CEC GROUP

Regional Update

CEE Covid-19 & Political Overview

1 December 2021 – 5 January 2022

CEC GROUP

Table of Contents

CROATIA

(prepared by CEC's Croatian partner - Vlahovic Group)

COVID-19:

- So far, 66.3% of the adult population have been vaccinated with 1 dose of vaccine and 63.1% with 2 doses. According to data published by the European Commission in December, Croatia is among the countries with the lowest vaccination rate in the EU. Croatia is in 24th place, and only Slovakia, Romania and Bulgaria have lower vaccination rates. Last month, the Act on the Protection of the Population from Infectious Diseases was amended, stipulating fines for responsible persons not complying with the COVID-19 certificate mandate in bodies governed by public law. The chief epidemiologist said for now no tightening of the measures nationwide has been put into consideration. Health Minister Beros explained that a new wave of coronavirus infection is expected in mid-January due to the omicron variant. Minister of the Interior and Chief of the Civil Protection Directorate Bozinovic said that omicron is spreading four times faster than other strains of coronavirus and that the measures currently in force will not change until the end of this week. The first three patients received a new coronavirus drug, Ronapreva.

Business and economy:

- Since the beginning of the year, the minimum net salary has increased by HRK 350 (approx. EUR 50), and the limit for free health insurance has been increased. In November, there were 1.8% more employed people in Croatia than in November last year. There were 125,000 unemployed or 19.7% less than in November 2020. The registered unemployment rate in November 2021 was 7.4%.
- The government is pausing the buyback of the Hungarian energy group MOL's stake in the INA oil and gas company because of new legal circumstances arising from a Supreme Court verdict and is launching a review of the shareholders' agreement and the gas business agreement, the government announced at the end of 2021. The move follows the Croatian supreme court's confirmation in October of a guilty verdict against Mol Chairman Zsolt Hernadi on bribery charges relating to the agreement. The legal dispute has been at the centre of a dispute between Mol, which owns 49% of INA but has had management rights and the Croatian state, which owns 44.8% of the shares. The government also announced it will challenge a 2016 ruling by the United Nations trade tribunal, designated earlier as the arbiter in case of a dispute, that upheld a deal that gave control of INA to MOL.

Politics and legislation:

- In December, the Croatian PM went to Ukraine for a two-day official visit to promote political, economic, and cultural cooperation between the two countries. PM Plenkovic and Ukrainian President Zelensky signed a joint declaration on Ukraine's European prospect. Plenkovic attended a Ukrainian-Croatian economic forum, accompanied by a delegation representing almost 60 Croatian companies and opened the Croatian Language and Culture Centre at Taras Shevchenko National University. Ukraine is interested in Croatia's experience with the

peaceful reintegration of its formerly occupied territory. It also sees Croatia as a successful model of Euro-Atlantic integration, given that Croatia was the first country with a war legacy to join the European Union and NATO and that a part of its territory was occupied at one stage, the Croatian government said.

- In 2022, the Government expects a final decision on Croatia's accession to the Schengen and euro areas as two key policy goals, PM Plenkovic said. In December, the Council of the EU voted in that Croatia meets all the conditions for implementing the Schengen acquis, paving the way for a final decision on Schengen entry. The Government has also announced the health care reform by reorganizing the hospital network system, regulating work from home and gig work for digital platforms and introducing vouchers for additional education. At the end of June, the Peljesac Bridge will be opened, connecting Croatia's mainland with its southernmost region. Croatian Air Forces will start training for Rafale jets which should be delivered to Croatia in 2023, and the delivery of Black Hawk helicopters is expected.

