



Ministry of Foreign Affairs of the
Czech Republic

Section of Non-European Countries, Economic and
Development Cooperation

System of Promotion of Export and Economic Diplomacy

Martin Tlapa
October 2019, Prague



Economic Diplomacy



Economic situation of the Czech Republic

› Position of the Czech Republic in the world economy

- › A small open economy dependent on export – the main factor of growth; together with stable consumption and domestic demand Territorial dependence on the EU internal market
- › Sectoral dependence on the automotive industry
- › Our economy is more open than Germany by approx. 10%
- › Czech share of world export exceeded 1 % in 2017, with a share of only 0,14 % in the world population
- › In 2018, Czech exports have exceeded 4.2 trillion CZK (162 billions EUR)
- › **BUT:** low position of the Czech Republic in the global value chain – we need to increase the added value of exports, the share of services and export profitability.



Club and Network Diplomacy

	Number of actors	Structure	Form	Level of openness	Main goal
Club diplomacy	limited	hierarchical	mostly written	low	to sign memorandums
Net diplomacy	large	flat	mostly oral	high	to increase bilateral flows



Changes in the economy and international trade

› Challenges to international trade

- › the potential of "close" export markets (territorial, sectoral) - where to go?
- › economy reaching its capacities = exports are hitting the ceiling behind the current economic and external relations structures
- › risks - import tariff increases, export restrictions, administrative barriers, disadvantages of imported goods, discrimination in access to public procurement

› Influence on the Czech Republic

- › growth in world foreign trade is slower than world GDP growth
- › the development of the economy is more influenced by the changes taking place in other countries
- › the smaller the country, the greater the influence on its development have changes in external conditions

› How to succeed in the world? Vision 2020+

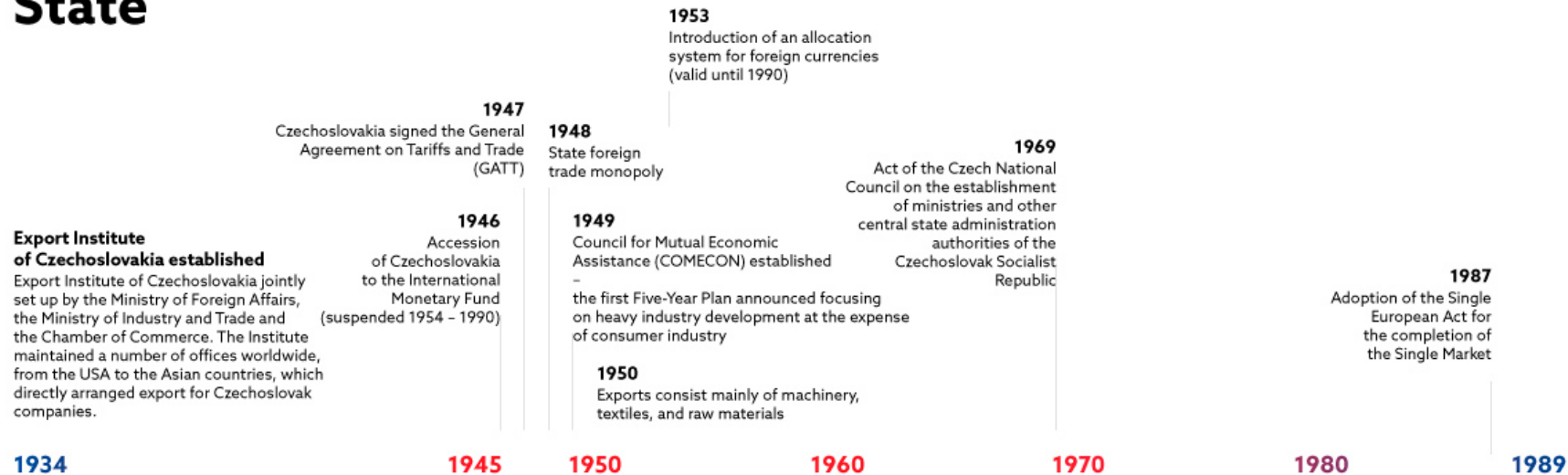
- › **Demand – what is demanded in the world?**
- › **Offering complex solution - Czech "integrators" in foreign markets**
- › **Sharing experience and supporting points**
- › **Straightening links - investments and direct relationships with foreign partners**



