

チェコ政治・経済月報(12 月 31 日)

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Jan 1 the CR has entered 2022 with a new coalition government which has pledged to tackle the Covid epidemic, energy poverty and a soaring inflation. The cabinet of Petr Fiala will ask the ChD for a vote of confidence in January. It has a comfortable 108-seat majority in the ChD. In mid-2022 the CR will take over the rotating EU presidency for which it is planning close to 300 events among them an informal summit of heads of state, 14 informal EU Councils, two meetings of the Czech government with the EC and the EP, dozens of informal working groups, conferences and gatherings. 2022 will also be marked by campaigning in the presidential elections and in the autumn, Czechs will go to the polls to vote in local and Senate elections..

the CR has started the New Year on a provisional budget, which is expected to last until the end of March. This is because the ChD failed to approve the draft state budget for 2022 by the end of last year. The outgoing government of Andrej Babiš proposed a deficit of CZK377bn, but the new cabinet wants to reduce the deficit to below CZK300bn by cutting state expenditures. It says it will not increase taxes. Ministers have been given until mid-January to propose cuts in their individual budgets. The government has already approved a year-long freeze on the salaries of state employees.

Laboratories in the CR registered 4,992 new cases of Covid-19 on Friday, almost 3,000 more than on the same day a week ago. The health authorities say this could be due to fact that fewer tests were conducted over the three day Christmas weekend. On the other hand, epidemiologists expect a turnaround in the declining trend any day now due to the spread of Omicron. The Omicron wave is expected to hit in January and peak at the end of the month. The number of people hospitalized with Covid is now at just under 3,000. Around 6.65mn people have completed their primary vaccination, of which 2.4mn have received a booster shot.

- 2** Household expenditures are expected to rise steeply in 2022. Czech will have to pay significantly more for heating, electricity, gas and hot and cold water. The price of electricity will rise by 17% on average, the price of gas by 16%. These hikes are expected to drive up the cost of most other products and services. According to economists inflation could reach 8% in February.

The compulsory twice-weekly testing of employees in firms and institutions will be covered by health insurance, PM Fiala said. The testing, which is to help curb the spread of Omicron, is to begin in mid-January to give companies time to organize the testing.

2022 will be one of the most difficult in the CR's modern history, PM Fiala told Czechs in his New Year's address to the nation. He said the CR would have to deal with the Covid epidemic, rising energy prices and soaring inflation. In battling Covid, the PM appealed for support from the public, stressing that the government could not win this battle alone and promising that the measures taken would be comprehensible, predictable and as least disruptive as possible. As regards the CR's economic situation, he said that would take time to heal, but hoped that the first positive results would come before the end of the year. He warned against populists who would offer simple solutions. The PM also pointed to the opportunities afforded by the upcoming Czech presidency of the EU, when the CR will be seen and heard more than usual.

- 5** The Czech government has approved an amendment prepared by the MLSA that includes the freezing of salaries for constitutional officials. This means that their salaries will not increase in the coming year. Politicians' base salaries were supposed to rise by more than CZK5,000 from January 2022. However, the new legislation counts on keeping the salaries at CZK84,060, as they were in previous years.

A deep repository for radioactive waste is technically possible to build in the CR within a time horizon of several decades, the SÚRAO said. The statement comes amid plans to build a 500m deep repository that could house thousands of tons of waste from nuclear power stations in the CR by the year 2065. However, this date is still behind the deadline set out in the EC's sustainability taxonomy draft, which counts on nuclear power stations having their waste repositories finished by 2050. 4 areas have been proposed for this purpose by SÚRAO for this purpose - Janoch near Temelín, Horka near Třebíč, Hrádek near Jihlava, or Březový potok near Klatovy. The state's approach to finding the repository has long been criticized by the domestic organisation Platform against the Deep Repository, which represents 35 municipalities and 16 associations. The state has been looking for a permanent nuclear waste storage facility since the 1990s. Its construction and maintenance would cost CZK111bn. Currently, the spent fuel from nuclear units is stored in the warehouses near the power plant premises.

The MFA minister Lipavský says that the CR stands with Ukraine and its efforts to preserve its national integrity and sovereignty. Mr. Lipavský made the statement after a "good call" with his Ukrainian counterpart Mr. Kubela, during which the pair discussed the situation on Ukraine's borders with Russia, the ongoing occupation of Crime and Czech support for Ukraine. The Ukrainian news site reported that the two had discussed joint steps that could deter Russia from further aggression in what was their first phone conversation.

Jan 6 Sales of new passenger cars in the CR rose by 1.9% last year to 206,876 vehicles, the AIA announced. This represents a fall of 17.2% on 2019. The sales last year were mainly affected by a shortage of cars due to a lack of chips. The best-selling brand, Škoda Auto, sold 70,946 cars, followed by Hyundai with 20,200 cars and Volkswagen, which sold 16,813 cars. Toyota finished in the fourth place with 10,334 cars sold, followed by Kia with 9,787 vehicles.

the CR's government debt rose to a record CZK2.47tn last year, the MF informed. It is the highest level ever in the history of the CR. The debt for 2020 reached CZK2.05tn. The increase is primarily the result of the MF issuing bonds to cover last year's budget deficit and take advantage of favourable conditions on financial markets to pre-finance the planned debt repayments.

7 PM Fiala said that the government's program aims above all to increase stabilize the economy and boost competitiveness, with pension reform also an urgent priority. The five-party coalition unanimously approved the program statement after consultations with experts at various ministries and business and labour representatives. The government program also includes policy initiatives on education, the environment, housing, digitalisation, science and research, among others, as key areas. Fiala's government, which enjoys a majority of 108 votes in the 200-seat ChD, plans to call a vote of confidence on January 12.

The economy grew by 3.3% y/y in the Q3 2021, revised data from the CSO show. In a q/q comparison, growth rose 1.6%, with household consumption a major contributor. The MF estimates that the economy grew 2.4% last year. The CSO also published data on industry, showing industrial production up 4.9% m/m in November.

8 Hundreds of residents in the South Bohemian region of Pošumaví organized a demonstration to show their dissatisfaction with state considerations of building a nuclear waste storage facility in the area.

9 Regulations on prices from electricity distributors, which are part of the recently approved Energy Act amendment, will start being active from the H2 2022. The ERO informed is currently preparing the necessary registration system into which distributors, who want to continue with their business, will have to register from July 1 to September 30. The amendment to the Czech Energy Act was passed in order to provide greater protections for customers on the energy market amid a surge in prices.

10 The extraordinary but legally required pension increase to adjust to inflation will probably cost the Czech state more than CZK17bn this year, CZK5bn more than the MLSA had projected. Consumer prices in the CR continue to grow at an unusually high rate. In November, inflation rose 6% y/y, the biggest y/y rise since October 2008.

The Czech unemployment rate rose to 3.5% in December, up 0.2% from the previous month, the LO announced. From March through November of last year, unemployment had dropped continuously. The slight increase in December was due to seasonal factors, with temporary contracts expiring at year's end.

12 Inflation accelerated in December to reach 6.6% y/y. The figure for the previous month was 6.0%. The last time the CR experienced such rapid inflation was in September 2008. December's inflation was attributed mainly to fast-rising transport and housing costs. The average rate of inflation for the whole of 2021 was 3.8%. This was also the highest seen since 2008.

13 The new five-party coalition government of PM Fiala won a vote of confidence in the ChD, after all of the present ruling coalition MPs voted in favour of the Czech cabinet. The vote was preceded by more than a 20-hour-long debate.

the CR's population has reached 10.52mn, according to the preliminary results of a national census carried out by the CSO in March. That is an increase by around 90,000, on the previous census, carried out 10 years ago. Almost 50% of the population live in 4 regions, namely Prague, Central Bohemia, South Moravia and Moravia-Silesia. Nearly 5% of the CR's population are foreigners, namely from Ukraine, Slovakia and Vietnam. The average age of inhabitants of the CR has risen by 1.7 years to 42.7 over a decade. The 2021 Czech national census took place between March 27 and May 11 and was compulsory for all Czech citizens as well as foreigners with permanent residency or living here for more than 90 years.

18 Hygiene officers say they no longer have the capacity to trace the contacts of all Covid positive cases reported and will focus on tracing the contacts of people under 18 and over 65. Others will be asked to fill in a self-tracing form where they will be asked to report all epidemiologically significant contacts for two days before the onset of the first symptoms until the date of receiving a positive PCR test. The change in tracing rules is being made ahead of an expected upsurge in cases linked to a wave of Omicron infections. Already 80% of all Covid cases reported are of the Omicron variant.

19 The current system of testing for Covid-19 in schools, businesses, social services and the health sector, will continue to be in place until mid- or late February, MH Minister Válek said. Further measures will be approved by the government after the current omicron variant starts to decline, which is expected to happen around the end of February.

The Czech government has decided that it will not make coronavirus vaccination mandatory, PM Fiala announced. It also approved an amendment to the CR's pandemic law. The amendment, prepared by the previous government, extends the period for which the legislation is active up to August 2023. Furthermore, new additions will make it possible for the government to enact quarantine and isolation measures, or limit dance club attendance.

- Jan 19** The Senate's Committee on Foreign Affairs, Defence and Security has called on the government to revise its relations with the Russian Federation in a way that would be beneficial for both sides. Members of the committee believe that this should include an apology and compensation for the explosion at the Vrbětice munitions depot in 2014, which was caused by Russian GRU agents according to Czech intelligence.
- 2 years of the coronavirus pandemic have lengthened periods for patients awaiting orthopedic operations. A survey conducted by the CTK among hospitals showed that waiting periods for an operations have gone up to 3 years in some places, with most hospitals having to extend their waiting times for several months. The delays can also cause negative effects on the physical and mental health of some patients, hospital representatives said. Since the beginning of the pandemic, the MH has resorted to emergency suspension of operations 4 times, with the longest period extending for a quarter of a year in the beginning of 2021. Since then, hospitals have tried to catch up with the lost time, but the ongoing pandemic continues to bring complications.
- In 2021 the CR saw the 2nd lowest level of air pollution in 10 years, the CHMI announced. Only 2020 saw lower pollution levels. Automatic measurement devices showed that air quality predominantly ranged mainly from "good" to "very good", with the lowest levels of pollution registered predominantly in the south of the CR. Meanwhile, the worst levels were registered in the north-east, around the mining areas of Silesia.
- 20** The MF lowered its estimate for economic growth this year to 3.1%, down from 4.1% in November. At the same time, the MF expects the inflation annual rate to reach 8.5%, up from a 6.1% it forecast in November. The Senate has approved extending housing benefits to more people than before due to soaring energy costs and authorizing the cabinet to act further this year if electricity and gas prices continue to rise.
- The government is backing an amendment to the law on Conflicts of Interest that among others includes stricter provisions on media ownership by public officials and assets declarations. The amendment was prepared by a group of deputies from the five-party governing coalition and now goes to the ChD for consideration. The EC had called on the CR to improve monitoring and enforcement of existing conflicts of interest controls.
- 21** People who have been hard-hit by the increase in energy prices can now apply to labour offices for support, MLSA Minister Jurečka said.
- 22** the CR is prepared for the worst-case scenario in Ukraine, and is ready to support possible sanctions against Russia, MFA Minister Lipavský said. He said that a Russian invasion of Ukraine was the ultimate threat that diplomats were actively trying to prevent. Meanwhile, MD Minister Černochová said that while the CR believed in a peaceful end to the crisis, it was ready to donate artillery ammunition to Ukraine. The government will discuss the plan.
- 23** This year's 5th outbreak of bird flu has been detected at a duck farm in Lipoltice, near the east Bohemian town of Pardubice. An outbreak of the avian influenza, which is fatal to birds, was recorded at a farm owned by the company Perena, one of Europe's largest duck hatcheries. Some 380 ducks at the farm were infected with the virus and died. The remaining more than 3,000 ducks will be put down by the authorities to prevent the spread of the infection, the spokesman of the SVA said.
- the CR placed 19th in the latest Social Risk Index put together by global credit insurer Euler Hermes, which measures political and economic stability across the world. the CR moved up by nine places compared to 2020, passing such countries as the UK and the US. The ranking was topped by Denmark, followed by Finland and Sweden.
- 24** The MFA minister Lipavský joined EU counterparts in a discussion with the US secretary of state, Antony Blinken, focused on Russia's threat to Ukraine. Speaking after the call, Mr. Lipavský said that the most effect cooperation was in the area of sanctions, which were currently being prepared behind closed doors on both sides of the Atlantic for the possibility of Russia attacking a neighbouring state. He said that EU states were not united on the specific form of sanctions, but there were only minor nuances between their outlooks.
- The average age of cars on Czech roads is the 5th highest in the EU, according to the CIA. Last year cars driven by motorists in the CR were on average 15.6 years old, a rise of 0.3 years on 2020. In the last decade the average age of cars in the CR increased by 3 years.
- Confidence in the Czech economy increased in January for the first time in 6 months, according to the CSO. Both business people and consumers reported having more confidence in the economy than in December. In a y/y comparison, business leaders' confidence was higher but that of consumers fell.
- 25** the CR is not for now ordering the evacuation of staff from its embassy in Ukraine due to the threat of a Russian invasion. The MFA minister Lipavský appealed to all Czech citizens not to travel to border regions in the east and north of Ukraine. Those who do visit the Ukraine should register with a special MFA information system named Drozd, which is used in the case of such incidents as natural disasters or terrorist attacks.
- 26** No government politicians will be traveling to the upcoming Winter Olympic Games in Beijing, the MFA said. No decisions have yet been made whether the Czech ambassador and relevant diplomats will be taking part in events.

Jan 27 The deployment of more NATO combat units on the alliance's Eastern flank is in the interest of Czech security and the CR should take an active part in the military undertaking, MFA Minister Lipavský said after meeting NATO chief Jens Stoltenberg in Brussels. He said the alliance remains united in rejecting Russian demands, which he said present a threat to Czech sovereignty as well. He added that the Czech government is considering providing further assistance to Ukraine.

Covid directly accounts for 23% of deaths registered in the CR in the H1 2021, the CSO reported. According to the data released, 76,700 people died in the CR in the H1 2021 and in 17,200 cases Covid was identified as the main cause of death. Compared to the H1 2020, the number of deaths ascribed to Covid increased by 67%.

the CR will send 4,000 artillery rounds worth around CZK37mn to Ukraine, the government unanimously approved. MD Minister Černochová, said she considers it an important sign of solidarity with the Ukraine, which is currently the centre of diplomatic tensions between NATO and Russia. PM Fiala said that the CR supports Ukraine and is looking for a diplomatic way out of the crisis that would prevent a military clash. He added that the NSC will discuss the situation next week.

29 the CR's strategic state institutions, media and critical information infrastructure are at an increased risk of cyber-attacks and espionage due to the Ukrainian crisis, the NCISA warned. It said attacks could constitute cyber-spying operations by foreign powers, attempts to harvest Czech data and disinformation campaigns. The agency called attention to possible types of attack and the most commonly vulnerable areas.

30 The state budget deficit for 2022 should be below CZK280bn, MF Minister Stanjura said. The target is CZK100bn less than that envisioned by the former government of Andrej Babiš. Mr. Stanjura said he was counting on an increase in revenues by more than CZK61bn compared to the original projections. According to Stanjura, roughly half of these funds should be used by the government to reduce the budget deficit. Another roughly CZK30bn should cover inflation expenditures, especially the planned valorisation of pensions, as well as higher expenditures in sickness or housing allowances. He said cuts would have to be made in state administration, including reducing the number of civil servants and advancing digitization. the CR is currently operating on a provisional budget.

31 New measures come into force this week in connection with the Covid pandemic. People with a positive test for Covid will not need to test again or go into isolation, after recovering, for a period of 30 days. Laboratories will no longer perform discriminatory testing for different variants since Omicron is dominant on the territory of the CR. The once-weekly testing at primary and secondary schools will be extended to higher vocational schools.

Over 3mn people in the CR have tested positive for Covid-19 since the pandemic hit the CR in March 2020; 2.7mn recovered, 37,200 died of the infection or related complications, according to data released by the CSO.

Feb 1 the CR drew around CZK88bn more from the EU budget in 2021 than it put in, according to the MF. This net gain was an increase of around CZK2.5bn on 2020. the CR has been a net beneficiary of EU funding since it joined the bloc in 2004.

The number of deaths in the CR last year reached 139,600, the highest figure seen since the end of World War II. There were 10,000 more deaths in 2021 than in 2020, when the coronavirus pandemic first hit the CR. The death rate among men increased by 10% y/y, while among women it was 6% higher. Life expectancy for women in the CR declined by 0.8 years to 80.6. For men the fall was 1.1 years to 74.2.

2 Including nuclear and gas among clean energy sources within the EU's taxonomy guide is a move in a positive direction that could allow the CR to transition towards an emissions-free economy, ČEZ CEO Daniel Beneš said after the EC approved the final draft of the document. Mr Beneš originally warned against the deadlines for gas and nuclear energy within the first draft of the plan. However, the EC has since removed some of the deadlines for gas.

The economy grew by 3.3% last year, according to a preliminary estimate released by the CSO. The growth was not sufficient to counter the extent of the recession of 2020, which saw the CR's GDP fall by 5.6%. The growth of the economy was mainly driven by domestic demand, with local consumers contributing the most. Economic growth grew by 3.6% during the Q4 2021.

3 The advocate general of the ECJ has upheld the Czech cause in the dispute over the Turów mine located near the Czech border. According to his ruling, Poland breached EU law by extending the development consent for lignite mining in the Turów mine without carrying out an environment impact assessment. the CR filed the lawsuit against Poland at the ECJ last February, saying that the mine was contaminating water used by Czech communities across the border. The ECJ had ordered Poland to stop activities at the mine. Warsaw ignored the order, and so the court in September imposed a daily fine of €500,000 on Poland until it complies.

4 the CR has withdrawn a complaint against Poland over the Turow coal mine at the ECJ. The two countries PMs signed an agreement on €45mn in compensation for damages caused to the CR, ending a drawn-out dispute between the neighbour states. the CR, which originally demanded €50mn in compensation, received guarantees that an underground barrier would be erected to protect water sources on the Czech side of the border. Czech environmental groups have slammed the agreement saying the government had failed to protect Czech interests.

