

## ACCI CHIEF EXECUTIVE PETER ANDERSON ON ABC TELEVISION BUSINESS TODAY 19 JUNE 2012

### BUSINESS ENGAGEMENT IN ASIA

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#### WHITNEY FITZSIMMONS

Are the concerted efforts by the Australian Government and business to engage more with China and other countries in Asia really resonating with regional business leaders? Peter Anderson, the Chief Executive of the Australian Chamber of Commerce and Industry recently returned from China and has some interesting insights. I spoke to him earlier to discuss his views.

Peter Anderson welcome to the programme.

#### PETER ANDERSON

Thank you very much Whitney.

#### WHITNEY FITZSIMMONS

Now you've recently returned from China, what is the feeling there on the ground about Australian businesses and manufacturing?

#### PETER ANDERSON

The sense in China is that they are still in a growth curve, and they are looking for places around the globe in which they can make investments. Australia is seen as a stable environment in which to invest, and that's the good news. We're also seen as a country that produces good quality agricultural produce for example so they look positively on those aspects. But they also do see Australia as a country with a high cost structure and so the capacity to get a return on investment isn't quite as positive as some other areas of the world. But also they see Australia as a country that is relatively small in scale and that also restricts investment opportunities. We need to make every post a winner if we're going to attract overseas investment and we certainly need overseas investment if we're going to build the big projects we need in Australia.

## WHITNEY FITZSIMMONS

Is it getting to the point that we're at a risk of losing the interest of global investors because of the lack of competitiveness and productivity?

## PETER ANDERSON

Well that message came through to me loud and clear. We need to do a lot more to make our Industry competitive. Whilst we don't want to compete with countries like China on labour costs, because we are a country with a much more advanced and mature economy with higher living standards, we do need to make sure that if we're going to keep those living standards, we are an attractive place to invest. And that's for overseas investors and domestic investors. Our competitiveness has slipped even though our economy is growing and we need to arrest that slide. What the Chinese and other Asian business people said to me, was that Australia needs to provide a better return on investment than we currently do. Countries like New Zealand and businesses in New Zealand actually have better opportunities particularly in agriculture to secure investment and trade with China than we do because they've got a lower cost structure than we do, and that's a concern.

## WHITNEY FITZSIMMONS

So how do you suggest that Australian businesses then do deliver on that?

## PETER ANDERSON

I think there are a number of things that need to be done, both in terms of the responsibilities of business and the responsibilities of government. But also importantly the general approach our community takes to Asian investment. We must not adopt snobbish or neo-colonial attitudes to Asian investment. We mustn't put ourselves in a position of thinking that old western money is somehow better than eastern money. The world economy has moved east and we need to make sure that we are getting all we can out of investment from the growing economies of Asia. So communities need to be willing to understand the importance of investment from China or India or Indonesia in our own country. Communities also need to understand that there's mutuality involved in trade and investment, whilst we see our systems being the best that they can possibly be, those other newer countries are still developing some of their systems so we shouldn't be too quick to judge their own internal systems as a price for investment on our shores.



## WHITNEY FITZSIMMONS

Peter Anderson I'm just going to break in there, when you say snobbish or neo-colonial behaviour and that, you know, investment from the west or old money from the west shouldn't be viewed as better quality for example from the east, what examples of that have you seen?

## PETER ANDERSON

It's particularly an issue in our agricultural industries where we tend to feel more comfortable with property being purchased, or buildings being developed or infrastructure being developed if it's money that's come from Europe or money that has come from the UK or Canada and we tend to be a little less comfortable and perhaps a little bit more icy about money that comes from China or India or countries where we don't fully understand their political systems or their systems may internally not be as transparent as our system is. We need to get over some of those concerns. Whilst we always need to protect our sovereign position as a nation, we do need to make sure we don't cut our noses off to spite our face.

## WHITNEY FITZSIMMONS

How do you do that then because the issue of owning land, agricultural land, it really goes down to food security, so if tracts of land are being sold that are not necessarily going up to the FIRB what's the solution there?

## PETER ANDERSON

All of our domestic processes need to be worked through. The foreign investment review board processes and any processes that are associated with overseas investment need to be complied with. That's the rule that should apply for investment from Asia as it should be investment from any other part of the world. So we shouldn't weaken our rules. I think it's a question of our own community attitude.

## WHITNEY FITZSIMMONS

Should we introduce some sort of leasing structure though?

## PETER ANDERSON

No, I don't think the rules need to be loosened. I think that generally we need to make sure that we don't allow ourselves to run campaigns against Asian investment just because it's from Asia. We need to actually make sure that we look at the national interest tests, that we look at our community benefit

tests in the same light as if it was money coming from one part of the globe or another part of the globe.

## WHITNEY FITZSIMMONS

Peter Anderson we're nearly to time and I just want to ask you this question, do you think that there's this cultural through line that Australia is reticent to consider itself to be part of Asia and for example back in the eighties there was quite a lot of alarm about Japanese investors buying real estate, do you think we're just seeing the same sort of story but now with Chinese investors?

## PETER ANDERSON

I think we're seeing bits of that. I think we run the risk of knowing that we want to become a wealthy country because we're right on the doorstep of Asia, but we're not quite sure we want to be in Asia in the truer sense of the word. I think we actually need to make our wealth in Asia rather than just think our wealth comes from Asia. Trade is a mutual exercise. It needs to provide benefits to both parties and we need to be embracing Asia and be in Asia not just expecting Asia to come to our doorstep.

## WHITNEY FITZSIMMONS

Peter Anderson thanks for joining the programme.

## PETER ANDERSON

Thanks very much Whitney.