European Investment Bank

Czech Republic

Overview

EIB INVESTMENT SURVEY

2023

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Czech Republic

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EIB Investment Survey Country Overview 2023: Czech Republic

About the EIB Investment Survey (EIBIS)
The EIB Group Survey on Investment, which has been administered since 2016, is a unique, annual survey of some 13 000 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Members States and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication
These reports provide an overview of data collected for the 27 EU Member States and the United States. They are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the EIB
The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The department and its team of 40 economists is headed by Debora Revoltella, director of economics.

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Published by the European Investment Bank.
Printed on FSC® Paper.

pdf: QH-BL-23-009-EN-N ISBN 978-92-861-5658-8 ISSN 2599-8005 doi: 10.2867/792438

EIBIS 2023 – Czech Republic

KEY RESULTS

Investment dynamics and focus

Notwithstanding decelerating economic growth and tightening monetary policy, at the time of the interviews (April-July 2023), firms in the Czech Republic remained relatively positive about their investment intentions for 2023. Asked about 2023 intentions, a larger share of Czech firms expected to increase rather than decrease investment (13% positive net). This is almost identical to the current EU average (net balance of 14%). The investment outlook is now at a similar level to EIBIS 2021 and remains much higher than during the pandemic. Seventy-three per cent of firms report to have invested in the previous year.

Investment needs and priorities

Four in five (84%) firms in the Czech Republic believe they invested about the right amount over the last three years. This is consistent with EIBIS 2022 (79%) and close to the current EU average (82%). Looking ahead to investment priorities for the next three years, there is a fairly even split between capacity expansion (34%), replacement (31%) or new products or services (31%). Just 4% of firms have no investment planned.

While Czech firms are pessimistic about the broader investment environment, they are, on balance, optimistic about business prospects in their sector. They are most pessimistic about the economic climate and the negative net balance is much lower than the EU average (-44% versus -26%). The net balance of expectations regarding the political or regulatory climate has been worsening since EIBIS 2021, declining from -19% to -23%, reaching the European average in 2023. On balance, firms are now more optimistic about the business prospects in their sector (rising from -7% to +27%).

Energy market developments

The energy crisis hit Czech firms hard, just as it has firms across the EU. Czech firms' major concerns are energy prices and uncertainty. Energy prices are a major concern for more than a half of businesses (52%). Czech firms were less concerned than the average EU business about energy availability (49% versus 73%) and the energy regulatory framework (65% versus 79%).

Almost every Czech firm (96%) adopted one or more strategy in response to the energy shock. Seven in ten firms put forward energy savings/efficiencies (69%) as a strategy, while a large proportion indicated that a priority or strategy consists of the renegotiation of their energy contract (53%) or passing on increased energy costs to customers (59%). Relatively few state they aim to stop or reduce the production of goods or services (26%). The response in the Czech Republic is largely similar to that of firms across the EU.

International trade

Four in five Czech firms (89%) faced some disruption to international trade and a majority (61%) changed their sourcing strategy or are planning to change it. Compared to the EU average, Czech firms are as likely to be investing in increased stocks and inventory (32% versus 31%) and more likely to invest in digital inventory and inputs tracking (25% versus 20%).

EIBIS 2023 – Czech Republic

Climate change and energy efficiency

Climate change is a reality for most Czech firms with five in ten (48%) saying weather events have impacted their business. This is similar to EIBIS 2022 (46%) but below the current EU average (64%). More than a half (52%) Czech firms have developed or invested in measures to build resilience to climate change risks. This is above the EU average (36%). Czech firms are more likely to have bought insurance products to off-set climate-related losses than the EU as a whole (32% versus 13%).

More Czech firms regard transition to stricter climate standards and regulations as a risk (42%) than an opportunity (19%). Nine in ten Czech firms (89%) are taking actions to reduce Greenhouse Gas (GHG) emissions, but only a minority (34%) set and monitor targets for their own emissions. Approximately three in five Czech firms are making investments in energy efficiency (59%) and waste minimization/recycling (74%). Compared to the EU as a whole, Czech firms are less likely to be investing in sustainable transport options (20% versus 46%) and onsite/offsite renewable energy generation (25% versus 41%).

Seven in ten Czech firms (71%) say they have invested in tackling the impacts of weather events and dealing with the process of reducing carbon emissions. This is higher than EIBIS 2022 (54%). Around a half of Czech firms (49%) have plans to invest in these areas in the next three years. This is consistent with the EU average (54%).

Innovation activities

More than a half of firms (55%) developed or introduced new products, processes or services as part of their investment activities in 2022. Around one in ten (10%) report the development/introduction of products, processes or services new to either the Czech Republic or global markets. These figures are similar to EIBIS 2022 and the current EU average.

Four in five firms in the Czech Republic (80%) used at least one advanced digital technology. Firms in the Czech Republic make more use of the internet of things (58%) and robotics (54%) than other technologies. Relatively few (6%) have adopted augmented or virtual reality technology. Czech firms' use of the following technologies exceeds the EU: internet of things (58% versus 41%), big data (38% versus 24%) and 3D printing (33% versus 24%).

Investment impediments

Firms in the Czech Republic consider energy costs (94%), the uncertainty about the future (80%) and the availability of skilled staff (72%) as the main long-term barriers to investment. Compared to EIBIS 2022, the impact of some of the barriers asked about is easing, thus showing a decline in EIBIS 2023: demand for products and services (59% versus 33%), transport infrastructure (36% versus 18%), financing (52% versus 36%), labour market regulations (64% versus 52%) and skilled staff (83% versus 72%).

Access to finance

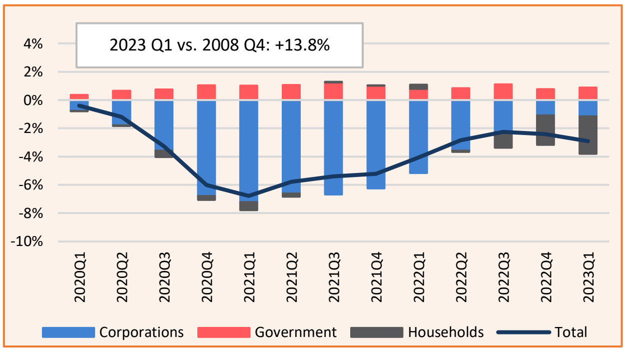
The share of finance-constrained firms in the Czech Republic has declined and is now at its lowest level yet. Levels of dissatisfaction with external finance remain low but there has been an increase in the share of firms who are dissatisfied with the cost of finance (up from 3% in EIBIS 2022 to 12% now).

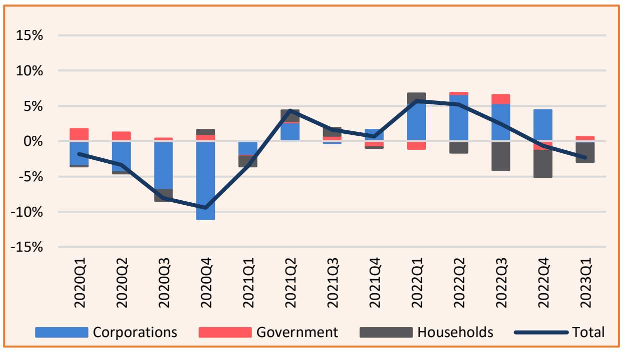
Note on how to read the results:
EIBIS 2023 overview presents the results of the survey run in 2023. Questions in the survey might point to "last financial year" (2022) or expectations for the current year (2023). The text and the footnote referring to the question will specify in each case which year is considered.

Investment dynamics and focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

- Overall real investment in the Czech Republic has rebounded form its trough in the beginning of 2021. However, at the beginning of 2023, it remains below its pre-pandemic level.
- While corporate investment has performed quite well and is close to its pre-pandemic levels in real terms, residential investment has been hit hard by the increase in interest rates during 2022.
- Public investment is being supported by EU structural funds in 2023, the last year for incurring expenditures billed to the 2014-20 programming period for EU structural funds.

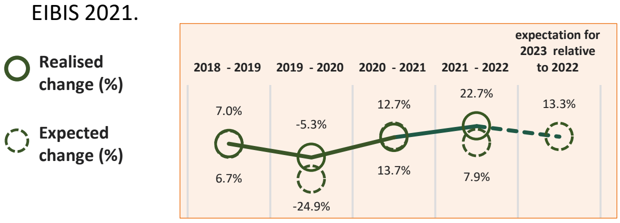




The LHS chart shows the evolution of total gross fixed capital formation (GFCF) by institutional sector, in real terms and non seasonally nor calendar adjusted. The nominal GFCF source data was transformed into four-quarter sums and deflated using the implicit deflator for total GFCF (2015=100 euro). The four-quarter sum of total GFCF in 2019Q4 is normalised to 0.
The RHS chart shows the y-o-y % change in total real GFCF by institutional sector. The implicit deflator for total GFCF (2015=100 euro) was used for deflating the nominal GFCF source data.
Source: Eurostat, authors' own calculations.

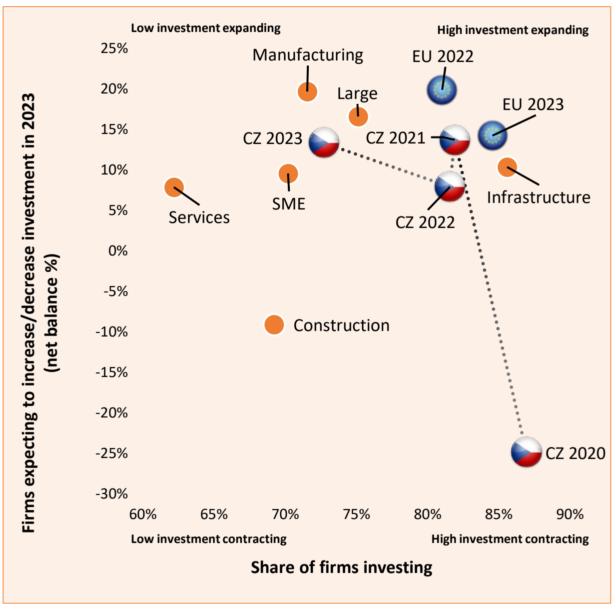
INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

- Firms in the Czech Republic have a net positive investment outlook. In 2023 a net balance of 13% are expecting to increase rather than decrease investment. This is consistent with both EIBIS 2022 (8%) and the EU average (14%). On balance, the investment outlook is at a similar level to EIBIS 2021 (14%) and much higher than during the pandemic and EIBIS 2020 (-25%).
- Manufacturing firms are the most likely to expect to increase rather than decrease investment (net balance of 20%). However, among construction firms the net investment outlook is negative with more firms expecting a decline in investment rather than an increase (-9%).
- The share of firms that invested in 2022 is lower than the EU as a whole (73% versus 85%) and than both EIBIS 2022 and EIBIS 2021.



"Realised change" is the share of firms that invested more minus those that invested less. "Expected change" is the share of firms that expect(ed) to invest more minus those that expect(ed) to invest less.

