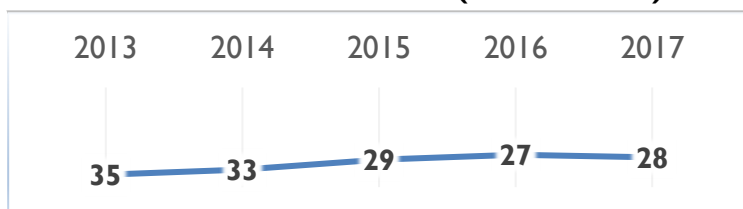


CZECH REPUBLIC

OVERALL PERFORMANCE (63 countries)



CHALLENGES IN 2017

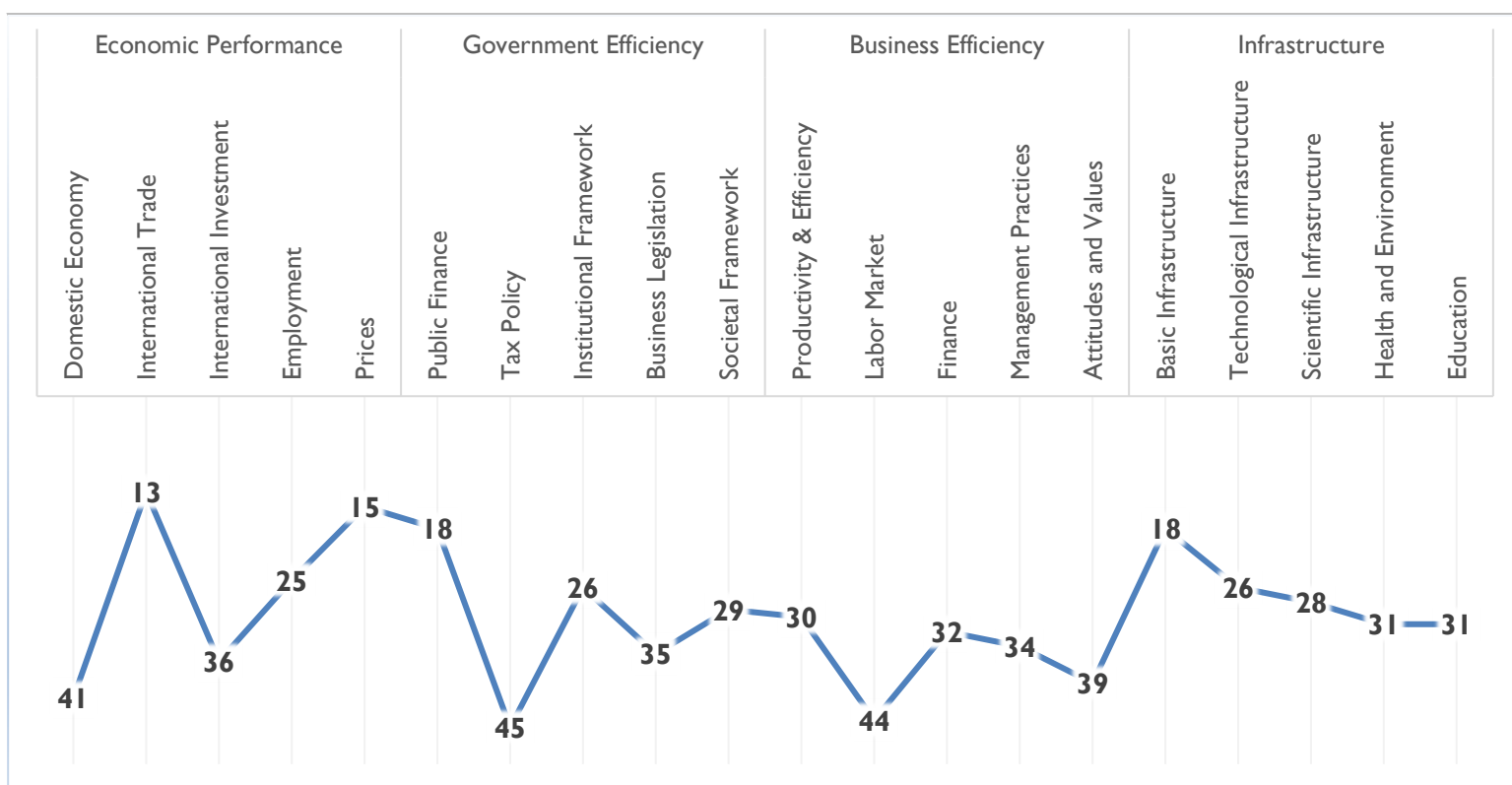
- Overheating labor market: adapting to wage pressures and possible problems with availability of labor.
- Achieving reasonable policy stability in the midst of turmoil at domestic political stage.
- Monetary policy: smooth transition from the forex intervention regime.
- Prevent possible negative effects of anti tax-avoidance measures and regulation (such as the EET) on entrepreneurship and SME dynamics.
- Finding a constructive attitude to the EU and EU policies.

