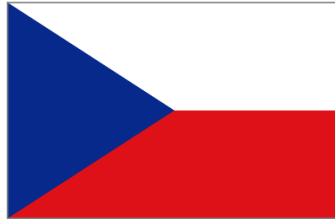




UK Trade
& Investment

UKTI DSO MARKET BRIEF: CZECH REPUBLIC



Issue Date: May 2013

MILITARY OVERVIEW

The Czech Republic is a member of NATO and the EU, and has fielded a contribution of around 600 personnel in Afghanistan. The Czech Army is currently undergoing modernisation and restructuring, and is now a fully-professional force. More details can be found in the Czech Defence Ministry's "Security Strategy of the Czech Republic" at:
http://www.army.cz/images/id_8001_9000/8503/Czech_Security_Strategy_2012.pdf

DEFENCE & SECURITY OPPORTUNITIES

Procurement opportunities are flat, reflecting budgetary restraint. A change in legislation now allows the Czech Defence Ministry to contract direct with industry, or use a middleman if preferred. The largest single project is the extension to the lease of the Gripen aircraft.

The British Embassy in Prague advises that while military hardware attracts little funding, there are still opportunities in the service sector.

ECONOMIC BACKGROUND

Source: IMF World Economic Outlook Database

	2009	2010	2011
GDP (\$BN)	190.204	192.030	220.335
Per Capita GDP (\$)	18,170.86	18,276.67	20,925.44

DEFENCE ECONOMICS

Defence Budget

Source: British Embassy Prague

Year	2011	2012
(\$BN)	1.81	1.91

THE CZECH DEFENCE MARKET AND HOW TO DO BUSINESS

Fundamentals Needed to Succeed in the Czech Defence Market - Routes to Market

Direct sales into the Czech market can be difficult, and for most British companies it is more effective to approach the market through local business partners. Czech companies are experienced at acting as an agent, distributor or representative for foreign companies. It is, nevertheless, essential not to rush into a long-term agreement without first having developed a good working relationship with your potential representative. Commission agents are not very common and can be difficult to identify. Foreign companies may also establish a branch office.

HMG Support

For the Czech defence market, advice, support and assistance to UK companies is provided by UKTI DSO RD Africa, Europe, Middle East, Central & South Asia in London, the UKTI Commercial Officer in the British Embassy in Prague, and the Defence Attaché for the Czech Republic based at the British Embassy in Prague.

We encourage the companies interested in opportunities in the country's defence and security sectors to contact the UKTI Trade & Investment Team at the British Embassy in Prague for advice and practical support.

Czech Republic Export Controls

UK defence manufacturers must first obtain a F680 licence, in order to be able to export, but should also ensure that none of the items are controlled, or appear on the Military List. This also applies to UK security companies.

For more information, contact the Export Control Organisation of the Department of Business, Innovation and Skills, at <http://www.bis.gov.uk/exportcontrol>.

Visit Security Clearance

This is obtained from the UK Ministry of Defence's (MoD) International Visits Control Office, which is located at Abbey Wood in Bristol.

Further guidance and the required forms are at:

<https://www.gov.uk/defence-equipment-and-support-principal-security-advisor#inward-visits>

ARMED FORCES - MILITARY STRENGTH

Active: ca. 26,500 (Land Forces and Air Force), but reductions are expected.

SECURITY ISSUES

The Czech security market has grown dramatically over the last 18 years, and is therefore reasonably well developed and strongly competitive. New technology and products are key to winning. A large number of local companies distribute, integrate or design, install and service security solutions. British security brands are known and distributed in the Czech Republic. The established structure of the market and the nature of the business make identification of a good local partner a priority. The primary impediment for entering the market for top security or demanding applications is certification from the National Security Authority. System integration has grown and major companies estimate that digital surveillance with networking functions will dominate the market within the next few years. The police, public and industrial buildings are now seeking networked and digital surveillance systems.

DOMESTIC DEFENCE INDUSTRIAL CAPABILITY

The Czech domestic defence industrial capability has survived the country's transition from the Cold War to a democracy, and has strengthened to become one of the best in central Europe. Major defence companies – which have supplied to the armed forces of the Czech Republic and other countries for many years – include Aero Vodochody, EGO Zlín, Explosia A.S., LOM Praha s.p. and Omnipol a.s.

