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Global Food Forum: foreign investment critical for agriculture

GLENDIA KORPORAAL THE AUSTRALIAN APRIL 20, 2016 11:26AM

The federal government has issued a reminder that foreign investment is critical to the development of Australian agriculture, particularly in the nation's north.

Speaking at the Global Food Forum hosted by *The Australian* in Melbourne today, the Federal Minister for Resources, Energy and Northern Australia, Josh Frydenberg, and Trade Minister Steve Ciobo both reinforced the importance of foreign investment to the long-term growth of the industry.

Mr Frydenberg said foreign capital would be important in developing Australia's north, particularly in investing in infrastructure including roads, irrigation and transport.

"If northern Australia is going to reach its long-term potential it needs long-term commitment and investment," said Mr Frydenberg, "particularly foreign investment which has been so critical to the development of so many industries in this country."

Mr Frydenberg said the "dividend for investors" in Australian agriculture could "not be overstated" given the growing demand for clean, green food from the expanding middle classes in Asia.

He said investment in Australia's north was needed to boost the infrastructure of the region, including improving roads, rail and the water supply.

Mr Ciobo said northern Australia was an untapped resource which needed more investment in roads, rail, ports and communications.

He said last week's Australia Week in China had shown there was a keen interest on both the Australian and Chinese sides to boost trade and investment links.

One of the best ways forward would be for the development of partnerships where Chinese investors worked with Australians to combine Chinese capital with Australian expertise.

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He said there had been a big shift in the attitude of Chinese investors who were now looking to team up with Australians to use their capital “and Australian know-how”.



Combine Chinese capital with Australian expertise, says Steve Ciobo.

The comments come as the government is aware it needs to manage domestic political reaction to increasing Chinese investment in Australian land and agriculture.

It follows the federal government’s move this week to extend the deadline it has to consider the proposed bid by Chinese interests for the giant Kidman pastoral empire.

Kidman has nominated a consortium involving Shanghai Pengxin as its preferred buyer but the finalisation of the deal is awaiting Foreign Investment Review Board approval.

Labor’s shadow minister for trade and investment, Penny Wong, told the conference that “knee jerk populism” against foreign investment in Australia was “a potential risk for the country”.

She said the federal government was issuing mixed messages about its attitude to foreign investment, particularly with comments from Agriculture Minister Barnaby Joyce.

“The messages coming from the Deputy Prime Minister are not consistent with the government’s message that it supports foreign investment,” Senator Wong said.



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Beware knee-jerk reactions, says Penny Wong. Pic: Stuart McEvoy

“Australia is a nation which for many years has always needed foreign investment,” she said.

“Our investment opportunities have always exceeded our domestic savings.”

She said it was “inconceivable” that Australia could fund the amount of investment which was needed in Australian agriculture through domestic sources.

But recent changes in foreign investment review requirements, including tighter reporting and review for foreign investment in rural land, could hold back the development of the industry.

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