

ECONOMIC NEWS SUMMARY NOVEMBER 14 – NOVEMBER 20

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 FINANCE MINISTRY'S LATEST MACROECONOMIC FORECAST IS REALISTIC – 14.11.

The latest macroeconomic forecast of the Finance Ministry, downgrading a 2020 GDP growth estimate to 2 percent, was assessed by the Committee on Budgetary Forecasts as realistic, Janis Aliapulios, spokesman for the Czech Fiscal Council, told CTK today.

This opinion was backed up by six out of the eight committee members who attended Wednesday's meeting, and the remaining two members were absent, Aliapulios said.

November's prediction counts on a 2.5 percent expansion this year.

In July, the ministry predicted a 2.5 percent rise for this year and 2.3 percent for next year, revising the estimate to 2.4 and 2.2 percent, respectively, in August.

"Most committee members identified themselves with the forecast's message, holding different opinions on some partial indicators only," the report said. These included foreign demand growth and domestic GDP growth items and their impacts on external balance of the Czech economy, said the report.

External developments and private investments in Czechia may see a better-than-predicted development in 2020, according to the committee members.

"This time there was not a lot of discussion on the new macroeconomic forecast of the Finance Ministry," Pavel Sobisek, chairman of the committee, said.

Downgrading of macroeconomic forecasts for the Czech economy, seen during the previous months, seems to come to a halt for the time being, Sobisek added.

Unlike last November, the committee was not assessing the ministry's fiscal prediction, said Aliapulios.

According to him, the ministry did not submit the relevant document, saying its state budget revenues forecast for next year was assessed by the committee at a previous meeting on August 29. The estimate is part of the bill on the 2020 state budget. The ministry, however, informed the committee members about an updated estimate of state budget revenues.

The committee's task is to assess the Finance Ministry's macroeconomic and budgetary forecasts used in creating state and public institutions' budgets and mid-term outlooks. Based on the law on budget responsibility rules, the ministry is obligated to take account of the committee's assessment when making its forecasts.

The committee's ten members include leading Czech economists appointed by the government at the proposal of the Czech Fiscal Council. In April 2018, UniCredit Bank economist Pavel Sobisek was named chairman of the committee. ING Bank chief economist Jakub Seidler is deputy chairman of the committee.

CTK INCOME OF FOUR BIGGEST BANKS UP 12 PCT TO CZK46BN IN Q1-Q3 – 15.11.

The aggregate net income of the four largest banks in Czechia grew annually by 12 percent to CZK46bn in the first three quarters of this year, being helped by the ongoing good condition of the economy, according to banks' results and experts.

Czech banks offer minimum interest rates on current and savings accounts, while enjoying relatively high rates set by the central bank, thanks to which they are doing better than banks in other EU countries, BH Securities analyst Stepan Krecek told CTK.

New loans were behind the higher profits, said Cyrrus analyst Tomas Pfeiler. The Czech economy is expanding at a solid pace, raising households' and firms' appetite to borrow. The banks' cost discipline was another positive factor, while interest margins were falling because of a drop in long-term crown rates and strong competition, said Pfeiler.

Czech banks can expect a high rate of performing loans thanks to growing income of Czech households and extremely low unemployment, Krecek said.

Net income of four largest banks in Czechia in 2015-2019 (CZK bn)

	Q3 2019	Q3 2018	Q3 2017	Q3 2016	Q3 2015
CSOB	14.7	11.5	13.5	12	11
Ceska sporitelna	13	11.8	11.7	11.9	11.1
Komerční banka	11	11	11.2	10.6	9.9
Czech and Slovak UniCredit Bank	7.3	6.9	5.5	4.9	4.6

CTK INTEREST RATES CORRESPOND TO ECONOMIC CYCLE – 15.11.

The current setting of the Czech National Bank's (CNB) interest rates corresponds to the present cycle of the Czech economy, but the rates are still not at the level where the CNB would like to see them, governor Jiri Rusnok said at a press conference on economic transformation today.

"We are lucky that we have our own monetary policy, thanks to which we managed to leave unorthodox extraordinary monetary tools much faster and shifted towards normal interest rates, but not sufficiently," Rusnok said.

"This nevertheless corresponds to our situation and our goal of maintaining price stability at around 2 percent. This is also in harmony with the cycle in which the Czech economy currently finds itself," Rusnok said.

The CNB Bank Board left the benchmark interest rate unchanged at 2 percent last week.

After the last rate hike in May, which was also the only hike of this year, Rusnok said interest rates were still not at a balanced level.

Most analysts expect the CNB to keep interest rates unchanged this year.

Generali Investments CEE's chief economist Radomir Jac said earlier he shared the opinion that stable rates are the best solution and that the CNB is unlikely to deliver a rate hike at its policy meeting in December.

The May increase will be the only rate adjustment this year, Jac said.

CTK CZECH GOVT OKS 7-PCT DIGITAL TAX AIMED AT GLOBAL INTERNET GIANTS – 18.11.

The Czech government today approved a proposal to impose a 7-percent digital tax on global Internet giants such as Facebook and Google next year, the government's press department said.

According to the Finance Ministry's estimates, the new tax could bring CZK5bn to the state coffers annually.

The bill is yet to be passed by the Parliament and signed by the head of state.

The ministry would like the new law to take effect in the middle of 2020.

The law would be applicable for a limited time, with the year 2024 being the last taxation period.

"We are thus sending a clear signal that it is just a temporary measure aimed at increasing pressure on the OECD or at least the EU to adopt some solution," Finance Minister Alena Schillerova told journalists.

The tax would apply to Internet companies with global revenues exceeding EUR750m (CZK19.1bn) annually, revenues of at least CZK100m in the CR, and a reach exceeding 200,000 user accounts.

The duty will thus concern global players such as Google, Facebook, Amazon, and Apple.

Companies which provide digital services as a marginal activity will not be subject to the taxation.

The ministry has proposed introducing the DST (digital services tax) model, which was earlier proposed by the European Commission (EC) but has not been pushed through within the EU. The DST model puts taxation on selected Internet services, namely targeted advertising, paid services on social networks, and user data sale.

The charge would also apply to some digital economy platforms such as Airbnb and Uber.

Google's Czech office earlier refused to make any comments, while Czech online market leader Seznam.cz welcomed the plan.

According to the Chamber of Tax Advisors, the proposal is problematic with regard to Czechia's international obligations regarding double taxation of foreign companies. The proposed taxation is aimed at the Internet companies' revenues, not their profits.

CTK EX-MINISTER PILNY: EURO IS POLITICAL PROJECT, NOT FINANCIAL – 19.11.

The euro is a political project, not a financial one, and it is not very sustainable, said former Czech finance minister Ivan Pilny at today's international conference in the Chamber of Deputies.

