

## チェコ経済月報(5月31日)

### 主な動き<sup>i</sup>

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- Jan 1** The year 2018 will bring a number of significant anniversaries. Around 170 events are marking the centenary of the birth of Czechoslovakia in October 1918, the 50th anniversary of the Soviet-led invasion of 1968 and the foundation of the independent Czech Republic in 1993.  
It will also bring a number of important political events. On January 12-13 Czechs will vote in the first round of presidential elections and incumbent minority government will ask the ChD for a vote of confidence.  
2018 will bring a number of significant changes in the social sphere, including a higher minimal wage which should reach CZK12,200 a month, a 4% hike in pensions, amounting to close to CZK500 a month and tax benefits for parents with children, as well as a more flexible parental leave and a week-long paternity leave. There will be more money for old age homes and caregivers and higher benefits for companies employing people with disabilities.
- 3** Minority investors that together hold a shareholding of more than 1.0% in ČEZ will call for an extraordinary general meeting of the company and if the government pushed for ČEZ to pay for a new nuclear reactor at Dukovany on its own.  
The Constitutional Court ruled that all 9 candidates, registered by the MI will run for Czech president in the upcoming elections.  
The CR's state budget ended 2017 with a deficit of CZK6.2bn. The result was the 2<sup>nd</sup> best figure in the past 2 decades, the MF said. According to the resort, the deficit was caused mainly by slower drawing of EU funds. Last year, the CR enjoyed a record CZK62bn surplus, thanks to the refunds from the EU covering projects from the previous budget period. According to the MF's estimates, 2018 should see a similar surplus.
- 4** The EC has announced that it has lodged a complaint against the CR, Poland and Hungary for their refusal to accept asylum seekers according to an agreement between EU member states.  
The CEFC has been refused permission from the CNB to increase its stake in the J&T Financial Group. CEFC has been refused its application to increase its stake from 9.9% to over 50%.
- 8** PM Babiš' minority government presented its policy program including 6 priority areas for the CR: digitalisation, strategic investment, pension reform, a high profile within the EU, state reform and increased security. Another aspect envisioned by the government is free train travel for students up to the age to 26 and seniors over the age of 65.
- 9** Unemployment rose in December to 3.8% after 4 months of decline, according to the LO. The figure stood at just over 280,000. Despite the rise, it is still the lowest December figure since 1997. In December 2016, unemployment stood at 5.2%. The number of vacancies increased in December to nearly 217,000, which is almost 3,000 more in November.
- 10** In an address to the ChD, President Zeman called on Babiš's ANO minority government to win support ahead of an expected 2<sup>nd</sup> attempt to pass the vote of confidence that it requires to rule. He said he would give Babiš sufficient time to try to find the necessary backing.
- 11** According to the CSO, retail sales rose by 7.8% in the month compared with the situation in the same month a year earlier. Sales of non-food items showed the biggest increase at 10.7% with food items up 3.3%. Sales by mail order or the Internet climbed by almost a ¼ compared with the previous year. Many Czech have extra money in their pockets thanks to higher wages and low unemployment.  
Government debt narrowed in the Q3 2017 to 35.11% of GDP, the CSO announced. That compares with the ratio of 38.24% at the same time a year earlier. Revenues in the latest period were up 6.8% with government spending advancing by 5.2%.  
The CNB has announced a shake-up of its system for managing its foreign currency reserves. It will now divide its reserves into 2 categories: those destined for fast access and use and those regarded as long-term investments. The former, accounting for around 45% of reserves, will be solely in the euro and US dollar. The later will have a wider currency spread and will include the Canadian and Australian dollars as well as the Swedish koruna. At the end of last year, the CNB's reserves stood at around CZK3,150bn.
- 12** The CR is looking to open fresh talks with EMH over its plans to extract lithium. MIT Minister Hüner has said that a meeting should take place within 2 weeks at the latest.

