Bernard Bauer – CEO & Board Member, German-Czech Chamber of Industry & Commerce



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Bernard Bauer, CEO and board member at the German-Czech Chamber of Industry and Commerce, discusses the factors that make the German-Czech collaboration such a natural and powerful one, out of which the two countries' common industrial tradition plays a key role. Furthermore, Bauer assesses the evolution of bilateral trade relations, comments on the education as one of the Chamber's main concerns when it comes to ensuring a favourable business environment in the Czech Republic and shares his views on the "Innovation Strategy 2019–2030."

Can you give our readers an introduction to the Chamber's mission statement and key activities in the Czech Republic?

The German Chambers of Commerce Abroad — also known as AHK from its original name "Auslandshandelskammer" — is part of a huge network of chambers in Germany that belong to the Association of German Chambers of Commerce. There are 80 chambers in Germany in addition to 140 chambers and offices in 92 countries worldwide. A very powerful network. In Germany, by law, each company has to be a member of one of these 80 chambers of commerce, making the association the biggest in Germany: it is the voice of the industry towards politics.

We are responsible for a series of tasks, the main one being the representation of the interests of the German economy in the countries where the Chamber has a presence. For this, we get financial

support from the German Ministry of Economics.

Secondly, as a member organization, we support and communicate the interests of our member companies. We are the largest bilateral chamber of commerce in the Czech Republic and, in fact, just welcomed our member number 700. Among them, we have the largest German companies in the country alongside many middle-sized businesses – most of them in the production field. Lately, more and more Czech companies to get easier access to the German market.

Finally, we are also a service organization. In 2010, we created a private limited company, fully owned by the Chamber, and aimed at dealing with all commercial and consulting services. Companies that are not members and come to us for market studies, help to access the Czech market, or looking for importers or representation are taken care of by this daughter company, which employs a lot of specialists in the fields of new technologies, automotive, machinery, energy, food and food processing. These are the topics that shape the German-Czech business relations.

Today, the company makes up 70 percent of the Chamber's income, while 20 percent comes from our members, and ten percent from the German Federal Ministry of Economics.

What makes the Czech Republic such an appealing trade and business partner for Germany?

The Czech Republic is the second-largest market out of the Visegrád Four (V4), just after Poland, and, interestingly, even though Poland's population is four times bigger, trade volumes do not differ that drastically. The Czech Republic, considering its size, is a very important partner for Germany. Something that ties the two countries together is their industrial tradition. Only Northern Italy has a similar industrial share in the overall economy, thanks to the Genova-Turin-Milan triangle.

How do you advocate to address the concerns raised by your member companies?

Every February, we carry out an economic survey where we ask our members as well as other companies to evaluate the development and the performance of the Czech Republic's business landscape and market; whether their companies are growing, investing, and what kind of problems they are facing in the country. This feedback helps us to communicate accordingly with the government to tackle the exposed issues.

The Chamber’s working groups, who deal with law and taxes, transport and logistics, Corporate Social Responsibility (CSR), and, most importantly as of today, human resources and education, prepare position papers with the feedback received by the companies, and we approach the right stakeholders in the government to initiate the relevant dialogues and tackle the exposed issues. We are the voice of our members towards politics, economy, and society when it comes to improving the Czech business climate even further.

What would you underline as the leading points of the attractiveness of the Czech Republic within the wider CEE region from the perspective of German companies?

To start with, the geographic situation, with an 800-kilometer common border, could not be better. That has, of course, an influence on a cultural level: looking at Western Bohemia and Bavaria, the differences are barely noticeable. People know and understand each other, which leads to natural relationships and cooperation.

Then, as mentioned, the Czech Republic is a country with a unique industrial tradition, much more developed compared to others in the CEE region.

An extremely important factor in the production field is the availability and quality of local suppliers. If a company produces here, it looks for local suppliers, and that is a great strength of the Czech Republic.

Last but not least, education plays a vital role. Here, there are two sides to the coin. Whereas the country has incredibly well-prepared engineers, it lacks students in vocational training, officially referred to as Vocational Education and Training (VET) or Career and Technical Education (CTE). This is a very popular dual-educational program type in German, Austria, and Switzerland, consisting of three to four years of training that combines theory and practice. Schools and companies set up collaborations by which students have an employment contract and get paid and acquire the skills for which they have studied the theory at the relevant department of the given company. In Germany, this exists for 280 different areas of study in the form of rotation plans. For example, a student would course two months of marketing at school and then put their learning into practice for two months before going onto the next subject. This has proven truly successful in Germany but was unfortunately neglected in the Czech Republic in the nineties.

We believe that the basis of each industry is its qualified workers, who need to be able to run a factory, to use machines, to have expertise in the latest technologies, and so on, and are therefore

supportive of re-introducing vocational training in the country. This would face one of the country's main disadvantages when it comes to doing business here.

The Czech Republic's top country of origin and destination for imports and exports is Germany. How have the German-Czech trade relations evolved in recent years?

In 2018, bilateral trade volumes — import and export — amounted to EUR 92 billion, an impressive number for the size of the Czech Republic and, actually, the highest since the nineties. This reflects how connected the German and Czech economies are and how important this collaboration is.

The last years, especially since the Czech Republic joined the European Union in 2004, have been significant. Next year, even though the growth will continue, the predictions are a slight slowdown.

Regarding German export slowing down, how would you assess the impact this could have on a business level in the Czech Republic?

This will somehow affect the German-Czech business, but we cannot see any solid consequences, yet. Nevertheless, it looks like the automotive industry is likely to face some deeper problems in 2020. Considering that 33 percent of all Czech exports are destined for Germany, the Czech Republic will be affected also as a supplier.

What are your views on the strengths of the Czech Republic as an R&D and manufacturing base?

There have been substantial advances in recent years. Great efforts have been put, including here at the Chamber, into bringing the industry together with universities and research institutes, to boost cooperation between the two sides, to foster R&D and to attract local funds in addition to international ones. Many German companies set up their R&D centers in the Czech Republic, and investments in the area of both R&D and automatization are higher than ever before.

What factors will shape the Czech Republic's development in the area of innovation in upcoming years?

In 2019, the “Innovation Strategy of the Czech Republic 2019–2030” was published, and, from my point of view, it is amazing. Among the V4 countries, the Czech Republic stands out considerably in terms of initiatives to progress and become a leader in innovation. The motto of the strategy is “The Country for the Future,” and it sits under the Ministry of Industry and Trade, led by Minister Karel Havlicek. I think it has the right focus, with a highlight on R&D.

This strategy, I believe, will be one of the most important topics of the upcoming years. It was very well put together, and now needs to be implemented, for which I am optimistic. The Czech Republic, through its industrial tradition, the highly competitive companies it has on the ground, and this new emphasis on innovation, can make space for itself among Europe’s innovative leaders. However, this should not lead to the government neglecting the important industrial production location of the Czech Republic.

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