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MUTUAL FOREIGN INVESTMENTS WITHIN THE VISEGRAD GROUP IN 2011-2014

Summary

The aim of this study is the presentation of a direct foreign investment scale in Visegrad Countries in 2011-2014 based on an analysis of the statistical data from the available domestic and foreign sources and the literature research. It is necessary to answer the question if the Visegrad countries use appropriate factors which stimulate the expansion and what barriers cause that those investments increase very slowly. The process of integration with the EU and the creation of an association that supports common business of Poland, the Czech Republic and Hungary were aimed at strengthening of the economic cooperation among them, including the investment development. Indeed, there has been a considerable increase in foreign investment, but the capital flow among the member countries was and still is relatively small. The Visegrad countries should take advantage of the geographical proximity, cultural similarities and common interests to accelerate the economic development through the mutual economic cooperation.

Key words: *foreign direct investment, Visegrad Group*

1. Determinants of the investment development in the countries of Central and Eastern Europe

The factors which determine the inflow of the direct foreign investment¹ in the growing markets, including the countries of Central

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¹ Foreign investments may be divided into Foreign Direct Investment (FDI) and capital investment. Foreign Direct Investment, according to the Organisation for Economic Cooperation and Development (OECD) stands for an investment done by the resident of one country (referred to as a direct investor) in order to obtain a long-term benefit from capital employed – a resident of another country (defined as a direct investment enterprise*) www.nbp.portal, (accessed 10.08.2016).

and Eastern Europe are numerous, and the most important are the resources of relatively well educated and disciplined labour, a stable macroeconomic situation, which brings a chance for long-term investment and profits, the central location against the biggest markets, particularly the German market, and most importantly, the European Union membership, which brings an opportunity to exercise of the privileges of the common market. The conditions of funding determined by the monetary policy of the main central banks and the tendency to risk and searching for the markets offering high return rates should be remembered. A greater tendency to risk contributes to the inflow of the capital into the growing markets (including the markets of the Central European countries). It can be noted that not all the growing countries experience capital mobility in the same amount, which results from the diversity and impact of internal factors attracting the capital, including the degree of flow liberalization, the quality of the institution and production factors².

2. Investments within the Visegrad Group

The EU membership brings an opportunity of an unfettered flow of capital among the Member States. This opportunity may also be taken by the “new EU” Member States – including Poland, the Czech Republic, Slovakia, Hungary and Romania. In these countries there may be noticed a systematic growth of the value of the mutual foreign investments.

The Polish entrepreneurs focus on the Czech Republic and Slovakia, which are the neighbouring countries of Poland in the south. Nevertheless, an increasing interest in Hungary is also noticeable. The changes on these markets may be followed by analysing the data provided by the National Bank of Poland.³

The data from 2014 indicate that the total value of domestic enterprises’ investments in the Czech Republic was 6,087 billion zloty, in Slovakia – 0,911 billion zlotys, in Hungary – 1,412 billion zlotys. In Table 1 there have been presented the changes in the value of the Polish investments from 2011 till 2014.

² http://unctad.org/en/PublicationsLibrary/wir2014_overview_en.pdf world investment report 2014, accessed 5.06.2016 <http://www.nbp.pl/publikacje/zib/z>, (accessed 29.11.2016).

Table 1. The changes in the value of the Polish investments in the territory of the Czech Republic, Slovakia and Hungary (2011-2014).

Geographical area	The changes of the Polish direct investments in 2011	The changes of the Polish direct investments in 2012	The changes of the Polish direct investments in 2013	The changes of the Polish direct investments in 2014
The Czech Republic	+ 345.7 million zlotys	- 36.4 million zlotys	+ 245.1 million zlotys	+ 156.7 million zlotys
Slovakia	+ 36.8 million zlotys	+ 350.3 million zlotys	+ 106.7 million zlotys	+ 49.3 million zlotys
Hungary	- 24.1 million zlotys*	+ 865.9 million zlotys	+ 214.9 million zlotys	+ 41.2 million zlotys

* the negative result means the withdrawal of the Polish capital. The positive result stands for the outflow of the Polish capital (the increase of the value of the foreign investments in a specific country).

