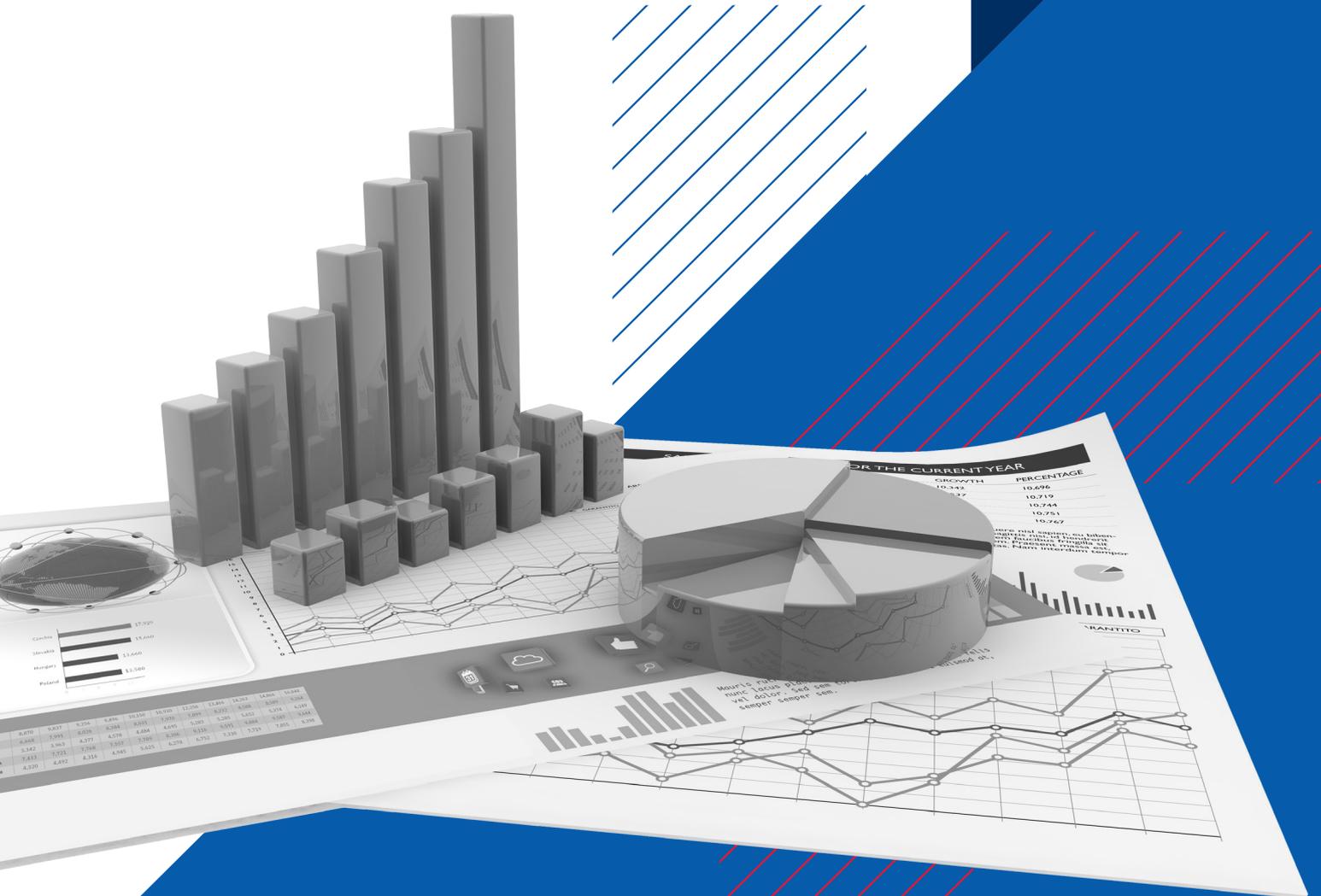


Investment Climate

in Czechia



Investment Climate in Czechia

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Our services for investors

- **Information and business intelligence**
- **Access to wide spectrum of financial support**
- **Identification of business properties or suitable sites**
- **Supplier database**
- **Tailor made visits to Czechia**
- **Aftercare**

Established in 1992, CzechInvest is the Investment and Business Development Agency of Czechia. Its mission is to support foreign direct investment, develop local companies, implement business development programmes and improve the business environment.

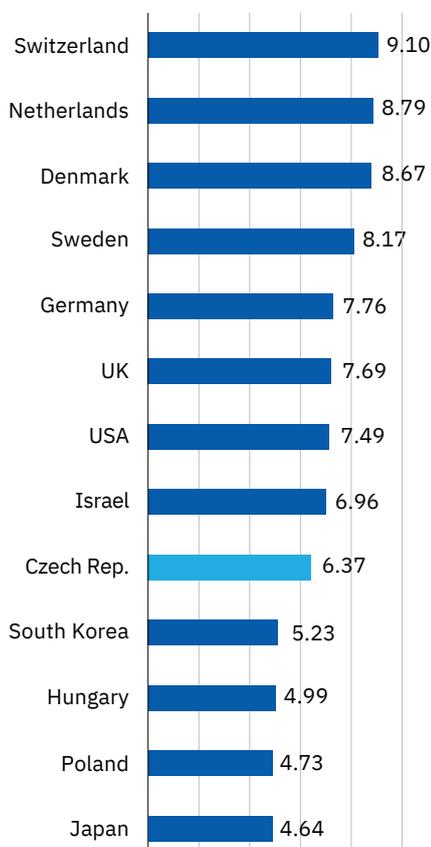
Main Reasons to Invest in Czechia

- Safe investment environment
- Skilled, motivated and well-educated workforce
- Central location in Europe
- Dense and high-quality infrastructure
- Transparent system of investment incentives
- Strong focus on R&D and new technologies
- Stable social and political system
- EU membership
- Mentality, culture and attitudes similar to those of western countries
- High quality of life

Well-educated and skilled workforce

Czech university education system meets the needs of a competitive economy, according to the IMD World Talent Report 2022 published by IMD World Competitiveness Centre. Czechia can provide manufacturers with impressive productivity levels and highly skilled labour. In 2022, 60,481 students were enrolled in technical fields according to the ISCED methodology (07 - Technology, manufacturing and construction and 06 - ICT). The number of university students increased from 118,000 in 1990 to 304,518 in 2022, due not only to changes in the education system but also to a demographic surge of 18- to 26-year-olds who comprise a promising group of potential employees for foreign investors. Czechia has a strong graduate base, with 58,699 graduates in the last academic year, of which 12,068 were from technical universities.