Feb 4 President Zeman is advising restraint with regard to growing tensions on the Ukrainian-Russian border, PM Fiala said. According to Zeman, the escalation in tensions will remain on the level of rhetoric and a peaceful solution will eventually be found. PM Fiala said he too favoured a diplomatic solution to the conflict. The president and PM also discussed the agreement signed with Poland on the Turow mine across the border and the government's work on reducing the 2022 state budget deficit.

The number of people hospitalized with Covid in Prague has doubled in the past 3 weeks, the MH reported. Their number jumped by 52 to 328 on February 2. The number of Covid patients requiring intensive care was up by a third over the same period. Nationwide the number of Covid patients in hospital has jumped by 800 in the past week to around 3,000.

The CNB has announced another significant increase in interest rates. The base rate will rise by 0.75% to a total of 4.5%, the highest level seen in the CR since January 2002. At the same time, it increased the discount rate by the same amount to 3.50% and the Lombard rate to 5.50%. The new interest rate levels come into effect on 4 February 2022. In its latest forecast the CNB predicts that inflation will rise further in the Q1 and eventually exceed 9%. Inflation will peak in 2022 H1 and then fall gradually. GDP will rise by 3% this year and its growth will accelerate slightly next year. Economic growth will continue to be driven by household consumption, with corporate and government investment rising as well. Export growth will resume in the H2 2022. Domestic economic activity will reach the pre-pandemic level by the year's end.

6 President Zeman is unsuccessfully trying to damage Czech-Ukrainian relations, according to Ukraine's MFA Minister Kuleba. Mr Kuleba's statement was made in reaction to the Czech president's interview in which the latter said that he is not worried about the prospect of Russian aggression against the Ukraine and that he therefore does not see any need in moving NATO troops to the alliance's eastern border. Ukraine's MFA Minister also stated that he is looking forward to welcoming his Czech counterpart Lipavský next week, who, he said, represents the Czech government which understands the potential of Russian aggression against Ukraine, the CR and Europe in general.

7 The average monthly pension will increase by CZK800 to a CZK1,000 from June, MLSA Minister Jurečka said. The exact amount will be decided by the pace of inflation. In line with Czech law, the government is bound to increase pensions if inflation exceeds 5%. Inflation is currently at over 6% and the CNB predicts that it will reach 9% in the Q1 2022 before gradually starting to decline.

In 2021, domestic banks in the CR saw their earnings rise to CZK70bn, 50% more than in the previous year, according to preliminary data from the CNB. Aside from record levels of interest among both people and CNB's increased interest rates and unusually regular paybacks from debtors were responsible for the uptick. However, the earnings were still CZK19bn lower than in pre-pandemic year 2019.

8 A joint visit to Ukraine by the Czech, Slovak and Austrian MFA ministers is an expression of support for the political independence of Ukraine, the MFA minister Lipavský, said in Kyiv. He also said that it was up to Ukraine to decide whether it wanted to be closer to NATO and the EU and that Russian demands regarding the Ukraine's orientation were not a matter for discussion.

Unemployment rose by 0.1% to 3.6% in January, according to the LO. Over 250,000 people were out of work last month. However, the number of unfilled positions was more than 80,000 higher. Unemployment usually rises in January as seasonal work declines.

9 The government has re-appointed Michal Koudelka head of the BIS. Koudelka's term as director of the counterintelligence service expired last year and under pressure from his long-term critic President Zeman, the former government headed by Andrej Babiš named him acting head of the BIS, leaving it to the next government to fill the post on a permanent basis. In past years President Zeman repeatedly criticized the performance of the intelligence service, berating it for warning about the activities of Chinese and Russian agents in the CR.

The government approved the draft state budget for 2022, MF Minister Stanjura announced. The draft budget envisages a deficit of CZK280bn, with revenues projected at CZK1,613.2bn and expenditures at CZK1,893.2bn. The government plans to approve the budget in the ChD by the end of March so that the CR can operate on the new budget as of April.

Some 11.4mn tourists stayed in accommodation facilities in the CR in 2021, which represents a y/y increase by 5.2%. However, compared to 2019, the number of accommodated guests went down by nearly 50%. The number of domestic tourists increased by nearly 10% on the previous year to 8.8mn, while the number of foreign guests dropped by 7.6% to 2.6mn. The largest number of foreign tourists came from Germany, followed by Slovaks and Poles.

10 Economic growth should accelerate to 4.4% in 202, according to a macroeconomic forecast published by the EC. Last year's economic growth reached 3.3%. Next year the EC expects the Czech economy to grow by 3.9%, which is above the EU average.

Feb 10 The Czech government has increased the budget allocated for the Presidency of the CoE that the CR is to assume in mid-2022 by CZK400mn, MF Minister Stanjura announced. He also said the government agreed that if needed, further money could be taken from budget reserves. The original budget for the EU presidency, approved by the former cabinet, was set at CZK1.4bn. When the CR last held the presidency in 2009, the government approved a budget of CZK3.75bn.

- Feb 11** the CR is the 9th most advanced economy in the EU and tops the ladder of the countries of the former Eastern bloc, according to a Prosperity Index. The economic level measured by GDP per capita is higher in the CR than in Italy, Spain or Portugal. However, economists point out that since 2008 the pace of catching up with the top-level Western economies has slowed significantly and the Czech economy is nearing its limits due to under-investment, a tight labour market and the structure of the economy.
- 12** MFA has warned against travel to Ukraine and Belarus due to the escalating threat of Russian military aggression against Ukraine. The MFA has recommended Czechs to leave the Ukraine. The MFA has also decided to withdraw diplomats' families from the Ukraine. However, the Czech embassy in Kiev will continue to operate for the time being.
- 14** the CR is ready to take in refugees coming from the Ukraine if the current Ukrainian-Russian tensions were to boil over into a conflict, PM Fiala said after a meeting of the NSC. No other step regarding specific material help is currently being planned. However, the CR is ready to react to requests if they come, he said. the CR sent over 4,000 artillery rounds to Ukraine in January.
- While in previous months the level of inflation in the CR was largely equivalent to that in the EU, in January the consumer price index exceeded the EA's average, the CSO announced. EA inflation was at 5.1 % in January. Meanwhile, in the CR it reached 9.9%. The CSO said that energy prices, one of the main drivers of the current inflation rates, are expected to continue to rise.
- 16** The average mortgage rate in the CR climbed to 3.43% in January from 2.99% the previous month. It was the single biggest one-month jump since 2003, when the monitoring began.
- 18** The ChD has approved a controversial amendment to the Pandemic Law which will give the government greater powers to introduce restrictions without the need for a state of emergency.
- 19** The Czech government is prepared for all the possible scenarios that could follow the build-up of Russia troops by Ukraine's border, including an interruption of energy supplies, PM Fiala said. He said neither war nor ill-conceived concessions would resolve the situation. The PM said Moscow was visibly trying to weaken and divide the CR and referred to a Russian attack on Czech territory in 2014 that left two dead. Mr. Fiala said unity and an uncompromising stance were the best ways to deter Russian aggression.
- The ChD approved an outline state budget for this year which foresees a deficit of CZK280bn. The previous government had proposed a deficit almost CZK100bn higher.
- 21** Czech officials have denounced President Putin's decision to recognize the independence of the breakaway Ukrainian republics of Donetsk and Luhansk as a "breach of the Minsk Agreements and international law". The MFA said the step was a flagrant violation of the sovereignty and integrity of Ukraine. PM Fiala said that the CR stands firmly behind a free and independent Ukraine and knows from its own historic experience that such steps never lead to peace.
- 22** The Russian ambassador to Prague, Alexander Zmeyerovskiy, has been summoned to the Czech MFA to explain the current situation in eastern Ukraine.
- The MEYS Minister Gazdík has offered his support to the over 4,000 Ukrainians studying in the CR as Ukraine faces Russian aggression. He said Czechs had encountered similar situations in the 20th century to what Ukraine is now undergoing.
- The chief of the General Staff Opatka says the CR cannot behave as if the crisis in Ukraine does not concern it. He said at a meeting of top brass that events in Ukraine indicate that the world is not going to be a safe place in the coming period. The military leader said that the situation showed that the CR needed NATO, which was unhappy with the CR's failure to purchase tracked armoured fighting vehicles.
- President Zeman says that Russia's sending of troops into eastern Ukraine has increased the risk of a military conflict and reduced the chance of a diplomatic solution. President Zeman, who has fostered close relations with Moscow, previously said he did not believe Russia would risk armed conflict with a neighbour.
- Czech officials have denounced President Putin's decision to recognize the independence of the breakaway Ukrainian republics of Donetsk and Luhansk and compared the presence of Russian troops in Donbas to the 1968 invasion of Czechoslovakia.
- 23** A conflict between Russia and Ukraine will have a pro-inflationary effect, especially regarding prices of gas and oil, CNB's Governor Rusnok said. He also added that a conflict in Ukraine would have a negative effect on the growth of the Czech economy.
- January saw acceleration in y/y growth of food production prices, rising to 21.4% as opposed to December's 18.8%. Industrial producers saw a more than 6% rise in costs in January in m/m terms, according to the CSO. Construction costs rose by just 0.1% when compared with December to a y/y rise of 8.3%. Meanwhile, y/y growth in the cost of services is at 3.2%.

Feb 24 the CR is prepared for cuts in supplies of oil and natural gas, PM Fiala said, following the Russian attack on Ukraine. Speaking after a meeting of the NSC, Mr. Fiala said the CR had sufficient supplies and that there were EU-level deals with other states to make up for any shortfalls from Russia. the CR is withdrawing permission for the operation of Russian consulates in Karlovy Vary and Brno and is halting the activities of its own consulates in the Russian cities of St. Petersburg and Yekaterinburg. the CR is suspending the acceptance of visa applications from Russian citizens, with the exception of humanitarian cases. The MI minister Rakušan, said that the CR had a plan in place to take in many thousands of refugees from Ukraine.

25 PM Fiala has announced that the Czech government will introduce a series of unilateral sanctions against Russia in addition to those introduced by the EU. In response to the Russian invasion of Ukraine, the CR will stop issuing visas to Russian citizens, except in humanitarian cases. The authorities will also review already issued residence visas for Russians living in the CR. Further, the MF will inspect Russian companies or companies with Russian owners in relation to the drawing of public funds in the CR. The Czech government will also speed up the process of withdrawing from two post-Soviet banks - the International Bank for Economic Cooperation and the International Investment Bank - and will call on other EU members to do the same. The cabinet on Friday also approved the potential deployment of up to 580 Czech troops to the North Atlantic Alliance's Rapid Reaction Force anywhere in NATO. It earmarked CZK300mn for emergency humanitarian aid for Ukraine.

Czech rail and bus operators have boosted links to the Ukrainian border in view of the military conflict in the country. Czech Railways are dispatching two trains from Prague to the Polish-Ukrainian border for Ukrainian nationals who need to return home. They will be transported there free of charge. The trains will serve to take Ukrainian refugees back to the CR. The Czech government has announced the country is willing to help thousands of people in this way as well as to treat injured soldiers. Bus operators have also boosted links to the border, with several buses a day leaving for Ukraine.

the CR is banning Russian airlines from landing at Czech airports as of midnight Friday, MT Minister Kupka said. The move was made in coordination with Poland which has banned Russian airlines from its airspace.

Russia's aggression in Ukraine has sparked a wave of solidarity in the CR. People are offering to accommodate war refugees and have already donated tens of thousands of crowns to help the country. Caritas CR, ADRA, Post Bellum, People in Need and Via Foundation have all opened accounts in aid of Ukraine. Via Foundation alone says it has collected CZK33mn in the space of two days. According to the People in Need, overall the donations have crossed CZK1mn.

89% of Czechs condemn Russia's invasion of Ukraine as an unjustifiable act of aggression, according to the results of a flash poll conducted by the Median. 69% of respondents said they supported the government's offer to take in Ukrainian war refugees. 90% of respondents said they feared a protracted military conflict on the Continent and 88% said they supported diplomatic negotiations to restore peace. The vast majority of respondents expressed concern with regard to the impacts of a protracted war in Europe, including price rises, a shortage of goods and fuel. 4/5 of respondents said they agreed with tough sanctions against Russia.

26 The government has responded to Ukraine's call for further military assistance to help defend itself against the Russian aggression. the CR is sending Ukraine machine guns, submachine guns, sniper rifles, pistols and ammunition worth CZK188mn. The MD will transport the delivery immediately to a place designated by the Ukrainian side, MD Minister Černochová said.

27 The NÚKIB has warned that the danger of cyber-attacks against Czech targets had significantly increased with the war in Ukraine. The situation had been assessed as critical with an attack "almost certain to come". Measures were being taken to protect hospitals, strategic institutions, infrastructure, information systems of basic services and the media.

According to MI Minister Rakusan there are now between 1,000 and 2,000 Ukrainian refugees in the CR, most of whom got here with the help of friends and relatives. The government has said it is ready to help anyone in need and has the capacity to accommodate thousands of people. Accommodation is being prepared in government facilities, hotels and private homes and Mr. Rakusan said there was no ceiling on the number of refugees who could come. In the event of overwhelming interest he said Prague was ready to open Stahov Stadium where it would provide temporary housing. Refugees will be granted temporary residence on the basis of a single form and the minister said he was aiming to have a registration center in every Czech region.

28 Assistance centres for Ukrainian refugees are to be set up in all of the regions of the CR, the MI Minister Rakušan said after a meeting of the Central Crisis Staff. The centres will deal with accommodation, logistics, humanitarian aid and transport, said. In addition a National Assistance Centre to help Ukraine has also been established. It will include representatives of the fire service, police and accommodation centre administrators and will communicate with the new regional agencies.

Mar 1 The MEYS is earmarking CZK150mn to support Ukrainian students at Czech universities. Universities may use the money for students who enrol for regular studies in the CR or for those who come for short stays. Up to CZK150,000 may go to each student. The funding should help between 1,000 and 1,500 Ukrainian students.

- Mar 1** Škoda Auto is being forced to reduce production at its main plant in Mladá Boleslav from this week due to Russia's invasion of Ukraine. The company is facing a critical shortage of parts that normally come from a number of local suppliers in Ukraine. The production of Škoda cars in Ukraine itself has also been halted. This year Škoda took over responsibility for the Russian and Ukrainian markets within the whole of its parent company Volkswagen.
- 3** ChD has voted to strip ANO leader and former PM Babiš of his parliamentary immunity opening the way for prosecution on charges of EU subsidy fraud.
- Skoda Auto is suspending all its activities in Russia over the invasion of Ukraine. It will suspend production at its Russian plants in Kaluga and Nizhny Novgorod, and will stop exporting cars to the country. Russia is a significant export destination and was Skoda's second largest market in 2021 with over 90,000 vehicles sold in the country. Skoda produces the Octavia, Karoq, Kodiaq and Rapid models in Russian plants. The first three models are produced in Nizhny Novgorod, and Rapid is produced at the Kaluga plant.
- The Czech government is declaring a state of emergency as of Friday in order to help deal with the growing number of refugees pouring in from Ukraine. The foreign police has registered close to 25,000 refugees since the start of the Russian military aggression, with over 10,000 registering in the course of Wednesday alone. There are now registration hotspots in all the regions and Ukrainian refugees need to register within three days of arrival, by which they automatically gain health insurance in the country. They have three months within which to request a year-long entry visa and labour permit. The MI has issued over 13,600 of these entry visas so far.
- the CRc will end its membership in the International Investment Bank (IIB) and the International Development Cooperation Bank (MBHS), the government decided on Wednesday, citing Russia's attack on Ukraine and the option that these banks could give the aggressor state to bypass sanctions as the reason. PM Fiala said that these banks were set up when Prague was still part of Comecon, during Communism.
- 4** the CR will send more arms and ammunition to Ukraine, MD Minister Černočková announced. The delivery was donated by Czech arms manufacturers and is worth CZK17mn. the CR has already sent Ukraine weapons to the tune of CZK650mn. The MD minister also said that 400 Czech soldiers are ready to be deployed in Slovakia to bolster NATO's eastern flank. The troops would come from mechanized and logistics units, military police, command and communications staff. The mission still needs to be approved by the Czech government and Parliament.
- The Czech Regi Base Endowment Fund, which focuses on helping war veterans, has received a preliminary request from Ukraine for help in treating injured soldiers. Regi Base is negotiating the matter with government officials to ascertain how many soldiers the CR could provide treatment for and how to get them to the CR. The Czech government said earlier it was ready to provide this assistance if requested.
- 5** More than CZK450mn has been raised by the collection organised by the Ukrainian Embassy in the CR, PM Fiala announced. The money is used to purchase military materiel from Czech armaments companies for the Ukrainian Army.
- Thousands of children fleeing the conflict in Ukraine have been arriving in the CR since Russia's invasion of the country last week. In response, Prague and Brno are setting up small classes of Ukrainian children which will teach in their native language. The project was set up by the Ukrainian Embassy and the Children of Ukraine Foundation. It is supported by the MEYS and Czech cities.
- 6** Diplomats who were working in the Russian Consulates in Brno and Karlovy Vary will have to leave the CR by March 12, MFA Minister Lipavsky said. He also said that the Russian Embassy in Prague will be limited to seven diplomats and 25 administrative workers.
- 7** The average monthly wage in the CR rose 4% y/y to CZK40,135 in the q4 2021. However, real wages, adjusted for inflation, declined by 2%. Over the whole of 2021 the average wage rose by 6% to CZK37,839. In real terms growth was 2.2%.
- Public collections to help Ukraine have so far raised over CZK1.5bn in the CR, the largest amount ever raised in such a charity drive in the CR. Most of this money has been given to the Czech NGO People in Need, though over 40 organisations have organised collections. In addition the Ukrainian Embassy in Prague has raised almost CZK500,000. Previously members of the Czech public gave the most – around CZK1.3bn – to help the victims of a tornado in Southern Moravia last year.
- 8** Unemployment in February lay at 3.5% in the CR, the LO annouced. The number is also significantly lower than the 4.3% unemployment rate registered in February 2021. The number of jobs on offer is significantly higher than the number of unemployed – 363,917 to 263,433 – and grew by more than 12,000 when compared to the previous month.
- 9** Refugees from Ukraine will soon be able to work in the CR without a labour permit, under a bill approved by the government. Ukrainians who receive a special visa to be in the country will have the same right to work as foreigners in the CR with permanent residence. The relevant legislation, which will apply until the end of March next year, will be approved under a fast track process. MLSA Minister Jurečka also said the state would provide CZK5,000 to all refugees from Ukraine.
- From March 14 it will only be required to wear respirators in the CR on public transport and at health and social care facilities.

