

**Small box office**

Arthouse, coffeehouse, slideshow and summer cinemas enjoy a comeback

**TOP STORY** pages 8-9

**Black Venus**

Josephine Baker took the 1920s by storm, sashaying onto European stages in barely-there dresses

**PROFILE** pages 12-14



facebook.com/  
e15weekly

# New lease of life

Nearly 24 billion crowns spent by business people obtaining their own vehicles using operational leasing. Households' outlay, meanwhile, shows largest year on year growth

Arzen Lazarevič

**I**t's the hit of recent years. The popularity of operational leasing with both households and business people is borne out by two-digit growth rates. "Operational leasing is decisively a trend of today's era. Especially sharp growth is in the retail segment, which compared with the corporate leasing is rather a new thing," said Petr Plocek of UniCredit Leasing. His observation is demonstrated by the results of members of the Czech Leasing and Finance Association [ČLFA].

"In the first three quarters of this year, our members have provided households with a value of 2.31 billion crowns through operational leasing," noted the ČLFA's Pavel Hálek. "For the same period last year the figure was 1.64 billion, so the year on year growth amounts to 41 percent," he added.

Since the 2008 financial crisis, operational leasing has increasingly become a most sought-after option for firms which do not want to tie up their financial resources.



Continues on **page 4**



# Sobotka defrosts relations with China

Gov't participated in Riga summit with top Beijing representatives

## POLITICS

Marek Schwarzmann

The development of infrastructure along with state of the art and environmentally friendly technologies were the priorities that emerged from a meeting of 11 EU member states, five Balkan countries and China.

PM Bohuslav Sobotka, who led the Czech delegation to the 16+1 gathering, said that the main concern this year would be to continue building up relations with China – damaged recently when culture minister Daniel Herman officially met the Dalai Lama, whom Beijing deems a threat to Tibetan stability.

The kindling of relations with China was begun, according to Sobotka, by the 2010-2013 cabinet of Petr Nečas, while further relationship building was pursued by the short-lived 2013-2014 caretaker administration of Jiří

Rusnok. Sobotka underlined how the Czech Republic, as an export-dependent economy, must search the world for investors. More Chinese banks should soon be investing in operations in this country, he added.

Sobotka conceded there was real competition between a great many countries that want to become a centre for Chinese business activities. "And it all depends on the conditions which individual countries prepare," he added. The Czech focus on air transport was, the PM said, logical because the Czechs cannot offer any sea ports, such as Riga in Latvia or the usually ice-free Port of Klaipėda in Lithuania. "But we are competitive thanks to Prague Airport's infrastructure," he said.

Sobotka touched on a purported request from China for the competition-free awarding of a commission for the completion of the construction of the

Dukovany nuclear power station. "That's only speculation," he said. The PM added, however, that he could imagine that other parties interested in the order might express similar wishes.

During the summit, the Czech Republic and China signed an agreement specifying further points of bilateral collaboration. The two nations established as priorities cooperation in infrastructure, investment and science and research, the Czech Government Office said in a news release. The inked document also reflected the target of making the Czech Republic a transport and logistics hub for China in terms of several parts of Europe.

The Czech Republic is like this year to in 2017 hold a Chinese Investment Forum while next year will also see it welcome the 16+1 group to Prague for a summit on air transport. The Czech capital has long wanted to host a 16+1 summit of prime



**Meeting of PMs.** Bohuslav Sobotka talks with Latvian PM and summit host Maris Kucinskis during the 16+1

ministers, such as the one seen in Riga. But next year the format is heading to Hungary.

During the Riga summit, Sobotka also met three coun-

terparts from Balkan states to discuss solving the migrant crisis and the possible integration of Serbia and Macedonia into the EU.



## High wheelers relive some good ole times

Dozens of well-dressed gentlemen, children and even a few ladies perched atop penny-farthings arrived at Prague's Letenská Plain to determine the fastest and slowest – and arguably most balanced – riders. The Pražská míle [Prague Mile] meeting was the event's 23rd edition. It is organised by Český klub velopedistů 1880 [Czech Club of Velopedists 1880], the oldest Bohemian sporting club. Czech velopedists refer to the "hlavan" (falling head first over the handlebars) and the "čáslavák" (a sideways fall and a tribute of sorts to the Čáslav penny-farthing club, who were all brought down after a member fell inwards rather than outwards)

## Grandi Stazioni files rail station suit

Jan Šindelář

Italy's Grandi Stazioni has made good on its threat to sue the Railway Infrastructure Administration [SZDC]. It is demanding compensation for having to surrender Prague's Hlavní Nádraží [Main Railway Station] to the rail body, Czech Television [ČT] reported. A sum was not specified but it would not exceed a billion crowns, according to E15 daily's information. The Italians declined to comment.

The lawsuit is the culmination of an unfriendly parting from the railway station refurbishers and operators. Grand Stazioni was told to depart the capital's main station by midnight on 16 October, a decade after it began reconstructing the property.

Read more at E15 weekly.cz



# Candidate Horáček following in Havel's footsteps

Pavel Otto

A lengthy campaign period of 15 months lies between lyricist, music producer and former owner of the Fortuna betting firm Michal Horáček before the ballot boxes for the presidential election are dusted down. Though he only declared his candidacy less than two weeks ago, it is already clear from his website that he is setting out on the path provided by the legacy of the late playwright president Václav Havel. "I would wish to see this country of taunts and jeers transform into a country of smiles. We must remove the vindictiveness from the public space," declares Horáček.

His campaign would, he said, be "radically frank, radically transparent". Horáček has presented his vetting certificate, statement on compliance with higher education obligations, financial returns and health status report, while stating he would not be turning to any advertising agency.



Photo: ČTK

He intends to be a nonpartisan candidate for the Castle, with his campaign expenditure covered by himself and his wife without contributions from political subjects, firms or citizens. To that end, he has set up a special transparent bank account. Like his rivals, he will be legally entitled to spend no more than CZK 50m on his campaign, with CZK

40m earmarked for the first election round.

"I believe it is possible to fulfil the function of president more decently and competently and with greater obligingness shown towards people of all persuasions. I believe that each one of us needs respect from the other members of our community," added Horáček.



