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CZECH REPUBLIC

By Jan Bittner

Socio-economic developments

Industrial relations

Forecasts

Annual Review

of Labour Relations and Social Dialogue

State policies

Tripartite social dialogue



Annual Review 2018

of Labour Relations and Social Dialogue

Czech Republic / By Jan Bittner


- The economic growth of the Czech economy probably reached its peak in the second half of 2018. The same applies for the unemployment rate being still the lowest in the developed world. Despite those macroeconomic conditions and high pay rises in the public sector, the wage level rests well below Western European standards and the process of convergence remains rather slow.
- A new government led by former Minister of Finance Andrej Babiš (ANO) entered office along with Social Democrats (ČSSD) as his coalition partner, with the Communist Party (KSČM) providing the rest of votes to achieve a majority in the Chamber of Deputies.
- The new government followed up on previous years and as of January 2019 will have raised the minimum wage by CZK 1,350 to CZK 13,350 (EUR 507), constituting the fifth consecutive increase.
- The new government kept social dialogue as an important platform where all the essential state policies and strategic government decisions are being discussed.
- Nevertheless, there is a critical need for a comprehensive economic policy in order to modify the existing unsustainable growth model of the economy, which is dependent on foreign financial capital, innovations and technologies. In this context, facing global economic trends in digitization, the main challenge of future economic policy should be improving the position of the Czech economy in international value chains.



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Socio-economic developments

Key macroeconomic indicators

Indicator	2013	2014	2015	2016	2017
GDP (% , y/y, real terms)	-0.5	2.7	5.3	2.5	4.3
Household consumption (% , y/y, real terms)	0.5	1.8	3.8	3.6	4.3
Construction output (% , y/y, real terms)	-6.7	4.3	6.8	-5.6	3.3
Industry - sales (% , y/y, current prices)	1.5	8.9	2.0	1.2	7.2
Exports of goods and services (% , y/y, real terms)	0.3	8.6	6.1	4.3	6.8
CPI (% , y/y, average)	1.4	0.4	0.3	0.7	2.5
Aggregate labour productivity (% , y/y)	-0.6	2.0	3.9	1.2	3.0
Average gross nominal wages (% , y/y)	-0.1	2.9	3.2	4.4	6.2

Source: Czech Statistical Office (ČSÚ), Eurostat

For the fifth consecutive year, the Czech economy maintained robust real economic growth, which is estimated at 3 per cent¹. A key determinant lies in the growth of household consumption as a main component of the aggregate demand. It is driven mainly by wage and salary growth, low unemployment and general confidence in the economy. On the investment side, a higher drawing of the ESI funds is expected towards the end of the EU programming period, but also the private sector might start up much-needed innovation of technical equipment due to the relative increase in labour costs. Confidence in the economy persists despite growing international uncertainties, such as Brexit and tensions in international trade with the United States. However, it is clear that in Q3/2018 the economy went over a peak of economic boom and began to slowly cool down.

Public finances keep gaining from favourable economic conditions. After a record surplus of 1.5 per cent of GDP last year, a mid-term peak and a surplus of 1.6 per cent of GDP² is projected to be reached in 2018. An increase in salary expenditure is fully offset by the increase in tax and social contribution revenues or the revenues from the European budget. Regarding state debt, the Czech public finances are outperforming the majority of EU member states. Particularly the debt of the government sector is now falling to the estimated 33 per cent of GDP. This represents a consecutive decline in the five-year period by 11.9 percentage points.

Surprisingly, 16 per cent of the Czech society (above the average in the EU) perceive the government debt as one of the country's two biggest problems.³

From the beginning of 2017, year-on-year consumer price growth has been above the Czech National Bank's 2 per cent inflation target. A prediction of the average inflation rate for 2018 is 2.2 per cent, with rising dynamics in the year that follows.⁴ Wage and salary growth, rising fuel prices, but also still the central bank's four-year monetary interventions, terminated in April 2017, are among the main pro-inflationary drivers. It is also important to study inflation in a more detailed breakdown. While prices for consumer goods and electronics have fallen sharply in recent years, to the contrary basic foods (butter, eggs) or housing costs have grown manifold.

The average gross monthly nominal wage reached CZK 31,062⁵ (approximately EUR 1,180⁶) in the first half of 2018. Real wage growth in the whole economy is estimated to be higher than 6 per cent this year. Such dynamics of the wage level in the private and public sector was influenced both by an economic boom on the labour market and the government's activities. Above all, there is record low unemployment, which increases the demand for labour while the labour supply lags behind. Therefore, strong competition occurs between employers in recruiting and retaining workers. Other significant factors

¹ Ministry of Finance of the Czech Republic: Survey of Macroeconomic Forecasts – November 2018.

² Ministry of Finance of the Czech Republic: Fiscal Forecast – November 2018.

