



Theme 1: The Visegrad countries as an economic union

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Theme 1: The Visegrad countries as an economic union

The Visegrad Group (also known as the "Visegrad Four" or simply "V4") reflects the efforts of the countries of the Central European region to work together in a number of fields of common interest within the all-European integration. Czechia, Hungary, Poland and Slovakia have always been part of a single civilization sharing cultural and intellectual values and common roots in diverse religious traditions, which they wish to preserve and further strengthen.

All the V4 countries aspired to become members of the European Union, perceiving their integration in the EU as another step forward in the process of overcoming artificial dividing lines in Europe through mutual support. They reached this aim in 2004 (1st May) when they all became members of the EU.

The V4 was not created as an alternative to the all-European integration efforts, nor does it try to compete with the existing functional Central European structures. Its activities are in no way aimed at isolation or the weakening of ties with the other countries. On the contrary, the Group aims at encouraging optimum cooperation with all countries, in particular, its neighbours, its ultimate interest being the democratic development in all parts of Europe.

History...Сховати



The scenic little town of Visegrád is located in the largest bend of the Danube River. The historical sources unanimously testify that here, in the autumn of 1335, the leaders of Central European kingdoms held an international conference, a so-called meeting of the kings, in order to resolve international disputes. The meeting was held in the court of Hungarian King Charles I of Anjou, the actual initiator of the meeting. The upper castle on the hilltop was built during the reign of King Béla IV to provide a line of defence in the event of a new invasion. The strategic significance of this location led to the extension of the upper castle with a massive keep by the Danube, as well as the construction of a fortified wall that connected the upper and lower castles, turning the hillside into a formidable system of fortification.

Interestingly enough, the Slavic origin of the name Visegrád (meaning "high castle") does not refer to what is now the upper castle but to an older one built on a hill farther north. What was once a Roman fort later becoming a count's (ispán's) castle, which the local Slavs called "high castle," a name retained by the Hungarians even after the building's dilapidation. Populated by German settlers, the village at the foot of the hill had rapidly become a town in the second half of the 13th century, shortly after Hungarian King Charles I of Anjou had relocated his seat from Temesvár to Visegrád in 1323 and defeated his oligarchic opposition. It was here that the central court and the administration were established. The harmony of landscape and architecture that evolved at the foot of the hill inspired Charles of Anjou to envision what would become one of Central Europe's most significant royal seats in the 14th century. The excavation of the buildings of the royal court destroyed under Turkish rule has been underway since 1934. Archaeologists have uncovered the foundations of the palace built by the Anjous, where an assassination attempt of Charles I took place in 1330. By 1335 the castle and the town were to be capable of accommodating Bohemian King John of Luxembourg, his son and heir Charles, Count of Moravia, Casimir III (the Great), Prince Rudolph of Saxony and Boleslaw III Duke of Silesia, representatives of the Order of Teutonic Knights and their entourage for over an entire month.

In order to understand the reasons that led to the royal meeting one needs to study the circumstances of the respective countries at the beginning of the 14th century. Although the spread of the black plague and other epidemics in this time period marked the closure of the Middle Ages in Western Europe, the culture of chivalry was at that time still in full force. The 14th-century history of the three Central European kingdoms, Bohemia, Poland, and Hungary, features a time of progress and development reflected in similar ways in each country. At the beginning of the century, all three neighbouring kingdoms had been experiencing frictions and social unrest.

By the second half of the century, the three leaders had managed to resolve their inner conflicts and build up strong countries. In Bohemia and Hungary, the old dynasties had died out almost simultaneously at the beginning of the 1300s, while in Poland, Lokietek - who was one of the branches of the Piast dynasty - ascended to the throne. The demanding tasks that all three countries were about to face informed their relationship to one another. Wladislaw I Lokietek, Principal of Cracow (1306-1320), succeeded in unifying the fractured Polish territories and made himself king upon the approval of the Pope in 1320, thus re-making the Kingdom of Poland (ruled: 1320-1333). In Hungary, once the lineage of the Árpád dynasty ended in 1301, Charles of Anjou (1301-1342) came to the throne and, like Lokietek, commenced his reign with dedication and the gift of leadership. The Polish and the Hungarian rulers had been supporting each other in their battles against the oligarchs in their own territories, and this alliance would become a foundational pillar of Central European politics throughout the 14th century.

With the end of the Bohemian Premyslid dynasty in 1306, the adversary of the Anjous, John of Luxembourg (1310-1346), ascended to the throne of Bohemia, which brought stability in Bohemian-Hungarian relations as well. One indication of this is that Charles of Anjou, having suffered the untimely loss of his first two wives, married Beatrix of Luxembourg, sister of the Bohemian king, in 1317. The death of Beatrix in 1319, however, put an early end to this marriage. Because John did not have any more

sisters, Charles resorted to asking his other neighbour, the Polish king, for a fiancée. His marriage to Elizabeth, daughter of the newly crowned Wladislaw I Lokietek, in 1320 forged a strong alliance between Hungary and Poland. At the same time, King John provided further support to Charles's campaign against Matthew Chak, his major adversary – a favour Charles did not let go unreturned. With the subsequent corruption of Hungarian-Austrian relations, the ties between the two kings strengthened, owing to the long-standing acrimony between the Luxembourgs and the Habsburgs.

Charles's good relations with both countries were eclipsed, however, by the animosity between the Bohemians and the Poles. One of the causes of this conflict lies in the Luxembourgs' claim to the Polish throne on the grounds of the same claim of the earlier Premyslid kings. According to the rules of contemporary international relations, such a claim was legally justifiable and entailed the whole heritage of Wenceslaus III (1305–1306). The realization of this goal, however, was hindered by the unsuccessful campaign of the Bohemian king on the one hand, and the diplomatic policies of the Anjous, supportive of Lokietek, on the other. As a result, John of Luxembourg reduced his claim to Greater Poland and yielded Pomerania to the Teutonic Order. The Piasts had intended to lay claim to Silesia, a one-time Polish territory, but by the beginning of the 14th century, the majority of the Silesian rulers were already under the over-lordship of the Luxembourg.

After the death of Wladislaw I Lokietek in 1333 his son Casimir III ascended to the throne, which created a new dynamic in the relations of the three countries. Once in power, Casimir launched himself into the task of sorting out matters left to him by his father. Poland was not only burdened by the feud with the Luxembourg but by territorial disputes with the Teutonic Order as well. With the new king on the Polish throne, John of Luxembourg also took an interest in ameliorating Bohemian-Polish relations, for he was in search of an ally against his long-time enemies, the Austrians and Holy Roman Emperor Ludwig of Bavaria, with whom he had disputes over the heritage of Henry, Duke of Carinthia. In 1334, to settle the dispute over Polish territories, the parties involved chose arbiters: the Polish king appointed Charles of Anjou, while the Teutonic Order appointed John of Luxembourg. This move served as a platform for the subsequent peace process. The Hungarian king—who, after the death of Lokietek, became ruler of the region – accepted the task with great zeal and mediated between the old Bohemian king and the young Polish ruler. Chief among his motives was his long-term goal to lay claim to the Polish throne for the Anjou dynasty. With Hungary as the mediator, the conference at Visegrád thus marked the closure of a two-year process of diplomatic negotiations between Bohemia and Poland on the one hand, and Poland and the Teutonic Order on the other. The mechanism of diplomatic preparations seems to have been engineered in Visegrád, which meant the constant coming and going of envoys to maintain contact and secure the flow of information.

As a first step, Casimir signed a one-year ceasefire with Charles, Moravian Margrave and son of Bohemian King John at Sandomir, on May 28, 1335. In the treaty, he included Hungarian King Charles along with two Polish dukes as bail to seal the peace treaty with their charters. Afterwards, on August 24, John's and Casimir's envoys met in the territory of the Hungarian kingdom, in the town of Trenčín (Slovakia). Casimir authorized his envoys to follow the advice of the representatives of the Hungarian king throughout the peace process. The envoys also had the right to take financial responsibility on behalf of the king at up to 30,000 silver Marks. The Polish politicians were well aware that reimbursement of the financially unstable Bohemian king would be the key to the solution. After all, with the exception of the financial aspect, the points of the peace treaty, which constituted the Bohemian king's claims on the Kingdom of Poland, had already been clarified. Consequently, King John, along with his son, waived his rights concerning Poland, while the Polish king gave up the feudal tenures of Bohemian-governed Silesia and Masovia (Plock). The agreement was documented in a charter issued by the representatives of Casimir and sealed by their own seals upon the promissory note that the Polish king would confirm it as well. With that, the Bohemian delegation went to the Hungarian royal court in Visegrád, where the Bohemian-Hungarian agreement was soon signed. The copy, dated September 3, issued and sealed by the Hungarian king, has survived in the royal Czech archives.

Now the time was ripe for the commencement of the negotiations between the arbiters and for the meeting of the three kings. At the beginning of November 1335, the 47-year-old Hungarian King Charles of Anjou I invited and hosted his brother-in-law and ally, the 25-year-old Polish King Casimir III, the 39-year-old Bohemian King John of Luxembourg, along with his 19-year-old son Charles, Margrave of Moravia (later to be Emperor Charles IV), and the many Polish, Silesian and German principals as part of their delegations, as well as the representatives of the Teutonic Order, for over three to four weeks. Contemporary chroniclers soon realized the significance of this event and reported on it in several documents in all the countries involved. These documents typically highlight one aspect of the event while leaving others in the background. Charles of Luxembourg, Margrave of Moravia and later to be Emperor, offers an account of the Congress in his autobiographies, which constitutes a contemporary report on the event, given that he attended it in person. No wonder he does not go into detail about the formalities of hospitality, nor does he give insight into the dynamics of the talks; it comes rather as a surprise that he emphasizes the Bohemian-Polish-Hungarian alliance only, without discussing the arbitration process. In his work he mentions that his father was already in Visegrád when he arrived; he then goes on to explicate the above-mentioned familiar relationships among the rulers, and finally describes the roots of the Bohemian-Polish dispute. Luckily, the 15th-century Polish chronicler Jan Dlugosz highlights this other aspect of the Congress in his account: the actual reason why the kings gathered together in Visegrád was to settle the dispute over those Polish territories seized by the Teutonic Knights. Not only did Dlugosz capture the essence of the event, but he also provided the text of the charter for peace as well.

The text of a 14th-century chronicle has survived in the work of the 15th-century Hungarian chronicler János Thuróczy, which gives a presumably contemporary account of the formal details of the meeting of 1335. Unlike Dlugosz's account, this document focuses primarily on formalities, but such a description is just as valuable for us as political data. Let it be quoted here word for word: "In the year of our Lord 1335, around the festivities of Saint Martin, Bohemian King John, his son Charles, and the king of the Poles came to the castle of Visegrád, to the court of King Charles, to seal their alliance with a peace treaty for all time. And so, it happened. Out of the generosity of the Hungarian king 2,500 loaves of bread were provided for the lunch of the Bohemian king, as well as a good share of the royal meals, all in abundance, while the horses' day share of fodder was 25 méréő. For the lunch of the Polish king 1,500 loaves of bread and other foods, as well as 180 barrels of wine were provided. The king of Hungary presented the Bohemian king with various sorts of jewellery: 50 silver jars, two quivers, two belts, a magnificent chess board, two invaluable saddles, a knife with a belt that is worth 200 silver Marks and an elaborate pearl-oyster. Because the king of Poland was to pay homage to the king of Bohemia, and because Charles, King of Hungary, made the sister of the Polish king his wife, Charles, King of Hungary, gave him 500 Marks of the finest gold so as to save him from paying taxes to the Bohemian king. It has also been resolved that in the event of an enemy attack on any one of these countries, the others will help the one in trouble. And this has been sealed by an oath among one another."

The official documents released in Visegrád in the autumn of 1335 do little to nuance the descriptions

of the chroniclers. Although the chronicles do have a kernel of truth, the event that they describe often took place in a different place, at a different time, in a different manner. In the above example, the chronicler falsely asserts that Poland, as a feudal subject, had to pay commitments to Bohemia and that Charles offered the required amount to "ransom" his brother-in-law. On the basis of the documents pertinent to the conference per se, it is possible to draw a more realistic picture. We have seen that at the meeting in Trenčín the "ransom" to be paid to the Bohemian king had not yet been specified. At the Visegrád meeting in November, however, Casimir, experiencing financial difficulties at the time, had no choice but to haggle over the amount to be paid. He finally agreed to pay 20,000 threescore Prague groschen (20,000 Bohemian silver Marks) to the Bohemian king in exchange for the latter renouncing his title of the Polish king. King John, in turn, issued a charter of abdication deposited with the Hungarian king. Should Casimir fail to produce the amount missing, the Hungarian king had the choice of giving the deposited charter back to the king of Bohemia or supplying the missing 6,000 Marks himself. As 6,000 silver Marks make 500 golden Marks, the above-quoted chronicle pertains to this aspect of the event; thus, the chronicler mistakenly identifies the Hungarian king's collateral statement with the payment itself. As for the quantity of the meals and drinks, I tend to give credit to the chronicler; however, it would be interesting to trace whether the presents mentioned in the document occur in Czech sources later on.