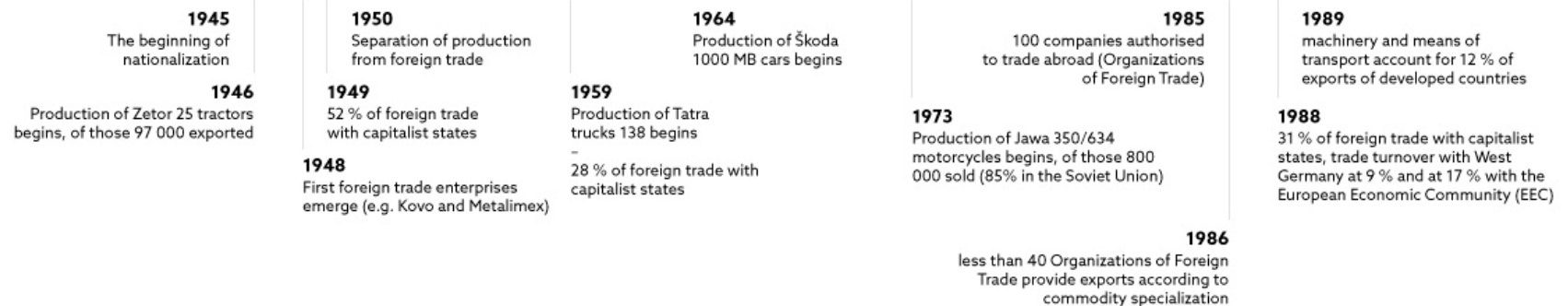
Actors of Economic Diplomacy



State

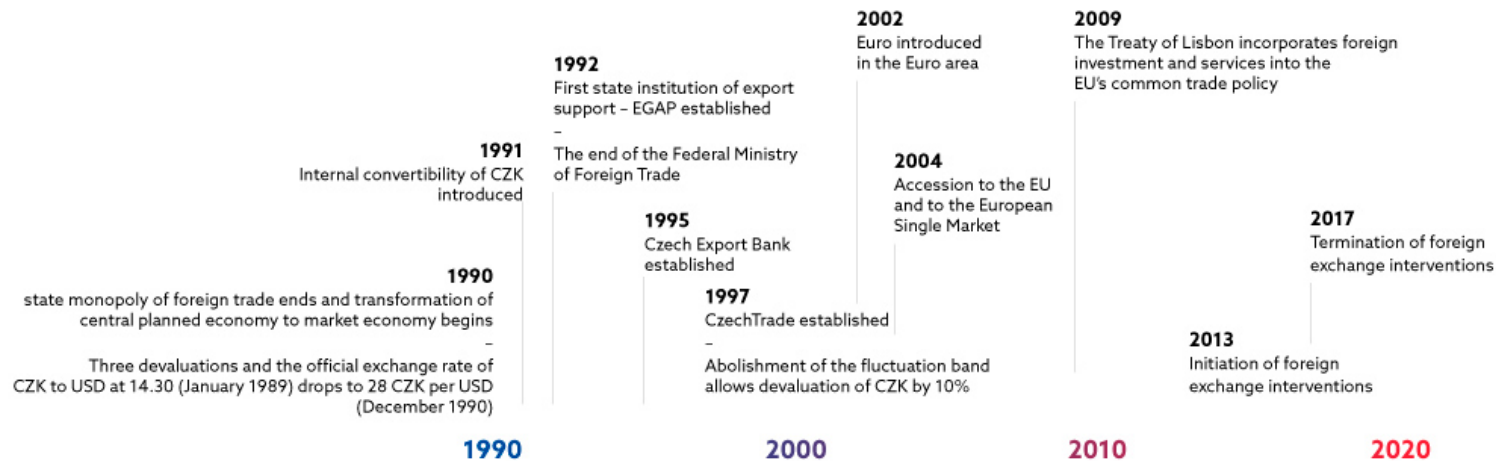


Business





State

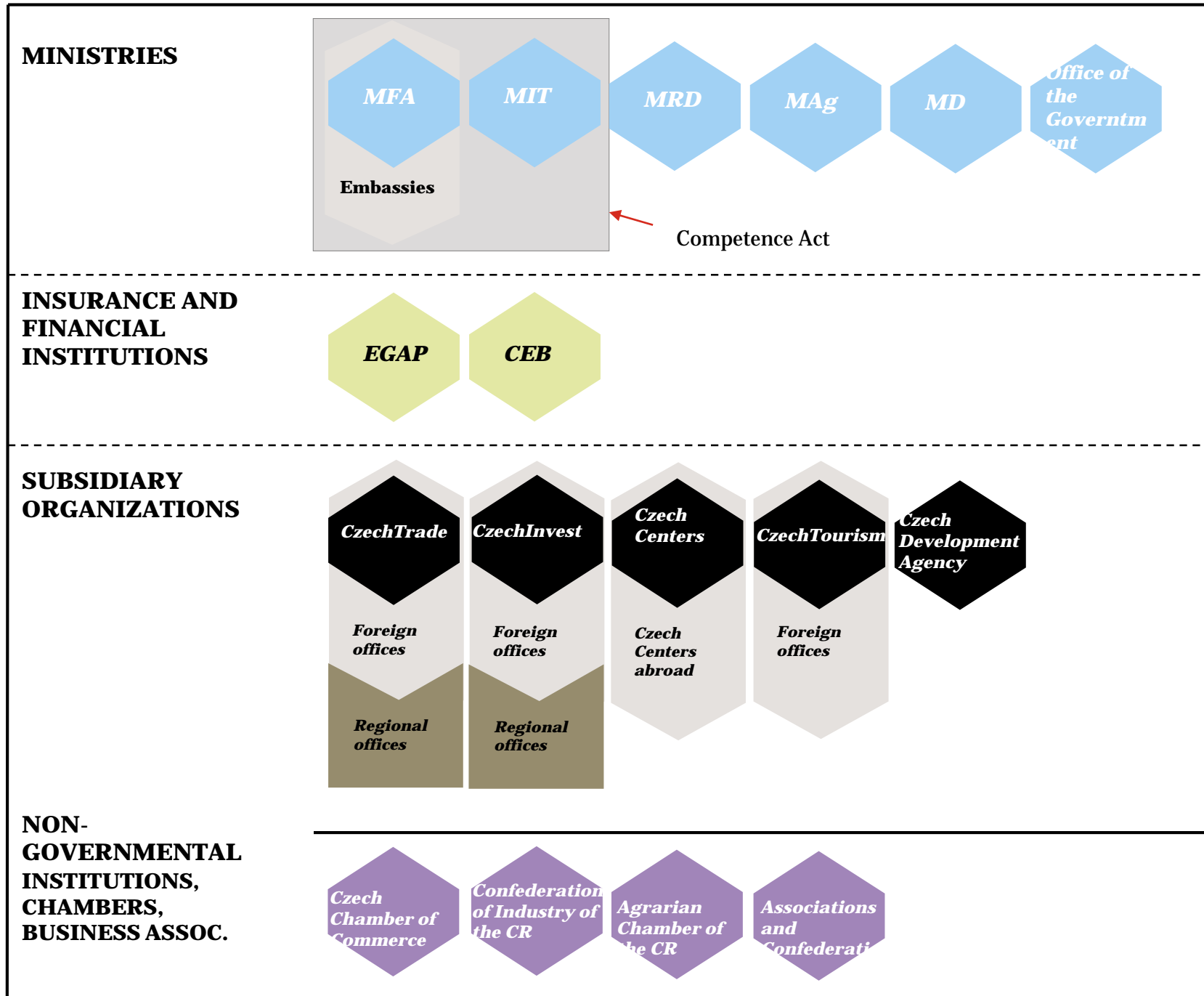


Business





Key Actors of External Economic Relations Support System



Only the competencies of the MFA and the MIT are defined by the Competence Act.

The involvement of other ministries is primarily based on individual framework arrangements.