Base for expected and realised change: All firms



Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

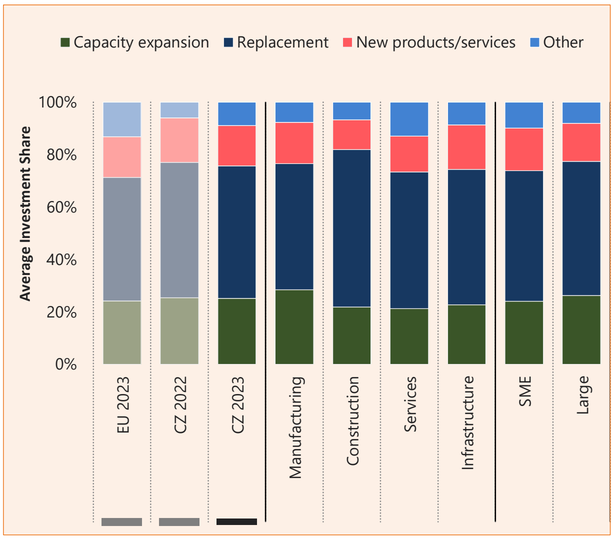
Base for share of firms investing: All firms (excluding don't know/refused responses)

Base for expected and realised change: All firms

Investment dynamics and focus

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

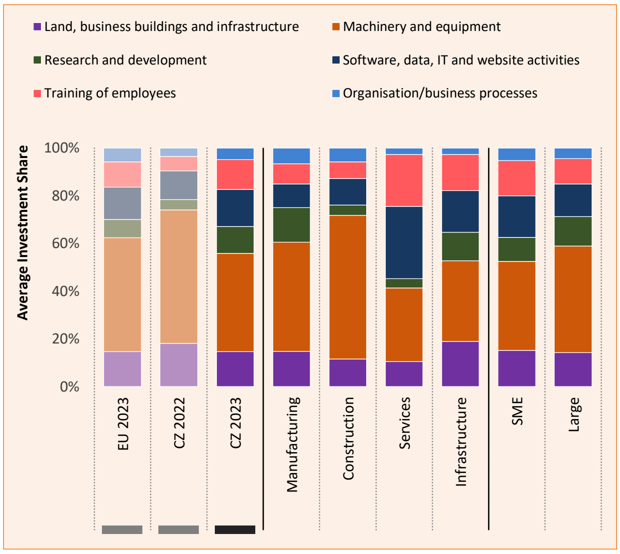
- On average, firms in the Czech Republic spent 51% of their investment on replacement in 2022. This is similar to EIBIS 2022 (52%) and in line with the current EU average (47%).
- Investment in capacity expansion accounted for 25% of their total investment. This is also in line with EIBS 2022 (25%) and the current EU average (24%).
- Investment in new products and services accounted for a lower share of the total expenditure (15%).
- Both Czech SMEs and large firms share similar investment priorities.



Q. What proportion of total investment in the last financial year was for (a) developing or introducing new products, processes, services (b) replacing capacity (including existing buildings, machinery, equipment and IT) (c) expanding capacity for existing products/services?

Base: All firms that have invested in the last financial year (excluding don't know/ refused responses)

INVESTMENT AREAS



- Czech firms directed 44% of their investment towards intangible assets (R&D, software, training and business processes). This is higher than in EIBIS 2022 (26%) but consistent with the current EU average (38%).
- Investment activities varied depending on the sector of the business. Services sector firms directed the highest proportion of investment towards intangible assets (59%) while construction invested the lowest share (28%).
- Investment activities between SME's and large firms were fairly consistent.

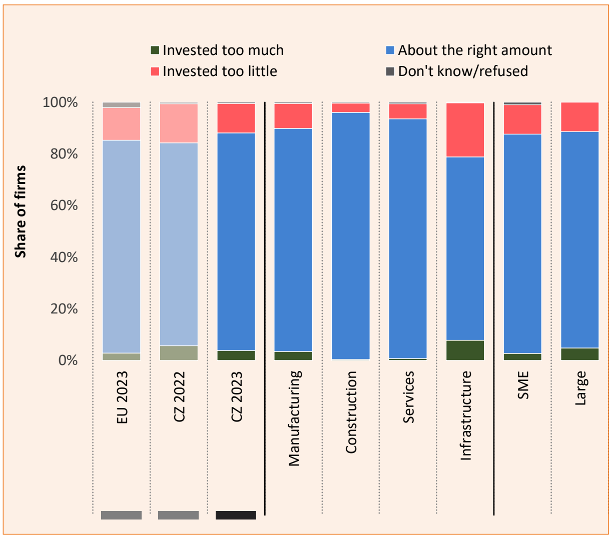
Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

Base: All firms that have invested in the last financial year (excluding don't know/ refused responses)

Investment needs and priorities

PERCEIVED INVESTMENT GAP

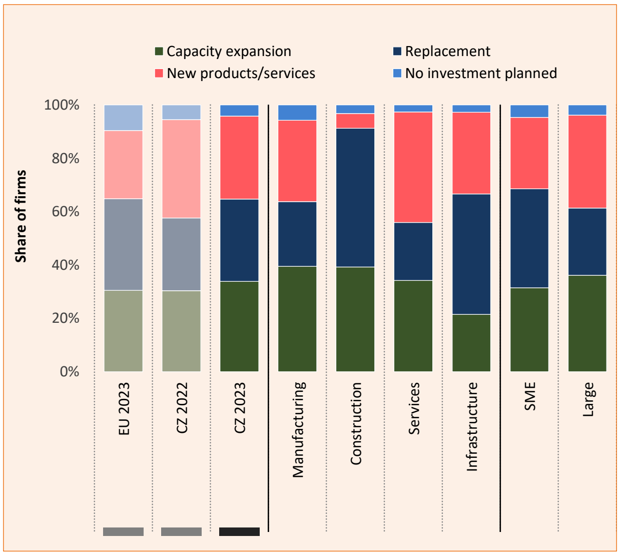
- Firms do not perceive major gaps in terms of investment. Eight in ten Czech firms (84%) believe that their investment activities over the last three years were about the right amount. This share is similar to EIBIS 2022 (79%) and close to the current EU average (82%).
- Similar to EIBS 2022, 11% of firms in the Czech Republic believe they invested too little over the past three years. Only 4% report too much investment, which is consistent to both EIBIS 2022 and the EU average.
- In the Czech Republic, infrastructure firms (21%) are the most likely to say they invested too little over the past three years.
- SMEs and large firms hold very similar views regarding their past levels of investment.



Q. Loo Looking back at your investment over the last three years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

FUTURE INVESTMENT PRIORITIES



- In EIBIS 2023, firms in the Czech Republic express similar investment priorities to those in EIBIS 2022 and their priorities over the next three years are fairly evenly split across capacity expansion (34%), replacement (31%) or new products or services (31%).
- Just 4% of firms in the Czech Republic have no investment planned. This is consistent with EIBIS 2022 (6%) but lower than the current EU average (10%).
- More than a half of construction firms (52%) expect to invest in replacement, while services (41%) has the highest proportion of firms intending to invest in new products and services. Infrastructure firms have the lowest share of firms intending to invest in capacity expansion (21%).
- Among SMEs, 37% expect to invest in replacement. While a similar share of large firms intend to invest in capacity expansion(36%) and new products or services (35%).

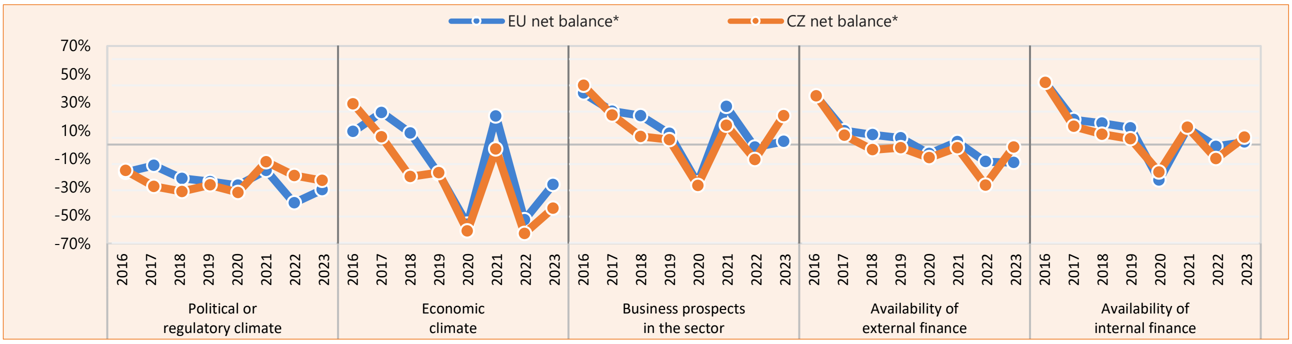
Q. Looking ahead to the next three years, which is your investment priority (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms (excluding don't know/refused responses)

Investment needs and priorities

SHORT-TERM DRIVERS AND CONSTRAINTS

- While Czech firms are on balance pessimistic about the broader investment environment, they are optimistic about business prospects in their sector. Their views tend to reflect those seen across the EU.
- Although improving since EIBIS 2022 (net balance of -63%), a large share of Czech firms remains pessimistic about the economic climate (net balance of -44%). This is lower than the EU average (-26%). In contrast, views on the political or regulatory climate continue on a downward trajectory.
- Czech firms are more optimistic than in EIBIS 2022 that prospects in their sector will improve rather than worsen (net balance of -7% versus +27%). On balance, the same holds for both availability of external finance (-26% versus +3%) and availability of internal finance (-6% versus +10%).
- In particular, Czech firms' level of optimism about the prospects of their sector was much higher than the EU average (net balance of +27% versus +7%).



Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

*EU: * Net balance is the share of firms expecting an improvement minus the share of firms anticipating a deterioration.*

Base: All firms

SHORT-TERM DRIVERS AND CONSTRAINTS BY SECTOR AND SIZE (net balance %)

	Political / regulatory climate	Economic climate	Business prospects	External finance	Internal finance
Czech Republic	23%	44%	27%	3%	10%
Manufacturing	24%	29%	39%	10%	14%
Construction	27%	58%	10%	13%	10%
Services	32%	60%	12%	1%	2%
Infrastructure	12%	58%	17%	5%	10%
SME	24%	45%	19%	3%	8%
Large	22%	43%	33%	8%	12%

Please note: green figures represent a positive net balance,, while red figures represent a negative net balance.

Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

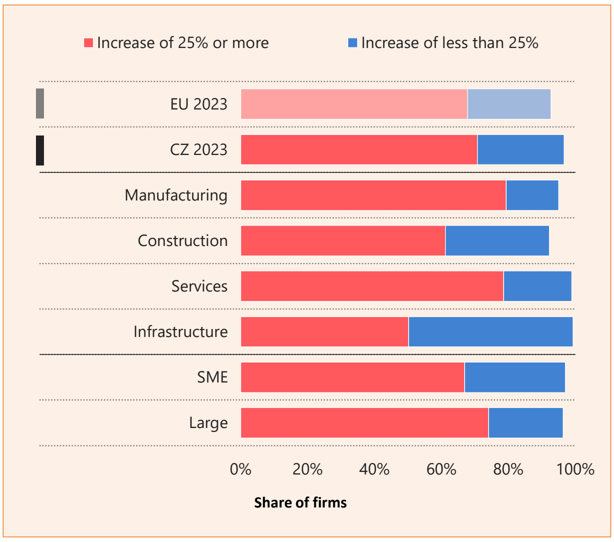
Base: All firms

- In almost every sector, firms in the Czech Republic are negative, on balance, about the political and economic climate. Firms are particularly pessimistic about the economic climate.
- Across all sectors and for both SMEs and large firms, Czech firms have a net positive outlook for business prospects and availability of internal finance. Manufacturing (+39%) and large firms (+33%) are, on balance, the most optimistic about business prospects.
- Although the net balance tends to be relatively small, Czech firms are optimistic rather than pessimistic about the availability of external finance over the next 12 months. However, across sectors and size only manufacturing (+10%) and large firms (+8%) are, on balance, optimistic.

Energy market developments

INCREASED SPENDING ON ENERGY

- Almost all Czech firms spent more on energy with a higher share than that of firms spending more on energy in the EU overall (97% versus 93%, respectively).
- The proportion of firms facing increased energy costs is consistent across sectors and firm size, with at least nine in ten experiencing an increase.
- Service firms are the most likely to have seen energy price increases of 25% or more (79%), while a half (50%) of infrastructure had experienced this level of increase.
- SME and large firms had a similar experience with regards to increases in spending on energy.



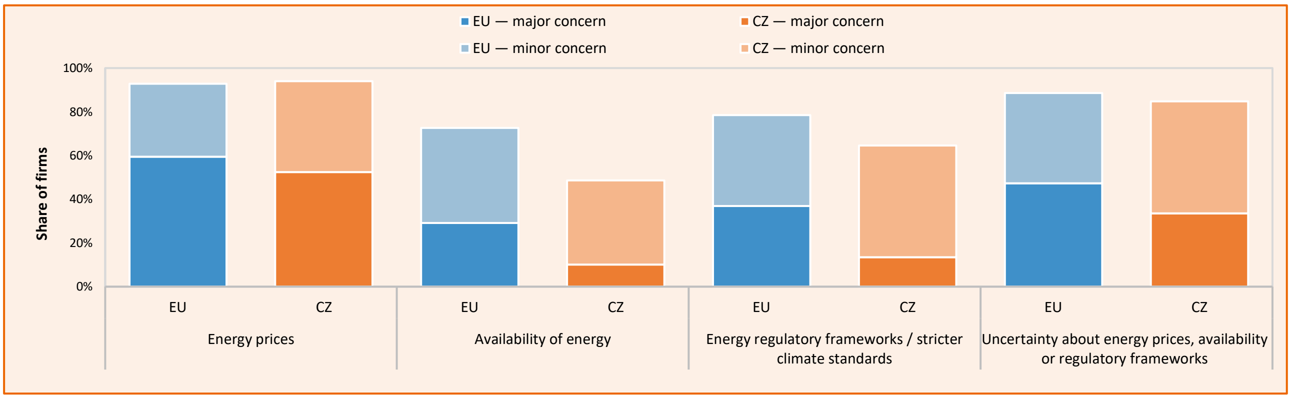
Q. Since the beginning of 2022, by how much has your company's spending on energy (including gas, electricity, oil) changed on average?

Please note: Responses of 'spending on energy stayed about the same' and 'spending on energy decreased' not shown on chart.

Base: All firms (excluding don't know/refused responses)

IMPACT OF ENERGY SHOCK

- Overall, Czech firms were, at the time of the interview, somewhat less concerned about the impact of the energy shock than EU firms.
- As for EU firms in general, the major concerns for Czech firms are energy prices and uncertainty. Energy prices are a major concern for more than half of Czech firms (52%).
- Czech firms are less concerned than the average EU business about the availability of energy (49% versus 73%) and the energy regulatory framework (65% versus 79%).



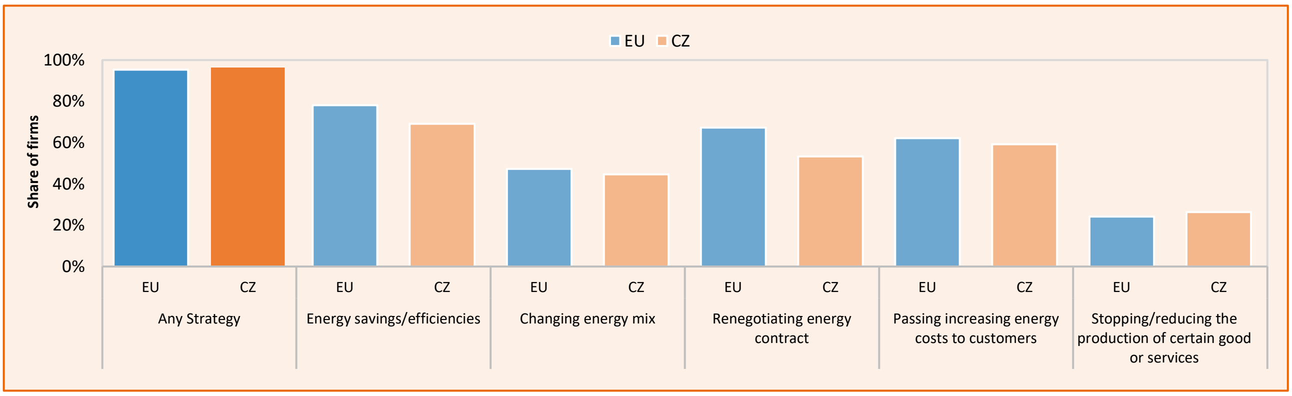
Q. Thinking about the energy shock, to what extent is your company concerned about …?

Base: All firms (data not shown for those that said not an obstacle at all/don't know/refused)

Energy market developments

STRATEGIES TO DEAL WITH THE ENERGY SHOCK

- Almost every Czech firm (97%) responded to the energy shock by adopting at least one of the strategies proposed. The response most frequently taken by Czech firms is to seek energy savings/efficiencies (69%).
- Six in ten (59%) put forward passing on the energy costs to their customers and 53% renegotiating their energy contract as a priority or strategy.
- The extent and type of responses of Czech firms are very similar to those across the EU, except for energy savings/efficiencies (69% versus 78%) and renegotiating energy contracts (53% versus 67%), which is higher among EU than Czech firms.

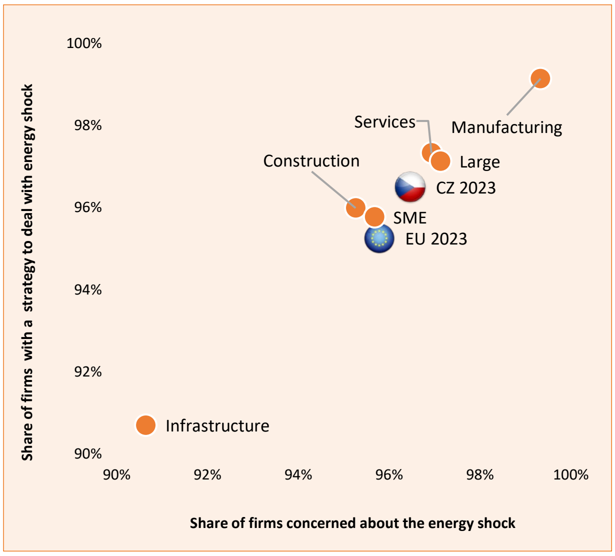


Q. Which, if any of the following, are your priorities/strategies to deal with the recent developments in the energy market?

Base: All firms (excluding don't know/refused responses)

IMPACT AND STRATEGIES TO DEAL WITH ENERGY SHOCK

- The proportion of Czech firms concerned about recent developments in the energy market is equal to the EU average (both about 96%). The share of firms adopting strategies to help deal with these developments also matches the EU average (96% versus 95%).
- At least nine in ten Czech firms in every sector are concerned about the energy shock and/or have adopted strategies in response to energy market shocks. In both instances, the share ranges from 91% in the infrastructure sector to 99% of manufacturing firms.
- SMEs and large firms are similarly concerned (both 97%) and as likely to have adopted strategies (96% and 97%).



Q. Which, if any, of the following, are your priorities/ strategies to deal with the recent developments in the energy market?

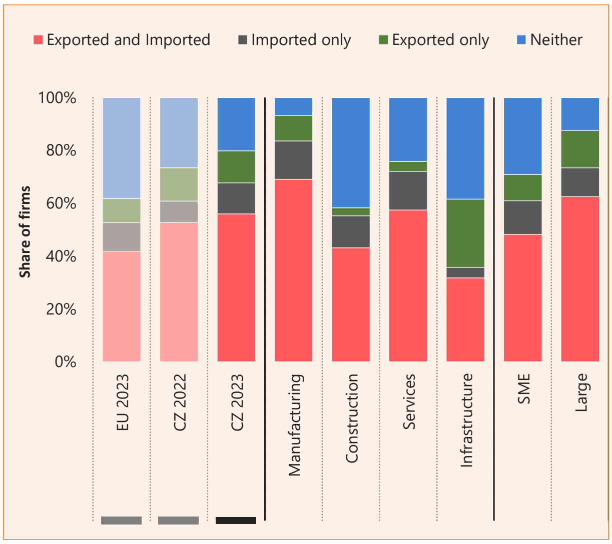
Q. Thinking about the energy shock, to what extent is your company concerned about …

Base: All firms
Base: All firms (excluding don't know/refused responses)

International trade

ENGAGEMENT IN INTERNATIONAL TRADE

- Overall, 80% of Czech firms state that they were engaged in international trade. This figure is consistent with EIBIS 2022 (73%) and higher than the current EU average (62%).
- Firms in the manufacturing sector (93%) and the service sector (76%) were particularly often engaged in trade.
- Almost two-thirds of manufacturers (69%) are both exporters and importers of goods and/or services.
- Large firms are more likely than SMEs to be engaged in international trade (88% versus 71%) and to be both exporting and importing (63% versus 48%).

