

# JOINT DECLARATION OF ENERGY-INTENSIVE INDUSTRIES IN THE CZECH REPUBLIC

Energy-intensive industries, particularly chemistry, steel, forging, foundry, glass, ceramics and building materials, paper and lime, form the backbone of the manufacturing economy. They are at the beginning of related value chains and are key to the country's economic and strategic resilience.

These sectors are based on a long tradition, technological sophistication, and the everyday know-how of thousands of people across regions. At the same time, they have been building the Czech skills and knowledge base over the long term, without which modern industry cannot function, and high-value-added innovations cannot be created. It is therefore important not only to support these industries themselves, but also to systematically support education and the development of professional skills, because without high-quality schools, teachers, and talent, Czech industry will have no foundation for growth.

Given the situation arising from a combination of regulatory changes, market measures, unsustainable energy prices, and emission allowances in the EU, immediate action is necessary. We therefore call on the Czech government and other relevant public authorities to take the following steps:

## **01 Put the competitiveness of Czech industry first**

Align climate, energy, and industrial goals with technological and economic realities, continuously evaluate the impact of European and national legislation on businesses, and only accept further commitments after verifying the impact of existing legislation. Take a position in Europe that will enable the support and development of Czech energy-intensive industry and implement legitimate national procedures in line with EU rules. Prevent the tightening of national requirements and obligations beyond the minimum EU harmonization standards. To coordinate the state's approach, unify the negotiating position, and manage the impact of regulation, establish an interdepartmental working group composed of representatives of key institutions and businesses.

## **02 Create a predictable investment environment for modernization and reasonable decarbonization**

Establish predictable and stable rules that respect the different nature of transformation projects, and for energy-intensive industries, combine investment support with targeted and time-limited coverage of part of the operating costs where this is decisive for the investment to go ahead. Direct revenues from the EU ETS primarily towards the decarbonization of industry, maintain effective compensation for indirect costs, and set up mechanisms so that companies can demonstrably use part of the funds related to allowances directly for decarbonization and development projects, including the functional setup of the Modernization Fund. Significantly reduce bureaucracy, reduce duplicate control regimes, and enforce the "once and done" principle when submitting data to the state. Limit reporting obligations to the minimum necessary so that companies' capacities are directed toward investment, innovation, and operations, not paperwork.

## **03 Adopt a realistic approach to climate targets for 2040 and 2050**

Initiate an accelerated review of the Green Deal and its implementing regulations. Decide again on the revision of the climate targets for 2040 and 2050 based on an evaluation of progress toward the 2030 target and the real impact of the existing rules on competitiveness, employment, and investment. The proposed emission reduction target must be assessed with full knowledge of the impact on industry and infrastructure and must be aligned with the decarbonization targets of other global players, i.e., China, the US, and India.

#### **04 Reduce the price of energy for industry to an internationally comparable level**

Bring the resulting energy price for Czech industry below the EU average. Implement a combination of measures in the price of electricity and its regulated component, including adjustments to tariffs and selected regulated payments. In the regulated component, spread the projection of costs for network development and integration of renewable sources so that there are no sudden price increases, and in justifiable cases, temporarily cover part of the system costs from public budgets. For the most affected sectors, we should introduce temporary, strictly targeted relief or compensation where there is a risk of production cuts and job losses. We should advocate for the creation of a single EU energy market. The transformation of industry can take place if sufficient low-emission capacity is available, in particular nuclear energy and effectively integrated renewable sources, as well as network readiness, storage, flexibility, and the reliability of balanced supplies. At the same time, strengthen security of supply by maintaining available stable sources until reliable new low-emission capacities are secured.

#### **05 Set European rules to protect manufacturing in Europe – Made in Europe**

Push for a review of the EU ETS I system and the market stability reserve in 2026, which will limit excessive price volatility of allowances and at the same time reduce the scope for purely speculative behaviour on the market. Strive for more predictable price developments that will continue to create a clear investment incentive for decarbonization, but at the same time will not cause sudden cost shocks in energy-intensive industries and will not weaken their ability to plan production, modernize operations, and enter into long-term contracts. Maintain effective and practicable protection against carbon leakage so that European industrial production is not exposed to a permanent competitive disadvantage vis-à-vis imports from countries without comparable climate measures. Strive for a fundamental revision of the EU ETS I and create specific conditions for critical materials and chemicals in energy-intensive industries.

#### **06 Ensure full and predictable compensation for indirect costs and simple rules for public support**

Ensure that, in accordance with European and national legislation, the justified amount of compensation for indirect costs is provided and paid annually to energy-intensive industries threatened by carbon leakage. Set their payment as full, timely, and stably financed. By enforcing simple, understandable, and quickly applicable public support rules, enable the necessary investments in decarbonization, energy savings, and modernization of operations to be made without unnecessary delays.

#### **07 Strengthen raw material security and the circular economy**

Develop a strategy to ensure stable and secure supplies of raw materials at globally competitive prices, which will also work in crisis situations and market disruptions. In such cases, it will enable us to ensure the resilience of supply chains for critical raw materials and key chemicals, while defining specific steps to diversify suppliers, strengthen domestic availability, and increase the Czech Republic's self-sufficiency in the riskiest commodities and input materials.

#### **08 Maintain the tax exemption for metallurgical and mineralogical processes**

Keep the current tax exemption for most metallurgical and mineralogical processes, which is common in an international context. These activities can be exempt from taxation in accordance with the Energy Taxation Directive, and this approach is standard in neighbouring countries. The introduction of taxation in the Czech Republic would unjustifiably increase the costs of building material manufacturers and weaken their competitiveness. Prevent the paradoxical situation where energy used to produce materials necessary for energy-efficient construction and renovation is taxed, which could negatively affect the motivation to invest in reducing the energy intensity of buildings.

#### **09 Ensure the management of transformation and human capacity**

Industry requires systemic changes in education so that technical and scientific fields, high-quality practical teaching, scholarships for technical fields, and dual education in cooperation between schools and companies are significantly strengthened at all levels. At the same time, prepare a human-capital development strategy that takes demographic trends into account and strengthens retraining and lifelong learning. Simplify the possibility of cross-border employment of qualified workers.