Provided by:
CERGE-EI, Prague

BASIC FACTS

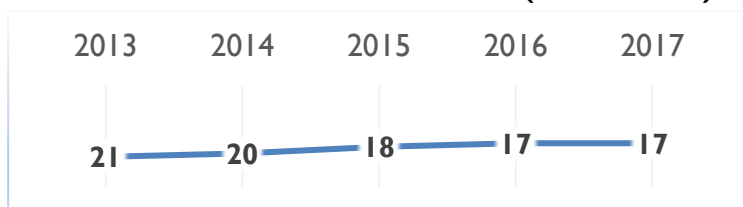
		Rank
Capital	Prague	
Land area (square km '000)	79 ²⁰¹⁶	
Exchange Rate (per \$)	24.440 ²⁰¹⁶	
Population - market size (millions)	10.57 ²⁰¹⁶	36
Gross Domestic Product (GDP) (US\$ billions)	192.8 ²⁰¹⁶	45
GDP (PPP) per capita (US\$)	33,196 ²⁰¹⁶	31
Real GDP growth (%)	2.3 ²⁰¹⁶	26
Consumer price inflation (%)	0.69 ²⁰¹⁶	31
Unemployment rate (%)	3.95 ²⁰¹⁶	12
Labor force (millions)	5.35 ²⁰¹⁶	35
Current account balance (% of GDP)	1.20 ²⁰¹⁶	30
Direct investment stocks inward (\$bn)	113.1 ²⁰¹⁵	38
Direct investment flows inward (% of GDP)	3.37 ²⁰¹⁶	21

COMPETITIVENESS LANDSCAPE

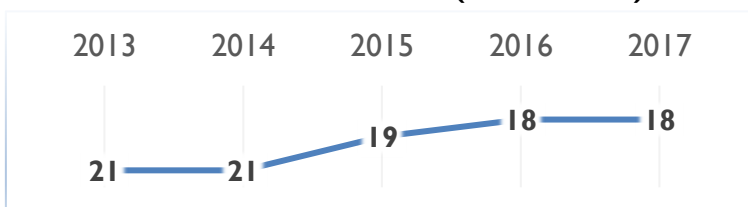


PEER GROUPS RANKINGS

EUROPE - MIDDLE EAST - AFRICA (40 countries)



POPULATIONS < 20 MILLION (34 countries)



