

NEWS SUMMARY SEPTEMBER 7 – SEPTEMBER 13

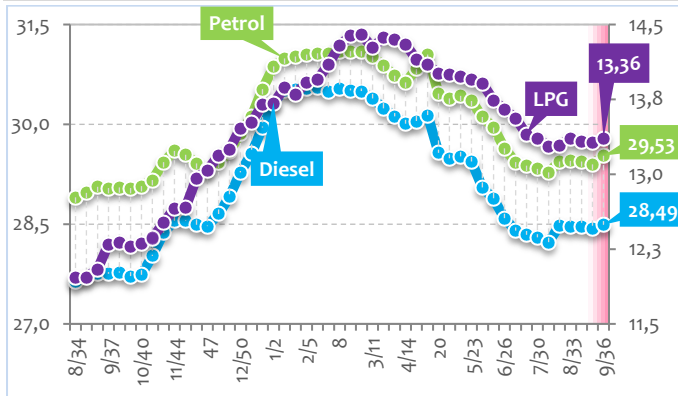
注:本報告は、チェコ政府公表資料、新聞、インターネット等報道資料をとりまとめたもの。
詳細情報については、それぞれの情報ソースを参照願いたい。

ECONOMY & FINANCE

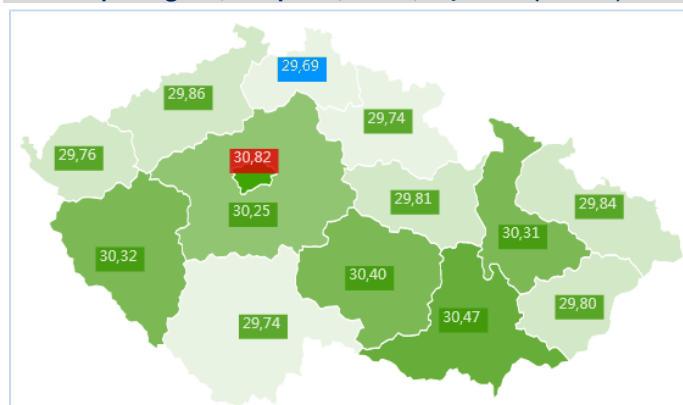
FUEL PRICES – 8. 9.

Natural 95 increased by ▲13h¹ to CZK29.53/l² over the past week. Diesel oil increased by ▲6h to CZK28.49/l.

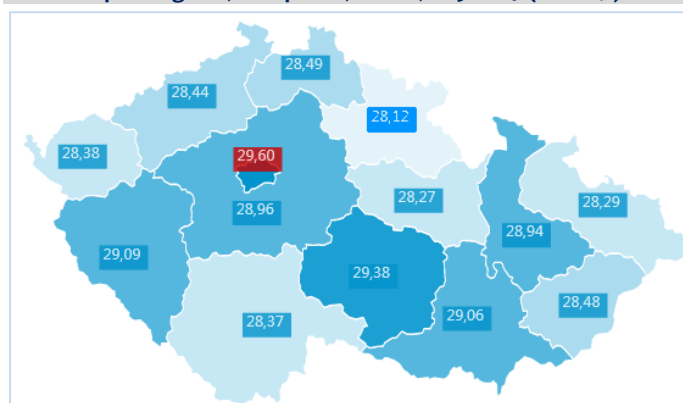
Graph 1: Average fuel prices³, 2016/2017, Month/Week (in CZK/l)



Map 1: Regions, fuel prices, Petrol, 8. 9. 2017⁴ (in CZK/l)



Map 2: Regions, fuel prices, Diesel, 8. 9. 2017 (in CZK/l)



GOVERNMENT TO DISCUSS 2018 BUDGET DRAFT – 8. 9.

Prime Minister Bohuslav Sobotka's (ČSSD) government will discuss on September 11, 2017, the bill on CR's state budget for 2018. The ministers will also hear the report about the

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.

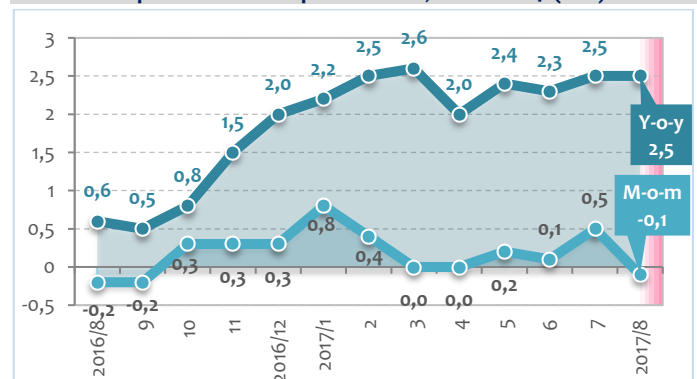
² l: litre

functioning of the National Electronic Instrument for the Awarding of Public Contracts (NEN) in 2016. The cabinet will also deal with the proposed changes to the DELTA applied research and experimental development support programme.

