

Czech Trade Focus

News from the Czech Commercial Offices in the United States

Transport Engineering in CR Czech Economic Forecast Czech Products in the U.S.
Investment Projects Banks in CR Economic Briefs

WHERE WILL THE CZECH ECONOMY BE IN TEN YEARS?

The Economist Intelligence Unit (EIU) projects that the Czech Republic's growth will reach an annual average rate of 3% in 2005-30. Following substantial rises in GDP in the 2005-09 period—when growth is forecast to average 4.3% annually owing to major foreign investments and improved labor productivity—annual real GDP growth is set to slow slightly to 2.7% in 2010-30.

By 2030 the Czech Republic's GDP per head in purchasing power parity (PPP) terms (at US\$ 76,940) is therefore expected to be above the average in the EU15.

Initial conditions

The Czech Republic benefits from several strong advantages even amongst its neighbors in Central and Eastern Europe. Its location is very close to German firms, which allows for "just in time" manufacturing with German companies. The Czech Republic has one of the most skilled work forces in Central and Eastern Europe, with a long-established manufacturing tradition. Physical infrastructure is among the best in the region. Although the Czech Republic does not have the lowest taxes or wages in the region, it still remains a highly competitive business environment. The country is now the regional leader for the forecast period 2005 - 2009 in the Economist Intelligence Unit's business environment rankings. This should lead to high levels of growth over the 2005 - 09 period. The Czech political system, despite the apparent recent turmoil, is overall stable and should be even more so after the June 2006 parliamentary election. The financial system is secure, with 95% of the banking system in private hands. Entry to the EU has helped to push forward reform of the government bureaucracy, which needs substantial restructuring. Efforts to rein in fiscal spending, however, are likely to fail, which remains the largest macroeconomic concern, although debt levels are not yet excessive. Reform in education, healthcare, pension, administration, and other needed areas are likely to have to wait until the next government comes into power. Euro adoption could only occur in 2010 at the earliest, given the policy agendas of the major parties. Accession to the EU should entrench in the Czech Republic an economic system based on private ownership and competition, with free access to markets in Western Europe, regardless of which political parties are in power. FDI should continue to keep private investment robust.

External conditions

Services remain an area that requires further liberalization among EU countries, which should boost Czech growth.

Further trade and investment in the Czech Republic is likely to lead to higher value-added exports. Higher wage increases will necessitate greater improvements in labor productivity, as well as higher value-added, knowledge-based manufacturing in order for the Czech Republic to deal with competition from countries with lower labor costs, from Romania to China.

Long-term performance

The Czech Republic will reduce substantially its development gap with wealthier EU members in the West by the end of the forecast period. A solid policy background, ICT development and institutional improvement will offset in part a severe demographic drag on growth and will keep GDP growth rates higher than in the EU15 during this catch-up period. Labor productivity growth is expected to reach 3.3% and 2.8%, respectively, in 2010-20 and 2020-30. These rates are close to the average for the region, but reflect the mature level of the Czech Republic's economic base, which does not allow for easy productivity gains. However, demographic conditions suggest that real GDP growth will have to moderate, and it is forecast to reach 2.7% annually in 2020-30. Nevertheless, the strong boost of FDI inflows and productivity growth in the early years of the Czech Republic's transition means that average annual growth over the entire 2005-30 period should be a respectable 3%.

*SOURCE: Country Forecast by the Economist Intelligence Unit
The material was edited by the Czech Embassy staff.*

According to revised figures, **the trade surplus in H1 was Kc 44bn (\$1.76bn)**. The CR posted its first-ever trade surplus for the month of July. Exports exceed imports by Kc 1.2bn (\$48m).

Average monthly wages rose y/y by 5.4% in the second quarter of 2005, to Kc 18,763 (\$750). After adjustment for inflation, the real increase was 3.7%.

Consumer-price inflation rose y/y in the Czech Republic to 2.2% in September from 1.7% in August. The Czech Statistical Office attributed the growth primarily to a 21.6% increase in the prices of automotive fuels, the fastest y/y growth in five years.

Consistent with expectations from economic experts, the country's jobless rate fell to 8.8% in September from 8.9% in August. The number of unemployed people reached 503,396, a decrease of 1,858 from the end of August.

Foreign direct investment (FDI) totaled \$4.46bn (Kc 110bn) last year, a year-on-year growth of 112 percent and one of the highest spikes in Europe. FDI in the EU 15 dropped 40% last year, compared with a 70% increase in the 10 accession countries.

The state debt rose by Kc 25.4bn in the second quarter, to Kc 643.6bn (\$25.74bn), or to 22.8% of GDP.

Banks increased lending to households by Kc 9.4bn to Kc 371.5bn (\$14.86bn) in August. Household debt has increased Kc 93bn (\$3.72bn) in the last year. In the same period, Czech

companies borrowed Kc 72.2bn (\$2.88bn).

The current account deficit fell to Kc 8.991bn (\$365m) in August, down from July's Kc 10.466bn. The Czech National Bank (CNB) said a decrease in trade and public income deficits influenced the plunge.

The state budget finished the first nine months of 2005 with a record surplus of Kc 25.8bn (\$1bn).

Mail-order trade is on the rise in the Czech Republic, but its share in overall retail sales is still low, at 1.4 percent. The main contributor to the increase is online shopping, up 40 percent over last year.

Czech demand for American mortgages has grown significantly this year and experts say the loans mainly finance luxury holidays, expensive cars and home decorating. Ceska sporitelna is currently the biggest provider, with 2,673 American mortgages worth Kc 1.4bn (\$56m).

The CR posted GDP growth of 5.1% in the second quarter of 2005 and grew faster than both Hungary and Poland. Exports rose in real prices by 7.6%, compared to a drop in imports of 0.1%. The export boom, which is attributed in large part to the auto industry, is expected to continue.

Czech trade balance showed an increase of \$298m (\$11.9m) y/y in September.

Government bailout agency Ceska konsolidacni agentura posted the best

economic results in its history in July, generating a profit of Kc 1.71bn (\$68.4m) compared with a Kc 1.44bn loss in the same period last year.

Savings of Czech households have grown by Kc 320bn (\$12.8bn) over the past five years to Kc 1.5 trillion, the Czech Statistical Office has said. The average savings amount per head equals 150,000 Kc (\$6,000).

Czech construction output increased by 7.4% y/y in September.

Excise-tax collections rose y/y by 17% over the first five months of 2005.

Sales of new passenger cars rose y/y by 3.6% in H1, to 67,110. Overall new-vehicle sales rose 8.4% to 84,404. A total of 73,604 used vehicles were imported.

Growth in producer prices slowed to a y/y figure of 1.0% for September.

The CR's external debt rose by Kc 44bn (\$1.76bn) in the second quarter, to Kc 1.07 trillion, according to the CNB.

Industrial production slowed y/y to 7.3% in Sept. after an 8.6% rise in August.

Retail sales rose y/y by 5.6% in September.

Czech currency (koruna, CZK) kept weakening towards the US dollar during Sept. and Oct., trading in the range of 23.18 – 24.95 CZK per \$1. The position against euro remains relatively stable at the range of 29.05 – 29.79 CZK per €1.

TRANSPORT ENGINEERING IN THE CZECH REPUBLIC

The dominant position in this sector is held by companies manufacturing railway and tramway locomotives and rolling stock. The second most important position in the sector is taken by aircraft manufacture, once a top branch of engineering production. The Czech aircraft industry is characterized by the manufacture of jet training and light combat aircraft, regional aircraft, sport planes, gliders, aircraft components, and in the last few years by the progressively developing production of ultra light aircraft. These prominent branches are followed by the manufacture of motorcycles and bicycles, manufacture of other transport equipment, and building of ships and boats.

The Czech Republic's accession to the European Union opened new export opportunities for the country's manufacturers. This change was significantly reflected last year in the foreign trade surplus, which amounted to EUR 115 153 000. The foreign trade development was boosted by a 17.7 per cent rise in exports and, on the other hand, an 8 per cent fall in imports. The most notable favorable change in the foreign trade balance occurred in the manufacture of aircraft and spacecraft. The bulk of the Czech production goes traditionally to the European Union markets, primarily Germany. A decisive export item is represented by components for railway carriages, river-sea cargo ships, sport, training, and ultra light aircraft. An important market for the Czech aircraft industry, especially aircraft components and sport aircraft, is the USA. The main import item is large transport aircraft, helicopters, and their components.