- Mar 9** the CR has conducted the first steps in freezing the assets held by Russian oligarchs and associated persons who have been placed on the West's sanctions list since the beginning of Russia's invasion of Ukraine. According to the MF, the Financial Analytical Office, which is tasked with enforcing the sanctions in the CR, has begun identifying relevant properties placed on the EU sanctions list.
- the CR has a well prepared system of help for refugees and is currently able to manage the large influx of people fleeing the war in Ukraine, MI Minister Rakušan. However, this might not last for long, he said, and it is necessary to establish a realistic limit of people for whom the country is able to provide basic standards of living. This limit stands at around 250,000 people, according to the interior minister, after which it will be necessary to start discussing options of EU-wide financial support for countries taking in Ukrainian refugees or a system of relocation.
- 10** The ChD has approved the 2022 budget. The government proposed budget envisages a deficit of CZK280bn, ie. close to CZK100bn less that proposed by the former government of Mr. Babiš. With regard to current developments, the ruling parties pushed through a proposal for an extra CZK1.8bn to be earmarked for assistance to Ukrainian refugees and another CZK1bn of the Czech Army.
- Inflation accelerated to 11.1% in February, up from 9.9 in January, the CSO reported. The increase has surpassed analysts' expectations, which were between 10.3% and 10.6%. People are paying significantly more for housing, transport and food. Consumer prices are up by 1.3% m/m. Inflation has been accelerating for 8 months in succession and is now at its highest since 1998 when it reached 12%.
- 11** About 1,250 refugee children who fled the war in Ukraine have enrolled in Czech schools and their number grows by about 200 a day. Schools are forming mixed-age grades and the children will be taught by Ukrainian teachers in their own language. About 200 Ukrainian teachers and students have so far offered their services, according to the Children of Ukraine Endowment Fund. The one-class project, where refugees can continue their education in Ukrainian, was conceived by the Ukrainian Embassy together with the MEYS and the Children of Ukraine Endowment Fund.
- The number of Ukrainian refugees in the CR could soon reach 400,000 and local municipalities have started preparing emergency accommodation, MI Minister Rakušan said. Some localities are already reported to be using gym halls and other large spaces for temporary housing. The interior minister said that the speed with which refugee numbers were increasing was unprecedented. The government on Thursday earmarked CZK1.5bn to be used in aid of refugees in the CR. Public donations have crossed the CZK2bn.
- 12** the CR has appealed for assistance under the EU Civil Protection Mechanism in providing accommodation for 50,000 refugees from Ukraine. The state's accommodation capacities have already been exhausted and it can only provide refugees with emergency shelter, the national fire service said, adding that the CR can no longer be a destination country for Ukrainians fleeing Russia's war on their country. An estimated 200,000 Ukrainian refugees are already in the CR, with scores of thousands more expected. Around 30% of those who have so far registered with the local authorities have been in Prague. The MI minister of Rakušan said that in view of the refugee situation it would be logical to extend the current state of emergency, which began on March 4. It runs for 30 days, when any prolongation would need to be approved by MPs.
- The majority of Czechs are attempting to manage their budgets more carefully in view of the rising fuel prices and rampant inflation currently being seen in the country, according to a survey by the company Cofidis. The report suggests that 83% of Czechs are trying to make savings on heating while 81% are trying to consume less electricity in their households. Some 80% of those surveyed said they were being more careful when it came to food shopping.
- 13** The MD Minister Černochová says the CR has to date supplied arms worth CZK725mn to Ukraine and plans to send the same amount again to the Ukraine.
- The PM Fiala says the CR will feel the consequences of Russia's war on Ukraine for months or even years. He said that Czechs did not need to worry about their own safety in view of the fact the CR is a member of the EU and NATO. However, they are facing price increases and an influx of refugees, he said, adding that the wave of Ukrainian refugees sparked by Moscow's attack on the country was the biggest since WWII. Mr. Fiala said price rises were a direct consequence of Russia's actions and that the CR would work with its EU partners to seek a new energy mix. He said 8% of the CR's natural gas came from Russia but that amount would need to be reduced in future.
- 14** Retail sales accelerated y/y to 8.5% in January, the CSO reported. Shops previously affected by the Covid measures registered a significant growth in sales, e-shops less so. M/m sales were higher by 1.6%. Compared to last January, people spent 14.8% more on non-food items, 7.8% more on fuel and 0.4% more on food. The highest growth was recorded in clothing and footwear stores, whose sales almost tripled.
- In view of the ongoing situation, electric plants that use coal could remain in use for longer than was initially planned, ČEZ CEO Beneš said. This, he said, could be both more effective and cheaper in the short term. The Czech Army is therefore increasing its training capacities. The rise in interest to serve is a consequence of Russia's invasion of Ukraine,
- Mar 15** There has been a tenfold rise in interest among Czechs to serve in the CR's army active reserve forces over the past month, advisor at the army general staff said.

PM Fiala, together with his counterparts from Poland and Slovenia met with Ukraine's President Volodymyr Zelensky and several other of the Ukraine's high officials in Kyiv as representatives of the EU.

Inflation in the CR may rise to around 13 or 14% before peaking, CNB Governor Rusnok said.

- 16 PM Fiala said the joint visit by the heads of government of the CR, Poland and Slovenia was not only symbolic in signalling unequivocal support for Ukraine, but that it had also addressed a number of practical issues. According to Mr Fiala, the topics on the agenda included sanctions against Russia and the need for more humanitarian aid and military supplies, namely anti-tank and anti-aircraft weapons. The politicians also discussed the possibility of forming an alliance of states that would offer asylum to Russian army deserters. He acknowledged the bravery of the Ukrainian people and said that if Europe and NATO continued in their support for Ukraine and sanctions against Russia, there was a chance to reach a peaceful diplomatic solution.

- 17 ČEZ has launched a tender process to select a builder for a new nuclear unit at Dukovany. ČEZ made the move after receiving consent from the MIT. The new unit should be completed by 2036. Three companies are in the running for the contract, having passed a security appraisal: France's EDF, KHNP from South Korea and Westinghouse of the US.

PM Fiala, says the CR is at the very limit of the number of Ukrainian refugees it can absorb without major problems. He said there were at present 270,000 refugees from Russia's war on Ukraine in the CR. Mr. Fiala said the CR must continue in steps aimed at helping manage a further influx. These include amendments to legislation on visas and security, education and employment for refugees. His government has also agreed on accommodation allowances while the MRD is preparing subsidies for municipalities to acquire and renovate apartments.

- 18 Covid-related restrictions were lifted for people entering the CR from other EU states.

- 21 A package of legislation aimed at helping Ukrainian refugees to integrate in the CR came into force. Collectively known as Lex Ukraine, it covers the provision of visas, employment, social protection and access to health care and education. Ukrainians in possession of visas to the CR now have the same access to the labour market as people with permanent residency status under legislation that will be in place for the next 12 months. Refugees can also apply for a humanitarian allowance of CZK5,000 each.

- 22 Some CZK2.53bn belonging to Czech municipalities is tied up in the now closed Sberbank. Over CZK2.5bn owned by the cCR's regional authorities is also stuck in the Russian bank. Some local authorities have all of their money in Sberbank. The CNB began the process of revoking its license days after the Russian attack on Ukraine.

- 23 the CR began issuing temporary protection visas to Ukrainians fleeing Russia's war on their country. The new visas replace the special long-term visas previously handed out, with older ones automatically being updated to the new status. The new type of visa allows Ukrainians to travel freely to other EU states.

The FAO of the MF is looking into cases where companies have been attempting to avoid sanctions imposed on Russia. Some business entities have attempted to transfer dozens of millions of crowns in an attempt to do this. The FAO has frozen the relevant bank accounts and forwarded the issue to the police,

the CR's foreign debt rose y/y by CZK150,3bn to nearly CZK4,472tn in 2021, according to preliminary data released by the CNB. The sum represented 73% of CR's GDP. During the Q4 2021 alone, the CR's foreign debt rose by CZK105bn. The most indebted sector of the Czech economy is the banking sector, which makes up 42.9% of the total foreign debt.

the CR will support the greater use of hydrogen in its industry in order to lower its energy dependence on Russia, MFA Minister Lipavský and MIT Minister Škela said. They said that hydrogen could be used especially in the chemical and transport industries. Mr Lipavský said that hydrogen is both a clean energy source as well as one that offers greater energy independence in a time when it is necessary to ensure that the CR doesn't get blackmailed through energy supplies.

- 25 The Czech, Polish and Slovenian PMs have prepared a list of 10 steps that they say EU must take if it really wants to end the war in Ukraine. Among the proposed measures are tougher sanctions against Russian banks, businesses linked to oligarchs and President Vladimir Putin's United Russia party, a halt to Russian propaganda in Europe, blocking transport between Russia and Europe and suspending visas for Russians. The three PMs also propose banning the export of all European technologies that can be used for war purposes and excluding Russia from all international organisations.

- 27 the CR has so far frozen hundreds of millions of crowns worth of property belonging to Russian citizens who are subject to EU sanctions imposed on Moscow following the invasion of Ukraine, PM Fiala said. He also said the government was planning to change the current legislation to make the procedure more vigorous and effective. The PM also said the CR will continue to supply arms to Ukraine.

- 29 The ChD approved a government request to extend the state of emergency in the CR until May 31st. The government said that the legal instrument needed to be extended in order for Ukrainian refugees to get accommodation via regional assistance centres.

- Mar 30 The Czech government has approved the earmarking of CZK5.2bn to integrate Ukrainian refugee children into the CR's education system.

The Czech government is going to increase the national living minimum and the subsistence minimum by 10% from Friday, the MLSA said. The move comes against a backdrop of soaring prices. The amounts play a role in assessing entitlement to state aid as well as in determining the level of certain benefits. The living minimum is now CZK3,860 a month for an adult living alone. The subsistence minimum is CZK2,490 a month.

- 31 the CR produces the best cars available on the British market, according to a study of car brands carried out by a UK automotive consumer advice site, The Car Expert. the CR scored 76% on average in the rankings, ahead of Sweden and Germany. According to the British car experts, the entire range of Škoda cars sold in the UK performed well. The Enyaq iV was the best performing vehicle, scoring 88%, while the Scala was the lowest performing car with 64%.

The S.A.W.E.R. technology developed in the CR, which uses solar energy to extract water from hot desert air, has been awarded the Innovation Prize at the World Expo in Dubai.

The economy grew by 3.3% y/y in 2021 and by 3.6% in the Q4, according to the CSO. It represents the best result since 2017, when GDP grew by 5.4% y/y. However, the growth was not sufficient to counter the extent of the recession of 2020, which saw the CR's GDP fall by 5.8%. That figure represented the biggest drop in the recent history of the CR.

- Apr 1 the CR's public deficit grew by 5.9% in 2021 to a total of 41.9% of the country's GDP, the CSO announced. The deficit in 2020 lay at 37.7% of GDP.

- 3 Czech households should not have their gas deliveries affected if the commodity stops entering the continent from Russia, MT Minister Kupka said. Echoing his colleague MIT Minister Síkela's statement earlier this week, Mr Kupka said that the private sector possesses enough gas to last the country for 30 days. He added that this depends on the weather.

- 4 the CR has now issued nearly 260,000 special visas to Ukrainian refugees, according to the MI. The number a week previously was 236,000, though there has been a slow-down in daily numbers. Prague remains the most popular destination for refugees, with the number in the capital bearing special visas now standing at over 64,000.

- 5 The DPP is organising a tender for the purchase of hybrid buses into the city's public transport fleet. The buses will combine combustion engines with electric batteries as a fuel supply. The company hopes to purchase 140 buses at a cost of CZK2,017bn.

The part of Prague's Korunovační street along which the Russian Embassy is located has been officially renamed to "Ukrainian heroes" street.

The MI Minister Rakušan says that the government is preparing a strategy that would cover the integration of up to 500,000 Ukrainian refugees into the CR. At present the government are working to accommodate around 250,000. Mr. Rakušan said that the CR was moving from a crisis situation to having to carry out long-term planning.

- 6 MPs look set to approve a tax bill that would provide deductions for helping Ukraine during a 3rd reading. The legislation, which was discussed in the ChD, should make it possible to deduct donations made directly to Ukraine in support of its defence efforts and to NGOs in the Ukraine.

February saw Czech industry decline by 0.3% y/y, according to the CSO. The Czech manufacturing sector is primarily being affected by problems in the car sector as well as issues in other parts of the economy. The contraction comes after a period of growth in January, which saw industry rise in y/y terms by 1.2%. In m/m terms industry therefore contracted by 2.4% in February.

- 7 The government has approved the lowering of excise duties on petrol and diesel by 1.50 CZK/l, PM Fiala said. At present the tax on petrol is CZK12.84/l and the tax on diesel is CZK9.95/l.

- 8 The MF has downgraded its estimate of economic growth for 2022 to 1.2% down from 3.1% in January. The MF also upped its inflation estimate to 12.3%. According to the forecast, the deficit in public finances should fall to 4.5% of the GDP this year and to 2.7% by 2025. The national debt is expected to rise to 45.4% of the GDP by 2025.

- 8 the CR is lifting all coronavirus restrictions for people arriving in the CR from non-EU member states as of this Saturday, April 9, the MFA announced. People will no longer be required to fill in arrival forms or produce certificates of Covid vaccination. Up until now only EU member states and a few selected countries were exempted from this requirement. The MH has also announced that respirators will no longer be compulsory on public transport.

Unemployment in the CR dropped to 3.4 % in March, according to the LO. Unemployment in the CR last March stood at 4.2%. Over 250,000 people were out of work last month. The number of vacancies dropped slightly on the previous month to nearly 362,000.

- 9 the CR is a leader in supplying aid to Ukraine, says the Ukraine's ambassador to Prague, Jevhen Perebynys.

- Apr 10 The parties in the Together alliance, which came first in elections in October, would win an election with 31.5% of the vote, according to the Kantar. The 3 parties are the ODS, the KUD-ČSL and TOP 09. The survey indicates that ANO would come 2nd on 29%, followed by the Pirates and the STAN, who also ran in an electoral alliance, on 15.5% The only other party that would make it into the ChD, the poll suggests, is SPD, on 9.5%.

- 11 Given the war in Ukraine and Europe's decision to cut its dependence on Russian oil, gas and coal supplies it is not clear when the CR will be in a position to phase-out coal mining entirely, MLSA Minister Jurečka said. Mr. Jurečka said the government would do its best to speed up the switch to renewable sources, but the inevitable fall out in gas and coal supplies from Russia would complicate the situation. The Fiala government originally outlined a plan to phase out coal from the CR's energy mix by 2033, however, mining activity is expected to significantly increase in the near future in response to the high costs of natural gas and may continue for longer than anticipated.

Inflation reached 12.7% in March, up from 11.1% in February, according to the CSO. Inflation is at its highest since 1998 when it reached 13%. Fuel prices in March climbed by 50% y/y, and Czechs are paying significantly more for electricity and gas. Consumer goods are up by 1.7% compared to the previous month. Inflation is expected to rise further and may hit 15% in mid-2022.

- 12 Nuclear fuel for Temelín will be supplied by American firm Westinghouse and France's Framatome from 2024. Temelín currently uses fuel from the Russian company TVEL, which is part of the state holding Rosatom. The new contract for nuclear fuel will run for 15 years and be worth billions of crowns.

the CR plans to organise a donor conference for Ukraine during its presidency of the EU in the H2 2022, the MFA minister Lipavský said.

- 13 The Czech government approved strategy priorities for handling the crisis caused by the arrival of hundreds of thousands of Ukrainian refugees in the country. PM Fiala said the cabinet had also created the position of national coordinator, which would be temporarily filled by the MI Minister Rakušan. The PM said the strategy rubberstamped by ministers was still an "open document" which could be amended after discussions, including in the ChD. It envisages CZK54bn being needed to cover the cost of handling the refugee situation, with some of that money due to come from the EU. Mr. Rakušan said that after the first wave of the crisis another phase was coming in which long-term solutions would need to be implemented.

The MA is planning to carry out checks on sellers' margins on certain foodstuffs, MA Minister Nekula said. The controls will be carried out in conjunction with the OPC. The MA Minister said the margins on essential foods such as butter, chicken and pork and breads would be subject to such examination. Mr. Nekula said there was an uneven distribution of profit between farmers, producers and traders, with margins being especially high among the latter.

- 14 the CR recognises Georgia's territorial integrity, rejects Russian activities in separatist regions and supports its Euro-Atlantic aspirations, MFA Minister Lipavský said after a meeting with his Georgian counterpart Ilja Darchiashvili.

Two new dates will be added to the CR's list of official "significant days". 27 May, the day of the assassination of the Nazi governor of Bohemia and Moravia, Reinhard Heydrich, Day of National Resistance June 25, and the anniversary of the signing of the protocol on the withdrawal of Soviet troops from the territory of the former Czechoslovakia in 1991 that is to be marked as Day of Departure of the Occupying Forces.

It is no longer compulsory to wear respirators on public transport in the CR. The government decided to ease the restriction aimed at curbing the spread of Covid-19, following a fall in infection rates and hospitalisation numbers. Respirators must still be used at health and social care facilities. The MH Minister Válek has recommended that people continue to wear them on public transport and in crowded places.

Russia expelled the CR's deputy ambassador to Moscow. The diplomat has until Saturday to leave the country. MFA said that the move came in response to the expulsion of Russia's deputy ambassador from the CR last month. According to the MFA, Moscow's reaction had not been proportionate as the Prague Russian Embassy employee expelled in March had demonstrably used diplomatic cover to operate for the Russian intelligence services. Last year the Czech government expelled Russian Embassy staff following revelations Russian agents had been behind a deadly operation on Czech territory in 2014, sparking tit-for-tat reprisals.

