Foreign and Economic Policy of the V4

Enikő Bagoly

Abstract: The Visegrad Group’s efficiency is ensured by its ability to respond to the constantly changing international political and economic environment, in line with the interests of the Member States. The current study highlights those foreign and economic policy areas where the V4 has a jointly articulated position and aims to assert its interests as a group. The V4-EU-NATO foreign policy cooperation intertwines in increasing energy security and diversification in Europe, and in promoting Transatlantic integration of the Eastern and West Balkan neighboring countries. The views of the V4 are much more divided on Russia and China-related foreign policy, however, the Visegrad members have shared interests in the field of energy and economic cooperation with the East. The most significant challenge for the Visegrad Group economies is the digital and energy transition, which will be strategic areas of V4 cooperation in the coming years.

Keywords: Czech Republic, Hungary, Poland, Slovakia, V4, Visegrad group, foreign policy, economic policy, EU, US, China, Russia, green transition, Industry 4.0.

After 2004, the primary framework of foreign policy priorities and aspirations of the V4 Group is interpreted in the context of EU and NATO membership, respecting the common values and ambitions of these alliances. Neighborhood policy, support of the Western Balkan nations, and EaP countries toward European integration became a priority area in the Visegrad Group’s EU foreign policy. The V4-US foreign policy ambitions complement the EU objectives: contribution to the democratization process in the region and cooperation in energy security and diversification. The foreign policy of the Visegrad countries toward Russia and China is much less coherent, as national, regional, and allied interests often do not coincide. The enhanced economic cooperation of the V4 guarantees the Group’s sustainable competitiveness by supporting the digital and energy transition.
The Visegrad Cooperation might be considered as a platform of non-institutionalized cooperation providing its four member countries with strengthened advocacy of their common foreign policy interests.

In the first half of 30 years of the V4, the defining common foreign policy direction was the Euro-Atlantic integration (accessing to NATO and the EU), followed by the deepening of cooperation in the allied systems (accessing to the Schengen area). At the same time, the gained dual NATO and EU membership have determined the future point of reference for the foreign policy of the V4s, both at group and country-level. As another consequence of the accession of the NATO and the EU, the foreign policy of the V4s became multi-layered, as in addition to their traditional foreign policy aspirations, the need for advocacy within integration has emerged.

**V4-EU foreign policy**

By achieving the EU integration, the V4 countries are no longer the recipients of EU policies - they contribute to shaping EU policies through their participation. According to national interests (including the issue of national minorities\(^2\)) and geographic location of its member countries, the V4 was a committed supporter of deepening relationships with countries in its neighborhood\(^3\) even before its own EU accession. After 2004, the aim of supporting the rapprochement of Western Balkans with the EU, also advocating the deepening of the Eastern Partnership (Kroměříž declaration 2004\(^4\), Bratislava Declaration 2011\(^5\)) is simultaneously and consistently appeared among the V4s foreign policy goals.

The framework for the conciliation of settled V4s positions in the European Union is provided by the V4 presidency mechanism, through which a given Visegrad country assumes the task of federal coordination\(^6\) on a rotating basis for one year, including defining foreign policy priorities of the Visegrad Group.\(^7\) After gaining the EU membership, the V4s foreign policy directions concerning „active contribution to the development of the CFSP, including the "Wider Europe - New Neighbourhood" policy and the EU strategy towards Western Balkans“\(^8\) have been formulated as the main areas of desired future cooperation within and toward the EU. The main principle of the V4’s influence on this matter based on their specific knowledge of the „transition know-how”, which enables them to „capitalize their unique experiences”\(^9\) concerning
democratic transformation and transition processes, moreover, they can share their own experience regarding the EU accession process with the EU candidate countries.\textsuperscript{10} On the level of joint declarations, this commitment is present in the Visegrad Four foreign policy agenda since 2005 (Hungarian Presidency), appointing the areas of cooperation „in the processes of mediation of values, stabilization and in sharing experience.”\textsuperscript{11} Four years later, the Hungarian presidency provided with a framework to the V4 foreign minister-level meeting, dedicated to the Western Balkans, emphasizing the positive impact of Croatia’s accession to the EU, also offering „twinning cooperation and joint V4 twinning projects for partners from the WB region.”\textsuperscript{12} The actual 2020/2021 foreign policy objectives (Polish Presidency) reiterate the support toward the pro-integration aspirations of the Western Balkan countries, also stipulates the importance „to exchange V4’s experience with the WB countries on the EU accession process (...) and motivate them to carry out necessary reforms.”\textsuperscript{13}

