

NEWS SUMMARY APRIL 20 – APRIL 26

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ECONOMY & FINANCE

**BANKS WILL BE ABLE TO COPE WITH FIRING CROWN'S IMPACT
--MOODY'S – 26.4.**

The influence of the firming crown on Czech banks will differ for the individual banks but they will be able to cope with it, international rating agency Moody's said today.

Potential growth in the crown's rate will affect the most the Czech and Slovak subsidiary of Italian group UniCredit and Czech branch of Austria's Raiffeisen. CSOB and Ceska sporitelna will be affected the least, the agency said.

Overall, the impact of the strengthening crown on banks on the Czech market will be manageable thanks to the fact that the banks' operations are focused in particular on the local market. The CNB's¹ pledge to reduce the crown's excessive fluctuations will also help.

The CNB ended its forex intervention regime on April 6. For three and a half years, the central bank prevented the crown from firming through CZK²27/EUR.³ The crown's rate then firmed moderately but it still stays close to the earlier level.

**ANALYSTS: END OF EXCHANGE-RATE COMMITMENT HAS NOT
WEAKENED TRUST – 25.4.**

The end of the exchange-rate commitment has not weakened entrepreneurs' trust in the Czech economy. In reaction to the cyclical survey conducted by the CSO,⁴ this statement was made by Komerční Banka analyst Viktor Zeisel. According to Czech Banking Association chief economist Eva Zamrazilová, consumer confidence relies on a strong labour market and growing wages. According to ING Bank chief economist for the CR⁵ Jakub Seidler, growing inflation does not harm the confidence either for the time being. ČSOB analyst Petr Dufek expects the Czech economy to grow 2.5% for the entire 2017.

SOBOTKA HAS MANDATE FOR TALKS ON BREXIT TERMS – 25.4.

At its meeting on April 24, 2017, the Czech government approved the mandate for PM⁶ Bohuslav Sobotka (ČSSD⁷) for the defence of Czech priorities at the EU's⁸ extraordinary summit on Brexit. The priorities are protection of citizens,

¹ CNB: Czech National Bank

² CZK: Czech Crown, the currency of the CR since 8 February 1993

³ EUR: (€) Euro is the official currency of the Eurozone, which consists of 19 of the 28 member states of the European Union

⁴ CSO: Czech Statistical Office, is the main organization which collects, analyses and disseminates statistical information for the benefit of the various parts of the local and national governments of the CR. It accomplishes this goal through the management of the Czech Statistical Service

⁵ CR: the Czech Republic

⁶ PM: Prime Minister

⁷ ČSSD: Czech Social Democratic Party, centre-left party

⁸ EU: European Union, is a politico-economic union of 28 member states that are located primarily in Europe. It has an area of 4,324,782 km², and an estimated population of over 510mn. The EU has developed an internal single market through a standardised system of laws that apply in all member states. EU policies aim to ensure the free movement of people, goods, services, and capital within the internal market, enact legislation in justice and home affairs, and maintain common policies on trade, agriculture, fisheries, and regional development. Within the Schengen Area, passport controls have been abolished. A monetary union was established in 1999 and came into full force in 2002, and is composed of 19 EU member states which use the euro currency.

financial settlement, continuity of the legal code, and business relationships. This information was provided by government spokesman Martin Ayrer.

**CZECH GOVERNMENT APPROVES SURPLUS BUDGET STRATEGY –
25.4.**

The Czech government has approved the Budget Strategy for the Sector of Public Institutions of the CR for the Period of 2018–2020.

PM Bohuslav Sobotka (ČSSD) said that the paper counted on budget surpluses at the level of 0.4% of GDP⁹ (2018), 0.3% of GDP (2019) and 0.5% of GDP (2020). The strategy was submitted by Finance Minister Andrej Babiš (ANO¹⁰).

Sobotka added that the paper also counted on lowering the state debt to 32.7% of GDP in 2020.

The government also decided to use CZK60.1bn¹¹ from the 2016 budget surplus to lower this debt.

**MF: STATE DEBT INCREASED TO CZK1.78TN AT END OF
MARCH – 24.4.**

In Q1¹² 2017 the state debt of the CR increased q-o-q¹³ to CZK1.788tn,¹⁴ from CZK1.613tn. Its share of GDP increased to 37.6%, from 34.2%.

The Czech MF¹⁵ stated that in Q1 it made use of advantageous conditions on financial markets, using the sale of bonds with negative earnings to cover the future need for financing in case of a deterioration of market conditions, and it also refinanced the CR's older obligations. Overall the ministry secured additional state budget income totaling CZK819.2mn¹⁶ thanks to the sale of state bonds with negative earnings.

A total of CZK344.2mn was added to the budget thanks to the sale of treasury bills.

MOODY'S: CR SAW A 15.7% INCREASE IN TAX INCOME – 24.4.

In 2016 the CR saw a 15.7% y-o-y increase in tax income. This is the strongest increase of the past 10 years.

This is based on report Regional Governments - CR: Revenue Growth Bolsters Ability to Finance Infrastructure and Leverage EU Funds¹⁷ by agency Moody's Investors Service.

⁹ GDP: Gross domestic product, an aggregate measure of production equal to the sum of all resident and institutional units engaged in production in a period (plus any taxes, and minus any subsidies, on products not included in the value of their outputs).

GDP can be determined in three ways, all of which should, in principle, give the same result. They are the **production approach**, the **income approach**, or the **expenditure approach**.

The production approach sums the outputs of every class of enterprise to arrive at the total. The expenditure approach assumes the value of the total product must be equal to people's total expenditures in buying things. The income approach determines GDP by finding the sum of all producers' incomes.

GDP = GVA + Taxes on products - Subsidies on products

¹⁰ ANO: ANO 2011, centre-right party

¹¹ bn: billion

¹² Q1: 1st quarter of the year

¹³ Q-o-q: quarter on quarter

¹⁴ tn: trillion

¹⁵ MF: Ministry of Finance

¹⁶ mn: million

¹⁷ EU Funds: financial tools set up to implement the regional policy of the EU (CP – Cohesion Policy and CAP – Common Agricultural Policy), funds under CP consist of the Structural Funds (the ERDF – the European Regional Development Fund and the ESF –

It expects the gross operating balance to almost double to 13% of operating earnings by 2018. In the 2009 to 2015 period it averaged 7%.

MF TO INCREASE LIMITS FOR EET FOR OUTDOOR

ASSOCIATIONS – 24.4.

The MF will change the EET¹⁸ conditions for outdoor associations, firefighters, hunters, athletes and fishermen. At present associations are required to record revenues from smaller secondary business activities only if the annual turnover from this activity exceeds CZK175,000 per year. According to Financial Administration general manager Martin Janeček, it is now clear based on feedback from the non-profit sector that this limit must be increased.

MF: SURPLUS RECORDED BY REGIONAL BUDGETS DECREASES

TO CZK15.2BN – 20.4.

Municipalities, voluntary unions of municipalities, regions, and regional councils of cohesion regions posted consolidated income totalling CZK69.4bn and expenses of CZK54.1bn as of the end of February 2017.

The budget surplus thus reached CZK15.2bn. Income showed a growth by CZK0.1bn, while expenses increased CZK5.5bn.

The result budget surplus thus decreased CZK5.4bn.

