

NEWS SUMMARY DECEMBER 1 – DECEMBER 6

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

CTK CR'S STATE BUDGET FALLS INTO CZK11.6BN DEFICIT IN NOV – MINISTRY – 1.12.

The Czech state budget fell into a CZK11.6bn deficit in November from October's surplus of CZK26.5bn and from a surplus of CZK55.5bn recorded a year ago, the Finance Ministry said today.

The year-on-year deterioration was caused mainly by a decrease of CZK74.3bn in revenues from the EU.

Adjusted for the influence of EU funds, the budget showed a deficit of CZK13bn at the end of November, compared with a CZK14.7bn deficit registered a year ago.

The budget for this year is projected for a deficit of CZK60bn. While budget revenues decreased annually by CZK6.5bn to CZK1,141.8bn at the end of November, expenditures grew by CZK60.6bn to CZK1,153.4bn.

Total tax revenues excluding social security payments increased by CZK40.9bn to CZK609.8bn on the year.

"I am very satisfied with the development of this year's budget and tax collection. Including European funds, the drawing of which is accelerating with the approaching end of the year, we may record a moderate surplus at the end of the year. Adjusted for this influence, we may have a slight deficit," Finance Minister Ivan Pilny said today.

According to Komerční banka economist Marek Drimal, the budget results deteriorated due to higher spendings on wages in the education sector. At the same time, capital expenditures increased, noted.

"We expect the budget to show a deficit of CZK25bn at the end of the year, though a slightly more positive result is possible as well. If a large amount of money arrives from the EU, the budget may even get to zero or slightly above zero," Drimal said.

Budget revenues from VAT collection rose by about 9% y-o-y to CZK241.6bn. Over the past eight months, VAT collection has been growing by around 10% in spite of the growth of expenditures on the final consumption of the government and households being slightly below 6%. The increased VAT collection is mainly the result of last year's introduction of VAT ledger statements and electronic registration of sales (EET), the ministry said.

EET contributed CZK3.6bn to VAT collection in January-October in terms of public budgets. The full-year target is CZK4.3bn.

"Based on the data released so far, the real full-year impact of EET on the budget will reach almost CZK5bn this year," the ministry said.

Excise duty revenues including the energy and solar taxes saw a rise of 3% to CZK141.5bn.

Corporate income tax revenues reached CZK92.1bn, which was an annual rise of 2.9%.

Social benefits, which make up a major portion of current expenditures, rose by CZK16bn annually to CZK484.8bn at

the end of November. A growth in pension expenditures worth some CZK14.5bn contributed most to the annual hike.

CTK CZECH ECONOMIC GROWTH IN Q3 IN LINE WITH CNB'S FORECAST – 1.12.

The Czech economic growth in the third quarter of this year was in line with the Czech National Bank's (CNB) forecast in both annual and quarterly comparison, the CNB monetary section head Tomas Holub said today.

The CR's GDP rose annually by 5% and quarterly by 0.5%, according to today's data of the Czech Statistical Office (CSU). There were only small deviations from the CNB's forecast in terms of GDP's annual growth structure, Holub said.

As expected by the CNB, household consumption continued rising dynamically in Q3, reflecting the strong labour market leading to increased household incomes.

Ongoing moderate government consumption rise did not come as a surprise.

The CNB expected that the rise in fixed investment will maintain its quick pace in the third quarter of this year, which was confirmed.

Inventories growth was a little bigger than expected by the CNB, with its impact on GDP being balanced out by a slightly lower rise in net exports.

The Czech economic growth will reach 4.5% in 2017, slowing down in the following two years, according to the current CNB's forecast. The economy will still be above its potential. The economic expansion will be driven mainly by a robust growth in household consumption, Holub said.

Investment will keep rising in the private sector, and the public sector as a result of increased drawing of European funds.

The economy will profit from a stable growth in demand from the CR's main trade partners.

However, the net exports contribution to GDP will phase out being affected by the Czech crown's exchange rate firming.

Monetary policy will toughen up in terms of currency and interest rates to prevent the economy from overheating, Holub said.

CTK CZECH ECONOMY SHOWS FASTEST GROWTH IN 2 YEARS – ANALYSTS – 1.12.

The growth of the Czech economy in Q3 is the best result achieved in almost two years and, in addition, it has been spread relatively evenly, which increases its robustness and lowers the risk of a notable slowdown, according to analysts polled by CTK.

The favourable development is most likely to continue in the quarters to come, the analysts agreed.

According to today's revised data of the Czech Statistical Office (CSU), the Czech economic growth accelerated annually to 5% in Q3 from 4.7% registered in Q2.

"On the side of demand, the growth is being driven almost equally by household consumption and investments. Foreign trade has a positive influence as well. The consumption is

being pulled up by record-high employment hand in hand with the improving financial situation of households," CSOB analyst Petr Dufek said.

The strong positive influence of foreign trade is impressive because the opposite could be expected in the period of increasing domestic consumption as well as investment demand, Dufek said.

The Czech economy is growing about twice faster than the economy of the entire EU as well as the euro zone, Bohuslav Cizek of the Confederation of Industry said.

"The growth will continue, though not as fast as this year. We expect GDP to rise by slightly more than 3% next year," Cizek said.

The evenly spread growth connected with higher investment activity is also a good prerequisite for the favourable situation to continue in the forthcoming period, ING Bank analyst Jakub Seidler said.

According to Seidler, the domestic economy will accelerate by about 4.5% this year, which will be the fastest GDP growth in the past ten years with the exception of 2015.

The Czech economy remains the leader of the region, maintaining the fastest GDP growth of all Central European countries, Komerční banka analyst Viktor Zeisel said.

According to UniCredit Bank analyst Pavel Sobisek, it is hard to find any signs of any beginning problems in the released data. The excellent condition of the domestic economy will most likely be confirmed in the last quarter of the year, and, thanks to its momentum, the entrance to 2018 will be successful as well, Sobisek said.

Investments in machinery are signalling that, face to face a lack of suitable workforce and the growth of labour costs connected with it, the business sphere is increasing its productivity, Cyrrus analyst Lukas Kovanda said.

Productivity in the CR is most likely to grow at one of the fastest paces in the EU this year, which is a prerequisite for the growth of living standards in the CR in the years to come and for real convergence towards economically more advanced EU countries, Kovanda said.

CRIF: 657 CORPORATE BANKRUPTCIES DECLARED BY OCTOBER – 1.12.

During the first ten months of 2017, there were 17,500 new companies in the Czech Republic. A total of 27,000 were created and almost 9,500 ceased to exist. A total of 657 corporate bankruptcies were declared. A total of 77 % terminated their activities due to bankruptcy; this is a record low number. The number of individuals doing business increased by 11,500: 50,500 started doing business and 39,000 terminated their activities, 14 % of them due to bankruptcy. This is based on an analysis by CRIF - Czech Credit Bureau (CRIF).

