

ECONOMIC NEWS SUMMARY APRIL 25 – APRIL 30

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

BUDGET, FUNDS SPENDING PROPOSED AT Kc1,792BN IN 2021 – 27.4.

The Czech Finance Ministry proposed a Kc86bn growth in 2021's state budget and state funds expenditure framework to Kc1,792bn, and the frameworks will keep rising to Kc1,811bn in 2022 and Kc1,825bn in 2023, said a draft budget strategy of the sector of public institutions.

The 2022 framework increased by Kc32bn, according to the document drafted by the Finance Ministry.

The ministry pointed out that the expenditure frameworks are temporarily derived from the structural balance, not from the mid-term budget targets.

Apart from raising the budget deficit to Kc300bn from the previous Kc40bn because of the coronavirus pandemic, the ministry also pushed through an amendment to the law on budget responsibility which enables an increase in structural deficit (public finance gap adjusted for economic cycle effects) up to 4 percent of GDP next year.

Czechia's mid-term budget target for 2020 to 2022 has so far been a structural deficit at 0.75 percent of GDP. The year 2018 saw a structural surplus at 0.4 percent of GDP. The ministry said this year would see a structural deficit at 1.7 percent of GDP.

Finance Minister Alena Schillerova said previously that, without an amendment to the law, she would have to make cuts in the budget for 2021 worth Kc150bn or would have to raise taxes by Kc150bn. The Czech Fiscal Council did not agree with changes to the law on budget responsibility.

A big revenue shortfall for 2020 that will affect the revenue side also in the coming years would require consolidation worth tens of billions of crowns next year without the aforementioned change, according to the budget strategy.

"Such a strong fiscal restriction would obviously did not result in economic recovery but would trigger further recession," the strategy said.

Adopting the budget strategy is one of the first steps in the process of drafting the 2021 state budget. The government needs to discuss the strategy including the Convergence Programme by the end of April. Every year the material has to be sent to Brussels by the end of April.

CZECH PUBLIC FINANCE DEFICIT TO REACH 5.1% OF GDP IN 2020 – 27.4.

Czech public finance deficit will reach 5.1 percent of GDP this year, against a 0.3 percent surplus in 2019, and the public debt will rise to 37 percent from 2019's 30.8 percent of GDP, according to the Convergence Programme.

The programme is part of the budget strategy of the public institutions sector that has been drafted by the Finance Ministry.

Public finance deficit is projected at 4.1 percent of GDP in 2021, with debt at 40 percent of the country's economic output.

The ministry envisaged a 5.6 percent economic contraction this year and a 3.1 percent expansion next year.

The situation in which the Convergence Programme was drafted this year was "unprecedented," the ministry said. It was referring to uncertainties about the epidemic of the novel coronavirus, regarding how long the economic restrictions will be in place, possible new measures that will have to be taken and the impacts of the anti-coronavirus measures on the entire economy.

The total cost including social costs and the ensuing effects on public finances will apparently almost certainly fail to be known before the end of 2020, the ministry said.

The European Commission is well aware of these aspects, which is why it eased requirements relating to convergence programmes and is only seeking data for 2020 and 2021, the ministry said. In normal circumstances, the EU requires that the deficit be below 3 percent of GDP and debt below 60 percent of GDP.

The Convergence Programme is a country's fundamental document for adopting the euro, defining the government's budget strategy and the planned development of public finances in the coming years.

The anti-coronavirus measures will lower public budget revenues by Kc98.4bn, which makes up 1.8 percent of GDP, the ministry said. The measures include aid for sole traders, exemption from some advance tax payments and insurance payments.

On the expenditure said, the shortfall will reach Kc121.4bn or 2.2 percent of GDP. The money went for protective equipment purchases, loan guarantees and higher payments for the state insured, for example.

In terms of GDP based on purchasing power parity, Czechia's economic level accounted for some 92 percent of the EU's and 75 percent of Germany's economic level last year, the ministry said.

The average wage in the private sector measured at the exchange rate increased to 50 percent of the EU level last year. "It might stay there for some time," the document said.

TAX REVENUES OF REGIONS, TOWNS TO DROP BY 10 PCT THIS YR – 27.4.

Tax revenues of Czech municipalities and regions are expected to fall by Kc31.6bn, or about 10 percent, annually to Kc288.6bn due to the impacts of the coronavirus epidemic this year, according to estimates the Finance Ministry released today.

Tax revenues of municipalities including Prague are to drop by Kc23.3bn to Kc221.9bn. Regions can expect to see a fall of Kc8.3bn to Kc66.7bn, according to the ministry.

Before the coronavirus epidemic outbreak, the ministry expected tax revenues of municipalities and regions to rise by Kc259.8bn and Kc80.2bn, respectively.

The Finance Ministry has also downgraded its estimates of nationwide tax collection. For this year it has pushed through a rise of the state budget deficit from the original Kc40bn to Kc300bn.

Shared taxes, which include VAT, corporate income tax and individual income tax, make up 70 percent of municipalities' revenues and about 30 percent of regions' revenues.

Revenues from shared taxes are distributed among the state coffers and the budgets of individual regions and municipalities.

Regions receive 8.92 percent and municipalities 23.58 percent of the total gross revenue from VAT and income tax collection.

Property income tax constitutes a 100-percent revenue of municipalities.

The Finance Ministry said last week it was not planning to amend the tax distribution law to the detriment of regions of municipalities. It also noted that regions and municipalities have Kc302bn on their accounts at present.

"Self-governments can thus materialise their development projects planned for this year even in spite of the year-on-year decrease in tax revenues of regions and municipalities," the ministry said.

Czech municipalities ran a budget surplus of Kc25.5bn in 2019, against Kc8.3bn in 2018, and regions' surplus grew to Kc5.8bn from 2018's Kc28m. Total revenues of local budgets grew by Kc61.5bn to Kc594.1bn, with tax revenues posting a rise of Kc25bn to Kc320.2bn.

Estimate of tax revenues of regions and municipalities (in Kc thousands)

	tax revenues of municipalities	tax revenues of regions
2019	245,198,855	74,975,593
original budget estimate	259,800,000	80,200,000
estimate of February 2020	261,600,000	80,500,000
estimate of April 21, 2020	221,900,000	66,700,000

GOVT APPROVES STATE FINAL ACCOUNT FOR 2019 – 27.4.

The government approved a state final account for 2019 according to which the Finance Ministry plans to use bond issues worth Kc50.4bn to cover the 2019 state budget deficit and to raise state financial assets by Kc21.9bn, the government said on its website today.

The state budget ran a deficit of Kc28.5bn last year, which was Kc11.5bn less than planned.

The document will now be passed to the Chamber of Deputies, the lower house of parliament, for approval.

The cabinet discussed a report on the state budget development in Q1. The state budget posted a Kc44.7bn deficit at the end of March.

RECORD LOW NO. OF DISTRRAINT PROCEDURES LAUNCHED IN Q1 – 29.4.

The number of distraint procedures launched in Q1 reached 105,000, which is 21,000 fewer quarter on quarter and a record low figure, the distrainers chamber told CTK today.

It is too soon for an assessment, but it seems the result was a combination of the long-term downward trend related to a good economic situation and a short-term fall caused by anti-coronavirus measures, the chamber said, expecting a similar development for Q2.

Year on year, the number of new procedures decreased by 34,000, however, Q1 2019 showed record high figures, the chamber said.

Nevertheless, the Q1 2020 figure is way below the long-term downward trend of launched distraint procedures, the chamber said.

In late March, the chamber recommended that court distrainers be as accommodating as possible when it comes to applications for distraint procedure postponement and other issues, but appealed to debtors' responsibility.

Despite the overall drop in the number of distraint procedures, the number and structure of people facing distraint is still an issue, which is why the chamber has been pushing for changes including the introduction of territorial competence.

SHARE OF FOREIGN INVESTORS WITH CZECH GOVT BONDS DOWN IN Q1 – 30.4.

The share of foreign investors with Czech government bonds decreased to 39.39 percent at end-March from 40.55 percent at the end of last year but the volume of bonds held by them increased to Kc615bn from 2019's Kc582.5bn, according to data of the Finance Ministry.

The Czech Republic's debt measured by bonds totalled Kc1,695bn.

"The percentage of foreign investors decreased because bond issues in March rose by more than Kc150bn, with a bigger portion of the bonds going to domestic institutions," said ING chief economist Jakub Seidler.

Since the second half of March, the Finance Ministry is selling bonds in auctions in amounts several times higher than planned. The ministry wants to raise money to finance the state budget deficit which was raised by the Chamber of Deputies to Kc300bn because of the coronavirus pandemic. The original deficit was Kc40bn.

The Finance Ministry said recently it would need Kc410.6bn to finance state debt this year.

Banks and other domestic financial institutions raised markedly their portfolios, said Komerční banka economist František Taborský. They considered it (auctions) a last chance of obtaining securities with a relatively high coupon before a period of low interest rates sets in, he said.

The high volume of bonds held by foreign investors poses a risk of a possible sell-off if the market situation deteriorates as a result of which the crown would depreciate significantly, said Seidler.

"Now it seems, however, that (the crown) has overcome the worst," he added.

April's figure will more interesting than March's, said CSOB analyst Petr Dufek.

"This month alone, the state sold successfully Kc252bn worth of bonds on the primary market along with treasury bills for Kc33bn," said Dufek.

The coronavirus crisis did not make foreign investors to leave the Czech market which offers an interesting bonus compared to, for instance, German bonds, he added.

"In addition, taking into account an expected lowering of interest rates by the (central bank) CNB, (foreign investors) holding bonds have a chance of getting some additional exchange rate profit," said Dufek.

September 2017 saw a 51.35 percent share of foreign investors, which was the highest figure. They were betting on the crown firming after the CNB quit the forex intervention regime in April 2017.

Before the regime which was launched in 2013 with the aim to keep the crown near Kc27/EUR, foreign investors held bonds worth some Kc175bn, their share below 15 percent.

Foreign investors holding Czech government bonds in 2016-2020

	Share in domestic government bonds (%)	Volume (Kc bn)
Dec 31, 2016	31.56	424
March 31, 2017	47.26	717.6
June 30, 2017	47.62	726.7
Sept 30, 2017	51.35	693.2
Dec 31, 2017	41.64	570.8
March 31, 2018	35.47	518.2
June 30, 2018	39.78	580.4
Sept 30, 2018	39.94	568.3
Dec 31, 2018	41.81	579.7
March 31, 2019	40.13	603.8
June 30, 2019	42.30	633.3
Sept 30, 2019	41.74	615.3
Dec 31, 2019	40.55	582.5
March 31, 2020	39.39	614.9

E15 THE GOVERNMENT HAS APPROVED THE ABOLITION OF REAL ESTATE ACQUISITION TAX, MORTGAGE DEDUCTIONS REMAIN – 30.4.

The government has approved a proposal to abolish real estate acquisition tax. Tax deductions will be maintained for new mortgages until the end of 2021. After the government meeting, the Minister of Finance Alena Schillerová (for YES) informed about it. The abolition of the tax will mean a reduction in budget revenues by about 13.8 billion crowns a year, the ministry said earlier. This year it should be 10.6 billion crowns. According to the Minister, the amendment should have retroactive effect. This means that people who had a deadline of 31 March to file a return by the ministry due to a pandemic postponed until the end of August will no longer pay the tax. If someone has already paid for it, the money will be refunded. This applies to people who completed their cadastral deposit during December 2019 or later. At the same time, the government extended from five to ten years the so-called time test for income from the sale of real estate not intended for own living.

AGRICULTURE & ENVIRONMENT

CTK CZECH AGRICULTURE TO LACK 5,000 FOREIGNERS AFTER EMERGENCY ENDS – 26.4.

Czech agriculture will lack up to 5,000 foreign workers after the coronavirus-related state of emergency is lifted, as these their visa will expire and they will have to leave the country, Agriculture Minister Miroslav Toman said in the Questions of Vaclav Moravec discussion programme on the public Czech Television (CT).

"All workers whose visa have expired but have been extended for the duration of the state of emergency will have to leave," Toman said.

This situation concerns up to 5,000 out of the total number of 20,000 foreigners working in Czechia.

The sector already lacks more than 3,000 people and the shortage is expected to be even worse in summer.

The Agriculture Ministry is preparing another programme of support to small businesses and is going to simplify conditions for employing seasonal workers.

The current crisis is leading to a rise of food prices, particularly those of vegetable, fruit and pork. In addition, some commodities, mainly milk, cannot be exported to Italy and other countries.