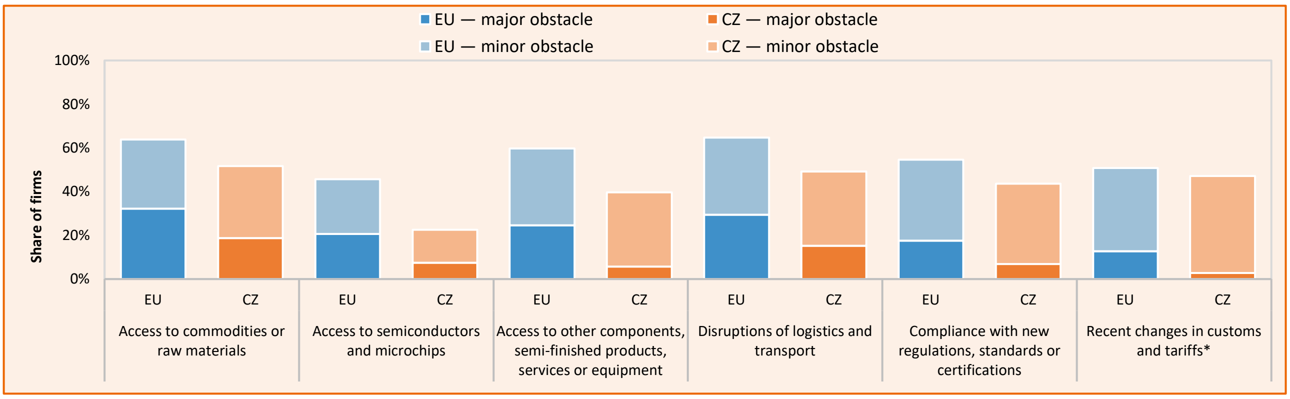


Q. In 2022, did your company export or import goods and/or services?

Base: All firms (excluding don't know/refused responses)

DISRUPTIONS RELATED TO INTERNATIONAL TRADE

- At least a half of firms are impacted by disruptions of logistics and transport (65%), access to other components (60%), compliance with new regulations, standards or certifications (55%), access to commodities or raw materials (52%), and recent changes in customs and tariffs (51%).
- The share of firms in Czechia that experienced these disruptions is smaller than the EU average. In particular, firms in Czechia are much less likely to say that any of these issues are a major obstacle.



Q. Since the beginning of 2022, were any of the following an obstacle to your business's activities?

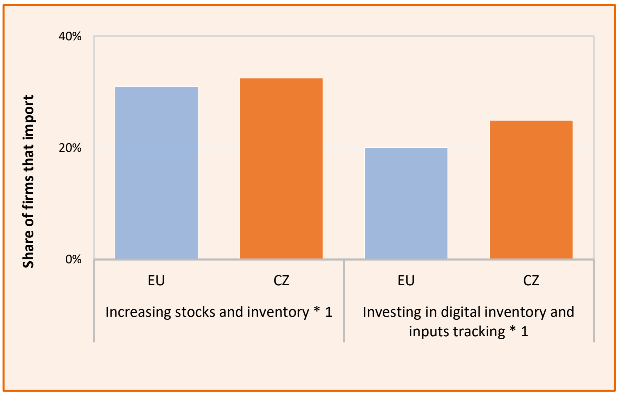
Base: All firms (excluding don't know/refused/not applicable responses)
**Base: All importers and exporters (excluding don't know/refused/not applicable responses)*

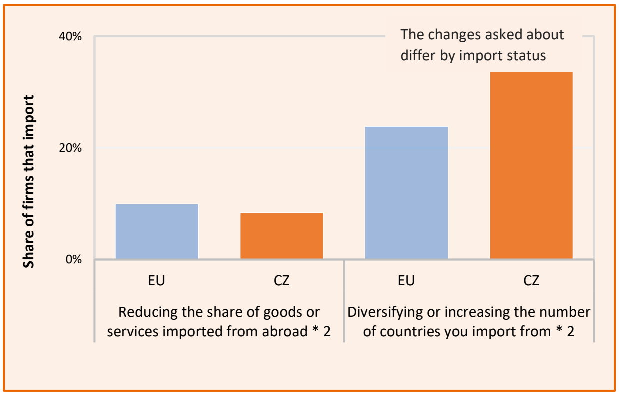
International trade

SOURCING STRATEGY

- Asked about realised or potential changes to their sourcing strategy, firms in the Czech Republic are about as likely as those across the EU to raise stocks and inventory (32% versus 31%) or digital inventory and inputs tracking (25% versus 20%).

- Czech importers are almost as likely as those across the EU to have reduced the share of goods or services imported from abroad or have plans to do so (8% versus 10%) but are far more inclined to diversify or increase the number of countries they import from (37% versus 24%).





*** 1 = Asked to all, 2 = Asked to all importers**

Q. Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy?

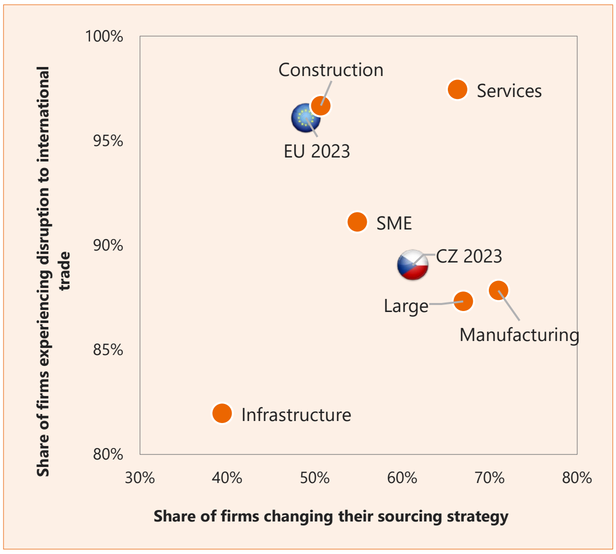
Base: All firms (excluding don't know/refused responses)
Base: All firms that import (excluding don't know/refused responses)

DISRUPTIONS AND SOURCING STRATEGY

- Almost all firms in the Czech Republic faced at least one of the disruptions to international trade that the survey asked about (89%). Six in ten firms (61%) have changed or are planning to change their sourcing strategy. This proportion is higher than the EU average (61% versus 49%).

- Except for infrastructure (39%), at least half of firms in each of the other sectors have changed or are planning to change their sourcing strategy - manufacturing (71%), services (66%) and construction (51%).

- Large companies are more likely than SMEs to make changes in sourcing strategies than small ones (67% versus 55%).



Q. Since the beginning of 2022, were any of the following an obstacle to your business's activities?

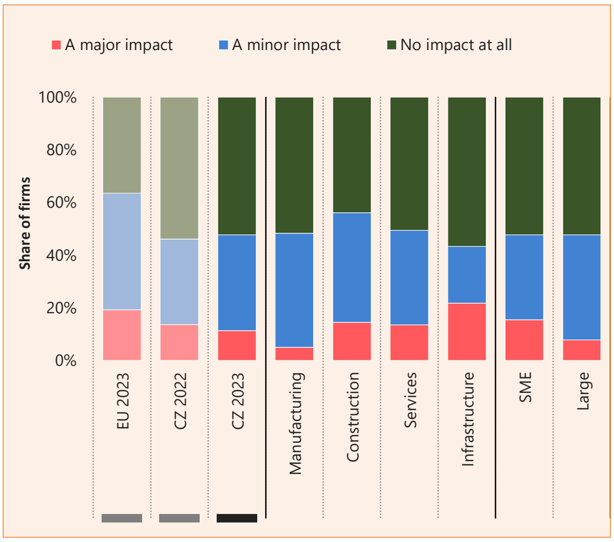
Q. Since the beginning of 2022, has your company made or are you planning to make any of the following changes to your sourcing strategy?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

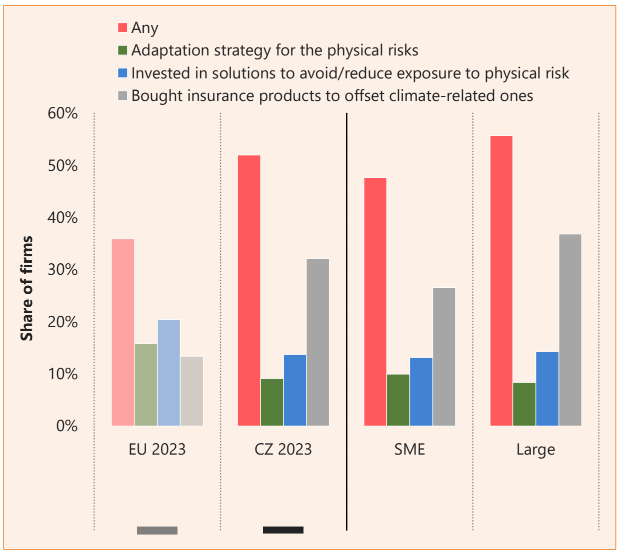
- In the Czech Republic, close to five in ten firms (48%) report that weather events impact their business. This is similar to EIBIS 2022 (46%) but far less than the EU average (64%).
- The figures are broadly similar across all sectors. It is highest among construction firms (56%). While around one in five (22%) firms in infrastructure say that climate change is having a major impact on their activities.
- Almost five in ten SMEs and large firms (48%) say weather events are impacting their firms.



Q. Thinking about the impact of climate change on your company, such as losses due to extreme climate events, including droughts, flooding, wildfires or storms or changes in weather patterns due to progressively increasing temperature and rainfall. What is the impact, also called physical risk, of this on your company?

Base: All firms (excluding don't know/refused responses)

BUILDING RESILIENCE TO PHYSICAL RISK



- Over one half (52%) of Czech firms have developed or invested in measures to build resilience to the physical risks to their company caused by climate change. This is higher than the EU average (36%).
- Around one in ten Czech firms have invested in solutions to avoid or reduce the exposure to physical risks (14%) or adapted their strategy (9%). Both figures are below the EU average (20% and 16%, respectively).
- Compared to the EU overall, firms in Czech Republic are far more likely to have bought insurance to offset climate-related losses (32% versus 13%).
- Large firms are more likely than SMEs to have taken at least one of the actions mentioned to build resilience to physical risks (56% versus 48%).

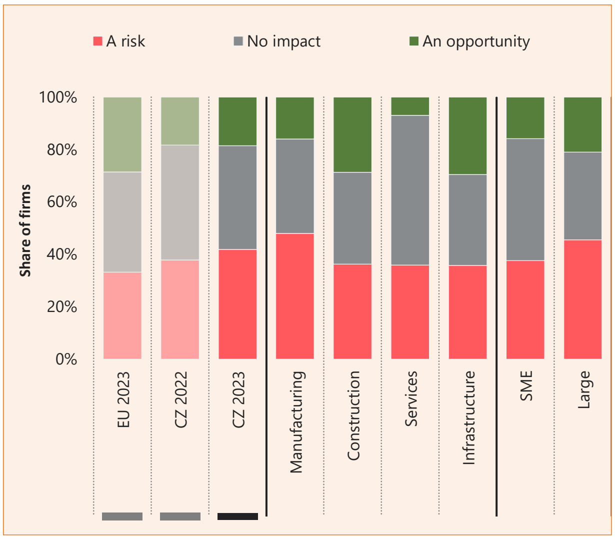
Q. Has your company developed or invested in any of the following measures to build resilience to the physical risks to your company caused by climate change?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

IMPACT OF CLIMATE CHANGE – RISKS ASSOCIATED WITH THE TRANSITION TO A NET ZERO EMISSION ECONOMY OVER THE NEXT FIVE YEARS

- More Czech firms see the transition to stricter climate standards and regulations as a risk than as an opportunity (42% and 19% respectively). This is similar to EIBIS 2022.
- These views vary by sector. Nearly a half (48%) of manufacturing firms consider this transition as a risk and just 16% perceive it as an opportunity. Firms in the service sector have the lowest share of firms who see the transition as an opportunity (7%), while 57% do not think it will impact them.
- Overall, Czech firms are less likely to see the transition as an opportunity than firms in the EU (19% versus 29%).
- Among both large firms and SMEs, businesses are more likely to think the transition represents a risk rather than an opportunity.

