



CZECH REPUBLIC

TRADE REVIEW

Issue 12 / May 2014

Czech Economy Briefs

The **Czech National Bank** (CNB) in its new forecast improved its estimate for the development of the Czech economy, it expects a **2.6% GDP growth** this year and a 3.3% GDP growth next year. The Bank Board also indicated that the probability of continuing its current forex intervention regime was growing. The forecast expects keeping the Czech crown's rate near Kc 27.0/EUR till the beginning of next year.

Inflation in the second quarter of 2014 should reach 2.3% and in the third quarter 2.2%. Market interest rates should remain at the current very low levels another year. The European Commission estimates Czech GDP growth at 2 % for this year and at 2.4 % for 2015. The **unemployment** rate is forecast to reach 6.7% this year and 6.6 % in 2015.

Volume of new Czech **mortgage loans** up 3.9 % in Q1, 2014. The average interest rate on mortgage loans sank to 2.93% in March, the lowest level recorded. In 2013, compared to 2012, growth in the volume of the newly provided loans reached almost 23%.

The Czech prime minister, Bohuslav Sobotka, says the government's medium-term target is to raise **spending on defence** to the equivalent of 1.4% of the country's GDP. He said it was not aiming for the 2% encouraged by NATO, of which the Czech Republic is a member. Nevertheless, the country will reduce its military spending in 2015. On a recent visit to Prague the secretary general of NATO, Anders Fogh Rasmussen, called on the Czech Republic to boost defence spending.

Daily expenses of Russian **tourists** in the Czech Republic reach 1,903 Kč (106AUD), which is the highest amount of any tourist group; on average, visitors spend 1,369 Kč per person per day during their stay in the country, the Czech Statistical Office (ČSÚ) said. Swiss, American, Australian, Irish and Turkish visitors spend more than 1,500 Kč per day, and Hungarians, Poles, Austrians and Slovaks spend less than 1,000 Kč a day during their stay in the country. Annual foreign tourist numbers reach 25 million. The incoming tourism revenue totaled Kč 119 billion (6,6 bil.AUD) in 2012. Food, drinks and tobacco products, and clothing are the most frequent items on which tourists spend money. Also popular is glassware, ceramics and chinaware, as well as jewelry, gold and precious stones.

A plan to boost the long suffering **Czech construction sector** is being hatched by the government. It plans to release around 70 billion crowns over the next five years to promote energy saving alterations to buildings. A large slice of the money could come from European funds. The Ministry of Industry estimates the spending could create around 21,000 jobs. Some sceptics have warned that the Czech sector has contracted so much in the last five years that it could have problems dealing with such a sizable chunk of new demand.

Business Briefs

AXT Pty Ltd, a leading Australian supplier of scientific equipment has won the tender to supply the CSIRO Department of Earth Science and Resource Engineering with a Czech product **TESCAN** Integrated Minerals Analysis (TIMA) system. The TIMA is a Scanning Electron Microscope (SEM) system that has been specifically designed for the mining and minerals processing industry. It has been built to provide automated mineralogical analysis of geological samples. This installation marks the second **TESCAN SEM** installed in Perth in 6 months, with

Curtin University, Centre for Materials Research having installed a **TESCAN MIRA FEG-SEM** in December last year. **TESCAN** are a growing force in the design and sale of Electron Microscopes. With over a thousand microscopes sold worldwide they have a vibrant and creative R&D team that keep innovation a step ahead of the market. They are a fast growing company with growth over 30% each of the last two years.

Photon Energy Australia (a company with Czech roots) has connected one of the biggest rooftop solar power plants in Australia in Sydney. The 284 kWp power plant is located in a major office building in Sydney's Commercial Business District. As the building's main daytime power source and will dramatically reduce the building's utility bills and help achieve a high NABERS and Green Star Rating. With new financing options and no need for upfront investment costs for customers solar energy is fast becoming the most cost effective way of achieving energy efficiency.

Production of **passenger vehicles** in the Czech Republic **grew by 13.4%** to 324,082 vehicles in the first quarter of this year and Skoda Auto's production was a quarter higher than a year ago, the Automotive Industry Association announced recently. The output of car maker Hyundai Nošovice grew as well - by 3.4 %. On the other hand, rival TPCA (Toyota Peugeot Citroen Automobile) Kolín registered a 6.6 % drop in output due to the launch of production of new models. Production of buses increased annually by 31% to record 744 buses in Q1 2014. The main producers are Iveco Czech Republic. Truck production from the sole producer Tatra fell by three units to 154 trucks. Production of motorcycles of the only producer Jawa Moto grew by three quarters to 545 motorcycles. Production of trailers and semi-trailers rose by a fifth to 6,127 units.