The Czech education system meets the needs of a competitive economy



Note: IMD Executive Opinion Survey based on a scale of 0 to 10

Source: IMD World Competitiveness Centre, 2023

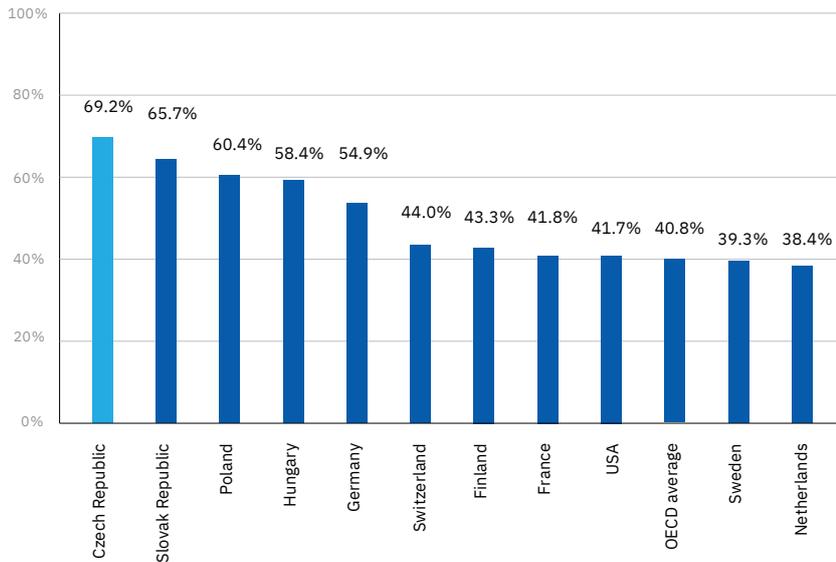
Proven research and development capabilities

Czechia spends more resources on research and development than many competing countries. Over the past twenty years, Czechia's spending on R&D has increased from 0.95% of GDP to 2.00% (2021). Because of its unique R&D environment, Czechia has been able to attract major foreign investments focusing on research, such as those of GE Aviation, Honeywell and Red Hat. Many multinationals have Czech R&D or design centres, including Panasonic, Mercedes-Benz, Motorola, Rockwell Automation and Visteon.

Czech scientists are behind some of the world's well-known inventions and patents, such as soft contact lenses, polarography (a Nobel-prize-winning method of quantitative analytical measurement) and the anti-HIV drugs cidofovir (Vistide®) and tenofovir (Viread®). There are a total of 58 Czech universities in the country, of which 32 provide high-quality STEM education.

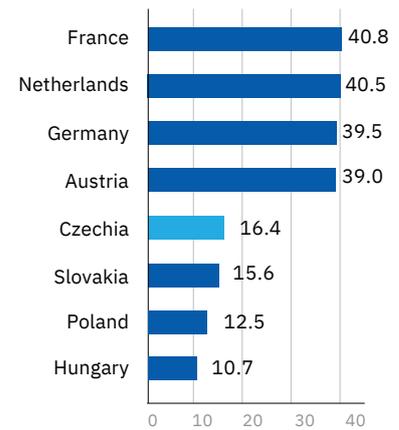
Using financial resources obtained from EU structural funds, new research centres are being established with the objective of becoming prestigious European science centres with state-of-the-art infrastructure and conditions making it possible to employ the best researchers. Among these are the Central European Institute of Technology in Brno focusing on life sciences and advanced materials and technologies; the International Clinical Research Centre in Brno targeted at prevention, early detection and treatment of cardiovascular and neurological diseases; IT4Innovation in Ostrava, a large supercomputer facility combining IT research and applications; two research centres located near Prague – Biotechnology and Biomedicine Centre and Extreme Light Infrastructure, which operates the world's most powerful lasers and the Czech Institute of Informatics, Robotics and Cybernetics in Prague.

Percentage of the population that has attained at least upper secondary education in % of the 25-64 age group, 2022



Source: Education at a Glance, OECD Indicators, 2023

Labour costs per hour, in EUR, 2022



Note: labour cost for industry, construction and services (except public administration, defence, compulsory social security)

Source: Eurostat, 2023

Favourable labour costs

One of the main attractions of the Czech economy is its skilled, motivated and well-educated workers available at favourable cost compared to western economies. Furthermore, the country's attractiveness is rooted in its dense, high-quality infrastructure, innovative thinking of local labour force as well as its geographical and cultural proximity to Western Europe. Although the country's labour costs are slightly higher than in other CEE regions and some Asian countries, the above-mentioned factors far outweigh any negative aspects and make Czechia an attractive destination for foreign investors. Conversely, FDI positively influences

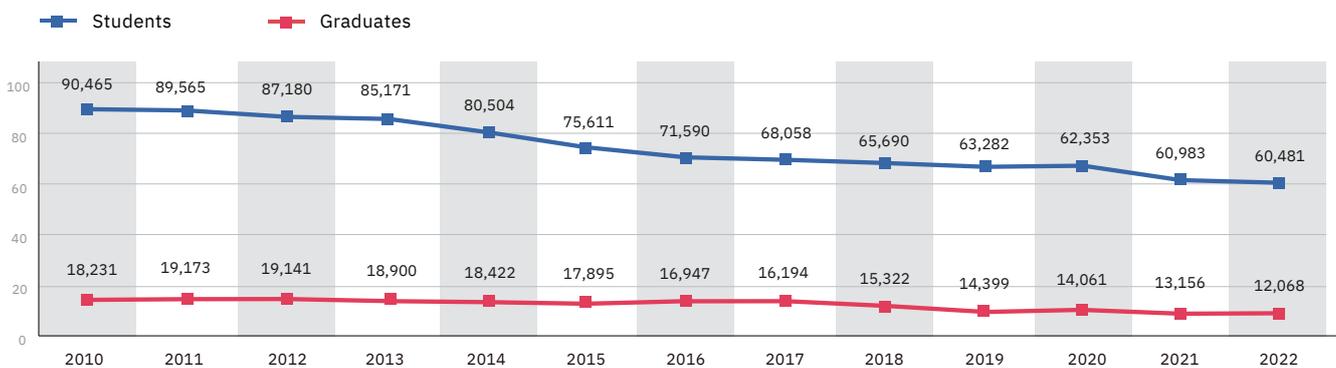
the local market and local businesses, which operate not only as suppliers and subcontractors of services and products for foreign investors, but more and more as a R&D contractors and technology providers as well. Data on employment in high-technology sectors testify this importance of high-tech activities and increasing R&D capacities in the Czech labour market and economy in general.

