



## Situation in Czech Republic in connection with COVID-19

### Update: 6.5.2020

The next stage of the release of security measures is approaching in the Czech Republic. From May 11, other shops and other cultural facilities will open, such as museums and galleries. The outdoor areas of restaurants can also open, sports and cultural events for up to 100 participants. Schools are also partially opening up - for pupils in the final years of primary and secondary schools, so that they can prepare for entrance examinations for the next level of education. As for shops, smaller ones are already open, bigger ones will open on Monday 11.5. The sale takes place under very strict hygienic measures, for example, it is not possible to try on clothes. Customers can view the books, but the books must go then to quarantine and return to the counters after a certain period of time. Likewise, books returned in libraries must be quarantined.

Czech citizens can travel, but upon return they must present a certificate of passing the Corona test with a negative result or go to quarantine. Commuters are a big problem for the country, especially from Slovakia and Poland. It is important workforce of our car producers and steelworks. On the Czech side, the rules are already released so that they allow work, but are not aligned with the rules in force in Poland and Slovakia. However, bilateral negotiations are under way to remove barriers.

Unemployment in the Czech Republic has already risen, but so far very slightly, by half a percentage point. However, the main increase is expected in summer or autumn. Employers are still hesitant, or employees are on notice.

As far as production in the metal industry is concerned, many companies with blocked/discontinued production are producing again. The situation in each sector is as follows:

- According to the Association of Employers in the Automotive Industry, most companies run on a third, maximum two-thirds of their performance. Production of Iveco buses, for example, has resumed. Some companies are also starting to lay off workers, such as the car glass manufacturer AGC Automotive. According to the association of employers in the automotive industry, 40% of companies are working on/preparing dismissals of workers. Car production fell very sharply in March - by 36%. Overall, due to the shutdowns in March and April, production in the Czech Republic can be expected to fall by about 12% of total annual production; in addition, this number is likely to increase further in the course of 2020. For suppliers, sales are estimated to decline by about 45%.
- In the electrical engineering industry, employers consider the inability to get people, goods or materials across borders to be the biggest problem. These are both directions, sending experts to carry out contracts abroad is still virtually impossible. Businesses also lack a workforce from abroad - not only workers' professions, but also specialists.
- The steel industry is facing problems within the expedition, there are lower demands from abroad. In Ostrava, one of the blast furnaces is temporarily closed down. So far, state aid/help has been minimal for large companies, the employers in the steel industry state.

- In the foundry industry, there are problems in the supply of raw materials for production. Starting operations after the crisis fade away and release will not be easy. The production of aluminium castings for the automotive industry has stopped. Other industries take only limited quantities of castings. The production capacities of aluminium foundries are used to approx. 60%. Iron foundries are not so much tied to the automotive industry, the orders are currently about 80% of production capacity. This situation is due to two factors, one is a slight decrease in orders and the other one is the impossibility of commuting workers from abroad.

The Government is preparing to expand the “Kurzarbeit/Short Time Working” Program, which should help companies in the longer term until their revenues return to normal. Trade unions and employers are striving for to make this a long-term program that can be used in situations other than the current coronavirus crisis.

Trade unions and employers have put pressure on the Government to be consulted on planned measures, which has so far been minimal. The Tripartite meeting is scheduled for May 25, with the main topic being measures to help the economy. According to unions, in the coming months the Government should focus mainly on ensuring that companies have access to cash, without which they cannot function elementarily. In most matters, trade unions and employers share this view, with the exception of employers' demand for remission of employees' social security contributions they are obliged to pay. The unions do not agree, as they fear a lack of resources to pay pensions and other social benefits.