Jan Svejnar, a professor at New York's Columbia University, thinks that Czechia would be better off with the euro.

In December 2018, the Czech government approved a document of the Finance Ministry and the central bank recommending that no euro adoption date should be set yet. Public opinion surveys have shown that a majority of people are against the euro.

Pilny said that there would have to be some project reconstruction for Czechia to consider adopting the euro.

He recommended extreme cautiousness and to at least try to separate politics and the economy.

Svejnar, on the other hand, is for the euro adoption, pointing out economic reasons.

Calculations show that Czechia would be better off, if it were in the euro area, he said.

Costs related to the exchange rate risk are important. Entities from the euro area pick Slovakia over Czechia when they can because there is no currency risk, Svejnar said.

The Czech crown's exchange rate has fluctuated a lot in the past five or six years because of the central bank's active policy, he said.

Czechia should adopt the euro once the euro area is not at risk, the Czech Fiscal Council head Eva Zamrazilova said, adding that the risk has been rather increasing lately.

Deputy Jan Skopecek said that the crown has been the most stable currency in the region.

Not having autonomous monetary policy is too big a cost to go through with the euro adoption, Skopecek said.

Former deputy finance minister Dusan Triska said that joining the euro area was nonsense.

AGRICULTURE & ENVIRONMENT

DIA MŽP TO BOOST BOILER-EXCHANGE PROGRAMME WITH CZK 2BN – 14.11.

The Czech Ministry of the Environment (MŽP) will release an additional CZK 1.5bn from the New Green Savings programme for the exchange of domestic heating. At the same time, it will provide CZK 380m from the State Environmental Fund for boiler loans that will allow the acquisition of a new boiler to households without savings. The MŽP is thus reacting to the high interest in boiler subsidies for which CZK 3bn from the OP Environment was allotted for 2019. Realistically, regions now register more than 40,000 applications requiring CZK 4.2bn in the third wave of boiler subsidies.

CTK GOVT OKS AGRICULTURAL FUND'S 2020 BUDGET WITH CZK42.2BN REVENUES – 18.11.

The government today approved the draft budget of the State Agricultural Intervention Fund (SZIF) for next year, projecting its revenues at CZK42.2bn, which is CZK2.7bn more than this year, Finance Minister Alena Schillerova said at a press conference after the cabinet meeting.

The budget was increased mainly because it will redistribute part of national subsidies as of next year.

An overwhelming majority of SZIF's revenues comes from EU funds. Next year, CZK30.7bn are expected from them.

The state budget is to provide CZK11.2bn.

SZIF distributes the money among farmers and food processors. Next year, the fund is to distribute CZK21.9bn from EU funds in direct agricultural subsidies, CZK282.4m in the Milk for Schools programme and CZK294m in the Fruit and Vegetables for Schools programme.

Another CZK200m are to be spent on marketing.

The fund plans to have 1,345 employees next year.

INDUSTRY & ENERGY & TRANSPORT

CTK SALES OF CZECHIA'S CHEMICAL COMPANIES UP 43.3 PCT IN 2018 – 14.11.

Czechia's producers of chemicals generated CZK274.8bn sales in 2018, which is 43.3 percent compared to 2017 and more than double the amount recorded in the crisis year

2009, according to joint statistics of the Industry and Trade Ministry and the Czech Statistical Office (CSU).

Exports of chemicals rose by 4.6 percent and imports grew by 6 percent, the statistics said.

The chemical industry is one of the most advanced and fastest growing sectors and plays an important role in the Czech economy, the ministry said.

The sector is linked to other parts of the manufacturing industry, like rubber and plastics, textile, electronics, construction and paper, the ministry said.

The chemical industry is concentrated mainly in the Usti, Moravia-Silesia and Central Bohemia regions.

The biggest players in the field include Unipetrol petrochemical group and its subsidiary Spolana, and companies Deza, Spolchemie, Wanhua Industrial Group and Silon, the ministry said.

The number of employees in the chemical industry grew annually by 3.9 percent to 31,793 last year. Their average monthly wage went up by 8.8 percent to CZK35,798, which is 12 percent higher than the national average.

Czech exports of chemicals rose by 4.6 percent to CZK179bn. Over 20 percent headed to Germany, 14 percent to Poland and 10 percent to Slovakia.

Imports increased annually by 6 percent to CZK295.8bn. Germany accounted for 30 percent, Poland for 8 percent and France for 7 percent.

Sales of Czechia's chemical companies in 2008-2018

Year	sales (CZK bn)
2008	161.85
2009	126.07
2010	152.79
2011	169.84
2012	178.62
2013	171.58
2014	186.57
2015	171.39
2016	165.84
2017	191.74
2018	274.80

ŠKODA AUTO TO BUILD TECHNOLOGY CENTRE FOR E-MOBILITY – 15.11.

ŠKODA AUTO plans to build an annex building of a technology center for e-mobility. The facility should be located on the area of current parking at Ptácká Street. This was stated by Christian Strube, member of the Board of Directors for Technology Development, at the Company Council meeting. The information was provided by weekly Škodoväcký ODBORÁŘ. Other investments include the completion of a new parking house or the expansion of a crash laboratory or a prototype creation building for nearly EUR€ 25m. Up to 110 people can find work here.

MPO TO SUPPORT INNOVATIONS IN PRACTICE WITH CZK 1BN – 15.11.

The Ministry of Industry and Trade (MPO) announced the first public tender in the program The Country for the Future. The aim is to support the introduction of innovations into practice, the creation of innovative companies or the construction of innovative infrastructure with an emphasis

on digital services and artificial intelligence. CZK 1bn allocated for the competition. Companies can submit their project plans until January 8, 2020.

ELECTRIC CAR SALES IN CZECHIA TO TRIPLE IN 2020 – 17.11.

New electric car sales on the Czech market are expected to more than triple to 3,000-3,500 units next year, mainly after the launch of car manufacturer Skoda Auto's first electric model Citigo iV, according to experts and the Car Importers Association.

In January-October this year, electric car sales in the CR increased by about 20 percent to 649 units.

Skoda Auto started receiving orders for Citigo iV this autumn but expects registrations not to start earlier than next year, when it plans to place 2,500 electric cars on the market.

In addition, Skoda Auto intends to sell 700 plug-in hybrid cars Superb next year.

Most of electric cars are currently sold by Nissan, Hyundai and Tesla. Volkswagen's new electric model ID.3 is also coming to the Czech market.

Growth is also expected in the category of hybrid cars. In the first ten months of this year, hybrid car registrations posted an annual increase of 70 percent to 6,610 units.

Japan's Toyota tested three hybrid models in Toyota Eco Race in Prague last week.

There will be 250,000 electric cars in Czechia in 2030, so the building of the necessary infrastructure needs to be accelerated, Industry and Trade Minister Karel Havlicek said in early October.