The actual celebration of the treaty of alliance took place on November 19, name-day of Elizabeth Piast, wife of the host king. Many charters were dated that day, as was the Bohemian-Polish peace treaty, one of the most important documents of the meeting. Another charter of the same date provided for the security of the road leading from Poland to Wrocław and the demolition of the castle of Bolesławitz (Bolesławiec). Yet another was a marriage contract among the allied dynasties (a usual protocol on such occasions) aimed at protecting the newly forged Bohemian-Polish alliance. Due to the lack of younger sisters to marry, Casimir offered his baby daughter Elizabeth to the 6-year-old grandson of the Bohemian king, the only child of Henry, Duke of Bavaria and Duchess Margaret of Luxembourg (John's daughter). Due to the untimely death of the boy in 1340 the marriage was not realized. The signing of the peace treaty took place on the same day as the verbal declaration of the arbitration. A thorough study of the historical sources demonstrates that this was the underlying reason for the meeting of the kings. The adversaries had been conscientiously preparing for the decisive event of the arbitration proceedings. On September 21, 1335, the Teutonic Order had the charters that vindicated their rights copied in the archives of the Great Master of the Order at Marienburg (Malbork), while the Polish king had already submitted a lawsuit against the Teutonic Knights to the pontifical court of law in the summer of 1335. In Visegrád the arbitration process had already commenced in November with the investigation into the plenipotentiary powers of the representatives of the Teutonic Order. This procedure was inevitable because the Great Master of the Order was absent from the meeting.

Once the authorization documents were approved the presentation of the statements and charters of the two sides followed. We have no information on the charters presented by the Polish envoys, but the Teutonic Knights certainly had those from the archives at Marienburg in their hands, as well as a complete draft for the peace treaty which they had designed early on. The arbitration was first declared orally, definitely before November 21, which is the date of the charter addressed by Władysław, Duke of Leczyca and Dobrzyń, to John of Luxembourg. Władysław cites the decree of the court of arbitration which disposes of the territories of Dobrzyń, hitherto under the rule of the Teutonic Order, to revert to Casimir the Great. He reasserts that he had ruled over these territories until the Teutonic Knights and John of Luxembourg seized the area following the war waged against Lokietek.

After days of negotiations between the arbiters and the barons, the arbitration was drafted in a charter dated November 26. It posits that Casimir ruled over Kujawy and Dobrzyń, while the Teutonic Order received Pomerania. In his letter dated December 3 the King of Bohemia informed the Master of the Teutonic Knights of the dispositions drawn up during the meeting and of the subsequent duties at hand. Although there is no indication as to where the letter was written, it is quite certain that it was not written in Visegrád. According to the dates mentioned in the charters, the kings convened around All Saints' Day, which designates November 1 as the starting date of the conference. In his letter dated December 3 King John talks about a 3-week-long meeting but the peace treaty between the Teutonic Order and Poland which took place on November 26 in the presence of all invitees indicates that the meeting lasted a bit longer. Casimir drafted another charter, addressed to the Teutonic Order and dated May 26, 1336, declaring acceptance of the arbitration.

In addition to the two main points of the meeting's agenda (the peace treaties between Bohemia and Poland, and between Poland and the Teutonic Order) we also have information on the follow-up discussions between the three kings that took place after the arbitration process. The lack of written documents on these discussions does not mean that questions unrelated to the arbitration were unaddressed. For instance, the alliance forged on September 3 between Hungary and Bohemia was clearly designed against the Austrian dukes. It seems certain that the idea of a prospective campaign against them was also conceived in Visegrád. The military events of the following year, presumably also orchestrated from Visegrád, show evidence of prior arrangements, although they had not been documented. Therefore, some historians regard the Visegrád meeting as a cradle of war rather than peace.

Although the meeting received a lot of attention from all sides, each party tends to highlight its own points of interest. As the event represented a turning point in 14th-century Polish international relations, it is not surprising that Polish historiography has addressed it in the most detail, primarily focusing on Polish-Teutonic and Polish-Bohemian relations. Such aspects remained in the background in the writings of Hungarian chroniclers and, instead, the Visegrád meeting was widely understood as a crucible of economic alliances. This assumption was based on a decree issued by Charles I, in Visegrád, on January 6, 1336, which regulates routes of commerce and the customs tariff between Hungary and Bohemia. The text of the decree suggests that Charles and King John had thoroughly discussed the issue beforehand – most certainly in November, in Visegrád. This move was most probably an attempt to evade Vienna's stable right and redirect trade between Germany and Hungary towards Brno. Also, the cities in the territory of present-day Slovakia might have played a role in initiating this trade agreement. The meeting in Visegrád, therefore, did have an economic aspect; but this should not be generalized as the main focus of the conference.

The scope of this study does not allow for a survey of the effects of the decrees passed at the meeting. Suffice it to say that the treaty forged with the Teutonic Order created a precedent and would later serve as a cornerstone of peace. The arbitration concerning Pomerania proved that the parties were willing to settle international conflicts through diplomatic means. The alliance between the three Central European countries lasted for over half a century and provided each country with the right of the autonomous conduct of their international relations (with the Balkans, the eastern regions, Germany, and Italy). Visegrád would also play an important role in the maintenance and renewal of the alliance in the upcoming years as well. It was here that Charles I renewed the 1335 treaty with Charles, Margrave of Moravia, heir to the throne of Bohemia. The margrave promised that he would support the Hungarian king's claim to the Polish throne and, in turn, the Hungarian king would relinquish his claims on Silesia if

he or his sons ascended to the Polish throne. Casimir and his royal delegation visited Visegrád again in 1339 with the intention of bequeathing Poland to his sister's son Louis. This agreement ensured that Louis was elected king of Poland in 1370. These events illustrate that throughout the Middle Ages Visegrád functioned as a place for conflict resolution and rightly became an emblem for Central European cooperation over the centuries to come.

Finally, mention should be made of the criteria according to which the charters were selected for this volume. Over the course of many years of diplomatic procedures that involved a number of countries, a great many official documents have been produced and usually exchanged – temporarily or permanently – by the negotiating parties. The charters testify that Charles of Anjou, acting as mediator and bail, preserved each of the documents until the requirements of their dispositions were fulfilled. However, only a part of the original written sources has survived. For instance, the copies in Hungarian possession vanished completely during the destruction of the royal archives under Turkish rule. Many charters have been preserved by the royal Czech archives, while others can be found in Wrocław—owing to its involvement in the process. The rest of the charters survived in the archives of the Order of Teutonic Knights in Königsberg, later to be transported first to the Staatliches Archivlagerbe in Göttingen and then to the Preussischer Kulturbesitz collection of the Geheimes Staatsarchiv in Berlin. The selection of the charters in this volume is based on the Hungarian Studies research conducted over the past decades in the Hungarian National Archives. As we proceeded with our research, the task at hand proved to be a highly intriguing and diverse one, given that the charters safeguarded in many different places have not yet been systematically studied. The aim of this selection is to provide further inspiration for the cooperative investigation into this topic with the involvement of all Visegrad countries (Rácz, 2009).

The Visegrad Group wishes to contribute to building the European security architecture based on effective, functionally complementary and mutually reinforcing cooperation and coordination within existing European and transatlantic institutions.

In order to preserve and promote cultural cohesion, cooperation within the Visegrad Group will enhance the imparting of values in the field of culture, education, science and exchange of information.

All the activities of the Visegrad Group are aimed at strengthening stability in the Central European region. The participating countries perceive their cooperation as a challenge and its success as the best proof of their ability to integrate also into such structures, such as the European Union.

The Visegrad Group was formed on 15th February 1991 at a meeting of the President of the Czechoslovak Republic, Václav Havel, the President of the Republic of Poland, Lech Wałęsa, and the Prime Minister of the Republic of Hungary, József Antall. This high-level meeting in Visegrád, Hungary, created an imaginary historical arch linking the idea of this meeting to the idea of a similar meeting, which took place there in 1335 and was attended by John of Luxembourg, King of Bohemia, Charles I of Anjou (Charles Robert), King of Hungary, and Casimir III, King of Poland. The central motif of the two meetings was the desire to intensify mutual cooperation and friendship among the three Central European states.

The formation of the Visegrad Group was motivated by four factors of decisive relevance:

- the desire to eliminate the remnants of the communist bloc in Central Europe;
- the desire to overcome historic animosities between Central European countries;
- the belief that through joint efforts it will be easier to achieve the set goals, i.e. to successfully accomplish social transformation and join in the European integration process;
- the proximity of ideas of the then ruling political elites.

History..Сховати



It was especially in the initial period of its existence (1991–1993) when the Visegrad Group played its most important role during talks with NATO and the EU. In the following years, the intensity of cooperation between the V4 countries began to slacken due to the prevalence of the idea that individual efforts towards accession to the Euro-Atlantic integration formations will be more efficient. Visegrad cooperation was resumed in 1998.

In the wake of the disintegration of Czechoslovakia in 1993, the Visegrad Group has since then been comprised of four countries, as both successor countries, the Czech Republic and the Slovak Republic, are members of the Visegrad Group.

The V4 cooperation can currently be referred to as the most clearly profiled initiative in Central Europe. The backbone of this cooperation consists of mutual contacts at all levels – from the highest-level political summits to expert and diplomatic meetings, to activities of the non-governmental associations in the region, think-tanks and research bodies, cultural institutions or numerous networks of individuals.

Cooperation between the respective ministries constitutes an important part of the activities within the V4 framework, whether at the level of the ministers or in the form of joint expert teams. A number of joint projects are currently being implemented particularly in the fields of culture, environment, internal security, defence, science and education. At the same time, cooperation in the field of justice, transportation, tourism, energy or information technologies is also intensifying.

The meeting, in Bratislava, of presidents, prime ministers, ministers of foreign affairs and members of parliaments of the Czech and Slovak Federal Republic, the Republic of Poland and the Republic of Hungary began a process of creating foundations and new forms of political, economic and cultural cooperation of these countries in the altered situation in the Central Europe.

The similarity of the situation that has evolved over the past decades has determined for these three countries convergent basic objectives:

- full restitution of state independence, democracy and freedom;
- elimination of all existing social, economic and spiritual aspects of the totalitarian system;
- construction of a parliamentary democracy, a modern State of Law, respect for human rights and freedoms;
- creation of a modern free market economy;
- full involvement in the European political and economic system, as well as the system of security and legislation.

The identity of objectives, as well as similarity of ways of achieving them in many fields, poses identical tasks before the three neighbouring countries. Coordination of the efforts – with respect for national

peculiarities – increases the chances of attaining the desired goals and brings closer the realization of their objectives.

A favourable basis for the intensive development of cooperation is ensured by the similar character of the significant changes occurring in these countries, their traditional, the historically shaped system of mutual contacts, cultural and spiritual heritage and common roots of religious traditions. The diverse and rich cultures of these nations also embody the fundamental values of the achievements of European thought. The mutual spiritual, cultural and economic influences exerted over a long period of time, resulting from the fact of proximity, could support cooperation based on natural historical development.

The cooperation of nations and civic communities of the three countries is essential for joint creation of conditions that will contribute in each of the countries to the development of a democratic social system based on respect for the fundamental human rights and freedoms, liberty of economic undertakings, rule of law, tolerance, spiritual and cultural traditions and respect for moral values.

Simultaneously, the signatories of the Declaration respect the right of all other nations to express their own identity. They emphasize that national, ethnic, religious and language minorities, in accordance with traditional European values and in harmony with internationally recognized documents on human rights, must be able to enjoy all rights in political, social, economic and cultural life, not excluding education.

In unified Europe, to which the three countries wish to actively contribute, it is possible to maintain the culture and national character while fully realizing the universal system of human values. A systematic fulfilment of the idea of civil society is the key question to the spiritual and material development of the Central European region and an indispensable condition for the establishment of a mutually beneficial cooperation with developed countries and European institutions.