³ European Commission: Standard Eurobarometer 89 – March 2018

⁴ Ministry of Finance of the Czech Republic: Survey of Macroeconomic Forecasts – November 2018. & Czech National Bank (2018): Inflation Report / IV. Prague: Czech National Bank.

⁵ The Ministry of Labour and Social Affairs: Analysis of income and expenditure of households in the Czech Republic in the first half of 2018 and forecast for the next period)

⁶ Based on Czech national bank's average exchange rate in 2017 at CZK 26.33 = EUR 1. This rate is used in the whole review.

are the government's pay rise for a number of long-term underfinanced public service and administration sectors (e.g. workers in social services, culture, education and healthcare). The situation in those low-income sectors has also proven to be positively affected by the minimum wage rise.

In terms of unemployment, the Czech economy is experiencing the best period since the country's independence. The unemployment rate of 2.3 per cent in Q3/2018 is not only the lowest in Europe, but also among all the advanced OECD countries. In some regions, the rate has dropped even below 2 per cent, which allows including certain disadvantaged groups, such as the long-term unemployed, back into the labour market. At the end of August, the Czech Labour Office registered only a total of 215,622 job seekers for almost 316,900 vacancies. The employment rate continued to grow in 2018 and reached 59.3 per cent in Q3/2017. In spite of good macroeconomic

indicators, there are still serious structural weaknesses in the labour market, be it the low employment of women, workers' over-qualification or the estimated high risk of job loss resulting from digitization.

According to Czech Statistical Office data, only 9.1 per cent of Czechs lived below the poverty line in 2017, creating the impression that Czechia is the least poor country in the EU. This statistic enables an international comparison, however, at a cost of ignoring not only a significantly lower poverty line of CZK 11,194 (about EUR 425), but also the issue of asset seizures and insolvency – one of the country's most alarming social systemic problems affecting a fifth of the population (including relatives and children). Almost half a million people have even three or more asset seizures, which have had dramatic impact on their disposable income and possessions. Fundamental distortion of poverty statistics also applies to the Gini coefficient of 24.5, which misleadingly points to one of the lowest levels of income inequalities.

State policies

General elections in November 2017 resulted in a great victory of the ANO movement, previously the second largest coalition member. The movement chairman, a billionaire and former finance minister, Andrej Babiš was entrusted with the formation of the government. In his first attempt, he created a minority government of the victorious movement itself, which, however, did not gain confidence in the Chamber of Deputies in January 2018. President Miloš Zeman then assigned Babiš a second attempt to form a government, to which he invited the former coalition partner of the Social Democrats (ČSSD). They, similarly to the German pattern, decided to enter the coalition following an internal party referendum. Those two parties did not reach the majority of MPs, forcing the ANO movement to negotiate support from the Communist Party (KSČM) based on programme concessions.

Consequently, the second government of minority character led by Prime Minister Babiš entered office on 27 June 2018. The confidence of the Chamber of Deputies was gained on 12 July. Several changes to ministerial posts have already taken place since the establishment of the government. The Minister of Justice from ANO resigned after accusations of plagiarism in higher education. This happened prior to the vote about confidence in the government. Only a week later, for the same reason, the Minister of Labour and Social Affairs from ČSSD left office. A third change occurred at the Ministry of Foreign Affairs, which was in the core of personal disagreement between ANO, ČSSD and the President, the latter refusing to appoint a ČSSD minister nominee. The ČSSD chairman provisionally led the ministry himself until he was replaced mid-October by a full-fledged minister from his party.

The first Babiš' government without confidence realized only a few policies in the first half of 2018. Nonetheless, it has launched an action on the edge of political campaigning and economic policy. In order to increase investment activity, the government has gathered information on planned construction of transport infrastructure, investments in public buildings, sports facilities or healthcare to establish an investment plan by 2035 through which the government could prioritize funding for important buildings and centralize investment management. In order to fund the regions' wishes, a new state investment support fund is to be established. The final requirements of the regional and municipal representatives' amount to CZK 3.5 billion, which multiply exceed any state finance capacities.

Sadly, this plan can in no way compensate for the total absence of a comprehensive economic policy. Until the end of 2017, the Action Plan for Growth and Employment has been in place, securing a practical strategy on the basis of which the government consulted economic and social measures with social partners as well as representatives of regions and municipalities. Unfortunately, it was abandoned immediately after Andrej Babiš became the Prime Minister. An annual National Reform Programme required by the European Commission can be thus considered the sole economic strategy.

What is more, such status quo has negative consequences for wage convergence towards Western European standards as well as financial and technological dependence on foreign inputs compensated by excessive outflow of economic profits. The solution, unfortunately, requires a complex inter-departmental approach and a

sophisticated economic strategy. In this respect, all state policies are only partially effective.