Differences in wages among Czech regions reach approx. 20%. Employees in Prague are generally paid more than in other regions. According to the Czech Statistical Office currently 23% above Czechia average (2022).

Life in Czechia

Since the Velvet Revolution in 1989, Czechia has become a highly popular destination. Tens of thousands of foreigners have happily settled here, enjoying the country's combination of a high standard of living and low costs. Although in most respects life in Czechia has rapidly approached western standards of living, the cost of living remains substantially lower than in Western Europe. Prague and many other cities in Czechia are famous for their architectural heritage, museums, theatres, cinemas, galleries, historical gardens and cafés. An over-whelming choice of cultural events is on offer, embracing all types of music and an outstanding theatrical tradition. A number of foreign cultural centres, ranging from the British Council to the Goethe-Institut, also offer a wide range of events and services.

Students and graduates of technical universities



Note: Technical fields by ISCED 07 - Technology, manufacturing and construction and 06 - ICT

Source: Ministry of Education, Youth and Sports, 2023

Central location in Europe and advanced infrastructure

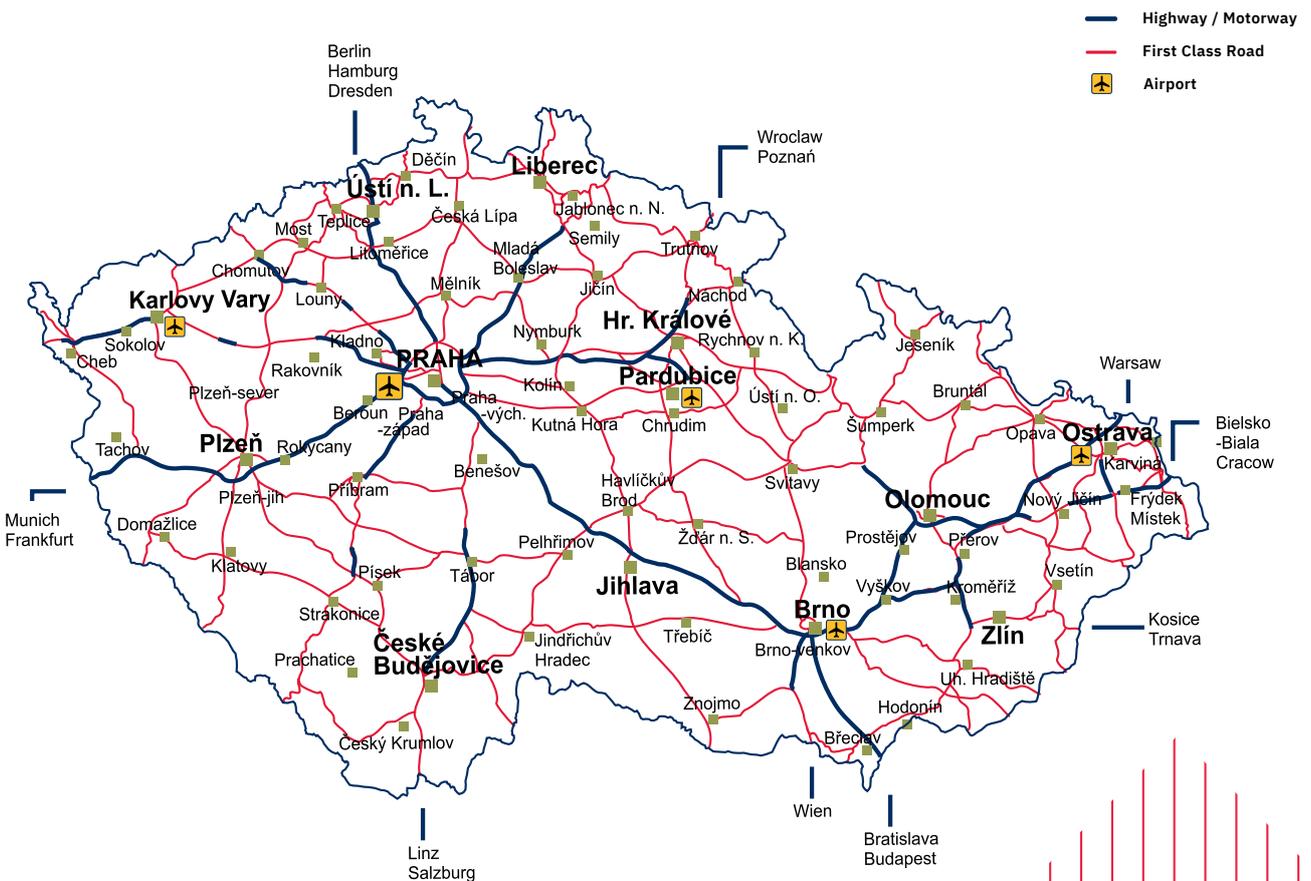
Czechia has a strategic location in the centre of Europe with very good access to established western and emerging eastern markets. Prague is only a two-hour flight from most other European capitals. The significance of Czechia as a transit hub has grown since the country became a member of the EU single market. The road and motorway network (total 55,838 km) is already one of the densest in Central and Eastern Europe and several rail modernisation projects are currently underway to link Czechia with the pan-European network of high-speed railways.

Direct flights from Prague per week

46	26	9	20	12	10
Amsterdam	Brussels	Budapest	Copenhagen	Dubai	Dublin
25	24	27	67	10	14
Frankfurt	Helsinki	Istanbul	London	Madrid	Munich
7	12	58	23	3	10
New York	Oslo	Paris	Rome	Seoul	Stockholm
21	31	21			
Vienna	Warsaw	Zurich			

Source: Václav Havel Airport Prague, summer flight schedule, 2023

Infrastructure in Czechia



Source: Road and Motorway Directorate of the Czech Republic, 2023
CzechInvest, 2023

Attractive Investment Climate

Czechia is a fully fledged parliamentary democracy and one of the most advanced among CEE countries. Its economic policy is consistent and predictable. An open investment climate is a key element of Czechia's economy. Czechia has attracted a large amount of foreign direct investment (FDI) since 1990, making it the most successful CEE country in terms of FDI per capita. The country's investment grade ratings from international credit-rating agencies and its early membership in the OECD testify to its positive economic fundamentals.

