

Zdeněk Rod:¹ The State of the Czech Defence Industry

Executive Summary

- Czech defence industry currently contributes around 1 per cent of GDP, generates an annual turnover of approximately €3 billion, and is overwhelmingly export-oriented, with more than 90 per cent of production destined for 98 international markets. It provides direct employment to some 20,000 people and indirectly sustains a further 50,000, offering highly skilled jobs across advanced technical fields.
- Russia's war against Ukraine has triggered an unprecedented resurgence in Czech defence production. Companies have doubled revenues in response to acute shortages – particularly of ammunition – while commanding higher prices in an intensely demand-driven market. This boom has generated important spillovers for the broader Czech economy, offsetting structural weaknesses in traditional industries such as automotive.
- The industry's current renaissance is underpinned by both legacy capabilities and innovation. Czech-made artillery systems (DANA, DITA), firearms now produced directly in Ukraine, and passive radar systems deployed in Moldova illustrate the sector's operational significance for European security. Leading firms – including Czechoslovak Group (CSG), Colt CZ Group and STV Group – have expanded aggressively through international acquisitions, including entry into the highly competitive U.S. market. Export destinations remain diversified, with Europe absorbing the majority share, alongside significant markets in the United States, India, Israel, and Morocco.

The Czech defence industry has long been a cornerstone of the national economy, rooted in the industrial traditions of Czechoslovakia and shaped by successive geopolitical transformations. Since 2022, Russia's war against Ukraine has triggered an unprecedented resurgence in Czech defence production. The Czech National Security Advisor has even identified the defence sector as a potential long-term driver of growth, strategically important for the next two decades. This analysis provides an overview and assessment of the functioning and development of Czech defence industry, particularly reflecting upon the effects of the 2022 escalation of the Russia – Ukraine war.

Introduction

The Czech defence industry has historically been the integral part of the Czech economy. Today, the defence sector contributes roughly 1 per cent of Czech GDP, with an annual turnover of around €3 billion, the bulk of which derives from exports – valued at approximately €2 billion – to 98 countries worldwide. In sum, the Czech defence industry is more than 90 per cent export-oriented. The industry consists roughly of 400 companies which directly employ some 20,000 individuals and provide indirect employment for a further 50,000, sustaining stable and highly skilled positions across a range of technical fields.²

Since 2022, the Czech defence industry has undergone an unexpected resurgence, as defence policy has risen to the top of the agenda not only in Prague but across Europe.

¹ Zdeněk Rod is currently a Visiting Research Fellow at the John Lukacs Institute for Strategy and Politics. He also serves as an Assistant Professor in the Department of Security Studies at CEVRO University in Prague, where he additionally heads research at the Centre for Asia and Pacific Studies. Alongside these roles, he holds an appointment as Assistant Professor in the Faculty of International Relations at the Prague University of Business and Economics, within the Department of International and Diplomatic Studies. He is furthermore Co-Director of the Centre for Security Consulting.

² [Každá koruna utracená státem za nákupy od českého obranného průmyslu přináší násobky zpět do české ekonomiky](#). [Every crown spent by the state on purchases from the Czech defense industry brings multiples back to the Czech economy]. [online] 10 02 2025 Source: Komora.cz [30 09 2025]; [Obranný průmysl: Stav v ČR a evropské plány](#). [Defense industry: Status in the Czech Republic and European plans]. [online] 03 04 2025 Source: csas.cz [30 09 2025]; [Desatero o průmyslové spolupráci \(výhody spolupráce s českým obranným průmyslem pro tuzemskou ekonomiku\)](#) [Ten Commandments on Industrial Cooperation (Benefits of Cooperation with the Czech Defense Industry for the Domestic Economy)]. [online] 24 04 2025 Source: Ministerstvo Obrany [30 09 2025]



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For some firms, revenues have doubled compared with pre-war levels, reflecting the sharp expansion of demand generated by the war in Ukraine. In this context of acute shortages – particularly in ammunition – Czech defence companies have found themselves in a strong bargaining position, able to command higher prices in response to unprecedented market pressures.³

This surge in demand has also generated positive spillovers for the wider Czech economy, still recovering from the post-COVID-19 downturn and grappling with the relative decline of the automotive sector. Among these circumstances, the defence industry – encompassing research, design, development, and manufacturing – has been identified by the Czech National Security Advisor as a potential strategic driver of economic growth⁴ – probably for the next 20 years if managed effectively.⁵ Today, the Czech defence industry is undoubtedly experiencing a renaissance unparalleled in the past three decades.⁶

