



Czech Economy Briefs

Czech economy grew by 3.9 % year on year in the first quarter of 2015, a significantly faster growth than in the last quarter of 2014, according to preliminary GDP estimate made public by the Czech Statistical Office (CSU). The motor of the growth are all industries of manufacturing, especially manufacture of motor vehicles and other transport equipment.

The Czech government agreed in April that the state **budget deficit for 2016** will be Kc70bn (AUD 3,5 bn) next year.

Czech National Bank (CNB) continues maintaining crown rate near Kc 27 per Euro. The Bank Board of the Czech National Bank (CNB) decided at a policy meeting to continue the forex intervention regime, keeping the crown near Kc27/EUR, and it left interest rates unchanged at all-time lows. The base interest rate is 0.05 percent. The CNB stepped into the currency market to weaken the crown in November 2013. The CNB launched forex interventions to avert a threat of deflation. The Bank Board said previously it would not end the regime earlier than in the second half of 2016.

Czech agriculture's profit increased to record Kc22.9bn in 2014. Profit of Czech agriculture grew by almost 40 percent year-on-year in 2014, the best result since 1998 when the statistics started to be monitored. The profit was record-high thanks to extraordinarily good harvest and growth in subsidies. The value of the total agricultural production increased by more than Kc8bn year-on-year to a record Kc136.6bn in 2014.

Unemployment in the Czech Republic decreased to 6.7 percent in April from March's 7.2 percent, the number of unemployed dropped below 500,000 to 491,585 and employers were offering 83,692 jobs, the highest number since

December 2008, the Employment Office announced. The highest unemployment, as before, was in the Usti nad Labem region 10 % and the lowest in Prague 4.8 %, followed by the Plzen region with 4.9 %.

Consumer prices in the Czech Republic grew by 0.3 percent in April against March and by 0.5 percent year on year, the CSU said. The growth pace was influenced in particular by higher prices of clothing and footwear, transport, food and non-alcoholic beverages.

Foreign trade of the Czech Republic in 2014 broke records achieved in the preceding year. Its turnover in 2014 rose to Kc6,762 bn (AUD 338 bn), up 12% year on year, the trade balance has improved its previous historical excess by growing to Kc447.5 bn (up 27%). Exports achieved the excellent results in the total amount of Kc3,605 bn (AUD 180bn) and with the annual growth of 13.5%, which lagged behind import volume of Kc3,157 bn (AUD 158bn) with growth of 11.8%. The last year exports benefited mainly from the good situation on the European car markets in addition to an increased demand for the products of many other sectors of the manufacturing industry. Despite the fact that foreign trade results were affected by the weakening of the crown and the sanctions against Russia, even the year on year comparison (in Euros) ranks the Czech Republic among the EU Member States with the highest growth rate of exports and imports.


The Czech government's **draft energy concept** is based on nuclear energy and coal sources, and is not in favour of gas power plants and a big support to renewable energy, Industry and Trade Minister Jan Mladek said.


Business Briefs



The **Škoda Transportation group**, the biggest transport engineering company in Central Europe, boosted sales by around 12% in 2014 to total Kc16.4 bn from Kc14.6 bn in 2013. Net profit climbed to Kc2.27 bn from Kc1.75 bn. In several respects, 2014 was a record year for the Plzeň-based group. They produced 103 low-floor trams and 300 trolleybuses. Key contracts also included a contract to deliver drives and motors for 40 metro trainsets for the city of

Suzhou, the contract for 20 battery driven trams for the Turkish city of Konya and 30 trams for the city of Bratislava. Exports totalled 2/3 of sales. The group also comprises traction and engine producer, Škoda Electric; rail vehicle manufacturer Škoda Vagonka; and rail vehicle moderniser and repairer Pars Nova.

 The Brno based leading provider of network monitoring solutions helping companies enhance security and performance, opened the **new branch in Melbourne**. The branch is responsible for business development and channel partner management in Australia and Asia-Pacific region. “At last year’s CeBIT Australia, Invea-Tech participated as a part of the official Czech Republic booth. CeBIT is the most important ICT event in Australia and Invea-Tech did there a great job when presenting its solutions. I am convinced that local customers and partners will appreciate performance and scalability of FlowMon solution,” commented Samuel Py, Invea-Tech Australia.

 remains the **first choice search engine for Czechs ahead of Google**, though Seznam does admit that Google has closed the gap. Seznam announced some impressive figures in its 2014 results. Turnover accelerated by 7,5 %, twice the level of 2013, to total Kc3,129 bn. And operating profit ahead of tax also came in over the one billion crown mark for the first time ever, at Kc1,136 bn to be exact.



