中國在澳大利亞的投資：
機會抑或威脅？

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中文摘要

1971 年 3 月 28 日中國與澳大利亞正式建交，雙方經濟聯繫重新恢復。自中國改革開放，特別是 20 世紀 90 年代中期以來，雙方的經濟聯繫飛速開展，到 2007 年，中國已成爲澳大利亞最大的交易夥伴，商品貿易額約爲 530 億澳元。中澳雙方商品貿易快速發展的同時，中國在澳大利亞的投資也日趨活躍。中國對澳大利亞的投資始於 20 世紀 80 年代，當時是以小型服務業投資爲主。近年來，中國對澳大利亞的投資增長迅速，中國大型國有企業成爲主要的領軍者。

本文將探究中國在澳大利亞投資的性質與程度，特別關注資源類的投資。我們將關注中國公司爲擴大利潤和確保資源供給安全而在澳大利亞投資或收購澳大利亞公司的程度，探討中澳自由貿易協定可能發揮的作用，以及不斷增加的中

國在澳投資潛在的政治影響。本研究結論顯示，由於中國在世界經濟體系中日漸提高的重要性以及中澳貿易的互補性，中澳兩國的合作必將日趨密切。中國經濟持續穩定的高增長必然要求有保障的資源類產品供應來源，因此，對澳投資是理性的選擇。雖然澳大利亞有人對外國所有權心存疑慮，但是，澳大利亞需要中國的市場和投資來發展經濟，而人民幣對澳元的大幅升值更增加了澳大利亞對中國的吸引力。因此，未來中澳兩國的聯繫必然更加密切。

Chinese Investment in Australia：Threat or Opportunity?

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Abstract

Australia established formal diplomatic relations with China on 28 May, 1971 and their economic relations resumed from that point, growing rapidly after China's economic reform, and especially after the mid 1990s. By 2007 China was Australia's largest trading partner with a combined merchandise trade of approximately $53 billion.[1] While trade in goods has been significant, principally Australian natural resources in exchange for China's manufactured goods, an emerging area of economic activity is China's investment in Australia. Some Chinese investments appeared in Australia in the 1980s but primarily small investments in the services industry. But, Chinese FDI in Australia has increased rapidly in recent years, led by large Chinese state-owned enterprises.

[1] All dollar figures are Australian dollars unless otherwise stated.

This paper explores the nature and extent of China's investments in Australia, with a particular focus on the resources sector. It looks at the extent to which Chinese companies are investing in or buying outright Australian companies, in order to maximize their profits as well as security of supply. In this respect China's investments parallel those of Japan in earlier decades. Issues raised include the extent to which China must compete with Japan in the resources sector, Australian resistance to Chinese investments, the potential impact of a China-Australia Free Trade Agreement, and the political implications of an increasing level of Chinese investment in Australia.

Introduction

Sino-Australia trade has grown dramatically since the early 1990s, in line with China's opening up policy and the trade complementarity between the two countries. The average growth rate from 1996-2006 was 21.5%, and total two-way in 2007 was approximately $53 billion with the trade balance $5.2 billion in China's favor. China has replaced Japan as Australia's largest trading partner, with 23% of total Australian trade. Thus, in the area of trade the relationship is strong and growing.

Investment is a different story. It is important not to overstate the level of Chinese investment in Australia. While it is very newsworthy and holds great potential, at present it is still very limited. 'Comparatively, investment from China in 2006 was a paltry 3.7 billion dollars, or less than 0.5% of total investment'.[2] 'It still accounts for only 14% of the continent's exports, and in 2006 it ranked only 17th for foreign investment in Australia'.[3] The rate of growth of Chinese investment has been much higher in South America and Africa, both major sources of raw materials for China.