## Mariánské Lázně to get 'second town centre'

Famed West Bohemian spa town Mariánské Lázně is the chosen location for one of the country's biggest modern-era real estate investments outside Prague. Petr Lukeš's Cimex group is essentially preparing the construction of a second town centre. It includes hotel, retail, office and apartment house properties. The cost of the project is expected to range in the billions of crowns



have your say  
Tomáš Zdechovský

## Mileage fraud resonates across the EU

**Each year**, millions of Europeans are hit by "mileage fraud", or odometer fraud. The con, also referred to as "clocking" or "busting miles", involves artificially lowering a car's mileage. It is technically simple, cheap to do and is aimed at inflating a vehicle's value by several thousand euros. Second-hand car odometer fraud poses a massive problem. It affects a substantial number of used cars in Europe. Estimates go as high as 30 percent. The cost to consumers is probably somewhere between EUR 5.6-9.6bn per year.

**If you cannot** guarantee a second-hand car's mileage it is impossible to assess its true value. More consumer mistrust is thus generated. Unsuspecting buyers are not only cheated; they also face higher repair and maintenance costs and drive cars while their vehicle is likely less safe than thought.

**My home country**, the Czech Republic, shows how big an issue mileage fraud is. Buy a second-hand car in this country and it is very likely you will become an odometer fraud victim. Internal free trade within the EU means Central and Eastern European countries serve as dumping grounds for many cars from the West. In 2014, 37 percent of the 220,000 second-hand cars sold in the Czech Republic had a manipulated odometer, one-fifth had been through a car crash or another insurance event that had gone unrecorded and 17.8 percent were older than officially documented. The fraud also hits car dealers who suffer unfair competition and means the entire second-hand car business is tarnished. The sector generally performs poorly in the European Commission's Consumer Scoreboard. Second-hand cars consistently rank as the least trusted product among Europeans.

**Customers have** few possibilities for checking whether a mileage is genuine. So a crucial question is: how can we mitigate this type of fraud and is it possible at all? The Belgian Car-Pass is, in fact, a surprisingly simple answer and dramatically lowered fraud cases from 60,000 in 2005 to a mere 1,197 in 2015. It works by regularly recording mileage readings; when a car is in for repairs or checks, for example.

**The Belgian system** works by removing the incentive for "clocking" the mileage, as any significant changes will be detected. This is achieved through a central database into which mileage readings are fed regularly, when a car goes in for repairs, maintenance or checks. The room for odometer manipulation is drastically reduced, as suspicious readings show up in the car's mileage history.

**Crime knows no borders**, however. National schemes cannot cover imported or exported cars. A cross-border approach is badly needed. But the Commission is yet to push the issue to the European level. I hope we hear success stories in fighting odometer fraud in other EU countries soon. No permanent solution is possible without joint efforts from all the EU member states.

**The author is a Member of the European Parliament (European People's Party/Christian Democrat)**



# Singapore fund bursts real estate record

GIC to buy P3, one of the biggest owners of logistics warehouses

## REAL ESTATE

Daniel Novák

Singapore sovereign wealth fund GIC is to acquire Czech Republic-based European logistics property company P3 Logistic Parks for some 2.4 billion euros (around CZK 65bn). The deal – the largest European real estate transaction seen this year – outstrips the value of any property deal ever transacted in this country.

Commenting on the deal for assets that include 163 warehouses used in e-commerce, offering 3.3 million square metres of space across nine countries, Miloš Felgr of the Prague branch of law firm Clifford Chance said: “The transaction attests to the level of interest of big foreign investors and also Czech and foreign banks in the logistics warehousing sector in the region and belief in its further development.” Shortly before the deal was closed, a group of Czech banks comprised of ČSOB, Komerční banka, Česká

spořitelna and the Czech unit of UniCredit Bank took part in refinancing P3’s debts. The Singaporeans are buying the specialist owner, developer and manager of European logistics properties from private equity investment giant TPG and fellow North American investor Ivanhoé Cambridge. The two firms acquired P3 three years ago. Back then, 1.5 million sqm were in the P3 portfolio. The total, to date since then, has doubled. Together with Prologis, P3 is close behind rival CTP in the scale of its domestic ownership of industrial real estate.

Around one-third of the millions of square metres owned by P3 are located in the Czech Republic. The company, for instance, owns largest Czech storage and logistics complex Horní Počernice, found in Prague 9. Meanwhile, in the east of the capital, adjacent to the D11 motorway, is P3’s Jirny development. “We believe P3’s strong growth will continue given its diversified, income-producing portfolio and substantial land



bank [of 1.4 million sqm of development land],” Lee Kok Sun, chief investment officer at GIC Real Estate, said. “We are confident of the long-term potential of the European logistics sector, and look forward to expanding this attractive platform with the very capable P3 management team,” he added.

A good many consulting and legal firms shared in reading the transaction, including White & Case and Dentons, and real estate investment bank Eastdil Secured.

The transaction was eased by the bank refinancing, which covered credits of EUR 1.4bn.

The sum was included in the sale price. The loans will untie the company’s hands when it comes to further investment.

The assets of Singapore’s GIC exceed 100 billion dollars. The fund concentrates on long-term investments with no real risk. It is active in 40 countries.



## Hemp businesses are on the up and up

Businesses selling hemp products are feeling as high as a kite. Way higher than expectations. Results reported from the market players show that their overall revenue growth is running at more than 20 percent year on year, meaning they are taking in plenty over two hundred million crowns in a year. Among the drivers of growth are sales of cultivation technology, hemp cosmetics and hemp construction materials. “If hemp was to be [entirely] legalised, we would in the Czech Republic have takings of billions,” said Lukáš Běhal, founder of the Cannafest trade fair, the seventh edition of which took place in Prague last week

## New lease of life

Continued from page 1

Leasing firms provided entrepreneurs with CZK 23.94bn via operational leasing from January to September this year. That is 36 percent more than was recorded for the same nine-month period of last year.

“Business managers have been contending with limited access to credit, and thus financial resources for investment, therefore they began to prefer hiring in the form of operational leasing,” Hálek said.

