THE AUSTRALIAN

SE TheNation

HD **Benefits will far outweigh the downsides**

BY ADAM CREIGHTON

WC 648 words

PD 18 November 2014

SN The Australian

SC AUSTLN

ED Australian

PG 7

LA English

CY

LP

An open letter to Alan Jones on why he need not worry about the **China** FTA

Dear Alan, I heard you berate Tony Abbott yesterday for agreeing to a landmark trade deal with **China**, suggesting it would accelerate the feared sell-off of the Australian farm, especially in Tasmania, and leave Australians with no more rights to **buy** property in **China** than they have now.

TD

Your concerns are shared by many Australians: new trade deals tend to prompt more anxiety than celebration. And you are certainly right that **Chinese** investors will have more freedom to invest here than Australians will in **China**, and they will use these rights to invest in more Australian farms and an array of other businesses.

But I believe the prospect of greater **Chinese** money flowing into Australia is a win for us regardless, enabling us to sustain a higher economic growth rate than we would otherwise. Australians have never saved enough to finance the investments that have made us among the world's most prosperous people. Australians in 2013, notwithstanding their new-found, post-GFC thrift, saved enough to finance only 85 per cent of the $400 **billion** worth of investment. While **Chinese** investors are filling a growing part of that gap, the total value of their Australian investments here, at $32bn, is still dwarfed by Japan's at $131bn and Britain's $563bn.

Your championing of Australian farms and farmers is well known. But you need not, at least yet, worry about **Chinese** domination of Australian farmland. The Australian Bureau of Statistics' says at most 1.1 per cent of Australia's 132,000-odd agricultural businesses are foreign owned, and around 1.3 per cent of 3800 businesses in Tasmania. **Dairy** farming, apparently, is the least foreign-owned of the farming sub-sectors. And **Chinese** investors own less than 1 per cent of it, according to a recent KPMG-University of Sydney report.

Neither of us is probably too thrilled the state-owned companies, with potentially unorthodox **business** goals, will make up the bulk of incoming **Chinese** investment. But they will be subject to the same competition, tax, industrial, planning, development and environmental laws that apply to all other investors. And while some of their revenue will flow back to Shanghai and Beijing, much of it will be spent here on wages or buying supplies from other local businesses.

You singled out **Chinese** investors' growing interest in buying Tasmanian **dairy** farms. But the higher prices the **Chinese** are willing to pay to Australian farmers for these assets is at least helping prop up Tasmania's economy. And most of the 400-odd **dairy** farms there are still Australian-owned.

Even if **China**'s growing presence in Australian farming were a bad thing, it's very possible the greater access obtained for other Australian **wine**, beef and seafood producers, for instance, to **China**'s rapidly growing economy could outweigh the cost. And that ignores the benefits to services, where the real action is: farming makes up about 3 per cent of Australia's economy and rural exports a little over 10 per cent of our goods and service exports. Services meanwhile, are around two-thirds of the economy, and Australian banks, lawyers, universities, engineers, architects and urban planners, among many others service sectors, will soon be able to do **business** easier in the **China**.

Finally, you're right **China** isn't giving Australians commensurate rights to **buy** farms, but it denies this to its own citizens too. 'Buyers' and 'sellers' in **China** are really exchanging leases, since all land is ultimately owned by government. In this, **China** is shooting itself in the foot.Countries that stifle inward investment can grow rich for a time, but ultimately their economies will stagnate. Japan is a good example, and **China** might yet face the same fate.

NS gcat : Political/General News

RE china : China | austr : Australia | tasman : Tasmania | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRICS Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

PUB News Ltd.

AN Document AUSTLN0020141117eabi0004a

