Foreign Ownership rips off the Australian people and stands in the way of aspirations for national independence

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Foreign investment and its imposed ownership and control ***stole and*** *deprived the First Nations Peoples of their land with devastating consequences for their life and culture. Today foreign ownership and control is continuing to devastate the Australian economy to the detriment of indigenous and non-indigenous Australians and undermines* ***the economic base*** *for* ***genuine*** *national independence.*

An independent foreign policy is built on a national desire to be independent with self-respect and self confidence that is under-pinned by a strong **and self-reliant** national economy serving the interests of the people of that country and under the control of the people of that country through its elected government.

Foreign ownership of key sectors of the economy takes that control away. It enables the exploitation of resources that should be controlled by the people, at the wish of the owning entity. In this way, it undermines the economic base for true national independence. When the political influence of foreign entities is also taken into account, this loss of the control that should come through the democratic process, is even more marked.

This is the situation facing the Australian people.

Successive Australian Governments for decades have argued that Australia cannot produce sufficient capital investment, domestically, to develop key sectors of the economy. Foreign investment has therefore been encouraged and assisted by successive governments in the form of subsidies, tax concessions and infrastructure allowances. Ostensibly, so-called 'Australian' enterprises, through majority share ownership, can fall under foreign control. Entire industries can become foreign-controlled through this process.

In the final analysis, foreign ownership means that foreign entities, with allegiance to foreign shareholders and overseas head offices, can make decisions of significance for the whole direction of the Australian economy. Driven by considerations of 'profitability' in the short term, multi-national corporations, banks and financial institutions can decide on the expansion of particular industries and/or the termination of others. Eg. Closing down car and other local manufacturing industries (GMH, Ford, Chrysler), and directing foreign investment into more profitable fossil fuel – coal, oil, off shore gas and fracking.

Furthermore, if their degree of control is sufficiently high, their political influence is correspondingly huge - and the Australian government is virtually powerless to counter their intentions and actions. Indeed, it has been argued that the government is sometimes complicit in, and facilitates, this process – actively serving the interests of the share-holders and head offices of foreign-owned entities, rather than those of the Australian people and the environment.

Even the seemingly "locally owned" Australian corporations (Twiggy Forest and Gina Rinehart) are dependent on massive amounts of foreign capital (banks) to survive and expand. Loans by global banks and financial institutions to corporations are only approved for projects where immediate profits can be maximized.

The fossil fuel industry is largely foreign owned either directly or indirectly through dependency on huge loans from foreign banks and financial institutions e.g. Blackrock, Chase Manhattan who exercise enormous influence over countries' economies. (The 4 big "Aussie" banks are dependent on foreign capital which dictate local banks' policies and operations.)

DFAT published in 2019 the following figures on foreign investment in Australia:

Total foreign investment: $3.8 trillion.

Investment by country of origin as a percentage of total foreign investment:

USA 25.6%, UK 17.8%, Belgium 9.1%, Japan 6.3%, Hong Kong 3.7%, Singapore 2.1%, Netherlands 2.2%, Luxembourg 2.2%, China 2.0%

The USA and the UK between them represent nearly half of all foreign investment. China plus Hong Kong represents 4.2%.

A classic example of foreign ownership and therefore control in Australia's economy was the car industry, manufacturing industries and jobs, leading to Australia more than ever becoming a dependent economy. (eg. Importing PPEs)

In the 1960-80's the Australian Government allowed the car industry to become virtually 100% foreign owned and controlled. The foreign owners found maximum profitability compromised by the cost of Australian labour and threatened to take the industry out of Australia. Successive governments gave them significant subsidies (tax payers money) to try and keep them here. Finally that was not enough and they took the car industry out of Australia and manufactured in countries where they could better exploit the workers with lower wages thereby increasing their profits.

Australia lost a major manufacturing industry with consequential loss of jobs and the skills which went with it.