The government has been so far able to enforce some changes in the pension system. Since 1 January 2019, the fixed (solidarity) part of the pension will correspond to 10 per cent of the average wage, thus growing by one percentage point. This measure will strengthen the solidarity element at the expense of the merit part of a pension. In addition to automatic annual valorisation, senior citizens of 85 years (about 200,000 people) will receive an additional CZK 1,000. Among those changes, the Minister of Labour and Social Affairs plans to address other shortcomings in the Czech pension system: reduction of the gender pension gap, early retirement of people in more demanding professions or the extended flow of financial resources into the pension system in the future.

One of the main topics of the government constitutional negotiations was the reimbursement of the first three days of employees' illness that had been abolished in 2008. This condition laid down by the Social Democrats and supported by both the Communist Party and the trade unions

eventually gained support in the Chamber of Deputies. If the amendment passes through the Senate and is signed by the President, it may enter into force from July 2019. From then on employers will again be required to pay 60 per cent of the employee's wage even in the first three days of illness. As compensation for the higher costs, the employers' compulsory contribution to health insurance will be reduced by 0.2 percentage points.

Regarding family policy, as of January 2018 the tax deduction for the first child rose. In December 2017 a new benefit allowing fathers to take a week-long paternity leave was introduced, followed by other changes bringing more flexibility to the parental allowance and a childbirth benefit that can be accessed by a larger number of families. An increase in the contribution to multiples (twins, triplets etc.) as well in child allowance for working parents is also applicable. The government plans to further increase the parenting allowance, support so-called children's groups in order to solve lacking capacity in public kindergartens, or introduce job sharing that would enable part-time hiring parents or senior staff.

Industrial Relations

The positive trend of wage growth in the economy stems partly from negotiated measures on the tripartite level, especially in the low-income sectors. It indisputably involves a consequential increase in the minimum wage, which is set by a government decree. By a decision of the previous government of Bohuslav Sobotka, it increased to CZK 12,200 (EUR 463) as of 1 January 2018 bringing a 10.9 per cent increase over the previous year. In the first half of 2018, the minimum wage in relation to an average wage reached 39.3 per cent.

However, the minimum wage issue is subject to heated negotiations in social dialogue every year. It comes as no surprise that a recent (October 2018) proposal of the Ministry of Labour and Social Affairs supported by the unions introducing growth by CZK 1,500 to CZK 13,700 (EUR 520) triggered a great deal of emotion. The minister has reduced the proposal to CZK 1,200 after initial negotiations. Employers' representatives have suggested growth of CZK 800, with even CZK 1,000 being acceptable by them as well as the prime minister. The final government's decision usually meets between the requirements of social partners, who rarely find a compromise. A final figure agreed upon amounted to CZK 1,350 and the minimum wage will therefore reach 13,350 (EUR 507) from the beginning of 2019. For a long time, there has been a consensus across interest groups about giving a try to set up an automatic minimum wage growth mechanism to prevent the

tripartite struggle every year. This is also the intention of the government expressed in its Programme Declaration. However, the minimum wage negotiations have proven to be very unlikely for such an agreement. The initial kick-off of the Ministry of Labour sets a goal of maintaining the relation of the minimum and the average wage at 50 per cent from 2020 on. The mechanism with this relation would ensure the fulfilment of the basic functions of the minimum wage and also the desirable predictability of its development and the stability of the social environment.

Intense negotiations at the tripartite level also concerned public sector salaries. Payments to certain groups of employees have significantly increased since 1 November 2017, primarily those of teachers by 15 per cent and social workers by up to 23 per cent due to the abolishment of tariff classes at the lowest tariff levels. Other public sector employees have enjoyed a pay rise since 1 January 2018, with the highest increase in the health sector of 10 per cent.

Salary negotiations for the next year can be divided into two levels. The main question concerns the percentage growth in the individual sectors. Although the expected result counted for an average of 6 per cent growth, the pressure of the Minister of Labour and the unions finally ensured an average of 8 per cent (their requirements started at 10 per cent), partly as an answer to the trade unions' demonstration held on 12 June.

The second question relates to the form of the rise – while the trade unions supported a flat increase, the ANO movement together with employers eventually defended a differentiated increase allowing them to reward some employees more than others.

The most significant increase took place again in education sector, with teachers' salaries growing by 15 per cent and those of non-pedagogical workers by 10 per cent. In spite of original plans for September 2018, its effect was eventually postponed to the beginning of next year with another pay rise. Teachers' remuneration is an important nation-wide topic because after years of savings in this area Czech teachers are the most poorly paid in the EU. However, it was apparently not considered a sufficient reason by the Ministry of Finance to include any promised future increase in the medium-term spending framework.

Collective bargaining has mostly been successful due to high economic growth and substantial company profits. Double-digit wage growth was thus possible not only in education or social services, but also for some of the largest private employers or many other foreign-owned retailers.