"There should be 25,000 public charging stations (in 2030). We have to speed this up because the building permission for one station takes a year and a half," he said.

Skoda Auto and energy distributor Prazska energetika (PRE) launched pilot operation of fast-charging station Kinetic Power Booster in Prague's Letnany during the e-Salon electric mobility trade fair held on Nov 14-17.

The Kinetic Power Booster station, using technology of Israeli startup Chakratec, has twice as much power as the national grid. It is the first of its kind in the CR and the third in the world.

The 2nd e-Salon presented new electric products of Skoda Auto, Volkswagen, Kia, Hyundai and Ford. Besides electric cars, the exhibits also included electric planes, scooters and other vehicles.

PRAZDROJ: PROUD WILL START BREWING BEER IN MID-2020 – 18.11.

Microbrewery Proud will in its first years produce thousands of hectoliters. It is being built at the former power plant within the facility of the brewery in Plzeň by Plzeňský Prazdroj. It should start operating in mid-2020. This was confirmed for ČIANEWS by Michal Škoda, under whose leadership the brewery is being created. Its foundation will be a 30hl brewhouse with the possibility of increasing the production capacity based on demand. It will focus on experimenting with beer styles and ingredients using modern technologies.

OKD CLOSING MINES GRADUALLY – 18.11.

The following is a selection of information on black coal miner OKD and phaseout of its mines (Lazy mine is to be closed on November 28):

- Black coal has been mined in Ostrava, northern Moravia, since the 1770s. The local mines were in private hands until 1945 when they were nationalised, which gave rise to state-run enterprise OKD (stands for Ostravsko-karvinske doly). The joint-stock company owned by the state was established in January 1991.
- Some mines were closed during the Communist regime, while new ones, such as Paskov and Staric, were opened. In 1990, there were 13 mines in the Ostrava-Karvina mining basin, employing a total of 104,000 people.
- After the 1989 fall of Communism, some non-effective operations were closed gradually their staff being laid off. In 1992, OKD had over 72,000 employees. Two years later, it employed roughly 50,000 people in 9 mines. In 2017, OKD and its suppliers had some 11,000 employees.
- In the past 30 years, mining was ended in the mines Jan Sverma (1992), Hermanice (1993), Odra (1994), Julius Fucik (1998) and Barbora (2002) and Dukla (2007), among others. The last mine to be closed was Pasko (2017). According to estimates, there are still several million tonnes of coal in the underground of the Paskov mine.
- OKD is the sole black coal producer in Czechia. Its output totalled some 4.62 million tonnes last year. OKD's mines employ almost 9,000 people.
- The only OKD mines still in operation are CSA, Lazy, Darkov, CSM-Sever (north) and CSM-Jih (south).
- The Lazy mine began operating in 1892. During its almost 130-year history, some 146 million tonnes of quality black coal were extracted there. Mining at the site is to be discontinued on November 28, with gradual phaseout of the other mines to follow.

Development of mining at OKD mines

year	mining volume (mn of tonnes)	profit (CZK bn)	average no. of employees (incl. contractors)
2009	10.62	1.48	17,556
2010	11.19	6.32	17,372
2011	10.97	6.1	17,740
2012	10.8	1.2	17,639
2013	8.61	-19.66	16,073
2014	8.34	-10.1	14,749
2015	7.64	-6.8	13,755
Jan 1, 2016 - May 8, 2016	2.55	-2.68	12,445
May 9, 2016 - Dec 31, 2016	4.17	-3.32	11,341
2017	4.87	3.4	9,500
2018	4.62	1.29	9,100

CTK AGROTEC UPS SALES BY CZK145M TO CZK4.58BN IN 2018 – 18.11.

Agrotec, a company active in the sale of agricultural and construction machinery, lorries and passenger cars, saw its sales rise by CZK145m to CZK4.58bn last year and its profit grow by CZK14m to CZK111m, the firm's annual report said. The company's profit rose despite the loss of a part of its agricultural machinery dealership network in Slovakia and exchange rate losses arising from the Czech crown's unexpected development to the euro, the report said.

The company is a member of the Agrofert group earlier owned by Prime Minister Andrej Babis and now administered by trust funds.

The firm did well in all its segments except for agricultural machinery in Slovakia.

Agrotec sold almost 1,500 passenger cars, 800 lorries, 400 tractors and 600 trailers, and some 4,500 vehicles and trailers in total.

The firm generates an overwhelming majority of its sales in Czechia.

It has 40 key customers, with Agrofert group entities accounting for about a third of sales.

The company is continuously raising its staff numbers. Its headcount went up by 16 to 495 last year.

The firm began operating in 1990 and has over 20 brands in its portfolio. Its subsidiaries are active in Slovakia and Hungary.

Agrotec's sales and profit (in CZK thousand)

	2018	2017	2016	2015
sales	4,576,000	4,431,000	4,309,000	4,863,000
profit	111,100	97,100	87,300	119,100

CTK MOST OF METALS IN STATE RESERVES COME FROM 2000-2013

– 18.11.

A majority of the metals stored as part of state emergency reserves was purchased between 2000 and 2013, Administration of State Material Reserves (SSHR) chairman Pavel Svagr told journalists today.

Prime Minister Andrej Babis said last week the metals stored in state reserves are about 50 years old, some of them coming from 1972.

"The last purchase of metals was made in 2013. The amount bought in 1972 forms a minority and comprises about 15 tonnes of aluminium," Svagr told CTK.

The state now plans to sell all the metals in state material reserves, expecting proceeds worth CZK2.2bn. SSHR would sell metals worth CZK600m in 2020 and the remainder worth CZK1.6bn in 2021.

The reserves contain copper, aluminium, nickle, lead and zinc. "They come from all over the world - Russia, Venezuela, Chile, Germany - as well as from the CR," Svagr said.

According to Industry and Trade Minister Karel Havlicek, the concept of keeping basic metals in state reserves is obsolete, so he wants to sell them gradually.

First, a meeting of the National Security Council will be held to discuss all material reserves. The government will debate the outcome of its meeting afterwards, Havlicek said today.

According to him, the state material reserves should be restructured. Their overall financial framework should not be increased, but the state should store what it really needs in 2019 and should sell what made sense in the time of the cold war but is no longer needed, such as metals, Havlicek said.

The CR already sold a part of the metal reserves in 2008, but replenished them in 2010, Svagr noted.

"SSHR sold metals worth about CZK650m at that time. The money stayed in SSHR's budget and was used to reinforce crude oil security," he said.

The SSHR is responsible for keeping reserves of various commodities for potential states of emergency, such as floods, war conflicts or outages in supplies of crucial raw

materials. It stores crude oil, aviation fuel, food and medicines, among other things.

