



# Media Release

## Senator Alan Eggleston

### Liberal Senator for Western Australia

---

#### **Existing FIRB Regulations can control Chinese Investment: Senate Economics Committee**

17<sup>th</sup> September 2009

Chairman Senator Alan Eggleston said the current regulatory framework for assessing foreign investment proposals, whether they are made by private commercial interests, sovereign wealth funds or state-owned entities, is sufficient to protect Australia's interests.

Senator Eggleston said that the Liberal and Labor party committee members agreed that the national interest test was good enough to cover all eventualities.

"A prescriptive test with specific criteria would not allow this degree of flexibility."

"The committee also felt that the system of case-by-case assessment, based on the national interest, had served Australia well," Senator Eggleston said.

The committee made three recommendations in their report:

1. That the Foreign Investment Review Board (FIRB) develop a more effective communication strategy to improve public understanding of the risks and benefits of foreign investment in Australia. This strategy would also provide additional information about how foreign investment decisions are made and provide information about the emergence of sovereign wealth funds and state-owned entities internationally.
2. That the Minister requires FIRB to be more assiduous in its production of a timely annual report.
3. That the government tighten the FATA legislation to deal with complex acquisitions, where takeovers of smaller strategic assets may be masked by an application which, in total, does not represent more than 15 per cent, and therefore does not trigger review. The committee would like FIRB to give adequate consideration to the interaction between the various components of an acquisition.

Senator Eggleston pointed out that the same concerns were had in the 1970s over the level of Japanese foreign investment in Australia. However, the People's Republic of China has only \$7.9 billion invested in Australia as at the end of 2008, a mere 0.5% of all foreign investment.

"In fact, countries such as Belgium, New Zealand and the British Virgin Islands each have larger amounts of money invested in Australia than China. Additionally, the United States of America and the United Kingdom together have invested \$845.5 billion, over 49% of total foreign investment in Australia," Senator Eggleston said.

Senator Eggleston said the Australian research industry had depended on foreign investment for over 100 years and would be needed for the foreseeable future.

**Ends**