Investment Climate in the Czech Republic
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Established in 1992, CzechInvest is The Investment and Business Development Agency of the Czech Republic. Its mission is to support foreign direct investment, develop local companies, implement business-development programmes and improve the business environment.

Our services for investors

+ Information and business intelligence
+ Access to broad spectrum of financial support
+ Identification of business properties or suitable sites
+ Supplier database
+ Tailor made visits to the Czech Republic
+ Aftercare
Main Reasons to Invest in the Czech Republic

- Safe investment environment
- Skilled and well-educated workforce
- Favourable labour costs and price stability
- Central location in Europe
- Dense and high-quality infrastructure
- Transparent system of investment incentives
- Strong focus on R&D
- Stable social and political system
- EU membership
- Mentality, culture and attitudes similar to those of western countries
- High quality of life

Well-Educated and Skilled Workforce

The Czech education system meets the needs of a competitive economy, according to the IMD World Talent Report 2015 published by IMD World Competitiveness Centre. The Czech Republic can provide manufacturers with impressive productivity levels and highly skilled labour. In the 2018/2019 academic year, there were more than 81,000 students enrolled in technical fields at Czech universities. The number of university students increased from 118,000 in 1990/1991 to 299,099 in 2018/2019, due not only to changes in the education system but also to a demographic surge of 18- to 26-year-olds who comprise a promising group of potential employees for foreign investors. According to a survey conducted by STEM for CzechInvest in 2014, 72% Czechs aged 18 to 59 speak at least one foreign language and their knowledge is rapidly improving.

Proven Research and Development Capabilities

The Czech Republic spends more resources on research and development than many competing countries. Over the past twenty years, the Czech Republic’s spending on R&D has increased from 0.95% of GDP to 1.93% (2018). Many multinationals have Czech R&D or design centres, including Panasonic, Honeywell, Mercedes-Benz, Motorola, Rockwell Automation and Visteon. Czech scientists are behind some of the world’s well-known inventions and patents, such as soft contact lenses, polarography (a Nobel-prize-winning method of quantitative analytical measurement) and the anti-HIV drugs cidofovir (Vistide®) and tenofovir (Viread®).

Using financial resources obtained from EU structural funds, new research centres are being established with the objective of becoming prestigious European science centres with state-of-the-art infrastructure and conditions making it possible to employ the best researchers. Among these are the Central European Institute of Technology in Brno focusing on life sciences and advanced materials and technologies; the International Clinical Research Centre in Brno targeted at prevention, early detection and treatment of cardiovascular and neurological diseases; IT4Innovation in Ostrava, a large supercomputer facility combining IT research and applications; and two research centres located near Prague – Biotechnology and Biomedicine Centre and Extreme Light Infrastructure, which operates the world’s most powerful lasers.
Labour Costs per Hour, Year 2018 (EUR)

Czech Rep. UK Austria Germany France The Netherlands
0 20 40 60 80 100

Source: Eurostat, 2020
Note: Differences in wages among Czech regions reach approx. 20%. Employees in Prague are generally paid more than in other regions (currently 24% above the Czech average).

Favourable Labour Costs
One of the main attractions of the Czech economy is its skilled and well-educated workers available at a fraction of the cost of those in western economies. Furthermore, the country’s attractiveness is rooted in its dense, high-quality infrastructure as well as its geographical and cultural proximity to Western Europe. Although the country’s labor costs are higher than in some Asian countries, the above-mentioned factors far outweigh any negative aspects and make the Czech Republic an attractive destination for foreign investors. Conversely, FDI positively influences the local market and local businesses, which operate as suppliers and subcontractors of services and products for foreign investors. Differences in wages among Czech regions reach approx. 20%. Employees in Prague are generally paid more than in other regions. According to Czech Statistical Office currently 24% above Czech Republic average.

Life in the Czech Republic
Since the Velvet Revolution in 1989, the Czech Republic has become a highly popular destination. Tens of thousands of foreigners have happily settled here, enjoying the country’s combination of a high standard of living and low costs. Although in most respects life in the Czech Republic has rapidly approached western standards of living, the cost of living remains substantially lower than in Western Europe. Prague and many other cities in the Czech Republic are famous for their architectural heritage, museums, theatres, cinemas, galleries, historical gardens and cafés. An overwhelming choice of cultural events is on offer, embracing all types of music and an outstanding theatrical tradition. A number of foreign cultural centres, ranging from the British Council to the Goethe-Institut, also offer a wide range of events and services.

