Foreign Trade Potentials of Central European Countries and their Strategic Aiming at European Union Integration

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Introduction

Over the initial transformation stages Central European countries (CECs) were forced to realize a process preferred to by the Western Europe in order to support intra-regional co-operation as a condition or presupposition of real reintegration of the Europe. The priority objectives of this intra-regional co-operation was the need for co-ordinating the efforts and measures on preparation of the countries for EU accession and supporting development of their mutual trade relations.

Despite the realization of these objectives was supported also by establishing some institutional prerequisites (Visegrad countries grouping, closing the Central European free trade zone agreement, Customs Union Treaty between the SR and the CR), CEFTA countries recorded little progress in carrying out these objectives. There exist several reasons for that. Membership in Visegrad grouping was considered as provisional, especially when the question of EU Eastern enlargement was raised, which has got priority in foreign policy of Visegrad group countries. Another significant reason was the asserting own national interests and concrete steps to intra-regional co-operation, namely the antivisegrad policy from the Czech government side and then unsatisfactory bilateral relations of Slovakia with neighbours. Finally, there were also important purely economic reasons consisting mainly in real finding and employing external potentials for ensuring economic growth in CECs.

The Central European countries grouping either in the form of original Visegrad four or CEFTA 5 respectively (Czech Republic, Hungary, Poland, Slovak Republic and Slovenia) after being thus pushed in a shade, came again to the fore within the process of reintegrating Europe, when the problem of outsiders in the process of NATO and European Union enlargement appeared. This happened, when the Agenda 2000 strategy gave certain signals to the end of road for CEFTA, but at the same time it was thrown into a new role as an alternative to the European Union membership.

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Now a series of questions are arising: How will today's CEFTA develop, especially its Visegrad core, after the first wave of European Union enlargement, will the scenario of further Eastern European Union enlargement after the first wave continue or will the strategy of integrating Europe acquire a form of subregional split of Europe, are the economic reasons of little progress in accomplishing the objective of Central European cooperation achieved up to now well-grounded and is it necessary to see them as a barrier to deeper integration links within CEFTA, is there the integration within CEFTA an alternative to the European Union or even for the future only a bridge for European Union accession?

The summit of Visegrad countries in Bratislava, when Slovakia after 6 years occupied again the reserved seat, pointed to closer cooperation possibilities within CEFTA and set also tasks, especially in security, across-border co-operation, environment protection, culture and schooling areas, by which they stressed above all the human dimension of Visegrad. Regarding to making independence of economic dimension of original Visegrad co-operation in the form of Central European free trade agreement, the summit did not pay to it any more attention.

However, even this trade areas of CEFTA countries co-operation, when considering response to above questions, is the one that deserves more detailed analysis.

Therefore, this paper is not aiming at response all mentioned questions, but it is an attempt to answer the question, how objective are there barriers to making trade among CEFTA countries more dynamic, which could be an argument for CEFTA countries evitability to proceed through EU integration.

1. The Level and Intensity of Trade among CEFTA 5 Countries

Particularly, in relatively small economies, the foreign trade is not only an important factor of economic growth but also of integration processes in the world economy. As a rule, it is an initial form of international co-operation followed generally by further forms – capital flows, transfer of technology, know-how etc.

After desintegration of the former COMECON market, most of Central and Eastern European countries were facing the problem not only of transferring greater part of foreign-trade flows to Western markets, but also of recovering Central and Eastern Europe markets which were considerably hitted by new situation (see Table 1).

Table 1

Trade among Visegrad Countries within 1988–1992 (mil. USD)

Exporting countries	Importing countries							
	CR + SR		Hungary		Poland		Total	
	1988	1992	1988	1992	1988	1992	1988	1992
CR + SR	x	x	475	496	916	508	1 391	1 004
Hungary	536	246	x	x	331	144	867	390
Poland	1 000	473	381	176	x	x	1 381	649
Total	1 536	719	856	672	1 247	652	3 639	2 043

Source: Compiled according to Tóth (1994).

In 1992, the trade among four CEFTA countries represented 2 billion USD, i. e. only 58 % of the 1988 level. This decline can be explained by (Iša, Outrata, 1998):

a) strategic orientation of external (even political) relations onto the EU markets, thanks to European association agreements providing asymmetric effects of markets opening in favour of transition countries;

b) introducing payments in convertible currency among former COMECON countries and for world prices, and having an option of business partners;

c) insolvency in some of former COMECON countries (especially in some successor states from the former Soviet Union);

d) marked decline in domestic demand for investment impacting mainly the area of machinery;

e) low competitiveness of products produced in Central European countries when domestic markets were filled with superior products from Western markets.

Since 1992 the trade among CEFTA 5 countries (CR, SR, Hungary, Poland and Slovenia) has recorded a gradual growth from 9.7 billion USD in 1992 to 11 billion USD in 1995 and to 12.2 billion USD in 1998 (Table 2). There is no doubt, that this recovering the trade among CECs can be attributed to liberalisation of trade among these countries based on the Central European free trade agreement (CEFTA) coming into force in March 1993.

Besides the total absolute trade turnover increase among CECs, its dynamism differed in individual periods. While in the first period after the Central European agreement was closed, i. e. through 1993–1995, the trade turnover among mentioned countries grew by 4.9 % on average annually, through 1996–1998 this rate of growth fell to 2.9 %. This decline was shared decisively by trade between the Slovak Republic and the Czech Republic, despite the Customs Union (see Table 3).

