

12 Steps to Foster Competitiveness

1. It is necessary to reduce the **regulatory burden** affecting businesses across all sectors.
2. A pragmatic debate must be opened on the realism, costs and benefits of the **2050 carbon neutrality target**. Even after the adjustment of the 2040 target, further discussion is needed regarding its feasibility and its impact on the competitiveness of European businesses.
3. **Emission allowances** are too expensive; they increase electricity prices and undermine European business. It is high time to reduce their price, for example by introducing a price corridor.
4. **CBAM** (the EU carbon border adjustment mechanism) is a good idea, but it is unclear whether it will function effectively. In order to prevent negative effects on competitiveness, European industry must continue to receive free allowances. In addition, we call for full allocation of allowances for goods exported to non-EU countries.
5. **Hydrogen** may have significant potential, but the EU is limiting its development by insisting on a single “correct” origin. Hydrogen can be produced in various ways — at least in the initial phase, this flexibility should be utilised.
6. We need clear **EU support for nuclear energy** as a zero-emission energy source, including funding for research and development.
7. It is essential to **revise the 2035 emission targets for the automotive industry**. The EU should introduce multiannual averaging for compliance with emission targets and reduce penalties for both passenger cars and heavy-duty vehicles. At the same time, it must ensure technological neutrality for CO₂-neutral fuels and hydrogen, and recognise the role of hybrid vehicles in transport decarbonisation.
8. **Core strategic infrastructure** (electricity, gas, digital networks, motorways and high-speed rail) should remain eligible under EU funding programmes in the next programming period.
9. We call for a **two-year postponement of the implementation of the EU Pay Transparency Directive** and the rejection of the unnecessary proposal for a Directive on the right to disconnect.
10. The EU needs **free trade agreements**. However, negotiations are becoming increasingly difficult because the EU insists on environmental and labour standards that are difficult for many partner countries to meet. The EU must adopt a more pragmatic approach.
11. For the Czech Republic, **transatlantic defence cooperation** is crucial. EU defence programmes must not exclude cooperation with non-EU countries or supplies originating from them.
12. The **Deforestation Regulation** must be revised, in particular by creating a new category of so-called “low-risk countries.”

Industrial Accelerator Act

The IAA should primarily serve as an instrument of industrial renaissance, not as promotion of climate/green policy in the first place. The Czech Confederation of Industry supports decarbonisation, but not at the detriment of the European industry which we have to preserve in the EU, including for the sake of Europe's resilience. We need a clear, simple and non-bureaucratic legislative and regulatory environment for all European businesses. "Picking winners" never works well.

Most problematic points:

- 1. EU origin:** This may be appropriate in certain sectors where companies face unfair competition from third countries (e.g. steel, chemicals). However, it may disadvantage foreign companies operating in the Czech Republic, Czech firms integrated into global supply chains, investors, and companies with production outside the EU.
- 2. Low-carbon certification** – mandatory requirement in public procurement and public support:
The Czech energy mix remains among the more carbon-intensive within the EU. This creates a risk of disadvantaging Czech companies in both European and national public tenders, forcing them to purchase expensive green energy and potentially leading to the relocation of investments and strategic industrial projects from the Czech Republic to countries with low-emission energy systems.
- 3. Stockpiling** – increased administrative burden and risk of higher raw material procurement costs.
- 4. Supply chains** – critical dependencies, mandatory stockpiling of raw materials from third countries, and EU origin requirements.
We do not accept mandatory stockpiling or compulsory non-financial contributions (such as the provision of raw materials or products) imposed on exporters from third countries as a condition for access to the EU market. Nor do we accept the blanket or permanent application of EU origin requirements at market level (outside public procurement and crisis situations).
- 5. FDI** – restrictions in certain sectors and the establishment of a new investment authority at Member State level.
It is problematic to extend the FDI regime to a broad range of sectors and investments without clear risk-based criteria, to impose mandatory investment conditions as a prerequisite for starting operations, and to establish national investment authorities. Without genuine harmonisation of rules, procedures and deadlines, this would only increase fragmentation of the Single Market and administrative burdens.
- 6. Permitting** – Accelerated permitting procedures and acceleration zones are welcome, but they should apply to all technologies, not only green technologies.



European Preference (Made in EU)

Preferential conditions for EU-based production may be appropriate in some sectors where companies face unfair competition from third countries (e.g. steel, chemicals) or which are strategic from the security point of view. However, it may disadvantage foreign companies in the Czech Republic and Czech companies connected to global supply chains, investors and companies with production outside the EU.