The biggest case of company-level negotiations brought to the table not only the employees' representatives with the employer, but also the trade union, the confederation, the Minister of Industry and Commerce as well as the Prime Minister and the British Ambassador. The discussed topic was the owner's plan to sell **ArcelorMittal Ostrava** to the British Liberty House Group. The company currently employs 6,000 people (nearly 7,000 with its subsidiaries included). One of the main conditions to completing the transaction is approval by the European Commission and a deal with trade unions. These terms are set in order to prevent the ArcelorMittal Group from achieving a dominant market position after its purchase of the largest European steel mill in Ilva, Italy.

However, the unions active in the metallurgical company set in Ostrava sent the European Commission objections to the sale, claiming it does not meet the condition of long-term sustainability. Even the prime minister asked Liberty House to prove future sustainability through a written multi-year sustainability plan addressing future investments in Ostrava's steelworks. After a series of unsuccessful negotiations, the buyer succumbed. The government is currently awaiting the European Commission's comment on its emission allowance transactions and investment plan.

After two years of bargaining in the banking and insurance sector and nearly a year-long strike alert, the Association of Banks and Insurance Companies and the Union of Workers in Finance and Insurance reached an agreement – the new higher-level collective agreement signed in October is expected to enter into force in December 2018, securing the relations for a period of two years. The most escalated negotiations were conducted in ČSOB, the second largest bank in the Czech Republic and a part of the Belgian KCB Group. The company-level trade unions adopted various measures, including media pressure, a strike alert, support from ČMKOS, and employing the Ministry of Labour and Social Affairs as a mediator.

In order to stress the unequal conditions of traditional taxi services against digital platforms like Uber and Taxify, taxi drivers organized a number of pressure activities: rallies and marches/transits through the city of Prague to block important roads. Disputes over Uber in particular have led the Ministry of Transport to sign a Memorandum of Understanding, the obedience of which is to ensure proper tax administration of all drivers. The ministry is also preparing an amendment to the Road Act, which should fix the legislative loophole that has so far allowed unfair competition. The problem, however, was not only in Prague, but also in Brno, the second largest city. At the end of the year, the Constitutional Court renewed the interim measure by which the Regional Court prohibited Uber from providing its services in Brno. According to the court, Uber is not only an intermediary but also a service provider.



Tripartite social dialogue

After a four-year period of rebuilding a viable tripartite model including regular policy consultation, the Tripartite Social Dialogue in the Czech Republic continues to play an important role in the decision-making process, mainly on the strategic level. The tripartite secretariat also remained a part of the Office of the Government of the Czech Republic.

Both Coalition Agreement and Policy Statement of the new government mentions social dialogue. The Preamble of the Policy Statement states: “The Government will continue to work with social partners. We want to hear the views of business associations as they often come up with rational opinions to improve the work of state bodies. Employees and their trade unions will be a key partner for us because the points they raise provide important feedback for the actions taken by the Government.”⁷

The plenary meeting is the ultimate platform of Tripartite Social Dialogue. In 2018, there were seven meetings that dealt with important issues such as proposal of the Program Statement (of both two governments of Andrej Babiš), draft amendment to the Act on Pension Insurance, the status of drawing of EU funds, draft amendment to the Civil Service Act, an issue of reducing working time, the

National Reform Program, an increase in salaries of staff working in the budgetary sphere for the year 2019, the state budget for 2019, the minimum wage and the future of construction of nuclear blocks.

While employers’ organisations have stable membership without significant changes, the Czech-Moravian Confederation of Trade Unions (ČMKOS) grew due to a continuing campaign “The End of Cheap Labour” and successful negotiations across the country. Since August, ČMKOS represents 30 trade unions, because the Alliance of Railway Traffic have joined. On 27 April, ČMKOS presented three major policy proposals, out of which one has already been pushed through the Chamber of Deputies – partial reimbursement for the initial three days of illness. The second proposal asks for an increase in the statutory annual leave from four to five weeks, which is already applied in a majority of companies. The third and the most controversial is a reduction of working hours from 40 to 37.5 per week. On the company level, new unions have emerged in big foreign companies such as Amazon, Karlovy Vary Mineral Water, H&M, Marks & Spencer and UNI HOBBY.

Forecasts

Despite good macroeconomic conditions, a series of deep structural problems persist in the economy. They are likely to manifest themselves during the upcoming economic cooling and while faced with current global trends such as digitization. Similarly, there is a lack of addressing serious problems at the household level: in particular, housing prices represent a huge social risk due to the absence of a state housing policy. Not even the proposed changes in the area of asset seizures are likely to break the vicious circle of household insolvency. Both these issues could lead to intensifying inequalities causing social tensions with political consequences.

The European Commission's initial proposal for the new MultiAnnual Financial Framework 2021-2027 suggests that Czechia could lose up to 24 per cent of its allocated cohesion funding, risking to stall several dependent national investment areas. A lower allocation is also predicted for the common agricultural policy, while Community Programs administered centrally might be strengthened. Unfortunately, the Czechs have not seized the chance of drawing them.

