

Gina Rinehart 'confident' of winning Chinese approval for live-cattle exports: Hancock Prospecting

Landline Exclusive by national rural and regional correspondent Dominique Schwartz

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Mining magnate Gina Rinehart's company is confident it is only months away from winning Chinese Government approval to start exporting cattle to China.

In an exclusive interview with the ABC, Hancock Prospecting chief executive Garry Korte said the approval would likely remove a major Chinese barrier to the shipment of cattle from northern Australia.

China has strict biosecurity regulations that have made it difficult for the live-export industry to establish a viable trade with the Asian powerhouse.

Mr Korte said discussions were "well progressed" and added: "We're very confident that that approval will be forthcoming in the next six months."

Industry analysts have said such an approval would be a game-changer.

Hancock Prospecting recently signed a strategic cooperation agreement with a Chinese consortium, Zhejiang Aozhou Cattle Industry Co Ltd, to create a joint-venture beef supply chain.

Under the non-binding agreement, 150,000 cattle a year — rising to 300,000 — would be shipped primarily from northern Australian ports to Jintang Island, south of Shanghai, where they would be processed and the beef sold in China, Hancock said.

The cattle would come from Hancock stations, which currently supply other live-export markets, and any shortfall would be sourced from other exporters, Mr Korte said.

Jintang Island 'effectively a quarantined area'

China imposes strict quarantine rules around the import of livestock, which may be infected with an insect-transmitted virus known as bluetongue.

Most of Australia's northern cattle are in the virus risk zone.

"At the moment there's a restriction on the export of cattle from northern Australia from the bluetongue zone directly into mainland China," Mr Korte said.

But he said Hancock has been negotiating a protocol that would get around the problem.

"Jintang Island is isolated from the mainland and there's strong support from the Chinese Government to develop an export protocol which would allow us to ... live-export cattle into Jintang, which is effectively a quarantined area," Mr Korte explained.

"The cattle will be ... processed on Jintang Island where they'll be marketed and distributed into the Yangtze Delta region.



PHOTO: Gina Rinehart's Hancock Prospecting hopes to export live cattle to China. (Supplied: Hancock Prospecting/James Radford)

Key points:

- Hancock Prospecting hopes to secure approval for live exports to China "in the next six months"
- Live cattle would be shipped to Jintang Island, south of Shanghai, and processed there
- Australian beef would then be sold in mainland China



"There's a population of about 200 million people, so it's a significant market that we're targeting."

PHOTO: The strategic cooperation agreement was signed earlier this month.
(Supplied: Hancock Prospecting)

"With a little bit of luck we should be able to start export towards the end of next year."

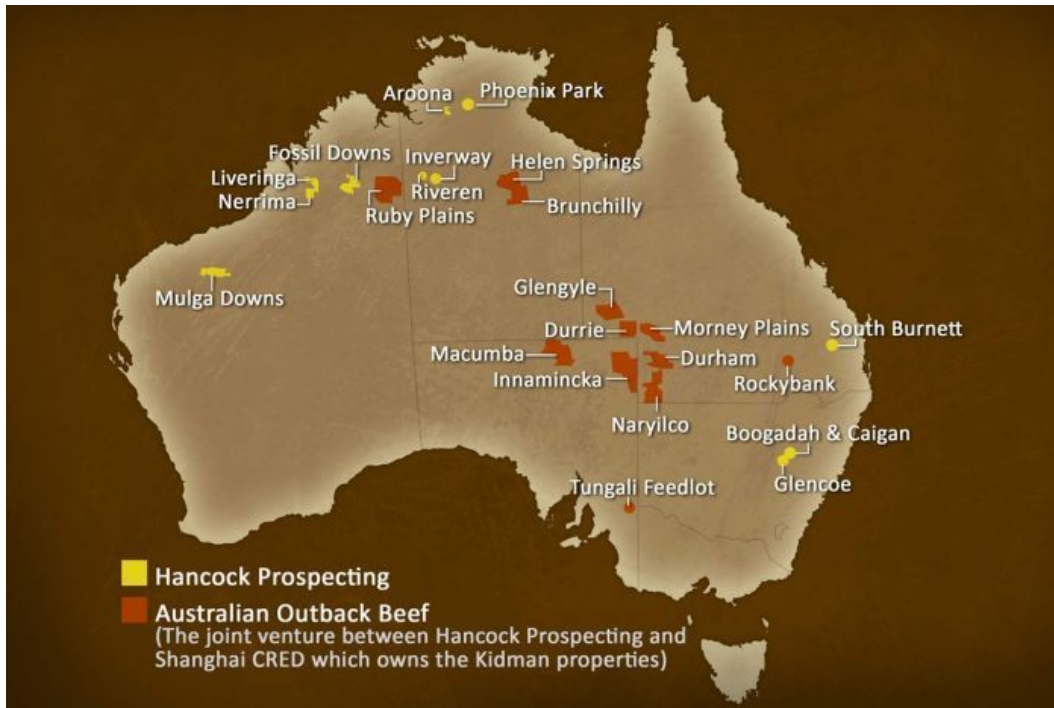


PHOTO: Location of the stations owned by Gina Rinehart, through her company Hancock Prospecting, and the S Kidman and Co properties she co-owns with Chinese real estate conglomerate Shanghai CRED. (ABC News: Stephan Hammat)

'Brilliant' plan could open up Chinese live-export trade: analysts

Industry consultant Cameron Hall, a former chief executive of the Australian Livestock Export Corporation, said if that was the case: "I think that's a significant step forward, for particularly northern pastoralists and northern cattle producers."

Mr Hall organised and oversaw Australia's first shipment of 1,200 live slaughter and feeder cattle to China in February this year.

The shipment from Portland in Victoria to Shidao in north-eastern China was effectively a test-run for the bilateral live-trade agreement reached 18 months earlier.

Tim Kelf, who spent three decades with Meat and Livestock Australia (MLA) developing the nation's beef-export trade with Asia, said he was "mesmerised" by the Hancock plan.

"It's a brilliant idea," he said.

"They're using this island as a stepping point to getting in there, I think it makes it easier for us [the northern cattle industry] to get into the mainland.

"From Gina Rinehart's perspective, taking advantage of the opportunity now, being the first mover — all those things is just brilliant.

"If she does well, other people are able to follow on behind. What she is doing is taking over the whole supply chain.

"I think it's quite clever. She's got the money, she's got the connections, she gets the right people and she's laughing. I mean it's a great way to go."

Mr Korte said construction of the feedlot and processing centre on Jintang Island, which is being developed as an Australia-China free-trade zone, would "start towards the end of this year".

Hancock is still finalising the amount of its investment in the joint venture.

"We are still having a look at the investment proposal and once we've been able to go through that and understand further detail around the transaction we will then make a decision," Mr Korte said.

Any joint-venture deal would be subject to Foreign Investment Review Board and Chinese Government approvals, he said.