

Czech Business Today



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Czech Industry Warns: Rushing the 2040 Climate Target Risks Deindustrialization, Not Decarbonization

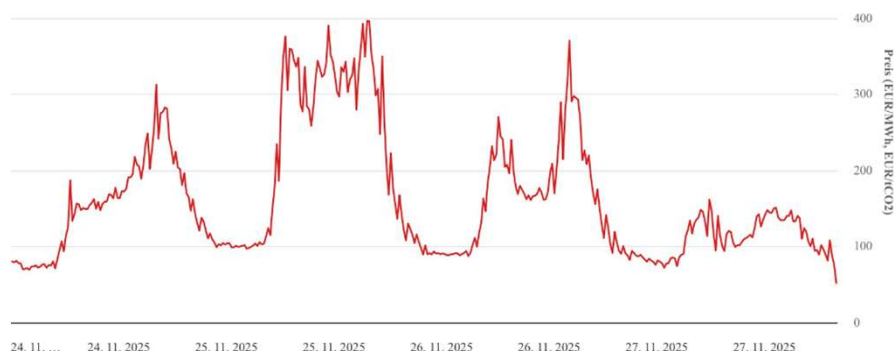
Czech businesses are issuing a sharp warning to the EU: the current trajectory towards 90% emissions cut by 2040 is not a path to decarbonization, but a highway to deindustrialization. A recent, sobering analysis finds that this target, compared to early 1990s levels, demands a quantum leap that forces companies to skip three to four innovation cycles at an unsustainable pace. The cost is devastating, driving up both investment and operating expenses at a time when Central European firms are already paying dangerously high energy prices, threatening to price Czech production out of the global market entirely. The conclusion is clear: an overly rapid transformation is pushing industrial production towards decline and its eventual relocation outside of Europe.

The core challenge lies in relying on technologies that are simply not ready for prime time. The required massive rollout of RFNBO (renewable hydrogen fuels) is stalled by economics, with costs around a prohibitive €15/kg deterring long-term customer commitment. Similarly, Carbon Capture and Storage (CCS), crucial for cement and metallurgy, remains largely trapped in pilot projects. There is no working, predictable ecosystem—no transport networks, no storage sites, and no commercial reliability at scale. Investing in such immature technology, while facing an existential deadline, is financially indefensible. The price of the EU ETS allowance, often soaring around €80/ton, acts as a wrecking ball, prematurely destroying reliable conventional power sources before zero-emission alternatives are ready.

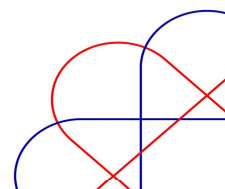
The economic strain is already acute. This pressure is evident in the energy sector's struggle, as seen in the extreme price volatility of recent spot markets (illustrated below). This unstable, high-cost environment, exacerbated by flawed market models, particularly punishes energy-intensive sectors like chemicals, glass, and metallurgy, placing them directly in the crosshairs of "liquidation requirements." The required total investment for transformation, grid doubling, and massive renewable build-out is estimated at 3.8 trillion CZK—a sum that completely dwarfs current available EU funding. This cost tsunami, along with the high energy demands of electrification, will further inflate the cost of electricity, which is already excessive for industry. Furthermore, the grim reality is that, due to the high ETS allowance price, reliable domestic coal-fired power generation is profitable only during the fourth and first quarters of the year, while generating unsustainable losses for the remainder, directly undermining energy security.

Czech businesses urge Brussels to take a realistic approach - the transition must stay technologically neutral and direct public funds to the most effective CO₂-reduction projects — major industrial investments and utility-scale renewables — not to less impactful residential or niche areas. Real investment requires faster depreciation and far simpler permitting for key infrastructure such as CCS and large renewables. The EU must also act cautiously on trade policy: it should fully assess the CBAM's effectiveness before ending free ETS allowances. Ending them prematurely would force exporters to shoulder high carbon costs without protection from cheaper imports, accelerating carbon leakage and deindustrialization. The EU should also consider permit-expiration or holding-limit measures to curb market manipulation. The message is clear: Europe must prioritize stability and smart investment over unrealistic speed—industrial strength must underpin climate policy, not be its casualty.

