Edition 2025

BUSINESS GUIDEBOOK

Czech Republic

Your Investment Destination

Czech Business Guide.com

AFI Association for Foreign Investment

Association for Foreign Investment

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Association for Foreign Investment

is non-governmental, non-profit organisation established in 1996 at the instigation of the Czech government (Ministry of Industry and Trade and CzechInvest). The AFI is composed of a group of leading global and regional firms with key competences in supporting new and existing investors in all areas of their activities and promoting the Czech Republic as an investment destination of choice. The AFI cooperates closely with the Czech government, CzechInvest – Business and Investment Development Agency and all relevant public authorities.

Czech Business Guide

Do you want to get more information about the Czech Republic?
Visit website Czech Business Guide **www.czechbusinessguide.com** where you can find even more information than in this publication.

What we can do for you

AFI provides expert support for investors and exporters in all key phases of investment decision-making and implementation:

- Support in the area of country comparison and the selection process
- General information relating to the country and investment environment
- Advice on site selection
- Comprehensive services related to getting established on the market
- Necessary information from all sectors of the economy
- Organisation of investors´ visits to the Czech Republic
- Personal consultation
- Mediation of contacts with business partners and other relevant entities on the market
- Facilitation of contact with the public sector, the academic sphere and science and research organisations
- Expert support in the area of visas and work permits
- M&A advisory, target selection

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This is the tenth edition of the publication Business Guidebook: Czech Republic – Your Investment Destination. The purpose of this guidebook is to provide newly incoming and existing businesses with comprehensive information about investing in the Czech Republic. The authors of the individual articles are leading experts in their respective fields and come from the ranks of AFI member and partner companies, governmental institutions and other organizations.

Petr Fiala

Prime Minister of the Czech Republic

Dear Readers,

The Czech Republic has always been a safe and friendly place to live, work, and do business.
In recent years, my government has launched strategic initiatives to ensure that our country stays ahead in an evolving global economy. As part of our vision to become a hub for cutting-edge technologies such as AI, microchip design, and next-generation energy systems, we are making transformative investments in critical areas. These efforts are complemented by upgrades to our infrastructure, with unprecedented funding for highways, roads, and high-speed rail networks.
Energy transformation is at the heart of our strategy, with some remarkable results. The expansion of the Dukovany nuclear power plant and the diversification of our energy sources represent significant steps towards long-term energy security and a clean, sustainable economy.

Our economy has emerged from a difficult period of high inflation and is now on a steady growth path. We want to help it grow by reforms that emphasize education and innovation:
We are transforming higher education and focusing on STEM disciplines to prepare a skilled workforce for the industries of tomorrow. We are determined to create an environment where innovation thrives – by supporting start-ups, research projects, and talented people across all sectors.
We value our business partners and encourage them to invest here, set up operations, and bring new ideas to market quickly. Clear regulations, targeted incentives, and streamlined immigration processes to attract global skills are all part of these efforts.
We are not waiting for the future to happen – we are shaping it. I am excited about what we can achieve together in the coming years.

Gabriela Hrbáčková

Chairman of the Association for Foreign Investment

Dear Readers,

It is my great pleasure to present the 10th anniversary edition of the Business Guidebook, Czech Republic. This year is defined by three key values: growth, innovation, and courage. These principles will shape the future of business, and the Czech Republic is ready to play a crucial role in this transformation.

Recent years have brought economic challenges that have shaken global stability. The pandemic crisis, geopolitical tensions, and disrupted supply chains have led to rising costs and inflation, impacting both businesses and citizens. The beginning of this year has raised new challenges in trade relations between Europe and the United States, which could reshape the dynamics of international commerce.

Despite these uncertainties, the Czech Republic continues to demonstrate resilience. Thanks to its strategic location, stable economy, highly skilled workforce, and growing investments in innovation, it is becoming one of the most attractive investment destinations in Europe. Our country not only offers a secure business environment but also a dynamic and evolving technology ecosystem that attracts foreign capital.

The automotive industry, the backbone of the Czech economy, is undergoing a major transformation. However, investment opportunities go far beyond electromobility. The key to long-term sustainability lies in the diversification of green technologies – from the development of advanced batteries and hydrogen propulsion to new materials, recycling technologies, and smart mobility solutions.

The European Union stands at a crossroads and must rethink its approach to supporting innovation. Focusing solely on electromobility is not enough; it is essential to open the door to other technological advancements that can accelerate environmental and energy transformation. The Czech Republic is prepared to be a leader in this new approach, offering investors a stable and innovation-driven environment for their projects.

The Czech Republic is ready to face these challenges and take a leading role in European initiatives. Investments in our region can significantly contribute to the development of continent-wide projects, such as the Green Deal and Clean Industrial Deal, but also to strengthening Europe's influence in semiconductor production, strategic technologies, artificial intelligence, digitalization, and energy self-sufficiency.

The Association for Foreign Investment will continue to collaborate with key partners, such as CzechInvest, the Ministry of Industry and Trade, and the Ministry of Foreign Affairs, to ensure that the Czech Republic remains one of the top investment destinations in Europe.

I would like to thank everyone who contributed to this publication. I believe that the Business Guidebook and its sister platform www.czechbusinessguide.com will serve as invaluable resources for your strategic decision-making.

Jiří Kozák

Deputy Minister of Foreign Affairs

Dear Readers,

Business has long been based primarily on trust. Credibility, predictability and reliability are attributes of diverse relationships, which are based on the assumptions of perspective development of trade, investment and mutual partner respect. This applies at the level of individual entrepreneurs as well as in the international dimension, for the relations of industrial and commercial corporations or for the successful coexistence of national and transnational groupings.

The business environment is exposed to various adverse influences. Currently, the global economy continues to be particularly affected by the aggressive war launched by Russia against Ukraine. The conflict in the Middle East region, with its negative impacts on transport routes, is also causing considerable uncertainty. The associated instability has a broad impact on the economy and society. Mutual trust in the international space is significantly undermined.

In the past year, we celebrated important anniversaries of Czechia´s accession to the EU and NATO. Membership in these groupings provides our country with guarantees of security and economic partnership, as well as a stronger voice in international bilateral and multilateral diplomacy. In 2025, EU structures will work in a new arrangement to defend and promote democratic values. Czech diplomacy intends to continue its diplomatic efforts, both within the EU and independently, to fully enforce international law and order based on the rules, also applicable in the field of international trade and commerce. Through active multilateral diplomacy in the UN, OSCE, OECD, IMF, WTO and other international organizations, Czechia intends to consistently support reform steps focused on human individuals with their basic rights, as well as strengthening barriers against war aggression. On the international scene, Czechia will promote creating an environment favourable to economic growth, sustainable nature-friendly development, the increasing importance of economic security and restoring the reliability of international contractual arrangements.

For the set goals, Czech diplomacy shall go on in cooperating with proven like-minded partners and also seek and convince new ones. On European territory, Czechia actively participates in the EU enlargement process, which would lead to deepening of a standardized trade area with the application of the single market rules. The EU enlargement represents an investment in the future, but at the same time we do not forget humanitarian and development support for countries that are economically weaker and threatened by the effects of conflicts.

Czech diplomacy supports the government's goals aimed at maintaining and deepening a credible, legible domestic policy with an emphasis on a stable and sophisticated business and investment environment. Under current conditions, the government is succeeding in promoting macroeconomic stability, responsible approach to the development of public finances, a low-inflation environment and solid, sustainable growth. Focusing on modern technologies, R&D and innovations in the long term, our main goals include the cultivation of an effective start-up environment, innovation centers, smart investments, digitalization of the public sector, and more, all while capitalizing on the most industrialized environment in the EU.

The above-mentioned aspects are favourably reflected in the international comparisons and indicators measuring the quality of entrepreneurship, innovation and the overall maturity of the Czech economy.

I am particularly pleased to see stronger presentation of the brand and identity of Czechia as a trustworthy, reliable, economically self-confident partner and at the same time a safe, business- and investment-friendly country.

In the light of the above, I personally highly value and appreciate the quality of the cooperation of the Ministry of Foreign Affairs with the Association for Foreign Investment in synergy with other state administration partners, and I wish them much success in their efforts in 2025 and beyond.

Jan Michal

Chief Executive Officer of CzechInvest

Dear Readers,

I am pleased that I can address you on behalf of CzechInvest in the latest issue of the Czech Business Guidebook. CzechInvest is a long-term patron of the AFI and our cooperation includes both professional actions and social events. CzechInvest's key tasks include business and investment support for investments with particular emphasis on strategic and smart investments, including aftercare services. Last year at CzechInvest, we processed nearly two hundred enquiries pertaining to investment opportunities and, despite persistent global challenges, the number and volume of implemented investment projects that our agency helped to arrange increased significantly, with the US chip manufacturer onsemi making the difference with its USD 2 billion investment announcement.
Europe is currently faced with a declining inflow of greenfield foreign direct investments (FDI). Still, there is a growing investment confidence as Czech and European economies experience a gradual rebound of growth despite the adverse environment with the war in Ukraine and other conflicts in the immediate vicinity of Europe. With its location in the centre of Europe, rich industrial tradition, well developed innovation infrastructure and high-quality workforce at affordable costs, the Czech Republic is prepared to transform existing opportunities into successes.
We are developing a modern economy based on strategic sectors, such as clean mobility, semiconductors, energy and digitalisation, and critical ones such as biotech, pharmaceutical and defence. We live in an age in which innovation and technological progress are key preconditions for competitiveness, and I firmly believe that this year, the Czech Republic will further advance its position as an attractive destination for investments and a key innovation hub in Central Europe.

By strengthening relations with key economic partners and investing in strategic sectors such as advanced manufacturing and zero-emission energy sources, the Czech Republic is enhancing the resilience of its economy and consolidating its role as a reliable partner in Central Europe with close economic ties to neighbouring Germany and with access to the EU single market. We have also taken important steps towards improving our investment climate and strengthening our economic and energy security.
During 2024, Czech legislative reforms aimed at accelerating the development of strategic infrastructure have included other measures such as systematic preparation of strategic industrial parks by the newly established state land development company, simplification of the approval processes of investment incentives and a working permit waiver for citizens of selected countries. I believe that thanks to these steps, the Czech Republic will remain an attractive destination for investors with a vision, which is evidenced by the increased number of investment projects approved last year.
The year 2025 can be a real springboard for us to further important investments and to accelerate growth. The new Czech Economic Strategy of October 2024 is based on the development of human capital, speeding up the construction of strategic infrastructure, support for key industrial sectors and provision of financing for strategic investments. The follow- up measures will provide an additional impetus for the Czech economy. Meanwhile, many businesses are adopting modern technologies and connecting with the supply chains of multinational enterprises with renewed vitality. I am glad that CzechInvest can be part of this journey, helping the country to maintain its leading position among Central and Eastern European countries in terms of per-capita inflow of FDIs. I wish you a successful year of 2025.

Why to invest in the Czech Republic?

The strategic location of the Czech Republic in the heart of Europe makes it an ideal gateway between West and East. A stable parliamentary democracy, EU, NATO, and OECD membership, a competitive tax system, and well-developed infrastructure provide a strong foundation for business. Key sectors like automotive, technology, and engineering benefit from a highly skilled workforce and strong support for innovation. The Czech Republic offers a unique combination of security, opportunity, and quality of life for international investors.

Strategic Location

In the heart of Europe for your success. 130+ million people in European markets reachable within 4-6 hours.

Strong Industrial Tradition

A long-standing industrial heritage, excelling in automotive, machinery, and high-tech manufacturing.

Global Membership

Member of EU, NATO, OECD, V4 and other international organizations.

Education & Skilled Labour Force

21% of university graduates that specialize in technical and ICT fields.

Infrastructure & Accessibility

A dense motorway and railway network, 5 international airports, direct links to major European seaports.

Investment base & Attractiveness

The highest FDI stock per capita in the CEE region. €20 billion invested in Czechia over the last 10 years.

Quality of Life & Safety

12th safest country in the world. Reliable healthcare, accessible education, a rich cultural heritage.

Stable & Business-Friendly Environment

A safe choice for investors - reliable legal framework, secure investments, political stability.

Regional Hubs for Business Growth

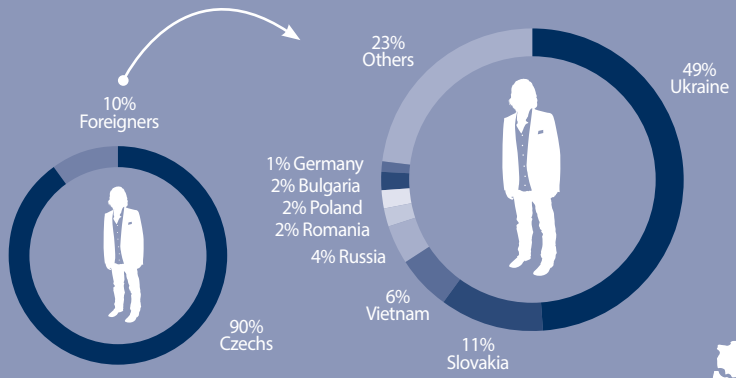
14 regions offering unique advantages to meet specific business needs.

The Czech Republic

Location

10.89 mil
Population

78,866 km²
Area



Note: Percentage of foreigners in total population
Source: Czech Statistical Office, 2024

Note: Percentage of foreigners, by citizenship
Source: Ministry of the Interior, 2022

Recent history

Velvet Revolution
In November and December 1989 the people of Czechoslovakia held a series of non-violent demonstrations against the communist government, which resulted in the regime's collapse. The leading figure of the events, Václav Havel, was later named the first president of the free, post-communist Czechoslovakia.

1989

Velvet Divorce
The federated Czechoslovakia was divided into the Czech Republic and Slovakia on 1 January 1993 through a bilateral political decision. Due to the peaceful course of the breakup, the event was called the Velvet Divorce.

1993

Accession to NATO
The Czech Republic became a member of NATO in 1999.

1999

Accession to the EU
The Czech Republic joined the European Union in 2004.

2004

Political system - Parliamentary republic

Petr Pavel
President

Petr Fiala
Prime Minister

Government — **17** members

Chamber of Deputies
200 members/4 years — **200** members / **4** years

Senate
81 members/6 years — **81** members / **6** years

Economy

1,0%
GDP growth Q4 2024

2,4%
average inflation rate in 2024

2,6%
average unemployment rate in 2024

EUR 1,811
average gross monthly wage in 2024

Capital
Prague

Language
Czech

Currency
Czech koruna (CZK)

1 EUR = CZK 25.12
average exchange rate in 2024

Discover key investment topics

Quick facts about the Czech Republic

Prague

Czechia – Heart of Europe

The Czech Republic, also known as Czechia, is a small country in the heart of Europe. It has an advanced economy and a high standard of living. In fact, it is one of the most stable and prosperous of the post-communist states. You can find there the oldest university in Central Europe and more then 2000 castles and chateaux which is more than in any other country in Europe. This small country is significant for its nature, historical cities and good beer. It attracts tourists and professionals from all over the world who come to visit, live, work or study to this beautiful country.

Czechia is a member of these organisations

- United Nations
- European Union
- NATO
- Organisation for Economic Cooperation and Development
- World Trade Organisation
- International Monetary Fund
- World Bank
- Council of Europe
- Organisation for Security and Cooperation in Europe
- European Customs Union
- Schengen Agreement
- Visegrad Group

Location

Czechia is a landlocked country in the middle of Europe. It is bordered by Germany to the west, Poland to the north, Slovakia to the east and Austria to the south. Thanks to its location, which makes it a notional gateway between Western and Eastern Europe, the country is often referred to as the "Heart of Europe". Czechia is comprised of parts of historical territories which for a significant part of history were the Lands of the Bohemian Crown, namely Bohemia, Moravia and part of Silesia. Administratively, the country is divided into 14 self-governing regions. The capital city, Prague, is also one of the regions. Approximately 10.9 million people live in Czechia. The population of Prague is almost 1,4 million.

The country´s most populous cities

1. Prague (Bohemia)
1.39 million inhabitants

2. Brno (Moravia)
400,566 inhabitants

3. Ostrava (Silesia)
284,765 inhabitants

Czechia landscape comprises mainly highlands and rolling hills. Sixty-seven percent of the country's territory is at an elevation of up 500 m above sea level, 32% in the range from 500 to 1,000 m above sea level and approximately 1% above 1,000 m above sea level.

- **The highest point**
  Sněžka Mountain (Krkonoše), 1,603 m above sea level
- **The lowest point**
  Hřensko, 115 m above sea level

Modern history

The Habsburg monarchy

From the 16th century, the Czech lands were ruled by the Habsburg dynasty, which gradually incorporated the territory into the Habsburg monarchy, later the Austro-Hungarian Empire. In response to Germanification, the Czech national revival began at the end of the 18th century as an effort to restore Czech culture and language and, later, to foster the acquisition of power by Czech political parties. The Czech lands underwent major economic development in the second half of the 19th century – approximately 70% of industry in Austria-Hungary at time was concentrated in the Czech lands.

Czechoslovakia
At the end of the First World War, Czechoslovakia was established through the joining of the Czech lands with the geographically and linguistically close Slovak nation. Tomáš Garrigue Masaryk was elected the first president of Czechoslovakia. During the interwar period from 1918 to 1938, Czechoslovakia became the last remaining democracy in Central Europe and enjoyed a rich industrial heritage and high quality of life.

Communism
The Communist Party of Czechoslovakia seized power in February 1948. The country became a totalitarian state and part of the Eastern Bloc. The structures of civil society, free association and economic life were suppressed. The end of the 1950s saw the start of a gradual liberalisation, which came to an end on 21 August 1968, when an invasion by the Soviet Union and other Warsaw Pact countries crushed the reform movement known as the Prague Spring.

The Velvet Revolution
The Velvet Revolution, which began on 17 November 1989, overthrew the communist regime and enabled the return of democracy and restoration of free enterprise. Václav Havel became the first president of the free, post-communist Czechoslovakia. On 1 January 1993, the Czechoslovak Federative Republic was dissolved through a bilateral political agreement, the result of which was the establishment of two independent successor states: Czechia and Slovakia. Czechia was gradually accepted into Western European political structures, joining significant World and European organisations.

Political system

Parliamentary democracy
Czechia was established on 1 January 1993 in connection with the dissolution of Czechoslovakia. Since that date, the country has had a constitution according to which it is a parliamentary democracy with a liberal political system based on free competition of political parties and movements.
The head of state is the country's president, whereas the supreme and only lawmaking body is the Parliament of Czechia.
Parliament is a bicameral body composed of the Chamber of Deputies and the Senate.
The Chamber of Deputies has 200 members elected every four years on the basis of proportional representation. The Senate's 81 members serve six-year terms, with two-round majority elections held for one-third of seats every two years.
The president and the government (i.e. the prime minister and cabinet) hold executive power, whereas the government is the supreme executive body. The government is accountable to the Chamber of Deputies. The president, who is elected through direct voting, appoints the justices of the Constitutional Court with the consent of the Senate. Under certain conditions, the president can dissolve the Chamber of Deputies and veto bills. The president also names the prime minister, and other members of the government are named at his suggestion.
The Constitutional Court, with 14 justices, is the guarantor of constitutionality, ensures protection of fundamental rights and can repeal laws or provisions of laws. However, it is not part of the system of general courts. The Supreme Court is the highest body in civil and criminal justice as well as in the area of administrative adjudication.

Economy

Czechia is a developed country with a market economy. According to a number of economic, social and political indicators, it ranks among the world's most advanced countries. Since 2006, Czechia has been part of the group of the thirty most advanced countries according to the World Bank, to whose budget it has become a contributor. The country is considered to have the most stable and most prosperous economy of all post-communist states. According to Eurostat, it was the fourteenth richest country of the European Union in 2023 in terms of per-capita GDP in purchasing power standard. It was the second most successful of the new EU members.

National holidays in Czechia

1 January	New Year's Day, Restoration Day of the Independent Czech State	28 September	Czech Statehood Day
Varies	Good Friday, Easter Monday	28 October	Independent Czechoslovak State Day
1 May	Labour Day	17 November	Struggle for Freedom and Democracy Day
8 May	Victory in Europe Day	24 December	Christmas Eve
5 July	Day of Slavic Missionaries Cyril and Methodius	25 December	Christmas Day
6 July	Jan Hus Day	26 December	St. Stephen's Day

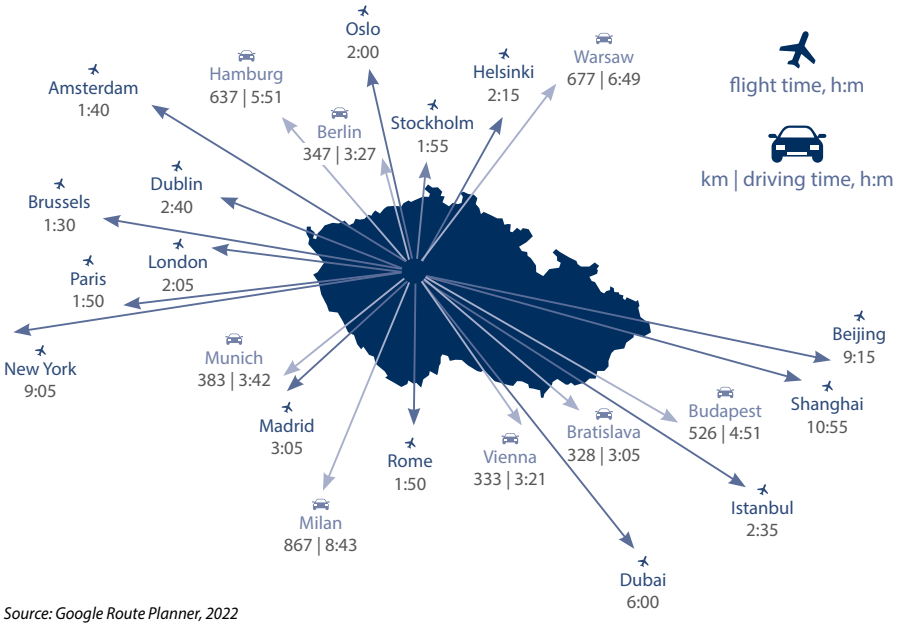
Investment risk rating

Country	Standard and Poor´s	Moody´s	Fitch
Czechia	**AA-**	**Aa3**	**AA-**
Hungary	BBB-	Baa2	BBB
Poland	A-	A2	A-
Slovak Republic	A+	A3	A-

Source: Czech National Bank, 2025

In 2024, year-on-year industrial production decreased by 1.4%, marking the most significant decline since 2020. Within the EU context, where industrial production faced broader challenges, Czechia's performance remains resilient. Additionally, in December, monthly industrial production increased by 1.6%, showing signs of recovery despite the annual decline. Industrial production saw growth in the areas of motor vehicles and other means of transport, computers, electronic and optical devices, and equipment. The most important branch of Czech industry remains vehicle manufacturing, including motorcycles and trailers. The other main pillars of Czech industry are the mechanical-engineering, metals, chemical and food sectors. The energy, construction and consumer-goods industries are also important components of the Czech economy. Germany is the country's biggest foreign trade partner.

Travel distances from Prague



Source: Google Route Planner, 2022
Source: Vaclav Havel Airport Prague, 2022

Motorway network in Czechia

Source: Road and Motorway Directorate of the Czech Republic, 2024

Czechia's currency is the koruna. The koruna-euro average exchange rate in 2024 was 25,120. Upon accession to the European Union in 2004, the country committed to adopting the single European currency.
Czechia's national debt is low in comparison with that of other EU member countries. The development and current state of the country's finances are also judged favourably in comparison with other European countries. In August 2011, Standard & Poor's raised its rating of Czechia by two places, from A to AA-, which is the fourth-best possible rating.

Infrastructure

Czechia has a well-developed network of motorways and expressways. The motorway network is under construction and is constantly being refurbished. The most significant motorway in Czechia is the D1 joining Prague and Brno with Ostrava and Poland (toward Katowice). Construction of another section of the D11 motorway is being under construction since 2017 with the purpose of connecting the Polish border. The connection to the Polish S3 is planned in April 2026. Another motorway under construction is the D3 linking Prague to České Budějovice and Austria; the D3 will follow the route of the E55 backbone international motorway and should be completed in 2027. The country's motorways that have already been completed are the D2 connecting Brno and Slovakia (toward Bratislava) and the D5 connecting Prague, Plzeň and Germany (toward Nuremberg).

Together with road transport, rail transport in Czechia makes up the backbone of the domestic transportation system while also serving for international transit. With more than 9,500 km of track, Czechia has the densest rail network in Europe. The corridor routes of the nationwide lines leading to the European rail system for long-distance and transit service cover 1,402 km.
The Railway Infrastructure Administration is the administrator and operator of the absolute majority of railway infrastructure in Czechia.
The biggest rail transporter is Czech Railways, whose subsidiary, ČD Cargo, is one of the biggest rail freight operator in European Union. The rail freight market has been liberalised; liberalisation of the passenger transport is ongoing.
Czechia is connected to the EuroCity international rail network, while some international connections are covered by SuperCity trains, for which the busy Prague-Ostrava line is a core route. Czech Railways operates on the same routes as the high-speed Pendolino trains. Other private railway companies also provide passenger transport.

Czechia has public international airports in Brno, Karlovy Vary, Ostrava, Pardubice and Prague. Václav Havel Airport in Prague is the most important Czech airport and is also the biggest airport among the new EU member countries. Its operator is the company Prague Airport. In 2024, Václav Havel Airport handled more than 16,3 million passengers carried by approximately 75 airline companies connecting Prague on direct routes to more than 181 destinations around the world. Several freight carriers also operate out of Prague's airport and dozens of other companies provide charter services. ■

Myths and misconceptions about the Czech Republic

Infrastructure is poor

Actually we have metros, trams and buses that run 24/7 and very much on time, unlike places in Western Europe or the US, where scheduled times and departure frequencies are quite often completely unknown.

The Czech Republic

Czechoslovakia still exists

Czechoslovakia peacefully split into two sovereign nations – the Czech Republic and Slovakia – in 1993, a little more than three years after the Velvet Revolution.

Eastern European country

The Czech Republic is part of Central Europe. In fact, Prague is located farther west than Vienna.

Outside of Prague, there is not much else in the Czech Republic

While Prague is the centre for a lot of commerce and tourism, the country offers a lot of other beautiful tourist destinations and great places to do business, including Brno, Ostrava, Plzeň and Liberec, among many others.

The Czech and Slovak languages are the same

No, actually they are not. Though there are many similarities, they are in fact two separate languages with different rules and a lot of different vocabulary. But Czechs and Slovaks can understand each other with enough exposure to each other's languages.

The language is difficult

Actually, this one is true! However, using English is becoming easier and easier in major cities. Many people try to learn Czech but have a hard time practicing because locals so often want to practice their English.

The euro is the currency of the Czech Republic

There are countries in the European Union that have adopted the Euro as their currency and many that have not. The Czech Republic has not and therefore we have and use Czech korunas. However, euros are quite widely accepted at many official locations.

Everything is so cheap

Yes, some things are cheap, especially outside of Prague, but other things are definitely not (cars, apartments, houses, rent).

Technology is way behind

The Czech Republic achieved full, nationwide mobile phone penetration (every man/woman/child with a mobile device) several years ahead of the US (approx. 2005-06 in the Czech Republic, compared to 2009-10 in the US).

Golf resort Karlštejn
© CzechTourism – Image Bank, Photo: Radomir Režný

Czechia – **A country of unforgettable experiences**

Come to Czechia and discover hidden gems. Czechia is an excellent destination for lovers of culture and history. Visit countless towns and villages, some of which are on the UNESCO World Heritage List. If you need to relax and put stress behind you, visit one of our spa facilities. Treat yourself to good relaxation and switch off for a while. Do you like to be active? You will enjoy the countless hiking and cycling trails all over the country, but let's not forget the great golf resorts. The offer is really diverse, so we believe you will find something to choose from!

Work hard, travel harder!
Business is business and only money counts. Still, Czechia offers you more than business and money. This beautiful and safe country in the middle of Europe offers myriad cultural and entertainment options, so you will never get bored here. History enthusiasts will appreciate Prague,the second-best European city for art and gallery offerings, seventeen UNESCO heritage sites and hundreds of historical castles and chateaux throughout the country.

Five newest Czech entries on the UNESCO World Heritage List:

- Czech handmade glass production
- West Bohemian Spa Triangle
- Czech timber rafting
- Jizera Mountain Beech Forest
- Žatec and the Landscape of Žatec Hops

Culture enthusiasts know not only that Dvořák, Smetana, Janáček and Mahler composed their famous classical music masterpieces in what is now the Czechia, but also that Wolfgang Amadeus Mozart's opera Don Giovanni was first performed at the Estates Theatre in Prague. If you prefer to explore places from books and literature, you should start with the works of Franz Kafka, Umberto Ecco, Michael Chabon, Milan Kundera and Johann Wolfgang von Goethe, all of whom fell in love with the beautiful Czech lands and used it as a setting for their stories.
Do you find classical music boring, or are you too lazy to read? Then explore Czechia from a different perspective by watching Nosferatu, Spider-Man: Far From Home by Marvel, One Life, the story of Sir Nicholas Winton or The Gray Man with Ryan Gosling and Chris Evans, all of which were at least partially filmed in Czechia.

Travel tips for undiscovered gems of Czechia

- Bouzov Castle
- South Moravia wine region
- Crystal Valley
- Třeboň region
- Imperial Spa Karlovy Vary

Must-see tourist destinations or hidden gems?
If you like to do business in Czechia and invest your money here, you should definitely take a break and tick off all of the highlights on your **TOP 10 travel bucket list**. The obvious places to visit are **Prague Castle, the State Opera, Charles Bridge, Český Krumlov and Karlovy Vary**. However, Czechia has more to offer. Do not get stuck at the most touristy and crowded spots, as many international tourists do, but instead discover the local cultural heritage of undiscovered locations.

Stay overnight at a chateau!
Do you want to become a king or queen for a few days and try living like a royal at least once in your life? In Czechia, you will discover high-class accommodation full of romance and history. Choose from stylish apartments and chateau hotels, such as the Baroque Chateau Jemniště. Experience romantic interiors and chateau tours with a glass of champagne, or have a picnic in the chateau park. A secret tip for lovers of fairytale accommodation is the small Klokočov Chateau in the unspoiled natural paradise of the Iron Mountains.
Chateaux that have been turned into hotels will surprise you with their modern equipment. Period interiors and historic furniture together with modern comforts like a flat-screen TV, Wi-Fi, air conditioning, a sauna and a whirlpool give you an extraordinary connection of two eras. **Chateau Mcely, Chateau Herálec Hotel, Liblice Chateau, the Hotel Castle Valeč**, Beer Spa at **Wichterle Castle** and many other hotels are equipped with amazing wellness facilities that offer an exceptional space for relaxation.

Enjoy the greens
Most Czech cities and towns are famous for their historical and architectural jewels. Surprisingly,

Czechia also offers a large number of luxury golf resorts located throughout the country. Do not hesitate to pack your clubs when coming to Czechia to close a deal.

TOP 10 golf resorts in Czechia

- PGA National Czech Republic, Oaks Prague
- Greensgate Golf & Leisure Resort
- Loreta Golf Pyšely
- Royal Golf Club Mariánské Lázně
- Karlštejn Golf Resort
- Albatross Golf Resort
- 55 Holes Golf Destination
- Panorama Golf Resort Kácov
- Ypsilon Golf Liberec
- Austerlitz Golf resort

PGA National Czech Republic – Oaks Prague was opened in 2020. As the country's only PGA National licensed golf course, Oaks Prague has been recognised as the best course in Czechia as well as in Europe at the 2020 and 2021 World Golf Awards. The course was designed by the world-renowned golf-course architect Kyle Phillips, a pioneer of environmentally sustainable design and creator of four golf courses ranked in the world's top 100. The PGA National Czech Republic is managed by Troon Privé.

A round of golf straight from the airport? No problem. Not far from Václav Havel Airport Prague is the Albatross Golf Resort, an 18-hole course of the highest standard. The resort offers a 6,858-m Championship layout, which was named the best in the country by the American magazine Golf Digest magazine. Thanks to its elevation, the venue enjoys one of the longest golf seasons in Central Europe.

Altogether, there are more than 100 golf courses in Czechia.

Recharge your batteries

Ethereal scents, calming massages, relaxing baths and soothing wraps, all while listening to relaxing music. Welcome to the magical world of spa and wellness treatments, which blend a deep knowledge of human health with a feeling of relaxation, as well as an escape from stress, fatigue and an unbalanced lifestyle. Which of the dozens of Czech spas will you choose? Will you opt for Teplice, the oldest spa town in Central Europe, or will you decide to visit the more famous spa in Karlovy Vary?

The city of Karlovy Vary was founded by Bohemian King and Holy Roman Emperor Charles IV in the 14th century. The significance of the spa in Karlovy Vary became known to the whole world during its development over the centuries. Figures such as Goethe, Beethoven, Gogol, Paganini, Casanova and Mozart, along with dozens of kings and czars, were impressed by this beautiful spa city. The Karlovy Vary International Film Festival is held here every summer with many Hollywood stars in attendance. Are you ready to be impressed by Czechia?

Time to travel responsibly

We love travelling but we are mindful of how damaging it can be to the environment and the locals. To be sustainable, travel should show respect for the nature and culture of the places you visit. Ideal conditions for hiking, the densest railway network in Europe and one of the greenest capitals in the world make Czechia a place where you can travel with respect for nature and future generations without much effort. ■

Superlatives of Czech spas

UNESCO-listed and best known spas	Czech spa triangle: Karlovy Vary, Mariánské Lázně and Františkovy Lázně
One of the oldest iodine spas in Europe	Darkov Spa
The highest spa and oldest radon spa	Jáchymov Spa
The best spa for children	Kynžvart Spa
The smallest spa with the cleanest air	Karlova Studánka Spa
The youngest spa	Lednice Spa
The oldest spa	Teplice Spa

UNESCO jewels in Czechia

1: Historical Centre of Prague, **2:** Historical Centre of Český Krumlov, **3:** West Bohemian Spa Triangle, **4:** Church of St John of Nepomuk at Zelená Hora **5:** Historical Town Centre of Kutná Hora, **6:** Lednice-Valtice Cultural Landscape, **7:** Gardens and Castle in Kroměříž, **8:** Historical Centre of Telč, **9:** Holašovice Historic Village, **10:** Holy Trinity Column in Olomouc, **11:**Tugendhat Villa in Brno, **12:** Jewish Quarter in Třebíč, **13:** Litomyšl Castle, **14:** Krušnohoří Mining Region, **15:** National stud farm Kladruby nad Labem, **16:** Jizerské Mountain beechwoods, **17:** Žatec and the Landscape of Žatec Hops

Czech Tourist Authority – CzechTourism
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www.czechtourism.cz
www.visitczechia.com

#VisitCzechia

Dancing House, Prague

A great place for your investment

The Czech Republic has consistently ranked highly in various global country rankings in recent years. Despite the challenges posed by the ongoing war in Ukraine, which has impacted the prospects of a post-pandemic economic recovery, the Czech Republic continues to be an attractive destination for foreign direct investment. Its medium-sized, open economy, along with a safe and peaceful environment, political stability, and a well-educated, skilled workforce, are just a few of the factors that make the Czech Republic a valuable investment location. This is reflected on the large number of foreign companies operating in the country, many of which frequently reinvest and expand their operations within the Czech Republic.

Strategic location

Due to its strategic location, stable economy and human-capital resources, the Czech Republic is an attractive destination for foreign investors planning to enter the European market or expand their businesses to more countries in the region. The country's convenient location in the middle of Europe makes it possible to reach all European capitals very easily. The country's EU membership makes it an ideal gateway to the single European market of over 500 million consumers and 21 million SMEs. Given the fact that the Czech Republic is at the crossroads of European trade, advanced transport infrastructure was naturally developed here. The Czech Republic is ranked among the world's most advanced countries in terms of transport network density, and several projects involving modernization and expansion of the network are currently underway, including the planning and construction of high-speed railways to further improve connectivity.

Stable and transparent business environment

A stable political situation, a well-developed private sector, an effective legal environment, and a healthy banking system with a strong and independent central bank are the key features of a society in which business can be conducted effectively and safely. The Czech Republic's open investment climate played a key role in the country's successful transition, as reflected in its investment rating from international credit-rating agencies. This rating surpasses that of Japan, placing the Czech Republic on equal footing with Taiwan and paving the way for its early membership in the OECD. The Czech Republic is a fully fledged parliamentary democracy and one of the most advanced new members of the European Union, which it joined in 2004. Its currency, the Czech crown (CZK), is fully convertible and extremely stable. Under Czech law, foreign and domestic entities are treated identically in all areas, from the protection of property rights to investment incentives. The tax system offers the lowest rates in Europe and has remained stable over the long term.

Investment protection

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

Educated and skilled workforce

The Czech Republic combines an outstanding level of general education with a strong tradition and experience in science and engineering disciplines. It is not an optimal country for labour-intensive investment projects. In recent years, the Czech Republic has had one of the lowest unemployment rates in Europe. The country's low employment rate has persisted even during unstable times caused by the global COVID-19 pandemic and the war in Ukraine. On the other hand, the availability of graduates educated in technical fields at a lower labour cost compared to that found in western countries makes the Czech Republic especially advantageous for advanced and progressive manufacturing and R&D-oriented companies, whose operations are usually not labour-intensive.

The Czech Republic is a country with great talent potential, as it is ranked 23rd overall among the 134 economies in the special tenth anniversary edition of the Global Talent Competitiveness Index from 2023. In the academic year 2023/2024, over 300,000 students were enrolled in the country's 56 universities (Ministry of Education, Youth and Sport, 2024). Roughly half of Czech university students study STEMM, while more than 60,000 students are enrolled in technical study fields. The Czech Republic is becoming increasingly popular among foreign students. In 2023, more than 55,000 international students were enrolled in Czech universities, which

Czechia's global rankings

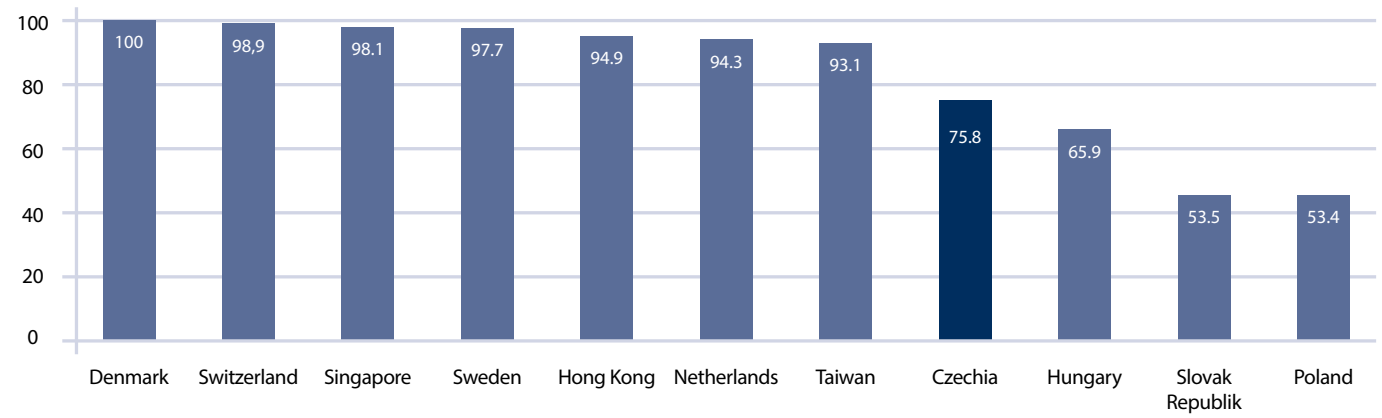
15th **safest country**
(Expat Insider, InterNations, 2024)

13rd **country in Prosperity Index in EU Countries**
(Erste Group Research 2024)

29th **country in the IMD World Competiveness Rating**
(IMD 2024)

31st **most innovative country**
(Global Innovation Index, 2024)

The IMD World Competitiveness Ranking 2022



Source: IMD, 2023

Global Peace Index

Rank 2021	Country	Score
1	Iceland	1.124
2	Denmark	1.310
3	Ireland	1.312
4	New Zealand	1.313
5	Austria	1.316
12	**Czechia**	**1.379**
15	Germany	1.456
18	Hungary	1.508
26	Slovakia	1.578
29	Poland	1.634

Source: Institute of Economics and Peace, 2023

is approximately 10 % more than in 2020 (Ministry of Education, Youth and Sport, 2024). The Czech Republic has strong technological potential thanks to its pool of well-educated science workers and its skilled workforce, which have given rise to several rapidly growing industries such as biotechnology, semiconductors and software development. Using financial resources obtained from the 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. Czech employees are known for their strong loyalty, exceptional work ethic, and attention to detail. The local workforce is widely regarded as highly reliable and stable, making it an attractive asset for businesses operating in the country.

Well-developed infrastructure

Besides the country's transport infrastructure, its energy distribution and telecommunications networks also contribute to the creation of an ideal environment for doing business. However, Russia's ongoing aggression against Ukraine has had a significant impact on commodity markets and the energy supply chain. The war has also highlighted the importance of energy security and the reduction of dependence on the importation of key energy raw materials from Russia. Energy prices for consumers have been settling at more acceptable values.

The Czech telecommunications market is one of the most developed and most liberalised in Central and Eastern Europe and is distinguished by the growing demand for data, internet access and other communication services. The country's advanced fibre-optic network is part of the European backbone and is being further developed. No exclusive rights exist in the area of electronic communications and the competition environment is sufficiently robust in the context of the European Union. In terms of the business-property market, the country is quite advanced with respect to the number of industrial zones and parks as well as office premises.

Quality of life

The country's urban centres and beautiful countryside offer countless possibilities for leisure activities for both tourists and locals throughout the year. Municipal public transport systems are well managed and efficient, while trains provide a popular and easy way to travel around the country. The Czech Republic is an expat-friendly country with plenty of organisations helping foreigners with everyday issues and organising networking events. Furthermore, in larger cities, it is easy to find international schools for children at all grade levels. The country is close to Western Europe not only geographically, but also in terms of social and cultural values. Together with its sustainable business environment and its ability to harness the potential to respond to the needs of the global economy, the Czech Republic's high quality of life is yet another factor making it an ideal investment location. ■

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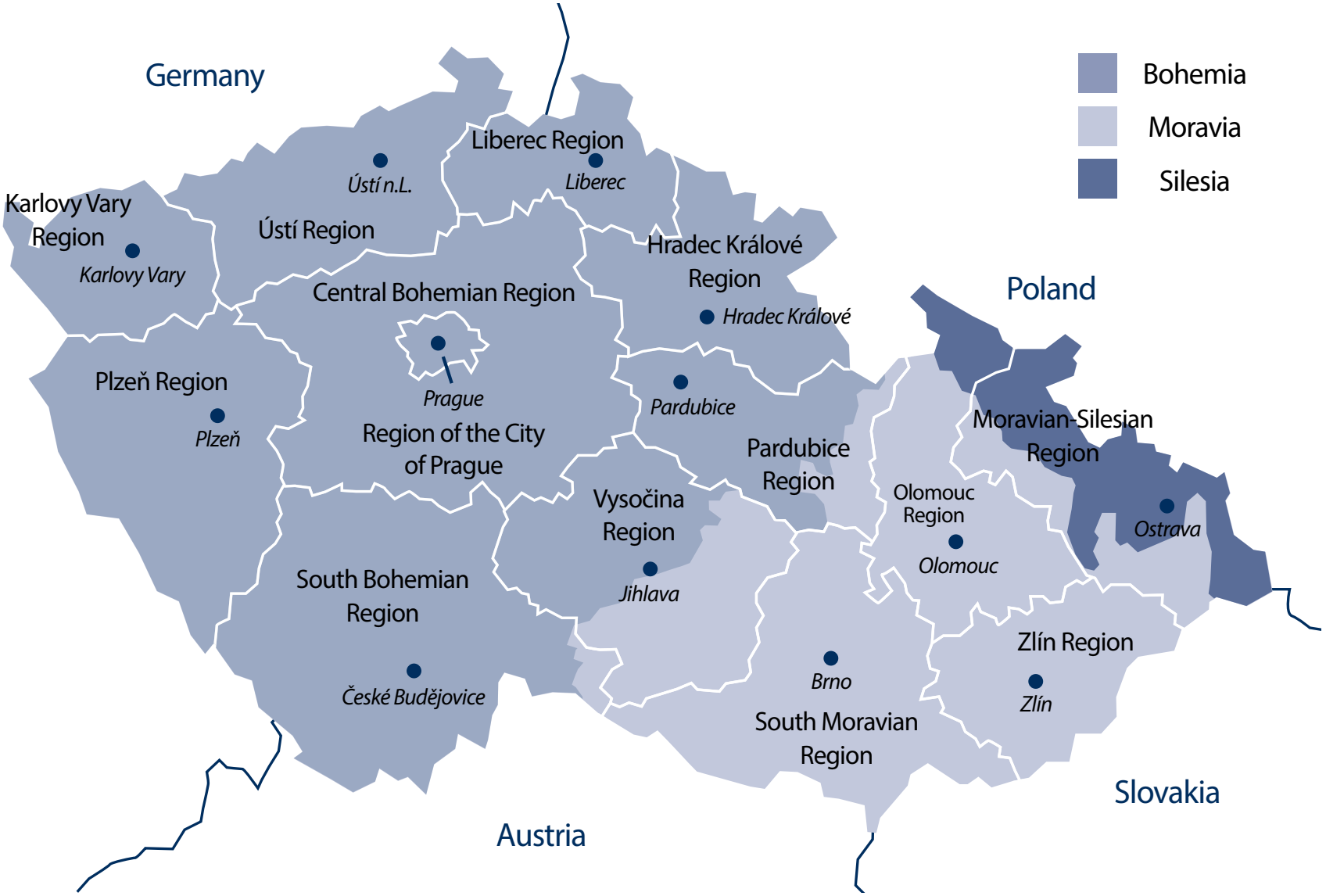
CZECHINVEST

Did you know?