A likely economic downturn or at least a cooling of the boom will take effect as early as 2019. This decline will be accompanied by rising unemployment, lower wage dynamics and consequently lower natural growth in government revenue. Less European funding together with an economic downturn and consequent financial challenges will test the ability of political representation to prioritize in the medium term.



⁷ Policy Statement of the Government of the Czech Republic (2018).

Annex - Information About:

- Collective Bargaining System

Collective bargaining is regulated by law, in terms of both the process and the content. Obligations arising from collective agreements are binding on the contractual parties and the fulfilment of such obligations is legally enforceable. Czech law distinguishes between company-level collective agreements (CLCAs), concluded between the relevant trade union body and an employer, and higher-level collective agreements (HLCAs), concluded for a greater number of employees by the relevant higher-level trade union body and an organisation or organisations of employers. The most prevalent level of collective bargaining in the Czech Republic is the company level; however, there is no central register of CLCAs. For collective bargaining at the company level,

the legally binding minimum is – if an HLCA applies to the relevant employer – those obligations negotiated in the higher-level agreement.

Extension of the binding nature of HLCAs to another employer is possible under the conditions set by law. The Ministry of Labour and Social Affairs holds the relevant powers. Agreements are extended based on a proposal made by both contractual parties to the agreement, provided that the conditions determined by law are met. The number of strikes and strike emergencies are limited due to legal requirements on the voting of two-thirds of the employees in order to legally pursue a strike.

- System of tripartite social dialogue

The tripartite forum at the national level, the Council of Economic and Social Agreement (Rada hospodářské a sociální dohody, RHSD) is the country's main social dialogue institution. The work of the RHSD is strictly consultative. For some areas of government decision-making it serves as a main platform for searching for consensus, such as the minimum wage or special immigration procedures. However, all the important legislative or strategic documents are discussed on the tripartite level. The government nevertheless takes a stance.

The top negotiating body of the tripartite organisation is the Plenary Meeting, where the government delegation is represented by eight members, employer organisations by seven representatives – namely from the Confederation of Industry of the Czech Republic (Svaz průmyslu a dopravy ČR, SP ČR) and the Confederation of Employer and Entrepreneur Associations of the Czech Republic (Konfederace zaměstnavatelských a podnikatelských svazů ČR, KZPS ČR) – and the union confederations by seven members – namely from ČMKOS and the Association of Independent Trade Unions (Asociace samostatných odborů ČR, ASO ČR). Criteria for participation are set in the RHSD Statute. Conclusions of the tripartite meeting are approved by all participants of the talks. If consensus fails to be reached and common conclusions fail to be accepted, different opinions of the delegations on the issues at hand are published.

The areas on which the RHSD comments are defined by the RHSD Statute: economic policy, labour relations, collective bargaining and employment, social issues, public service wages and salaries, public administration, safety at work, development of human resources and education, and the Czech Republic's position within the EU. In particular, the first and the last areas are very broad and may encompass a range of various policies, which are broadly discussed on a tripartite level and social partners are given large say in the government decisions. In a European perspective, the Czech Republic is one of the countries in which tripartite concentration covers a wide array of activities. Tripartite meetings are institutionalised also on a working level, mainly in the area of economic, EU-related and tax policies.



- Social security systems

- Health

All Czech citizens (employees) are covered by health insurance.

- Pension

The Czech pension system stands on two pillars. The first pillar is a mandatory basic pension insurance funded on a pay-as-you-go basis. More than 99 percent of people of retirement age are covered by this defined benefits (DB)

pillar. The second (conventionally called the third) pillar is voluntary complementary additional pension insurance with state contributions, defined by contributions (DC) made to the program.

- Unemployment

Unemployment benefits are paid to job applicants. A job applicant is a natural person with residence in the Czech Republic who applies for mediation of suitable employment and, while complying with legally-prescribed requirements, is included in the job applicant register maintained by the Labour Office. The job applicant can be only a natural person who is not in a labour-law relation/service, or self-employed, without foreign income, or a pupil or student preparing for a future occupation. A natural person cannot become a job applicant at the time when the person is recognized

as being temporarily incapable to work, under jail sentence or in custody, drawing maternity benefits, or disabled. Eligible for an unemployment benefit are citizens with residence in the Czech Republic who: a) In two years prior to their registration in the job applicant register had at least 12 months of pension insurance, b) Asked the regional office of the Labour Office where they are registered to be in the register of job seekers to provide unemployment benefits and c) Is not a beneficiary of an old-age pension on the day on which the unemployment benefit is to be granted.

