

**TERMINATION OF THE AGREEMENT BETWEEN THE
GOVERNMENT OF AUSTRALIA AND THE GOVERNMENT OF
THE SLOVAK REPUBLIC ON TRADE AND ECONOMIC
COOPERATION,
DONE AT CANBERRA ON 23 APRIL 1999
[2000] ATS 21**

Documents tabled on 4 August 2004

National Interest Analysis

Text of the Proposed Treaty Action

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Country Political Brief

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List of similar treaties with other countries

NATIONAL INTEREST ANALYSIS: CATEGORY B TREATY

SUMMARY PAGE

**Termination of the Agreement between the Government of Australia and the
Government of the Slovak Republic on Trade and Economic Cooperation,
done at Canberra on 23 April 1999
[2000] ATS 21**

Date of Tabling of the Proposed Termination Action

1. 4 August 2004.

Nature and Timing of Proposed Treaty Action

2. The Agreement between the Government of Australia and the Government of the Slovak Republic on Trade and Economic Cooperation ("the Agreement") was signed on 23 April 1999. The Agreement entered into force on 8 June 2000. Article 10(2) provides that the Agreement shall remain in force for an initial period of five years, after which it shall remain in force until the expiration of six months from the date on which either Party receives written notice of the other's intention to terminate.

3. The Slovak Republic notified the Government of Australia on 8 December 2003, via diplomatic note, that it requests the termination of the Agreement; as the five years provided for in Article 10(2) has not expired, the Agreement can not be terminated without Australia's consent. The Slovak Republic requested the termination of the Agreement in furtherance to its accession to the European Union (EU) on 1 May 2004, which required the termination of such bilateral trade agreements.

4. The Slovak Republic had requested that the termination of the Agreement take effect on 1 May 2004. Given the time taken to conclude the domestic approval of their request, the Embassy was informed that meeting this termination date may not be possible. With agreement from the Embassy of the Slovak Republic, it has been proposed that an exchange of diplomatic notes will give effect to the termination of the Agreement, as soon as practicable after the expiration of the 20 parliamentary sitting days. Though not entering into force until this time, the termination will have retrospective effect back to 1 May 2004.

Overview and National Interest Summary

5. Termination of the Agreement is not expected to change the level of bilateral trade with the Slovak Republic in any significant way. Following its EU accession on 1 May 2004, the Slovak Republic has been required to comply with EU economic, institutional and regulatory frameworks. This harmonisation with EU frameworks undercuts the primary purpose of the Agreement.

6. In the May 2004 Government response to the 2003 Joint Standing Committee on Foreign Affairs, Defence and Trade inquiry into Australia's trade and investment relations with Central European countries, including the Slovak Republic, it was recognised that it would be necessary to agree to requests to terminate existing trade agreements in the knowledge that many of the issues previously covered will operate at the Australia-European Union level. This position meets the national interest of Australia in the case of its relations with the Slovak Republic.

Reasons for Australia to take the Proposed Treaty Action

7. In accordance with article 10(2) of the Agreement, because the Agreement has not been in force for five years, Australia needs to consent to its termination.

8. The Slovak Republic's accession to the EU will have both positive and negative effects on Australian business in different sectors. The adoption of the EU's Common External Tariff has led to an increase from the pre-EU accession tariff levels applied by the Slovak Republic in some sectors and a decrease in others. Where such changes have resulted in a deterioration in market access conditions, Australia has the right under GATT Article XXIV:6 to seek offsetting market access benefits and will do so if the level of trade is substantial enough to mount a case. The current bilateral economic relationship remains limited however, with two way trade in 2003 worth only \$28 million. Australian business has not taken a close interest in the Slovak market and the QBE purchase in November 1999 of 99.7 per cent of shares in the Slovak Investment Insurance Company (SIP) is Australia's only significant investment in the Slovak Republic.

9. Members of the Joint Standing Committee on Foreign Affairs, Defence and Trade visited the Slovak Republic in April 2003 as part of an inquiry into Australia's trade and investment relations with Central Europe. The Committee recommended "that the Australian Government complete a full set of basic government to government agreements with all Central European countries." The Government response was to the effect that "As these countries progressively join the European Union, many of the issues previously covered by government-to-government agreements will operate at the Australia-European Union level. Some existing bilateral agreements (mainly trade-related) will, in fact, need to lapse as the Central European countries accede to the EU. Where EU membership does not impinge on bilateral government-to-government agreements the Government will continue to prioritise launching of negotiations of new agreements consistent with demand on the Australian side, the strength of the relevant bilateral relationship, and other merits of the individual case." This position meets the national interest of Australia in the case of its relations with the Slovak Republic.

