# The Role of the V4 in the Changing Global Economy

# WHITE PAPER: PAVING A PATHWAY FOR THE FUTURE

The present Research Brief is funded by the Visegrad Fund. It is partly based on the outcomes of the Visegrad 4 Business Conference that took place on October 13, 2022, at the Carlton Hotel, Bratislava, with an aim to explore reviving the Visegrad 4 (V4) cooperation in a bottom-up fashion through business, and with the mission to place the V4 business at the forefront of global economic development and help the region succeed through communication, cooperation and innovation jointly as well as individually.

The present Research Brief and White Paper is lead-authored by the Council *of* Slovak Exporters with contributions from Sona Muzikárová (external contributor), and Zulf Hyatt-Khan (Deputy Chairman). Final feedback and comments received from Lukáš Parízek (Chairman) are gratefully acknowledged. Partner organizations were an integral part of realizing the report, which was a collaborative, holistic and all-inclusive experience, extolling the virtues of cross border cohesion and partnership and exemplifying the unity and accord of the Visegrad 4 Business' ethos among its partners. As per such partnerships, further drafting contributions were provided by Dr Piotr Sieniawski, (Foundation Institute for Eastern Studies in Warsaw); Otto Daněk (Association of Exporters); and Zsombor Essősy; (Magyarok a Piacon Klub, MAPI Klub).





[CAPTION: Zulf Hyatt-Khan (CSE), Péter Sztáray (MFA HU), Martin Tlapa (MFA CZ), Pawel Gębski (MFA PL)]

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# EXECUTIVE SUMMARY

**As the Visegrad Group – Slovakia, Czechia, Poland, and Hungary – enters a new decade, on the one hand it celebrates three decades of its partnership, and on the other, faces mounting economic and political challenges.** These challenges are not exactly new but have been thrusted to the forefront by two major global shocks to the global economy: the COVID-19 pandemic, and since February 24, 2022, the war in Ukraine.

Against this background, **the region comes into the spotlight and is particularly impacted by the repercussions of war**, with implications for its security, defense, energy security, prices, and real economy. At the conflict's border, the region, furthermore, comes into spotlight as a destination for Ukrainian war refugees, a passage for military and humanitarian equipment, and NATO's eastern flank. It is also extraordinarily exposed to the energy crunch resulting from the Western allies' economic warfare with Russia, due to its high dependence on Russian fossil fuels and difficult access to alternatives.

Politically speaking, Poland and Hungary have broken with Brussels on a host of strategic issues, from migration to the rule of law conditionality. Recently, war in Ukraine from Russia's aggression has reshaped the V4 format's power dynamic further, **with Poland as being at the forefront of international condemnation against the Kremlin**, calling for weapon deliveries, and the harshest possible sanctions, and Hungary reluctant to sever its ties to Moscow, fragmenting the format further.

Against these enduring ructions, and amid the alleged claim that the V4 political format has largely fulfilled its function during the western club accession processes, it is useful to take stock of V4's past and future and explore whether the potential for economic collaboration still exists, and if so, what it could look like. Moreover, rather than relying on the embattled V4 country leadership for guidance, it better be provided by V4 business leaders, directly being subjected to and facing the fallouts from the pandemic and the war in Ukraine.

**The present Research Brief finds that going forward, the V4 potential cooperation could be viable, provided that it is based on economic incentives** and V4 countries are better off cooperating than pursuing an individual course of action. The shared challenges in the domains of energy supply sharing and solidarity, infrastructure, energy transition towards renewables (capability building and research), green mobility and related infrastructure, and collaborating on capturing the supply chain opportunity from near shoring constitute only a few areas, brought forward by the Russian aggression, that could be ground zero to that end.

**Fixing the troubled V4 brand would enable the format to capture international capital and business opportunities** more effectively, and there are no shortcuts. Only consistent, coordinated, and perpetual stream of valuable, noticeable, world-class products, relevant ideas, and value-based policies can steadily reshape the V4 brand, both, in a bottom-up fashion by private sector actors, and in a top-down fashion by policymakers. **The Brief concludes with suggesting some areas of potential convergence and cooperation, which the V4 could explore to fight common challenges and cement its image internationally.**

# INTRODUCTION AND CONTEXT

**The Visegrad Group (V4) is a cultural, political and economic cooperation alliance** of four Central European countries: Slovakia, Czechia, Hungary, and Poland. It was conceived with the vision to advance co-operation in military, economic, cultural and energy affairs, and to further their integration with the EU[1].

**The Visegrad format delivered on its post-transition promise of regional and Western clubs integration.** This was exemplified by the implementation of the Central European Free Trade Agreement (CEFTA) in 1993, as well as the provision of mutual support in the NATO and EU accession processes later. All four states are now members of the North Atlantic Treaty Organization (NATO), and the European Union (EU), with Slovakia additionally being the lone eurozone member.

The cooperation additionally yielded meaningful initiatives across policy silos, from the creation of the International Visegrad Fund in 2000 to enable projects in the fields of research, education, culture, youth exchanges, cross-border cooperation and tourism, and which also enables the current undertaking, as well as the 2016 Visegrád Patent Institute, and others.

Importantly, the V4 countries share a communist past and have embarked on their transitional development paths from command to market economy in the early 1990s. **Economically, the V4 economies are widely regarded as economic success stories that had displayed some of the most dynamic real GDP growth rates globally, prior to the 2008-2009 Great Financial Crisis, driven by their underlying strengths.** These strengths have included skilled yet low-cost labor, foreign capital inflows, dynamic export activity buttressed by manufacturing, and more recently also funding from the European Union (EU), have buttressed their development trajectories.

But contrary to the not uncommon perception in the West, **the V4 does not share a common vision of its future,** and is divided on strategic issues, ever since it has completed its EU and NATO accession processes. The initial shared goals were realized by 2004, and its post-2004 raison d'etre, which was to project more influence in European policy debates, went largely unfulfilled. There are two main reasons for that: the lack of willingness to identify and consistently push for common economic interests, and its political image, which has consistently sent mixed signals to Brussels and the V4 European partners.

## The Impetus

But with Russia's war in Ukraine raging at the region's doorstep, following the tumultuous economic environment unleashed by the COVID19 pandemic over the period 2020-2021, **the open and export oriented V4 region is subjected to multiple and simultaneous centrifugal forces that are testing and reshaping its economies.**

Starting with the two years of the pandemic, the global economy was rocked by erratic trade patterns, supply chain bottlenecks, a shift in the traditional business operations necessitating the upsurge in digitalization, but also the rise and fluctuation of energy prices that resulted from past OPEC decisions and stifled supply in the global markets. For the first time in decades, we have also seen the surge in inflation, but it was deemed transitory, as underlying forces and supply constraints were to dissipate with time.

As the global economy – and the V4 – was on the verge of a significant post-omicron rebound in the second half of 2021, and the first weeks of 2022, the unjustified, large-scale Russian aggression against Ukraine that began on February 24, 2022, derailed both, these expectations, and

1 „The Bratislava Declaration of the Prime Ministers of the Czech Republic, the Republic of Hungary, the Republic of Poland and the Slovak Republic on the occasion of the 20th anniversary of the Visegrád Group". Official web portal of the Visegrád Group. 17 February 2011. Archived from the original on 24 August 2014.

the trajectory of the expected robust recovery underway. The repercussions of the war on the V4 economies are multifold, ranging from its prime exposure to the looming energy crunch as a result from the West's economic warfare with Russia, double-digit inflation rates, looming cost-of-living crises, and the adverse ripple effects on Visegrad's economies' robust industrial base that is exceptionally energy-intensive. These impacts will be accentuated by Visegrad's epic trade links – with Germany and other hard-hit EU trading partners – where economic deceleration is expected via spillover channels. One prime feature of this new economic makeup is widening fiscal – and in some cases, external – deficits, due to largely deficit-funded fiscal stimuli to put out the shocks on prices of essentials, for firms and households.

**The added complexity and shared nature of these challenges may be just the impulse the Visegrad format needs to overcome its differences and get behind a shared economic agenda.** The current research brief maps some of the ways this uneasy quest could be approached and presents a thinking framework for a new economic cooperation in Visegrad, centered around shared economic challenges and interests on the one hand, and the appeal to capitalize on some of the opportunities presented by the pivotal shifts taking place in the global economy, on the other hand.

## The Visegrad 4 Business Conference

**Giving rise to the present Research Brief and a possible future blueprint for the Visegrad cooperation has the inaugural Visegrad 4 Business conference**, a V4 discussion platform spearheaded by the Council *of* Slovak Exporters and co-organized at an equal footing with other V4 partners, and driven in a bottom-up fashion through V4 business to crowdsource their insights on conducting business in such tough economic climate, confront Visegrad governmental decision-makers with the tough realities of their day-to-day business lives, and put forth their 'wish lists' for enabling policies amid such rocky economic terrain.

**The format took place on October 13, 2022, in Bratislava, Slovakia as a 5-panel single day event. Four panels were dominated by leading business representatives from the V4 region, and focused on the V4 energy crisis, security crisis, changes to V4 economies emanating from the pandemic, and the internationalization of the V4.** The final and fifth panel was a Ministerial Panel, consisting of V4 decision-makers, who were given the opportunity to react to the insights presented by the leading business representatives that poured in throughout the day, and offer stimulus through policy steering or acknowledging a critical need for the group to evolve, with business as the necessary catalyst.

One of the fundamental problems with allying the economic interests of the Visegrad Group through economic cooperation was highlighted in the actual realization of the conference itself. It took considerable persuasion, discussion and debate bringing the event to light with like-minded partners who were cautious and reticent at times as to whether it could be feasibly done, but whether it was of interest and ultimately if it was logistically and realistically achievable given the immense amount of private and state sector lobbying it would require.