In order to prevent price fluctuation and to strengthen self-sufficiency, the government has decided to boost the Countryside Development Programme by another Kc3.3bn, the Support and Guarantee Farming and Forestry Fund by Kc1bn and other farming programmes by Kc0.5bn, Toman noted.

The ministry is also planning to provide farmers with Kc0.5bn to strengthen their liquidity. Over 90 percent of the funds are to go to small businesses. The programme should be started on May 20.

CTK SCIENTISTS: CURRENT DROUGHT IN CZECHIA IS WORST IN 500 YEARS – 27.4.

The current drought period, which started in the Czech Republic in 2015 and has not ended yet, is the worst in 500 years and water is missing mostly in mountainous areas, according to the data of the InterSucho scientific team.

"Still in 2018 we could say that the drought is not as bad as in the 1990s when water was transported to many municipalities in cisterns. Now the drought is worse than it was then, only it does not manifest itself so extremely because the daily water consumption per head has decreased from 140 to 90 litres since then," Miroslav Trnka, from the team, told CTK.

He said the water deficit is the highest in the driest parts of the country, southern Moravia and northwestern Bohemia. Even if the rainfall was average, the drought would be worse because more water evaporates because of the average temperatures are higher than in the past.

The average precipitation deficit in the last five years is about 400 millimeters. In South Moravia, the water balance is not far from average because this area is relatively dry and the deficit cannot be markedly higher anymore. The situation is far from average in the mountains. "Not so much water is running from the mountains to the lower parts of the country," Trnka said.

He pointed out that Czech farmers, the way they work the land and the type of Czech landscape are not to blame for the current drought. "At the moment, a big part of Central Europe suffers from drought. This is due to climate change that changes circulation in the atmosphere," Trnka said.

"Drought periods in Central Europe fortunately always ended, however, the changing climate partly explains why this period did not end after the third or fourth year like in the past," he added.

CTK ORGANIC FOOD MARKETS SHOWS BIGGEST RISE IN DECADE IN 2018 – 28.4.

Organic food consumption in the Czech Republic rose annually by 33 percent to Kc4.43bn in 2018, which was the biggest increase in a decade, the Agriculture Ministry said in a press release today.

The market was growing for eight consecutive years in the decade up to 2018.

Data for 2019 are to be released next year.

The consumption in 2018 equalled Kc416 per capita, compared with Kc314 in 2017.

The share of organic food in total food and drink consumption increased to 1.58 percent, but it still does not reach the 3-percent goal set down by the Agriculture Ministry. Total turnover in trade in organic food exceeded Kc7bn, with exports amounting to almost Kc2.6bn.

Imported organic food made up 47 percent of the retail turnover.

People buy organic food mostly in supermarkets and large stores, specialised healthy food shops and drugstores. They buy chiefly organic coffee and tea, ready meals including baby food, milk and dairy products, fruit and vegetables.

Organic food exports amounted to Kc2.1bn in 2019 and they grow steadily. The biggest amount went to European countries, with Germany buying Czech organic food worth Kc395m. The exports to Germany, however, decreased by more than 43 percent on the year.

A total of 83 percent of Czech organic food producers sold most of their output on the domestic market.

Organic food in the CR

indicator	2015	2016	2017	2018
total organic food turnover incl. exports (Kc bn)	3.73	4.19	5.70	7.02
organic food exports (Kc bn)	1.48	1.64	2.37	2.59
organic food consumption in Czechia (Kc bn)	2.25	2.55	3.33	4.43
yr/yr change in turnover (%)	11.4	13.5	30.5	33.0
share in total food and drink consumption (%)	0.81	0.90	1.17	1.58
consumption per capita a year (Kc)	213	241	314	416
Share of retail chains in organic food turnover (%)	61	62	58	51

ENVIRONMENT MINISTER: DROUGHT SITUATION IS CATASTROPHIC – 29.4.

Drought is hitting 80 percent of groundwater sources, farming drought was reported in the whole Czech Republic and the situation is catastrophic, Environment Minister Richard Brabec (ANO) said at a press conference today.

The early phases of the drought the country is now entering are already worse than in the several years before, which were seen as acute drought years, he said.

The lack of precipitation is accumulating and the overall temperatures are growing, creating a situation unknown to previous generations.

In the past, April was the month when mountain snows thawed and the rivers were full of water. Today, reports show that the Vltava River in Prague is at 22 percent of the monthly average.

The parameters of the current drought are worse than the very dry year of 2018.

A team of scientists from the InterSucho project said that the current series of droughts, started in 2015, is the worst in the past 500 years.

The Environment Ministry is now planning a 3.5 billion crown investment in the fight against drought, focusing on tree planting, green roofs and rain water collection.

Brabec said it is important for the country to catch as much rain water as possible, with the state planning to provide subsidies for people to build reservoirs on their property.

The minister also said that he called on the National Coalition for Fighting Drought to meet on May 12, its main topic being the readiness of various regions for a possible crisis of drinking water accessibility.

INDUSTRYMIN TO ALLOCATE HUNDREDS OF MILLIONS OF CZK FOR ENTREPRENEURS TO FIGHT DROUGHT – 30.4.

The Ministry of Industry and Trade of the Czech Republic has prepared several programs for entrepreneurs that will help them prevent problems in production and business caused by a lack of water. The possibility of support for innovative/savings measures for water management and for technical solutions for recycling water are factored into the calls of Operational Program Enterprise and Innovation (OP PIK). This specifically includes programs Applications (max. subsidy of up to CZK 80m), Innovation (up to CZK 75m), Innovation vouchers (up to CZK 300,000), Real estate (up to CZK 100m) and Expansion (loan worth up to CZK 40m).

INDUSTRY & ENERGY & TRANSPORT

lidoVky.cz CZECH GOVT OK'S ARRIVAL OF 750 HYUNDAI ENGINEERS FROM SOUTH KOREA – 24.4.

The Czech government has approved the arrival of roughly 750 Hyundai engineers from South Korea to work at the car maker's Czech plant on developing a new car, Industry and Trade Minister Karel Havlicek said at a press conference following today's government meeting.

Some 446 engineers will arrive in May and others will follow in the June-October period, the minister said, adding that strict rules will apply to their arrival and movement in the country.

The cabinet is ready to oblige other strategic businesses as well, said Havlicek.

Hyundai has been granted an exception because it is a key employer in the Moravia-Silesia Region and forms part of a key automotive infrastructure that comprises hundreds of domestic manufacturers and suppliers, the minister said.

Hyundai's Czech plant is located in Nosovice, northern Moravia, and is the only Hyundai manufacturing plant in the European Union. It turns out 1,500 cars a day. Last year, it produced 309,500 cars. It employs 3,300 people and another 8,700 work for its direct suppliers. In 2018, the Nosovice plant generated a profit of Kc7.22bn and sales of Kc129.26bn.

CLEAN-UP AFTER URANIUM MINING AT ROZNA COSTS KC148.5M SO FAR – 26.4.

The clean-up after uranium mining at Rozna has cost Kc148.5m since its end in December 2016 and will cost further millions of crowns depending on how long underground research at the place continues, state-run company Diamo has told CTk.

Diamo expects the clean-up to last until 2035.

Uranium mining at Rozna ended after 60 years and the mine was the last operating mine in the Czech Republic and in Central Europe.

The Radioactive Waste Repository Authority (SURAo) has established research facility Bukov at a depth of 550 metres underground in the closed mine.

The research facility serves as a test site for SURAO to assess the feasibility of building a deep geological repository at the location.

RECORD GIANT PURCHASE OF IFVs MAY NOT BE DELAYED AT LAST – 26.4.

The purchase of infantry fighting vehicles (IFV) for more than 50 billion crowns, which is the record big contract planned by the Czech defence, may not be delayed at last as PM Andrej Babis (ANO) today said Defence Minister Lubomir Metnar (for ANO) will deal with its financing.

Babis previously repeatedly admitted that the contract signing might be postponed over the economic impacts of the novel coronavirus epidemic.

"We have agreed with the defence minister that he should consider ways for us to finance it. This means some long-term way of financing," Babis wrote on Facebook.

It ensued from his statement that he would support such a way of financing the IFV supply.

Some ten days ago, Babis still said on Czech Television that "the current situation does not allow for our buying" IFVs worth 50 billion crowns. "More or less, we have agreed with the defence sector on putting a brake on it," he said then, adding that he had not discussed the issue with the allies in NATO.

The Defence Ministry plans to buy 210 new tracked IFVs that should replace its decades-old ones. The tender's winner was to be known by this summer. The payment of instalments is to be spread across the next several years.

The Czech Association of Defence and Security Industry has warned against the state cancelling its armament orders. It said the IFVs and other planned acquisitions are to be of foreign provenience.

"All these projects have a key common denominator which is industrial cooperation, which not only returns a large part of the contracts' value [to Czechia] but, thanks to the multiplication effects, it also ensures further development of the defence industry and the related industries," the Association President Jiri Hynek said earlier this week.

FUNDING OF 5TH UNIT AT DUKOVANY SHOULD BE KNOWN BY MAY'S END – 27.4.

The Czech government wants to be clear about the method of financing the construction of a 5th unit at nuclear power plant Dukovany by the end of May and the method will be proposed by Finance Minister Alena Schillerova and Industry and Trade Minister Karel Havlicek, Havlicek said.

Two contracts between the government and energy group CEZ on the new unit construction for notification talks with the European Commission were approved at a cabinet meeting today, Havlicek said after the meeting.

Apart from the umbrella agreement, the cabinet approved a contract defining a zoning and planning process and selection of a supplier by 2024. The contract makes it possible for CEZ to sell the entire project to the state, Havlicek said.

A third contract is underway to define conditions under which the state will buy electricity from CEZ. The set price will be based on eligible costs of the unit construction and an adequate profit, not on market prices of electricity. To sign the contract, it will be necessary to draft legislation on low-carbon energy systems that will enable the state to order the

construction of a nuclear plant, Havlicek said. The bill can be drafted by the end of June, he added.

There are different types of financial models. Havlicek said Czechia would like to persuade the EU to give the green light to the cheapest possible option given the fact that it is a low-emission energy source.

Havlicek said the new unit should have an output of 1,200 megawatts and generate nine terawatt hours of electricity a year, which would be an equivalent of a tenth of the country's expected consumption.

The construction may be launched in 2029, and the unit should be put into operation in 2036.

NO. OF CARS IN CZECHIA EXCEEDS 6 MILLION IN Q1 – 27.4.

The number of cars in the Czech Republic exceeded the level of six million in Q1, rising annually by 40,227 to 6.03 million, their average age surpassing 15 years for the first time ever, up from 14.9 years in 2019, the Car Importers Association said today.

The average age increased in all categories of vehicles.

Motorbikes have the highest average age of 33.6 years, followed by tractors with 32.5 years. The youngest vehicles are LUVs with 13 years.

The rise of the average age can be attributed to increased imports of older used cars, according to SDA.

Czechs imported 37,045 second-hand passenger cars with an average age of 10.2 years in Q1. A total of 51 percent of these cars were older than 10 years and 20 percent were older than 15 years.

As many as 41,624 cars were deleted from the register in Q1, as 7,616 cars were exported from Czechia and 34,008 were deregistered in order to be scrapped.

Sales of new cars decreased by 4.4 percent to 249,915 last year.

Skoda Auto was the top-selling brand with a market share of over 34 percent. The company sold 85,895 cars in Czechia last year.

In Q1, the market fell by 15.8 percent to 50,194 units sold. In March alone, sales of new passenger cars in Czechia plunged by 36.3 percent to 13,685 units.

The market has been affected notably by the closure of dealerships over the coronavirus epidemic in mid-March.

According to EY expert Petr Knap, the current development will lead to a 20-percent decrease in total passenger car sales from last year's 250,000.

REGISTRATIONS OF COMMERCIAL VEHICLES FALL BY 25.3% - 27.4.

The number of registrations of new commercial vehicles decreased by 25.3% y/y to 5,689 units in the Czech Republic in 1Q 2020. The registrations reached 1,738 vehicles (-36.5%) in March. In Slovakia, the number of new registrations in the segment fell by 23.2% to 2,246 units in 1Q and by 41.1% to 611 vehicles in March. In EU, the demand dropped by 23.2% y/y to 413,327 units in a period from January to March. In March, the demand decreased by 47.3% to 105,196 registrations.

