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Towards Smarter Regulation or Just the Beginning?

The European Commission's recently unveiled Omnibus I and II packages have sparked cautious optimism across Europe's business landscape. These legislative proposals aim to simplify complex EU regulations, especially those related to ESG reporting, sustainability compliance, and public funding access. While the move to reduce red tape is welcome, many industries stakeholders question whether the reforms go far enough.

Key changes include adjustments to ESG reporting under the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). Only companies meeting at least two of the following criteria—over 1,000 employees, €50 million in turnover, or €25 million in assets—will be required to comply. The CSDDD transposition deadline is delayed to July 2027, with a single milestone for large companies (3,000+ employees and €900 million turnover) in July 2028, and the general deadline set for July 2029.

Czech industry associations support the revisions, calling them a necessary correction. Both the Confederation of Industry and the Czech Chamber of Commerce see the proposals to better align regulations with business realities—especially for SMEs. However, they continue to advocate for further flexibility, including voluntary regimes for low-risk companies.

Omnibus I also addresses the impracticalities of the Carbon Border Adjustment Mechanism (CBAM). The current €150 import threshold would be replaced by a more realistic 50-tonne annual limit, easing burdens for smaller importers. While this reflects business feedback and eases administrative burden, concerns remain over effectiveness and fairness—European exporters still face disadvantages on third markets under current emissions rules, with no solution yet proposed to level the playing field.

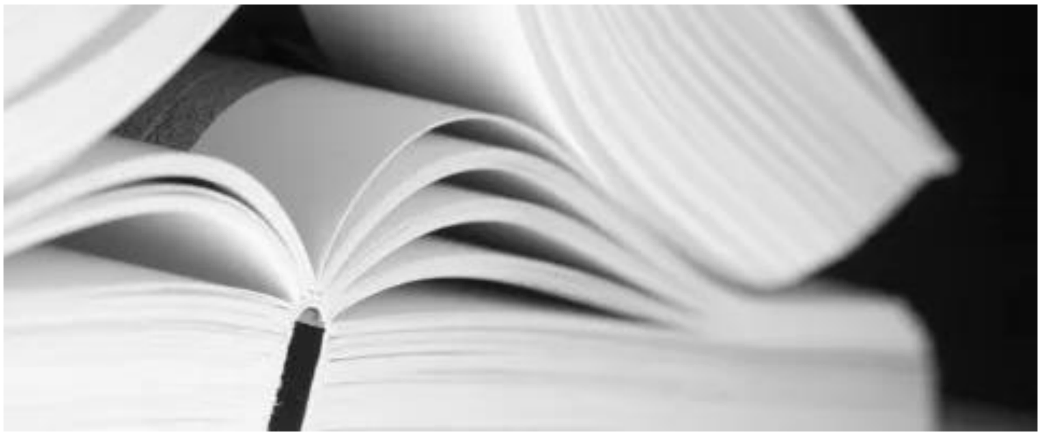
The revision of the "Do No Significant Harm" principle in the EU's sustainability taxonomy has been cautiously welcomed. Businesses appreciate the shift toward more pragmatic language but warn against making taxonomy criteria a gatekeeper for funding. Calls persist to extend transitional periods—20 years for nuclear and 5 years for gas—to help industries align long-term investments with green objectives.

Meanwhile, Omnibus II targets compliance burdens in public funding. It proposes replacing auditor certifications with management declarations and harmonizing application procedures. While broadly supported, Czech business groups stress that simplification must apply equally to SMEs and large firms. Skepticism also remains around the projected €200 million in savings without more fundamental reform of EU program administration.

For Czech businesses, the packages offer a step forward—but not a breakthrough. ESG rules, taxonomy, CBAM, and funding mechanisms remain interconnected. Unless simplification is matched by coherence, businesses may still struggle through a regulatory maze—albeit one with slightly shorter corridors.

Whether Omnibus signals a lasting shift or a short-term adjustment remains uncertain. What is clear: Czech industry is ready to engage, but also to push for more.

Source: Confederation of Industry of the Czech Republic + Czech Chamber of Commerce



EU Steel and Metals Action Plan: What It Means for Czech Industry

The European Commission's new Steel and Metals Action Plan brings long-awaited support for Europe's energy-intensive sectors. For Czech steel and metal producers, it addresses concerns of high energy prices, global competition, stricter decarbonization demands, and shrinking production capacities.

The plan introduces a set of measures, including adjustments to trade tools like the Carbon Border Adjustment Mechanism (CBAM), funding for green technologies, and simplified permitting processes. The Czech Confederation of Industry welcomes the plan's recognition of geopolitical risks and unfair trading practices, especially from countries with state-subsidized overcapacity.

However, energy—arguably the most pressing issue—is not sufficiently tackled. Many proposals, such as support for renewables and indirect cost compensation, are recycled from previous Commission initiatives. The Confederation calls for an EU-wide obligation to provide compensation for indirect costs, as current voluntary schemes create disparities—countries like Germany can offer far more support than the Czech Republic.

The plan also fails to address the volatility of the EU Emissions Trading System (ETS), which undermines investment planning. The Confederation argues for a price corridor and improved predictability in carbon pricing. It also criticizes the suggestion of curbing production during energy spikes, stating this is not suitable for continuous production processes.