Moreover, the Czech defence industry has played a considerable role in supporting Ukraine. Czech equipments are actively deployed on the battlefield: Czech-manufactured drones and remotely operated ground vehicles are in service; Ukrainian soldiers are equipped with Czech assault rifles, soon to be produced directly in Ukraine; and both legacy and modern Czech artillery systems, such as the DANA and DITA, have been committed to combat. Beyond Ukraine, Czech passive radar systems (Vera-NG) are set to monitor the skies over Moldova. Many other Czech contributions remain deliberately undisclosed, underscoring the sensitive and strategic nature of this assistance.⁷

Given the complexity of Czech defence industry, this qualitative case study is organised as follows: the first section provides a historical overview of the sector, while subsequent sections examine its present structure, identifying leading Czech defence companies and analysing the principal challenges and shortcomings they face, together with the underlying causes.

The Czech defence industry in historical context

The Czech defence industry looks back on a long and complex history, tracing its roots to the industrial base of the Austro-Hungarian Monarchy in the 19th century. With the establishment of an independent Czechoslovak state in 1918 under President Tomáš Garrigue Masaryk, the new republic inherited a robust heavy and engineering sector. Yet its arms production capabilities were unevenly developed: world-renowned artillery and armoured production flourished in Pilsen and Ostrava, while significant gaps persisted in small arms, optics, aviation, and electronics. These deficiencies were rapidly addressed by new enterprises that produced weapons both for the Czechoslovak Army and for export. By the 1930s, infantry and artillery weapons, together with ammunition, had become the country's leading defence export items.⁸

The looming threat of conflict in the late 1930s prompted increased state support for arms factories, including their partial relocation eastwards for strategic reasons. A similar process occurred during the 1950s and 1960s, when much of the heavy offensive weapons industry was shifted to Slovakia, while Czech plants concentrated on small arms and non-offensive systems.⁹

³ Jiří PŠENÍČKA: [Top 10 největších českých zbrojařů. Kdo nejvíc vydělal na Ukrajině?](#) [Top 10 largest Czech arms manufacturers. Who earned the most in Ukraine?]. [online] 03 10 2023 Source: Seznam zprávy [30 09 2025]

⁴ Josef HYML: [Evropa se musí probít. Zbrojení je šance k nakopnutí ekonomiky, míní Tomáš Pojar.](#) [Europe must wake up. Armament is a chance to kickstart the economy, says Tomáš Pojar]. [online] 20 04 2025 Source: iDnes [30 09 2025]

⁵ Rod: [Sázka na obranný průmysl může být naším pilířem na 20 let. Po válce bude třeba naplnit sklady.](#) [Rod: Betting on the defense industry can be our pillar for 20 years. After the war, the warehouses will need to be filled]. [online] 05 03 2025 Source: iRozhlas [30 09 2025]

⁶ Česko zažívá největší boom zbrojního průmyslu za dobu samostatné existence, říká šéf asociace. [The Czech Republic is experiencing the largest arms industry boom since its independence, says the head of the association]. [online] 04 05 2023 Source: ct24 [30 09 2025]

⁷ Martin EHL: [Čeští zbrojaři se potřebují co nejrychleji napojit na Evropu, aby si mohli ukrojit co nejvíc z peněz na obranu.](#) [Czech arms manufacturers need to connect to Europe as quickly as possible so they can cut as much defense spending as possible]. [online] 19 05 2024 Source: Hospodářské noviny [30 09 2025]

⁸ Pavel OTTO: [Český obranný průmysl v minulosti a dnes](#) [The Czech Defence Industry in the past and nowadays]. [online] 04 12 1998 Source: Hospodářské noviny [30 09 2025]

⁹ Ibid.



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In the immediate aftermath of the Second World War, arms production was nearly dismantled, but it soon revived under Soviet influence. From the 1950s onwards, licensed Soviet designs predominated, with Czechoslovakia specialising in the manufacture of aircraft and armoured vehicles for the Warsaw Pact. Domestic output excelled technologically, producing thousands of MiG-15, Aero L-29 Delfín and L-39 Albatros training aircraft, as well as tanks. Despite Soviet oversight and restrictions, Czechoslovakia retained some independent design capacity, particularly in the field of small arms, and its products were often regarded as superior in quality to their Soviet counterparts.¹⁰

Export remained central to the industry's fortunes: approximately 70 per cent of production was sold abroad, accounting for 7–8 percent of national exports. Yet from the 1970s onwards, the relative weight of civilian industry grew more rapidly, gradually reducing the arms sector's overall share.¹¹