Source: [Confederation of Industry and Transport of the Czech Republic](#) +
(Illustrative chart: Spot electricity prices this week.)



CEBRE – Czech Business Representation, protects the interests of the Czech business community in relation to EU institutions, informs Czech businesses about EU legislation affecting them, trains Czech entrepreneurs in Brussels and represents Czech business associations at European business federations. Contact: Avenue Adolphe Buyl 154, 1050 Brussels – Ixelles, Tel: +32 2 641 89 37, e-mail: brussels@cebre.cz, www.cebre.cz



Europe Must Not Become a Continent of Imports and Overregulation

Growing regulation, ambitious climate targets, pressure on agricultural and industrial capacities, and insufficient impact assessment. According to Jiří Horecký, President of the Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic (KZPS ČR), Europe risks handing over part of its industrial production and food self-sufficiency to countries with significantly lower standards. KZPS therefore calls for a more balanced European policy that protects domestic production, energy security and the economic stability of Member States.

1. How do you assess the overall competitiveness of the EU and its ability to keep pace with the USA and Asia? Where do you see the main structural weaknesses of the European economy from the perspective of KZPS?

From the perspective of KZPS ČR, I must say that the competitiveness of the EU has been weakening for a long time and compared to the USA and Asia we are losing momentum. Europe has strong know-how and a high-quality workforce, but it is held back by overregulation, slow decision-making, insufficient investment in digitalization, innovation and energy infrastructure, as well as high energy prices, which weaken industry.

We consider the key structural weaknesses to be administrative burden, fragmentation of the Single Market and insufficient support for strategic technologies. If the EU wants to succeed in global competition, it must become more flexible, regulate less and significantly increase support for innovation and a modern economy.

2. Your position on the 2050 climate-neutrality target states that climate neutrality alone will not bring a breakthrough and must not undermine competitiveness or increase poverty. Where do you see the biggest shortcomings of the current European approach?

I do not see achieving climate neutrality by 2050 as a goal to which all economic activity of the European Union should be subordinated. The protection of nature and natural resources is a much more complex issue, and climate neutrality itself will not deliver a fundamental breakthrough in protecting the planet.



The path to climate neutrality must not threaten or reduce the competitiveness of European companies, increase poverty in the EU or undermine social cohesion. From our perspective, this is more important than an uncritical effort to meet the 2050 climate-neutrality deadline.

The EU's pathway to climate neutrality must go hand in hand with assessing past, current and future impacts. We consider it essential that the EU continuously evaluates the effects on competitiveness and adjusts its goals accordingly. This is currently missing in the entire process.

3. KZPS repeatedly calls for ongoing assessment of the real economic impacts of climate policy and for targets to be adjusted based on the results. Which impacts are missing in practice today, and why is this essential?

There is still a lack of continuous and independent assessment of the real costs of climate policy on the competitiveness of businesses, employment, energy prices and the investment attractiveness of Europe. Many regulations are created without sufficient impact analysis on industry or small and medium-sized enterprises, which leads to unexpected increases in costs.

Having this data is essential, because only then can climate targets be set in a way that is realistic, economically sustainable and does not threaten Europe's long-term growth and prosperity.

4. KZPS lists several priorities for adjusting the Green Deal — from postponing the ban on combustion engines to rejecting ETS2 or supporting nuclear energy. Which of these priorities do you consider the most critical for the Czech economy?

It is difficult to identify just one priority, because the Green Deal consists of a very large set of measures and each of them has the potential to harm Czech business. However, two issues are truly crucial now.