Skoda auto raises profit by over 30% in Q1. Operating profit of car maker Skoda Auto increased by 31 percent year on year to EUR242m (Kc6.6bn) in the first quarter of this year and its sales grew by 6 percent to EUR3.2bn, according to data of German concern Volkswagen whose member Skoda Auto is. On the left, there is a new Skoda Superb Combi that will premiere on the Frankfurt Automobile Exposition in September.



The Prague based **Brand Embassy** was ranked the highest rated platform provider among 23 social media management and social customer service platforms, based on “likelihood to recommend” ratings, according to a report published earlier this year by TrustRadius, the leading site for user-generated reviews of business software. This recognition comes after a successful year when Brand Embassy reached 100 enterprise clients and is doubling the number of employees to meet the next level of growth.



The Czech Republic’s national carrier **Czech Airlines** is no longer a state-owned company. In April its majority stake has moved into the hands of private companies. **Travel Service** company, a member of Unimex Group, finalised a purchase of 34% of the Czech air carrier after action on the purchase option offered by Korean Air. It becomes Czech Airline’s second largest shareholder. The state-run Český Aeroholding currently owns a 20-percent stake in the Czech Airlines, while the South Korean carrier Korean Air has 44 percent.



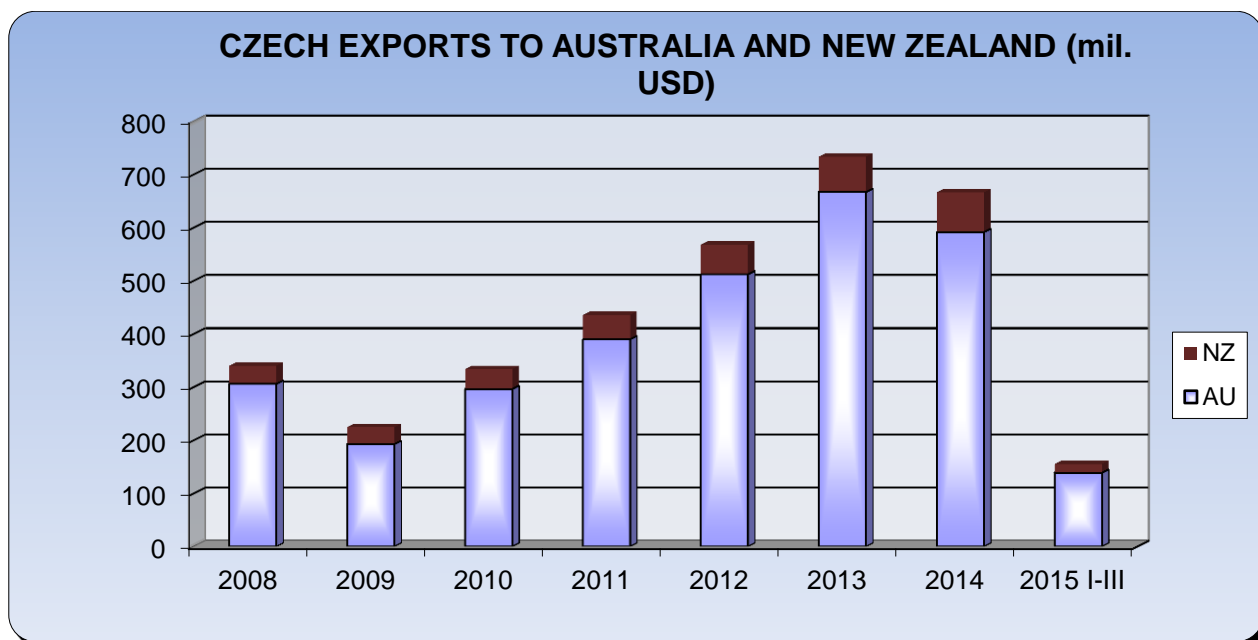
The new TITUS® armored vehicle, presented by **TATRA TRUCKS** at the IDET exhibition in Brno in May, received the prestigious Golden IDET award. The winners of other categories include fully solid-state precision approach radar PAR-E by **Eldis Pardubice** and **nanomembrane**’s waterproof and windproof clothes with innovative nanofiber membrane material. IDET, International Fair of Defence and Security Technology, is one of the biggest shows of defence technology in Central and Eastern Europe.