Drawing on universal human values as the most important element of the European heritage and own national identities should serve as the basis for developing a society of people cooperating with each other in a harmonious way, tolerant to each other, to individual families, local, regional and national communities, free of hatred, nationalism, xenophobia, and local strife.

It is the conviction of the states-signatories that in the light of the political, economic and social challenges ahead of them, and their efforts for renewal based on principles of democracy, their cooperation is a significant step on the way to general European integration.

The signatories of the Declaration shall jointly undertake the following practical steps:

- in accordance with the interests of the particular countries they shall harmonize their activities to shape cooperation and close contacts with European institutions and shall hold regular consultations on the matters of their security;
- they shall endeavour to create free contacts between citizens, institutions, churches and social organizations;
- in order to support the free flow of labour force and capital, they shall develop economic cooperation, based on the principles of the free market, and mutually beneficial trade in goods and services, moreover they shall strive to create favourable conditions for the direct cooperation of enterprises and foreign capital investments, aimed at improving economic effectiveness;
- they shall focus on the development of the infrastructure in communications, with regard both to links between the three countries and those with other parts of Europe, mainly in the north-south direction, and shall coordinate the development of their power systems and telecommunication networks;
- they shall increase cooperation in the field of ecology;
- they shall create favourable conditions for free flow of information, press and cultural values;
- they shall jointly develop multilateral cooperation to ensure optimum conditions for full realization of the rights of national minorities living on the territories of their countries;
- they shall support mutually beneficial cooperation of interested local self-governments of their countries and establishment of sub-regional contacts.

The signatories of the Declaration state that their cooperation in no way will interfere with or restrict their relations with other countries, and that it will not be directed against the interests of any other party. The cooperation of the signatories will be realized through meetings and consultations held at various levels and in various forms.

Done in Visegrád on February 15th, 1991 in three identical originals in the Polish, Czech and Hungarian languages, equally valid.

History..Сховати



The photo on the first Visegrad Declaration from 1991.

Contents of Visegrad Cooperation approved by the Prime Ministers' Summit Bratislava on 14th May 1999.

I. Substantive Elements of the Co-operation

Foreign affairs.

1. **Towards the maintaining of the Visegrad regional profile ("image-PR"):** consultations and issues, as and when the need arises, of joint statements on issues of common interest, regular meetings of V4 ambassadors.
2. **Regular meetings and consultations of experts (on bi-, tri-, or quadrilateral basis):**
 - exchange of information on long-term strategies and concepts of foreign, security and defence policy, exchange of views on the stability and security of the Central and Eastern European region;
 - exchange of information and consultation on particular regional crises,
 - transfer of experience on the preparation for NATO membership and on the NATO accession process, possible areas and forms of co-operation to support Slovakia's ambitions for accession;
 - developing further the co-operation within the framework of EAPC and PpP. A problem complex to be given special emphasis is the role of PpP in the development of regional co-operation;
 - transfer of experience on the theme of the communication strategy and methods relating to NATO and EU (PR aimed at the public at large),

- transfer, on a mutual basis, of experience on EU integration (exchange of experience and information on positions in preparing for accession negotiations and implementation of the acquis, consultations on securing of the Pre-accession funds /SAPARD, ISPA, etc./).

Internal affairs.

1. **Co-operation in border and immigration affairs in the context of EU accession:** consultations on Schengen agreement related issues.
2. **Harmonisation in combating illegal migration, illicit drugs transport and distribution, weapon smuggling, organised crime and terrorism:** exchange of views in process of preparation of legislation in this area.

Education, culture, society, youth and sport.

1. **The possibility of joint fundraising for and co-operation in:**
 1. Cultural programs:
 - Central European arts projects: transfrontier festivals, performances and joint exhibitions by young artists, operating creative camps, support for journalism focusing on Central European themes;
 - creating a list of existing national events, open for participation from other V4 member countries;
 - co-operation in the field of education of diplomats and civil servants, with a perspective of creating a joint educational facility (e.g. a diplomatic academy);
 - the foundation of Visegrad Prize to honour personages and all institutions who have made serious efforts to promote co-operation between the states of the Central-Eastern European region;
 - the problems of human rights and co-operation with NGOs;
 - cultural heritage, protection of historic buildings and sites;
 - offering scholarships and awarding prizes for competition essays dealing with Central Europe;
 - creation of a common Visegrad homepage on the Internet;
 - steps towards launching a foundation of a common TV program related to Visegrád issues in national TV stations;
 - steps towards creating a joint fund for financing joint activities in the field of education, culture and sport.
 2. Sporting and youth contacts:
 - supporting youth contacts, especially among schools and settlements,
 - exchange programmes for sports experts,
 - supporting the participation of handicapped athletes in exchange camps, conferences, joint championship

Science, technology.

1. **Promoting scientific-technological contacts, transfer of experience and preparing joint projects for participation in the EU's 5th Research and Technological Development Framework Programme and with a view to implementing regional co-operation.**

Environment.

1. **Opportunities for co-operation in the field of environmental protection and risks:**
 - exchange of information about long-term strategies and projects for sustainable development and other environment-related issues;
 - safety issues concerning nuclear energy;
 - questions related to boundary waters and flood prevention;
 - co-ordination in the construction of equipment for waste recycling;
 - creation of a system for monitoring and exchange of information on the transfrontier movement of waste;
 - co-operation in preparing and creation of protected landscape in regions near the common borders;

Infrastructure.

1. **Opportunities for the alignment of infrastructure developments, telecommunications, transport, and power generation systems:**
 - exchange of information on long-term infrastructure strategies and projects;
 - co-operation in the TINA (Transport Infrastructure Needs Assessment) task force, which devotes itself to appraising the transport development demands and funding needs of the Central and Eastern European countries;
 - discussions on and co-operation in the diversification of energy supplies;
 - to co-operate on common projects to develop the trans-European network.

Cross-border co-operation.

1. **Stimulating cross-border co-operation schemes.** Themes of the experts' consultations:
 - use of Pre-Accession Funds, information and recommendations for joint participation in the EU programmes;
 - participation in and creation of horizontal community programmes;
 - use of PHARE projects in the case of cross-border programmes, exchange of experience, drafting of joint studies.

II. The structure of the Visegrad intergovernmental co-operation

Prime Ministers' meetings with a coordinating chairmanship on a rotating basis (in the order Czech Republic, Poland, Hungary, Slovakia), the mandate for one year.

Frequency: once a year an official meeting in the chairing country, once a year an unofficial meeting (the first one in October 1999 in Slovakia);

Main topics: state of co-operation, EU accession talks, strategic questions of Central Europe

Meetings of other Government members

Venue and frequency: as and when the need arises

Main topics: particular questions in charge of corresponding ministries

Meetings of **State Secretaries of Foreign Affairs**

Frequency: twice a year

Main topics: preparation of prime ministers' meetings, working out draft recommendations for the tactic and strategy to be pursued in the co-operation

Ambassadors' meetings – format 4x3 + authorities of the hosting country, rotating venue

Frequency: regularly, in the chairing country at least 4 times a year

Main topics: discussion on the state of Visegrad co-operation

Meetings of Visegrad Co-ordinators

Frequency: twice a year, as and when the need arises, alternately in the four countries

Main topics: reviewing and coordinating the co-operation, preparation of the state secretaries' and prime ministers' meetings

It is foreseen that the Visegrad co-operation will not develop only between the governments, but also other forms of co-operation will be encouraged, such as the meetings of the heads of state, the regular communication between the parliaments, the intensive contacts between "intermediary bodies" of civil society, etc.

In 2002 the V4 decided to indicate the role of V4 President and update the agreement of cooperation

Annexe to the Contents of Visegrad Cooperation approved by the Prime Ministers summit Bratislava on 14th May 1999.

In accordance with the Content of Visegrad co-operation approved by the Prime Ministers summit at Bratislava, the respective Visegrad countries hold a presidency on a rotating basis (in the order – the Czech Republic, Poland, Hungary, Slovakia) with the mandate for one year.

The role of the Presidency is based on the following principles.

Within the external dimension:

1. If a proposal is made for a top-level meeting in the V4+1 format, such initiative will first be discussed among the Visegrad countries and only then presented to a third country by the V4 presiding country.
2. The same mechanism will apply to meetings at lower levels or expert talks held in the V4+1 format.

Within the internal dimension:

1. Expert talks (e.g. at the level of departments of individual ministries) can any time be called by any V4 country. Expert talks need not take place in the presiding country.
2. The ministries themselves organize cooperation between individual ministries.

The presiding country at the beginning of its mandate works out a document summing up the priorities of its Presidency and call expert consultations on this document. The document will include a part devoted to planned inter-ministerial cooperation in the drafting of which all parties will participate. The Prime Ministers at their summit assess results of the implementation of the document and take relevant political decisions in those cases where needed. The fulfilment of such decisions is a subject of an assessment of the next Summit.

Declaration of Prime Ministers of the Czech Republic, the Republic of Hungary, the Republic of Poland and the Slovak Republic on the cooperation of the Visegrad Group countries after their accession to the European Union.

The Prime Ministers of the Czech Republic, the Republic of Hungary, the Republic of Poland and the Slovak Republic, assembled on 12 May 2004 in Kroměříž, state with full satisfaction that the key objectives set in the 1991 Visegrad Declaration have been achieved and declare their determination to continue developing the cooperation of the Visegrad Group countries as Member States of the European Union and NATO.

The Visegrad Group countries regard their accession to the European Union and NATO as a significant step towards the reunification of Europe and as a historic milestone on the path of their democratic transformation, integration efforts and mutual cooperation. The integration of the Visegrad Group countries into the European and Euro-Atlantic structures opens up new opportunities and poses new challenges for their further cooperation on the issues of common interest.

The cooperation of the Visegrad Group countries will continue to focus on regional activities and initiatives aimed at strengthening the identity of the Central European region. In this context, their cooperation will be based on concrete projects and will maintain its flexible and open character.

The Visegrad Group countries are strongly determined to jointly contribute to the fulfilment of the European Union's common goals and objectives and to the successful continuation of the European integration. They reiterate their commitment to the enlargement process of the European Union. They are ready to assist countries aspiring for EU membership by sharing and transmitting their knowledge and experience. The Visegrad Group countries are also ready to use their unique regional and historical experience and to contribute to shaping and implementing the European Union's policies towards the countries of Eastern and Southeastern Europe.

The Visegrad Group countries are committed to closely cooperating with their nearest partners in the Central European region. They are also ready to cooperate in specific areas of common interest with countries within the wider region, with other regional groupings in Europe as well as with third countries and international organizations.

The Prime Ministers of the Visegrad Group countries express their deep conviction that further cooperation between their countries, rooted in centuries of interlinked history and based on similar political, economic and social developments in the past decades, will enrich the community of European nations and contribute to the building of a reunited, democratic and prosperous Europe.

15 February 2011 the Visegrad Group had updated the Declaration. The Bratislava Declaration of the Prime Ministers of the Czech Republic, the Republic of Hungary, the Republic of Poland and the Slovak Republic on the occasion of the 20th anniversary of the Visegrad Group

The Prime Ministers of the Czech Republic, the Republic of Hungary, the Republic of Poland and the Slovak Republic, acknowledging that:

- the establishment of the Visegrad Group represents an important event in the modern history of our nations and countries. It significantly contributed to overcoming the division of Europe imposed after World War II and facilitating the integration of our countries into the European and Euro-Atlantic structures; the "Declaration on Cooperation between the Czech and Slovak Federal Republic, the Republic of Poland and the Republic of Hungary in Striving for European Integration", signed in Visegrád on 15 February 1991, 20 years ago, laid the foundations and put in place a long-

term framework for the modern forms of political, economic and cultural cooperation. The Visegrad Group countries seized the historic opportunity afforded by the fall of Communism in 1989, developed a successful cooperation and based their mutual relations on friendship, good neighbourliness and shared values. The Visegrad cooperation continues to enhance democracy and civil society in Central Europe;

- nowadays, the Visegrad Group is a recognised symbol of successful political and economic transformation and, in many areas, also a model for regional cooperation. The Visegrad Group (V4) countries have become constructive, responsible and respected partners in Europe in implementing EU key priorities and programmes and, through their input, have contributed and will continue to contribute towards the processes of political and economic integration in Europe, including EU and NATO enlargement, in order to promote the prosperity, security and stability of the continent;
- the 10-year successful operation of the International Visegrad Fund (IVF) provides a tangible example of support to various civic, cultural, scientific, educational and innovative projects. Hence, the V4 countries are interested in assuring that the IVF continues to contribute even further towards fostering the civic dimension of V4 cooperation and deepening mutual trust and recognition beyond the V4 boundaries.