ČNB ISSUES FOUR LICENSES FOR NON-BANKING CONSUMER LOANS – 1.12.

The CNB issued on November 30, 2017 the first four licenses for non-banking providers of consumer loans. The bank has received 112 applications for licenses (some 109 of them submitted in the transitive three-month period until March 1,

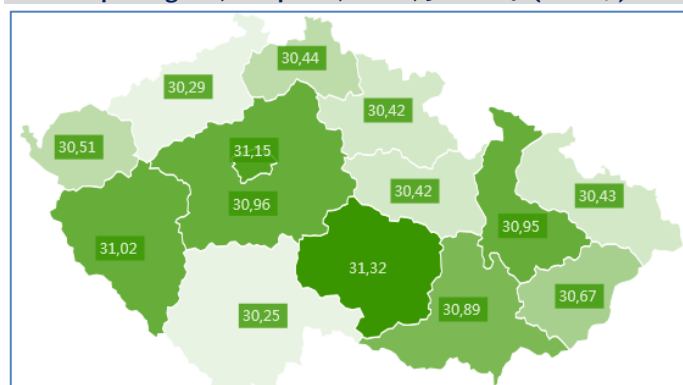
2017 and three applications came later). ČIANEWS was told by bank spokeswoman Markéta Fišerová that the central bank stopped the proceedings in five cases.

PRAGUE WILL HAVE A BALANCED BUDGET IN 2018 – 1.12.

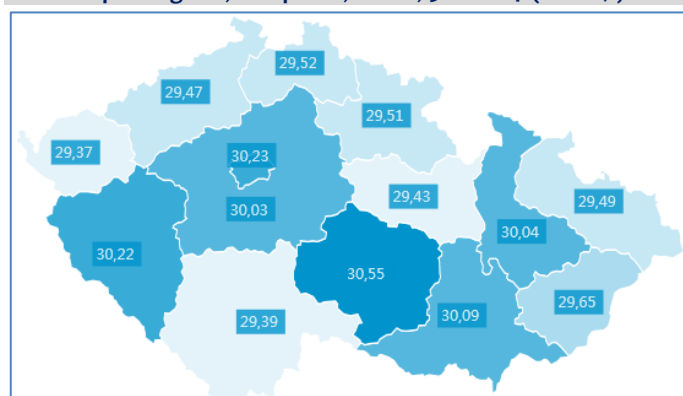
The Prague Municipal Council has approved a balanced budget for Prague in 2018 with income and expenditures totaling CZK 70.3bn. Regular spending is to total CZK 53.6bn and capital spending is to total CZK 16.8bn. Deputy Mayor Eva Kislíngrová (ANO) said that income totaling CZK 54.1bn will be completed by year-to-year transfers and the involvement of the city's temporarily available funds. A sum of CZK 19.6bn from regular spending is intended for transport, CZK 12.9bn for education, youth and sports. The most important planned investments are the completion of the new water line of the Prague Central Wastewater Treatment Plant (CZK 1.1bn), work on metro line D (CZK 1.7bn) and the reconstruction of the Prague Exhibition Grounds facility (CZK 350mn).

FUEL PRICES – 5. 12.

Map 1: Regions, fuel prices, Petrol, 5. 12. 2017¹ (in CZK/l)



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



CR WANTS TO TAKE PART IN EUROGROUP'S TALKS – PILNY – 4.12.

The Eurogroup should in the future continue talks with the participation of finance ministers of EU countries which can later adopt the euro, Czech Finance Minister Ivan Pilny told journalists on the arrival to the meeting of finance ministers of countries using the euro.

Their colleagues from the other EU countries have been invited to the meeting as well.

"I will speak in favour of the talks to continue in the regular format," Pilny said.

¹ data issued by the CCS Company

For the CR, it makes sense not only to know what happens but also to be able to actively influence the situation in a certain way. "Even when, of course, we do not have the voting right," he added.

In the summer, ideas were expressed in Prague that the CR would like to gain the observer status in the thus far informally functioning Eurogroup.

The current meetings are the preparation for December's meeting of heads of states and governments of euro zone countries and their colleagues from other EU countries.

The meeting, to take place on the sidelines of the second day of the EU's December summit, is to be about the future and reforms of the EU's Economic and Monetary Union.

The CR should already be represented by new prime minister Andrej Babis who in the outgoing coalition government was Pilny's predecessor at the Finance Ministry.

Diplomats do not now expect any big conclusions from this meeting, in particular due to the continuing uncertainty around the future German government.

Today's meeting of the euro zone's finance ministers and representatives of all other EU countries with the exception of Great Britain, which is leaving the EU, is the second similar preparatory meeting.

Discussion about the banking union project thus continues, in particular in the direction of cutting of risks, Pilny noted.

This should allow the euro zone to agree after some time on the thus far disputable plan for common insurance of deposits. The CR is also interested in debate about how to solve the problem of unpaid bank loans.

Other areas include debate about fiscal problems and, for example, about potential independent budget of the euro zone.

"We have earlier already expressed certain reservations about creating another cushion. The European budget, of course, cannot be inflated and we think that its current form is in order," Pilny remarked.

The EC plans to release the first set of proposals linked with the reform of the economic and monetary union on Wednesday, that is after today's debate.

Among them is to be a plan for a change in the current European Stability Mechanism (ESM) and future European monetary fund.

CZECH CENTRAL BANK TO KEEP RAISING RATES GRADUALLY IN 2018—GOVERNOR – 5.12.

Interest rates in the CR can expect to see further rises next year, but it will be a gradual and long-lasting development, Czech National Bank (CNB) governor Jiri Rusnok said at a meeting of Czech export leaders today.

The crown's exchange rate corresponds to the performance of the Czech economy at present, Rusnok said.

Since the end of its monetary interventions in April the CNB has raised interest rates twice, the last time at the beginning of November. The benchmark interest rate thus rose by 0.25 points to 0.5%. Rusnok said that, depending on the situation, the CNB might raise rates again at any of its forthcoming monetary policy meetings.

Today, Rusnok said that the CNB was the third bank after the USA's Fed and the Canadian central bank to start normalising interest rates.

"The European Central Bank is not withdrawing from this (loosened monetary) policy for the time being. In this regard, we are ahead of the development and I consider it an advantage. Unless something extraordinary, something we have not predicted, happens, this trend will continue next year. This means that a gradual return to higher interest rates can be expected to continue next year. But it will be a gradual and long-lasting development," Rusnok said.

The CNB Bank Board will take the crown's exchange rate into account during its next decision-making, Rusnok said.