The volume of exports to the European Union countries has a steadily rising tendency. This shows the competitiveness of the sector, and proves that the Czech Republic continues to maintain the position of a traditional producer and exporter both to the European and international markets.

The Czech Republic ranks among the countries with the highest per capita volume of foreign direct investment. Last year's investment in the sector of transport equipment manufacture amounted to EUR 283.6 mil. The volume of investment in the sector exceeds interest in investment in other sectors of the manufacturing industry.

The marketing prospects of other commodities in the sector reflect the all-European and world trends. In the branch of aircraft, Czech products are expected to gain more positions at the markets of Western Europe and North America, in the segments of ultra light aircraft and aircraft engines. In the branches of manufacture of ships, motorcycles, bicycles, and other transport equipment an increasing competition can be expected from Asian producers. Stable marketing possibilities mainly for the Czech manufacturers of cargo and tanker ships continue to be seen in the Netherlands, and for boats, sporting boats, and yachts in the USA and Germany. Sizable demand, mostly from Germany and Poland, can be expected for bicycles, wheelchairs, their parts and accessories.

The Czech Automotive Industry in Figures

Automobile production achieved approximately EUR 11.5bn in total revenues in 2004, which presents 16.26 percent of the total industrial output of the Czech Republic, and 18.32 percent of its exports. Manufacturers of components accounted for 54 percent of last year's total revenues. In the past five years their revenues doubled, and in 2003 they exceeded those of vehicle producers for the first time. More than 80 percent of the production output is exported.

Last year, export of the motor industry by CPA (Classification of Products by Activity) amounted to EUR 8.5bn, an increase of 21.2 percent in comparison with 2003. Import soared by 20 per cent, from EUR 4.4bn in 2003 to less than EUR 5.4bn in 2004. Foreign trade in the sector thus recorded a surplus of almost EUR 3.1bn.

In 2004 the number of passenger cars in the Czech Republic rose to 3,815,514 which is 2.68 inhabitants/vehicle. In the sale of new passenger cars, the domestic producer Skoda Auto accounted for just under 50 percent.

In the near future the position of the Czech automotive industry -- especially suppliers, can be expected to strengthen, mainly in connection with the construction of the new car works Toyota-Peugeot-Citroen Kolin, which started production at the beginning of this year, and also thanks to further opportunities in the single European market.

Development of foreign trade in *CPA 35 products					
(EUR thousand)	2000	2001	2002	2003	2004
Exports	434 498	553 151	503 456	596 542	705 421
Imports	468 199	485 454	437 400	638 335	590 268
Balance	-33 701	67 696	66 056	-41 793	115 153

*CPA - Classification of Products by Activity
Source: Czech Statistical Office

INVESTMENT BRIEFS

Siemens will invest Kc 640m (\$25.6m) to expand production of electric engines in Frenstat pod Radhostem, North Moravia, by 2008. Project GROWTH 2008 is expected to create dozens of jobs in the region, which has a 10 percent unemployment rate. In addition to increasing production capacity, the project aims to centralize machine tool and assembly workshops.

The region of central Bohemia has attracted the largest amount of investments of all Czech regions since 1994; 26 percent of all registered investments, amounting to \$13 bn (Kc 308bn) were made here.

Power giant CEZ announced its plans to invest Kc 100bn to renew coal-fired power stations in North Bohemia in the years ahead. CEZ decided to renovate the Prunerov II and Tusimice II plants

and build two new plants. The CEZ group, which consists of more than 30 companies, invested Kc 13.5bn (\$540m) in 2004.

Walmart will expand its production facility in Trinec at a cost of Kc 400m (\$16m) and build a European distribution center in Cesky Tesin. The company plans to become the market leader in Central and Eastern Europe in vitamin sales in three years. The Czech market is now worth Kc 4bn (\$160m) and is growing about 15% per year.

Deutsche Messe and four partners will invest Kc 5bn (\$200m) into the Prague exhibition grounds in Letnany.

Sungwoo Hitech chose the CR as the site of a Kc 2.5bn (\$100m) car-body factory. It will hire 1,000 workers within

three years and mainly supply the Kia car plant in Slovakia.

Hyundai is expected to decide by the end of the year **on the site of a new factory** for making 300,000 cars per year. It would create 3,000 jobs indirectly in the supply chain. One of the top candidates is the Moravia-Silesia region.

Czechinvest mediated investment of Kc 25bn (\$1bn) in the first half of 2005.

Japanese giant Kyocera Corporation, a well-known manufacturer of electrical components, opened its new solar panel production plant in Kadan near Chomutov. The company invested nearly 200 million crowns (\$8m) into construction and technology and will hire up to 300 people over three years.

Benteler Automobiltechnik, one of the largest international independent suppliers in the automotive industry, has opened a new plant in Rumburk in the Usti Region. The company has invested over one and a half billion crowns into the plant and plans to hire estimatedly three hundred fifty new employees in the upcoming years. The plant in Rumburk will produce axles, safety components for car-body work, and chassis parts. Benteler Automobiltechnik has three other factories in CR.

SAP AG, the world's leading provider of business software solutions, has opened a shared services center, the SAP Business Services Center Europe (BSCE) in Prague, Czech Republic. SAP BSCE provides human resources (HR), finance and administration (F&A) services to SAP branch offices in the Europe, Middle East and Africa (EMEA) region. The center's current workforce of approximately 132 employees supports 70 countries in 15 different languages. SAP has three shared service centers located in the U.S., supporting employees in the Americas region; Singapore, supporting employees in the Asia Pacific region; and now the Czech Republic, supporting SAP EMEA employees.

Progeon s.r.o., a subsidiary of Progeon Ltd., one of India's leading business processing outsourcing companies, has completed its first phase of operations in Brno in the Czech Republic. The center will provide its clients with end-to-end process management services in multiple languages.

Danish company Fibertex A/S has opened a new nonwovens production plant in Svitavy, Eastern Bohemia. The company has invested approximately 28 million euro in the project. Fibertex produces nonwovens for the automotive, filtration, furniture, bedding, building and construction industries.

The Ministry of Industry and Trade has awarded the best industrial zones of 2004. Awards for "**Industrial Zone of the Year 2004**" were given in the following categories: Industrial Zone with the Most Economic Benefit: "**Cernovicka terasa**" **Industrial Zone in Brno**; Industrial Zone with the Most Social Benefit: **Ostrava Hrabova Industrial Zone**; Industrial Zone with

the Best Town Planning Solution: **CTPark Ostrava**; Brownfield of the Year: **Skoda Plzen / HQU International a.s. Industrial Zone**.

Nearly 25 million crowns (\$1m) is being invested in South Moravia by Taiwanese firm GigaByte Technology, which produces computer components. This leading global IT manufacturer is building a high-tech repair center in Brno - Cernovicka Terasa where customers from all over Europe will send their laptops, graphics cards and motherboards.

Foreign real-estate funds invested €520m into the CR in the first half of 2005, up y/y by 73%.

Japanese Bank of Tokyo-Mitsubishi decided to strengthen its position in Central and Eastern Europe and will open its first office in Prague. It is reacting to the growing demand of Japanese investors for banking services in the Czech Republic. The office is to become fully operational as early as next year. The Bank of Tokyo-Mitsubishi is currently one of the four largest banks in Japan.

Specialized production of high-pressure hydraulic tubes for construction machinery is to be launched in the Karvina, Moravia-Silesia region by the **American company Gates Europe**. The company plans to start production this autumn. Gates Corporation is the largest global rubber maker, excluding tire manufacturers. It has production facilities worldwide.

Also heading to Karvina is the **Spanish company Grupo Recyde**. The company is building a facility on a greenfield site and the land lease contract with the city has already been signed.

In the town of Trinec, Moravia-Silesia region, **British company Pickering Interfaces** has already launched production. Its domain is programmable machines in the field of measuring and automation systems. The company is considering investing into its own production facility.

Japanese company Daikin Industries has opened its new plant for the production of household air conditioners. Total investment into construction and machinery for this facility, which already employs over 550

people, will reach nearly 100 million dollars. As early as next year there should be 1200 employees working for Daikin.

