

**INTERNATIONAL MIGRATION PAPERS**

**32**

**Legal and illegal labour migration in the  
Czech Republic:  
Background and current trends**

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**Milada Horáková**

**INFORMAL NETWORK ON FOREIGN LABOUR IN CENTRAL  
AND EASTERN EUROPE, ILO/LUXEMBURG CO-OPERATION:  
PROJECT RER/97/MO2/LUX**

International Migration Branch  
International Labour Office, Geneva

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## Foreword

This paper has been produced under the auspices of the ILO's International Migration Branch. The objectives of the Branch are to contribute to: (i) the formulation, application and evaluation of international migration policies suited to the economic and social aims of governments, employers' and workers' organizations; and (ii) increased equality of opportunity and treatment of migrants and the protection of their rights and dignity. Its means of action are research, technical advisory services and cooperation, meetings and work related to international labour standards. Under the Branch, the ILO also collects, analyses and disseminates relevant information and acts as the information source for its constituents, ILO units and other interested parties.

In cooperation with the countries of the region, in early 1996 the ILO launched the *Informal Network on Foreign Labour in Central and Eastern Europe*. Although it did not involve a formal agreement between the participating States, the Network established a mechanism whereby their respective migration authorities could address common issues and problems through annual meetings, research and the exchange of information. Through these activities, the participating States expect to enhance their capacities to manage migration and to develop migration policies compatible with ILO standards and principles. In addition to the ILO, support for the Network's initial activities has been provided through a generous contribution from the Government of Luxembourg.

This study examines the issue of migration in the Czech Republic, both from a historical perspective, and from the point of view of current trends. It has been carried out by Dr Milada Horáková, Research Institute of Labour and Social Affairs, Prague. Similar studies have been undertaken on the situation in Hungary, Lithuania and the Russian Federation.

The objective of the research is to provide policy-makers with a better understanding of the legal and illegal movements and activities of foreign migrants in the Czech Republic, and particularly the changes which have occurred over the past decade, with the era of liberalization which followed the end of the Cold War and the specific consequences of the splitting of the former Czechoslovakia into the Czech and Slovak Republics. The situation of the Czech Republic in terms of labour migration has changed radically over a few short years. From a country of emigration, it has now become a country of immigration, particularly for Slovak workers. However, it is also increasingly playing the role of a transit country for illegal labour migrants. While the study does not claim to be comprehensive, it is designed to shed light on a number of migration issues which are specific to the Czech Republic and to suggest possible areas of future investigation. By providing a broad overview of the situation on the Czech Republic in terms of labour migration, it is hoped that the study will prove useful to all those concerned with the various aspects of the issue in the Czech Republic and its probable development in the years to come.

Geneva, May 2000

Manolo I. Abella  
Chief  
International Migration Branch

## 1. Introduction

Labour migration from Central and Eastern European countries to Western industrialized countries is one of the consequences of the political, economic and social changes which have occurred in the region since the fall of the Berlin Wall. Indeed, it is one of the characteristics of the transformation process in these countries.

This process has been influenced by the social and economic environments in the countries which have become the targets of migration movements. Political and economic liberalization, the emergence of the labour market and freedom of movement, together with the uneven economic situation in both labour sending and receiving countries have given rise to spontaneous labour flows. Many countries which migrants have traditionally left to seek work abroad are gradually becoming countries of immigration. They are opening their labour markets to foreign workers, but are also receiving displaced persons and refugees from regions stricken by war, political crises and ecological disasters. Together with the other countries of Central and Eastern Europe, the Czech Republic is one of these new labour receiving countries.

The strongest flow of migrants coming to the Czech Republic is from the Slovak Republic. Labour migration from the Slovak to the Czech Republic differs from other migratory flows involving the Czech Republic in a number of ways. These include the geographical proximity of the two countries, their close historical ties, a similar economic environment and the easier legal requirements for employing Slovak citizens in the Czech Republic, compared with those applying to other foreign workers. All of these factors are creating the conditions for the long-term growth of labour migration from the Slovak Republic. The growing pressure on the Czech labour market is also reflected in the growth of the *grey* Czech and Slovak labour markets.

The outflow of Czech workers is substantially lower than the influx of foreign workers into the Czech labour market and is gradually decreasing still further. This is a consequence, on the one hand, of the restrictive measures adopted to protect the labour markets of the Member States of the European Union against the influx of migrant workers from countries outside the European Union and, on the other hand, due to the declining interest of Czech citizens in working abroad.

In contrast, the flow of migrant workers from other Eastern European countries into the Czech Republic continues to grow and may be expected to be further strengthened in the future. The slow restructuring of Czech industry resulted, at the beginning of the transformation process, in low unemployment, which increased the demand for foreign labour. The Czech labour market was not saturated in all sectors, branches or professions and offered better pay than labour markets in neighbouring countries.<sup>1</sup> Another reason for this growth was that strong restrictions were not placed on the entry of foreign workers until 1996. Since 1996, changes in the situation of the Czech labour market have led to a decrease in the number of vacancies and an increase in the unemployment rate.<sup>2</sup> Restrictions on migration (labour quotas have been set for selected countries) have reduced international labour migration to the Czech Republic. Demand for foreign labour has also decreased of its own accord, especially in areas with a high incidence of foreign labour.

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<sup>1</sup> In December 1996, Czech employment offices registered 83,976 vacancies. This was the highest number since 1990. The unemployment rate was only 3.5 per cent (statistics of the Ministry of Labour and Social Affairs).

<sup>2</sup> In December 1998, the national unemployment rate was 7.5 per cent. In some regions, it reached up to between 10 and 15 per cent. Czech employment offices registered 386,918 unemployed persons (the highest number since 1990), while the number of vacancies fell to 37,641 (statistics of the Ministry of Labour and Social Affairs).

However, the restrictive policy, which was intended to reduce the number of foreign workers with work permits, has had the effect of increasing the interest of foreign workers in settling permanently in the country. Although the number of economic activities registered by foreign workers has been falling recently, the number of foreign workers holding long-term and permanent residence permits continues to grow. Moreover, the restrictions on the employment of foreign workers with work permits have probably caused an increase in unregistered economic activities carried on by foreign nationals.

The causes of labour migration to the Czech Republic have not remained constant. Uneven economic development, differences in unemployment rates and broad differences in living standards and the levels of real wages between sending countries and the Czech Republic used to be the decisive stimuli. The lower volume of migration from more industrialized countries is closely related to the level of foreign investment and, in some cases, the excess supply in the Czech labour market.

Migration is a structured process, which often has controversial effects. On the one hand, it helps to satisfy demand for labour and reduces labour costs. On the other hand, it may give rise to social unrest and dissatisfaction, particularly on the part of those who cannot or do not want to reduce their wage claims or who, for various reasons, do not have easy access to job opportunities. Competition from foreign labour leads to a rise in xenophobia and hostility towards foreigners within certain groups of the domestic population. Nationals are happy to benefit from their cheap services, either directly or indirectly, for example through the purchase of cheaper goods but are reluctant to integrate them.

Unregulated labour migration may lead to the destabilization of local labour markets in both sending and receiving countries. Movements of workers from certain sectors in sending countries result in changes in labour supply and demand in the receiving and sending countries. In the countries of origin of labour migrants, pressure increases for higher wages in the sectors from which labour is leaving. This is due both to higher demand for labour in these professions and also to the higher demands of returning migrants. In contrast, in receiving countries, there is often a depression of wage levels in those sectors and branches with a high supply of foreign labour. Foreign workers fill gaps in sectors of the national economy in which the demand for labour is not saturated and usually offer a cheaper and more efficient labour force. This makes them attractive to employers, but less so to the institutions protecting the local labour market, such as employment offices and trade unions.