The Czech economy in general does not show any notable imbalances in key macroeconomic indicators, but the economic growth, estimated at about 4.5% for this year, is above the potential of the economy, Rusnok said.

CZECH LOWER HOUSE APPROVES 2018 BUDGET BILL IN FIRST READING – 5.12.

The Czech Chamber of Deputies approved the 2018 state budget bill in first reading today, supporting the budget's basic parameters or revenues, expenditures and a deficit projected at 50 billion crowns.

The deficit is 10 billion crowns lower than that projected for 2017.

The approved budget revenues are 1,314.5 billion crowns, the expenditures are 1,364.5 billion crowns.

The deficit is to be covered mainly by the issuance of state bonds.

In the 200-seat lower house, the budget was supported by 116 deputies from the outgoing government coalition of the Social Democrats (CSSD), the ANO movement and the Christian Democrats (KDU-CSL), and from the Freedom and Direct Democracy Movement (SPD).

The Pirates and the Communists (KSCM) abstained from the vote, while the Civic Democrats (ODS), TOP 09 and the Mayors and Independents movement (STAN) voted against the bill.

The budget's basic parameters can no longer be changed now and money can only be transferred between individual budget chapters in the second reading.

The final third reading is scheduled for December 19.

The draft budget is based on an estimated 3.1 percent growth of GDP, compared with the GDP growth of 2.4 percent in 2016.

The government plans tax revenues to reach CZK722bn next year, a 35-billion increase compared with the tax revenues projected for 2017. Over CZK434bn is to go to pensions.

PURCHASING POWER OF INHABITANTS OF CZECH REPUBLIC GROWS 8% TO EUR 8,394 – 5.12.

An average purchasing power of inhabitants of the Czech Republic reaches EUR 8,394/person/year in 2017. This represents a growth by 8% compared with 2016. The highest level of the purchasing power was recorded in Prague (129.9%). Prague thus exceeds the national average by nearly 30%. The highest growth in the purchasing power level was recorded for districts of Olomouc, Přerov, and Šumperk (roughly 11%). The lowest growth was recorded in districts of České Budějovice and Pardubice (less than 6%). This stems from a study published by GfK.

ČNB GRANTS CONSUMER CREDIT LICENCE TO HOME CREDIT – 6.12.

The CNB has granted the licence of a non-banking consumer credit provider to Home Credit. According to Home Credit's CEO Václav Horák, the licensing will help clean the market from thousands of suspicious entities doing business in the sector of non-banking loans and harming its reputation.

AGRICULTURE & FOOD & DRINK

CTK NO. OF CR'S RESTAURANTS DOWN BY TENTH FROM EET LAUNCH-ASSOCIATION – 1.12.

Roughly 3,000 restaurants out of the estimated 35,000 have been shut down since electronic registration of sales (EET) was introduced a year ago, with smoking ban following, the Association of Hotels and Restaurants president Vaclav Starek told CTK today at the association's annual press conference.

In the previous years, about 5% of restaurants closed annually, Starek said, adding that the pace has accelerated while it is not dramatic.

However, village restaurants have been having more difficulties dealing with the new regulation, Starek said.

On the other hand, new restaurants have opened over the past year, he added.

The ban on smoking took effect on May 31, 2017.

EET was introduced on December 1, 2016, for restaurants and hotels in the first phase. In March 2017, entrepreneurs in wholesale and retail were obliged to join in.

Many restaurants raising prices attributed the hike to higher costs relevant to EET. On the other hand, value-added tax (VAT) for food service providers dropped from 21% to 15%.

The third phase is supposed to start in March 2018 concerning food-selling kiosks, farmers' markets, and services of accountants, lawyers and doctors. Providers of selected services will join in June.

Roughly 300,000 entrepreneurs will join in the third and fourth phases, with 161,000 businesses registering sales a year after the EET system was launched, Finance Minister Ivan Pilny said at today's press conference on the first anniversary of the EET introduction.

Despite not denying the positive impact of EET, some economists say that the system's contribution to the state budget is hard to calculate.

CTK MOST EXPORTS OF CZECH FARMERS SUPPORTED BY CEB HEAD FOR CUBA – 6.12.

The Czech Export Bank (CEB) will finance exports of food, crops and farm machinery for a record CZK500m this year and most of the supported exports of Czech farmers target Cuba, CEB has announced to CTK.

The state-owned bank backed exports in this segment for CZK70m last year.

"Since the beginning of this year, we have supported exports of food, crops and farm machinery worth over CZK450m and by the end of this year, the amount will exceed CZK500m, a record figure in the bank's history," said board chairman and CEO Karel Bures.

Exports of Czech farmers financed by CEB are pulled by Cuba. The highest interest is in wheat which makes up almost a half

of the exported commodities. Demand is high also for powdered milk, oats, malt and hops, for example.

Czech producers of farm and food technology are increasingly more successful abroad. They supply abroad field machinery, small tractors and bakery furnaces, among other products.

Interest in Czech farm technology is high also in Lithuania, Russia and the Netherlands.

In the first half of this year, the CR's agricultural trade deficit grew 2% year on year to CZK11.8bn, with exports falling by CZK334.6m to CZK101.1bn and imports dropping by CZK104.2m to CZK112.9bn, according to data from the Agriculture Ministry.

The statistics reflect the unhealthy development in Czech agriculture and food production, said Agrarian Chamber president Zdenek Jandejsek.

Cigarettes have the highest share in Czech exports in this segment, they make up more than a tenth of the exports, trailed by wheat and animal nutrition supplements. The exports also include baked goods, milk and cream.

Pork is the main commodity in Czech agricultural imports. Cigarettes and baked goods also play an important role.

INDUSTRY & TRADE & INVESTMENTS

CTK SOUTH KOREA PRESENTS TECHNOLOGIES – 3. 12.

South Korea presented technologies and certificates at the meeting of the CR's election-winning ANO head Andrej Babis and South Korea's Trade, Industry and Energy Minister Paik Ungyu taking place on Friday, Babis said.

Babis and Ungyu discussed possibilities of nuclear power units construction in the CR, and cooperation in the area of economy and industry, South Korea's news agency Yonhap said today.

Babis said he was interested in lithium processing technologies.

Lithium is considered the metal of the future.

According to estimates, the CR accounts for 3% of the world's lithium reserves.

Apart from South Korea's state-run company Korea Hydro & Nuclear Power (KHNP), Russian Rosatom and French EDF have expressed interest in the construction of units at Temelin and Dukovany nuclear power plants.

The South Korean minister met also with Czech Industry and Trade Minister Jiri Havlicek on Friday, discussing trade relations and cooperation in energy, science, technology and innovation segments, the Czech Industry and Trade Ministry said.