PRICE INDICES CONSUMER – 11. 9.

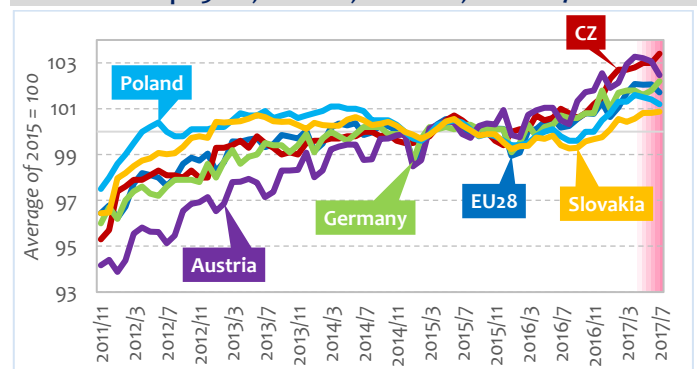
Consumer prices in August dropped compared with July by ▲0.1%. This development was primarily due to the decrease in prices in 'food and non-alcoholic beverages' and further in 'miscellaneous goods and services' and in 'clothing and footwear'. The y-o-y growth of consumer prices amounted to 2.5% in August (the same as in July).

Graph 2: Consumer prices Index, 2016 – 2017 (in %)



According to preliminary data of Eurostat, the y-o-y change in the average HICP in the EU28 member states amounted to 1.5% in July, the same as in June. The rise in prices was the highest in Lithuania (4.1%) and Estonia (3.9%). On the other hand, the y-o-y drop in prices occurred in Ireland and Cyprus (▲0.2% and ▲0.1%, respectively) in July. In Slovakia, the price increase accelerated to 1.5% in July from 1.0% in June. In Germany, prices rose by 1.5% in July (the same as in June).

Graph 3: EU, Inflation, Countries, 2011 - 2017



According to preliminary calculations, the HICP in the CR in August went down by ▲0.2%, m-o-m, and remained the same as in July (2.4%), y-o-y. The MUICP (Monetary Union Index of

³ 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

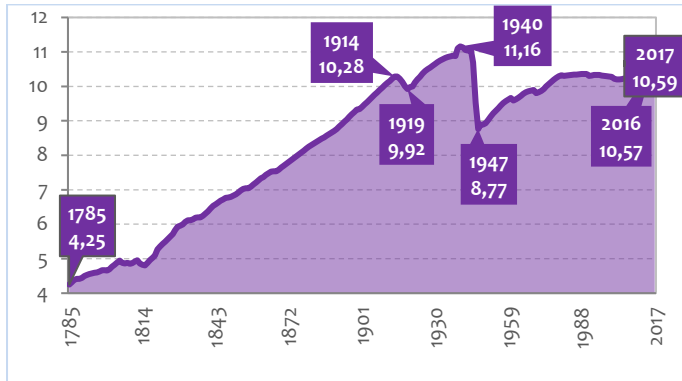
⁴ data issued by the CCS Company

Consumer Prices) flash estimate for the Eurozone in August 2017 amounted to 1.5%, y-o-y, as Eurostat announced.

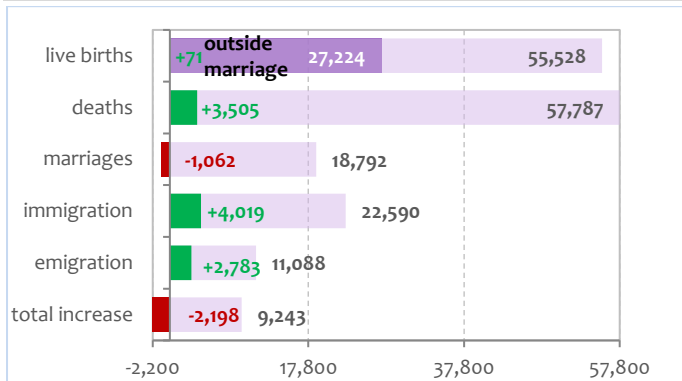
POPULATION – 11. 9.

The population of the CR grew by 9,200 to 10.588mn inhabitants in the H1 2017. The international migration produced the whole population gain. The number of deaths was the highest in the last two decades and exceeded the number of live births by 2,300. The number of marriages went down in the y-o-y comparison.

Graph 4: Mid-year population, 1785 – 2017 (in mn)



Graph 5: Population, y-o-y change, H1 2017

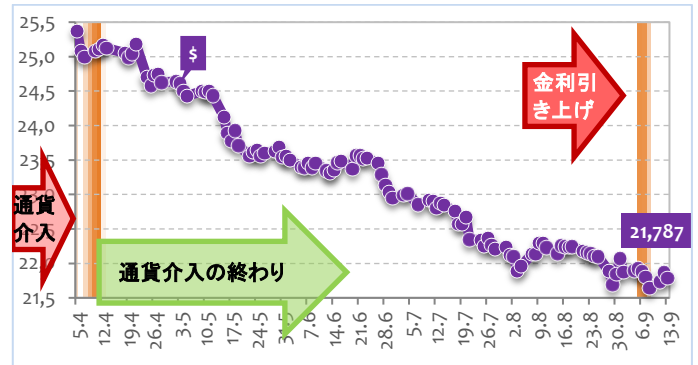


CZKVS EURO⁵, US DOLLAR⁶, YEN – 13. 9.