Nevertheless, labour migration does not usually solve the problem of social groups which are hard to employ in sending countries. Those who seek to leave their country to find work abroad are often the ones who are able to find their place in the domestic labour market. In some countries, there are relatively generous social security systems which weaken the motivation of certain categories of local workers to occupy low-paid and unattractive jobs. This often leads to a rise in the number of persons dependent on social or unemployment benefits and, consequently, in national expenditure on social security systems.

From the point of view of migrants, labour migration may entail a loss of qualifications in cases where skilled work is inaccessible abroad, or unskilled or low-skilled work in receiving countries is significantly better paid than highly qualified and specialized work at home. If the lack

of recognition of professional status is only temporary, this may not cause problems. However, a long-term lack of professional advancement may lead to feelings of frustration.

In cases in which the wages of foreign workers are markedly lower than those of local workers and/or the wages available to migrant workers abroad are many times higher for similar work, the demands of many employers for formal qualifications tend to drop, while the demands for work performance increase. As the demands for the workers' qualifications decrease, greater importance is placed on their adaptability, flexibility and productivity, as well as their willingness to accept mobility. At the same time, the demands of migrant workers in terms of their working environment and living standards, including housing, tend to fall, as do many official requirements relating to their health. This naturally has certain negative effects on the attitudes of employers. By way of illustration, it may encourage them not to pay sufficient attention to working conditions or to the development of new technologies with a view to increasing the productivity of local workers, which would bring about a reduction in excessive staffing levels. Cheap labour does not motivate employers to cultivate and educate their workforce, or to improve the working environment or conditions of work.

Even bilateral agreements concerning the conditions for the employment of migrant workers are not always effective in securing equal status for foreign workers, or in providing them with effective protection. It is usually possible, in practice, to evade many of the requirements of the law and it is almost impossible to eliminate the (usually hidden) discrimination towards foreigners in the labour market. Moreover, failure to comply with the rules governing labour relations between national and foreign workers, and to take effective measures to impede hidden discrimination in the labour market, can result in the development of friction at both the individual level and in relations between sending and receiving countries.

Many of the practical difficulties encountered in international migration stem from the fact that interest in working abroad is high and is difficult to satisfy. This in turn encourages potential migrant workers to try and evade existing legislative provisions. This is particularly true in cases where the legislation in host countries is not adapted sufficiently rapidly to changes in the supply and demand for foreign workers, as well as where legal requirements for the employment of foreigners are very complex, or the supervisory machinery breaks down.

The positive contribution of international migration, on the other hand, is the creation of new jobs in both the sending and receiving countries, particularly in the fields of housing, accommodation, employment services and transport. However, many of the jobs which are created in these fields are illegal. To prevent the development of such illegal activities, it is necessary to ensure that there are effective and practical laws and regulations which can determine the conditions for the employment and job mediation of foreign workers.

## **2. Historical overview of migration in the former Czechoslovakia (1918-1998)**

Czechoslovakia has traditionally been a country of emigration.<sup>3</sup> During the period of the “First Republic”, which covered the years 1918 to 1938, the combination of unemployment, a disadvantageous social situation and subsequently political and ethnic factors gave rise to emigration to neighbouring European countries and to the “New World”. Emigrants often followed relatives who had left the country earlier.

More than half a million Czechoslovak citizens lived abroad between 1920 and 1930. In Europe, the main flow of emigrants was towards Germany, Austria, France, Hungary, Yugoslavia, Romania, Poland and the former USSR. Emigration to the countries of the New World was targeted in particular at the United States and Canada. Emigration from the Czech lands peaked in 1920-1924, when some 111,000 persons left the country. However, the new immigration quotas which were established in many receiving countries during the global economic crisis, and particularly in the United States from 1925 to 1929, reduced emigration from Czechoslovakia for a short period. Emigration then increased again as unemployment rose in the second half of the 1930s, especially in Slovakia. During the period 1935 to 1939, around 144,000 persons emigrated from Czechoslovakia, including some 57,000 from the Czech lands and 87,000 from Slovakia. In total, between 1920 and 1939, well over half a million people emigrated from Czechoslovakia, of which nearly one-half were from the Czech areas and over half were from Slovakia.

During the period of the “First Republic”, immigration to Czechoslovakia was lower. The available statistical data suggest that nearly 250,000 persons immigrated to Czechoslovakia during the period 1920-1939, of which nearly 150,000 went to the Czech lands and a little over 100,000 to Slovakia.

In particular, there was a strong upsurge in immigration immediately after the declaration of independence. Thereafter, post-war immigrants, who included former soldiers, war repatriates and re-emigrants of Czech origin, as well as Russian emigrants, tended to come from Austria, and especially from Vienna, as well as from the United States. They were seeking better jobs and living conditions in the new Czechoslovak State.

Immigration to Czechoslovakia also increased significantly once again in the period from 1935 to 1939, when almost 100,000 immigrants arrived in the country. The main targets for the immigrants were the Czech lands, which received some 70 per cent of the new arrivals.

### *The 1939-1945 period*

The next major waves of migration were the direct result of the rise of fascism, and particularly the occupation of Bohemia and Moravia by Nazi Germany and the ethnic cleansing process carried out in neighbouring countries. After the Munich agreements and the annexation of the border areas of Czechoslovakia, many people had to leave their homes. Pre-war migration in 1938 and 1939 resulted in about half a million persons emigrating to the Protectorate of Bohemia and Moravia from occupied lands bordering on Czechoslovakia, including Slovakia and Sub-Carpathian Russia. As a consequence of the international agreements on border changes, the former

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<sup>3</sup> Emigration from the “Czechlands” (Moravia, Silesia and Slovakia) was already high during the Austro-Hungarian Empire. Migration losses from the Czech lands during the period 1850-1899 amounted to some 1,130,000 inhabitants, or around 32 per cent of the natural population growth. Nearly 400,000 persons are also estimated to have emigrated during the period 1900-1913.

pre-Munich Czechoslovakia lost about 31 per cent of its territory and 26 per cent of its inhabitants. The Czech lands lost about 37 per cent of their territory and 36 per cent of their inhabitants, while Slovakia lost some 22 per cent of its territory and 26 per cent of its inhabitants.

According to some estimates, about half a million persons were deported to Germany during the war years, of whom only 170,000 returned after the war. About 27,000 Jews emigrated up to the end of 1941, when the Nazis stopped the emigration organized by the British Government. Estimates vary between 75,000 and 140,000 for the number of Jews who were forcibly removed from Czechoslovakia during the period 1938-1945. In addition, some 5,000 Czech Romas (Gypsies) were taken from the Czech lands and died in Nazi camps. Thousands of young workers from the Protectorate of Bohemia and Moravia were gradually taken to work in Germany, starting in 1939. By the end of 1941, their number was nearly 200,000, rising to over 325,000 by the end of 1942. The main movement of forced labour was sent to Germany in the autumn of 1943. In total, nearly 650,000 inhabitants of the Protectorate were forced to work in Germany during the war period.

### *The post-war years*

The period following the end of World War II (1945-1947) saw massive population movements, both across and within the borders of Czechoslovakia. Although exact data for the period are not available, it is estimated that over five million people were on the move, including about four million in the Czech lands. The migration losses from the Czech areas in those years amounted to about 2.7 million persons. In addition, from 1945 to 1947, around 2.5 million German settlers returned to Germany and Austria.<sup>4</sup> Some 90,000 Hungarians also returned to Hungary from Slovakia, while about 50,000 persons were forcefully displaced from Czechoslovakia to Ukraine and other parts of the former USSR.