The involvement of non-governmental institutions is not officially established.

Mutual cooperation of individual subjects is not fully established.



Unified Foreign Network



Foreign Unified Network



embassies and
CzechTrade

covers 93 countries from USA to
Japan

total of 159 foreign offices



Representative offices / Embassies

- › each embassy has economic agenda
 - › section size by country
 - › sometimes combined with development agenda
 - › if CzechTrade office – division of agenda
 - › CzechTrade – B2B
 - › Office / embassy – B2G
 - › embassies are comprehensively evaluated annually
- › **Expert economic local staff**
 - › strengthening of selected RO with economic local power - new since 2017
 - › necessary economic expertise and knowledge of the local business environment
 - › knowledge of companies
 - › help with analyzes, addressing partners and companies, planning of economic events
 - › local language – e.g. China, Africa
 - › total of 60 expert economic local staff
 - › effort to extend the system of expert local staff



Economic diplomacy at embassies

- › specialized economic diplomats at Czech embassies
- › their list can be found on the web page mzv.cz/uradycr
- › if embassies are without a specialized economic diplomats the agenda is carried out by a representative of the ambassador
- › they are very limited in the war zones (Kabul, Damascus, Baghdad) and in Pyongyang, the Vatican and Geneva
- › often linked to the development agenda
- › **Sectoral diplomats:**
 - › Agricultural specialists - Washington, Moscow, Beirut, Belgrade, Beijing, Abu Dhabi
 - › R&D and scientific specialists - Washington, Tel Aviv, Taipei
 - › Security and Defense specialist – Tel Aviv





Tools of Economic Diplomacy



Tools of Economic Diplomacy

Economic Diplomacy Projects

incoming and outgoing missions, fairs, presentations, seminars

involvement of ministries in a common fund

50 million CZK in a common fund

Services for Exporters

Client Center for Export

Unified foreign network
Representation offices and foreign offices
CzechTrade and CzechInvest

Foreign Development Cooperation and CDA



Information for Exporters



Tools of Economic Diplomacy

Current information
for our exporters

Seminars and
meetings for
exporters

Map of global
business
opportunities

Social
Networks of
Economic
Diplomacy of
the Czech
Republic -
Facebook,
Twitter,
LinkedIn

Marketing of
work of our
embassies

Territorial
seminars at
the MFA and
in the regions

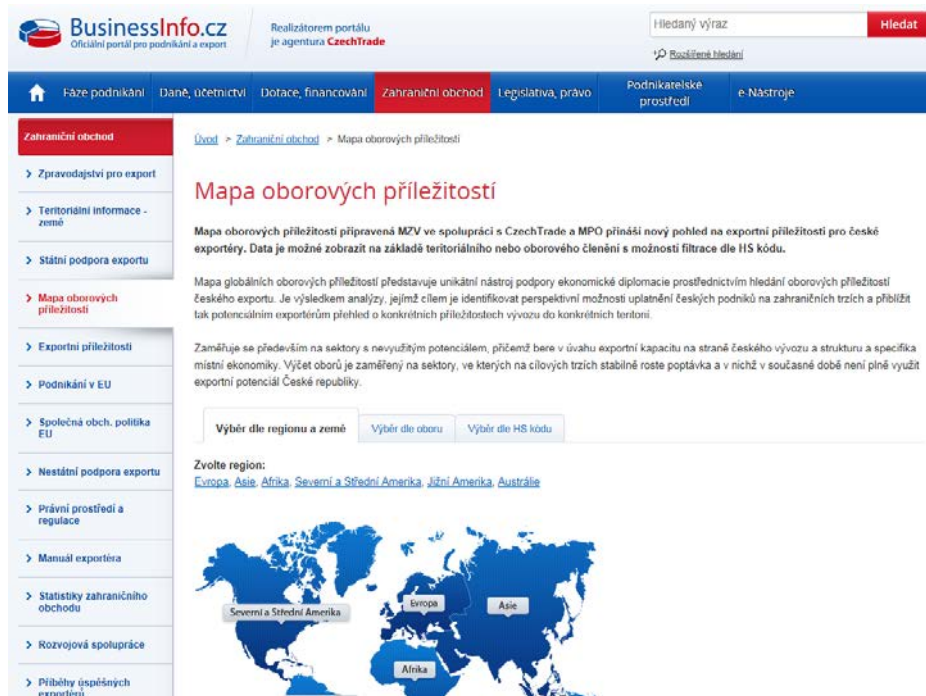
Meetings with
economic
diplomats and
new
ambassadors

