

Czech Business Today

HEARING OF EUROPEAN COMMISSIONERS: ISSUES ADDRESSED BY CZECH BUSINESSES

As the European Commission begins a new mandate, the upcoming hearings of Commissioner-designates are critical for addressing issues affecting Czech businesses in a competitive global landscape. With Mario Draghi's recent report underlining the need for urgent reforms to support competitiveness, Czech business representatives see this as a pivotal moment to shape policies that impact their industries. The hearings provide a platform to voice concerns about the complex regulatory environment, energy costs, labour mobility, and the EU's green transition—all factors that significantly influence the Czech business environment.

Czech businesses are eager for a more cohesive, obstacle-free internal market to bolster competitiveness within the EU. The Enrico Letta report brought much-needed attention to this area, but tangible progress has been limited. In recent years, increasing crises have triggered national protectionist measures that harm cross-border operations, particularly for Czech companies reliant on exports. Business leaders are urging Commissioner-designates to commit to removing barriers and streamlining regulations to enable easier access to labour and investment across borders.

The Czech Republic's industry-heavy economy is especially vulnerable to rising energy costs, which are notably higher in the EU than in the U.S. The energy-intensive sectors in the country view the EU's green agenda with concern,

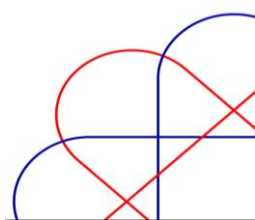
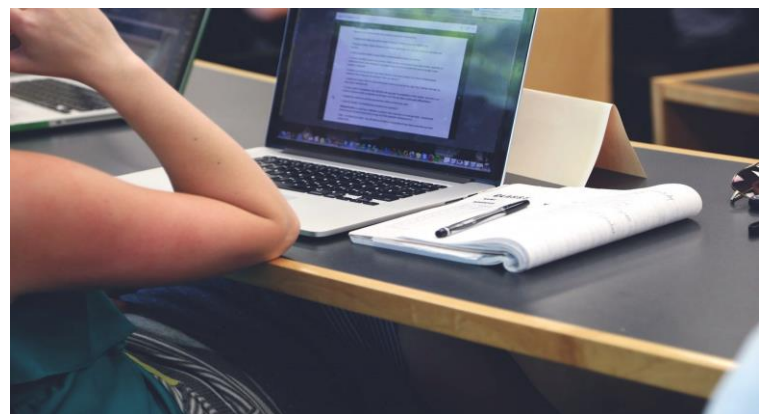
particularly regarding its impact on global competitiveness. While supporting the EU's climate goals, Czech businesses are calling for a balanced approach that includes pragmatic steps like enhancing energy infrastructure, supporting nuclear energy, and creating affordable, renewable alternatives. These issues are crucial for Czech firms facing global rivals with lower operational costs.

For Czech businesses, digital transformation is key to staying competitive, especially amid the EU's ambitious climate targets. They advocate for Commissioner-designates to prioritize policies that encourage innovation, improve digital infrastructure, and ensure cybersecurity across member states. Czech businesses are particularly focused on accessible capital for innovation, arguing that without this, firms in the EU will struggle to compete globally, especially with rivals from innovation-driven economies.

As global supply chains face increasing geopolitical risks, Czech businesses stress the importance of expanding trade agreements to secure reliable access to essential resources. Trade and investment policies that strengthen ties with fast-growing markets and encourage economic partnerships with non-EU countries will be instrumental in ensuring Czech companies' global reach. The EU's trade strategies should support SMEs in expanding internationally and mitigating dependency risks.

The hearings are an opportunity to reassure businesses that their concerns will be heard and addressed through actionable policies that drive competitiveness, reduce regulatory burdens, and foster sustainable growth. For Czech business leaders, this mandate holds the promise of a more resilient and open EU economy that truly champions the needs of its businesses.

Sources: CEBRE Founders



THE AUTOMOTIVE CRISIS: POTENTIAL FACTORY CLOSURES AND ITS IMPACT ON CZECH INDUSTRY

FLASHNEWS

The Czech automotive industry is grappling with a crisis that could lead to unprecedented factory closures and widespread job losses. Volkswagen, a major force in European manufacturing and a symbol of German industrial success, is now considering closing some of its European factories—a move that would be a first in its near ninety-year history. This potential restructuring is largely due to soaring energy costs, strict EU regulations, and pressures to shift toward electromobility. These combined challenges are creating difficult conditions for car manufacturers and sending ripples across Europe's automotive ecosystem. For the Czech Republic, where the industry is closely linked with Germany, Volkswagen's struggles signal serious risks to local suppliers and employment.