British-Japanese company Mi-King launched production in their new centre to process steel rolls (in Kolin, Central Bohemia). In the new facility Mi-King will process products made of rolled steel and other flat materials. This investment is worth more than 30 million dollars and annual production volume at the new plant should soon reach up to 200 thousand tones of steel.

A major French investor in the Czech Republic, automotive glass producer Saint-Gobain, has launched a new production line in their facility in Horovice, Central Bohemia). The total investment into this plant will exceed 12 million euros and at least 100 new jobs will be created in the region. The Saint-Gobain group already has several more production facilities in the CR.

Tivall of Israel will build a \$30m factory in West Bohemia for making soy cutlets and other vegetarian foods.

Koyo Seiko, a major Japanese automotive component manufacturer, has launched production in Pilsen, West Bohemia. Investment into construction and machinery for the modern facility to produce electric power steering equipment exceeded 20 million euros and in the coming years should provide jobs to at least 500 people. The main customers of Koyo Steering Systems Czech will be TPCA (Czech Republic), Toyota Motor Manufacturing (Great Britain) and Toyota Motor Manufacturing France S.A.S. (France).

Revenue Generation consulting firm AttivaCorp has opened its Central & Eastern European office in Prague. The company will serve the Czech and Slovak markets and as a gateway to other Central and Eastern European markets.

A total of 70 new foreign and domestic companies decided to invest in the Czech Republic during the first half of 2005. These companies will invest one billion USD here in the near future and thanks to these investment projects there will be almost eight thousand new jobs created in the Czech Republic in the coming years.

Czech companies participate at IPT EXPO in Dallas

The Czech Republic had an official presentation at the American Public Transportation Associations International Expo 2005 held in Dallas/Ft. Worth, TX on September 26. – 28. 2005. A variety of Czech manufacturers introduced their products there, while representatives of the Ministry of Industry and Trade, CzechTrade, CzechInvest and the Chicago Chapter of the CNACC provided information about Czech industry and trading.

CZECH TRANSPORTATION INDUSTRY WAS REPRESENTED BY THE FOLLOWING COMPANIES:

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AVO is the only organization within the Czech Republic, which represents and promotes in full extent the interests of applied research in the entrepreneur sector. Members of AVO are Czech organizations and units active in research and development, promoted and operated from largely private resources in various branches of industry, building and architecture. The members of AVO represent more than 8 thousand professionals working in this area.

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Development and production of rail vehicles for passenger transport, especially: electric multiple units, diesel multiple units and passenger coaches. Service, repair and refurbishment of passenger rail vehicles, including supplies of replacement parts.

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Producer of vacuum fixative means, cases for medical equipment, transport

means, rescue blankets, disaster pouch, textile blankets.

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Line of business: manufacture of plastic products for ecology; wastewater treatment plants; water management equipment.

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The company specializes in supply and assembly of electric contact lines for trolley-buses, streetcars and railroads and related activities.

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Mikroelektronika is a leading European producer of automated fare collections and parking systems. The company holds ISO 9001: 2000 certificate.

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Line of business: production of mobile drinking water units, water treatment units; recycling of waste water and industrial waste in automotive or glass industries.

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Skoda Electric is a leading international manufacturer of traction electronic propulsions, sources and electric motors for trolley-buses, trams, locomotives, suburban railway units, underground and mining vehicles, as well as complete trolley-buses. Its products are operated at the most advanced markets of Europe, North America and Asia.

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The company is a traditional international manufacturer of rail vehicles: electric locomotives, low-floor tramcars and metro train sets. It also modernizes electric locomotives and metro train sets and provides subsystems, components, spare parts and related services.

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UniControls focuses on design and complete supplies of industrial and transport control systems, system integration of communication, control, information and diagnostic systems for rolling stock, design and supplies of complete electronic equipment for rolling stock, R&D and customized solutions. The company operates worldwide and is QMS ISO 9001 certified.

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The main areas of the company's activities are focused on the development and testing of railway vehicles and vehicle parts together with other components used in the transport engineering sector.

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WKJ Trading represents the following Czech manufacturers of environmental technologies: STS Slovacko, TOPOLWATER Clean Production Center, EKOBIOPROGRES and AUSTIS.

Czech manufacturers of aviation equipment exhibit at the Oshkosh AirVenture 2005

Sixteen Czech manufacturers of light aircraft and equipment have presented their products at the prestigious international aviation exhibition in Oshkosh, WI, held July 25 – 31. The Czech Republic is an important manufacturer in the field of personal aviation with output of 350 light aircraft and 1400 aircraft engines per year.

AMONG THE CZECH MANUFACTURERS EXHIBITING IN OSHKOSH WERE:

Avia Propeller
Czech Aircraft Works
Evektor-Aerotechnik
Fantasy Air
Galaxy-High Technology
High Performance Aircraft International
Interplane
Jihlavan Airplanes

KR Protect
Pro Tenax
TL-Ultralight
Urban Air
Walter Engines
Woodcomp
Zlin Aviation

Another Czech manufacturer of crystal chandeliers offers its products in the U.S.

Bydzov, Czech manufacturer of crystal chandeliers, offers its high-quality products directly to U.S. customers.

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COMPANIES AND BUSINESS

Skoda Auto is expecting its 2005 gross profit to at least equal last year's record Kc 4.8bn (\$192m), company board chairman Detlef Wittig said Aug. 2. The automaker's sales have grown thanks to the introduction of new models of the Skoda Octavia.

Czech rail operator Ceske drahy has increased its stake in CD-Telekomunikace (CDT), which reportedly operates the second-largest telecommunications network in the Czech Republic, to 51 percent from 40 percent. Expected to undergo a name

change in May, CDT will offer information technology and telecommunication infrastructure services.

Benzina, a unit of Czech oil group Unipetrol, aims to more than double its current domestic market share of 10 percent by opening new filling stations.

RWE Transgas has confirmed a report that subsidiary RWE Energy will make Prague its Central European purchasing center. Until now, the company's natural gas purchases were

made regionally, but the logistics for buying in Germany, Austria, the Netherlands, France, Hungary and the Czech Republic will now be made in Prague.

Zentiva's net rose 31.2% to Kc 988m (\$39.5m) in the first half of 2005, on sales of Kc 5.5bn.

Ceska konsolidacni agentura, the state-run bailout agency, **has ended two public tenders related to the sale of assets of Aero Vodochody**, according to media reports. In the tender for financial

adviser, Deloitte offered Kc 4.7m (\$188,000) compared with Kc 13.5m (\$540,000) by Ceska sporitelna's CDI Corporate Advisory. The international law firm Linklater's offered the largest bid in the tender for legal adviser with Kc 6.9m (\$276,000).

CSOB, the largest Czech bank, has won a tender to buy the Hornicky PF pension fund from black-coal mining company OKD, according to media reports. CSOB bested rival Ceska sporitelna, among others, with a Kc 233m (\$9.5m) bid for the fund, which has 19,000 clients and assets worth Kc 1bn.

Erste's net profit rose by 40.9% in H1, to Kc 10.1bn (\$404m), due mainly to the CR and Slovakia.

Sales at the Hilton hotel rose by 16.5% last year, to Kc 1.4bn (\$56m). The No. 2 hotel in turnover was the Marriott, with sales of Kc 632m (\$25.2m).

Modern Times Group of Sweden has acquired 50 percent of GES Media Holding, thus securing control of Prima TV. GES Media Holding paid Kc 2.8bn (€96m) for the stake and will now become TV Prima Holding.

Telephone insurance company Callin, which is part of financial group PPF in cooperation with insurance company Ceska pojistovna, has started selling car insurance over the telephone. Brokering an insurance contract takes no longer than 10 minutes.

Czech Airlines (CSA) entered into an agreement with the Defense Ministry to provide medium- and long-haul flight services to the government until it acquires two new aircrafts next year. CSA says it expects the compensation will be the same as standard charter fees.

T-Mobile is now the largest Czech mobile operator in terms of SIM cards. The company had 4.46 million customers as of the end of June. Rival Eurotel registered 4.42 million subscribers and Oskar-Vodafone had 1.9 million SIM cards. The overall number of SIM cards on the Czech market reached almost 11 million in a nation of 10.2 million people.