- 15 LOs have so far received 12,177 applications for solidarity grants from people hosting Ukrainian refugees in their homes, the MLSA reported.. People who accommodate refugees in their homes can apply for CZK3,000/person a month to help cover the extra cost. The condition is that refugees spend at least 16 days a month at the home of the benefit recipient and the state contribution must not exceed CZK12,000/household.

- 16 the CR may hold an EU summit with Ukraine or the Western Balkan countries during its EU presidency, according to the minister for European affairs Bek. Mr. Bek said the CR would have to respond to current developments as regards the choice of topics, but 5 main priority areas were already evident: resolving the refugee crisis and post-war reconstruction in Ukraine, energy security, strengthening the EU's defence capabilities, the recovery of the European economy and the resilience of democratic institutions. The Czech EU presidency is due to begin in July 2022.

Apr 16 the CR has granted over 293 000 special visas to refugees from Ukraine since the start of the war, according to data published by the MI. Registration centres report that the inflow of refugees has now slowed considerably. MI Minister said earlier that the number of refugees appears to have stabilized at 300,000 and some of them have even started returning to safer parts of Ukraine.

- 17 The Czech government is preparing a strategy to secure energy supplies for the next heating season, Ms. Horská, economic advisor to the PM, said. She said it was essential to prepare for a disruption of supplies from Russia since Russian President Putin was likely to use it as a weapon in the war he is waging against Ukraine. We need to prepare for a worst-case scenario when gas stops flowing to the CR," Horská said. She said the government's strategy includes a regulation of gas consumption and social benefits for households at risk of poverty, which now make up 20% of the population.

Czech diplomat expelled from Russia this week, was contacted by the Russian secret service with an offer of cooperation. The Russian secret service reportedly also tried to intimidate another Czech diplomat, telling her they knew details of her private life and unless she cooperated she would be expelled from Russia.

Czech breweries are increasing beer prices due to the growing cost of energy, packaging and raw materials. Budvar has increased the price of cask beer by about 3% since January and is not ruling out a further increase in the coming months. Plzeňský Prazdroj, the largest Czech brewery, has just increased the price of a pint of draught beer by CZK1 for all its brands - Pilsner Urquell, Radegast, Gambrinus, Velkopopovický Kozel and Birell. The Pivovary CZ Group, which incorporates the Zubr, Holba and Litovel breweries, will also raise the price of a pint of draught beer by CZK1.

Coronavirus numbers have been going down steadily in recent weeks, but data from sewage water samples indicate that the viral load among the population is roughly the same as last November, according to the survey. Last November, there were about 5 times as many people in hospitals, and 20,000 newly infected people a day. Experts say the present benign situation is due to the fact that the Omicron variant, which is dominant in the CR, is accompanied by mild symptoms. People are less likely to be tested and end up in intensive care units less often.

Czechs have donated at least CZK3.4bn in aid of Ukraine since the war started. Around 1/3 of the total amount was sent to the Ukrainian Embassy in Prague for the purchase of military equipment for the Ukrainian army and the Home Guard. The bulk of the money has already been used by the embassy. Approximately CZK100mn remain in the account. The MD has sent military aid worth nearly CZK1bn to Ukraine since the war broke out.

- 18 The MEYS is scrambling to resolve a pending capacity crisis at Czech schools and kindergartens following the admission of some 3,000 refugees from Ukraine.

The government is planning systemic changes aimed at strengthening the state's food reserves in the event of a crisis. At present the CR has only 1.5 days' supply of meat in state warehouses. In future, it should have enough for at least 15 days. While meat is now stored frozen, the government wants to negotiate with farmers to reserve live animals which could be culled in the event of a crisis. On the other hand, the state has more than 40 days' worth of cereals in the state material reserves, long enough to tide the CR over until the next harvest.

- 19 Czech armaments companies are to repair Ukrainian heavy military vehicles, the MD said. The first contract will be for the repair of T-64 tanks by Czechoslovak Group companies. In future this could be extended to also include repairs on BRD and BRDM armoured scout cars and further Czech firms may take part, the MD said.

A new polls indicates that 78% of Czechs agree with the CR's membership of NATO, which is the highest figure recorded since 1994. The survey also indicated that only 10% believe that there is no threat of military conflict in Central Europe. ¾ of those surveyed said Russia was the clear guilty party in the war in Ukraine. 4% of Czechs strongly support Russia, the poll suggests.

The government has decided to intensify the purchase of new military equipment. In response to Russia's war on Ukraine, the MD has begun moves to acquire new technology much more quickly and in greater volume than previously planned. The MD is to get tens of billions of crowns in additional funding in the next 3 years. The shopping list includes dozens of Pandur and Titus armoured personnel carriers, while an order for Bell helicopters is to be doubled.

- 20 Genetically modified crops, support of low-carbon energy sources and societal resilience are the main topics that the CASCRC wants to focus on during the CR's 6-month presidency of the CoE which will commence from July 2022.

March saw a further acceleration of price rises in various sectors of the economy, according to the CSO. Y/y prices in the agriculture rose to 27.2% as opposed to February's 22.9%. In the industry sector, prices rose by 24.7% in March, nearly 3% more than in the previous month. Meanwhile, in the construction sector, prices grew y/y by 10.4% an increase by 0.5% when compared to February. Prices rose also in m/m terms. The agriculture sector saw price growth reach 5.4% between March and February. In the industry sector prices rose during the same period by 4.2%, in the construction sector by 1% and market service prices for businesses rose by 1.4%.

- Apr 20 Entrepreneurs in the CR expect to see their costs of running business rise by tens of% this year, according to the CCC. The costs of energy, entry materials and transportation are all expected to rise and, as a consequence, more than 80% of entrepreneurs say that they will have to raise the prices of their consumer products. The highest rise in prices is expected by business operating in the manufacturing and construction sectors. Around ½ of all respondents said that they expect their prices to rise between 10% to 20%, with roughly 1/3 of the survey respondents saying that the cost of their products will increase by more than a 1/5 of what they were last year. However, some entrepreneurs, especially smaller business owners, said that they will lower their prices.

The NCSISA says a number of important Czech websites came under attack. The NCISA said that it was monitoring the situation and had not recorded any major impact. It also referred to an earlier warning of possible cyber-attacks it had given in connection with Russia's war on Ukraine. Among the sites subjected to DDoS attacks on April 20 were those belonging to Czech Rail, the state administration and airports.

The number of recorded Covid deaths in the CR has now passed 40,000. The CR has a population of 10.7mn and has suffered one of the world's worst per capita death rates since the coronavirus pandemic began. Infection rates in the CR continue to drop from a record high in February.

- 21 The gas distributor Pražská plynárenská has announced it will be increasing prices by 39% as of June. The price hike will not affect clients with fixed rates. Pražská plynárenská is one of the biggest distributors in the country supplying over 425,000 households.

Production at Škoda Auto could stabilise from June, with overtime shifts possibly returning in the autumn. This year, Škoda has had to delay the production of more than 100,000 vehicles due to missing parts. The issue of missing parts, especially semi-conductors and cable harnesses, is currently still affecting production.

The IT systems of several Czech state and non-state institutions have been a target of DDoS cyber-attacks. According to MI Minister Rakušan, the attacks were led by Russian hackers. The MI Minister said that they hadn't managed to steal any information or private citizen data. The NCISA announced that it had itself been targeted. The attacks continued on morning, according to the NCISA, with targeted websites including the one belonging to the OGCR. At least some of the attacks are being claimed by the pro-Russian hacker group Killnet.

- 22 MD Minister Černochová and US Defense Secretary Lloyd Austin confirmed their countries' interest in concluding a mutual defense cooperation agreement. The two officials also discussed the security situation, the modernization of the Czech army and the possible acquisition of US supersonic fighter jets, helicopters and tanks by the Czech military. At the meeting, the ministers signed a cooperation agreement between the Czech and US arms industries. According to the MD, the agreement will be valid for 10 years and is intended to ensure that companies from one country that want to supply military material to another country are not discriminated against.

- 23 The CR's public debt has risen by CZK128bn over the past quarter to a total of CZK2.59tn, the MFA announced. This converts to roughly CZK247,000/citizen. The main reason behind the public debt rise is the standard emission of state bonds issued to pre-finance debt payments. The MF sold bonds worth CZK134.2bn which have to be repaid within one year in the Q1. This should cover 92% of the public debt repayments in this year.

- 24 The government is not planning to raise taxes for companies due to the effects of the war in Ukraine and inflation, MF Minister Stanjura said. However, he did say that such an option would come into consideration if the war on Ukraine would be seen as impacting everyone and there are no signals to make that conclusion yet. Adjustments are instead being made to the government's spending programme and to the pensions system, the MF Minister said.

Thus far, the CR has frozen Russian assets worth close to CZK1bn, MF Minister Stanjura said. If this frozen wealth is designated as possibly supporting alleged Russian war crimes then, according to the MF Minister, there can be talk of a possible future confiscation.

- 26 The ME has allocated over 10bn crowns for adaptation measures against drought in the coming years, ME Minister Hubáčková said. The adaptation measures, which are being undertaken together with the MA, involve the creation of dams and small water reservoirs, better use of rainwater or the promotion of sustainable farming on agricultural land. The MA will support the development of water supply and sewerage infrastructure with CZK1.7bn this year, and another CZK875mn will be spent on interconnecting water supply systems.

- 27 If Russia cuts off gas supplies to the EU, the CR will be unable to quickly fill the huge shortfall from other sources, the head of the Association for District Heating Topolánek said. Mr. Topolánek, a former PM, said the country would therefore find itself without gas, threatening heat production and supplies to households and firms.

The ChD has approved a temporary reduction of the excise tax on fuels by CZK1.50/l from June until the end of September, to combat rising consumer prices and inflation.

- 28 The CR has now granted special visas to almost 314,600 refugees from Ukraine. Some 1,783 visas were handed out on Wednesday, around a thousand fewer than on the same day last week, according to MI data. Most of the refugees, around 73, 400, remain in Prague. The temporary protection visas allow them to remain in the country for one year, give them access to health insurance, education and work. They are also entitled to further assistance, such as with accommodation.

- Apr 28 The minimum gross decent wage for a full-time job in the CR that would cover the needs of an adult with a child, as well as leisure time and small savings, should be CZK33,909. In Prague, it should be CZK39,974 due to higher costs. The sum was presented by a team of experts from the platform for a minimum decent wage at a press conference on Thursday. With such a wage, people would be able to cover the costs of food, housing, clothing, transportation, healthcare, education, and free-time activities but also be able to pay for other important expenses, including savings for unexpected circumstances.

- 29 The CR has so far issued military aid worth nearly CZK3bn to Ukraine, MD said that the CR is currently in talks with Germany about a possible collaboration model in regards to military aid for Ukraine.

the CR will begin receiving LNG supplies from May 1. The deliveries of 5mn m³ of LNG will be made by the daughter company of Slovakia's energy supplier SPP, which ordered the LNG from the USA. Further orders are to be made on a monthly basis.

The website of CT's news site ČT24 came under DDoS attack but was successfully put back into operation.

The economy grew by 4.6% y/y in the Q1 2022, according to preliminary estimates by the CSO. Compared to the Q4 2021, the GDP increased by 0.7%. In both cases, the results exceed the expectations of analysts, who say the y/y increase of the GDP was mainly driven by increased household spending and gross fixed capital formation.

30 The MI has granted over 316,000 special visas to refugees fleeing Russia's war on Ukraine.

May 2 On 14 April, the CNB revoked the license of the Russian Sberbank which closed its doors shortly after the Russian invasion of Ukraine after being overwhelmed by demands from clients looking to withdraw their money or have their accounts transferred to other banks.

3 The FAO of the MF has frozen the assets of Ostrava-based company Vítkovice Steel, an export focused steel manufacturer, which is owned by supranational investment funds belonging to the countries of the former Soviet Union. The asset freeze is connected to sanctions on Russia in response to the country's invasion of Ukraine.

the CR had the lowest rate of unemployment in the EU in March. Data from the CSO indicates that unemployment lay at 3.4 %. The general level of unemployment in the EU lay at 6.2 % in March. In the Eurozone the number was slightly higher at 6.8 %. The country has had one of the lowest unemployment rates in the EU for several years now.

The state budget deficit rose to CZK100.1 bn crowns at the end of April from CZK59.1 bn in March, the Czech MF reported.

4 The operating profit of Škoda Auto fell by roughly a quarter to EUR 337 mn in the first quarter 2022, the car brand's owner Volkswagen Group announced in its interim report. Volkswagen also stated that Škoda Auto's results were negatively affected by Russia's war on Ukraine.

Škoda delivered 186,170 automobiles to customers during the first quarter 2022, around 25 % less than in 2021. However, sales during the same period increased from last year's EUR 5,05 bn to EUR 5,1 bn.

5 Gas storage tanks in the CR are 30 % full at the moment, the MIT Minister Josef Síkela said, adding that the country's gas reserves have exceeded 1 bn m³.

The Bank Board of the CNB raised its basic interest rate by 0.75pp to 5.75 %, the highest level since 1999. It is the sixth above-standard increase in the base rate of more than 0.25pp in a row.

The increase is mainly due to the continuing rise in inflation, which has been exacerbated by the war in Ukraine, and the central bank's efforts to dampen inflation expectations.

The bank has also decided to increase the Lombard rate, which deals with short-term liquidity loans to commercial banks and the discount rate, by 0.75% to 6.75 %.

6 Europe's energy security will be one of the crucial themes of the forthcoming Czech EU presidency, PM Petr Fiala said after meeting with German Chancellor Olaf Scholz in Berlin. the CR is due to take over the EU presidency from France in July.

7 The international credit rating agency Fitch has revised its assessment of the CR's economy. While Fitch has maintained the country's AA- rating, which is one level below the highest possible level, it revised outlook for the CR from stable to negative. The company cited problems such as reduced growth prospects, very strong inflationary pressures and dependence on Russian energy.

The Czech government says anti-Covid measures and related impacts on revenues and outlays impacted the state budget last year to the tune of CZK306 bn, according to the draft state closing account for 2021.

That figure was CZK69 bn higher than the negative impact of the coronavirus on the economy in 2020, the year the pandemic hit the country, in March.

Changes in legislation last year cost CZK152.4 bn while additional health care costs reached CZK159.4 bn. The state earned an extra CZK5.7 bn, from for instance the sale of vaccines.

9 According to the CSO, the CR's foreign trade balance saw a deficit of CZK13.8 bn in March, a drop by CZK30.5 bn y/y. The negative trade balance result was mainly due to higher imports in energy commodities and a drop in exports of motor vehicles and their parts, also due to the coronavirus pandemic. Exports rose by 3.9 % y/y to CZK388.1 bn and imports by 12.7 % to CZK401.9 bn.

10 Czech Railways is set to substantially increase its prices of tickets from December 2022, company CEO Michal Krapinec said. He added that the company is currently CZK32 bn in debt and had ended both of its previous fiscal years with a slight loss. In the first quarter 2022, the number of people traveling by train was still at just 83 % of what it had been before the coronavirus pandemic.

Despite the CR's increasing economic woes, the PM Petr Fiala has pledged that his government will not increase taxes.

11 President Miloš Zeman has appointed economist Aleš Michl governor of the CNB. Mr. Michl, who is 44, has been a member of the bank's board since 2018. He will replace Jiří Rusnok as of 1 July 2022.

- May 12** The CNB Board has decided to launch interventions on foreign exchange markets due to the significant depreciation of the crown in recent days. The move is to offset a longer-term depreciation of the crown at a time of high inflation. Sales from the proceeds from foreign exchange reserves will be suspended for the duration of the interventions.
- Fuel prices in the CR have risen significantly for the third week in a row. The best-selling petrol Natural 95 has risen by CZK1.03 per litre to an average CZK44.25 in the past week. Diesel is currently selling for CZK46.44 per litre, which is 87 halers more than a week ago. The price growth is driven by strong demand, among others, and analysts expect a further increase in the price of fuels in the coming weeks.
- The CBA has downgraded its estimate of Czech economic growth for 2022 to 1.8 % (previous February estimate was 3.7 %). The economic growth will be affected by the repercussions of the war in Ukraine, problems in supply chains and inflation. The association expects the economy to grow by 2.8 % in 2023 (previous February estimate was 3.6 %). Last year, the economy grew by 3.3 %.
- 13** the CR wants to stage an EU summit within its forthcoming EU presidency that would be attended by Ukrainian President Volodymyr Zelensky. The European summit should be devoted to a key topic, such as energy security.
- 14** Close to 36,000 refugees from Ukraine have already started work in the CR, according to data from the Czech LO. The humanitarian year-long visas refugees receive guarantee them the same status on the labour market as Czech citizens or permanent residents. Most of them are reportedly looking for short-term jobs because they hope to be able to return home soon. According to the MI, 332,347 refugees have so far been granted special visas in the CR.
- 16** Czech gas reserves are currently at 40 % full capacity and storage tanks are being filled up at a rate of 25 mn m² (twice the equivalent of summer consumption), MIT Minister Jozef Síkela said on Monday as he presented the state's plan to stock up on gas ahead of the next winter. This will include creating the office of "state energy buyer" (státní obchodník s energiemi), who will be able to negotiate directly with European gas suppliers. The minister hopes that this will make gas purchases cheaper and more secure.
- The EC's newly published Spring Economic Forecast expects the Czech economy to grow by 1.9 % in 2022. This is below the EU average and also significantly less than the 4.4 % growth predicted by the EC in its previous Winter Forecast which was released in February. The EC expects economic growth in the CR to be hindered by uncertainty and price growth. Czech growth is expected to rise to 2.7 % next year, a rate that exceeds the EU average by 0.4 %.
- Agricultural producer prices saw their sharpest y/y rise since 1992 in April, growing by 35.3 % (8 % m/m), according to data released by the CSO. Oil plant products rose by nearly two-thirds compared to last year, while the price of cereals grew by more than a half during the same period.
- 17** Over 50,000 refugees from Ukraine have already started work in the CR, according to data from the MLSA. Most of them have reportedly filled long-term vacancies.
- Czechs are more willing to spend on premium healthcare, according to the data by the European Statistics Office, Eurostat. Last year, premium healthcare expenses accounted for 2.8 % of overall household spending, which is still considerably less than in Western countries. On average, Czechs pay more than CZK7,000 a year for healthcare, compared to around CZK5,000 a decade ago. In comparison, the average expenses for alcohol and cigarettes account for over 8 % of Czech households' budget.
- Austrian Chancellor Karl Nehammer is ready to support the expansion of the capacity of the TAL pipeline, Czech PM Petr Fiala said, adding that this would ensure the CR would have sufficient capacity in case it cannot use oil from Russia.
- 18** Inflation in the CR was the third highest in the whole of the EU in March, at 13.2 % y/y, according to data from Eurostat. The average rate of inflation in the EU was a record 8.1 %. The rate in the Eurozone was 7.4 %.
- 20** the CR will receive EUR 27.4 mn (around CZK680 mn) from the EU as aid for refugees from Ukraine. PM Petr Fiala said that this is a helpful step, but the amount is not final and he expects further negotiations. The money is intended primarily for food, transportation and accommodation for people fleeing the Russian invasion.
- 21** the CR is aiming to spend 2 % of GDP on defence as early as 2024, a year earlier than the government committed to in its programme statement, PM Petr Fiala said after meeting with President Miloš Zeman's expert team in Láň.
- 22** the CR has 13 mn daily rations of food stored in its warehouses for emergency situations, which would cover about 1.3 days of consumption, the chairman of the SSHR Pavel Švagr said. To increase the food supply to last for 15 days would cost up to CZK12 bn. The MA is currently proposing to increase the budget of the organisation managing the state reserves by half a billion crowns. Under the current law, all material reserves must be owned by the state. Under a newly proposed system, the SSHR would book the necessary commodity with the supplier and buy it only in the event of a crisis.
- 24** Apartment prices in the CR grew by 20.6 % y/y in the first quarter 2022, according to data from the bank Hypoteční banka. House prices increased by 19.6 % in that period, while sites went up by 23.7 %.

