

Chapter 5

EMPLOYMENT OF FOREIGNERS IN AND FROM THE CZECH REPUBLIC

by

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Introduction

The Czech Republic has concluded many bilateral agreements on mutual employment (Annex 5.A.1). Several of these agreements were signed before 1989 and fall outside the scope of this chapter because, during communist times, there was no real movement of labour based on free market principles within the Eastern bloc. This chapter therefore concentrates on agreements concluded since 1989. The national legal framework for bilateral labour agreements is described, in order better to understand the basis on which they are concluded. With one exception,¹ all are classified as intergovernmental agreements under the Czech constitution. Bilateral agreements must comply with current legislation, they cannot grant any rights which go beyond it and cannot impose new obligations. This framework therefore directly influences their importance and regulatory power. The agreement with the Slovak Republic is described in more detail below, as are those with Germany. A brief description of other agreements is included. The future of Czech bilateral agreements is discussed in the section on accession to the European Union (EU) and an insider's view of the new Czech approach to bilateral labour agreements concludes the chapter.

Bilateral agreements on the employment of foreigners: the national legal framework

The conditions for the employment of foreigners in the Czech Republic are laid down in Act No. 1/1991 Coll. on employment. Under this act, foreigners or stateless persons may be employed in the Czech Republic, provided that they have been granted a work permit and a residence permit. A work permit also is required for a foreigner or stateless person who intends to work in the Czech Republic for a foreign employer who is posting him/her to work there, on the basis of a commercial or other agreement concluded with a Czech legal or natural person. Prior to the issue of a work permit, the labour office must have granted the employer a permit to recruit employees from abroad.

1. Except for the agreement with the Slovak Republic, see below.

For this purpose, the labour office requires that the employer submit an application with a draft labour contract that must include: the type and the place of work; the date of commencement and the expected duration of employment; the gross salary; the address and the manner of payment of the accommodation. In addition, other documents must be produced, to verify the provision of accommodation for the expected term of employment, and to prove that financial resources are guaranteed for the repatriation of employees following the termination of their employment. The territorially competent labour office then issues the work permit, which is subject to payment of an administrative fee. The act provides that a work permit can be issued only on condition that there is no available Czech citizen to carry out the work and in particular, that nobody is registered as unemployed for the vacancy. Employers are required to register each vacancy with the labour office. This labour market test ensures that there is no direct competition between Czech and migrant workers.

An exception to the above provisions is made for citizens of the Slovak Republic, who are employed in the Czech Republic on the basis of Agreement No. 227/1993 Coll. between the Czech Republic and the Slovak Republic, on the mutual employment of citizens, and the Administrative Agreement between the Ministry of Labour and Social Affairs of the Czech Republic, and the Ministry of Labour and Social Affairs and Family of the Slovak Republic. A Czech employer registers a citizen of the Slovak Republic at the labour office in the place of its registered business location. A foreign employer who is posting a Slovak national to work in the Czech Republic registers that person at the labour office in the place where the work will be carried out. A foreigner receives a work permit for a fixed period of time not exceeding one year, but can apply for renewal an unlimited number of times. The permit is not transferable and contains information expressly stated in the decision of the labour office, namely the employer, the place of employment, the type of work to be performed and the term of the employment. A signed bilateral agreement published in the Collection of Law can provide that no work permits are needed for certain categories of foreign workers, or that work permits are issued regardless of the labour market situation.

Bilateral agreement on employment with the Slovak Republic

Between 1918 and 1989, Czechoslovakia was a state comprised of the Czech and Slovak areas, but changes after 1989 created two independent countries, effective on 1 January 1993. Relations between the two countries remained very close, not only between the governments, but also among enterprises and citizens. A special relationship developed between the Czech and Slovak Republics as independent countries, and during the process of preparation for the division, a complex set of agreements was concluded in 1992. One of these agreements was between the Czech Republic and the Slovak Republic on the mutual employment of citizens, signed in Prague on 29 October 1992. It was published under No. 273/1993 Coll., entered into force on 3 May 1993 and was implemented on a provisional basis from 1 January 1993. The agreement was approved by the parliaments of both countries, and thus can go beyond the respective national laws.

