



CZECH REPUBLIC

Capital: Prague

Population: (2009 Est.)

Czech Republic: 10.21 million

Virginia: 7.88 million

Government Type: Parliamentary Democracy

Chief of State: President Vaclav Klaus

Head of Government:

Prime Minister Jan Fischer

Language (Official): Czech

Land Size:

30,450 Square Miles

(Slightly smaller than South Carolina)

Currency:

Czech Koruna (CZK)

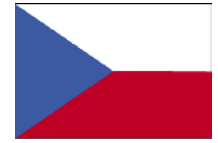
1US\$ = 21.63 CZK (www.oanda.com June 2010)



(Czech Republic Map. CIA)

Did You Know?

- As a member of the European Union (EU) since May 2004, the Czech Republic held the EU Presidency from January-June 2009 and made economic growth, energy security and a reduction of trade barriers its key priorities for Europe. The Czech government withdrew a 2010 target date for euro adoption and now aims to meet the Eurozone criteria by 2012. (CIA World Factbook)
- The Czech Republic, along with its neighbor Slovakia, has become a hub for automotive and electronics manufacturing in Central Europe. The automotive sector accounts for an estimated 10% of the Czech Republic's annual economic output (GDP) and 20% of the country's industrial output.
- The Czech Republic has been a member of NATO since 1999 and is a strong ally of the United States.
- Ten percent of the country's population lives in Prague, making it an ideal location from which to service the rest of the country.
- The Czech Republic is one of the most popular tourist destinations in Europe. The country joined the U.S. Visa Waiver Program in November 2008, making reciprocal travel easier. U.S. visitors to the Czech Republic need only a passport and proof of sufficient travel funds.
- As a result of the global financial crisis, U.S. exports to the Czech Republic were down 30% in 2009 and were valued at \$969.74 million. (World Trade Atlas)



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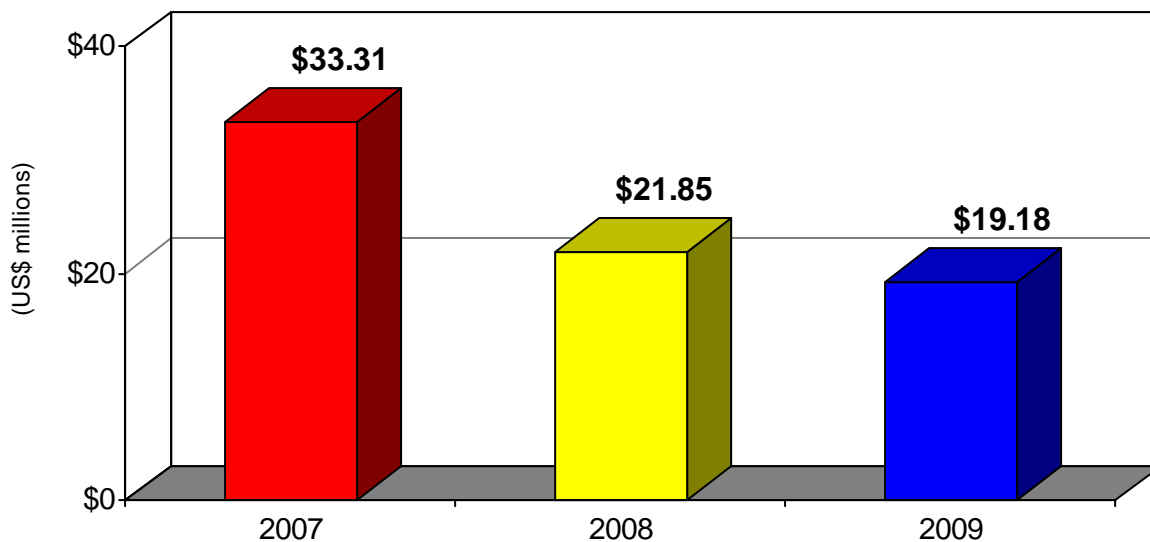
ECONOMIC OUTLOOK

The Czech Republic is one of the most stable and prosperous of the post-Communist states of Central and Eastern Europe. Maintaining an open investment climate has been a key element of the Czech Republic's transition from a communist, centrally planned economy to a successful market economy. As a member of the European Union, the Czech Republic is an attractive destination for foreign investment due to an advantageous location in the center of Europe, a relatively low cost structure, and a well-qualified labor force. Prior to its EU accession in 2004, the Czech government harmonized its laws and regulations with those of the European Union. The government plans to meet the criteria for joining the Eurozone (adopting the Euro as currency) by 2012.

(CIA World Factbook)

The Czech economy is driven by international trade, and the global recession has weakened demand in most of the Czech Republic's main export markets. The country's fortunes will depend in large part on the recovery of the automotive sector in Europe, to which the Czech Republic is a major supplier. In addition, the current debt crisis in Greece may have destabilizing effects across the EU that prolong the region's recession and dampen demand for the Czech Republic's main exports. It remains to be seen if the Czech Republic's adoption of the Euro is postponed past 2012 due to the recent instability of the Euro in foreign exchange markets.