The first is the ban on combustion engines from 2035. This is simply absurd and economic suicide. We do not even need an impact assessment (RIA) to understand that it will send European industry into decline. In our view, this date needs to be cancelled immediately, followed by an expert — genuinely expert, not ideological — debate on the real possibilities of transitioning from combustion engines to other types of propulsion. Only then should we discuss any timelines.

The second issue concerns ETS2 emission allowances. And here our request is straightforward: completely cancel their introduction and simultaneously reassess the functioning of ETS1 — again based on expert debate and a quality economic and social impact study.

5. What key steps must the Czech Republic take in the energy sector over the coming years to ensure security, affordable prices and competitiveness?

It is essential to accelerate the construction of new nuclear units and secure their financing, because stable sources will determine both prices and self-sufficiency.

Equally important is strengthening the transmission grid and the flexibility of the energy system, so that renewable sources can be integrated effectively.

The Czech Republic must also secure long-term, affordable and predictable gas supplies, including diversification. Furthermore, it is necessary to create a stable and predictable regulatory environment that enables companies to invest, and to reduce administrative barriers for new energy projects.

6. The Czech labour market faces an ageing population, very low unemployment, high labour costs and heavy administrative burdens. What steps are essential to ensure labour-market stability in the coming years?

We need to prepare for an ageing workforce and the necessity of keeping people on the labour market for as long as possible. We must significantly increase participation in lifelong learning, support career changes not only in older age and strengthen the retraining system. It is also important to increase labour-market flexibility and labour migration, including accelerating and digitalising processes related to qualified foreign workers.

For companies, reducing administrative and payroll burdens is essential, as well as supporting automation and digitalization to increase productivity. Overall, we must create an environment that motivates people to work, enables better work-life balance and increases both flexibility and

stability in the labour market.

7. Healthcare and long-term care face rising costs, workforce shortages and demographic pressures. Which reforms does KZPS consider key for the sustainability of these systems?

Our aim is not a broad societal debate on a complete reform of the Czech healthcare system. Our goal is to set up the optimal involvement of employers and private resources, especially in preventive healthcare, which has a direct impact on improving employee health, reducing illness and lowering expenditure from public health insurance. Effective prevention can reduce the need for primary care and limit the incidence of lifestyle diseases.

Our position from the employers' perspective therefore focuses on all issues related to the role and interests of employers in the health of their employees, as well as on ensuring sustainable financing of Czech healthcare that does not require increasing health-insurance contributions and thereby raising labour costs.

Healthcare expenditure is rising, the Public Health Insurance Fund is running a deficit and if nothing changes, it will become financially unsustainable in the future. One way to improve this situation is higher efficiency, effective prevention and an increased share of private resources in the system. Employers know very well the risks and needs of employees in care, intervention and prevention.

8. KZPS is a founding member of CEBRE and actively participates in European advisory structures. What role does KZPS play in the European debate today, and where do you see room for strengthening the voice of Czech employers?

KZPS is involved in the European social dialogue in several sectors. We also communicate with Czech Members of the European Parliament and social partners in other countries.

I see room for strengthening the voice of Czech employers in even more intensive coordination between Czech companies and European partners, more active participation in the early phases of legislative preparation and stronger promotion of pragmatic, economically realistic solutions. And for this, CEBRE is a key partner for us.

Jiří Horecký

Jiří Horecký is President of the Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic, President of the Union of Employers' Associations of the Czech Republic and Vice-President of the European Federation of Social Employers. He has long been involved in labour-market and social-policy issues, business competitiveness and the impacts of European legislation. Under his leadership, KZPS is actively engaged in debates on energy policy, the labour market, healthcare, long-term care and European economic policy.

KZPS ČR in numbers

- 12 member associations
- 140 professional associations, unions and organizations
- more than 23,000 member entities
- 1.8 million employees represented
- founding member of CEBRE
- recognized social partner of the Government within the Tripartite and official commenting body
- active participation in more than 15 expert working teams



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.