CZECHIA

(prepared by the CEC Government Relations office in Prague)

COVID-19:

- 92 887 active cases (as of December 27), 2 350 159 recovered, 36 255 deceased (as of January 3)
- The Czech Republic has overcome another wave of the pandemic. The number of new cases continues to decrease, and so does the number of hospitalised people. It seems that the vaccination has prevented the hospitals from even a worse overload than during the spring wave. Even though the numbers of new cases in autumn were higher than in spring, hospitalisations did not reach the spring's values.
- Over 6.65 million people (66.2% of the population) have received complete vaccination, and 2.41 million (22.6% of the population) have received the booster jab. The number of inhabitants with at least one dose of the vaccine is around 63.8%. However, the Czech Republic is still under the EU's average, and new vaccinations are decreasing.
- Since December, children aged 5 to 12 years can get vaccinated. Booster jabs are now open for every person over 18 years with more than six months since the second dose and for every person over 30 years or chronically ill with more than five months since the second dose.
- The Omicron variant continues to spread in the country. According to the Institute of Health Information and Statistics, it currently makes approximately 10 to 15% of the cases, and it is expected to prevail completely in the second half of January. The numbers of new cases and, more importantly, hospitalisations are then expected to rise again. The hospitalisations can get as high as during the last wave.
- On December 10, the previous government issued its regulation on compulsory vaccination of people over 60 years and of certain professional groups from March 2022. The new government opposed the idea, and it will discuss its cancellation. On the other hand, although without any direct power in this area, president Miloš Zeman has repeatedly supported the idea of compulsory vaccination.
- The new government of Prime Minister Fiala (ODS) decided not to ask the Parliament for the prolongation of the state of emergency, and it thus ended on December 25. However, multiple restrictions are still in force. The maximum number of participants of organised events is restricted to 100, for cultural and sports events it is 1000. All participants of events for more than 20 people have to present their vaccination or illness proof (the so-called O-N model). PCR and antigen tests are not accepted, except for PCR tests for children.
- The new Health Minister Válek (TOP09) and PM Fiala (ODS) stress the importance of testing for tackling the pandemics. There will be compulsory antigen test screening for employees and for students of elementary and high schools during January. The government also considers shortening the quarantine to prevent paralysing the state with the expected rise of cases related to the Omicron variant. Minister Válek emphasises the role of everyone's personal responsibility and is reluctant to introduce more restrictive measures.

Business and economy:

- Price growth in the Czech Republic continues to accelerate. In November, there was a 6% increase in the year-on-year consumer price index, 0.2% higher than in October. According to

the Czech National Bank (CNB), the year-on-year growth rate of the CPI may surge to 7–8% at the beginning of the new year. The CNB decided to increase interest rates (2W repo rate) by one percentage point to 3.75% at the end of December. The CNB's Governor Jiří Rusnok predicts a further increase in interest rates over 4%, however, he does not expect the rates to exceed 5%.

- In December, confidence in the Czech economy rose slightly compared to November's value. The business confidence indicator remained stable, but there was an increase in consumers' confidence. Compared to December 2020, the confidence was higher, both overall and among consumers and businesses.
- The unemployment rate in the Czech Republic continued to decrease. By the end of November, it was 3.3%, 0.1% lower than in the previous month. Even though the number of job vacancies decreased too, there are still more vacancies than job applicants (approximately 0,7 applicants on one vacancy).
- New Minister of Labour and Social Affairs Marian Jurečka confirmed that the new government would fulfil the deal struck between Andrej Babis' outgoing cabinet and business and trade union representatives to increase the minimum wage. It is set to rise by one thousand crowns to CZK 16,200 (640 EUR) from January 2022.
- The plan to label some gas and nuclear power sources as "green", that was proposed by the European Commission, was welcomed by some Czech politicians including PM Fiala (ODS) and Minister of Environment Hubáčková (KDU-ČSL). Nevertheless, scepticism is now rising even among the advocates of nuclear and gas energy. For example, according to Daniel Beneš, CEO of the ČEZ Group energy company, the proposal is too restrictive and might be a complication for the Czech energetic transformation.

