

Czech Republic Trade with Australia & New Zealand

*Economic and Trade News from the Commercial Section of the Consulate of the Czech Republic in Sydney
- August 2012 -*

Czech Economy Briefs

The Moody's agency recently confirmed the **Czech Republic's A1 rating** with a stable outlook, which it said was mainly thanks to the Czech cabinet's commitment to fiscal consolidation amidst unfavourable macroeconomic situation as well as due to a limited impact of Europe's debt crisis. The banking system in the Czech Republic is very liquid and well capitalised, the agency noted. According to Moody's, the Czech Republic's rating could be upgraded given that there was a significant improvement in the government's balance sheet through a major reduction of debt.

Czech economy is predicted to fall by up to 1 percent this year, only to recover slightly next year with GDP rising around 1 percent on average, analysts have said. Weak domestic demand, caused by falling household consumption and austerity measures of the government, is the main reason behind the GDP contraction. External development will also have an adverse effect on the economy. Net export will be the main driving force of the economy this year again.

In June 2012, according to preliminary data of 'border statistics', current price exports and imports from and to the Czech Republic rose by 5.6% and 0.9%, year-on-year (y-o-y), respectively. The trade balance ended in a surplus of CZK 29.4 bn, which was by CZK 11.8 bn higher, y-o-y.

The Czech Republic has ranked well in the chart of the most attractive European countries for investors in the following three years. The chart is led by Germany, second comes Poland, followed by Great Britain, Russia, France, the Czech Republic and Romania.

Czech **jobless rate** remained the same as in the previous year **at 6.8 percent** in the second quarter of this year, and the number of jobless people reached 350,900, which is 500 fewer than in the same period a year ago according to the Czech Statistical Office.

Smaller banks (**Air Bank**, **Zuno Bank** and **Equa Bank**) that recently launched operations on the Czech market have acquired over 100,000 clients in total mostly from big domestic banks and client deposits reach tens of billions of crowns. New banks offer free account keeping fees, transparent services and better interest on saving accounts.

Business Briefs

Czech car maker **Skoda Auto** sold a record 493,000 cars in the first half of this year, a growth of 8.4 percent year-on-year. On markets in Eastern Europe the company sold more than 65,200 cars, a y-o-y growth of 31.1 percent. Sales in Central Europe increased by 4.6 percent to 66,600 cars. In China Skoda Auto sold over 120,700 cars, 7.6 percent more in a y-o-y comparison. Sales in India rose by 40.1 percent to 20,500 cars, of which almost two-thirds of vehicles were the new Rapid limousines. Skoda Auto, which is the biggest Czech car producer, plans to sell 1.5 million cars a year worldwide by 2018. Last year the company sold a record of 879,200 cars.

The international Prague-Ruzyně airport has started preparations for the change in its name to **Vaclav Havel Airport Prague** after former president Vaclav Havel, including graphics. The airport is to be renamed at a ceremony on October 5 when Havel would have marked his 76th birthday.

Avast Software filed the Initial Public Offering for \$90 million to be traded on Nasdaq under AVST. The major stockholders are Czech Eduard Kucera (30%) and Pavel Baudis (30%) who have been developing their antivirus software products for the last 24 years. By offering 9 million shares at a price range of \$9.00 to \$11.00 Avast Software will command a market value of \$850 million. Avast is a number one in the worldwide antivirus market with 17 % of the global share and 160 million users.