Joint Export
House at MSV
Brno



Map of Global Sectorial Opportunities

- › An unique way to find sectorial opportunities for Czech exporters at foreign markets
- › Positive feedback from the private sector and business associations
- › Shift from territorial to sectorial
- › Annual actualizations
- › Looking for new trends
- › Identification of new opportunities with focus on non-European countries
- › Searchable by both territorial and sectorial key words



Available in printed form and
interactively at the following address:
www.businessinfo.cz/mop



Territorial information

- › country guide step by step
- › verified information from our embassies
- › information about:
 - › territory
 - › foreign trade and investments
 - › business cooperation with the Czech Republic
 - › key conditions for doing business
 - › tariffs and market
 - › customs and differences
- › www.businessinfo.cz/nazevzeme

Teritoriální informace - země

Informace o podmínkách pro podnikání a jedinečné, ověřené informace o exportních příležitostech. Aktuality z teritoria, kontakty na zastoupení ČR, užitečné internetové odkazy, registry a databáze.

Zvolte kontinent:

[Evropa](#), [Asie](#), [Afrika](#), [Severní a Střední Amerika](#), [Jižní Amerika](#), [Austrálie](#)



Indie

Souhrnná teritoriální informace

Zpracováno a aktualizováno zastupitelským úřadem ČR v Dillí (Indie) ke dni 20.09.2018

- | | |
|---|---|
| 1. Základní charakteristika teritoria, ekonomický přehled | 5. Mapa oborových příležitostí - perspektivní položky českého exportu |
| 2. Zahraniční obchod a investice | 6. Základní podmínky pro uplatnění českého zboží na trhu |
| 3. Vztahy země s EU | 7. Kontakty |
| 4. Obchodní a ekonomická spolupráce s ČR | |

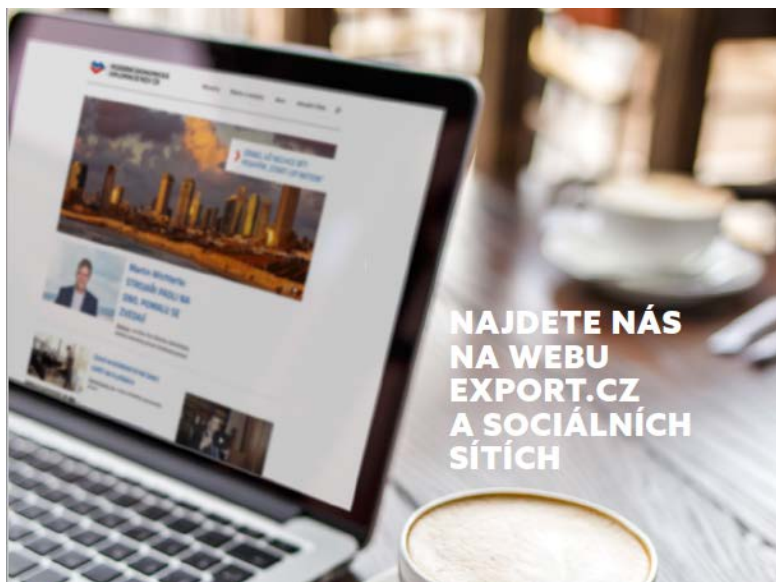
[Souhrnná teritoriální informace \(STI\) Indie \(416 kB\)](#)

[Mapa globálních oborových příležitostí - Indie \(MZV\) \(127 kB\)](#)



Other Information Sources for Czech Exporters

- › Business news from our embassies at www.export.cz
- › New magazine **Modern Economic Diplomacy** (MED = „Honey“ in Czech)
- › Social media (FaceBook, LinkedIn, Twitter)
- › Web page www.export.cz – digitalized MED and business news from our embassies