The agreement provides for the semi-free movement of workers,² and grants a wide range of rights to citizens of both countries. The rights to employment are supplemented with

2. As referenced in Article 2 of the agreement:

a generous bilateral agreement on social security³ which provides for sending unemployment benefits outside the country, and with an atypical non-visa agreement.⁴ This entitles citizens of one contracting party to enter the territory of the other contracting party without a visa, at any point on the state border, for an unlimited period of time and for any reason. Slovak workers in the Czech Republic are not required to have either a work permit or a visa. Their employer is required to register them at the appropriate labour office. Slovak workers in the Czech labour market thus have an unprecedented status compared to all other foreigners. This very liberal regime, where no kind of permit is required from the Czech authorities, has considerably promoted the employment of Slovak workers. The distribution of these workers within the territory of the Czech Republic is uneven, however, because the vast majority are employed in border regions. The high level of unemployment in the Czech border regions neighbouring the Slovak Republic does not seem to be an important limiting factor because unemployment in Slovak border regions is two to three times higher.

The free access of Slovak workers to the Czech labour market does not endanger the status of unemployed Czechs, as is shown by an internal analysis conducted by the Ministry of Labour and Social Affairs. The study found that some regions accommodate large numbers of Polish workers, who are obliged to obtain work permits and thus cannot be in direct competition with Czech workers, who have priority over them. Minimal language barriers and a willingness to work under poor conditions make Slovak workers attractive to Czech employers (Table 5.1). Unfortunately, many Slovak nationals are working in the Czech Republic illegally, even though there are few administrative barriers to their access to the Czech labour market. The set of agreements, which are very generous and comprehensive, does not preclude abuse of the system. After working legally for the minimum amount of time to become entitled to Czech unemployment benefits, some Slovak workers apply for the benefits. They then return to the Slovak Republic, where they work legally while receiving Czech unemployment benefits. The extent of the problem has been limited by new administrative procedures in an agreement signed on 30 January 2001 which prolonged the minimum period of employment in the Czech Republic required for entitlement to unemployment benefits from 6 to 12 months, to avoid the eligibility of seasonal workers. The accession of both countries to the European Union, and the expected imposition of a transitional period by some member states on the free movement of Slovak workers, gives the Czech Republic the possibility of imposing a similar transitional period for Slovak workers, under the terms of the accession treaty. It is unlikely that the transitional period will be imposed when both the

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- a) Mutual employment of nationals of one Contracting Party by an employer with a site in the territory of the other Contracting Party is subject to the legislation of the country where the employer is situated, unless provided otherwise.
 - b) Mutual employment under this Agreement does not require the issue of a work permit. The employer is obliged to register citizens of the other Contracting Party at the local Labour Office covering the employer's site.
 - c) A work permit is also not required for employees who are posted to perform their job on the territory of the other State. The employer is obliged to register these employees at the local Labour Office covering the location where the work is done.
3. The Agreement between the Czech Republic and Slovak Republic on Social Security, signed in Prague on 29 November 1992, published as No. 228/1993 Coll., entered into force on 3 May 1993, but was implemented on a provisional basis from 1 January 1993.
 4. The Agreement between the Czech Republic and Slovak Republic on the Cancellation of Visa Obligations, signed in Prague on 29 November 1992 and published as No. 149/1993 Coll., entered into force on the following 1 January.

Slovak and Czech Republics are EU member states, because both countries still enjoy the semi-free movement of workers.

Bilateral agreements with eastern countries

The Czech Republic concluded bilateral labour agreements with several eastern (or more accurately, non-western) countries – Bulgaria, Mongolia, Poland, the Russian Federation, Ukraine and Vietnam. These agreements are prepared from the same draft agreement (Annex 5.A.2). Their similarities enable a discussion in general terms, and to point out a few differences. The intergovernmental agreements require that workers are issued with work permits after labour market testing in the receiving country, so that the country's nationals retain priority over foreign workers. The duration of the work permit is up to one year, with the possibility of a maximum one-year extension. Applicants seek employment in the receiving state themselves, and the responsible authorities may only give certain defined assistance, which is free of charge. A reasonable charge is made for the issue of work permits. Employment is governed by the law of the country in which the employer is established. Wages may not be lower than those of a national of the receiving country performing equivalent work for the same employer, or producing comparable results. Compensation for work injury or an occupational illness occurring during or in direct connection with the work is governed by the legislation of the country where the work is performed. Workers employed under these agreements may transfer their income to the country where they are permanently resident in freely exchangeable currency. Their entry into the country where they will work temporarily, and their stay and exit, are governed by the appropriate legislation of the receiving country.