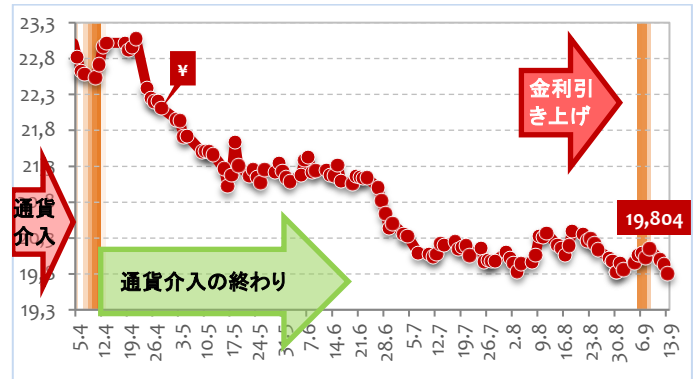
Graph 6: Exchange rates, CZK/€, 5. 4. 2017 – 13. 9. 2017



Graph 7: Exchange rates, CZK/\$, 5. 4. 2017 – 13. 9. 2017



Graph 8: Exchange rates, CZK/100¥, 5. 4. 2017 – 13. 9. 2017



FINMIN TO LAUNCH BILL LOTTERY WITH PRIZES WORTH UP TO CZK1MN – 13.9.

Ministry of Finance will launch on October 1, 2017, the Účtenkovka bill lottery. People may win one of 21,025 prizes worth CZK100-1mn every month. Minister of Finance Ivan Pilný (ANO) says that the lottery's goal is to raise awareness about accepting bills as a standard to which inhabitants of many European countries are used. Účtenkovka's operation will be handled by Diebold Nixdorf and will cost CZK12.39mn, excl. VAT. The ministry will divide up to CZK65mn in prizes p.a. Revenue registration duty applies at the moment to wholesale and retail company and meal and accommodation service providers.

LABOUR MARKET & SOCIAL & HEALTH

LOWER HOUSE APPROVES AMENDMENT TO PROTECT EU NATIONALS ON CZECH LABOR MARKET – 8.9.

The lower house of Parliament has approved an amendment to the law which would give the Czech Ombudsman's Office the power to check whether foreign nationals from other EU states do not face discrimination at the workplace. The amendment transposes an EU directive into the country's anti-discrimination law. It will guarantee foreign nationals from EU member states equal opportunities on the labour market, including social and tax advantages. The bill still needs to win approval in the Senate and be signed by the president.

⁵ EUR: (€) Euro is the official currency of the Eurozone, which consists of 19 of the 28 member states of the European Union

⁶ 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.

LABORMIN: UNEMPLOYMENT FELL TO 4.0 % IN AUGUST –

11.9.

In August 2017 the share of unemployed individuals in the CR fell 0.1 p.p. m-o-m to 4.0 %. In August unemployment totaled 5.3 %. This was reported by the Ministry of Labor and Social Affairs of the CR. Labor offices registered 199,273 job openings at the end of August (+11,207 m-o-m, +60,005 y-o-y). The number of job applicants fell 6,248 m-o-m to 296,826. It was down 91,648 individuals y-o-y. There are now 1.5 applicants for every job opening. There is as usual high demand for technical professions in all sectors.

ANALYSTS: SPACE FOR REDUCING UNEMPLOYMENT IS LIMITED

– 11.9.

The space for further reducing unemployment is limited. This is why companies will increasingly encounter capacity restrictions and in their effort to increase production they will have to opt for investments into the modernization of production. This was stated in reaction to published unemployment statistics by Komerční Banka economist Jana Steckerová. MONETA Money Bank chief economist Petr Gapko said that the battle among employers for qualified and unqualified labor will continue also in coming months, when the share of unemployed persons will not leave the 4.0 % range. Raiffeisenbank analyst František Táborský expects the average unemployment rate to fall below 4.5 % for full year 2017. In the autumn months it may be less than 4.0 %.

GOVERNMENT COALITION AGREES ON SALARY HIKE – 12.9.

The coalition of ČSSD, ANO and KDU-ČSL agreed on September 11, 2017, on the raising of government employees' wages. Prime Minister Bohuslav Sobotka (ČSSD) has stated that teachers' wages will be raised by 15% from November 1, 2017. The salaries of other employees in the public sector, incl. firefighters and police members, will be raised by 10%.

MPSV TO SUPPORT CHILDREN GROUPS WITH CZK1.4BN –

12.9.