Half of President Miloš Zeman's team of economic advisors have quit, among them the president of the Czech Chamber of Commerce, Vladimír Dlouhý, one of the key figures of the post-1989 economic transformation. Others include the president of the Confederation of Industry, Jaroslav Hanák, the governor of the CNB, Jiří Rusnok, ex-MP and unions chief Jaroslav Zavadil and the chairman of the Union of Towns and Municipalities, František Lukl.

- 25 The trade unions leaders are demanding a wage growth that will make up for the soaring inflation, which has now reached 14.2 % and an increase in the minimum wage to CZK18,200 from July. Another meeting with the Cabinet is scheduled for June 7. The unions are threatening a general strike if there is no agreement by that date. The average salary in the public sector is CZK44,782 a month, but two thirds of employees are well under that mark.

The Association of Czech Beer Brewers has announced another significant hike in the price of beer. According to the president of the association, Michal Voldřich, the higher costs of energy and raw materials such as malt and hops, will send up the price of beer by an average 10 % as of June. Most breweries increased their prices in the spring and further increases can reportedly be expected at the end of the summer, when many breweries will see their contracts with energy suppliers expire, forcing them to accept less favourable tariffs.

- 26 The CNB should keep its interest rates at a higher level than normal in order to prevent what is currently a predominantly cost-push inflation turning into a demand-pull inflation, CNB board member and future governor Aleš Michl said. Cost push inflation is a phenomenon largely independent of external control, he said.

- 27 ČEZ, whose majority shareholder is the Czech government and is the largest utility company in Central and Eastern Europe, have announced that their natural gas prices will increase by 76 to 86 % from July, compared to the last price list in early February. In contrast to electricity prices, where there will only be a significant increase for new customers, gas prices will rise for everyone.

- 30 The CTO has prepared a proposal to regulate the Czech mobile phone market. The new proposal takes recommendations from the European Commission into consideration. In its analysis the regulator argues that retailer mobile service prices, especially when it comes to mobile data, is disproportionately higher than the EU average. The Czech mobile operator market is currently composed of three major providers – O2, T-Mobile and Vodafone. A fourth operator could enter the market at the end of 2024.

- 31 Over 40,670 hectares of forests were planted in the CR last year, according to data released by CSO. That is an increase by 7,000 hectares on the previous year and a record-high figure in the modern history of the country. Over 30 mn m² of timber was harvested in 2021, which was 5.5 mn m² less than a year before. Nearly 86.9 % of the harvested trees were affected by bark beetle.

Czech household debts dropped by CZK20.1 bn m/m in April to CZK2.067 tn, after rising continuously since February 2016, according to statistics released by the CNB. Y/y, the debts of Czech households to banks increased by almost CZK162 bn in April and business debts rose by around CZK76 bn.

the CR negotiated an 18 month exception from the ban on purchasing products made out of Russian oil. PM Fiala said that while oil deliveries coming from the sea will immediately be discontinued, those coming in via pipelines will be gradually discontinued.

The Czech economy grew y/y by 4.8 % during the first quarter 2022, according to an estimate released by the CSO. Compared to the previous quarter, GDP grew by 0.9 %. While the first quarter of the previous year had been negatively affected by the pandemic and by a lack of industrial components, this year, statisticians can see the effect of growing prices and the limiting of household expenditure especially on long-term consumption goods.

- Jun 1 Economist and former Rector of Brno's Mendel University Danuše Nerudová has announced her candidacy for president.

- 6 Czech PM Petr Fiala was hosted by France's President Emmanuel Macron in Paris, where they discussed, among others, energy security, reduction of energy dependency on Russia. They agreed that nuclear power and its development is in the strategic interest of the two countries.

- 7 94% of employees working in the CR saw a decrease in their real wages, that means wages adjusted for inflation, during the first quarter 2022. The average salary in the CR grew by 7.2% y/y during the first quarter to CZK37,929, which is an increase of about CZK2,533. However, when inflation is taken into account, the average salary actually decreased by 3.6% y/y.

- 8 Hungarian President Katalin Novák held talks with PM Petr Fiala about cooperation between the two countries in the areas of trade, defence and energy, and the priorities of the upcoming Czech EU Presidency, during her state visit to the CR.

Unemployment fell to 3.2% in May, a decrease of 0.1% m/m. In y/y terms, unemployment fell by 0.7%.

- 9 The motto of the presidency, which the CR will take over from France on July 1, should be "Europe as a task: rethink, rebuild, repower".

Over 70,000 refugees from Ukraine with humanitarian visas and labour permits have found jobs and have started working in the CR, helping to fill long vacant positions on the market. Many are overqualified for the job they have and have started learning Czech in order to be able to work in their profession.

- Jun 15** the CR's top priorities during its presidency of the Council of the EU will be the management of the refugee crisis and the post-war reconstruction of Ukraine, energy security, and the strengthening of defence capabilities and cyber security, PM Petr Fiala and European Affairs Minister Mikuláš Bek announced. Other major focus areas will be the resilience of the European economy and of democratic institutions.
- The Senate agreed to tighten the conditions for maintaining capacity in gas storage facilities to ensure that storage facilities are kept at full capacity in order to increase the CR's energy security.
- 16** Car production in the CR increased by 12.8% y/y in May. It is the first time that Czech car producers recorded a y/y growth this year and also the first time they returned to a pre-Covid monthly production volume.
- 17** the CR has the 4th highest inflation rate in the EU of 15.2%. The EU inflation average is at 8.8%.
- 21** Foreign Minister Lipavský announced Czech foreign policy plans for EU presidency. It should focus on the conflict in Ukraine, ending energy dependency on Russia, building defence capacities as well as on trade agreements.
- Due to bribery and manipulation with public tenders, the largest Czech construction business Metrostav and its daughter company Metrostav Infrastructure have been banned from taking part in public tenders and fulfilling public contracts for a period of 3 years after a ruling at the High Court in Prague.
- 22** The CNB Board has raised the key interest rate by 1.25pps to 7%, the highest rate since 1999.
- The Cabinet has approved a new sanctions law inspired by the US 2016 Magnitsky Act. The legislation will allow the CR to impose sanctions that have not yet been included in the EU's sanctions list. The draft law is yet to be approved by the Parliament.
- Activities of the National Economic Council of the Government (NERV) were resumed today.
- 23** A Czech government decree barring the issuing of visas and residence permits to Russians and Belarusians has been extended until the end of March next year. Exceptions can be made in humanitarian cases.
- Fuel prices in the CR are at a new all-time high, with a litre of the most popular Natural 95 petrol having risen to CZK47.96 per litre within a week. The price of diesel has risen even more dramatically, rising to CZK48 per litre on average.
- 27** PM Petr Fiala had a meeting in Prague with his Saxon counterpart Michael Kretschmer. Among other things, they discussed the building of a LNG terminal in Germany, cooperation in science and education and the construction of a high-speed train line between Prague and Dresden.
- 28** On Monday, Czech power company ČEZ signed contracts for the supply of fuel assemblies for the Temelín NPP with US firm Westinghouse and Framatome of France. The companies won a selection procedure for the deals in April. Supplies of fuel assemblies will begin in 2024 and will continue for over a decade, at a cost of several bn crowns. At present fuel from Russia's Rosatom is used to power Temelín NPP.
- 29** President Miloš Zeman appointed Vladimír Baláš to the post of education minister on Wednesday. Mr. Baláš, who has experience in education and research, is replacing Petr Gazdik, who resigned from office.
- General Petr Pavel has confirmed that he will run in the 2023 presidential election due to be held in January.
- After almost 4 months, a State of Emergency called by the Czech government to help deal with a wave of refugees from Ukraine will cease at the end of June. The provision has made it easier for the state to provide accommodation and other services to people fleeing Russia's war on Ukraine.
- 30** The EC started investigating whether the planned state financial support for the extension of the Czech Dukovany NPP is in line with the rules of the EU. The planned support, which includes a low-interest state loan that is to cover the costs of the construction, is estimated at EUR 7.5 bn.
- Czech coal miner OKD will extend mining at least until the end of 2023.
- the CR had the lowest rate of unemployment in the EU in May, that is 2.5 %. The general level of unemployment in the EU stood at 6.1 % in May, remaining at April's level. In the Eurozone, the unemployment rate fell by 0.1pp to 6.6 %.
- The subsistence minimum, a minimum level of income which is considered necessary to ensure sustenance and other basic personal needs, will increase by 8.8 % from CZK4,250 to CZK4,620, from July 1. The minimum wage will rise from CZK2,740 to CZK2,980. The Cabinet approved the hike in view of the soaring inflation which is now at over 16 %. The subsistence minimum was last increased in April 2022, by 10 %.
- Jul 1** The new governor of the CNB, Aleš Michl, took up office, replacing Jiří Rusnok. He stated that his main priority will be to reduce inflation, which rose to 16% in May from 14.2% in April y/y, and thus remains the highest since December 1993. He is opposed to the current cycle of interest rate hikes. His appointment caused conflicting reactions on the political and economic scene, with the Czech crown sharply weakening.
- New education minister Vladimír Balaš was inaugurated into office by PM Fiala.
- 2** All 2.4 TWh of the gas that was purchased by the SSHR upon an order by the Czech government is now stored in the CR's gas tanks, gas reserves now being filled up at 2/3 of total capacity. The cost of the purchase, including VAT, transport and storage for the next 11 months, was CZK8.5 bn.
- 5** the CR is among the 40 states to sign the Lugano Declaration, a document to come out of the Ukraine Recovery Conference in Lugano, Switzerland, which commits the signatories to support Ukraine throughout its path from early to long-term recovery from the war. Mr Fiala speaking about areas where the CR could help, mentioned sectors such as transport, healthcare and nuclear energy.

Jul 7 Car sales in the CR fell y/y by 12.3% during the H1 2022 to a total of 98,916 vehicles. The downturn was especially noticeable during the Q2 2022. Meanwhile, transport vehicles saw a slight uptick in sales.

Interest in state rooftop solar power subsidies is growing, with the Czech MoE already having registered more applications this year than for the entire year of 2021. Thus far, 34,544 applications for funding, worth a total of CZK6.7 bn, have been registered by the ministry in 2022.

It is expected that demand will exceed the government allocated CZK10 bn budget for the relevant Nová zelená úsporám (New green for savings) funding programme. However, the ministry is prepared to allocate more funds to the programme from its modernisation fund.

The EP voted to reject a proposal not to designate nuclear energy and gas as transitional and clean sources in the EU's taxonomy for sustainable activities. The result of the vote was welcomed by Czech PM Petr Fiala.

After 3 previous months of decline, industry in the CR grew y/y by 3.3% in May. The construction sector grew by the same number in May, following a 4% decrease in the previous month. The growth was largely thanks to an increase in automobile production, which grew by 9.8% when compared with the same month last year, and land construction, which grew by 3.5% when compared to the same period. Meanwhile, transport vehicle production saw a significant fall in May, down by 28%. According to the Czech Statistics Agency this sharp fall in statistics was largely due to a high comparative base. When it comes to international trade, the CR saw a deficit of CZK23.3 bn in May. The last time that the CR's international trade was in surplus was in January.

8 The MF will lend over CZK74 billion to energy company ČEZ to increase its liquidity. ČEZ signed the loan agreement with the MF, worth up to EUR 3 bn today. The money will be earmarked for guarantees in case of a possible increase in so-called margin requirements on the energy exchange market, which could occur in the event of extreme volatility, for example, if there were to be a complete stoppage of the gas supply from Russia to Europe. Dutch Ambassador to the CR Daan Huisinga stated that the CR's lease of LNG terminals in the Netherlands should cover up to a third of the country's annual gas consumption – equivalent to roughly 3 bn m³ of gas.

11 Germany has pledged to help the CR out in the event of a gas supply fallout from Russia. Czech MIT Minister Jozef Síkela and German Minister for Economic Affairs and Climate Protection Robert Habeck signed an agreement on energy security in Prague today. the CR is almost 100% dependent on Russian gas imports.

12 Unemployment in the CR fell by 0.1% to 3.1% in June. Unemployment in June last year was at 3.7%. Last month 231,309 people were out of work, just over 4,000 fewer than in May. The number of unfilled positions is nearly 320,000.

13 Seasonally adjusted industrial production in EU and Eurozone states exceeded expectations in May, rising by 0.6% and 0.8% respectively in m/m terms, according to Eurostat estimates. In the CR, May production rose by 2.4%, which was the 3rd highest level of growth registered among member states, after Ireland and Greece. Meanwhile, the biggest decrease was registered in Lithuania, the Netherlands and Luxembourg. When it came to EU-wide growth, especially noticeable was the rise in production of capital goods (up by 2.5%) and non-durable consumer goods (up by 2.1%). Meanwhile, energy production fell by 3.5%.

Inflation in the CR reached 17.2% y/y in June, up from 16% the previous month. The price of foodstuffs increased the most. It is the 12th month in a row that inflation has risen in the CR.

the CR has assumed the presidency of the Council of the EU from France. As the head of the council, the Czech government will oversee and partly influence the agenda of ministerial and other meetings until the end 2022. The government has stated that its main political priorities for the presidency include managing the refugee crisis and the post-war reconstruction of Ukraine, energy security, strengthening defense capabilities and cyber security, the strategic resilience of the European economy, and the resilience of democratic institutions. However, the agenda of the presidency will also largely be influenced by long-term EU priorities. This is the second time that the CR has headed the EU Council, with the first time being in the H1 2009.

14 Bavaria has agreed to increase the daily capacity of the Transalpine Pipeline (TAL), through which the CR receives oil from the Italian port of Trieste, by 17% from 15 July.

The EC's summer macroeconomic forecast has raised its prediction for Czech economic growth this year from 1.9% to 2.3%, with the average rate of inflation expected to lie at 13.9% – the 4th highest in the EU after the Baltic states. The reason behind the improved estimate is the surprising level of productivity of Czech industry during the Q1 2022, which was less impacted by a lack of commodities than was expected.

Meanwhile the forecast has lowered its expectations when it comes to the growth of the Czech economy. the CR is now expected to grow by 1.5% instead of 2.3% in 2023. Inflation is expected to fall to 5.8%.

Jul The interest rate on new mortgages rose to 5.0% in June from 4.64% in May, being now at its highest since mid-2010. Banks granted mortgage loans worth CZK19.3 bn in June, down 8% from May. The y/y fall accelerated to 65%.

20 The ChD has approved a bill banning the manufacture and sale of single-use plastic products, such as cutlery, plates and drinking straws.