**Table 1. External migration in the Czech Republic, 1945-1947**

| <b>Year</b> | <b>Immigrants</b> | <b>Emigrants</b> | <b>Net Migration</b> |
|-------------|-------------------|------------------|----------------------|
| 1945        | 35 000            | 1 177 000        | - 1 142 000          |
| 1946        | 45 000            | 1 630 000        | - 1 585 000          |
| 1947        | 51 100            | 1 300            | 49 800               |
| TOTAL       | 131 100           | 2 808 300        | - 2 677 200          |

Source: Audrle, 1993

Conversely, during the period 1954-1950, about 220,000 persons of Czech or Slovak origin returned from abroad. These returning migrants headed in particular for the border regions, which had been depopulated by the transfer of Germans. Another specific wave of post-war immigration struck Czechoslovakia immediately after the war, when some 42,000 persons immigrated to Czechoslovakia from Ukraine, nearly 40,000 from the Volynia region.

### *The 1948-1989 period*

<sup>4</sup> These consisted mainly of German settlers from the Sudetenland, sub-Carpathian Russia, South Moravia, Prague and Bratislava.



During the 1948-1989 period, waves of emigration tended to follow political changes in the country. The Communist coup d'état in 1948 resulted in a wave of emigration, while the suppression of the "Prague spring" in 1968 gave rise to another. During the communist period, over 500,000 people emigrated from Czechoslovakia, mostly in two main waves (after February 1948 and August 1968).<sup>5</sup>

This was in turn followed by a new wave of emigration during the period of political liberalization preceding the Prague spring. The number of emigrants had started to increase gradually since 1964. During the period from 1960 to 1969, about 44,000 persons emigrated from Czechoslovakia legally. Most of these persons left in 1967, when about 14,000 emigrated. The expected democratization of political life in 1968 had the effect of retarding the emigration process, with the annual number of legal emigrants decreasing slightly to 10,500 persons in 1968 and to 9,000 in 1969. The subsequent process of so-called "normalization" brought about a new wave of emigration, as the numbers of emigrants reflected the political expectations of the citizens. In 1970, about 12,000 persons emigrated legally. Later, when the borders were once again more or less closed, the rate of legal emigration slowed down. During the period 1971-1980, a total of nearly 90,000 persons emigrated legally. This number fell to just over 30,000 during the period 1981-1990. The total number of legal emigrants during the whole period from 1970 to 1989 was something under 80,000 persons. However, the figure for illegal emigration was undoubtedly higher. The main destinations of legal emigrants from Czechoslovakia during this period were Austria, Germany, Greece and Poland in Europe and the United States and Canada over the Atlantic.

**Table 2. Migration losses in the Czech Republic, 1948-1990**

| <b>Year</b>  | <b>Legal migrants</b> | <b>Illegal migrants</b> | <b>Total</b>     |
|--------------|-----------------------|-------------------------|------------------|
| 1948-1949    | 3 900                 | - 250 000               | - 246 100        |
| 1950-1960    | - 2 400               | - 32 500                | - 34 900         |
| 1961-1970    | - 47 700              | - 116 800               | - 164 500        |
| 1971-1980    | - 7 800               | - 43 200                | - 51 100         |
| 1981-1990    | - 13 700              | - 40 000                | - 53 700         |
| <b>TOTAL</b> | <b>- 67 700</b>       | <b>- 482 500</b>        | <b>- 550 300</b> |

Source: Audrle, 1993

Immigration into the former Czechoslovakia was strictly regulated during the totalitarian period and was relatively low. It consisted mainly of immigration for reasons of family reunion or marriage. The immigrants came principally from the countries of Central and Eastern Europe, as well as from Greece and France. In ethnic terms, many of them were of Czech or Slovak origin. During the communist period, several thousand political refugees received asylum in Czechoslovakia, including some 12,000 refugees from Greece who fled during the civil war over

<sup>5</sup> Over the whole period 1950-1990, some 150,000 ethnic Germans emigrated to Germany, while in the years 1968 and 1969, some 162,000 Czechs, Slovaks and Hungarians fled to Australia, Austria and Germany.

the period 1946-1950. In 1946 and 1947, about 12,000 Bulgarian agricultural workers immigrated and settled in depopulated areas of the former Sudetenland. Another group of around 4,000 Bulgarians arrived in Czechoslovakia in 1957.

The liberalization of political life in the 1960s in the period preceding the Prague spring also resulted in a rise in immigration. During the decade 1960-1969, approximately 19,000 foreign nationals immigrated to Czechoslovakia, mostly during the years 1966-1968, when over 4,000 persons arrived each year. Following the Soviet invasion, the numbers of immigrants decreased slightly during the years 1969 to 1971 to about 3,000 a year. Immigration rose once again during the period of so-called "normalization" from 1970 to 1979, when the total number of immigrants to Czechoslovakia reached nearly 50,000.

The only time when the influence of migration (in the sense of permanent settlement) on the number and composition of the population of the Czech Republic was significant was during the years immediately following World War II. Apart from that period, the annual numbers of immigrants only represented between 5 and 8 per cent of the population losses due to mortality. Immigration therefore only accounted for a fraction of 1 per cent of the total number of inhabitants and did not have a marked influence on the structure or development of demographic processes.

#### *The 1990-1998 period*

The fundamental break in the main trends in international migration as it affects the Czech Republic has occurred since 1990. The opening of the borders in January 1990 and the new freedom of movement resulted in higher levels of migration movements. Indeed, the underlying principles governing the situation of migrants coming to and leaving the Czech Republic were overturned. While, over the whole period of communist rule, the population of the Czech Republic decreased as a result of emigration, since the beginning of 1991 their number has been increasing due to immigration. Nevertheless, immigration has not resulted in an overall increase in the number of inhabitants and has not, particularly since 1993, replaced the decreases caused by the natural processes of demographic evolution.

The main targets of Czech emigrants in 1990 were Germany and Switzerland, and to a lesser extent Austria, Canada, United Kingdom and United States. However, since 1990, contrary to many predictions, emigration has been steadily decreasing. Political stability and the development of democracy have resulted in a decline in the process of permanent emigration.<sup>6</sup> However, emigration has been replaced by the emergence of the new phenomenon of occasional temporary labour migration from the Czech Republic to the West.

In 1990, when the new Government adopted a liberal visa policy and opened the borders, the Czech Republic became an attractive destination country for migrants, as well as a major

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<sup>6</sup> Free movement across the borders and the cancellation of visa requirements with many European and non-European countries, combined with the further liberalization of migration legislation, have made the migration statistics unreliable. External migration statistics are incomplete and the statistical data quoted after 1990 do not give a precise picture of the migration situation, since they cover only a proportion of the persons who have in fact emigrated. Following the abolition of the requirement to obtain emigration passports, citizens have not had to notify their intention to settle abroad permanently. Emigrants are currently considered to be persons who hand over their citizen's card to the authorities.

transit country for East-West migration. The influx of foreign nationals increased dramatically, although the numbers of permanently settled foreign nationals remained more or less the same. In 1990, the majority (75 per cent) of immigrants were re-immigrants of Czech nationality. However, official data on the number of Czech re-immigrants do not necessarily always reflect actual resettlement. Some of the persons concerned registered for permanent residence in the Czech Republic with a view to property restitution, while in other cases such registration was intended to pave the way for a formal arrangement of the affairs of persons who had previously emigrated.<sup>7</sup>

Migration in the sense of permanent settlement is no longer the principal component of migration movements affecting the Czech Republic. Indeed, the dynamics of migration processes have become much more rapid. The bulk of migration is now beginning to be accounted for by short-term migration, with fewer asylum-seekers and ethnic Czechs from the former USSR seeking to resettle in the country. The economic activities of Czech citizens abroad and of foreign nationals in the Czech Republic have become the major determining factors in recent migration movements. Moreover, in the period immediately after 1990, another significant factor to emerge was the role played by the tourist boom, as the Czech Republic started to become a target for millions of tourists.