The market retains substantial growth potential. While in Western Europe up to 70 percent of new company cars fall under operational leasing, in the Czech Republic the figure is barely 20 percent. The trend for private individuals to make use of the leasing form is also on the rise.

More than one-half of the corporate customers of mar-

ket leader Volkswagen Financial Services (previously ŠkoFIN) – which accounts for nearly one-fifth of operational leasing in the Czech Republic – have purchased operational leasing. The figure for household customers is so far only 10 percent. “The former favourite, financial leasing, now represents just one percent of the number of closed contracts,” said Lukáš Cankar, director of marketing and retail sales for Volkswagen Financial Services.

Operational leasing is intended for clients interested, above all, in the use and not so much the purchase of a car or other goods. It is usually the choice of those with the capacity to adjust monthly hiring amounts. Upon the contract’s expiry they can prolong the lease, return the goods, or pay it off. The hire payments represent balance sheet expenditure which can lower the taxable base in the calculation of income tax.



# Chinese gear up to buy Florentinum from Penta

Daniel Novák

Chinese group CEFC continues to consolidate its position in the Czech Republic. In the latest development, it is priming to take over office complex Florentinum in central Prague. The commercial register shows the group very recently established a new joint stock company, CEFC Florentinum, in line with the common real estate market practice of "parking" extensive properties in dedicated business entities. If concluded successfully, Florentinum will mark the first big Chinese acquisition in the office segment of the Czech real estate market.

For Penta, the office complex's current owner, the Florentinum sale will mark its biggest real estate exit in this country. A recent report on online news server iDnes.cz said the Chinese were prepared to fork out more than EUR 280m for the property. Penta billionaire Marek Dopiva is rumoured to have already received a non-refundable advance payment of an undisclosed figure.



CEFC has been looking for modern offices in the capital ever since it arrived in this country. The group initially negotiated for the purchase of the ArtGen office compound in Prague's Holešovice quarter from PPF, but that deal eventually fell through. Fears also surround the possible collapse of the Florentinum sale but neither involved party was willing to detail the current state of affairs. "No comments will be made available until the transaction is concluded," said Penta spokesperson Ivo Mravínac. Lawyers and advisers involved in the transaction also kept mum.

In terms of real estate purchases in the Czech Republic, CEFC has taken the biggest strides when it comes to buying up hotels. The group acquired the five-star Mandarin Oriental in Prague's Lesser Town in the summer, following its earlier purchase of another luxury hotel, Le Palais in U Zvonárky street in the Vinohrady district.

transaction is concluded," said Penta spokesperson Ivo Mravínac. Lawyers and advisers involved in the transaction also kept mum.

In terms of real estate purchases in the Czech Republic, CEFC has taken the biggest strides when it comes to buying up hotels. The group acquired the five-star Mandarin Oriental in Prague's Lesser Town in the summer, following its earlier purchase of another luxury hotel, Le Palais in U Zvonárky street in the Vinohrady district.



## 'Marks & Sparks' runs for the exit in 10 countries

British retailer Marks & Spencer Group is to cull around 60 stores in the UK and 53 across 10 other countries, but its Czech outlets will survive the chop. Reeling from a sharp drop in its half-year underlying profit, the mainstay brand of the British high street said it would close stores in Slovakia, China, France, Belgium, Estonia, Hungary, Lithuania, the Netherlands, Poland and Romania. Combined, those markets made a loss of GBP 45m last year, and many of them have been loss-making for at least five years. The group, known to Brits as 'Marks & Sparks', has delivered a mixed performance over a long run of quarters. It has higher performing food stores but a struggling clothing and home business

### up and down



**Martin Stropnický**  
Defence minister

More money has been directed to his budget, but he's having problems spending it. Complications with commissions are causing the unlikely dilemma.



**Ian Worboys**  
CEO, P3 Logistics Parks

The P3 business is to be acquired by Singapore's GIC sovereign wealth fund for a Czech real estate record of EUR 2.4bn. GIC will gain 163 warehouses used in e-commerce, offering 3.3 million square metres of space across nine countries, plus a land bank of 1.4 million sqm.



**Viktor Orban**  
Hungarian PM

His ruling Fidesz party failed to gain two required opposition votes to rebuff an EU quota scheme for relocating 1,294 refugees in Hungary. Anti-immigration Jobbik party stood in the way. In return for support it wanted the end of a cash-for-residency bond scheme for wealthy foreigners.



**Vlastislav Bříza**  
Owner, Koh-i-noor Holding

His group has become the majority owner of a premium property in the centre of Prague, the Myšák gallery. He plans to open a representative store there.



**Homer Simpson**  
Main protagonist

The longest running scripted US TV show of all time in terms of seasons has been renewed again, with Fox confirming the 29th and 30th seasons are ahead.



**Tomáš Ignačák**  
CEO, Škoda Transportation

His firm is busy in Israel fighting for a giant order for the delivery of 60 electric trains for use on local rail networks.

**E15** weekly

**CN Invest**

**E15 weekly, economic and business news magazine** | [www.e15.cz](http://www.e15.cz)  
Igor Záruba, **Executive Editor**, [igor.zaruba@cninvest.cz](mailto:igor.zaruba@cninvest.cz); Marian Hronek, **Editor**, [marian.hronek@cninvest.cz](mailto:marian.hronek@cninvest.cz) | **Translation:** TextMasters, [textmasters@textmasters.cz](mailto:textmasters@textmasters.cz)  
**Contact:** Adéla Nová, **Secretary** | Call (+420) 225 977 668  
**Postal address:** Komunardů 1584/42, 170 00 Praha 7 | **Published** CN Invest a. s., Pařížská 130/26, 110 00 Praha 1 Josefov, IČ 04312945  
**Advertising:** Šárka Kamarýtová, **Sales Manager**, [sarka.kamarytova@cncenter.cz](mailto:sarka.kamarytova@cncenter.cz)  
**Production:** vyroba@cninvest.cz | **Distribution:** distribuce@cninvest.cz  
**Registration:** E 21420 E15 weekly, ISSN 2464-711X  
**Reprints & Permissions:** The Publisher will consider requests for reprints or any other reproduction | **Printed** by EUROPRINT a. s. [facebook.com/e15weekly](https://facebook.com/e15weekly)





# Bavarian pragmatism

At its recent party conference the junior partner in Germany's governing CDU/CSU union adopted a less combative tone than last year. The party's leadership knows that national elections are on the horizon – and it takes two to tango

Igor  
záruba



Munich, November 2015. Amidst the fallout from Germany's migration crisis, Horst Seehofer, chairman of the Christian Social Union in Bavaria [CSU], publicly scolded Chancellor Angela Merkel, head of the Christian Democratic Union [CDU]. Bavaria, argued Seehofer at the CSU's annual party conference, simply could not cope with the influx of refugees which had resulted from Merkel's open door policies. "We want control, order and limits. That is in the national interest," demanded Seehofer. Merkel, the senior member of the CDU/CSU union, was a guest at the conference. She sat, head slumped, before leaving without responding.

