



CONFEDERATION OF INDUSTRY  
OF THE CZECH REPUBLIC

# **Priorities of Czech Business in the EU**

## **Key Steps for 2024–2029**

**Europe is lagging behind economically, technologically, and in the area of defence. The newly elected European Parliament and the renewed European Commission present a great opportunity to adjust existing EU policies in order to maintain Europe's global competitiveness. Our prosperity and future are at stake.**

The priorities of the Confederation of Industry summarise specific demands addressed to the representatives of European institutions, as well as key steps to strengthen

- competitiveness,
- the single market,
- and trade partnerships.

## How to Restore Europe's Prosperity?



*“Complexity, lack of transparency, and excessive bureaucratic burdens prevent companies from innovating and investing in new technologies, thereby reducing their competitiveness compared to businesses outside the EU. This is why a thorough legislative and regulatory detox is needed, along with an agreement on European industry, realistic energy and climate goals, serious investment in applied research and innovation, and the modernisation of European transport and other infrastructure.*

*This is the recipe for effectively strengthening European competitiveness and creating a prosperous Europe. Completing the single market is also crucial, which requires the removal of remaining barriers and a reduction in bureaucratic burdens. The European labour market needs systemic solutions to address the shortage of skilled workers, better alignment of educational programmes with business demands, and a relaxation of excessive measures in the area of occupational health and safety (OHS).*

*The single market must be protected against unfair competition from third countries and ensure fair competition, including in the e-commerce sector. Regarding the EU's global role, it is necessary to expand the network of trade agreements, strengthen cooperation with strategic partners, effectively ensure our security in close cooperation with non-European allies, and seek international consensus with a focus on modernising the WTO.”*

Jan Rafaj

President of the Confederation of Industry of the Czech Republic

# COMPETITIVENESS

To retain its industrial base, Europe must enable its growth and ensure its competitiveness. Only a strong European economy will ensure a secure Europe. New industrial, energy, and legislative strategies must be beneficial for our industries rather than impose additional administrative and financial burdens, which would further weaken global competitiveness.

## Key Steps to Strengthen Competitiveness

### 1. Legislative Detox

The system for adoption of implementing and delegated acts at the European level needs to be reformed. The new European Commission should focus on eliminating new obligations that increase administrative burdens rather than introducing more. Even large companies no longer have the capacity to monitor and comply with an ever-growing number of regulations and directives. It is essential to significantly improve the impact assessment system, which often fails to adequately consider effects on competitiveness (e.g., the new directive on corporate due diligence). Furthermore, impact cannot be fully evaluated without the final text and all delegated acts.

#### → REALITY CHECK

**Digital** regulation is one of the most overregulated areas in the EU:  
**116 legislative acts** proposed only during the last electoral term



František Chaloupecký, Vice President of the Confederation of Industry of the Czech Republic: *“The new European Commission must focus on the proper implementation and thorough evaluation of the vast amount of legislation adopted in recent years. Only then can a debate about new legislation begin, and only in areas where market failures are identified. Companies need a breather to adapt to the new conditions.”*

## 2. European Industrial Deal

Industry is the foundation of both Czech and European prosperity, forming value chains that employ tens of millions of people across Europe. Due to a combination of factors, the global competitiveness of European companies is deteriorating. Carbon leakage to countries outside the EU is a reality that demands an urgent coordinated response in the form of a European Industrial Deal.

The EU must simplify and unify its often confusing and fragmented support policies to better assist its industries.

## 3. Realistic Energy and Climate Goals

European climate goals must take into account the varying conditions of individual member states and the realistic availability of decarbonisation technologies. Not all sectors can decarbonise as quickly as current European legislation requires. It is crucial to align European climate goals with rational support policies and industrial initiatives, taking inspiration from other global players.



Kateřina Kupková, Vice President of the Confederation of Industry of the Czech Republic: *“We do not aim to stop the green transformation; however, decarbonisation must not lead to the deindustrialisation of Europe. This would diminish Europe’s resilience, increase dependence on third countries, lead to job losses, and reduce tax revenues in Europe. If we fail to retain industry in Europe, we will not have the financial means to fulfil our climate commitments.”*

## 4. European Rules Must Respect National Energy Mixes

For the Czech Republic, it is crucial to prevent discrimination against nuclear energy and align goals for renewable energy sources (RES) and energy savings with reality. The recommendation to reduce emissions by 90% by 2040 compared to

1990 is unrealistic. Volatility in the price of emission allowances poses a significant challenge for affected companies, as does the unfeasible timeline for phasing out natural gas.

When it comes to environmental protection regulations, the EU must always consider their actual benefits and impact on businesses. For example, the planned revision of the REACH regulation (on the registration, evaluation, authorisation, and restriction of chemicals) is unnecessary, as the current system is functioning well and does not require fundamental changes.

## **5. Competitive Energy Prices**

High energy prices threaten not only energy-intensive industries but also downstream sectors such as automotive and engineering. These high costs also risk undermining social cohesion.