The Czech Ministry of Labour and Social Affairs (MPSV) continues its support for families with young children through the Operational Programme Employment (OPE). Up to CZK1.4bn is prepared in the currently announced calls focused on the creation and operation of children's groups. Municipalities, regions, non-governmental non-profit organisations, schools companies, sole traders and other entities can apply for support.

CR TO LACK 800 MEDICAL SPECIALISTS BY 2020 – 13.9.

The CR will lack around 800 medical specialists in 2020, the Union of Private Practitioners warned at a press conference on Wednesday. According to data provided by the Institute of Health Information and Statistics, the number of doctors will drop by 1200 within the next three years.

The union of Private Practitioners says the main reasons behind the outflow of doctors are lack of finances and increasing bureaucracy. Smaller towns and villages are most likely to be affected by the lack of specialists.

93% OF FIRMS WILL NOT CHANGE EMPLOYEE NUMBERS – 13.9.

Employers in the CR are reporting a slowdown of their recruitment activities and only moderate growth for Q4 2017. Totally 4% of employers plan to hire new employees, 3% predict reduction of employee bases and 93% of employers foresee no changes. Based on the data, Net Labour Market Index for the CR totals +1% for Q4 2017. The index was made public by ManpowerGroup. CEO Jaroslava Rezlerová has stated that while most large corporations are recruiting staff massively, smaller firms are not planning additional growth.

AGRICULTURE & ENVIRONMENT

SLOVAK FIRM IMPORTS FROM CR 350 KG OF BOILED EGGS

WITH FIPRONIL – 7.9.

Slovak food distributor Zeelandia has imported 350 kilogrammes of peeled boiled eggs containing insecticide fipronil from the CR, Slovak State Veterinary and Food Administration (SVSP) director Jozef Bires told journalists today. Around one fifth of the amount has already been consumed, he added.

Slovak vets released the information about finding the goods with excessive fipronil content on Wednesday. They also issued a ban on their further processing.

Czech company Papei of Roudnice nad Labem, North Bohemia, which processed the foreign eggs and distributed them to wholesalers, said in reaction on the same day that the eggs were not of Czech origin.

The Czech State Veterinary Administration (SVS) said that the eggs were from different farms in Poland. They were then supplied to Slovakia as well as to food processing facilities in the CR. "If it shows that they are still on our market, their further distribution will be stopped," Petr Majer of SVS press department told CTK today.

SVIJANY TO INVEST CZK100M IN TINNED BEER LINE – 7.9.

Pivovar Svijany will invest more than CZK100mn in the construction of a new line for tinned beer. It is because of the anticipated growing demand for tinned beer in the coming years. Director Roman Havlík said the automatic line with an annual capacity of up to 100mn tins would be launched in trial operation at the beginning of October 2017, and the company wants to process 20,000hl of beer in tins in the first year.

SUMMER OF 2017 ONE OF THE WARMEST IN CR'S HISTORY – 7.9.

The CR saw one of the warmest summers since records began back in 1775, the Czech Hydro-Meteorological Institute reported on its website on Thursday. The oldest Czech meteorological station at Prague's Klementinum recorded an average temperature of 21.7 degrees Celsius, which places this summer on the 6th spot in a total of 243 measurements. The summer of 2003 remains the hottest in history, with an average temperature reaching 22.4 degrees Celsius.

DAMAGES CAUSED BY DRAUGHT TOTAL CZK7.7BN – 7.9.

Damages caused by drought to Czech farmers total CZK7.2bn - 7.7bn in 2017. This was stated by Czech Minister of Agriculture Marian Jurečka (KDU-ČSL) in a report on impacts of drought presented in the Lower House of the Parliament of the CR on September 6, 2017.

A maximal compensation could reach CZK4bn; however, Mr. Jurečka does not think the ministry of finance would allocate such a sum. He said that the impact on the harvest reached an average of 13% (up to 50% in some regions). The ministry will look for solutions to direct compensations to the most damaged localities.

**CTK CZECH SUGAR PRODUCTION UP A THIRD TO 592,700 T IN
2016/17 – 10.9.**

Sugar refineries in the CR produced 592,700 tonnes of sugar in the 2016/17 season ending this year in February, almost a third more than in the previous season and the highest amount since the country joined the EU, the Agriculture Ministry said on its website.

However, sugar output dropped by 140,000 tonnes in the 2015/16 season.

The area of sugar beet fields has increased by 7,000 hectares to 60,945 hectares this year.

The EU sugar quotas will end this year in October, which can cause pressure on sugar prices on the market, the Agrarian Chamber remarked, adding that it hoped that the current production will be maintained.

The CR has seven sugar refineries, two in the Czech Lands and the rest in Moravia. Four of the sugar refineries are owned by two companies with a decisive share of foreign capital.

Sugar produced above the quotas can be used for industrial processing, transferred for production within the quotas for the following business year or exported.

"We want to see the end to the quotas as a challenge, not as a threat, but cooperation of farmers and processing companies will be necessary," Agrarian Chamber spokesman Jiri Felcarek told CTK, adding that sugar beet processing firms and producers should share the margin from sugar sales in a fair way.

