



ABOUT THE CZECH REPUBLIC

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In the past of every country you can find fateful moments, which create its history. Foundation of the Czech Republic in 1993 and its access to the European Union belonged with no doubts to such moments. The aim of this publication is to briefly map (with help of available statistical data) the development of economic potential and social background from the foundation of the republic until nowadays. As for its character, it is meant mainly for the wide public – both the domestic and the foreign.

The Czech Republic became a member state of the EU on 1 May 2004. The membership was preceded by signature of the Accession Treaty on the EU summit in Athens on 16 April 2003 and the following referendum on 13-14 June, in which most of the Czech electors (77.3%) approved the accession of the CR to the EU. The Czech Republic together with other nine countries enlarged the EU to the total number of 25 member states. 24 Czech deputies joined the work of the European Parliament. Now, in the EU27, the CR is the ninth most populated country of the EU – it comprises 2.1% of the EU population and 1.8% of the territory of the EU.

EU27 AND THE CR IN 2007 (selected data)

(%)

	EU 27	CR
Population		
Age structure:		
0–14 years	15.8	14.4
15–49 years	48.9	50.0
50–64 years	18.3	21.2
65+ years	16.9	14.4
Per 1 000 population (‰)		
Live births	10.6	11.1
Natural increase	1.0	1.0
Total increase	4.8	9.1
Deaths	9.6	10.1
Females per 100 males	104.9	104.7
Employment and unemployment		
Structure of employment:		
Primary sector	6.0	3.5
Secondary sector	24.9	38.2
Tertiary sector	69.1	58.3
Employment rate (15–64 years)	65.4	66.1
Economic activity rate:		
15–64 years	70.5	69.9
15–54 years	84.4	87.8
55–64 years	47.3	48.2
General unemployment rate	7.1	5.3
Long-term unemployment rate	3.1	2.8
Macroeconomy		
Year-on-year GDP growth	102.9	106.6
Share of spheres in GDP:		
Primary	1.9	2.6
Secondary	26.4	38.2
Tertiary	71.7	59.2
Year-on-year inflation (HICP)	2.4	3.0
External trade		
External trade balance (% GDP)	0.4	5.1
Share of export to the EU states	68.1	85.2
Share of import from the EU states	64.3	80.3

Source: Eurostat

	1995	2000	2005	2007
Area (km ²)	78 867			
Population density per 1 km ² (persons)	131	130	130	132
Population – mid-year (Thousand persons)	10 331	10 272	10 234	10 323
urban population	7 266	7 281	7 175	7 236
in municipalities				
over 2 000 population	7 706	7 630	7 531	7 572
over 3 000 population	7 240	7 153	7 030	7 058
over 5 000 population	6 644	6 526	6 409	6 437

The Czech Republic is a landlocked country. With its area it ranks 15th among the EU27, as for population it is the 12th and population density the 8th. From 1 January 2000 it is divided into 14 regions – higher territorial self-governing units, including the City of Prague as an independent region and 76 districts. Basic territorial self-governing units are municipalities (6 249). Some of them have extended scope of delegated power (205) and those execute state administration also for municipalities belonging to their administration district.

REGIONS AND DISTRICTS OF THE CZECH REPUBLIC
AS AT 1 JANUARY 2008

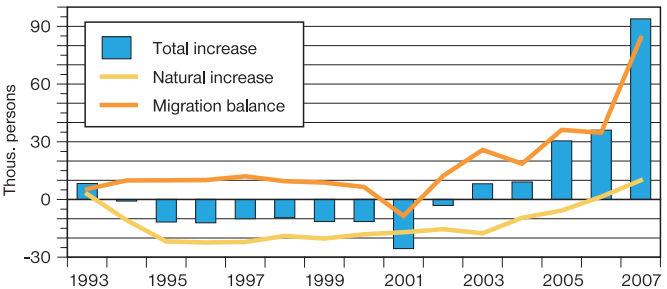


The highest density of population is in Prague, in which 2 350 inhabitants live on 1 sq km. Twenty-two towns have more than 50 thousand and 131 towns over 10 thousand inhabitants. The Czech Republic is called “the heart of Europe”, because on its territory there is water parting of three seas – the North, Baltic and Black Sea and also boundary of two mountain systems of different geological age. The Czech Republic is an attractive country; besides its beauties of nature it has 12 sights of historical interest included on the UNESCO heritage list.

	1995	2000	2005	2007
Population as at 31 December (Thousand persons)	10 321	10 267	10 251	10 381
Males	5 016	4 997	5 003	5 083
Females	5 305	5 270	5 248	5 298
by age group (%)				
0-14	18.3	16.2	14.6	14.2
15-64	68.4	69.9	71.2	71.2
65+	13.3	13.9	14.2	14.6
Age index	72.5	85.5	97.0	102.4
Total fertility rate	1.28	1.14	1.28	1.44
Infant mortality rate (‰)	7.7	4.1	3.4	3.1
Neonatal mortality rate (‰)	4.9	2.5	2.0	2.1
Life expectancy (years)				
Males	69.7	71.6	72.9	73.7
Females	76.6	78.3	79.1	79.9

Number of population from 1995 to 2002 was gradually decreasing due to negative natural increase. Number of children born in that period was constantly very low; the historical minimum of children (89 471) was born in 1999. In 2005, after 10 years, over 100 thousand children were born again thanks to strong population years of women in the age of their higher fertility. The age index will continue to worsen due to exceptionally numerous age groups from the 1940's.

POPULATION INCREASE



Despite an increasing share of people aged 65+, among which the risk of death is growing, the intensity of mortality was gradually decreasing. It was, among others, thanks to improvement of medical care and the environment as well as new trends in life style, especially in alimentation. The most markedly it is shown by a decreasing share of deaths due to circulatory system diseases, especially acute heart attacks.

	1995	2000	2005	2007
Deaths, total	117 913	109 001	107 938	104 636
Circulatory system diseases	65 951	58 192	55 155	52 464
% of the total	55.9	53.4	51.0	50.1
Heart attack	13 822	11 347	7 354	6 667
% of the total	11.7	10.4	6.8	6.4
Neoplasm	28 631	28 705	28 255	27 709
% of the total	24.3	26.3	26.2	26.5

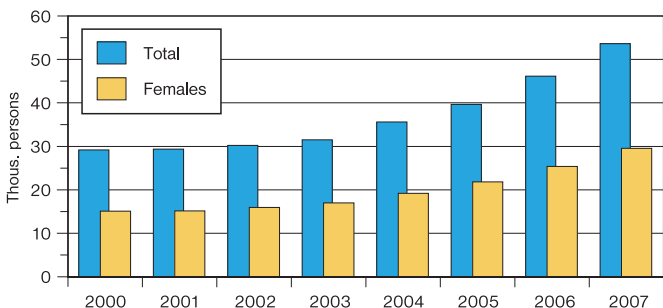
EDUCATION STRUCTURE OF POPULATION 15+

(%)

	1995	2000	2005	2007
Highest attained education				
Basic	26.6	24.1	20.0	19.1
Secondary without matura examination	38.7	37.3	37.7	36.7
with matura examination	26.8	30.0	31.9	33.2
University	7.9	8.6	10.4	11.0

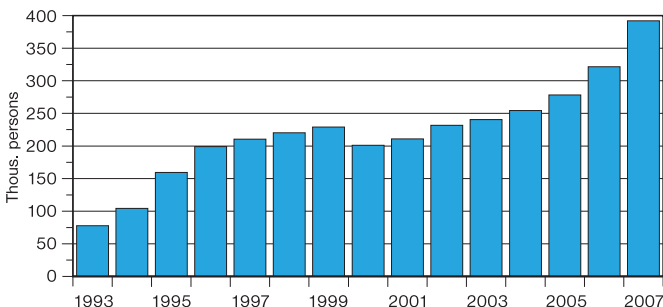
The trend of educatedness growth is long-term; lasting is mainly interest in secondary education with matura examination (like GCSE examination) and university education. Territorial differences within the republic as for the education structure are minimal; Prague shows more university and secondary school educated persons than the national average.

