

## **The Czech Republic: A Bird's Eye View**

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### **Czech Republic – General Information**

#### **Geography**

Area: 78,864 sq. kilometers; about the size of Virginia.

Cities: *Capital*--Prague (pop. 1.21 million). *Other cities*--Brno (367,000), Ostrava (310,000), Plzen (163,000).

#### **People**

Population (est.): 10.3 million.

Annual growth rate: 0.1%.

Ethnic groups: Czech (94% or 9.6 million); Slovak (193,000); Roma (200,000); Silesian (11,000); Polish (52,000); German (39,000); Ukrainian (22,000); and Vietnamese (40,000).

Religions: Roman Catholic, Protestant.

Language: Czech.

Education: *Literacy*--99.8%.

Health: *Life expectancy*--males 73.34 yrs., females 79.7 yrs.

Work force (5.17 million): *Industry, construction, and commerce*--40%; *government and other services*--56%; *agriculture*--4%.

Administrative subdivisions: Two regions--Bohemia and Moravia; 13 administrative districts and Prague.

#### **Economy**

Nominal GDP (2007): \$176.5 billion.

Per capita income: \$20,229.

Natural resources: Coal, coke, timber, lignite, uranium, magnesite.

Agriculture: *Products*--wheat, rye, oats, corn, barley, hops, potatoes, sugar beets, fruit, hogs, cattle, horses, poultry.

Industry: *Types*--motor vehicles, machinery and equipment, iron, steel, cement, sheet glass, armaments, chemicals, ceramics, wood, paper products, and footwear.

Trade (2007): *Exports*--\$113 billion (est.): motor vehicles, machinery, iron, steel, chemicals, raw materials, consumer goods. *Imports*--\$109.8 billion (est.). *Trading partners*--Germany (32%), Slovakia, Poland, France, Austria, Italy, the Netherlands, Russia, U.K., China, United States.

## **Czech Republic – Political History Since the Velvet Revolution**

The communists relinquished political power during the **Velvet Revolution** (November 1989). The regime had exhausted itself and didn't have the strength to engage in a power struggle with the whole of society. Political parties were reinstated and the first free elections were held in 1990. **Vaclav Havel**, dissident playwright, who had led the negotiations with the communist government, became the first **president** of the democratic Czechoslovakia. Future political parties were established by people with the same opinions - the Czech **Civic Forum** (Občanské fórum) and Slovak **Public Against Violence** (Verejnost' proti násiliu).

The Czech and Slovak political representatives were unsuccessful in finding a suitable bilateral model for the coexistence of the Czech and Slovak nations. This resulted in the organized and orderly **split of the joint state**.

The **Czech Republic** and **Slovakia** have existed separately since January 1, 1993. Integration with the European community and European security structures became an objective of both states. Mutual relations were kept above-standard due to the immixture of citizens after almost 90 years of coexistence in one state.

The Czech Republic was accepted as a member of the **North Atlantic Treaty Organization** March 12, 1999 and a member of the **European Union** on May 1, 2004.

Currently, the Czech Republic is a **fully democratic country** with a **stable political culture** and **growing economic power**. Politically, the Czech Republic is a **multi-party parliamentary** representative democratic republic. According to the **Constitution** of the Czech Republic, the **President is the head of state** while the **Prime Minister is the head of government**, exercising supreme executive power. The **Legislature is bicameral**, with the **Chamber of Deputies** (Poslanecká sněmovna) and the **Senate** (Senát).

The current **president is Václav Klaus**, successor of the internationally renowned Václav Havel. President is elected by joint session of the parliament for five-year term (no more than two consecutive). Among other responsibilities, mostly of formal nature with limited powers, he appoints the Prime Minister.

The **Prime Minister** as the head of government wields considerable powers, including the right to set the agenda for most foreign and domestic policy, mobilize the parliamentary majority, and choose governmental ministers. Current Prime Minister **Jan Fischer** is the leader of "temporary" government and was appointed in May 2009 to ensure smooth bridging of the period between the fall of former Government and establishment of new Government due in Fall 2009.