SKODA AUTO RESUMES PRODUCTION IN ALL THREE CZECH PLANTS – 27.4.

Car manufacturer Skoda Auto resumed production, which was suspended due to the coronavirus epidemic on March 18,

in all its three plants in the Czech Republic today, the company's communication head Tomas Kotera told CTK.

Employees have returned to the plants in Mlada Boleslav, Kvasiny and Vrchlabi.

The company had extended the shutdown several times. The production is therefore restarting after almost six weeks.

Trade unions said earlier the restart will be difficult and different from the situation after regular company holidays.

"I can confirm that all activities that were scheduled for 6:00 this morning have started successfully and production has been resumed," Kotera said.

Skoda plants normally run on three shifts. After the restart there will be two shifts only, with no night shifts for about two weeks, board member Bohdan Wojnar told CTK.

Car assembling will start on Tuesday and new cars can begin to roll out of assembly lines in the coming days, Wojnar said.

The Kvasiny plant will operate at about 50 percent of its capacity, while the situation in Mlada Boleslav and Vrchlabi is better.

Skoda Auto is the biggest employer in the Hradec Kralove Region, where the Kvasiny plant is located. The Kvasiny plant employs about 9,000 people, 2,500 of them being Poles.

An overwhelming majority of 2,500 cross-border commuters from Poland have not arrived in Kvasiny due to restricted foreign travel.

The Vrchlabi plant, producing gear boxes, has some 1,000 employees, mostly locals.

"We will operate at a slower pace than usual. We will not run on three shifts, not at full tilt, but we will spend some time disinfecting and cleaning tools," Wojnar said.

More than 80 hygiene and safety measures have been put in place throughout the company. They include equipping the staff with protective face masks or respirators and regular disinfecting of workplaces.

Skoda Auto is a flagship company in the Czech Republic, with contractors all over the country. According to the Automotive Industry Association (SAP), Skoda Auto accounts for 20-30 percent of its Czech suppliers' output, so they have been affected by its outage considerably.

Along with the restart of Skoda Auto as well as other car makers in Europe, car industry suppliers will resume production as well, Wojnar said.

GOVT OKS LOWER AID TO SOLAR PLANTS – 27.4.

The government approved a drop in subsidies for solar power plants, and the internal rate of return (IRR) will now reach 6.3 percent while so far it has been 8.4 percent, Industry and Trade Minister Karel Havlicek said after a cabinet meeting today.

The new rate reaches a minimum level in a range set by the European Commission.

The government will save Kc7bn-Kc10bn a year thanks to the measure, he added.

Jan Krcmar, board chairman at the Solar Association, said the decision was incomprehensible. According to him, it was politically motivated.

The state spends over Kc40bn in aid to renewables a year, the figure being Kc46.1bn in 2018.

The cabinet decided to change subsidies for all renewables. Solar plants will get the lowest possible amount, while aid to other sources stays within the minimum and the maximum value set by the Commission.

Havlicek explained the decision to cut the aid to solar parks, saying that the solar boom in Czechia, when the installed capacity rose from 465 megawatts at the end of 2009 to 1,959 megawatts in 2010, cost the state a lot of money. Purchase prices even increased up to tenfold as a result, Havlicek said.

He said he sees subsidies for solar sources as too high given their share in power generation in the country. Photovoltaic systems get Kc29.2bn in aid a year, but account for 2 percent of the country's production volumes. Biomass gets Kc4bn a year, making up 4.6 percent of power generation.

For hydroelectric, wind and geothermal power stations, the internal rate of return was set at 7 percent, for biomass it is 9.5 percent and for biogas 10.6 percent.

Martin Sedlak, program director of the Modern Energy Union, said the decision to cut the aid to photovoltaic systems, the cheapest source of renewable energy, is surprising at a time when the government should consider using effective tools to restart the economy. The Union refers to last year's study by Deloitte company which said that solar sources with an installed capacity of up to 7,500 megawatts might be built in Czechia by 2030.

KLM WILL RESUME OPERATIONS ON THE ROUTE FROM PRAGUE TO AMSTERDAM FROM MAY – 28.4. (EXCERPT)

KLM airline might operate as of May 4 regular Prague-Amsterdam flights, the first air link to be renewed after suspension of operations at the Prague airport due to the coronavirus crisis, Roman Pacvon, spokesman for Letiste Praha, the airport's operator, told CTK.

Other air carriers did not provide any information on resuming their operations for now, Pacvon said. The airport now operates only flights to Minsk and Sofia.

THE GUIDE TO ELECTROMOBILITY TAX ISSUES WILL MAKE IT EASIER FOR COMPANIES TO USE ELECTRIC CARS – 28.4. (EXCERPT)

The handbook "Tax Issues of Electromobility" was prepared by the Confederation of Industry and Transport of the Czech Republic together with its members and discussed with representatives of the Ministry of Finance, the General Finance Directorate, the Ministry of Labor and Social Affairs (MLSA), the Ministry of Industry and Trade, and the Association of the Automotive Industry, according to which "E-mobility is in many respects a new topic and ambiguities in tax procedures must not be a barrier to the further development of electromobility in the Czech Republic."

"The published handbook is one of the basic measures of the Memorandum and Action Plan on the Future of the Automotive Industry in the Czech Republic. It also includes the already published reference price of electricity for the purposes of domestic charging of company cars within the MLSA decree, which the Confederation of Industry helped enforce at the end of last year," said Jiří Nekovář, chairman of the Expert Team for Taxes and Insurance of the Confederation of Industry and Transport.

It offers recommended tax and other procedures and specific possible steps that can be used in practice. The material responds to the main ambiguities and questions that appear more and more frequently with the development of electromobility. It takes into account the specifics and variants of electromobility solutions compared to conventional drives, such as gasoline or diesel.

For example, the guide clarifies how to bill the recharging of company electric cars in employees' homes or the regimes for purchasing rechargeable wallboxes and using them for business and private purposes.

INNOCY TO TEST BIO-CNG AT 63 FILLING STATIONS IN CR – 27.4.

Innogy is planning BioCNG trials at its 63 CNG filling stations located all over the Czech Republic until the end of June 2020. The bio-methane enhanced natural gas releases up to 80% fewer emissions of carbon dioxide during combustion compared to petrol or diesel fuel. According to the company, it presents a full-value alternative to electromobility, but at significantly lower initial costs. Bio-methane is produced for Innogy by Energetické centrum recyklace (ECR) Rapotín in the Šumperk District (from the Energy Financial Group) from biodegradable waste.

BUS MAKER IVECO CR TO RESTART PRODUCTION ON MONDAY – 29.4.

Bus maker Iveco Czech Republic, which suspended production on March 30 amid a shortage of components due to the coronavirus pandemic, will restart production on May 4, two days earlier than planned, the firm's spokeswoman Katarina Nemcova told CTK today.

The company believes it will catch up on its contracts by the end of the year, she added.

Denso Manufacturing Czech, a car air conditioning system producer based in Liberec, northern Bohemia, resumed operations on Monday after a one-week closure and is currently running at roughly 25 percent of its capacity, the company said on its website.

However, it is missing hundreds of its Polish workers, who are unable to cross borders due to the coronavirus situation, the company said. Therefore, it is offering temporary jobs and recruiting new employees, it added.

Denso Manufacturing Czech is not the only firm facing a shortage of Polish workers. Roughly 7,000 Poles commuted to Czech firms before the borders were closed over the novel coronavirus, Liberec Region Governor Martin Puta told CTK.

NET4GAS GROUP RAISES NET PROFIT TO Kc3.3BN IN 2019 – 29.4.

Net4Gas, a group operating Czech gas pipelines, saw its net profit go up by 13.5 percent year on year to Kc3.3bn in 2019 and its sales rose by 9.8 percent to Kc8.1bn, according to the group's annual report and financial statements prepared under the IFRS reporting standards.

Overall gas transit volumes posted a slight annual drop to 43.4 billion cubic metres in 2019 but domestic transit mildly increased to 8.6 billion cubic metres, Net4Gas CEO Andreas Rau said in the report.

Net4Gas has been owned by Canada's Borealis Novus Parent B.V (50 pct) and German insurer Allianz (50 pct) since 2013. The companies acquired the gas company from the RWE energy group.

Net4Gas operates more than 3,800 kilometres of gas pipelines for both domestic gas shipments and international gas transit. The group employs over 500 people.

Net4Gas focused mainly on the Capacity4Gas project last year, completing the connection with the German gas pipeline Eugal in December 2019, said Rau.

Eugal will transport Russian natural gas from the Nord Stream 2 pipeline.

The Capacity4Gas project boosts the gas transit capacity in Czechia, increases the security of gas supplies in Central and Eastern Europe and strengthens Czechia's strategic role in international gas transit, he said.

The group also invested in a joint project of Net4Gas and innogy Czech Republic called Power2Gas. The project aims to show that natural gas presents an alternative storage solution for renewable energy, said Rau.

NATIONAL RAIL CARRIER CESKE DRAHY UPS PROFIT TO Kc1.3BN IN 2019 – 29.4.

Czech national railway operator Ceske drahy (CD) raised its profit by about Kc100m to Kc1.3bn in 2019, with both passenger and cargo transport contributing to the figure, the company said today.

The carrier transported 182 million passengers last year, three million more than in 2018.

Passenger transport recorded a profit of Kc58m, against a loss of Kc230m the year before.

Cargo transport operated by subsidiary CD Cargo registered a profit of Kc608m, which was an annual drop of Kc55m. The firm transported 65 million tonnes of goods last year, some three million tonnes fewer than the year before.

Last year's increase in passenger transport was boosted by higher income from fare as CD received more than Kc3.2bn in compensation from the state for fare discounts for students and seniors introduced in September 2018.

Apart from the number of passengers, the average distance travelled and the occupancy of trains increased as well.

"We registered a rise of more than 10 percent on key long-distance lines and on suburban trains near large agglomerations," CEO and board chairman Vaclav Nebesky said.

The annual decrease in profit in cargo transport was influenced by the growth of energy prices, higher staff costs and higher write-offs and investments, Nebesky said.

CD Cargo is expanding on foreign markets, so potential losses in domestic transport caused by the strong competition on the market should be offset by performance abroad, Nebesky said.

The group made investments worth more than Kc8.7bn last year, mainly in modernisation of passenger trains, purchase of three interoperable engines, five diesel engines, cargo cars and large-volume tanks for cargo transport.

Further development of investments will depend on how the company copes with the impacts of the coronavirus crisis, which has led to a notable fall of demand and cancellation of a number of train services. The crisis may endanger investments in car fleet planned for this year, according to Nebesky.

CD has lost income amounting to billions of crowns due to the coronavirus crisis in recent weeks. "We are, however, doing our best to prevent the loss from impacting our staff numbers and car modernisation," Nebesky said.

The CD group consists of the passenger transport operator and CD Cargo, the Railway Research Institute, CD - Telematika (data services) and CD Informacni systemy (ICT services).

The group employs about 23,000 people.

CTK SKODA AUTO'S OPERATING PROFIT DROPS BY 25.1 PCT TO EUR307M IN Q1 – 29.4.

Czech car maker Skoda Auto saw its operating profit go down by 25.1 percent to EUR307m (Kc8.3bn) in Q1, and its sales decreased by 2 percent to EUR4.8bn (Kc130.5bn), the firm's parent company Volkswagen said in a press release today.

The drop was due to lower sales, exchange rate effects and emissions-related expenses, said Volkswagen.

Skoda Auto sold 237,000 units in Q1, which is a 13.7 percent decrease on the same year-ago period.

The Czech car maker shut down its factories due to the coronavirus pandemic for almost six weeks. Production was restarted on Monday.

Skoda Auto runs three factories in Czechia. It also makes cars in China, Russia, Slovakia, Algeria and India, mostly through group partnerships, and in Ukraine and Kazakhstan in cooperation with local partners.

The car maker is active in over 100 markets. Last year, it delivered 1.24 million vehicles worldwide.

It has 39,000 employees, almost 34,000 of them in Czechia. Holding a roughly 40 percent share of the Czech market, Skoda Auto is the best-selling brand in the country.

SP THE PURCHASE OF PROTECTIVE EQUIPMENT FROM DOMESTIC MANUFACTURERS WAS JUST PR – 29.4. (EXCERPT)

The state will buy protective equipment from domestic companies only in limited quantities, despite the fact that the government has repeatedly stated that it will use the production capacities of domestic producers as a priority due to the SARS-CoV-2 pandemic. This is pointed out by the Chamber of Commerce, the Confederation of Industry and Transport and the Association of Small and Medium-Sized Enterprises and Self-Employed Persons. Business organizations therefore officially called on the Prime Minister today to ensure redress and to ensure that a central and transparent public contract for the supply of strategic protective equipment is indeed announced.

