

DOING BUSINESS IN THE CZECH REPUBLIC



Country Commercial Guide 2013

Prepared by

**U.S. Commercial Service
and U.S. Embassy Prague**

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Chapter 1: Doing Business in the Czech Republic

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We want to continue to deepen our relationship...strengthen trade between our two countries. Although the relationship between the United States and the Czech Republic economically is very strong, it can always be stronger.

President Barack Obama
Oct 27, 2011, Washington, DC

The United States and the Czech Republic forged a close relationship during the beginning of the last century, when America pledged its support for Czech independence. Though this friendship stalled during the period of Soviet influence, it reemerged as the Czech Republic again claimed its political independence and joined the economic ranks of the European Union at the close of the 20th century. Today, this nation that sits at the heart of Europe has emerged as one of the region's most prosperous and industrialized economies, and serves as a bridge for U.S. companies expanding beyond the more traditional markets in Western Europe to the developing markets in the east. The Czech Republic's strategic location, well-developed infrastructure, and skilled labor force have allowed this small nation of 10.5 million citizens to elevate itself to an important regional and international manufacturing hub and consumer market.

Market Overview

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- Economic health is largely based on growth in exports. About 85% of GDP is linked to export orders, with 80.8% of goods exported to the EU27, and a third of total exports going to Germany. In this regard 2012 represented a good year for the country, which posted over \$150 billion in exports, a 6.4% increase from 2011. Leading countries with which the Czech Republic maintains a trade surplus are Germany, Slovakia, the UK, France and Austria.
- The Czech government is seeking to diversify its export markets and has identified twelve priority markets to focus on, including the United States. Exports to these priority markets grew by 20% in 2012, as compared to a 3.5% increase in exports to EU members.
- U.S. exports to the Czech Republic have started to cool after experiencing annual double-digit growth following the 2009 economic slowdown. U.S. exports last year increased by only 9.7%, reaching a record of nearly \$1.5 billion. This contributed to a healthy 76% increase in exports over the last three years, outpacing the 44% growth that U.S. exports achieved globally during the same period. (NOTE: This is based on U.S. trade data. The Global Trade Atlas reports a 7.9% increase in U.S. exports,

to \$2.1 billion in 2012, and Czech government data have US exports to the country increasing by 17% in 2012, to \$3.1 billion).

- Over the first twenty years of Czech independence, foreign investment has played a significant role in boosting Czech productivity, and the U.S. has had an important role in this regard as the largest non-European investor in the country. In 2012, the Czech Republic recorded inward investment of \$10.5 billion, a half billion of this originating from U.S firms (source: Czech National Bank.)
- The World Economic Forum considers the Czech Republic to be a Tier 3, or “innovation driven” economy, placing it on the same level as its neighbors to the west. Except for Slovenia and neighboring Slovakia, it is the only country in Central and Eastern Europe to achieve this ranking. Though the country ranked 39th in the 2012-2013 World Economic Forum’s [Global Competitiveness Index](#) (GCI), surpassing all of its Central and Eastern Europe neighbors (except for Estonia), the Czech Republic continued its gradual fall in the rankings, from 38th last year and 36th in 2010. In terms of the GCI’s sub-rankings, the Czech Republic ranks below the average for Tier 3 economies, highlighting the work the country has to achieve before being considered an economic equal to its western neighbors.

Market Challenges

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- Though outside the Euro zone, the Czech Republic continues to feel the impact of the lingering economic crisis in Europe and output has been declining since mid-2011. According to the Czech Statistical Office, 2012 GDP growth was -1.3%, far worse than the 0.2% growth that the Ministry of Finance had anticipated for the year.
- This slump accelerated prior to this report’s publication. According to the Czech Statistical Office, GDP contracted by 1.9% in the first quarter of 2013 on a year-to-year basis and by 0.8% on a quarter-to-quarter basis. For the first time in three years, Czech exports declined due to the crisis in Europe. The current Czech National Bank estimate for 2013 GDP is -0.5 %, and the CNB does not anticipate a return to growth until the fourth quarter of 2013. The CNB anticipates 1.8% growth in 2014. Unemployment improved in 2012 to an estimated 6.9%, though 2013 estimates have the figure falling to 7.3%.
- The Czech Republic’s economic transformation is not yet complete. Ranked 65th on the World Bank’s 2013 [Ease of Doing Business](#) index, the Czech Republic finds itself positioned below most of its Central and East European neighbors (though slightly improved from its adjusted 67th ranking in 2012). In critical sub-rankings, the country is 68th in [trading across borders](#), 100th in [protecting investors](#), and 79th in [enforcing contracts](#). Readers may find [all ranking indicators](#) and the [complete report](#) for the Czech Republic at the Doing Business website.
- The most problematic factors for doing business, according to the World Economic Forum’s [Global Competitiveness Report](#), continue to be corruption, inefficient government bureaucracy, and tax regulations. The country improved from 30th to 29th on the [Heritage Foundation’s Economic Freedom](#) list as a result of “substantial increases in labor freedom and the management of government spending offsetting a decline in freedom from corruption.”

- The Czech government faces other challenges and hurdles, such as the slow pace of legislative reforms and industrial restructuring, planned healthcare and pension reforms, making the public procurement process more transparent, and a growing shortage of highly skilled technical workers.

Market Opportunities

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Demand in the Czech market goes beyond the few best prospect sectors that this report is able to cover (see [Chapter 4](#)). Though the country no longer has access to EU accession funds, it still receives EU funding directed at such diverse areas as healthcare reform, environment, transportation, infrastructure projects outside of Prague, and education exchange programs. Though it has a small population of 10.5 million, the Czech Republic has the highest per capita GDP of any nation in Central and Eastern Europe and provides many opportunities for experience exporters.

Market Entry Strategy

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The Czech Republic is not the ideal destination for new-to-export companies, but as an EU member and a place where English is widely understood in the business community, it is an excellent choice for experienced exporters looking to broaden their global reach, especially those who are seeking new opportunities outside Western Europe. The Czech Republic is characterized by wide population dispersion. Over 10% of the population is centered in Prague, the only city with more than one million inhabitants, while the majority of Czechs live within thirty minutes of other major commercial/ industrial hubs (Brno, Plzen, Olomouc, etc.). Urban consumers generally have greater purchasing power than their rural counterparts.

Success in this market typically requires an in-country presence such as an agent, distributor or representative office. The country's communication network is relatively well developed and email communication and website offerings are an increasingly effective means of reaching local buyers. Pricing remains the most critical factor in positioning a product or service for sale. Access to capital is becoming increasingly difficult for most Czech firms and business transactions are typically self-financed. U.S. firms that can arrange financing will have a competitive edge. In addition, currency fluctuations may return in 2013, challenging even the most well-planned export strategy (the 2011 exchange rate varied greatly from between CZK 16.2–20.35 per USD, while 2012 saw milder fluctuations of CZK 18.4 – 21.0 per USD).

Most exporters find local distributors an easy first step for entering the market. Local distributors typically take responsibility for handling customs clearance, dealing with established wholesalers/retailers, marketing the product directly to major corporations or the government, and handling after-sales service. Other issues to consider are:

- Take a regional approach involving one or more Central or East European country.
- Establish a local presence or select a local partner for effective marketing and sales distribution.
- Perform detailed market research to identify specific sector opportunities.
- Use the experience of other, successful U.S. companies in the market. The local [American Chamber of Commerce](#) is a valuable resource.

- We suggest participating in a Gold Key or a custom tailored service to meet local partners and possible clients.

For additional information on topics related to doing business in the Czech Republic as a member of the European Union, please refer to our report *Doing Business in the European Union: 2013 Country Commercial Guide for U.S. Companies*.

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COUNTRY FACT SHEET: CZECH REPUBLIC

PROFILE

Population in 2011 (Millions): 11
 Capital: Prague
 Government: Republic

ECONOMY

	2009	2010	2011
Nominal GDP (Current Billions \$U.S.)	196	198	215
Nominal GDP Per Capita (Current \$US)	18,739	18,814	20,436
Real GDP Growth Rate (% change)	-4.7	2.7	1.7
Real GDP Growth Rate Per Capita (% change)	-5.5	2.4	1.4
Consumer Prices (% change)	1.0	1.5	1.9
Unemployment (% of labor force)	6.7	7.3	6.7
Economic Mix in : N/A			

FOREIGN MERCHANDISE TRADE (\$US Millions)

	2009	2010	2011
Czech Republic Exports to World	112,884	132,141	162,392
Czech Republic Imports from World	104,850	125,691	150,813
U.S. Exports to Czech Republic	970	1,411	1,680
U.S. Imports from Czech Republic	1,933	2,450	3,344
U.S. Trade Balance with Czech Republic	-964	-1,039	-1,664
Position in U.S. Trade:			
Rank of Czech Republic in U.S. Exports	74	67	66
Rank of Czech Republic in U.S. Imports	62	58	56
Czech Republic Share (%) of U.S. Exports	0.09	0.11	0.11
Czech Republic Share (%) of U.S. Imports	0.12	0.13	0.15

Principal U.S. Exports to Czech Republic in 2011:

1. Computer & Electronic Products (33.3%)
2. Transportation Equipment (16.9%)
3. Machinery, Except Electrical (15.5%)
4. Chemicals (5.3%)
5. Special Classification Provisions, Nesoi (5.2%)

Principal U.S. Imports from Czech Republic in 2011:

1. Machinery, Except Electrical (16.3%)
2. Transportation Equipment (15.1%)
3. Computer & Electronic Products (12.4%)
4. Primary Metal Mfg (9.7%)
5. Electrical Equipment, Appliances & Components (9.1%)

FOREIGN DIRECT INVESTMENT

	2009	2010	2011
U.S. FDI in Czech Republic (US \$Millions)	5,200	4,886	5,261
FDI in U.S. by Czech Republic (US \$Millions)			90

DOING BUSINESS/ECONOMIC FREEDOM RANKINGS

World Bank Doing Business in 2012 Rank: 65 of 185
 Heritage/WSJ 2012 Index of Freedom Rank: 29 of 179

Source: Created by USDOC/ITA/OTII-TPIS from many sources: FDI from USDOC, Bureau of Economic Analysis. US Trade from USDOC, Census Bureau, Foreign Trade Division. Czech Republic Trade with World from United Nations where available. National Macroeconomic data from IMF/World Bank databases including World Economic Outlook and World Development Indicators. .WORLD and other country aggregates are summaries of available UN COMTRADE, IMF and other data, and coverage varies over time and by source, typically represents greater than 85 percent of world trade and production. Note: Principal U.S. Exports and Imports Are 3-digit NAICS Categories.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link to the [U.S. Department of State Background Notes](#).

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Using an Agent or Distributor

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The Czech Republic has a developed, European-style distribution system and a strong and growing cadre of professional sales agents and distributors in most market segments. We recommend basing your initial market entry on finding and supporting a strong Czech partner, agent, or distributor. The Czech Republic is geographically small, with over ten percent of the population and most decision-makers concentrated in the capital city of Prague, resulting in a market where good personal relationships are crucial. An agent or distributor based in Prague can offer good coverage of the entire country, though firms located outside the capital should not be discounted because of their location. Some firms may offer to represent your firm throughout Central Europe, though it is often more beneficial to limit your distributor to the Czech Republic and possibly also Slovakia. Ensure any regional distributors have a measurable track record or experience for the countries where they will be representing your firm.

Representative offices or industrial sales agents usually handle industrial sales. The cadre of agents has expanded rapidly over the last decade. U.S. firms will find agents to be very strong technically; however, many need help developing marketing and customer service strategies. Margins for distributors are similar to those prevalent in Western European countries. Using a local partner's facilities and staff will bring costs down to competitive levels, and your local partner's contacts will be crucial to developing business. Meetings with potential distributors can also assist in determining pricing and market obstacles and opportunities.

In general, agents and distributors will expect exclusivity. Be careful to negotiate an agreement that ties exclusivity to performance, either with a time limitation on the agent/distributor agreement, or a clause that allows termination for non-performance.

Good support and management of the agent-distributor relationship is crucial. Many distributors are thinly capitalized and understaffed, yet represent a wide variety of foreign companies. They often focus efforts on the bestselling product of the moment, to the neglect of others. As with any legal agreement, we suggest you have a lawyer experienced with Czech law review any contract before signing.

Many U.S. firms use the Commercial Service's [Gold Key](#) program and trade missions to meet and interview potential partners. For more information on these and other services, please view our [website](#).

EU REGULATIONS

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with EU and member state national laws. [Council Directive 86/653/EEC](#) establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. In essence, the Directive establishes the rights and obligations of the principal and its agents; the agent's remuneration; and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation to be paid to the agent. U.S. companies should be particularly aware that the Directive states that parties may not derogate certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

The European Commission's Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of "vertical agreements." U.S. small- and medium-sized companies (SMEs) are exempt from these regulations because their agreements likely would qualify as "agreements of minor importance," meaning they are considered incapable of affecting competition at the EU level but useful for cooperation between SMEs. Generally speaking, companies with fewer than 250 employees and an annual turnover of less than €50 million are considered small- and medium-sized undertakings. The EU has additionally indicated that agreements that affect less than 10% of a particular market are generally exempted as well ([Commission Notice 2001/C 368/07](#)).

The EU also looks to combat payment delays. The new [Directive 2011/7/EU](#), which replaced the current law in March 2013, covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. Directive 2011/7/EU entitles a seller who does not receive payment for goods and/or services within 30 days of the payment deadline to collect interest (at a rate of 8% above the European Central Bank rate) as well as 40 Euro as compensation for recovery of costs. For business-to-business transactions a 60 day period may be negotiated subject to conditions. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs.

Companies' agents and distributors can take advantage of the [European Ombudsman](#) when victim of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights. In addition, [SOLVIT](#), a

network of national centers, offers online assistance to citizens and businesses who encounter problems with transactions within the borders of the single market.

Establishing an Office

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The Czech Republic ranked 140th in the “[Starting a Business](#)” component of the World Bank’s Doing Business Guide, taking an average of twenty days to fully register a firm. For most small or mid-sized exporters, an office in the Czech Republic is not worth the time and expense. If you decide to establish one, however, we recommend that you work with a local attorney or consultancy firm that can take on the burden of corporate registration and other paperwork.

The process to register a company is generally comparable for the four types of firms that can be formed under the country’s commercial code. Of these, the limited liability company (společnost s ručením omezeným, or s.r.o.) and the joint-stock company (akciová společnost, or a.s.) are the most preferred as they give shareholders the advantage of having only limited liability for the company’s obligations. The other two forms are the general partnership (veřejná obchodní společnost) and limited partnership (komanditní společnost). The process for starting a company generally includes creation of a memorandum of association; obtaining appropriate trade authorizations/licenses; creation of registered capital comprising the contributions of the shareholders; registering the firm in the commercial register administered by the regional registration court; and registering with the tax office, the local social security and the health insurance authorities. Competent legal advice can assist you in choosing the company form that is best for your company’s legal and tax structure.

Prague has a well-educated, multilingual population, many of whom have years of experience in working for Western firms. Companies offering attractive salaries can normally secure a talented nucleus of local staff for a new office. Executive recruiting firms are active in Prague, though most executives use word-of-mouth to make hiring decisions. Unless your firm is investing in large scale manufacturing, it is unlikely that labor unions will be a factor in your staffing process. Statistics on Czech salaries can be found at a variety of websites, including [Czech Expat](#) and [Czech Invest](#).

If your firm utilizes EU citizens as part of its expatriate staff, these staff members can apply for long-term residency permits, though they are not obliged to do so. Other foreign nationals who intend to reside and work in the Czech Republic, including U.S. citizens, are required to apply for a residency visa, normally valid for a period of ninety days to one year. After this period, the visa can be either repeatedly extended or a long-term residency permit can be issued for an additional period of two years. An agent can be used to facilitate the application process. Cost of living statistics can be found at a variety of websites, including [Czech Expat](#) and [Xpatulator](#).

Franchising

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Franchising has become a well-known, successful and popular concept in the Czech market and is poised for further growth. After a rather moderate start in the 1990s, franchising has seen rapid growth, especially after the Czech Republic’s accession to the EU in 2004. Czechs have seen the success of the foreign franchising systems and started creating domestic franchising concepts and expanding abroad. Franchising was

booming in 2012 as the number of franchised brands on the Czech market has risen by 19% to 200. There were 5,300 franchise units in the Czech market in 2012 operated by 4,180 franchisees. The number of Czech brands has been rising rapidly and domestic brands outnumbered foreign brands in 2012, reaching 60% of the market share. The market is expected to further grow in 2012 by another 20%.

Most franchise businesses operate in the hotel and hospitality sectors. Fast-food establishments are very popular and have a strong U.S. presence. Most recently, the real estate sector has seen rapid growth. The Czech legal system is liberal and places no barriers for entrance and operation of a franchise.

EU REGULATIONS

There are a number of laws that govern the operation of franchises within the EU, but these laws are fairly broad and generally, do not constrain the competitive position of U.S. businesses. The potential franchiser should take care to look not only at the EU regulations, but also at the local laws concerning franchising. More information on specific legislation can be found on the website of the [European Franchise Federation](#).

Direct Marketing

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Direct marketing encompasses various ways of communication from the company to the consumer. Most of these advertising techniques include cell phone text messaging, emails, interactive consumer websites, online display ads, fliers, catalog distribution, promotional letters, and outdoor advertising. These techniques are all used in the Czech Republic; however, as reported by the Direct Marketing Monitor International in its 2007 report, Czech consumers have an above-average affinity to mailings, making them an extremely attractive target group for direct marketing campaigns (one survey reports that 74% of Czech citizens receive them at least once a week). Examples of direct marketing ads and commercials from the Czech Republic can be viewed [here](#). After print advertising, mailings are the most popular advertising medium in the Czech Republic, which is now also leading to the general impression that direct mail media is overwhelming its intended target audience. Telemarketing and call centers have not found the same level of acceptance as mailings in terms of direct marketing, and its usage is below that of the United States. The [Czech Association of Direct Marketing and Mail Order](#) organizes seminars and promotes international rules of direct marketing, such as the length of guarantees and the consumer's right to return a product. Its [website](#), as well as the [Czech Trade International s.r.o.](#) website, contains a list of members that can provide U.S. firms with potential partners in this area. Social media, as a form of direct marketing, is also proving to be increasingly popular in the Czech Republic. With a population of 10.5 million, in 2011 there were 6.56 million internet users in the Czech Republic out of which 3.8 million users were registered on Facebook. More detailed information about social media statistics in the Czech Republic can be found [here](#) and include the following social media channels: Facebook, YouTube, Twitter and Google+.

For further information, the [European Journalism Centre](#) provides a helpful overview of the media landscape in the Czech Republic.

EU REGULATIONS

There is a wide range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to purchase and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance-selling and on-line commerce.

Processing Customer Data

The EU has strict laws governing the protection of personal data, including the Use of such data in the context of direct marketing activities. For more information on these rules, please see the privacy section above.

Distance Selling Rules

The EU's Directive on Distance Selling to Consumers (97/7/EC and amendments) sets out a number of obligations for companies doing business at a distance with consumers.