At the beginning of the migration boom in 1990, the percentage of permanently settled foreign nationals in the total population of the Czechoslovak Federal Republic amounted to less than 0.3 per cent of the total population. The total number of foreign workers employed under intergovernmental and business contracts in Czechoslovakia was just over 130,000.

The total number of foreign nationals holding different kinds of residence permits in the Czech Republic increased from 35,000 in December 1990 (0.3 per cent of the population) to just over 220,000 in December 1998 (2.14 per cent of the population). In particular, the number of foreign nationals with long-term residence permits increased rapidly, rising from 7,700 in 1990 (0.07 per cent of the total population) to nearly 156,000 in 1998 (1.51 per cent).<sup>8</sup>

The nationality of the main groups of foreign nationals holding permanent residence permits in the former Czechoslovakia in 1990 was as follows: 37 per cent Polish nationals, 10 per cent from the former USSR, 10 per cent from Bulgaria, 8 per cent Greeks, 4 per cent Hungarians, 4 per cent from the former Yugoslavia, 3 per cent Germans, 3 per cent Romanians, 1 per cent Austrians and 1 per cent Vietnamese. By 1998, this had changed as follows for both permanent and long-term residence permits combined: 24 per cent Ukrainians, 23 per cent Slovaks, 10 per cent Vietnamese, 10 per cent from Poland, 5 per cent from the Russian Federation, 3 per cent Germans and 3 per cent Bulgarians. In addition, nationals from Austria, Belarus, China, Moldavia, Romania, United

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<sup>7</sup> It should be noted in this respect that the term "nationality" is understood for the purposes of this paper to mean self-identification with an ethnic nationality, rather than formal citizenship.

<sup>8</sup> Foreign nationals may stay on the territory of the Czech Republic for a short period (tourists), a long-term stay or permanently. For long-term stays, foreign nationals have the right to stay in the Czech Republic for the period specified in their long-term residence permit. This period is the time necessary to achieve the purpose of the stay, which may be to study, establish an enterprise or discharge a job, but may not be longer than one year. However, the period may be renewed repeatedly. Permanent residence permits for foreign nationals are not limited in time. They are issued in compliance with international human rights treaties, namely for the purposes of family reunion in cases where a spouse, direct relative or brother or sister of a foreign national has a permanent residence permit in the Czech Republic. The list of reasons is not limitative and permanent residence permits may be issued for other reasons.

States and the Federal Republic of Yugoslavia each accounted for under 2 per cent of the total number of permit holders.

### *Immigration from the Slovak Republic*

Migration between the Slovak Republic and Czech Republics was not particularly high during the period of the common State, with the sole exception of the immediate post-war years. Nevertheless, for some time, a substantial proportion of the increase in immigration into the Czech Republic was accounted for by migrants from the Slovak Republic. Migration gains in the Czech lands from migrants from Slovakia in the 1950s totalled over 90,000 persons, falling to 68,000 and 35,000 respectively in the two subsequent decades. Over the whole period from 1950 to 1992, nearly 700,000 inhabitants of the Slovak Republic moved to the Czech Republic. Over the same period, the numbers of those moving from the Czech Republic to Slovakia were around 440,000.

According to the census data, the number of Slovak citizens permanently living in the Czech Republic increased by 37,000 during the decade 1980-1991 (from 129,000 in 1980 to 166,000 in 1991), while the number of Czech citizens permanently living in the Slovak Republic decreased slightly (from 54,000 in 1980 to 53,000 in 1991). The last population census in 1991 shows that 166,000 persons living in the Czech Republic then had Slovak citizenship, of which some 144,000 subsequently declared Slovak and 10,000 Czech nationality. In the Slovak Republic, on the other hand, of the 53,000 residents with Czech citizenship, some 42,000 declared Czech and 9,000 Slovak nationality. According to the 1991 census, nearly 95 per cent of residents in the Czech Republic declared Czech nationality (a total of 8,364,00 persons), while some 315,000 residents in the Czech Republic declared Slovak ethnic nationality (3.1 per cent).

Registered migration movements between the Czech and Slovak Republics in the years preceding the division of the federation were higher than prior to the period 1985-1989. In 1992, about 12,000 Slovaks migrated to the Czech Republic and about 7,000 Czechs to the Slovak Republic. However, one year after the split, there was no wave of registered immigration from the Slovak Republic to the Czech Republic. In 1993, the positive migration balance in the Czech Republic was a mere 44 persons, out of a total migration turnover between the two countries of some 7,000 persons. However, non-registered migration also exists, especially in the case of Slovak Gypsies. Exact data are not available, but estimates place these movements at about 25,000 persons in 1995. The estimate of the number of former citizens of the Federation holding permanent residence permits, but without citizenship in the Czech Republic, was about 15,000 in July 1998.

Migration between the Czech and Slovak Republics has been decreasing gradually since 1992. In that year, it increased due to the expected division of the federation. Current immigration from the Slovak Republic consists mainly of temporary labour migration and migration for business purposes. The number of Slovak citizens holding permanent residence permits in the Czech Republic has increased from 2,960 persons in 1994 to 14,127 in 1998. Similarly, the number of Slovak citizens holding long-term residence permits has risen from 13,817 in 1994 to 35,494 in 1998. The total number of Slovak citizens holding residence permits in the Czech Republic rose from 16,778 in 1994 to 49,621 in 1998.

Many former citizens of the Slovak Republic changed their citizenship after the Federation split. Several thousand Slovak Gypsies who migrated to the Czech Republic after the split lived there without Czech citizenship. Some of them did so because they did not realize what was

required, sometimes due to a lack of information on how to handle the administrative procedures, or simply through lack of interest. Later, the reasons came to include lack of money, since the administrative procedure became rather expensive for large families, as well as administrative or legal problems relating to the procedures for obtaining citizenship.

**Table 3. External migration in the Czech Republic, 1950-1989 (annual average)**

| Year      | Immigrants           |                      |         | Emigrants          |                    |         | Net Migration   |                 |        |
|-----------|----------------------|----------------------|---------|--------------------|--------------------|---------|-----------------|-----------------|--------|
|           | from Slovak Republic | from other countries | Total   | to Slovak Republic | to other countries | Total   | Slovak Republic | other countries | Total  |
| 1950-1954 | 32 781               | 1 153                | 33 934  | 21 280             | 721                | 22 001  | 11 501          | 432             | 11 933 |
| 1955-1959 | 21 232               | 1 269                | 22 501  | 14 271             | 2 106              | 16 377  | 6 961           | - 837           | 6 124  |
| 1960-1964 | 18 553               | 1 201                | 19 754  | 11 032             | 2 653              | 13 685  | 7 521           | - 1 452         | 6 069  |
| 1965-1969 | 16 469               | 2 177                | 18 646  | 10 304             | 8 723              | 19 027  | 6 165           | - 6 546         | - 381  |
| 1970-1974 | 11 923               | 3 150                | 15 073  | 8 108              | 5 227              | 13 335  | 3 815           | - 2 077         | 1 738  |
| 1975-1979 | 9 957                | 2 060                | 12 017  | 6 769              | 3 069              | 9 838   | 3 188           | - 1 099         | 2 179  |
| 1980-1984 | 9 822                | 1 132                | 10 954  | 6 099              | 2 790              | 8 889   | 3 723           | - 1 658         | 2 065  |
| 1985-1989 | 9 137                | 852                  | 9 989   | 5 765              | 1 838              | 7 603   | 3 372           | - 986           | 2 386  |
| Total     | 129 874              | 12 994               | 142 868 | 83 628             | 27 127             | 110 755 | 46 246          | - 14 223        | 32 113 |

Source: Kucera, 1994

**Figure 1. Foreign nationals holding residence permits in the Czech Republic**

**Source: Statistics of the Ministry of the Interior of the Czech Republic, Directorate of Aliens and Border Police**

**3. Main types of migrants in the Czech Republic since 1990***Labour migration*

Labour migration was strictly regulated during the socialist period by means of a system of inter-governmental agreements and business contracts. However, contracts for individual employees were quite rare. The entry of foreign workers into the former Czechoslovak Socialist Federal Republic was based on the planned economy system and on the provision of international aid to the other countries of the former socialist bloc.