Seminars and conferences

- › Territorial conferences and seminars in Prague and regions of the Czech Republic
 - › introducing current opportunities for Czech companies
 - › the possibility to consult with economic diplomats of the territory
- › Regional export conferences with the Czech Chamber of Commerce
 - › in regions of the Czech Republic and in Prague
 - › cooperation with the Czech Chamber of Commerce, EGAP, Czech Export Bank and others
 - › Specific examples of the export case and the use of ED services
- › Presentation and marketing skills for exporters
- › Consultation with economic diplomats of embassies of the Czech Republic and directors of CzechTrade foreign offices
 - › within a meeting of Economic Diplomats in Prague at the end of June
 - › a possibility to contact the entire network in one place
- › Meeting of representatives of companies and business associations with outgoing ambassadors
 - › before the ambassadors' departure

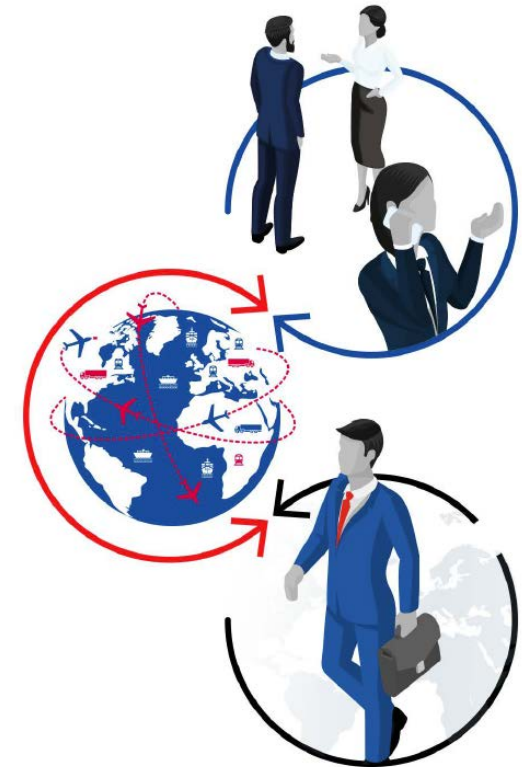


Services for Exporters



Overview of Export Services and Support Tools

- › **Basic services and counseling**
 - › Consultations and counseling
 - › Information Sources
- › **Unified Foreign Network's Services**
 - › Assistance, surveys and organization of meetings
 - › Support with focus on foreign private entities, official institutions and state-owned enterprises
- › **Commercial policy and the internal market**
 - › Removing obstacles and solving problems on the EU and non-EU markets
 - › Other areas of support
- › **Foreign events, missions and fairs**
 - › B2B events in the Czech Republic - sourcing and incoming
 - › Export seminars, conferences and education





Possibilities of using foreign network services through:

1. Client Center for Export
2. Regional Export Specialists
3. Embassies
4. Ministry of Foreign Affairs - Prague



Client Center for Export

- › One-Stop-Shop for exporters
- › MFA, MIT, and CzechTrade
- › Consultations of export and investment intentions
- › Services provided in more than 90 countries through the Unified Foreign Network
- › Export specialist on a specific request available during the whole process
- › At disposal employees of MFA and CzechTrade
- › Possible consultations with deputy ministers of MFA and MIT
- › Joined CRM database SINPRO – all information about individual clients
- › More information at: www.businessinfo.cz/KCE