It can read like a set of onerous "do's" and "don'ts," but in many ways, it represents nothing more than a customer relations good practice guide with legal effect. Direct marketers must provide clear information on the identity of themselves as well as their supplier, full details on prices including delivery costs, and the period for which an offer remains valid – all of this, of course, before a contract is concluded. Customers generally have the right to return goods without any required explanation within seven days, and retain the right to compensation for faulty goods thereafter. Similar in nature is the Doorstep Selling Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of a normal business premises (e.g., door-to-door sales) and essentially assure the fairness of resulting contracts.

In 2011, the EU overhauled its consumer protection legislation and merged several existing rules into a single rulebook - "the [Consumer Rights Directive](#)". The provisions of this Directive will apply to contracts concluded after June 13, 2014, and will replace current EU rules on distance selling to consumers and doorstep selling along with unfair contract terms and consumer goods and associated guarantees. The Directive contains provisions on core information to be provided by traders prior to the conclusion of consumer contracts, regulates the right of withdrawal, includes rules on the costs for the use of means of payment and bans pre-ticked boxes. Companies are advised to consult the information available via the hyper-links, to check the relevant sections of national Country Commercial Guides, and to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

In 2013, the EU adopted rules on Alternative Dispute Resolution which provide consumers the right to turn to quality alternative dispute resolution entities for all types of contractual disputes including purchases made online or offline, domestically or across borders. A specific Online Dispute Resolution Regulation will set up an EU-wide online platform to handle consumer disputes that arise from online transactions. The platform will be operational at the end of 2015.

Key Link: *Consumer Affairs Homepage* - http://ec.europa.eu/consumers/index_en.htm

Distance Selling of Financial Services

Financial services are the subject of a separate directive that came into force in June 2002 ([2002/65/EC](#)). This piece of legislation amended three prior existing Directives and is designed to ensure that consumers are appropriately protected with respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal.

Direct Marketing over the Internet

The [e-commerce Directive](#) (2000/31/EC) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically supplied services (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section below).

Joint Ventures/Licensing

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The Czech Republic has become an attractive destination for foreign investors seeking manufacturing and assembly operations, most commonly through a green field investment. A smaller but growing group is foreign companies that seek to acquire existing Czech firms in order to obtain and further develop their innovative technologies. CzechInvest, the state investment agency, is trying to capitalize on this trend and has created the [CzechLink](#) program in order to facilitate the merger and acquisition of Czech firms in the manufacturing and IT sectors.

Joint ventures as a legal form are less popular. There is no specific legislation regulating joint ventures in the Czech Republic and there is no such legal term in Czech corporate law, though the law allows for the setting up and operation of various joint venture schemes and structures such as contractual joint ventures and equity joint ventures. The legal framework between joint venture partners is usually defined in the joint venture contractual documents. The joint venture agreement usually describes the details of the partners' agreement to establish and operate a joint venture, while the shareholders' agreement regulates corporate governance and rules relating to the particular joint venture company. Additionally, there may be no joint venture agreement, and the shareholders' agreement will contain all the rights and obligations of the venture partners. Prague has a small, but skilled, local investment banking community, which can assist U.S. firms in structuring acquisitions or joint ventures.

The Czech [commercial code](#) allows for the licensing of technology, stipulating that "under an industrial property license, the "licensor" authorizes the "licensee" to exercise (intangible) industrial property rights (*e.g. patents, trademarks*) only to an agreed extent and within agreed territory, and the licensee undertakes to make determined payments or to provide other material values (payment in kind) in return." The contract must be in

writing and if the duration of the rights is dependent upon the exercise of them, the licensee is bound to exercise the rights.

Selling to the Government

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Lack of transparency throughout the procurement process remains a significant obstacle for U.S. companies. While the Czech government has publicly stated its commitment to fair, transparent tenders, rumors of corruption remain common place, and the Czech media regularly follows high-profile tenders gone awry. U.S. firms active in the market have identified several tenders where they feel the process was corrupted, and in many cases government tender decisions have been overturned due to allegations that the process was not conducted fairly. Additionally, government decision-making is notoriously slow, and combined with the lack of transparency, tenders are frequently delayed and cancelled, with little political will to reissue the tender afterwards.

As a member of the EU, the Czech Republic is subject to the rules of the GATT Agreement on Government Procurement. The Czech government's current procurement law requires public tenders for major government and government-financed procurements. Tenders are publicized in the local daily press, particularly the *Hospodarske Noviny* (Economic News) and *Mlada Fronta Dnes* newspapers, as well as in the *Obchodni Vestnik* (Trade Gazette) published by the Czech government. Major manufacturers of a particular product are usually notified directly. The period between calling and closing tenders is 180 days for internationally financed procurements. In the case of purchase or procurement from only one source that is deemed to be in the government's interest, the Ministry of Defense can issue a "direct call" tender, though this practice has not been used during the current administration. The direct call is characterized as being similar to U.S. Government sole-source contracting, but it lacks defined selection criteria, raising concerns about procedural transparency.

In most cases, U.S. companies bidding on Czech government tenders must have their products approved for the EU market (see [standards](#) section below). U.S. companies that find local Czech partners for joint bids can compete in tenders for environmental services, engineering services, and financial and management consulting services (the change in policy above applies only to the Ministry of Defense). Bid bonds from 1-5% may be required for large-scale contracts. An emphasis on total value (rather than low cost) has lessened the disadvantages that U.S. companies once had against lower-cost domestic and European firms.

Even as the Czechs seek to continue to modernize their NATO-compatible military and upgrade infrastructure to meet environmental and other EU requirements, a tightening of the Czech government's purse strings is expected to have a significant impact on defense spending in the near term. In one recent example, the cabinet agreed to postpone the issuance of a tender to buy new jet fighters, and to give further consideration to extending the current lease on Swedish Gripens. The negotiations for this contract extension have been on-going for over a year. The EU, the U.S. Defense Department, and other international funds are available to help finance purchases. Both the Czech federal government and major municipal governments make increasing use of bond offerings to pay for infrastructure improvements, but this approach is still far less common than in the U.S.

One recent change that benefits U.S. firms selling to the Ministry of Defense is a

provision that allows them to contract directly with the ministry, bypassing the services of a Czech intermediary (since 2009, EU firms have had this privilege). The change was meant to bring transparency and cost savings to the system. However, the ministry has found ways around this ruling, such as including requirements for all documentation to be in the Czech language, thereby making the use of a local intermediary not a requirement, but highly recommended. The ministry still opts to use middle men companies for two reasons: it is easier to handle receipt of goods and customs, and for cases that require National Funding they cannot obligate funds until the items are delivered in full. The intermediary company allows the ministry to pay in installments and settle upon final delivery.

EU REGULATIONS

The EU public procurement market, including EU institutions and member states, totals approximately EUR 1.6 billion. This market is regulated by three Directives:

- Directive 2004/18 on Coordination of Procedures for the Award of Public Works, Services and Supplies Contracts;
- Directive 2004/17 on Coordination of Procedures of Entities Operating in the Utilities Sector, which covers the following sectors: water, energy, transport and postal services; and
- Directive 2009/81 on Coordination of Procedures for the Award of Certain Works, Supply and Service Contracts by contracting authorities in the fields of defense and security.

Remedy directives cover legal means for companies who face discriminatory public procurement practices. These directives are implemented in the national procurement legislation of the EU member states.

The U.S. and the EU are signatories to the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and services and some work contracts published by national procurement authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies and services contracts from European public contracting authorities above the agreed thresholds.

However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in the EU coverage of the GPA. The Utilities Directive allows EU contracting authorities in these sectors to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50% of the total value of the goods constituting the tender, or is entitled to apply a 3% price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions, however, were waived for the electricity sector.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement.

Key Link: <http://export.gov/europeanunion/grantstendersandfinancing/eu-fundedprogramsgrants/index.asp>

Distribution and Sales Channels

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The distribution channels in the Czech Republic are similar to those in the European Union. U.S. products are typically shipped to a major European port (often Antwerp), and then transported to Prague via truck or rail. (Smaller products often come by air to Prague's airport.) The area around Prague has many warehouses and distribution centers, and is the distribution hub of the country.

Prague's winding cobblestone streets are lined with tiny shops -- groceries, pharmacies, music stores, clothing boutiques, and bookstores. These small shops face stiff competition from American-style supermarkets, European "hypermarkets," and shopping malls with a broader selection, lower prices and extended weekend and evening hours. These stores have become increasingly important to the distribution mix over the last decade, attracting customers that used to purchase through traditional retailers. Swedish IKEA, British TESCO, and German OBI, Hornbach and Baumax, among others, operate multiple locations throughout Prague and have expanded throughout the nation. At this time, no large U.S. retailers are present in the market.

Specialized outlets are still important venues for reaching informed customers who seek out quality products with specific performance. Additionally, virtual shopping is gaining in popularity, with several Czech firms attracting clients with cost savings and home delivery, offering everything from contact lenses to car tires. Some global internet market places are active with localized sites, but most major US firms are still absent. As an example, though Amazon.com recently announced plans to build a 100,000 m² logistics center in the Czech Republic, the firm still does not operate a site for Czech consumers.

Selling Factors/Techniques

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Having a sales force that speaks Czech is essential to success in the market and ideally product literature should be in Czech as well. Depending on who your market is, a dual Czech/English brochure can help you effectively reach both Czech firms as well as the many international firms located in Prague with non-Czech speaking decision makers. Any measurements used within the literature should be in metric. In addition, product labels on consumer items must be in Czech. Your local partner/distributor can assist in this process.

Companies doing business in the Czech Republic should have a website in Czech and English. Depending on your end-user, a third language (German or Russian) can help you reach a broader market. Having a website gives legitimacy to a company's presence in the market and plays an increasingly important role here in attracting potential customers.

Electronic Commerce

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In 2012, more than two-thirds of households in the Czech Republic had computers, with over 71% of the population having access to the Internet and 68% of households having broadband internet connections (according to Eurostat). The number of Czech consumers shopping online reached almost 6 million, which is over 50% of the country's population. Only 2% of individuals use the Internet to buy or order online content.

According to [APEK](#), the Czech Association of Electronic Commerce, the number of Czech consumers who regularly shop online is continually increasing (in 2011 the number of consumers rose by 12%, after rising by 22% in 2010 and 23% in 2009). In 2012, the internet sale of goods rose to a record high amounting to \$2.2 billion. Margins are reportedly falling, however, in part because the country has a record number of internet retailers per person, with a reported 37,000 internet retailers. Google, which has called the Czech Republic “the internet tiger of Central and Eastern Europe”, reports a smaller number of online businesses. Google states that the Czechs are comparable to the U.K. in the number of searches per user, and that the country has 27,000 online businesses, despite the limited reach of the Czech language, compared to 30,000 in the U.K.

[Eurostat](#) reports that in 2010 the percentage of turnover realized from e-commerce was at 25% in the Czech Republic (one of the highest turnovers within the EU27). APEK also reports that the share of on-line shops in Czech retail reached 4.6% last year. Dominant on-line shops include [www.alza.cz](#), [www.mall.cz](#), [www.kasa.cz](#), [www.CZC.cz](#), and [www.123shop.cz](#). U.S. e-retailers are mostly absent from the Czech market, though some, like [e-Bay](#), have Czech language sites that mainly list items located in the UK or elsewhere in Europe. Reuters also recently reported that [Amazon.com Inc.](#) plans to build a 100,000-sqm logistics center in the Czech Republic.

EU REGULATIONS

The [Electronic Commerce Directive](#) (2000/31/EC) mentioned in the direct marketing section above provides rules for online services in the EU. It requires providers to abide by rules in the country where they are established (country of origin). Online providers must respect consumer protection rules such as indicating contact details on their website, clearly identifying advertising and protecting against spam. The Directive also grants exemptions to liability for intermediaries that transmit illegal content by third parties and for unknowingly hosting content. The European Commission released a work plan in 2012 in order to facilitate cross-border online services and reduce barriers and released a [report](#) on implementation of the action plan in 2013.

In July 2003, the EU started applying [Value Added Tax](#) (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging Value Added Tax. These rules were indefinitely extended following adoption of Directive 2008/8/EC.

U.S. businesses mainly affected by the 2003 rule change are those that are U.S. based and selling ESS to EU based, non-business customers or those businesses that are EU based and selling ESS to customers outside the EU who no longer need to charge VAT on these transactions. There are a number of compliance options for businesses. The Directive created a special scheme that simplifies registering with each member state. The Directive allows companies to register with a single VAT authority of their choice. Companies have to charge different rates of VAT according to where their customers are located, but VAT reports and returns are submitted to just one authority. The VAT authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities.

Though choosing and supporting a suitable agent is the most important factor in achieving success in the market, companies can stimulate sales further by working with Czech partners on effective marketing campaigns. Foreign firms most often pay for in-country advertising, while their local distributors provide facilities, warehousing, and equipment. A good agent or distributor, however, should be able to help you craft an appropriate strategy. The Czech market is small, and market entry is relatively low-cost, so expensive marketing campaigns are probably not necessary, unless promoting a consumer product.

With a history dating back to the Middle Ages, [trade shows](#) are a European way of life, and both [Prague](#) and [Brno](#) host several international shows. A small booth is a good -- and comparatively low-cost -- way to meet customers in the Czech Republic and neighboring countries. We recommend working with your distributor to identify which shows are best for your product and then agreeing on how you can cost share the expense with the distributor, which might be representing several other products. It is also beneficial to have a member of your sales staff be present at the stand with your distributor, to ensure that your product is being properly represented at the exhibition.

The Czech Republic is a small market, and each sector has a few key decision-makers and opinion leaders. One way to reach these leaders quickly is to hold an innovative in-country promotion. Examples of good programs include technical seminars or small receptions at industry trade shows in Brno and Prague, media events and press conferences related to events like launching new lines or opening new offices, or annual holiday receptions for key clients and potential clients. The U.S. Commercial Service in Prague can help to organize such an [event](#) and target key decision makers. On the retail side, in-store promotions are utilized extensively. Firms can also take advantage of the Commercial Service's Featured U.S. Exporter Service ([FUSE](#)) to advertise their firm's product or service on our [Czech language website](#).

EU REGULATIONS

General Legislation

Laws against misleading advertisements differ widely from member state to member state within the EU. To respond to this imperfection in the Internal Market, the Commission adopted a [directive](#), in force since October 1986, to establish minimum and objective criteria regarding truth in advertising. The Directive was amended in October 1997 to include comparative advertising. Under the Directive, misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor." member states can authorize even more extensive protection under their national laws.

Comparative advertising, subject to certain conditions, is defined as "advertising which explicitly or by implication identifies a competitor or goods or services by a competitor." member states can, and in some cases have, restricted misleading or comparative advertising.

The EU's [Audiovisual Media Services Directive](#) lays down legislation on broadcasting activities allowed within the EU. Since 2009, the rules allowing for U.S.-style product placement on television and the three-hour/day maximum of advertising have been lifted. However, a 12-minute/hour maximum remains. Child programming will be subject to a code of conduct that will include a limit of junk food advertising to children. Following the adoption of the 1999 Council Directive on the Sale of Consumer Goods and Associated Guarantees, product specifications, as laid down in advertising, are considered as legally binding on the seller. (For additional information on Council Directive 1999/44/EC on the Sale of Consumer Goods and Associated Guarantees, see the legal warranties and after-sales service section below, though this Directive will be incorporated into the Consumer Rights Directive mentioned above by June 2014.)

The EU adopted Directive 2005/29/EC concerning fair business practices in a further attempt to tighten up consumer protection rules. These rules outlaw several aggressive or deceptive marketing practices such as pyramid schemes, "liquidation sales" when a shop is not closing down, and artificially high prices as the basis for discounts in addition to other potentially misleading advertising practices. Certain rules on advertising to children are also set out.

Medicines

The advertising of medicinal products for human use is regulated by Council [Directive 2001/83/EC](#) as amended by Directive 2004/27/EC. Generally speaking, the advertising of medicinal products is forbidden if market authorization has not yet been granted or if the product in question is a prescription drug. Mentioning therapeutic indications where self-medication is not suitable is not permitted, nor is the distribution of free samples to the general public. The text of the advertisement should be compatible with the characteristics listed on the product label, and should encourage rational use of the product. The advertising of medicinal products destined for professionals should contain essential characteristics of the product as well as its classification. Inducements to prescribe or supply a particular medicinal product are prohibited and the supply of free samples is restricted.

The Commission presented a new proposal for a framework for information to patients on medicines in 2008 which would allow industry to produce non-promotional information about its medicines while complying with strictly defined rules and would be subject to an effective system of control and quality assurance. The debate on the framework however is currently blocked in the member states and therefore, current varying systems at national level are in force.

Nutrition & Health Claims

On July 1, 2007, a [regulation](#) on nutrition and health claims entered into force. Regulation 1924/2006 sets EU-wide conditions for the use of nutrition claims such as "low fat" or "high in vitamin C" and health claims such as "helps lower cholesterol". The regulation applies to any food or drink product produced for human consumption that is marketed in the EU. Only foods that fit a certain nutrient profile (below certain salt, sugar and/or fat levels) are allowed to carry claims. Nutrition and health claims are only allowed on food labels if they are included in one of the EU positive lists. Food products carrying claims must comply with the provisions of nutritional labeling Directive 90/496/EC and its amended version Directive 1169/2011 on information to consumers mentioned below.

In December 2012, a list of approved functional health claims went into effect. The list includes generic claims for substances other than botanicals which will be evaluated at a later date. Disease risk reduction claims and claims referring to the health and development of children require an authorization on a case-by-case basis, following the submission of a scientific dossier to the European Food Safety Authority (EFSA). Health claims based on new scientific data will have to be submitted to EFSA for evaluation but a simplified authorization procedure has been established.

The development of nutrient profiles, originally scheduled for January 2009, has been delayed. Nutrition claims can fail one criterion, i.e. if only one nutrient (salt, sugar or fat) exceeds the limit of the profile, a claim can still be made provided the high level of that particular nutrient is clearly marked on the label. For example, a yogurt can make a low-fat claim even if it has high sugar content but only if the label clearly states “high sugar content”. A European Union Register of nutrition claims has been established and is updated regularly. Health claims cannot fail any criteria.

Food Information to Consumers

In 2011, the EU adopted a new regulation on the provision of food information to consumers (1169/2011). The new [EU labeling requirements](#) will apply from December 13, 2014 except for the mandatory nutrition declaration which will apply from December 13, 2016.

Food Supplements

[Directive 2002/46/EC](#) harmonizes the rules on [labeling of food supplements](#) and introduces specific rules on vitamins and minerals in food supplements. Ingredients other than vitamins and minerals are still regulated by Member States.

Regulation 1925/2006, applicable as of July 1, 2007, harmonizes rules on the addition of vitamins and minerals to foods. The regulation lists the vitamins and minerals that may be added to foods. This list was most recently revised in November 2009. A positive list of substances other than vitamins and minerals has not been established yet, although it is being developed. Until then, member state laws will govern the use of these substances.

