



Czech Republic

Is the Czech Republic a good country to do business in now?

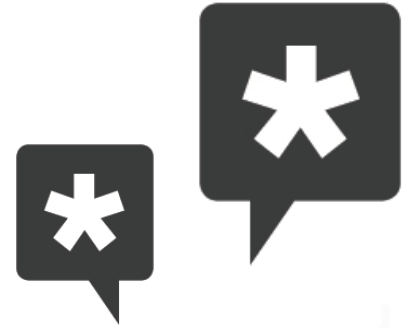
Yes, we believe it is.

Here's why.

The Czech Republic has emerged as one of the strongest democracies of the former Soviet states. With a strong industrial sector and a strong export economy, its economic growth has been stable and constant and it became a member of the European Union in 2004.

With an open economy and strong government support for foreign investment, there are many investment opportunities in the Czech Republic and the price is still relatively good, although the koruna has increased in value against the euro and dollar in recent years.

Fast Facts



Population: 10.5 million

Language/s: Czech

Religion/s: Christian (secular); 39% Roman Catholic

Land area: 78,866 sq kilometers (30,450 sq miles)

Currency: Koruna (Kc)

Capital: Prague

Internet domain: .cz

International dialing code: +420

Innovation ranking¹: 27 (out of 82 countries)

Digital economy ranking¹: 31 (out of 70 countries)

Macroeconomic indicators:¹

	2009	2010	2011
GDP (US\$)	\$175.3 billion	\$173.9 billion	\$178.9 billion
GDP per capita (US\$)	\$16,684	\$16,840	\$17,314
Real GDP growth	-4.2	2.0	3.0
Inflation (CPI)	1.0	1.8	2.0

Economy

The Czech Republic's strong export market has led the country's economic recovery since mid-2009. The OECD expects continued recovery through 2010 and 2011, although domestic demand remains sluggish owing to high unemployment and fiscal tightening. Inflation is expected to remain within target.



Fast Facts



Politics

The Czech Republic is a stable parliamentary democracy. Czechoslovakia won its independence from the Soviet Union in 1989 following a peaceful “Velvet Revolution”. In 1993, a “Velvet Divorce” separated the country along ethnic lines into the Czech Republic and Slovakia.

It is a bicameral parliamentary system with the Senate elected by popular vote for six-year terms and the Chamber of Deputies elected by popular vote for four-year terms. The president, as head of state, is elected by parliament every four years. The president appoints a prime minister.

Vaclav Klaus of the conservative Civic Democratic Party was elected for a second term as president in 2008. He appointed Petr Necas, of the centre-right Civic Democrat party, as prime minister following the 2010 election.

Doing business

Understanding some of the customs and cultural differences of the Czech Republic makes it easier for foreigners to conduct business there:

- Czechs are a formal, reserved and private people until they get to know someone, and they are rarely ever overly emotional.
- Czechs are seldom on a first-name basis with people outside their extended family or very close friends. Therefore, do not use someone’s first name or an informal greeting without being invited, as this is considered insulting.
- It usually takes several meetings for Czech business people to become familiar with and to trust new associates.
- Czechs conduct business slowly according to protocol and hierarchy, so patience is essential and high-pressure tactics are to be avoided.
- Friday afternoon is a bad time to schedule meetings, as many Czechs leave for their country cottages after lunch. Likewise, many businesses close during August for vacation.



Doing business (continued...)

- Being on time is important and punctuality for meetings is taken extremely seriously. Always maintain direct eye contact while speaking, do not remove your suit jacket unless the highest-ranking Czech does so.
- Czechs are non-confrontational and often take an indirect approach to business dealings. Lowering their eyes and becoming silent, for example, is an indication they are uncomfortable with a comment someone has made. Politeness prevents many Czechs from stating an absolute “no.” Statements, however, such as “It is difficult,” or “We will see,” may be interpreted to mean “no”.



References

¹ Taken from the Economist Intelligence Unit’s report: ‘A new ranking of the world’s most innovative countries’ that ranks innovation in 82 countries. Innovation is defined as the application of knowledge in a novel way, primarily for economic benefit. Companies deem it vitally important as a competitive tool. Government policymakers see it as essential for economic growth.

¹ Digital economy ranking is the Economist Intelligence Unit’s measure of the quality of a country’s information and communications technology (ICT) infrastructure and the ability of its consumers, businesses and governments to use ICT to their benefit. When a country uses ICT to conduct more of its activities, the economy can become more transparent and efficient.

¹ Source: Organisation for Economic Co-operation and Development, www.oecd.org (Real GDP growth and inflation), and International Monetary Fund, www.imf.org (GDP and GDP per capita). 2009 and 2010 figures are OECD and IMF staff predictions. Real GDP growth and inflation are defined in percentage change from previous period.



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