Table 2

Trade Development among CEFTA 5 Countries (mil. USD)

Importing countries / Exporting countries	Year	CR	SR	Hungary	Poland	Slovenia	Total export to CEFTA 5
CR	1995	x	3 009	378	967	244	4 598
	1998	x	2 807	504	1 490	231	5 032
SR	1995	3 024	x	391	378	95	3 888
	1998	2 164	x	469	584	88	3 305
Hungary	1995	207	213	x	337	255	1 012
	1998	373	332	x	530	241	1 476
Poland	1995	698	279	267	x	33	1 277
	1998	1 023	336	470	x	73	1 902
Slovenia	1995	132	52	115	105	x	404
	1998	150	73	81	181	x	485
Total import from CEFTA 5	1995	4 061	3 553	1 151	1 787	627	11 179
	1998	3 710	3 548	1 524	2 785	633	12 200

Source: Statistical Bulletin CESTAT, 1997, No. 4; 1998, No. 4; own calculations.

Table 3

Change in Trade Turnover among Couple Partners of CEFTA 5 in 1993–1998

Couple country partners	Change in period					
	1993–1995		1996–1998		1993–1998	
	mil. USD	%	mil. USD	%	mil. USD	%
CR – SR	–656	–9.8	–1 062	–17.6	–1 718	–25.7
CR – Hungary	+184	+45.9	+292	+49.9	+476	+118.7
CR – Poland	+941	129.7	+848	+50.9	+1 789	+247.1
CR – Slovenia	+36	+10.6	+5	+1.3	+41	+12.1
SR – Hungary	+263	+77.1	+197	+32.6	+460	+134.9
SR – Poland	+400	+155.6	+263	+40.0	+663	+258.0
SR – Slovenia	+12	+8.9	+14	+9.5	+26	+19.3
Hungary – Poland	+284	+88.8	+396	+65.6	+680	+212.5
Hungary – Slovenia	+25	+7.2	–48	–13.0	–23	–6.7
Poland – Slovenia	+13	+9.2	+116	+84.1	+129	+19.2
Total CEFTA 5	+1 502	+15.5	+1 021	+9.1	+2 523	+26.1
Total without CR – SR	+2 158	+72.2	+2 083	+40.5	+4 241	+141.9

Source: Statistical Bulletin CESTAT; own calculations.

Table 4

Trade Balance of Individual Countries with CEFTA 5 Trade Partners in 1995–1998

Country	1995		1996		1997		1998	
	mil. USD	%	mil. USD	%	mil. USD	%	mil. USD	%
Czech Republic	+537	1.1	+847	1.5	+1 224	+2.6	+1 322	+2.2
Slovak Republic	+335	1.9	–6	–0.03	–295	–1.6	–243	–1.3
Hungary	–139	–0.3	–41	–0.1	+10	0.02	–48	–0.1
Poland	–510	–0.4	–670	–0.5	–765	–0.6	–883	–0.6
Slovenia	–223	–1.3	–130	–0.7	–175	–1.0	–148	–0.7

Source: Statistical Bulletin CESTAT, 1997, No. 4; 1998, No. 4; own calculations.

In principle, CEFTA 5 countries kept up transactions of mutual trade as balanced: the CR with surplus, and the rest of countries in moderate trade deficit (Table 4). Relatively highest trade deficit in comparison with other countries was recorded by the Slovak Republic in 1997 and 1998.

Another view at trade development among CEFTA 5 countries is presented by Table 5, which identifies the share of CEFTA 5 market in total exports or imports of these countries. The table shows that CEFTA 5 markets does not represent prevailing part in territorial structure of their total exports and imports. After 1995, due to the mentioned slowdown of foreign-trade turnover growth, again a decline of CEFTA 5 market share in exports or imports of these states occurred, having fallen in exports from 14.8 % in 1995 to 12.5 % in 1998 and in imports from 12.7 % to 10.7 %. The relatively high CEFTA 5 market share is on part of the Slovak Republic (as much as 31 %, resp. 27,4 %) and the Czech Republic (19.1 %, resp. 12.8 %), owing to continued intensive economic relations from times of common state.

Table 5

Shares of Individual CEFTA Countries in their Total Exports and/or Imports

(% on the USD base)

Export. import. country	Trade partnership country										Total	
	CR		SR		Hungary		Poland		Slovenia		CEFTA 5	
	1995	1998	1995	1998	1995	1998	1995	1998	1995	1998	1995	1998
CR												
export	x	x	13.9	10.6	1.7	1.9	4.5	5.7	1.1	0.9	21.2	19.1
import	x	x	12.0	7.5	0.8	1.3	2.8	3.5	0.5	0.5	16.1	12.8
SR												
export	35.2	20.3	x	x	4.6	4.4	4.4	5.5	1.1	0.8	45.3	31.0
import	34.3	21.7	x	x	2.4	2.6	3.2	2.5	0.6	0.6	40.5	27.4
Hungary												
export	1.5	1.6	1.5	1.4	x	x	2.4	2.3	1.8	1.0	7.2	6.4
import	2.5	2.0	2.5	1.8	x	x	1.7	1.8	0.7	0.3	7.4	5.9
Poland												
export	3.1	3.5	1.2	1.2	1.2	1.7	x	x	0.1	0.3	5.6	6.7
import	3.3	3.2	1.3	1.2	1.2	1.1	x	x	0.4	0.4	6.2	5.9
Slovenia												
export	1.6	1.7	0.6	0.8	1.4	0.9	1.2	2.0	x	x	4.8	5.4
import	2.6	2.3	1.0	0.9	2.7	2.4	0.3	0.7	x	x	6.6	6.3
Average CEFTA 5												
export	x	x	x	x	x	x	x	x	x	x	14.8	12.5
import	x	x	x	x	x	x	x	x	x	x	12.7	10.7

Source: Statistical Bulletin CESTAT, 1997, No. 4; 1998, No. 4; own calculations.