The agreement with the Russian Federation permits an extension of the work permit for up to 18 months only (24 months is common). This restriction should be removed in future negotiations. Agreements with Poland and Vietnam do not limit the number of possible extensions of the duration of work permits. The agreement with the Ukraine was concluded for five years only and terminated on 4 February 2002. This agreement did not limit the number of possible extensions of work permits. Some interesting findings can be drawn from the figures in Table 5.2. First, a high proportion of the foreign workforce is self-employed. The reason for this may be that work permits can be issued only when all the conditions are fulfilled. For trade licences, there is no test as to whether the self-employment can be carried out by a Czech national. There is also no right to have a work permit issued for self-employment. Many foreigners, especially from Ukraine, enter the Czech labour market as self-employed, simply to avoid the strict regulation of the labour market by Czech legislation. The new Act on Employment should prevent of this form of avoidance. The Vietnamese self-employed are to a large extent really self-employed, for example, by running small shops. Another interesting finding is that the end of the agreement with Ukraine has not affected the number of Ukrainian workers entering or being employed in the Czech Republic.

This review confirms that the power of regulation of Czech bilateral agreements with these countries is low and their function is more in setting out administrative procedures for employment. The low level of regulatory power is illustrated by the addition of only one extra-regulatory element to the agreements – yearly quotas. These quotas are set as ceilings not to be exceeded, even though Czech employers are interested in having many foreign workers available. The only time a quota was exceeded was in 1997 with Ukraine and it was quickly adjusted to allow more Ukrainian workers into the Czech Republic (Table 5.3). Generally speaking, bilateral labour agreements with eastern countries have

not fulfilled the original aim of regulating the inflow of foreign workers and their contribution to their employment is more in setting administrative procedures for processing employment applications. All this occurs within the limits set by current Czech legislation, as such agreements cannot go beyond it.

Bilateral agreements with western European countries

The Czech Republic currently has three bilateral labour agreements with only one Western European country, Germany. All these agreements were signed by the former government of the Czech and Slovak Federal Republic, but after 1 January 1993, the Czech Republic continued all agreements that were valid and binding. The agreement between the former government of the Czech and Slovak Federal Republic and the government of Germany on Mutual Employment of Czechoslovak and German Nationals with a View to the Enhancement of their Vocational and Language Proficiency was signed and entered into force on 23 April 1991. The agreement covers nationals aged between 18 and 40 who have finished vocational training, and who wish to enhance their vocational and language proficiency. Migrants need a work permit, which is limited to one year with the possibility of an 18-month extension. A work permit is issued regardless of the labour market situation. The authorities of both contracting parties can help with mediating employment as they exchange applications for work with the other contracting party. Such mediation is free of charge. Should a person's employment be terminated before the expiry of the agreed term, the relevant authorities will endeavour to find other suitable employment. The yearly quota is 1 400, and any unused vacancies are not transferred to the following year.

The agreed quota (1 400 persons per year) has not been fully used in recent years. As of 1 April 2003, 118 working permits were issued (Table 5.4). The majority of the 639 work permits issued in 2002 were in the fields of catering (cook, waiter/waitress), nursing and construction. Catering and nursing were also the most attractive professions, as 80 to 90% of applicants received a work permit when applying, without having an employment contract. The annual quota is not totally used, as the number of applications for work in Germany is always lower than the quota, and work permits are actually issued to between 60 to 70% of all applicants. Germany requires a certain level of German language proficiency before issuing the work permit, and German experts interview Czech applicants to assess their proficiency several times a year. The agreement aims to give Czech workers the possibility to improve their German language skills, enhance their vocational skills, and learn about the culture and people of a neighbouring country.

