



PRAGUE, SEPTEMBER 4, 2025

Statement by the Confederation of Industry of the Czech Republic on the proposed binding targets for corporate vehicles

The Confederation of Industry of the Czech Republic believes that setting mandatory targets for company vehicles is inappropriate. These targets are counterproductive and threaten the competitiveness of businesses and freight transport operators alike. They also misdiagnose the problem.

We cannot ignore the challenging market conditions that the entire EU automotive industry is facing, which are leading to stagnating demand for electric vehicles despite considerable investment from manufacturers. In light of the current diverse and volatile market situation, we do not see it as appropriate to discuss potential additional regulatory requirements for corporate fleets. It is impossible to define a single EU-wide requirement that fits the unique circumstances of every country. Any additional regulatory requirements or reporting obligations would increase the burden on fleet operators, OEMs, their captive leasing companies, and freight companies, and must therefore be avoided. What is needed is a sustainable and balanced approach that includes positive incentive systems and is designed to strengthen the European automotive and transport sectors, as well as the wider economy.

For instance, battery electric vehicles (BEVs) still make up less than 20% of new passenger car registrations and less than 10% of plug-in hybrid electric vehicles (PHEVs) in the Czech Republic. Furthermore, less than 10% of new van registrations are electrically chargeable, which is far below the trajectory needed to meet CO₂ targets despite Europe's already stringent emissions rules and targets. The situation is even worse when it comes to heavy-duty vehicles.

This primarily stems from consumer demand and customer scepticism, as well as long-standing structural issues such as high electricity prices, need of charging and refuelling infrastructure (including heavy-duty chargers) and grid constraints – none of which the proposed initiative is designed to solve. For commercial fleet operators and freight transport, switching to electrically-chargeable vans must be operationally and economically viable.

Even the small number of electric vehicles (EVs) on our roads is driven by **corporate buyers**, who account for **86% of EVs registrations in the Czech Republic and around 60% in the EU**. These figures have been achieved without mandates, regulations or binding quotas. Binding targets would penalise the very customers who are driving uptake, duplicate existing EU and national rules, and increase costs and bureaucracy.

Positive motivation is the most effective tool. A long-term incentive scheme helps to reduce the total cost of ownership (TCO), thus making the purchase of an EV more attractive to corporations. In the Czech Republic, tax benefits and accelerated depreciation are key incentives for buying electric vehicles.

We support the decarbonisation of transport and the use of zero-emission vehicles where it is technically and economically feasible, particularly for passenger cars, light-duty vehicles and public transport in urban environments. However, we consider the mandatory targets to be a counterproductive tool.

The widespread introduction of battery electric vehicles is currently now unfeasible and unacceptable to both freight transport operators and infrastructure managers.

Currently, there are no technologically or economically viable zero-emission alternatives for sectors such as heavy road maintenance (e.g. winter service vehicles, dump trucks, tippers, and specialised trailers for gravel and asphalt, and heavy machinery), heavy freight transport and special equipment (e.g. airport special-purpose vehicles, construction vehicles and special vehicles for railway maintenance).

It is already clear today that electric buses are a fully competitive alternative to diesel alternatives for urban public transport, offering lower energy costs and lower maintenance costs and high reliability. In suburban and regional public transport, electromobility shows promise where there is stable infrastructure and predictable daily mileage are in place. However, mandatory targets already exist within the bus sector in the context of public procurement.

Why shouldn't binding regulatory targets be implemented:

- **They penalise the buyers who are already doing the heavy lifting.**
- **They miss the real lever: negative total cost of ownership**, including electricity prices, charging access, company-car taxation and depreciation rules.
- **They slow fleet renewal.** Where TCO is negative, mandates trigger **purchase deferrals**, which keeps older, **higher-emitting cars on the road longer**. Alternatively, companies might opt for buying more affordable internal combustion engines (ICEs) before the targets take effect.
- **They might be bypassed.** Companies could simply **drop the benefit of company cars** and switch to other benefits and perks, which would shrink the very channel that currently drives BEV uptake.
- **They duplicate existing pressure.** OEMs already face **the most stringent CO₂ standards in the world**, while companies face **ESG/CSRD/taxonomy** obligations. More targets don't equal more decarbonisation.
- **They raise operating costs.** Where TCO is negative, and switching to electric fleets requires high investments (purchase of vehicles, building own charging infrastructure, its maintenance), forcing EV purchases **raises operating costs** that would be passed on to consumers (e.g., taxi services, deliveries, logistic services and shipping customers). High costs also pose a particular threat to small businesses.
- **They do not take operational realities into account.** The widespread and mandatory introduction of BEVs in freight transport, heavy road maintenance, and specialised machinery is currently unfeasible.
- **They reduce the practical usability of certain types of vehicles.** Commercial and freight vehicles are purchased for specific orders and tasks. The current parameters of BEVs conflict with common practice.
- **They create unequal conditions.** Carriers from third countries may gain a competitive advantage, which would weaken the position of EU carriers.

The crucial bottlenecks of BEVs in the passenger car sector are consumer scepticism and counterproductive regulatory enforcement.

Another key issue is structural problems. These include the withdrawal of financial incentives, expensive public charging, an insufficient energy grid preparedness, lengthy permitting processes, high industrial energy costs and capacity shortfall for self-sufficiency in battery production.

Furthermore, each member state has different needs and requires different solutions and incentives – one size does not fit all.

What should the focus be instead?

- **Reduce high industrial energy costs for manufacturing.**
- **Strengthen and secure the European battery supply chain.**
- **Address the costs of public-charging and motive users.**
- **Motivate with harmonised systematic incentive policies.**
- **Improve public and private-charging quality and fix regional gaps.**
 - Furthermore, commercial fleet operators and freight transport operators need suitable charging infrastructure at operational sites and, depots and publicly accessible heavy-duty chargers supporting the Megawatt Charging System as well as hydrogen refuelling stations. Member states need to provide targeted support for expanding charging infrastructure at these sites through enhanced grid connections, ensuring operational viability.
- **Accelerate electricity-grid upgrades and eliminate double taxation of electricity storage.**
- **Incentivise EU value-add without blunt local-content quotas.**
- **Ensure technological neutrality (electricity, LNG, CNG, hydrogen and synthetic fuels, including HVO).**
- **Ensure competitiveness and fair competition.**