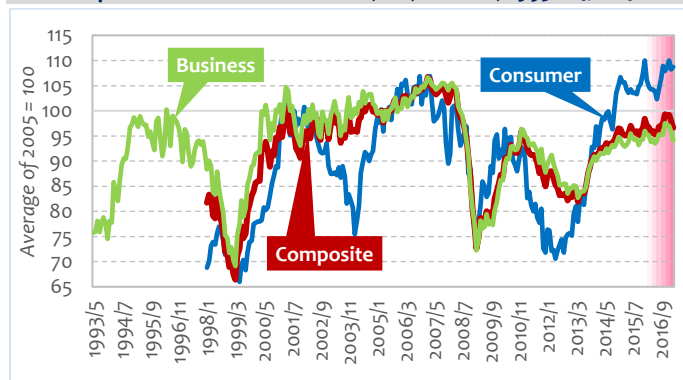
The information was provided by the MF.

CSO: CONFIDENCE IN CZECH ECONOMY GROWS TO 97.4

PTS IN APRIL – 24.4.

Confidence in the Czech economy increased in April after falling in the previous two months, the composite indicator rising by 0.8 point m-o-m to 97.4 points, the CSO said today.

Graph 1: Confidence Indicators, SA, Overall, 1993 – 4/2017



While business confidence improved by 1 point to 95.1 points, consumer confidence fell by 0.3 point to 108.4 points.

Y-o-y, overall confidence as well as business and consumer confidence increased.

Consumers' concerns about deterioration of the economic situation in the next 12 months remained almost unchanged m-o-m. Their worries about their financial situation stayed almost the same as well. The intention to save money nevertheless increased slightly.

the European Social Fund), and the CF – the Cohesion Fund. Funds under the CAP, consist of the EAGF – the European Agricultural Guarantee Fund, the EAFRD – the European Agricultural Fund for Rural Development, and the EFF – the European Fisheries Fund.

¹⁸ EET: electronic cash registers system, a method of online registration of sales, when the data on each transaction of merchant are sent online to the financial administration.

Consumers' concerns about a rise of unemployment remained unchanged, while their worries about a price rise diminished.

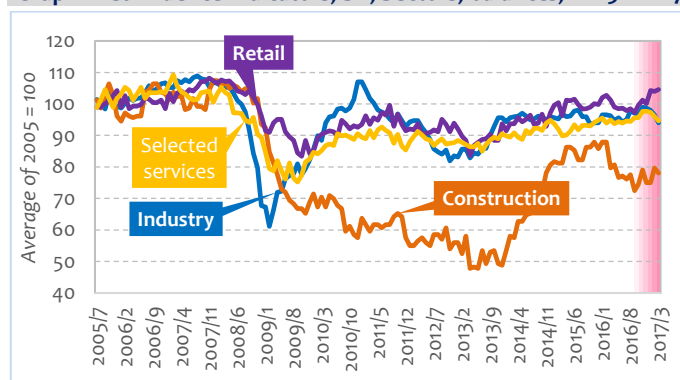
In industry, business confidence fell by 0.3% to 93.7 points due to deteriorated expectations.

"For the next three months, respondents expect a decrease in the development of production activity and an increase in the unemployment," the CSU said.

In construction, confidence rose by 1 point to 79.1 points.

In trade, the confidence indicator dropped by 4.5 points to 100.1 points, while in services it rose by 3.1 points to 97.7 points.

Graph 2: Confidence Indicators, SA, Sectors, balances, 2005 – 2017



EET TO BRING EXTRA CZK23BN TO STATE BUDGET IN 2017-

2018 – 23.4.

EET, which was launched in December 2016, should bring an extra CZK22.6bn to the state budget this and next year in total, according to the updated version of the Convergence Programme made available to CTK.

In the year 2019, that is after the start of all EET waves, the amount is to be raised by another CZK1.8bn.

EET started on December 1, 2016 for operators of hotels and restaurants and as of the beginning of March 2017 for entrepreneurs in wholesale and retail. From the launch of EET to date, some 143,000 entrepreneurs have joined the EET system.

The third wave, to begin on March 1, 2018, will apply also to sales in refreshment stands without tables and chairs, farmer markets and services of accountants, lawyers and doctors, for example.

As of June 2018, hairdressers, selected craftsmen and people repairing home appliances will join the system.

Thanks to EET, the state is to gain more money not only from value-added tax, but also from income taxes of natural persons and companies and social security insurance.

EET should bring in CZK3.4bn in individual income tax this year and CZK3.3bn next year.

Within VAT¹⁹ collection, estimates talk about CZK4.5bn this year and CZK2.7bn next year. The estimates already include the one-off tax relief for costs linked with EET introduction.

EET system was launched in the CR on December 1, 2016, it has been introduced already in other countries: in Croatia (2013), in Hungary (2015), where it is operated via a hybrid system of cash registers and online registration, in Slovenia (early 2016); in Slovakia, where online registration of sales is optional. Offline registration of sales using cash registers was introduced also in other 15 EU countries by 2016.

¹⁹ VAT: Value-added tax

Further money for the state coffers should arrive thanks to VAT ledger statements introduced last year. They should bring in to the state coffers an extra CZK2bn this year and CZK3bn next year. According to the MF's earlier estimates, the state budget gained CZK10bn to CZK12bn thanks to VAT ledger statements last year. "On the side of revenues of public finances, higher tax income without the need for raising the tax burden is clearly the priority," the ministry says in the document. In total, the Czech state acquired CZK380bn in VAT, CZK185bn in corporate income tax and CZK172bn in individual income tax last year.

Expected effects of measures reducing tax evasion (CZK bn)

	2017	2018	2019	2020
Electronic registration of sales	13.4	9.2	1.8	-
- Individual income tax	3.4	3.3	0.5	-
- Corporate income tax	1.7	1	0.2	-
- Social security payments	3.8	2.2	0.5	-
- Value added tax	4.5	2.7	0.6	-
VAT ledger statements	2	3	-	-
- Value added tax	2	3	-	-
TOTAL	15.4	12.2	1.8	-

KRUK: AVERAGE DEBT OF CZECHS DROPS TO CZK25,700 IN 2016 – 23.4.

The average debt of Czech debtors decreased moderately again last year - to CZK25,700 from 2015's CZK27,000, while in 2014 the average debt was worth CZK41,000, according to data based on a regular analysis of company KRUK CR and Slovakia, specialised in the management of claims.

Men made up 58% of the debtors and their average debt was worth CZK27,100. Women had a 42% share and their average debt reached CZK23,600.

The highest number of the debtors were from region Moravia-Silesia (16% with average debt at CZK23,600), followed by regions Usti (13%, CZK24,400) and Central Bohemia (11%, CZK27,200).

Debtors with the highest average debt are from Prague (almost 8% with the average debt at CZK31,800) and debtors with the lowest average debt from region Hradec Kralove (6% with average debt at CZK22,700).

"Against the previous year, the average debt of Czech debtors fell a bit again, which is certainly linked with the constantly improving economic situation and low unemployment in the CR," KRUK spokeswoman Marketa Kolarova commented on the data.

"The highest number of debtors are from regions Moravia-Silesia and Usti which have the highest unemployment of over 7%," she added.

Men with the highest average debt of CZK33,200 are aged between 45 and 54 years, while women with the highest average debt at almost CZK30,000 are aged between 55 and 64 years.