Czech state supports sugar-beet growing as a sensitive commodity so farmers get extra money for it.

The chamber is prepared for talks with partners so that sugar beet growing and sugar processing in the CR remains at least as it is now, Felcarek declared.

Global sugar prices stagnate or even fall in the long term, sugar currently costs around \$375 a tonne, so farmers are disconcerted, he noted.

"We monitor the situation thoroughly through our member associations, we would not like to let the market fluctuate massively as has happened to milk," Felcarek said.

Sugar consumption in the CR was between 31.7kg and 38.6kg per capita a year in the last decade, according to Czech Statistical Office (CSU) data.

Sugar consumption has mostly been falling in the past years, however, the nearly 39kg high was in 2011.

**CTK CZECH GOVT AGAINST LOWER SUBSIDIES TO LARGE FARMS –
11.9.**

The funds that large farms might lose due to the potential capping of direct payments from the EU after 2020 should remain available to the state, according to the Czech Agriculture Ministry's draft of basic principles of the future form of the Common Agricultural Policy approved by the Czech government today.

The CR opposes the capping of direct payments and considers it discriminatory, partly because the country has the largest agricultural companies on average.

"Effective support of farmers must have clear and simple rules and must not discriminate against some farms on the basis of their size," Agriculture Minister Marian Jurecka said. The Czech government is willing to negotiate the introduction of payments for the first hectares, when funds would be redistributed to the smallest farms as well.

If the EU eventually chooses the option of reducing or not paying subsidies to large farms exceeding certain size, the overall amount of subsidies for the CR would lower by about EUR111m (roughly CZK2.9bn) annually.

In this case, the Czech government would like to be able to use these funds elsewhere in agriculture without having to transfer them back to the EU budget, the ministry said.

The biggest agricultural company and the biggest receiver of farming subsidies in the CR is the Agrofert group, until recently owned by former finance minister Andrej Babis.

Agrofert cultivates 103,000 hectares of fields. On its website, Agrofert says the companies in its group received CZK408m in subsidies in 2015. In the same year, the overall amount of all agricultural subsidies in the CR reached CZK4.69bn. Agrofert's share therefore makes up 8.7%.

According to magazine Dotyk, Agrofert received a total of CZK788m in agricultural subsidies from both the EU and the state in 2015.

**euro RADIOACTIVE RICE FROM JAPAN? MEPS GO AGAINST
JUNCKER – 12.9.**

European consumers could be exposed to food that is contaminated with radioactive elements from Japan, some Members of the European Parliament are fearing. That is why they urge European Commission chief Jean-Claude Juncker to change the provisions on food imports from islands of the Country of the rising sun in the forthcoming EU agreement with Japan.

Controls of radioactivity on food imported from Japan were introduced after a disaster at the Fukushima NPP in 2011. Now MEPs in the Committee on the Environment, Health and Food Safety have adopted a resolution calling on the European Commission to withdraw a proposal to abolish radioactivity controls on selected food. FoodNavigator reported.

The draft of the Brussels Commission foresees that checks should not be carried out on rice, fish and sea shellfish. Radioactivity controls are currently under way on food from 12 Japanese prefectures that have been exposed to radioactive fallout after a crash.

In March 2011, following a disaster in Fukushima, the Japanese authorities admitted that the health limits were exceeded in milk from the Fukushima Prefecture and spinach from Ibaraki prefecture. According to the International Atomic Energy Agency (IAEA), food contained radioactive iodine, which has a half-life of 8 days, so the health risk threatened only a few weeks.

The new Commission proposal foresees that selected foods will be imported into European Union countries without additional controls or sample analysis, MEPs say. In addition, national governments will no longer have to inform Brussels about their own analyses of food from Japan. MEPs lack

explanation of why the radioactive control should be dropped in the Commission's opinion.

Although the Juncker's Commission refers to data of the Japanese authorities in 2014, 2015 and 2016, it did not inform the MEP about them. The committee's decision is to be discussed at the plenary session in Strasbourg this week.

INDUSTRY & ENERGY

CIA INDUSTRIAL OUTPUT AFFECTED BY HOLIDAYS – 7.9.

The chief economist of Generali Investments CEE, Radomír Jáč, in reaction to the data published by the Czech Statistical Office, stated that the industry is benefiting from the growing local demand and the favourable external environment. This is positively reflected in exports.

He added that the July performance in industry had been affected by corporate vacations.

Director of strategy and marketing of SG Equipment Finance Zdeněk Kejval said the industry was experiencing an extraordinarily successful period motivating corporations to increase investment in machinery and equipment and supporting innovative projects such as investments in automated robotic centres reducing dependence on human workforce. Raiffeisenbank analyst František Táborský is expecting 5% y-o-y acceleration of pace of growth in industry in 2017.

CIA ŠKODA ELECTRIC INVESTED CZK30M IN FIRST RENOVATION STAGE – 7.9.

