

## CZECH REPUBLIC: THE NUMBER OF CLOSED FIRMS IN CZECHIA HITS A RECORD 16,111 IN 2020



A total of 16,111 companies in Czechia ceased to exist in 2020, which is 353 more year-over-year (YOY) and the highest number yet, and 27,228 firms were established, which is 2,842 fewer YOY and the lowest number in six years, according to an analysis by CRIF. With the net number of companies only increasing by 11,117, this represents the smallest national growth since 2003. The number of shut down companies started growing more significantly in 2015. Although this trend continued in 2020, it was partially mitigated by the government's interventions, which led to a smaller drop in the number of closed companies and company bankruptcies in YOY comparison.



In 2021, it is expected to see a more significant rise in firms that cease to exist, CRIF analyst Vera Kamenickova said. The total number of newly established companies fell YOY primarily due to the months of March, April and October, as they recorded drops between 20 percent and 33 percent, relating to the first and second state of emergency.

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The highest number of new companies were set up in Prague (12,844), the South Moravia Region (3,339) and the Central Bohemia Region (2,169), while the lowest numbers were reported in the Karlovy Vary Region (305) and the Vysocina Region (584).

Prague also saw the largest number of closed companies (8,383), followed by the Central Bohemia Region (1,404) and the South Moravia Region (1,354).

The largest number of new companies were in the property management sector (4,539), trade (3,619), and manufacturing (2,559).



In contrast, the highest number of shut down companies were in trade (5,648), property management (3,233) and professional, scientific and technical activities (1,729). Therefore, the total number of firms grew the most in property management (1,306) and manufacturing (1,233), but it fell in trade (-2,029) and professional, scientific and technical activities (-13).

Over the past two years, data on established companies has been affected by a growing number of new businesses that are not included in any segment. The number of these companies has accounted for about 25 percent of new businesses in 2020 and 18 percent in 2019, while it was a mere 2 percent in 2018 and less than 1 percent in the preceding period.