

# Selected Aspects of European Integration of the Visegrad Group Countries

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## Abstract

This paper analyzes the membership of the Visegrad Group countries (the Czech Republic, Poland, Slovakia, and Hungary) in the European Union (EU). It presents the parallel process of fundamental systemic transformation and integration with the EU in the analyzed countries. Their integration path is shown, starting from the association with the European Communities, a transitional period to membership, through adjustments to the requirements related to EU accession and membership. A comparative analysis of the main macroeconomic indicators, trade development, and the inflow of foreign direct investment showed that the adopted measures and the membership of these countries in the EU positively impacted their overall socio-economic development, in particular in the context of modernizing and restructuring their economies, which ultimately translated into the civilizational leap of the analyzed countries.

**Keywords:** Visegrad Group, European Union, association, membership

**JEL:** 013

## Introduction

The systemic transformation that began in the late 1980s and early 1990s in most countries of Central and Eastern Europe (CEE) led to the initiation of enlargement of the then European Communities (EC). A significant evolution characterized the development of mutual relations between the CEE countries and the European Union (EU).<sup>1</sup> It was determined by political factors and the European continent's ideological division into two antagonistic blocs. The deepening of the European integration

<sup>1</sup> Formal relations began with the European Communities, the European Union has been operating since the entry into force of the Treaty on the EU, i.e., from November 1, 1993.

process and the political division of Europe were the main sources of the relatively poor development of mutual relations between the CEE and EC countries. However, economic ties between them, in particular, trade with some member states (e.g., West Germany), were always characterized by a significant asymmetric intensity. The EC share in, e.g., Polish exports, amounted to approx. 25%, while Poland's share in total EC exports was less than 1%. These indicators for Czechoslovakia and Hungary were similar. The importance of the EC for these countries as a trading partner was immeasurably greater than their importance for the EC. In 1992, the exports of these countries to the EC markets accounted for approx. 53% of their total exports, while imports from the EC accounted for approx. 47% of their total imports; EC exports to these countries amounted to 1.3% of the total EC exports, while the share of their imports in total EC imports was 1.2%. (Gorzela, Jałowiecki, Kukliński, and Zienkowski 1995, p. 21). The scale of cooperation between the CEE countries and the EC was determined by both their level of economic development and the systemic, political, and institutional conditions. Economic ties with the EC relied on institutional arrangements in the relationships between the EC and the Council for Mutual Economic Assistance and the lack of mutual recognition of the two groups in the international scene.

This paper aims at demonstrating that the EU membership of the Visegrad Group countries was not only a beneficial step but also a necessary one, in particular for the modernization of their economies, building civil society and a democratic rule of law, as well as social and economic development, which all together led to the economies of these countries being classified as highly developed. Without actions undertaken in the name of EU integration, the Visegrad Group countries would not have had an opportunity to experience such a significant advancement.

The official opening of diplomatic relations between the CEE countries and the EC took place in 1988 through trade and economic cooperation agreements with the EC.<sup>2</sup> Under these agreements, the EC removed quantitative restrictions on specific products and extended the generalized system of preferences on these countries.

The commencement of systemic transformation in the CEE countries posed a challenge for the EC in providing aid to these countries and sharing the EC's more than 40 years of integration experience. The success of the transformation of these countries depended on extensive cooperation with the EC and other highly developed countries.

In February 1991, the presidents of Poland, Czechoslovakia, and Hungary signed a joint declaration in Visegrad, defining the goals and conditions for cooperation. The Visegrad Triangle was established to deepen the cooperation in building democratic state structures and a market economy. In the initial phase, it concerned, in particular, the accession to the EU and NATO. After the dissolution of Czechoslovakia in December 1992,<sup>3</sup> the Visegrad Group (V4) was established as an informal associ-

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2 Hungary concluded the agreement on September 26, 1988, Poland on September 19, 1989, Czechoslovakia on March 23, 1990.

3 From January 1, 1993, two independent countries functioned: the Czech Republic and Slovakia.

ation of 4 countries: the Czech Republic, Poland, Slovakia, and Hungary. They were linked by proximity, similar geopolitical conditions, and shared history, tradition, culture, and values.

## Association agreements as a transitional stage to membership

In January 1990, in the European Parliament, Jacques Delors<sup>4</sup> proposed that the interested CEE countries conclude association agreements. They would “create an institutional framework for genuine dialogue and joint political and economic activities, extending cooperation in the field of technology, science, protection environment, trade and finance (...)” (Le Monde Diplomatique 1990).

The associative formula of EC ties with third countries provided in Art. 238 of the EC Treaty then in force could take various forms. Association agreements were concluded unanimously by the Council after obtaining an absolute majority of the European Parliament (Barav and Philip 1993, p. 6). Generally speaking, a country that was associated with the EC was more than a third country. Although it had institutional links with the EC bodies, it was not a member state and did not participate in the EC decision-making process.

