

Czech Republic

An overview on economy and business environment



The Czech Republic is strategically located across the oldest land routes in Central Europe, bordering Poland, Germany, Austria, and Slovakia. It split from Slovakia on 1 January 1993 and it has successfully changed from a centrally planned economy to a market economy with a free price system. The open investment climate has been a key element of this transition. Czechia is now one of the most stable and prosperous countries in Central and Eastern Europe.

Despite the Covid-19 pandemic, Czechia keeps being a very appealing market for foreign companies. Especially in this period characterized by uncertainty, only the most credited and trusted business information sources can successfully support you in retrieving information on Czech companies.

As a member of the European Union, thanks to its advantageous location in the center of Europe, to the relatively low cost structure, and to the a well-qualified labour force, the Czech Republic is definitely an attractive destination for foreign investment and international business. Prior to the Covid pandemic, in 2019, the economic growth was steady and the financial system remained healthy and stable throughout 2019.



In 2020 the economy contracted sharply due to the pandemic, but GDP is projected to grow by 2.5% by the end of 2021, 3% in 2022 and 3.9% in 2023. The ease of containment measures thanks also to the steady increase of vaccinations, will support a rebound in services and boost household consumption. However, exports and manufacturing activity will still face difficulties until mid-2022 due to supply disruptions caused by lack of material and electronic parts. Unemployment is expected to continue to decrease and the labour market to strengthen.

The agricultural sector went through a serious crisis in the 1990s and after decades remains highly subsidized by the state. In 2019, it accounted for 1.9% of the country's GDP and employed 3% of the labour force (World Bank). The main agricultural products are sugar beet, potatoes, wheat, barley and poultry.

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The industry sector accounts for 32% of GDP and employs 37% of the labour force. The automotive sector is undoubtedly the largest industry, with companies like Skoda. AlsoHynday, Toyota and PSA have started producing cars in the Czech Republic. Czech cars are also the backbone of exports. Unfortunately car production is currently being significantly reduced due to a lack of chips.

These problems in car production are expected to continue for at least another two or more quarters. High-tech engineering and machine engineering are very important for the Czech industry sector too.

Also food processing and brewing, as well as the chemical, rubber, cement, textile, footwear, and glass industries are very important. The Czech iron and steel industries have traditionally been among the largest in eastern Europe but rely mainly on imported ores.

Services contribute to 56.2% of the GDP and employ nearly 60% of the active population. The focus in the services sector is on research and development, ICT and software development, nanotechnology, real estates, consultancy, business, finance and life sciences. The tourism sector had a very important growth until 2019, but unfortunately, the Covid-19 pandemic had a negative impact and the sector is still struggling due to the pandemic waves which are periodically affecting the world.

The Czech Republic's economy is very open to the international markets. As previously said, the automotive industry is the backbone of trade, both for imports and exports, car and spare part manufacturing accounting for nearly 20% of Czech exports. Machinery is another major source of Czech exports. Vehicles and spare parts are also among major imports, second only to telecommunication devices.



The pandemic and the international trade dynamics have had a strong negative impact on exports and supply shortages are still creating difficulties to the export, nevertheless, Czech exports are forecast to rebound in the next years.

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Germany is Czech Republic's major export partner, followed by Slovakia, Poland, France, Austria and United Kingdom. Germany is also the first largest supplier of goods, followed by China, Poland, Slovakia and Italy. Becoming a member of the EU has allowed the Czech Republic to enter the Common Market and solidify its position as a low-cost production base.



Despite the Covid-19 pandemic, Czechia keeps being a very appealing market for foreign companies. Especially in this period characterized by uncertainty, only the most credited and trusted business information sources can successfully support you in retrieving information on Czech companies. SkyMinder, thanks to the local provider CRIF – Czech Credit Bureau, one of the most expert and trusted sources in the country, is able to support you in getting a reliable and in-depth view of your business partner and prospects.

All SkyMinder credit reports on Czechia are online and updated and they include the following information:

- Complete company identification details
- Company registration details:
- Directors and company structure: board of directors, shareholders and related companies
- Financial accounts
- Credit rating, probability of bankruptcy and suggested credit limit
- Number of employees' range, sector and industry of the company, banks information
- Negative information on the company; historical and legal events.

The reports are complete, updated and easy to read. In addition to the Credit Reports, on SkyMinder it is possible to keep Czech companies monitored for 12 months, thanks to the Alert and Full Monitoring Service. Our provider CRIF – Czech Credit Bureau also offer the Slim Report, a report with essential information helpful to assess the risk of company, and the KYC report focused on the shareholding structure. Thanks to SkyMinder credit reports and the expertise of local providers, it is possible to establish safe and profitable business partnership with any Czech company.

Sources: <https://taxsummaries.pwc.com/czech-republic>; <https://www.oecd.org/>; <https://international.groupecreditagricole.com/>; <https://data.worldbank.org/>; www.britannica.com