The Omnibus Packages Signal a Critical Shift from Red Tape to Real Business

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The Czech Republic's business community is sounding a rare note of optimism towards Brussels, applauding the European Commission's recent release of the Omnibus I Simplification Package and the comprehensive Digital Omnibus. These legislative proposals collectively signal a crucial acknowledgement of industry's long-standing demand to pivot away from excessive administrative bureaucracy toward genuine economic efficiency. Both the Czech Chamber of Commerce and the Confederation of Industry and Transport, along with their European partners, view these packages as a vital opportunity to reinforce European competitiveness in a challenging global landscape.

The Omnibus I Simplification Package is the result of a coordinated effort across 19 major European business associations. The message to the European Parliament is clear: European environmental ambitions must not be undermined by disproportionate and costly reporting mandates. The focus must shift from compliance administration to ensuring requirements are proportionate, cost-effective, and centered solely on substantive information. This is particularly critical for the millions of small and medium-sized enterprises (SMEs) which constitute 99% of the European business sector and whose competitiveness is currently hampered by an overwhelming regulatory load. By eliminating redundant administrative duties, the Omnibus I package offers a clear path to align environmental sustainability with economic efficiency, freeing up vital capital for companies to invest in true innovation and necessary decarbonization measures.

Complementing this, the Digital Omnibus is a long-sought victory for the Czech industrial and technological sectors. The proposal significantly aligns with key

Czech priorities that were actively championed, addressing fragmentation in digital rules. Crucially, it removes the crippling uncertainty surrounding the implementation of the AI Act, mandating that compliance obligations for high-risk AI systems will only become effective once the necessary standards are available. This ensures firms only invest in complex solutions when parameters are unequivocally clear. Furthermore, the Digital Omnibus introduces essential flexibility for SMEs, allowing them to utilize simplified procedures and documentation. In the critical domain of cybersecurity, the proposal offers massive relief by introducing a unified incident reporting system. This mechanism, based on a 'report once, share widely' principle, consolidates reporting obligations across fragmented regulations like NIS2, DORA, and GDPR, dramatically simplifying life for large industrial groups and technology firms. Even in data governance, the Commission has shown pragmatism, allowing firms to refuse data sharing if a risk of misuse or leak to a third country is identified, while preserving the ban on data localization requirements essential for cloud services.

While the adoption of these proposals represents substantial progress and a definitive step in the right direction, significant work remains to successfully integrate these simplification elements into the legislative framework in the coming months. Nevertheless, the release of the Omnibus packages confirms that the calls for a smarter, more efficient European regulatory framework are finally being heard and acted upon, laying a more robust foundation for the future prosperity of Central European industry.

Source: [Czech Chamber of Commerce + Confederation of Industry and Transport of the Czech Republic](#)

FLASHNEWS

Czech Republic drives key simplifications in EU AI regulation

In early December, Brussels hosted a series of high-level meetings on digital policy and artificial intelligence, where the Czech Republic played a prominent role. At the meeting of the EU AI Board, Member States endorsed the first steps of the Digital and AI Omnibus, aimed at cutting unnecessary administrative burdens. Key achievements include postponing certain AI Act obligations, simplifying registration and technical documentation requirements, and streamlining conformity-assessment procedures. The Czech delegation urged the European Parliament and Council to fast-track adoption and to continue reducing regulatory barriers that hinder innovation.

Industrial AI projects and medtech move to the forefront of the EU digital agenda

Further discussions focused on AI Gigafactory initiatives and the use of AI in medtech, where manufacturers will soon be able to rely on a single notified body for both MDR and AIA assessments—significantly accelerating market entry. At the Telecommunications Council, EU digital ministers praised the Czech contribution and highlighted the importance of the Omnibus and the upcoming Digital Fitness Check, designed to eliminate redundant digital regulation. With these steps, the Czech Republic strengthens its role as one of the EU's most active and pragmatic voices in shaping digital and AI policy.