Some CEE countries expressed their readiness to conclude agreements on association and the commencement of negotiations, indicating at the same time that their goal was to obtain membership of the EC (Mizsei and Rudka 1995, p. 60). At that time, it was not unanimously accepted by the member states. It was pointed out that their accession would not take place quickly, and it would not be an easy process, for various reasons (Weidebfield and Janning 1993, p. 195). First, there was an ongoing dilemma in the EU – enlargement or deepening of the EU.<sup>5</sup> The positions of individual member states varied considerably.<sup>6</sup> Three positions could be distinguished among the member states regarding the inclusion of the CEE countries in the EU (Nyssen 1996, p. 18). The first group (Great Britain and, to a lesser extent, Denmark) wanted the associated countries to be admitted as soon as possible, hoping to weaken the process of EU deepening. The second group included countries that opposed quick accession. One of them was France, afraid that EU enlargement would cause Germany to maintain its dominant political position within the European Union, resulting from its former political, economic, cultural, and historical ties with the CEE countries. Countries such as Spain, Greece, and Portugal believed that the new countries would become serious competitors for structural funds. Belgium believed that enlargement would

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4 The then president of the European Commission.

5 At that time, the ratification of the Treaty on the EU took place, which provided for the creation of an economic, monetary and political union.

6 It should be emphasized that the decision to admit new members is taken unanimously.

seriously weaken the process of deepening the EU. The third group (Germany, Italy, and the Netherlands) opted for enlargement, which, in their opinion, would not threaten the deepening (Nyssen 1996, p. 18).

Another reason was the very low level of economic development of the CEE countries and the need for a deep systemic transformation and the necessary complex and costly adaptation measures (Błaszczuk 1994, pp. 116–119). Finally, the macroeconomic situation of these countries also differed significantly (Nyssen 1996, p. 20).<sup>7</sup> For the above reasons, the EU did not agree to include “automatic membership” in the preamble of the agreement. It stated that, in the meantime, extensive cooperation was possible, but accession was a distant perspective (Nyssen 1996, p. 17).

Numerous analyses related to the development opportunities of the Visegrad Group countries indicated their huge economic backwardness compared to even moderately developed EU member states of the time, as shown in the table below. In an optimistic scenario of growth amounting to 5% per year, these countries would reach 75% of the average EU income in 20 years.

**Table 1.** Years needed for the most developed CEE countries to reach 75% of the average EU income

Country	3% growth	4% growth	5% growth
Czech Republic	28	21	14
Hungary	35	26	18
Poland	44	33	22
Slovakia	51	39	26
Visegrád Group	40	30	20

Source: R. Baldwin, *Towards an Integrated Europe*, CEPR, London 1994.

Association agreements, called Europe Agreements, with Hungary, Poland, and Czechoslovakia, were signed on December 16, 1991, in Brussels, and the European Parliament gave its consent for the first two countries on September 16, 1992 (Constantinesco, Kovar, and Simon 1995, p. 773).<sup>8</sup> The Czech Republic and Slovakia signed association agreements on October 4, 1993. Agreements with Poland and Hungary entered into force on February 1, 1994, with the Czech Republic and Slovakia on February 1, 1995. The negotiation process was not easy for many reasons.<sup>9</sup> Many negotiated issues were just emerging in the economy and politics of these countries, both in the real and regulatory spheres. They included, among others, demonopolization of the economy, restructuring and modernization, building a market econo-

<sup>7</sup> For example, Poland recorded huge debt and inflation; Hungary also had serious debt, but inflation was at an acceptable level; in Czechoslovakia, the situation was quite different – a balanced budget and virtually no inflation.

<sup>8</sup> In the case of Czechoslovakia, the consent of the European Parliament, taking into account its collapse, was issued on April 5, 1993.

<sup>9</sup> For example, it was not possible to negotiate the provisions regarding financial protocols (as was the case with, e.g., Malta or Cyprus), under which the EU would undertake to provide financial assistance on a multi-annual basis.

my and the rule of law, customs tariffs, norms and standards, and competition rules (Weidebeld and Janning 1993, pp. 188–191).

Nevertheless, despite the lack of an EU declaration to admit the CEE countries to the community, it treated the Europe Agreements as a transitional stage towards full EU membership, which was emphasized by the V4 countries within the framework of their cooperation. Indeed, the association agreements constituted an essential legal basis for shaping mutual relations (Mizsei and Rudka 1995, p. 8), regulating trade relations, competition rules, and cooperation in such areas as industry, environment, transport, and customs.

The V4 countries indicated many factors that influenced their decision to join the EU. Among the political factors, it included the guarantee of the irreversibility of the transformation process, the possibility of becoming a member of a large political, economic and social grouping, and gaining influence on decisions taken on the international forum of global importance. The socio-economic factors included, i.a., access to the Single Internal Market, new technologies and innovations, accelerated economic growth, modernization of the economy, and access to European funds.

