

CZECH REPUBLIC

Business Conditions Snapshot

- Stable and relatively prosperous, the Czech Republic is an important market in Central Europe.
- GDP per capita is among the highest in the region. GDP growth has been steady, averaging over three per cent over the last three years before the COVID-19 pandemic.
- With an open, export-oriented economy, the Czech Republic was significantly affected by the disruption caused by the pandemic, and was forecast to see a drop in GDP of almost 7 per cent in 2020, slightly better than the EU average.
- The Czech Republic has experienced a rapid transformation to a market-based economy since the fall of communism in 1989 and the private sector accounts for around 80 per cent of GDP. The Czech Republic was allocated EUR24.2 billion in EU structural funds over the period 2014–2020, which has shored up investment in infrastructure and community services.
- Strategically located as a gateway from Germany into Central and Eastern Europe, the Czech Republic has benefited from a high level of foreign investment, particularly in advanced manufacturing. The Czech automotive industry represents one of the most developed automotive markets in the region. The country's high-level technical know-how has been shared over centuries and continues to deliver world-class products and services.
- The Czech Republic benefits from a highly qualified and competitively priced labour force. English language skills are widespread, particularly among younger people. The Czech Republic has the lowest unemployment rate in the EU at 2.0 per cent in August 2019. Even with the impact of the COVID-19 pandemic, unemployment is only forecast to rise to 2.7 per cent in 2020.
- Despite attracting growing numbers of workers, mainly from Eastern Europe, population growth is very low, with low birth rates and levels of inward migration and considerable outflows of migrants to other EU countries.

Key facts and figures

- Population: 10.6 million (2018)
- GDP growth: 2.5% (2019)
- GDP per capita: US\$23,21 (2019)
- Political system: parliamentary democracy
- Two way merchandise trade (2019): A\$937 million



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- Business conditions are generally good, with the Czech Republic ranked in the top 45 of the World Bank's Ease of Doing Business Index. The Czech Republic is also in the top 45 of Transparency International's Corruption Perception Index, although this is down from recent years.

Trade and Investment Opportunities

- Two-way trade (goods and services) between Australia and the Czech Republic in 2019 was over A\$1 billion.
 - Merchandise exports from Australia to the Czech Republic over this period totalled A\$119 million, with wool by far the largest category.
- Czech merchandise exports to Australia in 2018 totalled A\$776 million, with passenger motor vehicles the largest category.
- In 2019 Australian investment stock in the Czech Republic was estimated to be A\$252 million, while Czech investment in Australia was A\$636 million.
- Geopolitical tensions are creating opportunities in defence, and in supplying equipment to meet the Czech Republic's modernisation needs.
- Economic growth, rising wages and consumer purchasing power are creating opportunities.
 - Demand for Australian wine is burgeoning, with growth expanding at each price point.
 - Australian education is also highly sought after, including through student recruitment and collaboration between institutions.
 - Biotech, e-health, education and training are also in demand.
- The Czech Republic's position as a manufacturing hub and its need for infrastructure are creating opportunities in advanced manufacturing.
 - Significant EU structural funds are being invested in transport projects.
 - There are niche opportunities to provide services and technical solutions.
 - There may be opportunities to supply into the significant Czech automotive market.
- The Czech Republic stages a large number of trade events each year across a range of sectors.
 - Through these, Australian companies can take advantage of niche commercial opportunities.
- There are opportunities in central Europe for most products and services.



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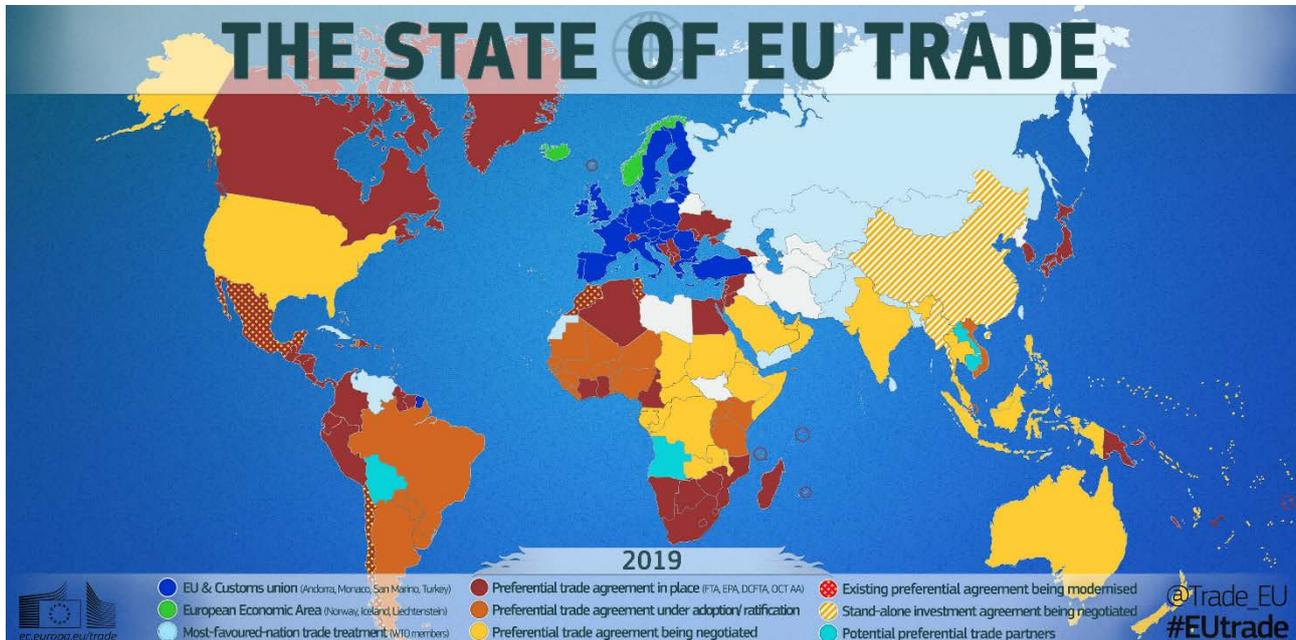
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- Central European markets are complex and require in-depth analysis to understand and define opportunities and business models.
- Like business in most markets, including Australia, it takes time to finalise commercial transactions. Be persistent, visit often and be ready to adjust to changing circumstances.
- Success will depend on exporters' willingness to commit resources, as a local presence is often required.
- Make the most of the available resources, including Austrade, to understand the market before making any commitments.
- If you're visiting Europe for meetings or an event, contact Austrade's Central European team in Warsaw or Prague for advice.

Trade Policy and Negotiations

The Czech Republic is a member of the European Union, which has a wide range of preferential trade agreements. Australia is currently negotiating a free trade agreement with the European Union, and progress has already been made towards opening new opportunities for Australian businesses.



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