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No. 3638 Free subscriptions at www.fsfinalword.com Wed., May 11, 2016

Czechs at a juncture

Sometimes you don't notice that you've come to a crossroad until you've barreled straight through it. If you're really lucky, you don't hit anyone or get sideswiped in the process. There are signs that the CR (or must we say Czechia now?) is quickly approaching the point at which investors, whether Czech or foreign, must reexamine their spreadsheets and tweak a few parameters to determine whether the country is still good value for money. The biggest current issue are labor costs. Wage costs are rising faster than productivity or prices, and an expected 10% jump in healthcare salaries could easily spill over into the private sector under pressure from the labor unions. The unions also want a mandatory five-week vacation for the private sector. Couple this with three days of paid sick leave, a crackdown on transfer pricing and a court system that not even the senior coalition party respects, and it starts to look as though someone has drastically changed the rules of the road. Maybe some of the rules needed to be changed, but a bright warning light would have been nice.

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