SOVEREIGNTY OF STATES VERSUS ECONOMIC INTERDEPENDENCE OF STATES – THE CASE STUDY OF SLOVAK REPUBLIC

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Abstract

The sovereignty of a state can be defined as the biggest independent power of the state, i.e. the independence of the state power from any other power that cannot be limited in any way. The part of the state sovereignty represents also its economic sovereignty. This thesis aims to analyse the transnational forms of economic cooperation that are transformed into the gradual sectoral integration, whereby the states loose their economic sovereignty and become economically dependent. The states are responsible for the economic development as well as for the international economic cooperation, as even the sovereign states cannot stay isolated in the current process of globalisation. The results of this thesis showed that in principle they are the international organisations that change the position of states and interfere with their legal, political, economic, social and cultural system. The mentioned results confirm the rising economic dependence of the states and of the Slovak Republic.

Key words

sovereignty, interdependence, transnationality, principles, globalisation, integration

JEL Classification: F15, F30, F31

1 Introduction

Globalisation and liberalisation undoubtedly influence the sovereignty and independence of states that outwardly still act as independent ones, however in the globalised world the state has to give up the part of its sovereign rights. Its sovereignty is limited by other subjects of international law. Certain social value of sovereign states represents their freedom that could be understood as the status where there are no obstacles in the given system that would prevent state from acting independently and from deciding about its goals and methods how to achieve them. The reason is especially the increasing influence of international organisations, international regional groupings and various trans-national corporations.

2 Theoretical background

The category of *economic freedom* thus means that every economic subject or individual can determine his or her economic goal, can act according to this goal and to rely on his or her own initiative. (Vincúr, 2007) The current co-existence of states is characterised by the development of international economic and monetary relationships while the relationships of cooperation have also negative impacts on economic and monetary sovereignty of states. There are many issues that challenge the state sovereignty, whether the sovereignty has remained largely intact while the autonomy of the state has diminished or whether the modern state actually faces a loss of sovereignty in the era of globalization. A number of fundamental gaps are apparent in the theory of sovereignty and globalization. (Chaturvedi 2017) David Held has identified five gaps with regard to the concept of sovereignty in the global context: the world economy, hegemonic powers and power blocks, international law and the end of domestic policy.(Held 1995)These have been described in the broader context in our thesis. We also analyse the problematics of the economic sovereignty and economic dependence of states in this thesis. At the same time we point out the activities of international organisations that have influence over the sovereignty of states as well as the globalisation that also has the economic dimension. The traditional Westphalian concept of sovereignty as 'the monopoly of power' for the nation state or sovereign probably never existed in reality but even if it ever did its time has long since passed.(Hagan 2013)

2.1 International legal framework of sovereignty

The issues of the state sovereignty and the economic sovereignty are dealt with in several documents of international organizations and in national legal acts. Mainly the United Nations Organisation, its expert organisations as well as the European Union adopted several conventions, treaties and other acts regulating the economic relations among states or economic entities. Already from the establishment of the United Nations Organisations the authors of the UN Charter have incorporated the principle of sovereignty of states into its article 2 paragraph 1. *The Organization is based on the principle of the sovereign equality of all its Members.)* (UN 2017) It means that the international community is composed by sovereign states. The institute of sovereignty was later clarified in the UN Resolution 2625 (XXV) of 24 October 1970, which states that "*All States enjoy sovereign equality. They have equal rights and duties and are equal members of the international community, notwithstanding differences of an economic, social, political or other nature.* (UN 1970) According to the Resolution following elements form part of the sovereignty: legally equal states, enjoyment of the rights inherent in full sovereignty, territorial integrity and political independence of states, right freely to choose and develop their political, social, economic and cultural systems. Quite important in this sense is also the International Covenant on Civil and Political Rights of 1966. According to its article 1 (1) "*All peoples have the right of self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development."* (UN 1966) In principle it is the sovereign right of the State to perform the jurisdiction on its own territory and to decide about its economic, social and cultural development. The institute of economic sovereignty is regulated in article 1(2) of the International Covenant as follows: *All peoples may, for their own ends, freely dispose of their natural wealth and resources without prejudice to any obligations arising out of international economic co-operation, based upon the principle of mutual benefit, and international law. In no case may a people be deprived of its own means of subsistence.* The Covenant recognises the right of states to decide about their natural resources and about their use, as well as to cooperate with other states. The Resolution adopted by the General Assembly 3281 (XXIX) (1974) The Charter of Economic Rights and Duties of States regulates that *Every State has the right to engage in international trade and other forms of economic co-operation irrespective of any differences in political, economic and social systems. Every State has and shall freely exercise full permanent sovereignty, including possession, use and disposal, over all its wealth, natural resources and economic activities.* (UN 1974*)* This resolution stipulates clearly the right of the state for its economic sovereignty. According to this Resolution "*state has the right to regulate and exercise authority over foreign investment within its national jurisdiction in accordance with its laws and regulations and in conformity with its national objectives and priorities, to regulate and supervise the activities of transnational corporations within its national jurisdiction and take measures to ensure that such activities comply with its laws, rules and regulations and conform with its economic and social policies"* .From the point of view of the international law the Charter of Economic Rights and Duties of States has the character of soft law, it is not binding on the states. On the basis of abovementioned it is possible to state that the institute of sovereignty and sovereign equality is regulated in several UN conventions and resolutions that have the same features of system compliance:

a) All states are equal
b) Each State is sovereign and enjoys the right to decide on its territory
c) Territorial integrity and political independence of State are in touchable.

2.2 Legal framework of the sovereignty of the Slovak Republic

The Slovak Republic has the principle of sovereignty anchored in its Constitution in the following wording: "*The territory of the Slovak Republic is integral and indivisible*". „*Borders of the Slovak Republic may be changed only by a constitutional law.*" (Act No.460/1992) The economic basis of the sovereignty of the Slovak Republic is enshrined in Article 4 of the Constitution of the Slovak Republic. This article stipulates that "*Mineral resources, caves, underground waters, natural healing sources and streams are a property of the Slovak Republic.*" The economic basis of the sovereignty of the Slovak Republic in the broader context is enshrined in the Title Three of the Constitution of the Slovak Republic with the title "Economy of the Slovak Republic". The Constitution of the Slovak Republic stipulates that: "*The economy in the Slovak Republic shall be based on the principles of a socially and ecologically orientated market economy.*" "*The Slovak Republic is a customs bonded territory.*" It establishes its central bank, it protects and encourages the economic competition. The financial management is kept through the state budget, which is adopted by the law. Taxes and duties are national and local and may be levied by a law or on the basis of a law. The economic sovereignty is closely connected with the state sovereignty, i.ein the area of economic relations it signifies the economic independence. The economic sovereignty in Slovakia is manifested in the economic area, where the Slovak Republic on the basis of the Law no. 175/1999 Coll. on Some Measures Relating to the Preparation of Significant Investment as amended recognises the status of significant investment, when it is realised in the public interest. The necessary precondition is that the investor will create 300 new jobs and at the same time the investment costs will represent the amount of 100 million euros. It is for the Government of the Slovak Republic to decide about the awarding the certificate of significant investment to the investor. It can be briefly stated that the economic sovereignty of the Slovak Republic includes the following elements: state ownership (mineral resources, underground waters, natural healing sources and streams), territorial integrity, state budget. John H. Jackson, one of the leading legal authorities in the world invites us to think on the issue of sovereignty in relative terms, in the context of the proper allocation of government legal decision-making powers. Where decision making is made at a higher level than the nation or state and is done so because it promotes the sovereign good in so doing, then there is in his opinion no breach of sovereignty. (Jackson, 2003)

3 Research Objective and Methodology

The aim of the present *thesis is to analyse the* sovereignty of states against the background of economic interdependence of states. On the basis of the example of the Slovak Republic we have point out that further to its membership in international organisations the sovereignty of state is being limited. The methodology corresponds with the defined aims of the thesis. The theoretical part involved the collecting and analysis of the respective expert literature, the analysis of theoretical knowledge and comparation of opinions of experts in the given area. The empirical part of the thesis was divided into following stages: analysing of international documents and acts regulating the problematics of sovereignty of states, analysing the documents, reports and data relating to the economic activity of foreign investors, comparing the data relating to the openness of the Slovak economy, comparing the data on the provided state aid and its impacts on the state budget, the processing of all data and their interpretation, drawing the conclusions from the obtained information. Using the systemic analysis we have clarified the legal framework of the sovereignty of the Slovak Republic. The data on economic activity of transnational corporations active in Slovakia helped us to clarify the functioning of globalisation. We have examined the relevant acts of the EU having the impacts on the functioning of the European integration.

