FAST FACTS

Export Opportunities in Czech Republic

In 2017, Czech Republic ranked 55th among U.S. export destinations and 63rd among Virginia export destinations. Some of the top opportunities for U.S. exporters in Czech Republic include:

- Automotive Parts and Equipment
- Cosmetics
- Cybersecurity
- Education
- Franchising
- Laboratory Equipment
- Pet and Veterinary

Top Virginia Exports to the Czech Republic

<table>
<thead>
<tr>
<th>Export Category</th>
<th>2017 Value</th>
<th>Change 2017/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Commodity Chapters</td>
<td>$29.0</td>
<td>17%</td>
</tr>
<tr>
<td>Industrial Machinery</td>
<td>$16.0</td>
<td>9%</td>
</tr>
<tr>
<td>Medical Instruments</td>
<td>$3.2</td>
<td>-14%</td>
</tr>
<tr>
<td>Mineral Fuels &amp; Oils</td>
<td>$2.3</td>
<td>n/a</td>
</tr>
<tr>
<td>Electrical Machinery</td>
<td>$1.7</td>
<td>-10%</td>
</tr>
<tr>
<td>Soap, Waxes, Lubricant</td>
<td>$1.0</td>
<td>234%</td>
</tr>
<tr>
<td>Chemical Products</td>
<td>$0.8</td>
<td>10%</td>
</tr>
<tr>
<td>Basic Metal Tools</td>
<td>$0.8</td>
<td>-21%</td>
</tr>
<tr>
<td>Wadding &amp; Nonwovens</td>
<td>$0.7</td>
<td>106%</td>
</tr>
<tr>
<td>Toys And Games</td>
<td>$0.7</td>
<td>82%</td>
</tr>
<tr>
<td>Plastics</td>
<td>$0.4</td>
<td>-22%</td>
</tr>
</tbody>
</table>

U.S. Exports to Czech Republic

In US$ Billions

- 2015: $2.0
- 2016: $2.0
- 2017: $2.3

(World Trade Atlas)
FAST FACTS

Opportunities in Czech Republic for Exporters

**Cybersecurity and ICT**

In 2016, the Czech Parliament amended the existing cyber security law due to the increasing number of cyber-attacks on Czech websites. The 2016 budget for cyber security was almost $15 million. The National Cyber Security Strategy Action Plan is an ongoing initiative expiring in 2020.

Top prospects for U.S. exports include:
- Electronic systems for banking
- Network equipment
- Software as a service (SaaS)
- Border protection
- Cybersecurity training

**Franchising**

Franchising is becoming more popular in the Czech market. In 2014, the number of foreign franchise brands grew by 20%, to 104, which represents a 42% market share. Analysts estimate the market can accommodate around 300 franchises, and the Czech legal system places no barriers to entry and operation of a franchise. An aging population is increasing the demand for home delivery.

Top opportunities for U.S. exporters include:
- Hospitality
- Child care services, education, training
- Wellness, fitness, and cosmetic centers
- Apparel, fashion
- Real estate services

**Laboratory Equipment**

A robust healthcare sector and major investments in public and private R&D budgets will fuel growth in laboratory equipment. Additional funding should be available through EU funding programs. Although domestic manufacturers are increasingly competitive, the majority of medical devices used in the Czech Republic are imported.

Top prospects include:
- Nanomaterials
- Biotechnology
- Digital image processing
- Physical/chemical analysis instruments

**Cosmetics**

On average, a Czech woman uses nine cosmetic items a day and spends $80 each month on cosmetics. The Czech Republic has seen a broadening of the market with more interested men and adolescents. Health consciousness is also fueling a demand for natural makeup and hair care. An elderly population is interested in anti-aging creams.

Top opportunities include:
- Fragrances
- Natural/Organic products
- Aesthetic Medicine
- Dental hygiene products
- Colored cosmetics

(US Commercial Service)
The Czech Republic is a stable and prosperous market economy closely integrated with the EU, especially since the country’s EU accession in 2004.

While the conservative, inward-looking Czech financial system has remained relatively healthy, the small, open, export-driven Czech economy remains sensitive to changes in the economic performance of its main export markets, especially Germany.

In 2012 and 2013, the economy fell into a recession due both to a slump on external demand in the EU and to the government’s austerity measures, returning to weak growth in 2014, and a stronger growth in 2015. The Czech economy was one of the EU’s best performers in 2017 with 2.8% unemployment, the lowest rate in Europe.

Foreign and domestic businesses alike voice concerns about corruption, especially in public procurement. Other long-term challenges include a skilled worker shortage, funding an unsustainable pension and health care system, and diversifying away from manufacturing and toward a more high-tech, services-based, knowledge economy.

(CIA World Factbook)

Cultural Guide

- Try not to schedule meetings on Friday afternoon as many Czechs leave for their country cottages after lunch. Many businesses close during August.
- Punctuality for meetings is taken extremely seriously. Presentations should be accurate, detailed and thorough. Have charts and figures to back up your claims.
- Czechs are both formal and somewhat indirect in their communication. They try not to purposely offend and will often go out of their way to protect someone's feelings; they are non-confrontational.
- It will take several meetings for your Czech business associates to become familiar with you and appear comfortable and friendly. Politeness prevents many Czechs from giving an absolute ‘no’. However, statements such as 'It is difficult' or 'We will see' are often negatives.

Do not remove your suit jacket unless the highest-ranking Czech does so.

- Business is hierarchical. Decisions are reached slowly.
- Avoid high-pressure tactics. Czechs generally offer what they expect to get and do not often give counteroffers.
Virginia Economic Development Partnership - International Trade offers a number of export-related services to Virginia businesses, including trade missions 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: ExportVirginia.org

### Additional Resources

- **Czech Republic Overview**
  - Global Edge - Michigan State University

- **Taxation and Economy**
  - World-Wide Tax

- **Kwintessential Czech Republic**
  - Kwintessential Guide to Czech Republic

- **Czech Republic Country Commercial Guide**
  - U.S. Commercial Service

- **Doing Business in the Czech Republic**
  - Embassy of the US, in the Czech Republic

- **Ease of Doing Business Report**
  - World Bank

- **Exporting to Czech Republic**
  - United Kingdom Trade & Investment