

Czech Business Today

Opportunities in European Defence

The European Union is placing greater emphasis on defence and security, reflected in the establishment of the first-ever Commissioner for Defence and Space. This signals the EU's commitment to strengthening its defence capabilities, with the European Defence Fund (EDF) and the European Defence Industry Strategy (EDIS) playing a central role. For Czech businesses, this evolving landscape presents significant opportunities to engage in joint defence projects, access EU funding, and enhance their competitiveness in the global market.

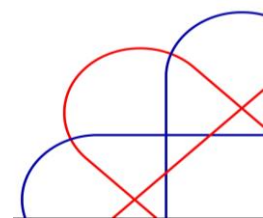
The EDF is designed to foster cooperation among EU member states in defence research and capability development. With a budget exceeding €8 billion for 2021-2027, it provides funding for projects related to advanced defence technologies, including cybersecurity, artificial intelligence, and next-generation weapon systems. Czech companies, particularly SMEs, can benefit from EDF financing by participating in multinational consortia and leveraging the fund's co-financing mechanism. One of the key challenges for Czech firms is navigating the complex application process for EDF funding. However, by collaborating with established EU defence contractors and research institutions, Czech businesses can strengthen their position in the European defence ecosystem. Additionally, public-private partnerships can be instrumental in bridging gaps between research, development, and commercialization of defence technologies.

The European Commission has outlined several defence priorities, including enhancing military mobility by removing remaining barriers within the EU, creating a unified market for defence products and services with a particular focus on increasing SME involvement in supply chains, and overseeing the implementation of the European Defence Industry Strategy (EDIS) while reinforcing the EDF. For the Czech Republic, these priorities align well with the capabilities of its domestic defence industry. Czech arms manufacturers already contribute to NATO and EU defence initiatives. Increased EU investment in defence can further bolster Czech industrial participation in high-value projects, including those related to precision engineering, unmanned systems, and military logistics.

A crucial aspect of the EDF and the EU's defence strategy is the promotion of dual-use technologies—innovations that serve both military and civilian purposes. Czech companies specializing in cybersecurity, artificial intelligence, and aerospace engineering can capitalize on these opportunities by developing solutions applicable to both security and commercial markets. For instance, advancements in cybersecurity for military communications can also strengthen the security of critical infrastructure in the civilian sector. Similarly, AI-driven logistics solutions can enhance both battlefield operations and commercial supply chains.

To fully capitalize on these opportunities, the Czech Republic must address several challenges. By investing in research and development, Czech firms can position themselves at the intersection of defence and commercial innovation. Simplifying access to EU funding and streamlining administrative procedures can facilitate SME participation in defence projects. Czech industry can play a vital role in shaping the future of European defence. As the EU continues to invest in its security framework, Czech businesses have a unique opportunity to integrate into the European defence supply chain, enhance technological innovation, and contribute to the continent's overall security strategy.

Source: [European Parliament](#), [European Council](#)



How the EU's Strategic Dialogue will shape the Automotive Industry?

FLASHNEWS

European Commission President Ursula von der Leyen has initiated a strategic dialogue with key industry leaders, social partners, and stakeholders to address the challenges facing the European automotive sector. The goal is to develop solutions that ensure the industry's long-term competitiveness and sustainability. The outcomes will be presented in an Action Plan on March 5.

The European automotive industry, employing over 13 million people and contributing approximately one trillion euros to the EU's GDP, is at a critical juncture. The Commission is gathering inputs to create a regulatory framework that promotes innovation, fosters competitiveness, and ensures a level playing field in international markets. However, some key players, including SMEs and innovative firms, were notably absent from the initial discussions, raising concerns about the inclusivity of the process. Czech Transport Minister Martin Kupka has voiced his disappointment that Central European automakers were not included in the initial meeting. At the same time, he extended an invitation to European Commissioner Apostolos Tzitzikostas to visit Prague and meet Czech manufacturers, ensuring that the Czech Republic has a role in shaping the Action Plan. Kupka also emphasized the need to reform the current penalty system, suggesting the timeline for fines be extended over five years to give European automakers a realistic chance of bridging the technological gap with competitors.

On the same day, Czech and German leaders met in Prague to discuss the challenges facing the automotive sector, with the aim of aligning political actions and forming a unified European approach. The discussions focused on critical issues such as emission regulations, stagnating demand for electric vehicles, and the competitiveness of Europe in the face of pressures from the U.S. and China, as well as rising energy costs.