Thus a tendency of divergence in foreign-trade of CEFTA 5 countries from their own markets through 1996–1998 was accompanied by growing the volume and the share of EU market. This share of the EU in their total trade grew from

62.2 % in 1995 to 65 % in 1998 simultaneously with decreasing CEFTA 5 market share from 13.7 % to 11 %. Relatively largest change was recorded by the Slovak Republic, but for all that the EU share of its trade compared to other CECs continues to be the lowest one (Table 6).

Table 6

CEFTA 5 and EU Share's Development of Individual CECs Total Trade (% on the USD base)

Country	To/from CEFTA 5		To/from the EU	
	1995	1998	1995	1998
CR – export	21.2	19.1	61.0	64.2
– import	16.1	12.8	61.0	63.3
– turnover	18.5	15.8	61.0	63.7
SR – export	45.3	31.0	37.4	56.0
– import	40.5	27.4	33.5	50.0
– turnover	42.9	29.0	35.4	53.0
Hungary – export	7.2	6.4	62.8	72.9
– import	7.4	5.9	72.5	64.1
– turnover	7.3	6.2	67.9	68.3
Poland – export	5.6	6.7	70.2	68.3
– import	6.2	5.9	64.7	65.9
– turnover	5.9	6.2	67.0	66.8
Slovenia – export	4.8	5.4	67.0	65.5
– import	6.6	6.3	68.8	69.4
– turnover	5.8	5.9	68.4	67.6
Total – export	14.8	12.5	62.1	66.7
– import	12.7	10.7	62.3	63.7
– turnover	13.7	11.0	62.2	65.0

Source: Statistical Bulletin CESTAT, 1997, No. 4; 1998, No. 4; own calculations.

Table 7

Dynamics of CEFTA 5 Trade on their own and EU Markets in 1996–1998 (average annual rate of growth in % on the USD base)

Country	CEFTA 5 market			EU market		
	export	import	turnover	export	import	turnover
CR	3.1	–3.0	0.3	8.5	5.8	7.1
SR	–5.3	0.0	–2.7	23.0	30.6	26.7
Hungary	13.4	9.8	11.5	23.9	13.7	18.4
Poland	14.2	15.9	15.2	6.4	18.2	13.1
Slovenia	6.3	1.9	2.7	1.7	2.4	2.1
Total	3.0	3.0	3.0	11.4	13.1	12.3

Source: Statistical Bulletin CESTAT, 1997, No. 4; 1998, No. 4; own calculations.

As from the Table 7 is evident, imports of CEFTA 5 countries from the EU grew faster than their exports to the EU. Regarding this a question is raised: whether these tendencies might have a long-term character or whether an argument appears that trade relations among CEFTA countries within transformation and catching-up process might have certain limits to their further growth, at least in medium-term horizon. Regarding this two hypotheses are at the hand: first, a hypothesis of high degree of competitive structure of manufacturing branches within CEFTA countries, and second, a hypothesis of their low qualitative competitiveness, what can be perceived as a barriers to trade dynamics among them. The reality of these hypotheses to reality is tested further.

2. Hypothesis of High Degree of Competitive Structure of Some Manufacturing Branches within CEFTA Countries

The first cause of relatively low dynamism of trade among CEFTA 5 countries may be attributed to high degree of competitive structure of some manufacturing branches, or – in other words – to very similar production profile of industry within CEFTA countries. Getting out of classical Ricardian theory of international trade suggesting that trade among countries arises on the basis of production specialisation, then it can be conclude that an excessive similarity of production profiles between trading countries, thus even CECs, may be a real barrier to trade among them.

The question is then about certain structural, production or commodity barriers that were formed still over the period of socialistic economic system, when each socialistic economy must have been based on heavy industry, not respecting its natural, raw material and energetic preconditions.

High degree of competitive structure of manufacturing within CEFTA 5 countries is illustrated in the Table 8 on the basis of export specialisation index[1] and of coefficient of specialisation differentiation[2] in 2-digit SITC classification.

[1] Index of export specialisation of *i*-commodity in *q*-country was calculated by this formula:

$$IS_{xi}^{q} = \frac{X_i^q}{X^q} / \frac{X_i^w}{X^w}$$

where: $X^{q,w}$ – export from *q*-country or world respectively,

$X_i^{q,w}$ – export *i*-commodity from *q*-country or world respectively.

[2] Coefficient of specialisation differentiation among countries was calculated by formula as follows:

$$KSD_i = 1 - NSC_i \,/\, TNC$$

where: NSC_i – number of explicitly specialised countries in i-commodity (bold – fared data),

TNC – total number of included countries.

The value of coefficient ranges within the interval $0 < KSD_i < 1$, then the higher the coefficient, the greater room for trade among countries.

Table 8

Export Specialization Index by main SITC Commodity Groups in CEFTA 5 Countries, 1995

