ADAPTABILITY OF THE VISEGRAD GROUP IN SUSTAINED ADVERSITY

Author: Zulf Hyatt-Khan; Founder; Visegrad 4 Business Conference

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INTRODUCTION

The recent Visegrad 4 Business Conference, held in Budapest on the 14th of November 2024, the third of its kind, laid down a marker on how the evolution of the Visegrad Four countries could or should cooperate, economically in a sustained period of adversity, politically, amid the backdrop of ongoing Russian aggression in Ukraine, energy crises, political disenfranchisement and inflation among multiple prescient concerns.
Is the future bleak? Or is there cause for optimism? This paper will explore the ideologies of four disparate nations, charting their unique paths domestically allied to the potential for a collaborative approach going forward given the global economic flux. It would be reductive to simply lump all countries into one group, given the complex nature of each nation's ideological and economic DNA, however, to understand what lies ahead, it is worth considering that the future is not bleak, but it is worth acting now.
What is the Visegrad Group?

At A Glance

[1]The Visegrad Group (V4) was established 30 years ago. The direct aim of this informal forum for regional cooperation was the efforts of countries in this region to integrate with Western international organizations. Firstly, the priority was to ensure security by joining the North Atlantic Treaty Organization (NATO). This goal was achieved in 1999 by the Czech Republic, Poland, and Hungary; Slovakia joined in 2004.

Secondly, their efforts focused on socio-economic integration, which was primarily expressed in their efforts to join the European Communities. All four V4 countries joined the European Union (EU) in 2004. Looking back from 2021, the Visegrad Group has spent more years within the structures of European and Transatlantic cooperation than outside them. For this reason, the group's existence over the past 30 years has been dominated by goals linked to cooperation between states during the systemic and economic transition, as well as convergence with Western Europe.

Over the years, the Group has turned out to be a convenient way for the countries to consult each other ahead of EU deliberations. The V4 countries not only cooperated when it came to NATO enlargement and joining the EU, but also in various areas of systemic reforms and social changes, broadly understood – in science and education, culture, regional development, security (fighting crime), and, with varying levels of success, in the context of energy and transport infrastructure.

For thirty years the nations have fluctuated and disagreed on several key ideologies and dealt with populism, war, pandemics, and several key economically damaging shock impacts and crises but remain resolutely committed to ensuring net benefits for citizens and corporations alike. All four nations share a border, however, much more can be done to enhance the proximity-based opportunities – The Visegrad 4 Business Conference is a small, yet significant step in enhancing the stimulus between them

1 The Visegrad Group – 30 years of Transformation, Integration & Development – Polish Economic Institute

Adversity

The elephant in the room whenever discussing the Group no doubt gravitates towards politics, which in recent times has been polarized with diverse opinions on the war in Ukraine and also de-coupling from Russian fossil fuels (the two are inextricably linked) and foreign policy tends to detract from stable cooperation.

[2]It is worth noting that Visegrad cooperation is not institutionalized in any way. In practice, it mostly consists of regular meetings between the countries' prime ministers and lower-level government officials. The only organization functioning under the group's name is the International Visegrad Fund. Without a Visegrad bureaucracy or institutional memory, the functioning of the alliance is derived first and foremost from the constellations of governments in Prague, Warsaw, Bratislava, and Budapest.

By looking at the chain of crises that started shortly after the V4 countries acceded to the EU, we can see not just which topics have resonated within the group, but also where its members were and were not able to collaborate. Unfortunately, the issue of their dependent, semi-peripheral status has been ignored all along; the V4 has not defined its opposition to the West along economic lines, but rather on the conservatism-liberalism axis.

The economic crisis at the turn of the 2000s and 2010s primarily revealed the low levels of solidarity between the central and southern wings of the European Union. Instead of attempting to understand their shared lot – having equally experienced life under authoritarian regimes throughout the second half of the 20th century, a late integration into the EU, and economic dependence on Germany – Visegrad leaders warned their voters of a "Greek scenario". They criticized Southern Europeans' "lavishness". The subject of merit (as in: unlike Southern Europeans, Central Europeans are hard-working, avoid taking on debt, and overall are better-functioning members of the global capitalist order) periodically resurges in debates on the allocation of EU funds, the latest example being the post-pandemic recovery plan debates in 2020.

Even more than the economic crisis, the V4 was welded together by the migration crisis of 2015-2016. At the time, the alliance stood firmly against the EU's decision to distribute 120,000 refugees from various wars among the EU Member States, based on the by-now mythical "migration quotas". This was the crisis that transformed this region of imitators who did nothing more than adopt Western European solutions into a region of rebels. The peak of the Visegrad collaboration could be placed somewhere in the vicinity of the year 2018. "It is us, the Visegrad Four once more," said Babiš then Prime Minister of the Czech Republic. Nonetheless, the V4 brand was seen in a fairly dim light within the EU, even more so due to the European Commission's clashes with Hungary and Poland over their infringements of the principles of the rule of law, as well as women's and LGBTQ+ rights. The Babiš administration took neither side in these specific disputes, showing his ability to approach the V4 alliance pragmatically. Meanwhile, the more liberal segments of Czech society urged a complete disavowal of the V4 brand.

In 2022, the war in Ukraine showed that the V4 member states don't necessarily agree even on key identity issues. Shortly after the breakout of the war, Poland and the Czech Republic (then holding the Presidency of the Council of the EU) gained international respect and a strong position thanks to their support for Ukraine, a notable feat given their economic standing and Poland's long-term pariah status. However, we should not expect this Ukraine-related estrangement within the V4 to be permanent. Rather, we should ask in which ways the group can work to create a constructive, progressive identity.

2 Klára Votavová – Heinrich Böll Foundation

The Middle-Income Trap

The post-communist Central European elites are split in their attitudes. The “self-colonizing” liberal group sees Western European societies as more advanced than ours, meaning we should continue imitating them, while the nationalists claim an autonomous, conservative Central Europe should be constructed instead. These attitudes are then extended to the V4: The first group distances itself from the alliance, while the second wants to enhance its role as the stronghold of conservative Central European interests.

Due to the absence of left-wing politics in the Central European debate, the mainstream generally lacks a third perspective to point out Central Europe’s shared economic problems and propose solutions. Most prominent among these issues is the region’s struggle to escape the middle-income trap. After the fall of communism in 1989, the Visegrad countries bet their money on an economic development model that relied on cheap labor and geographical accessibility as the main incentives to attract foreign investments. This model ceased to promote economic and especially salary convergence already during the 2008 economic crisis. International rankings show that until this day, our region has not learned to innovate – there is a marked absence of company headquarters, patents, and added-value businesses. Hundreds of billions in profits are sailing off to the West, contributing to prosperity the V4 cannot replicate. So far, the ongoing green transition shows no signs of improvement on this front: Within the EU, green technology patents are again concentrated in Germany, Western European businesses massively subsidize their industries, and their edge over Central Europe is growing larger, not smaller, over time. The dependent status of the Central European industry, along with the lower wages that come with it, naturally provoke feelings of inferiority for which many tend to compensate by supporting far-right politics that can – at least on a rhetorical level – offer a feeling of superiority over the West.

