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Faculty of Economics and Management

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Bachelor Thesis

**Economic cooperation of Visegrad Group countries
after 2004**

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BACHELOR THESIS ASSIGNMENT

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Thesis title

Economical cooperation of V4 countries after 2004

Objectives of thesis

The aim of the work is to present the economical situation of the Visegrad Group countries (Czech Republic, Hungary, Poland, Slovakia), evaluate current economic cooperation with the main emphasis on a common position of economic issues in relation to other countries and to present future projects and trends in the areas of cooperation.

Methodology

The methodology is based on descriptive and comparative analysis and on methods of investigation.

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Visegrad Group, mutual trade, economical cooperation, European Union, Czech Republic, export, import

Recommended information sources

The Road to the European Union, Volume 1, The Czech and Slovak Republics. Manchester: Manchester University Press, 2003. ISBN: 0-7190-6596-8.

Změny v oblasti zahraničněobchodní politiky ČR v souvislosti se vstupem do EU. Praha: Ministerstvo průmyslu a obchodu, Oddělení obchodní politiky EU, 2003.

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Declaration

I hereby declare that I have worked on my bachelor thesis titled *Economic cooperation of Visegrad Group countries after 2004* completely on my own and that I have marked all quotations in the text and I have also mentioned all sources I have used in the Bibliography at the end of the thesis.

In Prague on March 13th 2014

Signature.....

Barbora Dorazilová

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Economic cooperation of Visegrad Group countries
after 2004

Ekonomická spolupráce zemí Višegrádské čtyřky po
roce 2004

Summary

The topic of the thesis and its research content, Visegrad Group cooperation after the entry to the European Union analyse its economic cooperation during the specified years from 2003 to 2013. Defined period of time then ensures that the object and the subject of the research are entirely current. The thesis uses the available range of primary and secondary Czech or foreign English-language sources. The first part is theoretical, thus it provides a background for understanding the concept of V4 cooperation, its history and development. Second part is practical with deeper focus on economic cooperation, mutual trade and commodity structure.

Key words: Visegrad Group, mutual trade, economic cooperation, Czech Republic, European Union, import, export

Shrnutí

Téma diplomové práce a její obsah, Spolupráce Víšegrádské čtyřky po vstupu do Evropské unie, analyzuje ekonomickou spolupráci v uvedených letech 2003-2013. Stanovené období zajišťuje, že předmět výzkumu je zcela aktuální. Práce využívá řadu primárních i sekundárních zdrojů v českém nebo anglickém jazyce. První část je teoretická a poskytuje informace o konceptu spolupráce zemí V4, její historii a vývoj. Druhá část, praktická, se zaměřuje na ekonomickou spolupráci, vzájemný obchod a zbožovou strukturu.

Klíčová slova: Víšegrádská čtyřka, vzájemný obchod, ekonomická spolupráce, Česká republika, Evropská Unie, dovoz, vývoz

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1 INTRODUCTION

On February 15th 2014, the Czech Republic, Hungary, Poland and Slovakia celebrated twenty three years of mutual cooperation within the Visegrad Group (V4). This Central European cooperation platform entered the third decade of its existence.

The Visegrad Group was founded in the period that immediately followed the historical changes that took part not only in Europe. The fall of the Iron Curtain occurred and the bipolar division of the world was over. European countries which belonged to the Soviet sphere of influence gradually started to pass the totalitarian establishment and dependence on the center in Moscow. These Central European countries were then at the forefront of the action.

Czechoslovakia, Hungary and Poland were on the threshold of a new era. In front of them were the key tasks that would have to be solved - namely, to strengthen and develop the nascent democratic order in these Central European countries, to prevent any possibility of the return of the totalitarianism and to anchored in the European and Transatlantic structures. At the same time, all three countries were aware that the achievement of such ambitious goals would only be possible if any mutual competitiveness in the international scene were eliminated and instead of a close mutual cooperation would be developed.

The topic of the thesis, the Visegrad Group after the entry to the EU, respectively analysis of its operation during the specified years 2003-2013, was chosen for two primary reasons. First, the Visegrad cooperation has operated in the Central European area for over twenty years and has therefore an immediate impact on our society. The examined topic then ensures that the object and the subject of the research are entirely current. Secondly, if the above mentioned is true, it is a paradox, how little space is devoted to the Visegrad cooperation in the post-accession period, either in the media or the academic environment.

The content of the thesis is intended for the general public and experts. The general public can find a comprehensive overview of the Visegrad Group. To expertise public may the information from the work serve for an overview about the economic activities of the

Visegrad Group members and encourage reflection on the meaning of a regional grouping in today's globalized world.

2 OBJECTIVES AND METHODOLOGY

The aim of this diploma thesis is to provide the theoretical and analytical knowledges about the problematic issues of economical cooperation between the countries, which have been merged to a regional group called the Visegrad Group. This group includes the Czech Republic, the Republic of Hungary, the Republic of Poland and Slovak Republic.

Despite the title of the thesis is “Economic cooperation of the Visegrad Group countries after 2004” and the time range is precisely defined, this work partially analyses the economic situation before joining the European Union. The author decided to use this strategy for two reasons. First, the idea is to more clearly introduce the topic that is related to the period before early nineties and, secondly, the opportunity to compare the economic cooperation before and after the Visegrad countries entered the European Union in May 2004. In this way, the author could delimit another goal of this work- to determine the basic pillars of the V4 cooperation and express an opinion whether after the accession into European structures, the economic cooperation still occurs. Relevant literature and statistical data relating to mutual trade of the countries will be used to achieve the goal. Some data will be used for deeper analysis.

The work is divided into two parts - theoretical and practical part. The theoretical part contains information about the history, development, external dimension of the Visegrad Group and management system of cooperation of the Visegrad countries. Further it focuses in detail on the development of economic situation before their entry to the European Union. The analytical part follows the content of the theoretical part. The aim is to analyse the current economic cooperation of the Visegrad countries from the perspective of the Czech Republic. The analytical part gives a space to the analysis of trade between Czech Republic and the other individual members of the Visegrad Group. The work analyses the economic development, the commodity structure of mutual trade and cooperation of the business. The conclusion offers the answer to a question, whether the future economic cooperation among the Visegrad Group countries has a perspective future.

3 THEORETICAL PART

3.1 Characteristics of Visegrad Group

The idea of the Visegrad Group comes from historical, spiritual and geographical arrangement of the States in Central Europe, which are its historical bearers. In its basic form, the Visegrad Group includes four Central European countries- the Czech Republic, the Republic of Hungary (Hungary), the Republic of Poland (Poland) and the Slovak Republic (Slovakia). In its broader form it includes the surrounding States of Visegrad Group (see chapter 3.4).

3.1.1 History of the Visegrad Group

The communist coup in 1948 ended an effort to restore the separate position of Czechoslovak politics in Central Europe and the possibility to create the subregion of Europe with the other Central European States. The revival thoughts of creation a group of countries in Central Europe appeared again in the second half of the 1980s when Milan Kundera published the article „ The Tragedy of Central Europe“. The article prompted a debate between a wide range of people from Western and Eastern countries. In the article „The Stolen West“ Kundera says: *“The Central Europe is not a State. It is s culture or fate. Its borders are imaginary and there is need to delimit them again in every new historical time”*¹. (Kundera, 1984)

The fall of the Communist regime accelerated in the Central Europe the process of initiating cooperation among the member of the Visegrad Group and according to the Kundera’s thoughts gave an opportunity to delimit a Central European space. March 1990 was the proof. The Presidents and Prime Ministers of Czechoslovakia (Václav Havel and Marián Čalfa), Hungary (Matyás Szöros and István Neméth) and Poland (Wojciech Jaruzelski and Tadeusz Marzowiecki) were invited by Václav Havel to Bratislava. The politicians gradually began to form the idea of cooperation. Bratislava was chosen for the meeting by Ján Čarnogursky because of its location. This geographic centerpiece began a

¹ KUNDERA, M. *Únos Západu (The Tragedy of Central Europe)*. The New York Review of Books. 1984, roč. 31, č. 7, s. 33 – 38.

new period of cooperation between countries, which outstripped the fall of the Communist regime².

The Declaration on Cooperation between the Czech and Slovak Federal Republic, the Republic of Poland and the Republic of Hungary on the path to European Integration was signed in Hungarian Visegrad on of February 15th 1991. The document was signed on the occasion of meeting the President of the Czech and Slovak Federative Republic Vaclav Havel, the President of the Republic of Poland Lech Come and the Prime Minister of the Republic of Hungary József Antalla³. This document became the basis for the cooperation of the three, later (after split-up of Czechoslovakia in 1993) four Central European countries, which became known as the Visegrad Group. In addition to this term we can encounter the term Visegrad cooperation or the abbreviation V4⁴ (Visegrad four).