Source: kurencja.com.pl, (accessed: 24.08.2016).

In the last few years there has been a significant decrease of investment in the Czech Republic, and in 2012 there was actually a withdrawal of the capital, which involved a weaker condition of the Czech economy. Over the following years the Polish investors returned to the Czech Republic, and in 2013 and 2014 the Polish foreign investments in this country increased by 385 million zlotys. The Polish entrepreneurs invested eagerly also in Slovakia, where the value of investment in the analysed period increased by 543 million zlotys, in Hungary (+ 883 million zlotys).

The data on the inflow of the foreign direct investments in Poland allow an assessment of the attractiveness of the Polish market from the point of view of the investors, including those from the immediate environment.

Table 2 Foreign direct investments in Poland in 2011 – 2014

Country	Dividends		Equity capital				Reinvested earnings				Total Direct Investment income		Total FDI inflows	
	2011	2012	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	
Europe	6323.5	-2614.5	-21625	6883.8	510.1	4107.9	14371	24047	13422	4693.1	8366.6	39 453.4		
The Czech Republic	-12.4	21.3	152.3	55.2	-13.3	-23.6	-226.7	8.3	3.3	4.8	76.7	-263.8		
Hungary	27.2	80.4	-61.3	287.2	10.9	18.4	31.0	7.4	29.3	183.4	131.6	441.6		
Slovakia	2.1	-3.0	262.3	203.6	-5.2	-9.0	-82.2	-250.3	-1.1	69.2	313.9	-153.0		

Source: self-study on the basis of the Eurostat data 2012-2014.

According to the data of the National Bank of Poland, in the analysed period - from 2011 till 2014 - only in case of the Czech Republic there was an outflow of investment (- 129 million zlotys). The other countries invested their capital in Poland: Slovakia - 710 million zlotys, Hungary – 1716 million zlotys.

3. Polish-Slovakian and Slovakian-Polish cooperation

The economic cooperation between Poland and Slovakia is implemented on the basis of the economic bilateral agreements, i.e. the Agreement between the Republic of Poland and the Slovak Republic *on the avoidance of double taxation with regard taxes on revenue and property* of 18.08.1994 and the Agreement between the Republic of Poland and the Slovak Republic *on support and mutual protection of investments* z 18.08.1994.

The National Bank of Slovakia in 2014 noted the value of the Polish direct investments in Slovakia at 208.6 million euros, of which 96.8 million euros are ownership interest and reinvested earnings and 305.4 million euros are debt instruments. The total value of the Slovakian investments in Poland at the end of 2014 was 182.7 million EUR (including 144.8 million euros of investment in the ownership interest and reinvested earnings and 37.9 million euros in debt instruments).

Among the Polish companies investing on the Slovakian market the ones worth mentioning are the companies connected with automotive and distribution of market goods (clothes, agri-food products, household appliance, building materials). The biggest investors are: Maspex Wadowice – the production and distribution of beverages, Asseco Poland – IT consulting and software sales, Merkury – the distribution of building materials and furnishing articles, and Black Red White – production and distribution of furniture. There has also been an intensive development of store chains selling clothes and footwear – RESERVED, Gatta, Top Secret, Wojas, CCC, Bonprix, Cropp Town, House Shop). In Slovakia there have been opened the branches of the consulting companies and debt collection agencies (Kruk) and the first online bank – mBank.

Another activity field is the development of the store chain Textilmarket, which belongs to the Polish company ADESSO, which opened three stores in Slovakia in 2014. Also, the companies which had invested in Slovakia earlier have been developing, e.g. the investment of the company Versaco, operating in Slovakia since 2007. The company,

which is a producer of hubcaps will invest 1.5 million euros within five years and is going to create 60 new workplaces.

