

QUARTERLY NEWSLETTER

Q3/2012



לשכת המסחר והתעשייה ישראל-צ'כיה
Israel - Czech Chamber of Commerce and Industry

EDITORIAL

Dear readers,

In this quarterly edition of our newsletter we are proud to inform you about major projects in which the Israel – Czech Chamber of Commerce and Industry takes a leading role. Recently the Czech government announced about its intention to structure a new legal system for medical cannabis. In this regard, the state of Israel considers developed and it became an attractive case study for the Czech regulatory bodies with its intention to learn about the Israeli model. Our chamber assisted the Czech embassy with several lectures for a Czech health care delegation and another group from the Czech Parliament visiting Israel. Additionally, we took part in organizing a seminar about medical cannabis in the Czech Senate.

Our most recent project which initially came up during our inauguration ceremony is the introduction of Dr. Fischer's art collection. The exhibition "Artists – Messengers of Peace" is being displayed at the central post office of Prague till the end of November.

The first delegation of young students from the city of Netanya visited the city of Pödebrady in the Czech Republic. The group stayed for 8 days with their Czech peers, learned about the Czech culture and built strong and valuable relationships. We would like to extend our gratitude for the Ambassador of Israel H.E Mr. Yaacov Levi for visiting the group in Pödebrady.

I hope you will enjoy this edition which includes valuable information about foreign Direct Investment into the Czech Republic, new ways to refund your VAT expenses using services of one of our new members, more information about our recent activities and of course future events which I am sure you will find interesting.

Shaul Lifshitz,
Director General

ACTIVITIES IN Q3 2012

The Israel – Czech Chamber of Commerce and Industry keeps developing the commercial and cultural ties between Israel and the Czech Republic. We managed, in partnership with our sister chamber and the Israeli embassy, to organize several cultural and business events in the Czech Republic.

July 2012

Tal Aviation became GSA for Czech Airlines operations in Israel

We are proud to welcome Tal Aviation who recently joined our chamber. The company will represent Czech Airlines in Israel. Management of the company led by Mr. Gideon Thaler, ICCCI Management and Czech ambassador H.E Mr. Tomas Pojar and Mr. Jakub Slosarek Head of commercial section in the embassy had a meeting in which an open discussion about cooperation was successfully concluded. We hope soon to offer our members attractive travelling benefits as well as seeing CSA and Tal Aviation taking a leading role in our activities.

6 August 2012

Opening of the Heydrich exhibition at the ZOA house

The exhibition "Assassination of Reinhard Heydrich – the death of the Holocaust architect," has been put together in order to remember the 70th anniversary of the operation organized by the Czechoslovakia anti-Nazi resistance movement and carried out in the framework of, as called, operation ANTHROPOID by paratroopers Jan Kubis and Jozef Gabčík on May 27, 1942. This act resulted in the death and elimination of one of the most fanatic Nazis also known as one of the major Holocaust idea bearers. This operation also represents a significant event not only for the Czech history in the 20th century but also for the 2nd world war course. As an assassination revenge the Nazis burned villages Lidice and Ležaky and murdered thousands of Czechs who took part in anti-Nazi resistance movement.



19 August – 8 September

The third Czech Film Festival in Israel

After success of the last 2 years we were again able to enrich the list of films that we are going to present. This year it will be 5 feature films and 3 documentary films. The Czech Film Week will be opened by the film "Long Live the Family" that received 4 Czech Critic's Awards in 2011 including the Best Picture. Another film will be "Flower Buds" that received 4 awards of the Czech Lions 2011 including the Best Picture and Best Director. "Flower Buds" is in this year's East of the West Competition at the IFF Karlovy Vary. One of the world's leading film directors of Czechoslovak origin, Milos Forman, celebrated his 80th birthday this year.