The extensive deployment of renewable energy sources has not yet resulted in reduced prices due to significantly increasing costs for infrastructure and grid operations. The EU must find ways to sustainably lower energy prices in the long term.

### **→ REALITY CHECK**

#### **Competitive Energy Prices?**

Electricity prices in the EU are 2–3 times higher than in the USA.

Natural gas prices in the EU are 4–5 times higher than in the USA.

## **6. Investments in Applied Research and Innovation**

The EU needs more flexible rules for investments to facilitate support for research and development (R&D) at the national level. It is also essential to support and simplify the rules for collaboration between research and business sectors from partner countries. Europe must increase investments in breakthrough technologies, such as artificial intelligence (AI), semiconductors, and quantum technologies. Research should not be constrained by excessive regulations that

put Europe at a disadvantage compared to the US and China. The future Framework Programme (FP10) should focus on enhancing the competitiveness of European businesses.



Milena Jabůrková, Vice President of the Confederation of Industry of the Czech Republic: *"Innovation will be a key factor in economic growth in the coming years. The widespread deployment of AI by European companies will significantly increase the productivity of the European economy at the macroeconomic level and support innovation in Europe. With its strong industrial base and wealth of operational data, Europe has great potential to lead the transformation in the field of AI and make it the foundation of the future competitiveness of the entire continent."*

## **7. Revision of Combined Transport**

A simple definition of combined transport (CT) based on the distance travelled must be adopted. This would ensure that incentives for CT align with EU goals and encourage the shift of freight transport from road to rail.

The EU needs to establish suitable conditions for the operation, implementation, and reliability of regular transport services, which will lead to greater willingness among customers to use combined transport.

## **8. Realistic CO2 Standards for All Vehicles**

The slower development of electromobility and charging infrastructure necessitates a review of CO2 emission regulations for passenger cars and light commercial vehicles by 2025. This review should re-evaluate potential penalties and assess the realistic feasibility of achieving targets set for 2025, 2030, and the phase-out of internal combustion engines by 2035.

# SINGLE MARKET

For the European market to function truly as a single entity and compete with other global markets, it is essential to eliminate persistent legislative barriers and prevent the creation of new rules and regulations. Enhanced protection against unfair and non-ecological competition from non-EU countries is needed, alongside more flexible competition rules that will not hinder business growth or the emergence of European leaders.

## Key Steps for Creating a Single Market

### 1. Removing Persistent Barriers

It is necessary to improve the quality of the regulatory framework of the single market and stop overloading it with new regulations. The European Commission must strengthen the uniform application and enforcement of single market rules across all Member States to prevent the creation of national non-tariff barriers that disrupt market integrity. Free movement of services must be improved, the process of posting workers simplified and streamlined, and excessive fragmentation in areas such as the digital economy and services removed, as it hinders growth and innovation.

#### → REALITY CHECK

In 2020, the European Commission estimated that removing barriers in the single market could bring benefits of **713 billion euros** by 2029.

### 2. Reducing Bureaucracy and Overregulation

According to the latest Eurobarometer report, more than two-thirds of companies in the EU consider complex administrative procedures as the main obstacle to doing business. Bureaucracy leads to the postponement or relocation of key transformational investments outside the EU. The idea of European lawmakers that nothing would change in Europe without their initiatives is misguided. They often overlook the important role of self-regulation, which brings changes and



innovations, such as in energy efficiency. Some regulations, such as GDPR, whistleblowing, or ESG reporting, have questionable benefits but have a significantly negative impact on European businesses.

### **3. Addressing the Skills Gap**

Demographic trends and the significant mismatch between the skills of graduates and the needs of employers pose challenges. The EU does not need more restrictive regulations for employee protection, but rather more flexibility. We want to implement the EU Action Plan focused on addressing the shortage of labour and skills. We support the migration of skilled workers and the implementation of the Commission's package to support labour migration, including the creation of a talent pool from third countries. The Commission's recommendation on the quality of internships serves its purpose, but we want to prevent the tightening of internship conditions and clearly define them. It is necessary to implement the Council's Recommendation on cooperation between European higher education institutions and to implement the European Strategy for Universities.



Bohdan Wojnar, Vice President of the Confederation of Industry of the Czech Republic: *"Europe and the Czech Republic are suffering from a growing skills deficit, exacerbated by a declining trend in available workforce. According to 77% of European companies, newly hired employees lack the required skills, and the workforce is not prepared for technological changes. Human capital without the appropriate skills is a barrier to innovation and technology adoption, which is why it is crucial to focus on developing technical skills. Around 1 million current employees are in positions that are at risk due to future changes in the economy. Supporting reskilling, whether from the state or employers, is therefore key for employees and maintaining competitiveness!"*

### **4. Realistic Occupational Safety and Health (OSH) Measures**

We are against further regulation in the social field and insist on respecting the competences of Member States and the autonomy of social partners. We demand

a minimalist transposition of revised directives at the Member State level. It is necessary to prevent additional excessive regulations, such as in the area of mental health protection at work or workplace conditions.