CZECH REPUBLIC

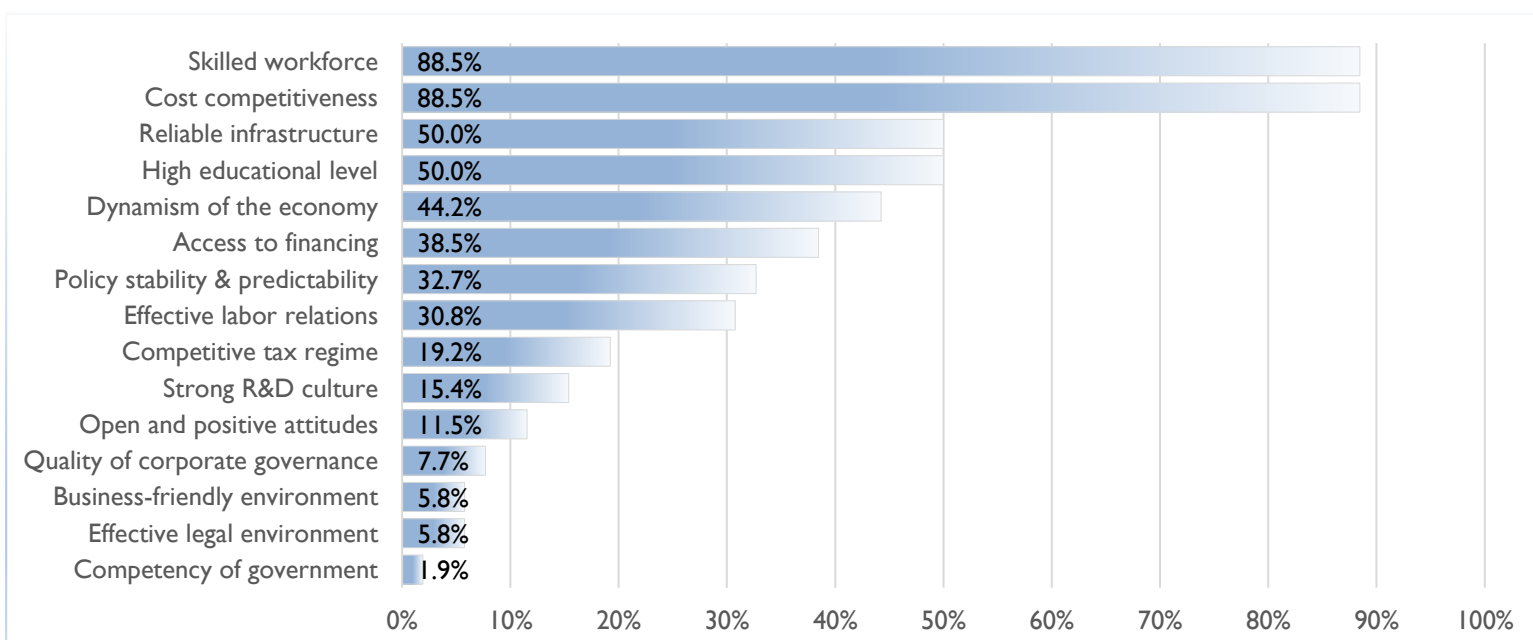
COMPETITIVENESS EVOLUTION

The criteria below highlight the 15 biggest Improvements and the 15 biggest Declines in the overall performance of the economy. They are determined by the largest percentage changes in the value of each criterion from one yearbook to the next.

IMPROVEMENTS	WCY	WCY	DECLINES	WCY	WCY
	2016	2017		2016	2017
2.1.02 Government budget surplus/deficit (%)	-0.42	0.58	1.5.02 Adjusted consumer price inflation	0.28	0.64
4.2.02 Mobile Broadband subscribers	34.4	85.8	1.1.15 Real GDP growth per capita	4.16	2.11
2.3.08 Exchange rate stability	0.157	0.077	1.1.14 Real GDP growth	4.3	2.3
1.2.02 Current account balance	0.82	1.20	4.5.01 Total public expenditure on education	5.2	3.6
1.4.07 Long-term unemployment	3.10	1.70	3.2.21 Brain drain	5.54	4.38
2.4.15 Start-up days	15.0	9.0	1.3.13 Relocation threats of production	5.53	4.60
2.3.07 Foreign currency reserves per capita	6,139	8,146	3.2.18 Skilled labor	4.63	3.89
2.1.09 Public finances	3.67	4.87	2.4.13 Ease of doing business	3.87	3.25
1.4.06 Unemployment rate	5.05	3.95	3.2.23 International experience	5.84	5.02
4.2.14 Public-private partnerships	4.20	5.10	2.4.17 Labor regulations	4.52	3.92
3.3.18 Venture capital	4.95	6.00	2.4.19 Immigration laws	5.61	4.88
2.4.12 Parallel economy	4.82	5.77	2.3.13 Bureaucracy	3.08	2.69
1.4.08 Youth unemployment	12.63	10.54	3.4.10 Entrepreneurship	6.00	5.32
4.2.03 Mobile Telephone costs	11.1	9.5	1.2.12 Exports of commercial services (\$bn)	25.56	22.84
3.1.04 Labor productivity (PPP)	34.71	38.93	4.5.18 Language skills	6.13	5.51