DT - Výhybkárna a strojírna, a.s. – The important Czech manufacturer of turnout trackwork with a long-term tradition dedicated to turnout trackwork development, design, manufacture and regeneration with products for railway, underground and tramway tracks is planning to open an office in Sydney to be closer to the growing market. The company has exported to Australia for four years.

Czech car maker **Škoda Auto** made an operating profit of EUR185mil. in the first quarter of this year, a growth of 65.2% compared to the first quarter of 2013, Škoda's parent company Volkswagen announced. Škoda's biggest markets are China and Germany. It sold a record 247,200 cars in January-March, an increase of 12.1% year-on-year. In 2013, Skoda sold a total of 920,800 vehicles.

Pilsen Region took first place in foreign direct investment strategy and second place among Eastern Europe's most promising regions overall in a survey published by the Financial Times. In the category of top 10 Eastern European Cities, **Pilsen** ranked highest among Czech cities. Pilsen is a **European Capital of Culture 2015**, which brings the unique sponsorship opportunities. A large exhibition of New Zealand's Maori painter and Pilsen born Gottfried Lindauer is being organised.

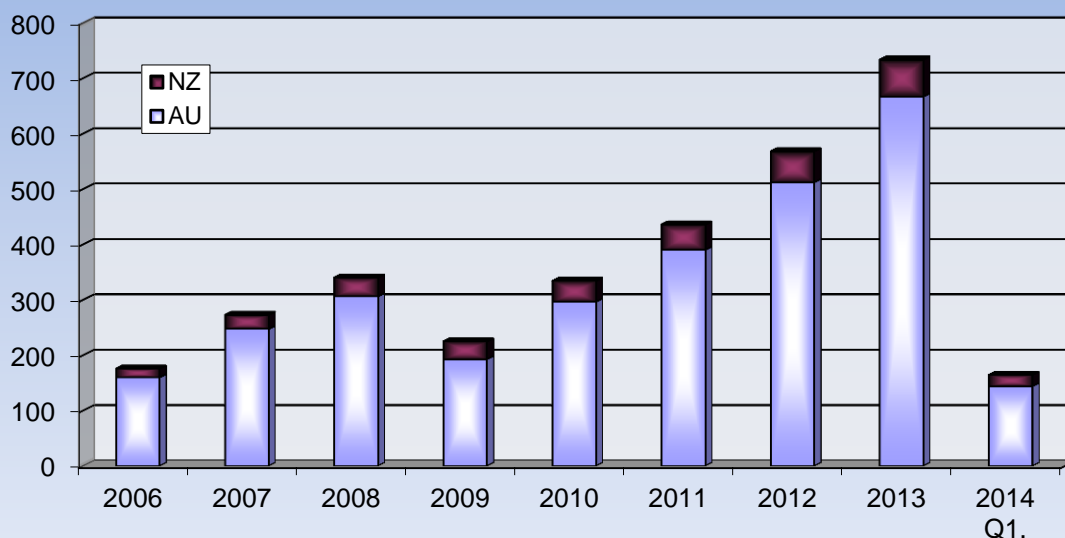
A concrete design company Gravelli has been awarded the best Czech innovation 2013 with their product **LiCrete®** a newcomer among construction materials. It is made from concrete and transparent elements that serve as an internal light conductor. Thanks to its revolutionary qualities, it will offer new possibilities in the world of architecture and interior design.

Austin Detonator s.r.o. is a traditional manufacturer of initiation systems for industrial blasting operation. The company is an important technological and research base for production and further development of initiation systems. The production beginnings date back to 1953, when the first industrial detonator was made in the Moravian plant in Vsetín. Austin Detonator is one of the leading European manufacturers. 90% of production is exported. Due to growing demands of Australian customers, a representative of the company will be present from June 2014 in Brisbane office.

