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RESULTS SPEAK FOR THE WORK OF THE CZECH EU COUNCIL PRESIDENCY

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Czech Business and Trade

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Phone: +420 221 406 623, +420 221 406 626
Fax: +420 224 930 016
e-mail: journal@ppagency.cz

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EU COUNCIL PRESIDENCY
Results Speak for the Work of the Czech EU Council Presidency

ECONOMIC POLICY
Czech Republic Still Attractive for Investors

LEGISLATION
New Insolvency Act in the Czech Republic

KALEIDOSCOPE
American President in Prague

YOUNG STARS
The Czech Republic is One of the World’s Leaders in Polymer Research

SERVICES
Wandering Around Czech Golf Courses

REGION
Zlín Region

PRESENTATION OF FIRMS
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THE PUBLISHER’S MESSAGE:
Dear readers, we regret to inform you that for economic reasons the guarantor of Czech Business and Trade – the Ministry of Industry and Trade of the Czech Republic – has ceased to fund it. This has induced PP Agency, its publisher, to reduce the number of the language versions (from the present five to one – only the English version), and to introduce subscription. And so, if you want to be a subscriber, please fill in the form at www.ppagency.cz/sbs.html

The Editors

”TIME MACHINE” PENDULUM
The “Time Machine” pendulum at Prague-Letná is symbolically marking off the Czech Republic’s six-month Presidency of the EU Council, which is nearing its end. The Czech Republic will pass the Presidency to Sweden in June 2009. More information about the Presidency is available in the EU Presidency column and at www.EU2009.CZ.
The results of the work done until now speak for themselves. Already the first weeks in January proved the prudence of our programme, whose main priorities are energy safety, the economy, and the external relations of the European Union. Demanding talks were held in a situation where certain member states were for several weeks cut off from natural gas supplies. It was the strategy of our Presidency to ensure joint action by the entire EU27 and to speak with the Ukraine and Russia in one voice. The gas crisis showed the merit of solidarity as the basic principle of the EU: for example, emergency supplies were arranged from the Czech Republic to Slovakia, which required the gas system to be put into reverse operation, a possibility the original project did not foresee. The crisis helped to open the eyes of all those who did not consider it important to interconnect energy sources, especially in the former Eastern Bloc countries. Another difficult subject in the area of foreign relations was, for example, the humanitarian situation in the Gaza Strip.

At the same time, we also had pleasant duties. Already in January, I was entrusted by the EU Council to sign a contract with exotic Nepal that will facilitate mutual air transport. This was followed by a contract with China aimed at facilitating international control of the drug problem.

The Czech Presidency was greatly under the influence of the confidence crisis in the banking sector and the recession of European economy. One of the partial proposals for maintaining employment was to reduce value added tax on labour intensive services. After years of vain endeavours by previous Presidencies, Minister Miroslav Kalousek managed to ensure an accord of the member states in the area of taxes. Reduced value added tax may now be applied, for example, to small repairs, house cleaning, hairdresser services, community care services, house repairs, and restaurant services.

The EU Presidency always requires the ability of finding a compromise on which all member states will agree. During its Presidency, the Czech Republic has repeatedly supported the free movement of labour for all EU citizens. Since the beginning of the year, there have been numerous debates on how far should the state go in reaction to the financial and economic crisis, to what extent may state interventions jeopardise the competitiveness of the economies of the member states. The public asked about the boundary between adequate reaction and the effort to gain voters’ votes easily. Various ideas could be heard of how the problems should be solved: vociferous, rousing, and promising clear solutions. Our Presidency, however, reacted in a matter-of-fact way, with emphasis on the impact vast state intervention might have on public finance.

In view of the approaching end of the EU Parliament’s term of office it was necessary to focus on the discussion of a large number of legislative proposals, including measures in the area of the energy internal market, the telecommunications package, and working hours. The Czech Republic also held talks on the contribution of five billion euros to the European Economic Recovery Plan. The financial means are in-
tended to support projects strengthening energy safety, wind power plant construction, carbon dioxide separation, building the Internet in rural areas, and agriculture.

The work of the presiding country has its practical effects. The Czech Presidency has brought the EU to an agreement on safer automobiles. The European Parliament has approved a new regulation on requirements for the approval of types of motor vehicles from the point of view of general safety. Only automobiles fitted with new safety elements that will improve road safety and will reduce the number of traffic accident victims will qualify for being placed on the EU market. Other elements, for example tyres with low tyre drag and tyre inflating control systems, will lead to lower consumption and lower fuel costs, as well as lower road traffic emissions and noise levels.

One of the events attracting most of the limelight on the international scene was the arrival of the new US administration. It is the outcome of great diplomatic effort on the part of a number of personalities of Czech public life that in April President Barack Obama visited Prague, where he met the heads of EU states. Other items the Czech Presidency is tackling are negotiations with the USA on government incentives for starting up the world economy, the meeting of The Group of Twenty, the Eastern Partnership Project, and seeking a common position for the Copenhagen Climate Change Conference.

The European Union is a unique project the success of which depends directly on the real support of the interests of the member states. The Presidency has taught us to better understand the decision-making process and negotiating rules. It has taught us to look upon the European Union not through the debit to credit perspective. Today we understand, better than we ever did, that the European Union really offers a common area for 490 million Europeans. It is up to each of us how we shall use it.

Milena Vicenová, Ambassador Permanent Representation of the Czech Republic to the European Union

From left to right: Petr Nečas, Mirek Topolánek, José Manuel Barroso, and Vladimír Špidla
The Czech Republic still holds a leading position among countries ranked as most attractive for foreign direct investors. This has been evidenced by the country’s latest results of 2008, which recorded foreign direct investment (FDI) of EUR 7.3 billion. The figure confirms that investors’ interest in the Czech Republic remains permanently high within the Central European area. In 2009, the flow of investment will most likely see a cyclic slackening as a result of the global economic crisis, but thanks to the Czech Republic’s comparative advantages, its long-term attractiveness for investors maintains its high level.

In 2008, the anticipated cyclic slowdown of the Czech economy was not reflected in the influx of foreign direct investment. The FDI that came to the Czech Republic during the whole year amounted to EUR 7.3 billion and was thus only EUR 0.3 billion lower when compared with 2007. Most of this investment, about two-thirds, was accounted for by reinvested profit of companies already established in the Czech market. A little over two billion was new FDI in equity capital. The high rate of reinvestment shows that foreign companies do not come to the Czech Republic in one-off steps, but that they significantly expand their activities in the country. Examples are not only the car-making industry, but also the electrotechnical industry represented by producers of LCD equipment, mobile phones and computers, who have come to the Czech market and are expanding their production capacities. Last year, the attention of foreign investors was attracted not only by the finance sector, but also by the real estate sector, services for companies, and primarily by the manufacturing industry. More than half a billion EUR went to plastics production and almost EUR 370 million headed to the food industry. FDI received a boost lately when the car maker Hyundai came to the Czech Republic, built a new plant making 300 000 cars in the country, and brought to the Czech Republic also suppliers from other industrial sectors.

GERMANY STILL THE MAIN INVESTOR

As regards the origin of investors, EU countries clearly predominated, among them especially Germany, which has been permanently one of the main investors in the Czech Republic. Besides that, Germany is also the Czech Republic’s chief trade partner and the most important market for Czech firms because almost one-third of Czech exports has been permanently heading there. The second and third positions were taken in 2008 by Austria and the Netherlands.

INVESTMENT STRENGTHENED CZECH REPUBLIC’S POSITION IN INTERNATIONAL TRADE

FDI is indisputably an advantage for the Czech Republic. Without exaggeration, it is possible to say that the country owes the high growths in production, exports and, last but not least, also GDP of the last years to foreign-controlled companies. These firms clearly contributed the most to the growth of industrial production and have actually helped the change that has taken place in the domestic industry...
since the end of the 1990s. Thanks to massive investment, whether in greenfields or brownfields, a new strong base has been formed in industry that has compensated for the retreat of traditional industrial sectors and strengthened the country’s competitiveness in world trade. The dynamics of industrial production confirms this fact. In the last eight years, the output of the electrotechnical industry has increased by more than 200%, the manufacture of rubber and plastic products by 153%, the motor industry has risen by over 140%, and this list could continue.

**BALANCE OF TRADE IN SURPLUS**

Besides the impressive production rates, the effect of foreign investment is particularly appreciable in exports. In the last ten years, the Czech Republic’s exports in CZK soared 2.7 times, and in EUR Czech exports recorded even a four-fold increase. Thanks to this, the Czech trade balance has gone from long-term deficits to high surpluses. While in 2000 trade ended in a deficit of EUR 3.4 billion, at the end of 2007 (the highest trade balance recorded to date) it was already in an EUR 3.2 billion surplus. In 2008 the surplus amounted to EUR 2.8 billion. This development was due mainly to the motor industry, which alone generates an annual trade surplus of over EUR 7 billion, and which is managed by foreign-controlled companies. Similar results can be given for manufacturers of television sets and monitors (almost EUR 2 billion surplus). The situation is perhaps best summed up by the result in the whole group of machinery and transport equipment (SITC7), which forms the largest share of Czech foreign trade turnover and which, for example last year, generated a surplus exceeding EUR 13 billion. FDI thus became an important agent in the restructuring of the Czech economy, which was accelerated by the Czech economic recession in the second half of the 1990s. The Czech Republic’s considerable drop in unemployment from the nine-percent level in 1999 to a half (4.4%) in 2008 was also partly due to this investment. The rapid development of companies under foreign control eventually made it necessary to employ even workers from neighbouring and nearby countries (mainly Slovakia, Poland, and the Ukraine), whose number exceeded 200 000 at the height of the boom.

**TOTAL FDI SURPASSES EUR 80 BILLION**

At the end of last September, FDI in the Czech Republic reached EUR 79.4 billion. The influx of investment continued also in the last quarter so that at the end of the year the value of foreign investment in the Czech Republic most probably exceeded the EUR 80 billion mark. Compared with other countries of the area, the Czech Republic thus occupies one of the top positions in terms of FDI per inhabitant (about EUR 8 000 per capita). Over time, foreign-controlled companies have changed the shape of Czech industry, which has become the strongest and at the same time the most significant driver of the whole economy. The structure of incoming investment has changed over time as well. In the first phase (at the turn of the millennium), it consisted mainly of privatisation investment, beside large greenfield investment (TPCA car maker and Panasonic), which were followed by investment in smaller enterprises.

The position or success of foreign investors can be judged not only from the viewpoint of benefits for the economy, as mentioned above, but also from the viewpoint of profit. Balance of payments figures show a steady increase in dividends and reinvested profit that can be reported by foreign-controlled companies. In 2003, the profits of these firms, i.e. dividends plus reinvested profit, amounted roughly to 4.6% of GDP, last year it was already 7.5%.

**CZECH REPUBLIC STILL HIGHLY ATTRACTIVE**

Despite the considerable economic rise, including wage costs, the Czech Republic’s attractiveness continues to be high. The economic downturn in Western Europe, to which most of the Czech Republic’s trade is oriented, brings a cyclic slowdown also to the country’s economy, but the fundamentals of the Czech Republic remain favourable. The country’s attractiveness for foreign direct investors is not changing, and thus it can be assumed that after the world recession fades away, the influx of investment to the Czech Republic will gain in strength again. The geographic position, a relatively flexible labour market, incomparably lower wage costs compared with Western Europe (less than one-third compared with Germany), including the constantly improving infrastructure, etc., are still a magnet for investors coming to the Czech market or those already expanding here. Worth mentioning is also the tax burden which is continuously decreasing and contributing to a favourable business climate in the country, as well as the system of investment incentives which continues to exist in the Czech Republic. Also notable are the steps being taken by the Czech government to mitigate the impact of economic recession in the form of an eased depreciation policy, changes in VAT and social insurance, and public investment.