GRADUATES FROM PUBLIC UNIVERSITIES



Increase of the number of persons, who immigrated into the republic contributed to the population growth. In 2007, the positive increment thanks to migration reached 83 945 persons and was positively the highest from the foundation of the independent Czech Republic.

FOREIGNERS IN THE CR



Among the five most numerous groups of foreigners are the Ukrainians, Slovaks, Vietnamese, Poles and Russians. From 1997 to 2007 the number of Ukrainians increased by 83 397 (to 126 799), Slovaks by 15 711 (to 67 889), Vietnamese by 30 209 (to 51 159), Russians by 14 752 (to 23 690). Number of Poles decreased by 4 418 (to 20 601).

According to the latest data available from the Population Census, in 2001 there were 4 270.7 thousand families and households in the Czech Republic.

Two-parent families comprised 54.6%, lone-parent families 13.5%, households of singles 29.9%. In comparison to the situation in 1991, the number of two-parent families decreased by almost 180 thousand, while the number of lone-parent families increased by 142 thousand. According to the Labour Force Sample Survey this trend continued also in the following years.

It is caused by overall changes in the life style of the young generation. Most of all, it applies to wider possibilities of self-realization at work, long-term study and working programmes abroad, however, also to higher financial costs necessary to start a family. That leads to the decrease of the level of marriage rate; related to that is postponing of starting of families and delivering of children.

Higher divorce rate leads to breaking of families and it is also one of the reasons for aversion to conclude new marriages. The share of the number of children born out of marriage increased from 8% in 1989 to 33% nowadays.

MARRIAGES AND DIVORCES

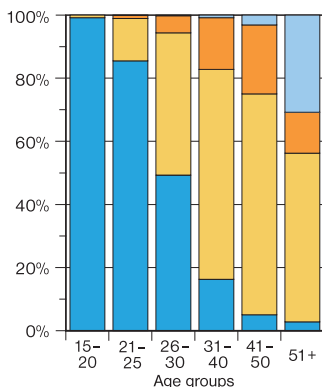
	Marriages		Average age at the 1st marriage		Divorces	
	Number	Per 1 000 population	Females	Males	Number	Per 100 marriages
1993	66 033	6.4	23.2	25.4	30 227	45.8
1995	54 956	5.3	24.6	26.7	31 135	56.7
2000	55 321	5.4	26.4	28.8	29 704	53.7
2005	51 829	5.1	28.1	30.7	31 288	60.4
2006	52 860	5.1	28.4	31.0	31 415	59.4
2007	57 157	5.5	28.6	31.2	31 129	54.5

The highest share of incomplete families lives in Prague and the Karlovarský Region. In the Liberecký Region, there is the highest share of incomplete families with 2 and more children. Higher share of complete families is reported from regions in Moravia.

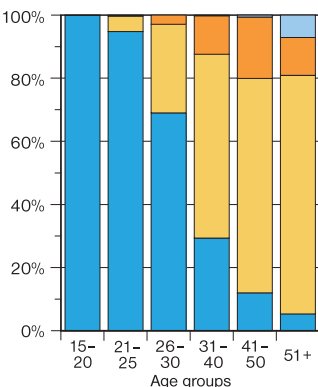
MARITAL STATUS

by age group as at 31 December 2007

Females



Males



HOUSEHOLDS

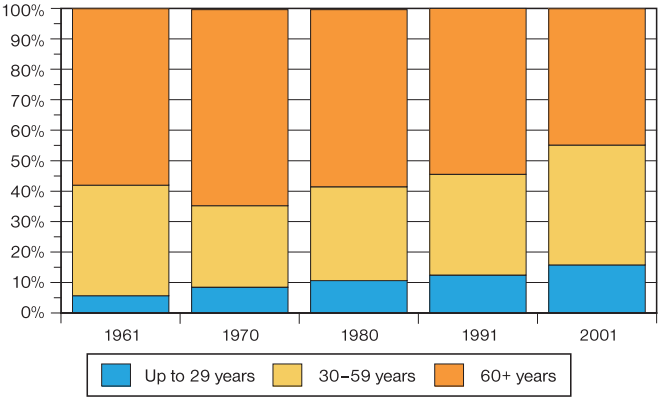
	Households				
	Total	Two-parent	Lone-parent	Of individuals	Non-family
Thousands					
1991	4 051.6	2 512.9	434.4	1 089.6	14.7
2001	4 270.7	2 333.6	576.4	1 276.2	84.5
(%)					
1991	100.0	62.0	10.7	26.9	0.4
2001	100.0	54.6	13.5	29.9	2.0

Due to the above-mentioned reasons, the size of households is constantly decreasing. In 2001, the average size of a two-parent family was 3.12 persons, lone-parent family 2.46 persons. However, the most often type of a family with children is still a model of two children; the increasing share of households of individuals (especially among younger age groups) is decreasing the favourable trend in that respect for the future.

DISTRIBUTION OF FAMILIES BY NUMBER OF DEPENDENT CHILDREN

	Families			
	1991		2001	
	Two-parent	Lone-parent	Two-parent	Lone-parent
Total	100.0	100.0	100.0	100.0
without children	44.5	41.5	53.3	40.4
1 child	22.5	38.2	20.3	38.5
2 children	26.7	16.9	22.1	17.8
3 children	5.4	2.9	3.6	2.7
4 and more children	0.9	0.5	0.7	0.6

DISTRIBUTION OF HOUSEHOLDS OF SINGLES
by age group



In 2007, economic activity was lower in comparison to 1993 by 2.6 percentage points in total and reached 58.8% (68.3% for males and 49.8% for females). The decrease was influenced by unfavourable demographic development, especially by the growing number of persons in the retirement age, gradual increasing of the age necessary to retire and prolonging of the length of education of young people.

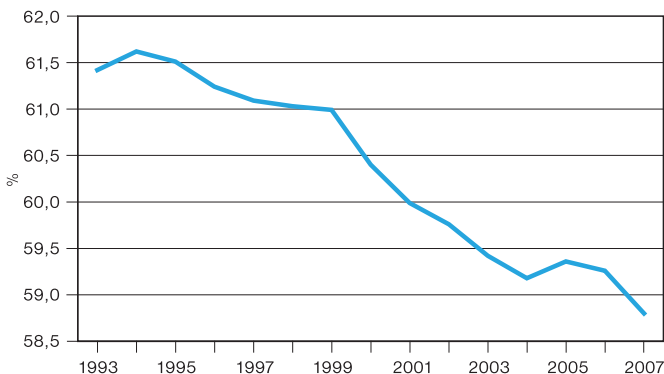
The number of the employed in the national economy was fluctuating year-on-year; it has been constantly increasing from 2005. After a sharp development of the business sector in the 1990's, changes in the structure by status in employment were less intensive. There was a substantial increase of the number of university-educated workers; slower increase was among employees with the maturita exam (like GCSE). In the secondary sector, the highest growth of employment was reported by manufacturing, especially manufacture of transport equipment and manufacture of electrical and optical equipment, in services it was in the area of real estates and other business activities.

