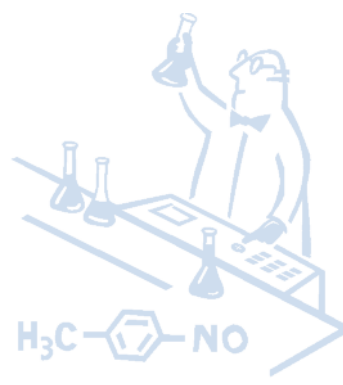


Chemical Industry



The chemical and pharmaceutical industries' products are widely used in all sectors of the economy and they thus play an indispensable role in its development. The key segment of the chemical industry is the production of basic chemical substances (64 per cent of total revenue) and pharmaceutical production (17%). Other sectors' shares are lower – the production of specific chemical substances and fibres accounts for 9% of total revenue, the production of detergents and cosmetic products for 5%, paints for 4%, and pesticides and agro chemicals for 1%. In 2008, this segment accounted for 1.6% of the total gross added value of the manufacturing industry, for 5.8% of total revenue from sales of own products, and for 5.4% of the accounting added value.

The key segment of the chemical industry in the Czech Republic is petrochemical production. The leading refinery and petrochemical group is Unipetrol, a part of Central Europe's largest refining and petrochemical group, PKN ORLEN. Unipetrol operates extensive refineries and is a major player in the Central and Eastern European markets. Petrochemical products produced in the Unipetrol holding include monomers, aromatics and polyolefin; key refinery products are motor fuel, bitumen and liquefied petroleum gases.

The Czech Republic has a strong position in the production of both inorganic chemical products and organic products, most of them being ex-

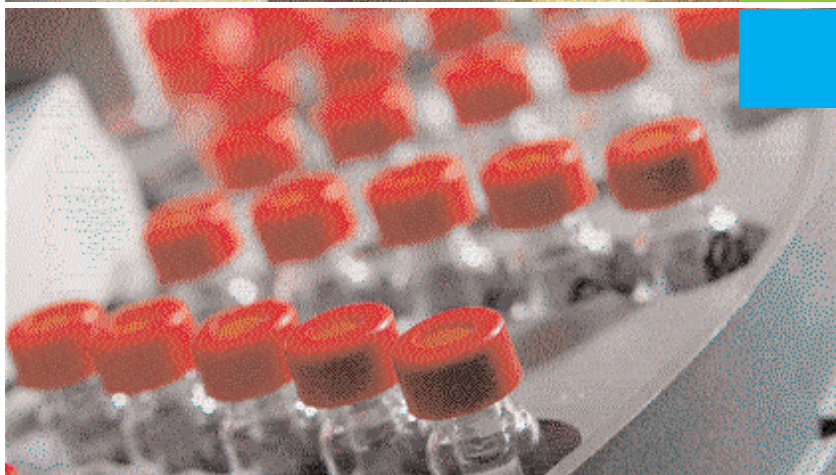
ported to EU markets. Key commodities include fertilizers, artificial silk, nitrous oxide, ammonia water, commodity and special amines, nitro-cellulose, pigments, colourings, epoxy resins, caprolactam, PVC, ammonium sulphate, sodium hydrate and sulphuric acid.

The development and production of pharmaceuticals comprise an essential part of the chemical industry. Major world pharmaceutical companies have successfully entered the Czech market and Czech companies have thus become a part of international networks and expanded their activities to foreign markets. Foreign investors include the global pharmaceutical company Glenmark Pharmaceuticals and the Sanofi-Aventi group, the owner of Zentiva N.V. Pharmaceutical production is concentrated in the Prague region and around the cities of Ústí nad Labem and Opava. The Czech Republic takes advantage of its long-standing tradition in the production and development of pharmaceuticals and the high level of professionals working in this sector.

The production of plastics and rubber products is the most dynamic sector of the manufacturing industry, with a high potential for export. Key rubber products are tyres and tyre hoses, which are manufactured by the largest European producer, Barum Continental, in its production plant in Otrokovice. Other products include sealing, V-belts, hoses, etc. The Czech Republic is a leading producer of a whole range of plastic semi-products

The chemical industry's share of basic indicators of the manufacturing industry in the CR 2007–2009

	2007	2008	2009
Revenue in current prices (%)	15.0	15.9	15.9
Employees (%)	10.8	10.9	11.4
Exports (%)	11.1	11.7	12.2



Chemical Industry

such as boards, films and packaging. The importance of this segment lies in its close connection to the automotive and electrical engineering industries, construction and the food sector, primarily the production of packaging. This segment's share of the manufacturing industry has steadily grown since 2000 – it accounted for 6.4 per cent of the total revenue of the manufacturing industry in 2008, and 7.4 per cent of the accounted added value. Companies such as Siemens, Robert Bosch, TRW, Johnson Controls, Valeo and PeguformG have realised large investments in the plastics industry. The current consumption of plastic products per person is still at a significantly lower level than in developed industrial Western European countries, so the industry is expected to grow in the coming years.

The Institute of Chemical Technology, the biggest educational institution of its kind in Central Europe, plays an important role in the Czech chemical industry. Due to its tradition lasting almost 200 years and its extensive research projects, it provides the Czech market with highly professional scientists and researchers. It also participates in the development of new trends in the chemical industry and thus increases the image and reputation of Czech chemistry abroad.

The most important tool for supporting the Czech chemistry business is the Association of Chemical Industry of the Czech Republic, associating manufacturing, commercial, designing, research and advisory undertakings with relation to the chemical, pharmaceutical, petrochemical and rubber and plastics industries, including the Association of Paint Manufacturers, the Chemical Traders and Distributors Association and the Czech Association of Cleaning Stations. The Association closely cooperates with other organisations, associating companies operating in various fields of the chemical industry such as the Association of Plastics Industries of the CR, the Association of the Czech Pharmaceutical Industry, the Czech Association of Petroleum Industry and Trade, the Czech Soap and Detergent Products Association and the Trade Union of Chemical Workers of the Czech Republic



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