**V4+US**

In the first third of its history, the V4’s foreign policy focused on NATO integration. After becoming full-fledged members of the Transatlantic Alliance (1999 and 2004), the security and defense policy remained an area of long-term joint interest between the US and Visegrad Group. Since the Group’s EU accession (2004), the most fruitful V4-US foreign policy cooperation areas were those, which were in line also with EU objectives and contributed to the democratization process in the region. Accordingly, the V4 and US goals have particularly strong complementarity in the context of enlargement policy into Euro-Atlantic Institutions. Agendas of the V4 group-level meetings with Washington in the frame of the V4+ format, show continuity of shared interests over decades.\textsuperscript{1} The integration process of the Western Balkans alongside the Polish-Swedish initiative EU Eastern Partnership is primarily where the V4 can

effectively assert Washington’s support. The diversification of the V4’s energy supplies (in coherence with the EU Energy Security Strategy) also meets the US’s geopolitical and economic interests: reducing Russia’s influence in the region while strengthening its position on the European energy market. The Trump administration had positive feedback to the Three Seas Initiative, emphasizing „shared focus on expanding infrastructure, enhancing business connections, strengthening energy security and reducing barriers to free, fair, and reciprocal trade.” Under the Biden presidency, the strong US support for TSI continues, as it contributes to the EU integration by building better infrastructure, and increases stability and well-being of the region by strengthening the energy security.

On the occasion of the 30th anniversary of the V4, the official congratulations of the US set out the possible directions for future cooperation, which are “fighting and recovering from the global pandemic, improving cyber and energy security, combating climate change, countering disinformation and malign influence, and strengthening democratic institutions, the rule of law, and independent media”.

**Russia – point of difference**

Foreign policy toward Russia is one of the areas where there is significant non-coherence between the V4 and the EU. Within the Visegrad Group, the Slovakia-Hungary axis pursues pragmatic foreign policy toward Russia, which is often not in line with EU-Russia foreign policy relations either.

From a historical perspective, the establishment of Visegrad cooperation itself was intended to provide the framework to a political “restart” for the former Warsaw Pact member states, facilitating their transition process toward the Euro-Atlantic integration. Despite the V4’s successful Western integration on a political and security cooperation level, Russia preserved its unquestionable influence on the region through the energy sector. The Ukrainian gas crisis in 2009 highlighted the vulnerability of the region’s energy supply caused by its energy dependency from Russian companies and, at the same time, forced the V4 countries to improve the diversification of their energy

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*Under the Trump presidency, the US foreign policy approach was more resident from European security affairs, however, the Biden administration made clear its support for “continued US-EU engagement Eastern Europe, and the Western Balkans.*

delivery sources. The energy security and its reshaping are declared priority areas of the Visegrad Group cooperation, however, over the last decade, the Visegrad Countries became even more dependent on overall energy import, also, they were the biggest Russian natural gas consumers in the Eastern and Central European market in 2019.

