

Labour Market Developments in the Czech Republic

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August, 2006

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Abbreviations used (Czech version in brackets)

ALMP (APZ)	Active Labour Market Policy
CR (ČR)	Czech Republic
CSO (ČSÚ)	Czech Statistical Office
CSSA(ČSSZ)	Czech Social Security Administration
DLO (ÚP)	District Labour Office
ESA (SSZ)	Employment Services Administration
EU	European Union
LFS (VŠPS)	Labour Force Survey
LLL	Life Long Learning
LTU	Long term Unemployment
LRP	Lisbon Reform Programmeme
MoL (MPSV)	Ministry of Labour and Social Affairs
MF (MF ČR)	Ministry of Finance
RILSA (VÚPSV)	Research Institute for Labour and Social Affairs at the MoL

EXECUTIVE SUMMMARY

- The June parliamentary elections ended in a stalemate with the Lower Chamber (Chamber of Deputies) divided 100 to 100. Two months after the election date, the country is still run by the previous government and the new Chamber has no chairperson; the constitutional deadlock may last for several more weeks.
- As a result, there has been no policy action taken during the recent months.
- The Ministry of Finance finally revealed the full budgetary consequences of the fiscally irresponsible policies adopted shortly before the elections and designed to take effect as of January 2007. Given the stalemate, it is not clear whether these policies, for example, the doubling of parental benefits, will be postponed or cancelled quickly to prevent serious consequences to the Euro-adoption convergence programme.
- Meanwhile, 2006 appears to be the fourth year of robust growth for the Czech economy, which grew in real terms by over 7% during the first quarter of 2006—the highest growth on record.
- This sustained economic growth continues to slowly chip away at unemployment.

1 Introduction

This report looks at developments in the Czech Republic since the previous quarterly report in April 2006. It is an unusual report as its reporting period covers the last weeks of the parliamentary election campaign and the first two months of thus far unsuccessful post-election negotiations. Hence, there is no policy action or planning taking place during the reporting period and it is even very hard to guess, which of the policies adopted during the several pre-election months and designed to become effective in 2007 will survive. The uncertainty about pre-election policies results from both the uncertain outcome of the political negotiations and from new information arriving on the fiscal consequences of these policies. For these reasons, in this quarterly report, we provide little new information in the policy section and instead give more details on recent and expected economic developments. But first, a short summary of the political situation:

The elections were won by the Civic Democratic Party, which campaigned under flat-tax slogans, and which, together with its two natural coalition partners, the Christian Democrats and the Greens, holds 100 seats in the 200-seat Lower Chamber of the Czech Parliament.² The ruling Social Democratic party came in second, but, together with the unreformed hard-line Communist party, controls the other 100 seats. The stalemate is powerful as any government needs 101 votes to gain confidence and 101 votes are again needed in an eventual no-confidence vote. Hence, once any government is sworn in, it will be very hard to remove it.

The negotiations have thus far been unsuccessful and several failed attempts to vote in a new chairperson of the newly formed Chamber of Deputies resulted in a constitutional gridlock. The Civic Democratic party first formed a government coalition with its two partners, but failed to negotiate support from Social Democrats. In the last few days, it appears more likely that Civic Democrats will seek support from all parties (except Communists) for a minority government. Early elections are another possibility, but Social Democrats may stand to lose from this option. Social Democrats, on the other hand, prefer closer cooperation between the two largest parties, including nomination of ministers and allocation of powerful administration positions.

² The election result was heavily affected by changes in regional vote-counting formulas introduced under the so-called opposition-agreement Social-Democratic government of Prime Minister Zeman. While the Lower-Chamber elections are supposed to be designed as proportional, the new formulas require that small parties (those just above the 5% threshold), need almost twice as many votes per seat than the largest parties.

2 Update on Economic and Labour Market Trends³

GDP Growth

In the first quarter of 2006, the Czech economy's annual real growth rate was 7.4%—the highest growth recorded since the start of the quarterly time series in 1995. Rapid growth was propelled by manufacturing, where real annual value-added grew by almost 20%.

