

Main sectoral news of 2011 – Brief overview

Life Sciences

The number of members of the **CzechBio** and **MedChemBio** clusters, which CzechInvest helped to establish, exceeded 25 entities in each of these associations (members are representatives of the commercial sphere as well as science and research institutes); The European Commission approved the provision of financial support from the Operational Programme Research and Development for Innovation for the prepared centres of excellence **CEITEC** (Brno), **BIOCEV** (Prague), **ICRC** (Brno) and **ELI** (Prague), with which CzechInvest actively cooperates in offering contractual research in the Czech Republic; The French pharmaceutical giant **Sanofi-Aventis** completed its acquisition of **Zentiva** and strengthened its generics division especially with respect to the eastern markets of the EU, Turkey and Russia; **Linet** is continuing to innovate technologically in the area of design and is a leading producer of hospital beds in the EU (with its main markets in Spain, Mexico and Italy); The Israeli company **TEVA** (the world leader in production of generic drugs), which is expanding its plant in Opava with the aid of investment incentives from CzechInvest (provided twice), produces at its new plant eight billion tablets per year, which is roughly one-tenth of annual global production. This is the largest investment in the pharmaceutical industry in the Czech Republic since 1989; The American firm **Gilead Sciences** earns approximately USD 800 million annually from Viread and Hepsera drugs, the active ingredient of which was developed in the laboratory of Professor Antonín Holý of the Academy of Sciences of the Czech Republic; In November, a **Czech-Mexican seminar** of medical firms was held during the Medica trade fair in Dusseldorf with approximately 40 attendees.

Automotive

The significant recovery of the global economy in the second half of 2010 and first half of 2011 contributed to the sharp growth of automotive production. Thanks to this, in 2010 Czech carmakers manufactured more than **one million** motor vehicles for the first time; The automotive industry's share in industrial production also grew, to 21.2%. In the first six months of 2011 automotive production grew by 13.85% year-on-year (source: SAP); **Škoda Auto** discontinued vehicle manufacturing at its plant in Vrchlabí and, with CzechInvest's assistance, replaced it with production of transmissions. Škoda Auto also fundamentally changed its corporate design; With assistance from CzechInvest, **Hyundai Motor Manufacturing Czech** is investing CZK 3.1 billion in its factory so that it will be able to increase its maximum capacity to 300,000 vehicles per year. The company plans to hire 1,350 additional employees by the end of 2011. Another major investment is the construction of a transmission factory covering 17,000 m² and employing 260 workers; In January 2011 the decision was reached to award incentives to the Italian company **Brembo**, which will manufacture brake discs in Ostrava. The anticipated investment amount is EUR 35 million; At the end of 2010 **Delphi Packard Electric** announced the termination of its manufacturing operation in Česká Lípa and its transfer to Romania; The Chinese company **YAPP Automotive Parts Co., Ltd.** invested CZK 252 million in the expansion of its manufacturing plant near Mladá Boleslav; CzechInvest also supported an investment undertaken by the company **Robert Bosch**, which is planning to expand production of pumps and fuel systems in České Budějovice. This involves an investment in the value of CZK 1.4 billion and the creation of 400 new jobs; In November 2011 implementation of the **Centre for Sustainable Mobility Vehicles** began at the Roztoky Science and Technology Park. The objective of this project is to create a new facility with modern equipment which, through its activities and results, will build on the successful Josef Božek Research Centres I and II. Aid in the total amount of CZK 195,667,200 was obtained from the Operational Programme Enterprise and Innovation for implementation of the project, completion of which is planned for 31 December 2012; The **Transport Research Centre** is building its new CDV Plus research centre in Brno. Construction will be financed from European funds

and the state budget. The total investment amount will reach CZK 463.1 million; In June 2011 the number of vehicles powered by compressed natural gas (CNG) in the Czech Republic rose to 3,075, a year-on-year increase of 23%. There are 34 CNG filling stations in the Czech Republic.

Electrical engineering and electronics

CzechInvest supported the development of education and employment by organising a **Technology Day** event at the Faculty of Electrical Engineering and Communication at Brno University of Technology in November and the **Microelectronics in the Czech Republic** workshop (Faculty of Electrical Engineering, Czech Technical University, Prague) in January; The agency also supported the **JobFair** for students and graduates at Brno University of Technology on 28 April 2011. CzechInvest thus substantially contributed to cooperation between private companies and universities and creation of a platform for sharing experience and requirements for the future technical elite of the Czech Republic; With CzechInvest's assistance, **Wistron Group** is constructing an LCD-television manufacturing plant near Brno. Part of the project comprises the construction of a repair centre for computer motherboards and LCD televisions. The plant's capacity is 2-4 million televisions per year; **Siemens** is significantly increasing its workforce in the Czech Republic; The Taiwanese firm **Qisda** is discontinuing its production of monitors in Brno after six years; In March 2011 **Celestica** announced that it was terminating production of flat connection discs at its plant in Kladno; **Foxconn** expanded its production and completion of electronic components in Pardubice. The European Commission decided to locate the headquarters of the **Galileo** global navigation system in Prague; In March the European Commission approved the **Extreme Light Infrastructure** project in the town of Dolní Břežany near Prague. Construction of a laser centre in the value of CZK 7 billion will be funded from the Operational Programme Research and Development for Innovation.