CONSTRUCTION OF FIRST-CLASS ROADS IS SLOW – 18.11.

The preparation of first-class road construction takes 12 years on average, and only seven out of 35 projects were completed on time in Czechia in 2013-2018, according to the Supreme Audit Office's (NKU) check.

The projects were not carried out in order of importance but based on their readiness, NKU said, but the Transport Ministry does not agree.

Strategic documents from 2013 listed road construction projects in order of priority, including also building schedule and expected costs.

The cited transport strategies contained a mechanism for assessing projects and putting them in order of importance, the ministry said in a press release.

Only seven of the planned 35 projects were finished on time, with six being under way when the schedule was created, NKU said.

The delay, caused by many circumstances, does not devalue the prepared projects but it merely postpones their positive effects, ministry spokeswoman Lenka Rezkova said.

Some first-class road construction projects were delayed or stopped because of a lack of funds, NKU said. Many projects started before the crisis and then there were cuts.

Costs of the construction of first-class roads were 30 percent lower than the Road and Motorway Directorate (RSD) expected in tenders in 2013-2018. A higher number of bidders helped with that, NKU said.

There were 69 first-class roads (over 5,800 kilometres) in Czechia in 2018.

KIWI.COM HAS ENTERED INTO A PARTNERSHIP WITH AIRASIA – 18.11.

AirAsia is expanding its online offer to include the flights of company Kiwi.com. Thanks to the new partnership AirAsia now offers destinations such as London, Dubai, Madrid and Auckland to more than 50 million of its unique users every month.

SKODA JS SIGNS CONTRACT FOR SUPPLIES TO NUKE PLANT IN UKRAINE – 19.11.

Czech firm Skoda JS and Ukrainian firm NAEK Energoatom signed a contract for further supplies of equipment to Rivne nuclear power plant in Ukraine worth EUR27m (some CZK690m) today, Skoda JS spokesman Jan Stolar has told CTK.

Two control rod drives systems including accessories will be delivered to the plant's first and second units with VVER 440 type reactors, Stolar said.

The upgraded systems will improve operating parameters and decrease the probability of accident occurrences.

The systems have been delivered to four units at Czech nuclear power plant Dukovany, to Slovak power plant Mochovce and to four units at Hungary's plant Paks.

Skoda JS has shipped over 1,200 drive mechanisms that have been gradually upgraded to customers in Czechia and abroad. Thanks to its work on two units at Czech nuclear power plant Temelin Skoda JS has acquired technical know-how and specialists, which helped it enhance production, engineering

and servicing of nuclear equipment, Skoda JS board chairman Vladimir Poklop said.

The firm is based on these three pillars that ensure its profitability, and it will make profit this year for the 20th successive year, he added.

Skoda JS believes Czech firms will get the possibility of taking part in building new nuclear sources in Czechia. It is currently seeking opportunities in Central and Eastern Europe in particular, said Poklop.

With 1,100 employees, Skoda JS made a pre-tax profit of CZK235m on sales worth CZK4.1bn last year. Because of a lack of contracts in Czechia it is focused on exports which headed to 14 countries last year, accounting for 68 percent of its turnover.

ŠKODA AUTO MANUFACTURED 3M TRANSMISSION GEARS IN VRCHLABÍ – 19.11.

On November 18, 2019, the ŠKODA AUTO plant in Vrchlabí produced the three-millionth automatic DQ200 transmission. The plant focuses on Industry 4.0 technologies, which ensure the highest possible manufacturing accuracy even in complex manufacturing operations, such as shifting pistons. Of the total production, 38% of gearboxes are designed for ŠKODA cars. The remaining 62% are used in vehicles of other Volkswagen Group brands. Half of the production is exported to Germany. Other gearboxes go to plants in India, Poland, Russia, Spain, South Africa and Hungary.

METRO LINK D: ANOTHER STEP CLOSER TO REALITY – 19.11.

Deputy Major of Prague Adam Scheinherr (Praha Sobe) told reporters on Monday that the City of Prague will file for a construction permit before the end of the year. The initial phases of the geological survey around Pankrac is underway and the construction permit request will be for driverless train system.

The first phase is scheduled to be built from Pankrac to Depo Pisnice for an estimated 58 billion CZK, before joining up to Namesti Republiky. President Milos Zeman signed the documents last week, in which the autonomous metro design was already included.

SURVEY: TWO THIRDS OF BUILDERS EMPLOY FOREIGNERS IN CZECHIA – 19.11.

Two thirds of building companies in the CR employ foreigners who make up an average 16 percent of their staff numbers and most of them are workers from Eastern Europe and Asia, according to a survey conducted by CEEC Research company. The share of builders using foreign labour is about the same as two years ago.

Workers mostly come from Turkey, while the number of Ukrainians keeps falling, the survey carried out among some 100 builders in October has shown.

Builders have a labour shortage to which the relevant market should react, said Trigema Building board chairman Petr Belina.

Hiring foreigners is one of the ways to improve the situation, he said.

The survey found that building companies use 95 percent of their capacity and the amount of work they have is sufficient for the next 10 months on average.

The majority of foreigners are the Turks for whom it is easier to get a working permit. Ukraine is less attractive nowadays partly because of administrative problems and the fact that firms are getting ready for an outflow of Ukrainians to Germany, said CEEC Research head Jiri Vacek.

Four fifths of firms with a minimum annual turnover of CZK200m employ foreigners, while in the category of small and medium-sized enterprises it is a half of businesses.

About three quarters of foreigners work in civil engineering, that is transport infrastructure projects, and three fifths are hired by firms involved in building construction, that is construction of dwellings, offices and industrial facilities.

Builders' heads said foreigners take sick leave less frequently compared to Czech employees, they respect their superiors, are willing to learn new things and do not demand high wages. On the other hand, it is more difficult for them to become part of a team, the CEOs said.

Nearly a half of foreign workers stay with a firm for more than three years, while a tenth of them leave before a probation period expires.

CTK BUDEJOVICKY BUDVAR NOT TO CONTRIBUTE TO STATE BUDGET THIS YEAR – 20.11.

State-run brewery Budejovický Budvar would not transfer any funds to the state budget this year, while last year it contributed CZK0.5bn, Agriculture Ministry spokesman Vojtech Bily told CTK today.

Because of large investments, the company did not contribute any funds to the state coffers in 2017 either.

Budejovický Budvar is one of two companies administered by the Agriculture Ministry that contribute to the state budget, the other one being forest management company Lesy CR.

Former deputy agriculture minister Viera Sediva has been replaced as a member of Budejovický Budvar's nine-seat supervisory board by new deputy minister Jindrich Fialka, according to information from the public register that the ministry has confirmed to CTK.

The Agriculture Ministry is not planning any further changes in the supervisory board, Bily said.