EMPLOYMENT IN NATIONAL ECONOMY

	1995	2000	2005	2007
Employed, total (Thous. persons)	4 962.6	4 731.6	4 764.0	4 922.0
Females	2 177.7	2 055.9	2 058.5	2 115.9
Sector (%):				
primary	6.6	5.1	4.0	3.6
secondary	41.8	39.5	39.5	40.2
tertiary	51.6	55.4	56.5	56.2
by status in employment (Thous. persons)				
Employees	4 274.4	3 971.7	3 979.5	4 111.2
Employers	188.0	196.2	177.1	184.0
Own-account workers	374.6	486.1	551.1	582.3
Members of producer cooperatives	99.4	50.8	21.3	14.1
Family workers	25.8	26.6	35.0	29.8

PARTICIPATION RATE

Share of total labour force in the number of persons
in productive and retirement age



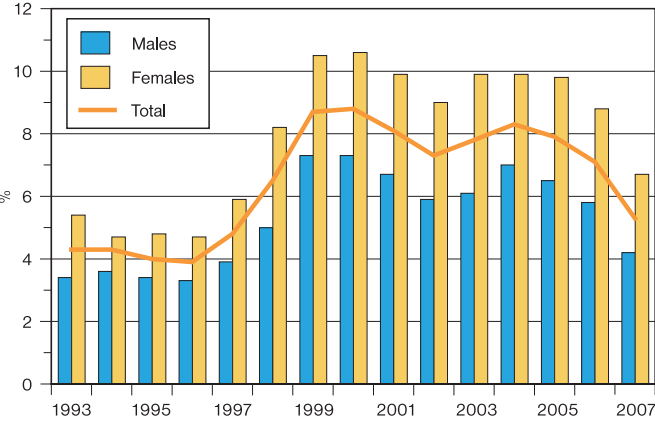
Part-time jobs are still little used in the CR. With its share of full-time workers the CR ranks 4th within the EU27. The decrease of interest in part-time jobs was caused by a certain stability of employment after the year 2000 and its increase after 2005, development of enterprise as well as limited offer of such jobs especially in the secondary sector. In comparison to 1993, when 251 thousand people had part-time jobs their number decreased to 80.5 thousand in 2007. The highest number works in the area of real estate and renting (15.5 thousand); however, also that area recorded a marked decrease from the long-term view. The high share of full-time workers together with the high share of entrepreneurs was reflected also in a higher average number of hours worked in comparison to other countries.

SECOND JOB HOLDERS IN THE NATIONAL ECONOMY

Thousand persons

	1995	2000	2005	2007
Total	208.4	126.5	114.9	80.5
Males	133.1	79.0	68.2	52.2
Females	75.2	47.5	46.7	28.3

GENERAL UNEMPLOYMENT RATE



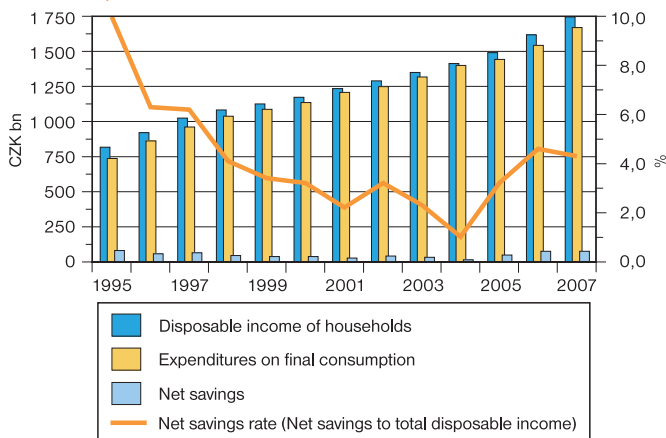
The highest unemployment rate is among persons with basic education or without education. As for regions, it is constantly the lowest in the City of Prague, the Jihočeský Region, Plzeňský and Královéhradecký Regions, while the highest unemployment is in the Ústecký and Moravskoslezský Regions. As for districts, the highest unemployment rate is in Most, Karviná, Teplice and Jeseník. Long-term unemployment is a persisting problem, namely among persons, who are unemployed for 2 and more years.

UNEMPLOYED JOB APPLICANTS AND JOB VACANCIES
(as at 31 December)

	1995	2000	2005	2007
Unemployed job applicants	153 041	457 369	510 416	354 878
Job vacancies	88 047	52 060	52 164	141 066

Since 1995 (with the exception of the year 1998), nominal and also real wages have been increasing. After 2000, year-on-year increments were between 5-9%; real increases were by more than 2%. The highest increase of real wage was recorded in 2003 (6.5%); in the following years the growth rate was about 4%. Nevertheless, differences were permanently deepening both among sectors as well as among regions and professions. Average wages of women for a long-term make up three quarters of the wages of men with a slight tendency to improvement.

INCOME, EXPENDITURE AND SAVINGS OF HOUSEHOLDS

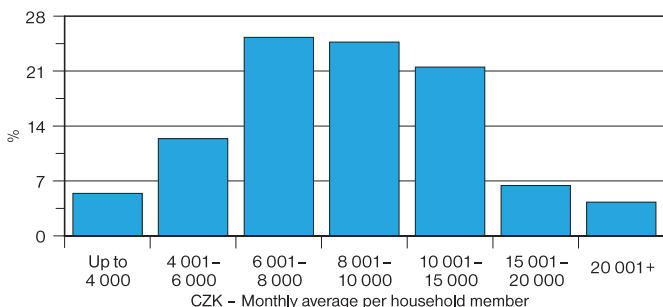


SHARE OF HOUSEHOLDS BY NET MONEY INCOME IN RELATION TO THE SUBSISTENCE LEVEL

(%)

	Multiples of subsistence level						
	< 1.00	1.00–1.39	1.40–1.59	1.60–1.79	1.80–2.19	2.20–2.99	3.00+
2001	3.4	9.7	9.5	13.4	23.2	22.4	18.4
2006	2.5	5.6	5.3	7.1	21.7	30.2	27.6
2007	2.3	4.3	3.7	6.0	19.9	31.7	32.1

DISTRIBUTION OF HOUSEHOLDS BY INCOME GROUP IN 2006



AVERAGE NET MONEY INCOME PER PERSON

CZK per year

	2002	2005	2006	2007	Index 2007/02
Households, total	92 986	103 991	109 059	118 027	126.9
without unprovided for children	113 473	122 946	128 909	139 414	122.9
with unprovided for children	75 906	86 844	91 178	98 914	130.3
without working members	73 509	80 299	86 540	94 014	127.9
with working members	98 415	110 552	115 382	124 672	126.7

Growth of income was, naturally, highly differentiated among individual social groups of households as well as among households without children or with children. The ratio between the income of households of pensioners without working members and households of employees in 2007 was 85.6%. However, despite that the high dynamics of the economy growth in 2005-2007 connected with the decrease of unemployment, growth of real wages and income as well as with change of tax rates resulted in improvement of income imbalance.