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- Jan 13** Miloš Zeman and Jiří Drahoš have emerged as the strongest candidates from the 1<sup>st</sup> round of the Czech presidential election and are heading to a run-off for the top post in 2 weeks' time.
- 16** Czechs are marking the 49<sup>th</sup> anniversary of the death of student Jan Palach who set himself on fire on January 16, 1969, in protest to the growing public apathy to the Soviet invasion of Czechoslovakia. He died three days later; he was just 20 years old. A number of events were scheduled to honour his memory and sacrifice including a memorial ceremony at the Philosophy Faculty at Charles University. The ChD's mandate and immunity committee recommended that the ChD plenary session release PM Babiš and ANO first deputy head Faltýnek for prosecution in the Capi hnizdo case of a suspected EU subsidy fraud. It is not sure yet when the whole ChD will deal with the police request for their release. Minority government failed to get backing in a confidence vote and received no support from any other party in ChD. All 78 ANO party members voted in favour but the government did not attract a single vote from any other party in the ChD. 117 MPs voted against.
- 17** The CR's minority government led by PM Babiš agreed to resign after it failed to get backing a day earlier in a confidence vote. The PM will now request a meeting with the president who has promised to give him a 2<sup>nd</sup> chance at forming a new government. The current one will hold power until its replacement is named. He signalled earlier he preferred a minority cabinet while the president has pushed for him to form a broader coalition to secure a majority.
- 19** The ChD has voted to strip PM Babiš of his parliamentary immunity, opening the way for prosecution. Mr. Babis, who is suspected of EU subsidy fraud, has denied any wrongdoing. The CR should reduce the numbers of its wild boar population by 90% in order to prevent the spread of the highly infectious ASF, MA Minister Milek said. He said the wild boar population should be reduced across Europe for the measures approved to be successful. The Czech authorities have ordered a cull on wild boar in the affected area of the Zlin region and a ban has been issued on keeping domestic pigs. The CR is expected to spend CZK200mn crowns this year on measures aimed at containing and eliminating the infectious disease.
- 20** The Standard & Poor's has affirmed the CR's AA- long-term foreign currency sovereign credit rating. The outlook remains stable.
- 23** The number of foreigners working living legally in the CR last year exceeded 0.5mn for the first time, according to MI. Of the 524,000 non-nationals registered in the CR in 2017 over 40% came from Ukraine or Slovakia. There were 14 refugees in the CR last year. The number of foreigners in the CR has risen by over 130,000 in the last decade. A large percentage of non-nationals registered in 2017 were from the EU. These included 111,500 Slovaks, over 20,300 Poles, nearly 21,300 Germans, around 3800 French citizens and 5,300 Brits.
- 24** The Czech government will send some CZK225m to the EU Trust Fund for Africa. The Czech donation should be used in Libya to improve medical services and ease the return of immigrants to the country. The money should be delivered to Libya by the end of February. President Zeman accepted the resignation of Andrej Babiš's ANO minority government, a week after it failed to pass a first vote of confidence in the ChD. The president has already said that he will immediately give Mr. Babiš a second chance to put together a government and will appoint the ANO chief PM again. The number of cars on Czech roads exceeded 5.5mn last year, according to the CIA. The number of passenger cars in the car registry reached 5.6mn at the end of December 2017, an increase by 224,000 on the previous year. The average age of cars in the CR has increased year-on-year from 14.48 years to 14.62 years.
- 25** TU Škoda Auto have tabled a demand for pay rises this year of 18%. They have asked for a 14% increase in the basic wage and a further 4.0% rise related to personal evaluations. Unions are also seeking to repeat last year's practice where 2 special one off payments totalling around CZK90,000. The average wage for a car worker last year was around CZK40,000/month. A new deal should be in place by April 1 to cover the following 12 months.
- 27** Current Czech president Miloš Zeman was re-elected Czech president, winning around 52% support against challenger Jiří Drahoš' 48% in the presidential vote. The turnout was given as around 66.5%.
- 30** The government is planning to invest close to CZK600mn to increase security at the country's international airports in Brno, Karlovy Vary, Ostrava and Pardubice. A special commission is to be set up to assess their needs. Prague's Vaclav Havel International Airport has significantly increased security in recent years, bringing security measures in line with European norms. The airport's security department received new equipment for the detection of radioactive and chemical substances. Altogether CZK200mn have been spent on increasing security at Prague's main airport.
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**Jan 31** The average price of new apartments in Prague grew by 19% y-o-y in 2017, according to a study produced by the property development companies Trigema, Skanska Reality and Central Group. The number of new flats sold last year declined by 17%. The volume of new properties on the market in the capital last year was half the figure for mid-2015. Critics say excessive red tape is preventing the construction of sufficient numbers of new apartments, creating a bottleneck and pushing up prices.

The CR gained CZK55.4bn more from the EU budget than it paid in last year, according to the MF. In 2016, the CR made a net gain of CZK80.6bn from the EU's coffers. MI said this was because that year and in 2015 there was a cluster of payments from the 2007 to 2013 budget period. The CR has been a net beneficiary in terms of funding every year since it joined the EU in 2004.

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**Feb 1** Around 32,200 new companies were created in the CR in 2017, according to the Bisnode. That's the highest figure since the pre-crisis year of 2007. Most of the new companies were created in Prague and South Moravia with their main activities services, rentals, management of real estate, wholesale and accommodation. The total number of companies in the country last year rose by 5.3% to stand at 475,600.

A Cabinet decision on how to fund the construction of new nuclear reactors in the CR should come in April or May. The MIT's standing committee on nuclear issues said earlier that it expected the various scenarios for funding new power plants to be prepared by the end of March in time for its next meeting. The CNB announced that it had increased its basic interest rate by 0.25p.p to 0.75%. The move had been widely expected with the crown strengthening ahead of the announcement. It moved to its highest level against the euro since the so-called low crown policy was ended last year before retreating slightly.

- 2 The CNB raised its forecast for the 2018 public sector surplus to 1.6% of GDP from an earlier estimate of 1.4%. The bank improved its outlook for the 2019 surplus to 1.8% from a previous forecast of 1.5%. The bank increased its expectation for 2017 public debt to 34.7% of GDP from 33.8%. In 2019, the debt level should drop further to 29.8% of GDP.

