

NEWS SUMMARY MAY 25 – MAY 31

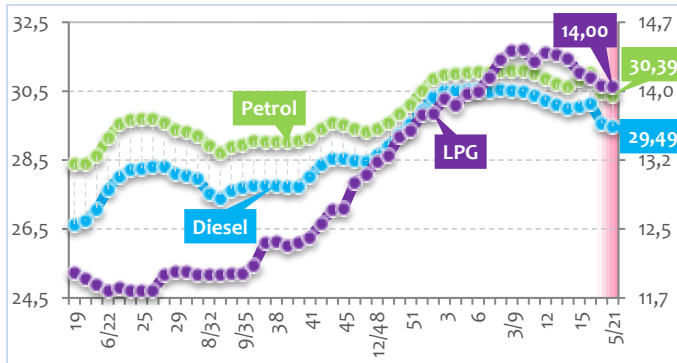
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詳細情報については、それぞれの情報ソースを参照願いたい。

ECONOMY & FINANCE

FUEL PRICES – 26. 5.

Natural gas decreased by ▲7 h¹ to CZK²30.39/l³ over the past week. The average price of diesel oil decreased by ▲8h to CZK29.49/l.

Graph 1: Average fuel prices⁴, 2016/2017, Month/Week (in CZK/l)⁵



Map 1: Regions, fuel prices, Petrol, 12. 5. 2017⁶ (in CZK/l)



Map 2: Regions, fuel prices, Diesel, 12. 5. 2017 (in CZK/l)



¹ H: Heller, a term was used for a coin valued at 1/100 of a CZK, it continues to be used as a means of calculation since the CNB removed the coins themselves from circulation in 2008 and notionally replaced them with rounding to the next CZK.

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

³ l: litre, is an SI accepted metric system unit of volume equal to 1 cubic decimetre (dm³), 1,000 cubic centimetres (cm³) or 1/1,000 cubic metre.

⁴ Consumer price indices calculated from the weekly price survey are not qualitatively adjusted and thus do not express the net price development applied at inflation measurement, data issued by the CSO

⁵* Exception in time series, data issued by the CCS Company

⁶ data issued by the CCS Company

⁷ PM: Prime Minister

PM CRITICIZES 2018 DRAFT BUDGET – 25. 5.

PM⁷ Sobotka has criticized the 2018 draft budget, outlined by former MF⁸ Minister Babiš shortly before he was dismissed from office. PM Sobotka said that several ministries had complained they were short of funds for previously approved projects.

For instance, the MLSA⁹ is reported to be short of CZK¹⁰ 6.2bn¹¹ necessary for promised wage hikes in social services, the construction of old age homes and higher state contributions for caregivers.

The health, education and interior ministries also say they are short of funds.

Mr. Sobotka said the draft budget had clearly been drafted in haste and he expected the newly appointed MF Minister Pilný to go back to the drawing board.

NO PRESSING NEED FOR RAISING INTEREST RATES – 30. 5.

There is no pressing need for interest rate growth, now 2 months after the end to the forex¹² interventions the development of the CZK's rate and inflation is positive, CNB¹³ governor Rusnok said.

Rusnok admitted that interest rates may be raised in the H2¹⁴ 2017, depending on new macroeconomic forecasts.

"There is no pressing need thus far. Inflation is in fact at the target and, according to our estimates, it will more or less stick to this target. So we will see what space there will be for an interest rate rise. It does not seem to me that anything has changed against the latest forecast," Rusnok said.

The discount rate¹⁵ stayed at 0.05%. The CNB cut the rates to the record-low level in November 2012. The governing board said that a bigger space for the monetary policy toughening that is for raising basic interest rates would arrive if the CZK's rate remained at a weaker level than the CNB forecast envisaged.

HOUSEHOLD DEBT RAISES – 31. 5.

Czech household debt to banks keeps rising, adding monthly CZK8.41bn to about CZK1,455bn in April, and non-financial companies owed CZK1,042bn, which is CZK18.88bn more, according to data published by the CNB. Household debt has been increasing steadily since February 2016. Household and company debts to banks rose by nearly 8% and 6.4% in annual comparison, respectively.

Housing loans represented the biggest share in household debt, amounting to CZK1,085bn at the end of April. Consumer loans reached CZK221.87bn. One-day deposits of households

⁸ MF: Ministry of Finance

⁹ MLSA: Ministry of Labour and Social Affairs

¹⁰ CZK: Czech Crown, the currency of the CR since 8 February 1993

¹¹ bn: billion

¹² Forex: foreign exchange market is a global decentralized market for the trading of currencies. This includes all aspects of buying, selling and exchanging currencies at current or determined prices.