![Natural gas supplies via Gazprom Export to the countries of Eastern and Central Europe in 2019, bcm](image)

*Share of the Russian natural gas import in Eastern and Central Europe*

Different approaches of V4 countries to the military crises with Russian involvement might serve as an indicator of divergent foreign policy positions within the Group. The V4 does not formulate a common position on Russia regarding the Russian-Georgian war in 2008, also, in the context of the 2014 conflict in Eastern Ukraine, dividing lines within the Group emerge even more along with diverging interests and perspectives. Disagreement on prioritization between the possible negative economic consequences of the EU sanctions against Russia and the threat of growing security risk in Eastern Europe caused a struggle at the V4-EU level and also within the Visegrad Group. After all, the V4 leaders' commitment towards the protection of one's economic interests did not lead to a formal veto against the EU sanctions, as the worsening security situation in their neighbourhood convinced them about the inevitability of maintaining such measures.

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iii Followed by the Gazprom groupings, countries of Western Europe: Austria, Belgium, Denmark, Finland, Germany, Great Britain, Greece, Italy, Netherlands, Switzerland + Turkey. ([http://www.gazpromexport.ru/en/statistics/](http://www.gazpromexport.ru/en/statistics/))

iv The Visegrad Countries declared their common position on conflicts several times, however, did not issue a Russia-specific statement in this context.
Poland, as the most committed supporter of the Transatlantic Partnership, pursues traditionally the most Russia-sceptical foreign policy, even despite the adverse consequences to its economy.\textsuperscript{\textdagger} The foreign policy of the Czech Republic is close to Poland\textquotesingle s position, often expressing its concerns over human rights issues in Russia.\textsuperscript{28} Within the V4 group, Hungary conducts the most pragmatical pro-Russia foreign policy, announcing its „Eastern opening” strategy from 2010,\textsuperscript{29} strengthening its energy ties with Russia,\textsuperscript{30} and often referring to the Russian concept of democracy as an example to follow.\textsuperscript{31} Slovakia represents the moderate part of the pro-Russian axis within the V4: its „permissive criticism” demonstrated at the diplomatic level,\textsuperscript{vi} also, in its advocating for higher involvement of the Russian authorities in international organizations.\textsuperscript{32}

**V4-China relations**

Unlike with other Asian countries,\textsuperscript{vii} the V4 did not declare its common foreign policy position on China. The foreign policy relationship between the Visegrad Group and China has developed on a bilateral basis, framed by two main factors: the V4 membership in the Transatlantic Institutions and the state-level designated economic expectations. Joint representation of the V4 foreign policy aims towards China started in 2018, with the first Group-level political consultation between the Deputy Foreign Ministers of the Visegrad Group and the Chinese Foreign Minister. From a Chinese foreign policy point of view, the cooperation with the V4 might be a valuable complementary channel of contact with the EU, by “playing a constructive role in China-Europe relations” and “prompting Europe to formulate friendlier policies towards China”.\textsuperscript{33}

The V4 countries among the first EU member states declared their interest to join the “Belt and Road Initiative”,\textsuperscript{34} envisaging an opportunity to “diversify their trade portfolio and reduce their dependency on the European market”.\textsuperscript{35} Since 2012, the V4 countries

\textsuperscript{\textdagger} Among the V4, Poland has the closest economic ties with Russia. However, within the Group, Poland was the only supporter of the EU economic sanctions imposed against Russia in connection with the 2014 crisis in Eastern Ukraine.

\textsuperscript{vi} Slovakia was the only V4 country that did not express its solidarity by expelling Russian diplomats in reaction to the 2018 Skripal poisoning. (https://spectator.sme.sk/c/20790104/slovakia-will-not-expel-russian-diplomats.html)

are also members of the “17+1” format, which is aiming to strengthen mutual collaboration between China and the CEE region, relating to infrastructure investments, transportation, finance, tourism, culture, and science, and at the same time, assisting the further development of the Belt and Road Initiative. The “17+1” format may seem like a multilateral platform of interaction, but in practice, it works rather as a framework of simultaneous bilateral cooperation between the CEE countries and China, where European countries act rather competitors than partners for Beijing’s attention.

