Event Title Central European Business Forum: Building international business opportunities

Event hosts and organisers
Dr Aron Perenyi
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Event time and location
12 August 2015, 5pm – 8:30pm
The Sir Redmond Barry Room, ANZ Tower, Level 46 / 55 Collins Street, Melbourne

Executive summary
The Central European Business Forum (CEBF) at the 2015 Small Business Festival Victoria was held on Wednesday, the 12 August, to discuss possibilities and experiences for Victorian small and medium sized businesses in relation to doing business with partners from Central Europe. The topic attracted the interest of more than 130 people, exceeding the venue capacity. Keynote speakers, members of business and government panels provided insights into the topic. It was emphasised that Central European economies provide a substantial combined market potential, which is not unknown to but is currently under-utilised by Australian firms. In order to exploit the potential for economic exchange between the two regions, governments can identify areas of shared interests and strategic objectives, which can be supported by appropriate policy arrangements. In particular, the need for removal of regulatory barriers has been suggested from both sides. Opportunities highlighted centred around aviation and aerospace, resources, energy, tourism and hospitality, manufacturing, technology and R&D sectors. Business representatives have discussed connectedness to EU markets and the availability of high quality human capital as key advantages Central European economies. Building awareness of these opportunities – and in particular appropriate branding and positioning – has been addressed as a key success factors. Furthermore, mutual knowledge and appreciation of business cultures and practices needs to be improved to enhance intensity and success of business exchange. Businesses can benefit from this improved understanding, which can enhance economic performance. The organisers are working on the continuation of the Central European Business Forum event series.

Event photographs: Mr Balazs Mariczky [https://goo.gl/photos/EaJdE9SfVAEXrx2k6] and Mr Matthew Coote [https://goo.gl/photos/oeBGbimPeNicczoK8]


AusTrade CEE videos: [https://youtu.be/KsT_iBOWtw0?list=PLHzlVjEdK3p1pH5z7C9eYLPQA_Is_KASS](https://youtu.be/KsT_iBOWtw0?list=PLHzlVjEdK3p1pH5z7C9eYLPQA_Is_KASS)


Event contact: CEBF2015@swin.edu.au
Expert contact details

Our experts have kindly agreed to provide contact details should you have any further questions or suggestions in follow-up to the Central European Business Forum:

- Mr Steve Rank (Senior Trade Commissioner and Counsellor, Australian Trade Commission, Warsaw), E: warsaw@austrade.gov.au
- Mr Stuart Rees (Trade Commissioner, Australian Trade Commission, Melbourne), E: Stuart.Rees@austrade.gov.au
- Ms Sarah Graham (Director, Marketing and Future Students, Swinburne University, Melbourne), E: sgraham@swin.edu.au
- Mr John Richardson (Director, Victoria State Office, Department of Foreign Affairs and Trade, Melbourne), E: vso@dfat.gov.au
- Professor Bruce Wilson (Director, RMIT EU Centre, Melbourne), E: bruce.wilson@rmit.edu.au, eucentre@rmit.edu.au
- Mr Vojtech Helikar (Executive Director for Australian and New Zealand Operations, CzechTrade, Sydney), E: vojtech.helikar@czechtrade.cz
- Ms Anna Petrasova (Deputy Head of Mission, Embassy of the Slovak Republic, Canberra), E: Anna.Petrasova@mzv.sk, emb.canberra@mzv.sk
- Mrs Rita Vago-Niklai (Trade and Investment Commissioner, Hungarian Consular Office of Melbourne), E: Rita.Vago@mfa.gov.hu, consulate.mel@mfa.gov.hu
- Mr Marek Kijewski (Counsellor (Economic Affairs), Embassy of the Republic of Poland, Canberra), E: marek.kijewski@msz.gov.pl, canberra.amb.sekretariat@msz.gov.pl
- Mr Dan Barbulescu (Advisor to the Romanian Ambassador, Embassy of Romania, Canberra), E: dan.barbulescu@rating.ro, embassy@roemb.com.au
- Mr Charles Kovess (Founder & Chief Speaker, Kovess International and President, Australian-Hungarian Chamber of Commerce, Melbourne), E: charles@kovess.com
- Mr Mirek Zarnowski (Managing Director, NCIC Pty Ltd. and President, Polish Chamber of Commerce Australia, Canberra), E: mirek@newchallenge.com.au, ncic@newchallenge.com.au
- Dr Ferenc Birloni (CEO of Business Sprints and CTO of Zinemath Zrt), E: birloni@businessprints.com.au
- Ms Tamara Bell (Director, National/International Programs, Aviation Aerospace and Board member, Australian Chamber of International Trade), E: tamara@aviationaerospace.org.au
- Mr Zsolt Zack Vigh (Owner, Korona Concierge), E: zack@koronaconcierge.com
Detailed event summary

Owners, managers, representatives of Victorian small businesses, Australian and Central European Government representatives and their stakeholders – approximately 130 people – gathered at the Central European Business Forum organised at the Small Business Festival Victoria to discuss possibilities and experiences for Victorian small and medium sized businesses in relation to doing business with partners from Central Europe. Over 100 registrants, 20 contributors and 10 representatives of sponsoring businesses spent an evening discussing opportunities and experiences between Australia and Central Europe (Czech Republic, Hungary, Poland, Romania and Slovakia).

