

Background to the Inquiry

Introduction

- 1.1 The Minister for Trade referred an inquiry into Australia's trade and investment relationship with the countries of Central Europe to the Joint Standing Committee of Foreign Affairs, Defence and Trade (JSCFADT) on 12 August 2002. The Sub-Committee of the JSCFADT conducted the inquiry. The formal terms of reference for the inquiry are listed on page xvii.
- 1.2 The original eleven subject countries of the inquiry were reduced in the early stages of the inquiry to eight countries. The three Baltic states of Estonia, Latvia and Lithuania were excluded. The decision was based on two considerations. The first was that the original eleven countries constituted an extremely large group of diverse countries stemming from the Baltic Sea to the Mediterranean. The second was an assessment made by the Committee that the Baltic States were heavily focused, in trade terms, on their relationships with the Scandinavian countries and less inclined to seek out non-EU trade and investment opportunities.
- 1.3 A map showing the eight subject countries is provided on page iii.

Previous work on Central Europe

- 1.4 This inquiry represents the first efforts to critically analyse trade and investment opportunities in the countries of Central Europe. Not much more than a decade ago these nations were part of the Eastern Bloc of nations with close economic and political ties with the USSR.
- 1.5 The collapse of the Eastern Bloc and the subsequent shift towards democracy and market economies has prompted profound change in these societies. This shift is occurring at many levels in their societies as they open up.
- 1.6 Accordingly the Committee felt it was an appropriate time to re-evaluate Australia's relations with these nations as they go through the transition from centralised economies to modern liberal democracies. It is hoped that in inquiring into the state of these nations and Australia's relations with them, opportunities for trade and investment will emerge.
- 1.7 It is hoped that in undertaking this inquiry the Committee can contribute to the process of mutual understanding and in so doing assist both the subject countries and Australia benefit from increased two-way trade and investment.

Inquiry process

- 1.8 The inquiry was advertised in major Australian newspapers in late 2002. The advertisement outlined the inquiry and sought written submissions from the public. In addition, letters inviting submissions were sent to the Central European Ambassadors and Charge d'Affaires; relevant Commonwealth government agencies; state governments; chambers of commerce and business associations; peak bodies; academic institutions; and businesses with interests in Central Europe.
- 1.9 The Committee held its first public hearing in Canberra on 23 October 2002, followed by 2 further hearings in Canberra on 18 and 19 February 2003. The final hearing was held in Sydney on 23 April 2003.
- 1.10 From 7 April to 18 April 2003 seven members of the Committee travelled to the countries of Central Europe for a range of meetings, seminars and site visits involving government and the private sector.

Structure of the report

- 1.11 The Department of Foreign Affairs and Trade plays a pivotal role in maintaining and reporting on Australia's trade and investment relationships. Accordingly the exhaustive data provided in DFAT's submission on the countries of Central Europe and their links with Australia, provides substantial background for the report.
- 1.12 In terms of content, Chapter 2 of the report provides a snapshot of Central Europe and Australia's trade and investment relationship with Central Europe.
- 1.13 Chapter 3 will examine the trade and investment environment in Central Europe.
- 1.14 Chapter 4 overviews trade and investment opportunities between Australia and Central Europe.
- 1.15 Chapter 5 covers the visit to Central Europe by the Committee and their observations and impressions.
- 1.16 And Chapter 6 ties the other chapters together in attempting to address the 'market failure' between Australia and Central Europe. Chapter 6 also recommends a range of actions the government might take to address the issue.

Note on terminology

- 1.17 When referring to the eight subject countries of this inquiry, the report will use the term Central Europe. That is, in this report Central Europe will refer only to the eight subject countries and not other countries which may in general be considered part of Central Europe.
- 1.18 Through the report there are references to the CEEC-8 and CEEC-10 (see List of abbreviations for countries they include). These are terms of common usage in one or more submission, which have been used because they describe certain sets of data. Therefore data describing the CEEC-8 are intended to be used as an indicator of similar trends in Central Europe.

