

Czech Business Today



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SOTEU: Quick Takeaways for Czech Business

The first State of the Union address of Ursula von der Leyen's second mandate was delivered against the backdrop of global trade uncertainty, rising geopolitical tensions, and ongoing divisions within the EU on sensitive issues such as migration. While the speech aimed to provide a unifying narrative for Europe, Czech business circles listened closely to assess whether the announced priorities will bring tangible progress or remain at the level of political declarations.

For Czech industry, the most striking element was the significantly stronger emphasis on defence and security. Given the ongoing war in Ukraine and instability in the Middle East, this shift is considered both logical and necessary. Yet the proposal to establish an Eastern Flank Watch comes late, years after business associations had already taken steps to strengthen Europe's resilience. The Confederation of Industry of the Czech Republic, as a co-founder of the North East Flank coalition together with partners from Poland, the Nordics and the Baltics, is well positioned to contribute to EU defence industry initiatives and to support closer cooperation with NATO. At the same time, Czech businesses remain cautious, questioning whether the Commission will be able to move beyond symbolic gestures and demonstrate real capacity in security and defence.

Economic competitiveness remains another area of concern. Czech companies see Europe's strength and security as dependent on its economic performance, but von der Leyen's address offered only mixed signals. The

promise of omnibus legislative packages that should cut red tape and save companies €8 billion annually was welcomed, yet – accounting only for 5 % of the current business compliance costs – many entrepreneurs doubt whether this will offset the burden of ongoing regulatory expansion. Businesses are already heavily affected by ESG reporting and other administrative requirements, and there is frustration at the lack of deeper reflection on Europe's energy policy, which continues to undermine competitiveness. A positive surprise, however, was the explicit recognition of nuclear energy as a baseload of the renewable energy mix for the first time in the history of her annual Union addresses. For Czech industry, long a proponent of nuclear as a stable and clean source, this acknowledgement marks a long-awaited breakthrough.

Migration, another central theme of the address, is perceived by Czech businesses as a double-edged issue. While effective control of illegal migration is seen as essential for maintaining public trust, industry representatives stress the equally urgent need to develop a functioning system of legal migration for skilled workers. With persistent labour shortages in many sectors, Czech employers regard this as a prerequisite for growth and competitiveness.

What was missing in the speech, from the perspective of Czech business, was a stronger focus on external economic partnerships and trade. In a time when the EU's global competitiveness is being tested,

the absence of references to enlargement, neighbourhood policy, or Global Gateway projects raised concerns. Czech companies would also welcome a clearer communication strategy to support the ratification of trade agreements already negotiated, so that years of talks and significant public resources are not wasted.

The accompanying Letter of Intent sets out a broad range of priorities for 2026, including a Single Market Roadmap, an Industrial Accelerator Act, new rules for cloud services and artificial intelligence, as well as a European Defence Readiness Plan. Social and environmental initiatives also feature prominently. For Czech businesses, however, the decisive question is whether these initiatives will truly reduce administrative burdens and strengthen competitiveness, or whether Europe will continue with "business as usual." Von der Leyen titled her speech "From promises to progress," but Czech employers will judge her Commission by whether this promise translates into real, measurable improvements for companies operating in increasingly difficult global conditions.

Source: [The Confederation of Industry of the Czech Republic](#)



Czech Business Backs AI Gigafactory CZ as a Strategic European Initiative

Czech business strongly supports the initiative of the Ministry of Industry and Trade to prepare the AI Gigafactory CZ project, a strategic undertaking that will determine the Czech Republic's position in the European technological landscape. The project has been included in the Action Plan for the implementation of the Czech National AI Strategy 2030 for 2026 and approved by the national AI Committee, including the Ministry of Finance. For Czech employers and entrepreneurs, the Ministry's support for project applications and the establishment of a strategic AI centre is a crucial foundation, but success will depend on close coordination between ministries, research institutions, industry, and European institutions.

According to the Czech Chamber of Commerce, AI Gigafactory represents a flagship initiative for the development of artificial intelligence with direct importance for strengthening the Czech Republic's technological leadership and competitiveness within the EU. Conceived as a large-scale facility for developing, training, and operating advanced AI models—reaching tens of trillions of parameters—it will form the backbone of Europe's AI infrastructure within the so-called Action Plan for the AI Continent. The Chamber stresses that the project is already in the preparation phase and its implementation will hinge on successful participation in the upcoming EuroHPC Joint Undertaking call.

The project's financing model is designed as a public-private partnership, with 35% of costs covered by public funds—including EU programmes such as Digital Europe Programme, Horizon Europe, and CEF, as well as national budget allocations channelled through EuroHPC JU—while 65% will be financed by the private sector. This structure demonstrates not only the strong commitment of Czech businesses

but also the need for coordination across funding streams at both EU and national level.

For the Confederation of Employers' and Entrepreneurs' Associations (KZPS ČR), AI Gigafactory is a unique chance to accelerate Czech engagement in advanced technologies and should be realised without delay. KZPS therefore calls for Czech participation in the EuroHPC call already in Q4 2025 to secure timely access to European resources and ensure fast progress in project implementation.