Tobacco

The EU [Tobacco Advertising Directive](#) bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed, though these are banned in many member states. Tobacco advertising on television has been banned in the EU since the early 1990s and is governed by the Audiovisual Media Services Directive. The EU proposed a revision to the Tobacco Products Directive in 2012 with proposals to include bigger, double-sided health pictorial warnings on cigarette packages and plain packaging along with health warnings, tracking systems.

Pricing

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Czech consumers and firms are very price-sensitive and the market is dominated by cost conscious consumers. Although Prague is the EU's sixth wealthiest region in purchasing power, retailers complain they are unable to move goods unless they are marked on sale. In the consumer market there is a subtle shift towards prestigious name brands over low-cost competitors for certain high-end goods, though the dominant trend,

especially during an economic downturn, is for Czechs to eschew borrowing and spending. The Czech economy has traditionally been a cash economy, although credit card use has grown exponentially as bank regulations for the issuance of credit cards have been relaxed to near-Western standards. Five years ago, it was rare for a Czech consumer to use a credit card to make a purchase; today, virtually all professionals in major cities have at least one.

From a pricing perspective, U.S. firms face competition from European firms, which have lower transport costs and no import duties, Czech firms that have home field advantage, and low cost imports from Asia (China is now the second largest exporter to the Czech Republic). A number of larger U.S. firms have lowered costs and improved sales prospects by doing some low-cost assembly or value-added production within the Czech Republic or Europe. Over the last year the dollar has held its strength against the Czech crown, holding steady between 19 and 20 CZK per USD (with an average of 19.6CZK=1USD), further hindering the competitiveness of US firms.

Czech VAT law is harmonized with EU VAT law and is levied on goods and services from other EU countries and from third countries. The VAT rate is currently 21% on most manufactured goods and services, and 15% for selected goods, such as food products, pharmaceuticals used for health care, diapers, printed books and periodicals. VAT is based on the imported price plus applicable duties and is normally paid for by your distributor or the company of import. Your firm is obligated to register for Czech VAT purposes once it starts to perform taxable supplies in the Czech Republic or establishes a VAT permanent establishment.

Sales Service/Customer Support

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Although not yet at the level of Western standards, customer service has come a long way since the market opened up more than twenty years ago. Though attitudes are slowly changing, especially in the areas of government services and state-owned businesses, the emergence of foreign investment and foreign franchises has had a positive impact on improving customer service.

The industrial sector is somewhat more developed, as Czechs have made great strides to become part of the international marketplace. U.S. companies should demonstrate to potential end users their after-sales service capacities. Some industrial users have the impression that European suppliers offer superior after-sales support, and the presence of a well-trained, well-supported local agent who can service equipment is important in both closing a sale and maintaining your client base.

Conscious of the discrepancies among member states in product labeling, language use, legal guarantee, and liability, the redress of which inevitably frustrates consumers in cross-border shopping, the EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support.

EU REGULATIONS

Product Liability

Under the 1985 [Directive](#) on liability of defective products, amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove

the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim.

Product Safety

The 1992 [General Product Safety Directive](#) introduces a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation on the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, and a ban on exports of products to third countries that are not deemed safe in the EU. The legislation is still undergoing review.

Legal Warranties and After-sales Service

Under the 1999 [Directive on the Sale of Consumer Goods and Associated Guarantees](#), professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their trade, businesses or professions), as defined by the Directive. The remedies available to consumers in case of non-compliance are:

- Repair of the good(s);
- Replacement of the good(s);
- A price reduction; or
- Rescission of the sales contract.

As of June 2014, Directive 1999/44/EC will be incorporated into the new Consumer Rights Directive previously mentioned. Other issues pertaining to consumers' rights and protection, such as the New Approach Directives, CE marking, quality control and data protection are dealt with in [Chapter 5](#) of this report.

Protecting Your Intellectual Property

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Several general principles are important for effective management of intellectual property ("IP") rights in the Czech Republic, which adheres to EU legislation in this sphere. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in the EU than in the United States. Third, rights must be registered and enforced in the EU under local laws. Your U.S. trademark and patent registrations will not protect you in the EU. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the EU market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally, cannot enforce rights for private individuals in EU. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP

consultants who are experts in EU law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in the EU require constant attention. Work with legal counsel familiar with EU laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both EU or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.

- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, and Russia. For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers the EU at: http://www.uspto.gov/ip/global/attache/Attache_Contacts_2012-08.doc

Due Diligence

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Due diligence on potential partners (as well as on suppliers, major clients, and other contacts) is important. In addition to the company you are working with, you should conduct due diligence on its officers or major shareholders. The U.S. Commercial Service offers an [International Company Profile](#) service that researches the bona fides of Czech firms. [Dun & Bradstreet](#) also offers profiles and financial information on Czech firms.

Local Professional Services

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Most major U.S. and international firms providing legal, accounting and consultancy services are represented in the Czech Republic. Many of these firms also publish their own business guides for the Czech Republic, which address legal and taxation issues in more detail than this country commercial guide. For a full list of firms or industry associations, please contact the Commercial Service in Prague. You can also visit our website's list of [business providers](#), which includes local and international service providers supporting the international business community in the Czech Republic.

Web Resources

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B2B Websites

General business information, news, food products: <http://www.abcb.cz/>

Major provider of B2B services in Central Europe: <http://www.b2bcentrum.cz>

EU Websites

Copyright: http://ec.europa.eu/internal_market/copyright/documents/documents_en.htm

European Patent Office (EPO): <http://www.european-patent-office.org>

Industrial Property: http://ec.europa.eu/internal_market/indprop/index_en.htm

Office for Harmonization in the Internal Market (OHIM): <http://oami.europa.eu/>

World Intellectual Property Organization (WIPO), Madrid: <http://www.wipo.int/madrid/en>

U.S. Websites

EU Public Procurement : http://www.buyusa.gov/europeanunion/eu_tenders.html

IPR Toolkit: <http://www.buyusa.gov/europeanunion/ipr.html>

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Chapter 4: Leading Sectors for U.S. Export and Investment

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Automotive Parts and Equipment

Overview

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Unit: USD thousands

	2011	2012	2013 (estimated)
Total Market Size	12,500,000	13,700,000	12,730,000
Total Local Production	25,000,000	26,200,000	25,580,000
Total Exports	22,000,000	23,200,000	20,880,000
Total Imports	9,500,000	10,700,000	11,000,000
Imports from the U.S.	190,000	200,000	190,000

Source: [Automotive Industry Association of the Czech Republic](#), [Czech Statistical Office](#)

The automotive industry accounted for 24.9% of industrial production in 2012, highlighting the important role this industry plays in the national economy. Though the production of new passenger cars in the Czech Republic rose annually since 2003, tripling to 1.17 million passenger cars by 2011, production fell by 1.73% in 2012. It is anticipated that weak automotive sales in Europe, combined with continued economic stagnation, may result in a further decline in production in 2013. However, a report by the Ministry of Industry and Trade speculates that Germany will see economic growth in the second half of 2013, and combined with new model offerings from Skoda and Hyundai, the automotive industry will experience a slight recovery.

The Czech automotive market is still capitalizing on low labor costs in comparison with Germany, but cheap foreign competitors can bring more challenges to all European markets. Production of automotive parts and components was hit by the crisis the most and the market has faced severe reductions.

Sub-Sector Best Prospects

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- In-car entertainment
- Auto security equipment
- Car care products

Opportunities

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- CNG equipment for transportation
- Electric bikes
- Advanced technologies and supplies for automotive parts manufacturers

Web Resources

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Association of Automotive Industry of the Czech Republic:

<http://www.autosap.cz/default-e.asp>

AUTOTECH 2013, September: <http://www.bvv.cz/autotec-gb>

CZECHBUS 2013, Nov. 14-16: www.czechbus.eu
Motocykl 2013, March 7-10: <http://www.motocykl-praha.cz/>
MOTOSALON, March 7-10: <http://www.bvv.cz/motosalon-gb>

U.S. Commercial Service: Zdenek.Svoboda@trade.gov

Cosmetics

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The Czech tendency for being traditional, conservative and price sensitive consumers does not generally apply when it comes to purchases of cosmetics and toiletries. Although the economic crisis has generally tempered sales of cosmetic products, distributors have seen increases in certain categories. Industry contacts expect that the market, which is saturated and strongly influenced by foreign brands, will improve again in 2013-2014 with growth over 10%.

Hair Care: The Czech Republic is one of the few countries in Europe where size of the hair care market (\$244bln/€195m) exceeds size of the skin care market (\$188bln/€150m). Main sales channels for hair care include hypermarkets and large drugstores (with over 100m²), where 60 percent of the hair care cosmetics is sold. Customers are not loyal to brands and thus companies often come with novelty products to attract attention of clients. Usage of hair colorants (blond color is in demand) has been constantly growing accompanied by the growth in revitalizing masks for colored hair and salon hair care products. Hair prolonging and hair growth products are on increased demand.

Skin Care: Sales of skin care products stayed relatively stable despite the crisis, due to the rise of newer sub-sectors and products (e.g. products for men). An increasing number of image-conscious women and adolescent girls using make-up at a younger age contributed to this sub-sector's performance. The majority of women consider color cosmetics a necessity, a trend seen in many affluent societies where there are a large percentage of women in the workforce. Growth is expected to remain strong as women include more items in their daily make-up routines. Recently, women prefer fine, seemingly invisible, make-up that underlines their features and does not look "cheap". The market for sun care products is growing with a greater awareness of the effects of prolonged sun exposure. Sun-tanning products do well, as heavily tanned skin is a beauty trend. Anti-aging products are expected to maintain their popularity.

Nails: The nail salons trend came to the Czech Republic about ten years ago, and over the last few years there has been a great boom, especially in Vietnamese-owned salons. Artificial and gel nails are still leading the manicure and pedicure market. However, Czech women have started to look for a more natural and healthy way of maintaining their nails and new technologies such as SPA and VEGAN are becoming trendy.

Perfumes: Estimated growth in perfumes and fragrances segment is 8% a year. Perfumes/fragrances are used by 75% of women (1/4 of them uses them more than

once a day) and by 45% of men. Internet sales of brand name perfumes have experienced strong growth over the last few years.

Czech women are increasingly sensitive regarding their appearance and available modern treatments, including aesthetic medicine and plastic surgery. In the past few years, many beauty salons started offering new thinning equipment for non-invasive liposuctions, crytolysis (freezing liposuction), lymphatic drainage, and anti-cellulite. These treatments, which in the past were available to only a limited group of women, are now more widely available and used.

The Czech market is relatively stable and mature with most of the international players already active here. U.S. companies interested in entering the market should be aware of the fact that without strong promotional support and a marketing budget the success of a new brand in the market will be limited. The reputation of the U.S. for quality and innovative products provides opportunities for U.S. cosmetics firms; however, selecting the right partner and marketing strategy are the key to success in this market.

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The best market opportunities exist for quality products that also offer value added benefits (e.g. bio/organic/herbal or products that take health benefits into account). Czechs tend to follow the trends in the U.S. and Western Europe and brands that build strong brand recognition and are successful in these markets are likely to succeed in the Czech Republic. There is high demand from Czech distributors in innovative devices and equipment for plastic surgeries and aesthetic medicine.

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- The U.S. Commercial Service in Prague has been working with the [World of Beauty and Spa](#) trade fair organizer to introduce new U.S. brands to the market through its catalog and product sample booth at the fair. The next addition of the catalog fair is planned at the World of Beauty and Spa Spring fair, Mar 14-15, 2014.

Web Resources

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Association of Manufacturers, Importers, Exporters and Resellers of Cosmetic Products and Ingredients (PROKOS): www.sdrprokos.cz

Ministry of Health: www.mzcr.cz

Union of Beauticians: www.uniek.cz

World of Beauty and Spa Prague: www.beautyexpo.cz

U.S. Commercial Service: Veronika.Novakova@trade.gov

Cyber Security

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The desire for enhanced cyber security has been expressed across the IT industry in sectors such as business analytics, mobile computing, cloud computing, and social business, as companies and government alike are increasingly dependent on cyberspace. Despite decreasing IT budgets during the current recession, the increasing threat of cyber-attacks has led to greater spending on security.

The Czech market consists of three key segments: small to medium-sized businesses, corporate companies, and the government. Companies, banks specifically, are demanding more from cyber security, as they face an increasing number of security breaches. The Czech government is comprised of civil, security, military, and critical national infrastructure (telecoms and utilities). Cyber threats can be combated by using hardware, software, and security services, and/or a combination of all of the above. The Czech market is experiencing annual growth of 9 percent.

Software solutions are a major portion of the market, with anti-virus and other security software programs being deployed in businesses of all types and sizes. The security services sector is expected to outpace that of the software market.

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- Security Software: Software as a Service (SAaS); anti-virus software; content-management software; Security Information and Event Management (SIEM); software associated with compliance and disclosure regulations.
- Security Services: Managed Information Security Services (MISS), outsourcing, security audits and penetration testing, services associated with compliance and disclosure regulations.
- Security Appliances: Unified Threat Management (UTM) – the unification of firewall, VPN, ID &P, and gateway antivirus into a single platform; wireless and application security solutions; biometric technology.

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The Czech Republic's [Cyber Security Strategy](#) outlines the Government's commitment to making the country a safe place to do business online. In October 2011, the [National Security Authority](#) (known as NBU in Czech) was established as the competent authority dealing with issues of cyber security. The [National Cyber Security Center](#) (known as NCKB in Czech), established two months later, became an integral part of the National Security Authority, responsible for drafting and enforcing new or additional cyber security laws.

The primary tasks of the NCKB are:

- Operate the governmental CERT (Computer Emergency Response Team)
- Cooperation with Czech and international CETR/CIRTs

- Drafting security standards for different entities in the Czech Republic
- Supporting education in the Cyber Security field
- Research and development

Web Resources

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Cyber Security: http://www.cybersecurity.cz/main_en.html
 Czech Certification Office: <http://www.unmz.cz/office/en>
 Ministry of Interior: <http://www.mvcr.cz/mvcren/>
 National CERT of the Czech Republic: <http://www.govcert.cz/en/>
 Security Strategy: http://www.enisa.europa.eu/media/news-items/CZ_Cyber_Security_Strategy_20112015.PDF

U.S. Commercial Service: Luda.Taylor@trade.gov

Education

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The Czech Republic offers great recruitment potential. High quality educational programs, coupled with having English as the standard second language, produce a large pool of highly qualified candidates for both undergraduate and graduate studies in the U.S.

Study abroad programs are popular in the Czech Republic. Czechs discovered travel and study abroad in the nineties after the fall of communism. Young Czechs are eager travelers with a desire to gain experience by living and studying in another country. The number of Czechs studying in the U.S. has experienced a decline in recent years from the top figure of 1,180 students in 2003 to 701 students in 2012, largely due to the Czech Republic's entry into the European Union (EU), availability of EU grant programs for studying in the EU, and stricter travel procedures to the U.S. following 9/11. Nevertheless, U.S. schools are regarded as highly prestigious and attractive to Czech students and the U.S. has a good chance to regain its former position as a preferred location for higher education.

The level of knowledge of U.S. admission system at selective universities has been increasing, especially at the best national high schools. More very well qualified high school students are seriously interested, and well prepared for the admission process. The Czech Facebook community is booming and this network is becoming one of the major resources of information as well as a place for social interaction and sharing experiences. Twitter and other social networks are far behind.

English is the standard second language in the Czech Republic and is taught in schools from the 3rd grade onwards. Approximately half the Czech population speaks a foreign language. A recent government decision that will make English language mandatory for primary school students should improve the ability of Czech students to study at U.S. universities and colleges. Currently 27% of all Czechs speak some level of English and

10% are reported to be fluent. The Czech Republic is the leader amongst Central European countries (and most of Eastern European as well) in the percentage of population speaking English as a foreign language, however, it still lags behind the Netherlands and the Scandinavian countries where over 50 percent of the population speaks English.

Currently, three-quarters of university students going abroad take advantage of the Socrates–Erasmus program to study in Europe. University studies in the U.S. are most attractive for academically- talented students who are able to take advantage of scholarships. Selected students can obtain scholarships from several new private foundations.

The majority of university students are interested in economic and humanities subjects, technical areas rank in third place. Almost 48% of Czech students at the US study in undergraduate programs, 30% graduate programs, and 17% opt for non-degree studies.

The Czech Republic attracts a growing number of university students from abroad. The range of programs delivered in foreign languages (mainly in English) is gradually expanding in order to cater for international students. Czech Republic ranked #16 in destinations for U.S. students studying abroad in 2011, with 3,291 U.S. students studying in the Czech Republic.

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- U.S. – Czech universities and colleges partnerships – students exchange programs
- High school student exchange programs
- Foreign degree programs, MBA courses
- ESL – English as a Second Language short term courses
- Pre-school, and kindergarten programs

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The U.S. Commercial Service at the U.S. Embassies in the Czech Republic, Hungary and Poland, in cooperation with EducationUSA and the Fulbright Commission, is organizing educational fairs in their respective countries from April 7 to April 11, 2014. This is an opportunity for representatives of regionally accredited U.S. institutions of higher education, both undergraduate and graduate, to explore the markets of Central Europe. The fair in Prague will connect U.S. educational institutions with prospective students and potential institutional partners in the Czech Republic. The stop will include embassy briefings, one-on-one appointments with potential partners, and student fair.

U.S. universities may also make use of the EU-funded Erasmus Mundus cooperation and mobility program. Erasmus Mundus Joint programs of outstanding academic quality are designed and implemented by a consortium of European universities from at least three different countries. Consortia may also include universities from other parts of the world, including the U.S. Scholarships are open to students and academics from all over the world.

Foreign degree English language programs for professional development are excellent to market in the Czech Republic, as the demand for bilingual business professionals

proficient in English is continually growing. As MBA programs have been by far the most demanded, a large number of foreign schools have introduced their programs to the Czech market, and the MBA market is currently very competitive. Partnering with local universities is a very effective way of entering the Czech market. The most common model of partnership is student exchange. One-year study exchange programs are highly attractive to Czech students. U.S. universities should note that Czech universities might expect foreign schools to send a similar number of students to their school.

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Center for Higher Education Studies – www.naric.cz

Fulbright Commission – www.fulbright.cz

House of Foreign Services under the Ministry of Education – www.dzs.cz

Ministry of Education, Youth and Sport – www.msmt.cz

National Agency for European Educations programs (including Erasmus Mundus)–
www.naep.cz

Study in the Czech Republic – www.studyin.cz

U.S. Commercial Service – Jana.Ruckerova@trade.gov

Energy

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	3,200	3,600	4,100	4,200
Total Local Production	2,800	2,900	3,300	3,400
Total Exports	1,900	1,900	2,200	2,200
Total Imports	2,300	2,600	3,000	3,000
Imports from the U.S.	200	270	400	450

Sources: Ministry of Industry and Trade, Czech Energy Works (CEZ), General Inspectorate of Customs, Czech Energy Transmission System (CEPS), SEVEn, EkoWatt

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- Control systems and software services for power distribution networks
- Smart grids/smart metering technology
- Energy efficiency technology
- Energy storage technology
- Equipment for retrofit of coal plants, including boilers and pumps

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Opportunities in the Czech energy sector originate from projects introduced by the dominant Czech power generator, the [Czech Energy Works \(CEZ\)](#), which is majority

owned by the state, and by smaller private energy generators. These projects span from energy efficiency and smart grids to energy conservation projects and nuclear energy.