The average debt of people in the post-productive age, that is 65 years or more, is worth CZK27,000. The highest number of these debtors are from regions Moravia-Silesia and Usti. Debts of people aged over 65 are a big problem because with the average old-age pension around CZK11,800 it is hard to pay debts.

"Moreover, we know from experience that elderly people very often take loans for their family members who would be unable to get a loan themselves and often are unable to pay it back," Kolarova noted.

More than 11% of Czech debtors have more than one debt. Women are more active in the repayment of their debts.

ANO LEADER ANDREJ BABIŠ AGAINST EURO-ADOPTION, FAVOURS MULTI-SPEED EUROPE – 21.4.

ANO leader Andrej Babiš, who is widely expected to be the country's next PM, has said he is opposed to the CR adopting the euro and is against any further integration with the EU. Speaking in a debate at Charles University, Finance Minister Babiš said he would happily support a multi-speed Europe within which EU members would be free to decide how fast and to what measure they wanted to proceed with EU integration.

In an interview for the weekly Euro, Babiš said he did not think the CR would become a net contributor to the EU budget, even after 2020, and questioned the rules governing the distribution of EU subsidies, especially under the soft programs. He said it was a pity the CR did not have a bigger influence on the way the money was used. EU countries should say themselves in what European projects they want to participate and in what not, Babiš said.

The party's main rival in the elections, the Social Democrats, are much more cautious in their statements. Although PM Bohuslav Sobotka has expressed the view that the country should not set a euro-adoption date until the state of its public finances improves and the standard of living gets closer to that of advanced EU member states, he criticized the idea of a multi-speed Europe, saying it would leave the countries in the slow-lane out of important decision-making. The third party in the ruling coalition, the Christian Democrats, has expressed similar concerns. Party leader Pavel Bělobrádek added that it is not a question of needing the euro, we need to have the same currency with Germany and the Netherlands, the strong economic partners of an export-dependent Czech economy.

The leader of the opposition TOP 09 Miroslav Kalousek has stressed the need to adopt the euro as soon as possible in order to increase the country's influence on decision-making.

FINCENTRUM: NEW MORTGAGES GROW TO CZK57.6BN IN Q1 – 20.4.

The volume of mortgage loans closed in the first quarter of 2017 increased from CZK45.16bn in Q1 2016 to CZK57.61bn. The value of contracts newly closed in March 2017 increased from CZK17.91bn to CZK21.13bn (February 2017: CZK18.95bn). This stems from the survey Fincentrum Hypoindex. The number of mortgages concluded in March 2017 reached a four-month high of 10,388. An average interest rate increased 0.08% age point to 1.95%.

GOVERNMENT APPROVES PROPOSAL TO TAX CZK1 BONDS – 20.4.

The government of the CR approved on April 19, 2017 a proposal submitted by Minister of Finance Andrej Babiš (ANO) to amend the Investment Incentives Act.

The goal of the proposal is to tax interest income from so-called CZK1 bonds to entities being related with the issuer of such bonds at the time of the issue. Czech PM Bohuslav Sobotka (ČSSD) has also asked Mr. Babiš to inform the government about the approach of the financial administration to the issue of corporate CZK1 bonds in 2012.

SP ČR: FUTURE GOVERNMENT SHOULD PREPARE NEW BUILDING ACT – 20.4.

The key priorities for Czech economy's development include, according to the Confederation of Industry (SP ČR), the new building act, support for export and adoption of Eurocurrency, digitalization and reduction of bureaucracy. Support for research and innovations, Industry 4.0, labour market and education is also important. SP ČR has defined totally 14 key segments with requirements on the future government that it wants to present to political parties with election preferences exceeding 4%.

PRODUCER PRICE INDICES - MARCH 2017 – 20.4.

In March 2017 compared with the previous month, agricultural producer prices went up by 2.0%, construction work prices grew by 0.2% and prices of market services were higher by 1.1%. Industrial producer prices were lower by 0.1%. In comparison to March 2016, agricultural producer prices went up by 3.4% and industrial producer prices rose by 3.0%. Construction work prices and prices of market services were both higher by 1.3% and 1.1%, respectively.

M-o-m²⁰ comparison:

Agricultural producer prices grew by 2.0%. Prices of milk (+2.9%), poultry (+2.5%), potatoes (+2.0%), eggs (+1.9%), cereals (+1.6%) and oil plants (+1.5%) went up. Prices of fruit (-1.6%) and vegetables (-2.6%) went down.

Prices of **industrial producers**, after six months of growth, went down by 0.1%. Prices decreased the most significantly in 'coke, refined petroleum products'. Prices were lower in 'food products, beverages, tobacco' (-0.2%), thereof 'beverages' (-1.4%) and 'preserved meat and meat products' (-0.5%). Prices rose in 'basic metals, fabricated metal products' (+0.8%) and 'chemicals and chemical products' (+0.7%).

According to an estimate, **construction work** prices rose by 0.2% and construction material input prices increased by 0.4%.

Market services prices in the business sphere grew by 1.1% due to the price increasing of 'advertising and market research services' (+9.9%), 'legal and accounting services' (+1.6%) and 'computer programming, consultancy and related services' (+1.2%). Market services prices excluding advertising services rose by 0.4%.

Y-o-y²¹ comparison:

For the first time after 14 months of decrease, **agricultural producer** prices were higher by 3.4% (-0.8% in February). Prices of animal products grew by 11.0% due to increasing prices of pigs for slaughter (+20.7%), milk (+14.1%) and eggs (+7.3%). Prices of crop products went down by 3.4%. Lower were prices of fresh vegetables (-36.0%), potatoes (-17.0%) and cereals (-5.4%). Prices of oil plants (+4.6%) and fruit (+2.0%) went up.

Prices of **industrial producers** rose by 3.0% (+3.1% in February). Prices went up importantly in 'coke, refined petroleum products'. Higher were prices in 'chemicals and chemical products' (+10.2%), 'mining and quarrying' (+6.2%) and 'basic metals, fabricated metal products' (+6.1%). On the increase were also prices in 'food products, beverages, tobacco' (+1.5%), thereof 'dairy products' (+5.5%). Prices went down in 'electricity, gas, steam and air conditioning' (-1.2%), 'basic pharmaceutical products' (-1.0%) and 'transport equipment' (-0.8%).

Among the main industrial groupings, prices of 'energy' increased the most (+5.8%).

According to an estimate, **construction work** prices rose by 1.3% (+1.2% in February) and construction material input prices grew by 2.3% (+1.6% in February).

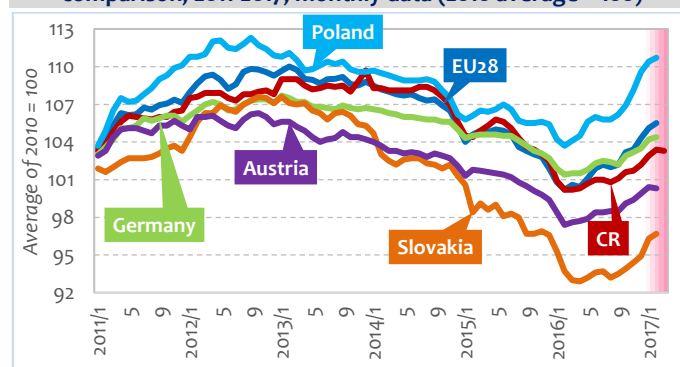
Prices of **market services in the business sphere** grew by 1.1% (+0.6% in February). Increasing were prices in 'postal and courier services' (+8.4%), 'insurance, reinsurance and pension funding services, except compulsory social security' (+5.3%) and 'advertising and market research services' (+2.1%). Decreasing were prices in 'architectural and engineering services' (-1.2%). Market services prices excluding advertising services increased by 1.0% (+0.7% in February).