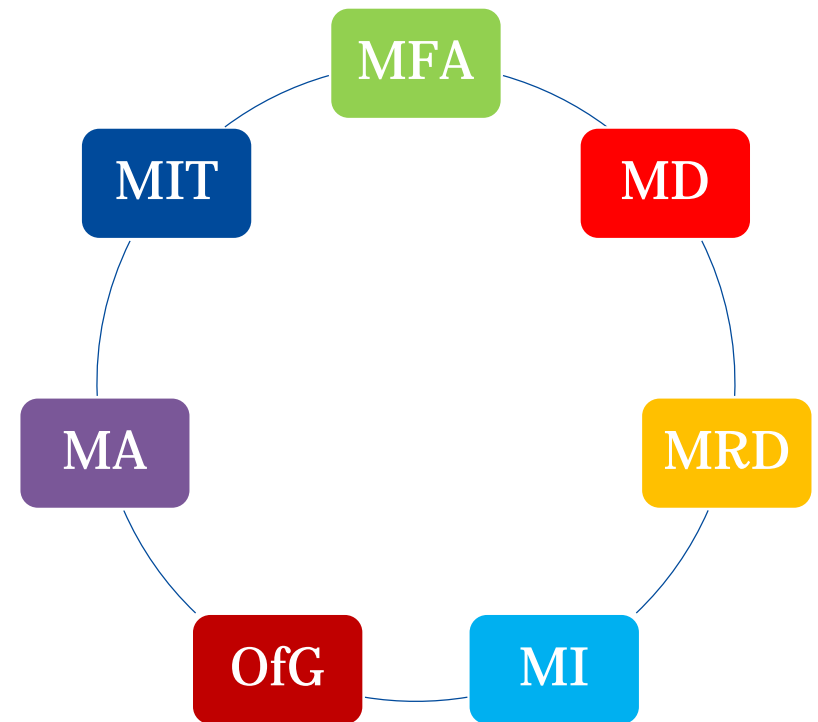


Projects of Economic Diplomacy



Projects of Economic Diplomacy - PROPED

- › one of the key instruments of economic diplomacy
- › flexible sectoral presentations abroad
- › targeted actions to support Czech exports carried out by embassies abroad
- › since 2017, joint financing and project preparation - MFA, MIT, MA, MO, MRD, MI and the Office of the Government
 - › joint financing and project realisation
 - › around 300 projects/year - website mzv.cz/proped
 - › budget 50 mil. CZK





Projects of Economic Diplomacy

› Flexible form

- › Projects may take the form of seminars, presentations, exhibitions and trade fairs, conferences, business missions, investment seminars, incoming missions, etc.

› Organizer

- › Implemented primarily by Embassies and Consulates of the Czech Republic, which submit proposals for approval each year

› Honorary consul involvement

- › Propose ideas to Embassies and Consulates
- › Help with organization, contacts, meetings, logistics





PROPED

Year	Budget	Number of projects	Average budget per project
2014	5 mil. CZK	51	98K CZK
2015	11 mil. CZK	83	132K CZK
2016	20 mil. CZK	161	124K CZK
2017	51 mil. CZK	246	207 K CZK
2018	65 mil. CZK	275	236K CZK
2019	77 mil. CZK (budget for 2019 + transfers from 2018)	300 (first and second call)	