Regions of the Czech Republic



Region of the City of Prague

Name: Region of the City of Prague
Regional capital: Prague
Total area: 496 km²
Population: 1,384,732* (as at December 2023)
Working-age population: 909,437 (as at December 2023)
Unemployment rate: 2.10% (as at December 2023)
Institutions of higher education – type, number of students: more than 120,000 students enrolled in eight public and at least twenty-two private universities, forty-nine public research institutions (67% of the country's total)
Sectors in which the region excels: artificial intelligence, gaming, space technologies, cultural and creative industries, financial services
Note: *preliminary data

More detailed information was not provided.

Central Bohemian Region

Name: Central Bohemian Region
Regional capital: none; the seat of the Regional Authority is in Prague
Total area: 10,928 km²
Population: 1,455,940* (as at December 2024)
Working-age population: 927,230 (as at December 2024)
Unemployment rate: 3.36% (as at December 2024)
Institutions of higher education – type, number of students: Charles University, Czech Academy of Sciences, Czech Technical University, Faculty of Biomedical Engineering in Kladno, Škoda Auto University (private university), research institutions, other universities and research institutions located in Prague.
Sectors in which the region excels: engineering and automotive industry, aerospace industry, biotechnology, biomedicine, chemical industry, laser technologies, additive technologies, new materials, civil nuclear research, agriculture, and food production
Note: *preliminary data

Highlights: Central Bohemia is the largest region in the Czech Republic and includes the nation's capital, Prague. It has 1,144 municipalities across 26 districts and strong economic ties with Prague. The region is home to many historical sites, including two UNESCO heritage sites and protected landscape areas.
Major companies, such as Škoda Auto, Toyota, Valeo, AERO Vodochody AEROSPACE, Eaton, RIGAKU, Foxconn, LINET, Lego, Amazon, Philip Morris, and Procter & Gamble, have headquarters or operations in Central Bohemia. The region's development is focused on becoming a leader in technologies and innovations, attracting businesses and fostering economic growth.
The region has attracted significant investments in science and research, and top research centers of transnational importance have been established here, such as ELI ERIC and HiLASE for high-power laser technologies, BIOCEV for medical research and drug discovery, and UCEEB for energy-efficient buildings. These institutions reinforce the region's technological leadership.
In addition, the Central Bohemian Innovation Center (SIC) facilitates the use of innovations and promotes local business environment, from start-ups to expanding companies. Moreover, it connects businesses with research centres in order to create synergies enabling to strengthen the innovation potential of the region. Since 2015, it has supported over 500 companies in their innovation, expansion or securing investments, while accelerating more than 140 research projects towards market application.
Additionally, SIC coordinates digitalization efforts within the European Digital Innovation Hub Brain4Industry, aiding businesses in adopting digital technologies and artificial intelligence to enhance efficiency and competitiveness.
The Central Bohemia Region promotes investment opportunities, particularly in high-value-added fields and services, ensuring continued economic development and technological leadership.

Petra Pecková
Governor of the Central Bohemian Region
www.kr-stredocesky.cz

South Bohemian Region

Name: South Bohemian Region
Regional capital: České Budějovice
Total area: 10,057 km²
Population: 654,505* (as at December 2023)
Working-age population: 410,715 (as at December 2023)
Unemployment rate: 1.70% (as at December 2023)
Institutions of higher education – type, number of students:
approximately 16,000 students enrolled in four public universities (University of South Bohemia in České Budějovice, VŠTE, Faculty of Management of the University of Economics, Department of the Faculty of Mechanical Engineering of the University of West Bohemia in Plzeň) and three private universities (VŠERS, FAMO, CEVRO Institut Český Krumlov)
Sectors in which the region excels: services, construction, tourism, industry, fisheries, agriculture, forestry
Note: *preliminary data

More detailed information was not provided.

Pilsen Region

Name: Pilsen Region
Regional capital: Pilsen
Total area: 7,649 km²
Population: 613,109* (as at September 2024)
Working-age population: 393,322 (as at January 2025)
Unemployment rate: 3.3% (as at January 2025)
Institutions of higher education – type, number of students:
more than 14,000 students enrolled in three universities (University of West Bohemia in Pilsen, Charles University Faculty of Medicine in Pilsen, Faculty of Economics University of West Bohemia)
Sectors in which the region excels: manufacture of electronic components and consumer electronics, machinery and equipment, electrical equipment, motor vehicles, railway locomotives, rolling stock and other transport equipment, aircraft and spacecraft and related machinery (aircraft interiors, aircraft seats, aircraft engine parts), medical and dental instruments and supplies (eyeglass lenses, plastic products for the medical industry)
Note: *preliminary data

Highlights: The Pilsen Region is driven by research, development, and innovation, making it one of the most advanced and productive regions in the Czech Republic. Pilsen, and the entire region, were made famous in the past by globally successful brands, such as Pilsner Urquell and Škoda. Today, these traditional areas are carried on effectively by both the business and research sectors in the Pilsen Region, while new fields are also developing, often through start-up projects. The Pilsen Region builds on long-standing industrial experience and supports research, development, and innovation at the same time, shaping the future and making the region not only a great place for business and studying, but also for living.
There are more than 100 scientific, research, and development teams operating in the Pilsen Region, spread across various disciplines and topics. They can be found in companies, research centres, faculties, and science departments of the University of West Bohemia in Pilsen, as well as the Faculty of Medicine of Charles University in Pilsen.
The connection with the private sector also earns the teams a lot of recognition internationally. We have excelled in the long term in the areas we concentrate in, which are five so-called specializations - Biomedicine & Technology in Healthcare, Smart Mobility, Intelligent Manufacturing Systems, Modern Energy Industry, and New Materials & Technologies.
The Pilsen Region wants to be a region of the future, and as such, has long supported activities in the field of innovations and their development, for example through the "Smart Accelerator for the Pilsen Region" project.

Kamal Farhan
Governor of the Pilsen Region
www.plzensky-kraj.cz

Karlovy Vary Region

Name: Karlovy Vary Region
Regional capital: Karlovy Vary
Total area: 3,314 km²
Population: 293,077* (as at December 2023)
Working-age population: 188,837 (as at December 2023)
Unemployment rate: 4.30% (as at December 2023)
Institutions of higher education – type, number of students: branches and dislocated workplaces of four public universities and regional workplaces of two private colleges, dozens to several hundred students (official numbers are not publicly accessible), the primary fields of study are economics, engineering, environmental studies, finance and management
Sectors in which the region excels: mechanical engineering and custom metalworking, electrical engineering, automotive industry, traditional industries (glass, ceramics, porcelain, other non-metal mineral products), power industry and use of renewable energy sources, processing of secondary raw materials – advanced recycling technologies, production of rubber and plastic products, spa industry and tourism, beverage production, chemistry
Note: *preliminary data

More detailed information was not provided.

Ústí Region

Name: Ústí Region
Regional capital: Ústí nad Labem
Total area: 5,339 km²
Population: 808,255* (as at June 2024)
Working-age population: 518,141 (as at December 2023)
Unemployment: 5.42% (as at August 2024)
Institutions of higher education – type, number of students:
Jan Evangelista Purkyně University in Ústí nad Labem - the only public university having its registered office in the region, eight faculties, 8,500 students, three detached facilities of other public universities and two private universities in the region
Sectors in which the region excels: energy, chemical industry.
The Ústí Region is the first region with its own hydrogen strategy.
Note: *preliminary data

Highlights: The Usti Region is located in northwest Bohemia, sharing a border with Germany. Thanks to its location and good accessibility from Prague or Dresden (neighbouring Saxony), the region has significant potential for international economic and cultural cooperation. Usti Region is currently facing challenges related to the economic transformation brought about by the shift away from coal-fired energy sources.

The Usti Region is therefore focusing on new challenges in the field of clean energy sources, particularly development of the hydrogen economy. The region has its own hydrogen strategy focusing on the development of an integrated hydrogen chain from production, transport and storage to final consumption. An important institution is the relatively young Energy Center of the Usti Region (ECUK), which provides a wide variety of services and consultancy. There is also potential for the use of geothermal energy in the region, including research with an international dimension and subsequent application in practice. In the area of public research institutions, the region has strong research background in green and sustainable chemicals and nanotechnology, and it is developing the area of digitalisation through the collection, analysis and provision of open data and data analysis in line with Smart City/Region principles.

Jan Evangelista Purkyne University in Usti nad Labem is active in the region and its activities reflect the interests of the Usti Region, ranging from the development of quality education to research and the development of renewable and emission-free energy, including, for example, the creation of a network of scientific institutes cooperating on research in the field of renewable energy sources and the use of hydrogen in modern carbon-free energy. New study programmes, including a PhD programme, are being developed to train future professionals in innovative and transformational areas of the economy (clean energy, hydrogen).

The Usti Region is also attractive in terms of tourism (f.e. the well-known Bohemian Switzerland). Among the mining monuments in the Saxon and Bohemian Ore Mountains found on the UNESCO World Heritage List, the Usti Region contains the Krupka Mining Landscape and the Mednik Mining Landscape. Another UNESCO World Heritage site in the Usti Region is Zatec and the Zatec hop landscape, which is the first hop-growing area in the world to be awarded this status.

Richard Brabec
Governor
www.kr-ustecky.cz

Liberec Region

Name: Liberec Region
Regional capital: Liberec
Total area: 3,163 km²
Population: 449,079* (as at June 2024)
Working-age population: 281,448 (as at June 2024)
Unemployment rate: 4.76% (as at January 2025)
Institutions of higher education – type, number of students:
one public university - Technical University of Liberec (approximately 6,000 students - of which PhD students: 206)
Sectors in which the region excels: nanotechnologies, advanced machinery, mechatronics, glass industry, optics, optoelectronics, automotive industry, electronics, ICT, advanced remediation, separation and membrane technologies, textile industry, plastics industry
Note: *preliminary data

Highlights: Human potential, science, research, and innovation – these are the most important assets of the future worth investing in. Innovation is what propels the world forward; it is the engine driven by human ideas and the desire to improve what doesn't work or could work even better. The result is concrete projects and services for entities involved in education, science, research, development, and knowledge transfer into practice. The goal is to enable product development using local unique knowledge, traditions, experiences, and collaboration.
The Liberec region adopted a strategy with the main objective of supporting the development of research and development in the Liberec region (the so-called RIS3 strategy). A key tool for implementing this strategy has been the project called Smart Accelerator, with the Regional Development Agency as the executing entity, carrying out numerous activities.
It manages the portal Investuj pod Ještědem, which brings together property sale and rental offers in one place, focusing on so-called brownfields and greenfields, long-unused commercial properties, and other investment opportunities. In the field of new technologies, it is involved in digitalization through the DIH Northeast project.
The Liberec region is a region that has long and intensively supported nanotechnology, research, development, and innovation. This opens up the potential to move the region to new heights of technological progress. The Liberec region is creating conditions that allow researchers and innovators to realize their ideas and projects. It actively seeks ways to support the creation of new start-ups.
The region also has its Liberec Business Incubator (Lipo.ink) supporting the creation and development of innovative companies in the Liberec region. It focuses on companies that come up with unconventional solutions to needs and problems, providing them with expertise on how to turn a good idea into a viable company.
Established as the penultimate of twelve innovation centers in the Czech Republic, Lipo.ink ensures that entrepreneurs and their ideas and investments remain in the Liberec region. By opening a new building in the center of Liberec in the fall of 2020, Lipo.ink also provided unique spaces for entrepreneurs.
Last year, it received the EU|BIC certification from the European Business and Innovation Centre Network (EBN). This step is a recognition of the comprehensive support provided to entrepreneurs in the Liberec Region.

Martin Půta
Governor
www.kraj-lbc.cz

Hradec Králové Region

Name: Hradec Králové Region
Regional capital: Hradec Králové
Total area: 4,759 km²
Population: 556,949* (as at December 2023)
Working-age population: 345,988 (as at December 2023)
Unemployment rate: 3.20% (as at December 2023)
Institutions of higher education – type, number of students:
two public universities – University of Hradec Králové (6,242 students); Charles University Faculty of Medicine in Hradec Králové (1,799 students)
Sectors in which the region excels: indsutry (engineering, automotive, textile, glass), agriculture, tourism
Note: *preliminary data

More detailed information was not provided.

Pardubice Region

Name: Pardubice Region
Regional capital: Pardubice
Total area: 4,519 km²
Population: 530,560* (as at November 2024)
Working-age population: 302,419 (as at November 2024)
Unemployment rate: 2.2% (as at November 2024)
Institutions of higher education – type, number of students:
approximately 7,000 students at the University of Pardubice
Sectors in which the region excels: electrical engineering, chemical industry, mechanical engineering, transport - Pardubice is a transport hub combining air, rail and water transportation
Note: *preliminary data

Highlights: Located in the centre of the Czech Republic, the Pardubice Region will be ranked among important transport hubs in the near future due to the development of road, rail, air and water transport. It is an attractive region thanks not only to its high degree of safety, housing quality, health and life satisfaction, but also to its long industrial tradition. The decision two nearby cities – Pardubice and Hradec Králové – to join forces in the implementation of Integrated Territorial Investments in the Hradec-Pardubice agglomeration, thus further enhancing the area's attractiveness, has proven to be the right step. The dominant role in the region's economy is played by the manufacturing industry, which is driven by enterprises buttressed by their own research. The region is home to large companies that develop, produce and sell innovative final products and are competitive on the European and global scale, as well as innovation champions among small and medium-sized enterprises with a significant proportion of their own research at the international level, particularly in radio technology, chemistry and biomedicine. A positive aspect is that three-fourths of research funding comes from the private sector. Basic research is conducted at the University of Pardubice, which is developing successfully and where new space for collaboration is being opened. The P-PINK business incubator, whose operation is focused on active support for start-ups, was established in 2018.
The Pardubice Region offers a combination of beautiful countryside and magnificent history, arts, captivating music and all possible kinds of sports. The most important events undoubtedly include Smetana's Litomyšl Festival, the Grand Pardubice Steeplechase and the Golden Helmet. The region is also associated with the taste of Pardubice gingerbread and the presence of horses, which are an essential part of the region. When visiting the Pardubice Region, you will be able to familiarise yourself with the local traditions including handicrafts, see numerous castles and chateaux, ancient military forts and fortifications, urban conservation areas and many attractive examples of Renaissance, Baroque, Art Nouveau and modern interwar architecture.

Martin Netolický
Governor
www.pardubickykraj.cz

Vysočina Region

Name: Vysočina Region
Regional capital: Jihlava
Total area: 6,796 km²
Population: 516,913* (as at June 2024)
Working-age population: 325,800 (as at December 2023)
Unemployment rate: 3.1% (as at November 2024)
Institutions of higher education – type, number of students:
the College of Polytechnics Jihlava (2,358 students)
Sectors in which the region excels: automotive industry, metal-processing and mechanical engineering
Note: *preliminary data

Highlights: The Vysočina Region is located in the centre of the Czech Republic, between Prague and Brno, and close to the Austrian border. It is easily accessible by road, rail, and is near two international airports, in Prague and Brno. The region has a strong industrial base, including industries like automotive, metalworking, mechanical engineering, wood processing and furniture, as well as growing fields like industrial automation and IT. Many innovative companies in these sectors, as well as in electrical engineering and energy, are competitive in Europe and globally. Over 98% of the region's R&D funding comes from private companies. Several R&D centres and research institutes are located here, including the Institute of Theoretical and Applied Mechanics in Telč, the College of Polytechnics Jihlava, the Forestry and Game Management Research Institute in Pelhřimov, the Potato Research Institute in Havlíčkův Brod, the Institute of Vertebrate Biology in Studenec and the Nuclear Research Institute in Dukovany.
The region is preparing for the most significant investment in strategic energy infrastructure in the Czech Republic: the construction of a new nuclear power source at the Dukovany power plant. This investment, planned from 2028 to 2036, will contribute to meeting climate goals and strengthening energy self-sufficiency of the Czech Republic. Additionally, it will enhance the competitiveness and innovativeness of the local economy.
The Vysočina Region has a well-educated and flexible workforce. Tertiary education in the region is provided by the rapidly developing College of Polytechnics Jihlava which offers study programmes in the fields of electrical engineering and informatics, technical engineering and applied technology, economics and management, tourism, midwifery, healthcare and clinical social work.
Vysočina benefits greatly from international cooperation with partner regions such as Lower Austria, Grand Est (France), the Nitra Self-Governing Region (Slovakia), Transcarpathian Ukraine and the European Region Danube-Vltava. Further international cooperation is being established with Taiwan, Estonia and the Tampere region of Finland.
The region boasts a rich cultural and natural heritage, picturesque landscapes, and a pristine, safe environment. Combined with its skilled and adaptable workforce, these attributes make it an attractive destination for investment.

Martin Kukla
Governor
www.kr-vysocina.cz

South Moravian Region

Name: South Moravian Region
Regional capital: Brno
Total area: 7,188 km²
Population: 1,226,749* (as at December 2023)
Working-age population: 777,424 (as at December 2023)
Unemployment rate: 2.5% (as at December 2023)
Institutions of higher education – type, number of students:
approximately 61,500 students enrolled in five public, four private and one state university (2019)
Sectors in which the region excels: information technology, life sciences, electron microscopy, the space industry, precision instruments, mechanical engineering, production digitalisation, cybersecurity
Note: *preliminary data

More detailed information was not provided.

Olomouc Region

Name: Olomouc Region
Regional capital: Olomouc
Total area: 5,271 km²
Population: 631,688* (as at December 2024)
Working-age population: 395,991 (as at January 2023)
Unemployment rate: 3.8% (as at June 2024)
Institutions of higher education – type, number of students:
approximately 22,700 students enrolled in one public (Palacký University in Olomouc) and two private universities (Moravian Business College Olomouc, College of Logistics)
Sectors in which the region excels: Mechanical and electrical engineering, optics and fine mechanics, optoelectronics, industrial chemistry, advanced agricultural technologies for sustainable development and new materials and technologies, pumping and water technology, biomedicine, life science and health care, software development, spa and tourism
Note: *preliminary data

Dear entrepreneurs, dear business partners, each of you knows that the most valuable thing you can have in your company is good people. You can replace machines and real estate, but you cannot replace people. People are the foundation of any business and I don't think that will change for a long time.
The Olomouc region is close to my heart, not only because I was born and live there, but also because of the people who live there. They are not made of sugar, they know that there is no cake without work and that if you want to have a good life, you have to work well. At the same time, our region has a rich industrial tradition, built on many successful engineering companies whose products are sold all over the world.
We are also a region with several universities, because education is as important for business as transport infrastructure - for example, the Olomouc Region is connected to the D1 motorway, and construction of the strategic D35 motorway will soon begin.
We are well aware that quality employees are the basis for good business, which is why the region generously supports the study and teaching areas that are most in demand on the labour market. This means that employers do not have to search for employees across half of the Czech Republic or from abroad, but can choose quality workers, engineers or craftsmen directly in our region.
And when all the work is done, we can relax in the most beautiful Czech mountains - the Jeseníky Mountains or go cycling along the flat Haná River. After all, rest is as much a part of life as work.
As you can see, the Olomouc Region is an ideal place not only for business, but also for living. And I have chosen only a small part of what we can offer for setting up a business. The best thing is to come and see for yourself. We look forward to welcoming you to the Olomouc Region.

Ladislav Okleštěk
Governor
www.olkraj.cz

Moravian-Silesian Region

Name: Moravian-Silesian Region
Regional capital: Ostrava
Total area: 5,430 km²
Population: 1,189,204* (as at December 2023)
Working-age population: 757,202 (as at December 2023)
Unemployment rate: 3.90% (as at December 2023)
Institutions of higher education – type, number of students: more than 26,000 students enrolled in three public (Silesian University in Opava, Technical University of Ostrava, University of Ostrava) and two private universities (The College of Entrepreneurship and Law, Prigo University)
Sectors in which the region excels: IT industry, iron-ore processing, mechanical engineering, vehicle manufacturing, biomedicine technologies, chemical industry, smart - agriculture, new materials, hydrogen technologies, e-health, food industry
Note: *preliminary data

More detailed information was not provided.

Zlín Region

Name: Zlín Region
Regional capital: Zlín
Total area: 3,963 km²
Population: 571,757* (as at February 2023)
Working-age population: 365,359 (as at December 2022)
Unemployment rate: 3,06% (as at February 2023)
Institutions of higher education – type, number of students: one public university – Tomáš Baťa University in Zlín (approximately 9,600 students)
Sectors in which the region excels: product and industrial design, plastics processing, rubber, machinery, aerospace, electrical engineering
Note: *preliminary data

Highlights: The economy of the Zlín Region is distinguished by a strong basis comprising innovative companies, especially in the segment of small and medium-sized enterprises, a large number of which operate in industrial and significantly export-oriented sectors. The plastics industry holds a particularly strong position in the region due to the presence of Tomáš Baťa University in Zlín and its Centre for Polymer Systems, which is an important research partner of companies associated in the Plastics Cluster. An important position is also occupied by the aviation industry, which is represented in the region by manufacturers of aircraft and aircraft components and related technologies, which are brought together by the Moravian Aviation Cluster.
Other strong sectors in the region include the mechanic-engineering, electrical-engineering and metalworking industries, as well as ICT, which is a developing part of the services sector. Furthermore, the Zlín Creative Cluster supports the region's dynamically growing creative companies, whose success is based on the design of their products and technologies. The Technological Innovation Centre and its partners in the ZLINNOVATION platform provide a broad range of support services for entrepreneurs and investors in the Zlín Region. In 2024, the regional development agency ZRIA was established, playing a crucial role in the growth of the Zlín Region. Its focus includes supporting modern technologies, attracting investors, creating jobs with above-average salaries, and improving living conditions in the region. The agency's goal is to halt population decline, retain young talent, and contribute to the long-term development of the region as an attractive place for living, education, and business. An important part of ZRIA is the Holešov Industrial Zone and the Progress Technology Park, which is in its heart.
The Zlín Region is thanks to its creativity known as a region with a live creative spirit, which is present here at every step - whether in history, architecture, design, culture, folklore or gastronomy.

Radim Holiš
Governor
www.zlinskykraj.cz
www.krajbezhranic.cz

Air Hub
in the Heart of the Czech Republic

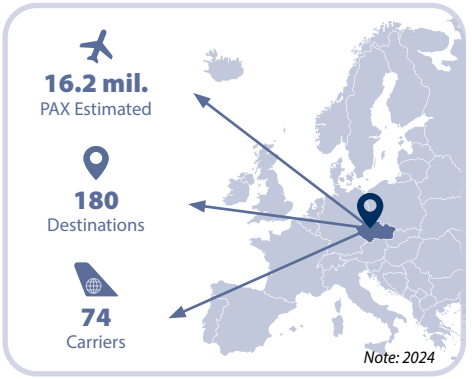
Václav Havel Airport Prague is the gateway to the Central Europe region. It is also an airport in one of the most popular tourist destinations in Europe and at the same time the largest aerodrome in the Czech Republic.

Before the COVID-19 pandemic, this international air hub handled almost 18 million passengers annually. Prague Airport expects to handle 16.2 million passengers this year, which represents a 17% increase compared to 2023. It is expected that Prague Airport will reach the operational performance of 2019 next year, in 2025, when it anticipates surpassing the 18 million passengers mark.

In 2024, the airport expects to handle over 15 million passengers. During the year, travellers can on average choose from the offer of 74 airlines connecting Prague via a direct route with 180 destinations around the world. Furthermore, four regular cargo carriers operate the destination and dozens of other companies provide charter flights there. Prague Airport employs approximately more than 2,900 people, with an estimated more than 14 thousand people being employed by companies active at the airport or linked to its operations.

Prague Airport supports the development of air connectivity, which contributes to the further expansion of business and investment activities. Vice versa, the existing and new foreign investors in the Czech Republic create an environment for enhanced business and corporate travel demand and freight forwarding opportunities, which are important for the development of new air services. In this regard, the main focus is on the development of long-haul air connections prioritising non-European markets in the USA, Canada, Japan, South Korea, Taiwan, India and China.

In its activities, Prague Airport works closely in particular with the Ministry of Transport of the Czech Republic, the Civil Aviation Authority, the Air Navigation Services of the Czech Republic, air carriers, public administration bodies inside and outside the aviation sector, and other airport users. Last but not least, it also works closely with the Capital City of Prague and the municipalities in its vicinity. Three carriers use Václav Havel Airport Prague as their base, namely Smartwings, Ryanair and Eurowings.



Prague Airport places great emphasis on doing business in accordance with the principles of sustainable development. The operation of an international airport includes a wide range of activities with an impact on various interest groups and areas. Voluntary integration of the principles of corporate responsibility into the company's daily operations and future development plans has become an integral part of our business conduct. We see the success of the company not only in economic profit, but also in the path that leads to it. As a large company, we feel a great responsibility towards all stakeholders and the future world. ■

Important Connections of Selected Routes

NEW YORK	Delta Air Lines daily JFK flights (May-Oct)
TORONTO	Air Canada 3x weekly service since June 2025
SEOUL	Korean Air flights up to 4x weekly
BEIJING	Hainan Airlines operations 3x weekly
TAIPEI	China Airlines connection 2x a week
ABU DHABI	Etihad Airways 4x weekly flights since June 2025
DUBAI	Emirates A380 daily operations
VILNIUS	airBaltic new direct service 2x a week since April 2025
MUNICH	Lufthansa to increase up to 4x daily
FRANKFURT	new daily connection by Condor
LIVERPOOL	new easyJet 3x weekly service
BELFAST	new easyJet operations up to 3x weekly

Source: Prague Airport, 2024

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Prague Airport

Foreign investment screening in the Czech Republic

Certain investments made by foreign investors in the Czech Republic may be subject to screening. The controlling authority for foreign investments is the Czech Ministry of Industry and Trade. The Ministry's oversight can extend to investments that have already been completed, with the ability to initiate screenings within 5 years of the investment's completion if deemed a threat to national security. Investment made in violation of the law may result in severe penalties for the investor.

Are you wondering if your investment in the Czech Republic is subject to investment screening?

Read on to find out.

Conditions for Investment Screening

Screening applies to investments made directly or indirectly by a non-EU citizen or by an entity with its seat outside the EU (or entities directly or indirectly controlled by either one).

Another key determinant is the method of investment. The law identifies the following forms of influence that trigger screening requirements:

- exercising of ≥ 10% of the voting rights or a corresponding influence in the target entity;
- membership in a corporate body of the target entity;
- ownership of assets used for the economic activity of the target entity; or
- other form control allowing access to information, systems, or technologies important for the protection of the security of the Czech Republic.

Permit and Consultation

The law differentiates between the obligation to obtain a permit prior to the investment execution and the obligation to consult the investment with the Ministry.

A permit is required for the investments into:

- production, research, development, or innovation of defence equipment;
- operation of critical infrastructure (e.g., energy distribution, large scale agricultural operation, healthcare industry, data centres, networks);
- information or communication systems of critical information infrastructure;
- development or production of dual-use goods.

Consultation is mandatory only for investments into the largest Czech media houses. In other cases, investors may voluntarily consult the Ministry to ensure compliance.

Sanctions

If an investor fails to adhere to the conditions set forth in the Ministry's decision or proceeds with an investment in violation of a prohibition, the Ministry may:

- prohibit or restrict the investor from exercising its ownership or voting rights in the target entity;
- mandate the sale of the target entity or assets, or the participation in the target entity.

In addition to these measures, the Ministry may impose fines. The penalties can amount to 2% of the foreign investor's total net turnover for the last completed accounting period or up to EUR 4,000,000.

Key Considerations

Foreign investors should bear in mind the following critical points:

1. **Timing:** Applications for investment permits or proposals for consultation must be submitted before the investment is executed.
2. **Retroactive Applicability:** The Ministry may initiate an ex officio screening within five years of the investment's completion. Investment screening also applies to investments initiated before the Foreign Investment Screening Act came into force, i.e., investments not completed before May 1, 2021.

Conclusion

Given the serious penalties, it is essential to evaluate whether an investment permit or consultation is required. For this reason, voluntary consultation can be a practical approach to enhance legal certainty. If the Ministry determines that an investment does not pose a security risk, it precludes future reviews of the investment. ■

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EVERSHEDS SUTHERLAND

Benchmarking of the Czech Republic in the V4 context

Czech Republic

10.89 mil
Population in 2024

78,866 km²
Area

Czech
Language

Czech Koruna
Currency

1 EUR = 25.120 CZK
Average exchange rate in 2024 (EUR)

Basic facts

GDP (EUR billion)	322.99	Consumer price inflation (%)	2.4
GDP (PPP) per capita (EUR)	55,99	Labor force (million)	5.32
Real GDP growth (%)	1.00	Current account balance (% of GDP)	0.10

Slovakia

5.43 mil
Population in 2024

49,035 km²
Area

Slovak
Language

Euro
Currency

Basic facts

GDP (EUR billion)	138.34	Consumer price inflation (%)	2.80
GDP (PPP) per capita (EUR)	44,26	Labor force (million)	2.60
Real GDP growth (%)	2.20	Current account balance (% of GDP)	-1.70

Poland

36.62 mil
Population in 2024

312,679 km²
Area

Polish
Language

Polish złoty
Currency

1 EUR = 4.28 PLN
Average exchange rate in 2024 (EUR)

Basic facts

GDP (EUR billion)	837.02	Consumer price inflation (%)	3.90
GDP (PPP) per capita (EUR)	50,08	Labor force (million)	18.36
Real GDP growth (%)	3.00	Current account balance (% of GDP)	0.80

Hungary

9.58 mil
Population in 2024

93,030 km²
Area

Hungarian
Language

Hungarian Forint
Currency

1 EUR = 382.12 HUF
Average exchange rate in 2024 (EUR)

Basic facts

GDP (EUR billion)	222.95	Consumer price inflation (%)	3.80
GDP (PPP) per capita (EUR)	45,41	Labor force (million)	4.94
Real GDP growth (%)	1.50	Current account balance (% of GDP)	1.60

Note: estimates for 2024 *Source: www.imf.org / ceicdata.com / economy-finance.ec.europa.eu / economy.com*

About

The Visegrad Group (also known as the "Visegrad Four" or simply "V4") reflects the efforts of the countries of the Central European region to work together in a number of fields of common interest within the all-European integration. Czechia, Hungary, Poland and Slovakia have always been part of a single civilization sharing cultural and intellectual values and common roots in diverse religious traditions, which they wish to preserve and further strengthen.

Source: visegradgroup.eu

What is trending in the Czech Republic

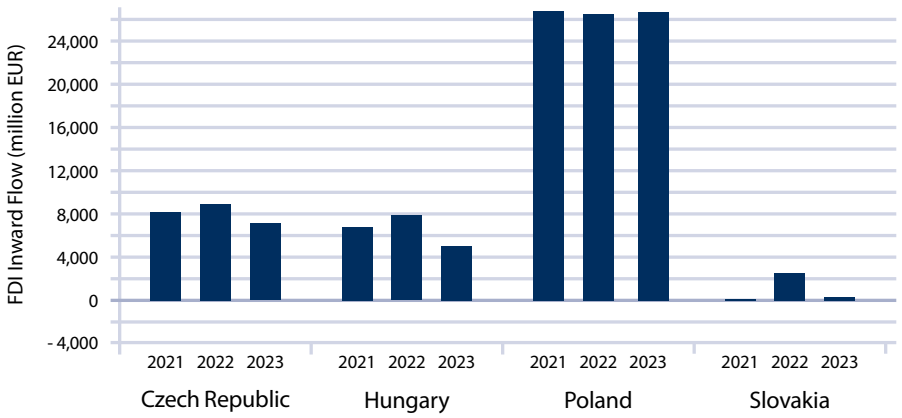
- 91% of businesses plan to invest / innovate in 2024 most into efficiency improvements. Plans to invest in automation and robotics are also common. (Hofmann Personal Survey, 2024)
- 61% of employers say they are offering hybrid working – compared to 47% in 2021. (Hays Czech Republic, 2023)
- 50% of companies asked (248) intend to hire new skilled people. (AFI Survey, 2024)
- Investment in Czech real estate reached €1.85 billion in 2024, a 45% year-on-year increase. While this was 12% below the five-year average, it represented the highest investment volume since 2020.
  Annual transaction volumes increased across all five major property sectors, with their shares of total investment volume remaining almost identical to 2023. Retail assets accounted for the largest share at 40% (the same as in 2023), followed by offices at 25% (down from 27% in 2023). Industrial properties accounted for 14% (up from 10% in 2023), residential properties accounted for 12% in 2024 (down from 14% in 2023), and hotels maintained a steady 6% share, unchanged from the previous year. (Market in Minutes, Savills Research, 2025)

Overall rank

	Czech Republic	Hungary	Poland	Slovakia
Competitiveness Ranking	29th	54th	41st	59th
Economic Performance	35th	36th	19th	56th
Government Efficiency	25th	51st	44th	62nd
Business Efficiency	30th	67th	46th	64th
Infrastructure	28th	41st	38th	50th
Digital Competitiveness	32nd	53rd	39th	52nd

Source: IMD, 2024

Foreign Direct Investment



Source: OECD, 2024

Global Innovation Index

Rank 2024	Country	Score
30	Czech Republic	44.00
36	Hungary	39.60
40	Poland	37.00
46	Slovakia	34.30

Source: WIPO, 2024

Global Talent Competitiveness Index

Rank 2024	Country	Score
30	Czech Republic	60.79
53	Slovakia	45.76
36	Poland	58.78
50	Hungary	48.01

Source: IMD 2024

Quality of Life Index

Rank 2025	Country	Score
22	Czech Republic	174.80
36	Slovakia	157.60
37	Poland	153.90
42	Hungary	144.60

Source: Numbeo, 2025

Foreign direct investment in Czechia: development and trends

The Czech Republic offers a highly favorable environment for attracting high-value foreign direct investments (FDI), with a focus on technological innovations, research and development (R&D), and key sectors such as semiconductors, mobility, AI, cybersecurity and digital technologies, ecotech, creative industries, healthtech, ecotech, as well as space, aviation, and defense. The country features well-developed ecosystems for innovation, where universities, research institutions, and businesses collaborate closely, fostering a thriving environment for cutting-edge projects. These investments are viewed as critical to the strategic growth of Czechia. In 2024, CzechInvest facilitated 28 investment projects in Czechia. These investments are expected to create over 3400 new jobs and total more than EUR 2,400 million. The sectors attracting the most investment were advanced industrial technologies, mobility, and ecotech, with applications mainly in automotive and electronics. Seventy percent of these investment projects were expansions of existing operations, primarily in high-tech manufacturing. Although most of the projects aimed for manufacturing, there were also two technology centers. Eighty percent of investors expressed an interest in investment incentives. ■

Selected key investors in Czechia by the industrial sector

Sector	Investor (country/region of origin)	Sector	Investor (country/region of origin)
Aerospace	GE Aviation (US)	High-tech mechanical engineering	Bombardier (CA)
	Honeywell Aerospace (US)		Daikin (JP)
	Latecoere (FR)		Edwards (UK)
	Bell Helicopters (US)		Ingersoll Rand (US)
	Safran (FR)		Siemens (DE)
Automotive	Hyundai (KR)	Information and communication technologies	Microsoft (US)
	Nexen Tire (KR)		Pure Storage (US)
	Robert Bosch (DE)		Red Hat (US)
	Toyota (JP)		Solarwinds (US)
	Volkswagen (DE)		Tieto (FI)
Business support services	Accenture (US)	Life sciences	Lonza (CH)
	DHL (DE)		MSD (US)
	Kyndryl (US)		Otsuka Pharmaceutical (JP)
	Infosys (IN)		Synthon (NL)
	SAP (DE)		Teva Pharmaceutical Industries (IL)
Electrical engineering and electronics	ABB (CH)	Nanotechnologies and advanced materials	AGC (JP)
	Hitachi (JP)		Fibertex Nonwovens A/S (DK)
	Foxconn (TW)		Saint-Gobain (FR)
	On Semiconductor (US)		Toray Industries (JP)
	Panasonic (JP)		

Source: CzechInvest, 2024

Investment in individual years, 2014-2024

Year	Number of projects	Investment (EUR mil.)	Number of jobs
2014	149	3,162	17,107
2015	109	1,667	15,357
2016	105	2,013	12,548
2017	109	2,226	12,921
2018	79	1,457	6,218
2019	97	2,177	7,525
2020	25	510	2,644
2021	52	993	4,101
2022	24	786	2,655
2023	10	734	4,125
2024	28	2,386	3,417
Total	787	18,111	88,618

Source: CzechInvest, 2024

Top 6 investments, 1993-2024

Investor	Sector	Country of origin	Investment (EUR mil.)
ON Semiconductor Corporation	Semiconductor	United States	1,728
Hyundai Motor Company	Motor-vehicle manufacturing	South Korea	1,214
Nexen Tire Corporation	Rubber	South Korea	826
Toyota/PSA	Motor-vehicle manufacturing	South Korea / France	762
Volkswagen AG	Motor-vehicle manufacturing	Germany	515
Nemak	Motor-vehicle manufacturing	Mexico	319

Source: CzechInvest, 2025

Change in the structure investments

1993-2000

Economic transition

- Privatisation of large Czech companies
- Incentives only for major foreign direct investments in manufacturing

2000-2012

Greenfield investment in manufacturing

- Large foreign direct investments
- Peak of newly created jobs
- Establishment of a supplier base for Western European markets

2012-2018

Diversification of supported activities

- Investment incentives for technology centres, high-tech repair centres, software development, data centres, etc.
- Technology interchange

2018 +

Innovation

- Higher-value-added foreign direct investments
- Encouragement of investment in KETs
- Advancement of Czech suppliers into global value chains
- Start-up accelerators and incubators

Top 10 investment by country of origin, 1993-2024

Country of origin	Number of projects	Investment (EUR mil.)
Germany	426	9,004
Czechia	479	6,360
United States	309	6,189
Japan	161	4,034
South Korea	41	2,890
United Kingdom	126	1,813
Austria	71	1,801
Switzerland	85	1,363
France	74	1,193
Japan / France	3	1,013
Total	1,831	35,664

Source: CzechInvest, 2025

Top 10 investment by sector, 1993-2024

Sector	Number of projects	Investment (EUR mil.)
Motor-vehicle manufacturing (automobiles, buses, trailers)	523	14,426
Electronics and electrical engineering	237	6,657
Metalworking and metal-processing	209	3,237
Paper and wood-processing	92	2,770
Mechanical engineering	228	2,765
Chemistry and petrochemicals	84	2,428
Plastics	168	2,130
Food Industr	94	1,601
Rubber industry	34	1,599
Non-metallic mineral products	72	1,347
Total	1,737	38,965

Source: CzechInvest, 2025

Czech education system

The Czech Republic's education system has a long history, as well as a dynamic present. Charles University was the first university in Central and Eastern Europe at the time of its establishment in 1348. Since then, higher education has spread throughout the country. Compulsory school attendance was introduced in 1774, after which a system of lower levels of education gradually evolved. In recent decades, the education system has undergone numerous and profound changes focused on decentralisation, diversification and inclusion.

Apart from public schools, the Czech education system at lower levels comprises many private and church schools, as well as a few state schools established by various ministries for special purposes. The same conditions apply to all pupils, including foreign citizens. The language of instruction is Czech, although some schools may be allowed to teach in other languages. In addition to the national system, several foreign schools operate in Czechia. Care for the youngest children is generally provided outside of the education system, most commonly at children's group.

Pre-primary education

Nursery schools provide pre-primary education for children from two to six years of age. Municipalities guarantee places for children from the age of three. From the beginning of the school year following the child's fifth birthday, education at a nursery school is compulsory and free of charge. There are almost 4,900 public nursery schools; the fees are regulated in lower years. There are also almost 500 private/church nursery schools with monthly fees that vary widely with large regional differences.

Primary and lower secondary education

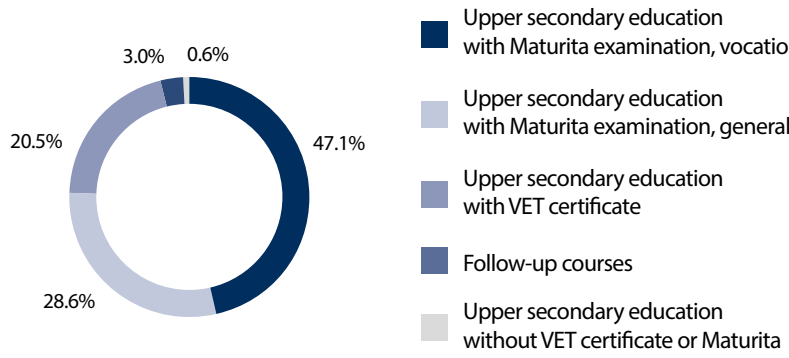
School attendance is compulsory for nine years, usually from age six to 15.
Primary and lower secondary education is provided mainly by single-structure basic schools, which are divided into a five-year first stage and a four-year second stage. There are almost 4,000 public and more than 300 private/church basic schools. Under certain conditions, individual education (home schooling) is also possible.
At the lower secondary level, there are also other education opportunities. After successfully passing the admission examination or aptitude test, gifted pupils may be admitted to an eight-year or six-year secondary general programme provided by more than 300 schools or one of the five eight-year conservatoires.
At public schools, the education is free of charge. The fees at private schools vary significantly, from a few hundred to several tens of thousands of CZK per month.

Upper secondary education

Upper secondary education is provided by over 950 public and nearly 350 private/church upper secondary schools. Another 18 conservatoires provide education in the arts.

