

Labour market

- ***The lowest number of the unemployed since 1996***

In the 1st half of 2008 in the labour market the favourable development of the recent years continues (according to the results of VŠPS). The average number of unemployed people dropped to the level of 1996. Thus, the deceleration of the GDP dynamism was not immediately reflected in the labour market; on the contrary, there are perceivable symptoms of a structural shortage of labour.

- ***The growth of overall employment is accompanied by symptoms of a structural shortage of labour***

The overall employment in the 1st half of 2008 was 4,980.8 persons on average. The increase as compared to the same period of the last year was 104.7 thousand persons and the employment rate in the group of 15 - 64-year-old persons achieved 66.6% (men 75.3%, women 57.8%). However, in the 2nd quarter the employment growth intensity slowed down. In the quarter to quarter terms (from seasonally purged data) it was 0.3%, which is the least for the last six quarters.

At the same time, since the beginning of 2008 only the number of foreigners in the employee positions) has grown by 32.4 thousand to 272.5 thousand persons, which means that they represent a significant part of the overall employment growth. The number of free working positions (according to MPSV) achieved 151.9 thousand in June already, when in the same period of the last year the figure was 123.3 thousand positions and 85.3 thousand positions in the 1st half of 2006. A fifth of the free places consist in the demand for craftsmen and another fifth for auxiliary workmen.

From the employment structure point of view two continuing tendencies are also worth mentioning: a growing share of the secondary sector (mainly processing industry) and a growing number of entrepreneurs without employees with a continuing increase of the number of entrepreneurs with employees.

- ***The number of the unemployed dropped nearly by a fifth***

The unemployment rate dropped by nearly a fifth in the 1st half of 2008 as compared to the same period of the last year and the average number of the unemployed was 232.3 thousand of people. Thus, the general unemployment rate achieved 4.6% (in the second quarter 4.3%), which is the lowest level since the end of 1996 and at the same time significantly lower than the average of EC 27 and the average of the Euro Zone. However, it is - annually and quarterly - the lowest reduction intensity since 2006.

It is true that the decrease of the unemployment rate in regions with above-average unemployment slowed down in the last half of the year, but employment increases in these regions exceeded the average. The number of the long-term unemployed dropped annually in the 2nd quarter by 37.9 thousand to 112.5 thousand persons; however, in the quarterly terms, the decrease rate slowed down. Thus, the rate of people that are unemployed for more than 1 year still represented more than a half of the total unemployment and the effort to reduce this high share - even in the international comparison - is still unsuccessful.

Due to the decrease of unemployment the reserve of potential labour, i.e. persons that do not actively look for a job, but declare that they would like to work, decreased as well. According to a selected survey in the 2nd quarter of 2008 the reserve dropped as compared to the same period of 2007 by 22.7 thousand to 191.9 thousand persons. However, only less than a fifth of this number of persons is able to commence a job within 14 days.

- ***1.9% real growth of wages only***

In the 1st half of 2008 the average gross nominal wage achieved the value of 22,840 CZK, so it increased by 9.1% annually. However, due to the annual growth of consumer prices of 7.1% the real growth only amounts to 1.9%. Moreover, the growth of nominal wages slowed down more in the 2nd quarter, so the wages grew more slowly in the 2nd quarter than in the 1st quarter, in real terms.

- ***Deepening of wage differentiation***

In addition, the average data do not reflect the deepening wage differentiation. The wages in the entrepreneurial sphere in the 1st half grew by 10.6% in nominal terms and by 3.3% in real terms. In the non-entrepreneurial sphere the nominal growth was only 3.1% while in real terms the wages decreased by 3.7%. In the 2nd quarter the average nominal wages in the sphere of education grew by 2.6% and in the sphere of public administration and defence by 3%. The highest growth was manifested by spheres of activities in the sector of real estate and rental, entrepreneurial activities

(13.1%), raw material mining (12.1%), civil engineering and transport, storage and communications (both 11.0%).

The results of structural statistics indicate and approximately two thirds of employees have lower wages than the national average. The variation coefficient of average wages (according to sections OKEČ) grew by 5.6 p.p. to 42.4% in the 2nd quarter. The highest nominal wage (financial mediation) is 2.5times higher than the lowest one (accommodation and catering services).