Students and Graduates of Technical Universities

Source: Ministry of Education, Youth and Sport, 2020
Note: Technical faculties are selected by CzechInvest.
The Czech Republic has a strategic location in the centre of Europe with very good access to established western and emerging eastern markets. Prague is only a two-hour flight from most other European capitals. The significance of the Czech Republic as a transit hub has grown since the country became a member of the EU single market. The road and motorway network (total 55,757 km) is already one of the densest in Central and Eastern Europe and several rail modernisation projects are currently underway to link the Czech Republic with the pan-European network of high-speed railways.

**Central Location in Europe and Advanced Infrastructure**

**Direct Flights from Prague per Week**

<table>
<thead>
<tr>
<th>Destination</th>
<th>Flights per Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amsterdam</td>
<td>54</td>
</tr>
<tr>
<td>Beijing</td>
<td>3</td>
</tr>
<tr>
<td>Brussels</td>
<td>31</td>
</tr>
<tr>
<td>Budapest</td>
<td>26</td>
</tr>
<tr>
<td>Copenhagen</td>
<td>35</td>
</tr>
<tr>
<td>Dubai</td>
<td>21</td>
</tr>
<tr>
<td>Frankfurt</td>
<td>47</td>
</tr>
<tr>
<td>Helsinki</td>
<td>23</td>
</tr>
<tr>
<td>Chengdu</td>
<td>2</td>
</tr>
<tr>
<td>Istanbul</td>
<td>27</td>
</tr>
<tr>
<td>London</td>
<td>94</td>
</tr>
<tr>
<td>Madrid</td>
<td>25</td>
</tr>
<tr>
<td>Montreal</td>
<td>2</td>
</tr>
<tr>
<td>Moscow</td>
<td>63</td>
</tr>
<tr>
<td>Munich</td>
<td>27</td>
</tr>
<tr>
<td>New York</td>
<td>14</td>
</tr>
<tr>
<td>Oslo</td>
<td>12</td>
</tr>
<tr>
<td>Paris</td>
<td>58</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>7</td>
</tr>
<tr>
<td>Rome</td>
<td>28</td>
</tr>
<tr>
<td>Seoul</td>
<td>8</td>
</tr>
<tr>
<td>Shanghai</td>
<td>5</td>
</tr>
<tr>
<td>Stockholm</td>
<td>23</td>
</tr>
<tr>
<td>Toronto</td>
<td>5</td>
</tr>
<tr>
<td>Vienna</td>
<td>32</td>
</tr>
<tr>
<td>Warsaw</td>
<td>52</td>
</tr>
<tr>
<td>Xi’an</td>
<td>2</td>
</tr>
<tr>
<td>Zurich</td>
<td>24</td>
</tr>
</tbody>
</table>

Source: Václav Havel Airport Prague, summer flight schedule, 2020

**Infrastructure in the Czech Republic**

Source: Road and Motorway Directorate of the Czech Republic, 2020; CzechInvest, 2020
Attractive Investment Climate

The Czech Republic is a fully fledged parliamentary democracy and one of the most advanced among CEE countries. Its economic policy is consistent and predictable. An open investment climate is a key element of the Czech Republic’s economy. The Czech Republic has attracted a large amount of foreign direct investment (FDI) since 1990, making it the most successful CEE country in terms of FDI per capita. The country’s investment grade ratings from international credit-rating agencies and its early membership in the OECD testify to its positive economic fundamentals.

Competitive Advantages of the Czech Republic

According to the 2019 Global Competitiveness Report published by the World Economic Forum, the Czech Republic ranks 32nd among 141 world economies in terms of competitiveness.

Competitive Advantages: (Rank)
- Inflation (1)
- Debt dynamics (1)
- Credit gap (1)
- Electricity access (2)
- Railroad density (3)
- Electrification rate (3)
- Trade tariffs (7)
- Insolvency regulatory framework (9)
- Active labour market policies (11)
- Worker’s rights (14)
- Mean years of schooling (15)
- Flexibility of wage determination (15)
- Imports (15)
- Road connectivity (17)
- Energy efficiency regulation (18)
- Reliability of water supply (19)
- School life years (19)
- Quality of land administration (20)

Investment Protection

The Czech Republic is a member of the Multilateral Investment Guarantee Agency (MIGA), an international organisation for protection of investments, which is part of the World Bank-IMF group. The country has signed a number of bilateral treaties which support and protect foreign investments, for example with the United States, Germany, the United Kingdom, France, Austria, Switzerland, Italy, Belgium, Luxembourg, the Netherlands, Finland, Norway, Denmark and China. The Czech Republic has also concluded agreements for the avoidance of double taxation.