4 Results and Discussion

Globalisation vs. the economic dependence of states

We consider the integration and liberalization of international markets, growing mutual dependence of the states, increasing international division of work as the basic elements of the globalization of the world economy. The globalization can thus be defined on the basis of these elements as the growth of the openness of economies. In this spirit Šíbl and Šaková wrote (2002, p. 228) that: *„economic and commercial globalization is a process, during which the national economies and markets are being gradually opened to competition, capital, technologies and information. It also means the general introduction of rules and submissions to laws regulating economies. It results from the decision of big number of countries to become the part of global economy so that they could take part in the assets offered by this kind of economy.“* (Šíbl/ Šáková 2002) Besides mentioned authors there are also other definitions of the notion of globalization. Walters says the Webster’s dictionary is the first major dictionary to mention the word globalization in 1961. The dictionary defines globalization as “to render global” or “the act of globalizing” cited in Malcolm Walters (2001). In the interest of correct understanding we shall clarify the notion of globalisation at the example from the practice. *The globalisation is also manifested by the situation, when the German company carries out its business activities in Hungary. Within the framework of its production it uses the components from Slovakia and it exports its goods mainly to the states of Latin America.* As the consequence of globalisation processes also non equal economic relations are formed, where the consequences of injustice of economic system occur. Justice or fairness can be understood as the set of principles expressing the equal approach and rules applicable for all subjects in the market. The opposite of justice is injustice. Quite often the institute of injustice is manifested in the economic relationships when providing the comparative advantages increasing the competitiveness of the recipient of this advantage at the market. Mostly they are transnational companies that are looking for the suitable state to realise their investment intention within the territory of other state where there are better conditions for doing business, including lower salaries for employees, economic aid from the state in the form of investment incentives, etc. For example, the Slovak Republic is directly dependent on the foreign investors, as they belong to the biggest employers in Slovakia and at the same time it is directly dependent on them in the area of foreign trade too. Foreign companies participate in the overall volume of export by 23% mainly in the area of car industry (Volkswagen Slovakia, JSC, Bratislava,Kia Motors Slovakia, JSC, Teplička nad Váhom, PCA Slovakia, Ltd., Trnava, 28,3% from the overall amount of export) and they have the biggest portion in the field of electrical industry (Samsung Electronics Slovakia, Ltd., Galanta, 20,6% from the overall export).(MF SR 2016) Due to the globalisation processes the revenue component of the state budget is being changed. The removal or reduction of import duties on goods has also the negative impacts on the revenue component of the state budget. And equally the institute of the income tax relief that is used especially by the foreign investors has the negative impact on the revenue component of the state budget.

That is why we agree with the statement of Outrata that: *„although the globalisation works in the whole are of world´s economy, however, due to the gaps in the economic performance it enters into the economies of individual states in a different way and with different results*. " (Outrata, 2006).

Thanks to globalisation and digital technologies the system of cross border business is being developed. Many enterprises act globally these days already from the outset, approaching many costumers around the world through internet offering their products. The technologies at the same time enable people to work easier at a distance, in another country or even another continent. In our opinion the positive effects of globalisation should not be endangered by national or regional protectionism. The political authority of the nation-state was consolidated in the process of expansion of commerce, as its law and jurisdiction extended over the national economy. This strengthened economic nationalism as a complement to territorial nationalism. (Chaturvedi, 2017) Subjects that are actively participating in the process of globalisation are international organisations and transnational corporations. The international organisations are created from the initiative of states with the aim to pursue joint goals and values. The international organisations can also be characterised as international community of states that was established on the basis of multilateral treaty. The aim of international organisations is the creation of suitable platform for the cooperation in certain areas among states and the removal of obstacles for mutual cooperation. The international organisations of economic nature interefere with the sovereign rights of member states and require from them to actively take part in the fulfilment of their goals and thus to contribute to narrower cooperation between states. The international economic organisations are binding their member states to liberalise their markets, to remove obstacles and to support the development of economic relations.