GIA KLM WANTS TO RESUME OPERATIONS ON PRAGUE-AMSTERDAM – 30.4.

Airline KLM is thinking of renewing the flight connecting Prague and Amsterdam. This was confirmed for ČIANEWS by the spokeswoman of Airport Prague, Kateřina Pavlíková, who said that this should include one flight per day. However the situation could change rapidly. Regular flights to Minsk and Sofia remain in operation at the Prague airport.

GIA DOOSAN ŠKODA POWER TO SUPPLY TWO INDUSTRIAL TURBINES TO VW – 30.4.

Doosan Škoda Power will supply two industrial turbines with an output of 2x50W with regulated consumption, a gearbox and generator to the Volkswagen production plant in Wolfsburg. The unit had to meet the requirements for efficiency and reliability for continuous operation together with German standards.

GIA ČD PLANS TO BUY AS MANY AS 90 NEW LOCOMOTIVES – 30.4.

The board of trustees of České dráhy (ČD) has approved the plan to buy as many as 90 new locomotives. This was confirmed for ČIANEWS by spokesman Radek Joklík, who

said that a definitive decision will be made by the steering committee, which is to meet on May 4, 2020. ČD is planning a framework contract for eight years. It will definitely buy 40 locomotives and an option applies to a further 50. The transporter should get the first new machines in 2024 or 2025.

PANDEMIC SARS-CoV-2

News in this category are excerpts or are limited to the latest information.

ECONOMIC MEASURES

CTK Survey: Firms would like more blanket employments support scheme – 26.4.

A total of 42 percent of Czech managers would like a more blanket programme of employment support as another government measure of aid provided to companies affected by the coronavirus crisis, according to a survey conducted by the CSOB bank among 50 firms.

Almost 30 percent of firms would prefer a deferral of the mandatory social and health insurance payments for three to six months at favourable interest.

"That would be effectively fast aid for most of small and medium-sized companies as it would boost their liquidity, which they need the most," CSOB corporate banking head Petr Manda said.

About 8 percent of respondents said they would prefer a VAT payment deferral for Q2 and faster providing of state aid under the COVID III and Antivirus programmes.

On the other hand, 13 percent of companies said they did not demand any aid in the current situation.

More than 50 percent of respondents had to restrict or adjust their production because of the coronavirus crisis. Another 14 percent will most likely have to implement these changes permanently.

A total of 32 percent of companies said the crisis had not affected their activities.

The Antivirus programme, including the kurzarbeit (shortened working time) scheme, was launched by the Labour and Social Affairs Ministry in early April. The government pays two types of wage contributions to companies.

The first type applies to firms whose employees are in quarantine or those that stopped operating, paying them 80 percent wage compensation (maximum of Kc39,000).

The second type of contribution concerns companies whose production has decreased because of a drop in employees, material or demand. To this group, the state provides 60 percent wage compensation (maximum of Kc29,000).

GIA Govt approves law amendment on online tax office – 27.4.

On April 27, 2020, the government of Prime Minister Andrej Babiš (ANO) approved a law amendment introducing online tax offices. The aim is to support tax digitalization and to streamline communication with tax administrators. The bill contains positive motivation towards the use of electronic means. It will also enable partial refunds of excessive VAT deductions as advance payments.

CTK Govt does not speed up restaurants reopening plan – 27.4.

The government today did not speed up its plan regarding reopening restaurants, and it will make another decision

about lifting the coronavirus restrictions at the end of next week, Deputy Health Minister Roman Prymula said after the cabinet meeting. The state has to be cautious, he said. Most shops and services were closed because of the coronavirus from March 14.

As of today, shops with an area under 2,500 square metres that have their own separate entrance are allowed to open. However, there are hygienic rules which include people not being able to try on clothes.

People may be allowed to try on clothes starting May 11, if the situation does not get worse, but showers and dressing rooms in gyms will probably not reopen before the end of May, and swimming pools and cinemas will come in the last phase, that is on May 25, Health Minister Adam Vojtech said at a press conference after today's government meeting.

CTK The Cabinet approved the tax code again – 27.4.

The government today approved an amendment to the tax code, which should mainly enable managing tax issues online, Finance Minister Alena Schillerova said.

The Finance Ministry decided to maintain the period for refunds of excess VAT deductions at 30 days, which was the most criticised part and the Chamber of Deputies did not approve of an extension last week, Schillerova said.

CTK The Cabinet approved by postponing applications for agricultural subsidies from the EU – 27.4.

The government also approved that farmers can submit the so-called single application for EU funds by June 15, that is a month later than usual, Schillerova said.

Every year, over Kč30bn is paid through these applications, which is the largest amount in subsidies.

The European Commission allowed the postponement to all EU states.

deník.cz Lifting the restrictions. Other shops, gyms and libraries will open in the Czech Republic today – 27.4.

The government started lifting its restrictions and it wants to reopen restaurants with outdoor seating or a street counter, hairdressers, museums and galleries on May 11.

Based on the government's schedule, restaurants are supposed to open on May 25.

Driving schools are among businesses that could start operating with some restrictions today. The coronavirus crisis and related measures cost some of them hundreds of thousands of crowns, which means course prices will likely go up, Association of Driving Schools chairman Ondrej Horazny said.

There are about 3,000 driving schools in Czechia.

Online shopping in Czechia doubled in the first three weeks of the coronavirus lockdown, with food sales increasing by 283 percent, according to data of bank Ceska sporitelna (CS). The number of ATM withdrawals decreased annually in March, but the average amount rose by almost 25 percent, CS said. People of all ages lowered the frequency of their withdrawals.

Even though many retailers had to close shops because of anti-coronavirus measures, the number and volume of cashless payments were similar to last year's. The number of payments increased by almost 1 percent and the volume fell by nearly 0.5 percent compared to March 2019.

However, it is not good news as March usually sees a major rise compared to the previous two months of the year.

Czech organisers of public events lost Kč5bn because of the coronavirus in March alone and their losses are now several times higher, Czech Event Association chairman Jan Kubinec said.

Agencies lost at least 80 percent of contracts, he said.

CTK Cabinet approves extension of kurzarbeit program until end-May – 27.4.

The Czech cabinet today approved an extension of the Antivirus kurzarbeit program of state subsidies going to firms afflicted by anti-COVID-19 restrictions as compensation for wages until end-May, the Labour and Social Affairs Ministry has told CTK.

Until now, the program covered the period from March 12, when national state of emergency was declared over the epidemic, until April 30.

Last week, the government said the shops, firms and facilities closed over the coronavirus may reopen in several phases by May 25.

"The program newly applies also to May. This is a necessary step. I think this is not the last prolongation," Labour and Social Affairs Minister Jana Malacova (Social Democrats, CSSD) said.

She said the Labour Offices have received 42,731 applications for the subsidies worth a total of 3.3 billion crowns, and have granted the subsidy in 17,896 cases so far.

Trade unions as well as employers want Antivirus, the current kurzarbeit system, to remain in effect for several months at least, Josef Stredula and Jan Rafaj said on their behalf earlier today.

Stredula, the umbrella CMKOS union leader, proposed that the state pay the money to firms in advance, not retrospectively.

According to Rafaj, the Industry Confederation vice-president, the Antivirus program should be followed by classical kurzarbeit after the German model as applied in crises.

The Antivirus program offers two types of state subsidies aimed to cover the wages for firms afflicted by the government-imposed restrictions. The state support's goal is to prevent layoffs.

For now, the subsidies have been paid for the period from March 12, when the national state of emergency was declared, until April 30, when it is to end. The cabinet has proposed its further prolongation until May 25, the parliament is to decide on it on Tuesday.

On Sunday, PM Andrej Babis (ANO) said the program should be extended to remain in effect in May. Its possible prolongation was also mentioned by Malacova on Sunday. She said it should last three to six months at least and that the government is trying to combine it with a possible delaying of employers' compulsory contributions to the social insurance system.

"The cabinet should make it clear that Antivirus will remain in effect in May and June at least," Stredula told CTK.

He said the state should provide advance payments to companies so that employers have money. Under the current rules, employers receive the state subsidy only after paying out salaries to their staff.

Based on Antivirus, the Labour Offices cover 80 percent of the wages of employees who are in quarantine or could not work due to the firm or facility's closure over the epidemic.

The cap on this subsidy is 39,000 crowns per one monthly wage. The compensation of wages for firms afflicted by a decline in the market demand is 60 percent of the wages with the cap at 29,000 crowns.

"Kurzarbeit in this form should operate until the end of the [July-August] holidays, and then should be replaced with a long-term principle a la German model," Rafaj suggested on Twitter.

In Germany, kurzarbeit is a system where firms, afflicted by a crisis, cut the working hours and the state compensates the lost part of the salary to the employees.

CTK Govt nods to pay debt worth 6.5 billion crowns for six hospitals – 27.4.

The Czech cabinet today approved to pay the debt of 6.7 billion crowns for six big state-run hospitals seated in Prague and Brno, Health Minister Adam Vojtech (for ANO) has told a press conference, adding that the ministry originally proposed to pay 7.7 billion crowns.

He said the hospitals have shouldered debts arising in the past, and all of them have seen their old management replaced in the meantime.

Based on the ministry's proposal, the hospitals whose debts would be covered through a one-off subsidy for their operation are the General Teaching Hospital (VFN), Vinohrady teaching hospital, Bulovka hospital and Thomayer hospital, all seated in Prague, and St Anne's hospital in Brno and the Brno Teaching Hospital.

The hospitals will use the money to cover their debts that are overdue.

"These are the hospitals that faced the biggest burden during the [coronavirus pandemic]," Vojtech said.

In a document approved by the cabinet, Vojtech wrote that the government's intervention is necessary to ensure the hospitals' unrestricted operation and further development.

Addressed by CTK, the hospitals hailed the government's subsidy.

Thomayer hospital, for example, has overdue debts worth several hundreds of million crowns, the VFN more than one billion, St Anne's hospital 1.5 billion and the Brno Teaching Hospital 1.8 billion.

The debt payment should enable the further development of the hospitals, improve their effectiveness of purchases and the efficiency of their reaction to crises.

CTK Large firms call for quick start of their aid programmes – 28.4.

Large companies hit by the coronavirus need aid programmes designed for them to start as quickly as possible, and it is also key that applications are processed fast, the Czech Confederation of Industry said.

The Industry and Trade Ministry has so far introduced state guaranteed loan programmes only for sole traders and small and medium-sized businesses.

However, the COVID plus programme for big export companies and the COVID III programme for companies with up to 500 employees are supposed to start soon.

COVID plus will be run in cooperation with export guarantee and insurance corporation EGAP. Companies will be able to apply for guarantees worth up to Kc2bn, Lukas Martin from the Confederation of Industry said.

A total of Kc150bn will be allocated for the COVID III programme, which means guarantee and development bank

CMZRB will provide guarantees for commercial bank loans worth up to Kc500bn and support about 150,000 sole traders and companies employing up to 500 people, CMZRB spokeswoman Marie Lafantova said.

Large companies are disadvantaged compared to smaller ones in terms of state aid, peer-to-peer investment platform Bondster head Jana Muckova said, adding that the government is pragmatic but unsystematic.

Companies may have the option to postpone social insurance payments for the May-July period and provide them by September 20 at a reduced fine, which the government may approve in a week, Labour Minister Jana Malacova said after Monday's government meeting.

The deferral will help but it is not a long-term solution to current problems and exemption would be more beneficial, according to a CTK poll of experts and companies.

They would appreciate more reliefs regarding health insurance and rents.

Big construction companies and developers will not use the option to put off social insurance payments, considering the proposal useless, a CTK poll revealed.

CTK Development bank approves aid worth Kc6.5bn to 780 businesses – 29.4.

CMZRB guarantee and development bank approved aid worth Kc6.5bn to 780 businesses in COVID programmes by April 28, with almost two thirds of the money received by sole traders and companies with up to 50 employees, CMZRB spokeswoman Marie Lafantova told CTK today.

Medium-sized businesses account for the rest.

The biggest amount of money, over a third of the total volume, went to industrial companies, CMZRB head Jiri Jirasek said.