Czech exports to Australia and New Zealand

According to the latest export data of the Czech Statistical Office for the first quarter of the 2014, exports from the Czech Republic to Australia have reached 144 mil.USD and exports to New Zealand 20 mil.USD. Combined export figures indicate export drop of 15% compared with the first three months of 2013. Reduced exports to Australia (by 20% for the Q1 of 2014 compared to Q1 of 2013) have been slightly offset by export increase to New Zealand (by 33% for the Q1 of 2014 compared to Q1 of 2013). Large part of export drop in Australia is seen in machinery and engineering equipment, whereas export increase to New Zealand is attributed mainly to increased volumes of Škoda passenger vehicles. Overall export to the territory for the year end March 2014 is up by 13% than the year before.

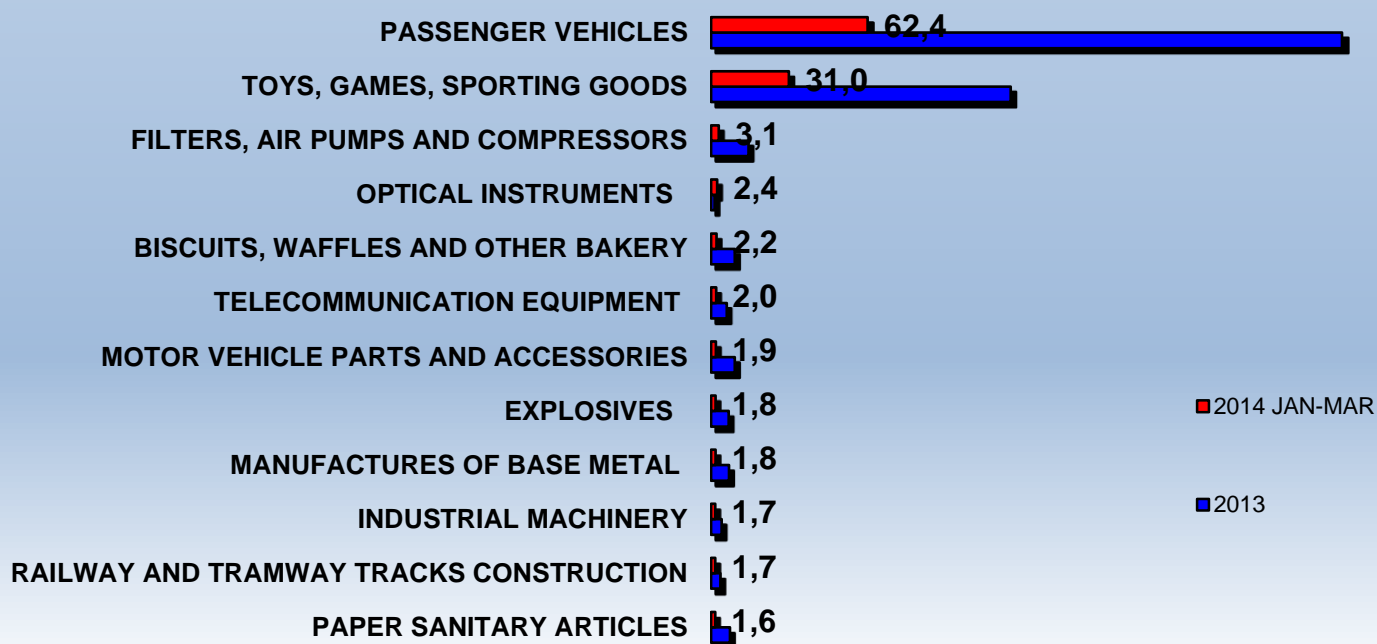
CZECH EXPORTS TO AUSTRALIA AND NEW ZEALAND (mil. USD)



Passenger vehicles and toys remain the leading export articles to Australia and New Zealand in 2014.

Following graph displays the dynamics of major commodity exports in 2013 and first three months of 2014 in Australia:

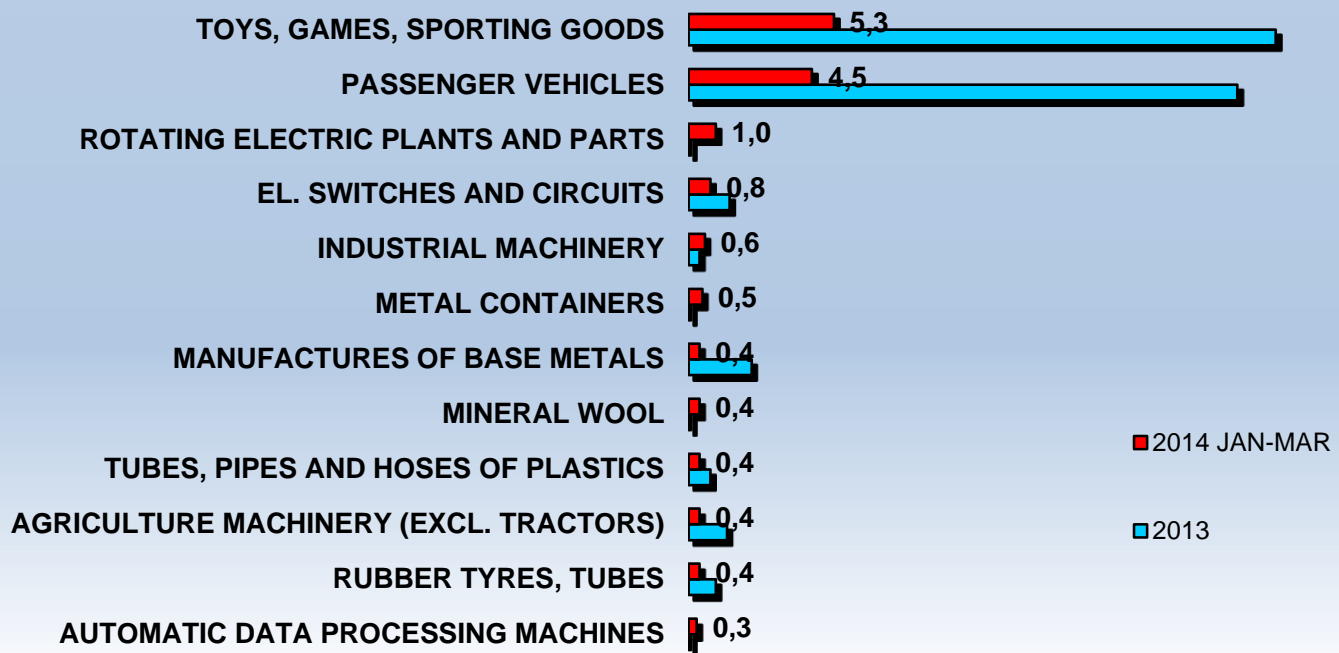
TOP CZECH EXPORTS TO AUSTRALIA (mil. USD)



Private business investment decline in Australia, mainly in mining, may be seen as the reason for slowing orders of machinery and engineering equipment from the Czech Republic. Exports of two main articles Škoda passenger vehicles and Lego toys remain on the track of last year's performance.

Following graph displays the dynamics of major commodity exports in 2013 and first quarter of 2014 in New Zealand:

TOP CZECH EXPORTS TO NEW ZEALAND (mil. USD)



In New Zealand, the most notable increase in export volume in first three months of 2014 is by Škoda passenger vehicles, rising by 66%, however partially offset by export decline of Lego toys by 23%, compared with the same period of 2013. Seasonality and pre-stocking may be influencing indicated trend.

Czech companies seeking for Australian and New Zealand partners

XENIUM Europe Ltd. is a Czech company, part of a holding group, with a tradition of 16 years. Xenium belongs to the leading producers of efficient lighting in Europe. We specialize mainly in industrial and public lighting based on **LED technologies** made from proven branded components. We provide our customers with a complex turn-key solution in the area of **indoor and outdoor lighting**. We have references from significant Czech and international companies in the power engineering field.

We offer supplies of quality LED technologies of our own brand, attractive prices, opportunity to hire our products for testing, developed and flexible technical support, calculation of payback period, expert opinion, possibly measurement of current lighting, flexible and individual approach, guarantee of a quick warranty claim solving – replacement of the product by the same one,

We are prepared to offer individual business cooperation including marketing and technical support to distribution, projection and implementation companies. We look for the partners in Australia and New Zealand.

Contact: Mrs. Broni BREZNA, Export Manager
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E-mail: brezna@xenium.cz
Web: www.xenium.cz

VARI a.s. – A Czech joint-stock company dealing with manufacture and sale of small farming, garden and communal machinery and accessories with a tradition of more than 45 years.