## **5. Fair Competition**

We strive for a flexible policy that will not unnecessarily interfere with competition and will not hinder the emergence of European leaders. The Czech Republic, unlike many other countries, has an industry that is more demanding in terms of human capital. Because large companies have a greater influence on innovation and environmental protection, their involvement is key to achieving pan-European goals. Support should be available in certain areas to all companies, regardless of their size.

## **6. Increased Investment in Cybersecurity**

Digital infrastructure is becoming increasingly important, and therefore it is essential to improve coordination and increase investment in cybersecurity, as well as mobile and fixed data infrastructure. The private sector plays, and will continue to play, a crucial role in this area. The security of transmitted data is key. The private sector has been facing an unclear legal framework for several years, as a comprehensive solution for transatlantic data transfers is still lacking, which hinders innovation and limits services for European consumers and businesses. At the European level, the European Cloud Certification Scheme (EUCCS) is being developed, which must respect the principles of free trade and open markets.

## **7. Equal conditions for e-commerce**

We demand that the European Commission, together with industry representatives, create an effective system for cross-border enforcement of legislation, standards, and equal conditions in the e-commerce market. European companies often face unfair competition from Asian countries. Enforcement authorities frequently fail to ensure compliance with rules or to effectively coordinate appropriate measures across the EU. Law enforcement is divided among various national and regional authorities.

## **8. VAT harmonisation**

It is essential to continue simplifying digital VAT reporting for cross-border transactions and strengthen cooperation between tax authorities. Furthermore, the goals of the European initiative Fair & Simple Taxation must be consistently implemented. Simplifying VAT registration and expanding the VAT One Stop Shop will reduce administrative costs for businesses.

# TRADE PARTNERSHIPS

For Europe to remain free, it must have more independent and secure supply chains for critical raw materials and technologies. We need to increase manufacturing capacity in strategic sectors within the EU, bridge the innovation and technological gap between the EU, the USA, and China, and establish new partnerships. If the EU does not respond clearly and promptly, it will jeopardise not only business but also its core values.

## 1. Expanding the EU's Network of Trade Agreements

Expanding the EU's network of trade agreements: The Czech Republic, as an export-oriented country, benefits from free trade agreements. We should continue to support an open trade policy and promote agreements that are fair, beneficial, and do not harm European businesses or consumers. The EU must continue to work on removing non-tariff barriers. Protectionist measures, including technological protectionism, are justifiable only in cases where European trading partners engage in unfair practices. In such cases, decisive action must be taken.

### → REALITY CHECK

#### Benefits of EU trade agreements:

- Lower or zero customs duties
- Simpler and faster customs procedures
- Recognition of product certifications
- Employee mobility
- Access to public procurement
- Better protection of intellectual property rights



Radek Špicar, Vice President of the Confederation of Industry of the Czech Republic: *"The freer international trade is, the greater the economic growth. The introduction of protectionist measures in Europe is not our goal, but we should demand that the EU ensures that products imported into the EU do not disrupt the single market and are subject to comparable requirements as those produced within the EU, particularly regarding sustainability requirements."*

## **2. Economic Security**

Protecting the EU's security interests should not become a pretext for hidden protectionism or undermine the integrity of the EU single market.

We call for a better balance between the three pillars of the EU's economic-security strategy, with a strong emphasis on competitiveness. New initiatives must be preceded by thorough risk assessments that take into account the interests of European businesses. We are highly critical of the European Commission's considerations of introducing controls on outbound investments and demand extensive consultations with business representatives.

## **3. Bilateral Digital Trade Agreements Between the EU, the US, and Other Partners:**

The EU needs access to the latest technologies and products. Digital agreements should support joint investments in R&D, the creation of secure data spaces, international technical standards, shared governance models, and the alignment of regulatory measures related to AI, 6G, and quantum computing. Support for open access to international trade and data flows is essential. The EU must demonstrate assertiveness, unity, and readiness to protect its economic interests towards China. At the same time, it should continue cooperation with China in areas such as trade, investment, and climate change.

## **4. Flexibility in Public Support and Financial Instruments for Post-War Reconstruction in Ukraine**

Czech businesses are committed to long-term collaboration and post-war reconstruction in Ukraine. Investments in Ukraine's infrastructure, energy, water management, healthcare, and other key sectors can bring significant long-term benefits and open new markets for Czech products and services. The EU has already established a support mechanism for Ukraine that includes stable financial assistance. However, similar tools could be extended to other countries in the region to foster their economic stability and development.

# Notes

# Priorities of Czech Business in the EU

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For detailed information and ongoing updates, refer to the official website.

**The Confederation of Industry of the Czech Republic**  
**The Strongest Voice of Business**

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