Czech credit ratings, 2023

Country	Moody's analytics	Standard & Poor's	Fitch ratings
Czechia	Aa3	AA-	AA-
Slovakia	A2	A+	A
Poland	A2	A-	A-
Bulgaria	Baa1	BBB	BBB
Hungary	Baa3	BBB	BBB
Romania	Baa3	BBB-	BBB-

Source: Czech National Bank, 2023

Attractiveness of Czechia, 2022

Top ten destination countries according to German companies placed in CEE Region.

Rank	Country	Value
1	Estonia	2.85
2	Czechia	2.87
3	Poland	2.95
4	Slovenia	2.96
5	Slovakia	2.97
6	Latvia	3.01
7	Lithuania	3.07
8	Croatia	3.21
9	Romania	3.33
10	Hungary	3.41

Source: Deutsch-Tschechische-Industrie und Handelskammer, 2023

Prosperity index, 2022

How prosperity is forming and changing across the world.

Rank	Country
1	Sweden
2	Denmark
3	Finland
...	...
13	Czechia
14	Slovenia
21	Poland
22	Hungary
25	Slovakia
26	Bulgaria

Note: EU Countries (27)

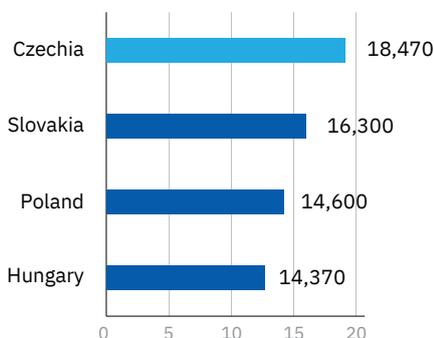
Source: Ceska sporitelna and Europe in data, 2023

Basic Data

Key information on Czechia

Area	78,870 km²
Population	10.53 million
Labour force	5.31 million
Capital	Prague
Time zone	GMT +1, summer time GMT +2
Language	Czech
Population of major cities	Prague - 1,275,406 Brno - 379,466 Ostrava - 279,791 Pilsen - 168,733

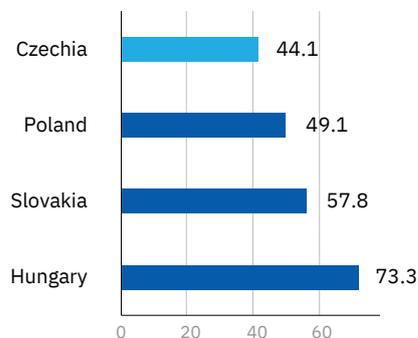
Real GDP per capita in EUR, 2022



Source: Czech Statistical Office, 2023

Source: Eurostat, 2023

General government gross debt in % of GDP, 2022



Source: Eurostat, 2023

EU legislation was adopted in preparation for EU accession. Commercial, accounting and bankruptcy laws are compatible with western standards. The Czech crown is fully convertible. All international transfers (e.g. Profits and royalties) related to an investment can be carried out freely and without delay. Foreign legal entities from the EU and other countries may

acquire real estate in Czechia without any restrictions and under the same conditions as Czech legal entities. Hence, the original legal restrictions pertaining to locating a company or establishing a branch in Czechia and entitlement to conduct business in Czechia have been lifted.

Impressive FDI Results

Performance of foreign companies in Czechia

Czechia hosts almost 100,000 foreign companies of all sizes. Famous multinational companies such as ABB, Continental, Danone, Ford, Nestlé, IBM, DHL, Astra Zeneca, Rockwell, Procter & Gamble, Renault, Siemens, Tyco, Honeywell, Amazon and Volkswagen have significant subsidiaries in Czechia. Foreign-owned companies play a key role in the manufacturing industry, less than 2% of all companies by number, but creating

70% of turnover (2022) and employing 50% of employees (2022) - mostly medium-sized and large companies. They also expend a large share of R&D expenditures, to be specific, 70% of all R&D expenditures in the business sector in 2022 were expended by these foreign-owned companies (highest share in automotive, pharma and electrical engineering).

Stock of inward foreign direct investment per capita in EUR

Country	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Czechia	9,837	9,256	9,496	10,150	10,930	12,256	13,466	14,263	14,866	16,844	18,045
Hungary	7,991	8,026	8,384	8,031	7,970	7,899	8,232	8,588	8,589	9,264	10,111
Poland	3,963	4,377	4,578	4,484	4,695	5,283	5,285	5,652	5,374	6,249	6,673
Slovakia	7,721	7,768	7,557	7,789	8,306	9,116	9,591	9,884	9,587	9,644	9,909
Slovenia	4,492	4,316	4,945	5,625	6,278	6,752	7,330	7,719	7,855	8,398	9,377

Source: The Vienna Institute for International Economic Studies, 2023

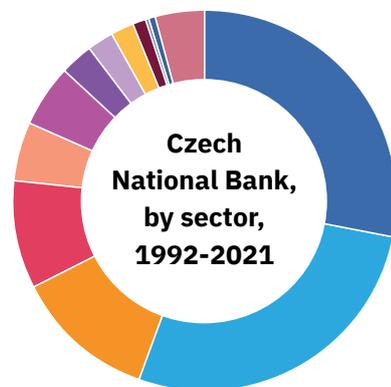
Foreign direct investment



- ◆ 35.5% Motor vehicles manufacturing
- ◆ 7.1% Paper & wood industry
- ◆ 6.7% Metalworking
- ◆ 6.0% Chemical & petrochemical
- ◆ 6.0% Advanced engineering
- ◆ 5.5% Electronics
- ◆ 5.1% Electric appliances
- ◆ 4.4% Plastics
- ◆ 3.9% Rubber
- ◆ 3.3% Food industry
- ◆ 3.0% Non-metallic mineral products
- ◆ 2.4% Textile
- ◆ 11.1% Other



- ◆ 22.3% Germany
- ◆ 12.3% Japan
- ◆ 8.6% USA
- ◆ 6.8% South Korea
- ◆ 5.9% Netherlands
- ◆ 4.0% Austria
- ◆ 2.6% Switzerland
- ◆ 2.6% France
- ◆ 2.4% United Kingdom
- ◆ 1.8% Taiwan
- ◆ 1.5% Italy
- ◆ 1.3% Spain
- ◆ 27.8% Other



- ◆ 28.3% Financial and insurance activities
- ◆ 27.1% Manufacturing
- ◆ 12.2% Real estate activities
- ◆ 9.4% Wholesale, retail; motor vehicle repairs
- ◆ 5.3% Professional, scientific, and technical activities
- ◆ 5.0% ICT activities
- ◆ 2.8% Administrative and support activities
- ◆ 2.4% Production and distribution of electricity, gas, heat & AC
- ◆ 1.6% Construction
- ◆ 1.3% Transportation, storage, postal and courier activities
- ◆ 0.5% Accommodation, food and hospitality
- ◆ 0.4% Water treatment and distribution, sewerage, waste collection and treatment
- ◆ 3.7% Other



- ◆ 17.5% Netherlands
- ◆ 15.4% Luxembourg
- ◆ 14.5% Germany
- ◆ 10.1% Austria
- ◆ 7.1% France
- ◆ 4.0% Cyprus
- ◆ 3.8% Switzerland
- ◆ 3.5% Slovakia
- ◆ 3.3% Belgium
- ◆ 2.8% United Kingdom
- ◆ 2.7% Italy
- ◆ 2.4% South Korea
- ◆ 12.9% Other

Source: Czech National Bank, CzechInvest, 2023

Technology Incubation

Through seven technology-specific incubators, CzechInvest supports new companies that bring innovative technologies to commercial applications.