The data presented by the National Bank of Poland and the National Bank of Slovakia do not fully reflect the activity of the investors on both markets, because after the first investment the investors create branches in a given country, which are legal entities of this country and the investments done by them are not considered foreign investments.

Table 3. Leading investors from Poland operating in Slovakia

Name of the investor	Type of activity (according to the Polish Classification of Businesses Code)	Activity (category)	Company
Adesso	Wholesale and reatail trade	clothes and footwear sales	Textilmarket
BRE Bank S.A. (Commerzbank)	Financial services	banking	mBank
Asseco	Information technologies	IT consulting and software sales	Asseco Slovakia
Elemental Holding	Waste management	recycling and trade in recyclable materials and deliveries of the material to smelters and foundries	Collect Point sp. z o.o. S.K.A

Source: http://www.ms.gov.pl/pl/p/bratyslawa_sk_a_pl/aktualnosci/polsko_slowacka_wspolpraca_gospodarcza, (accessed 24.08.2016).

The investment cooperation from the Slovakian side has been developing very slowly. However, there has been noticed an interest of the Slovakian entities in the Polish energy and construction sectors. And from the Polish companies' side – the distribution of consumer goods. Since 2011 in Poland there have been actively operating about 10 Slovakian companies (compare Table 3), e.g. HB Reavis that has won a tender for a reconstruction of the Warszawa Zachodnia Train Station, Eset that belongs to the fastest growing IT companies in Europe (antivirus software) and J&T (private equity) that invests mainly in the tourist industry. The companies that invested in Poland are: Vahostay – a construction company (participates in a consortium that is building the

Gdańsk Oil Terminal), KOAM - a producer of vehicle components and devices, Trade Trans Invest - a forwarding company, Asset Portfolio Servicing – a debt collection agency (belongs to the capital group Slavia Capital), and Accace – a consulting company⁴.

Table 4. Leading investors from Slovakia operating in Poland

Name of the investor	Type of activity (according to the Polish Classification of Businesses Code)	Activity (category)	Company
Accace	Professional, scientific and technical activities	Accounting and bookkeeping; tax consultancy	Accace Sp. z o.o. - Warszawa
Asset Porfolio Servicing	Office administrative activities	Office administrative activities, including support activities	APS Poland SA - Wrocław
EKOSERVIS SLOVENSKO spol. s r.o.	Water supply, sewage and waste management and remediation activities	Materials recovery	EKOSERVISPOL Sp.z o.o. - Nowy Targ
ESET, spol. s r.o.	Information and communication	IT software and consulting, and related activities	Eset Polska Sp. z o. o. - Kraków
HB Reavis	Construction	Construction projects related to buildings	HB Reavis Poland Sp. z o.o. - Warszawa
I.D.C. Holding, a.s.	Wholesale and retail trade; repair of vehicles and motorcycles;	Wholesale of food, beverages and tobacco products	I.D.C. Polonia S.A - Kraków
KOAM S.R.O.	Production	Production of components and accessories for vehicles;	KOAM SP. Z O.O. - Skoczów
SLOVNAFT	Wholesale and retail trade; repair of vehicles and motorcycles;	Other specialised wholesale	Slovnaft Polska S.A. - Kraków

⁴http://www.msz.gov.pl/pl/p/bratyslawa_sk_a_pl/aktualnosci/polsko_slowacka_wspolpraca_gospodarcza, (accessed 24.08.2016).

Mutual foreign investments within The Visegrad Group...