CTK INDUSTRYMIN: CZECH ORGANISATIONS SIGNED MEMORANDA WITH SOUTH KOREA – 4.12.

Four Memoranda of Understanding were signed at the talks between the Czech Minister of Industry and Trade Jiří Havlíček (ČSSD) and South Korean Minister of Trade, Industry and Energy Ungyu Paik. The memoranda were signed between Doosan Škoda Power and Korea Hydro and Nuclear Power (KHNP), the Czech Power Industry Alliance (CPIA) and Korea Atomic Industrial Forum (KAIF), the Nuclear Veterans association and the Korean Nuclear Association for International Cooperation, as well as the Czech Radioactive Waste Repository Administration and the Korean

Radioactive Waste Agency. The information was provided by the Czech Ministry of Industry and Trade. Annual imports from Republic of Korea to the Czech Republic total ca. USD 3.5bn and are growing by ca. 5% p.a.

SKODA AUTO TO BUILD CZK5.5BN PAINT SHOP IN MLADA BOLESLAV – 4.12.

Skoda Auto, the largest Czech car maker, is going to invest EUR214.5m (some CZK5.5bn) in a new paint shop in Mlada Boleslav, and the investment will create 650 new jobs, Skoda Auto said in a press release today.

The total capacity of the company's paint shops will go up by 600 to 2,700 bodies a day.

The foundation stone was laid on December 1, and the new facility will be put into operation in June 2019.

It will be one of the most modern and environmentally-friendly paint shops in Europe, Skoda said.

Its construction is an important investment in the company's future, said Michael Oeljeklaus, a Skoda Auto board member in charge of operations and logistics.

Global demand for Skoda cars is on the rise and the company keeps raising production capacities in its existing plants, he said.

Skoda plans a number of innovations in the paint shop aimed at minimising the impacts of its operations on the environment, Oeljeklaus added. Some activities will be done by robots or with their help. A high level of automation will boost the ergonomic design of all workplaces, Skoda Auto said.

The new paint shop and the decision to make electric cars in Mlada Boleslav as of 2020 are part of the car maker's preparations for the future that will be connected with electromobility, digitisation, internationalisation and new services related to mobility.

Skoda Auto runs three factories in the CR - in Mlada Boleslav, Kvasiny and Vrchlabi, employing some 30,000 people. It makes cars in China, Russia, Slovakia and India, mostly through partnerships, and in Ukraine and Kazakhstan, in cooperation with local partners.

In 2016, Skoda Auto sold 1,127,700 cars in total, crossing the level of one million cars for the third year in a row.

KAZAKHSTAN IS PRAGUE'S IMPORTANT ASIAN ECONOMIC PARTNER- OFFICIAL – 4.12.

Kazakhstan is a significant economic partner of Czechs in Euroasia, participants in a celebration of the 25th anniversary of bilateral diplomatic relations agreed today, with Czech Deputy Foreign Minister Martin Tlapa mentioning numerous visits by Czech leaders to Kazakhstan in recent years.

Milos Zeman has been twice to Kazakhstan since his election as president in early 2013, Tlapa said.

In recent years, Czech-Kazakh relations have mainly developed on the economic level.

This year, mutual economic ties were boosted by Czech participation in the World Expo 2017 exhibition in Astana. A Czech delegation led by Zeman attended the exhibition's opening in early June.

This was Zeman's second Kazakh trip in his capacity as president.

Czech Industry and Trade Minister Jiri Havlicek and a delegation of businesspeople visited Kazakhstan this August.

ŠKODA TRANSPORTATION TO DELIVER METRO TRAINS TO ST. PETERSBURG – 5.12.

OOO VAGONMAŠ, member of ŠKODA TRANSPORTATION group, will deliver seven six-wagon NĚVa trains to St. Petersburg, Russia. The contract is worth ca. RUB 4bn, i.e. CZK 1.5bn. OOO VAGONMAŠ's board of directors chairman Tomáš Ignačák has stated that ŠKODA has already delivered 17 trains for the NĚva-Vasileostrovsk line. New train deliveries will commence in late 2018 and completion is planned for H1 2019.

CZECH CAR SALES 6% HIGHER AT 251,628 UNITS IN JAN-NOV – 5.12.

Sales of new cars on the Czech market grew by nearly 6% to 251,628 units in January-November annually, while in November alone, the market sank by 1% to 22,925 units, the Car Importers Association said today.

Petrol cars made up more than 58%, diesel cars 38%, and CNG (compressed natural gas) as well as hybrid cars constituted 1% of the total figure each.

Three-quarters of cars went to companies.

With a growth of 4%, the Skoda brand finished first with 78,592 units sold. Volkswagen came second with a rise of 2% and 25,183 cars sold, followed by Hyundai which saw an annual hike of 3% and sold 19,875 cars. Ford, Dacia and Renault followed.

The best-selling models were Skoda Octavia, Fabia, Rapid and Superb, trailed by Hyundai i30 and VW Golf.

In November alone, Skoda sold 7,566 new vehicles, 1,000 more year on year, with November being the seventh growth month this year.

The number of orders accepted on the Czech market this year will exceed the level of 100,000 cars within days for the first time in the car maker's history, Skoda Auto CR head Lubos Vlcek said.

Registrations of light utility vehicles posted an annual hike of nearly 1% to 17,522 units. Peugeot ranked first (2,840 units), followed by Fiat (2,428) and Ford (2,058).

Lorry sales declined by 11% to 9,055 vehicles, while November alone saw a rise of 10%. Mercedes-Benz was the market leader with 1,938 units sold, followed by MAN (1,591) and DAF (1,297).

Sales of buses saw a drop of 32% to 629 units.

The category of motorcycles recorded a 6% fall to 15,503 units. With 2,597 motorcycles sold, Honda was the best-selling brand. Yamaha and BMW followed, with 1,098 and 781 motorcycles sold, respectively.

THERMAL PASOHLÁVKY HANDS OVER SPA RESORT DRAFT TO SHAREHOLDERS – 5.12.

Thermal Pasohlávky, a subsidiary of South Moravia Region and the municipality of Pasohlávky, has completed, in cooperation with Chinese RiseSun, the preparation of a project intention focused on the spa resort construction. The company has handed over the intention to its shareholders for approval. According to Thermal Pasohlávky Board of Directors Chairman Martin Itterheim, the EIA project will

likely be completed in December and a joint-venture could be established at the beginning of 2018. The work on the documentation for the zoning decision could begin also at the beginning of 2018. The two-phase project will require an investment of CZK 1.8bn. The project including external investments will employ up to 560 people. The information was provided by South Moravia Region.