Czech aircraft producer Aero Vodochody signed its first contract to supply components to the EADS/Airbus group. The contract is worth hundreds of thousands of euros. Aero will supply subassemblies for Airbus A320 and

A340 aircraft. The parts are currently produced primarily in Germany, but Aero plans to move all production to the Czech Republic.

Czech breweries exported a total of 1.46 million hectoliters (1.22 million U.S. barrels) of beer in the first half of this year, making a y/y increase of 21 percent and raising output by 3.5 percent to 9.15 million hectoliters.

Takata-Petri, which produces occupant safety systems for automobiles in the Trutnov region of East Bohemia, increased sales by 60 percent last year to a record 1.6 billion Kc. Takata-Petri is owned by the German company Takata-Petri AG Aschaffenburg.

SkoFIN, one of the largest Czech leasing companies, experienced a 15% increase in deals, bringing revenues to Kc 5.48bn in the first half of this year, while the number of new consumer loans rose six times to Kc 129m (\$5.1m). SkoFIN, a member of the Volkswagen group, specializes in car leasing and finances the sale of Skoda, Volkswagen, Seat and Audi.

Czech rubber maker Saar Gummi Czech won a contract worth Kc 150m (\$6m) a year to supply door sealant for Volkswagen's Golf model. The company generated sales worth Kc 850m (\$34m) last year.

Gas distributor Vychodoceska plynarenska (VCP) made profits worth Kc 335m (\$13.4m) in the first half of the year, a 15 percent drop from last year. VCP, owned by the German company RWE, sold 5,920 gigawatt-hours of gas in the first half, a 2.2 percent decrease on the year. The company expects gross profits to total Kc 400m (\$16m) this year.

Nuclear machinery company Skoda JS has advanced to the second round of a tender to build two 1,000 megawatt units of a nuclear power station in Belene, Bulgaria. The Kc 80bn (\$3.2bn) contract would create jobs for thousands of Czech workers for up to 10 years. Skoda's main competitor in the second round is Russia's Atomstroyexport.

Electricity giant CEZ reported net profit of Kc 10.9bn (\$436m) in the first half of 2005, on revenue of Kc 33.8bn (\$1.35bn). It expects the full-year figure to exceed Kc 15bn.

Prague airport reported Kc 1.43bn (\$57.2m) in revenue from commercial activities, mainly shop rental, for 2004, up 1.9%.

Mutual fund manager Pioneer Investments enlarged its offer on the Czech market by 17 new mutual funds. It currently offers a total of 79 foreign funds in addition to five Czech funds.

Ceska pojistovna netted Kc 2.8bn (\$112m) during the first half of 2005, an increase of Kc 656m over the first period last year. According to the company the sharp increase is mainly due to growth on the capital markets.

Czech banks have seen record profits and are in the best shape in history. The largest Czech bank, CSOB, reported the best first-half results with 78 percent growth in net profits, totaling Kc 6.2bn (\$248m).

GE Commercial Finance Real Estate Central Europe has acquired a portfolio of nonperforming loans worth tens of millions of euros from KONPO, a subsidiary of state agency Ceska konsolidacni agentura. GE has been acquiring nonperforming loans in Central Europe since 2002 and is looking to build its portfolio throughout Europe.

CEZ is planning to achieve EU levels for electricity prices around the year 2010. Growing demand for electricity and fear of a lack of resources in Europe is contributing to the price increase.

The country's largest importers of information technologies have formed a system called REMA to collect, recycle and reuse electrical waste starting in August. The system is also designed to prevent the emergence of monopolies in the waste-management industry and minimize expenses associated with processing waste.

Skoda Auto has completed development of a new model that will be the successor to the popular Skoda Fabia. The new model, which Skoda says has a more daring design than the Fabia, is being fine-tuned and could appear on the market as early as 2007, according to media reports.

Czech companies exported tens of millions of dollars worth of glassware and other items classified as gifts to America last year, CzechTrade agency reported.

French salon Frederic Moreno, a division of Dessange International, will open its first outlet in Prague Nov. 1, with a string of partnerships to follow. The salon, which follows the tenets of internationally renowned salon Jacques Dessange, will offer the same high quality as its partner but at half the price.

The Czech-Slovak company BGS Levi Group, headquartered in Prague, plans to launch an initial public offering for hundreds of millions of crowns on the Prague Stock Exchange in 2006. Earlier this year Slovakia's No. 1 IT distributor BGS - Distribution, and the Czech Republic's number four, Levi International of Brno, agreed on a strategic partnership.

Dutch retailer Ahold is planning to take control of all 67 supermarkets operated by Julius Meinl in the Czech Republic and increase the number of its locations to 300. Ahold, which will pay about Kc 1bn for the transaction, already operates the Albert supermarkets and Hypernova hypermarkets here.

The Czech division of the British retail chain Tesco Stores plans to open a network of gasoline stations in the CR. Despite only operating approximately 35 of the country's 2,500 filling stations, hypermarkets are able to compete with other retailers by offering lower prices.

Spanish telecommunications company Telefonica raised its stake in dominant fixed-line provider Cesky Telecom from 51.1% to 69.4% in the mandatory buyout which ended in September. The transfer of shares finalized the privatization of the country's largest remaining state-owned interest.

American company Central Media Enterprises, the owner of TV Nova, has been listed on the Prague Stock Exchange (PSE) at the end of June. The last two companies to enter the PSE were real estate firm Orco Property Group and pharmaceutical company Zentiva.

Profit increased more than 25 percent to a record Kc 30.7m (\$1.2m) at construction company P-D Refractories CZ last year. The company will use more than two-thirds of the money to purchase a stake in a quartz producer in Slovenia.

The planned merger of HVB and UniCredito could be completed as early as October. HVB controls 5.4 percent of the local banking market; UniCredito, 1.8 percent.

Sales increased 25 percent to Kc 1.17bn (\$46.8m) at Stavostroj, the largest Czech producer of heavy road machinery, last year on an increase in exports. Last year the company boasted success in exports to West European markets, where sales of pavement compressors soared 112 percent to Kc 240m (\$9.6m).

Germany's Siemens has won a tender to upgrade the broadband network of Czech telecommunications and transmission company Ceske radiokomunikace. Siemens beat rival Cisco in the 20 million Kc tender. The new technology will allow the telecom to offer Triple Play, Internet and TV broadcasting in one network.

Czech drug maker Zentiva had signed a contract in mid-September to buy Romanian rival Sicomed for \$102m (more than Kc 2.5bn). Zentiva will gain a controlling share with the acquisition of Venoma Holdings Limited, which owns 51 percent of Sicomed.

Raiffeisen Bank netted Kc 174m (\$6.9m) in the first half of 2005.

Intel Capital and Enterprise Investors have acquired a majority stake in Grisoft, a leading anti-virus software producer. The two companies bought a 65 percent stake from Benson Oak Capital for \$52m (Kc 1.2bn). Intel Capital paid \$16m of the amount, to \$36m for Enterprise Investors.

Fixed-line operator Cesky Telecom will get Kc 4bn in dividends from its mobile unit Eurotel by the end of this year. Telecom, the sole owner of the mobile operator, already received Kc 3bn (\$120m) from Eurotel in the spring. The money will go to pay Telecom's debt.

Cleverlance has become a Microsoft Gold Certified Partner. Cleverlance is the leading supplier of open solutions based on multi-tier technology in Central Europe. The title is awarded to companies that produce solutions and services based on Microsoft products and criteria. Companies selected as partners receive special support corresponding to their market position.

IKEA's Czech sales rose y/y by a third, to Kc 3.6bn (\$144m), in the year to August 31.

Bank of Tokyo-Mitsubishi will open an office in Prague in October in

reaction to growing demand from Japanese investors for banking services.

Prague city hall will seek a partner for the Congress Center that is skilled in international conference tourism.

After cutting mortgage rates by up to 0.5 points about a month ago, Ceska sporitelna raised its rates 0.3 points in September due to developments on the interbank market and expert analyses of stagnating rates. Ceska sporitelna is the first major bank to raise its rates.

Skoda Auto reported global net sales of 244,569 in the first half of 2005, up y/y by 7.3%. Its sales in Western Europe rose by 17.4% to 140,573. Its net profit rose to Kc 97.3bn (\$3.89bn).