Industrial producer prices in the EU – February 2017 (preliminary data)

According to the Eurostat News Releases, industrial producer prices increased in February by 0.1% (+1.1% in January) in EU28, **m-o-m**. The highest increase in prices was observed in Greece (+1.3%). Prices rose in Slovakia and the CR (+0.4% both), Poland (+0.3%) and Germany (+0.2%) and decreased in Austria (-0.1%). Prices went down the most in Portugal (-1.5%).

Industrial producer prices were higher in February by 5.3% (+4.6% in January) in EU28, **y-o-y**. The largest increase in prices was recorded in Belgium (+14.8%). Prices rose in Poland (+6.8%), Slovakia (+3.2%), the CR (+3.1%) and Germany and Austria (+3.0% both). A decrease was observed only in Luxembourg (-3.1%).

Graph 3: Industrial producer price indices, International comparison, 2011-2017, monthly data (2010 average = 100)



NO. OF BUSINESS BANKRUPTCIES UP AT 504 IN Q1 – CREDITREFORM – 20.4.

The number of businesses declared bankrupt in the first quarter of this year reached 504, 16 more than a year ago, with the number of sole traders in bankruptcy rising by 7 to

²⁰ M-o-m: month on month

²¹ Y-o-y: year on year

273 and the number of legal persons in bankruptcy up by 9 at 231, company Creditreform told CTK today.

According to Creditreform, the positive development of the economy is being reflected in the falling number of insolvency petitions.

The total number of insolvency petitions filed in Q1 decreased by 8% y-o-y to 6,888, with a fall of 23% in the case of companies and almost 7% in the case of sole traders.

An insolvency can be solved either by reorganisation or by bankruptcy.

In Q1, eight reorganisations were permitted.

Creditreform expects the economic growth and growth of employment to continue this year.

"With regard to the expected economic development and the fact that the business sector was purged markedly by means of insolvencies and bankruptcies in the past years, we expect the number of insolvencies to continue falling in 2017," the company said.

No. of bankruptcies of companies and sole traders

2000	2,491
2001	2,473
2002	2,155
2003	1,728
2004	1,411
2005	1,236
2006	1,245
2007	1,115
2008*	1,141
2009*	1,553
2010*	1,601
2011*	1,778
2012*	1,899
2013*	2,224
2014*	2,403
2015*	2,191
2016*	1,982
Q1 2017*	504

*In 2008, the insolvency law took effect and the methodology changed. The data on bankruptcies no longer include information on insolvency petitions that are rejected due to a lack of assets.

HEALTH & LABOUR SOCIAL

UNIONS WANT 10% PUBLIC SECTOR PAY RISE FROM SEPTEMBER – 26.4.

Public sector trade unions are calling for a 10-percent rise in salaries for teachers, medical workers, arts professionals and other state employees from September. The head of the Czech Confederation of Trade Unions, Josef Středula, conveyed the demand after a meeting with PM Bohuslav Sobotka on Wednesday. For his part, PM Sobotka said the government wanted to increase such salaries from January 2018. The PM said public sector organisations were struggling to find employees and higher salaries would serve as a motivating factor.

²² MLSA: Ministry of Labour and Social Affairs

ONE FIFTH OF PEOPLE ABOVE 61 HAVE BUSINESS LICENSE IN

CR – CRIF – 25.4.

One fifth of people older than 61 years have a business license in the CR, while in Prague it is 30% and even 43% among men, an analysis has revealed.

There are 406,000 people above 61 years in the CR in total. Prague registers 73,000 such businesspeople, which is 18% of all sole traders in this category.

The Central Bohemia Region ranks second (12%) and the South Moravia Region comes next (10%).

The least amount of natural persons conducting business activity who are older than 61 years - 12,000 - is recorded in the Karlovy Vary Region, said the analysis of CRIF analytical company based on data from the www.informaceofirmach.cz portal.

"Prague is unique ... because there are much more opportunities to do business than in other regions," CRIF analyst Vera Kamenickova said.

As much as 27% of entrepreneurs after 61, of whom 23% are males and 34% females, have been active in trade.

Professional, scientific and technical activities rank second, with 18% of businesspeople after 61, of whom 22% are women and 15% men.

Manufacturing industry has 15% of businesspeople aged over 61, with 17% being men and 9% women, followed by construction with 12%, of whom 18% are males and 1% female entrepreneurs, the analysis has shown.

ROBOTS MAY CAUSE LOSS OF 10% OF JOBS IN CR IN 20 YEARS – 20.4.

Around one tenth of jobs may disappear in the CR in the coming two decades with the use of robots, which would mean over 400,000 jobs lost, according to a study of the MLSA²² made available to CTK.

However, due to the ageing of the population, the number of working people will drop approximately in the same way.

The ministry has prepared a plan for measures for the coming years. They include evaluation of the possibility of free days for education, working time accounts, tax advantages for jobs in services and loans for self-employment.

The plan is to take advantage of new technologies as an opportunity for the development of the society, not to see them as a threat, the study says, adding that some professions will disappear and some others will emerge.

Thanks to new technologies, work could change significantly in 35% of the positions. This concerns around 1.4mn positions. About 408,000 to 420,000 positions could disappear.

In the year 2029, there could be some 3.9mn jobs in the CR. According to a study of the Government Office, two new positions could be opened per every five endangered ones.

The number of working people in the country will depend on demographic development, migration, education and retirement age, for example. The number of working people could fall by 400,000.

At the end of March, Czech and Slovak tripartite held talks about changes on the labour market. Czech PM Bohuslav Sobotka said that due to digitisation and robotisation, the CR

had to offer good infrastructure and qualified people so that foreign companies do not move production back to parent countries.

For example, 82% of employees in the automotive industry in the CR work in foreign firms. In IT and communications the share stands at 51% and in the manufacturing industry at 46%.

AGRICULTURE & FOOD & BEVERAGES

LESY ČR RAISED PROFIT BY 4.4% - 25.4.

Forest management company Lesy České Republiky raised its gross profit by 4.4% to CZK1.1bn in Jan-Feb 2017.

The company reported revenues from own products and services totalling CZK1.66bn for Jan-Feb 2017.

Timber harvesting grew to 1.096mn m³.

PETR DVOŘÁK BECOMES DIRECTOR OF BUDĚJOVICKÝ BUDVAR - 25.4.

Petr Dvořák has become the director of the state-owned enterprise Budějovický Budvar. He will start working as of May 1. Among other things, Dvořák was an international director of the Pilsner Urquell brand and a marketing director at Pivovary Staropramen. His task will also be to lead an innovation team for the development of Budějovický Budvar in the next decades. He is replacing Jiří Boček in the position.

ČSPS: AMOUNT OF BREWED BEER UP 1.9% AT 20.47M HL - 25.4.