2-digit SITC	CR	SR	Hungary	Poland	Slovenia	Number of special. countries[1]	KSD_i
54 Medical products	0.64	**1.14**	**1.50**	0.71	**2.79**	3	0.4
55 Perfume, clearing mat.	**1.14**	0.71	0.29	1.00	**1.43**	2	**0.6**
58 Plastics	**1.16**	**2.21**	**2.26**	0.42	0.68	3	0.4
62 Rubber manufactures	**2.14**	**4.43**	**1.57**	**1.29**	**3.43**	5	0.0
63 Cork and wood manuf.	**3.17**	**2.17**	**1.83**	**4.17**	**6.33**	5	0.0
64 Paper, paper pulp	**1.18**	**2.35**	0.77	**1.35**	**2.94**	4	0.2
65 Textile yarn, fabrics	**2.03**	**1.39**	0.68	0.74	**1.26**	3	0.4
66 Non-metal min. manuf.	**2.18**	**1.91**	0.82	**1.23**	1.09	4	0.2
67 Iron and steel	**3.56**	**6.37**	**1.11**	**2.33**	**1.41**	5	0.0
68 Non ferrous metals	1.00	**1.50**	**2.00**	**3.75**	**2.00**	4	0.2
69 Manuf. of metals	**2.58**	**1.84**	**1.47**	**2.32**	**2.21**	5	0.0
71 Power gener. machines	0.88	0.71	0.33	0.67	**1.08**	0	0.0
72 Mach. for particul. industries	**1.20**	0.50	0.63	0.63	0.47	1	**0.8**
73 Metal working machines	**2.67**	**1.83**	0.67	0.67	**1.17**	3	0.4
74 General industrial mach.	**1.13**	0.85	0.80	0.59	**1.08**	2	0.4
75 Office machines	0.21	0.05	0.57	0.02	0.02	0	0.0
76 Telecom. & record. equip.	0.16	0.27	0.92	0.19	0.38	0	0.0
77 Electrical machines	1.01	0.51	**1.37**	0.63	**1.30**	2	0.4
78 Road vehicles	0.81	0.47	0.58	0.55	**1.28**	1	**0.8**
79 Other transp. equip.	0.54	0.69	0.04	**1.81**	0.19	1	**0.8**
82 Furniture	**2.11**	**2.44**	**2.00**	**6.56**	**6.11**	5	0.0
84 Apparel & cloth. accessor.	0.69	0.86	**2.29**	**2.89**	**2.29**	3	0.4
85 Footwear	**1.11**	**1.44**	**1.44**	0.89	**1.78**	4	0.2

[1] Only countries with Is_{xi} larger than 1.10 (the values are bolded).

Source: Trade database, United Nations built in Institute of Slovak and World Economics, SAS, Bratislava; own calculations.

It is clear from the table that in the past period[3] almost all CEFTA 5 countries had their specialisation profile defined mainly by commodities within groups 6 and 8 SITC, thus by less processed products. Generally, for these commodities is also identified the low KSD_i, which indicates low possibilities of trade dynamics within CEFTA countries. Owing this, there are also limited a possibility to realize comparative advantage on CEFTA market due to differentiation of low price of labour as main clement of CECs comparative advantage is persisting.

The European Union market is more open than the CEFTA one for allocation of goods of mentioned commodity groups because of possibilities for applying price comparative advantages. The European Union market shows to be less competitive in mentioned commodities (higher complementaryness) which is proved by numerous cases of high values of KSD_i in Table 9.

[3] The empirical analysis is based on data from 1995 because the most recent data are not available, which, however, does not reduce the expressing value with respect to the principally unchanged specialisation profile within a short-term horizon.

Table 9

Export Specialization Index by main SITC Commodity Groups in the European Union, 1995

2-digit SITC	Austria	Belg/Lux	Denmark	Finland	France	Germany	Greece	Ireland	Italy	Netherland	Portugal	Spain	Sweeden	United Kingdom	Number of special. countries	KSD_i
54	1.571	1.786	3.214	0.357	1.786	1.429	0.500	3.429	1.143	1.643	0.146	0.929	2.357	2.429	10	0.29
55	0.714	1.571	0.857	0.286	3.857	1.286	0.857	3.000	1.000	1.143	0.429	1.286	0.571	2.143	7	0.50
58	1.421	3.000	0.421	0.895	1.158	1.737	0.421	0.263	1.211	2.579	0.579	1.211	0.421	1.053	8	0.43
62	0.714	0.571	0.286	0.143	0.714	0.714	0.286	0.429	0.714	0.429	0.143	0.714	0.714	0.571	0	0.00
63	2.667	1.167	2.833	4.167	0.833	0.667	0.666	0.167	0.667	0.667	6.000	0.833	2.000	0.333	6	0.57
64	3.882	1.176	0.765	14.294	1.353	1.471	0.529	0.294	1.000	1.353	1.941	1.000	5.882	0.941	6	0.57
65	1.129	1.548	0.548	0.290	0.935	0.935	1.548	0.419	1.806	0.645	2.258	0.968	0.323	0.742	5	0.64
66	1.273	3.909	0.636	0.500	0.864	0.682	1.773	0.318	1.727	0.409	2.000	1.636	0.409	1.500	7	0.50
67	2.296	2.296	0.593	2.037	1.407	1.296	1.222	0.148	1.370	0.926	0.370	1.630	2.074	1.148	10	0.29
68	1.563	1.688	0.375	1.563	1.063	1.188	3.438	0.125	0.688	1.063	0.125	1.063	1.063	1.250	6	0.57
69	2.421	0.947	1.368	0.842	1.158	1.632	0.842	0.526	2.053	1.105	1.421	1.368	1.526	1.053	9	0.36
71	2.417	0.333	0.833	1.125	1.375	1.167	0.542	0.292	0.833	0.417	0.708	0.833	1.542	1.875	6	0.57
72	1.933	0.733	1.333	1.867	0.867	1.967	0.200	0.200	2.333	0.700	0.267	0.500	1.167	1.200	7	0.50
73	0.833	0.333	0.167	0.083	0.333	0.500	0.000	0.000	0.833	0.167	0.000	0.333	0.833	0.333	0	0.00
74	1.692	0.718	1.897	1.128	1.179	1.872	0.256	0.462	2.077	0.667	0.538	0.897	1.590	1.179	8	0.43
75	0.295	0.318	0.409	0.614	0.750	0.568	0.045	4.864	0.523	1.727	0.045	0.386	0.295	1.841	3	0.79
76	0.946	0.541	0.757	2.351	0.622	0.595	0.189	0.541	0.324	0.486	0.838	0.622	2.351	1.189	3	0.79
77	0.986	0.408	0.465	0.634	0.986	1.169	0.394	1.056	0.859	0.817	1.296	0.662	0.662	1.141	3	0.79
78	0.769	1.418	0.209	0.308	1.121	1.538	0.066	0.044	0.846	0.440	0.901	2.165	1.121	0.824	5	0.64
79	0.423	0.154	0.846	1.385	2.231	0.962	0.346	0.115	0.500	0.577	0.308	0.885	0.808	1.192	3	0.79
82	1.667	1.111	5.000	1.000	0.889	1.111	0.086	0.333	4.000	0.667	1.333	1.333	1.889	0.667	8	0.43
84	0.657	0.457	0.771	0.200	0.571	0.429	4.857	0.343	1.771	0.457	4.686	0.371	0.143	0.571	2	0.86
85	1.111	0.111	0.556	0.222	0.444	0.222	0.444	0.111	3.556	0.333	8.111	2.333	0.111	0.333	4	0.71