Finance Minister Alena Schillerova said in summer the current government is not going to privatise Budejovický Budvar.

Budejovický Budvar is the only brewery owned by the state. The government was already considering selling the company under Prime Minister Mirek Topolánek in 2007.

"The privatisation of Budvar is not on the agenda and will never be on the agenda of the current government. The period of wild privatisations is over. The state should not have disposed of a number of companies that it sold in the past. Our government is not planning anything like this. It (Budvar) is our family silver," Schillerova said earlier.

According to its annual report, the brewery's net turnover increased by 7.6 percent to CZK2.81bn in 2018. Its output rose by 3.6 percent to 1.602 million hectolitres, the second biggest volume in its 123-year-long history. Exports to 79 countries reached an all-time high of 1.07 million hectolitres, and sales worth CZK2.55bn were the highest in the company's history. After-tax profit amounted to CZK267.1m.

After the planned completion of CZK2bn investments in 2020, the company's output is expected to increase by about 25 percent to more than 2 million hectolitres.

GIA DOOSAN ŠKODA POWER CHECKS TURBINE IN EVI EUROPARK – 20.11.

Doosan Škoda Power has carried out a planned inspection of the 60MW condensation turbine located in the incinerator EVI Europark. The turbine was opened for a large inspection after 12 years of a flawless operation. All repairs took place in premises of the plant located at the German-Dutch border. The turbine was delivered by Doosan Škoda Power and that's why the incinerator chose the original producer for the inspection.

GIA FIRMS SIGN MEMORANDA IN MALAYSIA – 20.11.

Two Czech companies and two schools have signed four memoranda with their Malaysian counterparts at the B2B forum in Kuala Lumpur. For instance, nanotechnology company Nafigate Corporation has agreed with Total Renewables on the construction of a plant focused on the production of an organic polymer from the palm oil production waste. The factory will likely be opened in two years. Companies focused on waste treatment could succeed in Malaysia. The business mission followed Czech Minister of the Environment Richard Brabec (ANO) at his visit in the country. The information was provided by the Confederation of Industry of the CR (SP ČR).

GIA CZECHINVEST: SOME 154 M&A TRANSACTIONS ANNOUNCED IN CR – 20.11.

A total of 154 transactions in the field of mergers and acquisitions were announced in the CR in 3Q 2019. This stems from the analysis M&A Report published by the agency Czechinvest. The highest number of M&A transactions was recorded for the segment of real estate (55). The second highest number of M&As was recorded for the segment of industrial products and services (48). It was followed by the segment of financial institutions (19).

CTK MHMP: CONSTRUCTION OF SMÍCHOV TERMINAL TO BEGIN IN 2021 – 20.11.

The City Hall of the Capital City Prague (MHMP) has introduced the final design of the new transport terminal planned for Prague-Smíchov. The terminal will likely better interconnect the rail and bus transport with the subway system and trams and reduce thus transfer time for passengers. MHMP plans to build also P+R and B+R parking lots, extend the check-in hall and adjust the premise in front of the station. The capital city has opened a public tender for project work. The contractor will likely be chosen by the end of 2019 and the construction itself will likely begin in 2021.

TRADE & INVESTMENT

CTK CZECH EXPORTS TO HIT RECORD CZK4,600BN IN 2019 – 14.11.

Czech exports should increase by 5 percent to record CZK4,600bn this year, growing for the tenth consecutive year, Exporters Association deputy chairman Otto Danek said at today's export forum in Trutnov.

However, the association does not expect another hike for 2020, saying it would be a success if the volume approached this year's level.

At the beginning of this year, the association said exports would post a drop in 2019.

The growth is due to the fact that Britain has not left the European Union, Danek said.

The threat of Brexit helped because everyone wanted to make deals in advance and exports grew, Danek said.

The German economy did not sink into recession in Q1 2019 as was expected but in Q4, and the export dynamics was very positive in Q1-Q3, Danek said.

Even the threat of a trade war between the USA and the EU has not come true, he said.

Next year, the German recession will be reflected in Czech exports, Danek said, adding that some companies depending on Germany have already recorded a 10-30 percent annual sales drop.

Other 2020 threats involve Brexit and US tariffs on goods imported from the EU, and also electromobility for which many countries, including Czechia, are not ready, Danek said. The unresolved relationship with Russia is still an issue, with embargoes preventing Czech exports to Russia, he said.

In September, Czech exports in the cross-border concept grew annually by 9.1 percent to CZK405bn, according to the Czech Statistical Office (CSU). Foreign trade ran a CZK55bn surplus, with exports of motor vehicles contributing the most.

Entrepreneur and financier HSH Prince Michael of Liechtenstein, a keynote speaker at the forum, said that the EU's biggest problem was bureaucracy and centralisation.

The 2008 crisis developed into a crisis of state institutions and the political system, he said.

Debt crisis, Ukrainian crisis and migrant crisis have appeared and Europe was helpless, Prince Michael of Liechtenstein said. None of the crises has been resolved and they have resulted in Brexit, he said.

Western countries hesitate about accepting opinions of Eastern countries, Hungarian central bank's monetary council member Gyula Pleschinger said.

The Visegrad Group countries (Czechia, Slovakia, Poland, Hungary) together form a bigger share in trade than France or Italy, he said, adding that this power needs to be used to convince Western countries to have a discussion.

ČEZ INVESTS CZK 138M IN VÍTKOVICE HEATING PLANT'S GREENING – 19.11.

ČEZ Energetické služby has completed the conversion of Teplárna Ostrava - Vítkovice from black coal to gas. Energo centrum Vítkovice, which is still operating the heating plant, will be merged into ČEZ at the beginning of 2020. The investment in the greening of the heating plant reached CZK 138m. Emissions of sulphur oxides will fall annually by 410 tonnes (100%), nitrogen oxides by 288 tonnes (93%), solid pollutants by 5.8 tonnes (96%) and CO₂ by 40 tonnes (82%). Customers include Třinecké železářny, Vítkovice Holding, Vítkovice Hospital Ostrava and households from the Vítkovice location.

PM BABIS IN KIEV CZECHS SUPPORT UKRAINE'S TERRITORIAL INTEGRITY – 19.11. (EXCERPT)

Czech Prime Minister Andrej Babis supported the territorial integrity and sovereignty of Ukraine as well as the reform course that the country's new leadership pursued after his talks with Ukrainian PM Oleksiy Honcharuk in Kiev today.

Babis, who is accompanied by a large delegation of Czech entrepreneurs, said this visit is a new beginning of Czech-Ukrainian relations.

Babis also said the Czechs kept an eye on the anti-corruption steps of the new Ukrainian government. The rule of law was highly important even for business development, he said, adding that he is in Kiev mainly to launch economic cooperation.