Petr Dufek
Analyst
Československá obchodní banka, a.s.
(e-mail: pdufek@csob.cz)
Fortunately There Is No Real Crisis in the Czech Republic

**What impact will the global economic downturn have on the countries of Central Europe and the Czech Republic?**
The immediate impact is in a significant slowdown of the high economic growth of the last few years – on average by approximately 5 percentage points in the Central and East European (CEE) countries – and the Czech Republic will be no big exception from this average. A related phenomenon is the growth in unemployment – in the Czech Republic perhaps up to 10% of the employable population. However, it cannot be ruled out that in case of a deeper slump in Western Europe (especially Germany), or a crisis dragging on up to the year 2010, the impact on the CEE countries as well as the Czech Republic will be even more dramatic.

**Why do you think the Czech Republic is in a better position to resist the crisis? Where does it differ from countries which will be affected more deeply?**
The Czech Republic’s public finances are basically satisfactory (the state debt and public budget deficit are relatively low) and it traditionally pursues a conservative monetary policy. In addition, its foreign debt, including private sector debt, is relatively low. And what is also important, and what makes the Czech Republic different from other CEE countries such as Hungary and Romania, is its low debt in foreign currencies. A weakening of the domestic currency thus does not impact negatively on domestic debtors (as e.g. in Hungary), but has mostly favourable effects, such as a stronger competitiveness in export and an overall improvement in the balance of payments.

The Czechs are well-known for their conservative approach to high-risk investment instruments. They prefer drawing on saving accounts deposits. Can this be seen as an advantage in the present situation?

There is no doubt about this. Not only has this fact reduced the potential loss caused to small private investors and savers by the decline on the global stock markets, but it has also limited the losses of pension funds. The postponement of reforms of the social system, so often criticised in the past, can now be seen as beneficial.

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**Is the Czech Republic still a safe and suitable country to place foreign investment?**
Undoubtedly yes, but the influx of investment will be lower than in the past years. Firstly, because privatisation has been basically completed, secondly, because demand at home and abroad has been saturated and is falling at present and, lastly, also because of the redundant production capacities. Naturally, these factors have little in common with the safety of investment.

**What is your opinion about the anti-crisis measures being taken by the Czech government?**
Fortunately, there is no real crisis in the Czech Republic, and thus this term cannot be used for the possible government measures. It is rather a fine-tuning of tax reforms. I firmly hope that the Czech Republic will not need real anti-crisis measures (as for example the nationalisation of banks in the United Kingdom, let alone financial aid from the International Monetary Fund as for Hungary).

Would you venture an estimate of the future development of the Czech economy? When can a recovery and a return to more pronounced economic growth be expected?
What is to be expected this year is “moderate positive stagnation”, at best a slight economic growth of 1-2% GDP. Unfortunately, much worse results cannot be excluded either: the global economic crisis is serious, most forecasts are being revised downward in the last few weeks and months. A similar, or perhaps even bigger, uncertainty exists regarding the date of a possible economic recovery. It seems that the date is constantly moving into the future: from the end of this year to 2010. I rather incline to the end of 2009 and am rather an optimist in this respect. The question also is whether the current global, and mainly European, crisis will take the shape of V, U, or L. In the latter case, it would mean quite a long (up to several years) period of economic stagnation or very low growth. In any case, it is highly probable that the recent high growth rates in the CEE countries (5-10% annually) will not be attainable in the coming years.

If you were an investor, what would motivate you to place your resources in the Czech Republic? Where does the Czech Republic differ from other countries in the region?
Still a relatively cheap and skilled labour force, quite good infrastructure and an advantageous geographic position in the heart of Europe. Another (again relative) advantage of the Czech Republic is also political stability (see for example the situation in Hungary or the Ukraine), and naturally also a favourable economic and financial situation.

**ABOUT THE AUTHOR**
Peter Havlik is an Austrian economist of Czech origin. He is currently Deputy Director and Chief Economist of the Vienna Institute for International Economic Studies, specialising in countries of Central Europe and the European Union. He graduated from the University of Economics in Prague, and in 1981 moved to Austria, where he studied at the Institute of Advanced Studies. He was a visiting professor at Hitotsubashi University in Tokyo, and in 2002 was Chief Economist of the Centre for Russian and European Politics in Moscow.
The new Insolvency Act places completely new requirements on creditors, in terms of content and form, in connection with the registration of their claims; the non-compliance with the rules even may lead to the loss of the claim for the satisfaction of the registered debt.

NEW RULES APPLYING TO CLAIM REGISTRATION

The basic obligation of each creditor seeking at least partial satisfaction of his/her claims under insolvency proceedings is having the claim registered. The following rules must be observed under the new Insolvency Act:

- To be registered, the claims must be stated on the approved form in the Czech language (no other form of claim registration is admitted);
- The applications must be fully completed and supported by the requisite annexes (e.g. contracts, orders, invoices), which may differ depending on the kind of claim filed for registration.
- In addition to the general essentials, the applicant must state in particular the reason why the claim arose and specify its amount denominated in Czech currency (if the claim is denominated in a foreign currency, it must be converted into Czech crowns);
- Claims not yet fallen due, contingent claims or non-pecuniary claims may also be registered (in the case of a non-pecuniary claim, its value must be expressed in money on the basis of an estimate);
- In case the claim is secured (e.g. by lien), the creditor must state in the registration application whether he/she is seeking the satisfaction of his/her claim on the basis of such security, and specify its kind);
- If the claim is enforceable, the applicant must state the circumstances on which the enforceability of the claim is based (e.g. distraint instrument);
- The applications must always be in duplicate (including annexes) and must be filed with the materially competent insolvency court (the claim registration form can be downloaded free from website www.insolvencni-zakon.cz);
- The signatures on the application must be officially verified;
- Claims must be registered within a fixed deadline, which is usually only 30 days from the publication of the bankruptcy ruling in the insolvency register; the address is also available at www.insolvencni-zakon.cz;
- In case the creditor is a juristic person, a copy of an excerpt from the Company Register must also be attached to the application.
- In case the creditor is represented by an agent, the agent's power of attorney is required.

As documents proving the existence of the claim and its amount (e.g. contract, order, invoice) must always be attached to the registration application, businessmen are recommended to keep documents relating to their trade deals on file.

The decisive circumstance for the satisfaction of the registered claim is whether the claim is secured or not. Secured creditors are not satisfied from the same kind of the bankrupt's assets as the other creditors, but are accommodated directly with assets offered as security (pledge), or with the proceeds of the sale of the assets. Therefore, if for example the registered claim is secured by mortgage, the secured creditor will be satisfied directly from the proceeds of the sale of the property, at any time during the bankruptcy proceedings.

In conclusion it should be noted that as a rule the creditor will learn about the opening of insolvency proceedings and the course thereof only from the insolvency register, which is available only in electronic form. We therefore recommend clients to watch whether their trading partners do not, by any chance, figure in the insolvency register. If they do, the creditor must apply for the registration of his claim to the competent insolvency court, while observing the rules set out above.

Jakub Adam
Partner
Petr J. Syrovátko
Lawyer
WOLF THEISS advokáti s.r.o.
(e-mail: jakub.adam@wolftheiss.com, petr.syrovatko@wolftheiss.com)
Several legislative changes which came into force in January 2009 will affect enterprises based in the Czech Republic. They include, for example, the new Health Insurance Act, the Income Tax Act Amendment, and the Value Added Tax Amendment. This article sums up the most significant changes that will affect businessmen and entrepreneurs.

**Higher Income Limit**
The necessary limit of the employee’s income, which is a condition of his/her participation in the health insurance scheme, will be raised from the former CZK 400 (EUR 15.3) in a calendar month to CZK 2 000 (EUR 76.6) in a calendar month. At the same time, the automatic valorisation of the income has been introduced.

**Stricter Conditions for the Payment of Social Benefits**
Under the Employment Act Amendment, the Czech Republic issues Green Cards for foreigners (Editor’s note: More information about Green Cards can be found in the Czech Business and Trade journal No. 1-2). The Amendment also introduces stricter conditions for drawing social and unemployment benefits and for agency-mediated employment conditions. The highest monthly unemployment benefits in 2009 amount to CZK 13 312 (EUR 510). Under the new Amendment, people who in the past six months have left their jobs offered to them by labour offices without serious reason will not be entitled to unemployment benefits. The amendment also provides for lower unemployment benefits for those who refuse to undergo re-qualification courses or to do community work.

**Income Tax Changes**
The personal Income Tax Rate Remains Unchanged
The single 15-per-cent Personal Income Tax rate remains unchanged in 2009. The maximum annual assessment base for social security and health insurance premiums for 2009 is CZK 1 130 640 (EUR 43 310), the supergross wage, i.e. wage plus the part of the premium paid by the employer, will be calculated only from wages not exceeding that limit. At the same time, as a certain compensation for the unchanged Personal Income Tax rate for 2009, the rate for the calculation of the social security premium on the part of employees has been reduced from 7.9% to 6.5% of the assessment base.

**New Regulation of Health Insurance**
A new act, No. 187/2006 Coll., on Health Insurance, came into effect on 1 January 2009. According to its provisions, only an employee whose work incapacity (quarantine) has lasted more than 14 calendar days, is entitled to draw sickness benefits. If his/her sickness has lasted for a shorter time, he/she has no entitlement to sickness benefits. During the first 14 days, the employee whose employment contract continues will be secured by wage (salary) compensation or compensation of remuneration (herein-after “wage compensation”), to be paid by the employer. Wage compensation is due for working days, in the case of temporary work incapacity from the fourth working day and, in the case of quarantine, from the first working day. There is no entitlement to compensation after the termination of employment. From the fourth day, wage compensation amounts to 60% of the modified (reduced) average earnings. The purpose of this legislation is to raise employers’ interest in the reduction of the temporary work incapacity of their employees.

**Lower Health Insurance Premiums**
Employers’ health insurance costs are to be compensated by lower health insurance premium rates – instead of the previous 3.3%, in 2009 they will pay only 2.3% (1.4% as from 2010). Also, in 2009, employers will pay, from their own funds, only one-half of the wage compensation which they had to pay to their employees for the first 14 days of work incapacity, and will be refunded the other half from the state budget.

### Corporate Income Tax Rates from 2003 to 2009

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<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
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<tr>
<td>Rate</td>
<td>31%</td>
<td>28%</td>
<td>26%</td>
<td>24%</td>
<td>24%</td>
<td>21%</td>
<td>20%</td>
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### Changes of Social Security Premium Rates in 2009 as Compared to 2008

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<th>Employer</th>
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<tr>
<td>Health insurance</td>
<td>2.3%</td>
<td>0</td>
<td>3.3%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Pension insurance</td>
<td>21.5%</td>
<td>6.5%</td>
<td>21.5%</td>
<td>6.5%</td>
</tr>
<tr>
<td>State employment policy</td>
<td>1.2%</td>
<td>0</td>
<td>1.2%</td>
<td>0.4%</td>
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<th>Self-employed persons</th>
<th>Self-employed persons</th>
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<tbody>
<tr>
<td>Pension insurance and state employment policy</td>
<td>29.2%</td>
<td>29.6%</td>
</tr>
<tr>
<td>Health insurance (voluntary)</td>
<td>1.4%</td>
<td>4.4%</td>
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Tax rate applied to selected incomes of Czech tax liable non-residents remains the same as in 2008, i.e. 15%. At the same time, as from 1 January 2009, non-residents’ incomes from the transfer of shares in trading companies or co-operatives based in the Czech Republic, regardless of who pays those incomes (unless otherwise provided for by the contract on the prevention of double taxation concerned), are liable to tax in the Czech Republic.