Politics and legislation:

- The new government of PM Petr Fiala (ODS) was finally appointed by president Miloš Zeman on December 17. The cabinet is composed of 18 members from 5 parties (ODS, KDU-ČSL, TOP09, STAN, and the Pirates). Despite the president's reservations about Jan Lipavský (the Pirates), candidate for Foreign Minister, PM Fiala managed to convince the president to appoint the whole cabinet. Only the Minister of Agriculture Zdeněk Nekula (KDU-ČSL), could not be appointed in December due to his covid infection, and he was thus appointed on January 3. The government will now prepare its manifesto, and it plans to ask the Chamber of Deputies for confidence on January 12.
- The Minister of Finance Zbyněk Stanjura (ODS) has announced his plan to reduce the deficit of the state budget by CZK 300 billion (EUR 12 billion). As there was not enough time to submit the new draft budget to Parliament before January 1, the state started the new year on a provisional budget. That means that 1/12 of the funds from the last year will be allocated to each budgetary chapter monthly. The Ministry of Finance says that the provisional budget will be in place until March at the latest and that the state is ready for it.
- Despite the previous promises of the coalition parties, at least five ministers of the government are not able to hold talks in English. This concerns, for example, the Minister of Finance Stanjura (ODS), the Minister of Defence Černochová (ODS), or the Minister of Social Affairs Jurečka (KDU-ČSL). The lack of language competencies is widely criticised, notably in the context of the Czech Presidency of the Council of the EU later this year.
- In his New Year's speech, PM Fiala (ODS) has identified three main challenges for the Czech Republic for 2022 - the growing energy prices, the inflation, and the covid pandemic.

- President Zeman's isolation due to covid infection ended at the beginning of December, and his health seems to be stabilised since.
- The Chamber of Deputies will have to decide on the handover of the former Prime Minister and now Member of Parliament Andrej Babiš (ANO) for prosecution in his Stork's Nest case. As Babiš regained his parliamentary immunity after his re-election, the public prosecutor submitted a new request for Babiš' handover at the beginning of December. Babiš also admitted the possibility of running for president in the 2023 elections.

HUNGARY

(prepared by the CEC Government Relations office in Budapest)

COVID-19:

- The epidemic seems to slow down. There have been 5865 newly identified cases over the past weekend; deceased: 248.

Business and economy:

- **Coronavirus crisis seems to have no impact on the Hungarian labour market**: The average number of employed aged 15 to 74 in the August-October 2021 period was 4 million 677 thousand, which is 53 thousand more than in the same period of the previous year. The momentum of the domestic labour market seems to be persistent, with 27 thousand more people working than before the coronavirus crisis at the end of 2019. Employment in the domestic primary labour market has increased, while in the public sector and among those working abroad has decreased. The average number of unemployed in the August-October period of 2021 was 184,000, with an unemployment rate of 3.8%. The number of jobseekers registered in the National Employment Service's system decreased to around 242 thousand, which is more than 54 thousand less than a year earlier. The highest figure recorded during the coronavirus crisis in June 2020 was about one and a half times higher than the current one. Based on the data published, it can be said that the fourth wave of the coronavirus pandemic has not caused any problems in the domestic labour market.

Politics and legislation:

- **Fidesz nominates minister without portfolio for families Katalin Novák for President:** The PM confirmed that the rumour that Fidesz is nominating Katalin Novák, minister without portfolio for families, for the post of President of Hungary is true. János Áder's second term as president expires on 10 May 2022. Katalin Novák has confirmed on her social media page that she accepts the nomination. She stressed that her goal as president will be to make the institution of the family a priority for the whole Hungarian nation. The politician will dedicate the next months to fully concentrate on preparing for the new task and will therefore step down as a minister on 31 December.
- **French President Macron visited Hungary to attend the V4-France summit:** According to the statement of PM Orbán, the leaders held exhaustive talks on migration, rule of law, the situation in the Western Balkans, issue of energy – especially nuclear energy – and on the future of the EU's emissions trading system (ETS). French President addressed the issue of energy. According to him, a more efficient energy policy is an important strategic goal, which includes nuclear energy in addition to renewable energy. He said that external border protection must be improved. On the subject of rule of law, he emphasized the importance of dialogue, rather than spectacular, confrontational statements. PM Orbán also had a bilateral meeting with Macron.
- Macron also met leaders of the Hungarian opposition. Klára Dobrev (Democratic Coalition) stated that Macron promised to introduce a rule of law mechanism against Hungary next year.