One of the biggest challenges of enhancing the visibility of a group known mainly in its neighborhood, is the fact there are simply not enough entities capitalizing on their proximity and not benefiting from cross-border cohesion and cooperation. Perhaps due to an intense history and perhaps, also due to, in no small part, to a difference in common market principles and broader socio-political values, bringing four nations under roof with a goal of unifying the bloc through trade was infinitely more difficult than anticipated, even if the outcome would, in theory benefit all parties. In conceptualizing the conference, the ambition remained unilateral, under the umbrella that was created purporting the mantra that business be focal, and that all other pre-conceptions and issues be discarded, however in truth the reality at times was often more complicated.

That said, given it was the first of its ilk, the outcome cemented the notion, that there is commonality, and there are shared principles and values, and more significantly there should be more dialogue between the countries in paving a richer future for all with loftier ambitions – the sum of the parts is indeed better than the individual. If we consider the Visegrad 4 Business Conference as proof of concept to adopt startup parlance, then investors should be more encouraged in further iterations, as the platform and the foundations are now firmly set, and the partners are aligned in both the challenges and the possibilities. It is too reductive or overconfident to say that conference reunited the group through business, but it succeeded in bringing it to back the drawing board and acknowledging the shortfalls and embracing the notion to adopt change and seek opportunities that may otherwise go amiss.

**The present Research Brief combines theoretical observations, data, and testimonials of the leading V4 businesses crowdsourced at the Visegrad 4 Business conference to tease out a comprehensive, 360-degree picture underlying a possible way ahead for V4 cooperation and its role in the new global economy.**


[CAPTION: Panel Discussion “MITIGATING THE ENERGY CRISIS IN THE V4”, led by Zulf Hyatt-Khan, panelists (left to right) Maciej Romanów (Orlen Unipetrol), Marián Boček (Inobat), Robert Féher (Solarkraft Home), Michael Mika (Logarex)]

# Keynote address by the Chairman of the Council *of* Slovak Exporters, and Former MFA State Secretary, **Lukáš Parízek**

*Given the difficult and uncertain times, we tend to doubt even what is time proven. It is about three decades now of the Visegrad Group. Three decades of regional partnership, with its ups and downs, of course. But still here, still relevant.*

*Recent years, however, we are witnessing establishment of alternative formats like S3 in 2015 or even C5 in 2020. Visegrad 4 was recently referred to Visegrad 2 plus 2, or even 3 plus 1.*

*In such context, organizing an event like this was not easy, but when I look on to the stage and into the audience, it was worth it. I thank our partner associations from Czech Republic, Hungary and Poland for cooperation, as well as our sponsors. We have been putting this together for almost a year, we have changed dates, places, even presidencies.*

*What is unique about this conference is the bottom-up approach, the heavy private sector component. Big industries, SMEs, even startups. Because it is the economy that is so important and crucial, the engine of development in our countries. And it is the economy that should drive the governments and not the other way around.*

*According to Deutsche Welle, if counted as a single nation state, the V4 would be the fifth largest economy in Europe, and 12$^{th}$ globally. Its population of 64 million would rank it 22$^{nd}$-largest in the world and 4$^{th}$ in Europe. In terms of international trade, the V4 is not only at the forefront of Europe, but also of the world (4$^{th}$ in the EU, 5$^{th}$ in Europe and 8$^{th}$ in the world, that in fact the trade between the V4 and Germany exceeds that of France and Germany).*

*Across the four thematic panels during the day, the business leaders addressed the most pressing issues, energy, security crisis, post-pandemic recovery and internationalization of the V4. Now I am honored to welcome government representatives of all four nations in a panel discussion that should reflect on the debated topics throughout the day.*

*The tagline of this conference is: Reuniting the Visegrad through business.*

*Ladies and gentlemen, the V4 belongs to us. Let´s not give it away. Thank you!*

BUSINESS

# DATA-BASED ANALYSIS

## The Past and the Present

**In the past, the Visegrad economies have found it challenging to identify and consistently propel forward shared economic interests in Brussels.** Though collectively, the trade between the V4 is higher than that of France and Germany together, and obvious commonalities between their economic models exist

**Fig. 1: V4 Export Structures: The Polish economy is the region's most diversified**

*Top Polish export products include automobile parts or accessories, electric storage batteries, seats, computers & optical readers, and furniture (13.9% of total Polish exports). The latest available country-specific data show that 70% of products exported from Poland were bought by Germany (28.6% of Poland's global total), Czechia (6%), Fance (5.7%), UK (5.1%), Italy (4.44%), the Netherlands (4.34%), Slovakia (2.54%), Belgium (2.52%) and Hungary (2.51%).*

*Top Slovak export products include cars, automobile parts or accessories, television receivers or monitors and projectors, phone devices including smartphones, and new rubber tires (41.9% of Slovak revenues from export sales in 2021). The latest available country-specific data show that about 79.8% of products exported from Slovakia were bought by Germany (21.9% of Slovakia's global total), Czechia (11.7%), Poland (8.3%), Hungary (6.9%), France (6.5%), Austria (5.5%), and Italy (4.7%), among others.*

*Top Hungarian export products include: cars, automobile parts or accessories, electric storage batteries, phone devices including smartphones, and television receivers, monitors or projectors, bought by importers in Germany (26.7% of Hungary's global total), Italy (5.9%), Romania (5.3%), Slovakia (5.1%), Austria (4.5%), Poland (4.3%), Fance (4.2%), Czechia (4.1%), the Netherlands (3.3%), and the UK (3.1%), among others.*

*Top Czech export products include cars ($20.8B), Motor vehicles; parts and accessories (8701 to 8705) ($12.6B), Computers ($11.4B), Broadcasting Equipment ($10.2B), and Office Machine Parts ($4.79B), exporting mostly to Germany ($60.6B), Slovakia ($14.2B), Poland ($11.7B), France ($8.89B), and Austria ($7.71B), among others.*

Source: Eurostat.

They are built on the residual post-Soviet legacy, with shared institutional makeup, flagship industries in manufacturing, as well as similar factor production endowments, including the engineer-dominated labor force, and rampant under-capitalization in Visegrad's early developments stages. **The failure to cooperate can be in part ascribed to these countries' race to the bottom to offer incentives to foreign direct investors, attract international capital, and later talents**, rather than putting forth a shared regional approach.

**Some economic dissimilarities also exist and have deterred the format's ability to advocate boldly for shared interests.** While Slovakia, Czechia, and Hungary – Europe's automotive powerhouses – are small, extremely open, and export-oriented, Poland's economy is large and well-diversified, compelling it to vouch for interests in other sectors, such as agriculture. Slovakia – the lone eurozone member – has additionally integrated with Europe's core more closely than the remaining three, which has inevitably shaped its positions in Europe.

**Politically speaking, Czechia and Slovakia tended to cautiously side with fellow EU**

**liberal democracies in the recent decade**, while Poland and Hungary have broken with Brussels on a host of strategic issues, from migration to the EU fund disbursement-linked rule of law conditionality. Recently, Russia's war in Ukraine has reshaped format's power dynamic further. While Poland has been at the forefront of international condemnation against the Kremlin, calling for weapon deliveries, and the harshest possible sanctions, Hungary has taken a different approach. **Given these rifts** – now and then – **western partners have found it increasingly difficult to view the alliance as cohesive and constructive.**

## Key Forces Shaping the Present V4 Economic Environment

With the sight of the pandemic and Russia's war, there is an urgent need to assess and redefine the traditional approach of doing business globally. **This is even more pressing for the V4 region, positioned at the proximity of the Russian aggression, which means that many of the challenges and risks that remain tail-risks or remote possibilities for most, within the Western alliance, are tangible for V4, especially in the arenas of energy, defense, and security**. In this sense, the repercussions of Russia's war in Ukraine are quite asymmetrical, across regions, with Europe facing more negative economic fallouts than, say, the United States, and the former Soviet Central and Eastern European countries being more exposed than their western counterparts.

**Drawing on this common base of shared challenges and risks**, as well as the need to prioritize the interests of V4 businesses to shore up V4 economies, **V4 could revive their cooperation,** to seize its strengths and realize the region's economic potential. In other words, the scale of the present challenge may command intensified cooperation in Visegrad in selected domains, which, if approached right, could become the silver bullet to some of the V4's ills.

**The added geo-economic complexity emanates from several sources and brings to the forefront large themes that are here to stay** in the upcoming years and throughout the upcoming decade:

- **The Russian aggression marks a new era in geopolitics and trade.**

**The implications of both the pandemic, and Russia's large-scale invasion in Ukraine will stretch far beyond the event horizon**, with important implications for a range of policy dossiers from security and defense to energy infrastructure. Importantly, many observers regard the war waged in Ukraine as an inflection point for doing business and carrying out international trade, with a special emphasis on international supply chain links, and raw material sourcing.

The European Investment Bank (EIB, May 2022) report finds that digital firms fared better than non-digital firms throughout the pandemic, which accelerated the digital transformation of Europe's economy[2]. The pandemic also brought critical shortages in semi-semiconductors, and the war intensified these supply bottlenecks further.

**Both Ukraine and Russia are mineral-rich and supply critically important raw materials.** For example, Russia controls as much as 44% of global palladium supplies, key for car and aircraft catalytic converters, and Ukraine produces some 50% of the global supply of neon used in semiconductor manufacturing. These are strategically crucial materials for the automotive-producing V4. The raw material picture becomes even bleaker when considering inputs to electric vehicles (EVs), in the region's efforts to shift towards green mobility, which require lithium-ion and lithium polymer batteries, featuring the chemical components lithium, manganese, cobalt, graphite, steel, and nickel.