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



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Most entrepreneurs do not distinguish whether an exemption, requirement, or obligation has been added by national or European legislation. For them, the obligations simply come as a package. But all that glitters is not gold:

When European law is transposed into the Czech legal system; additional obligations sometimes appear on top of those required by the EU directive. European rules (directives and regulations) are incorporated not only into acts adopted by Parliament but also into secondary legislation (decrees, government regulations). This is when "gold plating" occurs. Sometimes it is intentional—trying to be "more Catholic than the Pope," or using the opportunity of opening a law to add various amendments—but sometimes it results from an error or an incorrect interpretation. We all remember the unfortunate case of the need to pack any simple doughnut required by the Czech legislation, while pretending the EU wanted.

For companies, such gold plating means additional costs, a weakening of their position, and an overall deterioration of business conditions on the internal market, including legal uncertainty due to differing interpretations of the rules.



And what can we do about it?

It would be effective to consult Czech stakeholders affected by the changes already at the very beginning of the creation of a European regulation—that is, during the formulation of the Czech position on EU initiatives — to avoid unnecessary administrative burdens.

After 21 years in the EU, the Czech Chamber of Commerce is consulted only when the final version is agreed and being transposed into Czech law! This contrasts with national legislation, where it is consulted from the very beginning. We still treat EU law as an appendix rather than as our own law.

2. We need high-quality impact assessments (RIA) of the economic effects that the transposed EU legislation will have on Czech entities. This cannot be brushed aside with a simple phrase like "the economic impact will be minimal."

3. Using a "public-law obligations table," in which each law is analyzed individually, and its often-complex text is clearly structured in table form, would help us understand what additional obligations we are adding at any given moment.

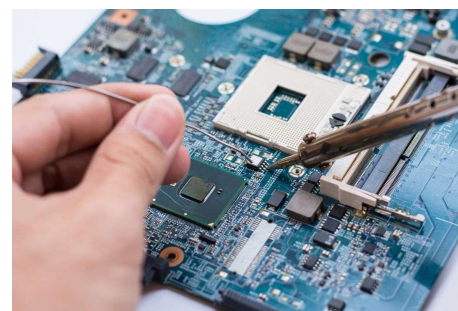
4. By conducting reviews of the effectiveness of imposed obligations, we could determine whether individual obligations are still necessary, complied with, monitored, and—if needed—sanctioned. Such reviews would assess the bureaucratic burden associated with fulfilling each obligation—whether the burden is still justified and whether it could be reduced in the coming period. This review could also serve as feedback for the European Commission and as a potential signal for amending or correcting an act.

This topic is being addressed within the Czech regulatory landscape by MEP Jan Farský, who organized a debate on this issue in early December in Prague together with AMO – the Association for International Affairs. To address gold plating, it's not only about changing methods and guidelines for public administration and politicians; it's more about cultivating a mindset and willingness to regulate less — and regulate better.

By: Alena Mastantuono, Representative of the Czech Chamber of Commerce in Brussels

Czech government approves law to boost product repairability and extend lifespan

The Czech government has approved a new bill proposed by the Ministry of Industry and Trade aimed at significantly improving product repairability and prolonging product life. With this step, the Czech Republic fulfils its obligation to transpose the EU directive introducing common rules to promote repairs across the Union. The law requires manufacturers to provide repair services for selected categories of goods covered by EU repairability standards — including washing machines, dryers, dishwashers, refrigerators, vacuum cleaners, cell phones and tablets.



New consumer tools and EU-wide repair infrastructure

Consumers will benefit from clearer, more accessible information to decide whether repairing a product is worthwhile. A standardized European repair information form will provide details on price, type and duration of the repair. In addition, an EU-wide online repair platform — administered in the Czech Republic by the Ministry of Industry and Trade — will make it easier to find qualified repair providers. Compliance with the new rules will be overseen by the Czech Trade Inspection Authority, ensuring transparent and fair practices across the market.

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