- **The last sitting of the parliament's fall session:** The parliament adopted tax cuts relating to the rise of the minimum wage and the guaranteed minimum salary, and it doubled state support for baby bonds from HUF 6,000 to HUF 12,000. Under the tax cut, the social security contribution is reduced by 2.5 percentage points. The 1.5% contribution to vocational training is abolished. The tax on small enterprises is cut by 1 percentage point to 10%. The local business tax for SMEs remains 1%. The package leaves HUF 750 billion with employees and enterprises. The united left did not vote for the tax reduction. The Parliament also adopted the amendment of the law on food chains. Starting in February, the largest supermarkets are obliged to offer food items to the state at least 48 hours before the expiration of their 'best-before' date. Food items with an expiration date or a shelf-life of less than 48 hours would not be subject to the new regulation. The new chair of the National Media and Infocommunications Authority András Koltay was elected and sworn in. His mandate is for nine years. Koltay was a member of the Media Council in the period of 2010-2019.
- The state of emergency was also prolonged until 1 June 2022.

POLAND

(prepared by the CEC Government Relations office in Warsaw)

COVID-19:

- The seven-day infections average currently stands at 11 670, down from a peak of 23 487on 7 December. As of yesterday, 63% (19 636) of beds and 66% (1880) of ventilators were occupied. The healthcare system is challenged by these increasing numbers, however, it seems that the hospital base has been recently expanded.
- A new regulation on COVID-19 restrictions officially entered into force. It tightens limits on the number of customers in restaurants, hotels and cinemas, and provides for the closure of discos and nightclubs. Tighter controls on covering the nose and mouth have also been ordered. The following restrictions are in place until the end of January 2022:
    - Restaurants, bars and hotels - occupancy limit of 30% (vaccinated and verified at the entrance not included);
    - Distance between the tables must be at least 1.5 metres unless there is a partition of at least 1 metre high.
    - Cinemas (catering services banned), theatres, sports venues and places of worship - occupancy limit of 30% (vaccinated and verified at the entrance not included);
    - Discos, clubs and venues providing dancing space - closed;
    - Compulsory testing for persons living in the same house with those suffering from COVID-19 (regardless of covid certificate);
    - Pupils and students of primary and secondary schools must stay at home between 20 December and 10 January.
- Law and Justice MPs tabled a draft bill that assumes compulsory COVID-19 testing of employees. According to the drafted provisions, employers would be able to demand coronavirus test results from their employees. Tests would be valid for 48 hours. Those employees who are vaccinated or recovered will be exempt from this requirement if they present an appropriate certificate (COVID passport). The draft also includes a provision that employees could be posted away from their permanent workplaces or moved to another type of professional activity. The tests are to be free and supplied by the public administration. The draft received the full acceptance of both the PiS party leadership and Health Minister Adam Niedzielski. After a hearing of the Sejm Health Committee, the draft law was directed to a public hearing, which will take place on 5 January 2022.

Business and Economy:

- One of the United Right's key reforms introduced in 2021 came to life at the beginning of January. The Sejm passed the Polish Deal tax reform on 29 October, and President Andrzej Duda signed it on 16 November. The tax reform is one of the main pillars of the PiS party's Polish Deal development programme. The primary intention of the upcoming changes is to improve the financial situation of the poorest Poles. Additionally, the government has introduced further measures sealing the tax system for both natural persons and businesses. However, commentators argue that the changes will harm many entrepreneurs, middle-class taxpayers and the wealthiest citizens. Experts further underline that taxpayers had little time to understand and adjust to the changes. Many businesses are still in the process of assessing the

tax reform's effects. Still, the actual impact of the reform will only become apparent with time. However, coupled with high inflation and record energy prices, the growing discontent related to higher taxes may become a burden for the ruling majority.