As Volkswagen contends with the unchecked rise of electromobility, industry leaders in the Czech Republic, such as Transport Minister Martin Kupka and the Automotive Industry Association, are calling for technology-neutral policies and a realistic adjustment of EU CO₂ emission targets. They argue that without pragmatic regulatory reform, the burdensome financial penalties set to be imposed in 2025 could drain essential resources from the sector, undermining both green innovation and economic stability.

The Czech automotive sector, heavily tied to German production, would feel the impact almost immediately if Volkswagen were to reduce its production capacity in Europe, as lower demand for Czech products could directly threaten jobs and manufacturing output.

Adding further complexity, tensions between the EU and China raise concerns of a potential trade war, with China contemplating tariffs on European goods, including cars. This would exacerbate the crisis for both German and Czech manufacturers by reducing market competitiveness globally. The crisis in Germany, driven by a weakening Chinese economy and stagnating industrial growth, could have long-lasting repercussions for the entire Central European economy. The Czech Republic's economy is at risk of suffering from Germany's slowdown, underscoring the urgent need for EU-level solutions that ensure industrial competitiveness and stability in the face of rapid environmental and economic shifts.

Source: [AutoSAP](#)

CEZ secures gas supplies from Algeria

CEZ has concluded a contract with the Algerian company SONATRACH for gas supplies, which will flow through Tunisia and via an undersea pipeline to Italy and then to the Czech republic. This will cover about two percent of the Czech Republic's annual gas consumption, which corresponds to the needs of about 100,000 households. CEZ CEO Daniel Beneš described the contract as an important step towards strengthening energy independence. Industry Minister Lukáš Vlček stressed the importance of diversification of suppliers, which increases security of supply. The contract complements the LNG capacity already in use in the Netherlands and a future terminal in Germany, planned for 2027.

Source: [Ministry of Industry and Trade of the Czech Republic](#)



LUKÁŠ VLČEK: WHAT CAN CZECH BUSINESSES EXPECT FROM THE NEW MINISTER OF INDUSTRY AND TRADE

FLASHNEWS

The Czech industrial landscape is set for transformation as Lukáš Vlček assumes his role as Minister of Industry and Trade. In his debut appearance at the Annual Assembly of the Confederation of Industry of the Czech Republic he underscored his commitment to dialogue with the business sector. Vlček outlined the key pillars of the new Economic Strategy aimed at enhancing Czech economic resilience and growth by 2040. Prioritizing workforce development, strategic infrastructure, high-value industrialization, and sustainable financing, the strategy aims to push the Czech Republic among the top ten EU countries in GDP per capita, a significant leap from its current 14th place. Vlček emphasized the strategy's implementation, backed by 150 specific measures, to reinforce Czech industry's global competitiveness.

However, challenges remain. Industry representatives stressed the importance of Czech participation in the expansion of the Dukovany Nuclear Power Plant, urging the Government to secure tangible commitments from contractors to involve Czech scientists and companies in the project. He also called for a realistic assessment of the EU's Green Deal, especially with regard to the recent decline in EV sales and the potential impact on the Czech automotive sector. Prime Minister Petr Fiala supports these calls for pragmatic EU engagement, especially noting the importance of overcoming structural challenges. Vlček, as a long-standing advocate of strategic energy projects, sees the Green Deal as an opportunity that should not be missed. His vision extends beyond energy transition; he also aims to simplify regulations for SMEs, reduce bureaucratic barriers, and support non-subsidized growth. As Vlček begins his tenure, Czech businesses can expect proactive engagement and reforms aimed at fostering resilience in an evolving global

market, positioning Czech industry for sustainable growth and a more robust EU presence.