ŠKODA ELECTRIC has completed the first stage of the overall renovation of its premises. It cost more than CZK30mn.

The site has a new entrance, a car park, a shed for bicycles and a park area. The company plans to complete another stage of the renovation project focused on the modernisation of an old production hall and its conversion into a new warehouse by the end of 2017.

In 2018, it will demolish the historical hall and replace it with additional parking places. The revitalisation has been scheduled over the next two years.

CIA ČVUT LAUNCHES TESTBED FOR INDUSTRY 4.0 – 7.9.

In the new building of Czech Institute of Informatics, Cybernetics and Robotics at CTU in Prague a new Testbed for Industry 4.0. Interested people for automated and digital production can test new solutions for smart factories in Testbed according to the principles of Industry 4.0. They can check the compatibility, functionality and effectivity, they can simulate and optimize production and relevant business processes.

The basis of Testbed is a flexible production line for concurrent production of several product types in a series of variants. It combines different technologies like additive manufacturing, machining, robotic manipulation, intelligent conveyor systems, human-robot cooperation, automated warehousing and others. Thanks to the flexible interconnection of universal production tools and a sophisticated control system the same resources can be used to execute different operations, which are scheduled optimally as needed.

deník.cz THE VOLUME OF PUBLIC PROCUREMENT IS GROWING

STEADILY IN THE ELECTION YEAR – 7.9.

Public investors opened 4,565 new tenders worth CZK172.5bn in 7M 2017. Ca. one quarter of the contracts have already been awarded to specific contractors, down 16.5% y-o-y for the number and 10.1% y-o-y for the value. Both indicators have reached a three-year low. This stems from an analysis by CEEC Research. The statistics cover a wide range of sectors, ranging from construction to services, transportation, means of transport, waste collection, IT, machinery and healthcare.

CIA ČEZ INVESTED CZK11.9BN INTO LONG-TERM ASSETS IN 1H – 11.9.

In 1H 2017 ČEZ's investments into long-term assets totaled CZK11.9bn. Almost half of the money invested went into the distribution of electricity, specifically into securing the reliability of deliveries. The group also completed the construction of the Přeštice transformer plant for more than CZK550mn. Another CZK2.7bn went into the completion of the renewal of traditional power plants. ČEZ added that the launch of the new power plant in Ledvice will complete a more than 10-year project costing CZK100bn.

CIA 4TH REACTOR IN DUKOVANY NUCLEAR POWER PLANT (NPP) RENEWS ELECTRICITY DELIVERY – 11.9.

Dukovany NPP terminated the planned outage of reactor block no. 4 on September 9, 2017. The block is scheduled to reach full output by September 11. Dukovany will deliver ca. 1,500 MWe per hour into the network. During the outage, utility ČEZ performed e.g. facility inspections that will form the basis for new operating permit request. Dukovany NPP expects to obtain permission for blocks 3 and 4 in late 2017. ČEZ has added that the planned outage of block no. 3 will end in October.

CIA HKČR: NEXT GOVERNMENT SHOULD ABANDON BAN ON SUPPLIES FOR NPP BUSHEHR – 11.9.

The Chamber of Commerce of the CR (HKČR) is convinced that it was necessary to abandon the ban on supplies for the Iranian nuclear power plant in Bushehr for Czech companies. The government established after the next general election should discuss the ban again. HKČR informed that Czech firms cannot attend tenders focused on the nuclear safety, stress tests or the improvement of quality in the Iranian nuclear supervision. According to the chamber, the European Union has already abandoned similar limitations in relation with the changed situation in Iranian sanctions.

CIA CR COULD PAY CZK600BN FOR ENERGY SAVINGS – 11.9.

Draft regulations and standards in the segment of the market design and energy efficiency pose risks for the industry, the availability of energy, stability and safety. The information was provided by the Chamber of Commerce of the CR (HKČR) based on a statement by establishers of the CEBRE - Czech Business Representation with EU. According to the statement, a growth in the target for energy savings to binding 30% by the year 2030 could cost CZK600bn.

GOVT APPROVES CZK26BN FOR SUPPORTED RENEWABLES – 12.9.

Czech government approved on September 11, 2017, the proposal to set state budget funding for supported energy resources for 2018 at CZK26.185bn. Minister of Industry and Trade Jiří Havlíček (ČSSD) has informed that funding will be provided for support for electricity from renewable energy resources, secondary resources, highly efficient electricity and heat cogeneration and operating subsidies for heat from renewable resources.

DOOSAN ŠKODA POWER TO DELIVERY ENGINE ROOM TO DANISH POWER PLANT – 12.9.

Doosan Škoda Power will deliver the full engine room for DONG Energy Denmark's Asnaes power plant. The contract is worth ca. EUR14mn. The Danish utility has decided to phase out coal by 2023. CO₂ production will be reduced by 800,000 tons p.a., equalling the yearly emissions from 400,000 cars. The project was launched in late summer 2017 with the signature of the contract for work.