The Czech political scene supports a broad spectrum of parties. The two biggest parties are:

**Civic Democratic Party (ODS)** – right-wing

**Social Democrats (ČSSD)** – left-wing

With other parties complementing the political spectrum:

**Communist Party of Bohemia and Moravia (KSCM)**

**Christian Democrats (KDU-ČSL)**

**Green Party**

**Nationalist party** (extreme right)

**More information about the political structure of the Czech Republic can be found on: [http://en.wikipedia.org/wiki/Politics\\_of\\_the\\_Czech\\_Republic](http://en.wikipedia.org/wiki/Politics_of_the_Czech_Republic)**

## **Czech Republic – Economy Since the Velvet Revolution (1989)**

Of the former communist countries in central and eastern Europe, the Czech Republic has one of the most developed and industrialized economies. It is one of the most stable and prosperous of the post-Communist states of Central and Eastern Europe. GDP per capita at purchasing power parity was \$26,800 in 2008, which is 82% of the EU average.

The positive results of economic transformation and democratic administration are easily apparent: The increasing living standards of inhabitants are noticeable and are approaching the levels of some standards of the European Union.

The principal industries are heavy and general machine-building, iron and steel production, metalworking, chemical production, electronics, transportation equipment, textiles, glass, brewing, china, ceramics, and pharmaceuticals. Its main agricultural products are sugarbeets, fodder roots, potatoes, wheat, and hops.

The Czech Republic has a well-educated population and a well-developed infrastructure. The country's strategic location in Europe, low-cost structure, and skilled work force have attracted strong inflows of foreign direct investment (FDI). This investment is rapidly modernizing its industrial base and increasing productivity.

The principal industries are motor vehicles, machine-building, iron and steel production, metalworking, chemicals, electronics, transportation equipment, textiles, glass, brewing, china, ceramics, and pharmaceuticals. The main agricultural products are sugar beets, fodder roots, potatoes, wheat, and hops. As a small, open economy in the heart of Europe, economic growth is strongly influenced by demand for Czech exports and flows of foreign direct investment.

Thanks to foreign investment, the country enjoys a positive balance-of-payments position. Despite a general trend over the last 10 years toward rising budget deficits, the Czech Government's domestic and foreign indebtedness remains relatively low.

The Czech koruna (crown) became fully convertible for most business purposes in late 1995. Following a currency crisis and recession in 1998-99, the crown exchange rate was allowed to float. Recently, strong capital inflows have resulted in a steady increase in the value of the crown against the euro and the dollar. The Czech Republic will not adopt the euro earlier than 2012.

The Czech Republic is gradually reducing its dependence on highly polluting low-grade brown coal as a source of energy, in part because of European Union (EU) environmental requirements. In 2005, according to the Czech Statistical Office, 65.4% of electricity was produced in steam, combined, and combustion power plants; 30% in nuclear plants; and

4.6% from renewable sources, including hydropower. Russia (via pipelines through Ukraine) and, to a lesser extent, Norway (via pipelines through Germany) supply the Czech Republic with liquid and natural gas.

The government has offered investment incentives in order to enhance the Czech Republic's natural advantages, thereby attracting foreign partners and stimulating the economy. Shifting emphasis from the East to the West has necessitated adjustment of commercial laws and accounting practices to fit Western standards. Formerly state-owned banks have all been privatized into the hands of west European banks and oversight by the central bank has improved. **The telecommunications infrastructure has been upgraded and the sector is privatized. The Czech Republic boasts a flourishing consumer production sector.**

The Czech Republic has made significant progress toward creating a stable and attractive climate for investment, although continuing reports of corruption are troubling to investors.

**Sources of information:**

[http://en.wikipedia.org/wiki/Politics\\_of\\_the\\_Czech\\_Republic](http://en.wikipedia.org/wiki/Politics_of_the_Czech_Republic)

<http://www.state.gov/r/pa/ei/bgn/3237.htm>

<http://www.czech.cz/en>