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Latest Asia-Australia Index confirms Chinese investment in Australia is slowing down

The fifth PwC Melbourne Institute Asialink Index, launched in Sydney today by Australian Minister for Foreign Affairs and Trade, Senator the Hon Bob Carr, revealed that since 2009, Chinese investment flows into Australia have been in decline, while the stock of Australian investment in China (\$17 billion) is now only \$2 billion less than that of China in Australia.

PwC Partner Tim Cox, said that the latest Asialink Index shows that Australian investment in China grew by a remarkable 278 per cent in 2011 while Chinese investment in Australia fell by 51 per cent, in stark contrast to widespread perceptions in the Australian public debate on foreign investment.

“The recent increase in Australia’s investment into China is encouraging as it demonstrates that Australian businesses are preparing to commit to deeper engagement - beyond exports - for the longer term. It also provides important context for some community concerns about Chinese investment in Australia,” said Tim Cox, Partner, PwC.

Asialink CEO, Jenny McGregor said that in the lead-up to the release of the Australia in the Asian Century White Paper, the Index provides comprehensive insight into Australia’s relationship with the region and also illustrates where more work is needed.

“The dramatic rise in engagement with China is good news for Australia, however it can also mask the fact that far more needs to be done to maintain our strong partnerships with other East Asian and ASEAN countries.”

The Index is the only longitudinal multi-sector measure of the growth in Australia-Asia engagement including annual measurement of trade, investment, R&D, education, migration, tourism and humanitarian assistance.

Other highlights from this year’s Index include:

- **Australia’s engagement with China grew by a massive 53.5 per cent in 2011**, taking the economic relationship to new highs.
- **Australia’s engagement with Asia has increased by 8 per cent over the past five years, whereas engagement with the rest of the world has declined by 13.3 per cent.** The long-term growth in engagement with China masks significant, if volatile, engagement with other economies.
- **Engagement with ASEAN has been relatively flat for the past five years** and the **Japan and Republic of Korea** indices are down by 19.6 and 11 per cent respectively from positions of relative strength.
- **The strong Australian dollar is driving many of the trends observed in this year’s Index**, from increases in outbound tourism to declines in education exports and inward investment.
- **In 2011 education engagement with Asia fell for the first time in over a decade.**

The PwC Melbourne Institute Asialink Index of Engagement provides a measure of two-way ‘engagement’ between Australia and Asia over the period 1990–2011. In providing this analysis we assess both the level and rate of change across seven components and 25 economies.

The Index combines data from a wide variety of sources, including the Australian Bureau of Statistics (ABS), AusAID, the Department of Immigration and Citizenship, and IP Australia.

View the full Index online at the new dedicated website - www.asialinkindex.com.au

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