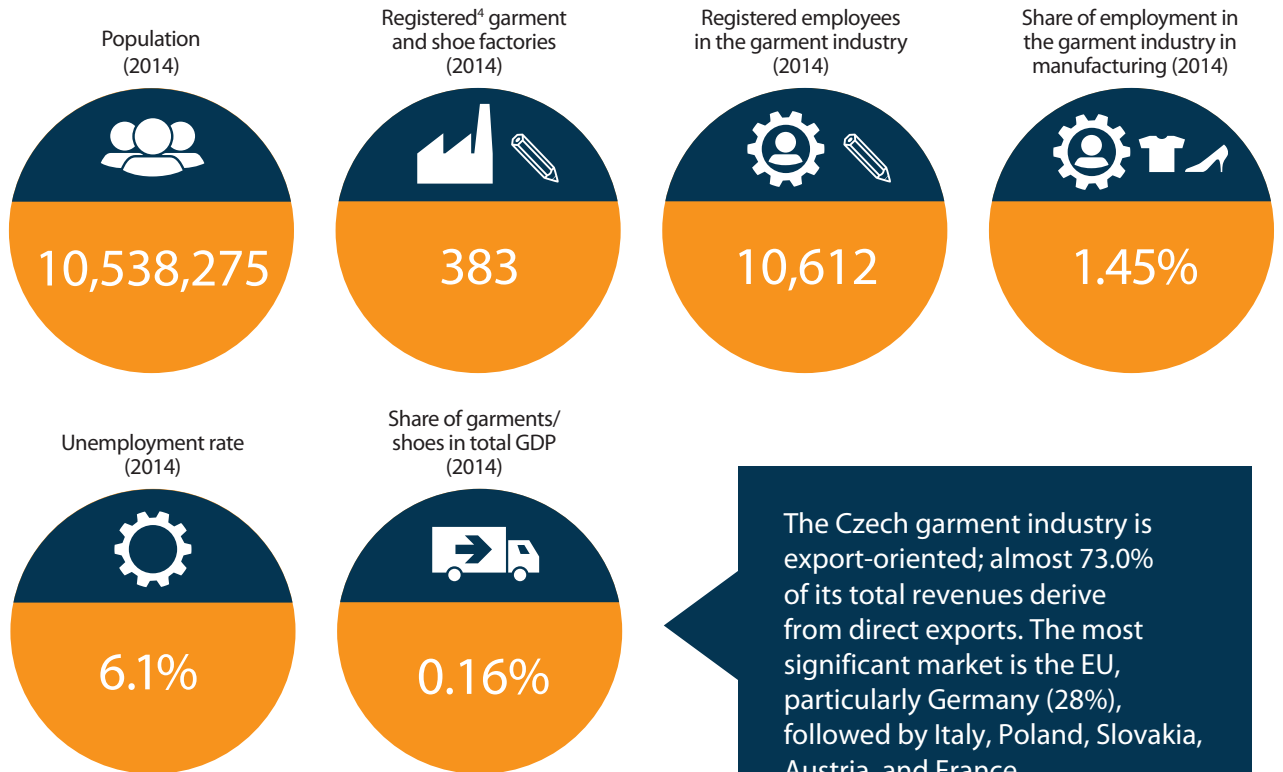


CZECH REPUBLIC



All data is for 2015 where not otherwise noted.

WAGE COMPARISON

	CZK gross	CZK net ¹	EUR gross	EUR ² net ³
Minimum wage as of January 1 st , 2015	9,200	10,622	339	390
Living minimum ⁵ (monthly) for 2 adults with 2 children aged 8 and 16 years ⁶ (subsistence minimum)	—	10,560	—	388
Average wage of interviewed workers – net, including overtime and bonuses	—	11,350	—	417
60% of national average wage (2015) ⁷	15,772	12,926 ¹²	579	499
Garment-industry average wage (2014) ⁸	14,806	14,697	544	540
National poverty line for a family of four (2015) ⁹	20,793	—	—	764
EU SILC – at-risk-of-poverty amount, family of four (2013) ¹⁰	—	—	—	800
National average wage (2015) ¹¹	26,287	22,603	970	831
Estimated minimum living wage according to women interviewed from low-income households	—	26,663	—	980