The **Ice Hockey World Championship** taking place in May in the Czech Republic contributed by Kc1,5 bn (AUD 75 mil.) to the local economy. There were some 300 000 fans coming mostly from neighbouring countries, Canada, the USA, Scandinavia and Russia. More than 650 000 fans at the stadiums means a new turnout record. The domestic team including the legend Jaromir Jagr finished 4th. Canada is the champion.



Czech exports to Australia and New Zealand

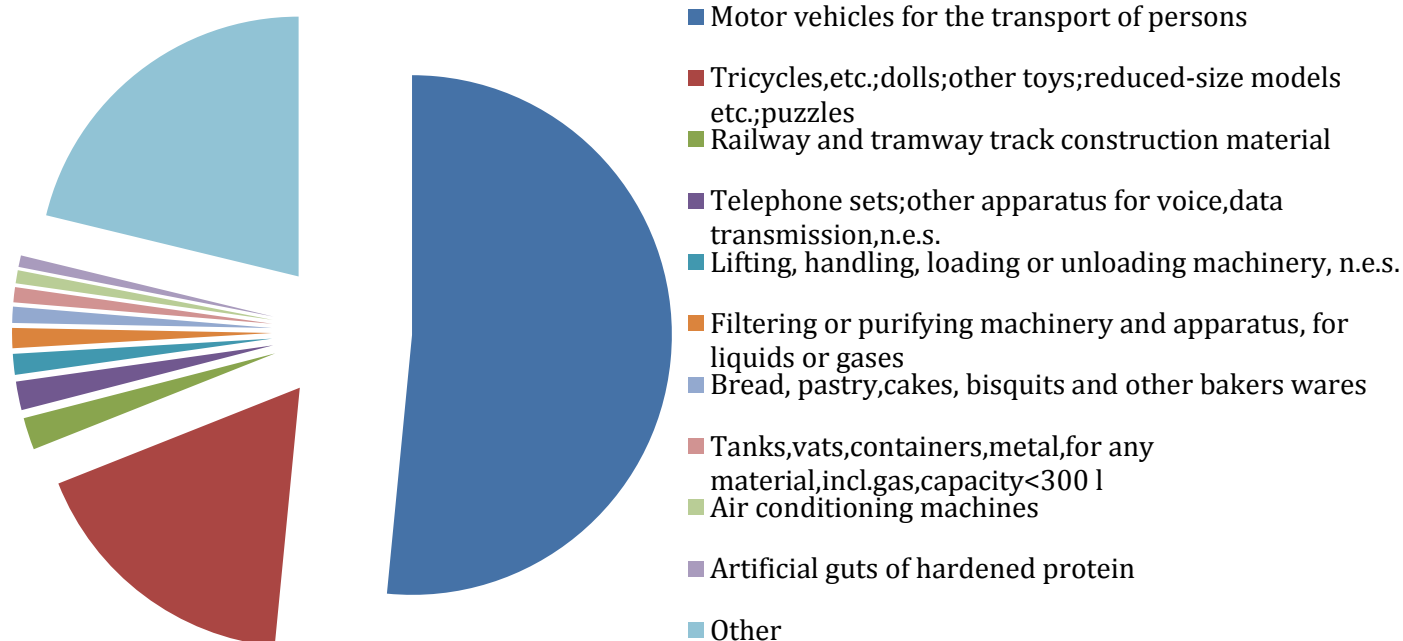
According to the latest export data of the Czech Statistical Office, exports from the Czech Republic to Australia reached in the 1st quarter 2015 nearly USD140mil. (down 2% y/y, but in the Czech Crowns up 15%) and exports to New Zealand USD16,4 mil. (down 15% y/y, but in the Czech Crowns close to equal). The trade surplus of the Czech Republic with both countries is USD110mil.