The European automotive sector faces intense pressure from stringent emission regulations, the transition to electric vehicles, and competition from Chinese manufacturers. Critics argue that the Commission's dialogue favours large automotive manufacturers, particularly from Germany and France, and overlooks small and medium-sized enterprises, which form the backbone of the industry. The exclusion of these key players raises doubts about the Commission's commitment to addressing the sector's challenges comprehensively.

Industry leaders, including those from the Czech Republic, are calling for changes to the EU's regulatory approach. They advocate for revisions to CO2 emission regulations, the cancellation of fines for failing to meet 2025 targets, and the abolition of the 2035 combustion engine ban. Additionally, they emphasize the importance of technological neutrality, encouraging the development of alternative fuels and hybrid technologies to ensure a sustainable and competitive automotive sector.

Source: [Ministry of Industry and Trade](#), [Ministry of Transport](#)

Škoda Auto Discuss Future of European Automotive Industry and Emission Targets

Minister of Industry and Trade Lukáš Vlček met with Škoda Auto's leadership to discuss the future of the European automotive industry. Vlček, along with Italy, urged the EU to delay the revision of emission limits and penalties, ensuring EU carmakers have time to adjust without risking their stability. "The automotive industry is the backbone of the Czech economy," he said. Škoda Auto's CEO Klaus Zellmer emphasized the need for flexible technological options, including electric mobility, plug-in hybrids, and alternative fuels. The Czech Republic and Italy also called for an urgent assessment of the EU's 2035 combustion engine ban and 2025 emission penalties.

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



CEBRE was founded in 2002 by the three most important Czech business organizations – Czech Chamber of Commerce, Confederation of Industry of the Czech Republic, Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic with kind support of the Ministry of Industry and Trade via its Trade promotion agency CzechTrade.

How US Trade Policy Shifts Impact Czech Businesses

FLASHNEWS

The evolving landscape of global trade presents new challenges and opportunities for businesses worldwide. With the latest shifts in US trade policy, Czech exporters and investors must closely monitor potential changes that could influence market conditions. While the long-standing economic ties between the US and the EU remain a pillar of stability, increased tariffs, regulatory adjustments, and investment policy shifts may require strategic adaptation to maintain competitiveness.

One of the major concerns for Czech exporters is the possibility of increased tariffs on European goods. Certain key sectors, including aerospace, arms, and optics, may face tariffs ranging from 10% to 20%. Such measures could significantly impact Czech companies, particularly SMEs that may struggle to absorb these additional costs. This raises the urgency for businesses to enhance competitiveness through innovation, efficiency, and regulatory streamlining at home.

Beyond tariffs, another focal point of concern is the potential tightening of access to US technology. New export control rules for advanced AI chips and semiconductor technologies could pose challenges for European firms. Although these regulations are still under public consultation, securing a favorable classification for the Czech Republic within the framework of US technological partnerships will be crucial for maintaining access to cutting-edge innovations.

In terms of investment, the anticipated "America First" approach may accelerate the reshoring of production to the US. This could disrupt supply chains and affect

Czech companies that are integrated into transatlantic manufacturing networks. While it remains too early to fully assess the impact, businesses should prepare for possible shifts by diversifying markets and strengthening their resilience against supply chain disruptions.

On the energy front, US policies aimed at maximizing oil and gas production could exert downward pressure on global energy prices. While this might benefit European industries struggling with high energy costs, the long-term impact on the renewable energy sector remains uncertain. Despite policy adjustments, clean technologies and sustainability initiatives continue to be strong pillars of industrial strategy in both the US and the EU.

The broader trade relationship between the US and the EU remains a key pillar of global commerce, with mutual trade in goods and services valued at over €1.54 trillion in 2023. For Czech businesses, the US remains the largest non-European export market, ranking 11th among trade destinations. With total bilateral trade turnover exceeding \$10.7 billion, maintaining and strengthening market access remains a strategic priority. As the situation continues to evolve, Czech companies will need to remain adaptable and responsive to the changing trade environment.

