



CONFEDERATION OF INDUSTRY  
OF THE CZECH REPUBLIC

# CZECH BUSINESS PRIORITIES IN THE EUROPEAN UNION



## PRIORITIES



1. COMPETITIVENESS

2. PROFESSIONAL SKILLS  
AND THE LABOUR MARKET

3. REGULATION

4. PARTNERSHIP



Dear friends,

Recently, 20 years have gone by since our first national referendum, which expressed unequivocal support for the Czech Republic's accession to the EU. The Confederation of Industry of the Czech Republic values our 20 years of membership in the European Union. That is why we feel it is our duty to be truly actively engaged in European integration, to work together with other employers' representatives to strengthen guarantees for European security and stability, guarantees for pursuing our lives, education, business, and prosperity in freedom. All this goes hand in hand with sustainability and mutual consideration.

Our proactive approach to European policy is all the more important today, as the expected recovery from the covid pandemic has unfortunately been delayed across the EU compared to the rest of the world. In the Czech Republic, we have seen an even more significant delay. Weak economic dynamics have brought a significant drop in profitability for our companies and a significant drop in living standards for our citizens.

I therefore see our most important task in the period ahead as setting the most appropriate conditions for restoring and strengthening growth - conditions that fairly reflect the interests of Czech industry, entrepreneurs and EU workers, whose quality of life is closely linked to the jobs our businesses are able to create.

In addition to the national recommendations to the Government of the Czech Republic, we have put together a set of priorities of the Confederation of Industry for the EU in the period 2024-2029, which we would like to present to you here.

I wish all of us the best of luck!

**JAN RAFAJ**

*President*

*Confederation of Industry  
of the Czech Republic*



Dear colleagues,

After five years of often taking economic resilience for granted and underestimating the consequences of EU policy decisions, we are facing many challenges. The economic consequences of the covid-19 pandemic and Russia's war of aggression in Ukraine have hit Czech companies hard. It is therefore essential that EU policy makers start paying renewed attention to economic issues and to promoting the competitiveness of European companies, taking into account their regional specificities. The whirlwind of regulations that is constantly being thrown at European companies must be reduced and companies must be allowed to catch their breath. The aim is to make Europe an attractive place for investment with a stable and predictable business-friendly environment.

This will require a sound economic strategy that strengthens the EU single market, accelerates its digitalisation, encourages private investment, aligns our industrial objectives with our climate and social ambitions, ensures competitively priced energy supplies, supports research and development, addresses the acute skills shortage and sets an assertive international trade policy to diversify our sources of supply and open up more opportunities for European companies in the international market.

### **RADEK ŠPICAR**

*Vice President  
Confederation of Industry  
of the Czech Republic  
Vice President of BusinessEurope*



# 1 COMPETITIVENESS

## TOP

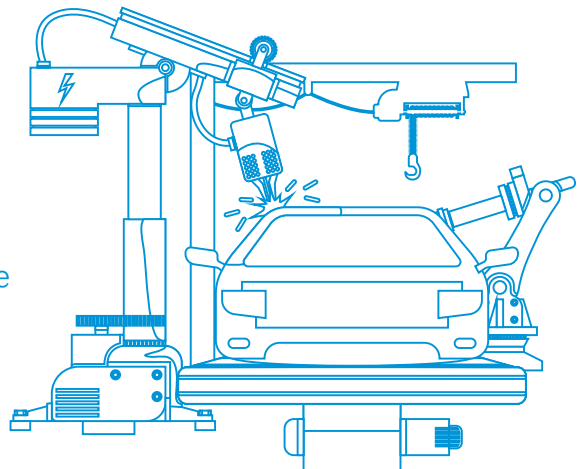
➤ Respect technology neutrality, investment cycles and support development of advanced and disruptive technologies.

➤ Deliver green and digital transition with respect for technology neutrality and in a manner consistent with the implementation of the European Industrial Strategy and the regional and global competitiveness of the EU and its Member States.

➤ Ensure energy security, price stability and secure commodity supplies when implementing the European climate goals to which the EU has committed itself under the Paris Agreement and other climate agreements.

