



## Submission No 13

### **Inquiry into Australia's Overseas Representation**

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## **SUBMISSION**

**Joint Standing Committee  
on Foreign Affairs, Defence and Trade  
Foreign Affairs Sub-Committee**

*International diplomatic missions  
Australia's overseas representation.*

**CASE FOR OPENING A DIPLOMATIC MISSION  
IN  
KYIV, UKRAINE**

**November 2011**

## INTRODUCTION

The Australian Federation of Ukrainian Organisations (AFUO) make this submission to the Inquiry by the Federal Parliament's Foreign Affairs, Defence and Trade Committee, which is receiving submissions relating to the activities, staffing and location of Australia's diplomatic missions, including the use of technology to conduct diplomatic work.

The AFUO has familiarised itself with **Review of the Department of Foreign Affairs and Trade Annual Report 2009-10 Joint Standing Committee on Foreign Affairs, Defence and Trade July 2011**

There are many valid arguments in the Report that lend themselves to sound reasoning for opening a post in Kyiv, Ukraine.

As examples, the AFUO uses the following as a basis for our arguments;

1. *2.23 Furthermore, Australia seems to be underrepresented in some of the larger countries when measured by population. For instance, the top five most populous countries in which Australia has no diplomatic representation are:*
  - *Democratic Republic of Congo with a population of 68.6 million;*
  - *Ukraine, 45.7 million;*
  - *Colombia, 43.6 million;*
  - *Tanzania, 41 million; and*
  - *Sudan, 41 million.<sup>19</sup>*
  - *2.24*
- *p. 5. \*

**Our response** Ukraine is the biggest country of the former USSR outside of Russia and it would be of strategic benefit for Australia to open an Embassy in Kyiv.

## 2. **Activities of diplomatic posts**

2.35 Australia's embassies and high commissions are the focal point for Australia's representation overseas. As such, they are the focus of a variety of activities which include official functions, meetings between Australian and overseas officials, the conduct of public diplomacy, as well as the place where citizens of other countries apply for entry to Australia.

Diplomatic missions should be seen in a totally different light - as resources that can use public diplomacy to connect directly with the citizens and influential networks in their host countries.

**Our response** Diplomatic posts are places where a range of activities are undertaken and these grow into opportunities, strategic, economic, educational, cultural, sporting, social and others. Not having an Embassy in Kyiv is a lost opportunity.

3. *The DFAT Annual Report states that:*

The promotion of universal human rights is an important foreign policy objective, which was reflected in strong Australian engagement on priority human rights issues during 2009–10.

**Our response**            The promotion of universal human rights is an important foreign policy objective and at this time Ukraine requires support in its quest for democracy and maintenance of human rights. An Embassy in Kyiv would make Australia an international player in Eastern Europe as watchdog and promoter of human rights and the building of strong democracies

The AFUO will argue for the opening of a diplomatic post in Kyiv, Ukraine. Ukraine formally opened its diplomatic post in Australia in May 2000.

## **BACKGROUND**

*Establishing diplomatic relations between Ukraine and Australia*

Relations between Ukraine and Australia were formalised in January 1992.

In January 2012 will be the 20<sup>th</sup> anniversary of establishing bilateral diplomatic relations between the two countries.

*Ukraine's representation in Australia*

Since May 2000 Ukraine has been directly represented in Australia.

2003 Consulate General of Ukraine in Sydney until April 2003.

April 14, 2003 it was transformed into the Embassy of Ukraine in Canberra.

2004 – 2005 H.E. Mr Oleksandr Mishchenko – first Ambassador of Ukraine to Australia.

2007 – May 2011 H.E. Mr Valentyn Adomaytis – Ambassador of Ukraine to Australia.

Currently Mr Stanislav Stashevsky serves as Charge's D' Affaires until the appointment of a new Ambassador.

The AFUO Chairman has met with the Deputy Minister for Foreign Affairs in Ukraine to discuss the need to appoint an Ambassador in a timely manner.

In the submission the AFUO will address inquiry's terms of reference which include examining;

- The activities that Australia's diplomatic posts must undertake;
- Their geographic location and spread;
- The appropriate level of staffing, including locally engaged staff; and
- The effect of e-diplomacy and information and communications technology on the activities of diplomatic posts.