¹³ CNB: Czech National Bank

¹⁴ H2: 2nd half of year

¹⁵ Discount rate: An interest rate that a central bank charges depository institutions that borrow reserves from it.

increased by CZK29.55bn to some CZK1,852bn m-o-m¹⁶ in April.

The total volume of deposits went up to CZK2,349bn, growing by CZK198.44bn annually.

The volume of one-day deposits of non-financial businesses grew by CZK3.09bn to CZK926.68bn.

Overall deposit volume reached CZK993.94bn, that is CZK99.98bn more y-o-y.

The CNB makes the statistics public monthly. It is based on balances of monetary financial institutions that include the central bank, commercial banks, branches of foreign banks, money-market funds and credit unions.

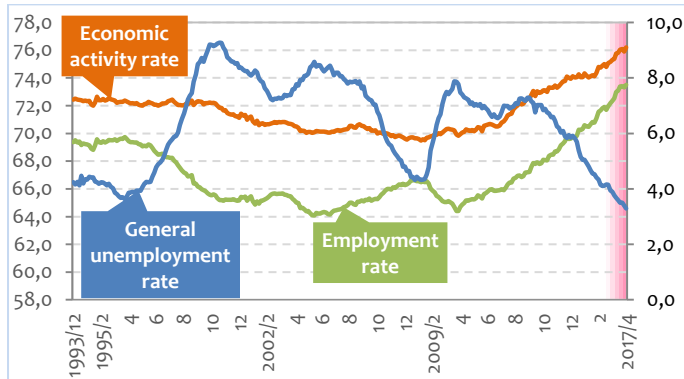
ECONOMIC ACTIVITY RATE – 31. 5.

The **employment rate**¹⁷ SA¹⁸, reached 73.5% in April 2017 and increased by 1.7 p. p.¹⁹ y-o-y²⁰.

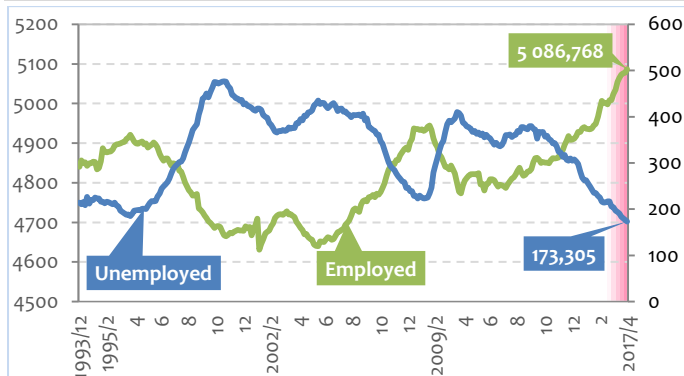
The **general unemployment rate**²¹ SA, reached 3.3% in April 2017 and decreased by 0.8 p. p. y-o-y.

The **economic activity rate**²² SA, reached 76.2% and rose by 1.2 p.p. compared to that in April 2016.

Graph 2: Rates of employment, unemployment and economic activity, SA, 1993- 2017 (in %), LFS



Graph 3: Employed, unemployed, SA, 1993- 2017 (in thousands)



CROWN FLAT VS EURO, WEAKENS TO DOLLAR – 31. 5.

Unlike other currency markets, trading on the Czech market was calm during the whole week.

¹⁶ M-o-m: month on month

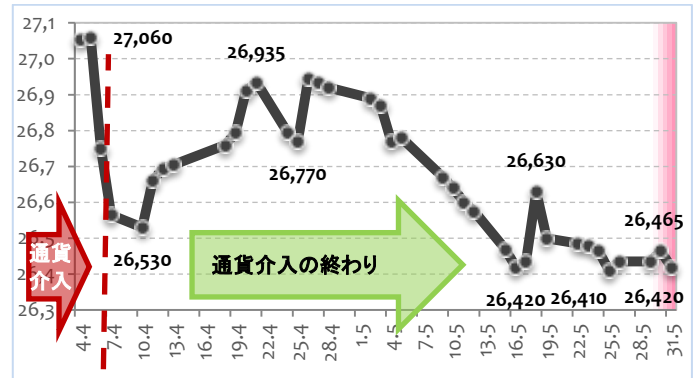
¹⁷ **Employment rate**: the share of the employed persons in the age group 15 – 64 years, as percentage, seasonally adjusted, **data are issued by the CSO based** on the results of the Labour Force Survey (LFS).

¹⁸ SA: seasonally adjusted, Seasonal adjustment is a statistical method for removing the seasonal component of a time series that exhibits a seasonal pattern, which allows to analyse the trend of a time series independently of the seasonal components.