Mastercrocft, part of Evraz Holdings of Russia, signed a contract with the CR on Aug. 5 for a nearly 99% stake in Vitkovice Steel for Kc 7.05bn (\$282m). EU antitrust approval is still needed.

Czech breweries raised output in the first half by a preliminary 3%.

State-owned Aero Vodochody said it plans to open an international airport at its Vodochody facility 13km north of Prague that caters to low-cost airlines.

Cesky Telecom's H1 earnings fell y/y by 23.2% to Kc 2.6bn (\$104m), on a 3.6% drop in consolidated revenue, to Kc 30bn (\$1.2bn).

Czech beer output will apparently exceed 19m hl this year, for the first time since 1992.

CSA's supervisory board chose a consortium of CSOB, BNP Paribas and Natexis Banques Populaires to finance its purchase of 12 Airbuses.

Sazka netted Kc 965.5m (\$38.6m) in the first half of 2005, up 7%.

Mobile operator Eurotel plans to offer voice and data operations in the 3G mobile network on a commercial basis by next year.

eBanka earned Kc 32.6m (\$1.3m) in H1, for its first half-year profit.

CSA intends to improve its services for corporate clients beginning this fall. This will include a corporate frequent-flyer program and perhaps preferred check-ins, snacks or a VIP lounge.

HVB and ZB has launched chip cards in September. eBanka is soon to follow.

Moeller of Germany bought a majority in Pragolaktos dairy from Alimpex.

Mittal Steel is considering two Polish cities (Krakow and Katowice) and Ostrava as the site for a new €300-350m steel mill for sheet metal for cars.

Infinity became the exclusive distributor for the telecom solutions and services of Huawei Technologies of China. Huawei wants to become a leader on the Czech market in terms of 3G, ADSL, integrated, optical and wireless networks.

Allianz insurance company netted Kc 405m (\$16.2m) in H1, up 46%, to Kc 4.88bn.

Internet Mall, the largest Czech internet retailer, posted lower profit in H1 on a 40% rise in revenue, to Kc 443m (17.7m).

Gates Europe of the U.S. will begin production of high-pressure hydraulic hoses in Karvina this fall. Grupo Recyde of Spain has also chosen Karvina for an auto-parts production facility.

Pickering Interfaces of the U.K., a maker of automated systems, has already begun production in Trinec.

Prague airport opened a new concourse Sept. 1, increasing the number of gates from 17 to 27.

Skoda Praha signed a Kc 425.5m (\$17m) contract for parts for an Egyptian power plant.

Lenovo of China plans to build a network of about 10 service and sales centers by end-2006.

President Satoshi Takae of Toyota-Peugeot-Citroen Automobile of Kolin said the car maker plans to produce 100,000 vehicles this year. Its contribution to Czech exports is estimated at Kc 13bn (520m).

Pension funds doubled their profit in the first half of 2005, to Kc 2.2bn (\$88m).

Philip Morris CR reported consolidated H1 net income of Kc 1.46bn (\$58.4bn) for the CR and Slovakia, down y/y by 23.6%.

Linde Technoplyn opened a new Kc 2bn (\$80m) production facility.

Four bids ranging from Kc 15bn (\$600m) to Kc 33.7bn (\$1.34bn) /including VAT/ were submitted in the **electronic-toll tender**, according to the tender commission. The bidders include A-WAY/AZD, Kapsch/PVT, Autostrade constortium and Ascom/Fela/Damovo/ABD. The winner of the tender will operate the system until 2017.

Czech Railways will begin high-speed Pendolino train service to Ostrava, Beno, Vienna and Bratislava beginning in mid-December.

Doughty Hanson & Co. bought 75% of Moeller Elektrotechnika from Advent Int. for €1.1bn.

The cabinet decided to sell the state's 56% stake in Severoceske doly coal mines to CEZ for Kc 9bn (\$360m). CEZ's stake in the mining company will rise to 93%.

Carrefour will swap its 11 stores in the CR and four in Slovakia for Tesco's stores in Taiwan and about Kc 1.8bn (\$72m) in cash.

Jeyes of the U.K. plans to build a factory in Klasterec nad Ohri, Northwest Bohemia.

CEO Detlef Wittig said that **Skoda Auto wants to double production by 2015 to 1m cars per year.** Output should reach a record 480,000 vehicles this year, with sales exceeding that by 10,000.

Walton Street Capital and Merrill Lynch Principal Investment bought Millennium Plaza and the Marriott Hotel from B.H. Centrum for Kc €130m.

Tesco's sales rose y/y by 3% to Kc 8.8bn (\$352m), in the first half of 2005.

OMV was chosen to buy Aral's 69 filling stations and reportedly paid \$210m for the transaction.

PPF/J&T, Penta and Unimex are interested in Aero. PPF/J&T would likely build an airport for low-cost airlines. Penta said its priority would not be an airport.

CSA signed a deal with Fischer travel agency for carrying most of its 150,000 charter passengers over the next three years. CSA is also still negotiating to buy Travel Service charter airline.

Sales at the CR's biggest companies grew by 7% last year, according to BIZ, a new monthly business magazine. Skoda Auto, Mittal Steel Ostrava and CEZ ranked the highest.

Deloitte, at Kc 4.7m (\$188.000), was the winning low bidder for providing financial advice to CKA on the sale of Aero. Salans, at Kc 1.5m (\$60.000), won the bid for legal advisory.

Skoda Auto's cars will go on sale in Taiwan on December 8.

U.S. TRADE MISSION TO THE CZECH REPUBLIC

In a collaborative effort, the CzechTrade Chicago, Illinois Department of Commerce and Economic Opportunity and the Chicago Chapter of the CNACC, held a Transportation Trade Mission to the Czech Republic August 22-26, 2005. The emphasis was placed upon sourcing product components and parts to the United States, using a network of Czech industrial partners and suppliers. The trade mission delegates witnessed a high level of manufacturing processes during field trips to the sites of Skoda Transportation, Skoda Electric and Siemens, as well as being introduced to the latest technologies used in metro, train and tram systems during a technical visit arranged by the Association of Czech Railway Industry.

US Trade Mission participants: Global logistics & Development Co., Transit Solutions, Inc., IEC-Holden Inc., Trans-com Transport Ltd. and Transit Associates Inc.

Czech investment projects worth Kc 20.7bn (\$828m) have been confirmed to receive financial support from the European Union's Cohesion Fund, the Regional Development Ministry has announced. Until the end of 2006, the country can draw a total of Kc 4bn from the Cohesion Fund. Another Kc 130bn (\$5.2bn) will be available from 2007 to 2013.

A new system should be in place by the fall of 2006 **for creating one-stop centers for starting new businesses.** Also planned are binding opinions by tax offices. CzechInvest will also maintain a national registry of advisers for helping small businesses.

The cabinet approved the 2006 state budget Sept. 7. It calls for record spending of Kc 958.8bn (\$38.3bn), a rise of 5.6% over the 2005 figure. Revenue should rise next year by 7.2%, to Kc 884.4bn (\$35.3bn), for a deficit of Kc 74.4bn (\$2.9bn).

The CNB raised interest rates by 0.25 percentage points Oct. 27, bringing the benchmark two-week repo rate to 2.0%, level with the euro zone rate. According to CNB governor Zdenek Tuma, Czech interest rates can be expected to grow in the future.

The government approved a Finance Ministry proposal changing the law on collective investment. The new law would differentiate between funds for individual investors and funds for qualified investors, which would replace four current funds, including risk capital and derivatives funds.

The Czech Republic has one of the world's lowest income gaps between rich and poor, according to an analysis by the OECD. The wealthiest 20 percent of households own 36 percent of the country's overall wealth, while one-fifth of the poorest people in the Czech Republic own 10.3 percent.

A further increase in oil prices would lead to higher inflation and interest rates in the midterm, Zdenek Tuma, governor of the Czech National Bank (CNB), has said. Tuma emphasized that the bank would make energy prices one of its central focuses.

The finance ministry announced that **squeeze-out payments to minority shareholders** will be treated as tax-

exempt if the shares were held for six months or if they came from coupon privatization.

Austria extended the transition period until 2009 during which Czechs must seek approval to work in the country.

New rules for building & loans take effect on Nov. 1. They will no longer be able to raise their fees during the savings cycle.

The cabinet agreed to devote Kc 6bn (\$240m) in privatization proceeds to upgrading the D1 Prague-Brno highway.