In June 1993, at the Copenhagen summit, the European Council decided on the possibility of associated countries acceding to the EU after meeting certain conditions, the so-called Copenhagen criteria. Despite their general nature, they played an important role in integrating these countries with the EU. Based on these criteria, the European Commission prepared an opinion on the official accession applications submitted by these countries. The Commission reported annually on the progress made by these countries towards membership in the EU every year beginning in 1998. Between 1994 and 1996, following the decision made at the Copenhagen summit, the V4 countries officially applied to join the EU.<sup>10</sup>

The first political steps taken by the EU to implement the decisions of the Copenhagen summit were at the Essen European Council in December 1994. As a result, the pre-accession strategy was adopted along with a proposal to prepare a White Paper containing the scope of necessary legal adjustments to the internal single market rules.<sup>11</sup> The White Paper was adopted at the Cannes Summit in June 1995. The next summit, held in Madrid in December 1995, adopted a recommendation that the European Commission prepare an opinion on membership applications and analyze the financial consequences of enlargement and its impact on EU policies.

The results of the work of the European Commission – the opinions and the Agenda 2000 draft, presented at the summit in July 1997 – made it possible to decide at the Luxembourg summit in December of the same year to open accession negotiations with the Czech Republic, Cyprus, Estonia, Poland, Slovenia, and Hungary.<sup>12</sup> Official ac-

<sup>10</sup> Hungary officially applied to join the EU on March 31, 1994, Poland – April 5, 1994, Slovakia – June 27, 1995, the Czech Republic – January 22, 1996.

<sup>11</sup> The single internal market was completed on January 1, 1994.

<sup>12</sup> The decision to start negotiations with Slovakia was made two years later, at the Helsinki summit in December 1999.

cession negotiations with the Czech Republic, Poland, and Hungary started in March 1998,<sup>13</sup> while actual negotiations took place in November 1998, and in February 2000 with Slovakia.

## The process of enlarging the European Union

The EU enlargement was an extremely important but very complex and multifaceted process, which the EU had never carried out before. On the one hand, never before had the Union faced such a huge challenge as integrating countries that differed so much from the EU Member States in terms of their social and economic development, and political, legal, and institutional systems. On the other hand, the candidate countries had never carried out such a profound and total transformation alongside a comprehensive integration process. It took a great deal of determination from all parties to successfully achieve the enlargement.

The EU carried out this process both in the real and regulatory spheres, starting with trade and cooperation agreements, association agreements, adoption of the Copenhagen criteria, pre-accession strategies, annual reports on the progress of candidate countries towards membership. It ended with the Danish diplomacy strategy “from Copenhagen to Copenhagen” to conclude accession negotiations at the summit in Copenhagen on December 13, 2002. The European Commission played an essential role in the accession process as it was determined to help the candidate countries meet the membership requirements.<sup>14</sup>

The EU wanted the CEE countries to accede to the EU on favorable terms. First of all, it was believed that enlargement should strengthen the EU. It would be stronger if they acted together, not separately. It was emphasized that after enlargement, in its new form, it would become more competitive in the world market and play a more significant political role on an international scale. The candidate countries also made great efforts to implement the fundamental political and economic transformation and social activities in parallel with activities aimed at full integration with the EU. Furthermore, the collapse of the former Soviet market, which resulted in a significant limitation of sales opportunities, was significant. Along with the commencement of the systemic transformation, the V4 countries began the adjustment processes for successive integration with the EU. The implementation of the association agreements was a very important step in the integration process. Although the preamble to the agreements only confirmed that the ultimate goal of these countries was accession to the EC, and that the association would help to facilitate this, they treated association cooperation as a transitional step towards full membership.

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<sup>13</sup> In the 5 + 1 formula in the form of bilateral intergovernmental conferences.

<sup>14</sup> Its role was to initiate and organize the entire process within the Union.

The Europe Agreements negotiated by the V4 were undoubtedly the most comprehensive and meaningful. They regulated mutual relations with the largest grouping in the world, which, from the 1990s, also became the main cooperation partner. The agreements influenced almost all areas of socio-economic life. The most visible effects were observed in trade (in January 2002, a free trade area for industrial products was established between Poland and the EU, based on the Interim Agreement under the Europe Agreement, and with Hungary) (Nyssen 1996, p. 23).<sup>15</sup>

For many different reasons, it was extremely difficult to estimate the development of economic relations between the V4 countries and the EU. Firstly, the development of these relations was determined by the solutions adopted in the Europe Agreements, in particular, those concerning the liberalization of mutual trade, with many restrictions concerning agricultural products. There were also mutual relations and developing cooperation within the Visegrad Group, especially after the dissolution of Czechoslovakia, although this was not always successful.<sup>16</sup> Secondly, the volume of trade was influenced by many factors, apart from liberalization, especially those arising from the systemic transformation carried out in these countries and the profound structural changes and modernization of their economies. The cooperation between the parties, which developed within the association, had a significant impact on the dynamics of the economic growth of the V4 countries. It was estimated that Poland's economic growth rate, which resulted from implementing the Association Agreement reached, its highest level, i.e., 0.5–0.6% annually, between 1992 and 1997 (Kawecka-Wyrzykowska 1998, p. 17). Trade liberalization caused positive and negative effects, such as a significant increase in unemployment or the closure of unprofitable branches of industry. The negative effects resulted from modernizing and restructuring the backward national economy.