REGIONMIN: CZK 117MN TO BE INVESTED INTO TOURISM IN CZECH-POLISH BORDER REGION – 5.12.

The Ministry for Regional Development has allocated CZK 117m for the promotion of attractive tourist destinations in Liberec Region, Hradec Králové Region, Pardubice Region, Olomouc Region and Moravia-Silesia Region, primarily from European funds. Certified destination companies may apply for funding from the Czech-Polish Crossborder Cooperation Program until October 1, 2018. The subsidy will cover 90% Of eligible costs. Minister for Regional Development Karla Šlechtová (ANO) has added that the call focuses primarily on modern online promotion.

TPCA CONTRIBUTED CZK 200,000 TO SCHOOL FOR TECHCENTRUM – 5.12.

Toyota Peugeot Citroën Automobile Czech (TPCA) has provided a financial contribution to the Ovčárecká Elementary School in Kolín for its Techcentrum. The facility will teach students about electronics, electricity and magnetism, utilising new aids. The school used CZK 200,000 from the TPCA for Kolínsko grant program for building the centre.

KOH-I-NOOR HARDTMUTH OPENS 13 STORES IN RUSSIA – 6.12.

KOH-I-NOOR HARDTMUTH has opened 13 brand stores in Russia in 2017. It will open two more by the end of the year. The network is being built together with Russian business partners. The investments are in the tens of millions of korunas. Export director Zdeňka Žánová said that the network followed KOH-I-NOOR HARDTMUTH's successful business strategy in the Czech Republic. In recent years, the company has opened over 100 brand and partner stores in the country. It currently sells 50% of the domestic turnover on the domestic market in its own stores. In the past five years, it succeeded in increasing sales by almost 40%.

TRANSPORT

EU OKS ALL CR'S TRANSPORT PROJECTS USING CEF FUNDS – 3.12.

The European Union has approved all transport projects for which the CR wants to use money from the Connecting Europe Facility (CEF) fund, with the country getting roughly CZK30bn from the programme, Transport Ministry spokesman Tomas Nerold told CTK. The fund will co-finance selected construction projects which will be carried out in the CR by the end of 2023. The projects will include the modernisation of the Prague-Lysa nad Labem railway, and the creation of an electric vehicle charging station network.

Within the transport area, CEF concentrates on supporting investment in new transport infrastructure, and the reconstruction and modernisation of the current one.

CEF, set up for the 2014-2020 period, focuses mainly on cross-border areas, and completing sections of the TEN-T global transport network.

In the transport sector, CEF represents the second largest EU subsidy programme for the development of Czech infrastructure.

The Operational Programme Transport provides a significantly bigger financial aid. The CR received CZK156bn in the programme's first period, 2007-2014, with roughly CZK110bn being offered in the current 2014-2020 period.

ENERGY

SALE OF CEZ'S BULGARIAN ASSETS GETTING COMPLICATED – 1.12.

The sale of Bulgarian assets of CEZ Group is getting complicated, server IHNEED.cz writes today, Future Energy company, with which CEZ held talks, has serious financial problems, says the server, citing a letter from the Bulgarian regulator made available to it.

The Bulgarian regulator has eliminated Future Energy from the market on the company's own application, according to the letter.

"We do not feel authorised to comment on it. There are several bids in the tender, we are in talks with the bidders," CEZ spokesman Roman Gazdik told CTK.

Future Energy in cooperation with India Power company was the main investor interested in the purchase of CEZ's Bulgarian assets. It reportedly offered CZK8bn to CZK9bn for them.

Further bidders are Bulgarian entrepreneur Christo Kovacki and Czech entrepreneur Jaromir Tesar and his company Energo-Pro which already owns one distribution firm in Bulgaria, the server says.

CEZ wants to leave Bulgaria due to long-lasting disputes with local authorities and because it wants to focus on the CR and Central Europe and renewable energy sources, for example in Germany and France, where it sees more opportunities. CEZ started international arbitration against the Bulgarian government last year.

CEZ entered the Bulgarian market at the end of 2004. Its distribution and trading company provides services to come 3 million clients in Bulgaria, in particular in the western part of the country.

CEZ is looking for a buyer for companies CEZ Bulgaria, CEZ Elektro Bulgaria, CEZ ICT Bulgaria, CEZ Razpredelenie Bulgaria, CEZ Trade Bulgaria and Free Energy Project Oreshets, and CEZ Razpredelenie is the most important of them.

CEZ announced last week that it had found a buyer for Bulgarian black coal power plant Varna which it sells separately. It will be bought by Bulgarian company SIGDA OOD whose offer CEZ picked in a tender. It has already agreed on the conditions of the transaction with the company. The final price will be set on the date of the sale.

CTK CEZ INVESTS IN ENERGY SERVICES, BUYS ANOTHER 4 FIRMS –

1.12.

CEZ group keeps investing in the segment of comprehensive energy solutions (ESCO - Energy Service Company), purchasing majority or 100% stakes in another four companies in this area, CEZ representatives told journalists today.

They did not specify the value of their investments.

CEZ ESCO and ESCO International are providing ESCO services within the group.

Via CEZ ESCO, CEZ buys a 51% stake in Hormen CE, a lighting producer and supplier, and will take full control over AirPlus airconditioning supplier and Easy Power, a company that owns and operates local distribution networks.

Via ESCO International, CEZ buys a 51% stake in OEM Energy with an option to buy the rest in the future. OEM Energy is a leading company on the Polish market for photovoltaic systems and heat pumps.

ESCO International director Jaroslav Macek said the company can soon make a new deal in Poland, in the area of heat management modernisation. "It is a larger firm than OEM Energy," said Macek.

"Interest in comprehensive energy solutions focused on decentralised energy systems and austerity measures has been growing across Europe," CEZ board member Pavel Cyrani said today.

"The EU's ambitious environmental targets and customers' requirements regarding individualised smart solutions prove this will be a permanent trend," Cyrani said.

CEZ ESCO, which was set up in 2014, is focused on the Czech and Slovak markets. The company covers the energy needs of businesses, municipalities and institutions, and also ensures energy audits, consulting or construction of cogeneration units and installation of photovoltaic systems. It has 1,600 employees. Its sales topped CZK3bn last year, and this year's sales projection is CZK4.9bn. Sales are estimated at CZK8bn next year.

The entire group generated sales of CZK203.7bn last year, displaying an annual drop of 3%.

ESCO International has three units, namely CEZ ESCO Polska, OEM Solar and German group Elevion, by means of which CEZ entered the ESCO market in Germany this year. CEZ paid CZK5.03bn for Elevion.

ESCO International has nearly 2,000 employees and its annual sales are projected at CZK9bn.

CEZ said today it wanted to focus on the CR, Slovakia, Germany, Poland and possibly Romania in terms of ESCO services in the first stage. The firm's target in the subsequent stage will be Western European countries, said Macek.