POVERTY INDICATORS FOR POPULATION

(by unified methodology of Eurostat)

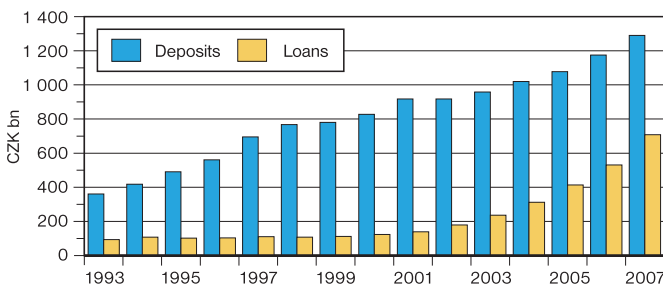
share of population in total population in the CR (%)

	2002	2005	2006	2007
Poverty rate				
after social transfers	.	10.4	9.8	9.8
without social transfers without pensions	.	21.2	21.6	20.0
Coefficient of income imbalance ¹⁾	3.3	3.7	3.5	3.5

¹⁾ The ratio of the volume of income belonging to 20% of persons with the highest income per consumption unit of the EU (the 5th quintil) to the volume of income belonging to 20% of persons with the lowest income per consumption unit of the EU (the 1st quintil); a higher value of the coefficient means the higher income differentiation.

With the growth of income also the interest in loans and credits was growing, especially in order to purchase own dwelling and for purchases of consumer durables. Savings rate was decreasing, however, deposits are still prevailing over loans. In relation to the GDP, the share of indebtedness of households in 1997-2007 increased from 5.7% to 20.5%.

DEPOSITS AND LOANS OF HOUSEHOLDS (31 December)



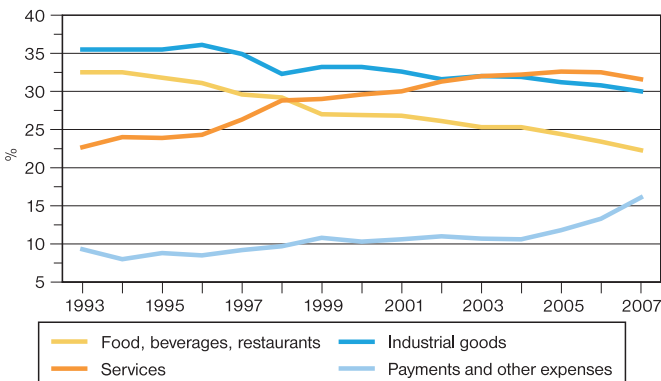
Jump in prices of food in 1991 due to cancellation of government subsidies for basic food and introduction of price formation based on production costs influenced household budgets. In the few years that followed, it applied mostly to postponing of purchase of many kinds of non-food, especially clothing and footwear; during the next years, recorded was mainly a decrease of expenditures for alimentation together with a change of consumption structure.

STRUCTURE OF MONEY EXPENDITURES OF HOUSEHOLDS

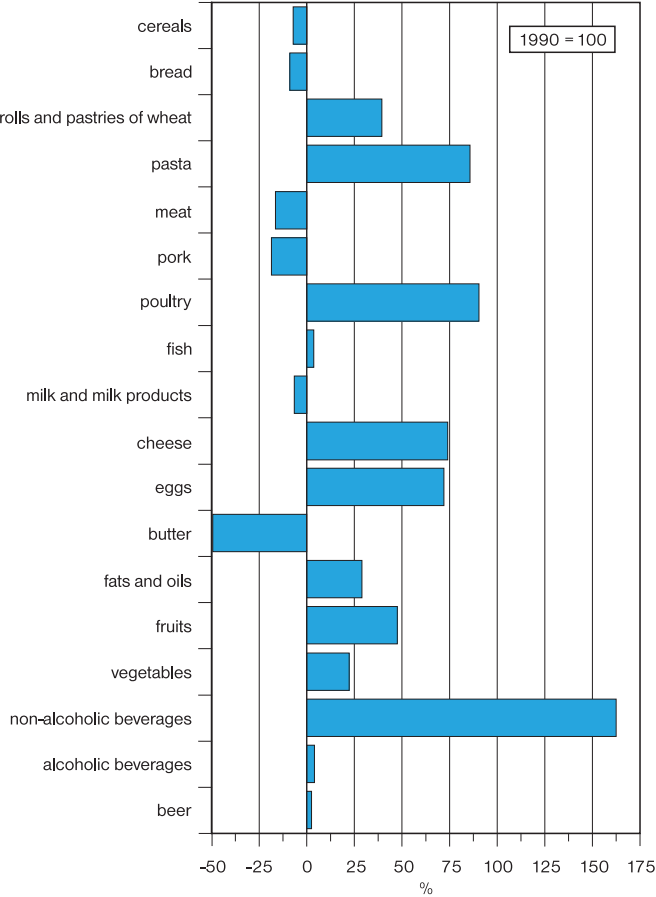
	Average per household member			
	1993	2000	2005	2007
Consumption expenditures (CZK)	37 006	73 015	91 085	104 017
From that (%):				
Food and non-alcoholic beverages	27.6	23.3	20.6	20.1
Alcoholic beverages, tobacco	4.5	3.3	2.9	2.8
Clothing and footwear	9.5	6.7	5.6	5.4
Housing, water, electricity, gas and other fuels	14.3	18.4	20.1	19.8
Furnishings, household equipment and routine maintenance of the house	9.2	7.2	6.7	7.0
Health	1.0	1.6	2.0	2.3
Transport	10.7	10.6	11.1	10.8
Communications	1.8	3.5	4.6	4.7
Recreation and culture	10.7	10.8	10.6	10.5
Education	0.5	0.6	0.5	0.6
Restaurants and hotels	4.7	5.2	5.1	5.2
Miscellaneous goods and services	5.5	8.8	10.2	10.8

Share of expenditures for alimentation decreased from 32.5% in 1993 to 22.3% in 2007; share of expenditures for industrial goods dropped from 35.5% to 30.0%, while expenditures for services, payments and other expenses increased. Share of expenditures for services increased in the same period from 22.7% to 31.6%. From 1999 it already exceeded the share of expenditures for alimentation and since 2004 also the share of expenditures for industrial goods.

MONEY EXPENDITURES OF HOUSEHOLDS



CONSUMPTION OF SELECTED KINDS OF FOOD
PER CAPITA
Increase/decrease in 1990 and 2006



Besides full equipment of households with a fridge, freezer, automatic washing machine, TV, mobile phone and bicycle, three quarters of households nowadays have a microwave oven, personal car and more than a half of them have a CD or DVD player.