From the 1970s onwards, much of the strategic competition between NATO and the Warsaw Pact was increasingly displaced to the developing world, which accounted for as much as 70 per cent of global demand for armaments. Yet by the late 1980s, many of these states had encountered severe economic crises and proved unable to meet their financial obligations, thereby constraining the scope of arms trade.¹²

The first signs of decline in the Czechoslovak defence industry emerged in this period. The sector's peak came in 1987, coinciding with a broader shift in the international environment: global détente, the adoption of new Soviet military doctrines, the signing of the INF Treaty in December 1987, and parallel arms control negotiations in Europe all signalled impending structural change. That year, Czechoslovakia's arms industry achieved record output of approximately 29 billion CZK – equivalent to 4 per cent of GDP and nearly 8 per cent of total industrial production. More than half of this output was directed to Warsaw Pact partners, while roughly one-fifth went to developing countries. Between 1984 and 1988, Czechoslovakia exported arms worth \$2.7 billion (in 1985 prices), ranking seventh among global arms exporters. Defence spending itself peaked shortly thereafter, reaching nearly 38 billion CZK in 1988.¹³

The collapse of the Warsaw Pact after 1989, coupled with declining global demand and the break-up of Czechoslovakia, plunged the defence industry into a deep crisis. Overcapacity, high costs, and enforced conversion policies of the early 1990s brought the sector to the brink of collapse.¹⁴

Within the next four years, arms production was curtailed on a massive scale. Civilian production programmes introduced as substitutes compensated for only 20–30 percent of the losses. The situation was compounded by the dissolution of Czechoslovakia, which ruptured long-standing cooperative and supplier networks, and left Czech factories without much of their former development and testing capacity. The conversion of arms production was further complicated by the sweeping economic and political reforms associated with the transition to a market economy. The road to renewed prosperity proved far more arduous than many had anticipated, and the optimism of the early 1990s soon gave way to a more sobering reality.¹⁵

The collapse of communism was inevitably accompanied by large-scale privatisation, and the vast majority of the Czech defence industry transitioned into private ownership, whether domestic or foreign. The outcomes were highly uneven: while some companies adapted successfully to the new market environment, others succumbed to bankruptcy. The 1990s thus represented a turbulent era of transition, marked by both experimentation and instability. By today, however, a number of firms have emerged as leading actors in the sector, most notably COLT CZ Group or Czechoslovak Group, which has developed substantial overseas operations and established itself as a significant player in the global defence market as well.¹⁶

¹⁰ Ibid.

¹¹ Ibid.

¹² Jaroslav LÁNÍK: [Konverze zbrojního průmyslu aneb ČSSR jako exportér](#). [Conversion of the arms industry or the Czechoslovakia as an exporter]. [online] 08 02 2016 Source: vhu.cz [30 09 2025]

¹³ Ibid.