The amount of beer brewed in the CR grew 1.9% y-o-y to 20.47mn hectolitres in 2016. This information stems from the Czech Union of Breweries and Malt-Houses (ČSPS), which added that the reasons were a higher amount of beer brewed for the local market and an ongoing positive trend in the area of exports, which had been growing steadily since 2012. Exports grew 4.5% to 4.41mn hl and imports were 4.6% higher, amounting to 326,000 hl. The consumption of beer per capita stagnated at 143l.

FLOWER PRODUCTION IN CR GROWS TO RECORD CZK2.17BN IN 2016 - 23.4.

Domestic production of flowers increased from 2015's CZK2.095bn to a record CZK2.172bn last year and flower imports grew by 15.2% to CZK3.226bn, Jiri Horak, chairman of the Association of Flower Growers, said at international garden trade fair Flora Olomouc.

Thanks to the warm weather and a bigger appetite of Czechs to spend, flower sales went up for a third year in a row, he added.

"The society is doing relatively well so if the situation continues, I think that this year will also be good as regards flowers," Horak forecast.

Czech growers exported flowers worth CZK516mn last year, up 14% year on year.

The highest amount of flowers was imported from the Netherlands, Germany and Denmark and exports targetted in particular Slovakia, Germany and Poland.

Every Czech spent on average CZK1,091 on flowers last year, compared with CZK991 a year earlier.

²³ **KMV:** Karlovarské minerální vody; the biggest producer of mineral and spring water in the Czech Republic

On the other hand, self-governing authorities keep investment in green areas quite low.

In 2013, domestic flower production fell for the first time in nearly two decades - by 3% to CZK1.881bn. The drop was caused mainly by unfavourable weather and also by summer floods.

Flower production grew again in the following three years.

The gardening sector in the CR has around 23,000 employees. The number of flower halls and gardening centres has lately been growing in the country, Horak noted.

Czech companies grow in particular flowers for balconies and flower beds.

KMV IS ACQUIRING PEPSI BRAND PRODUCER IN BULGARIA - 21.4.

Mineral water producer **KMV**²³ has signed a binding agreement on the acquisition of Quadrant Beverages JSC.

The firm is the official producer and seller of PepsiCo, Pepsi-Lipton International and Gat Foods products, producer of Bellissima water and distributor of Rockstar energy drink in Bulgaria.

The transaction is subject to approval by the Bulgarian Commission for the Protection of Economic Competition.

It is scheduled to be completed in H1²⁴ 2017.

KMV's general director Alessandro Pasquale has stated that KMV's expansion to the Bulgarian market follows the acquisition of Kékkúti Ásványvíz and Szentkirályi Ásványvíz in Hungary.

He has added that the company is considering expanding its production capacity thanks to the demand on the Hungarian market.

TRANSPORT & SERVICES

NEW "D" METRO LINE TO START IN FRONT OF PANKRÁC SHOPPING CENTRE - 26.4.

A new "D" Metro line in Prague will run from a site in front of the Arkády shopping centre in the Pankrác district of the city, the head of the city's transport authority, Martin Gillar, told journalists on Wednesday. A tunnel boring machine will be used at Pankrác, meaning a local sports ground will not be removed, as originally planned. Construction work is planned for the turn of 2019 and 2020 at the earliest. The first part of the D line will run from Pankrác south to Písnice. A second, later part will go north from Pankrác to Náměstí Míru.

QATAR AIRWAYS TO CONNECT PRAGUE WITH DOHA - 25.4.

Prague will become one of 12 new destinations to which Qatar Airways will begin to fly in 2017. The concrete date and the frequency of the new connection have not been specified by the airline yet. According to Letiště Praha board chairman Václav Řehoř, the flights should be operated on an Airbus A330, and apart from direct flights between Prague and Doha, Qatar, there will be the possibility of the carrier's connecting flights to other destinations in Asia and Australia.

²⁴ **H1:** 1st half of year

ŠKODA AUTO TO INVEST EUR2BN IN CHINA IN 5 YEARS – 25.4.

Škoda Auto, along with its Chinese partner SAIC, will invest EUR2bn in China in next 5 years, the company said at a car show in Shanghai.

The investments will be directed at extending current model series, such as cars with alternative fuel and SUVs²⁵.

Last year, Škoda sold a record amount of 317,000 cars in China, its biggest marketplace, which was an annual rise of 12.6%.

By 2020, Škoda's annual sales in China are expected to exceed 600,000 units. Since its entry to the Chinese market 10 years ago Škoda has sold more than 2mn cars in China.

Škoda exports more than a ¼ of its annual output to China.

Škoda will accelerate this growth trend by building its model range, with focus on extending the offer of cars in the SUV category. The first large SUV is coming to the market in the form of the Kodiaq model, and further attractive models will follow soon.

Besides SUV Kodiaq, Škoda is presenting in Shanghai its electric car concept Vision 3, which is to be launched on the market in 2020, as well as Octavia Combi.

Octavia is the best-selling Škoda model in China. Out of the 2mn Škoda cars sold in China so far, over 1.1mn were Octavias, more than 305,000 were Rapids, nearly 268,000 were Superbs, 251,000 were Fabias and about 69,000 were Škoda Yetis.

Škoda Auto has showed in the functional prototype Vision E in China. This prototype will be base for the first pure electric car in 2020.

CZECH CARSHARING BUSINESS ON THE RISE IN PAST YEARS – 25.4.

The number of cars that are shared by people has been rising in the CR in the past few years, with companies currently offering 344 cars for rental, an annual hike of 130 units, Stanislav Kutacek, chairman of the Czech Carsharing Association, told CTK today.

Another 100 units might be available for rental by the end of the year, he said.

The aforementioned figure includes cars offered by carsharing companies, excluding vehicles operated by private owners who rent them via mobile applications, such as SmileCar or HoppyGo. The total figure might reach up to 500 units shared by people.

It is not easy to find out the exact figures as some of the people renting cars are apparently registered on more platforms, Kutacek said.

Carsharing was booming between 2009 and 2012.

Autonapul, the first Czech carsharing project, was launched in 2003, employing three people, Kutacek, who is Autonapul managing director, has said. The company currently provides services to around 1,000 people.

The Czech carsharing market is estimated to have up to 4,000 customers. Four companies, namely Autonapul, CAR4WAY,

²⁵ SUV: a sport utility vehicle or suburban utility vehicle, a vehicle classified as a light truck, but operated as a family vehicle. They are similar to a large station wagon or estate car, usually equipped with four-wheel drive for on- or off-road ability. Some SUVs include the towing capacity of a pickup truck with the passenger-carrying space of a minivan or large sedan.

Ajo and emuj (renting electric cars), are operating on the market.

It is just a question of time when a big international player enters the Czech market, Kutacek said.

It can be Zipcar of the USA, which is active in Germany and Austria, or Germany's Car2Go, which has been monitoring the Czech market.

Czech carsharing business in 2012 to 2017

Year	2012	2013	2014	2015	2016	2017
Car numbers	9	16	32	90	213	344

CTO HAS CALLED TENDER FOR PROVIDERS OF PUBLIC TELEPHONE SERVICE – 24.4.

The CTO²⁶ has called a tender for entrepreneurs providing a publicly available telephone service, who will as part of the universal service be required to provide an additional service. This specifically involves public payphone services and other similar technical devices allowing for access to the public telephone service. Applications for the tender can be submitted until May 31, 2017.