The event was co-organised and sponsored by Swinburne University of Technology and the Consular Office of Hungary in Melbourne. Further sponsors included Inglot Cosmetics, Korona Concierge, Mámor’s Chocolate Szalón, Northeastern University, Peak Equities, Qatar Airways, Slovak Embassy in Canberra and the State Government of Victoria.

Opening / welcome / keynote

The Forum was opened by Mr Peter Bakonyi (Head of the Hungarian Consular Office in Melbourne) emphasising that in collaboration, the Central European nations provide substantial opportunities for Australian firms. He set the agenda of the Central European Business Forum initiative to enable Central European countries to become visible to Australian businesses. Upon achieving visibility, further steps of an ongoing business development have been identified as connectedness and engagement. The organisers of this forum will continue their activities to provide a platform for achieving integration of the combined economic potential of Central Europe with Australia.

Ms Sarah Graham (Director, Marketing and Future Students, Swinburne University, Melbourne) in her opening words highlighted the potential opportunities for collaboration between Australia and Central Europe in terms of education, innovation, research and development.

Mr Steve Rank (Senior Trade Commissioner and Counsellor, Australian Trade Commission, Warsaw) in his video message from the Warsaw office identified market opportunities including mining and resources, energy, health and aged care, research and development and aviation. These market opportunities in Central Europe, a market of 120 million people, are economically significant, particularly as the region is well connected to the European Economy of 500 million people. The transition in these countries over the past 25 years from planned to market economies has opened up avenues of economic prosperity and laid the foundation of a stable economic growth of 3% and above to be expected in the coming years. This strong economic growth is driven by highly internationalised and export orientated industries. The subsequent increase of personal wealth – currently approximately at around 70% of that in Western Europe – provides further opportunities for sophisticated consumer products.

Mr John Richardson, State Director Victoria, of the Department of Foreign Affairs and Trade presented the keynote address. He addressed the significant changes underway in the Central European economies, noting that the strong transition from planned to market-based economies was delivering higher growth rates than in the rest of Europe. The Australian Government was taking the initiative in working to expand relations with Central Europe through a stepped up program of visits and exchanges. There had always been strong people-to-people links with a number of notable Central European Australians making a major contribution to the Australian economy, though the economic relationship was in general underdeveloped.
But with the region becoming much more internationalised, new opportunities were opening up for Australian business in both the trade and investment space; these were not yet sufficiently well-known and the Forum could make a valuable contribution in this regard. In addition to traditional Australian exports such as resources and wine, high value added products and solutions with embedded IP and capabilities, not available locally and customised to the client, were needed; these were just the strengths of many Australian and Victorian SMEs.

**Government panel** The government panel discussion was facilitated by Professor Bruce Wilson (Director, RMIT EU Centre, Melbourne). Mr Vojtech Helikar (Executive Director for Australian and New Zealand Operations, CzechTrade, Sydney) emphasised that the Czech Republic has quite substantial existing business relationships with Australia. The role of the Sydney CzechTrade Office is to bringing more Central European businesses to Australia, and connects Australian businesses to Central Europe. Ms Anna Petrasova (Deputy Head of Mission, Embassy of the Slovak Republic, Canberra) suggested that Slovakia enjoys political and economic stability, strong economic growth, highest labour productivity and leadership in Doing Business among Central and Eastern European countries. As the fastest growing member state of the Eurozone, and the biggest per capita car producing nation in the world, Slovakia offers investment incentives to foreign businesses. Continuously growing trade between Australia and Slovakia indicates opportunities in the car industry, cybersecurity sector, electro engineering and the chemical industry. Slovakia along with other Central European nations also has strong location advantages. Mrs Rita Vagonyiklai (Trade and Investment Commissioner, Hungarian Consular Office of Melbourne) emphasised the technology and innovation capacity in Hungary (and other Central European Countries) provides unique opportunities for Australian businesses in the region. Central Europe is also uniquely placed to provide distribution and back-office services to Australian business who are looking to expand in Europe. Mr Marek Kijewski (Counsellor (Economic Affairs), Embassy of the Republic of Poland, Canberra) added to this extensive list of potential benefits and advantages highlighting potential for market growth, and a very prosperous exchange in investment and trade between Australia and Poland in particular. Mr Dan Barbulescu (Advisor to the Romanian Ambassador, Embassy of Romania, Canberra) highlighted investment opportunities for Victorian businesses in the Romanian (and Central European) ICT, automotive, logistics, aerospace and electronics sectors, as well as the benefits of accessing EU funding in particular for R&D purposes. Mr Stuart Rees (Trade Commissioner, Australian Trade Commission, Melbourne) highlighted the importance of really understanding doing business in Central Europe for Australian businesses, and that although it is different, it is still a lot less dissimilar than Asian countries. He also emphasised the importance of assessing not only the buyer need but also the capability to buy in order to drive success.