Mechanical engineering

Active cooperation with the **Association of Engineering Technology**, which is a member of the prestigious CECIMO organisation (associating global machine-tool manufacturers; the Czech Republic is the only member from the former Eastern Bloc) is underway. A project of the company **Consorta** – financed from the EU Training Centre funds – supports the establishment of a training centre for machine-tool operators in the Central Bohemia region, where foreign and domestic firms in the mechanical-engineering sector will be able to have their personnel trained, thus contributing to eliminating the significant obstacle posed by a lack of skilled workers; The **Research Institute of Textile Machines** in Liberec is establishing a research and application centre for laser milling machines with support from EU structural funds; **Siemens – Kolejová vozidla** plans to double the number of developers to 200 in Prague and Ostrava by the end of 2012; A new metallurgy-materials centre for research of new metallic materials, e.g. for applications in nuclear engineering, is being built in the town of Dobřany, near Plzeň; **Edwards** has opened a new plant for manufacturing pumps in Lutín with 200 employees, the investment's total value is CZK 244 million; **Gestamp** announced a project to build a new production facility for metal pressings at the Triangle-Žatec industrial zone with 250 employees; **ArcelorMittal Ostrava** is planning to expand its steel plant; One of the most significant Japanese firms in the area of machine tools, **Yamazaki Mazak**, built a technology centre in the town of Jažlovice near Prague. The centre will begin operation at the beginning of 2012.

Cleantech

In the cleantech sector, the Czech Republic is in the sights of companies focusing primarily on **wind energy, waste management, solar power and biogas stations**. Our activities have led to the development of already existing clusters and multinational companies together with their production and research activities; An example of this is the Japanese company **Kyocera**, which is investing CZK

700 million crowns in a new manufacturing facility and will thus create approximately 400 new jobs in the Ústí region; A top-quality science and technology park (STP) and technology-transfer centre focused on reducing energy intensity and the use of biomass and biogas will be established in Jihlava by 2014 with assistance from the Ministry of Industry and Trade and CzechInvest. This STP should be one of the Czech Republic's key technology facilities; In 2010 the Taiwanese company **AU Optronics** opened a fully automated plant for manufacturing solar panels in Brno. The total investment volume is CZK 75 million and approximately 170 new jobs have been created.

Nanotechnology

The Czech company **Kertak Nanotechnology** was one of only five companies in the world chosen by the Japanese trade organisation JETRO to give a presentation at the world's largest nanotechnology trade fair in Japan; In cooperation with the **Czech Nanotechnology Cluster**, CzechInvest took part in the organisation of a sectoral seminar which took place on 20 April 2011. During the seminar, foreign experts described the use of nanotechnologies in fuels, regeneration of batteries and in paint. The sector is being further developed and promoted in cooperation with representatives of the Academy of Sciences of the Czech Republic; Czechs launched **Nafigate.com**, the world's first internet portal focusing on nanofibres. The portal, which is intended for use mainly by companies and scientists, provides information on patents, inventions and projects in this field. The portal is being developed by experts from world universities and companies which thus support research of nanotechnologies and introduction thereof to the market. CzechInvest is a partner of the portal.

Aerospace

Companies associated in the **Czech Space Alliance** succeeded in a European tender focused on space technology, gaining eight contracts worth EUR 2.98 million; **Embraer** of Brazil, the world's third-largest aircraft manufacturer, and the largest Czech aviation firm, **AERO Vodochody a.s.**, will cooperate on the development and production of the new KC-390 multi-purpose military transport plane. The companies reached agreement on the project during the LAAD defence-technology trade fair in Rio de Janeiro, Brazil; Together with the French agency for international business development, CzechInvest organised a seminar in Prague on 23 March as part of the **French-Czech Aviation Week** to support the establishment of commercial relations in the aviation sector; CzechInvest organised a meeting on the future of the aviation industry, which featured the participation of Deputy Minister of Industry and Trade Milan Hovorka and representatives of the Confederation of the Czech Aviation Industry and the Moravian Aviation Cluster; Long-term and systematic work on placement of the **GE H80** project in the Czech Republic was completed in December with **certification of the H80 turboprop engine and commencement of series production.**

ICT

At the beginning of October a meeting was held with a business delegation from South Korea at the Ministry of Education, Youth and Sport within the **EUREKA** programme. CzechInvest gave a presentation and conducted meetings with potential investors, several of which are now engaged in intensive communication regarding possible investments; In November a meeting with representatives of the top management of major South Korean firms, such as **Hyundai and LG**, was held at CzechInvest's offices; In mid-2011 **Microsoft** acquired **Skype**, whose Prague branch thus became part of Microsoft ČR, increasing the latter company's staff to a total of 150 employees; **Telefonica O2** decided to establish a data centre in Prague which will serve to consolidate the company's internal services for the Europe region. Telefonica has only one other European data centre, in Madrid. This change will substantially strengthen the Czech branch's influence within the company as a whole; Cooperation with the **Czech ICT Alliance** is continuing; More than one-third of projects which the Czech Republic gained through CzechInvest last year were focused on information

technologies and software development - Brno is the most popular destination for these investments; IT companies in the Czech Republic continue to feel the impacts of the financial crisis, as there are almost no major orders on the market. The only significant orders are those issued by the state; Indian companies are expressing greater interest in the Czech IT sector. This primarily concerns the establishment of software-development branches for Europe. The Czech Republic's main advantage is its location in the centre of Europe and good accessibility by air transport. This development has long been anticipated by consulting companies; Growing interest from new Brazilian and Chinese firms is also anticipated, and enhanced marketing efforts are recommended in those countries.