The Confederation points out the risk of increased administrative costs, higher costs along the value chain and reduced competitiveness.

Moreover, a blanket application of European Preference would result to an uneven distribution of impacts among Member States. Benefits would be concentrated in large economies with established EU champions, while costs would be borne disproportionately by smaller and more open economies. Also, European preference would also have a particularly negative impact on Member States with a high presence of foreign investors from third countries.

In general, there is a risk of disruption of the free movement of goods and conflict with WTO rules. The Confederation therefore warns of the risk of retaliatory measures by third countries, which would negatively affect exports of European companies and further weaken the EU's competitiveness.

Nevertheless, the Confederation is open to a limited and strategic use of European Preference, provided that this instrument is applied in a targeted and time-limited manner, in clearly defined strategic cases — particularly where there is demonstrable unfair competition or where there is a direct and proven impact on EU security — and only where it is demonstrated that existing EU instruments are insufficient.

The sectors subject to European preference and specification of requirements should, however, not be determined through delegated acts by the Commission, but through a due involvement of the Member States.

The Confederation of Industry of the Czech Republic therefore calls on the European Commission, to:

- refrain from the blanket application of European Preference;
- present a detailed impact assessment at the level of individual Member States;
- prevent discrimination against third-country companies established in the EU;
- ensure the openness of the Single Market towards trusted partners;
- use European Preference solely as a defensive instrument against demonstrable unfair competition and in cases involving significant security risks;
- strictly uphold the conditions of fair competition within the internal market;
- not be carried away by the current adverse geopolitical developments into triggering a protectionist spiral;
- ensure that proposals are developed through a transparent and standard legislative process and reflect the legitimate concerns of a number of Member States (strengthen the predictability of the business environment by limiting the Commission's powers);
- consistently safeguard a level playing field within the internal market.

Energy Prices + ETS

The Confederation welcomes the fact that the EU openly acknowledges the problem of high energy prices and their negative impact on the competitiveness of European industry. At the same time, we must state that the solutions presented so far are not sufficient to effectively address this problem.

The EU Affordable Energy Action Plan does not introduce concrete systemic measures that would lead to a real reduction in energy prices. Experience over the past decade shows that merely expanding renewables and grid capacity does not guarantee price reductions. Investments in new generation capacity and infrastructure must be financed. If energy prices are administratively or market-wise suppressed to very low levels, sufficient investment incentives for further development will not emerge.

The call on Member States to use their powers to adjust energy taxes and levies risks significantly distorting the level playing field in the internal market, as not all Member States have equal fiscal space to provide relief. A similar concern applies to unilateral national support schemes (such as the announced German subsidy programme for electricity prices for energy-intensive industry).

The 90% emission reduction target for 2040 raises fundamental questions regarding economic feasibility and industrial competitiveness. This target entails very high costs and a serious risk of further weakening Europe's industrial base. A study prepared for the Confederation (by EGU Brno) indicates that:

- Accelerating the pace of decarbonisation would significantly increase final product prices, leading to a loss of competitiveness. The risk of competitiveness losses is unevenly distributed — energy-intensive sectors such as chemicals, iron and steel, building materials, glass and ceramics would be most affected.
- Key technologies (particularly RFNBO hydrogen and CCS) currently do not allow predictable, operationally stable and commercially sustainable deployment in industry.
- Large-scale electrification of industry would require an increase in electricity consumption of approximately 60% compared to current levels. Not only modernisation, but effectively a doubling of transmission and distribution grids.

With respect to ETS, we consider the following measures essential:

- Increasing the predictability of EU ETS allowance prices (e.g. through a price cap or price corridor mechanism).
- Greater flexibility of the Market Stability Reserve (MSR).
- Continuation of the Modernisation Fund beyond 2030.
- Maintaining free allocation of allowances for export-oriented sectors.
- Ensuring a fairer distribution of decarbonisation efforts between ETS and non-ETS sectors.
- Limiting the possibility for long-term financial investors to hold emission allowances if they are not used for genuine industrial hedging purposes.