The government approved an increase in sickness benefits for higher-income groups as from January, Labor and Social Affairs Ministry has informed. The proposed rise in sickness and maternity benefits, as well as allowances to people looking after a family member will cost about 700 million crowns (\$28m).

Electrical engineering has become the country's largest industrial sector, more than doubling in size since 2000. Computer and electrical component production are the largest-growing segments of the electrical engineering sector, followed by telecommunications.

The government plans to adopt the euro in 2010.

The European Commission has officially invited submissions for the European Information Society Technologies Prize, which has been running annually since 1995 within the ESPRIT program. The prize is awarded to new advanced technologies with strong marketing potential.

The old-age, widows' and disability pensions will rise by 4.9 percent as of January, and the average monthly pension will thus reach 8,128 crowns (\$325). The rise will cost the state budget Kc 12bn (\$480m).

Thirteen percent of shoppers spend most their money at small retailers, according to a survey of consumers ages 40-70 or with low incomes conducted by Incoma and Makro. Small retailers accounted for Kc 85bn (\$3.4bn) in sales of food and personal care items last year, compared to Kc 80bn Kc at hypermarkets.

The Cabinet approved a measure to lower the minimum subsistence level from Kc 4,300 a month to Kc 2,870 (\$115) for a single individual while at the same time creating subsidies for housing and living expenses.

President Klaus appointed **Vitezslav Jandak the new Culture Minister** August 17.

The Czech Republic also has a **new Health Minister.** Former president of the Czech Medical Association, Mr. **David Rath, succeeded Milada Emerova as of November 4.**

The CKMOS labor organization expects **inflation next year of 3.0-3.5%.** CNB Governor Zdenek Tuma said that the bank's own forecast will not be far off.

The lower house of parliament lifted the law requiring receipts for amounts over Kc 50, tightened squeeze-out rules, kept the VAT on lodging at 5% and approved a VAT exemption for certain language schools.

The Czech Republic made 0.33 percent of its gross national income on European Union membership in 2004, according to a recent European Commission report. Altogether, the Czech Republic received 250 million euros (\$305m/ Kc 7.35bn) from EU funds last year.

The cabinet agreed to spend Kc 60m (\$2.4m) this year on an information campaign in support of the EU.

According to a new survey by Ernst & Young, **the Czech Republic is the seventh most attractive country in the world for investors.** The majority of investors come to CR from Germany, USA and Great Britain.

The Czech Republic will take a Kc 7.3bn (\$306.3m) loan from the European Investment Bank in 2006. The money will be used to finance two road construction projects, including the D8 highway to the German border and the long-awaited construction of Prague's bypass.

Giuliani, Franks, Ashcroft, Major and Aznar has attended USA-EU Days in Prague on Oct. 18-19.

The government decided to award the Czech Brain prize to Armin Delong,

founder of electron microscopy and initiator of the production of world-competitive electron microscopes.

Parliament has approved a bill for subsidizing the construction of cooperative apartments. As a result, coops could be as much as 20% cheaper than commercial properties.

Beginning in 2007, Prague will completely ban trucks from the city center that do not meet the Euro 2 norms.

President Vaclav Klaus signed into law a bill providing more effective supervision over banks, insurance companies and securities dealers that are a part of a financial group. The aim of the law is also to enable a more efficient exchange of information among financial market regulators.

Clinton, Gorbachev and other former world leaders are expected in Prague in mid-Nov. for a meeting of the Madrid Club.

The cabinet approved Kc 25m (\$1m) in hurricane relief to the U.S. The CR also sent Kc 1m in cots and tents as part of a NATO hurricane-relief initiative.

The NATO multinational strategic center for the fight against weapons of mass destruction will be set up in Vyskov, South Moravia, within two to three years, Deputy Defense Minister Martin Belcik said. The Vyskov facility will achieve the same level as for instance the center for naval operations in the USA and the center for combating terrorism seated in Turkey.

The Supreme Administrative Court has issued a ruling Sept. 19 that stipulates that repeated tax audits without a reason can be considered illegal.

Prague is now the 55th most expensive city in the world, up from No. 75 in

2004, according to The Economist Intelligence Unit's list. Prague surpassed cities such as Seattle and Toronto and now ties with Warsaw and Shanghai. The poll in question reflects prices paid by expatriates rather than the local people.

A law took effect in mid-August requiring manufacturers and importers to collect and dispose of appliances and consumer electronics sold in the past and future. The cost of disposal will be included in the price of new appliances.

The Senate passed a bill for converting about 60 government research institutes into individual legal entities. This will help to facilitate their collaboration with the academic and business sectors.

Prague wants to host the 2007 annual conference of the Leading Women Entrepreneurs of the World association.

The cabinet approved a bill for easing the rules for foreigners seeking residence permits. For example, it would be easier to acquire business visas for stays of more than 90 days, and the minimum stay for obtaining permanent residence would drop from 10 years to five.

Fitch raised the CR's long-term credit rating for foreign-currency transactions from A- to A. Finance Minister Sobotka said this reflects the excellent state of the economy and the improving public-finance situation.

Transport Minister Milan Simonovsky announced plans for a Kc 40bn (\$1.6bn) public-private partnership for widening 150km of the Prague-Brno Highway from two lanes in each direction to three. The construction should start in 2007 and last until 2010.

The CR is building superhighways faster now than at any time in the past.

A total of 18km of new expressway segments will open this year and another 72km next year, at a total cost of Kc 40bn (1.6bn).

The cabinet approved a plan that calls for mandatory use of biofuels as of Jan. 2007, as required by an EU directive. According to the Finance Ministry, subsidies for biofuels will cost up to Kc 2.4bn (\$96m) per year. The state will reduce the fuel tax to compensate for the Kc 1-3 per liter higher cost of motor fuels that have a bio-additive.

During his visit to Prague, **Spain's Foreign Minister, Miguel Angel Moratinos,** has announced the possibility of opening the country's labor market to Czechs next year.

Czech Tourism expects a 10% rise in tourists this year, to 9m.

Australia Foreign Minister Alexander Downer said in Prague that the CR could be a base for Australian investment into the EU.

The World Bank again found that the CR is the 41st best place in the world to do business, of the 155 countries surveyed. The CR fared better than France, Hungary, Poland and Italy.

The IT ministry will devote Kc 826m (\$33m) from the Telecom privatization to high-speed internet through 2009.

ODS unveiled the details of its flat-tax plan. The tax rate on personal income would be 15%, and each taxpayer would be entitled to a deduction of Kc 6,000 (\$240).

UNCTAD's World Investment Report found that nearly half of all corporate R&D in the CR is financed by foreign-owned companies. This puts the CR in fifth place behind Ireland, Hungary, Singapore and Brazil.

TOURIST INFORMATION: BANKS IN THE CZECH REPUBLIC

The following sheet includes major commercial banks in the Czech Republic, including local banks and international banks having branches in CR. Most of the banks in this site have an English web site.

Name	Address	Telephone	Fax	Web Site	Bank Code
Abn Amro Bank	Lazarska 3, POB 773, 111 21 Praha 1	244 051 111	244 052 222	www.abnamro.cz	
Bawag Bank	Vaclavske nam. 40, 110 00 Praha 1	224 406 300	225 015 362	www.bawag.cz	4000
Citibank	Evropska 178, 166 40 Praha 6	233 062 211		www.citibank.cz	2600
Commerzbank AG	Jugoslavska 1, 120 21 Praha 2	221 193 111	221 193 699	www.commerzbank.cz	6200
Ceska sporitelna	Olbrachtova 1929/62, 140 00 Praha 4	261 071 111		www.csas.cz	0800
Ceskoslovenska obchodni banka	Na Prikope 14, 115 20 Praha 1	261 351 111, 224 111 111	224 225 049	www.csob.cz	0300
eBanka	Karoliny Svetle 2, 779 00 Olomouc 9	841 841 841, 800 124 100		www.ebanka.cz	2400
GE Capital Bank	Vyskocilova 1422/1a, 140 28 Praha 4	224 443 636, 224 443 632	224 441 500	www.gecb.cz	0600
HVB Bank / Creditanstalt	Revolucni 7, 110 05 Praha 1	221 119 779	221 119 762	www.hvb.cz	2700
Komerční banka	Na Prikope 33, POB 839, 114 07 Praha 1	800 111 055, 485 262 124		www.kb.cz	0100
Raiffeisenbank	Olbrachtova 9 140 21 Praha 4	800 900 900 417 941 444		www.raiffeisenbank.cz	5500
Volksbank	Herspicka 5, POB 226, 658 26 Brno	543 525 222		www.volksbank.cz	6800
Zivnostenska banka	Na Prikope 858/20, 113 80 Praha 1	224 121 111	224 125 555	www.zivnobanka.cz	0400

The current exchange rate of USD is about 25 Czech crowns. It means that each price must be divided by 25 in order to get an appropriate total in US dollars.

