

NEWS SUMMARY DECEMBER 21 – DECEMBER 27

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ECONOMY & FINANCE

CFR FIVE OUT OF BANK BOARD'S 7 MEMBERS VOTE FOR NO

CHANGE IN RATES – 21.12.

Five out of the seven members of the Czech National Bank (CNB) Bank Board voted in favour of no change in interest rates, with two members voting in favour raising the basic interest rate to 0.75%, CNB governor Jiri Rusnok told journalists after the board's meeting.

The benchmark interest rate thus stayed at 0.5%.

"The majority opinion was that all indicators, with the exception of lower wage growth, are in harmony with the (CNB) forecast. The forecast is getting fulfilled very accurately and it says that there is no urgent need to raise interest rates at this moment," Rusnok said.

Another argument in favour of keeping the rates unchanged was the fact that the next policy meeting is to take place in about six weeks. "At that time, we will have a complete set of new information and a new forecast based on them. So nothing dramatic will happen if we wait for this data," Rusnok said.

The Bank Board raised rates last time at the beginning of November, by 0.25 points to 0.5%. It had also increased rates in August, which was the first rate hike since February 2008. The benchmark rate rose by 0.2 points then. In September, the board left rates unchanged.

Economists expect further rate hikes to take place next year. The growth of domestic market interest rates towards the envisaged long-term level of 3%, which they should approach at the end of 2019, corresponds to the CNB's latest forecast of further economic development, Rusnok said.

"The risks regarding further expected development of the economy were evaluated by the Banking Board as balanced and low," Rusnok said.

As regards the Czech crown's exchange rate, it is still slightly stronger than the CNB's model estimates, Rusnok said.

Starting in February, the CNB will resume publishing its estimates of the crown's exchange rate towards the euro, Rusnok added.

CFR CR'S FOREIGN DEBT GROWS TO CZK4,517BN IN Q3 – CNB – 21.12.

The CR's foreign debt rose by CZK38.6bn to CZK4,517bn in the third quarter of this year, accounting for 91.2% of gross domestic product (GDP), according to preliminary results released by the Czech National Bank (CNB) today.

In annual comparison, the debt was CZK1,131bn higher.

"Turning to the sectoral breakdown of the external debt, the debt of the banking sector increased in particular, due to a rise in the stock of short-term deposits received from abroad," the CNB said.

According to analyst Lukas Kovanda of the Cyrrus company, the foreign debt reached the highest figure in the country's

history and approached the level of the entire GDP. The debt does not, however, pose a problem for the economy, he said. "This year, particularly in the first quarter, we witnessed an exceptional situation, which ended with the termination of the CNB's (forex) intervention regime, so the latest data on the investment position deficit and on foreign debt do not represent an alarming signal of potential fundamental macroeconomic imbalance. On the contrary, the Czech economy is not struggling with any fundamental macroeconomic imbalance at this moment," Kovanda said. Banks' liabilities accounted for 45.1% of the total foreign debt. The liabilities of the government sector accounted for 19.7%. Other sectors' debts made up 35.2% of the total debt. Private sector liabilities accounted for 71.6% of the total foreign debt, while public sector liabilities accounted for the remaining 28.4%.

The CR's foreign debt keeps growing steadily. It exceeded the level of CZK1,000bn for the first time at the end of 2004, the level of CZK2,000bn in 2010 and the level of CZK3,000bn at the end of 2014. The threshold of CZK4,000bn was crossed this year.

BIA FINCENTRUM: NEW MORTGAGES TOTALLED CZK 19.46BN IN NOVEMBER – 21.12.

Mortgages entered into in November 2017 increased by CZK 1.5bn to CZK 19.46bn. The average loan amounted to CZK 2.05m. This stems from a survey by Fincentrum Hypoindex. Arranged mortgages increased by 800 y/y to 9,466. The average interest rate grew by 5 basic points to 2.15%. Fincentrum's chief analyst Josef Rajdl has stated that the maximum difference between individual banks' rates has been low for several months and Czech National Bank's rate hike in November has not affected the difference much. Mr. Rajdl has added that no bank wants to lose the continually good new transaction volumes by raising the interest rates too rapidly.