Passenger vehicles and toys continue to be the leading export articles to Australia and New Zealand in 2015. In Australia they make 69 % of export and nearly 60 % in New Zealand

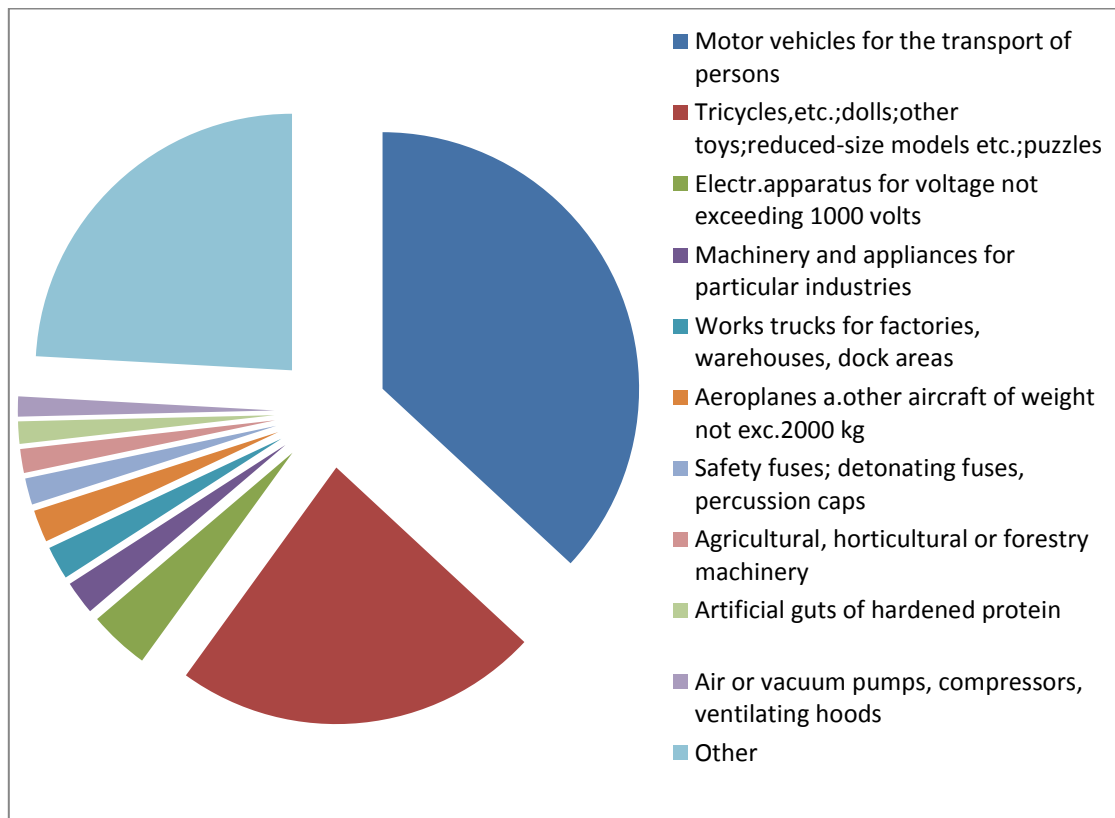
Following graph displays the major Czech commodity exports in the 1st quarter of 2015 to Australia:

Czech export to Australia - top commodities Q1 2015



Orders for passenger vehicles increased by 14 % but toys orders decreased by 20%. We see the new commodities entering the top ten. Instead of primary products like wood, there are more value added products of machinery type or food.

Following graph displays the major commodity exports in Q1 2015 to New Zealand:



In New Zealand, a number of commodity categories has increased in export volume especially aeroplanes, detonating fuses and cars. Škoda cars export has increased by 16 %, on the other hand the Lego toys export decreased by the same percentage.

Czech companies seeking Australian and New Zealand partners



The company is an engineering and production company that provides

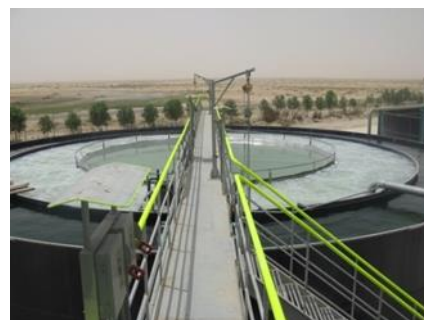
solutions for biological water treatment plants. Its production program includes components manufacturing as well as designing and deliveries of complete technological equipment of water treatment plants.