Confirming their determination to continue and further develop mutual cooperation aimed at contributing towards a strong, stable and democratic Europe and strengthening its position in the global arena in the interest of peace and sustainable development, they intend:

- to actively contribute to a strong Europe and promote and implement projects aimed at fostering cohesion and enhancing the competitiveness of the V4 and EU in a global context, so as to overcome the impacts of the global financial and economic crisis. In negotiations on the next multiannual financial framework, of which well-targeted cohesion policy and reformed Common Agricultural Policy must remain an integral part, the V4 countries will advocate respect for the principles which strengthen the internal convergence and external competitiveness of the EU. We consider the cohesion policy, which should be the cornerstone of the EU budget to consolidate 2004 and 2007 EU enlargements, to be one of the main factors helping to narrow the existing regional gaps/disparities in the individual Member States. Together with the support of culture, education, research and development, the cohesion policy puts the EU as a whole in a stronger competitive position on the global scene;
- to place strong emphasis on the need to foster European energy security by extending and deepening the internal energy market and by enhanced V4 regional cooperation within the EU framework, to diversify the routes, sources and suppliers of energy carriers and to develop the energy infrastructure, especially by the implementation of the North-South gas interconnections and modernisation of the oil and electricity networks;
- to promote the swift development of the V4 countries' transport infrastructure (road, rail and river) strengthening thus their growth potential, the accessibility for their citizens and cross-border cooperation;
- to develop the principles expressed in the values of the four freedoms which opened up new opportunities for jobs, economic cooperation, trade, investment and contacts among citizens. The V4 countries welcome the full liberalisation of access to labour markets across the EU to be completed in 2011 and will continue to support social and educational inclusion, with special regard to the integration of the Roma communities, based on mutual responsibility;
- to enhance the visibility of the Visegrad Group in third countries both through deeper V4 cooperation within the Common Foreign and Security Policy of the EU and through activities beyond the Union level. The V4 countries will be more determined in translating their unique transitional experience and political perspective into the EU's external policies;
- to facilitate the process of enlarging the area of stability and democracy in the EU neighbourhood and actively contribute towards the implementation of European and Euro-Atlantic ambitions of the countries of Eastern Partnership and continue to support the Western Balkans countries in their EU and NATO integration. The added value of the unique know-how of the V4 and pooled resources of IVF may effectively assist partner neighbourhood countries to turn their integration and democratisation endeavours into success;
- to support and advocate the fostering of Euro-Atlantic links, including the development of close strategic complementarities between NATO and the European Union, which is considered essential for the long-term security of our countries and the entire Euro-Atlantic area. The current international environment poses increasingly complex challenges of a universal nature which go far beyond the means of individual countries. The Visegrad Group will actively contribute towards international efforts in combating terrorism, human and drug trafficking, illegal migration, extremism and other security threats and challenges, including those in the area of cybersecurity, that jeopardise our values and the freedoms of our citizens; to pay significant attention to the endeavours by the EU and its Member States, as well as by the international community, to tackle challenges arising from climate change, support the fight against poverty, and facilitate efficient provision of development assistance.

The member states of the Visegrad Group also desire to cooperate with their closest neighbours, with the reforming countries in the broader region, and with other countries, regional formations or organizations which are interested and with which specific areas of cooperation are found in the common interest and in the spirit of all-European cooperation.

Visegrad cooperation is not institutionalized in any manner. It is based solely on the principle of periodical meetings of its representatives at various levels (from the high-level meetings of prime ministers and heads of states to expert consultations). Official summits of V4 prime ministers takes place on an annual basis. Between these summits, one of the V4 countries holds the presidency, part of which is the responsibility for drafting a one-year plan of action (see the presidency Programs).

The only organization within the V4 platform is the International Visegrad Fund.

The fund – established in 2000 with the aim of supporting the development of cooperation in culture, scientific exchange, research, education, exchange of students and development of cross-border cooperation and promotion of tourism – represents the civic dimension of V4 cooperation. In the majority of cases, the fund provides financing to activities of non-governmental organizations and individual citizens. Apart from grant programs, the fund awards individual scholarships and artist residencies which contribute to the exchange of views in the V4 region and the neighbouring countries.

The annual contributions to the fund by the governments of the Visegrad Group countries have had an

increasing tendency. The 2004 Kroměříž Summit of Prime Ministers increased the funds to the amount of €3 million per year effective from 2005, €3.2 million as of 2006, €5 million per year effective from 2007, €6 million as of 2009, €7 million as of 2012, and €8 million as of 2014.

The Visegrad Group cooperates with other regional bodies, as well as with single countries in the region and beyond on an ad-hoc or regular basis. The Benelux countries, countries of the Nordic Council of Ministers, countries within the EU's Eastern Partnership and the Western Balkans belong to the Group's priorities.

Three crucial areas of Visegrad defence cooperation were identified in the recently signed document Long-Term Vision of the Visegrad Countries on Deepening their Defence Cooperation:

1. Capability development, procurement and defence industry;
2. Establishment of multinational units and running cross-border activities;
3. Education, training and exercises.

Acknowledging that the V4 Defence cooperation has moved on over the last year, the already mentioned areas were perceived as a base for the Action Plan of the Visegrad Group Defence Cooperation and hence worked out into following subareas:

- Joint V4 EU Battlegroup
- Defence Planning Cooperation
- Joint Training and Exercises
- Joint Procurement and Defence Industry
- Military Education
- Joint Airspace Protection
- Coordination of Positions
- Communication Strategy

The results of GDP dynamics in Ukraine before the EU integration process and after first major steps are shown in (figure 1). It is clearly seen that GDP was decreasing during 2014-2015. Official statistics state that GDP declining in 2014 in comparison to 2013 was about 7% in the decline was 9% in 2015 in comparison to 2014. The above-mentioned results are usually explained by the military confrontation at the East of Ukraine and the process of reorientation from the Russian market to EU market.

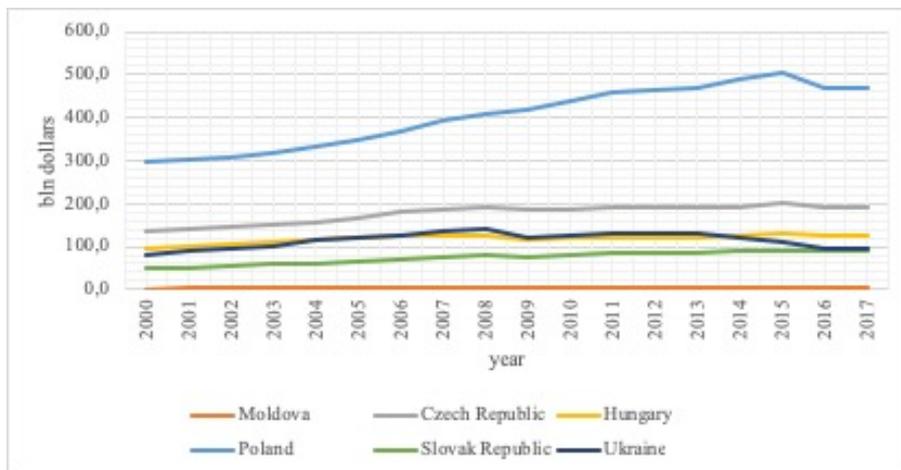


Figure1 — Dynamic of GDP in Ukrainian, Moldova and Visegrad Group (2000-2017), bln euro (Source:Data from database: World Development Indicators)

On the other side, according to Ukrainian Statistics, the GDP of the second quarter of 2016 is about 18.9 billion euro, which is higher than in the second quarter of 2015 by 18.9%. If we analyze the dynamics of GDP in Visegrad group counties (Czech Republic, Hungary, Poland, Slovak Republic) we can see that the GDP after EU integration (2004) has been increasing compared to 2000. The same results we can see in Moldova. That is why we may predict that GDP will increase in the medium or long run perspective.

Table 1 Comparison dynamic of GDP in Ukrainian, Moldova and Vysegrad Group (compare to 2000), %

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Moldova	6%	14%	22%	31%	41%	48%	52%	64%	54%	65%	76%	74%	91%	100%	99%	111%	106%
Czech Republic	3%	5%	9%	14%	21%	30%	37%	40%	34%	37%	39%	38%	37%	40%	46%	40%	39%
Hungary	4%	9%	13%	18%	23%	28%	29%	30%	21%	22%	24%	22%	24%	29%	33%	30%	134%
Poland	1%	3%	6%	12%	16%	23%	32%	37%	41%	46%	53%	55%	57%	63%	68%	57%	57%
Slovak Republic	3%	8%	14%	20%	27%	38%	53%	62%	53%	61%	65%	68%	70%	75%	81%	77%	78%
Ukraine	9%	15%	26%	41%	45%	55%	68%	71%	46%	52%	60%	60%	60%	50%	35%	14%	14%

Source: Data from the database: World Development Indicators.

The Visegrad Group has become a well-established brand and a respected partner. It will remain open to cooperation based on common values with countries and other regional groupings through the V4+ format.

Questions

1. Explain the reason for developing the V4 Group.
2. Describe the main achievements of V4 Group.
3. Main principles of V4 as an economic union.

Practice task

Write the essay (choose one of the themes) and send to your lecturer's email

1. Describe the current economic results in Hungary.

2. Describe the current economic results in Poland.
 3. Describe the current economic results in the Czech Republic.
 4. Describe the current economic results in the Slovak Republic.
 5. Image Ukraine as a member of V4 Group. Explain the main challenges and opportunities for Ukraine and V4 Group.
1. Rácz, György: "The Congress of Visegrád". In: Visegrád 1335. Bratislava, 2009, pp. 19-29. <http://www.Visegradgroup.eu/congress-of-Visegrad/gyorgy-racz-the-congress>
 2. György Rácz: The Congress of Visegrád (2018). The Visegrad Group. Access: <http://www.Visegradgroup.eu/3-september-1335/3-september-1335-110412>
 3. Čarnogurský, Ján. (2018). Visegrad Today and Tomorrow. <http://www.Visegradgroup.eu/the-Visegrad-book/carnogursky-jan-Visegrad>
 4. The World Bank Group. (2015). GDP at market prices (current US\$). – Access : <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD/countries/PL?page=2&display=default>

Theme 2: Visegrad Economic and Political Integration with EU

One of the priorities of the Visegrad Group (also known as the 'Visegrad Four' or simply 'V4') is to engage in a regional activity through the European Union, which constitutes a unique form of regional and political cooperation. Each V4 partner has the same opportunity of potential for action during the rotating presidency which runs from early July to late June the following year. The Visegrad cooperation started in February 1991 when president of the Republic of Poland Lech Wałęsa, president of the Czech and Slovak Federal Republic Vaclav Havel and Prime Minister of the Republic of Hungary József Antall signed the Visegrad declaration, which has been treated as a form of cooperation of the three, and later four, post-communist countries.

The Visegrad Group reflects the ongoing efforts of the countries of the central European region to cooperate in a number of fields of common interest within the European integration. Despite the diverse roots of their religious and social backgrounds, particularly economic and geopolitical interests, the Czech Republic, Hungary, Poland and Slovakia have always been part of a common civilization sharing cultural and intellectual values. Concerning institutionalization, the structure of the Visegrad Group is based solely on the principle of periodical meetings of its representatives at various levels.

All the V4 countries strived to become members of the European Union. Thus, it was perceived as a step forward in the process of mutual support in Europe. Finally, the goal was reached in 2004 by all of them joining the EU. The Visegrad Group has not come to compete with the existing central European structures in the all-European integration efforts. Its cooperation is in no way focused on the weakening of ties with other countries, but instead, the Group aims at encouraging an optimum collaboration with all countries with the ultimate interest of democratic development in whole Europe. All the activities of the Visegrad Group are to build the European security and strengthen stability in the central European region. This cooperation is perceived as a challenge to prove that the participating countries are able to integrate into the European Union structures as well (Jan, 2016).