Name of the investor	Type of activity (according to the Polish Classification of Businesses Code)	Activity (category)	Company
Trade Trans Invest A.S.	Transport and storage	Support activities for transportation	Przedsiębiorstwo Spedycyjne Trade Trans Sp. z o. o. - Warszawa; Rentrans Cargo Sp. z o.o - Szczecin; Trade Trans Log Sp. z o.o. - Warszawa
Vahostav-SK a.s.	Construction	Construction of residential and non-residential buildings	Vahostav-PL Sp. z o.o. - Warszawa

Source: List of Major Foreign Investors in Poland - December 2015
http://www.paiz.gov.pl/publikacje/inwestorzy_zagraniczni_w_polsce pobranie
 2.09.2016

The total value of the Slovakian investments in Poland at the end of 2012 according to the National Bank of Slovakia (NBS) was 123.2 million EUR (including 66.4 million EUR of the equity capital investments), which gave Poland the sixth place among the countries where Slovakia invested the most of FDI. According to the Polish Information and Foreign Investment Agency (PAIIZ), the biggest Slovakian investors in 2013 were: the Slovnaft refinery (a member of the MOL Group), the producer of vehicle components and devices KOAM, the forwarding company Trade Trans Invest and the debt collection agency Asset Portfolio Servicing (belongs to the capital group Slavia Capital).

Taking into consideration the scope of the Slovakian investments in 2011-2014, Poland was on the fourth place among the countries, where the Slovakian capital is invested. The main investors are the financial group Penta i J&T and the development company HB Reavis. Tatra Mountain Resort - the company operating in the tourist industry, a member of the J&T Group, has bought a ski resort in Szczyrk and the Silesian Funfair. The Slovakian investors show a great interest in the Energy and construction sectors. The Slovakian company E-Group has announced an intention of building a wind power plant in Poland and Germany, where the company plans to invest over 100 million EUR.

One of the factors restraining the development of a closer cooperation is the transport infrastructure on the border of both countries. From the Polish side to the border with Slovakia there have been executed road investments which helped to improve the road transport and in the Žilina Region the missing segments of the motorways D1 and D3 to the Polish and Czech borders need to be built. The lack of those segments is a serious communication barrier, e.g. for the tourist traffic.

4. The Polish-Czech and Czech-Polish cooperation

Similarly to Slovakia, the cooperation with the Czech Republic is based on the economic bilateral agreements, i.e. the Agreement between the Government of the Republic of Poland and the Government of the Czech Republic on *avoidance of double taxation with regard taxes on revenue and property*, of 24 June 1993 and the Agreement between the Republic of Poland and the Czech Republic on *promotion and protection of investments* prepared in Budapest on 16 July 1993.

In 2010 - 2014 there was a definite decrease in the investment commitment in the Czech Republic, which was a result of the weakness of the Czech economy. However, there may be noticed that the Polish investors returned to the Czech Republic in 2013, which resulted in an increase in the Polish foreign investment in 2014 by 385 million zlotys.

Nevertheless, when analysing the information and data related to the trade and foreign investments, in the long run it may be noticed that in the recent years Poland and the Czech Republic have strengthened their cooperation. After the period of interest of the investors from Western Europe there came the time to catch up and finishing the construction of the transport corridors from the south to the north of Europe is supposed to help. Creating the image of Central Europe as an area of cooperating countries with a developed network of mutual investments will encourage the investors from other countries to invest their capitals in this area⁵.

⁵ See more: *Zeszyty Naukowe DWSPiT. Studia z Nauk Społecznych*, 2014 (7), p. 119–137, J. Walczak, *Czeskie inwestycje zagraniczne w Polsce po 2004 roku. Zarys problematyki*.