The COVID programme was put together by the Industry and Trade Ministry and CMZRB.

In the first wave, the bank received more than 3,200 applications worth Kc10bn.

The second one, which included commercial banks, registered 5,900 applications worth Kc19bn.

Entrepreneurs could ask for interest-free loans of up to Kc15m.

The city of Prague designed the COVID Praha programme for businesses from the capital. The programme was used up in ten minutes. Applications were submitted by 363 businesses and the value of guaranteed loans is expected at Kc1.8bn.

The capacity of COVID I will be filled in a few days, however, most applications have been rejected because of errors, Lafantova said.

The success rate of applications in COVID II and COVID Praha is over 90 percent, Lafantova said.

COVID III should be ready in May. A total of Kc150bn will be allocated for the programme, which means CMZRB will be able to guarantee loans worth up to Kc500bn. The aid should go to about 150,000 businesses with up to 500 employees.

A programme for large export companies called COVID plus is being prepared with the cooperation of export guarantee and insurance corporation EGAP.

Large banks have received nearly 250,000 applications for loan repayment deferral from clients hit by anti-coronavirus measures, which concerns mostly consumer loans and mortgages but also some corporate loans, according to a CTK poll.

Banks have approved most of the applications, the poll showed.

COVID programmes' recipients by field of business (share in total volume)

Sector	Share (%)
manufacturing	35.5
retail and wholesale	35
accommodation and food services	7.5
construction	7
transportation and storage	6
other (arts, education)	4
administrative and support services	2
information and communication	1.5
health care and social work	1.5

COVID programmes' recipients by regions (share in total volume)

Region	Share (%)
South Moravia	18
Moravia-Silesia	11
Central Bohemia	9
Zlin	9
Olomouc	8.5
Hradec Kralove	8.5
Pardubice	8
Plzen	6.5
South Bohemia	5.5
Vysocina	4
Prague	4
Liberec	3.5
Usti	3.5
Karlovy Vary	1

CTK Nursing benefits to rise from 60 to 80 percent of base pay – 29.4.

Nursing benefits will rise from 60 to 80 percent of the pay base for the parents who stay at home with children due to the closure of schools and pre-school facilities over the coronavirus epidemic as the Czech Senate passed the relevant amendment today.

The 81-seat upper house passed the legislation with 64 out of the 68 senators present. No one was against.

Along with employees, a part of the people who use contracts for temporary work will also be eligible for the benefit. The bill is yet to be signed by President Milos Zeman. The state will pay the benefit retroactively since early April. The state is to pay the nursing benefits until the end of June at least, when the summer holidays start.

The people using contracts for temporary work will be eligible for the nursing benefit provided they had paid sickness insurance.

The Labour and Social Affairs Ministry argues that a number of families are dependent on nursing benefits and their income often does not suffice to cover essential needs, while mainly lone parents face the poverty threat.

The Labour and Social Affairs Ministry estimates that nursing benefits would apply up to 181,000 people. Their costs for 30 days are some 3.5 billion crowns.

Schools were closed on March 11. They are supposed to reopen gradually, but their full operation will not resume by the summer holidays.

ECONOMIC IMPACTS

CIA ČEZ Prodej: 3,386 clients have advance payments at zero – 27.4.

ČEZ Prodej has reduced advance payments to zero for a period of three months to 3,386 clients hit by the coronavirus epidemic. It is possible to apply for the advance payment reduction in the online application ČEZ ON-LINE, which works like online banking. According to ČEZ Prodej, it stopped disconnecting households having problems with instalments due to the coronavirus outbreak.

CIA Czech e-commerce grows by 20% thanks to coronavirus – 27.4.

The coronavirus crisis caused a growth in the Czech e-commerce segment by roughly 20%. The segment will reach a threshold of CZK 190bn. The information was provided by the Electronic Commerce Association (APEK) adding that the original estimations showed a growth by approximately 15%. Many new customers are using online shopping and Italian online shops saw a growth in the number of clients by 2 million. Different e-commerce segments register a growth in sales in a range from dozens to hundreds of percent. Approximately one fifth of e-shops register decreases. This primarily applies to fashion.

deník.cz Beer production will fall by millions of hectoliters. Sales of tapped beer almost stopped – 27.4.

Beer sales in March-May will be annually 40 percent lower, and production will drop by 1.5-2 million hectolitres because sales of draught beer have basically stopped, Czech Beer and Malt Association head Martina Ferencova told CTK.

In 2018, beer production reached 21.3 million hectolitres. The association has not published 2019's results.

The drop is due to pubs being closed and a steep drop in exports, the association said.

Domestic consumption will be 1-1.3 million hectolitres lower, Ferencova said.

Breweries welcome the easing of the rules but they would like to have restaurants and pubs open completely on May 11, Ferencova has said, adding that the government should consider further aid for the segment.

CTK Drop in SMEs' production in Prague to reach Kc200bn in 2 months – 28.4.

Small and medium-sized enterprises (SMEs) in Prague are facing a Kc200bn shortfall in revenue in two months in connection with the anti-coronavirus measures, and they will lose another Kc400bn to Kc560bn over the next 12 months, said a PricewaterhouseCoopers (PwC) analysis.

The analysis was conducted PwC company for the Prague City Hall.

Prague is going to allocate Kc100m and Kc120m to boost tourism and culture, respectively, Vit Hofman, spokesman for the City Hall, told CTK today.

Prague earmarked Kc600m for COVID Praha programme to cover entrepreneurs' loans.

SMEs in Prague constitute 40 percent of this segment's production in the country. They employ 330,000 people. The estimated drop of a minimum of Kc600bn, which is more than a fifth of the output, means a loss of tens of thousands of jobs.

The Regional Development Ministry is drafting an action plan for tourism until 2022 that will include measures to help

businesses in the sector to overcome the coronavirus crisis, minister Klara Dostalova said in reaction to Monday's video conference of EU ministers in charge of tourism.

Dostalova said it was necessary to extend supporting measures and the temporary framework which was adopted by the European Commission and in which the Commission set conditions under which it would quickly approve programmes of aid in connection with the anti-coronavirus measures at the request of EU member states.

Some 63 percent of Czechs plans to spend holidays at home this year even though they might travel abroad, according to an online survey carried out by Behavio agency on a sample of 1,300 people on April 20-22.

Half of people have done nothing to book their holidays and a quarter have only rough plans for their trip, the poll showed. A fifth of Czechs are not going to take a holiday this year.

As much as 52 percent of respondents said they would have a one-week holiday and 32 percent are planning a two-week or longer holiday.

Families plan to save, and the amount they will spend is Kc2,000 lower per person on average in annual terms, the poll has revealed.

Some 71% of builders envisage drop in public contracts – 28.4.

Some 71 percent of builders in Czechia expect the number of public contracts to fall because of the coronavirus-related measures, 14 percent speak of an increase and about 50 percent think the tender process will take longer, said a poll conducted by CEEC Research company.

The recent poll was carried out among CEOs of 65 building companies.

"The measures will cause an economic slowdown, and a shortfall in state budget revenues amid a dramatic rise of extraordinary expenditures. The deficit budget will restrict markedly public investment, as it did during the previous crisis," said Hochtief CZ head Tomas Koranda. Some projects may be suspended, some tenders may be cancelled or delayed, he added.

TBG Metrostav executive Jakub Simacek, on the other hand, believes the number of public contracts may go up once the economic restrictions are lifted.

Transport infrastructure needs money, which is why large investments will have to be made, Simacek said referring to projects such as the construction of Prague's inner and outer bypass, work on a new metro line, building of bridges, railway corridors and tunnels, and motorways. A quick launch of these projects will boost the sector and all related professions thereby helping the economy in the entire region in the mid- and long-term, Simacek said.

Data of IS company show that builders were awarded public contracts worth Kc47.2bn in Jan-March this year, which was 4 percent more yr/yr. In March alone, when the anti-coronavirus measures started to be introduced, the volume rose by a third to Kc15.5bn.

A total of 60 percent of builders' CEOs said there would be more bidders per contract, and almost 50 percent hold the opinion that prices will be a major criterion for contracting authorities.

Prices in construction tenders reached an average of 102.9 percent of the project price, the data of IS company showed.

They rose by an annual rate of 4.8 percentage points, adding 20.8 percentage points compared to 2017.

Directors of building firms are predicting a 10.1 percent drop of the sector this year in yr/yr terms, and a fall of 3.1 percent next year. In mid-February, firms envisaged a rise of 1.6 percent and 0.8 percent, respectively.

Czech economy may drop by 11 pct this year – 28.4.

The Czech economy may fall by 6.5-11 percent due to the impacts of the coronavirus crisis this year, analysts told CTK, adding that the estimates are very uncertain with regard to the unforeseeable development in both Czechia and abroad. For next year, the economists polled by CTK expect a strong revival of the economy. According to some of them, it may grow by as much as 9 percent.

A return to the pre-crisis level can be expected during 2022, they said.

Before the coronavirus outbreak, analysts expects domestic GDP to grow by about 2 percent.

"We expect a deep year-on-year GDP drop of almost 15 percent for Q2. The growth of the past six years will be erased entirely. In Q3, the economy will perhaps start awakening from the nightmare. Next year, we expect GDP to fall by 7.6 percent on average, and in 2021, it should jump by 6 or 7 percent," Raiffeisenbank's chief economist Helena Horská said.

The coronavirus crisis will have a long lasting impact on the economy, she added.

"We may not return to the pre-crisis level until 2022," Horská said.

The crisis may deprive the economy of 270,000-340,000 jobs and slow down wage growth notably, she said.

According to Ceska sporitelna analyst Michal Skorepa, the Czech Republic will return to 2019's economic performance at the end of 2022.

"Provided that we manage to maintain positive expectations of companies and households and that there is no second wave of preventive outages, we expect the Czech economy to fall by about 7 percent," Skorepa said.

The outlook of the Czech economy remains dependent on many unknowns of medical, political and psychological nature, he added.

"According to our estimates based on revised data, the Czech economy used 70 percent of its capacity during the toughest restrictions. This estimate corresponds to full-year GDP loss of about 2.5 percent for each month of the restrictions," UniCredit Bank's chief economist Pavel Sobisek said.

UniCredit's estimate for the full-year drop in GDP remains at 11 percent, he added.

Deloitte's chief economist David Marek expects the economy to decrease by about 10 percent.

"In March, we published the first estimate of the Czech economic performance for this year in light of the newly introduced anti-coronavirus measures. The estimate of a 10-percent drop could seem pessimistic then, but with regard to the development in the recent weeks we still believe that this estimate is the most probable," Marek said.

He also said he did not expect the economy to return to the original condition soon.

"A number of companies have ceased to exist, and the number of sole traders who have been forced to wind down their activities is growing," Marek said.

CSOB analyst Petr Dufek, too, expects GDP to drop by 10 percent this year.

The biggest fall is occurring now, in April. The speed of revival will depend on conditions not only at home but also abroad, Dufek said.

"The return to the pre-crisis level will probably be longer than indicated by outlooks of supranational institutions," he added.

According to Komerční banka economist Michal Brozka, the economy hit its bottom in March and April. "If we did not average the economic performance for the entire quarter as usual but looked for the lowest point instead, the economic plunge would be over 40 percent," he noted.

For the entire year, the economy will fall by 6.5 percent, while next year it may grow by more than 9 percent, Brozka said.

"The estimates are still very uncertain, as it is not clear what the domestic economic policy setting will look like," he added.

"In general, estimates of domestic economic development for this year are gradually shifting towards a huge plunge, which will, however, be followed by relatively solid growth next year. We estimate this year's drop to be slightly bigger than in the crisis year 2009," ING's chief economist Jakub Seidler said.

The Finance Ministry said in its April forecast it expects GDP to fall by 5.6 percent this year.

The Czech National Bank (CNB) expects a strong recession that will stay for the remainder of the year. It is to release a new forecast next week.

According to the International Monetary Fund (IMF), the Czech economy will plunge by 6.5 percent this year, which would be an even bigger drop than during the global financial crisis in 2009.

Last year, the Czech economy rose by 2.5 percent.

Estimates of GDP development in 2020 - basic scenarios (%)	
Institution	2020
Komerční banka	- 6.5
Ceska sporitelna	- 7
Raiffeisenbank	- 7.6
CSOB	- 10
Deloitte	- 10
UniCredit Bank	- 11

☰ Cash withdrawals drop by nearly 50 percent amidst coronavirus restrictions – 28.4. (excerpt)

The coronavirus outbreak is forcing Czech consumers to change their shopping habits, the daily e15 reported on Tuesday. The number of cash withdrawals from ATM machines dropped by nearly 50 percent since the government declared a state of emergency in mid-March. At the same time, Czech banks have reported a steep increase in electronic payments.

