

## POLITICS

As in the case of Brexit in the UK, the US pollsters gave wrong predictions, considering until the last day that Hillary Clinton had a comfortable lead. Against the predictions of opinion polls, Donald Trump is set to become the 45th President of the United States.

Kristalina Georgieva has decided to resign from her post in the European Commission and take up leadership of the World Bank. The German Commissioner Oettinger will temporarily take over her responsibilities in the Commission.

The European Parliament has approved the climate agreement which was adopted under the auspices of the United Nations last year in Paris. A total of 610 MEPs were in favor and 38 against. UN Secretary-General Ban Ki-moon, who appreciated the leading role of the EU in the fight against climate change, also spoke in this regard before MEPs in the plenary session in Strasbourg.

The Scottish government has published a draft law on a new referendum on independence which should take place by the end of 2020. After this year's June referendum in which the British voted for the departure of the country from the European Union, separatist sentiment in Scotland has grown stronger.

## FOCUS ON THE CZECH REPUBLIC

According to the Doing Business report, the Czech Republic has made starting a business easier by reducing the cost and the time required to register a company in commercial courts by allowing notaries to directly register companies through an online system.

The Czech Republic belongs in 17th place out of more than a hundred countries in the so-called Rule of Law Index, published

The Commission has recommended that member states make the decision to prolong controls at some internal borders between Schengen countries for three months. If countries agree to the proposal as expected, the Commission's March plan to return to full functioning of the Schengen area by the end of this year will fall into place. This involves parts of the borders of Germany, Austria, Sweden, Denmark and Norway.

## ECONOMICS

Under the Italian budget plan, the 2017 deficit is expected to come to 2.3% GDP, a notch below the 2.4% goal for this year although larger than the government's previous projection of 2%. Brussels asked Italy's government to explain why its budget does not lower the deficit as the rules require. Rome responded that the migrant crisis, post-earthquake reconstruction and lower-than-expected growth were to blame.

The European Stability Mechanism (ESM) approved the remainder of the second tranche of the loan to aid Greece in the amount of 2.8 billion euros for reforms in the areas of pensions, banking management, the energy sector and tax collection. Altogether Greece is to receive 86 billion euros.

The NewConnect stock exchange, which is known for speeding growth of companies from Central Europe, is not performing

by the independent organization the World Justice Project. The ranking, which is dominated by Scandinavian countries, takes into account a number of criteria such as openness of government, respect for fundamental rights, level of justice and presence of corruption.

According to the Ministry of Industry and Trade, the Czech government opposes the efforts of the Commission to increase the originally agreed target for reducing

very well. In 2016 only 12 companies signed up, while 22 have left. In general Poland has stopped being of interest to investors.

## FOREIGN TRADE

On 30 October the Canadian prime minister and representatives of the EU signed the Comprehensive Economic and Trade Agreement CETA in Brussels. From next year the agreement should begin to remove the vast majority of the duties and tariffs that still restrict trade between the EU and Canada.

## SECTORS

The new EU Space Strategy for Europe underscores the importance of the industry and the innovation that firms in the sector bring. The space sector employs over 230,000 people and the Commission estimates its added value at approximately 50 billion euros.

Representatives of Russia and Turkey have signed an agreement to build the TurkStream pipeline which will carry gas from Russia to Turkey and from there to Europe. The agreement was signed by the energy ministers of both countries in the presence of the presidents. The Russian president said that Russia will provide Turkey with a discount on gas purchases as part of the broader agreements that include the construction of the gas pipeline. Moscow will also lift its embargo on imports of Turkish goods.

energy consumption by 2030. There is a risk that the Commission will increase the 27% target for energy savings to 30%.

The Czech government has signed an investment agreement with the US company General Electric (GE) to build a plant for developing, testing and manufacturing turboprop engines. According to the information the amount of investment in the factory will reach at least 50 million euros.

## FORECAST AND PREDICTIONS

## Meetings of EU institutions

- European Parliament Plenary Session on 13-16 November 2016
- Economic and Financial Affairs Council on 16 November 2016
- Foreign Affairs Council on 28 November 2016

The EU is trying to unify rules for online sales. According to traders, creation of new terms and conditions in accordance with local laws will cost 7-9 thousand euros. The main problem is to prevent duplication of rules for Internet and brick and mortar stores.

From May 2018 the new EU regulation on the protection of personal data will apply. All companies and authorities must ensure that no personal information is released under a penalty of 4% of annual enterprise sales. For large corporations this could entail a cost of about one million euros.

## Autumn 2016 Economic Forecast

in %	2017		2018	
	CR	EU	CR	EU
GDP Growth	2.6	1.6	2.7	1.8
Unemployment	4.1	8.3	4.0	7.9
Inflation	1.2	1.6	1.6	1.7
Gross Debt	39.1	85.1	38.2	83.9

Source: European Commission

The Iranian minister of energy and vice-chairperson of the Czech senate have announced new Czech-Iranian cooperation in the areas of renewable energy and wastewater treatment. The Czech side has also announced investments in energy and building infrastructure. Iran has asked Czech companies to take an active role in Iranian energy projects, particularly in building power plants.