

BUSINESS SUPPORT MEASURES CORONAVIRUS CRISIS

April 6, 2020

GOVERNMENT MEASURES

For your notes

Babiš refused to freeze minimum wage and test seniors

Sunday, April 5 | ČIANEWS

Prime Minister Andrej Babiš (ANO) rejected proposals by President Miloš Zeman and Minister of Labor and Social Affairs Jana Maláčová (ČSSD) on further measures against coronavirus. President Zeman suggested the freezing of the minimum wage and Jana Maláčová general testing of seniors. ■

Govt to discuss opening of some shops

Sunday, April 5 | ČIANEWS

At its meeting on April 6, 2020, the Czech government will discuss the opening of selected shops and establishments from Thursday, April 9, 2020. They should include shops selling working clothes, children's clothes, prams and baby car seats, stationery shops, hobby markets, shops selling and repairing shoes and ironmongeries. Selected sports venues should also be made available. Andrej Babiš (ANO) added this step would be conditioned with the consent of epidemiologists based on the statistics of the spread of coronavirus on April 8, 2020. ■

Maláčová: Antivirus to be launched on April 6

Sunday, April 5 | ČIANEWS | [Information Source](#)

The Ministry of Labour and Social Affairs will launch the Antivirus programme for the protection of employment at noon on April 6, 2020. This statement was made by Minister of Labour and Social Affairs Jana Maláčová (ČSSD) on Czech Television's debate, Otázky Václava Moravce. The programme concerns up to 3.1m employees and 280,000 companies. The state will provide two types of contributions: It will cover 80% of wages to people from closed establishments during the ordered closure up to the amount of CZK 39,000. In case of raw material outages or lower demand, the state will provide 60% of wages up to the amount of CZK 29,000. Support will be calculated from the super-gross wage. Employers will have to pay wages and levies first, and the Labour Office will then reimburse the given part. ■

Hamáček: State of emergency should be extended by one month

Sunday, April 5 | ČIANEWS | [Information Source](#)

The state of emergency should apply from April 11, 2020 for another month. Minister of the Interior Jan Hamáček (ČSSD) said on TV Prima's debate Partie that if the MPs did not extend the state of emergency for a month, the government cannot effectively fight coronavirus. If it only approved until the end of April, Hamáček would then request a further extension. ■

Maláčová: Govt to discuss entry into key companies

Sunday, April 5 | ČIANEWS | [Information Source](#)

The government will discuss the proposal put forth by Prime Minister Andrej Babiš (ANO) that the state could enter into key companies if they faced problems due to the economic impact of the coronavirus epidemic. This statement was made by Minister of Labour and Social Affairs Jana Maláčová (ČSSD) on Czech Television's debate, Otázky Václava Moravce. She added that the privatisation of ČSA had been a mistake in the past and if the state gets rid of strategic firms, it needs to save them in times of crisis anyway. However, the profits will remain private and losses will be public. CERGE-EI economist Filip Matějka added that large firms can be secured by banks that will find a way how to help them. The state should focus on flat assistance, especially to small and mid-sized companies. ■

Zeman: Minimum wage should not rise now

Sunday, April 5 | ČIANEWS

The Czech Republic is now in a situation where it will need financing. This should be directed towards investment. In an interview with Blesk.cz, President Miloš Zeman said that on the contrary, it is not a good time for the state to invest in the growth of the minimum wage. Although it has grown in recent years, now, according to Zeman, the time has come for freezing it. The same should be the salaries of several tens of thousands of civil servants. He added that such a step would be of great benefit to the economy. However, limitations on wage growth should not apply to teachers. ■

Zeman: Borders should remain closed

Sunday, April 5 | ČIANEWS

If the state of emergency is to be used as a tool to combat coronavirus, it is wise that it lasts several weeks longer. In an interview with Blesk.cz, President Miloš Zeman added that unlike the European Union's ideas, it would be better to keep the borders closed, because without it the pandemic would go much worse. He added that it was necessary to prevent its return to Europe in the next waves. ■

SP ČR: Kurzarbeit must take at least 6 months

Friday, April 3 | ČIANEWS | [Information Source](#)

The government-approved kurzarbeit (short-term work) must be operational for at least six months. This was stated by Jan Rafaj, Vice-President of the Confederation of Industry of the Czech Republic (SP ČR), who added that only in this case will companies be able to hold their employees even in the expected continuing recession. The government, according to the union, must also allow entry into the country at least for highly qualified workers, without which companies cannot fulfil their contracts. Other priorities include setting rules for smart quarantine, launching large business support programs, and setting additional titles to compensate small and medium-sized businesses. SP ČR requests announcement of a clear schedule for easing the economic constraints by Easter. ■

