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CZECH REPUBLIC – YOUR PARTNER

Compiled by PP Agency, s.r.o.
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Ministry of Industry and Trade

Ministry of Foreign Affairs



Confederation of Industry of the Czech Republic



Czech Chamber of Commerce



CzechTrade



CzechInvest



CzechTourism



Czech Centres



Centre for Regional Development of the Czech Republic



Export Guarantee and Insurance Corporation



Czech Export Bank

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Prague, the Dancing House (it placed first in the Design category of a survey organised by the American Time magazine)

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Dear Reader,

The aim of this publication “The Czech Republic – Your Partner” is to support UK companies in their commercial and investment activities in my country. I am very pleased to report that trade and investment has been steadily growing between our two countries with the volume of trade nearly doubling since 2004 when the Czech Republic joined the EU. In fact, due to this booming import and export trade, the UK now is amongst the Czech Republic’s top 10 trading partners.

The Czech economy has been doing very well in recent years. GDP growth between 2005-2007 exceeded 6.0% annually, arising from a variety of sources including exports, consumer spending, the inflow of EU funding, and the continuing interest of foreign investors. An important driver of this strong GDP growth is the level of exports with passenger cars, automotive and electronic components, and engineering taking the majority share. The automotive industry alone accounts for 20% of the total exports. Official figures show that the Czech economy is doing very well even in 2008, despite the global credit crunch. Latest OECD figures predict the Czech economy will grow by 4.5% this year and by 5% in 2009.

The Czech Republic is one of the most successful countries in central Europe in terms of attracting FDI. Since 1990, almost USD 90 billion FDI has been attracted to the Czech Republic. Approximately 130 000 Czech firms, across all sectors, are supported by foreign capital.

So what are the main advantages of the Czech Republic for foreign investors? It is the strategic location in central Europe, its competitive infrastructure, educated workforce with relevant technological and business skills, stable economic performance, and the developed real estate market. The country has a broad supplier base with Czech companies becoming more integrated in international supply chains. The Czech Government provides incentives such as corporation tax relief and job creation grants for investments in R&D projects. Businesses setting up in the Czech Republic can also obtain financial support from EU structural funds.

In response to the increased trade, and interests by both British and Czech business in the UK, the Czech-British Chamber of Commerce has been established in London. This will help to develop further trade and investment between our two countries. I would like to take this opportunity to recommend to UK companies with an interest in the Czech Republic to join the Chamber.

The Commercial Department of the Czech Embassy in London and the London offices of the governmental organisations CzechTrade, CzechInvest, and CzechTourism are ready to support you in your business and investment activities in the Czech Republic.

Jan Winkler

*Ambassador of the Czech Republic
to the United Kingdom of Great Britain and Northern Ireland*

Czech Exporters

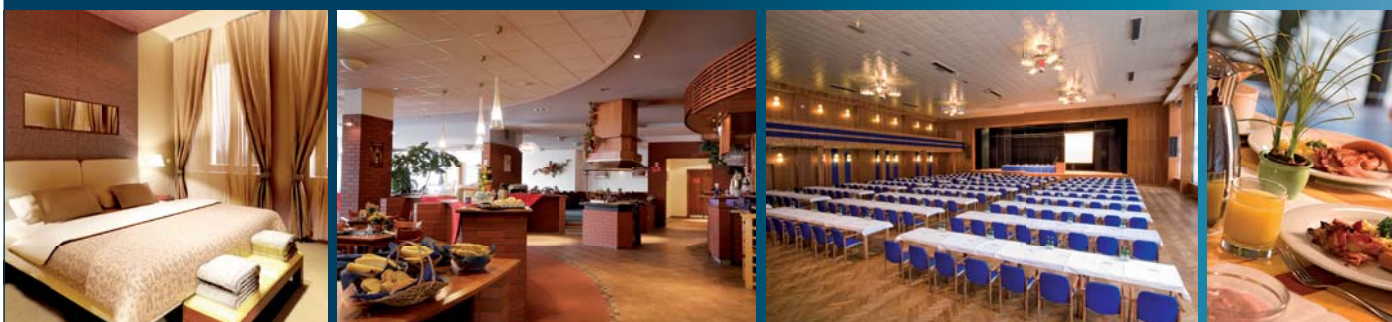
Czech enterprises that present their products and services in this publication, intend to expand their exports, and seek trade partners in Great Britain. The firms are listed according to the branch codes - NACE.

15820 Manufacture of rusks and biscuits, manufacture of preserved pastry goods and cakes Hořická výrobní a.s.	61	28620 Manufacture of tools TES VSETÍN, s.r.o.	56
17000 Manufacture of textiles BAPON - ŠTEPON, s.r.o.	62	Z - group a.s.	52
17400 Manufacture of made-up textile articles, except apparel 2G-spol. s r.o. - Přikrývky a polštáře	60	28700 Manufacture of other fabricated metal products ALB FORMING spol. s r.o.	65
17710 Manufacture of knitted and crocheted hosiery BAPON - ŠTEPON, s.r.o.	62	INTERNATIONAL METAL PLAST spol. s r.o.	64
21250 Manufacture of other articles of paper and paperboard n.e.c. Colognia press, a.s.	27	KOVONA SYSTEM, a.s.	66
22220 Printing n.e.c. BOOM TISK, spol. s r.o.	20	28750 Manufacture of other fabricated metal products, n.e.c. Z - group a.s.	52
25200 Manufacture of plastic products INTERNATIONAL METAL PLAST spol. s r.o.	64	29000 Manufacture of machinery and equipment n.e.c. Jihostroj a.s.	57
25230 Manufacture of builders' ware of plastic Roltechnik, spol. s r.o.	34	29210 Manufacture of furnaces and furnace burners J4 s.r.o.	65
26132 Manufacture of crystal glass RÜCKL CRYSTAL a.s.	43	29400 Manufacture of machine-tools TOS VARNSDORF a.s.	67
27200 Manufacture of tubes KRÁLOVOPOLSKÁ SLÉVÁRNA, s.r.o.	54	29530 Manufacture of machinery for food, beverage, and tobacco processing J4 s.r.o.	65
27300 Other first processing of iron and steel and production of non-ECSC ferro-alloys KRÁLOVOPOLSKÁ SLÉVÁRNA, s.r.o.	54	31100 Manufacture of electric motors, generators, and transformers TES VSETÍN, s.r.o.	56
27500 Casting of metals TOS VARNSDORF a.s.	67	31200 Manufacture of electricity distribution and control apparatus Elok-Opava spol. s r.o.	59
27530 Casting of light metal METAZ a.s.	13	32100 Manufacture of electronic valves and tubes and other electronic components Elok-Opava spol. s r.o.	59
28100 Manufacture of structural metal products KOVONA SYSTEM, a.s.	66	33300 Manufacture of industrial process control equipment Elok-Opava spol. s r.o.	59
28400 Forging, pressing, stamping and roll forming of metal, powder metallurgy KOVONA SYSTEM, a.s.	66	33400 Manufacture of optical instruments and photographic equipment Meopta - optika, s.r.o.	59
28500 Treatment and coating of metals, general mechanical engineering on a fee or contract basis TOS VARNSDORF a.s.	67	34000 Manufacture of motor vehicles, trailers, and semitrailers Jihostroj a.s.	57

34200 Manufacture of bodies (coachwork) for motor vehicles, manufacture of trailers and semi-trailers AGADOS, spol. s r.o.	2	52410 Retail sale of textiles 2G-spol. s r.o. - Příkrývky a polštáře	60
35000 Manufacture of other transport equipment Jihostroj a.s.	57	55110 Hotels and motels, with restaurant CPI Hotels, a.s.	7
36100 Manufacture of furniture ANTICO spol. s r.o.	17	PROSPER TRADING a.s.	48
36631 Manufacture of ready-made fasteners, umbrellas, and sunshades WICO B.G.M., a.s.	63	72200 Software consultancy and supply SWELL, spol. s r.o.	10
45420 Joinery installation Z - group a.s.	52	74200 Architectural and engineering activities and related technical consultancy SWELL, spol. s r.o.	10
51400 Wholesale of household goods Roltechnik, spol. s r.o.	34	74400 Advertising M.I.P. Advertising, a.s.	23
52400 Other retail sale of new goods in specialised stores Roltechnik, spol. s r.o.	34	74830 Secretarial and translation activities Aspena, s.r.o.	28
		92610 Operation of sports arenas and stadiums Golf Sokolov a.s.	37
		PROSPER TRADING a.s.	48

CPI HOTELS

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- Clarion Hotel Prague Old Town ****, Praha 1
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- Comfort Hotel Prague ***, Praha 6
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- Hotel Fortuna Luna **, Praha 8

- Hotel Gomej ****, České Budějovice
- Grandhotel Zlatý lev ****, Liberec 1
- Fortuna Kurhaus Prag ***, Františkovy Lázně
- Hotel Sigma Olomouc ***, Olomouc
- Hotel Černigov ***, Hradec Králové

Opening 2008

- Clarion Hotel Prague City ****, Praha 2
- Buddha-Bar Hotel Prague *****, Praha 1

CPI
HOTELS

CPI Hotels, a.s., Office: Václavské náměstí 47, 110 00 Praha 1, Czech Republic, phone: +420 274 772 062, fax: +420 274 777 470, e-mail: info@cpihotels.cz, cpihotels.cz



Useful Information

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

BASIC DATA

Population	10 349 372 (September 2007)
Area:	78 864 sq.km
The capital city	Praha (Prague)
System of government	a republic
Language	Czech
Highest peak	Sněžka (Snow) Mountain (1602 m above sea level)
Time zone	Central European Time GMT + 1, summer time GMT + 2
Monetary unit	1 Czech crown (Kč/CZK) = 100 halers
Internet domain	.cz

The President of the Czech Republic is Václav Klaus.

The Czech Republic is a member of the European Union, the United Nations, NATO, the

WTO, the International Monetary Fund, the International Bank for Reconstruction and Development, the European Bank for Reconstruction and Development, the OECD, as well as many other organisations.

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

The Czechs are described as a very cultural nation which has contributed to the world a large number of **prominent figures**. The most significant rulers and heads of state include emperor Charles IV and presidents T. G. Masaryk, Edvard Beneš, and Václav Havel. Names of world renown include Jan Amos Komenský (Comenius) “the Teacher of Nations”, scientists Jaroslav Heyrovský (Nobel Prize laureate for chemistry), Otto Wichterle, a Czech chemist who invented contact lenses, and Antonín Holý (professor of honour in medicinal chemistry), who discovered drugs against AIDS. Famous people of culture include composers Bedřich Smetana, Leoš Janáček, Antonín Dvořák, and

Other useful information on the Czech Republic is at www.czech.cz



State Symbols of the Czech Republic

Large State

Coat of Arms



State Flag



Czech Republic, a.s., T-Mobile Czech Republic a.s., and Vodafone Czech Republic a.s.

The most commonly used credit cards in the Czech Republic are: Eurocard/MasterCard, Maestro, and Visa.

Bohuslav Martinů, writers Franz Kafka, Karel Čapek, Jaroslav Seifert (Nobel Prize laureate), Jaroslav Hašek, Bohumil Hrabal, and Milan Kundera. Winners of the American Academy Award are film directors Miloš Forman (born in former Czechoslovakia), Jiří Menzel, Jan Svěrák, and singer Markéta Irglová. Painters to be named are František Kupka, Alfons Mucha. Athletes of world renown include Emil Zátopek, Petr Čech, Jaromír Jágr, Dominik Hašek, Pavel Nedvěd, Jan Železný, Kateřina Neumannová, and many others. Martina Navrátilová and Ivan Lendl are also of Czech origin.

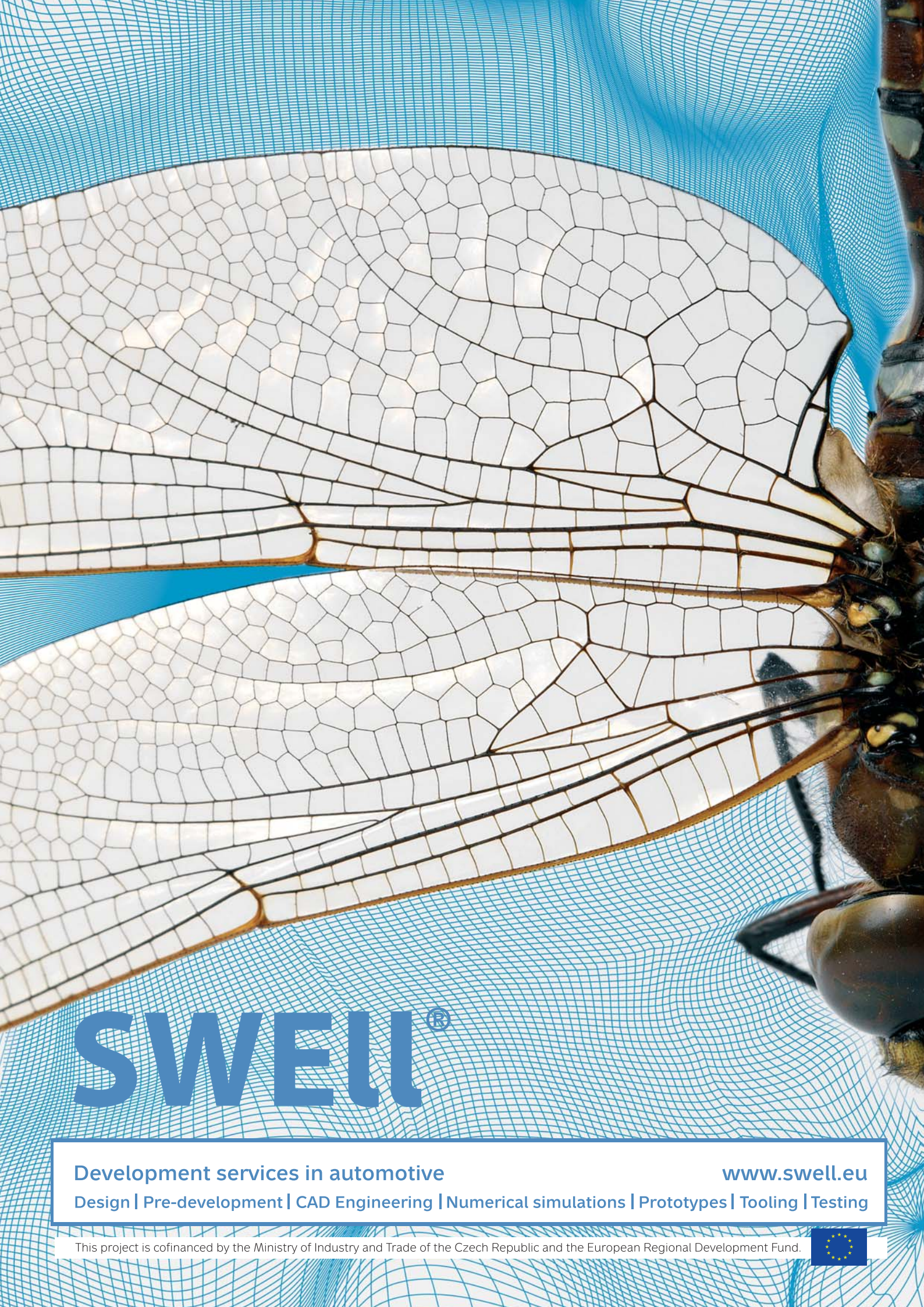
PRACTICAL INFORMATION

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

Licences to operate mobile phone networks in the Czech Republic have been awarded to **the following companies:** Telefónica O2

THE BIGGEST CITIES OF THE CZECH REPUBLIC

city	number of inhabitants
1. Praha	1 180 100
2. Brno	369 000
3. Ostrava	313 000
4. Plzeň	164 000
5. Olomouc	102 000
6. Liberec	98 000
7. České Budějovice	95 000
8. Hradec Králové	95 000
9. Ústí nad Labem	94 000
10. Pardubice	88 000



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This project is cofinanced by the Ministry of Industry and Trade of the Czech Republic and the European Regional Development Fund.



Czech Economy between 2000 and 2007

GROSS DOMESTIC PRODUCT

The year 2007 gave further evidence of the smooth and stable development of the Czech economy. Gross domestic product grew evenly, in the last three years at an annual rate exceeding 6%. In 2007, the gross domestic product (GDP) was 36.7% higher in comparison with 2000 in real terms¹⁾. In the same period, per capita GDP rose by 61.7% (in current prices). Of the different GDP components, the highest, in real terms, was final consumer spending, which rose by 26.2%, of which household spending rose by 30.5%. Gross capital creation increased by 44%. Most responsible for the economic growth in 2007 were household consumption and the creation of gross fixed capital, and also employment, together with the growth of the productivity of labour. The general economic position of the State further strengthened and, according to estimates, the Czech Republic in 2007 reached 82% of the EU27 level in terms of per capita purchase power parity.

INDUSTRY

From 2000 to 2007, industrial production in the Czech Republic grew at an annual rate of 7.1%, with industry permanently exceeding gross added value by 30%. Transport equipment and the manufacture of electrical and optical devices continued to

hold the dominant position, while production in the textile and clothing industries continued to decline. The dominant sectors also maintained their high shares of total revenues from industrial production and from exports, in particular companies under foreign control.