There are two main study pathways:
Four-year general and vocational programmes, multi-year general secondary programmes and conservatoires provide upper secondary education with the Maturita examination which entitles graduates to enter the tertiary level of education (most of them do so). The admission procedure includes a centrally organised admission examination and/or an aptitude test; the head of the given school may set other (school-specific) conditions.
In two- and three-year vocational programmes, pupils attain upper secondary education with a VET certificate based on the VET final examination. Graduates cannot proceed directly

Shares of pupils of upper secondary schools in individual types of education (2023/24)



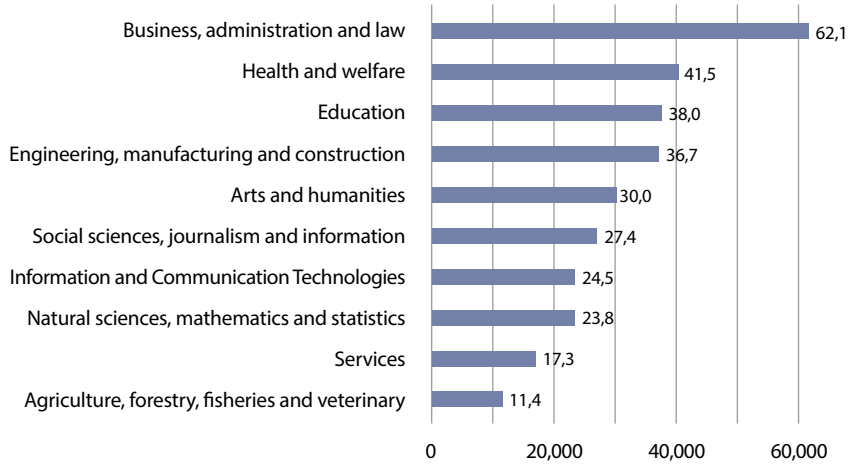
Source: Czech Statistical Office / Ministry of Education, Youth and Sports

to tertiary education; however, there are some flexible arrangements (follow-up courses) for those wishing to continue their studies, including acquirement of the Maturita examination certificate (even later in life). The admission criteria are set by the head of the given school.
Education is provided free of charge at public schools. At other schools, the fees vary depending on the complexity of the field of study, the technical equipment of the school and the economic situation of individual regions.

Higher education and current trends

With its nearly 700 years of academic tradition, the Czech higher education system consists of almost 60 institutions in over 20 cities, of which 26 are public, 26 are private and two are state institutions. Czechia is also home to 17 branches of international universities and colleges. There is at least one institution in almost every regional capital, stimulating regional development and providing local industries with good access to skilled labour. In addition, there are approximately 150 tertiary professional schools which offer professionally-oriented non-university programmes.
Higher education institutions (HEIs) may be of a university or non-university type. Universities may offer all types of study programmes (i.e. bachelor's, master's and doctoral programmes) and carry out associated activities in science and research, development and innovation, as well as artistic or other creative activities. Non-university institutions offer mainly bachelor's study programmes.
As the higher education institutions enjoy a high degree of autonomy, the admission procedure falls within their competence. Currently, there are over 300,000 students at public, state and private HEIs. Roughly 90% of students attend public higher education institutions. Business is the most popular field, followed by health and welfare, education and engineering.
Study outcomes at higher education institutions are assessed mainly by a system of credits. Most HEIs use the ECTS credit system (European Credit Transfer System).
At public and state HEIs, education in the Czech language is free of charge; fees are paid only in some cases, e.g. study in a foreign language.
At private HEIs, the fees vary. The exact amount depends on the respective institution and study programme.
Czech higher education institutions rank amongst the top universities in the region of Eastern Europe – 16 universities (with the Charles University in Prague at the top of this ranking) are included in the QS World University Ranking for 2025.
Today, Czechia is also an attractive destination that is increasingly popular among international students who can choose from over 1,200 diverse accredited bachelor's, master's and doctoral programmes in English and other foreign languages. More than 150 offered programmes are joint or double degree. Students also have a great number of other possibilities, such as study stays within the framework of various European and non-European mobility programmes, tailored-made study-abroad programmes, cooperation arrangements between higher education institution networks, summer schools and so on.
Currently, there are over 55,000 international students enrolled in full degree programmes. The number of the international students is continuously growing, by an average of 3% per year over the last 10 years.
Public HEIs play an important role in research development and innovation. Czechia has achieved international renown in areas ranging from Egyptology to high-tech fields such as non-woven nanofibres, as well as a success in, for example, new treatments for cancer and haematological and urological diseases. The country's university-based research focuses on the development of laser systems, biomedical and materials science, energy research and complex mathematical modelling in the natural, medical and technical sciences.
Czech HEIs are also widely involved in cooperation on international projects.

Number of students by groups of fields of study (2023)



Source: Czech Statistical Office / Ministry of Education, Youth and Sports

A detailed description of the Czech education system is available in English in the **Eurypedia** database administered by the **EURYDICE** network (https://eurydice.eacea.ec.europa.eu/eurypedia). More information on study opportunities at Czech HEIs is available on a specialised webpage Study in Czechia (https://www.studyin.cz/). The sources of statistical data in the text above are the databases of the Ministry of Education, Youth and Sports and the Czech Statistical Office. ■

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CZECH NATIONAL AGENCY FOR INTERNATIONAL EDUCATION AND RESEARCH
D Z S

MINISTRY OF EDUCATION, YOUTH AND SPORTS

Legal environment

Investor-friendly Western democracy with a stable and modern legal environment

Predictability of the law

Party to 76 bilateral investment treaties

Most legislation is aligned with other European Union countries

Core legal concepts recognised

- ON Contractual freedom
- ON Choice of law
- ON Choice of court jurisdiction
- ON Enforceability of foreign judgements (EU)
- ON Alternative dispute resolution – arbitration
- ON Attorney-client privilege
- ON Contractual limitation of liability
- ON Protection of intellectual property rights
- ON Proprietary (in rem) security rights (e.g. pledge, lien, security transfer)
- ON Security agent
- ON Parallel debt structure (if governed by foreign law)
- ON Prohibition of financial assistance
- ON Whitewash procedure
- ON Contractual subordination
- ON Reorganisation
- ON Marketability of contracts, receivables and claims
- ON Trusts
- ON Common corporate vehicles and structures
- ON Single-tier board in joint-stock companies
- ON Different types of shares with different rights
- ON Very small mandatory registered capital in limited liability companies (less than EUR 1)
- ON Transformations
- ON Criminal liability of legal entities
- ON E-identity and e-signature
- ON Investment incentives

The Czech Republic is a member of:

- World Trade Organization
- European Investment Bank
- International Monetary Fund
- Bank for International Settlements
- European Patent Office
- International Energy Charter
- World Intellectual Property Organization
- World Customs Organization
- United Nations UNCITRAL
- The World Bank
- International Center for Settlement of Investment Desputes
- The Multilateral Investment Guarantee Agency

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Main things to do first

1

Establish your **business**

There are multiple ways to establish a business in the Czech Republic. Here is what you should know before you decide which way you want to go.

Suitable investment vehicle

When starting a business in the Czech Republic, one must decide in what form the business should be established. There are essentially two basic ways of starting a business – setting up a branch office of a foreign entity or establishing a company under the laws of the Czech Republic. It is important to mention that foreign entities have the same rights to conduct business in the Czech Republic as domestic ones. The key differences between branches and newly established entities are shown in the table below.

Legal entities

Most investors choose to establish a Czech legal entity. The two most popular forms are **limited liability company** (LLC) and **joint-stock company** (JSC). The main differences between the two are:

- The obligatory minimum amount of registered capital, which is CZK 1 (approx. EUR 0,04) per shareholder in a LLC and CZK 2,000,000 or EUR 80,000 in total for a JSC.
- Corporate governance is more complex in the case of a JSC.
- Transfer of shares in a JSC can be simpler than transfer of ownership interests in a LLC.
- The shareholders of a LLC are liable for the company's debts up to the amount of their unpaid contributions, whereas the shareholders of a JSC are not liable at all.

Overall, the JSC form is usually recommended for bigger businesses with multiple investors, where small numbers of shares are transferred more frequently. LLC is the most frequent starting point of most entrepreneurs, as it is cheaper and easier to establish.

Representing the branch office/company

A branch office is represented by its appointed branch manager. On the other hand, representation of a company can be modified in various ways. Members of the statutory body can act either independently or collectively (two or more together) in some or all instances, or some of them may be allowed to act independently and some of them collectively. There can also be only a single member of the statutory body. It is up to the shareholders how they modify the company's representation within the boundaries of the law.

Time and costs of establishment

The timeline varies in different situations, but it usually takes 1-2 weeks after the initial decision to establish and register a branch office/company in the Czech Republic (hereinafter collectively referred to as the "Entity"). First of all, the articles of association are adopted – this has to be carried out in the form of a notarial deed in case of a company. After that, a couple of initial steps must be taken, such as opening a bank account in the Czech Republic, transferring contributions to the registered capital (in case of a company), registering a trade licence etc. Once all necessary steps have been completed, the Entity can be registered in the Commercial Register and can officially start conducting business. Company can be registered in the Commercial Register by a notary directly or by filing a registration motion with a registration court. The estimated costs of establishment are shown in the table below. ■

	Branch office of a foreign entity	Czech legal entity (company)
Legal capacity	No legal capacity by itself	Full legal capacity
Contracts	Enters into contracts on behalf of the parent entity	Is a party to contracts itself
Governing law	Governed by the laws of its parent entity	Governed by Czech law
Founders/shareholders	Can be established by a single entity only and cannot be established by a natural person	Can be established by an unlimited number of persons/entities
Contribution during establishment	No contribution required	Obligatory contribution (monetary/in kind)
Ownership	Ownership of property held by the parent company (through the branch)	Ownership of property held directly by the company

	Branch office	LLC	JSC
Estimated local fees (excluding legal, tax and other advisory services)	No less than EUR 300	No less than EUR 470	No less than EUR 1,100 + registered capital of EUR 80,000 (minimum)

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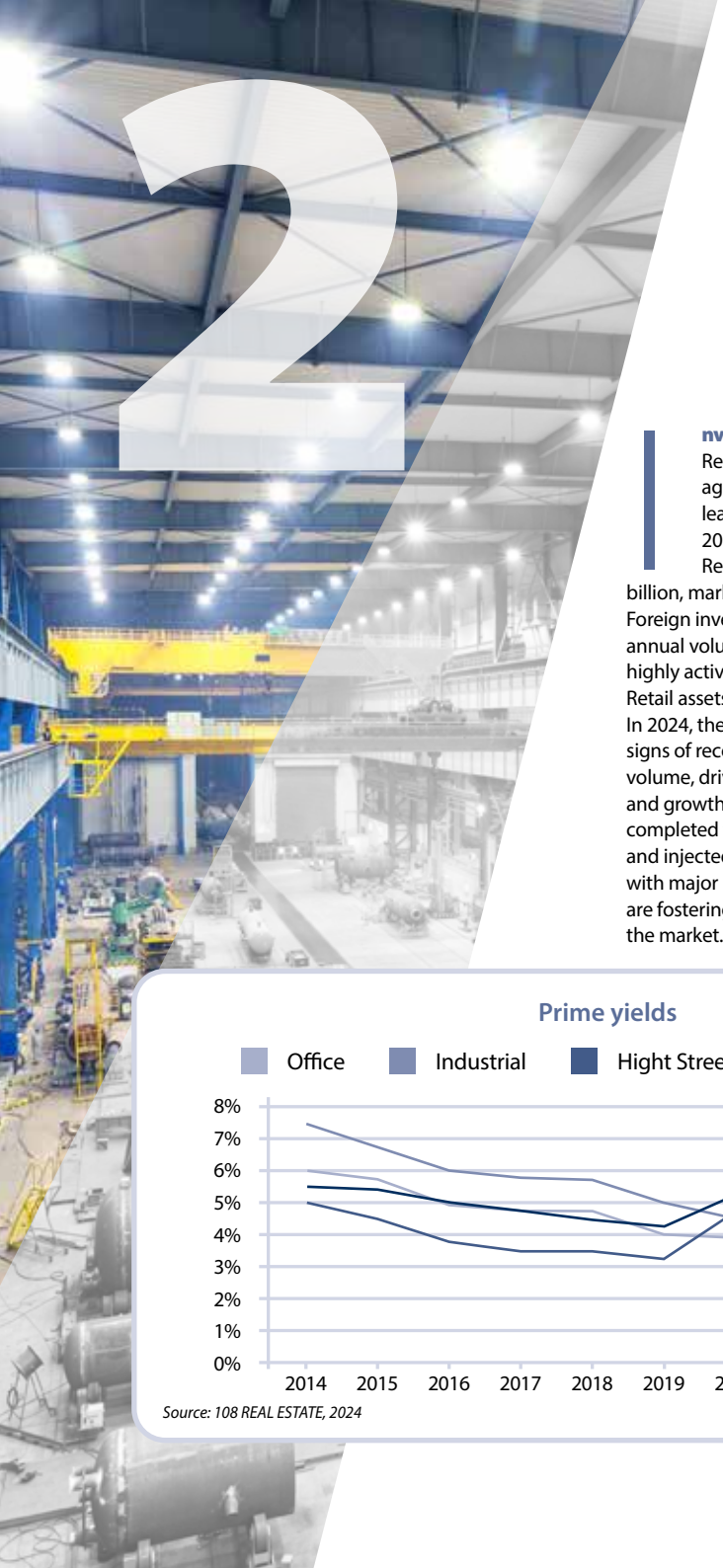


2 Investing in Czech real estate

Located in the heart of Europe, the Czech Republic is the right choice when you are looking to invest in commercial property. The country remains an attractive option for new investors due to its open investment climate with political and economic stability, existing research and development platforms and safe and secure business environment.

Investment opportunities

Real estate is often seen as a natural hedge against inflation, as most commercial leases are tied to annual inflation rates. In 2023, total investment volume in the Czech Republic reached approximately EUR 1.58 billion, marking another slight drop from 2022. Foreign investors contributed around one-third of this annual volume, while domestic investors remained highly active, continuing trends from previous years. Retail assets attracted the most investment in 2023. In 2024, the commercial real estate market is showing signs of recovery and returning to higher transaction volume, driven by both decreasing interest rates and growth in specific sectors. Key transactions completed this year have provided fresh benchmarks and injected new energy into the market. Coupled with major leasing agreements, these developments are fostering a renewed sense of optimism across the market.

Industrial sector

At the beginning of 2023 the industrial market saw its peak in prime rents which have since been going down, providing tenants more accessible rental options and boasting growth. At the beginning of 2023 the average rent for one square meter per month reached 6.15 EUR and since then, the overall average has gone down to 5.91 EUR in the third quarter of 2024. Developers are also more inclined to offer more incentives and to accommodate the client in all their requirements for premium industrial space. Strong construction activity in 2023 and in the beginning of 2024 secured enough available premises across the Czech Republic for further growth. Mainly automotive companies are making use of new development as Czech automotive sector doesn't face the same problems as in the western countries, especially in Germany. Meanwhile e-commerce is facing fierce competition from Poland and China. As household consumption has decreased significantly in recent years as a result of high inflation. This trend is expected to continue until 2025.

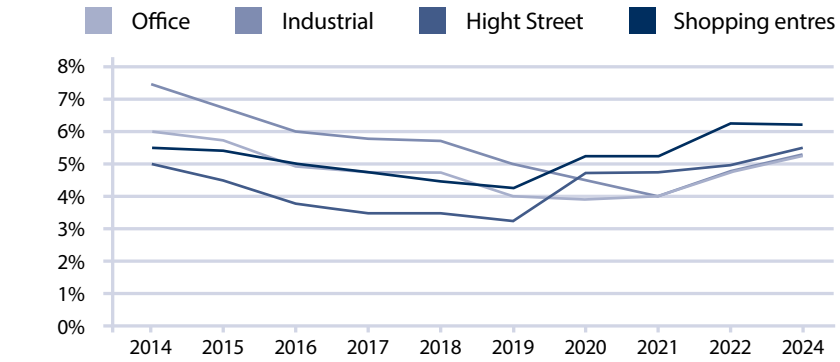
Retail sector

After complicated year 2023 we see a slow increase in household consumption during 2024 driven by overall better economic situation. However, the performance of the sector has been very diverse by type of retail. While prime shopping centres have recovered well, secondary locations are struggling to return back to pre-covid performance. There was a significant number of new brands entering Czech market in 2023. As economic situation will improve, we expect slight grow in this sector. Retail parks have also proved to be crisis-resilient and are expected also to cope well in the economic downturn, due to their tenant structure, which is focused on convenience retail covering daily shopping needs. New development remains limited, and the focus remains on refurbishment and remodelling of existing centres. New development is largely restrained to smaller retail park concepts.

Office sector

By the end of 2023, the market continued to stagnate with no projects entering construction phase. The shortage of new construction and rising construction costs have driven up rental prices, even in the outskirts of the city, where both the highest achieved rent and the lower range have increased. In 2023 the office market in general recorded a slight decline year-on-year, but in 2024 the trend of mostly home office, set by COVID, is declining and employees are returning to offices. The vacancy rate dropped in 2023, but in 2024 increases again to offer companies a wide range of modern office premises for growth. In the middle of 2024 few new buildings entered construction marking the end of period of stagnation. A positive outlook includes further interest rate reductions, more favourable prices of construction material, and economic recovery in 2025, which could help boost investments in the office market. ■

Prime yields



Source: 108 REAL ESTATE, 2024

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Find out more about **the labour market**

Excellent human resources, a central location, a stable political and economic environment and safety are the main reasons that foreign investors frequently choose the Czech Republic as the country in which to implement their investments. However, the labour market in the Czech Republic is facing an ongoing shortage of candidates and a pressure on salaries growth despite the fact that salaries keep rising across regions and positions and after two and a quarter years of decline real salaries started to grow again.

Whether this concerns R&D centres, ICT companies, business services centres and manufacturing enterprises, the Czech Republic has an indisputable advantage thanks to its central location, advanced infrastructure, high quality of university education, excellent quality of life and high level of safety. The good news for investors considering locating their business activities in Central Europe is the fact that the Czech Republic and other countries here demonstrate long-term political and legislative stability, which is why this part of the world is slowly becoming a synonym for nearshoring.

Human resources

Human resources are the key aspect of every successful business project. Labour costs are not the only issue to be addressed; access to workers and, in the case of investments based on intellectual activities, the educational level, language skills and so-called soft skills of potential employees are also important. It is apparent that Czechs possess these skills and traits in abundance, as they are very adaptable and compatible with a number of cultures. This is also why the country is able to attract many foreign talents. The number of foreign workers in the Czech Republic has increased by almost 30,700 in the last year, bringing the total number of foreign workers to over 823,900. This represents a growth of approximately 2.5 times the figure recorded at the end of 2015.

Labour market

However, the hunger for candidates on the Czech market persists, both for blue-collar and skilled positions. Unfortunately, even the negligible increase in unemployment has not helped the labour market and that companies are still struggling with a shortage of employees. The intricate and lengthy cross-border recruitment from outside the EU and the inadequate economic migration rules are also contributing factors. Thanks to loudly articulated needs, the government is luckily slowly moving this issue forward. The option of free entry to the labour market for candidates from nine selected countries represents a favourable development in the recruitment process. As of 1 July, this year, citizens of the USA, Great Britain, Canada, Australia, New Zealand, Japan, South Korea, Israel and Singapore can to commence employment with Czech companies without the need for additional paperwork. This development is welcomed by employers, particularly those seeking to recruit skilled individuals, as it will significantly streamline the hiring process and enable them to fill crucial roles more expeditiously.

The recently approved Indonesia labour migration project is also a positive initiative for employers in manufacturing and industry, as it will enable them to attract Indonesian graduates from polytechnics with the requisite skills. The project will allow 1,000 Indonesian skilled job seekers to enter the Czech labour market each year. But it is still not enough, and the employers keep calling for introduction of a comprehensive economic migration strategy.

Future developments will continue to be influenced by the performance of Czech economy, shortage of candidates that has caused the rising employee turnover and the changing needs of employers caused by higher level of automation and digitalization and their focus on ESG and sustainability.

For the next period, we expect the unemployment rate to fluctuate at the level of 3,8% and salaries to grow by 5-10% in almost all sectors. The Czech Republic is a strong industrial country with evolving high value-added digital sectors. We are sure it will keep its position and competitiveness within Central Europe. ■

The most desired benefits

White collar
Bonuses
Annual inflation-adjusted salary increase
5 and more weeks of vacationof vacation
Flexible working hours
13th/14th salary
IT
Annual inflation-adjusted salary increase
5 and more weeks of vacationof vacation
Bonuses
Health leave / Sick days
Flexible working hours

Source: Benefit+ Survey, Grafton Recruitment, 2024

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Investment **incentives**

The Czech Republic continues to maintain its focus on investments with higher value added and innovation projects. The current priority is to support high-tech projects, research and development and environmentally friendly initiatives.

Investment incentives are provided mainly in the following forms:

- Corporate income-tax relief for ten taxable periods
- Cash grants for creation of new jobs (only for selected regions).
- Cash grants for training and retraining of employees (only for selected regions).
- Cash grants for acquisition of fixed assets for strategic investments.

There are also other types of state aid available, especially for priority investments in R&D, innovations, energy savings and the circular economy.

Main conditions

Incentives can be obtained for the following types of investments:

- **Manufacturing industry** – launch of new production, expansion of existing production (supported only in selected regions) or expansion of the product range through introduction of new products or a fundamental change in the production process.
- **Technology centres** – establishment of a new technology centre, expansion of an existing centre or expansion through the introduction of new products.
- **Business support services centres** – establishment of a new business support services centre, increase of capacity or launch of new services covering software centres, data centres, repair centres or shared-services centres

Incentives for each type of project are subject to further conditions (e.g. minimum investment). Moreover, projects in the manufacturing industry have to achieve higher value added, which relates to R&D activities and wage conditions in selected regions. Simplified approval process has been re-introduced, in 2024 and allows routine projects to be evaluated only by the relevant ministries without seeking the government's approval. The government's approval will continue to be required for strategic projects involving cash grants.

Strategic investments (large projects)

Large projects can qualify for strategic investment status. The main benefit of this status is the possibility to obtain a larger portion of incentives in the form of cash grants for acquisition of fixed assets instead of tax relief. Investment projects involving the production of selected strategic products (e.g. products focusing on energy savings, renewable energy, advanced electronics, pharmaceuticals, nanotechnologies, advanced technologies should be regarded as strategic investment projects without having to meet requirements such as the minimum investment amount and the minimum number of new jobs.

The amount of cash grant may be up to 20% of the total eligible costs. If cash grant is not approved by the government the project does not qualify as strategic investment.

The incentives legislation still allows higher state-aid amounts than previously allowed by regional aid rules if an individual project notification is allowed under EU rules (e.g. the Temporary Crisis and Transition Framework).

Income-tax relief

The calculation of tax relief is different for greenfield projects (tax holiday) and expanded facilities. However, tax relief may be applied for ten taxable periods for both types of projects.

Permissible level of state aid

For large companies, the maximum intensity of state aid to be granted since 1 January 2025 is set at the level of 15%-40% (the amount varies depending on the region in which the investment is implemented) of eligible costs (investment in land, buildings, machinery and equipment and selected intangible assets).

Cash grant

Job creation

Cash grants can be provided to an investor that creates new jobs in a region where the unemployment rate is higher than 7.5%. The cash grant for job creation amounts to approx. EUR 7,843 - 11,765 per new job based on the type of position and the region where the investment is carried out.

Training and retraining of employees

Cash grants for training and retraining employees can cover up to 50% of the eligible costs expended on training and retraining.

R&D tax allowance

Companies performing R&D activities can apply a special tax deduction for such activities. In fact, the R&D deduction allows companies to claim internal R&D costs twice, both within their profit-and-loss account and as a special tax deduction. However, companies are obligated to notify the tax administrator of their intent to claim an R&D allowance in advance. ■

The following conditions apply for all types of investments

- Acquisition of assets for the project, including construction works, cannot start before the application for incentives is submitted.
- Implementation of environmentally friendly activities, buildings or facilities.
- Retention of the investment at the location of the investment project in the amount and structure corresponding to the claimed state aid.

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KPMG

5

Lease or purchase of business premises

Every business operation needs a suitable space for growth. Among first things to consider when starting business in the Czech Republic is choosing offices and premises for operation. The investor thus faces a choice, whether to lease or purchase such property. While leasing is easier to arrange with lower initial costs, purchasing property may be a more cost-efficient solution in the long run. The final decision, of course, depends on the individual circumstances, expectations and investment plans.

Lease of business premises

Leasing office space, manufacturing facilities, or retail properties in the Czech Republic is governed by the Civil Code (Act No. 89/2012 Coll.). The legal framework for leases is notably flexible, allowing parties to negotiate their own terms to a large extent.

Before entering into a lease agreement, it is crucial to conduct a thorough inspection of the property. This includes assessing its status to ensure it meets the requirements for its intended use and is free from any legal or technical issues.

Key elements that should be defined in the lease agreement include the property's description in accordance with the Cadastral Register, the lease's purpose, procedures for addressing defects and conducting regular maintenance, liability for damages, arrangements for insurance and property tax payments, and terms for compensation for the investments in the property.

Rent is typically paid monthly and can also be denominated in foreign currency. Tenants should scrutinize provisions concerning their rights and responsibilities related to utilities (e.g., electricity, water and sewage, gas) and services (e.g., waste removal, security).

Lease agreements can be established for either a fixed term or an indefinite period. Unless specified otherwise, fixed-term commercial lease can only be terminated for statutory reasons, with a notice period of three months. An indefinite-term lease can be terminated at any time with 6 months' notice period, unless there are serious grounds for termination, in which case the notice period is reduced to 3 months.

Purchase of business premises

The acquisition process can be conducted through either an asset deal or a share deal. Under the Czech law, it is mandatory for the transfer deed to be in writing. Typically, acquisitions are financed through a mix of debt and equity. Financing banks often require a pledge over the property as security for their receivable.

Before proceeding with any acquisition, conducting thorough legal and technical due diligence is highly recommended. This ensures the clear title of the transferee, the absence of encumbrances, adequate access and absence of other issues. Depending on the findings from due diligence, the contract may include various representations and warranties by the seller and/or provisions for price adjustment.

According to Czech law, the ownership title becomes effective upon the filing of the transfer deed with the Cadastral Register. After the registration of the ownership title, the handover of the property should be documented through a written protocol, which includes details such as utility meter readings.

Engaging commercial, legal, and technical advisors can facilitate a smooth lease or transfer of a real estate property. ■

Commercial considerations

Purchase	Lease
significant investment with long-term capital appreciation	lower upfront investment, allowing to allocate resources elsewhere
more stable, long-term commitment	more flexibility for businesses that anticipate growth
risk of property value fluctuations	risk of rent increases and potential non-renewal of lease
ownership requires active management and can be considered an investment asset	lease simplifies asset management, as the lessee is not directly involved in property valuation and sales
greater freedom to modify the property to fit their business needs	limitations on alterations and must usually restore the property to its original condition at lease end

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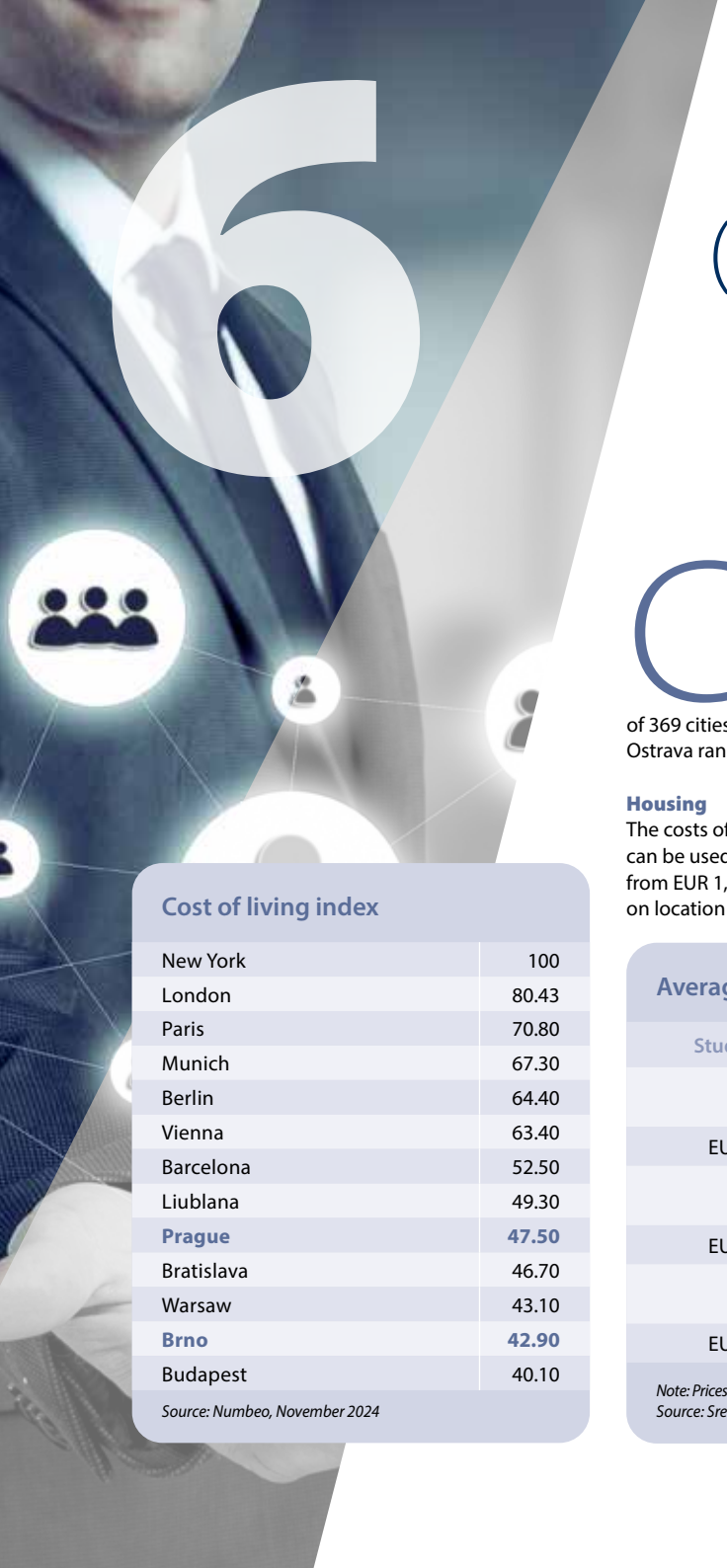

Moving to the Czech Republic
(housing, education and medical costs)

The Czech Republic has a number of attributes that make it attractive to foreign corporate and individual investors, not the least of which are its investment incentives, low taxes, strategic location and affordable cost of living. Housing, education and medical costs are all essential considerations that dramatically affect the cost of living and quality of life in any country. So, just how affordable is the Czech Republic?

Cost of living index

New York	100
London	80.43
Paris	70.80
Munich	67.30
Berlin	64.40
Vienna	63.40
Barcelona	52.50
Liublana	49.30
Prague	**47.50**
Bratislava	46.70
Warsaw	43.10
Brno	**42.90**
Budapest	40.10

Source: Numbeo, November 2024

Cost of living in the Czech Republic

According to Numbeo, one of the world´s largest databases focusing on cost-of-living expenses, Prague ranks 173th out of 369 cities in the world in the Cost-of-Living Index. Ostrava ranks 206th, followed by Brno at 195th.

Housing

The costs of short-term serviced apartments, which can be used as temporary accommodation, vary from EUR 1,400 to EUR 3,800 per month depending on location and the scope of provided services.

Average monthly rental costs

Studio flat	Two-bedroom flat
Prague	
EUR 699	EUR 1,272
Brno	
EUR 521	EUR 1054
Ostrava	
EUR 351	EUR 821

Note: Prices of furnished and unfurnished apartments excl. utilities
Source: Sreality.cz, November 2024

Education

Needless to say, school is very important. It is not only a place for education, but also for students to socialise and build a network of peers, which leads to good physical and mental health.
Education at public schools/preschools is free of charge in the Czech Republic. Students are required to speak Czech in order to enrol. For expat students who do not speak Czech, international schools/preschools can be a perfect solution. Average annual tuition of private international schools/preschools (for ages range 3-18) cost from approx. EUR 5,000 to 20,000 in Prague, Brno and Ostrava.

The Czech education system

Pre-primary education	2 to 5 years old
Primary and lower secondary education	6 to 15 years old
Upper secondary education: high schools, grammar schools, colleges and training colleges	16 to 19 years old
Higher education: universities	19 and above

Healthcare

Czech citizens, permanent residents, EU nationals and those contributing to the public healthcare system are entitled to medical care in the Czech Republic (which is funded by mandatory health-insurance contributions). Moreover, there are many private health-insurance plans available for those who need them (e.g. third-country nationals who are not employed in the Czech Republic).
The average annual price of comprehensive private health insurance varies from approximately EUR 1,000 to EUR 2,700, depending on the age of the insured person, level of coverage, insurance policy, etc.
If you are seeking individualised healthcare and a language you are familiar with, you can also register at private medical facilities in the Czech Republic.
The annual membership fees at such facilities vary from approximately EUR 600 to EUR 4,000 depending on the facility and the scope of provided services. ■

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TIFRA
RELOCATION & CONCIERGE

7

Successfull market entry with flexible workforce

Entering a new market can be both complex and challenging. To maximize success and minimize risks, it is crucial to adopt a strategic approach to talent acquisition. This guide outlines a phased strategy that leverages temporary and contract solutions before transitioning to permanent employment, ensuring a smooth and efficient market entry when you need to start operation on the Czech market before the legal entity is officially established.

Temporary staffing / External workforce: Develop operations before forming a legal entity

The first phase involves temporary staffing or engaging with an external workforce. The objective here is to quickly build a presence and start generating business without the immediate need for a legal entity. This approach offers several benefits, including flexibility, cost-effectiveness, speed, and reduced administration and payroll workload as it is handled by the vendor. Temporary staff can be scaled up or down based on business needs, reducing initial overhead costs associated with full-time employees. Additionally, it allows for the rapid deployment of sales and operations personnel to test market conditions and customer responses.

To implement this phase, businesses should partner with a reputable staffing agency to source experienced temporary sales and operations professionals, focusing on individuals with a proven track record in similar markets to ensure quick adaptation and performance.

Contractors: Create efficient workflows

The second phase involves hiring contractors to set up processes and structures. The objective here is to establish robust business processes and organizational structures to support long-term growth. Contractors bring specialized skills and knowledge to set up efficient processes, offering scalability as they can be hired flexibly for specific projects or timeframes; and reduced risk which might be associated with permanent hires during the initial setup phase. In particular, this means that by using a contractor, you get high-level experts for dedicated timeframe. Paying for actual days or hours worked represents a significant saving that any company entering a new market appreciate.

Key areas where expert input is needed, such as IT infrastructure, HR policies, and financial systems, should be identified first, so you can follow up by engaging contractors with relevant experience to design and implement these processes successfully.

Permanent core staff: Strengthen your foundation

The third phase focuses on transitioning to a stable and committed workforce by hiring permanent core staff once the business is established. Permanent employees provide long-term stability and continuity, help in establishing and nurturing the company culture, and are more likely to be invested in the company's success. Conduct thorough recruitment processes to hire individuals who align with the company's values and long-term goals, focusing on key roles critical to the business's core operations and strategic objectives.

Recruitment Process Outsourcing (RPO): Accelerate talent acquisition

The final phase involves recruitment process outsourcing (RPO) to acquire and onboard the workforce efficiently, meeting the demands of your growing business. RPO providers streamline the hiring process, reducing time-to-hire, and leverage their expertise in sourcing and recruiting top talent. This approach offers flexibility to scale recruitment efforts up or down based on business needs. Partnering with an experienced RPO provider to manage large-scale recruitment drives is essential, ensuring they understand your business needs and culture to attract the right candidates.

By leveraging a phased approach to talent acquisition, businesses can significantly lower investment risks and optimize management costs. Utilizing temporary and contract solutions reduces the need for immediate large-scale hiring, allowing for a more flexible and cost-effective entry into the Czech Republic market. This strategy also streamlines back-office operations and accelerates the overall setup process, enabling companies to establish a strong market presence more quickly and efficiently than traditional hiring methods. ■

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Cost planning:
The first step

No two building projects are the same and clients have varying priorities; this is as true in the Czech Republic as it is in the rest of the world.

The client could be a manufacturer requiring a new facility in which to operate its core business or a developer whose core business is generating return on investment by adding value to an existing asset. Each project is defined by a unique combination of factors and determining what, where, when and how allows us to determine how much.

What

Most clients who come to the Czech Republic have a precise idea of the scope of their project. Local knowledge will highlight the opportunities for added value through the use of local materials and the tailoring of the design for a given location.

Where

Some industrial zones have pre-approved permitting processes for appropriate projects, thus enabling commencement of site works in a very short time. Other locations may require a comprehensive planning service including zoning changes and environmental impact assessments.

When

The timeline of a given project depends greatly on its location and the stage that the client has reached in the development of the project documentation. Time constraints may also influence how the project is implemented.

How

The most common contractual arrangements in the Czech Republic are contracts based on a bill of quantities (BOQ) with a guaranteed maximum price (GMP), engineering, procurement and construction (EPC) and engineering, procurement and construction management (EPCM) contracts. Experience in the Czech Republic shows that the following conclusions can be drawn: The EPC/GMP approach reduces risk and the administrative burden for the client by placing responsibility for project delivery with the contractor. The downside of this, however, is that the project costs will be higher, as this risk is factored into the price and it is often not possible to finalise detailed specifications for the works prior to appointment of the contractor. Once the contract is awarded, the contractor controls the detailed design and construction process and will aim for the minimum compliant standards with a natural tendency to select the cheapest subcontractors.
With the EPCM approach, the project is divided into several trade packages and the packages are awarded to specialist companies. This system gains time for the design process, thus allowing for the production of more comprehensive project documentation, especially for later packages. This in turn yields benefits for the management of the budget, with savings on early packages adding to reserves and potentially allowing for upgrades to the later packages. The downsides here are that more risk lies on the client side and with more contractors to manage, project management is more complex and more expensive. However, the client maintains tighter control over the design and budget, and in our experience the overall costs can be 5% to 10% lower compared with procurement via a general contractor.

How much

Whatever the procurement route, it is important to maintain control of costs at all stages of the project.

Typical cost structure

The costs of project implementation can be divided between labour, services and materials (direct costs) and the intrinsic costs associated with the project (indirect costs). ■

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Association for Foreign Investment

AFI supports investors and investments in the Czech Republic

As a non-profit and non-governmental organization, AFI provides independent guidance across all stages of the investment process.

About the AFI

The Association for Foreign Investment (AFI) is a non-governmental, non-profit organisation representing a selection of the best international and purely Czech companies actively supporting investors. The AFI focuses on improving the Czech investment environment, the conditions for investors, legislation, communication and exchange of information. Its mission is also to bring new foreign investors to the Czech Republic and to promote the Czech Republic as a country that is ideal for new investments and business.

www.afi.cz

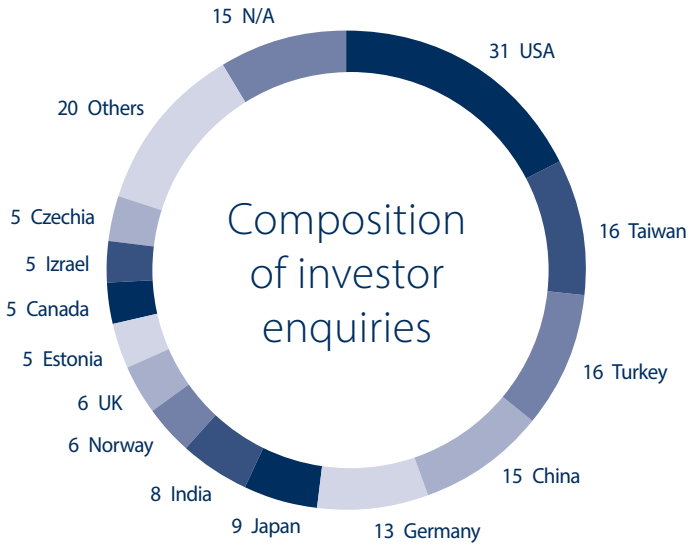
1996 when the AFI was established

46 members

175 enquiries from investors in 2024

43 events in the Czech Republic and abroad in 2024

Countries from which investors turn to the AFI



Sang Young Lee
Business Management Team Manager
NEXEN TIRE Europe

"We have been cooperating with AFI members for years in a wide range of areas – tax, legal, HR and construction issues. The service they provide us is always on a high professional level that we can rely on and is crucial for such a huge investment project as ours. To a certain extent, the AFI's members are like our guides helping us to understand the local business environment. I am happy that the AFI has become the first point of contact for foreign investors in the Czech Republic."

Notable events

The AFI Annual Conference
This event is organized to support the investment environment of the Czech Republic, where speakers from among private and public sector experts discuss current topics and news from all key areas for foreign investors.

Regional seminars
In cooperation with CzechInvest and other partners, the AFI regularly organises seminars, especially for aftercare clients, in areas such as visas, permits and HR.

Investment seminars
In cooperation with CzechInvest and other partners, the AFI regularly organises seminars for investors in the Czech Republic but also abroad.

Chairmen of AFI


Tomáš Ctibor — **1996**


Jan Ámos Havelka — **2000**


Martin Slabý — **2005**


Jan Bobek — **2008**


Kamil Blažek — **2010**


Gabriela Hrbáčková — **2025**

Finance your investment

How **investment incentives** work in Czechia

Investors who place their investments in the Czech Republic can obtain aid in the form of investment incentives, which are provided pursuant to Act No. 72/2000 Coll., on Investment Incentives, as amended.

Czech and foreign legal entities and natural persons engaged in business can apply for investment incentives. Only a legal entity with its registered office in the Czech Republic can be a recipient of investment incentives.

General eligibility criteria

For all types of activities, it further applies that the recipient shall not start work on the given project (i.e. shall not acquire any assets including orders of machinery and equipment and shall not commence construction works) prior to submitting the incentives application to CzechInvest. All of the conditions must be fulfilled within three years from the issuance of the Decision to Grant Investment Incentives and the recipient shall retain the assets and created jobs throughout the entire period of utilising state aid, at least for a period of five years.

State aid

Size of company	% of eligible costs
Large	15-40
Medium-sized	25-50
Small	35-60

**In the case of large enterprises, only new economic activity can be supported in the following regions: Plzeň, Central Bohemia, South Bohemia, Vysočina, South Moravia. This restriction does not apply to other regions.*

Sample calculation

The investor (large enterprise) plans to invest a total amount of EUR 6 million in assets in a technology centre. The state-aid intensity is 40% of eligible costs. Therefore, the maximum state-aid ceiling is EUR 2.4 million. The maximum amount of state aid may be utilised in the form of corporate income-tax relief for ten years and cash grants for job creation. Cash grants for training and retraining of employees are provided above the state-aid ceiling, i.e. as cash in addition to the previously mentioned EUR 2.4 million.

Application process

The process of applying for investment incentives differs depending on whether the investor is initiating a new investment or an expansion of an existing investment. **In the case of expansion of an investment, it is a single-round process described in the scheme.**

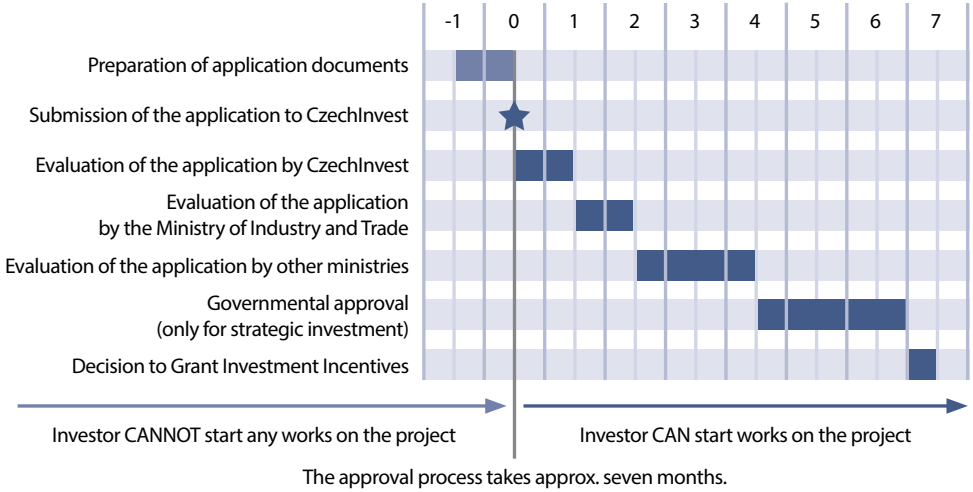
Extended two-round process in the case of initiating a new investment: This process involves the establishment of a new Czech legal entity. The investor can start implementing the investment immediately after submitting the application; it is not necessary to wait for issuance of the aforementioned decision.