The need to acquire new assets in the CR is getting weaker, Cyrani said. The company will rather focus on an organic growth, which means a business growth where CEZ will be offering solutions to its customers, Cyrani said.

LABOUR & SOCIAL & HEALTH

CTK AVERAGE WAGE IN CR GROWS BY SOME 7% IN Q3 – ESTIMATES

– 1.12.

Average wage in the CR increased by over 7% in the third quarter of this year, a growth pace similar to the second

quarter, and average real wage added around 5%, according to estimates of most analysts addressed by CTK.

The growth was pulled mainly by the good economic performance and lack of employees which exerts pressure for wage growth.

Average wage in the CR has been rising constantly since the beginning of the year 2014.

In the second quarter of this year, average gross monthly wage rose by 7.6% to CZK29,346. After indexation, it went up by 5.3%.

It is valid in general that two thirds of employees have a lower wage than the average figure.

"In our estimate, real wages, including inflation, increased by 5.4% in the third quarter. This is the fastest growth pace in real wages since the first quarter of 2007. Wage growth in the CR is now one of the fastest in the whole of the EU," said Cyrrus company chief economist Lukas Kovanda.

He sees low unemployment as the main reason for the growth. Unemployment in the CR is the lowest in the EU.

"The tense situation on the labour market creates constant wage pressures. The public sector is also under this pressure, it is raising wages of state servants continuously as well," said Komerčni banka economist Viktor Zeisel.

"Nevertheless, wage growth was slowed down by weaker economic activity and calendar effects in the third quarter which this year had one working day less," he added.

This is why he expects a 7.5% growth in average wage in the third quarter. Real wages thus increased by 4.8%, Zeisel noted. ING chief economist Jakub Seidler also expects a growth in real wages below 5%.

"The year-on-year growth in average nominal wage should in our estimates remain at 7.6%. With respect to the moderately higher inflation, the growth dynamics of real wages will moderately slow down to slightly below 5%," he said.

"It will still be one of the fastest growths in real wages in the last ten years," Seidler remarked.

Like some other economists, he pointed at the fact that the wage growth is to a large extent caused by the lack of suitable labour force due to the record-low unemployment and favourable economic development.

UniCredit Bank chief economist Pavel Sobisek has lowered his growth estimate for average wages to 6.8% and for real wages to 4.1% based on today's GDP data.

"The slower y-o-y growth in wages against the previous quarter was probably caused by transitory technical factors, in particular a lower number of hours worked due to the different timing of weekends and holidays," he explained.

In the third quarter of last year, average wage increased by CZK1,170 y-o-y to CZK27,220, that is by 4.5%. Real wage rose by 4%.

CSO: UNEMPLOYMENT FELL TO 2.6 % IN OCTOBER – 1.12.

In October 2017 the employment rate in the Czech Republic among those between the ages of 15 and 64 adjusted for seasonal effects totaled 74.5 %.

In a y/y comparison it increased by 2.0 p.p.

The employment rate reached 81.6 % among men and 67.1 % among women. The general unemployment rate of those between the ages of 15 and 64 reached 2.6 %, down 1.1 p.p. on

October 2016. This was reported by the Czech Statistical Office (ČSÚ).

CTK NO. OF PENSION SYSTEM'S 3RD PILLAR CLIENTS DOWN BY 53,000 IN Q1-3 – 1.12.

The number of clients of pension companies in the third pillar of the CR's private pension scheme dropped by 53,000 in the first three quarters of this year to 4.483 million, according to the Finance Ministry's statistics made available to CTK.

The third pillar, providing state contributions, consists of transformed and participation funds.

A total of 3.782 million Czechs were clients of transformed funds, which are now closed, not accepting new clients, with the number declining by 217,000 compared to the end of 2016. On the other hand, the number of clients of supplementary pension savings, replacing the previous private pension schemes in 2013, totalled 701,000 people, that is 164,000 more than last year in December.

"The third pillar is a popular product with a state contribution. It is used by most people in the productive age. They fortunately realise that the money from the first pillar will not be sufficient for their old-age pension," said Jiri Patak, director of consulting company Chytry Honza.

"On the other hand, it is a pity that people use very scarcely mutual funds for saving for their old-age pension. These funds guarantee a higher yield in the long term," he added.

The volume of paid state contributions to private pension insurance and supplementary pension savings reached CZK5.2bn in Q1-3 2017.

The average monthly contribution per client decreased by CZK4 to CZK123 in Q1-3, where state contribution to private pension insurance and supplementary pension savings was at CZK117 and CZK159, respectively.

The client contribution volume amounted to CZK25.7bn in the first three quarters of 2017. The average monthly contribution went down by CZK6 to CZK614, with the average contribution to private pension insurance totalling CZK591 and to supplementary pension savings CZK759.

Czechs could sign new contracts in private pension schemes by November 30, 2012. As of January 2013, they can only sign contracts on supplementary pension savings, which differ from the previous schemes as their clients must choose an investment strategy.

Private pension schemes with state contributions were introduced in the CR in 1994. Of the original 44 pension funds, nine have remained on the market.

Private pension scheme clients in third pillar funds

Year	No. of clients (in mn)
2000	2.37
2001	2.53
2002	2.62
2003	2.74
2004	2.96
2005	3.28
2006	3.59
2007	3.94
2008	4.21
2009	4.39
2010	4.53

2011	4.57
2012	5.13
2013	4.96
2014	4.80
2015	4.64
2016	4.54
Q3 2017	4.48

CTK THOUSANDS OF FOREIGNERS PASS CZECH EXAM IN SEARCH OF STAY PERMIT - 3.12.

Some 64,000 foreigners from countries outside the EU passed a Czech language exam, which is needed for gaining a Czech permanent stay permit, in the past nine years, according to a report Education Minister Stanislav Stech will submit to the cabinet on Wednesday.

The annual report assesses the effectivity of the country's system of Czech courses and exams for foreigners.

It says one in two foreigners taking the exam were successful in recent years.

Since 2008, the exams have been coordinated by the National Institute for Education together with the Education Ministry and the Interior Ministry.

The Education Ministry has paid 1.65 million crowns for their organisation this year so far, and the Interior Ministry has contributed with 3.09 million.

The two ministries' draft budgets for 2018 plan to spend 1.65 million and 10 million on this purpose next year, respectively.

The number of foreign applicants for a permanent residence permit has been rising recently. The passing of a Czech language exam is one of the conditions for permanent stay status to be granted to immigrants from outside the EU.

At present, the applicants must show Czech proficiency at the lowest A1 level, whose raising to A2 is being prepared. It is not yet clear from when the A2 level proficiency will be required.