CTK Crisis measures must not disrupt existing programmes – 28.4.

Economic aid in the coronavirus crisis must not disrupt existing subsidy programmes but bring new ones, Chamber of Commerce president Vladimír Dlouhý said at a press conference of the Chamber, association of towns and villages (SMO) and company Deloitte.

The government should preserve all subsidy programmes for companies, towns and villages, which help with effectiveness,

modernisation, digitalisation and environmental protection, Dlouhý said.

Some money from cohesion funds will indubitably have to be transferred to help with economic impacts of the coronavirus, he said.

However, options of spending money from the existing programmes have to be maintained, as the programmes have been set up correctly and are demonstrably working.

All Western governments, and the Czech one as well, are introducing packages of rescue measures including guarantees, loans and aid for citizens, but this is only the first step and the economy needs to be boosted with investments, which is why programmes that enable investment need to be maintained, Dlouhý said.

Towns and villages agree, and it is especially small municipalities that need to keep up investment activity for example for modernisation.

However, self-rule authorities are currently not sure how the crisis will affect their budget revenues, SMO said.

The process of awarding public contracts to local businesses may stop, which means they would go bankrupt and stop providing services, SMO chairman František Lukl said.

Many people would lose their jobs, he said, adding that it is investments of municipalities what can help the entire economy.

Czechia, as a net beneficiary of EU money, has to use the funding as a competitive advantage, Deloitte economist David Marek said.

If the government makes rash decisions and does not communicate with businesses and municipalities, investors may go elsewhere and Czechia will not longer be among the successful countries, he said.

CTK Investors trust Czech mutual funds – 29.4.

Investors have preserved trust in domestic mutual funds in spite of the fact that Q1 was the worst quarter for markets since the financial crisis in 2008 because of the coronavirus pandemic, the Czech Capital Market Association (AKAT CR) told CTK today.

Redemptions amounted to some Kc8bn in March, which was well below the 2008 and 2009 monthly levels. Their share in the assets managed by the funds early this year was lower than 1.5 percent, the association said.

Investor behaviour has changed substantially compared to 2008. They do not panic as they are more experienced and are well aware of the potential impacts of the coronavirus crisis on financial markets, said the association's executive director Jana Brodani.

A similar situation also occurred in the neighbouring states. Some investors tried to make use of the situation and invest. As a result, the volatile market in March also saw new investments mainly in equity funds, said Brodani.

A change in the character of investments is another factor behind the investors' pragmatic approach. Most of them are making regular investments in mutual funds, that is investments envisaging a certain amount of variation.

An average Czech investor in funds lost 9.92 percent in Q1 this year, seeing a lower loss compared to the main stock indices that reported 20 percent losses at the end of March, the Czech Investor Index (CII750) of company Swiss Life Select and agency Thomson Reuters has shown.

The index monitors the performance of 750 investment funds on the Czech capital market.

Czechs' assets in mutual funds grew by Kc84bn to Kc557bn last year, the association said.

CTK TPCA's Kolin plant to be closed until May 18 – 30.4.

Toyota Peugeot Citroen Automobile (TPCA) extended again the shutdown of its Kolin plant over coronavirus, this time until May 18, and originally it was expected to resume car production on May 4, TPCA spokesman Tomas Paroubek told CTK today.

According to CTK's files, the fact that the key markets such as Italy, Great Britain and Spain remain closed is one of the reasons behind the decision.

"Given the accelerating pandemic in various European countries and regions and its impact on public health, economy and society, TPCA decided to extend the (plant) shutdown," said Paroubek.

The firm's management first suspended production until May 11 and now until May 18, he said.

Skoda Auto car maker resumed operations in all of its three plants in Czechia on Monday. The restart will take a fortnight. None of the plants are operating at 100 percent capacity. The car maker has taken more than 80 hygienic measures before the restart of its production.

TPCA halted production before midnight on March 18. The firm is making use of the period of suspended production for its planned technology check.

During the shutdown, employees will get 85 percent of pay in combination with a transfer of shifts to the post-shutdown period, said Paroubek. The agreement covers a period following the extended closure of the plant.

TPCA has some 2,500 employees. It is one of the largest exporters in the Czech Republic and at the same the largest employer in the Kolin district.

CTK Services most affected by crisis, fast reactions necessary – 30.4.

The service sector will be the part of the economy which will be the most hurt by the coronavirus crisis, and fiscal and monetary policy steps will need to be fast and purposeful for the economy to recover, the Czech Banking Association (CBA) said in a press release today.

It will be crucial to boost export and keep unemployment low, said economists of members of the CBA.

CBA updates its macroeconomic forecast every quarter, however, it decided not to publish any figures this time because of the uncertainty about further development.

There is not enough robust statistical information on impacts of the crisis, and CBA does not want to release figures that are not based on statistics but, to a large extent, on subjective presumptions, CBA's Petr Prochazka said.

COVID-19 DISEASE RELATED MEASURES

CTK Social services staff to receive bonuses over coronavirus – 25.4.

Czech Social services providers may receive special subsidies by mid-July to compensate their spending on the protection against coronavirus during the epidemic in March and April, and they should partly use the sum to reward the staff, the Labour and Social Ministry has proposed.

Based on its draft available to CTK, workers in social services are to receive a monthly bonus from 15,000 to 45,000 crowns depending on their type of job and risk of infection.

The overall subsidies would amount to 9.37 billion crowns at the most.

The cabinet started debating the issue on Friday and is to continue on Monday.

Finance Minister Alena Schillerova (for ANO) said she is ready to earmark the money but wants to discuss the plan's "parameters" first. She said the reward should mainly go to the employees "on the front line." It is also unclear which facilities would be eligible for the subsidy, since most of them have been run by the self-rule regions, towns, NGOs and church organisations, while the state runs only five of them. The Labour and Social Affairs Ministry said the current situation is comparable with a natural disaster's impact. Like during floods, for example, the national state of emergency is in force, declared by the government as of March 12.

Old people's homes and other social care facilities have been closed for visitors since March 10, and daycare facilities have been closed since March 16. The home's clients, who are a group of people most endangered by the new coronavirus, have been banned from leaving the facilities since March 19. In some facilities, the staff have stayed together with the clients inside without returning home after their working hours end.

Labour and Social Affairs Minister Jana Malacova (Social Democrats, CSSD) said the reward should go not only to those who worked with infected people but also other members of the personnel such as cooks and cleaning women.

If all service providers who remained in operation during the crisis applied for the subsidies, the state would spend 8.04 billion crowns, 3,16 billion for March and 4,88 billion for April, the ministry has estimated.

CTK Czech govt approves bonuses for police, firemen, soldiers – 27.4.

The Czech government agreed with financial bonuses for soldiers, customs and police officers and firefighters who help deal with the new coronavirus epidemic at its meeting today.

"The COVID-19 epidemic respects neither working hours nor the right to have a rest. This means higher spending on salaries, emergencies, overtime and bonuses for the police and firemen," Interior Minister Jan Hamacek (Social Democrats, CSSD) said on Twitter.

Hamacek said the budget of his ministry was increased by 1.2 billion crowns. Out of this sum, 784 million will go to the salaries of police officers and 100 million to the salaries of firefighters.

Professional soldiers will get extra 35.6 million and customs officers 44.2 million crowns.

CTK People infected with COVID-19 at work may get compensation – 28.4.

People who got infected with the new coronavirus at work might receive compensation under certain conditions as COVID-19 can be considered an occupational disease, the biggest Czech trade union association CMKOS told CTK today. Employers pay this compensation from their health insurance. They get insured at the Generali Ceska Pojistovna and the Kooperativa health insurance companies.

CMKOS chief legal expert Vit Samek said the unions receive more and more questions about the recognition of COVID-19 as an occupational disease.

According to the Labour Code, the employer must compensate for the damage or harm caused by an occupational disease. Employees who had to be in a close professional contact with a patient or with an infected social worker, police officer or firefighter at work suffered from an occupational disease if their infection was confirmed and they had COVID-19 symptoms.

The Health Ministry announced that applications for the recognition of an occupational disease would be given to medical facilities. Samek said the doctors who check the health of employees for the employer would send the ill person to a clinic of occupational diseases that would issue an assessment.

State of emergency to continue until May 17 – 28.4.

The Czech Chamber of Deputies agreed on the prolongation of the state of emergency over the coronavirus outbreak until May 17, as proposed by the Communists (KSCM), at its session today.

The Communists keep the minority government of Prime Minister Andrej Babis's ANO and the Social Democrats (CSSD) afloat.

The government wanted the state of emergency to last until May 25, in connection with the government plan of a gradual relaxation of lockdown rules.

In its motion, the government warned that if the limitations were ended at once, "there would be a serious risk of the epidemiological situation worsening."

Some MPs argued that if needed, the lower house may meet and extend the state of emergency again.

The right-wing opposition preferred the end of the state of emergency in early May. Its representatives accused the government of arbitrary and chaotic steps.

The state of emergency has been effective since March 12. The government itself can only declare it for 30 days.

The Communist proposal was supported by 54 out of the 101 deputies present, with 24 votes against it.

The government sent the motion to the Chamber of Deputies after the Prague Municipal Court last week abolished the main limitations imposed by the Health Ministry especially in trade and services under the public health law.

The court ruled that the measures ought to have been taken by the government under the emergency law as it did at the beginning of the coronavirus epidemic.

The government did so again soon after the verdict was delivered.

Only roughly half of the Chamber of Deputies members met because of the restrictive rules. Its rooms are still closed to the public.

Planned bill gives ministry power to limit public events, transport – 29.4.

The planned draft amendment to the Czech law on the protection of public health gives the Health Ministry the power to ban or limit the operation of shops including shopping malls, workshops and public transport a regulated public events, its spokeswoman told CTK today.

The spokeswoman Gabriela Stepanyova said the ministry would be authorised to order obligatory use of protective equipment and disinfection.

The draft amendment also empowers the ministry to regulate the operation of medical services or order medical facilities to reserve their concrete sections. The ministry may even ban the operation of the facilities based on the amendment.

"The aim of the amendment is to provide a controlled return to normal life in the Czech Republic and maintain certain limitations and their gradual loosening," Stepanyova said.

Prime Minister Andrej Babis (ANO) said on Tuesday that it would be possible to maintain the restrictive measures to curb the coronavirus epidemic even after the state of emergency ends in the country if the amendment is passed. Interior Minister Jan Hamacek (Social Democrats, CSSD) said the amendment may be a way to keep the epidemic under control without the state of emergency, but it must not circumvent the Constitution and the recent court rulings.

The government is to deal with the amendment to the public health protection law on Monday, May 4, and the Chamber of Deputies might do so in a regime of legislative emergency on the following day.

Centre-right opposition parties refuse the idea of giving more powers to the health minister. Senior opposition Civic Democrat (ODS) lower house group head Zbynek Stanjura said instruments restricting human freedoms must not be in the hands of a single minister. Pirates leader Ivan Bartos said the possibility of banning public gatherings protesting against the government policy for the next two years based on a ministerial decree is unacceptable.

Last week, the Prague Municipal Court cancelled as of April 27 four anti-coronavirus measures restricting free movement of people as well as retail sale and services in the Czech Republic. The court said these measures should have been issued by the government, not by the Health Ministry based on the public health protection law, which was the case. In reaction to the court verdict, the government issued the four measures based on the crisis law.

Health Ministry unveils new strategy against coronavirus – 30.4.

The Czech Health Ministry has a new strategy against the coronavirus spread, demanding more targeted tests in the place of its new incidence, thanks to which testing is to be more efficient, Health Minister Adam Vojtech (for ANO) told journalists today.

Deputy Health Minister Roman Prymula cited the West Bohemian Cheb and Domazlice areas as the examples.

"These are the localities neighbouring with Germany. This is why we have to deal with commuters, retirement homes and infection in health facilities," Prymula said.

The accumulation of cases may be connected with a single shop in Napajedla in the Zlin Region, south Moravia, he added. "The reasons may vary. This is often the question of a single infected person who may spread it in a healthcare facility," Prymula said.

As a rule, the commuters infect their family and the disease then spreads on.

"This is why we keep insisting on the tests," Vojtech said, adding that talks on the conditions were still underway.