The international organisations such as the World Bank, the World Trade Organisation and the International Monetary Fund are considered as main subjects of the globalisation. They were established with the aim to establish and to develop cooperation among the states. To illustrate that we have chosen the International Monetary Fund that is responsible for the global financial system and that helps its members to maintain financial balance. The aim is to support international monetary cooperation and to facilitate the boom and balanced growth of international trade, as well as to support the stability of exchange rates. (IMF Agreement 1944) The limitation of state sovereignty in the international organisation lies in the fact that the state has to comply with the decisions of its bodies in spite of the fact that the decision does not have the positive impacts on the economy of this state.This is the most evident in case of bodies of international organisations that are taking decisions by majority (be it simple, two thirds or three fifths majority) or by other majority, for example in the authorities of the World Bank the states vote on the basis of votes that are attributed to them on the basis of the volume of entry quotas. (Kukula, 2005) Just as a result of liberalisation of markets and openness of economy some states became economically dependent.

Among players that speed up the process of globalisation are also the transnational corporations. The transnational corporations (TNCs) are incorporated or unincorporated enterprises comprising parent enterprises and their foreign affiliates. A parent enterprise is defined as an enterprise that controls assets of other entities in countries other than its home country, usually by owning a certain equity capital stake. An equity capital stake of 10 per cent or more of the ordinary shares or voting power for an incorporated enterprise, or its equivalent for an unincorporated enterprise, is normally considered as a threshold for the control of assets (in some countries, an equity stake other than that of 10 per cent is still used. In the United Kingdom, for example, a stake of 20 per cent or more was a threshold until 1997.) (UNCTAD 2017) TNCs make use of their power position and quite often require the investment incentives from the government of states where they want to realise their investment plan. Their main goal is to maximise profit and to cumulate the capital. The main tool to ensure the profit is to build the firm position of the company in the company and to enlarge it gradually and constantly, with the aim to obtain bigger portion in the market and consequently to increase the income. They are the TNCs which increase the institute of economic independence of states, since they dispose with the capital and create the jobs.

The Slovak Republic ranks among the small states. This corresponds to the situation that the economy in Slovakia is small and it is pre-determined for the deeper development of its international economic relations, including international trade. „*Economy that is connected to the international trade, services, investments, is called the open economy. The suitable method of measuring the openness is the volume of export or import from the country in relation to its GDP*.“ (Samuelson/ Nordhaus, 2000). The openness of the Slovak economy is expressed by the ratio of the sum of the volume of export and import of products and services in relation to the GDP in common prices. In the course of last ten years the openness of the Slovak economy has been constantly rising. *In order to compare and to express the ratio of openness of national economy we can in particularly use the value of export, as well as the value of import in relation to the HDP, or its ratio per capita.* (Samson, 2000). In the following table we illustrate the openness of Slovak economy that has impacts also on the economic dependence of Slovakia.++

Tab. 1: Openness of Slovak economy (measured by the ratio of foreign trade turnover in relation to the GDP in current prices expressed in %)

Year	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Degree of openness in %	148,3	123,1	131,1	162,9	170,8	189	185	184,6	183,9

Source: Statistical Office of the Slovak Republic. Table: own processing. (2017)

The relatively high degree of openness of the Slovak economy after the entry to Eurozone enabled to achieve higher levels of savings of transaction costs as well as higher profits from the reduction of currency risks. The degree of openness higher than Slovakia has only Luxembourg and Ireland. High degree of openness of the Slovak economy is welcome in times of favourable economic development. The increased demand from abroad means not only higher production of Slovak producers, but also the creation of new jobs. On the opposite side of the barricade in the year 2013 are the economies of France and Italy, the degree of openness of their economies did not reached even 60 % GDP last year. (Financial centre, 2013) Even less to the surrounding world are opened the economic giants of the world the USA and Japan, their degree of openness reaches only 30 % or 35 % of the GDP, alternatively (Post Bank, 2014). The open and global economy has clearly the international framework while of decisive significance is the coordinated policy of open markets, as well as the observing the fair rules of the game.

It is clear from above mentioned that the openness of the Slovak economy increases its economic dependence of Slovakia from external relationships having the influence over the level of economic growth and also having the direct influence over the individual segments of external economic policy. The economic dependence can be quantified in the growth of foreign trade and in the inflow of foreign investment. With regard to the fact that economic activities in Slovakia are mainly performed by the transnational corporations in the field of car industry, they contribute by large proportion to the export of personal cars (in the year 2016 it reached the volume of 13.988 million euros). The most significant export territories were Germany, France, United Kingdom, etc.