AUTOSAP: TATRA TRUCKS PRODUCTION UP 72.1% - 24.4.

In the first three months of 2017 TATRA TRUCKS manufactured 394 trucks (of all types). Its production was up 72.1% y-o-y to 394. Exports increased by 52.78%.

This was reported by the Automobile Industry Association (AutoSAP).

AIRPORT PARDUBICE SAW 43% INCREASE IN PASSENGER NUMBERS – 24.4.

Pardubice airport operator East Bohemian Airport (EBA) saw in Q1 2017 a 43% y-o-y increase in the number of processed passengers to 3,668. The number of aircraft movements increased by 56% to 397 and cargo transport increased by 914% to 128,601t. The increase in passenger numbers is primarily owed to flights to/from St. Petersburg and Moscow, in the case of cargo transport it is owed to flights for company ŠKODA from Romania's Cluj. The increase in the movement of aircraft is accounted for by cargo in the case of 22%, by GA in 30%, training in 15% and charter flights in the case of 6% of cases. This was stated for ČIANEWS by director Hana Šmejkalová, who added that the largest investments are being made into the construction of a new terminal, which should be completed in 2017. An innovation is a renewed connection with St. Petersburg on regular charter flights and the introduction of a new connection to London.

ŠKODA ELECTRIC TO SUPPLY 50 TROLLEYBUSES TO LATVIAN RIGA – 24.4.

Škoda Electric, a member of group Škoda Transportation, will manufacture 50 trolleybuses for the Latvian capital of Riga. This is part of a framework agreement for a total of 125 low-floor 27Tr type vehicles worth up to CZK2.6bn. The contract also includes an option for a further 38 trolleybuses.

²⁶ CTO: Czech Telecommunication Office, a central administrative body for the execution of state administration in matters of Electronic Communications, including market regulation and definition of the conditions for business activities in the areas of electronic communications and postal services (also ČTÚ in Czech).

Financing for the project was provided by Česká Spořitelna and the EGAP.²⁷

CEA ACEA: PASSENGER CAR REGISTRATIONS INCREASE TO 68,059 IN Q1 – 20.4.

The number of new cars registered in the CR in March 2017 increased 17.5% y-o-y to 26,786 units. A total of 68,059 cars (+14.2%) were registered in the first quarter of 2017. This stems from statistics published by the European Automobile Manufacturers' Association (ACEA).

RESEARCH & DEVELOPMENT & INNOVATION

NEW BRNO DIGITAL LAB AIMS TO SPARK INNOVATION IN REGION – 20.4.

The biggest digital laboratory in the CR has just opened its doors at the Jihomoravské inovační centrum (South Moravian Innovation Centre, JIC) in Brno. Entrepreneurs and members of the public can sign up to use 3D printers and other cutting-edge technologies at Fab Lab Brno.

The digital workshop is divided into three different laboratories: an electronics workshop with solders and other equipment relating to the Internet of things, a mechanical workshop equipped with a CNC milling machine, and a 3D workshop with printers.

Most of the funding from the digital laboratory has come from the South Moravian Region authority.

A lot of companies are based in the region, which has earned a reputation as a centre of technology in the CR.

Registration costs as little as CZK149 a month for access during set hours and CZK999 for unlimited access. The venture's main partner is US company Honeywell, which has a branch in the Moravian capital.

The centre is part of an international network of Fab Labs that has over 1,100 laboratories in more than 100 states.

ENERGY & INDUSTRY

CEA EUROPEAN METALS: EXTRACTION OF LITHIUM IN CÍNOVEC WILL BE LOW-COST – 24.4.

The extraction of lithium in Cínovec and its processing should be one of the cheapest mines in the world.

Overall net production costs should total USD²⁸3,483 per t²⁹ of lithium carbonate (Li₂CO₃). This is based on a preliminary study prepared by European Metals, which owns Czech GEOMET.

A total of 656.6mn t should be located in Cínovec. Annual production is expected to total 20,800t.

CEA TEMELÍN PRODUCED 5.71MN MWH OF POWER YEAR-TO-DATE – 21.4.

Temelín NPP³⁰ produced on April 19, totally 52,608 MWh³¹ of electricity, up 144 MWh y-o-y due to colder weather. Year-to-date, Temelín produced 5,718,089 MWh of electricity. An

²⁷ EGAP: Export Guarantee and Insurance Corporation is a credit insurance corporation insuring credit connected with exports of goods and services from the Czech Republic against political and commercial risks uninsurable by commercial insurance. EGAP was founded in 1992 as a joint stock company fully owned by the state. The Czech Republic exercises its shareholder rights through the Czech Ministry of Finance, the Czech Ministry of Industry and Trade, the Czech Ministry of Foreign Affairs and the Czech Ministry of Agriculture. Its activities are governed by the Insurance Law and the Act No. 58/1995 Coll., on insuring and financing state supported export.

outage will commence in mid-May for fuel exchange in block 2. Utility ČEZ³² plans to have the block down for almost three months. First block's outage will commence in late 2017.

CEA ANALYSTS: INDUSTRY PRICES TO GROW DUE TO MORE EXPENSIVE OIL – 21.4.

Industrial producers' prices' growth reflects the commodity price hike, led by oil and agricultural raw materials, Generali Investments CEE's chief economist Radomír Jáč has commented on the data from the CSO. Mr. Jáč has added that strong demand and growing wage costs also have an effect. The oil price hike will be reflected in Czech industrial producers' prices in the coming months, says Raiffeisenbank's analyst Monika Junicke. The industrial producer's price index will thus grow by an average of 2.4% y-o-y in 2017, according to estimations.

CEA ČEZ TO PHASE OUT MORE THAN HALF OF COAL SOURCES BY 2035 – 20.4.

Utility ČEZ group wants to phase out more than half of the capacity of coal power plants in the CR by 2035. The spokesperson for ČEZ, Ladislav Kříž, has told ČIANEWS that this is because existing power plants are becoming outdated and coal mines are being exploited. He has added that the reconstructed power plants in Prunéřov and Tušimice and the brand new power plant in Ledvice are ready for long-term operation.

CONSTRUCTION & HOUSING

CTK NO. OF NEW FLATS SOLD IN PRAGUE DOWN 15.6% IN Q1 – 25.4.

Developers sold 1,350 new flats in Prague in the first quarter of this year, 15.6% fewer year on year, according to joint statistics of companies Trigema, Skanska Reality and Central Group made public at their press conference today.

The offer of available flats sank by 34.3% to 3,450 flats. The average price of these flats in the developers' price lists increased by some one quarter to CZK82,376 per m².

"For this year, we expect the numbers of newly sold flats in Prague not to increase for the first time in more than seven years," said Trigema's board chairman Marcel Soural.

"The main reason is the falling supply of flats because the permit procedures for new housing projects are being delayed," he explained.

Last year, developers sold 6,650 new flats in Prague, up 7% yr/yr. According to CSO data, construction firms started building 1,707 new flats in multi-dwelling buildings, 56.8% fewer y-o-y.

The offer of new flats is falling for almost two years in a row. As recently as in the middle of 2015, the offer contained 6,600 flats. Since that time, it has fallen by around a half to the current 3,450 flats.

²⁸ USD: \$, USD, the United States dollar is the official currency of the United States and its overseas territories. It is the currency most used in international transactions and is the world's most dominant reserve currency.