The technological part of the equipment is

Contact: Mr. Antonín Mucha
Telephone: +420 556 748 302
E-mail: info@metalmb.cz
Web : <http://www.metalmb.eu>

designed as a mechanical-biological treatment plant with a controlled denitrification, nitrification and simultaneous aerobic sludge stabilisation.

We are looking for a business partner for projects of mechanical-biological water treatment plants in Australia and New Zealand.



BOKI is a successful Czech company that has been active for more than 20 years in the fields of production, design and development of single-purpose



welders for arc (MIG/MAG, WIG, flux-cored) and resistance welding, stud welding and robotized welding workstations, material manipulation and other technologies. BOKI Corp. exports around Europe as well as to the USA, Mexico or China.

BOKI has successfully introduced its products at Austech 2015 in Melbourne, and is now looking for local business partners in Australia.

Contact: Mr. Marek Bím
Telephone: +420 233 025 030
E-mail: marek.bim@boki.cz
Web: <http://en.boki.cz>

Catherine Life has been one of the major traders in the field of sunglasses, goggles and optical glasses, fashion and protection accessories in Central Europe since 2000. We are a modern and dynamically developing Czech brand of sunglasses and fashion accessories for sports and active lifestyle.

Thanks to our trade volumes and cooperation with the European partners we are able to provide top quality products at very competitive price. We design whole collections and brands as well. Our partners are importers, distributors, wholesalers, big companies and agencies.



We are looking for distributors of our sunglasses brand Relax in Australia and New Zealand.



Contact: Mr. Radek Viktor Haštaba
Telephone: + 420 602 287 867
E-mail: radek.hastaba@catherine.cz
Web: www.catherine.cz
www.relaxworld.eu

Introducing: A Czech Company DIVESOFT

Many people dream about making a living by their hobbies. Only few of them are able to realize their dreams. The story of DIVESOFT, s.r.o. is about one of those who succeeded.

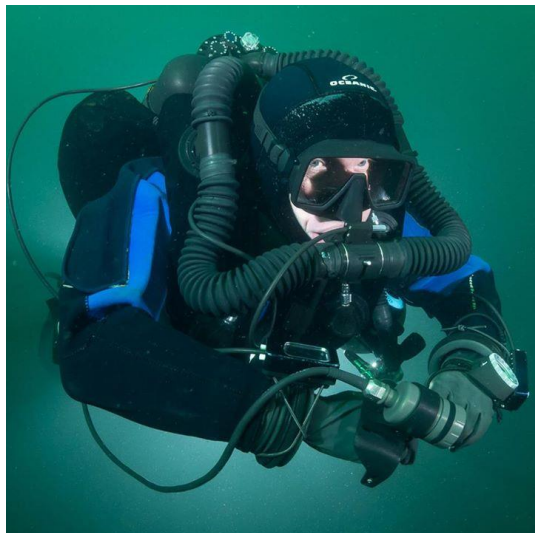


At the beginning there was a passion for technical and cave diving which the founders, Lucie Smejkalova and Ales Prochazka, have shared. They were looking for the best, hi-tech and safe equipment for their hobby. However, the products available on the market were not exactly what they really wanted. Ales had many ideas how to improve existing devices, or even to create completely new technical solution.

The establishment of DIVESOFT company came in 2002, when Lucie and Ales pulled down a wall of their family house, so they could get an industrial CNC milling machine into the workshop in the basement. Using that machine, Ales began developing technologies for technical and cave diving. The first product, a helium/oxygen analyzer, was later followed by the Freedom diving computer and Liberty closed circuit rebreather, as well as a number of smaller products and unique prototypes, such as a watertight hammer drill.

Eventually the founders' passion for diving won out, and what began as a hobby became a full-time business. Lucie and Ales sold their banking-software firm, in order to fully focus on development and production of advanced diving technology.

In 2012 they acquired a factory building in Roudnice nad Labem, some 50 km North West of Prague, which they fully renovated. With the CNC machines already working in a three-shift operation, DIVESOFT has developed the necessary logistics, offices and R&D areas.