Czech industry sees AI Gigafactory CZ as far more than a technology investment. It is an opportunity to create world-class computational infrastructure capable of supporting the training and operation of the most advanced AI models in Europe. This would anchor the Czech Republic among the EU's most technologically advanced member states, while enabling direct integration of Czech research, companies, and the public sector into the European AI ecosystem. The benefits extend well beyond research and innovation.

The project will provide robust data capacities for key sectors such as energy, transport, defence, and the space industry.

It will support industrial transformation towards high value-added sectors, while advancing digitalisation, automation, and robotics across the economy. It will also contribute to science, education, and talent development, boosting the Czech Republic's competitiveness and international prestige while ensuring data security across systems. For Czech business, AI Gigafactory CZ is not just an investment in the future of artificial intelligence, but a commitment to Europe's technological sovereignty, competitiveness, and global relevance.

Source: [Confederation of Employers' and Entrepreneurs' Associations](#)



TOYOTA'S EV INVESTMENT IN KOLÍN STRENGTHENS CZECH AUTOMOTIVE COMPETITIVENESS

FLASHNEWS

Toyota has announced a major step forward for the Czech automotive industry: the company will begin producing a new battery-electric vehicle at its Toyota Motor Manufacturing Czech Republic (TMMCZ) plant in Kolín. The investment, worth around €680 million, includes the expansion of the production site, a new paint shop and welding line, and the installation of battery assembly facilities. The Czech government will support the project with up to €64 million, recognizing its importance not only for the country's industrial base but also for the transition to clean mobility.

For Czech businesses, this is more than just another foreign investment. It signals that the country remains competitive in attracting top global players even in the face of tough European and Asian rivals. The fact that Toyota chose the Czech Republic reflects its stable business environment, strong infrastructure, and a highly skilled workforce. The investment will directly create 245 new jobs in the Kolín region, while also generating a ripple effect across the domestic supply chain, as most components will be sourced locally. This creates a significant opportunity for Czech suppliers to integrate more deeply into the value chain of next-generation vehicles.

The government sees the project as crucial for maintaining the Czech Republic's role as an automotive powerhouse. With the automotive sector making up around 10% of national GDP, modernization is key to long-term competitiveness. Toyota's decision helps ensure that production does not simply remain in the country but evolves toward higher technological value. For Czech suppliers and SMEs, this means a chance to adapt, innovate, and secure long-term contracts in an industry moving rapidly toward electrification.

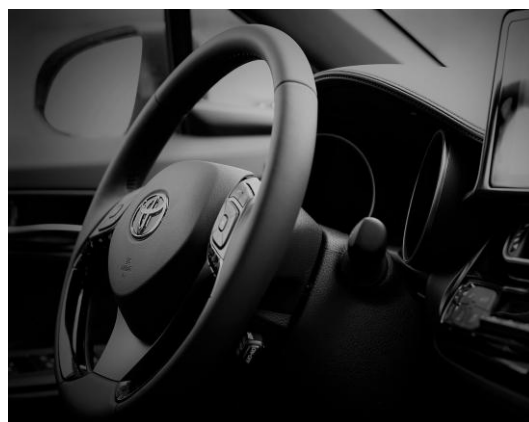
Beyond its economic weight, the investment aligns with the EU's broader decarbonization goals. Toyota has set its European carbon neutrality target for 2040, and positioning the Czech Republic at the heart of its BEV strategy underscores the country's role in shaping the continent's

clean mobility future. For Czech companies, especially in R&D and advanced manufacturing, this creates opportunities to develop solutions for batteries, lightweight materials, and smart production systems.

Toyota's presence in Kolín is already substantial: the plant produces models like the Aygo X and Yaris Hybrid, with an annual capacity of around 220,000 vehicles. From November 2025, the Aygo X will be offered exclusively as a hybrid. With the new BEV line, the capacity and portfolio of the factory will grow, and so will the reliance on Czech suppliers. For many domestic firms, this is a chance to demonstrate their ability to deliver high-quality, innovative parts not only for hybrid vehicles but also for the battery-electric future.

The Czech business community views this development as a breakthrough moment. It is not only about hosting another production line but about positioning the country at the cutting edge of Europe's industrial transition. By combining foreign investment with domestic know-how, the Czech Republic strengthens its role in the European automotive landscape while offering local businesses the chance to become integral partners in a global supply network increasingly defined by sustainability and technology.

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



Czech Ministry of Industry Submits Official Input to the European Commission on Simplifying the AI Act

The Czech Ministry of Industry and Trade (MPO) has officially submitted its contribution to the European Commission's public consultation on the Digital Package, focusing on simplifying rules within the AI Act. The input reflects proposals gathered from Czech businesses and refined through interministerial discussions. "Right after taking over responsibility for the AI Act implementation, we were the first Member State to propose its simplification and postponement until companies have clear guidance on compliance. In our submission, we call for less bureaucracy, clearer risk assessment rules, recognition of open-source models' specificities, and other improvements," said Minister of Industry and Trade Lukáš Vlček.