Len Fox in his "Multinationals take over Australia" published in 1980 provided the following figures for foreign control of various industries:

Motor vehicles 99.8%, Oil refining (ownership) 90.8%, Basic chemicals 78%, Pharmaceuticals 77.8%, Transport equipment 54.6%, Basic metals 38%, Textiles 33.3%, Food, beverages, tobacco 33.2%

These figures were obtained from the Australian Bureau of Statistics (ABS) but unfortunately more up to date figures are not available from this source as the Federal Government closed the section of the ABS which complied these figures in 1978.

We are indebted to The Conversation and Clinton Fernandes' article in it for more up to date information on foreign ownership of industry in Australia and I quote Clinton Fernandes as follows:

"Right now US corporations eclipse everyone else in their ability to influence our politics, through their investments in Australian stocks.

Using company ownership data from Bloomberg, I analysed the ownership of Australia's 20 biggest companies a few days after the 2019 federal election in May. Of those 20, 15 were majority-owned by US-based investors. Three more were at least 25% US-owned." The list included the following:

Commonwealth Bank of Australia, once the "People's Bank" but following privatisation now 62% US owned. BHP Group, once the "Big Australian" now 73% US owned. Westpac Bank 64% US owned, National Australia Bank 63% US owned, ANZ Bank 54% US owned, Woolworths 66% US owned, Rio

Tinto 65%, US owned, Westfarmers, 56% US owned and so the list goes on.” Clinton Fernandes in The Conversation goes on to say:

“According to my analysis, all four of our big banks are majority-owned by American investors. The Commonwealth Bank of Australia, the nation’s biggest company, is more than 60% owned by American-based investors. So too are Woolworths and Rio Tinto. BHP, once known as “the Big Australian”, is 73% owned by American-based investors.

The ASX’s top 20 companies make up close to half of the market capitalisation of the Australian Securities Exchange.”

He goes on to say”………under so-called investor-state dispute settlement (ISDS) clauses, which the US government has systematically pushed in its trade deals with other nations, US corporate investors are getting unprecedented rights in foreign markets. ISDS provisions mean a foreign investor can sue a government for compensation in an international tribunal if the government makes any change in law or policy that “harms” an investment. This is something no Australian citizen can do.”

Foreign investment and ownership can severely distort a nation’s economy. For example, the mining industry has seen a huge increase in foreign investment in recent years. Not unexpectedly this is because of the low labour component in this extraction industry which based on heavy use of machinery and the establishment of transportation and port export facilities paid for by the Australian tax payer. Profitability is therefore much higher than other sectors of the economy.

Commentators have said that Australia could provide the necessary investment for the mining industry from internal sources but not for the huge rate of extraction currently occurring. It is predicted that at the current rate of extraction, Australia will be depleted in the sources of many minerals within decades. Naomi Edwards in her briefing paper for The Australian Greens states: “At current extraction rates, economic resources will be depleted by 2036 for iron ore, and by 2026 for gold.” This decision by foreign investors to rip the heart out of Australia’s mineral resources as fast as possible in pursuit of high profits has severely distorted the economy and its strategic priorities and is working to deprive future Australian generations of access to and use of, its mineral resources.

Profitability in the minerals sector is much higher than other sectors of the economy. For example, Naomi Edwards in her briefing paper also states:” In 2010 the after tax profit margin being made by mining companies was 31%. The profit margin has been rising rapidly and was 26% in 2008-09. To put this in context, the Australian industry average profit margin was 8% in 2008-09. In 2010, for every dollar of iron ore sales made by Australia, 40 cents, ….. went to foreign owners”(in profit).

At a time when the Australian people want action to slow down and halt human-induced climate change, the foreign dominated, very profitable energy sector is working to maximise extraction and sale of fossil fuels. With ownership of this sector predominantly in foreign hands, Australian governments have their "hands tied" and even if they wanted (and our current government doesn't) to redirect the energy industry away from fossil fuels to renewables, they are unable to do so.