We can expect this level of investment to increase, however, especially in selected areas. The mining and energy sectors have been of particular importance for some years. Education is growing substantially and the trend may be expected to continue through the medium term as a more developed Chinese economy demands higher levels of employee education. In 2007 more than 82,000 students from China studied in Australia, with an additional 16,000 from Hong Kong. Australia may be expected to benefit substantially, too, from the tourism sector, as more affluent Chinese travel to Australia. The number of tourists from the PRC was more than 350,000 in 2007, an increase of 16% over the previous year, and the projection by the Australian government is nearly one million visitors by 2015.[4] The export value of education-

[2] Zhejiang Online. 'Australian paper says curbing China investment a mistake', 30 June, 2008 [http://English.zjol.com.cn/05english/system/2008/06/30/009679097.shtml].

[3] *The Economist*. 'The Lucky Country', 15 March, 2008, p.10.

[4] Department of Foreign Affairs and Trade. 'People's Republic of China Country Brief – September, 2008. [www.dfat.gov.au/GEO/china/cb_index.html].

related travel was $2.7 billion and tourism $514 million in 2007.[5]

Sino-Australia Trade

The growth of Sino-Australia trade in recent years has been exceptional. China was politically and economically isolated from 1949 until the early 1970s, and Australia only established formal diplomatic relations with China in, 1971. Their economic relationship started to grow quickly after China's economic reform in 1979, and especially after the mid 1990s.[6] Figure 1 shows Sino-Australia trade relative to China's total trade.

Not surprisingly Australia exports mostly raw materials including iron ore, wool, copper ores, zinc ores and concentrates to China, while major Australian imports from China are manufactured products including clothing, computers, telecommunications equipment, toys, games and sporting goods.

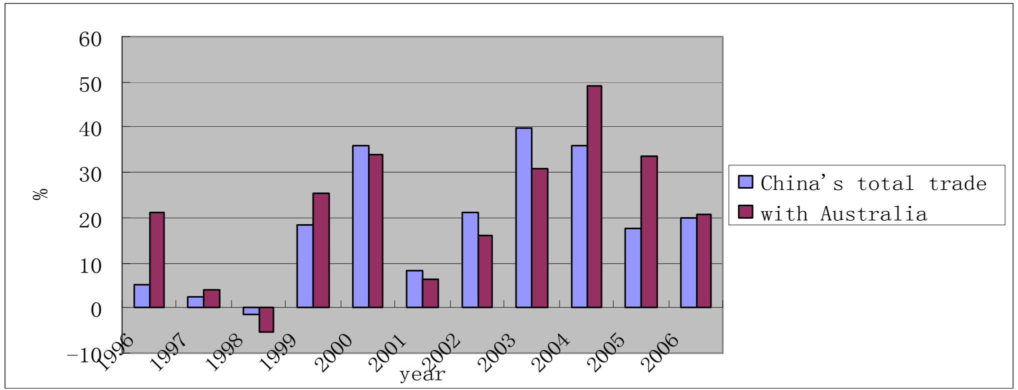
Like Australia's relationship with Japan, its bilateral trade with China has grown because of the high level of trade complementarity between the two countries. Australia's abundant natural resources are desired by China's rapidly expanding economy and China's low cost

[5] Department of Foreign Affairs and Trade. *China fact sheet, 2008*, [http://www.dfat.gov.au/geo/fs/chin.pdf]

[6] Economic and Commercial Counsellor's Office of the People's Reputlic of China in Australia. [http://au2.mofcom.gov.cn/aarticle/bilateralcooperation/inbrief/200411/20041100003904.html]

advantage in manufacturing offers Australians cheaper manufactured products as well as overseas investment opportunities.

Figure 1: China total trade and Sino-Australian trade, growth rates 1996—2006.[7]



Australia's high level of economic growth in recent years has been underpinned by record commodity prices. This is largely a result of China's insatiable demand for Australian resources. As Nariai states:

> China currently accounts for 25% of the steel that the world consumes, along with 20% of the copper, 19% of the aluminum and platinum, and 8% of the crude oil. Over the past few years in particular, China has been responsible for the bulk of the additional global consumption of copper and somewhat over half of the other main materials. The heavy consumption of materials by the Chinese economy is pushing up prices around the world and contributing to inflation.[8]

[7] Source: China Statistical Year Book, 1997, 1999, 2001, 2003, 2005, 2007, Chinese Statistics Press, Beijing.