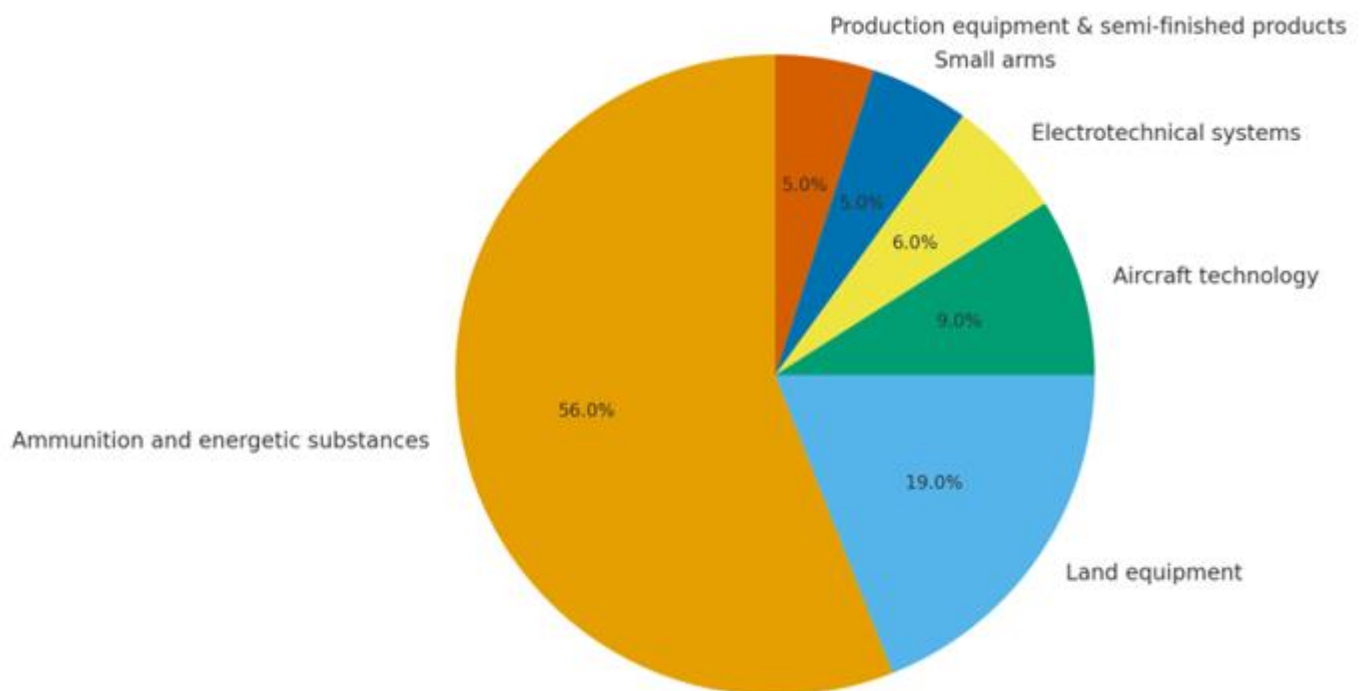
¹⁴ OTTO, *ibid.*

¹⁵ LÁNÍK, *ibid.*

¹⁶ Author's note.

The structure of the Czech defence industry and export in the 2020s

The Czech defence sector is notably mature, supporting a broad spectrum of military systems and platforms (see Graph 1). Export data for 2022¹⁷ show a clear hierarchy: ammunition and energetic substances¹⁸ dominate overwhelmingly, accounting for 56 percent of arms exports. This reflects both long-standing domestic industrial strengths and sustained international demand since 2022. Land systems form the second-largest export pillar at 19 percent, primarily centred on armoured vehicles, tanks and infantry platforms. Aerospace technologies account for a further 9 percent, while electrotechnical systems – radars, communications suites and associated components – represent 6 percent. Small arms, production equipment and semi-finished products each contribute 5 percent, underscoring the sector's breadth despite its concentrated export profile.



Graph 1: The structure of Czech defense exports, 2022. (Data based on Hyklová, 2024)¹⁹

Briefly put, the Czech defence industry heavily concentrated on ammunition and energetic substances, with land and aircraft technologies representing smaller but nonetheless significant shares. Other categories – including electronics, small arms, production equipment and semi-finished products²⁰ – played a comparatively modest, though still noteworthy, role.

Zooming in on the export destinations (Graph 2), the largest share was directed to European countries outside the EU, which accounted for 48 per cent of the total. The European Union constituted the second-largest destination with 27 per cent, underscoring that Europe as a whole overwhelmingly dominated Czech defence exports. Beyond Europe, Asia (excluding the Middle East) absorbed 9 per cent, followed by Africa (including Egypt) and the Americas (North and South) at 6 per cent each, while Australia and

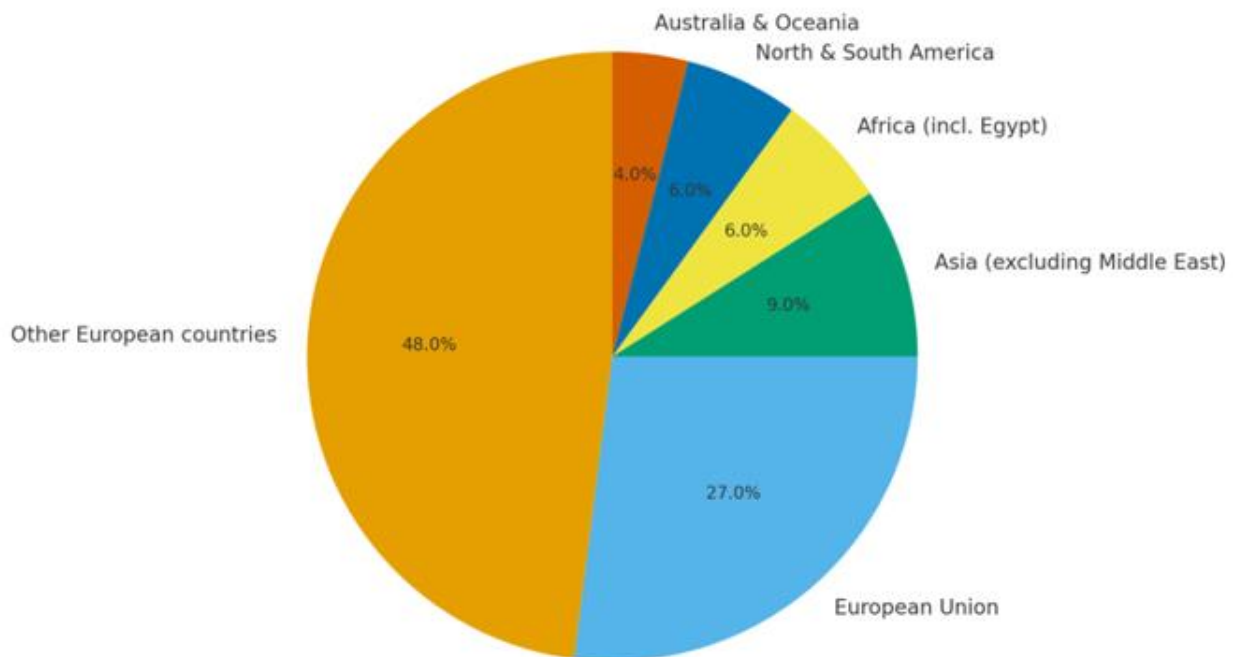
¹⁷ Dáša HYKLOVÁ: [Rekordní export a nová výroba. České zbrojaře brzdí jen financování](#). [Record exports and new production. Czech arms manufacturers are only held back by financing]. [online] 23 01 2024 Source: iDnes [30 09 2025]