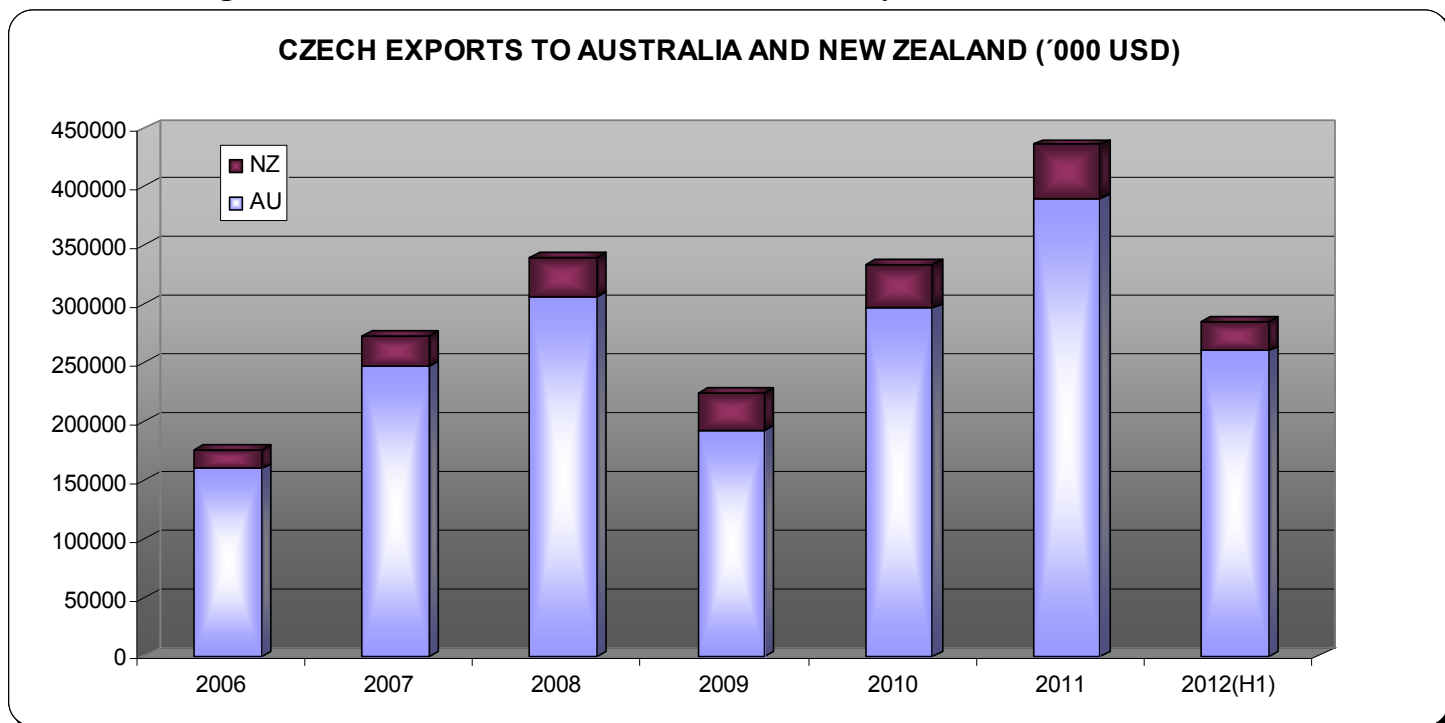
Czech construction machinery manufacturer **STROS** (Strojirny Sedlcany) has made its first sale of construction hoists to Australia, when a new customer from Sydney bought three of their NOV 2738 UP F7 hoists in dual configuration, that is six hoist cars in total.

These STROS hoists are put up on a prestigious project in Sydney, a complete refurbishment of the Royal North Shore Hospital. The project was contracted to Thiess, a leader among Australian general contractors.

Traditional Czech gun maker **CZ** (Ceska zbrojovka) announced 2011 as the most successful year in its history. Its revenues rose by ¼ and attained 2 bn CZK, and its net profit rose by 63% to CZK 0,25 bn. The company produced a record number of guns (180 thousand) which of 70% was exported.