FOREIGN TRADE

In 2007, the Czech Republic's trade turnover was more than double the 2000 figure (index 205.9). Since 2005, the country has been steadily showing a favourable balance of trade. In 2007, its balance of trade surplus was CZK 87 billion, twice as much as in 2006. The Czech Republic is the only one of the new EU states to have a favourable balance of trade. This favourable balance was shown especially in machinery and transport equipment and industrial goods trading. Within the territorial structure, EU states have the decisive share of this country's

Macroeconomic indicators of the Czech Republic

		2000	2001	2002	2003	2004	2005	2006	2007 ⁶⁾
Gross Domestic Product (current prices)	CZK billion	2 189.2	2 352.2	2 464.4	2 577.1	2 814.8	2 983.6	3 215.6	3 551.4
Gross Domestic Product	%, real	3.7	2.5	1.9	3.6	4.5	6.3	6.8	6.6
Gross Domestic Product in PPS ¹⁾	PPS/inhab.	13 033.0	13 891.0	14 419.0	15 215.0	16 257.0	17 155.0	18 504.0	n.a.
Overall productivity of labour	%, y/y	4.1	2.2	1.6	4.7	4.1	5.4	4.8	4.6
Unit costs of labour	%, y/y	2.0	5.0	3.7	3.1	2.1	-0.2	n.a.	n.a.
Industrial production	%, y/y	1.5	6.7	1.9	5.5	9.6	6.7	11.2	8.2
Unemployment ²⁾	%	8.8	8.9	9.8	10.3	10.3	9.7	7.7	6.0
Inflation (HICP)	%, average	n.a.	4.5	1.4	-0.1	2.6	1.6	2.1	3.0
Inflation ²⁾	%, y/y	4.0	4.1	0.6	1.0	2.8	2.2	1.7	5.4
Nominal wages	%, average	6.4	8.7	7.3	6.6	6.5	5.3	6.5	7.3
Real wages	%, average	2.4	3.8	5.4	6.5	3.6	3.3	3.9	4.4
Exports ^{3),4)}	EUR mil.	31 514.0	37 229.0	40 749.0	43 053.0	54 075.0	62 961.0	75 699.0	89 292.0
Exports ^{3),4)}	%, y/y	27.9	18.1	9.5	5.7	25.6	16.5	20.2	17.8
Imports ^{3),4)}	EUR mil.	34 922.0	40 694.0	43 051.0	45 236.0	54 914.0	61 647.0	74 305.0	86 163.0
Imports ^{3),4)}	%, y/y	32.3	16.5	5.8	5.1	21.4	12.3	20.2	15.9
Balance of trade ^{3),4)}	EUR mil.	-3 408.0	-3 465.0	-2 302.0	-2 183.0	-839.0	1 314.0	1 394.0	3 129.0
Gross foreign debt	EUR billion	22.9	23.8	26.4	28.1	43.4	38.8	n.a.	n.a.
Foreign exchange ČNB reserves	EUR billion	14.2	16.4	22.6	21.4	20.9	25.1	23.9	n.a.
CZK/EUR ⁵⁾	average	35.610	34.083	30.812	31.844	31.904	29.784	28.343	27.762
CZK/USD ⁵⁾	average	38.590	38.038	32.736	28.227	25.701	23.947	22.609	20.308

Source: Czech Statistical Office, Czech National Bank (ČNB); General note: y/y shows year-on-year change in the indicator; n.a. = not available; ¹⁾ PPS - Purchasing Power Standard; ²⁾ At the end of the period (December/December);

³⁾ Foreign trade data expressed in EUR are the sum of the different monthly values in CZK calculated by the average monthly exchange rate announced by the Czech National Bank; ⁴⁾ 2006 - specified data as of 28 August 2007;

⁵⁾ Czech National Bank; ⁶⁾ Preliminary data (June 2008)

**USEFUL LINKS:**

www.czso.cz – Czech Statistical Office

Český statistický úřad

www.cnb.cz – Czech National Bank

Česká národní banka

www.mfcr.cz – Ministry of Finance

Ministerstvo financí

imports and exports, its main partner, on a long-term basis, being Germany, accounting for 31% of the Czech Republic's exports and for nearly 30% of its imports.

PRICES

The prices of building work and market services were growing steadily in the period under review, while the prices of industrial goods and farm produce vacillated in different years. In 2007, industrial goods' prices were 17.3% up on 2000 and prices in agriculture showed an increase of 10.8%. The inflation rate based on consumer prices was the highest in 2001, when it reached 4.7%; in 2007 inflation was at 2.8%. The lowest inflation was recorded in 2003, when its average annual rate was a mere 0.1%.

THE LABOUR MARKET

Employment in the CR has been growing steadily since 2005. In 2007, an estimated

4 945 000 people worked in the national economy, 213 400 more than in the year 2000. This marked a maximum for the past 11 years. Largely responsible for the growth of employment were the services sector and the manufacturing industry. Employment in the secondary sector in the CR is the highest of all EU states, while in the tertiary sector it is below the EU average. Unemployment has been steadily showing a downward trend. In 2007 it was on the 5.3% level, which was 3.5% less than in the year 2000. Long-term unemployed, however, permanently accounts for nearly half of the total number of job-seekers.

THE LIVING STANDARD

The growth of the standard of living in the period under review was increasingly backed by household savings and the rapid growth of consumer credits. In 2007, the average gross monthly nominal wage amounted to CZK 21 692/EUR 781²⁾ (approx. 68% more than in 2000). In real value, wages in 2007 were nearly 34% higher than in 2000. The differences between the sectors of the national economy, as well as within the sectors, have been continuously growing.

Jana Bondyová
Czech Statistical Office
www.czso.cz

Note: ¹⁾ The figures for 2007 are estimates

²⁾ 1 EUR = 27.762 CZK (average annual rate fixed by the Czech National Bank)

METAZ a.s.

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fax: +420 317 703 533
e-mail: metaz@metaz.cz

www.metaz.cz



METAZ a.s. is a leading aluminium and steel commercial foundry in the Czech Republic specialized at producing custom-made castings. Since its founding in 1931 the company has built up a position as a stable and reliable supplier with client base in Europe as well as overseas.

The aluminium foundry makes up an important part of the company's production capacity and employs a wide range of production technologies. Castings are available in a large variety of aluminium alloy types and are supplied to automotive and railway industry, and many other industrial areas.

The aluminium foundry is ISO/TS 16949:2002 certified.

Metaz has its own in-house technology for core manufacturing and fully equipped pattern shop.

Manufacturing technology:

- Low pressure casting into metal pattern
- Gravity casting into metal pattern
- Sand casting
- Precise casting into plaster pattern

The steel foundry offers a very wide range of castings made from carbon steel as well as special types of abrasion-resistant and heat-resistant steel. Our products are supplied to manufacturers of rail vehicles, transport equipment, equipment for material surface treatment, to the mining industry, etc. The steel foundry is certified in accordance with EN ISO 9001 – 2000.

Manufacturing technology:

- Sand casting
- Centrifugal casting

The Czech Republic and the United Kingdom

Czech Republic – Business Partner for the United Kingdom of Great Britain and Northern Ireland

The favourite destinations of British tourists in Europe in recent years include the Czech Republic and especially its capital city, Prague, which offers British visitors a pleasant atmosphere, beautiful cultural monuments, excellent cuisine and, naturally, excellent Czech beer. Besides Prague, these qualities can be found in any part of the Czech Republic. Besides tourists, the Czech Republic is also a destination for British businessmen and investors, who consider the Czech Republic an ideal place for their business plans. There is much the Czech Republic can offer in this respect. A highly qualified labour force, well-functioning infrastructure, favourable conditions for investors and, above all, a friendly and secure business environment. The Czech Republic is becoming a primary European destination for an ever growing number of British businessmen and investors and we wish this trend to continue in future.

THE CZECH ECONOMY

Over the last fifteen years, the Czech Republic has undergone a process of economic and political transformation, which has resulted in a well-functioning market economy and stable political environment. The switch from a centrally planned economy to a market economy was partly accelerated thanks to the integration process in the European Union, which the Czech Republic joined together with nine other central and east European countries in 2004.

During the transformation process the economy was gradually stabilised, internal infrastructure was strengthened and a favourable business environment was created. Support from EU

Table 1: CR-United Kingdom trade balance in the 2003 – 2007 period (in EUR billion)

	Exports	Imports	Turnover	Balance
2003	2.3	1.2	3.5	1.1
2004	2.5	1.6	4.1	0.9
2005	2.9	1.5	4.4	1.4
2006	3.6	1.9	5.5	1.7
2007*	4.4	2.3	6.7	2.1

Source: Czech Statistical Office; * Preliminary data (May 2008)

funds contributed to the construction of roads, railways and telecommunication networks. According to a study published recently by Business Monitor International, the construction industry in the Czech Republic accounted for almost 7% of total GDP in 2005. The forecast for the period up to 2010 is for an average growth rate in construction of about 6%. In ratings of quality of the business environment, a World Bank analysis ranked the Czech Republic 56th in 2007 out of a total of 178 countries. It should be noted that the process of economic transformation is not yet complete and certain areas of economic life still require reform.

SECTORAL STRUCTURE

In terms of the sectoral structure of the Czech economy, the tertiary sector ranks top accounting for an average of 59% of the

Table 2: UK companies operating in the Czech Republic – Investment in Production

Company, Seat	Operations in the CR
ArcelorMittal - London	steel (Ostrava)
Avon Rubber - Bradford on Avon, Wiltshire	car parts (Rudník u Turnova)
BPB Gypsum - Loughborough, Leicestershire	polystyrene (Český Brod), gypsum (Horní Počaply)
Carclo - Ossett, West Yorkshire	plastic car parts (Brno)
Cookson Group - London	special ceramic ware (Třinec)
Devro - Glasgow	sausage casings (Jilemnice, Slavkov u Brna)
G. Modiano - Bradford	wool processing (Nejdek)
Hillside Plastics - Durham	plastic auto parts (Chomutov)
Chem Resist - Dewsbury, West Yorkshire	corrosion resistant thermoplastics (Třeboradice)
IMI - Birmingham	valves (Humpolec)
International Power - London	electricity, heat (Opatovice, Pražská teplárenská, a.s.)
Invensys - London	gauging systems (Brno, Šternberk)
John Crane - Slough, Buckinghamshire	sealing systems (Lutín)
Laminar Medica - Tring, Hertfordshire	isolated transportation systems (Vodňany)
Loma Systems - Farnborough, Hampshire	electronic instruments for food inspection (Dobřany)
Magnesium Elektron - Manchester	magnesium alloy castings for automobiles (Louka u Litvínova)
Molins - Milton Keynes	packaging machines and equipment (Plzeň)
Pacific Direct - Bedford	hotel toiletries (Holice)
RB Farquhar - Huntley, Aberdeenshire	prefabricated bathroom pods (Chomutov)
Rexam - London	aluminium beverage cans (Ejpvovice)
Royal Dutch Shell - London	oil products (Litvínov)
SABMiller - London	beer (Plzeňský Prazdroj, a.s.)
Tarmac - Wolverhampton, West Midlands	crushed and quarried aggregates (Liberec)
Tetley Group - Greenford, Middlesex	tea (Jemnice)
TI Automotive - Oxford	car parts (Mladá Boleslav, Jablonec nad Nisou)
Unilever - Crawley, West Sussex	foodstuffs, cosmetics (Nelahozeves)
Wagon Automotive - Birmingham	car parts (Bělá pod Bezdězem)

Source: Embassy of the Czech Republic in London, Commercial Section



total gross value added in current prices in the 2001-2006 period. It is followed by the secondary sector (38%) and primary sector (3%). Over the medium term, the secondary sector strengthened at the expense of the primary and tertiary sectors. However, by international comparison the share of services remains lower than in developed countries, where it amounts to about 70% and is constantly increasing. In contrast, the Czech Republic has an above-average share of industry in GDP.

GROSS DOMESTIC PRODUCT

In recent years the Czech Republic has experienced a record rate of GDP growth and ranks among the fastest growing economies in the European Union. For the third consecutive year growth is stabilised at an annual average rate of 6.4%. According to the Czech Statistical Office, the favourable development of economic growth has been influenced lately by the return of terms of trade to plus values, and favourable effects of foreign capital inflow.

FOREIGN TRADE

Given its size and economic structure, the Czech Republic ranks among open economies with a dominant share of exports in GDP. In 2006, the Czech Republic recorded its best ever foreign trade results. Both exports and imports achieved record high values and, for the second time since 1993, the value of exports exceeded the value of imports. In terms of destination, almost 80% of Czech exports are headed to EU markets.

FOREIGN DIRECT INVESTMENT

As for foreign direct investment, the Czech Republic ranks among net recipients of investment. In 2007, the volume of foreign direct investment in the Czech Republic amounted to approximately EUR 6.6 billion.

TRADE AND INVESTMENT BETWEEN THE CZECH REPUBLIC AND THE UNITED KINGDOM

TRADE EXCHANGE

Trade exchange between the Czech Republic and the United Kingdom shows a favourable long-term development (see Table 1). In 2007, the United Kingdom was the Czech Republic's 5th largest export market (after Germany, Slovakia, Poland, and France), and its 12th largest import market. In mutual trade turnover the United Kingdom ranks 8th. It accounts for 5% of overall Czech exports and 2.7% of imports. The Czech Republic is the UK's 33rd largest export market and 29th largest import market. In 2007, Czech exports to the United Kingdom rose year on year by 20.2% and imports from the UK increased by 15.2%. Since 2001, the Czech Republic maintains a trade balance surplus in mutual trade with the UK and the value of its exports increases each year. The value of imports from the United Kingdom has been increasing each year since 2005 (see Table 1). The main Czech exports items to the United Kingdom include data processing equipment, cars, colour television sets and car parts. The main import items are telecommunications equipment accessories, pharmaceuticals and cars.

UK COMPANIES IN THE CZECH REPUBLIC

There is a fairly large number of companies operating on the Czech market at present (see Tables 2 and 3). British companies are investing in both production and services. In 2007, the United Kingdom was the 10th largest direct investor in the CR. The value of investment amounted to CZK 6.89 billion, with CZK 4.52 billion as re-invested profit.

CO-OPERATION IN TECHNOLOGY AND INNOVATION

At present British investors can take advantage of existing opportunities in the Czech Republic for co-operation with Czech universities and scientific institutions, especially in terms of innovation and technology. A large number of small and medium-sized enterprises in the Czech Republic are also involved in the development and production of new technologies. Next year the Czech Republic will become a member of the European Space Agency and will thus have the opportunity to participate fully in joint international space technology projects. At present this area is the domain of the Czech Space Alliance (www.czechspace.eu), which groups small and medium-sized enterprises operating in the space and aircraft industry. The Alliance was established in 2006 under the auspices of the CzechTrade agency, an organisation under the jurisdiction of the Czech Ministry of Industry and Trade.

CO-OPERATION ON THIRD MARKETS

Other areas also offer extensive scope for co-operation between Czech and British busi-



Czech Foreign Minister Karel Schwarzenberg and David Miliband, Secretary of State for Foreign and Commonwealth Affairs

nesses. One such area is the co-operation of companies on third markets (i.e. countries of the former USSR, Vietnam, Mongolia). The Czech Republic offers experience of many years in the territory, and a qualified and relatively inexpensive labour force. Certain possibilities also exist for co-operation among regions and towns (e.g. tourism, rural development, revitalisation of former industrial complexes). Money from EU structural funds can be used in these cases.

British businessmen and investors wishing to enter the Czech market may address CzechInvest Investment and Business Development Agency, or CzechTrade, both of which offer information on current offers and demand of Czech companies.

Finally, it is necessary to add that trade relations between the Czech Republic and the United Kingdom are considered above-standard by the Czech Republic and are likely to remain so in future. Czech enterprises harbour a keen interest in co-operation with British businesses. It should be noted that a broad scope remains for further development of mutual trade and economic relations. The Czech Republic is prepared to make an active contribution to this development.

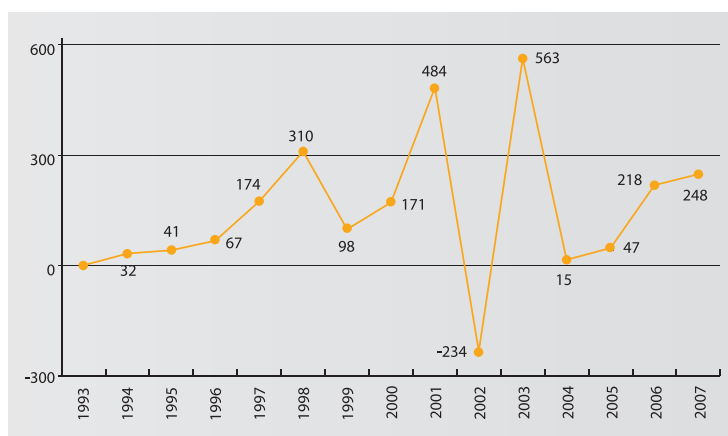
Ivan Brož
Ministry of Industry and Trade
www.mpo.cz

Table 3: UK companies operating in the Czech Republic – Investment in Services

Company, Seat	Operations in the CR
Arriva – Sunderland	bus transport (Transcentrum bus Kosmonosy)
Aviva – London	life insurance
HSBC – London	shared services centre for central Europe (Ostrava)
iPlato – London	mobile communication applications (Pardubice)
Lektronix – Walsall, West Midlands	servicing of industrial equipment (Brno)
Logica CMG – London	software systems (Praha, Brno, Plzeň)
Provident Financial – Bradford	consumer credits (Praha)
Ricardo – Shoreham, West Sussex	design and development of engines and car parts (Praha)
Tesco – Cheshunt, Hertfordshire	retail chain
Unichem – Chessington, Surrey	distribution of pharmaceuticals (Alliance UniChem)
Vodafone – Newbury, Berkshire	mobile phone operator

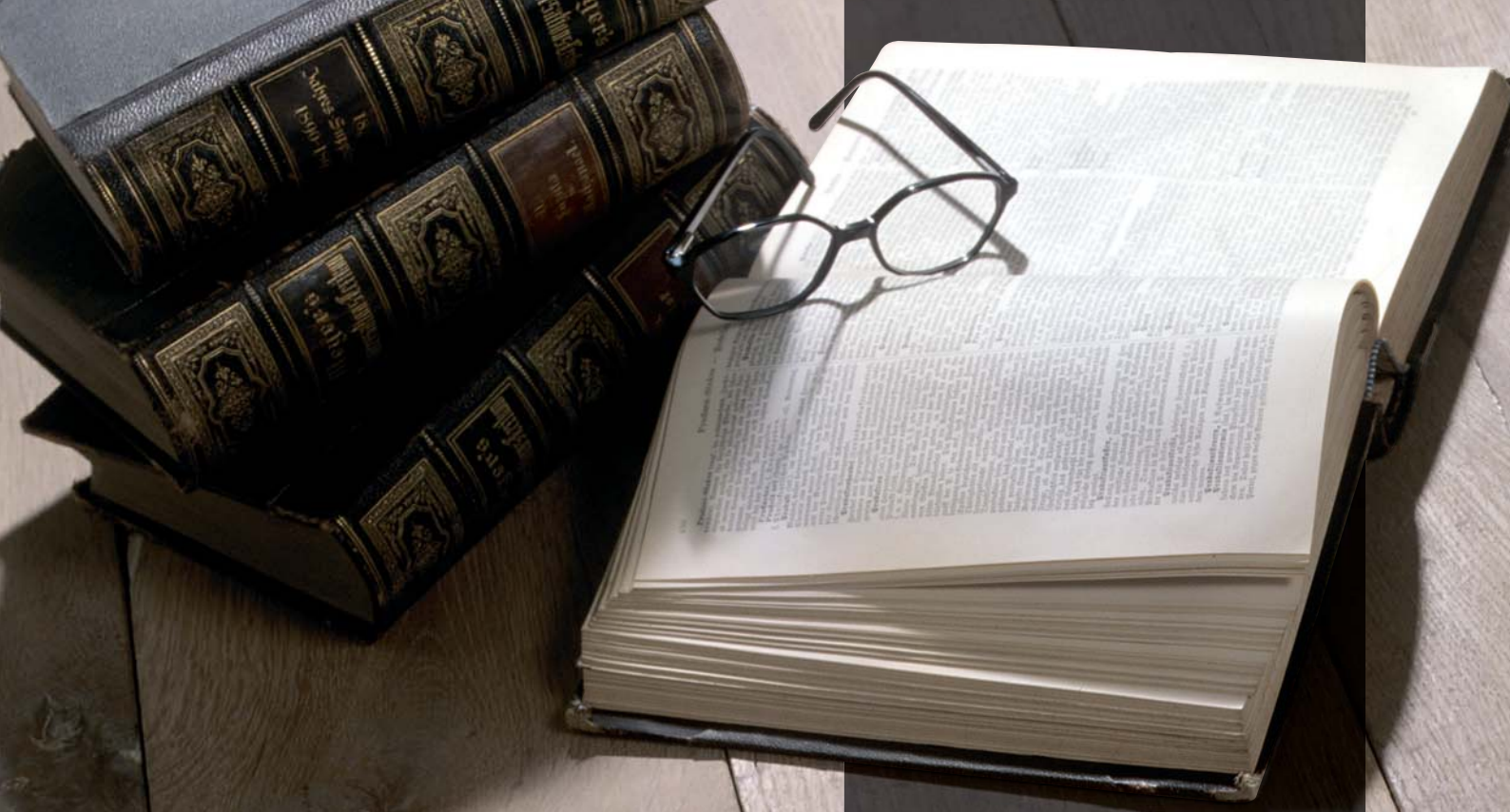
Source: Embassy of the Czech Republic in London, Commercial Section

Graph 1: Inflow of British investment in the years 1993 – 2007 (EUR million)



Source: Czech National Bank

Photo: Embassy of the Czech Republic



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Dependable Partner to British Investors

The Czech Republic belongs to the world's most attractive places for foreign direct investment. In its latest (2008) survey, Ernst & Young ranks the Czech Republic as the ninth best place in the world for new investment. On the same note, PricewaterhouseCoopers estimates that among Central European countries the Czech Republic will have attracted the highest amount of FDI in the coming years. As to projects facilitated by CzechInvest, the government agency that promotes FDI in the Czech Republic, 66 British companies have decided to set up their business in the Czech Republic with their planned investment reaching USD 712 billion.