²⁹ t: tonne, metric ton is a non-SI metric unit of mass equal to 1000 kilograms

³⁰ NPP: Nuclear Power Plant

³¹ MWh: megawatt-hour - 10⁶ Wh

³² ČEZ: ČEZ Group is a conglomerate of 96 companies (including the parent company ČEZ, a.s.), 72 of them in the CR. It is involved in the electricity generation, trade, distribution and heat, as well as coal mining.

"At the end of last year, 4,000 flats were in the offer. We were saying already at that time that this is a crisis," Soural noted.

The average price of new flats sold in Prague increased by 19.2% y-o-y to CZK72,131 per m² as of the end of March. The least expensive flats have practically disappeared from the market.

Compared with the end of last year, the average price of new flats in Prague rose by 0.8%. Data from developer company Ekospol show that the number of sold new flats dropped by 11.7% y-o-y to 1,429 flats in the Q1 of this year.

Average price per m² of new flats sold in Prague (including VAT)

Price (CZK)	
Q2 2013	54,308
Q3 2013	54,401
Q4 2013	54,738
Q1 2014	55,800
Q2 2014	55,500
Q3 2014	55,751
Q4 2014	56,177
Q1 2015	56,178
Q2 2015	55,555
Q3 2015	58,156
Q4 2015	59,885
Q1 2016	60,517
Q2 2016	65,922
Q3 2016	69,517
Q4 2016	71,567
Q1 2017	72,131

Flats sold in Q1 according to price categories

Price (CZK per m ²)	No. of flats	Share (%)	Y-o-y change (%)
Below 40,000	1	0.1	-96
40,000-50,000	5	0.35	-98
50,000-60,000	259	19.2	-56
60,000-70,000	434	32.2	+17
70,000-80,000	372	27.6	+111
80,000-90,000	160	11.9	+100
90,000-100,000	58	4.3	+83
More than 100,000	61	4.5	+280

USTI REGION HAS LOWEST RENTS, PRAGUE HIGHEST IN Q1 – TRIGEMA – 25.4.

The Usti Region recorded the lowest rents in the country at the end of Q1, CZK134 per m² on average, while rents in Prague reached an average CZK300 per m², which was the highest figure, Trigema developer company told journalists today.

The company compared about 23,000 facts available on 20 real estate servers on the Czech market.

The average price in regions outside Prague was CZK168 per m², being 44% lower compared with the capital city.

Within Prague, Prague 1 ranked first with CZK373 per m², followed by Prague 2 (CZK364) and Prague 3 (CZK306). On

the other hand, Prague 10 had the lowest rents of CZK251 per m² on average.

According to Eurostat data, 22% of people lived in blocks of flats in the CR in 2015.

Average rents in Czech regions (CZK/ m²)

Region	Rents
Prague	300
South Moravia	225
Hradec Kralove	187
Central Bohemia	185
Zlin	181
Plzen	172
Olomouc	171
Pardubice	162
Vysocina	160
Liberec	159
South Bohemia	154
Karlovy Vary	154
Moravia-Silesia	144
Usti	134

CEEC: VOLUME OF AWARDED CONSTRUCTION TENDERS INCREASES TO CZK19.3BN – 20.4.

A total of 472 contracts in the total value of CZK19.3bn were awarded to particular construction enterprises in the first two months of 2017.

This represents a growth by 15.1% y-o-y in terms of the number and 145.1% y-o-y in terms of the volume.

This stems from an analysis published by CEEC Research.

According to deputy minister of industry and trade Jiří Koliba, the value of the awarded tenders represents nearly 21% of the total volume recorded in 2016.

He said that the preparation of construction projects, financial capacities of investors and capacities of contractors will be important for the further development.

INVESTMENT & TRADE

BÍLOVEC PREPARING BUSINESS ZONE – 24.4.

The Silesian city of Bílovec is preparing strategic documents that should support the creation of a business zone and create the necessary infrastructure. The city owns roughly 5 ha on a greenfield for this purpose.

TOURISM

DEMAND OF CZECHS FOR TOURS TO ITALY, EGYPT GROWS MOST – 25.4.

Advance sales of tours for this summer are up to 80% higher this year than a year ago and tour operators register the highest y-o-y growth in interest in tours to Italy and Egypt, the ACK³³ said at a press conference today.

"Everything signals that tour operators will see a calmer season this year than in the previous years when the seasons were marked by events in the world like the refugee crisis and terrorist attacks," said Stanislav Zima of ACK.

³³ ACK: Association of Travel Agencies

The most popular destinations for travel by air are Greece, South Italy, Spain and the Balearic Islands, Egypt and Tunisia. Reservations for Turkey are slower thus far this year.

The most popular hotels at beaches are already almost sold out in many destinations, in particular in Spain and Greece, ACK said.

The popularity of sightseeing trips by car keeps growing, for example to Croatia. "People are switching from bus transport to individual transport by car. They have better cars and the motorways are better as well," Zima added.

Travelling to Croatia is getting more expensive, motorway toll has grown there by 5%. A special seasonal 10% fee will be introduced on motorways managed by state companies there in the summer tourist season. Prices in some cafes and restaurants have grown and others prepare to raise them.

Interest in countries which used to serve only for transit is on the rise as well, in particular in Slovenia.

Demand for domestic holidays is equally high this year as last year. In the last two years, demand for domestic tourism increased by a fifth year on year. Threemn Czechs spent their holidays in their country last year.

"This year's sales of domestic holidays are copying the year 2016. It is very probable that results this year will be very good as well," said Petr Krc of ACK. Demand for higher-category accommodation with wellness centres has lately been going up as well.

The number of visitors of Czech castles and chateaus rises constantly and ACK expects the trend to continue. State-owned castles, chateaus and other historical monuments were visited by a record 5.6mn people last year. Among the most popular places were Prague, Cesky Krumlov, Lednice, Hluboka, Karlstejn, Konopiste, Bouzov, Pernstejn, Sychrov and Kuks.

CTK No. of visitors of Czech spas down in 2015 – 24.4.

Spas in the CR welcomed 347,377 clients in 2015, 33,000 fewer than a year earlier, and 126,458 of them were foreign guests, the lowest number since the year 2006, according to data from the Institute of Health Information and Statistics (UZIS). The drop was caused in particular by the decrease in the number of foreign guests to 126,458, the lowest since 2006. Foreigners stayed for 13 days on average and Czech private patients for around seven days.

The number of Czechs whose stay was paid from health insurance increased but it was still far below the figures before the year 2012 when some 100,000 such patients underwent treatment in the spas annually.

The Health Ministry in 2012 cut the length of spa stays covered from health insurance and reduced repeated spa stays. In the following year, only 59,590 people came for the paid spa stays, the lowest number since 1995.

As of the beginning of 2015, the ministry extended the length of the stays covered from health insurance. Health insurers fully covered spa stays to 88,503 people in that year. Most of them (96.5%) were adults and they stayed on average for 25 days.

The number of domestic and foreign visitors who pay their stay themselves has been falling since 2013.

Foreigners visit the most often spas in the Karlovy Vary region, while domestic clients who pay their stay pick the

most often spas in South Bohemia, followed by those in regions Karlovy Vary and Zlin.

The Health Ministry says that the domestic spa industry has been stabilised in the past years from the point of view of long-time sustainability.

