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Chinese investment in Australia plummets to \$2.5 billion

Chinese investment in Australia dropped by over 47 per cent, from \$4.8 billion in 2018 to \$2.5 billion in 2019, according to new data released by The Australian National University's Chinese Investment in Australia (CHIA) database.

The level of Chinese investment in Australia has fallen for three consecutive years since it peaked at \$15.8 billion in 2016 the CHIA database records.

The CHIA database has tracked Chinese direct investment into Australia for the calendar years 2014 to 2019. The database shows a total of \$49.3 billion worth of investment was made by 361 Chinese investment projects in Australia over that time.

Over the six-year period, the real estate sector received the biggest proportion with 24 per cent of Chinese investment, followed by the mining sector that made up 21 per cent of the total value. There has been an increase in the share of private investments in total investment from China.

The 2019 decline in investment coincides with lower flows of Chinese investment abroad but the fall in flows to Australia was sharper.

A team at ANU has been working with the Australian Treasury and other government departments to create the new Chinese investment data series that provides a level of detail by industrial sector and investor activity not previously available.

Project leader Professor Peter Drysdale said: “An important characteristic of the CHIA database is its public nature and its verifiability.

“The transparency of the database makes it useful for detailed enquiries and the tracking of particular investments in Australia. This kind of data is not available from other foreign investment databases in Australia.”

In 2019, Chinese investment almost halved across all sectors, with major falls in mining, real estate and commercial property, manufacturing and a collapse of investment in agriculture. There were some modest gains in construction, education and finance.

In 2019, Chinese foreign direct investment dropped globally by 9.8 per cent.

The research team note the much sharper decline in Chinese investment in Australia may have been associated with a number of factors including a shift of Chinese investment flows towards emerging markets and negative Chinese perceptions of the investment environment in Australia.

The database is available free at: www.chia.eaber.org

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