COMPOSITION OF THE INVESTMENT

Another interesting feature about British investment spending in the Czech Republic is the composition of the investments. Unlike investors from other countries operating in the Czech Republic, companies from English-speaking countries do not hesitate to invest into software development or other services and research. Put together, there are three hundred companies backed by British capital in the Czech Republic. "New investors choose the Czech Republic for its advantageous geographical location, stable political and economic system, and also for the talent the country has to offer," says Alexandra Rudyšarová, appointed CEO of CzechInvest. "For British investors, the quality of life the Czech Republic offers, becomes even more important, as both countries share the historical and cultural traditions of Europe."

Numerous flights connect the United Kingdom with the Czech Republic daily. In many cases, low-cost airliners charge passengers less than the cost of a British railways ticket. An extensive network of international boarding schools operates in the Czech Republic – Britons can shop in Tesco, open their accounts with HSBC in the Czech Republic.

With its geographical location right in the heart of the European Union, the Czech Republic is an ideal place for investment into services. Flights from the Prague Ruzyně airport to most places in Europe take up to two hours. Since the end of 2007, the Czech Republic has been a full party to the Schengen Convention, which brought an end to any

formal border checks. Czech cities, including even Prague, offer Class A office space at much more reasonable prices than cities in the United Kingdom. Comparing the most expensive locations, office space in the Czech Republic may be up to ten times cheaper.

LOCATION FOR OFFSHORING

The Czech Republic thus offers a great location for offshoring certain services or, to be more precise, for nearshoring, when talking about British projects. Companies such as Accenture, DHL, Honeywell, Siemens, Lufthansa, Skype, Sun Microsystems, Rockwell, or TRW are already experiencing the advantages of the Czech Republic as they all have set-up their development centres here.

But it is not down to just offshoring. Many companies have chosen the Czech Republic for their regional headquarters covering several countries in Central and East Europe. One of the most recent such investors is HSBC, which plans to coordinate its eastward expansion from their newly-established headquarters in Ostrava, Czech third largest city. Rolls Royce has been overseeing its operations in Central and East Europe and Russia from Prague since 1997. International Power has one of its 6 regional offices worldwide in Prague as well.

THE REAL ESTATE MARKET

The real estate market is on the rise in the Czech Republic. For property development, last year was a record one with the total amount of transactions exceeding USD 125 million. According to a survey by DTZ Consultants, British investors were the third most active foreign investors on the real estate market. It is not only offices, but large logistic and industrial parks as well. Although developers are entering the market with large projects, they are able to rent them in short timescales.

Last year CzechInvest facilitated 182 investment projects for the Czech Republic (see Table 1). Over 65% of these are expansions. "This means that investors thrive in the Czech Republic. They have no reason to leave and many good reasons to enlarge their investment projects. The high number of expansions is in fact the most important indicator of the high quality of the business environment in the Czech Republic," explains Ms Rudyšarová. "The most important thing is that in most cases these expansions represent a qualitative step forward as they bring investment into state-of-the-art technologies and services, or into research and development."

Table 1: Largest British investments in the CR*

Investor	Sector	Investment (USD million)	New Jobs	Year	Region
DHL	IT	190.25	866	2003	Praha
AVX	electronics	54.00	1 100	1998	Pardubice
Black & Decker	engineering	43.98	1 300	2002	Ústí n. L.
LucasVarity	automotive	43.24	265	1999	Liberec
Devro	food processing	40.00	75	2004	Liberec

*Investments facilitated by CzechInvest



Table 3: Largest investors in the real-estate market, by country of origin

Country of origin	Amount of investment (%)
Germany	34.3
Czech Republic	21.9
Austria	14.0
United Kingdom	10.6
Ireland	6.8

Source: DTZ

Companies such as Invensys or Lucas Varity operate several plants in the Czech Republic. Their success and multiple expansions confirm the quality of the Czech business environment. Lucas Varity’s brake component plant in Jablonec is one of the most productive and profitable plants within the TRW Group to which Lucas Varity belongs. But it is not just large companies from the United Kingdom that choose the Czech Republic. Smaller companies such as the iPlato software development firm or Lightbody bakers from Scotland are among the most recent UK investors.

STANDARD PACKAGE OF INCENTIVES

The Czech Republic offers investors a standard package of incentives, including tax relief, support for job creation, and training and retraining. In addition, the Czech Republic also has a package of incentives aimed directly at services or research and development. It is these high value-added investments that the Czech Republic is focusing on. This strategy is successful, as indicated by the fact that projects of this type account for a quarter of all the projects that have been facilitated by CzechInvest. The Czech Republic is open to new foreign direct investments. As shown by the experience of some of the world’s major companies, investing in the Czech Republic is rewarding.

CzechInvest
www.czechinvest.org

Table 2: Largest investments in the CR*

Investor	Sector	Investment (USD million)	New Jobs	Year	Region	Country of origin
Hyundai Motor Company	automotive	1 221.55	3 000	2006	Moravia Silesia	South Korea
Toyota/PSA	automotive	850.20	3 000	2002	Central Bohemia	Japan France
VOLKSWAGEN	automotive	562.00	600	1998	Central Bohemia	Germany
Nemak	automotive	317.15	1 361	2000	Liberec	Mexico
Denso	automotive	254.53	936	2001	Liberec	Japan

*Investments facilitated by CzechInvest



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EXPERIENCE OF THE BRITISH CHAMBER OF COMMERCE

*Our questions have been answered by Mr Simon Rawlence,
Executive Director of the Chamber of Commerce*

1. Why, in your opinion, are entrepreneurs in your country interested in enterprises in the Czech Republic?

The good technical and engineering educational system and the geographic location.

2. What would you say are the typical conditions that the Czech Republic offers your entrepreneur?

A creative and adaptable technical approach in the areas of electronics, engineering, and software. The recent high volume of automobile inward investment has further strengthened these competencies.

3. According to you, what are the main pros and cons of the business background in the Czech Republic in comparison with other EU members? What would be the result of comparison with the business background in your country?

In the EU context, up until now, the very favourable job creation and other grants in some regions e.g. Moravia-Silesia and Chomutov.

4. Which other aspects of the Czech economy do you recognise as crucial?

The high ratio of technical graduates per capita of the population.

5. What is the usual way of expanding a foreign company into the Czech Republic?

There are stages of development, partly due to the geographic location. A company starts up in the Czech Republic, usually manufacturing units or sub-components for the home market. The next stage is when other functions are transferred to CZ, for instance, marketing - and new European markets are found and increased production follows. It could then be, if necessary, that the sub- component manufacturer moves on to lower cost economies.

We have also seen examples of European headquarters in West Europe, establishing technology centres and shared service centres in CZ, looking for added value in the Czech market.

6. What would you recommend to your entrepreneur who is interested in expanding into the Czech market?

Talk to other foreign businesses who have inward investment experience.

EXPERIENCE OF THE HORIZONS LANGUAGE JOBS

Horizons Language Jobs is Prague's first company specialising in finding the right job for English and other foreign language speakers of both Czech and non-Czech nationality. Their clients are mainly Shared Service Centres, Business Process Outsourcing Companies, International Customer Contact Centres and mid- to large-sized international companies with centralised departments. Our questions have been answered by Sinclair David Crawley, CEO of the company.

1. Why did you choose the Czech Republic in particular for doing business?

Having moved to Prague in October 2000 I originally came to stay for a six month- to one-year period. During this time, I realised





New Year's Mixer - February 2008

the huge potential both in terms of doing business and having a better quality of life and so I decided to stay on long term and create a company. So far I can truly say that my only regret is not moving here earlier! The economy in the Czech Republic has been and is continuing to boom, new foreign companies are arriving each year and many major internationals are choosing Prague as a prime location for centralised offices supporting their operations throughout Europe (in many cases, Europe, Middle East, and Africa). This environment makes the Czech Republic an excellent market for many types of business.

2. Can you tell me your views on the quality of the employment market in the Czech Republic? What attracts people and companies to come here?

Prague is arguably one of the most beautiful cities in Europe and offers a thriving job market with definite career opportunities for talented individuals, from fresh graduates to top level managers.

These points plus many others make it a highly attractive place to live and work for many different nationalities from around the world and an excellent hunting ground for companies looking for new experienced and qualified employees.

3. As a businessman, how do you rate the business environment in the Czech Republic in general?

Having gained EU membership on 1 May 2004, Prague especially has become an extremely multicultural city with a healthy level of non Czech speaking expatriates mixing in with the local community.

As a result, increasingly so, English is being used as the common business language which is helping the working culture and business style to become more westernised. This brings multiple benefits for new investors coupled with the Czech Republic's strategic location in the heart of Europe and the obvious cost saving benefits for new investors.

4. What special piece of advice would you recommend to an entrepreneur from your country who plans to start a business on the Czech market?

After having lived in Prague for close on 8 years now, my key advice for any entrepreneur considering starting a business on the Czech market is to network extensively. Especially for small/medium sized businesses or those going through the start-up phase the old saying "it is not what you know but who you know" is absolutely true. The Prague business world and the expat community is extensively networked and the friendly open environment makes it easily possible to make extensive contacts. Personally, I will never leave my home without my business cards!

www.horizonslanguagejobs.cz

If you have any questions about Czech Republic and about the local market, don't hesitate to ask us: crawley@horizonslanguagejobs.cz

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Changes to Czech Legislation in 2008

THE INSOLVENCY ACT

As insolvency proceedings in the Czech Republic are among the longest and the most questionable in Europe, the adoption of new, modern bankruptcy legislation is long overdue. The new Act (No. 182/2006 Coll.) on Insolvency and Methods of Resolution (the Insolvency Act), which came into force on 1 January 2008, will accelerate the entire proceedings and make the process more efficient by creating scope for the introduction of a differentiated approach, eliminating certain stages of proceedings as well as certain elements, which previously facilitated intentional extension, and allowing for shortened proceedings. The new law replaces two different procedures, the bankruptcy procedure and composition procedure, with a single

insolvency procedure that is differentiated only after a ruling on insolvency, in such a way that there is a special procedure for each of the methods of resolving insolvency. Some provisions of the Act, however, are common to all modes of settlement. Besides bankruptcy, the Act introduces a new basic method of resolving insolvency based on restructuring, known as reorganisation. New methods also include debt discharge and minor bankruptcy. Special provisions apply to the bankruptcy of financial institutions. To avert imminent bankruptcy, debtors may use the so-called moratorium, which replaces the protective period, a provision which proved ineffective in previous practice.

The new Act broadens the rights of creditors and amends the overall concept of their involvement in proceedings. It guarantees creditors direct influence in selecting both the method of resolving a debtor's insolvency and the insolvency administrator and also enhances the monitoring function of the creditors board. The Act also introduces an insolvency register administered by the Ministry of Justice, which lists insolvency proceedings and thus



ensures their transparency. The register includes a list of insolvency administrators, whose position is determined by a special Act on Insolvency Administrators (Act No. 312/2006 Coll.).

CHANGES TO THE LABOUR CODE

A “technical amendment” to the Labour Code came into force on the same day as the Insolvency Act. The purpose of the amendment is to liberalise the labour market and eliminate vague wording and inaccuracies in the current Labour Code. It introduces the following new elements to Czech labour law:

- | it is no longer necessary to acquire the consent of all employees with the introduction of the working hours account;
- | it is possible to determine the amount of extra pay for work at night and work during the weekend in the collective agreement as fixed sums;
- | it is possible to divide breaks for food and rest so that at least one part of the break is 15 minutes (previously both parts had to be at least 15 minutes)
- | employees under the age of 18 can work for the usual 40 hours a week, eight hours a day, instead of the previous maximum 30 working hours a week and six working hours a day;
- | employees caring for a child under the age of one can work overtime;

- | specifies the cases where employees are not entitled to higher compensation upon the termination of the employment contract for health reasons;
- | it is possible to negotiate potential overtime for management (the maximum limit for overtime is 150 hours a year);
- | prioritises arrangements on remuneration for work during the weekend stipulated in the collective agreement over legislative regulations.

The Ministry of Labour and Social Affairs is currently preparing a further amendment to the Labour Code.

Changes to the Labour Code have also been brought about by findings of the Constitutional Court published in the Collection of Laws under No. 116/2008 Coll. on 14 April. As of this day, certain provisions of the Labour Code, especially provisions on relations of employees and labour union organisations (provisions addressing the supervisory authority of unions and favouring large union organisations) are annulled. Provisions stating which provisions of the Labour Code may not be deviated from contractually were found to be excessively complicated and vague and, as such, were amended. From now on, they will only apply to those provisions explicitly defined by the Labour Code or those whose nature implies it, and to provisions for the incorporation of the legislation of the European Communities.

The relationship between the Labour Code and the Civil Code has also been resolved. The Civil Code will apply in all cases where the Labour Code lacks provisions applicable to the given case, (i.e. not only in cases, where the Labour Code states so explicitly).

CHANGES TO COMPANY LAW

The Amendment of the Commercial Code published under No. 344/2007 Coll. came into force on 1 March 2008. Its purpose is to achieve harmonisation of the Commercial Code with the law of the European Communities and to correct mistakes and terminology. The Amendment introduces changes to legislation governing

- | obligations of entrepreneurs (the obligation to publish certain information about the business contained in commercial documents in all contracts and on the business’s website)
- | the Business Register (introducing the possibility for registration in a foreign language and the obligation to deposit documents in the Collection of Deeds)
- | company transformations
- | financial hedging

The amendment also involves an amendment to the Minor Offences Act, which broadens the subject matter of commercial offences to include failure to publish compulsory details on the business's website, failure to apply for registration, modification or deletion from the companies register, as well as failure to deposit documents in the Collection of Deeds. These offences are sanctioned by a fine of up to CZK 50 000/ EUR 1 992 or a ban on activities for a period of up to one year.

An independent Act on takeover bids, published as Act No. 104/2008 Coll., gives large stakeholders the obligation and the option to offer other stakeholders a buy-out of their share in voting rights. The Act does not regulate so-called squeeze-outs of small stakeholders.

The Act came into force on 1 April 2008. Together with Act No. 125/2008 Coll., on the transformation of companies and cooperatives (which will come into force on 1 July 2008), and the new Commercial Code, it will form the foundation of the new company law.

PUBLIC FINANCE REFORM

The public finance reform of 1 January 2008 has resulted in fundamental changes to the entire tax system of the Czech Republic. Below we give a brief summary of some of the most important changes the reform has brought:

The Introduction of Environmental Taxes

Taxes on natural gas and certain other gases, solid fuels, and electricity have been introduced (referred to as environmental taxes). These behave in the same way as indirect taxes, i.e. they are included in the consumer prices of the above mentioned products.

The Most Important Changes in the Income Tax Act

The progressive taxation of personal income has been replaced by a single 15% tax rate (which will drop to 12.5% as of 1 January 2009) and by the introduction of the so-called "super-gross salary". The employee's income tax base is thus calculated from the sum of the gross wage and the social and health insurance covered by the employer ("NIC"). At the same time, the employee's maximum annual assessment base for the calculation of his/her social and health insurance contributions has been set at 48-times the average wage. Similarly, the tax deductibility of social

security and health insurance contributions for the self-employed has been abolished. Employers, on the other hand, may continue to claim social security and health insurance contributions paid for their employees as a tax deductible expense (cost). Other changes include a reduction of the list of tax-exempted forms of employee income, i.e. the tightening of conditions for tax exemption, and the abolition of the common taxation of spouses. Higher tax relief for natural persons and the cancellation of the minimum tax base for natural persons - entrepreneurs - aims to set off the greater tax burden of low-income groups.

For legal entities, further reductions in the corporate income tax rate continue. From 2008 to 2010 the applicable tax rate will be reduced from 21% (in 2008) to 20% (in 2009) and to 19% (in 2010). The withholding income tax rate applied to certain types of income for Czech tax non-residents has been reduced from 25% to 15%.