Table 5. The leading Polish investors in the Czech market

Investor	industry	Investment Value	Branch Name in the Czech Republic	Investor's Share
PKN Orlen	refinery, chemistry	373 million €	Unipetrol a.s.	62,99%
Synthos S.A.	rubber	195 million €	Synthos Kralupy a.s.	100 %
PKN Orlen (Anwill S.A. Wloclawek)	PVC and copolymers	34 million €	Spolana Neratovice a.s	100 %
Asseco Poland	information technologies	8 million €	Asseco Central Europe	100 %
AB S.A. Wrocław	information technologies	30 million €	AT Computers Holding a.s.	100 %
BRE Bank S.A. (Commerzbank)	banking	29 million €	mBank – BRE Bank	100 %
MCI Management	travel agencies	73 million €	Invia CZ a.s.	50,01%

Source: [http://www.publicproc.eu/ckeditor/kcfinder/upload/files/2_Inwestuj%C4%99%20w%20Republice%20Czeskiej%20\(1\).pdf](http://www.publicproc.eu/ckeditor/kcfinder/upload/files/2_Inwestuj%C4%99%20w%20Republice%20Czeskiej%20(1).pdf), accessed: 2.09.2016

Apart from the entities listed in the table, in the Czech market there are other Polish actively investing companies, which operate in different industries:

- food industry - Tymbark-Maspex S.A. – has bought the biggest Czech producer of juices and other beverages, Walmark and Mokate S.A. – the purchase of the second biggest tea producer – the company Złoty Dukat,
- automotive: VAB Tychy – has bought and modernized the plant producing car bodies for Škoda in Hranice in Moravia, and built a new plant in Rapotín near Šumperk (the compression station for car bodies),
- mobile telephony : TelForceOne S.A. – has purchased C.P.A. Czech s.r.o. (the store chain selling accessories for mobile telephony under the trade name Teletorium), oraz One-2-One S.A. – the purchaser of

Advanced Telecom Services s.r.o. from Prague, which specialises in the products for mobile telephony, e.g. SMS messaging services,

- power engineering - Tauron Polska Energia – the foundation of a company which sells electrical energy.

To make the cooperation on an international scale effective, it is necessary to provide appropriate conditions for its development, primarily the investment in the infrastructure networks, particularly energetic and gas networks, which should become a part of pan-European North-South connections. It is important insofar that the cooperation between the Czech Republic and Poland bodes well for the future, as shown by the figures related to the mutual investments. According to the Ministry of Industry and Trade of the Czech Republic in Poland there are about 480 Czech companies, Polish capital exceeds 20% of the shares⁶. It refers mainly to the energetic and fuel, chemistry, food and information industry.

According to the information by the Ministry of Economy of the Republic of Poland the Czech companies investing in Poland invest their capitals most willingly in the energetic, food and transport sector. In Table 6. there have been listed the Czech companies which invested in Poland in 2015.

The Polish-Czech cooperation has been developing intensively in the energetic and raw materials industry, in terms of mining conditions and geological works on both sides of the border. One of the main reasons for the interest on the Czech side is the depletion of their own coal resources. Even in case of the Polish mines intended for liquidation, the maintenance of extraction seems profitable for the Czech companies⁷. The result may be mutual mining of natural resources, i.a. by Jastrzębska Spółka Węglowa and NWR Group (New World Resources) that belongs to one of the richest Czech – Zdenek Bakala. Other areas of cooperation in the mining industry are investments aimed at the reactivation of the mine in Dębieńsko and doing geological research, which bodes an effective mining in the future. The mines Dębieńsko in Czerwionka-

⁶ T. Elżbieciak, *Polska i Czechy odkrywają się na nowo*, 12.04.2013, [online] http://www.wnp.pl/wiadomosci/czechy-i-polska-odkrywaja-sie-na-nowo,194848_1_0_0_0_2.html, (accessed 13.08.2016).

⁷ O. Filipowicz, *Polsko-czeska współpraca gospodarcza. Fakty. Tendencje. Potencjał*, 18.10.2010, [online] www.wnp.pl, (accessed 25.08.13).

Leszczyny and Morcinek in Kaczyce were bought by the company NWR Karbonia.

Another example of investment in the mining industry is the purchase by the Czech Industrial and Energetic Holding (EPH) of the coal mine Silesia in Czechowice-Dziedzice that belongs to the Kampania Węglowa. The coal mine obtained additional funds of about 108 million euros and since 2012 the coal has been mined.