➤ Ensure appropriate implementation of the EURO 7 Regulation to make emission limits technically, economically and temporally feasible (major revision and postponement of entry into force after the approval of the whole package, including implementing acts).

The automotive industry accounts for almost 10% of the Czech GDP and almost 20% of the total Czech exports, so an inappropriate implementation of the EURO 7 Regulation would also have a negative impact on the domestic economy.



## IMPORTANT

► Translate the updated European Industrial Strategy into tangible steps contributing to the growth of the competitiveness of European industry and to the strengthening of own production in strategic fields (technology, raw materials, etc.).

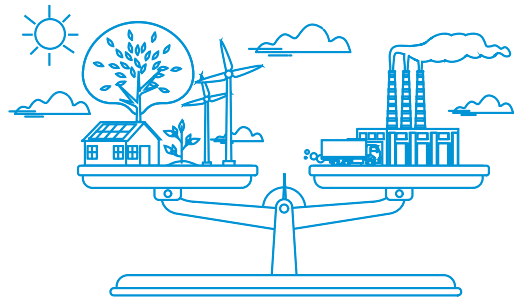
► Maintain and strengthen measures against carbon leakage.

► Ensure appropriate implementation of the rules for the production and processing of packaging in accordance with the draft European Regulation on packaging and packaging waste.

► Set rational targets and timetables for the material circularity of vehicles in the draft End-of-Life Vehicle (ELV) Regulation.

► Set national contributions to EU climate and energy targets based to national specificities and economic possibilities of individual countries.

► Update and implement the EU transport policy strategy with a focus on building a modern transport infrastructure ensuring smooth, efficient, safe and free movement of people and goods across the EU through integrated networks using all modes of transport and promoting sustainable and digital solutions.



A historical example is the introduction of the Carbon Border Adjustment Mechanism (CBAM). While addressing the issue of imports into Europe, it does not address competitiveness in exports on global markets. Further tightening of conditions for European producers could lead to a definitive relocation of some technologies outside of the EU.

## 2 PROFESSIONAL SKILLS AND THE LABOUR MARKET

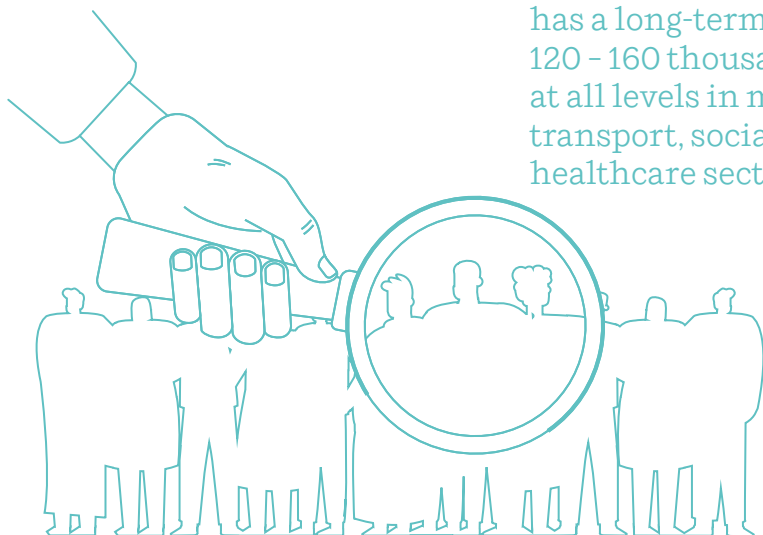
### TOP

➤ A comprehensive approach addressing the shortage of workforce with the required skills in the labour market. Promote legal migration and attract talents from third countries.

➤ Ensure that EU health and safety measures respect business realities, respond appropriately to new trends and do not impose additional administrative and financial costs on businesses.

➤ Increase flexibility and diversity of the labour market; align education with the digital and green skills needed in today's labour market; promote inclusiveness of lifelong learning. Respect the competences of Member States and the autonomy of social partners in the field of wages and social protection systems. Promote the use of AI and digitalisation in the workplace.

The Czech labour market has a long-term shortage of 120 - 160 thousand employees at all levels in manufacturing, transport, social and healthcare sectors.