All local banks have their exchange rates visibly posted. Ask them first how much you will get for your money so you can compare. Their rates can be a little different from the official ex. rate set by Czech National Bank. Also, watch for their commission fee, which can be quite high sometimes. Many Czech Republic banks have ATM'S (automatic teller machine), enabling you to draw foreign currency while you stay in Czech Republic. You can also exchange dollars at one of the many exchange bureaus; some of them do not charge the fee but their rates are usually less favorable than those at banks.

Do NOT exchange money with unknown individuals on the streets! It is illegal and the risk of being robbed or cheated is not worth the margin they might propose.

CZECH COMPANIES LOOKING FOR REPRESENTATIVES, IMPORTERS, DISTRIBUTORS

MACHINERY AND EQUIPMENT

TATRA, a.s.

Stefanikova 1163
742 21 Koprivnice
Tel.: (+420) 556 49 11 11
Fax: (+420) 556 49 44 81
E-mail: tatra@terex-tatra.com
http://www.terex-tatra.com

Tatra is the largest Czech producer of industrial vehicles. The company exports

their product worldwide and would like to find representatives and importers in the U.S.

OKD Doprava, a.s.

Betonarska 580
712 00 Ostrava
Tel.: (+420) 596 263 865
Fax: (+420) 596 243 185
E-mail: obchod@okd-doprava.cz, muglinov@okd-doprava.cz
http://www.okd-doprava.cz

OKD Doprava offers complex solutions of transport and traffic requirements in railway transport; operation of filling stations of natural gas; operation of building and earth moving machines for technology of production; handling bulk commodities, exploitation, treatment and beneficiation of black coal mud; waste treatment etc. The company is seeking U.S. customers.

SVOS spol. s.r.o. Prelouc

Chocenska 877
535 01 Prelouc
Tel.: (+420) 466 955 711
Fax: (+420) 466 955 742
E-mail: svos@armsvos.cz
<http://www.armsvos.cz>

SVOS is a designer and manufacturer of armored vehicles for transport of money and securities. The company would like to introduce its product to the U.S. market.

MarS, a.s.

Okruzni II. cp. 239
569 43 Jevicko
Tel.: (+420) 461 353 841
Fax: (+420) 461 353 843
E-mail: mars@marsjev.cz, maly@marsjev.cz
<http://www.marsjev.cz>
Contact person: Ing. Vratilav Maly, Business Director

MarS is a producer of parachutes, military and police equipment, ballistic blankets, airplane-towed banners, military rucksacks and straps, holsters for guns, bullet-proof vests, chemical-wear components etc. It is looking for U.S. representatives and importers.

DEPRAG CZ, a.s.

T.G. Masaryka 113
507 81 Lazne Belohrad
Tel.: (+420) 434 692 411
Fax: (+420) 434 692 512
E-mail: sales@deprag.cz
<http://www.depragindustrial.com>,
www.deprag.com, www.collets.cz

DEPRAG specializes in production of collet grinders, straight and angle grinders, angle polishers, drills, impact wrenches, explosive –environment tools, and other pneumatic tools. It is looking for U.S. importers and distributors.

FERROMET Group, s.r.o.

Kollarova 1229
698 01 Veseli nad Moravou
Tel.: (+420) 518 311 613
Fax: (+420) 518 311 616
E-mail: info@zeves.cz
<http://www.zeves.cz>
Contact person: Ing. Vladimir Vojkovsky, General Director

Ferromet Group is a manufacturer of steel welded galvanized tubes, suitable for distribution of water and gas and for construction use. The company is ISO 9001/2000 certified. It is looking for importers and distributors in the U.S.

EKO Morava

Dolni 100
796 01 Prostejov
Tel./fax: (+420) 582 312 566
Fax: (+420) 582 809 566
Cell: (+420) 603 194 026
E-mail: ekomorava@cbox.cz
<http://www.cbox.cz/ekomorava>
Contact person: Mr. Pavel Pavlik

EKO Morava is a manufacturer of specialized screened chambers designed for installation of instruments and equipment requiring protection against interfering electromagnetic influences as well as for reduction of electromagnetic field radiated into the neighboring space, with the screening efficiency up to 100 dB in the frequency band of 150 kHz-1. The company is looking for customers in the U.S.

IMPEx – IMPORT – EXPORT

Trnovany – Podvini 68
412 01 Litomerice
Cell: (+420) 724 162 991
E-mail: impexcz@impexcz.com
<http://www.impexcz.com>
Contact person: Ing. Zdenek Pravda

Impex-Import-Export is a manufacturer of small-size water treatment equipment (helps prevent the water scale) for domestic and industrial use. The company is looking for U.S. representatives and importers.

KOMA

Ricanska 1180
763 12 Vizovice
Tel.: (+420) 577 453 131, 577 452 832
Fax: (+420) 577 452 839
E-mail: info@komacontainer.com, drevojanek@container.cz
<http://www.komacontainer.com>
Contact person: Mr. Roman Drevojanek

KOMA specializes in modular construction (portable living units, permanent living structures, warehouse units, construction units, office units, shipment containers, sanitary containers etc). The company would like to introduce its products to the U.S. market.

REO AMOS, spol. s r.o.

Provozni 5560/1b
722 00 Ostrava-Trebovice
Tel.: (+420) 596 966 455
Fax: (+420) 596 966 460
E-mail: reoamos@reoamos.cz
<http://www.reoamos.cz>
Contact person: Ing. Stanislav Boucek, Executive Director

REO AMOS is a manufacturer of products for prevention and average settlement (absorbent materials for aggressive liquids, containment booms and barriers, packaging and storage accessories and related equipment). The company is looking for U.S. importers and distributors.

CONSUMER PRODUCTS**TESCOMA, s.r.o.**

U Tescomy 241
760 01 Zlin
Tel.: (+420) 577 575 162
Cell: (+420) 606 797 116
E-mail : marek.stibora@tescoma
<http://www.tescoma.cz>

TESCOMA offers modern design and high quality kitchen and domestic utensils. Its brand products are well-known and widely used by consumers and professional chefs all over the world. The company is looking for representatives in the US.

ATOK

Tesnov 5
110 00 Praha 1
Tel.: (+420) 224 805 341
Fax: (+420) 224 805 339
E-mail: patakova@atok.cz
<http://www.atok.cz>
Contact person: Ms. Jana Patakova

ATOK is an enterprise association whose members are companies from the textile, apparel and leather sectors. It is looking for importers, distributors and retailers in the U.S.

NAREX BYSTRICE, s.r.o.

Dr. E. Benese 349
257 51 Bystrice u Benesova
Cell: (+420) 604 289 868
Fax: (+420) 317 793 329
E-mail: ctirad.coufal@tiscali.cz
<http://www.narexby.cz>
Contact person: Ing. Ctirad Coufal

Narex Bystrice is a manufacturer of hand-tools (carving tools, screwdrivers, chisels, etc.), plastic materials and forgings. The company would like to expand to the U.S. market and is looking for representatives and importers in the U.S.

Krkonoske Papirny, a.s. (KRPA)

Nadrazni 266
543 71 Hostinne
Tel.: (+420) 499 501 432, 499 501 493
Fax: (+420) 499 501 108, 499 501 109
E-mail: papermill@krpa.cz
<http://www.krpa.cz>

KRPA is a manufacturer of paper products (paper, cut sizes, envelopes, rolls, school stationery, custom-made paper products). The company is seeking U.S. importers, distributors and wholesalers.

Ceska Obchodni CZ, s.r.o.

