

NEWS SUMMARY OCTOBER 19 – OCTOBER 25

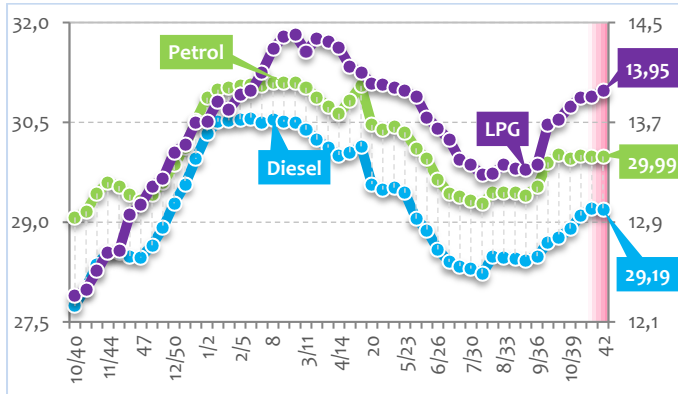
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ECONOMY & FINANCE

FUEL PRICES – 19.10.

Natural 95 stagnated at CZK¹29.99/l² over the past week.
Diesel oil decreased by ▲2h³ to CZK29.19/l.

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



Average prices of motor fuels in CR as of October 18⁵ (CZK/l)

Region	Natural 95	Diesel oil
Czech average	30.23	29.21
Prague	30.78	29.89
South Bohemia	29.92	28.84
South Moravia	30.52	29.55
Karlovy Vary	29.90	29.02
Hradec Kralove	29.99	28.76
Liberec	29.86	28.94
Moravia-Silesia	30.01	28.82
Olomouc	30.39	29.39
Pardubice	30.02	28.81
Plzen	30.57	29.69
Central Bohemia	30.45	29.42
Usti	29.88	28.90
Vysocina	30.81	29.93
Zlin	30.05	28.92

REGIONMIN: CR DREW OVER CZK 241BN FROM EUROPEAN FUNDS – 19.10.

Totally 97% of the entire allocation of European funds for the CR are currently available to applicants in calls.

As of the end of September 2017, legal actions were issued for projects worth over CZK 241bn, i.e. over 41% of the total allocation for the CR for the 2014-2020 program period.

The projects have already been approved and are being implemented.

The information was provided by the Ministry for Regional Development after a meeting with European Commission's representatives on October 18, 2017.

¹ CZK: Czech Crown, the currency of the CR since 8 February 1993

² l: litre

³ 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.

FINMIN: STATE DEBT FELL BY CZK 3.3BN TO CZK 1.61TN – 23.10.

In 1-3Q 2017 state debt fell by CZK 3.3bn to CZK 1,610.1bn. This is the lowest value reported since 2011.

Interest earnings reached the lowest values since 2020.

Since the end of 2013 the state debt to GDP ratio has fallen by 8.5 p.p. to 32.6%, which represents the lowest share since 2009.

This is based on the Quarterly report of management of the state debt of the CR for the 1st through 3rd quarters of 2017 published by the Czech Ministry of Finance on October 20, 2017.

PAYMENTS MADE WITH CARDS ISSUED IN CR INCREASED TO CZK 143.47BN – 23.10.

The number of transactions completed with domestic and international retailers using cards issued in the CR increased q/q in 2Q 2017 from CZK 196.36m to CZK 221.81m. Of this total, transactions worth CZK 28.53m were made with credit cards. The number of NFC transactions totaled CZK 178.61m. The number of transactions made on websites totaled CZK 15.84m. Cashback transactions totaled CZK 145,200. This is based on the statistics of the Banking Card Association (SBK). The volume of payments made using Czech payments cards during the period in question increased to CZK 143.47bn, from CZK 128.42bn. Credit card payments accounted for CZK 22.26bn of this total. The value of NFC transactions totaled CZK 101.56bn and the value of website transactions reached CZK 14.46bn.

ČSÚ: GOVERNMENT INSTITUTIONS GENERATED CZK 35.0BN SURPLUS – 24.10.

Government institutions generated a surplus of CZK 35bn in 2016, i.e. 0.73% of GDP. Sector debt totalled 36.77% of GDP as of the end of 2016. Nominally expressed gross consolidated debt dropped to CZK 1.754tn from CZK 1.836tn.

GOVERNMENT CONFIRMS BUDGET WITH CZK 50BN DEFICIT – 24.10.

Czech government confirmed on October 23, 2017, its resolution from September 25, 2017, and approved the 2018 state budget draft, to be presented to the Chamber of Deputies.