**Tax on Incomes of Non-residents from the Transfer of Business Shares**

A new provision is that the tax on non-residents’ incomes from the transfer of business shares in trading companies and co-operatives based in the Czech Republic, from whichever source the incomes may be flowing, are also liable to tax in the Czech Republic. At the same time, such incomes are relieved from taxation if the income goes to a company which is a tax resident in another EU member state. Such tax relief is allowed if all other conditions applying to those transactions made by so-called parent companies were met.

**Stricter Conditions for Tax Allowability in the Case of Provisions**

Under the Provisions Creation Act for ascertaining the Income Tax base, provisions for the repair of tangible assets, the creation of which started in the period from 1 January 2009, are a tax allowable expense if the payer has transferred the full amount of the provision to a separate bank account in a bank having its registered office on the territory of an EU member state, designed exclusively for the deposition of provisions thus created before the deadline for making his/her tax return.

**Abolition of Property Tax Relief**

The Amendment provides for the abolition of the property tax relief in the case of new dwelling houses owned by natural persons or in the case of apartments owned by natural persons in new apartment houses designed for their permanent residence. If the entitlement to relief arose before the effective date of this Act, the last time the relief will be applicable will be in 2009. The relief is also abolished in the case of buildings in which the heating system was switched to environmentally friendly fuels. If the entitlement to that relief arose before the effective date of this Act, the last time the relief will be applicable will be in 2012.

**The Value Added Tax Act**

The harmonisation amendment effected by Act No. 302/2008 Coll. provides for several major changes of Act No. 235/2004 Coll. on Value Added Tax (hereinafter VAT Act). The main changes are as follows:

**Definition of the Place of Business**

For foreign entities, an important change is the new definition of the “place of business”. In the meaning of the Act, a place of business is a place having a permanent staff and material equipment in which the tax payer carries out his/her economic activities. If a foreign entity establishes a place of business in the sense of the VAT act in the Czech Republic, he/she becomes a VAT payer at that date, regardless of his/her turnover.

**Change of the Place of Supply in the Case of Intellectual Services**

New provisions concern the place of supply in the case of so-called intellectual services under section 10 of VAT Act, where the tax liability has been shifted from the service provider to the service receiver, meaning a “reverse charge”. In the case of these specified services (consulting, advisory, legal, and advertising services, transfer and assignment of copyright, provision of manpower, etc.), if the service receiver is a foreign entity or a tax liable entity which has its registered office or its place of business outside the Czech Republic, the place of supply shall be the place where the entity to which the service is provided has its registered office or place of business. If, pursuant to this rule, the place of supply is in a third country, but the service is provided for an entity which is at the same time a VAT payer registered in the Czech Republic, the place of supply will also be transferred back to the Czech Republic, provided that the service is really being used by that entity in the Czech Republic.

**Date of Taxable Supply**

Newly defined is the date of taxable supply in the case of property transfer, which is now the day on which the property was handed over to the acquirer for use, but not later than the day on which the document stating the commencement of the legal effects of the entry into the land register or the date on which the change of the ownership right was registered, was served.

Magdaléna Vyškovská, Tax Adviser
Pavel Jakab, Lawyer
PETERKA & PARTNERS
(e-mail: vyskovska@peterkapartners.cz)

Note: EUR1 = CZK 26.106 (average monthly exchange rate fixed by CNB, December 2008)
American President in Prague

US President Barack Obama chose Hradčany Square outside Prague Castle for his first substantial speech made on foreign soil. The main subject of his nearly 30-minute speech was nuclear arms restriction. President Obama also mentioned the need to use nuclear energy in the struggle against climate change. The programme of the President’s visit, which took place on 4 and 5 April, besides his speech, also included the EU-US summit. According to Mirek Topolánek, the summit opened up the door for co-operation in yet other spheres of relations between the EU and the USA, such as climate change and energy policy. On his visit, President Obama was accompanied by his wife, Michelle, and US Secretary of State Hillary Clinton.

Administration Reduced by 8%

The government plan, the implementation of which has been co-ordinated by the Ministry of Industry and Trade since 2007, provides for a 20-per-cent administration reduction by the end of 2010. At the end of 2008, the administration burden was reduced by 8%. “In less than two years, excessive administration was reduced by 8%, which is equivalent to an annual saving of more than EUR 240 million in businessmen’s expense accounts. I am persuaded that if the future governments work with equal intensity, a 20-per-cent bureaucracy reduction in business by the end of 2010 is real,” says Ex-Minister of Industry and Trade Martin Říman.

Instruction in Social Economics in Prague

An international European conference on social economics and business was held in the Czech Republic in the framework of the official programme of events organized by the Czech Government during the Czech Republic’s EU Presidency. Social economics and business act as a counter-balance to global economics on the local and regional level. Social enterprises recognise a different hierarchy of values and a different behaviour by having, for example, a different approach to health and social handicaps, to long-term unemployed people and school-leavers without practice. Their incorporation in the work process may help the state to cut its costs in dealing with unemployment. This, however, is only one of the many benefits and added values generated by social economics. According to Vladimír Špidla, member of the European Commission with responsibility for employment, about 10% of European entities, which represents approximately two million companies, espouse the ideas of social economics. The important international conference, which took place in Prague from 16 to 18 April 2009, not only helped to better understand the very essence of this most topical subject, but also contributed to clarifying the issue.

More information about the conference can be found at www.seconference.cz
Mineral Resources for Europe

The Mineral Resources for Europe international conference took place in Prague at the end of April 2009. It raised the issue of demand for mineral resources and their supply to the EU. The organisers – the Mining Union of the Czech Republic, Euromines (European Association of Mining Industries), and the Ministry of Industry and Trade of the Czech Republic – succeeded in initiating the participation of some 200 experts from the private and public sector from over 21 countries. The conclusions of the conference included the following:

- Many EU products and technologies are among the world’s best and assert themselves on the world markets. In order to make it possible to continue a reliable production thereof, it is necessary to ensure the power supply is competitive.
- Regardless of the current financial crisis, the demand for stone aggregates, metals, and non-mineral resources and products made from them will further grow on developing markets following the end of the crisis.
- The mining industry has always played and will always play a fundamental role in the development of industrial and economic activities in Europe, as well as in other parts of the world.

Following the end of the conference, the Ministry of Industry and Trade of the Czech Republic organised a discussion forum on the ministerial level. There were 50 representatives from 21 European states, including both EU member states and neighbouring countries.

Nanotechnology for a Sustainable Economy

A European and international nanotechnological forum, EuroNanoForum 2009, took place in Prague from 2 to 5 June. The Forum was organised by the Technological Centre of the Academy of Sciences of the Czech Republic and supported by the European Commission as an official event of the Czech EU Presidency.

The EuroNanoForum (ENF) is one of the largest events of its kind worldwide. It is held regularly every two years, and each time its organisation is entrusted to the country presiding over the EU. This year’s ENF, subtitled “Nanotechnology for a Sustainable Economy,” was focused on the benefits of nanotechnological research and its prospects for the sustainable development of European industry in areas, such as the need for reducing carbon emissions and fossil fuel dependence, for reducing energy intensiveness and ensuring the sustainability and efficiency of production, and for environmental pollution control. The Forum discussed the latest achievements of nanotechnological research and development in key areas. It provided a unique opportunity for research workers and industrial experts from various scientific and technological branches to meet and to discuss issues of common interest, and also to co-operate so as to help to outline a European nanotechnological strategy for the period after 2009.

- IMPORTANT SCIENTISTS AND COMPANY REPRESENTATIVES

The Forum covered the following subjects: Nanotechnology for environmentally friendly and energy efficient industrial production, Nanotechnology for the power industry, Nanotechnology for health and the environment, Future industrial technologies, and Horizontal activities and cross-section subjects (standardisation, ethical and legal aspects of the practical use of nanotechnologies, consumer protection, etc.). Among those presenting their papers were representatives of important companies and distinguished scientists, who acquainted the participants with the results of their work in nanotechnological research and development. They included, for example, Marcel Van de Voorde from Germany’s Max-Planck Institute, Mikhail Kovalchuk from Russia’s Kurchatov Institute, Matthew M. Nordan from Lux Research, the USA, and Michael Graetzel from the Swiss Federal Technological Institute in Lausanne (EPFL). The possibilities of using nanotechnology in practice were highlighted by an industrial exhibition of companies exceeding the European scale. One of the accompanying events was a technological exchange, which helped to support and strengthen international technological and commercial co-operation between the industrial and the academic spheres in areas using nanotechnology.

More detailed information about ENF 2009 can be found on the Internet at www.euronanoforum2009.eu.

Petra Perutková
Technological Centre of the Academy of Sciences of the Czech Republic
(e-mail: ENF2009secretariat@tc.cz)
Nine Out of Ten Czechs Speak a Foreign Language

Ninety per cent of Czechs speak at least one foreign language. This was found in an extensive survey carried out for the CzechInvest government agency. In the last six years, their number has risen by 13%.

Meeting someone in the Czech Republic who is unable to communicate with foreigners in a foreign language is becoming next to impossible nowadays. CzechInvest has recently published the results of a survey on the Czechs’ language competences, which reveals that 87.7% of the Czechs speak at least one foreign language. The list is naturally topped by the Slovak language, which had been the second official language in the then Czechoslovakia until 1993. The Czechs most commonly speak English, German, and Russian.

ENGLISH ON THE RISE

Compared with 2002, the knowledge of English has increased considerably, from 46.2% to 61.3%. On the other hand, somewhat surprisingly, German has declined – from 52.6% to 48.4%. Most commonly the Czechs are fluent in Slovak and English, with 16.2% of them possessing the highest proficiency level in Slovak and 16.1% in English. English and German are spoken mainly by young people aged 18 to 29, whereas those in the 50 to 59 age group most commonly claim fluency or proficiency in Russian.

ONE-THIRD OF THE CZECHS PLAN TO LEARN A NEW LANGUAGE

“The ability of the Czechs to communicate in a foreign language is naturally a key factor for foreign investors”, says Alexandra Rudyšarová, acting Chief Executive Officer of CzechInvest. “From this point of view, it is interesting to note the Czechs’ motivation for beginning to learn a foreign language. Most people admit that they want to learn another language mainly to be able to communicate when going on holiday. This is the main motivation for 57.9% of people.” Every fifth Czech who can communicate in a foreign language uses it regularly in his or her job. “A very positive finding of the survey is that a full one-third of the Czechs say they want to start learning another language within two years”, Ms Rudyšarová says.