DIVESOFT is successful in this niche market by strictly insisting on quality materials and manufacturing processes without compromises. DIVESOFT is proud that production of all key components and final assembly take place in Europe. This ensures a high quality, reliability and longevity of all our products

The first great success of DIVESOFT came with the patented technology for measuring the concentration of helium (by measuring the speed of sound in the analyzed gas). He/O₂ analyzer, the first product of DIVESOFT, has been constantly improved. The DIVESOFT analyzer became hugely popular worldwide thanks to its simplicity, heavy-duty design, precision processing, needless to calibrate or replace the He sensor regularly, a large number of sophisticated features and many accessories.

The second developed product was the decompression computer DIVESOFT Freedom which meets the most demanding requirements of the best technical divers and also makes diving safe and comfortable for sport divers and beginners.

In January this year, after two years of rigorous testing, DIVESOFT released CCR (closed circuit rebreather) "Liberty". The technical solution of the CCR Liberty is highly innovative and completely different from competitors' products. From the launch it has achieved a great success worldwide. Liberty was presented in March 2015 to the Australian divers at OZTek exhibition and conference in Sydney and it received an excellent feedback.

DIVESOFT has been represented in Australia and New Zealand since July 2013. The main distributor is Mrs. Regina Celisova who is based in Perth, WA. She has been developing a distribution network across Australia and her intention is to extent DIVESOFT products to New Zealand and others surrounding areas.





Contacts:

Ms. Regina Celisova

Tel: +61 481 330 685

email: regi.diving@gmail.com

www.DIVESOFT.com.au

Tradeshows, Exhibitions, Events

**Early Years
Expo 2015 in
Sydney**

2-3/5/15

MagiBox provides high quality educational technology (Magic Box of Projektmedia company from Prague) designed for childcare centres, kindergartens and also occupational therapists. Any educational software or video can be projected with Magic Box on the floor or on the wall. Children can draw on the wall or projection mat. These images can be saved and printed to show to parents. Magic box had a very successful weekend at the Sydney Expo. No surprise, it is a Czech Innovation Star winner of 2014. More on www.magibox.com.au.

**AUSTECH
Melbourne**

**26/5-30/5
2015**

Four Czech companies accompanied by CzechTrade come to Melbourne. **Thermacut** is specialized in cutting and welding, **Vanad** is producer of highly efficient oxygen, plasma and laser CNC machines for sheet metal shape cutting. **NAREX MTE** Ltd is world known producer and supplier of accessories for machine tools aimed at branch of boring, milling and rolling external threads and cutting internal threads. And finally, traditional Czech company **BOKI** Ltd presents their single-purpose welding machines and robot systems.

**1st Czech – NZ
business
community
meeting in
Auckland**

10/6/15

How to do business with the Czech Republic – presentations by V.Helikar from the CzechTrade office in Sydney. Eurowood Construction, Njoy Drinks and Ocean Bridge Shipping, the **Czech New Zealand Business Association** members, will speak about their businesses, obstacles, logistics and success in NZ. More on www.cnzba.co.nz

**BUILDNZ
Auckland**

21-23/6/15

Eurowood Construction is a Christchurch based company, which supplies the highest quality, most affordable solid timber homes, cabins and laminated timber structures. The timber comes from sustainably grown forests in Austria and is manufactured with European precision in the Czech Republic. Eurowood products are available in New Zealand and Australia. After successful presentation at DesignBuild Sydney in April, you can visit their stand in June in Auckland. More on www.buildnz.com.

Business and Trade Websites and Links

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

CzechInvest www.czechinvest.org

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

Tradeshows www.veletrhyavystavy.cz

Doing Business in the Czech Republic
www.doingbusiness.cz

Czech-Australian Chamber of Commerce in Sydney



Czech-Australian Chamber of
Commerce in Sydney Inc.

<http://czechchambersydney.com/>

Czech-New Zealand Business Association in Auckland



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

Distribution Information

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

**Czech – Australian - community networking events in Sydney and Melbourne
in March and April 2015.**

The Consulate of the Czech Republic in Sydney in cooperation with the CzechTrade office and the Czech-Australian Chamber of Commerce organized the second business networking event in Sydney and the first one in Melbourne. Altogether there were some 60 guests, majority of them were Czech nationals interested in starting goods import from the Czech Republic. Thank you, great turnout.