The budget has been proposed with a planned deficit of CZK 50bn.

Income is planned at CZK 1.3023tn and spending at CZK 1.3523tn.

According to Prime Minister Bohuslav Sobotka (ČSSD), the draft covers the raising of pensions, salaries, as well as spending on science and universities.

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 data issued by the CCS Company

INDUSTRY & TRADE & ENERGY & FDI

ŠKODA AUTO STARTS SALES OF MODEL KAROQ IN CR – 19.10.

Czech automaker ŠKODA AUTO started on October 18, 2017 sales of the new SUV model ŠKODA KAROQ. According to ŠKODA AUTO Česká republika CEO Luboš Vlček, the brand has registered orders of over 3,500 cars branded KAROQ in the pre-sales stage. Nearly two thirds of the orders are for the models with the top equipment Style. The most popular engine in the pre-sales stage is the new engine 1.5 TSI with an output of 110 kW. Drivers currently prefer petrol engines (56%). The all-wheel drive was chosen by nearly 40% of customers. Test rides for customers are available at all 184 authorised dealerships in the CR.

ČEPS OPENS TENDER TO COVER LOSSES IN TRANSMISSION GRID – 19.10.

Czech transmission grid operator ČEPS has opened a public tender for the supplier of electricity to cover losses in the transmission grid in years 2018 and 2019.

It will demand the annual supply for the year 2018 in the first round of the tender.

The second round of the tender will involve a quarterly supply of electricity for a period from January 1, 2018 to March 31, 2018.

Following auction rounds will cover annual, monthly or quarterly supplies of electricity.

The first registration round is scheduled for November 7-13, 2017.

TOP CZECH BREWERS TO BOOST PRODUCTION CAPACITY – 19.10.

The leading Czech brewery Plzeňský Prazdroj is investing over CZK 280 million in production facilities for its world-famous lager Pilsner Urquell.

The expansion project, which was several years in the planning stage, has already begun and is set to conclude in April 2018, company representatives said.

Plzeňský Prazdroj is looking to boost production by one-third to keep up with demand, which has been increasing in the CR and on export markets for the last decade and a half.

The marketing manager of Asahi Breweries Europe, Grant McKenzie, told the Czech News Agency that the investment chimed with the plans of the brewery's owners, who acquired it at the end of March this year.

Mr. McKenzie said that Asahi Breweries Europe regarded Pilsner Urquell as a "super-premium" beer. The firm sees major growth potential in both Asia and Europe, he said.

Plzeňský Prazdroj's previous owners of 17 years, the SAB group, had invested CZK 25bn in its plants in traditional home Plzeň, Velké Popovice and Nošovice.

The current capacity of the Pilsner Urquell brewing facilities is 18 brews per 24 hours, amounting to 62,800 hectolitres per week. The new investment will boost numbers to 24 brews per 24 hours for 88,300 hectolitres per week, Plzeňský Prazdroj's spokesperson told the Czech News Agency.

When full capacity has been reached nearly 3.5 million hectoliters of Pilsner Urquell will be produced annually.

Pilsner Urquell and another Plzeňský Prazdroj product, Velkopopovický Kozel, are of great importance to Asahi and have enormous potential in Asia and Europe, the company's Grant McKenzie said.

Pilsner Urquell is very well-known in Japan but Asahi has plans to boost its reputation even more, another representative told the Czech News Agency.

Plzeňský Prazdroj is also doing well in South Korea, where its sales this year are 40 percent up on those recorded in 2016. Almost half of those sales are of Velkopopovický Kozel.

In South Korea a half-liter of Pilsner Urquell goes for the equivalent of CZK 500, well over 10 times the brew's average price in its country of production.

Plzeňský Prazdroj put a new beer canning line into production in June at a cost of CZK 340 million, boosting capacity from 60,000 to 100,000 an hour. This move comes in response to a rise in sales of canned lager in the CR and on other markets.

Last year Plzeňský Prazdroj sold almost 11 million hectolitres of beer, a jump of close to 1 million hectolitres on 2015. Exports of Pilsner Urquell grew by 10 percent year on year.

USED CAR MARKET STILL BOOMING – 20.10.

Used cars are still selling exceptional well in the CR with 820 thousand of them on offer around the country. The price of used cars has also gone up by around 15, 000 crowns y-o-y, with vehicles now selling at 205, 000 crowns on average.

According to statistics provided by the company Cebia clients are now most interested in Skodas – with Octavia running top – VW Passat, Ford Focus and VW Golf.

Buyers of used cars prefer diesel engines. 7.5 percent of the used vehicles sold in the CR are sold without a roadworthiness and emissions test.

