

## Introduction

The Czech Republic, also known as Czechia, is a landlocked country in Central Europe that borders the countries of Poland, Germany, Austria, and Slovakia.



Czechia is strategically located astride some of the oldest land routes in Europe. The geography of Czechia consists of rolling hills and plains. The government system is a parliamentary democracy; the

chief of state is the president, and the head of government is the prime minister. Czechia has successfully transformed from a centrally planned economy to a market economy in which the prices of goods and services are determined in a free price system. Czechia is a member of the European Union (EU).



**Location:** Eastern Europe

**Capital City:** Prague (+1 GMT)

**Chief of State:** President Petr Pavel

**Head of Govt.:** Prime Minister Petr Fiala

**Currency:** Czech Koruna (CZK)

**Major Languages:** <p>Czech (official) 88.4%, Slovak 1.5%, other 2.6%, unspecified 7.2% (2021 est.)</p>

**Primary Religions:** <p>Roman Catholic 7%, other believers belonging to a church or religious society 6% (includes Evangelical United Brethren Church and Czechoslovak Hussite Church), believers unaffiliated with a religious society 9.1%, none 47.8%, unspecified 30.1% (2021 est.)</p>

**Calling Code:** 420

**Voltage:** 230

## Key Websites

Main Government Page: [vlada.cz](http://vlada.cz)

Commerce Ministry: [mpo.cz](http://mpo.cz)

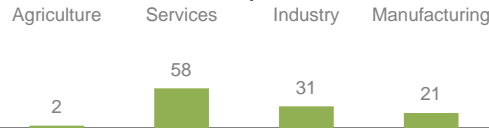
Export Promotion Agency: [czechtradeoffices.com](http://czechtradeoffices.com)

Investment Promotion Agency: [czechinvest.org](http://czechinvest.org)

## Key Economic Facts

Income Level (by per capita GNI):	High Income
Level of Development:	Developed
GDP, PPP (current international \$):	\$525.73 billion (2022)
GDP growth (annual %):	2.46% (2022)
GDP per capita, PPP (current international \$):	\$49,945.50 (2022)
Manufacturing, value added (% of GDP):	21.18% (2022)
Current account balance (BoP, current US\$):	-\$17.37 billion (2022)
Inflation, consumer prices (annual %):	15.10% (2022)
Labor force, total:	5,320,617 (2022)
Unemployment, total (% of total labor force) (modeled ILO estimate):	2.37% (2022)
Imports of goods and services (current US\$):	\$218.03 billion (2022)
Exports of goods and services (current US\$):	\$217.73 billion (2022)

## GDP Composition %



*\*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

## Rankings

Index	Rank
Corruption Perceptions Index	48 / 178
EY Globalization Index	18 / 60
Global Competitiveness Index	31 / 141
Global Enabling Trade Index	25 / 136
Global Manufacturing Competitiveness Index (GMCI)	23 / 40
Global Services Location Index	34 / 60
Index of Economic Freedom	21 / 176
International Logistics Performance Index (LPI)	22 / 160
Inward FDI Potential Index	39 / 139
KOF Index of Globalization	15 / 185
Networked Readiness Index (NRI)	36 / 139
Open Budget Index	36 / 114

## Risk Assessment (Provided by Coface)

**Country rating: A4** - A somewhat shaky political and economic outlook and a relatively volatile business environment can affect corporate payment behavior. Corporate default probability is still acceptable on average.

**Business Climate rating: A2** - The business environment is good. When available, corporate financial information is reliable. Debt collection is reasonably efficient. Institutions generally perform efficiently. Intercompany transactions usually run smoothly in the relatively stable environment rated A2.

### Strengths

- Central geographical location at the heart of industrial Europe
- Strong integration in the international production chain, and more particularly in the German chain
- Central Europe is a preferred destination for FDI and has one of the highest per capita incomes in the region.
- Significant industrial potential
- Robust banking system
- Low unemployment rate (2.6% in 2023)
- Healthy public accounts and low public debt compared with the EU average

### Weaknesses

- Small open economy: exports account for 73% of GDP
- Dependence on European demand, particularly from Germany (1/3 of exports)
- Significant foreign intermediate inputs in exports and low contribution of services to local value added in exports
- The automotive sector is a major part of the economy (10% of GDP and 25% of exports). The transition to electric vehicles is a challenge, with competition from neighbouring (Hungary, Slovakia, Poland)
- Lack of rapid transport links with the rest of Europe
- An ageing population and a shortage of skilled labour
- Dependence on coal (1/3 of the country's energy mix)
- Still not a member of the eurozone, leading to relatively high interest rates

## U.S. Embassy

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