Another change is the tightening of conditions for the tax deductibility of lease payments in financial leasing cases with the subsequent purchase of the leased asset (financial leasing). Also, far stricter conditions now apply to what is referred to as thin capitalisation and a new obligation has been imposed on the debtor to tax, under set conditions, long-term outstanding amounts. On the other hand, a positive change is the abolishing of the input price limit for tax depreciation purposes and the tax deductibility of lease payments for financial leasing of personal cars (originally CZK 1.5 million (EUR 59 766)).

Another new provision is the possibility for the taxpayer to apply to the tax administrator for a binding ruling on his/her tax liability. Binding rulings most often concern tax deductible expenses (costs).

Value Added Tax Act

A fundamental change is the increase of the reduced tax rate from 5% to 9% and the application of the reduced tax rate to income related to newly defined social housing. Another important change is the introduction of group registrations for value added tax allowing associated entities to register for VAT as a single taxpayer, with all related consequences (especially the non-application of VAT to transactions within the group). A new provision allows taxpayers to apply to the Ministry of Finance for a binding ruling on whether a particular taxable income is subject to the standard or the reduced tax rate.

Selected Amendments to Certain Other Laws

Other amendments concern, for instance, provisions on receivables under Act No. 593/1992 Coll., on Reserves for the Purposes of Computing the Income Tax Base.

Another important change is the extension of the tax exemption for property acquired by inheritance or gift to a larger sphere of persons.

Alena Břicháčková, Lawyer
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Note: EUR 1 = CZK 25.098 (monthly average exchange rate, announced by the Czech National Bank, May 2008)



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Starting a Company

Joint stock companies and limited liability companies are the most frequent forms used by foreign companies wishing to do business in the Czech Republic.

JOINT STOCK COMPANY

A joint stock company is a company whose registered capital is divided into a certain number of shares of certain nominal value. The company is liable for the violation of its commitments with all its assets. The shareholder is not answerable for the liabilities of the company.

The company's trade name must contain the words "akciová společnost" (joint stock company) or the abbreviation "akc. spol.", or the abbreviation "a.s."

LIMITED LIABILITY COMPANY

Limited liability companies are among the basic types of investment companies. Their registered capital is constituted by the investments of the partners. The maximum allowed number of partners is 50, irrespective of whether they are natural or juristic persons. The company answers with all its assets for the non-fulfilment of its liabilities, whereas its individual partners are only liable to the amount of their registered and still unpaid investment.

The company's trade name is determined by the general meeting at its first session. The name of the company must comprise the words "společnost s ručením omezeným" (Limited Liability Company), or at least one of the admissible abbreviations, "spol. s r.o." or "s.r.o."

SIMILARITIES

In both cases the company may be established by one person only. In the case of a joint stock company, however, its founder must be a juristic (not a natural) person. Furthermore, a limited liability company having only one partner may not be the only founder or the only partner in another limited liability company. A natural person is only allowed to be the sole shareholder in no more than three other limited liability companies. In general, to be entered in the Business Register¹⁾, any company, whatever its form, must have a trade licence^{2,3)}. Nevertheless, a company may be entered in the Business Register even without having a trade licence if it is a company with a specific object of business which, according to the Trades Licensing Act, is not a trade. Both forms of company must maintain a reserve fund (which is actually a bookkeeping item) to cover potential losses.

COOPERATIVES

A cooperative is an association of an undefined number of persons established for the purpose of doing business or for ensuring the economic, social, and other needs of its

¹⁾ The Business Register is a public list of entrepreneurs and businessmen in the Czech Republic maintained by the appropriate court. ²⁾ No trade licence is needed in case the primary interest of the investor is to establish a company and stay out of business for a transitional period. At the moment the investor decides to start the business, he must have his object of business enlarged with the addition of the business activities concerned and obtain the particular trade licences. ³⁾ A different licensing procedure applies to financial institutions (e.g. banks, insurance companies, etc.) and other companies wishing to carry out certain specific kinds of business activities in the Czech Republic.

USEFUL LINKS:

www.mpo.cz – Ministry of Industry and Trade / Ministerstvo průmyslu a obchodu (in Czech and English)
www.justice.cz – database of the Commercial Register (in Czech and English)
www.form.cz – forms of offices, e.g. the Financial Authorities and Trade Licence Offices
 Trade Licence Offices – on the web sites of municipal authorities

members. The name of a business firm must bear the word “Cooperative”.

A cooperative differs from a trading company in that the generation of profit is not its only or main purpose. Its specific and obviously most frequent form is the housing cooperative.

Unless at least two juristic persons are its members, the cooperative must have at least five members. The cooperative is a juristic person and as such is liable with all its assets for the non-observance of its obligations. Its members are not liable for the cooperative’s obligations unless otherwise provided for by its statutes. A cooperative’s registered capital is formed by the sum of its members’ investments which the members committed themselves to pay. The amount of the cooperative’s registered capital, which is entered in the Business Register (registered capital), is fixed by the statutes, but it may not be less than CZK 50 000. Before applying for registration, whereby the cooperative is established, at least half of the registered capital must be paid up. The statutory body of the cooperative is its board, and its supreme body the cooperative’s membership meeting, which elects and recalls members of the board, decides on the distribution and use of profit or loss, fusion, transformation, division or the winding up of the cooperative, etc. Unless the extent of the competition ban is regulated by the statutes, members of the cooperative’s board, its control commission, chief executives, and its director may not be businessmen or members of statutory and supervisory bodies of juristic persons with a similar object of business.

DISCREPANCIES BETWEEN COMPANIES

A joint stock company issues shares, in contrast to a limited liability company, whose capital portions do not have the form of shares. The shares of joint stock companies may be listed

on the Prague Stock Exchange according to rules laid down by the Securities Act and other legislation. This legislation defines the rules for share transfers. Business shares in a limited liability

company may be transferred under the terms of the Commercial Code and the company’s Memorandum of Association.

MANAGEMENT OF A COMPANY

A joint stock company must have both a board of directors and a supervisory board. The company’s employees elect one-third of the supervisory board members, provided there are more than fifty full-time employees at the time of the election; the supervisory board may be delegated certain approval rights, but as a rule that body only supervises the operations of the company. The members of the board of directors and the supervisory board are usually elected by the general meeting consisting of shareholders. As a rule, the decision-making power of a limited liability company is delegated to one or more “executives” appointed by the general meeting, i.e. the body representing the partners; a limited liability company has no board of directors, but it may establish a supervisory board.

BRANCH OFFICES

Branch offices of foreign companies are not considered Czech juristic persons. They act as representatives of foreign companies and assume their responsibilities. The requirements for a branch office to be established in the Czech Republic are similar to those applying to limited liability companies. In their case, emphasis is placed on the role of the founder, in whose name the company acts. The branch office is entitled to start business in the Czech Republic on the day of its registration. The head of the branch office, whose name is entered in the Business Register, is entitled to carry out all acts concerning the branch office as a representative of its founder.

COMPARISON OF CZECH AND EU LAW

The harmonisation of company law is essential for creating the Single Market for Financial Services and Products. Czech company law is in compliance with these essential regulations applying in the European Union.

Karolína Salamonová, Lawyer
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Note: EUR 1 = CZK 25.098 (monthly average exchange rate, announced by the Czech National Bank, May 2008)

Registered capital and reserve fund

	Registered capital CZK/USD	Annual replenishment of reserve fund from net profit	Coverage of loss lower than % from reserve fund
Joint stock company with a public offer of shares	2 mill./79 688	by 5 %	20 %
Joint stock company without a public offer of shares	20 mill./796 876	by 5 %	20 %
Limited liability company	200 000/7 969	by 5 %	10 %
Cooperative	50 000/1 992	by 10 % (in the case of a cooperative it is an “indivisible fund”)	

Registration and Tax Duties when Establishing a Company

After establishing a company, it is important not to forget tax duties applying to the company in accordance with Czech tax laws.

REGISTRATION FOR TAXES

Every person or entity that acquires a permit or licence to do business in the Czech Republic, commences independent gainful activity, or starts receiving taxable income is duty-bound to register at the competent Tax Office within thirty days from that date. With certain exceptions, the competent Tax Office is determined by the place of the registered office of the entity liable for tax.

The application for registration, properly completed, must be submitted to the competent Tax Office with all the required documents essential for the business activities (e.g. business licence, extract from the Business Register). However, registration for taxes does not mean only registration for corporate income tax. The company must consider other taxes to which it could be liable in its business activities and which thus require registration – for example value added tax (obligatorily when the turnover exceeds CZK 1 million/EUR 39 844 in 12 consecutive months, or voluntarily if it does not exceed this amount), real estate tax when real estate is owned, road tax when a motor vehicle is used for business, income tax as payer of taxes on incomes from dependent gainful activity and function emoluments when the company has employees, income tax as a payer of withholding tax when the company pays interest, dividends or royalties, income tax as a tax securing payer, excise tax, or tax on natural gas, tax on solid fuels, and electricity tax.

If a company fails to fulfil the registration duty and this fact is discovered by the tax administrator, the latter has the official duty to register the company. In such a case the company faces a sanction (fine).

REGISTRATION OF EMPLOYEES

A company with employees is duty-bound to register and/or de-register them at the competent Social Security Administration office, and at the health insurance institutions where its employees are signed up. In both cases it has eight days to do so. The company itself must also register as employer with the relevant Social Security Administration office and health insurance institutions within eight days.

REPORTING DUTY

The company must bear in mind that its duties do not end with the registration at the relevant authorities. The company

must report any changes in the facts stated when registering within 15 days (in case of social security and health insurance usually within 8 days) from the day when they occurred. These changes include e.g. the opening or closing down of a permanent establishment, change of business name, change of the registered place of business, changes in executive officers and members of statutory bodies, etc.

CHANGE IN LOCAL COMPETENCE

Very important is the change in local competence (i.e. change in the registered place of business) by which the company is transferred to the competence of another Tax Office. The company reports this change to the current competent Tax Office, which enters in the company's registration certificate a limited period of validity and subsequently performs only urgent acts. Before the validity expires, the company is duty-bound to present the registration certificate to the Tax Office in the new



registered place of business and this office will issue a new registration certificate.

REGULAR TAX AND ACCOUNTING DUTIES

There is no need to emphasise that during its operation, every company must observe the relevant accounting and tax laws and monitor their changes.

Basic duties of every company include mainly bookkeeping and the preparation of financial statements, in particular cases verified by an auditor, and every year filing of a corporate income tax return, and where required other tax returns, before the statutory deadlines. The competent Tax Office can check the correctness of the stated tax base and the calculated tax liability or reported tax loss, raise questions, conduct on-the-spot investigations even during the taxable period, and prepare protocols and official reports about its findings concerning taxes as well as fulfilment of legal duties in bookkeeping.

TERMINATION OF OPERATIONS

A company planning its winding up and dissolution is duty-bound to ask the competent Tax Office for a written consent with its deletion from the Business Register. The company shall subsequently submit this consent to the Business Register together with an application for deletion. If the competent Tax Office ascertains that the company has ceased to operate or receive taxable income, it will take steps to accelerate the determination of the tax base and collect all outstanding taxes.

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Note: EUR 1 = CZK 25.098 – average monthly exchange rate announced by the Czech National Bank, May 2008

USEFUL LINKS:

www.mfcr.cz – *Finanzministerium / Ministry of Finance*

cds.mfcr.cz – *Czech Tax Administration / Česká daňová správa*

www.mpsv.cz – *Ministry of Labour and Social Affairs / Ministerstvo práce a sociálních věcí*

www.mzcr.cz – *Ministry of Health / Ministerstvo zdravotnictví*

www.cssz.cz – *Czech Social Security Administration / Česká správa sociálního zabezpečení*

www.vzp.cz – *General Health Insurance Company / Všeobecná zdravotní pojišťovna*

www.cmu.cz – *Centre for International Reimbursements / Centrum mezinárodních úhrad*

Tax System

After establishing a company, it is important not to forget tax duties applying to the company in accordance with Czech tax laws.

The tax to GDP ratio, which is tax revenue (excluding mandatory social and health insurance) defined as a percentage of gross domestic product, amounted to 20.2% in 2006 (according to OECD methodology). Tax revenue is generated in a larger part from indirect taxes (the ratio of indirect and direct tax revenues was 55.4% to 44.6% in 2006).

DIRECT TAXES

Personal income tax has a 15% linear rate from the year 2008. The tax is levied on incomes from employment and self-employed activities. Employees' tax is withheld by the employer, self-employed persons pay advance payments and every year submit a tax return with the income tax settlement. As from 2008, social and health insurance premiums are not deductible from the tax base. Employees include in their income tax base the social and health insurance contributions paid by employers. Every taxpayer is entitled to deduct certain deductible items from the tax base, for example those in relation to life and pension insurance or mortgage. There are also tax credits, i.e. amounts deductible directly from tax, such as the standard tax credit of CZK 24 840 (EUR 989.7) for each taxpayer, tax credit for non-earning spouse in the same amount, and child payable tax credit of CZK 10 680 (EUR 425.5). Certain incomes, such as dividends and interest, are taxed at a 15% withholding tax rate. The joint taxation of spouses has been abolished as of 2008.

Corporate income tax rate is set at 21% for 2008. The rates approved for the following years are 20% for 2009 and 19% for 2010. Investment funds and investment companies are subject to a lower 5% tax rate. Corporate entities pay advance payments on tax and file a tax return the following year with an income tax settlement. Every taxpayer can choose between straight-line and accelerated depreciation; depreciation periods range from three to fifty years, depending on the type of property. In the case of an extensive new investment, it is possible to obtain tax holidays of up to ten years. In addition to deducting standard costs, companies running research and development projects within the framework of their business activity can deduct another deductible item at 100% of the research and development expenditure.

Real estate tax is imposed on land and buildings. In the case of land, the tax base is either the area of the land or its price. The tax rate depends on the quality of the land, its location and its use. In the case of buildings, the tax base is the built-up area, the rate depends on the building's use. The taxation period is one calendar year.

Road tax is levied only on vehicles which are used or designed for business. Vehicles used exclusively for private use are exempt from tax. The tax rates are fixed annual sums. In the case of passenger cars, the tax amount depends on the cylinder capacity of the vehicle, while in the case of trucks it depends on the number of axles and total weight. The law also specifies a special fee for the use of motorways, which is obligatory for all vehicles using motorways, regardless of their purpose (i.e. vehicles used for business purposes as well as vehicles for private use).

Rates of **inheritance and gift tax** are between 3.5% and 40%, and their level depends on the size of the inheritance or gift. The tax is imposed only on inheritance and gifts in the 3rd category, which

means that inheritance and gifts between spouses and relations are exempt from tax.

The laws also decree a number of administrative and local fees.

INDIRECT TAXES

Value added tax is harmonised with the relevant directives of the European Union. It is levied on the absolute majority of taxable supplies in the Czech Republic as well as imported goods. The standard tax rate is 19% and the reduced tax rate is 9% (5% up to 2007). Most goods and services are subject to the standard tax rate. The reduced tax rate is imposed e.g. on food, medicines, press, regular public transport, funeral services, water supply and sewerage, cultural activities, accommodation services, social housing construction works, and heat supplies.

Registration for VAT is mandatory for persons whose annual turnover exceeds the amount of CZK 1 million (EUR 39 844). The tax

is payable monthly or quarterly, depending on the taxpayer's turnover.

Financial services are exempt from the tax.

Exported goods are exempt from VAT and the exporter has the right to claim the input tax.

Tax from imported goods is included in the tax return for the relevant period. Intracommunity transactions are subject to European harmonised rules, including the duty to file summary statements.

Tax return is filed on the 25th day after the end of the taxation period.

Excise duties are also harmonised with the relevant directives. The excise duty is levied on mineral oils, alcohol, beer, wine, and tobacco products. There are fixed rates for the taxes (with the exception of cigarettes, where they are calculated as a combination of a fixed rate and a percentage of the final retail price). The taxation period is one calendar month. The tax is payable when the goods are introduced into free tax circulation, i.e. when they leave a registered tax warehouse. The due date of the tax payment is within 40 days of the end of the relevant taxation period. The excise tax on cigarettes is paid by means of tobacco stamps. The tax is due within 60 days of the purchase of tobacco stamps.

Energy taxes were introduced in 2008. They are fully harmonised with the relevant European directive. Energy taxes are imposed on electricity, solid fuels (coal and coke) and natural gas. The rates for these taxes are fixed at CZK amounts per MWh (in the case of solid and gas fuels, it is MWh of combustion heat). The taxation period is one calendar month. The tax is payable by persons who supply energy products to end use consumers. The taxpayer is obliged to file the tax return and pay the tax within 25 days of the end of the taxation period.

Customs duties are regulated by the EU. Customs Code, the rates are determined by the Common Customs Tariff.

The rate for real estate transfer tax is fixed at 3%. The tax base is either the price of the real estate based on an official assessment or the real selling price, whichever of the two is higher. The tax is payable by the transferor (seller). The tax return is submitted within three months of the completion of the real estate transfer.

Other indirect taxes include for example air or water pollution charges and charges on waste.

Martin Jareš

Ministry of Finance

www.mfcr.cz

Note: EUR 1 = CZK 25.098 (monthly average exchange rate, announced by the Czech National Bank, May 2008)





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Employment Law

EMPLOYMENT RELATIONSHIP REGULATIONS

The Czech Labour Code (Act. No. 262/2006 Coll.) also applies to employment relationships performed in the Czech Republic where one of the parties is foreign, unless the parties have chosen another jurisdiction as governing law. Employees from other European Economic Area member states posted to work in the Czech Republic are also subject to certain statutory provisions of Czech law.

WORK AND/OR RESIDENCE PERMITS

The principles of free movement of labour apply to all EEA citizens working in the Czech Republic, as well as employees from Switzerland. Employees from these states do not require work permits, provided they have travel documents or an identity card.

Citizens from any other state must obtain a work permit and a residency permit (some exemptions apply to short-term work and certain categories of workers as e.g. workers posted within the framework of provision of services by the employer from EEA member states). In addition to a work permit, a residency visa for the purpose of employment must be obtained before beginning work. Depending on the intended length of stay, a foreign citizen must apply for a short-term visa (lasting up to 90 days) or a long-term visa (lasting for a maximum of one year).

EMPLOYMENT CONTRACTS

Written employment contract

Czech law requires that all employment relationships be entered into and governed by means of a written employment contract. However, failure to do so does not render a verbal contract invalid.

Implied terms

Many terms are implied in an employment contract, mainly through legislation of the Czech Labour Code. These include, for example, a probation period (maximum 3 months) terms relating to notice periods, access to certain information relating to the employer, non-competition clauses, etc.

