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HD **Thais that bind get stronger**

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Bangkok Two years ago a new national face, very familiar to Australians but not for investment in their country, shot into the top 20 foreign investors list.

Thailand, debuted at number 17 on the back of a slew of major deals mainly in **energy**, property and agribusiness sectors, now holds 0.7 per cent of total foreign investment stock in Australia, according to the Australian Bureau of Statistics.

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That may not sound like much, but investments by companies from a country far better known as one of Australia's most popular tourist destinations now total \$6.14 **billion**, an almost-20-fold increase from \$338 **million** in 2007, according to Austrade's Thailand chief, Greg Wallis.

The foreign direct investment (FDI) stock controlled by Thai companies was \$4.64 **billion** at the end of 2013.

Investment in Australia has been part of an ever-increasing flow of funds out of Thailand. Between 2007 and 2012 Thailand's foreign direct investment outflows increased 13 times to US\$74 **billion**, according to the Bank of Thailand. In 2012 Australia was the seventh-most-popular destination for investment by Thai companies.

Thailand's big-ticket investment into Australia was kicked off in 2009 when government-controlled **energy** giant PTT bought privately held Coogee Resources (now PTTEP Australasia) in 2009 for US\$170 **million**. That **company** is now developing the Montara field in the Timor Sea as well as **oil** and gas exploration permits in Western Australia that have an estimated 37 **million** barrels of **oil** reserves.

The following year Banpu Public **Company** acquired New South Wales-based Centennial **Coal** for \$2.5 **billion**.

Thailand's signature deal in agriculture in Australia so far was the 2012 **purchase** by Mitr Phol, Asia's largest sugar **company**, of Queensland's MSF Sugar for \$313 **million**.

"The story of Thai investment in Australia in recent years is an impressive one; Thai investment in Australia has boomed," a spokesman for the Department of Foreign Affairs and Trade said.

In 2014, the deals have kept coming. In February Thaicom plc, a satellite communications services and solution provider, bought 100 per cent of Orion for \$5.9 **million** and last month Bangchak Petroleum bought ASX-listed Nido Petroleum, which has **oil** leases in the Philippines, for \$113 **million**. Natural consequence "It's the natural consequence of a number of things, which include the Thai liberalisation of overseas investment and the outgrowth of the Thai market by major Thai groups," veteran South-east Asia-based lawyer and consultant John Hancock told The Australian Financial Review.

South-east Asia has long been a region with which Australia has had strong trade links.

The 10-member Association of South-East Asian Nations, which will launch its ambitious Economic Community on December 31, 2015, is collectively Australia's number four two-way trading partner.

Thailand itself was Australia's sixth-largest trading partner in 2013, with two-way trade of \$14 billion built on the backbone of its booming automobile sector; Australia makes up about 20 per cent of Thailand's auto exports.

But apart from Singapore – last year Australia's fifth-biggest investor – and Malaysia, No. 13 in 2013, ASEAN countries have never featured in the top 20.

Thailand has some of the region's biggest corporations. As well as PTT, whose market capitalisation was \$38.3 billion on November 11, the sprawling conglomerate Siam Cement and the CP Group, one of Asia's largest food conglomerates, are now ramping up business in Australia. There is also a string of major property groups active in the Australian market.

Most Australian investment by Thailand in resources and energy including oil and gas, wind energy and coal-fired power has been made by publicly listed companies that have significant percentages of government ownership, company websites show.

In other sectors, such as agribusiness, tourism infrastructure and automotive, investments have been by private companies. Program to attract investment

As a result, Thailand's wealthy companies have become a key target of the Australian government's growing program to proactively attract more Asian investment into Australia.

"Thai investment in Australia has boomed, in sectors which have provided jobs and contributed to the growth of the Australian economy, and in sectors that the Australian government has prioritised for FDI, including resources, agribusiness and tourism hospitality," the DFAT spokesman said

"We are strongly encouraging the continued high levels of Thai investment in Australia."

The Australian government is targeting two major initiatives at companies in Thailand.

One is a multi-year program to attract investment in Australia tourism infrastructure to cope with the surging wave of tourism from Asia – led by the Chinese but attracting growing numbers of visitors from Southeast Asia.

Some are well established in Australia already such as TCC Hotels Group, which acquired the Novotel Rockford Sydney, Hyatt Hotel Canberra and Intercontinental Adelaide in 2008 and 2009.

In 2011 Thailand's Minor International gained control of Oaks Hotels & Resorts, which owns 39 properties in Australia, New Zealand and Dubai, in deal that valued the company at \$90 million.

As well as investing directly in hotels around Australia, Thai companies are lending their considerable tourism expertise – Bangkok is one of the most voted cities on the planet and last year Thailand saw 23 million tourists hit its nightlife and shopping mecca capital, islands, beaches and mountain resorts.

The other federal project is the still-nascent project to develop Northern Australia as the country's gateway to Asia. The government issued a green paper on the project on September 4 with recommendations including the creation of special economic zones.

It's early days, but that project offers the prospect of Thailand significantly increasing its already strong foothold in Australia.

CO aubos : Australian Bureau of Statistics

RE thail : Thailand | austr : Australia | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | seasiaz : Southeast Asia

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