The implementation of the Europe Agreements and the parallel adjustment activities became the framework for the transformation of the V4 economies, and a point of reference for constructing a market economy, the rule of law, and democracy.<sup>17</sup> The implementation of the agreements ensured both economic stability and transparency of the economic system. It created a solid and stable environment, attracting foreign investment. Between 1989 and 2012, its value in Poland exceeded USD 185 billion, in the Czech Republic – over USD 99 billion, in Hungary – over USD 90 billion,

15 The Interim Agreement did not apply to the Czech Republic and Slovakia, the renegotiations of the association agreement with the Czech Republic and Slovakia (after the dissolution of Czechoslovakia) followed the redefinition of the EC trade policy with respect to the CSCE partners (now OSCE), consisting in including human rights dispositions in the agreements and market economy (these provisions do not appear in the agreements with Poland and Hungary, which were concluded before the introduction of the new doctrine).

16 The Czech Republic initially intended to go its own way towards integration with the EU, which was much more developed after the dissolution of Czechoslovakia, [http://www.nbp.pl/publikacje/nms/nms\\_07\\_14.pdf](http://www.nbp.pl/publikacje/nms/nms_07_14.pdf) (accessed: 12.02.2021).

17 Meanwhile, the V4 countries joined the OECD: the Czech Republic in 1995, Hungary and Poland in 1996, Slovakia in 2000; in 1995, they joined the WTO.

and in Slovakia – over USD 47 billion.<sup>18</sup> It was partly the result of implementing the association agreements concerning, i.a., customs, capital movements, and harmonizing the laws of these countries with Community law. The implementation of the agreements and the integration process was supported by financial aid granted by the EU under the PHARE program,<sup>19</sup> which proved to be important, especially in the initial phase of the economic, political, and institutional transformation.

Summing up, the Europe Agreements were undoubtedly an important tool for deepening and expanding cooperation between the parties. However, they also proved to be a vital instrument in preparing the economies, legal systems, administrations, and societies of the V4 countries for integration with the EU. These preparations were undoubtedly a huge challenge, as they touched almost every area of socio-economic life.

The problems faced by the V4 countries in preparing for EU membership were similar.<sup>20</sup> The most important tasks to be performed by the candidate countries included strengthening administrative structures and the efficient implementation of the law, promoting structural changes and restructuring in the economy, fighting corruption, and creating a favorable environment for the development and operation of firms, especially small and medium-sized enterprises.

Eventually, the accession negotiations were concluded in Athens on April 16, 2003, with the accession treaty, which governed membership conditions.<sup>21</sup> The negotiations concerned many areas, such as environmental protection, competition policy, agriculture, the free movement of people, services, goods and capital, transport policy, taxes, social policy and employment, energy, telecommunications and information technology, company law, finance, and budget. In many negotiated areas, transition periods were foreseen – in areas such as competition policy, free movement of capital, or the environment at the request of the V4 countries (Tendera-Właszczuk 2006, pp. 8–10, 19), agriculture (Tendera-Właszczuk 2006, pp. 11–15) or the free movement of people at the initiative of the EU. There was also a broad debate on the effects of integration. Ultimately, in the referenda held, the citizens of the V4 countries voted in favor of EU membership. The results are presented in the table below. The highest acceptance of accession to the EU was recorded in Slovakia, then in Hungary, while in Poland and the Czech Republic, the acceptance rate was similar.

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18 <https://ssl-kolegia.sgh.waw.pl/pl/KES/czasopisma/kwartalnik/Documents/KES17DK.pdf> (accessed: 12.01.2021).

19 In December 1989, the EC Council of Ministers legally sanctioned the functioning of the PHARE program. Since 1990, it has provided significant financial support. Initially, aid focused on supporting systemic changes, then the process of integration with the EC.

20 *Negocjacje członkowskie. Polska na drodze do Unii Europejskiej*, Chancellery of the Prime Minister, Warsaw 1999, p. 73.

21 *Traktat o przystąpieniu Republiki Czeskiej, Estonii, Cypru, Łotwy, Litwy, Węgier, Malty, Polski, Słowenii i Słowacji* (the Treaty of Accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia), OJ L236 of 23.09.2003.