Source: United Nations Database at Institute of Slovak and World Economics, SAS, Bratislava.

In comparison with CEFTA 5 market, the mentioned room of EU market through its production and trade structure thus creates by conditions for allocation of prevailing part of commodities 6 and 8 SITC from CEFTA 5 countries at this market (around 68 %) in spite of being sufficiently competitiveness on both markets (see Table 10).

Table 10

Export and Import Orientation of Commodity Groups 6 and 8 SITC of CEFTA 5 Countries by their main Markets in 1995

SITC	CEFTA 5 market			EU market		
	a	b	RCA	a	b	RCA
6 – manufactured goods classified by material	15.3	17.7	12.4	66.2	69.1	26.1
8 – miscellaneous	6.7	9.3	31.8	70.9	68.7	50.8

a – market share in total export of SITC group (%).
b – market share in covering external demand of CEFTA 5 countries in examined SITC group (%).
Source: United Nations Database at ISWE of SAS, Bratislava.

Another situation appears in commodity group 5 – chemicals, and 7 – machinery and equipment. Unlike SITC commodity groups 6 and 8, the commodity groups 5 and especially 7 do not occur much among commodities of specialisation in CEFTA 5 countries. For example, out of 9 examined commodities within groups 7 (in 2-digit SITC code) in 1995, every country was specialized on the average only in 1.8 commodity (20 %), and out of 3 studied commodities within group 5 CEFTA 5 countries were specialised on the average only in 1,6 commodity (53 %). Comparing for instance with group 6 SITC – out of 8 commodities it was as much as 7 commodities (88 %). Thus, by commodities within group 5 and 7 there is found substantially lower degree of competition among CEFTA 5 countries (which shows also to a higher KSD_i – Table 8) and thus also more room for trade with mentioned commodities among these countries.

Indeed, lower degree of competitive (lees similar) structure in commodity groups 5 and 7 between CEFTA 5 countries has manifested itself up to now by higher share of export on CEFTA 5 market (see and compare Tables 10 and 11). However, as far as the share in covering the external demand by imports from CEFTA 5 countries, then it is obvious, especially in commodity group 7 SITC, that this share compared to commodity groups 6 and 8 is very low, and on the contrary, highest in imports from EU market (more than 70 % – see Table 11).

The mentioned differences between commodity groups 6 a 8 on the one hand and 5 and 7 on the other can be explained by the fact that commodity groups 5 and 7 belong to the category of the so called more sophisticated or sophisticated products and unlike to commodity groups 6 and 8 they are noted for lower price elasticity and thus by higher dependence of their competitiveness on qualitative properties of products. Those are even products which represent the core of imports aiming at overcoming technology gap in all CEFTA countries.

Table 11

Export and Import Orientation of Commodity Groups 5 and 7 SITC of CEFTA 5 Countries by their main Markets in 1995

SITC	CEFTA 5 market			EU market		
	a	b	RCA	a	b	RCA
5 – chemicals	22.6	14.3	–23.2	42.5	61.7	–68.1
7 – machinery and equipment	11.4	7.6	32.3	63.4	71.2	–37.4

a – market share in total export of SITC group (%).
b – market share in covering external demand of CEFTA 5 countries in examined SITC group (%).

Source: United Nations Database at ISWE of SAS, Bratislava.

The RCA (Revealed Comparative Advantage) indicator used in Tables 10 and 11 for identification of competitiveness level, enables to formulate the hypothesis, that lower degree of covering external demand of CEFTA 5 countries in commodity groups 5 and 7 by imports from CEFTA 5 market is due to the fact that those products are not yet to disposal at needed quality level on this market. It is proved also by deficit trade balances in commodity groups 5 and 7 in every CEFTA country with the EU (see Table 12).

Table 12

Trade of Balance of CEFTA 5 Countries by Selected SITC Groups in 1995

SITC	Balance in total	Of which: balance with EU
6 manufactur goods clasified by material	+3.0	+1.4
8 miscellaneous	+3.5	+2.7
Total	+6.5	+4.1
5 chemicals	–4.3	–4.1
7 machinary & equipment	–9.6	–8.3
Total	13.9	–12.4

Source: United Nations Database; own calculations.

We can see here the problem of low qualitative competitiveness of these products in CEFTA countries. Therefore, in the following part we will analyse in more details the hypothesis of low qualitative competitiveness of CEFTA 5 countries as a barrier to more trade dynamics among them.

3. Hypothesis of Low Qualitative Competitiveness of CEFTA 5 Countries in Sophisticated Products

We have found that a real barrier in trade with less processed products among CEFTA 5 countries creates relatively high similarity or competitive character of this segment of products between mentioned countries. Only thanks to sufficient competitiveness there is possible to divert the supply of these products to EU market.

On the contrary, in trade with sophisticated goods we have partially identified insufficient number of goods in CEFTA 5 that are competitive in relation with increased demand for these goods to overcome technology and innovation gaps in these countries. Now, we will try to prove this hypothesis in more details by comparing competitiveness between CEFTA 5 countries and the EU at the level of 2-digit SITC. This is presented in Table 13.