The area of the Zlín region covered by special measures to counter ASF has been reduced sharply. The area covered from February 1 by special measures now covers just 40% of the Zlín district. The reduction was agreed by the EC following a Czech request. Special measures had applied to the whole of the Zlín district from the middle of last year. Czech authorities are trying to stop the spread of the fever, which is fatal for pigs, from the population of wild boar to the livestock being raised on farms.

- 3 The PM in resignation Babiš has said early elections could take place if a second government he plans to form fails to win the necessary vote of confidence in the ChD. Mr. Babiš says he aims to gain support for a second government by the end of this month.

- 5 Exports by Czech companies reached a record CZK4.2tn last year, the CSO confirmed. The CR experienced a balance of trade surplus of CZK152.6bn last year. The result was CZK11.1bn down on the balance of trade surplus recorded in 2016. Compared to the previous year, Czech exports increased by a record 5.6%, to CZK4.2tn, in 2017. Imports grew by 6.3%. Exports to China rose by 1/5, while exports to neighbouring Germany rose by 7.3%; Germany remains the CR's biggest export market; 32.8% of total exports from the CR last year were to the neighbouring country, accounting for CZK1.38bn. The vast majority of exports from the Czech Republic are to EU countries: 83.7%.

- 7 Outgoing PM Babiš has said that a special group of experts from the fields of energy and finance will be created to evaluate state dominated power company ČEZ's plans to split the company.

The CR could start becoming a net contributor to the EU budget as early as 2024 or 2025, according to economists. Since joining the EU in 2004, the Czech Republic has always been on the receiving end of EU payments overall. The change in status results from the country's increasing wealth, changes in the EU budget currently being worked on, and the likelihood of new and poorer states joining in the coming years.

- 8 Unemployment in January rose to 3.9% from December's 3.8%, according to the LOCR. Around 289,000 are registered as jobless and seeking work. This is the lowest January figure since 1998. The unemployment rate in January 2017 was 5.3%. The number of vacancies increased in January to 231,000.

There were a record number of tourist stays in Czech hotels, pensions, and camps in 2017. The total number of stays rose to over 20mn, around 1.7mn more than in 2016. That represents a y-o-y increase of 9.1%. Stays by foreigners increased by 8.1% and by Czechs by 7.7%. The biggest increase in stays occurred in the South Moravian region.

According to the EC, Czech economic growth this year will be around 3.2%. The previous estimate for 2018 was 3.0% growth. The Czech economy is expected to have grown by 4.5% in 2017. The EC's estimate for 2019 growth is unchanged at 2.9%.