The key contribution to growth comes from recently established production capacities built by foreign investors, which export much of their production. (Export grew in real terms by 17% while import rose by 15.3%.) There is a dual economy of high-productivity foreign-owned companies and low-productivity local ones. Companies with foreign owners gradually take control of the Czech industry; these businesses account for almost 59 % of aggregate industrial sales. Total industrial production rose by 12.2 % annually in May and by 3.4 % when compared to the previous month; the main areas of growth are transport equipment, steel and metal products, and electrical and optical devices.

During the last two years, the realised GDP growth has repeatedly surpassed official forecasts, thus improving the public budget deficits. As a result of the strong first-quarter growth, the Finance Ministry raised its estimate of this year's economic growth to 6.2 % from the previous 5.6 %. Growth is expected to slow down to 5 % in 2007. According to the most recent assessment of the Central Bank, the Czech economy's growth surpassed non-inflationary rates. So far the Bank is not worried about wage growth contributing to inflationary pressures as possible inflationary pressures from increased demand for labour and declining unemployment are eased by increasing numbers of foreign labour. However, there is clear fiscal uncertainty (more on this below) and recent inflation rates were above the Bank's interval estimate so the Bank imposed a hike on the basic interest rate in July.

The annual growth rate in consumer prices was 2.6% in July 2006, down from 2.8 % at the end of February, when regulated energy prices rose, and down from 3.1 % in May. Recent forecasts leave the average rate of inflation at 2.6 % for 2006 with slight increase in 2007. The main contribution to inflation comes from regulated prices and its low level is due to a strengthening crown, which cushions the negative impact of expensive oil and gas on the Czech economy.

During the last few years, the realised fiscal deficits were below expectations largely due to the unexpectedly high tax revenues (economic growth). However, this scenario is unlikely to be repeated again this year as pre-election promises (spending rules approved in the parliament) have done more than pre-empt any possible rises in tax income. A local investment company, Patria Finance, predicts that the government sector deficit

³ A table providing key economic and labour market indicators is attached at the end of the report.

without net loans and subsidies to bail-out agencies will grow to 3.7 % of GDP this year from 1.8 % last year. (The other economic imbalance, the current account deficit, should be close to 3 % of GDP in 2006.)

The Finance Minister already admitted that the government will have to put off the validity of some of the new laws; otherwise, state budget deficit may climb to CZK 174 billion in 2007, the highest deficit in history, while the ‘convergence’ target agreed on with the EU is CZK 90 billion. Currently, a plan for budget cuts is being prepared within the (old) government, but its fate is uncertain.

The first likely victim is the new law on health insurance, which transfers responsibility for insurance payments for the first two weeks of illness to employers, in exchange for a cut in social insurance contribution rates. Next, the doubling of the parental benefit may be postponed, as may be the complex change of welfare benefits described in our previous reports. The current political uncertainty combined with the fiscal irresponsibility of the pre-election period thus seriously threatens the planned 2010 Euro adoption in the Czech Republic.

Wage and Income Developments

The 2005 real wage growth stood at only 3.5%—the lowest rate in over a decade. The first available results from 2006 suggest only a modest upswing to 4.0% as of the first quarter (6.9% nominal). Wage growth proceeded at similar rates in the enterprise and budgetary sectors of the economy. Reasonable wage development thus appears to be one of the fundamentals of economic growth.

The latest report of the ESA MOL gives growth of aggregate labour productivity in 2005 at 5%, while only 1 %age point was due to more labour being employed. Similarly, the higher wage growth in the first quarter of 2006 is also more than outpaced by the corresponding 7.1% increase in macroeconomic productivity (15% in manufacturing). In a different comparison, labour productivity measured by sales per employee was up by 10.9 % in May.