RECOMMENDATIONS

- As an immediate first step, international buyers must make sure that suppliers' workers are receiving basic net wages (without overtime and bonuses) of at least 499 Euro (60% of the national average wage). As a further step, international buyers, owners of Czech companies and unions, and other relevant stakeholders should engage in a broad discussion about a living wage to push up wages that reflects workers' real needs.
- We call on government, business, trade unions and civil society to actively support the call of European trade unions for a European relative minimum wage threshold of 60% of the national median wages (ETUC 2012)¹³.
- Buyers must analyze and adapt their price structure in order to make sure that the actual prices they pay to suppliers leave room for wage increases.
- We insist that buyers cannot abuse their purchasing power, poor labor-rights enforcement, and low unionization in order to exploit workers. They have a responsibility to perform human-rights due diligence and, in turn, to respect labor and human rights – especially the right to a living wage.

THE CZECH GARMENT INDUSTRY

The garment industry has traditionally been a fundamental part of the country's industrial base. Over the past 25 years, it has lost 50% of its production capacity and about 100,000 workplaces.¹⁴ The last large employer, OP Prostějov, which still employed over 5,000 people around the year 2000, went bankrupt in 2010. However, the decline stopped last year, and since then the industry's figures have stabilized and have even grown slightly.

In 2014, 383 companies and 10,612 employees were registered in the garment industry. But it is estimated that the industry employs an additional 20,000 people in companies with under 20 employees and at unregistered workplaces. These micro-production units are a potential hotspot for unlawful practices.

The Czech garment industry is export-oriented; almost 73.0% of its total revenues derive from direct exports. The most significant market is the EU, particularly Germany (28%), followed by Italy, Poland, Slovakia, Austria, and France. Part of its production falls under the European Union's Outward Processing Trade scheme (products manufactured in the Czech Republic based on foreign buyers' designs and technologies). Some domestically-focused production exists, in areas such as outdoor clothes and thermal sporting wear. The national textile and garment manufacturing capacity that was built up in the past – the industry's highly qualified workers and infrastructure – is now being used by foreign buyers. Work in this sector is very hard, low-paid, and thus unattractive, especially for young people.

"I don't understand why women are willing to work for these companies for such low pay in such crazy conditions." (A technician commenting on seamstresses' wages.)

"The workspace is very loud and full of dust. Jersey is being impregnated in this space, and that's very bad for our breathing. In summer, it's very hot at the ironing tables. We're worried about cancer from the fumes given off by the plastic decorations that are being ironed onto the fabrics. We've heard of cancer cases, but the once-a-year superficial health check is not going to uncover anything early enough."

WAGE-RELATED VIOLATIONS OF CZECH LAW

Field research and reports of the labor inspection and the Czech Moravian Confederation of Trade Unions reveal these wide-spread practices:

- unpaid overtime or unpaid bonuses for night work or work on holidays,
- illegal deductions from wages,
- wages not paid on time,
- employers failing to properly document hours worked, resulting in their paying for fewer hours than were actually worked,
- mandating of overtime beyond what the law allows,
- forcing workers to take unpaid leave and forcing them to work overtime via various threats of sanctions.

CHEAP, HARD WORK AT WOMEN'S EXPENSE

As of January 1st, 2015, the minimum wage accounts for 390 EUR (net) – just half of the national poverty line for a family of four. That means it is not sufficient to sustain a family – not to mention a decent life. Moreover, the minimum wage is more a ceiling than a minimum for garment workers in the Czech Republic. And due to the stagnation of the minimum wage since 2007, the real minimum wage – the purchasing power of the minimum wage – has declined.

Work in the garment industry yields among the lowest pay out of all manufacturing sectors. According to official statistics, employees in the garment industry earn 55% of the average in manufacturing and 62% of the national average wage. This points towards gender discrimination, as mainly women work in this sector.

Workers receive meager remuneration regardless of the products they make and the quality those products require. The factories we investigated manufacture for well-known brands and even produce made-to-measure clothing. While a tailor-made suit can fetch a very high price, the seamstresses who sew it still earn the minimum wage.

The workers we have interviewed unanimously complain of high work pressure and starvation wages. They feel that conditions have been getting worse in recent years.

Job openings for seamstresses offer wages ranging from the minimum wage up to EUR 500 gross, but only when a worker's production exceeds the quota – which is practically impossible. Thus for most employees in the garment industry, it is impossible to earn even just 60% of the average wage.

The interviewed workers earn a net 417 EUR on average. This amounts to just 54% of the national poverty line for a family of four, and about 43% of an estimated minimum living wage.

