

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 25-26 February 2009

Question: aet 3

Topic: Foreign Investment – Australia/China

Hansard Page: Written

Senator Bob BROWN asked:

1. Does China have the same foreign investment restrictions as Australia? If not, please detail.
2. Will the proposed Australia–China Free Trade Agreement remove these differences?

Answer:

1. No. While China has made some efforts to liberalise some sectors in recent years, it generally remains a restrictive environment for foreign investment. China maintains a *Catalogue for the Guidance of Foreign Investment Industries* which categorises industries as prohibited, restricted or encouraged in relation to foreign investment. Industries not listed in the catalogue are regarded as permitted. Many industries in the restricted and encouraged categories require foreign investors to establish a joint venture with a Chinese partner, and other sectors have specific equity restrictions.
2. The Government attaches considerable importance to concluding a comprehensive Free Trade Agreement (FTA) with China. Not all aspects of China's foreign investment regime can be dealt with in this FTA. The Government is seeking increased access for Australian financial services, education and training, mining services and investment, telecommunications and legal and environmental services providers. Nevertheless, the FTA would also provide a framework for ongoing dialogue on investment and trade issues.