Looking across industries, wage growth was highest in market services and relatively low in manufacturing and construction; wage growth was abrupt in the public health sector (at 10.5%), where an administrative increase in wage grids took place in September 2005. Finally, we also note that the growth rate of social transfers in 2005 was somewhat higher than in 2004, thanks in part to higher old-age pensions and health insurance benefits.

Employment and Unemployment

The years of rapid economic growth since 2003 finally started to translate into some employment growth in 2005, when the Czech employment rate rose by 0.4 of a %age point on the background of a little change in the inactivity rate. These small increases continued in the first quarter of 2006, which recorded an employment rate by 0.7 of a %age point higher compared to the corresponding rate as of a year ago. The sectors contributing the most to increasing employment were manufacturing (especially automobile production and its suppliers), real estate and education.

On the other hand, using seasonally adjusted data, there is very little change in the number of ILO unemployed in the first quarter of 2006 when compared to the last quarter of 2005. Using the annual window of comparison is more favourable as the first-quarter ILO unemployment rate of 8.0% is 0.4 of a %age point lower than it was in the same period of 2005. The most critical aspect of Czech unemployment, its high share of long-term unemployed also improved. The long-term unemployment rate declined year-to-year by 0.4 of a %age point, yet remains (at 4.2%) above the EU-15 average.

The most recent unemployment statistic available at the time of writing is the July registered unemployment rate (reported by MoL), which also shows signs of improvement. Specifically, it declined from 8.8 in 2005 to 7.9 in 2006. The July figure is somewhat higher compared to the June registered rate, but this is entirely due to the seasonal inflow of recent school graduates; in fact, the July monthly increase in 2006 has been the smallest observed since 1992. Similarly, the June registered unemployment was below that of May for the first time since 1992. Finally, the EUROSTAT unemployment rate (as of June 2006) is 7%, below the EU25 average of 7.8%.

An important change occurred in the number of registered vacancies. As of July 2006, there are over 88,000 vacancies reported to the Labour Offices, while the corresponding figure from July 2005 was about one third lower. The slow decline in unemployment may thus indicate a growing mismatch and/or powerful welfare traps (work disincentives). However, a large portion of the increase in the number of reported vacancies is likely due to non-reporting sanctions introduced in the first quarter of the year so one cannot draw strong conclusions.

The ESA of the MOL recently released its comprehensive bi-annual report on labour market developments (see link in the list of references). The report focuses on registered unemployment and highlights the rising shares of disabled unemployed as well as those over 50 years of age. Further, the report stresses persistent discrepancies between skills demanded and supplied at the regional level. Major territorial differences in unemployment rates persist; the highest-unemployment district of Most reports an unemployment rate of 21% and a ratio of unemployed to vacancies of approximately 20.

In sum, strong economic growth, manifested in a rapidly rising number of vacancies, translates into continuous but thus-far only small increases in employment and declines in unemployment rates.

Investment

The largest planned future investment, negotiated in 2005, is, again, in automobile production. The car-maker Hyundai recently announced that despite problems at its mother company, it would launch construction of a new major plant in the high unemployment region of North Moravia in December. Hyundai will be the third major car producer after Skoda Volkswagen and TPCA (Toyota Peugeot Citroen Automobile). The total investment is expected to exceed EUR 1 billion.

3 Labour Market Policy Developments

3.1.1. Introduction to broad policy and/or institutional changes or plans

Our 2005 reports reviewed in detail a set of major legislation restructuring the Czech social support and welfare schemes. The legislation introduced a job-search bonus, strengthened in-work benefits and improved sick pay arrangements. We also noted, in the first 2006 report, that the MPs have made the scheme proposed by the MoL more generous. In particular, they doubled the parental benefits and increased other key parameters of the system. However, given the discussion provided above on the fiscal consequences of these and some other changes, adopted during the election campaign and designed to become effective as of January 2007, it is now likely that many of these approved laws will be postponed or retracted. Similarly, should a right-wing (coalition) government form, it is possible that the recently approved new Labour Act, which strengthened the role of Trade Unions, is redrafted.