In the considerations involved in the Visegrad cooperation we can remind the symbolism of the place where the meeting of the Presidents: Václav Havel - Lech Walesa – József Antall, implemented. Visegrad in 1335 witnessed the meeting of Jan Luxembourg, King of Czech; Karel Robert, King of Hungary and Kazimir III., King of Poland. The monarchs agreed to resolve mutual disputes and to support mutual cooperation.

The representatives of new Central European democracies met in 1991. These countries started a new era of their development. It was an era of creating self-confident and prosperous states, which had similar problems after the collapse of the Communist bloc. The common negotiation showed that many of them would be more beneficial to deal with in mutual cooperation.

² JAGODZIŃSKI, A. *The Visegrad Group – A Central European Constellation*. Bratislava : International Visegrad Fund, 2006, p. 34

³ *Declaration on Cooperation between the Czech and Slovak Federal Republic, the Republic of Poland and the Republic of Hungary in Striving for European Integration*.

⁴ V3 is the abbreviation used until the split up of Czechoslovak Federal Republic in 1993

As the main factors leading to the formation of Visegrad cooperation can be marked⁵:

- An effort to remove the remains of the communist bloc in Central Europe;
- An effort to overcome a historical animosity between the countries of Central Europe;
- The belief that through the common efforts it will be easier to fulfil objectives, i.e.: complete successfully social transformation and join the European integration;
- ideological proximity of political elites.

According to Václav Havel, the Central European countries shared Euro-American idea of democracy, which had two basic objectives: to strengthen own democracy and to present all the resources that would prevent the totalitarianism. It was more than obvious that these objectives could be achieved only if the Central European countries joined together. At the same time, however, the leaders had to be aware that the objectives could not be reached only by close cooperation. The Central European countries convinced the Western countries that their wider cooperation not only on the European, but also on the trans-Atlantic level was essential⁶.

The Visegrad Group has gained quite good reputation. In contrast to the unstable situation in the Balkan peninsula, the Visegrad cooperation is the only functioning form of multilateral cooperation in the region and it is a symbol of stability in the Central Europe. It is an association of countries that significantly cope with the consequences of communist regime and has gradually become a respected regional grouping in the international political scene. According to Václav Havel, this Central European identity and historical experience should be shared with Poland and Hungary. He challenged these countries “*not*

⁵ *Declaration on Cooperation between the Czech and Slovak Federal Republic, the Republic of Poland and the Republic of Hungary in Striving for European Integration.*

⁶ JAGODZIŃSKI, A. *The Visegrad Group – A Central European Constellation*. Bratislava: International Visegrad Fund, 2006, p. 54.

to play a role of renegade, but actively fetch a new spiritual and moral initiatives, use the newly acquired freedom and inspiration for the courageous and quick decisions”⁷.

3.1.2 Founding documents

The establishment of the Visegrad Group and framing objectives of cooperation were written in different documents that were signed by representatives of individual states.

The most significant are:

1. Declaration on Cooperation between the Czech and Slovak Federative Republic, Poland and Republic of Hungary on the Path to European Integration, signed on February 15th 1991 in Visegrad;
2. Joint opinion on the occasion of the meeting of the prime ministers of the Visegrad Group, signed on May 14th 1999 in Bratislava;
3. Agreement establishing the International Visegrad Fund, signed on May 14th 1999 in Bratislava.
4. Declaration of Prime Ministers of the Czech Republic, Hungary, Poland and the Slovak Republic on joint cooperation within the Visegrad after entry to the European Union, signed on May 12th 2004 in Kroměříž.
5. Directive on the cooperation of the Visegrad Group, signed on 12 May 2004 in Kroměříž.

The present cooperation of Visegrad Group can be described as the most obvious profiled initiative in Central Europe. All associated countries achieved in 2004 their main target and objective- entry into the European and Euro-Atlantic structures. The cooperation still continues. The cooperation focuses mainly on the regional activities that strengthen the identity of each country in relation to other European Countries. From an economic point of view, the entry to the European Union meant a clear benefit.

⁷ HAVEL, V; PREČAN, V. *Projevy leden – červen 1990 / Václav Havel*. Praha: Vyšehrad, 1990, p. 43-44.

3.2 Organizational structure

Visegrad Group cooperation is not institutionalized, it works on the principle of regular sessions of representatives at different levels. Whether meeting of the presidents of the Visegrad Group and Government or consultations of ministries experts and other governmental or non-governmental institutions. Once a year, the presidential summit is held a formal meeting the Prime Ministers of Visegrad Group countries. In the period between the prime minister summits, one of the V4 countries always carries a presidency⁸.

The cooperation of the Visegrad Group countries is coordinated by the Ministry of Foreign Affairs. One way of cooperation is ministerial level. The other ways is work of common expert groups for certain area of cooperation (expert group of the Ministry of Foreign Affairs, Ministry of Industry and Trade, the Ministry of Agriculture or the Ministry for Regional Development). Individual departments organize Visegrad meetings according to their actual needs.

The institutions that are involved in the Visegrad cooperation can be either governmental or non-governmental. As a governmental institution can be mentioned Czech Tourism Agency- CzechTourismus. As a non-governmental institution can be mentioned Chamber of Commerce, Confederation of industry of the Czech Republic, Chamber for Commercial Relations and others.

3.2.1 International Visegrad Fund

The only constant organizational structure of V4 is the International Visegrad Fund which was established in Bratislava 2000. The aim of the V4 Fund is to promote the expansion of cultural and scientific cooperation, the interaction in the field of education, exchange and development of cross-border cooperation for young people. According to Andrzej

⁸ *Aims and structure*. Available from WWW: < <http://www.visegradgroup.eu/about/aims-and-structure> >

Jagodziński, the Visegrad Fund has become the “flagship” of whole cooperation. This was confirmed in 2003 when the summit was held in Tále in Slovak Low Tatras⁹.

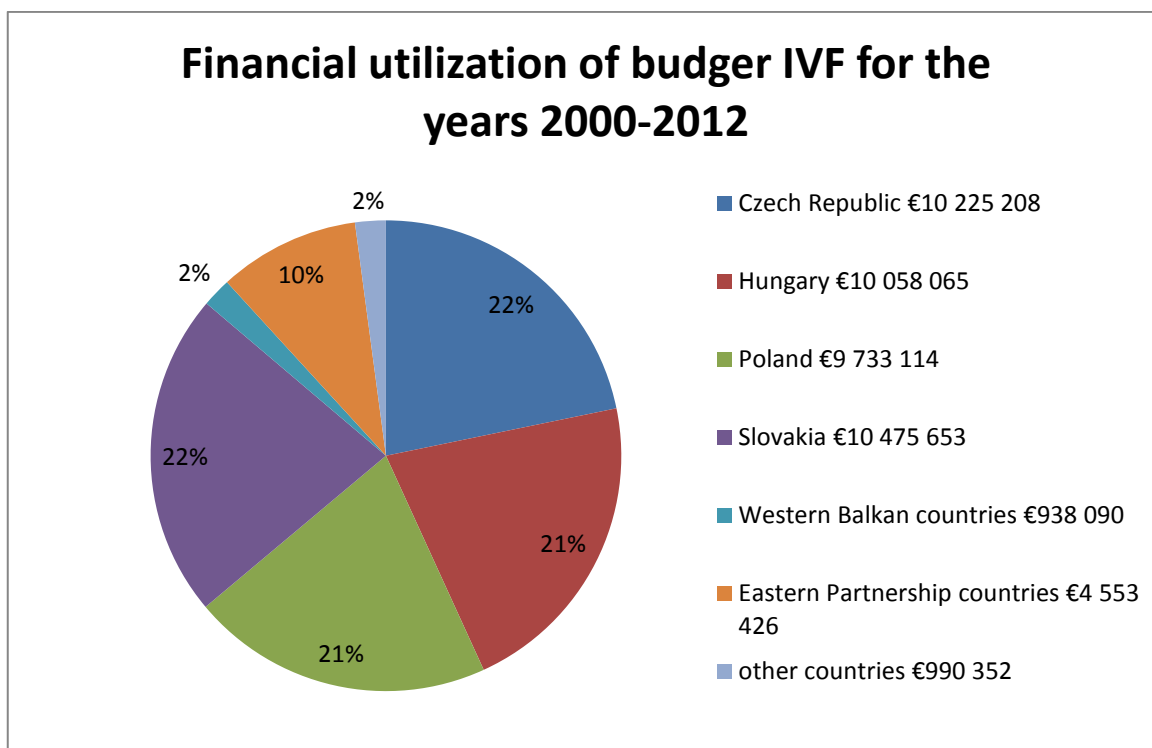
The governing body of the fund is the Conference of Foreign Ministers and the Council of Ambassadors. The executive body of the fund is the director, the administrative body is the Secretariat of the Fund. The official language is English¹⁰.