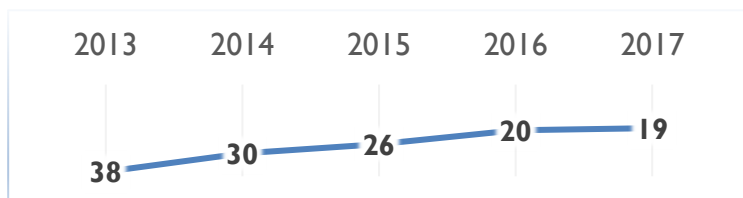
KEY ATTRACTIVENESS INDICATORS

From a list of 15 indicators, respondents of the Executive Opinion Survey were asked to select 5 that they perceived as the key attractiveness factors of their economy. The chart shows the percentage of responses per indicator from the highest number of responses to the lowest.



CZECH REPUBLIC

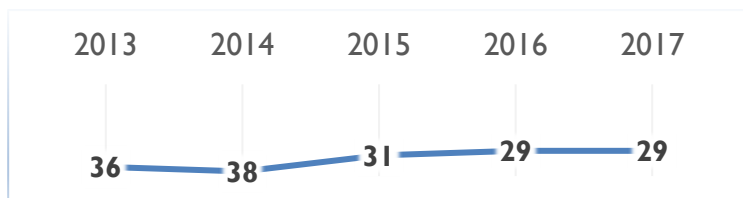
ECONOMIC PERFORMANCE



Sub-Factor Rankings :

	2016	2017
Domestic Economy	35	41
International Trade	13	13
International Investment	27	36
Employment	35	25
Prices	6	15

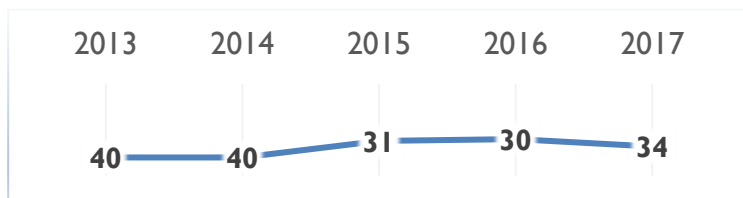
GOVERNMENT EFFICIENCY



Sub-Factor Rankings :

	2016	2017
Public Finance	24	18
Tax Policy	40	45
Institutional Framework	29	26
Business Legislation	38	35
Societal Framework	24	29

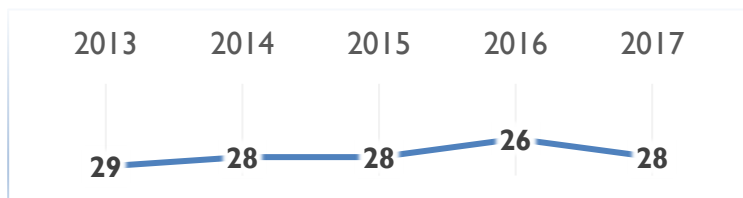
BUSINESS EFFICIENCY



Sub-Factor Rankings :

	2016	2017
Productivity & Efficiency	18	30
Labor Market	39	44
Finance	32	32
Management Practices	33	34
Attitudes and Values	34	39

INFRASTRUCTURE



Sub-Factor Rankings :