3.1.2. Implementing employment policies aimed at achieving full employment, improving quality and productivity at work, and strengthening social and territorial cohesion.

The flagship government programme in this area is the continuing effort to lure foreign direct investment (FDI) into the Czech Republic. It now appears that the car-producer Hyundai will build a major production facility in North Moravia (see above).

3.1.3. Attracting and retaining more people in employment, increasing labour supply and modernising social protection systems

- *Promoting a lifecycle approach to work (Guideline No.18)*

Unfortunately, the issue of the overdue pension reform did not appear among the key topics of the recent parliamentary election campaign. Worse still, even after the elections it is not clear that any possible future coalition government will be able to tackle the issue seriously in the near future. A recent sociological study revealed that the majority of the population rejects any increases in retirement age (despite a decade and a half of significant increases in longevity and low fertility rates). According to a recent Math-Insurance Report on Social Security by the MoL, the current PAYG pension system will start generating substantial debts (on the order of 5% of GDP) as soon as 2050.

Furthermore, it is not clear that the current pension system provides optimal pro-work incentives. On the one hand, the above-mentioned Math-Insurance Report points out that the number of people opting for early retirement has slowly decreased in recent years, thanks in part to lower monetary incentives. On the other hand, the Report shows that implicit taxation of labour income for workers with age above the statutory retirement age is growing and in the case of some demographic groups (men, earning below average) the implicit tax rate even exceeds the rate faced by prime-age workers.

The population of the Czech Republic has increased slightly for the fourth year in a row, thanks mainly to the influx of foreigners, according to an annual report on population development published by the Czech Statistical Office (CSO). The number of births increased in 2005, such that it reached the level last observed in 1995. However, this may not signal much of a future improvement in fertility as it is in large part due to large cohorts entering fertility age. Currently there are 1.28 children born per woman in reproductive age, which makes the Czech Republic's fertility rate one of the lowest in the world. Furthermore, the average age at first birth continues to rise, from 26.3 years in 2004 to 26.6 last year.

Even after the recent rise in the number of births, the Czech mortality rate is still outpacing the birth rate. Hence, it is immigration that supports the size of the Czech population. Last year, more than 60,000 foreigners came to live in the Czech Republic which equals more than half the number of babies born in this country last year. Yet, at the end of 2005, foreigners living in the Czech Republic still represented mere 2.7 % of the total population. Most of them are Ukrainians, Slovaks, and Vietnamese. Since EU entry in 2004, however, more and more EU citizens (primarily Poles and Slovaks) are choosing to work in the Czech Republic. Recent figures show a large increase in their numbers in the last twelve months: some 20,000 newly registered workers from EU states.

- *Ensuring inclusive labour markets, enhancing work attractiveness, and making work pay for jobseekers, including disadvantaged and inactive people (Guideline No.19)*

As planned, the statutory minimum wage increased by 5.1% on July 1 2006, following a similar increase in January 2006. These increases are guided by the notion that a high statutory minimum wage is enhancing work attractiveness among low skilled workers and has minimal adverse impact on labour demand. In 1998 the minimum wage was 30%

bellow the statutory minimum living standard of single person. According to the MoL, after the last increase, the minimum wage will exceed the minimum living standard (in net terms) by 52%.

The MOL expects that even after the hike, the minimum wage will cover only 2-3 % of employees. As we explained in previous SYSDM reports, the statutory minimum wage constitutes an anchor for wage tariffs used in collective bargaining and so shifts in the minimum wage can automatically shift the whole tariff grid upward. There is no analysis available providing credible evidence on the actual impact of the statutory minimum wage. Finally, the statutory minimum wage also serves as an administrative parameter affecting the amount of state contributions to social and health insurance budgets for people out of the labour market (children, sick people, disabled people, pensioners, etc). An increase of the statutory minimum wage is procedurally a relatively simple way for the government to redirect flows of funds within the state budget; i.e. to increase the revenue of the health insurance scheme whose deficit is skyrocketing.