- Education and vocational training

Training of employees is regulated by Act No. 262/2006 Coll., Labour Code in Articles 227-235. Under these, the employer is obligated to take care of employees' professional (vocational) development. This includes: induction training and on-the-job training; professional practice for school graduates (internship); improvement of qualifications; and qualification upgrading. If an employee starts employment with no skills or qualifications, the employer has to arrange for an induction or on-the-job training; this is considered as part of the employee's paid work. The employer also has to arrange induction training or on-the-job training as necessary for an employee who is transferred to a new workplace or to a new type of work due to a decision made by the employer. During the economic recession companies reduced their own investments in staff training to decrease costs. However, a few public schemes and programmes supporting professional training have been created, in particular thanks to resources from the European Social Fund. Awareness about the importance and benefits of employee education has been growing over the long term. The subsidy programs were thus of great interest to enterprises and many employees got a chance to expand their skills and knowledge in the

time of crisis. The in-company training system is better developed in big companies. Thanks to public support, professional education has likely expanded among smaller companies as well; they started pursuing this topic to a greater extent. More attention was paid to staff training in companies with foreign ownership (however, this training is more often present in big companies). Professional training has likely expanded among staff with lower education as well, while in the past it was primarily a domain of highly-qualified workers. On the contrary, professional education was not likely to occur, for example, among temporary agency workers who were not encouraged by public schemes. The issue of vocational training is traditionally a standard part of collective agreements, especially at the company level; however, universal regulations prevail. A system, which would imply an obligatory contribution to a dual education system, is repeatedly raised by social partners but is regularly dismissed on the ground that companies have no obligation to become members of the employer organisations.

- Employment rate (*age group 15-64 years*)

Year	2013	2014	2015	2016	2017
Employment rate (%)	67.7	69.0	70.2	72.0	73.6
Employment rate - males (%)	75.7	77.0	77.9	79.3	80.9
Employment rate - females (%)	59.6	60.7	62.4	64.4	66.2

Source: Eurostat

- Registered rate of unemployment according to ILO methodology
(%, *average of year*)

Year	2013	2014	2015	2016	2017
Unemployment rate (%)	7.0	6.1	5.0	4.0	2.9

Source: Czech Statistical Office (ČSÚ). This source is usually used when dealing with data on the labour market in the Czech Republic. These data are measured by the Labour Force Sample Survey and has been fully harmonised with the standards of Eurostat and has corresponded to the contents of Council Regulation (EU) No. 577/98.

- Youth unemployment rate (*age group 15-24*)

Year	2013	2014	2015	2016	2017
Unemployment rate (%)	18.9	15.9	12.6	10.5	7.9

Source: Czech Statistical Office (ČSÚ)

- Specific unemployment rates (*Q2/2017*)

Age group	Rate of unemployment - total (%)	Rate of unemployment - males (%)	Rate of unemployment - females (%)
15-19	17.1	21.0	12.8
20-24	6.1	4.7	8.0
25-29	3.2	2.9	3.6
30-34	2.6	2.2	3.1
35-39	2.1	0.9	3.8
40-44	1.3	0.8	1.8
45-49	1.3	0.9	1.7
50-54	1.7	1.5	2.0
55-59	2.0	1.5	2.6
60-64	1.9	2.4	1.1
65+	0.7	-	-

Source: Czech Statistical Office (ČSÚ)

- Average monthly salaries

Year	2013	2014	2015	2016	2017	2018
Average nominal gross monthly wage (%)	964	936	975	1027	1120	1210

Source: Czech Statistical Office (ČSÚ), for calculation to EUR was used an average exchange rate of the year; *preliminary data; **data from Q2/2018; as an exchange rate used 2017 average.

- Gender pay gap in unadjusted form (%)

Year	2013	2014	2015	2016
GPG (%)	22.3	22.5	22.5	21.8

Source: Eurostat

The gender pay gap is one of the main structural problems of the Czech economy that creates strong inequalities and does not allow the economy to fulfill its potential by making full use of the offered human capital. The Czech Republic is a country with the second highest gender pay gap in the EU, i.e. 21.8 per cent compared to the EU average of 16.2 per cent. In addition to strongly feminised low-income sectors and vertical discrimination, the extreme gap is

caused by the lack of institutional support for reconciliation of work and family life and a lack of positive incentives to shared care. The study "Actual differences in remuneration of men and women in the Czech Republic"⁸ also showed that if there is a collective agreement in the workplace, the average pay gap is 3 percentage points lower than without any agreement. According to a survey, 56 per cent of women and 45 per cent of men have encountered wage discrimination.⁹

- Monthly minimum wage (€)

Year	2013	2014	2015	2016	2017	2018	2019*
MW (€)	313	310	336	366	413	473	507

Source: Eurostat, own calculations; *based on 2017 average exchange rate.

- Actual weekly working hours

In 2001, the Labour Code introduced a maximum limit of 40 hours per week for weekly working hours, which was fully exploited in 21.1 per cent of company level agreements. The average number of actual hours worked per week of full-time employment based on Eurostat data was 40.2 in 2017. It means that an average Czech worker worked more hours than in the 25 European counterparts. The vast majority (92,7 %¹⁰) of collective agreements in 2017 dealt with the issue of working hours. Average collectively agreed working hours have amounted to 37,5 hours a week¹¹ (where they were explicitly stated in the agreement). At the beginning of 2019, the Chamber of Deputies should discuss a proposal to set five instead of the current four weeks of guaranteed vacation leading to reduced working hours.