The Polish-Czech cooperation develops also in terms of the natural gas transport. Since 2011 there has been active a gas interconnector of the length of (50 km on the Polish side and 10 km on the Czech side), of the capacity of 0.5 billion m³, which joins the gas systems of Poland and the Czech Republic. The investors are a Polish Gas Transmission System Operator Gaz-System and the Czech Transmission System Operator Net4Gas from RWE Group⁸.

Table 6. The leading investors from the Czech Republic in Poland

Investor's Name	Type of activity (according to the Polish Classification of Businesses Code)	Activity (category)	Company
Advanced World Transport	Transportation and storage	Railway transport of goods	AWT Rail PL Sp. z o.o. - Rybnik
ČEZ, a. s..	Production and supply of electrical energy, gas, steam, hot water and air for air conditioning systems	Production, transmission and distribution of electrical energy	ČEZ Poland Distribution B.V. - Skawina
EPH	Mining and quarrying	Coal mining	Przedsiębiorstwo Górnictwo SILESIA Sp. z o.o. - Czechowice-Dziedzice
Kofola Holding a.s.	Production	Production of beverages	Kofola Sp. z o.o. - Kutno
Metrostav a.s.	Construction	Construction works for roads and railways	Metrostav S.A. Oddział w Polsce - Bielsko-Biała

⁸ Ibidem.

Investor's Name	Type of activity (according to the Polish Classification of Businesses Code)	Activity (category)	Company
PENTA INVESTMENTS	Professional, scientific and technical activities	Management consulting	Penta Investments Sp. z o.o. - Warszawa
TCHAS SPOLSKA	Construction	inżynieria lądowa i wodna; Budowa budynków;	TCHAS POLSKA SP Z O O - Warszawa

Source: List of Major Foreign Investors in Poland - December 2015 http://www.paiz.gov.pl/publikacje/inwestorzy_zagraniczni_w_polsce (downloaded 2.09.2016).

The development of the Polish-Czech economic cooperation is also determined by the execution of the investment in infrastructure networks, including energetic and gas networks, and also road and railway designs, which improve the transport of people and goods.

5. The Polish-Hungarian and Hungarian-Polish cooperation

The cooperation between Poland and Hungary is based, similarly as in case of Slovakia and the Czech Republic, on bilateral economic agreements:

- the Agreement between the Republic of Poland and the Republic of Hungary *on support and mutual protection of investments* (Signed: 1992-09-23; Effective date: 1995-06-16);
- the Convention between the Republic of Poland and the Republic of Hungary *on the avoidance of double taxation with regard taxes on revenue and property*. Published: 1995/125/602 Journal of Laws⁹.

The Hungarian market is relatively small, but at the same time it gives an opportunity to the Polish export companies for an international expansion. According to the Hungarian Central Statistical Office Poland is the fourth biggest exporter in Hungary (after Germany, Austria and China) and the second biggest supplier of food and agricultural products in Hungary. The export of Polish furniture, clothes, leather products,

⁹ http://budapeszt.msz.gov.pl/pl/wspolpraca_dwustronna/informacje_ekonomiczne/country_profile/, (accessed 18.08.2016).

construction materials and cosmetics to the Hungarian market has been developing very intensively.

The Polish-Hungarian trade in 2015 reached a record level of about 8 billion euros, and at the beginning of this year it maintained the upward trend. Poland is the fourth trade partner of Hungary. The Hungarian companies that decided to invest in Poland may talk about success, as well as the Polish ones that invest in Hungary, but there are very few of them. The level of mutual Polish-Hungarian investments is not satisfying yet.

The most prospective areas of cooperation between Poland and Hungary are innovative, energetic, transport, machine-metal, chemistry and construction sectors.