ENGLISH IN PRAGUE

Knowledge of English is the best in the Czech capital city of Prague, where 81.9% have a command of the language. A good situation is also in the Czech Republic’s second largest city, Brno, where over 70% can speak English. Similar results are also reported from the regions of Pardubice and Hodonín, both areas east of Prague. German is most commonly spoken in the Karlovy Vary Region - an area of spa towns in the north-west of the country. A fairly good situation also exists in the southern and south-western districts of the country neighbouring on Austria or Germany, where at least every second inhabitant can speak German.

RUSSIAN SPOKEN IN SPAS

Russian, too, is spoken best in the spa town of Karlovy Vary. Surprising results came for those speaking French – their number is the highest in the Pardubice Region, where every fourth Czech has a command of this language. The capital city of Prague comes only second in the number of French-speaking inhabitants, lagging 10% behind. A total of 16.6% of the Czechs speak one language – in 2002 this figure was 14%. Almost 30% are proficient in two foreign languages, 18% of the Czechs, compared with 11% six years ago, have at least a basic knowledge of three or more foreign languages.

Jiří Sochor
CzechInvest
(e-mail: jiri.sochor@czechinvest.org)

Which foreign language do you speak and what is your level of knowledge?

Knowledge of foreign languages

Source: CzechInvest
From August 2009, A2Z Bio, the Czech subsidiary of the British company Yorkshire Bioscience, will launch the production of reagents for biotechnology research at the ČKD Prague Technological Innovation Centre. The firm plans to invest about EUR 100 000 to start up operations of the Czech enterprise and expects to earn two and a half times as much already in the first year. “Our expansion to the Czech Republic is a long-term undertaking that is absolutely necessary for our firm. As such, we will invest much more in the Czech Republic”, says Slava Pavlovets, Director of A2Z Bio.

EFFICIENT CONNECTION AND HIGH QUALITY
What were the reasons why A2Z Bio opted for the Czech Republic? “We are a biotechnology firm and in this sector it often happens that a customer calls one day and expects to have the ordered reagents the next day, so we needed an efficient connection to the whole of Europe. Our choices came down to southern Germany and the Czech Republic. In the end we decided for the Czech Republic because we will get much higher quality here for the same price,” explains Pavlovets. One of the reasons for the company’s expansion to the Czech Republic was the current downturn of the global economy. “When our customers find out that we are based in the United Kingdom, they immediately assume that we are overpriced and call our competitors just to see if their assumption was right. Of course, they are looking for a more affordable solution and particularly among our clients in Central and Eastern Europe, the United Kingdom is an invisible yet strong barrier. From Prague we will be able to reach a much broader range of customers,” adds Pavlovets.

A2Z BIO
A2Z Bio specialises in the production of substances necessary for research in immunology and molecular biology. The parent company of A2Z Bio, Yorkshire Bioscience, was established in the United Kingdom five years ago. Headquartered at the York Science and Technology Park, it specialises in the production and supply of reagents for research and also conducts research for customers in the biotechnology sector in the United Kingdom and throughout the world. Yorkshire Bioscience cooperates intensively with universities and helps students to gain work experience. More information is available at www.york-bio.com.

Škoda Superb Has Received Nearly Thirty Awards
Škoda Superb received the Car of the Year 2009 award in the Czech Republic, winning both the medium class and the trophy for the absolute winner. On top of that, the Superb has received Car of the Year awards in further seven European countries: Slovakia, Estonia, Lithuania, Latvia, Bulgaria, Bosnia & Herzegovina, and the Ukraine. The new Superb also succeeded at COTY, Europe’s most prestigious poll, where it got as far as the final and finished fifth in the end. Superb also received the “Winter Car of the Year 2009” awarded by the expert jury of the Finnish magazine Tekniikan Maailma.

One of the properties appreciated across the various European polls is the economical fuel consumption of this impressive medium-class liftback, which was actually the main reason why the model has received Company Car of the Year awards in the Czech Republic and Germany, besides winning the Imported Vehicles category in the latter. The Škoda Superb GreenLine won the category of environmentally-friendly cars at the Fleet Car of the Year awards in Austria. Furthermore, Škoda has sold over 20 000 second-generation Superbs since its world premiere a year ago.
Pavlínek was awarded the prize for his original research work and its presentation in the international professional media. He specialises in electro- and magnetoreological effects in polymer systems, which may be of essential importance for the development of intelligent materials.

**DEVELOPMENT OF INTELLIGENT LIQUIDS**

In the development of intelligent fluids, UTB scientists are using the ability of liquids to change their viscosity under the influence of the external electric or the magnetic field. The originally chaotically dispersed particles align to form an organised chain-like structure in the direction of the field, as a result of which the liquid turns into an almost solid state. After the field has been switched off, the viscous character of the liquid is restored. During the research it was found out that conducting polymers, such as polyaniline and polypyrrole, are very suitable materials for the preparation of electrorheological fluids. It is possible to prepare these materials in a very wide range of electric conductivity, and in this way tune their properties to suit the targeted application. This could be used, for example, in the construction of centrifugal clutches, shock absorbers, valves, etc. All these applications take advantage of the “solidification” capability provoked by external impulses of the electric or magnetic field. The research is based mainly on the preparation of new types of materials and the modification of the processes of preparation aimed at improving the long-term stability and efficiency of fluids.

**REHABILITATION AIDS AND SHOCK ABSORBERS**

Potential applications may be expected in areas where the change of the viscosity of the liquid plays a key role. This might be useful in the case of shock absorbers, as mentioned above, whose “stiffness” may be controlled by the value of voltage. So far, these technologies have not found a wide application. Nevertheless, in some countries equipment using intelligent fluids is already available on the commercial market. For example, such intelligent systems are used in car chassis shock absorbers (e.g. optional equipment in Audi TT), which can react to the style of driving or the character of the terrain. Experiments are underway to test the possibility of using such systems in heavy-duty off-road vehicles. Another area of potential use is in rehabilitation aids, which make it possible for them to react sensitively to the patient’s changing condition.

**INTERNATIONAL RECOGNITION AND CO-OPERATION**

The results, which are presented in scientific journals and at international symposia, have received wide publicity. In research and development of materials suitable for the preparation of intelligent fluids UTB co-operates with the Institute of Macromolecular Chemistry of the Academy of Sciences of the Czech Republic in Prague and with East China University of Science and Technology in Shanghai.

**OTHER AWARDS**

Pavlínek is one of three European scientists to have received the Morand Lambla Award so far. For him, however, it is not the first prestigious award: in 1999 he won the Werner von Siemens Excellence Award of the company Siemens for his Dissertation Thesis.
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Wandering Around Czech Golf Courses

Golf is a sport which has witnessed a dynamic development in the Czech Republic in recent years. With more than eighty greens, golf in this country has become what is termed a “national product”, which Czech Tourist Authority - Czech-Tourism advertises in its publicity campaigns abroad.

To present Czech golf courses in a sufficiently persuasive way, we decided to choose symbolically eighteen of them, which represent all the country’s regions. So do not hesitate and join us in conquering the first hole!

1. Number one must naturally start at the place where all this actually began: in the region which is famous not only for its top-standard spa services, but also its high-quality golf courses. Golf Club Karlovy Vary was founded as far back as 1904 and the Karlovy Vary Golf Resort is a favourite meeting place not only for spa guests, but also for visitors to the International Karlovy Vary Film Festival held each year.

2. Mariánské Lázně Royal Golf Club features another high-standard golf course in the region. In 1905, the course was opened ceremonially by the British King Edward VII, and in 2003 the British Queen Elisabeth II gave her consent to the Mariánské Lázně Golf Club to use the title “Royal”. Indeed, golf players coming to practice this sport on the course never get the impression of not receiving royal treatment.

3. The third point of the West Bohemian Spa Triangle is Františkovy Lázně with its Františkovy Lázně – Hazlov Golf Club. Unlike the previous two, this golf course was opened recently, in 2003, but owing to the excellent design of the architects Fehring and Wolker, it has become a favourite venue for players not only from this boundary region.

4. The same applies to the Astoria Golf Resort not far from Karlovy Vary. Gary Player, who lent his expertise to design the course in Cihelny, is certainly giving much pleasure to Czech golf players. Confirmation of this fact is that the course has won twice the Golf Course of the Year Award of the Golf Digest CZ magazine. The Astoria green is another recreational facility in the rich offer of the Karlovy Vary Region.

5. More to the north of the spa area is the course of Sokolov Golf Club, opened for play in 2006. It is a good-quality eighteen-hole course with a well-kept surface, which attracts players not only from the Ústí nad Labem Region.

West Bohemia is a region with wide-ranging opportunities for golf playing. In addition to the previous five courses there are two more eighteen-hole greens, Alfrédov Golf Club and Karlovy Vary Golf & Racing Club. Another eighteen-hole course is that of Golf Club Kynžvart, which is nearing completion.

6. Now let us move to the capital. Prague offers golf fans three municipal nine-hole courses (Golf Club Praha, Golf & Country Club Prague, Golf Club Hostivař), and a completely new eighteen-hole course in Zbraslav – Prague City Golf Club.

7. There are several courses in the vicinity of the capital, with services appreciated by their users, including visitors to foreign trade fairs, which they recommend as courses providing excellent golf-playing opportunities.

Konopiště Golf Resort has two eighteen-hole courses: Radecký Course and d’Este Course. Good supplementary services, with restaurant and accommodation facilities, combined with good transportation links with Prague, are a combination that attracts frequent groups of foreign golf players.
Český Krumlov not only has an eighteen-hole course, but the historical town of Český Krumlov is featured on the list of the UNESCO World Heritage Sites. Similar attractions are attached to the CZ Golf Resort Telč – Šiškův Mlýn, but this is a little farther away from the heart of the region.

12. Mentioning the 27-hole course of Hluboká nad Vltavou Golf Club, with a fine view of the historical chateau, is a must. Then there is the CZ Golf Resort Písek – Kestřany, with its undulating terrain, into which the Japanese designer Shunsuke Kato set his project with great feeling for the environment, and the picturesque Mnich Golf Club near Nová Bystřice, amid the attractive South Bohemian countryside.

8. Another golf course attracting foreign players is that of the Karlštejn Golf Resort. The view of the majestic structure of the medieval castle surrounded by an undulating countryside is so much out of the ordinary that sometimes visitors even ask, whether the castle in the photograph is real. It is, indeed. The same as the 86 bunkers scattered around the 130-hectare course.

9. More courses can be found by the motorway to Plzeň: the Beroun Golf Resort and the Albatross Golf Resort. The latter will be open for play later this year. In Prague environs, the same as in West Bohemia, the opportunities to practice the sport are galore.

10. Further on in the direction of Plzeň is another golf course, with a wide range of facilities and good services: Darovanský Dvůr Resort, founded in 1997.

11. For Plzeň Golf Park, 11 is definitely a lucky number. Its eleventh island hole has won three times the Hole of the Year award in polls conducted by Golf Digest CZ magazine. This year, in addition, the magazine bestowed on it the “2008 Golf Course of the Year” award. The gold-medal position in combination with the golden beer, exported from Plzeň to the whole world, may be good reasons for visiting just this region.

From Plzeň let us now move to South Bohemia, a picturesque region with an attractive countryside and a large number of cultural and historic sights. Golf Club Český Krumlov not only has an eighteen-hole course, but the historical town of Český Krumlov is featured on the list of the UNESCO World Heritage Sites. Similar attractions are attached to the CZ Golf Resort Telč – Šiškův Mlýn, but this is a little farther away from the heart of the region.