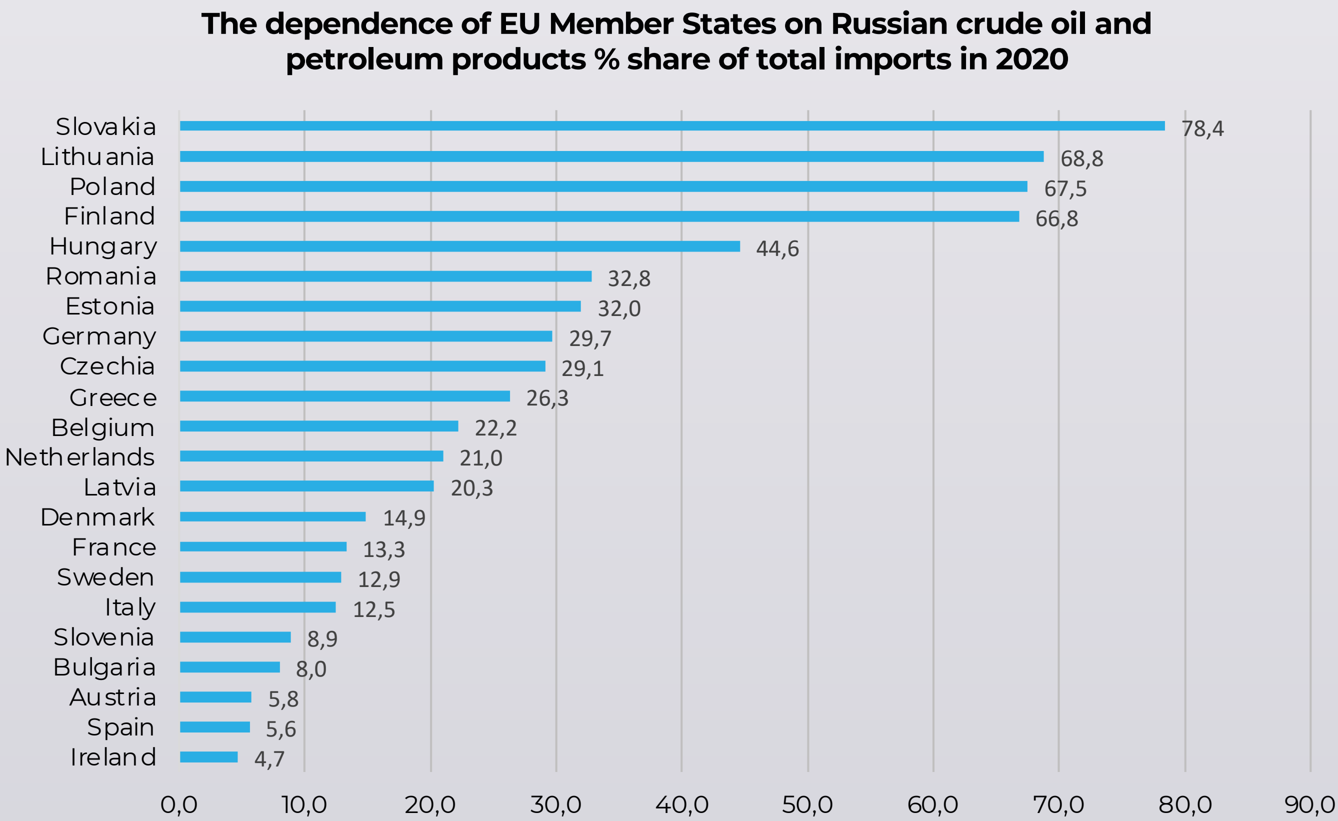
**2** https://www.eib.org/en/press/all/2022-214-the-2021-2022-digitalisation-in-europe-report-the-pandemic-has-made-the-digital-transformation-an-integral-part-of-european-society

**Living through these bottlenecks, the EU and its allies will tend to keep an upper hand on strategic industry**, and the necessary inputs, ranging from raw materials sourcing, through semi-conductor manufacturing, and battery production facilities being near-shored home. Going forward, western allies may be more prone to seal long-term contracts with like-minded, democratic countries, since the basic economists' assumptions that has been driving trade in the globalized marketplace that countries rarely use trade dependencies and vulnerabilities against each other, has collapsed, amid the economic warfare that followed Russian invasion of Ukraine.

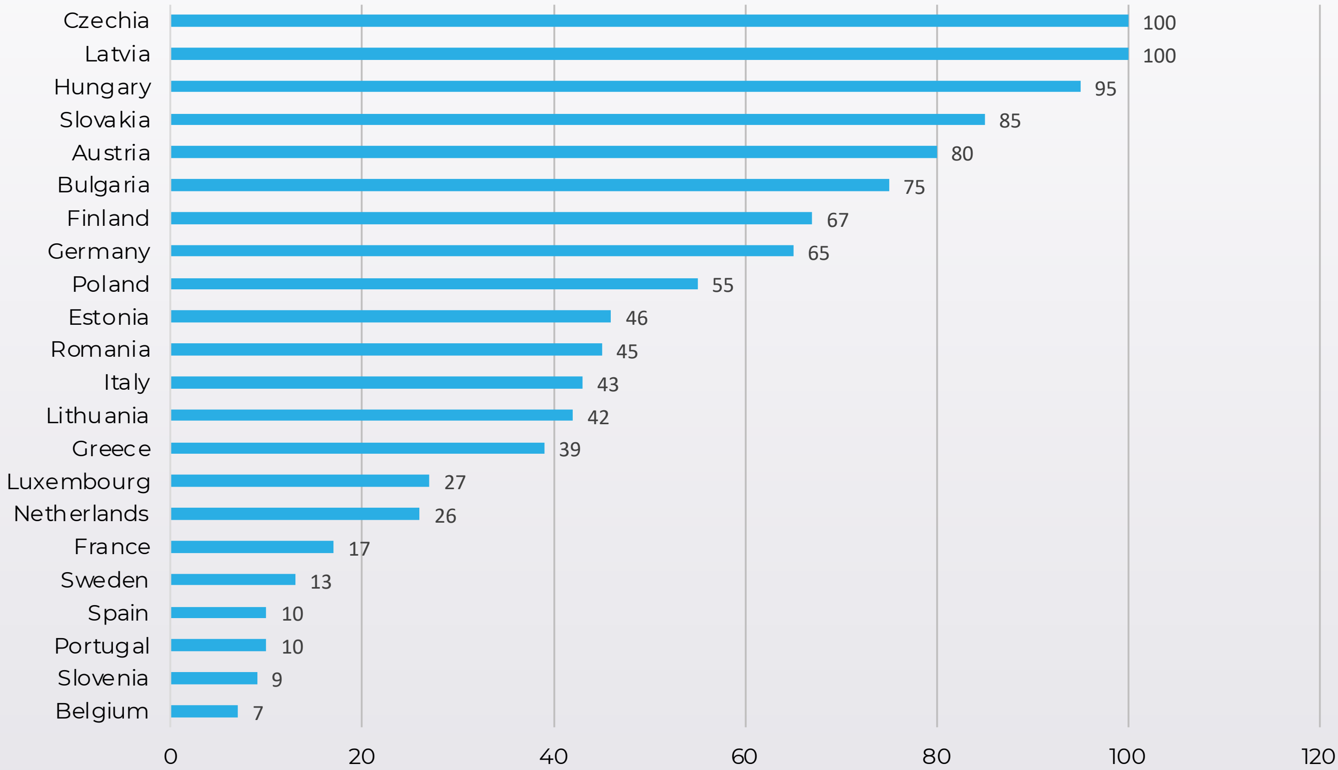
- **The V4 energy security is at stake.**

**The Visegrad economies have been notoriously dependent on Russian energy imports since their conception.** At the extremes, Czechia is 100% dependent on Russian natural gas, followed by Hungary (95%), Slovakia (85%), and Poland (55%), while Slovakia imports 78% of its crude oil supplies from Russia, followed by Poland (67.5%), Hungary (44.6%), and Czechia (29.1%). Moreover, securing seaborne energy alternatives is trickier for the landlocked Central European countries – Slovakia, Czechia, and Hungary – due to existing pipeline and refinery infrastructure bottlenecks and their limited capacities. Third, in terms of economic structures, all four V4 economies have large and energy-intensive industrial bases, which have buttressed their economic performance. Fourth, these industrial bases are closely linked to those in Germany and other EU partners, that are exposed to the Russian natural gas cut-off via Nord Stream 2, which means the adverse effects from the energy crunch will multiply along these supply chains indirectly, creating a de facto double-exposure to the gas cut-off.

**Fig. 2: V4's Dirty Habit: Visegrad Belongs to Most Dependent States on Russian Fossil Fuels, Globally**



**The dependence of EU Member States on Russian natural gas**
**% share of total imports in 2020**

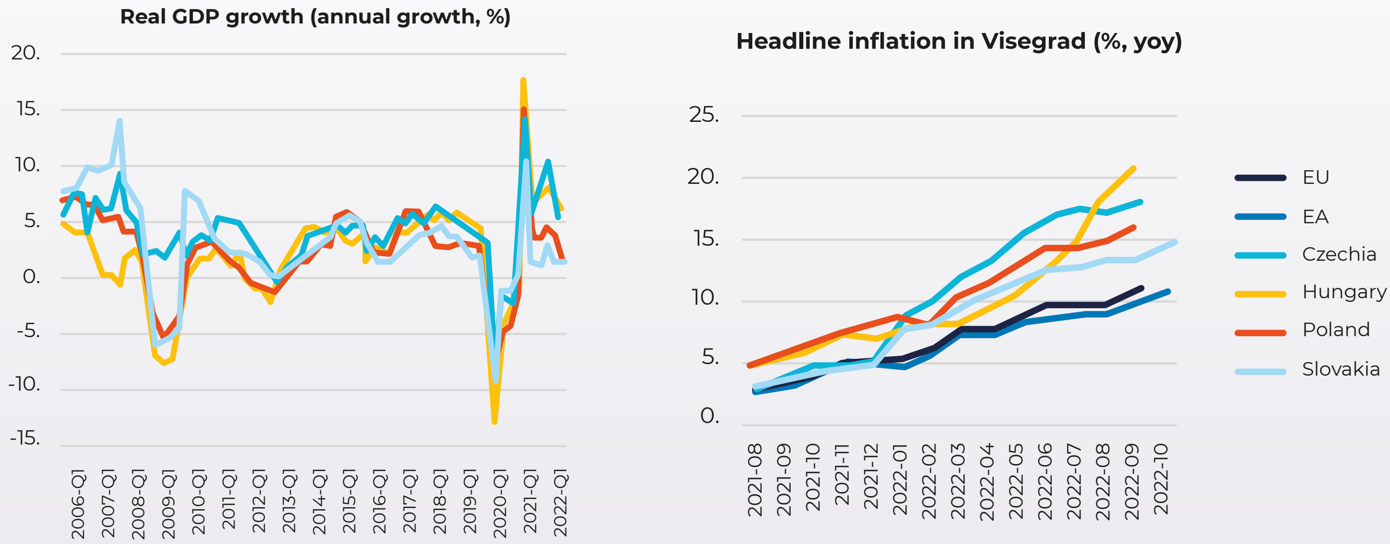



Source: Eurostat.