Forms of investment incentives

Corporate income-tax relief for companies for a period of up to ten years. For new companies, this incentive is provided in the form of full tax relief; for existing companies, in the form of partial tax relief.

Cash grants for job creation in technology centres in the amount of EUR 8,000 per each new job

Expansion of a Czech entity



Source: CzechInvest, 2024

Supported areas

Manufacturing industry	Technology centres	Business support services centres
Introduction or expansion of production	Construction or expansion of R&D centres	Construction or expansion of shared-services centres
		Construction or expansion of software-development centres
		Construction or expansion of high-tech repair centres
		Construction or expansion of data centres

Source: CzechInvest, 2023

Definition of the high-value-added condition

Employees are paid at least the average wage in the region	+ one of the following conditions A) or B) or C)	A) At least 10% of employees must hold university degrees and active collaboration with R&D institutions must account for 2% of eligible costs
		B) R&D employees must comprise at least 3% of the staff
		C) Investment of 10% of eligible costs in machinery for R&D purposes

Source: CzechInvest, 2023

created. An investment in production can receive a cash grant for job creation only in regions with an unemployment rate of at least 7.5%.
Cash grants for acquisition of assets for strategic investments in the manufacturing industry in the amount of up to 20% of eligible investment costs; in technology centres and high-tech repair centres, up to 20% of eligible investment costs. This type of support must be approved by the Czech government.

Cash grants for training and retraining of new employees in technology centres in the amount of 50% of training costs. An investment in production can receive a cash grant for training and retraining only in regions with an unemployment rate of at least 7.5%.

Eligibility criteria

Manufacturing industry: Investment of EUR 1.6–3.2 million depending on the region, half of which must be invested in new machinery + the condition of high value added in regions with an unemployment rate under 7.5%.
Technology centres: Investment of EUR 0.4 million, half of which in new technology + creation of 20 new jobs.
Business support services centres: creation of 20–70 new jobs depending on the type of BSS. Services must be provided in at least three countries.
The required investment is reduced to one-half of the stated amounts for medium-sized enterprises and to one-quarter for small enterprises. The required number of new jobs is reduced to one-half of the stated amounts for SMEs.

Eligibility criteria for strategic investments

	Minimum investment in EUR million	Minimum number of new jobs
Manufacturing industry	80	250
Production of strategic medical products	3.2/1.6	n/a
Production with high technological complexity*	3.2/1.6	n/a
Chip production, E-mobility and energy saving**	3.2/1.6	n/a
Technology centres	8	70
High-tech repair centres	8	100

Source: CzechInvest, 2023

Note: Half of the investment must go into new machinery.
*Note: *(CZ NACE sections 21 and 26 and group 30.3)*
*Note:**(exact list of products)*

Eligible costs

- **Long-term tangible and intangible assets**, whereas the value of machinery must comprise 50% of eligible costs.
- **Two years' gross wages** of employees in newly created positions.

The investor must select one option.

In the period from 1998 to 31 December 2023, a total of 1,323 Decisions to Grant Investment Incentives were issued on the basis of registered applications. In the period from 1998 to 2023, investors committed to investing more than approx. EUR 34 billion and creating 203,536 new jobs. ■

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CZECHINVEST

Investment incentives and public support for entrepreneurship

Czechia has a number of attributes that make it attractive to foreign corporate investors both in terms of investment support through investment incentives from the state and financial support from EU funds for investors. However, there are also other interesting sources of investment support that investors can take advantage of.

Czechia will receive approximately €40 billion from the EU over the period 2021-2030, which can also be used for investments by new inward investors. The areas where the EU support will be directed are mainly energy savings, digitalisation and R&D support. Among the most interesting opportunities for investors, the Ministry of Industry and Trade, which manages the business support programmes in Czechia, offers the following programmes:

Energy Saving and **Renewable Energy** supports measures leading to a reduction in energy intensity of enterprises, such as modernisation of production technologies, insulation of buildings, installation of energy-saving equipment and installation of new sources of renewable energy.

Digital Enterprise provides financial support to upgrade logistics and warehouse technologies, strengthen cybersecurity, IT training and certification, and improve the interconnection of internal systems and facilities

Innovation is a programme that supports the translation of research and development results into practice. It provides financial support for costs associated with the implementation of innovations (e.g. product, process, etc.), in particular for the purchase of new technologies.

Applications and **Potential** are quite crucial to support R&D in companies-it supports projects aimed at developing new products, technologies and services, both for the costs of researchers' salaries, purchase of materials and equipment, services of consultants and experts, but also for equipping companies to carry out R&D activities.

But there are also other programmes available to companies that make significant inroads into the use of waste or the more efficient use of water resources within the business:

Sustainable Water Management, which targets projects that enable, for example, better use of polluted water, reducing water consumption in the company's production process, but also the **Circular Economy** programme, which is essential for the recovery of production waste, recycling waste and using secondary raw materials back in production.

The Modernisation Fund is designed to support investment in modernising energy systems and improving energy efficiency. The Fund aims to support the transition to a low-carbon economy and reduce greenhouse gas emissions. The fund is only for the 10 EU countries with the lowest income. For Czechia, at least EUR 6 billion is available until 2030.

The most interesting support programmes from the Modernisation Fund for investors include:

RES+ - Support for new renewable energy projects such as photovoltaic power plants, wind power plants and small hydro power plants.

HEAT - Modernisation of thermal energy supply systems, including the use of renewable energy sources, waste heat, as well as hydrogen applications

ENERG ETS - Support for measures to increase energy efficiency and reduce greenhouse gas production in industry, business for companies operating installations under the EU ETS.

Investment incentives, as a key instrument for promoting economic growth, offer support in several key areas. The basic conditions for the use of the investment incentive depend on the region in which the investment is made and on the size of the enterprise according to the EU definition of enterprise size. For example, in the manufacturing sector, for a large enterprise (over 250 employees in the whole group), this means investment in assets of at least EUR 1.5 million/3 million, depending on the region, of which at least half in new machinery. The form of support (generally speaking it is 20 - 60 % of the investment) can then take several forms:

- Income tax relief for 10 years
- Cash grant for the acquisition of fixed assets for strategic investment actions
- Cash grant for the creation of new jobs (EUR 7 800 per employee)
- And others as for strategic investment actions, Material support for retraining or training of employees and Exemption from property tax.

The most interesting support is offered if investor make an investment in a strategic investment action in a manufacturing industry with high technological intensity, or in the field of health protection, chip production or production related to energy saving. ■

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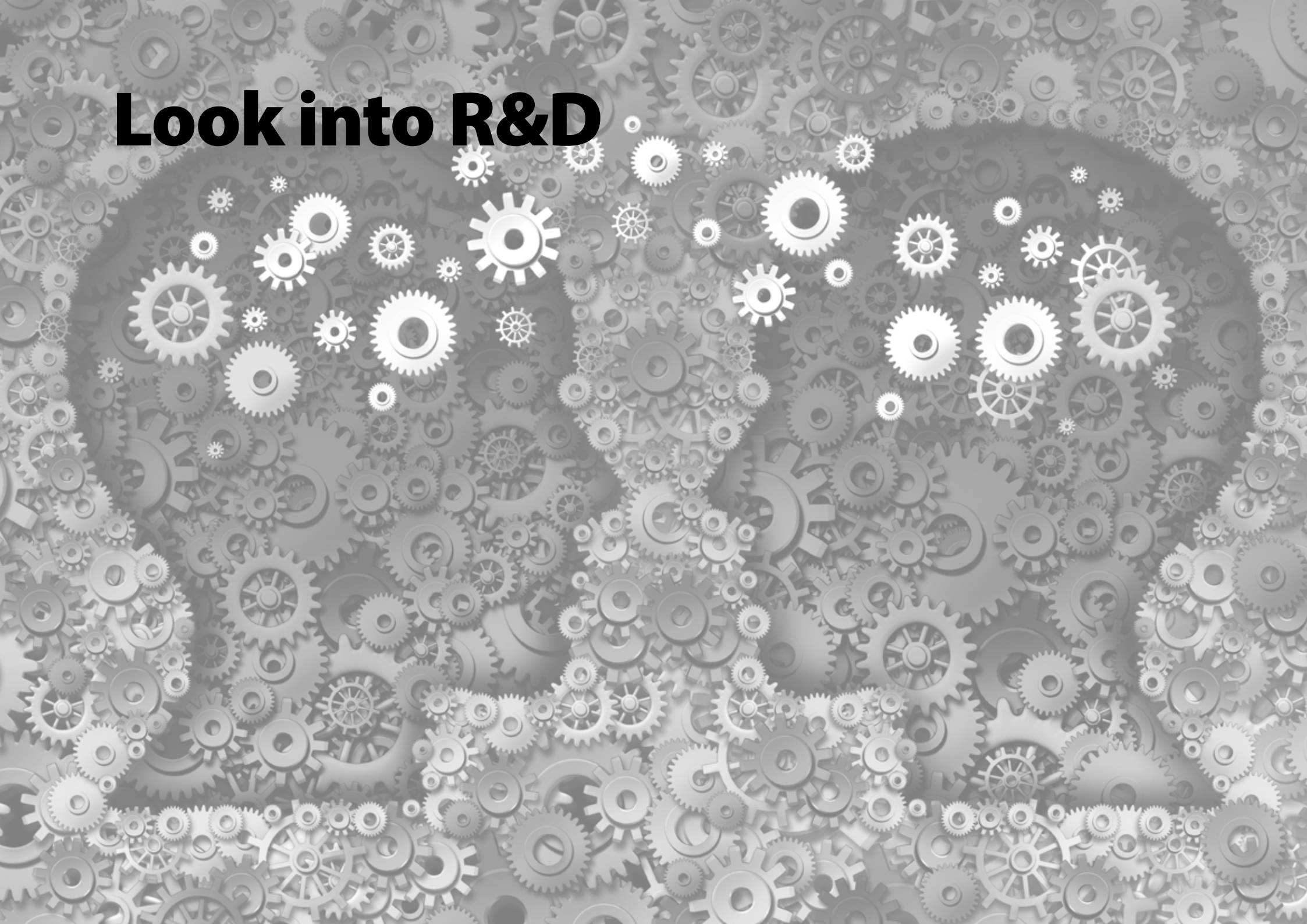
Look into R&D



The Czech Republic – **Research powered by talent**

The Czech Republic continues to build on its strong research and innovation potential. The cooperation between business and research institutions has increased and legislation is underway to simplify and further boost R&D as a vital part of the economy.

The Government of the Czech Republic has succeeded in increasing the public spending on research and development for 2025. This marks a change after years of budget stagnation. The 1, 7 billion EUR budget of 2025 will further support the well-being of research organisations through the relative increase in institutional funding. The private sector expenditure on research remains stable, with expectations for growth in the future.

The Czech Republic boasts a network of high-quality scientific facilities, and the number and quality of its research centres makes it one of the EU´s leaders. European research infrastructures have undergone significant development in the last 20 years, notably in their increasingly global character. They now serve as hubs for national, European as well as international cooperation, providing the necessary environment for unique experiments and serving as sources of knowledge for organisations across international borders based on the principle of open access. The Czech Republic is proud to be able to provide both Czech and foreign researchers with state-of-the-art equipment and aims to further bolster its capabilities in this area.

Both the Office of the Minister for Science, Research and Innovation and the Research, Development and Innovation Council continue to support the R&D system in strengthening its capacity to respond effectively to trends as well as unexpected risks and threats. To that aim, they are adopting several measures, including the new Methodology of Research Evaluation (Methodology 2025+), intended to promote applied research and improve merit-based research evaluation. More importantly, a major new law on research replacing outdated legislation is in the process of adoption by the Czech Parliament. Its enactment is expected to simplify knowledge transfer, reduce overall bureaucracy, and improve the working conditions of scientists.

As mentioned above, the international dimension of scientific research is of utmost importance. The involvement of respected foreign scientists in Czech research institutions plays a crucial role. In coordination with the RD&I Council, we have placed strong emphasis on science diplomacy to highlight the role of the Czech Republic as an active supporter of cooperation between the public and private sectors, including foreign investment. The fact that research in the Czech Republic now employs over 85 thousand people further underlines this necessity.

But the government´s support does not end there. In the age of rapidly evolving technologies such as artificial intelligence, semiconductors, and quantum computing, the need for strategically focused research is paramount. In line with the state investment policy, companies engaged in R&D-related business receive investment incentives. The R&D ecosystem is also supported by the Innovation Strategy of the Czech Republic 2019-2030 that serves as a strategic framework. Furthermore, science and research are among the declared priorities of the current government, which is reflected in the increase of the research budget as well as in the aforementioned new legislation. Support for research infrastructures is also significant, with an awareness of the necessity of connecting them with innovative private companies in the private sector.

Czech industry must take advantage of the strategic trends currently taking the global economy by storm. Advancements in AI, semiconductors, quantum technology, robotics, and other areas present clear opportunities to strengthen the country´s international competitiveness. This can be achieved by building on the country´s already strong industrial basis and supporting the growth of national start-up and spin-off environment.

Opportunities in the Czech Republic

The Czech Republic is home to numerous outstanding research organisations and university research teams, which are increasingly contributing to the advancement of research quality. These centers are focused on achieving long-term excellence, attracting top international scientists, and becoming appealing partners for private innovation firms, which are expected to play a greater role in their operations and funding. In turn, research facilities provide cutting-edge technological expertise aligned with the global scientific landscape. This infrastructure presents valuable opportunities for forming international consortia or fostering other collaborative efforts where businesses, both large and small, can partner with research institutes and universities. ■

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Government Office of the Czech Republic

Digitalisation and Innovations as a priority

The digital economy and an innovation-friendly environment are high on the Czech Republic's list of priorities. By mobilising stakeholders and utilising financial resources, the Czech Republic aims to support the competitiveness of businesses and the creation of a thriving digital ecosystem.

Towards the innovation friendly digital future

The Czech Republic has a rich tradition of high-quality education, cutting-edge research, and leading industries. To maintain its position among the most innovative countries, the government and businesses are making substantial investments in research, development, and innovation in technologies such as artificial intelligence (AI), high-performance computing or quantum computing.

Leveraging pivotal national strategies such as the Digital Czechia, the National Artificial Intelligence Strategy 2030 (NAIS), the Smart Specialization Strategy for Research and Innovation (RIS3), the aim is to create a clear, predictable business environment that stimulates innovation. The active participation of stakeholders is ensured through specialised committees.

The Czech Republic is actively pursuing the development and use of digital technologies to strengthen economy's competitiveness and increase society's resilience in the context of dynamic technological development. According to the latest available data from Eurostat, over 47% of businesses with at least 10 employees in the Czech Republic use cloud-based solutions, above the EU average and higher than in countries such as France or Germany.

To support the development and use of AI in a strategic and coordinated way, the Ministry of Industry and Trade (MIT) has updated the National Artificial Intelligence Strategy of the Czech Republic 2030. Approved by the Czech government in July 2024, the NAIS aims to fully leverage AI's potential for the benefit of the Czech Republic while addressing the new challenges brought by recent developments. NAIS's priority areas are AI in R&D; in industry and business; in education and expertise; AI skills and its impact on the labour market; ethical, legal and security aspects of AI, and AI in public administration and services.

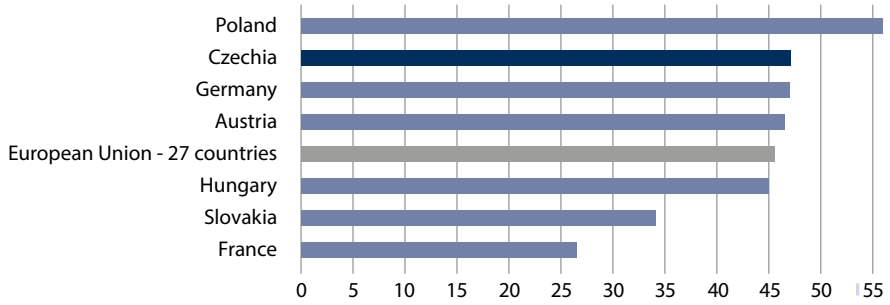
Approved in June 2024, the TWIST (Transfer, Research, Development and Innovation for Strategic Technologies) programme focuses primarily on strengthening the application of industrial research results in selected strategic technologies (artificial intelligence, semiconductors, quantum technologies) and energy and resilience RIS3 missions. The programme duration is 2025-2031 with allocation from the state budget of EUR 209 million. The first call for projects focuses on AI.

Six European Digital Innovation Hubs all across the Czech Republic, together with the AI Testing and Experimentation Facility, offer businesses their expert services, such as pre-investment testing (test-before-invest) both in the lab and in a real-world environment, training and skills development, investment search support (access to finance), networking, and access to innovation ecosystems to businesses to support their digital transformation.

To stimulate the growth of the startup ecosystem and to strengthen their competitiveness, young businesses can apply for support from CzechInvest's Technology Incubation programme where up to 250 of them will receive mentoring from the seven thematic hubs covering AI, Advanced Tech, Mobility, Space, EcoTech, Biotech, Defence and Creative Industries. Furthermore, to establish themselves in foreign markets, start-ups can apply for CzechInvest's Acceleration programme, which provides mentoring services, helps with expansion strategy and development plan, and allows them to participate in workshops, B2B meetings, conferences or short-term acceleration programmes abroad.

Through all the above initiatives and many others beyond the scope of this article, the Czech Republic is trying to contribute to the emergence of a digital economy and society from which everyone can benefit. ■

Cloud computing services by size class of enterprise



Source: Eurostat 2024

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MINISTRY OF INDUSTRY AND TRADE
OF THE CZECH REPUBLIC

The Czech Republic's **research infrastructures at a glance**

Involving high levels of knowledge and technological expertise, large research infrastructures are unique facilities that are operated based on an open access policy for all of their potential users coming from both research organisations and industrial enterprises. Large research infrastructures enable their user communities to achieve ground-breaking results in basic and applied research and to develop state-of-the-art technologies with strong potential for application in innovative products and services.

Societal and economic benefits and impacts

Besides fulfilling their primary scientific goals, large research infrastructures represent an environment in which all elements of the knowledge triangle interact intensely, implying their essential importance also for the education and industrial sectors. In this regard, large research infrastructures are places where the frontiers of human knowledge are being pushed beyond previously unknown horizons and where newly acquired knowledge is disseminated to the academic sphere, particularly to institutions of higher education. At the same time, large research infrastructures also interact with economically active stakeholders.

From the point of view of industrial firms, large research infrastructures offer unique opportunities at several levels. Procurements for the production and supply of experimental equipment stimulate companies to produce the most advanced technologies, while newly learned production methods can also be applied in other areas of their production. In addition, companies use large research infrastructures directly in commercial regime as their primary users; more frequent, however, is the use of advanced know-how arising from research carried out in large research infrastructures in the subsequent stages of the innovation cycle, when businesses, in cooperation with users of large research infrastructures in the public research sector, enter as partners in collaborative research and development projects.

Knowledge generated in large research infrastructures is applied in follow-up research, technological development and innovation projects, which take place outside the research infrastructure platforms, but feed directly off of the research infrastructures' expertise. Such projects make it possible to address major societal and economic challenges through science-based solutions. In addition, large research infrastructures are a catalyst for macro-regional development in terms of offering qualified scientific, technical, managerial and administrative jobs, creation of science and technology parks, development of the transport, technical and other civil infrastructure, etc. Large research infrastructures have direct and secondary impacts on regional development, including impacts on regional strategies and economies.

Policymaking

The Czech Republic has responded to the growing importance of research infrastructures through a number of policymaking measures aimed at providing research infrastructures with a legal framework and a stable, reliable and predictable financial environment for their operations and investments. In 2009, an amendment to Act No. 130/2002 Coll on the Support of Research, Experimental Development and Innovations from Public Funds, introduced a specific funding instrument to finance large research infrastructures and entitled the Ministry of Education, Youth and Sports to become the Czech national policymaking body and public funding provider in the respective field.

The first edition of the Roadmap of Large Research Infrastructures of the Czech Republic was released in 2010 and updated in 2011, 2015, 2019 and 2023. The Czech road-mapping procedures have been brought into alignment with the pan-European approach coordinated through the European Strategy Forum on Research Infrastructures (ESFRI). International peer-review assessment and monitoring are carried out on a regular basis (2014, 2017 and 2021) to deliver independent expert inputs for the purpose of adopting informed and evidence-based political decisions by the Government of the Czech Republic on the public funding of research infrastructure projects.

Public funding

The Ministry of Education, Youth and Sports has developed a multi-source model of the public funding of Czech research infrastructures by combining state budget expenditures with EU cohesion policy funds in a close synergy and complementary way. While the operating costs of the facilities are financed by the national

public budget, their investment costs are funded using the EU cohesion policy instruments. These investments have enabled major upgrades of experimental equipment of research infrastructures that are already in operation. In addition to that, brand-new facilities of national, macro-regional and global importance and impact have been constructed, e.g. the Extreme Light Infrastructure (ELI ERIC) pillar ELI Beamlines, and RECETOX RI, the Czech national node of the EIRENE research infrastructure. Besides the instruments for financing research infrastructures located in the Czech Republic, the Ministry of Education, Youth and Sports has introduced tools to enable participation of Czech research infrastructures in European and other international research infrastructures, including in-kind deliveries of experimental and other technical devices to facilities, such as the Jules Horowitz Reactor and the European Spallation Source.

Research infrastructure landscape

The Czech Republic's research community brings together a broad portfolio of knowledge and expertise, which have enabled the construction and operation of numerous research infrastructures. The fields are as follows:

- physical sciences and engineering,
- energy,
- environmental sciences,
- biological and medical sciences,
- social sciences and humanities,
- e-infrastructure.

The e-infrastructure supports the research community of Czechia through providing both data services (transport, storage) and access to high performance computing power. Research infrastructures are operated in accordance with good practice of user access policies. They are open to scientists, as well as innovators from Czech, foreign and international research institutes and business establishments, and offer attractive job opportunities for top-class managers, excellent scientists, skilled technicians and qualified administrators in high-tech fields and international environments.

International cooperation

Member State of 7 international R&D organisations:

- CERN
- EMBC
- EMBL
- ESA
- ESO
- ITER (via Fusion for Energy)
- VKI

Member State of 20 European Research Infrastructure Consortia:

- ACTRIS ERIC
- AnaEE ERIC
- BBMRI ERIC
- CERIC ERIC
- CESSDA ERIC
- CLARIN ERIC
- CTAO ERIC
- DARIAH ERIC
- EATRIS ERIC
- ECRIN ERIC
- EHRI-ERIC
- ELI ERIC
- ESS ERIC
- Euro-BioImaging ERIC
- European Spallation Source ERIC
- EU-OPENSCREEN ERIC
- ICOS ERIC
- Instruct ERIC
- SHARE ERIC
- INFRAFRONTIER ERIC

The Czech Republic also participates in a number of other international single-sited, distributed and virtual research infrastructures established under the national legal frameworks of their host countries in Europe, e.g. FAIR, JHR and LSM, and the Americas, e.g. BNL, Fermilab and Pierre Auger Observatory.

ESFRI partnerships

From the perspective of the European Strategy Forum on Research Infrastructures (ESFRI), the Czech Republic has been involved in a total of 32 European research infrastructures included in the 2021 update to the ESFRI Roadmap, 25 of which are ESFRI Landmarks and seven ESFRI Projects. When it comes to coordination of European research infrastructures, the Czech Republic has become a member and the host country of the statutory seat of ELI ERIC, operator of the Extreme Light Infrastructure, while the Czech national node of RECETOX RI coordinates the EIRENE research infrastructure.

Web portal

The latest news on achievements and development of the research infrastructures agenda in Czechia is available at: https://research-infrastructures.cz/en. ■

Extreme Light Infrastructure – the "CERN of lasers"

The Extreme Light Infrastructure (ELI) is the **world's leading laser-based research infrastructure**, which serves for cutting-edge basic and applied research in physical, chemical, material and medical sciences, as well as breakthrough industrial innovations. Implementation of ELI facilities, including ELI Beamlines in Dolní Břežany, Czech Republic, has been completed and commissioned User operation phase has started with user calls twice a year and 229 experiments conducted in first 4 calls. The **European Research Infrastructure Consortium (ELI ERIC)** was established by the European Commission in April 2021 to manage ELI operations for the benefit of international academic and industrial users. The establishment of ELI ERIC with its statutory seat located in the Czech Republic brings together the countries of the major ELI user communities and enables them to access the **world's most intense and shortest-pulsed lasers for research and innovation**. ELI ERIC will ensure long-term sustainable operations and further technological development of ELI as an international flagship research infrastructure initiative. ELI ERIC will provide environments for the **collaboration of thousands of leading scientists** from all around the world and enable **high-tech industries and innovators** to be involved in the development of state-of-the-art technologies. From the macro-economic point of view, the ELI facilities situated in Central and Eastern Europe increase cohesion within the European Research Area by bridging the research and innovation divide in the EU.

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LARGE RESEARCH INFRASTRUCTURES

MINISTRY OF EDUCATION, YOUTH AND SPORTS

How TA CR funds science and research

The Czech Republic has always been a country of innovation. Czech researchers are among the best in the world. Our country is a world leader in electron microscopy, which is a key tool for the development of nanotechnologies. The Czech Republic has a strong scientific base in the field of lasers, which paves the way for new technologies for the treatment of materials used e.g. in the surface hardening of metals or for increasing the resistance of optical components. Czech companies and research organisations are also intensively involved in the development of space rockets and satellites.

The Technology Agency of the Czech Republic is the main provider of state funding for research and innovation. Its objective is to promote cooperation between research organisations and businesses in order to ensure that practical uses are found for the results of applied research. State-funded projects generate unique products, patents and other outputs that make it possible to quickly apply the results of research in practice. We help to increase the competitiveness of the Czech economy, which is growing thanks mainly to innovative domestic and foreign companies. ■

Main TA CR programmes

THETA 2 – focuses on the support for applied research and innovation in the field of energy for projects in the public interest, new technologies with rapid application and long-term technological perspectives. Project themes are built on key trends in the energy industry.

BETA 3 – puts greater emphasis on the support of ministries research, which contributes to the improvement of the performance of state administration functions. Namely on legislative, organizational and administrative functions. The effort is to strengthen the building of an innovation ecosystem in public administration.

National Centres of Competence - ensures efficient collaboration between research organisations and businesses through virtual research centres focused on progressive disciplines that are crucial for increasing the Czech Republic's competitiveness.

SIGMA - comprehensive and long-term instrument to support applied research and innovation projects. The main vision is the consolidation of several current TA CR programmes into a single programme, enabling regions to be supported according to their innovation potential, and support for cross-cutting and systemic measures, while leaving space to support areas/themes not identified at the time of programme preparation. The SIGMA programme ensures the implementation of activities from the previous programmes, and International/EU instruments (e.g. ERA-NET Cofund, European Partnership, Bilateral Cooperation) in which the provider is involved.

International cooperation support tools

The **Bilateral cooperation** is focused on funding bilateral projects between Czech researchers and their foreign partners, mainly from countries outside the European Economic Area. Since 2023 bilateral calls have been implemented under the SIGMA programme - partial International cooperation scheme.

ERA-NET Cofund within Horizon 2020 and **European Partnership** within Horizon Europe are mechanisms that enable Czech entities to establish multilateral research cooperation in various thematic calls every year.

TA CR is a member of the TAFTIE European network of innovation agencies, which gives us the opportunity to share experience and information with partner organisations that also support research, development, and innovation in various parts of the world.
In addition TA CR is involved in smaller international projects under the European Union's Horizon Europe and Horizon 2020 Programme, for instance in coordination support actions (CSAs).

Programmes managed by TA CR for ministries

As the main provider of state funding for research and innovation, TA CR also administers the programmes of individual ministries.
TREND programme of the Ministry of Industry and Trade, which aims to increase the international competitiveness of enterprises through new products, manufacturing processes and services.
Transport 2030 programme of the Ministry of Transport aims to modernise transport while emphasising sustainability, safety and social needs.
Environment for Life of the Ministry of the Environment aims to create a healthy environment and promote sustainable use of natural resources.
PRODEF programme of the Ministry of Defense is used to fulfil synergistic and complementary effects, especially with the European Defence Fund (and possible follow-on programmes). It shall also focus on independent defence industry projects of national importance. For that reason, the Programme is divided into two sub-programmes, each of which has a different method of selecting and evaluating projects.
The main objective of the Programme is the further development of national R&D in the field of the defence industry, by increasing the involvement of Czech entities in international chains and consortia, and strengthening the technological level of Czech entities that already work or can work in defence R&D, while also increasing multidisciplinarity through the involvement of entities that have not yet been active in defence R&D.

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Chairman
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CzechInvest – Your port of entry for **R&D-related investment** and more

CzechInvest is a well-known partner of investors coming to the Czech Republic. However, it might be less obvious that it also provides considerable support in the field of research and development (R&D). These efforts are concentrated especially in the agency's Innovation Department, which provides advice on issues such as funding, the legal and institutional framework, and successful matchmaking for R&D projects. It also organises missions and seminars that cultivate the Czech R&D scene.

CzechInvest bases its support for R&D on solid analysis of massive amounts of data. The agency makes use of public information about nationally funded R&D activities, analysing the register of research projects and identifying targeted actors. Furthermore, data on international cooperation is also used to track "who does what with whom and where," as the department commonly refers to its monitoring activities. The data include joint publications with individual countries and participation in Horizon Europe and other programmes of international cooperation in R&D.

CzechInvest also proactively collects its own data, not only through continuous contact with Czech research facilities, but also through a unique internal database of excellent R&D entities in various fields ranging from information technologies to medicine, chemistry and other fields. Moreover, the database of these entities has been publicly available on CzechInvest's website in the form of an interactive map since the first half of 2019, currently available at www.czechinvest.org/cz/Cesko-v-datech.

Insight into this wealth of collected information about Czech R&D can also be found in English on the website at www.czech-research.com, which CzechInvest created to help foreign investors and other partners to navigate the system of Czech research. The website serves as a gateway to specific domains of R&D, allowing interested parties to find out who the key players are in Czech R&D, see the system's key main documents and become familiar with the institutions and companies that form the backbone of Czech research. These include, among others, 19 technical universities and universities with STEMM-oriented schools and the Czech Academy of Sciences with its 54 research institutes and selected other research organisations. The website also provides an overview of new R&D infrastructure comprising eight top-notch European Centres of Excellence and 40 regional R&D centres that are actively building cooperation with international partners and industry. The information about the various entities provided on the website is complemented with relevant news from Czech R&D and calls issued within programmes that financially support international research cooperation. The official partners of the website are the Ministry of Education, Youth and Sports, the Czech Academy of Sciences, the Technology Agency of the Czech Republic and the Ministry of Foreign Affairs of the Czech Republic.

Apart from providing information services, CzechInvest also supports the internationalisation of Czech R&D. The agency has a long history of organising technology missions to foreign countries, thereby bringing Czech firms and institutions together with partners in specific fields, primarily in applied research. Since 2005, more than 60 outgoing and incoming missions of this kind have been carried out and have resulted in valuable endeavours and projects. The concept of technology missions involves a very hands-on approach, where selected researchers and innovative companies along with universities embark on a "door-to-door" roadshow and visit carefully selected foreign partners, thus enabling practical discussion and establishment of new partnerships.

CzechInvest then complements these efforts with activities in the Czech Republic, such as local seminars and conferences on relevant technologies and trends in research. In this way, CzechInvest bridges the gap between the industrial sector and academia and facilitates dialogue between all of the parties involved in R&D. The Czech Republic offers excellent R&D that is gaining great recognition for its world-class quality. CzechInvest is continuously mapping them to facilitate collaboration between foreign companies and researchers on projects with value added. Therefore, if you are interested in participating in Czech R&D, do not hesitate to contact the experts at CzechInvest, who will provide their services to you free of charge as part of the Czech government's business support measures. ■

www.czech-research.com

The website was officially launched by CzechInvest in December 2016. Its main goal is to provide an overview of the Czech R&D system and its important players to foreign investors and other interested parties. The sections of the website cover the R&D system, R&D environment, funding, news and events, and a series of articles on key sectors and trends in applied research.

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Get more information about properties

Establishing your business premises in the Czech Republic

From the view of multinational entities, Czechia still remains attractive for foreign investments. While the expenses associated with property construction and leasing have risen more compared to Western countries, its cost-effective workforce and advantageous location, particularly in the context of the near-shoring trend, add to its overall appeal.

Office & Industrial Premises (lease/built-to-lease)

countdown to start

18-30 months:
Identification of needs and requirements

⬇

16-26 months:
Market overview, longlist and shortlist

⬇

14-22 months:
Initial space planning, workplace strategy

⬇

12-20 months:
Commercial and technical negotiations - business case, financial analysis

⬇

10-16 months:
Signing of the lease agreement

⬇

6-14 months:
Construction of the premises (fit-out works)

⬇

0.5-1 month:
Furnishing, AV/TV installation

⬇

Day 1:
Start of operations

Industrial Production Premises (built-to-own)

countdown to start

30-36 months:
Requirements for space (location, labour market, rent levels, etc.)

⬇

28-34 months:
Market overview, longlist and shortlist

⬇

22-28 months:
Establishment of a business entity/SPV

⬇

20-26 months:
Commercial and technical negotiations - business case, financial analysis

⬇

16-22 months:
(Future) contract negotiation and signing

⬇

12-15 months:
Start of construction, contract with hiring agencies

⬇

4-6 months:
Early access for installation of technologies

⬇

1-3 months:
Early access for setting up operations

⬇

Day 1:
Start of operations

The response to recent global challenges has created significant shifts in the dynamics of the office and industrial sectors. The traditional office demand experienced a sharp decline as remote work gained prominence. However, companies have since adapted by finding a balanced approach between in-office and remote work, leading to a resurgence in office demand, which is now above its pre-covid levels.
The industrial market, on the other hand, is already behind its peak and rapid reduction in vacancy rates. The vacancy rate is still low, but the cooling demand creates more relocation options for potential tenants. If you are considering establishing new office or warehouse premises for your business, following local commercial real estate best practices is essential.

Office premises

Real estate advisors often play a crucial role in the leasing process of office premises. The largest office market is Prague, which currently boasts around 4 million square meters of leasable space and a stable vacancy rate of approximately 8 %. To secure optimal premises and conditions for your requirements, it is reasonable to start your search 18-30 months before entering the market, which would ensure having a diverse range of options to choose from.

Industrial premises

During the pandemic, the industrial sector in the Czech Republic witnessed an unprecedented surge in demand for warehouse space, a trend that extended into the following year. There has been a considerable decline in demand since, but it should be noted that vacancy rates still continue to linger at low levels. Rents and energy prices have seen double-digit increases but have stabilized in recent months, and rents now start to slowly decrease.
For those considering establishing a production facility, early planning remains crucial, ideally starting the project 30-36 months before the commencement of operations. This is essential due to the typically slow permitting process and limited land availability. Despite the inflation-led wage increases, the cost of labour still remains competitive compared to Western countries, making it an advantageous environment for industrial ventures. ■

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COMMERCIAL REAL ESTATE ADVISORS

Where to look for an office in Czechia

The office market in the Czech Republic has continued to prove its resilience throughout the recent challenging years. With the current geopolitical situation, sustainability pressure and right-sizing trend catalysed by the pandemic, the country is becoming even more attractive to foreign investors.

Prague, the obvious choice

When finding office space in the Czech Republic, the capital city is the obvious first choice for many. Many market newcomers are looking for offices here, as Prague is the heart of the country's cultural, economic and political life. The local market comprises almost 4 million square metres of modern office space. Despite the lower levels of new office supply over the past four years, developers provided a decent inflow of modern properties with very high standards. Together with further strengthening of the market in the most sought-after locations in Prague's historical centre, the Karlín and Rohan areas of Prague 8 and Pankrác and Brumlovka in Prague 4, developers are also establishing new locations with projects such as Roztyly, Hagibor and Smíchov City. Efforts to create a connected city of short distances are also evident and will continue. The vacancy rate in the market remained around 8% and was not significantly affected by any of the challenges faced by other markets. Some micro-locations may have lower office availability, as the established submarkets often draw attention with an excellent choice of amenities and well-functioning public transport.

Brno, the leading regional city

Brno is a stable market with approximately six times smaller modern office stock than Prague, but the city definitely does not lack modern office buildings and impressive architecture. The office market is concentrated in and south of the Střed district and historical city centre, but there are many exciting projects to the north and east. Newly built office hubs like Vlněna, Spielberk and many others form a resilient core for further growth. In the future, we can expect impressive new projects like Dornych, buildings within the Nová Zbrojovka area, and additions to Ponávka and Vlněna Office Park. These activities are being carried out mainly by local developers with extensive knowledge of the market and the goal of always providing the highest possible quality and value added with their projects.

Ostrava and other cities

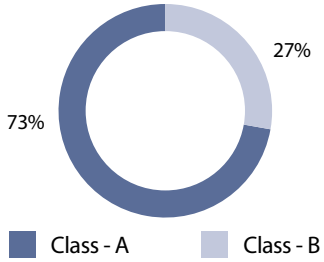
Ostrava is the third-largest city in the Czech Republic and the country's third-largest office market. Though its modern office stock is relatively small, modern properties comparable to those in Prague and Brno can be found throughout the city. Established office centres are home to world-class business- service centres and new projects, such as the recently completed Organica, another award-winning addition to Ostrava's office-market map. In the rest of the country, local developers are pushing through many projects, especially in well-connected cities like Plzeň, Hradec Králové and Olomouc. Such projects, either already existing or in the planning stage, are of high quality and offer excellent services to their clients. Thanks to lower operating costs, choosing to establish offices in smaller cities can prove economically viable but also more challenging to find.

Summary

Despite the Europe-wide economic slowdown and constraints on the local office and investment markets, the Czech office market can attract new tenants and investors through competitive market conditions such as high property standards, an innovative environment, and a skilled, well-educated, talented workforce. Supported by the beautiful, picture-postcard appearance of Czech cities, its high level of safety, high standard of living and its location in the heart of Europe, the Czech Republic should always be on any investor's list of expansion options. ■

Prague office makret composition

Brno office market composition



Source: Colliers Research, Prague Research Forum, Regional Research Forum, 2024

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Valuation of property in the Czech Republic

The value of property is a quantity that often affects the economic decision-making of investors. Each investor encounters the need to determine the value of assets. That may involve the valuation of real estate, machines, intangible assets and much more. We will take a closer look at real-estate valuation in the Czech Republic.

Investors face the need for valuation when deciding whether to buy or lease premises for their businesses. The investor also encounters the need for valuations of various types of corporate transactions, investment decisions, loan drawdowns, and pledges.

Price of real estate

Every property has several different price categories which vary according to the purpose and the user of the valuation. The market value for the purchase or sale of property may be different from the estimated value for a bank considering financing the purchase of the property or for the purpose of securing the property as collateral for a loan. The property price with respect to the purpose and user of the valuation can be determined either by an expert or an appraiser.

Real-estate valuation methods

Several methods are used to determine the value of real estate. Determination of the market value is most often used for the valuation of a property for the purpose of ownership transfer. The most commonly used methods of calculating market value include the comparative method and yield methods.

The comparative method compares the realised prices of a number of similar properties. It is important that this is the price actually realised, not just the offer price. This method is also applicable in practice to determine the usual rental rates.

There are several types of yield methods of property valuation. Their common denominator is the valuation of the benefit deriving from ownership of the property as rent collected by the owner or landlord.

Factors influencing the value of real estate

The key factor that is common to almost all real estate is location, which is not only the geographic location, but also the prestige of the locality, transport accessibility and the surroundings.

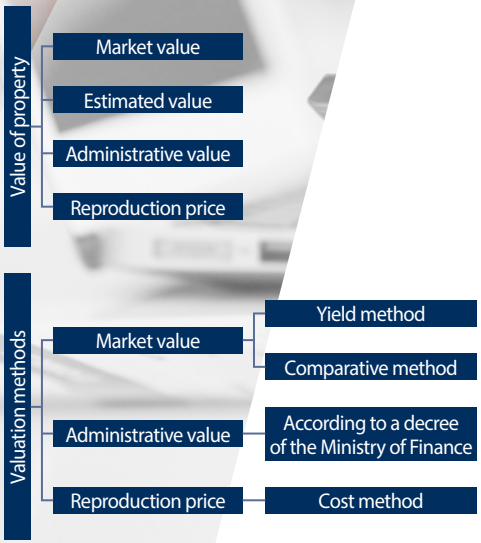
Specific factors that affect land prices are the land's area, shape and slope, as well as its orientation. When it comes to building land, the presence of utility networks, or the possibility and difficulty of building them, is also important.

Specific factors that affect the cost of office buildings are the area of office space and its layout. The price is also influenced by the design of the building, number of parking places and the building's equipment, such as air conditioning, blinds and distribution of electrical and data networks.

A particular factor for the price of production facilities and warehouses is their construction, including the height of the facility, the number of floors and the load-bearing capacity of the walls and individual floors, as well as the possible uses of the facility. A specific requirement regarding location is accessibility for freight transport, particularly proximity to motorways or railways.

Conclusion

Real-estate valuation has many specific details and the determination of a property's value depends on many factors that can affect its price. Therefore, when a real-estate transaction is being planned and a calculation of the property's value is needed, we always recommend contacting experts to help you determine the price in the most appropriate way. ■



Factors

- Location
- Size
- Parking
- Equipment
- Transport accessibility
- Data network
- Construction
- Capacity
- Purpose
- Surroundings

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Navigating the landscape: **Understanding the Czech energy market**

The Czech Republic boasts a diverse energy market that plays a crucial role in powering industry. From traditional sources to cutting-edge renewables, the country's energy sector is undergoing significant transformations, driven by technological advancements, regulatory reforms, and sustainability imperatives.

At the core of the Czech energy market lies a diverse mix of energy sources. Historically reliant on coal (40%) and nuclear power (30%), the country has been gradually diversifying its energy portfolio in recent years. Today, coal remains a significant contributor to the energy grid, accounting for a substantial portion of electricity generation however the Czech Republic has committed to phase out coal power by 2033 latest (expected earlier). Increasing attention is being directed towards renewable energy sources (targeting 22% by 2030), including wind, solar, biomass, and other sources like nuclear (up to 4 new builds in existing facilities) including SMRs, waste to energy, natural gas. This shift reflects a broader global trend towards decarbonization and sustainability, with the Czech Republic committed to reducing its carbon footprint and embracing cleaner forms of energy production.

In line with its commitment to sustainable development, the Czech Republic has implemented various initiatives to promote renewable energy adoption. Subsidies, feed-in tariffs, and investment incentives have incentivized the deployment of renewable energy projects across the country.

The Czech energy market operates within a robust regulatory framework aimed at ensuring stability, competition, and sustainability. The Energy Regulatory Office (ERO) oversees the sector, enforcing regulations, granting licenses, and promoting fair market practices. Key legislation, such as the Energy Act and Renewable Energy Sources Act, provides a legal framework for energy production, distribution, and consumption. Furthermore, the country's integration into the European Union's energy market facilitates cross-border trade and cooperation, enhancing energy security and efficiency.

Several prominent players shape the landscape of the Czech energy market. Large utility companies like ČEZ, EPH, Sev.en Energy, Sokolovská uhelná dominate the traditional energy sector, operating coal-fired power plants and nuclear facilities (Dukovany, Temelín). However, a growing number of independent energy producers, renewable energy developers, and technology startups are disrupting the market, introducing innovative solutions and business models.

Despite progress, the Czech energy market faces numerous challenges. Aging infrastructure, dependence on fossil fuels, and geopolitical uncertainties pose risks to energy security and affordability. Furthermore, balancing the integration of intermittent renewables into the grid presents technical and operational challenges.

Looking ahead, the Czech energy market is poised for further evolution and transformation. Continued investments in renewables, coupled with advancements in energy storage and grid modernization (up to €30 billion), will drive the transition towards a cleaner, more sustainable energy future.