Poland has been the most active in trying to extricate itself from the middle-income trap, but its results have been ambivalent and a clear vision for the future is lacking.
Despite all this, the issue of dependent development, or the fact that the V4 is missing the boat again with the green transition, has not yet started to inform the V4’s agenda. Nor has the group tried to initiate collaboration with Southern Europe or the global South, which has plenty of experience with dependent development.

The Visegrad 4 Business Conference theme this year was “V4 Into the Future” with the core tenet and anchor being, to almost let sleeping dogs lie, to cast aside historical differences, and to focus on future-proofing prosperity. The themes included Space Technologies, Artificial Intelligence, Green Transition, and Women in Industry.

The topics were hand-selected not to emphasize the aforementioned deficit within these fields for the nations, but also to push home the notion that these areas are also fresh for potential, and with other larger European countries profiting heavily in these sectors, the time to act is now, as perhaps a group is more effective to combat larger markets than to target them individually.

KEY NUMBERS

From 64.2 million to 63.9 million	decrease in the number of people living in the V4. Currently 14.3% of the EU-27’s population, making it the third-largest consumer market in the EU.
EUR 996 billion	the four V4 countries’ GDP (in current prices) w 2019, making them the sixth economic force in the EU.
155%	increase in the V4’s GDP (in constant prices) in 1991-2019.
Over three times more strongly than in the EU-15 countries	increase in investments in fixed assets in the V4 countries in 1995-2019.
Over 19-fold and over 16-fold	increase in the value of V4 countries’ exports and imports of goods in 1991-2019.
1.44% of GDP	percentage spent by V4 countries on R&D, over EUR 14 billion per year. In 2000, this was EUR 2.5 billion (0.76% of GDP).

ECONOMY OF V4

Economy[3]

- In parallel with increasing political activity, the V4 region has had remarkable economic performance in the past decade, in terms of **growth, employment, fiscal discipline, and trade**, including a swift recovery from the COVID crisis.
- The V4 countries combined would constitute the 5th largest economy in Europe and the 12th in the world. Since 2013, **GDP growth in the V4 has consistently exceeded the EU average** on an annual basis. Before the war in Ukraine, the European Commission's Winter 2022 Economic Forecast estimated that the **V4 region's average GDP growth in 2022 (5.0%) would, again, exceed the EU average (4.0%)**.
- The Visegrad region has a key role in European trade, especially due to the robust volume of **V4+Germany trade, which was $335,3 billion in 2021**, far exceeding Germany-France trade ($164,5 billion), as well as Germany-China ($245,4 billion) or Germany-USA ($194 billion) trade.
- **Organically growing economic relations between the V4 countries** are equally important. Counted as a bloc, the V4 is among the top three trading partners for each Visegrad country. **Trade flows among V4 countries increased by an average of 64% between 2010 and 2020**. As regards investments, almost all Visegrad countries are among the top 10 investment destinations for each V4 partner.

3 Ministry of Foreign Affairs & Trade Hungary

As you can see from the table, a better together approach should and can be learned given the potential of the collective over the individual. While in principle this sounds like the best approach, the reality is much more complex given the nuanced approach as mentioned above to macropolitical strategy but perhaps even more crucially to macro-economic strategy. Each nation charts in own path, with its own trajectory fixed on a finite governing period, not allowing perhaps for continuity, save for Hungary, given the revolving door nature of recent political administrations within the group.

Given the alliance is almost ceremonial rather than impactful it leads some outsiders to conjecture as to the precarious nature of any sort of flimsy cohort. The energy crisis lies at the heart of the group with all member nations, perhaps Poland and Czech least previously heavily reliant on fossil fuels from Russia and former Satellite States. This presents both economic and political challenges allied to the European Union's unrealistic demands for complete carbon neutrality by 2055. On the one hand, all four countries are still in need of these hydrocarbons, and on the other hand, neither advanced in the race to push forward a net zero positive ambition. Slovakia at this stage could be a front-runner within the EV market (electric Vehicle) with a landmark deal being inked in Slovakia in June.

[4]China's Gotion High Tech and Slovak partner InoBat will invest 1.2 billion euros ($1.29 billion) to build an electric vehicle (EV) battery plant in Slovakia, the country's Economy Minister Denisa Sakova said on Thursday.

The consortium will receive 150 million euros in subsidies and 64 million euros in tax breaks, Sakova told a televised news conference.

The companies had said last November they aimed to build a plant producing EV batteries with a combined annual output of 20 gigawatt-hours in the initial phase.

Increasing foreign demand was an important source of economic growth in the V4 countries. In particular, it applied to products manufactured in highly internationalized branches of the processing industry, including the automotive and machine industries. According to the latest available data from the OECD TiVA database (2018), in 2015 foreign demand played the greatest role in generating the GDP of Hungary, Slovakia, and the Czech Republic (from 48% to 44%). In Poland, this was 32%. Economic growth in the V4 countries helped decrease the level of development in these countries and the income gap between them and the "old EU". In the 1990s, this process was slow. In 2000, GDP per capita (in current prices) in the V4 according to the purchasing power parity was just 45% of the EU-15 average. The narrowing of the income gap between the V4 and the EU accelerated after they joined the EU. In 2019, GDP per capita in the V4 amounted to nearly 72% of that in the EU-15 and as much as 86% of that in the southern European countries (Greece, Italy, Portugal, and Spain). In 2019, the Czech Republic had the least catching up to do in terms of economic development and income. Its GDP per capita was 92% of the EU-28 average. In the other V4 countries, this percentage was lower, oscillating around 70-73%.

The economic convergence of Central Europe is supported by EU funds, primarily as part of the cohesion policy, which aims to reduce the income gap between member states. Since they joined the EU, the V4 countries have been net beneficiaries of EU budgetary funds, which means that they receive more of them than they contribute to the budget. The balance in 2000-2019 was favorable for the V4 countries, amounting to almost EUR 240 billion. Funds to the V4 countries in 2000-2019 and as of 2019, over EUR 327.6 billion was transferred from the EU budget to the V4 countries – 15.8% of the EU's cumulative budgetary spending during this period. The biggest beneficiary in the V4 was Poland (55.2% of the transferred funds). The other Visegrad countries received a much smaller share: Hungary got 19.6%, the Czech Republic 17.0% and Slovakia 8.2%. Even before accession, the V4 countries received support from the EU budget in the form of pre-accession funds; over EUR 7 billion in total. The largest funds transferred to the V4 countries from the EU budget in 2004-2019 were allocated as part of the cohesion policy (EUR 207.6 billion) and the common agricultural policy (EUR 102.7 billion). During their first 15 years of EU membership, the Visegrad Group countries contributed EUR 92.4 billion to the EU budget, around 5.5% of the EU's total budgetary revenue over that period. V4 received 30.6% of the EU budget expenditure allocated.