Speeding up permitting is a positive step, but without binding rules, Member States may stall implementation. Streamlined spatial planning and simplified documentation are key to unlocking industrial investment.

On decarbonization, the Commission places hope in hydrogen-based steelmaking, but industrial-scale use remains years away. Rather than setting premature targets, the Confederation urges the removal of barriers such as restrictive delegated acts.

CBAM reforms are one of the most promising aspects. The current system fails to prevent carbon leakage through processed goods and allows for "resource shuffling." Until these flaws are fixed, the Confederation opposes the removal of free emission allowances. CBAM also does not protect EU producers in third-country markets, a gap the Commission promises to address.

Plans to classify scrap metal as a strategic raw material are welcomed, as steel scrap is vital steel industry decarbonization. However, mandatory recycled content quotas raise concerns over product quality and cost. In short, while the Action Plan is a step in the right direction, its success depends on swift, concrete implementation. For Czech industry, it's an opportunity—if backed by fair rules, proper funding, and real reforms across the EU.

Source: *Confederation of Industry of the Czech Republic*

FLASHNEWS

Czech Government Acquires 80% Stake in New Nuclear Project Company

The Czech government has approved the purchase of an 80% stake in Poweplant Dukovany II, the company overseeing the construction of two new nuclear units at the Dukovany site. This move marks a milestone in a project critical to ensuring the country's long-term energy security and self-sufficiency. The government also selected a state loan—subject to European Commission approval—as the preferred financing model for the project. The remaining 20% stake will stay with ČEZ, ensuring its technical involvement and expertise. Contracts with Korean supplier KHNP and Czech firms are expected to secure up to 60% local industry participation, boosting domestic economic benefits. *Source:* *Ministry of Industry and Trade of the Czech Republic*

New Opportunities in UAE

In April business mission of Czech AI med-tech startups took place in the UAE, organized in cooperation with the Embassy of the Czech Republic in Abu Dhabi, led by Deputy Minister of Industry and Trade. The mission successfully connected Czech startups with key Emirati investors and innovation hubs such as HUB71 and DIFC Innovation Hub, opening new opportunities for bilateral cooperation. Czech participants presented their projects, held targeted B2B meetings, and gained valuable insights into the local market and digital innovation environment. *Source:* *Ministry of Industry and Trade of the Czech Republic*

ESG: Opportunity or Administrative Burden for Czech Firms?

With the rollout of the EU's Corporate Sustainability Reporting Directive (CSRD), ESG (Environmental, Social, and Governance) reporting is becoming a reality for many Czech businesses. While large companies are already navigating the framework, SMEs are now feeling the pressure—often indirectly—through supply chain demands from multinational partners.

Critics argue that ESG reporting is overly complex and imposes a disproportionate burden, especially on SMEs. The Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic (KZPS) warns that the framework could weaken the competitiveness of Czech firms. Many SMEs lack the capacity to meet detailed information requests, such as recycled material percentages or Scope 3 emissions, leading to lost contracts to faster, often less transparent, global competitors.

KZPS views ESG more as an administrative hurdle than a tool for added value. The required dual materiality analysis is vague and subjective, risking inconsistent results and greenwashing. The Confederation calls for a simplified, minimal implementation of the directive in the Czech Republic, tailored to SME capabilities. Among their recommendations: separating ESG from financial reporting, limiting auditors' roles, and dropping the requirement to report on entire supply chains.

Additional concerns include the upcoming EU directive on environmental claims, which could impose heavy penalties for unverifiable marketing—potentially hitting SMEs hardest due to the high cost of third-party verification.

Despite the challenges, ESG does present opportunities—access to green financing, improved risk management, and enhanced investor trust. But without clearer rules and stronger support, ESG risks becoming more of a burden than a benefit.

KZPS continues to represent Czech employers and push for realistic, SME-friendly ESG implementation—ensuring that sustainability supports competitiveness, rather than undermining it.

Source: KZPS declaration in connection with the implementation of ESG reporting

FLASHNEWS

Czech Ministry Launches New Proof of Concept Call to Boost Innovation

The Czech Ministry of Industry and Trade has announced the third call for the "Proof of Concept" (PoC) initiative under the OP TAK programme, offering up to CZK 800 million in support for innovative projects. The call targets SMEs, small mid-cap companies, and research organizations in consortium with a business partner. The goal is to validate the feasibility and commercial potential of R&D projects before large-scale investment, encouraging the development and market launch of new technologies, products, or services. Minister Vlček emphasized the government's commitment to supporting high-risk, high-potential innovations, particularly from startups. In parallel, the Ministry is negotiating tax relief for employee shares, launching AI-supported Entrepreneur Portal in September, and transforming unused state properties into multifunctional spaces for startups. The PoC call also supports real-world testing, prototyping, and demonstration activities, with the Business and Innovation Agency providing assistance nationwide through its regional offices and free hotline.

Source: Ministry of Industry and Trade of the Czech Republic

Czech Brownfields Turn into Hubs of Business and Community Life

Thanks to support from the Ministry of Industry and Trade, unused and decaying buildings across Czech towns and municipalities are being successfully transformed into vibrant spaces for entrepreneurship, community life, and culture. Projects in places like Raškovice, Budišovice, Mořkov, and Valeč now feature restaurants, coworking spaces, and multipurpose halls—revitalized brownfields that not only foster local business development but also strengthen social cohesion and boost regional attractiveness.

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.