**Table 2.** Results of referenda in the V4 countries on EU membership

Country	Date	Turnout	In favor	Against
Poland	7/8.06.2003	58.8%	77.45%	22.55%
Czech Republic	15/16.06.2003	55.21%	77.33%	22.67%
Slovakia	16/17.05.2003	52.12%	92.46%	6.20%
Hungary	12.04.2003	45.65%	83.76%	16.24%

Source: <https://encyklopedia.interia.pl/slownik-ue/news-referendum-akcesyjne,nld,2112785> (accessed: 16.02.2021).

Governments, NGOs, research and development centers, schools, and political parties were involved in debates on the effects of integration for both the V4 and the European Union. The main doubts concerned the costs and benefits of these countries' EU membership (Inotai 1996, pp. 79–83). It was pointed out that generally speaking, the benefits would be greater than the costs incurred, although initially, they might not be too noticeable.

The benefits of enlargement for the then member states and the Union itself were also analyzed. For example, for Germany, the EU enlargement would have a positive effect on the economy, increasing GDP growth by about 0.4% (Błaszczuk 2004, p. 166). Other analyses prepared by the member states' institutions and commissioned by the European Commission also emphasized the positive effects of enlargement both for the member states and the Union as an actor in international economic relations. Kok emphasized that "enlargement may act as a catalyst in solving certain problems in Europe" (Kok 2003, p. 86). He also added that "if we want the Union to function better, we must adopt the appropriate attitudes. We should leave our national approach: small and large countries, old and new members, rich and poor regions – we are all Europeans" (Kok 2003, p. 86).

May 1, 2004 – the day the EU was enlarged by ten new countries, including the V4 countries – symbolizes the reunification of two parts of the European continent. It is the realization of the dream of one of the fathers of Europe, Robert Schuman, who said in 1963: "We must make Europe not only in the interest of the free countries, but also to be able to welcome the peoples of the East who, freed from the subjection that they have suffered until now, will ask to join us and request our moral support."<sup>22</sup>

The reorientation of the Visegrad Group countries' foreign policies and the commencement of a multifaceted, costly, and challenging transformation process, parallel with the integration process, were dictated by numerous and multiple factors. Among the political reasons for the decision to join the EU especially worth mentioning are the guarantee of the irreversibility of the commencement of the system transformation process, anchoring among democratic societies, and the possibility of taking part in making international-level decisions that have a global impact. The economic factors include access to the large EU internal market, modern technologies, and innovations allowing for the acceleration of economic growth and modernization of the na-

<sup>22</sup> Translation: G. Avery, *Robert Schuman on Hungary and Europe*, <https://cadmus.eui.eu/handle/1814/14315> (accessed: 16.04.2021).

tional economy. It also allowed access to structural funds to support socio-economic development, including the fight against unemployment and social exclusion, the restructuring of the agri-food economy, and issues related to public finance discipline. The opening of borders and the freedom to move or study abroad also played an important role in making decisions about joining the EU.

## Assessment of the V4 countries' membership of the European Union

May 2020 marked the 16th anniversary of the Visegrad Group countries' membership of the EU, which is sufficient to assess the achievement of their transformation and integration goals. There is no doubt that the outcomes are positive. While preparing for and adjusting to integration with the EU, it was not easy to estimate the integration costs and benefits. The process involved numerous activities in many areas and depended on various factors. The overall effect also depended on their readiness to meet the requirements that resulted from membership, including, e.g., preparing enterprises from the V4 countries to participate in the single internal market (ensuring full freedom of movement of people, services, capital, and goods) or the ability to absorb structural funds. Nevertheless, membership created conditions for accelerating economic growth and the gradual closing of the development gap between the V4 countries and the EU member states. The accession to the area of the four freedoms was conducive to modernizing and restructuring these countries' economies.

When summarizing the V4 countries' membership of the EU, it can be stated that they made a significant civilizational leap. Their importance on the international scale increased not only in the area of economic but also political and international security.

When Poland initiated the transformation and integration process, its GDP per capita ratio was approx. 35% of the EU average. Table 3 shows the development of this indicator in the period 1990–2019. The data show that the integration process in the V4 countries resulted in an increase in GDP per capita in all countries, the most in Poland – more than twice. In 2000, the GDP per capita of the analyzed countries was 48.5% of the average EU–15 level, while in 2019, this had increased to 78% of the average EU–28 level.