TS ČR: HEATING PLANTS HAS INVESTED CZK 19BN IN LOWERING EMISSIONS – 20.10.

Since 2013, heating plants have invested nearly CZK 19bn in the greening and modernisation of their facilities.

Thanks to this, emission of nitrogen oxides from heating plants operated by members of the Association for District Heating (TS ČR) decreased by 23% in the years 2014 to 2016, sulphur dioxide by 32% and dust by 36%.

In the year 2017, further investments were made, and emissions thus decreased further and will probably continue to do so for several years.

Compared to the year 1990, emissions from large sources (REZZO1) decreased by 83% in the case of nitrogen oxides, 93% for sulphur dioxide and 98% in the case of dust by the year 2015.

OSTRAVA: CONCENS INVESTMENTS TO BUILD A LOGISTIC CENTRE – 20.10.

Concens Investments will build a new logistic centre in the Ostrava Mošnov industrial zone. Ostrava municipal representatives approved the intention of selling plots of 54 hectares to this company on October 18, 2017. The halls and a container transshipment area will probably take up 155,000 square metres. The centre will probably operate road, railroad and air transport. The value of the investment will reach tens of crowns. During the first stage, an industrial hall

of 50,000 square metres will be created, which will probably be finished at the beginning of the year 2021. The realisation of the entire intention will probably end in the year 2023. The city of Ostrava has informed about this.

**CZECH FIRMS' EXPORTS TO RUSSIA GROW BY 14 PCT IN JAN-
AUG – CSU – 22.10.**

Exports of Czech companies to Russia grew by 14 percent year on year to CZK54bn in January-August of this year, showing a growth trend after years of falling, according to data from the Czech Statistical Office (CSU).

Russia, however, accounts for mere 1.9 percent of total Czech exports, while the share of the EU, particularly Germany, keeps growing.

On November 21, a business delegation is to leave for Russia, accompanying President Milos Zeman on a state visit.

In previous years, Czech exports were in decline because of the EU's sanctions against Russia introduced in 2014 due to Russia's annexation of Crimea.

In June of this year, the EU Council extended the sanctions until the end of January 2018 at least.

According to Association of Exporters deputy chairman Otto Danek, Russia still has a potential for the future but bilateral trade will be influenced by the EU's attitude towards the sanctions.

"The EU's sanctions against Russia do not have a fatal impact on us, but the impact of Russia's reciprocal sanctions against the EU on Czech industry is several times harder and more negative, and this is decisive," Danek said.

The Russian market is of key importance for Czech companies in a lot of aspects. Some Czech companies were or are active in Russia as general suppliers.

"Companies have already recovered from their initial problems and are coping with the regime of sanctions better, as they are better informed about what they can export. Some companies have even transferred their activities from the CR directly to Russia despite higher costs," Confederation of Industry head Jaroslav Hanak said.

Zeman is to pay a state visit to Russia on November 21-24. It will be his third visit of Russia.

Companies that will accompany Zeman as members of a business delegation can file applications until the end of this month. According to the Confederation of Industry, their final number is hard to estimate.

"We nevertheless expect ... that it will be the biggest business delegation organised by the Confederation of Industry this year," Lenka Dudkova of the Confederation said. The trip programme will include a Czech-Russian business forum in Moscow and Yekaterinburg.

Total Czech exports increased by 5.9 percent year on year to a record of CZK2,760bn in January-August. The dependence of the Czech economy on the EU kept growing, with 83.7 percent of goods heading for EU countries.

As many as 32.8 percent of total Czech exports went to Germany, which strengthened its position as an export destination.

Last year, Czech exports amounted to a record of CZK3,970bn, up by 2.3 percent year on year.

**THE NUMBER OF NEW AND DISSOLVED COMPANIES WILL BE
RECORD THIS YEAR – 23.10.**

The number of newly established companies for the first time in the history of the CR will exceed 30,000. The number of dissolved companies will also be record and probably for the first time exceeds 10,000. There are about 20,000 new companies. This results from the CRIF analysis. There are now over 490,000 business companies in the CR.

**BIG FIRMS STRENGTHEN INFLUENCE ON CZECH ECONOMIC
INTERESTS – BIS – 24.10.**

Big business groups considerably strengthened their influence on the economic decision-making of the Czech state in 2016, the counter-intelligence BIS writes in its annual report released today.

Although these groups promoted their influence legally, it markedly interfered with the Czech economic interests, the BIS said.

The report says the online register of public contracts had a positive effect on the protection of the key economic interests. It says some state-controlled companies tried to circumvent the duty to release the contracts online.