In 2007, the value of Australian merchandise trade with China was $52.82 billion and the value of Australian service trade with China was $5.19 billion. China was Australia's number one trading partner (total share 14.8%), the number one importer (total share 15.4%) and second biggest export market (total share 14.2%). Australia was China's seventh largest import source and ranked number fifteen in terms of export destinations. Iron ore was the leading Australian export with a value of more than $9 billion, followed by wool ($1.7 billion) copper ore ($836 million) and zinc ore ($643 million). Major imports from China were clothing ($3.4 billion), computers ($3.0 billion), telecommunications equipment ($2.6 billion) and toys ($1.5 billion).[9]

Chinese Investment in Australia

Some Chinese investments first appeared in Australia in the 1980s but were very limited – mostly small investments in the services industry. However, recently Chinese FDI in Australia has increased quickly, driven principally by Chinese state-owned enterprises investing in

[8] Osamu Nariai. 'China's Economic Agenda', *Japan Echo*, Vol.32, no.5, October, 205, p. 29.

[9] Department of Foreign Affairs and Trade. *China fact sheet, 2008.* [http://www.dfat.gov.au/geo/fs/chin.pdf]

Australia's resources sector. This is underpinned by the official Chinese 'Go Abroad' policy, which targets both raw materials and high technology acquisitions offshore, and is exemplified by China's Qualified Domestic Institutional Investor (QDII) scheme of 2005 that encourages Chinese to invest overseas.

By the end of 2007, more than 340 Chinese investment items in Australia were registered or approved by China's Ministry of Commerce, for a total value of US$1.73 billion. Most of the investment was in resources exploration, services, real estate and trade. China is therefore a relatively small but growing source of investment for Australia.[10] Table 1 shows both the increase in the number of approved investments as well as its concentration in the resources sector.

China's rapidly increasing demand for resources and the rising prices China pays for them are the primary factors encouraging Chinese direct investment in Australia's resources sector. The same reasoning holds true for other resource-rich countries as well, mostly in South America and Africa.

[10] Economic and Commercial Counsellor's Office of the People's Reputlic of China in Australia http://au.mofcom.gov.cn/aarticle/ztdy/200807/20080705657592.html

Table 1: Chinese Investment in Australia by industry, as approved by the Foreign Investment Review Board (FIRB) 1993-2007[11]
Unit: A$ million

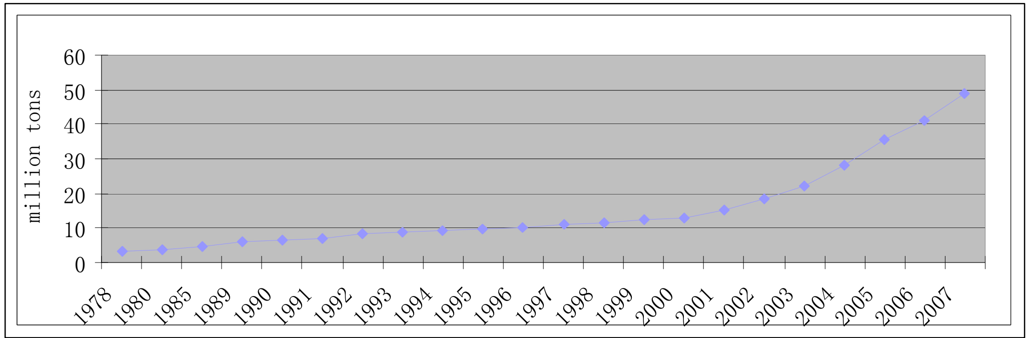
Year	Number of cases	Value					
		Agriculture, Forestry and fisheries	Manufact-uring	Mining Exploration & Mineral Processing	Real Estate	Services & Tourism	Total
1993-94	0	0	0	0	0	0	0
1994-95	927	0	1	42	426	52	522
1995-96	267	0	6	52	137	31	225
1996-97	102	10	3	5	176	17	210
1997-98	0	0	0	0	0	0	0
1998-99	0	0	0	0	0	0	0
1999-00	259	35	5	450	212	10	720
2000-01	0	0	0	0	0	0	0
2001-02	237	0	47	20	234	10	311
2002-03	0	0	0	0	0	0	0
2003-04	170	0	2	971	121	5	1,100
2004-05	206	2	0	39	181	42	264
2005-06	437	0	223	6,758	279	0	7,259
2006-07	874	15	700	1,203	712	11	2,640

