

Changes of the Visegrad Group countries' foreign trade since their accession to the EU¹

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Abstract

The aim of this article is to identify the most important changes in Visegrad Group (V4) countries' trade, with particular stress on changes in Poland's foreign trade. In the pre-accession period, the V4 group had high expectations of accelerated trade development due to the prospect of completely free access to the huge market of the enlarged European Union (EU). This analysis has demonstrated that the fastest growth of V4 countries' trade occurred in their relations with partners from outside the EU, and not in intra-EU trade (especially in the first period after accession). Poland recorded the highest increases in trade with almost all partners of V4 countries. Two identical products (cars and their parts) were at the forefront of export and import in all V4 countries, both in 2004 and 2023, and their share has increased. An important driving force behind the growth of trade of the V4 countries and the increase in benefits from international exchange has been their inclusion in global value chains. Recent shocks in the global economy have highlighted not only positive but also negative effects of producers' high involvement in global value chains.

Keywords: Visegrad Group (V4), V4 trade, European Union (EU), EU accession

Zmiany w handlu zagranicznym krajów Grupy Wyszehradzkiej od czasu ich akcesji do UE

Streszczenie

Celem artykułu jest identyfikacja najważniejszych zmian w handlu krajów Grupy Wyszehradzkiej (V4), ze szczególnym uwzględnieniem zmian w handlu zagranicznym Polski. Przed akcesją do UE grupa V4 miała duże oczekiwania co do przyspieszenia rozwoju handlu, zwłaszcza ze względu na perspektywę

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całkowicie swobodnego dostępu do ogromnego rynku rozszerzonej Unii Europejskiej (UE). Analiza wykazała, że najszybszy wzrost wymiany handlowej krajów V4 nastąpił w ich relacjach z partnerami spoza UE, a nie w handlu wewnątrzunijnym (zwłaszcza w pierwszym okresie po akcesji). Polska odnotowała najwyższe wzrosty w handlu z niemal wszystkimi partnerami krajów V4. Dwa tożsame produkty (samochody oraz ich części) znajdowały się na czołowych miejscach listy zarówno eksportu, jak też importu krajów V4 w 2004 r. i 2023 r., a ich udział wzrósł. Istotnym motorem wzrostu handlu krajów V4 i zwiększenia korzyści z wymiany międzynarodowej stało się włączenie ich do globalnych łańcuchów wartości. Ostatnie wstrząsy w gospodarce światowej uwiarydliły nie tylko pozytywne, ale i negatywne skutki dużego zaangażowania producentów w globalne łańcuchy wartości.

Słowa kluczowe: Grupa Wyszehradzka (V4), handel krajów V4, Unia Europejska (UE), akcesja do UE

The 20th anniversary of four Visegrad countries' presence in the EU raises questions about the results achieved. The subject of the analysis are changes in foreign trade of V4 partners. The country's foreign trade results are important because they reflect, although only very roughly and to an incomplete extent, the structural changes and international competitiveness of a given economy. Thus, the **research question** addressed in this article is as follows: what have been the most important changes in V4 countries' trade since the EU accession, and in particular – how has Poland performed in comparison to its partners from the region.

In the pre-accession period, the V4 countries had high expectations of accelerated trade development (and related benefits), especially with the then EU-15 countries, due to the prospect of eliminating the still existing barriers and free access to the huge market of the enlarged EU (almost 0.5 billion customers).² For the same reason, the other outcome of accession was to be closer trade relations among V4 countries. Moreover, improvement of trade balances was expected (UKIE 2003: p. 48–55).

Based on knowledge about the mechanisms of trade integration and the expectations formulated in the pre-accession period, **three hypotheses** have been formulated and verified:

H1: Due to the new opportunities created by joining the single European market Visegrad countries expanded their trade faster within intra-EU relations than with partners outside the EU.

H2: Improving the conditions of trade among the V4 countries – as a result of their simultaneous accession to the EU – resulted in an increase in the importance of the V4's mutual trade, at the expense of a decline in the significance of other partners in their trade.