In June, the president signed a new code on workplace safety, which will be put into effect in January 2007. The new code introduces professional coordinators of occupational safety at construction sites.

- *Improving the matching of labour market needs (Guideline No.20)*

The difficulty of hiring workers experienced by some of the newly-built (FDI) plants, even those located in high-unemployment areas, indicates that residential mobility of the labour force is a major obstacle to efficient matching of labour market needs. It is therefore important to dismantle rent control, which still covers around 750,000 flats in the Czech Republic. A recently approved law aimed at gradually adjusting rents to market levels with a series of 14-% annual increases over the next four years. Recent announcements by the Ministry of Regional Development now suggests that rents of rent-control apartments will grow by almost 20% a year on average between 2007 and 2010, with the increase being faster in Prague.

The MoL, in a partnership with the Chamber of Commerce, launched a pilot project the Labour Market Institute--employment services support system. The project is run within the framework of the EU's Operational Programme Human Resources Development. The goal of the project is to increase capacity and improve quality of employment services; that is to complement the agenda of the Labour Offices. It is not entirely clear why the funds are not spent on the under-staffed Labour Offices themselves. The pilot takes place in five selected regions and should be finished in mid 2008.

Shortly before elections, the government also increased funds allocated to ALMP by a one-time injection of CZK 450 million. Given that the originally planned 2006 expenditures on ALMP were substantially lower than in 2005, this injection will result in an annual nominal spending growth of about 4%.

3.1.4. Improving adaptability of workers and enterprises

- *Promoting flexibility combined with employment security and reducing labour market segmentation, having due regard to the role of the social partners (Guideline No.21)*
- *Ensuring employment-friendly labour cost developments and wage setting mechanisms (Guideline No.22)*

3.1.5. Increasing investment in human capital through better education and skills

- *Expanding and improving investment in human capital (Guideline No.23)*
- *Adapting education and training systems in response to new competence requirements (Guideline No.24)*

A recent study by the National Training Fund (2005) confirmed that the Czech Republic has an extraordinarily low participation of the adult population in life-long learning (ranking 21st within the EU25). In particular, those above 45 years of age do not participate at all. The study also stresses relatively large regional differentials in access to life-long learning.

A new bill intended to facilitate the acquisition of further qualifications and life-long learning will become effective in August 2007. The law creates a framework for the recognition of qualifications acquired through non-formal and informal learning. The law will make it possible to acquire a generally recognised certificate of a specific professional competence level regardless of how it was acquired. To obtain the certificate, those interested have to take an exam with an authorised commission. A list of full or partial qualifications which can be validated and recognised along with the relevant evaluation standards will be part of the National System of Qualifications, which is currently under development. The question remains whether the System will be developed before the relevant date of August 2007.

3.2. Policy developments and the Country Specific Recommendations

In this section we relate recent policy developments to the Commission's assessment of National Reform Programmes that was appended to the Annual Progress Report 2006.

Recommendation	Progress achieved and relevant sources
Continue public finance reform	No developments due to election-related policy inaction.
Pension system reform	No developments due to lack of political consensus.
Increase labour market flexibility.	<p>A set of legislation (described in previous SYSDER reports) that reduced the inactivity trap was expected to be put into effect in 2007, but may be postponed because of fiscal costs. The legislation introduced a job-search bonus, strengthened in-work benefits and improved sick pay arrangements.</p> <p>A schedule for removing rent control in housing should help labour mobility.</p> <p>The new labour code brings somewhat wider contractual freedom (working time accounts), but fails to lighten dismissal rules for those on permanent contracts.</p>
Seek greater inclusion in the labour market (disabled, Roma population, and resident ethnic minority).	<p>Pilot projects were launched to encourage part-time employment. It is not clear why they should be effective.</p> <p>Joint income filing lowered taxation of married couples and raised work disincentives for 2nd earners (women).</p>
<p>Improve education:</p> <p>More effort to increase investment in human capital so the proposed reforms in the educational system can be fully implemented.</p> <p>Greater effort to implement a comprehensive lifelong learning strategy, and especially in continuing education.</p> <p>Increase incentives for individuals and employers to invest in training.</p>	<p>Intentions (but no specific action plans) were announced to raise the share of general education programmes at the expense of unemployment-generating apprenticeship programmes.</p> <p>A new law on certification of informal education was approved.</p>
Focus attention on the most disadvantaged groups in the labour market; regional disparities in unemployment; and the gender dimension.	<p>Old-age pensioners are not eligible for income tax credits.</p> <p>No progress in lowering regional disparities.</p>
Careful assessment of new measures to be put into effect.	No major changes in assessment announced.
Modernisation of public employment services	A pilot project of Labour Market Institutes is in progress.