Korec: Milder mortgage rules to increase availability of housing

Sunday, April 5 | ČIANEWS | [Information Source](#)

The real estate market is actually frozen due to the coronavirus pandemic, and the question is when it will recover from this lethargy. CEO and board chairman of Ekospol Evžen Korec added in his analysis that the easing of the conditions for obtaining a mortgage, which the Czech National Bank (ČNB) adopted, will help the market and slightly improve the availability of housing. Nevertheless, in his opinion, another sharp fall in the mortgage market can be expected. ■

MPO, MZ and LINET Group to provide EIT diagnostics to hospitals

Friday, April 3 | ČIANEWS | [Information Source](#)

The Ministry of Industry and Trade (MPO) and the Ministry of Health (MZ) in cooperation with medical bed manufacturer LINET Group will provide the University Hospital (FN) in Prague, St. Anne's Hospital in Brno, Ostrava and University Hospital in Hradec Králové with the EIT (electrical impedance tomography) lung diagnostic system for the treatment of the most severe patients with COVID-19. Experts from the First Faculty of Medicine of Charles University and KARIM VFN participated in the development of the solution. ■

ForeignMins repatriated 4500 Czechs, registers 2,500 requests

Friday, April 3 | ČIANEWS | [Information Source](#)

The Czech Ministry of Foreign Affairs (MZV) repatriated almost 4,500 Czech citizens. The authority now registers under 2,500 requests for home transport. With regard to this number, only flights to areas with a higher number of stranded Czechs are planned, they should be operated until Easter. Smaller groups of Czech citizens are provided with seats on aircraft sent by other EU Member States. ■

SUKL supports EMA's recommendation for availability of remdesivir

Friday, April 3 | ČIANEWS | [Information Source](#)

The State Institute for Drug Control (SUKL) supports the recommendations of the European Medicines Agency's (EMA) Committee for Medicinal Products for Human Use, which aims to ensure a common approach of all Member States to the experimental drug remdesivir. Therefore, it will immediately send its opinion to the Czech Ministry of Health. Patients should be given the medicine as part of the so-called compassionate use program. It shall be approved by each Member State at national level. ■

EC exempts medical equipment from 3rd countries from customs duties and VAT

Friday, April 3 | ČIANEWS | [Information Source](#)

The European Commission (EC) decided on 3 April 2020, to approve applications from Member States and the United Kingdom for the temporary waiver of customs duties and VAT on imports of medical devices and personal protective equipment from third countries. The exemption shall apply retroactively from January 30, 2020. It shall be valid for six months, renewable. The EC has proceeded in line with the European Union (EU) legislation, which includes extraordinary instruments to help disaster victims. ■

SUKL does not approve transfusion products, accepts notification

Friday, April 3 | ČIANEWS | [Information Source](#)

The State Institute for Drug Control (SÚKL) does not approve transfusion products under the Act on Pharmaceuticals; SÚKL reported this in response to misleading information on the authorization of convalescent plasma, included in transfusion products, for the treatment of COVID-19 patients. ■

ODS wants to discuss assistance for self-employed as priority

Friday, April 3 | ČIANEWS | [Information Source](#)

ODS wants to discuss measures aimed at supporting the self-employed persons as a priority in the Chamber of Deputies. ODS MP club chairman Zbyněk Stanjura that self-employed persons are group of people who needed the fastest support. Czech Senate's chairman Miloš Vystrčil (ODS) stated that the upper house is ready to meet in order to approve the relevant measures in the week of April 6, 2020. The aim is to ensure that sole traders' wait for help is not delayed by the Easter holidays. ■

Opposition to present company and labour market proposals

Friday, April 3 | ČIANEWS

Oppositional parliamentary parties will present on April 6, 2020, economic proposals to support companies, self-employed persons and other workers. The joint briefing will be attended by the chairmen or vice-chairmen of the Pirates, ODS, KDU-ČSL, TOP 09 and the STAN movement. ■

For your notes

ČOI: Shops may remain open on Easter Monday

Friday, April 3 | ČIANEWS | [Information Source](#)

Large stores sized over 200m² may remain open on Easter Monday if the state of emergency remains in effect. The information was provided by the Czech Trade Inspection (ČOI). The exception concerns only the Act on Retail Sales Hours. All measures by the government the Ministry of Health concerning retail are still valid. ■

MMR expanded eligible costs for EU-reimbursed projects'

Friday, April 3 | ČIANEWS | [Information Source](#)

