

RUSSIAN-UKRAINIAN CONFLICT ECONOMIC AND POLITICAL IMPACTS

December 23, 2022

STATE AND INTERNATIONAL INSTITUTIONS' MEASURES

Publishing of Digests at end of 2022

Thursday, December 22 | ČIANEWS

The release of the 2022/2023 ČIANEWS Digests will take place as follows: the Weekly Digests will not be published on Friday, December 30, 2022, and will be distributed the following Friday, January 6, 2023. The other Digests will be released on the standard dates. ■

MPO will provide CZK 17bn to heating plants

Thursday, December 22 | ČIANEWS | [Information Source](#)

The government has approved the material of the Ministry of Industry and Trade of the Czech Republic (MPO), which should help to mitigate heat price increases for customers in the heating industry in the Czech Republic. The MPO has prepared a new programme under the so-called Temporary Crisis Framework. Minister Jozef Síkela (from STAN) said that the ministry had allocated CZK 17bn for the programme. He added that in cooperation with the Office for the Protection of Competition, the MPO will apply for notification to the European Commission during January 2023. The holder of a licence for thermal energy production will be entitled to the subsidy and will be obliged to pass on the full amount of the support in the form of a reduced unit price to customers. ■

Government will not set date for Euro adoption

Thursday, December 22 | ČIANEWS | [Information Source](#)

The government has accepted the joint recommendation of the Czech Ministry of Finance and the Czech National Bank not to set a date for the adoption of the euro. In the aftermath of the COVID-19 pandemic and the consequences of the conflict in Ukraine, the Czech Republic is unlikely to meet any of the Maastricht convergence criteria in 2023. The government considers the unfinished process of economic convergence of the Czech economy, especially in the area of price and wage levels, to be an obstacle to joining the monetary union. The structure of the Czech economy also remains significantly diverging from the euro area. Given the ageing population, the long-term sustainability of public finances is also not yet settled. The information was published by the MF. ■

ECOBAT has permit to run system for battery return

Thursday, December 22 | ČIANEWS | [Information Source](#)

ECOBAT was the first in the Czech Republic to obtain a permit from the Ministry of the Environment of the Czech Republic to operate a collective system for the return of batteries and accumulators for an indefinite period of time. It can now represent manufacturers and importers of portable, industrial and starter batteries who choose collective fulfilment for their legislative obligations. More than 1,400 producers have already joined the process and signed collective fulfilment agreements for all battery groups. Sales & Marketing Director Kateřina Vránková said that the authorisation is important for ECOBAT to develop new services. Among other things, the upcoming EU regulation in 2023 will expand battery groups and set more ambitious collection targets and recycling quotas. ■

VYS will open tender for electric cars for social services

Thursday, December 22 | ČIANEWS | [Information Source](#)

The Vysočina Region (VYS) will announce a tender for the supply of a total of seven multi-seater electric cars with special modifications for transporting immobile clients, as well as one car with a hybrid drive. The value of the order will be almost CZK 10.5m. The region further informed that the cars will be purchased from European subsidies from the REACT-EU program. As early as 2023, community households in Měřín, Žďár nad Sázavou, Počátky, Ledča nad Sázavou, Golčův Jeníkov, Havlíčkův Brod and Hrotovice will be using electric cars to transport clients. The car with a hybrid drive is intended for the field social service to support independent living in Náměšť nad Oslavou. ■

REACTIONS OF BUSINESSES, COMPANIES AND ASSOCIATIONS

NRB provides credit line of CZK 600m to VODA Želivka

Thursday, December 22 | ČIANEWS | [Information Source](#)

The National Development Bank (NDB) has provided the drinking water producer VODA Želivka with a credit framework of CZK 600m for long-term investments. It will enable, among others, to finance projects for reconstruction of the filtration hall, reactivation of granular activated carbon filtration and other projects related to the construction and reconstruction of infrastructure for water treatment and distribution. Jiří Jirásek, Chairman of the Board of Directors, said that from 2021, the bank has started financing more investment-intensive infrastructure projects, such as the acquisition of low-emission trams or buses for public transport and the construction of related infrastructure. The NRB has already supported public sector infrastructure with almost CZK 2bn in the last two years. It has mostly financed projects in the areas of transport, environment, energy, and other urban and municipal development. ■

For your notes

UNIQA writes premiums of CZK 14bn in CR and SR

Thursday, December 22 | ČIANEWS | [Information Source](#)