Simplification

- The Confederation supports the European Commission's overall ambition to simplify the regulatory framework and reduce administrative burdens. However, we consistently stress that simplification must be tangible, measurable and must effectively reduce cumulative regulatory pressure on businesses. The Czech Confederation of Industry strongly welcomes the new simplification agenda by the Commission.
- In many respects, we would call for an even higher ambition on the side of the Commission. It is also necessary that the simplification efforts are shared by the other EU institutions and that the ambition does not lose ground in the working groups of the Council and the European Parliament.
- We welcome in particular the proposed omnibus on defence, chemicals and environmental legislation. On the other hand, other simplification proposals – such as the digital or automotive omnibus – require significant revisions in order to bring the warranted results.
- See our comments on the particular omnibus proposals below.

Omnibus IX on automotive (16 December 2025)

We hoped that the omnibus would go further and simplify the regulatory framework more. We find that it mostly focuses on small electric vehicles and fixing errors in legislation. It does not address e.g. cumulative regulatory burden.

As regards other proposals in the December 2025 Automotive Package, for CO₂ emission standards for cars and vans, we would prefer that flexibilities for emissions of CO₂ covered not a 3-year, but a 5-year period (2028-32). We also have doubts that the possibility after 2035 to compensate the remaining 10 % of emissions by using the low-carbon steel Made in the Union would not be feasible in practice. We don't support the idea of targets for greening the corporate fleets which would bring additional burden on companies. Rather, efforts should be made to create favourable conditions to make EVs more attractive for customers.

Omnibus VII on digital (19 November 2025)

Confederation's position:

www.spcr.cz/stanovisko-svazu-prumyslu-k-digitalnimu-omnibusu

Main points:

Czech industry fully supports the Commission's ambition to simplify digital regulation, but we must be frank: the current pace and volume of both new and existing legislation is simply unmanageable for businesses. Companies – especially SMEs – are in a situation where they have not yet finished implementing NIS2 or preparing for the AI Act, and the next wave of rules is already arriving. We would therefore like to highlight three specific points:

First, on the AI Omnibus, we urge the Commission to split the proposal in two. The postponement of implementation deadlines for high-risk AI systems is entirely justified and should not be held up by the rest of the package. Harmonised standards are not ready – companies have no benchmark against which to comply. This part should be fast-tracked and adopted separately. The remaining amendments to the AI Act can follow the standard legislative process.

Second, on the Digital Omnibus, we urge that the legislative process is not drawn out. The package touches upon GDPR, ePrivacy, NIS2, and the Data Act simultaneously – all areas

where businesses are already in the middle of implementation. Data Act obligations take effect in September 2025 and 2026, NIS2 transposition is still incomplete across Member States, and companies have only recently adjusted to the GDPR framework. If these rules are being amended through an Omnibus with no clear timeline for adoption, this creates exactly the kind of regulatory uncertainty the Omnibus was supposed to eliminate. Swift adoption is essential – prolonged negotiations will leave businesses in limbo, unable to commit resources to compliance with rules that may change at any moment.

Third, the Digital Fitness Check remains a black box for industry. The consultation runs until March 2026, yet businesses have insufficient information on the scope, methodology, or expected outcomes. If the Fitness Check is to serve as a genuine "stress test" of the digital acquis, we need a transparent roadmap from the Commission – what will be assessed, when results can be expected, and how industry associations and national governments can meaningfully contribute to the process.

The Czech Republic stands ready to be a constructive partner in this effort. However, we ask that simplification be real and measurable – not merely a reshuffling of obligations between legal instruments.

Fast-track extension of AI Act deadlines

Obligations — especially high-risk AI systems and Article 50 — must not apply before harmonized standards; technical guidance, and reporting methodologies are in place. A stand-alone, fast-track legislative extension is necessary, together with a reduction of the most burdensome reporting requirements.

Elimination of duplication between the AI Act, CRA and other digital legislation

Introduce joint conformity assessments and mutual recognition of compliance documentation to prevent parallel audits and overlapping obligations across legal frameworks.

Truly practical and harmonized GDPR reform

SPČR supports clarification of the definition of personal data, strengthening legitimate interest for AI development and research, and integration of ePrivacy rules into GDPR. However, uniform interpretation across Member States is essential to prevent further fragmentation of the Single Market.

Functional Single-Entry Point for incident reporting

Implement the “report once, share many times” principle — enabling single reporting (including at holding level), full compatibility with CRA and NIS2 systems, and legal protection for reporting entities.

Clear and realistic implementation of the Data Act

Limit mandatory data sharing in B2B contexts where contractual freedom already applies, ensure strong protection of trade secrets, clarify the definition of “data holder,” and avoid disproportionate obligations for SaaS services.

