



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

Update: 20.5.2020

The Czech Statistical Office has already published some economic data for the first quarter of 2020. According to a preliminary estimation, gross domestic product fell in the first quarter by 3.6% quarter-on-quarter and by 2.2% year-on-year. Since the beginning of the year, year-on-year exports fell by 5.1% and imports by 4.5%.

Industrial production in the 1st quarter of 2020 after excluding seasonal effects was lower by 3.0% compared to the 4th quarter of 2019. It decreased by 4.6% year-on-year (March 2020 / March 2019 - 8.7%). Revenues from industrial activity at current prices were 3.0% lower year-on-year in 2020 Q1. The average registered number of employees in industry decreased by 2.4% year-on-year in 2020 Q1.

The development of motor vehicle production in April this year will enter the history of the Czech automotive industry. The lockdowns caused by the coronavirus pandemic caused a dramatic drop in April production by 88.5%. Between January and April this year, the lockdown caused a year-on-year drop in production of 152,799 motor vehicles (-31.1%). Thanks to the start of production in companies Hyundai and ŠKODA AUTO, a total of 14,589 passenger cars were produced in April.

The general unemployment rate, as defined by the ILO, in the age group 15-64, remained at 2.0% in 2020 Q1. However, the number of unemployed persons increased in April compared to March - as of 30 April 2020, the Labour Office of the Czech Republic registered a total of 254,040 jobseekers, their number was 28,362 higher than at the end of the previous month, compared to the same period in 2019 it is higher about 44,212 people. The Ministry of Labour is considering a temporary increase in unemployment benefits and an extension of the period during which these benefits can be received. According to the currently valid legislation, the unemployed receive benefits for a period of 5 months, if they are older than 50 years, then 8 months and the unemployed older than 55 years 11 months. The amount of support depends on previous earnings, the average amount for 2019 was about 290 euros per month.

In the Czech Republic, in connection with the CORONA-19 crisis, a temporary system of short time work scheme (Kurzarbeit), the so-called Antivirus, was adopted. Under it, the State contributes to employers to compensate the wages of employees who do not perform work, because the employer does not have it for them due to a decrease in sales. These employees receive 60-100% of their previous salary, depending on the agreement between the employer and the company's trade union. In the metal industry, the compensation is usually around 70%. The State contributes 60% to these compensations, including contributions to insurance systems. This means that in case of compensation of 70%, the State pays 42% and the employer 28%. According to published statistics, the State has so far supported more than 500 thousand jobs. Based on the request of trade unions and employers, the Government is preparing changes of the existing temporary system and its

extension. The Ministry of Labour is also working on the preparation of a new system that would be valid on a permanent basis and would also help in circumstances other than the current coronavirus crisis.

In the Czech Republic, restrictive measures are gradually being released, and most shops and service establishments are open. Restaurants can open from 25.5., now it is possible to have refreshments only in their outdoor areas. Schools are partially open, but personal participation of pupils is not mandatory. There are also smaller cultural events with the number of participants up to 100 people, this limit is gradually increasing. Most companies are already producing again, in some cases on a limited basis. With the coming summer months, the Government is paying increased attention to travel. Czech tourists will probably be able to travel without restrictions on holiday to the sea, for example to Croatia or the Austrian mountains. Upon their return, however, they will have to prove themselves with a negative test or go to a two-week quarantine.