The European Commission's consultation represents a key opportunity for Member States, businesses, and experts to shape future EU digital legislation. Its goal is to reduce administrative burdens, increase legal certainty, and boost the competitiveness of Europe's digital sector. "We successfully involved a broad range of companies in preparing our contribution and believe that simplifying the AI Act will reduce red tape and strengthen Czech firms' competitiveness," said Deputy Minister and Government Envoy for Artificial Intelligence Jan Kavalírek. Representatives of Czech industry, including the Confederation of Industry and the Czech AI Association, have also emphasized the importance of clear, predictable rules and proportional obligations to foster innovation in artificial intelligence across Europe.

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



MINISTRY OF INDUSTRY
AND TRADE OF THE
CZECH REPUBLIC



CONFEDERATION OF INDUSTRY
OF THE CZECH REPUBLIC



KONFEDERACE ZAMĚSTNAVATELSKÝCH
A PODNIKATELSKÝCH SVAZŮ ČR

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.

EESC CORNER: The New European Fund: Opportunity and Challenge for Czech Business

FLASHNEWS

The European Commission has unveiled a proposal for a major overhaul of EU development funding within the Multiannual Financial Framework (MFF) for 2028–2034. At its core is the creation of an integrated European Fund for economic, social, and territorial cohesion, agriculture, fisheries, prosperity, and security, which will replace the current 14 separate funds. This move aims to simplify administration, strengthen coordination, and make more efficient use of limited financial resources.

What Does the Fund Offer?

With a budget of €865.1 billion, the new fund is the largest component of the MFF and will finance National and Regional Partnership Plans (NRPPs), complemented by new instruments such as the EU Facility and the Interreg programme. The fund links traditional cohesion and agricultural policy areas with new themes, including migration, border protection, and security.

For entrepreneurs and regional stakeholders, this means greater scope to advocate for their interests during the programming, implementation, and control of projects. The success of NRPPs will depend on how each Member State leverages shared management, multi-level governance, and partnership principles.

Benefits and Risks for Czech Business

The European Economic and Social Committee (EESC) welcomes the Commission's efforts to simplify and increase flexibility, allowing Member States to creatively combine interventions according to their needs. However, it also notes that significant changes will be required in national implementation structures. Merging cohesion and agricultural policies into a single framework will demand new procedures and active involvement from regional and sectoral partners.

Business leaders should pay close attention to areas supporting competitiveness, innovation, digitalisation, and the development of the EU's industrial base. The fund emphasises boosting

regional economic activity, which can create new opportunities for investment, business growth, and increased regional attractiveness.

Social and Environmental Dimensions

The fund does not neglect the social sphere—at least 14% of resources are earmarked for social objectives, including education, skills development, and social infrastructure. A significant portion is also allocated to the least developed regions, ensuring stable support for areas with greater needs.

On the other hand, the EESC highlights insufficient attention to the just transition process. The continuation of just transition efforts will depend on Member States' decisions, which may affect the availability of funding for green projects.

Conclusion

The new European Fund represents a significant opportunity for Czech business, regions, and sectoral partners. Success will depend on the ability to make effective use of new possibilities, actively engage in programming and implementation, and stay informed about developments in European legislation. For business leaders, being prepared, informed, and open to collaboration at all levels will be key.

By David Sventek, EESC Member of Employers' Group



Czech Ministry of Industry Reports Progress in Reducing Bureaucracy for Businesses

The Czech Ministry of Industry and Trade (MPO) has presented its 2024 Report on Reducing Administrative Burdens for Businesses, summarizing key achievements and outlining upcoming measures to simplify the business environment. The Ministry's goal is to make entrepreneurship in the Czech Republic more straightforward, digital, and predictable. "The state should be a partner, not an obstacle, for businesses. Over the past year, we have made significant progress toward digitalization, clearer rules, and better communication between the state and entrepreneurs," said Minister of Industry and Trade Lukáš Vlček. Among last year's reforms were the reduction of VAT rates to two levels, the full digitalization of reporting foreign employees, the introduction of unified environmental approvals, and the launch of the e-Sbirka legal portal.

MPO's analysis identified 1,870 business obligations arising from 171 legal acts, with more than 74% already manageable electronically. Several flagship projects are being rolled out under the "Business Package," including the Information Obligations Database (DIP), launching in February 2025, which will allow companies to easily track and export their legal obligations. The Ministry is also preparing a new Business Portal—an integrated digital gateway for communication with public authorities—scheduled for launch by March 2026. Other planned improvements include simplified business licensing, higher limits for unlicensed photovoltaic systems, and further digitalization of administrative procedures. "More than three-quarters of obligations can now be fulfilled electronically, but there is still room to go further," said Pavel Vinkler, Director of the Business Environment Department.

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