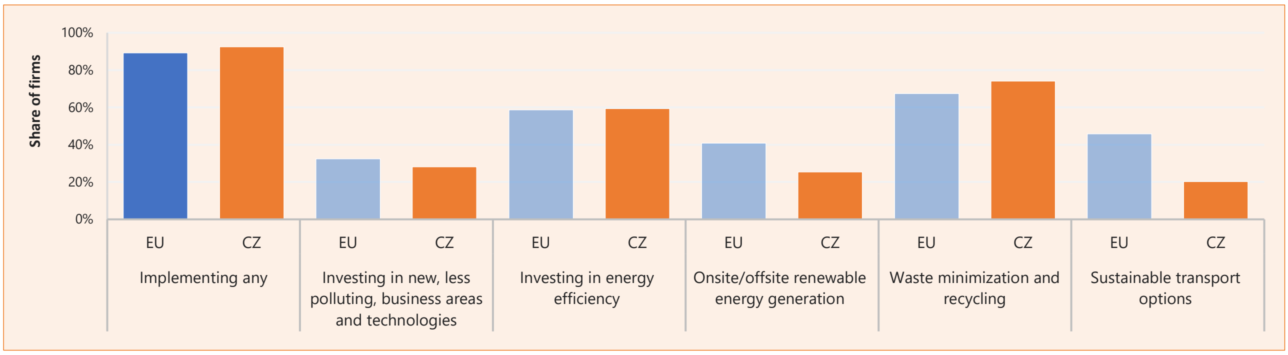


Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

Base: All firms (excluding don't know/refused responses)

ACTIONS TO REDUCE GREENHOUSE GAS EMISSIONS

- In line with the EU average (89%), nine in ten Czech firms (93%) are taking actions in order to reduce Greenhouse Gas (GHG) emissions.
- The main action taken by Czech firms is waste minimization and recycling (74%), followed by investments in energy efficiency (59%).
- Compared to the EU as a whole, Czech firms are less likely to invest in sustainable transport (20% versus 46%) and onsite/offsite renewable energy generation (25% versus 41%).



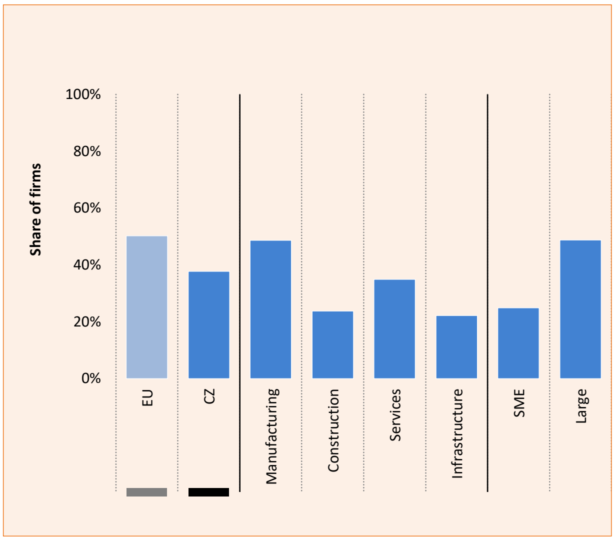
Q. Is your company investing or implementing any of the following, to reduce greenhouse gas (GHG) emissions?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

ENERGY AUDIT

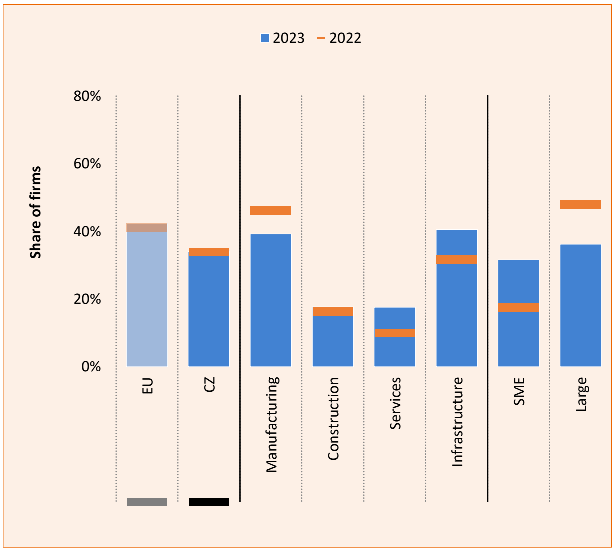
- Almost four in ten (38%) Czech firms have had an energy audit (an assessment of the energy needs and efficiency of their company's building or buildings) in the past three years. This share is lower than the EU average (50%).
- In the Czech Republic, almost half of manufacturers (49%) and more than one third of the services firms (35%) have had an energy audit, but relatively few construction (24%) and infrastructure firms (22%) have taken this action.
- Almost a half of large firms (49%) have had an energy audit in the past three years. This proportion is almost twice as high than for SMEs (25%)



Q. In the past three years, has your company had an energy audit (i.e. an assessment of the energy needs and efficiency of your company's building or buildings?

Base: All firms (excluding don't know/refused responses)

CLIMATE CHANGE TARGETS FOR OWN GREENHOUSE GAS EMISSIONS



- Around a third of firms in the Czech Republic (34%) report that they set and monitor targets for their own GHG emissions. This is similar to EIBIS 2022 (34%) but below the current EU average (42%).
- Infrastructure (41%) and manufacture firms (39%) lead in setting and monitoring these targets. Fewer than one in five firms in the construction and services sectors set and monitor targets (both 18%).
- Large firms are as likely as SMEs to be setting and monitoring targets for their own GHG emissions (36% versus 32%).

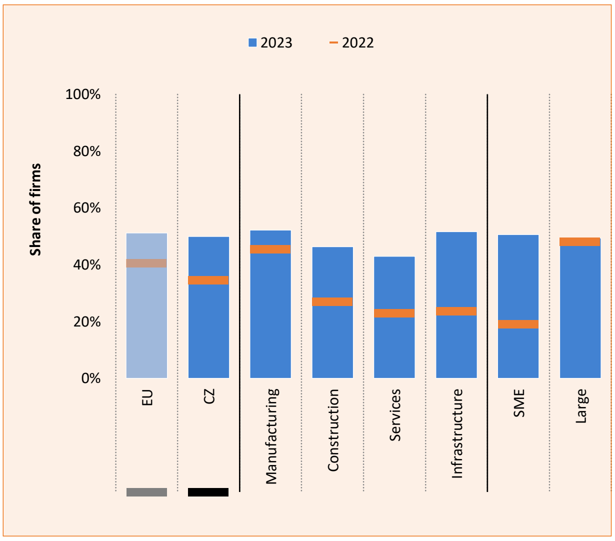
Q. Does your company… sets and monitors targets for its own greenhouse gas (GHG) emissions?

Base: All firms (excluding don't know/refused responses)

Climate change and energy efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

- Half (50%) of Czech firms invested in measures to improve energy efficiency in 2022. This is almost equal to the EU average of 51%, and an increase compared to the figure recorded for the Czech Republic in EIBIS 2022 (35%).
- Manufacturing and infrastructure firms (both 52%) in the Czech Republic were most likely to invest in energy efficiency. Over two in five firms in the construction and services sectors invested in energy efficiency (46% and 43%, respectively). In all four sectors the share of firms investing was higher than in EIBIS 2022, and among infrastructure firms the proportion has doubled.
- In EIBIS 2023, the share of SMEs and large firms investing in energy efficiency was almost identical. Since EIBIS 2022, the share of SMEs investing has more than doubled (51% versus 19%).

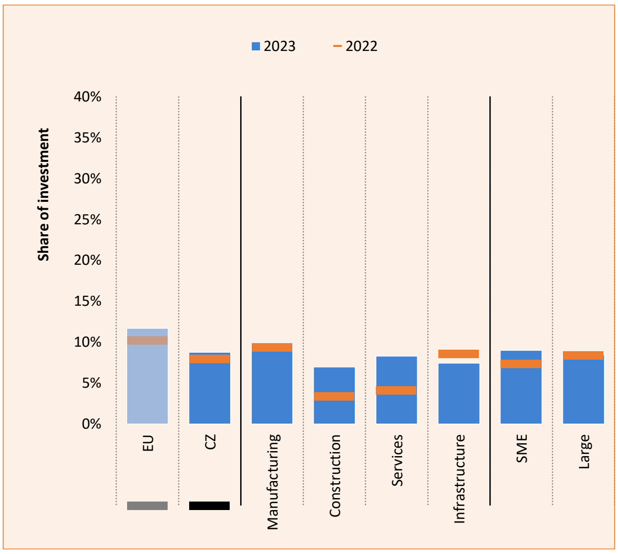


Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms

AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY

- An average of 9% of the investment made by firms in the Czech Republic was directed towards measures to improve energy efficiency This is almost identical to EIBIS 2022 and below the current EU average (12%).
- Firms in the manufacturing (10%) spent the highest share of their investment on energy efficiency from the four sectors.
- Compared to EIBIS 2022, service sector (8%) and construction firms (7%) have doubled their total investment on measures to improve energy efficiency, while that of infrastructure firms (7%) and manufacturing has changed little.

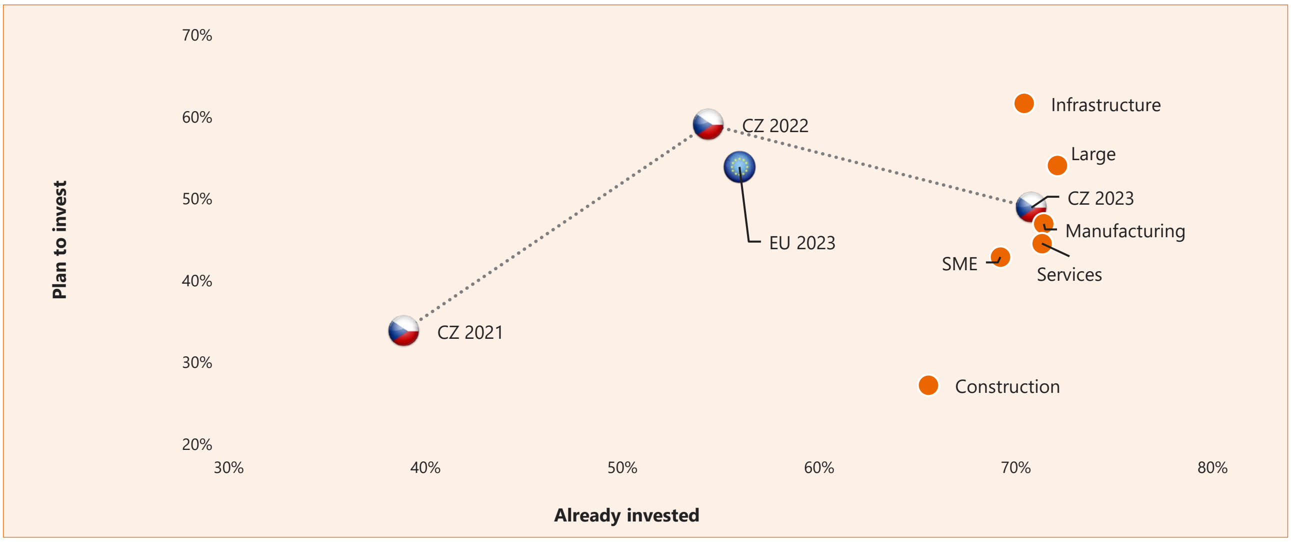


Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms that have invested in the last financial year (excluding don't know/refused responses)

Climate change and energy efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT



EIBIS 2022/2023:
Q. Which of the following applies to your company regarding investments to tackle the impacts of weather events and to help reduce carbon emissions?
EIBIS 2021:
Q. Now thinking about investments to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, which of the following applies?