Munich, November 2016. Once again Seehofer addressed the assembled delegates. But there are two notable differences from last year. For one, the Bavarian PM adopted a conciliatory tone. He talked of prosperity and warned against extremists on the right and also cautioned on the pitfalls of a potential left-wing government. And, albeit indirectly, he apologised to Angela Merkel for last year's dressing down. Secondly, the German chancellor herself



PHOTO: ČTK

was not in attendance. Arguing that there's no need for a repeat "celebration of disagreement", the CSU broke with years of protocol and declined to invite her to its party conference.

So, yes, Germany is divided. Mass migration from the Middle East and North Africa remains a hot issue. And next year, the continent's largest economy faces two important elections.

Firstly, a Federal Convention will be electing the country's president. The Social Democrats (SPD) have proposed foreign minister Frank-Walter Steinmeier. The Union parties have yet to settle on a candidate. But they are certainly aware that the clock is ticking. The parliament and states (the Federal Convention) will be voting to select a president in February,

the SPD support in the federal election in September.

Meanwhile, facing voter unease over Merkel's migration policies, the CDU has suffered a series of losses in recent local and state elections. The next Landtag elections for the federal state assemblies are scheduled for 2018. Both the CDU and CSU know that a quality presidential candidate serves as a springboard to further electoral success both at the state and federal level.

All of which makes Seehofer's newfound accommodating stance understandable as an act of pure pragmatism. Instead of being amplified, fears over the migration crisis were glossed over. Rather, the issue of the day was the threat of nationalism on the one hand, and an SPD-led

“Europe needs a strong Germany able to move on from petty squabbles and insurgent populism

which certainly helps to explain Seehofer's about-face from last year's combative stance towards Merkel.

And then, likely in September, federal elections will elect members of the Bundestag. Current polls show the SPD with 22 percent and CDU/CSU in front with 34 percent. The right-wing populist Alternative for Germany [SfD] is in third place with 14 percent. All of which makes it obvious why the SPD is pushing forward with nominating Steinmeier. If the foreign minister secures the presidency in February, that could theoretically yield

government in coalition with the post-communist Left party and Greens. "Die Ordnung" [orderliness] is the banner under which the CSU has unveiled its new political programme. It's a clear effort to move beyond Merkel's much-maligned former message of "Wir schaffen das" ["We will manage"]. If indeed the CDU/CSU union manages to create a united conservative front going into next year's elections then Seehofer's past diatribes will be forgotten. Europe needs a strong Germany able to move on from petty squabbles and the threat of insurgent populism.



Jana Havligerová's diary

## Who'll get the call from Beijing?

**Having met** at Prague Castle, the four most powerful figures of the Czech state reaffirmed that they stood by a controversial document expressing fealty towards China. And certainly the Chinese side means business, too. Now that agriculture minister Marian Jurečka's visit to China has been cancelled by the totalitarian state, it's well worth watching which Czech official will be the first to be granted permission to travel there.

adept at shooting themselves in the foot without anyone's help anyway.

**Responding** to the Social Democrats' poor electoral showing, Prime Minister Bohuslav Sobotka said he wants "new blood" in his party. The PM also asked his coalition partners to undertake a cabinet reshuffle. Both ANO leader Andrej Babiš and Christian Democrat leader Pavel Bělobrádek said no. Hardly surprising.

**Should the Office** of the Czech President apologise for Miloš Zeman's false statements about the supposed pro-Hitler sympathies of the late journalist Ferdinand Peroutka, and pay a CZK 100,000 fine which has been levied against the Castle, then that would represent a form of injury to President Zeman. So says the Czech Supreme Court, anyway. I see... some people are simply allowed to lie. Oh, well, the folks at the Castle seem perfectly

**Michal Horáček**, songwriter and former owner of betting firm Fortuna, has officially thrown his hat in the ring for the 2018 presidential election. But an obvious shadow hangs over his candidacy: does a person who made a fortune in the gambling business possess sufficient moral credit to serve as president? No doubt stories will emerge soon of individuals stricken by a gambling habit caused by Horáček's Fortuna company.

joke



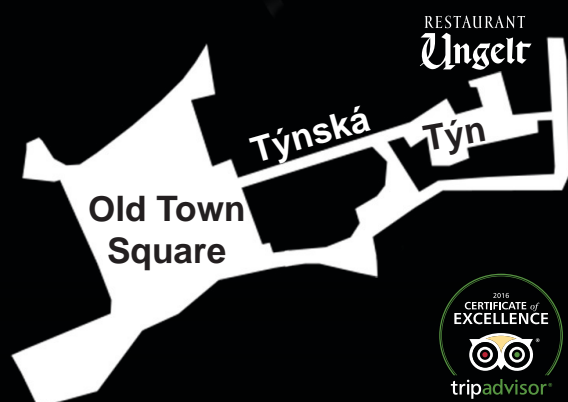
"And they lived happily ever after until they received the property tax bill for their castle"





# RESTAURANT Ungelt

**Fish & Gourmet**  
in the heart of Prague



is surrounded by important historical monuments and the enchanting Tyn Court (also known as Ungelt). Enjoy the unique combination of tastes from our seafood menu, traditional Czech and international cuisine, and an extensive selection of French, Czech, and Moravian wines. We are proud to have Mr **Peter John**, one of the top Czech chefs, in charge of our kitchen.

