

POLITICS

Negotiations on Brexit have begun. Talks on the departure of Great Britain from the European Union have begun in Brussels. The EU wants to first talk about the need to preserve the rights of EU citizens in Britain, even after Brexit. The second important thing for the union is settlement of all the financial obligations that Britain has taken on as a member of the bloc. And the third is precisely the regime on the new external EU border which will arise between the Republic of Ireland and Northern Ireland, which is part of the UK.

Newly elected French President Emmanuel Macron has also won a comfortable majority in the National Assembly. Theoretically he could therefore push through the planned reforms of the rigid labor market without problems.

ECONOMICS

ECB interest rates will not be reduced more. The European Central Bank has ruled out further interest rate cuts and introduced new forecasts in which it improved its predictions for economic growth and lowered its estimates for inflation. ECB head Mario Draghi has made it clear that the economy is developing favorably.

The largest German banking company Deutsche Bank has agreed that it will pay

FOCUS ON THE CZECH REPUBLIC

The number of Czech firms that also export outside the EU is growing. In particular, they focus on countries from the Commonwealth of Independent States (with Russia again starting to become the driver) and the Middle East. Half of domestic exporters export to six or more countries and 15 percent to 21 countries. The share of companies exporting to at least 11 countries rose by seven percent from last year. Companies most often plan to ex-

170 million dollars to settle an investor lawsuit according to which it manipulated the EURIBOR interest rate in cooperation with other banks. The settlement agreement still has to be approved by the US court.

After the problems of Italian banks, with Rome preparing to rescue two troubled regional banks under pressure from EU institutions, the attention of the European banking market is shifting to Spain, where Banco Popular, the sixth largest bank in the country de facto failed. It brought with it a package of outstanding bad loans and mortgages from 2008.

Greece will be able to receive a new part of the loan from the third rescue programme in the amount of 8.5 billion euros from the eurozone's ESM rescue fund. In a statement from the meeting, finance ministers of countries with the euro also made clear their readiness to take further steps aimed at alleviating Greek debt immediately after the current programme ends.

SECTORS

The European Commission set up the European Defense Fund on 7 June 2017, which will provide EUR 5.5 billion a year to strengthen the European Union's defense capabilities. The fund will coordinate, complement and multiply Member States' investment in defense research, development

and their exports to Germany.

The government of the Czech Republic is clear about how it wants to exploit mineral resources - at least in the next fifteen years. The intended focus will not be only on traditional resources, but also on those in the „high tech“ category, namely on lucrative lithium, which the Czech Republic has near Cínovka and is perhaps the largest European reserve. Investors have already put aside

of prototypes and acquisition of defense material and technology. The European Defense Fund has two components: research and development and acquisitions.

The German Constitutional Court has ruled that the nuclear fuel tax is illegal. Energy utilities there may thus demand the return of about 6.3 billion euros which they had paid the state, with interest as well. The Federal Ministry of Finance has already made it clear that it will pay that money to energy companies.

First shipment of liquefied gas has arrived in Poland. The first tanker with liquefied natural gas (LNG) arrived in the terminal at the Polish port of Svinoústí on 7 June from the United States. In a welcoming ceremony, Prime Minister Beata Szydło called this event a historic moment which will improve the energy security of the entire region. This is the first ever delivery of American gas from shale deposits to the region of Eastern and Northern Europe.

European countries have condemned the departure of the US from the climate agreement. The announcement by American President Donald Trump that the United States is withdrawing from the Paris climate agreement has sparked critical reactions across Europe. Chancellor Angela Merkel said that Germany will abide by the climate commitments and support the Paris climate agreement.

billions for its extraction. It is an important raw material for the production of batteries for electric vehicles.

Currently 29% of Czech engineering companies are introducing Industry 4.0 principles into production processes. Within a five year timeframe, digitization and with it related automation of production should be extended to 56% of firms according to directors. This comes out of the Study of Czech Indus-

FORECAST AND PREDICTIONS

Meetings of EU institutions

- *European Parliament Plenary Session on 3 - 6 July 2017*
- *Eurogroup on 10 July 2017*
- *Economic and Financial Affairs Council on 11 July 2017*
- *Foreign Affairs on 17 July 2017*

The company Siemens will invest more than 250 million euros in the next seven years to expand and modernize plants in the Czech Republic and for a new development centre for electric motors in Ostrava. The company will create over 1,800 new jobs, roughly one third of which will be R&D, managerial and related administrative positions.

Chinese fund has purchased European warehouses for twelve billion euros. The Chinese state-owned company China Investment Corporation has made the historically largest recorded real estate transaction in Europe. It purchased a portfolio of warehouses associated under the Logicor name from the American Blackstone group for more than twelve billion euros. The amount the Chinese invested in Logicor is as large as the total amount which Asian investors put into European real estate for the whole of last year.

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The European Commission has initiated proceedings against the Czech Republic for non-compliance with quotas. On 14 June 2017 the Commission launched proceedings against the Czech Republic, Hungary and Poland for failing to comply with the obligations of the relocation decision adopted by the Council in 2015.