Czech Credit Ratings

<table>
<thead>
<tr>
<th>Country</th>
<th>Standard &amp; Poor’s</th>
<th>Moody’s analytics</th>
<th>Fitch Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czech Republic</td>
<td>AA-</td>
<td>Aa3</td>
<td>AA-</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>A+</td>
<td>A2</td>
<td>A+</td>
</tr>
<tr>
<td>Poland</td>
<td>A-</td>
<td>A2</td>
<td>A-</td>
</tr>
<tr>
<td>Hungary</td>
<td>BBB</td>
<td>Baa3</td>
<td>BBB-</td>
</tr>
<tr>
<td>Romania</td>
<td>BBB-</td>
<td>Baa3</td>
<td>BBB-</td>
</tr>
<tr>
<td>Russia</td>
<td>BBB-</td>
<td>Baa3</td>
<td>BBB</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>BBB-</td>
<td>Baa2</td>
<td>BBB</td>
</tr>
</tbody>
</table>

Source: Czech National Bank, 2020

Corporate Income Tax

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>26</td>
</tr>
<tr>
<td>2006</td>
<td>24</td>
</tr>
<tr>
<td>2007</td>
<td>24</td>
</tr>
<tr>
<td>2008</td>
<td>21</td>
</tr>
<tr>
<td>2009</td>
<td>20</td>
</tr>
<tr>
<td>2010 - 2020</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: CzechInvest, 2020
EU legislation was adopted in preparation for EU accession. Commercial, accounting and bankruptcy laws are compatible with western standards. The Czech crown is fully convertible. All international transfers (e.g. Profits and royalties) related to an investment can be carried out freely and without delay. Foreign legal entities from the EU and other countries may acquire real estate in the Czech Republic without any restrictions and under the same conditions as Czech legal entities. Hence, the original legal restrictions pertaining to locating a company or establishing a branch in the Czech Republic and entitlement to conduct business in the Czech Republic have been lifted.
Impressive FDI Results


Inflow of Foreign Direct Investment

The Czech Republic is one of the most successful CEE countries in terms of attracting foreign direct investment. According to the Czech National Bank, a total amount of more than EUR 130 billion worth of FDI has been recorded since 1993. The introduction of investment incentives in 1998 stimulated a massive inflow of FDI into greenfield projects. Amendments to the investment-incentives legislation have further eased the attracting of new investments to the country.

According to the Vienna Institute for International Economic Studies, the Czech Republic has consistently attracted a high rate of foreign direct investment per capita, which confirms the country’s strong attractiveness for foreign investors. The Czech Republic is characterised as a mature host country for FDI with low inflation, modest interest rates, a relatively stable currency and a good rate of economic growth providing favourable conditions for investors.

Services Surpass Manufacturing

The structure of FDI inflow into the Czech Republic has been changing substantially and the trend is expected to strengthen in the coming years. The Czech Republic is experiencing the introduction of a new, very valuable type of economy, as investments in research and development and business support services in the country have outweighed those in manufacturing projects in recent years.

Performance of Foreign Companies in the Czech Republic

The Czech Republic hosts almost 100,000 foreign companies of all sizes. Famous multinational companies such as ABB, Continental, Danone, Ford, Nestlé, IBM, DHL, Astra Zeneca, Rockwell, Procter & Gamble, Renault, Siemens, Tyco, Honeywell, Amazon and Volkswagen have significant subsidiaries in the Czech Republic.
The change in the structure of foreign direct investment indicates a new trend in the Czech Republic. The number of demanding projects in the fields of research, development and business support services is rapidly increasing. New investors as well as those companies that formerly only came to the country with a production programme are now transferring their higher-value-added development activities (technology centres and business support services centres) to the Czech Republic.

