

2. Inflow of Foreign Direct Investment



177 bill.>
Recorded FDI since 1993

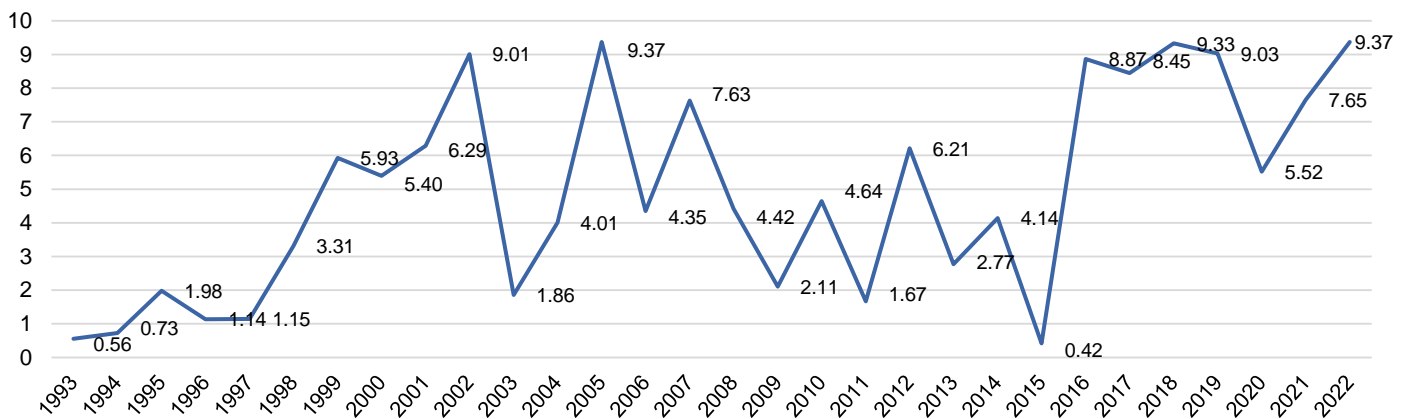


2,115
FDI projects



23.9 %
Share of automotive FDI

Inflow of foreign direct investment to Czechia (€ billion)