The significant in this respect is also the fact that the cars were the second commodity of import. In relation to the development of car industry and cooperation relationships in this sector of industry the increase of export of cars was also accompanied by the increase in item *components and accessories for motor vehicles*. The highest number of components to the car industry where the foreign investors dominate was imported from Germany in the year 2016 – in the overall value of 2.151 million of euros, from the Czech Republic (991 million of euros), from the Republic of Korea (721 million of euros) and from France (328 million of euros). Most of these components are used in factories producing cars in Slovakia which are exported to abroad. The fact that the export to the Czech Republic, Poland, Austria and Russian Federation has been reduced is interesting. In total the first place in the area of foreign trade – import belongs already for a long time to Germany and the Czech Republic. (ME SR 2016) The inflow of foreign investments has the positive impact on the Slovak economy, however, many foreign investors come to Slovakia also from the reason of investment incentives provided from the public sources. Such form of assistance has negative impact on the budgetary policy. The following table illustrates the impacts of the provided state aid to the state budget expenditures.

Tab.2: Impacts of the granted state aid on the state budget in the period of years 2014 – 2016

State aid	2014	2015	2016
From the state budget expenditures (in %)	2,07	2,40	2,54
From GDP (in %)	0,43	0,56	0,48

Source: Reports on State aid, 2017

It follows from the above mentioned that the financial assistance provided to the economic subjects have the impacts on the public sources. With regard to the fact that the regional assistance is provided exclusively for the purposes of regional development, the regions where the investor realises its investment intention are directly dependent from this investor. The economic dependence is manifested for example in the area of employment policy. According to the datatabasen Finstat some foreign investors in Slovakia rank among the biggest employers (Volkswagen with 12 300 employees, Slovnaft with 2999 employees, Orange, JSCwith 2000 employees, Gabor with 2000 employees). In case of potential departure of foreign investor from Slovakia the job cuts would have the negative impacts on the state budget (payment of unemployment benefits, payment of social and health benefits). The Slovak Republic creates the suitable conditions for the performance of business activities of foreign investors in Slovakia, however, at the same time it becomes economically dependent not only as concerns the export, but also the employment. On the basis of these facts certain level of economic dependendance can be stipulated:

- high level of dependence of Slovak economy from the external factors
- dependence of the economic policy from the impact from the EU.

Providing for these conditions for the achievement of comparative advantages for the foreign capital in the domestic economy anticipates besides maintaining and existence of relative cheap labour force and liberal business environment also the care for the modern infrastructure.

European integration versus economic dependence of states

The international cooperation among subjects is realised by various forms. The process of gradual deepening of integration in Europe does not relate only to the enlargement of the number of members of the European Union, but also to the strengthening the competences of the EU institutions. One of such forms represents the enforcement of own national interests within the framework of international community and the other form is the accepting the compromises and waiving part of own sovereign rights. Such example represents also the process of European integration where the national companies are coordinated and national preferences are subordinated to common interests of transnational organisation. During last decades the process of European integration has been intensively deepening and the Member States have been delegating part of their sovereign rights to the institutions of the European Union in the interest of fulfilment of common goals. The process of deepening of integration in the European space can also be perceived through the establishment of area without internal borders – the internal market. The European integration according to Moravcsik reflects three factors: Firstly, forming internal (national) preferences (interests, goals); secondly, the process of inter state negotiations aiming at enforcement of internally formed preferences and reflecting the relative strength of individual states and, thirdly, incentives aiming at increasing the reliability of the negotiated inter state obligations. (Moravcsik 1998) The current ideal of European integration interferes directly with the sovereignty of the Member States of the European Union. The primary law of the EU is binding on its Member States and defines directly the rights and obligations of its nationals. The EU treaties are binding agreements between the EU and its Member States. Alike the secondary legal acts, especially regulations, directives and decisions (*binding* legal instruments) interfere with the national legal systems of the Member States. The Member States of the EU take part in the creation of primary and secondary law of the EU, as well as in the decision making procedures. The EU Member States are not wholy independent, because their state sovereignty is limited in certain policies and the legal system of the EU takes the preference over the legal order of the Member States. Article 5 paragraph 1 of the Treaty of the EU establishes the system of division of competences in accordance with the principle of conferral. According to this principle the EU can only act within the limits conferred by the Member States in the establishing Treaties in order to achieve goals defined in them. Since the Union does not have the competence to decide about its own remits and about awarding or withdrawing any competence to and from the Union, it is always Member States who decide. The Union does not have its own sovereignty and its sovereignty is derived from the sovereignty of its Member States. While according to the Constitution of the Slovak Republic the sovereign is the "nation" (more narrowly the citizens of the Slovak Republic), and thus the prerogatives of the state and its bodies (state power) comes from its citizens that perform it through the elected representatives or directly, in case of the EU the sovereign is not the nation, but the Member States (Euroiuris,2017).

