 15 off the D1 highway connecting Prague with Brno and Bratislava. Ground was broken on this project in October 2005 and the total amount of eventual distribution space will be 170 000 sq. m of modern warehouse and logistics space.

Rudná Business Park – consisting of 130 000 sq. m of completed and highly successful warehousing facilities in Prague West - for rent. It is possible to adjust spaces specifically to client needs.

VGP Park Horní Počernice

VGP Park Horní Počernice is a complex of industrial buildings of A-class quality, totalling 290 000 sq. m in size, located in a uniquely competitive area - Prague Horní Počernice. This excellent location offers space for both light production as well as logistics companies.

Tulipán Park Prague is a modern industrial park situated in Prague-Hostivice, totalling 80 000 sq. m. Excellent connection to the new R7 highway and close proximity to Prague's Ruzyně Airport.

ProLogis Park Úžice is located in a strategic region on the D8 highway (Exit 9), a mere 9 km from the Prague outskirts. Excellent location near Prague on the D8 highway connecting the CR and Germany. Warehouse space zoned for light production and logistics, specifications according to client requests.

Tulipán Park Prague

Airport Logistics Park is a modern logistics centre in Prague, offering over 51 000 sq. m of quality warehouse storage space, plus administrative and sanitary areas. It offers high quality in an excellent location right next to Prague's Ruzyně Airport.

Panattoni Park Prague Airport offers approx. 50 000 sq. m, with possible expansion of up to 149 000 sq. m. Advantage of the park is its close proximity to Prague's Ruzyně Airport, with warehouse and office layout according to client wishes.

ProLogis Park Jirny Modern distribution park situated in Jirny, on the outskirts of Prague, 20 km East of Prague in the direction of Pardubice and Hradec Králové - Ostrava, eventually Poland/Slovakia.

ProLogis Park Prague D1 East & West is a prime, modern industrial zone split on either side of the D1 highway into two parts, totalling approximately 190 000 sq. m. Due to its excellent location, it is possible to commute to the centre of Prague by public transportation.

Prague's Et netera Is Collecting Awards

Martin Černohorský

For several years, the Et netera company has been in the limelight for winning top positions in competitions, as well as awards and prizes as Company of the Year, and among those companies who care about its employees. As the firm states on its website, it is still a group of young experts who have experience with large projects.

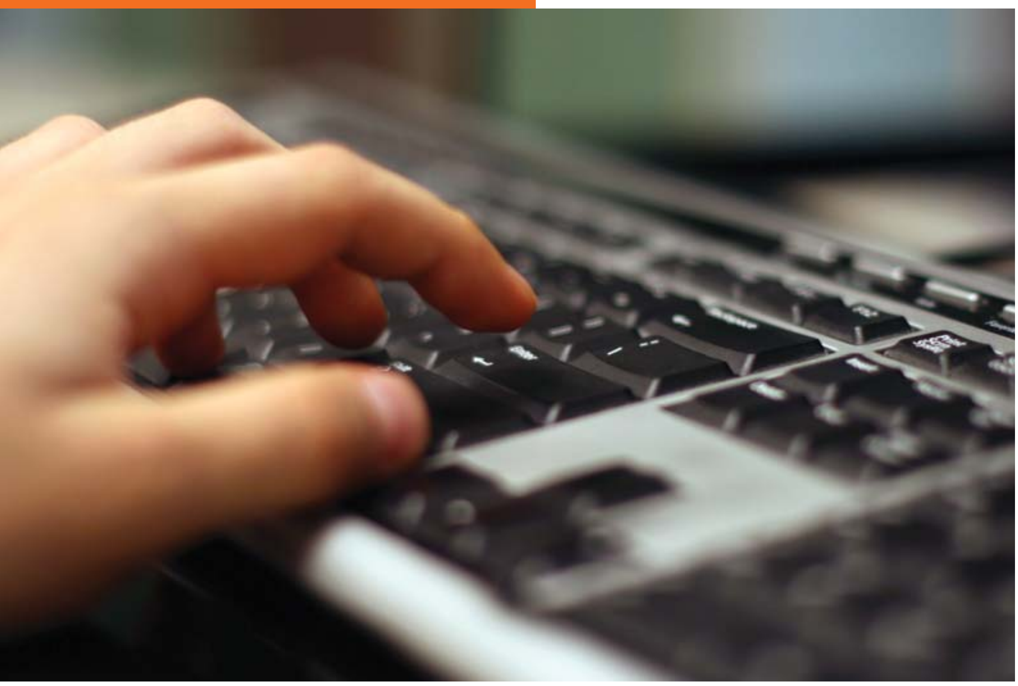
For more than 13 years, this leading Czech Internet company has been designing, creating, and administering the websites of major Czech firms, such as Annonce, Ahold, Datart, DVC (i-legalne.cz), EMG (knizniweb.cz), Fortuna, Telefónica O2, Siemens, Staropramen, Volksbank and others, and winning important awards for its work and business approach. Therefore, we posed several questions to Martin Černohorský, Member of the Board and Managing Director of Et netera.