Nevertheless, some flaws have arisen in the implementation of the 1991 Agreement. The German authorities do not allow a Czech worker to work under this agreement more than once, and workers sometimes need to acquire long professional practice before submitting an application. None of this is provided for in the agreement. The agreement between the former government of the Czech and Slovak Federal Republic and Germany on the secondment of Czechoslovak workers from companies with registered business locations in the Czech and Slovak Federal Republic, to work under service contracts, was signed and entered into force on 23 April 1991. The agreement is one-way only, and covers Czech workers who have completed vocational training and are seconded to work under a service contract for a limited period of time. The worker needs a work permit, the duration of which is limited to two years, with the possibility of extension up to 30 months (in exceptional cases 36 months). Key personnel can be issued a work permit for up to four years (the maximum is four workers per company). A work permit is issued

regardless of the labour market situation. The Czech Ministry of Industry and Trade distributes the quota of 4 000 workers per year among Czech companies. This is supervised by the German authorities. After finishing the earlier contract, each worker can be issued a new work permit for another service contract for up to two years, on condition that there is a certain period of time between the two contracts. The agreed quota has not been fully used in recent years, as only about 2 000 work permits are issued annually. Virtually all Czech applicants receive a work permit.

The implementation of this agreement also differs from its text, as the German authorities do not allow the provision of services in the region of the former German Democratic Republic and the entire area of Berlin (the so-called list of forbidden districts). This list is updated each month and an exemption is possible only on the basis of a written exception by the locally competent authority. The third agreement with Germany is a concord between the Ministry of Labour and Social Affairs of the Czech Republic and the Federal Labour Office, on how to facilitate employment in Germany for Czechoslovak applicants for a maximum period of three months a year. It was signed in Nürnberg on 11 March 1991 (Table 5.5). This agreement is one-way only, and sets out administrative procedures for helping Czech applicants who have either already found work, or who are only willing to work without already having found a job in Germany. This agreement covers temporary work only, for example, in agriculture, forestry, viticulture, entertainment, hospitality, bars and construction. The majority of work permits issued were in agriculture, forestry, entertainment and the hotel trade. On a separate note, the German Green Card System for information technology specialists as of the end of February 2003, was used by 313 Czech experts (Table 5.6).

An agreement with Austria⁵ was signed in Vienna on 24 August 2001. This agreement has not entered into force, as the internal process of approval by the Austrian parliament is not yet completed. The agreement is limited to cross-border workers who live in the border region with Austria and commute on a daily basis. Work permits are required, issued for up to one year and, exceptionally, can allow a commuter to work in the whole of Austria beyond the border regions. Work permits are issued only after testing whether the vacancy can be filled by domestic labour sources. Annual quotas are negotiated between the two countries. Austria maintains its regime of an overall quota for foreign workers and the Czech quota will be included in this, securing part of it for Czech workers only. In March 2003, there were 3 992 Czech workers in Austria⁶ and they represented only 1.86% of the foreign workforce (Table 5.7). The Czech Republic also concluded a small number of agreements on the exchange of trainees. These agreements have low quotas and their actual use did not have an impact on either the Czech labour market or on the employment of Czech nationals abroad.

Accession to the European Union and the consequences

The accession of the Czech Republic to the European Union on 1 May 2004 changes the conditions for Czech nationals wanting to access the labour markets of the other 24 EU member states. Participation in the free movement of persons as defined by the *acquis communautaire* is the biggest asset for Czech nationals, and the Czech administration will strive to make the best use of it. Free movement of labour is the least flexible instrument of the single market, and is also the most restricted one, adding more

5. The Agreement between the Czech Republic and Austria on the Employment of Citizens in Border Regions.

6. AMS on-line statistics, www.ams.or.at/amsallg/index.htm.

obstacles to already fairly heavy restrictions. The actual implementation of the free movement of Czech workers in the European Union as part of the Accession Treaty is relevant to the topic of this chapter. Current EU member states will be allowed to introduce a transitional period for the free movement of Czech workers following accession. During this period, these states will continue to apply national measures, or measures contained in existing bilateral agreements on mutual employment.

Bilateral agreements are thus a very important instrument, capable of implementing measures to work towards the complete freedom of mobility of labour. The current EU member states national measures are quite restrictive, and require that Czech nationals obtain work permits on the same terms as third country nationals. Thus, bilateral agreements will be the only measure available to liberalise further the access of workers from the candidate countries to the labour markets of current EU member states. The set of three bilateral agreements, signed at the beginning of the 1990s, that the Czech Republic has in force with one EU member state, Germany, are not the most appropriate tools to regulate the free movement of labour between two EU member states, even during the transitional period. A new kind of bilateral agreement is needed to reflect better the reality of the situation.

