

Monday, 29 July 2019

Foreign direct investment in WA continues to grow, mining and quarrying remains our most attractive industry sector.

The latest FACTBase Bulletin from the Committee for Perth in partnership with The University of Western Australia reports on the state of foreign direct investment (FDI) in Australia from 2001 to 2018. This bulletin is the fourth research input into the Committee's major project *Hashtag Perth*.

Foreign direct investment has become a key means by which corporations and governments measure national success. Since 2001, both inward and outward Australian FDI have steadily increased. The resources boom generated significant growth in both inward and outward FDI between 2003 and 2007, which was followed by a slight downturn in 2007 to 2009 as a result of the global financial crisis. In 2018, inward FDI reached a record AU\$967 billion.

"This latest research reaffirms the importance of foreign trade in WA, as it is shown to lead to increases in jobs, economic prosperity, infrastructure and technology" explains Committee for Perth's CEO Marion Fulker.

The Bulletin reports that the top five investors in Australia in 2018 were USA, Japan, UK, the Netherlands and China, with USA consistently investing the most since 2001. In 2018 alone, USA invested a total of AU\$214.3 billion in Australia. Similarly, USA is our largest outward FDI market, closely followed by UK, with New Zealand, Canada and Singapore rounding out our top 5 international outward FDI partnerships.

Drilling down into the figures, the Bulletin found that mining and quarrying has consistently attracted the largest share of FDI in Australia (37.8%), making it by far our strongest sector for international investment.

Focusing on WA, we see that our strong resources sector has continually contributed to high levels of trade, particularly exports. This means that we also have a very high reliance on trade, having the highest Trade Dependence Index rating of any other State. Recent resource news points to WA once again gearing up for a production and infrastructure boom with expansions to many existing sectors, as well as ventures into Lithium production. The bulletin suggests that this will attract continually high levels of FDI in WA, but warns against failing to implement appropriate economic development policy and strategy to ensure we neither waste the boom nor allow it to further exacerbate structural inequality across Perth.

"This data shows us that as a resource abundant State, we are uniquely positioned to capitalise on the many benefits that FDI brings. However, we must learn from the previous resource boom and continue to implement strategies to facilitate and leverage high levels of foreign investment in WA."

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Media contact: Alex Baird, Marketing & Communications Officer
alex.baird@committeeforperth.com.au 0434 925 742

Supporting Information:

FACTBase Bulletin 65 Key Findings

- Foreign direct investment (FDI) is a key measure of national success in investment attraction and capacity for economic development.
- Australian inward FDI attractiveness is strong globally, and is increasing relative to outward FDI.
- Australia's most attractive industry sector is Mining and Quarrying – areas of strength for Western Australia.
- Western Australia's exports were over AU\$145 billion in 2018, considerably more than other Australian states. Most of this is due to the State's resources industry.
- Low levels of imports and state domestic demand means that Western Australia runs a trade surplus.
- The downside of Western Australia's attractiveness to global investment is an overheating of the economy and exacerbating spatial inequality, factors that will need to be addressed through appropriate State policy and strategy.

Committee for Perth

The Committee for Perth is focused on making a positive difference to Perth's future.

Its members include local, national and international organisations, who set aside commercial gain, sectoral interests and personal perspectives to come together to be a united voice on the issues facing Perth.

FACTBase is Committee for Perth's collaborative, long-term research project with The University of Western Australia. It benchmarks the liveability of Perth and its global connectedness, by examining its economic, social, demographic and political character.

Since the first Bulletin was released in 2009, Committee for Perth has published more than 60 FACTBase Bulletins.

Hashtag Perth

This report forms part of Committee for Perth's *Hashtag Perth* project – a two-year initiative that aims to develop a plan for how best to leverage Perth's positive attributes and address its weaknesses.

Hashtag Perth is supported by Perth Airport (core funder): City of Perth and Programmed (major funders); ATCO Australia, City of Armadale, Hawaiian, The University of Western Australia and Westpac (supporting funders).

Hashtag Perth aims to:

- Characterise metropolitan Perth's current reputation as a place to live, work, visit, invest and do business from the perspective of local, national and international literature, media and stakeholders.
- Identify how Perth's reputation has evolved over time and understand the dynamics of this change.
- Examine positive and negative perceptions of Perth and ascertain key gaps between perception and reality.
- Pinpoint target markets for investors, businesses, visitors, students and talent.
- Build a profile of the characteristics of Perth that can be promoted to different markets as distinctive to, and distinctly better than its city competitors.
- Articulate strategies and actions to capitalize on positive perceptions and address weaknesses identified as limiting Perth's competitiveness.