"The rest of the country is in an absolutely calm situation," Prymula said.

Health Information and Statistics Institute (UZIS) director Zdenek Dusek said the situation could be watched on the district or even lower levels.

Prymula said more targeted testing would be part of the smart quarantine to be launched in all regions on May 1.

"We have the last day for training. On Wednesday and today, public health officers were trained in the Pardubice and Hradec Kralove regions, which was to close the system," Prymula said.

At present, the testing capacity is over 13,000 tests per day in 98 laboratories.

"Fewer positive cases are recorded and the interest in the tests is diminishing," Vojtech said.

At present, there are roughly 7,500-9,000 tests a day.

The testing covers not only people with symptoms, but also with contacts with the infected or with the risk of an infection.

Smart quarantine system to help lift lockdown measures - 30.4.

Selected data about the smart quarantine to curb coronavirus spread and help lift the lockdown measures that is to be launched in the whole Czech Republic on May 1:

- ❖ The smart quarantine system is to create a "footprint" of infected persons to track where they moved in the past five days and whom they met for more than 15 minutes. With the infected persons' consent, the mobile operators tell the public health offices the necessary data about their movement (approximate times and locations) and the banking data about their card payments will also be released. The regional public health offices will create memory maps of the places where the infected were moving. If the persons disagree, they should remember where they were moving in an interview with a public health officer. Afterwards, a qualified estimate of the risk persons who will be quarantined and tested is made. They will either drive to the testing points on their own or a sampling team will arrive in their homes.
- ❖ The aim of the smart quarantine is to prevent the COVID-19 spread in the Czech Republic in the shortest possible time and start releasing the lockdown measures to enable people to return to normal life as soon as possible. The smart quarantine will also help regional public health offices to speed up and improve their procedures. Thanks to the use of digital technologies, it is to be much easier and more precise to identify the persons who got in touch with the novel coronavirus.
- ❖ The Mapy.cz mobile application is part of the smart quarantine. It can send its users a warning if they face a higher risk of COVID-19 infection, on the basis of a significant personal contact with a person tested positive for the disease.
- ❖ The e-Mask (eRouska) application as part of the smart quarantine system is to help public health officers trace the possible personal contacts of infected patients in an easier, more efficient and faster way. Thanks to Bluetooth technology, it can remember other users of eRouska whom the respective person met.
- ❖ Both applications use different technologies and help provide more accurate data for public health officers to curb the epidemic.
- ❖ According to the Health Ministry, the system is in harmony with the law on personal data protection and

the data collected this way will only be used after the persons' informed consent. The obtained data on the location will not be abused, the ministry said.

- ❖ Individual parts of the smart quarantine system are created under the aegis of the Health Ministry, cooperating with the Covid19CZ association of firms. A number of independent experts participate in the Covid19CZ platform, including academics. The association has been preparing other projects, such as the launching of the COVID-19 information line 1212.
- ❖ The military also takes part in the project. Soldiers formed teams to take samples from people suspected of having contracted coronavirus. The military allocated 14 teams and is ready to raise their number to 33 if need be. Up to 330 soldiers will be involved in the project, PM Andrej Babis (ANO) said.
- ❖ According to Deputy Health Minister Roman Prymula, the system should reveal some 80 percent of COVID-19 cases. It will also be accompanied by penalties for smart quarantine violations, he added. On the other hand, its introduction may enable the easing of some anti-coronavirus restrictions.
- ❖ Babis is of the view that the smart quarantine is one of the most significant projects in the fight with the coronavirus pandemic.
- ❖ Some advanced Asian countries have introduced their versions of smart quarantine, such as South Korea, Taiwan, Hong Kong and Singapore, several weeks ago, and many European and some other countries use various digital technologies, too. Prymula told media on March 24 that the ministry would like to launch the smart quarantine in the Czech Republic after Easter.
- ❖ The testing started in south Moravia on March 30. On the same day, the government appointed then Central Crisis Staff chairman Prymula as the head of the COVID-19 central steering team. Prymula is in charge of the healthcare part of the anti-coronavirus fight, including the smart quarantine project.
- ❖ On April 8, the firms participating in the project were still saying that no one was using the smart quarantine system. Neither the memory map creators nor mobile phone operators received any demands from public health officers to describe the infected persons' movement. Government digitisation commissioner Vladimir Dzurilla said the memory map was just one function of the system and would start working in the days to come.
- ❖ Public health officers created the first memory map of a COVID-19 infected person in South Moravia on April 12.
- ❖ Since April 20, some elements of the smart quarantine have spread to all regions, primarily controlled testing and information exchange between the regional public health offices, sampling points and laboratories to regularly use electronic order forms and a web application.
- ❖ The model antiCOVID-19 for the Czech Republic worked out by 29 scientists from 20 domestic and foreign institutions has proven that smart quarantine can replace a higher number of lockdown measures against the coronavirus spread if three-fifths of the people who were in a broader contact with the infected are sent to home isolation.

- ❖ Health Minister Adam Vojtech (for ANO) said the smart quarantine would also enable more blanket testing in one locality thanks to the teams formed for the study of the exposure of the population to the infection or collective immunity and tackle the regional epicentres of COVID-19.

MISCELLANEOUS

CTK TRANSITION TO DVB-T2 MAY BE RESUMED IN JULY -- 26.4.

The transition to new television standard DVB-T2, which was suspended due to the coronavirus crisis in mid-March, could be resumed in mid-July and completed in October, telecommunication company Ceske Radiokomunikace's regulation head Marcel Prochazka said on radio station Radiozurnal today.

Ceske Radiokomunikace is preparing the final timetable in cooperation with the Czech Telecommunication Office (CTU) and the Industry and Trade Ministry. The schedule is then to be approved by the government.

The updated timetable should respect the original intervals of switching off of individual transmitters, Prochazka said. According to Deputy Industry Minister Petr Ocko, the government could discuss the new timetable within four weeks.

"We are constantly assessing the situation... At present, television broadcasting is critical for all citizens," Ocko said. Depending on the state of the coronavirus epidemic, the switch can be resumed later or earlier, he added.

The Industry Ministry and the government suspended the transition to DVB-T2 in mid-March, extending the current digital broadcasting in order to ensure people's access to information during the coronavirus epidemic.

Originally, the transition to DVB-T2 was scheduled to be completed in June this year.

The frequencies they will become free are to be allotted to mobile operators for 5G networks.

CTK NO. OF AVAILABLE FLATS FOR RENT IN PRAGUE GROWS BY 72 PCT IN Q1 - 26.4.

The number of available flats for long-term rent in Prague rose annually by 71.8 percent to 12,371 in the first quarter of this year, reaching the highest figure in four years, according to data from developer Trigema.

In quarter-on-quarter comparison, the number increased by 86.1 percent.

"The dramatic increase in the offer of flats for long-term rent in Prague indicates that some flats that were originally used for short-term renting have moved to this segment," Trigema board chairman Marcel Soural said.

The share of two-room flats rose by 9 percentage points to 42.6 percent, followed by one-room flats (24.7 percent), three-room flats (23.7 percent) and four-room flats (6.7 percent).

The average monthly rent in Prague dropped by 0.9 percent year on year to Kc22,011. In comparison with the previous quarter, it fell and by 4.4 percent.

The average monthly rate in other regions was Kc10,826.

No. of available rent flats in Prague

Period	Number of units
Q2 2016	12,500
Q3 2016	7,565
Q4 2016	9,100

Q1 2017	8,700
Q2 2017	8,713
Q3 2017	6,330
Q4 2017	7,450
Q1 2018	8,060
Q2 2018	7,632
Q3 2018	7,420
Q4 2018	6,324
Q1 2019	7,200
Q2 2019	7,453
Q3 2019	6,845
Q4 2019	6,649
Q1 2020	12,371

CTK THE EUROPEAN PARLIAMENT'S COMMITTEE CALLS ON BABIŠ TO RESIGN IF HIS CONFLICT OF INTEREST IS CONFIRMED - 30.4. (EXCERPT)

Prime Minister Andrej Babiš should resign or stop collecting money from the European budget through companies associated with the Agrofert holding if his conflict of interest is proven. This is stated in the amended draft report of the Committee on Budgetary Control of the European Parliament, whose members undertook a monitoring mission in the Czech Republic in February.

In a document available to ČTK, MEPs also call on the European Commission not to allow the payment of any Agrofert subsidies until the issue of Babiš's possible conflict of interest has been resolved. The committee will discuss the report on 7 May.

The members of the committee, led by German MEP Monika Hohlmeier, met in Prague with representatives of authorities, the judiciary and non-governmental organizations. According to the head of the committee, the mission concluded that the Czech Republic does not have clear rules for dealing with situations that could be perceived as a conflict of interest.

In the updated version of the report, which was also reported by the British newspaper The Guardian, in addition to the previous conclusions, two paragraphs of the recommendation have been added. One of them calls on Babiš to "get rid of his business shares and stop receiving any public subsidies or funds distributed by his government, including EU funds, or resign as prime minister" if a conflict of interest proves. The second appeals to the commission to suspend the holding company's payments and to investigate whether "the Czech authorities continue to pay subsidies to Agrofert to circumvent the commission's precautionary measures". If this is the case, the EC should find out whether the Czech subsidies for the company are in accordance with the state aid rules, MEPs ask

STATISTICS

CIA CONFIDENCE IN ECONOMY FALLS TO 74.8 POINT IN APRIL - 27.4.

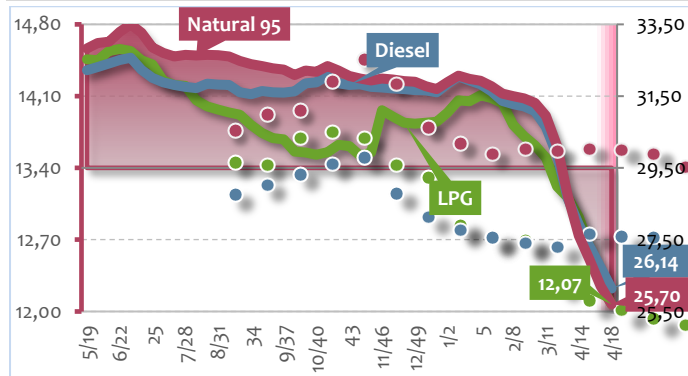
The composite confidence indicator expressed by a basis index, and partial indices, recorded the sharpest month-on-month drops since the beginning of monitoring in April 2020. The composite confidence indicator fell by 19.6 point to the value 74.8, the business sentiment indicator decreased by 19.3 point to 73.8 and the consumer confidence indicator decreased by 20.4 point to 80.1. This stems from data

provided by the Czech Statistical Office. The indicators are down also compared with April 2019 and the consumer confidence showed the sharpest decrease from the beginning of the survey.

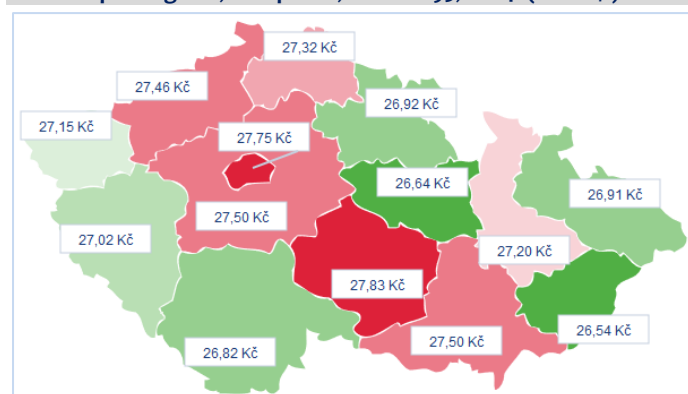
FUEL PRICES – 30. 4.

Natural 95 decreased by 51h¹ to CZK25.70/l² over the past week. Diesel oil decreased by 59h to CZK26.14/l.