Australia has posts in many countries, which are smaller in population than Ukraine and are in a sense less strategically important. This may be a subjective position, but one could argue that Ukraine at this time is strategically important and requires assistance in entering the international community and plays a major balancing role in the Region. The benefits in the long term would come to Australia. Ukraine has limited Posts but has made Australia one of them. (Refer Tables page 10)

## WHO IS MAKING THE SUBMISSION - About us

The Australian Federation of Ukrainian Organisations is the peak body for Ukrainians in Australia representing 22 national bodies.

According to the 2006 Census over 13000, people were identified as Ukrainian born with over 37,000 indicating their Ukrainian heritage. This group is actively engaged in building bridges between Australia and Ukraine in all spheres of life.

The AFUO is active in promoting Australia - Ukraine dialogue and relations and works to ensure Ukrainians in Australia continue to be major contributor to furthering Australia's prospects in areas of linguistic skills, intercultural learning, business potential, human rights issues and others assist in building strong bridges between the two countries.

The AFUO has a strong and effective relationship with the Embassy of Ukraine in Canberra and the two Australian Posts in Vienna and Moscow.

The AFUO is an active participant in meeting with representatives of the Government of Ukraine and is well versed with the current political and economic situation in Ukraine.

The AFUO has been the stimulus for international activity that relates to Ukraine

- The AFUO initiated the International Remembrance Torch Relay to commemorate the 75 Anniversary of the Holodomor 1932/ 33. The torch visited 33 countries (visiting Parliaments and major venues) and all regions of Ukraine and was the centre piece of international commemorations.
- Initiated a human rights activity in May 2011 to ensure Ukrainian language programs were broadcast internationally as there was potential for Government to cease these programs
- The AFUO has been the catalyst for business forum between two countries, arguing for the capitalising on potential new markets in Eastern Europe and Ukraine. The AFUO chair spends extended and regular periods in Ukraine in meeting with Government.

In recent times the AFUO has ;

- hosted Australian Ukrainians and built relations - August 2011 Junior Australian Judo Team.
- August - September 2011 Australian Ukrainian Choir on tour in Ukraine.
- It has been instrumental in seeking out business conversations with potential major cattle importers in relation to long term cattle export.
- At present it is hosting major business groups from Ukraine in Australia.
- It works closely with Ukraine Australia House which provides an excellent promotional service for Australia.
- The AFUO Chair has been granted power of attorney to represent the International Ukraine Confederation of Trade Unions in Australia and South East Asia and also representative for the Ukrainian National Chamber of Commerce and Trade

Much of this is because of no Australian diplomatic presence in Ukraine.

The AFUO has on previous occasions made representation to the Post in Moscow and to DFAT in Australia on the opportunities expanding business relations and the need for a post in Kyiv.

The AFUO believes it is well placed to make an informed submission to the inquiry.

## **RATIONALE FOR OPENING AN AUSTRALIAN DIPLOMATIC POST IN UKRAINE**

Ukraine is the second largest country in the former Soviet Union.

Ukraine provides great potential for new markets.

Geopolitically Ukraine is crucial in the balancing and protecting of a democratic Euroasian position.

Ukraine, whilst having political problems, has shown to be stable with a process of democratic elections. (This should not be read as all is well as elections still require constant monitoring).

Trade between Ukraine and Australia continues to rise.

The overall effect of opening a post in Kyiv and taking the responsibility for most of the former States of the USSR out of one post - Moscow does not allow Australia to fully capitalise on the potential of the region.

Splitting the responsibilities would see opportunities for increased economic and diplomatic relations.

It would also nullify the 'numbness' of reacting to pro Russian expansionism, as not only one post in Moscow but also one in Kyiv would respond to the expansionist policies.

## **HISTORY AND HINDSIGHT - GOING FORWARD**

In opening a post in Kyiv the Australian Government would place itself far more strategically diplomatically, economically and socially.

Having relied on limited resources to date, having one post responsible for most of the former countries of the Soviet Union has seen minimal overall growth in relations and economic activity in the region.

The AFUO has raised this numerous times. Presentations were made to the Australian Embassy in Moscow in late 2005-2006 and to the Department of Foreign Affairs in 2008-2009. The evidence outlined the potential for new markets in Europe and the overall slow rate of economic activity in the Region apart from Russia. This was the result of not having a 'driver' in the region.

The AFUO argued and continues to argue that opening a post in Kyiv and dividing diplomatic and trade responsibilities for former States in the Region between posts in Kyiv and Moscow, will create new opportunities and pathways for Australia.