From the table it is evident, compared with the EU, higher competitiveness of CEFTA countries in most of the commodity groups 62–69 and 82–85 SITC (e. g. in less processed products) and on the contrary, lower competitiveness of these countries in commodity groups 54, 58 and in most of groups 71–79, thus even in sophisticated commodities.

Also, further analyses (Outrata, 1997, 1998) based on application of the so called revealed elasticity method (Aiginger, Wolmayr, Schnitzer, 1996) proved low degree of competitiveness of Slovak industry in sophisticated products, and if higher competitiveness has been achieved, then mainly due to lower price and not to higher quality. This state in competitiveness level may in principle be generalised for all CEFTA countries.

Table 13

RCA Indicator by Selected Commodity Groups in CEFTA 5 Countries and the EU, 1995

2-digit SITC	CR	SR	Hungary	Poland	Slovenia	CECs	EU
54 Pharmaceutical products	−102.2	−66.1	−27.6	−113.1	77.3	−58.8	19.1
58 Plastic materials	−12.8	64.7	60.6	−147.6	−90.1	−23.2	0.0
62 Rubber manufactures	40.5	148.8	20.1	11.8	98.1	51.1	0.0
64 Pulp, paper	−4.9	−59.8	−93.2	−33.0	82.1	7.7	14.8
65 Textile products	50.6	54.2	−99.9	−119.5	8.0	−31.4	10.2
66 Non-metallic mineral manuf.	98.1	96.5	0.0	25.1	18.2	55.2	20.2
67 Iron and steel	65.2	123.5	−6.5	196.9	−14.7	65.5	13.4
68 Non-ferrous metals	−44.6	−4.1	−6.1	152.9	28.8	46.4	−23.4
69 Manufactures of metal	42.6	129.6	−10.2	48.8	24.1	31.2	19.7
71 Power generating machinery	48.0	34.8	−22.3	−17.2	8.0	6.1	16.7
72 Specialised industries equipment	−40.5	−114.2	−55.2	−86.2	−105.0	−67.1	59.8
73 Metalworking machinery	28.8	−16.7	−22.3	−81.1	0.0	0.0	37.7
74 General industrial apparatus	−39.0	−39.5	−47.8	−97.5	−6.9	−51.7	139.5
75 Office machines	−151.6	−283.3	−154.0	−336.7	−317.8	−207.9	−31.4
76 Telecommunication apparatus	−157.6	−74.2	9.2	−127.3	−25.1	−69.3	0.0
77 Electrical machinery	−10.5	−26.7	31.2	−20.1	63.0	3.1	0.0
78 Road vehicles	17.7	−20.9	−10.7	−1.9	−8.3	−1.6	12.5
79 Other transport equipment	103.0	109.9	−219.7	315.7	0.0	143.5	51.1
82 Furniture	64.2	148.2	58.8	228.6	152.2	147.6	16.7
84 Clothing articles	28.8	109.9	120.4	221.7	105.0	132.6	−43.3
85 Footwear	69.3	117.9	69.3	69.3	98.1	78.8	0.0

Source: United Nations Database; own calculations.

Similarly, the analysis of quality of output of the mentioned segments in selected transition economies, carried out by Landesmann and Burgstaller from WIIW, points to the low qualitative competitiveness of goods of sophisticated branches in CEFTA countries.

Table 14

Share of Quality Groups within Engineering Industries in Selected Transition Economies, 1994 (%)

Country	Mechanical engineering			Electrical engineering		
	quality group			quality group		
	I	II	III	I	II	III
Czech Republic	23.8	28.5	47.7	26.5	16.2	57.4
Slovak Republic	8.2	34.9	56.8	15.1	7.9	77.0
Hungary	27.6	35.3	37.1	18.8	22.5	58.7
Poland	27.9	26.6	45.5	16.7	26.5	56.8
EU	32.5	34.0	33.5	30.8	34.8	34.4

Note: Quality group I – high product quality group,
II – medium product quality group,
III – low product quality group.

Source: Landesmann, Burgstaller (1997, Annex A).

Further, a significant criterion of qualitative competitiveness is the share of intra-industry trade. It depends on continuous product and technology innovations leading to permanent product differentiation, to upgrading utility properties of products and to so called intra-industry micro-specialisation. Just this type of specialisation is relevant for „knowledge-drawn" sophisticated branches.

The substance of intra-industry micro-specialisation, characteristic for advanced countries, is the unique producing capability, not typical for less developed countries, when in the competitiveness there is not essential a cost level, but quality of product. However, as soon as less developed countries are capable to produce given product, usually at lower cost and price, advanced countries are forced to look for a new micro-specialisation. That means, that relatively high cost in advanced countries constantly exerts pressure on their innovation activity and on new articles producing.

This so called high cost – high quality model is not yet generally introduced in industrial specialisation and intra-industrial trade in CEFTA countries. This can be confirmed also by Gruber-Lloyd index (GLI) which characterizes the degree of intra-industrial trade of CEFTA 5 countries and the EU (Table 15).

The Gruber-Lloyd index values in the table suggest two basic things: First, GLI is generally lower in CEFTA 5 than it the EU, almost in all included commodity groups. The level of intra-industry trade and thus the intensity of product differentiation and micro-specialisation in CEFTA 5 countries are lower than in the EU. Second, that GLI values at less processed commodities (group 6 SITC) are on the average higher than in sophisticated commodities (groups 5, 7 SITC). Therefore, also the comparison of GLI in CEFTA 5 with that in the EU at less processed products paradoxically relates more favourable than at sophisticated goods. This may be attributed to the fact that the product differentiation in sophisticated branches is due to more demanding than in less processed ones from the point of view of technology and innovation.