China's steel production provides a good example. Figure 2 shows China's increasing output of Crude Steel

[11] *Source*: Australian Treasury, Foreign Investment Review Board, *Annual Report*, various years, in Peter Drysdale and Christopher Findlay. 'Chinese Foreign Direct Investment in Australia: Policy Issues for the Resource Sector', Paper presented at the Crawford School Public Seminar, Australian National University, Canberra, 4 September, 2008, p. 10.

from 1978 to 2007. From 3.18 million tons in 1978 to 6.64 million tons in 1990, it took only 12 years for the 108.78% increase. Then, from 7.1 million tons in 1991 to 12.85 million tons in 2000 – another 10 years for an 80.99% increase. But, since the beginning of the new century its growth rate has been much higher. From 15.16 million tons in 2001 to 48.9 million tons in 2007, it took only 7 years for the 222.56% increase. China's total investment in fixed assets in the steel industry from 2001 to 2005 was RMB 680 billion, 1.3 times of the total investment China put in its steel industry in the 48 years from 1953 to 2000.[12]

Figure 2: China's Crude Steel Output 1978-2007[13]

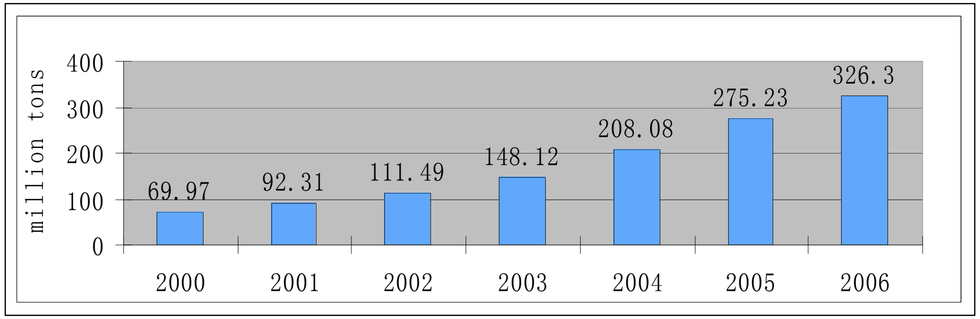


[12] Chinese Steel Companies Are Facing the Trouble of Iron Ore's Increasing Price, Japanese Benefits from Its 30 Years Efforts, *Chinese Business Weekly*, [http://china.mininge.com/info/90731/index.shtml]

[13] Source: Figures for 1978 - 2006 come from China Statistics Yearbook 2006, Tables 14-22, China Statistics Press, Beijing, 2008. The figures for 2007 come from Ruan Yulin, 'China's crude steel output reached 4.89 million tons and remained to be No. 1 in the world'. [http://www.chinanews.com.cn/cj/kong/news/2008/01-30/1151342.shtml]

China's demand for imported iron ore has hence risen dramatically in recent years. China has abundant iron ores reserves but most of them are low-grade. Therefore, China has to rely on imported high-grade ore to feed its fast expanding steel industry. The strong demand is not only from China, but other fast growing Asian countries such as India have driven up the iron ore price significantly. Figures 3 and 4 show the increase of China's imported iron ore and its price, respectively. Between 2000 and 2006 China's imports of iron ore increased nearly five times. The annual average imported price increased from US$24.84 per ton to US$ 66.78 per ton, with 168.84% increase in only three years.