The European Agreement for the Czech Republic obliged current EU member states to try to improve the access of Czech workers to their labour markets. Since then, no bilateral labour agreement has entered into force, with the exception of one agreement on the exchange of trainees with Luxembourg effective 1 May 2001, with a yearly quota of 30 trainees. All current EU member states were asked to enter the negotiation process on bilateral agreements; all except Austria declined to do this. The lengthy negotiation process with Austria is not yet completed, because two signed agreements are still under consideration by the Austrian parliament, after two years. A bilateral agreement can only be concluded when both countries are in agreement. This might be a possible obstacle in the way of the Czech Republic realising its hopes for improving the position of its workers in the labour markets of other EU member states.

New approaches

The Czech Republic has been an immigration country for the past ten years. There are more foreigners working and residing in the Czech Republic than there are Czech nationals working abroad. The attraction of the Czech Republic for foreign workers (including the self-employed) is so high that there are more foreigners residing there than in Poland, the Slovak Republic and Hungary combined. The legal framework for the residence of aliens, including visa policy, the possibility of earning a high income, the standard of living, or perhaps the attitude of Czech society towards migrant workers, makes the Czech Republic attractive to foreign workers. The number of economically active foreigners can also be interpreted from a different perspective. The Czech Republic is interested in having a foreign workforce. Despite the tripling of the official unemployment rate since 1996, which passed 10% at the beginning of 2003,⁷ the share of foreigners in the Czech labour market has not been significantly affected. Furthermore, their share is likely to grow as the Czech population is growing older due to rising life expectancy,⁸ and falling because of an unprecedented low total birth rate.⁹

7. In January and February 2003, the unemployment rate reached 10.2 %.

8. Life expectancy for males is 72.14 years and for females 78.45 years, according to the *Czech Statistical Yearbook*, 2002.

These factors, together with a closer integration into European structures, are slowly creating a need for a brand new migration policy better suited to meet current and future challenges. The former policy of short-term working visas was successful in meeting the needs of the Czech labour market in the short term, but it failed both to give the foreign workforce the necessary guarantee of a lengthy residence to encourage them to integrate into Czech society and, *vice versa*, to give Czech society the certainty that integrating foreign workers is a worthwhile investment. Integrated foreign workers are more likely to have their human capital used fully for their own benefit and that of the society. Since 1999, the new government's approach toward the integration of all groups of foreigners residing for more than a year in the Czech Republic is producing results. It has created a more foreigner-friendly environment and improved the acceptance of foreigners by the majority of people in the society. Since 2000, the Ministry of Labour and Social Affairs of the Czech Republic has been preparing a pilot project¹⁰ which will test the management of the new migration approach. Better management of migration flows of workers ensures that the state administration will be able to actively select those foreign workers deemed beneficial to the Czech Republic.

These improved controls create the possibility of providing a much more flexible legal system, and thus create further incentives for highly qualified foreign experts to settle in the Czech Republic. It is evident that better conditions can be offered to groups of foreign workers who are carefully chosen to better suit the long-term needs of the Czech labour market and the whole of society. Bilateral agreements on the employment of foreigners are sure to play a decisive role in the implementation of this new approach. These agreements should better meet the needs of the Czech Republic and at the same time allow the country to benefit from all the possibilities of the enhanced legal status of the chosen group. To illustrate the approach, the simplified "equation in time" can be used (Box 5.1):

Box 5.1. Equation in time

Management of migration flows

- = Enhanced control of migration
- = Better fulfilment of the Czech Republic labour market needs
- = Improved legal framework for groups of better managed workers
- = Improved situation of foreign workers

Such bilateral agreements facilitate the management of migration flows and allow the creation of a legal framework for labour market access of migrant workers. The Ministry of Labour and Social Affairs and the Ministry of the Interior have agreed to enter into informal talks on a new type of bilateral labour agreement. This new approach should take into account the following aspects of the presence of foreigners in the Czech Republic:

9. Total fertility rate was 1.136 in 2001 according to the *Czech Statistical Yearbook*, 2002.
10. The Pilot Project on the Active Selection of Qualified Foreign Workers, Government Resolution No. 720 of 10 July 2002 and Resolution No. 975 of 26 September 2001.

- A higher level of consideration to be given to the security aspects connected with labour migration.
- New channels to be opened for legal migration and decreasing numbers of illegal migrants.
- The position of migrant workers covered by the agreement to be improved, compared to other migrant workers.
- A higher level of workers security to be developed in all areas (*e.g.* employment, social security, occupational health and safety, guaranteed transfer of income to home country).
- Employment to be linked with a guaranteed income and help to return to the home country, by means of foreign aid projects (as remittances are the world's second largest money transfer).