The clout of the foreign owned mining sector was seen in 2010 when it mounted a very public political campaign opposing PM Kevin Rudd's proposed resources rental tax which would have improved the income from this sector for the benefit of the Australian people. The proposed 40% resources rent tax received wide public support from many sectors of Australia's communities, including strong support from unions who started to prepare a public-wide campaign for the 40% resources tax. Murdoch media, the mouthpiece of the foreign controlled Minerals Council, stepped in and launched a relentless attack on Rudd and the 40% resources tax. The ALP buckled under this political pressure changing the leader of their party and so the Australian Prime Minister to Julia Gillard who promptly bowed to the wishes of the foreign owned mineral Industry removing the resources rental tax proposal from further consideration.

Not so publicly known was Rudd's wish to establish an Australian government owned bank. This was met with fierce opposition from 4 major banks who pressured Rudd to abandon his "dream".

Foreign owned corporations do provide employment for Australians, but only where they can maximise profits and in those industries which are not labour intensive and so minimise costs.. They are strong lobbyists for reduction in labour costs for example in removing and reducing penalty rates, casualisation and opposing wage rises to maximise their profits.

Foreign corporations send most of their huge profits to their head offices overseas. They're profits made by workers in Australia and should stay in Australia and used to benefit the people and the environment.

Foreign owned corporations operate in a number of countries and use accountancy "tricks of the trade" such as transfer pricing, off-shoring, divestment, etc, to minimise the tax they pay to the Australian Government and hence to the people of Australia. Clinton Fernandes in his book "Island of the coast of Asia" states: ExxonMobil, for instance, paid zero tax on more than $18 billion in income in 2014-15 although the price of domestic gas "went through the roof". Figures released in 2017 showed that Glencore (coal, copper, oil and zinc) managed to exterminate all profit and tax on $22 billion in income; Shell Australia paid zero on $4.2 billion in revenue; Chevron nothing on $2.1 billion and ExxonMobil not a cent on $6.7 billion" to quote a few. Clinton goes on to say: (that the Australian Taxation Office released its corporate tax transparency report stating) "732 large companies paid no tax in the 2015-16 financial year and that they had a combined income of $506 billion." In short, a single Australian worker on $50k paying around $10k in income tax paid more than these 732 corporations.

First Nations People

The Minerals Council of Australia comprises mostly foreign owned mining and resources corporations and continues the theft and destruction of the First Nations People's land, their rights, culture and sovereignty.

The agricultural sector

The Foreign Investment Review Board Report (2020) on Farmland Ownership shows that the combined foreign freehold and leasehold of Australian farmland is more than 53 million hectares, or about 13.8% of our farming area. China is the by far biggest foreign landholder with 9.2 million hectares, of which 8.4 million is leased.

The United Kingdom is the next biggest with 8.16 million hectares. The Netherlands, the US, and Canada are well behind them with holdings of 2.8 million, 2.75 million and 2.61 million hectares respectively.

Health Sector

The Tax Justice Network reported in May 2018 that Australia's aged care providers are shifting profits offshore and paying minimal tax all the while receiving millions in government subsidies.

One of the largest, BUPA is a UK owned enterprise. A Royal Commission into aged care has highlighted the priority given in this sector to profit over actual care.

Ports and transport.

Both the port of Darwin and the port of Newcastle are owned by a Chinese corporation.

Metro Trains Melbourne and Metro Trains Sydney (MTC) are owned by a consortium of MTR corporation (Hong Kong) and John Holland (owned by the China Communications Construction) and the two together have the controlling shareholdings in both enterprises.

Summing up

These facts and figures make the situation very clear.

The nett impact of foreign ownership on the people of Australia is overwhelmingly negative.

Foreign ownership means control of the economy is largely in their hands.

They have played their part in destroying manufacturing industry, ripping out resources at inflated extraction rates to maximise profits with an accelerated depletion of our mineral resources. They pay minimal of not zero tax and are a nett exporter of capital in profits/dividends. They maintain heavy extraction of fossil fuels against the desire of the Australian people for action against human-induced climate change. Foreign ownership distorts and weakens the Australian economy to meet their profitability objectives and in doing so undermines the economic base for national independence.

