

RUSSIAN-UKRAINIAN CONFLICT ECONOMIC AND POLITICAL IMPACTS

December 22, 2022

STATE AND INTERNATIONAL INSTITUTIONS' MEASURES

For your notes

Govt to discuss January compensation for energy traders

Wednesday, December 21 | ČIANEWS

Prime Minister Petr Fiala (ODS) has agreed with the largest energy traders on the final form of the compensation mechanism for the capping of electricity prices. After the meeting, the Prime Minister said that the proposal aims on the one hand to compensate for the traders' justified losses, but at the same time it must also guard taxpayers' money against any unjustified demands. The mechanism will be approved by the government in early January 2023. ■

Government approves cap on regulated energy prices

Wednesday, December 21 | ČIANEWS | [Information Source](#)

The government at its meeting on December 21, 2022 agreed to cap the regulated part of electricity and gas prices. Prime Minister Petr Fiala (ODS) said that this would ensure that the costs of distribution of both commodities would not rise. The Ministry of Industry and Trade (MPO) estimated the total compensation related to the capping of energy prices at almost CZK 23bn. The cabinet also approved the subsidies to heating companies. ■

CNB left rates unchanged, 2T repo remains at 7%

Wednesday, December 21 | ČIANEWS | [Information Source](#)

The Czech National Bank's Bank Board (CNB) left interest rates unchanged at its meeting on December 21, 2022. Thus, the two-week repo rate (2T repo rate) remains at 7%, the discount rate at 6% and the Lombard rate at 8%. The bank board also decided that the CNB will continue to prevent excessive fluctuations in the koruna exchange rate. ■

Analysts: Repo rate will remain at 7% until August

Wednesday, December 21 | ČIANEWS

The repo rate will remain at 7% until August 2023, at which point it could start to fall gradually. Komerční banka economist Martin Gürtler commented on the Czech National Bank's (CNB) decision to keep the rate at this level. He predicts that the repo rate will be close to 5% at the end of next year and should reach the 3% level by the end of 2024. Raiffeisenbank analyst David Vagenknecht said the market is currently waiting to see when the CNB will commit to the first rate cut. However, he does not expect this to happen as early as Q1 2023. Broker Consulting's chief analyst Martin Novák welcomes keeping the rate at 7%. He believes that an increase would hurt businesses at the moment. ■

Govt approved increase in non-forfeitable amounts

Wednesday, December 21 | ČIANEWS | [Information Source](#)

The Ministry of Justice (MSP) has submitted a regulation on non-forfeitable amounts. The document has been approved by the government. The regulation concerns the calculation of the basic amount that may not be withheld from a debtor's monthly wages during enforcement of a judgment and sets the amount above which wages are liable to be withheld without limitation. As of January 1, 2023, the non-forfeitable amount will be increased from the previous CZK 11,000 to approximately CZK 13,500 for a debtor without dependents. For a debtor with one dependent person, it will be CZK 17,000 instead of previous CZK 15,000. ■

REACTIONS OF BUSINESSES, COMPANIES AND ASSOCIATIONS

ČEZ will send 30+ energy equipment units to Ukraine

Wednesday, December 21 | ČIANEWS | [Information Source](#)

ČEZ will donate more than 30 important power facilities to DTEK Group in Ukraine. The aim is to help put the war-damaged energy infrastructure back into operation. The equipment has been donated by, for example, the Pruněřov, Dětmárovice, Energotrans, Temelín Nuclear Power Plant and the Výřkov substation of ČEZ Distribuce. The transfers will take place in several stages, with the first equipment being shipped already this week. ČEZ expects to equip a total of 13 trucks with energy assistance. ■

Tatra develops alternative fuel cars in response to EU

Wednesday, December 21 | ČIANEWS | [Information Source](#)

Tatra Trucks has prepared studies and started design work on further versions of alternative drive vehicles in line with the EU Green Deal in 2021. The annual report also shows that last year's development activities were related to the victory in the tender of the Belgian Ministry of Defence for the supply of 879 logistics vehicles. Tatra also said that the total value of capitalized investments amounted to CZK 160m. The most significant events included the reconstruction of the customer centre building (CZK 78.5m), including the addition of a new hall and the installation of technology. Net sales reached CZK 5.91bn and profit after tax reached CZK 148.35m. ■

