

POLITICS

On 12 February a new federal president was elected in Germany. The joint candidate of the CDU/CSU and SPD governing coalition, Frank-Walter Steinmeier (SPD) won the election.

US Vice-President Mike Pence has visited European Commission President Jean-Claude Juncker. Both confirmed their commitment to maintain cooperation between the EU and the US, especially in areas of common interest such as the fight against terrorism, security and migration.

In March the Scottish National Party is likely to attempt to trigger another vote on secession from the rest of the United Kingdom of Great Britain and Northern Ireland. In the referendum on Brexit Scotland in fact stood quite unambiguously for remaining in the European Union.

Britain will need years to negotiate the form of its trade relations after leaving the EU; Brussels will claim all the money that the United Kingdom promised as a member of the union. European Commission President Jean-Claude Juncker declared this in a speech to the Belgian parliament.

The leader of the Dutch nationalists Geert Wilders, to whom polls give hope for victory in the March parliamentary elections, believes that other parties in parliament

FOCUS ON THE CZECH REPUBLIC

The main priorities of the Czech Republic for the negotiations on conditions for the termination of the United Kingdom's membership in the EU are maintaining existing market access for goods and services, ensuring the rights of Czech citizens and resolving budgetary matters. Among other things the goals of the Czech Republic will be defending itself against tariff and non-tariff barriers to the movement

will forget their promises not to cooperate with him.

ECONOMICS

The International Monetary Fund is refusing to lend Greece more money and conditioning provision of a third rescue package for Greece on significantly slashing its debts. Greece will however need the financial assistance of the eurozone and IMF because in July it must repay seven billion euros. In case support is refused it will be in danger of bankruptcy.

FOREIGN TRADE

China has become the main trading partner of Germany. China thus surpassed the US which ended up in third place behind France. The total volume of Germany's trade with China, namely the amount of imports and exports between the two countries rose last year to 170 billion euros.

The European Parliament has approved the Comprehensive Economic and Trade Agreement between the EU and Canada known by the acronym CETA - 408 MEPs voted in favor of it and 254 against it.

SECTORS

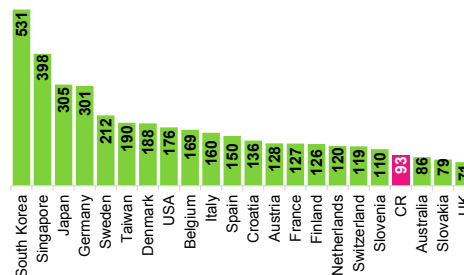
European Parliament calls for EU-wide liability rules on robotics and artificial intelligence. MEPs ask the EU Commission to propose rules on robotics and artificial intelligence

of goods and services and setting up future relations in the areas of internal and external security.

The European Commission has confirmed fulfillment of all 39 preconditions necessary for claiming resources from EU funds for the Czech Republic. Failure of the Czech Republic to comply with the preconditions would mean suspension or withholding of payments to areas where the

gence, in order to fully exploit their economic potential and to guarantee a standard level of safety and security. According to the International Federation of Robotics, robot sales rose by an average of 17% per year between 2010 and 2014, and by 29% worldwide in 2014 alone.

Number of multipurpose industrial robots per 10 th employees in the manufacturing industry



Source: IFR, data as of 2015

The European Parliament has approved the revision of the EU Emissions Trading System. Given that an oversupply of emission allowances exists in the market, which keeps the long-term cost of pollution low, each year their amount will be gradually reduced by 2.2%.

EU Member States agreed on the Commission's proposal to invest 444 million euros in key European energy infrastructure projects. The 18 selected electricity, smart grids and gas projects will contribute to achieving the goals of the Energy Union.

commitments were not fully respected.

Western stores are moving their warehouses to the Czech Republic. The number of logistics centers supplying markets throughout the continent is growing. They are settling near the border with Germany and in the outskirts of Prague. The trend concerns traditional retailers as well as e-shops.

The net position of the Czech Republic in relation to the EU budget for the 2012-

FORECAST AND PREDICTIONS

Meetings of EU institutions

- *European Parliament plenary session on 13 - 16 March 2017*
- *Eurogroup on 20 March 2017*
- *Economic and Financial Affairs Council on 21 March 2017*

Having proven resilient to global challenges last year, the European economic recovery is expected to continue this year and next: for the first time in almost a decade, the economies of all EU Member States are expected to grow throughout the entire forecasting period (2016, 2017 and 2018). However, the outlook is surrounded by higher-than-usual uncertainty.

Winter 2017 Economic Forecast

EU, in %	2016	2017	2018
GDP Growth	1.9	1.8	1.8
Unemployment	8.5	8.1	7.8
Inflation	0.3	1.8	1.7
Budget Balance	-1.9	-1.7	-1.6
Gross Debt	86.0	85.1	83.9

Source: European Commission

At the European Council meeting in March 2017 the issues of the internal market and defense will be crucial for the Czech Republic.

2016 period amounted to 638.98 billion CZK. The Czech Ministry of Finance informed that total income from the EU budget was 1.11 trillion CZK. Czech payments to the EU budget amounted to 473.38 billion CZK. **Conditions in the manufacturing industry in the Czech Republic have improved.** The PMI is at its highest value in almost six years. The PMI has also risen to its highest level since 2011 in Germany and the entire eurozone.