

SPECIAL REPORT: CZECH REPUBLIC NATIONAL DAY

Strategic locations tighten the bonds



A series of bridges straddle the River Vltava in Prague, the beautiful historical capital of the Czech Republic.

MESSAGE

As we celebrate the Czech Republic's National Day, I extend greetings to the people of Hong Kong and the Czech Republic.



The Czech Republic and Hong Kong face problems related to the global economy, which is affecting the outstanding achievements of both economies. Yet, despite the unfavourable conditions, the Czech Republic remains among the best performers within central and eastern Europe with a stable bank sector, relatively low government debt and improving ratings. The government also sees the crisis as an opportunity to diversify the highly Europe-gear economy, encouraging innovation and enhancing competitiveness.

The Czech Republic has a strategic location in the centre of Europe, with good access to western and eastern markets. Czech exports to Asia and Hong Kong have grown over the past three years, as Hong Kong acts as a global financial hub and trade gateway for Czech companies to introduce their products into mainland and other Asian markets.

A clear example of active bilateral relations between Hong Kong and the Czech Republic is that of the Comprehensive Agreement for the Avoidance of Double Taxation, which came into force last January, while another example is the preparation of the signing of

three agreements on legal assistance in penal issues after several years of negotiations. Furthermore, the deputy minister of the Ministry of Foreign Affairs of the Czech Republic and commissioner for economy and trade development visited Hong Kong earlier this month, focusing on the further development of mutual economic relations with co-operation in the fields of logistics, transport facilitation, health care, green technologies and nanotechnologies.

Elsewhere, increasing numbers of students take part in university exchange programmes, Czech culture is presented at Hong Kong festivals and Prague remains a popular tourist destination.

I would like to wish the Czech community and everyone in Hong Kong all the best on the occasion of the Czech Republic's National Day.

Jaroslav Kanturek
Consul General of the Czech Republic

Access to key markets shapes attributes of trading partners, writes Josephine Bond

As the Czech Republic marks another year, it continues to enjoy strong links with Hong Kong, be it through business, investment, arts and culture, or education.

The two share many similar attributes, explains Jaroslav Kanturek, Consul General of the Czech Republic in Hong Kong.

"We are both open economies, oriented on exports and logistics services, services in general," he says, noting the strategic locations which enjoy access to other markets.

As Hong Kong benefits from the Chinese hinterland, the Czech Republic boasts a core position between western and eastern markets, making it one of the most successful central and eastern European economies in attracting foreign direct investment.

"We have ports to other eastern European and western markets," says Kanturek, "and we have very good infrastructure - very educated labour, and we are relatively good on price."

"For eastern markets, we are one of the most developed

things, and I think in the past 20 years we had to start some new technology and production," he says.

Czech glass and glassmaking remain famous globally with companies such as Lasvit also based in Hong Kong, designing and manufacturing luxury light fittings and original design objects made of glass, crystal and other precious materials for the world market.

Another focal point for the Czech Republic and foreign investment is education. Exchange programmes between Hong Kong and the Czech Republic remain strong, with about 20 students from each country opting to study in the other annually.

The Czech higher education system includes 26 public, two state and 45 private institutions where nearly 390,000 students are enrolled, 35,000 of them being foreign students.

Tomas Bata University in Zlin boasts more than 13,000 students, with nearly 900 from foreign countries. It offers degree courses in economics, informatics, technology and visual arts taught in English.

It is also possible to study cybernetics and robotics in English at the Czech Technical University in Prague. Exchange programmes between universities in the Czech Republic and Hong Kong have been popular for close to six years.

"I think it's mainly our history, which is very attractive for Hong Kong students," explains vice-consul Barbora Capova. The universities date back centuries. For example, the Charles University in Prague was founded in 1348 by Emperor Charles IV. "I also think the life of students in the Czech Republic these days is still not as expensive as Germany or France, for example, and we offer credit programmes. It's affordable to go. It's easy to travel while you are there."

There is also a good mix of east and west in the country, which borders Germany, Poland, Austria and Slovakia, and has been a parliamentary democracy and European Union member state since 2004. "Travel around Europe is very easy," Kanturek says. "You are just a few hours by train to other countries."

The Czech Republic's arts and culture scene is a boon to students. Even in Hong Kong, the arts arena has benefited recently from a number of productions by Czech composers and performers, including the July concert of Dvorak songs - performed in the Czech language - by Musica Viva.

In February, the Czech Pavel Haas Quartet likewise performed at the Hong Kong Arts Festival.

"I find it very surprising and positive that there are so many of these activities going on," Kanturek says.

The consul general is among 200 or so Czech Republic nationals in Hong Kong, who range from business people to musicians and doctors. "People come here for business because of the large opportunities," he stresses.

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BARBORA CAPOVA, CZECH VICE-CONSUL

markets and for western markets we are something in between with competitive advantages."

More than 173,000 Czech firms benefit from foreign capital, while the country has attracted €77.1 billion (HK\$779.6 billion) in direct investment from 1993 to 2011. The Czech Republic hosts more than 73,000 foreign companies, including multinationals, such as Ford, IBM and Volkswagen, many of which run Czech research and development centres.

Investment incentives have stoked foreign interest in the Czech Republic, including laws which extend income tax relief and enable strategic investment projects. Financial support is available for creating new jobs and for training and re-training.

With Czech scientists' pioneering spirit and ability, industries, such as nanotechnology, are becoming core areas of interest for foreign investment, buoyed by academic and state support. The Academy of Sciences runs the Nanotechnology for Society programme, with 29 projects valued at €43 million up and running by the end of last year. The Grant Agency of the Czech Republic also lends support by funding research.

This focus on nanotechnology, which has supported local firms, such as Elmarco and Crytur, is part of a desire to shift the economy out of traditional manufacturing areas, such as cars and machinery, Kanturek says.

"We know we have to make a step forward from manufacturing machinery and other