Labour migration targeting the former Czechoslovakia (and mainly the Czech Republic) has had different motivations over the course of history. After the Second World War, during the years 1946 and 1947, about 12,000 agricultural workers arrived from Bulgaria and settled in the depopulated border areas. In 1957, about 4,000 persons from Bulgaria settled in areas in Northern Bohemia and worked mainly in the building industry.

The arrival of foreign workers in the 1970s and 1980s was caused by the low demand for labour in other socialist countries. Labour immigrants came mostly from neighbouring countries, such as Poland and Hungary. The system for their employment was based on bilateral intergovernmental agreements. Labour migration from Poland has a long tradition. In 1961, an agreement on employment was concluded between the Polish and Czech border regions. Later, the agreement concluded between Czechoslovakia and Poland in 1964 determined each year the number, economic sector and the specific enterprises which would receive labour migrants. The number of Polish workers increased from 4,000 in 1964 to a maximum of nearly 21,000 in 1974. Later, as of 1982, the number of long-term migrant workers gradually decreased. In 1984, the

migration of young Polish workers commenced for the purposes of short-term employment on the basis of a bilateral agreement. A protocol on seasonal labour is signed every year for one-month work stays by young people from Poland, who worked in agriculture and forestry. Every year, up to 45,000 young Polish workers come to Czechoslovakia for one-month seasonal contracts in agriculture and forestry.

In 1967, the first group of 2,100 skilled Vietnamese workers arrived in Czechoslovakia. An agreement between Czechoslovakia and Viet Nam was signed in 1979, under which 8,700 students and 32,000 workers from Viet Nam attended vocational training courses in Czechoslovakia. A second agreement between Czechoslovakia and Viet Nam was concluded in 1980 concerning the temporary employment of Vietnamese nationals in the machine industry. A third agreement was concluded in 1980 for the employment of Vietnamese nationals in the machine, textile, chemical and other industries. The maximum number of Vietnamese workers employed in Czechoslovakia reached 23,000 in 1983.

An agreement between Cuba and Czechoslovakia was concluded in 1978 which resulted in some 23,000 Cuban workers being employed in Czechoslovakia for four-year periods during the years 1978-1989. In 1980, an agreement was also signed between Czechoslovakia and Laos for the vocational training of 200 young professional workers. Other agreements covering vocational training were concluded in the 1980s between Czechoslovakia and Angola, Mongolia and the Korean Democratic Republic (North Korea).

During the socialist period of Czechoslovak history, business contracts between companies were also concluded, especially in the construction industry. These contracts were drawn up between the Federal Ministry for International Trade and foreign companies, mainly in Poland and the former Yugoslavia. Under these contracts, some 100,000 foreign workers were employed in Czechoslovakia in 1990, when the practice reached its height.

After 1990, intergovernmental and business contracts were gradually terminated and, by April 1993, they covered no more than 1,330 persons. However, the number of individual employment contracts has been increasing rapidly, especially in the Czech Republic. The rise has been from just over 4,000 in December 1991 to nearly 38,000 in December 1998, excluding Slovak nationals. The total number of work permits issued to foreign nationals has increased from 6,300 in 1991 to 71,000 in 1996, with a decrease to just under 50,000 in 1998.

The demand for foreign labour after 1990 was heightened by the exodus of thousands of relatively highly skilled Czech workers from the Czech Republic. The main target of these labour emigrants was neighbouring Western countries, including Germany and Austria. Between 27,000 and 49,000 Czech workers, or between 0.4 and 0.8 per cent of the economically active population, found seasonal or commuting jobs in Germany for different lengths of time in 1992 and 1993, when the influx of Czechs into the German labour market reached its peak. Labour migration to Austria was probably smaller in scale, but reliable statistics do not exist. According to OECD data, about 4,000 commuters worked in Austria in 1994 and about 11,000 in 1996. According to some surveys, about 2 per cent of the Czech population worked abroad in 1992, some 3 per cent in 1993 and only 1 per cent in 1994. Subsequently, labour migration fell due to the economic stagnation and rising unemployment in Western European countries, as well as the continued decrease in the difference between German and Czech wages.

The numbers of all types of Czech labour migrants seeking employment in Germany has decreased continually since 1993, especially in the case of commuters. Estimates by German employment offices placed the number of Czech commuters at between 15,000 and 30,000 in the



years 1992 and 1993. Data collected by Czech employment offices show about 17,600 commuters in 1995. In 1997, roughly 15,000 Czech workers were engaged in legal employment in Germany, most of whom were commuters, with approximately 10,000 persons commuting daily across the Czech-German border. In addition to the commuters, about 2,300 seasonal workers found jobs in Germany in 1997. Some 500 worked under so-called “yearly” contracts for the purposes of enhancing their qualifications and nearly 2,000 persons worked under commercial contracts for Czech and German companies. In 1998, only 2,397 Czech workers were employed under the intergovernmental agreement between the Czech Republic and Germany, of whom 2,078 were seasonal workers.

Czech workers are employed in Germany on the basis of a bilateral agreement on labour migration. The Czech Republic has a policy of establishing similar agreements with other countries as part of its general strategy of economic integration. This has resulted in the conclusion of bilateral agreements with Poland, Slovak Republic, Russian Federation, Ukraine and Viet Nam. Others are under negotiation with Hungary, Latvia and Luxembourg. The main objectives of such bilateral agreements, as well as of the amendments that are being made to the current legislation, are to ensure better protection for the Czech labour market and to improve the protection of foreign workers against discrimination on the labour market.

Labour migration patterns change over time. In 1998, the main stream of labour migrants came from the Slovak Republic (67,500), Ukraine (29,000) Poland (11,000) and Viet Nam (15,500). Foreign workers may be employed on the basis of individual contracts or commercial agreements between companies. Czech district offices supervise the number of work permits granted to foreign nationals every year according to the situation on the Czech labour market.

The share of foreign labour in the total labour force in the Czech Republic has increased from 0.98 per cent in 1993 to 3.78 per cent in 1997. In 1998, it fell again to 3.02 per cent. Most foreign nationals work in Prague, where they accounted for some 7 per cent of the labour force in 1998. The number of registered foreign workers increased in Prague until the end of 1997, but has since fallen slightly. However, foreign workers are also found in all the other regions of the Czech Republic.

**Figure 2. Work permits and trade licences granted to foreign nationals from selected countries**

The number of foreign workers with work permits varied during the period 1990-1998. The national composition of the foreign labour force has also changed. Since 1990, there has not only been an increase in the total number of foreign nationals employed in the Czech Republic, but also in the number of their countries of origin, which rose from 90 in 1993 to 143 in 1998.

