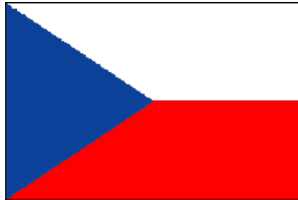


COUNTRY PROFILE



Czech Republic

GLOBAL RANK: 23rd= of 104



Tied at 23rd with Slovenia, the Czech Republic's improvement in Economic Competitiveness (16th) has not been matched by equal progress in Comparative Liveability (31st).

● BACKGROUND

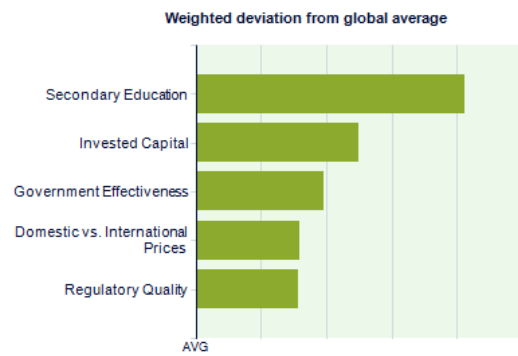
Formed by the dissolution of Czechoslovakia in 1993, the Czech Republic has become one of the most economically successful of the former Soviet Bloc countries by embracing free market reforms. It boasts low inflation, strong GDP growth, a developed banking sector, and a well-educated workforce. A flat tax on personal income was introduced in early 2008. There are also several undesirable legacies of the Soviet era: corruption is seen to be widespread in political and business circles. Despite recent environmental initiatives, air and water pollution from heavy industry remains high in many areas, particularly in Bohemia and Moravia.

FAST FACTS

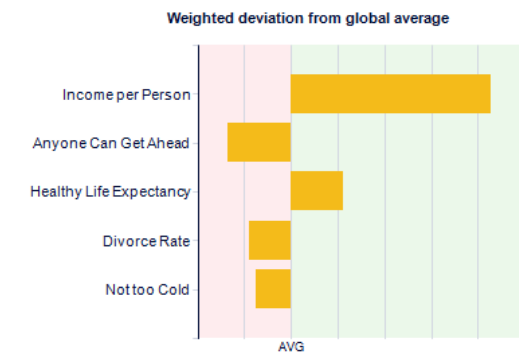
<b>Population:</b>	10.2 million (2008 est.)	<b>FDI (net inflow):</b>	5.44% (2006 est.)
<b>Life Today</b>	6.5 (2007 est.)	<b>Exports</b>	66.76% (2006 est.)
<b>GDP (PPP)</b>	\$248.9 billion (2007 est.)	<b>Imports</b>	65.56% (2006 est.)
<b>GDP (Growth)</b>	6.5% (2007 est.)	<b>Unemployment:</b>	6.6% (2007 est.)
<b>GDP (per Capita)</b>	\$24,200 (2007 est.)	<b>Life Expectancy</b>	76.62 years (2008 est.)
<b>Political System:</b>	Parliamentary Democracy		
<b>Foreign Aid:</b>	0.25% (2004 est.)		

● KEY SCORE DRIVERS

ECONOMIC COMPETITIVENESS



COMPARATIVE LIVEABILITY



The Czech Republic ranks well above the regional average in terms of Economic Competitiveness. Skilled labour, regulatory reforms, and EU integration have attracted foreign investment. This has improved export performance and boosted economic growth, which is reinforced by effective governance and a high-quality regulatory system.

The Czech Republic has one of the best primary and secondary education systems in the world. According to the OECD PISA results the performance of Czech students matched that of the Swiss. Public spending on education is over 4% of the GDP, and an average worker has 5.5 years of secondary education, amongst the

Economic Competitiveness has not translated smoothly into Comparative Liveability in the Czech Republic. However, high incomes do tend to contribute to wellbeing and Czech average incomes keep growing. According to IMF estimates, GDP per capita stood around \$12,000 in 1990, and by 2010 it is expected to exceed \$30,000. Health-adjusted life expectancies are commensurately high, at 68.4 years.