**Table 3.** GDP per capita in the V4 countries in the period 1990–2019 in relation to the EU average (%)

Country	1990	1995	2000	2005	2010	2012	2016	2019
Poland	35	37	42	46	57	60	69	73
Czech Republic	73	66	62	72	73	72	89	93
Slovakia	58	41	43	55	66	68	73	73

Country	1990	1995	2000	2005	2010	2012	2016	2019
Hungary	54	44	47	57	59	60	69	73

Source: own elaboration based on: <http://www.pte.pl/kongres/referaty/Matkowski%20Zbigniew,%20OPr%C3%B3chniak%20Mariusz,%20Rapacki%20Ryszard/Matkowski%20Zbigniew,%20OPr%C3%B3chniak%20Mariusz,%20Rapacki%20Ryszard%20-%20SCENARIUSZE%20REALNEJ%20KONWERGENCJI%20W%20UNII%20EUROPEJSKIEJ%20-KRAJE%20E%C5%9AW%20A%20U.pdf> (accessed: 21.02.2021); <https://ec.europa.eu/eurostat/databrowser/view/tec00114/default/table?lang=en> (accessed: 21.02.2021).

The employment structure also changed significantly. The total employment in individual sectors of the economy of the Visegrad Group countries compared to the EU in 1992 reflected the state of their social and economic development at that time (Table 4).

**Table 4.** Employment structure in the V4 and EU countries in 1992 (%)

Branch of economy	V4 countries	EU
Agriculture	24.1	2
Industry	35.9	31.6
Services	40	66.4

Source: [http://www.euroreg.uw.edu.pl/dane/web\\_euroreg\\_publications\\_files/4021/europa\\_rodkowa\\_2005\\_perspektywy\\_rozwoju.pdf](http://www.euroreg.uw.edu.pl/dane/web_euroreg_publications_files/4021/europa_rodkowa_2005_perspektywy_rozwoju.pdf) (accessed: 25.02.2021).

The table below illustrates the employment structure in individual V4 countries. At the beginning of the 1990s, most people were employed in agriculture (especially in Poland), while the service sector was poorly developed. The accession of these countries to the EU fundamentally changed the analyzed indicators. Employment in agriculture decreased significantly while employment in services increased in all countries.

**Table 5.** Changes in the employment structure in the V4 countries (in %)

	Czech Republic (1992)	Poland (1990)	Slovakia (1992)	Hungary (1992)	Czech Republic (2017)	Poland (2015)	Slovakia (2017)	Hungary (2017)
Agriculture	8.3	30.4	12.0	13.5	2.0	11.6	4.0	7.1
Industry	46.0	34.0	43.3	34.5	38	30.3	39	29.7
Services	45.7	35.6	44.7	51.8	60.0	57.9	56.9	63.2

Source: own elaboration based on: [https://www.paih.gov.pl/files/?id\\_plik=34144](https://www.paih.gov.pl/files/?id_plik=34144) (accessed: 26.02.2021), [https://pl.wikipedia.org/wiki/Gospodarka\\_S%82oC5wacji](https://pl.wikipedia.org/wiki/Gospodarka_S%82oC5wacji) (accessed: 26.02.2021).

There was a significant increase in trade within the EU and gradually with third countries. The structure of foreign trade changed significantly. In the initial period of transformation, the exports of the discussed countries were dominated by raw materials and agri-food products, in imports dominated machinery and equipment. Moreover, the markets of the V4 countries became much more important as EU trading partners. From 1993–2004, the total exports of Poland, Slovakia, and the Czech Republic increased fivefold and, in the case of Hungary – sixfold. There was also a five-

fold increase in their import (Wysokińska 2006). The share of sensitive products (coal, steel, textiles, and agricultural products) in exports decreased significantly. Very high growth was recorded in high-tech sectors, especially in Hungary (the share doubled in 2004 compared to 1994) and the Czech Republic, but less in Poland and Slovakia (although Slovakia achieved a very positive result in 2004) (Wysokińska 2006). The value of the V4 countries' exports to the EU between 1995 and 2019 increased more than 19 times, and the value of imports more than 16 times (Visegrad Group 2020, p. 6).

In recent years, the European Union has been the main trading partner for all countries in the group. In 2018, the trade of the Czech Republic with the EU member states accounted for 84% of Czech exports (32% went to Germany, 8% to Slovakia, and 6% to Poland). In terms of imports, 76% came from the EU member states (29% from Germany, 9% from Poland, and 6% from Slovakia).<sup>23</sup>

In the case of Poland, the EU member states accounted for 80% of its exports (28% went to Germany, and 6% to the Czech Republic and France each). In imports, 69% came from the EU member states (27% from Germany, 6% from the Netherlands, and 5% from Italy).<sup>24</sup>

In Slovakia's trade, 86% of its exports went to EU member states (22% to Germany, 12% to the Czech Republic, and 8% to Poland). Eighty percent of imports came from the EU member states (20% from Germany, 16% from the Czech Republic, and 10% from Austria).<sup>25</sup>

For Hungary, the situation was very similar. Trade with the EU member states accounted for 82% of exports (27% went to Germany and 5% to Romania, Austria, Italy, and Slovakia). Seventy-five percent of imports came from the EU member states (Germany – 25%, Austria – 6%, Poland and the Netherlands – 5%).<sup>26</sup> The above data show that the most important trading partners for all the V4 countries, both in exports and imports, were the EU countries, especially Germany.

