The challenge of Czech red tape

PRAGUE

In a country where every official has a personal view of the rules, patience and humor aid survival

BY JACY MEYER

Christopher Robertson, the British owner of Robertson International Delicatessen, a food wholesaler and retailer with three shops in the Czech Republic, recalls the time that an American came into one of his shops to ask about its uzena zebra, which means smoked pork ribs in Czech.

"The customer started asking the shop assistants, in quite good Czech, whether we really imported zebras from Africa and smoked them," Mr. Robertson said.

Language skills can be useful for foreigners doing business in the Czech Republic, along with patience and a sense of humor.

The sense of humor can be called upon in all sorts of situations, says Nathan Brown, a Canadian businessman who owns Czech Point 101, a property investment and management company that specializes in helping foreigners buy Czech real estate.

While assisting one client with a reconstruction project, Mr. Brown needed to keep nine doors and their old-style keys straight. He diligently labeled each door and key, then sent his assistant to make copies, with strict instructions to keep everything in order.

The assistant returned, with the useful information that all the keys could open all the locks.

Whether the keys could have unlocked the creaking Czech bureaucracy is another question. Red tape is probably a potential business owner's biggest obstacle.

"The bureaucracy in Czech Republic has always been a challenge, but it has gotten progressively better," Mr. Brown said.

Both Mr. Robertson and Mr. Brown started their companies in 2003, just before the Czech Republic joined the European Union in 2004.

"Many regulations were changing at the time, and this caused quite a lot of confusion and frustration," Mr. Robertson recalled.

"Things have improved over the years, but each government official can interpret rules and regulations in a different manner," he said. "It comes down to people as much as anything else."

CZECH REPUBLIC

Population	**10.5 mil.**
Gross domestic product	**$194.8 bil.**
Budget deficit as share of G.D.P.	**–5.9%**
Unemployment	**6.7%**
Internet penetration (2008)	**58%**
Imports	**$104.8 bil.**
Exports	**$101.4 bil.**
'Ease of Doing Business' (2010) *Rank out of 183 countries*	**74** of 183
Corruption perception *Rank out of 180 countries and territories*	**52** of 180

Businesses on the Forbes 2000 list of the world's largest publicly-traded companies

CEZ (utilities)

Data are for 2009 except where indicated.

Sources: I.M.F. (population, G.D.P., imports, exports); Eurostat (budget deficit, unemployment); International Telecommunication Union (internet); World Bank ('Ease of Doing Business'); Transparency International (corruption)

The Ministry of Industry and Trade, responding to the resulting frustrations, has set up a Web portal, in Czech and English, to guide potential business owners through the maze. BusinessInfo.cz offers information on how to start a business; on legal responsibilities, trade, investment and business support; and how to wind it up at the end of the day.

"A huge problem with bureaucracy in Czech Republic is that different offices each have a jurisdiction and don't communicate with each other," said Mr. Brown. Still, he said, "one big progress has been that most official documents — land registry, company excerpts, criminal records, etc. — can now be collected from a central point, and there are

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