Figure 3: China's imported Iron Ore (2000 – 2006)[14]



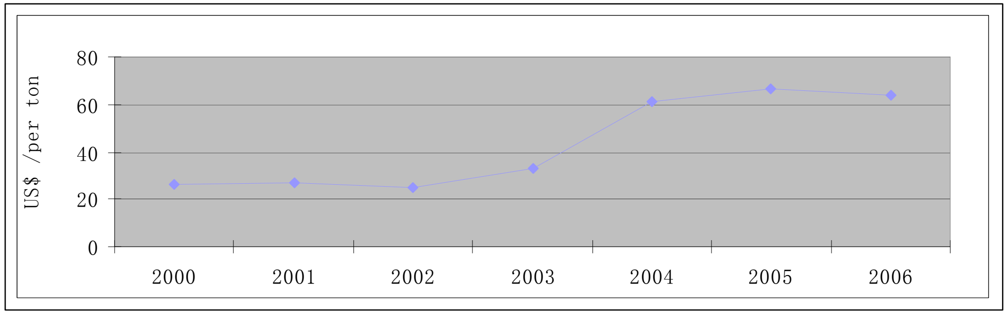
Iron ore is not the only mineral in demand. Manganese ore, copper ore, aluminum oxide and coal are more and more expensive. For example, China's average imported copper ores price was US$391 per ton in 2002

[14] Source: China Statistics Yearbook 2001-2007,China Statistics Press, Beijing. Tables 18-10

and US$1,695 in 2006. Figure 5 shows the imported price increase of manganese and aluminum ores, and coal.

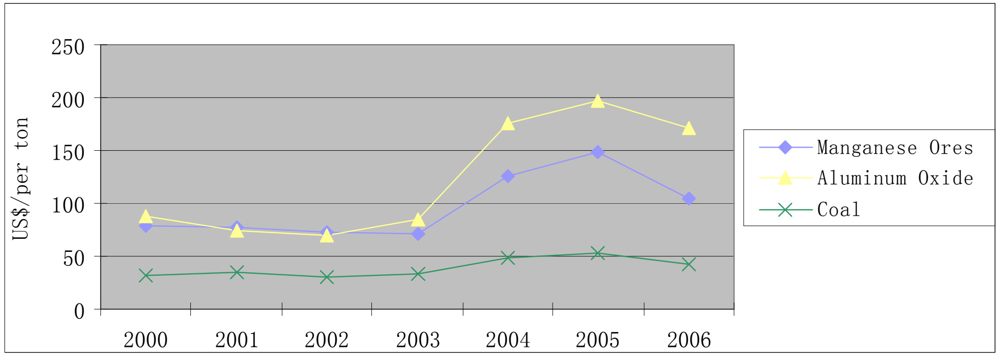
Increasing prices have driven up China's costs and shrunk profits significantly. The 19% increase in import prices made Chinese steel companies pay an extra RMB 12 billion in 2006. As one of the most important steel producers and number one iron ore importer in the world, China has negotiated diligently with international iron ore giants. But, China has limited influence on long-term resource pricing and has had to accept increasing costs. The increasing prices as well as Chinese concerns about security of supply have been a strong encouragement for Chinese companies to invest in the mining industries of foreign countries. Australia has therefore become an important focus for Chinese investment.