BIA ANALYSTS: ČNB WILL RAISE RATES IN FEBRUARY 2018 – 22.12.

The Czech National Bank (ČNB) will likely raise its key rates at its next meeting scheduled in February 2018. This was stated by Jakub Seidler, the chief economist of ING Bank for the CR, in relation with the decision of ČNB to keep interest rates unchanged on December 21, 2017. According to Komerční banka economist Viktor Zeisel, Czech currency exchange rate was the main anti-inflation risk motivating the central bank to raise the rates as it has slightly depreciated recently. According to BH Securities chief economist Štěpán Křeček, the growth in the interest rates will gradually impact all credit products, which is good for creditors, whose assets will appreciate better.

CFR FINMIN NEEDS CZK351.6BN FOR STATE DEBT FINANCING IN 2018 – 22.12.

The Finance Ministry will need CZK351.6bn to finance the state debt next year, the ministry said today referring to the published state debt financing and management strategy for 2018.

The ministry predicts a CZK290.9bn amount for this year in line with the updated version of the strategy of June.

The planned spending will be covered with government bond issues with maturity dates mostly exceeding five years. The ministry thus confirms its intention to extend the state debt maturity.

Mid-term and long-term government bond issues will reach a minimum of CZK150bn this year.

Komerční banka economist Marek Drimal said the ministry is going to sell CZK250bn worth of mid- and long-term bonds on the domestic market next year. "The net issue (adjusted for matured bonds) would thus reach CZK65bn, the highest amount since 2014," said Drimal.

Thanks to the Czech National Bank's (CNB) foreign exchange interventions, the ministry benefitted from a favourable situation in the market last year and this year, selling government bonds with a negative yield.

"The strategy is not fully taking advantage of the potential of the current extraordinary prosperity of the Czech economy," said Cyrrus chief economist Lukáš Kovanda.

"In the current 'sunny' macroeconomic situation, the Finance Ministry and the entire government should have an ambition not only to cut the relative debt to GDP ratio but also its absolute figure," Kovanda said.

He sees as positive the ministry's plan to extend the average maturity of the state debt in 2018. "Should there be an unexpected change of conditions on the Czech government bonds market during 2018 the ministry reserves the possibility to issue no new bonds," the material said.

For next year, the ministry envisages a CZK50bn state budget gap, repayment of three bond issues worth CZK184.4bn, instalment on foreign bond issues worth EUR2bn (some CZK51bn), instalment on four issues of government savings bonds for CZK16.4bn and refinancing of state treasury bills issues worth CZK44bn.

State debt service costs are expected to rise next year. According to the ministry, net interest spending will reach CZK45.5bn, while the real spending so far this year totals CZK39.4bn, CZK6.5bn less than planned by the ministry. This amount was used to cover pay rises for cultural and social care workers or non teaching staff in education this year, said Finance Minister Alena Schillerová.

The debt-to-GDP ratio is foreseen to fall to 32.4% this year and 31.4% next year.

The state debt will grow to CZK1,623bn this year, posting an annual hike of some CZK10bn.

The ministry pointed out it reserves the possibility to respond flexibly to the development on the financial markets. That is why it will make public an updated version of the state debt financing and management strategy in June 2018. It did not rule out the possibility of a quarterly update of the strategy.

CFR NO. OF DISSOLVED COMPANIES IN NOV HIGHEST IN CR'S HISTORY – CRIF – 22.12.

A total of 1,303 companies were dissolved in November, the highest number in the CR's history, and 2,850 companies were set up, according to an analysis of data from portal www.informaceofirmach.cz made by company CRIF.

Almost 4,300 sole traders started to run business in November and 3,200 terminated their business.

This means a growth of 1,547 companies and of more than 1,000 sole traders doing business in November.

The number of new sole traders dropped by almost 700 against October, while the number of sole traders who terminated their business remained almost unchanged.

The number of newly set-up companies increased by 128 month on month and the number of dissolved companies by 327.

"The number of companies dissolved in November was 200 higher than in August when we registered the second highest figure for dissolved trading companies in the history," said CRIF analyst Vera Kamenicková.

