

Media release

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History suggests undertakings to protect Foster's brand might be worthless

The history of takeovers in Australia suggests that the undertakings SABMiller PLC gave to retain Foster's iconic Australian identity are likely to be worthless, according to The Australia Institute.

SABMiller PLC, the foreign buyer, has undertaken that:

- Operations will remain in Australia
- Production facilities will not be moved offshore
- Foster's iconic brand portfolio will be retained (in Tasmania that includes the historic Cascade brewery).

"Past commitments by foreign investors to retain the Australian identity of the companies they buy out have been ignored," said Senior Research Fellow David Richardson.

"The management of foreign investment policy in Australia shows that undertakings are easily given but commitments are not monitored and blatant violations of agreements are overlooked.

"While enormous effort goes into negotiating the agreements with foreign investors, in reality there is little monitoring of the commitments they give and to ensuring compliance.

"When National Mutual was taken over its new owners (AXA SA) promised to retain National Mutual's identity, its Australian headquarters and to maintain the strong Asian investments that National Mutual had developed. Since then, National Mutual's identity has vanished, its Asian business was absorbed into the parent company and the Australian business sold to AMP Limited.

"In 1977 Roderick Carnegie the Managing Director of CRA (now Rio Tinto Limited) promised the then Treasurer, John Howard, that CRA would move to 50 per cent Australian ownership as soon as possible. Rio Tinto Limited remains overwhelmingly foreign owned.

"While the current Treasurer might believe the Foster's takeover is in the national interest, history suggests that foreign buyers are free to ignore Australian concerns," concluded Mr Richardson.