CEZ operates coal-fired power plants accounting for 56% of energy generation and two nuclear power plants accounting for 30% of energy generation. Retrofit, modernization and construction of several coal fired power plants represent promising export potential for U.S. companies. Tenders are published at www.centralniadresa.cz , www.cez.cz, and www.ceps.cz.

EU regulations require that every country should free up a minimum of 10% of its overall transmission capacity for international trade. The capacity available from the Czech Republic is already at 20% and it is fully utilized. There are certain technical problems associated with cross border transmission due to large volumes of electrical power that are traded internationally. To maintain the internal stability and integrity of the distribution network, CEPS has been investing approximately \$450 million annually to strengthen both cross border transmission capabilities and its own internal networks.

Smart grid opportunities relate to a future grid that is needed for efficiently reaching the EU Energy and Climate Change targets for the year 2020. According to European Union directive 2009/72/ES, EU countries should equip a minimum of 80% of customers with smart meters by the end of 2020. Smart grids pilot projects have already been launched in two Czech regions. The massive rollout of smart metering technology is planned between 2013-2015 in regions inhabited by over one million people.

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53rd International Machinery Fair: www.bvv.cz/msv

ČEZ: www.cez.cz

ČEPS: www.ceps.cz

Ministry of Industry and Trade: www.mpo.cz

U.S. Commercial Service: hana.obrusnikova@trade.gov

Franchising

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Franchising has become a well-known, successful and popular concept in the Czech market and is poised for further growth. After a rather moderate start in the 1990s, franchising has seen rapid growth, especially after the Czech Republic's accession to the EU in 2004. Czechs have seen the success of the foreign franchising systems and started creating domestic franchising concepts and expanding beyond its borders. Franchising has been booming in 2012, as the number of franchised brands on the Czech market has risen by 19%, to 200. There were 5,300 franchise units in the Czech market in 2012 operated by 4,180 franchisees. The number of Czech brands has been rising rapidly and domestic brands outnumbered foreign brands in 2012, reaching 60% of the market share. The market is expected to grow by another 20% in 2012.

Most franchise businesses operate in the hotel and hospitality sectors. Fast-food establishments are very popular and have a strong U.S. presence. Most recently, the real estate sector has seen rapid growth. Analysts estimate the market potential amounts to 300 franchises, the number of brands similar to neighboring Austria. The Czech legal system is liberal and places no barriers for entrance and operation of a franchise

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- Apparel, Fashion - Demand for well-known brands is high and the market is not yet saturated in this area.
- Banking, Insurance, Financial Services – The first financial institutions have spread their networks through franchising successfully in the Czech market, and others are expected to follow suit.
- Care for Seniors - Demand is expected to rise for services for elderly, care for seniors, and home care services, as the Czech population is growing old and pensioners are becoming more active.
- Child Care Services, Education, Training - Good prospects exist for child care services including education, entertainment, and after-school activities.
- Health Care Services - especially popular is alternative and natural medicine, diet, bio, and natural products. High attention is paid to healthy life style, and beauty services – including wellness, weight loss products and services, fitness centers, cosmetic centers, esthetic medicine and beauty shops.
- Real Estate Services, Home Inspections, Home Staging - Real estate services have seen great success in the Czech market which creates opportunities in related services, such as home inspections, home staging, kitchen modeling, home designing, home maintenance, parking facilities, and property management.
- Travel, Tourism, Hospitality - Hotel franchising, though it is more widespread than other types of franchising, still provides opportunities, especially in second and third tier cities that are lacking internationally known hotel brands.
- Wellness, Fitness Centers, Cosmetic Centers

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There is room for growth in the fast-food sector and restaurant sector, as many popular franchises are still missing in the Czech market. Czechs spend about \$1.2 billion (25 billion CZK) annually on fast-food and eat fast-food three times more frequently than Hungarians and four times more than Polish consumers. Great potential exists for coffee shops, which have become very popular recently.

Good prospects also exist for delivery services with rising popularity of e-shops creating demand of deliveries, business networking and consulting services, and pet care services and products.

The US Commercial Service in Prague, together with the Czech Franchise Institute, annually hosts [FrAMchise Day](#), a two day conference and trade show for the franchising industry. The [Franchise Meeting Pointe](#) trade show in Brno also provides an opportunity for new brands to test the waters.

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Czech Franchise Association <http://www.czech-franchise.cz>
Czech Franchise Institute - <http://www.ifranchising.cz>
FrAMchise Day – www.franchiseday.cz
Franchising Portal - www.franchisinginfo.cz

U.S. Commercial Service – Jana.Ruckerova@trade.gov

Medical Equipment

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	1,259,360	1,284,547	1,309,734	1,361,646
Total Local Production	846,102	863,024	879,946	915,144
Total Exports	505,134	515,236	525,339	551,605
Total Imports	918,392	936,759	955,127	998,107
Imports from the U.S.	186,246	189,970	193,770	203,458
Exchange Rate: 1 USD	CZK19.5	CZK19.5	CZK19.5	CZK19.5

Note: Unofficial estimates (products including HS 9018, 9019, 9021, 9022)

Although domestic manufacturers are increasingly competitive, the majority of medical devices used in the Czech Republic are imported. Germany dominates the market, followed by the U.S. U.S. products, particularly high-tech equipment, have a good reputation for quality. While most new products, equipment and technologies are imported, furnishings -- such as storage trays, cabinets and hospital beds -- are often of domestic origin.

One of the market trends is an increasing life expectancy. Devices used to monitor symptoms and manage disease are in increasing demand. The most common cause of death is circulatory system problems. Czechs continue to be heavy smokers and the air in many industrial cities is somewhat polluted.

A growing interest in joint Czech-U.S. projects in the health care field could generate new opportunities for U.S. medical equipment providers. The most significant projects include the International Clinical Research Center (ICRC) at St. Anne's Hospital in Brno, a project of the Czech Republic and the U.S. Mayo Clinic; CEITEC - center of scientific excellence in Brno; BIOCEV - biotechnology center in Vestec u Prahy, and the biomedical center called 4MEDia in Ostrava. All of these projects are receiving funding from European Union funds.

Although the economic crisis and austerity measures slowed growth in the sector, it continues to represent good opportunities for U.S. manufacturers. Manufacturers should

be aware of current government efforts to limit corruption in the healthcare sector by introducing e-auctions for medical devices as well as the pharmaceuticals. Growing opportunities for bringing transparency to the healthcare system exist, as does the introduction of eHealth and telemedicine, although the Czech government is still working on a legislative framework for its use. The European Union has closely monitored developments of eHealth in its member states and is preparing new eHealth legislation that should open further opportunities to access European structural funds for eHealth projects in the upcoming five years.

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In the Czech Republic, the best market opportunities exist for cutting-edge, high quality and technically sophisticated medical equipment, especially equipment that increases efficiency and reduces occupancy rates in hospitals. Products, such as the following, have the best sales potential: mini invasive surgery (MIS), patient monitoring systems, video endoscopes, digital image processing, high-end ultrasounds, home-care equipment, etc.

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- Czech institutions demonstrate strong interest in partnering with U.S. companies, hospitals and universities to create medical research partnerships.

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Association of Hospitals in the Czech Republic: www.ancr.cz

Czech Medical Chamber: www.lkcr.cz

CzechMed (Czech Medical Device Association): www.czechmed.cz

Institute of Health Information and Statistics: www.uzis.cz

Ministry of Health: www.mzcr.cz

State Health Institute: www.szu.cz

U.S. Commercial Service: Veronika.Novakova@trade.gov

Pet and Veterinary

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The Czech market for pet and veterinary products has experienced growth in recent years and despite the economic crisis, it is expected to continue this positive trend. More than half of Czech families are pet owners and the status of pets within the family is improving, as pets are increasingly seen as family members. This humanization trend is leading to higher spending for premium food, health supplements and also for entertainment and wellness. Although the agriculture sector in the Czech Republic is not as strong as in some neighboring countries, it still represents a good market for veterinary equipment suppliers. The reputation of the U.S. for quality and innovative products provides substantial opportunities for U.S. pet and veterinary supplies firms.

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The pet food sector is expected to grow since there are a number of dog owners that still feed homemade food to their dogs. Pet accessories, as well as vitamins and supplements, sell well in the country. New and innovative products are appreciated. American-made pet food and accessories are highly regarded, as many consider the United States to be the leader in the pet products market worldwide.

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- The U.S. Commercial Service in Prague has been working with the [FOR PETS](#) trade fair organizer to introduce new U.S. brands to the market through its catalog booth at the fair. The next addition of the catalog fair is planned at FOR PETS fair in April 2014.

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Association of Unions of Horse Breeders: www.aschk.cz

Chamber of Vets in the CR: www.vetkom.cz

General Directorate of Customs: www.cs.mfcr.cz

Institute for the State Control of Veterinary Biologicals & Medicaments: www.uskvbl.cz

Ministry of Agriculture: www.mze.cz

Research Institute of Animal Nutrition: www.vuvz.cz

U.S. Commercial Service: Veronika.Novakova@trade.gov

Scientific Equipment

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A variety of projects are being pursued in the Czech Republic as part of the [JASPERS](#) (Joint Assistance to Support Projects in European Regions) program, which assists the twelve Central and Eastern EU Member States and Croatia in the preparation of major projects to be submitted for grant financing under the Structural and Cohesion Funds. As part of its focus on science and innovation, the EU plans to establish a competitive world-class European [research infrastructure](#) spread throughout the EU member states in the next few decades. As part of this long-term project, the Czech Republic has been approved to build several *European Centers of Excellence*, funding of which will come from both the Czech Government budget and from the European Union. Supplies of scientific equipment and services to these projects will provide excellent opportunities for American high-tech exporters.

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Projects Currently Approved For Funding:

1. **ICRC – International Clinical Research Center:** The [ICRC](#) is a biomedical research and clinical care project primarily focused on cardiovascular and neuro-scientific research that may extend into oncology and other fields. ICRC's budget is EUR 140 million, of which the Czech Government covers EUR 80 million. The key strategic partner is the American institution Mayo Clinic. ICRC should be functional in 2013.
2. **ELI - Extreme Light Infrastructure:** The [ELI Project](#) is a European laser research program that envisages building three advanced laser facilities and carrying out various research projects based on international cooperation. The European Commission has recently signed the approval for funding the first ELI center, located in the Czech Republic, with a budget of nearly EUR 290 million. Total costs of the first part of the project – the Beamline Facility - are estimated at about \$350 million. Construction of the ELI facilities close to Prague should commence in 2013. It is assumed that principal parts of the ELI laser systems will be identical to those at the National Ignition Facility in Livermore, CA. There is also interest in other related technologies.
3. **BIOCEV – Biotech & Biomed Research Center:** The aim of the [BIOCEV](#) project is to accelerate the establishment and the subsequent development of advanced biotechnologies. The BIOCEV's budget is EUR 114 million, of which the European Union funds EUR 90 million with the rest to be provided by the Czech government. By 2015, BIOCEV will employ 600 people.
4. **CEITEC – Central European Institute of Technology:** The [CEITEC](#) Center of Excellence is focused on research in the area of biosciences, biomedicine and advanced materials and technologies. With a budget of about EUR 210 million, CEITEC is a joint project of six universities and research institutes in Brno.
5. **IT4Innovations:** The [IT4Innovations Center of Excellence](#) will employ about 200 highly qualified researchers. Project costs are at CZK 1.8 billion, 85% funded from EU structural funds and 15% by the Czech State budget. The project entered its implementation phase in July 2011 after approval of the European Commission and the Ministry of Education, Youth and Sports, of the Czech Republic. The key technology investment in the framework of the IT4Innovations CE project is acquisition of a Supercomputing Center with estimated value of EUR 32 million.
6. **Sustainable Energy:** The key objective of this project is to create a facility focused on researching the utilization of nuclear and other physical and chemical processes for achieving sustainable development, in particular in energy and the subsequent development of safe and effective (conventional and unconventional) technologies used in energy and in the fight against life-threatening diseases. These projects will be based in Plzen and at the nuclear research facility located at Řež, outside of Prague.
7. **CVEVL – Center for Research of Energetic Exploitation of the Lithosphere:** The objective of the [CVEVL](#) project is to establish a specialized research center for researching options in the utilization of deep-seated geothermal energy with emphasis on its exploitation for production of electricity and heat. The CVEVL project aims to establish a network of well-equipped regional facilities specializing in applied

research of energetic exploitation of the lithosphere. Research of deep-seated geothermal energy.

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See above links.

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Agricultural Sectors

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Best prospects for U.S. products are with: tree nuts such as almonds, dried fruits, food preparations, wines and distilled spirits, veneer sheets and plywood, and seafood such as pollack, salmon and hake.

Dried Nuts and Fruits

	2010	2011	2012	2013 (Estimate)
Total exports	21	24	30	25
Total imports	133	142	137	140
Imports from the U.S.	21	22	21	22

Source: [Czech Statistical Office](#) ; in USD million

Almonds are mostly imported from California. Almonds sell well in retail, especially in the hypermarkets. The processing sector (primarily bakers and confectioners) continually seeks lower cost ingredients, while consumers, buoyed by greater purchasing power vis-à-vis the Czech Koruna-US Dollar exchange, seek higher-quality products. The Almond Board of California is active in the Czech Republic, holding seminars and participating at snack food shows. Other highly sought imported dried fruits include raisins, prunes, and cranberries. Thanks to a very aggressive public relations campaign by the Cranberry Marketing Committee over the past couple of years, the sale of cranberries has been the most significant in this product group.

(HS codes: 0802, 0806, and 0813)

Fish and Crustaceans

	2010	2011	2012	2013 (Estimate)
Total exports	73	87	87	87
Total imports	120	149	145	150
Imports from the U.S.	8	6	6	7

Source: [Czech Statistical Office](#) ; in USD thousand

The Czech Republic, a land-locked country, produces only fresh water fish such as carp and trout (carp is a traditional Christmas dish). Sea fish and seafood are imported. As the Czech consumers move toward a healthier diet and lifestyle, fish consumption is on the rise. U.S. fish and seafood products having good opportunity in the Czech market

include: Alaskan Pollack, Pacific salmon, hake, scallop, shrimp, and lobster. (HS code 03).

Food Preparations

	2010	2011	2012	2013 (Estimate)
Total exports	206	279	260	260
Total imports	273	325	304	315
Imports from the U.S.	19	19	15	17

Source: [Czech Statistical Office](#) ; in USD million

Food preparations imported to the Czech Republic from the United States include soft drink concentrates, protein substances, and soup and broth concentrates for the processing sector. (HS codes: 2106)

Wine and Spirits

	2010	2011	2012	2013 (Estimate)
Total exports	80	85	93	88
Total imports	257	318	300	320
Imports from the U.S.	10	10	8	9

Source: [Czech Statistical Office](#) ; in USD million

Consumption of U.S. wines and spirits are on the rise among Czech consumers. The U.S. is a mainstay in the bourbon market, and is seeing its share of wine grow rapidly as the popularity of “New World” wines expands. While direct sales from the U.S. reflect a stagnant market, indirect sales via transshipments through European countries like Germany and Netherlands is on the rise, as evidenced by the availability and breath of these U.S. beverages found in the Czech market today. In 2010, both the U.S. Distilled Spirits Council and California Wine Institute were active on the market. (HS code: 2204 and 2208)

Wood

	2010	2011	2012	2013 (Estimate)
Total exports	484	458	449	445
Total imports	201	212	189	200
Imports from the U.S.	8	9	8	9

Source: [Czech Statistical Office](#) ; in USD million

The Czech Republic imports mainly veneer sheets, plywood and other sawn or chipped wood (HTS 4408 and 4407) from the U.S.

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Chapter 5: Trade Regulations, Customs and Standards

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Import Tariffs

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The Integrated Tariff of the Community, referred to as [TARIC](#) (Tarif Intégré de la Communauté), is designed to show the various rules which apply to specific products being imported into the customs territory of the EU or, in some cases, exported from it. To determine if a license is required for a particular product, check the TARIC. The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the [interactive website](#) of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily. Information can be found through these EU websites or through the [Czech Directorate of Customs/Ministry of Finance](#) web page.

VAT and excise taxes are payable by the recipient of goods on the basis of Czech regulations. The value-added tax (VAT) applies to all goods, both domestic and foreign, sold within the Czech Republic. As of Jan 1, 2013, the VAT rate increased and is now generally 21% (was previously 20%), although a lower VAT of 15% is charged for selected goods, such as food and services (was previously 14%). VAT on imports is calculated on the declared customs value plus applicable duty and excise tax.

Excise taxes are imposed on the following goods produced or imported into the Czech Republic: fuels and lubricants, tobacco products, beer, wine and liquor. The rate is determined by the type and quantity of the product and must be paid within ten days after being notified by the Customs Office of the tax amount due.

Trade Barriers

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The Czech Republic is committed to a free market and maintains a generally open economy, with few barriers to trade and investment. Membership in the European Union means that tariffs and standards, as well as most procedures, must conform to EU norms. This includes adoption of EU technical barriers to some imports of agricultural and food products. The importer usually handles customs formalities.

Goods transported to the Czech Republic under the Community Transit regime must be declared at a customs office in the Czech Republic. Applicable European Union legislation is available at: http://europa.eu.int/eur-lex/en/search/search_lif.html.

For information on existing trade barriers, please see the [National Trade Estimate Report on Foreign Trade Barriers](#), published by USTR. Information on agricultural trade barriers can be found at the following website: <http://www.fas.usda.gov/posthome/useu/>. To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at <http://www.trade.gov/tcc> or the U.S. Mission to the European Union at <http://export.gov/europeanunion/>

Import Requirements and Documentation

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U.S. companies exporting to the Czech Republic from outside the European Union are required to present:

- Commercial invoice;
- Bill of lading;
- Shipper's export declaration (SED) for items requiring an export license or valued above \$2,500 (submitted only to U.S. Customs)
- Declaration of conformity (issued by importer)

The Czech Ministry of Industry and Trade issues import licenses to those seeking to import selected goods into the Czech Republic. While most products and services are exempt from the licensing process, oil, natural gas, pyrotechnical products, sporting guns, ammunition and military equipment require a license. Under EU rules, imports of clothing, shoes, porcelain, and steel from certain Asian and Eastern European countries may require licenses. Electrical and electronic equipment may be subject to additional requirements under the EU WEEE & RoHS regulations. For more detailed information on these regulations and EU import documentation, including import licenses and agricultural documentation, please refer to the Commercial Service European Union's Country Commercial Guide. To determine if a license is required for a particular product, check the [TARIC](#).

EU REGULATIONS

Import Documentation

The Single Administrative Document

The official model for written declarations to customs is the Single Administrative Document (SAD). Goods brought into the EU customs territory are, from the time of their entry, subject to customs supervision until customs formalities are completed. Goods are covered by a Summary Declaration which is filed once the items have been presented to customs officials. The customs authorities may, however, allow a period for filing the Declaration which cannot be extended beyond the first working day following the day on which the goods are presented to customs.