Deeper harmonization of cybersecurity regulation

Align NIS2, DORA, CRA, and related frameworks to eliminate overlapping requirements, duplicate reporting, and inconsistent supervisory approaches.



Regulation and Single Market

Regulation

The regulatory environment has become increasingly complicated, creating unnecessary obstacles for businesses. A genuine legislative detox would allow companies to focus more on innovation and less on navigating complex rules. Many of the requirements companies face are overlapping or unclear. Streamlining existing legislation — instead of continually adding new layers — would significantly strengthen Europe's competitiveness.

A more careful use of delegated acts is essential for this detox. Delegated acts are meant only to supplement or amend non-essential elements of existing legislation, yet in practice they often introduce new technical requirements that increase compliance burdens. To avoid unnecessary administrative pressure, delegated acts should always undergo robust scrutiny and high-quality impact assessments, especially when they introduce obligations with practical or financial effects on businesses — something that is currently not done consistently.

Single Market

To make the Single Market fit for a fully digitalised economy, we advocate for the removal of regulatory and administrative barriers to cross-border business operations and a faster adoption of digital technologies.

The Single Market is at risk of regression, with 2023 Commission **data showing a decline in integration in both free movement of goods** (decline from 26.0% to 23.8%) **and free movement of services** (from 7.8% to 7.6%). Meanwhile, businesses uptake of digital tech continuously falls short of meeting EU targets, putting into question the attainment of 2030 Digital Decade goals and the digital transformation at large.

As highlighted in the Letta Report, “the Single Market remains a cornerstone of European integration and values, serving as a powerful catalyst for growth, prosperity and solidarity”.

Resolute actions to **remove remaining regulatory barriers** to the free movement of goods and services **could add €713 billion to the EU economy by 2029** – a taxpayer-neutral boost that will strengthen Europe's social market economy.



28th Regime

We generally support the idea of the 28th regime. We see possible benefits, especially as regards corporate law (e.g. speeding-up establishment of a company). The rules should be simple and easy to understand for entrepreneurs. If the scope was limited to small companies, it should be available for all categories, and not only to e.g. innovative companies. It should be open to both natural and legal persons. The legal form of the proposal should be a regulation or a directive with full harmonisation, without unnecessary references to national laws. It should allow the use of digital means (e.g. online meetings of the General Assembly). The minimum initial capital should be low and the rules should allow an easy cross-border transfer of a company. The regime should not lead to new reporting and administration requirements. It would be helpful if the legal text was accompanied by templates of founding documents (e.g. articles of association) with the freedom to adjust them to the needs of a specific company.

We are very cautious about covering the labor, tax and insolvency law. These rules are considered the domain of the member states and harmonization would pose complications for domestic companies. The labour law is also dependent of negotiations with social partners. EU insolvency law has recently been reformed. Overall, we fear that covering these areas would prolong and complicate the legislative process.



Trade

European businesses face increasing geopolitical tensions, high energy costs, substantial regulatory burdens, and growing protectionism. The EU must act now to maintain its position as a global trade leader. **With 85% of global growth occurring outside Europe, the EU cannot afford to fall behind.** Yet, **only 46% of EU trade in goods and services is covered by trade agreements.** With the **U.S. and China accounting each for around 27% of EU trade**, the EU also needs to strengthen its ties with other countries. More must be done to secure new trade agreements, enforce existing ones, and prevent unfair competition.

Europe's economic strength depends on a proactive, creative and forward-looking trade policy and an ambitious diversification strategy. This should be done through a range of different tools like trade agreements and partnerships on digital, critical raw materials and mutual recognition. The EU must swiftly finalise key free trade agreements with Mercosur, Mexico, India and Australia, and accelerate negotiations with ASEAN countries like Indonesia, Malaysia, Thailand and the Philippines.

The EU's Economic Security Strategy must be rooted in the principles of openness and competitiveness and strike the right balance between economic and national security objectives. At a time when companies big and small face many challenges, any policy instrument that imposes restrictions on businesses must be precise, proportionate and predictable, designed through prior consultation with the private sector and only used as a last resort.



Trade Defence Instruments

Background / what we hear from companies

Trade defence instruments (anti-dumping, anti-subsidy and safeguard measures) are increasingly important for EU industry as global overcapacity and distortive state support continue to pressure EU markets. **However, the key constraint today is not the legal toolbox, but the speed and capacity of its implementation.**

From companies and sector associations, we consistently hear that the complaint process takes too long and is too resource-intensive. Firms need fast, predictable action when injury occurs; lengthy pre-complaint preparation and long procedural timelines can mean that effective relief arrives too late. **At the same time, the number and complexity of files is increasing, which is putting additional strain on the relevant services in DG TRADE.**

What we suggest

DG TRADE needs more operational capacity (staffing and technical expertise) to handle the growing pipeline of complaints, accelerate investigations, and improve responsiveness.

