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SWAN SHOULD REDUCE, NOT INCREASE, INVESTMENT RESTRICTIONS

'During the middle of a global financial crisis, Wayne Swan should be loosening, not increasing, restrictions to investment capital into Australia', Director of the IP and Free Trade Unit at the Institute of Public Affairs, Tim Wilson, said today.

Late yesterday, Federal Treasurer Wayne Swan, sought Parliamentary approval to extend the coverage of the *Foreign Acquisitions and Takeover Act* to increase the breadth of investment restrictions imposed by the government. Swan's efforts were directly related to Chinalco's equity bid in Rio Tinto.

'Australia already has a restrictive investment regime through the Foreign Investment Review Board. A 2007 OECD report shows Australia has one of the most restrictive investment regimes in the OECD. Our restrictions are only slightly less than countries like Mexico and Russia', Mr Wilson said.

'Australia has always relied on foreign investment to build infrastructure and help businesses grow. Without it jobs cannot be created. We should be welcoming foreign investment, not restricting it'.

'When you're short on cash, you don't run away from people who want to give you money – but Wayne Swan's forcing us to knock back the cash'.

'Last year Swan increased restrictions on State-owned enterprise and Sovereign Wealth Funds on the misunderstood basis that they don't operate like normal businesses. He would have the same fear of Chinalco because it's owned by the Chinese government'.

'Chinalco will have to operate like any other business. The special powers they enjoy at home don't extend extra-territorially'.

'Chinalco, Rio Tinto and their shareholders should be the ones to decide whether this deal goes up or down', Mr Wilson said.

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