

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

10 – 11 February 2010

**Question: aet 38**

**Topic: Foreign Investment**

**Hansard Page: Written**

**Senator EGGLESTON asked:**

1. What is the level of foreign investment in Australia, who has invested how much?
2. Foreign investment by Australia – what are the terms of the agreement with Indonesia? Does Treasury expect those terms to be upheld?

**Answer:**

1. In 2009, the total stock of foreign investment in Australia was \$1.9 trillion. Of this, \$476 billion was foreign *direct* investment.

The tables at Attachment A indicate which countries were Australia's largest investors in 2008 (the latest year for which data is available for individual countries) and how those countries' investment patterns have changed over the past five years.

2. On 5 November 2009, Australia entered into a stand-by loan agreement until the end of 2010 with Indonesia to provide the Australian dollar equivalent of US\$1 billion if required. This is part of a multilateral action to support Indonesia led by the World Bank and including the Asian Development Bank and the Government of Japan.

The loan would only be drawn down if Indonesia becomes unable to fund its budget through sales of Indonesian government securities without paying excessively high prices. It is increasingly unlikely that Indonesia will draw down on this loan as financial conditions globally, regionally and in Indonesia itself have improved considerably from a year ago.

Indonesia is a close friend of Australia and is geopolitically important. This Loan Agreement will help to promote the long-term economic prosperity of Indonesia and the region, which in turn benefits Australia. The announcement of the intended loan agreement in December 2008 had a stabilising effect on the Indonesian economy.

The national interest statement relating to this loan was tabled on 4 February 2010.

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#### ATTACHMENT A

#### **Total stock of foreign investment by country (top 15)**

<b>\$m</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
United Kingdom	276,387	299,740	354,953	406,021	427,070
United States	362,279	333,987	373,814	430,060	418,445
Japan	49,144	51,023	51,762	63,816	89,511
Hong Kong	29,282	31,571	38,852	46,186	56,317
Singapore	20,256	19,665	27,305	38,953	43,050
Switzerland	18,748	19,945	28,905	30,910	38,133
Germany	17,248	21,061	24,500	31,829	36,272
Netherlands	27,756	28,704	30,939	34,492	32,901
France	16,035	16,331	22,993	24,769	28,936
New Zealand	21,671	27,248	35,344	41,983	27,061
British Virgin Islands	np	np	np	20,783	19,183
Canada	12,448	13,372	12,297	14,537	18,158
Belgium	16,675	23,090	24,223	11,757	11,762
Malaysia	5,302	5,514	5,519	6,764	10,058
China	2,285	2,274	3,508	np	7,897
<b>Total all countries</b>	<b>1,144,487</b>	<b>1,224,696</b>	<b>1,459,542</b>	<b>1,657,509</b>	<b>1,724,444</b>

#### **Total stock of FDI by country (top 15)**

<b>\$m</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
United States	145,230	75,554	80,497	93,059	95,417
United Kingdom	43,572	52,501	55,868	64,466	60,373
Japan	18,110	21,403	23,842	31,092	35,959
Netherlands	17,997	21,365	24,633	25,274	25,085
Switzerland	9,940	11,821	16,646	16,363	19,509
Germany	8,418	9,754	10,557	17,617	13,738
France	np	9,468	12,124	13,022	13,406
Canada	6,469	6,070	7,428	10,850	10,177
Singapore	5,137	4,201	5,587	14,187	10,103
Hong Kong	np	np	4,706	7,203	9,465
New Zealand	6,349	6,981	9,458	7,671	5,362
Belgium	np	np	2,286	2,887	5,240
Malaysia	2,765	2,964	2,847	np	5,122
Luxembourg	1,757	np	np	np	3,285
China	np	np	549	np	3,048
<b>Total all countries</b>	<b>338,113</b>	<b>291,031</b>	<b>329,713</b>	<b>387,541</b>	<b>392,862</b>

np - not published

Source: ABS cat 5352.0