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## **Is Schengen important for the economic cooperation of V-4?**

*The Refugee crisis has raised questions about the Schengen Area and the integrality of EU. As an answer - The Commission has presented a detailed Roadmap of the concrete steps needed to return order to the management of the EU's external and internal borders. The Commission has underlined that the creation of the Schengen area without internal borders has brought important benefits to European citizens and business alike. The European Council of 18-19 February 2016 set the clear mandate of restoring the normal functioning of the Schengen area.*

*This paper aims to assess the costs to V-4 of new border controls within the Schengen area by identifying the impact of Schengen area on the economic cooperation of 4 Visegrad countries (V-4). Trade flows are analyzed, on the basis of BEC sectors, over the period of 2004-2014. We use of the augmented gravity model for this panel data with Poisson pseudo maximum likelihood (PPML) approach. We estimate the effects of a couple of factors on the value of exports of V-4. These include the EU accession and the Schengen effect, as well as other countries' characteristics typically included in the gravity models. The results assessed for the group of the EU countries trading with 234 countries of the world demonstrate the beneficial effects of the EU membership as well as the existence of additional effect of Schengen area that vary for different product group.*