¹⁸ 'Energetic substances' is a technical catch-all term for materials that release large amounts of energy rapidly, usually through explosive, propellant, or pyrotechnic reactions [Author's note].

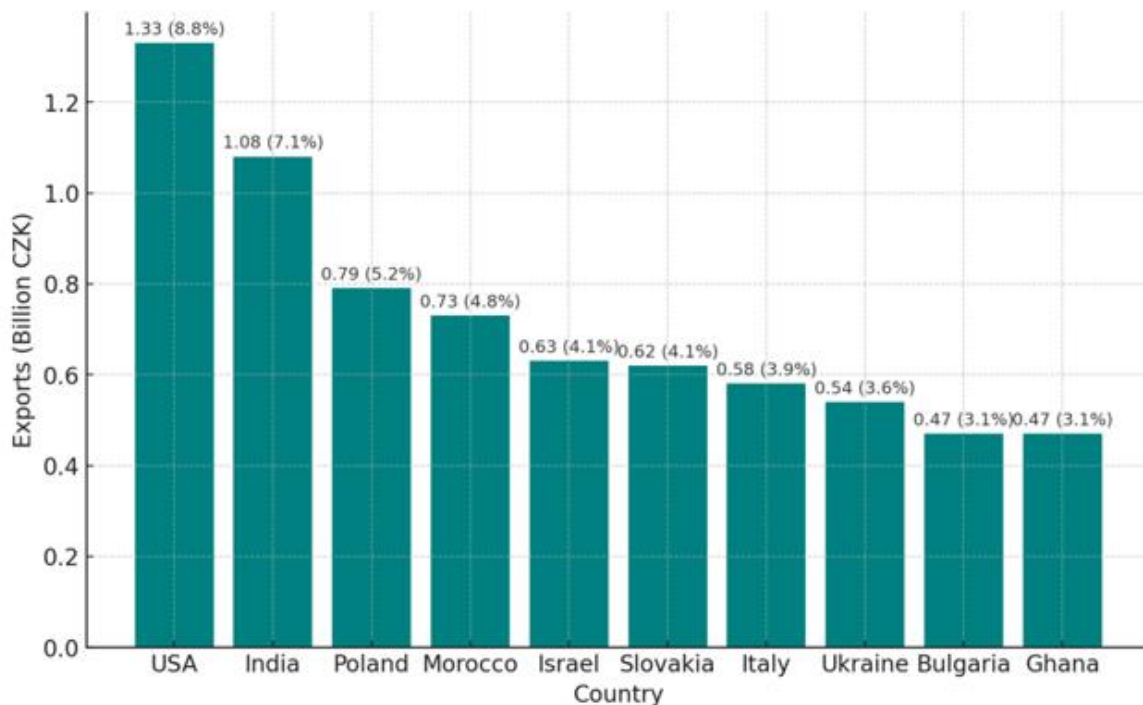
¹⁹ HYKLOVÁ, *ibid.*

²⁰ In defence-industry terminology, 'production equipment' refers to specialised machinery used to manufacture military systems, while 'semi-finished products' are partially completed components – such as unassembled weapon parts or unfinished ammunition – intended for final assembly into defence items [Author's note].