- **Inflation is set to stay elevated.**

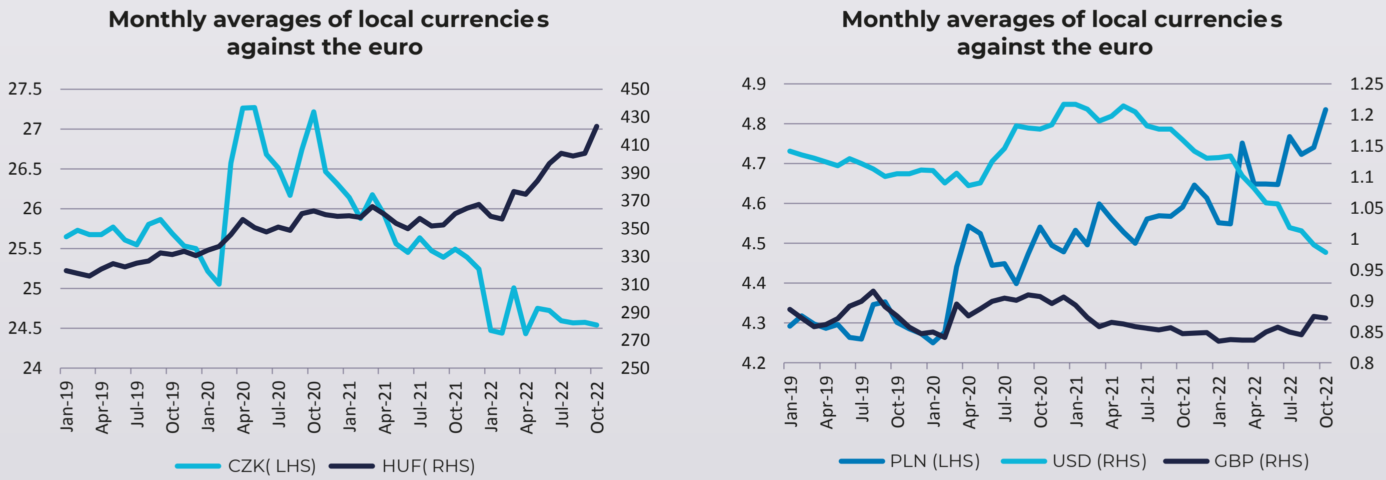
**One of the key side-effects of the war is soaring prices of energy, fuel, food, fertilizer, and other essentials that use these commodities as production inputs.** The price channel has been stronger in the former Soviet republics than in EU western states, which can be explained by several factors. One, in some countries, for example, in the Baltic states and some Visegrad economies, the energy basket makes up a significantly larger proportion of the consumer basket measured by headline inflation, so when energy inflation soars, this drives the headline. Secondly, the exchange rate channel (i.e., weakening currencies) has driven inflation in non-euro area countries, while monetary tightening in major markets is exerting further downward pressure on local currencies. Third, the energy-intensity on the V4 industrial base on the one hand, and the raw material requirements of their production processes on the other, have been exerting upward pressure on costs of firms, many of which have passed them onto consumers, resulting into so called second-round effects. Fiscal deficit-financed policy responses have been adding to the already broad inflationary pressures further.

**Fig. 3: The war has derailed the robust post-omicron rebound; inflation in V4 has been in the double-digits since its onset**




Source: Eurostat.

**Fig. 4: Russia's war has sent the V4 local currencies – especially the HUN and the PLN – into a tailspin against the euro, aggravated by the monetary tightening in major markets**

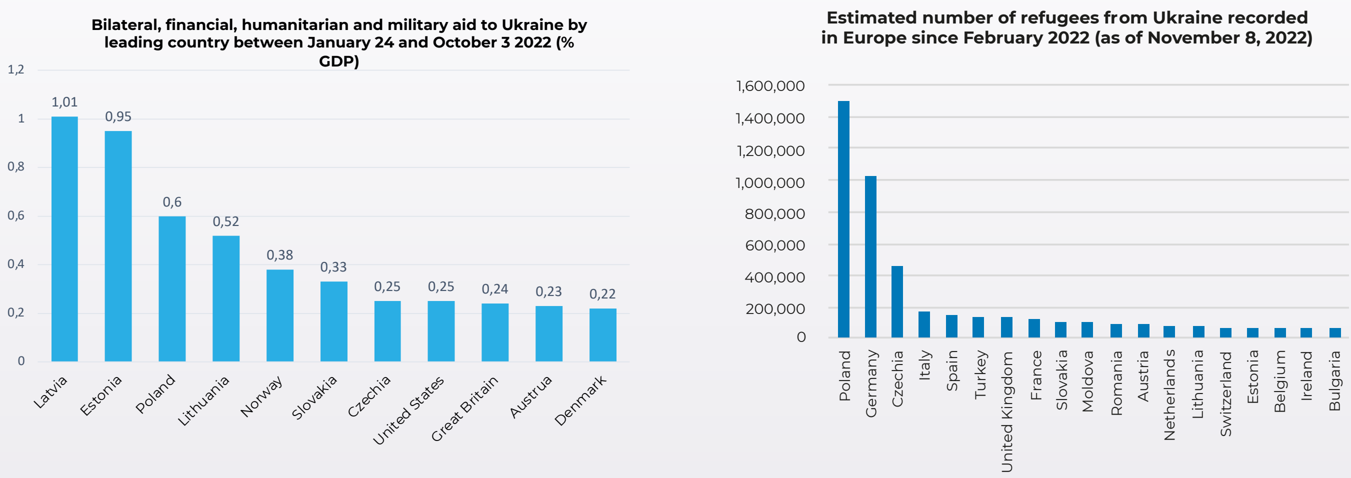



Source: The European Central Bank.

- **Many competing public priorities will propel increased public spending.**

The exposure to the price effects, as well as the looming energy crunch, exerts upward pressure on V4 public budgets. In addition to that, the physical proximity to the conflict requires governments to spend larger sums on security and defense, to secure their borders, as well as to absorb Ukrainian war refugees in large numbers. In fact, Poland, Czechia and Slovakia have been leading bilateral, financial, humanitarian aid to Ukraine in per cent of GDP, and have already absorbed record numbers of Ukrainian refugees, blanket fiscal measures, such as energy price caps, have been widening fiscal deficits, fueling inflationary pressures further.

**Fig. 5: Three out of four Visegrad countries lead help efforts in Ukraine**




Source: Kiel Institute for the World Economy (left), Eurostat (right).

# OPPORTUNITIES FOR V4 IN THE CHANGING GLOBAL ECONOMY

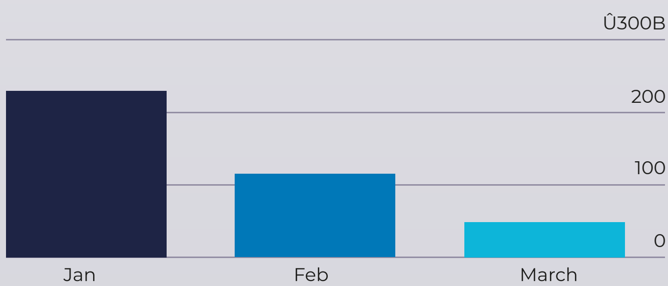
- **Renewed Capital Inflows**

**Russia's illegal and brutal war in Ukraine places the region in the spotlight, globally**. The V4 countries have gathered strategic importance, whether emanating from geographical proximity to the military conflict, and the need to fortify the NATO eastern flank border in its territory, through being pivotal in accepting humanitarian refugees, and serving as a passage for military equipment and humanitarian aid.

Moreover, the world is looking closely how the former communist countries – once under the sphere of Russian influence – will react to harsh realities of the atrocities taking places only hundreds of kilometers away from its territory. Their past experiences serve as a reminder that showing weakness could prove fatal for their own nations, and the risk of Russia continuing its crusade further to the EU neighborhood is no longer off-limits. The Russian war in Ukraine is a prompt for a new chapter in European solidarity and marks the beginning of the new geopolitical era, where sitting on the fence between the West and the East is no longer acceptable.

While the region on Central and Eastern Europe has suffered capital flight, amid investors' flight to safety, usually towards US denominated assets, **the rebuilding of Ukraine and the renewed spotlight on the region could be linked to potentially renewed capital inflows.**

**Fig. 6: Europe's syndicated debt issuance collapses in March, after Russia's invasion**




Sources: Bloomberg.

The Ukrainian sustained resistance to the Russian attacks has unified the West around shared values and mobilized it to action. Western powers have perceived Russia's efforts to unlawfully seize territory and achieve other goals through aggression and nuclear threats as endangering their own interests as well as Ukraine's. NATO capitals have continued supporting Kyiv, and have vowed continued support to Ukraine, including in a new international Marshall plan to restore it after the war.

Moreover, the unique challenges the exposed V4 region must face, amid the war, may require topped-up public funding from the EU. This is in addition to the massive EU post-pandemic fund, the Recovery and Resilience Fund, that will kick in in the upcoming years to facilitate the region's transformation towards a more modern and sustainable economy. Such transformation should be compatible with Ukraine being rebuilt into a new, advanced economy, renewing the region's appeal to international capital.