Working hours/overtime

A working week consists of a maximum of 40 working hours with certain exceptions. The employer can demand on average a maximum

of 8 hours of overtime work per week, but no more than 150 hours per year. Any additional overtime work requires the approval of the employee. Total overtime work (both required by the employer and performed with the employee's consent) may not exceed an average of 8 hours per week, which means approximately 416 hours per year.

Holiday

Each employee is entitled to a minimum of 4 weeks of holiday per calendar year. Holiday time may be increased by additional days through a collective agreement, internal regulations or an individual contract, however, with respect to rules regarding equal treatment. Additionally, the Czech Republic currently has 12 statutory public holidays.

TERMS OF EMPLOYMENT

Minimum wage

As of 1 January 2007, the lowest minimum monthly wage was set at CZK 8 000 (about EUR 286) and the lowest minimum hourly wage was set at CZK 48.10 (about EUR 1.7). However, in addition to the lowest minimum wage, there are 8 categories of higher statutory minimum wages, according to the particular type of work.

STATUTORY RIGHTS OF EMPLOYEES WHO ARE PARENTS OR CARERS

Maternity rights

Female employees are entitled to 28 weeks of maternity leave. This is extended to 37 weeks for multiple births. Leave can begin as early as the eighth week before the expected date of childbirth; however, employees generally start their maternity leave at the beginning of the sixth

week. Maternity leave must not be taken for less than 14 weeks and cannot be terminated or interrupted under any circumstance for six weeks after childbirth.

During maternity leave the employee is entitled to maternity benefits directly paid by the Social Security Administration.

Parental rights

Parental leave must be granted to female or male employees on request. Parental leave can be granted at any time between the end of maternity leave (for mothers) or the date of birth (for fathers) and when the child reaches the age of 3. During parental leave the employee is entitled to parental benefits directly paid by the Social Security Administration.

Employees who are parents or caregivers also have other special rights. Most important to mention is that an employer may give a pregnant female worker or a female or male worker on maternity or parental leave notice to terminate an employment relationship only under special conditions. The employer is also obliged to grant shortened (or specially scheduled) working hours if a female or male employee caring for a child under 15 requests it, provided there are no serious operational grounds on the employer's side.

Bonuses

Contractual and discretionary bonuses are common. However, there are no specific regulations, recommended guidelines or standards of reasonableness governing the use of bonus schemes. Only general rules concerning non-discrimination apply.

DISMISSALS - GENERAL

Notice periods

A notice period is at least 2 months. The minimal notice period stipulated in the Labour Code can be modified by the parties, but it has to be the same for the employer and the employee. The notice period commences on the first day of the calendar month following the month the termination notice was delivered to the employee and ends on the last day of the relevant calendar month.

Severance payments

For dismissals for organisational grounds (i.e. in cases when the business, or part, is shut down or relocated, or an employee becomes redundant) the employee is entitled to a mandatory severance payment amounting to a minimum of 3 times his/her average monthly earnings and, if termination is for health grounds due to occupational health or work injury, the employee will be entitled to mandatory severance pay amounting to a minimum of 12 times his/her

USEFUL LINKS:

www.mpsv.cz – Ministry of Labour and Social Affairs
Ministerstvo práce a sociálních věcí (in Czech, English)
www.micr.cz/policie – Ministry of the Interior,
Immigration Police / Ministerstvo vnitra, cizinecká policie (in Czech, English)
www.suip.cz – State Labour Inspection Office / *Inspekce práce (in Czech, English)*
www.uoou.cz – Office for Personal data Protection
Úřad pro ochranu osobních údajů (in Czech, English)

average earnings, unless the employer will be released from liability for the occupational health or work injury. Mandatory severance payments may be increased by a collective agreement, an internal regulation, or by an individual employment contract.

Protected employees

An employer may not dismiss members (or former members) of a trade union bodies without its prior written consent. An employer may not dismiss employees during a protective period, e.g. pregnancy, illness, caregiver's leave, except if the business (or a part) is shut down or relocated, or there are grounds for immediate termination.

ORGANISATIONAL CHANGES

Business reorganisations and redundancies

Termination as a result of organisational changes is regulated by section 52(a-c) of the Czech Labour Code.

Collective dismissals

In addition, employers must notify any relevant employee representatives of the proposed collective dismissals, in writing, 30 days before notices of termination are given at the latest. Representatives must be consulted about possible measures to reduce redundancies or mitigate adverse consequences for employees. Consultation is sufficient to meet legal obligations, regardless if an agreement is reached.

Employers must give written initial notification to the labour office of the proposed reorganisation resulting in collective redundancy no less than 30 days before giving notices to the individual employees. After employee representatives have been consulted and a final decision on collective redundancies has been made, the employer must file final written report to the labour office. Employment may be terminated no earlier than 30 days after this final report has been delivered to the labour office. If the employer fails to deliver a final report at least 30 days before the end of the notice period, the notice period is extended accordingly.

PENSIONS

Pension contributions to the state from employees and/or employers

Under Czech law, social security contributions consist of sickness insurance contributions (financial security for employees in the case of sickness, injury, pregnancy, or maternity), pension contributions and contributions to unemployment insurance. An employee contributes 8% of his gross income, of which 6.5% goes toward pension contributions. The employer pays 26% of the gross income of all of its employees, of which 21.5% goes toward pensions.

As a benefit, an employee is entitled, at an age stipulated by the law, to a state pension.

Supplementary employee pension schemes

Currently, company pension schemes or industry-wide pension schemes do not exist.

In addition to the compulsory pension system organised by the state, private pension funds offer supplementary pension insurance. This is voluntary and arranged by employees personally. In all cases, supplementary insurance is provided by entities unrelated to the employer. A pension fund must be a licensed company located in the Czech Republic.

Nataša Randlová, Partner

Procházka Randl Kubr, Attorneys at Law

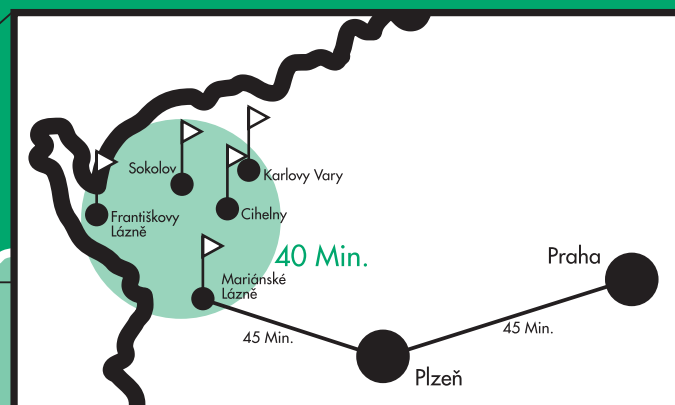
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[Bilateral Social Security Contracts]

Modern history of bilateral contracts in the area of social security goes back to the 1950s – 1960s period.

Currently, the Czech Republic is a party to 30 valid international contracts on social security. In the past, the contracts only covered citizens of the contracting states. This approach has proved obsolete and in many cases problematic. Modern contracts which the Czech Republic negotiates today cover persons insured in a particular state regardless of their citizenship.

PRINCIPLES GOVERNING CONTRACTUAL RELATIONS

Social security agreements in no way interfere with the character of national social security schemes, they only lay down accurate rules to define which particular law will apply to a specific situation. The aim of this regulation is to eliminate potential collisions of different legal systems that may lead to the restriction or elimination of entitlement to benefits for reasons of citizenship, place of residence, or a shorter period of insurance in a particular state. An equal access to insurance schemes and guaranteed rights ensuing from insurance logically facilitate not only the movement of workers, but also the cross-border provision of services. Consequently, social security contracts can also have a favourable influence on the efficiency of the country's economy.

The extent of rights which these contracts guarantee to entitled persons differs and depends on the will of the foreign partner. The Czech Republic has a very open approach in this respect and always tries to cover the broadest possible range of benefits, including medical care. For most non-European states, however, the participation of foreigners in the healthcare system is problematic, to put it mildly, as these countries limit their contracts to "totalisation agreements", i.e. contracts that only add up the insurance periods. The inclusion of insurance periods acknowledged by the contracting partner is the basic co-ordination principle, which makes

USEFUL LINKS:

www.cssz.cz – Czech Social Insurance Administration
Česká správa sociálního zabezpečení



it possible for the insured to draw partial benefits from the country concerned even for a shorter period of insurance than that provided for in the legislation of the particular state. This approach is typical of our contracts with overseas states. Not even older contracts – with Canada, Quebec, and Chile, or later arrangements – with the USA and South Korea, regulate health insurance issues, although when considering all pros and cons in the case of people working in a foreign country their importance is comparable with that concerning future pensions.

BILATERAL CONTRACTS

It is interesting to compare the approach of different partner countries, some of which are resolutely opposed to the inclusion of health insurance in the material content of the contract, while others insist on the coverage of the worker's family dependants by the health insurance scheme over and above the framework of standard contracts. The result of the non-inclusion of health insurance in the contract will be that the person concerned will have pension and health insurance in one state, and as regards health insurance, the possibility of having double insurance, or, on the other hand, having no insurance at all, will continue.

In making bilateral social security insurance contracts, the CR is pursuing the idea of ensuring social rights even to small groups of migrants – in the past, this prompted the signing of a contract with Chile – but our typical contracting partners are European



countries to and from which an incomparably larger number of persons migrate. In the case of EU states, on the day of our accession to the European Union, our bilateral contracts became subordinated to EU regulation No. 1408 of 1971, which co-ordinates the drawing of sickness and maternity benefits, pensions, work accidents and occupational diseases, family benefits and unemployment benefits.

CO-ORDINATION WITHIN THE EU

Co-ordination within the EU goes even farther than in the case of bilateral contracts. While concentrating on migrating workers, the regulation mentioned above, with its implementing instruments, also applies to self-employed persons, pensioners, family dependants of pensioners and workers, unemployed persons, students and non-active persons. This regulation is also applicable in countries of the European Economic Area and Switzerland. In 2003, the regulation was extended to cover nationals of third countries (non-EU members), legally residing on the territory of one member state, who are not covered exclusively by a single social security scheme (element of migration among EU states).

While most bilateral contracts only provide for adding up periods as a basis for calculating the amount of pensions, and in some cases for adding up periods as a basis for calculating unemployment benefits or family benefits, European co-ordination regulations also make it possible to export the benefits or to level-out family benefits in different ways. Another possibility provided by European co-ordination rules, in addition to those afforded by most bilateral contracts, is using healthcare on the territory of

another member state and payment of that care directly by the institution concerned. These entitlements are guaranteed by co-ordination regulations to both the workers themselves and their family dependents and all other groups mentioned above, to which the regulation applies. The scope of the healthcare provided ranges between essential medical care and the full range of medical care, while bilateral contracts which regulate the provision of healthcare in exceptional cases only cover acute (i.e. necessary and urgent) care.

The interest of the Ministry of Labour in having social security contracts with key partners is augmented by the country's long-term efforts to attract foreign capital to the Czech Republic and consequently to support the creation of new jobs and the incorporation of domestic subcontractors in the process.

Petra Říhová

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www.mz.cz

Education Adapts to Labour Market

The base of higher education consists of public universities. Over 90% of all university students in the Czech Republic study there. Public universities are located mainly in cities; the largest educational centres are Prague, Brno, Olomouc, Plzeň, and Ostrava. Public tertiary education institutes in the Czech Republic traditionally divide into universities, technical colleges, schools of economics, colleges focused on chemistry, agricultural colleges, and art schools.

PUBLIC UNIVERSITIES

Majority of public universities have accredited study fields and programmes in compliance with the Bologna Process, i.e. the study has three degrees – Bachelor's, followed by Master's and, finally, Doctoral programmes, which end in receiving an academic title.

Public universities provide mainly the study of natural sciences, humanities, medicine, pedagogy, and theology. The largest Czech universities are Charles University in Prague (founded in 1348), Masaryk University in Brno (founded in 1919), and Palacký University in Olomouc (founded in 1547).

The largest public technical universities in the Czech Republic are the Czech Technical University in Prague, Brno University of Technology, VŠB – Technical University of Ostrava, the University of Ostrava, and the University of West Bohemia in Plzeň. Other universities which are not explicitly specialised also offer technical disciplines; these are for example the Technical University in Liberec or the University of Pardubice.

The largest public university in the Czech Republic focused on economic disciplines is the University of Economics in Prague; the largest universities focused on agricultural and veterinary disciplines are the Czech University of Life Sciences in Prague and Mendel University of Agriculture and Forestry in Brno. The Institute of Chemical Technology in Prague specialises in the study of chemical disciplines.

Within the structure of public tertiary education there are also universities focused on the study of art disciplines – the Academy of Performing Arts in Prague, Janáček

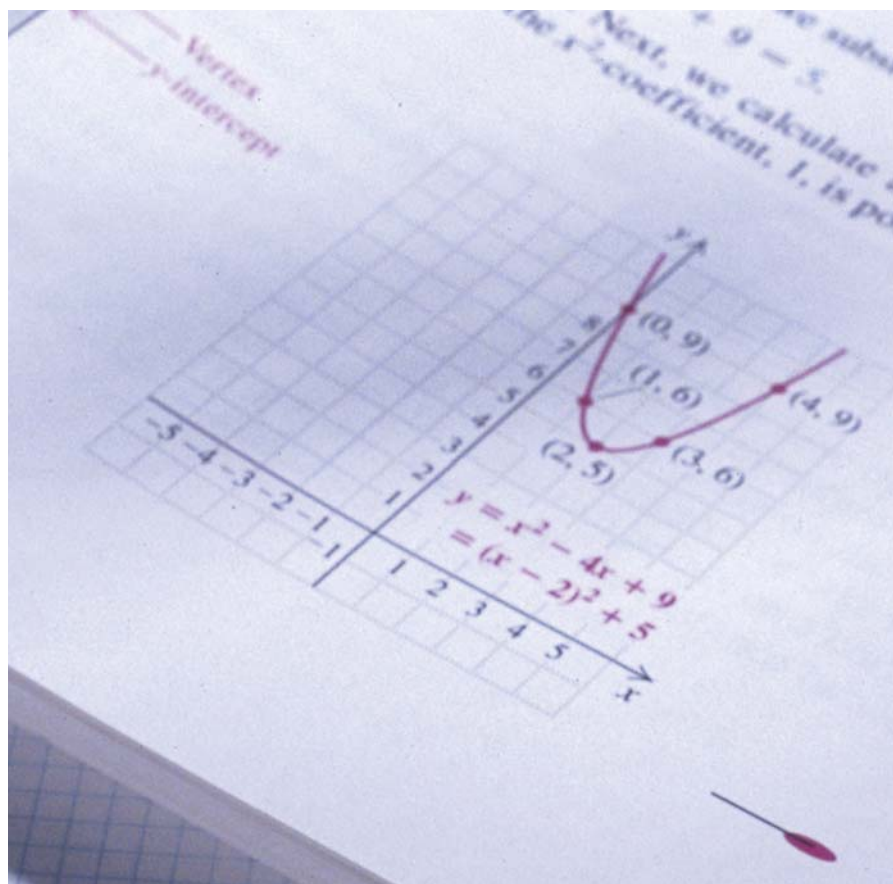
Academy of Music and Performing Arts in Brno, the Academy of Fine Arts in Prague, and the Academy of Arts, Architecture, and Design in Prague.

PRIVATE UNIVERSITIES

Private universities entered the tertiary education sector after 1995. They focus mainly on study programmes in economics, in which there are enrolled over a half of the students of private universities. Over 5 000 students study pedagogical disciplines and humanities.

FOREIGNERS AT CZECH UNIVERSITIES

Czech universities are becoming more attractive for foreigners; foreigners form a total of 8.0% of all university students (this



equals 27.6 thousand students). If one looks at studying foreigners in accordance to their nationality, the most interested group to study in the Czech Republic are Slovak students – this is a result of minimum problems with the Czech language as well as a similar economic and cultural situation and good transport accessibility.

In recent years, the number of students from among the inhabitants of the ex-Soviet Union has also been growing, especially from Russia, the Ukraine, Belarus, and Kazakhstan. More interested in studying in the Czech Republic are also students from

Vietnam, the United Kingdom, Norway, Portugal, Germany, and Austria. The proportion of students who pay their study programme is relatively low – it is only 2.3 thousand students, which represents only 8.3% of all foreigners studying at Czech universities.