4 Recent labour market reports, surveys and other documentation

MoL - ESA

Information on trends in pecuniary household incomes and revenues for 2005 [Informace o vývoji peněžních příjmů domácností a životních nákladů za rok 2005].

<http://www.mpsv.cz/cs/2737>

National action plan for employment 2004-2006.

http://portal.mpsv.cz/sz/politikazamest/narodni_politika_zam

New bi-annual report “Analýza vývoje zaměstnanosti a nezaměstnanosti v roce 2005” [Analysis of employment and unemployment in 2005].

http://portal.mpsv.cz/sz/politikazamest/trh_prace

New regular MoL - ESA monthly and quarterly press briefs on registered unemployment.

<http://www.mpsv.cz/clanek.php?lg=1&id=32>

New reports of the MoL on income and wage developments.

<http://www.mpsv.cz/clanek.php?lg=1&id=625>

News on minimum wage - minimální mzda

<http://www.mpsv.cz/cs/2214>

CSO (Czech Statistical Office)

Time series: http://www.czso.cz/csu/redakce.nsf/i/casove_rady

Latest indicators: <http://www.czso.cz/csu/csu.nsf/aktualniinformace>

Quick Information: <http://www.czso.cz/csu/csu.nsf/archivri?openform>

Labour and Social Stats: <http://www.czso.cz/csu/edicniplan.nsf/aktual/ep-3>

Analysis & Comments: http://www.czso.cz/csu/redakce.nsf/i/analyzy_csu

Časové řady: Mzdy [Time series: wages]

<http://www.czso.cz/csu/csu.nsf/informace/cpmz08300505.doc>

Časové řady: Konjunkturální průzkum [Time series: confidence indicators]

http://www.czso.cz/csu/redakce.nsf/i/kpr_cr

New annual report on demography

<http://www.czso.cz/csu/edicniplan.nsf/p/4007-06>

http://www.czso.cz/csu/redakce.nsf/i/publikace_o_obyvateľstvu

RILSA (Research Institute for Labour and Social Affairs at the MOL)

New reports and studies available at <http://www.vupsv.cz/zpravy.htm>

[Socio-economic conditions of self-employed in the society] Sociálně ekonomické postavení osob samostatně výdělečně činných ve společnosti (průběžná zpráva za rok 2005). /Kotýnková, Magdalena – Baštýř, Ivo – Bruthansová, Daniela – Novák, Jaroslav - projekt Moderní společnost a její proměny - Sociálně ekonomické postavení osob samostatně výdělečně činných ve společnosti

[Migration of experts abroad and demand for skilled labour] Migrace odborníků do zahraničí a potřeba kvalifikovaných pracovních sil. (anglická a německá verze) /Vavrečková, Jana a kol. - projekt Moderní společnost a její proměny - Riziko možného odlivu kvalifikovaných odborníků z ČR do zahraničí

[I.Euquality of men and women, II.Support of balanced participation of men and women in decisionmaking processes] I. Rovnost mužů a žen v dokumentech EU a ČR. II. Podpora vyvážené účasti žen a mužů v rozhodovacích procesech. III. Odměňování manažerů. Dílčí studie /Suchomelová, Miriam - Fischlová, Drahomíra - projekt Moderní společnost a její proměny - Gender v managementu

[Employment and treatment of children: employers' and employees' perspective] Zaměstnání a péče o malé děti z perspektivy rodičů a zaměstnavatelů. /Kuchařová, Věra a kol.