- Jul 21** 3 years since it began investigating an alleged conflict of interest within the Czech government, the EC has ended proceedings into the matter. Several dozen findings were made during the investigation and the individual ministries of the Czech government will now be looking into cases where EU funding may have been provided illegally. Among them are cases related to the company founded by former Czech PM Babiš, Agrofert.
- Czech humanitarian NGO People in Need has helped more than 317,000 Ukrainians in their home country since Russia invaded Ukraine in February 2022. A further 55,000 Ukrainians have been helped by the NGO and its partner organisations in the CR itself. In total, the humanitarian organisation has until now provided help worth CZK670 mn.
- The FAO has frozen Russian assets worth CZK10 bn since the outbreak of the invasion of Ukraine
- 25** Confidence in the Czech economy fell by 2.6 points m/m in July to 95.7 points. The business confidence indicator fell by 2.9 points to 100.2 compared with June and the consumer confidence indicator fell by 1.1 points to 73.6. Consumer pessimism has been growing steadily in the past five months, and in July the confidence indicator fell to its lowest level since January 2003, the start of monitoring.
- Sales of electric appliances are reported to have skyrocketed as Czechs prepare for a harsh winter marked by a steep increase in the price of gas or its shortage. Salespeople report an increased interest in electric cookers and electric heaters. Coal or wood sellers are also overwhelmed with orders. Sales of table-top cookers, double-plate cookers and freestanding ovens have increased by several hundred%, and in many cases demand far exceeds supply.
- 26** Gas storage facilities in the CR are now filled to 80% capacity, reaching the limit to which EU states must fill their gas storage tanks by November as a precaution against a possible halt in supplies from Russia. Deliveries of Russian gas via the Nord Stream 1 pipeline have now been limited to 20%. The annual gas consumption in the CR is about 9.4 bn m³ and the CR gets about 98% of its gas from Russia. In order to help cover its needs, the CR plans to use gas from a LNG terminal in the Netherlands.
- The number of temporary protection visas issued by the CR to Ukrainian refugees has reached 400,000. The number of war refugees who have found work in the CR is close to 90,000. Those who have not, will have to start paying for their own health insurance after 150 days in the CR.
- 27** The Czech government on Wednesday approved a budget deficit for this year of CZK330 bn, increasing by more than CZK110 bn compared to the original budget approved in March. MPs are due to vote on the higher deficit following a debate in September.
- 28** The operating profits of Czech car company Škoda Auto fell during the first 6 months 2022 to EUR 676 mn from last year's EUR 974 mn. The loss is attributed to higher production costs, unfavourable exchange rates, and the war in Ukraine. At the beginning of March, Škoda announced that due to the Russian invasion of Ukraine, it would suspend production at its Russian plants in Kaluga and Nizhny Novgorod and stop exporting cars to Russia, although last year Russia was its second largest market.
- 29** In the H1 2022, the CR received the equivalent of CZK48.4 bn from the EU budget while contributing CZK32.5 bn, receiving CZK23.5 bn more from the EU budget than it paid, with CZK7.7 bn coming from the NextGeneration EU (NGEU) recovery plan, according to a Czech MF report. Excluding the NGEU funds, the CR's net position amounted to CZK15.8 bn. Since joining the EU in 2004, the CR has already received over CZK1,000 bn.
- 30** The Czech power semi-state company ČEZ has begun its departure from the Turkish market. It signed a deal to sell its 50-percent stake in the firm Akcez, though the transaction must still be approved by the Turkish authorities. ČEZ said the move was part of a strategy of divesting from certain markets and focusing on RES and modern power services.
- Aug 1** Sales of electric cars increased by 65% y/y in the CR in the Q2 this year. By contrast sales of plug-in hybrids fell by nearly one-third in the same period. Between the start of April and the end of June some 1,168 electric cars were sold, compared to 706 in the same period last year. This is the 6th greatest growth in the field in the EU.
- the CR continues to have the lowest unemployment rate in the whole of the EU. The unemployment in the CR had fallen 0.1% to 2.4% in May. The EU average rate was 6%.
- 5** A total of 416 companies filed for bankruptcy in the CR during the first seven months 2022, around 20 fewer than in the previous year. Some 3,201 entrepreneurs filed for bankruptcy during the same period, a drop by 585 on the previous year. Most bankruptcies, 102 per 10,000 entrepreneurs, were declared in the region of Ústí nad Labem, while the fewest were in the regions of Prague and Zlín.
- 6** Some 660,849 foreigners were living legally in the CR at the end of last year, making up over 6% of the total population for the first time. Over the past 3 years, the number of registered foreigners in the CR has increased by 100,000 people. Slovaks continued to predominate among foreigners from EU countries, while two-thirds of foreigners with a residence permit were from countries outside the EU, mostly Ukraine, Vietnam and Russia. The increase in the number of foreigners was mainly due to economic migration, with the state issuing 185,000 short-term visas for the purposes of employment alone. After a decline the year before, the number of people who applied for international protection in the CR last year increased by a fifth to 1,411 people. Ukrainians, Georgians and Afghans were the nationalities representing the biggest share of applicants.

The international credit rating agency Moody's Investors Service has lowered the outlook for the CR from stable to negative due to a possible disruption of Russian gas supplies, explaining that the high dependence of the CR on Russian gas, in combination with limited scope to move away from it in the near term, means that a disruption in supplies could lead to gas rationing and plunge the country into a deep economic recession. However, Moody's still confirmed the credit reliability assessment of the CR at grade Aa3.

- 8 Unemployment in the CR rose to 3.3% in July from 3.1% in June. At the end of the month, over 240,000 people were looking for a job through employment offices, which is 9,397 more than in June and about 31,500 less than last July. According to the LO, the increase in unemployment is an expected seasonal fluctuation. At the end of July this year, there were 313,250 vacancies offered by employment offices, 6,158 less than in June. In a y/y comparison, the number of vacant positions fell by almost 45,000. On average, there are 0.8 applicants per vacant position in the CR.
- 10 The MIT has proposed that buildings be heated at lower temperatures if heating plants are affected by a lack of fuel caused in the event of gas supply outages, adding that the measure could also help the country fulfil EC targets to lower gas consumption by 15% in member states. The proposal counts on lowering heating temperatures in centrally heated living spaces such as kitchens or eating rooms, but also offices to 18 degrees Celsius. Meanwhile, school classrooms and bathrooms would be heated at a temperature of 19 degrees. July saw y/y inflation reach 17.5%, rising for the 13th month in a row. However, in m/m terms, inflation grew by 1.3% in July, the lowest registered rise since February. The sharpest rise was registered among energy and food prices. Gas, for example, saw a y/y price rise of 59.8%. Meanwhile, electricity prices rose by around a third.
- 12 The average interest rate for new mortgages granted in July rose to 5.4% from 5% in June. The last time the interest rate was that high was mid-2010.
- 15 Families whose gross income last year was below CZK1 mn can apply for a one-off payment of up to CZK5,000 in child allowance. The payment applies for any children still under the age of 18 on 1 August. The contribution is intended to help mitigate the effects of rising prices on families. According to estimates, 1.6 mn children could be entitled to the benefit and the total expense for the government could amount to about CZK7.8 bn. The application can be submitted online via the MLSA website or in person at town halls or regional offices. Foreign citizens can also receive the benefit if they have children with permanent residence and domicile in the CR.
- 16 According to the CSO, price rises in various sectors of the Czech economy continued to accelerate in July. Prices in the agriculture sector rose by 39.8% y/y and in the industry sector prices rose by 26.8%. Meanwhile, in the construction sector, prices grew y/y by 13%. Compared to the previous month, price development in July was relatively stable, with the exception of the agriculture sector, which saw a m/m drop of 3.6%. The budget of the MD should rise by CZK20 bn to a record CZK110 bn next year. Defence spending is then expected to rise to CZK155 bn by 2025, under previously announced government plans. This would mean that the CR had fulfilled its NATO commitment to invest 2% of its GDP in defence. The government plans to take in hundreds more soldiers and buy new military vehicles, helicopters and munitions.
- 17 President Miloš Zeman has signed into law a bill that makes it illegal to produce and sell single-use plastic cutlery, plates and straws. The bill is in accordance with EU restrictions on single-use plastics and will come into effect within 2 month's time. The legislation also requires plastic bottles to be made from one-quarter recycled plastic by 2025 and up to 30% recycled plastic by 2030 and makes it obligatory for plastic bottles to be produced with lids that cannot be torn off. According to the Ministry of the Environment, the annual consumption of single-use products, plastic, including drink stirrers, cotton buds and cups, should be reduced by approximately 1.77 bn pieces.
- 18 In the first 7 months 2022 most electricity was generated in the CR using brown coal, which accounted for 38.4% of production. This was followed closely by nuclear power, which was used in the production of 36.7% of electricity. Gas was used to generate 7.4% of the electricity created, while the next most important source was solar power, with 3.7%.
- 19 The MF has revised its estimate for economic growth this year and in 2023. It had previously expected GDP expansion of 1.2% this year, but now says 2.2% should be achieved. However it has lowered its outlook for next year, from 3.6% to 1.1%. Inflation is expected to be 16.2% this year, falling to 8.8% next year. the CR is to receive 8 helicopters free of charge from the US, the Czech minister of defence, Jana Černochová, said, adding that 6 will be combat helicopters and the remaining 2 will be transport aircraft. The US Embassy in Prague said the Czech side would only pay for the transport and modernisation of the helicopters.
- 21 Around half of the regions in the CR are planning to increase fares on their public transport systems, Czech Television reported. The remaining regional authorities will be forced to increase subsidies for public transport, it said. Some large cities are also planning to raise ticket prices. Among the regions already planning fare increases are Central Bohemia, Vysočina and Ústí nad Labem. The authorities in Moravia Silesia are also weighing up such a move, while Karlovy Vary Region is undecided. Prague does not intend to raise fares at present, though running the city's transport system will cost an extra CZK1 bn in the next year. Mayor Zdeněk Hřib told Czech Television that the money would have to come out of savings.

- Aug 22** The MIT Minister Jozef Síkela, told an annual gathering of diplomats in Prague on Monday that the CR aimed to be a leader in the post-war renewal of Ukraine. Mr. Síkela told the meeting that securing EU-wide financing would be key to carrying out shut a renewal project. He also said that Ukraine had prepared a document outlining the repair of critical infrastructure that will be required, and that his officials had set up a system named Business Club Ukraine intended to help Ukraine source what it needs from Czech companies.
- 23** Almost 25 kilometres of new motorway will be opened in the CR this year, PM Fiala said. Speaking after talks with the MT Minister Kupka, Mr. Fiala said a further 40 kilometres of motorway would be completed in 2023 and at present construction working is being carried out on 239 kilometres of motorway and 1st class roads. Some 107,000 people from Ukraine who are in the CR on protective visas are now working in the CR. The LO said that a total of nearly 250,000 Ukrainian workers were registered in the CR. Since Russia invaded Ukraine the Czech authorities have granted visas to over 417,000 people.
- 24** Halting the flow of gas supplies from Russia would have a significant macroeconomic impact on the CR only from the onset of next year's winter heating season, according to MF analysis. Czech GDP in 2023 would fall by 2.9% as a result of the gas cuts. Meanwhile, in 2024, the damage would be equivalent of up to 1.6% of GDP. According to the MF, the CR's households and industry are not in danger of being impacted by gas cuts this year due to the accumulation of sufficient reserves and the renting out of LNG terminals abroad. the CR has supplied military materiel worth CZK3.8 bn to Ukraine, Defence Minister Černochová announced, refusing to provide further detail for security reasons. Since Russia's invasion in February 2022, the CR has sent Ukraine military hardware such as T-72 tanks, Mi-24 gunships, rocket-propelled grenades, and howitzer artillery pieces.
- 25** At the upcoming Expo 2025 world exhibition in Osaka, Japan, the CR is planning to present its accomplishments in the fields of robotics, artificial intelligence, information technologies and also computer gaming. Ondřej Soška, who has been named as the general commissioner of the CR at Expo 2025, said that the pavilion will combine presentations focused on the CR's culture, art, science and business scenes. Due to the interconnected nature of the contemporary world, it is not realistic for the CR to pursue food self-sufficiency, PM Fiala said at the annual agricultural fair Země živitelka in České Budějovice. Instead, the CR should focus on food security, for example in the form of maintaining a steady food reserve, he said. The Czech Ministry of Defence has signed a CZK1.9 bn contract with Tatra Trucks for the purchase of 209 815-7 6x6 vehicles from the company. A further CZK1.2 bn contract for 80 heavy off-road transportation vehicles is expected to be signed in the next few days. The purchases come amid the ministry attempting to modernise the Czech Army's fleet of transport vehicles.
- 26** The poultry farmers' union has stated that farmers are having trouble renewing energy supply contracts after their fixed-rate period ends. Dozens of Czech poultry farmers are facing the risk of having to close business as a result. Poultry farmers only get fixed rate contracts on a monthly rather than yearly basis, which makes it even more difficult for them than the general population. A survey by the Agrarian Chamber and the Czech-Moravian Poultry Union in spring showed that about 52% of businesses plan to limit poultry farming, while roughly 6% will come to a complete stop. The Prague Municipal Court declared Sberbank CZ, a bank with links to Russia, bankrupt. When a bank is declared bankrupt, the debtor's assets are sold off and the proceeds are distributed among its creditors. The application for insolvency was filed by the bank itself and the court launched the insolvency proceedings against Sberbank CZ in late July.
- 27** The ChD approved Finland and Sweden's entry into the NATO.
- 29** Last year, the CR saw its government debt rise the fastest out of all EU member states, by 4.2% of GDP, the SAO announced, highlighting however that the CR's debt still remains one of the lowest in total among EU member states. At 3.3% of GDP, the CR also had one of the lowest rates of growth in the EU in 2021, lagging 2.1% behind the EU average, and the CR still has one of the lowest rates of unemployment in the EU, SAO added.
- Aug 30** the CR's economy grew by 3.7% in Q2 and by 0.5% when compared to the previous quarter. GDP grew by 3.4% y/y, mainly thanks to the transport, housing, hospitality and sales sectors. Domestic consumption fell by 0.2% when compared with the previous quarter.
- Sep 1** CR's state budget deficit could reach CZK270bn next year, according to the first draft prepared by the MF for 2023. The draft budget envisages revenues of CZK1.749tn and expenditures of CZK2.019tn. Compared to the government-approved budget amendment for this year, the deficit is lower by CZK60bn. In the medium-term outlook, the MF proposes a budget deficit of CZK250bn for 2024 and CZK230bn for 2025.
- 5** Taking into account inflation, real wages in CR dropped by 9.8% y/y in Q2 2022. It is the 3rd quarter in a row that they have fallen. Economists had expected a decline of that order in Q2 and say it should be the sharpest in the current period. However, analysts say that high inflation will cause a depreciation in wage growth throughout 2022. Y/y inflation in CR reached 17.5% in August.

The average gross monthly salary in CR rose by 4.4% y/y in Q2 2022 to CZK40,086, according to the data released by the Czech Statistics Agency on Monday. In real terms, taking into account inflation, the real wage dropped by 9.8% in the same period. It is the 3rd quarter in a row that it has been falling. In general, 2/3 of employees in CR earn less than the average wage. The median wage, a midway between the highest and the lowest levels, increased by 5.3% y/y to CZK34,111.

- 6 Y/y growth in industrial output in CR slowed to 0.8% in July from 2.7% in June, according to official data. Analysts believe this is evidence of an impending economic recession, the Czech News Agency reported. The foreign trade deficit in July was CZK22.8bn, almost doubling y/y. Construction output fell in real terms by 2.7% y/y in July, following over a year of growth.
- 7 CR and Poland have renewed cooperation on preparing the Stork II gas pipeline, which would connect both countries, Czech PM Fiala said on. The new gas pipeline, which runs through the Polish village Stare Koźle to Libhošť in CR's Moravian-Silesian Region, should enable a greater diversity in gas deliveries to Europe.
- 8 Unemployment rose from 3.3% to 3.4% in August, the LOCR announced. More than 251,000 people were looking for work, with over 312,000 jobs available. According to the LOCR, it is normal to see a slight rise in unemployment during this time of the year and the rate of unemployment is actually lower in y/y terms than the 3.6% that was registered last August. A slight revitalisation of the jobs market can be expected to occur in September.
- 11 The ANO came in first in poll by Kantar with 30.5% of respondents saying that they would vote for the party in the next elections into the ChD. They were followed by the ODS with 19.5% and the SPD with 11%. The Pirates and the STAN would also pass the 5% threshold to get into the ChD, getting 8.5 and 6.5% respectively. Meanwhile, the TOP 09 and the KDU-ČSL polled below the threshold. 4.5% of respondents said that they would vote for TOP 09 and 4% said they would choose the KDU-ČSL at the ballot box. The KSČM placed highest among the non-represented parties in the ChD, with 3.5%, followed by the Přísah and the ČSSD who both received 3%. If the SPOLU coalition were to run as a single bloc in the elections it would receive 29% of the vote, behind 1st placed ANO which was preferred by 32% of respondents when asked this question. A coalition of the Pirates and STAN would come in fourth, behind SPD (11%) with 10% of the vote.
- 12 Inflation in CR reached 17.2% y/y in August. That was down slightly on the 17.5% recorded in July and was the first time the rate declined for 13 months. However, it was still the joint 2nd-highest increase in that period. Fuel prices fell slightly in August, but the prices of foodstuff were up. Housing also became more expensive.
CR's population rose by 9,000 in the H1 2022 to a total of 10.526mn, the CSO announced. Although the CR registered more deaths than births, the natural decline in population was made up for by immigration from abroad. However, it should be noted that the statistic does not include the high number of Ukrainian refugees who fled to CR following Russia's invasion of their homeland. 50,000 children were born in the H1 2022, 10% fewer when compared to last year. Nearly a half of the newborns were born to unmarried women. Deaths were lower than last year, which had been strongly affected by the coronavirus pandemic.
- 13 The interest rate for new mortgages rose to 5.76% in August from 5.42% in July. The rate is now the highest it has been since the beginning of 2010. Meanwhile interest in mortgages is decreasing, with a drop of 15% compared to July. The y/y decrease in applications for new mortgages rose to 78%.
- 14 Some 120,400 refugees from Ukraine with humanitarian visas and labour permits have found jobs in CR, the LOCR said. Since the start of the Russian invasion of Ukraine, roughly 478, 800 refugees have registered themselves with the Czech foreign police and the MI has issued some 429,800 year-long humanitarian visas. About 35% of the refugees are children and young people under 18. Of the adults, 72% are women and more than five% are over 65.
- 18 The Chinese Embassy in Prague says a current visit to Taiwan by Czech senators and ministry officials is undermining the political fundamentals of Czech-Chinese cooperation. On its website the embassy said that the visit supported separatist forces pushing for Taiwanese independence.
- 19 Automobile production rose by 3.4% y/y in the first eight months 2022, the AIA announced. Car manufacturing was 8.5% behind last year's numbers in the period of the H1 2022, but the summer months saw a major increase, with the month of August registering a y/y increase by as much as 147%. In fact, summer car manufacturing numbers even slightly exceeded the pre-pandemic year of 2019, by 114. The rise is mainly down to an increase in Czech production of Toyota and Hyundai brand vehicles. Meanwhile, Škoda Auto saw its numbers still 6.9% lower than last year. However, the AIA reports that Škoda has also been catching up its y/y deficit over the past 3 months.
- 20 CR's foreign debt decreased by CZK64bn in Q2 2022, lying at CZK4.567tn at the end of June. However, in y/y terms, the CR's foreign debt is CZK338bn higher than it was at the same time last year, according to the CNB. CR's foreign debt is currently equivalent to 74.3% of its GDP.

