



Mr Pierre Huetter
Inquiry Secretary
Trade Sub-Committee
Joint Standing Committee on Foreign Affairs, Defence and Trade
Parliament House
Canberra ACT 2600

Dear Mr Huetter

Thank you for agreeing to receive a supplementary submission from Austrade following the Gulf States inquiry on 21 June 2004. We wish to make the following points to the Trade Sub-Committee:

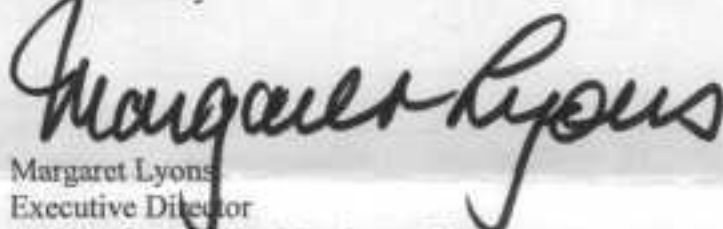
- Following the appointment of the new Managing Director in May 2002, the Minister requested, with agreement by the Chairman and Board of Austrade, that Austrade consider the cost effectiveness of Executive General Managers (EGMs) in the overseas arm of Austrade.
- The organisational structure at the time reflected the adopted recommendations of the McKinsey review of 1991 that identified too great a concentration of resources and authority within Australia at the expense of an emphasis on overseas operations.
- At the time of the 2002 review there were five overseas regions within Austrade (Europe, the Middle East and Indian Ocean, North East Asia, South East Asia and the Americas). In considering the scope to reduce the number of regions, the review examined a new regional structure on the basis of time zones, market differentiation including business and cultural mores and the distribution of existing Austrade locations throughout the world.
- The review acknowledged that, for example an Asia/Indian Ocean span of control would be untenable, not only on sheer size of such a region but also the diverse business culture operating within. On balance, therefore, the review recommended that there be four regions (Europe and the Middle East, North Asia, South East Asia and the Indian Ocean, and the Americas). This composition within the new region structure was amended to Europe, Middle East and Africa (EMEA); North East Asia; South East Asia, South Asia and Pacific; and the Americas.
- The Minister and the Austrade Board agreed with the review recommendations to establish four regions and agreed to the revised composition of these regions.
- The location of Regional Directors in the market was decided on the basis that they would be market and regional specialists, provide frontline leadership and management to geographically dispersed sales teams and have access to high level in-market contacts in business and government.
- In considering the internal structure of the EMEA region it was decided to place the Regional Director's administrative base in Frankfurt.
- The decision to locate the EMEA Regional Director in Frankfurt was based on a number of critical logistical considerations. The city is located in the approximate geographic centre of the region. The location also provides ease of access to the principal EMEA

posts of London and Dubai. Frankfurt airport is a major airline hub for the region offering frequent and well-routed flights to all major regional capital cities, it has highly efficient customs and airport clearance procedures and is within short traveling distance from the city with minimal traffic congestion.

- EMEA is divided into 7 sub-regions spanning 120 countries. Currently there are 163 staff across 28 posts servicing 1000 clients. The sub-regions have a high degree of autonomy, each of which is headed by an experienced Senior Trade Commissioner who report directly to the Regional Director. This strong sub-regional leadership allows for resources to be flexibly allocated to priority markets as opportunities emerge, while diminishing the requirement for an additional regional Director.
- Austrade maintains a physical presence in 7 Middle East cities with a total of 39 staff (a combination of Australian based and locally engaged) distributed as follows; Amman (3), Baghdad (2), Beirut (1), Cairo (4), Dubai (16), Riyadh (8), and Tehran (5). As at 30 June 2004 there were 298 export impact clients throughout the Middle East sub-region.
- It is proposed to increase staffing in this sub-region during 2004/2005 by one Senior Trade Commissioner and two locally engaged Business Development Managers.
- In the case of the Middle East, Austrade appointed Mr Peter Linford, as Senior Trade Commissioner and Consul-General to Dubai. Mr Linford is a most experienced officer with a strong track record in maximizing commercial opportunities in the broader Middle East and who can strategically allocate resources across the region as required. He is responsible for the entire Middle East sub-region which includes all of the Middle East and apart from Tunisia, Algeria and Morocco which are picked up by Austrade Paris, all the remainder of North Africa.
- When the EMEA region was established, the Indian Ocean portion of the former Middle East/Indian Ocean region, which included countries such as India and Pakistan, was transferred to the current South East Asia, South Asia Pacific (SEASAP) region.

Should you require any clarification of the information provided in this supplementary submission, please do not hesitate to contact my office.

Yours sincerely



Margaret Lyons
Executive Director
Strategic Support and Business Effectiveness

6 August 2004