More recent developments on the Czech labour market have led to a decrease in the number of foreign nationals with work permits. The main contingent of labour migrants with work permits is from Poland and Ukraine. The number of Ukrainian nationals with work permits increased from 240 in 1991 to a peak of over 42,000 in 1996, since when it has been falling continuously. In 1998, the number of Ukrainian nationals with work permits had fallen to just over 19,000. The bilateral agreement between the Czech Republic and Ukraine on labour migration between the two countries has been in force since 1 January 1997 and its aim is to regulate the numbers of labour migrants and restrict the illegal employment of “tourists”. Although no restrictive quotas have been set for Polish workers with work permits, their numbers have also decreased from over 13,500 in 1997 to just under 10,000 in 1998.

**Figure 3. Regional distribution of foreign nationals with work permits in the Czech Republic, 1995-1998**

After Czechoslovakia split into the Czech and Slovak Republics in 1993, a new category of foreign workers emerged, namely the former citizens of the common State, who benefit from special employment regulations. Citizens of the Slovak Republic are employed under an agreement between the Czech and Slovak Republics and do not require permits to work on the territory of the other State. However, Czech employers are obliged to register Slovak workers in Czech employment offices. Slovak workers always account for a substantial proportion of the foreign labour force in the Czech Republic. The number of Slovak citizens on the Czech labour market remained more or less constant at between 20,000 and 30,000 persons until 1993. After the split, the number of Slovak workers has increased significantly, from just over 23,000 Slovak citizens registered at the Czech employment offices in December 1993 to 61,000 in December 1998.

#### *Small businesses and traders*

Foreign nationals who have trade licences do not necessarily have to be present on the territory of the Czech Republic. They do not have to be real migrant workers. However, most of them are, especially small traders. There has been a rapid influx of foreign small entrepreneurs and traders since 1994. The restrictive migration policy for foreign workers seeking a work permit has also caused an increase in applications for trade licences by foreign nationals. The business activities carried out by foreign nationals cover all the districts of the Czech Republic.

Statistics of the Ministry of Industry and Trade show that the total number of registered trade licences granted to foreign nationals rose from 9,000 in 1993 to over 45,000 in December 1998. Of these, over 15,000 were held by Vietnamese nationals in 1998 and nearly 10,000 were Ukrainians.

The majority (34 per cent) of foreign small traders operate in Prague (over 21,000 in December 1998), which is constantly the main centre of the economic activities of foreign nationals. However, the number of trade licenses granted to nationals of countries other than the Czech Republic to operate in Prague has decreased slightly in recent years. The latest developments in the Czech labour market have also led to a decrease in the numbers of foreign nationals with work permits and trade licences, despite the fact that no restrictions have been placed on migration for the purpose of exercising a small trade. Demand for foreign workers has decreased as a result of the rise in unemployment in the Czech Republic.

#### *Asylum-seekers and refugees*

With the opening of its borders and the absence of stringent residence rules in the early transitional years, combined with its liberal asylum policy, the Czech Republic was soon identified as a target for refugees. Moreover, it was becoming more difficult to apply for asylum in Western Europe.

The number of asylum-seekers has fluctuated over the years. Following the boom immediately after the *Velvet Revolution*, the number of refugees continued to decrease. They now represent only a small proportion of immigration into the Czech Republic. From June 1990 to December 1998, a total of nearly 18,000 asylum-seekers from over 40 countries applied for legal refugee status in the Czech Republic. Up to December 1998, refugee status had been accorded to 1,818 persons, or some 10 per cent of the total number of applicants. Between 1990 and 1997, the annual number of asylum seekers varied between one and two thousand. This figure rose to over 4,000 in 1998, when the main group of asylum-seekers came from Afghanistan (over 1,200 applicants). However, refugee status was granted to only 78 persons in 1998, or some 2 per cent of all applicants.

The migration patterns of refugees have changed since 1990. The main influx of refugees in 1991 and 1992 came from Romania, the former USSR and Bulgaria. The outbreak of war in the Balkans and later in other regions of Eastern Europe, as well as the emergence of new forms of ethnic oppression, have resulted in a change in the national composition of asylum-seekers. Since 1992, most refugees are from the former Yugoslavia. The main influx from former Yugoslavia occurred in 1992, when some 3,000 asylum-seekers arrived at humanitarian centres in the Czech Republic. By May 1997, temporary refugee status had been granted to over 5,000 persons from the former Yugoslavia.

Recognized refugees with work permits do not play a significant role in the Czech labour market and their overall numbers are decreasing. In 1993, Czech employment offices registered 166 refugees with work permits. The figures in following years were respectively 140 in 1994, 1,074 in 1995, 44 in 1996, 35 in 1997 and only 14 in 1998. Asylum-seekers are not included in Czech labour market statistics. While some refugees have established small businesses in the Czech Republic, others have gone elsewhere to work.

#### *Resettlers of Czech origin*

Resettlers of Czech origin represent the smallest part of the new wave of immigration. During the period 1991-1993, over 1,800 ethnic Czechs returned to the Czech Republic from Ukraine. They came largely from the region affected by the Chernobyl nuclear accident. In 1991, the Czech Government offered residence in the Czech Republic to all those in the affected region who could show Czech descent. They were allowed to immigrate with all of their families. In 1995 and 1996, some 500 ethnic Czechs also came from Kazakhstan and other countries. Their resettlement was organized, regulated and supported by governmental bodies and they were provided with transport, accommodation and other financial, health and social assistance. They generally settled in small communities in the country or small towns. The first group of ethnic Czech resettlers from Ukraine could also be termed ecological migrants.

### *Returning migrants*

The liberalization of the former communist countries has allowed the return of political exiles, who were previously the most significant source of East-West migration. People who were forced to leave their homelands had an opportunity to return and were encouraged to do so by property restitution measures. Although the numbers who actually settled were not high, they brought with them business skills and investment. In most cases, they had become accustomed to the living standards of the West and had raised families there, making it difficult for them to resettle in the Czech Republic permanently. However, their symbolic or political significance is often much greater than their numbers, especially in the case of certain members of aristocratic families and some emigrants of political significance.

### *Tourists*

One of the major forms of mobility in the Czech Republic has been tourism. Although tourists are not migrants, their massive influx has influenced attitudes towards migration in the country. Tourism also creates a demand for goods and services, which in turn stimulates new forms of economic activity for both Czech workers and foreign nationals. The Czech Republic has a relatively well-developed tourist industry and Prague has become one of the major tourist destinations in Europe. The number of foreign visitors has risen steadily over recent years, from 70 million in 1993 to 101 million in 1994 and 108 million in 1998. Most foreign visitors come from neighbouring countries, including Austria, Germany, Poland, and the Slovak Republic. However, a significant number also come from more distant countries.

## **4. Legal and illegal employment of foreign workers in the Czech Republic**

Foreign nationals can be employed legally in the Czech Republic only once they have been granted permanent or long-term permits to reside in the country and have obtained a work permit. Another alternative is to be granted refugee status. The prerequisite for being granted a long-term residence permit for the purposes of employment is to provide a document confirming the purpose of residence. In such cases, a work permit is issued by an employment office. Foreign workers have to arrange for this permit before their arrival in the Czech Republic, or during their stay in the country for other reasons, such as tourism. Persons who have been accorded refugee status or permanent residence in the country do not need a work permit.

Before employers engage foreign workers, they have to obtain authorization from the respective employment office to import labour. Before granting permission to employ foreign workers, the employment office takes into account the situation on the labour market in the respective region and in the undertaking for the employer to provide employment for the respective foreign worker.

