

Main Points

Changes to membership

- There was one change to the membership of the Board during 2002-03:
 - Dr Jim Hagan left the Board in October 2002 to take up a position in Domestic Economy Division.
 - Mr Chris Legg succeeded Dr Hagan as Executive Member.

2002-03 foreign investment proposals in summary

- Of the 4,747 proposals decided, 4,668 were approved (3,563 with conditions, mainly in the real estate sector) and 79 were rejected. There were 4,443 approvals (3,400 with conditions) and 77 rejections in 2001-02.
- There were 68 orders rejecting proposals, 14 orders to divest, and 71 interim orders extending the deliberation period for up to a further 90 days.
- Approvals involved proposed investment (either alone or in partnership with Australians) of around \$85.8 billion. This represented a 27 per cent decrease on the previous year's approvals of \$118 billion. Approvals do not necessarily mean investments proceed in either the time frames or the amounts proposed.
- The value of approvals decreased in the services sector (excluding tourism) from \$49 billion in 2001-02 to \$23 billion in 2002-03. The value of approvals in the minerals exploration and development sector decreased from \$19.1 billion to \$11.5 billion; while the value of real estate approvals increased from \$14.3 billion to \$15.5 billion.
- In 2002-03 for proposals considered under the Government's foreign investment policy, the United States was the largest source of proposed investment in Australia. The US contributed \$30.5 billion or 35.5 per cent, a significant increase from 2001-02. The United Kingdom and Malaysia were the other major sources of proposed investment during 2002-03 accounting for around 8.6 per cent and 7.7 per cent of the total, respectively.

International investment issues

- 2002-03 was an important year in Australia's trade policy marking the twentieth anniversary of Australia's first bilateral trade agreement, that is the 'Closer Economic Relations' agreement with New Zealand, and the commencement of negotiations on an Australia — United States Free Trade Agreement. In addition, the Free Trade Agreement (FTA) with Singapore was finalised, the Government continued negotiations on a FTA with Thailand and significant progress was made in deepening Australia's trade and investment partnerships with China and Japan.

- The main activities of the Australian National Contact Point for the OECD Guidelines this year have been focusing efforts to increase general public awareness of the Guidelines, particularly among the business community, refining procedures for handling specific instance complaints and strengthening the consultation process with government agencies, business and other social partners.
- Direct Investment in the OECD area has decreased considerably since the investment boom of the late 1990s-2000. FDI inflows and outflows in 2002 for all OECD countries is less than half that of 2000. Australia has proven to be remarkably resilient to the sluggishness of the global economy and other adverse shocks, reporting greater outflows in 2002 than 1999 or 2000.