ACCREDITED STUDY PROGRAMMES IN FOREIGN LANGUAGES

Some universities offer accredited study programmes in foreign languages. In March 2008, there were 1 450 such study programmes in total; these were accredited as programmes in English language (1 406 study programmes), in German (34 study programmes), in Russian (8 study programmes), in French (16 programmes), and in Polish (14 programmes). There are Bachelor's, Master's as well as Doctoral study programmes in the form of internal as well as combined study. Apart from the accredited university study programmes taught in foreign languages, the standard of foreign language teaching at universities is at a relatively high level too. Some universities test

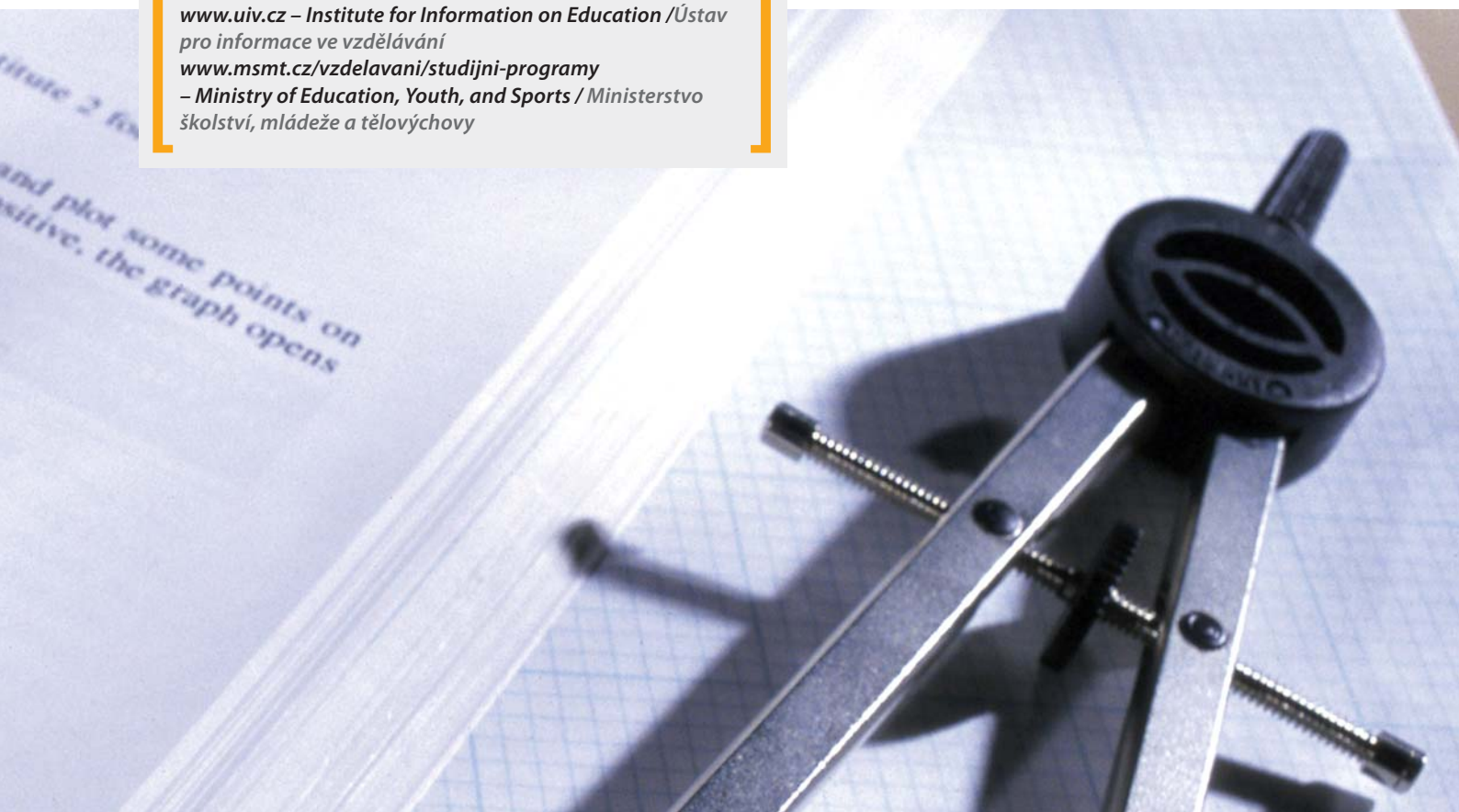
USEFUL LINKS:

www.uiv.cz – Institute for Information on Education /Ústav pro informace ve vzdělávání
www.msmt.cz/vzdelavani/studijni-programy
– Ministry of Education, Youth, and Sports / Ministerstvo školství, mládeže a tělovýchovy

student exceeds the standard period of study in his study programme extended by one year. Private universities, which usually have accreditations for Bachelor's study programmes, demand tuition fees determined by the university. Tuition fees differ; they can be as high as around CZK 100 000 per semester.

EDUCATION OF CZECH POPULATION

Education in a society is usually assessed according to the share of inhabitants who have reached at least secondary education. The Czech population is relatively educated, especially as regards secondary education – 89% of population aged 25 – 64 have finished a secondary school and the Czech Republic is among the countries with the highest share of inhabitants with secondary education (to compare, the OECD countries average is 67% and EU countries average is 68%). At the



applicants in the knowledge of foreign languages during entrance exams. Students most often study English (73% of students), followed by German (25%), Russian (7%), French and Spanish (6% each). Other modern languages are studied by 6% of students and the same percentage applies also to students studying Latin.

WHO PAYS FOR STUDYING AT UNIVERSITIES?

Studying at Czech public universities is free if the student studies in Czech. In the case of a study programme in a foreign language, a fee determined by the university is paid. A fee also applies if the

moment together with the growing demands of the labour market related to the expansion of foreign investors, a part of especially the young generation feel the need to obtain tertiary education and more of them study at universities.

Michaela Kleňhová

*Institute for Information on Education
(Ústav pro informace ve vzdělávání)
www.uiv.cz*

British Visitors in the Czech Republic

Tourism is becoming an increasingly important branch of the Czech economy. Its significance is growing in terms of the number of tourists visiting the Czech Republic, in terms of employment, foreign currency revenues, and so on.

The number of foreign tourists visiting the Czech Republic was at an all time high in 2007 with 6 680 400 foreign tourists accommodated in hotels and similar facilities. This year, the number of tourists from abroad is expected to rise by up to 3%. The increase in tourism comes hand in hand with growing employment. At present, 240 000 people in the Czech Republic are directly employed in tourism. Foreign currency revenues from tourism in 2007 reached USD 6.6 billion. We expect them to grow by 1.5 % this year.

Most foreign tourists visiting the Czech Republic come from Germany, followed by tourists from the United Kingdom and by visitors from Italy, who rank third.

A record of the number of foreign tourists visiting the Czech Republic has been kept since 1992. The interest of British tourists in visiting the Czech Republic increased significantly during the 1990s. In 1992, a mere 76 211 British tourists visited the CR. Up until 1998, the number of Britons visiting the CR was rising, before steadying at around 250 000. Between 1999 and 2002 the number was stagnant. Although in 2003 international tourism was affected by the war in Iraq and the SARS epidemic, the influx of British tourists displayed a rising trend, still apparent today. In 2005, the number of Britons visiting the CR reached a record 657 110 - a 762 % increase in comparison to 1992.

The average stay of British tourists in the Czech Republic is roughly 3.7 days, not having changed significantly since 1992. Yet, it is shorter than the average stay of all

other foreign tourists visiting the Czech Republic, which is approximately 4.1 days.

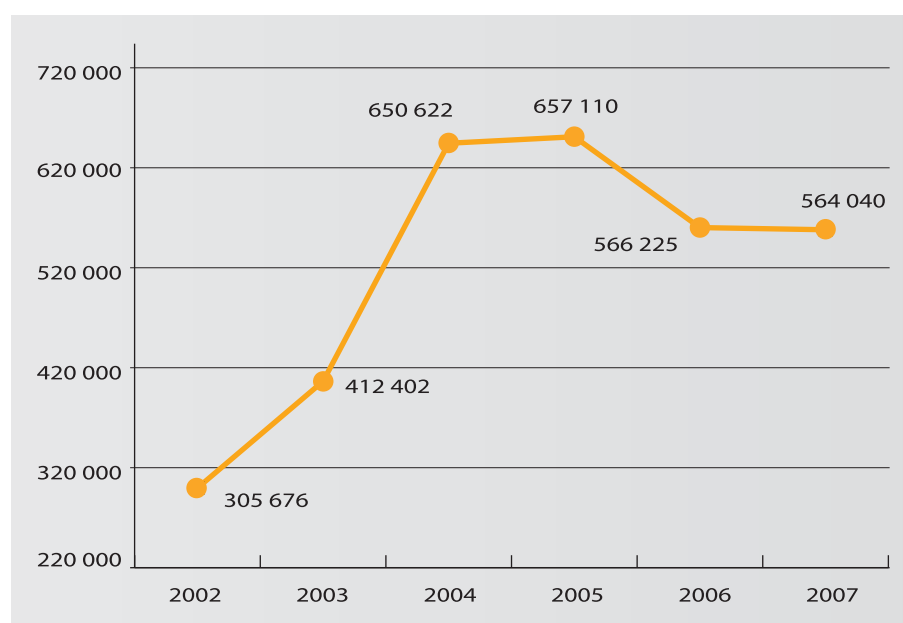
The growing number of British tourists has added to the increase in the number of nights spent in the Czech Republic. This number grew from 187 144 in 1992 to 1 814 249 in 2004. Majority of British tourists choose to stay in hotels and similar facilities. In 2007, such services were used by 98% Britons. Of those accommodation facilities, 17% were five-star hotels, 42% four-star hotels and 41% other hotels and hostels. Only 2% of British tourists chose to stay in camps and other accommodation facilities.

The British are attracted in particular by Prague, which welcomed 507 359 (89.7%) of them in 2005. The South Moravian Region ranked second with 2.8% and the South Bohemian Region third with 1.4%.

The chief purpose of British tourists visiting the Czech Republic is holiday-making, recreation, and visiting new places (71% of British tourists), followed by business trips (15%). Other reasons include shopping (17%). 71% of British tourists organise their trip to the Czech Republic themselves, without calling upon the services of travel agencies. According to our research, the average expenditure of foreign tourists visiting the Czech Republic ranges around USD 96 per person per day. British tourists spend on average USD 109 per person per day during their visits to the Czech Republic.

Hana Fojtáčová
CzechTourism
www.czechtourism.cz

Number of British tourists visiting the Czech Republic (2002-2007)



Source: Czech Statistical Office

RÜCKL CRYSTAL

ESTABLISHED 1846



RÜCKL CRYSTAL a.s. (PLC) continues in the rich 300-year-long family tradition of glass making. In the interwar period, the company's works produced virtually the entire range of home and decorative glassware; both crystal glass and lead crystal. The glassworks' good name, both at home and abroad, was backed up by a sound social company policy as well as by its successful cooperation with artists and prestigious designers of drink and decorative glass.

In 1996, RÜCKL CRYSTAL invested in the construction of a modern smelting aggregate, two cooling conveyer furnaces, and a control system for running the works. This investment meant a large leap forward in the quality of the company's production.

RÜCKL CRYSTAL a.s. manufactures an extensive range of 24% lead crystal with a wide variety of hand-cut decorations from simple patterns to highly complex and laborious decorations, gilt, hand painting, and sandblasting.

The company manufactures tableware and stemware, sports trophies, advertising articles, and perfume bottles.

[Czech Spas Offer]

A tradition of several centuries, more than thirty spas across the country, hundreds of springs with curative properties and rich mud deposits – all of this makes the Czech Republic one of the world's spa superpowers. And like every superpower, it holds several primacies.

water, mud (peat), natural gases, and the wholesome effects of the climate.

UNIQUE FEATURES OF THE CZECH SPA INDUSTRY

Nowhere else on Earth is to be found such a concentration of curative springs as in the West Bohemian Spa Triangle which comprises three famous spa towns: Karlovy Vary, Mariánské Lázně, and Františkovy Lázně. This array of unique localities would not be complete without the spas at Jáchymov and Jeseník. In 1906 the scientific discoveries of Marie Curie were followed up in Jáchymov, the first spa to use the curative properties of radon-rich water. Jeseník has Vincenz Priessnitz to thank for its fame, as it was he who founded the first hydrotherapy institute there in 1822.

But what is it that makes Czech spas so special? It is primarily due to the combination of high-quality medical care and advanced rehabilitation and treatment methods using natural resources: mineral

TRADITION AND THE PRESENT

According to an old custom, coins are thrown into the curative springs in thanks for restored health. The many Celtic and Roman coins discovered at the Teplice thermal springs are evidence of the fact that the history of Czech spas dates at least 2 000 years back. At the end of the 19th century, Czech spas reached a new height of fame and were dubbed the salons of Europe. Today the spas offer modern facilities and services of a very high standard.

SPA PROGRAMMES FOR ALL

Some people seek a rest from work and stress, others a cure for health problems or recuperation. The reasons for visiting spas vary, and this is reflected in the range of available programmes. Today, the range is no longer limited to standard stays or programmes for the elderly or children, but also includes popular wellness programmes. These are tailor-made for clients who can explore programmes with titles such as executive, anti-stress, weight loss, detox, and wellness & beauty.

LEISURE ACTIVITIES

Exercise is an essential part of a healthy lifestyle. Strolls along spa trails are pleasant, and new bicycle trails offer trips with varying



Mariánské Lázně – the Collonade

Further information is available at www.czechtourism.com and <http://spa.czechtourism.com>, www.lecebne-lazne.cz and www.spas.cz

degrees of difficulty. Indoor activities include the services of an aquapark and tennis courts. If you prefer to combine spa treatment with golf, you will find the oldest and best known Czech golf courses in the vicinity of Karlovy Vary (www.golfresort.cz) and Mariánské Lázně (www.golfml.cz). An unconventional form of relaxation is fishing, which you can try your hand at at the spas in Třeboň (www.trebon-mesto.cz) and Toušeň (www.slatinnelaznet-ousen.cz). There is no reason to avoid spas in the winter season. Both downhill and cross-country skiing is possible in Jeseník, Janské Lázně (www.janske-lazne.cz), and Lázně Libverda (www.laznelib-verda.cz).

TEPLICE BOASTS A FAMOUS SPA TRADITION

The thermal springs at Teplice (www.teplice.cz, www.lazneteplice.cz), which specialise in the treatment of blood circulation disorders, cardiovascular and locomotive organ disorders, are among the best known and most frequented spas in Central Europe. Teplice is also one of 60 towns along the border with Germany, regular venues of the Central Europe Festival - Mitte Europa Festival (www.festival-mitte-europa.com).

KARLOVY VARY – THE LARGEST CZECH SPA

The best known Czech spa is Karlovy Vary (www.karlovyvary.cz), a very popular place of rest among clients from around the world. The spa treats metabolic and digestive disorders, and patients also come to recover from oncological diseases. Thirteen springs with temperatures ranging from 41 °C to 73 °C rise from a depth of 2–2.5 km. The temperature of the two cold springs is around 15 °C. The attraction of the town is amplified by important cultural events such as the International Karlovy Vary Film Festival (www.iffkv.cz). Experts in tourism and the spa industry also meet here for their Karlovy Vary Week. In addition to the Spa Conference and Spa Festival (www.spalife.info), the Week includes TOURFILM (www.tourfilm.cz), the longest running festival on tourism worldwide. The name of the town is also closely associated with the traditional manufacture of crystal (www.moser-glass.com) and china, the famous Becherovka herb liqueur (www.becherovka.cz), and the popular bottled mineral water (www.mattoni.cz).

MARIÁNSKÉ LÁZNĚ – SPA OF FAMOUS GUESTS

Mariánské Lázně (www.marianskelazne.cz) opened its very first spa season in 1808, and its popularity spread quickly among Europe's elite. Guests included King Edward VII of England, the German poet Johann Wolfgang von Goethe, and the Polish composer and pianist Fryderyk Chopin, who is remembered to this day by the Chopin Festival (www.chopinfestival.cz). The unique atmosphere of the town is complemented by marvels of architecture such as neo-Baroque colonnades, splendid Empire-style houses, and the Singing Fountain. The spa itself specialises in the treatment of disorders affecting locomotive organs, kidneys, as well as urinary and gynaecological disorders. Cures are based on the use of natural resources such as cold ferrous mineral water, natural CO₂, and healing mud.

FRANTIŠKOVY LÁZNĚ OFFER AN INTIMATE AMBIENCE

Františkovy Lázně (www.franzensbad.cz) is considered one of the most picturesque Czech spas. Its neo-Classical architecture and extensive wooded park give spa guests the impression that time has stood still here since the turn of the 18th and 19th centuries, although the treatment of blood circulation, heart, kidney, urinary, and

gynaecological disorders is highly modern. Here, too, natural resources are used for treatment: mineral water baths rich in CO₂, and baths and packs in curative mud.

JESENÍK AND JÁCHYMOV, FIRST IN THE WORLD

The first hydrotherapy spa in the world was founded at Jeseník (www.priessnitz.cz, www.jesenik.org) amidst the untouched nature of northwest Moravia. The Jeseník spa is sought out by patients suffering from disorders of the nervous system, respiratory tract, and blood circulation disorders. The Jáchymov radioactive thermal springs (www.laznejachymov.cz) are unique for their high content of rare elements. For this reason, this spa, which lies in the foothills of the Krušné (Ore) Mountains, has become popular with patients suffering from disorders of the locomotive organs.

LUHAČOVICE - SPA AMIDST NATURE

Luhačovice (www.mesto.luhacovice.cz), the largest spa in Moravia, specialises in the treatment of the respiratory tract and in digestive system disorders. As many as 15 000 litres of water rise to the surface every hour. Thanks to its high concentration of mineral elements and CO₂, the water is considered one of the most effective in Europe. The excellent results of treatment are partly due to the location of the town amidst the wooded hills of the White Carpathians Protected Landscape Area. The Slovak architect Dušan Jurkovič takes credit for the unique collection of Art Nouveau rural buildings, admired by spa guests and architecture buffs alike.

Other spas that deserve mention include Karlova Studánka (www.k.studanka.cz) with the cleanest air in Central Europe, Lázně-Lipová (www.lazne.cz), which specialises in skin diseases, Darkov (www.darkov.cz), which provides cures for burns and post-operation treatment, Třeboň (www.trebon-mesto.cz, www.bertha.cz, www.aurora.cz), where local mud helps to relieve arthritis and rheumatism, the so-called 'Heart Spa' of Poděbrady (www.mesto-podebrady.cz), Lázně Kynžvart (http://web.telecom.cz/detska_jecebna), which focuses exclusively on child patients, and the Anenské slatinné lázně (mud spa) in Bělohrad (www.belohrad.cz), which boasts the first EUROPESPA MED certificate awarded by the European Spas Association.

Markéta Chaloupková

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Czech Republic – the Golf Kingdom!

The Czech Republic has won the reputation of an advanced golfing destination in Europe.

Golf has a long tradition in the Czech Republic. In 1904 the first nine-hole golf course was opened in Karlovy Vary after many appeals from the local spa clientele. A year later another nine-hole golf course was ceremonially opened by English King Edward VII in Mariánské Lázně. The social climate which has followed the revolution of 17th November 1989 is considered the gift to golf in the Czech Republic. After forty years of restriction, golf could start to develop freely again. It was soon reflected in the number of players and courses. During the 1990s, the number of golf players increased almost ten-fold. Despite a quality sports base, the Czech Republic is still not very well known as a golf tourism destination. This is testified to by the fact that the Czech Republic received the award for the "Undiscovered Golf Destination of the Year 2007" from IAGTO. The Czech Republic is a country where the golfer can experience a unique combination of natural scenery, historical monuments, and playing golf. Czech golf has managed to cover almost the entire map of the country. The boom in golf course construction has not ceased yet and investors concentrate mainly on the quality of golf courses and their amenities, including accommodation capacities and wellness programmes. Among the especially attractive courses are, for example, the golf resort in Karlštejn (www.karlstejn-golf.cz), in Konopiště (www.gcko.cz), in Karlovy Vary (www.golfresort.cz), in Cihelny near Karlovy Vary (www.agc-cihelny.cz), in Šilheřovice (www.golf-ostrava.cz), and in Čeladná (www.prosper-golf.cz). In 2003, English Queen Elizabeth II granted the title of Royal Golf Course to the golf club in Mariánské Lázně (www.golfml.cz). The Hluboká nad Vltavou Golf Club (www.golfhluboka.cz) is a 27-hole golf course close to the charming chateau of Hluboká nad Vltavou (www.zamekhluboka.cz) in South Bohemia. The Mnich Golf Club (www.golfmonachus.cz) also lies in the fairytale-like countryside of South Bohemia with its dozens of castles and chateaux. The latest acquisition in the golf family of the West Bohemian spa triangle is the Františkovy Lázně Golf Club (www.gr-fl.cz), which is located a few kilometres from the picturesque spa town of Františkovy Lázně. In the charming spa town of Poděbrady, a mere 50 kilometres east of Prague, the Poděbrady Golf Club is located (www.golfpodebrady.cz). It was established in 1961.