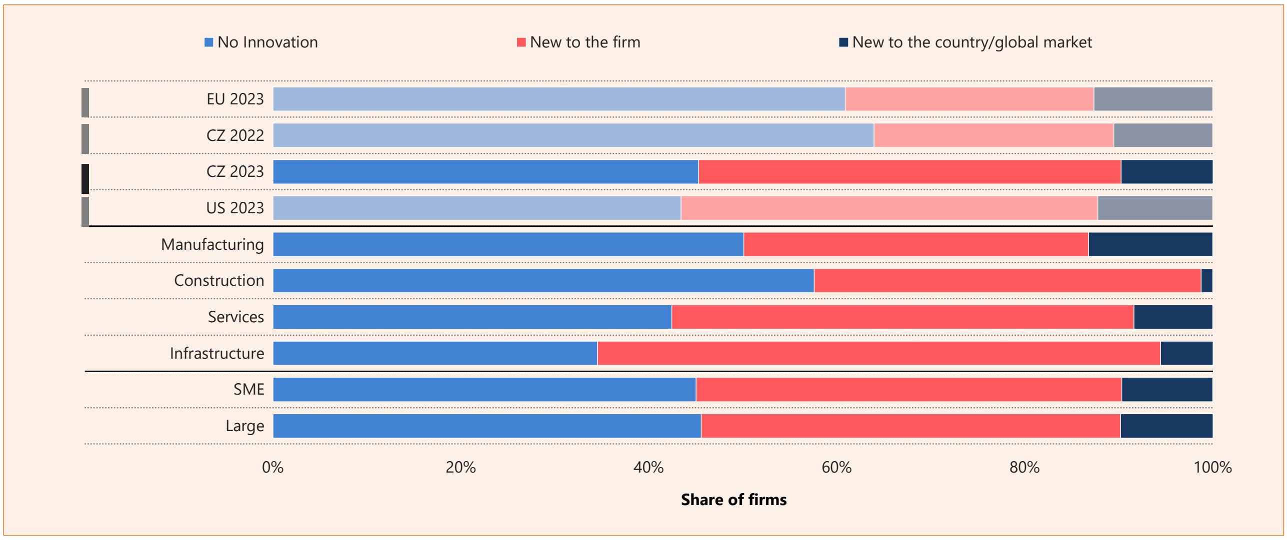
Please note: question change and an additional answer option was included in 2022, this may have influenced the data. Treat the comparison with 2021 with caution.

Base: All firms (excluding don't know/refused responses)

- In the Czech Republic, 71% of firms have already invested to tackle the impacts of weather events and to help reduce carbon emissions. This is a substantial increase compared to EIBIS 2022 (54%) and higher than the EU average (56%). Almost five in ten (49%) Czech firms have plans to invest in these areas in the next three years. This is relatively similar to EIBIS 2022 (59%) and the EU average (54%).
- Around seven in ten manufacturing (71%), services (71%) and infrastructure (70%) firms have already invested to tackle the impacts of weather events. Fewer firms in the construction sector (66%) have already made this investment and they are also the least likely to be planning to invest (27%).
- Large firms are about as likely as SMEs to have already invested (72% versus 69%) and to have plans to invest (54% versus 43% as the difference is not statistically significant).

Innovation activities

INNOVATION ACTIVITY



Q. What proportion of total investment in the last financial year was for developing or introducing new products, processes or services?
Q. Were the products, processes or services new to the company, new to the country or new to the global market?

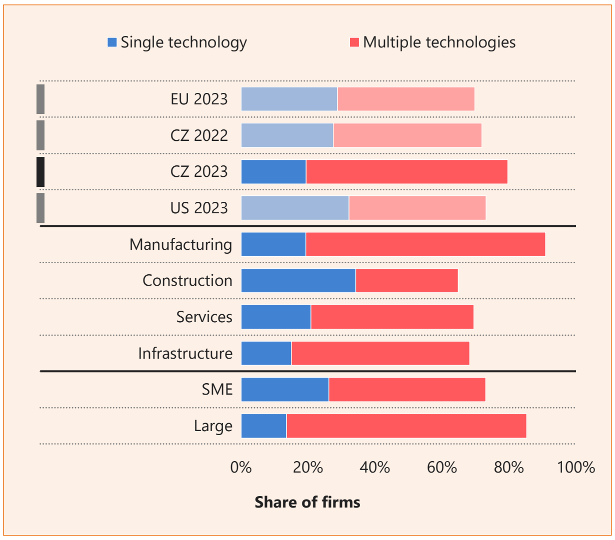
Base: All firms (excluding don't know/refused responses)

- More than half (55%) of Czech firms developed or introduced new products, processes or services as part of their investment activities in 2022. This is higher than in EIBIS 2022 (36%) and higher than the EU average of 39%.
- Almost one in ten firms in the Czech Republic (10%) report the development/introduction of products, processes or services that were new to either the country or global market. This is similar to EIBIS 2022 (11%), the current EU average (13%) and US firms (12%).
- Infrastructure has the highest proportion of firms investing in innovation (65%) in 2022; construction has the lowest (42%).
- SMEs and large firms invested almost the same in innovation (55%) with both types of firms saying they have invested about 10% in development/introduction of products, processes or services that were new to either the country or the global market.

Innovation activities

USE OF ADVANCED DIGITAL TECHNOLOGIES

- In 2023, overall, 80% of firms in the Czech Republic used at least one advanced digital technology, an increase of 8% compared to the last year and a higher value than the EU average (70%).
- Manufacturing firms (91%) are the most likely to have adopted at least one advanced digital technology. Other sectors range between 65% and 70%.
- Large firms are more likely than SMEs to have adopted at least one of the technologies (85% versus 73%) and are more inclined to use multiple digital applications (72% versus 47%).
- Firms in the Czech Republic make more use of the internet of things (58%) and robotics (54%) than other technologies. Relatively few (6%) have adopted augmented or virtual reality technology.
- Czech firm's use of the following technologies exceeds the EU: internet of things (58% versus 41%), big data (38% versus 24%) and 3D printing (33% versus 24%). Compared with US firms, Czech firms make more use of: 3D printing (33% versus 17%) and the Internet of things (58% versus 47%).



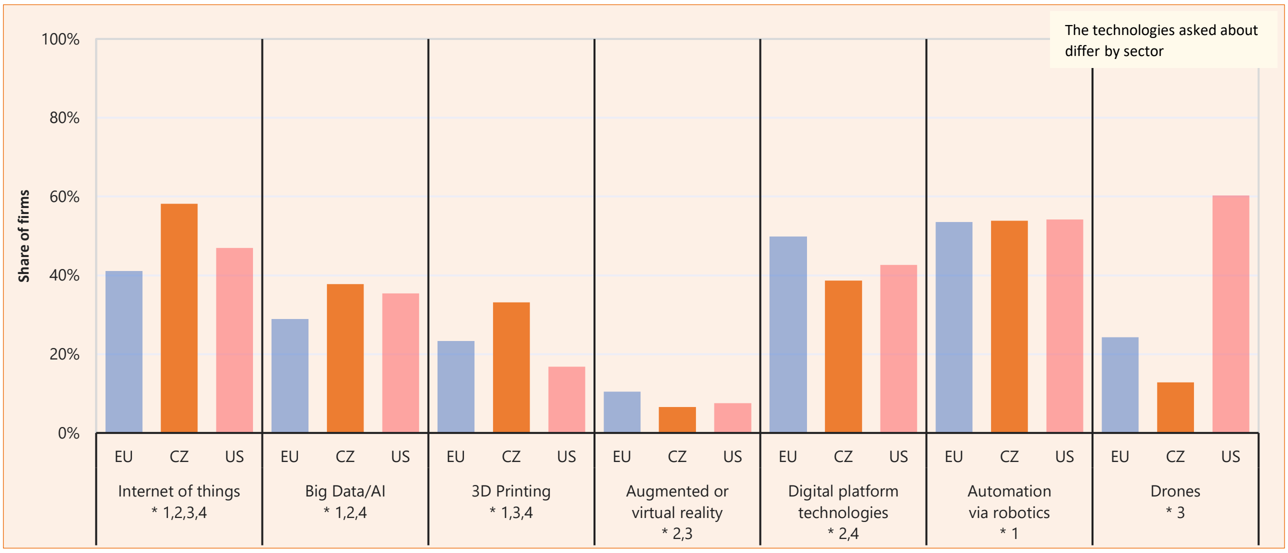
Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business.

Base: All firms (excluding don't know/refused responses)

Reported shares combine "used" the technology "in parts of business" and "entire business organised around it."

Single technology is where firms have used one of the technologies asked about. Multiple technologies is where firms have used more than one of the technologies asked about.

ADVANCED DIGITAL TECHNOLOGIES



*** Sector: 1 = Asked to manufacturing firms, 2 = Asked to services firms, 3 = Asked to construction firms, 4 = Asked to infrastructure firms**

Q. To what extent, if at all, are each of the following digital technologies used within your business? Please say if you do not use the technology within your business.

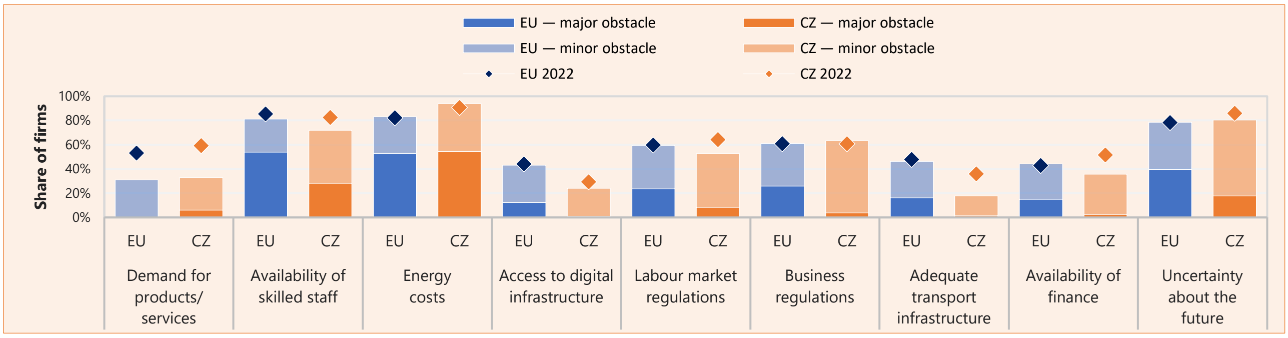
Reported shares combine used the technology 'in parts of business' and 'entire business organised around it'

Base: All firms (excluding don't know/refused responses);
Sample size CZ: Manufacturing (141); Construction (106); Services (117); Infrastructure (112).

