

FINANCIAL REVIEW

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HD **Asian bank seeks better investments**
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One of **China**'s most powerful banks is seeking to strike better deals when it invests in Australia, as part of a global push to improve its lending quality.

ANZ Bank on Monday became the latest lender to announce an agreement with government-owned **China** Development Bank, broadening a 2009 memorandum of understanding with the bank.

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Under the widened agreement, ANZ will operate as an adviser to CDB on its investment and lending decisions in Australia – where the **Chinese** bank is eyeing resources and infrastructure projects in particular.

After several of CDB's foreign deals turned sour, including being the main lender to Citic Pacific's troubled **iron ore** project in Western Australia, the **Chinese** lender wants to improve the financial performance of its investments overseas.

ANZ said the latest agreement, which followed a meeting between ANZ chief executive Mike Smith and CDB chairman Hu Huaibang in Beijing at the weekend, would help CDB achieve "better commercial outcomes."

"This will not only support the growing two-way trade and investment relationship between Australia/New Zealand and **China**, but will also help to aid transparency and improve the economics of **Chinese** investments," ANZ's chief executive of international and institutional lending, Andrew Geczy, said in a statement.

It was also intended to provide local companies with greater access to **Chinese** capital.

"This agreement will give Australian companies the option of direct access to CDB and its associates when they're looking for **equity** investment from **Chinese** state-owned enterprises," Mr Geczy said

It comes as the major banks seek to promote investment from **China**, which is already Australia's third largest source of foreign direct investment behind the United States and Britain.

For ANZ, which is pursuing Asia-linked growth and has a large institutional lending business, the agreement could also provide increased access to domestic clients.

CDB bankrolls much of **China**'s investment in infrastructure, but it has also been trying to expand its presence overseas.

It has also formed partnerships with other banks, including a tie-up with British lender Barclays last month and a memorandum of understanding with National Australia Bank last year.

Chinese investment in Australia is emerging as a key part of any free trade deal between the two countries, and was discussed during last week's visit to the country by Prime Minister Tony Abbott.

The government is expected to increase the hurdle at which **Chinese** investment attracts official scrutiny, as it has done in agreements with Japan and Korea.

While major banks are pushing for higher **Chinese** investment, the fact that that investment is often state-backed remains contentious.

Therefore, the finance industry has been keen to talk up the benefits of higher investment in Australia.

Treasury's Foreign Investment Review Board approved \$15.8 **billion** in inflows from **Chinese** investors in 2012-13. **Mining** accounted for more than half of the approvals, while real estate was the second biggest industry sector for investment.

ANZ has forecast direct investment from **China** in Australia could surge to \$200 **billion** by 2030 and is lobbying for negotiations over the free trade agreement to be resolved quickly.

Key points Powerful **China** bank signs agreement with ANZ Bank for investment advice. Move is intended to give local Australian companies greater access to **Chinese** capital.

CO skfdev : CITIC Pacific Limited

IN i8396 : Diversified Holding Companies | ibcs : Business/Consumer Services

NS e512 : Physical Trade | ccat : Corporate/Industrial News | e51 : Trade/External Payments | ecat : Economic News

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

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