"We have a whole list of what our firms would wish to have in Ukraine for their businesses. We see wonderful opportunities here," Babis said at the Czech-Ukrainian business forum about possible Czech exports that mostly goes to other EU countries at present.

Zelensky said he paid careful attention when the Czech delegation spoke of what should be changed on the Ukrainian side to increase Czech investments in Ukraine and boost mutual trade.

EGAP SUPPORTS EXPORTS TO UKRAINE FOR OVER CZK 300M – 20.11.

In 2018, EGAP supported exports to Ukraine for over CZK 300m. The export insurer said that it was significantly more than in previous years. As ČIANEWS already informed, Czech PM Andrej Babiš (ANO) is currently visiting Ukraine, where he attends the Czech-Ukrainian Business Forum together with nearly 90 Czech firms.

LABOR & SOCIAL

TRIPARTITE MINIMUM WAGE TALKS INCONCLUSIVE, DECISION UP TO GOVT – 18.11.

The Tripartite Council, comprised of the government, trade unions and employers and tasked to help secure social harmony in Czechia, failed to agree on the minimum wage rise today, and the decision is up to the cabinet, Labour and Social Affairs Minister Jana Malacova has said.

The minority government consists of the ANO movement and the Social Democrats (CSSD) and is propped-up by the Communists (KSCM) in parliament.

Malacova (junior government CSSD) said she had asked PM Andrej Babis (ANO) to convoke a meeting of the Coalition Council, or representatives of ANO and the CSSD, to reach agreement on the minimum wage increase as of next year.

Babis said the Coalition Council would debate the issue next Wednesday.

The minimum wage stands at 13,350 crowns a month now. Trade unions demanded its increase by 1,650 crowns, to 15,000, at least, while employers offer a 700-crown increase. "The Tripartite Council today failed to agree on the minimum wage increase. The decision is thus up to the government," Malacova said.

Babis expects the Coalition Council to reach a compromise during its discussion about the minimum wage rise, he told reporters before his departure for Ukraine tonight. He added that he would support the highest possible rise.

Babis admitted that the minimum wage in the CR was lower than in the neighbouring countries, but he pointed to the average wage in the CR being higher than in Slovakia and Poland.

It would be the best to find a mechanism of an annual rise in the minimum wage to a certain share of the average wage in the third quarter of the year, Babis said. However, the views

of such a rise differ - while employers propose 40 percent, trade unions want 50 percent, Babis noted.

The minimum wage is defined by a government directive. It should decide based on the Tripartite agreement, but the unions and employers usually fail to reach consensus and the minimum wage decision must most often be made by the cabinet.

Finance Minister Alena Schillerova (for ANO) said the employers and trade unions were not willing to listen to each other and find a compromise.

"The unions' proposal would mean a twice higher rise in the minimum wage than in the average wage. In other words, I think that both sides should have made some concessions, which they did not. So the government will have to make a decision, this will be dealt with at the Coalition Council's meeting held during the following two weeks," she said.

The minimum wage must rise proportionately, since the economy is slowing down and this might exert pressure on dismissals, she added.

The Labour and Social Affairs Ministry has drafted three variants of a possible increase by 1,150, 1,350 or 1,650 crowns, which would raise the minimum wage so that it corresponds to 40.2, 40.8 and 41.6 percent of the average wage in the country.

Last week, Malacova said she was for the number two variant, which is an increase by 1,350 crowns to 14,700, but that President Milos Zeman would welcome a minimum wage increase to 15,000 crowns at least, which is the sum demanded by the unions.

Schillerova previously said the minimum wage increase should correspond to the growth of other wages.

The Finance Ministry's prognosis expects wages in Czechia to rise by 5.9 percent next year.

GOVERNMENT MAY CUT 2,000 JOBS IN CIVIL SERVICE 18.11.

The number of jobs in the civil service is to be reduced by 2,089 as of next January, which will be a decrease by 2.6 percent of their total number, Czech Finance Minister Alena Schillerová (ANO) told journalists today.

At the beginning of this year, the government cancelled roughly 860 posts. Now this will be most probably the biggest reduction since the civil service law came into force. As of next year, there will be 75,754 jobs in the civil service and the civil servants' salaries are to cost almost 35.8 billion crowns. The biggest changes are expected at the Government Office, the Finance Ministry and tax offices, the Czech Social Security Administration (CSSZ) and the job offices.

At the Government Office, the number of positions will be lowered by 135. At the Foreign Ministry, there will be nine fewer positions. There will be an overhaul of the economic and operational section, but a diplomatic office in Singapore will open and along with it, new four jobs will be created.

The Defence Ministry is to lose 61 jobs.

"These organisational changes are translated into the merger of organisational bodies across the whole office," the plan, drafted by the Interior Ministry, said.

At the Finance Ministry, the number of positions will be reduced by 138. The changes will largely relate to the financial management and audit sections. The tax offices will lose almost 500 jobs.

At the Labour and Social Affairs Ministry, 99 jobs will be cut, in the CSSZ over 380 and roughly 330 at the job offices.

At the Interior Ministry, some 46 jobs will be cancelled and at the Environment Ministry 55. The rest of the ministries are to reduce their staff numbers, too.

MISCELLANEOUS

DELOITTE: TOURISTS NUMBERS IN PRAGUE UP 300,000 P.A. – 19.11.

The no. of tourists visiting Prague increased by more than 838,000 p.a. between 2016 and 2018. The no. of hotel beds increased by 1.4% over the same period. Capacity offered through accommodation platforms (e.g. Airbnb or HomeAway) increased by 34.1% to almost 14,000. In 2018, Prague thus estimated to have lost local fees ranging from CZK 88.5m to 124m. This stems from the Deloitte Prague Hospitality Report, which anticipates the sum will increase to more than CZK 250m in connection with planned changes in fees.

NORDIC TELECOM EXPANDS 5G DEPLOYMENT – 18.11.

Nordic Telecom has said that it has expanded the deployment of its 5G network in the CR, increasing the number of areas in which it is available to 112 at the end of October 2019, up from 103 in September 2019. The company now covers some 30% of Czech households or 90% if network partners are taken into account. The company is aiming to cover around 400 areas of the country with 5G by the final quarter of 2019 and to cover 1.3mn Czech households by the close of 2020. Nordic Telecom is a unit of Nordic Investors.

SAFETY PIN: NEW CZECH PAYMENT TERMINALS TO RANDOMIZE NUMBERS ON KEYPAD – 19.11. (EXCERPT)

Consumers should take note when entering their PIN on newer payment terminals in the CR: a new security feature may cause some initial confusion. PIN numbers are most often stolen by watchful eyes or cameras monitoring a person's hand movements when entering the numbers on a keypad. Even if the watchers cannot see the keypad, they are often able to make out the numbers entered based on the placement of the hand or fingers. But a new security feature coming to Global Payments terminals hopes to change that through a simple design element: the placement of numbers on the touchpad screen will be randomized for every transaction, making it impossible for thieves to obtain the PIN without also seeing the numbers on the screen.

