

1. Investment Opportunities in the Czech Republic

The Czech Republic has attracted a large amount of foreign direct investment (FDI) since 1990, making it one of the most successful transition countries in terms of FDI per capita. The introduction of investment incentives in 1998 stimulated a massive inflow of foreign direct investment in greenfield and brownfield projects. The Czech Republic's accession to the European Union in 2004 further boosted investment.

The Czech Republic's key advantages as an investment location include:

- Foreign direct investment in all sectors and from all countries is welcome and there are no restrictions on the level of investment or ownership.
- The country's strategic location in Central Europe enables excellent access to other European markets.
- The "knowledge pipeline" in the Czech Republic is of higher quality than in most western European countries, enhanced by stronger enrolment in secondary education and evidenced by a higher level of performance in mathematics tests at the secondary level and a proportionately higher number of tertiary-level science and technology graduates.
- The skilled and disciplined Czech workforce is ready to help companies achieve higher levels of productivity.

REAL ESTATE INVESTMENTS

In general, the Czech property market currently offers many good investment opportunities, especially with regard to office, industrial and residential spaces as demand for high-quality real estate of all types is growing. CzechInvest now also provides special financial aid and consulting services for developers and real estate investors. CzechInvest is able to identify real estate opportunities mainly involving industrial properties and facilities suitable for business support services or R&D. Please contact CzechInvest directly for further information on other areas of the real estate market, or you can contact Czech-based consultants or members of the Association for Foreign Investment (www.afi.cz) who can help you.

The Czech Republic offers excellent conditions both for greenfield and brownfield investments. CzechInvest maintains its own national business-properties database of suitable industrial sites and buildings around the country that have clear title, industrial zoning permission and developed technical infrastructure. The country has 103 municipal industrial zones created through the government's industrial-zone development programme, in which CzechInvest plays a major role. Investors locating operations in municipal industrial zones will receive fully serviced land at favourable prices. Projects meeting the eligibility criteria can receive investment incentives including tax relief, job-creation grants, training grants and other forms of aid. Moreover, it is possible to receive additional financial assistance for brownfield projects, particularly from EU Structural Funds.

JOINT VENTURES, LONG-TERM COOPERATION AND SUPPLIERS

If you are considering looking for a joint-venture partner in the Czech Republic, CzechInvest can offer you recommendations of suitable companies through its database of manufacturing firms, in which it is possible to filter companies according to their interest in forming a joint venture. We will arrange meetings with potential partners and organise visits to their production facilities.

Thanks to our partners from the Association for Foreign Investment, we are also able to arrange contacts to law offices and consulting firms that assist investors with the actual establishment of joint ventures.

According to CzechInvest's experience in the area of joint ventures, foreign investors expect from Czech partners primarily flexibility, an innovative approach and knowledge specific to the local environment. Conversely, small and medium-sized Czech suppliers are looking for stronger partners with the aim of gaining access to distribution networks, specialist knowledge and financial resources. Cooperation often begins with short-term projects and develops into a long-term partnership.

General Supplier Database

CzechInvest is also implementing a Supplier Development Project designed to boost the number of foreign investors that are increasing their use of Czech-based suppliers. Within this project, CzechInvest organises purchasing forums for multinational companies with operations in the Czech Republic.

CzechInvest's fundamental tool for seeking out suitable business partners is comprised of its sector databases of Czech companies. These databases contain nearly 3,000 high-quality records with a broad scope of information on Czech suppliers interested in long-term cooperation with foreign partners. The databases are regularly updated and supplemented according to the demands of foreign companies, and contain companies from the following sectors: aerospace, automotive, electronics and electrical engineering, ICT, subcontracting – plastics, subcontracting – metal, materials, packaging and engineering, healthcare-pharmacy-biotechnology.

ACQUISITION OF PRIVATE COMPANIES

The Czech Republic offers good opportunities to acquire either privatised companies or new start-ups. Though CzechInvest is prepared to provide general information on the investment and business climate in the Czech Republic, we regret that we do not have the resources to play an active role in identifying local companies as potential acquisition targets. We recommend approaching a Czech-based consultant who can provide direct assistance. Your country's embassy should be able to supply you with a list of such consultants, or you can approach a member of the Association of Foreign Investment (www.afi.cz).

INVESTMENT OPPORTUNITIES IN SPECIFIC SECTORS

Manufacturing: Investment in high-tech manufacturing sectors offers excellent potential due to the Czech Republic's long and rich industrial heritage and is strongly supported through government aid programmes including the investment incentives scheme. Support for investment in high-tech manufacturing is at the core of CzechInvest's activities.

Utilities: The electricity and water utilities sectors are still in the process of privatisation. All enquiries about producers and distributors in these sectors should be addressed directly to the Ministry of Industry and Trade (www.mpo.cz).

Business support services and technology centres: These include customer contact centres, shared services centres, expert solution centres, software development, research and development centres, design centres and high-tech repair centres. The Czech Republic aims to become the regional hub for these services and CzechInvest has made attracting foreign direct investment into business support services one of its priorities. Support for investment in such services has recently been introduced, specifically through the Framework Programme for Support of Technology Centres and Centres of Business Support Services.

Financial services: Privatisation of the banking sector is almost complete but there are still some very good investment opportunities in the financial services sector as demand for these services is increasing. Nevertheless, CzechInvest regrets that it does not have the resources to play an active role in aiding investments in financial services. Contact the Association of Foreign Investment for help.

R&D: The Czech Republic's spending on R&D has increased continually over the past ten years. In 2004, the country became a member of the European Union, which spurred an additional increase of support for science and research. The country has gained access to a variety of European funds and programmes, such as EU Structural and Cohesion Funds. These funds can be used particularly for development of R&D infrastructure and companies' innovation activities. See Fact Sheet 12 for more information.

Tourism and other services: These sectors offer many good investment opportunities. Unfortunately, however, CzechInvest does not have the resources to play an active role in these projects. We recommend approaching a Czech-based consultant or the Association for Foreign Investment.