Oceania represented 4 per cent. Taken together, these figures demonstrate that Czech defence exports are heavily concentrated within Europe, with smaller yet still notable proportions reaching other regions.



Graph 2: Military material and dual-use goods' exports by region, 2022.
(Data based on Hyklová, 2024)²¹



Graph 3: Top 10 exports markets of the Czech defence industry, 2022.
(Data based on Česká spořitelna, 2023)²²

²¹ Ibid.

²² [Vojenská vozidla i kosmické lodě. Český obranný průmysl zažívá renesanci](#). [Military vehicles and spacecraft. The Czech defense industry is experiencing a renaissance]. [online] 23 04 2024 Source: csas.cz [30 09 2025]



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Besides, zooming in on the top country destinations (Graph 3), the United States emerged as the leading destination for Czech defence exports, valued at CZK 1.33 billion and accounting for 8.8 percent of the total. It was followed by India with CZK 1.08 billion (7.1 percent) and Poland with CZK 0.79 billion (5.2 percent). Other notable markets included Morocco (4.8 percent), Israel (4.1 percent), and Slovakia (4.1 percent), underscoring both extra-European and regional demand. Additional important destinations were Italy (3.9 percent), Ukraine (3.6 percent), Bulgaria (3.1 percent), and Ghana (3.1 percent). Taken together, these figures indicate that Czech defence exports are widely diversified across NATO allies, EU partners, and markets in Africa and Asia, reflecting both established geopolitical ties and the rising global demand for military equipment.²³

Furthermore, Czech defence exports have been expanding on a year-on-year basis, in some cases by several hundred percents.²⁴ Recently, defence companies have started expanding to very competitive US market as well. A prominent example is Colt CZ Group, which entered the American market through its acquisition of the U.S. firearms manufacturer Colt. Similarly, Czechoslovak Group (CSG) has expanded internationally by purchasing the Spanish ammunition producer FMG and acquiring a majority stake in the Italian firm Fiocchi Munizioni, one of the world's leading manufacturers of small-calibre ammunition. Its most significant ongoing venture is the nearly \$1.9 billion acquisition of part of Vista Outdoor, including iconic U.S. ammunition brands such as Federal, Remington, and CCI.²⁵

The expansion into the United States, however, presents formidable challenges given the strict scrutiny applied to foreign investment in defence industries, overseen by the Committee on Foreign Investment in the United States (CFIUS). Nevertheless, Czech firms such as CSG are pursuing this market through the establishment of local subsidiaries (CSG USA) and strategic partnerships. Paul Lemke, CEO of CSG USA, has outlined a strategy centred on radar systems, large- and medium-calibre ammunition, and military vehicles such as Tatra trucks, prized by the U.S. Army for their exceptional mobility on challenging terrain.²⁶

Leading Czech defence companies

When examining Czech defence industry, it is also important to take a look at the leading Czech defence companies (Table 1). CSG continues to expand revenues across its defence division, producing large-calibre ammunition, land systems, and spare parts. Its subsidiary, Excalibur Army, recorded remarkable growth in 2023, with sales rising by nearly 40 percent to CZK 18.7 billion and profits doubling to CZK 4.5 billion. The company is also expanding its industrial base, constructing new facilities in Přelouč and Šternberk to service future contracts.²⁷ STV Group – the sole Czech producer of large-calibre ammunition – has likewise reported unprecedented growth. In 2021-2022 its revenues tripled to CZK 5.2 billion, while profits increased more than sevenfold. Consolidated revenues for 2024 are projected to exceed CZK 12 billion, driven by investments in automated production lines for new ammunition calibres and the development of advanced weapons systems and heavy military equipment.²⁸ Colt CZ Group, having strengthened its portfolio through the acquisition of Sellier&Bellot, reported nearly CZK 15 billion in revenues during the first three quarters of 2024, reflecting its dual specialisation in firearms and small-

²³ Ibid.