Technology Incubation is the most ambitious project for systematic support of startups in Czechia. Its goal is to seek out and assist 250 startups with projects that are exceptionally innovative, feasible and scalable. Within the framework of the Technology Incubation project, selected technology startups receive direct support in the amount of CZK 1,100,000–4,500,000 (approx. EUR 44,000 - 180,000) and indirect support worth CZK 500,000 (approx. EUR 20,000) in the form of workshops, seminars, assistance from incubation managers, consultations with business and technology experts, and incubation for up to 2 years, all without losing their stake in the company. Any financial support is granted in CZK.

- **Financial support** – In the business incubator, startup can receive support of up to CZK 4,500,000 (approx. EUR 180,000) without loss of shares and up to two years of incubation, plus indirect support of CZK 500,000 (approx. EUR 20,000).
- **Technical mentoring** – Help with the technical development of product or service. Connecting to experts in Czechia and abroad.
- **Business mentoring** – Help with business development or with preparing a pitch-deck for investors. Help to find grant opportunities and investors in Czechia and abroad.
- **Networking** – Through Czech and international events, conferences and trade fairs CzechInvest can help make new contacts, find potential customers and partners.
- **Technology transfer** – Help with leveraging patents and technology.
- **Office spaces** – Incubated startups can use the entire incubation network of Czechia and develop their business here.
- **National and international marketing and PR** – Promotion of products or services on social networks and in the media or participation in startup events in Czechia and abroad.

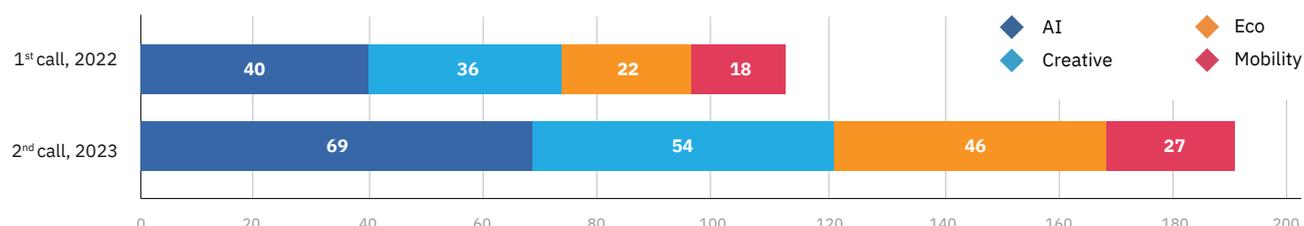
Benefits of the project

- Estimated establishment of 100 new technological startups during the project.
- Helping high-tech startups to cross the valley of the dead and finding first investors.
- Stimulating technology transfer in a way other than traditional incentives.
- The attraction of foreign talent as well as incubation and retention of local talent.
- The project brings flexible and effective support to startups compared to the ESIF funds.

Hubs

In addition to the establishment of a business incubator, the Technology Incubation project also aims to establish the so-called hubs. Hubs aim to actively support the business innovation networks spontaneously emerging around the business incubator, to develop them and to benefit from the potential they offer both for the incubation itself and for the relevant industrial community. Within their activities, hubs connect incubated companies and stakeholders in the sector in order to support the implementation of the resulting innovations in the processes of existing companies and to use the accumulated know-how for the coordinated development of promising industrial sectors. Hubs naturally serve as a relevant source of data and information for the effective development and appropriate direction of incubated companies in real time. Thanks to the established links, incubated startups can draw on the experience and know-how of the relevant stakeholders involved in the hub. On the other hand, due to their structure, hubs will be able to support their members in creating an interesting ecosystem in their respective technology area.

Number of startups that submitted an application in the 1st and 2nd call



We currently support startups from four sectors. Hubs have already been established for three of them (Mobility Innovation Hub, AI Hub, EcoTech Hub), the fourth area - creative industries - is supported through Creative Bic (Business Incubation Centre) and will be expanded in the future with the Creative Hub.

The current hubs are

Mobility Innovation Hub focuses on fostering an ecosystem in mobility by connecting key industry sectors and its participants. It supports projects that bring innovative solutions to the traditional automotive and all modes of land transport, aerospace and maritime sectors. It responds to today's challenges by supporting areas such as clean mobility, autonomous driving, smart manufacturing and logistics, and Smart City.

AI Hub actively supports AI startups, contributes to the development of the innovation ecosystem and is committed to strengthen the position of Czechia as one of the world's hotspots for innovation in the field of artificial intelligence. Supporting the growth and development of technology startups that utilize AI at the core of their innovation can have a significant positive impact on the innovation ecosystem. Supporting AI startups involves providing them with access to resources, expertise, and networks that can help them thrive. AI Hub is here to help with the access to funding, mentorship, networking events, and collaborative partnerships.

EcoTech Hub aims to increase the number of eco-innovations successfully implemented in practice by supporting innovative startups in the field of ecology and sustainability, while motivating Czech companies to introduce eco-innovations and the principle of circular economy into their production or services, in the full ESG scale. The topics it addresses include sustainable production and consumption, waste, energy, construction, landscape, water and air, legislation, cooperation with companies, universities and state institutions.