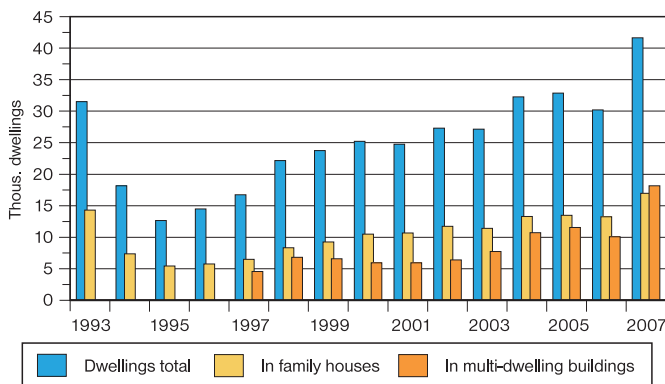
EQUIPMENT OF HOUSEHOLDS WITH A PC
AND THE INTERNET

	(%)				
	2003	2004	2005	2006	2007
Households equipped with:					
personal computer	23.8	29.5	30.0	35.7	39.6
Internet connection	14.8	19.4	19.1	26.7	32.0

After a period of intensive housing construction in the 1970's to 1980's there was some slowdown in 1992-1996. After that the number of completed dwellings started to increase. A high share of dwellings was constructed and is still being constructed in the form of individual construction of family houses; construction in the form of cooperatives has almost vanished. With increasing demand on quality and equipment of dwellings also the average size of dwellings was increasing as well as the number of rooms and technical facilities.

COMPLETED DWELLINGS

by type of building



During the last years, what has increased was the interest in ownership housing that was supported by favourable conditions to obtain mortgage loans, subsidies to savings for building purposes and an effort to invest profitably to better use financial means. A loan or a mortgage for a dwelling we can find at 14.3% of the total number of households. With similarly high pace also consumer credits for purchase of consumer durables were increasing. It was reflected in the fast rate of growth as for equipment of households.

HOUSING OF HOUSEHOLDS BY MUNICIPALITY SIZE

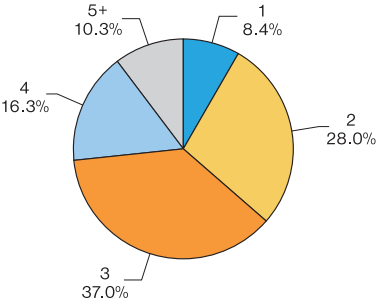
(%) share of the households total

Municipality size	2001	2006
Population		
Up to 999	17.1	15.2
1 000–4 999	18.7	20.4
5 000–9 999	8.3	8.4
10 000–49 999	21.5	21.0
50 000–99 999	12.3	12.6
100 000+	22.1	22.4

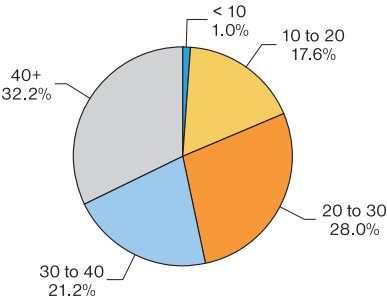
Just during 2001 and 2006, for which data are available, the share of families living in family houses increased almost by 2%, the share of households living in dwellings in own house or in a house in individual ownership by almost 10% and the share of households living in dwellings with three and more rooms by 5.5%. At the same time, number of households living in rural municipalities having less than 1 thousand population decreased by almost 2%.

HOUSING CHARACTERISTICS OF HOUSEHOLDS, 2006

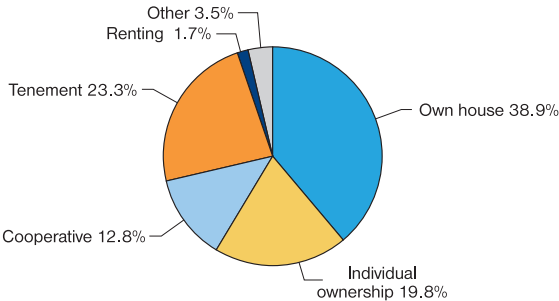
Number of habitable rooms



Total floor space of dwellings per capita (m²)



Ownership of dwellings



The average prices of real estates including older dwellings extremely increased primarily in 2006 and 2007. The average price of a dwelling (CZK per m²) is from CZK 6 031 (in the Ústecký Region) up to CZK 36 555 in Prague.

PRICE INDICES OF DWELLINGS

(%), 2005 = 100				
	2004	2005	2006	2007
Offering	101.7	100.0	108.9	131.6
Realized	100.3	100.0	103.0	132.9

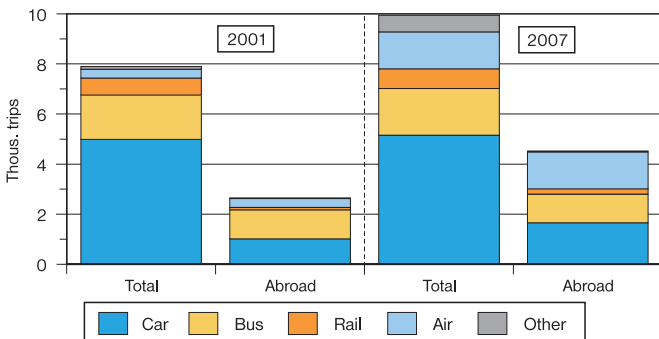
An expanding offer of domestic recreational stays as well as stays abroad together with increasing income level of households was reflected in the results of domestic and foreign tourism. Moreover, the increasing number of stays abroad benefited from strengthening Czech koruna (CZK) and related to that also favourable prices of many tours abroad, in some years also bad weather in winter and summer period. Over 50% of stays were realized for the purpose of recreation and sport; the average number of overnight stays at domestic stays was about 8 days and as for stays abroad it was 9-10 days.

LONG TRIPS (4 OR MORE CONSECUTIVE OVERNIGHT STAYS) OF HOLIDAYS OR LEISURE TRIP

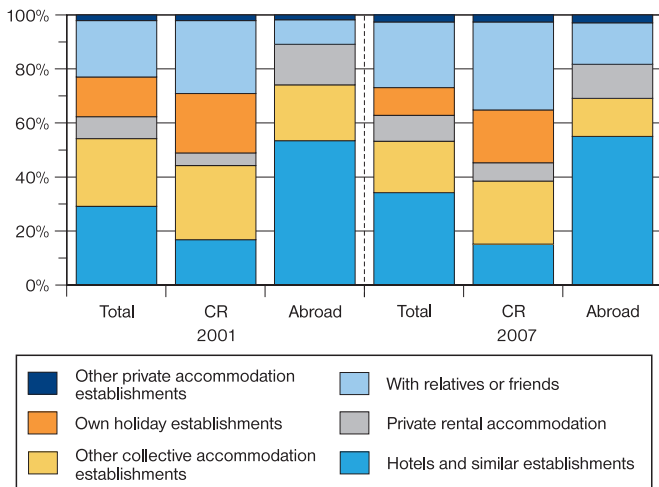
	2000	2003	2005	2007
Trips, total	8 083	10 340	9 942	9 433
to abroad	2 581	4 457	4 374	4 525

LONG TRIPS

by kind of transport



by kind of accommodation



Among countries that are visited most frequently are for a long time Croatia, Slovakia and Italy. During the last years, Tunisia and Egypt have prevailed over formerly favourite Austria, France and Spain. Within the Czech Republic, the most visited areas are the Jihočeský Region, Královéhradecký Region, Středočeský Region and the Liberecký Region.