	2016	2017
Basic Infrastructure	17	18
Technological Infrastructure	28	26
Scientific Infrastructure	28	28
Health and Environment	29	31
Education	22	31

CZECH REPUBLIC

STRENGTHS

Economic Performance	Rank
1.2.09 Exports of goods (%)	5
1.3.15 Relocation threats of services	5
1.3.14 Relocation threats of R&D facilities	6
1.2.23 Trade to GDP ratio	8
1.2.26 Exchange rates	11
1.4.06 Unemployment rate	12
1.1.09 Gross fixed capital formation (%)	13
1.4.08 Youth unemployment	15
1.3.08 Direct investment stocks inward (% of GDP)	17
1.5.05 Office rent	20

Government Efficiency	Rank
2.5.07 Gini coefficient	5
2.4.05 Foreign investors	7
2.5.03 Homicide	10
2.1.02 Government budget surplus/deficit (%)	10
2.4.07 Investment incentives	10
2.2.08 Corporate tax rate on profit	12
2.3.02 Cost of capital	12
2.3.07 Foreign currency reserves per capita	13
2.4.01 Tariff barriers	14
2.3.05 Central bank policy	16

Business Efficiency	Rank
3.3.17 Credit	5
3.3.07 Financial risk factor	12
3.2.03 Remuneration in services professions	14
3.3.05 Banking and financial services	14
3.2.04 Remuneration of management	15
3.3.20 Corporate debt	15
3.3.18 Venture capital	15
3.4.02 Changing market conditions	16
3.3.08 Regulatory compliance (banking laws)	18
3.1.08 Workforce productivity	20

Infrastructure	Rank
4.5.06 Secondary school enrollment	1
4.2.02 Mobile Broadband subscribers	9
4.2.10 Internet bandwidth speed	12
4.4.08 Medical assistance	12
4.1.05 Access to commodities	12
4.2.01 Investment in Telecommunications	14
4.1.20 Energy infrastructure	15
4.5.09 Student mobility inbound	17
4.2.03 Mobile Telephone costs	19
4.5.08 Women with degrees	19

WEAKNESSES

Economic Performance	Rank
1.1.18 Gross fixed capital formation - real growth	54
1.3.02 Direct investment flows abroad (% of GDP)	51
1.3.03 Direct investment stocks abroad (\$bn)	49
1.1.13 Diversification of the economy	49
1.3.04 Direct investment stocks abroad (% of GDP)	48
1.3.01 Direct investment flows abroad (\$bn)	46
1.2.17 Export concentration by partner	44
1.3.07 Direct investment stocks inward (\$bn)	38
1.3.05 Direct investment flows inward (\$bn)	38
1.1.19 Resilience of the economy	38

Government Efficiency	Rank
2.2.11 Employer's social security contribution rate	58
2.4.09 Subsidies	58
2.4.13 Ease of doing business	54
2.1.11 Pension funding	53
2.4.08 Government subsidies	52
2.4.19 Immigration laws	52
2.4.17 Labor regulations	51
2.4.16 Start-up procedures	49
2.2.09 Consumption tax rate	45
2.5.10 Equal opportunity	45

Business Efficiency	Rank
3.2.10 Apprenticeships	56
3.2.18 Skilled labor	55
3.3.11 Stock market capitalization (%)	52
3.3.09 Stock markets	50
3.4.10 Entrepreneurship	50
3.5.03 National culture	49
3.5.04 Flexibility and adaptability	49
3.4.08 Use of big data and analytics	48
3.5.06 Digital transformation in companies	48
3.2.06 Working hours	47

Infrastructure	Rank
4.2.12 Qualified engineers	54
4.5.01 Total public expenditure on education	50
4.1.18 Water transportation	50
4.5.04 Pupil-teacher ratio (primary education)	48
4.3.24 Knowledge transfer	48
4.1.08 Population - growth	46
4.2.15 Development and application of technology	46
4.2.17 Technological regulation	45
4.4.23 Sustainable development	43
4.1.19 Maintenance and development	43