### Stock of Inward Foreign Direct Investment per Capita in EUR

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Czech Rep.</td>
<td>7,798</td>
<td>8,347</td>
<td>9,169</td>
<td>8,870</td>
<td>9,838</td>
<td>9,257</td>
<td>9,496</td>
<td>10,151</td>
<td>10,936</td>
<td>12,257</td>
<td>12,713</td>
</tr>
<tr>
<td>Hungary</td>
<td>6,232</td>
<td>6,858</td>
<td>6,822</td>
<td>6,658</td>
<td>7,992</td>
<td>8,027</td>
<td>8,384</td>
<td>8,032</td>
<td>7,971</td>
<td>7,971</td>
<td>8,510</td>
</tr>
<tr>
<td>Poland</td>
<td>2,763</td>
<td>3,043</td>
<td>2,299</td>
<td>3,301</td>
<td>3,914</td>
<td>4,324</td>
<td>4,522</td>
<td>4,430</td>
<td>4,639</td>
<td>5,179</td>
<td>5,201</td>
</tr>
<tr>
<td>Slovak Rep.</td>
<td>6,731</td>
<td>6,766</td>
<td>6,985</td>
<td>7,434</td>
<td>7,722</td>
<td>7,768</td>
<td>7,557</td>
<td>7,789</td>
<td>8,307</td>
<td>9,116</td>
<td>9,365</td>
</tr>
</tbody>
</table>

FDI Target Sectors

CzechInvest focuses on supporting those sectors in which it sees significant potential for development. Below are highlights of the priority economic-growth sectors of the Czech Republic. For each of these sectors, CzechInvest has a sector manager who can provide investors with in-depth, sector-specific information.

### Sector

#### Life Sciences

- Lonza, Switzerland
- MSD, USA
- Otsuka Pharmaceutical, Japan
- Synthon, Netherlands
- Teva Pharmaceutical Industries, Israel

#### Nanotechnologies and Advanced Materials

- AGC, Japan
- Thermofisher Scientific (FEI), USA
- Fibertex Nonwovens A/S, Denmark
- Saint-Gobain, France
- Toray Industries, Japan

Source: CzechInvest, 2020

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### 01 Aerospace

The Czech Republic has become an indispensable partner in global aerospace supply chains. The local industry’s strength that makes it attractive to major aerospace firms consists in the ability to develop and integrate structural components into a wide range of aircraft, engines and systems. The combination of a strong engineering background, excellent R&D facilities, skilled workforce, government support, outstanding product reputation and high product reliability in various climatic conditions reinforces the country’s competitiveness in the global market and enables further development of characteristically high-quality aerospace technologies. The Czech Republic is an active member of the European Space Agency and the headquarters of the European Global Navigation Satellite Systems Agency is located in Prague.

As a result of its long industrial tradition and ability to compete on the global level, the Czech Republic has achieved one of the highest concentrations of automotive manufacturing, design and R&D activity in the world. With passenger car production at 136 vehicles per 1,000 persons in 2018, the Czech Republic has maintained its supreme position among world automotive leaders in terms of per-capita output. With 1.43 million vehicles produced in 2018, it is also among the fifteen largest global passenger-car producers by volume and the largest one in Central and Eastern Europe. The Czech automotive industry employs more than 150,000 people and accounts for more than 20% of both Czech manufacturing output and Czech exports. After all, the presence of more than half of the world’s top 100 tier-one suppliers underscores the local automotive sector’s long-term focus on excellence.

### 02 Automotive
### Business Support Services

Twelve-percent growth within the sector in 2018 shows the vast potential of business shared services in the Czech Republic, as it is not just the second most attractive country in the CEE region, but also one of the most attractive countries in Europe with respect to this sector. The most frequently shared services are financial, accounting and IT services and customer support. The shared-services centres of DHL, Accenture, Novartis, exxonmobil, Johnson & Johnson and more than 290 other companies employ over 100,000 specialists in the Czech Republic. Nearly 80% of these centres are captive, while BPO companies comprise about 20% of the market. The country offers several attractive locations for business shared services – besides Prague and Brno, more and more companies are focusing on cities such as Ostrava, Olomouc or Pízeň.

### Electrical Engineering and Electronics

Electrical engineering and electronics is a fast-growing sector due to digitization and miniaturization. More than anything else, the success of the electronics sector in the Czech Republic is based on its long tradition here and the extensive skills of its employees. Firms based in the Czech Republic are active in every possible field of the industry, but are particularly strong in manufacturing and R&D activities involving optoelectronics, semiconductors, special consumer electronics, healthcare electronics, IoT and robotics. The industry as a whole accounts for more than 13% of Czech manufacturing output, which makes it the second largest sector in the economy with over 15,000 businesses employing more than 150,000 workers. Final products comprise unique solutions for customers as well as supplies for other industries. Electronics companies in the Czech Republic benefit from the European common market and, primarily, exporting of their products to countries in the European Union.