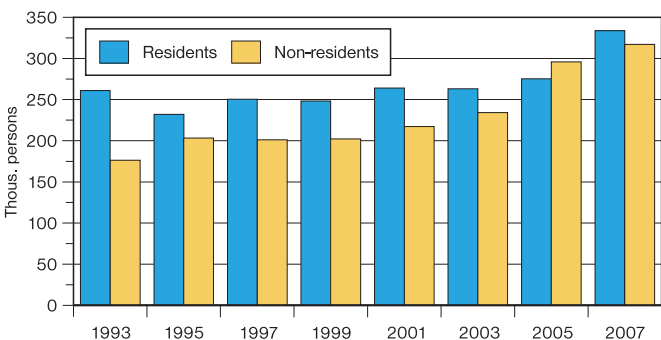
LONG TRIPS OF CZECH CITIZENS ABROAD BY COUNTRY OF DESTINATION

Thousand

2000		2007	
Croatia	827	Croatia	801
Italy	399	Slovakia	722
Slovakia	375	Italy	510
Greece	204	Greece	309
Spain	189	Tunisia	216
France	124	Austria	205
Austria	82	Spain	203
Germany	54	Egypt	185
United Kingdom	39	United Kingdom	185
Netherlands	36	France	184
Tunisia	35	Bulgaria	96
Turkey	32	Hungary	91
Bulgaria	27	Turkey	90
Switzerland	27	Germany	76
Hungary	21	Poland	71
Portugal	12	Ukraine	56
USA	11	USA	49
Sweden	10	Macedonia	49
Poland	9	Ireland	47
Norway	7	Switzerland	29

The average expenditures per day of a domestic stay increased from CZK 395 in 2001 to CZK 427 in 2007; abroad, there was an opposite trend thanks to the above-mentioned strengthening of CZK to foreign currencies, especially to USD and EUR. While in 2001 the average expenditure was CZK 1 475, in 2007 it was only CZK 1 396.

GUESTS IN SPA ACCOMMODATION ESTABLISHMENTS IN THE CR

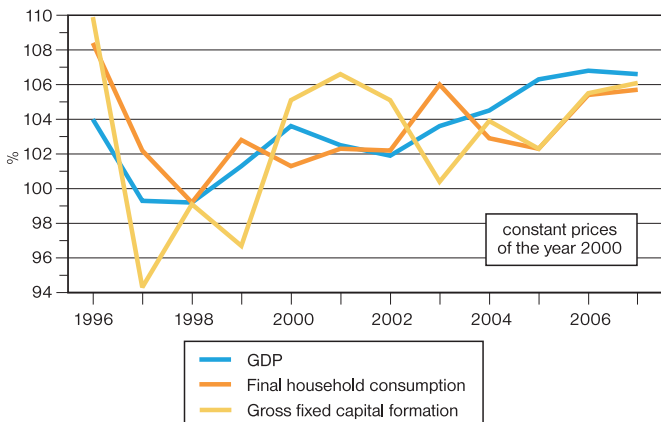


Total performance of the economy measured by growth rates of GDP was fluctuating. The development was influenced in the beginning by solving of problems with running economic reform, transformation to a market economy, splitting of the federation to two independent states; later it was necessary to overcome a negative influence of economic recession in the Western Europe and worsened state of internal conditions. In 1997-1999 there was more rapid decrease of performance at deep fall of industry and drop of the number of workers. The tendency returned to gradual fastening of the growth again in 2003 - at the same time individual components of GDP changed their influence on increasing of the GDP. Important was also the entry of the CR into the EU, the positives of which prevailed over the negatives. Long-term inflow of foreign capital and gradual putting of new capacities into operation was reflected especially in the development of the industry and construction; it brought a change of the branch structure of industry in the benefit of mechanical engineering, electrical engineering and manufacture of transport equipment. The industrial growth was reflected also in the increase of outputs in transport. Labour productivity was gradually increasing, which solely contributed to increasing of the economic performance.

GDP DYNAMICS AND ECONOMIC LEVEL

	1995	2000	2005	2007
GDP				
(CZK mil., current prices)	1 466 522	2 189 169	2 983 862	3 551 364
Share of private entities in formation of gross value added	65.9	78.2	79.8	80.6
Exchange rate CZK/EUR	.	36.882	29.784	27.762
GDP per capita				
in current prices (CZK thous.)	141 957	213 110	291 561	344 035
by exchange rate (EUR)	.	5 985	9 789	12 392
in PPP (EUR)	10 774	13 036	17 133	20 286
in PPP CR/EU27 (%)	73.6	68.6	76.4	81.5

YEAR-ON-YEAR GROWTH OF GDP AND SELECTED COMPONENTS



In branch structure, the share of primary sector in gross value added formation was decreasing; high share was maintained by industry, especially manufacturing and construction. A quarter share belonged to trade together with hotels and restaurants, accommodation and transport. Share of other branches belonging to the area of services was increasing, however, only slowly. The CR is different from most of western countries by its high share of secondary sector at the expense of the tertiary.

SHARE OF SECTORS IN FORMATION OF GROSS VALUE ADDED

	(%) of current prices			
	1995	2000	2005	2007
Total	100.0	100.0	100.0	100.0
Primary (A+B)	5.0	3.9	3.0	2.7
Secondary (C+D+E+F)	38.3	38.0	37.9	38.8
Tertiary (G to Q)	56.7	58.1	59.1	58.5

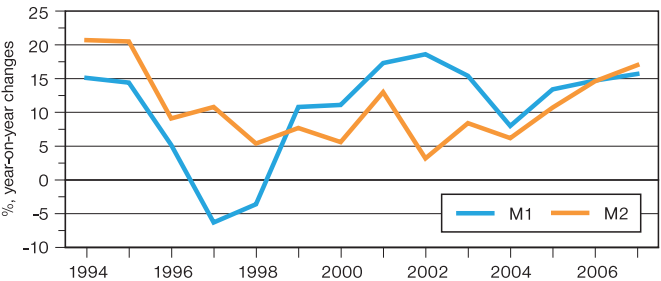
Within industry (according to the share of the value added by processing), the strongest branch now is electricity, gas, steam and hot water supply (12.1%) followed by manufacture of motor vehicles (10.5%), further manufacture of machinery and equipment (9.0%), manufacture of fabricated metal products (8.8%), manufacture of food products and beverages (8.0%) and manufacture of electrical machinery and apparatus (5.7%).

Financial imbalance of the state was permanently increasing. From 1996, also the public debt was increasing, which was accompanied by growing foreign indebtedness.