## We choose from the menu

*Foie gras terrine from goose liver baked on a pan with Williams pear poached in red wine, Gewürztraminer jelly, brioche*

...

*Fresh fish of the day, Ratte potatoes, sautéed chard & extra virgin olive oil with bits of organic garlic*

...

*Canadian lobster from our aquarium, roasted in tarragon butter & a selection of grilled vegetables*

...

*Aberdeen Angus Beef Rib Eye steak with roasted goose liver Foie Gras & slice of black truffle, poached in port wine shallots, roasted baby artichokes, Périgord sauce*

...

*Duck breast Magret de Canard, puree of celery & vanilla caramelized figs, port wine sauce*





# Small cinema renaissance

A few years ago it seemed that small independent Czech cinemas were on a slow path to extinction. But on the contrary, they aren't just surviving, they are prospering. The key is blazing a very different path from the multiplexes

Lucie Bednářová

Bumper box office takings were the talk of Czech cinema last year. According to the Union of Film Distributors (UFD), 13 million tickets were sold nati-



onwide, the largest number in the past five years. But anyone thinking that the major lure was indulging in popcorn and soft drinks at multiplexes while taking in the latest blockbuster would be wrong.

Rather, it was the one or two-screen cinemas that witnessed the greatest upsurge in audiences. UFD figures show that 4.12 million people attended such cinemas during 2015, the largest number since 2009. And that naturally meant bigger ticket sales. In the case of small cinemas, this represented CZK 427m, a 12 percent increase against 2014.

And so the decline of small cinemas, which just a few years ago was taken as a given, has failed to materialise. In fact, the reverse is proving true. There is in fact a renaissance of small independent cinemas.

## Digital nightmare

During the 1980s, around 2,000 cinemas existed in the former Czechoslovakia, including summer cinemas and the "kinokavárny", cafes featuring cinema screens. After the Velvet Revolution of 1989, viewing habits changed as



entertainment options widened. This resulted in numerous potential viewers ditching a weekend trip to the cinema in favour of other activities; besides, must-see films could now be viewed via the newly available medium of VHS in the comfort of one's home. And there was quite a lot to catch up on.

On top of all these changes came the arrival of the large multiplex cinemas in the 1990s, springing up in great numbers in towns and cities. Offering a dizzying choice of films, state of the art audio, super-comfortable seating, and the opportunity for snacking during viewing, their boom led to the demise of around two-thirds of the single-screen

as the multiplexes, they would have to invest significant money to upgrade their audiovisual equipment.

### Luring viewers

One aspect of the recent upsurge in small cinema attendance is an effort to build up unique independent brands while promising to offer viewers something decidedly different than what is found in blockbuster-obsessed multiplexes.

"We don't view multiplexes as direct competition," says Jakub Fürst of film distribution firm Aerofilms, which operates, among others, Prague's independent cinemas Aero and Světozor. "We

customer experience," adds Fürst. "We are also trying to appeal to customers of all demographic groups. For example, we organise screenings for mothers with young children, as well as a film school with children's holiday camps, school screenings, blind screenings for teenagers [in which viewers know the time and place but not the specific film to be shown -Ed.] alongside standard scheduled film screenings. We also have a selection of low-cost screenings for seniors."

Clearly, Czech independent cinema operators are seeking to offer an all-round experience, with their sites seeking to be viewed as cultural and social

and poster store. During the summer months, many independent cinemas also make use of outdoor beer gardens.

### Window on the world

Another great example of Prague's thriving independent cinema scene is Bio Oko in Holešovice district. Founded back in the 1940s, the cinema has managed to preserve its retro atmosphere in spite of major reconstruction work in 2007. The cinema focuses exclusively on independent and arthouse films. Some 7,000 or so customers visit the cinema each month.

"We host so-called 'Diáky' [slang for old-fashioned slideshows -Ed.] at Bio Oko, which are travelogue presentations by explorers," explains cinema director David Beránek. "We also have other figures holding talks on a range of non-traditional subjects. Other events include the Filmbrunch, which combines a fresh Sunday brunch with an opportunity to see the latest films. Such cinemas also offer repertory screenings highlighting select directors, and also genre film festivals showcasing anything from sci-fi to Finnish cinema. "We are also setting up a new project called Art District 7 Talks," adds Beránek. "This will comprise evenings in which seven figures from the cultural scene will be able to showcase their work at Holešovice or Letná, albeit within a seven-minute time limit."

Another longstanding independent cinema, namely Aero in Prague's Žižkov, also focuses on creating a mix of cultural presentations, happenings, and filmic fare. Founded in 1933, and reconstructed three times between 1959 and 2001, film forms only a section of the overall programme today. "Our Pecha Kucha [a high-speed presentation format with Japanese origins -Ed.] programme is highly popular," says director Zuzana Kameníková. "It is a space for architects, designers, graphic artists, and other artists to meet and introduce their works. We are also delighted with how our Aeroškola [Aeroschool], has turned out. This enables, for example, children to learn animation skills. And we also run an associated children's film camp."

Asides from this expanded array of cultural programming, the independent cinemas also benefit from a more intimate, personalised setting. Indeed, such cinemas are actually working to build up relationships with customers. "We make considerable use of the existing popular social media channels," says Bio Oko director David Beránek. Such outreach efforts are also accentuated via distinctive websites, newsletters, dynamic posters hung around towns, and also the ever-potent word of mouth.

“While multiplexes emphasise the spectacle of the cinema experience, independent cinemas instead opt to serve as de facto art-cultural centres, hosting an array of events outside of simple film screenings

cinemas, according to the Czech Statistical Office [ČSÚ].

The surviving independent cinemas tried to make the best of a gloomy situation. But then came another blow – the decline of traditional celluloid in favour of digital projection. Distributors began to exclusively opt for the most modern screening technology. Which meant that if the small cinemas wanted to offer the same experience

are targeting different viewers and the films we offer are diametrically opposite to the ones found in multiplexes."