⁸ KŘÍŽKOVÁ, Alena; VOHLÍDALOVÁ, Marta; POSPÍŠILOVÁ, Kristýna; MAŘÍKOVÁ, Hana (2017): Aktuální rozdíly v odměňování žen a mužů v ČR.

⁹ KYZLINKOVÁ, Renáta (2018): Czech Republic: Latest working life developments – Q1 2018.

¹⁰ Working Conditions Information System (Informační systém o pracovních podmínkách, ISPP), available at <http://www.kolektivnismlouvny.cz/vysledky2017.html>

¹¹ Ibid.

- Normal work/atypical work (Q2/2018; thousands of employees)

Type of job holders	Working full-time	Working part-time	Total
Permanent job holders	3 783,884	202,896	3 986,779
Temporary job holders	276,541	123,226	399,767
Total	4 062,888	326,252	4 389,139

Source: Czech Statistical Office (ČSÚ).

- Migration

Year	2013	2014	2015	2016	2017
Immigrants	29 579	41 625	34 922	37 503	45 957
Emigrants	30 876	19 964	18 945	17 439	17 684
Net migration	-1 297	21 661	15 977	20 064	28 273

Source: Czech Statistical Office (ČSÚ)

- Human Development Index

Year	2013	2014	2015	2016	2017
HDI	0.874	0.879	0.882	0.885	0.888
International ranking	28	27	27	27	27

Source: United Nations Development Programme

- Gini-coefficient

Year	2013	2014	2015	2016	2017
Gini coefficient	24.6	25.1	25.0	25.1	24.5
EU28 ranking	26	27	26	26	24

Source: Eurostat

- Collective agreement coverage

There is no register of company-level collective agreements concluded in the Czech Republic. However, higher-level collective agreements are monitored by the Ministry of Labour and Social Affairs of the Czech Republic. In 2017, a survey led by the Ministry of Labour and Social Affairs on wage and working conditions found that there was 1,737 company-level collective agreements from 27 trade unions representing almost 900,000 employees. Above these, there were 19 higher-level collective contracts, which is one more than in 2016.¹²

One reason for the domination of company level collective agreements can be seen in the domination of the one-workplace – one-union principle in the Czech Republic that has been a legacy of decentralization after 1990. Some attempts have been made to create a more sectoral approach with no tangible success in terms of creating an increased number of sectoral agreements. As of 2018, four collective agreements on the sectoral level are valid, covering workers in (i) agriculture, (ii) glass and ceramics industry, (iii) the textile and leather industry and (iv) transport.¹³

Year	2008	2009	2010	2011	2012	2013	2014	2015
Collective bargaining coverage (%)	49.6	44.3	51.1	49.2	49.7	48.9	45.4	46.3

Source: OECD, Collective bargaining coverage represents percentage of employees with the right to bargain.

¹² Ministry of Labour and Social Affairs (2017): Informace o pracovních podmínkách.

¹³ Ministry of Labour and Social Affairs, available at: <http://www.mpsv.cz/cs/3856>.

• Ongoing important collective bargaining agreements

There are no special or most important collective agreements, even on the company or sectoral level. The economic recession had an impact on collective bargaining as late as in 2009. Impacts of the crisis on collective bargaining and conditions agreed in collective agreements differ by sector because different sectors have been/were affected by the crisis differently, or with a delay. Although the situation still differs by sector and company, according to ČMKOS collective bargaining is more stable and trade unions are more ambitious. Collective agreements, especially company-level ones, address a

wide range of issues related to labour law, such as the reduction of working hours without reducing wages and leave entitlement. The agreements also cover employment conditions, for example fixed-term work, part-time work and temporary agency work. Furthermore, the agreements consider social policy, such as employee recreation and transport, as well as continuous vocational training and health and safety. Collective agreements usually also set principles for cooperation by the contractual partners. The content structure of collective agreements has remained unchanged for years.

• Trade union density

The overall and long-term trend, as in other EU countries, is decreasing membership of trade unions and this has not been markedly affected by the crisis. This continuing downward trend has affected the majority of trade unions in the country. Public trust in trade unions in the Czech Republic oscillates around 40 % in the last years.¹⁴ Trade union density is estimated to be 10.5 per cent in 2016 according to the OECD.

An economic development as well as a series of trade unions' successful negotiations resulted in some new unions emerging in companies such as Amazon, Karlovy Vary Mineral Water, H&M, Marks & Spencer and UNI HOBBY.

• Employer's organizations density

According to OECD¹⁵, the employer's organizations density was about 64 per cent in 2014. It means that members of those organizations employed 64 per cent of employees in the private sector.