[Monitoring of labour costs] Monitoring nákladů práce. /Kozelský, Tomáš – Prušvic, David – Vlach, Jan

[Unit labour costs] Jednotkovkové náklady práce - analýza vývoje a úrovně. /Prušvic, David - Vlach, Jan

[Migration potential of the CR after joining the EU] Migrační potenciál po vstupu ČR do EU (výsledky terénního šetření). /Vavrečková, Jana

[Changing risks and chances on the labour market: risk groups on the labour market.] Mění se rizika a šance na trhu práce. Analýza postavení a šancí vybraných rizikových skupin na trhu práce. /Vyhlídal, Jiří – Mareš, Petr

Protection and Support Measures for Third Country Nationals Street Children in the EU Member States. The Case of Prague. Final report. /Horáková, Milada - Hejná, Běla - Bareš, Pavel

[Efficiency of social transfers to eliminate poverty in the CR] Efektivnost sociálních transferů při eliminaci chudoby v České republice. /Trbola, Robert - Sirovátka, Tomáš

NÚOV <http://www.nuov.cz/>

[Curricular reform and design of vocational educational programmes] Kurikulární reforma a tvorba vzdělávacích programů ve středním odborném vzdělávání.

Miscellaneous sources

New [Inflation Report] Zprávy o inflaci. Czech National Bank.

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http://www.cnb.cz/www.cnb.cz/cz/menova_politika/zpravy_o_inflaci/zoi_2006_cervenec.html

New [Macroeconomic forecasts for the Czech Republic] Makroekonomická predikce České republiky. Ministry of Finance. <http://www.mfcr.cz> or http://www.mfcr.cz/cps/rde/xchg/mfcr/hs.xsl/makro_pre_26761.html

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Math-insurance Report on Social Security 2006 [Pojistně matematická zpráva o sociálním pojištění]
http://www.mpsv.cz/files/clanky/2949/zprava_2006.pdf

The Commission's assessments of National Reform Programmes for the CR appended to the Annual Progress Report 2006.
http://ec.europa.eu/growthandjobs/pdf/2006_annual_report_czech_republic_en.pdf

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Table: Key economic and labour market indicators