Which of the awards do you value the most?

Of greatest value to us are the awards in the Company of the Year competitions – 1st place in 2009 in the Capital City of Prague, 2nd place in Prague in 2010, and also the award of Prague's Responsible Company of the Year in 2010. I may also add the prize in the Top Employers competition, in which we were placed 3rd in 2010.

What is your explanation for so many awards won by your firm?

In the first competition, the jury appreciated our attitude to business in comparison with other companies, regardless of turnover or specialisation. In the Top Employers competition, this approach is confirmed by our employees and the result shows that the interests of our firm and the interests of our employees are well balanced.



Is there a way to gauge whether the prizes that you have been collecting in the last few years have helped your business?

We do not have any precise measurable indicators, but I am convinced that they help us to gain people's trust. If you say something, but have nothing to prove it by, it is harder to bring new ideas home to people. The awards are of great importance to our employees, partners and other entities who co-operate with us. They confirm that we are doing our work well. People are the key asset in services, and when they are contented and proud of being associated with Et netera, they also bring the expected business to us in various ways.

You are also offering your services abroad, what is the proportion?

Yes, we are. It oscillates between 10 and 25% of total services, and has started to rise significantly in recent months. For example, we are providing services connected with consultations, measurements, and analytics of the functioning of electronic banking and websites for the headquarters of a bank in Austria. As a result of our partnership with Google and Omniture in online analytics tools, we are being approached by customers from all over Europe. We are also implementing e-commerce projects for the branches of several customers all over the world.

Has your company been hit by the crisis? What are you doing to resist it?

We are feeling it. In recent times, there has been an increasing number of tenders that could not have been predicted and that often ended in a result in which the decisive factor was only the price. This is rather unpleasant for us. Over the long term, we have sought to maintain the high quality and reliability of our solutions, which of course is not the cheapest way, and I personally believe that, due to the crisis, price is increasingly becoming the decisive aspect. We are trying to face it with the better selection of tenders in which we participate, and mainly with the diversification of our services. Formerly, Et netera focused more on the development and management of applications, while at present we are trying to pay the same amount of attention to consultations, analytical services, new media, and services rather more typical of marketing agencies (strategy, campaigns, etc.)

Photo: Et netera archives, www.sxc.hu

Fragrance for Health and Practical Use

Unique collection of air fresheners with therapeutic and protective effects

Commercial fresheners and aromatherapy are excellent trade articles, which are selling well in chain stores, as well as at filling stations and on news stands. They also find good use in households, hospitals, toilets, cars and offices.

Odour and Smoke Absorbers

These are air fresheners impregnated with special fragrant essences, which absorbs unpleasant odours and cigarette smoke smell. The essences penetrate deep into the fabric (e.g. car seat upholstery, lounge suites, curtains). They are also suitable for restaurants and offices.