So while multiplexes emphasise the spectacle of the cinema experience, independent cinemas instead opt to serve as de facto art-cultural centres, hosting an array of events outside of simple film screenings. It's a niche market for a niche audience. "We are building our brand with an emphasis on quality and

hotspots. "Multiplexes push customers to buy bucket loads of snacks and then quickly go and see the movie. We are happy for viewers to stay as long as possible," notes Fürst. Which is why an average trip to a place like Světozor, just off Wenceslas Square, can involve a coffee in a stylish cafe before the screening, or even a glass of something stronger at the bar. There's also the option of a visit to a small on-site DVD





MIREK TOPOLÁNEK

# Massive subsidies can lead to energy poverty



Photos: E15 Anna Vacková

**F**ollowing his forced retreat from politics, ex-PM Mirek Topolánek entered the energy sector with vigour. He now works for the Energetický průmyslový holding (EPH) owned by Daniel Křetínský, a co-owner of E15 daily. However, Topolánek is unlikely to become a billionaire even when EPH distributes six percent of its shares among top managers

Jana Havligerová

The European energy sector is apparently going through its most extensive transformation since the end of World War Two, with traditional power generation plants being pushed out by re-

newable energy. Are the targets set by the European Commission for the period up to 2030 realistically achievable or are they simply science fiction?

Things are not as simple as that. Take for example Germany, a country that still produces 90 terawatt hours

of electricity from nuclear stations, which is more than the Czech Republic's total electricity output. But Germany plans to decommission its nuclear power generation in the foreseeable future. Nuclear plants are reaching the end of their service life in other countries too and no new replacements are being built. If nothing changes then fossil-fuel plants will be necessary if we want to avoid rationing electricity in the EU. The EU's objectives for 2030 are achievable but the questions to be asked are: What will be the price? And are we willing to pay that price? The EU's objectives for 2050, meanwhile, are unachievable with today's technologies. In that sense, the objectives do amount to sci-fi that assumes breakthroughs in a number of areas, mainly in electricity storage.

**EU member states will probably be required to draw up national energy and climate plans by 2019 that will describe their respective outlooks on achieving the EU objectives. Will the Czech Republic be able to maintain sovereignty over its energy policy?**

We should not delude ourselves. The Czech Republic lost its energy policy sovereignty a long time ago. We can put anything we want in our national energy policy but the fact is that the decisions enforced in practice are made in Brussels. For example, it is extremely difficult to build a nuclear plant without some form of state aid and that must be okayed by Brussels. The same Brussels that has allowed Germany to pursue its aggressive and expansive policy of support for renewable energy sources, causing the de facto destruction of the electricity market.



What's more, the national policy plans will also have to respect a myriad of obligations that member states, including the Czech Republic, will take upon themselves. Yet the plan will still be a fundamental document in the sense that if we are not extremely careful we might not be able to cover the costs of our climate liabilities. The Czech Republic should by now have made very thorough calculations regarding what it can afford in this respect and what obligations it can accept. However, there is of course nothing of that sort and I am afraid there isn't ever going to be. In our country, we have this very unique habit of counting the costs only after agreeing to Brussels' requirements.

**Germany is shutting down its nuclear capacities, cutting its coal-fired electricity production and pushing up subsidies for renewables. Will the Czech Republic be forced to adjust for this?**

Germany is yet to decommission its nuclear capacities and the reduction in coal-fired production only exists so far in the media, it's remained merely cosmetic. The Czech Republic is to by 2020 reduce its coal-fired production much more than Germany in relative terms as at least one fifth, but more likely a quarter of all currently installed coal-fired production capacity, is to be decommissioned by then in our country. By the way, it is quite likely that by 2023, by when all nuclear stations in Germany are to be closed, the Czech Republic will have a lower rate of carbon dioxide emissions per produced kilowatt hour than Germany.

It goes to show the power of the German green marketing buoyed by immense funding. Germany is a big country with considerable influence over the energy market and we will have to adjust to that. For example, German investment in wind farms means that the Czech Republic needs to invest more over the long term in highly flexible electricity sources and distribution networks which we would not have had to do without that German investment.

On the other hand, I would not overestimate German influence over the long term. The Germans have already begun to cut back on subsidies for wind farms in the north of their country because there is nowhere to store the electricity produced. At the current construction rate, installing the necessary infrastructure for ferrying electricity from the north to the south of the country would take more than a century. In other words, the German energy revolution [Energiewende] will hit the wall sooner or later when the distribution network's capacity is exhausted and there will be a great sobering up.

**You are one of those who see the energy sector's future in decentralised**

**production. What can be done in this respect in the Czech Republic?**

It is not quite like that. A certain degree of confusion is at play here. There's a clear difference between effective decentralisation and a targeted breaking up of the system into a group of local, would-be independent producers that make little economic sense. Big central power stations are here to stay for quite some time. The lifespan of the new coal-fired power generation station in Ledvice will not end before 2050 or so while Temelín the nuclear plant will be around for even longer. It is highly likely that big central electricity sources will exist even after 2050. However, if a marked increase in

production as they will have no financial cushion for investments. They can hardly be expected to sell below production cost the electricity that they have been forced to produce on the side of heat production. Given the current electricity prices, it does not pay to run a heat production plant. More than that, I am greatly afraid that what was once called an electricity market can no longer be rescued.

**You believe, or at least you used to, that the Czech energy sector was securely based on a good mix of individual energy sources. Yet in the same breath you claim that it is paying the price of incorrect government policies and**

**“ Germany is a big country with considerable influence over the energy market and we will have to adjust to that**

the purely local sources, such as solar panels on rooftops, is to be taken seriously, we will need much better control of distribution systems' performance and voltage. And that will require reliable medium-sized sources, such as regional heat stations, since there is nothing else in the segment. Heat stations are already providing a number of services to distribution networks virtually for free as until recently they were able to make ends meet solely on the prices they were paid for the electricity produced. That will have to change or the heat plants will no longer be able to remain in electricity

**investment decisions. Can you specify those mistakes and say whether any were made by your government when you were prime minister?**

I do not think that Czech governments have made manifestly bad decisions here. The country's governments have trodden relatively carefully so far. I can recall perhaps three not so brilliant decisions. The first was made by PM [Petr] Pithart's government with the adoption of artificial environmental limits.