The Summary Declaration is filed by:

- the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- the person in whose name the person referred to above acted.

The [Summary Declaration](#) can be made on a form provided by the customs authorities. However, customs authorities may also allow the use of any commercial or official document that contains the specific information required to identify the goods. The SAD serves as the EU importer's declaration. It encompasses both customs duties and VAT and is valid in all EU Member States. The declaration is made by whoever is clearing the goods, normally the importer of record or his/her agent.

European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, and Liechtenstein also use the SAD. Information on import/export forms is contained in Council Regulation (EEC) No. 2454/93, which lays down provisions for the implementation of the Community Customs Code (Articles 205 through 221). Articles 222 through 224 provide for computerized customs declarations and Articles 225 through 229 provide for oral declarations.

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:

- 45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;
- 20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.

Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension.

The [Modernized Customs Code](#) (MCC) of the European Union is expected to be fully in place by June 2013. Some facets of the MCC have already been implemented including EU wide Economic Operators Registration and Identification (EORI) numbers. The MCC replaces existing Regulation 2913/92 and simplifies various procedures such as introducing a paperless environment, centralized clearance, and more.

New U.S. - EU Mutual Recognition Arrangement (MRA)

Since 1997, the U.S. and the EU have had an [agreement](#) on customs cooperation and mutual assistance in customs matters. For additional information, please see http://ec.europa.eu/taxation_customs/customs/policy_issues/international_customs_agreements/usa/index_en.htm

In 2012, the U.S. and the EU signed a new Mutual Recognition Arrangement (MRA) aimed at matching procedures to associate one another's customs identification numbers. The MCC introduced the Authorized Economic Operator (AEO) program (known as the "security amendment"). This is similar to the U.S.' voluntary Customs-Trade Partnership Against Terrorism (C-TPAT) program in which participants receive certification as a "trusted" trader. AEO certification issued by a national customs

authority is recognized by all member state's customs agencies. An AEO is entitled to two different types of authorization: "customs simplification" or "security and safety". The former allows for an AEO to benefit from simplifications related to customs legislation, while the latter allows for facilitation through security and safety procedures. Shipping to a trader with AEO status could facilitate an exporter's trade as its benefits include expedited processing of shipments, reduced theft/losses, reduced data requirements, lower inspection costs, and enhanced loyalty and recognition.

The U.S. and the EU recognize each other's security certified operators and will take the respective membership status of certified trusted traders favorably into account to the extent possible. The favorable treatment provided by mutual recognition will result in lower costs, simplified procedures and greater predictability for transatlantic business activities. The newly signed arrangement officially recognizes the compatibility of AEO and C-TPAT programs, thereby facilitating faster and more secure trade between U.S. and EU operators. The agreement is being implemented in two phases. The first commenced in July 2012 with the U.S. customs authorities placing shipments coming from EU AEO members into a lower risk category. The second phase will take place in 2013, with the EU re-classifying shipments coming from C-TPAT members into a lower risk category. The U.S. customs identification numbers (MID) are therefore recognized by customs authorities in the EU, as per [Implementing Regulation 58/2013](#) (which amends EU Regulation 2454/93 cited above). Additional information on the MRA can be found at:

http://www.cbp.gov/linkhandler/cgov/trade/cargo_security/ctpat/ctpat_program_information/international_efforts/eu_faq.ctt/eu_faq.pdf

Batteries

EU battery rules changed in September 2006 following the publication of the Directive on batteries and accumulators and waste batteries and accumulators (Directive 2006/66). This Directive replaces the original Battery Directive of 1991 (Directive 91/157). The 2006 Directive applies to all batteries and accumulators placed on the EU market including automotive, industrial and portable batteries. It aims to protect the environment by restricting the sale of batteries and accumulators that contain mercury or cadmium (with an exemption for emergency and alarm systems, medical equipment and cordless power tools) and by promoting a high level of collection and recycling. It places the responsibility on producers to finance the costs associated with the collection, treatment, and recycling of used batteries and accumulators. The Directive also includes provisions on the labeling of batteries and their removability from equipment. For more information, see our market research report: http://www.buyusainfo.net/docs/x_4062262.pdf

REACH

REACH, "Registration, Evaluation and Authorization and Restriction of Chemicals", is the system for controlling chemicals in the EU and it came into force in 2007 (Regulation 1907/2006). Virtually every industrial sector, from automobiles to textiles, is affected by this policy. REACH requires chemicals produced or imported into the EU in volumes above 1 ton per year to be registered with a central database handled by the European Chemicals Agency (ECHA). Information on a chemical's properties, its uses and safe ways of handling are part of the registration process. The next registration deadline is **May 31, 2013**: <http://echa.europa.eu/web/guest/reach-2013>. U.S. companies without a presence in Europe cannot register directly and must have their chemicals registered through their importer or EU-based 'Only Representative of non-EU manufacturer'. A list

of Only Representatives (ORs) can be found on the website of the U.S. Mission to the EU: <http://export.gov/europeanunion/reachclp/index.asp>

Material Safety Data Sheets (MSDS) must be updated to be REACH compliant. For more information, see the guidance on the compilation of safety data sheets: http://echa.europa.eu/documents/10162/17235/sds_en.pdf

U.S. exporters to the EU should carefully consider the REACH 'Candidate List' of Substances of Very High Concern (SVHCs) and the Authorization List. Substances on the Candidate List are subject to communication requirements. Companies seeking to export products containing substances on the Authorization List will require an authorization. The [Candidate List](#) and [Authorization List](#) are both available on the internet.

WEEE Directive

EU rules on Waste Electrical and Electronic Equipment (WEEE), while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. The Directive requires U.S. exporters to register the products with a national WEEE authority or arrange for this to be done by a local partner. The WEEE Directive was revised on July 4, 2012. The revised WEEE Directive expands the scope of products covered to include all electrical and electronic equipment. The expanded scope will apply from August 14, 2018. U.S. exporters seeking more information on the WEEE Directive should visit: <http://export.gov/europeanunion/weeerohs/index.asp>

RoHS

The ROHS Directive imposes restrictions on the use of certain chemicals in electrical and electronic equipment. It does not require specific customs or import paperwork however, manufacturers must self-certify that their products are compliant. The Directive was revised in 2011 and entered into force on January 2, 2013. One important change with immediate effect is that RoHS is now a CE marking Directive. The revised Directive expands the scope of products covered during a transition period which ends on July 22, 2019. Once this transition period ends, the Directive will apply to medical devices, monitoring and control equipment in addition to all other electrical and electronic equipment.

Cosmetics Regulation

On November 30, 2009, the EU adopted a new regulation on cosmetic products which will apply from July 11, 2013. The new law introduces an EU-wide system for the notification of cosmetic products and a requirement that companies without a physical presence in the EU appoint an EU-based responsible person.

In addition, on March 11, 2013, the EU imposed a ban on the placement on the market of cosmetics products that contain ingredients that have been subject to [animal testing](#). This ban does not apply retroactively but does capture new ingredients. Of note, in March 2013, the Commission published a Communication stating that this ban would not apply to ingredients where safety data was obtained from testing required under other EU legislation that did not have a cosmetic purpose. For more general information, see: http://export.gov/europeanunion/accessingeumarketsinkeyindustrysectors/eg_eu_044318.asp

Agricultural Documentation

Phytosanitary Certificates: Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

Sanitary Certificates: For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). The vast majority of these certificates are uniform throughout the EU, but the harmonization process is not complete. During this transition period, certain member state import requirements continue to apply. In addition to the legally required EU health certificates, a number of other certificates are used in international trade. These certificates, which may also be harmonized in EU legislation, certify origin for customs purposes and certain quality attributes. Up-to-date information on harmonized import requirements can be found at the following website: <http://www.fas.usda.gov/posthome/Useu/certificates-overview.html>

Sanitary Certificates (Fisheries)

In April 2006, the European Union declared the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific public health certificate must accompany U.S. seafood shipments. Commission Decision 2006/199/EC lays down specific conditions on imports of fishery products from the U.S. Unlike for fishery products, the U.S. shellfish sanitation system is not equivalent to that of the EU's. The EU and the U.S. are currently negotiating a veterinary equivalency agreement on shellfish. In the meantime, the EU still has a ban in place (since July 1, 2010), that prohibits the import of U.S. bivalve mollusks, in whatever form, into EU territory. This ban does not apply to wild roe-off scallops.

With the implementation of the second Hygiene Package, aquaculture products coming from the United States must be accompanied by a public health certificate according to Commission Decision 2006/199/EC and the animal health attestation included in the new fishery products certificate, covered by Regulation (EC) 1012/2012. This animal health attestation is not required in the case of live bivalve mollusks intended for immediate human consumption (retail).

Since June 2009, the unique U.S. competent authority for issuing sanitary certificates for fishery and aquaculture products is the U.S. Department of Commerce, National Marine Fisheries Service (NOAA-NMFS).

In addition to sanitary certificates, all third countries wishing to export fishery products to the EU are requested to provide a catch certificate. This catch certificate certifies that the products in question have been caught legally.

For detailed information on import documentation for seafood, please contact the NOAA Fisheries office at the U.S. Mission to the EU (stephane.vrignaud@trade.gov) or visit the following NOAA dedicated web site: http://www.seafood.nmfs.noaa.gov/EU_Export.html

U.S. Export Controls

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The U.S. Department of Commerce's [Bureau of Industry and Security](#) (BIS) is responsible for implementing and enforcing the Export Administration Regulations

(EAR), which regulate the export and re-export of some commercial items, including “production” and “development” technology. The items that BIS regulates are often referred to as “dual use” since they have both commercial and military applications. Further information on export controls is available at:

<http://www.bis.doc.gov/licensing/exportingbasics.htm>

BIS has developed a list of "red flags," or warning signs, intended to discover possible violations of the EAR. These are posted at:

<http://www.bis.doc.gov/enforcement/redflags.htm>

BIS provides a variety of [training sessions](#) to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting, as well as more advanced topics. Also, BIS has "Know Your Customer" guidance at:

<http://www.bis.doc.gov/Enforcement/knowcust.htm>

If there is reason to believe a violation is taking place or has occurred, report it to the Department of Commerce by calling the 24-hour hotline at 1(800) 424-2980, or via the confidential lead page at: <https://www.bis.doc.gov/forms/eeleadsntips.html>

The EAR does not control all goods, services, and technologies. Other U.S. government agencies regulate more specialized exports. For example, the U.S. Department of State has authority over defense articles and services. A list of other agencies involved in export control can be found on the BIS web.

It is important to note that in August 2009, the President directed a broad-based interagency review of the U.S. export control system, with the goal of strengthening national security and the competitiveness of key U.S. manufacturing and technology sectors by focusing on current threats, as well as adapting to the changing economic and technological landscape. As a result, the Administration launched the [Export Control Reform Initiative](#) (ECR Initiative) which is designed to enhance U.S. national security and strengthen the United States' ability to counter threats such as the proliferation of weapons of mass destruction.

The Administration is implementing the reform in three phases. Phases I and II reconcile various definitions, regulations, and policies for export controls, all the while building toward Phase III, which will create a single control list, single licensing agency, unified information technology system, and enforcement coordination center.

The Czech Republic adheres to international export controls and works in close cooperation with the United States and other Western countries in implementing export controls on certain sensitive technologies. U.S. export controls on items exported from the United States to the Czech Republic are generally similar to those in effect on items exported to other Western European destinations. The U.S. Department of Commerce, [Bureau of Industry and Security](#) website has more details on U.S. export controls or companies can obtain guidance from their local [US Export Assistance Center](#).

Temporary Entry

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Temporary exemptions from duty are allowed for certain items, such as merchandise samples and items for display at trade shows or exhibitions. The Czech Republic also accepts ATA carnets as a way of facilitating temporary admission through customs. For

more information about obtaining a carnet for clearance of goods, samples or equipment intended for temporary entry only, contact your local U.S. Department of Commerce [Export Assistance Center](#). Commercial samples of zero or low value can usually be imported free of customs duty by means of a written statement to Czech customs confirming the value of the sample and that it will stay in the possession of the importing entity. Promotional materials must be clearly marked “no commercial value” in order to clear customs.

Companies exporting goods to the Czech Republic for the purpose of temporary use may do so as long as the period does not exceed 24 months (in some cases it is possible to extend this). The exact time period must be agreed upon with Czech Customs. When the goods are re-exported, three percent of the duty value per month that the goods resided in the Czech Republic must be paid if the goods were used (maximum will not exceed full duty amount). The potential customs debt must be secured by a guarantee.

Exports to the Czech Republic of raw materials and certain semi-finished products that are processed and then re-exported from the European Union enter duty-free. This is contingent upon the approval by Czech Customs of the conditions of processing and the handling of any waste caused through transformation of the goods.

Labeling and Marking Requirements

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Czech importers and distributors are responsible for the correct labeling of products that are put on the Czech market and can typically advise the U.S. exporter of specific requirements regarding labeling and marking.

Czech labeling and marking requirements for products depend on the type of product and the intended use. In general, however, labels must be in the Czech language and can be affixed to the product or on a leaflet attached to the product. Information must include the name of the product, name of producer, country of origin, and in some cases, instructions for use. Labels for some products, such as foods, beverages, food supplements, and textiles, must also provide content/composition. Special labeling rules for products with biotech content have recently been introduced. In addition, international norms for warning labels on consumer products apply. An [overview of EU mandatory and voluntary labeling and marking requirements](#) has been compiled in a Commercial Service market research report.

Czech labeling requirements were harmonized with EU norms in 2002. EU regulations require that all labels use metric units. A Commission Communication encourages multilingual labels, while preserving the freedom of Member States to require the use of language of the country of consumption.

Prohibited and Restricted Imports

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The [TARIC](#) is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for that product for the following codes:

CITES	Convention on International Trade of Endangered Species
PROHI	Import Suspension
RSTR	Import Restriction

For information on how to access the TARIC, see the [Import Requirements and Documentation Section](#) above.

Customs Regulations and Contact Information

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After accession to the European Union, customs controls at the land borders of the Czech Republic were abolished. International airports, of which the largest is Prague Ruzyně airport, are the only external borders controlled by Czech customs authorities.

General Directorate of Customs

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web: www.cs.mfcr.cz

EU REGULATIONS

The following provides information on the major regulatory efforts of the [EC Taxation and Customs Union Directorate](#):

Electronic Customs Initiative – This [initiative](#) deals with EU Customs modernization developments to improve and facilitate trade in the EU member states. The electronic customs initiative is based on the following three pieces of legislation:

- The [Security and Safety Amendment to the Customs Code](#), which provides for full computerization of all procedures related to security and safety;
- The Decision on the paperless environment for customs and trade ([Electronic Customs Decision](#)) which sets the basic framework and major deadlines for the electronic customs projects;
- The [Modernized Community Customs Code](#) which provides for the completion of the computerization of customs.

Customs Valuation – Most customs duties and value added tax (VAT) are expressed as a percentage of the value of goods being declared for importation. Thus, it is necessary to dispose of a standard set of rules for establishing the goods' value, which will then serve for calculating the customs duty.

The EU imports in excess of 2 trillion euro worth of goods. It is important that the value of such commerce is accurately measured for the purposes of:

- economic and commercial policy analysis;
- application of commercial policy measures;
- proper collection of import duties and taxes; and
- import and export statistics.

These objectives are met using a single instrument - the rules on customs value.

The EU applies an internationally accepted concept of 'customs value'. The value of imported goods is one of the three 'elements of taxation' that provides the basis for assessment of the customs debt, which is the technical term for the amount of duty that has to be paid, the other ones being the origin of the goods and the customs tariff.

Standards

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Overview

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Products tested and certified in the United States to American standards are likely to have to be retested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive, as well as to possible additional national requirements.

European Union standards created under the [New Approach](#) are harmonized across the 27 EU member states and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking.

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations (mandatory) and technical standards (voluntary) might also function as barriers to trade if U.S. standards are different from those of the European Union.

Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This regulation introduced mandatory traceability throughout the feed and food chain as of January 2005. For specific information on agricultural standards, please refer to the [Foreign Agricultural Service's](#) website.

There are also [export guides](#) to import regulations and standards available on the Foreign Agricultural Service's website.

Standards Organizations

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EU standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-

governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

- [CENELEC](#), European Committee for Electrotechnical Standardization
- [ETSI](#), European Telecommunications Standards Institute
- [CEN](#), European Committee for Standardization, handling all other standards

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the member states, which have "mirror committees" that monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual member states' standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and gives away some of its individual standards at no charge on its website. In addition to the three standards developing organizations, the European Commission plays an important role in standardization through its funding of the participation in the standardization process of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical legislation.

[Mandates](#) can be checked on line.

Due to the EU's vigorous promotion of its regulatory and standards system, as well as its generous funding for its development, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which are hopeful of becoming full members in the future) such as Albania, Belarus, FYR Macedonia, and Turkey, among others. Another category, called "partner standardization body" includes the standards organization of Australia, which is not likely to become a CEN member or affiliate for political and geographical reasons. Many other countries are targets of the EU's extensive technical assistance program, which is aimed at exporting EU standards and technical regulations to developing countries, especially in the Mediterranean and Balkan countries, Africa, as well as programs for China and Latin America.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. CEN's "sectors" page provides an overview by sector and/or technical committee whereas CENELEC offers the possibility to search its database.

[ETSI's portal](#) leads to ongoing activities.

With the need to adapt more quickly to market needs, European standards organizations have been looking for "new deliverables," which are standard-like products delivered in a shorter timeframe. While few of these "new deliverables" have been linked to EU legislation, expectations are that they will eventually serve as the basis for EU-wide standards.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

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Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages, from design to production, to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice regarding conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. Conformity assessment bodies in individual member states are listed in [NANDO](#), the European Commission's website.

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, and CEN workshop agreements (CWA) Certification Rules. CENELEC has its own initiative. ETSI does not offer conformity assessment services.

Product Certification

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To sell products in the EU market of 27 member states – soon 28 - as well as in Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this section provides some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and referenced in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the member states, and its use simplifies the task of essential market surveillance of

regulated products. As market surveillance was found lacking, the EU adopted the New Legislative Framework, which went into force in 2010. As mentioned before, this framework is like a blueprint for all CE marking legislation, harmonizing definitions, responsibilities, European accreditation and market surveillance.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the local contact established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Accreditation

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Independent test and certification laboratories, known as notified bodies, have been officially accredited by competent national authorities to test and certify to EU requirements.

"[European Accreditation](#)" is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

Publication of Technical Regulations

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The [Official Journal](#) is the official publication of the European Union. It is published daily on the internet and consists of two series covering adopted legislation as well as case law, studies by committees, and more. It lists the [standards](#) reference numbers linked to legislation.

[National technical regulations](#) are published on the Commission's website to allow other countries and interested parties to comment.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Labeling and Marking

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Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of member states to require the use of the language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers. Key Link: http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/prepacked-products/index_en.htm

The Eco-label

The EU [eco-label](#) is a voluntary label that U.S. exporters can display on products that meet high standards of environmental awareness. The eco-label is intended to be a marketing tool to encourage consumers to purchase environmentally-friendly products. The criteria for displaying the eco-label are strict, covering the entire lifespan of the product from its manufacture, use, and disposal. These criteria are reviewed every three to five years to take into account advances in manufacturing procedures. There are currently 30 different product groups, and approximately 1300 licenses have been awarded for several hundred products.