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- Feb 8** Foreign investors in the Czech Republic are becoming concerned over the prospect of the CR leaving the EU, according to the deputy head of the CI, Radek Špicar. He said one Japanese investor had asked if so called Czexit is on the cards with the warning that if it happened they would quit the country. Worries over the CR leaving the EU have surfaced in connection with party talks over the format of general referenda. ANO leader and outgoing prime minister Andrej Babiš has said that such a question as leaving the EU should not be posed. Around 80% of Czech trade is with other EU countries with a 1/3 of all trade accounted for by neighbour Germany.
- 10** TU Škoda Auto have rejected a pay offer from management. TUs said that management made an offer which did not even match the inflation rate in 2017. Czech inflation last year averaged at 2.5%. TUs have been pressing for a pay increase of 18% with most of that made up in a wage rise and the rest resulting from workers' individual assessments. TU said that company management were seeking a deal over 27 months but the TUs regarded this timeframe as far too long. A new deal over wages should take effect from April 1.
- 11** The offer of industrial real estate is expected to increase by around 10% compared to 2017 while demand is expected to rise by 8.3%. Most of the interest in new industrial property comes from foreign based firms. The changes in Czech investment incentives are likely to profoundly shape the industrial real estate market with an emphasis on higher value added production and research and development rather than assembly. Demand for real estate around Brno and in the direction of Vienna is expected to be especially strong.
- 13** The Czech economy's current account balance of payments ended in a record surplus of CZK63.4bn last year, according to CNB's preliminary figures. 2017 was the 4th year of surplus in succession. This is the first such period; from the foundation of the CR until 2013 the current account balance was consistently in deficit.
- 14** The pace of annual Czech inflation slowed in January to 2.2% from December's 2.4%, which is the lowest figure since last April, according to the CSO. Slower increases in the costs of growth of food and soft drink prices was one of the main factors for the fall. Compared to the previous month, prices increased by 0.6% in January.  
The Czech Cabinet approved the CR's accession to the EU fiscal pact. By signing the document, the country vows to abide by the pact's budget restrictions. The decision still has to be ratified by the parliament and signed by president Zeman. The intergovernmental Fiscal Stability Treaty was signed in March 2012 by all EU member states with the exception of the CR and the UK.
- 16** An extension of Prague's underground to Václav Havel airport from the current station at the Motol Hospital would cost CZK26.8bn with preparations and construction taking 11 years. The extension of the current A line would add 5 new stations on the new stretch of line totalling almost 7km. Prague City Council is also considering whether to extend its current C line eastwards for around 3km towards the suburb of Čakovice.
- 22** ČEZ said it had agreed the sale of its remaining Bulgarian assets to local company Inercom. The final sale agreement is expected within days. The deal still has to be cleared by Bulgaria's anti-monopoly authority. The sale of the 7 companies should draw a line under ČEZ's 14 year history in Bulgaria which has in recent years involved frequent conflicts with the government and regulators.
- 26** A new poll by the CVVM suggests that if elections were held today they would be easily won by ANO, currently heading the outgoing government of its ministers together with experts. ANO would receive 33.5% – up from 30.5% last month. The Pirates would receive 13%, the ČSSD 12%, and the ODS 10.5%. The last to get into the ChD would be the KSČM and SPD, projected at 10% and 6.5%, respectively. Three parties in the current ChD would slip below the minimum 5% threshold: the Christian Democrats, TOP 09 and STAN.
- 27** The number of doctors retiring from the profession in the CR could next year exceed the number of fresh medicine graduates. However, teaching hospitals are unable to boost student numbers due to a lack of funding and teachers. Unless changes are made, a 1/3 of working doctors will be aged 60 or over by the year 2025. The number of medical students needed to grow by 20 to 25% to prevent a shortfall in future.
- 28** Prague was the 7<sup>th</sup> richest region of all EU member states in 2017, according to Eurostat. Prague's GDP stands at 182% of the EU average. London ranks number 1 in Europe with 611% of the EU average, followed by Luxembourg and south-east Ireland. The entire CR is ranked at around 88% of the EU average.
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- Mar 1** Agricultural earnings fell to CZK21.3bn in 2017, which is a drop by 5.5% on the previous year, according to CSO. That figure still represents the 3<sup>rd</sup> best result since the year 2000. The best result recorded by Czech farmers to date was in 2014, when agriculture earnings reached CZK22.9bn.
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- Mar 2** Czech economic growth in Q4 accelerated to 5.2% y-o-y, up from 5.1 in the previous quarter, according to the CSO. GDP growth in 2017 rose to 4.5%. The economic growth was driven largely by consumer demand which rose to 4.3 % y-o-y.
- 6 The CR is the 8<sup>th</sup> most attractive country in the world for manufacturing, according to Cushman & Wakefield. The CR ranked 3<sup>rd</sup> among 19 European countries, behind Lithuania and Hungary. China topped the overall rankings. C&W said rising labour costs in Central Europe were leading firms in labour-intensive industries to look beyond the region.
  - 7 Škoda Auto plans to create about 3,000 new jobs at its plant in Mladá Boleslav, if it reaches agreement with the unions to launch an 18-shifts-per-week system. The company is ready to launch negotiations with the government as well as with the town and regional representatives to build to new infrastructure that would enable the company to increase its capacity.
  - 8 Miloš Zeman took presidential oath of office at Prague Castle at the start of a 2<sup>nd</sup> 5-year presidential term.
  - 9 The pace of yearly average gross wage rises speeded up in Q4 2017 to 8.0%, the CSO announced. In real terms, discounting inflation, the rise was 5.3%. The average gross monthly wage was CZK31,646. Average monthly wages for the whole of 2017 rose by 7.0% to CZK29,504. The median wage, the level at which most people are earning removing part of the distortion from high earners, in Q4 rose by 8.9% to CZK27,320.  
The pace of inflation slowed in February to an annual 1.8%, down from January's 2.2%, according to the CSO. Among the main factors depressing higher inflation were a slowdown in prices of many food items and drinks. Phone services also became cheaper. Some of the biggest price rises over the month were for utilities and rents of flats and other accommodation.  
The CR had a CZK11.9bn surplus in the trade in goods in January 2018. Exports rose by 0.4% and imports by 4.2% compared with the same month in 2017. The latest figure is CZK9.4bn lower than the surplus during the same month in 2017. One of the main factors in the diminished surplus was a significant CZK3.7bn drop in the exports of vehicles as well as higher deficits in trade of basic metals and agricultural products. That was offset slightly by a CZK1.9bn dent in the deficit for crude petroleum and natural gas.
  - 12 The head of China's Energy giant CEFC and special advisor to Czech President Miloš Zeman, Ye Jianming, was arrested in mid-February and is being investigated for economic crimes, according to the news. A spokesman for the president said Mr. Zeman had received the Chinese ambassador to Prague to discuss the situation.
  - 14 Czech teachers' gross monthly wage increased to CZK31,632 last year, which is an increase by 7.3% on the previous year, according to data released by the MEYS. Over the past 5 years, teachers' salaries have increased by 19%, which is the most rapid wage growth increase in recent years. The average gross monthly wage in the CR increased last year by 7% to CZK29,504.
  - 15 Industrial production rose by 5.5% in January, according to the CSO. The increase was 0.6% compared with December. New orders were 3.4% higher compared with a year earlier. The biggest contribution to the production increase was manufacturing of cars, machinery and equipment, and electrical goods.  
Activity in the construction sector rose by more than 1/3 in January compared with the same period a year earlier. The increase came to 33.6% compared with January 2017. New planning permits granted increased y-o-y by 1.4% with the value of the new permits rising by 20.8%. New construction starts were up 23.1% compared with a year earlier. The building sector last year appeared to come out of a long running slump but some sectors, such as civil engineering and infrastructure still appear to be depressed due to the lack of new government and public sector orders.  
Turnover in the retail sector was 8.2% higher in January compared with a year earlier, according to the CSO. Activity was 0.8% higher in January compared with December. Most of the increased turnover was in the food sector, with turnover up 2.3%, compared with the non-food sector where the rise was 1.5%.
  - 16 The ongoing reconstruction of the D1 highway will take a year longer than originally expected to complete, MT Minister Ťok has said, confirming that the 2020 deadline would not be met due to delays in some tenders. The beginning of some projects would be delayed by 0.5-1 year, the minister said. Some construction permits were challenged by the environmental organization Friends of the Earth. The D1 renovation is expected to cost CZK19bn.
  - 18 The CNB's governor Jiří Rusnok has said wage rises next year in the CR can be expected to slow down. Rusnok said that real wage rises should be in line with real economic growth that is somewhere around 4.0%. In Q4 2017 Czech gross average monthly wages exceeded CZK30,000 for the first time after an 8.0% rise. Taking account for inflation the real wage rise was 5.3% with y-o-y growth, 5.2% q-o-q. Rusnok added that current Czech economic growth is around 1 p.p. lower than it could be if some problems, such as the shortage of labour, could be ironed out.
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**Mar 21** The population of the CR grew in 2017 by around 31,000 and topped the 10.6mn mark for the first time since the end of the Second World War. The population rose as births exceeded deaths and as a result of 28,000 immigrants coming to the CR, the highest figure since 2010. Births totalled 114,405 and deaths 111,443.