The planned hubs are

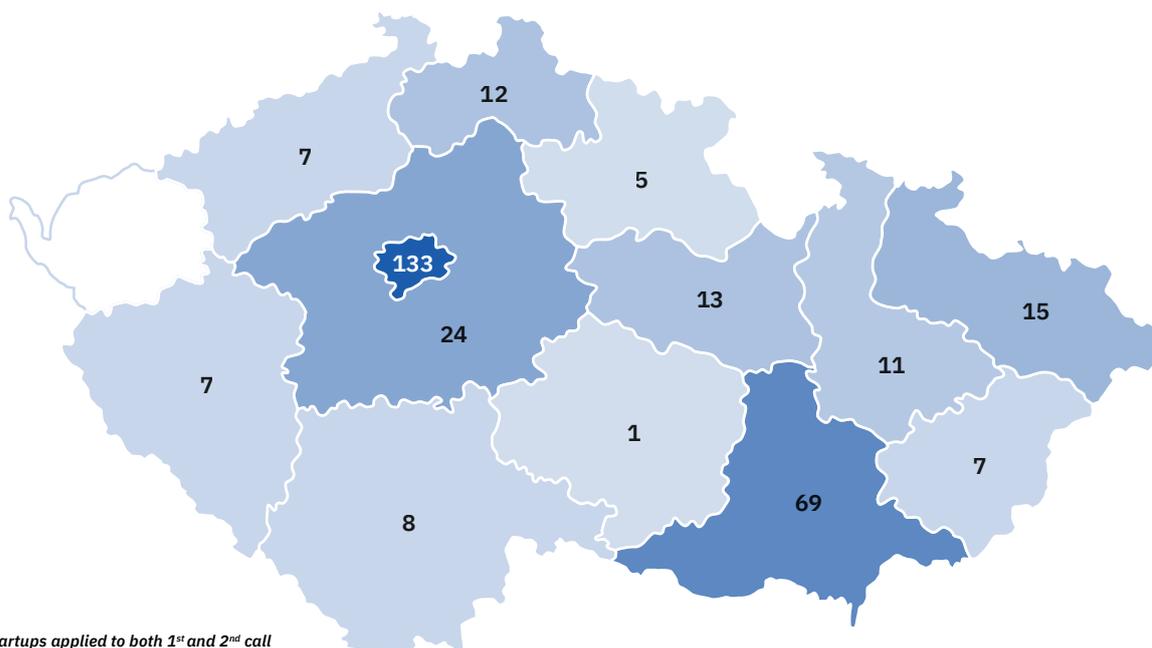
Tech4Life Hub focuses on supporting the creation and development of technology startups that create new or innovative products related to protecting, preserving or improving human life. It aims to foster the development of new innovative solutions in the fields of health, diagnostics, life and health protection, early warning, defence and security industry, cyber security and other areas.

Space Hub is thematically focused on space activities, in particular the space industry, the development of which is closely linked to European space policies and strategies of ESA and the EU. These activities represent a sector with enormous economic, social, strategic and security potential, affecting many areas of our lives, enhancing the competitiveness of the participating countries and their status as innovative, technologically advanced economies. Space Hub will expand the existing and successful ESA BIC Czech Republic incubator.

Creative Hub promotes cultural and creative industries with an emphasis on the development and use of innovative technologies in particular fields related to creativity, skills and talent. It supports areas such as architecture, design, advertising, film and video, traditional and artistic crafts or tourism and gastronomy.

Advanced Materials and Technologies Hub aims to support the creation and development of startup companies in the field of advanced materials (including nanomaterials), manufacturing technologies, micro and nanoelectronics and photonics, quantum technologies and technologies based on nuclear and particle physics research. This key activity builds on Czechia's strong industrial base as the above areas intersect with engineering, mechatronics, energy, metallurgy, industrial chemistry, electronics, electrical engineering and the digital economy.

Regional distribution of startups that submitted an application in the 1st and 2nd call



Note: 24 startups applied to both 1st and 2nd call

Source: CzechInvest, 2023

Selected Investors

The change in the structure of foreign direct investment indicates a new trend in Czechia. The number of demanding projects in the fields of research, development and business support services is rapidly increasing. New investors as well as those companies that formerly only came to the country with

a production programme are now transferring their higher-value-added development activities (technology centres and business support services centres) in Czechia.

Sector	Investor	Country of origin
Aerospace	GE Aviation	USA
	Honeywell Aerospace	USA
	Latecoere	France
	Bell Helicopters	USA
Automotive	Hyundai	South Korea
	Vitesco	Germany
	Valeo	France
	Toyota/Groupe PSA	Japan/France
	Volkswagen	Germany
Global business services	Johnson & Johnson	USA
	DHL	Germany
	Currys	United Kingdom
	Infosys	India
	SAP	Germany
Electrical engineering & electronics	ABB	Switzerland
	Thermo Fisher Scientific (FEI)	USA
	Foxconn	Taiwan
	On Semiconductor	USA
	Eaton	USA
High-tech mechanical engineering	Bombardier	Canada
	Daikin	Japan
	Edwards	United Kingdom
	Ingersoll Rand	USA
	Siemens	Germany
Information and communication technologies	Microsoft	USA
	Pure Storage	USA
	Red Hat	USA
	Barclays	United Kingdom
	Tieto	Finland
Life sciences	Zentiva	USA
	MSD	USA
	Astra Zeneca	United Kingdom
	Novartis	Switzerland
	Teva Pharmaceutical Industries	Israel
Nanotechnologies and advanced materials	AGC	Japan
	Thermo Fisher Scientific (FEI)	USA
	Fibertex Nonwovens A/S	Denmark
	Saint-Gobain	France
	Toray Industries	Japan

Source: CzechInvest, 2023

Investment Incentives

The general terms and conditions for provision of investment incentives and the process of providing investment incentives are governed by Act No. 72/2000 Coll., on Investment Incentives, as amended.

Supported areas

Investment incentives are offered for establishment or expansion of projects in the following areas:

- **Industry**
Introduction or expansion of production in sectors of the manufacturing industry
- **Technology centres**
Construction or expansion of research and development centres
- **Business support services centres**
Launch or expansion of the shared-services centres, software-development centres, high-tech repair centres, data centres

The national incentives scheme

Corporate tax incentive	Corporate income-tax relief for up to ten years for new companies. Partial corporate income-tax relief for up to ten years for existing companies.
Cash grant for capital investment	A cash grant for capital investment is available to strategic investment projects, production of products with strategic importance for the protection of citizens' life and health, investment with high technological demands (NACE code Sections 21 and 26 and group 30.3) and strategic investment focused on performance chips, e-mobility and energy savings. For capital investments in projects in this category, the level of financial support may be up to 20% of eligible investment costs. Decisions concerning support for eligible projects will be made by the Government of the Czech Republic.
Cash grant for new jobs and training	Financial support in the case of Technology centres up to CZK 200 thousand (approx. 8,000 EUR) per new job and 50% of eligible training costs. Investment in production can receive a cash grant for new jobs and training only in regions with min. 7.5% unemployment rate.

