



Situation in Czech Republic in connection with COVID-19

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Life in the country has largely returned back to the track. Children can go to school voluntarily, there are school leaving examinations, university entrance exams and final exams at universities. Shops and restaurants are open, sports and cultural events take place with a partial limitation of the number of people gathered. Veils are still mandatory in public buildings and means of transport. People can already travel to some countries (e.g. Croatia, Hungary, Austria) without having to undergo disease tests. Travel agencies offer new summer holidays.

The number of infected people is increasing very slowly, outbreaks are under surveillance, and the early warning system is working. In the entire period since the outbreak of the disease, a total of 329 people died in the Czech Republic, which has a population of approximately 10.6 million.

However, the economic situation in the country is not good. Hotels and restaurants mainly lack foreign tourists. Although industrial enterprises have resumed production in most cases, they are far from running at full capacity. According to statistical data in the Czech Republic, GDP fell by 2% year on year in the first quarter. Since the beginning of the year, year-on-year exports fell by 13.2% and imports by 9.6%.

In April, industrial production fell by 33.7% year on year in real terms. The biggest decline was recorded by the driving force of the Czech economy - the automotive industry, which fell by 80.1% year on year in April. The value of new orders in April 2020 in the monitored industries decreased by 42.0% year-on-year. The average number of employees in industry decreased by 3.2% year-on-year in April 2020. The average gross monthly nominal wage of these employees in April 2020 fell by 5.6% year on year.

Unemployment has so far increased only slightly, mainly due to the notice period and also due to the measures taken. Based on the Antivirus B program, approved and in operation at the beginning of April, the State contributes to employers for compensation of wages of employees for whom the employer has no job. The program is currently effective until August 31, 2020. In addition, another part of the program, called Antivirus C, is being approved. Based on it, some smaller employers will be exempted from paying social security contributions for employees for a period of 3 months, which amounts to 24.8% of the volume of wages. The condition will be, for example, that the employer does not lay off and reduce wages or do not live in a tax haven outside the EU. Politicians are currently arguing over how large companies this program will be intended for – Members of Parliament approved the limit of 50 employees, the Senate returned the proposal with a request to increase the limit to 150 employees. In addition, larger employers can benefit from a deferral of social security contributions until 20 October 2020, for such late payments the normal penalty has been reduced by 80%.

The Government has also approved and is gradually approving other measures aimed at maintaining corporate liquidity. These are mainly loans and credits with State guarantees. However, according to

employers, these programs do not work very well, they are too bureaucratic and the amount of money is not enough.

In some sectors, sometimes in the metal industry, the problem is that foreign workers from Eastern Europe and non-EU countries cannot come to the country. This applies both to work in agriculture and, for example, in the automotive industry or the steel industry.

MPs also approved a long-debated amendment to the Labour Code. It includes, in particular, the implementation of the new Posting of Workers Directive or the regulation of the shared job. The entire text of the amendment was approved in advance by the representatives of employees and employers; fortunately, the Deputies themselves did not propose any negative changes. In addition to one change, the aim of which was to expand the possibility of using agreements on the performance of work, which are one of the forms of risky employment in the Czech Republic. Fortunately, this proposal by the right-wing Member was not approved.