The Czech exam consists of a written and an oral test. The first try is free of charge, with any further try costing 1,500 crowns.

Another condition for granting a residence permit is that the applicant lived in the CR for five years at least.

The conditions do not apply to EU citizens.

The strongest groups of applicants are Ukrainians, Vietnamese and Russians. A total of 36,789 Ukrainians, 10,884 Vietnamese and 5,878 Russians successfully passed the Czech language exam until April 30.

According to statistical data. the number of foreigners in the CR has almost doubled from 2004, reaching 493,000 at the end of 2016, including 272,000 with a permanent residence permit.

The strongest ethnic minority are Ukrainians (23%), followed by Slovaks, Vietnamese and Russians with 22, 12 and 8%, respectively.

According to demographers, the CR would become short of manpower and would start dying out without foreign immigrants.

In 2016, new anti-corruption and other measures took effect within the system of Czech courses and exams for foreigners.

GIA CSO: AVERAGE WAGE UP TO CZK 29,050 IN Q3 2017 – 5.12.

The average gross monthly nominal wage per recalculated employee numbers in the national economy in the Czech Republic grew 6.8% y/y to CZK 29,050 in Q3 2017. Real wage increased 4.2%. The total value of paid wages grew 8.8% and employee base 2.0%. Seasonally adjusted average wage increased by 1.3% q/q. Median wage (CZK 25,181) gained 7.1% y/y. The average wage in 9M 2017 totalled CZK 28,761, up 6.6% y/y. Real wage increased by 4.1%.

GIA ANALYSTS: LABOUR MARKET PRESSES ON GROWTH IN WAGES – 5.12.

The wages in the Czech Republic are pushed not only by the great condition of the Czech economy, but also by a growth in wages paid in the public segment, a repeated growth in the minimum wage and the most stretched labour market in history.

This was stated by Raiffeisenbank analyst Milan Frydrych in a reaction on data published by the Czech Statistical Office.

Jan Rafaj, the first vice-president of the Confederation of Industry of the Czech Republic, said that a faster growth in wages is seen in companies with orders with a higher value added.

MISCELLANEOUS

CTK SHARE OF ENGINEERING FIRMS WHICH WANT EURO GROWS TO 73% - 1.12.

The share of engineering companies in the CR which favour euro adoption has grown to 73% from last year's 44%, according to a survey of analytic company CEEC Research which has addressed some 150 directors of engineering firms. Euro adoption is backed by 78% of large companies with annual turnover at CZK250m or higher and by two thirds of small and medium-sized companies.

"Most of our politicians are constantly changing their opinions about euro adoption, also depending on the sentiment in the society. I personally am clearly for fast euro adoption," said Mojmir Capka, board chairman of spark plugs producer Brisk.

"The arguments have been clear for a long time. Our country depends on foreign trade, both on exports and imports," he remarked.

Confederation of Industry vice-president Radek Spicar is also of the opinion that the CR should adopt the euro because the Czech economy is tied to the EU and euro.

"This will remove the very unpleasant exchange rate swings for exporters and will allow us to sit in Brussels at the most important table and take part in decision-making about the EU's future," he added.

The survey shows that the end to the Czech National Bank's (CNB) forex interventions has been reflected in the activities of three fifths of engineering companies.

Most of them said that their profit had dropped. Competitiveness on European markets fell to almost a half of the companies. A third of companies registered less favourable conditions for the purchase of innovations.

The CNB ended its exchange rate pledge at the beginning of April. Since that time, the crown has firmed by over 5% to the euro.

"The CNB's intervention was an artificial interference in the market environment. From a short-term point of view, it helped less competitive companies. I see every non-market instrument as negative for the economic environment's development. The change in the monetary policy has already been fully included in our trading activity," said Libor Kuchar, board chairman of Kovosvit Mas company.

For Koyo Bearings CR, the end to the forex interventions means an exchange rate loss in the order of millions of crowns a month, said director Petr Novak.

"Around two thirds of our trading activities take place abroad so the end to the CNB's forex interventions had an unfavourable impact on our business results despite the fact that we buy input materials for foreign currency. Exports of products still prevail," said Jan Czudek, CEO of Trinecke zelezarny ironworks.

Sales from exports of the engineering companies will increase by 6.3% year on year on average this year, according to the addressed directors.

"With the use of the crown's current rate of the euro, sales from exports will keep growing," said Bretislav Simecek, CEO of Moravia Stamping company.

CTK TWO-THIRDS OF CZECHS SEE EET AS POSITIVE MEASURE – STEM – 1.12.

Nearly two-thirds of Czechs consider the launch of the EET (electronic registration of sales) scheme a positive measure, according to the latest survey carried out by the STEM agency for the General Financial Directorate.

EET received a similar banking a year ago, while in May this year, it was supported by 60% of the population, STEM said.

The share of citizens with an answer that EET is certainly positively contributing to the business environment keeps rising, the authors of the survey said.

An increasing percentage of people (69%) hold the opinion that EET boosts tax collection.

Most of the population do not think a big portion of entrepreneurs had to cease business activities because of EET, while a quarter of respondents hold the opposite view. The survey in which 1,059 persons aged over 18 years took part was conducted on Nov 23-27.

GIA PM SOBOTKA ATTENDS SUMMIT ONE PLANET IN PARIS – 1.12.

Czech PM Bohuslav Sobotka (ČSSD) will discuss the Paris Agreement with other PMs and heads of state on December 12, 2017. The Summit One Planet will focus on funding of activities and projects aiming to reduce impacts of climatic changes. The goal of the summit is to call on the international community, financial institutions and other relevant entities to seek efficient ways to secure funding for goals determined by the Paris Agreement.

CTK MOST PRESIDENTIAL CANDIDATES WANT CR TO STAY IN EU – 2.12.

Most presidential contenders want the CR to stay in the EU, some want it to join the EU's further integration and some wish the EU to undergo changes, they told CTK, with current President Milos Zeman being the only of the nine bidders to leave CTK's question unanswered.

CTK PLAGA TO BE EDUCATION MINISTER, WHOLE BABIS GOVT

LINEUP IS KNOWN – 3.12.

The two main rivals of Zeman, entrepreneur and lyricist Michal Horacek and former Science Academy head Jiri Drahos, spoke clearly for Prague's remaining in the EU.

"I find the departure variant unimaginable. It would mean swapping our own safety and prosperity for isolation," Drahos said.

On the contrary, the CR should belong to the main integration stream and submit its own proposals and active criticism to help remove the EU's shortcomings, Drahos said. Horacek said as a patriot, he wants the CR's firm and self-confident partnership with the other EU members.

That is why he resolutely opposes the idea of "Czexit" and, on the contrary, he demands the country's joining of the main integration stream.