"The number of dissolved companies grows faster than the number of new companies," she added.

Kamenicková expects the number of new and dissolved companies to keep growing also in the coming period. There were ten dissolved companies per 38 new ones in 2015 and only 28 new companies per ten dissolved ones in 2017.

Before 2016, the number of the dissolved companies did not exceed 1,000 in none of the months, while this year this has come in four months already and the 1,000 level will be exceeded regularly in the coming years, she forecast.

The highest number of new companies (1,323) was in Prague in November. Then came the regions South Moravia (326), Moravia-Silesia (235) and Central Bohemia (211).

The regions at the bottom of the list were Karlovy Vary (42), Pardubice (56) and Liberec (57).

Prague also registered the highest number of dissolved companies (596), trailed by South Moravia and Plzeň (112).

As regards sole traders, the highest number of them started activities in Prague (798). Central Bohemia (555) and South Moravia (489) follow.

The lowest number of new sole traders was in Karlovy Vary (89) in November.

The highest number of sole traders who terminated their business was in Central Bohemia, followed by Moravia-Silesia and South Moravia.

The highest number of new companies was in professional, scientific and technical activities (633), retail (460) and real estate (426)

On the other hand, the lowest number was in transport (61), information and communication technologies (96).

Trade saw the biggest drop in the number of companies (489), followed by real estate (247) and professional, scientific and technical activities (136).

As for sole traders, the highest number of them started doing business in professional, scientific and technical activities (844) in November. Trade (700) and the manufacturing industry (593) followed. The highest number of sole traders ended in trade, construction and manufacturing.

**CTK GOVT SHOULDN'T SET EURO ADOPTION DATE FOR NOW -
FINMIN, CNB REPORT – 22.12.**

The cabinet approved a report of the Finance Ministry and the Czech National Bank (CNB) today according to which it should not set any euro adoption deadlines for the time being, the government press department has said.

The material assessing the fulfilment of the Maastricht convergence criteria and a degree of economic alignment of the CR with the euro area has been discussed by the cabinet every year.

The cabinet of Andrej Babis (ANO movement) said in its policy statement it would not be making any efforts to join the euro area.

"The CR's preparedness to adopt the euro has improved compared to previous years although some shortcomings persist especially from a point of view of incomplete real convergence," the document said.

In decision-making on timing of an eurozone entry, its costs need to be taken into account, the report said. The costs were unknown at a time the CR joined the EU. The estimated financial costs would include a capital investment of less than CZK50bn in the European Stability Mechanism within four years and a transfer of payments from banks with a seat in the CR to the Single Resolution Fund amounting to CZK8.2-19.7bn, said the report.

The CR pledged to take steps to get ready for joining the euro area as soon as possible.

Should the CR fail to meet the convergence criteria that would have no direct consequences for it now, the exception being the criterion of public finance sustainability.

So far the CR has fulfilled the criteria of the price stability and long-term interest rates without any problems. When it comes to inflation, it ranks among countries with a higher inflation rate this year.

The country has had no problem with its debt whose level cannot exceed 60% of gross domestic product (GDP), according to the EU criteria.

The Finance Ministry expects the debt level to drop to 34.7% of GDP this year.

The country will also meet the public finance sustainability criterion this year, as the ministry envisages a public finance surplus of 1.1% of GDP. The ratio is expected to rise to 1.7% of GDP in 2020. Last year's public finances showed a surplus of 0.7% of GDP, which was one of the best figures in the EU. The EU requires that the public finance gap be below 3% of GDP. Fulfilment of the criterion of the exchange rate stability will be assessed after the Czech currency joins the ERM-II mechanism and the central parity of the crown and the euro is set. A country must participate in the mechanism without severe tensions for at least two years before it can qualify to adopt the euro.

"To sum it up, we may say that, in a medium-term framework, all the Maastricht criteria should be fulfilled, except (the country's) participation in the exchange rate mechanism," the report said.