13. From South Bohemia, it is just a stone’s throw to Moravia. In the outskirts of Brno, players will be welcomed by the Golf Brno Kaskáda course. The course, designed by Jonathan Gaunt, has 27 holes: its three...
nines (called Wooden, Stone and Iron) can be combined at will.

14. Slavkov is another must: the Austerlitz Golf Resort with its 18-hole high-quality green, in the vicinity of the site of the Austerlitz battlefield, where Napoleon left his mark. Also not far from Brno is the Socrates Golf & Country Club Kofenec.

15. From sunny South Moravia we shall travel north, to a region bordering on Poland. There, Prosper Golf Club Čeladná deservedly ranks as one of the Czech Republic’s TOP courses. This year it will host the Czech Golf Open 2009, included in the European PGA Tour series, where leading European players will be able to test its qualities. The magnificent nature of the Beskydy Mountains, surrounding the course, is one of the reasons, why this resort is enjoying so much popularity.

16. The neighbouring Ostravice Golf Resort has a new course, designed by Chris Johnson, which is a guarantee of good golf. Other eighteen-hole courses in the vicinity are TJ Mittal Ostrava – Park Golf Club, Ropice Golf Course, and Golf Club Olomouc.

17. Via the Kunětická Hora Golf & Spa Resort, opened in 2007 in the vicinity of a medieval castle and this year’s third most popular course according to the latest poll of Golf Digest CZ, New America Golf Club near Jaroměř (27-hole course built in 2002), we get to the North Bohemia Region.

Malevil Golf Club’s course is sensitively located in the surrounding hilly countryside, providing a wide range of complementary services. This makes the place attractive not only for the golf players themselves, but also for entire golf families.

18. Ranking incontestably among the best in the region is Ypsilon Golf Resort Liberec – one of the golf players’ most popular courses, regularly being place in leading positions of golf surveys (2006 and 2007 Golf Course of the Year according to Golf Digest CZ). It was designed by Britain’s Keith Preston, who took best advantage of all the local natural features, turning it into a real gem.

The Liberec Region has several nine- and eighteen-hole courses. But now, let’s go back to Prague along the motorway, and stop at one of the eighteen-hole courses along the way (Golf Mladá Boleslav, Golf Resort Paradise Benátky nad Jizerou).

Our round of the courses has reached its end, and yet we haven’t managed to cover all the country’s eighteen-hole greens. Or I would be lying, and this is not done in golf.

So if you have time and feel like trying golf in the Czech Republic, don’t hesitate. A list of golf courses, which CzechTourism Agency publishes each year in its Golf Guide, can be downloaded from www.czechtourism.com – Active Holidays – Golf, in English and German.

The Czech Republic – according to the IAGTO’s award the Undiscovered Golf Destination of the Year 2007 - may, owing to your interest, become one of the already discovered and favourite golf destinations.
The natural and cultural wealth of the Czech Republic has attracted millions of tourists in the past few years. However, the Czech Republic is not only attractive for tourists who visit it for recreation. It is also attractive for the business clientele and the organisation of congress events. The Czech Republic features unique options for combining the best from local culture, history, and natural conditions and facilities with top equipment. Employee professionalism and the most modern technologies have become the standard. The capacity of congress space in Prague is comparable to that of its closest competitors — Vienna and Budapest. This is evidenced by events such as the NATO Summit or the meetings of the International Monetary Fund and the World Bank Group that Prague hosted.

GROWING INTEREST
The growing selection of congress services has prompted the emergence of fierce competition among both domestic and foreign suppliers of these services on the Czech market. This has led to comparisons of the overall level of services to that of other destinations around the world. Dozens of luxurious hotels and conference centres that satisfy international quality and capacity standards can be found in Prague, as well as other Czech towns. In the area of accommodation, the interest of the congress and business clientele is mainly oriented at higher-category hotels. While the majority of these are in Prague, other Czech cities and towns are also ready to host such events, for example, Brno, Ostrava, Karlovy Vary, Hradec Králové. Congress organisers also seek the quiet locations of castles and chateaux, such as Český Krumlov, Nelahozeves, Sychrov, or Mikulov.

PRAGUE MOST POPULAR
The most popular destination for the congress and business tourism in the Czech Republic is the capital, Prague. It accounts for approx. 90% of the congress industry. During a relatively short period of time, Prague has become a world-known congress desti-
nation. Modern hotels with broad offerings of conference space have been built. It is an advantage that, as opposed to other world cities, most of the congress space and accommodation capacities in Prague are new. The city benefits from the very convenient geographical location and good transport accessibility. Another strong point in Prague’s favour is its modern infrastructure. Prague’s popularity can be evidenced by important world events held in the Czech Republic in the past years. The NATO Summit was hosted by Prague in autumn 2002. The annual meeting of the International Monetary Fund and the World Bank Group was also held in Prague in 2000. The Congress Centre Prague hosted the ASTA International Destination Expo in 2006. Besides large events with thousands of attendants, hundreds of smaller conferences and congresses take place in the Czech Republic.

**BROAD SELECTION OF FACILITIES**

A broad selection of congress or conference space and services is essential to satisfy the needs of organisers. The list of facilities suitable for congresses in the Czech Republic even includes places with capacities of over 5 000 persons. The centres are located all around the country and are ready to host over 9 000 guests in one place.

Organisers of smaller seminars can count on the most modern equipment, perfect audio-visual technology, comfort, and professionalism. The comfort, luxury, technical facilities, logistics know-how, and professional service will satisfy even the most demanding clientele from the whole world. The overall capacity of modern congress facilities in the CR is almost 50 000 places. The Congress Centre Prague is one of the largest and most prominent congress centres in Europe (www.kcp.cz). The building underwent a major reconstruction in 1998-2000 and a new multi-purpose facility with large hotel and administrative space has been built. The Centre features 20 halls and 50 lounges with capacities ranging from 12 to 2 764 persons. With its offering of meeting, banquet, and exhibition rooms, including accompanying services, it is the largest and most complex congress and conference service provider on the Czech market.

**ORIGINAL CONGRESS FACILITIES**

A congress or a conference can also be held in the national cultural monument, the Municipal House (www.obecnidum.cz). The beautiful Art Nouveau building has 15 conference rooms with a total capacity of up to 1 000 places. The atmosphere of magical
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historical Prague will welcome you in the halls of the historical Žofin (www.zofin.cz) building. The Renaissance revival building has acquired its current form in 1986, and underwent a major reconstruction in 1992-1994. Today, there are exclusive rooms for conferences, congresses, and other business functions, but also for representative balls and other social events. However, the greatest treat the Czech Republic has to offer, when it comes to congresses and conferences, is Prague Castle (www.hrad.cz). Interested parties would have five conference rooms with a total capacity of 2 360 persons at their disposal.

EU PRESIDENCY
Many important events took place in the CR during the Czech Presidency of the EU. For example, meetings of ministers of the member states were in held in Luhačovice (employment and social affairs), Mariánské Lázně (regional development), Litoměřice (transport), Hluboká nad Vltavou (foreign affairs); many other events took place in all parts of the Czech Republic. The Euronanoforum 2009 congress and the Eurochambers conference took place in Prague this spring. The president of the USA, Barack Obama, also visited Prague during the Czech Presidency of the EU. Successful organisation of these events is a proof of high quality and professionalism, as the requirements of these events are very high; not only regarding the quality of accommodation and organisational skills, but also security-wise.

GETTING TO THE CZECH REPUBLIC: EASY, FAST, AND CHEAP
The entire Czech Republic is served by one of the densest railway networks in the world. Thanks to the ever growing motorway network, the quality of road transport also increases. Planes can be used, without hesitation, for travel from...
more distant destinations. There are airports in Prague, Brno, Ostrava, and other towns. The Prague Airport is the busiest. 50 airlines provide regular connections to 127 destinations in 52 countries of the world. The Czech Republic is also an important destination for many low-cost airlines, both the Prague and Brno airports. Czech Airlines, awarded the Best Airline in Central Europe for several consecutive years by The World Airline Awards, can be used for air travel.

**RELAX AFTER WORK**

Accompanying programmes are an indispensable part of a complex organisational service. The Czech Republic is a true master in this regard. Not only the capital, Prague, but also other towns and places in the Czech Republic offer a daily selection of a large number of concerts, theatre performances, and a broad selection of sports activities (current offerings can be found at www.prague-eventscalendar.com). The business clientele will, for example, surely welcome the many golfing opportunities. The Czech Republic is also an ideal destination for active tourism, and, because of its diversity and quality of cultural and architectural monuments, for urban and learning tourism, and also for high quality spa stays. The historical monuments will thrill architecture-loving travellers, spa lovers will also be satisfied thanks to the unique number of mineral springs. Even lovers of culinary delights will not miss out. There are several top-level establishments in the Czech Republic. One can even visit two Michelin Star restaurants in Prague (Allegro and Maze).


---

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The Zlín Region is one of the most interesting of Czech regions. Its uniqueness is reflected in many aspects: natural wonders (30% of its area is covered by protected landscape areas), cultural wealth, and the historically significant industrial sector. Even though the strong economic position has started to weaken in the mid-90’s, the Zlín Region is still considered a dynamic region with an undeniable economic potential. It is, therefore, worth it – despite the current unpredictability of the global economic development – to take interest in the Zlín Region. The natural beauty represents an added value that cannot be taken away from the Region’s inhabitants. The overall uniqueness of the Region promises many interesting business opportunities in a one of a kind combination with a rich offering of leisure activities.

Zlín Region

ZLÍN REGION – A REGION WITH A MODERN, PROSPEROUS ECONOMY, INCREASING STANDARD OF LIVING, HIGH EMPLOYMENT RATE, ATTRACTION TO CITIZENS, INVESTORS, AND VISITORS.

LOCATION, TERRITORIAL DIVISION, POPULATION
The Zlín Region, bordering Slovakia in the East, is the fourth smallest region in the CR, occupying an area of only 3,964 sq. km. The landscape is very rugged and varied. The northern part of the region is dominated by the Moravskoslezské Beskydy Mountains (the highest point reaching 1,206 m), the east has another mountain range with a peak exceeding 1,000 m, Javorníky. The Morava River meanders between these hilly areas and other uplands, giving the surrounding bank areas lowland characteristics. Numerous natural preserves and two protected landscape areas are worthy of attention, with the CHKO Bílé Karpaty (White Carpathian Mountains Protected Landscape Area) listed among the UNESCO biospheric preserves (www.bilekarpaty.cz).

The Region (NUTS 3) is a part of the territorial unit Central Moravia (NUTS 2) and is divided into four districts (LAU 1) Zlín, Vsetín, Uherské Hradiště, and Kroměříž with 590,780 inhabitants altogether. The population in the Zlín Region is not limited to towns, as evidenced by almost 40% of out of town inhabitants. The Region’s largest town is Zlín, with almost 80,000 inhabitants, it is the centre of industry, science and research, culture, education, and sports.

ECONOMIC CHARACTERISTICS
It is true that the economic situation of the Zlín Region is no longer as favourable as it used to be for many years. Especially the restructuring of the industry and the split from Slovakia in the 1990’s have had a negative influence on the previously stable economic position of the Region. The current economic potential of the Zlín Region stems from the production of formerly important machinery producing businesses. The Region’s processing industry plants are among the leading suppliers of consumer goods on the Czech market, especially in the areas of shoe-making, woodworking, tanning, electrical and textile industries. However, most of the plants do not have sufficient output; companies with foreign investment are exceptions. The situation is similar in other relatively common fields, such as the chemical, rubber, and food-processing industries.