4 Reuters

FDI

The V4 is also proving an interesting investment destination for Foreign Investors.

An attractive place for foreign direct investment A significant external source supporting the V4 countries' economic transformation was the influx of foreign direct investment (FDI). In 1991, the Group was created, and its total volume was still small (USD 2.4 billion to all the members, according to UNCTAD (2021)), but it snowballed, exceeding USD 25 billion the year the countries joined the EU. It reached a record value of USD 38.2 billion in 2007, before the outbreak of the global financial and economic crisis. In 2019, USD 28.5 billion in FDI entered the V4, 7.3 percent of the influx to the EU-15 (USD 387.8 billion).

This is an interesting point, that Foreign Direct Investment flowing into the region not only stimulates domestic GDPs but also enhances competitivity and encourages cross-border cooperation. It has been noted on several panels during the three editions of the Visegrad 4 Business Conference that combining forces when appealing to emerging markets, or larger economic powerhouses could prove a fruitful tactic going forward if there's will, desire, and external support. For the V4 to retain its adaptive and competitive edge it needs to evolve perhaps in sectors that are traditionally Western European whilst simultaneously doubling down on existing strongholds, in Automotive, Manufacturing, and Engineering where it excels and then ameliorate supply chain bottlenecks, and investing in infrastructure projects to make the region more globally attractive and accessible.

It is also worth understanding the complex nature of FDI inflows into the region and it is worth considering the following;

[5]The market size also plays an important role in the pattern of FDI inflows. Countries with a larger market size appear to attract more FDI inflows (Mellahi, 2011). Market size is measured by the host country´s total population (Barassi, 2012). Milner (2006, pp. 205–206) argues that firms take labor-intensive stages of the production process to a lower-cost location and transport final and semi-processed products back to the home market. There are additional incentives to invest abroad where there are special exporting advantages (e.g. preferential market access terms), but it is predominantly production for a non-host country market. Horstmann and Markusen, 1992 and Brainard, 1993 aimed to explain the high level of FDI between similar or even identical countries, and assume that the primary motivation for MNEs is to gain market access rather than to take advantage of differences in factor endowments. This stream of theory predicts that the host country's market size and trade cost would be vital in determining the level of FDI.

5 Foreign Direct Investment in the Visegrad 4 and the Main Trading Partners; Ondřej Babuněk

The development of the population of the selected countries is characterized by significant differences between countries. The absolute population size cannot be compared because Germany has 80 million inhabitants. France, Italy, and Great Britain have over 60 million inhabitants, Poland has 38 mils, the Czech Republic and Hungary have about 10 mils, Austria has about 8 mils and Slovakia has roughly 5 million inhabitants. The following figure shows the development of the population from 1993 to 2010. From the figure it is perceptible that the development of population is constant during the period, nevertheless, in Germany, the number of inhabitants between 1990 and 1991 grew. The cause of the population increase was the unification of the former West and East Germany. In the other countries, the population has grown since 1990, nevertheless, Hungary is an exception, because the population in this country was continuously falling. In 1990 Hungary had 10.374 mil inhabitants but in 2010 only 10 mil inhabitants.

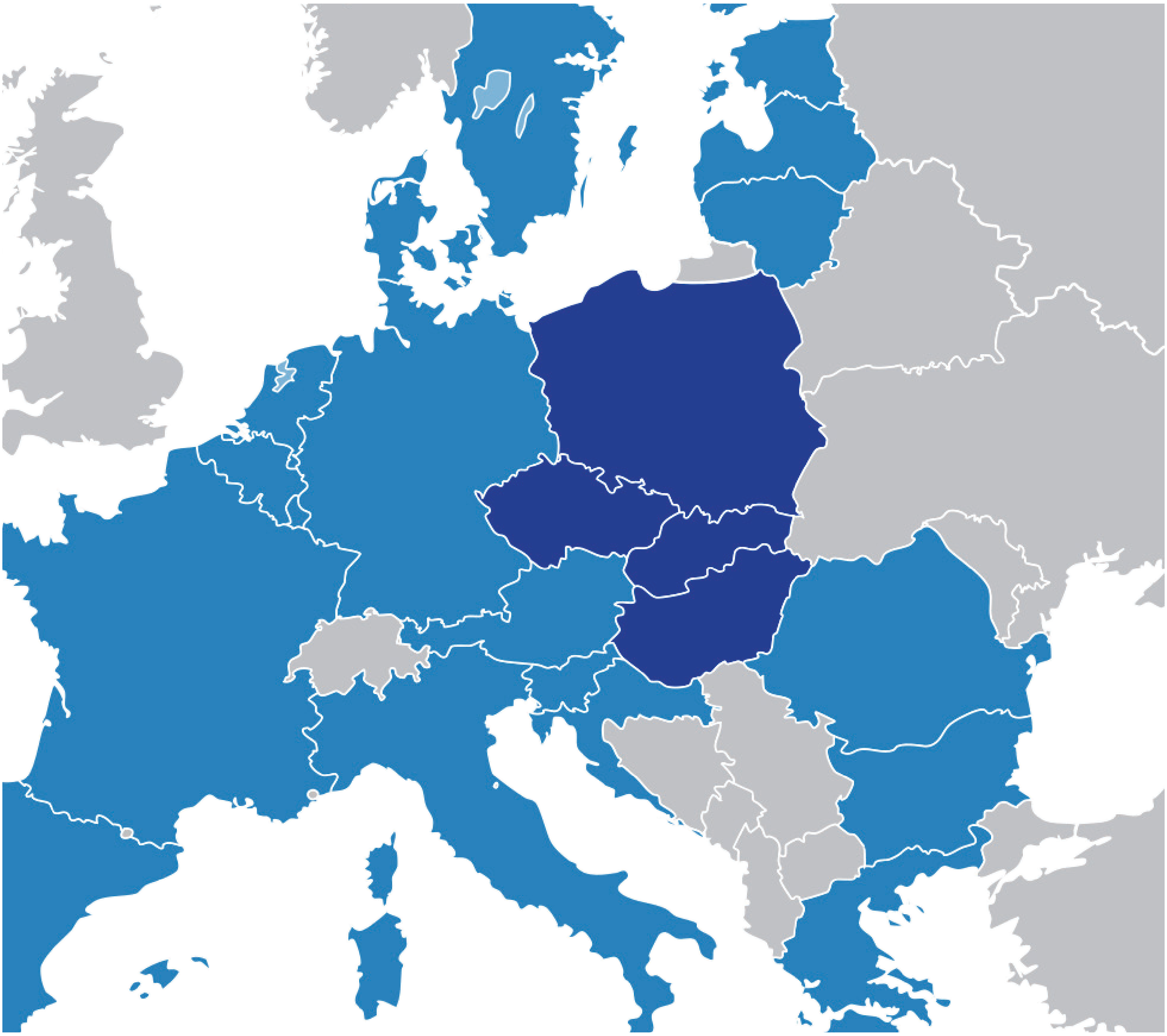
Cuervo-Cazurra (2011) argued that firms choose states that are important for physical and physical distance and market attractiveness. Altomonte (2003) argued that the Central and Eastern European countries (CEECs) display a great capacity in the attraction of FDI flows that this is likely due to the high degree of integration achieved among the CEECs: this structural characteristic of the Central and Eastern European region enhances the access to markets MNEs can serve from a location in the CEECs. These states generate increasing FDI inflows in the area. Data from the Organisation for Economic Co-operation and Development (OECD) implies that the inflow of FDI is most pronounced in the United Kingdom (average is 65.634 billion USD per year), France (average is 39.521 billion USD per year) and Germany (average is 33.155 billion USD per year). To a lesser extent in Italy (average is 11.260 billion USD per year) and on the contrary in the remaining countries inflows of FDI are negligible in comparison with above mentioned countries. Of the remaining selected countries has Poland the largest inflow of FDI (average is 7.537 billion USD per year).