The year 2025 is important for the Czech nuclear market because in 2024 the Czech government together with ČEZ selected Koreans who will build the new 5th unit of the nuclear power plant in Dukovany, which should be commissioned in 2036. ■

Electricity balance, 2017-2023

	2017	2018	2019	2020	2021	2022	2023
Thermal power	52,886	52,464	50,598	45,051	47,813	47,476	39,506
Hydropower	3,040	2,679	3,175	3,437	3,620	3,083	3,417
Wind	591	609	700	699	602	641	702
Photovoltaic	2,193	2,359	2,312	2,287	2,250	2,626	3,210
Nuclear	28,340	29,921	30,246	30,043	30,731	31,022	30,410

Source: Czech Statistical Office, 2024

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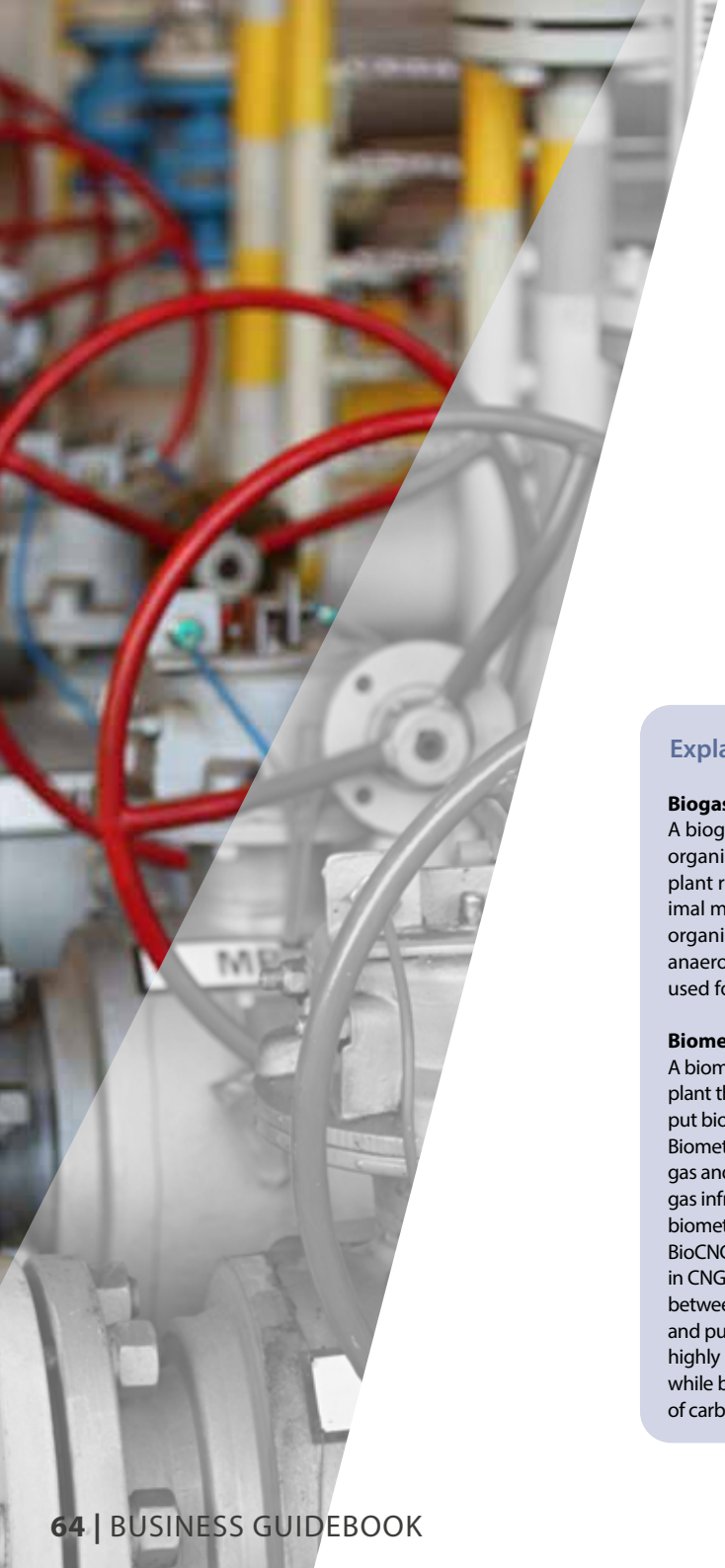


Future of gas in Czechia:
Necessary for decarbonisation and sustainable economy

Gas (both natural gas and green gasses – biogas, biomethane, and hydrogen, hereinafter referred to as the "gas") will play an important and irreplaceable role in reducing emissions, especially in the transition away from coal, as well as represents – in combination with renewable sources – a reliable long-term solution for heating and electricity generation. Liquefied gas (LNG) will also play a key role in achieving the environmental goals in reducing emissions in road freight transport.

Explanatory notes

Biogas Plant
A biogas plant is a device that processes organic material, such as agricultural waste, plant residues, sewage sludge, food waste, animal manure, etc. The process of mineralizing organic matter into heating biogas is called anaerobic fermentation. Biogas can then be used for combined heat and power (CHP).

Biomethane Plant
A biomethane plant is a specialized biogas plant that further purifies (upgrades) the output biogas into high-quality biomethane. Biomethane has the same quality as natural gas and can be distributed into the existing gas infrastructure. Another option is to liquefy biomethane into BioLNG or compress it into BioCNG, which increases its further usability, e.g. in CNG-powered vehicles. The biggest difference between biogas and biomethane is the quality and purity of the gas produced. Biomethane is highly refined and meets natural gas standards, while biogas may contain a higher proportion of carbon dioxide and other impurities.

The Necessity of Gas for the Czech Energy Sector

Gas is irreplaceable in the Czech energy mix from several aspects:

Flexibility of Electricity and Heat Production

Gas-fired power plants and heating plants can respond very quickly to changes in consumption and are a suitable complement to renewable sources, especially when there is not enough sunlight or wind. Gas can be used for electricity production as a peak source, which can flexibly respond to changes in demand by quickly starting and shutting down. Energy stored within gas networks provides flexibility already now.

Stable and Secure Source of Energy

Energy security and the need to diversify gas sources are essential, especially in the context of the recent energy crisis and dependence on gas imports. The situation has stabilized thanks to the built infrastructure for the import of liquefied gas (LNG), which significantly increases independence from extraction from one specific country. The capacity of gas storage facilities represents more than a half of the current annual consumption of the Czech Republic, which is sufficient. Energy stored in gas storages has many advantages compared to electricity storage systems.

Lower Emissions Compared to Traditional Fossil Sources

Compared to traditional fossil sources such as coal, the combustion of gas releases fewer CO_2 and other pollutants. This is in line with the European Union's goals in the area of reducing emissions and transitioning to more sustainable energy sources.

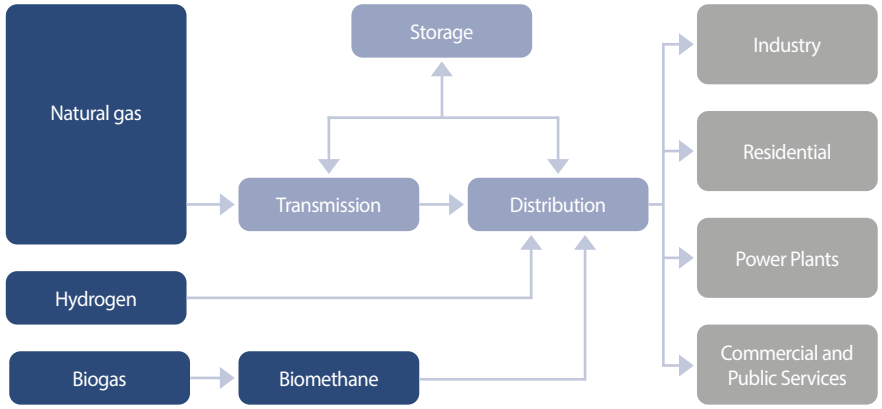
The Future of Gas

Gas is an indispensable transitional fuel in the gradual decarbonization of the energy sector. It is crucial for the Czech Republic and its industry to ensure long-term price stability of energy, where gas will play an irreplaceable role, where adequate regulation, provision of strategic reserves and diversification of sources can ensure price stability of gas without extreme price fluctuations and thus strengthen energy security. Innovations in the area of reducing emissions and

Gas price

Source: ABSL Survey 2021 - 2025

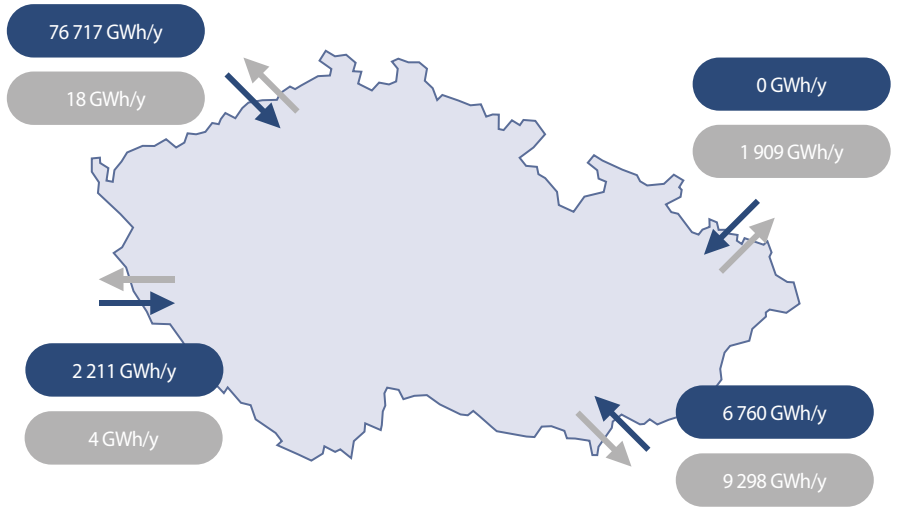
Simplified gas value chain



the advent of "green" gas (biogas, biomethane, hydrogen) will gradually reduce the environmental burden and ensure a more sustainable development of the energy industry and help the Czech Republic to reduce total and emissions and fulfill its environmental obligations.

Gas is a reliable source capable of replacing the outages of renewables, in particular photovoltaic and wind power plants. **In conclusion, it can be stated that gas will remain a strategic resource for the Czech Republic in the decades to come.** ■

Physical flows of gas in 2023



Source: NET4GAS

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District heating in the Czech Republic

CHP plants are sophisticated, high-technology businesses employing hundreds of experts and thousands of workers. They are regulated by stringent standards and criteria defined by the European and national environmental legislation. CHP plants steadily invest in technologies, control software and human resources. Billions are invested into production as well as into systems for the greening of supplies, regular servicing and step-by-step upgrading. Most major DHN are considered high-efficient DHN with low primary fossil fuel factor under the EU legislation as they either use renewable energies or combined heat and power production.

District heating in the Czech Republic means more than 600 licensed entities that manage several thousand kilometres of steam and hot water systems. Heat is generated in hundreds of CHP boilers and channelled to tens of thousands of client substations. In addition, the entire CHP industry pays major amounts to the government budget.

Over the past 30 years, the Czech district heating industry has successfully tackled a number of challenges, the biggest being the upgrading and greening of heat production and distribution and building lasting relationships with customers. Whereas the average annual heat consumption of a typical home in 1992 was 60 GJ, today it is just 25 GJ, and in new homes is even falling below 20 GJ. Over those last 30 years the level of emissions of sulphur and nitrogen oxides and dust per unit of heat supplied has fallen almost thirty-fold, and the greening process is not over yet.

CHP plants today employ sophisticated technologies that allow teams of energy engineers to manage the entire process of producing and distributing heat, cooling and electricity to customers. They have to react quickly both to changes in the weather and customers' immediate needs. In the event of an accident or shutdown, service teams at CHP plants are ready to take immediate action and restore heat supply as soon as possible, whereas this is something that can take several days in the case of domestic boilers used for private heating.

Slowly but surely, the fuel base is changing. Although coal remains the dominant fuel at large CHP plants, the range of fuels they use is already very wide, including natural gas, other types of gas recoverable from industrial processes, and biomass in all its forms, through to the employment of heat pumps using geothermal energy or waste-to-energy. Conversely, the combustion of heavy fuel oil has almost died out entirely.

Over the next two years, most medium-sized CHP plants up to 200 MW will exit from coal, and most large plants also plan to phase out coal combustion by 2030, replacing it with biomass, natural gas and waste. Steam networks are also gradually being replaced by more efficient hot-water distribution systems, which help to reduce heat loss and are more convenient for customers.

The advantages of district heating include supply reliability, convenience, cost savings, and the environment, i.e. a comprehensive package of customer services. District heating systems tick all the boxes for a simple, convenient and affordable method of heating – they are economical, safe, environmentally friendly and also local. In addition to the connection of new customers, the expansion of heat distribution networks and their upgrading also increases the stability of heat supplies from CHP plants. Since 2014, for example, CHP plants have replaced old steam networks with 130 kilometres of new, more efficient hot water networks. At the same time, they have invested over CZK 25 billion in greening their facilities, and greatly reduced their emissions of carbon dioxide, nitrogen oxides, sulphur dioxide and dust.

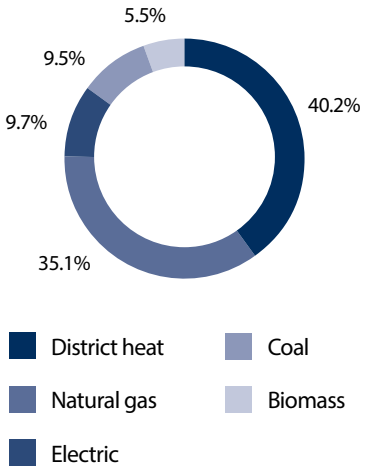
Benefits of district heating

- Reliability
- Good price
- Comfort
- Ecology
- Safety

The CHP industry is environmentally friendly, making use of all possible sustainable sources of heat

that can be supplied to its facilities. It offers its customers comfort, convenience and continuous service.
District heating has many benefits for both customers and the state. Emissions released from CHP and boiler plants are under constant control. The many components, systems and systems involved in the entire CHP and heat generation processes ensure that ultimately a CHP plant chimney releases almost no smoke but mostly vapour.
Households and companies connected to district heating systems do not have to solve issues related to emissions and the transition to other fuels and renewable sources. They need not worry about the huge investments required for greening under the constantly tightening European and Czech legislation. Heat supplies are reliable and secure. Installations and systems are under the constant monitoring of experienced staff and sophisticated systems. If a failure occurs, each district heat producer and distributor can rely on non-stop service available to resolve the issue immediately.
CHP facilities operate non-stop, providing hot water supplies all year round. As with a local installation, house and facility substations offer high heat supply comfort with the option of heating even during a cold summer. In the event of prolonged periods of heavy frost, each CHP has a peak load heating installation.
Bills issued by CHP plants always include the total final price of heat. It includes all eligible costs: energy, salaries, distribution, service, etc. The seemingly lower price of heating using a local boiler plant usually includes only the price of the fuel or energy, without the costs of acquisition, servicing and inspections.
District heat prices are stable in the long run.
In the past quarter of a century, there have been changes in the prices and consumption of the various basic housing commodities: water, electricity, heat, hot water and waste collection. A comparison of spending on each commodity shows that the shares of household expenditure on water, electricity, water heating and refuse collection have grown, while the share of heating costs has contracted.
Even though district heating, the prevailing type of residential heating in the Czech Republic, is obviously environmentally friendlier than local heating, it is constantly under various types of pressure. For example, unlike local heating systems, it must pay emission fees.

Ratio of the main methods of apartment heating in the Czech Republic



Source: Association for district heating of the Czech Republic

New district heating customers

In the last five years, almost half (49.2%) of the homes in new apartment buildings have been connected to district heating systems. Since the year 2000, CHP plants have ensured thermal comfort for 85,800 additional apartments in new developments, which is roughly equivalent to a large town with 215,000 inhabitants. On top of that, more than 1,700 new family houses, equating to a town of about 6,000 people, have been enjoying heat supplies from CHP plants since 2000.
Connection to a district heating system is now the most common way to ensure thermal comfort in newly constructed apartments. Indeed, connecting to a district heating system is attractive even for new low energy buildings. District heating thus clearly shows that its modern approach to comprehensive service continues to apply in the 21st century.
Interest in connecting new apartment buildings to CHP plants continues to grow. Their new occupants enjoy all the benefits of full servicing and follow-up services included in the price of heat, and the improvement in urban air quality is another important consideration. As well as the residential sector, office, retail and sports centres are also connecting to CHP plants, along with smaller heat consumers such as nursery schools, business premises, etc.

District heating and circular economy

The circular economy is predicated on efficiently using the sources we have, rather than squandering them. The EU has been striving to prevent waste generation and promote product reuse for several years.
While Czechs are among the best in Europe at sorting waste, what is important is how the state then deals with that sorted waste. This may be a key factor for the further development of the circular economy in the Czech Republic.
Not all waste can be recycled. That leaves room for the modern recovery of energy from waste. The EU prefers and encourages energy recovery from treated waste to using untreated mixed waste. This is also apparent from the subsidy programmes, where the EU has repeatedly stated that it would not support any projects for mixed-waste-to-energy-recovery facilities. Hence, it encourages waste treatment including the production and use of refuse-derived fuels (RDFs).
The recovery of energy from waste within the circular economy relies in particular on the synergy of the production and use of waste-derived fuel with systems for sorting recoverable components and with the required reduction in the amount of mixed municipal waste.
Despite all the difficulties, the curtailment of landfilling is an opportunity for the Czech energy sector. The energy potential of mixed municipal waste has been clearly demonstrated. Its use is in line with the State Energy Policy and it could partially replace coal in the energy sector. Companies are ready and municipalities are interested in making investments and preparing actively for future objectives. The outputs must be marketable, however, to ensure that the new technologies are economically viable, and that companies and municipalities embrace modern technologies. ■

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Breakthrough in the construction industry: in the Czech Republic it is possible to use wooden structures even in large industrial halls

From 2025, thanks to the approval of the fire prevention authorities of the Pilsen Region, it is possible to use wooden roof trusses in the construction of large-scale industrial halls for production and logistics. Based on this decision, it will be possible to effectively combine modern construction with sustainability.

The first project in the Czech Republic where the developer has received permission to use this innovation is the upcoming industrial park in Úherce, 14 kilometres west of Pilsen.

Wood as the main material for roof structures brings a number of environmental benefits. It is a renewable material with a low carbon footprint that contributes significantly to minimising emissions during production and processing.

In addition, the use of timber trusses allows for more efficient material management and reduced energy consumption during construction.

Until now, the use of timber roofs in the Czech Republic has only been possible in residential, office and smaller industrial properties. The precedent-setting decision to use wooden roof structures in industrial halls represents a significant milestone for the entire Czech construction industry. It is crucial for investors and tenants that the permitted fire solution does not limit the use of the hall in any way compared to a concrete structure.

In Germany or Austria, wooden roof trusses have been used successfully for several years. Foreign projects confirm that wood can be a fully-fledged material for large-scale industrial buildings, not only from an aesthetic point of view, but especially from an ecological point of view.

The benefits of using wood as a building material can be measured. The LCA (life cycle analysis) report prepared for the industrial park in Úherce showed that a building with wooden roof trusses will have a 290 tonne lower carbon footprint compared to the use of reinforced concrete trusses. LCA is an analytical method for quantifying and interpreting flows between a product and the environment. It is used in industry to understand the environmental 'hot spots' of products in order to make improvements as efficiently as possible. It is the LCA method that has helped building designers in their efforts to reduce the environmental footprint of a building. For those interested in investing in the Czech Republic, this means a great opportunity to build industrial halls with the goal of zero carbon emissions. ■

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PANATTONI

Digitalization of the world of industry, business and entrepreneurship in Czechia

Industry 4.0, digitalization and robotisation are areas that contribute to more efficient business and increased competitiveness of Czech companies.

The world is changing. A company's own (private) 5G network makes it possible to take advantage of these changes to transform business, and slogans such as "Industry 4.0", "Internet of Things" or "Digitalization" will become an everyday reality for companies. It is essential to be included among the first in the Czech Republic to gain this critical competitive advantage.

Campus 5G networks

Up to 100x faster data transfer compared to previous generations, combined with high security, enables businesses to innovate in ways that are changing entire industries.

Robotics in manufacturing, autonomous movement in logistics, automatic collection of machine health data in industry – all of this helps companies increase efficiency, reduce costs and come up with revolutionary products and services.

How campus 5G networks are changing the game

Fifth-generation mobile networks bring unprecedented speed in data transmission. When used for private use, they now make things that were unthinkable not so long ago possible.

- **Own secure 5G network** – You can use the signal of your private 5G network to cover both indoor and outdoor areas of your company, use it to improve your business and rely on a high level of security.
- **High data transmission capacity** – The campus 5G network allows data transfer at a speed of up to 10 gigabits per second, which is hundreds of times faster than the previous LTE standard. This paves the way for entirely new ways of working with data – for example, collecting data from sensors in real-world environments, edge computing or using augmented reality.
- **Minimum time delays** – Fifth-generation campus networks have much lower latency than their predecessors. This allows even very complex operations to be performed in real time, thus making e.g. production management or inventory planning more efficient.
- **Millions of devices at the same time** – Literally millions of sensors, devices, phones and computers can be connected to the campus 5G network and the data transfer will still remain completely seamless. It doesn't matter how many devices you pack into your production or office space. The 5G network can handle it.
- **Central remote access and monitoring from anywhere** – Imagine, for example, that you equip your entire production area, machinery and devices with sensors and collect and evaluate data from them continuously in real time. You will have a perfect overview of everything that is happening from one convenient spot, allowing you to gain valuable information used for process optimization and immediate decision making.
- **Energy efficient**

Use of campus 5G networks in logistics

Fierce competition and labour shortages are forcing logistics companies to introduce innovations on a massive scale that are unable to work without a powerful campus 5G network.

What's so revolutionary about using a campus 5G network in logistics?

- **Precise localisation** – You get an overview of the location of any piece of equipment, machinery or material in the production hall or warehouse. And in real time, with the precision of 1 metre.
- **Autonomous movement** – Electric carts scouring the warehouse floor and placing goods on shelves without human operators? That's exactly what the premises of some companies already look like.
- **Augmented reality (AR)** – Augmented reality will help, for example, in remote assistance, easier guidance within a space or new employee training.

The modern campus 5G network is already helping the industry:

- Increase in work efficiency by 200% to 300%
- Accuracy up to 99.99%. ■

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Use cases of modular data center platforms

The common belief was that energy-efficient data centers were best developed in Nordic countries, due to their large-scale format, technological complexity, and intricate non-IT infrastructures. However, the evolution of digitalization, applications supported by machine learning, rapid development of online services, combined with a highly sensitive situation in Europe (military and economic aspects), is steering many specific projects toward the construction of highly flexible, mobile, secure, and energy-efficient data centers (DC). These are intended to be positioned as close to the customers as possible.

Modular DC solutions in the Czech Republic have emerged in response to the shifting demands for data storage and processing. This shift is driven by the need for rapidly deployed, scalable solutions that support various segments, including defense, utilities, telecommunications, manufacturing, transportation, and healthcare. A common factor is the operation of critical applications requiring the lowest possible latency, necessitating computing power or storage at the site where the data is generated. A significant advantage of these solutions is their ability to become fully operational within weeks by circumventing the building permit process, thus significantly enhancing their operational capabilities.

Characteristics of modular DC

- Scalability and modularity allow organizations to accommodate data center growth in line with business demands.
- Designed as part of a complex network, their flexibility facilitates deployment and re-deployment.
- Security improvements include limited data storage
- Reduction of latency issues.
- Bandwidth: Local data processing reduces traffic to and from central servers, improving overall network performance.

Edge vs. cloud DCr

Cloud DC, designed to be large and often situated outside populated areas, leverage electrical power availability and cheaper land. The considerable distance between cloud data centers and end-users, ranging from hundreds to thousands of kilometers, increases latency. Thus, cloud data centers are more suited for hosting websites, e-commerce, and mobile and web applications. In contrast, edge data centers are essential for applications requiring low latencies.

New technologies and demands of the era

The rapid growth of IoT and 5G networks has facilitated new cloud applications across industries. For applications such as wearable medical devices or autonomous vehicles, rapid processing, low latency, and high bandwidth are critical. Gartner estimates that up to 45% of all IoT data is processed at the edge, underscoring the efficiency and effectiveness of edge computing.

Summary of typical use cases

- Manufacturing
- Face Recognition
- Autonomous Vehicles
- Medical Data
- Augmented Reality
- Content Delivery Networks

In the Czech Republic, the challenging administrative landscape for construction permits and a strong emphasis on landowners' rights have spurred the demand for modular, construction-independent solutions. Local suppliers, leveraging innovative approaches to maximize space and efficiency in edge DC, have attracted international partners and investors, especially in the automotive and technology sectors.

These developments highlight the critical role of edge data centers in modern computing and the unique market opportunities within the Czech Republic for investors seeking rapid returns on smart, growth-oriented projects. The Czech Republic, one of the world's safest countries, boasts a stable grid, excellent optical connectivity, and a predictable economic and political environment, making it an attractive country for investment opportunities with fast ROI. ■

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Stricter rules lead **to safer EU business**

The EU's impending NIS2 Directive and Cybersecurity Act herald a more stringent era of cybersecurity regulations for European businesses. Failure to comply with these rules will result in severe penalties.

While these measures aim to bolster consumer trust and simplify compliance processes, they also pose significant challenges for organizations to adapt and secure their digital operations. The Czech Republic, as an EU member state, is actively working to transpose these regulations into law by 2025, underscoring the urgency and impact of this regulatory shift. The draft Cybersecurity Act was approved by the government in July 2024 and is currently under parliamentary discussion, overseen by the National Cyber and Information Security Agency (NÚKIB). This legislation will significantly impact over 6,000 companies across various sectors, including energy, healthcare, and transportation. Under the new act, large corporations and medium-sized enterprises will face heightened responsibilities. Organizations must adopt comprehensive risk management strategies, enhance supply chain security, and comply with strict incident reporting protocols. Company executives will be held directly accountable for compliance, facing substantial fines for violations. It mandates several security measures, including continuous monitoring systems, regular audits, encryption practices, and multi-factor authentication (MFA). Companies must also establish clear procedures for handling security incidents to ensure prompt responses.

A key feature of NIS2 is its classification system that categorizes entities as "essential" or "important," each with specific obligations. The new law emphasizes comprehensive measures and mandatory registration with NÚKIB. The financial implications are significant; compliance costs across the EU are projected to reach €31.2 billion annually. This may deter foreign investment in the Czech Republic due to high cybersecurity staffing and infrastructure costs. Stricter requirements could complicate market entry for foreign companies, potentially stifling innovation. Organizations should prepare by mapping their current cybersecurity landscape and identifying vulnerabilities. Conducting business impact analyses to understand potential disruptions is also advisable. Training personnel in cybersecurity awareness and implementing technical solutions like firewalls and antivirus software will be essential. Starting January 1, 2025, organizations within the EU must adhere to these elevated cybersecurity standards. While compliance may initially increase operational costs, the goal is to foster a more resilient business environment that benefits both businesses and consumers. The NIS2 Directive aims to protect critical infrastructure while promoting a secure digital economy across Europe. ■

Enhancing the Czech Republic's cyber resilience

Cyberspace must be secured - in today's digital age, it is just as important as physical space.

Implementing NIS2 Directive requirements

NIS2 is based on experiences, among other things, from the pandemic period, during which services underwent a significant digitalization, demonstrating our dependence on technology.

Leveraging a decade of regulatory experience

Cyber threats are constantly evolving, just as effective measures against them are. Therefore, legal regulations must be continuously updated and improved. This is the only way to ensure that cybersecurity regulations are effective and appropriate.

Source: NÚKIB

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The beauty of brownfields

Brownfields represent a unique opportunity and challenge for the implementation of innovative projects. Brownfield locations are usually very well connected to transport infrastructure and utility networks and at the same time offer ideal conditions for research and technology centres, coworking spaces, state-of-the-art technologies, and possibly even non-traditional forms of housing (cohousing, lofts, etc.).

The Velvet Revolution in the Czech Republic back in 1989 brought a number of important changes. The democratic system and private ownership of property were renewed, borders were opened, and the market economy was restored.

The country's brownfields were created by the long-term disuse of buildings that previously served energy- and labour-intensive industries. A separate category of brownfields is made up of former military facilities, agricultural sites, areas for extraction of raw materials and transportation facilities.

According to CzechInvest data from the end of last year, there are a total of 4,377 brownfield sites in the Czech Republic with a total area of 13,351 hectares. In Prague, for example, there are 18 brownfield sites with an average area of 4.7 hectares! The potential of brownfield sites is great and represents an important resource for urban planning and the development of urban infrastructure. It is essential to involve a wide range of stakeholders in the transformation of brownfield sites and to address issues of ownership and management of these sites. Cooperation between the private and public sectors is key to successful brownfield redevelopment.

The advantages of brownfield sites as construction land are obvious. It is not sustainable for towns to continually sprawl wide and into the surrounding landscape.

Brownfield sites are often located in strategic locations, offering opportunities for investment in new industries, information technology, distribution, retail, and leisure, as well as public sector investment. The redevelopment of brownfield sites with environmental contamination will also significantly improve the quality of environment, while providing real benefits to all activities in the adjacent areas. They not only have economic and environmental potential but also the opportunity to create attractive, viable and sustainable sites. ■

Examples of successfully regenerated brownfield projects

- Smíchov railway station (Prague) – a new urban district with apartments, offices, and commercial premises.
- Waltrovka (Prague) – office centre and residential project in one of the largest former industrial sites in the city.
- Vysočany (Prague) – a former industrial area transformed into a multi-purpose, shopping, and social centre, including residential areas and service centres.
- Vítkovice (Ostrava) – gradual transformation of the former steelworks into a cultural, social, and educational centre. Flats shall be built in the next stage of development.
- TESLA Pardubice – transformation of a former manufacturing site into a residential area with services, shops, and the Faculty of Health Studies of the University of Pardubice.
- Šantovka (Olomouc) – shopping and social centre in a former industrial area of the city centre, including apartment buildings.
- Preparations and implementation of brownfield regeneration projects are currently underway in a number of other cities (Brno, Trutnov, Náchod and others).

Benefits of brownfield redevelopment

- Increase of economic activity in the redeveloped area - business and commerce, housing, services
- Inflow of foreign direct investment
- Creating attractive jobs
- Increasing competitiveness
- Increasing the attractiveness of the location and thus increase in tourism
- limited requirements on agricultural land in contrast to greenfield projects in line with the principles of sustainable development
- Environmental improvement through site decontamination
- Mobilisation of private capital
- Increasing the value of properties in and around the brownfield sites
- Positive impact on crime prevention and thus on overall crime reduction

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Investor support within the ESG sector

Sustainability is gaining importance across all economic sectors, not only from an environmental perspective but also from social and economic angles. Companies are now facing new challenges driven by climate change, evolving regulations, and increasing demands for responsible business conduct. Companies across various sectors are under pressure from investors, business partners, and regulators to improve their ESG standards and integrate these principles into their operations. ESG is becoming a key benchmark for evaluating businesses and their sustainable performance.

Non-Financial Reporting Under CSRD

With new European regulations, particularly the Corporate Sustainability Reporting Directive (CSRD), non-financial reporting has become mandatory for many companies. This directive requires businesses to report not only their financial performance but also the impact of their activities on society and the environment. Non-financial reporting is thus becoming a key tool for transparent sustainability communication.

Energy Management

Energy consumption represents a significant portion of operating costs for businesses, making it essential to optimize its use. Improving energy efficiency is not only a way to reduce expenses but also a crucial step in minimizing the environmental impact of business operations across all industries. Modern technologies and practices enable companies to transition to more sustainable energy sources and reduce their reliance on fossil fuels. This shift ultimately enhances their market competitiveness while contributing to long-term sustainability goals.

Assessment of Activities According to the EU Taxonomy

The European Union introduced the EU Taxonomy for Sustainable Activities as a framework for classifying economic activities that contribute to environmental goals. For companies, it is beneficial to determine whether and to what extent their activities meet the EU Taxonomy criteria, as this can influence their access to financing and investments. Moreover, it forms part of nonfinancial reporting under the CSRD directive.
Banks, investors, and business partners are increasingly demanding that companies provide evidence of compliance with the EU Taxonomy, demonstrating that their activities are sustainable.

Carbon Footprint Calculation

Climate change is one of the greatest challenges of the modern world. For companies, it is essential to understand their carbon footprint and identify ways to reduce it. Calculating the carbon footprint provides critical insights into a company's environmental impact and serves as the first step toward implementing sustainable practices.
The carbon footprint calculation involves a comprehensive analysis of the entire production process, from raw materials and energy consumption to transportation and distribution. The results highlight the largest sources of emissions and reveal areas for improvement, ultimately enhancing both environmental performance and economic efficiency. ■

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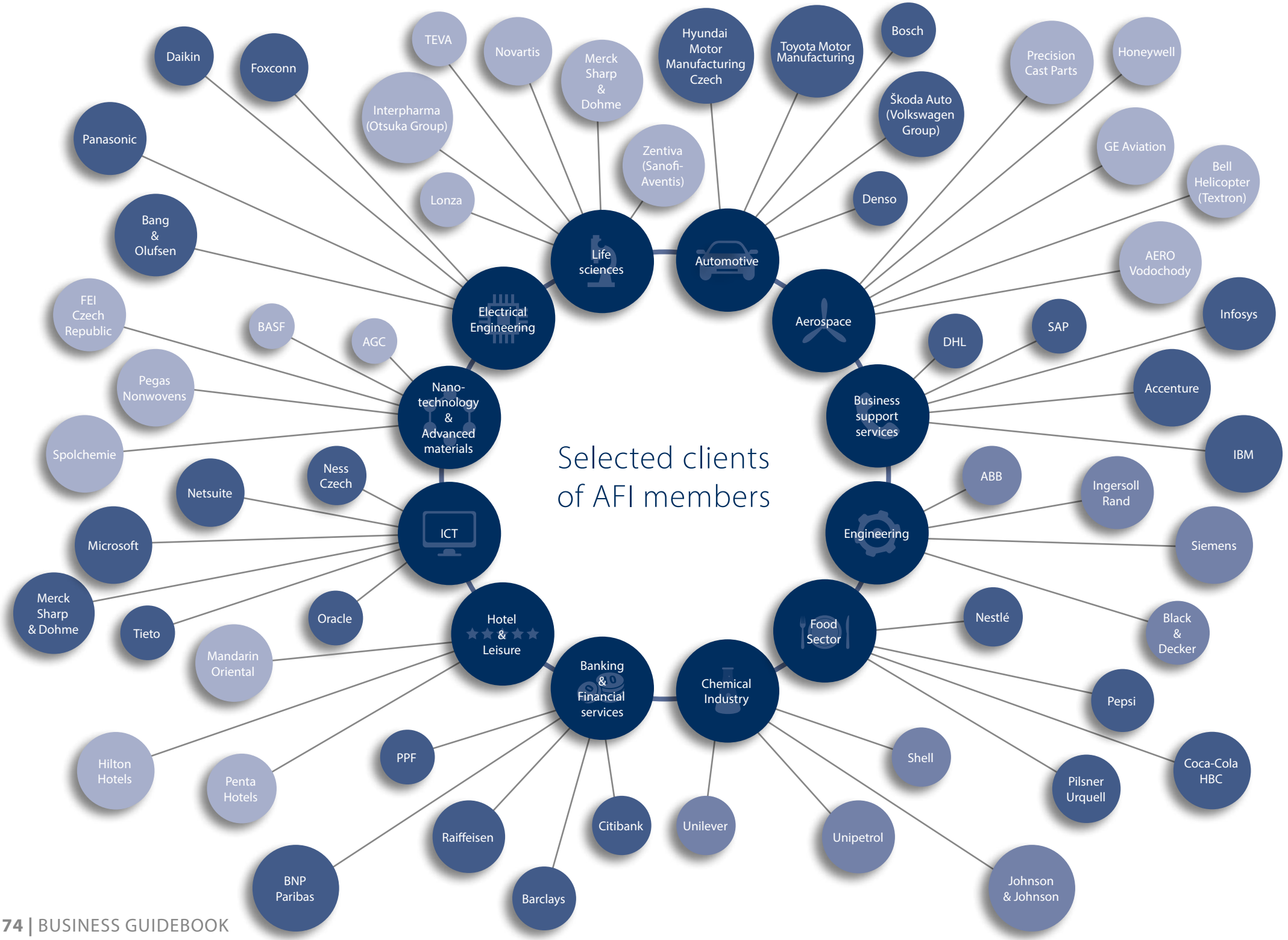
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Handle the permit and construction processes

The Permitting Process in the Czech Republic after implementation of changes in practice

The Building Act, which came into effect in July 2024, introduced a few innovations for the public and applicants for building permits. The primary objective of the Act was to streamline and accelerate the permitting process, whilst ensuring that public interests are protected during construction. Notable features include the capacity for digital communication with relevant sub-authorities and the option for a comprehensive digital construction procedure, encompassing project documentation and final approval by the construction authority. The Builder's Portal has been designed to facilitate the application process for a wide range of construction-related permits, including building permits, modifications to unfinished or finished construction, division and subdivision of land, and building approval.

The new building law will be implemented in the preparation of simple and other constructions from July 2024, and for reserved constructions from 1.1.2024. During the initial period, authorities and the system encountered difficulties, which was to be expected, and many problems were predicted before the new digitalisation and building law system was introduced. Project engineers have proceeded with this in mind, working more closely with both planners and building authority staff, who were objectively the worst affected by the transition to the new system and digitisation.

Regarding the main key investments and so-called reserved constructions, which are motorways, railways, aeronautical and energy constructions https://desu.gov.cz/Vyhrazen%C3%A9-stavby.html). These key constructions have been authorised by the Transport and Energy Construction Authority (DESU) since 1 January 2024, which is further ahead than other building authorities in this respect and is already working very well in practice.

It could be said that after an unofficial trial period of the new permit procedure, the Government of the Czech Republic decided at its meeting in October 2024 to opt for the so-called partial bypass of the digitalisation of the construction procedure, the draft of which was included in the form of a new section 334b in the amendment to the Construction Act. This bypass allows "the use of information systems of the building administration in the transitional period". This is justified by the need to respond to the current problems associated with the digitalisation of construction procedures and to provide for a transitional period for work in the information systems of the construction administration. Ministry of Regional Development of the Czech Republic – Act No. 437/2024 Coll., the so-called "bypass" ■

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Benefits of Digital Twin in project management

The use of Digital Twins in both greenfield and brownfield projects is revolutionising project management in construction and plays a vital role in our approach to factory design – Integrated Factory Planning. Companies in the Czech Republic are increasingly aware of the significant advantages of this technology. As a result, it has become a key element in the success of new projects.

The development of digital tools for more efficient construction of buildings is advancing rapidly. The Czech Republic is embracing this trend, with digitalization now being supported on a larger scale.
The most prevalent technologies used in real estate and industry sectors are BIM (Building Information Modeling) and Digital Twin. These tools are applicable throughout the entire building lifecycle: planning, operation, renovation and demolition. Thanks to 3D scanners, the Digital Twin can be implemented even during later phases, such as the renovation of existing buildings.
As project complexity in construction and industry increases dramatically, along with the pressure on deadlines, Digital Twins have become essential for effective project management. They enhance collaboration by providing a single source of data, improve productivity through scenario simulations and aid decision-making with real-time data. They also help predict and mitigate risks and optimise costs.
In IFP, the application of Digital Twin within Industrial Metaverse increases transparency for all project participants and, more importantly, it facilitates the optimisation and control of the entire factory from planning through virtual and physical commissioning to operations. During the concept and design phases, the Digital Twin enables the configuration of production and assembly facilities, including the associated logistics processes. Comprehensive supplier management and project management then ensure the achievement of cost, quality and deadline targets in all areas – conveyor, plant and production engineering, logistics and warehousing, and the building itself.
Beyond conventional applications, the Digital Twin is now used in the production sector also in combination with Omniverse. This allows greater use in supply chain management and the increasing adoption of big data analytics and the Internet of Things, as well as cloud and edge computing platforms. The combination of these technologies results in the creation of accurate, reliable and optimised Digital Twins that offer even greater business benefits.
Thanks to these digital advancements, project management is becoming even more precise, transparent and collaborative, leading to significant time and cost savings. Our current practices confirm that, compared to conventional methods, the use of Digital Twins in, for example, the refurbishment of existing buildings can save up to 10% of costs.
The outlook based on our research shows us that technologies such as the Digital Twin are gaining even greater importance in synergy with AI.
The current global market value of this technology is nearly EUR 10 billion and it is projected to grow at an average rate of 33% over the next eight years. ■

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DREES & SOMMER

Specifics of construction on brownfield sites

Revitalisation of brownfields provides opportunities – particularly for large and experienced investors. The Czech Republic has more than 3,000 brownfields—being the unused remains of industrial, agricultural, residential, or military areas—with over 1,600 having investment potential.

Reusing a brownfield site is initially a more challenging and lengthy process compared to building on a greenfield site, but in the long run it is a more sustainable and lucrative development. This relieves the investor of the urban burden of managing the site, which the Czech Republic is aware of and trying to motivate investors with subsidies from relevant ministries. Other support programmes are offered by The Business and Innovation Agency (API) or banks. Furthermore, brownfield revitalisations are well covered by the BREEAM and LEED environmental certification schemes.

Pre-conversion analysis

Before starting a brownfield conversion process, a detailed analysis of the site is needed. In terms of spatial planning, it is advisable to make use of the information contained in the regulatory plan and spatial studies or municipal planning documents. Brownfields are often characterised by ecological burdens that must first be remediated. Similarly, the investor must not forget about any restrictions imposed by the conservation authority, as dilapidated buildings are often considered as part of technical or cultural heritage. The structural and technical condition of existing buildings can be hazardous, and the use of original structural elements may not make economic sense to use. On the other hand, it can also be an opportunity to implement new construction into an existing one and preserve some of the site's heritage.

Furthermore, standard surveys (hydrological, biological, etc.) are in the solution to ensure the viability of the final project. Some brownfields are also natural assets in terms of biodiversity. Higher bird species, rarer pollinating insects, or endangered animal species have been documented on many sites. Specific habitats (small pools, temporary wetlands, sandbanks, etc.) can be created. Not only for the above reasons, the new project is also subject to a buffer zone analysis and other legally protected interests to identify the main potential problems within the environmental impact assessment (EIA, IPPC).

The selection of an architect and designer and the preparation of a design brief is followed, as with other projects, by the creation of project documentation. Property rights, such as ownership of utilities or easements, are also often a challenge for brownfield revitalisation.

A full-fledged territory as part of its surroundings

Brownfields also require a detailed study of their relationship to their surroundings, not only in terms of traffic, noise or amenities, but active public participation is also strongly recommended. In revitalised brownfields it is good to incorporate cafés, galleries, co-working and community centres, etc.

It is advisable to look at brownfield revitalisation from the point of view of the principles of the circular economy. It is a material bank with a great potential to fulfil the Reduce - Reuse - Recycle principle. If a brownfield site has been contaminated in the past, the investor should not forget to carry out an ecotoxicological analysis of a representative sample.

Even in these locations, according to Czech legislation, every new building must meet the energy performance requirements of a so-called near-zero energy building. It is recommended to take this into account at the design stage and integrate selected renewable energy sources, such as solar and photovoltaic systems, into the project. In multifunctional buildings, the synergistic effect of waste heat can also be exploited. ■

Related Czech legislation:

- 406/2000 Coll. Energy Management Act
- 225/2017 Coll. Act amending Act 183/2006 Coll. Building Act or 283/2021 from 1 July 2023
- 134/2016 Coll. Public Procurement Act
- 114/1992 Coll. Act of the Czech National Council on Nature and Landscape Protection
- 100/2001 Coll. Act on Environmental Impact Assessment
- 89/2012 Coll. Civil Code
- 85/2012 Coll. Act on the storage of carbon dioxide in natural rock structures
- 500/2006 Coll. Decree on spatial analytical documents, spatial planning documentation and on the method of registration of spatial planning activities or 283/2021 from 1 July 2023

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Key recommendations for implementing photovoltaic projects

In recent years, the Czech Republic has experienced remarkable growth in solar power plants, thanks to affordable technology, increased electricity costs, and policies that support renewable energy.

