



The Czech capital Prague



## The foreign investor's favourite

### The Czech Republic: From production base to sales market

In recent years, investors have been interested in the Czech Republic mainly as a highly developed production base. Now, though, more and more companies are exploiting the country's potential as a growing sales market, and are locating sales and service operations in Bohemia and Moravia. As they do so, the logistics industry is also stepping up its activi-



The Old Town Ring and the Jan Hus Monument, Prague

ties there, and is discovering that the market conditions and development potential offered by the region are very positive.

Almost 18 years after the collapse of the socialist dictatorship, and three and a half years after the country joined the European Union (EU), the Czech Republic has become the most popular state in Central and Eastern Europe with foreign investors – and especially with German companies. In the last two years alone, foreign direct investment worth EUR 13.55

billion has flowed into the country. Today, foreign companies account for half of Czech industrial production, and for some 70% of exports. Germany is the Czech Republic's major business partner by far. With approx. 26%, German companies are the biggest foreign direct investors in the country's economy. Accounting for more

than 30% of Czech exports and 28% of imports, Germany is the country's No. 1 trading partner, followed by Slovakia, Austria and Poland. Business with the EU accounts for around

77% of the Czech Republic's foreign trade.

This exceptionally high level of investment is due above all to the above-average and solid development of the country's economy. In 2006, Czech gross domestic product grew by 6.4% in real terms. Forecasters do not expect growth to continue at this brisk pace, but the economic boom in the Czech Republic is clearly far from over yet. The transport and logistics industry is a good illustration of the country's economic development. It is being driven by rising domestic demand and expanding foreign trade (up 14.5% in 2006, and forecast to rise by 12.5% in 2007).

The accompanying rate of growth in goods flows is also serving to boost demand for logistics services. According to a study by the Regensburg Chamber of Trade and Industry, the potential annual growth of the Czech logistics market is at least 15%.



Petr Kozel is the Managing Director of Dachser E.S.T. a.s.

Thanks to its position at the heart of Europe, the Czech Republic acts as an interface in the trans-European transport corridors linking East and West. To ensure that it can fulfil this function effectively, the country attaches the utmost priority to infrastructure investment. This is absolutely indispensable in view of the growing demands placed on the transport and logistics sector by a number of factors: the expanding economy, EU regulations, the need for modernization and – last but not least – increasing calls from investors, who look for a modern infrastructure when they are deciding where to locate their business. Between 2007 and 2013, the EU is set to provide almost EUR 5.3 billion for the country's transport infrastructure. That is one fifth of the total funds which are being made available to the Czech Republic.

The demand for logistics and warehouse facilities is also enormous. It is being fuelled above all by the thriving retail and automotive sectors. On top of this, more and more companies are setting up distribution centres in the Czech Republic, from which they serve the markets of Central and Eastern Europe. The market in contract logistics is expanding especially rapidly. Nowadays, it is not only foreign companies that are outsourcing their logistics processes to specialists: an increasing number of Czech companies are doing the same, enabling them to focus on their core business activities.

Anette Krüger

## The full range of services in all divisions

### Dachser is represented in the Czech Republic by its joint venture Dachser E.S.T. a.s.

It began in 2006, when Dachser secured its presence in the Czech logistics market by acquiring an 80% stake in the Czech transport company E.S.T. a.s. Since then, the international logistics provider has been represented in the Czech Republic by its joint venture Dachser E.S.T. a.s., with all three divisions – European Logistics, Food Logistics, Air and Sea Logistics.

**DACHSER EST**

In the Czech Republic, Dachser operates seven facilities and employs 260 staff. The national company is headquartered in Kladno, which is close to the Czech capital, Prague, and has good motorway connections with neighbouring countries.

#### The divisions in brief

Through its European Logistics division, Dachser E.S.T. offers its Czech customers Europe-wide groupage transport services, full-coverage Tracking & Tracing, as well as contract logistics activities, including warehousing and value-added services such as packing and labelling. Since June 2007 the entargo services have been available in the country."

The services provided by Dachser Food Logistics range from warehousing, transport and distribution to support with customs clearance of goods. In its food logistics activities, Dachser is certificated in accordance with DIN ISO 9001 in the Czech Republic. Customers are offered value-added services such as co-packing.



With warehouses like this one Dachser E.S.T. a.s. offers contract logistics to its customers.

The total warehouse and transshipment area is 17,600 square metres. Dachser Air & Sea Logistics runs an office at the airport in the Czech capital, Prague. From there, nine employees create integrated logistics concepts for air and sea transport operations.

#### Nine contract logistics warehouses

Nine warehouses covering a total area of 40,000 square metres are available for Czech customers. Five of them are cross-docks, and four are conventional warehouses. The largest of them is in Kladno, where the company has a 10,000 square-metre facility.

Every day, two trucks leave the Czech Republic for the German branch in Hof, carrying goods that are then delivered throughout Western Europe. A direct daily service is operated to the Eastern European Hub in Bratislava, and from there consignments are shipped to destinations in Poland, the Baltic States, Slovakia, Hungary and Italy. Regular services are also operated from Ceske Budejovice to Hörsching in Austria, and vice versa.

P.H.