12 September 2012

Opening of the exhibition "Artists: Messengers of Peace" in Prague

The exhibition "Artists – Messengers of Peace" was initially displayed at the Eretz Israel Museum in Tel Aviv, and consisted of Israeli works of art that were created in order to memorialize the signing of the peace treaty with Egypt. The initiative for the current exhibition followed the signing of the peace treaty with Jordan, approx. 16 years after the peace accord was reached with Egypt. Its aim is to once again make it possible for Israeli artists to express the overall feelings of the Israeli people concerning peace. To date, the project was displayed in several places around the world such as Washington, New York, Israel and other European capitals. Sponsors: Dr. Eli Fischer, President and founder of Dr. Fischer Pharmaceutical Ltd and honorary board member of ICCCI, whose roots are Czech and the



ACTIVITIES



owner of the collection. With collaboration of the Israel – Czech Chamber of Commerce and Industry (ICCCI), Czech – Israel mutual chamber of commerce (CIOK), Czech post, Czech Centre and Israel Ministry of Foreign Affairs. The exhibition will be displayed till 30th November 2012 and will be re opened in February 2013 in Prague.

13 September 2012 Business seminar on Medical Cannabis in Prague

ICCCI initiated and organized an important seminar about the the Israeli experience in the therapeutic use of cannabis. The seminar which took place in the Czech Senate attracted many people and journalists. Key speakers included MK Dr. Rachel Adatto Head of Health Lobby at the Kneset, Dr. Yehuda Baruch Head of the Israel Medical Cannabis Project from the Ministry of Health, Mr. Shmulik Sherf, Director Business dev. Department, Breath of Life Ltd., Mrs. Daniela



Filipiová, Chairperson of the Committee on Health and Social Policy of the Senate of the Parliament of the Czech Republic, Mgr. Martin Plíšek, Deputy Minister of Health of the Czech Republic for Legislation and Law and others and Mr. Shahar Shelef, Deputy Head of Mission at the Israeli embassy in Prague.

3 - 10 October 2012 Visit of a student delegation from the city of Netanya to the city of Podebrady

Our chamber in partnership with municipality of the city Netanya, Ort Yad Laibovitz highschool in Netanya and the municipality of the city Podebrady in the Czech Republic initiated and organized the first delegation of students of 11th and 12th grades to visit the city of Podebrady and other sites in the Czech Republic as part of the Twin City Agreement which will be signed in November and will follow by a Czech student delegation to visit Netanya and Israel later on in December.



BACK STORY

SHORT OVERVIEW OF BUSINESS SUPPORT SERVICES INVESTMENT IN THE CZECH REPUBLIC

The foreign companies, which decided to invest in the Czech Republic, can apply for an investment incentive through CzechInvest (www.czechinvest.org/en) which is an agency of the Ministry of Industry and Trade that has a role to attract foreign companies through its services and development programs. The incentives are provided for certain areas of industry, technology centres (construction or expansion of research and development centres) and business support services centres (share-services centres, software-development centres, high-tech repair centres). Concretely, the aid for business support services centres is provided only if there are created at least 40 new jobs in the case of software-development centres, or at least 100 new jobs in the case of other business support services centres. The amount of the aid is maximum 40 % of the total eligible costs (which are either long-term assets, or two years gross wages of employees employed in the newly created jobs) according to the region (e.g. 0 % for Prague, 30 % for the Southwest region, and 40 % for other regions). In case the above conditions are fulfilled there are several investment incentives available.

One of the forms of investment incentives is possibility to receive corporate income-tax relief for the period of ten years. Tax relief is provided maximally up to the amount of the ceiling of provided state-aid after deduction

of other forms of incentives, i.e. job creation grants or the difference between the market and purchase prices of land (the corporate income-tax is 19 % for the year of 2012). Foreign companies may also apply for an incentive in the form of “transfer of land for subsidized prices”. It is possible to receive subsidy for a purchase of land owned by the state or by a municipality and the grant is considered in the difference between the purchase price and the market price of the land. Yet another form of investment incentive is the job creation grant which is provided only in districts with unemployment higher than the average unemployment rate in the Czech Republic. It is possible to receive grants of the amount up to 2,000 € for an employee according to the district. Grants for training and retraining are provided in the amount of 25 % of total costs on training and retraining.