**CTK GDPR TO BE AMONG BIGGEST EVENTS FOR ENTREPRENEURS IN
2018 – 26.12.**

The EU General Data Protection Regulation (GDPR), changes in the electronic registration of sales (EET), the rise of the minimum wage in January and tax-related changes rank among the main events that will effect entrepreneurs and companies next year, according to a poll conducted by CTK among employers' associations.

The extended possibilities of tax deductions for the self-employed rank among positive changes from the viewpoint of small and medium-sized companies and entrepreneurs. On the other hand, the key legislative change to be introduced next year, GDPR, is viewed very negatively, Association of Small and Medium-Sized Enterprises chairman Karel Havlicek said.

"According to our survey, it (GDPR) will affect two thirds of entrepreneurs," he said.

Jan Zikes, the chief secretary of the Confederation of Employers' and Entrepreneurs' Associations, said he expected that changes in EET and tax-related legislation would be made. ""We will welcome lower tax burdening of entrepreneurs," he said.

Chamber of Commerce analyst Karina Kubelkova noted that the minimum wage will be raised by CZK1,200 to CZK12,200 as of January 2018. Along with this, guaranteed wages will rise as well. Another minimum wage hike having no connection with labour productivity is one of regulatory measures that will bring a number of risks for the business sector, she said.

The amendment to the construction law, which took effect in January, has not fulfilled the expectation that building permit proceedings will be accelerated and simplified, Kubelkova also said. The Chamber of Commerce nevertheless considers the amendment beneficial from the viewpoint of investors because it has brought a number of partial positive changes, she added.

**CTK PETROL IN CR IS CHEAPER THAN IN WESTERN EUROPE –
ANALYSTS – 26.12.**

Average fuel prices at filling stations in the CR are lower than in Western Europe, analyst Boris Tomciak of the Finlord company has told CTK.

According to Finlord's survey based on data of the European Commission (EC), a litre of petrol Natural 95 costs in the CR about CZK30.60, while diesel oil sells at CZK29.77 per litre on average. The prices have been more or less stagnating in recent weeks.

Petrol in Germany and France, for instance, is more expensive. "The reason behind higher prices in Western Europe in comparison with the CR lies mainly in higher excise duties. However, no European country is currently planning to make any major upward change in taxes on fuel, so next year, prices in the entire Europe will be influenced mainly by the development of crude oil prices on the global market," Tomciak said.

In the CR, the excise duty on petrol and diesel oil changed last time in 2010, when it rose by CZK1/litre to CZK12.84/litre in the case of petrol and CZK10.95/litre in the case of diesel oil.

In Germany, for instance, the excise duty is CZK5 higher, Tomciak noted.

Fuel is cheaper in Poland and in Austria.

AGRICULTURE & FOOD & DRINK

CTK LOWEST WAGES IN AGRICULTURE TO RISE BY 6.1 PCT IN 2018 – 21.12.

The Czech Agriculture Association and the Bohemian and Moravian Union of Agricultural Entrepreneurs (CMSZP) signed 2018's collective agreement with trade unions today, and the sector's lowest wages will add 6.1%, unions chairman Bohumir Dufek and association's spokeswoman Jana Sixtova told CTK.

Employer pension insurance contribution will be higher, too, Dufek and Sixtova said.

Unions were demanding a 8.11% wage growth.

The wage rise in agriculture is significantly affected by the increase in the CR's minimum wage.

"Economic development and a lack of workforce push wage growth in the entire economy," the Agriculture Association chairman Martin Pycha said.

Wages in agriculture, forestry and fishery will report an increase of over 5% this year, according to estimates of the association.

Last year's wages in agriculture, forestry and fishery were below the level of wages in industry and the whole economy, according to the state of agriculture report.

The average wage in agriculture rose by 1.3% annually to CZK21,478 a month last year, while the CR's average was CZK27,589.

The negotiation was not easy, however, the agreement takes into account both the current labour market development, and the situation in agriculture, Pycha said after signing the agreement today.

Collective agreement signed in April set this year's wages growth to 3.79% on average.

Collective agreement signed today will be effective from January 1 until December 31, 2018.

The number of people working in agriculture declined yr/yr by 1.2% to 100,900 last year, with the pace slowing down.