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

Ministry of Industry and Trade has launched the third call for innovation activities under the Operational Program Technology and Applications for Competitiveness Program

The Ministry of Industry and Trade has launched the third call for innovation activities under the OP TAK program, aimed at small and medium-sized enterprises to support product and process innovation. Applications can be submitted from February 18 to May 30, 2025, via the ISKP2021+ portal. Minister Lukáš Vlček highlighted the goal of strengthening Czech companies' innovation performance and global competitiveness. The call prioritizes projects building on completed R&D, with a focus on developing competitive products for global markets and strengthening high-tech manufacturing. A new bonus criterion supports disadvantaged regions to encourage economic development.

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

Updated National Action Plan for Smart Grids (2025–2030)

The Czech government has approved an updated National Action Plan for Smart Grids (NAP SG) for 2025–2030, aimed at modernizing the country's electricity infrastructure, supporting decarbonization, and preparing for future energy challenges. Minister Lukáš Vlček emphasized that smart grids will drive technological innovation, reduce costs, and enable consumers to actively participate in the energy market. The plan responds to new EU legislative requirements and focuses on efficient grid management, integrating renewable energy, storage systems, and smart metering. It will be funded through regulated costs and grants, ensuring no burden on the state budget, while strengthening energy security and sustainability in the Czech Republic.

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



EESC CORNER: How the Polish presidency affects Czech Business?

The current Polish presidency of the Council of the EU could serve as an inspiration for us not only in terms of pragmatic business impact, but as a positive example for the whole society. The first point is based on clearly defined and ambitious priorities whose core point is security in the very comprehensive sense. This, unfortunately, reflects the today's reality of Europe as well as the world.

The security concept contains all important elements connected with democracy and freedom, competitiveness, resilience, the ability to safeguard our territory. It is also closely connected with responsibility as well as a good self-confidence.

Poland, as a big European country with a very clear and offensive attitude to the key EU priorities and a strong voice in implementing them, is undoubtedly the country it is worth to listen and follow to. Additionally, we also talk about a country with probably the best relations with the USA among all the EU Members. This could also be an advantage in the process of elimination a possible trade, investment and tariff struggles between the EU and the US.

During the Polish presidency, the real start of the debates and negotiations on the future Multi-annual Financial Framework is going to become reality. Poland is a strong advocate of the EU Cohesion Policy as well as the Common Agricultural Policy (as the Czech Republic and many other countries mostly from the Central, Eastern and Southern part of the European continent are). As such, Poland, having a back-up of the Polish Commissioner for Budget Piotr Serafin, works for us. But Poland on the other hand is very much open to a modernized Cohesion Policy, relying on the financial instruments, well targeted thematic typology and a strong role of regional partnership. An appropriately big and adequately concentrated cohesion policy could be an important supportive tool for our business again.

Poland would like to play an important role also on the field of the Internal Market topics, including the strategic open autonomy and elimination of the unnecessary barriers inside the Internal Market and its openness for all types of businesses and entrepreneurship in all relevant sectors and industries. Poland is able to propose an acceptable set of feasible compromises regarding the currently discussed issues around a Green Deal redefinition as well as the challenges linked with competitiveness according to the Draghi Report. And many parts of this compromise are based on the practical Polish experience during the last 35 years. The case study of the Polish post-revolutionary development is an impressive story how to make from a very obsolete country from the economic as well as living standards point of view and with not a very positive reputation in Europe a state and society with a long-term strong economic growth, with unbelievable structural changes in economy and society and a huge respect and appreciation in the international context.

There are just a few examples of something called an economic miracle; Poland is one of them. And the presidency is a good opportunity how to share this experience with the others.

Among the states keeping currently and in a foreseeable future the EU presidency, Poland is by far the most important country that could advocate also the national interest of the Czech Republic in the EU not only from the business perspectives, but also in setting the values that could the EU have for the next period of its development. And that's why it is so important not only to carefully observe what is the Polish presidency doing, but also to support its strategic priorities as well as the financial framework to cover them.

Source: David Sventek, EESC Member of Employers' Group



FLASHNEWS

Innovative Circular Audit Tools Empower Czech Businesses for Sustainable Future

Two new Circular Audit methodologies, certified and developed with CIRA Advisory, were introduced to assist Czech companies in adopting circular economy practices. These pioneering tools, Circular Audit I and II, offer detailed process analyses and guidance on implementing circular principles. As the first certified methodologies of their kind in Czechia, they aim to enhance environmental sustainability, reduce costs, and boost competitiveness for businesses. Aligning with European sustainability standards, these methodologies will be showcased at the upcoming World Circular Economy Forum in São Paulo, Brazil.

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