Figure 4: The Annual Average Price of China's Imported Iron Ore (2000 – 2006)[15]



[15] Source: China Statistics Yearbook 2001-2007, China Statistics Press, Beijing. Tables 18-10

Figure 5: The Annual Average Prices of Coal, and Manganese and Aluminum ores (2000-2006)[16]



Australian Responses to Investment from China

To some extent China is fortunate in being preceded by Japan in terms of its FDI. Japanese investment was often difficult for Australians to accept, particularly in the two decades after the Pacific War, reflecting the lingering animosities towards Japanese treatment of Australian POWs during the war. It has taken half a century for Australians to progressively accept Japanese as trading partners and a source of investment, and in this respect China has a much easier time of it. They have traditionally not been seen as a threat in Australia and they were an ally against Japan during the Pacific War. Moreover, Chinese have not yet bought up substantial real estate holdings, unlike Japanese companies in the 1990s,

[16] Source: China Statistics Yearbook 2001-2007, China Statistics Press, Beijing. Tables 18-10

particularly in Queensland. Hence, the public visibility of Chinese investment is relatively low, though Table 1 shows that it is increasing.

Still, issues of national interest are heard when discussing Chinese investment. As Treasurer Wayne Swan pointed out when approving Chinalco's purchase of 11% of Rio Tinto, 'While Australia welcomes foreign investment in our economy, we will carefully examine national interest issues where these arise in relation to foreign sovereign ownership'.[17]

It is an issue complicated by Australia's traditional conflict between its culture and geography – its unease in the region. Is Chinese ownership any different from that of the UK or the USA? Does it matter that some of the key Chinese players are state-owned enterprises rather than private corporations?

The major investors in Australia are Chinese state-owned giants, like China National Petroleum Corporation (CNPC), China Petroleum and Chemicals Corporation (Sinopec), China National Offshore Oil Corporation (CNOOC), Sinosteel Corporation (Sinosteel), Daosteel Group Co., Angang Steel Company Limited (Ansteel), Wuhan Iron and Steel Corporation (WISCO), Citic Group Inc and Chinalco. 'Sinosteel was the first Chinese company to participate in overseas mining projects. In 1988, it began to develop the Channar Iron Mine in

[17] BBC News. 'Australia allows Chinese Investment'. 15 August, 2008. [www.bbc.co.uk/2/hi/business/7580458.stm]

Australia's Pilbara with local companies'.[18] The investment value was only A$34 million for that project. But the recent Chinese investments are much bigger.

Some of the major Chinese Government investments in Australia are as follows:[19]

1) On 3 February, 2008, Chinalco bought 9% of Rio Tinto for A$15.5 billion.

2) China Iron and Steel: The Rio Tinto-operated The Channar iron-ore mine in the Pilbar (Western Australia) is operated by Rio Tinto and has an output capacity of 10mtpa. China Iron and Steel owns 40% of Channar with a value of over $2 billion.

3) China's largest distributor of energy, China Petrochemical Corporation, now has 60% (which means control) of the Puffin oil field in the Timor Sea. CPC's assets from the deal are estimated to be $1 billion.

4) China National Offshore Oil Corporation (CNOOC) owns 25% of China LNG. This is a new joint venture within the $19 billion North West Shelf area.

5) The Eastern Range, a Pilbara iron ore mine (operated by Rio Tinto) is now 46% owned by Baosteel Group of

[18] China's Sinosteel wins takeover bid for Australia's Midwest, 2008-07-14, [http://english.china.com/zh_cn/business/foreign_trade/11021616/20080714/14965555.html]

[19] Stephen Mayne. 'Foreign government investments in Australia', The Mayne Report, 2 October, 2008 [www.maynereport.com/articles/2008/02/15-2200-9287.html].

Shanghai. This mine produces some 6.5 million tonnes per tear with a value of $500 million.

6) In early 2008 Shougang Corporation bought 28% of Mt Gibson Iron (Western Australia) for $400 million.

7) Sinosteel bought 45% of Midwest Corporation in Western Australia.

8) In July, 2007 the China International Trust and Investment Company (CITIC) increased its ownership of Macarthur Coal from 11.6% to 19.9% for $113 million.

9) In January, 2008, the Foreign Investment Review Board (FIRB) gave approval for a consortium of five Chinese companies to develop the Oakajee port and rail project in WA (value of approximately $3 billion)

10) In September 2007 the Chinese Aluminum Company (CHALCO) was given the right, by the Queensland government, to develop a bauxite project near Aurukun (value of $3 billion).