The suppliers used the old contracts to mar attempts to declare open tenders and forced the state bodies to extend the old contract. Firms used third parties for these obstructions in order to protect their own reputation, the BIS writes.

Some state-controlled firms proceeded according to their own internal regulations rather than the law on public contracts.

The BIS also pointed to discrepancies between the economic profitability and security interests. "A typical example is the security of state ICT systems when some supplies can easily meet the formal security demands for the participation in the tender, although they are clearly connected with relevant security risks," the report says, referring to firms from China and Russia.

The BIS also writes about the increasing danger of influencing of the public opinion by distorted information in order to gain economic profit at the expense of the Czech state. Both legal and illegal effort to influence the steps of various bodies could be seen in institutions related to energy, transport, health care and the financial sector, the report says.

**EMH IS STILL INTERESTED IN LITHIUM MINING NEAR CINOVEC –
24.10.**

Australian firm European Metals Holdings (EMH) is further interested in lithium mining near Cinovec in Krusne hory (Ore Mountains), it wants to hold talks with the new government about the project, EMH CEO Keith Coughlan said at a press briefing today.

The company plans to fulfil the pledges stemming from the memorandum which Industry and Trade Minister Jiri Havlicek (Social Democrat, CSSD) signed with EMH at the beginning of October. EMH has already held talks with Palivovy kombinat Usti company owned by the Czech state. Talks with state-owned company Diamo are also being prepared

PRAGUE AIRPORT HANDLES 11.8M PASSENGERS IN Q1-3 – 19.10.

The Vaclav Havel Airport Prague handled 11.8 million passengers in the first three quarters of this year, a 19.21 percent rise in annual terms, according to the airport's statistics.

In September alone, 1.6 million people used the airport's services. They travelled the most frequently to Paris, Moscow and Amsterdam, for example.

The nearly 20 percent annual growth pace is a bit slower than the increase seen in the first half of this year.

The number of passengers grew by 21 percent at that time and the management expected the full-year figure to get close to 15 million passengers.

The Vaclav Havel Airport Prague cleared 13 million passengers last year, up 8.7 percent in annual terms.

Other nearby airports also report a high growth in passenger numbers.

The number of passengers at the Brno-Turany Airport, for example, registers a 15 percent increase in the number of passengers on average since the beginning of this year, the airport's spokeswoman Katerina Pichalova told CTK. The airport will have the final figure at the earliest at the beginning of next week.

The Krakow Airport in Poland cleared 3.8 million passengers in January-August, up 15 percent y-o-y, and the Katowice Airport reports a 20 percent y-o-y rise to 2.65 million passengers.

The number of passengers at the Dresden Airport, Germany, grew by some 7 percent in the first half of this year.

VALUE OF PUBLIC CONSTRUCTION CONTRACTS GROWS BY 49 PCT IN JAN-SEPT – 20.10.

Public investors in the CR awarded 3,949 public contracts totalling CZK98.4bn to construction companies in January-September of this year, the value of the contracts rising by 49 percent and their number by 12 percent year on year, URS Praha has told CTK.

Eleven contracts exceeded the value of CZK1bn.

The biggest contracting authority was the Road and Motorway Directorate (RSD), which awarded contracts worth CZK16.4bn.

The value of contracts awarded for housing construction projects increased by 53.4 percent to CZK27.6bn by the end of September. The value of contracts for civil engineering projects, mainly transport infrastructure projects, rose by 46.8 percent to CZK70.8bn.

Public contracts for construction work were awarded to more than 1,100 companies in Jan-Sept. The biggest volume went to Eurovia, which was awarded 174 contracts worth CZK3.72bn in total. It also won another 180 public contracts worth CZK6.48bn in consortium with other companies.

The biggest contract awarded in the Jan-Sept period was a contract for the reconstruction of the Kocin switching station near the Temelin nuclear power plant worth CZK3.56bn, which was awarded to a consortium of Egem, ASE and Vuje.

The value of new public contracts announced decreased by 55 percent to CZK81.8bn.

Potential lithium mining in the CR became one of the biggest topics in the pre-election campaign. Andrej Babis, chairman of the ANO movement which has won the general election, said several times that the memorandum was a theft perpetrated by the CSSD.

The Social Democrats, in their turn, labeled the affair around lithium mining as fabricated and as an attack led by ANO and the Communists (KSCM).

Coughlan said today that EMH had no backup plan for the case that the new government was not interested to continue the cooperation.

He hopes that the situation will be resolved and that as the project develops, the memorandum of understanding will be valid also in the future.

EPH is registered in Australia and based in Perth, the company said today.