With regard to the legal development at the level of the European Union the Protocol (No 1) on the Role of National Parliaments in the European Union, as well as Protocol (No 2) on the Application of the Principles of Subsidiarity and Proportionality were adopted. On the basis of these protocols the competences of national parliaments of the Member States were strengthened in order to remove the deficit of democracy of the decision making process at the Union level.

The national parliaments in performing the control over the compliance with the principle of subsidiarity are limited only to reviewing the draft legislative acts. They do not have such possibility with regard to the non legislative acts of the Union. The possibility to control the non legislative acts of the Union from the side of national parliaments is not only legally, but also practically not possible.

The limitation of the state sovereignty of the EU Member States lies within the fact that they have to comply with the decisions of the Union bodies and to respect its legal and non legal norms. This legal consensus has the direct impacts not only on the political, social, cultural, but also on the economic relationships. There is the significant difference between the Article 5 TEU and Article 2 of the Constitution of the Slovak Republic, which lies in the fact that the European Union does not have its own sovereignty and its sovereignty is derived from the Member States. The European Union does not have its own territory. The economic sovereignty of the Member States is limited further to the goals of the European Union and further to the obligations resulting from the membership in the European Union. The sectoral economic integration has to ensure the economic growth, competitiveness and also the political stability. The European Union defines the rules for the development of economic cooperation relationships while respecting the process of globalisation having especially the economic dimension. The EU Member States do not have the economic sovereignty according to Article 3 TFEU. The EU has exclusive competence (only the EU can act**)** in the area of customs union, competition policy, monetary policy (states of Eurozone), common commercial policy. The Treaty on the European Union also gives the EU competence to define and implement a common foreign and security policy, including the progressive framing of a common defence policy. The defining of the EU competencies in the economic area is also governed by article 5 paragraph 1 TFEU and the principle of conferred competences. This means that the EU can only act within the limits and to pursue goals defined by the establishing Treaties. The Member States of the European Union have limited their economic sovereignty in the area of common commercial policy and have subordinated their international economic interests to the values and goals of the European Union. When the Member State acts within the limits of its exclusive competences, i.e. if certain area belongs to its national competences, the Member States still have to adapt their national legal regulations in that area so that the EU law would be respected and complied with. The Member States cannot adopt or apply any legal regulation that would endanger the pursuing of goals of the Union and to deprive it of its necessary effect. (Case 391/09)

The state as the subject of international law is the main actor of global political system and it is also responsible for the development of monetary policy. For example, within the framework of integration processes the monetary policy of the Slovak Republic was directly coordinated and guided by the European Central Bank. That is why we can talk here about the loss of monetary sovereignty. Further to this the TFEU in its Article 3 paragraph 1 lit. c) recognises the Union´s exclusive competence in the field monetary policy for the Member States whose currency is euro. The realisation of the common monetary policy is conferred to the European Central Bank which together with the national central banks creates the European System of Central Banks – ESCB. The national central banks of the Member States that are not participating in the monetary union (Denmark, United Kingdom, Sweden and states that became the EU Member States in the years 2004 and 2007) are also members of the ESCB, however, they participate in its activities only with limited rights and obligations.