11) In September, 2007, Anshan Iron and Steel bought 13% of Gindalbie iron ore mine for $39 million.

12) In March, 2007, Shougang Corporation bought 13% of Australian Resources (iron ore) and pledged to spend US$2.1 billion to develop the Balmoral South (iron ore) project in Western Australia.

The Chinese government and Chinese corporations (public or private) are reacting sensibly to the situation they have helped to create – a massive demand for raw

materials has led to huge price increases. The logical way to protect themselves is to own the mines (or a share of them), thereby insulating themselves (to some extent) from price hikes, and ensuring supplies. Chinese are reacting the same way as did Japanese companies in the 1980s. Moreover, given that capital movements are global, capital will seek a good return wherever it is to be found. So, Japanese invested heavily in Queensland real estate in the 1980s, and found themselves being blamed for it. Their response – if you don't want Japanese to buy it, then don't sell it. It seems illogical to blame the buyer. The entire discussion about 'commercial sovereignty' is fraught with peril, and has led to some confusion in Australia with respect to investments from China.[20] The situation is summed up by Denning: 'You can't have the benefits of foreign capital without giving up some of the ownership'.[21] This is a situation the Chinese government knows all too well, with the very heavy level of foreign investment in its country.

Where the discussion does get more complicated is when the topic is uranium. It is one thing to export minerals for relatively innocuous production such as steel, and another where issues of security come into play. In this sense the debate highlights Australia's security linkages with the US on the one hand and its strong economic

[20] Thewest.com.au. 'Barnett to raise China investment at COAG', 11 October, 2008 [www.thewest.com.au/default.aspx?MenuID=77&ContentID=100454].

[21] Dan Denning. 'Foreign Investment in Australia: How Much is Too Much?', The Daily Reckoning, 26 June, 2008 [www.dailyreckoning.com.au/foreign-investment-australia/2008/06/26/].

interests on the other (though one should not forget that the US is Australia's third largest trading partner nor that Australia has an FTA with the US).

China, however, is keen on ensuring supplies of uranium, and indeed it '…is seeking a 4-fold increase in nuclear energy by 2020'.[22] The Australian government has decided to meet this demand (Australia has 30% of the world's medium cost reserves of uranium), and an agreement was signed on 3 February, 2007 for the sale of uranium to China. The long-term implications of this agreement are yet to be seen.

Implications of an Australia-China Free Trade Agreement

In a sense a Sino-Australia FTA will simply make the movement of capital from China to Australia (and vice-versa) simpler and easier, and will reinforce the trade and investment patterns that are already apparent.

On the one hand, some argue that an FTA will make little difference in a trading system that has such a high level of complementarity.[23] Others, such as Sheng, take the position that '…measures adopted for reducing barriers

[22] Department of Foreign Affairs and Trade. 'Australia-China Material Transfer Agreement and Nuclear Cooperation Agreement', November, 2007 [http://www.dfat.gov.au/geo/china/treaties/faq.html#1].

[23] English, Tony, Andressen, Curtis and Geoff Upton. "An Australia-China Free Trade Agreement: Managing an Elephant." *Taiwanese Journal of Australian Studies* 6 (2005): 1-40.

to trade will enhance trade between the two countries'.[24] In other words, eliminating trade barriers has overall benefit – the classic free trade argument. In any event, negotiations on a Sino-Australia FTA are proceeding. The 12th round of negotiations was held in Canberra in September, 2008 and next meeting is in Beijing in December, 2008. We can therefore expect an FTA in the not so distant future.

What is particularly interesting here are the forthcoming FTAs between ASEAN and Australia on the one hand and ASEAN and China on the other.[25] The ASEAN-Australia-New Zealand FTA (AANZFTA) has concluded negotiations. This is ASEAN's largest FTA to date and will cover 16% of Australia's goods and services in trade with a value of $71 billion. The China-ASEAN FTA will come into effect in 2010 and will lock the economies of China and Southeast Asia together. Although it is too early to determine the extent to which this will affect the economic linkages between China and Australia, the indication is that it will draw the two countries together, and an FTA is a sensible move forward.