According to the report "Revival of the Visegrad Countries' Mutual Trade After Their EU Accession" (Foster et al., 2011) after the Visegrad countries' accession to the EU in 2004, one of the most remarkable developments was the sudden upturn in mutual trade. In 2007 the value of aggregate intra-Visegrad trade was two and a half times higher than in 2003. The rate of growth in these countries' trade with the 'old' EU member states was only half as much. In the post-accession years, each of the Visegrad countries had higher (in most cases substantially higher) exports growth rates in the trade with individual members of the group than in trade with the EU-15. Also, individual Visegrad countries had higher export growth rates to other Visegrad members in the post-accession period than in the years before EU accession (Foster et al., 2011). Besides, in 2017 the value of aggregate intra-Visegrad trade was three and a half times higher than in 2003.

According to a report of the Erste Group, through participation in the EU, the GDP of the Visegrad Group has grown by about 1 % per year. Each of the four countries has also recorded a growth of GDP per capita – more than by double in Slovakia and Poland. National buying power (capacity) of the four countries has reached an average of 65% for the old EU (EU 15). For 10 years the pay gap has decreased by one third.

The accession to the EU has provided companies from these countries with new opportunities to access a single market of over 500 million customers. This has brought benefits in terms of increasing exports with the growth noticeable in all four countries. Export of the Visegrad Group countries has been growing three times faster than that of the EU15. Export has become one of the most important assets of the region. Three of the four countries (Slovakia, Hungary and the Czech Republic) were ranked among the five most open economies in the EU. Currently, the Visegrad Group is the fourth largest exporter in the EU – an improvement compared to the sixth position of 2003.

The V4 performed well on world markets. The level of their exports to non-EU countries has increased fourfold since 2003. Together they have also become the second (after Germany) the largest manufacturer of cars in the EU.

Quality of life in Poland, the Czech Republic, Hungary and Slovakia have risen more than in the UK and Germany during the last ten years. 'Ten years after the EU accession, the socio-economic progress in V4 is plain to see. The EU membership has boosted both the economic strength and the relevance of V4 countries.' – emphasizes Juraj Kotian of the Erste Group (Jan, 2016).

These developments are reflected in the changes concerning the geographical distribution of trade. While the relative significance of trade with other Visegrad countries increased substantially both in the immediate pre-accession years (2000-2003) and the immediate post-accession years, the shifts were

stronger in favour of intra-Visegrad trade in the years after accession for all four countries and in both exports and imports. The post-accession increment relative to the pre-accession increment in intra-Visegrad group trade was especially remarkable in the case of Hungarian and Slovak exports and Czech imports. In 2007 the Visegrad group's share in Hungarian exports and imports was already substantially higher than in 1985, then still under the extreme protectionist umbrella of the CMEA. The same is the case for Poland's intra-Visegrad exports (the 2007 Visegrad share in imports still lagged somewhat behind the 1985 share). For the Czech Republic and Slovakia, no such comparison can be made as these two countries still constituted one common state back in 1985 and their trade was internal and not foreign trade. However, the recent changes are highly interesting: The share of intra-Visegrad exports in total Slovak exports decreased substantially in the years before EU accession only to undergo a strong revival after the accession. In imports intra-Visegrad purchases made up one-fifth of total Slovak imports in 2000; three years after the country's EU accession this share was close to one third. In 2009 the value of Slovak imports from the Visegrad group amounted to as much as three-quarters of the imports from the EU-15. Though less spectacularly, the relatively high share of the Czech Republic's trade with the Visegrad group in its total trade reflects the continuation of the Czech-Slovak special relations nearly two decades after the peaceful separation of the two entities.

This clear increase in the relative significance of intra-Visegrad trade for each member of the group must appear as a loss of relative significance for other trade partners. In the case of exports, the shrinkage of this group's share accelerated substantially after the Visegrad countries' accession to the EU, with the exception of exports to Slovakia. The same decrease in the significance of the EU-15 took place in imports, too, but here the shrinkage was somewhat slower after the EU accession in the case of two countries, the Czech Republic and Hungary.

That means that EU accession gave an important impetus to the mutual trade of the countries concerned. This sudden acceleration of trade expansion cannot be explained by the removal of trade barriers upon accession. Free trade for industrial commodities had been long in place. Most of the restrictions on agricultural and food industry products had also been removed by 1 May 2004 already, and this applies to trade with the EU-15 and intra-regional trade as well.

In order to find an answer to the question what is behind the extraordinary intra-Visegrad trade expansion, our attempts were focused on changes in the commodity composition of commodity and services trade and characteristic features of FDI flows before and after the Visegrad countries' accession to the EU. Research on developments in commodity trade included traditional descriptive analysis of trade flows, the decomposition of trade flows by factor inputs and skills, an investigation of trade increments via marginal intra-industry trade indicators, intensive and extensive margins of trade expansion and finally by revealed comparative advantage indicators (Foster et al., 2011).

During the 10 years of EU membership, V4 countries have experienced economic growth and strong income convergence. In order to maintain the income convergence and utilize further benefits from the EU, the Visegrad Four needs to explore more possibilities in production and export, improve the quality of institutions and raise the share of EU funds. Moreover, there are several motivational factors toward which the V4 should orientate. The most crucial elements for Poland are the increase of spending on research and development and the transition to an innovative model of economy and administration. Slovakia should reform its public institutions and increase the flexibility of the labour market. Recommendations for Hungary are to increase the use of EU funds, reduce public spending and improve the employment rate. Czechs should reduce corruption and increase the efficiency of institutions, support the investment and diversification of energy sources.

Concerning the short-term challenges, it is essential to focus on networking and improving people-to-people contacts between eastern and central Europe through various national programmes and initiatives of individual V4 partners. In order to facilitate the development of such networking, the V4 signed an agreement on a gradual and conditional exit of the visa regime during the second eastern partnership summit in September 2011. The V4 efforts of easing visas should be presented to the EU. These activities show that the residents of eastern European countries are treated with more sensitivity and remarkable commitment to the V4 borders.

Speaking of the key projects from a long-term perspective, the Visegrad area needs an active agenda of effective, successful and efficient projects to extend the level of common interests and obligations. Even though the V4 has limited economic and financial tools, the idea is to encourage the EU to include these needs in the scope of the EU's external financial instruments. Recently, there have been several projects focusing on the accession of the South Caucasus to the EU or the development of gas trade between Ukraine and Slovakia, Hungary and Poland.

Taking into account the current situation in Ukraine, the reason for continuing to strengthen the general EU policy towards Eastern partnership countries and the south Caucasus is even more visible, transparent and understandable. However, treating Ukraine and Moldova in the same way as Belarus or Armenia might be seen as quite risky and inadequate. The latter two have limited interest in central Europe and the EU accession, contrary to Moldova with a fast pace of changes in progress. Such cooperation is mostly created to achieve free trade, democratic transitions, finalizing negotiations on Association Agreements, especially in the case of Georgia, Moldova and Ukraine. Towards Moldova and Ukraine, the EU should make a much more joined effort to offer them more ambitious propositions which come up to the countries' expectations as reflected in the political declarations on future accession. Besides, the Visegrad Group can engage them more in the V4 cooperation which can also help to approach the EU and on the long run the V4 may serve as an EU group for the additional amelioration of the eastern partnership in negotiations with the EU.

Since a few more other countries from central Europe have stated that they are interested in the eastern partnership, it should be a clear sign for considering a formation of a broader platform directed at east European countries. This would strengthen the position of the V4 in the EU and would also improve the ongoing eastern partnership programme of the new EU states. Bearing in mind the Visegrad plus platform of cooperation, the V4 should promote the eastern partnership to a broader central European structure. Visegrad Four should cooperate within the European Union not only by consulting on current issues of common interests but also by actively contributing to the development of the 'Wider Europe - new neighbourhood' policy and the EU strategy towards the new Member states (Jan, 2016).

The Visegrad Four can be regarded as one of the most successful initiatives in central Europe. It consists of mutual relations at all levels - from political summits to activities with non-governmental associations and numerous networks of individuals. Twenty years ago, the Visegrad Group was seen by many European countries as a group of partners without significance. Now the V4 has a rightful place with one credible voice that affects not only the V4 group but also the European Union as a whole.

From the Polish perspective, the aim of the Visegrad Group is to further strengthen the V4 position within the international forums and to achieve a further EU enlargement. It is important to maintain both EU and intra-group cooperation in order to defend the achievements of freedom, deepen the single market, maintain a positive attitude towards the common EU budget and strengthen the enlargement policy. Despite the persisting crisis, the V4 states pursue the integration process regardless of the

expenses of transformation and other problems which may occur in aligning with EU requirements.

Concerning the issue of the geopolitical position of the V4, it is natural that they will support the further sustainability of the EU project, the EU enlargement policy and the development of neighbourhood policy. The V4 should cooperate with the eastern partnership area in order to successfully complete the EU integration process, which requires further transformation during its progression. And this can be a key role for the Visegrad Group.

Since re-joining Europe, the V4 countries – isolated from the rest of democratic Europe for over half a century – have markedly shown the EU their growth potential and ability to cope with challenges caused by globalisation. This cooperation has reached an impressive degree of intensity based on the mutual bonds and common interests of V4 states. owing to this situation, the Visegrad Group has earned an adequate place in the political, social and economic European stage. one cannot treat the Visegrad Four as a sole unanimity, as according to the EU, this cooperation provides a valuable additional impact on the regional stability while being beneficial for the whole EU.

As far as the future areas of the Visegrad cooperation in the EU are concerned, the Visegrad Group is likely to effectively support the interests of central European EU Member states in order to articulate policy ideas important to the region and the entire EU. The offered opportunities include communication, emphasis on the objective community of the common interests and the role of regional and V4 cohesion. Moreover, Poland as being a part of the V4 wishes to follow the examples set during the past presidencies and carry on changes and transformation based on their experience. The 'V4+' format proved that it is advisable to include other partners in the cooperation for the next projects as a way to further consolidate the achievements of the EU enlargement process and the potential of Eastern Europe.

These days, the four Visegrad Group countries within central Europe have become known as the summary of contemporary European success. Václav Havel came to the Polish parliament in 1990 stating that: '(...) we have an opportunity to transform central Europe from what has been a mainly historical and spiritual phenomenon into a political phenomenon ... we can offer the inspiration to consider swift and daring solutions.' That was and still remains the challenge for the V4. By cooperating, together they represent a common powerful brand – they constitute the essence of the Europeans who have not given up on Europe and are determined to make Europe a success (Jan, 2016).

Write the essay (chose one of the themes)

1. Explain the main features of the economic integration of V4 with EU
 2. Explain why did Poland save the national currency? What was the main issues and advantages of that?
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 2. Dragoi, A. E. (2014). Republica Cehă (Czech Republic)
 3. Jan, P. (2016). The role of the Visegrad Cooperation in EU Foreign Relations. *Pro Publico Bono-Magyar Közigazgatás*, (3), 83-90.
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Theme 3: Visegrad countries trade within EU and external after the EU accession

The dynamic development of foreign trade is important for the stable economic position of each country. It can be considered as a confirmation of the actual efficiency of the national economy and its ability to be competitive in the global economic system. The growth of this trade is particularly essential for Ukraine, taking into account the crisis situation in the country. In this paper, we analyse main tendencies of the export trade of Ukraine with Visegrad countries (Czech Republic, Hungary, Poland and the Slovak Republic) and examine whether there is a relationship between the level of GDP and the volume of export activities between these countries.

It should be noted that various agreements were concluded between Ukraine and each country of the V4 group regarding economic and trade relations. These agreements made the business competitiveness, not only for Ukraine itself, higher. Even the V4 countries benefit from this cooperation. The principal sectors of the economy are industry, agriculture and the area of scientific as well as technical cooperation.

Furthermore, all V4 countries are members of the European Union at present. Only the Slovak Republic also belongs to the Euro area (19 members in 2017). All V4 countries have advantages coming from being the EU members. Above all, they have financial benefits, such as using the finances from major Structural & Investment Funds (each focused on several key priority areas), Grants or Contracts (European Commission, 2017a). Nevertheless, being part of a larger economic or political group does not always mean a positive economic impact on a particular country or region. The final GDP indicator per capita reflected the initial negative results in the areas of productivity and employment. That is the reason why the Ukraine-EU Deep and Comprehensive Free Trade Agreement (DCFTA) regulate many aspects of business cooperation between the countries. SMEs in Ukraine even have access to the financial support of € 200 million from EU grants thanks to this agreement (European Commission,

2017c).