**22** The number of foreigners residing in the CR has risen to 493,400, the highest number in the CR's modern history, the CSO reported. The largest foreign minorities are Ukrainians, Slovaks and Vietnamese. Together these three nationalities make up more than 1/2 of the foreigners living in the CR.

**23** Czech foreign debt climbed during 2017 to stand at CZK4.372tn by the end of the year. That's CZK875bn more than at the end of 2016, according to the CNB. The total foreign debt represents 86.71% of the GDP. Around 72% of the Czech foreign debt is owned by private entities with the Czech government, state agencies, and majority owned state companies responsible for the rest. Around 44% of the overall debt is held by banks.

**29** The cabinet has earmarked CZK36bn in support of science and technology in 2019, which is CZK2.1bn than this year. The need was stressed for better planning in research for the funds to be drawn and used since 6.9 billion crowns from previous funding remain untapped. Supporting research, development and innovation is a government priority and the cabinet has approved a resolution which should keep funding stable in the future.

The new head of the CzechInvest Jirotková has said the CR must in future prioritize foreign investment that will bring added value and 4.0 technology to the CR, rather than just job opportunities. Jirotková said she was working on a new strategy in which CzechInvest would focus on 3 groups of clients –foreign investors, Czech SMEs and start-ups, which it would try to link-up and create new synergies. She said she was also planning organizational changes in the agency.

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**Apr 3** The economy expanded by 4.6% in 2017, according to revised data released by the CSO. A previous figure published in early March put GDP growth at 4.5%. The reason for the improvement was new information for last year from the government institutions sector. In 2016 GDP expanded by 2.5%, up from the 5.4% recorded the previous year.

**4** Czech earnings from the tourism sector amounted to 3.0% of total GDP in 2016 with around 231,000 people employed in it according to the CSO. Total tourism earnings rose by almost 9.0% over the year to CZK272bn. That is the highest level since calculations for the sector started in 2003, the CSO said. Foreign visitors to the CR accounted for 58% of the overall turnover.

The employment for the Czech population aged between 15 and 64 reached 74.7% in February. That's a jump of 1.4 p. p. compared with the situation a year earlier. The male employment rate stood at 81.7% with the female level at 67.5%. The overall employment rate in January was 74.5%.

Czech public finances ended 2017 with a surplus of CZK80.6bn. That represents 1.59% of GDP. The latest figures is almost double the surplus of 2016 when it represented 0.73% of GDP. Finances were in deficit in 2015. The CNB estimates that this year public finances will improve further with the surplus rising to 1.6% of GDP. Last year public sector revenues rose by 6.5%, outstripped a 4.2% increase in spending.

The Cabinet has agreed to change its legal system so that collective actions can be launched in the future. At the moment there is no room in the CR's legal framework for such actions to be brought which sets the CR apart from most European states. Common actions are frequently brought in other countries in cases such as over mass transport accidents and failures by multinationals such as Volkswagen's diesel gate affair. The current government promised to introduce legislation to make such actions possible. At the moment only the basic intention to introduce the legislation has been outlined by the MJ. It expects to table detailed plans by the Q1 2019 which can be put to parliament.

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**7** Workers at Škoda Auto look set to get a pay rise amounting to 20%. Individual TUs at the CR's biggest exporter have approved a management pay offer that would see basic salaries rise by 12%, valid from April 1. A ČMKOS must still rubberstamp the offer. Counting overtime, Škoda employees should see their pay packets expand by over 20%. Last year workers at the company got an average of CZK40,557 a month. The new pay deal should be in place for a one-year period.