- **The Supply Chains Opportunity**

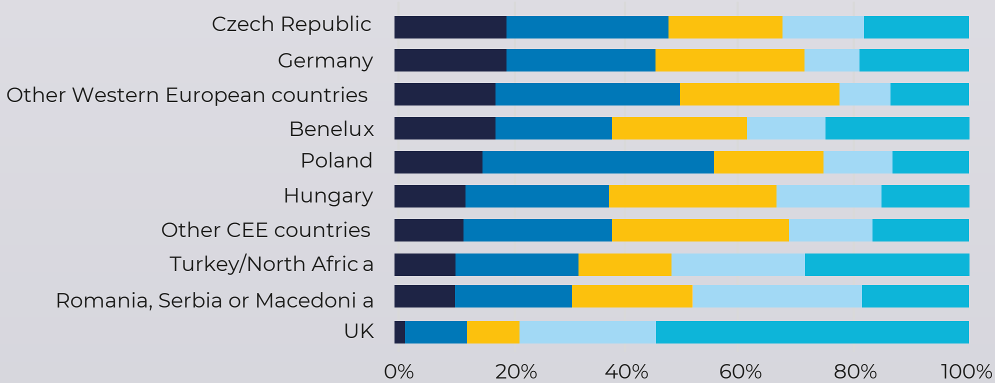
**More and more European industrial companies are 'near-shoring' or 'friend-shoring',** i.e., bringing production they previously offshored closer to home and to more 'like-minded' countries. Central and Eastern Europe is particularly well-positioned to capture some of the near-shored activities within the value chain, as a promising and preferred new production location. Supply chains were a constant source of mentioned areas for cooperation, highlighted by several leading organizations during the conference, as an area for immediate engagement.

**Outsourcing activities to low-wage countries in regions, such as Asia, has been one of the leading mega-trends in globalization's golden day** in the past three decades. By outsourcing portions of production to countries like China and Bangladesh, or parts of customer service and software engineering to countries like India, companies reduced costs buttressing revenues and realizing competitive cost-advantage. This model of international trade assumed that the economic benefits derived from business will prevent countries to use their dependencies and vulnerabilities against each other.

But the supply chain upheaval brought forward by the COVID-19 pandemic showed that thinking just in terms of cost trade-offs along the international supply and concentrating strategic portions of production in a single country or a region can backfire if a shock disrupts that region, leading to debilitating scarcity of inputs. Moreover, Russia's war in Ukraine and the ensuing economic warfare with the West may mark the end of an era of globalization as we have known it, which may no longer be fit-for-purpose in the tumultuous geopolitical landscape.

**As a result, industrial executives[3] have started pondering supply chain redesign and recent studies show that more than 60% of supply chain executives expect to return some of their Asian production to Europe and the US[4], with an emphasis on critical components.**

**Fig. 7: The V4 should seize the near-shoring opportunity, afforded by manufacturing firms' executives seeking moving parts of production to new, nearer markets**



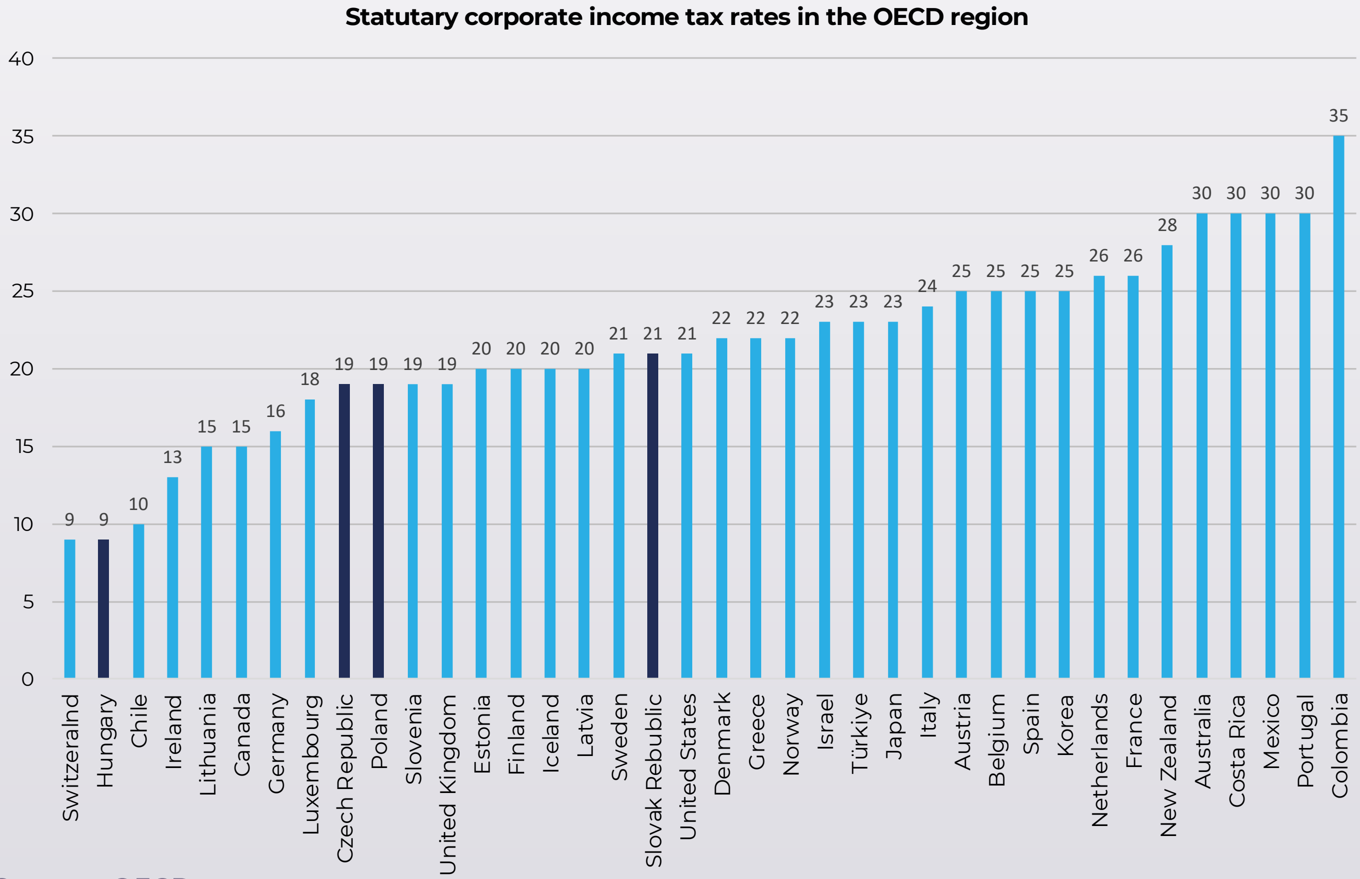

Sources: Buck & Company Consulting, 2022.

**3** Executives surveyed were from the following industries: mechanical engineering, the automotive industry, consumer products and pharmaceutical production

**4** https://www.consultancy.eu/news/7430/european-companies-increasingly-moving-to-reshore-asia-production

**On top of geo-political tensions causing problems across Central and Eastern Europe, dismantling all production in any country is not an easy thing to do.** Companies often are lumbered with long-term contracts for housing, production assets, the supply of materials and personnel, among other things – which will make a swift exit impossible. The strategic decisions to nearshore tend to be driven by flexibility, instead of input costs, yet some V4 countries also offer attractive cost incentives. While all V4 unit labor costs have been on the rise, some are still relatively modest, e.g., Hungary's are 60% less that EU27 average, supplemented by one of the lowest corporate tax rates in Europe.

**Fig. 8: Selected V4 economies still offer attractive cost incentives**

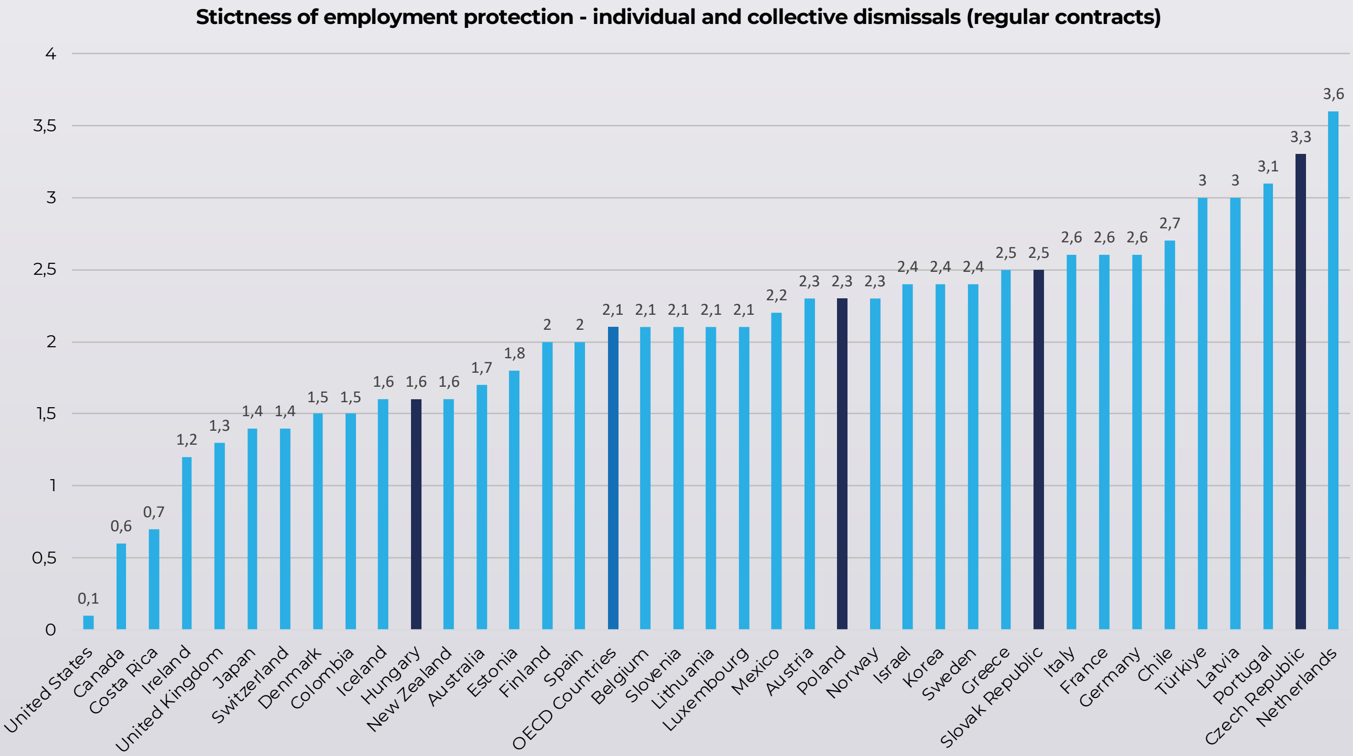



Sources: OECD.