### High-Tech Mechanical Engineering

Since the early 20th century, the engineering industry remains one of the cornerstones of the Czech economy. Stable economic environment, high level of manufacturing technological maturity and cutting-edge R&D programs contribute to the creation of the optimal climate for business establishment and further development. This fact has been recognized by the world’s major players such as Siemens, Solar Turbines, Ingersoll Rand, Edwards or Daikin, who have invested in various facilities in the Czech Republic. The Czech Engineering sector employs over 126 000 workers and around 85% of manufactured products is being exported. More than 5200 machinery companies are manufacturing even the most sophisticated components, which makes the Czech Republic 2nd most specialized in Industrial Machinery, equipment, and tools in the world. That makes the Engineering sector one of the three most important industry sectors in the Czech Republic. According to EU statistics, the Czech Republic can offer average labor-cost savings of 40% to 60% in comparison with costs in Western Europe and the United States while sustaining comparable productivity. More than 3,500 mechanical engineering graduates enter the workforce every year and that number is increasing to satisfy demand and the needs of the vibrant engineering sector.

### Information and Communication Technologies

The Czech Republic is one of Europe’s top locations for ICT investments. Repeatedly recognised by various researchers, this fact is confirmed by the strong inflow of high-value-added projects of the world’s top ICT companies and is fuelled by the country’s tradition of excellence in technical fields. The list of successful investors in the country includes Skype, DHL, Tieto, Red Hat, solarwinds, Oracle, IBM, CA Technologies and many more. Besides foreign investors, there are many internationally successful Czech ICT companies, such as Avast/AVG, GoodData, Y Soft, STRV and Seznam.cz, to name just a few. Most of the ICT companies operating in the Czech Republic are concentrated in the country’s two largest cities, Prague and Brno. Which are also home to some noteworthy game development studios, such as Bohemia Interactive, Warhorse Studios, 2K Czech, Madfinger Games, Amanita Design and About Fun, among others.
As the country that laid down the principal laws of heredity, introduced the contact lens to the world and successfully developed the compounds on which current anti-AIDS drugs are based, the Czech Republic is an attractive location for manufacturing and contract R&D operations. Development of the sector is supported by effective patent protection, adoption of GMP, GLP and GCP standards, relatively non-restrictive genetic engineering and the government’s policy goals comprising continuation of support for R&D and acceleration of the transfer of knowledge between the science and business communities. The country’s membership in the European Union guarantees that licenses issued in the Czech Republic are valid in all EU countries, which comprise a market of over 500 million consumers within just a two-hour flight from Prague.

Since 2000, the field of nanotechnology has attracted more and more attention worldwide with a lot of new, promising applications in the fields of medicine, textiles, surface treatment and filtration. The Czech Republic has established its own respectable position in the world of nanotechnology thanks to its industrial tradition, well-developed research infrastructure with institutions cooperating on the most prestigious projects, education offering high-quality phd programmes, clusters and a number of companies with fully developed products and innovative applications. The most influential discoveries in the area of nanotechnology have been made in the fields of electron microscopy and nanofibers. Brno is considered the global centre of electron microscopy thanks to the Czech-based companies Tescan-Orsay Holding, Delong Instruments and thermo Fisher Scientific (formerly FEI), which together account for one-third of global electron-microscope production. The Liberec-based firm Elmarco became the first supplier of industrial-scale nanofibre production equipment in 2004 and is the holder of a global patent for electrospinning, a technology that has enabled other Czech companies to produce nanofibres for use in textiles and filtration membranes. The Czech company HE3DA is developing a unique nano-based battery technology for use in the e-mobility. Nanotechnologies are closely associated with chemistry and advanced materials. This sector is highly attractive to major foreign companies and it stands to mention at least the ongoing investments of Fibertex Nonwovens A/S in nonwoven textiles, Toray in waterless printing technology and AGC in advanced glass. Furthermore, the Saint-Gobain group has implemented numerous investments in the Czech Republic, where many of its branches are located.
**Investment Incentives**

Only the projects with the highest added value will be supported by the investment incentives. The Czech Government will evaluate and decide about the project support based on the benefits of the project for the region and state. This new concept of the investment incentives came into force on September 6, 2019 via the amendment to the incentives legislation.