The fund is financed from the state budget of each member country V4. Financial contributions to the fund gradually increase. In 2006 possess a fund annually an amount of 3.2 million EUR. In 2007 and 2008 each member country contributed an amount of 1.25 million EUR, in total 5 million. In 2009, 2010 and 2011 6 million EUR (1, 5 million each member) and in 2012 it was 7 million EUR (1, 75 million each member)¹¹. The distribution of the finances from the Fund does not depend on the amount of the deposits of individual member countries. The Fund supports projects and countries that are not contributors to the Fund (e.g. the Ukraine, Austria, Bulgaria, Romania, the Russian Federation, Germany, the United Kingdom, Serbia, Moldova). Until the year 2012 most finance flowed to the programs implemented in the Czech Republic (see graph below).

⁹ JAGODZIŃSKI, A. *The Visegrad Group – A Central European Constellation*. Bratislava : International Visegrad Fund, 2006, p. 214.

¹⁰ *Agreement concerning the establishment of the International Visegrad Fund*. Available from WWW: <http://visegradfund.org/wordpress/wp-content/uploads/download/ivf_statute.pdf>

¹¹ *Annual Report of the International Visegrad Fund in 2012*. Bratislava: International Visegrad Fund, 2013, p. 16



Graph no 1: Source: *Annual report of the International Visegrad Fund in 2012*. Bratislava: International Visegrad Fund, 2013, p. 17

Strategic grant priorities for 2014¹²:

1. Raising Competitiveness in the Visegrad Region
2. 25th Anniversary of the Democratic Changes in Central Europe
3. North-South Transport Connectivity for Progressive Visegrad Region

3.2.2 Communication strategies

As the quality of the Visegrad cooperation increases, the contacts also proportionally increased. The general awareness of the Visegrad cooperation still does not reflect the

¹² *Strategic Grant Priorities for 2014*. Available from WWW: < <http://visegradfund.org/2014/home/15-01-2014/>>

actual results and the scope of the activities. One of the activities (of Visegrad Fund to other areas) can be mentioned as an example of the expanding activities. For this reason, a new website of V4¹³ was created. A new public relations coordinator, who works at the International Visegrad Fund in Bratislava, was appointed. The coordinator ensures public relations of Visegrad Group and International Visegrad Fund. At the same time provides communication between Visegrad Group and public or media.

Project information strategy and external quality internet presentation should help better information of the activities of V4 that are appropriate to the current requirements of professional and general public. The internal dimension of this policy should lead to greater efficiency of communication structures within the Visegrad Group countries. Achieving higher level of mutual awareness should be related to broader civil base of the V4 countries but also beyond it¹⁴.

This year the Visegrad Group celebrates 23th years of mutual cooperation. The Visegrad countries do not spend unnecessary financial resources for management and administrative institutions. Cooperation is controlled in various levels by individual ministries. The Visegrad countries give the financial resources only for the administration and activities of the International Visegrad Fund. The main activities of the Fund is to help to develop cultural, scientific and research cooperation. An important milestone of mutual cooperation is an effective information and communication policy of the Visegrad Group. This policy leads to the strengthening of civil cooperation and wider interest.

3.3 Development of the Visegrad Group

A period of the Visegrad Group countries in the years 1991-1993 was accompanied by excitement, joy and relief. The enthusiasm in these countries was caused by the fall of the totalitarian regime and a strong effort for cooperation in the social, political and economic transformation. There was also a significant effort to join the European and Euro-Atlantic

¹³ Link to the new launched website: <<http://www.visegradgroup.eu>>.

¹⁴ *Podkladové materiály Odboru střední Evropy. Zpráva o zahraniční politice*, p. 81. Praha: MZV ČR, Available from WWW: <<http://www.mzv.cz/file/72806/Zpravaozahranicnipolitice2006.pdf>>

structures. Visegrad played an important role in the final dissolution of the Soviet bloc and during the accession negotiations with NATO and EU. Predominant opinions that individual efforts to join Euro-Atlantic integration would be more effective occurred in subsequent period. These opinions caused a fact that V4 cooperation began to lose intensity. The restoration of the Visegrad Group cooperation happened in 1998, after the parliamentary elections in the Czech Republic and Slovakia.

The entrance of all four Visegrad countries into EU and NATO fulfilled a task that was delimited in Visegrad Declaration in 1991. The task was to integrate into the most important institutional structures. All participating countries have expressed the political will to continue the positive results from previous cooperation¹⁵.

After 2004, the V4 focused primarily on promoting stability and cooperation in the wider region of Central Europe. The question was whether the Visegrad Group would expand to other states. The answer was clear, it would not. V4 cooperates with commonwealth as Benelux or the Nordic Council and also focuses on its eastern neighbours, particularly the



Picture no. 1: *Visegrad Group Countries*, Source: Available from WWW: <<http://www.pcnews.cz/gallery.php?id=21>>

¹⁵ JAGODZIŃSKI, A. *The Visegrad Group – A Central European Constellation*. Bratislava : International Visegrad Fund, 2006, p. 215.

Ukraine and Belarus. Cooperation with Austria and Slovenia and other countries in Central and Eastern Europe is another part of the Regional Partnership. Cooperation is run by the V4+ program¹⁶.

Foreign political activity intensified during 2004-2005. This was a logical response of the V4 countries to the entry to the European Union. The Prime Ministers of Slovak and the Czech Republic, Vladimir Meciar and Václav Klaus, were worried about the Visegrad cooperation and its future. However, their concern proved to be odd¹⁷.

Skepticism towards the Visegrad Group

From many of the skeptics, who did not believe in the possibility of Visegrad cooperation after 2004, we can mention the Czech political scientist and writer Jiří Pehe. Pehe wrote an article for the Economic newspaper on February 3rd, 2004 that “*the Visegrad Group, consisting of Poland, the Czech Republic, Slovakia and Hungary can after the enlargement of the European Union hardly survive*”, he accused Poland the main culprit. Pehe made such conclusion because of uncompromising behavior of the Polish representation in the negotiations on the Treaty that established the Constitution for Europe. However, Pehe stated that Poland was never organic part of Central Europe, but rather belonged to the Baltic area. Poland needed to be part of the Central European cooperation because of integrating into NATO and the accession negotiation with the EU. Besides Pehe in 2004 noted an euroskepticism of Polish representatives and, on the other hand, efforts of other Visegrad partners integrate into hard core of the EU. For these reasons Pehe recommended for the Czech Republic, Hungary and Slovakia to build a future Central European cooperation in close relation to Austria and Slovenia¹⁸. (Pehe, 2004)

¹⁶ *The Visegrad Group: the Czech Republic, Hungary, Poland and Slovakia : Historie*, Available from WWW: <<http://www.visegradgroup.eu/historie>>

¹⁷ VYKOUKAL, J a kol. *Visegrád – možnosti a meze středoevropské spolupráce*. Praha: Dokořán, 2003, p. 41.

¹⁸ *Skončí visegrádská spolupráce?* Pehe, J. 2004, Available from WWW: <<http://www.pehe.cz/clanky/2004/skonci-visegradska-spoluprace>>

The euphoric enthusiasm of the fall of the totalitarian system in the Visegrad Group countries subsided soon after the formation. It caused weakening the intensity of the V4 cooperation. The engine of the cooperation was an entry of the countries into Euro-Atlantic structures, which was for most of the V4 countries completed by 2004. This period of less intensive cooperation led to different opinions on the future of the V4. This prompted an open skepticism about the meaning of activities of the Visegrad Group. Different views of the meaning of future cooperation stemmed from the different results of transformation processes in each country. Furthermore, very strong tendency to individualistic behaviour and defending its national interests appeared in that time. Due to precautions concerning the adjustment of national currencies and tax measure, the Visegrad Countries managed to overcome the economic crisis caused by the effects of “shock therapy”. The development of the economic situation of the countries is increasing and a current goal of each country is early adoption of euro and joining the European Monetary Union.

3.4 The external dimension of the Visegrad cooperation

The Visegrad Group countries declared their readiness to cooperate with the nearby countries in Central Europe, with the reform countries of wider region, with other states, regional groupings or organizations. This form of cooperation is called V4 +.

Forms of cooperation V4 +:

- V4 + 2 (Austria+Slovenia)
- V4 + Benelux
- V4 + Nordic Council
- V4 + Baltics
- V4 + GUAM (Georgia, the Ukraine, Azerbaijan, Moldova)
- V4 + Japan
- V4 + Israel

3.4.1 Cooperation V4 + 2

The closest form of cooperation in the common interest is V4 + 2 or Regional Partnership (Austria, Slovenia), which was established from the Austrian initiative in 2004. The areas of common interest where it would be possible to develop mutual beneficial cooperation were determined. The issues are related to the internal security, borderland, asylum and consular formalities, cultural collaboration and co-creation of infrastructural projects.

