

Labour market

- ***Favourable development in the labour market continued***

In 2007 favourable trend in the labour market continued. Employment (according to Labour Force Sample Survey) grew for the second year in a row, and in 2007 it increased by 1.9% (i.e. by 0.6 p.p. faster than in 2006) to reach 4,922.0 thousand persons. This employment level represented maximum values for the last 11 years. The y-o-y employment growth in Q4 (2.2%) exceeded the average of the previous quarter.

General unemployment rate in 2007 decreased compared to 2006 by 1.8 p.p. (in Q4 by 1.7 p. p., year-o-year) to reach 5.3% (in Q4 4.8%).

The Czech Republic reached high level of total employment (66.5 % in the age group from 15 to 64). It exceeded the EU 27 average but still failed to reach the level of the EU 15. The employment rate of women was, however, lower compared with the EU 27 average. The unemployment rate was lower than the EU 27 average and the Eurozone average.

- ***Growth of total employment was accompanied by structural changes***

The trend of main structural changes in the labour market shows no changes. In 2007 the proportion of secondary school graduates with GSCE and university and higher professional schools graduates increased. Of the total increase of 93.9 thousand persons employed, 90.2 thousand persons are secondary school and university graduates. The contribution of business sector to employment increased by 0.1 p.p. to 16.2%.

The growth of total employment reflected both in secondary and tertiary sectors (in both the increase was almost 50 thousand persons). In the secondary sector the decisive proportion of increase was fed to manufacturing industry (44.0 thousand persons). Employment in services increased mainly in real estate, renting and business activities, financial intermediation and transport (storage). Employment in secondary sector reaches the highest figures of all the EU countries and, conversely, in tertiary sector it is markedly lower than the EU 27 average.

The number of other employments further decreased mainly among entrepreneurs without employees.

- ***Number of the unemployed continued to fall***

The number of the unemployed in 2007 reached 276.3 thousand persons to be the lowest since 1997. Compared with 2006 the number dropped by 95 thousand persons, in Q4 compared with the corresponding period of 2006 by 86.5 thousand persons.

The unemployment rate decrease was recorded in all regions, mostly in areas with surviving high or above-the-average unemployment rate. The number of the unemployed with higher education was decreasing. Due to lower unemployment the reserve of potential labour force, i.e. persons who do not seek for job activity but declare their willingness to work, shrank.

The number of the long-term unemployed also decreased by 57.2 thousand persons compared with 2006. In Q4 2007 its share dropped for the first time below 50% of total unemployment (48.6 %). In international comparison it still shows high figures.

- ***Wages increased in real terms by 4.4 %***

The average gross monthly nominal wage in 2007 reached CZK 21,692 and compared with 2006 it increased by CZK 1,485 (by 7.3 %). The growth was by 0.9 p.p. higher compared with 2006. Given the growth of consumer prices by 2.8% wages increased in real terms by 4.4 %, in business sphere by 4.6 % and in the non-business sphere by 3.8 %. The real growth was significantly affected by results in Q4 when wages increased by only 1.9% in real terms.

The fastest growth was recorded for wages in agriculture (by 10.2% in nominal terms) and in hotels and restaurants (by 10.5 %), i.e. in industries with the lowest wages. The slowest growth was recorded in health and social care (4.7 %) and in education (5.8 %) where wages are slightly below the nation-wide average but also in financial mediation (4.6%) where wages highly exceed the average.