General merchandise with Hungary involves primarily: food products, alcoholic beverages and soft drinks, plastic and rubber products. However, the dominant products exported to this country products are:

- mechanical and electrical devices (1.3 billion euros)
- vehicles and equipment (753 million euros, an increase by 36%)
- base metal products (659 million euros, an increase by 12%)

The export reached the value of 4.5 billion euros and increased by 11% compared with 2014.

Hungary exports mainly machines and mechanical appliances, plastic products and light industry products to Poland.

The biggest investors in Hungary are Germany (about 25%), Luxembourg (about 14%), Holland (ok. 12 proc.), Austria (11,5%), France (over 4%) and USA (2,5%). The significant share of Luxembourg and Holland results from subsidizing of the investments by subsidiaries of the international companies settled in those countries. Almost three quarters of those investments were placed in the services sector and over 20% were invested in the processing industry, mainly in the automotive, IT, pharmaceutical and food industry.

When it comes to the Polish investments in Hungary they are located mainly in the food, IT and medical services sector. Their value in 2014 was slightly over 351.1 million euros. Taking into consideration the Polish companies investing in Hungary, the main investors are Fakro, Bella, or Solaris. However, the Polish investors emphasize that the problem may be caused by the high and still increasing bankruptcy rate of the Hungarian companies, problems with unreliable contractors and

unclear law procedures of the public orders. The Hungarians count on an increase in trade between Hungary and Poland, because the Hungarian Eximbank has opened a special credit line of 492 million euros for the Polish-Hungarian economic projects¹⁰.

The leading Polish companies on the Hungarian market are Bella Hungaria – a Hungarian company of Toruńskie Zakłady Materiałów Opatrunkowych, which has been operating there since 1996 r.; Solaris Bus & Coach – which realised a contract for the delivery of trolleybuses and 7 other projects.

According to the data of the National Bank of Poland the outflow of the capital due to the Polish investments in Hungary in 2014 was 9.8 million EUR in total (to compare: 52.3 million EUR in 2013, 206.9 million EUR in 2012, -5.8 million EUR in 2011, 37.2 million EUR in 2010).

Table 7. The leading investors from Poland operating in Hungary

Investor's Name	Type of activity (according to the Polish Classification of Businesses Code)	Activity (category)	Company
Toruńskie Zakłady Materiałów Opatrunkowych	Production	Production of cotton wool, dressings and surgical threads.	Bella Hungaria
Grupa Kęty	Production	Production of paper and paperboard products. Production of plastic products. Production of semi-finished aluminium products.	Aluprof Hungary

Source: <https://hungary.trade.gov.pl/pl/inwestycje/1628,kto-i-gdzie-inwestuje.html> (accessed 2.09.2016).

The Hungarian investments were realised mainly in the business services sector, and also in the processing industry, particularly processing of crude oil, and IT, production of pharmaceuticals and mining industry. In the analysed period (2010-2014) almost one third of

¹⁰ <http://businessinsider.com.pl/wiadomosci/rekordowa-wymiana-handlowa-polska-wegry-8-mld-euro/1e6m28l>

the Hungarian FDI was located in Central-Eastern Europe. Most Hungarian investments took place in Central America, Croatia, Belgium, Switzerland, Luxembourg, Slovakia, Cyprus, Bulgaria and Romania¹¹. The Hungarian companies invested in Poland three times more than the Polish ones in Hungary. In our country there are companies like Gedeon Richter – a pharmaceutical company, the developer TriGranit, or the fuel tycoon MOL, listed on the Warsaw Stock Exchange. The Hungarian investors are attracted by the economic and financial stability in Poland, well-prepared cadre and commitment of the local governments – good cooperation with the local authorities. The size of the Polish market is also significant, as well as the availability of funding, which is currently better than in Hungary, where it is much more difficult to obtain funds for large investments due to strongly reduced banks' activity.

On the other hand, a serious obstacle are high prices of real estate in Poland, therefore the investors in this sector rather aim at the Hungarian market, which is considered cheap when purchasing assets like shopping centres or office buildings. Nevertheless, an inflow of the Hungarian capital to Poland is expected, because the fast economic development caused that the large Polish market is attractive to the Hungarian companies¹².