Trade with Ukraine has been patchy, but is growing. Lost potential data is not available, but the AFUO has anecdotal information on why and how Australian business lacks presence in Ukraine and how business in Ukraine is looking for an Australian contact point in Ukraine.

**Trade Figures Ukraine - Australia**

	2006	2007	2008	2009	2010
Total	96,76	133,36	467,48	159,46	270
Import	8,64	12,79	56,3	17,46	23,57
Export	88,12	120,57	411,16	142	246,58
Overall	-79,58	-107,18	-354,84	-124,5	-223

'000,000 (Source Embassy of Ukraine in Australia)

The Australian Government has also at times received poor advice as a result of not being represented in Kyiv.

Two examples which spring to mind are the situation leading up to and during the Orange Revolution and secondly information for travel advisories.

In relation to the Orange Revolution Australia's response lagged, representation as observers was lacking until the AFUO raised the then matters with the then Minister for Foreign Affairs. The AFUO finally sent observers and the post in Moscow was directed by the Minister to be in Kyiv, who monitored the situation.

Australian trade has also been disadvantaged. DFAT and Austrade have made limited attempts to increase awareness of markets. The AFUO has argued that when business delegations are organised from Australia they should have similar exposure in Ukraine. DFAT should facilitate business opportunities in Ukraine. Delegations are mostly only offered travel too Russia.

The Austrade representation in Kyiv at Ukraine Australia House was also hampered by lack of funding. The AFUO, which has strong relations with Australia -Ukraine House met with Austrade representatives and outlined a plan of further activity, requiring strong Austrade involvement and additional funds. This was not considered possible at the time. This resulted in again limited opportunities for growing Australian - Ukrainian business.

In the mid 2000's a report was prepared for the Department of Innovation and State Development (Victoria) and presented to DFAT and Department of Immigration and Citizenship (DIAC) and others, which highlighted the potential new markets in Eastern Europe and Ukraine.

The climate was right for an Australian post that could have capitalised on and provided opportunity for Australian business - But again no driver on the ground in Ukraine.

At that time

- Industrial growth was at 17.4%
- FMCG Industry growth exceed 20%
- Stable political environment

- Ukraine economy at the time was growing 45 times faster than the US economy and 20 times faster than UK economy
- GDP growth at 4.9% (in 2012 expected it be 4.2%)

Business comments were as follows;

**Massey Ferguson**

The biggest plus in the agricultural sector in Ukraine is the phenomenal change in investment climate. Farming is moving ahead people are spending money on capital equipment to improve efficiency in production and companies such as ours are seeing rapid increases in activity

*Peter Thompson General; Manger AGO Massey Ferguson*

**Philips Electrics**

It is easy to see Ukraine like quality and since there is ample population its a very interesting market. Secondly the high level of well educated middle level workforce showd its great potential and has created excellent prospects for top level management.

*Allard Town CEO Phillips Electronics*

**AVIS**

Since starting in Ukraine in 1997 we have steadily increased our business. Our turnover has increased by 150% and continues to grow at this rate.

*Bjorn Masted General manger*

There are many other examples than can be cited.

These are now put down to wasted opportunities because Australia has not seen Ukraine or in many cases the huge potential of Eastern Europe. The market is huge. Population of all the many former republics of the former USSR requires commodities , require exposures to new technologies, and has a need for government and private industry systems that can be on sold .

Diverging into this region will create new opportunities and the AFUO believes by opening a post in Kyiv will give new impetus to the region.

It will also send a strong message to the world that Australia is a keen partner in the Euroasia region.

Areas such as tourism from Eastern Europe are becoming more affordable. Australia is a place of excitement, exotica and mystery.

Having a Post in Kyiv would increase awareness and heighten interest.

Having on the ground advice expertise is critical.

**WHY A POST IN KYIV?**



The AFUO encourages the Committee to look at outside the square when assessing the possibility of opening post in Kyiv.

Ukraine offers great potential for Australian business to invest, to use Ukraine as a hub and for Australia to grow its presence.

Ukraine's territory is Europe's largest (excluding Russia).

Its 46 million consumers constitute the biggest market in Eastern Europe.

It is an ideal platform for manufacturing and exporting to Russia and the EU.

Its extensive transportation infrastructure positions itself as a major international trade hub.

The US has been a major supporter in the quest of democratic and free market transition as well as one of the largest foreign investors.

Currently Ukraine is at the cross roads of Eastern Europe and Eurasia. Its global economic integration among free democracies and prosperous nations should be an important Australian foreign affairs priority.