CIA PIVOVARÝ STAROPRAMEN PRODUCES LAGER MILLER INSTEAD OF ASAHI - 22.12.

Czech brewery company Pivovary Staropramen has started the production of light lager Miller Genuine Draft from the Molson Coors portfolio. The brand is being distributed to over 70 countries of the world, however, the company does not cope with sales in the CR right now. The entire production in the volume of tens of thousands of hectolitres a year will be exported to European markets. According to company spokesman Pavel Barvík, Pivovary Staropramen has won the necessary capacity thanks to the termination of the production of Japanese lager Asahi Super Dry. Molson Coors had invested tens of millions of CZK in a packaging line, which will be opened in the brewery at the beginning of 2018.

INDUSTRY

CIA HKČR WANTS NEW GOVERNMENT TO REDUCE RED TAPE – 21.12.

The Chamber of Commerce of the CR (HKČR) appreciates that the new government wants to deal with topics

Average fuel prices in selected European countries (in CZK per litre)

	Petrol	Diesel oil
CR	30.63	29.77
Germany	34.64	30.17
Slovakia	33.51	29.84
Austria	30.61	29.25
Poland	28.32	27.60
Italy	39.68	36.31
Italy (Livigno)	25.83	22.44
France	36.03	32.69
Hungary	29.22	30.12
Spain	31.74	29.14
Slovenia	33.28	31.89
Croatia	32.84	31.17
Bulgaria	26.57	26.42
Greece	39.42	33.49

CTK SELLING PRICES OF FLATS IN CR RISE BY 11.7 PCT IN Q3 – 26.12.

Selling prices of flats in Prague and regional capitals in the CR rose by 11.7% to CZK51,600 per square metre on average in the third quarter of this year, according to a survey of company Deloitte. The survey is based on data from the CenovaMapa.org portal which gathers information on selling prices stated in purchase contracts that are registered in the land register.

Prague ranked first, with the average price of a flat at CZK66,900, while the cheapest price of CZK13,100 per square metre was registered in Usti nad Labem. "Nearly 6,600 flats worth CZK21.5bn were sold in developer projects, which is a figure comparable with the previous quarter," Deloitte's Miroslav Linhart said. Prague accounted for about two thirds of the total volume of flats sold in Q3.

In comparison with Q2, prices of flats rose by 6.4% on average.

Selling prices of flats in Prague and Czech regional capitals in Q3 (CZK/square metre)

Region	Price	Yr/yr change (in pct)
Prague	66,900	8.8
Central Bohemia	40,300	13.5
Ceske Budejovice	36,600	15.5
Plzen	36,700	14.3
Karlovy Vary	24,300	10.0
Usti nad Labem	13,100	22.4
Liberec	26,900	7.6
Hradec Kralove	40,800	10.0
Pardubice	34,500	8.2
Jihlava	29,400	9.4
Olomouc	36,800	15.0
Brno	52,100	11.3
Ostrava	20,700	12.5
Zlin	32,900	19.6

important for entrepreneurs, such as the digitalisation of the state administration, the transport infrastructure construction or the lack of labour force in the CR. According to HKČR President Vladimír Dlouhý, the chamber specially appreciates the intention to reduce the regulatory burden for entrepreneurs. According to his words, the priority is compatible with the Electronic Legal System project developed by HKČR. The new system will be submitted to the government soon.

ŠKODA AUTO LAUNCHES ONLINE SALE ON CZECH MARKET – 21.12.

Carmaker ŠKODA AUTO has launched online sales on the Czech market. The new platform, skoda-online.cz, offers also the option to order ŠKODA Bez Starostí operating leasing. New vehicles are ready for handover by participating authorised dealers within 14 days. Online chat with trained experts from ŠKODA and the 24/7 information line are also available. Online payments may be made with a payment card and will continue to be expanded. Online sale of operating leasing is carried out in cooperation with ŠKODA Financial Services.

ŠKODA AUTO WILL LAUNCH PRODUCTION OF ELECTRIC PARTS FOR VW CONCERN – 22.12.