**9** The foreign trade surplus dropped in February y-o-y by CZK2.9bn to CZK18bn, according to the CSO. Exports dropped by 1.2% y-o-y and imports were down 0.2%. The fall is attributed primarily to a drop in car exports and electronics. The German economy has followed a similar trend.

**10** Unemployment has reached a new 20-year low, dropping to 3.5% in March, down from 3.7 the previous month. According to the CSO the downward trend was recorded in all regions of the CR. LOs registered 263, 000 unemployed who could take their pick from over 250,000 job vacancies on the market.

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- Apr 12** The Škoda Auto increased deliveries in Q1 2018 by 11.7% to total 316,700 vehicles. In March, deliveries climbed by 10.7% to 120,200. Key markets such as China, Russia, and Western Europe were strong. High demand was shown for the Octavia series as well as the new Kodiaq SUV.
- 15** The CR claims debts worth CZK29.6bn in foreign countries, according to MF. Last year, that figure stood at CZK38.2bn. Communist Cuba is the biggest owner, with its debt from civilian loans including interest reaching CZK7bn.
- 17** After 5 years of growth Czech beer production last year dropped by 0.7% to 20.3mn hl. The drop was caused by lower demand on the domestic market which is ascribed to the smoking ban in pubs and restaurants that went into effect in May of 2017. Czech beer consumption dropped by 5l/head to 138l per year. On the other hand beer exports were up by 4.5%.  
The IMF has revised its economic growth forecast for the CR in 2018 from a projected 2.6% in the fall of last year to 3.5 % of the GDP. The CR saw a 4.3% growth last year. In 2019 the IMF predicts a further slowing of the economy to 3% growth. This year's unemployment has been forecast at 3.0% up from 2.9% last year with an outlook for 3.2% in 2019.
- 18** The Cabinet has approved compensation to the farmers who suffered losses due to last year's drought, amounting to CZK2bn. Another CZK208mn will go to fruit growers, whose harvest was damaged by spring frosts last year. The MA will also earmark CZK141mn for building irrigation systems. The compensation represent just a fraction of the overall damage caused by weather conditions last year, which amounted to about CZK12bn.  
A program enabling physicians, pharmacists and dentists from Ukraine to work in the CR without taking additional exams will soon be terminated. The government agreed to end the project due to strong criticism from the associations of doctors, pharmacists and dentists. Their representatives said the lack of exams did not guarantee quality care and some of these doctors had a problem communicating in Czech. The program will continue for nurses. More than 200 physicians and dentists and some 130 nurses and other health care workers came to the CR within the program in the past 2 years.  
The average price for new flats in Prague increased in Q1 2018 by 22.8% y-o-y to CZK88,552/m<sup>2</sup>. The number of sold apartments dropped by 11% in Q1 to 1,200 compared to the same period last year. As of 2015, the prices of flats in Prague have increased by 3/5.
- 19** Car production in the CR dropped by 2.6% percent in Q1 2018. The Škoda Auto increased production by 2.5%, to stand at just over 377,000. The biggest drop came from Hyundai where output was down 15.5%. Production from the TPCA joint venture fell by 1.5%. The AIA said it expects production to pick up over the remainder of the year. The auto sector represents around 9.0% of Czech GDP.
- 20** The CZK could reach 23.80 to € in 3 years' time, according to the MF. This year the Czech currency has been trading at an average of 25.10 to €. It also suggests that economic growth will slow in the coming years, from around 3.5% in 2018 to 2.5% in 2021.
- 24** The number of foreign-owned companies in the CR has climbed to 86,000. The number has increased by 49% over the last 7 years. Most of those foreign companies are Russian-owned though their number has declined slightly. Most foreign capital flowing into the CR comes from Germany.  
Overall confidence in the Czech economy climbed by 0.4p.p in April after March's fall, the CSO announced. The composite index climbed to 100.1p.p.. The biggest jump in confidence came from the business sector, particularly manufacturing industry. Among consumers, confidence was down. Compared with April last year, the confidence indicators are higher across the board.
- 25** Prazdroj produced a record 11mn hl of beer last year. That was a volume increase of 3% y-o-y. Exports grew by 8% in 2017. Last year Plzeňský Prazdroj was bought by the Japanese group Asahi from SABMiller.
- 26** The CR's public finances should stay in the black through to 2021, albeit at a reduced level compared with 2017, according to a report to be put to the government on Monday. The updated convergence report sees the overall budget surplus sliding to 1.5% of GDP in 2018 from 1.6% last year. The surplus should continue until 2021 when it will have narrowed to 0.9% of GDP.
- 27** ČMKOS want to see a cut in the working week by 2.5h. They also want to see a CZK1,500 hike in the minimum wage from January next year from the current CZK12,200 to CZK13,700. The TU point out that past increases in the minimum wage have not dented the performance of the Czech economy, as employers had warned.
- 29** Czech Tourism has estimated that this summer 4.5mn foreign tourists will come to the CR. That represents an 8% rise on last year. For the whole year estimate is 11mn foreign visitors. Czech interest in taking domestic holidays is estimated to rise by around 20% this year. That interest has been boosted by higher local wages. South Bohemia and South Moravia are among the locations where tourism is expected to increase most.