Poland is followed by Austria (average is 5.488 billion USD per year), Czech Republic (average is 4.821 billion USD per year), Hungary (average is 3.441 billion USD per year), and Slovakia (average is 1.732 billion USD per year). The flow of investment is significantly different in individual countries and the United Kingdom and Germany have the highest inflow of investment, by contrast, other countries have a significantly reduced inflow of investment.

V4 INTO THE FUTURE
VISEGRAD 4 BUSINESS CONFERENCE

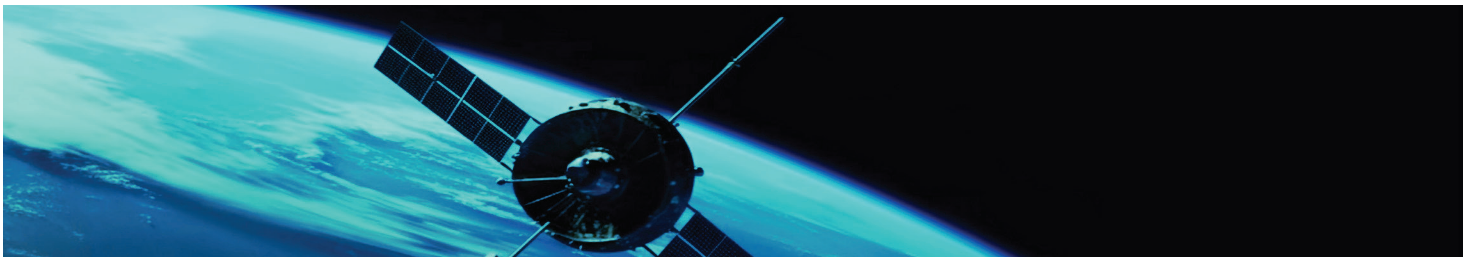
As mentioned before, the purpose of the conference is to find conduits, discussions, and networking groups to create solutions, albeit on micro-levels to macro-problems.

We will explore the discussions that were held in Budapest, on the 14th of November and see how they addressed the combat of adversity and pushed the envelope into forging a bolder, more constructive discourse when addressing the key issues of the day.



V4 BUSINESS

V4 & The Space Race



BACKGROUND

Europe (V4 de facto) must develop its independent means of getting astronauts into space or risk missing out on the next big tech boom, warns an influential panel. A report commissioned by the European Space Agency, says the space economy is at a similar inflection point to the Internet 20 years ago. Failure to respond will see Europe miss out on the next wave of Googles and Amazons, the group argues. It calls for a plan to get Europeans on the Moon "within 10 years". While current estimates of the global space economy stand between €350bn and €450bn (£310bn-£400bn), independent forecasts predict its value to reach €1tn before 2040, it is suggested.

To give you an indication; the global space technology (SpaceTech) market size was valued at USD 420.2 billion in 2022 and is expected to grow at a compound annual growth rate (CAGR) of 7.5% from 2023 to 2030. The growth is driven by technological advancements, increasing private sector participation, and growing government initiatives. This sector encompasses a wide range of activities, including satellite manufacturing and operations, launch services, space exploration, and the development of innovative space-related technologies. The market observed significant growth due to rapid technological advancements in satellite technology. Satellites are critical in various sectors, including telecommunication, navigation, weather forecasting, and Earth observation. The deployment of communication satellites has gained significant traction with an ever-increasing demand for high-speed internet connectivity.
The Panellists for the discussion were;

- Jakub Brogyányi, CEO CFSD (keynote)
- Martin Jančo, CEO & Founder, M2M Solutions (SK)
- Tomáš Jelínek, CEO, FlyinDefence (CZ)
- Dr. Örs Hunor Detre, CEO CanSatLab (HU)
- Andrzej Voigt, President of the Board, AV Inwestor S.A. (PL)

Questions were posed to them on Research & Development initiatives in their respective countries, education platforms, combating the overarching US domination of the global market, technological advancements within their scopes of expertise, areas of opportunity and challenges, and USPs pertaining to their fields.

The conclusion of the hour-long debate centred around one core principle, that the European Space Agency is a core driver in European competence in an over-competitive but fragmented market and that V4 nations in drone technologies, weather mapping solutions, satellite installations and education are key players in a smaller regional game, and yet to penetrate larger scale investment or ventures in more competitive arenas. If Europe is to compete with the US and Asia, then Central Europe and the Visegrad Region need to come to the party.

Picture: Zulf Hyatt (CSE), Martin Janco (M2M Solutions), Tomas Jelinek (Flyin Diamonds), Ors Honor Dutre (CanSatLabs), Andrzej Voigt (AV Inwestor)

Picture: Zulf Hyatt (CSE), Jakub Brogyányi (CFSD), Dr. Örs Hunor Detre (CanSatLab)