Moth and Mosquito Repellents

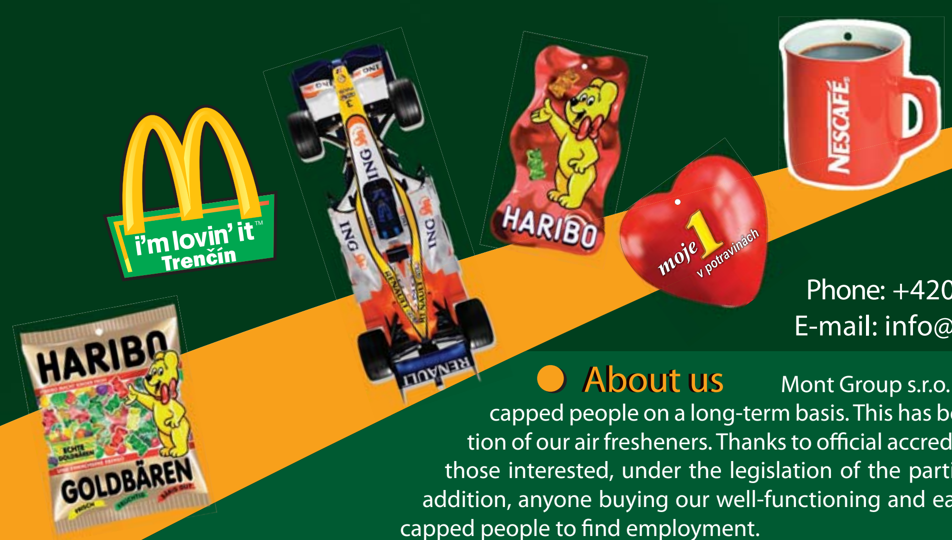
There are two types of products impregnated with special fragrant essences to repel moths and mosquitoes. They will protect your clothing in the wardrobe for a long period of time and will add a pleasant scent to it. The mosquito repellent will drive troublesome insects away, not only in the home and car, but also in semi-closed outdoor areas, such as summer houses. If correctly used, the active substance is absolutely safe to your health.

Aromatherapy

There is a variety of products with aromatherapy effects. The composition used in Eda's aromatherapy labels is manufactured from natural aromas and plant extracts, which have a beneficial effect on the human organism and psyche. Suitable for the home, office or shop, where they will enhance the feeling of comfort and well-being. From our wide-ranging selection, we have chosen four scents for you and hope you'll choose the one to evoke the perfect feeling of comfort in you.

Advertising, Presentation and Commercial Aroma Labels

A souvenir aroma label is also an excellent advertising object and information carrier



MONT GROUP s.r.o.
691 52 / Kostice 719
Phone: +420 519 338 139 Fax: +420 519 338 298
E-mail: info@montgroup.cz www.montgroup.cz

About us

Mont Group s.r.o. is a protected workshop which employs handicapped people on a long-term basis. This has been made possible by the nature of the production of our air fresheners. Thanks to official accreditation, we are offering close co-operation to all those interested, under the legislation of the particular EU state, in the area of "Spare Filling". In addition, anyone buying our well-functioning and easily affordable products will help many handicapped people to find employment.

Prague – Mother of Schools

The Czechs sometimes refer to their capital with pride as the Mother of Cities. Similarly, it might be called the Mother of Schools. The territory of the Capital City of Prague is home to almost every type and grade of school and educational establishment, from pre-school facilities to primary, secondary, higher vocational schools and, naturally, universities as well. If the list is to be complete, it should further include establishments for leisure activities, extra-mural education, etc. Each year Prague uses the policy of grants to further the development of the educational system.

Prague has a unique position, particularly in the area of tertiary education. Quite naturally for a city with an important and very long tradition in this respect, the capital city of Prague has a large concentration of universities. Thirty-two institutions of higher education, which is more than a half of all Czech universities, are based in Prague. Their students account for more than 40% of all university students in the country.

Students in Prague, and primarily university students, are a very significant social category, forming an integral part of the city's social life. In 2008, there was a total of 213 342 students in secondary or higher schools and universities in Prague, about 60% of whom were students enrolled at Prague universities. The number of foreigners among university students is steadily increasing.

PUBLIC UNIVERSITIES IN PRAGUE

Academy of Performing Arts in Prague (AMU) – www.amu.cz

This includes the Theatre Faculty (DAMU), the Film and TV School (FAMU), and the Music Faculty (HAMU).

