

## Mojmír Hampl: An uncertain world

Speech by Mr Mojmír Hampl, Vice Governor of the Czech National Bank, at the 8th Corporate Research Forum (CRF) International Conference "An Uncertain World: Planning for 2025 and beyond", Prague, 12-14 October 2016.

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Ladies and gentlemen,

Good evening and let me welcome you all here to the premises of the Czech National Bank. I'm really pleased you have chosen our Congress Centre for your cocktail reception. On behalf of the Bank Board of the Czech National Bank I'd like to say that we are delighted to have such a distinguished gathering here today. And I don't say that just out of courtesy, I really mean it.

When we started organising this welcome speech with Richard Hargreaves, he asked me to introduce the Czech Republic in 10 or 15 minutes. I said: "Wow, what a challenge". Typically I speak about interest rates, inflation or the exchange rate rather than about typical features of this country, but then I thought sometimes even a central banker should try to do something useful. So I put my mind to work.

I will not repeat the known facts to this noble audience of educated people. I'm sure most of you will have heard about Czech beer, about our former president Vaclav Havel (or Václav Hejvl as many tend to pronounce his name) or about the international success of Czech sports stars in tennis, ice hockey and sometimes even soccer. Names like Kvitová, Navrátilová, Lendl, Čech and Rosický won't be completely unknown to many of you. This in itself is an achievement for a country of just 10.5 million.

But that's not all. I tried to jot down a couple of things I hope you will not necessarily know. The Czech Republic has the highest consumption of beer per head in the world, at roughly 160 litres per capita. That may not come as a surprise, but what you also might not know is that we have the highest consumption of pork per head as well, our only close competitor in this regard being China. According to some European statistics, we also have the highest number of garden pools per head in the whole of Europe. There is a garden pool per every 50 inhabitants here, while in wealthier Germany the figure is just one per 103 inhabitants. If you don't believe this, just take a look out of your window as you take off from Prague Airport on your way home. So this is about lifestyle: good beer, heavy food and bathing. Actually, many Czechs would say that this is the very definition of how to relax and be cool about the world and life.

But this would also be a rather simplistic caricature. So let's go further. Ours is a country with a long and entrenched tradition of industrial production and manufacturing. This goes back to the 19th century, to the time of the Austro-Hungarian monarchy, when this part of the empire used to be its industrial undisputed powerhouse. This tradition has survived through wars and totalitarian regimes to the present day.

Even now, the Czech Republic is the country with the highest ratio of industrial production to GDP in the whole of the EU and the ratio is higher than in Germany, a fact which many do not know. And it has actually been rising rather than falling over the last 10 years or so.

This is manifested in the fact that the Czech Republic is the second biggest producer of cars per head in the world. Moreover, the Czech Republic and Slovakia – which formed a single state until 1993 – are together by far the biggest car-producing countries in the world in per capita terms. With 150 cars produced per every 1,000 citizens these two countries are well ahead of South Korea and Germany combined in per head metrics. So whenever you drive your Skoda, Hyundai, Peugeot, Kia, Volkswagen or even Porsche, don't be surprised to learn that they were actually manufactured within a radius of 300 kilometres of Prague. By the way, Ferdinand Porsche, the

founder of the Porsche car manufacturer, was also born here, 100 kilometres north of Prague.

Many of my friends in the real economy say that the Czech Republic is a country where everything is produced, from wings for Airbus and Embraer aircraft (we are also the biggest producer of ultralight planes in the world, for instance), through turbines, cars, buses, locomotives and guns to bearings, brushes and semtex. Whatever you need to produce you will always find at least one factory capable of making it, the anecdotic evidence seems to be suggesting.

As exports obviously feed this country, and as we are so close to Germany and the German-speaking world, you won't be surprised to learn that Germany is by far our biggest trading partner, with more than 30% of our exports going there and with the biggest proportion of foreign investment in the Czech Republic coming from Germany. (The UK is roughly the tenth or eleventh biggest source of investment for this country.) But you might be surprised when I tell you that the Czech Republic is one of the few countries in the world that has a trade surplus, not a trade deficit, with Germany. This is also quite unique.

But it's not all about the economy, so let me turn to a couple of small curiosities which might be of interest for this audience. I believe some of you use contact lenses, which were invented by the Czech scientist Otto Wichterle, as well as nylon, for instance. The Czech scientist Jan Jansky was the first to classify blood into four groups. The song "Roll out the Barrel" was written by the Czech composer Jaromir Vejvoda, and the New World Symphony was composed by the world famous Czech composer Antonín Dvořák. So you can find at least some Czech marks in many areas of everyday life.

How about my domain, finance? Well at least one thing originates in this country. You sometimes pay with US dollars, or Canadian dollars or Australian dollars for that matter, so you should know that the name dollar comes from the original Czech name tolar – TOLAR – which was a small silver coin minted in Western Bohemia in the 16th century. Now it is world famous. And while I am talking about the traces left by the Czech language, I should not forget that there is at least one Czech word which has spread from my very complicated mother tongue to almost all languages. That word is robot – the invention of Czech writer Karel Čapek. It comes from the Czech word "robota", which means unfree and unpaid labour, or corvée in English.

Ladies and gentlemen, I can only hope that I have succeeded in convincing you that this is a country with a long track record in many areas and that it is not a waste of your time to explore its history, beauties and treasures, be it here in Prague or elsewhere. I'd say you might find many other surprises as well.

I wish you every success with your conference. Enjoy it, enjoy Prague and enjoy the Czech republic.

Thank you very much.