3.4.2 Cooperation V4 + Benelux

Cooperation between Visegrad – Benelux is also developing in very specific areas. This cooperation is based on the exchange of experiences in the implementation of Schengen standards, the environment, urban planning or cooperation of parliaments.

3.4.3 Cooperation V4 + Nordic Council

Communication was also established with the Nordic Council. The main theme of this cooperation is the issue of pumping funds by the European Union for countries of Eastern Europe. Another central theme of cooperation is the experience of Nordic Council with regional cooperation, particularly in relation to the European Union and the promotion of education, e. g. a project of the European Humanities University.

3.4.4 Cooperation V4 + Baltic countries

In relation to V4+ Baltic countries the draft document of the European Neighbourhood Policy was presented by the Czech Republic. It was presented on the occasion of the meeting of political directors of Ministries of Foreign Affairs in September 2007 in Tallin. The Czech Republic also cooperates with Baltic countries to the “Coalition for Visa Equality” especially in relation to the USA and Canada. The goal of this effort is to achieve visa mutuality and visa-free travel to the USA. Despite this coalition approach, each country continues separately in bilateral negotiations with the USA and Canada.

3.4.5 Cooperation V4 + Other countries

The situation in the Ukraine changed after the presidential elections in 2004 and new cooperation appeared. Cooperation works in terms of consultations at the coordinators level. The Visegrad Group focuses on supporting the democratization process in Belarus and decided to include foreign-policy priorities of Moldova. Because of the critical and unstable situation in Kyiv a meeting in January 2014 in Budapest was organized. The Foreign Ministers of the Visegrad Group called on all parties to stop graduation of the crisis. They also emphasized that the freedom of expression and media must be fully respected and protected and they underlined the fundamental rights of the Ukrainian citizens. International Visegrad Fund is ready to finance a project that will support a development of civil society in the Ukraine.¹⁹

Cooperation with Japan does not have very specific dimension. A workgroup was appointed to present the document “Implementation of Strategy for a New Partnership between European Union and Central Asia”, which should define possible areas of cooperation in the context of energy security, antiballistic defence and development cooperation. Last meeting was held in November 2013 in New Delhi, where the ministers discussed issues related to cooperation between Eastern Partnership countries and the Western Balkans. Also the question of cooperation in science and technology and EU-Japan relationship was mentioned²⁰.

Cooperation within V4 + Israel develops over current foreign policy themes and regional issues.

The external dimension of the Visegrad cooperation is specified by field of activities that the V4 creates outside its membership base. In addition to the cooperation within the Visegrad Group and the Baltic countries, Georgia, the Ukraine, Azerbaijan, Moldova, Japan and Israel is developed cooperation within the V4 and Benelux, Nordic Council and

¹⁹ *Join statement of the Prime Ministers of the Visegrad Group Countries on Ukraine*. 2014. Available from WWW: <<http://www.visegradgroup.eu/calendar/joint-statement-of-the>>

²⁰ *V4+ Japan Foreign Ministerial Meeting*. 2013. Available from WWW: <<http://v4hupres.gov.hu/v4-japan-foreign-ministerial-meeting>>

the regional partners- Austria and Slovenia. The main theme of outer cooperation is safety, the environment and the promotion of education. The Visegrad Group countries do not reject cooperation with any country, which shows a serious interest.

3.5 Setting the cooperation of the Visegrad Group after 2004

The dates March 12th 1999, March 29th 2004 and the May 1st 2004 were the turning point in the current development and functioning of the Visegrad Group. The first two dates symbolize the successful completion of key tasks of the security-political dimension of cooperation, which is integration into NATO, although the Slovak Republic could not join together with the remaining Visegrad partners. The common entry of the Visegrad Group countries to the European Union in May 2004, achieving key objectives defined in the Visegrad Declaration of 1991 as the "full participation in the European political, economic, security and legal system", then practically meant fulfilment of the primary reasons for which the Visegrad Group was established.

The Visegrad cooperation stood at a crossroad in spring 2004. One of the possible ways meant stopping the cooperation within the Visegrad platform because its sense of cooperation was because of mentioned reasons used up. Such a direction would require that the V4 countries would adopt solely their own system of flexible alliances between EU Member States without any permanent functionally bounded cooperative entity.²¹

The other option was to keep the Visegrad Group function and find its use also after the accession of its members into the European Union. In 2004 it was not a surprise that the political representation of individual Visegrad countries opted for the second alternative. It had a lot to do with some steps that representatives of the Visegrad Group countries had already made in the revitalization stage of Visegrad at the end of the 1990s and at the beginning of the next decade. In this context it is worth to remind the confirmation of the document *Contents of Visegrad Cooperation* at summit in Bratislava on May 14th 1999. This document expanded V4 cooperation also beyond the "high" politics and the economy,

²¹ VACHUDOVÁ, M. A. *The Division of Central Europe*. New Presence: The Prague Journal of Central European Affairs, 2001, Vol. 3, No. 3, p. 12–14.

and secondly the approval of the document *Amendment to the contents of Visegrad Cooperation* in Summit of V4 Prime Ministers June 29th 2002, which fixed the mechanism of annual presidency including the establishment of presidential programs. These measures, beyond the interest to improve co-operation, can be seen as a prerequisite Visegrad Group existence also after 2004, when it would be necessary to move cooperation in a broader framework to achieve the integration of narrowly focused foreign policy goals. The provisions for the future were naturally also mentioned the Presidency programs that should maintain a certain continuity of cooperation. It seemed that the greatest prospect for the functioning of Visegrad Group in the post-accession period was the foundation of the International Visegrad Fund, which was approved at Summit of V4 Prime Ministers in June 2000. It is obvious that if the Visegrad countries had not planned to continue the cooperation after further four years, they would not have decided to carry out such a project based on the joint financing, which meaning should show more in the long-term.

3.5.1 Visegrad Declaration 2004

The chapters Visegrad Declaration 2004 and New areas of cooperation within the Visegrad Group after the entry to the European Union are written based on the Declaration of Prime Ministers, 2004.²²

The government representatives from the Czech Republic, Hungary, Poland and Slovakia decided to continue mutual cooperation within the platform of the Visegrad Group. However, if a quadrilateral Visegrad cooperation should have continued also in the post-accession period, it was necessary to set a new agenda and the brand new goal of revising qualitative parameters of cooperation.

A response to this assumption of the continued existence was the reception of the *Declaration of Prime Ministers of the Czech Republic, Hungary, Poland and the Slovak Republic on Cooperation of Countries Visegrad Group After Their Entry into the EU* (Kroměřížská declaration or new Visegrad Declaration) at the summit of the prime ministers Vladimír Špidla , Peter Medgyessy , Marek Belka and Mikuláš Dzurinda in

²² *Visegrad Declaration 2004.*

Kroměříž May 12th 2004. These four representants of the Visegrad Group countries stated in Kroměříž “*with full satisfaction that the key objectives set in the 1991 Visegrad Declaration have been achieved*” and concurrently declared “*their determination to continue developing the cooperation of the Visegrad Group countries as Member States of the European Union and NATO*”. (Declaration of Prime Ministers, 2004)

The Prime ministers in the new Visegrad Declaration also stressed that “*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*”. In the post-accession phase at the same time V4 should helping to meet the objectives of the EU and to contribute to other European integration, share their knowledge and experience and be conducive to the other countries aspiring to join to the EU and finally to use its regional and historical experience and contribute to the implementation of EU policies focused on the countries of Eastern and Southeastern Europe. Close cooperation with its closest partners in Central European area, cooperation on areas of mutual interest in wider regions and with other regional groupings in Europe, third countries and international organizations has to be visible outside the EU itself. (Declaration of Prime Ministers, 2004).

3.5.2 New areas of cooperation within the Visegrad Group after the entry to the European Union

At the same summit in Kroměříž have also been adopted the guidelines for the future areas of cooperation, which in addition to Kroměříž declaration, as only political document, set out a framework, basic agenda and objectives for Visegrad Group in its post-accession phase operation. The following table shows the new established frameworks of the Visegrad cooperation.

