

## **Czech economy stuck in record recession**

PRAGUE, April 1 (Xinhua) -- The Czech economy has been suffering through one of the worst economic periods in the country's history. The country recorded four consecutive quarters of decreasing gross domestic production (GDP) in 2012, the worst period since 1997. Its economy shrank by 1.7 percent year on year for the whole year. The Czech National Bank forecast that the Czech economy would contract by 0.3 percent in 2013, before returning to growth in 2014. The consulting company Ernst & Young is even less optimistic, expecting a contraction of 0.5 percent. One bright spot for the Czech economy lies in the export sector, which saw an expansion of 4.1 percent at an annualized rate in the fourth quarter of 2012, despite the otherwise difficult situation of the Czech economy. Confronting the European debt crisis, the government both raised taxes and cut spending as a way of dealing with dwindling tax receipts, harming an already fragile economy. Even the government has acknowledged this may not have been the best strategy, and has announced that starting in 2014 it will ease the cuts and increase investment. The Czech Republic's debt stood at 43.9 percent of GDP at the end of 2012, far below the rate of most industrialized countries, making experts and the opposition parties believe that more stimulus measures were justifiable. It is expected that the recession will bottom out in the middle of 2013, returning to growth by 2014. Assuming that the European Union can solve the crisis, the country should be able to see modest growth through to 2020.