ARTIFICIAL INTELLIGENCE & ITS IMPLICATIONS

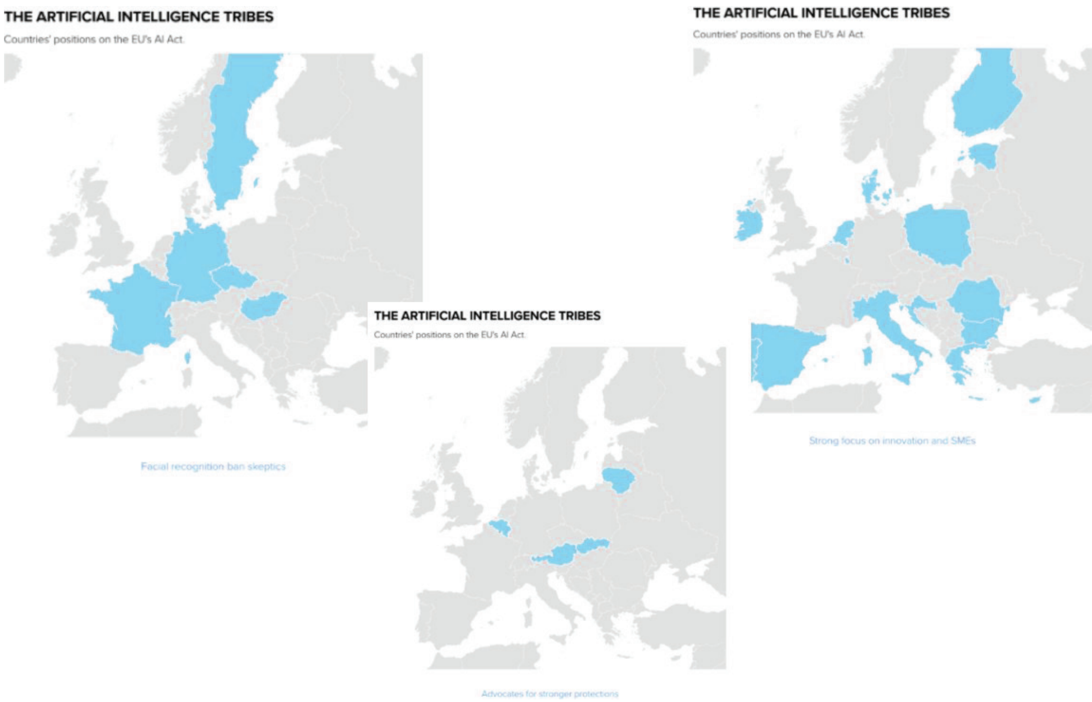
Potentially the most discussed theme of modern times; and the most polarising topic that should and eventually will change the global business, political, and socio-normative climate for good – Artificial Intelligence and what that means for the Visegrad 4!

[6]The rapid growth of artificial intelligence (AI) globally poses several key challenges to many states. These challenges include ethical challenges of how AI should be used, regulatory challenges of how AI should be governed, and security challenges of how risks posed by this rapid advancement of technology might be countered. While all states face such dilemmas, small and medium-sized states are particularly susceptible to the risks posed by artificial intelligence or digital innovation more generally, as they face numerous issues such as a limited talent pool, limited budgets, and low control of the supply chain (Burton, 2013). This is primarily due to the nature of technological innovation as being primarily driven by larger states. In the case of AI, the United States and China. Conversely, however, small states can also drive innovation, acting as 'norm entrepreneurs' and expanding their influence through specialization in specific policy areas (Adams, 2019).

State	National Strategy	Active Use Cases	Notable Civil Society Organizations	Notable Research Groups
SK	Published July '19 (as part of wider digitalization strategy)	7	AI Slovakia, KInIT	Department of Cybernetics and AI, University of Košice, KInIT
HU	Published September '20	1	Hungarian AI Coalition	MTE-SZTE Research Group on Artificial Intelligence
PL	Published December '20 (Polish only)	10	AI Poland, Digital Poland Project Centre	AI Tech Scientific Consortium (Collaboration between Universities of Warsaw and Jagiellonian University [Krakow] and AGH University [Krakow])
CZ	Published May '19	3	Czech Invest, AI Czechia	The AI Centre, CTU (Czech Technical University)

Figure 1: Diagram illustrating the current AI Landscape of the V4
(For statistics, see Misuraca, 2020)

6 Artificial Intelligence in the Visegrad 4: Emerging Strategies, Uncoordinated Approaches, Alex Hardy



As illustrated in Figure 1, the AI landscape of the V4 is very much a work in progress and rapidly developing. All of the V4 states implemented their first national AI strategy between 2019 2020. There are some noteworthy caveats. Poland, for example, has authored a full strategy, however, this is only available in Polish. Slovakia, meanwhile, has a strategy for AI within its much larger Digitalization Strategy. The Czech Republic was the first of the V4 states to introduce an AI strategy in May 2019, and Poland was the last in December 2020.

Many of these documents are perhaps striking by their similarity. Some basic content analysis of the strategies highlights several shared strategic goals and common ground between the four countries. This includes the prioritization of, and investment in research and education, the development of additional public services, and building closer collaboration with allied nations. That said, as illustrated in Figure 1 above, there are notable disparities in existing public-facing AI

Additionally, the EU-wide 'AI Act' is currently in its legislative stage. As illustrated in Figure 2 below, there is also a lack of coordination on desired goals for this Act among the Visegrad states. Reports suggest that Slovakia, for example, is more cautious in terms of the regulation of private AI developers. Poland strongly favors a focus on innovation and small-medium enterprises. The Czech Republic and Hungary are outspoken in their opposition to facial recognition technology. These diverging priorities reflect a situation generally across Europe and confirmed by interview participants, that as things stand, artificial intelligence remains a state-level concern, and few states are thinking across the internal borders of the European Union in terms of developing citizen-facing AI solutions.

As Alex Hardy has expertly underlined, the AI Act has provided a template for discussion and a regulatory backbone for how to adapt or lean into the media; the conference discussions centered around the following tenets;

