



## China and Australia's Agricultural Sector

1. Australia's agricultural exports to China reached \$8.5 billion in 2014-15.<sup>1</sup> This compared with:

- \$5.1 billion to the US
- \$3.9 billion to Japan
- \$3.3 billion to Indonesia

2. A Chinese government-owned company wanting to invest in Australia's agricultural sector must obtain Foreign Investment Review Board (FIRB) approval, irrespective of the value of the proposed purchase.<sup>2</sup>

3. A Chinese privately-owned company wanting to buy Australian agricultural land must obtain FIRB approval if the value of the purchase is \$15 million or more.<sup>3</sup> This threshold is cumulative.<sup>4</sup> It compares with a non-cumulative threshold of \$1.09 billion threshold for investors from the US, New Zealand and Chile, and a non-cumulative \$50 million threshold for those from Singapore and Thailand.

4. A Chinese privately-owned company wanting to buy an Australian agribusiness must obtain FIRB approval if the value of the purchase is \$55 million or more.<sup>5</sup> This compares with a threshold of \$1.09 billion threshold for investors from the US, New Zealand and Chile.

<sup>1</sup> Source - Department of Agriculture and Water Resources, *Agricultural commodities: December quarter 2015*.

<sup>2</sup> Source - Foreign Investment Review Board (FIRB). [http://firb.tspace.gov.au/files/2015/09/Australias\\_Foreign\\_Investment\\_Policy\\_December\\_2015\\_v2.pdf](http://firb.tspace.gov.au/files/2015/09/Australias_Foreign_Investment_Policy_December_2015_v2.pdf)

<sup>3</sup> This rule was introduced in March, 2015. Source - FIRB

<sup>4</sup> "Cumulative" means that if a given Chinese company already owns agricultural land worth \$15 million, any further purchases will require FIRB approval.

<sup>5</sup> This rule was introduced in December, 2015. Source - FIRB

5. In 2013-14, the value of approved Chinese investment in the agriculture, forestry and fishing sector was \$32 million.<sup>6</sup> This compares with:

- \$602 million for Canada
- \$600 million for Hong Kong, China
- \$584 million for the US

6. Over the period 2009-10 to 2013-14, Chinese investment accounted for 2.9 percent of total approved foreign investment in the agriculture, forestry and fishing sector.<sup>7</sup> This compares with:

- 19.7 percent for Canada
- 19.6 percent for the US
- 7.6 percent for the UK<sup>8</sup>

7. In 2014, the food and agribusiness sector accounted for 1.5 percent of total Chinese investment in Australia. Since 2010 it has accounted for 2.9 percent.<sup>9</sup>

8. A 2015 poll of more than 1500 Australians<sup>10</sup> on preferences toward foreign investment in agriculture revealed that the public:

- prefer bigger dollar value investments to smaller ones
- are indifferent to whether the foreign company investing is government or privately-owned
- prefer investment from the UK than China, but the difference is small

<sup>6</sup> Source - FIRB Annual Report 2013-14.

<sup>7</sup> Source - FIRB Annual Report, various years.

<sup>8</sup> Hong Kong, China accounts for 4.9 percent.

<sup>9</sup> Source - KPMG and Sydney University, <http://demystifyingchina.com.au/>. This database records Chinese investment deals worth more than \$5 million.

<sup>10</sup> Source - Laurenceson, Burke and Wei (2015). <http://press.anu.edu.au/wp-content/uploads/2015/12/analysis03.pdf>