**Supported areas**

Investment incentives are offered for establishment or expansion of projects in the following areas:

- **Industry**
  - Introduction or expansion of production in sectors of the manufacturing industry
- **Technology centres**
  - Construction or expansion of research and development centres
- **Business support services centres**
  - Launch or expansion of the shared-services centres, software-development centres, high-tech repair centres, data centres

**Eligibility criteria for the manufacturing industry**

- The investor must invest at least CZK 100 million (approx. EUR 3.9 million) within three years. This limit is reduced to CZK 50 million in afflicted regions and in special industrial zones.
- At least CZK 50 million (CZK 25 million) must be invested in new machinery.
- In developed regions, the investor must fulfill high-added value condition of the project.

**Strategic investment**

- The investor must invest at least CZK 500 million (approx. EUR 19.5 million) within four years.
- At least CZK 250 million must be invested in new machinery.
- The investor must create at least 500 new jobs.

**Eligibility criteria for technology centres**

- The investor must invest at least CZK 10 million (approx. EUR 0.4 million) within three years.
- At least CZK 5 million must be invested in new machinery.
- The investor must create at least 20 new jobs.

**Strategic investment**

- The investor must invest at least CZK 200 million (approx. EUR 7.7 million) within four years.
- At least CZK 100 million must be invested in new machinery.
- The investor must create at least 70 new jobs.
Partnership Opportunities

Sourcing
The start of production is closely connected with creating new supply networks. Therefore, CzechInvest is prepared to assist you with selecting suitable Czech suppliers. CzechInvest will compile for you a detailed overview of potential suppliers according to your specifications. Furthermore, the agency will organise visits to the facilities of selected suppliers, including transport and interpreting if needed. Use our services and contact us at suppliers@czechinvest.org. For multinational companies seeking a larger number of suppliers, CzechInvest organises B2B events – supplier days. The possibility of organising supplier days is offered to all multinational companies operating in the manufacturing industry.

CzechInvest administers its own sector database of suppliers, which serves as a useful tool in seeking out business partners in the Czech Republic. This database contains almost 3,500 high-quality records with a broad scope of information about Czech manufacturing and IT companies. The database is divided into ten key sectors (icons on the right side). The database is freely available at http://suppliers.czechinvest.org.

Eligibility criteria for business support service centres
+ Creation of at least 20 new jobs at software-development centres and data centres.
+ Creation of at least 50 new jobs at high-tech repair centres.
+ Creation of at least 70 new jobs at shared-services centres.

Strategic investment in high-tech repair centres only
+ The investor must invest at least CZK 200 million (approx. EUR 7.7 million) within four years.
+ At least CZK 100 million must be invested in new machinery.
+ The investor must create at least 100 new jobs.
The CzechInvest also administers an extensive database of properties where it offers more than 700 business properties including:

- Industrial zones
- Industrial parks
- Science parks
- Office buildings
- Brownfields

M&A, Joint Ventures
Since 2010, CzechInvest has administered the CzechLink project, which can help you to find a suitable joint-venture partner or acquisition target. The purpose of the project is to bring foreign investors together with Czech companies that are seeking a strategic partner or investor. Czech firms are divided into three categories – manufacturers, IT firms and start-ups. If the offered firms do not fulfil your requirements, we are able to prepare for you a tailored list of potential partners and acquisition targets and contact the selected firms on your behalf.

You can contact us directly at czechlink@czechinvest.org.

All our services are free of charge.

Highly Developed Property Market

Thanks to the continued interest of real estate investors and excellent economic conditions, the Czech Republic has a highly developed and dynamic real estate market. The availability of space for production facilities has been boosted in recent years by a major government programme designed to support the development of municipal industrial properties and zones. The programme is currently also being focused on regeneration of brownfields for further commercial use.

The CEE region’s growing economic power attracted a record number of real estate investments in 2017, with the Czech Republic’s EUR 3.3 billion ranking it at the top in the region in terms of per-capita investment. A large share of these investments is due to the industrial property sector, in which investors and manufacturing companies appreciate the availability of technical and transport infrastructure and immediate proximity to the German and Western European markets. This explains why demand for vacant land plots and industrial zones is expected to grow among investors in the fields of manufacturing, logistics and research and development. It is in the ongoing interest of private owners and the state to utilise present economic development and provide an adequate supply of these properties for newly incoming investors, as well as for investors that are already established on the Czech market.