ŠKODA AUTO will in 2018 launch production of electrical components for several models of the Volkswagen (VW) concern in Mladá Boleslav. The automaker is also planning to launch production at its Kvasiny plant of the ŠKODA SUPERB vehicle with plug-in hybrid propulsion. The anticipated production of vehicles with purely electric propulsion should commence at the company's main plant in 2020. This was confirmed for ČIANEWS by spokesman Vítězslav Pelc.

ENERGY

CEZ TO TAKE STEPS TO PROTECT INTERESTS OF ITS UNITS IN BULGARIA – 21.12.

Czech energy group CEZ's management will take all legal steps in Bulgaria to protect the interests of its companies, their clients, shareholders and employees, CEZ said in reaction to the news about fines imposed on CEZ and ENV because of violation of competition rules.

CEZ was fined BGN2.19m (over CZK28m) and EVN BGN3.79m (more than CZK49m) by the Bulgarian regulator because of breaching competition rules by discriminating against independent traders and restricting electricity trading at freely negotiated prices, Reuters agency reported today. The companies can appeal the fines in 14 days.

The decision concerns CEZ Electro Bulgaria and CEZ Razpredelenie Bulgaria companies but they have not received it yet, CEZ spokeswoman Alice Horakova told CTK today.

"We will get acquainted with the decision and will quickly analyse it," she said.

Both firms are running their business in line with the valid Bulgarian and European legislation. CEZ denies any wrongdoing, Horakova said.

Behaviour of the third distributor in the country, Czech company Energo-Pro, has been examined as well. The result of the Bulgarian office's probe will be made public on Friday. CEZ wants to leave the Bulgarian market because of long-lasting problems with local authorities and because it wants to focus on the CR and Central Europe and renewables in countries such as Germany and France.

CEZ launched an arbitration against the Bulgarian government last year.

CEZ entered the local market at the end of 2004. Its companies register nearly threemn customers, mainly in western Bulgaria.

CTK TEMELIN HAULS AWAY SPENT FUEL FROM UNIT 1 – 27.12.

Technicians of the Temelin nuclear power plant have hauled away all spent fuel from the reactor of unit 1, which has been shut down in line with plans since December 8, power utility CEZ's nuclear communication department head Petr Suler told CTK today.

The shutdown of unit 1 is to last for almost three months, until March.

It is the second shutdown at Temelin this year. Unit 2 was offline for 73 days in summer.

One third of 163 fuel assemblies will be replaced at unit 1. Technicians will also check the turbine and safety systems and will modernise the equipment regulating pressure in the reactor.

About 1,000 people, employees of both Temelin and suppliers, will carry out more than 16,000 different tasks during the shutdown.

Technicians are to implement 70 investments that cannot be performed under operation, the most important of them being modernisation of the volume compensator. Unit 2 underwent the same modernisation in summer.

Total investments including the work performed on unit 2 over summer amount to CZK80m.

Temelin is the largest source in the CR, its production covering a fifth of the country's consumption.

Since the beginning of this year, Temelin has produced 15.8 TWh of electricity. In November it beat the annual output record of 2012.

Temelin launched power supplies in December 2000.

Last year it generated 12.1 TWh of electricity, nearly 2 TWh less than in 2015. The decrease was caused by shutdowns. Despite the drop, Temelin produced the biggest amount of electricity of all sources in the CR.

TRANSPORT

CTK NO. OF PEOPLE CLEARED BY PRAGUE AIRPORT EXCEEDS 15 MIL. THIS YEAR – 21.12.

The number of passengers handled by the Vaclav Havel Airport Prague exceeded 15mn after midnight, which is the highest figure in 80 years of the airport's existence, airport spokeswoman Marika Janouskova told CTK.

The CR's biggest airport thus broke the December 2016 record of 13mn cleared passengers, Janouskova said.

The reason for the increasing passenger number is the fact that Prague is attractive being a safe tourist destination, and

Czechs' ability and willingness to spend more money on flying, the Vaclav Havel Airport Prague leadership said. As of today, the Prague airport has registered 139,000 planes landing and taking off.