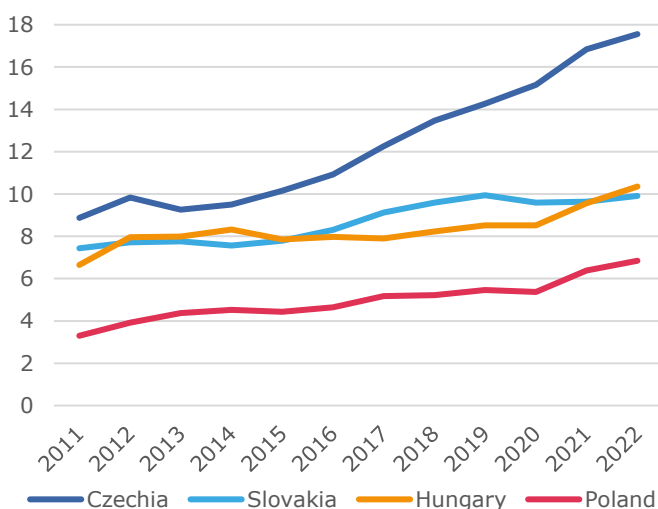


Source: Czech National Bank, 2024

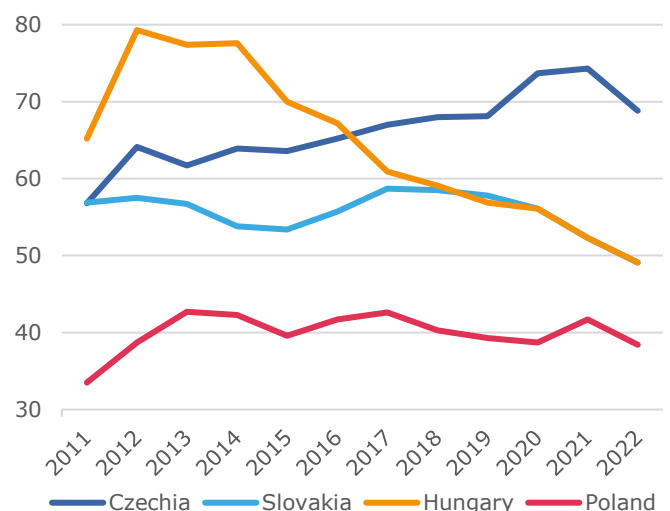
Note: Year 2022 – preliminary data

Czechia is one of the most successful transition economies in terms of attracting foreign direct investment. The introduction of investment incentives in 1998 stimulated a massive inflow of FDI to both greenfield and brownfield projects. As an early reformer in east-central Europe, Czechia led the way in the early 1990s in adopting far-reaching stabilisation, liberalisation and privatisation programmes. The implementation of EU rules and regulations has also helped to improve the country's business environment and attract FDI.

Inward FDI stock per capita in EUR



Inward FDI stock as a percentage of GDP



Source: The Vienna Institute for International Economic Studies, 2024

FDI screening in Czechia

Czechia implements its **national screening mechanism** in accordance with Act No. 34/2021 Coll. on screening of foreign investments, which has entered into effect on **May 1, 2021**.

The law is focusing on foreign investors with the ultimate beneficial owner from non-EU countries. At the same time, the investment typically counts for 10% or higher share in targeted Czech company active in sector important for the security, public, or internal order of Czechia. If the company does business in the field of production of military material, selected dual-use goods, or belongs to critical or critical information infrastructure, the investor will have to ask for consent by the Ministry of Industry and Trade (MOIT) with the investment before its completion.

The absolute majority of foreign investors in Czechia does not pose any risk and their investments are not problematic from the security perspective. Foreign investors are welcome in Czechia and the Czech national screening mechanism is designed to limit any substantial administrative burden.

FDI inflow to Czechia by country and sector

FDI inflow totalled EUR 7.65 billion in 2021.

The most important investors are the United States, Luxembourg, Germany and the Netherlands. A significant portion of FDI inflows into Czechia has been concentrated in the automotive-components sector. The services sector, especially software, IT and financial services, has been the second-largest beneficiary. More investment is now being directed towards more high-technology sectors and research and development.

Inflow of FDI by country (EUR million)

	2016	2017	2018	2019	2020	2021	2022
Austria	-170.4	764.7	550.8	2,060.1	972.9	808.7	174.4
Denmark	66.0	5.9	-114.7	46.9	-5.4	160.0	-35.8
France	639.4	369.8	664.3	187.5	605.8	82.0	393.6
Germany	2,292.0	4,044.1	2,039.2	-906.5	-1,201.3	344.6	1,185.5
Italy	669.0	289.0	265.8	272.2	344.0	-15.2	431.4
Japan	87.8	108.5	145.2	132.5	91.9	22.1	-71.0
Netherlands	1,848.0	-1,815.3	389.3	638.9	313.1	862.8	1,072.5
Sweden	222.6	232.5	281.8	215.6	767.1	364.7	285.3
Switzerland	385.2	1,057.2	267.4	-458.0	854.3	275.3	855.0
UK	-560.6	-517.8	28.8	1,034.3	521.0	-211.1	1.5
USA	73.6	-269.1	196.9	233.9	303.0	-48.2	1,717.6