"I want our national pride to lean on successes we would reach within the group of the best-faring [countries]," Horacek told CTK.

Another candidate, former Civic Democrat (ODS) PM Mirek Topolánek, said the CR should remain in the EU, be toughly defending its national interests and seeking allied minorities to block proposals and allied majorities to promote proposals in accordance with its interests.

Prague should do so "without hysteria, in a tough and a matter-of-fact way," Topolánek said.

The Reasonable party's chairman Petr Hannig wants the EU to return to the stage preceding the Lisbon Treaty and its members to be granted the right of veto, otherwise he would push for a referendum on the Czech departure from the EU. Jiri Hynek, head of the Czech defence and security industry association, said the CR should mainly be capable of telling the EU what its national interests are, and defending these interests.

The CR must preserve its sovereignty and clearly communicate with its partners. "It should not say something at home and something else in the EU. This is confusing for partners and it cannot benefit our country," Hynek said.

Former ambassador to France Pavel Fischer mentioned the British developments since the Brexit decision and said he considers even the admission of a debate on Czexit an imprudent gamble.

He said the Czechs should actively join the efforts for a EU reform, which the EU urgently needs.

Physician Marek Hilser said Czech departure from the EU would cut the country's natural economic and cultural ties and thereby "our voluntary economic, cultural and moral suicide." The country would fare badly afterwards, he said.

Former Skoda Auto company chief Vratislav Kulhanek said, alluding to Czech EU membership, that if someone is a member of a group, they cannot plan to play the second league. "As a lifelong sports fan, I consider this illogical and meaningless," Kulhanek said.

Zeman, who has not answered CTK's question, repeatedly presented himself as the EU's supporter in the past. After his presidential inauguration in 2013, he had the EU flag hoisted at Prague Castle, the presidential seat. Of late, he has often criticised the EU, for bureaucratic directives, for example.

Zeman previously said he is for the Czechs to decide on their staying in the EU in a referendum, in which he would personally support the country's EU membership.

Robert Plaga (ANO), deputy education minister for universities, will be the education minister in the new Czech cabinet to be appointed in mid-December, its head Andrej Babis (ANO) said on Czech Television today, confirming the name of the last still officially unknown minister.

The complete **draft lineup** of the 15-seat minority cabinet of Babis, whose ANO movement comfortably won the October general election is known now.

On November 28, Babis submitted his list of ministerial candidates to President Milos Zeman, but neither of them would disclose the candidates' names. Media speculations in this respect have been gradually confirmed or dismissed by insiders since.

Plaga, 39, is a deputy education minister responsible for the ministry's section of universities, science and research, and a member of the Brno city assembly. Apart from Plaga, the government newcomers will be Adam Vojtech, ANO MP and Babis's advisor, as health minister, musicologist Ilja Smid as culture minister, ANO MP Klara Dostalova as regional development minister, deputy finance minister Alena Schillerova as finance minister, Siemens manager Tomas Huner as industry and trade minister, Central Bohemia regional councillor Jaroslava Nemcova as labour and social affairs minister, former deputy interior minister Lubomir Metnar as interior minister and the Usovsko food concern owner Jiri Milek as agriculture minister.

Prime minister	Andrej Babis
Transport minister	Dan Tok
Finance minister	Alena Schillerova
Culture minister	Ilja Smid
Defence minister	Karla Slechtova
Labour and social affairs minister	Jaroslava Nemcova
Regional Development Minister	Klara Dostalova
Industry and trade minister	Tomas Huner
Justice minister	Robert Pelikan
Education minister	Robert Plaga
Interior minister	Lubomir Metnar
Foreign minister	Martin Stropnický
Health minister	Adam Vojtech
Agriculture minister	Jiri Milek
Environment Minister	Richard Brabec

CTK PIRATES WOULD END SECOND IF CZECH ELECTIONS HELD IN

NOVEMBER-POLL – 3.12.

The ANO movement would win the Czech general election with 30% of the vote again, if held in November, while the runner-up would be the Pirates with 14%, the party that came third in the election in October, according to Kantar agency's election model released today.

Comparison of results of TNS Kantar November election model with October general election result

Party/movement	Kantar model (in %)	October elections results (in %)
ANO	30.0	29.64
Pirates	14.0	10.79
ODS	12.0	11.32

SPD	9.5	10.64
KSCM	7.0	7.76
CSSD	5.5	7.27
STAN	5.5	5.18
TOP 09	5.0	5.31
KDU-CSL	4.5	5.8
Greens	3.0	1.46

The new cabinet is to have 15 members and include 9 newcomers, five ANO ministers who are part of the outgoing centre-left government and Babis who was finance minister until May. Zeman plans to meet each of the newcomers by December 13.



CTK LABOUR SHORTAGE IS MAIN PROBLEM OF CZECH ECONOMY – BABIS – 5.12.

Labour market shortage is the biggest problem of the Czech economy, ANO movement chairman and next prime minister Andrej Babis said at today's meeting of Czech export leaders. A detailed registration of job vacancies, activities linking schools with employers and employment of foreigners are measures that might help solve the problem, Babis said.

When it comes to euro adoption, he sees more cons than pros for the CR, such as loss of independence of the central bank and costs related to the entry into the euro area.

Many people work illegally, many collect benefits so that they do not have to work, and companies are losing the opportunity to make products, Babis said.

Massive investments of the government can help maintain the economic growth, said Babis.

"It is the main role of the state to invest and reduce bureaucracy," he added.

"Our problem is not the euro ... but the lack of people, education, we must primarily put an end to (the system of) tax incentives. Why do we get them to firms that do not need them?" Babis said.

On Wednesday, Babis is to be appointed Prime Minister by President Milos Zeman. Babis's minority government is to be appointed a week later.

Czech unemployment fell to 3.6% in October from 3.8% a month earlier. The country had some 271,000 job seekers, which was the lowest figure in nearly 20 years, and the number of job vacancies increased by nearly 4,000 to 210,000. In October last year, the jobless rate reached 5% and there were 71,000 fewer vacancies.

The number of job seekers reached 269,000 in December 1997.

CTK BABIS APPOINTED NEW CZECH PRIME MINISTER – 6.12.

President Milos Zeman appointed ANO movement's leader Andrej Babis Czech prime minister and Babis then took the prime minister's oath today.

Zeman plans to appoint the new government next Wednesday.

Zeman told Babis that a big part of the Czech media would wage a campaign against him.

Babis wants to form a minority cabinet including ANO politicians and unaffiliated experts. However, no party in the lower house of Czech parliament has promised to support his government in the vote of confidence yet.

Zeman said he would take part in the lower house session taking a vote of confidence in order to back Babis's government.