Academy of Fine Arts in Prague (AVU) – www.avu.cz

This organises Master's and Doctoral programmes in the areas of Fine Arts, New Media, Restoration of Works of Art, and Architecture, with related scientific and artistic activities.

Czech University of Life Sciences in Prague (CZU) – www.czu.cz

Founded in 1952, it consists of five faculties and two institutes.

Photo: University of Economics archives (J. Koudelka), www.sxc.hu

CAPITAL CITY OF PRAGUE SELECTED DATA – HIGHER VOCATIONAL SCHOOLS AND UNIVERSITIES

	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008
Higher vocational schools	35	34	34	34	36	36	37	38
Students	7 046	6 755	6 867	7 290	6 996	6 677	6 580	6 961
Universities	13	19	26	26	29	30	30	32
Students [1]	68 599	70 148	74 321	78 387	81 760	107 671	116 033	128 731

[1] Until the 2004/2005 school year, only Czech nationals in full-time studies; from the 2005/2006 school year, students in every level of studies at public and private universities.
Source: Institute for Information on Education

LIST OF SELECTED PRIVATE UNIVERSITIES AND COLLEGES IN PRAGUE

- Banking Institute/College of Banking - Prague
- University of Finance and Administration - Prague
- Josef Škvorecký Literary Academy - Prague
- College of Tourism, Hotel and Spa Management - Prague
- Private College of Economic Studies - Prague
- Metropolitan University Prague
- Jan Amos Komensky University Prague
- Anglo-American University - Prague
- College of Economics and Management - Prague
- University of New York in Prague
- College of Information Management and Business Administration - Prague
- University College of International and Public Relations Prague
- College of Regional Development - Prague
- Unicorn College - Prague

Czech Technical University in Prague (ČVUT) – www.cvut.cz

One of the oldest technical universities in the world. In 2009, the institution's 7 faculties offered 85 study programmes (323 specialisations), with a total enrolment of 23 363 students.

Charles University in Prague (CUNI) - www.cuni.cz

Universitas Carolina Pragensis is the most important Czech university, one of the oldest universities in Europe, and the oldest in Central Europe. The University is formed by 17 faculties, based mostly in Prague. In 2009, almost 53 000 students were enrolled, which was almost one-fifth of all university students in the Czech Republic. In 2009, Charles University was listed as the top university in the Czech Republic in the Ranking of World Universities scheme.

University of Economics, Prague (VŠE) – www.vse.cz

A public university focused on education in the field of economics. In 2009, this was the first Czech institution in the history of Czech university education to be awarded the ECTS designation by the European Union, which certifies that VŠE's study programmes are comparable with advanced international levels.

Institute of Chemical Technology, Prague (VŠCHT) – www.vscht.cz

The largest institution of its kind in the Central European area, with an almost 200-year tradition in chemical technology studies. It can be described as a research university, characterised by a high proportion of student involvement in research work during their studies.

Academy of Arts, Architecture, and Design in Prague (VŠUP) – www.vsup.cz

A public institution of higher education, with programmes of study in Painting, Illustration and Graphics, Fashion Art, Design, Graphic Design, Ceramics and Porcelain, Photography, and Architecture. It also offers courses in Animated Film.

NOT ONLY UNIVERSITIES

To present a comprehensive survey, it should be added that, during the past school year, there were more than 1 700 schools and educational establishments in the Prague area. A few more figures complete the picture.


University of Economics, Prague

Attendance at schools in the capital city area, regardless of the founders, was as follows:

- 31 308 children at nursery schools,
- 74 470 pupils at primary schools,
- 74 799 students at secondary and vocational schools (of whom 24 962 students at secondary schools),
- 1 421 students at the Conservatoire,
- 6 708 students at higher vocational schools.

From 25 to 27 November 2010, Prague secondary and higher vocational schools will organise Schola Pragensis 2010, the 15th year of the presentation and selection of their curricula. Schools founded by the Capital City of Prague and other entities will present their institutions, as well as the results of their work.