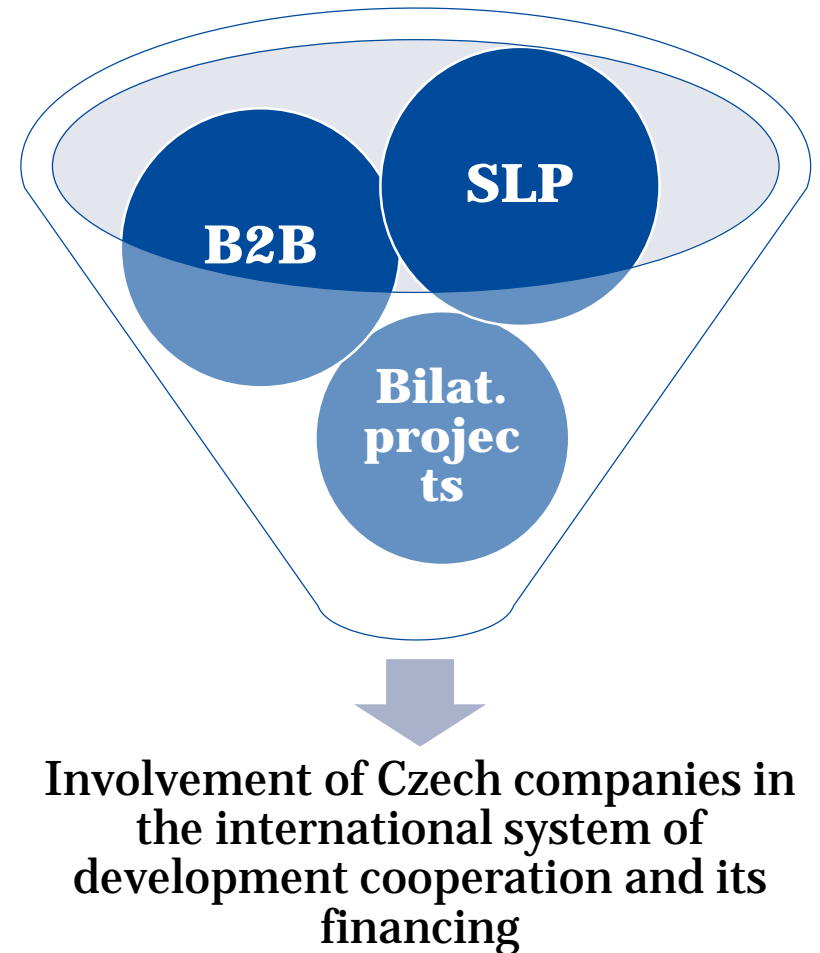


Foreign Development Aid



Foreign Development Cooperation and Future Business Opportunities

- › **Development cooperation as an investment in future opportunities**
- › **Revision of the current system of financing**
- › **Modern financial tools**
 - › use of the European Sustainable Development Fund - counter-guarantees
- › **Small local projects (SLP)**
 - › Less than 500,000 CZK
 - › in synergy with perspective disciplines
 - › Czech products and services
- › **Program Guarantee for Foreign Development Aid**
 - › starting in 2019
 - › state-backed guarantees for export loans with development reach
 - › allocation 50 mil. CZK





Scheme of New B2B Program of Czech Development Agency

PREPARATION

Feasibility Study

Feasibility study, follow-up funding from IFIs

All developing countries
Max. CZK 250,000
1 year
50% coverage of total costs

Business Plan

Creation of a business plan, mapping of opportunities, finding a partner

All developing countries
Max. CZK 250,000
1 year
50% coverage of total costs

REALIZATION

Project Realization

Creation of Business Partnerships

All developing countries
Max. CZK 5 million
Max. 3 years
50% coverage of total costs

Project Documentation

Creation of detailed technical solution, preparation for tender call

All developing countries
Max. CZK 5 million
Max. 3 years
50% coverage of total costs



Sectorial Development Platforms

- › New tool of the Czech Development Agency
- › Grant provided to a platform - a group of private actors (companies)
- › Strengthen capacity of non-state actors to contribute to complex solutions within the development cooperation

◀ **SPOJUJEME SÍLY, NA ROZVOJOVÉ TRHY MÍŘÍME SPOLEČNĚ**

Chcete se prosadit v zahraničí? Co to zkusit společně?
Jako jeden tým dokážete nabídnout komplexní řešení.



**SEKTOROVÉ ROZVOJOVÉ
PLATFORMY**



Ministerstvo zahraničních věcí
České republiky

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Evaluation of Economic Diplomats



Embassy Assessment - Satisfaction, Feedback, and Needs of Exporters

Individual services for exporters

Service quality assessment for exporters based on questionnaires

Evaluation made by companies

Information for exporters

Evaluation of the quality of the information provided to Czech exporters - news, STI, MOP

Evaluated by the headquarters of the MFA.

Projects of Economic Diplomacy

Quality evaluation of projects implementation

Evaluations made by project participants - companies, sectoral associations, other relevant stakeholders

Evaluation of cooperation with the MFA

Evaluation of access and willingness to cooperate, adherence to the methodological guidelines and quality of documents provided.

Evaluated by the headquarters of the MFA.

Evaluation of business associations

Evaluation of the quality of information provided by embassies, access and professionalism while working with associations.

Evaluations by CC, AMSP, CI and sectoral associations

Evaluation of cooperation with the ministries / departments

Evaluation of quality of information provided by embassies, access and professionalism while working with associations.

Evaluated by the Ministries.



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Thank you for your attention

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