The eligible costs of projects financed by EU funds will also include some expenditure incurred for activities that could not be realized due to COVID-19. This stems from a series of recommendations for managing authorities prepared by the National Coordination Authority of the Ministry for Regional Development (MMR). At the same time, the ministry issued recommendations on how to proceed in case of extending the deadlines for public contracts, not only for beneficiaries of European subsidies. ■

CNB: T. Nidetzky and O. Dědek suggested moderate rate hikes

Friday, April 3 | ČIANEWS | [Information Source](#)

Czech National Bank (ČNB) board members Tomáš Nidetzky and Oldřich Dědek proposed on the board meeting on March 26, 2020, to reduce the base rate by 0.50 percentage points. Other board members, however, leaned towards a more vigorous step, pointing out e.g. the immediate interest cost savings it will bring to companies with a shortage of cash (Tomáš Holub, Aleš Michl). In conclusion, the bank board unanimously lowered the 2W repo rate by 0.75 pp to 1.00%. ČNB also announced its readiness to further lower rates and to take measures to address potential liquidity problems in the Czech financial sector. ■

MPO to support anti-COVID-1 technologies with CZK 200m

Friday, April 3 | ČIANEWS | [Information Source](#)

The Ministry of Industry and Trade (MPO) has launched a call for applications under the Czech Rise Up - Smart Measures Against COVID-19 program. The total allocation is foreseen at CZK 200m. Applications may be submitted by projects to expand capacities or launch new protective equipment solutions, such as respirators or ventilators. Funding can also be aimed at the rapid introduction of medical and non-medical solutions that can help fight coronavirus infection, incl. measures to mitigate the impact of further spreading and to address the situation's effects. ■

AMSP proposes to compensate more self-employed

Friday, April 3 | ČIANEWS | [Information Source](#)

The Association of Small and Medium-Sized Enterprises and Sole Traders (AMSP) proposed simplification of the rules for the payment of compensation of CZK 25,000 for self-employed persons. According to the association, the parameters set by the government in the original proposal are unfortunate and many sole traders would not be able to get help. Therefore, the AMSP proposed a system with the widest possible inclusion of types of self-employed persons. The measure should newly cover also those who do not do business all year or have started their business in 2020, as well as entrepreneurs who interrupted their activities in March due to unclear situation. The association also requests information on the schedule for the gradual release of restrictions. ■

PRIVATE SECTOR – ACTIVITIES

Kovanda: Bankruptcy of a number of petrol stations cannot be excluded

Sunday, April 5 | ČIANEWS

The sharply cheaper oil gives the petrol stations in the Czech Republic the opportunity to significantly increase their margins. Lukáš Kovanda, chief economist of Czech Fund, said that they are three times higher than normal. But the competition of more than 4,000 stations forces them to gradually reduce the margin. At the same time, discounting oil tends to reduce margins. In addition, as the number of drivers willing to refuel on Czech roads decreases, the volume of additional sales of beverages or food is decreasing. As a result, smaller outlets are in particular at risk of existence. If the current situation lasts for a long time, the bankruptcy of a considerable number of stations cannot be excluded. ■

Gilead looks into options of remdesivir study in CR

Sunday, April 5 | ČIANEWS

US pharmaceutical company Gilead has approached Deputy Minister of Health Roman Prymula with an inquiry regarding two or three places in the Czech Republic where remdesivir could be supplied for clinical study purposes. The medicine that is being tested in use against coronavirus was originally developed against Ebola. The suitable hospitals are those in Brno (Brno University Hospital) and in Prague (Motol University Hospital and Bulovka Hospital), Roman Prymula said. ■

Kooperativa to cover COVID-19 treatment cost in some cases

Friday, April 3 | ČIANEWS | [Information Source](#)

Insurer Pojišťovna Kooperativa decided, in addition to the terms and conditions of insurance, to reimburse clients for the possible costs of treating COVID-19 from medical expenses insurance to the extent of the agreed insurance if they travelled to a country where no increased security risk has been declared at the time of departure. They must prove that they did not have the opportunity to return immediately from abroad, or they travelled abroad in connection with the fulfilment of work tasks for their employer based in the Czech Republic. ■

For your notes

Creditas allows interest-free postponement of mortgage payments

Friday, April 3 | ČIANEWS | [Information Source](#)

The bank Banka Creditas allows retail clients affected by the pandemic to postpone loan repayments for six months. Throughout this period the loan will not bear interest. The interest waiver covers mortgages and loans secured by real estate. ■

Sberbank offers consolidation and loans at 2.99%

Friday, April 3 | ČIANEWS | [Information Source](#)