	Public deficit		Public debt	
	CZK billion, current prices	Ratio to GDP (%)	CZK billion, current prices	Ratio to GDP (%)
2000	-81.5	-3.7	405.4	18.5
2001	-135.0	-5.7	591.5	25.1
2002	-166.8	-6.8	702.3	28.5
2003	-170.0	-6.6	775.0	30.1
2004	-82.7	-2.9	855.1	30.4
2005	-106.6	-3.6	888.6	29.7
2006	-85.5	-2.7	951.5	29.4
2007	-55.4	-1.6	1019.4	28.7

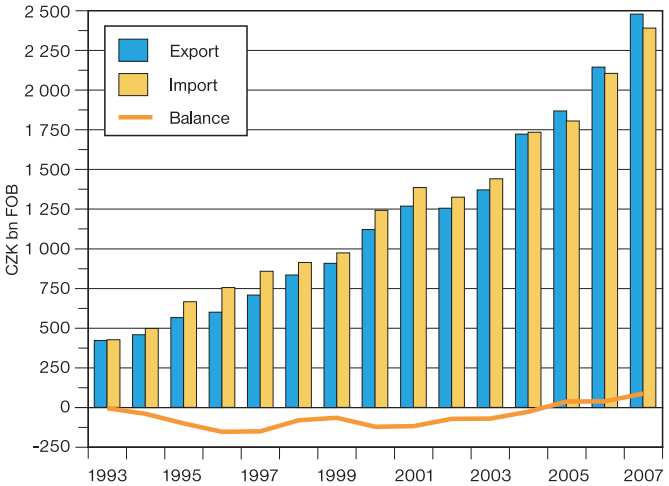
Source: Czech National Bank

EXCHANGE RATE INDICATORS (31 December)



Source: Czech National Bank

EXTERNAL TRADE



Export to the EU27 contributed to the total export in 2007 by 85.2%, to import 70.9%. The biggest business partner within individual countries is Germany, in the long-term. The highest negative balance was reported in 2007 by mutual trade with China (-171 401 thousand million CZK), further with Japan (-67 485 thousand million CZK) and Russian Federation (-56 394 thousand million CZK). On the contrary, the most positive business was reported with Germany (+92 297 thousand million CZK), Slovakia (+90 321 thousand million CZK), United Kingdom (+59 044 thousand million CZK) and Austria (+24 091 thousand million CZK).

EXTERNAL TRADE WITH SELECTED COUNTRIES

		1995	2000	2005	2007	
		CZK mil. FOB				Share (%) from total
Germany	Export	209 579	453 521	628 530	762 341	30.7
	Import	209 668	400 538	550 495	670 186	28.0
Russian Federation	Export	16 726	14 915	33 646	57 608	2.3
	Import	49 778	80 237	104 598	114 049	4.8
Slovakia	Export	79 480	86 056	161 348	214 801	8.7
	Import	78 424	74 582	99 802	127 874	5.3
Austria	Export	37 323	66 956	104 668	113 803	4.6
	Import	45 981	61 332	73 025	91 087	3.8
Italy	Export	21 112	42 388	78 628	121 545	4.9
	Import	35 485	64 194	87 567	114 176	4.8
France	Export	15 074	45 085	92 124	134 905	5.4
	Import	26 897	61 643	83 410	110 012	4.6
Poland	Export	25 497	60 898	102 341	147 054	5.9
	Import	18 079	44 332	83 113	137 150	5.7

In commodity structure, the importance of machinery and transport equipment was increasing both in import and export. As for other groups of products, the share was decreasing. With the changing structure of industry, decreasing was mainly export of some of previously traditional export articles such as metallurgical material, tractors, motorcycles, bicycles, textile, footwear, glass, hops, sugar, cement and kaolin.

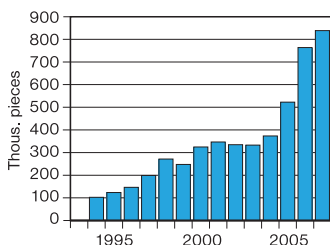
EXPORT OF SELECTED KINDS OF GOODS

(%)

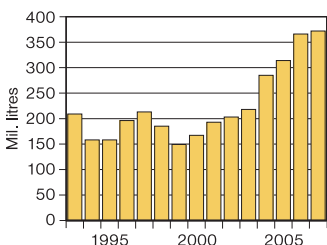
	SITC	Export		Import	
		1993	2007	1993	2007
Food and live animals; Beverages and tobacco	0.1	7.0	3.5	7.4	5.0
Crude materials, inedible, except fuels	2	6.8	2.6	5.2	2.4
Mineral fuels, lubricants and related materials	3	5.2	2.7	12.0	8.0
Animal and vegetable oils, fats and waxes	4	0.2	0.1	0.4	0.1
Chemicals and related products	5	8.5	5.8	11.6	10.4
Manufactured goods classified chiefly by material	6	31.4	20.2	12.0	20.9
Machinery and transport equipment	7	28.0	54.2	38.7	43.0
Miscellaneous manufactured articles; Commodities and transactions not classified elsewhere in the SITC	8.9	12.9	10.8	12.7	10.2

EXPORT OF SELECTED KINDS OF GOODS

Cars

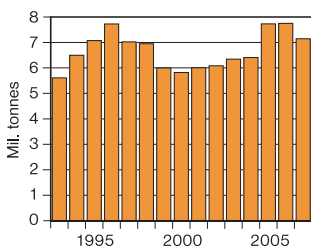


Beer

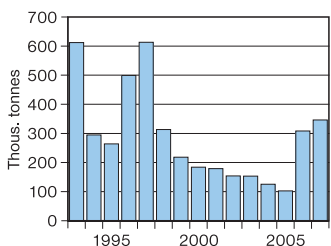


IMPORT OF SELECTED KINDS OF GOODS

Crude oil



Cereals



The Czech Republic belongs to sought-after touristic destinations. It is interesting for its big number of sights and cultural preserves. The list of protected sights contains 36 000 items, of which the most important are national cultural sights declared by law. Natural cultural sights are monuments of cultural and historical importance, technical or archaeological importance, landmarks showing development of architecture, extraordinary architectonical sets and also sights to remember anti-fascist resistance and liberation fights. Within those sights, over all over the CR there are 271 accessible castles, chateaux and other ancient monuments, which are visited every year by more than 12 million visitors.

The most important urban reserve is the capital city of Prague, the historic centre of which has the area of 866 ha and from the year 1992 it is enlisted on the UNESCO World Heritage List.

UNESCO SITES IN THE CR

Prague – historic centre

Telč – historic centre

Český Krumlov – historic centre

Žďár nad Sázavou – the Pilgrimage Church of St. John of Nepomuk at Zelená Hora

Kutná Hora – historic centre

Lednice – Valtice – cultural and natural area

Kroměříž – the area of archiepiscopal chateau and Flower Garden and the Garden Below the Chateau

Holašovice – unique preserved South-Bohemian village

Litomyšl – Renaissance chateau and historic centre

Olomouc – Holy Trinity Column

Brno – Tugendhat Villa

Třebíč – Romanesque-Gothic Basilica of St. Procopius and the Jewish Quarter

To the list of UNESCO biosphere reservation (that includes interesting ecosystems) belong: the areas of Třeboň, Pálava, Křivoklát, Šumava, Krkonoše (Giant Mountains), Bílé Karpaty (White Carpathians).

There are also plenty of other possibilities to go for some culture. Besides a wide range of theatres and cinemas, many cultural actions take place every year, especially folklore-oriented. Within one year, there are more than 20 international folklore festivals organized, many of them having tradition of several decades long.