# 3 REGULATION

## TOP

➤ Increase the efficiency of the EU internal market by eliminating remaining barriers and preventing the emergence of new ones. Strengthen the uniform application of European laws across Member States to ensure that the freedom of movement of persons, the integrity of the internal market as a whole and a level playing field are not undermined.

➤ Contribute to the amendment of the VAT Directive introducing, inter alia, new real-time digital VAT reporting for cross-border transactions. The new measures should be as burden-free as possible for the business environment.

➤ In the digital economy and in other heavily regulated sectors, promote legislative respite in order to clarify and harmonise the new regulatory environment.

➤ Advocate for simplification of permitting processes (e.g. for construction legislation) and reduce regulatory burden. Respect the role of the social partners as labour market actors and prioritise solutions at enterprise level, making maximum use of self-regulation. Insist that

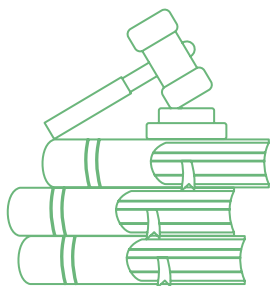
all European legislative proposals are always backed up by high-quality impact studies, including competitiveness checks. For legislation on sustainability and due diligence, avoid undermining the global competitiveness of European businesses and creating additional administrative burdens.



The complexity, lack of transparency and high bureaucratic burden prevent our businesses from innovating and investing in new technologies and reduce their competitiveness against businesses from outside the EU.



According to the Eurobarometer report (July 2023), more than 2/3 of EU companies consider the complexity of administrative procedures (68%), fast-changing legislation (64%) and tax rates (63%) as the main challenges for doing business.



➤ Support measures in the area of cyber security and security standards so that they are predictable for business, do not disrupt investment and technology cycles and do not create excessive administrative burden.

➤ Advocate for a realistic revision of the Regulation on CO<sub>2</sub> emission standards for heavy-duty vehicles (HDVs), which sets stricter CO<sub>2</sub> performance standards for new heavy-duty vehicles. The new CO<sub>2</sub> reduction targets for HDVs need to be achievable, especially for buses, and the potential negative socio-economic impact of the revised Regulation needs to be minimised.

## IMPORTANT

➤ Consistently implement the objectives of the European Fair & Simple Taxation initiative, e.g. modernising and improving cooperation between tax administrations, simplifying VAT registration or developing the existing VAT One Stop Shop.

➤ Allow Member States to develop their own tools to ensure energy security.

➤ Ensure a level playing field and fair competition, recognising the contribution of companies of all sizes (from the smallest to small and medium-sized, mid-caps to large ones) and encouraging cooperation between them.

➤ In the tax and charges system, search for supportive solutions to the challenges needed to grow the economy, such as decarbonisation, the circular economy, alternative fuels and research, development and innovation.

➤ Pay particular attention to the EC's proposal for Ecodesign Regulation. The proposed Digital Product Passport (DPP) must take into account economic and competitiveness aspects and must ensure data security (thoroughly elaborate the data protection system).

➤ Strive for harmonisation of reporting requirements from both financial and non-financial areas demanded from businesses.

# 4 PARTNERSHIP

## TOP

➤ Expand the network of trade agreements to reduce unilateral dependencies, diversify value chains and strengthen security. Counter protectionism and technological isolation of the EU. Set up realistic mutually beneficial trade agreements and thus promote their ratification.

➤ Support the negotiation of bilateral digital trade agreements between the EU and the US and other strategic partners.

## IMPORTANT

➤ Advocate for the full functioning of the WTO and its modernisation.

➤ Enable the effective and flexible use of European financial instruments for Ukraine's post-war reconstruction.

➤ Actively promote solutions based on broader international consensus, such as clarifying international tax rules within the OECD, and respect the possibility of using supportive national economic policy tools in individual countries.



If WTO reform fails, the WTO is doomed to gradually lose its relevance. The WTO has always been very important to the EU. The EU single market was partly inspired by the GATT principles and procedures on which the WTO is based. Moreover, the common trade policy is an exclusive competence of the EU.





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