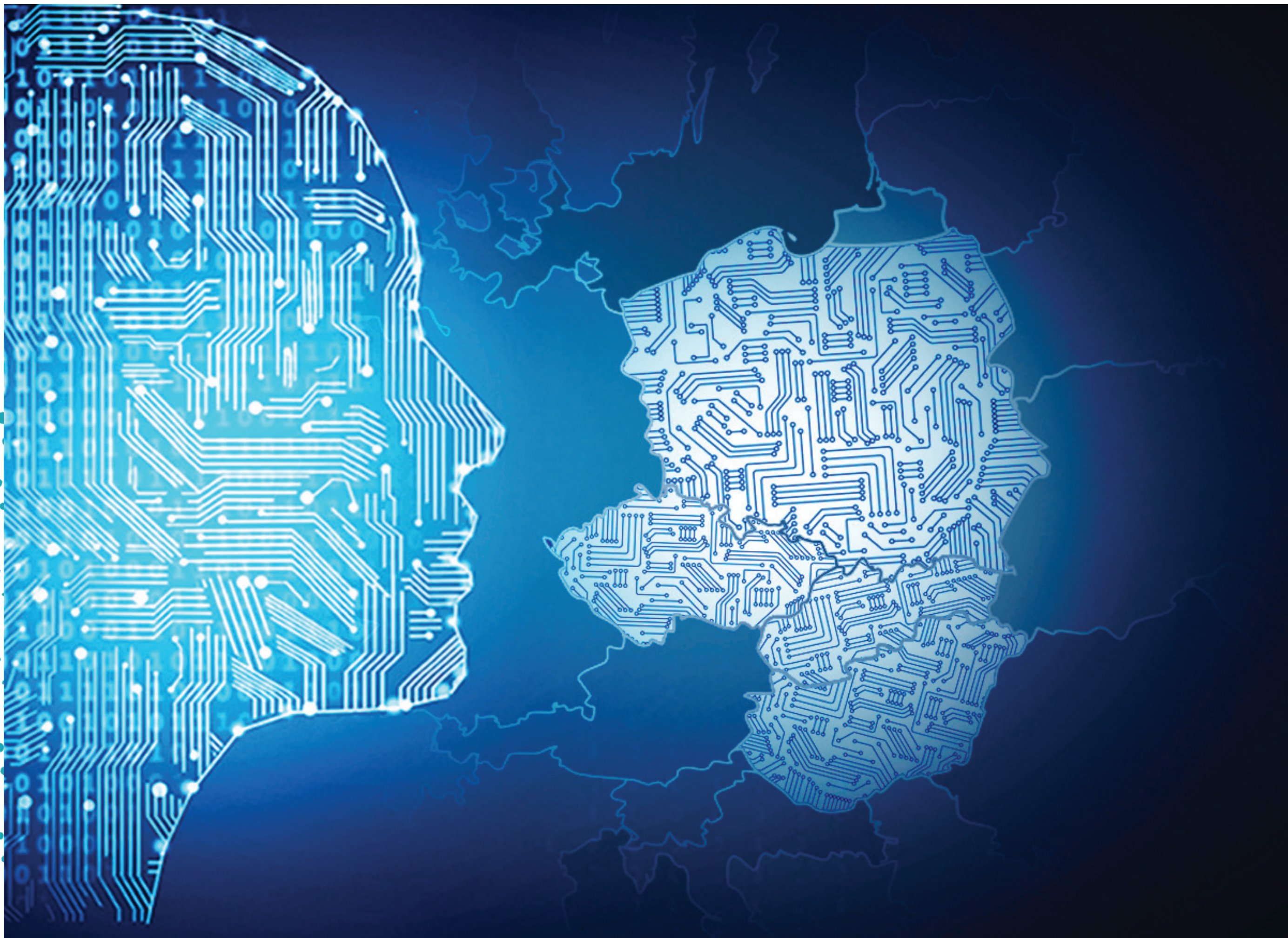
The permutations, machinations, and implications for Pandora's box have to be assessed at critical speed. What will be the underlying issues, how can we govern and contain an immovable object? How do we lean into it and adapt to technologies moving at unfathomable speeds? The current AI situation in the V4 states might best be characterized as in its infancy, but rapidly developing. This reflects the use of AI across many small-medium states. The research notes that the V4 states currently lag behind Western Europe in terms of AI research output and AI use in public services. Similarly, they are even further behind the United States and China, the two 'big players' in AI. This is to be expected, given the limited funding of small-medium states. There are a small number of active AI use cases in the V4, perhaps most notably the controversial (and now discontinued) unemployment profiling utilized in Poland. There is also some noted divergence in the policy priorities of the V4 nations at an EU level.

Led by; Olivia Blanchard

- Guglielmo Picchi, Director for International Relations, Machiavelli Center
- Rudolf Sihlovec, Chairman of the Board and CEO, INO-HUB Energy (SK)
- Petr Němec, CEE Digitalization Director, RENOMIA (CZ)
- Michal Góra, CEO Alfavox (PL)
- Péter Szabó, CEO of Microsoft Hungary and Vice President at IVSZ Association of Digital Enterprises (HU)

CONCLUSIONS

For the V4 states to adapt, the onboarding of the AI Act, and the acceptance of a shift in technologies will change the global landscape needs to be embraced, however, metered with caution. The Visegrad Group needs to isolate areas of comparative competitiveness and focus on historic areas of economic excellence. Ultimately the priority should always be education for the youth now and for market acceptance to lead the pathway to change archaic business models for a more robust and competitive future.



Picture: Guglielmo Picchi, Director for International Relations, Machiavelli Center

Picture: Guglielmo Picchi (Director for International Relations, Machiavelli Center), Olivia Blanchard, Rudolf Sihlovec (Chairman of the Board and CEO, INO-HUB Energy), Petr Němec (CEE Digitalization Director, RENOMIA) Michal Góra (CEO Alfavox)

WOMEN IN INDUSTRY

BACKGROUND

Gender equality and women's leadership have made their way onto the agendas of most businesses. And not just to achieve justice and equity but also because they have a strong impact on profitability: companies with women in management have been proven to generate more profit and better retain talent. While the gender gap is a hot topic in public debate, the representation of women in companies has not noticeably improved, especially in positions of high responsibility. The numbers don't lie. According to the IMF's Global Center Gap Report 2022, only 36.9% of working women hold leadership positions. In other words, men occupy 63.1% of the most influential positions.

The damning significance of these numbers is also a work-on in the Visegrad Group where there was a study conducted that highlighted some interesting hypotheses and conjectures as to where deficiencies and gaps lie.

[7]The issue of women on board attracts many researchers. There are several theories used to support appointing women to the board (i.e. resource dependence theory, agency theory, human capital theory, social capital theory). Still, there are also others providing arguments against gender diversity of boards (i.e. the self-categorization theory and the social identity theory). However, existing research has inconclusive findings; some prove a positive impact of women on firm performance and some show the lack of this impact.

However, most of the research is conducted for a single country sample. Some researchers provide evidence that the association between the presence of women on board and firm performance might be moderated by the institutional environment (Grosvold et al., 2007), and, in particular, a culture of gender equality (Post & Byron, 2015). Therefore, we wondered what was the impact of the women's presence on the board on firm performance when including companies from several countries (especially countries with similar backgrounds) in the sample.

We aimed to explore how women on management boards impact firm performance when considering companies coming from the Visegrad Group (V4) incorporating four post-communist countries from Central Europe: Poland, Hungary, the Czech Republic, and Slovakia. Specifically, we sought to determine whether the inclusion of women on management boards positively impacts company efficiency and certain aspects of market performance while considering various characteristics of board composition and the background of the V4 countries. Moreover, this research aims to contribute to the broader discourse on gender diversity in corporate leadership by providing empirical evidence on its potential influence on firm performance in the Central and Eastern European (CEE) context.

Our research sample consists of 451 and covers three years, i.e. 2019-2021. Since the role of the supervisory board is limited to supervising functions, our analysis focused on the gender composition of the management board. We expected to find a positive association between women's presence on the management board and firm performance reflected both by operating measures and market measures.

7 Entreprenurial Business & Economics Review; Elżbieta Bukalska, Tomasz Sosnowski, Anna Wawryszuk-Misztal

Table 2. Sample characteristics

Cross-country distribution

Country	Number of Companies	Percentage
The Czech Republic	11	2.44
Hungary	39	8.65
Poland	376	83.37
Slovakia	25	5.54
Total	451	100.00

Cross-industry distribution

Industry	Number of Companies	Percentage	Industry	Number of Companies	Percentage
Utilities	16	3.55	Real Estate	36	7.98
Telecommunications	10	2.22	Industrials	106	23.50
Consumer Staples	32	7.10	Energy	8	1.77
Health Care	27	5.99	Financials	67	14.86
Consumer Discretionary	71	15.74	Technology	44	9.76
			Basic Materials	34	7.54
			Total	451	100.00

Sample characteristics at the end of the 2021 fiscal year

Specification		Mean	Std. Dev.	Median	N
Age	in years	17.90	7.73	19.19	451
Market Capitalization	million EUR	24 903.89	254 345.01	200.40	445
Total Revenue	million EUR	532.77	2 187.27	44.96	376
Net Income After Taxes	million EUR	52.31	221.31	3.55	392
Total Assets	million EUR	2 330.52	9 969.76	72.77	391

Source: own study.