UNIONS AND INSTITUTIONS

The Textile and Clothing Industry Trade Union (OSTOK) states that 29% of the workers in the textile and garment sector are union members, and that 128 factory-level union organizations and roughly 86 factories were covered by collective agreements in 2015. However, the union evaluates just two of the collective bargaining agreements in place as “good” for workers.

“Some of the managers feel no shame at all about sending in a paper confirming that their women employees have received minimum wage or even less despite reaching quotas. It’s unbelievable that they sign their names on it.”
(A union member.)

“Supervisors tell us: ‘You must work overtime now, or else we won’t approve your request for holiday.’”

In 2014 a sectoral collective agreement for the whole textile and clothing sector was signed by government, business, and union representatives. But in 2015, this sectoral collective agreement was not renewed because the partners involved could not reach a consensus.

Meanwhile, the existing collective agreements do not improve the situation of workers in the garment industry.

When workers are asked if they have considered filing a complaint with the State Office for Labor Inspection, they reject the idea out of hand. They argue that it is a complicated process that could also put their jobs in jeopardy, all for an unsure benefit. Moreover, many workers did not even know of this option.

Our **field research** focused on two garment production centers: The Schiesser Group’s factory (Pleas Havlíčkův Brod) and two factories producing classical women’s and men’s wear in the town of Prostějov that according to the workers supply goods for Calvin Klein and Lardini and sew tailor-made suits.

The interviews took place in April and October of 2015. The workers interviewed include seamstresses, technicians, migrant workers, and a quality controller. 14 workers were interviewed.

Interviewing workers turned out to be extremely difficult due to their fears of losing their jobs and to the constant pressure to meet quotas, do overtime to increase their meager wages, and to make ends meet overall.

“Our garden, the old house we got from our family, and my husband’s extra weekend jobs, plus overtime and help of our extended family – that’s how we survive. If just one of those were missing, I don’t know who’d pay the bills and how we’d eat.”

“People here squabble for work to be able to reach their quota and get paid. Workers are not teammates; instead they’re enemies in a hostile environment. Despite this huge pressure, with the pay I get, life is miserable.”

“We constantly check for discounts at supermarkets. I don’t care where the stuff comes from or much else – the price is what’s important.”

FOOTNOTES

- 1 The taxation rules and mandatory social-system contributions applied here are for an employee living with a spouse and two children (in some cases net wage might be higher than gross wage).
- 2 Where not stated otherwise, all EUR data is converted at the July 7th, 2015 rate: EUR 1 = CZK 27.2.
- 3 The taxation rules and mandatory social-system contributions applied here are for an employee living with a spouse and two children.
- 4 Only companies with more than 20 employees are registered.
- 5 Source: Ministry of Labor and Social Affairs, October 2015, <http://www.mpsv.cz/en/11854>. The living minimum is a tool for calculating what level, if any, of welfare benefits an individual may receive. It is defined as “a socially recognized minimum income level needed to ensure subsistence / basic personal needs.” It does not include housing costs, because – according to the official logic – housing needs are covered through the Housing Allowance in the State Social Support system and through housing subsidies within the system of Assistance in Material Need. This figure is used to calculate welfare benefits provided by the state welfare system.
- 6 CZK 3,140 + 2,830 + 2,140 + 2,450. Ministry of Labor and Social Affairs, October 2015, <http://www.mpsv.cz/en/11854>.
- 7 NaZemi’s calculation based on data from the Czech Statistical Office, second quarter of 2015, https://www.czso.cz/csu/czso/labour_and_earnings_ekon.
- 8 http://www.atok.cz/folders/dokumenty/Statisticka_rocenka_ceskeho_TOK_prumyslu/Statisticka_rocenka_ceskeho_TOK_prumyslu_2014.pdf
- 9 60% of the median of equalized income. Source: Časopis Statistika a my, Czech Statistical Office, 07/2015.
- 10 <http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>
- 11 Czech Statistical Office, second quarter of 2015, https://www.czso.cz/csu/czso/labour_and_earnings_ekon
- 12 Calculation does not take into account the number of children.
- 13 https://www.etuc.org/sites/www.etuc.org/files/ETUC_Winter_School_-_Discussion_note_FINAL.pdf_-_Field_research_findings10
- 14 Strategy of the textile and clothing industry for 2025, Social dialogue in the textile and clothing industry. Study under project CZ.1.04/1.1.01/02.00013, Project title: Strengthening bipartite dialogue in industry segments.

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