FESTIVALS

Febiofest

– international film, TV and video – festival

March – April

Days of European Film

April

Book World – international book fair

April

Prague Spring – international music festival

May – June

Summer Shakespeare Festival

– theatre performance

June – September

Karlovy Vary International Film Festival

July

Summer Festivities of Early Music

– international music festival

July – August

International Bagpipe Festival Strakonice

August

International Folklore Festival of dance and music in Strážnice

June

CULTURE AND SPORTS

Days of Traditional Culture in the CR	September – October
Prague Fair – international folklore festival	August
Saint Wenceslas Celebrations – festival of sacred music	September
Prague Autumn – international music festival	September – October
International Jazz Festival	October – November
Children International Folklore Festival	October – November

EXPOSITIONS AND FAIRS

Alfons Mucha	permanent exhibition
Egon Schiele	permanent exhibition
František Drtikol – photographs	permanent exhibition
Czech Sculpture and Painting in the 20th Century	permanent exhibition

Folk traditions and habits such as funfairs, fairs, presentations of old crafts take place in various places of the republic on the occasion of various important events related to the area. Among other favourite actions are culinary celebrations, especially beer and wine; there is also a traditional championship in eating of plum dumplings or championship of the CR in eating of roast sirloin. On the occasion of the St. Wenceslas Day – the patron saint of the Czech land – many Saint-Wenceslas celebrations including St. Wenceslas pilgrimage take place at many places during September.

RATHER IMPORTANT ACTIONS

Hop Harvest Festival	September
Grape harvest (e.g. in Znojmo, Mělník, Prague, etc.)	September
The Ride of Kings in Vřchov	May

Nationwide sports are football and ice hockey. Both of them have long tradition, are beloved by the masses and from the international point of view the Czech Republic belongs in both sports to the world or European top. At the world football championship in 1934 and 1962 we ranked the second, in 1976 the first at the European championship, the second in 1996 and the third in 1960 and 1980. As for ice hockey, Czechoslovak and later also Czech teams were winning medals from 1920 to 2008 - thirty times in total, of which seven were gold. At Winter Olympic Games, Czechoslovak ice hockey team won a medal five times, the most recent one was in 1998 and it was a gold medal.

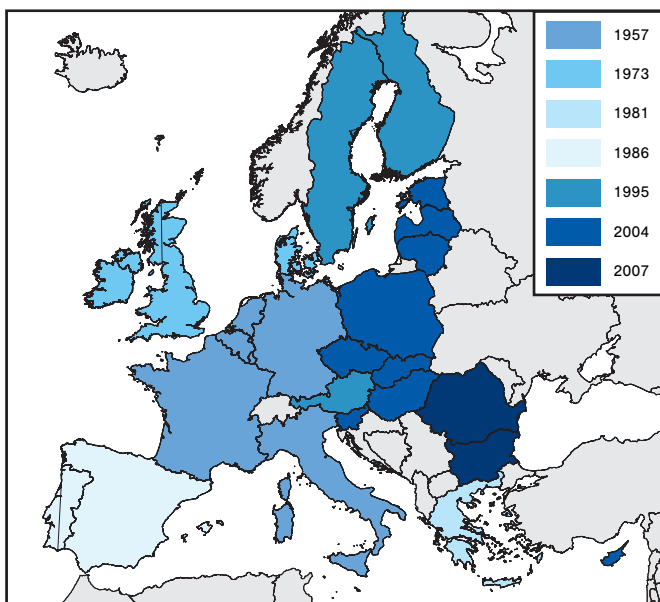
Many sportsmen – athletes – have significant success and international fame. Now there are four world record keepers in the CR: Ms. Jarmila Kratochvilová (800m run – her time was 1:53.28), javelin thrower Mr. Jan Železný (98.48m) and Ms. Barbora Špotáková (72.28m) and decathlete Mr. Roman Šebrle (9,026 points). According to the number of Olympic medals received throughout the entire history of the Games, Czechs and Slovaks (until 1993 together as Czechoslovakia) belong to the top twenty most successful countries all over the world.

TRADITIONAL SPORTS ACTIONS

Memorial of Evžen Rošický – (athletics meeting)	June
Moto Grand Prix – (world championship of road motorcycles)	August
Golden Helmet – (motorcycle speed races)	October
Rallye Bohemia – international championship of the CR in motorsport	July
Velká pardubická – grand cross-country steeplechase	October

HISTORY OF THE EU

9 May 1950	The Schuman's declaration
18 April 1951	The European Association of Coal and Steel (EACS)
15 March 1957	The European Atomic Energy Community (EURATOM)
	The EEC – Belgium, France, Germany, Italy, Luxembourg, the Netherlands
30 July 1962	Common agricultural policy
1 January 1973	Accession of Denmark, Ireland, the United Kingdom
10 December 1974	Establishing of the European Fund for Regional Development
7–10 June 1979	First elections to the European Parliament
1 January 1981	Accession of Greece
1 January 1986	Accession of Portugal and Spain
7 February 1992	The Maastricht Treaty on the EU was signed – the name changed from the European Community to the European Union
1 January 1995	Accession of Austria, Finland, Sweden
17 June 1997	The Amsterdam Treaty was signed
1 January 1999	Introduction of EURO in 11 EU countries
1 January 2002	Introduction of Euro banknotes and Euro coins
1 May 2004	Accession of Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia
29 October 2004	The Treaty establishing a Constitution for Europe was signed
1 January 2007	Accession of Bulgaria, Romania
13 December 2007	The Lisbon Treaty was signed



The presidency of the EU means that 1 member state presides over the Council of the EU. The Council of the EU is a body comprising of representatives of all member states on the ministerial level. The presiding country has the task to organize, provide for, call for and chair all meetings of the Council and its working groups, to prepare the agenda and to choose questions to be discussed according to its priorities. The presidency is one of the most important instruments to promote interests of individual member states of the EU and to influence activities and operation of the entire EU. Thus, the states rotate after 6 months so that all of them have the same possibility to direct the development of the EU according to their own vision. The presidency is at the same time an opportunity to propagate the issue of the European integration in the presiding country and to enhance the prestige of the presiding country within the EU.

AN OVERVIEW OF THE PRESIDING COUNTRIES FROM 2000 TO 2015

1 January 2000 – 30 June 2000	Portugal
1 July 2000 – 31 December 2000	France
1 January 2001 – 30 June 2001	Sweden
1 July 2001 – 31 December 2001	Belgium
1 January 2002 – 30 June 2002	Spain
1 July 2002 – 31 December 2002	Denmark
1 January 2003 – 30 June 2003	Greece
1 July 2003 – 31 December 2003	Italy
1 January 2004 – 30 June 2004	Ireland
1 July 2004 – 31 December 2004	Netherlands
1 January 2005 – 30 June 2005	Luxembourg
1 July 2005 – 31 December 2005	United Kingdom
1 January 2006 – 30 June 2006	Austria
1 July 2006 – 31 December 2006	Finland
1 January 2007 – 30 June 2007	Germany
1 July 2007 – 31 December 2007	Portugal
1 January 2008 – 30 June 2008	Slovenia
1 July 2008 – 31 December 2008	France
1 January 2009 – 30 June 2009	Czech Republic
1 July 2009 – 31 December 2009	Sweden
1 January 2010 – 30 June 2010	Spain
1 July 2010 – 31 December 2010	Belgium
1 January 2011 – 30 June 2011	Hungary
1 July 2011 – 31 December 2011	Poland
1 January 2012 – 30 June 2012	Denmark
1 July 2012 – 31 December 2012	Cyprus
1 January 2013 – 30 June 2013	Ireland
1 July 2013 – 31 December 2013	Lithuania
1 January 2014 – 30 June 2014	Greece
1 July 2014 – 31 December 2014	Italy
1 January 2015 – 30 June 2015	Latvia
1 July 2015 – 31 December 2015	Luxembourg