Despite the joint representation in the mentioned formats, the Visegrad members are divided by their engagement toward cooperation with China. Hungary announced its “Eastern Opening” policy in 2012, aiming to widen its export market and became "economic bridgehead" for China, however, it turned rather an expression of political sympathy than a trade policy success story. Hungary's China-policy is expressed not only by accommodating the soft power tools of China, but the consistent pro-China position undertaken by the country in EU mechanisms. In 2016, Hungary, Greece, and Croatia vetoed a joint EU resolution on the South China Sea, also refused to sign a joint EU statement condemning China for its human rights shortcomings. Within the Visegrad Group, only Hungary cooperates with Beijing to build 5G network infrastructures in the country, while the Czech Republic, Poland and Slovakia signed Joint Declaration with the US on 5G security, aiming “to prevent Chinese ICT from dominating the economies of America’s allies.”

Poland showed an enthusiastic approach toward the Belt and Road Initiative, considering it as a potential opportunity to boost its economic and trade activity due to its favorable geopolitical position (located at the opposite end of the Eurasian bridge), also, to expand its influence on a global scale. For Poland China is the largest trading

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viii The „16+1” format was established in 2012 with 16 member states: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, and Slovenia. In 2019 Greece entered the group, since then the format extended to „17+1”. (https://jamestown.org/program/the-161-becomes-the-171-greece-joins-chinas-dwindling-cooperation-framework-in-central-and-eastern-europe/) On February 2021, Lithuania's parliamentary committee on foreign affairs agreed to leave the 17+1 format, urging reconsideration of the China-Europe relations, as current cooperation has “almost no benefits” for Lithuania. (https://www.euractiv.com/section/politics/short_news/lithuanian-fm-171-format-with-china-divides-europe/)
partner in Asia, however, extreme disproportions in the trade balance on Beijing’s advantage raised sharp criticism toward China’s trading policy.\(^4^9\)

Slovakia’s foreign policy relations toward China developed more rhapsodically: before 2017, the country acted passive in terms of diplomatic relations and toward the BRI, moreover, the 2015 official visit of the Dalai lama to Slovakia provoked Beijing’s harsh dissatisfaction. However, economic advantages expected from the trade cooperation with China encouraged Slovakia to look beyond its human rights concerns. Since 2017, Slovakia is the only V4 member, which has adopted its own China strategy,\(^5^0\) focusing to improve its political relations with China for economic purposes. The result of repositioning the political approach toward the BRI is illustrated by referring to it as “one of the most important pillars of further development of the national economy”.\(^5^1\)

The Czech Republic’s foreign policy toward China shows exactly the opposite dynamics compared to that of Slovakia’s. After a pro-Beijing approach period between 2013-2017, unfavourable views of China\(^5^2\) significantly strengthened in the society and at the political discourse as well, fuelled by the growing U.S.-China tensions. In this context, loose economic cooperation between the Czech Republic and China is another supporting factor of cutting ties with Beijing, bolstering in the political discourse approach of “we have nothing to lose”. Announcement of terminating the sister city agreement between Prague and Beijing in 2019 (caused by China’s rejection to remove from the renewed agreement the expression of “one China” policy),\(^5^3\) is another step toward freezing the diplomatic relations between the two countries.

For future cooperation, the “divide et impera” approach of the Beijing-led initiatives are debatably suitable for the European Member States to pursue their interests toward China. It would be more in the interests of V4s to launch the V4+ format, which already successfully represents the Group’s foreign policy interests toward Japan and South Korea. The V4+China format would be flexible enough to prevent the V4 from acting as a „Trojan horse” for China in the extension of its influence to Europe, and at the same time, a suitable platform to develop relationships in the field of education (mobility programs granted by the Visegrad Fund), research (science, technology, and innovation), diplomatic relations (establishing V4 Trade Houses in China), culture and tourism (developing the „Visegrad brand”).\(^5^4\) The current Polish Presidency Program\(^5^5\)
is in line with these expectations, as it identifies the promotional measures aiming to develop tourism relations with China as a future direction for Visegrad Countries’ cooperation, primarily implemented through the national tourism organizations of the V4 member countries.