**The V4 region has enjoyed some of the fastest growth rates globally, before the Great Financial Crisis, partly aided by foreign capital inflows.** V4 governments have been able to lure foreign direct investors using a mix of incentives, including tax breaks (allowances), cash subsidies, low interest loans, land available at reduced prices, foreign tax credits, and even helping incoming firms to tap local talent and help with procuring assets. The region remains uniquely positioned at the center of Europe, and the East-West juncture, with gateway to Europe and access to the Single Market, buttressed by relatively modern infrastructure, and educated labor force. As such, it could uniquely benefit from supply chain opportunities in manufacturing, automotive and electronics industries, cybersecurity, and green mobility.

**On the flipside, the exposure to the energy crisis and looming risks surrounding the security of its energy supply poses a serious impediment in capturing the supply chain reshoring.** Further work on institutional fundamentals, such as the rule of law, perception of corruption, independence of public institutions and judiciary, could improve international perception of the region. Capital markets in the region – apart from Poland – are wholly absent, with local stock markets shallow, fragmented, and poorly capitalized. Recent currency swings, especially of Hungarian forint but also the Polish zloty, have posed an additional drag on private actors involved in international transactions. The Ukraine refugee absorption could relieve some pressure on tight V4 labor markets, going forward, but a paradigm shift is needed when it comes to the V4 migration policy to attract talent and increase the quality of local talent pools strapped for brains due to rampant brain drain and unfriendly migration policies to-date. At the same time, especially the Czech and Slovak labor markets would benefit from greater flexibility and lesser employment protection in both, individual and collective contracts. Businesses would further gain from greater public services effectiveness, e.g., concerning administrative procedures concerning tax filings and reporting, starting a business or obtaining construction permits. Hungary outperforms its peers with respect to the latter (605 days to obtain a construction permit), followed by Czechia (678 days), Poland (685 days) and Slovakia lagging with 775 days. In comparison, it takes 455 days to obtain a construction permit in Estonia, 447 days in France, and 555 days in the United States.

**Fig. 9: V4 could benefit from relaxing its labor market regulations and simplifying administrative burden essential for capturing the reshoring opportunity**




Sources: OECD.

**A swift resolution of the Polish and Hungarian governments' dispute with the EU over the rule of law conditionality linked to the disbursement of EU funds under the EU post-pandemic Resilience and Recovery Facility (RRF) would act as a positive signal** and would help both economies to weather the tough winter ahead, underlain by high uncertainty, low confidence, aggressive global monetary policy tightening, volatile exchange rates and energy prices, and a large number of competing public priorities, from cost-of-living crises, defense and security, to putting the floor beneath vulnerable industry amid the historical energy prices.

- **Diversifying and Rebalancing its Energy Mix for Greater Environmental and Economic Sustainability and Bloc-wide Energy Security**

The global energy terrain has been massively reshaped by the Russian invasion of Ukraine. The long-term answer to the present challenge is not to replace fossil-fuel supplies but instead to focus on the energy transition. **As Europe's weakest link, in forging common solutions to the looming energy crunch, this is V4's economic opportunity and political obligation vis-à-vis its European partners as well as a moral obligations to stop buttressing Moscow's revenues with energy money, to break free of its dependence on Russia and fast-track its transition** away from fossil fuels, towards greater energy diversification, and renewables deployment, on the back of tailwinds provided by the European Green Deal, the enlarged financial envelopes that will be allocated to complete the transition on a tight schedule, and the enhanced impetus in the eyes of the public, forged by the Russian aggression.

Repeatedly, it has reverberated throughout the Visegrad 4 Business conference that Europe is paying the price for its past complacency, and policy efforts need to be stepped up. **The rationales for a profound and rapid energy transition are economic, political, and geopolitical**, and the extent to which the V4 transition will be a success is a subject to many forces, many outside of policymakers' control, including:

- Winter weather and natural gas/heating needs
- The demand of large global players, such as China: its recent cooling off has resulted into lessened energy demand due to zero-Covid policy, among other factors
- The trajectory of the war: energy infrastructure targeting could adversely impact oil needs in V4 via the southern Druzhba pipeline

**Facets that policy action can successfully impact over the short-term:**

- Incentivizing lesser energy usage by households and firms: it is crucial to let the price signal loop through the economy to this end
- Incentivizing more effective energy usage by households and firms
- Putting forth simple-to-use funding schemes that incentivize installation of solar panels and other renewable energy infrastructures

**Facets that policy action can successfully impact over the long-term:**

- Diversifying minerals, and strategic supply of raw materials needed for EVs, batteries, chips and other strategically important intermediate products, while avoiding creating dependence on a single region or country
- Overhauling inefficient stock of public and private buildings for greater energy efficiency and sustainability
- Investments in green mobility projects and infrastructures, new-age public private partnerships

**Beyond national solutions and at the EU-level, the following measures have been agreed or should be further stepped up:**

- Making progress towards shared EU energy markets, especially, electricity markets
- Solidarity efforts and energy supplies sharing: reverse pipeline infrastructure is needed to this end
- Shared EU commitments to decrease fossil fuel usage

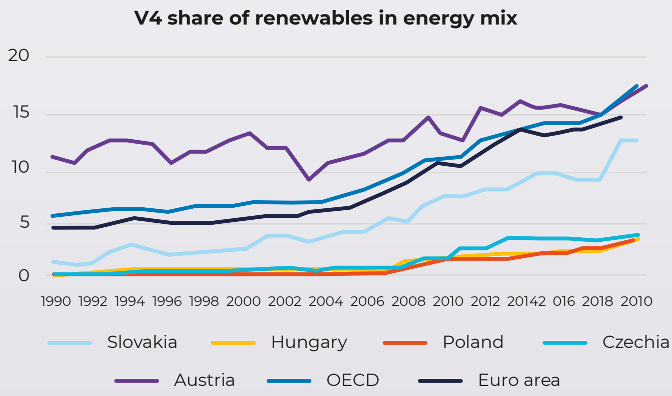
- Shared purchases of energy, natural gas
- Stepping up LNG terminals installation/ number of ports
- Shared rules that regulate installation of renewables sources of energies in EU Member States

**From a standpoint of Europe's long-term strategic economic considerations, the old continent's competitive edge will not rest in fossil-fuel powered industry in the future.** Hence, Europe needs to make energy investments that look beyond the immediate term and are viable for the long haul. At the same time, in the efforts to replace almost 150 billion cubic meters of Russian gas (over 40% of its total annual consumption), the process of turning away from fossil fuels will be gradual, phased in, and preceded by turning away from Russian fossil fuels, and replacing them with crude oil, natural gas, and nuclear fuel from other sources first.

In line with that, and especially in the V4, it will be crucial to repurpose the infrastructures and refineries to be able to process other types of oil and nuclear fuel, than from Russia, in the efforts to diversify sourcing of supply and in the face of Russian energy cutoffs and attacks on Ukrainian energy infrastructures, with direct bearings on V4 energy supplies. Thus – as it has reverberated throughout the Visegrad 4 Business Conference – the immediate response should include bringing additional oil and gas into the markets, including overhauling existing fossil fuels infrastructures, especially for regions, such as V4, where the usage of fossil fuels in the basic economy is high and turning away will take time. The key to alleviating the current energy bottlenecks will be making the most out of the existing oil and gas fields, using easily obtainable shale oil and gas, as well as reducing the amount of methane emissions from fossil fuel operations and ensuring that LNG terminals are built to store ammonia or hydrogen in the future.

**The biggest part of the response, however, which involves a longer-term time horizon, comes from putting emphasis on clean energy, renewables, energy efficiency** and, in the countries where they have nuclear capacity, increasing nuclear production. **The point is not choosing between mitigating the energy crisis and the climate emergency but tackling both through the right investments.** The energy crunch cannot be addressed in isolation, and without the simultaneous policy focus on high inflation, cost-of-living crises, and the climate emergency.

**Fig. 10: V4 countries lag behind the Eurozone and OECD averages on the share of renewables in their energy mixes, as well as relatively slow pace of expanding the renewables shares**




Sources: OECD.

- **The V4 Rebrand: Towards an Unequivocally Enabling International Image**

Finally, **fixing the V4 ambiguous brand and messaging towards the EU and the world should be on the menu for the format in its effort to forge a greater impact** in Europe and gain stronger presence in the global economy. This resonated clearly also during the Visegrad 4 Business Conference, in a video-message recorded by a heavyweight on country branding, Simon Anholt, but tailored to the Visegrad region and the current environment. The address has pro provided invaluable context for the debates that ensued at the conference.

**Peer-reviewed research on country branding (e.g., Anholt, 2011) shows that international**

**perception of a country or a region sets the tone for any international economic dealings**, is a huge advantage in investors and third parties being positively prejudiced towards a country or a region and constitute an alpha and omega of lasting international economic success.

Although the term „nation branding" is frequently linked with the act of creating favorable images of countries through marketing communications, little evidence suggests this is possible. **There seems to be no direct link between money spent on public image and a more robust public image**, since partners and counterparts instinctively tend to reject the idea that a positive country or regional image can be bought or paid for. Countries should steer clear of traditional marketing tools in their efforts to promote a country and **instead focus on being perceived as a good global neighbor and on having a positive relevance for society and the global community more broadly.**

According to Anholt (2011), if a region is serious about enhancing its international image, it should concentrate on consistent, coordinated, and perpetual stream of valuable, noticeable, world-class, and relevant ideas, products, and policies to gradually enhance its brand or reputation. There are no short cuts. Such pursuit must be buttressed by a strategy: knowing what a region stands for, where it stands today, where it wants to get and how.