H3: Deficits in trade with partners from the EU, characteristic during the transformation period of V4 countries and still present in the first years of accession, were transformed in the next years into surpluses. This change reflected a fact that a number of goods produced in V4 countries have become good enough to face stiff competition on the single market.

The starting point for these considerations is a brief review of literature on V4 trade changes, followed by a short overview of sources of data and methods applied. Next, the

² "Free trade for industrial commodities had been long in place. Most of the restrictions on agricultural and food industry products had also been already removed by 1 May 2004" (Richter 2012: p. 7). Still, trade boom was expected.

analysis of dynamics of V4 trade and resulting changes in the degree of openness of V4 countries is presented. Against this background, the significance of V4 countries' trade in various dimensions is analysed (in their mutual relations, in intra-EU and extra-EU trade). The follow-up sections inform about top export and import products, trade balances and involvement of V4 countries in global value creation chains. The analysis closes with summary and conclusions.

1. Literature review

It is impossible to compare the results of this research with other papers, because the literature on V4 countries' foreign trade changes following their accession to the EU is very scarce and usually treats the V4 countries as a group (Ambroziak et al. 2021) or presents individual V4 countries separately, basing on different methodologies. Research conducted a few years after accession highlighted the faster growth of trade between the V4 countries with non-EU partners than within the EU (Richter 2012). This phenomenon was different from expectations before accession, when it was forecasted that trade with the EU-15 would develop the fastest. Attempts to explain the causes of this phenomenon have not yielded clear results. Richter (2012) suggested that the higher growth rate of trade with countries outside the group than with the EU-15 countries resulted mainly from the decisions of foreign investors who significantly expanded their activities in the new EU Member States and tended to optimise their benefits within the network of subsidiaries in different parts of the world. Fast trade growth was noticed also by the European Commission in its study prepared in 2009 on the occasion of 5th anniversary of 2004 enlargement of the EU. Among the achievements of the new partners, the study stressed the considerable increase of these countries' market shares in the EU and in the world economy (European Commission 2009: p. 32).

Polish extra-EU trade was analysed by Ambroziak (2022) against the background of other V4 countries (in the period 2004–2019). Based on the calculation of various indicators, the author came to the conclusion that greater similarity to the EU average appeared in V4-extra trade, as "an effect of EU integration and higher diversification in the mix of partners from outside the EU" (Ambroziak 2022: p. 117).

A comparative analysis of changes in V4 trade and changes in openness of the V4 economies was conducted by Kovárník and Hamplová (2016: p. 240–246) but it concerned the period 2000–2015. The subject of the analysis was also the growing share of the V4 group in global value chains (GVC), which was studied by Ciešlik et al. (2016). According to the authors of the study, this phenomenon was a result of liberalisation processes and integration within the EU.

One of the analysed phenomena in V4 trade was the scale and nature of intra-industry trade (IIT). Kawecka-Wyrzykowska et al. (2017) calculated horizontal and vertical IIT indices in 1995–2014 for all 10 countries of Central and Eastern Europe, which joined the EU in 2004. One of the conclusions was that the fastest increase of IIT was "in the countries with the lowest IIT indices at the beginning of the period under study (the low base effect). Those included: Romania, Bulgaria, Latvia, Lithuania and Poland" (Kawecka-

Wyrzykowska et al. 2017: p. 68). Still, in the last year covered by the study (i.e. in 2014), the highest levels of IIT indices were recorded by Czechia, Hungary, Poland and Slovakia.

The article by Jámbor (2015) is concentrated on determinants of intra-industry trade (IIT) in agri-food products between the Visegrad countries and the EU in the period 1999–2013. The results demonstrated that IIT analysed was mainly of a vertical nature. One of the latest analyses of V4 trade is that published in 2023 by Pochmara and Michątek. Using the synthetic control method (SCM) approach, the authors found a positive impact of accession to the EU on the V4 countries' trade performance 15 years after accession (see: Pochmara, Michątek 2023).