10. While the Slovak Republic's accession to the EU will have a mixed effect across different Australian business sectors, the termination of the Agreement will have no significant adverse effect on bilateral trade or investment. Accession to the EU on the other hand can be expected to act as a stimulus to greater overall levels of bilateral trade and investment.

Obligations

11. Under the Agreement, Australia and the Slovak Republic are required to take all appropriate measures to facilitate, strengthen and diversify trade and economic cooperation between the two countries. These obligations will cease upon termination of the Agreement, however it is expected both countries will continue to support the development of the bilateral trade relationship. No new obligations will arise from the termination of the Agreement.

Implementation

12. No new legislation or changes to existing legislation are required to give effect to the termination of the Agreement.

13. No changes to the existing roles of the Commonwealth or the States and Territories will arise as a consequence of termination of the Agreement.

Costs

14. The termination of the Agreement will not impose any direct compliance or implementation costs on either Party.

Consultation

15. Austrade was consulted in an effort to identify if there would be any Australian businesses impacted by the termination of the Agreement. Austrade advised that the termination of the Agreement is not expected to impact negatively on current trading interests in the Slovak Republic. In these circumstances no further consultation with industry is considered necessary.

16. Due to the limited feedback from the State and Territory Governments in 1999 when the Agreement was being considered, further consultation on Slovak Republic's request was not considered necessary.

Regulation Impact Statement

17. The Office of Regulation Review (Productivity Commission) has been consulted and confirms that a Regulation Impact Statement is not required.

Future Treaty Action

18. The termination of the Agreement does not provide for the negotiation of future related legally binding instruments.

Withdrawal or Denunciation

19. This is not applicable.

Contact Details

Northern, Central and Eastern Europe Section
Americas and Europe Division
Department of Foreign Affairs and Trade.

SLOVAK REPUBLIC

Political Overview

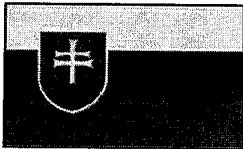
1. The Slovak Republic has enjoyed a period of relative political stability over the past five years under the reform-minded, market-friendly coalition government of Prime Minister Mikulas Dzurinda. The Dzurinda Government, elected in 1998 and re-elected in September 2002, replaced the poorly performing Meciar Government which had restricted the Slovak Republic's move to democracy and economic development.
2. The Dzurinda Government has overseen rapid advances in opening the economy through trade and investment liberalisation, administrative and structural reforms, privatisation, an overhaul of the tax system and radical measures to place public pensions, healthcare and education on a sustainable footing. It has also tackled corruption and organised crime, and strengthened the independence of the judiciary. The next general elections are to be held in 2006.
3. Presidential elections were held in April this year. Contrary to expectations that current Foreign Minister, Eduard Kukan, would win the first round of voting, former nationalist and authoritarian Prime Minister, Vladimir Meciar, attracted 33 per cent of the first round vote. Meciar was followed by Ivan Gasparovic, formerly a close ally of Meciar, and leader of another opposition party, with 22 per cent of the vote.
4. Meciar was widely expected to win the second round of Presidential voting on 17 April 2004, but in a surprise outcome, it was Gasparovic who won easily, with 59.9 per cent of the vote. Gasparovic was overwhelmingly supported in large cities such as Bratislava, where he received over 70 per cent support, inevitably out of concern among more educated voters of a return to the Meciar era.

Bilateral Political Relationship

5. Australia and the Slovak Republic maintain warm, though modest bilateral relations. Australia's then Minister for Immigration and Multicultural Affairs, the Hon. Philip Ruddock MP, visited the Slovak Republic for official talks in August 2002. The Slovak Foreign Minister, Eduard Kukan and the Slovak Secretary of State, Peter Brno, visited Australia in 1999.
6. Slovaks constitute a relatively small ethnic group in Australia, with approximately 2000 people living in Australia identifying themselves as being of Slovak origin (although the figure is likely to be higher given that over 9,000 identified as being born in the former Czechoslovakia, for which no further details are available).

Foreign Policy

7. The Slovak Republic completed two of its main foreign policy goals when it acceded to NATO on 29 March 2004 and the EU on 1 May 2004. Bilateral and multilateral cooperation between Australia and the Slovak Republic is likely to intensify as a result of the Slovak Republic's NATO and EU membership.