Some eightmn pieces of luggage have been checked this year. The Vaclav Havel Airport Prague cleared 6.8mn passengers in the first six months of this year, with the number growing by a fifth year on year.

The increase was affected mainly by flights from Prague to destinations in Africa and the Far and Middle East, the airport said.

In the long term, lines to Paris, Moscow and Amsterdam are used the most. A total of 69,000 passengers travelled to Paris, over 63,000 people flew to and from Moscow, and nearly 62,000 went to Amsterdam, according to the latest data published in October.

BA AIRPORT PARDUBICE'S NEW TERMINAL STARTS TEST

OPERATION – 21.12.

EAST BOHEMIAN AIRPORT, the operator of the airport Pardubice, has introduced a new check-in hall in a test operation. It will fully serve at the end of January 2018. The investment totalled CZK 250m.

BA LEO EXPRESS AND EUROLINES WILL RUN LINE PRAGUE-

MUNICH – 21.12.

LEO Express has partnered with Eurolines to operate the bus line Prague-Regensburg-Munich Airport-Munich seven days a week beginning January 1, 2018. Its offer has thus been extended to 16 bus connections a week. Each company will secure the operation of eight connections. A national transport in Germany is allowed in the buses.

BA TRAVEL SERVICE WILL LEASE 16 AIRCRAFT IN AMERICA AND

CANADA IN WINTER – 22.12.

For the 2016 - 2017 winter season airline Travel Service signed three new contracts for the lease of 16 Boeing 737 - 800 planes with crew. These include a contract with American SWIFT AIR for the lease of four planes from December 20, 2017 to April 10, 2018. Travel Service signed another contract with Sunrise Airways (Haiti) already in September 2017 for the lease of one aircraft from October 5 to April 30, 2018. At the end of November 2017 Travel Service situated one aircraft in the Republic of Surinam in South American until the end of February 2018. Ten aircraft are headed for Canada in cooperation with Sunwing and Air Transat.

MISCELLANEOUS

NEW CZECH PM BABIS TO VISIT SLOVAKIA, BULGARIA IN

JANUARY – 22.12.

New Czech Prime Minister Andrej Babis (ANO) will pay a visit to the neighbouring Slovakia on January 5 and go to Bulgaria, which will preside over the European Union (EU) as of New Year, on January 22, he told reporters today.

Babis also said he was arranging a meeting with European Commission (EC) President Jean-Claude Juncker and that he would like to meet the leaders of the neighbouring Austria that would take over the EU presidency from Bulgaria in July.

European agenda is one of Babis's priorities as head of government. He plans to submit the list of the most important tasks of his cabinet in European policy at the beginning of January.

Slovakia, where Babis comes from, is traditionally the first destination of Czech PMs' foreign visits after their appointment.

However, Babis went to Brussels first to attend an EU summit a day after his ANO's minority government was appointed on December 13. He also agreed on talks with Juncker there.

Before the EU summit, Babis met European Council (EC) President Donald Tusk in Brussels. He praised Tusk for his criticism of the migrant quotas mechanism.

Babis also took part in the talks with the prime ministers of the other three Visegrad Four (V4) countries that Italian PM Paolo Gentiloni and Juncker later joined.

Along with the CR, the V4 members are Hungary, Poland and Slovakia.

CTB CZECH GOVERNMENT TO ABOLISH TENS OF CIVIL SERVICE

POSTS – 22.12.

Prime Minister Andrej Babis's government approved today the abolition of 14 departments and 73 posts at ministries and the Government Office that will take effect next year, Babis has told journalists.

CTB ZEMAN, DRAHOS FAVOURITES OF PRESIDENTIAL ELECTION –

POLL – 22.12.

The highest share of people or 32% would vote for incumbent Czech President Milos Zeman in the presidential election, while 21.5 would support former Academy of Sciences head Jiri Drahos, according to a poll conducted by the CVMM institute and released today.

Businessman and lyricist Michal Horacek would end third in the presidential contest with 10.5%.

Turnout would be 69%.

The other six presidential candidates would receive from 1 to 4% of the vote.

Almost one-quarter of the respondents are undecided which of the candidates they would prefer in the January direct presidential election, the poll shows.