First deliveries will take place in Q3 2018 and mechanical assembly is scheduled to be completed in early 2019. Handover is planned for late 2019.

CR'S BROWN COAL PRODUCTION HIGHER THAN BLACK COAL OUTPUT IN H1 – 12.9.

Czech brown coal production was 3.9% higher annually at 19.3mn tonnes in the first half of the year, while black coal output declined by more than a quarter to 2.7mn tonnes in annual terms, according to the latest data from the Industry and Trade Ministry.

Coke production rose by an annual rate of 14.2% to 1.2mn tonnes at the end of June.

There was a lack of coke on the global market in the second quarter because of the impacts of cyclones on mining operations in Australia, analyst Petr Hlinomaz told CTK.

That could be a reason for an increased demand for domestic production in the region, he said. In addition, coke production was boosted by a price hike from USD150 to USD300 (CZK6,520) per tonne of coke, said Hlinomaz.

OKD, which operates in the Moravia-Silesia Region, is the sole producer of black coal in the country. It has been in insolvency proceedings since May last year. OKD's creditors gave the green light to its reorganisation plan at the end of August.

The black coal output in the Jan-June period was affected by a closure of OKD's Paskov mine at end-March this year as well as by an overall slowdown in mining activities at OKD, Hlinomaz said.

OKD and its supplier companies employ some 10,000 people. The reorganisation plan envisages gradual workforce cuts depending on closing of individual OKD mines: mining activities in Darkov and Lazy mines are scheduled to end in 2018 and CSA and CSM mines will be put out of operation in 2021 and 2023, respectively.

Brown coal has been mined in the north of Bohemia, the main producers being Sokolovska uhelna, Severoceske doly, Severni energeticka and Vrsanska uhelna.

OKK Koksovny is a coke producer.

CR's solid fossil fuel production (in tonnes)

	black coal	brown coal	coke
2017*	2,658,969	19,341,845	1,198,187
2016	6,784,939	38,527,569	2,209,453
2015	8,235,661	38,102,905	2,331,995
2014	8,683,451	38,176,507	2,553,050
2013	8,593,792	40,386,983	2,489,371

* figures for H1

ČEZ WANTS TO ISSUE BONDS TOTTALLING AT LEAST EUR150MN – 13.9.

Utility ČEZ wants to issue bonds totalling at least EUR150mn, mature in 2028. The senior unsecured EURbonds issue with 3.000% coupon will be raised, depending on market conditions, following consultations with investors through BNP Paribas, HSBC and Societe Generale Corporate and Investment Banking.

INVESTMENT**LIBEREC REGION SHOWS HIGHEST NUMBER OF BROWNFIELDS IN CR – 7.9.**

The highest number of brownfields in the CR is located in Liberec Region (368). It is followed by Pardubice Region (181), Moravia-Silesia Region (167), and South Moravia Region (154). This stems from an analysis published by Erste Corporate Banking. Data from the National Database show different readings for particular regions, however, Liberec Region still shows the highest number of brownfields (83). According to the database, the highest number of brownfields being ready for investors is located in South Moravia Region (57), Ústí Region (53) and Moravia-Silesia Region (39).

deník.cz CZECH – CHINESE CONFERENCE – 7.9.

China stood at the birth of the Asian Infrastructure and Investment Bank. Americans have been pushing for European countries not to join this competing project of the Asian Development Bank, but the UK was the first that disobeyed. It was followed by Germany, France, Hungary and Poland. The Czech Republic did not join.

"It is a pity, I would support our participation by all ten (both hands)," Deputy Foreign Minister Lukáš Kaucký said. He also stressed that the European Union is China's largest trading partner and that the Czech Republic should benefit from it. He described the New Silk Road as quite extraordinary project, which can be, after hundred years, regarded as the greatest achievement of this century.

"Trump's administration current steps are not sophisticated (well-advised), let alone the following ones. Its illegibility can lead to the convergence of the EU and China. It is in our interest that the EU have its own army and a defence policy that would not be derived from US interests," Kaucký said.

TRANSPORT & CONSTRUCTION**ANALYSTS: CONSTRUCTION SECTOR TO GROW 5% IN 2017 – 7.9.**

The reasons behind dropping civil engineering do not include an insufficient demand or a lack of public funds, but bad investor preparation of large structures arising from

unsatisfactory legislation. This statement was made by the president of the Association of Building Entrepreneurs, Václav Matyáš, in relation to the data published by the Czech Statistical Office.

ČSOB analyst Petr Dufek believes that the construction sector was experiencing a cautious boom that is likely to continue until the end of 2017.

The chief economist of UniCredit Bank CR and Slovakia, Pavel Sobíšek, expects the construction production to grow 5% this year.

ČIA SPS: ROUGHLY CZK50BN ALLOCATED FOR TRANSPORT INFRASTRUCTURE – 8.9.

