

Billionaire calls for 'wise heads' in China dispute



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Billionaire shopping centre owner Shaun Bonett has warned that Australia's relationship with China is in danger of deteriorating further unless "wise heads" on both sides reset the tone.

Mr Bonett, whose \$1.4 billion Precision Group is backed by the Bank of China, told *The Australian Financial Review* he expected China would up the ante in its already fierce response to Australia's support for a COVID-19 inquiry and stricter foreign investment rules.

"Unfortunately, the current environment is exacerbating rivalry, and increasing mistrust. This will surely worsen unless the gravity of the situation refocuses the Australian and Chinese governments and allows wiser counsel to prevail," Mr Bonett said.

"When co-operation and trust evaporates, it threatens the foundations of trade, security and community that we have come to take for granted here in Australia.

"Australia must adopt an impartial approach in all its dealings with China, and avoid any further conflict it is not in a position to deal with."

China, which has long been accused of engaging in currency manipulation, intellectual property theft, cyber attacks, steel dumping, has more recently been trying to deter students and tourists from visiting Australia. Beijing has also just imposed restrictions on Australia's beef and barley exports.



Shaun Bonett has warned Australia and China's relationship could soon get a lot worse. **Steven Siewert**

In April, Chinese Ambassador to Australia Cheng Jingye denounced Prime Minister Scott Morrison's push for an inquiry into the origins of COVID-19 suggesting they could spark a Chinese consumer boycott of Australian products.

Other billionaires such as mining magnate Andrew Forrest urged the Morrison government to shelve its push for the COVID-19 inquiry until after the pandemic subsides.

Mr Bonett's chief concern is Australia's new foreign investment rules. Earlier this month Australia announced it would legislate new foreign investment standards that apply to all countries.

"The more restrictions that are put in place by governments, the greater the risks for investors, and the likelihood of reducing the attractiveness of Australia as an appealing jurisdiction for investment," he said.

He said that because the monetary value thresholds for property acquisitions and leases for more than five years were at zero, significant transactions could be at risk.

"At a time when landlords and tenants need to be engaging with each other in dealing with the current challenging environment, the application of stricter FIRB requirements for approval is creating significant delays and disincentives for new transactions to occur," Mr Bonett said.

The new FIRB rules do however emphasise the acquisition of sensitive assets, not general acquisitions. They are also designed to hand increased approval powers to Treasurer Josh Frydenberg.

Mr Bonett said all the changes in the last few months needed to be dealt with rationally.

"Diplomacy and wise heads are always the key here and both China and Australia should commit to these principles once again. These are the great challenges before both of our countries, which we must now confront.

"We should all resist the option of engaging in conflicting policy making and media statements," Mr Bonett said.

"Now, more than ever, from this strong foundation, we need to re-enhance such common ground, not to shake or depart from it.

"Both the Australian and Chinese governments need to show leadership and build upon the clear common values which they have advocated in the past."