Czech exports to Australia and New Zealand

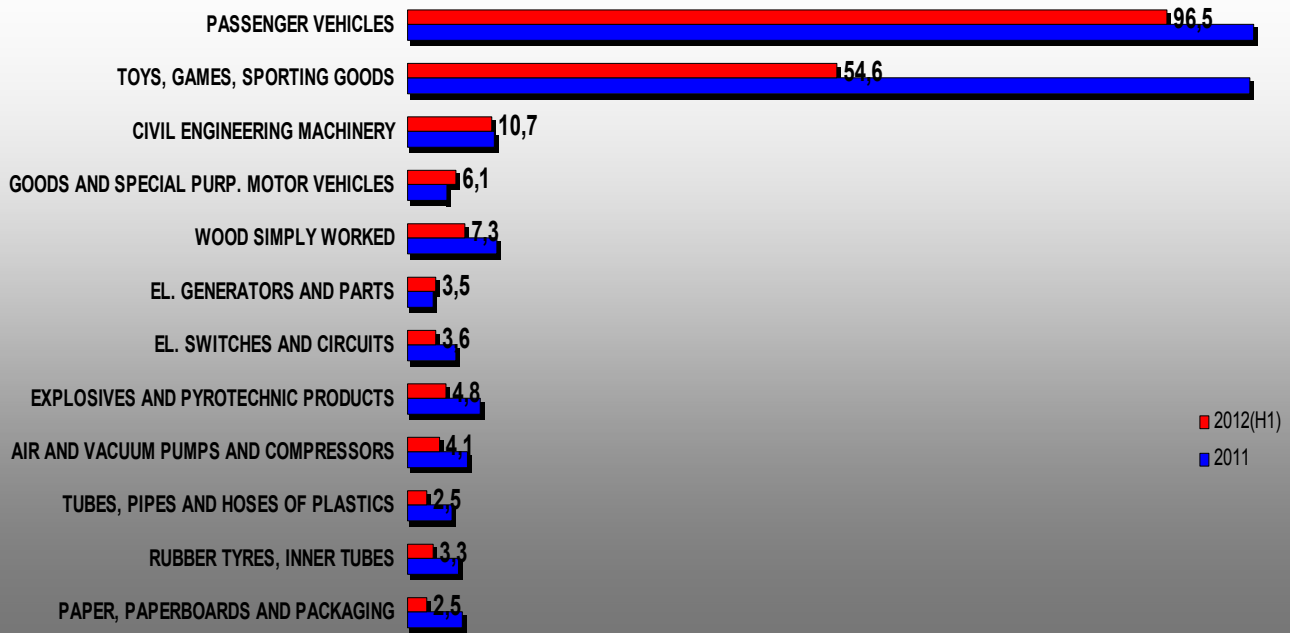
According to the latest export data of the Czech Statistical Office for the first half of the 2012 year, exports from the Czech Republic to Australia have reached 259 mil.USD and exports to New Zealand over 24 mil. USD. Export figures indicate strong trade performance, posting new record export volumes to both countries. Strong Australian dollar and weaker Czech crown may be seen as other contributor.



Toys and passenger vehicles remain the leading export articles to Australia and New Zealand in 2012.

Following graphs show the dynamics of major commodity exports in 2011 and H1 of 2012 in Australia:

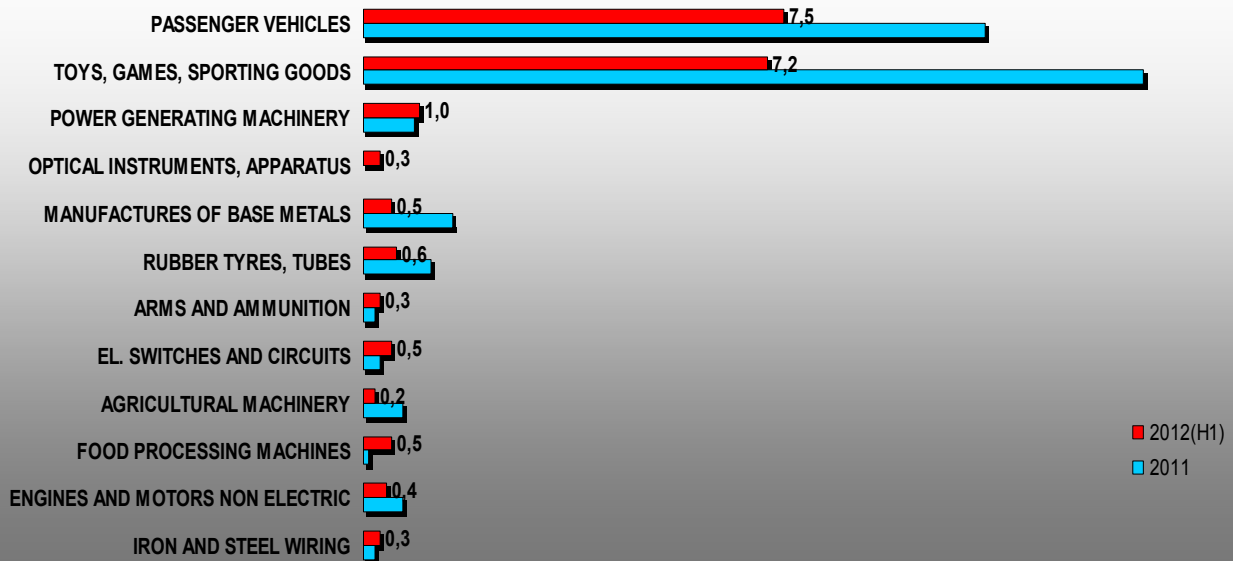
TOP CZECH EXPORTS TO AUSTRALIA (mil. USD)