Applications to display the eco-label should be directed to the competency body of the member state in which the product is sold. The application fee will be somewhere between €300 and €1300 depending on the tests required to verify if the product is eligible. The eco-label also carries an annual fee equal to 0.15% of the annual volume of sales of the product range within the European community. However, the minimum annual fee is currently set at €500 and maximum €25,000.

There are plans to significantly reform the eco-label in the near future, reducing the application and annual fees and expanding the product ranges significantly. It is also possible that future eligibility criteria may take into account carbon emissions.

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For European Standards, contact the experts of the Enterprise and Industry DG at: entr-standardisation@ec.europa.eu.

Trade Agreements

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As a member of the European Union, the Czech Republic participates in all free trade arrangements entered into by the EU. The Czech Republic is a signatory to GATT and a member of the WTO. The Czech Republic also maintains a Bilateral Trade Agreement and Bilateral Investment Treaty with the United States.

Web Resources

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EU Websites:

ECHA: <http://echa.europa.eu>

Electronic Customs Initiative: Decision N° 70/2008/EC: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:023:0021:0026:EN:PDF>
Export Help Desk: http://exporthelp.europa.eu/thdapp/index_en.html
Legislation related to the Electronic Customs Initiative:
http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm
Modernized Community Customs Code (MCCC):
http://europa.eu/legislation_summaries/customs/do0001_en.htm
Modernized Community Customs Code Regulation (EC) 450/2008): <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:145:0001:0064:EN:PDF>
Online customs tariff database (TARIC):
http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm
Security and Safety Amendment to the Customs Code - Regulation (EC) 648/2005:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:117:0013:0019:en:PDF>
Taxation and Customs Union:
http://ec.europa.eu/taxation_customs/customs/index_en.htm

International Level:

AEO: Authorized Economic Operator:
http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/aeo/index_en.htm
CEN, European Committee for Standardization, handling all other standards:
<http://www.cen.eu/cen/Pages/default.aspx>
CEN – Sector: <http://www.cen.eu/cenorm/sectors/index.asp>
CEN - Standard Search: <http://esearch.cen.eu/esearch/>
Cenelec, European Committee for Electrotechnical Standardization:
<http://www.cenelec.eu/>
Contact Information at National Customs Authorities:
http://ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/contact_points/index_en.htm
Customs and Security: Two communications and a proposal for amending the Community Customs Code:
http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm
ETSI, European Telecommunications Standards Institute: <http://www.etsi.org/>
Establishing the Community Customs Code: Regulation (EC) n° 648/2005 <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:117:0013:0019:en:PDF>
ETSI – Portal – E-Standardisation: http://portal.etsi.org/Portal_Common/home.asp
European Co-operation for Accreditation: <http://www.european-accreditation.org/home>
Eur-Lex – Access to European Union Law: <http://eur-lex.europa.eu/en/index.htm>
Mutual Recognition Agreements (MRAs):
<http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=mra.main>
European Union Eco-label Homepage: <http://ec.europa.eu/environment/ecolabel/>
Metrology, Pre-Packaging – Pack Size:
http://ec.europa.eu/enterprise/sectors/legal-metrology-and-prepack/prepacked-products/index_en.htm
Nando (New Approach Notified and Designated Organizations) Information System:
<http://ec.europa.eu/enterprise/newapproach/nando/>
National technical Regulations: http://ec.europa.eu/enterprise/tris/index_en.htm

New Approach Legislation:

<http://ec.europa.eu/enterprise/newapproach/nando/index.cfm?fuseaction=directive.main>

NIST - Notify U.S.: <http://www.nist.gov/notifyus/>

Pre Arrival/Pre Departure Declarations:

http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/prearrival_pre_departure/index_en.htm

Standardisation – Mandates: http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm

Standards Reference Numbers linked to Legislation:

http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/index_en.htm

What is Customs Valuation?:

http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/european/index_en.htm

What's New: http://ec.europa.eu/enterprise/news/index_en.htm

U.S. Websites:

Agricultural Trade Barriers: <http://www.fas.usda.gov/posthome/Useu/>

Center for Food Safety and Applied Nutrition: <http://www.fda.gov/Food/default.htm>

EU Marking, Labeling and Packaging – An Overview:

http://buyusainfo.net/docs/x_366090.pdf

European Union Eco-Label: http://buyusainfo.net/docs/x_4284752.pdf

Latest on REACH: <http://export.gov/europeanunion/reachclp/index.asp>

National Trade Estimate Report on Foreign Trade Barriers:

<http://www.ustr.gov/about-us/press-office/reports-and-publications/2012-1>

New EU Battery Directive: http://www.buyusainfo.net/docs/x_8086174.pdf

Overview of EU Certificates: www.fas.usda.gov/gainfiles/200605/146187632.doc

Trade Agreements: http://tcc.export.gov/Trade_Agreements/index.asp

Trade Compliance Center: <http://tcc.export.gov/>

U.S. Mission to the European Union: <http://useu.usmission.gov/>

WEEE and RoHS in the EU: <http://export.gov/europeanunion/weeerohs/index.asp>

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Chapter 6: Investment Climate

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Openness To, and Restrictions Upon, Foreign Investment

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The Czech Republic has been a recipient of substantial foreign direct investment (FDI), which has helped spur economic growth, create new jobs, raise wages and increase domestic consumption. As a medium, open, export-driven economy, the Czech Republic remains sensitive to economic downturns in Western Europe, especially in Germany, the Czech Republic's largest trading partner. Over 80 percent of Czech exports go to fellow EU members with approximately a third going to Germany alone. GDP per capita in 2011 was 80 percent of the EU average.

The Czech Republic maintains a wait-and-see approach regarding the country's entry into the Eurozone. Recent economic difficulties in the Eurozone have undermined public support for the Czech Republic's adoption of the euro, and the government has opposed setting a target date for eliminating the Czech crown and embracing the common currency. Some unfinished elements in the economic transition, such as the slow pace of legislative and judicial reforms, have posed obstacles to investment, competitiveness, and company restructuring. The Czech government has harmonized its laws with EU legislation and the "acquis communautaire." This effort has involved positive reforms of the judicial system, civil administration, financial markets regulation, intellectual property rights protection, and many other areas important to investors.

While there have been many success stories involving American and other foreign investors, a handful have experienced problems, mainly in heavily regulated sectors of the economy, such as the media and aerospace. The slow pace of the courts is often

compounded by judges' lack of familiarity with commercial or intellectual property cases. In the World Bank's Ease of Doing Business rankings, the Czech Republic ranks 100th out of 185 economies in "Protecting Investors."

Both foreign and domestic businesses voice concerns about corruption. Other long term economic challenges include dealing with a rapidly aging population and diversifying the economy away from an over-reliance on manufacturing toward a more high-tech, services-based, knowledge economy.

The Czech Republic is a multi-party, parliamentary democracy with a population of approximately 10.5 million. Legislative authority is vested in a bicameral parliament, consisting of a Chamber of Deputies (Poslanecka snemovna) and Senate (Senat). The president, now elected directly, is head of state, and appoints a prime minister from the majority party or coalition in the Chamber of Deputies. In March 2013, Miloš Zeman took office as president. Elections for the Chamber of Deputies were held in May 2010, resulting in a coalition government of three center-right parties -- the Civic Democratic Party (ODS), TOP 09, and Public Affairs (VV) -- led by Prime Minister Petr Necas (ODS). In May 2012 some members of the Public Affairs Party broke away and formed the Liberal Democratic Party (LIDEM), which subsequently replaced the Public Affairs Party within the governing coalition. The coalition government has touted fiscal responsibility and combating corruption as its main priorities. All mainstream political parties welcome foreign investment.

Organizational Structure of Investments

Foreign investors can, as individuals or business entities, establish sole proprietorships, joint ventures and branch offices in the Czech Republic. In addition, the government recognizes joint-stock companies, limited liability companies, general commercial partnerships, limited commercial partnerships, partnerships limited by shares, and associations. Anonymous bearer shares are widely used by Czech companies, often making it difficult to establish the true ownership of firms.

National Treatment

Legally, foreign and domestic investors are treated identically. Both are subject to the same tax codes and laws. The government does not differentiate between foreign investors from different countries, and does not screen foreign investment projects other than in the banking, insurance and defense sectors. Upon accession to the OECD, the Czech government agreed to meet (with a small number of exceptions) the OECD standards for equal treatment of foreign and domestic investors and limitations on special investment incentives. The U.S.-Czech Bilateral Investment Treaty contains specific guarantees of national treatment and Most Favored Nation treatment for U.S. investors in all areas of the economy other than insurance and real estate. (See the section on the Bilateral Investment Treaty below).

Exempted Sectors

According to CzechInvest, the Czech agency tasked with attracting and facilitating FDI and promoting small and mid-sized enterprises, all sectors of the Czech economy are open to foreign investment. Investors in the banking, financial services, insurance, and broadcast media sectors must meet certain licensing requirements. Some professions, such as architects, physicians, lawyers and tax advisors, require membership in the appropriate professional chamber. These licensing and membership requirements apply equally to foreign and domestic investors.

Privatization

According to the Ministry of Finance, as a result of several waves of privatization of formerly state-owned companies since 1989, more than 80 percent of the Czech economy is now in private hands. Privatization programs have been open to foreign investors. In fact, most major state-owned companies have been privatized with foreign participation. The government evaluates all investment offers for state enterprises. Non-transparent and unfair practices have been alleged in connection with some past or planned privatizations.

In late 2012, the Czech government approved privatizing up to 95.69 percent of the national airline, Czech Airlines (CSA). The Czech government, which hopes to complete the tender in April or May 2013, wants a strong, preferably non-European investor who would help CSA to further develop, and to expand the number of CSA flights to the overseas destinations. The tender process must meet the EU rules, and the final purchase conditions will be subject to approval by the European Commission. The government attempted, unsuccessfully, to privatize the airline in 2009.

Measure	Year	Index/Ranking
TI Corruption Perceptions Index	2012	49 / 54
Heritage Economic Freedom	2012	69.9 / 30
World Bank Doing Business	2013	--- / 65
WEFs Global Competitiveness Report	2012	4.51 / 39

Conversion and Transfer Policies

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The Czech crown is fully convertible. Imports or exports equal to or exceeding 10,000 Euro (approximately CZK 252,000 or USD 13,000) in cash, travelers' checks, money orders, securities or commodities of high value (such as precious metals or stones) must be declared at the border.

The U.S.-Czech Bilateral Investment Treaty guarantees repatriation of earnings from U.S. investments. A 15 percent withholding tax is charged on repatriation of profits from the Czech Republic. This tax is reduced under the terms of applicable double taxation treaties. For instance, under the U.S. treaty, the rate is 5 percent if the U.S. qualifying shareholder is a company controlling more than 10 percent of the Czech entity, and 15 percent in other cases. There are no administrative obstacles for removing capital. The law permits conversion into any currency. The average delay for remitting investment returns meets the international standard of three working days.

Expropriation and Compensation

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The Embassy is unaware of any expropriation of foreign investment since 1989. Government acquisition of property is done only for public purposes (similar to property condemnation in the United States for public works projects) in a non-discriminatory manner, and in full compliance with international law. It is unlikely that any investor losing property due to a governmental action would not receive full compensation.

Another issue of interest to foreign investors in the Czech Republic is restitution. In 1990 and 1991, the federal government of Czechoslovakia enacted various laws aimed at restitution and compensation to those people whose property was confiscated by the communist regime during the period of 1948-1989. Under the restitution laws, persons have the right to claim compensation for property taken from them by the communist government. Most claims for restitution of non-agricultural property had to be filed by October 31, 1991, and agricultural property by December 1992. There was an additional open season for claims in 1998, when the condition for permanent residency of claimants was abolished but the deadline for filing these claims was July 8, 1999. In 1994, a law was approved which allowed for restitution or compensation of Jewish private property confiscated by the Nazis in 1939-1945. The deadline for filing claims was January 1, 1995. In 2000, another law to alleviate some of the property damages suffered during the Holocaust entered into force. It amended the restitution laws allowing the state to return to entitled Jewish communities and individuals, subject to certain conditions, communal Jewish property, private works of art and land illegally seized by the Nazis. While the claims deadline for land expired in 2001, claims for art can be filed indefinitely.

Although deadlines for submitting restitution claims are now officially past, it is nevertheless important that foreigners seeking to invest in the Czech Republic first ensure that they have clear title to all land and property associated with potential projects. The process of tracing the history of property and land acquisition can be complex and time-consuming, but it is necessary to ensure clear title. Title insurance is still a relatively new concept in the Czech Republic. Investors participating in privatization of state-owned companies are protected from restitution claims through a binding contract signed with the government.

Dispute Settlement

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The Czech commercial code and civil code are largely based on the German legal system. The commercial code details rules pertaining to legal entities and is analogous to corporate law in the United States. The civil code deals primarily with contractual relationships among parties. When the Czech Republic was formed in 1993, the new Czech government maintained the previous commercial and civil codes. The laws have been extensively amended since then, but gray areas remain. The judiciary is independent, but decisions may vary from court to court. Commercial disputes, particularly those related to bankruptcy proceedings, can drag on for years, although bankruptcy legislation, which came into effect July 1, 2007, has accelerated the process somewhat. The 2007 bankruptcy law addressed important structural impediments such as the slow and uneven performance of the courts, weakness of creditors' legal standing, and the lack of provisions for corporate restructuring. According to local legal experts, the law shortened court proceedings and made them much more transparent; gave a stronger position to creditors; and incorporated some elements designed to increase efficiency.

The Czech Republic in 1993 ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States. The U.S.-Czech Bilateral Investment Treaty provides for international arbitration of investment disputes with the state. The Czech Republic has ratified the New York Convention on the Recognition and Enforcement of Arbitral Awards. As a signatory to the latter convention, it is required to

uphold binding arbitration awards in disputes between Czech and foreign parties. However, arbitration of disputes between two Czech corporations outside the Czech Republic is not permitted, even if the owners are foreign. Applications for enforcement of foreign judgments can be made to the Czech courts and are determined in accordance with a bilateral recognition treaty or, if such a treaty does not exist, in a manner otherwise consistent with Czech law. Judgments rendered in other EU countries are enforceable in accordance with applicable EU regulations.

Legal proceedings regarding commercial disputes can last six years or longer for the most complex cases involving multiple appeals. However, many cases reportedly are resolved within one to three years.

Performance Requirements and Incentives

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New legislation, effective from July 2012, expanded the group of sectors supported by incentives. The Czech Republic now offers incentives to foreign and domestic firms that invest in the manufacturing sector (including expansion of an existing manufacturing investment) or technology and strategic service centers (including research and development centers and business service centers in software development, shared services and high-tech repairs). The package includes relief from corporate taxes for up to ten years, job-creation grants, re-training grants, and opportunities to obtain low-cost land. Financial grants for job-creation and/or re-training are provided to those firms operating in regions where the annual unemployment rate exceeds the national average by at least 50 percent. For more information contact CzechInvest, at www.czechinvest.org or incentives@czechinvest.org.

Right to Private Ownership and Establishment

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As of mid-2011, U.S. and other non-EU nationals can purchase real property, including agricultural land, in the Czech Republic without restrictions. Czech legal entities, including 100 percent foreign-owned subsidiaries, may own real estate without any limitations. The right of foreign and domestic private entities to establish and own business enterprises is guaranteed by law in the Czech Republic. Enterprises are permitted to engage in any legal activity with the previously noted limitations in some sensitive sectors.

Protection of Property Rights

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Existing legislation guarantees protection of all forms of property rights, both intellectual and physical. Secured interests in land (mortgages) and in personal property are permitted. Government subsidy programs are making mortgage financing more accessible, and consumers are becoming more accustomed to using both secured and unsecured forms of credit.

Major amendments to the Commercial Code that strengthen protection of creditors and minority shareholders came into force in 2001. The law includes detailed provisions for mergers and places time limits on decisions by the authorities on registering of companies. Laws on auditing and accounting also are in force. These laws include the use of international accounting standards (IAS) for consolidated corporate groups.

The Czech Republic is a signatory to the Bern, Paris, and Universal Copyright Conventions. In 2001, the government ratified the World Intellectual Property Organization (WIPO) Copyright Treaty and the WIPO Treaty on Performances and Phonograms. Domestic legislation protects all intellectual property rights, including patents, copyrights, trademarks, and semiconductor chip layout design. Amendments to the trademark law and the copyright law have brought Czech law into compliance with relevant EU directives and WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) requirements. The civil procedure code provides for ex parte search and seizure in enforcement actions. Literary works enjoy copyright protection for from 50 to 70 years. The customs service and the Czech Commercial Inspection have legal authority to seize counterfeit goods. A 2006 amendment to the Law on Civil Procedure made ex-parte search more accurate, clearer and easier to apply and enforce. The amendment also made it easier to define and recover losses caused to owners by piracy. The Criminal Code which came into effect January 1, 2010, increased maximum penalties for trademark, industrial rights and copyright violations from two to eight years.

Intellectual property rights (IPR) violations at markets on the borders of Germany and Austria are an issue of concern to U.S. companies and the U.S. government. The markets consist primarily of open-air stalls that sell a variety of trademark and copyright-infringing goods such as clothing, cigarettes and CD/DVD recordings. Starting in 2008, the Czech authorities significantly increased the scope and number of raids, resulting in a significant reduction in the amount of pirated goods openly available. The Embassy will continue to work with U.S. industry and Czech government officials to strengthen enforcement of intellectual property rights.

Transparency of Regulatory System

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Tax, labor, environment, health and safety, and other laws generally do not distort or impede investment. Policy frameworks are consistent with a market economy. All laws and regulations are published before they enter into force. Opportunities for prior consultation on pending regulations exist, and all interested parties, including foreign entities, can participate. A biannual governmental plan of legislative and non-legislative work is available on the Internet, along with information on draft laws and regulations (often only in the Czech language). Business associations, consumer groups and other non-governmental organizations, including the American Chamber of Commerce, can submit comments on laws and regulations.

A November 2008 OECD peer-review of the Czech Republic confirmed that in content and principle Czech competition policy meets OECD standards. An Act on the Protection of Economic Competition entered into force in 2001, adopting rules consistent with EU competition policy as regards restrictive agreements, abuse of dominant position and merger control.

Efficient Capital Markets and Portfolio Investment

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All large domestic banks belong to major European banking groups. Most operate conservatively and concentrate almost exclusively on the domestic Czech market. As a result, Czech banks remained relatively healthy throughout recent global financial crises. As of September 30, 2011, the total assets of commercial banks stood at CZK 4.43 trillion (approximately USD 233 billion) according to the Czech National Bank (CNB).

Foreign investors have access to bank credit on the local market, and credit is generally allocated on market terms. Domestic household borrowing in foreign currencies is negligible. In 2002, banks established a mechanism for sharing credit histories of borrowers.