V4 economic policy – challenges of post-pandemic recovery and the Green Transition

The V4’s economy is one of the most industry-intensive in the EU,\(^6\) with the highest share of the automotive industry.\(^7\) The V4 Group achieved its competitive advantage

\(^{6}\) By economic activity industry (except construction) has a 20.6\% in Hungary, 23.3 in Poland, 23.5\% in Slovakia and 28.2\% in the Czech Republic share of employment in 2020, while in the EU industry had a 15\% share. (Eurostat)

\(^{7}\) There are 196 assembly and engine production plants in the EU, 35 which of located in the V4 countries. (https://www.acea.be/statistics/tag/category/european-production-plants-map#:~:text=Key%20figures%3A%20the%20European%20Union%20(EU27)) In 2018, the share of direct automotive employment in total manufacturing was 15.8 \% in Slovakia (highest in the EU), 13.7\% in the Czech Republic, 12.9\% in Hungary. Poland is the only one among the V4, where 7.5 \% automotive employment share was lower
for foreign investment by offering a relatively cheap but skilled labour force, convenient tax policy, and more flexible labour rights. However, this instrument of growth without proper economic transformation may be a double-edged sword. The sustainability of the V4 competitiveness faces significant challenges, as while the current approach produces favourable GDP growth in the short term, the lack of knowledge-based innovations may lead the V4 countries into a middle-income trap and increase vulnerability by already high dependency on foreign investment.

The automotive industry is among the most affected by the digital transition, replacing the manual and routine labour tasks with industrial robot technology, which will have a significant impact on the V4 labour market and employment. Transition to Industry 4.0 in all aspects is a challenging factor among all the Visegrad countries, at the same time, it is a strategic cooperation area in V4 economic policy. In 2018, the V4 declared its commitment toward strengthening internal (EU) and global competitiveness utilizing „digitalization, innovation, development of human resources and reduction of the administrative burden on entrepreneurs“. The 2020/2021 Polish Presidency Program also highlights the importance of developing the V4s cooperation in the field of the digital sector, „in the area of innovation and application of new technologies”, „in the digital transition, artificial intelligence (AI), robotics, e-commerce, cybersecurity“.

The position of V4 in energy transition concerning the European Green Deal, emphasizes the cross-impact of the COVID-19 pandemic to the transition process, which by its additional costs imposes additional burdens to achieving a climate-neutral economy. All the V4 countries have signed Solidarity and Just Transition Declaration, requiring a fair deal for communities most affected by the energy transition (mostly by „coal phase-out“). In the energy mix of the V4 coal stands out to varying degrees, however, the transition from fossil fuels to renewables remains slow in all Visegrad countries compared to the EU average. The establishment of the Visegrad+ for Renewable Energy (V+ RE) shows a group-level commitment to „promote and accompany the sustainable transformation of the regions through joint political advice, communication, and cooperation.“

The post-COVID 19 national economic recovery programs in the framework of Green Recovery provide an outstanding opportunity to the V4 “to build back better”, combining the short-term goal of relaunching the economy and employment with the long-term aim to move forward on green transition and digitalization. $^{70}$ 13% of the EU Recovery and Resilience Facility $^{71}$ grants allocated to V4 countries, $^{x}$ to support reforms and investments with a sustainable Covid-19 recovery agenda.

**Conclusion**

The V4’s energy policy goals (toward energy diversification and energy security) and its contribution to the democratization process of Western Balkans’ and Eastern Partnership countries overlap with the interest of the EU and Washington to a great extent. The intra-Visegrad differences appear to a greater extent in their preferences of national Russia and China foreign policy, mainly in fields of security-related issues. $^{72}$ Within the Visegrad Group, the pro-Russia axis is represented by the foreign policy of Slovakia and Hungary, and toward China Poland and Hungary have a more active foreign policy. For this reason, a unified V4 foreign policy position on those countries is not expected in the near future.

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