Even though Ukraine belongs to one of the largest countries situated in Europe, it is not the EU member on the contrary to the countries of V4 group. Still, Ukraine made the following agreements enabling cooperation with the V4 countries:

- with the Czech Republic: Treaty on Friendly Relations and Cooperation between Ukraine and the Czech Republic, Agreement between the Government of Ukraine and the Government of the Czech Republic on Economic, Industrial, Scientific and Technical Cooperation;
- with Hungary: Treaty on Basics of Good Neighbourhood and Cooperation between Ukraine and the Republic of Hungary, Agreement between the Government of Ukraine and the Government of the Republic of Hungary on Economic Cooperation;
- with Poland: Treaty between Ukraine and the Republic of Poland on Good Neighbourhood, Friendly Relations and Cooperation, Agreement between the Government of Ukraine and the Government of the Republic of Poland on Economic Cooperation;
- with the Slovak Republic: Treaty on Good Neighbourhood, Friendly Relations and Cooperation between Ukraine and the Slovak Republic, Agreement between the Government of Ukraine and the Government of the Slovak Republic on Economic, Industrial and Scientific and Technical Cooperation (Nagyová et al., 2018).

The present V4 group has declared a few common targets since its foundation in 1991, on which their cooperation within as well as outside the group is based. The targets are as follows: development of democracy and state sovereignty, protection of human rights, working on a modern market economy, taking part in European economic, political, security and legal systems. (Visegradgroup, 1991). All V4 countries have found various ways of cooperation in social as well as business areas with Ukraine.

A driving force of Ukraine and its economy are household expenses (60%), whereas the investments form just 20%. A decrease in revenues caused by this can be regarded as a barrier to economic growth. It is an unbalanced distribution of investment incentives that prevent Ukraine companies from having innovative potential and therefore, causing a decline in their revenues (Nagyová et al., 2018).

According to the data from the State Statistics Service of Ukraine (2017), the export share on GDP oscillates between 45-48%, whereas the import values slightly exceed and form approximately 48-52% of GDP. The European Commission (2017b) has shown a database about the development of international trade between EU and Ukraine. Among the main export trade flows from Ukraine are as follows: base metals and articles thereof; vegetable products; mineral products; machinery and appliances; animal or vegetable fats and oils; foodstuffs; beverages; tobacco; products of the chemical or allied industries. On the contrary, the following products are mostly imported: mineral products; machinery and appliances; products of the chemical or allied industries; plastics, rubber and articles thereof. The highest share in export (34%) as well as in import (40%) represents the importance of a territorial link between Ukraine and EU as a whole. These most important link of Ukraine concerning international trade is the area of the Russian Federation. (BusinessInfo.cz, 2016) Doing business within EU has been made possible since 1st June 2016 by DCFTA, which is a part of the Association Agreement (AA). The Eurostat indicators (2017) highlight a small share of import (0.4%) as well as the export of Ukraine to Eurozone countries (where only Slovakia is the member from the V4) (Nagyová et al., 2018).

The V4 countries are connected by history, including economic history. For hundreds of years the Czech Republic, Slovakia and Hungary were part of the Austrian Empire, and for several decades they were part of the economic organization Comecon (Council for Mutual Economic Assistance), alongside Poland. In the 20th century, the Czech Republic and Slovakia were one state. Therefore, the trade ties between the countries of the V4 should be very strong.

However, for all of these countries, the most important economic partner is Germany which participation in both the exports and imports of the countries of the Visegrad Group is usually several times larger than that of the other partners. Germany accounts for one-fourth of Poland's trade turnover, 27 % of the trade turnover of Hungary and the Czech Republic, and 20 % of the trade turnover of Slovakia (Witold Gadomski, 2016).



Figure 1. Main trade partners of each member of V4

Source: Witold Gadomski, 2016; Nagyová et al., 2018.

Although it seems to be an insignificant share from Eurozone's perspective, for example, Germany represents a very important business partner for Ukraine. The V4 countries are other important European partners, and these are in the following order - Poland, Hungary, Czech Republic and Slovakia (European Commission, 2017c; Nagyová et al., 2018).

Over the years, the Visegrad Group was more of a geographical rather than a political concept. Currently, there is a political rapprochement between the countries of the group.

Is it possible to deepen economic integration as well? In order to answer this question, it is worth taking a look at the economies of the four countries of the group.

The Visegrad Group (V4) was established after the meeting of the Presidents of Poland and Czechoslovakia and the Prime Minister of Hungary on February 15th, 1991 in a castle in the Hungarian town of Visegrád. The meeting alluded to the meetings of the kings of Poland, Bohemia and Hungary held in this town in 1335 and 1338.

After the dissolution of Czechoslovakia, the Visegrad Triangle turned into the Visegrad Four – Poland, Hungary, the Czech Republic and Slovakia – but the relations between the four countries were not devoid of competition. However, in recent months the Visegrad countries are trying to create a block within the European Union, presenting a common position on various issues.

The countries of the Visegrad Group have a population of 64.3m, which accounts for 12.7 % of the population of the European Union. In the year 2015, they generated a combined GDP (at current prices) with a value of EUR781.5bn or 5.3 % of the GDP of the European Union. The exports of the V4 group (both inside and outside the European Union) amounted to EUR484.4bn, or 9.9 % of the exports of all the countries of the European Union.

While in terms of the population the V4 group could be compared with Germany, its GDP is nearly 4 times smaller, and the exports are 2.5 times lower. The total GDP of the V4 at current prices is a little larger than that of the Netherlands, and after adjusting for the purchasing power of the currencies it is more or less equal to the GDP of Spain.

The V4 countries are still among the poorest in the European Union, even though for the last 25 years they have been growing faster than the countries of Western Europe. The Czech Republic is about 15 % points below the EU28 average, Slovakia – 23 % points, and Poland and Hungary – over 30 % points below. Hungary, which was much more affluent than Poland in the early 1990s, has been overtaken by Poland in recent years (Witold Gadomski, 2016).

Also, in terms of direct investment, it is capital from Western Europe that prevails in the countries of the V4. In Poland, until the end of 2014, the largest investments were made by capital from the Netherlands, followed by Germany, Luxembourg, France, Spain, Italy, Cyprus, Austria, the USA and the United Kingdom. Hungarian companies invested EUR648m, Slovakian companies – EUR337m and Czech companies – EUR172m. More money was invested by companies from more distant countries: Malta (EUR733m), Norway (EUR1.032bn), Finland (EUR1.5bn) and Denmark (nearly EUR3bn).

In the Czech Republic until the end of 2014 (the Czech National Bank still has not published the data for 2015), the first place was occupied by capital from the Netherlands, followed by Austria, Germany, Luxembourg, France, Switzerland, Cyprus, Slovakia and the USA. Until the end of 2014 Polish investment in the Czech Republic amounted to EUR1.314bn, which puts Poland in 13th position in the ranking.

The National Bank of Slovakia provides information about foreign direct investment only up to the year 2008. Up to that year, the largest direct investments were carried out by companies from the Netherlands, followed by capital from Austria, Italy, Hungary, the Czech Republic, Cyprus, Luxembourg, South Korea, the USA and France.

In Hungary, the largest investments were made by companies from the Netherlands followed by Germany, Austria, Ireland, the United Kingdom, Belgium, Cyprus, France, Italy and Japan. Polish companies invested EUR204m, Czech companies – EUR 96m and Slovakian companies – EUR83m.

The economies of the four countries of the Visegrad Group are similar to each other. They have a high share of industry in their GDP, they are trying to attract foreign investment and they are competing against each other in that field by striving to offer the best conditions. They are dependent on the import of raw materials (mainly from Russia) and they are looking for markets, primarily in Western Europe. With all due sympathy – for the time being, the conditions for a deeper economic integration of the Visegrad countries are nowhere in sight (Witold Gadomski, 2016).

The European Commission's (2015b) annual country reports on research and innovation (R&I) identified a number of persistent challenges for the V4 countries. There is weak national funding and underdeveloped public-private collaboration, as well as the low embeddedness of MNCs in the national economy, and low co-operation between MNCs and national universities and research centres. This is compounded by underdeveloped and/or unstable systems of R&I governance. Other weaknesses include low levels of innovativeness amongst domestic small and medium-sized companies (SMEs), lack of a clear thematic focus in publicly funded research, and hesitant integration of national R&I systems into the European Research Area – for example, low participation in the framework programmes, and in European joint technology initiatives and partnerships.

Some of these structural challenges stem from the history of economic development in the 1990s and early 2000s. The MNCs entered the V4 markets principally because of the low effective costs of production inputs, labour costs in particular. They have tended to retain their research activities and other knowledge-intensive services in their headquarters. Eurostat data on sources of GERD finance do indicate a gradual shift towards more sophisticated activities in the V4 countries, in the Czech Republic and Hungary in particular. However, both the MNCs and domestic enterprises had to cope with a weak supply of high-quality research resources in the V4 countries. Business-oriented research largely disappeared during the turbulent 1990s. Universities and government research facilities tried to insulate themselves from market forces and refocused their attention on basic research and mass education. Research excellence was limited.

There were mixed trends in the internationalisation of R&D in the V4 countries. The Czech Republic and Hungary achieved average success rates in FP7 research projects in 2007-2014, but Poland and Slovakia had quite low success rates. All the V4 countries accounted for below-average patenting activity rates and high-quality scientific publications in the mid-2010s. Researchers from the CEE countries were also more likely to publish in their national languages and received relatively fewer citations per paper than authors from the EU15. This may reflect 'poorer knowledge of publication standards and publication strategies as well as inadequate levels of proficiency in English, but also perhaps poorer standards of research resulting, inter alia, from weaker international collaboration' in the CEE countries (Balaz et al., 2016).

Amongst the CEE countries, the Czech Republic and Hungary had the best publication results. Some of the long-term structural challenges to national R&I systems were similar in the V4 and southern Members of the EU. The country reports on the Spanish, Portuguese and Greek national R&I systems, for example, refer to 'fragile and unstable systems of the R&I governance'; 'low business demand and private investment in R&I', and 'low innovativeness by the domestic SMEs' (European Commission 2014).

The V4 countries have tried to overcome these weaknesses with support from the European Commission. A significant part of the structural fund resources, for example, was channelled to national R&I systems in the V4 countries. Their weak national R&I systems, however, had limited absorption capacity. In order to improve spending rates, some national governments allocated most structural funds for research-to-research infrastructure projects. Investments in research infrastructures, however, were not matched by national investments in human resources, or by necessary reforms of national R&I governance. Low levels of research excellence and poor interconnections between the industry and academic sectors were evident in the below-EU average values of indicators for commercial and non-commercial research outputs (Balaz et al., 2016).

Becoming part of the EU opened new opportunities for companies in V4, as they got access to a single

market with more than 500 million customers. This yielded fruit and export dynamics across all V4 countries have been remarkable. In fact, exports turned into one of the most important advantages for the region, as three out of four V4 countries (Slovakia, Hungary and the Czech Republic) rank in the top 5 most open economies in the EU. V4 countries were outperforming old member states in export growth by a wide margin. Exports of V4 countries grew three times faster than exports of old EU15. The V4 region now ranks as the fourth largest exporter in the EU28 (compared to the sixth position in 2003), becoming a real heavyweight among European exporters. At the same time, V4 countries were also successful in external markets – their exports to non-EU28 countries have quadrupled since 2003.

On the other hand, the EU enlargement provided a unique opportunity for companies in Western Europe to build new or scale-up existing production capacities in the V4 that made them more competitive both on the internal EU market and the external market. Car manufacturing became the most prominent export-oriented industry in the V4. V4 countries have been persistently outperforming car production in old member states and the V4 became the second largest car producer in EU after Germany.

The Austrian economy has also benefited from V4 countries' EU accession. The share of exports going to V4 countries in Austria's total exports increased from 8.9% in 2003 (the year before entry) to 12.4% in 2012. The biggest growth as an export destination was seen in Slovakia (also influenced by the adoption of the euro in 2009), from 1.3% in 2003 to 3.5% in 2012, while Hungary was the only country of the four to lose some of its importance as an importer of Austrian goods and services (from 3.6% to 2.9%). This negative development could be partly explained by the depreciation of the HUF against the EUR in recent years. With exports, an important component of Austria's economic growth, the above-mentioned extension of the export market, accelerated by the V4 entry into the EU, had a stimulating influence on the Austrian economy.

Along with the trade liberalization, EU funding is playing a critical role for V4, facilitating projects that improved the infrastructure landscape and supported the SMEs. Further EUR 135.4bn are earmarked for V4 within the new budget allocation for the Cohesion Policy 2014-2020.