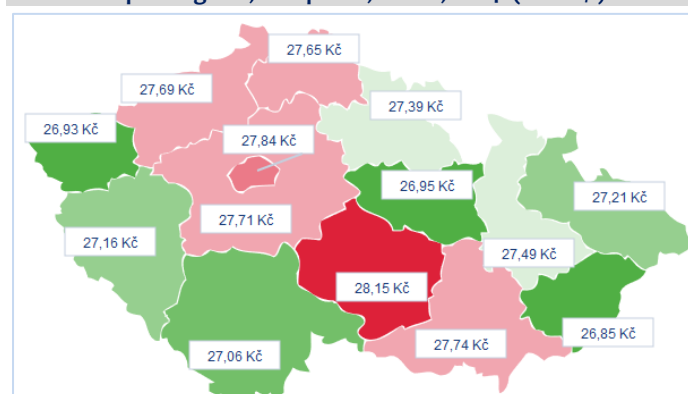
Graph 1: Average prices³, 2019 – 2020, Month/Week (in CZK/l)



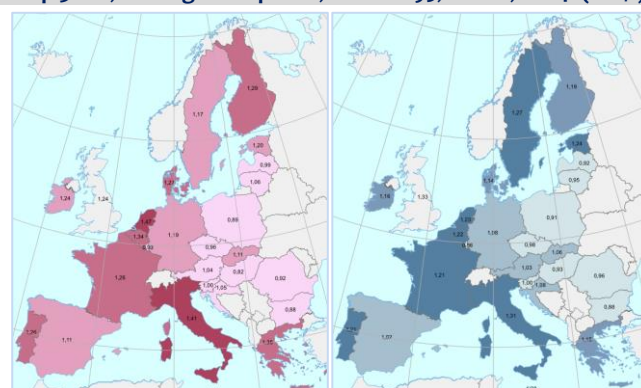
Map 1: Regions, fuel prices, Natural 95, 26. 4. (in CZK/l) ⁴



Map 2: Regions, fuel prices, Diesel, 26. 4. (in CZK/l)



Map 3: EU, Average fuel prices, Natural 95, Diesel, 20. 4. (in €/l)⁵



AGRICULTURE - 1ST QUARTER OF 2020: PIGMEAT PRODUCTION AND PRICES OF PIGS FOR SLAUGHTER UP – 30.4.

In Q1 2020, the total meat production amounted to 110 866 tonnes, by 2.0% more, y-o-y. It consisted of 18 392 tonnes of beef (-0.3%), 52 040 tonnes of pigmeat (+3.1%) and 40 399 tonnes of poultrymeat (+1.8%). Agricultural producer prices of cattle for slaughter slightly declined, y-o-y (-2.3%), similarly to those of chicken for slaughter (-1.1%). Prices of pigs for slaughter continued to grow (+35.8%) and reached on average 47.34 CZK per kg of carcass weight, i.e. by 0.88 CZK per kg more than in Q4 2019. Dairies and collection centres purchased 787 590 litres of milk (+6.2%) from domestic producers on average for 8.89 CZK per litre. Slaughtering and meat production

In total 59.3 thousand head of cattle were slaughtered in abattoirs in Q1 2020, i.e. by 1.0% less, y-o-y; of which 24.3 thousand head were bulls (-1.1%), 26.2 thousand head were cows (-1.6%) and 6.9 thousand head were heifers (+2.4%). Production of beef amounted to 18 392 tonnes (-0.3%). This only a minutely decreased production of beef reflected declined exports and increased imports of animals for slaughter which compensated lower number of fattening bulls at the beginning of Q1 2020.

Slaughtering of pigs in Q1 2020 slightly grew, y-o-y, to 561.0 thousand head (+3.4%). Slaughtering of sows, which decreased by 10.5%, shows lowered degree of their culling and increasing potential for weaning of piglets in connection with growing prices of pigs for slaughter. The pigmeat production reached 52 040 tonnes, i.e. by 3.1% more, y-o-y.

According to the statistical survey of the Ministry of Agriculture of the Czech Republic, the amount of poultry slaughtered in Q1 2020 accounted for 62 195 tonnes, which represents 40 399 tonnes of poultrymeat produced (+1.8%, y-o-y).

Cattle, pig, and poultry numbers

The number of cattle in the Czech Republic at the beginning of Q1 2020 was 1 367.0 thousand head; i.e. by 0.1% more, y-o-y. Stable numbers were recorded for all age categories. A slight decline (-3.5%) was recorded for fattening bulls. Numbers of dairy cows went minutely up (361.4 thousand head; +0.8%) and those of beef cows down (208.6 thousand head; -1.4%), reversely to trends for both purpose categories in the last three years.

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, 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.

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 mBenzin.cz; <https://www.penize.cz/ceny-benzinu-a-ceny-nafty>

⁵ data issued by the EC; <https://ec.europa.eu/energy/en/data-analysis/weekly-oil>

The number of pigs remained at the same level, y-o-y, and amounted to 1 508.9 thousand head (+0.1%). The number of young pigs grew by 3.4% but the number of fattening pigs was down by 4.2%. The number of sows slightly rose to 90.5 thousand head (+1.2%).

The number of poultry at the beginning of Q1 2020 was distinctly lower, y-o-y (-8.1%) and reached 23 314.7 thousand head; the number of laying hens went slightly up to 5 287.6 thousand head (+1.2%).

Agricultural producer prices of cattle, pigs and chicken for slaughter

Agricultural producer prices of cattle for slaughter in Q1 2020 continued to slightly decline, y-o-y (-2.3%); of which those of bulls for slaughter by 1.4%, those of heifers for slaughter by 3.1% and those of cows by 1.4%. Prices of calves for slaughter plummeted, y-o-y, by 25.6%. The average price of bulls for slaughter was 45.92 CZK per kg in live weight or 83.57 CZK per kg in slaughter weight.

The prices of pigs for slaughter in Q1 2020 were by 35.8% higher than those in Q1 2019 and reached on average 36.42 CZK per kg in live weight or 47.34 CZK per kg in slaughter weight. In comparison to Q4 2019, the average price in slaughter weight increased by 0.88 CZK per kg.

The prices of chicken for slaughter went slightly down, y-o-y (-1.1%). The producers sold chicken for slaughter of the first quality class on average for 23.83 CZK per kg in live weight.

Cross border movements – live animals and meat

According to preliminary results of statistics of cross border movements of live cattle in the period from December 2019 to February 2020, the turnover grew for the commodity live pigs, while it declined for live cattle and live poultry.

Exports of live cattle amounted to 51.0 thousand head (-10.6%), of which 15.8 thousand head (-20.4%) were intended for slaughter and 31.4 thousand head (-9.4%) for further rearing. Almost threefold increase in imports of animals for slaughter was observed during the considered period, although imports were approximately ten times lower than exports. Live cattle were imported from Slovakia and Hungary; they were exported to Austria, Germany (cattle for slaughter in case of both countries), and Turkey (cattle for further rearing).

Cross border movements of live pigs noticed an increased year-on-year surplus which was caused by lowered imports (27.7 thousand head; -14.8%) and increased exports (97.2 thousand head; +7.5%). During the considered period, exports of young pigs intended for fattening (34.5 thousand head) prevailed over their imports (24.1 thousand head), oppositely to the situation in the period from December 2018 to February 2019. The number of exported pigs for slaughter was only slightly higher, y-o-y (60.7 thousand head; +1.4%) and their imports recovered. Live pigs came from Germany, Denmark, and Slovakia; they were exported mainly to Slovakia, Hungary, and Germany.

As concerns the balance of cross border movement of goods for the commodity live poultry, the surplus increased for day-old juveniles, while it declined for poultry for slaughter; both were caused by changes in exports. In total 23.5 million head (+9.8%) of day-old juveniles were exported. Exports of chicken and hens for slaughter plummeted to 3 944 tonnes (-38.3%). Germany, Slovakia, and Hungary remained to be

partners for imports of live poultry; exports were directed to Slovakia, Poland, Romania and Germany.

Negative balance of cross border movement of goods in the commodity meat improved for beef and pigmeat but it deepened for poultrymeat.

In total 9 701 tonnes (+8.2%) of beef were imported and its exports rose to 3 865 tonnes (+27.5%). Imported beef came mostly from the Netherlands, Poland, and Germany. Exports were directed mainly to Slovakia, the Netherlands and Poland.

Imports of pigmeat decreased to 64 925 tonnes (-3.3%) and its exports went up to 7 227 tonnes (+12.8%). Pigmeat was imported traditionally from Germany, Spain, and Poland; it was exported mostly to Slovakia.

Reverse trends were recorded for poultrymeat: its imports increased (28 886 tonnes; +5.0%) and its exports declined (3 323 tonnes; -29.2%). More than one half of imported poultrymeat came from Poland; the share of imports from Hungary increased. Exports went to Slovakia, Germany, and Austria.

Milk collection and agricultural producer prices of milk

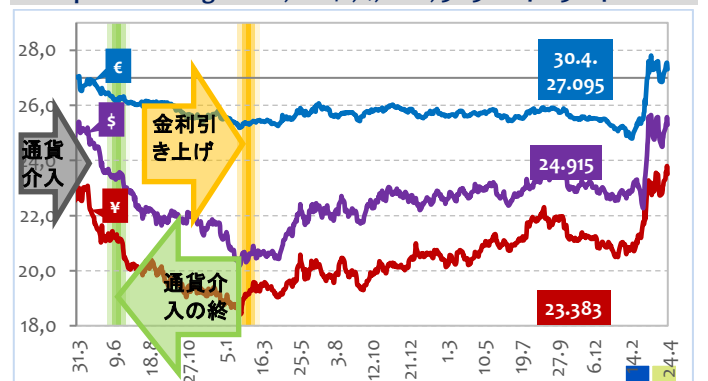
According to the statistical survey of the Ministry of Agriculture of the Czech Republic, in total 787 590 thousand litres of milk (+6.2%) were collected from domestic producers in Q1 2020, of which 655 624 thousand litres (+4.5%) were purchased from producers and collection centres by dairies. Although agricultural producer prices of milk slightly declined, y-o-y (-2.3%) and the average price of Q-quality milk was 8.89 CZK per litre, the producers sold milk for the price by 0.13 CZK higher than in Q4 2019.

Cross border movements – milk and milk products

During the considered period, 64.3 thousand tonnes (+6.1%) of milk and milk products were imported and 272.8 thousand tonnes (+8.3%) were exported. A significant surplus of cross border movement of goods in the commodity milk and milk products went up, y-o-y, mainly due to increased exports of milk and cream (+9.6%), which represent the most important part of this commodity in external trade. The deficit in cross border movement of cheese and curd slightly deepened to -10 412 tonnes. On the contrary, the surplus in cross border movement of acidified milk products rose to 5 516 tonnes. The cross border movement of butter increased as well: 6 298 tonnes (+18.6%) were imported and 1 140 tonnes (+74.1%) were exported. Milk and milk products were imported the most from Germany, Poland, and Slovakia. Their exports were directed above all to Germany, Slovakia, and Italy.

CZK vs €, \$, ¥ – 30. 4.

Graph 2: Exchange rates, CZK/€, \$, 100¥, 31. 3. 2017 – 30. 4. 2020





News outside the time span of this News summary



CIA News (Česká informační agentura Ltd.); a news agency, specialising in the CR's economy and markets. It is owned by Inergo Slovakia Jsc., owned by Emil Hubinák.



ČNB, Czech National Bank (Česká národní banka); is the central bank and financial market supervisor in the CR and a member of the European System of Central Banks.



Confederation of Industry of the Czech Republic



ČSÚ, Czech Statistical Office (Český statistický úřad), 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.



ČTK, Czech Press Agency (Česká tisková kancelář); a national news agency dealing with the gathering, processing, storing, and distributing of text and pictorial information. ČTK is a public corporation and is governed by the law on ČTK no. 517/1992 Coll.

denik.cz

Denik.cz; is a regional daily newspaper in the Czech Republic. As well as the Prague version, a further 72 regional newspapers are branded. Denik is published by Vltava-Labe-Press (VLP), which since November 2015 is owned by Penta Investments, a Central Europe investment group founded in 1994 in Slovakia by Czech Marek Dospiva and Slovaks Jaroslav Haščák, Juraj Herko, Martin Kúšik and Jozef Oravkin.



E15.cz Daily; is published by Czech Media Center, a company that focuses on the acquisition and management of media assets in Central and Western Europe. It is owned by Daniel Křetínský, Patrik Tkáč and Roman Korbačka.

lidovky.cz

Lidovky.cz, news portal of Lidové noviny Daily; owned by Mafra a.s., a subsidiary of the Agrofert group, a company owned by Andrej Babiš from 2013.



MF, MF of the CR (Ministerstvo financí České republiky)

Radio Prague (Český rozhlas); is the official international broadcasting station of the CR. Radio Prague broadcasts in six languages: English, German, French, Spanish, Czech and Russian. It broadcasts programmes about the CR on satellite and on the Internet. Broadcasting first began on August 31, 1936.