The CVMM voter preferences only include the people who have the right to vote and said they would go to election.

The preferences have not considerably changed since the previous CVMM poll conducted in January.

The December polls by the Kantar TNS and Median agencies for the public Czech Television (CT) showed similar results according to which Zeman would enjoy the highest support of 43.5%, followed by Drahos (28.5%) and Horacek (11.5%).

The first round of the presidential election will be held on January 12-13, 2018. If none of the candidates received an absolute majority of over 50%, the second round to which the two most successful candidates from the first round will advance, would be held two weeks later.

The Kantar TNS and Median poll showed that Drahos and Zeman would be supported by 45% of voters each.

The CVMM poll was conducted on a sample of 1049 voters over 15 on December 2-17.

Voter preferences of presidential candidates (in%)

Milos Zeman	32.0
Jiri Drahos	21.5
Michal Horacek	10.5
Marek Hilser	4.0
Pavel Fischer	3.0
Mirek Topolanek	2.5
Vratislav Kulhanek	1.5
Petr Hannig	1.0
Jiri Hynek	1.0
Undecided voters	23.0

CTK FIRST TERRORISM THREAT DEGREE STAYS IN EFFECT IN CZECH REP. - METNAR - 22.12.

The first degree of a threat of terrorism will remain in effect in the CR, as there is no information that the situation in the country were going to worsen, new Interior Minister Lubomir Metnar has told CTK.

The first-degree alert, the second lowest of four, has been in effect for one year and nine months.

If the government wanted to change the degree, it would have to assess the security criteria, Metnar said, but added that he does not expect the situation to worsen now.

At the same time, the current conditions do not enable the tighter security measures to be withdrawn.

Around Christmas, the police have applied more intensive security measures mainly in places with a high concentration of people across the CR.

More frequent patrols can be seen at airports, railway stations, Christmas markets and cultural events, for example.

GA AGC SUPPORTED PEOPLE WITH DISABILITIES WITH CZK 200,000 - 22.12.

Teplice glassworks AGC Flat Glass Czech (AGC) donated CZK 200,000 to people with disabilities. A total of CZK 100,000 went to Arkádia, which cares for disabled children. Another CZK 100,000 was donated by the company to a student and athlete who lost her lower limbs to meningitis.

🇨🇪 CZECHS ARE SHOPPING IN CHINESE E-SHOPS, THEY ARE SECOND MOST POPULAR - 22.12.

42% of Czech internet users are shopping in Chinese e-shops; last year, it was every third. Stores like Aliexpress.com, Dresslink.com, dx.com, Tinydeal.com, Lightinthebox.com, Choies.com and Everbuying.net are popular ranking second place, right behind Czech internet marketers.

CTK ZEMAN PLEADING FOR MORE INVESTMENTS, FEWER CIVIL SERVANTS - 26.12.

The CR needs higher public investments, but the civil service should be streamlined and the redundant civil servants might benefit both the private sector and the budget, President Milos Zeman said in his Christmas message today.

Zeman praised the good security situation, low jobless rate and high economic growth in his speech.

He said pensioners should be given higher pensions, while less money should be spent on the people who refuse to work.

At the beginning of the speech, Zeman said there were more pieces of good than bad news and thanked all those who contributed to this.

However, the success has its shadows, such as the low investments.

"The proportion of public investments in the total public expenditures of the state budget is low and decreasing," Zeman said.

It is a shame that the motorway between Brno and Vienna has not been finished, he added.

Zeman said he had agreed with Labour and Social Affairs Minister Jaroslava Nemcova (ANO) that welfare benefits should be reduced to those who refuse the offered work.

The growth in the GDP has to be accompanied by the rising living standards, Zeman said.

"I am glad that that under the pressure of the shortage of manpower, the salaries are growing," he added.

The reduction of the number of civil servants should be discussed. "Fifteen years ago, we had 80,000 civil servants, now we have 150,000 of them," Zeman said.

The private sector would gladly accept the civil servants, solving its problem with the shortage of manpower, while the state budget would benefit from this, too, he added.