The Visegrad cooperation had its own special integration mission to accomplish. This was not the reconstruction of a *petite entente* as there was no great power working behind the scenes to control the member states or even coordinate their cooperation. Similarly, there was no push to revive the Yalta system, which was the structure that the newly independent states most wished to avoid. The integration sought not to pit the states against one another but to provide a proactive tool for their cooperation. As there was no existing model for such habitual use, only limited rules were adopted. In fact, this system of cooperation remains special since it *continues to lack* the following elements:

1. An organised structure.
2. Fixed and written rules of cooperation. (The system is flexible.)
3. Official headquarters. (Through a special annual rotation system, each member state takes on the tasks of the presidency every fourth year. The Czech presidency, for example, extended from July 2015 until June 2016.)
4. A strict agenda.
5. More than one functioning organisation. (The Group's organisation, International Visegrad Fund (IVF), is based in Bratislava and has an annual budget of 8 billion Euro that is paid by the four member states. This is also the basis for the scholarships offered by IVF.)

The success of the Visegrad Four (V4) has, thus, been based on the effectiveness of their cooperation, and this is also what may guarantee the Group's survival. The size and influence that these countries may achieve if they are united by common aims cannot be ignored. According to the data, if the V4 were a single country, then its total population of 64,301,710 would make it the 22nd largest state in the world and the fourth largest in Europe.⁷ From the standpoint of economic potential, the Visegrad Group is the world's 16th–17th largest economy (Smidt, 2016).

Intra-EU trade generated some 79% of total exports of goods in the Czech and Slovak Republics and Hungary, and 72% in Poland, in 2014. The geographical patterns of trade were considerably different from those of the southern EU Members. Spain and Greece, for example, exported only about one-half of their goods to the EU.

Germany has been by far the largest partner in intra-EU trade since the early 1990s, and it has also been the largest investor in the V4 economies: these features are interrelated. Germany's FDI helped establish strong export-oriented automotive, electrical engineering and machinery industries in the V4. German- and French-owned subsidiaries of the MNCs ranked amongst the most important importers and exporters of intermediate goods, and final products to/from the V4 countries. In addition, some cross-border trade exchanges reflect continuities from pre-1989 trade patterns. The Czech Republic, for example, remained Slovakia's second most important partner until the mid-2010s.

The concept of comparative advantages provides insights into trade composition. This implies that marginal factor productivities are significantly higher in the exporting than the non-exporting sectors; small open economies should specialise in limited portfolios of exported goods, and foreign investors should prefer export-oriented sectors with above-average marginal factors productivities. These principles seem to apply to the V4 countries. The most important merchandise exports of the V4 countries were concentrated in a relatively limited number of product groups (cars and car parts, consumer electronics and products of electrical engineering), which corresponded with the industries receiving the highest volumes of FDI. The V4 group's competitive advantage in EU export markets is indicated by the Balassa index of revealed comparative advantage (RCA) which, for example, indicates that consumer electronics and electrical engineering accounted for disproportionately high shares of V4 countries exports in the 1990s, 2000s and 2010s.

Cars and car parts, consumer electronics, products of electrical engineering, and basic metals and metal products ranked amongst the most import exports of the Czech and Slovak Republics, and Hungary by 2014. Poland had a similar product structure but also had strong furniture and shipping exports. Moreover, the concentration of the degree to which exports and imports are focused in a few products points to a very high increase in the concentration of exports in a small number of export items for Slovakia, and high increases for the Czech Republic and Hungary in 1995–2013. These small and open economies tended to overspecialise in a relatively small number of export items. Slovakia, in particular, became extremely dependent on exports of cars and consumer electronics. The concentration indices stagnated in Poland and decreased in Portugal and Spain in the same period. The changes in the concentration indices related to the rapid and deep integration of the V4 countries into global value chains. The strategy of export concentration had its own risk, and the overspecialised V4 economies (SK, HU and CZ) experienced the deeper slowdown in economic growth after 2008 than Poland, which had more diversified exports (Balaz et al., 2016).

The integration of the V4 countries into global value chains boosted the exports of goods much more than services. While the absolute volume of service exports grew, the relative shares of services in total

exports decreased significantly in all V4 countries (1990–2014). This was the opposite of the general EU trends. The concentration on exports of goods is a potential weakness of the V4 economies in contrast to advanced EU and OECD economies which focus more on high value-added services. International transport, travel and tourism were the most important items in the service trade of the V4 members rather than knowledge-intensive business services. This reflects the underdevelopment of the knowledge economy sectors of the V4 countries in the mid-2010s.

In the short term, the integration of the V4 countries into the EU boosted their economic growth via the low costs of production inputs and the influx of FDI. However, their integration into global value chains also means that, in the long term, the competitiveness of the V4 countries will depend on the continuing competitiveness of European exporters in the global economy. This will differ between the smaller and more open economies and Poland. The high degree of openness of small and open economies may have reduced their exposure to domestic shocks while Poland, on the other hand, remains more exposed to shifts in domestic demand.

Changes in foreign trade patterns were inextricably linked to new patterns of foreign investment. FDI was a key element of the neoliberal model of transition. It played an important role in privatisation, deregulation and liberalisation, and was considered essential for ensuring competition in national markets, as well as the transfer of technology, knowledge and capital at a time when national financial markets were weak and deformed (Sheehy 1994; Balaz et al., 2016). The assumed benefits of FDI did not automatically follow the big bang economic reforms and the Europe Agreements. The V4 countries had to compete for the EU's financial and knowledge resources with incumbent EU members (Spain, Portugal and Greece, in particular), and other Central Eastern European countries such as Slovenia, Romania, Bulgaria and the Baltic countries. However, they had several key advantages. First, they had favourable geographical locations, and either bordered or were close to Germany and France, two major EU economies. Portugal, Greece, Romania and/or Baltic countries had more peripheral locations. Strategic locations between Western and Eastern Europe and geographical proximity to the EU and Russian markets were valuable assets for their export-oriented industries. Geographical location was particularly important in determining FDI inflows in all the transition economies in Central Eastern Europe (Estrin and Uvalic 2014; Balaz et al., 2016).

Second, they had favourable labour costs and educational strengths. Average nominal gross earnings were 4–5 times lower in the V4 countries than in Spain or Greece in the mid-1990s. The gap somewhat narrowed in the mid-2010s, but gross wages are still 2–3 times lower in the V4 countries than in Spain or Greece (Eurostat 2015a, Balaz et al., 2016). Educational attainment was also higher in the V4 countries than in the southern EU Members. The southern EU Members, for example, had slightly higher population shares with graduate qualifications, but also much higher shares with less than primary and/or lower secondary education in 2004 (Balaz et al., 2016). This reflected the existence of relatively well-developed systems of secondary education and vocational training in the V4 countries. This strong technically oriented secondary education was attractive to foreign investors in manufacturing, the automotive industry in particular. In contrast, the southern EU Members had high rates of early school leavers and lacked secondary school graduates in science and engineering in the mid-2010s (Balaz et al., 2016).

Third, they had stable macroeconomic environments and had experienced large-scale privatisations and rapid development of domestic financial markets. The 'shock therapy' reforms included policies aimed inter alia at price deregulation and liberalisation of trade and capital flows. The liberalisation policies generated high increases in consumer prices but secured a relatively stable price environment in the latter phases of the economic transition. Capital asset pricing models recognise two major determinants of the FDI inflows to emerging market economies, internal and external. The former refers to (country specific) 'pull factors', including economic, social and political developments: these can be further subdivided (Lensink and White 1998; (Balaz et al., 2016)) into economic performance factors, such as GDP growth, inflation rates, trade and budget balances, saving rates, wage levels, and creditworthiness factors such as the debt to exports and GDP ratios, or international currency reserves to GDP. The latter refers to external (country non-specific) 'push' factors such as developments in international markets and can be expressed in terms of differences between rates of return on alternative investment on international markets and those in the host country.

A comparative analysis of the V4 countries and newly industrialised Asian economies found GDP per capita, inflation and the ratio of M2 to GDP were the most significant determinants of FDI inflows in the 1990s (Williams and Baláz 2001; Balaz et al., 2016)). This broadly accords with Lensink and White's (1998) findings that high development levels and relatively developed financial systems (indicated by ratios of broad money to GDP). FDI investors had longer-term targets and were less influenced by fluctuations in interest rates and trade balances than speculative investors. Countries like Hungary, which privatised its financial sector early in the transition, enjoyed the advantage of a more sophisticated financial environment in the latter transition stages.

Fourth, there were well-established domestic industrial traditions in the V4 countries, which had strong manufacturing industries under state socialism. Former Czechoslovakia, for example, produced its own car brands (Skoda personal cars and Tatra trucks). Hungary exported Ikarus buses, and Poland produced Fiat cars under licence. The branches of MNCs mostly continued and extended manufacturing industries rather than building these from scratch in the V4 economies.

Table 1 Dynamic of Export and Import of V4 and Ukraine, bln USD

Exports of goods and services									
Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
POL	281,48	290,07	304,09	346,97	363,94	399,85	462,07	508,47	544,37
HUN	9356,53	10181,92	10764,85	11438,42	13487,82	15224,24	18197,50	21130,88	22590,69
UKR	465,90	479,41	523,04	561,75	681,40	605,08	571,20	589,48	623,08
SVK	19,29	21,34	22,85	27,05	32,69	36,90	45,36	51,98	53,55
CZE	1038,04	1136,06	1146,52	1247,72	1618,57	1913,26	2186,68	2427,84	2530,44
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017
POL	512,00	578,92	624,43	653,05	692,78	739,02	795,88	865,90	924,25
HUN	20015,30	22277,74	23736,03	23310,21	24285,19	26492,18	28745,79	29734,73	31842,60
UKR	486,00	507,87	521,42	491,99	452,33	387,91	336,84	331,51	343,12
SVK	44,57	51,59	57,78	63,16	67,37	69,99	74,46	79,10	82,47
CZE	2281,79	2616,40	2856,21	2978,43	2984,00	3242,13	3437,21	3593,07	3825,85
Imports of goods and services									
Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
POL	330,33	312,91	321,61	352,53	381,14	405,01	478,39	553,92	606,69
HUN	9982,92	10562,81	11479,37	12568,77	14741,20	15897,93	18363,12	20916,55	22177,20
UKR	419,95	429,19	445,07	459,76	531,02	542,17	579,04	694,27	812,29

SVK	21,86	26,00	27,50	29,69	36,10	41,63	49,77	54,46	56,41
CZE	1044,08	1161,37	1217,54	1322,42	1667,48	1881,44	2097,40	2367,24	2443,40
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017
POL	531,56	607,79	643,10	641,33	652,11	717,39	764,79	825,18	888,39
HUN	18912,78	20833,15	21757,04	20999,08	21946,59	24354,24	25924,82	26686,22	29281,11
UKR	496,31	551,40	636,19	660,35	637,33	496,45	407,69	441,88	495,79
SVK	45,82	52,57	57,64	59,10	62,41	65,39	70,87	73,51	76,36
CZE	2174,11	2493,88	2661,01	2731,83	2733,60	3008,45	3212,50	3320,22	3512,59

Source: World Development Indicators, 2018

The average annual net FDI inflows generated 14.2% of the GFCF in the Czech Republic, 23.6% in Hungary, 15.0% in Poland, and 21.3% in Slovakia in 1993–2014. The high proportions in Hungary and Slovakia reflected particularly FDI-friendly national policies at different periods. These shares were substantially higher than those for the EU28 (11.6%), or for, say, India (4.4%), China (8.7%) or Latin America (13.9%). The contribution of FDI to the V4 economies, however, was higher than indicated by the shares of FDI in the GFCF. Financial and capital transfers were accompanied by knowledge transfers in terms of technologies and managerial practices.

The FDI inflows into the V4 economies were uneven, but they were generally positively related to their integration into the EU economy. The annual amounts of FDI reflected the privatisation and sales of domestic enterprises to foreign investors in the early 1990s, greenfield investments in new markets in the late 1990s and early 2000s, and different phases of V4 integration to EU structures (association agreements in 1991–1993 versus accession agreements in 2004). They were also related to business cycles, notably the 2001–2007 boom versus 2008–2009 boom. The first peak was in 1993–1995 while the second in 1998–2002 was related to the expected EU accession of the V4 region. FDI inflows peaked in 2007 when there were not only significantly lower inflows, but also substantial outflows of FDI from the V4 countries. During an economic crisis, 'increased integration may result in more highly correlated business cycles because of common demand shocks or intra-industry trade' (Frankel and Rose 1998). This accords with the notion of breakpoints in the transformation theory that are related to external shocks (Balaz et al., 2016).