Main product lines:

- Drum mowers – a rotating disc with four blades; the cut grass remains lying in rows, it is possible to use it for feeding or drying
- Mulchers – a specially shaped blade; it cuts the grass into small pieces, they remain lying on the surface, there is no need to remove the grass and it serves as a natural fertilizer
- VARI System – a modular system of multi-purpose minitractors based on a concept of two gearboxes with wide variety of accessories for soil works, grass cutting, roads cleaning, etc.

We export to almost 30 countries in the world especially in Europe and Africa. VARI is seeking for importers and distributors in Australia and New Zealand.

Contact: Ms. Lucie FARKACOVA, Export Manager
Telephone: + 420 778 440 898
E-mail: Farkacova.L@vari.cz
Web: www.vari.cz

PRECIOSA JEWELLERY&GIFTS - based on a longstanding Czech glassmaking tradition, is ranked among global players in the **jewellery and gifts** market. Our high-class crystal products spring from unique combination of traditional craftsmanship, modern sophisticated technologies and timeless art design. Friendly, personalized customer service and design innovations also belong to the corner-stone of our business.

We offer top-quality brand products for convenient prices. Our jewels and gifts are unique with their material - *Genuine Czech Crystal™* - and its perfect treatment. We are proud of extraordinary optical features of our crystal products: high brilliance, excellent purity and lively sparkle. Preciosa Jewellery&Gifts next advantage is a glamorous presentation of its collection. You can visit our luxury points of sale in many countries all over the world.

Preciosa has been considering entering the Australian market. We look for a partner.

Contact: Ms. Veronika BIROVA, Export Specialist
Mobile: + 420 488 115 440, **Fax:** + 420 488 115 658
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Web: www.preciosa.com

RAVAK a.s. was founded in 1991 and over the last 23 years has become the leader in **sanitary manufacturing** in Central and Eastern Europe, having two manufacturing plants in the Czech republic and one in Hungary. Approximately 70% of the production is exported to more than 50 countries around the world. In 12 of them we have our own subsidiary. We have over 800 employees.

We cooperate with one of the most accredited design centers in the world, Design Studio Storz which participated in developing the image of such cars as BMW, Audi, Porsche or sports design for Nike or Adidas. Together with these top-designers RAVAK was able to achieve a perfect harmonious balance between technical perfection, creative and ergonomic design.

RAVAK has built its own machinery plant, unique powder-painting room and a galvanization plant. RAVAK is also a creator of some unique technical solutions, patented technologies and chemical materials. Quality and outstanding design are for us a commonplace. We focus on customer-orientated products that are comfortable, useful, reliable and beautiful at the same time. RAVAK's key competitive advantage lies in the creation of complete bathroom concepts and tailored solutions. We offer six complete

bathroom solutions and the last one, concept Chrome, is the most comprehensive bathroom concept in the world.

For more information about distribution cooperation in Australia and New Zealand, please contact:

Contact: Mrs. Vera MIKOVA
Telephone: +420 733 162 315
E-mail: vera.mikova@ravak.com
Web: www.ravak.com

ADART COMPUTERS s.r.o. – our company has been working on the Czech market since 1996 and belongs to one of the leading distributors of the mobile phone and Android tablets incl. accessories. Our products are sold under our own brand name ALIGATOR and we are the seller No.1 of senior mobiles in the Czech Republic. For the Australian and New Zealand market we would like to offer following products:

- **mobile phones for seniors** (elderly people),
- **smart phones,**
- **special waterproof mobile phones for the use in extreme outdoor conditions,**
- **Android tablets.**

We would like to find a reliable company who could work with us on both Australian and New Zealand markets as a commission agent with the aim to establish long-term business cooperation.

Contact: Mr. Ladislav KADLEC
E-mail: kadlec@adart.cz
Web: www.aligator.cz

PARAGAN is a **horse truck producer and developer** since 1990. Horse trucks are built on Opel, Fiat, Renault, Peugeot and Citroen chassis with the main production of 3,5t horse trucks for 2 horses, up to 5 seats, up to 3 bunks, driveable with driver license B - car type. Paragan offers two types of stall for horses: free stand and classic stall. With adjustable breast, head and sliding partitions, it is possible to transport horses with behavioral issues and prevent them from biting and hurting each other. It is also possible to create more space for mare and foal to travel together in one box.