- On 17 December, the Sejm adopted the budget act for 2022. According to its assumptions, next year's revenues would amount to PLN 491.9 billion and expenditures to PLN 521.8 billion. As a result, the assumed budget deficit for next year is PLN 29.9 billion. The 2022 budget assumes, among others, an increase in healthcare spending to the equivalent of 5.75% of GDP, an increase in the salary fund for employees of the budgetary sphere, defence spending to the equivalent of 2.2% of GDP and pension indexation as of 1 March 2022. The authors of the act assumed in their calculations, among others, that inflation next year will average at 3.3%. However, at the same time, most economists predict that due to the long-term effect of the increase in energy prices, it may even reach an average of 7% throughout the year. In turn, Minister of Finance Tadeusz Kościński himself admitted in a press interview that, in his opinion, the average annual inflation in 2022 will reach 5.7-5.8%. In light of the moderately realistic projections contained in the bill, some economists are already predicting that it will be amended in the second half of the year, as it was in 2021.

Politics and legislation:

- The European Commission has decided to launch an infringement procedure against Poland due to concerns over the Constitutional Tribunal and its recent case law. The Commission argues that the recent case law breaches general principles of autonomy, primacy, effectiveness and uniform application of EU law and the binding effect of CJEU rulings. It further considers that the rulings breach treaty guarantees providing for effective judicial protection and raises concerns over the impartiality of the Constitutional Tribunal. The launch of the infringement procedure means that the Polish government now has two months to reply to the letter of formal notice (indicating the launch of the procedure). If Poland's response is not satisfactory and the situation continues, the Commission will send a reasoned opinion, further explaining its position. Poland would again have two months to reply. If Poland fails to comply, the Commission will direct the case to the CJEU and may ask the court to impose penalties. If the CJEU agrees with the Commission and issues a judgement, Poland as an EU member state will be forced to comply.
- President Andrzej Duda vetoed the amended broadcasting act (so-called Lex TVN). The bill will now return to the Sejm. To overturn a presidential veto, a 3/5 majority in the presence of at least half of the chamber is required. PiS will likely not even attempt to organize a vote on the matter. If Duda signed the law, it would significantly hamper the operation of media outlets (radio & TV) by entities from outside the EEA. In Poland, this would have primarily impacted channels owned by the US Discovery – especially TVN and the news channel TVN 24. If the law were enacted, Discovery would either have to sell its majority share to a Polish entity to remain on the mux or move to cable, which would significantly hurt incomes. The President's decision surprised most commentators – most thought that Duda would refer the act to the Constitutional Tribunal. When explaining his decision, Duda argued that the law would hurt the freedom of doing business in Poland, go against the PL-US 1990 agreement on protecting trade and investment and, more broadly, introduce another political topic that would "worry Poles". The veto is an indication that a new chapter has begun in relations between the ruling party and the President.

ROMANIA

(prepared by CEC's Romanian partner - Serban & Musneci Associates)

COVID-19:

- **COVID-19 situation remains stable in December, authorities preparing for a fifth wave following the festive period:** Over the course of December, Romania has had between 500 and 1,000 daily cases. All counties are currently in the green zone and the national average number of cases per thousand inhabitants is 0.6. Vaccination rates in Romania remain low and authorities have been trying to boost these with 100 RON vouchers (approximately 20 Euros) for every complete vaccination cycle. The European Commission has also joined efforts in the Romanian vaccination communication campaign. Currently, approximately only 40% of the population has been fully vaccinated against COVID-19, this rate is one of the lowest in the EU.
- **COVID-19: Officials say Romania will face a fifth wave of the pandemic:** Romanian officials believe that a fifth wave of the COVID-19 pandemic will hit Romania this winter, most likely after the holidays. Romanian prime minister Nicolae Ciuca met with European Commission President Ursula von der Leyen in Brussels, the COVID-19 crisis and a new wave of the pandemic were among the topics discussed. According to the Romanian PM, the fifth wave will most likely hit Romania in no more than three weeks. "We also discussed the impact that the new wave of the Omicron variant is already having on several European countries, and how we should be really prepared for its impact on our country as well, estimating a time interval of probably not more than three weeks until it will also reach our country. As such, the main topic of discussion was how we are prepared to handle the fifth wave," he added. According to the Romanian PM, there were also talks about Romania's vaccination campaign and ways to increase vaccination. In related news, health minister Alexandru Rafila said that the fifth wave would probably last at least two months, with February and March seen as months of maximum risk. So far, Romania has officially confirmed 43 cases of infection with the Omicron variant.
- **Romania announces new entry restrictions officially:** Romania's National Committee for Emergency Situations (CNSU), at its December 6 meeting, approved the rules (Decision 111/06.12.2021) for placing under quarantine those arriving in the country. The rules are valid between December 10 and January 8. Those arriving from the European Union, European Economic Area or Switzerland, if they come from a Red zone, they are subject to 14-day quarantine if they have no vaccination certificate or proof of having recovered from Covid-19. Those unvaccinated or without proof of having recovered from the illness are subject to a 10-day quarantine if they hold an RT-PCR test taken less than 72 hours before the entry. Those vaccinated coming from countries on the Red List are not subject to quarantine. Visitors from Green or Yellow European countries are subject to quarantine (14 days) if they have no documents showing vaccination, recovery, or a PCR test. There are exceptions: children under 12 years old, those aged 12-16 with an RT-PCR test coming from any Red country and those leaving the country within 72 hours. Prime Minister Nicolae Ciuca on Tuesday stated, in Bilciuresti, Dambovita County, that on Wednesday the Government will approve the restrictions announced by the National Committee for Emergency Situations (CNSU) regarding the entry into the country, and depending on the development of the incidence indicators, the authorities will return with decisions on measures for the winter holidays.

- **HealthMin: Passenger Locator Form to be filled in 24 hours before entering Romania (Starting 20th of December):** Health Minister Alexandru Rafila said on Wednesday, at the end of the government meeting, that the Emergency Ordinance on the implementation of the Romanian entry form for passengers was approved. "Citizens must fill in this certificate 24 hours before entering Romania. If they fail to do so, they must fill it in - they can go home - within 24 hours, under penalty of a fine, if they do not comply with this interval," Rafila said in a press statement at Victoria Palace.

Business and economy:

- **Inflation rate of 7.8% in November:** The Consumer Price Index in November 2021 compared to October 2021 is 100.00%, according to the National Institute of Statistics (INS). The inflation rate since the beginning of the year (November 2021 compared to December 2020) is 7.4%, while the annual inflation rate in November 2021 compared to November 2020 is 7.8%. The average consumer price rate over the last 12 months (December 2020–November 2021) as compared to the previous 12 months (December 2019–November 2020) is 4.5%. Even so, Romanians pay more for gas and electricity. INS data show that in November the prices of non-food products increased the most, by over 10%, followed by food, by 6.10% and services by over 4%. The gas price increased the most compared to the same month last year, by over 49%. Romanians now pay more money than last year for electricity and heat, by 8 and 10%, respectively. According to INS data, all food is now more expensive than last year. The top of the price increases is dominated by oil, whose price has increased by almost 28%.
- **Energy Minister Virgil Popescu: "We estimate a decrease in the price of natural gas after this winter":** The Minister of Energy, Virgil Popescu, declared that the reason for the increase of the natural gas price is a speculation on the market, made by the Russian Federation, through Gazprom and showed that he estimates a decrease in the price of natural gas, after this winter. "We all know the reason for the rise in gas prices. It is a speculation on the market made by the Russian Federation, through Gazprom, gas supplies through Ukraine have been reduced. We estimate that, after the winter period, with the start of the Nord Stream 2 pipeline, natural gas prices will fall," said the minister, noting that this can be seen on European stock exchanges, where prices are halved for spring, summer and even next winter. Virgil Popescu also pointed out that SMEs, through the law adopted in the Parliament, have a state aid scheme, through which they receive a subsidy for both electricity and natural gas, in order to get through this winter.
- **OMV Petrom: 11 billion euros by 2030 - largest private investment plan in the energy sector:** OMV Petrom will invest 11 billion euros by 2030 to reduce carbon emissions, the largest private investment plan in the energy sector in Romania, according to the 2030 Strategy of the company dubbed "Transformation for a future with low carbon emissions," posted on the website of the Bucharest Stock Exchange. According to the quoted source, the strategy is built in three directions: the transition to a low and zero-carbon business, the regional development of natural gas and the optimization of the traditional business.
- **Government makes gasoline and diesel more expensive, from January 1 2022:** the Ministry of Finance has published the new excise duties that will be paid in 2022 starting with January 1, including for fuels. The Ministry of Finance has already updated and published on the website, the level of excise duties on fuels, valid from January 1, 2022. The new levels are 1,892 lei for 1,000 litres of unleaded gasoline and 1,734 lei for 1,000 litres of diesel. This would