SLOVAK REPUBLIC

Fact Sheet

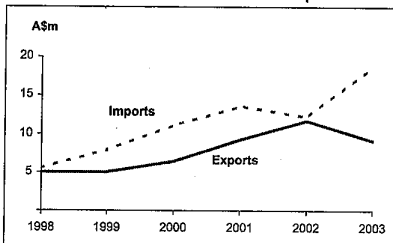
General information:

Capital:	Bratislava	Head of State:	H.E. President Mr Ivan Gasparovic
Surface area:	49 thousand sq km		
Official language:	Slovak	Head of Government:	H.E. Prime Minister Mr Mikulas Dzurinda
Population:	5.4 million (2003)		
Exchange rate:	A\$1 = 24.8132 Koruny (Dec 2003)		

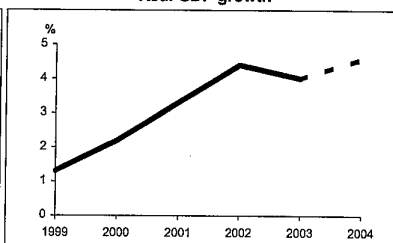
Recent economic indicators:

	1999	2000	2001	2002	2003(a)	2004(b)
GDP (US\$bn):	20.0	20.0	21.0	24.0	34.0	39.0
GDP per capita (US\$):	3,740	3,650	3,800	4,390	6,310	7,130
Real GDP growth (% change YOY):	1.3	2.2	3.3	4.4	4.0	4.6
Current account balance (US\$m):	-1,155	-695	-1,756	-1,939	-372	-1,019
Current account balance (% GDP):	-5.7	-3.5	-8.6	-8.2	-1.1	-2.6
Goods & services exports (% GDP):	60.5	70.7	73.4	71.8	78.0	81.6
Inflation (% change YOY):	10.6	12.0	7.1	3.3	8.6	7.4
Unemployment rate (%):	17.5	18.2	18.3	17.8	15.0	14.5

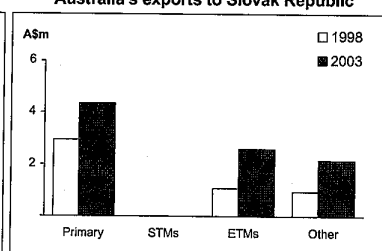
Australia's trade with Slovak Republic



Real GDP growth



Australia's exports to Slovak Republic



Australia's trade relationship with Slovak Republic:

Major Australian exports*, 2003 (A\$m):

Wool	4
Telecommunications equipment	1

Major Australian imports, 2003 (A\$m):

Rubber tyres	4
Glassware	3
Other articles of plastics	2
Paper manufactures	2
Nitrogen-function compounds	1

*Includes A\$2m of confidential items, 23.5% of total exports.

Australian merchandise trade with Slovak Republic, 2003:

		Total share:	Rank:	Growth (yoy):
Exports to Slovak Republic (A\$m):	9	0.0%	116th	-22.2%
Imports from Slovak Republic (A\$m):	19	0.0%	68th	54.1%
Total trade (exports + imports) (A\$m):	28	0.0%	92nd	16.7%
Merchandise trade deficit with Slovak Republic (A\$m):	10			

Australia's trade in services with Slovak Republic, 2003:

		Total share:
Exports of services to Slovak Republic (A\$m):	n.a.	n.a.
Imports of services from Slovak Republic (A\$m):	n.a.	n.a.
Services trade balance with Slovak Republic (A\$m):	n.a.	

Slovak Republic's global trade relationships:

Slovak Republic's principal export destinations, 2002:

1	Germany	30.1%
2	Czech Republic	16.4%
3	Austria	10.7%
4	Italy	7.2%
5	Poland	5.7%
50	Australia	0.0%

Slovak Republic's principal import sources, 2002:

1	Germany	24.7%
2	Czech Republic	16.0%
3	Russia	13.4%
4	Austria	6.9%
5	Italy	6.4%
50	Australia	0.0%

Compiled by the Market Information and Analysis Section, DFAT, using the latest data from the ABS, the IMF and various international sources.

(a): all recent data subject to revision; (b): EIU forecast.

n.a. Data not available.

Fact sheets are updated biannually; next update: September 2004

Australian Government

Department of Foreign Affairs and Trade

By Subject

You may list treaties by subject and/or Agreement Type. To do this, select a Subject, Agreement Type and Country using the input fields below. A Country may only be selected if the Agreement Type is "Bilateral". To return the selected list click the 'Find' button.