The result should be that foreign workers are both legally employed and legally resident, giving a higher level of security for them and the Czech Republic. This new approach will be to some extent unilateral, as it will be aimed towards eastern European countries. Membership of the European Union will, to a large extent, open up the labour markets of the countries in which Czech migrants are mostly interested in working.

Annex 5.A.1

Bilateral Labour Agreements Concluded by the Czech Republic

Country	Type of agreement	Signed	Entry into force	Published	Administrative procedures	Annual quota
Germany	Service contracts	11.3.1991	11.3.1991	Not published	Not agreed	4 000
Germany	Employment	23.4.1991	23.4.1991	Not published	Not agreed	1 400
Germany	Seasonal employment	11.3.1991	11.3.1991	Not published	Not agreed	No quota agreed
Poland	Employment	16. 6.1992	16.6.1992	Not published	Not agreed	No quota agreed
Slovak Republic	Employment	29.10.1992	1.1.1993	227/1993 Coll.	30.1.2001	No quota agreed
Vietnam	Employment	4.6.1994	9.8.1994	239/1994 Coll.	1.3. 2002	200 (for year 2002)
Switzerland	Exchange of trainees	19.5.1997	6.6.1997	188/1997 Coll.	8.8.2000	100
Russia	Employment	25.6.1998	21.9.1998	284/1998 Coll.	Not signed yet	No quota agreed
Hungary	Exchange of trainees	9.9.1999	11.4.2000	91/2000 Coll.	Not signed yet	300
Bulgaria	Employment	6.12.1999	5.5.2000	90/2000 Coll.	Not signed yet	No quota agreed
Mongolia	Employment	8.12.1999	13.12.2000	114/2001 Coll.	Not signed yet	No quota agreed
Lithuania	Exchange of trainees	31.3.2000	29.9.2000	6/2001 Coll.	Not signed yet	200
Luxemburg	Exchange of trainees	11.11.1999	1.5.2001	42/2001 Coll.	Not signed yet	30
Austria	Employment	24.8.2001	-	-	-	-
Austria	Exchange of trainees	24.8.2001	-	-	-	-

Source: Boušková, P. (2002), Ministry of Labour and Social Affairs, Employment Administration Service, Prague.

Annex 5.A.2

Draft Bilateral Agreement between the Czech Republic and Selected Partnering Eastern Countries

The draft Agreement between the Government of the Czech Republic and the Government of XYZ on the mutual employment of citizens of the Czech Republic and the citizens of XYZ.

The Government of the Czech Republic and the Government of XYZ (hereinafter “the signatories”) proceeding according to the principles of good mutual relations and led by the desire to expand economic co-operation taking into account the needs of both states’ labour markets, have agreed on the following:

Clause 1

1. This Agreement applies to citizens of the Czech Republic with permanent residence in the Czech Republic and citizens of XYZ with permanent residence in XYZ (hereinafter “the citizens”) who, in accordance with the laws of the two states, temporarily carry on work in the state of the other signatory (hereinafter “the receiving state”).

2. Citizens may be employed in all occupations the performance of which is not restricted for foreigners under the law of the receiving state. In the case of professions requiring a special permit such permit must be obtained.

Clause 2

1. The authorities of the signatories responsible for implementing this agreement (hereinafter “the responsible authorities”) are: in the Czech Republic, the Ministry of Labour and Social Affairs of the Czech Republic; in XYZ ...

2. Differences in the interpretation or use of the provisions of this Agreement will be resolved by direct talks or consultations between the responsible authorities.

Clause 3

In accordance with this Agreement, citizens may carry on work in the receiving state for such time as the duration of their work permit:

- a) based on a work agreement with an employer of such state (these citizens are referred to below as “Employees”).
 - for a period of up to one year with the possibility of at most a one-year extension,
 - for a period of up to six months in a calendar year for seasonal work and work carried on by students during holidays;

- b) as part of their employment by an employer that sent them to work in the other state under a contract made with a legal entity or natural person of the receiving state (hereinafter “the contract”):
- for a period of up to one year with the possibility of an extension by the amount of time necessary to complete the work in accordance with the contract.