DEFENCE IMPORTS & EXPORTS 2007-2011

Source: UKTI DSO Survey of Defence Exports & Various Open Sources

Identified Czech Defence Import Procurement:

Total: \$401M

Identified Country Suppliers/Market Share:

Italy	\$206M	(51%)
Spain	\$167M	(42%)
Norway	\$14M	(3.5%)
UK	\$7M	(2%)
USA	\$5M	(1.5%)

Identified Czech Defence Exports:

Total: \$32M

COMPETITORS

Italy and Spain have secured the largest contracts recently

PROCUREMENT ORG

Defence procurement is carried out by the Procurement Supervision Office of the Armaments Division of the Czech Defence Ministry.

KEY PERSONALITIES

<u>Defence Minister</u>	Dr. Alexandr Vondra
<u>First Deputy Minister for Defence</u>	Jiri Sedivy
<u>Armed Forces</u>	Supreme Commander – President Vaclav Klaus Chief of General Staff – Gen. Petr Pavel
<u>Land Forces</u>	Commander – Brig-Gen. Stefan Kaleta
<u>Air Force</u>	Commander – Brig-Gen. Jiri Verner
<u>Minister of Interior</u>	Jan Kubice

Further Information:

If you require further information/clarification on anything in this Fact Sheet, please contact:

UKTI Defence & Security Organisation
BD Market Analysis
1st Floor
1 Victoria Street
London SW1H 0ET
Telephone: 020 7215 8209

E-mail: dso.businessservices@ukti.gsi.gov.uk

Next steps - How UKTI can help

British companies wishing to develop their business in the Czech market are advised to undertake as much market research and planning as possible in the UK. UKTI's team in the Czech Republic, with its wide local knowledge and experience, can provide a range of services to British-based companies wishing to grow their business in global markets.

This can include:

- Provision of market information
- Validated lists of agents/distributors
- Key market players or potential customers in the Czech market
- Establishment of interest of such contacts in working with you
- Presentation of companies' products/services hosted either at the Embassy or at HM Ambassador's residence
- Business lunches, dinners or receptions with targeted top management from Government and/or private entities

This work is available via our [Overseas Market Introduction Service \(OMIS\)](#) a chargeable service which assists British-based companies wishing to enter or expand their business in overseas markets.

To find out more about commissioning this work, or accessing other UKTI services and specialist advice, please visit the UKTI website to find [contact details for your local UKTI office.](#)

Other Useful Contacts:

Czech Desk, UKTI Defence & Security Organisation

RD, Desk Officer for Central & Eastern Europe
UK Trade & Investment Defence & Security Organisation
1 Victoria Street
London SW1H 0ET
T: +44 (0)20 7215 8234

Czech Embassy London

Embassy of the Czech Republic
26-30 Kensington Palace Gardens
London W8 4QY
Tel: 020 7243 1115
Fax: 020 7727 9654

E-mail: london@embassy.mzv.cz
Internet: <http://www.mzv.cz/london/en/index.html>

British Embassy in Czech Republic

British Embassy Prague
Thunovska 14
118 00 Prague 1

Tel: 00420 257 402 278
Fax: 00420 257 402 296
jana.urbankova@fco.gov.uk

Internet: <http://ukinczechrepublic.fco.gov.uk/en/>

Other Useful Websites:

Government of the Czech Republic: <http://www.vlada.cz/en/>

Ministry of Defence: <http://www.army.cz/en/default.htm>

Ministry of Interior: <http://www.mvcr.cz/mvcren/>

Customs procedures: <http://www.celnisprava.cz/en/Pages/default.aspx>

Czech Police: <http://www.policie.cz/clanek/Police-of-the-Czech-Republic.aspx>

Czech Border Police (Czech language only): <http://www.policie.cz/sluzba-cizinecke-policie.aspx>

Security Information Service: http://www.bis.cz/index_en.html

Czech Republic Travel Advice

Travel information and general Embassy contact details can be found at:
<http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/europe/czech-republic>

<http://ukinczechrepublic.fco.gov.uk/en/>

Foreign Consular Offices in the Czech Republic

Media, travel, careers, business and state links/information can be found at:

CTK (national news agency) (in English): <http://www.ctk.eu/>

The Prague Post (in English): <http://www.praguepost.com/>

Prague Daily Monitor (in English): <http://praguemonitor.com/>

Czech News in English: <http://www.cnie.cz/>

Radio Praha (in English): <http://www.radio.cz/en/>

Tourism: <http://www.czechtourism.com/Homepage.aspx>
<http://www.discoverczech.com/>

Visa Services and Links

<http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/europe/czech-republic>

British citizens travelling on a British EU passport do not require a visa. Passports should ideally have a minimum of six months' validity at the time of any visit to the Czech Republic.

BBC Country Profiles

<http://www.bbc.co.uk/news/world-europe-17220018>

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Published May 2013 by UK Trade & Investment.
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