¹⁹ P. p.: percentage point

²⁰ Y-o-y: year on year

Graph 4: Exchange rates, CZK/€, 4. 4. 2017 – 31. 5. 2017



AGRICULTURE & ENVIRONMENT

WATER TANK REBATES PROGRAM – 30. 5.

The ME's²³ water tank rebates program which should launch a policy of rainwater harvesting and utilization has proved hugely successful with the public. People scrambled to respond to a call for subsidies on May 29, with the day's requests practically exhausting the ME's fund for this year.

With temperature fluctuations and increasingly frequent periods of drought the government has started to make preparations for saving water and creating more local water reserves that can be drawn on when water is in short supply. The ME recently announced a water tank rebates program, earmarking CZK100mn²⁴ to be used in subsidies for homeowners willing to install rainwater tanks to be used for watering gardens, flushing toilets and other household needs instead of drawing on public supplies.

The requests can only be made electronically and will be processed and assessed by the SFŽP²⁵. One family can get up to CZK105,000 in subsidies and will need to prove that the money has been spent as stated. As with subsidies for environmentally friendly stoves, the program triggered overwhelming interest. In the first two hours after it officially opened the SFŽP received 800 requests which, if approved, would exhaust the money earmarked for the program in its 1st phase.

LABOUR & SOCIAL & HEALTH

COVERING BASIC EXPENSES – 25. 5.

A total of 93% of Czechs manage to cover their basic expenses easily and 48% have no problem saving.

People mostly save for a rainy day. More than a 1/3 saves for holiday, where a ¼ of Czechs can afford to go abroad regularly. The survey revealed that most respondents were satisfied.

Almost 2/3 of those polled said that after covering their basic costs of living they have enough money for hobbies, with more than a ½ being able to afford better and healthier food without difficulties.

²¹ **General unemployment rate**: the share of the unemployed in the labour force in the age group 15 – 64 years, that is in the total number of the employed and the unemployed, as percentage, seasonally adjusted, **data are issued by the CSO based** on the results of the Labour Force Survey (LFS).

²² **Economic activity rate**: the share of the number of the economically active in the total number of persons in the age group 15 – 64 years, as percentage, seasonally adjusted, **data are issued by the CSO based** on the results of the Labour Force Survey (LFS).

²³ ME: Ministry of the Environment

²⁴ mn: million

²⁵ SFŽP: State Environmental Fund

A total of 58% of respondents do not have any loan, while 20% have a consumer loan and 12% a mortgage loan.

As much as 60% of those polled are willing to borrow money to buy a new home, 41% are ready to take out a car loan and 40% a housing reconstruction loan. On the other hand, they do not want to borrow money to pay for holiday and Christmas presents.

As much as 78% have a saving product arranged, most of them being supported by the state, such as pension insurance, home-building savings and life insurance.

Most people are happy about the financial services accessibility. Despite the expanding online product and service portfolio, bricks-and-mortar branches remain an important part of communication between banks and insurance companies and their clients, the poll showed.

SPENDING ON HEALTH CARE – 26. 5.

The CR²⁶ spends on health care a lower share of GDP²⁷ than advanced European countries and the shares have been declining in the past years, according to the data the CSO²⁸. In 2010, the share was 8.6%, in 2015 it was only 7.8%, and the CR is moving below the EU²⁹ average.

The share of GDP lags behind the EU average of 9.9%. The CR slightly exceeds neighbouring countries such as Slovakia, Poland or Hungary. In advanced states such as France, Germany or Sweden, it is about 11%. Baltic states at the other end of the rankings spend 6% and Romania 5% of GDP on health care.

The CR ranks 18th among the EU 28, including Britain.

While the GDP share has been declining in the past years, the total sum was rising. In 2010, CZK340.7bn were spent on health care. 5 years later, it was CZK353.7bn.

Health insurance companies provided about 2/3 of the sum, or CZK234.7bn in 2015. Households contributed 13% of the sum, or CZK45bn. The state provided around 15% and other public budgets about 3% of the sum - totalling CZK64.7bn. The remaining 3% came from NGOs³⁰, companies and other sources.

The big portion of the sum went to out-patient care, followed by bed facilities.

The health insurance companies, of which there are 7 in the CR, paid out the biggest amount, or CZK21.7bn, to the treatment of heart and artery diseases, in 2015.

The treatment of tumours cost the insurers CZK23.7bn and muscle and bone diseases CZK16.4bn.

The spending on the treatment of the loco motor system has increased by 54%, which has been the most since 2010.

²⁶ CR: the Czech Republic

²⁷ 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

²⁸ 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.

TALKS FAIL TO SETTLE MINIMUM WAGE INCREASE – 29. 5.