The share of the V4 countries in global value chains (GVCs) also increased. The degree of involvement of individual countries in GVCs between 2004 and 2014 indicates that in Poland, it grew to 59%. Higher rates were recorded for the Czech Republic, Slovakia, and Hungary – 70% (Ambroziak and Błaszuk-Zawiła 2020, pp. 43–45).

The inflow of foreign investment should be noted, which occurred due to accession and preparations for it. In all the V4 countries, an increase in the value of the inflow

23 [https://europa.eu/european-union/about-eu/countries/member-countries/Bohemia\\_en](https://europa.eu/european-union/about-eu/countries/member-countries/Bohemia_en) (accessed: 27.02.2021); 3% of the Czech exports went to the USA and Russia; in imports, 8% came from China and 2% from the USA.

24 [https://europa.eu/european-union/about-eu/countries/member-countries/poland\\_pl](https://europa.eu/european-union/about-eu/countries/member-countries/poland_pl) (accessed: 27.02.2021), Poland's exports to Russia and the USA accounted for 3% of Polish exports; in imports, 8% came from China and 7% from Russia.

25 [https://europa.eu/european-union/about-eu/countries/member-countries/slovakia\\_en](https://europa.eu/european-union/about-eu/countries/member-countries/slovakia_en) (accessed: 27.02.2021), Slovakia's exports to the USA amounted to 3%, to Russia and China – 2%, in imports, 5% came from Russia and South Korea.

26 [https://europa.eu/european-union/about-eu/countries/member-countries/hungary\\_en](https://europa.eu/european-union/about-eu/countries/member-countries/hungary_en) (accessed: 27.02.2021), Hungarian exports to the USA and Ukraine accounted for 2% each, while imports from China accounted for 6% and from Russia – 5%.

of foreign direct investment (FDI) was observed. The accumulated FDI value in all analyzed countries reached high values, denoted in billions of USD. It exceeded USD 240 billion in Poland and over USD 170 billion in the Czech Republic. Foreign investment stock in individual countries is presented in the table below.

**Table 6.** FDI stock in the V4 countries in 2000–2019 (in million USD)

Country/year	2000	2010	2019
Czech Republic	21,644	128,504	170,682
Poland	33,477	18,7602	23,6506
Slovakia	6,970	50,328	59,750
Hungary	22,870	91,015	97,841

Source: UNCTAD, World Investment Report 2020, Geneva 2020, Annex, p. 242, [https://unctad.org/system/files/official-document/wir2020\\_en.pdf](https://unctad.org/system/files/official-document/wir2020_en.pdf) (accessed 10.03.2021).

It is also worth paying attention to the positive growth trend of the V4 countries' foreign investments. For example, the cumulative value of Polish FDI in 2019 reached almost USD 24 billion. Among the 20 countries – directions of Polish foreign investments, there are the V4 countries: the Czech Republic in the sixth position, Hungary – the seventh, and Slovakia in the ninth position.<sup>27</sup> The table below presents the increase in foreign investments of the V4 countries.

**Table 7.** Cumulative value of the V4 countries' foreign investments, 2000–2019 (in million USD)

Country/year	2000	2010	2019
Czech Republic	738	14,923	45,364
Poland	268	16,407	24,835
Slovakia	555	3,457	4,727
Hungary	1,280	23,612	33,732

Source: UNCTAD, World Investment Report 2020, Geneva 2020, Annex, p. 242, [https://unctad.org/system/files/official-document/wir2020\\_en.pdf](https://unctad.org/system/files/official-document/wir2020_en.pdf) (accessed 10.03.2021).

Membership of the Visegrad Group countries also contributed to an increase in the competitiveness and innovation of their economies.<sup>28</sup> Their development was primarily supported by transfers from the EU budget, particularly from the Structural Funds. Cohesion policy financial transfers proved crucial to the EU's investment policy, which provided 8.5% of government investment in the EU (Seventh Report on Economic, Social and Territorial Cohesion 2017). And in the analyzed countries (net beneficiaries of the cohesion policy), this value was significantly higher. In Poland, it is over 60%, in Hungary – almost 55%, Slovakia – 54%, and the Czech Republic – over 40% (Seventh Report on economic, social and territorial cohesion 2017).

<sup>27</sup> <https://www.pwc.pl/pl/media/2020/2020-12-03-ranking-kierunkow-ekspansji-raport-pwc.html> (accessed: 28.02.2021).

<sup>28</sup> In *Global Competitiveness Report* in 2019, out of 141 countries, the Czech Republic was 32<sup>nd</sup>, Poland 37<sup>th</sup>, Slovakia 42<sup>nd</sup> and Hungary 47<sup>th</sup>, World Economic Forum 2018 The Global Competitiveness Report, [http://www3.weforum.org/docs/WEF\\_TheGlobalCompetitivenessReport2019.pdf](http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf) (accessed: 10.03.2021).