Table no 1: Guidelines for the future areas of Visegrad cooperation: field, content

The field of the cooperation	The content of the cooperation
<p>Cooperation within V4</p>	<ul style="list-style-type: none"> • Culture • Education, youth exchange, science • Resumption of the reinforcing the civil dimension of the Visegrad cooperation within the IVC and its coordination • Cross-boundary cooperation • Infrastructure • Environment • Struggle against terrorism, organised crime and illegal migration • Schengen collaboration • Calamity management • Interchange of views on potential cooperation in the sphere of labour and social policy • Interchange of experience on external development assistance policy • Defensive and weaponry issues
<p>Cooperation within EU</p>	<ul style="list-style-type: none"> • Consultations and collaboration on current issues of united concern • Proactive share to the development of the CFSP, inclusive of the "Wider Europe - New Neighbourhood" policy and the EU strategy towards Western Balkans • Consultations, collaboration and interchange of experience in the sphere of Justice and Home Affairs, Schengen collaboration, including guardianship and management of the EU outer boundaries, visa policy • Constructing new possibilities and forms of economic collaboration in the European economic sphere, • Consultations on nationwide preparations for entering the EMU

	<ul style="list-style-type: none"> • Proactive interest in the development of the ESDP, as a share to the intensify of relations between the EU and NATO and deepening of substantial dialog between both organisations
<p>Cooperation with other partners</p>	<ul style="list-style-type: none"> • Collaboration with other Central European countries • Collaboration with EU and NATO entrant and yearning countries in support of reforms substantial for their European and Euro-atlantic viewpoint • Collaboration in effective realization of programmes of collaboration of these countries with the EU and NATO • Collaboration with other territorial structures, • Collaboration with other interested countries and organisations
<p>Cooperation with NATO and other international organisations</p>	<ul style="list-style-type: none"> • Conferences and collaboration in the framework of NATO and on its defensive options • Obligation to reinforce transatlantic solidarity and coherence • Collaboration on the principles of the V4 experience to support a common understanding of security among the entrant countries to European and Euro - atlantic institutions • Enhanced collaboration within the international community in the spheres of new security challenges, with a special emphasis on combating international terrorism • Consultation and collaboration within the OSCE on issues of common discomposure for V4 countries; possible joint initiatives • Consultation, collaboration and share of information in international organisations (UN, Council of Europe, OECD, etc.); reasoning of possible joint inentives • Possible mutual assistance to candidacy in international organisations and bodies

Source: Author, based on the *Guidelines on the future areas of Visegrad cooperation (2004)*. <http://www.visegradgroup.eu/cooperation/guidelines-on-the-future-110412>

From the table no 1 it is visible that the key areas of cooperation are (logically with regard to enter Visegrad Group into European Union) classified as new categories. At the same time we can observe that the platform *Directive to the Future Areas of Visegrad Cooperation* has defined relatively broad- based agenda. This agenda asked a question whether V4 can produce visible results of joint effort on such a fragmented field of cooperation. Another characteristic element of the expected Visegrad Group functioning in the post accession period is the vagueness of the content of cooperation. Need for consultation, exchange of information and strengthen cooperation. Finally, we can see the apparent absence of specification of forms of cooperation is often discussed. The directive does not specify how the cooperation takes place (except of the consultations and exchange of information).

4 ANALYTICAL PART

4.1 Characteristics of V4 economic cooperation

Economic Cooperation, or the creation of a modern market economy of the Central European countries, is a fundamental pillar of cooperation between the Visegrad countries. This economic cooperation is embed in the basic declaration on cooperation of the Central European countries. Signatory countries are committed to create a *modern market economy and full participation in European political, economic, security and legal system*²³.

Although the cooperation of V4 countries has overcome two crucial periods, the cooperation approves that is meaningful. The first decisive period was the very existence of Visegrad Group at a time when the country began to "take off" integration processes and to look for the new markets. At this time the V4 cooperation acquired mainly political, cultural and educational dimension. The unhealthy euphoria of excessive focus on Western

²³ *Deklarace o spolupráce České a Slovenské federativní republiky, Polské republiky a Maďarské republiky na cestě evropské integrace*. p. 1. Available from WWW: < <http://www.visegradgroup.eu/historie> >

markets, V4 membership and CEFTA²⁴ helped to return economic cooperation among the countries of the Central European region. Hereby the transformation processes of individual countries significantly accelerated. This led to long-term recovery of V4 cooperation, which was supported by *the facts of economic insufficiency to the backwardness of the Central area (compared to Western Europe), which has a centuries-tradition*²⁵.

Another crucial period was the entry of the Visegrad countries into the European Union in 2004. It can be stated that due to the entry into the European structures, the economic cooperation among the countries of the European twenty-seven is superior to subregional cooperation of V4 countries. However, one can not overlook the fact that the Visegrad countries after the entry into the EU have significantly gained the intensity, especially in the economic field.

Evidence of interest in joint economic cooperation beyond Europe was an effort from Michael Žantovský. He managed to facilitate the participation of entrepreneurs from the Visegrad countries at investment conferences in the United States of America. Žantovský himself saw the strength of the joint action of entrepreneurs of Visegrad countries who have the opportunity to jointly present at the investment forums for more than one hundred businessmen and representatives of companies from the United States and the Visegrad countries were invited.²⁶

After entering V4 member states to the European Union economic cooperation largely moved in bilateral relations between individual members of V4. This fact is proved by the analysis of trade between the Czech Republic and other member countries of the V4. Joint activities on economic issues outline the final chapter of this work. Mutual cooperation of participants of the Visegrad countries is essential for the effective development of the

²⁴ CEFTA: *Central European Free Trade Agreement* is a trade agreement between non- EU countries in Southeast Europe

²⁵ VYKOUKAL, J. a kol. *Visegrád: možnosti a meze středoevropské spolupráce*. Praha: 2003, p. 7.

²⁶ JAGODZIŃSKI, A. *The Visegrad Group – A Central European Constellation*. Bratislava: International Visegrad Fund, 2006, p. 147.

Visegrad cooperation. The base of participants in economic cooperation is very broad and gives the flexibility to promote current cooperation and creating new topics of mutual cooperation.

4.2 Development of trade between members V4 after joining the European Union

Mutual trade was to some extent influenced by the ongoing rivalry between Visegrad partners in the period of V4 forming. In the 1990s according to Ráčzová it was still Hungary, *which feels like a digger who broke through a tunnel which gave often at this time express its lead in economic reform and thus purported specific relationship to Western European partners.*²⁷

For example, considerations show that despite the vote for V4 cooperation and the loss of business partners and contacts in the eastern markets of Germany and the Soviet Union, V4 market activity and internal economic transformation did not testify of real cooperation. In 1992 V4 countries made it clear that the main priority is the integration of each country into the European Economic Community, closer cooperation was not in their interest²⁸. Each country tried to integrate before another country. Cooperation is thus seemed particularly effective in security issues following the dissolution of the Warsaw Pact military forces.

An effort to intensify mutual business cooperation did not determine the meaning of an economic coordination among V3 countries. Summit of Representatives in Krakow assumed two directions of cooperation.

The first direction was a liberalization of trade, following the trade liberalization with the countries of the former European Twelve. A committee for cooperation in Central Europe was established in Budapest in April 1992. Its aim was to liberalize trade and economic

²⁷ VYKOUKAL, J a kol. *Visegrád – možnosti a meze středoevropské spolupráce*. Praha: Dokořán, 2003, p. 131.

²⁸ VALENTA, J. *Máme národní zájmy?*. Praha: Ústav mezinárodních vztahů, 1992, p. 109.

relations, eliminate barriers to trade between countries V4 in order to prepare common join to the European Union.

The second direction was an effort of an ex-minister Jiří Dienstbier. According to this plan the European countries should supply goods and services at reasonable prices to the USSR, while financial liabilities were taken by Western countries. A question of material assistance to States of post-Soviet area would have been solved by using this plan. The plan would help overcome the economic difficulties of transformation to States of the V3 (V4 later). From the beginning the plan was not very supported. Critics of the plan have pointed out the fact that in the financial resources resulting from this plan would subsidize outdated production in the Visegrad states, would not motivate the competitiveness and would work contradictory²⁹.

The gradual liberalization of internal markets and systematic breakdown of barriers of mutual trade helped to reverse the unfavourable conditions in the trade within the V4. Since 1995 the volume of trade between the V4 countries has been increasing. Since 1995 maximum intensity was reached after the entry of the Visegrad countries into the European Union.

4.2.1 Trade of the Czech Republic and Hungary

Before the entry into the European Union, Hungary was with developed industry and agriculture and relatively open market economy one of the most advanced countries of Central and Eastern Europe. Czech and Hungarian approaches to economic issues are very close and promote the development of economic and trade cooperation. Despite the absence of boundaries, the Czech Republic has an interest to keep the relations in an intensity level that correspond to the relations of neighboring countries. Both parties talk about "honest neighborhood." There are practically no open questions and problems in mutual relation. There is a favorable climate for the development of mutual economic relations between both countries.