The not so favourable period of the Zlín Region economy is also reflected in the gross domestic product. The Zlín Region was the 9th out of the 14 regions of the Czech Republic in 2007, with the average GDP per capita of CZK 283,366 (EUR 11,361). This amounted to 4.7% of the gross domestic product of the Czech Republic.

The situation is relatively satisfactory in the area of unemployment: the registered rate of unemployment is around 6%. Most people are employed in industry, building, transport, storage, and telecommunication.

Key Industries:
- rubber
- film studio, film production (tradition since 1936)
- building
- engineering
- shoemaking
- plastics and gum processing
- printing
- food processing
- research and development in the listed areas

TRANSPORT
Zlín is connected to the main centres of the Czech Republic by the 1st class road

Zlinský kraj
(Zlín Region)
třída Tomáše Bati 21
761 90 Zlín
Czech Republic
phone: +420 577 043 111
fax: +420 577 043 202
e-mail: podatelna@kr-zlinsky.cz
www.kr-zlinsky.cz
I/49, which connects to the Czech motorway network (Vyškov 70 km) in the direction Brno – Prague and Ostrava. The Region has long been handicapped by inadequate transport accessibility which has caused it to be relatively overlooked by mainly foreign investors. However, change is coming. Thanks to the planned connection to motorway routes (Prague – Ostrava) and fast highways in the direction of Slovakia and Vienna (expected to be finished in 2010), the Zlín Region will finally be able to offer good transport accessibility to investors. It will become possible to use the strategic location of the Region to its full potential; four countries can be accessed from here: Slovakia, Poland, Hungary, and Austria. The nearest international airport is in Brno (www.airport-brno.cz).

**Distance to Selected Towns:**
- Prague 300 km
- Brno 100 km
- Plzeň 390 km
- Ostrava 104 km
- Bratislava 200 km
- Vienna 220 km
- Budapest 300 km
- Warsaw 470 km

**EDUCATION**

There are educational institutions of all types and levels in the Zlín Region. Besides elementary and general middle school education, there are two universities in the Region. The largest educational institution in the Region is Tomas Bata University (http://web.utb.cz in Zlín. It is a public university with five faculties. The second university is the private European Polytechnical Institute in Kunovic (www.czechuniversity.com). The Film School Zlín is an original educational institution. It continues the tradition of the film studio on the Zlín hill of Kudlov, which was already in operation in 1936. The school is oriented at preparing future professionals for television and film crews with regard to actual needs of the media.

More information regarding education in the Region (with an emphasis on the Tomas Bata University) is to be found in the following article: Human Resources Development in Zlín Region.

**CULTURE, TOURISM**

As mentioned before, the Zlín Region offers many extraordinary places and a unique symbioses of localities that may seem incompatible at first sight. Nowhere else in the Czech Republic will you find mountains, vine-growing valleys, spas, a number of religious monuments, and eminent functionalist architecture all in the same area. The most important and most attractive places for tourism include the Wallachian open-air museum of traditional rural architecture in Rožnov pod Radhoštěm (www.roznov.cz), the chateau in Kroměříž (www.azz.cz) which, along with its two gardens, is recorded in the list of UNESCO monuments, or the gothic castle of Buchlov (www.hrad-buchlov.cz). The regional town of Zlín itself is famous for its functionalist urban agglomeration on which many important architects participated, led by the French architect Le Corbusier. Last but not least, the Luhačovice Spa (www.lazne-luha covice.cz) deserves a mention. It attracts some 20 000 tourists every year not only to the medicinal procedures, but also to the singular architecture of folk Art Nouveau. Rich and quality cultural entertainment is provided by over 100 museums, galleries, cinemas, and theatres. Traditional cultural events in the Region include the historical Kings’ Parade in Vlčnov, the Summer Film School in Uherské Hradiště, and the International Festival of films for Children and Youth in Zlín (www.zlinfest.cz).

**SPORT**

Skiing is the indisputable champion of sports tourism in the winter months. Quality downhill and cross-country routes can be found, for example, in Pustevny (a skiing centre in Beskydy, more at www.skialpin.cz/english.php). Cycling dominates the summer, with enough opportunities for rock climbers, too.

The Zlín Region is one where sport thrives. This is evidenced by the fact that the regional town of Zlín is home to a number of teams from the most prestigious sports disciplines that participate in the top national leagues (ice-hockey, football, and volleyball); the basketball team is successful in the second highest league. These successes indicate a traditional and mutually beneficial symbioses of sports and sponsorship in the Region.
In the long term, the Zlín Region is, despite its small area, perceived as an economically strong locality with a broad industrial base, many traditional industries, and the related qualified workforce. The main industries are plastics processing, rubber, and chemical – these combine for over a half of the Region’s industrial output.

An important role is played by the Plastics Processing Cluster (www.klastr.cz), which associates important firms from this industry. The engineering, electrical, arms, and aviation industries have a tradition and a strong potential in the region, forming a base for the Region’s long-term development.

The Region is characteristic for its lively business activities, stemming from the tradition established here by Tomáš Baťa, an important entrepreneur of world renown and the founder of the Bata shoe-making company.

Science and technology parks and technology transfer centres of Tomas Bata University and the Technology Innovation Centre ensure the development of innovative businesses and the transfer of science and research results into commercial practice; there are also a number of regional business incubators. The Region is successful in fulfilling its own Regional Innovation Strategy (www.inovace-zlinskykraj.cz), in relation to which a number of development projects are being prepared.

In the private sector, a number of technology centres are being established, especially through investments by strong regional companies. These accounted for over 80% of all important investment projects mediated for the Zlín Region by the CzechInvest Agency in 2008. The Institute for Testing and Certification in Zlín (www.itczlin.cz), the second largest Czech company of its kind, provides businesses with services in the area of testing and certification.

The greatest number of foreign investors is attracted to the Czech Republic by CzechInvest, the governmental agency for the support of business and investment. Only 5% of all projects in which the Agency participated since 1993 went to the Zlín Region. This, however, is changing.

One of the reasons is the completion of the motorway network and the preparation of the strategic industrial zone Holešov. Another factor is the fact that the Region has been outside of investors’ interests so far. While other regions, with minimum unemployment and rising labour costs, are saturated

<table>
<thead>
<tr>
<th>Investor</th>
<th>Sector</th>
<th>Country of origin</th>
<th>Investment (millions of USD)</th>
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<tr>
<td>Continental AG</td>
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<td>99.40</td>
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<tr>
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<tr>
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<td>parts for automotive industry</td>
<td>Japan</td>
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<tr>
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<tr>
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<td>metalworking</td>
<td>Spain</td>
<td>30.91</td>
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<tr>
<td>Fatra, a.s.</td>
<td>plastics</td>
<td>Czech Republic</td>
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</tr>
<tr>
<td>Kovovýroba Hoffmann</td>
<td>engineering</td>
<td>Czech Republic</td>
<td>17.02</td>
</tr>
<tr>
<td>Trustfin-Vanguard</td>
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<tr>
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<td>TESLA ECIMEX</td>
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</tbody>
</table>
with investments, opportunities are still open in Zlin. All these key factors will combine for a much greater infl ow of foreign investments to the Zlin Region in the near future.

**WHY CHOOSE ZLIN REGION?**

- Strong industrial tradition and qualified workforce: plastics processing industry, living tradition of aviation production, precise engineering, arms production, and electrical industry.
- Qualified cheap workforce (average wage in the Region is EUR 803 as opposed to the national average of EUR 925 – January 2009), and lower costs.
- Developed small and medium businesses.
- Soon to be completed connection of the Region to the motorway network (Prague – Ostrava) and to the international route (Paris – Nuremberg – Brno – Púchov – Žilina – Kiev).

**Shoemaking Wonder Called Bata**

When you say “entrepreneur” and “Zlin” in the Czech Republic, everybody immediately remembers the name Bata. The Czech shoemaking giant, the Bata Company, is closely tied to the Zlin Region. The founder, Tomáš Bata, started his business in the town of Zlin in 1894. For many years, Zlin became the centre of national shoemaking, and despite various historical difficulties, it has kept its privileged position to day. True, the company headquarters are now in Toronto, but the atmosphere of “Bata’s Zlin” is unmistakable in the town even today – especially because of the unique functionalist architecture of the hundreds of houses where company employees lived during its good years.

Today, Bata serves 1 million customers per day, operates 4 600 retail stores, manages a retail presence in over 50 countries, employs over 40 000 people.

**TOMÁŠ BATA’ IDEOLOGY PRINCIPLES**

1. Worker and owner are business partners.
2. Every worker has a chance to become a millionaire.
3. In the interest of the whole work collective and the public, nobody is allowed to interfere in the relationship between an employee and the employer (factory union ban).
4. The purpose of the company is to serve the public.
5. The end justifies the means.

(Source: Wikipedia)

**ZLÍN ARCHITECTURE PHENOMENON 1910–1960**

Zlín Architecture Phenomenon 1910–1960 Bata’s Zlín, as an urban and architectural whole, was a phenomenon between the Wars and shortly afterwards, unparalleled in Europe, then and now. It became the only thoroughly functional town in Europe, with an unmistakable and original construction concept.

The Zlín architecture is a unique phenomenon, not only within the Czech Republic. It is based on one of the largest and most ingenious uses of perfect standardisation and unification, maximum economisation of building costs, and maximum simplification and limitation of building elements for all types of buildings. An armoured concrete skeleton with unified dimensions of 6.15 x 6.15 m, regardless of its purpose, whether for a factory, school, hotel, or a dorm. This is complemented by brick lining and windows in metal frames. The result is one of the most impressive branches of modern architecture. One that is fast, cost effective, rational, perfectly functional, and unadorned.
Innovations Are a Must Today

The company’s core activity is the operation of the building of the Business Innovation Centre, which provides comprehensive services in the area of supporting innovation in business. It also houses other support organisations, including a business incubator, a scientific and technical park, and a technology transfer centre, which provides all-round consulting services and organises educational seminars for businessmen.

Do you co-operate with institutions in other countries?
TIC participates in the realisation of several international projects. The first is Clusterplast, the purpose of which is to help plastics companies in the European region to raise their competitiveness on global markets. The second project is Cerada, in the framework of which analyses will be made of the current situation in the area of research and development, and a strategy will be formulated to integrate research and development in the Region’s action plan. Another project is the Czech-Slovak cross-border Trenčín-Zlín T-ZIP platform, aimed at creating opportunities for the promotion of research and development on a geographical area extending along the borders of three states – the Czech Republic, Slovakia, and Poland. TIC also participated in projects concerned with the creation of an innovation strategy and the transfer of experiences with the implementation of innovation policy, specifically the projects Cognac, SupPolicy, and Regional innovation strategy of the Zlín Region, financed from the 6th EU framework programme.