Investment impediments

LONG-TERM BARRIERS TO INVESTMENT

- As in EIBIS 2022, the most frequently mentioned long-term barriers to investment in the Czech Republic are energy costs (94%), uncertainty about the future (80%) and availability of skilled staff (72%). These are also the main barriers for firms across the EU.
- Compared to EIBIS 2022, the impact of a number of these barriers appears to be easing: demand for products and services (59% versus 33%), transport infrastructure (36% versus 18%), financing (52% versus 36%), labour market regulations (64% versus 52%) and skilled staff (83% versus 72%).
- Energy costs are a bigger obstacle for firms in the Czech Republic than for firms across the EU (94% versus 83%). However, fewer firms in the Czech Republic than across the EU feel that access to digital infrastructure (24% versus 43%), adequate transport infrastructure (18% versus 46%) and availability of finance (36% versus 44%) are obstacles to their investment activity.



Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those that said not an obstacle at all/don't know/refused)

LONG-TERM BARRIERS BY SECTOR AND SIZE

	Demand for products/ services	Availability of skilled staff	Energy costs	Digital infrastructure	Labour regulations	Business regulations	Transport infrastructure	Availability of finance	Uncertainty about the future
CZ	33%	72%	94%	24%	52%	63%	18%	36%	80%
Manufacturing	37%	78%	97%	34%	54%	63%	20%	37%	81%
Construction	35%	90%	89%	25%	63%	58%	8%	44%	89%
Services	32%	62%	94%	13%	62%	59%	17%	24%	88%
Infrastructure	24%	63%	88%	14%	41%	69%	16%	39%	71%
SME	35%	74%	92%	19%	49%	61%	22%	40%	79%
Large	31%	70%	95%	28%	55%	65%	14%	32%	82%

Share of firms

Reported shares combine 'minor' and 'major' obstacles into one category

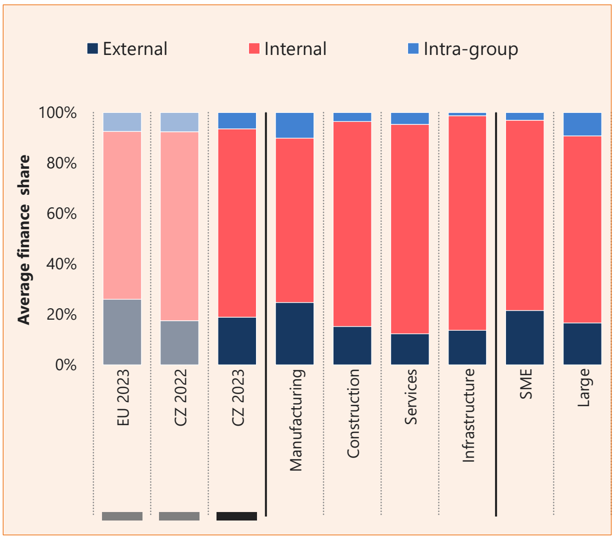
Q. Thinking about your investment activities, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those that said not an obstacle at all/don't know/refused)

Access to finance

SOURCE OF INVESTMENT FINANCE

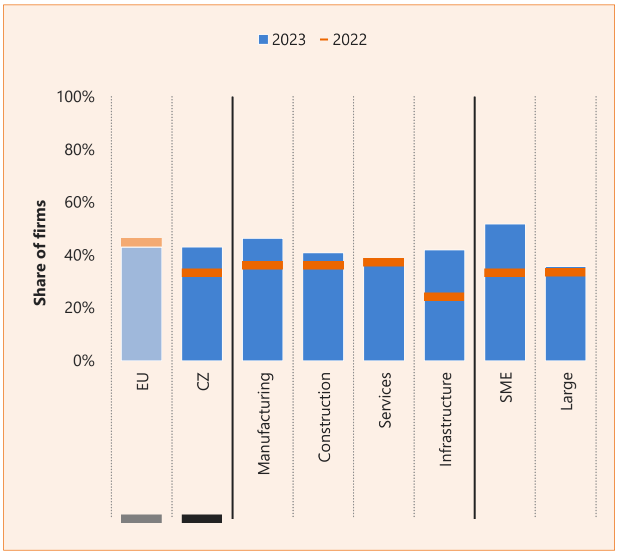
- Internal sources accounted for the largest share of investment finance for firms in Czech Republic (75%), followed by external finance (19%). The remainder (6%) came from intra-group financing. All proportions are similar to EIBIS 2022.
- Firms in Czech Republic relied more heavily on internal finance than in the EU overall (75% versus 67%) and external finance supported a lower proportion of their investments (19% versus 26%).
- In all sectors except manufacturing (65%), more than 80% of investment finance came from internal sources. Compared to the other sectors, manufacturers' investment finance obtained the highest proportion of their investment from external sources (25%) and intra-group (10%) sources.
- Large firms financed a three times higher proportion through intra-group funding than SMEs (9% versus 3%). On the other hand, SMEs use relatively higher portion of external funding compared to large firms (22% versus 17%).



Q. What proportion of your investment was financed by each of the following?

Base: All firms that invested in the last financial year (excluding don't know/refused responses)

USE OF EXTERNAL FINANCE



- More than four in ten (43%) Czech firms that invested in the last financial year funded some of this investment through external sources. This is higher than EIBIS 2022 (33%) and same as the EU average (43%).
- In infrastructure, manufacturing and construction the proportion of firms that used external finance is slightly higher than in EIBIS 2022. The increase is strongest among infrastructure firms (42% versus 24%) and manufacturing (46% versus 36%).
- The proportion of SMEs that obtained investment finance from external sources has risen from 33% to 52%. In contrast the figure for large firms is almost unchanged (33% versus 36%).

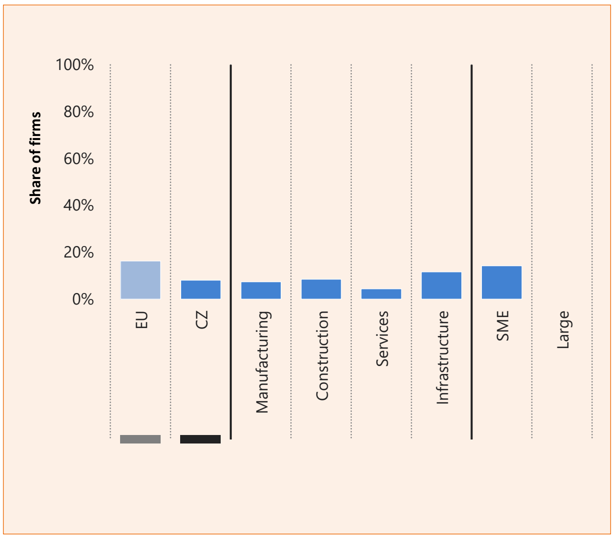
Q. Approximately what proportion of your investment in the last financial year was financed by each of the following

Base: All firms that invested in the last financial year (excluding don't know/refused responses)

Access to finance

SHARE OF FIRMS WITH FINANCE FROM GRANTS

- Almost one in ten firms of Czech firms using external finance received grants (8%). This is below the the EU average (16%).
- Among firms that used external finance, infrastructure firms (12%) were three times more likely than those in services (4%) to have received grants. Manufacturing and construction firms have similar shares of received grants (7% and 8% respectively).
- While no large firms that used external finance received a grant, 14% of SMEs had.

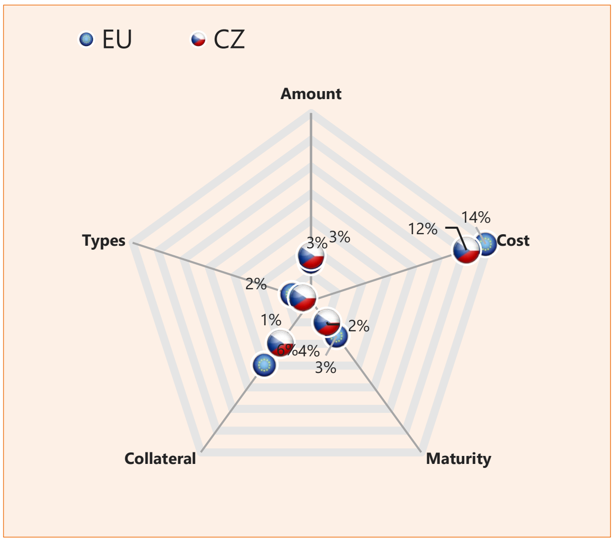


Q. What proportion of your total investment in the last financial year was financed by grants?

Base: All firms using external finance (excluding don't know/refused responses)

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED (% of firms)

- Except for the cost of the external finance obtained (12%), no more than 4% of firms in the Czech Republic are dissatisfied with any of the aspects of external finance asked about in the survey. The overall level of dissatisfaction is similar to the EU overall.
- Nevertheless, there has been a sharp increase in the share of firms in Czech Republic that are dissatisfied with the cost of finance (up from 3% in EIBIS 2022 to 12% now).



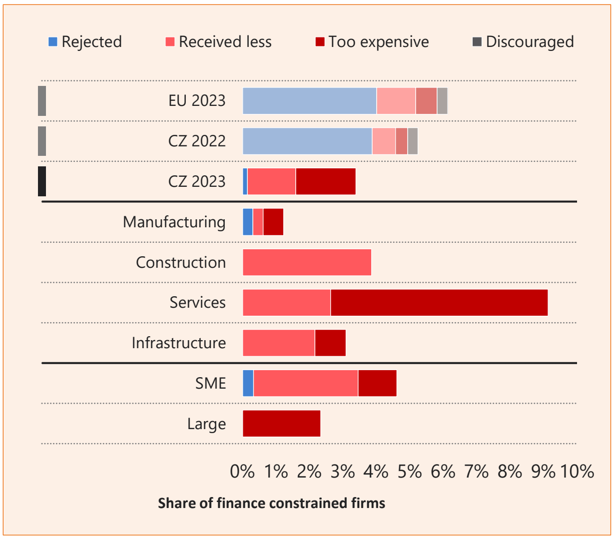
Q. How satisfied or dissatisfied are you with …?