									2006				
			2001	2002	2003	2004	2005	2006	Q1	Q2	Q3	Q4	
Note													Note
1	Real GDP growth	y-to-y [%]	2.6	1.5	3.2	4.7	6.1 ⁱ⁾	6.2	7.4 ⁱ⁾	6.0	5.7	5.6	1
2	Inflation	EOP, 2000~100%	104.7	106.6	106.7	109.7	111.7	114.7	114.0	114.5	114.9	114.8	2
3	Productivity	y-to-y [%]	102.1	101.1	104.3	104.8	104.8	104.8	n.a.	n.a.	n.a.	n.a.	3
4	Consumer confidence	EOP [%]	-6	-9	-21	-7	-3.2	n.a.	1.9	2.2	n.a.	n.a.	4
5	Unemployment rate (registered)	EOP [%]	8.9	9.8	10.3	9.5	8.9	8.3 ⁱⁱ⁾	8.8	7.7	n.a.	n.a.	5
6	Unemployment rate	EOP [%]	7.9	7.3	8.1	8.2	7.8	7.6 ⁱⁱ⁾	7.7	7.4	7.5	7.6	6
7	Employment rate	EOP [%]	55.1	55.5	54.4	54.3	54.9	n.a.	54.9	n.a.	n.a.	n.a.	7
8	Innactivity rate total	EOP [%]	40.2	40.2	40.8	40.9	40.5	n.a.	40.6	n.a.	n.a.	n.a.	8
9	men	EOP [%]	30.5	30.6	31.4	31.4	31.3	n.a.	31.4	n.a.	n.a.	n.a.	9
10	women	EOP [%]	49	48.7	49.3	49.4	48.9	n.a.	49.2	n.a.	n.a.	n.a.	10
11	ages 15-24	EOP [%]	n.a.	59.7	61.7	64.1	65.2	n.a.	66.7	n.a.	n.a.	n.a.	11
12	ages 25-39	EOP [%]	n.a.	14.0	15.2	14.9	14.7	n.a.	14.5	n.a.	n.a.	n.a.	12
13	ages 40-54	EOP [%]	n.a.	9.0	9.4	8.9	8.2	n.a.	8.0	n.a.	n.a.	n.a.	13
14	ages 55-64	EOP [%]	n.a.	56.6	56.0	54.8	52.6	n.a.	51.8	n.a.	n.a.	n.a.	14
15	Working time	EOP [hours/week]	41.5	42.0	42.0	41.9	41.8	n.a.	n.a.	n.a.	n.a.	n.a.	15
16	Registered vacancies	EOP [thousands]	52.1	40.7	40.2	51.2	52.2	n.a.	70.5	n.a.	n.a.	n.a.	16
17	Days lost through ind. disputes	[days]	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	17
18	Real wages	y-to-y [%]	103.3	106.4	106.0	103.0	102.3	103.6	104.0	n.a.	n.a.	n.a.	18
19	Nominal wages	y-to-y [%]	107.7	106.9	106.8	106.2	104.8	105.9	106.9	n.a.	n.a.	n.a.	19

Abbreviations used

y-to-y: year to year change

2000~100%: value for year 2000 is the base

Yellow background marks forecasts by the Ministry of Finance "Makroekonomická predikce"

n.a. Not available yet

EOP ~ End of the period values

i) Preliminary

ii) Annual Average

Source, definition, link

- CSO, http://www2.czso.cz/csu/redakce.nsf/i/cr:_makroekonomicke_udaje
- 1 MFCR http://www.mfcr.cz/cps/rde/xchg/mfcr/hs.xsl/makro_pre.html
- CSO, http://www.czso.cz/csu/redakce.nsf/i/mira_inflace, Table 4
- 2 MFCR http://www.mfcr.cz/cps/rde/xchg/mfcr/hs.xsl/makro_pre.html, Table 2.2.
- 3 MFCR http://www.mfcr.cz/cps/rde/xchg/mfcr/hs.xsl/makro_pre.html, Table 3.2.
Macroeconomic productivity=GDP in c.p. per worker
- CSO, http://www.czso.cz/csu/redakce.nsf/i/kpr_cr
- 4 Seasonally adjusted balances of confidence indicators
Consumer confidence indicator is difference between answers growth (+) and decline (-) expressed in %
[Konjunkturální saldo je rozdíl mezi odpověďmi ve variantách růst (+) a pokles (-) vyjádřený v %.]
- 5 ESA, Monthly reports, EOP, before year 2004 other methodology used
- 6 CSO. LFS Quarterly Reports, sesonaly adjusted
- 7 CSO. LFS Quarterly Reports, sesonaly adjusted
- 8 CSO. LFS Quarterly Reports, sesonaly adjusted, population 15+, Computed as (1-participation rate)*100
- 9 dtto
- 10 dtto
- 11 dtto
- 12 dtto
- 13 dtto
- 14 dtto
- 15 CSO, LFS, Average weekly hours of work
- 16 ESA, Monthly reports
- 17 not available
CSO. http://www.czso.cz/csu/redakce.nsf/i/pmz_cr
Forecast by MFCR
- 18 Wage index is expressed as % in given quarter relative the same quarter of the previous year
- 19 CSO. http://www.czso.cz/csu/redakce.nsf/i/pmz_cr, Forecast by MF.
Wage index is expressed as % in given quarter relative the same quarter of the previous year