²⁹ ŠEDIVÝ, J. *Černínský palác v roce nula*. Praha: Železný, 1997, p. 110 – 124.

The trade and economic relations between the Czech Republic and Hungary are governed by the following basic agreements:

- Treaty Establishing the European Community, to which the Czech Republic and Hungary joined on the basis of the Accession Treaty signed in Athens in April 2003;
- Agreement on Support and Reciprocal Protection of Investments in force since May 1995 ;
- Agreement on Avoidance of Double Taxation in force since December 1994.

Common entry of the Czech Republic and Hungary to the European Union removed the remaining obstacles that negatively affected their trade, especially in agricultural products, food products and Czech exports of steel products to Hungary. This act contributed to achieving wider economic stability and prosperity of the Central European region.

4.2.1.1 Mutual trade

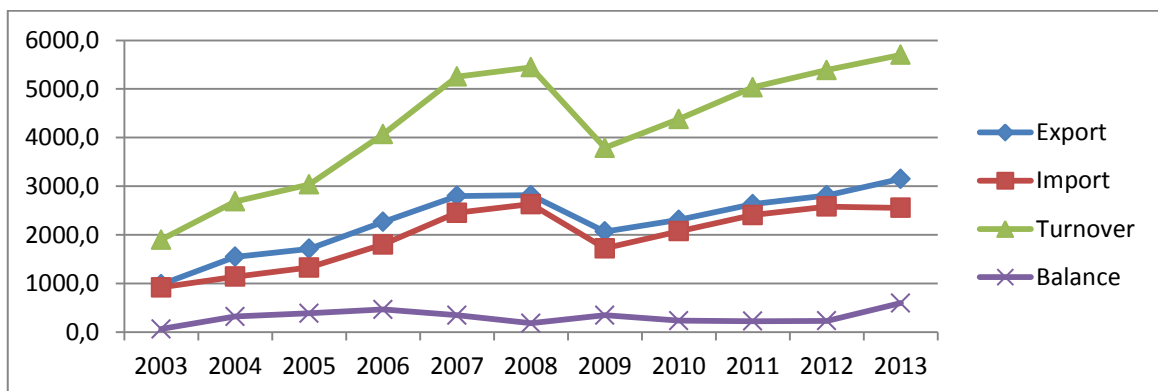
Hungary belongs to the traditional major trade and economic partners of the Czech Republic and occupies the 11th place. Hungary's share in total foreign trade of the Czech Republic in 2011 represented 2,2% (in export 2,2%, in import 2,0%). The Czech Republic is the Hungarian 9th largest trading partner. Mutual business relations are dynamically developing.

Table no 2: Trade exchange between the Czech Republic and Hungary (in mil.EUR)

	Export	Import	Turnover	Balance
2003	981,6	919,4	1901,1	62,2
2004	1546,5	1139,3	2685,8	318,1
2005	1710,4	1325,5	3035,8	384,2
2006	2266,6	1801,3	4067,9	465,3
2007	2799,7	2454,2	5253,9	345,5
2008	2813,3	2631,1	5444,4	182,2
2009	2068,1	1720,9	3788,9	347,2
2010	2308,1	2073,4	4381,5	234,6
2011	2629,1	2405,4	5034,5	223,7
2012	2810,4	2580,1	5390	230,2
2013	3149,2	2553,3	5702,5	595,9

Source: Author, based on the values from Czech statistical office, section Statistics, Foreign trade. Prague 2014

Graph no 2: Trade exchange between the Czech Republic and Hungary (in mil.EUR)



The volume of trade with Hungary has steadily increased throughout the existence of the Czech Republic as it is apparent from the data in the table and graph. The exception is the year 2008 when the economic crisis affected Europe. This caused the deep slump of more than one and half million EUR in turnover in 2009. The mutual trade reached 4067,9 mld. EUR in 2006, which represents growth of 1383,1 mld. EUR during the season after the entry

of both of the countries into the European Union. The Czech Republic achieves active trade balance every year.

4.2.1.2 Commodity structure

In terms of commodity exports to Hungary, the biggest fluctuation appeared between the years 2011 and 2012 in these commodities- sugar, molasses and honey, pumps and conveyors for liquids and their parts and an automatic data processing, peripheral units, where the value of 2012 strongly exceeded the value of 2011. In contrast, exports of commodities such as petroleum oils from bitumen minerals (not crude) and waste registered a strong decline.

The following groups had the largest share in exports in the period from January to July 2013: parts and accessories of motor vehicles, compounds with nitrogen function, cars and other vehicles for the transport of persons, electronic devices for switching electrical circuits etc., means for wiring electrical energy, peripheral units, pumps and liquid elevators and parts, basic metal products and items from plastic materials.

large fluctuations between year 2011 and 2012 were not generally registered in terms of commodity imports from Hungary. However, the commodity Telecommunication equipment, accessory apparatus for recording evidenced more than 40 % decline. The most successful commodities were: reciprocating engines with internal combustion engines and parts, rubber tires and tubes, electrical apparatus for switching, power resistors, etc. From January to July 2013 the largest import items were the following groups: Electrical apparatus for switching the electric circuits, stationery goods or pharmaceuticals (including veterinary medicaments).

4.2.1.3 Cooperation of Czech and Hungarian enterprises

The Czech- Hungarian mutual trade reached in 2012 the value of 5,636 mld. EUR and the Czech Republic became the 9th biggest business partner of Hungary. Andrej Babiš became the biggest Czech investor in Hungary in 2012. He invested considerable resources in food

industry and agriculture. The expansion of the oil company MOL was the biggest Hungarian investment in the Czech Republic in 2012.

In 2003 and 2004, a number of multinational companies with a regional base in the Czech Republic invested in the establishment of its subsidiary in Hungary (ex. Rockwell Automation - USA). There was a breakthrough in Czech investments in Hungary in 2005. The biggest Czech investment company in the Hungarian market - Hradec Kralove manufacturer of building insulation fuel (Irish owner Kingspan) opened in March 2006 business in Újhartyán- new production hall for 12 million EUR and Delta Bakery opened a modern bakery in Szigetszentmiklós for \$ 4.5 million. In 2006 Škoda Holding purchased for around 2 million at auction Hungarian Ganz Transelektro and created with a Hungarian resonator joint venture called Ganz - Skoda Zrt. (Gans Transelektro was a competitor of Skoda Transportation in the production of trolleybuses in Eastern and Central Europe). Consequential damages received in a company 100% share. In October 2008, RAVAK company completed an investment of 2.5 billion forints (about 10 million EUR) – for trade and logistics center in Budapest Ravak Business Center with an area of 14,500 square meters.

4.2.2 Trade of the Czech Republic and Poland

Poland is a traditional important partner of the Czech Republic. The current economic relations can be described as good, with a tendency of further deepening. Contractually the economic relations between the Czech Republic and Poland are modified by:

- Treaty Establishing the European Community, which the Czech Republic and Poland joined in on the basis of the Accession Treaty signed in Athens in force since May 2004;
- Agreement For the Avoidance of Double Taxation in force since January 1994;
- Agreement between the Czech Republic and Poland for the Promotion and Reciprocal Protection of Investments in force since July 1993;
- Agreement on Cross-border Cooperation in force since September 1994.

4.2.2.1 Development of mutual trade

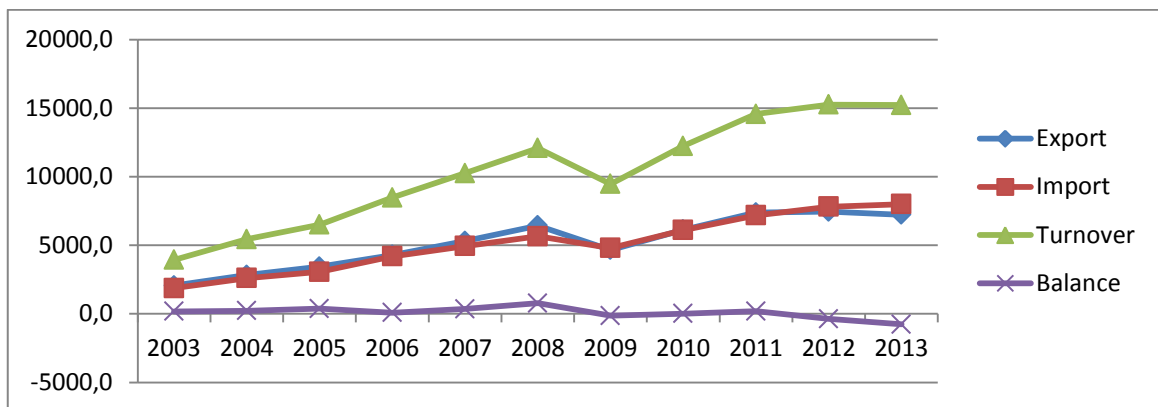
After a significant decline in the exchange of goods in the early 1990s, bilateral trade between the Czech Republic and Poland is developing dynamically. In 1993, Poland took part in the total foreign trade of the Czech Republic 2.6%, in 2006 it represented 5.7%. In 2011 the share of Poland in our foreign trade grew to 6.2% (6.0% of export and 6.5% of import). The most important trade partners of the Czech Republic: according to turnover, Poland took in 2011 the place behind Germany, Slovak and China and keeps the 4th position. The Czech Republic is in the 5th position as the most significant trade partner of Poland.