EVALUATION BY OECD EXPERTS

Last spring, Prague was the venue for the OECD final conference of the Czech VET Review: Learning for Jobs. Just as in the other thirteen reviewed countries, the Czech Republic was presented with the conclusions of OECD experts concerning the level of vocational education and training in the country and the co-operation of schools with employers. According to the OECD team, the Czech Republic has improved the system of vocational training in many respects in the last few years. This is due, for example, to the introduction of a new system of qualifications and a single final examination in the vocational training branches. It is also assisted by the remarkable database of schools, vocational specialisations, and jobs available to graduates in the labour market (www.infoabsolvent.cz).

State-of-the-art Technology and 90-year Tradition

In 2009, the number of enterprises with more than 100 employees averaged 236 in the territory of the Capital City of Prague, according to the Czech Statistical Office. This was the greatest number of large industrial firms registered by any Czech region. If one company is to be selected from this number of well-functioning firms, and its activities and products are to be presented, let us choose one that has a long history of continuous work, as well as a promising future ahead.

PRAKAB Pražská kabelovna, a.s., based in the Hostivař quarter of Prague, is a producer and supplier of cables. It offers a wide range of products, from energy and telecommunication cables to e.g. communication cables. These are delivered not only to the Czech market, but also to European and world markets.

In 2011, the company will celebrate its 90th birthday. The history of the Company began in 1921, when Emil Kolben founded Pražská kabelovna s.r.o., with the trademark of PRAKAB. Over time, this Prague enterprise, as well as the range of products on offer, were expanded. After World War II, PRAKAB continued the production of cables, but the company was incorporated into the KABLO Kladno group. In 1991, it was transferred to the original owners, who continued the manufacture of conductors and cables.

NEW TRENDS

At the beginning of the millennium, PRAKAB focused on new trends in cable production and, in 2003, made an investment in a Test Centre for specialised cables of low fire hazard. The Centre, the only one of its kind in the Czech Republic, is an accredited workplace of the Electrotechnical Testing Institute. Due to this, PRAKAB is the first cable manufacturer in the country to manufacture fire-resistant cables. An important moment was the classification of cables in relation to reactions to fire (The Construction Products Directive), which outlined the legal requirements of the European Union and to which PRAKAB flexibly responded with its own developments.

OWN RESEARCH

The above-mentioned Centre, actually the company's own laboratory for fire-resistant cables, consists of eight workplaces. The cables are tested in a fire simulation environment. Heat and smoke emissions are measured in tests of flame spread, while other tests are focused on resistance to vertical spread of flame on single-insulation conductors and cables, and a vertical flame test on vertically installed bundles of cabling. The Centre also conducts measurements of smoke density in cable burning, and resistance to fire of unprotected cables in emergency circuits. Last but not least, the laboratory has equipment to determine flammability by means of the oxygen index method and to measure gas emissions from cable material burning.

DEVELOPMENT OF NEW MATERIALS

Another step in the development of a new type of cable is the project implemented with financial support from the Ministry of Industry and Trade. This programme, FR-TI1/429, is designated "The Development of New Materials and Construction Solutions for Cables Applied for the Safe Transmission of Energy and Information in Spaces with Fire Hazards and High Concentration of Persons, Complying with Decree No. 23/2008 Coll." This project aims at the design and testing of new materials for a new product – cabling which will comply with the requirements of Decree No. 23/2008 Coll. on the technical conditions for the fire protection of buildings. The objective is to develop a new cable with the required class of reactions to fire and, at the same time, capable of transmitting electrical energy and information in case of fire. It should also preserve the qualities which reduce hazards to the health or life of persons and the environment in case of fire. The cable, developed from new materials, must comply with the requirements of Decree No.23/2008 Coll., like existing cables, but will be manufactured from materials of much lower cost, which will reduce its selling price and thus increase its competitiveness within the European area.

www.prakab.cz

Photo: Prakab archives

PRAKAB PRAŽSKÁ KABELOVNA, a.s.
A member of the SKB-GROUP

HALOGEN-FREE CABLES

energy cables 0.6/1 kV

telecommunications cables

www.prakab.cz