**Business panel** The business panel discussion was facilitated by Mr Charles Kovess (Founder & Chief Speaker, Kovess International and President, Australian-Hungarian Chamber of Commerce, Melbourne). Mr Mirek Zarnowski (Managing Director, NCIC Pty Ltd and President, Polish Chamber of Commerce Australia, Canberra) identified strategic international human resource management as a key component of success in Central Europe. He stressed that current perceptions may not support recognition of opportunities, but the timing of taking advantage of the potential between Australia and Central Europe is NOW. Dr Ferenc Birloni (CEO of Business Sprints and CTO of Zinemath Zrt) shared rich his experience in technology businesses, particularly highlighting the differences in tender and bid cultures between Australia and Central Europe.
He also stated that focusing on complex ‘solutions’ as opposed to simple products or services provides more robust business opportunities. There is huge potential for Australian businesses to bring the technological advantage available in Central Europe to markets in the Asia-Pacific region. These businesses need Australian partners to access markets and provide ample technology acquisition related investment opportunities. Ms Tamara Bell (Director, National/International Programs, Aviation Aerospace and Board member, Australian Chamber of International Trade) stressed the importance of Australian businesses accessing the European markets through Central Europe, and highlighted opportunities in the aviation/aerospace sector, by means of greenfield developments or joint ventures with a strong focus on manufacturing and R&D. She also pointed out the favourable characteristics of Central Europe, particularly in terms of human resources and a welcoming working environment.

Mr Zsolt Zack Vigh (Owner, Korona Concierge) focussed on the tourism and hospitality sectors, emphasising the strategic location advantages of Central Europe, including the importance of making Australia and Central Europe mutually accessible.

**Audience questions** A selection of audience questions were also put forward to explore the above points further:

- **Budapest hosted over 200 venture capital start-ups in recent years. Why are Hungarian start-ups so successful?** Funding conditions – such as EU funding sources (JEREMIE: Joint European Resources for Micro to Medium Enterprises funds) – entrepreneurial initiative and high levels of human capital. E.g.: Prezi, an innovative presentation tool with over 50 million users.
- **What are the most significant barriers to businesses in the Australia – Central Europe relation?** Government regulations, geographical distance, taxes and tariffs, lack of dialogue.
- **What are the issues around the protection of intellectual property in Central Europe?** These Central European countries are all EU members, fully compliant to EU and global regulations, not presenting additional risk.
- **Are there differences between Central European consumer markets? Are there any suggestions where to start market entry?** There is substantial divide between urban and regional purchasing power and market entrants must be aware of both individual and institutional buyers preferences and behaviours.
- **How to access EU funds for Australian organisations?** Eligibility depends on the type of funding opportunity explored. Although Australia is an associated member of the EU for the purposes of a number of funding programmes / schemes, accessibility depends on the conditions of the specific funding programme. If not eligible as an Australian entity, either find eligible local partners, or establish an eligible local legal entity.
- **How would one select targets for venture capital investment in Central Europe?** Demonstrated initial success to attract funds, solid commercialisation plan and technical feasibility.

**Event conclusion** The event was concluded by the summary of Dr Aron Perenyi (Lecturer in international business, Swinburne University of Technology). He pointed out, that the event provided an avenue for linking efforts at all three levels: government, business and individual. The development of shared objectives at the government level enables harmonisation of the policy environment. Building networks and familiarity at the individual level enables business relationships to be established and transactions facilitated. Businesses ultimately benefit from the relationship building at both the government and
individual levels. Dr Perenyi listed six key points to take away from the event. (1) there are substantial location advantages of Central European economies, that Australian businesses can capitalise on. (2) Whilst the Central European markets are homogeneous to some degree, they are also characterised by unique resource advantages in the respective countries. However, it may seem challenging to mutually capture customers. Hence (3) businesses in Australia and Central Europe will have to think about integrating their value chains towards satisfying shared customers and (4) understanding the structure of demand and purchase power (individual and institutional buyers). (5) Building mutual brand recognition – and particularly country of origin branding for Australian and Central European products and services – may be the key to accessing B2B and B2C markets. (6) Integration of shared value creation activities can also be enhanced by mutual recognition and utilisation of innovation, research and development capacities.

Sponsors / contributors