

Friday News Briefing

Proposal to charge ex-governor with bribery passed to state attorney; Upbeat signs from Czech manufacturing

March 1, 2013

NEWS

The Czech anti-corruption police have passed the proposal to level bribery charges against former regional governor David Rath and his ten co-defendants to the state attorney, anti-corruption police spokesman Jaroslav Ibehej told ČTK. Rath has been investigated over alleged acceptance of a seven-million bribe since last May, Ibehej said. Rath was caught with seven million crowns, a suspected bribe, last May, and charged with corruption linked to the planned reconstruction of the Bustehrad chateau, central Bohemia. Last September, the police widened his prosecution over alleged further bribes. He allegedly obtained them because he had intervened in the tender for the purchase of health equipment for the hospitals in Kolin, Kladno and Mlada Boleslav, central Bohemia. Rath, a doctor by profession, is also a former health minister for the Social Democrats (ČSSD). Despite repeated calls, he has refused to leave the Chamber of Deputies to which he was elected in 2010. The Chamber of Deputies has stripped him of deputy's immunity and he has been remanded in custody since last May. Rath has denied any wrongdoing.

Outgoing Czech President Václav Klaus will become a Distinguished Senior Fellow at the Cato Institute after his term ends March 7, the Washington-based think-tank has confirmed on its website. The Presidential Office announced Klaus' plan in January. On March 11, Klaus will chair a discussion called the European Crisis Continues: No Solution on the Horizon, the website has said. Klaus has attended several conferences organised by the think-tank in the past. In 2009, he spoke at a Washington conference on the 20th anniversary of the fall of communism in Central and Eastern Europe. In 2008, Klaus mentioned the institute among the organisations that share his critical stand on the theories according to which man is behind global warming. He dismissed the theories as populist. Cato Institute, founded in 1974, focuses on free market, freedom and economic policy.

BUSINESS

Conditions in the Czech manufacturing industry improved in February and the Purchasing Managers' Index (PMI) increased to 49.9 points from

January's 48.3 points, the highest level since last March, the company Markit Economics said March 1. The 50 point level is a threshold marking the boundary between growth and fall of activity. The index, which monitors output, new orders, employment, delivery times and inventories, has been below 50 points for 11 months already. "Improvement in February, just like in January, was ... based on rising production, new orders and employment indices," said Agata Urbanska, an economist for Central & Eastern Europe at HSBC. New orders increased above 50 points and new export orders fell modestly, she said. February's PMI index supports the estimate that annual growth of gross domestic product (GDP) had stabilised in the fourth quarter of last year, she added. "We predict a 0.5 percent GDP expansion for the year 2013," said Urbanska.

The number of Polish, Romanian and Bulgarian trucks on Czech motorways has been rising, while the Czech hauliers' share of toll collection has been falling, by an average of 1 percentage point every year, according to data of the electronic toll collection system. February appears to be the third month in the system's history to show an annual drop in toll collection. Data have not yet been complete, though. "Czechs make up 57 percent of the toll income," said David Cermak, CEO of the Roads and Motorways Directorate (RSD). The share of hauliers from Eastern European countries has been rising, however, the reason being a difference in the price of labor, according to David Simonik, the toll system's spokesman. As a result, Western firms hire hauliers from Eastern Europe.