Clause 4

1. Applicants seeking employment with an employer in the receiving state seek the employment themselves. The responsible authorities may only give assistance in the search for a job by means of suitable measures.

2. The mediation of employment under this agreement and the formalities associated with issuing a work permit through the relevant government offices are performed free of charge.

3. Citizens must not carry on in the receiving state any other gainful activity, nor may they be taken into other employment than that for which they were granted a work permit. The government office authorized to issue work permits may in justified cases approve a change in employment.

4. Before leaving the state of permanent residence or, if both parties to the work agreement so agree, after arriving in the receiving state, the employee shall obtain one copy of the work agreement. In the latter case, the employee must be notified in advance of the general employment conditions and of the work, in particular of the minimum sum to be paid in wages.

Clause 5

1. Employees must be medically fit for the work and must have suitable medical confirmation thereof.

2. Employees who are employed for a period of up to one year with the possibility of a one-year extension must have the necessary qualification, confirmed by the relevant documents.

3. In accordance with its state law, each signatory shall recognize the education and qualification documents necessary for performing the employees' work, issued in the state of permanent residence and translated into the official language of the receiving state and officially authenticated.

Clause 6

1. The employment of citizens takes place in accordance with the law of the state in which the legal entity or natural person that is their employer has its registered address or place of residence respectively.

2. The employee's wage must not be lower than the wage of an employee who is a citizen of the receiving state performing the equivalent work for the same employer and displaying comparable results.

3. The means of compensating for damages caused to an employee by a work injury, occupational illness or other injury to health incurred during the performance of the work or in direct connection with the work is governed by the law of the receiving state.

Clause 7

1. The issuing and extending of work permits takes place in accordance with the law of the receiving state.

2. For a work permit and residence permit for work purposes to be issued, besides the documents laid down by the receiving state's law, there must be a written agreement between the parties to the work agreement or the parties to the contract on the means of paying for the expense of the citizen's travel to the place of his permanent residence after finishing work in the receiving state.

3. If the employment ends prematurely and the employee is dismissed in connection with the end of the economic activity of the employer in the receiving state or with the performance of actions designed to reduce the number of employees or permanent jobs, the employee is provided with the compensation prescribed in the receiving state's labour legislation.

4. In the event of the employment being ended under the terms of paragraph 3 of this clause, the employee's employment in the receiving state may be prolonged for the time envisaged by the first work agreement on the basis of a new work agreement with another employer on the condition that at least two months remain until such time.

Clause 8

1. The employment of employees may take place solely through the responsible authorities or organisations or the government offices charged by them with the implementation of this Agreement.

2. After the agreement is signed, the responsible authorities and organisations or government offices charged by them shall without undue delay approve a mechanism for the practical implementation of the Agreement and the form to be taken by co-operation.

Clause 9

Citizens employed under this Agreement may transfer their employment income to their state of permanent residence in fully exchangeable currency.

Clause 10

The entry of citizens to the receiving state on the grounds of temporary employment, their stay and exit shall take place in accordance with the law of the receiving state.

Clause 11

The import and export of citizens' personal belongings and other items takes place in accordance with the law of the receiving state.

Clause 12

In accordance with the state of the labour market of the Czech Republic and that of XYZ the responsible authorities shall by 30 November of the current calendar year set out in working protocols the numbers of citizens that can be employed in the receiving state during the following calendar year.

Clause 13

1. This Agreement becomes valid on the day of delivery of the last communiqué in which the signatories confirm that the internal conditions necessary for it to become valid have been satisfied.

2. This Agreement will be preliminarily implemented from the day on which it is signed.

3. This Agreement runs for a period of five years and will automatically be extended by two years unless one of the signatories notifies the other of its intention to terminate the agreement and does so in writing and six months before its expiry at the latest.

4. In the event of the Agreement's expiry the work permits issued to citizens according to this Agreement remain valid for the period stated in them.

This Agreement was made in on in two original counterparts, each in both Czech and XYZ, with both wordings being equally valid.

For the Government of the Czech Republic

For the Government of XYZ

Table 5.1. Stocks of Czech workers in the Slovak labour market and vice versa, 1993-2002

Year	Czech workers in the Slovak Republic	Slovak workers in the Czech Republic
1993	1 439	23 367
1994	1 198	39 209
1995	1 179	59 323
1996	1 499	72 244
1997	1 718	69 723
1998	2 119	61 320
1999	2 229	53 154
2000	2 227	63 567
2001	2 013	63 555
2002	2 023	56 558

Source: Horáková, M. (2003), "Mezinárodní pracovní migrace v ČR", *Bulletin č. 10*, VÚPSV, Prague.