translate, according to Economica.net's calculations to an increase at the pump of over RON 0.07 per litre of gasoline and approx. RON 0.07 per liter for diesel.

- **Changes to MTPL law at the European level:** The European Parliament recently adopted a set of amendments to the European Directive on MTPL insurance. According to the new normative act, the value of the maximum compensations for both material damages and for bodily injuries increases. In the event of accidents, the compensation limit for property damage recorded by drivers injured in road accidents covered by RCA increases to 1.3 million euros. European insurers, including those in Romania, will apply the new limits in tariff calculations, which could lead to an increase in MTPL prices.
- **Romania's insurance market up 20% in 2021, still in the range of 1% of GDP:** The Romanian insurance market ended the first nine months of 2021 with a volume of gross written premiums of RON 9.8 bln (EUR 2 bln), up 15% from the same period last year, according to data presented by Cristian Roşu, vice president of the Financial Oversight Authority (ASF), quoted by Ziarul Financiar. It is a small, underdeveloped market accounting for only 1% of GDP (compared to, for instance, 12% in France) - which, on the upside, holds significant growth potential, ASF vice president stated. The general insurance segment advanced by 13% to RON 7.77 bln, while the much smaller life insurance segment soared by 22% to RON 2.01 bln.

Politics and legislation:

- **The European Commission transferred to Romania the first tranche of 1.8 billion euros from PNRR:** The European Commission transferred to Romania the amount of 1.8 billion euros in the form of pre-financing, the equivalent of 13% of the total grants allocated to this country under the National Recovery and Resilience Plan (PNRR), informs a press release of the Community Executive. The pre-financing payment will support the start of the implementation of the investment and reform measures included in Romania's Recovery and Resilience Plan. Romania is expected to receive a total of € 29.2 billion during its plan, of which € 14.2 billion in grants and € 14.9 billion in loans. Thursday's payment was made following the success of the first lending operations under the NextGenerationEU. We need to put this money to work quickly for the benefit of communities across the country, Finance Minister Adrian Câciu said on Thursday. The Minister of Finance stated that he will work together with colleagues from the Ministry of European Investments and Projects to draw up an emergency ordinance to establish the financial circuits necessary for the use of these funds. Meanwhile, budgetary planning for next year, PSD (already) pushing for progressive taxation, and the National Recovery and Resilience Plan (which the social-democrats want to revise) seem to generate new conflicts in the coalition, while the way positions are to be divided seems to deepen tensions within the PNL. Furthermore, the soc. dem. Finance Minister recently started an audit at the Finance Ministry and criticized the loans contracted by the former PNL governments in the last two years. However, PSD maintains that it is a good-faith partner and the only red line seems to be the protocol for rotating the government leadership in 2023.
- **Draft budget for 2022: allocations per ministries:** The budget of the Ministry of Transport will be increased by 20% compared to the beginning of this year, to 17 billion lei, the Ministry of Development, Public Works and Administration, which now unfolds the Anghel Saligny Program worth 50 billion lei, will receive 64 billion lei, compared to 26 billion lei this year, the Ministry of Environment will receive almost 20% more, respectively 2.3 billion lei, and the

Ministry of Labor will receive 56 billion lei, about 6% more. Almost 6 billion lei will be allocated for the Ministry of Finance, i.e. 14% less, according to Digi 24. The Ministry of Justice will receive 5 billion lei, and the Ministry of European Investments and Projects only 2 billion lei for the time being, down by 20%. 23.7 billion lei will be allocated for the Ministry of Agriculture and Rural Development, 3% more. The Ministry of Internal Affairs will have a budget of 23 billion lei (13% increase), the Ministry of National Defense - 23 billion lei, the Ministry of Education - 29 billion lei (6% increase), and the Ministry of Health - 24 billion lei.