Source: [Ministry of Industry and Trade of the Czech Republic + CEBRE + Assembly of the Confederation of Industry of the Czech Republic](#)



[Minister of Industry and Trade of the Czech Republic.](#)
[Ing. Lukáš Vlček](#)

CEZ and Rolls-Royce SMR join forces to develop small modular reactors

CEZ has entered into a partnership with the British company Rolls-Royce SMR and acquired a strategic stake in the company, which puts the Czech Republic at the forefront of the development of small modular reactors (SMR). This innovative technology will offer a stable, emission-free source of heat and electricity and will enable the replacement of coal-fired power sources. According to Prime Minister Petr Fiala and Industry Minister Lukáš Vlček, this makes the Czech Republic a major player in nuclear energy, which brings new opportunities for Czech industry. CEZ's multi-billion CZK investment in Rolls-Royce SMR will ensure the involvement of Czech companies in the global supply chain.

Source: [Ministry of Industry and Trade of the Czech Republic](#)

Czech Republic approves new Economic Strategy to increase competitiveness

The Czech government has adopted an Economic Strategy with the aim of placing the Czech Republic among the top 10 EU economies in terms of GDP per capita. The document contains over 150 measures, including support for the semiconductor industry and modern technologies. Key areas include chips, clean mobility, energy security and renewable energy development. The Ministry of Industry and Trade plans to open a National Competence Centre for Semiconductors and an Entrepreneur Portal. Investments will be supported by the newly established State Investment and Development Company. Results will be regularly monitored and the strategy adjusted according to current needs.

Source: [Ministry of Industry and Trade of the Czech Republic](#)

EESC CORNER: A NEW STRATEGY FOR EUROPEAN COMPETITIVENESS

FLASHNEWS

In September 2024, Mario Draghi presented a crucial report outlining a strategy to enhance the EU's economic competitiveness. Commissioned by European Commission President Ursula von der Leyen, the report tackles key challenges and proposes a comprehensive roadmap. The published report also caused a great discussion in the European Economic and Social Committee.

The report emphasizes closing Europe's innovation gap, advocating for the establishment of a European ARPA, increased R&D funding, and reforms to attract venture capital. A focus on lifelong learning and a stronger education system aims to address skill deficits, including proposals to expand Erasmus+.

Draghi's strategy aligns climate goals with economic growth, suggesting energy market reforms to lower costs. It advocates a technology-neutral approach to clean energy, combining renewables, nuclear, hydrogen, and carbon capture to accelerate the energy transition and enhance competitiveness.

The report highlights the importance of strategic autonomy by reducing dependence on foreign technologies and resources. Strengthening sectors like semiconductors and defence, along with developing secure supply chains, is essential for Europe's economic resilience.

The Draghi Report identifies four essential building blocks critical for enhancing European competitiveness. First, it stresses the need for a stronger single market, emphasizing the elimination of remaining barriers and fostering seamless cross-border investments to boost economic integration. Second, the report calls for a robust industrial policy that prioritizes sectors pivotal to green technologies, digital transformation, and defence, ensuring strategic autonomy. Third, it highlights the importance of financial integration, advocating for a more unified capital market that facilitates investment flows, especially for

start-ups, and channels European savings into productive ventures. Lastly, it underscores the necessity of improved governance and cooperation, suggesting enhanced coordination among EU member states and clear governance frameworks to ensure consistent and effective implementation of strategic initiatives. These elements collectively form the foundation of a sustainable, resilient, and competitive European economy.

The 2024 Draghi Report provides a bold vision for the future of European competitiveness. By focusing on innovation, sustainability, economic security, and cohesive integration, it sets an ambitious agenda that will require strong political will and collaboration across the EU. Draghi's recommendations lay out a path to strengthen Europe's economic foundations, making it more resilient and competitive in a rapidly evolving global landscape.

Isn't now the right time for a New European Industrial Deal based on Draghi's recommendation? I believe so.

Source: David Sventek, EESC Member of Employers' Group



Czech companies can get full support to test AI innovations

SMEs in the Czech Republic now have the opportunity to test and adapt AI products for industry with full financial support under the AI-MATTERS project. With a budget of CZK 200 million, co-funded by the National Recovery Plan and the EU Digital Europe programme, Czech technical universities CTU, VUT and VŠB-TUO are collaborating with European partners to develop innovations in manufacturing. AI-MATTERS enables testing in real environments, integration of advanced systems and streamlining processes using AI. The initiative thus increases the competitiveness of the Czech industry and opens the door to European markets.

Source: [Ministry of Industry and Trade of the Czech Republic](#)

CALENDAR

12.11.2024 [„FUTURE OF EXPORT SUMMIT 2024“](#)

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17.11.2024 [“Czech National Day of the Struggle for Freedom and Democracy“](#)