The high ownership of the major corporations including the four major banks by United States investors with their coercive lobbying is helping ensure Australian foreign policy aligns with U.S. foreign policy which is to make the world safe and secure for U.S. capital investment. They constitute a major block to efforts to move Australia to a more independent foreign policy.

The foreign ownership of key sectors of the economy underpins the political and military policies of the country.

Defence and military weapons manufacturing industries in Australia are now largely owned by foreign weapons corporations – Lockheed Martin, Raytheon, Boeing, Thales, BAE. Profit driven multinational weapons manufacturers are dependent on constant production and re-production of offensive weaponry, not for self-defence of Australia. The deeper integration of Australia's defence industries and the economy into the global military-industrial complex greatly influences Australia's foreign policies.

Thomas L. Friedman, a well known US economist and media commentator made the connection between US global economic interests and its military operations around the world. The US military protecting US economic interests around the world. The 2010-2011 US military pivot into Asia-Pacific was solely to protect US economic interests (and hegemony) against the growing economic competition from China.

"The hidden hand of the market will never work without a hidden fist. McDonald's cannot flourish without McDonnell Douglas, the designer of the F-15. And the hidden fist that keeps the world safe for Silicon Valley's technologies to flourish is called the US Army, Air Force, Navy and Marine Corps."

Australia need not be dependent on foreign capital. We're a country of immense wealth and profits created from our natural resources and by the labour of millions of workers in cities and regions. There's more than enough to guarantee all people well paid secure jobs and secure incomes, a decent standard of living, affordable housing, high quality free public health, aged care and social services, education, public transport, culture and reverse climate change.

The people have the knowledge, skills and creativity to run a self-reliant and independent economy that upholds the sovereignty and justice for the First Nations People and benefits all people and the environment.

Some measures to address Foreign Ownership domination of the economy.

1. **Direct** the Australian Bureau of Statistics (ABS) to recommence collecting and publishing statistics on foreign ownership and repatriation of profits and dividends overseas.
2. **Define** strategic industries. This might include the energy sector, telecommunications, transportation, pharmaceuticals, key mineral resources, chemical industry. key manufacturing sectors and the financial sector (banking and finance).
3. Australia's strategic and key industries **be nationalized** and placed under Federal Government control. These include Mining & Energy Resources (coal, oil, gas, lithium, etc - 83% of which is foreign-owned), Electricity Utilities, Banks (The Big 4 now have majority ownership by US investors), Water, Telecommunications, Public Transportation (Rail, Trams and Buses), Housing, Health, Pharmaceuticals and Education. Re-establishment of an Australian shipping line under Federal Government control that will serve the interests of

the Australian people and ensure supply chains are not beholden and dependent on foreign shipping lines.

4. By taking ownership and exercising control over Australia's energy resources, the Government must then **rapidly phase out fossil fuel dependency and establish energy dependency solely on renewables** of which Australia has an abundance. These actions will help address the widespread public concern with human-induced climate change and will make Australia self-sufficient and self-reliant in provision of energy for industrial and domestic use.
5. **Establish** new industries/operations under government (public) ownership where new directions are needed in the economy for example re-establish a car manufacturing industry based on renewables (electric cars). Where nationalization cannot be achieved foreign corporations can only set up business in Australia based on a joint venture company, with an ownership split of 51% Australian and 49% foreign. This policy will reduce the enormous amount of wealth leeching out of Australia via profit shifting schemes, repatriated profits, dividends and interests. This wealth is produced here by local labour and with this policy, the overwhelming majority of the wealth would stay in Australia.
6. **Set** extraction quotas and export quotas for mineral extraction and export to avoid rapid depletion of scarce resources.
7. **Establish** a taxation mechanism which would prevent corporations evading paying normal corporate tax rates**.**
8. **Provide** financial and other encouragement to superannuation funds and other sources of Australian capital to invest in profitable and strategic Australian industry sectors and strategic new development projects.

For possible inclusion in IPAN Aims and Objectives:

IPAN opposes foreign domination of Australian industry, resources and infrastructure and supports government control over strategic industry, resources and infrastructure.