From 2004–2019, over EUR 327 billion flowed from the EU budget to the countries of the Visegrad Group, the most was within the cohesion policy – over EUR 207 billion, and the common agricultural policy – over EUR 102 billion. The surplus of the transfer of funds from the EU budget for 2000–2019 amounted to almost EUR 240 billion (Grupa Wyszehradzka 2021, p. 12).

Projects co-financed from the EU structural funds have significantly helped modernize the V4 economies. They made it possible to improve infrastructure, build highways, develop modern railways, and fight unemployment and social exclusion. They also contributed to the modernization and restructuring of agriculture and the development of rural areas. According to the HDI, all V4 countries are classified as very highly developed countries of the world.<sup>29</sup>

The positive assessment of their membership is reflected in support of the V4 citizens for the presence of these countries in the EU. In 2017, 88% of Poles, 82% of Hungarians, 74% of Slovaks, and 56% of Czechs declared their support for EU membership. Definitely against EU membership were 3% of people in Poland and Hungary, 8% in Slovakia, and 17% in the Czech Republic (CBOS 2017, p. 6).

## Conclusion

The above analysis shows that the complex and costly actions undertaken by the Visegrad Group countries to achieve their goals concerning both the deep systemic transformation and integration with the EU were effective and beneficial. However, this does not mean that no further actions should be taken to make the economies of the V4 countries more competitive and innovative in the European and global markets. This will undoubtedly be facilitated by EU membership and deeper European integration. The region is currently the sixth economic power and the third consumer market in Europe. We can say that today, the Union is needed as never before – the main goals that inspired the commencement of the European integration process are still valid. The EU should be perceived as central uniting Europe, especially in the face of challenges resulting from its internal problems and the progressive globalization of the modern world. Partially giving up sovereignty in certain economic matters led to mutual economic dependencies between the member states in the integration process. Simultaneously, new methods of cooperation were established that replaced classic intergovernmental negotiations with a decision-making process carried out by supranational institutions.

The integration of the Visegrad Group countries with European structures is a reflection of ideas that were at the foundations of the European project. The founding fathers of the European Community wanted to build a European community based on solidarity and the commonality of goals, a Europe that would ensure the accom-

<sup>29</sup> [https://pl.wikipedia.org/wiki/Lista\\_pa%C5%84stw\\_%C5%9Bwiata\\_wed%C5%82ug\\_wska%C5%BAni\\_ka\\_rozwoju\\_spo%C5%82ecznego#Kraje\\_bardzo\\_wysoko\\_rozwini%C4%99te](https://pl.wikipedia.org/wiki/Lista_pa%C5%84stw_%C5%9Bwiata_wed%C5%82ug_wska%C5%BAni_ka_rozwoju_spo%C5%82ecznego#Kraje_bardzo_wysoko_rozwini%C4%99te) (accessed: 15. 03.2021).

plishment of national interests and observe fundamental values in cooperation. The enlargement of the European Union with the V4 countries embodies all of their aspirations. It put an end to the division of Europe into two rival blocks and gave these new member states an opportunity to catch up with their western counterparts. The latter, in turn, was possible thanks to the solidarity of the old member states, who agreed to allocate huge funds to help the V4 countries (and not only them) to modernize their physical infrastructure and economy. Without this solidarity, the process would have been much lengthier, if possible at all. From this point of view, the EU membership of Visegrad Group countries is no doubt a success story.

Today, the Visegrad Group countries, which have gained a lot from becoming EU members, should focus future efforts on improving the European architecture and strive to strengthen the community method that pursues national and common interests of the member states on an international scale.

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## Kraje Grupy Wyszehradzkiej w procesie integracji europejskiej: wybrane aspekty

Niniejszy artykuł poddaje analizie członkostwo krajów Grupy Wyszehradzkiej (Czech, Polski, Słowacji i Węgier) w Unii Europejskiej. Przedstawiono realizowany w badanych krajach równoległe proces fundamentalnej transformacji ustrojowej i integracji z UE. Wskazano ich drogę począwszy od stowarzyszenia ze Wspólnotami Europejskimi, jako okresu przejściowego do uzyskania członkostwa, podjęcia działań dostosowawczych do wymogów członkostwa i akcesji do UE. Analiza porównawcza głównych wskaźników makroekonomicznych, rozwoju handlu czy napływ bezpośrednich inwestycji zagranicznych, pokazała, że podjęte działania i członkostwo tych krajów w Unii Europejskiej miało pozytywny wpływ na ich ogólny rozwój społeczno-gospodarczy, w szczególności w kontekście modernizacji i restrukturyzacji ich gospodarek, co ostatecznie przełożyło się na realizację przez badane kraje skoku cywilizacyjnego.

**Słowa kluczowe:** Grupa Wyszehradzka, Unia Europejska, stowarzyszenie, członkostwo

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