We found economic arguments supporting women's appointment to the boards. However, apart from economic arguments on women's appointment to the boards, there were also ethical arguments for the inclusion of female directors – no one can be excluded from a team because of gender, age, etc. We believe that these ethical arguments are valid for the V4 countries, especially since there are positive economic consequences of including women in decision-making. Our findings show that the more women on the board the higher operating performance. Companies should- encourage women to play active roles in the companies. It is not enough to appoint more women to the board. Companies should also consider women's skills and competencies. Companies are advertised to introduce motivational programs for women and create a culture of women's inclusion. We believe that our results might provide arguments for gender diversity in leadership positions. This issue seems to be important since EU countries will have to introduce the gender quota regulation for large publicly traded firms before 28 December 2024. Gender equality, and especially gender equality in decision-making positions is one of the goals included in the 2030 Agenda for Sustainable Development. We believe it might influence the awareness of gender diversity. Our research shows that although the inclusion of female directors on boards positively impacts operating performance, the lack of association between market firm performance and women's presence on management boards might suggest that female presence is not important for investors. Thus, more initiatives promoting the advantages of gender diversity are recommended.

As evidenced by the findings of Bukalska et al it is clear to see the deficiencies that even in a control group study demonstrate where Visegrad Countries lag in promoting a more gender-equal leadership model; conversely at the Visegrad 4 Business Conference – many myths were dispelled by;

- Linda Kapustová Helbichová, Executive Director, International Visegrad Fund
- Alena Balogová, CEO, Chemosvit Fibrochem (SK)
- Marta Guthová, CEO, Czech Aviation Training Centre and Chairwoman, Women in Aviation Czech Republic (CZ)
- Zsuzsa Beke, Head of the Global PR, CSR and Public Affairs Department, Gedeon Richter (HU)

CONCLUSIONS

The conclusions drawn from the debate around the glass ceiling were to focus on competitiveness, competence, mentorship, and promotion of able individuals rather than simply addressing a gender issue. While in theory the logic is sound, the speakers addressed however several gaps that need immediate rectification in order to overcome patriarchal structures that have been in place in the Visegrad Group for more than 30 years. The needle is shifting, however not quickly enough and the next generation may encounter obstacles of a different nature in the future.

Picture: Marta Guthová, CEO, Czech Aviation Training Centre and Chairwoman, Women in Aviation Czech Republic

Picture: Linda Kapustová Helbichová (International Visegrad Fund), Alena Balogová (Chemosvit Fibrochem), Marta Guthová (Czech Aviation Training Centre and Chairwoman, Women in Aviation Czech Republic), Zsuzsa Beke (Gedeon Richter)

V4 & THE GREEN TRANSITION

ARGUMENT

The European Green Deal, which aims to steer the EU towards climate neutrality, has traditionally been met with a degree of reluctance by the Visegrad countries. The convergence to green targets represents a particular challenge for these economies, given their fossil fuel-intensive industrial orientation and the high labor market exposure of certain regions to coal mining. In reality, progress with the green transition in the region has been mixed. The expansion of renewables has been scaled up in Slovakia and partially in Poland but has been stagnating in Czechia and even decreasing in Hungary.

[8]Still, beyond the image of the Visegrad countries as a uniform bloc opposing climate action, there are also notable differences between the four countries in the progress made, and between different aspects of the green transition. Hence, this policy note aims to evaluate the current developments in each country, relating the results to Austria and the EU27. We consider three different diagnostic features of the green transition in our comparative analysis: the share of renewable energy sources, the level of energy efficiency and resource productivity, and the quality of the circular economy. We then zoom into the main challenges related to the Visegrad group's progress with the green transition. Following the Russian invasion of Ukraine, advancing the green transition has gained particular relevance in the region. As Di Bella et al. (2022) show, the three landlocked countries of the Visegrad stand out as the most heavily exposed to Russian gas imports, and thus have been especially badly affected by reduced supply and higher prices. With energy prices in Europe anticipated to remain at very high levels over the medium term (Moody's, 2022), there are additional stakes involved in the green transition related to energy security, and tackling the transition becomes ever more relevant.

RENEWABLE SOURCES IN THE ENERGY MIX

To comply with the Paris Agreement, the European Community has set itself the target of achieving climate neutrality by 2050. This requires levels of greenhouse gas (GHG) emissions to drop substantially, whereby the transformation of electricity, heat, and transport sectors will play a pivotal role. Each EU Member State agreed to specific national targets that it can feasibly achieve. Czechia and Hungary agreed to achieve a 13% share of renewable energy sources by 2020, while Slovakia and Poland have consented to accomplish 14% and 15%, respectively (Heilmann et al., 2020). Despite lagging compared to the EU, all Visegrad countries have done relatively well in accomplishing their energy targets. With 17%, Slovakia has currently the highest share of renewable energy in its energy mix among Visegrad countries, followed by Czechia, Poland, and Hungary (Figure 1). Hungary and Czechia managed to reach the 2020 targets the fastest. That said, the expansion of renewables in Czechia has been stagnant for some years since reaching their national goal in 2014, while the Hungarian share of renewables has even declined since 2012.

The discussion between the panelists was catalyzed by an impassioned and vocal Mr. Senkovič from Slovnaft (MOL Group) who countered that measured and appropriate measures need to be adopted if there's any hope or semblance of hope that a Fit for 55 goal is communally achievable. The people who engaged in the lively debate are listed below;

- Marek Senkovič, CEO and Board Member, SLOVNAFT (MOL GROUP)
- Martin Lenčéš, CEO, GreenCon (SK)
- Jan Procházka, President, Advanced Materials-JTJ (CZ)
- Mr. Balázs Dobos, Head of Innovation and Sustainability Consulting at Századvég (HU)
- Maciej Romanów, Former Member of the Board, Orlen Unipetrol (PL)

Conclusions; for an over-reliant fossil fuel-dominant region, a measure of logical decoupling needs to be employed over a strategic and realistic timeframe. In the case of renewable adoption, similarly, the region needs to insert infrastructure projects over consolidated periods, where state actors need to broker conducive conditions for a greener and more economically viable future.