They for a long time limited the exploitation of brown coal deposits even where no such limitation had any jus-

tification, creating an absurd political issue in the process. Another questionable step was the post-1989 decision to desulphurise our power generation stations using foreign capital. In simple terms that was nothing but a waste of money. And of course, another completely misguided decision, even if forced upon us to a degree, was the one that resulted in the huge costs of solar power. That will continue to stymie the energy sector for years to come. For myself, my fault was not a policy decision as such but a barter I agreed to with the Green Party, a coalition partner in my government, on environmental taxation. Back then I relented to pressure and allowed the use of gas for households and home boilers to go untaxed. It will be very difficult to reverse that.

However, considerably worse mistakes have been introduced into our energy sector as a result of our EU membership. They may not be immediately apparent but they are linked to the mandatory decarbonisation of the whole energy sector. When you view it through the lens of the cascade theory, then the initial cascade is the informational one. Everyone talks of, and writes about, how the planet is at risk and is warming, and how an apocalypse looms unless we act. If you happen to express an opinion that is in disagreement then you get into the next cascade, the cascade of reputational risk. And the last cascade, which we have already entered, is the opportunity cascade. The opportunity has been seized by big business and we are doomed. The only way out is through the pocket of the German taxpayer. When the German taxpayer decides that paying more than EUR 100 per megawatt hour of electricity is beyond their means the day will have come that the fight against climate changes stops. I only hope that by then the energy sector is not in a coma, requiring a costly resuscitation...

### **Mirek Topolánek (60)**

Chairman of the Civic Democratic Party [ODS] for eight years, from 2002 to 2010, as the successor to the first holder of the position, the party's founder Václav Klaus. Prime minister from 2006 to 2009. Served as the head of two governments, the latter of which stepped down. After leaving the top echelons of politics, entered the business sphere, becoming chair of the executive board of Teplárenské sdružení ČR [Czech Association for District Heating] in 2011, and a member of the supervisory board of power generation plant Elektrárna Opatovice. Currently serving as a manager in Daniel Křetínský's Energetický a průmyslový holding (EPH).





# Sensation

Ernest Hemingway called her the “most sensational woman anybody ever saw”. French poet Jean Cocteau described her as a beautiful idol of brown steel, irony and gold. She set hearts fluttering wherever she went. Either they loved her or tried to whistle her off the stage for endangering “public morals”. The Black Pearl, Bronze Venus, Jazz Queen, Creole Goddess... All this and more was Josephine Baker, the 1920s era French jazz singer, dancer and actress











Michal Bystrov

The very embodiment of scandal – that is an apt description of one of the most divisive figures from early 20th century show business. She is listed as Freda Josephine McDonald in her birthplace of St. Louis, Missouri, although her childhood friends knew her as “Trumpy”. Her biological father was a vaudeville drummer called Eddie Carson, who abandoned the family shortly after her birth. After that, mother Carrie married an unemployed man named Arthur Martin.

Josephine switched from servant duties for white families to waitressing at the age of 13. That led to a brief marriage with club owner Willie Wells. Two years later she married Willie Baker, retaining his surname for the rest of her life. By this time she was already a vaudeville dancer having graduated from dancing on street corners. Baker would marry four times; only the last marriage to French composer Jo Bouillon lasted any length of time (1947–61). Add to that an affair with the married writer George Simenone, author of the Maigret detective novels.

Targee Street, St. Louis, where she was raised, is the same location related in the popular folk song “Frankie and Johnny”. It was a real-life event: back in 1899, young woman Frankie Baker (no relation to Josephine) and rumoured to be a prostitute, found her husband, ragtime piano player

Allen Britt, with another woman. The next day she shot him, but before he died Britt managed to identify the murderer. Baker was subsequently acquitted, claiming she acted in self-defence. The song “Frankie and Allen” or “Frankie Killed Allen” soon morphed to “Frankie and Johnny”.

Josephine Baker managed to shake off her squalid roots and move from street performing to dancing in a minstrel show, to performing on Broadway in a number of popular 1920s musicals. But even moving to New York did not bring her fame and reco-

gnition. And so in 1925 Baker moved to Paris, performing erotic dances at the famous Folies Bergère cabaret club. Incidentally, she was seen performing at this club by none other than Czech actor Jan Werich. Baker appeared in a 1927 German silent film called “Die Frauen von Folies Bergères” performing the famous “Banana Dance” – something of a predecessor to today’s “Twerking”. A handful of film roles followed. The following March, Baker appeared in “Revue Schwarz auf weiß” at the Johann Strauss Theatre in Vienna. Two textile magnates who

sponsored the show spent a whopping two million schillings and more on the six-week event. Austrian conservative politicians along with the Catholic Church were appalled by the performances, describing Baker as a threat to public morality. “I’ve danced as I’ve always danced,” she later reflected. “Without thinking about good or bad, but about my dance.”

In April 1928, the show passed through Budapest, Bucharest, Gdansk and also Prague’s famous Lucerna theatre, where she collapsed after the end of one show. “I was burning like a torch,” she remembered.

Czech impresario František Špurný remembered a horse-drawn carriage appearance years later: “Because the streets were full of people eager to see her, she sat up next to the driver and waved to people, blowing them kisses. She crossed her legs at one point and my shocked father saw that there was nothing on under that skirt – and as the wind blew that became evident for people to see. So he informed her, but Baker just laughed and ploughed on: ‘At least those who can’t get to my show will get a chance to see something!’”

As the Nazi menace grew during the late 1930s, she was recruited for undercover work by French intelligence. Not only did Baker serve as an ambulance driver for the French Resistance, but her work charming officials and overhearing intelligence at social affairs proved invaluable to the war effort.

The performer never had any biological children, but over her life she adopted a multi-ethnic 12-strong “Rainbow Tribe” family. As her star faded, she ended up significantly in debt in later years, living in a castle by the banks of the river Loire in France, tended to by an army of servants. It was a far cry from her roots, living on the streets, rummaging through bins, sleeping rough amidst makeshift cardboard bedding.