The export of motor vehicles and engineering machinery is strongly increasing in the first half of 2012.

New Zealand:

TOP CZECH EXPORTS TO NEW ZEALAND (mil. USD)



Czech companies seeking for Australian and New Zealand partners

WATERSAVERS - is the manufacturer of unique products for water conservation. Our patented series of products include Lime Proof Flow-Restrictor Aerators for taps, shower hoses and Automatic Toilet Flow Reducers. Increase comfort with the highest possible savings.

Easy, clean installation will earn you 20-70% savings for water and energy.

Developed and designed by Czech engineers. It has been tested and used in Europe for over 7 years with incredible results.

WATERSAVERS are ideal for hotels, restaurants, hospitals, retirement homes, production facilities, schools, spas, sport centers and other facilities. In addition they can counterbalance high/low water pressure.

Company is seeking distributors in Australia and New Zealand.

Contact: Ms. Hana KORANDOVA, Marketing Manager
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Web: www.watersavers.eu

BOHEMIA REGENT - The beer shaped by history and age-old traditional Czech methods.

The Regent brewery has been established in 1379 in Třeboň, a medieval town of the House of Rosenbergs. Its exceptional position and the quality of brewed lager beer predestinated this brewery for export purposes as early as in 19th century, when it was owned by the House of Schwarzenbergs. After the Second World War, more then 50 years it worked as national enterprise. Since 2000 the brewery has become an independent private family brewery. Its yearly output makes about 80.000 hl.

The beer is brewed in the traditional Czech way from the best raw materials and according to the archive recipes. Years of experience, malt from the spring barley cultivated in Moravia, Saaz hops, and bottom fermenting yeasts from own propagation center are the quality guarantee of this reliable brand which meets the taste of a wide range of consumers. Nice hoppy taste and medium bitterness gives this beer very good drinkability. Therefore the beer is appreciated not only in the Czech lands, but also abroad, in Italy, France, Finland, the United Kingdom, the USA, Romania, Lithuania, Russia, China and other countries.

There is no doubt the beer could find its customers also in Australia and New Zealand. With our beer in bottles 0,5 l and in a very attractive bottles of 0,33 l we are looking for distributor in Australia and New Zealand.

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VIADIMOS – The GPR (Ground Penetrating Radar) LOZA is a geophysical device designed for non-destructive studying of soil structure at depths from 1 to 400 meters. Unlike its competitors, LOZA is an enhanced power GPR, operating in any wet environment, even in water.

With a help of the GPR method, VIADIMOS provides geological surveys performed when searching for minerals, metallic ore and non-metallic ore deposits. It allows for more accurate outline of productive layer and for quantification of mineral resources. The GPR method also allows for monitoring of groundwater level fluctuations and determination of groundwater and subsurface pollution. Further application of GPR LOZA can be evaluation of substance-polluted subsurfaces, 3D evaluation of archaeological finds, as well as detection of ecologically dangerous waste depots and soil inspection in process of infrastructure and construction development such as basements, railroad, highway beds or soil inspection of bridges, pillars, tunnels and other applications.