Table 15

Gruber-Lloydov Index at the Level 2-digit SITC in CEFTA 5 Countries and the EU, 1995[1]

2-digit SITC	CR	SR	H	P	SL	CECs	EU
54 – Pharmaceutical products	0.46	0.68	0.77	0.39	0.68	0.64	0.88
55 – Essential oils and perfume mat.	0.79	0.72	0.22	0.64	0.79	0.67	0.82
58 – Plastic materials	0.87	0.67	0.62	0.35	0.57	0.83	0.96
63 – Manufactures of wood	0.41	0.49	0.51	0.31	0.25	0.36	0.94
64 – Paper and pulp	0.91	0.73	0.51	0.73	0.68	0.88	0.90
65 – Textile yarn	0.71	0.38	0.44	0.48	0.75	0.70	0.88
66 – Non-metallic minerals	0.56	0.46	0.76	0.44	0.69	0.65	0.88
67 – Cast iron	0.54	0.23	0.92	0.50	0.84	0.74	0.89
68 – Non-ferrous metals	0.75	0.90	0.95	0.13	0.68	0.71	0.88
69 – Manufactures of metal	0.82	0.74	0.83	0.74	0.80	0.85	0.88
71 – Machin. and power generating equi.	0.43	0.26	0.52	0.23	0.29	0.36	0.20
72 – Specialised industries equipment	0.69	0.57	0.72	0.50	0.55	0.61	0.68
73 – Metalworking machinery	0.92	0.89	0.75	0.63	0.76	0.89	0.79
74 – General industrial machinery	0.78	0.76	0.74	0.58	0.78	0.74	0.81
75 – Automatic data processing equi.	0.46	0.12	0.51	0.09	0.16	0.31	0.87
76 – Telecommunication apparatus	0.36	0.45	0.77	0.50	0.76	0.60	0.87
77 – Electrical appliances	0.91	0.64	0.83	0.71	0.51	0.90	0.93
78 – Road vehicles	0.92	0.61	0.65	0.75	0.85	0.89	0.90
79 – Other transport equipment	0.61	0.32	0.25	0.08	0.81	0.31	0.73
82 – Furniture	0.78	0.38	0.80	0.22	0.40	0.44	0.88
84 – Clothing	0.89	0.42	0.48	0.20	0.56	0.44	0.82
85 – Footwear	0.76	0.52	0.69	0.82	0.64	0.71	0.97

[1] The Gruber-Lloyd index in 2-digit SITC classification was calculated as a weighted mean of GLI 3-digit SITC.

Source: United Nations Database; own calculations.

Conclusion

It seems that repeated recovery of trade among Central European countries in 1993 through 1995, especially through realizing Central European free trade zone agreement, become gradually weak.

Checking the hypotheses on competitive character in less processed products (intermediates) and on low qualitative competitiveness in sophisticated products, confirmed that decline in dynamics of trade among CEFTA 5 countries has had objective basis recently. In relevant horizon, it will be impossible to change this situation substantially.

It be can stated that foreign-trade potential of mentioned countries is in fact weak and does not allow to develop within itself any further forms of economic co-operation and integration, as well which would lead to relatively speedy overcoming productivity, price, ways competitiveness and incomes gaps in these countries and would help to economic homogenisation of Europe in further perspective.

Checking the mentioned hypotheses confirmed that the CEFTA grouping can only be a temporary complement of the EU, but not its alternative. Such an alternative would lead to new division of the Europe, to its heterogenisation in economic sense, and thus to new isolation and to economic backwardness in relation to its advanced west part.

Therefore, also for Slovakia the only reasonable option is the integration to the EU. However, it is important not only to declare this option, but also to carry out consistent and systematic preparations, in economic field primarily by fulfilling the Copenhagen criteria.

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ZAHRANIČNOOBCHODNÉ POTENCIÁLY STREDOEURÓPSKYCH KRAJÍN A ICH STRATEGICKÉ SMEROVANIE DO EURÓPSKEJ ÚNIE

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Napriek zásadnej reorientácii zahraničnoobchodných vzťahov stredoeurópskych krajín na západné trhy, ku ktorej došlo po rozpade trhu RVHP, orgány EÚ mali predstavu oživiť aj subregionálnu spoluprácu v teritóriu krajín strednej Európy. Táto spolupráca sa mala orientovať najmä na oblasť zahraničnoobchodných vzťahov a koordináciu krokov v príprave na členstvo v EÚ. Na ten účel sa vytvorili aj určité inštitucionálne predpoklady. V roku 1992 vzniklo zoskupenie tzv. *Vyšehradskej štvorky*, v roku 1993 bola uzavretá *Stredoeurópska dohoda o vytvorení zóny voľného obchodu* a *Dohoda o colnej únii* medzi SR a ČR. Napriek tomu výsledky za 8 rokov existencie Vyšehradského zoskupenia zrejme zostali ďaleko za očakávaniami. Príspevok v snahe hľadať príčinu daného stavu rozoberá oblasť vzájomného obchodu týchto krajín ako jeden z uvedených ťažiskových cieľov spolupráce na subregionálnej úrovni.

Vzájomný obchod krajín V 4 predstavoval na začiatku fungovania tohto zoskupenia len 58 % úrovne z roku 1988. Po vzniku V 4 a po prijatí Slovinska za ďalšieho člena (CEFTA 5) a rozdelení ČSFR objem vzájomného obchodu členských štátov vzrástol z 9,7 mld USD na 11 mld USD v roku 1995 a 12,2 mld USD v roku 1998. Oživenie vzájomného obchodu možno z veľkej časti reálne pripísať uvedenej Stredoeurópskej dohode.