GOLF AND HORSE RIDING

Some golf clubs provide the possibility of combining golf with horse riding. Such an opportunity is available in the Prosper Golf Club Čeladná (www.prosper-golf.cz), as it has a horse ranch with an outside as well as an indoor tiltyard. The Nová Amerika Country Club (www.novagolf.cz) is the second-largest golf resort in the Czech Republic. This fact corresponds to the wide selection of additional activities. Horse riding, whether in a riding hall or in the open air, is one of them.

THE GOLFING BOOM CONTINUES...

In the west of Bohemia near Plzeň, the Beer capital, the Plzeň Golf Park (www.golfparkpl.cz) was opened in 2004. Only two years later, another course – the Sokolov Golf Club (www.golf-sokolov.cz) was opened in this region. Established in place of a former lignite field, this 18-hole golf course, par 72, is a great example of the positive effects of golf on the environment. Going more to the centre of Bohemia, we discover a new

golf course, the Sand Martin's Holes (www.golfmladaboleslav.cz) near Mladá Boleslav, which opened in 2007. 121 kilometres north of Prague, a treasure in the form of the Ypsilon Golf Resort Liberec (www.ygolf.cz) is situated. In August 2007 the Kunětická Hora Golf Resort (www.gckh.cz) was opened. It lies 117 kilometres east of Prague. Moravia does not lag behind. In the north, the 18-hole Ropice Golf Course (www.beskydygolf.com) attracts new visitors and in the south there is the Golf Brno Kaskáda (www.golfbrno.cz).

INDOOR GOLF

Golf in the Czech Republic is a seasonal activity; play starts at the beginning of April and finishes at the end of October. Out of season, it is possible to play indoor golf. The Czech Republic is unique among other European countries in its wide opportunities to play indoor golf. In Prague alone there are two large indoor centres with complete services including hitting the ball from sand or putting. In many larger Czech towns there are indoor golf centres where golf is played during the winter season on simulators. We can safely recommend the following indoor golf courses: Golf Centrum Čechie in Prague 8 (www.hotelcechie.cz), Erpet Golf Centrum in Prague 5 (www.erpet.cz), Indoor Golf in the Štířín Conference Centre (www.rgc.cz) and Villa Golfista in Mariánské Lázně.

PRACTICAL INFORMATION

Most golf clubs and courses in the Czech Republic function semi-privately. Golf clubs organise their own tournaments, but courses are open to non-members for a fee. In the Czech Republic there are currently 124 golf clubs and 74 golf courses, of which two have 36 holes, three have 27 holes, twenty-four are 18-hole courses, and forty-five are 9-hole courses. Standard services, including catering, shops, and golf equipment rental, are also provided. Standard organisations which teach golf, such as the Professional Golf Association of the Czech Republic (PGAC) (www.pgac.cz), are also active in the Czech Republic. Most golf courses also provide the possibility of ordering golf training under the supervision of a professional. Czech golf courses also enable the participation in several-day-long basic golf courses. Other organisations which provide useful information related to golf are the Czech Golf Federation (www.cgf.cz), Czech Golf Travel Association (www.cgta.cz), and the www.golf.cz web page.

www.CzechTourism.com



Mountain Golf Hotel
20% green fee reduction



Prosper Horse Ranch
Riding school for beginners



Prosper Golf Resort Čeladná

The biggest golf resort in the Czech Republic



Dear Readers, allow us to introduce to you Čeladná Prosper Golf Resort, a sports and recreation complex covering over 140 hectares in the picturesque village of Čeladná in the northeast of the Czech Republic, in a valley of the Beskydy Mountains close to the Polish and Slovak borders.

The resort has two master eighteen-hole courses with a clubhouse and extensive facilities for golf players, a stylish Golf restaurant with a glass-walled terrace overlooking a lake and the number 18 green. **The Prosper Horse Ranch** and the Alpine-style luxury **Mountain Golf Hotel** with a piano bar are an integral part of the range of services that enhance the delightful ambience in the unspoilt environment of the foothills of the Beskydy Mountains.

The splendid views of the Beskydy slopes seen from all sides will greet you when you enter the resort and unrepeatable sunsets and sunrises will accompany you throughout your stay.

With the first snowfall the sports and recreation resort becomes a magnet for winter sports fans. The complex offers three **cross-country ski trails** of two, three, and five kilometres.

If you prefer **horse rides** on a snow-covered ground with views of the surrounding mountains, the Prosper Horse Ranch offers rides in the countryside with an instructor.

If you are a **downhill skiing** enthusiast, there are several ski slopes not far away that are suitable for complete beginners, advanced skiers, or **snowboarding** fans.

Come and take walks in the winter-style countryside, replenish energy, breathe the clean mountain air and finish the day with a glass of **quality beverage and good food**. Furthermore, also try some specialities of traditional Czech cuisine.

We are ready to satisfy even the most discerning customers, a team of professional and friendly people will be at your disposal to meet all your wishes.

We look forward to your early visit to the Čeladná sports and recreation resort.

More information:

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Operated by: Prosper Trading a.s.





CONFEDERATION OF INDUSTRY OF THE CZECH REPUBLIC

The Confederation of Industry of the Czech Republic (CICR) is a non-state voluntary organisation independent of the government, political parties, and unions that brings together employers and entrepreneurs in the Czech Republic, especially those active in the area of industry and transport. The Confederation's mission is to influence economic and social policies of the Czech Government and to create optimal conditions for a dynamic business development in the Czech Republic. The Confederation defines, represents, supports, and promotes rightful and common interests of its members with the goal of creating a suitable business and employer environment that will lead to a long-term maintainable prosperity of the Czech society, if ethical business principles are respected.

Relationship of the Confederation with foreign countries and international organisations

The Confederation establishes bilateral cooperation with partner confederations of industries, chambers of commerce, and other economic institutions abroad on the basis of cooperation agreements. The Confederation is a member of important international organisations of employers and businessmen – Business Europe, IOE, and BIAC.

Svaz průmyslu a dopravy České republiky

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More information at www.spcr.cz



CZECH TOURIST AUTHORITY – CZECHTOURISM

The Czech Tourist Authority is an allowance organisation that has been established in 1993 to promote the country as an attractive tourism destination on foreign markets. Since 2003 it has been focusing its activities on promoting domestic tourism as well. Promotion in foreign countries is also aided by 27 foreign offices of the agency. CzechTourism supports incoming and domestic tourism in general and specialises in specific areas of tourism like spas, congresses and incentive tourism, and golf tourism. Main activities are centred around Czech regions which are our priority.

Česká centrála cestovního ruchu – CzechTourism

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More information at www.czechtourism.com



CZECH CHAMBER OF COMMERCE

By law the Czech Chamber of Commerce promotes and protects interests of businesses, caters to their needs, and supports their development. It is formed by a state-wide regional network of chambers, associations, and professional and trade unions. The broad scope of its member base can thus utilise its specific services, including international support activities and programmes.

The Czech Chamber of Commerce provides its members and non-members with services consistent with standards of commercial chambers in the countries of the European Union:

- | Organisation of international and bilateral company contact events (outgoing and incoming missions).
- | Organisation of accompanying entrepreneurial missions during official visits of state representatives to other countries.
- | Organisation of entrepreneurial missions on the occasion of the Czech Republic's official participation in trade fairs and exhibitions abroad.
- | Organisation of incoming missions of foreign businessmen for small and medium businesses.
- | Mediation of contacts with partner chambers of commerce and other business institutions in foreign countries.
- | Provision of complete services to foreign firms for their presentation in the Czech Republic.
- | Organisation of seminars, workshops, business forums, and similar professional and regional events.
- | Participation in European Union programmes and activities.

Hospodářská komora České republiky

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More information at www.komora.cz



CZECHINVEST
Investment and Business Development Agency

CZECHINVEST, THE INVESTMENT AND BUSINESS DEVELOPMENT AGENCY

CzechInvest's vision:

„Czech Republic – one of the most competitive countries of the European Union”

CzechInvest, the Investment and Business Development Agency, is an allowance organisation of the Ministry of Industry and Trade of the Czech Republic. The Agency promotes the competitiveness of the Czech economy by supporting small and medium-sized enterprises, business infrastructure and innovation, and by attracting foreign investment to production, strategic services and technology centres. In order to facilitate communication between the state, entrepreneurs, and the European Union, CzechInvest acts as an umbrella organisation for all forms of business support in the manufacturing industry from both EU funds and the state budget. CzechInvest also gives publicity to the Czech Republic abroad promoting it as a location suitable for mobile investment. It has the exclusive power to submit applications for investment incentives to superior bodies, and also provides support to Czech businesses in their efforts to join the supplier chains of multinational companies. Services and development programmes offered by CzechInvest benefit incoming investors, domestic firms, and the overall development of the business environment.

All services are provided free of charge.

CzechInvest

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! More information at www.czechinvest.org !

Boskovice Castle - the Ruin



CZECH EXPORT BANK
ČESKÁ EXPORTNÍ BANKA

CZECH EXPORT BANK

Czech Export Bank (CEB) provides all financial services to Czech enterprises and their foreign partners involved in the export of Czech products and services. CEB provides both sides of the trade relationship with favourable conditions in terms of extended maturities and attractive price. This is done under internationally adopted rules governing state support of exports. The bank has broad experience in the financing of large transactions of Czech exporters, but also of export contracts for lesser amounts or partial deliveries. On the one hand, this benefits the bank's clients and on the other hand, it indirectly creates higher employment and improved conditions for business development. Foreign buyers and partners of Czech firms use most CEB products under these favourable conditions of financing, thus making Czech goods and services more lucrative not only in terms of their price and quality.

The bank's focus on offering a comprehensive range of products for the financing of exports has proven invaluable in recent years. Exporters appreciate this financial support as a useful form of securing export-related financial needs. Besides standard financing of exports of goods, CEB sees its new role in offering financing of big turn-key projects, construction works and infrastructure, and especially investments abroad. A number of project and structured financing models allow the realisation of projects at a new scale. Another of the bank's goals is to offer Czech companies advantageous financing of their plans to launch production abroad or to invest in establishment or extension of production companies abroad.

Česká exportní banka, a.s.

Vodičkova 34, 111 21 Praha 1
Phone: +420 222 843 216, Fax: +420 224 226 162, E-mail: ceb@ceb.cz

! More information at www.ceb.cz !



CZECH TRADE PROMOTION AGENCY/CZECHTRADE

The chief objective of CzechTrade is to develop international trade and mutual cooperation between Czech and foreign entities.

Through the expanding network of foreign offices in more than 30 countries, CzechTrade provides practical assistance to Czech exporters **outside the territory of the Czech Republic**. Vice versa, CzechTrade is a contact for companies coming to the Czech market in their search for reliable trade partners.

Through www.czechtradeoffices.com/supplier, CzechTrade can find a business partner/supplier from the Czech Republic for a foreign company within five working days.

Detailed information about Czech companies and the business environment in the Czech Republic is provided by the service Czech Industrial Partner Search CIPAS - www.czechtradeoffices.com/cipas.

According to requirements ensuing from your order or through CIPAS, CzechTrade will find suitable Czech companies as potential trade partners, and work out a business trip itinerary. Should you want to offer your products to Czech companies, you can do so via service called Sell Leads - www.czechtradeoffices.com/SellLeads

Česká agentura na podporu obchodu/CzechTrade
Dittrichova 21, 128 01 Praha 28
Phone: +420 224 907 500
E-mail: info@czechtrade.cz

CzechTrade London
1 Harley Street, London W1G 9QD
Phone: 0044 207 291 4580-1
Fax: 0044 207 291 4582
E-mail: london@czechtrade.cz
www.czechtrade.co.uk

More information at www.czechtradeoffices.com



CZECH CENTRES

The Czech Centres (CC) is an organisation funded by the Ministry of Foreign Affairs of the Czech Republic. Their mission is to present the Czech Republic abroad. The umbrella and management body of the network of the 23 Czech Centres in the world and the Czech House (Český dům) in Moscow is the Prague-based Headquarters of the Czech Centres.

In fulfilling their mission, the activities of the Czech Centres are focused on three areas: a) culture and education, b) the economy and support for Czech exports, c) tourism and promotion of the regions.

All information is available on www.czechcentres.cz, where the different CCs present themselves in the respective languages.

The range of services and information concerning economic issues can also be found at www.export.cz

Česká centra

Václavské nám. 816/49, 110 00 Praha 1
Phone: +420 234 668 211
Fax: +420 234 668 215
E-mail: info@czech.cz

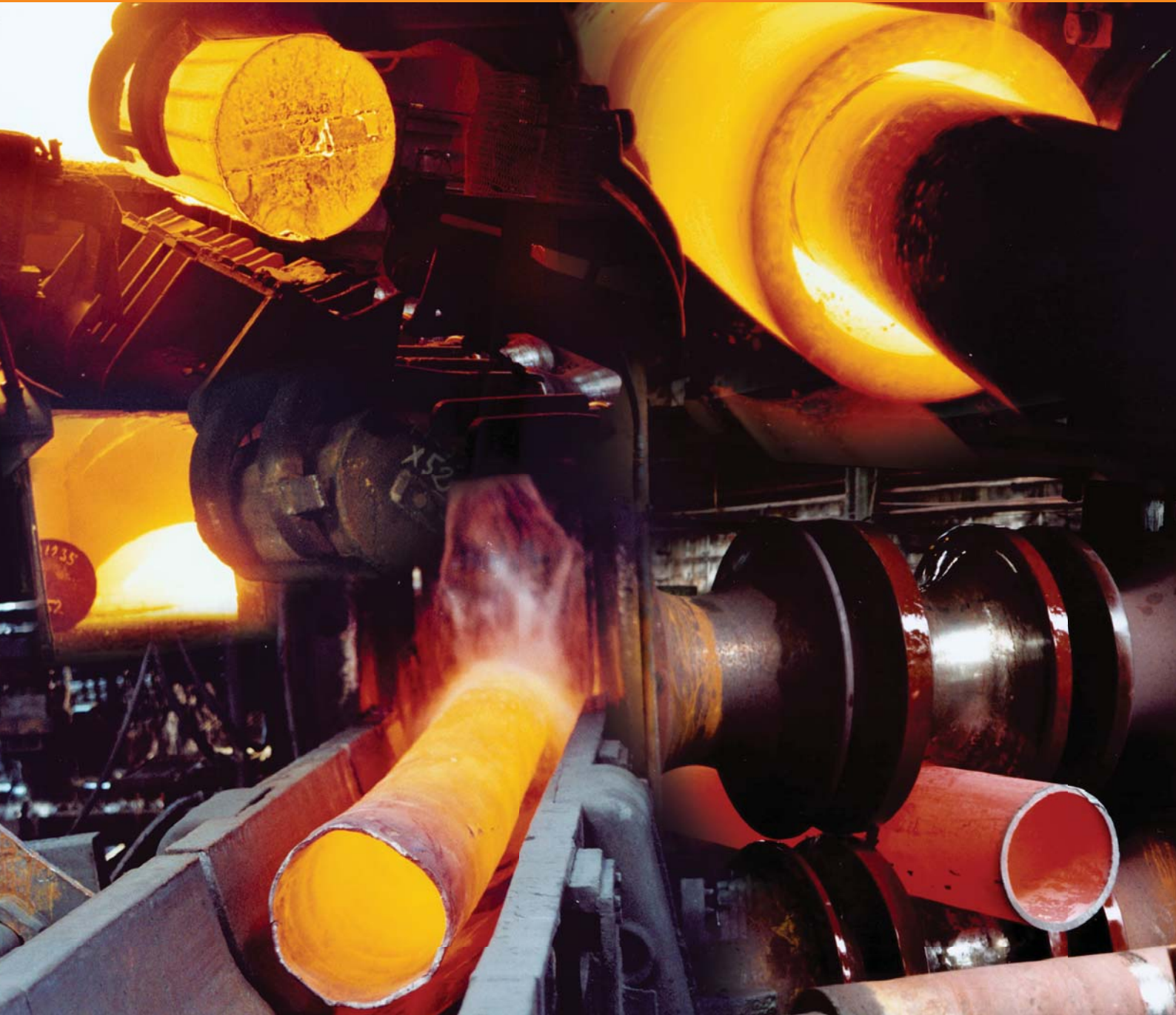
Czech Centre London

13 Harley Street, London W1G 9QG
Phone: 0044 207 307 5180, Fax: 0044 207 323 3709
E-mail: info@czechcentre.org.uk, www.czechcentre.org.uk

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The Centre for Regional Development of the CR (CRD CR) is an **implementation agency** for European programmes under the auspices of the Ministry for Regional Development of the CR.

CRD CR is host to one of the centres of Enterprise Europe Network, a member of the largest business promotion networks in Europe.

CRD CR Prague is offering to foreign clients:

information about the Czech Republic, business environment in the CR, about Czech laws, search for Czech partners for co-operation, how to set up a business in the CR.

Centrum pro regionální rozvoj České republiky

Vinohradská 46, 120 00 Praha 2

Phone: +420 221 580 201

Fax: +420 221 580 284

E-mail: crr@crr.cz

More information at www.crr.cz, www.enterprise-europe-network.cz



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More information at www.egap.cz

THE BRITISH CHAMBER OF COMMERCE

The British Chamber of Commerce was formed in the Czech Republic in April 1997. Since then membership has grown to over 312 companies representing a broad spectrum of British interests in the Czech Republic, from major investors to individual entrepreneurs.

The primary objectives of the Chamber are to promote and enhance business relations between the Czech Republic and the United Kingdom, to help improve the competitive and business environment in the Czech Republic, and to provide a platform for creating new business opportunities.

The Chamber is managed by the Board of Directors, and administered by four of its executive staff.

The Chamber works independently of the British Embassy in the Czech Republic, but maintains very good relations with the British Embassy and its Trade & Investment department. The Ambassador regularly attending patrons events, and occasionally hosting events at the Embassy.