2. Materials and methods

Space limitations in this publication allow trade values and indicators to be calculated for two critical years only, 2004 and 2023. The main source of data was Eurostat statistics (unless otherwise mentioned), which ensured comparability of the situation in countries analysed. According to this database, export (extra-EU and dispatches within the single European market, called here intra-EU export) is presented by final destination of the goods. For import (extra-EU import) the EU statistics show the country of origin. Goods coming from other partners of the EU (called here intra-EU import) are grouped by the country of consignment of the goods, even when the goods originate in third countries (Eurostat 2011: p. 8–10).³

Due to the large and different – in some periods – impact of price changes on the trade values of individual countries and commodity groups, the level of calculated indicators is less important in this analysis, than the trends in their changes, both over time and in comparison to the other analysed countries. The number of countries covered by the analysis corresponds – according to Eurostat approach – to the actual number of the EU Member States (e.g. 25 members in 2004–2006, 27 members in 2007–2012, 28 members in 2013–2019, and 27 members since 2020). The study is an empirical research project using basic statistical measures to compare trade changes within the period adopted and within various dimensions of trade.

3. Dynamics of V4 trade

In the whole period 2004–2023, an impressive trade development of V4 countries' trade was recorded (see: *Table 1*).⁴ Their total export increased from EUR 189 bn in 2004 to EUR 847 bn in 2023 (4.5 times). The increase of import was slightly lower: from EUR

³ These rules, especially for imports, are sometimes different than those applied in national statistics. For example, in Polish statistics registered by the Central Statistical Office (pl. *Główny Urząd Statystyczny*, GUS) import, including goods from other EU Member States, is classified by country of origin. Taking into account the dominant share of intra-EU acquisition in Polish import, Eurostat and GUS import statistics differ quite significantly.

⁴ Let's add that some of the fastest growth rates for trade in goods were recorded in almost all Member States that joined the EU in 2004 or later.

201 to 806 billion, it is 4 times. The exception was Slovakia, where total import increased slightly faster than export. The data in *Table 1* indicate that these increases were definitely higher than in other EU countries (EU-23). The export and import of other countries (EU-23) increased only twice (so, trade flows increased twice less than the export of the V4 countries). The high dynamics of export growth reflected a clear improvement in the competitiveness of products manufactured in the V4 countries.

Trade changes did not take place at a constant rate of growth throughout the period analysed and were not the same in all 4 countries. However, they were characterised by many common trends. The rapid development of trade in the V4 began already before accession to the EU and was largely motivated by the desire of V4 producers to adapt as best as possible to the expected improvement of trade conditions associated with tougher competition on huge single European market. The phenomenon of very rapid growth in trade lasted until 2008. A year later, there was a visible decline in trade dynamics, resulting from the global economic crisis.

The next major trade collapse occurred in 2020 due to the closure of many economic sectors in the wake of COVID-19 and affected almost all EU members. In the next two years all countries of the EU, including V4 members, very quickly rebuilt and developed their trade in all directions analysed here. Annual increases, especially of intra- and extra-EU import and intra-EU export, exceeded 20% and even 30% in 2021–2022. Such a sharp acceleration in turnover primarily reflected huge growth in the prices of many products, especially energy raw materials and food. It was a reaction of world markets to Russia's policy of limiting fuel supplies since the second half of 2021. A year later, the export value of all V4 countries remained more or less at the 2022 level or increased slightly, and imports generally decreased by several percent. These phenomena, in turn, resulted from a reduction in the price level of key products on world markets (sometimes it was a return to the pre-crisis price level).

Table 1: Dynamics of total trade of V4 countries in 2004–2023 (EUR bn, %)

Country	2004	2023	2023 index	2004	2023	2023 index
	EUR bn	EUR bn	(2004=100, %)	EUR bn	EUR bn	(2004=100, %)
	Export			Import		
Czechia	55.4	236.7	427	56.3	214.0	380
Hungary	44.7	148.8	333	48.6	144.2	297
Poland	60.6	353.0	583	72.1	342.3	475
Slovakia	28.4	108.5	382	24.0	105.0	438
Total V4	189.1	847.0	448	201.0	805.5	401
Total EU-27	3 024.8	6 658.0	220	3 020.9	6 518.0	216
EU-27 – V4 = EU-23	2 835.7	5 811.0	205	2 819.9	5 712.5	203

Source: author's own calculation based on Eurostat (2011) and Eurostat (2024a).