Tripartite³¹ failed to agree on how much minimum wages should increase this year. They agreed however that a new framework for working out the regular increases should be established. TUs³² have suggested that the increase should be CZK1,500 with the bosses favouring CZK800. The MLSA has suggested a CZK1,200 increase. The rise should be finalised this year before ChD's³³ elections scheduled for October. The basic guideline is that the minimum wage should be at least 2/5 of the average wage.

ANTI-SMOKING LAW STARTS MAY 31 – 30. 5.

The new anti-smoking legislation has taken effect. From the start, smokers face a CZK 5,000 fine for lighting up where it is not allowed. Operators of establishments, though, have 90 days to put up signs informing people where they can and can't smoke and to make other arrangements under the law. One problem with the law that experts cite is the definition of indoors and outdoors, and whether some spaces outside of pubs and restaurants and legally considered outdoors as far as smoking is concerned.

ANTI-SMOKING LAW TAKES EFFECT TODAY – 31.5.

A Czech anti-smoking law took effect from midnight on Tuesday May 30 with the measure banning smoking in various places. From this date on, it will be prohibited to smoke at bars and restaurants (except water pipes and e-cigarettes) and public places such as public transportation stops (both with and without shelter) and public transportation vehicles, education facilities, hospitals, zoo except for outer designated areas for smoking, playgrounds, sport grounds, theatres, cinemas, exhibition halls, concertos performed under a shelter, international airports except for designated separate smoking rooms. Fines, of up to CZK5,000, on individuals breaking the law take effect immediately.

Businesses may be fined up to CZK50,000, but will be given a 90-day period to adapt. Later they may face fines of up to CZK1mn (in case of minors under 18 years of age) or CZK2mn (in case of minor under 15 years of age) and a 2 year ban on doing business. The CR becomes the 23rd European country with a wide ranging smoking ban. Wednesday - May 31 is world anti-tobacco day.

²⁹ 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.

³⁰ NGO: non-government organisation

³¹ Tripartism: refers to economic corporatism based on tripartite contracts of business, labour, and state affiliations within the economy. Each is to act as a social partner to create economic policy through cooperation, consultation, negotiation, and compromise.

³² TU: Trade union, around 1/6 of all employees are union members in the CR.

³³ ChD: Chamber of Deputies, is the lower house of the bicameral Parliament of the CR. The seat of the Chamber of Deputies is Thun Palace in Malá Strana, Prague.

INDUSTRY & ENERGY & INVESTMENT

KHNP PRESENTS REACTORS FOR DUKOVANY – 24.5.

KHNP³⁴ presented types of reactors that might be used in building new nuclear units in the CR at a round table in Třebíč. Firms and mayors of towns located in the vicinity of Dukovany NPP³⁵ attended the event.

A similar event in which representatives of Rosatom³⁶ took part was held in the region last year, with other companies showing interest in the Dukovany project to arrive in the CR soon. 5 companies said they would like to attend a round table discussion.

6 companies have expressed interest in the construction of new reactor units in the CR: Rosatom, EDF³⁷, Westinghouse³⁸, KHNP, CGNP³⁹ and Atmea⁴⁰.

The association wants a new Dukovany reactor to be completed around 2035 when ČEZ⁴¹, Dukovany's operator, plans to start closing down the existing units.

Outlines of possible cooperation between the state-run company KHNP and Czech suppliers were discussed at the meeting. KHNP runs 25 nuclear units in South Korea, building new units at Korea and in the United Arab Emirates.

The national action plan of nuclear energy development envisages the construction of one unit at Dukovany and one at Temelín, with a possible extension to two units at both nuclear plants. Dukovany, which is older than Temelín, is given priority.

MF JOINS LAWSUIT AGAINST MUS EX-MANAGERS - 25. 5.

The MF has joined the criminal proceedings former managers of the MUS⁴² coal mining company face over the suspicious privatisation and mismanagement of MUS, and it will claim CZK8.6bn in compensation for the damage caused to the state.

ALZA.CZ TO SELL ELECTRIC VEHICLES – 26. 5.

E-shop Alza.cz will start selling electric vehicles online. Selected models will be delivered within one day from payment. The company is currently finalising talks with carmakers. Alza.cz is currently showcasing the Volkswagen e-Golf model in the Alza Showroom. Expansion director has stated that the demand for electric vehicles exceeds

³⁴ **KHNP**: Korea Hydro & Nuclear Power, a subsidiary of the Korea Electric Power Corporation (KEPCO). It operates large nuclear and hydroelectric plants in South Korea, which are responsible for about 40% of the country's electric power supply. It was formally established in 2001 as part of a general restructuring at KEPCO.