Eligibility criteria

For all types of activities, it applies that the recipient of incentives shall not start work on the project (i.e. shall not acquire any assets including orders of machines and equipment and shall not commence construction works) prior to submission of the application to CzechInvest. The required investment is reduced to half for medium enterprises and reduced to quarter for small enterprises and. The number of new jobs is reduced to half for SMEs.

State aid

State aid is understood to be tax incentives, cash grant for capital investment and cash grant for new jobs. The maximum permissible state-aid intensity in Czechia is 20-40% of total eligible cost for large enterprises. Eligible costs can be either fixed assets, when the value of machinery comprises at least half of the value of acquired assets, or two years' gross wages for newly created jobs. State-aid intensity is increased by 10 p.p. for medium and by 20 p.p. for small enterprises. The maximum state-aid intensity for data centres is 25% from maximum state aid.

Eligibility criteria for the manufacturing industry

- The investor must invest at least CZK 80 million (approx. EUR 3.1 million) within three years. This limit is reduced to CZK 40 million in afflicted regions and in special industrial zones.
- At least CZK 40 million (CZK 20 million - reduced limit) must be invested in new machinery.
- For non-strategic investment projects and for the projects with high technological demands (NACE code Sections 21 and 26 and group 30.3), the investor must fulfil high-added value condition, except for investment in regions with high unemployment rate (higher than 7.5%).

Strategic investment

- The investor must invest at least CZK 2,000 million (approx. EUR 77 million).
- At least CZK 1,000 million must be invested in new machinery.
- The investor must create at least 250 new jobs.

Eligibility criteria for technology centres

- The investor must invest at least CZK 10 million (approx. EUR 0.4 million).
- At least CZK 5 million must be invested in new machinery.
- The investor must create at least 20 new jobs.

Strategic investment

- The investor must invest at least CZK 200 million (approx. EUR 7.7 million).
- At least CZK 100 million must be invested in new machinery.
- The investor must create at least 70 new jobs.

Eligibility criteria for business support service centres

- Creation of at least 20 new jobs at software-development centres and data centres.
- Creation of at least 50 new jobs at high-tech repair centres.
- Creation of at least 70 new jobs at shared-services centres.

Strategic investment in high-tech repair centres only

- The investor must invest at least CZK 200 million (approx. EUR 7.7 million).
- At least CZK 100 million must be invested in new machinery.
- The investor must create at least 100 new jobs.

Partnership Opportunities

Sourcing

The start of production is closely connected with creating new supply networks. Therefore, CzechInvest is prepared to assist you with selecting suitable Czech suppliers. CzechInvest will compile for you a detailed overview of potential suppliers according to your specifications. Furthermore, the agency will organise visits to the facilities of selected suppliers, including transport and interpreting if needed. Use our services and contact us at suppliers@czechinvest.org.

For multinational companies seeking a larger number of suppliers, CzechInvest organises B2B events – supplier days.

The possibility of organising supplier days is offered to all multinational companies operating in the manufacturing industry.

CzechInvest administers its own sector database of suppliers, which serves as a useful tool in seeking out business partners in Czechia. This database contains almost 3,700 high-quality records with a broad scope of information about Czech manufacturing and IT companies. The database is divided into ten key sectors (icons on the right side). The database is freely available at <http://suppliers.czechinvest.org>.



Highly Developed Property Market

Thanks to the continued interest of real estate investors and economic conditions, Czechia has a highly developed and dynamic real estate market. The availability of space for production facilities has been promoted in recent years by a major government programme designed to support the development of municipal industrial properties and zones. The main priorities in the preparation of industrial zones and regeneration of brownfields are a clear asset structure of land plots in the given zone and the presence of transport and technical infrastructure on such land plots.

These plots are then offered to investors in the manufacturing and research and development sectors. The government programme is currently being focused

also on regeneration of brownfields in municipalities for further commercial use as well as on implementation of smart and sustainable measures in already existing industrial zones.

Commercial real estate market of Czechia continues to be very attractive and key destination for foreign investment. Demand for industrial real estate grow constantly. Currently there is lack of available and infrastructurally prepared industrial sites. That leads to the deepening of the differences between supply and demand and to growing of the purchase and rental price. The result of the strong demand is also the lowest vacancy rate in history. According to this circumstances brownfield becoming a more interesting investment opportunity than ever

before. This is also influenced by increasing pressure to the sustainability of investment projects.

Considering the effects of the covid 19 pandemic, data point to the resilience of the Czech industrial market.

Office buildings

A specific category of business properties is comprised of brownfields, which CzechInvest's employees have long been mapping across the regions of Czechia and recording in the National Database of Brownfields. The database is divided into public and non-public parts and currently contains about 5,000 sites and buildings. Through the public part of the database brownfields are offered as investment opportunities.

The CzechInvest also administers an extensive database of properties where it offers more than 700 business properties including:

- Industrial zones
- Industrial parks
- Science parks

How we can help

- Site selection within Czechia according to the client's requirements
- Consultancy pertaining to financial support from public sources and EU funds
- Site inspections tailored to the client
- Registration of properties in the database of business properties and brownfields
- Arranging of contacts with property owners, state administrative bodies and local authorities
- Assistance with preparation and financing of strategic projects (industrial zones) and brownfield restorations

Czech industrial market figures, 2022

	Total CZ	Greater Prague	Pan-regional CZ
Total Stock (sq m)	10,772,000	3,433,500	7,309,200
Total leasing activity (sq m)	2,202,900	623,500	1,579,500
Space under construction (sq m)	1,237,000	82,900	1,190,800
Vacancy rate (%)	0.95	0.6	1.1
Existing vacant space (sq m)	102,100	21,300	80,800
Rent (EUR/sq m/month)	7.90	7.50–7.90	5.50–6.80
New completions (sq m)	1,089,000	76,000	1,013,000

Source: Industrial Research Forum, 2022, Colliers Research 2023

Czech office market indicators, 2022

	Prague city centre	Prague inner city	Prague outer city	Brno	Ostrava
Total stock (sq m)	567,600	2,133,500	1,103,600	664,400	217,000
Vacant space (sq m)	43,400	162,800	87,400	88,800	20,200
Vacancy rate (%)	7.6	7.6	7.9	13.4	9.3
New supply (sq m)	9,600	32,200	33,600	33,000	0
Total leasing activity (sq m)	91,100	342,700	113,500	66,400	10,100
Space under construction (sq m)	37,200	56,900	89,900	69,600	20,600
Prime rents (EUR/ sq m/ month)	26.50–27.00	17.50–18.00	15.50–16.00	16.00–16.50	14.00–14.50

Source: Industrial Research Forum, Colliers Research 2023

International Memberships

Czechia was the first country in Central and Eastern Europe to be admitted into the OECD. The country is a member of NATO and is fully integrated into other international organisations such as the WTO, IMF, EBRD and the World Intellectual Property Organisation. Czechia joined the EU on 1 May 2004 and has been a part of the Schengen area since 21 December 2007.