Employment offices issue work permits for foreign workers for the specific jobs which are notified by employers as being vacant and for which no Czech citizens are available. Work permits only apply to employment with the employer mentioned in the work permit, for certain kinds of jobs and in certain specified locations. If a foreign worker changes employer or the location of the work, even with the same employer, it is necessary to apply for another permit or for the original permit to be changed.

Work permits are also issued to foreign nationals for the purposes of performing specified work or engaging in temporary or seasonal work. These permits are issued for the period necessary for the performance of the job and for a maximum of one year. A work permit for employment with a specific employer may be reissued for another fixed period and may be extended. The requirement for such an extension, in accordance with the Employment Act, is that no Czech citizen is available for the job.

Foreign nationals often leave their employment early, in which case the validity of their work permit also ends. Work permits are often misused and may serve as a pretext to legalize residence, or to obtain a long-term residence permit and then to start illegal work activities. The development of illegal employment relationships is facilitated in this respect by the lack of control by employment offices and by the insufficiency of cooperation with the respective police departments.

#### *Foreign workers sent to the Czech Republic by their employers*

In cases where foreign workers are sent to the Czech Republic by their employers under a subcontract covering a specific project, it is still necessary to obtain work permits for such workers. Subcontracting arrangements of this nature are common in the construction sector and in seasonal agricultural work.

#### *Business activities by foreign nationals*

This form of economic activity is governed by the laws respecting enterprises, including the Commercial Code and the Small Business Act, as well as the Income Tax Act and the Social and Health Insurance Act.

The Commercial Code does not tie the running of a business to the need to obtain a residence permit. Foreign nationals may therefore run a business in the Czech Republic quite legally without being physically present on its territory. However, in such cases they have to appoint a representative and be included in the commercial register.

The granting of a business licence entitles a foreign national to obtain a long-term residence permit in the Czech Republic. In the case of foreign nationals who already have a residence permit, the business licence is granted immediately. This procedure is not subject to any controls and foreign nationals can therefore legalize their residence in the Czech Republic in this way. Moreover, small business licences are issued for unspecified periods and, in the case of the

so-called free trades, which include purchasing and selling, applicants do not even have to document their qualifications. An additional factor which decreases the possibility of effective control is that small business licenses, although issued at the location of the firm's headquarters, cover premises where the activities are carried out, which may be located in other areas.

### *Factors influencing the legal and illegal employment of foreign workers*

In most cases, employers prefer to employ foreign workers under a legal employment relationship. There are often good economic reasons for doing so, in view of the expense involved in employing workers through subcontractors and, in some cases, the unreliability of the subcontractors. Czech enterprises also tend to find that the morale of legally employed foreign workers is good and that they show the positive qualities of interest in their work, the willingness to work according to the needs of the enterprise, including overtime, weekends and holidays, where necessary, as well as working hard in a difficult environment.

However, there are other economic factors which tend to increase the demand for illegal foreign labour. These include the lower wage costs resulting from the avoidance of social and health insurance contributions, lower expenditure on safety at work and on an adequate working environment, including temporary accommodation. In such cases, it is advantageous for the entrepreneur to make use of a subcontracting agency. Such agencies are often established only on the basis of a small business licence, without owning any materials, basic tools or machinery. In most cases, such agencies are established just for this precise purpose and their activities in the Czech Republic are brought to an end after a certain time.

Employers also enjoy similar advantages through direct illegal employment relationships with foreign workers, and particularly the lower wage costs resulting from the avoidance of social and health insurance contributions. For the workers, the advantages may include higher wages compared with those paid for legal employment.

In certain cases, the motivation behind foreign workers opting for an illegal employment relationship may be a wish to retain their social benefits, while at the same time earning an income from work. They can only do this through an illegal employment relationship. The persons concerned consist, in particular, of foreign nationals who have been granted refugee status who are waiting to be accorded this status. According to some estimates, around one-fifth of the foreign nationals who have this status work illegally. Indeed, clandestine work has been detected more frequently among persons who have applied for refugee status, than in any other categories of the migrant workforce. In the case of Slovak workers, both legal and illegal, it is highly probably that some of them also receive unemployment benefit in Slovakia.

Another factor which tends to favour the spread of illegal employment is the ingrained behaviour of the past, when it was customary to violate inconvenient and often irrational economic rules. These behavioural stereotypes have been carried forward into the new economic conditions and interfere with the attempt to develop systematic rules to secure rational employment relationships. Another contributory factor in the rise of illegal forms of employment is the absence of bilateral agreements with the countries of origin of many foreign workers to regulate the conditions for their recruitment and employment, combined with inadequate knowledge of the real labour market situation in the various sectors. The situation is compounded by an undeveloped, inoperative and inconsistent system of control and the ineffectiveness of the sanctions imposed.

Trade unions are endeavouring to assist efforts to control the situation to a certain extent, since it is in their interests to protect the labour market, and particularly the price of labour. The situation is simpler in companies where collective agreements have been concluded. In such cases, the enterprise committees can notify employment offices, either directly or through their regional trade union officials (particularly for reasons of protection), of cases of the violation of labour regulations and collective agreements in such fields as wages and, where appropriate, the illegal employment of national or foreign workers. Illegal employment practices are therefore more likely to be concentrated in sectors and enterprises where collective agreements have not been concluded.

The illegal employment of foreigners is also often, to some extent, a reaction against over-complex bureaucratic procedures for obtaining residence and work permits. For example, there have been repeated complaints, particularly from construction firms active throughout the territory of the Republic, of the need to continually apply for new work permits every time the location of work changes. In such cases, rules are often broken when the employer omits to obtain the new permits, or prefers to use the foreign employees of another firm under a subcontracting arrangement for a specific project.

Another contributory factor to illegal employment is the insufficiency and inadequacy of information in a period of radical transformation of the legislative environment. Restructuring has taken place over a relatively short period, during which new rules have had to be developed to cope with the emergence and development of the private sector. Moreover, as the new rules are applied in practice, they are constantly having to be adapted and amended. The lack of information available in the languages of the foreign workers and their low motivation to legalize their employment (the advantages of illegal employment often exceed the risks) all serve to compound the problem of the illegal employment foreign workers.

### *Sectors with the highest incidence of legal and illegal foreign workers*

During the first phase of the transformation of the Czech economy, many workers transferred from the former large State enterprises to the private sector, and particularly to small enterprises employing fewer than 25 persons, while some set up their own businesses. The most dynamic development since 1990 has been achieved by the services sector. In this sector, foreign nationals are employed in particular in the health sector (female nurses from the Slovak Republic), in catering (auxiliary workers from Ukraine) and in trade.

It is in petty trading that a large proportion of illegal employment occurs. The least transparent areas are probably street trading and catering, as well as domestic work. It may also be assumed that illegal employment also occurs in the newly created small businesses which, because of their large numbers, are difficult to control systematically. Many foreign nationals set up business activities in the field of buying and selling goods. Indeed, the number of foreign nationals active in this sector is double the number of Czech nationals. The Vietnamese predominate in trade, and particularly in trade in textiles. Moreover, they concentrate their activities on selling through market stands, particularly in the border regions. Although the business activities carried out by foreign nationals tend to be concentrated in Prague, a small business licence allows these activities to be undertaken throughout the territory of the Czech Republic.

Another sector in which it is presumed that there is a high level of illegal employment is construction, which has experienced a fundamental restructuring. The break-up of the large industrial construction companies has led to the emergence of small building firms and the rapid development of small construction enterprises. Ukrainian and Polish workers find work in the construction sector mostly as auxiliary workers, but also as professional workers. The difference between the two nationalities in this respect lies in the fact that Polish nationals often work as employees of Polish construction firms. Foreign workers in the sector tend to be employed most frequently as masons, carpenters, painters and welders. According to the Union of Construction Enterprises, the number of foreign nationals working in the sector, whether legally or illegally, is around 100,000. In view of the widespread need for low-skilled workers, the dispersion of construction activities and the consequent limited effectiveness of control measures, it may be assumed that the illegal employment of foreign workers is relatively common in the sector.