- Sep 21** More than 70% of employers are feeling considerable pressure for wage hikes from employees or jobseekers compared to January this year, according to a survey by the Hays recruitment agency. The majority of companies said they were resisting an across-the-board wage increase to make up for inflation, preferring to increase wages individually and use perks such as extra holidays and home office as an added bonus. A survey by ManpowerGroup this week indicated significant movement on the Czech labour market with 33% of companies saying they plan to hire new employees and 22% planning to downsize.
- 22** The Czech Police has already detained 9,500 illegal migrants since the beginning of June, more than ½ of them this month. Most commonly these were Syrians. Their number has been rising rapidly over the past few weeks. Prague is seen as a transit city for the majority of migrants, with the final destination being Germany. CR's living and subsistence minimum benefits will increase from January, MLSA Minister Jurečka said. The details are still waiting to be worked out based on inflation data that will be available towards the end 2022. According to Mr Jurečka, family benefits should also rise, by 30%. Relevant families, where at least one of the parents works or studies, will receive CZK500 more. The subsistence minimum is used to determine one's entitlement to a number of benefits. It has already been increased twice this year due to high inflation. Currently the subsistence minimum set by the government lies at CZK4,620 and the living minimum at CZK2,980.
- 24** 7 out of 10 Czechs say they have experienced a decline in their standard of living in the past year, according to the Ipsos. ½ of them say that the decline is significant. A further 23% of respondents expect their living standard to drop with the steep rise in energy prices in the autumn. Every 2nd Czech has started buying cheaper goods and are cutting back on expenditures. Many people said they were economizing on entertainment, culture and clothes and spending more on food, energy and transport.
- 25** Final results from the municipal elections show that the ANO has won considerable gains in the big regional cities, but the ruling coalition has kept its dominance both in Prague and Brno. In Prague the parties of the ruling coalition have a comfortable majority and are expected to start talks soon on forming a coalition. Of the 13 regional towns, ANO has won in 8, the ruling parties in 5. The ANO won in Hradec Králové, Jihlava, Karlovy Vary, Olomouc, Ostrava, Pardubice, Ústí nad Labem and Zlín. The parties of the ruling five-party coalition have a comfortable majority in Prague. Traditionally, the lion's share of the votes in the municipal elections went to independent candidates who dominated the elections in the smaller municipalities around the CR.
- 26** Confidence in the Czech economy is at an all-time low, according to the CSO. It continued to decline in September, falling by 4 pps m/m to 90.1, and has also declined in a y/y comparison. Entrepreneurs and consumers are the most pessimistic - confidence among these sample groups has fallen to 72.7 pps, the lowest since polling began in January 2003. In addition, almost a 1/3 of households report that they can barely make ends meet. However, there was a slight decrease in the number of respondents who rate their current financial situation as worse compared to the previous 12 months.
- 27** CR is temporarily reinstating controls on the CR's border with Slovakia in response to an increase in illegal migration. The checks will start at 27 former border crossings on October 28. The MI Minister Rakušan said that illegal migration, mainly from Syria, had risen by 1,200% this year, adding that the situation was unprecedented. Mr. Rakušan said the controls would initially be in place for 10 days. Slovakia said it respected CR's decision but would seek discussions at EU level.
- 28** CR will receive USD106mn (approximately CZK2.7bn) from the USA for military modernisation, partial compensation for supplies to Ukraine and cyber protection. The financial aid, which is part of the 2nd Supplemental Ukraine Package, was approved by the US Congress. According to PM Fiala, the US financial aid proves that CR's key allies appreciate its support for Ukraine. He said the funds will help to replace the military material donated to Ukraine and accelerate the modernisation of the army.
- 29** The purchase price of flats in CR has more than doubled over the past 10 years, according to the CSO. The HPI increased by 23.1% y/y in Q2 2022. Compared to Q2 2012, residential property prices rose 132.6%. The HPI is the 2nd highest in CR, following Hungary.
- 30** MFA Minister Lipavský called the referendum in the Russian occupied territories of Ukraine a sham and said that further EU sanctions on Russia are being prepared. He reiterated that CR does not accept the referendum results and stressed that Ukraine must be supported so that she can maintain her territorial integrity, sovereignty and independence. Mr Lipavský refused to disclose further details relating to Czech deliveries of military equipment to Ukraine, but said that support is ongoing. The 4 Russian occupied territories of Ukraine officially voted for becoming a part of Russia this week in a referendum widely condemned within the international community as illegitimate.
- Oct 3** Gas consumption in the CR has fallen by 18% y/y so far in 2022, MIT minister Síkela said. Consumption is now at its lowest since 2016. Therefore, even without Russian gas, it will be possible to cover daily consumption and to continue to fill storage tanks, which are already more than 89% full. He emphasised that energy savings have a significant impact on handling the crisis.

- Oct 3** River flows in 3 Czech regions have been below average every month for the past year, meteorologists of the CHMI have calculated. In August, river flows in the South Moravian region as well as parts of the Zlín and Vysočina regions were at 72% of the average monthly flow, making it the 12th month in a row that river flows were below the long-term monthly average.
- 5** President Zeman and the Emir of Qatar, Tamim bin Hamad Al Thani, signed an agreement on economic cooperation. They are also due to approve an agreement on investment protection.
- 6** Gas consumption in the CR fell by 20% y/y in Q3 2022. The drop in consumption is linked to the later start of the heating season and probably also the closure of some companies due to the energy crunch and soaring inflation. Gas became more expensive in July and August, with the price reaching an all-time high on the stock exchange in August. Electricity consumption has also dropped slightly y/y as interest in photovoltaics continues to grow. Prague is hosting one of the major events of its EU Council Presidency. The EPC is discussing security, energy, climate issues and the economic situation at its inaugural summit in Prague. The Czech capital will host an informal meeting of the EU. Along with the 27 EU countries, 17 non-member states, including Ukraine, Armenia, Azerbaijan, Georgia, Switzerland, Norway, Kosovo, and the UK have also been invited to the EPC summit, which is also attended by Turkish President Recep Tayyip Erdoğan. The new platform was set up at the initiative of French President Emmanuel Macron and is intended to help political coordination of all European countries and support political dialogue and cooperation.
- 7** An informal EU summit began at which leaders of EU countries are discussing further aid to Ukraine and solutions to the soaring energy prices that Europe is currently facing. The possibility of capping the price of gas used for electricity production is on the table, but no decision can be expected at this meeting since it is informal.
- 9** The MDis preparing a change in legislation that would enable more effective protection of critical infrastructure in the CR due to Russian aggression.
The ANO would win elections to the ChD with 29.5% voter support. According to the survey, the ODS would come 2nd with 18%, followed by SPD with the backing of 11.5% of voters. The Pirates and the STAN would also make it to the CHD, if parliamentary elections were held in July, with 9% and 7.5%, respectively. By contrast, TOP 09 and the ČSSD would not reach the 5% threshold.
- 10** LNG from the Eemshaven terminal in the Netherlands is already being used in the CR. The gas was being used to supply ČEZ clients, with some of it being stored in facilities located in the CR. The 2nd of 3 LNG shipments to the terminal that are destined for the CR this year has also already arrived.
BIS warned that there is still a danger of Russian subversive operations in the CR and that the state must be prepared to face them. Russia is still capable of launching operations such as the explosion of the Vrbětice munitions dump in 2014, allegedly orchestrated by Russian intelligence. However, the potential for Russian intelligence operations in the CR had been substantially undermined by the expulsion of a significant number of diplomats in the country's embassy in Prague. One of the most significant ongoing threats is Russian disinformation.
The unemployment rate grew by 0.1% to 3.5% m/m, the LOCR announced.
- 11** Y/y inflation reached 18% in September, according to the CSO. While the previous month saw the first dip in inflation for more than a year, it grew by 0.8% in September, reaching the highest y/y rate since December 1993. Rising energy and fuel prices were most to blame for the acceleration.
- 12** From October 25, the CR will bar the entry of Russian citizens with Schengen visas from any EU state who are travelling for the purposes of tourism, sport or culture.
The IMF has downgraded its global growth forecast and forecast for individual states for 2023. It predicts a slowdown in Czech economic growth this year to 1.9% down from 3.5% last year. Its last prediction for this year's growth, released in April, was 2.3%. Global growth is expected to slow to 2.7% in 2023. the CR has an export dependent economy and its performance is closely linked to that of its trade partners, particularly neighboring Germany.
- 13** State and local government spending on the Ukrainian refugee crisis amounted to CZK16.9bn at the end of September, the MF announced on Twitter. According to MF Minister Stanjura, the costs for the whole year are likely to be lower than the initially estimated CZK25bn. Most of the costs, CZK13.9bn, were earmarked from the state budget. The largest item in the costs were social benefits, which amounted to CZK7bn. Healthcare costs associated with Ukrainian refugees reached CZK3.5bn and accommodation costs CZK2.4bn. According to LOCR, more than 120,000 Ukrainian refugees found employment in the CR by the end of September.
- 14** The ChD approved a law inspired by the US 2016 Magnitsky Act, allowing national sanctions against foreign entities who have committed serious illegal acts. The legislation will allow the Czech state to impose sanctions not included in the EU's sanctions list on people associated with organisations or regimes that violate human rights or use cyber attacks. They could, for example, be prevented from entering or staying on Czech territory or have their assets frozen. The Russian invasion of Ukraine forced the government to speed up the preparation of the legislation, which should be adopted by the end of next year. The law now needs to be approved by the Senate.

- Oct 15** Around 1/5 of small investors in the CR are cutting back on their investments in order to cover the cost of their growing household expenses. A further 14% are cutting back on investments in order to create emergency savings and another 8% are doing so in order to keep the cash and reinvest it once the market starts to recover. The confidence of small investors has decreased by 10pps over the past 12 months, the survey also showed.
- 17** The rise in pensions as a result of the soaring inflation will send the pensions system into a CZK63mn deficit in 2023. The fact that the pension system can no longer meet the CR's needs has highlighted the urgent need for reform. In line with the law, the government increased pensions 3 times this year to make up for the soaring inflation. MLSA Minister Jurečka said recently that the country would most likely not be able to avoid an increase in the retirement age, which is now 65. Trade unions are against the idea.
- Production costs in the CR continued to grow in September in a y/y comparison, according to the CSO. The prices for agricultural producers rose the most, by 33.6%, while for industry costs were 25.8% higher and for construction they were 13.1% higher. Producer costs indicate future price developments for consumers. In a m/m comparison, costs also rose for all sectors, with the exception of agriculture where they actually fell by 1.3%. However, the price increases were less dramatic than in the y/y comparison - costs for industrial producers rose by 1.2% compared to August, while construction works were 0.3% more expensive.
- 19** MF Minister Stanjura has refuted an earlier claim that the windfall tax the Czech government wants to levy on companies in the energy and banking sectors would be retroactive for 2022. He said the tax on companies in the energy, banking, petroleum and fossil fuel industries would apply from January 2023 to the end of 2025 as planned. The MF is planning a tax rate of 60% on the excess profits of these companies. The special tax is expected to generate CZK85bn for the budget in 2023. Another CZK15bn is expected to be raised next year by European price caps for energy producers, as proposed by the EC.
- Up to 1/5 of Czech companies are considering laying off staff to make up for rising energy costs. The rise in energy prices has affected enterprises with a high consumption, such as glass making companies, ceramics manufacturers, steel producers and food producers particularly badly. The layoffs should concern mainly administrative staff, but also manual workers and people in IT positions. Companies in the Karlovy Vary and Zlin regions are reported to be facing the biggest problems.
- 23** The number of Ukrainian refugees who have received temporary protection status in the CR has now passed 450,000. During the last week 3,288 more people were given these special visas, bringing the total number to 450,090, according to the MI. The visas grant Ukrainian refugees access to Czech public health insurance, education and the labour market. Many of those who received temporary protection following Russia's invasion of Ukraine have returned to the country, but there are still believed to be around 320,000 Ukrainian refugees in the CR.
- 25** MH Minister Válek has warned that the threat posed by the Covid pandemic is not over, urging Czechs to get vaccinated. He said that despite dwindling Covid numbers in recent weeks a fresh wave of Covid was likely to hit the country in the autumn and the situation could be further exacerbated by an epidemic of the regular flu which has been absent for several years. Mr. Válek said November to January would be a critical period urging elderly people and high-risk groups to get the jab as soon as possible in order to avoid a serious case of the illness. Covid vaccines are covered by health insurance in the CR but vaccination is not compulsory.
- 26** the CR finished 20th out of 140 countries listed in the Rule of Law Index compiled by the World Justice Project non-profit organization. The ranking, led by the Scandinavian countries, takes into account a series of criteria such as respect for fundamental rights, the level of justice and the presence of corruption.
- the CR will have enough gas for the upcoming winter season and there is no danger of a forced shutdown of some operations or plants, MF Minister Stanjura said. According to him, gas storage tanks are almost 95% full, containing more than 3.2bn m³ of gas and the current mild temperatures, which are reducing gas consumption throughout Europe, are an important factor working in the country's favour.
- 30** The living and subsistence minimum benefits in the CR will increase by 5-6% from January, MLSA Minister Jurečka said. The MLSA plans to determine the exact figure based on the CSO's data on inflation for October. The living and subsistence minimum is the socially recognised minimum level of income for food and other basic needs required for survival. Minister Jurečka further urged Czechs who are having problems making ends meet due to the energy crunch and soaring inflation not to be ashamed to ask for government aid. He said the state expected to collect CZK 70-100bn in taxes on windfall profits and levies on electricity production, which it wants to use to help the socially weaker groups of the population survive the energy crunch.
- 31** Czech and Ukrainian government ministers met for talks in Kyiv on Monday, despite continued bombing of the capital and other parts of the country by Russian forces. The working visit by the Czech government delegation led by PM Fiala was intended to demonstrate continuing support for Ukraine and ascertain the country's present needs, at a time when the CR is presiding over the EU. They also discussed plans for the post-war reconstruction of the country. The two sides signed memoradums on cooperation in several areas.

- Oct 31** Czech households' debts to banks rose by CZK7.8bn m/m to almost CZK2.127tn in September, according to the CNB. Corporate debt fell by CZK15.9bn to CZK1.287tn. On a y/y basis, households' debts at the end of September were higher by around CZK130bn and corporate debts were higher by CZK88.3bn. Czech households' debts to banks have been rising since February 2016.
- Around 88% of Czechs are feeling the bite of inflation and the energy crisis, according to the STEM. 56% said they had started economizing mainly by not eating out so often, not shopping for new clothes, cutting back on transport costs and limiting car journeys. 1/3 of respondents said they had registered the cost increase, but have not yet started economizing.
- Nov 1** The Czech MLSA minister, Marian Jurečka of the Christian Democrats, has temporarily also taken over as minister of the environment. This comes after his party colleague, Anna Hubáčková, gave up the portfolio for health reasons.
- 2** The Czech government approved a directive that will cap energy prices for state and municipal companies that do not operate as businesses. Until now, the relevant price caps were only set to become active from 2023 for households, SMEs and for public institutions.
- Gas consumption in Czechia fell by 27.8 % when compared with the average rate over the past three years. The low gas consumption in October was also helped by the month being unusually warm.
- 3** Czechia continues to have the lowest unemployment rate in the whole of the EU. The general level of unemployment in the EU stood at six % in September, remaining at the August level. In the Eurozone the unemployment rate fell by a tenth of a percentage point to 6.6 %. In Czechia, unemployment rate dropped to 2.2 % in September, compared to 2.4 % in August. The country has had one of the lowest unemployment rates in the EU for several years now.
- CNB downgrades GDP outlook for this year and next. GDP will rise by 2.2 % this year and fall by 0.7 % in 2023.
- 4** A subsidy program intended to help the CR's coal regions with the transition to a low-carbon economy will launch on November 14, the Ministry of the Environment announced in a press release on Friday. The program is financed by the EU's Just Transition Fund and is part of the Green Deal for Europe. The funds will be directed to the Karlovy Vary, Ústí nad Labem and Moravian-Silesian regions, where thousands of jobs are directly linked to coal mining and its subsequent use for energy production.
- The Just Transition programme is providing over CZK 40 billion for Czechia from EU resources, of which the environment ministry wants to distribute CZK 20 billion by the end of the year. The funds will be used for various types of transformation projects, such as bringing new job opportunities to the three coal regions, supporting small and medium-sized businesses, investing in research and development, restoring the landscape in areas affected by coal mining, and developing renewable energy sources and hydrogen technology.
- CNB improves estimate of public finance deficit to 3.7 pct of GDP this year from 5.1 pct in 2021.
- 7** The CR's foreign trade had a deficit of CZK 13.9 billion in September, making it the eighth month in a row that there has been a negative balance of trade. The last time the country experienced a similar situation was in February 2009. Year-on-year the trade deficit was CZK 2.6 billion. The balance was once again adversely affected by the increased price of oil and natural gas on world markets.
- Energy company ČEZ Teplárenská says it plans to increase the price of heating by an average of 20 % next year. Most heating plants in the CR are also planning to increase prices next year and some customers will even see their heating bills double. The main factors contributing to the price increase are the rising costs of carbon dioxide emission allowances and rising production costs including fuel, materials, and repairs. The rise in prices will affect almost four million customers in the CR, which amounts to a little under half the country.
- According to the PM Fiala, Czechia is ready to join the global commitment to reduce methane emissions by at least 30 % by 2030 compared to 2020 at the UN climate conference in Egypt.
- Sberbank CZ's insolvency administrator Jirina Luzova signs agreement to enter into contract to sell Sberbank's loan portfolio worth Kc47.1bn to Ceska sporitelna bank for Kc41.053bn. If sale is successfully settled in first half of 2023, creditors' claims could be paid out in form of partial distribution in second half of 2023.
- 8** Unemployment in Czechia stood at 3.5 % in October, the same level it was at the previous month. The number of people out of work remained at around 256,000. It is still lower than the number of unfilled positions, which last month was over 297,000.
- 9** The government has approved a new CZK 54 bn programme of the EU's Modernisation Fund called HOUSEnerg, which is aimed at supporting measures to save energy in family homes and flats across Czechia. The change was already approved in October by the European Investment Bank. The money for the programme has already been allocated.
- The Czech government approved an amendment to the current Energy Act which would give the state power to issue maximum prices for energy.
- In its new macroeconomic prognosis, the Ministry of Finance announced that it expects Czechia's GDP to grow by 2.4 % for the year 2022.