¹¹ <https://hungary.trade.gov.pl/pl/inwestycje/1628,kto-i-gdzie-inwestuje.html>

¹² http://finanse.wnp.pl/polska-wegry-inwestycje-moga-byc-wieksze,193513_1_0_2.html; (accessed 10.06.2016).

Table 8. The leading investors from Hungary operating in Poland

Investor's Name	Type of activity (according to the Polish Classification of Businesses Code)	Activity (category)	Company
BorsodChem Rt.	Production	Production of basic chemicals, fertilisers, nitrogen compounds, basic plastic and rubber products	Petrochemia-Biachownia S.A. - Kędzierzyn - Koźle
E-Star Alternative Plc	Production and supply of electrical energy, gas, steam, hot water and air for air conditioning systems	Production, transmission and distribution of electrical energy	E-STAR POLSKA SP Z O O - Warszawa
Gedeon Richter LTD	Production	Production of basic pharmaceutical substances	Gedeon Richter Polska Sp. z o.o. - Grodzisk Mazowiecki
TriGranit Development Corporation	Construction	Other specific construction works	TriGranit Development Sp. z o.o. - Warszawa

Source: List of Major Foreign Investors in Poland - December 2015 http://www.paiz.gov.pl/publikacje/inwestorzy_zagraniczni_w_polsce (accessed 2.09.2016).

When analysing the Hungarian investors' activity on the basis of the data of the National Bank of Poland (NBP), there may be noticed some fluctuation: in 2014 the inflow of the Hungarian investments to Poland was 105.5 million EUR in total, which in comparison with 2013 means a very high increase (in 2013 there was reported an inflow of investments of 23 million EUR), but the level of 2012 has not been reached yet, when the Hungarian investments were 183.4 million EUR¹³.

¹³ http://budapeszt.msz.gov.pl/pl/wspolpraca_dwustronna/informacje_ekonomiczne/country_profile/

Conclusions

The Visegrad countries, valued for the geographical proximity, economic and cultural similarities, and common interest, which results from the affiliation to the same region, have now an opportunity to accelerate the economic development through mutual economic cooperation – this region exactly was treated lightly due to different aims of the Visegrad Group¹⁴. Currently it is important to undertake common promotion action in the EU countries to build up a positive image of the Visegrad countries. Primarily, the actions of these countries should be emphasized not only in terms of the political, cultural and social cooperation¹⁵, but in the economic area in the first place – which provides a stable economic environment and a possibility of attracting investors who can significantly accelerate the economic development of those countries.

A positive aspect is the development of the cross-border cooperation at the local government level: counties and boroughs, where multiannual actions broke barriers like: culture differences, different patterns of conduct and mentality; or a restricted access to information on the partners¹⁶. However, the economic cooperation is an area where there is a lot to do left and the effectiveness of these actions depends on the decisions made at the highest level of government. The main barriers in the economic development and cooperation are fiscal arrangements, fluctuating demand and different structures of internal markets in given countries. Therefore, the participation of particular countries of the Visegrad Group in mutual trade indicates a slow upward trend, but the level of direct investments is relatively small, because the investors do not see any greater benefits resulting from transferring the capital abroad.

¹⁴ The Visegrad Group was created in 1991 to simplify the process of joining the Western Europe structures by the Member States, mainly NATO and EU. Due to the fact that the second of these aims was reached in 2004, further existence of the group lost its meaning, particularly that the Western Europe Big Four did not have too many common aims in the foreign policy.

¹⁵ <http://www.europakarpac.pl/index.php/pMenuId/8/pDocId/138/pCmd/1>

¹⁶ https://www.researchgate.net/publication/305347670_Polsko-czeska_wspolpraca_transgraniczna_w_Euroregionie_Beskidy_Wybrane_problemy; (accessed 30.11.2016).

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