UNIQA in the Czech Republic and Slovakia wrote a total of CZK 14.13bn in premiums in the first nine months of 2022. Of this, CZK 9.24bn was attributable to the domestic market. The Czech and Slovak branches accounted for 30% of the group's total written premiums. Net profit in both countries totalled CZK 782.7m. In the Czech Republic alone, the majority of the premiums (70%) were charged to the non-life segments. During 3Q 2022, non-life and life insurance grew at the same rate of 4.1%. The personal property insurance segment showed growth of 18.4%, while the business insurance segment grew by 12.8%. ■

W & C subfunds' returns grow, assets exceed CZK 25bn

Thursday, December 22 | ČIANEWS | [Information Source](#)

The WOOD & Company Office sub-fund of the WOOD & Company real estate fund (W&C) for 1-3Q 2022 records a return of 7.89% in the CZK class. In the case of the sub-fund focused on shopping centres (WOOD & Company Retail), the return is 15.24%. Both are tradable on the Prague Stock Exchange from spring 2022. The annual return of the WOOD & Company AUP Bratislava sub-fund was 9.17% at the end of June. The real estate team acquired the GreenPoint office building in Prague's Smíchov district and the Astrum Business Park offices in Warsaw in 2022. The value of assets under management currently exceeds CZK 25bn and the total leasable area has increased to 355,000 m². Portfolio manager and deputy chairman of the board Jiří Hrbáček said that the office segment is undergoing another test after the pandemic due to, among other things, worse availability of credit, rising prices, and uncertainty on the European markets. ■

IMPACT ON ECONOMY AND ENERGY

Eurostat: Gas consumption in CR falls by 10%, grows in SR

Thursday, December 22 | ČIANEWS | [Information Source](#)

Natural gas consumption in the Czech Republic fell by more than 10% between August and November 2022 compared to the average consumption for the same months between 2017 and 2021, according to a Eurostat report. Slovakia's consumption grew by 2.6%, while Malta showed an increase of 7.1%. Gas consumption fell in most member states, most notably in Finland (-52.7%), Latvia (-43.2%), and Lithuania (-41.6%). EU-wide gas consumption showed a 20.1% decrease. As part of the REPowerEU plan to end dependence on Russian fossil fuels, the EU has set a target to reduce gas consumption by 15% between August 2022 and March 2023 compared to the average of the five previous years. ■

CG: Residential market will grow in spring

Thursday, December 22 | ČIANEWS | [Information Source](#)

Central Group (CG) expects the residential market to recover in spring 2023. Founder Dušan Kunovský said that people will overcome the shock of the energy crisis, inflation, and uncertainty, which will boost the appetite to buy a new home or invest safely. The most important impetus will be the cheapening of mortgages and an approach to 3% per annum, which could occur in 2024/2025. The slowdown in home sales in 2022 will gradually return the market to its long-term normal. 2021 was the strongest year in recent history with 7,450 homes sold. Record demand reduced supply to the lowest level in 10 years. Although new building approvals have slowed, there are more apartments in the pipeline and there are now a record 137,000 units worth almost CZK 1.5tn. According to D. Kunovský, they could bring over CZK 190bn in VAT to the state. ■

ACEA: Sales of utility vehicles grow by 3.8% in November

Thursday, December 22 | ČIANEWS | [Information Source](#)

The number of new commercial vehicle registrations in the Czech Republic in the first eleven months of 2022 fell by 5.8% y/y to 24,291. In November alone, 2,349 vehicles were registered (+3.8%). In Slovakia, the market strengthened by 1.9% from January to November to 10,490. In the last month under review, registrations fell by 13.4% to 874 units. In the EU, EFTA and UK markets, vehicle registrations fell by 15.7% to 1.82 million units in the first eleven months of the year. In November alone, they reached 176,732 vehicles (-4.2%), according to data from the European Automobile Manufacturers Association (ACEA). ■

SITUATION IN SLOVAKIA

BILLA in Slovak Republic helped households in need, refugees

Thursday, December 22 | ČIANEWS | [Information Source](#)

In 2022, the BILLA company in Slovakia handed over goods worth EUR 285,000 to the Food Bank of Slovakia. It supported households with one parent in a bad living situation with food in the amount of more than 4,600 tons and provided over 24 tons of goods to help people affected by the war in Ukraine, and the total amount of support for the retail chain exceeded EUR 76,000. ■

For your notes