In the context of the V4, reconciling the needs and desires of a wide range of different national actors into a streamlined direction has been difficult. The region's differences have prevented V4 from setting achievable and inspiring goals and focusing on the substance, i.e., the execution of that strategy in the form of new economic, legal, political, social, cultural, and educational activity, including innovations, legislation, reforms, investments, institutions, and policies which will bring about the desired progress. Symbolic actions should follow at last, as an emblem of a regional story and progress.

The section that follows suggest some areas of convergence which V4 could explore to fight common challenges and cement its image internationally.

# VISEGRAD 4 BUSINESS CONFERENCE: KEY TAKEAWAYS AND TESTIMONIALS

**The future of the V4 as a political format, and of its cooperation should be approached with an emphasis on economic advantage, with a sense of practicality**, rather than attempting to rekindle a long history of regional cooperation. It should be focused on areas where countries are better off cooperating rather than pursuing an individual agenda. In the efforts to pinpoint those areas that are practically viable for a V4-common approach/cooperation, SWOT analyses can be conducted to identify economic incentivize that will drive interactions at a political level. The latest developments – namely, the refusal of Prague and Warsaw to sit down with Budapest due to and Budapest's continuing refusal to sever economic ties with Moscow – is the latest case in point and erases any remaining sense of naivete or past nostalgia after what V4 used to be, or should be, looking forward.

**The present Research Brief attempted to single out a few such areas based on shared capabilities**

**and resource/factor endowments, based on data analysis and insights of V4 private sector leaders** during the October Visegrad 4 Business conference. Notably, the window of opportunity will not stay wide open forever, and the time to create a breeding ground for investments in the V4 region is now.**V4 governments could share their experiences of small, open economies in the turbulent global economy, best remedies to the energy crisis, and policy approaches** to mitigating inflation, alleviating cost-of-living crises, and incentivizing reduced fossil fuel usage in mobility, households, and industry, and fast-tracking the green transition. They could also push for common approaches and rules supporting industry and SMEs. Policy coordination can improve outcomes, making all four economies better off. In the light of overwhelming research, policymakers may want to consider their focus on energy prices – as embodied by Hungarian government administered fuel price cap, for example – in favor of motivating lasting changes in consumer behavior.

**Fig. 11: Fiscal help to mitigate energy prices' impacts by EU Member State**

| | Reduced energy tax/ VAT | Retail price regulation | Wholesale price regulation | Transfers to vulnerable groups | Firms | Windfall profits tax | Business support |
|---|---|---|---|---|---|---|---|
| Austria | x | | | x | | | x |
| Belgium | x | x | | x | | x | |
| Bulgaria | x | x | | | | | x |
| Croatia | x | | | x | | | |
| Czechia | x | x | | x | x | | |
| Denmark | | | | x | | | |
| Estonia | x | x | | x | | | x |
| Finland | x | | | x | | | x |
| France | x | x | x | x | x | | |
| Germany | x | | | x | | | |
| Greece | x | | | x | x | | x |
| Hungary | | x | | | | | |
| Italy | x | | | x | | x | x |
| Latvia | | | | x | | | |
| Lithuania | | x | | x | | | |
| Netherlands | x | | | x | | | |
| Poland | x | x | | x | | | |
| Portugal | x | | x | x | x | | |
| Romania | x | x | | x | | x | |
| Slovenia | x | | | x | | | x |
| Slovakia | | | | | x | | |
| Spain | x | x | x | x | | x | x |
| Sweden | x | | | x | | | |

Sources: Bruegel based on national sources.

Green mobility enhancing infrastructures and communications (such as, charging stations, electric vehicle supply chains, and associated research) may constitute one of the promising areas for cooperation, due to natural network effects. Jointly supporting car battery manufacturing capabilities would make sense in the face of the region's shared competency in car manufacturing. North-South commuting infrastructures remain underdeveloped and would benefit all, considering the sheer volume of intra-V4 trade. Forging meaningful collaboration in the green transport sector – whether by road or rail – generally sounds like a timely idea with exponential benefits for all. Another opportunity lies in the cyber-security space, where a war in its own right has been taking place. The region has the potential to lead in this arena, both motivated by recent developments and due to its army of engineers and highly skilled technical staff.

The region must mind its political stability, be a fair and trusted broker, insofar **as only reliable locations – both politically, economically, and otherwise – would be considered for**

**near shoring opportunities.** Amid upward pressure on government budgets, smart debt management and decisions with an eye towards long-term fiscal sustainability will be also important, especially as major credit rating agencies slashed the V4 outlook by a notch on the back of unfavorable macroeconomic outlook, and uncertainty surrounding its energy supplies. The sovereign outlook for all V4 countries is set to 'negative', and another downgrade could adversely weigh in on the countries' borrowing costs, amid unprecedented global tightening and tightening financing conditions at home.

**Fig. 12: Sovereign Ratings: Central and Eastern Europe**

| Country | Moody's Foreign Currency Long-term | Standard&Poor's Foreign Currency Long-Term | Fitch Ratings Foreign Currency Long-term |
|---|---|---|---|
| Bulgaria | Baa1 | BBB | BBB |
| Croatia | Baa2 | BBB+ | BBB+ |
| **Czechia** | **Aa3** | **AA-** | **AA-** |
| Estonia | A1 | AA- | AA- |
| **Hungary** | **Baa2** | **BBB** | **BBB** |
| Latvia | A3 | A+ | A- |
| Lithuania | A2 | A+ | A |
| **Poland** | **A2** | **A-** | **A-** |
| Romania | Baa3 | BBB- | BBB- |
| **Slovakia** | **A2** | **A+** | **A** |
| Slovenia | A3 | AA- | A |
| Ukraine | Caa3 | CCC+ | CC |
| *Last updated: 29-08-2022* | | | |

Sources: Moody's, Standard & Poor's, Fitch.

[CAPTION: Lukáš Parízek (CSE), Péter Sztáray (MFA HU), Ing. Jaroslav Mervart, Chairman of the Board of Directors of the CHEMOSVIT Group]

# V4 PARTNERS TESTIMONIALS

### Magyarok a Piacon Klub (MAPI)

*On behalf of MAPI, we had almost twenty participants at the Conference, which was organized well, and at an appropriately high and professional level, regarding both the programme, substance, and informal time left for networking. Going forward, we'd like to continue seeing expert, data-based inputs in future conferences and also a greater number of large, international companies.* **- Anna Koósa – Secretary General**

### Foundation Institute for Eastern Studies (IES)

*At IES, we are convinced that it is inevitable to support common initiatives to overcome the crisis, given the present political and economic conditions. The value-added of the panel discussions were mainly the constructive solutions and innovative ideas discussed. All in all, the discussions offered stimulating thoughts and the conference has established a platform for future meetings of partner organizations from the Visegrad Countries and beyond. Even though our organization faced some challenges, such as hesitation of Polish business representatives, we firmly believe that the success of the conference and the positive experience will convince more Polish representatives to participate in future editions of this event. We see that it has a great potential in the years to come to attract representatives of business and politics to search for common solutions. From our perspective, it was particularly inspiring to be part of the organizing committee and to establish cooperation with partners from other Visegrad countries. In conclusion, the conference Visegrad 4 Business has a great potential to become a recognized international event and we hope that the conclusions, including the provisions of the common declaration, will be implemented by policy makers in the respective countries.* **– Jerzy Bochynski, President of the Board**

### Asociace Exportéru

*On behalf of AE, we are grateful for the opportunity to contribute to the inaugural Conference, which took place in Bratislava this year. We had around twenty participating clients, all of whom were impressed and excited about bringing together relevant government and private sector stakeholders from the region to discuss pertinent topics in this tough economic climate. We look forward to next editions of the conference and would welcome participation from more big companies because the event deserves it.* **– Ing. Jiří Grund – Chairman**

# TIEING ALL PIECES TOGETHER: KEY FINDINGS AND CONCLUSIONS

The present Research Brief has sought to find novel approaches – on par with the shifting global economy – with respect to how the Visegrad 4 region can contribute to the global economy and redefine itself in the present state of flux.

It describes the shared V4 challenges that came forward in the context of Russia's war in Ukraine, as well as teased out opportunities for the region and the potential future V4 cooperation based on (1.) a data-based analysis, and (2.) insights provided by the V4 business leaders at the inaugural Visegrad 4 Business conference that took place in Bratislava, Slovakia in October 2022 under the auspices of the Council *of* Slovak Exporters and its partners.

The report also posits that the economic repercussions of Russia's war in Ukraine are uneven across regions, countries, and income-levels, with the V4 region being asymmetrically exposed. Such prime exposure includes to the energy crunch (natural gas, with risks to oil supplies and nuclear fuel supplies), with particularly strong effects via the price channel and exchange channel, set to result in acute cost-of-living crises towards the year-end and in 2023. The energy-intensive industrial base adds to the V4 region's vulnerability, both directly (large industrial companies and supporting SMEs suffering directly from soaring input costs) and indirectly (mainly, additional spillovers from ties with Germany).

Notwithstanding this exposure, the V4 economies are well positioned, and will be hard-pressed to seize the opportunities emanating from the structural shifts underway by adapting and creating new business opportunities. Such opportunities, as discussed herein, emanate from strategic near-shoring (or 'friend-shoring') of supply chains, typically away from Asia – a trend that we will see more of in the efforts to mitigate geopolitical risk and minimizing odds of disruption.

In addition to the supply chain opportunity, the region gained spotlight, globally, being at the border of the first war conflict since the World War 2, as well as given its past of Russian dominion. The V4 countries have gathered strategic importance, stemming from the need to fortify the NATO eastern flank border in its territory, through being pivotal in accepting humanitarian refugees, and serving as a passage for military equipment and humanitarian aid. The rebuilding of Ukraine could be linked to potentially renewed capital inflows into the entire region, as far as the region can be perceived as a fair broker, value-based partner, and is buttressed by political stability.