Another key dimension of Comparative Liveability is the Czech people's appreciation of their civil liberties and political rights. Bad memories of the communist regime and Russian occupation are still present in political discourse, and democracy is highly esteemed,

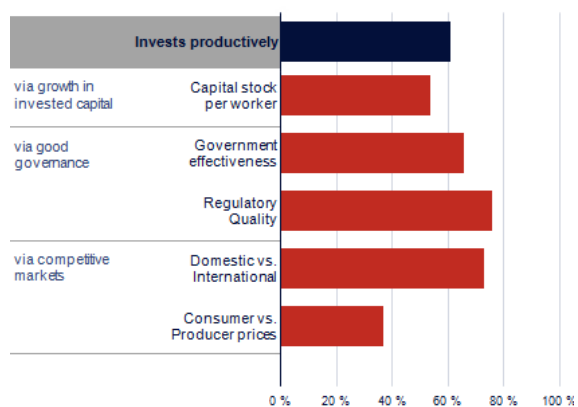
highest recorded in the Index.

A high degree of openness, not seen in similarly ranked countries, fosters foreign trade and investment, and foreign direct investment stock in the country exceeds \$80 billion, according to UNCTAD. This is mainly concentrated in the automotive, machinery and energy sectors. This diversification of the economy and openness to foreign direct investment ensures a high level of capital investment. International competitiveness is also high, and international trade and exports in particular saw remarkable growth in the past decade: the Czech Republic's annual exports now are almost eight times higher than in 1993.

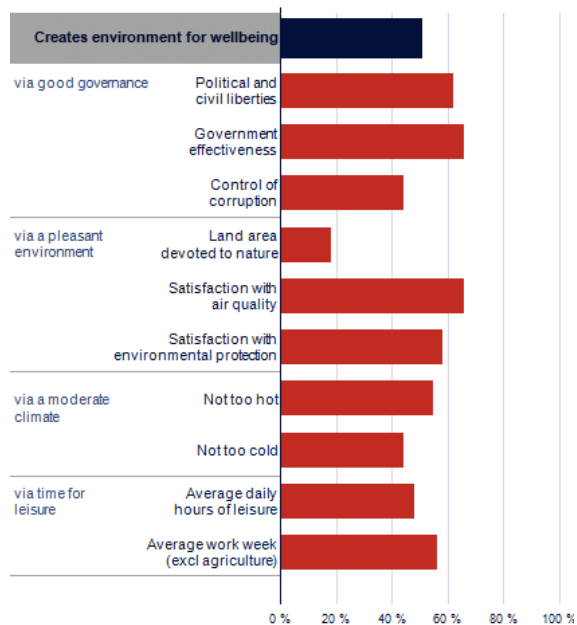
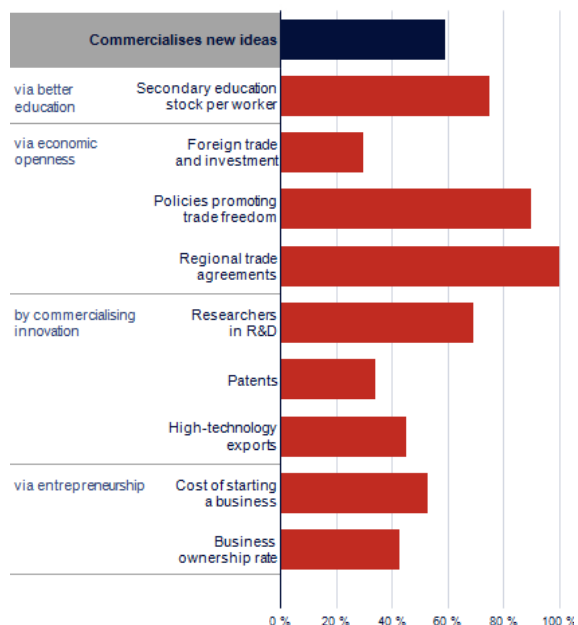
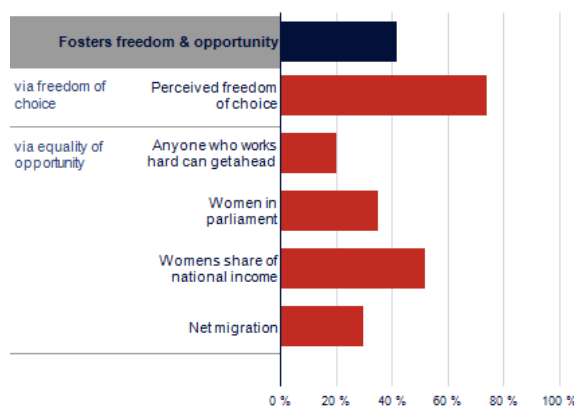
both by ordinary citizens and by the business and political establishment. The high scores for political life, and the fact that 84%<sup>9</sup> of people report satisfaction with their freedom of choice to the Gallup World Poll, are testimony to the progress that has been made. The strength of religious freedom also reflects these priorities.

