

# Inflation and pay rise in the Czech Republic

December 2022

Inflation in the Czech Republic is very high, one of the highest in the EU. In October 2022, it was above 15% year-on-year.

The government has taken some measures, for example by capping energy prices for households and small businesses. It is currently discussing an energy price cap also for large businesses. Some social benefits have been increased and the number of people entitled to them expanded. There have been extraordinary valorisations of pensions.

The real wage in the metal sector fell by 5.6% in the first half of 2022. Negotiations are underway to increase the minimum wage for next year. These negotiations are very demanding, as the government wants to eliminate the system of guaranteed wages, which is minimum wages graded according to the complexity, responsibility, and effort of work.

A sectoral agreement for the electrical industry was negotiated in OS KOVO, but it only applies to a fraction of companies in this sector. The increase in average wages in 2023 will be 5%. Most of the surcharges were also increased. Negotiations on a sectoral contract with the Association of Aerospace Manufacturers are ongoing, so far without agreement.

Also at company level, negotiations are taking place. It has already been possible to conclude several collective agreements with high-quality commitments. However, the pay rise is usually not enough to cover the extremely high inflation. Some company unions also negotiated financial compensation for this year. On the other hand, there are companies where negotiations are not going well and more serious conflicts are already looming, for example, in Nexen Tire Europe, a strike is feasible.

**Edited by industriAll Europe**