Economic Freedom in Ukraine could have a positive impact on the other post Soviet States, which in turn will create new opportunities for Australia

Between 1996 and 2005 Ukraine shot up 15 points in the index of Economic Freedom and in the same period the country's GDP increase by over 30%.

The situation has changed since, but the question that needs to be asked is 'Will Australia be an active player in the foreign policy area, in the area of human rights and economic development in Ukraine with the intention of reaping economic and strategic benefits in the future?'

The potential is still there

Deloitte has stated - *Ukraine's largest industrial and energy companies shot up to the top 500 in ranking in Central and Eastern Europe in 2010. Out of 10 largest companies of Central and Eastern Europe three are from Ukraine. Six companies are found on the list of 20 most dynamically developing businesses.*

*At the end of the first quarter of 2011 Ukraine became the number 3 country in terms of business revenue growth.*

At the same time -

Ukraine has dropped 31 points on the Index of Economic Freedom, 16 points on the Global Competitiveness Report (World Economic Forum).

Freedom House in its 2011 Report also alluded to the fact that democratic processes in Ukraine are falling.

Taking all of this into account the assessment for opening post needs to be addressed from a different perspective. The call is for thinking out of left field, out of the square.

There is a paradox, as much of this information can be interpreted numerous ways.

However, strong overall regional potential, looking at future opportunities, building on the challenges requires foresight and a decision that will set the pattern for future strategic goals and gains for Australia.

An Australian presence at this time would send strong message that ;

- Australia sees Ukraine and Eastern Europe as strategic partners in the future
- Human Rights is an important issue and Australia will do all required to defend these.
- That giving Ukrainian the opportunity to be part of the international community is a priority and that current trends interfere with this happening.

*Opening a post will*

Show support for democratic processes, the growth in business opportunities, thus create potential for Australia and Australian business in the future.

## **CONSULAR ACTIVITY**

The AFUO has strong working relations with the consular sections in posts in Moscow and Vienna.

The AFUO has worked with the then Department of Immigration (DIAC) for many of years to ensure that visa processing was streamlined, that overstay rates were reduced and that there was an effective process for Ukrainians to apply and be granted visas. DIAC archives will confirm the AFUO role in this.

In post 2000 the overstay rate from Ukraine was between 34-39%. Having identified the problem the AFUO and DIAC worked in collaboration. The current overstay rate is in the vicinity of 2%.

At present visas are issued from the Moscow and Vienna Posts.

Many of the enquires in reaction to visa applications from family and friends and in some cases business are directed to the AFUO.

The AFUO has also argued that electronic visa should be made available in certain cases in Ukraine leading to a more structured electronic visa regime between the two countries. A post in Kyiv would allow the normalisation of the visa issues without people having to travel outside of Ukraine to obtain visas.

The Office International Migration (OMI) handle for a fee the transportation of visa documents and passports. This service was stopped. Applicants now must either travel to posts or find their own source of delivery.

Having representation in Ukraine will no doubt increase interest to travel.

There have been significant increases in visa applications issued by the Embassy of Ukraine in Australia. The potential of reciprocated numbers and applications would increase if there were a post in Kyiv.

From year to year more and more Australian citizens visit Ukraine on tourist and business matters:

2619 – in January-September 2009;

3103 – in 2010;

2745 – in January-September 2011

(Statistics Consular Section of the Embassy of Ukraine).

## **TRAVEL ADVICE , TRAVEL ALERTS**

A post in Kyiv would also be able to provide more accurate travel advice and travel alerts. The AFUO has on numerous occasions disputed the travel alerts regarding to Ukraine being issued through DFAT.

Based on personal on ground experience, to regular contact with the Ministry of Foreign Affairs of Ukraine, the Security Service of Ukraine and other agencies there are discrepancies between reality and DFTA alerts highlighting Ukraine as *being on high alert* and discouraging travel. In our opinion is another reflection of what it means to rely on advice 'offshore.' There has been almost no incidence, which could have led to potential civil unrest and danger. Whilst politically there may be issues, the criteria for deciding on issuing high alert status should be reviewed. Much of time it produces an incorrect image and perception, which in turn dissuades business or tourist to travel. Having a Post in Ukraine the information would be far more correct.

### **E-diplomacy**

The AFUO aggress E-diplomacy has the potential to increase the number of people able to articulate government policy in multiple languages across multiple spheres. The ability to engage with a wider international audience enhances policy making and public diplomacy.