VIRGINIA EXPORTS TO THE CZECH REPUBLIC



(Source for Graph: World Trade Atlas)



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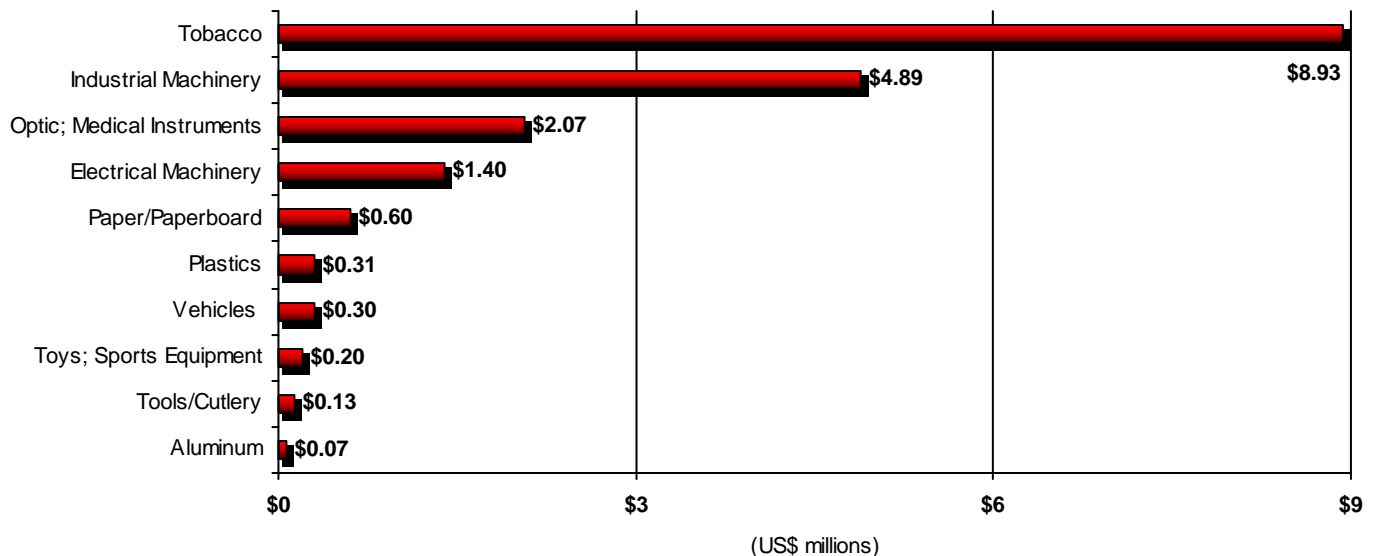
VIRGINIA EXPORTS TO THE CZECH REPUBLIC

Virginia exports to the Czech Republic fell 12% to \$19.18 million in 2009. The steep decline is largely attributed to a drop in exports of industrial and electrical machinery. Fortunately, the demand for some Virginia products made up for some of these losses. For example, U.S. exports of tobacco to the Czech Republic via Virginia expanded 44% in 2009 to reach a value of \$8.93 million. After North Carolina, Virginia is the top source of American tobacco for the Czech Republic. Other top Virginia exports to the Czech Republic in 2009 included pneumatic hand tools, valued at \$2.45 million, and parts for machine tools, valued at \$1.09 million.

On a national level, the United States' top exports to the Czech Republic in 2009 (with values in parentheses) included the following:

- Aircraft/spacecraft (\$101.93 million)
- Medical instruments (\$59.06 million)
- Computers and components (\$40.79 million)
- Telephony apparatus (\$25.49 million)
- Chemical woodpulp (\$20.11 million)
- Perfumes and cosmetics (\$18.34 million)

VIRGINIA'S TOP EXPORTS TO THE CZECH REPUBLIC - 2009



(Source for Text and Graph: World Trade Atlas)



VEDP TRADE EVENTS

Group Market Visit to the Czech Republic and Poland: October 4-8.

For more information contact Stephanie Tignor, Global Network Manager, (804) 545-5756, stignor@yesvirginia.org.

Other Services: The VEDP offers a number of export-related services to Virginia businesses, including independent market visits and market research by our Global Network of in-country consultants. These services are available to all Virginia exporters. For more information, please visit our website: www.exportvirginia.org.

ADDITIONAL RESOURCES

American Chamber of Commerce in the Czech Republic: <http://www.amcham.cz>

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

Czech Exporters Directory: <http://exporters.czechtrade.cz/en/company-catalogue/>

Czech Info Center online (business news): <http://www.czechinfocenter.com>

Czech Business Weekly online: <http://www.cbw.cz/en/default.aspx>

National Trade Promotion Agency of the Ministry of Industry and Trade of the Czech Republic: <http://www.czechtradeoffices.com/Global>

WORKS CITED

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