²⁴ Vojtěch WOLF: [Zbrojní export roste meziročně o sto procent. Patří do něj i nafukovací makety](#). [Arms exports are growing by one hundred percent year-on-year. This includes inflatable models]. [online] 05 09 2024 Source: csas.cz [30 09 2025]

²⁵ Jan ZILVAR – Michal PIVOŇKA: [Český zbrojní průmysl expanduje do zahraničí, míří i na americké trhy](#). [The Czech arms industry is expanding abroad, also targeting American markets]. [online] 23 05 2024 Source: CZDefence [30 09 2025]; Daniel ŽDYCH: [Český obranný průmysl: síla členské základny AOBP a rekordní export](#). [Czech defense industry: strength of AOBP membership and record exports]. [online] 06 09 2025 Source: CZDefence [30 09 2025]

²⁶ ZILVAR – PIVOŇKA, *ibid.*

²⁷ Pavel OTTO: [Čeští zbrojaři masivně navyšují výrobu. Nepřestanou ani v případě, že Trump zastaví válku na Ukrajině](#). [Czech arms manufacturers are massively increasing production. They won't stop even if Trump stops the war in Ukraine]. [online] 02 01 2025 Source: E15 [30 09 2025]

²⁸ Ibid.



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calibre ammunition. Aero Vodochody Aerospace²⁹ also achieved notable success, delivering its first six L-39NG jet trainers to Vietnam in 2024, while supplying an additional aircraft to LOM Praha in support of Czech Air Force training.³⁰

Company	Revenue 2022 (Billion CZK)	Profit 2022 (Billion CZK)	Production focus
Czechoslovak Group (CSG)	25.0	5.6	Ammunition, land vehicles, Tatra trucks, radar systems, aerospace (via acquisitions).
Colt CZ Group	14.6	2.3	Firearms (pistols, rifles), ballistic protection, US Colt and Colt Canada products.
STV Group	8.4	2.2	Ammunition (incl. large-caliber), artillery shells, tank and artillery equipment.
Sellier & Bellot	7.1	n.a.	Small-caliber ammunition: pistol, revolver, and rifle cartridges.
Aero Vodochody	4.0	0.19	Military training aircraft (L-39NG), aerospace maintenance and upgrades.
Omnipol	1.0	n.a.	Aircraft production (Aero Vodochody, Aircraft Industries), passive radar systems (ERA).
L.P.P. Holding	0.577	0.082	Radar systems, aerospace technologies, light military vehicles (Supacat partnership).
MPI Group	0.25	0.124	Medium-caliber weapons and ammunition (via ZVI), arms exports.

Table 1: Key Czech defence companies. (Data based on Pšenička, 2023)³¹

Looking forward, Czech defence firms plan to invest billions of crowns over the next three years to expand production capacities. These long-term strategies are underpinned by the Czech government's commitment to sustaining defence expenditure at 2 per cent of GDP, which provides the armed forces with greater predictability for large-scale procurement planning. Coupled with robust international demand, these dynamics position the Czech defence industry as one of the fastest-growing in Europe today.

Challenges ahead

Despite the spectacular advancements and results in recent years, several challenges lie ahead for the Czech defence industry. First, with regards to the participation of Czech defence companies in domestic procurement programmes, structural imbalances persist. While Czech firms secure roughly 90 percent of Ministry of Defence contracts by number, they account for only 25 per cent of their total value. The Defence and Security Industry Association has therefore stressed the need for greater involvement in large-scale, high-value strategic projects, alongside the development of closer public-private partnerships, in order to reinforce the sector's long-term competitiveness and resilience.³²

²⁹ Aero Vodochody, traditionally a valuable and profitable element of the Czech defense portfolio, was purchased by Hungarian HSC Aerojet Clc. in 2021. Here, the company is displayed to show the potential of the company regarding its supplier base and technological know-how that is built on Czech expertise. [Aero Completes Change of Ownership](#). [online] 05 10 2021 Source: militaeraktuell.at [30 09 2025]

³⁰ Ibid.

³¹ PŠENIČKA, ibid.

³² [Každá koruna utracená státem za nákupy od českého obranného průmyslu přináší násobky zpět do české ekonomiky](#). [Every crown spent by the state on purchases from the Czech defense industry brings multiples back to the Czech economy]. [online] 10 02 2025 Source: Komora.cz [30 09 2025]; [Obranný průmysl: Stav v ČR a evropské plány](#). [Defense industry: Status in the Czech Republic and European plans]. [online] 03 04 2025 Source: csas.cz [30



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Second, Czech defence companies³³ – like many of their European counterparts – have repeatedly stressed the need for greater access to financial resources to sustain further development. Yet European banks have often proved reluctant to extend loans to the sector³⁴. The principal obstacle stems from ESG regulations and European Investment Bank policies, which remain far from accommodating towards defence manufacturers. From an ESG perspective, the industry is highly contentious. Many funds explicitly prohibit investment in arms industry, and even where such restrictions are absent, asset managers frequently hesitate to commit capital to firms associated with offensive weaponry. Some investors draw a distinction between offensive systems and defensive capabilities – such as anti-missile or drone interception technologies – which may be deemed more acceptable. Similarly, companies combining civilian and defence production, producing dual-use products, can appear less problematic, though significant uncertainty persists over the compatibility of such investments with ESG standards.³⁵

