

## POLITICS

**Emmanuel Macron won French election.** He won over 66% of the vote. The victory of Macron in the French presidential elections has given the EU a boost, with Macron obtaining a strong mandate from French citizens to defend the euro and globalisation.

**Britain awaits early elections.** British Prime Minister Theresa May has unexpectedly announced that she wants to hold early elections on 8 June. The British Parliament has supported her aim. According to the prime minister, elections are necessary due to the political split on the issue of Britain leaving the European Union. In May's view an early vote is also a chance to overcome divisions in Britain regarding the negotiations on the country's departure from the European Union. The opposition parties see their chance in the elections.

**Priorities of EU countries for negotiations on Brexit.** On 29 April prime ministers and presidents of the 27 EU countries met to adopt a political framework for negotiations with Great Britain on leaving the European Union and setting up future relations.

**Existing Serbian Prime Minister Aleksandar Vucic has been elected new Serbian president.** Vucic won with 55.13% of the votes in the first round of elections.

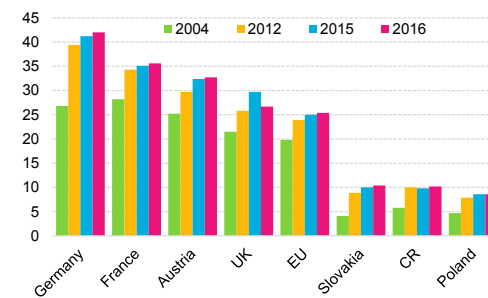
## FOCUS ON THE CZECH REPUBLIC

**Czech Republic to compete with Luxembourg for EU Banking Authority.** The European Banking Authority could move from London to Luxembourg after the departure of Britain from the EU. The Czech Republic belongs among those interested in hosting the new headquarters of the EBA. The fact that the European Central Bank and the EBA are outside Luxembourg is an exception and the country agreed this in advance.

## ECONOMICS

**In 2016, average hourly labour costs in the whole economy (excluding agriculture and public administration) were estimated to be €25.4 in the European Union.** This average masks significant gaps between EU Member States, with the lowest hourly labour costs recorded in Bulgaria (€4.4), and Romania (€5.5) and the highest in Denmark (€42.0), Belgium (€39.2), Sweden (€38.0), Luxembourg (€36.6) and France (€35.6).

Labour costs per hour (EUR, whole economy)



Source: Eurostat

**Italy has lost a rating point.** The international rating agency Fitch Ratings has downgraded Italy's long-term rating by one grade to BBB from the current BBB+ mark. This was justified by weak economic growth and the inability of the government to reduce the state debt. The Czech Republic retained the A+ rating with a stable outlook. The agency said that in the

**The European Commission has approved a Czech support scheme for electricity generation in high-efficiency combined heat and power plants worth 420 million euros.** The European Commission came to the conclusion that the measures will support the EU objectives in the area of energy and climate change without unduly distorting competition.

**Czech Republic is lagging behind in the**

Czech Republic it particularly appreciates low debt and a strong banking system.

**Greece's budget ended in a surplus of 0.7% of GDP last year.** Last year Greece's state budget showed a surplus of 0.7% of GDP, whereas a year earlier it ended with a deficit of 5.9% of GDP. The result is in accordance with the European ESA 2010 accounting framework.

## SECTORS

**Gazprom wants to have a still stronger position in Europe helped by Nord Stream 2.** Russian gas giant Gazprom is counting on growth in its market share in the European Union despite competition from the United States and the Middle East. Gazprom now covers roughly a third of gas consumption in Europe. The new Nord Stream 2 gas pipeline should support Russia's position on the European gas market. It should also lead to a decrease in transit of Russian gas through Ukraine.

**Artificial island should supply renewable energy to 80 million people.** After its completion the North Sea Wind Power Hub should provide electricity to about 80 million people in Europe – British, Dutch, Danish, German, Norwegian and Belgian citizens. It will be located on Dogger Bank, which is a large sandbank lying about 100 km off the east coast of England.

**use of EU subsidies in the 2014-2020 period.** From the total sum of 648 billion CZK, only 31.3 billion CZK (5.1%) had been given to those interested in EU subsidies at the end of February 2017. In mid April 2017 a report from the Czech Ministry of Regional Development drew attention to the slow pace of drawing. The Czechs could thus again come under pressure to utilize all EU funds within the set deadline.

## FORECAST AND PREDICTIONS

## Meetings of EU institutions

- *European Parliament Plenary Session on 15 - 18 May 2017*
- *Eurogroup on 22 May 2017*

**Brexit will most affect the Netherlands and Ireland.** One of the world's largest trade insurance companies, Euler Hermes, expects that the UK's departure from the EU will have the strongest economic effect in the Netherlands, Ireland and Belgium.

**The general elections in Albania, which should take place on 18 May, will be without opposition parties.** They have decided to boycott the event and did not register to participate. According to the opposition the election will only be a piece of theater to keep Prime Minister Edi Ramah in power. So far 32 other political entities have registered for the election.

**The EU has extended sanctions against North Korea.** The ban on investment in North Korea will now also affect industries such as metallurgy and metal processing, the aviation industry and the conventional arms industry. Within the framework of sanctions EU Member States have also recently agreed to a ban on provision of certain services, such as computer services or those which are related to the chemical and mining industries.

**In the 2007-2013 programming period the Czech Republic (CR) managed to draw 96.4% of the earmarked financial resources from EU funds.** The Czech Ministry of Finance stated that the CR received 25.8 billion EUR and that less than 1 billion EUR remained unused. The programme period was definitively closed by the CR on 30 March 2017, when the final documents of all operational programmes were sent to the EC.