

# CZECH REPUBLIC: IN JUNE THE NUMBER OF ENTREPRENEURS REPRESENTS THE HIGHEST VALUE



During the first half of the year, in Czech Republic there are one third more entrepreneurs if compared to one year ago. In June, 4,884 people started doing business in the Czech Republic and 1,652, on the other hand, revoked their business license. In total, 3,232 new entrepreneurs are registered in June, which is the highest number since January 2012. The reason is the very low number of closed trades. While the number of new entrepreneurs is close to the values before the spring closure of the

economy, the number of closed trades in June was the second lowest since the beginning of 2010. This follows from the analysis of CRIF performed from the data of the portal [www.informaceofirmach.cz](http://www.informaceofirmach.cz).

"While the number of new entrepreneurs in June was even slightly higher than in June last year, the number of closed trades was about a third. This is evidenced by the fact that in the last three months, the same number of people ended up doing business as in January this year. Such a significant decrease in the number of terminated trades is largely due to government measures to support entrepreneurs. Some people who would normally close or interrupt their business could take advantage of the offer of comprehensive support and reconsider their decision or postpone it for a while," says Věra Kameníčková, an analyst at CRIF, adding that the decline in the number of closed trades corresponds to the announcement of government aid. for entrepreneurs.

During the first half of the year, 12,000 more entrepreneurs were registered, 3,000 more than a year earlier

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While in January and February more than 4,000 people ended up doing business every month, in March it was mainly due to restrictions on the free movement of persons and the closure of offices by 3,000 entrepreneurs. Since April, when the structure of government aid was already clear, the monthly number of terminated trades has been below 2,000. In total, 17,064 people terminated their business license during the first half of the year, 7,373 (30%) less than in the first half of 2019. At the same time, the number of new entrepreneurs decreased by only 12% year-on-year (4,064), when it fell to 29,402. "The development of the number of new business licenses was slightly different. The March decline was higher than in the case of closed trades, but in April there was only a slight month-on-month decline, and since May the number of new trades has been growing significantly again," says Věra Kameníčková. In the Czech Republic, 12,338 entrepreneurs increased in the first half of this year, 3,309 (37%) more than in the first half of 2019. Thanks to a lower number of terminated trades, the number of new entrepreneurs among those who revoked their licenses also increased year-on-year. While last year in the first half of the year there were 14 new entrepreneurs for every 10 with a canceled trade, this year there were 17 new for 10 defunct trades. The number of discontinued trades in June was one-fifth lower than last year, in the first half of the year it remained almost unchanged year-on-year.



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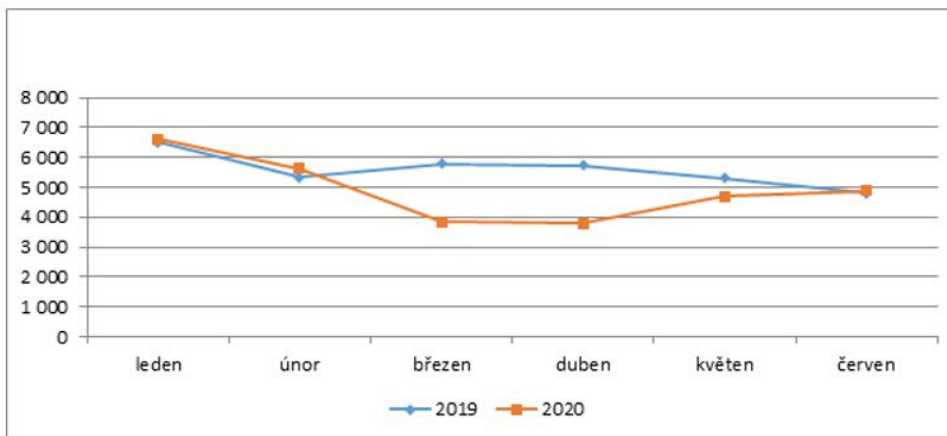
In June, 4,958 entrepreneurs interrupted their trade, 818 more than in May, but at the same time 1,198 less than in June last year. During the entire first half of the year, 54,747 entrepreneurs interrupted their business, 659 more than last year. "The development of the number of interrupted trades took place with certain differences similarly to those terminated. The main difference was a slight



Increase in interrupted trades during March, when a number of entrepreneurs directly affected by government measures against the spread of a new type of coronavirus interrupted their trade. However, with the announcement of the form of government aid, there was a significant drop in interrupted trades in April, and this situation lasted until June. The number of discontinued trades was thus significantly lower than usual in the second quarter, " explains Věra Kameníčková.