³⁵ **NPP**: Nuclear Power Plant

³⁶ **Rosatom**: Rosatom State Atomic Energy Corporation, a state corporation (non-profit organization) in Russia, established in 2007, the regulatory body of the Russian nuclear complex. It is headquartered in Moscow. Rosatom is the only vendor in the world able to offer the nuclear industry's entire range of products and services. It runs all nuclear assets of the Russian Federation, both civil and weapons. Along with commercial activities which move forward nuclear power and nuclear fuel cycle facilities, it acts as a governmental agent, primarily in the field of national security (nuclear deterrence), nuclear and radiation safety, basic and applied science.

³⁷ **EDF**: Électricité de France S.A., a French electric utility company, largely owned by the French government. Headquartered in Paris, France, with €65.2 billion in revenues in 2010, EDF operates a diverse portfolio of 120+ gigawatts of generation capacity in Europe, South America, North America, Asia, the Middle East and Africa.

³⁸ **Westinghouse**: Westinghouse Electric Company LLC, a US based nuclear power company founded in 1999 offering nuclear products and services to utilities internationally, including nuclear fuel, service and maintenance, instrumentation, control and design of nuclear power plants. As of 2014 Westinghouse builds and operates approximately one-half of the world's operating nuclear plants. Toshiba Group is the majority owner of Westinghouse.

³⁹ **CGN**: China General Nuclear Power Group is a major clean energy corporation under the State-owned Assets Supervision and Administration Commission of the State

expectation and the seller's long-term target is to raise the number of electric vehicles in the CR.

MIT MINISTER HEADS DELEGATION TO RUSSIA – 29. 5.

MIT⁴³ Minister Havlíček began working trip to Moscow at the head of a 20-people business delegation. The main focus of the trip will be a meeting with his Russian counterpart, Denis Manturov. A meeting of the regular committee for Czech economic, industrial, and technology cooperation will also take place.

BUDGET SPENDING FRAMEWORKS ARE CORRECT – 28. 5.

The spending frameworks of the state budget bill for next year have been set up correctly by former MF Minister Babiš but the missing list of priorities is a problem, new Finance Minister Pilný said.

He admitted that the government was heading towards a balanced budget "slower than we had anticipated".

"Better tax collection is a fact and the introduction EET⁴⁴ and VAT⁴⁵ ledger statements is a step in the right direction," he added.

EET DOESN'T BURDEN LARGE FIRMS – 28. 5.

EET has not caused big problems to large firms but small businesses are worse off half a year since the EET's introduction, according to data from the FA⁴⁶. Some 148,000 businesses have joined the system thus far.

The entrepreneurs have issued 1.35bn bills to clients thus far. Many entrepreneurs complain about the large amount of printed paper, they say that this raises their costs by thousands of crowns.

EET introduction made problems in particular in villages and small towns. Older business owners often did not want to learn new things and for others, the costs of getting a new electronic cash register were too high. Organisers of markets and exhibitions were affected significantly by the new duty. Small restaurants also often found it hard to cope with EET. Some companies have raised their prices due to the new duty.

INTRODUCTION SINGLE FARES AS OF DECEMBER 2019 – 29. 5.

The MT⁴⁷ wants to introduce as of December 2019 single fares that will be recognized by all participating transporters.

Council of the State Council. CGN has operating nuclear plants at Daya Bay Nuclear Power Plant, Ling Ao Nuclear Power Plant, Hongyanhe Nuclear Power Plant and Ningde Nuclear Power Plant, with five new nuclear power stations under construction and another 2 planned. CGN operates in other emerging energy industries like wind energy and solar energy, as well as more traditional industries like hydroelectricity.

⁴⁰ **Atmea**: a joint venture between Mitsubishi Heavy Industries and Areva that develops, markets, licenses and sells the ATMEA1 reactor, a new generation III+, medium-power pressurized water reactor. The company is headquartered in Paris.

⁴¹ **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.

⁴² **MUS**: Mostecká uhelná společnost mining company

⁴³ **MIT**: Ministry of Industry and Trade

⁴⁴ **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. 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.

⁴⁵ **VAT**: Value-added tax

⁴⁶ **FA**: Financial Administration of the Czech Republic

⁴⁷ **MT**: Ministry of Transport

Initially the national tariff should apply to long-distance trains ordered by the MT, regional trains ordered by regions and, if transporters are interested, also commercially operated trains. In the future the MT envisions that it could apply to all transport vehicles in integrated transport systems. The MT will create through subordinated organization CENDIS⁴⁸ an open information system and the necessary hardware and will select a system operator.

JR EAST SEEKS SUPPLIER FOR RAIL PARK – 29. 5.