Company is looking for representation or JV partner for Australia and New Zealand.

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NANOVIA – Nanovia Ltd is the first company in the Czech Republic and practically even the first one in Europe having the capacity for industrial production of nanofibrous material. This capacity is used for manufacturing of barrier fabrics launched to the market under own brand names Nanovia AntiAllergy fabric, Nanovia AntiMicrobe fabric, Nanovia Waterproof fabric and filtration materials Nanovia.

Above mentioned materials are produced in metrage of 1 and 1,6m width (Nanovia AntiAllergy fabric is available in width 2,0 – 2,5 m) and are available for wide category of customers, who can use these materials for manufacturing their own innovative products supplied to the market under their own brand names.

Apart from manufacturing material launched under own brand names Company Nanovia Ltd offers as the only one in Europe it's own production capacity for custom-made nanofibrous material for different applications and

final products. Company has production technologies, which enable to effectively cover different substrates with nanofibrous layers from variety of polymers and this way create new materials with new usable qualities and parameters.

This offer is aimed at companies, which are thinking about bringing products with nanofibers to the Australian/ New Zealand market, but do not have own production capacity. Nanovia Ltd also offers these companies help with optimization of process producing nanofibres for their product.

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HASICI TECHNIKA CERVINKA – company was established in 1992 to provide service, distribution and reparation of fire extinguishers. Company has gradually developed its product range of services and started to produce its own fire extinguishers. In 2003 system of quality management has been certified according to standard line ISO 9001 and in 2006 the company reached the certificate for quality management systems according to the standard ISO 11602-2. Alongside with the major product line of fire extinguishers company provides its customers with hoses, hydrant systems and valves, streamlines and safety boxes, alarms and smoke detectors, fire blankets and vehicle safety accessories.

“Currently we are specializing in distribution of our product and service range in the Czech Republic as well as across EU. Our products sell in almost all Europe, Middle East and in Africa.”

Company is seeking distributor or JV partner for Australia and New Zealand.

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GRUND – Our company Grund a.s., was founded in 1990 as a manufacturer of fine bathroom accessories, specifically bath mats, also supplying shower curtains and bathroom ceramics. Since its inception as a family business operating from the Grund family’s home our company has grown into a major supplier, which today dominates its home market, the Czech Republic, and has a significant presence in number of EU countries. We export our products to more than 40 countries in the world. During last decade we have become the European leader in the bath textiles and accessories market.

Nowadays we employ around 200 employees in the Czech Republic and around 30 in our German subsidiary „Grund Deutschland“. We currently produce up to 15,000 bath mats per week, only using the best raw materials available. To control the yarn quality we produce it ourselves. As a result polyacryl yarn is very absorbent and dries quickly positioning itself ideally for bathrooms in frequent use. In designing our products we co-operate with international designers to develop world-class bath mats GRUND in its premium brand exclusively equipped with Swarovski elements, the finest crystal elements manufactured by Swarovski.

Expanding our export markets we would like to find partners in Australia and New Zealand to establish distribution for local market.

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Mityre Australia is the sole importer and wholesale distributor of Mitas brand tyres in Australia, specialising in off-road tyres for agricultural and industrial machinery as well as off-road, competition and adventure motorcycles. The company was formed in 2001 when the Czech multinational Motokov decided to cease operations in Australia and Mitas required a designated distributor for their quality range of Czech-made tyres.

At that time, the Australian tyre market was more or less divided into two levels - a firm premium being placed on well-established European and US brands like Michelin and Goodyear, with lesser-known brands struggling for market recognition. While the Mitas brand was a household name in Europe, it had almost no presence in Australia at the time.

