



COVID-19 Measures implemented in Czech Republic to 20.4.2020

In Czech Republic, the obligation to wear mouth and nose protection is maintained everywhere in public, i.e. once a citizen leaves his / her apartment, house, or garden, he / she must deploy protection. Mandatory protection is expected for several months. In a country with a population of less than 10.7 million, as of April 20, there were 6,787 people with a proven disease, 188 people died.

Nevertheless, life in the country is beginning to return very slowly to normal ways. Starting Monday, April 20, a program for opening more shops and establishments is launched. In the first wave, farmers' markets, car shops and artisan shops open. Furthermore, all smaller shops will be opened. More establishments will be added by the beginning of June, restaurants will be opened in the last wave of opening. It is not planned to organize mass events with the number of people over 50 (theatres, concerts, festivals, etc.) in the foreseeable future. Strict hygiene measures, such as frequent disinfection, adherence to distances, restrictions on the number of people in the facility, etc. must be observed in all premises.

Production of so far closed enterprises has been started. For example, the automotive companies have a plan to open their businesses - Hyundai has started production on April 14, followed by ŠKODA Auto on April 27 and TPCA on May 5.

The opening of schools is not yet foreseen. From 25 May, primary schools should be opened, with attendance being optional and more likely to be babysitting than education. Parents staying at home with children are excused from work and receive a social benefit of 60% of their earnings (with reductions in case of higher earnings). Such compensation, as the Government itself acknowledges, is not sufficient, and it is therefore proposed to increase this allowance to 80%.

In Czech Republic, the "Kurzarbeit system" (Antivirus Program) was launched for the first time. Meanwhile, it is expected to be operational by the end of April, but the Government already acknowledges that it will have to be extended. Within Antivirus Program the State contributes 60% to wage compensation, including employers' contributions. Compensation to employees can range from 60 to 100% of their gross wage, but overwhelmingly it is from 60 to 80%. The actual amount depends on the agreement of the trade union organization with the employer (in some sectors outside OS KOVO the amount of compensation is also included in sectoral agreement), where the unions are not existing, the employer can determine the amount within this range.

In order to facilitate the financial situation of citizens, a number of measures were approved, in particular the possible postponement of loan and mortgage payments for up to six months. Citizens living in rented flats cannot be terminated by the end of 2020 due to non-payment of rent.

In the President's opinion, the borders should be closed for two years.

The Government is submitting another proposal to change the State budget, the deficit should be increased for the second time. In 2020, the Government expects the economic output to decline by 5.6% (the OECD forecast is 6.5%). The deepest decline is expected in foreign trade and fixed capital

investments. However, household consumption should also be lower. In 2020, the average inflation rate should reach 3.2%, next year it could slow down to 1.6%. There should also be an increase in the unemployment rate; a specific estimate has not yet been published. The economic situation should be also significantly reflected in earnings dynamics, especially in 2021, when the average real wage could fall down.