Table no 3: Trade exchange between the Czech Republic and Poland (in mil.EUR)

	Export	Import	Turnover	Balance
2003	2061,8	1876,9	3938,8	184,8
2004	2834,3	2605,1	5439,4	229,2
2005	3440,3	3059,9	6500,3	380,5
2006	4285,6	4194,1	8479,8	91,5
2007	5302,8	4946,4	10249,2	356,4
2008	6429,7	5653,2	12082,9	776,5
2009	4662,3	4801,8	9464,1	-139,4
2010	6128,9	6109,3	12238,2	19,6
2011	7380,4	7186,1	14566,5	194,3
2012	7445,5	7814,8	15260,3	-369,2
2013	7230,8	7996,8	15227,6	-766,1

Source: Author, based on the values from Czech statistical office, section Statistics, Foreign trade. Prague 2014

Graph no 3: Trade exchange between the Czech Republic and Poland (in mil.EUR)



As the above table and graph shows the trade turnover is growing again after both countries joined the European Union. Poland joined the EU in 2004, the foreign trade grew to 2012 about 2.2 times. In 2011 export to Poland was 7.380 billion EUR and imports 7.186 billion EUR. Polish foreign trade has been characterized by a negative trade balance for last two years.

From these values it can be inferred that after the accession of both countries to the EU, the tempo of Polish import to the Czech Republic significantly exceeds the rate of Czech export to Poland, which may be caused by an increase in import of some major Polish import commodities. The participation of Poland in the international exchange of goods is still at a relatively low level. The share of exports to the gross domestic product is approximately 30 % and is less than half of the Czech Republic (about 75 %).

4.2.2.2 Commodity structure

Almost 64% of our import took place within these commodity groups in 2011: Manufactured goods classified by material type, Machinery and transport equipment and Various industrial products. A trade exchange of chemical products is significant. In relation to Poland we have a negative balance of trade in food and live animals. Imports of this commodity exceeds one-tenth of our total imports from Poland, which is a very above the average proportion of food imports from the territory. Our export of the group crude

materials, inedible, except fuels, exceeds our imports. Raw materials, especially energy, and semi-finished create in mutual trade relatively significant role.

The dominant items of our exports are road vehicles, although their share is going to be reduced. The export of iron and steel increases in contrast by approximately 2 percentage points annually. TOP 10 listed items represent for over 56 % of total exports, which is a relatively high concentration with a tendency to increase from 2010. These are: Road vehicles; iron and steel; telecommunications and record devices; metal products; electrical machines, apparatus and appliances; various products; machinery and equipment generally used in industry; office machines and machine processing data; coal, coke, briquettes; organic chemicals.

An import of finished products has been growing thanks to the increasing standard of living and higher final consumption.

4.2.2.3 Cooperation of Czech and Polish enterprises

About 300 representatives of the Czech companies (mainly in the form of representative offices or Ltd) were registered in the territory of Poland in 2008. Nowadays the main statistical office states 480 companies with the Czech capital, mostly in the form of representation of companies or joint production-distribution enterprise (joint venture). The best known and most active from the dealerships are Evraz Vitkovice and Vitkovice-Milmet, Škoda Poland, TOS, CD Cargo, Zetor. In 2010 Mattoni mineral water from Karlovy Vary launched an attack on the Polish market.

- The participation of Czech companies to supply the public sector is significant. The member of Czech suppliers of goods and services participating in tenders that deal with the road, rail and urban infrastructure, military supplies and in other spheres has been increasing. Their activity varies from long-term to permanent.
- Czech firm Bögl and Krýsl has become the leader of the consortium building 20 km section of the A2 highway between Lodz and Warsaw. It replaced the failed Chinese company COVEC. The company OHL Brno -ZS a.s and Ostrava TRAKCE –TOR have achieved significant success in the construction of railway

infrastructure The supply of goods, services and works of building character on the Polish market is regularly completed by companies such as TCHAS, FANS, KB block, SUDOP Praha, Praha Unicontrols, etc.

- Kofola a.s. received in September 2004 approval from the Polish government to build a branch plant in Kutna, which would employ up to 145 people and the total investment would reach the estimated amount of 20 million EUR. The opening ceremony of the production was in June 2005.
- Unipetrol , a.s. was privatized by Polish PKN Orlen, s.a.
- ČEZ a.s. is interested in the privatization of Polish power plants
- OKD a.s. seems to be interested in the privatization of Polish mines
- Zentiva a.s. seems to be interested in privatization of the plant for the production of pharmaceuticals

4.2.3 Trade of the Czech Republic and Slovakia

The split up of the Czechoslovak Federal Republic in 1993 into two separate states transformed their economic links from national to foreign relations business. Bilateral trade between the two countries is still considered as one of the key moments for the development of the economies of both countries.

Trade relations with Slovakia were after the split of the Czechoslovak Federative Republic covered by the Treaty Establishing a Customs Union. Slovakia has belonged to the unitary EU internal market since 1st May 2004. Trade and economic relations are governed by:

- Treaty of Accession to the European Union, signed in Athens in April 2003;
- The Treaty between the Czech Republic and Slovakia for the Avoidance of Double Taxation and the Prevention of Tax Evasion with Respect to Taxes on Income and Capital, in force since July 2003 ;
- The Treaty between the Czech Republic and Slovakia on Cooperation and Mutual Assistance in the Field of Customs (No. 200/96 Coll.)

4.2.3.1 Development of mutual trade

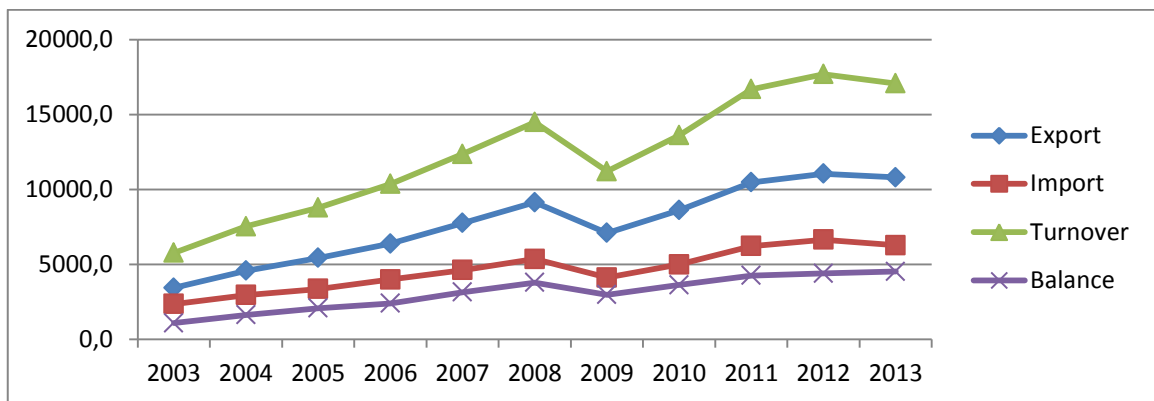
Slovakia is after Germany the second largest trade partner of the Czech Republic (until 1997 occupied first the place). In 2011 the Slovak Republic contributed in the total foreign trade 12.41 %. For comparison, Germany's share of Slovak foreign trade in 2011 was 18.44 %.

Table no 4: Trade exchange between the Czech Republic and Slovakia (in mil.EUR)

	Export	Import	Turnover	Balance
2003	3425,7	2345,4	5771,2	1080,3
2004	4576,5	2952,3	7528,8	1624,2
2005	5423,9	3354,7	8778,6	2069,3
2006	6372,8	3983,7	10356,5	2389,2
2007	7749,6	4611,6	12361,1	3137,9
2008	9131,5	5352,6	14484,2	3778,9
2009	7087,9	4116,4	11204,3	2971,6
2010	8612,0	4991,9	13603,9	3620,1
2011	1046,8	6219,8	16688,1	4248,4
2012	1104,1	6647,3	17688,2	4393,6
2013	1079,7	6274,8	17071,4	4521,8

Source: Author, based on the values from Czech statistical office, section Statistics, Foreign trade. Prague 2014

Graph no 4: Trade exchange between the Czech Republic and Slovakia (in mil.EUR)



From the values in the table and graph we can see that the economic relations have reached a long-term positive balance. The only exception was in 2009 the foreign trade turnover grew steadily. From the end of 2003 to 2006 the trade turnover increased by 77.7 %. These figures clearly confirm that joining the EU was for both countries useful. The turnover has been balanced since 2006.