- **RO Govt. hikes the pensions by 10% as of January:** The Romanian Government approved, in its meeting on Wednesday (December 15), the Emergency Ordinance to increase the benchmark used to calculate pensions and the social allowance for pensioners, starting with January next year, it is shown in a release from the Ministry of Labor.

SLOVAKIA

(prepared by the CEC Government Relations office in Bratislava)

COVID-19:

- 5,729 conducted PCR tests (1,328 positive); 2,293 hospitalised; 11,017 inoculated (6,188,536 vaccines used in total) (daily update as of 3 January).
- The number of hospitalised patients has been decreasing since this wave's peak on 5 December (3,618 hospitalised patients), signalling the improvement of the epidemiological situation. However, the Omicron variant raises concerns of another wave.
- 11 cases of the Omicron variant have been confirmed in Slovakia so far, however, hygienists expect the real number to be higher. People coming to Slovakia from South Africa, Botswana, Namibia, Lesotho, Eswatini, Mozambique, and Zimbabwe must self-isolate regardless of their vaccination status.
- Curfew is in place from 20:00 until 05:00 the following day (exemptions for commuting to/from work, grocery shops, pharmacies, etc.) – most shops/services have to be closed during this time. Fitness centres, ski lifts and cable cars, cosmetic procedure facilities, museums, galleries, exhibition halls, libraries and outdoor sports grounds can be open for the vaccinated and recovered population. On 25 December, hotels and similar accommodation facilities reopened for the vaccinated and recovered. However, PCR, LAMP or AG test is required, as well. On 3 January, restaurants, cafés, bars, and other gastronomic facilities reopened for the vaccinated and recovered population with the capacity restricted up to 50%.
- People whose contraindication against the COVID-19 vaccine is confirmed by a doctor now fall into the "vaccinated & recovered" category, provided that they have a negative PCR, LAMP or AG test.
- Boosters are now available to the general population. Slovakia has shortened the interval for administering the booster from 6 months to 3 months for double-shot vaccines and to 8 weeks in case of a single-shot Janssen vaccine. However, mandatory vaccination against COVID-19 is unrealistic at this point. Although supported by PM Eduard Heger and Health Minister Vladimír Lengvarský, most coalition leaders are opposed to the idea.

Business and economy:

- National Bank's winter economic & monetary developments noted the suffering performance of the Slovak economy and accelerating across-the-board growth of prices.
- In November, the registered unemployment rate dropped by 0.15% to 6.64%. The total unemployment rate dropped by 0.16% m-o-m to 7.33%.
- The year-on-year inflation rate in November reached 4.8%.

Politics and legislation:

- Over-60s will get a €300/200 bonus, depending on their COVID-19 vaccination status. Those who have already got or will get the booster by 31 January will receive €300. Over-60s who get/got the 1st shot between 25 November and 31 January or the 2nd shot between 30 June and 31 January will obtain €200.

- Transport Ministry has launched the 4th round of de minimis aid scheme. The scheme aims to support businesses in tourism for the period of September-November 2021. The call is for those who have not used up the limit of €200,000 per one applicant and reported a drop in sales by at least 40% compared to the same period in the pre-pandemic year 2019. Those who have exhausted the limit can apply for aid under the large aid scheme that the Transport Ministry plans to extend at the turn of January/February 2022, covering September-November 2021.
- Economy Ministry has launched a new round of rent subsidies. The state will contribute (retroactively, as well) to the rent of entrepreneurs who have leased premises for their operations but closed due to pandemic restrictions. The terms will remain unchanged from the previous call. The state's contribution will equal the discount provided by the landlord (up to 50% of the rent). Entrepreneurs can apply for the subsidies until 28 February 2022.

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