Table 5.2. Numbers of workers from countries with a bilateral agreement, 1998-2002

	1998			1999			2000		
	WP	TL	Total	WP	TL	Total	WP	TL	Total
Ukraine	19 255	9 942	29 197	16 646	19 521	36 167	15 753	21 402	37 155
Russia	1 129	816	1 945	1 151	1 550	2 701	1 016	1 842	2 858
Poland	9 941	874	10 815	6 880	1 033	7 913	7 679	1 033	8 712
Bulgaria	2 721	734	3 455	1 657	1 104	2 761	1 523	1 174	2 697
Mongolia	942	76	1 018	623	174	797	660	231	891
Vietnam	50	15 454	15 504	62	18 938	19 000	75	19 307	19 382

	2001			2002		
	WP	TL	Total	WP	TL	Total
Ukraine	17 473	21 590	39 063	19 958	19 047	39 005
Russia	887	1 890	2 777	930	1 667	2 597
Poland	6 661	1 051	7 712	7 338	1 081	8 419
Bulgaria	1 863	1 123	2 986	1 985	1 004	2 989
Mongolia	976	228	1 204	1 185	190	1 375
Vietnam	63	20 403	20 466	150	20 081	20 231

TL: trade licences; WP: working permits.

Source: Horáková, M. (2003), "Mezinárodní pracovní migrace v ČR", *Bulletin č. 10*, VÚPSV, Prague.

Table 5.3. Yearly quotas with Vietnam and Ukraine, 1994-2002

	1994	1995	1996	1997	1998	1999	2000	2001	2002
Vietnam	3 000	1 500	800	500	500	150	150	150	200
Ukraine	-	-	36 000	60 000	30 000	30 000	30 000	30 000	-

Source: Boušková, P. (2003), Ministry of Labour and Social Affairs, Employment Administration Service, Prague.

Table 5.4. Agreement with Germany: enhancement of vocational and language proficiency 1998-2002

Number of applications and actual work permits issued to Czech workers

	1998	1999	2000	2001	2002
Applications	569	749	994	1160	925
Work permits	320	446	649	783	639
%	56.2	59.5	65.3	67.5	69.1

Source: Dvořáková, L. (2003), Ministry of Labour and Social Affairs, Employment Administration Service, Prague.

Table 5.5. Number of work permits issued to Czech workers, 1998-2003, Germany

	1998	1999	2000	2001	2002	2003*
Total	2 078	2 157	3 126	3 036	2 958	893

* Includes permits issued up to 1 April 2003.

Source: Dvořáková, L. (2003), Ministry of Labour and Social Affairs, Employment Administration Service, Prague.

Table 5.6. Numbers of German workers in the Czech Republic, 1998-2002

	1998			1999			2000			2001			2002		
	WP	TL	Total	WP	TL	Total	WP	TL	Total	WP	TL	Total	WP	TL	Total
Total	1 545	868	2 413	1 466	941	2 407	1 452	837	2 289	1 218	940	2 158	1 306	949	2 255

TL: trade licences; WP: working permits.

Source: Horáková, M. (2003), "Mezinárodní pracovní migrace v ČR", *Bulletin č. 10*, VÚPSV, Prague.

Table 5.7. Numbers of Austrian workers in the Czech Republic, 1998-2002

	1998			1999			2000			2001			2002		
	WP	TL	Total	WP	TL	Total	WP	TL	Total	WP	TL	Total	WP	TL	Total
Total	455	238	693	421	272	693	384	206	590	396	248	644	432	250	682

TL: trade licences; WP: working permits.

Source: Horáková, M. (2003), "Mezinárodní pracovní migrace v ČR", *Bulletin č. 10*, VÚPSV, Prague.

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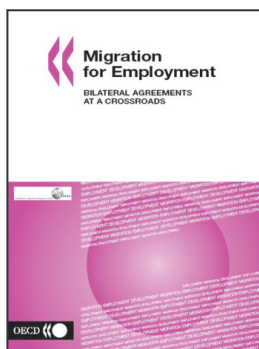
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