Vrchlickeho 314/4
460 14 Liberec 13
Tel.: (+420) 777 599 339
E-mail: bloomberg@quick.cz
<http://www.rosary.cz>
Contact person: Mr. Ondrej Repa

Ceska Obchodni CZ offers rosaries and beads of unique quality manufactured in the Czech Republic. It is seeking U.S. importers, distributors and retailers.

decoRelax

Rooseveltova 781
537 01 Chrudim 3
Tel.: (+420) 603 167 277
Fax: (+420) 466 951 421
E-mail: info@msdecorelax.com,
m.slonek@chrudim.cz
<http://www.msdecorelax.com>
Contact person: Ing. Miroslav Slonek

decoRelax is a manufacturer of decorative and relaxation lighting (glass sculpture plus a base with a source of cold light). The company is seeking U.S. importers, distributors and retailers.

AROMEDICA

Plzenska 221/130
150 00 Praha 5
Tel.: (+420) 257 210 796
E-mail: juric@aromedica.cz
<http://www.aromedica.com>
Contact person: Mr. Pavel Juric

AROMEDICA offers aromatherapy essential oils, healing cosmetics, balms and bath products as well as herb supplements for various health issues including weight reduction, cellulite, cardiovascular system, digestion and others.

TRAVEL & TOURISM

**Anna-Moorbad SPA
(Lazne-Belohrad)**

Biskupsky dvur 8
110 00 Praha 1
Tel.: (+420) 221 729 297
Cell: (+420) 606 738 574
Fax: (+420) 221 729 299
E-mail: kotek@eupc.cz
<http://www.belohrad.cz>

Contact person: Ing. Ivan Kotek

The spa specializes in treatment of patients with rheumatism, back problems, problems after accidents/injuries, post-orthopedic operations and burn injuries. It would like to attract new visitors from the U.S.

Rezidence Luhacovice

Pointa, a.s.
Slunna 848
763 26 Luhacovice
el.: (+420) 604 281 825, 577 132 448
E-mail: lmc@luhacovice.cz
<http://www.rezidence.net>
Contact person: JUDr. Marie Semelova

Rezidence Luhacovice offers newly built homes for the elderly.

VYSEHRAD 2000, s.r.o.

Narodni 10
110 00 Praha 1
Tel.: (+420) 224 951 736
Fax: (+420) 224 951 446
Cell: (+420) 607 568 895
E-mail: milos.janu@quick.cz,
vysehrad2000@vysehrad2000.cz
<http://www.vysehrad2000.cz>
Contact person: Ing. Milos Janu

Vysehrad 2000 offers gastro and travel services and is seeking for new customers in the U.S.

SALORA CZ, s.r.o.

K dalnici 46
635 00 Brno
Tel.: (+420) 541 233 662
Fax: (+420) 541 233 662
Cell: (+420) 603 546 821
E-mail: salora@salora.cz
<http://www.salora.cz>
Contact person: Ing. Vaclav Sabol

Salora CZ provides high quality services related to trade fairs and trade missions. The company would like to offer its services to U.S. customers.

SERVICES FOR U.S. COMPANIES

CZECH EXPORT CONSULT

Velke namesti 135/19
500 03 Hradec Kralove
Tel.: (+420) 606 847 344
E-mail: info@exportuk.cz
<http://www.exportuk.cz>
Contact person: Brian Bolger

Czech Export Consult provides help to foreign companies who plan to enter the Czech market (initial market research

and planning, interactive sales, legal services, accounting, virtual office, web site design etc.) The company also offers supply sourcing from the Czech Republic, outsourcing, offshoring and call center solutions.

**Europe Partner Consulting
– Consortium**

Biskupsky dvur 8
110 00 Praha 1
Tel.: (+420) 221 729 290, 606 738 574
E-mail: kotek@eupc.cz
Contact person: Mr. Ivan Kotek

Europe Partner Consulting specializes in search for business partners at technological parks. The firm wants to offer its services to U.S. customers.

CTP Invest, spol. s r.o.

CTPark Humpolec
396 01 Humpolec
Tel.: (+420) 565 535 565
Fax: (+420) 565 533 501
<http://www.ctpinvest.cz>
Contact person: Mr. Remon Vos,
Executive Director

CTP Invest specializes in development of industrial properties. The company would like to offer their services to U.S. firms who plan to invest in the Czech Republic.

GATTEO Film Studio

Dolnometolupska 209/17
102 00 Praha 10
Tel.: (+420) 234 261 111
Fax: (+420) 234 261 112
GSM: (+420) 602 213 092
E-mail: office@gatteofilms.com
office@alfafilm.net
<http://www.filmstudiodgatteo.cz>
Contact person: Mr. Roman Synek

Gatteo Film Studio provides film services. It is looking for customers in the U.S.

PricewaterhouseCoopers

Tel.: (+420) 251 151 600
E-mail: marcela.vodickova@cz.pwc.com
<http://www.pwc.com/czhr>
Contact person:
Ms. Marcela Vodickova

PricewaterhouseCoopers has compiled a study called "HR Controlling 2005". The study analyzes personnel management in leading Czech companies. To obtain a copy, please contact Ms. Vodickova at PricewaterhouseCoopers.

TRADESHOWS AND EXHIBITIONS / WINTER 2005

Prague Exhibition Grounds / www.incheba.cz

November 4 – 6

△BOAT PRAGUE&CARAVAN PRAGUE / Exhibition of Ships, Boats, Camper Vans, Caravans and related Equipment

November 22 – 26

△AQUATHERM / International Trade Fair for Heating Technology, Air-conditioning, Sanitary, Environment Protection Technology, Measurement and Regulation

December 10 – 18

△CHRISTMAS MARKETS / Traditional Christmas Markets, gifts and decoration

January 26 – 28

△ROOFS PRAGUE / Specialized Exhibition for Roof Building and Renovation

Brno Exhibition Center / www.bvv.cz

November 10 – 13

△SPORT LIFE/ International Sports Fair

△BOAT BRNO / International Boats and Water Sports Show

△CARAVANING BRNO / International Caravaning Show

December 9 – 18

△CHRISTMAS MARKETS / Traditional Christmas Markets

January 12 – 15

△GO / International Travel Trade Fair

△REGIONTOUR / International Fair of Regional Tourism

CZECH REPUBLIC OPENS A NEW HONORARY CONSULATE IN BOSTON

On September 17th, 2005, the new Honorary Consulate of the Czech Republic was opened in Boston, Massachusetts. The honorable guest of the event, Foreign Minister Cyril Svoboda, presented the new Honorary Consul, Professor Igor Lukes, with a certificate of authorization to provide consular services. Other dignified guests of the event included Mr. Ales Pospisil, Consul General of the Czech Republic in New York, representatives of Czech Ministry of Foreign Affairs, diplomats, entrepreneurs and members of the Czech-American community.

CZECH COMMERCIAL OFFICES IN THE UNITED STATES

Czech Embassy in Washington, D.C.: Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, North Carolina, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Texas, Tennessee, Virginia, West Virginia, Wisconsin.

Contact: Ms. Marketa Janikova, Phone: 202.274.9104

Fax: 202.244.2147, eco_washington@embassy.mzv.cz

Consulate General in Los Angeles: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming.

Contact: Ms. Ludmila Kunderatova, Phone: 310.473.0889 x.229

Fax: 310.473.9813, losangeles@embassy.mzv.cz

Consulate General in New York: Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont.

Contact: Mr. Josef Dvoracek, Phone: 212.717.5643

Fax: 212.717.5064, consulate.newyork@embassy.mzv.cz

CzechTrade - Chicago Office (Czech producers & Opportunities)

Contact: Ms. Ivana Ingram, Phone: 312.644.1790, Fax:

312.527.5544, chicago@czechtrade.cz

Czech Center New York

Contact: Ms. Monika Koblerova, Phone: 212.288.0830 x.103,

Fax: 212.288.0971, koblerova@czechcenter.com

CzechInvest – Chicago Office

(investment opportunities in the CR)

Contact: Mr. Bohuslav Frelich, Phone: 312.245.0180,

Fax: 312.245.0183, chicago@czechinvest.org

CzechInvest – San Jose Office

(investment opportunities in the CR)

Contact: Mr. Radomil Novak, Phone: 408.376.4555,

Fax: 408.376.4557, california@czechinvest.org

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

Czech Embassy

www.mzv.cz/washington

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