The EU15 economies were major investors in the V4 countries and were more severely affected during the economic recession than the USA and/or China. FDI flows from the EU15 to the V4 countries decreased more than the flows from the USA to Latin America and/or flows from China to developing Asia and Africa (UNCTAD 2015a). FDI inflows from the EU15 to the V4 economies resurged after 2010, albeit at a lower level than in 2004–2007. In the intervening period, the economies in Central Eastern Europe (CEE) had become less attractive than the Balkan economies (Balaz et al., 2016).

Despite the relative slow down, the V4 economies had built substantial stocks of FDI by 2014. This accounted for 54.9% of GDP in the Czech Republic, 41.5% in Hungary, 36.6% in Poland and 55.0% in Slovakia. These were substantially higher than the proportions in the southern EU members in the same year: Greece -0.9%, Spain 4.0% and Portugal 23.9%. FDI in the V4 countries has usually been labour intensive and this provided a competitive advantage both for investors (MNCs) and the recipient countries. The V4 lost relatively little foreign capital during the 2008+ economic crisis. European carmakers, for example, used lower cost V4 labour to cut production costs in the period of economic turmoil (Balaz et al., 2016).

The success of industry-centred FDI in small and open economies (such as the Czech and Slovak Republics and Hungary) is understandable when these economies are well-integrated in global production chains. The Czech Republic and Slovakia had far stronger manufacturing sectors and received more FDI per capita than Hungary and Poland (Balaz et al., 2016). However, the low costs of production and proximity to EU markets constituted major competitive advantages for the V4 countries on international markets throughout the 1990s–2010s. The MNCs used the V4 countries as production bases for EU-oriented exports. Foreign capital targeted capital and labour-intensive and export-oriented, sectors such as the automotive and chemical industries. Foreign ownership was also significant in the financial and information and communication technologies (ICT) sectors. In contrast, there was relatively less FDI in those sectors serving domestic markets, such as food processing and transport. The FDI influx was reflected in changes in the ownership structure of the national economies. Eurostat data show that foreign-controlled enterprises generated far higher proportions of total value added in the V4 (35.1–51.9%) than in Spain (18.7%) and Portugal (19.7%).

International labour migration was very limited under state socialism but thereafter increased significantly. Initially, access to international labour markets was constrained, and there were considerable seasonal working and irregular employment, but there was also significant brain drain, contributing to reduced TFP (Baláž et al. 2004; Balaz et al., 2016). However, returned migration also ensured that there were some benefits for the V4 countries in the form of knowledge transfers. These were particularly important in the early transition period when there was a major technology gap between the V4 countries and the EU.

Accession to the EU in May 2004 was a turning point in the migration flows from the V4 countries. Ireland, Sweden and the UK opened their labour markets immediately after EU eastern enlargement in 2004. The UK and Ireland quickly proved to be popular destinations, and the numbers of V4 nationals in the EU15 doubled in 2004–2007.

Some EU15 countries negotiated gradual adaptation of their labour markets: Greece, Spain, Italy, Portugal and Finland opened in 2006, Luxembourg in 2007, France in 2008, and Belgium and Denmark in 2009 but none were prime destinations for the V4 nationals. Finally, Germany and Austria enabled free access to their labour markets for the EU8 nationals in 2011, and their high wages, low unemployment rates and geographical proximity resulted in an increase of 340,000 V4 nationals working in Austria and Germany in 2011–2013.

Poland generated the highest numbers of migrants in the EU (1.92 m), followed by Hungary (0.30 m), Slovakia and the Czech Republic (0.17 m each) in 2013. Poland, Slovakia, and Hungary, however, had the highest relative intensities of emigration (5.1%, 3.1% and 3.0% of the population, respectively) in the same year.

Relative emigration from the Czech Republic was significantly lower (1.6%), due in part to its lower unemployment rates and higher wages 1997–2013. Slovakia and Poland, on the other hand, had the lowest wages and the highest unemployment rates in the same period and had the highest increases in the numbers of emigrants in 1997–2013. Migrants from the V4 countries concentrated in a relatively few EU15 destinations. The top six destinations (Germany, Ireland, Italy, Austria, Spain and UK) accounted for over 82% of the total Czech, Slovak, Hungarian and Polish nationals in 1997–2004 and 2005–2013 (Balaz et al., 2016). Germany and the UK were by far the most important destinations, accounting for some 55–65% of V4 nationals in these periods. The dynamic of unemployment presented in table 1.

Table 2 Dynamic of unemployment in V4 and Ukraine

%	2009	2010	2011	2012	2013	2014	2015	2016	2017
POL	8,17	9,64	9,63	10,09	10,33	8,99	7,50	6,16	4,89
HUN	10,03	11,17	11,03	11,00	10,18	7,73	6,81	5,11	4,16
SVK	12,03	14,38	13,62	13,96	14,22	13,18	11,48	9,67	8,13
CZE	6,66	7,28	6,71	6,98	6,95	6,11	5,05	3,95	2,89
UKR	8,84	8,10	7,85	7,53	7,42	8,80	9,14	9,35	9,51

Sources: World Development Indicators, 2018

The concentration was conditional upon wage and employment disparities, language and geographical proximity, and the evolution of labour market policies in the host countries. Jobs and educational opportunities were major motives for the intra-European migration of V4 nationals, and also the relative generosity of the welfare system (Kahanec 2012; Balaz et al., 2016). Language proximity was of particular importance for the migration of Slovaks to the Czech Republic. The migration to Germany and Austria was informed by geographical proximity and wage differentials. Wage differentials, flexible labour markets and low unemployment rates were important for the migration of V4 nationals to the UK and Ireland. The UK and Ireland also attracted migrants wishing to learn English and/or pursue tertiary education (Balaz et al., 2016).

The dataset and graph materials on the link:

https://www.czso.cz/documents/10180/80650655/main_indicators_of_the_visegrad_group_countries.pdf

In the Report by V4 Panel of Eminent Personalities, the following was indicated: the aspiration of Visegrad transcends that of a mere regional integration grouping. It is also an international actor in its own right, with a set of external relations, a common defence structure in the shape of the Visegrad EU Battle-group, and an ambitious geopolitical vision: contributing to a united and peaceful Europe. Given the vexing state of contemporary European security, Visegrad cannot afford to forgo its original aspiration; instead, we should pursue it with renewed vigour and strategic foresight.

In the foreseeable future, the Visegrad Group will not – and should not – expand. While its membership falls short of covering Central Europe as a whole, it is nonetheless too established and historically-rooted a brand for enlargement to be a viable option. Instead, Visegrad should refine and diversify its engagement with regional partners and third countries in the V4Plus framework.

At the moment, Visegrad has more than twenty external partners, ranging from the EU Member States through Western Balkan and Eastern Partnership countries to Japan. While testifying to the maturity, flexibility and comprehensiveness of the V4 outreach, such a wide scope of partnerships, if developed under a single institutional umbrella, carries the risk of diluting political focus. Differentiation seems a reasonable way forward. We should identify a distinctive group of key partners – notably Germany, Austria and other EU members, as well as countries of the Western Balkan and Eastern neighbourhood regions who express ambition for more intensive cooperation – and establish special relationships that lift them out of the overarching V4+ concept.

When leveraging its external partnerships – and the various instruments of bilateral and multilateral dialogue, technical assistance or IVF-funded education and cultural programs – Visegrad should position itself as a regional hub: a conduit for harnessing the power of cross-national networks; a platform for connecting state, corporate and civil society actors from the EU Member States, candidate countries and Eastern neighbours. In the same spirit, and drawing on its own template, Visegrad should engage with and promote regional integration initiatives, especially in the Western Balkans.

Beyond our immediate vicinity, Visegrad should carry on cooperating with current or new partners in the existing V4Plus framework, focusing also – though not exclusively – on coordinated economic diplomacy and joint promotion of V4 exporters.

While V4 partnerships are useful in promoting stability, democracy and good governance in the region, it is through common EU external policies that our countries wield the greatest power to shape outcomes. Two dossiers should feature atop our agenda: Western Balkan enlargement and the Eastern Partnership. Both projects are in a state of flux, their constitutive ideas contested, and their direction uncertain; which is why, in the years ahead, Visegrad should mobilize its regional expertise and exercise strategic leadership in driving the two EU policies forward.

Having benefited from the transformative power of EU enlargement, Visegrad countries have a moral duty – as well as a strategic imperative – to push for the completion of the Western Balkan enlargement and realize the promise of Thessaloniki. The persistence of EU's enlargement fatigue, in conjunction with effects of the refugee crisis and accumulated problems in the rule of law and institution-building, puts the region at risks of renewed instability. Visegrad countries must cohere around a viable plan of action to inject new momentum into the process.

The Eastern Partnership, which Visegrad countries helped instigate in 2009, fell victim to a similar spiral of frustrated hopes and political disinterest. The review of EU's neighbourhood policy, completed in 2015, portends a turn toward a more interest-based and security-focused approach, partly in response to the Ukraine conflict. In this changing landscape, Visegrad countries should cohere around a shared hierarchy of priorities when it comes to security, democratisation, energy, or mobility. Visegrad countries should lead a coalition of like-minded EU members in framing a positive vision of deeper engagement with Eastern neighbours, especially with partners who have demonstrated the commitment to European values and embarked on costly reforms in the framework of the Association and DCFTA Agreements.

While fully anchored in the EU and NATO, Central Europe remains a region squeezed between Western and Eastern Europe, which means it must be actively engaged in strategic debates on the future of European security architecture. Visegrad countries have a solid track-record in defence and security cooperation, culminating in the EU Battle-Group Project, which is currently (2016) on standby. They have acted responsibly and constructively in supporting NATO's efforts to bolster the Eastern flank of the Alliance in the aftermath of Russia's 2014 annexation of Crimea. Likewise, they have aligned themselves with common EU positions in support of Ukraine's territorial integrity, and, despite some early hesitations, endorsed EU's sanctions package against Russia, conditional upon full implementation of the Minsk II agreement. Moreover, V4 countries have a strong interest in strengthening the cooperation between the EU and the NATO.

As too many of Europe's political and institutional structures, Visegrad was designed and thrived in times of good weather. It cemented political trust and facilitated our Euro-Atlantic integration under an exceptionally benign set of regional and geopolitical circumstances. That era is over. In the next 25 years, Visegrad must adapt to a more convoluted reality.

The ongoing migration crisis is but one manifestation of the challenges ahead of us. Irregular migration flows are symptomatic of the growing tension between the forces of globalization and interdependence, on the one hand, and political and security fragmentation, on the other. The crisis also

reminds us that complex phenomena such as immigration cannot be addressed through national measures alone. Rather, they necessitate collective action, political solidarity, and holistic solutions, encompassing tools of security, international law, diplomacy, economics, and social or cultural integration policy.

As the Visegrad Group, our shared priority must be to protect the freedom of movement guaranteed by Schengen, one of the greatest achievements of European integration. The Visegrad countries, three of which act as guardians of Schengen's border, must partake in forging a common European approach.

As it confronts future challenges, Visegrad cooperation can build on 25 years of steady progress and accrued political trust. It must stay true to the values, structures and practices that served it well while reinforcing and reinvent them to stay fit for purpose. That *inter alia* includes more effective institutional framework for implementation of regional projects; closer coordination of positions and stepped-up role in EU and NATO decision-making; bringing down barriers to trade, investment and capital flows; streamlining of financing mechanisms, including a new Development Fund; enhanced planning and analytical capabilities by the strengthening of the cooperation among the V4 think tanks; and a concerted effort to boost the Visegrad brand in the region and across Europe.

It is often asserted that having fulfilled the objectives of accession to the EU and NATO, Visegrad is an organization without a purpose. We disagree. To the extent that Visegrad needs to frame a new meta-narrative a forward-looking vision to organize its activities – it need not alter its founding ideals, which tied our region's future to that of a united and peaceful Europe: to navigate the uncertainty and challenges of the next 25 years, Europe will need a strong, cohesive and engaged Visegrad as Visegrad will need a strong, cohesive and engaged EU (Visegrad, 2016).

1. Find the latest statistics and explain the indicators which characterised the V4 trade relations with other countries.
2. Find the latest statistics and explain the indicators which characterised the V4 trade relations with Ukraine.
3. Compare the dynamic of the main macroeconomic indicators Ukraine and V4.

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