The British Chamber of Commerce is a member of COBCOE – the Council of British Chambers of Commerce in Continental Europe (www.cobcoe.org.uk). As recognition of the Chamber's substantial growth, influence and achievements over the past years, the Chamber was identified the best from twenty three British Chambers in Europe and was presented with the prestigious Chamber of the Year 2004 award.

The British Chamber of Commerce

Britská obchodní komora v ČR

IBC, Pobřežní 3, 186 00 Praha 8

Phone: +420 224 835 161

Fax: +420 224 835 162

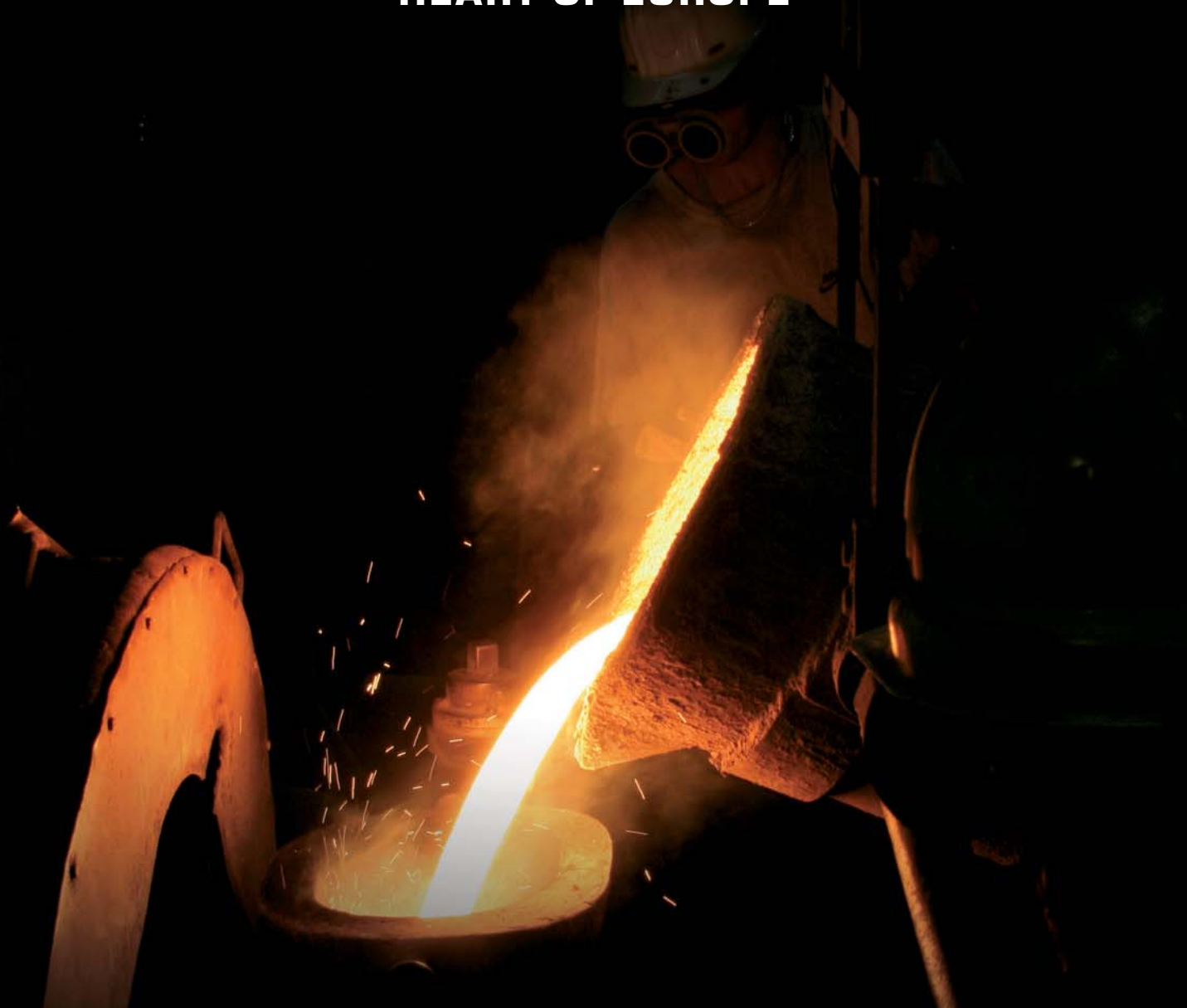
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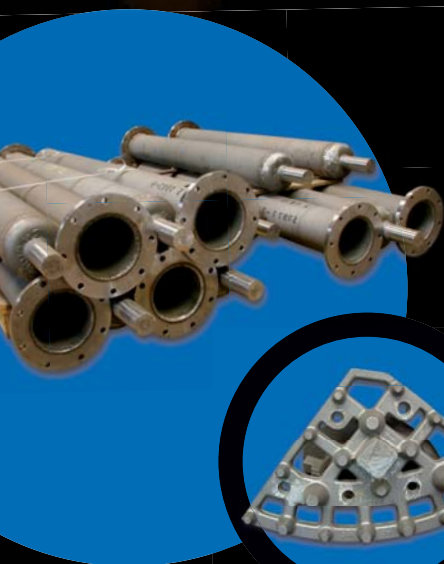


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Useful Addresses

USEFUL CONTACTS IN THE CZECH REPUBLIC

**Embassy of the United Kingdom
of Great Britain and Northern Ireland**
*Velvyslanectví Spojeného Království
Velké Británie a Severního Irsku*
Thunovská 14, 118 00 Praha 1
Phone: +420 257 402 111
Fax: +420 257 402 296
www.britain.cz

Commercial Section / Obchodní oddělení
Palác Myslbek
Na Příkopě 21, 117 19 Praha 1
Phone: +420 222 240 021-3
Fax: +420 222 243 625
www.britain.cz

British Chamber of Commerce in the Czech Republic
Britská obchodní komora v ČR
IBC, Pobřežní 3, 186 00 Praha 8
Phone: +420 224 835 161
Fax: +420 224 835 162
E-mail: britcham@britcham.cz
www.britishchamber.cz

CENTRAL AND OTHER KEY BODIES OF THE CZECH REPUBLIC

Supreme Bodies

Office of the President of the Czech Republic
Kancelář prezidenta České republiky
Prague Castle, 119 08 Praha 1
www.hrad.cz

Parliament of the Czech Republic
Parlament České republiky
Chamber of Deputies
Poslanecká sněmovna ČR
Sněmovní 4, 118 26 Praha 1
e-mail: posta@psp.cz, www.psp.cz
Senate of the Parliament of the Czech Republic
Senát Parlamentu ČR
Valdštejnské nám. 17/4, 118 01 Praha 1
e-mail: info@senat.cz, www.senat.cz

Office of the Government of the Czech Republic
Úřad vlády České republiky
nábřeží E. Beneše 4, 118 01 Praha 1
e-mail: posta@vlada.cz, www.vlada.cz

Ministries

Ministry of Agriculture / Ministerstvo zemědělství
Těšnov 17, 117 05 Praha 1
e-mail: info@mze.cz, www.mze.cz

Ministry of Culture / Ministerstvo kultury
Maltézské nám. 471/1, 118 11 Praha 1
e-mail: posta@mkcr.cz, www.mkcr.cz

Ministry of Defence / Ministerstvo obrany
Tychonova 1, 160 01 Praha 6
e-mail: info@army.cz, www.army.cz

Ministry of Education, Youth, and Sport
Ministerstvo školství, mládeže a tělovýchovy
Karmelitská 7, 118 12 Praha 1
e-mail: info@msmt.cz, www.msmt.cz

Ministry of the Environment
Ministerstvo životního prostředí
Vršovická 65, 100 10 Praha 10
e-mail: info@env.cz, www.env.cz

Ministry of Finance / Ministerstvo financí
Letenská 15, 118 10 Praha 1
e-mail: informace@mfcz.cz, www.mfcz.cz

Ministry of Foreign Affairs
Ministerstvo zahraničních věcí
Loretánské náměstí 5, 118 00 Praha 1
e-mail: info@mzv.cz, www.mzv.cz

Ministry of Health / Ministerstvo zdravotnictví
Palackého náměstí 4, 128 01 Praha 2
e-mail: mzcr@mzcr.cz, www.mzcr.cz

Ministry of Industry and Trade
Ministerstvo průmyslu a obchodu
Na Františku 32, 110 15 Praha 1
Politických vězňů 20, 112 49 Praha 1
Washingtonova 13, 112 49 Praha 1
Gorazdova 24, 128 00 Praha 2
e-mail: posta@mpo.cz, www.mpo.cz

Ministry of the Interior
Ministerstvo vnitra
Nad Štolou 3, 170 34 Praha 7
e-mail: posta@mvcz.cz, www.mvcz.cz

Ministry of Justice / Ministerstvo spravedlnosti
Vyšehradská 16, 128 10 Praha 2
e-mail: posta@msp.justice.cz, www.justice.cz

Ministry of Labour and Social Affairs
Ministerstvo práce a sociálních věcí
Na Poříčním právu 1, 128 01 Praha 2
e-mail: posta@mpsv.cz, www.mpsv.cz

Ministry for Regional Development / Ministerstvo pro místní rozvoj
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 phone: +420 571 812 200, 202, 204
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www.tes.cz, www.motory.ru

Ministry of Transport / Ministerstvo dopravy
 nábřeží L. Svobody 1222/12, 110 15 Praha 1
 e-mail: posta@mcdcr.cz, www.mcdcr.cz

Other Institutions

Czech National Bank / Česká národní banka
 Na Příkopě 28, 115 03 Praha 1
 e-mail: podatelna@cnb.cz, www.cnb.cz

Czech Statistical Office / Český statistický úřad
 Na Padesátém 81, 100 82 Praha 10
 e-mail: infoservis@czso.cz, www.czso.cz

Academy of Sciences of the Czech Republic
 Akademie věd České republiky
 Národní 3, 117 20 Praha 1, e-mail: info@cas.cz, www.cas.cz

USEFUL ADDRESSES IN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

Embassy of the Czech Republic
 26 Kensington Palace Gardens, London W8 4QY
 Phone: 004420 7243 1115, Fax: 004420 7727 9654
 E-mail: london@embassy.mzv.cz, www.mzv.cz/london

Service Commercial
 E-mail: oeu.london@embassy.mzv.cz

Honorary Consulate of the Czech Republic in Cardiff
 Honorary Consulate of the Czech Republic in Cardiff
 1 Kings Road Canton, Cardiff CF11 9BZ
 Phone: 0044 29 20396622, Fax: 0044 29 20396611
 E-mail: Cardiff@honorary.mzv.cz

Honorary Consulate of the Czech Republic in Edinburgh
 12A Riselaw Crescent, Edinburgh
 Phone/Fax: 0044 131 447 9509
 E-mail: Edinburgh@honorary.mzv.cz

Honorary Consulate of the Czech Republic in Belfast
 20 Comber Road, Newtownards, P.O.Box 8, Belfast BT23 4RX
 Phone: 0044 28 9182 3643, Fax: 0044 28 9181 8009
 E-mail: belfast@honorary.mzv.cz

Czech Centre
 13 Harley Street, London W1G 9QG
 Phone: 0044 207 307 5180, Fax: 0044 207 323 3709
 E-mail: info@czechcentre.org.uk, www.czechcentre.org.uk

CzechTrade London
 1 Harley Street, London W1G 9QD
 Phone: 0044 207 291 4580-1, Fax: 0044 207 291 4582
 E-mail: london@czechtrade.cz, www.czechtrade.co.uk

CzechInvest
 1 Harley Street, London W1G 9QD
 Phone: 0044 207 291 4610, Fax: 0044 207 291 4612
 E-mail: london@czechinvest.org, www.czechinvest.org

CzechTourism
 13 Harley Street, London W1G 9QG
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and service EASA 21 and EASA 145



The Most Important Websites

General information on the Czech Republic	www.czech.cz	Official site for the CR, supported by the Ministry of Foreign Affairs
BusinessInfo	www.businessinfo.cz/en/	Official site for professionals searching for information, assistance, or business contacts in the CR
Doing Business in the Czech Republic	www.doingbusiness.cz	General Information about business climate, structure, and development of the Czech economy
Portal of the Public Administration	http://portal.gov.cz	The electronic gateway for the public to administration and government services

Company Contact Information

Hoppenstedt Bonnier	www.hoppbonn.cz/project	Company database with information on the most important companies in the CR and the SR)
Inform.cz	www.inform.cz	Czech Company Catalogue
Kompass	www.kompass.cz	Czech Company Catalogue
Albertina Data, s.r.o.	www.albertina.cz	Czech Company Monitor
Creditinfo Czech Republic	www.cicr.cz	Leading provider of financial and credit information in the CR
European Databank	www.edb.cz	Czech Company Monitor
Czech Exporting Companies	http://exporters.czechtrade.cz/en	Czech Exporters Directory
Zlaté stránky	www.zlatestranky.cz	Yellow pages – telephone and companies directory

Legislation

Iuridica	http://iuridica.eunet.cz	Legal services in the Czech Republic
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Finance

Czech National Bank	www.cnb.cz	Monetary, financial, and macroeconomic data, CZK exchange rates etc.
Prague Stock Exchange	www.pse.cz	Prague Stock Exchange data
RM-System	www.rmsystem.cz	RMS Securities Market
Středisko cenných papírů	www.scp.cz	Securities Centre Prague
Patria Group – Patria Finance	www.patria.cz	Investment portal providing original economic data, reporting and capital markets advisory

Statistics

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

List of Exhibitions and Fairs	www.expo.cz	All about exhibitions and fairs incl. list of events
Brněnské veletrhy a výstavy – BVV	www.bvv.cz	Brno Trade Fairs and Exhibitions site – list of exhibitions in Brno and relevant information

Miscellaneous

The Industrial Property Office	www.upv.cz	Czech Patent and Trademark Office website offers information on norms, patents, and standards and list of national and foreign IPR databases available free of charge on the Internet
Česká pošta (the Czech Post)	www.cpost.cz	Incl. postcodes of municipalities and districts (PSC), philately etc.
The Grant Agency of the Czech Republic	www.gacr.cz	The Czech Science Foundation
The Register of Advertising Agencies	www.registrara.cz/rra	Expert assistance in choosing and working with advertising and communication agencies in the CR
Residence of Foreigners in the CR	www.domavcr.cz	Advice for living in the CR



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- upholstery cushions

2G-spol. s r.o. - Příkrývky a polštáře (Quilts and Pillows) is a family-owned business with a tradition of quilt production since 1987. At present our company comprises 150 employees who work in two production segments - bedding manufacture and the manufacture of upholstery fillings. Our company is probably the largest Czech manufacturer in the branch, focused both on the domestic market and on exports. We export products to Germany, Austria, Switzerland, Slovakia, Croatia, and Slovenia. Our products are certified by the TZÚ (Textile Testing Institute) in Brno and the ITC (Institute for Testing and Certification) in Zlín.



2G-spol. s r.o. – Příkrývky a polštáře (Quilts and Pillows),

Lipov 300, 692 72 Lipov, Czech Republic

phone: +420 518 338 091, fax: +420 518 338 260, e-mail: 2glipov@telecom.cz, www.2gipov.cz

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IMP, a member of the multinational group GMI - Groupe Maillard Industrie - uses modern technology, has a production area of more than 20 000 sq.m, and employs over 200 people.

The company operates its own development centre and thanks to this can offer clients complete solutions, from studies, designs, and offers to development and serial production, and thus has built a prominent position in the discerning markets.

The company is certified with advanced welding certificate in accordance with article 7 of DIN 18 800 regulation.

PRODUCTION PROGRAMME:

The company has the following divisions:

■ Steel welded products

This division is mainly focused on storage and handling technology, such as pallets, racks, stands, trolleys, and special frames for the transportation and storage of sheet glass; the division conducts studies and manufactures packaging for the automotive industry. The products are supplied according to customers' requirements, in a black, galvanized, or painted finish.

■ Vacuum moulding of plastics

IMP develops and produces custom-made parts that are vacuum formed. The main production consists of plastic material handling equipment for the automotive industry such as dunnages - they can be either self-supporting or for mounting into pallets, and appearance parts such as machine covers and hoods with dimensions up to 2800x1600mm size.

■ Resistance welding of wire grids and sections

IMP manufactures various wire grids, panels, and wire containers, and material handling equipment according to customer requirements either in a black, galvanized, or painted finish. The company owns modern high-performance semi-automatic welding machines and additional resistance welders for welding wire grids up to 2500 x 5000mm, using wire ranging from 1.5 to 12mm diameter and mesh size from 25 x 25mm.

Customers and markets:

Our customers include renowned companies from the automotive industry, sheet glass manufacturers, construction industry suppliers, manufacturers of technical gases, and companies from many other industrial branches. More than 90% of our output is exported, mainly to countries of the European Union (especially Germany, the Netherlands, Belgium, the UK, Sweden, Austria, France, and Slovakia), as well as to Switzerland, Russia, and Romania.



International Metal Plast spol. s r.o.

Rychnovská 326, 468 01 Jablonec nad Nisou, Czech Republic

phone: +420 483 333 711, fax: +420 483 333 777, e-mail: imp@imp-jablonec.cz, www.imp-jablonec.cz



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Deliveries of complete technological units for bakeries and patisseries, including lines for toast and moulded bread

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- Other CNC machine technology (press-braking, punching, welding, cutting...)

Surprise is the difference between expectation and reality. Do you want to be surprised?

TOS VARNSDORF products are marked for their high performance, advanced design, and reliability.

TOStec

The new series of milling and boring machines comprises a very broad range of machining centres of the highest technical standard. The technological use of **TOStec** milling and boring centres includes both conventional machining (milling, drilling, and boring) and special technologies. These include the use of electric spindles and **HSC** machining.

WRD 130 / 150 (Q)

horizontal milling and boring machines are used especially for highly efficient universal chip machining of non-rotating, mainly large and heavy workpieces, especially those made of cast iron, cast steel and steel, performing even the most technologically demanding of operations.

WHN 110 / 130 (Q, MC)

machines are used mainly for productive and efficient universal chip machining of non-rotating medium-sized and medium-heavy workpieces, especially those made of cast iron, cast steel and steel, performing even the most technologically demanding operations.

WHN(Q) 13 CNC

is the company's most successful machine. It is intended for precision milling, coordinate drilling, boring, and cutting of threads in box and board-shaped pieces, including pieces of complicated shape, weighing up to 20 000 kg. It is very well suited for the precision machining of all kinds of moulds.

WH(Q) 105 CNC

is a high-power machine with continuous control. It is used for the efficient machining of box-shaped pieces from several sides and for machining moulds and other workpieces of complicated shape.

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