According to CzechInvest⁴⁹, JR East is looking for a supplier for its rail park. Representatives of the Association of Czech Rail Industry Companies, Škoda Electric, UniControls, Bonatrans Group and the Rail Research Institute have offered their products to the Japanese party. They discussed the possible development of the sector.

NEW OFFICE SPACE IN PRAGUE TO RISE – 29. 5.

This year's new office space supply will increase by 11.1% in Prague annually, with new projects to be mainly launched in a broader city centre in the future.

Demand will see a 5.3% hike according to the results of the study in which more than 40 developers participated. The vacancy rate for office space will rise to 11% this year, while falling by 1 p.p. next year.

The high demand for new office space is driven by a strong economic growth in the CR and the EU thanks to which companies have expansion plans. Foreign companies are interested in sharing services centres.

¾ of developers said they expect new construction projects to be implemented in Prague's broader centre, with the rest predicting new projects at a greater distance or on the outskirts of Prague.

Demand for office buildings in Prague will be driven by the existing companies (72% of answers) and new foreign companies (14%), not by an inflow of regional firms to Prague. Prague's office space reached 3,219,900m² at the end of March.

The share of vacant office premises was 9.4% in Prague in Q1⁵⁰, a drop of 4.5 and 1.1 p. p. y-o-y and compared to the end of last year, respectively.

Nearly 80% of developers said they plan to raise prices of new flats in Prague this year, by an average 4%, the study has shown. The same growth rate is foreseen for next year. Prices will be on the rise in the coming years because demand will be higher than supply due to a lack of projects that is caused by the poor legislation in the long run.

New homes supply will dive by 2% y-o-y in Prague in the current year, with demand to rise by 5.5%, developers said.

According to data, the average price of new flats sold in Prague increased by 19.2% annually to CZK72,131/m² at the end of March.

⁴⁸ **CENDIS**: Centre of Transport Information System of the Ministry of Transport of the CR (Centrum dopravních inofirmačních systémů Ministerstva dopravy ČR)

⁴⁹ **CzechInvest**: Business and Investment Development Agency CzechInvest, is an agency of the Ministry of Industry and Trade. Established in 1992, the agency contributes to attracting foreign investment and developing domestic companies through its services and development programmes. CzechInvest also promotes the Czech Republic abroad and acts as an intermediary between the EU and small and medium-sized enterprises in implementing structural funds in the Czech Republic.

⁵⁰ **Q1**: 1st quarter of the year

⁵¹ **CRRC**: China Railway Rolling Stock Corp Corporation Limited is a Chinese publicly traded rolling stock manufacturer. It has 175,700 employees, and is the largest rolling

Table 1: Most active developers in Prague in Q1

Company	Office space projects under construction (m ²)
Penta	40,000
Skanska	34,000
Passerinvest	33,000
Hochtief	30,000
AFI	30,000
S+B Gruppe	27,000
Metrostav Development	25,000
J&T	23,000
PSJ	22,000
BPD Development	20,000
Livesport	16,000
Sebre	14,000
Finep	9,000

ČEZ INVESTS INTO DUKOVANY COOLING TOWER – 30. 5.

ČEZ is reconstructing the 125m cooling tower no. 7 in Dukovany NPP. The internal and external coating, including tower top, will be reconstructed. The external coating is sized totally more than 46,000 m². The internal area is approximately 8,000 m² smaller. The reconstruction costs are calculated at several tens of millions of crowns. Work is scheduled to be completed by the end of 2017. The reconstruction includes also repairs of steel structures, internal walking bridges, pipes, ladders and the water reservoir under the tower.

LIDOVÉ NOVINY ŠKODA TRANSPORTATION PURCHASE – 30. 5.

CRRC⁵¹ could buy Škoda Transportation in near future. The agreement could be signed in the next 2 months, or in June, according to LN⁵². According to the backdrop, the price for producer of trains, trolley buses, buses and trams is roughly CZK30bn.

CZECH ARMS EXPORTS ALMOST TRIPLE – 31. 5.

Exports of Czech arms companies have almost tripled in value in the last 3 years. In 2016 the value of exports totalled almost CZK20bn compared with CZK7.6bn in 2014. MD⁵³ Minister Stropnický, speaking at the Brno arms fair, IDET, said that part of the increases stemmed from the cooperation between the MD and arms companies. MD purchases of Czech equipment provided a reference point for exports to other countries, he added. 27 missions taking in 40 foreign countries are planned this year, the minister said.

POLITICS & OTHER

JAPAN'S IMPERIAL COUPLE SEES SLAV EPIC⁵⁴ – 26. 5.