Baker last performed in Czechoslovakia in June 1970, though by now the 67-year-old was dressed far more modestly in a pantsuit. She died in Paris five years later and was buried in Monte Carlo. She was the first American woman to receive full French military honours at her funeral as a result of her work for the French Resistance. She was also a holder of the Croix de guerre (honouring those who fought against the Nazis) and French Legion of Honour, while she made many greatly influential contributions to the American Civil Rights Movement.



Taken from the magazine

REFLEX





Photo: Škoda Auto

## Škoda showcases HELPDOG and other projects assisted by employee collections

Largest Czech industrial enterprise Škoda Auto arranged an informal workshop to acquaint the media with its corporate social responsibility (CSR) projects. The Prague event looked at the topic of employee collections and the activities which organised whip-rounds support. Among the nonprofits supported by the employees is the HELPPES [HELPDOG] Centre for Training Dogs for the Disabled. The group runs a barrier-free training premises in Motol, Prague 5. Funds raised at the automaker cover some of the costs of rearing, training and assigning dogs. The training of a single dog costs CZK 230,000 on average

## Celebration marks 20 years of export booster CzechTrade

Celebrations of the 20th anniversary of the CzechTrade export promotion agency moved off with a social gathering on 8 November at Prague's Mánes Gallery. Some 100 or so company representatives came along to offer their congratulations. In the past two decades, CzechTrade has become a flagship in supporting worldwide exports while expanding its presence across the continents. That was reflected in the winning entry in a student graphic design logo contest submitted by František Tofel from the University of Tomáš Baťa in Zlín



Photo: CzechTrade

257504/54

advertising

Get your **subscription!**



# weekly



- Full-year subscription: **CZK 650 and as a gift** you will receive a voucher worth CZK 1 000

The shopping voucher can be used for the product offers on Friendly Suits website  
[www.friendlysuits.cz](http://www.friendlysuits.cz)  
 until 30 June 2017.



FriendlySuits



**You can subscribe securely via e-mail**

Use the e-mail address **weekly@predplatne.cz**, State your name and delivery address. Use the code WEEK 1116 as the message subject

You can also subscribe online at our website **www.predplatne.cz**



**To subscribe on a toll-free number, call 800 248 248**

Simply call to provide your personal details and cite the code WEEK 1116

This subscription offer is valid until 27 November 2016

This offer is available to new subscribers only and applies while stocks last. The publisher reserves the right to provide a substitute gift if stocks are exhausted. The offer is only valid for subscriptions taken out with a delivery address in the Czech Republic. Gifts are ordinarily dispatched within six weeks of the receipt of the subscription payment. By placing an order, the subscriber expresses their agreement with the General Terms and Conditions for a periodical press delivery according to the subscription as published at [www.cniinvest.cz](http://www.cniinvest.cz) and undertakes to act in accordance with these General Terms and Conditions. By placing an order, the subscriber also expresses their consent to the storage of personal data submitted with the order (hereinafter "data") in a database administered by CN Invest a.s., with its head office at Pařížská 130/26, 110 00, Prague 1-Josefov. This consent extends to the use of such data to provide subscription services and to the subsequent processing of the data for the purposes of offering products and services by CN Invest a.s. and/or third parties, including the forwarding of information regarding events and other activities, the use of such data for analytical purposes and/or the forwarding of commercial messages by means of electronic communication in accordance with provisions of Act No. 480/2004 of the Czech legislative code. This consent is provided for an indefinite period, i.e. until revoked in writing either in a letter delivered to the publisher's address at CN Invest a.s., Subscription Department/Oddělení Předplatného, Komunardů 1584/42, 170 00, Prague 7, or via electronic mail delivered to [predplatne@cniinvest.cz](mailto:predplatne@cniinvest.cz). The subscriber also consents to the processing of their data by third parties authorised for the purpose by the publisher as the administrator of subscribers' data. The subscriber acknowledges their rights as per Sections 11 and 21 of Act No. 101/2000 of the Czech legislative code, i.e. that the provision of the data is voluntary, that the consent to the storage, processing and use of the data may be revoked at any time free of charge at the publisher's address, and that the subscriber has the right to access the data, request the correction of data entries, have incorrect personal data blocked, have data destroyed, etc.



## picture of the week



Photo: Profimedia.cz

## A night to remember

Desert elephants seen at a waterhole in Kaokoland, Namibia, under the Milky Way. While human beings haven't got around to destroying the galaxy yet, they are making damaging inroads into populations of elephants. For instance, Save the Elephants says a latest count showed that savannah elephants, hunted for their ivory tusks, have declined by a third in just seven years, leaving just 352,000 in the areas surveyed. Elephants, scientifically proven to have long memories, live in multi-generational families of up to 12 members who feed, rest and move as one

## invitations

## CONCERT

**Asaf Avidan at MeetFactory**



Jerusalem-born singer-songwriter Asaf Avidan performs alone with his guitar doing what he does best – digging deep within and creating moments of pure emotion, delivered by his unique voice. Prague's MeetFactory. 18 November.

## EXHIBITION

**Photographer of Stars: Sam Shaw**



American photographer Sam Shaw (1912-1999) took iconic images of stars such as Marilyn Monroe (flying skirt) and Marlon Brando (ripped t-shirt). These and many other treasured photographs are on show at Prague's House of Photography. Until 15 January.

## GIG

**Russian Circles at Lucerna Music Bar**



Three-piece instrumental post-metal, post-rock band Russian Circles from Chicago lately released their sixth studio album, Guidance. American cellist Helen Money will perform as a special guest for the Prague date. 20 November.

## CINEMA

**Arrival (2016)**



Denis Villeneuve's sci-fi contact drama centres on expert linguist Dr. Louise Banks, brought in to translate what aliens, who have landed in a dozen spaceships, are saying. Mankind, meanwhile, teeters on the verge of global war. Daily at various cinemas.

## TRIP TIP

**Rock towns of Český ráj**



Český ráj [Bohemian Paradise], declared back in 1955 as the country's first nature reserve, is graced by picturesque sandstone "rock towns" shaped by erosion. Situated 100 km northeast of Prague, it's dominated by the ruins of medieval castle Trosky.