In response to the difficult situation, Sberbank has been offering new consumer loans and consolidations since April 2020 with a bonus rate of 2.99% per annum. The FÉR půjčka and FÉR konsolidace loans provide clients with a range of benefits, arbitrary maturity and simple terms. ■

spolecne-to-zvladneme.cz to help companies with COVID loans

Friday, April 3 | ČIANEWS | [Information Source](#)

The new spolecne-to-zvladneme.cz website offers entrepreneurs, companies and employees professional assistance in obtaining a loan from the COVID programs. The portal's aim is to help easily understand the terms and conditions of COVID loans, to consult the related administration and to answer questions related to obtaining a loan. ■

ČMZRB launches 3 support programs for family businesses

Friday, April 3 | ČIANEWS | [Information Source](#)

The Czech-Moravian Guarantee and Development Bank (ČMZRB) is launching the GEN-Guarantee program, which will facilitate the transfer of family businesses to new owners through a guarantee for investment loans. The maximum amount amounts to 80% of the principal of the guaranteed loan, up to 8 years. The guarantee's maximum value is CZK 30m. In the Expansion-Loans program, family businesses can also use interest-free loans from CZK 650,000 up to CZK 60m, with a maturity of up to 10 years, including the possibility of deferral of instalments for 4 years. If lacking own resources, family businesses can use the advantageous bank guarantee in the Expansion-Guarantee program up to 80% of the principal for loans from CZK 1 to 60m with a guarantee period of up to 10 years. ■

TATRA TRUCKS continues with production, provides services

Friday, April 3 | ČIANEWS | [Information Source](#)

TATRA TRUCKS continues with maximal production and does not limit its activities yet. The Kopřivnice-based company also continues to provide services for its customers. However, in connection with the declaration of an emergency state, it set the highest priority for the Integrated Rescue System of the Czech Republic (IRS) and the Army of the Czech Republic. ■

Banka Creditas provides operating loans under COVID II

Friday, April 3 | ČIANEWS | [Information Source](#)

The bank Banka Creditas, in cooperation with the Czech-Moravian Guarantee and Development Bank (ČMZRB), offers entrepreneurs and smaller entrepreneurs loans for operational financing under the COVID II guarantee program. Companies can apply for a loan from CZK 10,000 to CZK 15m or interest subsidy up to CZK 1m. The bank will assist clients with the application's preparation. ČMZRB provides guarantees up to 80% for COVID II loans. The guarantee period is a maximum of three years. COVID II is not intended for Prague. ■

ECONOMY - CONSEQUENCES

Maláčová: Unemployment remained at 3% in March

Sunday, April 5 | ČIANEWS | [Information Source](#)

The unemployment rate in March 2020 is flat at 3%. Minister of Labor and Social Affairs Jana Maláčová (ČSSD) said this on Czech Television's debate Otázky Václava Moravce. She added that the beginning of April also shows standard figures. Only further developments will show how companies and the entire labor market will respond to the coronavirus crisis. Entrepreneurs are supposed to endure because labor offices will start administering the government's Antivirus employment program in the coming days. She said that it is necessary for companies to believe the state that it will not let them fall, which should prevent mass layoffs. ■

MPSV expects unemployment to grow to up to 8%

Sunday, April 5 | ČIANEWS | [Information Source](#)

The Ministry of Labour and Social Affairs (MPSV) expects the unemployment rate might rise to up to 8% due to coronavirus. This statement was made by Minister of Labour and Social Affairs Jana Maláčová (ČSSD) on Czech Television's debate, Otázky Václava Moravce. She added this was a black scenario corresponding to the crisis in 2008-2009. She did not want to estimate if unemployment will jump up in April or if the rise will be gradual. ■

ČD to keep part of workers at home to avoid layoffs

Friday, April 3 | ČIANEWS

Czech Railways (ČD) will leave part of its employees at home due to lack of work and transport volume reduction. The company will pay them 70% of the average wage, following an agreement with the trade unions. Spokesperson Vanda Rajnochová has confirmed to ČIANEWS that this temporary measure will reduce personnel costs by millions of CZK and will allow the company not to lay off staff. She added that workers do not have to be at home for a whole month, but only two or three days a week when there is no work for them. They will receive 100% of their wages on their days of employment. ■

For your notes

ČSOB: Revenue significantly decreases in 60% of companies

Sunday, April 5 | ČIANEWS | [Information Source](#)