For more information about distribution cooperation in Australia and New Zealand, please contact:

Contact: Ms. Petra MOULDS
Telephone: +420 581 698 721
E-mail: pmoulds@paragan.cz
Web: www.paraganhorseboxes.com

PoS (Policke Strojirny) - Est. 1920 - Traditional and Stable, European Certified Machinery Manufacturer - Your Reliable Partner for Co-operation in Australia.

POS produces and delivers European Quality Components and **Technology** brand name HEFA® for large fuel depots, i.e. hardware components for filtration, air separation (deairation), precise calibrated measurement (volume and mass flow meters) and distribution (**valves, pumps, nozzles, QR, fittings and accessories**) for **fuels, mineral oils, LPG and some other chemical liquids** by means of special top loading and bottom loading arms. The components (and also whole skids and filling stacades) serve for filtration, measurement and accurate certified deliveries of the fuels and some other liquids mainly on refinery fuel depots, tank truck loading stations, refuelling of locomotives, airplanes, ships and trucks.

Some of the major projects and references include: Polish Liquip Corp.- components and loading arms for fuel depots, LUKOIL, Gaspromneft, Rosneft, – Refinery Fuel Depots Distribution Skids and Terminals, Port Bratislava - Riverboats Filling Station, Kosovo, Caslav, Namest – NATO Air Base Fuel Depots; Componets and Skids for fuel depot projects all over the Europe, Russia, Iraq, Southeast Asia, etc.

PoS is currently looking for completion and business partner for Australia for common deliveries of certified skids and fuel depot estacades for petrochemical refineries, chemical plants, vegetable oil mills, ports, airfields, etc.

Contact: Mr. Miroslav VLCEK
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E-mail: vlcek@pos.cz
Web: http://www.pos.cz/htm/en_hefa.htm

DEONAR - DSP Přerov is a business-engineering company, producing wide range of machines for **processing of different kinds of raw material** and recycling of building waste (crushing, screening and transportation). The machines are delivered as either separate products or as mobile or semi mobile crushing or screening units.

As the Crushers, Screens, Dewatering Wheels, Log Washers or Feeders from Deonar are world known, the company is currently looking for business partners to expand in Australia.

Contact: Mr. Martin TROUSIL
Telephone: +420 603 515 773
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Web: www.dspprerov.cz

BALVINGLASS s.r.o. is a **Bohemia Glass manufacturer** with own capital and own technologies. We are currently seeking potential wholesale distribution points or agents with or without exclusivity for the market or for a type of a product only.

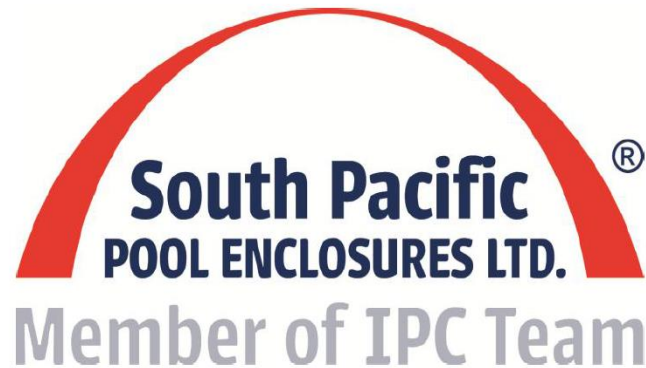
We are a family run company which has strong portfolio of clients starting with small corner shop and ending with referential clients such as Ministry of Foreign Affairs of the Czech Republic.

We have a product range that includes design glassware, historical (baroque, art nouveau and renaissance) glassware, Bohemia Crystal and Glass products as well as Gastro glassware products and we would like to find some active partner on the market.

Contact: BALVINGLASS
Telephone: +420 602 606 520
E-mail: obchod@balvinglass.cz
Web: www.balvinglass.cz

Introducing: Alukov in New Zealand and Australia

Alukov in New Zealand - **South Pacific Pool Enclosures**



South Pacific Pool Enclosures have had a working relationship with Alukov one of Europe's largest manufacturers of Telescopic Pool Enclosures, Spa Domes and Veranda Enclosures since 2007.

Alukov exports to 37 countries and employ up to 400 staff at the peak time of the year. SPPE is part of the Inter Pool Cover Team who are privately owned dealers working with Alukov. We also introduced this product to Australia which now operates as The Pool Enclosure Company.