4.2.3.2 Commodity structure

The commodity structure of Czech exports to Slovakia is uniquely determined by the production of the Czech automotive industry. The first place in the Czech export belongs unambiguously to road vehicles; machinery and equipment; iron and steel; metal products; mineral fuels; chemicals; industrial products and food product.

The main commodities imported from Slovakia to the Czech Republic are market products; mineral fuels; machinery and equipment; chemicals; industrial products; food and raw materials.

We can expect continued import of components to Slovak carmakers and to the electrical industry. The continuously expanding chain Lidl relies on a food import, especially dairy products.

4.2.3.3 Czech and Slovak enterprises

In a commercial transactions between the Czech Republic and Slovakia there is a large number of Czech and Slovak companies and joint ventures, especially in food industry and beverages, machinery, automotive industry, iron, building industry, textile, chemical, pharmaceutical and glass industry, the transport of persons and goods, banking, insurance, etc. There are already widespread business activities of Czech entities in the Slovak banking, insurance, jurisprudence and advocacy. Czech development companies are developing their activities.

- České Budějovice Budvar brewery founded in the beginning of 2012 the Slovak subsidiary Budweiser Budvar SK, s.r.o.
- Cargo Transportation and Logistics Group has in Slovakia hundred percent stake in two subsidiaries based in Bratislava CS Cargo Slovakia, OJSC and C. S. Slovakia Cargo Logistics Ltd. after completion of the property and financial restructuring from the June 2012
- In 2011 the company Metroprojekt Praha, a.s. was successful in a tender for the construction of the terminal of the public integrated transport in Moldava nad Bodvou.
- Preparations for the entry of the Czech company Viamont to Slovak market for rail transport have started in 2011
- Gas crisis that paralyzed the Slovak economy in the beginning of 2009 contributed to the realization of the long- prepared reverse flow of gas from the Czech Republic.
- In 2009 the shareholders agreement to establish a joint venture JAVYS, a.s. and ČEZ, a.s was approved

As shown by the analysis the entry of the Visegrad countries into the European Union in 2004 was a definite benefit to enhancing a mutual trade between the Czech Republic and other members of the Visegrád Group. According to the above values processed in the tables and graphs can be seen that the value of bilateral trade deficit increased sharply in 2004. The most significant increase of bilateral trade at the time of entry into the EU was recorded by mutual Trade of the Czech Republic and Hungary.

From the structure of exported and imported commodities it can be stated that the major export commodity of the Czech Republic to the V4 countries are cars and trucks. The main imported commodities can be deemed parts and accessories for motor vehicle, especially engines for cars, mineral fuels, medicines, food and wooden furniture.

4.3 Joint programs of governmental and non-governmental organizations of V4 countries

Member countries of the Visegrad Group countries are involved in joint programs of governmental and non-governmental organizations from different areas. The issue how to ensure electricity supply for the Central European region is discussed very often. A major driving force in ensuring supply of electricity in the Czech Republic is ČEPS a.s., which represents the European industry-leader in electronic coordinated auction of cross-border electricity capacity. ČEPS organises through the commercial electronic portal Damas bilateral daily auctions with partner auction offices in Poland, the Slovak Republic, Germany and Austria. These offices are together looking for solutions that enable allocation capacity to public profiles³⁰.

The Visegrad Group countries are also actively involved in building democratic Iraq. The rate and the nature of their involvement is different. Poland maintains one of the four zones of stability in Iraq, the center- south. Here are located units under the guidance of Polish military units from more than twenty countries, including those from Slovakia and Hungary. The humanitarian organizations from the Czech Republic (People in Need) and Poland (Polish Humanitarian Action) act also in Iraq. Poland and the Czech Republic jointly adopt Iraqi children who require medical care or surgery that cannot be safely done in Iraq. Furthermore, Visegrad countries within its capabilities send to Iraq humanitarian aid - medicine, medical supplies and food³¹.

³⁰ *Roční aukce přeshraničních kapacit elektřiny*. Technický týdeník, 2007. Available from WWW: <http://www.technickytydenik.cz/rubriky/archiv/rocní-aukce-přeshranicnich-kapacit-elektřiny_13838.html>

³¹ Kucharczyk J., Locitt J. *Democracry's new champions: European democracy assistance after EU enlargement*. Prague: 2008.

Another joint cooperation program is the protection of the environment. Several NGOs (Institute for Environmental Policy- Czech Republic, Centre for Environmental Studies- Hungary, Institute for Sustainable Development- Poland and the Society for Sustainable Development- Slovakia) cooperates within the Visegrad Group. Together they promote together the issues of sustainable development. In 1997, the organizations worked together on the project called - Strengthening the impact of business activities on sustainable development in Central and Eastern Europe and Sustainable Development for Central Europe. The most important aims of the project were to summarize: the major economic and environmental data relating to individual countries, to give detailed analysis of the behavior and basic tendencies in the behavior of strategic foreign investors and companies that are operating in the field of environment³².

Another program for joint cooperation is the issue of development aid to the third countries. Development assistance is coordinated by the relevant ministries and other government institutions in all Visegrad countries. Entry of the Visegrad countries into the European Union meant increase funds for development aid and helped to complete the transformation of the systems of development assistance.

Joint programs of governmental and non-governmental organizations of V4 countries are primarily focused on energy, peace support operations, environmental protection and humanitarian assistance. Common matters of cooperation in these fields also include the economic sphere of the countries. It provides opportunities for trade and investment activities for companies that join the common governmental and non-governmental organizations of V4 countries. At the same time it opens up other possible subjects for the future cooperation of the Visegrad Four.

5 CONCLUSION

The Visegrad Group cooperation is characterized mainly by the principle of voluntariness, responsibility and solidarity. These three values have accompanied the V4 during its history. The Visegrad Group began to form intellectually before the fall of the totalitarian

³² Ústav pro ekopolitiku, O.P.S. 2001

regime in the countries of Central and Eastern Europe, where the values of voluntariness, responsibility and solidarity were strongly suppressed. The fall of the totalitarian regime allowed the following basic values to be reflected in the mutual cooperation of the Visegrad countries and to be implemented in specific goals. The main objectives of the V4 countries were the preparation to access the Euro- Atlantic structures in the political, economic and social spheres. The Central European Free Trade Agreement played a major role in the economic sphere. This agreement helped to overcome the period of economic transformation and contribute to accelerating the removal of trade barriers to free trade. The culmination of the joint efforts was the accession of the Visegrad countries to the European Union in May 2004, and thus the possibility of entering the European market. This step led to the most dynamic period of the trade between V4 countries.

Joint activities of the Visegrad Group clearly contribute to the further link of civil base of the Visegrad countries and the promotion of democratization, transformation and integration processes of other countries. The cooperation of the Visegrad countries contributes to long-term stabilization of the political situation in the countries with which the Visegrad Group closer cooperates. Especially in countries applying for accession to the European structures. Visegrad countries can offer them political and technical support based on their own experience with transformation and accession process.

The content of this work shows that the regional cooperation is in no way redundant in the European Union. The example of Benelux can demonstrate that small regional grouping in the EU can have a significant influence, certainly more than if it were without it. The Visegrad group, of course, cannot be as ambitious as to become the second Benelux. However, in no case, its influence should not be underestimated.

We can conclude that the accession of the Visegrad countries to the European Union clearly and positively contributed to the increase of the volume of trade between the members of the Visegrad Group and other European countries. The value of the turnover between the V4 countries after joining the European Union soared to the highest values and until the present time it is still growing. The markets of the Visegrad countries have become attractive to Czech businessmen. This shows the interest of Czech traders in

setting up their manufacturing and business companies in the Visegrad markets and focus on business mergers and acquisitions. The economic cooperation of the Visegrad countries continues even after the accession to the European Union and takes a considerable, long-term strength.

6 LIST OF ABBREVIATIONS

CEFTA	Central Europe Free Trade Agreement
CFSP	Common Foreign and Security Policy
EMU	Economic and Monetary Union
ESDP	European Security and Defence Policy
EU	European Union
EUR	Euro
IVF	International Visegrad Fund
MZV ČR	Ministry of Foreign Affairs of the Czech Republic
OECD	Organization for Economic cooperation and Development of the Czech Republic
OSCE	Organization for Security and Cooperation in Europe
UN	United Nations
V3	Visegrad Group before the desolution of the Czechoslovakia
V4	Visegrad Group after the desolution of the Czechoslovakia

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