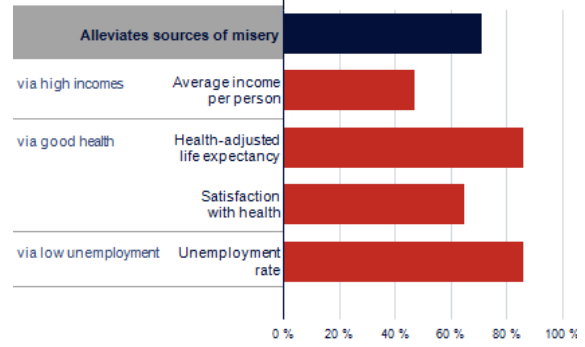
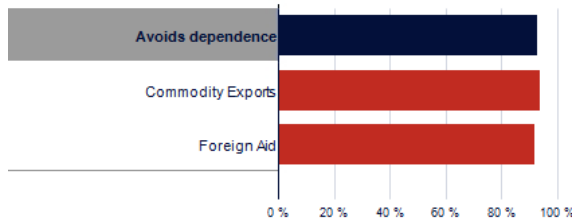
However, freedom does not always translate into equal opportunities: the same poll finds that 46%<sup>9</sup> of people do not believe that working hard is the way ahead, which results in a relatively poor equality of opportunity indicator when combined with the low scores for gender equality. The impact of communism and transition are perhaps reflected in low levels of religious faith, as well as high divorce rates. It will likely take some time before these factors, which tend to negatively impact wellbeing, are alleviated by the opportunities, freedoms, and strong secular community life that tend to characterise wealthy Western European countries.

### ECONOMIC COMPETITIVENESS: SCORECARD

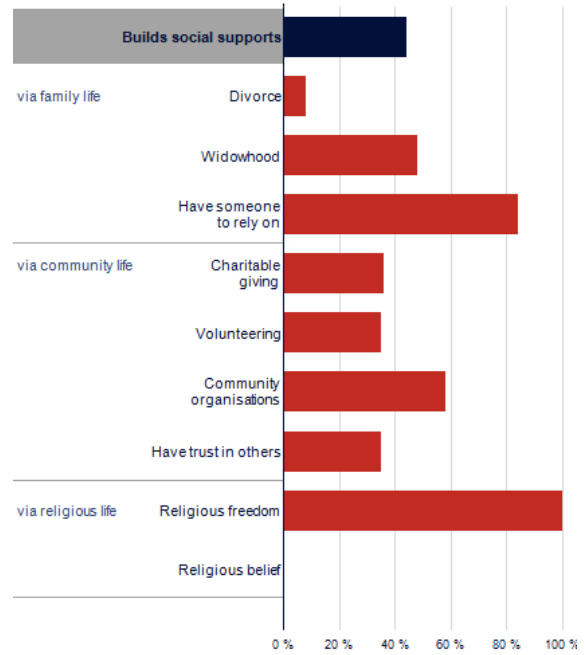


### COMPARATIVE LIVEABILITY: SCORECARD





All subindicator scores in the Index are shown unweighted, expressed as a percentage of the score for the best-performing country in the Index. Indicator scores (in dark blue) are derived from the weighted average of relevant subindicators. For more information on how the subindicator scores are weighted to produce indicator scores and an overall Index score and ranking, see Chapter Two of this report.



**References:**

<sup>9, w</sup> See [www.prosperity.com/references.aspx](http://www.prosperity.com/references.aspx) for further details including date of survey, sample size, and margin of error.