Studies estimate that the technical potential for rooftop and facade systems is around 25 GW, while brownfields and vacant land offer tens of GW in potential, making it an attractive destination for foreign and domestic investors. Suitable areas for solar projects include buildings, such as logistics sites, factories, commercial centers, and office buildings, or vacant land on or off-site.

Investing in solar projects is driven by four main motivations, each with slightly different business models. The first is investing in a solar project located on one's property to cover maximum electricity consumption and supply any surplus to the grid. The second is providing a plot of land for a solar project to an external investor to secure a favorable electricity price for own consumption through a PPA* contract. The third is providing unused real estate for a solar project to generate rental income. Lastly, developing and constructing a solar project to trade in the electricity market, enter into a PPA, or sell the completed project to a third party. All of these models aim to generate new revenue or cost savings.

It is always recommended to contact a professional firm to request an assessment of the entire project and ideally the preparation of an initial study that takes into account the technical, legislative and economic aspects of the project.

The design work and approval processes can take months and costs 10-15% of the total project budget. About one-third of the external budget for the preparation phase should go towards clarifying the brief and design for building permits, another third towards implementation documentation, and the final towards permitting processes. Once permits are obtained, implementation can begin. A turnkey project with a single contractor can simplify the process and reduce complications and risks, but it's important to comply with subsidy call conditions.

The following are key recommendations that can help company managers in implementing some form of solar project:

- **Clear clarification of intent and priorities** – It is important to understand if the goal is cost reduction, energy independence, investment opportunity, revenue generation, or dependent on obtaining the subsidy.
- **Defining the role of your own organisation and managers** – The role of your own organization and key managers who will be involved in the project must be defined in advance.
- **Timing and sequencing of steps** - Creating a realistic timeline and understanding the sequencing of sub-steps is crucial, as internal or external disagreements can cause unnecessary damage.
- **Subsidies** - Understanding subsidies and modeling financial scenarios
- **Bidding and contracting process** - Selecting a quality contractor and implementation partner requires sufficient time, as does the contract negotiation phase.
- **Input and cooperation from the contracting authority** - Anticipate that contractors will require considerable cooperation and input, and define the person responsible for tracking down and handing over required documents
- **Technical, operational, and organisational constraints** - Address technical, operational, and organizational constraints early, such as loading and handling areas, rooftop containment systems, and fire equipment access areas.
- **Control of property and contractual relationships** - Clarify property and contractual relationships with parties such as the tenant or building owner, financing entity, existing electricity supplier, and distribution company to avoid legal, tax, accounting, or insurance implications. ■

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What expats say about the Czech Republic

The Czech Republic offers the perfect conditions for enjoying a comfortable family life and having plenty of exciting opportunities at work and in business.

Bert Hesselink
Group Client Relationship Director
CTP

Living in Prague is an incredible experience. The city's rich history, stunning architecture, and vibrant cultural scene is amazing. The warm and friendly locals have made me feel welcome, and the similarities between Czech and Polish culture have eased my transition. Prague feels like a second home.

Agnieszka Pietrasik
Managing Director
Hays Czech Republic

I'm not exactly a pure expat, as I'm privileged to be both a Czech and Egyptian national who is at home in and a resident of both worlds and cultures. There is so much that connects both of my worlds. The Czech Republic is an amazing country offering so much to enjoy and appreciate, as well as tons of opportunities to evolve and become more metropolitan and international.

Tewfik Sabongui
Managing Partner
Colliers

The Czech Republic was once considered Eastern Europe, but in the past ten years, I've watched this country surpass many Western European countries in any number of areas, from safety to services to general quality of life.

Blake Wittman
Director
GoodCall

The Czech Republic is a popular place to live for many reasons – I personally enjoy the nature, as well as the local enthusiasm for home-made products, and last but not least the feeling of safety while living here.

Markus Ising
Country Manager
Drees & Sommer
Czech Republic

Hire people

The New Human Age

Amidst the growing digitalisation of work and the workforce, ManpowerGroup's new 2023 report on trends, titled The New Human Age, finds that although technology may be the great enabler, humans are still the catalyst for the future. This research, which features input from 13,000 decision-makers, identifies four key forces (divided into 14 key trends) shaping the future of work and impacting today's employers and the people they employ.

14 trends driving the new human age

Shifting demographics

Trend 1
A generational shift in employment expectations

Trend 2
A priority issue for workers: The Issues they care about

Trend 3
To what degree should you consider a college degree?

Trend 4
It's time to retire our concepts of retirement

Individual choice

Trend 5
Not a life filled with work, but a life fulfilled

Trend 6
Women want work to work for them

Trend 7
Has the five-day workweek had Its day?

Trend 8
Turn down the heat to reduce burnout

Trend 9
Seeking fulfillment, not just advancement

Tech adoption

Trend 10
Growth industries will need to grow their own talent

Trend 11
Rehumanise, don't dehumanise

Trend 12
Still working on a definition of hybrid work

Drivers of competitiveness

Trend 13
Talent knows no borders

Trend 14
Risk and resiliency in a changing world

Four key forces impacting the future of work:

Shifting demographics
Birth rates continue to decline while populations age, thus creating acute talent shortages and reduced labour-force participation in many countries. Skills shortages are concentrating in growth sectors and more Gen Z workers are placing greater emphasis on issues that matter to them, from DEIB (Diversity, Equity, Inclusion and Belonging) to climate change.

Individual choice
The pandemic made flexible work a reality for many employees, causing a paradigm shift in how people balance their professional and personal lives. They want more choices about when, where and how they do their jobs, without working from home becoming endless work. And they value things like personal fulfilment, learning and growth over simple career advancement.

Adoption of technology
The marriage of technological innovation and human ingenuity will create broad economic growth and help overcome society's challenges. As organisations continue to invest in technology, they will need to foster digital skills from within while seeking external talent to maximise their return on investment.

Drivers of competitiveness
In a digital-first global economy, access to highly skilled talent is a distinct competitive advantage. And you need to meet that talent wherever it can be found — the marketplace for the best and brightest is truly borderless. Competing — and winning — is also about managing risk and building resiliency in the face of ongoing economic and geopolitical uncertainty. ■

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Hiring an Executive for your business? Things to keep in mind.

Investing into Leadership Talent in a foreign business territory is an important decision that needs to be executed well. A failed leadership hire can hurt your country cost base, performance culture and reputation – not to mention take up your valuable time. Here are a few ways to strengthen your Executive Hire and secure a positive outlook for business performance in the long-term.

Finding your Leadership Talent

When entering in the Czech Republic to expand your business, working closely with an Executive Search & Leadership Advisory firm is essential to find, attract, assess, and recommend you the best potential leaders for your business.

The Czech Republic is nuanced and multi-faceted. It is important to be aware of which Search firms present will have expertise in the market and your industry as well as access to talent networks in your area of business interest.

Search firms will know local conditions, market trends and pitfalls to be aware of. When selecting your Search provider, ask them about trends they observe in your industry and where they are likely to find the leader you seek. Your chosen Consultant will be your representative for leadership talent in the market.

Assessment

Be aware that the Search firm should be able to augment their candidate interview evaluation with personality and psychodiagnostics assessments that can shore-up and strengthen your hiring decision. Search firms can execute reference checking on your behalf and provide precise, detailed and nuanced associated reports to give you in-depth insight into a given candidate's performance track record.

Onboarding your Chosen Leader

Another aspect to consider is the Onboarding process. Your organisation may already have a structured executive onboarding program in place, but the reality is the most firms do not and simply rely on the classic "sink or swim" approach.

As the Executive will need to adjust to your international company culture and business nuances, it is not advisable to leave their adaption on their initiative alone, particularly if you are investing in entering a new market.

Many Search and HR Consulting firms offer Leadership Onboarding and will regularly check-in and advise both you and your hired Executive, to ensure all is going in line with performance expectations. If anything is amiss or there is a something missing in mutual communication, your consultant will address it in a timely and sensitive manner and work with both parties to find a solution.

Succession Planning and Long-Term Growth

Setting up a Leadership Succession Plan within your organisation as it develops and gains traction on the market is crucial. As an investor into a new market, you will also be investing into local know-how unique business, market and product IP. Leaders moving on from the business leave your organisation at risk of key know-how leaving also. Having a Succession Plan in place gives incentives for your Executive to mentor and develop up-and-comers, motivating the management structure as a whole. Investing in setting up this expertise will further spur on your business in the medium to long-term and your likelihood of success in the Czech market. ■

Failed Executive Hires - Top Five Reasons

- Cultural Misalignment
- Unrealistic Expectations
- Lack of Stakeholder Buy-in
- Insufficient Onboarding and Integration
- Poor Assessment During Hiring

Top Five Solutions

- Establish a Clear Hiring Process
- Prioritize Cultural Fit and Adaptability
- Develop a Comprehensive Onboarding Plan
- Set Realistic Expectations and Regular Check-ins
- Foster Stakeholder Engagement

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Mediation – tool for prevention or dispute resolution in HR & business topics

Small local businesses or international corporations anywhere round the world, both face various tough situations, which might cause some serious consequences including litigation process. For this case, there is a great alternative of dispute resolution. It brings the chance to gain a very promising result, which respects both individual and common needs of both parties.

Mediation in the Czech Republic

The mediation as one of the strong and frequently used alternatives to the litigation or arbitration, is also promoted and legally regulated by local government. It secures a professional, safe and fast neutral way how the mediator guides both parties throughout the process to find the ideal solution to their business disputes. The first regulation is the international Directive 2008/52/EC of the European Parliament and of the Council on certain aspects of mediation in civil and commercial matters. The other regulation is the Mediation Act (Act No. 202/2012 Coll), which determines conditions of mediation process, forms of mediation agreements and requirements on the mediator qualifications, under which it is executed by the registered mediators. Mediators in the Czech Republic need to pass the exam with the Ministry of Justice to become registered and their quality is also supervised.

What is it all about - a managed process with essential principles

Mediation is based on a professional guidance by a trained mediator, who follows some strict rules and principles to keep the mediation process effective. Mediation offers a very secure, safe and discrete platform for both parties of conflict to listen to each other and to have the chance to speak about anything related to the issue arisen and finally to find the ideal solution if possible. Just to come up with mutually beneficial agreement, it is a matter of a long way from digging deeper in what has happened, what affects the presence and even the future. The mediator assists effectively during each stage of conflict resolution with the sense of future impact.

Local or international usage?

Mediation is applicable to various conflict resolution / dispute resolutions. It is more universal, no matter if used only for local or international issues. Also in the Czech republic, there is a reasonable increase of attention to this way of dispute resolution. The succession rate of business mediation to find the mutually acceptable solution is approximately 70-75%.

Examples of business mediation - efficacy in time, money and reputation

- Business issues (restructuring, mergers, acquisitions, intellectual property, conflicts with suppliers, vendors)
- Consumers' complaints
- Workplace & HR disputes (downsizing, team collaboration issues, hybrid working conditions, remote management, conflicts between a boss and subordinate etc)

All above mentioned areas can be affected by unrevealed interests, influence, politics or needs. Mediation offers sufficient and secure space to examine all hidden needs and also to calm down strong emotions in order to find mutually acceptable solutions.
People in their "frozen" positions don't even hear each other. Conflicts are full of massive emotions, different expectations and hidden interests. That is where mediation is a suitable tool to involve both parties, to let them discuss, make their own decisions and agreement consensually and the mediator remains as a guide and process manager. Mediation can help parties in comparison to litigation process to get to a faster solution, for less money while securing respect and keeping good reputation of both parties.
To sum it up, even Czech legislation offers the chance to solve business disputes in a smooth, effective way. ■

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5 benefits of recruitment process outsourcing beyond cost savings

RPO, or recruitment process outsourcing, is a recruitment outsourcing service that frees up your hands. RPO providers take responsibility for the selection and recruitment process of your core employees.

Cost efficiency has long been the main priority in recruiting programs, and a key reason businesses choose to adopt the RPO program. But the business benefits of RPO extend well beyond the recruiting budget. Today's sophisticated RPO models have the power to fundamentally transform each stage of the talent acquisition process, resulting in a streamlined, efficient and fully optimized recruiting strategy that drives measurable business impact.

1. expanded talent pool

Today's market is plagued by talent scarcity, making it more difficult to engage with and attract qualified candidates. RPO providers typically have extensive databases of candidates, the sourcing expertise and proven methodologies to ensure quality candidates are matched to their clients' crucial positions.

2. employer branding expertise

Just as important as access to talent is projecting the company in ways that make the right candidates want to work there. HR leaders might not always have the time and resources to clarify their company's employee value proposition (EVP), or they may lack the internal expertise to deliver a robust employer brand strategy.
RPO providers can fill this void, researching a company's brand and competitor positioning, aligning employer brand strategy with company brand and vision, and developing recruitment communications tailored to that messaging.

3. ensuring compliance and mitigating risk

Complying with existing regulations around the hiring process – and staying up to date with any changes – can be a challenge for any busy organization. RPO helps by mitigating many of the risks that can result from non-compliant hiring practices. With an understanding of local and international labor laws, RPO providers are well versed in navigating complex legal requirements and helping employers develop compliance-focused, low-risk hiring strategies.

4. enhanced speed of hire

RPO providers work closely with hiring managers to understand specific job requirements, while also implementing service level agreements (SLAs) requiring requisitions be processed within tight time frames. Combined with rigorous screening and assessment, as well as streamlined offer presentations and onboarding, the result is a quick and efficient hiring process.

5. better insight through analytics

RPO providers can apply historical data to reveal future trends and needs, while also helping businesses understand performance metrics, conduct more effective talent supply and demand modeling, and correlate metrics to business performance outcomes.
As a result, an RPO can transform talent data into business intelligence, ensuring employers will fill positions with right-fit candidates and helping inform business decisions – such as where to open new operations – that depend on availability of resources. ■

RPO delivery models

Recruitment outsourcing service providers take responsibility for the selection and recruitment process of your permanent staff. They can manage only part of it or be completely in charge of its management and results.

end-to-end RPO
service provider manages entire recruiting process

selective RPO
management of distinct recruiting processes within your organization

project RPO
service provider manages recruiting process short-term hiring goal

- dedicated recruiters
- scalable resources
- service provider manages process and compliance
- strategic analysis and reporting
- tools & technology (ATS, recruitment marketing platform, mobile)

recruiter on demand
provision of trained recruiters, equipped with our technology to supplement client team

- flexible recruiters
- support client managed process

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The value of Recruitment Process Outsourcing

The Strategic Advantage of Recruitment Process Outsourcing (RPO)

Recruitment is vital for any business but often time-consuming and complex. To tackle hiring challenges and access a broader talent pool, many companies are turning to Recruitment Process Outsourcing (RPO). RPO is a partnership with an external provider, like Adecco, who takes on aspects of the recruitment process, such as sourcing, screening, interviewing, and onboarding. RPO providers act as an extension of your internal recruitment team, offering expertise, scalability, and efficiency.

Value of RPO

RPO offers significant cost savings and efficiencies by streamlining recruitment operations, reducing time-to-fill vacancies, and minimizing recruitment costs. This allows internal HR team to focus on core business functions, enhancing productivity.

Access to Top Talent

RPO providers have extensive networks and employ advanced sourcing techniques to attract top talent, both active and passive. This expands the candidate pool and secures high-quality individuals aligned with our Partner Companies business needs.

Scalability and Flexibility

Businesses often face changing recruitment needs due to market conditions or expansion plans. RPO provides the agility to scale resources up or down, ensuring our Clients to have the right talent at the right time and optimizing workforce planning.

Enhanced Candidate Experience

A positive candidate experience is crucial. RPO focuses on creating a seamless recruitment journey, from personalized communication to efficient interviews, enhancing Client's employer brand and increasing the likelihood of securing top candidates.

Strategic Partnership and Expertise

RPO providers like Adecco bring deep industry knowledge and recruitment best practices. We are used to collaborate closely with Hr internal team to understand organization's needs and goals, offering insights on recruitment strategies and market trends.

RPO Market in the Czech Republic

The RPO market in the Czech Republic is growing, driven by the need for efficient recruitment processes and cost reduction. Companies are increasingly adopting RPO solutions to address talent shortages and improve their recruitment strategies. We are one of the main provider offering specialized RPO services tailored to the tech industry and other sectors, helping businesses navigate the evolving job market and access skilled talent.

Recruitment Process Outsourcing (RPO) can transform Hr internal talent acquisition function, providing cost savings, scalability, access to top talent, improved candidate experiences, and valuable expertise. RPO allows Hr internal team to focus on core objectives while leveraging the capabilities of a specialized recruitment partner. As the job market evolves, RPO offers a competitive advantage, enabling Company organization to attract, engage, and retain the best talent for long-term success and growth. ■

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Employment agencies and recruitment of workers in the Czech Republic

The Czech labor market has seen significant changes in recent years, characterized by a growing demand for skilled workers and a persistent shortage of labor across many sectors. As companies look to expand or establish operations in the Czech Republic, finding the right talent has become a crucial challenge. Employment agencies play a key role in addressing these needs, offering businesses flexibility, speed, and access to a broader pool of candidates.

The Role of Employment Agencies

Employment agencies provide essential support in recruitment, especially for foreign companies unfamiliar with the local market. They streamline the hiring process, manage legal requirements, and offer tailored services for both temporary and permanent staffing.

Advantages of Hiring Foreign Workers

Many companies in the Czech Republic are turning to foreign workers to fill gaps in the local workforce. This approach allows businesses to access a diverse talent pool and meet demands in industries such as manufacturing, IT, and construction. Employment agencies often specialise in recruiting foreign workers, ensuring compliance with immigration laws and helping companies integrate these workers into the local workforce through care programmes that help new employees settle into the new country.

Legal Requirements for Employers

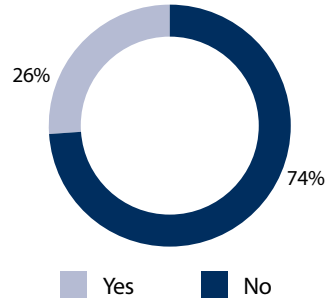
Understanding the legal framework is crucial for foreign investors entering the Czech market. Key considerations include labor contracts, working conditions, and regulations on wages and social security contributions. Additionally, businesses must navigate the visa and work permit process for foreign workers, which can be complex but manageable with the help of experienced agencies.

Future Trends in Recruitment

Looking ahead, recruitment in the Czech Republic is likely to be shaped by several emerging trends. The increasing use of digital tools and automation in hiring processes, a growing emphasis on diversity and inclusion, and the rise of flexible working models are all set to influence how companies attract and retain talent.

In conclusion, as companies plan their expansion into the Czech Republic, understanding the local labor market and leveraging the expertise of employment agencies can significantly enhance their recruitment strategies. With the right support, businesses can effectively navigate the challenges of the Czech labor market and secure the talent they need for long-term success. ■

Do you employ workers or manual laborers from countries other than the Czech Republic and Slovakia in your company?



Source: Hofmann Personal, 2024

Which businesses also employ foreigners apart from Slovaks?

Automotive	91%
Mechanical engineering	65%
Light industry	75%
Wholesale, logistics, services	66%
Small businesses	70%
Medium businesses	81%
Large businesses	88%
Czech companies	70%
Foreign companies	78%

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Alternative recruitment - Rent a recruiter?

Most management think of only the obvious solutions to hiring challenges, but there is an alternative way to recruit people that may be more cost-effective and efficient for companies starting in Czech Republic.

When faced with hiring challenges, most management teams default to traditional solutions. But for companies starting out in the Czech Republic, there's a cost-effective and efficient alternative to consider.

Historically, the workforce was viewed as a static entity of full-time, in-office employees handling all tasks needed to run a business. Yet even before the Covid-19 pandemic, the landscape was shifting. Today's businesses thrive by leveraging a dynamic mix of gig workers, contractors, part-timers, full-timers, strategic partners, and remote employees—harnessing modern tools and technology to stay agile and competitive.

When it comes to recruitment, your options include advertising job openings, paying recruitment agencies hefty success fees, or hiring an in-house talent acquisition team. Many companies dream of having a full-time recruiter, thinking it will cut costs and streamline hiring. But have you considered the hidden hurdles? Headcount approvals, long-term employment costs, and the challenge of finding skilled recruiter professionals are just a few.

Most importantly, have you asked yourself:

- Do we truly need an emtire full-time recruitment team?
- How many roles do we need to fill, and how quickly?
- Would flexible external support be sufficient?

An experienced recruiter can typically manage 4-6 hires per month. Depending on your hiring goals, a more flexible solution might be better suited to your needs.

Enter the **"rent a recruiter" model**—a modern approach offered by leading recruitment firms. Instead of paying success fees, you can have a dedicated recruiter, or whole team, work directly for your business. These professionals bring best-in-class experience, offering not only hiring support but also expertise in employer branding, candidate experience, and recruitment process optimization.

By renting a recruiter, you gain a skilled partner who operates as an integral part of your team, or leads the whole recruitmetn project, providing tailored solutions without the long-term commitment or high overhead of a permanent hire. It's a future-proof strategy for companies seeking agility in an ever-changing workforce landscape. ■

When to use it?

- Be experienced in HR/sourcing/recruiting
- Be trained & certified in the latest methodologies
- Come with technology - LinkedIn, ATS, etc.
- Be skilled in employer branding
- Have relationships and discounts with key job boards

Advantages

- Can stop and start as you see fit.
- No firing fee, no severance pay if the project ends early
- Flex up or down as your needs change
- Inject local market knowledge into the company/process

When to use it?

- You're starting up and need a recruiter to get us going
- You want to hire a lot of people in a short period of time, then we probably won't hire much again next year
- You need a project manager to lead some HR/recruitment projects
- You're going thru a transformation and need help to lead it and get people on board
- You don't know how to hire but don't want to use agencies
- You have a TA team but they don't have time for sourcing

What structure can be used?

5-50 hours in total
Part-time for a few months
Full-time more than 3 months

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GOODCALL

Best approach to large volume recruitment

In the busy world of temporary staffing, blue staffing stands out as a reliable partner for businesses in need of workers. And international staffing agencies with operations in several countries in Europe and Asia can provide their clients with professional services and advice while upholding the value of transparency.

Blue Staffing: Blue Collar
Simply put, it specializes in recruiting temporary workers - people who thrive in physical tasks such as working in production or warehousing. These workers, often dressed in blue overalls, hence the "blue collar" designation, are essential to industries requiring hands-on work. Agencies, through temporary assignments, match skilled workers to the businesses in need, ensuring a seamless process for both parties involved.

Direct Search: The art of targeted recruitment
When it comes to sourcing top talent for specialized roles, the teams of professionals excel at direct search methods. Recruiters and head-hunters leverage their expertise to directly approach and engage with candidates tailored for positions ranging from specialists to managerial roles.

Executive Search: Unveiling hidden talent for senior management
For critical roles in senior and top management, Executive Search takes center stage. These projects involve a meticulous hunt for candidates, often bypassing conventional job advertisements. Instead, dedicated management consultants personally approach potential candidates, ensuring a discreet and personalized approach. Through regular reports, they inform clients about every step and provide them with an overview of the selection of candidates and the progress of the project.

RPO: Revolutionizing recruitment processes
In the realm of recruitment process outsourcing (RPO), Blue Staffing offers a comprehensive solution to streamline internal hiring processes. Whether it's administrative tasks or onboarding procedures, specialists strive to optimize operations both on-site and off-site. By leveraging market expertise and flexible resources, they accelerate the recruitment process, enabling businesses to quickly fill vacancies and secure top talent.

International Recruitment: The world hides talents
The whole world is open to finding suitable candidates. The recruitment and visa process can be arranged across countries around the world. In addition to the Czech Republic, international recruitment agencies also have branch networks in CEE countries. But they also work with many other partners around the world.

And what to say in conclusion? Agencies are clients' partner in staffing solutions and are committed to providing top-notch recruitment services. With a focus on transparency, efficiency and customized solutions. Blue Staffing remains at the forefront of connecting businesses with the skilled workforce they need to thrive. ■

Legal obligations of the employment agency:

- Company registered in the Czech Republic
- Permit from the Labour Office of the Czech Republic – pursuant to Section 13 (1) (a) (b) and (c) of Act No. 435/2004 Coll.
- Deposit – Section 60b of the Employment Act stipulates the obligation of a legal entity or natural person applying for a permit pursuant to Section 14 (1) (b) of the Employment Act to provide a deposit in the amount of EUR 18,700 (CZK 500,000).

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The Czech Republic: **A global hotbed for AI and cyber security talent**

The Czech Republic has been building a reputation as the technological centre of Central Europe, and it is known for its top-notch IT specialists who participate in state-of-the-art projects around the world. Czech experts are working in the USA, Canada, Asia and other areas, not only as experienced experts in specific technologies, but also as innovators who push the boundaries in the fields of AI and cyber security.

AI centres in the heart of Europe: Prague and Brno

The two main IT hubs, the VUT (Brno University of Technology) in Brno and the ČVUT (Czech Technical University) in Prague, allow the Czech Republic to train top AI experts early on. Prague and Brno have become centres where a number of international companies are based, and these companies look for people who can apply their knowledge across fields such as the automotive industry, logistics, manufacturing, healthcare, banking, e-commerce and transport. Universities in the Czech Republic have been teaching AI for several years, and they implement a number of scientific projects funded by the European Union and other international grant agencies. Students are often involved in these projects through internships, which allow them to gain several years of experience before they become employed; then these young professionals enter the labour market with valuable practical skills, often in mid-level positions.

Connecting Czech IT experts with the global market

There are currently over 2,500 AI specialists working in the Czech Republic who are able to connect flexibly to new projects, and this number keeps growing. AI isn't just a 'sexy' field that attracts new talent, it is also an area that many professionals from other technology sectors are beginning to enter. These new specialists bring with them diverse knowledge, and they often have experience that can strengthen the entire technology ecosystem of the most challenging IT projects. Interest in AI specialists continues to grow in the Czech Republic; this includes AI engineers and AI chat specialists who build responses on automation models. Great emphasis is also placed on connecting AI with security technologies. Cyber security and AI are interconnected fields, as an effective cyber security solution uses artificial intelligence capabilities to predict and detect threats. While the popularity of remote collaboration in IT has grown in recent years, this is not entirely true for AI projects. Many products in the field of AI require the presence of employees in production or development, and they could not be implemented effectively without onsite workers. Most IT candidates take this into account and offer in-person cooperation or at least a hybrid work mode, which are good starting conditions for foreign IT projects. The Czech Republic continues to prepare for a future in which it will remain an attractive destination for foreign investors who want to benefit from the availability of highly qualified professionals with a wide range of experience. ■

31 000+
pool of IT specialists in all fields

2 500+
available AI and cyber security specialists in the Czech Republic

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TITANS

Being an employer in the Czech Republic

Stability Combined with a Series of Challenges. This is one way to describe the Czech labor market. While it is among the most stable in Europe, despite its resilience to economic fluctuations, employers are facing growing challenges that impact their competitiveness.

The Czech economy is facing digitalisation, demographic changes, and global factors that are influencing the labor market. There is strong demand for skilled workers, while pressure to modernize working conditions is increasing. The Czech Republic has one of the lowest unemployment rates in the EU, which stood at 4.3 % at the beginning of 2025. However, regional disparities remain – the lowest unemployment rate is in Prague (2.9 %), while the highest is in Ústí nad Labem Region (6.4 %).

Companies are struggling to fill positions, especially in specialized fields. The highest demand for labor is in IT, industry, logistics, healthcare, and construction. The employment structure is changing – industrial professions are giving way to technology and IT fields, while the service sector is expanding. 59.7 % of people are employed in services.

Employee's satisfaction

73% respondents are rather or completely satisfied in their current job

21% respondents are actively looking for a new job

53% respondents are willing to consider changing positions if a better offer comes along

67% respondents are satisfied with their salary

Another challenge is population aging, which puts pressure on the pension system and labor market. The number of people of working age is declining, leading companies to rely more on foreign workers. This brings administrative challenges, such as a lengthy visa process, which can take up to 9 months for workers from outside the EU. Companies also often encounter language barriers and the need to adapt their work environments.

Digitalization and automation are leading to the disappearance of some professions while creating new job opportunities. This highlights the need for retraining and lifelong learning, which is crucial for the competitiveness of companies and employees. Additionally, strict legislation and high administrative burdens make doing business in the Czech Republic more complex compared to other European countries. Employers face long notice periods, high social security contributions, and a complicated process of employing foreign workers.

Flexibility and remote work (home office) have become the standard, helping employees maintain a work-life balance. According to a survey from an annually published salary study, flexibility is one of the key benefits. At the same time, companies are under pressure to increase wages – the average salary in 2024 exceeded 1 725,49 EUR, with wages growing by 5–7 % annually, although this growth is slowing due to economic uncertainties.

The future of the labor market will depend on companies' ability to attract and retain talent, invest in automation and digitalization, and adapt to employees' evolving expectations. Despite economic uncertainty, businesses will need to find innovative ways to remain competitive, increase efficiency, and create a work environment that supports both productivity and employee satisfaction. The Czech labor market thus remains dynamic and full of challenges, with its future shaped by global trends and corporate responses to changing conditions. ■

What is most important to you at your current employer and in your current position?

55% finance

54% team

44% recognition from employer

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How to legally work/ **do business** in the Czech Republic in the ASAP mode

The stay of foreigners in the territory of the Czech Republic is regulated especially by Act No. 326/1999 Coll., on the Residence of Foreign Nationals in the Czech Republic as amended, and Regulation (EC) No., 810/2009 of the European Parliament and the Council on the Community Code on Visas and Council Regulation (EC) No. 539/2001, which establishes a list of third countries whose nationals must have a visa when crossing the external borders, as well as a list of third countries whose nationals are exempt from this obligation.

The current practice in the matter of the process of obtaining employment cards/visas/long-term residence permits has changed significantly in the Czech Republic. The current migration policy of the Czech Republic focuses on the migration of qualified workers from third countries in order to give incentives to foreign investors to do business in the Czech Republic and to secure qualified employees for Czech companies in accelerated procedure. The Czech Republic has therefore extended number of programs supporting economic migration with aim to ease the process of obtaining residence and work/business permit.

The government economic migration programs are targeted at investors operating in the Czech Republic with an organizational component in the Czech Republic and abroad. Furthermore, the programs are intended for research organizations, technology companies as well as start-ups and newly founded companies that request the accelerated employment of foreign workers, from top managers to production workers. The process of obtaining residence permit for the foreign workers has been significantly accelerated within the programs supporting economic migration. If all conditions are met, it is possible to receive residence permit within 1 month.

The economic migration programs mentioned above were supplemented with a new Digital Nomads Program with effect from July 1, 2023, Pilot Project with effect from December 13, 2023 and Work Migration from Indonesia Project from June 19, 2024. Each of the economic migration programs is aimed at different group of employees from different countries, all aiming to ease the visa/residence permit process to get the qualified personnel for important investors in the country.

It is highly recommended that you consult each individual case and current legal practice with immigration law specialized law firm. ■

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Company culture matters

Corporate culture is not just an abstract set of rules, values, and rituals, but primarily a key element that shapes the efficiency of an organization. Although it is associated with many lofty ideas, its essence lies in how people's behaviour within the company either helps or hinders the achievement of both short-term and long-term goals. Many organizations underestimate its importance because they cannot measure it properly or connect its impact to real performance and results numbers.

An effective corporate culture helps companies grow and adapt to changing market conditions. Its proper setup reduces employee turnover, increases motivation, and strengthens collaboration between teams. Employees in a well-set work environment not only perform better but also feel part of something larger, which enhances their engagement and loyalty.

Building an effective culture is not a random process. It requires analysing the current state, identifying its strengths and weaknesses, and designing strategies to better align employee behaviour with the organization's goals. This includes not only changing internal rules but also developing key soft skills such as communication, leadership, and the ability to collaborate effectively.

Changing corporate culture primarily means changing the behaviour of people within the company. It's not just about adjusting processes or rules but changing habits and eliminating bad practices that hinder organizational growth.

The key to success is working with individual teams—engaging employees in the change process, supporting their active participation, and creating an environment where feedback can be openly shared.

Working with teams is crucial because they are where everyday work habits are formed, values are shared, and collaboration patterns are developed. Therefore, a successful transformation of corporate culture involves direct and targeted work with teams—developing leaders, strengthening individual responsibility, and creating mechanisms for feedback and continuous improvement.

Effective communication of changes is critical. If employees don't understand the new rules or feel excluded from decision-making processes, they may resist. Therefore, it is necessary to explain the purpose of changes transparently and show their benefits both for the company and for individuals.

One of the main challenges in changing corporate culture is that many leaders perceive it as a "soft" factor, whose impact cannot be precisely quantified, and therefore they often overlook it. However, there are specific methods to connect cultural changes with financial and performance indicators—such as tracking employee productivity, turnover, or team collaboration effectiveness. The problem, however, is the lack of knowledge about these methods or their incorrect use.

Proper interpretation and systematic evaluation of these metrics, compared to financial indicators, allows companies to objectively assess whether the change brings higher efficiency, better productivity, or a positive impact on financial results. Companies that learn to work with this data and actively manage their culture will gain a significant competitive advantage.

Corporate culture should not only be effective but also adaptable. The world is constantly changing, and organizations that cannot flexibly adapt to new conditions risk stagnation. Therefore, creating an environment that supports innovation, experimentation, and openness to new ideas is essential.

Changing corporate culture is not a one-time project, but a long-term process that requires continuous attention and effort. However, when done correctly and its impact is measured based on relevant indicators, it brings tangible benefits not only for the company but also for its employees. A truly effective corporate culture supports not only performance but also the satisfaction and development of the people who make it up. ■

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Who no longer needs a **work permit to work** in the Czech Republic?

Are work permits no longer necessary for certain individuals to work legally in the Czech Republic? Yes, indeed. A recent and important update now affects access to the labor market for some citizens from non-EU countries. Let's explain what this means and for whom it applies.

As an employer, have you ever wished hiring foreign employees in the Czech Republic could be easier? If so, you'll be interested in the recent update to Czech employment law. As of July 1, 2024, an exception has been introduced to streamline the hiring process for citizens of certain countries.

What does this exception mean?

Citizens of specific countries now have free access to the Czech labor market, which means they no longer need a work permit to legally work in the Czech Republic. However, please note that a long-term residence permit is still required. It means that this exception applies only for a stay longer than 90 days. It does not apply for short stay – Schengen Visa. Anyway, with this change, steps such as opening a job position with the Labor Office, coordinating with the Labor Office, and ensuring the employment contract exactly matches the registered job position are no longer necessary.

Which countries are included in this exception?

The current list of countries includes:

- Australia
- New Zealand
- USA
- Canada
- United Kingdom of Great Britain and Northern Ireland
- Israel
- Japan
- South Korea
- Singapore
- Taiwan

Note: A few more countries might be under consideration to be added. So this list might accually long when you are reading this.

How does the process go and what kind of residence permit are those countries citizens applying for if they have the chance to work in the Czech Republic? Despite this update, they are still required to apply for an Employee Card. However, this is a non-dual Employee Card, meaning that while the application form and employment contract are still needed, a job position opened at the Labor Office is no longer required. Since the primary purpose for staying in the Czech Republic is employment, the permit is still called Employee Card.

While this update makes the Employee Card process easier for many, it might not suit everyone. Other options are still available, like the EU Blue Card, which provides unique benefits for highly qualified specialists. The Intra-Company Transfer Employee Card may also be a better option for certain types of employees. ■

Posted workers directive

- No need to register the job position with the Labor Office
- Simplified change of employer – no need for approval from the Ministry of Interior, only proper notification
- Immediate change of employer permitted upon arrival in the Czech Republic
- Usable for "secondment" employment arrangements – no need for arranging work permit from the Labor Office.

- The Non-Dual Employee Card grants permission to live and work in the Czech Republic, as well as travel within the Schengen Area and internationally according to the holder's passport. However, it does not permit work in other EU or Schengen countries.
- If a Non-Dual Employee Card holder wishes to work in another EU or Schengen country, they must apply for a work and stay permit in that country.

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EXPAT SUPPORT
helping you grow global...

Visa support provided to foreign investors

Relocating a company to a foreign destination is always a demanding administrative process. The Investment and Business Development Agency CzechInvest assists foreign companies with overcoming the challenges inherent in that process, including relocation of management and key employees. Visa support starts with tailored consultancy and continues with the administration of government visa programmes the accelerate visa processes.

The Czech Republic offers several government visa programs aimed at investors and employers, significantly contributing to the country's economic development. These programs provide a more efficient alternative to standard visa processes, allowing employers to benefit from faster and less administratively demanding application and approval procedures.

New company visa process

1 Incorporation	
Employee	Member of a statutory body
2 Open position – Labor office	**Commercial Register**
Labour market test – 10-30 days	Work permit (optional)
3 Optional: Enter government visa programme	
Key and Scientific Personnel *Only visa programme available for new companies*	
4 Schedule appointment and submit application at the embassy	
Employee card (valid up to 2 years) Blue card	Long-term visa – Business (valid 1 year)
5 Application approved	
✓ Collect entry visa ✓ Register with at MoI within three days ✓ Biometrics ✓ Collect employee card	✓ Collect visa ✓ Register at Foreign Police within three days

In 2023, the Czech Republic joined the ranks of countries supporting the Digital Nomad program, responding to the growing trends in international mobility of freelance workers, particularly in the IT sector. This year, the program has been expanded to include marketing specialists, further facilitating the relocation of these professionals and strengthening the Czech labor market.

Programme for Key and Scientific Personnel

This programme designs the visa process for members of statutory bodies, legal representatives and employees of newly established companies in the period of up to two years from the date of incorporation in a commercial register. It substantially eases the process of arranging residence permits for key employees of companies coming to the Czech Republic. Those eligible to register in the programmeinclude newly established Czech business entities of foreign investors, start-ups, technology companies, research institutes and Czech entities of foreign investors with at least 50 employees in the country and 250 employees worldwide. The programme is intended for statutory representatives, managers and key specialists who need to reside in the Czech Republic for longer than 90 days. The benefit of this programme consists in accelerated issuance of a residence permit within 30 days following submission of the application, which is a significant reduction in comparison with the standard time periods of up to 90 days for issuance of an employee card and up to 120 days for issuance of a blue card or long-term business visa.

This programme also supports the relocation of employees' family members who apply for a visa for the purpose of cohabitation of a family. Last year, individual family member applications had to be processed together, but this year there has been a significant change and family members can apply for a residence title after the fact. However, their approval process will follow the deadlines set out in the law.

Within the Programme for Key and Scientific Personnel, companies can use two means of relocating their employees and statutory representatives. These are **internal transfer**, whereby a foreigner is transferred on the basis of a contract to work at a Czech branch while remaining in an employment relationship with the foreign investor, and **localisation**, whereby the transferred employee enters into an employment relationship directly with the established Czech business entity.

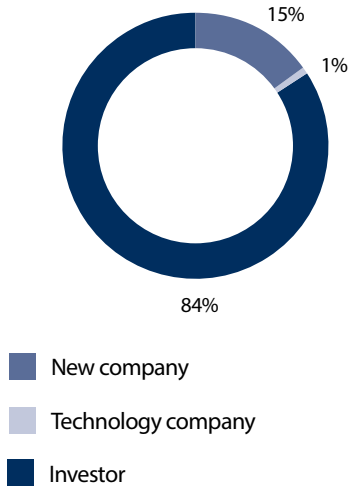
Where to apply for registration in the programme

The programme is administrated by **CzechInvest** for newly established companies, startups, research institutes and technology companies. If the application is submitted by an investor that was incorporated more than a year prior, has at least 50 employees in the Czech Republic and 250 employees globally, the application is administrated directly by the **Ministry of Industry and Trade**.

How companies use the Programme for Key and Scientific Personnel

In 2024, more than 1099 specialists, managers,

Programme for Key and Scientific Personnel



Source: CzechInvest, Ministry of Industry and Trade, 2024

statutory representatives and their family members enjoyed the benefits of the Programme for Key and Scientific Personnel. CzechInvest processed applications of 12 newly established firms and technology companies.

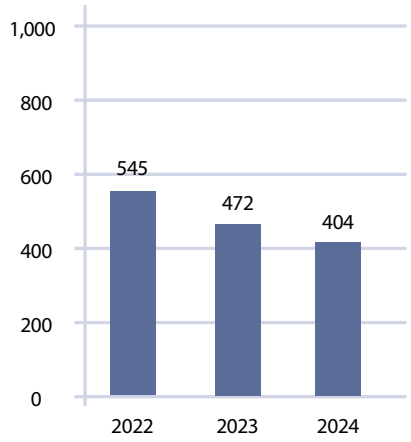
Programme for Highly Qualified Workers

The Programme for Highly Qualified Workers enables applicants and future employees from non-EU countries and their family members to arrange preferential appointments at Czech embassies and consulates, thus significantly accelerating the process. The number of available appointments for employee-card applicants granted within this programme is set by a government regulation. Employers apply for inclusion in the programme at the **Ministry of Industry and Trade**.

Programme for Qualified Workers

The Programme for Qualified Workers enables applicants from designated countries to arrange

Programme Highly Qualified Employee Number of applicants



Source: CzechInvest, Ministry of Industry and Trade, 2024

preferential appointments at Czech embassies and consulates, thus accelerating the process. The **annual quota** for each of the designated countries is set by a government regulation.
This programme is aimed at employers with at least a two-year history and at least six employees in the Czech Republic in the area of manufacturing, services or the public sector that are recruiting citizens of Ukraine, Serbia, Montenegro, Mongolia, the Philippines, India, Moldova, Belarus,Kazakhstan, Georgia, North Macedonia or Armenia to perform skilled labour. This Program is primarily used by established large manufacturing and shared services companies.

Digital Nomad Program

The new government program aimed at highly skilled IT professionals and marketing specialists is designed for citizens of selected countries:Australia, Japan, Canada, the Republic of Korea, New Zealand, the United Kingdom of Great Britain and Northern Ireland, the United States of America, Taiwan, Israel, Singapore, Brazil or Mexico A digital nomad can be an employee of a foreign company who works remotely from the Czech Republic over an extended period using telecommunications tools. In this case, the individual remains employed by their foreign company and does not enter into an employment relationship in the Czech Republic. Alternatively, they can operate as a freelancer – a foreign national holding a Czech trade license.

The primary condition is that the applicant must not currently hold or have recently held a long-term residence permit in the Czech Republic. Residence permit applications are typically processed within 45 days of submission. Immediate family members of digital nomads are also eligible to participate in the program. ■

Quotas in the Programme for Qualified Workers

Country	Quota
Ukraine*	12,100
Philippines	10,300
Mongolia	3,170
Montenegro (shares a quota with Serbia)	1,900
Serbia	1,900
Belarus*	1,900
Moldova	1,500
India	600
Georgia	600
Armenia	550
Kazakhstan	500
North Macedonia	400

* *The activity of Czech embassies and consulates was partially or completely suspended. In the case of Belarus, until further notice.*

Source: Government Regulation No. 220/2019 Coll.