Without reinforcing the “aparatus” that runs TDIs day-to-day, the EU risks having strong instruments on paper but slow delivery in practice.

Speaking points for a discussion

Companies report that TDI complaint procedures are too slow; when measures arrive late, they may no longer prevent market damage.

The main bottleneck is increasingly administrative capacity and processing speed rather than the absence of instruments.

DG TRADE must be reinforced (more staff/expertise and faster internal processing) because the number and complexity of cases is growing.

The EU should improve predictability and usability of the complaint process (clearer guidance, faster pre-complaint support, and more efficient handling of evidence).



FTAs

EU–India Free Trade Agreement

EU and India have concluded FTA negotiations, started with modest ambition, the outcome looks broadly positive for the EU.

India will gradually liberalise a large share of tariffs, with up to 96.6% of EU exports (by value) seeing tariffs reduced or eliminated, potentially doubling EU exports by 2032.

Major gains: sharp cuts in tariffs on machinery, chemicals, pharma, iron and steel, aircraft, many agri-food products, plus big but quota-limited reductions for motor vehicles.

In services, the EU is set to obtain at least UK-level commitments, with India's most ambitious promises so far in financial services.

The IP chapter should go beyond TRIPS on enforcement, and there will be a Trade and Sustainable Development chapter focused on dialogue (no sanctions), including cooperation on decarbonisation and CBAM-related issues.

No chapters on public procurement or investment protection in the FTA; these are handled in separate, ongoing talks on an Investment Protection Agreement and on Geographical Indications.

Strategically, the FTA supports diversification and open, rules-based trade amid geo-economic tensions, and is accompanied by a Security and Defence Partnership and a Joint Strategic Agenda 2030.

EU-Mercosur Free Trade Agreement

The EU–Mercosur Agreement is a long-standing priority for EU (and Czech) industry to diversify trade and deepen ties with Argentina, Brazil, Paraguay and Uruguay.

The European Parliament has referred the agreement to the EU Court of Justice, which delays ratification and creates uncertainty for companies that cannot yet use its benefits.

Court proceedings may take more than a year; provisional application is being discussed if at least one Mercosur country ratifies, but this would require strong political will.

Each year of delay carries economic costs in lost export opportunities and weaker EU competitiveness.

For Czech industry, the agreement is key for competitiveness, resilience, predictability, access to critical raw materials and support for the green and digital transformation.

China is very active in Mercosur markets; if the EU does not move quickly, it risks losing ground and market share in the region.



China

Large direct trade imbalance, partly reduced once re-exports via the EU (especially Germany) are taken into account.

The Czech economy is closely integrated with China both directly and indirectly through European value chains.

To sustain and grow exports, Czech business needs practical market-entry support (information, in-country assistance, matchmaking, barrier-solving).

Priority should be higher value-added segments where Czech firms have a clear competitive edge, while still protecting strategic interests in sensitive sectors.

Economic ties are supported through intergovernmental platforms, trade fairs, CzechTrade offices, the embassy network and business missions (including cooperation with CCPIT).

Key recommendations: keep regular dialogue and working platforms, systematically back Czech firms in China, and ensure support tools comparable to those of other EU countries.

National measures on export controls and FDI screening should stay aligned with EU rules to avoid fragmenting the Single Market and harming competitiveness.

Stronger coordination among all actors of economic diplomacy is needed, while continuing to safeguard strategic interests (cybersecurity, critical infrastructure, defence, intelligence).

USA

The US is a key partner, but relations are strained by tariffs and legal uncertainty.

A temporary 10% import surcharge is in place, while most Section 232 tariffs (steel, aluminium, etc.) remain.

More US measures may follow (Section 301 investigation, possible rise of the surcharge to 15%, overall uncertainty).

The EU–US Joint Framework Agreement is still valid, but its implementation is under pressure from new US actions.

EU exports to the US are declining (especially machinery), which may weaken business support for the agreement.

Priority: defend the Joint Framework Agreement, but resist further unilateral US steps that undermine it.

The EU must diversify export markets to strengthen resilience, without turning away from the US.

Relations with the US and China should be treated separately, with different strategic objectives.