- Nov 9** Govt approves measure under which freight trains carrying energy resources will have priority over other trains in emergency situations. Measure is aimed at preventing possible shortages of energy raw materials and consequent endangerment to operation at energy companies.
Czech gas storage tanks are 99 % full, which represents 3.34 bn cubic metres of natural gas.
- 11** Czech car-maker Škoda increased its global sales by 29 % year-on-year in October to 60,800 vehicles. The Czech manufacturer posted one of the best results of the entire group, which is the largest carmaker in Europe.
The EC's newly published economic forecast expects the Czech economy to grow by 0.1 % next year. This is significantly less than the two-percent growth predicted by the EC in its previous forecast released in February.
The combination of nuclear power and renewable energy sources is the only truly safe scenario for Czechia, PM Fiala said at the opening of the European Nuclear Forum in Prague on Friday.
- 14** The average interest rate on newly granted mortgages in Czechia was 5.86 % in October, up slightly from the 5.83 % seen the previous month. These rates are the highest recorded in 20 years.
- 15** The Czech Moe Minister, Marian Jurečka, spoke at the COP27 UN climate change conference in Egypt's Sharm el-Sheikh on Tuesday. He made the address on behalf of the EU, of which Czechia currently holds the presidency.
- 16** The lower house of Parliament has approved the establishment of a digital and information agency, which is to take over the management of basic registers from the Interior Ministry.
According to the ERU, regulated prices of electricity will go down by 16.7 pct next year. Electricity bills will, however, go up due to high prices on energy market.
- 20** Real wages in Czechia will fall by 8.3 % this year due to two-digit inflation. It will be the biggest drop among the Visegrad Four countries and a steeper decline than the EU average.
- 21** Interest among Czechs in subsidies for photovoltaics and heat pumps has reached a record high this year.
- 23** The Czech economy will decline next year after growing by 2.3 % this year, with GDP falling by about half a percentage point, according to a forecast released by the IMF.
CNB governor Michl says Czechia's base interest rate is already at level that dampens economic activity and further rate hikes could deepen economic recession as hikes show effect with delay.
- 25** After meeting with Jordan's Foreign Minister Ayman Safadi on Friday, Czechia's head of diplomacy, Jan Lipavský, said that next year should see the two countries take steps to deepen their cooperation in the areas of energy, health and defence industries.
Prague's 170 bus line, whose route runs from Jižní město in the south-east of the city to Barrandov, will operate a Škoda Electric hydrogen powered bus from January of next year, news site Aktuálně.cz reported on Friday. The bus, called H'City, will be in use as part of a test programme for two years, during which both the city and the manufacturer hope to acquire practical experience with this new technology.
The Chamber of Deputies voted to completely cancel the electronic cash register system, known as EET, at the end of 2022. Under EET, which was introduced in late 2016, retailers, restaurants and other businesses in the CR must record their takings in real time into a central state electronic register system.
- 29** Real wages in the CR are falling the most out of any OECD country since the state was founded. The real wages fell by 8.3 % this year and that the average Czech full-time employee would have needed to have saved CZK 40,000 during 2022 to maintain the same standard of living as they previously enjoyed.
Czech President Miloš Zeman has approved a windfall tax for banks and energy, oil and mining companies that will take effect from next year. The tax will be at a rate of 60 % and will apply to excess profit that industries seen as benefitting from the energy crisis are currently enjoying. The government anticipates that the new tax will bring in about CZK 45 bn to the state budget in 2023.
Agriculture Minister Nekula says forest management company Lesy CR's economic manager Dalibor Safarik has been appointed firm's CEO to replace Josef Vojacek, removed last Dec.
- 30** Czech MPs have approved the state budget for next year. The 2023 budget should have a deficit of CZK 295 bn, down from the approved deficit of CZK 375 bn for this year. All 96 government members present raised their hands for the proposal during Wednesday's session, while opposition deputies voted against.
The Czech energy company ČEZ has obtained 3 tenders for the construction of a new unit at the Dukovany nuclear power station, it said on Wednesday. As expected, offers have been made by the French company EDF, KHNP from South Korea and Westinghouse from North America. The semi-state ČEZ will now examine the offers before proceeding further. The new nuclear unit should be completed by 2036. It should be the biggest investment project in Czech history.
CNB says Czech financial sector remains highly resilient to adverse economic developments. Non-bank financial sector, including insurance companies and pension funds, remains resilient as well.
PM Fiala says Czechia can be entirely independent of Russian pipeline Druzhba from 2025 at the latest, as supreme body of TAL consortium approved project for TAL pipeline extension. TAL pipeline modification will increase crude oil supply to required seven to eight million tonnes per year. TAL pipeline runs from Trieste, Italy.

- Dec 1** The state budget deficit in November rose to CZK 337.1 billion, up from CZK 286.7 billion in October, according to figures released by the Ministry of Finance on Thursday. According to Minister Zbyněk Stanjura, the state will maintain the planned deficit of CZK 375 billion for the whole year.
Last year, the deficit was CZK 401.5 billion at the end of November, which was the worst interim result since the establishment of the Czech Republic in 1993.
- Czechia had the lowest rate of unemployment in the European Union in October. The general level of unemployment in the EU lay at 6.6 percent in October, a decrease by 0.1 percent when compared to the previous month.
Data from the Czech Statistics Office indicates that unemployment in Czechia lay at 2.1 percent, compared to 2.2 percent in September. The country has had one of the lowest unemployment rates in the EU for several years now.
- This year's Czech hop harvest was the worst in a decade, according to the data of the Central Institute for Supervising and Testing in Agriculture. The yield per hectare was the lowest since 2000, reaching only 0.9 tonnes. In total, 4452 tonnes of hops were harvested this year, compared to 8,306 tonnes in 2021.
This year's crops were damaged by very high temperatures and droughts. Dry weather has also caused hops to have a lesser concentration of alfa acids, which are responsible for the bitter flavour in beer.
- 2** Botanist and ecologist Petr Pyšek, who is in charge of the Department of invasion ecology at the Czech Academy of Sciences, has received this year's "Czech Head" (Česká hlava) award, Czech Television reported on Friday. Professor Pyšek is considered one of the founders of the modern discipline of invasion ecology and is currently the most cited scientist in his field.
- The Czech economy grew by 1.7 percent year-on-year in the third quarter of this year, according to a revised estimate released by the Czech Statistics Office on Friday. Compared to the previous quarter, GDP dropped by 0.2 percent. According to experts, the year-on-year GDP growth was fuelled mainly by foreign demand and gross fixed capital formation. By contrast, household consumption expenditure had a negative impact on the economy.
- Avian influenza has re-appeared in Czechia after a seven-month absence, the State Veterinary Administration has announced. An outbreak of the H5N8 virus, which is fatal to birds, was recorded at a duck poultry farm by the village of Frahelž in South Bohemia earlier this week.
- 4** A total of 21.2 kilometres of new motorways and 14.2 kilometres of first-class roads will opened in Czechia this year. At present construction work is being carried out on 247 kilometres of motorway and first class roads. Next year, a further 40 kilometres of motorways are set to be constructed.
- 5** Real wages, meaning wages adjusted for inflation, declined year-on-year by 9.8 percent in the third quarter of 2022, according to data from the Czech Statistics Agency. The nominal wage during the same period grew on average by 6.1 percent to CZK 39,858. The CR's median income rose by 6.5 percent in the third quarter of this year, reaching CZK 37,530 for men and CZK 32,171 for women.
- 7** A system under which retailers, restaurants and other businesses in Czechia must record their takings in real time looks set to end by the end of the year. MPs have already voted to remove the system, known in Czech by the acronym EET, which was introduced by the previous government of Andrej Babiš. The current cabinet say that the system was a pointless burden on both business people and the state.
- 8** Tax revenues will increase by 15 percent this year and 10 percent next year, basically copying inflation. The state budget expenditures are now growing much faster than revenues due to mandatory budget expenditures
- 10** Entrepreneurs will no longer have to pay royalties for music playing on the radio as a soundtrack in their shop or restaurant. President Miloš Zeman has signed an amendment to the Copyright Act, which will bring about the change, despite objections from copyright administrators and producers in the audiovisual industry. Reproduced music in a store, restaurant or hairdressers salon, which is non-profit-making and independent of the recipient's wishes, will not be subject to royalties.
- 12** The inflation rate rose to 16.2 percent year-on-year in November, up from 15.1 percent in October, the Czech Statistics Office reported. The inflation was driven by higher costs of housing, food and non-alcoholic beverages, alcoholic beverages and tobacco. Meanwhile, prices slowed down in the areas of transport, recreation and miscellaneous goods and services. On a monthly basis, consumer prices increased by 1.2 percent, after a 1.4 percent decline in October.
- Call and mobile data prices in Czechia remain among the highest in Europe, the Supreme Audit Office says in a report on how the Czech Telecommunications Office managed state finances and property between 2018 and 2022.
- 14** The State Veterinary Administration has imposed a ban on outdoor poultry farming in Czechia as of Wednesday, December 14, due to the growing number of bird flu outbreaks. The decree orders poultry farmers to place their poultry indoors. If this is not possible, they must confine the animals outside and minimize their contact with wild birds. There are already six outbreaks of bird flu in the CR.

- Dec 14** The Chamber of Deputies has approved an amendment allowing for Ukrainian refugees to extend their temporary protection visas in Czechia until the end of March 2024. There are over 350,000 Ukrainian refugees in Czechia at present.
- 15** The total fertility rate rose to 1.83 in Czechia last year, the highest since 1992. The fertility rate has been growing in the Czech Republic over the last decade, and last year, it had one of the highest in Europe. However, around the turn of the millennium, the country had one of the lowest in Europe, with the total fertility rate sinking to 1.13 in 1999. Despite the increase in fertility, the population of the Czech Republic is still only increasing thanks to the arrival of foreigners.
- 16** Coal mining at the ČSM black coal mine in the Karviná district in north Moravia will continue until the end of 2025, Finance Minister Zbyněk Stanjura and Roman Sikora, board chairman of mining company OKD, said.
- The European Commission on Friday approved a €1.2 billion scheme for Czechia to support greener and more efficient district heating based mainly on renewable energy.
- The measure will contribute to the implementation of the Czech National Energy and Climate Plan and to the EU's strategic objectives related to the Green Pact for Europe, in particular the EU's 2050 climate neutrality target.
- Czechia intends to promote decarbonisation and modernisation of heat generation units. The scheme, which will run until January 2026, will support the installation of new heat generation units based on renewable energy and the modernisation of existing heat generation units to operate with biomass instead of coal.
- A new outbreak of bird flu was detected at a small breeding farm in the village of Rovečné in east of the CR. It is already the 7th outbreak of the highly pathogenic H5N1 strain in the country since the start of the month. Emergency veterinary measures have been taken in all the affected regions and tens of thousands of birds have been culled.
- 17** Some 28 percent of Czech households can only afford basic foodstuffs, suggests a study by the company KRUK, which administers debt claims for financial institutions and corporate clients. Over half of families are only able to pay for discounted foods, the report states. Rising prices led to nearly one-fifth of Czech households switching to inferior foods and around 15 percent have changed their diets to save money.
- Some 27.6 percent of researchers in Czechia in 2020 were women. This represents a slight rise on previous years but the representation of women is still lower in this country than among EU states.
- 21** The Czech government has reached a deal with the country's biggest energy companies on a compensation system for a cap on electricity and gas prices. The government has set price caps for next year at CZK 6,000 for one megawatt hour of electricity, including VAT, and CZK 3,000 for one megawatt of gas.
- 22** CZK 100, 200, 500, 1000 and 2000 banknotes issued between 1995 and 1999 expired at the end of June, but can still be exchanged for new ones at any bank free of charge until the middle of 2024. After this date, it will be possible to exchange them only at the Czech National Bank.
- 28** The expenditures of the Czech EU presidency amounted to roughly CZK 2.3 billion this year. 14 high-level events took place in Prague during the presidency while over 300 smaller events were held around the country, of which 273 were in Prague. Over 1,600 official meetings took place in Brussels.
- 29** Gas stocks in Czechia have risen by 42 million cubic meters since Friday thanks to the mild weather. Industry and Trade Minister Jozef Síkela wrote that there are now 2.917 billion cubic metres of gas in storage, with tanks filled to 84 percent of their capacity.
- Fuel prices in Czechia have continued to fall, with petrol now at its cheapest in 11 months. The average price of a litre of Natural 95 petrol is now CZK 36.14 per litre. The average price of diesel has also fallen to CZK 37.69 per litre, the lowest it has been since the end of February.
- 31** Laying hens infected with bird flu at a chicken farm in the Plzeň Region will begin to be culled on Tuesday, the Czech News Agency reports. The outbreak of bird flu at the farm in the village of Brod nad Tichou was confirmed on Friday. So far, the disease has infected roughly a sixth of the 742,000 laying hens. Approximately 2.5 million eggs from the farm will also have to be disposed of.
- This is the largest bird flu outbreak in Czechia so far, the 19th outbreak this year and the ninth since the beginning of December. Outdoor breeding of poultry has been prohibited in the country since December 14 due to the epidemic.

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。

* **ACER**: Agency for the Coordination of European Energy Regulators; **ACM**: Association of Car Makers; **AE**: Association of Exporters; **AIA**: Automotive Industry Association; **AHR**: Association of Hotels and Restaurants; **ALA**: Association of Local Administrations; **ANO**: Ano 2011 Movement; **ARR**: Association for Rural Renewal; **ASCR**: Academy of Sciences of the CR; **ASF**: African swine fever; **ASME**: Association of Small and Medium-Sized Enterprises and Crafts; **ATM**: Association of Towns and Municipalities; **BCPP**: Prague Stock Exchange; **BIS**: Security Information Service; **Bn**: billion; **CAE**: Czech Association of Exporters; **CAP**: Common Agriculture Policy; **CBA**: Czech Banking Association; **CC**: Constitutional Court; **CE**: Central Europe; **CCS**: Central Crisis Staff; **CEB**: Czech Export Bank; **CEPS**: Czech Electricity Transmission System Operator; **CFC**: Czech Fiscal Council; **ChD**: Chamber of Deputies of the Parliament of the CR; **CHMI**: Czech Hydro meteorological Institute; **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; **CoE**: Council of Europe; **ČOI**: Czech Trade Inspection Authority **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; **CVVM**: Public Opinion Research Centre; **C&W**: Cushman & Wakefield; **CZK**: Czech crown; **EBRD**: European Bank for Reconstruction and Development; **EC**: European Commission; **ECJ**: European Court of Justice; **EP**: European Parliament; **EPC**: European Political Community; **EE**: Eastern Europe; **EET**: Electronic cash registers system; **EIA**: Environment Impact Assessments; **EIB**: European Investment Bank; **EMA**: European Medicines Agency; **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; **EUSPA**: European Union Agency for Space Programme; **EY**: Ernst & Young; **FA**: Financial Administration; **FAO**: Financial Analytical Office; **FDI**: Foreign direct investment; **GDP**: Gross Domestic Product; **GDPR**: General Data Protection Regulation; **GP**: general practitioner; **GRECO**: Council of Europe Group of States Against Corruption; **GSA**: European Global Navigation Satellite Systems Agency; **GVA**: Gross Value Added; **h**: heller; **H**: Half of year; **HN**: Daily Hospodářské noviny; **HPI**: Housing Price Index; **HRL**: Human Rights and Legislation; **IHIS**: Institute of Health Information and Statistics; **ILO**: International Labour Organization; **Kantar**: polling agency; **KDU-ČSL**: Christian Democrats; **KSČM**: KSČM of Bohemia and Moravia; **LČR**: Forest of the CR; **LNG**: Liquefied natural gas; **LO**: Labour Office; **M/m**: month on month; **MA**: Ministry of Agriculture; **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**: Ministry of Labour and Social Affairs; **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; **NATO**: North Atlantic Treaty Organisation; **NCISA**: National Cyber and Information Security Agency; **NCCOC**: National Centre for Combating Organised Crime; **NERV**: National Economic Council; **NGO**: non-government organisation; **NHI**: National Heritage Institute; **NIPM**: National Institute for the Preservation of Monuments **NPP**: Nuclear Power Plant; **NSC**: National Security Council; **OGCR**: Office of the Government; **ODS**: Civic Democratic Party; **OPCR**: Office of the President of the CR; **OPDP**: Office for the Personal Data Protection; **OSA**: Copyright Protection Association for Music Rights; **Pirates**: Czech Pirate Party; **Pps**: percent point; **PJ**: petajoule; **PM**: Prime Minister; **Q/q**: quarter on quarter; **Q***: Quarter *; **RAWRA**: Radioactive Waste Repository Authority **RES**: renewable sources; **RIA**: Railway Infrastructure Administration; **SAC**: Supreme Administrative Court; **SAO**: Supreme Audit Office; **SFTI**: State Fund for Transport Infrastructure; **SME**: Small and medium-sized enterprises; **SPD**: Freedom and Direct Democracy; **SSHR**: State Material Reserves Administration; **STAN**: Mayors and Independents; **STEM**: Public Opinion Research company; **STFI**: State Fund for Transport Infrastructure; **SÚJB**: State Nuclear Safety Authority; **SÚKL**: Czech Institute for Drug Control **SÚRAO**: Radioactive Waste Repository Authority; **SVA**: State Veterinary Authority; **SZIF**: State Agricultural Intervention Fund; **t**: tonnes; **TI**: Transparency International; **Tn**: trillion; **TOPog**: TOP 09 Party; **Tricolour**: Tricolour party; **TTIP**: Transatlantic Trade and Investment Partnership; **TU**: Trade union; **TUL**: Technical University of Liberec; **UN**: United Nations; **V4**: Visegrad Four; **VAT**: Value Added Tax; **WHO**: World Health Organ; **Y/y**: y/y