There is only one European Metals Holding Limited, the Australian company is not a branch of a firm seated in the British Virgin Islands, EMH stated.

Babis talked several times about the company's alleged links with the British Virgin Islands.

Lithium is considered a metal of the future. According to estimates, the CR, especially the Cinovec deposit, accounts for 3 percent of the world's lithium reserves. A small deposit is in the Slavkovsky les protected landscape area, West Bohemia.

Geomet company, owned by EMH, plans underground lithium mining. It wants to mine up to 37 million tonnes of the ore in 21 years.

As of this year, Richard Pavlik, former manager of black-coal mining firm OKD, is in the head of Geomet. EMH today rejected claims that OKD's former co-owned Zdenek Bakala ranks among the company's shareholders. Coughlan said today that EMH was prepared to provide list of the shareholders to the Czech authorities.

The Chamber of Deputies held an extraordinary meeting due to lithium last Monday. After a nine-hour debate, the lower house of parliament asked the government to annul the memorandum.

The lawmakers also stated that in the CR, lithium should be extracted by a state company. The resolution is not binding for the outgoing cabinet because the lower house is not empowered to assign tasks to the cabinet.

KOLÍN CAR MANUFACTURER TPCA WILL PRODUCE ONLY 198,000 CARS THIS YEAR – 25.10.

Toyota Peugeot Citroën Automobile (TPCA) car maker will produce 198,000 cars this year. For the first time in the last four years, its production will fall below 200,000 cars a year. This results from the data that was presented by Robert Kiml from the leadership of the car maker at the Brno conference "Expected development of the automotive industry in the Czech Republic and Central Europe". Last year, 220,606 cars were produced in the Kolín factory, the highest since 2011.

Public construction contracts awarded since start of 2016 (in CZK bn)	
January 2016	3.5
February 2016	6.3
March 2016	4.2
April 2016	5.3
May 2016	9.6
June 2016	9.6
July 2016	9.3
August 2016	9.6
September 2016	8.8
October 2016	8.3
November 2016	7.8
December 2016	8.5
January 2017	7.7
February 2017	7.6
March 2017	8.3
April 2017	13.6
May 2017	11.0
June 2017	9.8
July 2017	14.5
August 2017	14.2
September 2017	11.7

7	Usti nad Labem	18.693
8	Olomouc	18.212
9	Hradec Kralove	18.032
10	Liberec	18.026
11	Moravia-Silesia	17.265
12	Central Bohemia	16.693
13	Karlovy Vary	15.623
14	Zlin	15.025

* data from companies with 20+ employees

GOVT OKAYS ROAD ADJUSTMENTS FOR TRANSPORT OF NEW REACTORS – 23.10.

The government today approved proposals for repairs of roads, bridges and waterways necessary for transport of parts of new nuclear reactors and other large equipment for nuclear power plants Dukovany and Temelin, the Government Office announced on its website.

These adjustments will cost hundreds of millions of crowns. Beds of the Elbe (Labe) and Vltava Rivers are to be deepened, unsuitable bridges are to be demolished and new ones are to be built. Some other bridges will need more support to be able to carry lorries loaded with equipment for nuclear power plants.

The national action plan for the development of nuclear energy in the CR counts on the construction of one nuclear unit in Dukovany and one in Temelin with the possibility of raising the numbers to two units in both power plants. The issue of how the projects will be financed is not yet clear.

Construction of a new unit in Dukovany has a priority, a new unit should replace the current units which are to be put out of operation roughly in the years 2035 to 2037.

In case of Dukovany, the equipment to be transported is to be up to 7.5 metres high, 9 metres wide and weighing up to 750 tonnes.

The preliminary plan is that the equipment would be transported from Hamburg.

The adjustments in the transport route are necessary because the new equipment will probably be larger than the power plants' current equipment.

The government today also approved the budget of the State Transport Infrastructure Fund (SFDI) for next year, which has been projected at CZK72.5bn.

The government already agreed on the amount of funds that are to be used for transport infrastructure construction projects and repairs via the SFDI during its debate on the state budget.

As much as CZK53.8bn out of the total of CZK72.5bn is to come from national sources and the remaining CZK18.7bn from EU subsidy programmes.

PRAGUE AIRPORT PLANS TO OFFER 112 REGULAR ROUTES IN WINTER TIMETABLE – 24.10.

Totally 61 airlines plan to operate at Václav Havel Airport Prague in the winter season, incl. 56 airlines on passenger lines. The new timetable valid from October 29, 2017, until March 24, 2018, will include regular scheduled connections to 112 destinations in 41 countries, up 8 y-o-y for routes and 11 for destinations. Newcomers to Václav Havel Airport Prague

PRAGUE SHOWS MOST INTENSIVE CONSTRUCTION ACTIVITY IN 2016 – 22.10.