Customs obligations

Starting on the first day of EU membership, routine customs checks of goods being moved across internal borders, i.e. the common border with other member states, were abolished.

Since Czechia does not have an external EU border, routine checks of goods being moved across the national border for customs and tax purposes are conducted only at the main international airports in Prague, Brno, Karlovy Vary and Ostrava. Goods are freely transported across internal EU borders.

Visa requirements EU member countries

The free movement of people has been agreed between all current EU member countries plus Norway, Iceland, Liechtenstein and Switzerland. This means the possibility of working in all of these countries without a visa or work permit.

Since 1 May 2004, EU citizens are allowed to stay and work in Czechia without visas or work permits. They are only required to register with the local office of the Foreigners' Police.



Non-EU countries

A third-country national is a citizen of a state that is not a member of the EU nor a citizen of Iceland, Lichtenstein, Norway or Switzerland. Visa or temporary residence permit applications must be submitted at the Embassy of citizenship or residency.

Short-term visa (Schengen visa) – type C

The Short-term visa (also known as Schengen visa) is granted for a maximum period of 90 days. Purpose work: To apply, a foreigner must hold work permit for up to 90 days employment with a Czech employer. Application may be submitted as early as three months before the trip. Assessment time is up to 15 days.

Long-term residence permit/long-term visa for stay over 90 days

Long-term visa/residence permit can be issued for stay over 90 days for various purposes e.g. family, sports etc. Employee Card or Blue Card combines a residence permit and a work permit in one.

- **Employee card**
Employee Card is issued for a specific job position at a specific employer. It is issued for up to 2 years and may be extended. Assessment time is 60-90 days.
- **Blue card**
The Blue Card is a residence and work permit for university graduates (bachelor's or higher) who reach the wage limit of 1.5 national averages. Employers

usually assist employees to collect documents for the card application (employment contract, proof of accommodations). Assessment time is 90 days.

- **Intra-company employee transfer card**
Intra-Company Employee Transfer Card is for managers, specialists or trainees who will be internally transferred from a company outside the EU for period 3 months to 3 years.
- **Business visa – type D**
The Long-term visa for the purpose of business is intended for citizens of third countries who intend to run a business in Czechia, operate a trade, be a self-employed person, a statutory body or a member of the statutory body of a company.

Permanent residence permit

If you wish to reside in Czechia permanently, you can apply for a permanent residence permit after 5 years of continuous residence under the Act on the Residence of Foreign Nationals in the Territory of the Czech Republic.

Success Story

Eaton 30 years in Czechia

Timeline

- **1993 – Felten and Guillaume Electrical Engineering founded**
- **1994 – Production plant built in Suchdol nad Lužnicí**
- **2001 – Spider software released**
- **2005 – EATON company entered**
- **2006 – Distribution centre established in Pohorelice near Brno**
- **2012 – The first innovation centre in Europe opened in Rostoky near Prague**

Eaton celebrates 30 years in Czechia

Eaton, like CzechInvest, celebrates thirty years of existence in Czechia. In that time, the company, which is a leading expert in energy distribution management, has achieved a lot.

Founded in 1911, Eaton has been listed on the New York Stock Exchange for a century. In 2022, it reported revenues of €19 billion and serves customers in more than 170 countries. Eaton is one of the largest U.S. investors in the country, with approximately 860 employees. By leveraging global trends in electrification and digitalization, the company seeks to accelerate our planet's transition to renewable energy.

Its history begins in 1993, when it entered the Czech market as part of the Felten & Guillaume concern and focuses on the sale of components for the distribution of electrical energy. Over the following years, the company built a production plant in Suchdol nad Lužnicí, established one of its European logistics centres responsible for supplying products to several Central and Eastern European countries, and opened a European Innovation Centre in Roztoky near Prague, where it carries out research into the development of energy-efficient power supply systems and the electrification of transport, vehicles and aerospace applications. Eaton is also establishing strategic partnerships with major scientific institutions such as Technical University Brno [Eaton partners with Technical University Brno to spearhead energy innovation](#), Czech Institute of Informatics, Robotics and Cybernetics (CTU) and Research and Innovation Centre for Electrical Engineering at University of West Bohemia.

► „In thirty years of existence in Czechia, we have managed to create a comprehensive supply chain that includes development, production, sales, logistics and service,“

Jan Hrůza

Country Sales Leader for the Czech and Slovak Republics



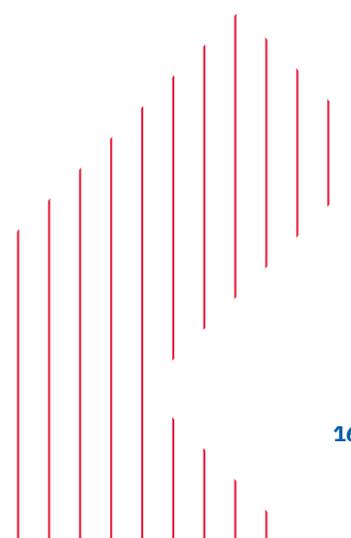
About CzechInvest

CzechInvest plays a key role in the area of supporting business and investments in its comprehensive form. The agency's unique combination of regional, central and international operations ensures the integrity of services and the ability to connect global trends with regional conditions in Czechia. One of CzechInvest's main objectives is the transformation of Czechia into an innovation leader in Europe. Established in 1992, CzechInvest is a state contributory organization subordinate to the Ministry of Industry and Trade of the Czech Republic.

CzechInvest's activities

- Development of Czech technology firms' potential support for "smart" investments
- Motivation of foreign investors already established in Czechia toward sophisticated complementary investments
- Development and cultivation of the national start-up and spin-off environment
- Assistance for Czech firms when entering foreign markets
- Promotion of the Czech economy, technologies and R&D abroad
- Cultivation of the business and investment environment in all regions of Czechia
- Linking of partners from the business and R&D spheres
- Use of trends in progressive sectors of the global economy

All of CzechInvest's services are free of charge.



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