Base: All firms that used external finance in the last financial year (excluding don't know/refused responses)

Access to finance

SHARE OF FINANCE-CONSTRAINED FIRMS

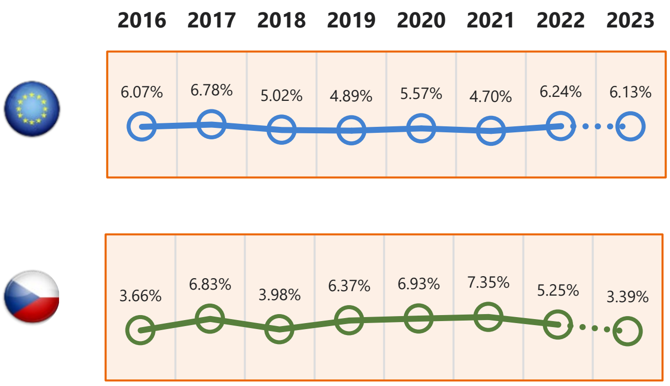
- The share of financially constrained firms in Czech Republic (3.4%) is slightly lower than in EIBIS 2022 (5.3%) and the EU average (6.1%).
- The main constraints reported by firms in the Czech Republic are almost evenly split between the cost ("too expensive", 1.8%) and the amount of finance ("received less", 1.4%).
- The share of finance-constrained firms in the Czech Republic is largest in the services sector (9.1%) and lowest in manufacturing (1.2%). It is twice as high among SMEs than among large firms (4.6% versus 2.3%).



Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those that did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged).

Base: All firms (excluding don't know/refused responses)

FINANCING CONSTRAINTS OVER TIME

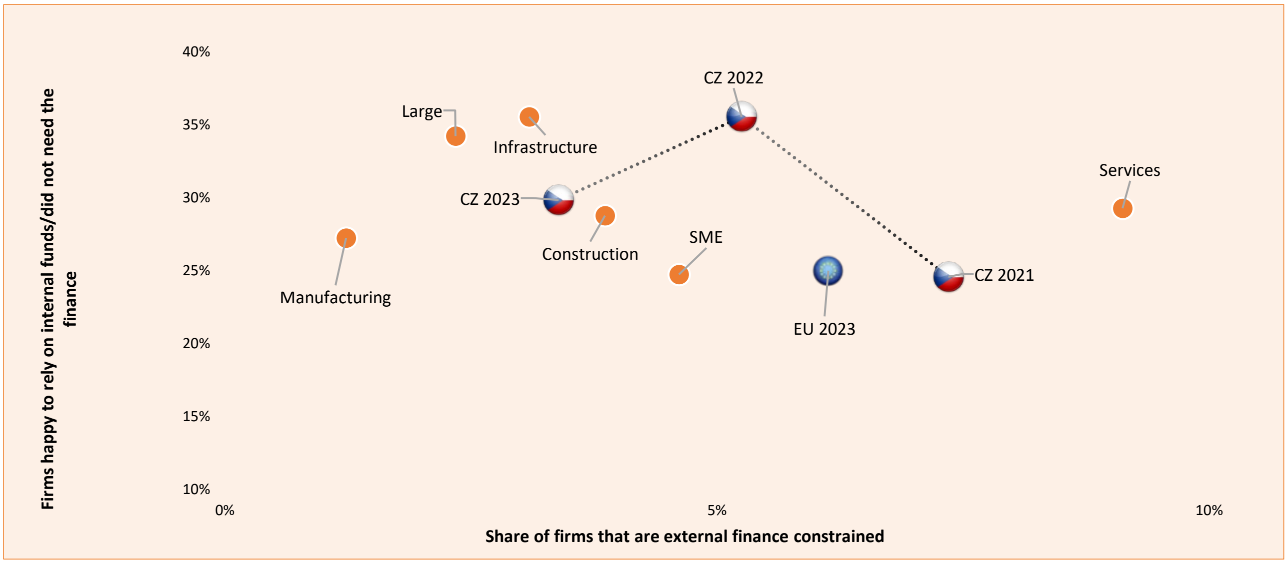


- The proportion of Czech Republic firms that are financially constrained has slightly fallen since EIBIS 2022 from 5.3% to 3.4% and is similar to the level seen five or six years ago. The share of financially constrained firms this year has fallen below the trough in 2016 (3.4% vs 3.7%).
- Having exceeded the EU average during 2019-21, the proportion of finance constrained firms in the Czech Republic is now only half the EU average (3.4% versus 6.1%).

Base: All firms (excluding don't know/refused responses)

Access to finance

FINANCING CROSS



Data derived from the financial constraint indicator and firms indicating main reason for not applying for external finance was 'happy to use internal finance/didn't need finance'

Base: All firms (excluding don't know / refused)

- While 3.4% of Czech firms can be considered finance constrained in EIBIS 2023, three in ten (30%) were happy to rely on internal finance (or did not actually need the external finance). Both figures are marginally smaller than those recorded in EIBIS 2022 (5.3% and 36%, respectively). They also align with the latest figures for the EU as a whole (6.1% and 25%, respectively).
- In the Czech Republic, service firms are the most likely to be financially constrained (9%), while manufacturers are the least likely (1%). SMEs tend to be twice as much financially constrained than large firms (4.6% vs 2.3%).

EIBIS 2023 – Country technical details

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in the Czech Republic, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	CZ	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs CZ	Manuf vs Constr	SME vs Large
	(12030)	(802)	(480)	(143)	(107)	(117)	(112)	(427)	(53)	(12030 vs 480)	(143 vs 107)	(427 vs 53)
10% or 90%	1.1%	3.9%	3.9%	6.0%	8.6%	7.8%	8.1%	2.7%	7.0%	4.1%	10.5%	7.5%
30% or 70%	1.8%	6.0%	6.0%	9.2%	13.1%	12.0%	12.4%	4.1%	10.7%	6.3%	16.0%	11.4%
50%	1.9%	6.5%	6.6%	10.0%	14.3%	13.1%	13.5%	4.5%	11.7%	6.8%	17.4%	12.4%

GLOSSARY

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Manufacturing sector	Based on the NACE classification of economic activities: firms in group C (Manufacturing).
Construction sector	Based on the NACE classification of economic activities: firms in group F (Construction).
Services sector	Based on the NACE classification of economic activities: firms in group G (wholesale and retail trade) and group I (accommodation and food Services activities).
Infrastructure sector	Based on the NACE classification of economic activities: firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.

Note: the EIBIS 2023 country overview refers interchangeably to 'the past/last financial year' or to '2022'. Both refer to results collected in EIBIS 2023, where the question is referring to the past financial year, with the majority of the financial year in 2022 in case the financial year is not overlapping with the calendar year 2022.

EIBIS 2023 – Country technical details

The country overview presents selected findings based on telephone interviews with 480 firms in Czech Republic (carried out between April and July 2023).

BASE SIZES *(*Charts with more than one base; due to limited space, only the lowest base is shown)*

Base definition and page reference	EU 2023/2022	US 2023	Czech Republic 2023/2022	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 5 (bottom left), p. 8 (top), p. 8 (bottom), p. 16 (top)	12030/12021	802	480/480	143	107	117	112	427	53
All firms (excluding don’t know/refused responses), p. 5 (bottom right)	11624/11682	776	404/466	128	94	93	88	361	43
All firms who have invested in the last financial year (excluding don’t know/refused responses), p. 6 (top)	10147/9704	692	435/396	130	99	105	101	387	48
All firms who have invested in the last financial year (excluding don’t know/refused responses), p. 6 (bottom)	9948/9501	704	401/309	123	89	91	98	357	44
All firms (excluding ‘Company didn’t exist three years ago’ responses), p. 7 (top)	12015/12005	802	479/479	142	107	117	112	427	52
All firms (excluding don't know/refused responses), p. 7 (bottom)	11880/11814	794	473/473	140	105	116	111	423	50
All firms (excluding don’t know/refused responses), p. 9 (top)	11812/NA	782	478/NA	143	106	116	112	425	53
All firms (data not shown for those that said not an obstacle at all/don’t know/refused), p. 9 (bottom)	12030/NA	802	480/NA	143	107	117	112	427	53
All firms (excluding don't know/refused responses), p. 10 (top)	11739/NA	786	463/NA	137	102	114	107	413	49
All firms (excluding don't know/refused responses), p. 10 (bottom)	11739/NA	786	463/NA	137	102	114	107	413	49
All firms (excluding don't know/refused responses) p. 11 (top)	11978/11975	800	477/478	141	107	117	111	424	53
All firms (excluding don’t know/refused/not applicable responses), p. 11 (bottom)	6692/NA	284	326/NA	127	47	88	63	279	47
All firms (excluding Don't know/refused responses), p. 12 (top left)	11918/NA	797	470/NA	139	106	115	109	420	50
All firms that import (excluding don’t know/refused responses), p. 12 (top right)	6151/NA	240	271/NA	107	40	79	45	232	39
All firms (excluding don’t know/refused responses), p. 12 (bottom)	10139/NA	717	437/NA	139	98	108	90	386	50
All firms (excluding Don't know / refused responses) p. 13 (top)	11930/11911	797	474/477	142	104	117	110	421	53
All firms (excluding Don't know / refused responses), p. 13 (bottom)	11944/11909	789	479/477	143	107	116	112	426	53
All firms (excluding don't know/refused responses), p. 14 (top)	11433/11172	771	465/461	139	104	111	111	414	51
All firms (excluding don’t know/refused responses), p. 14 (bottom)	11956/11964	800	467/475	136	104	116	110	415	52
All firms (excluding don't know/refused responses), p. 15 (top)	11549/NA	766	461/NA	136	103	110	111	410	51
All firms (excluding don’t know/refused responses), p. 15 (bottom)	11836/11712	791	476/476	141	107	117	110	425	51
All firms that have invested in the last financial year (excluding don’t know/refused responses), p. 16 (bottom)	10210/9752	707	400/386	112	92	98	98	364	36
All firms (excluding don’t know/refused responses), p. 17	11721/11685	770	452/471	135	99	112	105	401	51
All firms (excluding don’t know/refused responses), p. 18	11738/11735	780	455/478	139	99	108	108	406	49
All firms (excluding don't know/refused responses), p. 19 (top)	12009/11980	801	480/480	143	107	117	112	427	53
All firms (excluding don't know/refused responses), p. 19 (bottom)	11916/11844	800	477/476	141	106	117	112	424	53
All firms (data not shown for those who said not an obstacle at all/don’t know/refused), p. 20 (top)	12030/12021	802	480/480	143	107	117	112	427	53
All firms (data not shown for those who said not an obstacle at all/don’t know/refused), p. 20 (bottom)	12030/12021	802	480/480	143	107	117	112	427	53
All firms who invested in the last financial year (excluding don’t know/refused responses), p. 21 (top)	10517/10051	697	451/393	132	97	113	109	400	51
All firms who invested in the last financial year (excluding don’t know/refused responses), p. 21 (bottom)	10517/10051	697	451/393	132	97	113	109	400	51
All firms using external finance (excluding don't know/refused responses), p. 22 (top)	4269/4107	265	220/126	74	48	47	51	203	17
All firms that used external finance in the last financial year (excluding don’t know/refused responses), p. 22 (bottom)	4184/3988	264	223/126	74	49	48	51	205	18
All firms (excluding don’t know/refused responses), p. 23 (top)	11544/11504	729	454/473	133	97	114	109	403	51
All firms (excluding don’t know/refused responses), p. 23 (bottom)	11544/11504	729	454/473	133	97	114	109	403	51
All firms (excluding don’t know/refused responses), p. 24	11544/11473	729	454/473	133	97	114	109	403	51

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 PDF: ISBN 978-92-861-5658-8

Czech Republic

Overview

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