Process of the Programme for Qualified Workers

Labour market test

10-30 days

Guarantors*

Inclusion in the project

3-5 days

Ministry of Foreign Affairs appointment

14-60 days**

Ministry of the Interior employee-card approval process

60-90 days

* *CzechInvest is one of the guarantors under the programme together with other business associations.*

** *The waiting time for arrangement of an appointment at the Czech embassy is country-specific and can vary greatly.*

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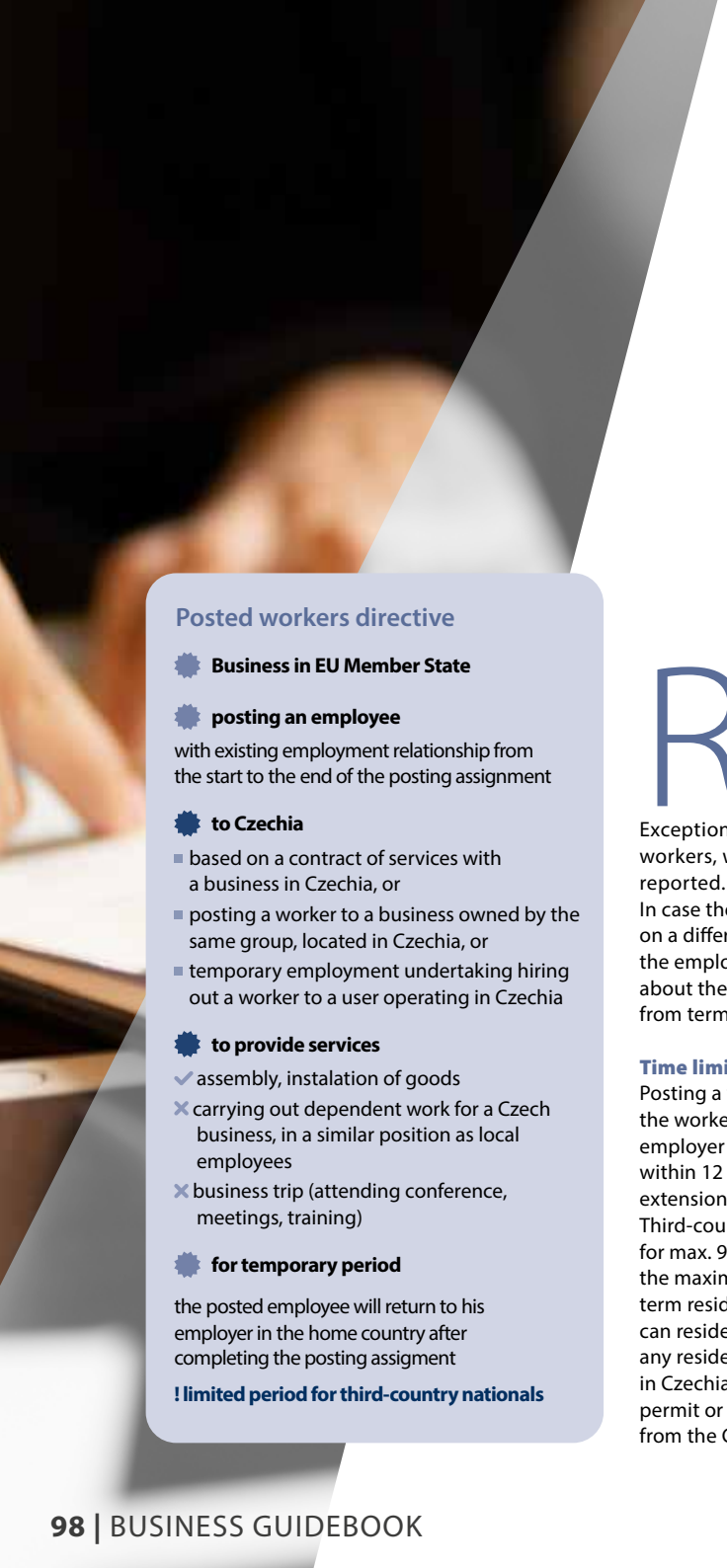

Posting of workers
from EU member states to Czechia

This article provides an overview of the simplified procedure for posting an employee from a business located in one EU Member State to another EU Member State (Czechia) to provide services for a temporary period. This procedure is based on Directive 96/71/EC, commonly known as, The Posted Workers Directive'.

Posted workers directive

Business in EU Member State

posting an employee

with existing employment relationship from the start to the end of the posting assignment

to Czechia

- based on a contract of services with a business in Czechia, or
- posting a worker to a business owned by the same group, located in Czechia, or
- temporary employment undertaking hiring out a worker to a user operating in Czechia

to provide services

- ✓ assembly, instalation of goods
- ✗ carrying out dependent work for a Czech business, in a similar position as local employees
- ✗ business trip (attending conference, meetings, training)

for temporary period

the posted employee will return to his employer in the home country after completing the posting assigment

! limited period for third-country nationals

Reporting obligation

Business posting their employee to Czechia must inform the respective branch of the Labour office on the start date the latest, on a respective notification form.
Exception applies to international transport workers, whose posting does not need to be reported.
In case the posting assignment is terminated on a different date than originally reported, the employer should inform the Labour office about the new final date within 10 calendar days from termination at the latest.

Time limitation of posting

Posting a worker is considered as temporary and the worker is expected to return to the posting employer after completing his/her assignment, within 12 months at the latest (with possible extension).
Third-country nationals are limited to posting for max. 90 days within every 180 days (which is the maximum period for which a holder of a long-term residency permit or visa in one EU country can reside in another EU country without requiring any residency permit). Should the posting in Czechia last longer than 90 days, a residency permit or long-term visa needs to be obtained from the Czech Ministry of Interior.

Keeping documents for inspection at the workplace

The employer should keep following information at the workplace:

- identification data of the worker,
- permanent residency address abroad and delivery address,
- travel document number and the name of the issuing authority,
- the job position,
- the place of the work,
- the employment period,
- the sex,
- the start date,
- the final date of the posting to Czechia.

Conditions of employment of posted workers

The business posting a worker to Czechia must ensure that the worker's employment conditions will be compliant with Czech law (such as maximum work periods, minimum rest periods, minimum paid annual leave, remuneration, non-discrimination, reimbursement of travel costs, etc.).

Non-compliance

A fine up to 100 000 CZK can be imposed for omitting the reporting obligation.

Changes from July 2024

From July 2024 the employers are obliged reporting the posting of their workers to the State Labour Inspection Office (instead of the Labour Office), via an interactive online form connected to a newly established electronic database of all posted workers in Czechia. Moreover, instead of having to keep the employment contract at the workplace, the employer will upload its electronic version as an attachment to the interactive online form. ■

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IBS INTERNATIONAL BUSINESS SUPPORT

Find out more about taxes

The Czech tax environment:
Transparent and competitive

The Czech tax system is transparent and competitive and offers a number of opportunities to investors.

For individuals

Tax base below 36 times the average salary (approx. EUR 65,700 p.a.) is subject to a 15% tax rate; tax base above this limit is subject to a 23% tax rate. The final tax liability may be lowered by various tax deductions and forms of tax relief, depending on the individual's personal situation.

Participation in the Czech social security and health insurance systems is generally required but can be modified by applying EU legislation or a respective totalization agreement. The Czech social security system covers a wide range of state support, including high-quality public medical care, pension, disability insurance, sickness insurance and unemployment benefits.

For businesses

Business income is taxed at a rate of 21%. A 5% rate applies to basic investment funds. The Czech Republic transposed the EU Directive on Ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the EU (BEPS 2.0 – Pillar 2) as of 31 December 2023.

The corporate income tax base is determined in accordance with the Czech Accounting Standards, with adjustments for tax purposes. The functional currency is the Czech koruna. The company may choose to use the Euro, the US Dollar or the British Pound Sterling as its functional currency under certain conditions.

Withholding tax is applicable to limited types of payments to non-residents (e.g. dividends, interest and royalties); however, exemptions based on the respective EU directives and/or double taxation treaties can be obtained.

To support the business activities of domestic and foreign investors, the following new and existing benefits are available (see table for more details). In the years 2024 and 2025, some companies active in energy, oil and banking industries are subject to so-called windfall tax of an additional 60% on the profits compared to the benchmark stipulated based on prior years' profits.

Indirect taxes

For VAT payers performing taxable activities, VAT generally should not represent an additional cost. The standard VAT rate is 21% and the reduced rate is 12%. Certain supplies are exempt.

The Czech Republic implemented Directive 2006/112/EC on the common system of VAT and is thus generally in line with the principles applied within the EU.

The transfer of goods within EU member states is generally not regarded as export or import. Goods imported from third countries are subject to import customs duties, excise duties, VAT and other measures based on the EU customs tariff.

Other taxes

Several rather immaterial taxes such as property tax and road tax for selected vehicles are applicable in the Czech Republic. ■

R&D deduction	■ Eligible costs can be deducted twice: once as operating costs and further as a special R&D deduction (a 110% increase for incremental eligible costs is available)
Investment incentives	■ Job creation and training grants ■ Cash grants for strategic investments ■ Corporate income and property tax relief
Tax loss deduction	■ Carry forward for five tax periods ■ (Limited) carry back for two tax periods
Acceleration of tax depreciation	■ Tax amortisation of intangible assets equals to its accounting amortisation (for assets acquired from 1 January 2020) ■ Extraordinary tax depreciation of emission-free vehicles acquired from the 2024 to 2028 tax periods

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Building a better working world

Paying corporate taxes in the Czech Republic

Foreign and Czech companies operating within the Czech Republic will encounter obligations related to various taxes, including corporate income tax, VAT, and withholding tax.

Corporate income tax

Taxable Entities and Income

Entities subject to corporate taxation in the Czech Republic include both resident and non-resident companies with a permanent establishment. For tax residents, their total worldwide income is subject to income tax in the Czech Republic, with some exemptions and deductions easing the tax burden.
The tax base is derived from the annual profit calculated in accordance with Czech accounting principles, adjusted for non-tax-deductible expenses and non-taxable revenues.
In response to soaring energy prices, the Government introduced an additional "windfall tax" for years 2023 to 2025, targeting companies in the banking and energy sectors.

Rate

The Czech Republic maintains a competitive general corporate income tax (CIT) rate of 21%. Certain exceptions to this general CIT rate exist, such as a special CIT rate of 5 % for certain investment funds and a 0 % CIT rate for pension funds.

Tax Incentives and Credits

Various incentives and tax credits, including research and development, investment incentives, and tax loss carry forwards and backwards, are offered to stimulate economic growth. Additionally, companies can reduce their tax liability through deductions for employees with disabilities and contributions to charitable purposes.

Transfer Pricing Considerations

In adherence to international standards, particularly OECD guidelines, the Czech Republic aims to prevent profit shifting among related entities. While not legally mandatory, transfer pricing documentation serves as a persuasive tool in resolving tax disputes.

Tax Compliance and Reporting

The tax year typically coincides with the calendar year or the fiscal year. Companies must file their annual tax returns generally within three months from the end of the year. In case of companies liable to statutory audit and companies using the services of tax advisors, the time limit is extended to six months.

Withholding tax

Dividends paid by Czech stock companies are generally subject to a 15% withholding tax. However, this rate is limited to profit distributions to residents of the Czech Republic and countries with which the Czech Republic has a double taxation treaty. In all other instances, a 35% rate applies.
In addition to dividends, interests and royalties are also subject to withholding tax.

VAT

VAT, a crucial part of Czech taxation, encompasses a standard rate of 21 % and reduced rate of 12 %.
The reduced rate applies to specific goods and services such as foodstuffs, accommodation services, public transportation etc.
VAT payers must fulfil obligations such as filing VAT returns and EC Sales Lists for EU sales and submitting a VAT control statement (a detailed transactional VAT report). In connection with the implementation of the EU directive, Czech Republic has newly introduced a cross-border regime for small businesses („the SME scheme") from 2025. Followingly, as of January 2025, there has been changes in a time limit for claiming the VAT deductions and new rules for mandatory VAT registration and an obligation to refund VAT deductions on unpaid liabilities after six months. ■

Illustrative Comparison of CIT and VAT Rates in the Czech Republic and Several Other European Countries (in %)

Country	CIT rate	standard VAT rate	reduced VAT rate
Czech Republic	21	21	12
Austria	23	20	19 / 13 / 10
Germany	29,9	19	7
Slovakia	21	23	19 / 5
Poland	19	23	8 / 5

Source: information on CIT rates was obtained from official documents, laws, and government websites of respective countries

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Paying personal income tax in the Czech Republic

Czech tax law recognises five types of individual income that are subject to tax and stipulates specific rules for calculating the partial tax base from each of them. The total tax base of an individual is then represented by the sum of these partial tax bases. The personal income tax rate is progressive, with the first rate being 15%. The second increased rate 23% is applicable to income over CZK 1,676,052 (approx. EUR 65,725) in 2025.

Calculation of tax liability from the aggregate tax base

- Aggregate tax base
- Deductions
  (e.g. deduction of paid mortgage interest, contributions made to a private pension scheme and/or private life-insurance account, charitable donations)
- = Tax base the nearest hundreds Czech korunas
- × Tax rate
- Tax allowances
- = Tax liability

For each activity, the mostly used lump-sum deductions are set as follows

Lump-sum deduction	Maximum limit for the lump-sum deduction for the taxable period 2025
60% in most trade-license activities	CZK 1,200,000 (approx. EUR 49,000)
40% e.g. lawyers, tax advisors, architects, doctors, artists	CZK 800,000 (approx. EUR 32,650)

Tax residency
Czech tax residents have a duty to pay taxes in the Czech Republic from their worldwide income. An individual is a Czech tax resident if he or she has a permanent address in the Czech Republic or spends here at least 183 days in total per year.

Types of taxable income
The following five general types of income are recognised in relation to individuals:
- employment income,
- business income,
- income from capital assets,
- rental income,
- other income.

Employment
Employment income is mainly income from performing work based on an employment contract or remuneration of statutory representatives of companies. Tax base is calculated as follows:
Tax base = gross salary and taxable benefits (i.e. employment income).
A maximum assessment base applies to social security. For the taxable period 2025, the limit is set at CZK 2,234,736 (approx. EUR 89,389). However, there is no maximum limit applicable to health insurance.

Business income
The partial tax base (or tax loss) in relation to business profits is represented by the difference between earned business income and related business expenses. The individual may select the more convenient of the following methods of claiming tax-deductible expenses:
- paid expenses in the actual (documented) amount,
- lump-sum deduction.

Capital income
Income from capital assets mainly comprises received dividends, interest and income from pension accounts and life-insurance policies.

Rental income
This category includes income from leases excluding some exceptions. The mechanism for calculating the partial tax base (or tax loss) from leases is similar to that for business income (i.e. the individual may choose between claiming actually incurred expenses or claiming a lump-sum standard deduction, which is 30 % with the maximum limit of CZK 600,000 (approx. EUR 23,530) for the taxable period 2025).

Other income
Any income other than that described above falls within the scope of the partial tax base, e.g. income from the sale of property or movable assets including shares, from occasional activities and leasing of movable property, non-monetary income, etc.

Calculation of tax liability
An individual can also apply deductions and tax allowances, which are applied under the stipulated conditions available mostly to tax residents of the Czech Republic. The tax liability reduced by tax allowances is the final tax liability to be settled with the tax authority. The most frequently applied tax allowances are general annual allowance, allowances for children, and allowances for taxpayers with a low-income spouse (when taking care of a child under 3 years of age).

Tax compliance
The obligation of an individual to submit a tax return arises if the individual has earned taxable income (not subject to withholding tax) in the annual amount of at least CZK 50,000 (approx. EUR 1,960). If the individual has earned employment income only, the related tax obligations are in most cases settled by the employer and no obligation to file a tax return arises. ■

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Interested
in M&A?

Foreign employees working in the Czech Republic – Personal income taxation and social security

The Czech Republic, with its location in the heart of Europe, is a strategic location for the operations of employees of foreign companies.

Working in the Czech Republic as an employee of a non-Czech company may result in Czech income tax and/or social security obligations for the employee as well as for their foreign employers.

Before an analysis of the resulting Czech tax obligations is done, the following questions should be answered:

- Who is the legal employer of the employee working in the Czech Republic?
- For benefit of which company will the employe work and who will manage his/her work in the Czech Republic?
- From which territory is the employee planning to work, considering the work from Czech company office or home office?
- What is the expected employee's travel pattern between the Czech Republic and home/other countries?
- Where are the personal ties of the individual?
- What is the estimated duration of work in the Czech Republic?
- Are there any other employees of the same employer working in the Czech Republic?

Czech tax implications for the employees

The alfa and omega in the personal income taxation is to assess the tax residency position of the individual. While the Czech tax non-residents are obliged to declare for Czech tax purposes their Czech source income only, Czech tax residents must declare their worldwide income.

In case the individual is considered a tax resident in more countries at the same time, the tie-breaker rules of the relevant double tax treaty bring the final position.

Once the employee becomes taxable in the Czech Republic, he might be liable to file Czech annual income tax return, unless his Czech tax liabilities are fully met via a Czech payroll run by the company.

Czech tax implications for the companies

Due to Czech work of foreign employee(s), some income tax related duties may arise for the company (home or host), e.g.:

- Registration at the Czech Tax Office, if not done already.
- Running of Czech actual/shadow payroll for the employee.
- Creation of a Czech permanent establishment and processing the resulting corporate tax obligations.

Social Security

For employees migrating within European Union, an EU social security regulation is in place, under which the individual should pay the mandatory social security/health insurance in one country only, once the EU regulation states the competent country.

Moreover, bilateral social security treaties are concluded between the Czech Republic and some countries helping to avoid double payment of contributions too.

Otherwise, both countries apply their local rules what usually ends with the social security contributions paid to each country.

Once the employee becomes subject to the Czech social security scheme it triggers additional administration for the companies involved. ■

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M&A strategies
for a brave new world

In today's rapidly evolving market, companies need to rethink their strategies, prioritizing themes like digitization and climate change to ensure long-term success. How can adapting M&A strategies to acquire strategic assets and bridge skill gaps drive lasting success and strengthen market leadership?

Rethinking M&A strategies

This year, European M&A transactions have rebounded amid an improving economic outlook and declining interest rates. However, companies still face an increasingly dynamic market environment, compelling them to rethink the future of their industries, reassess core strengths, and reevaluate competitive advantages to succeed. Additionally, for sustainable long-term value creation, companies must consider broader macro trends such as inflation, interest rate movements, and transformative forces like digitization, advancements in AI, climate change, healthcare and well-being, energy transition, workforce skill shortages, and aging populations.

As such, capital allocation needs to be considered and evaluated through the lens of whether the current asset portfolio is fit for purpose to enable desired returns going forward. This will help companies make fundamental choices on growth strategies, prioritize the markets and segments where they need to play, identify gaps and the skills they need to win, determine which assets will be needed for the future, and determine how best to transform themselves in the process by making both organic and inorganic investments.

Trends reshaping M&A in the Czech Republic

M&A deal activity in the Czech Republic rose in 2024 (November data), supported by a generally improving economic environment, with slowing inflation and declining interest rates. Preliminary data from Mergermarket shows an overall deal count of 84 for 2024, marking a 12% increase compared to 2023.

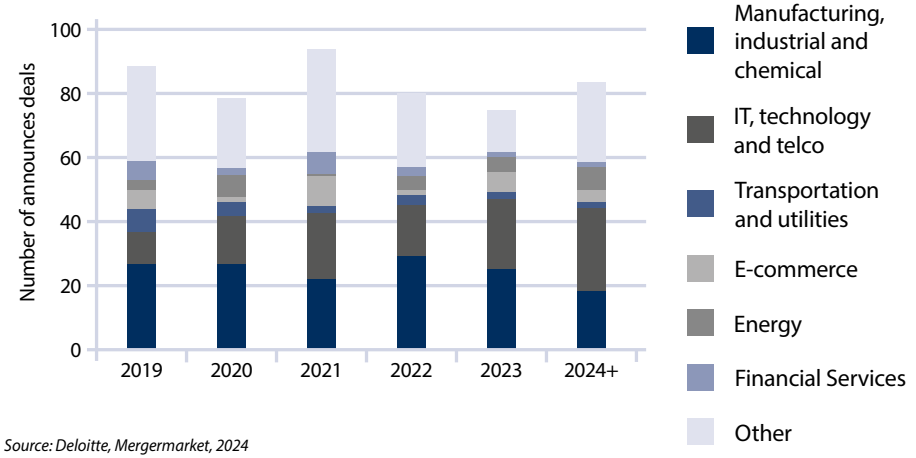
Purchase price mechanisms

With a 71% share in small to medium-sized transactions, closing accounts continues to be generally the preferred mechanism for determining deal prices in the Czech Republic. In the pre-pandemic period, however, the locked-box mechanism gained some popularity in the SPAs, as the Czech Republic became a "seller's" market, putting more emphasis on making the purchase price as certain as possible. However, the economic uncertainty caused by energy crisis, high inflation and geopolitical conflicts called for more flexible purchase price arrangements, such as earn-outs. Such strategies are often essential for breaking deadlocks in negotiations, especially when there's a significant gap between sellers' price expectations and buyers' risk tolerance. This year, however, brings positive developments: demand is rising, and price expectations between sellers and buyers are more aligned than in recent years.

Few shifts occurred in the origin of key bidders

Between 2016 and 2022, local transactions accounted for more than half of all deals, rising to about two-thirds in the past two years. Austrian investors emerged as the foremost foreign participants in 2024, sealing five deals, closely trailed by four deals from US and UK investors. In the long run, German investors are the most active due to the close commercial ties between the Czech and German economies. While US investors secured the second position in both 2023 and 2024, acquisitions from non-EU nations (including the UK) remained infrequent, constituting only about 20% of acquisitions in the Czech Republic over the past seven years. Strategic players continue to dominate the M&A market, while the number of transactions carried by financial investors has seen a slight decline this year. ■

Number of announced deals with target in the Czech Republic



Source: Deloitte, Mergermarket, 2024

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Deloitte.

From preparation to operation

When making decisions in the process of preparing and implementing an investment in the Czech Republic, foreign investors have the possibility to use the services of consulting firms connected with resolving various construction-technical and organisational issues. This pertains to both new construction projects and brownfields. The services are offered to foreign investors based on the service providers' past experience gained particularly in the Czech Republic.

The character of provided services is fully dependent on the character of the given project. These services should minimise investors' risk associated with errors arising from a lack of understanding of the specific conditions and differences in construction-related legislation.

Technical screening

Investors are offered services consisting in collection and assessment of information required for making a decision on the given project's location. This involves assessments of the following aspects:

- Proposed location of the structure with respect to urban development documentation and possible risks.
- Transportation infrastructure with respect to not only the implementation and operation of the structure, but also to accessibility for employees.
- Utilities networks, especially with respect to their long-term operability, quality, capacity and loading.
- Climatic conditions in relation to transport, energy intensity, operating costs and the scope of facility management.

It is necessary to check the following:

- Quality of given building and its individual parts and the utilised construction materials from the perspective of the structure's anticipated service life.
- Determination of the extent of the building's compliance with the technical standards and regulations.
- Condition of equipment and the location of all necessary energy sources for flawless and economical operation.
- Condition of the fire-protection system and assurance of occupational safety.

Foreign investors commonly request this overview of analytical documents and information from consulting firms.

Preparation and implementation

In this part of the project lifecycle, the project and cost management services are as follows:
Recommendation regarding the specific professional competence of the project manager and management teams, with focus on thorough knowledge of the technical and organisational conditions of the construction process in the Czech Republic.
Assessment of materials for selection of a general contractor alerting investors to risks that may arise.
A technical audit of the documentation for selection of the contractor carried out by a consulting firm is extraordinarily beneficial for investors. Assistance with the actual selection and evaluation of bids is a natural part of the offered services.
Management services with focus on the key milestones of the construction project, the basic links between the structural and technological works and a statement of significant risk areas. The process should be as follows:

Step 1:
The investor and consulting firm define the objectives and set up the time schedule and organisational assurance. Usually, a representative of the consulting firm explains to the investor all aspects of the agreed activities.

Step 2:
The consulting firm forms a team of specialists according to the agreed requirements with the objective of precisely specifying the preliminary actions to be taken.

Step 3:
The consulting firm's specialists verify individual areas and prepare partial reports including necessary documentation and recommendations.

Step 4:
The management of the consulting firm submits a final summary report to the investor. Within this report, emphasis is placed on a comprehensive solution for determining the status with a statement of the degree of importance of the determined facts.

The process of providing such technical due diligence services as described above is common practice and is always the result of the initial discussions and the requirements precisely formulated by the investor. ■

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Environmental due diligence – A cornerstone of new acquisitions assessment

Environmental due diligence (EDD), i.e. the ecological audit of industrial companies, administrative buildings or undeveloped land plots intended for further development, is an important element of making decisions about new property acquisitions.

The purpose of EDD is to provide a comprehensive evaluation of a given property with respect to possible environmental risks. The audit provides the client with an assessment of whether the property complies with the applicable environmental laws, as well as a determination of the possible risks and costs associated with remedial measures. Typical clients requesting EDD services include individual industrial companies and business chains, as well as important developers and companies providing facility management services.

As there is no specific EDD methodology in place in the Czech Republic and as the majority of acquisitions involve foreign investments, most consulting companies provide EDD services according to the ASTM E1527-21 standard issued by the American Society for Testing and Materials (ASTM). This approach ensures easy orientation and fulfilment of foreign investors' expectations.

Environmental due diligence is performed in two phases according to the ASTM methodology.

Phase I includes an evaluation of the site in order to identify its potential or existing environmental contamination liabilities for the purpose of assessing whether it is in compliance with legislative requirements. The current state of the site and all activities being carried out on it are assessed during a site visit and a subsequent desk study of materials, records, maps and data. Based on the available information, the following points are assessed:

- historical use of the site with emphasis on uncovering old ecological burdens.
- environmental impacts of current activities (waste handling, use and storage of chemicals, technological operations, heating and cooling, etc.).

The guiding principle behind this approach consists in an attempt to establish links between a source of hazards and a potential receptor via an exposure pathway. Risk assessment is the process of collating known information on a hazard or set of hazards in order to estimate actual or potential risks to receptors. Receptors may be humans, water resources, a sensitive local ecosystem or future construction materials. Receptors can be connected with the hazard via one or several exposure pathways (e.g. direct contact). Risks are generally managed by isolating or removing the hazard, isolating the receptor or by disrupting the exposure pathway. Without the three essential components of source (hazard), pathway and receptor, there can be no risk. Thus, the mere presence of a hazard at a site does not mean that there will necessarily be attendant risks.

Phase II is carried out in the case that the first stage defines the necessity of further specialised research for the purpose of making a qualified decision about the environmental state of the site. The most frequently performed activities during the second phase are research of asbestos occurrence and taking samples (e.g. soil, groundwater or building materials) to analyse for quantitative values of various contaminants, the most frequent contaminant being petroleum products (hydrocarbons) or PCBs from the operation of old facilities and equipment, such as transformers and the like.

Performing environmental due diligence should be a standard step during acquisitions of properties, as it can significantly contribute to the decision-making process as a whole and reduce the costs of future remedial measures. The most effective approach is to have EDD done by a high-quality company that knows the local conditions and all related circumstances. ■

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Directorship services in the Czech Republic: overview and usage

Directorship services are used by companies requiring an independent professional to act as a director. This service is especially common among foreign investors or firms with limited local presence, or when independence and accountability are essential for company management.

Nominee services and their importance

Nominee services involve appointing an independent person to act on behalf of another entity. A **nominee director** is a common example where an external director, independent of the company's staff, is appointed to manage the company. Typically, nominee directors come from trusted, insured firms that ensure the director acts strictly according to the client's instructions.

These services are particularly valuable for companies that require local management, guidance on regulatory updates, and expert recommendations within the country where they are registered, but do not have local experts on the ground.

Key advantages of a nominee director services

Nominee directors offer various benefits, particularly for international businesses:

- **Local management and control:** Appointing a foreign director to a Czech company may lead to questions, from banks and other authorities about where the company's real management is based. This risk is reduced by appointing a local professional familiar with Czech legal and business environments.
- **Independence and accountability:** Trust firms offering nominee directors usually have professional liability insurance, ensuring client protection. An external director can handle administrative tasks (e.g., accounting, payroll, tax compliance or corporate secretarial necessities) more effectively than an employee who may already have other primary duties.
- **Limited local presence:** Foreign investors often manage their operations across multiple countries from abroad. A local director with knowledge of the local laws, banks, and government authorities can save significant time and resources compared to having an expatriate handle these responsibilities in multiple jurisdictions.
- **Cost efficiency:** Hiring a local director is more cost-effective than relocating an internal employee to the Czech Republic. A local nominee director is already familiar with the market and offers an efficient, economical and administrative solution, connecting the company with local contacts.

Responsible representative for business licenses

Another useful service under Directorship Services is the **responsible representative** for trades that require specific qualifications under Czech law. This role applies to sectors like accounting, auditing, payroll and other regulated industries. The responsible representative ensures that the company complies with legal requirements to operate a licensed trade.

Key benefits include:

- Faster entry into the market for companies lacking internal qualifications.
- Compliance with legal standards without needing to hire full-time specialists.
- Reduced administrative burden and lower costs, as firms avoid hiring an extensive local management team.

Summary and key considerations

Directorship and nominee services provide flexible solutions for companies operating in the Czech Republic. These services are especially beneficial for foreign investors or companies with minimal local presence, ensuring professional management, compliance with legal requirements, and efficient handling of administrative tasks. Additionally, responsible representatives help companies meet professional standards required for licensed business operations, facilitating smooth and lawful market entry. ■

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Sourcing and business partnership

Are you looking for a suitable supplier or a joint-venture or acquisition partner in Czechia? If so, CzechInvest's sourcing services are crucial for you.

CzechInvest's Sourcing Department

CzechInvest established its Sourcing Department 28 years ago with the aim of seeking out suitable Czech suppliers and joint-venture and acquisition partners to ease the start of production for foreign investors in the Czech Republic. Sourcing is frequently used by manufacturing companies that are considering establishing or expanding their manufacturing activities through either a greenfield investment, an acquisition or a joint venture. The Sourcing Department's services are provided free of charge.

Supplier market screening

In 2024, sourcing specialists prepared 65 market screenings of Czech suppliers for 38 clients from 11 countries. They also chose 1317 potencional czech suppliers for their clients. The strongest demand for supplier market screening was from German companies, followed by Czech, Taiwanese and British firms. Market screenings are prepared based on CzechInvest clients' specifications and contain valuable information such as maps of locations and revenue-per-employee ratio charts of selected suppliers, as well as detailed company profiles comprising information on, for example, quality certificates, specifications of products and technical equipment, and major customers.

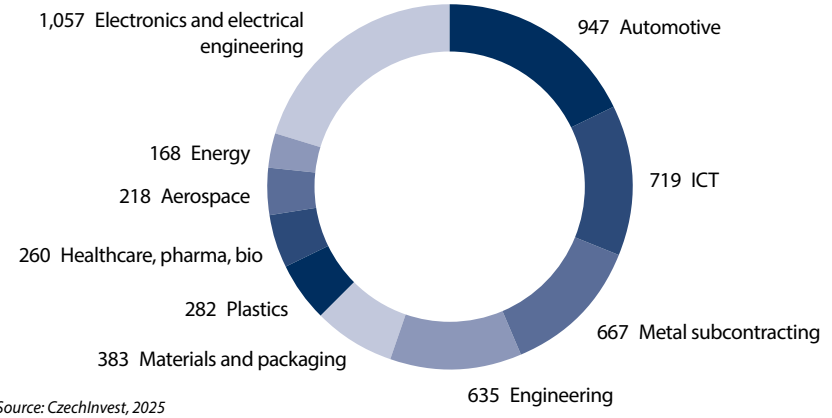
Visits to Czech suppliers

Based on the market screenings, foreign companies shortlist selected Czech suppliers. Sourcing specialists are prepared to help foreign companies organise visits to selected suppliers and assist them during such visits. Services include formulation of itineraries of business trips in the Czech Republic, interpreting and transport.

Sectoral database of suppliers

Czech supplier companies as well as companies that are seeking a partner or investor are listed in CzechInvest's sectoral database of suppliers. The database contains standardised profiles of more than 3,700 Czech manufacturing and ICT companies. Suppliers are classified into ten sectors (e.g. automotive, aerospace, engineering) and further sorted into subcategories. Typical suppliers are companies engaged in, for example, plastic injection moulding, metalworking, CNC machining or mechanical engineering. Registration in the sectoral database of suppliers is available on CzechInvest's website and is free of charge. Investors and companies from all over the world use the database to find suppliers or joint-venture partners that best suit their needs and to get an overview of status of supply in relation to a specific sector. The database is used by global companies such as BMW, Boeing, Cisco, Microsoft, IKEA, DHL, Nikon, KPMG, Siemens and Jaguar Land Rover, among many others. ■

Number of companies in the database by sector in 2024



Source: CzechInvest, 2025

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CZECHINVEST

Advantages of outsourcing to a business services centre

Czech Republic is a great location for business services centres (BSC). Most of them have a captive business model providing services to their respective internal organisations. However, if you find in Czech Republic a BSC that provides business process outsourcing services to external clients, a spectrum of financial and operational benefits opens up.

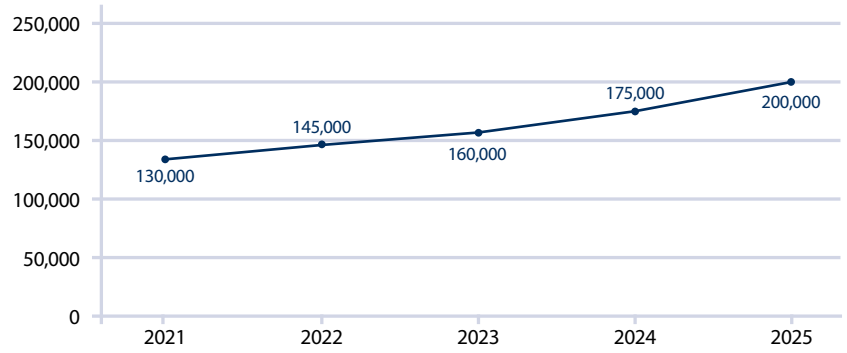
An external business services centre can take over your firm's non-core administrative activities, insource them in a centre located in a country with lower primarily labour costs and at the same time use the high standard of education level of employees, for example in the Czech Republic and then digitise and automate them. This fast, flexible and scalable end-to-end solution allows the following:

- increasing customer satisfaction
- increasing quality of service and security standards
- harmonisation of processes across territories
- reduction of costs by 15%-30% on average while eliminating the financial risks associated with the organisation's operations
- transparent financial and customer service reporting
- maintaining high ethical standards
- better positioning for future growth

BSC will achieve all this by employing a dedicated multi-language customer service team supported by a well-established process for quality and continuous improvement, internal security management, 24-hour IT surveillance and help desks, continuous back-up of the entire IT environment, anti-phishing and anti-ransomware measures. At the same time their clients do not have to worry about recruitment, training, onboarding, managing employees, retention, remuneration or planning of substitutes during vacation and sickness. It is important to add that by outsourcing organisation's non-core activities, client's resources can be allocated more effectively to the core competencies.

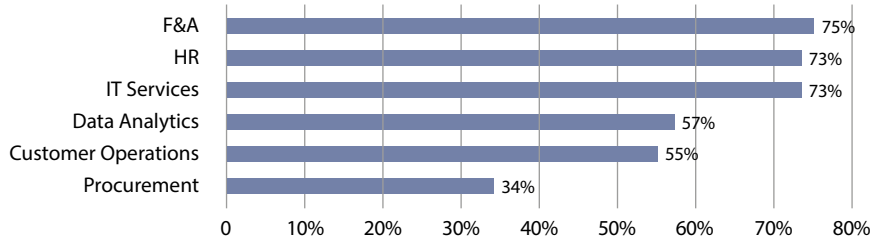
So why is the business services sector so successful in the Czech Republic and growing faster than any other sector here? That is primarily thanks to the rapid development of information technology and expansion of the scope of existing centres, as well as to global digitalisation and the attractiveness of the Czech Republic for investments in business services. ■

Growth rate of business services in the Czech Republic



Source: ABSL Survey 2021 - 2025

Top services areas provided from the Czech Republic



Source: ABSL Survey 2023

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Did you know?

Czech discoveries and inventions

Electron microscope

Czech physicist Armin Delong introduced the first Czech electron microscope into production in 1949, which later led to the fact that the city of Brno is considered to be the global centre of electron microscopy.

Beer

The first pilsner-style beer was produced in Plzeň in 1842.

Sugar cubes

This common form of sugar was first produced at a sugar mill in the town of Dačice in 1843.

Robot

The word "robot" was coined by Czech writer Karel Čapek.

Lightning rod

The lighting rod was invented by Czech inventor Václav Prokop Diviš in 1754.

Semtex

The plastic explosive is named after Semtín, where it was first manufactured in 1964. The plant was later renamed as Explosia, a subsidiary of Synthesia. Semtex was invented by Czech chemist Stanislav Brebera.

Soft contact lenses

Czech inventor Otto Wichterle designed and produced the first soft contact lenses in 1961.

Blood types

Czech neurologist Jan Jánský discovered the four basic blood types in 1907.

Laws of heredity

Moravian scientist Gregor Mendel discovered the basic laws of heredity and was the first to use biostatic methods in his work, the results of which were initially presented in 1865.

Tatra

Established in 1850, the Czech company Tatra is the third-oldest car manufacturer in the world. One of the world's oldest factory-made cars is the Tatra Präsident, which was first produced in Kopřivnice in 1897.

Polarography

Physical chemist Jaroslav Heyrovský invented polarography in 1922 and is considered to be the father of electroanalytical chemistry. He received the Nobel Prize for chemistry in 1959.

AIDS drugs

Drugs developed by Czech chemist Antonín Holý are part of the most effective available medications for fighting AIDS, as well as shingles, viral infections of the ocular mucous membranes and hepatitis B.

Kaplan turbine

In 1910-1912, Czech scientist Viktor Kaplan invented the Kaplan turbine, which became the most significant type of turbine used in large hydropower plants around the world.

Screw propeller

The inventor of the maritime screw propeller, Josef Ressel, was from the Czech lands. Ressel had a ship-propulsion system comprising a steam engine and screw of his own design patented in 1827.

Did you know?

Where Czechs excel

Cardiology and heart surgery

Thanks to the extraordinary development of heart surgery here, the Czech Republic currently ranks among the most advanced European countries in terms of both the number of surgeries performed and the quality of care.

Ultralight aircraft

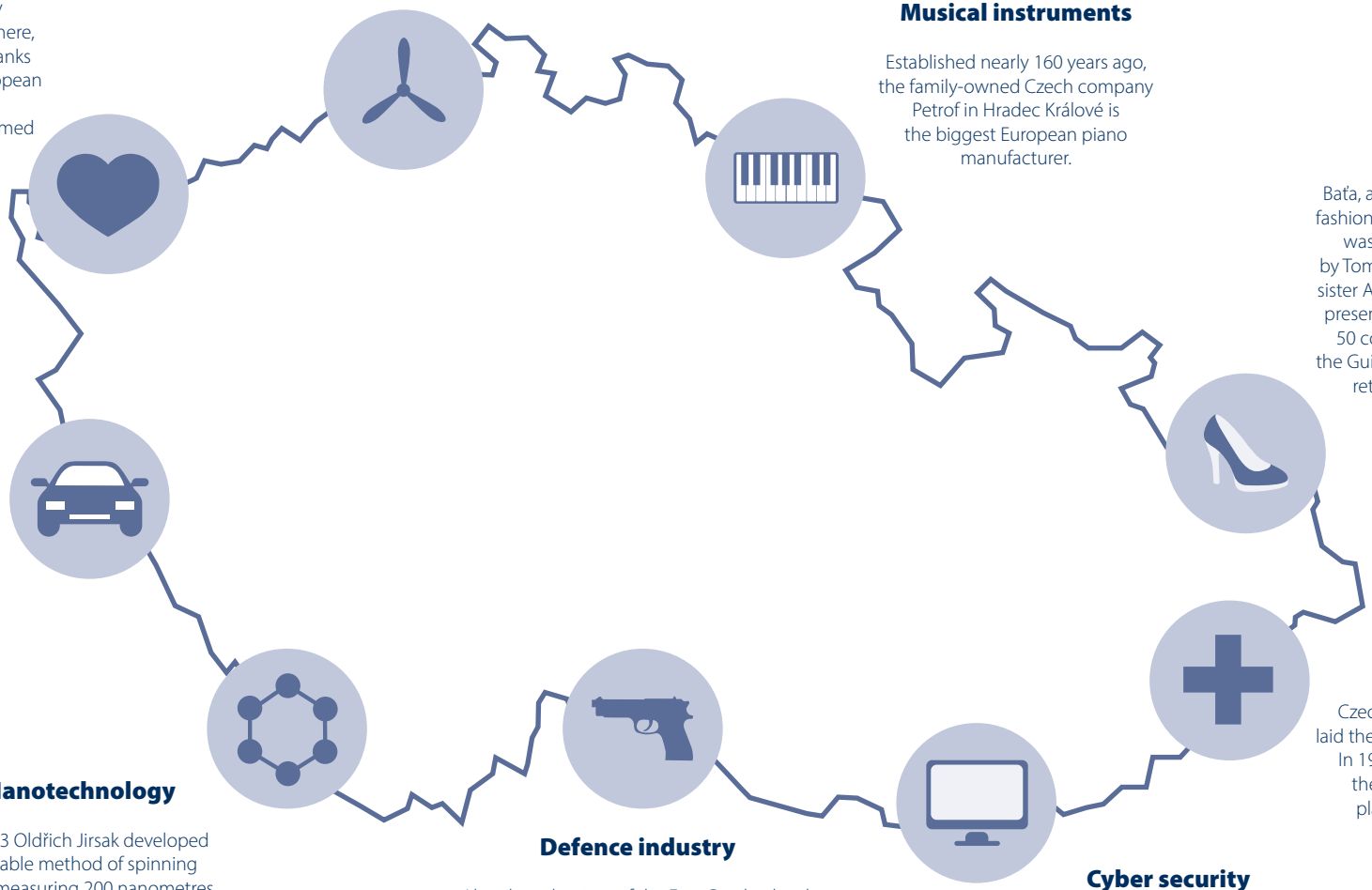
The Czech Republic is among the world leaders in the production of ultralight aircraft and is one of the biggest producers in Europe.

Musical instruments

Established nearly 160 years ago, the family-owned Czech company Petrof in Hradec Králové is the biggest European piano manufacturer.

Footwear industry

Baťa, a family-owned global footwear and fashion accessory manufacturer and retailer was founded in 1894 in Zlín, Moravia by Tomáš Baťa, his brother Antonín and his sister Anna. Today, the company has a retail presence of over 5000 retail stores in over 50 countries. In 2004, Baťa has entered the Guinness Book of Records as the largest retailer and manufacturer of shoes in the world.



Automotive industry

The Czech Republic produced 1.3 million cars in 2022. The most significant Czech carmaker is Škoda Auto, which has been in existence for over a century. Czech trams are also well known elsewhere in the world.

Plastic surgery

Czech physician František Burian laid the foundations of plastic surgery. In 1939, Czechoslovakia became the first country to recognise plastic surgery as a separate field of medicine.

Nanotechnology

In 2003 Oldřich Jirsak developed a reliable method of spinning fibres measuring 200 nanometres in diameter. Based on his patent, the Czech company Elmarco became the first supplier of industrial-scale nanofibre production equipment in 2004.

Defence industry

Already in the time of the First Czechoslovak Republic, the country was one of the world's biggest arms exporters. Nowadays, developed by the Pardubice-based company ERA, the Věra and Tamara passive radar systems are among the best in the world and can detect stealth aircraft.

Cyber security

The anti-virus software companies AVG Technologies and AVAST have become a symbol of success for the Czech ICT sector. Together these companies currently provide protection against cyber threats to more than 435 million users worldwide.

Top sectors for investment

Automotive industry

The European automotive industry is undergoing a fundamental transformation, which is being reflected in the situations of individual companies. In spite of that, the automotive sector in the Czech Republic is maintaining its position as a strong pillar and driver of the domestic economy. Final manufacturers of automobiles and their suppliers account for approximately 9% of the Czech Republic's gross domestic product and nearly one-fourth of the country's total exports. At the same time, the Czech automotive industry excels in the area of research and innovation, accounting for nearly one-third of industrial investments in research and development and having a strong multiplier effect on related sectors.

Employing 180,000 people directly and 500,000 including related sectors, the Czech automotive industry also contributes CZK 80 billion annually to the national budget. The Czech Republic is a notable player also in a global comparison. Within the European Union, the country ranks third among the largest producers of passenger cars. In per-capita terms, it is the second-biggest passenger-car producer in the world and the global leader in the bus segment.

Thanks to its position in the centre of Europe and favourable labour costs, the Czech Republic remains one of the most attractive locations for new investments in the automotive industry.

A successful 2024

The Czech automotive sector enjoyed success in 2024, though it wasn't an easy year. In addition to repercussions of the COVID-19 pandemic, the year was marked by unstable supply chains and the impacts of the war in Ukraine and other conflicts elsewhere in the world. In comparison with previous years, however, improvement was registered in the supply of necessary raw materials and components.

High prices of certain inputs, particularly energy, continue to be a long-term challenge. The unsatisfactory situation in the domestic labour market was also a limiting factor for some companies last year.