What can TIC offer a foreign company wishing to settle in the Region?
As we are familiar with the innovative environment of the Zlín Region and are an associated partner of the Enterprise Europe Network, we can find a suitable partner for a foreign company, incorporate it in one of our clusters, offer original Czech technologies to it, mediate contacts with important research institutions in the Region, in particular the Tomas Bata University in Zlín, and help it with the international transfer of technologies. The foreign company might find it useful to settle in the attractive environment of the city centre, in the unique Business Innovation Centre we have built, where other business promotion institutions, such as the Regional Office of CzechInvest, the Zlín District Economic Chamber, and the Eurocentre of the Government Office, are also housed.
Human Resources Development in Zlín Region

The diligence of local people ensures the Region has a perspective workforce. Historically, crafts and handicrafts flourished. The business boom in the Baťa era (1st half of the 20th century) stimulated the development of sophisticated industries, such as aviation, engineering, rubber, tanning, and construction. Today, the Zlín Region offers a qualified and flexible workforce at a favourable cost when compared to the rest of the Czech Republic.

SUPPORT FOR CRAFTS
The rapid development of today's economic society places enormous requirements on the maintenance and development of employee qualifications, flexibility, and adaptability. The lack of qualified workers is largely felt especially in traditional crafts. The missing graduates of secondary and vocational schools (especially in fields with vocational certificates) reflect the unfavourable demographic development (weaker population years) and the loss of prestige of crafts. Nevertheless, the Zlín Region is able to cope with the unfavourable situation through the realisation of the support programme “Support for Crafts in Vocational Education” which has been created to attract pupils to study in fields related to engineering and machinery production, construction, and chemistry.

CENTRES OF TERTIARY EDUCATION IN THE ZLÍN REGION

seat in the Zlín Region:
- Tomas Bata University (public, 5 faculties), www.utb.cz
- Faculty of Technology – Uherské Hradiště, Kroměříž, Vsetín
- Faculty of Multimedia Communication – Uherské Hradiště
- European Polytechnical Institute, Ltd. (private) Kunovice, www.czechuniversity.com

with a detached workplace in the Zlín Region
- VSB – Technical University Ostrava, www.vsb.cz
- Faculty of Economy – Uherské Hradiště, Valašské Meziříčí
- Faculty of Electrical Engineering and Computer Science – Rožnov pod Radhoštěm
- Faculty of Mechanical Engineering – Uherský Brod
- Palacký University Olomouc, www.upol.cz
- Faculty of Education – Uherské Hradiště
- Faculty of Law – Kroměříž
- Academy of Arts, Architecture, and Design Prague, www.vsup.cz
- Department of Design – Zlín
- Jan Amos Komenský University Prague (private) Starý Hrozenkov, www.ujak.cz

Source: Regional Office of Zlín Region

REGION FOCUSES ON UNIVERSITY GRADUATES
A significant increase in the numbers of students and graduates is evident in the area of university education in the Zlín Region, mainly because of the Tomas Bata University. There are over 12,500 students in 54 fields of study.

The problem with university education in the Zlín Region is the so-called “brain-drain” to other regions. This is evidenced by the adverse balance of university-educated population movement since the beginning of the 90’s that has been growing further in the beginning of the 21st century.

The reasons for this development include insufficient numbers of jobs for university graduates and a differing structure of university graduates in the Region and the demand by employers. The low average monthly wage in the Zlín Region is also a considerable factor, putting the Zlín Region in 9th place when compared to other regions.

Projects planned to deepen the cooperation of universities with the business sector, as defined in the Zlín Region Development Strategy until 2020 and the Zlín Region Innovation Strategy should help to solve problems related to improving the level of knowledge of university graduates and their motivation to work in the Zlín Region in the next few years.
Tomas Bata University (TBU) is a modern educational and scientific research institution which can be characterised by a very fast development, openness to the world, emphasis on science and research, and cooperation with the business sphere. With more than 12 500 students, it ranks among medium-sized universities in the Czech Republic. Besides its priority, which is educational activity, TBU is increasingly orientating to top-level science, research and development, as well as arts. The University places emphasis on international cooperation, and thus English is an equal language with Czech.

In 2009, TBU had 5 faculties: technology, applied informatics, management and economics, multimedia communications, and humanities. One part of TBU is its University Institute, which is involved in innovation and scientific activities in the area of applied research. The Institute operates the Technology Park, which was established with financial support from the EU Structural Funds in 2006–2008. The University concentrates in the Technology Park scientific teams engaged in applied research into polymer materials in healthcare. The teams cooperate with companies some of which are based in the Park, or use the services of experts, including the services of patent representatives within the Technology Transfer Centre. The concentration of scientific staff of the University, company partners and technology transfer experts in one place has proved the right choice for the promotion of cooperation with the business community.

At present, TBU is preparing a project aimed at the establishment of a regional research and development centre focused on polymer systems and processes. The project is another instrument for the promotion of cooperation with business entities in the area of plastics and rubber manufacture, which has been one of the most important branches of the manufacturing industry for the Zlín Region.

- **EXAMPLES OF COOPERATION WITH FOREIGN FIRMS:**

  - **3M Belgie N.V., Zwijndrecht, Belgium**
    Consultancy in the development of new manufacturing additives

  - **Avery Dennison Corporation, USA**
    Development of a method for flow instability prediction

  - **Dr. W. Kopytko, Oberbergkirchen, Germany**
    Measurement, determination of crystallisation behaviour, Evaluation of PET crystallisation behaviour, PET rheology

  - **RENOLIT Benelux B.V., Netherlands**
    Rheological evaluation of PVC and PP blends, Consultations in PVC extrusion

Tomas Bata University in Zlín

- Liaison with Business

Gabriela Havelková
phone: +420 576 033 009
+420 724 646 732
e-mail: havelkova@uni.utb.cz
www.web.utb.cz
Representative and technical assistance office of the Zlín Region to the European Union in Brussels represents the interests of the Region in the dialogue with EU institutions, supports the forging of partnerships on an international scale, and promotes the Zlín Region in Europe as an attractive location for investors, tourists, students, and other interested parties.

The office promotes the Zlín Region and its subjects by participating in many European events, such as Open Days, i.e. the annual Week of European Regions and Towns. The office also supports the unique Film Festival Zlín, planned for the end of June 2009. The FF Zlín will, in close cooperation with the film festival in Brussels, conclude the Czech Presidency of the European Council by screening the winning film.

**TECHNICAL SUPPORT AND COMMUNICATION**

The representation contributes to the formulation and realisation of projects in cooperation with European and international partners, including help with the acquisition of finances from European funds. The Zlín Region in Brussels has also introduced a special window on its website, a so-called “showroom”, to promote regional companies in Europe. Last but not least, the office provides information regarding the Zlín Region and its European initiatives to the partners in the Region. The representation prepares a fortnightly newsletter, regular and special reports, seminars in the Region, and also the official website, www.zlinregioninbrussels.eu.

Zlín Region in Brussels

phone: +32 2 641 17 60 (61 – 68)
fax: +32 2 641 17 69
www.zlinregioninbrussels.eu

Mattia Crosetto,
Office Director in Brussels
e-mail: mcrosetto@zlinregioninbrussels.eu

Petra Janošková,
European Relations and Communication
e-mail: pjanoskova@zlinregioninbrussels.eu

Martina Dlabajová,
Coordinator in the Region
e-mail: martina.dlabajova@kr-zlinsky.cz

BUILDING BRIDGES: REGIONAL DIMENSION TEN-T

In February, the Zlín Region in Brussels organised a conference within the Committee of Regions in Brussels called TEN-T. The main goal was to attract the attention of all interested parties to one of the main aspects of the operation of international trade: the transport infrastructure, especially with regard to the construction of local and regional transport networks. The main topics were the expected results of axes within TEN-T on the basis of directions outlined in the “green paper” of the European Commission, the balance of partnership between the public and private sectors in this area, and the evaluation of possible new solutions that could be applied to better utilise European, national, regional, and private capital for the building of transport infrastructures.
The Zlín Region, together with the Olomouc Region, form the solidarity region NUTS 2, Central Moravia, which belongs to a group of regions with the GDP lower than 75% of EU average. Possibilities for drawing on funds are relatively high; these subsidies are one of the reasons for a relatively high dynamic growth of the GDP in recent years. Priority areas for the use of this support in the Zlín Region include transport, development of tourism, building of an emergency infrastructure, and modernisation of infrastructures for social and recreational activities. The building of an innovation and education infrastructure is equally important.

TRANSPORT FIRST

Based on the amount of funds invested with the support of structural funds and the solidarity fund in the Zlín Region, the development of transport infrastructure is the clear priority. This includes important projects of supra-regional meaning, especially the continuing building of the D1 motorway in the direction of Prague – Brno – Přerov to the Zlín Region and the start of the building of the express highway R49 on the route Hulín – Fryšták – nat. border CR/SR which will connect the Czech D1 motorway to the Slovak D1 motorway and ensure a future continuous motorway west-east connection on the route France – Germany – Czech Republic – Slovakia – the Ukraine – Russia. Another important express highway is the north-south connection along the R55 express highway in the direction of Olomouc – Břeclav; the construction of this highway is currently under way.

Besides motorways and express highways, a large number of 1st and 2nd class roads are undergoing reconstruction (with the help of European funds through the Operational Programme Transport and the Regional Operational Programme Central Moravia). Another area, besides motorways and highways, is railway transport. An important electrification project is planned on the Otrokovice – Zlín – Vízovice track. This is partially related to the building of transport terminals for public transport. Projects for motor-less transport (cycling routes) are also being planned and realised.

TOURISM IS ATTRACTION

Regional Operational Programme Central Moravia brings, besides the construction of transport infrastructure, significant funds for development projects in the tourist trade. Areas in the Zlín Region with the greatest potential for the development of tourist trade were chosen, and the massive support helped by the EU funds should help to make the given areas more attractive for visitors. The areas include the spa town of Luhačovice, suitable for both spa and congress tourism, and also areas in the Beskydy Mountains, where the realised projects focus on active tourism, especially winter sports (ski resorts) and other sports and relaxation facilities.

In the area of the tourist trade, the Zlín Region also closely cooperates with foreign partners. The Regional Office of the Zlín Region prepares the European Amber Trail project in cooperation with several regions from Poland, the Czech Republic, Hungary, Austria, and Italy. The project is submitted for funding from the Operational Programme Central Europe and its goal is to create complex product offerings for tourists for the area of the former Amber Trail leading from Poland to Italy across the Zlín Region.

FUNDING FOR INNOVATION AND DEVELOPMENT: THE RIGHT WAY

In the area of support for businesses and innovative activity, there are firms in the Zlín Region that actively draw on EU funds for the building of bases for innovation and development of new products or services. The Zlín Region and other institutions, especially the Tomas Bata University in Zlín and the Technology Innovation Centre, realise projects targeted at the support of innovative businesses in the Zlín Region. The Zlín Region, with the cooperation of important regional and foreign partners (from Spain, Italy, and the United Kingdom) and with a contribution from the Sixth Framework Programme of the EU, created the Regional Innovation Strategy for 2008 – 2013, and projects fulfilling this strategy are currently being prepared and realised. In relation to the strategy, the Zlín Region has joined selected projects funded from the Sixth Framework Programme of the EU to look for ways to support innovative activities of companies with partners from Hungary, Austria, Italy, Spain, Germany, Estonia, Bulgaria, Poland, and Slovakia.

A concrete example in the area of innovation, one that was realised with the help of EU funding, is the building of the science and technical park at the Tomas Bata University in Zlín. It has laboratories for applied research in the areas of chemistry and food and plastics processing. A network of business incubators also operates in the Zlín Region and branch clusters have been created for plastics processing, shoemaking, wood processing, and furniture production.