The Ministry of Industry and Trade further offers (through CzechInvest) 15 aid programs in the areas of enterprise and innovation, human resources and employment, and science and research. These programs are provided only in certain time periods based on the decision of CzechInvest. We would like to briefly introduce to you two of them (ICT in Companies, and ICT and Business Support Services) which were offered in the past. ICT in Companies program helps to improve obsolete intra-company systems (e.g. payroll,

accounting, storage). The applicant should be a small or medium-sized enterprise (i. e. less than 250 employees, assets under € 43 mil., or turnover under € 50 mil.) that has closed two consecutive tax periods and the company's activities are in the manufacturing industry. The applicant may obtain a grant of up to 400,000 € (in accordance with the region). ICT and Business Support Services program is focused on the development of the information and “knowledge society” through the support for the supply of new ICT products and services (software development, shared services centres and data centres, high-tech repair centres). It is possible to obtain aid up to 4 mil. €.

In general, foreign legal entities may do business in the Czech Republic under the same conditions as Czech entrepreneurs (including acquisition of real estate) and the services of CzechInvest may be very helpful for foreigners with their initial investments in the Czech Republic.

Monika Rutland
partner
rutland ježek, law firm
<http://www.rutlandjezek.com>

Our law firm is specialized in providing legal advice in connection with investments in the Czech Republic and we are able to offer our services to members of Israel – Czech Chamber of Commerce for discounted prices.

PLATINUM MEMBERS



ŠKODA



Recently joined our chamber



INTERVIEW

It is our great honor this edition to interview one of the most successful and influential businessmen in the Czech Republic. Mr. Tomáš Chrenek, the chairman of the supervisory board of a large and diverse group of profitable companies, who's business relations to Israel is not something new.

1. You were the president of the Czech – Israel chamber of commerce in Prague and your companies are members in our chamber in Israel. What is your relation with Israel?

Actually, I have a long-term business relation with Israel. For example our group Trinecke zelezarny- Moravia Steel is exporting metal products and railways to Israel. My company Agel is cooperating with Israeli companies in health care sphere. On another side I have a very good personal relation in Israel, my best Israeli friend David Hercky is also my partner in Agel.

Please could you tell us about some of your main business activities in Israel till today?

Agel is now starting a new activity with Israel in sphere of researching in health care area what is according my opinion new direction of our group with big future. I am sorry I cannot be more detailed because all the research is in the beginning. Agel is also dealing with buying Israeli technology and medical products from Israel.

How did your portfolio survive the financial crisis?

Nowadays financial results in all my companies are positive. The most influenced company by crisis was Trinecke zelazarny, but thanks to the previous successful periods and adopted strategic decisions, quality work of the

management, good cooperation with our partners as well as the hard work and dedication of our employees we were able to manage all consequences of the crisis without experiencing any major problems.

Please share your view about the Czech – Israel diplomatic and commercial relations?

Diplomatic and predominantly commercial relations of Czech Republic are having long lasting upper standard level with Israel. It is not only history of them but also new respects of Czech foreign policy. Contact between companies and also Israeli investments in Czech Republic are significant.

Do you see yourself extending your business operations in Israel in the future?

Of course, Israel is a country with big potential for Czech companies. I think there are a lot of opportunities for cooperating. Most interesting for my companies are up to dated and advanced technologies.

Where is the Czech Republic after the recent "double deep" resulted from the financial crisis?

I am personally sure that "so called" financial crisis in economics in Central Europe is only "media bubble" Particularly macroeconomic faults of Germany and France are putting EU economics to

the not competitive and subsidizing position. But this is more about politics than about economical crisis.

Two of your companies, Moravia Steel and Agel, are doing business with Israeli companies. The first sells railway tracks and metal products and the other seeks for cooperation with local Israeli technology. Do you believe this is the perfect commercial match between the 2 states?

Commercial contacts are based on multiply advantages. If they are, so who cares about of kind of business, Israel is world's leader in new technologies and especially health care system in our over 20 hospitals needs new trends and technologies for more efficiency of our treatments.

An influential person as yourself must be involved to some extent in the political arena. What do you think about Israel's global image now days?

Unfortunately Israel's global image has severely deteriorated in recent years. There are several factors contributing to this image crisis, like conflict in Gaza, Lebanon...etc.