The Prague Stock Exchange (PSE) is small, with only 14 companies listed. The overall trade volume of stocks dropped from CZK 371 billion (USD 21 billion) in 2011 to CZK 236.5 billion (USD 12.3 billion) in 2012, with an average daily trading volume of CZK 940 million (USD 48.7 million). The PSE index tends to mirror movements in international markets, and the index increased by 14.01 percent in 2012.

In March 2007, the PSE created the Prague Energy Exchange (PXE) to trade electricity in the Czech Republic and Slovakia and, later, Hungary. (The Exchange's official name now is "Power Exchange Central Europe.") PXE's goal is to increase liquidity in the electricity market and create a standardized platform for trading energy.

In 1998 the government created a Securities and Exchange Commission to function as a capital market watchdog. The Commission has made important strides in establishing a regulatory framework for Czech capital markets and enforcing new rules. It has employed a large number of new staff. A new securities law was adopted in 2001 to improve regulation of brokers and dealers. Legislation adopted in 2002 gives the SEC more flexibility in issuing guidelines and requiring reporting of information. In 2006, the SEC moved into the CNB as part of a plan to bring all financial regulators under one roof.

Competition from State Owned Enterprises

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Private enterprises are generally allowed to compete with public enterprises under the same terms and conditions with respect to access to markets, credit and other business operations, although there are frequent accusations that large domestic companies – including both SOEs and private firms – use their political clout and connections to gain unfair advantage. State-owned or majority state-owned companies are present in several fields, including the energy, postal service, and transport sectors. The Czech state also owns two small, specialized banks. SOEs do not report directly to ministries but are managed by a Board of Directors and Supervisory Board that generally include representatives of both the government and private sector. SOEs are required by law to publish an annual report and submit their books to independent audit. A list of state-owned or majority state-owned companies is available [here](#).

Corporate Social Responsibility

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Corporate Social Responsibility (CSR) is a burgeoning concept in the Czech Republic. Although foreign companies, particularly U.S.-owned businesses, tend to be more active and more vocal about their activities in this area, the trend appears to be spreading slowly to Czech companies as well. CSR Europe, the Czech Business Leaders' Forum, Business for Society, and the Czech Donors Forum encourage their members to engage in CSR activities and to publicize their work in shareholder reports. In addition, since 2000 the Czech Environment Ministry has given the annual Health, Safety and Environment Award to encourage conservationism and sound environmental practices in

the workplace. Since 1997, the Via Foundation has funded over 2,000 community development projects through Czech corporate social philanthropy.

Political Violence

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The risk of political violence in the Czech Republic is extremely low. There is no history of political violence or terrorism in modern times. Two historic political changes -- the "Velvet Revolution," which ended the communist era in 1989, and the division of Czechoslovakia into the Czech Republic and Slovakia in 1993 -- occurred without loss of life or significant violence.

Corruption

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Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the [FCPA Lay-Person's Guide](#).

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption

(OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States. Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. The Czech Republic is a party to the OECD Convention, but a recent [report](#) gives the country low scores.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are [158 parties](#) to it as of November 2011. The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. The Czech Republic is a party to the UN Convention.

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) The Czech Republic is a party to the Council of Europe Conventions.

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. There is not FTA between the U.S. and Czech Republic.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot

provide legal advice on local laws, the Department's U.S. Commercial Service can provide assistance with navigating the host country's legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report a Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's [Fraud Section Website](#). Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the [Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website](#). More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Current law makes both giving and receiving bribes criminal acts, regardless of the perpetrator's nationality. Parliament increased prison sentences for bribery in 2011 to up to ten years for officials, and police have been given expanded investigation tools such as wiretap authority to investigate bribery. Bribes cannot be deducted from taxes. Law enforcement authorities are responsible for combating corruption. These laws are applied equally to Czech and foreign investors.

There have been allegations, however, that public officials have at times engaged in corrupt practices with impunity. There has been an increase in prosecutions of high-level public corruption since 2011. However, factors contributing to the difficulty of achieving convictions included the absence of a system for granting immunity to persons willing to testify against co-conspirators; lack of a specialized prosecutorial body; inadequate legislation requiring disclosure of source of assets; use of anonymous bearer bonds; previous lax regulation of public procurement; weak rules governing campaign financing

and lobbying activities; and a lack of rules to protect whistleblowers and civil servants from political pressure. New senior leadership in the state prosecutor service in 2011 and 2012 has significantly improved its effectiveness and reduced its susceptibility to political pressure.

The 2006 Conflict of Interest Act obliges legislators, members of the Cabinet, and other selected public officials to make annual asset declarations. However, asset declarations can only be viewed in person based on a written request and often are general and lacking in information. Only assets gained since taking up one's public function must be reported. The past absence of successful prosecutions of corruption has in turn contributed to public disenchantment and concerns over impunity, despite several recent major convictions.

The Czech Republic ratified the OECD anti-bribery convention in January 2000. According to Transparency International (TI) reports, there is little or no enforcement of the convention in the Czech Republic. TI lists as contributing factors insufficient definition of foreign bribery offenses, jurisdictional limitations, lack of coordination between investigation and enforcement entities, and inadequate whistleblower protection. The Czech Republic introduced criminal liability for legal entities on January 1, 2012. This will lay the groundwork for ratification of the UN Convention Against Corruption (UNCAC), although the parliament has yet to take up this issue.

Allegations of corruption are most commonly connected with public procurement. Common problems with public contracts include unclear ownership of companies bidding on public contracts and a lack of competitive bids. The use of bearer shares, which can be used to hide true ownership, is widespread, leading to occasional accusations that some companies winning public contracts may be linked to key politicians and/or government officials.

In 2011 the Czech government adopted a major public procurement reform bill that addresses some transparency and corruption concerns. The legislation, which came into effect in April 2012, lowers the threshold for the application of procurement rules to one million CZK (\$55,000). With a few specific exceptions, it also requires more than one bidder for all procurements, as well as publication of tender specification documentation. The law requires bidders to disclose their ownership structure in the bidding process. However, it still contains loopholes that could permit bidders to sub-contract to anonymously-held companies. The law also does not apply to several state-owned enterprises in certain industries, such as energy production.

TI and other nongovernmental organizations actively conduct public information campaigns and give numerous broadcast and print media interviews on corruption and bribery cases.

The Nečas government has made combating corruption one of its three main priorities. The Prime Minister has assigned the anti-corruption portfolio to Deputy Prime Minister Karolina Peake, whose office advocated for the legislation to introduce criminal liability for legal entities and is engaged on other anti-corruption initiatives. The government adopted a 58-point National Anti-Corruption Strategy for 2011-2012 that called for legislative and administrative reforms to both limit opportunities for corruption (e.g. campaign finance reform, procurement reform) and improve enforcement (e.g. specialized anti-corruption prosecutors, improved whistleblower protection, enhanced

use of wiretaps, undercover and sting investigations). The government has made progress on some of these initiatives, although it often has fallen behind its own timelines. The government is currently deliberating upon the National Anti-Corruption Strategy for 2013-2014.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the [U.S. Foreign Corrupt Practices Act \(FCPA\)](#), including a “Lay-Person’s Guide to the FCPA” is available at the U.S. Department of Justice’s Website.
- Information about the [OECD Antibribery Convention](#) including links to national implementing legislation and country monitoring reports is available at their website. See also the new [Antibribery Recommendation and Good Practice Guidance Annex](#) for companies.
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the [Department of Commerce Office of the Chief Counsel for International Commerce Website](#).
- Transparency International (TI) publishes an annual [Corruption Perceptions Index \(CPI\)](#). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. TI also publishes an annual [Global Corruption Report](#) which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools.
- The World Bank Institute publishes [Worldwide Governance Indicators \(WGI\)](#). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. The [World Bank Business Environment and Enterprise Performance Surveys](#) may also be of interest.
- The World Economic Forum publishes the [Global Enabling Trade Report](#), which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment.
- Additional country information related to corruption can be found in the U.S. State Department’s annual [Human Rights Report](#).
- Global Integrity, a nonprofit organization, publishes its annual [Global Integrity Report](#), which provides indicators for 106 countries with respect to governance and

anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems.

Bilateral Investment Agreements

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Formal discussions to renegotiate the Bilateral Investment Treaty (BIT) began in September 2011 at the request of the Czech government. The former government of Czechoslovakia signed the original BIT with the United States in 1992, and the Czech Republic adopted this treaty in 1993, after the split with Slovakia. Amendments to the treaty, which were designed to meet EU concerns about perceived conflicts with the EU *acquis communautaire*, were approved in 2003 following negotiations involving both the Czechs and the European Commission.

Several dozen countries have signed and ratified similar agreements with the Czech Republic. Agreements with some countries are in the process of ratification. The Czech Republic has chosen to abrogate several similar treaties with other third countries. The full list of agreements, including ratification dates, can be found on the [Ministry of Finance website](#).

A bilateral U.S.-Czech Convention on Avoidance of Double Taxation has been in force since 1993. In 2007 the U.S. and Czech governments signed a bilateral Totalization Agreement that exempts Americans working in the CR from paying into both the Czech and U.S. social security systems. The agreement entered into force on January 1, 2009.

OPIC and Other Investment Insurance Programs

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Finance programs of the Overseas Private Investment Corporation (OPIC), including investment insurance, have been available in the Czech Republic since 1991. Investors are urged to contact OPIC's offices in Washington directly for up-to-date information regarding availability of services and eligibility. The OPIC Info Line (202) 336-8799 offers general information 24 hours a day. Application forms and detailed information may be obtained from OPIC, 1100 New York Avenue, NW, Washington D.C. 20527. The Czech Republic is a member of the Multilateral Investment Guarantee Agency (MIGA).

Labor

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The wide availability in the Czech Republic of an educated, relatively low-cost labor force on the doorstep of Western Europe has been a major attraction for foreign investors. While the wage gap continues to narrow, the Czech Republic likely will continue to have far lower labor costs than those in Western Europe for years to come (although labor costs in newer EU countries such as Romania and Bulgaria, and non-EU countries further east likely will remain even lower). According to the Czech Statistical Office, at the end of November 2012, 67.1 percent of Czechs aged 15-64 were employed, and the general unemployment rate was 8.7 percent. However, unemployment rates vary significantly between regions. The unemployment rate was lowest in Prague (4.4 percent) and highest in Ustecky (13.4 percent). According to Eurostat, at the end of November 2012, the Czech unemployment rate (7.4%) was seventh lowest of the 27 EU member states.

By law, all workers have the right to strike once mediation efforts have been exhausted, with the exception of judges, prosecutors, military, firemen, police and security officials, and workers in sensitive positions (e.g. nuclear power plant, gas and oil pipeline operators, and air-traffic controllers). A handful of large labor demonstrations have occurred in each of the last few years, usually in protest of government policies. Nevertheless, demonstrations, strikes and worker unrest are relatively rare.

The Ministry of Labor and Social Affairs sets minimum wage standards. The standard workweek is 40 hours. Caps exist for overtime. Workers are assured 30 minutes of paid rest per work day and annual leave of at least four weeks per year.

Foreign-Trade Zones/Free Ports

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Czech law permits foreign investors involved in joint ventures to take advantage of commercial or industrial customs-free zones into which goods may be imported and later exported without depositing customs duty. Duties need to be paid only in the event that the goods brought into the free zone are introduced into the local economy. The investment incentive package also permits duty-free import of high tech goods and creation of additional foreign-trade zones. Due to EU accession and the investment incentives offered by the government, the advantages of these free-trade zones are limited; consequently, their use has waned.

Foreign Direct Investment Statistics

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According to the CNB, foreign direct investment (FDI) inflows dropped from CZK 117.3 billion (USD 6.14 billion) in 2010 to CZK 95.64 billion (USD 5.4 billion) in 2011. FDI appeared to accelerate in 2012, with CZK 223.3 billion (USD 11.6 billion) in FDI inflows during the first three quarters of the year, according to preliminary figures. According to World Bank data, FDI as a percentage of Gross Domestic Product was 3.1 percent in 2010 and 2.5 percent in 2011.

Also according to the CNB, the stock of domestic direct investment abroad rose in 2010 by CZK 7.9 billion to reach CZK 279.8 billion (USD 14.9 billion). The national bank credits the increase to reinvested earnings. The Netherlands received the largest amount of these investments (46.5 percent) followed by Slovakia (14.7 percent) and Cyprus (7.9 percent). The CNB says that the stock of foreign investment in the Czech Republic at the end of 2010 totaled USD 128.5 billion, an increase from USD 125.8 billion in 2009. The largest investors were the Netherlands (29.6 percent), Germany (13.7 percent) and Austria (12.9 percent). For tax reasons, most U.S. investments are channeled through subsidiaries in other EU countries, and a considerable portion of Dutch and other EU investment is in fact American.

Web Resources

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CzechInvest: <http://www.czechinvest.org/>

Czech National Bank: <http://www.cnb.cz/en/index.html>

Czech Statistical Office: <http://www.czso.cz/eng/redakce.nsf/i/home>

Ministry of Finance website: <http://www.mfcr.cz/>

Ministry of Industry and Trade: http://www.mpo.cz/default_en.html

Overseas Private Investment Corporation: <http://www.opic.gov/>

Transparency International:

http://www.transparency.org/policy_research/surveys_indices/cpi/2010

World Intellectual Property Organization: <http://www.wipo.int/portal/index.html.en>

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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Most Czech firms use prepayment or partial prepayment, with the balance due upon delivery or net 30-day terms. On shipments under \$2,000, consider asking the buyer to pay by credit card. Czech firms are familiar with letters of credit, documentary collections, and wire transfer/cash in advance. Most would prefer not to use a letter of credit due to its high cost. Although smaller sales of U.S. goods (up to about \$50,000) are common, above this threshold many small Czech businesses cannot afford or secure financing. A U.S. firm's ability to provide or arrange financing can be key to building significant market share.

The most attractive solution for exporters of consumer goods and industrial components may be to offer your distributor a container of product on consignment, and to enable your distributor to use proceeds from the first container to finance additional containers. For higher-value items, financing is tricky, yet crucial. Lease finance is an increasingly popular approach for equipment, vehicles, and other large capital items. Exporters should contact the [U.S. Eximbank](#) and [Small Business Administration](#) for information about their trade financing programs. In addition, a number of U.S. states and port authorities may offer financing assistance.

How Does the Banking System Operate

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The banking sector's ownership structure has been stable for many years with foreign shareholders controlling almost the entire sector (five major players control nearly 90% of the market), and thus is similar to the banking sector in most similar-sized West European economies. Foreign and large domestic banks (such as Komerční, Česká Spořitelna, and CSOB, which are in fact owned by foreign bank financial groups) offer a diverse range of products and services, including products like investment banking, investment funds, insurance companies, pension funds, and leasing. Russian banking giant Sberbank is the most recent entry to the Czech financial market, after acquiring Austria-based Volksbank and its subsidiaries in 2011, and increasing its presence in 2013. Supervision of the banking sector is provided by the Czech National Bank.

Internal bank transfers take one day; domestic transfers take three days; transfers between major U.S. and Czech banks usually take less than a week. The top Czech commercial banks offer brokerage, investment advisory and underwriting services. Both

commercial and retail banking offer accounts in numerous currencies, including Euro, Czech crown, and US dollar.

Foreign-Exchange Controls

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The Czech crown (or koruna) is fully convertible and there are no foreign exchange controls affecting trade in goods. Companies operating in Poland have free access to foreign currency, and there have been no failures of the banking system to provide hard currency on demand. Profits can be repatriated by law, including through bonds and securities. Under the terms of its EU Accession, the Czech Republic is required to adopt the Euro, though the government has no fixed date for Euro adoption.

U.S. Banks and Local Correspondent Banks

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Ceskoslovenska obchodni banka (ČSOB) – owned by KBC Bank
Info@csob.cz
Tel: (+420) 224 111 111

Česká Spořitelna – part of Erste Group Bank AG
csas@csas.cz
Tel: (+420) **800 207 207**

Citibank
zakaznický.servis@citi.com
Tel: (+420) 420 233 062 222

GE Capital Bank a.s.
Tel: (+420) 224 441 111

Komerční banka – majority owned by Société Générale
mojebanka@kb.cz
Tel: (+420) **955 559 550**

UniCredit Bank
info@unicreditgroup.cz
Tel: (+420) 955 911 111

Project Financing

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The EU supports projects within its Member States, as well as EU-wide "economic integration" projects that cross both internal and external EU borders. The EU provides project financing through grants from the European Commission and loans from the European Investment Bank. Grants from the Structural Funds are distributed through the Member States' national and regional authorities, and are only available for projects in the 27 EU Member States. The European Bank for Reconstruction and Development ([EBRD](#)) does not operate in the Czech Republic.

Because most Czech firms and government agencies lack expertise in assembling financing packages for major projects or acquisitions, your ability to aid them in this process can be an asset to winning a contract. When looking beyond the first stage into

project development, your firm will need to work with Czech counterparts to assemble a complex package from several sources. Besides private financing from banks or other sources, possible funding sources include:

- U.S. Eximbank (to finance U.S. equipment purchases)
- Local bond offerings (for municipal and government projects)
- International Finance Institutions (such as the European Investment Bank), or
- The European Union's structural and cohesion funds.

EU Financing

EU financial assistance programs provide a wide array of grants, loans, loan guarantees and co-financing for feasibility studies and projects in a number of key sectors (e.g., environmental, transportation, energy, telecommunications, tourism, public health). A number of centralized financing programs are also generating procurement and other opportunities directly with EU institutions. From a commercial perspective, these initiatives create significant market opportunities for U.S. businesses, U.S.-based suppliers, and subcontractors.

The EU supports projects within its member states, as well as EU-wide "economic integration" projects that cross both internal and external EU borders. In addition, the EU provides assistance to accession countries in Eastern and Southern Europe, Iceland and Turkey, as well as some of the former Soviet republics.

The EU provides project financing through grants from the European Commission and loans from the European Investment Bank. Grants from the Structural Funds program are distributed through the member states' national and regional authorities, and are only available for projects in the 27 (soon to be 28) EU member states. All grants for projects in non-EU countries are managed through the Directorate-General EuropeAid in conjunction with various European Commission departments, such as DG Regional Development.

EU Structural Funds

EU Structural Funds, including the European Regional Development Fund, were created in 1975 to assist economically depressed regions of the European Union that required industrial restructuring. From 2007 – 2013, the EU earmarked EUR 308 billion for projects under the Structural Funds and the Cohesion Fund programs. In addition to funding economic development projects proposed by member states or local authorities, EU Structural Funds also support specialized projects promoting EU socioeconomic objectives. Member states negotiate regional and "sectoral" programs with officials from the regional policy Directorate-General at the European Commission. For information on approved programs that will result in future project proposals, please visit: http://ec.europa.eu/regional_policy/atlas2007/index_en.htm

For projects financed through the Structural Funds, member state officials and regional authorities are the key decision-makers. They assess the needs of their country; investigate projects; evaluate bids; and award contracts. To become familiar with available financial support programs in the member states, it is advisable for would-be contractors to meet with DG Regional Development officials and local officials in Member States to discuss local needs.