Japanese Emperor Akihito and his wife Michiko visited the exhibition of Czech art-nouveau painter Alfons Mucha's Slav Epic cycle in Tokyo, where the series of 20 large paintings

stock manufacturer in the world. The parent company of CRRC Corporation is CRRC Group, a state-owned enterprise that was supervised by the State-owned Assets Supervision and Administration Commission of the State Council.

⁵² **HN**: Lidové noviny Daily

⁵³ **MD**: Ministry of Defence

⁵⁴ **Slav Epic**: Mucha spent many years working on what he considered his life's fine art masterpiece, the Slav Epic, a cycle of 20 large canvases painted by between 1910 and 1928. The cycle depicts the mythology and history of Czechs and other Slavic peoples. In 1928, after finishing his monumental work, Mucha bestowed the cycle upon the city of Prague on condition that the city build a special pavilion for it. Prior to 2012, the work was a part of the permanent exhibition at the chateau in the town of Moravský Krumlov

based on the legends and history of Czechs and other Slavs has met with huge acclaim, Tomas Dub said.

Dub, the Czech ambassador to Japan, said more than 600,000 visitors have seen the exhibition since its opening in Tokyo's National Centre of Arts on March 7.

"The emperor showed great interest in details of the paintings, mainly those symbolising peace. He also asked about the historical moments and circumstances depicted by Mucha⁵⁵, whether they also reflect the history of Slovakia and about the set-up of the Austria-Hungary empire, its internal situation etc," Dub said.

"The empress, too, made frequent comments. She feels close to the CR, mainly with regard to Karel Čapek⁵⁶ as her favourite author," Dub said. "The emperor said the awareness of Slavic history is not very strong in Japan, which is also why he welcomed the exhibition," Dub said.

The imperial couple toured the exhibition after the closing hour, accompanied only by Dub, the exhibition curator and other significant guests, including the host gallery's director, an official responsible for culture in Japan and the heads of the NHK public television and Asahi Shimbun daily.

Japanese media have carried thorough information about the exhibition, where the visitors queue over an hour before entering the exhibition room, Dub said.

The exhibition will remain open until June 5.

☰ ČSSD'S⁵⁷ CANDIDATE IN PRESIDENTIAL RACE – 26. 5.

MFA⁵⁸ Minister Zaorálek and the speaker of the Senate Milan Štěch are being considered as the ČSSD's potential candidates in the 2018 presidential elections. PM Sobotka said that since there was no obvious left-wing candidate in the running the party had decided to field its own. Up until recently it was not certain the party would field a candidate of its own, but pressure for it to do so mounted with growing opposition to President Zeman over his handling of the government crisis. Zeman, who is running for a 2nd term in office, is still considered a hot favourite in the race.

☰ SOBOTKA PROPOSES MEYS MINISTER – 29. 5.

President Zeman on met with MEYS⁵⁹ Minister Valachová, who announced her resignation after one of her deputies was charged with large-scale corruption. Valachová said the president asked her to reconsider her decision in view of the strong backing she had from teachers and sportspeople. However Valachová said she would stand by her decision and expected to leave office at the end of the month as agreed. PM Sobotka has already proposed Stanislav Štěch as MEYS Minister. Mr. Štěch is a psychology professor at Charles University and has been a deputy MEYS Minister since 2015.

☰ TOP 09 SUPPORTS BUSINESS, EURO ADOPTION – 30. 5.

According to the party's October general election manifesto, TOP 09 promises voters an 8% cut in social insurance

in the South Moravian Region of the Czech Republic. In 2012, all 20 works were moved and are displayed together on the ground floor of the Veletržní Palace in an exhibition organized by the National Gallery in Prague.

⁵⁵ **Alfons Maria Mucha:** (24 July 1860 – 14 July 1939), often known in English and French as Alphonse Mucha, was a Czech Art Nouveau painter and decorative artist, known best for his distinct style. He produced many paintings, illustrations, advertisements, postcards, and designs.

⁵⁶ **Čapek:** Karel Čapek (1890-1938) is one of the Czechoslovak world-famous authors whose work culminated in the period between the two world wars.

⁵⁷ **ČSSD:** Czech Social Democratic Party, centre-left party

payments, support for businesses, fight against corruption, investment in education and support for the euro.

The party wants to raise defence spending to 2% of GDP by 2021, to give 1% of GDP to culture and build 70km of motorways per year. It also wants to focus on boosting the role of families, women by securing nurseries, babysitting and deducting these expenses from the tax base.