Czech bank ČSOB, which operates about 40% of the payment terminals on the Czech market, does not currently use randomized number placement – but the bank has been testing the feature on its touchscreen ATMs without issue.

TOTAL SURVEILLANCE IN PRAGUE? POLICE WANT A FACE RECOGNITION CAMERA SYSTEM – 20.11. (EXCERPT)

Prague City Police asked the municipality to activate automatic face recognition at six locations in the capital. The police could thus automatically monitor and record the movement of people captured by the cameras. Petr Hluboček (STAN), chairman of the municipal security commission, said it was a sensitive matter and Prague would ask the Office for Personal Data Protection for an opinion. The expensive and technically demanding face recognition system is already in operation at the Václav Havel Airport in

Prague. At the airport there are 145 cameras that are able to immediately compare the captured face with the database of wanted persons.

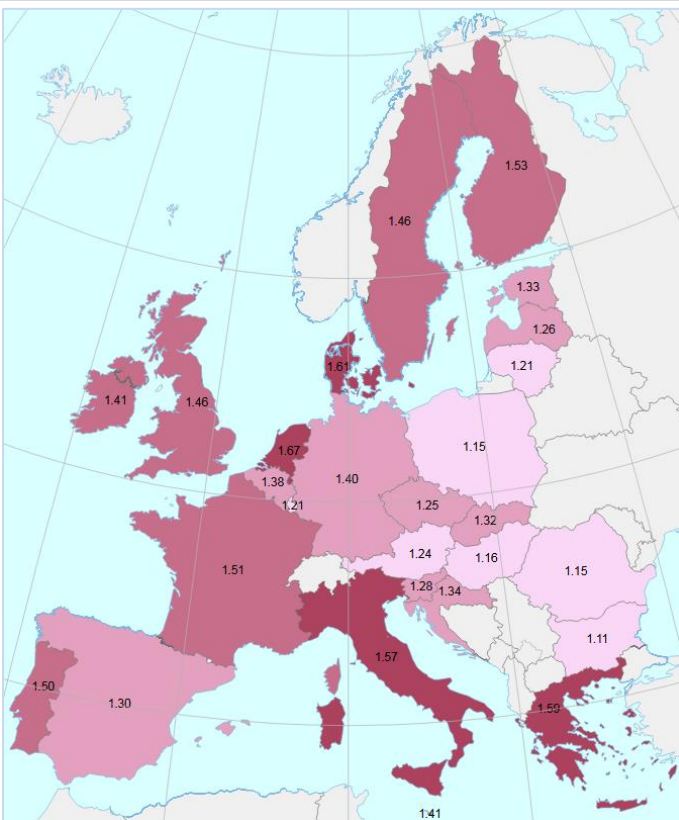
Prague Daily Monitor **DELOITTE: PRAGUE HOUSING PRICES STILL RISING – 20.11.**

A monthly study by Deloitte showed that empty new apartment prices rose 7.7% to the end of August 2019. The average price in the city was 110,000CZK a metre for available new apartment space. This information is useful for someone in the market for a completed new apartment or can be used to predict rising or falling prices. Interestingly enough the available apartments on the market grew by 2.3% to 5441 units available for sale, which could indicate that the higher prices are taming demand. Although the 7.7% growth sounds high, it is the second lowest price growth seen in the monthly numbers since Deloitte started the research. A group of major developers claim that new apartment prices have risen by 90% since the middle of 2015. Prague 1 had the highest price per square metre at 193,000CZK and was the only part of Prague where the prices dropped over the past year, by 5.6%. The other nine Prague districts saw raising prices.

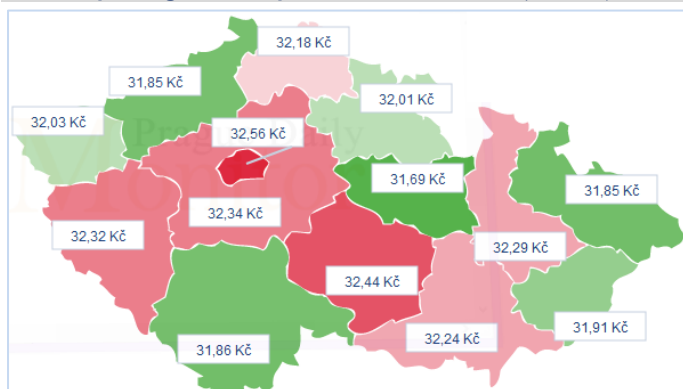
STATISTICS

FUEL PRICES IN THE EU – 11.11.

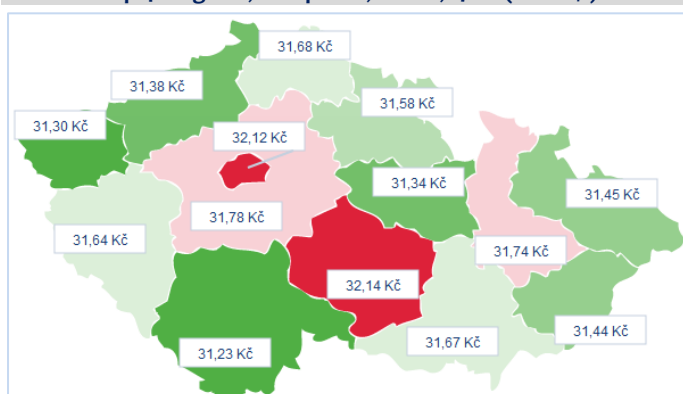
Map 1: EU, Average fuel prices, Natural 95, 11.11. (in €/l)¹



Map 3: Regions, fuel prices, Natural 95, 17.11. (in CZK/l) ²



Map 4: Regions, fuel prices, Diesel, 17.11. (in CZK/l)



PRODUCER PRICE INDICES IN OCTOBER 2019: Y-O-Y
GROWTH OF INDUSTRIAL PRODUCER PRICES SLOWED DOWN
SIGNIFICANTLY – 18.11.

Construction work prices went up by 0.3%, month-on-month (m-o-m). Service producer prices in the business sphere remained stable. Agricultural producer prices and industrial producer prices went down by 1.4% and 0.3%, respectively. From the year-on-year perspective, agricultural producer prices (+0.4%), industrial producer prices (+0.9%), construction work prices (+4.8%) and service producer prices in the business sphere (+2.3%) increased.

Month-on-month comparison

Agricultural producer prices fell by 1.4%. Prices of potatoes (-10.2%), poultry (-4.8%), vegetables (-3.0%), cattle for slaughter (-1.2%) and cereals (-0.4%) decreased. Prices of eggs (+6.7%), oleaginous crops (+4.8%) and fruit (+4.5%) increased. Prices of pigs for slaughter and milk both grew by 0.7%.