Over the years, we have steadily built a reputation for Mitas as a high-quality European product and have developed a solid local market for this brand. The quality of the Czech product has always been superb from when their first factory started manufacturing tyres in Prague back in the 1930's until today where their production facilities include three plants in the Czech Republic, and additional plants in Serbia and the USA. Mitas tyres are found as standard equipment on tractors, farm implements and industrial machines from dozens of major manufacturers such as JCB, Caterpillar, John Deere, New Holland and Komatsu, and all products are manufactured to conform to the highest international certification.



A decade on, Mityre Australia has firmly established the Mitas brand in Australia and the company now operates from a purpose-built warehouse in the Melbourne suburb of Williamstown. A large number of tyre services and machinery dealers are now comfortable with the quality and value of the Czech product and sell and recommend Mitas tyres as a preference.

Mityre Australia originally imported Mitas motorcycle tyres as a small addition to the core agricultural & industrial tyre range, but now this segment stands on its own and is recording strong growth each year. This is due to the excellent quality of the product coupled with the recent growth of the off-road safari biking market both here in Australia and around the world, to which Mitas products are particularly well-suited.



We value Mitas as our principal supplier, with 40' containers landing every week and the products appearing on machines in all states and territories in Australia. We also value our connection with manufacturing in the Czech Republic, and with regular visits to the beautiful city of Prague, we maintain the strong relationships we have built with our Czech partners over the years.

Government of Western Australia presented business opportunities to Czech companies in Prague

In cooperation with Czech Ministry of Foreign Affairs and the Office of the Government of Western Australia in London, Consulate of the Czech Republic in Sydney organized introduction of investment and business opportunities in WA to the representatives of Czech industry on 28 June 2012 in Prague. Following strong interest from the Czech business sector may be resulting in the official Czech business mission to WA in the near future.

34th International Geological Congress in Brisbane, 5 – 10 August 2012

Czech Republic's **TESCAN** belongs to the global suppliers of scientific instruments. The company is building its reputation and brand name in the field of designing and manufacturing scanning electron microscopes and system solutions for different applications. TESCAN is once again being present at the major Australian congress event after successful presentation at the 10th Asia-Pacific Microscopy Conference in Perth earlier this year.

Drill 2012, Adelaide, 19 – 21 September 2012

Offroad Trucks Australia is the major sponsor of the exhibition of drilling industry in Adelaide, proudly representing iconic Czech made TATRA trucks in Australia. With Head office based in Maddington, WA and branches in Archerfield and Mackay, QLD, Offroad Trucks Australia predominantly supply Tatra trucks to the Australian mining sector. Tatra is the second oldest truck manufacturer in the world currently manufacturing modifications for defence, construction, mining, forestry, oil & gas exploration, communal and firefighting services.

Czech NANOTECH mission to Australia, Sydney – Melbourne – Brisbane, 9-19 October 2012

CzechInvest, Austrade and Consulate of the Czech Republic in Sydney present Czech Nanotechnology capability in the Australian roadshow. Presenting latest developments in progressive industry, Czech firms will introduce opportunities for cooperation to Australian subjects. Czech Nanotechnology ranks among the world elite, producing inventions such as nanofiber spinning machine. Some of the participating companies from the Czech Republic will be Elmarco, Tescan, Nafigate, SVCS.

Bohemia crystal at Home & Giving Fair Australia in Melbourne

Bohemia Crystal Pty Limited Australia closely represents the Glassworks and crystal producers in the Czech and Slovak Republics. These factories, which include Sklarny Bohemia Podebrady, Bohemia Crystalex Novybor, Crystalite Bohemia Svetla and Slovglass Poltar are exporters of fine products from the glassmakers of the Czech and Slovak Republics. Company has presented this production once again in an impressive display at this year H&G Fair in Melbourne. Bohemia Crystal services not only the Australian market but also New Zealand, South East Asia and the South Pacific Islands from their headquarters in Sydney Australia.

Business and Trade Websites

General Information www.czech.cz

Czech Supplier www.supplier.cz

CzechTrade www.czechtrade.cz

CzechInvest www.czechinvest.org

Tradeshows www.veletrhyavystavy.cz

Doing Business in the Czech Republic www.doingbusiness.cz

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