What are your favorite activities and places when visiting Israel?

With my friend David Hercky I like to visit first of all historical and commercial places, also not luxury, but typical Israeli restaurants with excellent food.



Tomaš Chrenek currently holds positions as the Chairman of the Supervisory Board - AGEL a.s., Chairman of the Supervisory Board - AGEL SK, a.s., Chairman of the Supervisory Board - TRINECKÉ ŽELEŽÁRNÝ, a.s., Chairman of the Supervisory Board - BARRANDOV STUDIO a.s., Chairman of the Supervisory Board - MORAVIA STEEL, a.s.

He holds a doctorate of Economics and married with 4 children

Euro VAT - International VAT Refund & Tax Reclaim Specialists

Euro VAT is a member of the VATit group. VATit is a global, cross border VAT specialist, with offices spread across Europe, Asia, Australia and Africa. VATit group services over 13,000 clients worldwide.

Our core business is cross border VAT recovery and we offer consulting, foreign registrations, compliance and training services as well.

The VAT recovery service allows companies who have incurred VAT expenses outside of their State of registration to recover the VAT cost, mainly on service related expenses such as: Hotel accommodation, Exhibitions, Conferences, Profes-

sional fees, Intercompany expenses, Telecommunication charges, etc. The VAT is mainly refunded from the EU member states, Australia, Japan, and South Korea.

Euro VAT, as part of the VATit group strives to extend reciprocity agreements between non EU countries and certain EU countries that require having a reciprocity agreement in place. Euro VAT is now in the process of promoting reciprocity agreement between the Czech Republic and Israel.

Having a reciprocity agreement in place between the two counties will create a substantial advantage for local Israeli

companies considering the possibility of operating in the Czech Republic, as the local Vat payments (currently 20% in CR) will no longer be added to the cost price as a non deductible amount.

Euro VAT, as a member of the VATit group, wishes to offer high level proficient service to local Czech Republic companies, recovering VAT expenses in the different EU member states.

Feel free to contact us for additional information at: +973-5-5757305 (Ms. Ronit Raier)

SAVE THE DATE – TUESDAY 20TH NOVEMBER 2012

Israel – Czech Chamber of Commerce and Industry
And
Czech Embassy in Tel Aviv

will host the annual

Gala dinner and awards ceremony “Company of the year 2012-2013”

In the presence of
Mr. Vaclav Klaus, President of the Czech Republic
Prof. Stanley Fischer, Governor of Bank of Israel
Mr. Dan Meridor,
Deputy Prime Minister and Minister of Intelligence
and Atomic Energy

- Invitations only
- Enquiries at business@iccci.org.il

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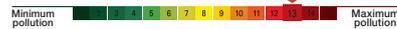
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Minimum pollution 1 2 3 4 5 6 7 8 9 10 11 12 13 Maximum pollution
*Manufacturer's data according to laboratory tests. The standard is 2004/OEC
**The emission level is calculated according to the Clean Air Regulations (Disclosure of Air Pollution from Motorized Vehicles in Advertisement), 2009

Model	Gas consumption statistics in liters per 100 km*	
	City	Intercity
1.8 TSI	11.2	6.4

H. E. Mr. Yaakov Levy - Ambassador of Israel to the Czech Republic
Mr. Petr Zatloukal - General Director of Česká pošta, s.p.
Dr. Eli Fischer, Founder and President of Fischer Pharmaceuticals Ltd
and Honorary member of Israel Czech Chamber of Commerce and Industry
Mr. Pavel Smutný - President of Czech-Israeli Mutual Chamber of Commerce
request the pleasure of the company of

At the Opening Reception

on September 12th, 2012 at 8:30 pm
at Česká pošta main hall, Jindřišská 14, Praha 1

Curator of the exhibition Mr. Doron Polák

RSVP by September 4th: sarka.stegbauerova@ciok.cz / phone: 00430 732 303 744

DR. FISCHER ART FOR PEACE COLLECTION EXHIBITION
ARTISTS - MESSENGERS OF PEACE



Israel - Czech Chamber of Commerce and Industry ● לשכת המסחר והתעשייה ישראל - צ'כיה

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