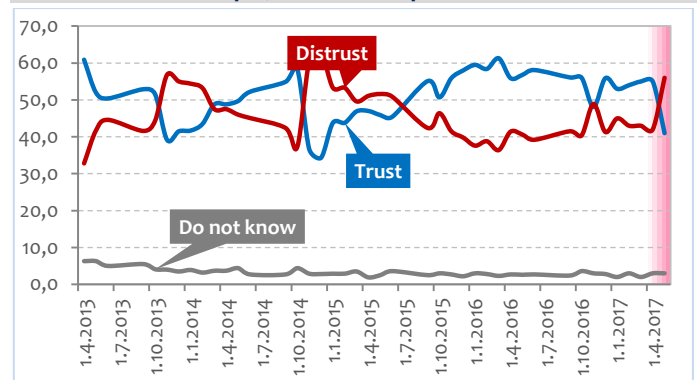
TOP 09 also plans to add CZK30bn to regional education annually and to offer half-year studies abroad to secondary-school students.

☰ TRUST IN PRESIDENT, GOVERNMENT SHARPLY DROPS – 30. 5.

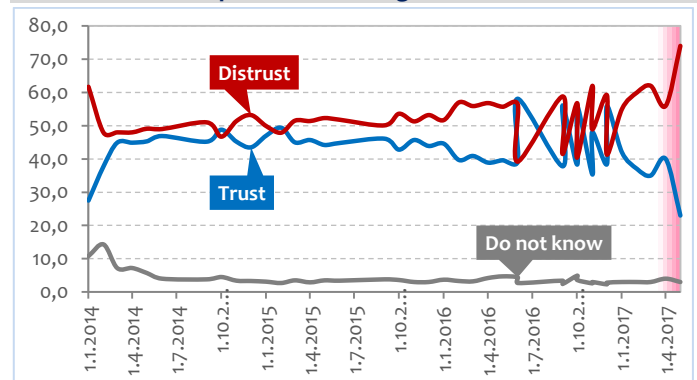
Trust in the CR's president Zeman has taken a sharp dive following the recent government crisis, according to the CVVM⁶⁰. Some 41% of people who took part in the poll said they trusted the president, while in the previous 2 months that figure stood around 55%.

Trust in the government has also dropped significantly, from 40% in April to 23% in May. Public trust in politics is currently at its lowest since the end of 2013.

Graph 5: Trust in the president



Graph 6: Trust in the government



☰ DRÁBOVÁ RESIGNS – 30. 5.

The chairwoman of the SONS Drábová, resigns from the position of the Central Bohemian assemblywoman. MI⁶¹ Minister Chovanec agreed with Drábová and chairman of the STAN⁶² movement Gazdík. The MI demanded the resignation

⁵⁸ **MFA:** Ministry of Foreign Affairs

⁵⁹ **MEYS:** Ministry of Education, Youth and Sports

⁶⁰ **CVVM:** Public Opinion Research Centre of the Institute of Sociology of the Academy of Sciences of the CR

⁶¹ **MI:** Ministry of the Interior

⁶² **STAN:** The Mayors and Independents (Czech: Starostové a nezávislí), abbreviated to STAN, is a political party in the CR. The Mayors and Independents focus on localism and promoting powers for municipalities. The party grew out of the Independent Mayors for Region, which allied itself to the liberal conservative SNK European Democrats, but now cooperates with the similarly liberal conservative TOP 09.

of Drábová because of the inconsistency of the position of assemblyman and senior civil servant.

AMENDMENT OF THE ACT ON ELECTIONS – 31. 5.




MI Minister Chovanec and chairperson of the STAN movement Gazdík presented a common draft amendment on elections to regional representations on May 30, 2017. In future, the amendment should remove problems related to incompatibility of a post of member of the regional representation with posts in central bodies of the state administration. They would like to enforce the amendment still in this election period. The amendment is due to non-clarity related to interpretation of the act regarding incompatibility of the post of chairperson of the SONS⁶³ Drábová with the post of regional representative.

SENATE RETURNS NEW CAREER ORDER TO CHD – 31. 5.

MEYS Minister Valachová wants to defend the career order of teachers in the ChD and to finish the work on the amendment. She said it after the Senate meeting, which returned the amendment with changes to the ChD. Valachová does not want to withdraw the resignation she has submitted because of the sport subsidy, effective from May 31. She will talk about the situation with PM Sobotka.

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⁶³ SONS: State Office for Nuclear Safety, a governmental body as stipulated by Act. No. 2/1969 Coll., headed by Chairman appointed by the Government of the Czech Republic. The SÚJB is a regulatory body responsible for governmental administration and supervision in the fields of uses of nuclear energy and radiation and of radiation protection. The authority and responsibilities of the SÚJB, as stipulated by on Peaceful Utilisation of Nuclear Energy and Ionising Radiation (Atomic Act).

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Public Opinion Research Centre (Centrum pro Výzkum Veřejného Mnění)



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