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- May 2** The number of long-term unemployed in the CR has continued to go down, according to the CSO. The number of Czechs who have been unemployed for more than a year has dropped over the past year by 7.8p.p. to 31.4% (of the total number of unemployed). It is one of the lowest figures in the EU, with the exception of Scandinavia and the UK. The number of unemployed between the ages of 15 to 24 stands at 6.3%, which puts the CR in 2<sup>nd</sup> spot in Europe, right behind Germany.
- 3** The EC has predicted a slowdown in the Czech economy. The Spring forecast sees GDP growth falling to 3.4% this year and to 3.1% in 2019. In 2017 Czech economic growth was above initial expectations at 4.4%. This year's EC's forecast is nonetheless an increase on February's figure of 3.2%. The main motor of growth is expected to be buoyant domestic demand.
- 6** State expenditures for wages of public sector employees rose by CZK5.2bn last year reaching CZK166.6bn, according to a government report presented to Parliament. The average wage of public employees reached CZK30,627/month in 2017, while the average wage in the CR is CZK29,504/month. The number of public sector employees grew by over 9,000.
- 7** Industrial production dropped by 1.1% y-o-y in March, after a 10 month climb, according to the CSO. Economists had expected a 0.6% drop for the month. Construction output dropped 0.3% yearly in March, in contrast to a 9.4% surge in February. The decrease is ascribed to a drop in car production and the fact that March had 2 fewer work days than last year.
- 10** The tourism has witnessed a buoyant Q1 with guest figures up 11.4% compared with the same period in 2017. Overnight stays by Czech residents rose by 9.5% with those by foreign visitors increasing by 9.0%. The total number of overnight stays totalled 10.8mn. The average length of stays has increased to 3.7 days. The biggest boost in tourist stays was in the Plzeň region with a 22% annual increase and for the Central Bohemia region, where the figure was 17.2%.  
The CSO said a more than 4.0% hike in the prices of alcoholic drinks was one of the main factors fuelling faster price rises. Tobacco prices also rose by 3.5%. Across the board increases in April for a series of utility services, such as water, wastewater, and electricity also contributed significantly. Higher rental charges, up 2.6%, for property were also a factor. In the opposite direction, there were lower charges for telecoms and for clothing and footwear.  
Unemployment fell to 3.2% in April from March's 3.5%, according to LO. It said that seasonal work was now in full swing and the jobless total could increase in coming months. The LO added it had almost 243,000 job seekers on its books. That's the lowest figure since August 1997. In April 2017, the jobless rate was 4.4%. The number of vacancies, at just over 267,000, once again exceeded the jobless total in the CR. Most job offers are in Prague, central Bohemia, the Plzeň and Pardubice regions.
- 15** The Czech economy continued to grow strongly in Q1 2018, albeit at a slower rate than previously. GDP expanded by 4.5% y-o-y between the start of January and the end of April, down from 5.5% in Q4 2017, according to preliminary official data. Analysts attributed the GDP growth to increasing domestic demand, with household expenditure and investments by companies continuing to rise substantially.
- 16** The Czech economy faces no real threats with relatively high economic growth seen in the next years, according to the IMF. The annual evaluation said it could see no major imbalances, budget policy was prudent, and rising wages are a response to the need to fill jobs. It sees economic growth this year at 3.7% and in 2019 at 3.2%. That's slightly down on the 3.9% and 3.4% forecasts of the CNB. The IMF sees mid-term Czech growth averaging at 2.5%.
- 18** PM Babiš criticized the concept of a two-speed EU and said that the fact that different EU member states needed to go at their own pace in reaching the common goal should not be a divisive factor and should not be allowed to impede the functioning of the common market. Babiš argued that an elite club would only undermine EU unity and that debates relating to the future of the European Union should be open to all members, without regard to their economic pace and degree of integration.
- 21** The price of petrol and diesel is rising and is now at its most expensive since 2015. The price of petrol has now reached 32.23 crowns per litre on average and analysts predict it could reach 34 crowns per litre in the course of the summer. The price of crude oil has been rising due to a growing global demand and the crown is weaker against the dollar than expected.
- 23** The CR currently meets 2 out of 4 conditions for joining the EA, according to the EC's Convergence Report reviewing member states' progress towards euro adoption. The report concludes that the CR fulfils the criteria on public finances and long-term interest rate but doesn't meet the price stability and the exchange rate criteria.
- 24** An annual competitiveness report compiled by the IMD Business School in Switzerland puts the CR at 29<sup>th</sup> place on its world rankings, a drop of one place compared with last year. Nevertheless, the CR keeps its top position among the countries that joined the EU in 2004. At the top of the chart of 63 states are the United States, followed by Hong Kong and Singapore. The rankings measure how well countries manage their economic and human resources to increase their prosperity.