Treba však zdôrazniť, že dynamika obchodu medzi krajinami CEFTA 5 napriek absolútnemu rastu poklesla, a to zo 4,9 % ročne v rokoch 1993–1995 na 2,9 % ročne v období 1996–1998. Kým vzájomný obchod krajín CEFTA 5 zaznamenal klesajúci nárast, obchod týchto krajín s Európskou úniou naopak zvyšoval dynamiku (rástol 12,3 % ročne na báze bežných cien). Tým sa podiel trhu krajín CEFTA 5 na celkovom vývoze, resp. dovoze znížil z 13,7 % v roku 1995 na 11,0 % v roku 1998, a naopak, podiel EÚ vzrástol zo 62,2 % na 65 %.

Táto skutočnosť núti k zamysleniu, či klesajúca dynamika vzájomného obchodu stredoeurópskych krajín nemá hlbšie príčiny v obmedzenej druhovej a kvalitatívnej ponuke pre zahraničnú výmenu. Preskúmanie uvedenej otázky je tiež predmetom tohto príspevku.

V odpovedi na uvedenú otázku si autor stavia dve hypotézy: hypotézu vysokej konkurenčnosti štruktúr exportného sektora (najmä spracovateľského priemyslu) krajín CEFTA 5 a hypotézu nízkej kvalitatívnej konkurenčnej schopnosti týchto krajín najmä v sofistikovanej produkcii.

Prvá hypotéza bola testovaná na základe indexu špecializácie vývozu a koeficientu diferenciácie špecializácie vývozu medzi krajinami CEFTA 5. Ukazuje sa, že špecializačný profil takmer všetkých krajín CEFTA 5 je umiestnený do menej spracovaných komodít (trieda 6 a 8 SITC). V týchto komoditách sú identifikované aj nízke hodnoty koeficientu špecializačnej diferenciácie (krajiny sú komoditne rovnako špecializované), čo v podmienkach nízkych, resp. relatívne rovnakých komparatívnych výhod poskytuje veľmi ohraničené možnosti vzájomnej obchodnej výmeny.

Rovnaká analýza za krajiny EÚ ukázala, že tu takéto bariéry neexistujú, alebo aspoň nie v takom rozsahu. Preto sa tam obchod s uvedenými komoditami dynamizuje väčšmi (68 % podiel) ako na trhu CEFTA 5.

Odlišná situácia je pri finálnych výrobkoch s vyšším stupňom spracovania (trieda 5 a 7 SITC). Špecializácia krajín CEFTA 5 na tieto komodity je ojedinelá a komoditná štruktúra ich exportného sektora má skôr charakter doplnkovosti ako konkurenčnosti.

Je paradoxné, že napriek tejto doplnkovosti sa vzájomný obchod s uvedenými komoditami príliš nedynamizuje, resp. podiel krajín CEFTA 5 na krytí ich celkových dovozných potrieb v uvedených komoditách je veľmi nízky (pri strojoch a strojových zariadeniach sa v roku 1995 pohyboval okolo 8 %). Rozhodujúci podiel v tomto smere mala EÚ.

Odpoveď na uvedený paradox autor vidí v overení druhej hypotézy, t. j. v nízkej konkurencieschopnosti sofistikovaných výrobkov. Platnosť tejto hypotézy sa overovala na základe ukazovateľa tzv. zjavnej komparatívnej výhody (RCA – Revealed Comparative Advantage), ktorý sa často používa na základnú orientáciu, pokiaľ ide o úroveň konkurencieschopnosti v komoditnom priereze. Príslušné hodnoty ukazovateľa sa identifikovali v úrovni 2-miestnej klasifikácie SITC. Analýza opäť potvrdila platnosť postavenej hypotézy, keďže identifikovala vcelku porovnateľnú, ba v niektorých komoditách triedy 6 a 8 SITC dokonca vyššiu konkurencieschopnosť krajín CEFTA 5 oproti priemeru EÚ. Ale v mnohých komoditách triedy 5, a najmä v prevažnej väčšine skupín komodít 7 SITC sú krajiny CEFTA na svetovom trhu nekonkurencieschopné alebo málo konkurencieschopné (predovšetkým kvalitou). Nemôžu teda byť v krajinách CEFTA 5 ani predmetom nosného dovozu týchto krajín.

Deficit kvalitatívnej konkurencieschopnosti sofistikovanej produkcie vo vzájomných zahraničnoobchodných vzťahoch stredoeurópskych krajín potvrdil aj Gruberov-Lloydov index, ktorým sa identifikovala miera inter- a intraodvetvového obchodu. Porovnanie hodnôt uvedeného indexu za krajiny CEFTA a EÚ ukazuje, že nízka kvalitatívna úroveň konkurencieschopnosti v krajinách CEFTA 5 sa prejavila v nižšej miere intraodvetvového zahraničného obchodu, predovšetkým však pri komoditách sofistikovaného charakteru.

Celkovo možno teda povedať, že zahraničnoobchodný potenciál stredoeurópskych krajín je objektívne slabý a neumožňuje, aby sa v ňom rozvinuli ďalšie formy ekonomickej kooperácie, prípadne integrácie, ktoré by viedli k relatívne rýchlemu prekonaniu existujúcich medzier v produktivite, cenových úrovniach, mzdách a v konkurencieschopnosti v týchto krajinách, a k ekonomickej homogenizácii Európy v ďalšej perspektíve.

Overenie uvedených hypotéz vedie k záveru, že zoskupenie CEFTA môže byť len dočasným komplementom EÚ, nie však jej alternatívou. Alternatíva by smerovala do nového rozdelenia Európy, do jej heterogenizácie v ekonomickom zmysle, a teda do novej izolácie a recidívy ekonomického zaostávania za vyspelou západnou časťou Európy.