



Ing. Andrej BABIŠ
předseda vlády České republiky

Prague, January 27th, 2026

Dear Antonio,

Dear Ursula,

Dear colleagues,

I am writing to you ahead of our February retreat devoted to the competitiveness of the European Union. The competitiveness of the Union is a key priority for me. Without a strong and competitive industrial base, the EU will not succeed in delivering the transition, strengthening its security, or ensuring long-term prosperity, as was rightly and clearly highlighted in the Antwerp Declaration. This declaration represents a joint call from European industry and underlines the need to reconcile transformation ambitions with the preservation of a strong industrial base in Europe. It also points to the importance of affordable and competitively priced energy, investment certainty, simpler and more predictable regulation, and faster permitting procedures as fundamental preconditions for European competitiveness.

It is obvious that the EU today faces major challenges, including pressing security concerns. I am convinced that success is only possible through a pragmatic approach, free of ideological shortcuts and respectful of the differing starting points of Member States. I consider the proper functioning of the internal market, the strengthening of European industry and strategic autonomy, energy security, and affordable energy prices for our citizens and businesses to be of paramount importance. It is essential to prevent the relocation of energy-intensive industries outside the EU and to reinforce our strategic autonomy.

Allow me therefore to briefly outline the priorities that I consider key for our forthcoming discussion:

- The current price of ETS 1 emission allowance is around EUR 90/t CO₂, while the European Commission predicted a price of EUR 26.5/t CO₂ for 2026 in its 2019 EU Reference Scenario 2020, and in its latest impact study during the revision of the Emissions Trading Directive in mid-2021, it predicted a price of approximately 50 EUR/t CO₂ for 2026. This development has a particularly negative impact on energy-intensive sectors that must compete on global markets, where the price per tonne of CO₂ ranges from around EUR 2.5 (India) to EUR 45 (Japan). It is therefore necessary **to limit excessive price volatility of ETS 1 and ETS 2 allowances**, including through the introduction of price caps or price corridors and by restricting their tradability for financial institutions, in order to prevent excessive price increases and the relocation of industry from Europe;
- **to postpone the start of ETS 2 trading at least until 2030** in order to reassess its actual impacts, given serious concerns regarding high volatility and excessive price increases, as well as significant negative social impacts, inflationary pressures, and further weakening of the competitiveness of European businesses;
- **to set only a single EU-level target, namely the reduction of CO₂ emissions.** The introduction of additional sub-targets limits Member States' room for manoeuvre in their energy choices and may be less efficient and more costly than individual national approaches. This target should be regularly reviewed in light of technological progress, the competitiveness of European industry, and geopolitical developments;
- **to simplify and increase the flexibility of public procurement rules** and the role of sectoral contracting authorities, in particular in the energy sector, taking into account the existence of the single energy market; at the same time, to consider exempting energy companies from public procurement obligations, while preserving the principles of transparency and non-discrimination;
- **to accelerate all approval and permitting procedures** namely for the construction of new energy sources and infrastructure projects;

- **to remove excessive and burdensome reporting obligations and to consistently uphold the principle of reducing bureaucracy** and administrative burdens in EU legislation, including compliance with the *one in, two out* rule;
- **to simplify state aid rules for strategic energy projects** and to introduce binding deadlines for their approval by the European Commission;
- **to fully respect the principle of technological neutrality** and ensure favourable financing conditions for nuclear energy and natural gas as a transitional source; at the same time, to review the technical criteria for the qualification of natural gas and nuclear energy under the EU taxonomy, as we have already begun to do together with several Member States;
- **to support the construction of additional cross border electricity and gas interconnections** beyond the projects already identified as priorities;
- **to strengthen the EU's raw materials independence**, support the extraction and processing of critical raw materials including natural gas in Europe, and protect them from unfair competition from third countries;
- **to support the implementation of CCS technologies and CO₂ storage** as comparable and viable alternatives to decarbonisation by investing in electrolysis;
- **to support the development of technologies and sectors with high added value** and to promote their more balanced distribution across the single market.

Ahead of the forthcoming informal meeting of the members of the European Council, I would like to confirm my readiness to actively contribute to the search for balanced solutions. I propose that concrete legislative initiatives be prepared on the above-mentioned issues, with tangible positive effects for citizens and businesses across the EU. My ministers and their teams stand ready to further develop these solutions and to work closely with their counterparts.

I am aware that these challenges are not mine alone and that work is already under way on some of them. Nevertheless, I consider it essential to achieve concrete progress in the short term, including in view of the negotiations on the next Multiannual Financial Framework. To this end, we could consider establishing a group of interested

Member States *Friends of Competitiveness* to work on individual proposals in greater detail.

I look forward to our continued cooperation and to an open discussion at the forthcoming meetings, in particular to continuing our joint efforts to strengthen the stability and competitiveness of the European Union.

A handwritten signature in blue ink, appearing to read 'Antonio Costa', with a large, stylized flourish at the end.

H. E. Antonio Costa

President of the European Council

H. E. Ursula von der Leyen

President of the European Commission

Members of the European Council