HUMAN RESOURCES ARE NOT OVERLOOKED

The Zlín Region, in cooperation with the Tomas Bata University in Zlín and the Technology Innovation Centre, prepares projects for the support of collaboration between the business and academic sectors (in the area of human resources as well as research application). Especially the area of human resources is perceived as very important, and the amount of funding for projects aimed at improving the quality of tuition on various educational levels, harmonising the education of human resources with practical needs, and for projects oriented at the area of life-long learning corresponds to this fact.

ZLÍN BUSINESS INCUBATOR AMONG THE MOST SUCCESSFUL IN THE CZECH REPUBLIC

One of the projects successful on a national level in the area of business is the “Business Innovation Centre Zlín.” Together with the South Moravian Innovation Centre, it progressed into the third round of the international competition European Business Award. The competition was announced by the European Commission in five categories. The Technology Innovation Centre participated in the “Business Innovation Award” category with the “Business Innovation Centre Zlín” project.

Participating projects were first judged on a national and then European level, where a panel of judges evaluated over 350 projects. Even though the Czech candidates did not reach the European short list, the progress of the Zlín project to the top on the national level was a big success.

The Innovation Centre Zlín was established following a complete renovation of building No. 23 of the former Bata premises in Zlín. In this way the town of Zlín prepared an area of almost 2 500 sq. meters for businesses.
We provide comprehensive services commencing from site surveys, studies, multi-staged design documents, through planner’s supervision during the construction and consulting engineering to “turn-key” project deliveries for industrial and energy sectors, residential and commercial facilities, water and effluent treatment plants as well as water parks and pool equipment.

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www.centroprojekt.cz
The Zlín District lies in the central part of the Region. The second largest district of the Zlín Region is characteristic for the diversity of its relief, where mountains (the White Carpathians) as well as lowlands are to be found. The District is known for its high population density, this being mainly due to the 80,000 inhabitants of the town of Zlín, which is not only the centre of the District, but also of the entire Region.

The mineral resources within the District are at a minimum. Most significant are the resources of brick raw materials. In contrast to this, the District is relatively rich in mineral waters. From the economic point of view, the manufacture of rubber and plastics, and the engineering and shoemaking industries are prosperous. The share of agriculture is low. Only 2.7% of the economically active inhabitants work in agriculture. The unemployment rate of the District is the lowest within the Region, oscillating at 6.3%.

The entire District offers a wide range of possibilities for recreation and tourism. The most renowned place of relaxation for tourists from the whole of Europe is the Luhačovice Spa (www.lazne-luhačovice.cz). The main centre of the whole area is the town of Zlín, where many interesting cultural-social events take place, namely the International Festival of Films for Children and Youth (www.zlinfest.cz) or the motorcar competition The Barum Rallye. Tomas Bata University exercises a great influence on the Region as a whole.

<table>
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<tr>
<th>BRIEF STATISTICS</th>
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<tr>
<td>Indicator</td>
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<td>Area (sq. km)</td>
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<td>Number of registered economic entities</td>
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<td>Unemployment rate (in %)</td>
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Source: Czech Statistical Office

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<td>Gaston, s.r.o.</td>
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<td>Tescoma, s.r.o.</td>
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<td>ZPS - Slévárna, a.s.</td>
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MATADOR production plant, Třinec, Czech Republic
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TechnoPark Pardubice, Czech Republic
DIY shopping centre Trnava, Slovak Republic
Noginsk logistic centre, Russian Federation
Krasavino steam-gas power plant, Russian Federation
D205 Wenzel II hall Štětí, Czech Republic
GLOBUS shopping centre Ostrava, Czech Republic

CONTACTS:

Otrokvice  Napajedelská 1552, 765 02 Otrokvice, Czech Republic
phone: +420 576 015 406, fax: +420 576 015 505, e-mail: psg@psg.cz

Zlin  Zarámí 4077, 760 40 Zlin, Czech Republic
phone: +420 577 615 462, fax: +420 577 211 188, e-mail: international@psg.cz

Prague  Lomnického 1705/9, 140 00 Praha 4, Czech Republic
phone: +420 225 985 800, fax: +420 225 985 801, e-mail: praha@psg.cz

Brno  Hlinky 118, 603 00 Brno, Czech Republic
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Bratislava  Polianky 11, 840 01 Bratislava, Slovak Republic
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Bangalore  No. 250, 1st Main HIG Colony, RMV 2nd Stage, Bangalore 560 094, India
phone: +91 900 8752 435, phone/fax: +91 802 3416 319, e-mail: india@psg.cz
The Vsetín District is the largest district of the Zlín Region and ranks among the most mountainous and forested districts in the Czech Republic. The vast rugged topography of the District is demonstrated by the degree of incline between the lowest and highest point in the region, the difference ranging up to practically 1000 meters above sea level.

The area is poor in mineral resources. Reservoirs of black coal and natural gas lie only partially in the area of the District. The most significant areas of industry are engineering, electrical engineering, and wood processing. The glass and rubber industries are also represented in the District. Agriculture in the District is relatively poor and is predominantly represented by livestock production. Fruit farming and distilling (the manufacture of the Czech plum brandy “Slivovice”) are traditional. The industrial zones, which are being prepared in Vsetín, Valašské Meziříčí, and in the village of Žašová, should contribute to the economic development of the District. Unfortunately Vsetín ranks first in the Region in the statistics of unemployment (9.71%).

The Vsetín District can boast the high quality of its environment, which is a reflection of the natural resources to be found on its territory. Due to its unique nature, the District is an attractive area for recreation. Its offer of services in tourism is dynamically developing. The Protected Landscape Area Beskydy ranks among the most valuable nature reserves in Europe. It is an area with a primeval forest and also the home to many rare animals. The Beskydy Mountains also offer a wide range of sporting activities (tourism, skiing, and cycling). Apart from many other unique places within the Vsetín District, it is also possible to visit the Wallachian Open-air Museum in Rožnov pod Radhoštěm, which ranks among the oldest reminders of popular architecture in Europe (www.vmp.cz).

**BRIEF STATISTICS**

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<tr>
<th>Indicator</th>
<th>District</th>
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<td>Area (sq. km)</td>
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<td>Population</td>
<td>145,761</td>
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<td>Inhabitants/sq. km</td>
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<td>Number of registered economic entities</td>
<td>30,338</td>
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<tr>
<td>Unemployment rate (in %)</td>
<td>9.71</td>
<td>9.48</td>
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Source: Czech Statistical Office

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<tr>
<td>Austin Detonator, s.r.o.</td>
<td>Vsetín</td>
<td>manufacture of initiation systems</td>
<td><a href="http://www.austin.cz">www.austin.cz</a></td>
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<tr>
<td>Bonavia servis, a.s.</td>
<td>Vsetín</td>
<td>bus and lorry service</td>
<td><a href="http://www.bonavia.cz">www.bonavia.cz</a></td>
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<td>Coleman S.I., a.s.</td>
<td>Vsetín</td>
<td>material supply for roofs</td>
<td><a href="http://www.colemans.cz">www.colemans.cz</a></td>
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<td>CS Cabot, s.r.o.</td>
<td>Valašské Meziříčí</td>
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<td>Deza, a.s.</td>
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<td>Gumáry Zubří, a.s.</td>
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<td><a href="http://www.guzu.cz">www.guzu.cz</a></td>
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<td>M &amp; V, s.r.o.</td>
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<td>wholesale of tools and machines</td>
<td><a href="http://www.mav.cz">www.mav.cz</a></td>
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<td>TES Vsetín, s.r.o.</td>
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<td>engineering</td>
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<td>V - Plast Vsetín, s.r.o.</td>
<td>Vsetín</td>
<td>wholesale of floor materials</td>
<td><a href="http://www.vplast.cz">www.vplast.cz</a></td>
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</table>
Kroměříž District

The Kroměříž District is the smallest of the four districts of the Region, not only in size but also in the number of inhabitants. The population numbers 107,927 inhabitants. The centre of the area is the town of Kroměříž with just under 30,000 inhabitants. It is a town of many historical monuments, schools, and culture and is known as "The Athens of Haná" (www.mesto-kromeriz.cz).

The majority of the District is covered by the fertile lowland of Haná. Agricultural land covers almost 62% of the District. The District has no mineral resources, on the contrary due to the suitable climate there are good conditions for the cultivation of fruit and vegetables. The industrial zones being prepared in Kroměříž and Pravčice shall contribute to the development of the area.

Kroměříž used to be an industrial-agricultural district; to date it is predominantly industrial. Due to this, a third of the economically active inhabitants work in industry (engineering, food, woodworking and other processing industries). Further areas of business activities in the area of Kroměříž are building and services linked with tourism (i.e. catering and accommodation).

For the future, the District of Kroměříž looks to be a region with great potential primarily in the development of tourism. This is due to the large number of exclusive localities, which can be found in the District. Especially the aforementioned town of Kroměříž and its Archbishop chateaux with its gardens, which has been on the UNESCO world cultural heritage list since 1998.

The area around the town of Kroměříž is a region with a rich cultural and folklore tradition and thanks to this it is an attractive area not only for tourism but also for businesses.

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<td>AEV, spol. s r.o.</td>
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<td>electronics for the automobile industry</td>
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<td>CORA úklid spol. s r.o.</td>
<td>Kroměříž</td>
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<td>ELKO EP, s.r.o.</td>
<td>Holešov - Všetuly</td>
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<td>Chropynská strojírna, a.s.</td>
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<td>KMOTR - Masna Kroměříž, a.s.</td>
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<td>PLASTIKA, a.s.</td>
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<td>Spálovský, a.s.</td>
<td>Kroměříž</td>
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<tr>
<td>TON, a.s.</td>
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<td>TOSHULIN, a.s.</td>
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<td><a href="http://www.toshulim.cz">www.toshulim.cz</a></td>
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<tr>
<td>Walker Pilana Magnetics spol. s r.o.</td>
<td>Hulín</td>
<td>magnetic systems</td>
<td><a href="http://www.walkermagnet.cz">www.walkermagnet.cz</a></td>
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</tbody>
</table>
The Uherské Hradiště District is a region with an interestingly rugged terrain, where lowlands as well as the higher areas of the White Carpathian Mountains can be found.

The area around Uherské Hradiště is poor in raw materials. The lowlands around the Morava River are suitable for the cultivation of sugar beet, cereals, sweet corn, fruit and vegetables, and orchards and vineyards are widespread. The hilly east and west of the District are well suited to cattle breeding. The most developed branches of industry in the Region are engineering (especially the manufacture of aeroplanes and their components), armament and microelectronics. According to statistics which take into account measurable indicators, the quality of the living environment is the highest here from all four districts of the Zlín Region.

The area around the town of Uherské Hradiště is called the Region of Sun and Wine, which is due to the favourable climatic conditions in the delta of the Morava River and the significant tradition of grapevine cultivation. The local wine area is the most eastern and most northern of the whole Moravian vine-growing region and one of the essential contributors to local tourism, hence the well-known term of “wine tourism.” Among the individual wine-manufacturing towns are for example Velehrad, Buchlovice, or VIČNOV (www.vychodni-morava.cz). The region is also renowned for its historical monuments. Among the most significant sites is the Buchlov Castle with a history dating back to the first half of the 13th century, or the complex of church buildings at Velehrad.

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**BRIEF STATISTICS**

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<td>Unemployment rate (in %)</td>
<td>6.49</td>
<td>9.48</td>
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</table>

*Source: Czech Statistical Office*
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