If the European Union is to continue further this direction and will even more enforce the institute of supranationality within the framework of sectoral policies, there is no doubt that we will in the future witness the European federalism and even more complex management of the Member States from Brussels. The President of the European Commission

J.C. Juncker in his State of the European Union speech on 13 September 2017 confirmed this approach being allowed to do so on the basis of the economic growth in all the EU Member States. His speech as well as the published Letter of Intent give the indication that the European Commission, in spite of current negotiations with the UK leaving the EU, has opted for the scenario of deepening of European integration. This is to be made by using the existing passarelles towards further extension of the qualified majority voting in the areas where unanimity still applies and by establishing new institutions. The aims of further deepening of economic integration of the EU are also evident from the proposal to create an EU finance minister. The outlined proposals will be further elaborated in the communications of the Commission that are to be published until the end of term of the current Commission and will certainly be debated in the extraordinary summit devoted to the future of the EU which is planned in Sibiu, Romania, in March 2019. The European Council will need to decide about these changes by unanimity.

Within the framework of the integration grouping – the European Union the states became absolutely economic dependent. The Treaty establishing the European Economic Community created the legal preconditions for the international economic cooperation. The gradual amendments of this Treaty provided the basis for the free movement of goods, persons, services and capital. As the example can be given the inflow of foreign investments, especially direct investments of the Member States of the European Economic Area to the territories of the Member States of Central and Eastern Europe. The inflow of foreign investments does not only have the economic impacts, but also social and foreign trade impacts. The arrival of foreign investors to the territory of other state means the inflow of new technologies, creating new jobs, creating the subcontracting relationships and last, but not least, also the rise of export, when the products are exported to the markets of other states. The European integration enabled the movement of capital and the investors from the old EU Member States started to perform their economic activities in Slovakia .As an example can be given the arrival of foreign investor to Slovakia, the company PSA Peugeot Citroën. (Peugeot Citroën Automobiles Slovakia, Ltd. 2003, from the year 2006 PCA Slovakia, Ltd.). This company ranks among the biggest employers in Slovakia and also among its biggest exporters. Besides this company among the biggest investors in Slovakia rank the investors from other EU Member States – Germany, Austria Netherlands, France. There are more than 450 German companies with the annual turnover of 22 billion euros and 94 thousand employees. The development of investment relationships is not realised on the mutual basis, as the Slovak investors are far from being represented to such an extent as the foreign investors in Slovakia. For example, the volume of investments from Germany to Slovakia in the year 2015 reached the amount of 2.546 million euros and from Slovakia to Germany the volume reached only 36,9 million euros. (NBS, 2017)

The inflow of foreign investments was also accompanied by the providing of investment incentives for the foreign investors in particular in the form of the sale of property of state for the price lower as the market price and also in the form of corporate income tax reliefs. This economic advantages improved their position in the market among other competitors. The Slovak Republic has thus become dependent from the foreign investors with regard to the employment in the given region and also with regard to the export. The departure of foreign investor would have negative impact also on the regional growth of the GDP. The economic dependence of the Slovak Republic within the framework of integration processes is also manifested also in using the financial resources from the structural funds of the European Union. Although the Slovak Republic is one of the contributors to the EU budget, it is also the recipient of subsidies within the framework of structural policies. Since there are more regions that are considered as underdeveloped, these regions are thus entitled to allocated means from the structural funds.

5 Conclusion

The sovereign state in the current globalised world cannot exist alone, because it has to exist within the established system of relationships and links at the international level in the different areas. The mutually interlinked relations among main players exist, mainly between states and international organisations, as well as among states themselves. The interests of states and international organisations differ, because although the international organisations are the subjects of the international law as well, they do not have their own territory and neither the population and they especially do not have the obligation to protect social rights of their citizens. The permanent positive enforcement of integration and globalisation is justified by the fact that the economic growth, political stability and the development of democratic processes has to be ensured. The proclaimed economic growth does not necessarily mean always only the positive impact on the social policy and the improvement of the standard of living of citizens. The submission of national and economic interests of the state is a matter of compromise and searching for common denominators. The new dimension of the position of states in the current development of foreign and political system has the impacts on the defining the new tasks of the state and on the compliance with the international obligations resulting from the membership in the international organisations. The states seek even more to protect their sovereign rights, as well as the integrity, territorial integrity and social rights of their citizens. In principle they are the international organisations that change the position of states and interfere with their legal, political, economic, social and cultural systems. In principle they are the international organisations that change the position of states and interfere with their legal, political, economic, social and cultural system. The globalisation is manifested also in the area of civilisation values, it pushes out the domestic historical and cultural traditions forming part of national identity and gives them intercultural character. The globalisation is manifested also in the area of civilisation values, it pushes out the domestic historical and cultural traditions forming part of national identity and gives them intercultural character.

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