Source: Czech National Bank, 2024

Note: Year 2022 – preliminary data

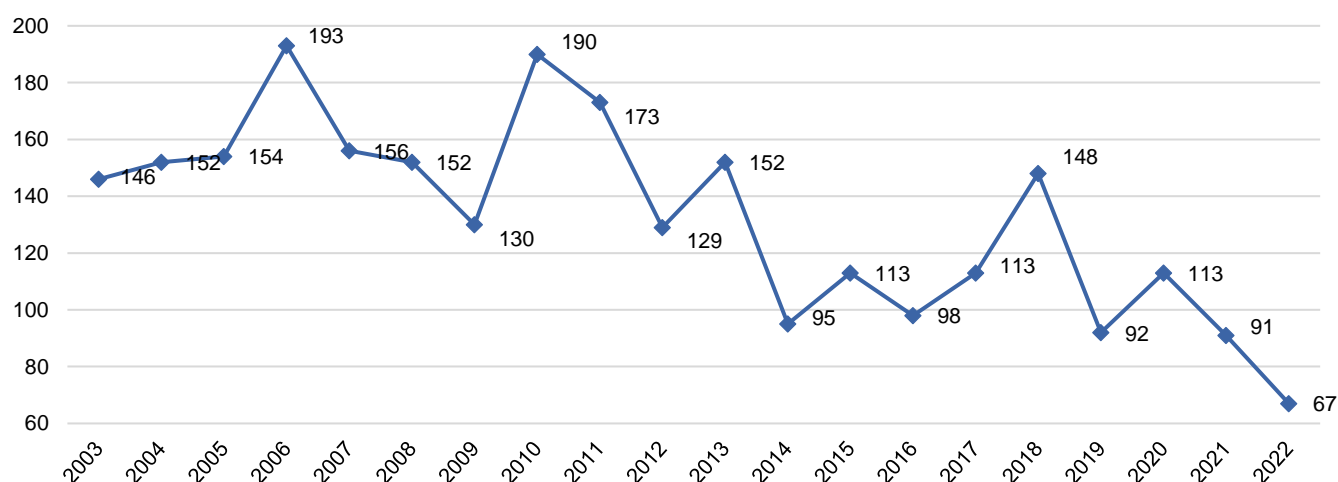
Inward FDI Flows to Czechia

Top investment projects mediated by CzechInvest

Company	Source country	Type of activity
Toyota	Japan	Automotive
Hyundai	South Korea	Automotive
Volkswagen	Germany	Automotive
Denso	Japan	Automotive
Nexen	South Korea	Rubber Industry
Eaton	USA	Electronic components
Red Hat	USA	IT – SW development
Honeywell	USA	Aerospace
GE Aviation	USA	Aerospace
BMW	Germany	Automotive