List by the following selections:

Select the Subject to view

Select the Agreement Type

Select the Country to view

Find

Printer Friendly

- **Agreement between Australia and the Slovak Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income [1999] ATS 35**

Australian Government

Department of Foreign Affairs and Trade

By Subject

You may list treaties by subject and/or Agreement Type. To do this, select a Subject, Agreement Type and Country using the input fields below. A Country may only be selected if the Agreement Type is "Bilateral". To return the selected list click the 'Find' button.

List by the following selections:

Select the Subject to view	INTERNATIONAL TRADE
Select the Agreement Type	Bilateral
Select the Country to view	All Countries

- Agreement with Bahrain on Trade and Economic Relations and Technical Co-operation
[1979] ATS 19
- Trade Agreement with the Federative Republic of Brazil
[1978] ATS 15
- Trade Agreement with the People's Republic of Bulgaria
[1974] ATS 32
- Trade Agreement with Canada
[1960] ATS 5
- Exchange of Letters constituting an Agreement with Canada concerning the future operation of the Trade Agreement of 12 February 1960
[1973] ATS 28
- Trade Agreement with the People's Republic of China
[1973] ATS 21
- Exchange of Notes constituting an Agreement with the People's Republic of China to amend the Trade Agreement of 24 July 1973
[1986] ATS 33
- Trade Agreement with Croatia [originally with the Socialist Federal Republic of Yugoslavia]
[1971] ATS 09
- Trade Agreement with the Arab Republic of Egypt
[1988] ATS 25
- Agreement with Fiji on Trade and Economic Relations
[1999] ATS 32
- Trade Agreement with India
[1976] ATS 21
- Trade Agreement with the Republic of Indonesia, and Agreed Minute
[1973] ATS 23
- Trade Agreement with Iran
[1974] ATS 22
- Agreement with Israel on Trade and Economic Relations and Technical Co-operation
[1989] ATS 15
- Agreement on Commerce, and Four Exchanges of Notes, with Japan

- [1957] ATS 15
- **Protocol amending the Agreement on Commerce with Japan**
[1964] ATS 11
 - **Trade Agreement with the Hashemite Kingdom of Jordan**
[1988] ATS 04
 - **Agreement with the Republic of Korea on the Development of Trade and Economic Relations**
[1975] ATS 22
 - Agreement with Kuwait on Trade and Technical Cooperation
[1982] ATS 30
 - **Agreement on Economic, Trade and Technical Cooperation with the Republic of Lebanon**
[2000] ATS 12
 - Trade Agreement with the Former Yugoslav Republic of Macedonia
[originally with the Socialist Federal Republic of Yugoslavia]
[1971] ATS 09
 - Agreement with Malaysia on Trade and Economic Cooperation
[1998] ATS 05
 - Trade and Investment Agreement with Mexico
[1997] ATS 15
 - **Trade Agreement with the Federal Republic of Nigeria**
[1989] ATS 20
 - Agreement with Oman on Trade, Economic and Technical Co-operation
[1982] ATS 04
 - **Trade Agreement with the Islamic Republic of Pakistan**
[1990] ATS 24
 - **Agreement on Trade and Commercial Relations with Papua New Guinea (PATCRA II), with Agreed Minutes and Exchange of Letters**
[1991] ATS 37
 - **Trade Agreement with the Republic of the Philippines, with Agreed Minutes**
[1979] ATS 06
 - Agreement with Romania on Trade and Economic Cooperation
[1997] ATS 10
 - Trade Agreement with Russia [previously the Union of Soviet Socialist Republics]
[1965] ATS 19
 - Free Trade Agreement with Singapore [SAFTA]
[2003] ATS 16
 - **Trade Agreement with the Kingdom of Thailand**
[1979] ATS 17
 - Free Trade Agreement with Thailand [TAFTA]
[2004] ATNIF 10
 - **Agreement on Trade, Economic and Technical Cooperation with the Republic of Turkey**
[1989] ATS 11
 - Agreement with the United Arab Emirates on Trade and Economic Relations and Technical Co-Operation
[1985] ATS 34
 - **Agreement on Trade and Economic Cooperation with the Republic of the Ukraine**
[1999] ATS 26
 - Free Trade Agreement with the United States of America [AUSFTA]
[2004] ATNIF 06
 - Agreement with the Republic of Vietnam on Trade and Economic Co-operation
[1990] ATS 18
 - Trade Agreement with Yugoslavia [Serbia and Montenegro]
[originally with the Socialist Federal Republic of Yugoslavia]

[1971] ATS 09