The most intensive construction activity in the CR last year was recorded in Prague, with CZK43,200 worth of builders' sales per capita, according to data from the Czech Statistical Office (CSU) said today.

The least intensive construction was registered in the Zlin Region, with about CZK15,000 of builders' sales per capita.

The national average was CZK22,285 per capita.

The share of public contracts in total sales of construction companies decreased to 32.6 percent, the lowest percentage since 1996. The biggest share of 55.1 percent was recorded in 2002.

Total sales of all construction companies in the CR decreased by 7.5 percent year on year in 2016. Most of them were generated on the domestic market. Construction projects abroad accounted for 3.3 percent of the total sales, which was the highest percentage since 1994.

Engineering construction projects accounted for about two fifths of builders' total sales last year. Production facilities accounted for about 25 percent, residential buildings for about 20 percent and non-residential non-production buildings, such as schools, hospitals and offices, for 15 percent. Water management structures made up 1 percent.

Construction companies' sales per capital by regions in 2016

Ranking	Region	Sales (in CZK)
1	Prague	43.198
2	South Bohemia	27.601
3	Plzen	23.008
4	Vysocina	21.865
5	South Moravia	21.847
6	Pardubice	21.598

include Qatar Airways, Flybe, BA Cityflyer, Rusline and Georgian Airways.

CSKESKE DRAHY SEES NO. OF PASSENGERS GROW BY 2M IN JAN-SEPT – 24.10.

Czech state-run railway operator Ceske drahy (CD) transported 131 million passengers in the first three quarters of this year, which was an annual rise of 2 million people, the company said in a press release today.

CD reacted to the rise of passenger numbers by strengthening long-distance lines from Prague to Brno, to central and southeastern Moravia and to northern Moravia. The number of handicapped passengers transported by CD increased by about 200 to almost 5,000 people, which is an annual rise of 5 percent, CD board member Michal Stepan said.

CD's passenger numbers have been rising in the long run, especially on commuter and long-distance trains.

For H1 of this year, CD saw its passenger numbers rise by 1.3 million to 86.9 million people.

Last year, the company carried 171.5 million passengers, 1.8 million more y-o-y.

The increase in passenger numbers connected with a rise of revenues from the sale of tickets contributed to an improvement of the company's business results in H1. Its profit grew by CZK127m y-o-y to CZK537m.

SŽDC TO SPEND CZK 88M ON RECONSTRUCTION OF SELECTED RAILWAY STATIONS – 25.10.

Railway Infrastructure Administration (SŽDC) has started initial extensive investments into railway station buildings in East and West Bohemia.

SŽDC will pay totally CZK 88m for the reconstruction of Hradec Králové Main Railway Station and stations in Turnov and Sokolov.

These are the first of ca. 150 buildings that SŽDC plans to revitalise until 2022.

In the next five years, SŽDC plans additional investments in Karlovy Vary and Hradec Králové Regions.

The most expensive project will be the reconstruction of the Cheb Railway Station for ca. CZK 150m.

Investment of CZK 75m is planned in Jaroměř.

The station in Chlumec nad Cidlinou will be reconstructed for CZK 53m.

Smaller reconstruction projects are planned in Dvůr Králové nad Labem (CZK 25m), Bečov nad Teplou (CZK 22m), Aš (CZK 20m) and Doudleby nad Orlicí (CZK 17m).

LABOUR & SOCIAL & HEALTH

EY: GROWTH IS PLANNED BY 90% OF FIRMS, RECRUITMENTS BY 80% - 19.10.

A total of 90% of Czech firms plan a growth in the year 2018. Domestic businessmen plan to achieve the goal primarily in an organic way (66%) or with help of an expansion to new markets (40%).

One third of firms emphasize investments in innovation and development (34%).

This stems from a survey conducted by EY.

The growth could be jeopardised by a lack of labour force (67%), a low demand (22%) and a growth in production costs (22%).

The companies do not expect robot automation and new technologies to reduce the number of employees.

Some 80% of companies plan to recruit new employees.

Some 64% of businessmen need a qualified labour force for their future development.

ŽĎAS WILL PARTICIPATE ON BUILDING A POWER PLANT IN NIGERIA – 20.10.