8 Towards a Greener Visegrad Group; Tobial Repel & Zuzana Zavarská

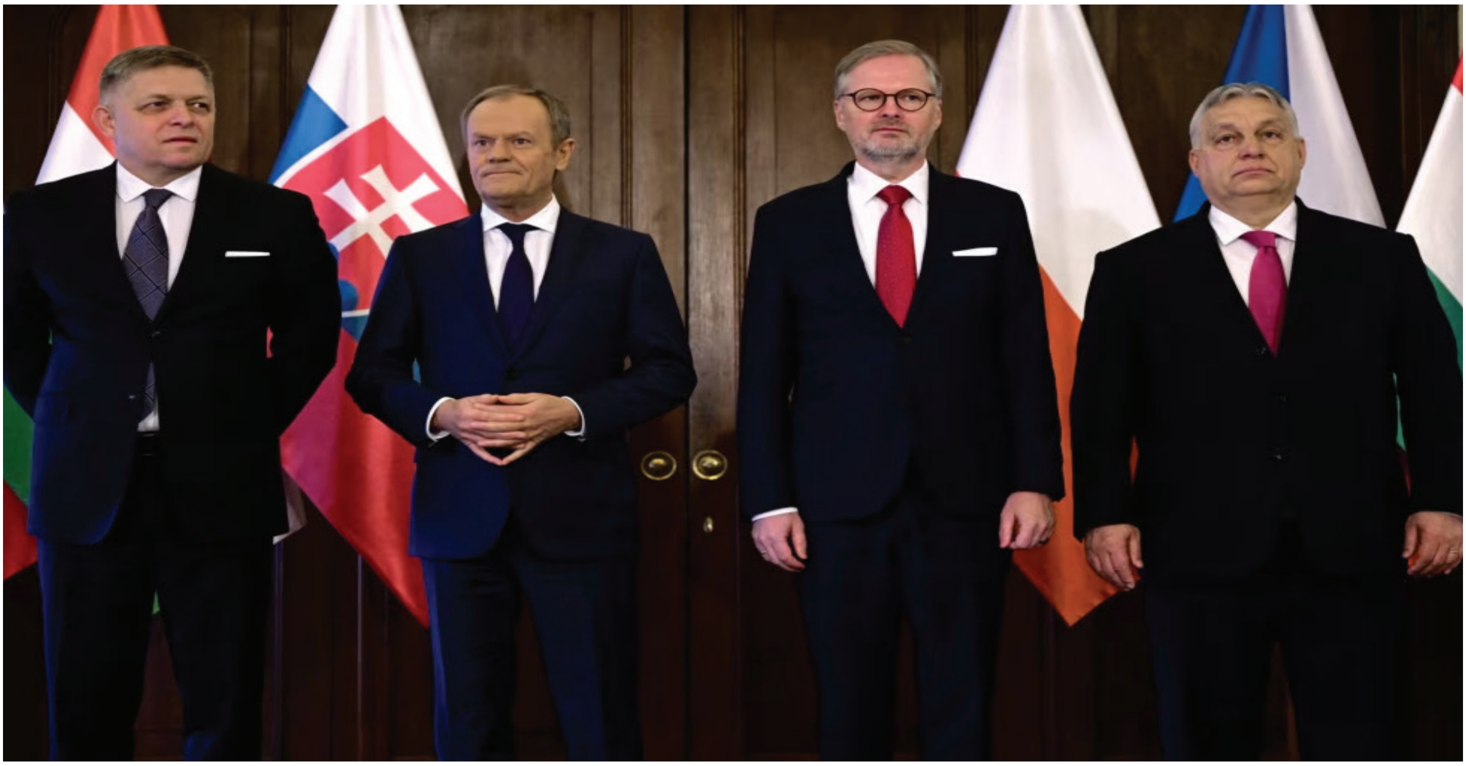
Figure 1 / Share of renewable energy sources in the energy mix of Visegrad countries, Austria, and EU27 from 2012 to 2020 (% of gross final energy consumption) Source: Eurostat

Picture: Marek Senkovič, CEO and Board Member, SLOVNAFT (MOL GROUP)

STATE SUPPORT OF EXPORT

The culmination of the event, and the basis for this paper's debate, is how can the V4 adapt to adversity through the industries and areas mentioned but also, to survive collectively and individually through a lens of European fragmentation amidst a turbulent fragmentation of its own. The symbiosis of state and private has long been inextricably and irrevocably linked within the Group both for prosperous and less fortuitous circumstances, but members of state organizations contended that export, and more cross-border cooperation, the development of PPPs and infrastructure projects that could be collaborative affairs, need necessarily be the norm and not the exception.
[9]Economic policy must ensure a healthy business climate that is appealing to entrepreneurs and innovators. Indeed, a sound economic policy favors creating new employment and consumer demand, as well as breeding new entrepreneurs and generating new skills (Fu & Shi, 2022). Therefore, it is critical to examine how the EPU has affected the performance of innovation in the V4 countries. Particularly in Slovakia and the Czech Republic, the economies share traits in terms of their transformation from planned economies to market economies.
The panel concurred on several layers but also emphasized divergent strategies on how to combat malaise, inefficacy, and ailing business and state practices – which need addressing and improvements on all fronts. That concluded the Visegrad 4 Business Conference and provided the requisite discourse, platform, and environment as a catalyst for economic regeneration, growth, and maybe to a lesser extent a template for future public policy shifts.

- Rastislav Chovanec, State Secretary, Ministry of Foreign and European Affairs of the Slovak Republic
- Gábor Jenei, CEO, Hungarian Export Promotion Agency HEPA (HU)
- Rastislav Podhorec, Director General, Eximbank (SK)
- Rudolf Klepáček, Director, Department of Export Support, Ministry of Industry and Trade (CZ)
- Anna Wisniewski, General Director, Polish-Hungarian Chamber of Commerce (PL)



9 Asad, A. I., Popesko, B.; Damborský, M. (2024). The nexus between economic policy uncertainty and innovation performance in Visegrad group countries

Picture: Rastislav Chovanec, State Secretary, Ministry of Foreign and European Affairs of the Slovak Republic

Picture: Rastislav Podhorec (Director General, Eximbank), Rudolf Klepáček (Director Department of Export Support, Ministry of Industry and Trade), Gábor Jenei (CEO, Hungarian Export Promotion Agency HEPA)

CONCLUSIONS

As one will undoubtedly have gleaned from this report, there is vast potential for cooperation and collaboration between the private sector of the Visegrad Group. Historically trade has flourished with longstanding partnerships established over the centuries, predating the Visegrad Group. Cross-border cooperation as it is now was a means of entrepreneurial survival. These relationships have been entrenched in the region for so long, that they have not been developed upon. They remain the exception and not the rule!

It would be reductive to say that politics got in the way, but there's an iota of truth to the notion. It is worth considering that the group is vastly fragmented ideologically as well as economically which hampers driving real change consensus and momentum.

We have touched on the Middle-Income gap, disparate political stances, differing views in alignment with Ukraine, differing social norms and working environments – and truth be told a one-size-fits-all model could and will never be adopted, there is no panacea, but there is opportunity – and with fast-evolving and dynamic markets reacting to innovations, energy mixes and the dawn of an artificial intelligence-driven nu-world order there is scope for so much shared prosperity.

As evidenced by the ongoing stature of the Visegrad 4 Business the will of the four nations to unite under the banner of business provides a chalice half filled with hope, but also tempered with realistic limitations. The appeal of the group perhaps doesn't lie in quantifiable tangibles but I would contest in the uniqueness of the sum of all the parts, and to the outside world, beyond the myopic confines of the European Union, presenting a united front, on an entirely business-level, seems like the best way forward.

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