We found this product during a visit with our extended Czech family at Eden 3000 Home Expo Centre.. Having the opportunity to introduce a new product into your homeland is both exciting and daunting. However Alukov have made this possible due to their excellent staff and the support that they have given to us.

Below is a sample of some of the enclosures that we have installed around New Zealand. To date we have installed 36 enclosures to a variety of clients. Whether the enclosure is low or high our clients can now swim 365 days of the year. Due to the greenhouse effect our clients only need to heat their pools on the fringe of Autumn/Spring and during Winter they also enjoy reduced costs for heating during these time, less maintenance and chemical use is another benefit of an enclosure which is also fully lockable for the ultimate in child/pet safety.

South Pacific Pool Enclosures is owned by Roland & Wendy Paulik, Roland is of Czech descent his father Mirek Paulik immigrated to New Zealand in the 1950's. He held the position of Honary Consulate for the Czech Republic for 25 years. It was his dream to have working relationships between our 2 countries and we are extremely pleased that we have made this possible unfortunately he is not alive to share this dream with us.

www.poolenclosures.co.nz

email - sp.poolenclosures@xtra.co.nz



Alukov in Australia - **The Pool Enclosure Company**



The Pool Enclosure Company:

The Pool Enclosure Company (TPEC) represents IPC/Alukov, a world leading telescopic enclosure manufacturer from the Czech Republic. TPEC was founded in 2010 in Victoria and have quickly become the industry leaders in Australia, providing great end-to-end service and delivering elegant and versatile retractable enclosures and spa domes, with both residential and commercial product capabilities.

We recently won the major product Award for the industry at the Swimming Pool and Spas Association (SPASA) Awards of Excellence – Gold in the sustainability category.

TPEC recently completed a commercial enclosure project for the Randwick City Council, enclosing their learn-to-swim/wading pool to allow year-round usage. We also sponsor Australia's leading marathon swimmer – Chloe McCardel. She has been a great ambassador for TPEC.

Retractable pool and spa enclosures are designed to provide year round pool and spa usage, reduced pool heating costs, water evaporation, chemical use and debris cleaning as well as increases water temperature and safety. Enclosures also allow the pool to be opened up again within minutes, providing the most versatile, stylish and cost effective solution for enclosing a pool or spa. TPEC enclosures are becoming the most popular method of enclosing a swimming pools in Australia – with support of a great Czech supplier, TPEC are changing the way Australians use and manage their pools.

The Pool Enclosure Company Pty Ltd

19 Koornang road, Scoresby, Victoria

1300 658 285

info@thepoolenclosurecompany.com.au

www.thepoolenclosurecompany.com.au

Tradeshows, Exhibitions, Events

CeBIT 2014

May 5 – 7,
2014, Sydney
Olympic
Park

The Czech stand at CeBIT 2014 in Sydney introduced three Czech ICT companies. **Alcoma** (www.alcoma.com) - providing cost effective point to point microwave and millimeter wave radio relay solutions with Ethernet, PDH and SDH interfaces and their combinations. **Anect** (www.anect.cz) is a leading supplier of professional information and communication technology solutions. **Invea-Tech** (www.invea.com) develops and markets comprehensive network solutions for networks from 10 Mbps to 100 Gbps. It provides complete range of products and services for network security, network monitoring, traffic analysis, hardware acceleration.

EMEX Auckland New Zealand

May 27 – 29,
2014, ASB
Showgrounds

The largest national trade event for the manufacturing, engineering, machinery & electronics industries showcasing engineering innovation to New Zealand businesses and the world. **Pacific GSM Ltd** is going to present the latest innovations based on the Czech **JABLOTRON Group** - world producer of security and communications technology.

Fine Food 2014

September
15-18, 2014,
Melbourne

Expect over 1000 exhibitors from 45 countries including the Czech Republic. Usually some 26 000 visitors attend the exhibition. The CzechTrade office invites the Czech companies to participate.

Future Forces Prague 2014

October 15 -
17, 2014,
Prague

Highly recognised international biannual event in defence and security field under the auspices of NATO and FBI in particular. It is a unique show that brings together industry, military and civil experts. Australian Soldier System Expert delegation has confirmed its presence.

Business and Trade Websites and Links

CzechTrade 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

<http://czechchambersydney.com/>

Czech-New Zealand Business Association in



Auckland

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

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