

Politics

(P/1) An unnamed source at ČSSD's Prague headquarters said that 25% of local chapters have voted in the referendum so far and that 59.5% of individual members are in favor of entering a coalition with ANO. The source said that the gap is widening in favor of joining the government and that it will be difficult for the outcome to be reversed. The turnout is more than 50%. MP Ondřej Veselý of ČSSD was critical of the leak, saying that he had expected the results to be announced all at once. He also said that if the referendum passes, he will respect the decision when the confidence vote is taken but that he fears that the question of whether to enter the government will cause another split within ČSSD.

(HN/4) Chair Tomáš Svoboda of ČSSD's regional Karlovy Vary organization said that many local members do not like the fact that Babiš has been charged with a crime but is still the PM, whereas three of their colleagues have had their ČSSD membership suspended, as required under the statutes, because they were charged with regard to the Northwest Regional Operational Program. It is no surprise that many members of ČSSD therefore oppose entering a government with Babiš, Svoboda said.

(HN/3) An unofficial version of an annual report by the interior ministry on extremism states that comments by representatives of SPD are in some cases more radical than comments by representatives of traditional right-wing extremist parties. HN said that this is the most emphatic warning so far by the state against SPD and puts the government in the position of relying on SPD for votes and at the same time criticizing it. Babiš declined to comment until he sees the interior ministry's report. (P/2) Aktuálně.cz said that Interior Min. Lubomír Metnar is intentionally delaying submitting the report to the cabinet because of the negative evaluation in it of SPD, so that ANO does not close the door to possible collaboration with SPD if the negotiations with ČSSD collapse. Metnar denied that he is holding it back.

(MFD/2) Sources within ANO told MFD that Babiš has identified Interior Min. Lubomír Metnar as a possible replacement for Karla Šlechtová as defense minister. Metnar said he has heard this too but does not have any offer so far. Less likely, MFD said, is that Jan Beroun will become the minister. Metnar has good relations with Martin Nejedlý.

(LN/2) LN said that some ODS politicians are defecting to ANO prior to the municipal elections. LN gave four examples.

(P/7) Amb. to Nato Jiří Šedivý and colleague Jan Jirěš wrote that when Czech soldiers join the Enhanced Forward Presence mission in Lithuania and Latvia this summer, there will be 19 Nato countries represented in the Baltics. A U.N. Security Council resolution does not apply in this case, they said, because the Nato soldiers are acting on a request of these countries and in accordance with Nato commitments. Attempts to

create normal relations with Russia were in vain, they added, but Nato is refusing to play Russia's game of escalating tensions and is offering the chance to return to the cooperation that existed before.

Business

(HN/17) PPF's Home Credit Group lost €88m in China in the first quarter of 2018, due to tighter lending rules. Its new lending in China fell y/y by 11.6%. Home Credit's overall loss in Q1 was €31m. It did well in Russia, Vietnam and Kazakhstan.



(P/21) Household debt rose y/y by 8.7% in