### **CONCLUSION**

Ukraine has the potential for being a major strategic player in the region. The geopolitical situation is constantly changing.

By opening an Embassy in Kyiv the Australia Government will strengthen its position in a new region. This will create the opportunity to develop new business links not only in Ukraine but the Region

Australia will contribute to strengthening the democratic processes in Ukraine and heighten Australia's role as a human rights advocate internationally.

It will raise awareness about Australia which in turn will have the potential of increasing business, education, social, cultural relations, opening doors for Australian business and tourism and will strengthen investment potential in Australia.

Over the past 20 years many opportunities have been lost because of inactivity in the region. A country with a large population, large geographic region, a country which has shown it can grow its GDP, a country that has seen more companies being identified as leading companies internationally must be a strong contender for Australia to want have a stronger presence and be associated with.

### **RECOMMENDATION**

That the Committee recommend that an Embassy be opened in Kyiv, Ukraine.

**. Comparative Table. Central and Eastern Europe Countries**

Country	Population (2010, million)	Surface area (thous. sq. km)	GDP PPP (2011 estimate, US\$ bn.)	GDP nominal (2011 estimate, US\$ bn.)	Australian representation
Albania	3.2	28.7	25.0	13.3	Embassy in Greece
Armenia	3.3	30	18.0	10.2	Embassy in Russia
Azerbaijan	9.1	86.6	94.3	72.2	Embassy in Turkey
Belarus	9.5	208	141	57.7	Embassy in Russia
Bosnia and Herzegovina	3.9	51	31.8	18.3	Honorary Consulate
Bulgaria	7.5	111	101.6	54.3	Embassy in Greece and Consulate in Sofia
<b>Croatia</b>	<b>4.4</b>	<b>57</b>	<b>81</b>	<b>64.2</b>	<b>Embassy in Croatia</b>
Czech Republic	10.5	79	273.1	220.3	Embassy in Poland and Consulate in Prague
Georgia	4.4	70	24.3	13.8	Embassy in Turkey
<b>Hungary</b>	<b>10</b>	<b>93</b>	<b>196.2</b>	<b>147.9</b>	<b>Embassy in Hungary</b>
Macedonia	2.1	26	21.4	10.3	Consulate in Macedonia
Moldova	3.6	34	12	7.2	Embassy in Russia
Montenegro	0.6	14	7	4.2	Embassy in Serbia
<b>Poland</b>	<b>38.1</b>	<b>313</b>	<b>766.7</b>	<b>531.8</b>	<b>Embassy in Poland</b>
Romania	21.4	238	264.3	185.3	Embassy in Serbia and Honorary Consulate in Bucharest
<b>Russia</b>	<b>142.9</b>	<b>17,098</b>	<b>2,376.5</b>	<b>1,884.9</b>	<b>Embassy in Russia, Consulates in Vladivostok and St. Petersburg</b>
<b>Serbia</b>	<b>7.4</b>	<b>88</b>	<b>79</b>	<b>46.4</b>	<b>Embassy in Serbia</b>
Slovakia	5.4	49	127.1	97.2	Embassy in Austria
Slovenia	2	20	59	52.4	Embassy in Austria and Consulate in Ljubljana
<b>Ukraine</b>	<b>45.8</b>	<b>603.7</b>	<b>327.9</b>	<b>162.9</b>	<b>Embassy in Austria</b>

**Foreign Countries Representation in Ukraine**

	Country	Diplomatic Representation	
<b>G-20</b>	Argentina	Embassy in Kyiv	
	<b>Australia</b>	<b>Embassy in Vienna (Austria)</b>	
	Brazil	Embassy in Kyiv	
	Canada	Embassy in Kyiv	

	China	Embassy in Kyiv	
	European Union	Delegation in Kyiv	
	France	Embassy in Kyiv	
	Germany	Embassy in Kyiv	
	India	Embassy in Kyiv	
	Indonesia	Embassy in Kyiv	
	Italy	Embassy in Kyiv	
	Japan	Embassy in Kyiv	
	Mexico	Embassy in Kyiv	
	Russia	Embassy in Kyiv	
	Saudi Arabia	Embassy in Kyiv	
	South Africa	Embassy in Kyiv	
	South Korea	Embassy in Kyiv	
	Turkey	Embassy in Kyiv	
	United Kingdom	Embassy in Kyiv	
	United States	Embassy in Kyiv	
<b>OECD</b>			
<b>APEC</b>			