ŽĎAS will participate on the construction of a gas power plant in Magboro, Nigeria. The company made a strategic contract with Istroenergo Internationalo on cooperation on the construction with Bresson at the International Engineering Fair in Brno. Thanks to this cooperation, the company will enter another foreign market. ŽĎAS has also become one of the founding members of the newly emerging Czech-Nigerian trade and cultural chamber, the main aim of which is to help develop a number of specific activities directly in Nigeria

AMAZON CREATING MORE THAN 2,500 NEW SEASONAL POSITIONS IN CR – 20.10.

Amazon will create more than 2,500 new seasonal jobs at its distribution center in Dobrovíz. Recruitment commenced on October 19, 2017. Employees will get a financial bonus of up to 10% and other benefits on top of their hourly wage. Employees will help with stocking, packaging and shipping customers' Christmas orders. The online store is also hiring experts for its HR, finance and IT teams in Prague's Dejvice.

SP ČR OPPOSES EUROPEAN NORM ON WORKER POSTING – 25.10.

The Confederation of Industry of the CR (SP ČR) opposes the revision of the directive on the posting of workers. This was stated by SP ČR chairman Jaroslav Hanák, according to whom the directive is no compromise, but makes the regulation even stricter, by up to a half, from original 24 months to 12, with 18-month prolongation option. Mr. Hanák has added that the current status of the road package is dissatisfying and strongly discriminatory for Czech carriers.

DELOITTE: PAYMENTS FROM WAGES DECREASE IN CR IN RELATION WITH GROWING WAGE – 25.10.

The higher is a wage paid to an employee in the CR; the lower is the percentage of the wage paid for the social security.

Czech employees get one of the lowest net wages from the minimal and average wage compared with different countries; however, the CR shows the 9th highest net wage in Europe when comparing the net wage to a gross wage totalling EUR 100,000/year.

This stems from information provided by the social security survey published by Deloitte.

The survey was attended by 30 European countries.

MISCELLANEOUS

SIX METRO STATIONS IN PRAGUE GET WI-FI – 18.10.

As of this week, six metro stations in Prague have a free Wi-Fi connection allowing passengers to surf the Internet while

waiting for their train, the Prague Public Transport Company announced on Tuesday.

The stations are Florenc B and C, Hlavní nádraží, Pražského Povstání, Náměstí Republiky and Smíchovské nádraží. The technology for the project was provided by the company ČD-Telematik for 10 million crowns.

The company had to build the complete infrastructure, installing some 75 transmitters in the stations with the transfer rate of 300Mbit per second.

Expanding Wi-Fi coverage has been one of the priorities of Prague Public Transport Company. The company has already introduced a Wi-Fi connection in some of its new trams. By 2022, it hopes to have covered 60 or 70% of the tram fleet.

SURVEY: MOST CZECHS ECONOMICAL WITH ENERGY – 19.10.

An overwhelming majority of Czechs (84 percent) are economical with energy, however, a third of people make no preparations for a heating season, said an Ipsos survey that was made public by E.ON company at a press conference today.

This year's heating season began in the first half of September, about 10 days earlier than last year.

According to the survey, mostly people aged 45-65 save energy, while people in the 18-34 age group tend not to save. More than a half of respondents said they prefer having a shower to having a bath to save on energy bills.

Fifty-eight percent of Czechs - mainly men and people between 55 and 65 years of age - said they are economical with water. With rising incomes of households, their efforts to save are falling.

The survey found out that Czechs are aware of different energy-efficient options and products and are also familiar with the Environment Ministry's subsidy programmes.

The survey was conducted among 1,500 people.

Pavel Kaufmann, spokesman for the Czech Association for District Heating, said previously the average price decreased from CZK584 to CZK573 per gigajoule of heat this year in annual terms. Heating systems provide more than 1.6 million households or two fifths of flats with heat, the association said referring to last year's statistical data.

SURVEY: CZECHS LOOK FOR JOB MORE OFTEN ON SOCIAL NETWORKS, AMONG FRIENDS – 19.10.

Job portals still hold the dominant position in looking for a job but Czechs are using more often also personnel agencies, social networks and recommendations of friends, according to a survey which Behaviolabs.com company made for personnel agency Grafton Recruitment

Companies are seeking people via all channels and with the use of all kinds of methods. Due to this, job seekers diversify the ways of finding a job.

Traditional ads in the media and at labour offices are losing effect. People are looking for a job in particular on the Internet (95 percent), through personnel agencies (68 percent) and on the recommendation of their friends (56 percent).

Recommendation of friends has registered the highest growth in a y-o-y comparison.

"Most large Czech employers have introduced a reference programme in the past year. Employees can get quite a high

remuneration for recommending a new colleague," said Grafton Recruitment marketing manager Jitka Souckova.