The development of industrial zones has been supported by the state via CzechInvest since 1998 through various programmes and aid from the state budget. The main priorities in the preparation of industrial zones and regeneration of brownfields are a clear asset structure of land plots in the given zone and the presence of transport and technical infrastructure on such land plots. These plots are then offered to investors in the manufacturing and research and development sectors.

How We Can Help

- Consultancy pertaining to the property market in the Czech Republic
- Consultancy pertaining to financial support from public sources and EU funds
- Site selection within the Czech Republic according to the client’s requirements
- Site inspections tailored to the client
- Registration of properties in the database of business properties
- Monitoring of the business-property market
Rents in industrial premises,
by region, year 2019 (EUR/m²/month)

<table>
<thead>
<tr>
<th>Region</th>
<th>Rent* (EUR/m²/month)</th>
<th>Total CZ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Bohemia</td>
<td>3.9 - 4.4</td>
<td></td>
</tr>
<tr>
<td>Hradec Kralove</td>
<td>4.0 - 4.3</td>
<td></td>
</tr>
<tr>
<td>Karlovy Vary</td>
<td>3.8 - 4.2</td>
<td></td>
</tr>
<tr>
<td>Liberec</td>
<td>4.0 - 4.5</td>
<td></td>
</tr>
<tr>
<td>Moravia-Silesia</td>
<td>3.8 - 4.2</td>
<td></td>
</tr>
<tr>
<td>Olomouc</td>
<td>3.9 - 4.4</td>
<td></td>
</tr>
<tr>
<td>Pardubice</td>
<td>3.8 - 4.2</td>
<td></td>
</tr>
<tr>
<td>Pizen</td>
<td>3.8 - 4.4</td>
<td></td>
</tr>
<tr>
<td>Prague</td>
<td>4.0 - 5.5</td>
<td></td>
</tr>
<tr>
<td>South Bohemia</td>
<td>3.8 - 4.2</td>
<td></td>
</tr>
<tr>
<td>South Moravia</td>
<td>4.1 - 4.7</td>
<td></td>
</tr>
<tr>
<td>Usti</td>
<td>3.7 - 4.3</td>
<td></td>
</tr>
<tr>
<td>Vysocina</td>
<td>4.0 - 4.3</td>
<td></td>
</tr>
<tr>
<td>Zlin</td>
<td>3.0 - 3.5</td>
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</tbody>
</table>

Source: CBRE Research, 2020

Key industrial market indicators in the Czech Republic (2019)

<table>
<thead>
<tr>
<th>Total CZ</th>
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<tbody>
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</table>

| Total Stock* (sq m) | 8,360,000 |
| Total leasing activity (sq m) | 1,329,100 |
| Space under construction (sq m) | 646,300 |
| Vacancy rate (%) | 4.1 |
| Existing vacant space (sq m) | 342,400 |
| Rent** (EUR/sq m/month) | 3-5.50 |
| Net absorption (sq m) | 508,500 |
| New completions (sq m) | 622,000 |

Source: CBRE Research, Industrial Research Forum, 2020

Key Office Market Indicators for Prague (2018)

<table>
<thead>
<tr>
<th>Inner City</th>
<th>Outer City</th>
<th>City Centre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime Rent (€/m² pm)</td>
<td>17</td>
<td>15</td>
</tr>
<tr>
<td>Total leasing activity (sqm)</td>
<td>299,703</td>
<td>85,800</td>
</tr>
<tr>
<td>Vacancy (sqm)</td>
<td>111,600</td>
<td>73,100</td>
</tr>
<tr>
<td>Vacancy Rate (%)</td>
<td>5.6</td>
<td>6.5</td>
</tr>
<tr>
<td>Completions (sqm)</td>
<td>122,645</td>
<td>76,436</td>
</tr>
<tr>
<td>Space U/C</td>
<td>194,500</td>
<td>26,800</td>
</tr>
<tr>
<td>Total Stock (*000m²)</td>
<td>1,977</td>
<td>1,117</td>
</tr>
</tbody>
</table>

Source: CBRE Research, Prague Research Forum, 2020
International Memberships

The Czech Republic was the first country in Central and Eastern Europe to be admitted into the OECD. The country is a member of NATO and is fully integrated into other international organisations such as the WTO, IMF, EBRD and the World Intellectual Property Organisation. The Czech Republic joined the EU on 1 May 2004 and has been a part of the Schengen area since 21 December 2007.