One proposed remedy is the redefinition of ESG to incorporate security, thereby creating a framework referred to as ESSG – environmental, social, security, and governance. Although largely semantic, this reframing has begun to gain traction. By late 2024, ESG-labelled funds collectively held €8 billion in defence equities, a sharp rise from €2.7 billion in early 2022. Governments, regulators, and financial industry bodies increasingly argue that investment in defence industries should be regarded as inherently sustainable, since security is a prerequisite for the functioning of societies and economies. This debate underscores the paradox at the heart of ESG investing: without secure states and stable environments, the pursuit of environmental and social goals becomes impossible. It follows that security – and, by extension, defence – may need to be formally recognised as an integral component of the ESG framework, rather than excluded from it.³⁶

Third, Czech defence companies have expressed concern over the government's reluctance to conclude long-term contracts. While obstacles within the banking system already constrain access to finance, the absence of sustained contractual commitments further hampers industrial development. Firms have repeatedly argued that they possess the capacity to expand production, yet such investments can only be justified if the government guarantees procurement contracts extending over a 15–20 year horizon. Securing long-term agreements would therefore provide the predictability necessary for the sector to scale up its manufacturing base and strengthen its role within both national and allied defence frameworks.³⁷

Fourth, further problems lie in political short-termism and weak, fragmented planning: lack of long-term acquisition strategies, underfunded state defence R&D (under 1 % of defence spending), minimal Czech participation in large multinational development projects and a very bureaucratic, slow EU Defence Fund. Europe also suffers from fragmented capacities and overlapping national programmes. Vice-president of the Association of the Defense and Security Industry of the Czech Republic (AOBP), Kristína Helm³⁸ warns that a rapid move to higher defence budgets (up to 5 % of GDP) could lead to wasteful, unstrategic purchases; instead, states should gradually build capabilities, support domestic industry, invest in R&D and join international consortia.

09 2025]; [Desatero o průmyslové spolupráci \(výhody spolupráce s českým obranným průmyslem pro tuzemskou ekonomiku\)](#) [Ten Commandments on Industrial Cooperation (Benefits of Cooperation with the Czech Defense Industry for the Domestic Economy)]. [online] 24 04 2025 Source: Ministerstvo Obrany [30 09 2025]

³³ Author's note.

³⁴ Jan ŽIŽKA: [Kristýna Helm: Podle některých bank obranný průmysl pořád není hoden financování](#). [Kristýna Helm: According to some banks, the defence industry is still not worth financing]. [online] 2 6 2025 Source: Moderní ekonomická diplomacie MZV ČR [20 11 2025]

³⁵ Tom WHELAN: [Can defence investment really be considered ESG?](#) [online] 24 04 2025 Source: FT Adviser [30 09 2025]

³⁶ Ibid.

³⁷ Author's note.

³⁸ Kristýna HELM: [Proč je investice do obrany klíčová pro ekonomiku, inovace a naši budoucnost?](#) [Kristýna Helm: Why is investment in defense crucial for the economy, innovation, and our future?]. [online] 1 10 2025 Source: Businessinfo [30 10 2025]



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Conclusions

The Czech defence industry is undergoing an unprecedented renaissance, building on its historical foundations and reflecting its capacity to adapt to shifting geopolitical realities. With exports reaching nearly one hundred global markets, major acquisitions abroad, and a surge in demand following Russia's war against Ukraine, the sector has re-emerged as one of the most dynamic pillars of the Czech economy. Its significance extends beyond economics: Czech assets and technologies are actively deployed in Ukraine and across Europe, underscoring the industry's growing importance for collective security.

Yet structural challenges continue to shape its future trajectory. Limited participation in high-value domestic procurement, constrained access to finance owing to ESG-related restrictions, and the absence of long-term government contracts remain pressing concerns. Addressing these obstacles will be vital if Czech firms are to sustain rapid growth, consolidate international competitiveness, and integrate more fully into allied defence frameworks.

The industry thus stands at a crossroads. With coherent government policy and greater financial flexibility, it has the potential not only to secure a lasting role within the Czech economy, but also to contribute substantively to European and transatlantic security in the decades ahead.



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Publisher: John Lukacs Institute for Strategy and Politics

Edited by:
Tamás Csiki Varga

Contact:

1581 Budapest, P.O. Box. 15.

Phone: 00 36 1 432-90-92

E-mail: jli@uni-nke.hu

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