In the course of the year, suppliers began to feel the effects of the unfavourable developments in the German economy, to which the Czech automotive industry is closely tied, as more than 30% of its exports go to Germany. At the end of the year, domestic carmakers slowed production in correlation with falling demand and thus declining vehicle sales on the main European markets.

Return to pre-crisis production values

Most companies saw improved results, with final production surpassing pre-COVID levels. In the course of 2024, a total of 1,452,881 passenger cars rolled off of domestic assembly lines, a 3.9% increase over the previous year. In addition to that, 4,489 buses, 1,522 freight vehicles, 909 motorcycles and 17,862 trailers were manufactured.

The largest manufacturer in the Czech Republic is Škoda Auto, which accounts for nearly 62% of the total volume of passenger-car production. In 2024, a total of 896,933 vehicles rolled out of the factory gates in Mladá Boleslav and Kvasiny. Hyundai Motor Manufacturing Czech in Nošovice manufactured 330,890 vehicles (22.5% share) in 2024 and Toyota Motor Manufacturing Czech Republic in Kolín turned out 225,058 cars (15.5%). Of the total number of vehicles manufactured, 151,162 were electric, of which 113,232 were purely battery powered and 37,930 were plug-in hybrids. In percentage terms, electric vehicles thus comprised 10.4% of production, which was less than the carmakers had anticipated.

Bus production saw a year-on-year decline of 14.5%. The largest company in this segment, Iveco Czech Republic, manufactured 4,040 buses and an additional 604 buses in built-up form, which were then completed at the company's sister plant in Foggia, Italy. A total of 416 buses were manufactured at the SOR plant in Libchavy.

Tatra fared well in 2024, as its production volume increased by 6.3% year on year, with a total of 1,522 freight vehicles leaving its plant in Kopřivnice.

Final producers also include manufacturers of small and large trailers, which together turned out a total of 17,862 units. The traditional Czech motorcycle manufacturer Jawa Moto reported 20.4% year-on-year growth in production volume with a total of 909 units produced.

2025 will be demanding

The ongoing conflicts in Ukraine and the Middle East, rising geopolitical tensions, escalating tariffs and high raw-material and energy prices are only a few of the challenges that the automative sector will face in 2025. It can therefore be expected that this year will be more rather than less demanding than the previous year.

European legislation will also have a number of negative impacts on markets and production. In addition to increasingly strict emissions and technical requirements, it will be necessary to deal with a number of artificially created obstacles in 2025. It can be expected that rapid growth in the share of electric vehicles due to CO2 regulations will negatively impact markets, whether by limiting the number of available models with internal-combustion engines or through upward price pressure due to impending fines for fleet emissions.

A perhaps even more difficult situation awaits the supplier sector, which faced serious problems last year. Pressure to invest in electromobility means fewer models and uncertainty in planning, as falling demand is reflected in declining orders and production inefficiencies. The degree to which the sector is tied to the German market, where the largest number of customers for its products are located, is becoming fully apparent. Layoffs will be on the agenda also in the Czech Republic, though to a significantly smaller extent than in Germany, for example.

Uncertainty persists, dialogue continues

For the automotive sector this year and in coming years, a fundamentally important aspect will be how Europe approaches the practical achievement of its ambitious decarbonisation targets, according to which only zero-emission vehicles should be sold on the European market in 2035. This deadline should be subject to review in 2026, though in the interest of limiting market impacts, it is appropriate to reassess this target already this year due particularly to customers' declining interest in electric vehicles. The results of talks regarding European regulations and possible amendments will depend on the approach of the EU member countries.

The Czech and European automotive industries could be impacted by U.S. tariff policies, as potential new duties on EU goods, as called for by President Donald Trump, may hurt automobile exports and Czech suppliers. In any case, however, the automotive industry in the Czech Republic has a firm foundation and despite the challenges that it will face this year and in the years to come, it will remain a strong sector. The Czech Automotive Industry Association, whose membership comprises most of the country's major automotive companies including suppliers as well as other institutions and organisations contributing to the sector's development, is encouraging a discussion on the future direction of the sector and the main trends consisting in zero-emission mobility, digitalisation and automation, connectivity, the use of artificial intelligence and the development of technologies for autonomous vehicles. The aim is to create such conditions that will enable the automotive industry to remain a thriving sector while ensuring available mobility for everyone in the Czech Republic.

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Mobility

Thanks to its more than one-hundred-year history of precision engineering and its exceptional location, good infrastructure and highly skilled workforce, the Czech Republic plays a significant role in the automotive industry and related sectors. The country is home to three key automobile manufacturers, namely Škoda Auto, Toyota Motor Manufacturing Czech Republic and Hyundai Motor Manufacturing Czech. The Czech Republic also offers outstanding business opportunities for suppliers and is prepared to strengthen its position as one of the leading European centres for design and research and development in the mobility sector.

The first half of 2024 marked a historic achievement for the Czech automotive sector, with a total production of 774,310 passenger vehicles—a 4.9% increase compared to the same period in the previous year. This growth underscores the industry's robust recovery and capacity to meet rising demand. By October 2024, the automotive market continued its upward trajectory, recording 19,789 vehicle sales in that month alone, an 8.21% increase from the previous year. Year-to-date sales reached 180,569 units, reflecting a 2.02% growth. Notably, Volvo climbed seven positions into the top 10 brands, achieving a remarkable 77.02% increase in sales.

Despite these positive trends, the industry faces challenges due to stringent European Union CO2 emission regulations set to take effect in 2025. The new rules lower the cap on average emissions from new vehicles to 94 grams per kilometer from the current 116 grams per kilometer. Non-compliance could result in fines of €95 per excess gram of CO2 per vehicle sold. In response, the Czech Republic has sought alliances within the EU to contest these regulations, expressing concerns over potential impacts on competitiveness and the risk of factory closures and job losses. In November 2024, the Czech Republic joined Italy in opposing these stringent emission targets, citing declining demand for electric vehicles in Europe and the financial strain on car manufacturers. Both countries plan to present their joint stance at an upcoming EU leaders' meeting in Budapest.

The Czech automotive industry continues to attract significant investments aimed at bolstering its technological capabilities. In July 2024, U.S. chipmaker onsemi announced a $2 billion investment to enhance its production facility in Rožnov pod Radhoštěm. This expansion is expected to support the global and European supply chain, focusing on intelligent power semiconductors crucial for electric vehicles, renewable energy, and AI data centers.

The Czech Republic also includes other important mobility sub-sectors such as the production of railway equipment (ŠKODA Transportation), trucks (Tatra) and buses (SOR, IVECO), as well as agricultural equipment (Zetor) and aviation technology (Aero Vodochody, Aircraft Industries, Primoco), which is also undergoing major development due to war in Ukraine.

However, other solutions are also being developed, e.g. for autonomous driving (Bring Auto, Vanilla robotics) and solutions for urban mobility, such as Road Twin and Citya.

The Czech Republic is a competitive location for establishing research and development centres. Its technical universities and research centres routinely collaborate with global manufacturers and provide services in the area of research, development and testing.

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Defence

The Czech defence and security industry is renowned for its long-standing history, unique structure, high-quality products, and strong potential for innovation. Due to the limited size of the domestic customer base, driven by the relatively small size of our country, Czech producers of military equipment have always faced challenges in relying on domestic demand. Therefore, the Czech defence and security industry is heavily export-oriented, as approximately 90 % of its production is directed toward international markets. To remain competitive, Czech producers of defence and security technologies must continuously innovate. The Czech defence industry develops and manufactures some of the world's most unique and highly sophisticated technologies, including passive surveillance systems, light combat aircraft, and military jet-trainer aircraft.

Compared to foreign competition, the Czech defence industry excels primarily in high-tech innovations. Czech military technologies are highly sophisticated. The products must often be tailored to meet specific customer needs and technical requirements, frequently involving integration with existing systems. The Czech defence industry's comprehensive approach to product lifecycle support, continuous modernisation, and readiness to collaborate with local companies in export markets enables Czech defence companies to outcompete their foreign competitors in tenders worldwide. The Czech defence and security industry enjoys an excellent reputation and tradition both in Europe and globally. Thanks to the superior quality of Czech products and the remarkable flexibility and adaptability of Czech manufacturers, there is great interest in the Czech defence and security industry worldwide.

The Defence and Security Industry Association of the Czech Republic (AOBP) currently has over 200 member companies engaged in the development, manufacturing, and trade of military equipment (accounting for 30 % of total turnover), as well as dual-use and civilian technologies. Czech companies have repeatedly demonstrated remarkable resilience and adaptability. Last year, the total turnover of AOBP member companies exceeded EUR 4 billion last year, marking a record high. AOBP member companies employ over 20,000 people in the defence sector, approximately a quarter of whom hold a university degree.

AOBP is a critical point of contact for Czech state authorities, including the Ministries of Defence, Interior, Industry and Trade, and Foreign Affairs, as well as for institutions, structures, and projects within the European Union and NATO, and similar foreign associations and enterprises interested in cooperation with Czech companies and their products. AOBP also signed multiple agreements with ministries and foreign associations and is either a member of or cooperates with several organisations and institutions within NATO and the European Union.

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Aviation

The domestic aerospace segment has been successfully building up its reputation on the global scale since the founding of Czechoslovakia in 1918. A shining example of this is the company AERO Vodochody AEROSPACE, a manufacturer of jet-powered training and light combat aircraft, which was established only a year later and today is an indispensable part of the backbone of domestic aircraft production. In addition to that, one definitely has to also mention the Czech Aerospace Research Centre in Prague, which is the third-oldest institution of its kind in the world (founded in 1922). After all, a number of global leaders that decided to establish operations in the Czech Republic or to utilise the capabilities of domestic entities have put their faith in the country's more than a century of tradition and know-how in aerospace and the corresponding quality of its industry professionals and products. Honeywell, Bell, GE Aviation, Latecoere and Safran are among those that took the opportunity to expand their activities in the heart of Europe. Thanks to the long and successful history of production of various aircraft parts, engines, avionics and hydraulic systems, the Czech Republic is also well integrated into global supply chains and is a traditional OEM of numerous civilian and military aircraft. Therefore, it is no wonder that domestic products can be found practically worldwide – from ultralights at aviation schools in Latin America, commuter aircraft operating in the harsh climates of Africa and the CIS, through UAVs in Southeast Asia, to radar solutions in Australia and New Zealand.

Companies in this segment rely on experienced engineers and workers, as well as the key position of specialised secondary schools and universities. However, Czech representatives of the sector are no strangers to current trends and are successfully promoting themselves in areas such as advanced materials, electric motors, laser technologies, additive manufacturing, artificial intelligence, AR/VR and VTOL aircraft. Taking a look at the field of research and development, Czech entities frequently enter into projects with sector leaders that appreciate the versatility of the domestic industry. An example of this is the partnership between the Czech Technical University in Prague and GE Aviation Czech, which was established in 2016. Since then, the partnership has been constantly evolving and, in addition to close cooperation within the Catalyst engine programme and the joint testing facility in Hradec Kralove, both entities have recently decided to expand their collaboration in the area of sustainable aviation fuel (SAF) testing. Czech companies do not lag behind even on foreign markets, where they have succeeded in the face of strong competition alongside leading players such as Airbus, Honeywell and Leonardo. Of no less importance, considerable participation in international frameworks such as Horizon Europe is further confirmation of the interest in R&D collaboration.

Recently Czech government with lead of Ministry of transportation announced creation of new UAV polygon in Sokolov area, Karlovy Vary region, in cooperation with SUAS GROUP, which should take Czech aerospace industry even further.

Taking into account all of the aforementioned aspects, it is once again proven that Czech aerospace is ready for the challenges of the 21st century. Join the world's elite and start doing business in the Czech Republic on the wings of success.

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Advanced industrial technologies

The Czech Republic boasts a broad industrial base and very good know-how in many technological fields. The country ranks eighth in the world in Harvard University's Economic Complexity Index, which is an indicator of the diversity of a country's export products and their sophistication.

The manufacturing industry accounts for more than 25% of Czech gross value added, one of the highest figures in Europe and the world.

The mechanical-engineering industry has been one of the cornerstones of the Czech economy since the beginning of the 19th century. The country's stable economic environment, high level of technological advancement and outstanding research and development programmes contribute to the creation of an optimal environment for the establishment and further development of companies. This fact is recognised by global players such as ABB, Bombardier Transportation, Daikin, Doosan, Edwards, GE Aerospace, Hitechi Energy, Honeywell, Komatsu, Otis, Rieter, Robert Bosch, Sandvik, Siemens and many other global leaders, which have already established their manufacturing operations and R&D centres in the Czech Republic.

The most significant areas in which Czech companies are highly competitive on the global scale include, for example, manufacturing of electron microscopes, advanced machines and tools, monocrystalline materials, electron lithography for holographic applications, and air guns, as well as research of nanostructured and crosslinked polymeric materials and production of nanoparticles for special purposes. The Czech Republic is the 8th largest exporter of machine tools in Europe per capita and the share of high-tech products in Czech export now exceeds 20%.

With a decades-long tradition in chemistry, electronics, textiles and materials science, the Czech Republic is also becoming a leader in applied nanotechnology. As a global supplier of electron microscopes, monocrystalline materials and equipment for the production of nanofibers, the country is now also bringing innovative solutions to the market in the areas of semiconductors, nanomedicine and new types of batteries. The stable number of engineering students and the country's high-quality R&D infrastructure are also contributing to the development of this sector.

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Healthtech

The Czech Republic has a rich history of discoveries in the area of medical sciences – from the laws of heredity formulated by Gregor Johann Mendel, through the first table-top electron microscope developed by Armin Delong and Otto Wichterle's invention of soft contact lenses, to pioneering antiviral drugs for treating AIDS, whose main compounds were developed by Professor Antonín Holý at the Institute of Organic Chemistry and Biochemistry of the Czech Academy of Sciences. Currently, the main areas of medical sciences are molecular genetics, development of cell and tissue therapies, diagnostics, medical chemistry and biochemistry, and bioinformatics. Due to the requirements placed on healthcare systems and the ever-rising expectations of the public in the area of medical services, the government of the Czech Republic has set as one of its priority areas the development of new medications, diagnostic and medical devices, as well as development of human resources in the field of healthcare. In the past decade, the government has invested over EUR 3 billion of public funding in strengthening the country's research infrastructure. In Prague, Brno and Olomouc, new research centres have been completed and equipped with state-of-the-art technology, complementing the research capacities of the Czech Academy of Sciences and universities.

Czech research teams are internationally recognized for their high-quality research in molecular genetics, immunology, analytical and medical chemistry, biochemistry, cardiology, neurology, metabolic disorders, and, more recently, in the medical applications of nanotechnology. A rapidly developing field is AI in healthcare, which is transforming diagnostics, treatment, and patient care. This technology enhances healthcare efficiency, accuracy, and accessibility, benefiting both providers and patients.

The development of this sector is currently supported also by effective patent protection, adoption of European GMP, GLP and GCP standards and government support for the transfer of knowledge between the science and business spheres. Furthermore, the Czech Republic's membership in the European Union guarantees a regulatory framework that is compatible with that of all other EU countries, which together comprise a consumer market of some 450 million customers.

The Czech Republic has become an attractive location for cooperation in the field of health-related research, development and production thanks to the government's fiscal measures combined with the results of scientific and research activities, the country's traditionally high level of education and health care, tax relief for R&D and investment incentives for high value-added activities. Examples of global companies operating in the pharmaceutical sector in the Czech Republic include, among others, Teva Pharmaceutical, Lonza, MSD, Johnson&Johnson, Gilead Sciences, Novartis, Otsuka and Zentiva. Significant representatives in the area of medical and diagnostic devices are Olympus, TermoFisher Scientific, Kavo Kerr, Smiths Medical, Teleflex and Beckman Coulter.

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AI

The Czech Republic is one of the best European destinations for investments, where talent, level of education and innovativeness create suitable conditions for the growth of technology. Artificial intelligence (AI) is coming to the forefront and the Czech Republic is a remarkably strong and significant AI hotspot. Many corporates have their AI research teams and activities in the Czech Republic (IBM, O2, T-Mobile, RedHat and others) and collaborate with world-class researchers at local universities. The most prominent R&D institutions include Czech Technical University in Prague, Charles University in Prague, Brno University of Technology, and Masaryk University in Brno. Czech companies like Resistant.ai and Rossum.ai have attracted significant investments in recent years and may soon be joined by others. CzechInvest is keeping up, as AI is one of the main technologies that the agency supports within its AI Hub, a part of its Technology Incubation (TI) project which is an effective tool for supporting startups. AI is the most prominent field within the TI project, as CzechInvest has received 178 project applications during four calls for proposals. Currently, in November 2024, a total of 48 AI-based projects are incubated in the AI Hub, while different AI projects can also be found in other TI Hubs. This accounts for 30% of all incubated startups across the seven sectors available in TI.

New trends and technical advancements, such as challenges in AI, are actively supported by numerous programmes, national strategies, outstanding research centres and universities. The noteworthy, the most dedicated and experienced regional institutions such as prg.ai, Brno.AI, Moravian-Silesian Innovation Center, BIC Pilsen, but also institutions on state level such as ICT Union, Confederation of Industry of the Czech Republic, including CzechInvest, have declared their collaboration to support the Czech AI ecosystem in a formation of Czech National AI Platform (CNAIP) in June 2024. Academics and researchers are successfully coordinated within AI Czechia, an initiative that brings together AI researchers with an objective similar to that of CzechInvest, prg.ai and Brno.ai, i.e., to make the Czech Republic an outstanding location for AI innovation with global reach.

Prague and Brno are the biggest hotspots for AI research in the Czech Republic and the home of more than 80% of all AI companies and researchers. It's worth taking note of AI Days, an event that offers the opportunity to approach the local AI communities. The first edition of AI Days was held in Brno in 2022 and was rated as a major success. It was thus agreed that future editions will take place in other regions of the country. In 2023, AI Days took place in 4 major Czech AI Hubs (Prague, Brno, Pilsen and Ostrava), making it the biggest nation-wide event in Europe. Full 4 weeks were packed with meetups, hackathons, pitch contests, speeches and showcases of what AI can do. AI Days 2024 were held in the second part of October 2024, joining 20 cities and most of the Czech Republic´s regions in more than 200 AI-oriented events including flagships such as AI4Business, AI4Talent, but also AI Startup Pitch Contests.

At CzechInvest, we strongly believe there is a huge potential in AI that is yet to be discovered.

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Creative industries

There is a global trend focused on developing economies through innovation, a skilled workforce, and fostering creativity. This trend has the potential to facilitate the transformation of the Czech Republic's economy. The creative industries, encompassing technology, research, culture, and business, represent a rapidly growing sector in the country, generating skilled jobs and supporting overall economic growth. These industries span design, fashion, architecture, advertising, software, film, television, radio, gaming industry, publishing, and music. Despite textbook definitions, the pivotal role is played by human skill, talent, and creativity.

Leveraging its robust historical and cultural background, a variety of study programs, and an extensive ICT infrastructure, the Czech Republic holds a strong position in sectors like the gaming industry, virtual and augmented reality, design, architecture, film, and crafts. Despite economic challenges such as the COVID-19 crisis, inflation, and an energy crisis, the creative industries, particularly the audiovisual and gaming sectors, continue to thrive. The National Recovery Plan aims to provide systematic support for creative industries, outlining reforms and investments planned until 2026. Notably, there are numerous success stories of creative companies and individuals that contribute to the Czech Republic's pride. Czech designers, especially those in industrial and product design, have received recognition such as the prestigious Red Dot Design Award. The impact of Czech companies like mmcité is evident in the incorporation of their products into smart cities and public spaces worldwide. Renowned global exporters of Czech glass products include companies like Bomma, Lasvit, Preciosa, TON, Rückl, and Moser.

The gaming industry is a notable success for the Czech Republic, featuring popular games like Beat Saber, Kingdom Come: Deliverance, Mafia, Euro Truck Simulator, Machinarium, Arma 3 and more. Additionally, there exists a czech consultancy firm named Cyber Sail Consulting, specializing worldwide in bridging the communication gap between investors/publishers and creative individuals. Incubation centers, like Creative BIC under the Technology Incubation program by CzechInvest Agency, play a crucial role in supporting the financial and non-financial aspects of creative startups. Other centers, including KUMST and Gamebaze in Brno, contribute to the evolving landscape of creative entrepreneurship in the country.

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EcoTech/CleanTech

We are at the beginning of another industrial revolution, at the end of which the Czech Republic may be a leader in green technologies. The country's robust science and research infrastructure, skilled workforce, and innovative SMEs indicate strong potential. The Czech Republic sees the climate crisis as an opportunity for innovation and aligns with the EU's plan to make Europe the first climate-neutral continent through significant investment in green technologies.

The Czech Republic, the second most industrialised EU country after Ireland, faces challenges on its path to carbon neutrality. Key transitions include ending black-coal mining, constructing a nuclear reactor with South Korea, developing renewable energy sources, and advancing recycling systems.

In 2024, the Czech Republic advanced its sustainability agenda through three key developments: the "Czechia in the Top 10" economic strategy targeting EU's top 10 economies by 2040 through green projects and infrastructure, the 2023 National Energy and Climate Plan update with LEX OZE legislation promoting community energy storage, and new initiatives in green hydrogen and agrovoltaics that enable dual land use for crops and solar power generation.The Czech Republic is home to 67 universities with significant research facilities, including the Centre for Research and Utilisation of Renewable Energy in Brno, the SUSEN laboratory for next-generation nuclear reactors, and UCEEB, which focuses on sustainable construction.

The Czech clean tech ecosystem is supported by several key institutions and NGOs: CzechInvest's Technological Incubation Program accelerates clean tech startups, while ESA BIC supports projects using space data for innovation. TAČR's TREND program funds research in low-emission technologies, complemented by influential NGOs like the Modern Energy Union (Svaz moderní energetiky), INCIEN promoting circular economy, Change for the Better (Změna k lepšímu) focusing on low-carbon transitions, the Czech Battery Cluster advancing battery technologies, and the Czech Hydrogen Technology Platform developing cross-sector hydrogen solutions.

In the **WIPO Global Innovation Index 2024**, the Czech Republic improved in innovation financing, research quality, and technology transfer. Venture capital funds, such as Tillia Impact Ventures and Soulmates Ventures, actively support sustainable innovation. Despite challenges in decarbonisation, proactive policies, a skilled workforce, and a robust innovation ecosystem make the Czech Republic an attractive destination for clean tech investment.

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Chemical industry

The chemical sector is one of the most important branches of industry in Europe. Though the Czech Republic accounts for only approx. 2% of the EU's chemical production (NACE 20), chemicals play a key role in the Czech economy. In terms of sales, the integrated chemical industry is the second-largest industrial sector in the Czech Republic after the automotive industry. The Czech chemical industry's products include inorganic and organic chemicals, fertilisers, basic petrochemicals, primary-form plastics, synthetic resins, synthetic rubber, paints, dyestuffs and pigments, agrochemicals, pharmaceuticals and cosmetics, soaps and detergents, chemical fibres and explosives.

The main chemical clusters are in northwest Bohemia, north Moravia and central Bohemia incl. Prague, but plants can be found throughout the country. Several Czech chemical plants (Deza in Valašské Meziříčí, Lovochemie in Lovosice, Precheza in Přerov, Synthesia in Pardubice) are owned by Agrofert, a domestic holding company focused mainly on fertiliser production, though foreign investors also play a significant role in the local chemical industry.

The Orlen Group is engaged in oil refining, and has its own filling-station chain in the Czech market and is the majority owner of two other production complexes in Litvínov and Kralupy nad Vltavou (petrochemicals and refinery products) and Spolana in Neratovice (polymers and fertilisers). The Polish firm also owns another major plant near Prague, Synthos in Kralupy nad Vltavou (synthetic rubber).

Traditional Czech companies play an important role in the country's chemical industry. For example, Spolchemie in Ústí nad Labem produces resins. Fosfa in Břeclav is the largest processor of yellow phosphorus in Europe. Another Czech company, Draslovka, is focused on production of cyanide-based chemical specialties. The Chinese company Wanhua manufactures base chemicals at its plant in Borsodchem plant in Ostrava, while Synthomer engages in acrylic acid production in Sokolov, and Synthon produces active pharmaceutical ingredients in Blansko.

There are numerous examples of successful foreign investments in Czech chemical industrial parks, such as those of Cayman Pharma (API production) in the Spolana complex, Eurosupport Manufacturing (catalyser production), Air Products in the Unipetrol Litvínov complex, Dukol (adhesives production) at the Borsodchem facility and Central Glass (electrolyte production) in the Synthesia complex in Pardubice.

There are several main challenges ahead for the chemical industry, such as decarbonisation, the rise of the battery business and digitalisation.

The Czech Republic has tremendous potential as a destination for investments in the chemical industry including battery production and its supply chain thanks to its infrastructure and workforce, as well as the space that it has available for such investments, especially brownfields. The industry is a crucial supplier of raw materials for a number of downstream domestic industries. It also ranks among the industrial sectors with the highest innovation potential.

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Business support services

The Czech Republic has emerged as a leading hub for Business Support Services (BSS) in Central Europe, offering foreign investors a compelling opportunity to establish and expand operations in this thriving sector. With a robust combination of strategic location, skilled workforce, and competitive costs, the country has become a magnet for global companies seeking high-quality support services.

The Czech labour market is known for its multilingual and highly educated professionals, while disponing with an inviting location in the heart of Europe, which attracts many foreigners, who can provide even more expertise. According to the Association of Business Service leaders, we have seen 5% growth in employment in the sector within the last, with a 7% prediction into the future. The number of expected jobs for 2025 is 200 000.

There are currently 380 business services centres operating in Czechia which also show a growth compared to previous years. Most of them concentrate in the three largest Czech cities of Prague, Brno and Ostrava. However, companies are also looking into other regions, as the Czech government actively supports the BSS sector through investment incentives, training grants, and business-friendly policies. This proactive approach enhances the country's appeal as a destination for foreign direct investment.

With its strategic advantages, the Czech Republic provides a dynamic environment for business support services, making it a top choice for investors aiming to leverage both cost efficiency and excellence in service delivery. Furthermore, the quality of living in the country, supported i.e. by the high level of everyday services or the well-developed infrastructure, make Czechia and attractive place from multiple angles.

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Banking

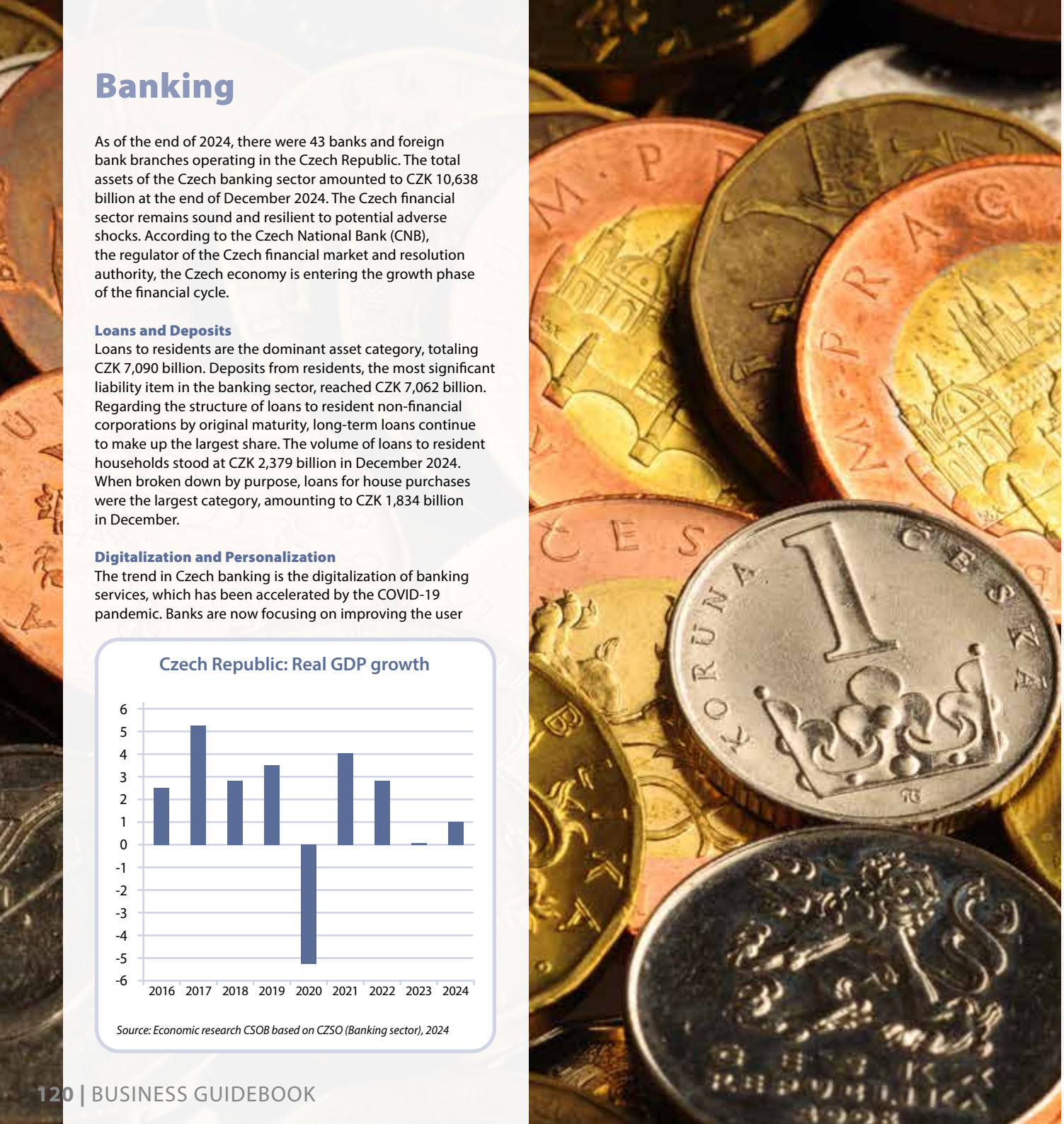
As of the end of 2024, there were 43 banks and foreign bank branches operating in the Czech Republic. The total assets of the Czech banking sector amounted to CZK 10,638 billion at the end of December 2024. The Czech financial sector remains sound and resilient to potential adverse shocks. According to the Czech National Bank (CNB), the regulator of the Czech financial market and resolution authority, the Czech economy is entering the growth phase of the financial cycle.

Loans and Deposits

Loans to residents are the dominant asset category, totaling CZK 7,090 billion. Deposits from residents, the most significant liability item in the banking sector, reached CZK 7,062 billion. Regarding the structure of loans to resident non-financial corporations by original maturity, long-term loans continue to make up the largest share. The volume of loans to resident households stood at CZK 2,379 billion in December 2024. When broken down by purpose, loans for house purchases were the largest category, amounting to CZK 1,834 billion in December.

Digitalization and Personalization

The trend in Czech banking is the digitalization of banking services, which has been accelerated by the COVID-19 pandemic. Banks are now focusing on improving the user experience, tailoring their services to individual client needs, and utilizing artificial intelligence. We are witnessing strong growth in online deposit, loan, and investment products, including the digitalization of mortgages. Digital progress is being accelerated by extensive investments in innovation and technology. According to the Digital Banking Maturity 2024 study by Deloitte, simplicity in using banking systems is what users now appreciate the most.



Czech Republic: Real GDP growth

Source: Economic research CSOB based on CZSO (Banking sector), 2024

Commitment to Sustainability

Banks operating in the Czech market have openly committed to strengthening ecological and socially responsible business practices in the Czech Republic. Based on the Czech Banking Association's Memorandum for Sustainable Finance, banks commit to applying sustainability principles not only in managing their business activities but also in their relationships with clients, suppliers, shareholders, and other partners, and to transparently and regularly review the impacts of their business in the ESG area. Part of the commitment also includes intensive and continuous cooperation with the government and regulators.

Monetary Policy

In response to easing inflationary pressures, the CNB implemented a total of 275 basis points in policy rate reductions throughout 2024. Analysts expect the policy rate to remain in the 3.00-3.25% range by the end of 2025.

Inflation

After a period of heightened price pressures, headline inflation significantly moderated through 2024, averaging 2.4% - the lowest level in the last six years. The market expects inflation to remain close to the CNB's 2% target in 2025.

GDP Growth Outlook

The Czech economy showed resilience in 2024, posting growth of 1.0%, supported by a recovery in household consumption, which benefited from positive real wage growth. However, both investment activity and net exports were constrained due to challenging external conditions. For 2025, growth is projected to strengthen to 2.1%, nearing potential growth, driven by stronger domestic demand.

Labor Market Stabilization

The Czech Republic continues to have the lowest unemployment rate in the EU. While unemployment rose slightly in 2024, beyond seasonal patterns - reflecting below-potential growth and weak external demand - most experts expect stabilization in 2025.

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Energy efficiency services

Progress in energy management systems opens up new opportunities for the further growth of energy efficiency approaches. Energy efficiency services allow the costs of the actual implementation of an energy management system to soon be covered by non-investment measures. Moreover, Monitoring & Targeting (M&T) makes objective and accurate proof of saving possible, which applies to quite complex production processes as well. It can be stated that, due to this fact, utilisation of energy efficiency services could be considered a cornerstone of the management of every industrial site. The development of these systems has led to the creation of the ESCO scheme, which enables enterprises to finance the implementation of an energy management system by a third party, i.e. an energy service company (ESCO). The fact remains that the initial costs are often an obstacle preventing the implementation of modern procedures in the field of energy management, even though these costs are low in comparison with the potential savings. Companies focused on ESCO and related services (Energy Performance Contracting – EPC) are united in the Association of Energy Service Providers (APES). As of 2024, APES has 34 members.

Formulation of the ESCO scheme was enabled by the development of standardised energy management systems. Czech companies that have implemented or are implementing an energy management system using the M&T approach include, for example, Plzeňský Prazdroj, Škoda Auto, Unilever, Kovohutě Přibram, Danone Benešov, Koramo Kolin, Mondi Štěti, Vishay Electronic and Eutit Stara Voda. M&T can be implemented also in a small enterprise with simple technology or in a building, but its commercial use is best proven in the case of medium-sized and large enterprises paying high amounts for annual energy consumption (at least approx. EUR 400,000). The system's good economic return (usually within a year) is due to the fact that implementation costs are relatively small compared to the achieved savings, which amount to a certain percentage of annual energy bills and can reach as high as 15%.

A significant form of support for the implementation of energy efficiency services consists in the inclusion of energy management principles in the ISO 50001 standard. As well as the actual economic benefits, the relevant legislation allows enterprises to supersede the mandatory energy audit by implementing the standard, and enterprises that have the ISO 50001 standard implemented enjoy preferential points when their applications for grants from the EU structural funds are assessed. ISO 50001 certification is provided by many certification bodies operating on the European market. In order to assess the suitability of introducing energy management elements or ISO 50001 and to propose appropriate measures that will result in energy savings and reduced operating costs, it is advisable to contact specialised consultancy companies.

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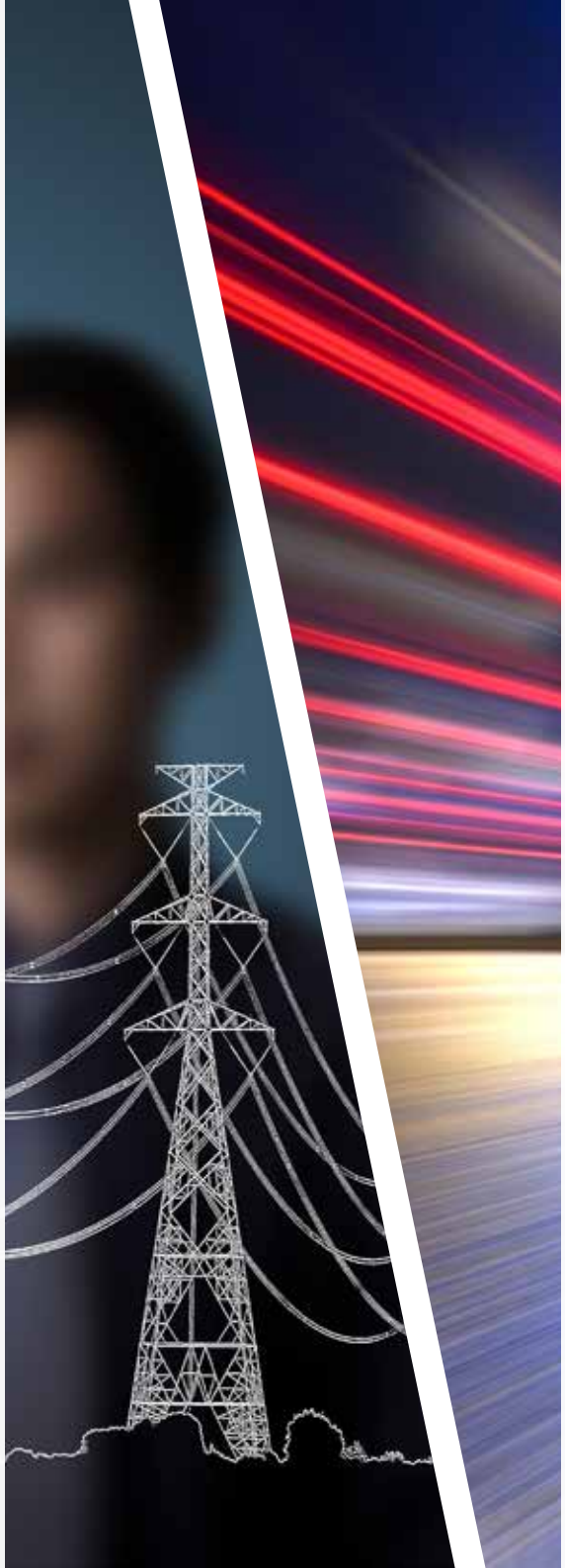

Transport & Infrastructure

The Czech Republic, with its strategic location in Central Europe, serves as a vital transit hub that connects Eastern and Western Europe. The nation has been focusing on enhancing its transport infrastructure to improve economic efficiency, connectivity, and to meet the demands of increasing mobility.

The government's commitment to infrastructure development is evident in its plan to extend the motorway network. The current length of 1,500 kilometers will be extended to 2,000 kilometers in total by 2033. The future expansion aims to facilitate smoother cross-border transport and enhance domestic connectivity between the main reginal cities.

The Czech government has shown a growing interest in utilizing private finance delivering major infrastructure programmes. The first pilot PPP project, the D4 motorway (EUR 440 million) completed construction by the end of year 2024 and successfully commenced operation from January 2025. The current PPP pipeline in year 2025 involves three PPP projects with the capital value of EUR 6.5 billion. The D35 motorway (EUR 1.5 billion) involves construction of 35 km and 57 km in total for O&M. The PRAK project is the railway connection between the city centre and the airport. The PPP section involves 10 km of railway line and an underground station at the airport. The project excludes rolling stock and provision of transport services. Both projects are in the tender phase already. The largest anticipated PPP project is the first section of the new high-speed railway, so called The Moravian Gate, which will be 90 km long and has EUR 4 billion capex. It foresees to commence its construction in 2028-2029.

The Czech Republic is embarking on an ambitious plan to develop a high-speed railway (HSR) network. The proposed HSR lines aim to dramatically reduce travel times between major cities in the Czech Republic and neighbouring countries. The network will encompass 700 kilometers of railway lines designed for speeds up to 350 km/h. The government's vision is to transform the country's railway system into a modern, efficient, and competitive mode of transport. With an investment exceeding EUR 40 billion planned over the next 20 years, the focus is not only on building new high-speed lines but also on upgrading existing railway infrastructure to enhance capacity, safety, and service quality. Electrification of railway lines, modernization of stations, and the introduction of new technologies are key components of this investment strategy.

These efforts are expected to significantly increase the competitiveness of rail transport, reduce environmental impact, and provide a sustainable alternative to road transport. All these initiatives mentioned above, supported by significant investments, are set to enhance the country's connectivity, boost economic growth, and position the Czech Republic as a key transportation hub in Central Europe.

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Semiconductors

According to the Semiconductor Industry Association, global semiconductor sales reached $627.6 billion in 2024, marking a 19.1% increase compared to 2023. Double-digit market growth is projected for 2025, with a robust compound annual growth rate (CAGR) of 8.8% expected from 2023 to 2032. By 2032, global semiconductor demand is anticipated to reach a valuation of $1.3 trillion.

Semiconductors are materials used to create electronic components that are essential in modern technology. Semiconductors form the foundation of integrated circuits (ICs) and are crucial for the operation of various electronic devices, including smartphones, computers, industrial machinery, automobiles, power plants, and spacecraft.

The Czech Republic holds a unique position in the current EU and global context to participate in semiconductor market growth. Its semiconductor value chain (SVC) emphasizes expanding existing facilities, technologies, innovation, and intellectual potential rather than building new fabs from scratch. This approach aims to develop a comprehensive AI-enabled SVC backend, IoT, fabless industry, and a strong talent pool. The state-of-the-art Czech 'Semiconductor Valley,' led by onsemi, annually produces over 3 million semiconductor wafers and more than 3 billion integrated circuits (ICs). Brno is a global leader in electron microscope production, with companies like ThermoFisher Scientific, Tescan and Delong Instruments producing every third electron microscope worldwide. Codasip's fabless RISC-V processor intellectual property (IP) is utilized in over 3 billion chips globally. MycroftMind and SmarterInstruments have developed energy grid self-learning AI, recognized for top innovation by the European Committee within Important Projects of Common European Interest on Microelectronics and Communication (IPCEI on ME/CT). This AI technology can operate in small sensors and new generations of automotive, IoT, and smarter chips.

The expected growth segments for the semiconductor market are well addressed in the Czech SVC. These include embedded AI, AI driven manufacturing, fabless, Electronic Design Automation (EDA) tools, Field Programmable Gate Arrays (FPGA), acceleration engines, and power electronics based on compound materials like Silicon Carbide (SiC). Additionally, the backend supports key needs in automotive, battery, energy grid, IoT, and other critical application segments.

In cooperation with the government (Ministry of Industry and Trade; Ministry of Education, Government Office with R&D&I agenda and government agencies, like CzechInvest) and regional authorities and institutions, the Czech National Semiconductor Cluster (CNSC) integrates key academic and industrial elements of the Czech SVC. It serves as the entry point for investors and experts to explore the Czech Republic's semiconductor potential. Established in Brno, the heart of the Czech 'Semiconductor Valley,' CNSC drives innovation in the SVC and aligns with EU, US, and TW semiconductor clusters and institutions. The Czech SVC participates in key EU initiatives such as IPCEI on ME/CT and the EU Chips Act, and is a key member of Silicon Europe Alliance, the largest EU cluster organization with over 2,000 companies and more than 400,000 high-tech jobs. CNSC represents Czech interests within the European Semiconductor Regions Alliance (ESRA), which currently includes 36 EU and UK regions

Working within the 5th order Helix, CNSC collaborates with regions to enhance their capabilities for the SVC. Pilot projects aimed at strengthening semiconductor competencies will help establish similar cooperations in Czech regions, with promising opportunities for cross-regional cooperation within the EU. By the and of 2024, Czech Semiconductor Centre, has been awarded by the funding within Pillar I of EU Chips Act as one of 27 national chips competence centers in EU. CNSC participates also in related projects aCCCess (alliance of Chips Competence Centers for enhanced semiconductor services) and DECIDE (Democratizing European Chip Innovation and Design Ecosystem). Internalization of Czech semiconductor ecosystem is supported also by three new centers established within Czech – Taiwan semiconductor cooperation: Supply Chain Resilience Center (at Charles University in Prague), Advanced Chips Design Research Center (at Masaryk University in Brno) and Taiwan Chips Academe (at Czech Technical University in Prague).

CNSC implements the National Semiconductor Strategy in partnership with the Ministry of Industry and Trade, CzechInvest, Ministry of Education, Government Office, leading universities, municipalities and regional innovative agencies and other key semiconductor players to outline the Czech semiconductor roadmap up to 2030 and beyond.

Like top analysts, CNSC remains optimistic about the semiconductor industry reaching $1 trillion by the end of this decade, and we are committed to keeping the Czech Republic competitive in this highly attractive market.

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