Tenders issued by member states' public contracting authorities for projects supported by EU grants are subject to EU public procurement legislation if they meet the EU minimum contract value requirement for the eligible sector. Below this threshold, tender procedures are subject to national procurement legislation and EU Treaty rules. There are no overt prohibitions against the participation of U.S. companies, either as developers or concessionaires of projects supported partially by the Structural Funds, or as bidders on subsequent public tenders related to such projects, but it is highly advisable to team up with a local partner to gain credibility and demonstrate references.. All Structural Fund projects are co-financed by national authorities and most may also qualify for a loan from the European Investment Bank. The private sector is also involved in project financing. For more information on these programs, please see the market research section on the website of the U.S. Mission to the EU:
<http://export.gov/europeanunion/marketresearch/index.asp>

The Cohesion Fund

The [Cohesion Fund](#) is another instrument of EU structural policy. Its EUR 61.5 billion (2007-2013) budget seeks to improve cohesion within the EU by funding transport infrastructure and environmental projects in Portugal, Spain, Greece and the twelve new (since 2004) EU member states from Central and Eastern Europe. These projects are generally co-financed by national authorities, the European Investment Bank, and the private sector.

Other EU Grants for Member States

Another set of sector-specific [grants](#) offers assistance to EU member states in the fields of science, technology, communications, energy, environmental protection, education, training and research. Tenders related to these grants are posted on the various websites of the directorates-generals of the European Commission. Conditions for participation are strict and participation is usually restricted to EU firms or tied to EU content.

External Assistance Grants

[“Development and Cooperation – EuropeAid”](#) is a new Directorate–General (DG) responsible for designing EU development policies and delivering aid through programs and projects across the world. It incorporates the former Development and EuropeAid DGs. Its website offers extensive information on the range of grant programs, the kind of projects that are eligible, as well as manuals to help interested parties understand the relevant contract law. However, participation in these calls for tender is reserved for enterprises located in the EU member states or in the beneficiary country and requires that the products used to respond to these projects are manufactured in the EU or in the aid recipient country. Consultants of U.S. nationality employed by a European firm are allowed to form part of a bidding team. European subsidiaries of U.S. firms are eligible to participate in these calls for tender.

The EU also provides specific Pre-Accession financial assistance to the accession candidate countries that seek to join the EU through the “Instrument for Pre-accession Assistance” (IPA). Also, the European Neighborhood and Partnership Instrument (ENPI) will provide assistance to countries that are the Southern Mediterranean and Eastern neighbors of the EU.

IPA focuses on priorities linked to the adoption of the *acquis communautaire* (the body of European Union law that must be adopted by accession candidate countries as a

precondition to accession), i.e., building up the administrative and institutional capacities and financing investments designed to help them comply with European Commission law. IPA will also finance projects destined to countries that are potential candidate countries, especially in the Balkans. The budget of IPA for 2007-2013 is €11.4 billion. Key Link: http://ec.europa.eu/enlargement/index_en.htm

The [European Neighborhood Policy](#) program (ENPI) covers the EU's neighbors to the east and along the southern and eastern shores of the Mediterranean i.e. Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine. ENPI budget is €11.9 billion for 2007-2013.

Loans from the European Investment Bank

Headquartered in Luxembourg, the European Investment Bank (EIB) is the financing arm of the European Union. Since its creation in 1958, the EIB has been a key player in building Europe. As the EIB's lending practices evolved over the years, it became highly competent in assessing, reviewing and monitoring projects. As a non-profit banking institution, the EIB offers cost-competitive, long-term lending in Europe. Best known for its project financial and economic analysis, the Bank makes loans to both private and public EU-based borrowers for projects in all sectors of the economy, such as telecommunications, transport, energy infrastructure and environment.

While the EIB mostly funds projects within the EU, it lends outside the EU as well (e.g., in Central, Eastern and Southeastern Europe; Latin America; and Pacific and Caribbean states). In 2012, the EIB lent EUR 52 billion for projects. The EIB also plays a key role in supporting EU enlargement with loans used to finance improvements in infrastructure, research and industrial manufacturing to help those countries prepare for eventual EU membership.

Projects financed by the EIB must contribute to the socioeconomic objectives set out by the European Union, such as fostering the development of less favored regions; improving European transport and telecommunication infrastructure; protecting the environment; supporting the activities of SMEs; assisting urban renewal; and, generally promoting growth, competitiveness and employment in Europe. The EIB created a [list of projects](#) to be considered for approval and posted the list on its website. As such, the EIB website is a source of intelligence on upcoming tenders related to EIB-financed projects.

The EIB presents attractive business opportunities to U.S. businesses. EIB lending rates are lower than most other commercial rates. Like all EIB customers, however, U.S. firms must apply the loan proceeds to a project that contributes to the European objectives cited above.

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Export-Import Bank of the United States: <http://www.exim.gov>
Exim Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html
OPIC: <http://www.opic.gov>
Trade and Development Agency: <http://www.tda.gov/>
SBA's Office of International Trade: <http://www.sba.gov/oit/>
USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

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Business Customs

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Though the Czech Republic is considerably more liberal than the U.S., Czechs are typically more reserved than Americans, especially when meeting people for the first time. Czechs do not smile as a social signal of greeting, as Americans, Britons, and many other Westerners do, but only when they are amused or pleased. This can create a false impression that Czechs are cold or unfriendly. Czechs are a more formal people than are Americans, and a serious demeanor is regarded as a sign of respect for the visitor and the business being transacted. The Czech language uses the formal and informal forms of "you", so even if you do not speak the language, consider the fact that it is normal course for Czechs to refer to new people in a more formal manner and your Czech business contact might have trepidations about conducting your first meeting in a typical American "let's get down to business" approach. However, the Czech business acumen is slowly adapting to that of Western Europe, so most Czechs will not be insulted if your Americanism gets the best of you and you quickly move to a first name basis. Though Czechs might seem cold, they are forgiving.

Start slowly by building a few good relationships. Let your new Czech friends introduce you to their contacts, and soon you will have a good business network. An attempt to accomplish business with a flurry of quick meetings and barrage of e-mails is more likely to result in failure. Czechs prefer to get to know you -- to learn about your background and your company, and then, if they are comfortable with you, get down to deal-making around the dessert course, or even at a follow-up meeting. Most Czechs want to build long-term, two-way business relationships, and will be put off by too much emphasis on an immediate sale.

Because the Czech Republic is a small country where industry leaders know each other well, word-of-mouth reputation is extremely important, and news about you -- good or bad -- can spread quickly. Political and business circles often interlink, and it is common for individuals to move from a ministry job to the private sector and back to the government over a several year period. Therefore, it is important to maintain strong contacts, even if your associate leaves the firm you are dealing with.

The business custom is to be punctual - even early - for appointments and engagements. It is best to start arranging meetings several weeks before your visit, as Czechs are reluctant to arrange impromptu meetings at the last minute.

Business partners do not usually call each other by their first names, and Czechs may be offended if their foreign visitors address them by their first names without first being invited to do so. It may take several meetings to establish a sense of rapport and a more relaxed attitude.

Czechs are very gracious and will open a meeting with the offer of coffee, tea, water, juice, and cookies when they host business visitors. It is polite to accept at least a glass of water. Coffee and tea will be served in real china cups and juice or water in glass or crystal - never plastic or Styrofoam. Business luncheons normally are more formal and leisurely than in the United States. Even if dining alone with one business contact, expect to order multiple courses and do not expect the lunch to be finished in less than two hours. Rushing through lunch because of the press of business is considered ill mannered. Working breakfasts are not common in the Czech Republic. Although the Czechs regard the custom as an amusing American oddity, they are also very amenable to attending, as an offer of food is considered gracious and the typical Czech working day starts early.

Travel Advisory

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There are no outstanding travel advisories warning against travel to the Czech Republic. All Americans are advised, however, to be continually aware of their surroundings and be alert to suspicious activities or individuals.

Prague and other Czech cities are very safe by U.S. standards, but visitors are encouraged to exercise common sense precautions and be particularly wary of Prague's famously efficient pickpockets and occasional mugging/violent street crime. Be careful in and around train stations and when boarding and exiting trams. Taxi drivers, particularly those at train stations and those hailed on the street, are notorious for overcharging; occasionally becoming abusive if exorbitant fares are not paid. We suggest you phone for a taxi (your hotel can advise on honest drivers) or have the hotel arrange transport. If you must hail a taxi on the street, ensure that the meter is being used or agree on an estimated fare with the driver in advance. Recommended companies can be found in the [Transportation](#) section of this report.

Consult the State Department's Consular Information Sheet on the Czech Republic at http://www.travel.state.gov/travel/cis_pa_tw/cis/cis_1099.html before traveling abroad or visit <http://www.travel.state.gov/index.html> for up-to-date travel advisories and warnings.

Visa Requirements

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U.S. passport holders (not U.S. resident aliens or refugee document holders) may visit the Czech Republic for tourism or business without a visa for 90 days. For this purpose, "business" is defined as consultations, negotiations, etc., but not employment reimbursed from an employer located in the Czech Republic. For stays longer than 90 days or for purposes other than tourism/business, a new law requires any foreigner to obtain a visa in advance from a Czech Embassy or Consulate. Foreigners are no longer

allowed to change their status from tourist to student or worker, or to extend their stay while still in the Czech Republic. Instead, a visa must be obtained from outside the country. The Czech Government expects that visa processing may take two or more months.

Details on how to apply for a visa are available from:

- [Czech Embassy in Washington](#)
- [The Czech Ministry of Foreign Affairs](#)

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

- State Department Visa Website: <http://travel.state.gov/visa/index.html>
- United States Visas.gov: <http://www.unitedstatesvisas.gov/>
- Consular Section of US Embassy in Prague: <http://www.usembassy.cz/consular/consular.htm>

Telecommunications

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The Czech telecommunications infrastructure was updated to meet EU requirements before accession, and now is comparable with Western Europe. The Czech Republic leads Central Europe in levels of web usage in the home and in the workplace, but the low proportion of students with web access at school means the overall internet penetration is lower than in some neighboring countries, such as Hungary. Internet access in Prague and other major cities and towns is easily available and is offered in most hotels. Additionally, wifi can be found free of charge in many cafes and bars in major cities.

Most Czechs have cell phones, and many have more than one, considering that there are just over 12 million cell phones in the Czech Republic and only 10.2 million people. There is excellent coverage all over the country.

Local telephone and mail services are good, reliable and inexpensive. U.S. long distance operators serve Prague through direct access numbers.

Country code 420 + number

To U.S. from Czech Republic: 001 + number

Federal Express	(+420) 800 133 339
DHL	1-800-103-000
UPS	1-800-181-111

Transportation

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Visitors will find traveling in the Czech Republic to be much like traveling in Western Europe, except that costs are lower for food and transport, particularly in the off-season (November through April). Basic English is widely spoken in most hotels and restaurants. International hotels and restaurants catering to foreigners accept major credit cards, although smaller hotels and restaurants may not. Currency exchange is

widely available, as are local currency (Koruna)-dispensing ATM's, that accept most U.S. bankcards. Please note that the Euro has not yet been adopted in the Czech Republic.

Major cities have Western-style hotels, though you may consider reducing costs (and getting more local flavor) by staying in smaller, non-business hotels. Many restaurants offer a wide variety of international cuisines. Prague menus are usually in Czech and English. Tap water is safe, but only served upon request at restaurants. Bottled still and carbonated mineral water is widely available.

In central Prague, visitors will often find walking faster (and more relaxing) than auto travel. The city also has fine, usually quick, [public transit](#) to most points. For trips outside Prague, we recommend hiring a car for the day. The domestic train network is extensive but can be slow.

[Airport Information](#) (+420) 220 113 314
[AAA Taxi](#) (+420) 14014
[Profi Taxi](#) (+420) 844 700 800

Language

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The official language of the Czech Republic is Czech, part of the Slavic family of languages. Czechs have very strong linguistic abilities. Many older Czechs speak Russian, German, or English as second and third languages. Younger Czechs are more likely to speak English. About half of your likely business partners will speak good (or at least basic) English. Older Czechs (especially those living outside Prague) are less likely to have good English language skills. A recent survey shows that over 25% of all Czechs speak some level of English, and 10% are considered fluent.

Czech is an extremely difficult language to learn. It is helpful to learn a few basic phrases to get around restaurants, hotels, and airports. For complex business negotiations, English-speaking interpreters are readily available.

Health

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Prague has good Western-style medical clinics and English-speaking doctors and dentists. For major operations and complicated illnesses, most Westerners return to the U.S. or go to nearby Germany or the U.K. We recommend travel insurance sufficient to cover costs of medical evacuation out of the country. Prague and most major outlying cities have pharmacies that stock many Western medicines or that can order specialized prescriptions in 24 hours. U.S. prescription drugs often have different names in Europe. Travelers should carry prescriptions noting generic names. Keep all prescription drugs in original containers to avoid problems with Customs officials. In winter, Prague air pollution can pose problems for those with respiratory conditions.

Czech Emergency Number 112
U.S Embassy (+420) 257 022 000
[Canadian Medical Center](#) (+420) 235 360 133
[Hospital Na Homolce](#) (+420) 257 272 174
[Motol Hospital](#) (+420) 224 433 681, (+420) 224 433 682

Local Time, Business Hours, and Holidays

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Local time is Eastern Standard Time plus 6 hours. (The Czech Republic, like the Eastern United States, also implements Daylight Saving time during several months of the year; so, the 6 hour time difference remains throughout most of the year.) A typical Czech working day is 8:00 am to 4:30 pm, with a break for lunch. The workweek is 40 hours (Monday through Friday).

When scheduling meetings or events to which Czech business guests are invited, it is best to avoid Friday afternoon during summertime (and Friday morning, if possible), as many Czechs have country houses to which they travel as early as possible on Friday. Czechs regard weekends and holidays as near-sacrosanct family time, and they avoid allowing business to intrude on this time. As is the case in much of Europe, it is harder to make business appointments and contacts in the Czech Republic during August and close to major holidays, such as Christmas or Easter week. Unlike in the U.S., if a Czech holiday falls on the weekend, the government does not observe that holiday on the preceding Friday or on the following Monday, and no work day is taken off in observance of that holiday. A full list of Czech holidays (as well as U.S. holidays) can be found on the [Embassy website](#).

Temporary Entry of Materials and Personal Belongings

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We are not aware of any difficulties bringing computers, software, exhibition materials or personal belongings into the country.

Web Resources

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AAA Taxis: <http://www.aaa.radiotaxi.cz>

Canadian Medical Center: <http://www.cmcpraha.com/>

Consular Information: http://www.travel.state.gov/travel/cis_pa_tw/cis/cis_1099.html

Czech Embassy in Washington: <http://www.mzv.cz/washington>

Czech Ministry of Foreign Affairs: <http://www.mzv.cz>

DHL: <http://www.dhl.cz>

Federal Express: <http://www.fedex.com/cz>

Hospital Na Homolce: <http://www.homolka.cz/>

Motol Hospital: <http://www.fnmotol.cz/foreigners-department/html/>

Prague Public Transportation: <http://www.dpp.cz/en/>

Profi Taxis: www.profitaxi.cz

State Department Travel Site: <http://www.travel.state.gov/index.html>

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

UPS: www.ups.com/cz

US Embassy, Consular: http://www.usembassy.cz/general_consular_information.html

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Chapter 9: Contacts, Market Research and Trade Events

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- [Market Research](#)
- [Trade Events](#)

Contacts

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American Embassy Prague

Tržiště 15, 118 01 Praha 1

Tel: (+420) 257 022 000, Fax: (+420) 257 022 809

web: <http://prague.usembassy.gov/>

Norman Eisen, U.S. Ambassador to the Czech Republic
Vacant, Deputy Chief of Mission
Charles Jess, Consul General
William Silkworth, Political/Economic Chief
Steve Butler, Economic Officer
Robert Zimmerman, Public Affairs Officer

U.S. Commercial Service (U.S. Department of Commerce)

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Tel: (+420) 257 022 434; Fax: (+420) 257 022 810

web: <http://export.gov/czechrepublic/index.asp>

Stuart Schaag, Senior Commercial Officer, e-mail: Stuart.Schaag@trade.gov

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U.S. Department of Commerce

14th and Constitution Aves, NW
Washington, DC 20230

Advocacy Center

Pat Nugent

Tel: (202) 482-3392

e-mail: Patricia.Nugent@trade.gov, web: <http://www.export.gov/advocacy>

Market Access and Compliance

Silvia Savich, Czech Desk Officer, Central and Eastern Europe Division

Tel: (202) 482-3615, Fax (202) 482-4505

e-mail: Silvia.Savich@trade.gov, web: <http://www.ita.doc.gov/mac/>

U.S. Commercial Service

Danny Devito, Regional Director, Europe

Tel: 202-482-5402, Fax: 202-482-2456

e-mail: Danny.Devito@trade.gov, web: <http://www.ita.doc.gov/cs/>

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Weston Stacey, Executive Director

Dusni 10, 110 00 Prague 1

Tel: (+420) 222 329 430; Fax: (+420) 222 329 433

e-mail: amcham@amcham.cz, web: <http://www.amcham.cz>

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E-mail: info@czechtrade.cz, Web: www.czechtrade.cz

CzechTrade Chicago

Zuzana Pittnerova

505 North Lake Shore Drive, Suite 218, Chicago, IL 60611

Tel: (312) 644-1790, Fax: (312) 527-5544

E-mail: chicago@czechtrade.cz, Web: www.czechtrade-usa.us

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Main Office

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Stepanska 15, 120 00 Prague 2

Tel: (+420) 296 342 500, Fax: (+420) 296 342 502

E-mail: info@czechinvest.org, Web: www.czechinvest.org

CzechInvest USA - East Coast

Jan Fried

BNH - Bohemian National Hall, 321 E 73rd Street, New York, NY 10021
Tel: (347) 216-9355
E-mail: newyork@czechinvest.org , Web: www.czechinvest.org

CzechInvest USA - West Coast

Roman Horacek
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E-mail: california@czechinvest.org, Web: www.czechinvest.org

Czech Office for Standards, Metrology and Testing

Milan Holecek, President
Gorazdova 24, 128 01 Prague 2
Tel: (+420) 224 915 489, Fax: (+420) 224 915 064
e-mail: safarik@unmz.cz, web: <http://www.unmz.cz>

General Directorate of Customs

Pavel Novotny, General Director
Budejovicka 7, 140 96 Praha 4
Tel: (+420) 261 331 111, Fax: (+420) 261 332 900
e-mail: podatelna@cs.mfcr.cz, web: <http://www.cs.mfcr.cz>

Confederation of Industry of the Czech Republic

Jaroslav Hanák, President
Freyova 11, 190 05 Praha 9
Tel: (+420) 225 279 101, Fax: (+420)225 279 100
e-mail: spcr@spcr.cz, web: <http://www.spcr.cz>

Economic Chamber of the Czech Republic

Petr Kuzel, President
Freyova 27,190 00 Prague 9
Tel: (+420) 266 721 317, Fax: (+420) 266 721 690
e-mail: office@komora.cz, web: <http://www.komora.cz>

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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Please click on the [link](#) for information on upcoming global trade events that the U.S. Commercial Service is organizing. Additionally, a list of trade events that CS Prague is supporting or participating in can be found at our office's [website](#).

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Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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