Spas in the CR had 22,504 beds in 2015 and 11,026 were in the Karlovy Vary region. Since 2009, the total number of the beds has dropped by 4,000. The Czech spa industry employed 290 doctors in 2015, calculated in full-time jobs. The number was around a tenth lower than in 2009.

Development of number of patients in CR's spas in 2005 - 2015

	Patients with stay paid from health insurance	Patients with stays partly paid from health insurance	Domestic private patients	Foreigners	Total
2005	119,695	18,267	55,862	120,474	314,298
2006	106,869	18,650	66,756	134,803	327,078
2007	104,927	15,714	91,953	133,962	346,556
2008	101,196	15,162	113,041	154,015	383,414
2009	108,025	15,111	111,123	143,922	378,181
2010	107,022	15,077	114,957	138,810	375,866
2011	98,323	17,084	111,141	133,630	360,178
2012	80,424	14,848	106,381	158,884	360,537
2013	59,590	12,734	139,605	165,623	377,552
2014	81,792	12,613	133,374	152,391	380,170
2015	88,503	10,395	122,021	126,458	347,377

CTK CR HAS OVER 300 CHARGING STANDS FOR ELECTRIC CARS – 23.4.

The CR has more than 300 charging stands for electric cars and several dozens of them are being added annually, according to data from the Association of the Electromobile Industry, made available to CTK.

Operators and experts addressed by CTK agree that the number of these stands will keep growing. Investments in them are to be worth tens of mns of crowns annually. The first charging station for electric cars in the CR was opened ten years ago in Desna, North Bohemia. The number of charging stations is lower, it stands around 125, according to data from server Hybrid.cz. The difference is given by the fact that one charging station can offer more stands for charging electric cars. "For example, the biggest Czech charging station in Vystrkov (South Bohemia) offers more than two dozen connectors and around ten parking places," Hybrid.cz editor-in-chief Jan Horcik told CTK.

Ivan Indracek, chairman of the Union of Czech Petroleum Independents, told CTK that he saw the opening of the first charging station ten years ago as a symbol of the future.

Further development will depend on financial support from the state, he noted. "However, supporting electromobility at all costs would be a mistake," he added.

Energy group CEZ runs the highest number of electric charging stands. Tomas Chmelik of CEZ said that the company is running 71 stations for electric cars and 26 of them are fast-charging stations. At the end of 2018, CEZ would like to have some 150 charging stations. "Our investments should further move in the order of tens of mns of crowns annually," he added.

Companies Prazska plynarenska and E.ON also plan further development. "The value of the investments we are

implementing and preparing moves in the order of mns of euros," said E.ON spokesman Vladimir Vacha.

The same as CEZ, E.ON uses subsidies from EU funds for the construction of new charging stations.

The number of electric cars grows with the development of the charging stations. Chmelik said there are now some 1,200 electric cars in the CR, around 1,000 more than five years ago. According to Car Importers Association (SDA) data, the number of registrations of these vehicles sank by a quarter to 271 last year. Consulting company Roland Berger estimates that annual sales of electric cars in the CR will reach up to 7,000 in the year 2020.

Experts say that in particular car maker Skoda Auto can help with the development. Skoda Auto plans to be selling a quarter of cars with electric or hybrid drive in 2025.

The company has presented a concept of the first electric car able to cover up to 500km³⁴ on one charging at the Shanghai Motor Show this week.

"If the forecasts are fulfilled that in the middle of the next decade up to a quarter of new Skoda cars can run on electricity, it will be a clear signal for companies and the public that the future really belongs to electricity," Ondrej Valustik of portal Elektrina.cz declared.

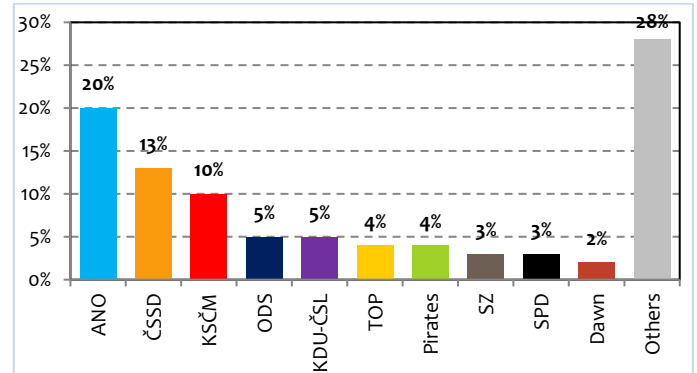
EU & POLLS & OTHERS

POLL: ELECTION PREFERENCES AS OF APRIL 2017 – 26.4.

In April, six political parties would get to the ChD, two others are near the necessary five-percent threshold.

The position of the main parties remains relatively stable recently, there seem to be no significant changes. The uncertainty is higher than last month, the number of hesitant and indecisive voters has increased. When respondents asked if they want to attend the parliamentary elections, 55% answered positively, 23% were negative, and 22% of the respondents said they have not decided yet.

Graph 4: Preferences for ChD Elections, April 2017 (in %)



PRESIDENT ZEMAN'S VISIT TO US POSTPONED – 26.4.

The visit of President Milos Zeman to US to meet President Donald Trump will be postponed due to the North Korean crisis. The visit should still take place this year though. New Czech Ambassador to the US, Hynek Kmoníček, said so.

K. ŠLECHTOVÁ WANTS TO LIMIT OVERREGULATION OF EU FUNDS – 26.4.

Czech Minister of the Regional Development Karla Šlechtová (ANO) emphasized the importance of the cohesion policy and its funds as an important tool for a long-term and strategic development of EU regions at the meeting of the Council for General Affairs in Luxemburg on April 25, 2017. She also said that it was necessary to adjust rules for the withdrawal of funds in the 2020+ period in key segments. The minister enforces the limitation of the overregulation and wants to harmonise rules for the withdrawal of EU subsidies.

THE SENATE HAS APPROVED AN AMENDMENT OF THE PUBLIC PROCUREMENT ACT – 21.4.

The Senate of the CR approved an amendment of the public procurement act on April 20, 2017. The change will enable joint stock companies fully owned by the state to participate in procurement proceedings. Previously, only companies owned by municipalities and regions, for which an exception from exclusion of the participant from the proceeding was approved, could participate in procurement proceedings.

Number of charging stands for electric cars in CR (one charging station can have more charging stands)

Year	No. of charging stands
2007	5
2008	50
2009	120
2010	145
2011	180
2012	200
2013	220
2014	250
2015	280
2016	330

THE NUMBER OF PASSENGERS DISPATCHED AT THE PRAGUE AIRPORT INCREASED BY 10% IN Q1 – 21.4.

Václav Havel Airport Prague dispatched a total of Letiště Václava Havla Praha 2,718,889 passengers in Q1 2017.

The y-o-y increase reached nearly 19%. The increase in the number of flight lines and increase of capacities had a positive influence. The vacancy rate reached approximately 78%. The most-visited country according to the number of passengers was Great Britain.

Approximately 1 in 7 passengers went to the British Isles. The greatest increase in the number of passengers was registered by Dubai, to which 32% more people flew than in Q1 2016. The volume of transported cargo has increased by nearly 19% to nearly 18,000t.

³⁴ km: kilometre is a unit of length in the metric system, equal to 1,000m