Customs Obligations
Starting on the first day of EU membership, routine customs checks of goods being moved across internal borders, i.e. the common border with other member states, were abolished. Since the Czech Republic does not have an external EU border, routine checks of goods being moved across the national border for customs and tax purposes are conducted only at the main international airports in Prague, Brno, Karlovy Vary and Ostrava. Goods are freely transported across internal EU borders.

Visa Requirements
EU Member Countries
The free movement of people has been agreed between all current EU member countries plus Norway, Iceland, Liechtenstein and Switzerland. This means the possibility of working in all of these countries without a visa or work permit. Since 1 May 2004, EU citizens are allowed to stay and work in the Czech Republic without visas or work permits. They are only required to register with the local office of the Foreigners’ Police.

Non-EU Countries
The general classification recognises Schengen visas (also known as short-term visas), which can be issued for a maximum stay of 90 days within a period of 180 days in the Schengen area (including the Czech Republic). Furthermore, some foreign nationals such as Americans and Japanese, among others, can enter and stay in the Czech Republic without a visa for up to 90 days. This applies to short stays of a non-business nature. ¹

Long-term visas and employee cards are intended for foreigners intending to stay in the Czech Republic longer than 90 days (and can be repeatedly extended). There are several types of visas that differ according to the purpose of one’s stay.

The employee card is a dual (residence and work) permit for the purpose of employment on a long-term basis. It is for all types of employment regardless of the level of required professional qualification. The application for an employee card must be submitted in person at a local embassy of the Czech Republic. An employee card is issued for the duration of contractual employment according to the submitted documents (such as an employment contract), though for no longer than two years, with the option of repeated extension of its validity.

The blue card is a dual permit for highly qualified employees. It is intended for a long-term stay associated with the performance of high-skilled work. The employment contract must contain a gross monthly or yearly salary that is equivalent to at least 1.5 times the gross average monthly or annual salary in the Czech Republic. Validity of the blue card extends three months beyond the period for which the employment contract is valid (maximum period of two years; extension is possible).

The Intra-Company Employee Transfer Card is a permit for long-term residence in the Czech Republic where the purpose of residence (longer than 90 days) of the foreign national is to perform work in the position of manager, specialist or employed intern at a branch to which the foreign national has been transferred. The Intra-Company Employee Transfer Card is issued for the duration of transfer to an EU member state, though only to a maximum of three years for a manager or specialist and for one year for an employed intern.

Frederic Langrand
Finance Director
Valeo Autoklimatizace k.s

"Valeo has been investing in the Czech Republic for more than 20 years with the first production site opened in 1995. Ever since we have been strongly accompanied by the aftercare team which clearly shows that for CzechInvest the mission and competences go far beyond promoting one-off capital expenditure in the country. Their support and professional approach with state and EU-funded investment incentives largely contributed to the fact that in 2017 Valeo is not only an efficient production company, but also one of the key R&D actors in automotive sector in Czech Republic."
“Reasons for choosing Prague as the home of our SSC included an available, strong, quality and multilingual workforce, the macroeconomic stability of the Czech Republic and well-developed infrastructure. Government support and investment, in which Johnson & Johnson worked closely with CzechInvest to obtain, also had a positive contribution to the decision-making process and helped bring the last pieces of the decision-making puzzle into place.”

David Mansfeld
Director of Johnson and Johnson SSC

“Bosch Group’s operation in the Czech Republic is a success story that has endured for 25 years. During that period, Bosch has invested more than EUR 1 billion, built modern factories on greenfield sites and created roughly nine thousand jobs primarily for Czech employees in Prague, Jihlava, České Budějovice, Brno, Kroměříž and Město Albrechtice. CzechInvest’s advice and analytical assistance have always been important parameters of success in Bosch’s decision-making with respect to placing its investments. The mutual trust and knowledge of both partners have grown stronger with every step. Joint formulation of conditions and benefits for the development of investments has had a positive impact on decision-making at the group level, where strong intracompany competition dominates. A no less important factor has been detailed collaboration on completing formal applications and subsequent documentation.”

CzechInvest’s activities:
+ Development of Czech technology firms’ potential Support for “smart” investments
+ Motivation of foreign investors already established in the Czech Republic toward sophisticated complementary investments
+ Development and cultivation of the national start-up and spin-off environment
+ Assistance for Czech firms when entering foreign markets
+ Promotion of the Czech economy, technologies and R&D abroad
+ Cultivation of the business and investment environment in all regions of the Czech Republic
+ Linking of partners from the business and R&D spheres
+ Use of trends in progressive sectors of the global economy
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