International Relations and Sino-Australia Trade

The core concern here is the extent to which greater ownership of Australia's natural resources will have

[24] Yu Sheng. 'Comparative Advantage and Australia-China Bilateral Trade', Economic Papers – Economic Society of Australia, 2008 [http://findarticles.com/p/articles/mi_mOPAO/is_1_27/ai_n24923425/print?tag=artBody;col1].

[25] See Kevin Cai. 'Regional Economic Integration in East Asia', in D. Roninelli and J. Heffron (eds), *Globalization and Change in Asia*, London, Lynne Rienner, 2007, pp. 65-83.

political implications. On the one hand there is concern about the independence of public policy when key economic areas are dominated by foreign governments. Parallels may be seen in the Canada-US relationship where the oil sector is almost completely owned by Americans, and where water in Western Canada and hydroelectric power in Eastern Canada supply key resources to the adjoining states of the US. The counter-argument is, of course, that this is a business relationship that is governed by the usual economic guidelines.

In a recent paper Drysdale and Findlay argue that Chinese investment in Australia's resources sector should be welcomed for a number of reasons:

> Australia's economic and grand political-strategic interests are in supporting the momentum towards market based corporate governance in China, and engaging with it. Practical engagement recommends welcoming investments from Chinese firms because through their fuller participation in the Australian market and other markets abroad they subject themselves to the disciplines of robust and well-governed market institutions. Unnecessary regulation of capital from this source into the Australian market will not only be detrimental to Australian economic interests by driving it to other markets, possibly less supportive of reform of corporate structures and corporate behaviour, but is likely to encourage a retreat to appeals to the power of the state in ways that are likely to be damaging to

> both our long term economic and political interests. The application of special conditions for these investments would reinforce the perception of the primacy of regulatory solutions over market solutions, and help sustain the dominance of the bureaucracy over the market in China.[26]

Hence, though there is some political unease in Australia over Chinese ownership in Australia, the counter-arguments of engagement producing overall benefit are also salient.

Conclusion

It is clear that, primarily for economic reasons, Australia and China are moving closer together, the relationship driven both by the growing importance of China's economy and trade compatibility with Australia.

There remain stumbling blocks, of course. Human rights issues continue to be an impediment though these are being slowly resolved, partly through the annual Australia-China Human Rights Dialogue. The position of Taiwan vis-à-vis China remains an issue, primarily because of Australia's defense linkages with the USA. Still, Australia supports the one-China policy with respect to Taiwan, and the new Taiwanese government seems to be

[26] Peter Drysdale and Christopher Findlay. 'Chinese Foreign Direct Investment in Australia: Policy Issues for the Resource Sector', Paper presented at the Crawford School Public Seminar, Australian National University, Canberra, 4 September, 2008, pp. 28-29.

improving relations with the mainland, so in the short-term at least this issue is not as significant as it has been.

It must be remembered that China's growth rate in 2007 was 11.2% and is projected to be 10.5% in 2008. This consistently high level of growth means steady demand for resources, and the trade relationship is an obvious one. It is equally sensible that China desires some control over the supplies crucial to its economic growth, hence investment in Australia is a logical consequence. Although there is some concern in Australia over foreign ownership there are several realities to keep in mind. One is that Australia is a relatively small player in global markets. The US is responsible for 9.4% of global exports, China 7.8% and Australia only 1.1%. Therefore, Australia needs foreign investment (and not only in the resources sector) in order to develop its economy. At the same time, China has foreign exchange reserves of some US$1.75 trillion, and Australia is well placed to be the recipient of some of this money. With the dramatic surge in the value of the RMB relative to the Australian dollar in recent months (RMB 4.8 at present) Australia is an even more attractive trade partner and investment destination. It therefore appears that the future holds an increasingly close relationship between the two countries.