The rewards move from CZK1,000 to CZK5,000 in current professions but tens of thousands of crowns are no exception.

Besides this, companies are introducing staff-hiring allowances for new employees. Personnel agencies have also registered a high growth, of almost 10 percentage points y-o-y.

Social networks are used not only by the candidates but also by employers. Facebook Audience Insights application confirms this.

As regards professions, managers are represented the most on this network (30 percent), followed by traders (21 percent) and office employees (20 percent).

A total of 4.8 million Czechs have a profile on Facebook and 77 percent of them visit Facebook every day.

Linkedin network is used by 1.3 million Czechs, nearly twice as many as last year. IT specialists have earlier been sought on this network but now services, legal services and tourism are the top three most represented professions.

People from the areas of financial services, advertising and marketing and telecommunications are among those sought on linkedin, Souckova noted.

YouTube and Instagram also have a huge potential, they are the second and third most popular social networks in the CR, she added.

YouTube's use is thwarted only by lack of experience of companies in multimedia content, but this will change. Some 4.7 million users, at whom the job offers can be targeted, will be worth an investment in the creation of spots.

The survey was made among 1,695 respondents.

STAYING IN EU IS CHIEF REQUIREMENT OF CZECH FIRMS FOR NEW GOVT – 24.10.

Staying in the European Union (EU) is the chief requirement that Czech companies will place on the new government that will arise from the recent general election, the Chamber of Commerce said today.

Other requirements include reducing bureaucratic and administrative obstacles to enterprising, enabling foreign workers to enter the labour market and accelerating the construction of transport infrastructure.

"We are an export-oriented economy, with the EU accounting for more than 80 percent of our exports. But our interconnection with the EU goes much deeper, from a significant share of foreign investments to joint business policy towards third countries," Chamber president Vladimír Dlouhý said.

The new government also has to promote the openness of the CR. It is not in the interest of the country to cut itself off from the external world under the pressure of the migration wave and fears of terrorism, Dlouhý said.

"There are no migrants here but we feel a lack of workforce, in some places even desperately," Dlouhý said.


The Chamber also wants the government to prevent further pressures on wage growth as well as the growth of bureaucratic staff. Wages in the public sector should not be raised in a blanket manner but selectively, Dlouhý said.

Companies also demand that the new cabinet accelerate the construction of transport infrastructure, introduce fast Internet for all, carry out a reform of the education system and utilise the money earmarked the support of science and research effectively.

The main issues that the government should deal with include the unfavourable demographic situation and the unsustainability of the current pension model as well as the condition and outlook of the energy sector.

"With regard to the expected shutdowns of some power generation units, to the impact of adopted environmental obligations and to the influence of the German policy, the energy balance of the CR after 2022 is a subject of concerns," Dlouhy said.

The Chamber of Commerce has about 14,000 members, both legal and natural persons.

 **HK ČR WARNS AGAINST CREATING SUPER-REGULATORY OFFICE**
– 24.10.

The Czech Chamber of Commerce (HK ČR) has warned against the creation of a national regulatory office for network sectors. This so-called super-regulatory office, according to the HK ČR, concentrates power over several sectors, which dramatically increases the potential for corruption. According to the Chamber, the change of regulation through the creation of a national regulatory office directly intervenes in the rights and duties of entities active on the given markets and has a financial impact on the markets to which it will apply.

 **BDO: CR IS MOST ATTRACTIVE FOR INVESTORS IN EASTERN EUROPE – 24.10.**

The CR was rated the most attractive country for investors in Eastern Europe and ranked 23rd in global comparison, which is an annual improvement by 3 notches, according to a chart compiled by consulting firm BDO in cooperation with the Hamburg Institute of International Economics.

The main index is based on a combination of economic indicators such as GDP average per capita, inflation and taxation, as well as political indicators such as stability and business freedom, and other indicators such as population growth, education and health care.

The CR ranked directly after Taiwan and ahead of Israel.

"The CR managed to surpass countries such as Israel, South Korea, the United Arab Emirates and Malta," Lukas Hendrych of BDO said.

The CR ranked 29th in the economic area, 24th in the political area and 26th in the social and cultural area.

The neighbouring Slovakia sank by 3 notches to the 43rd place. The main reason behind the deterioration lies in poor social and cultural conditions, in which the country ranked 61st. This is a worse result than that shown by Romania, for instance, Hendrych said.

The winner of the chart was Singapore.



News outside the time span of this News summary



CIA News (Česká informační agentura)



Czech Press Agency (Česká tisková kancelář)
Czech Statistical Office (Český statistický úřad)
Radio Prague (Český rozhlas)