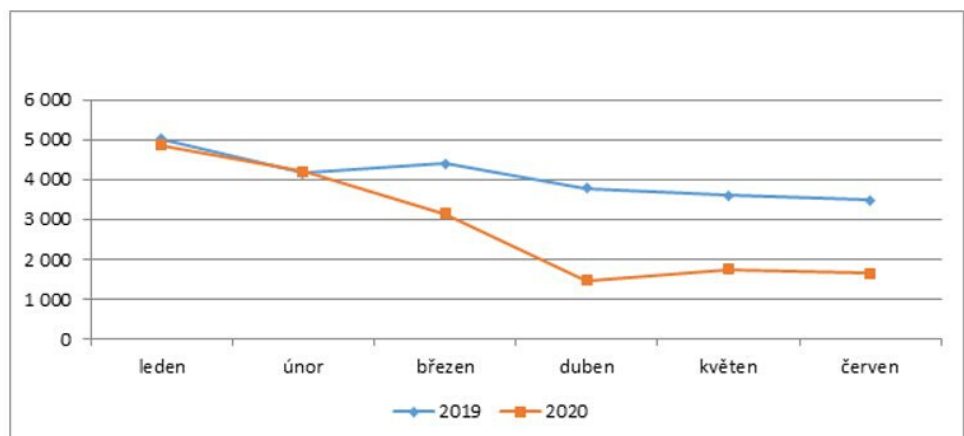
We will not see the effects of the crisis on entrepreneurs until the end of the year. Although the statistics for the first half of the year are favorable in terms of the number of new entrepreneurs and the number of closed trades, we will probably not get an overall picture of the impact of spring measures on the number of entrepreneurs in the Czech Republic until the end of this year. "Current statistics are influenced by state aid to entrepreneurs and thus do not fully correspond to economic reality. This will start to show only after the end of government measures to support the economy, " points out Věra Kameníčková.

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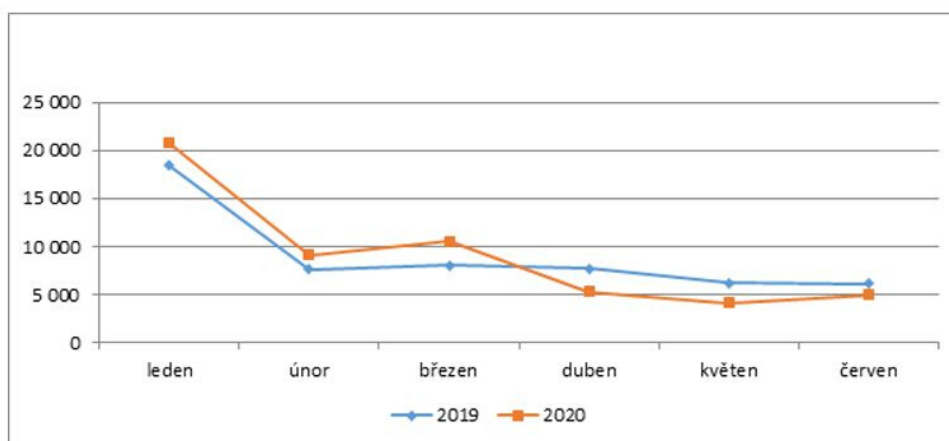


Graph 1:  
Number of people who started a business during the first half of 2019 and 2020

Graph 2:  
Number of people who ended their trade during the first half of 2019 and 2020



Graph 3:  
Number of people who interrupted their trade during the first half of 2019 and 2020



Source: CRIF Czech Credit Bureau