- May 25** CNB's governor Rusnok believes the CZK will return to appreciation in the coming weeks. He said that the CNB may hike interest rates faster and more if the CZK remains weaker than the CNB's forecast for a longer time. The CZK dropped to its weakest levels since last December trading at 25,85 CZK/€.
- 27** PM Babiš reiterated his negative stand to euro adoption and said joining the euro was not a priority and he was happy with the Czech currency. In the event of problems, the PM said he trusted the intervention of the CNB which had proved beneficial in the past. Mr. Babiš noted that in the case of Greece and Italy the common currency had been a reckless experiment.
- 28** The price of flats in the CR is overinflated by around 15%, CNB governor Rusnok said, adding that the CNB was keeping a close eye on prices on the housing market since mortgages make up around 60% of all loans granted to households.
- 29** The CZK occurred under pressure and falls notably to CZK25,85/€ and to CZK22,35/\$, even it was on the weaker side of CZK25,90/€, the lowest level this year. The political crisis in Italy has an impact on the CZK, said experts. Also other factors behind the CZK's weakness is, for example, that investors do not pay much attention to the promises that CNB may raise interest rates soon. The ending dividend season in Prague also influences the CZK.
- The CR is going to see a 25.2% cut (in 2018 prices) in structural funds in the 2021-2027 EU budget framework. The change stems from the EC's new approach to favour less developed regions in the south and east of Europe, which has provided hikes for countries like Spain, Portugal, Bulgaria and Romania. Other criteria than GDP per capita have been introduced, such as youth unemployment, low education level, climate change, as well as reception and integration of immigrants.
- 31** The number of non-smokers in the CR rose by 3.5% between 2016 and 2017. Last year 24% of respondents in an annual survey conducted by the State Health Institute said that they were smokers.

**注:** 本報告は、チェコ政府公表資料、新聞等報道資料をとりまとめたもの。

<sup>i</sup> **ACER:** Agency for the Coordination of European Energy Regulators; **ACM:** Association of Car Makers; **AE:** Association of Exporters; **AIA:** Automotive Industry Association; **ASCR:** Academy of Sciences of the CR; **AFS:** African swine fever; **ASME:** Association of Small and Medium-Sized Enterprises and Crafts; **Bn:** billion; **CAE:** Czech Association of Exporters; **CBA:** Czech Banking Association; **CE:** Central Europe; **CEB:** Czech Export Bank; **CEPS:** Czech Electricity Transmission System Operator; **Chd:** Chamber of Deputies of the Parliament of the CR; **CI:** Confederation of Industry; **CIA:** Car Importers' Association; **CMC:** Czech Medical Chamber; **CMKOS:** Czech Confederation of Trade Unions; **CNB:** Czech National Bank; **CNG:** Compressed natural gas; **CR:** CR; **CSA:** Czech Airlines; **CSO:** Czech Statistical Office; **CSSA:** Czech Social Security Administration; **ČSSD:** Czech Social Democratic Party; **CTK:** Czech News Agency; **CTO:** Czech Telecommunications Office **CZK:** Czech crown; **EC:** European Commission; **ECJ:** European Court of Justice; **EE:** Eastern Europe; **EET:** electronic cash registers system; **EIA:** Environment Impact Assessments; **EIB:** European Investment Bank; **EP:** European Parliament; **ERDF:** European Fund for Regional Development; **ERM II:** Exchange Rate Mechanism II; **ERO:** Energy Regulator Office; **ESA:** European Space Agency; **ESIF:** European Structural and Investment Fund; **ESM:** European Stability Mechanism; **EU:** European Union; **EY:** Ernst & Young; **FA:** Financial Administration; **FDI:** Foreign direct investment; **GDP:** Gross Domestic Product; **GRECO:** Council of Europe Group of States Against Corruption; **GVA:** Gross Value Added; **H:** Half of year; **HRL:** Human Rights and Legislation; **ILO:** International Labour Organization; **LNG:** Liquefied natural gas; **LO:** Labour Office; **M-o-m:** month-on-month; **MC:** Ministry of Culture; **ME:** Ministry of Environment; **MF:** Ministry of Finance; **MH:** Ministry of Health; **MI:** Ministry of the Interior; **MJ:** Ministry of Justice; **MIT:** Ministry of Industry and Trade; **Mn:** million; **MLSA:** Labour and Social Affairs Ministry; **MRD:** Ministry of Regional Development; **MT:** Ministry of Transport; **NAPDNE:** National Action Plan of Development of Nuclear Energy; **NAPCM:** National Action Plan for Clean Mobility; **NGO:** non-government organisation; **NHI:** National Heritage Institute; **NPP:** NPP; **OSA:** Copyright Protection Association for Music Rights; **p. p.:** percentage point; **PJ:** petajoule; **PM:** Prime Minister; **Q-o-q:** quarter-on-quarter; **Q\*:** Quarter \*; **RES:** renewable sources; **RIA:** Railway Infrastructure Administration; **SAO:** Supreme Audit Office; **SRMA:** State Material Reserves Administration; **SÚJB:** State Nuclear Safety Authority; **SÚRAO:** Radioactive Waste Repository Authority; **t:** tonnes; **Tn:** trillion; **TTIP:** Transatlantic Trade and Investment Partnership ; **TU:** Trade union; **UN:** United Nations; **Y-o-y:** y-o-y; **V4:** Visegrad Four; **VAT:** Value Added Tax