Many companies have to deal immediately with a significant drop in sales. According to a ČSOB survey, they fall among nearly 60% of the surveyed clients. The lack of cash therefore leads to the fact that more than half of the surveyed clients would like to use loans guaranteed by the Czech-Moravian Guarantee and Development Bank (ČMZRB). The current demand for operating financing is only CZK 1.7bn among small and medium-sized companies in Prague. If the bank takes into account its market share, it is the total need for operating financing of CZK 6.3bn in Prague alone in relation to the effects of coronavirus. It is therefore evident that small and medium-sized businesses are under high liquidity pressure. ■

ČSOB: CR's economy may lose up to 10%

Sunday, April 5 | ČIANEWS | [Information Source](#)

Many companies need fast help due to a major drop in sales. The COVID guarantee programmes must be faster, a survey by ČSOB has shown. In the basic scenario, the bank counts on a gradual release of the quarantine measures in Q2 or Q3 2020. This will result in a deep fall of GDP in Q2 and slowly resumed activities in Q3. According to ČSOB, some industries will get back to normal at the end of Q4 2020. The Czech Republic's GDP may consequently drop by up to 10%, just like in Germany. ■

ČD Cargo dispatched its first train to Germany on its license

Sunday, April 5 | ČIANEWS | [Information Source](#)

On April 3, 2020, the driver of ČD Cargo, based on ČD Cargo's own license, brought the company's first train to Ingolstadt. This happened a month after ČD Cargo completed the legislative process of obtaining the documents needed to operate rail transport in Germany. The company reported that this is the beginning of a new phase of expansion business strategy. The complete train, headed by the Vectron 383.011 locomotive, transported 1,200 tons of wood to a distance of almost 600 km across Austria and Germany in less than 12 hours. Despite the unfavorable pandemic situation, the company has several other business cases and ČD Cargo locomotives should appear at the head of other trains in Germany. ■

O2 eKasa: Inactive enterprises down from 78% to 67% during quarantine

Friday, April 3 | ČIANEWS | [Information Source](#)

In the first week of quarantine, 78% of businesses stopped selling, but some of them started operating again. In the second week, 67% were inactive. This stems from data from O2 eKasa. The analysis covers entrepreneurs who use the O2 eKasa solution. There was also a significant decline in transactions: by 94% in the first week, by 68% in the second week. The trend of cashless payments by card, mobile or watch increased by 3% compared to the previous week. ■

CRIF: Bankruptcies stable in March, will grow later

Friday, April 3 | ČIANEWS | [Information Source](#)

Totally 62 bankruptcies of corporations, 655 bankruptcies of entrepreneurs and 1515 personal bankruptcies were declared in March 2020. At the same time, 90 bankruptcy petitions were filed for larger companies, 817 bankruptcy proposals for self-employed persons and 1892 personal debt relief proposals. So far, the number of bankruptcies and proposals for them has not deviated from long-term standards in any of the categories. This stems from CRIF - Czech Credit Bureau's analysis. The analytical company added that the full impact of economic measures will not be seen until later. In addition, in the second half of the month, the courts worked in a restricted regime because of restrictions on movement. ■

CBCB: Postponement not imply negative status in credit registers

Friday, April 3 | ČIANEWS | [Information Source](#)

Postponement of loan repayments due to the COVID-19 epidemic will not be reported as negative information in the Banking or Non-Banking Client Information Register. The information was provided by CBCB - Czech Banking Credit Bureau, CNCB - Czech Non-Banking Credit Bureau and CRIF - Czech Credit Bureau. The postponement will not worsen the conditions of consumers and natural persons entrepreneurs in the future application for a new loan. ■

NRR: Legal increase in maximum budget deficit is superfluous

Friday, April 3 | ČIANEWS | [Information Source](#)

According to the National Budget Council (NRR), the statutory anchoring of the maximum structural deficit in the state budget for 2021 at 4% of GDP is redundant, as even the current wording of the law allows the necessary fiscal measures to be taken. The NRR said this in response to the government's decision to support a budget responsibility standard raising the allowable deficit from 1% of GDP. At the same time, the NRR does not consider it sensible to introduce into the law specific values of structural deficits at a time when the outlines of economic development for 2020, let alone the following years, are not known. ■

FS collected 600,000 fewer tax returns

Friday, April 3 | ČIANEWS | [Information Source](#)

The Financial Administration had collected a total of 1.39 million income tax returns until April 2, 2020. Of these, 1.18 million were submitted by natural persons and 206,390 by legal entities. In 2019, payers filed more than 600,000 more returns - a total of 2.04 million. The decrease was due to anti-coronavirus measures whereby natural and legal persons can submit income tax returns until July 1, 2020 without any sanctions. ■

For your notes