Prices of industrial producers decreased by 0.3%. Prices fell in 'mining and quarrying' (-2.1%), 'basic metals, fabricated metal products' (-0.6%), 'chemicals and chemical products' (-1.5%) and 'transport equipment' (-0.4%), thereof 'parts and accessories for motor vehicles' (-0.8%). On the decrease were also prices in 'coke, refined petroleum products'. Prices of 'food products, beverages, tobacco' were higher by 0.4%, thereof 'dairy products' (+1.6%), on the other hand, prices were lower in 'grain mill products, starches and starch products' (-1.9%).

According to an estimate, **construction work prices** were higher by 0.3% and prices of construction material and products input were lower by 0.2%.

Service producer prices in the business sphere remained stable. Prices for 'employment services' (+3.6%), 'advertising and market research services' (+1.0%) and 'information services' (+0.8%) rose. Prices of 'warehousing and support services for transportation' and 'financial services, except insurance and pension funding' were both lower by 0.3%. Prices for 'management consulting services' (-1.4%) and 'architectural and engineering services' (-2.0%) dropped. Service producer prices in the business sphere, excluding advertising services also remained stable.

Year-on-year comparison

Agricultural producer prices rose by 0.4% (in September they increased by 2.0%). Prices in the crop production fell by 1.6%. On the decrease were prices of vegetables, cereals and oleaginous crops (especially poppy seeds) by 15.4%, 7.6% and 4.1%, respectively. Prices of fruit (+39.3%) and potatoes (+16.2%) grew. Prices of animal products rose by 5.0%. Prices of pigs for slaughter (+26.1%) and milk (+2.0%) went up. Prices for cattle for slaughter (-2.2%) and poultry (-3.6%) went down.

Prices of industrial producers were higher by 0.9% (+1.9% in September). Prices grew in 'electricity, gas, steam and air conditioning' (+7.5%) and 'food products, beverages, tobacco' (+3.3%), thereof 'preserved meat and meat products' (+10.4%). Prices increased in 'furniture, other manufactured products' (+4.4%), 'rubber and plastic products, other non-metallic mineral products' (+1.7%) and 'mining and quarrying' (+3.6%). Prices fell significantly in 'coke, refined petroleum products'. Lower were prices also in 'chemicals and chemical products' (-5.5%).

Among the main industrial groupings, 'non-durable consumer goods' (+3.7%) were higher especially.

According to an estimate, **construction work prices** rose by 4.8% (in September they increased by 4.9% after specification) and prices for construction material and products input grew by 2.0% (in September they increased by 2.7%).

Service producer prices in the business sphere were higher by 2.3% (in September they increased by 2.8%). Prices for 'employment services' (+14.2%), 'insurance, reinsurance and pension funding services, except compulsory social security' (+6.6%) and 'advertising and market research services' (+2.6%) went up. Furthermore, prices were higher for 'management consulting services' (+2.4%) and land transport services' (+2.2%). Prices of 'warehousing and support services for transportation' were lower by 1.9%. Service producer prices in the business sphere, excluding advertising services, grew by 2.3% (in September they increased by 2.4%).

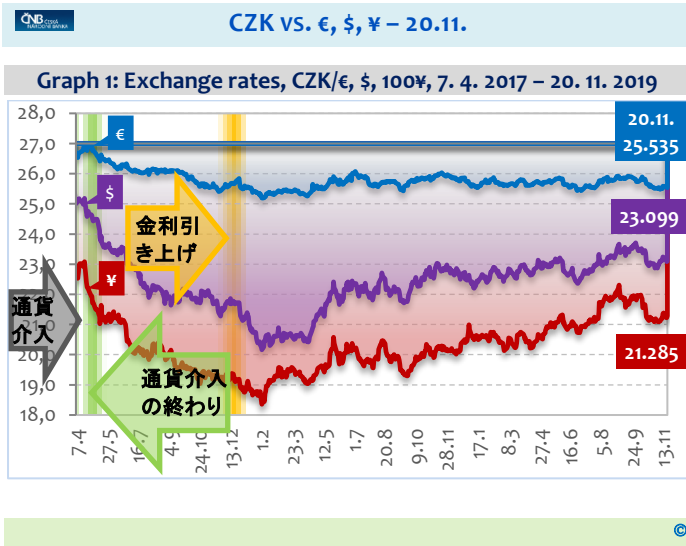
Industrial producer prices in the EU – September 2019 (preliminary data)

According to the Eurostat News Releases, industrial producer prices increased in September by 0.1% (-0.4% in August) in EU28, month-on-month. The highest increase in prices was recorded in Greece (+1.2%). Prices were higher in Poland (+0.3%), the CR and Germany (+0.1% both), remained stable in Austria and were lower in Slovakia (-0.2%). The largest decrease was observed in Latvia (-1.3%).

Industrial producer prices were lower in September by 0.7% (-0.3% in August) in EU28, year-on-year. The largest decrease in prices was recorded in Denmark (-4.0%). Prices were lower in Austria (-1.5%) and were higher in the CR (+1.9%), Slovakia

² data issued by the mBenzin.cz; <https://www.penize.cz/ceny-benzinu-a-ceny-nafty>

(+1.3%), Poland (+0.8%) and Germany (+0.1%). The highest increase was observed in Bulgaria (+4.5%).



NEWS OUTSIDE OF THE GIVEN TIME SPAN

- ČSÚ, Czech Statistical Office (Český statistický úřad)**, is the main organization which collects, analyses and disseminates statistical information for the benefit of the various parts of the local and national governments of the CR.
- CIA News (Česká informační agentura Ltd.)**; a news agency, specialising in the CR's economy and markets. It is owned by Inergo Slovakia Jsc., owned by Emil Hubinák.
- CNB, CNB (Česká národní banka)**; is the central bank and financial market supervisor in the CR and a member of the European System of Central Banks.
- ČTK, Czech Press Agency (Česká tisková kancelář)**; a national news agency dealing with the gathering, processing, storing, and distributing of text and

- pictorial information. CTK is a public corporation and is governed by the law on CTK number 517/1992 Coll.
- expats.cz** Expats.cz
- in** Novinky.cz; is an online news magazine of the Czech daily Právo and a section of the internet portal Seznam.cz.
- mbrain** M-Brain, News monitoring; is a global information, technology and consulting services company offering market and media monitoring, intelligence and analysis services and solutions.
- penize.cz** Peníze.cz; is an online news magazine published by Partners Media, owned by Partners Financial Services, jsc.
- Prague Daily Monitor** Prague Daily Monitor; is an English-language electronic daily about the CR.