Europe has been complacent and failed to diversify its energy supply in the times of relative peace and in a low interest rate environment. This was a strategic error, and Europe must use the impetus provided by Russia's war in Ukraine to course-correct and steer clear from its dependency on Russian fossil fuels, and fossil fuels generally. The extremely exposed and Russian fossil fuels-dependent V4 landlocked countries are EU's weakest link to that end. Regardless, they should get behind EU agenda – both, politically and economically – to diversify its fossil fuel imports at tremendous speed and step up their shares of renewables in their energy mixes. Paradigm shifts and mindset leaps may be needed – at both, leadership levels and societal levels to this end – and should be incentivized by time-tested policy mixes.

Further structural areas for future V4 cooperation should be decided with an eye towards practicality and economic incentives. Green mobility enhancing infrastructures and communications may constitute one of such areas, due to natural network effects. Jointly supporting car battery manufacturing capabilities would make sense in the face of the region's shared competency in car manufacturing. North-South commuting infrastructures remain underdeveloped and would benefit all, considering the sheer volume of intra-V4 trade. V4 governments could, furthermore, share their experiences of small, open economies in the turbulent global economy, best remedies to the energy crisis, and policy approaches to mitigating inflation, cost-of-living crises, and incentivizing the green transition. They could also push for common approaches and rules supporting industry and related SMEs.

In the climate of political fragmentation, well-placed bottom-up efforts of businesses at dedicated platforms that put constituencies at an equal footing – such as the Visegrad 4 Business Conference spearheaded by the Council *of* Slovak Exporters – may be a ground zero for such V4 revamp. Faced with shared challenges, the Visegrad Group could regroup, draw on what it has in common, and redress into a more impactful format, to project greater influence, and have a stronger voice in Europe and beyond.


[CAPTION Keynote Address by Lukáš Parízek, (The Council *of* Slovak Exporters)]

# VISEGRAD 4
# BUSINESS DECLARATION


[CAPTION: Visegrad 4 Business DECLARATION SIGNING, (left to right, Piotr Sieniawski (IES), Jiří Grund (AE) Lukáš Parízek (Council *of* Slovak Exporters), Andrea Prohászka, (MAPI)]

# VISEGRAD 4 BUSINESS JOINT DECLARATION

On October 13th 2022, business representatives from the V4 countries met in Bratislava to hold a one of its kind business conference addressing current security issues, the energy crisis, post-pandemic recovery as well as the always relevant internationalization of the V4.

During day-long debates, CEOs and management representatives shared their ideas and approached the above-mentioned challenging topics in a comprehensive, unbiased but also critical way. Taking into consideration different perspectives of the V4 countries, the business conference brought upon debate-seeking solutions and joint approaches. It was concluded by a ministerial panel, where government representatives had an opportunity to comment upon, respond and confront the daily reality of the V4 private sector in these turbulent times.

The parties to the conference represented by the Council *of* Slovak Exporters, Association of Exporters, Hungarians in the Market Club and Foundation Institute for Eastern Studies have agreed that the topics discussed are vital for V4 business environment and have agreed to jointly call upon the Governments of Slovakia, Czech Republic, Poland and Hungary to:

- make every effort and use all legal tools and instruments in order to diminish the impact of the current global energy crisis on the industry in V4 and prevent further deterioration of the situation on national energy markets;
- boost and strengthen the resilience of national economies in the context of war in Ukraine and simultaneously enhance defense capabilities by supporting the defense industries of V4. Further provide necessary support and aid to Ukraine by actively including the businesses and private sector of V4 in the recovery and reconstruction of Ukraine;
- speed up the implementation of the national recovery plans adopted as a reaction to the COVID-19 global pandemic and take measures to relief the private sector and help it react and adapt to the new realities of the global markets;
- always emphasize the V4 brand and identity in order to uphold and support further economic growth and strengthen the position of V4 economies in Europe as well as globally. To this end governments should seek opportunities on how to strengthen cross-border cooperation with the V4 including transport, energy, security and exchange of goods and services.

The private and the public sector should act in synergy and proceed hand in hand when facing turbulent times and unpredictable crises in the ever-changing global environment. V4 economies need to be at the forefront of global economic development both jointly and as individual countries and should build up their success through: communication, cooperation and innovation.

Signed in Bratislava, October 13th 2022:

| Lukáš Parízek | Otto Daněk | Jerzy Bochyński | Andrea Prohászka |
|---|---|---|---|
| Council *of* Slovak Exporters | Association of Exporters | Foundation Institute for Eastern Studies | Hungarians in the Market Club |

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# ANNEXES: ENDORSEMENT COMMUNIQUES

**MINISTRY OF FOREIGN AFFAIRS AND TRADE OF HUNGARY**
STATE SECRETARY FOR SECURITY POLICY AND ENERGY SECURITY

**Mr. Lukas Parízek**
Chairman
Council of Slovak Exporters

**Bratislava**

Budapest, "2" November 2022

Dear Mr. Parízek, Dear Lukas,

First and foremost allow me to thank you for your kind letter regarding my participation at the Visegrad 4 Business Conference in Bratislava on 13th October 2022. Let me also express my gratitude for your support in facilitating the organization of the event and for the fruitful discussion we had during the panel discussion. It was a great opportunity to exchange views on a wide range of important topics. I am certain that the dialogue that was initiated during the conference among the business actors and stakeholders from the four Visegrad countries will bring several tangible results soon.

Hoping that we will have an opportunity to work together in the future as well, let me wish you good health and continued success in your duties.

Yours sincerely,

Péter

**Péter Sztáray**

Ministry of Foreign Affairs and Trade
Bem rakpart 47. Budapest H-1027
Phone: (+36 1) 458 1767
E-mail: bizpolat@mfa.gov.hu

MINISTRY OF FOREIGN AFFAIRS AND TRADE

MINISTER

Mr Lukáš Parízek
Chairman
Council of Slovak Exporters

Bratislava

Budapest, " 4 " November 2022

Dear Mr Chairman, Dear Lukáš,

Please allow me to hereby thank you for your kind letter and let me express my congratulations on the excellent organisation of the Visegrad 4 Business Conference held in Bratislava on 13 October 2022.

I am pleased that several Hungarian companies participated at this event, contributing to the valuable conversations during the panel discussions. We share a common view of the significance of promoting economic integration in Central Europe and tightening the cooperation between companies of the Visegrad countries. I firmly believe that the Conference provided an excellent platform for the participants to explore areas for future collaboration. To this end, I look forward to continuing our cooperation in the future.

I avail myself of this opportunity to wish you good health and continued success in your highly responsible position.

Yours sincerely,

Péter Szijjártó

Külgazdasági és Külügyminiszter
Minister of Foreign Affairs and Trade of Hungary
1-1.

H-1027 BUDAPEST, BEM RAKPART 47. PHONE: +36 1 458 1420 E-MAIL: PETER.SZIJJARTO@MFA.GOV.HU

MAGYARORSZÁG NAGYKÖVETSÉGE
EMBASSY OF HUNGARY
VEĽVYSLANECTVO MAĎARSKA
BRATISLAVA/ POZSONY

Council of Slovak exporters

Lukáš Parízek, President

Dear Mr President,

Allow me to congratulate you and the staff of the Slovak Exporters' Council for the excellent organisation of the V4 Business Forum in Bratislava on 13 October 2022. The conference provided a unique platform to address the most pressing issues of the current crisis and to bring together the region's companies in an innovative way to participate in the post-global recovery. Special thanks for the constructive cooperation with our Embassy, as a result of which the Hungarians on the Market Club managed to attract significant Hungarian participation. The main theme of the event, the reunification of the Visegrad Four through business, is highly topical and has contributed greatly to further dynamizing bilateral and multilateral relations. Based on the feedback from our companies, the bottom-up event was an excellent opportunity for interactive networking between our entrepreneurs.

Dear Mr President,

The Embassy of Hungary in Bratislava will continue to be at the disposal of the Council of Slovak Exporters in organizing similar business-oriented events. Our Foreign Economic Office, with its very wide business contacts, remains ready to cooperate in operational matters of business development, capital investment and involvement.

Yours sincerely,

Tibor Pető
Ambassador Extraordinary and Plenipotentiary

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Bratislava, 6 December 2022

Ambassador
of the Republic of Poland
in the Slovak Republic

BRT-103/22

Mr. Lukáš Parízek
Chairman
Council of Slovak Exporters
Apollo Business center II, block B
Prievozská 4, 821 09 Bratislava

Dear Mr Chairman

Let me extend to you and the whole team of the Council of Slovak Exporters my heartfelt thanks for the efforts you made in putting together the Visegrad 4 Business Conference, that took place in Bratislava on the 13th of October 2022.

The event saw representatives from the V4 countries cooperate for the purpose of strengthening cross border cooperation through business. The Embassy of the Republic of Poland in Bratislava was happy to act as conduit and facilitator in ensuring the best outcome for Polish attendance at the conference.

We were happy to provide help in securing participation of Polish speakers for the event. We believe that events of this nature, that further enhance the visibility of Polish companies in neighboring countries, are worth supporting. We endorse the efforts of the Council of Slovak Exporters in bringing them into fruition.

I wish them every success going forward.

Krzysztof Strzałka

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**Martin Tlapa**
Deputy Minister

Prague, 2 December 2022

Dear Mr. Chairman,

We would like to congratulate the Council of Slovak Exporters' on its successful realization and excellent organization of the very first Visegrad 4 Business Conference held in Bratislava, on October $13^{th}$. The conference presented an ideal forum for representatives of the private sector and public sector to engage on the most pressing issues currently being faced crisis the region and the Visegrad community at large.

I was also very happy to participate on the Ministerial panel discussion and witness so many important Czech companies present through the partnership with the Asociace Exportérů attending essential events of this nature that promote multilateral discourse and that also encourage cross border cooperation and opportunity.

We hope this will be the first of many business-oriented events and our office will continue to be at the disposal of the Council of Slovak Exporters in facilitating the best Czech representation going forward.

Sincerely

Martin Tlapa

Mr.
Lukas Parizek
Chairman
Council of Slovak Exporters
Apollo Business Centre II, Blok B
Prievozská 4/A, 821 09 Bratislava