The relatively high levels of foreign workers, and particularly Polish and Ukrainian women workers, is a traditional characteristic of the textile industry. They tend to be found in the lowest-paid jobs, often in sewing. These foreign workers are engaged, in the same way as in the construction industry, both under individual employment contracts and contracts between firms. The demand for labour in the textile industry is not covered by the domestic workforce because of the low wages and low capacity of the industry to compete for labour. It may be expected that the pressure to reduce labour costs through the illegal employment of foreign nationals is also present in the textile industry.

One other sector with a high proportion of legally or illegally employed foreign nationals is agriculture and forestry. In agriculture, foreign nationals work in both crop production and animal husbandry. Workers of Polish and Slovakian nationality are also found commonly in metallurgy and coalmining.

The following table provides approximate data, obtained from employment offices, of the distribution of foreign workers by sector.

**Table 4. Percentage of total employment of foreign workers by sector**

| <b>Sector</b>                | <b>Per cent</b> |
|------------------------------|-----------------|
| Construction                 | 45              |
| Agriculture and forestry     | 16              |
| Services                     | 13              |
| Textile and leather industry | 12              |
| Machine tool industry        | 6               |
| Education                    | 5               |
| Coal mining                  | 3               |
| <b>TOTAL</b>                 | <b>100</b>      |

The high demand for foreign labour in certain sectors, and particularly in construction, is due to the fact that conditions of work and employment are not attractive to the domestic workforce. However, another reason in several sectors lies in the inadequacies of the vocational skills of the rising generations of Czech workers. During the period between 1990 and 1996, the



proportion of students who continued their education after finishing compulsory school fell from 60 to 40 per cent. In certain branches, this has led to a shortage of skilled workers.

### *Regional differences in the legal and illegal employment of foreign nationals*

Differences in the types of jobs available, the prevalent sectors and the wage levels in the various parts of the country lead to the assumption that there are geographical differences in the employment rates of both the legal and illegal employment of foreign workers. The highest rate of illegal employment of foreign workers is almost certainly in Prague, where the demand for labour is highest and where foreign nationals find more employment opportunities than elsewhere in the country. The situation in Prague is also less transparent and it is therefore easier to hide illegal employment. A relatively high rate of illegal employment may also be expected to occur in the border regions, and particularly in the areas near to Germany, Poland and the Slovak Republic and Poland, but also to Germany.

### *Some indicators of illegal migration in the Czech Republic*

Although, for evident reasons, there are no precise official statistics on illegal migration in the Czech Republic, various types of data exist which give some indication of the flows of migrants. One important indicator is the detention of persons attempting to cross the Czech border illegally. This is particularly important, since there is much evidence to suggest that the Czech Republic is an important country of transit for foreign nationals wishing to enter Germany. However, the Czech Republic is also increasingly becoming a target country for immigration.

Since 1994, there has been an increase in the numbers of persons who, before illegally leaving the territory of the Czech Republic, had entered it legally. For example, in 1996 some 70 per cent of the persons detained when trying to illegally cross the borders to the West had entered the Czech Republic legally. This amounted to a rise of almost 3,000 persons over the figures for the previous year.

Between 1993 and 1997, some 136,000 persons were detained whilst attempting to cross the borders of the Czech Republic illegally, of whom the vast majority were foreign nationals, including a large proportion from the Slovak Republic. During the course of 1996, nearly 24,000 persons were detained trying to cross the Czech borders illegally, of whom most were foreign nationals from over 90 countries.

Between 1993 and 1998, around 75,000 foreign nationals were refused permission to stay in the Czech Republic for different reasons. In 1997, over 17,000 foreign nationals were banned from residence in the country for violating Czech laws. In addition, in 1998 around 2,200 persons were expelled from the Czech Republic, 1,500 of whom for illegal residence in the country and the others because they had been found to be engaging in criminal activities.

## **5. Conclusions**

In the Czech Republic, the long-term trends in migration have begun to change since 1991 and the negative migration balances have now become positive. Migration turnover has increased considerably, particularly in comparison with the second half of the 1980s. On the one hand, this has been due to the revival of migration flows with the Slovak Republic and, on the other hand,

the result of much more intensive migration with the rest of the world. The annual total of all migration in the period 1990-1992, including with the Slovak Republic, fluctuated around 25,000 persons. After 1993, migration waves started to decline and the annual number of registered migrations across borders has declined to around 2,000 persons a year, which is roughly equivalent to the volume at the beginning of the 1990s.

Migration between the Czech and Slovak Republics still accounts for the greatest proportion of total migration, although the share of migration with the rest of the world has been growing since 1991. The evolution of migration in 1992 was atypical, due to the movements created by the expected dissolution of the Federation. Three-quarters of the migrants from foreign countries were Czech nationals. The migration gains after 1990 in the Czech Republic have not compensated for the losses suffered due to natural demographic processes, with the result that the overall number of inhabitants in the Czech Republic has declined in recent years.

A prognosis for future migration movements assumes that the Czech Republic is going to be a country of immigration. In the first place, the immigration of Czechs living in the Slovak Republic is expected to continue. Another migration flow will consist of the relatives of persons who have already obtained a residence permit and have settled in the country, particularly in the case of ethnic Czechs from Kazakhstan and Ukraine, or persons who have obtained refugee status.

The number of new permanent residence permits granted to foreign nations increased four-fold from 1993 to 1997, while the number of newly issued long-term residence permits increased two-fold over the same period. It is expected that between 5,000 and 20,000 persons will immigrate mainly from the Slovak Republic, Ukraine and other countries of the former USSR, until the expected integration of the Czech Republic into the European Union.

The inflow of economic migrants from the countries of Central and Eastern Europe has been decreasing since the end of 1996. Earlier predictions of increases in labour migration from both the Slovak Republic and other countries in the region have not turned out to be true. Indeed, labour migration from those sources has been significantly reduced by the restrictive policy of the Ministry of Labour and Social Affairs respecting the number of work permits granted to workers from selected countries. The numbers of Slovak workers and other foreign nationals holding trade licences in the Czech Republic also decreased in 1998, despite the fact that no particular restrictions were imposed.

According to the Ministry of the Interior, from the point of view of legal migration, the Czech Republic is a target country. The number of foreign nationals who have been granted permanent or long-term residence permits has been increasing. From the point of view of illegal migration, the Czech Republic is a transit country. Some 70 per cent of foreign nationals illegally leaving the Czech Republic had entered its territory legally.

Although the above conclusions are only preliminary, it is hoped that they will serve as a basis for a more thorough analysis of the problems under review. Further research should concentrate on the analysis of the legislation, which would appear to be too liberal in many respects and encourages the adoption of a subjective approach by individual employment offices, which may be at variance with the actual situation on the labour market. Research should also focus on the Small Business Act with a view to determining whether it does not in fact directly encourage the illegal employment of foreign workers. The provisions of the Act respecting the coordination and exchange of information between small businesses and employment offices should also be examined. In more general terms, a more thorough investigation is required of the

various forms of illegal employment and the structural factors influencing the entry of foreign nationals into the Czech labour market.

**Figure 4. GDP, industrial production, construction and agriculture  
(Index 1990 = 100)**

**Figure 5. Foreign nationals employed in the Czech Republic, 1993-1996  
(yearly average in thousands of persons)**

## **Bibliography**









## **International Migration Papers**