Source: CzechInvest, 2024

FDI trends - number of projects



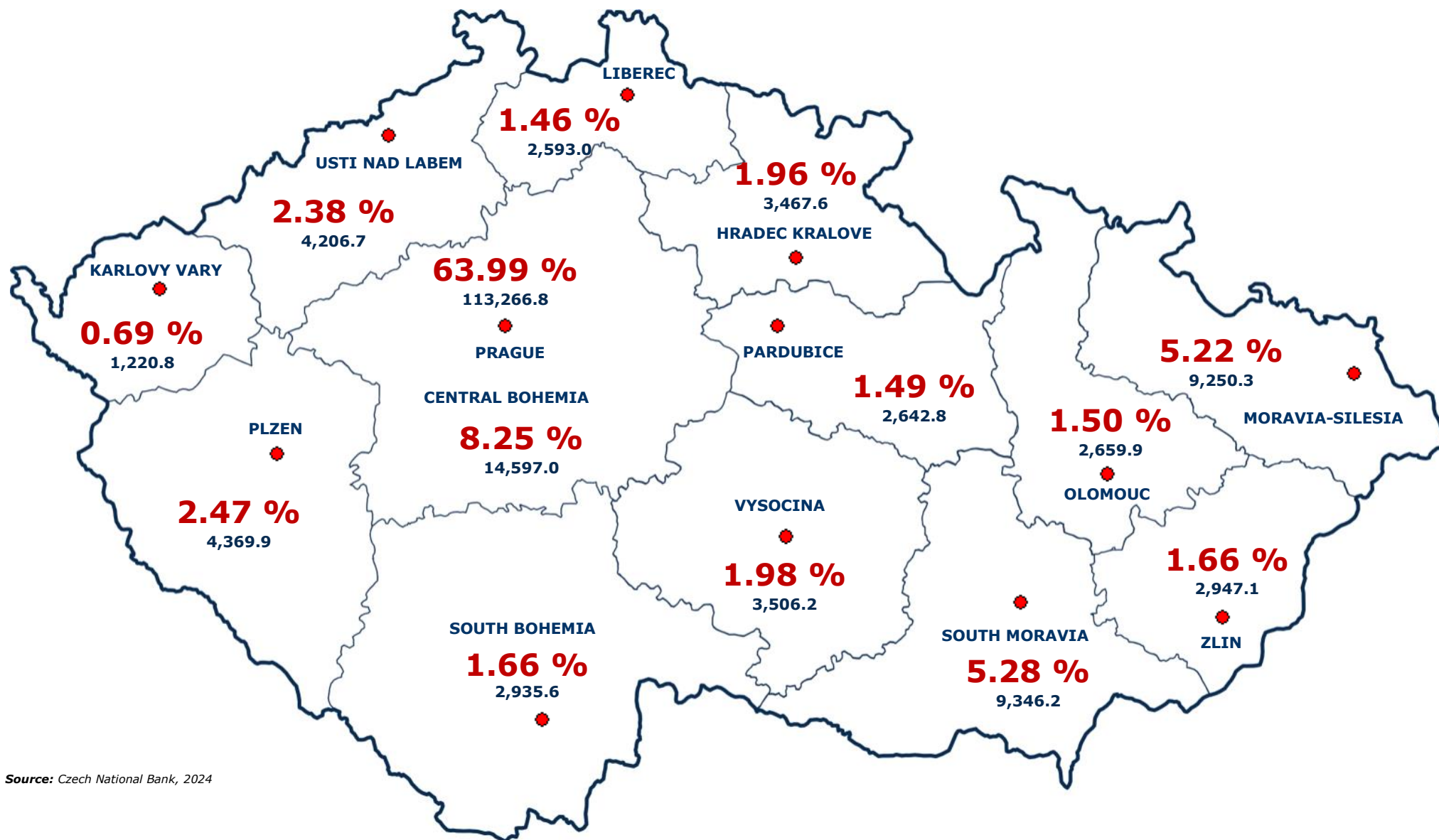
Source: fDi Markets, 2024

FDI top sectors in Czechia, January 2003 – November 2023

Sector	Projects	Investment (EUR million)	Jobs
Automotive components	292	8,040.6	62,279
Transportation & Warehousing	209	3,949.2	10,932
Software & IT services	187	2,780.7	17,277
Textiles	183	1,473.8	15,527
Industrial equipment	181	3,306.5	27,023
Financial services	171	3,793.5	10,845
Food & Beverages	164	3,947.7	23,953
Consumer products	155	4,816.0	43,903
Real estate	155	11,410.4	102,826
Business services	108	331.3	2,872
Electronic components	103	1,925.5	29,280
Communications	94	2,824.4	8,751
Plastics	87	1,375.7	12,091
Metals	68	2,317.2	6,697
Automotive OEM	62	5,547.5	29,839
Consumer electronics	62	739.2	13,176
Pharmaceuticals	59	629.3	2,948
Business machines & equipment	40	839.8	9,366
Coal, oil & gas	38	1,968.8	3,686
Hotels & tourism	37	1,105.4	6,862
Paper, printing & packaging	33	1,457.9	4,118
Other sectors	226	11,638.0	35,093
Total	2,714	76,218.1	479,344

Source: fDi Markets, 2024

Stock of FDI in the regions (as of 31 December 2021, EUR million)



Source: Czech National Bank, 2024