

Business

(HN/1) Chemapol Group, fresh from buying 80% of Omnipol arms-trading company, said yesterday that it is prepared to take part in the privatization of Léčiva, the CR's largest pharmaceuticals company. Chemapol also confirmed that it will seek to buy Aero Vodochody. Chemapol, owned more than 50% by Komerční banka, Česká spořitelna, IPB, ČSOB, Agrobanka and Union banka, netted Kč 290m in the first half of 1996 on consolidated sales of Kč 29 billion. (MFD/12) MFD says Chemapol bought 75% of Omnipol and that it expects Omnipol's revenues to at least double to Kč 5-6 billion within 1-2 years. (LN/1) General Director Václav Junek said that management controls 11% of Chemapol Group.

(MFD/1) MFD says that the tax cuts promised by the coalition in the run-up to the elections will apparently be put on ice. Even ODA, the staunchest proponent of lower taxes, said it will have to reevaluate its position given the recent need to make Kč 9 billion in spending cuts. Finance Minister Ivan Kočárník said that he still wants to give companies better conditions for writing off capital expenditures and bad debt.

(HN/2) Management of the highway department was deeply upset by news that the government is considering an across-the-board 5% cut in spending. This would mean a Kč 300m reduction in highway spending. Economic Director Jaromír Beránek said that the cuts would bring with them penalties of tens of millions of crowns because road-construction contracts have already been signed. It would be better to wait to make cuts in the spring, he said.

(MFD/1) General Director Jaroslav Klupal of Česká spořitelna yesterday ruled out the possibility that the current assault on the savings bank could result in a hostile takeover. Brokers say that IPB, PPF and Motoinvest have been buying up shares in the bank. However, the National Property Fund controls 52% of the voting rights.

(MFD/13) MFD says that PPF has transformed itself from a small finance company into one of the most powerful corporations in the country. PPF, controlled by Petr Kellner, does not deny that it has control of nearly half of Česká pojišťovna. It also is active in Russia, where it controls part of the cement market, and it owns more than 50% of the Prague soccer club Slavia. Although PPF borrowed Kč 1 billion

from ING to buy a stake in Česká pojišťovna, numerous bankers say the loan has already been repaid. MFD notes that one of the founders of PPF, Milan Vinkler, has been in prison for two years on accusations of fraud.

(MFD/12) Farmers will apparently reach an agreement with the state on grain prices, MFD says. Agriculture Minister Josef Lux said yesterday that the state might pay farmers as much this year for wheat as it did last year. The payments would come in the form of a Kč 3,500 per ton down payment and a Kč 500 or more final payment. Farmers are asking for Kč 4,200 per ton for highest-quality wheat, but most wheat does not fall into this category. Lux also said that the state has agreed with Slovakia on the introduction of a very high export tariff for grain.

(HN/2) Agriculture Minister Lux said he finds Anheuser-Busch's demands regarding Budvar brewery to be unattainable. He added that the situation is not such that privatization of the brewery must be done by A-B. The ministry intends to seek another solution.

(MFD/12) The Land Fund plans to begin the privatization of 500,000 hectares of farmland in the first quarter of 1997. The appropriate law will be sent to Parliament in Oct. The one remaining obstacle is the price. The finance ministry wants to charge the book price (Kč 20,000-120,000 per hectare) while the Land Fund wants to charge the market price (Kč 15,000). Foreigners will be barred from the sale.

(LN/1) LN says the custom offices lost Kč 2 billion that was on deposit at the failed Kreditní banka. The paper says that neither the ministry of finance nor customs officials know where the money disappeared to. (LN/2) Premier Klaus notes that the money was in Kreditní banka because Komerční did not want to handle customs payments.

(HN/3) Vice Chairman Jan Kasal of KDU-ČSL called yesterday for the banking act to be amended. He said his party cannot keep quiet when another bank fails every month. If the laws are bad, he said, the government should recommend amendments. If the laws are good but enforcement is bad, then it is the job of the ministry of finance to prevent a stream of failures.

(HN/8) Jiří Brabec of ŽB-Trust says he hopes changes will be made in the first half of next year to tax laws that disad-

vantage savers who put money into higher-yielding mutual funds instead of time deposits. It is clearly in the interest of the state to promote the shift of some money onto the capital markets, he says, away from bank deposits.

(HN/B1) The PX 50 rose 1.1 point to 568.6, and the HN-Wood gained 4 points to 1714 on trading of Kč 1.5 billion. Twenty-one Czech companies will be added to the Morgan Stanley Emerging Markets index, giving them a weighting in the index of 1.28%.

(MFD/12) Minister Dlouhý expects a post-summer drop in gasoline prices. (HN/6) IPB, with 51%, gained control over Vertex at a shareholders' meeting yesterday. (MFD/13) Vertex will seek approval to cancel an earlier-approved capital increase and instead to raise share capital by Kč 500m. (HN/2) Česká pojišťovna's proposed Kč 1.1 billion capital increase will be priced at Kč 5,000 per share. (MFD/5) Pražské služby will seek approval to increase its share capital by Kč 200m. (HN/2) The PF Certum and PF Renta pension funds plan to merge. (HN/2) Transport Minister Říman said the Pilsen bypass will not likely be completed by the end of the decade as planned. (HN/4) The CR became a net importer of shoes in 1995 for the first time since 1989.

Politics

(MFD/1) A top official of the Social Democrats (ČSSD) said that his party will campaign more aggressively against the coalition in the upcoming Senate elections than it did in the spring elections, partly with the intent of taking away voters from the Communist and Republican parties.

(HN/3) A poll by the Public Opinion Research Institute found that only 34% of Czechs have confidence in Parliament, down from 41% one month ago.

(MFD/3) An FBI agent will be assigned to the U.S. embassy in Prague by the end of the year to help local police fight organized crime and terrorism.

Society

(P/12) A bus is still making the rounds in Tábor that boasts an ad for Kreditní banka. "With a strong bank like us," it says, "you will get even stronger."