The draft state budget for the year 2018 allocates roughly CZK50bn for the transport infrastructure in the CR. This was stated by Association of Building Entrepreneurs of the CR (SPS) President Václav Matyáš at the 213th Žofínské forum conference. According to his words, the tripartity will discuss the draft on September 18, 2017. The construction output in the CR reached the volume of CZK424.6bn in 2016 and fell thus CZK122.9bn compared with the year 2008 (CZK547.5bn). The main reason for the decrease is a failure of the public segment as it would be good for the Czech construction industry if processes related with development permits were shorter, Mr. Matyáš said.

ČIA SŽDC COMPLETING WORK ON BRNO TRAIN STATION WORTH CZK170MN – 11.9.

The Railway Infrastructure Administration (SŽDC) is completing work worth CZK170m on Brno's main train station. As part of the three-month suspension the viaduct over Vlhká Street was repaired, along with platform 4, adjacent tracks and also the tracks to Židenice. Starting on September 11, 2017 all long-distance and regional trains will operate without restrictions according to the schedule that is in effect. ČIANEWS had reported earlier that further repairs to the main train station in Brno will in 2018 and 2019 require almost CZK2.5bn.

ČIA LEO EXPRESS WANTS TO OPERATE REGIONAL TRANSPORT AND INVEST – 13.9.

LEO Express has declared its interest in operating regional railroad transport and is preparing offers to the regions, which want to use resources from the Operational Programme Transport for purchase of new trains. General manager Peter Köhler said that if the regions open the market to more transporters, LEO Express is prepared to invest in new trains for regional transport, including technologies such as hybrid or battery drive. The company is now operating transport in nine regions of the CR. These are currently train and bus lines operated at its own risk without subsidies.

MISCELLANEOUS

ČER COMPANIES EXPECT GROWTH IN DEMAND, INVESTMENTS, LACK PEOPLE – 10.9.

Czech companies expect growth in domestic and foreign demand and their investment activity will increase as well but lack of labour force is the main obstacle to their growth,

according to a regular survey of the Confederation of Industry and Czech National Bank (CNB).

Almost 50% of firms see deterioration as regards the lack of qualified people, the highest figure since the beginning of the surveys, shows the survey for the second quarter of this year. The lowest level of 9% was registered in this indicator at the turn of the years 2012 and 2013.

In the second quarter of this year, positive expectations for orders went up to 28% but concerns about their future drop increased as well.

Despite that, the share of positive answers is still higher than before. The growth in the number of contracts may slow down moderately in the future because of the high comparison base.

Further growth in investment activities is expected in the corporate sector as well. Firms will also be raising their capital. "For a better use of our economic potential, higher rate of investments is necessary, in particular long-term ones," said the Confederation of Industry.

The growth and business results of companies are affected by lack of labour force and growth in wages. The situation causes already now that wages are growing faster than labour productivity.

For this year, average wage in non-financial companies is expected to rise by 3.23%. This is a gradual but permanent growth, in the second quarter of 2016 the expectations were for a 2.18% increase.

A total of 17% of the respondents register higher domestic and foreign demand and 76% see no change. The negative sentiment as regards domestic demand from the past year has decreased by more than a half.

As for the quality of the business environment, negative answers prevail. Companies complain the most often about high bureaucracy (31% see a worsening), lack of quality legislation (24% see a worsening) and poor-quality work legislation (16% have negative view).

The sentiment is traditionally bad in the case of transport infrastructure. No improvement is coming but the worsening has got slower as regards bureaucracy, the quality of legislation and enforceability of law.

ČIA M. ZEMAN MET WITH GERMAN PRESIDENT F. W. STEINMEIER – 13.9.

The difference between the number of Czech companies operating in Germany and vice versa may, according to president Miloš Zeman, even out in the course of the next 20 to 30 years. M. Zeman said this on September 12, 2017 during a meeting with his German counterpart Frank-Walter Steinmeier. He added that there are now approximately 4,000 Germany companies operating in the CR, while there are approximately 150 Czech companies in Germany. Other topics included the migration crisis, the EU and sanctions against Russia, cooperation in science, research and industry, as well as high-speed railway from Prague to Berlin and Munich.

☰ US BREACHED ARMS TRADE AGREEMENT WITH CZECHIA: REPORT – 13.9.

The United States have re-sold old weapons from central and Eastern Europe to Syria, despite guaranteeing to be the end

user, the Czech Centre for Investigative Journalism reported on Wednesday. Some of the weapons were reportedly purchased in the CR. According to the Czech journalists, who cooperated with the Organized Crime and Corruption Reporting Project, such a procedure would be a breach of the arms trade agreement. The report, which cites publicly available documents, claims that the American Defence Ministry bought assault rifles, mortar shells and other military technique worth 500bn crowns and subsequently re-sold them to Syrian rebels fighting ISIS.

©



CIA News (Česká informační agentura)
Czech Press Agency (Česká tisková kancelář)



Czech Statistical Office (Český statistický úřad)
Denik.cz
Euro Magazine
Radio Prague (Český rozhlas)