

## Main points

- In 2006-07, the Foreign Investment Review Board provided advice on the application of Australia's foreign investment policy to a range of individual proposals and on the reform of and general administration of foreign investment policy.
- In 2006-07, 6,157 proposals received foreign investment approval under Australia's foreign investment policy and the *Foreign Acquisitions and Takeovers Act 1975*. This compares with 5,186 the previous year, representing an increase of 19 per cent. The real estate sector recorded 5,614 approvals (18 per cent higher than the 4,755 approvals in 2005-06). There were 543 proposals approved in other sectors in 2006-07 compared with 431 in 2005-06, an increase of 26 per cent.
- In 2006-07, 27 proposals were rejected by the way of a Final Order, compared with 25 in 2005-06. There were no Divestiture Orders made in 2006-07, compared with five in 2005-06. All Final Orders related to proposals involving real estate. There were 90 Interim Orders (61 in 2005-06), extending the 30-day statutory decision-making period by up to 90 days.
- Approvals in 2006-07 involved proposed investment of \$156.4 billion. This represented an 82 per cent increase on the previous year's approvals of \$85.8 billion, mainly reflecting a small number of large value transactions together with a lower than usual 2005-06 amount. In 2006-07, five individual investment proposals accounted for approximately \$49 billion, comprising single proposals valued at \$17 billion and \$10 billion, and three others for the same target company involving \$22 billion.
- The manufacturing sector was the largest industry sector by value, with investment approvals in 2006-07 of \$62.8 billion (compared with \$13.7 billion in 2005-06). The other major sectors were: mineral exploration and development, with investment approvals of \$32.3 billion (\$19.7 billion in 2005-06); services, with investment approvals of \$28.9 billion (\$27.1 billion in 2005-06); and real estate, with approved investment proposals valued at \$21.4 billion (\$16.2 billion in 2005-06).
- The United States of America was again the largest source country for foreign investment in 2006-07, involving proposed investment of \$45.3 billion representing 29 per cent of total approved proposals. Singapore, Mexico, the United Kingdom and the Netherlands were the other major sources of proposed investment approved during 2006-07, accounting for 12 per cent, 11 per cent, 9 per cent and 8 per cent, respectively. The ranking of several of these countries again reflects the presence in the statistics of a small number of large value transactions rather than them being a generally prevalent and large overall source of investment in Australia.

- On 4 April 2007, legislation came into effect to remove foreign ownership restrictions in the media sector, including newspapers (regional/suburban and metropolitan) and broadcasting.
- Australia has continued to progress the international liberalisation of trade and investment through its engagement in bilateral, regional and multilateral forums. Free trade agreement (FTA) negotiations have progressed with China, Malaysia, Japan, Chile, the Gulf Cooperation Council, and (with New Zealand) ASEAN. Australia also contributed to joint feasibility studies with Indonesia, India, and the Republic of Korea, and participated in discussions with Mexico on ways to enhance our bilateral relationship.
- As at 31 December 2006, Australia was a net importer of foreign direct investment (FDI). Over the past 15 years Australian outward FDI stocks have grown more strongly than inward FDI stocks, with Australia likely to become a net exporter in the near future.
- During 2006-07 the Australian National Contact Point for the *OECD Guidelines for Multinational Enterprises* continued to promote these guidelines to Australian business and conducted a review of a specific instance lodged in August 2006 by a consortium of five non-government organisations.