



The Australian
Thursday 24/4/2014
Page: 17
Section: Business News
Region: Australia Circulation: 116,854
Type: National
Size: 163.00 sq.cms.
Frequency: MTWTF

Brief: DPLAUTO2

PARLIAMENTARY
LIBRARY

GrainCorp bidder not of good character: Hockey

ANDREW WHITE
ADAM CREIGHTON
FOREIGN INVESTMENT

JOE Hockey has risked inflaming debate about the \$3.4 billion takeover bid for GrainCorp, saying he blocked US grains giant Archer Daniels Midland because it was "not of good character".

In comments to a dinner for the *Spectator* magazine in Sydney last night, the Treasurer also hinted that more reasons to oppose the bid would become public and said ADM would have to "show they can be a good corporate citizen".

It is the first time Mr Hockey, who has sole discretion to approve or block takeovers of Australian companies by foreign investors, has openly criticised the bidder, whose corporate record was widely panned by members of the Nationals and other opponents of the bid.

Critics highlighted a corporate record that included three senior ADM executives being jailed for price-fixing in the 90s, leading to a \$US100 million fine from US authorities and almost \$US50m in fines by competition authorities in other countries.

Asked last night by British journalist Andrew Neil why he had blocked ADM's takeover bid for GrainCorp when Tony Abbott had said Australia was "open for business", Mr Hockey answered "because it was contrary

to the national interest", prompting a roomful of applause.

"I took into account a whole range of issues (but) I had reason to believe that ADM at that time were of not particularly good character," Mr Hockey said, noting that further reasons would become public in due course.

The Treasurer had previously said he blocked the deal for reasons including that there was no consensus from the Foreign Investment Review Board about the bid; that there was a "high level of public concern" about the bid; that growers feared it could impede competition in the east coast grains market, where GrainCorp is the dominant player; and that it was against the national interest.

The rejection drew widespread criticism that it contradicted the "open for business" message of the new government and could scare investors needed by Australian agribusinesses to develop export industries.

However, Mr Hockey allowed ADM to increase its holding in GrainCorp by 5 per cent to 25 per cent, which it is yet to do.

"There's a test for them about whether they are determined to be a long-term investor; and if they are they are going to have to contribute and show they can be a good corporate citizen," he said.

A spokesman for ADM could not be reached for comment.

A spokesman for GrainCorp declined to comment.