• Workplace representation

Employees' representatives – that is trade unions, Works Councils, and safety at work and health protection stewards – are statutorily required to keep employees in all workplaces duly informed about their activities and about the content and conclusions of all information and negotiations with the employers. Employee representatives must not be disadvantaged, advantaged or discriminated against because of their membership in a Works Council. Trade unions play by far the most significant role in employee representation by virtue of regulation in terms of competency but also in practice from the perspective of occurrence, function in social dialogue and particularly collective bargaining. Only trade unions can represent employees in labour relations, in collective bargaining by concluding collective agreements and in tripartite negotiations. Regulation of the role and prerogatives of trade unions is

codified by law. In 2008 judgments in the Constitutional Court reinforced the position of the Works Councils at the expense of the trade unions. The court ruled against the provision that the Works Council had to be dissolved if a trade union was subsequently established. Employees may be represented by a Works Council that, however, does not have legal status and only acts as a mediator between the employers and their employees in order to ease the flow of information and consultation within a company. However, Works Councils are still rare in the Czech Republic. Another institution deriving from European labour law, the European Works Council, has become more common since 2006. It has become one of the main channels for handling situations where local managements were trying to impose tougher conditions than were normal in Western Europe (for example Deutsche Bahn AG or SAP SE).

¹⁴ CVM (2018): Důvěra k vybraným institucím veřejného života – březen 2018

¹⁵ OECD (2017): "Employer organisation density"

- Trade union mapping

	in Czech	In English	
Name of TU Federation/ Confederation/Trade Union	Českomoravská konfederace odborových svazů	Czech-Moravian Confederation of Trade Unions	
Founding Year	1990		
Sector/Branch	All sectors in the national economy.		
Cycle of Congresses/ Last Congress	4 years/27 April 2018		
Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)	Name	Function	Homepage
	Josef Středula	Chairman	www.cmkos.cz
Number of Members	29 trade unions are affiliates with approximately 310,000 members (Source: ČTK).		
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	Member fees, revenue from leased assets, services for members, projects supported by European Structural Funds		
Cooperation in national committees	Member of the Czech tripartite body Council of Economic and Social Agreement of the Czech Republic (RHSD)		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	European Trade Union Confederation (ETUC)	International Trade Union Confederation (ITUC) Trade Union Advisory Committee to the OECD (TUAC)	

	in Czech	In English	
Name of TU Federation/ Confederation/Trade Union	Asociace samostatných odborů	Association of Independent Trade Unions	
Founding Year	1995		
Sector/Branch	All sectors, but agriculture and transport prevail.		
Cycle of Congresses/ Last Congress	1 in 4 years min.		
Important Functionaries (Chairman, President, International Secretary, Youth Leader, etc.)	Name	Function	Homepage
	Bohumil Dufek	Chairman	www.asocr.cz
Number of Members	13 trade unions affiliated in 2017 with 85,000 members in 2016 (Source: ČTK).		
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	Membership fees.		
Cooperation in national committees	Member of the Czech tripartite body Council of Economic and Social Agreement of the Czech Republic (RHSD)		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	Not member of any regional umbrella association	Not member of any global association	

- Employer's Organisation mapping

	in Czech	In English	
Name of the association	Svaz průmyslu a dopravy České republiky (SP ČR)	Confederation of Industry of the Czech Republic	
Founding Year	1990		
Sector/Branch	Industry and transport in general		
Cycle of Congresses/ Last Congress	Twice a year min./1 November 2018		
Important Functionaries (Chairman, President, Director, etc.)	Name	Function	Homepage
	Jaroslav Hanák	President	www.spcr.cz
Number of Members	11,000 companies employing approximately 1.3 million employees (Source: SPČR)		
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	Member fees, services (technical consultancy, education, etc.) for members and non-members, PR activities (fair presentation, etc.).		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	BusinessEurope	The Business and Industry Advisory Committee to the OECD	
		International Organisation of Employers	

	in Czech	In English	
Name of the association	Konfederace zaměstnavatelských a podnikatelských svazů České republiky (KZPS ČR)	Confederation of Employer and Entrepreneur Associations of the Czech Republic	
Founding Year	1990		
Sector/Branch	All sectors; public sector, construction and cooperatives prevail		
Cycle of Congresses/ Last Congress	Once a month/n. a.		
Important Functionaries (Chairman, President, Director, etc.)	Name	Function	Homepage
	Jan Wiesner	President	www.kzps.cz
Number of Members	8 employer and entrepreneur associations with 22,000 entities and 1.3 million employees. (Source: KZPS ČR)		
Finance (major sources of finance, please comment on the official figures applying a sensitive approach)	Member fees, services (consultancy, education, etc.) for members and non-members, PR activities (fair presentation, etc.).		
Cooperation in national committees	Member of the Czech tripartite body Council of Economic and Social Agreement of the Czech Republic (RHSD)		
Memberships	Regional Umbrella Associations	Global Umbrella Associations	
	BusinessEurope	Not member of any global association	

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