

SE Business
HD **Global partners follow CBH lead to take on GrainCorp**

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Global grain heavyweights and a **Chinese** conglomerate look set to follow CBH's **lead** in putting the squeeze on embattled GrainCorp on the east coast.

Logistics **company** Qube and **Hong Kong**-based Noble have formed a joint venture, trading as Quattro Grain, to develop a multi-user terminal at Port Kembla with annual capacity of 1.3 **million** tonnes.

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Port Kembla is 200km south of the site CBH is considering for a major investment in storage and rail assets to supply its Newcastle Agri-Terminal.

Chinese conglomerate COFCO — fresh from buying a 51 per cent **stake** in Dutch grain trader Nidera for \$US1.3 **billion** (\$1.4 **billion**) — is understood to be in talks with Noble about buying into its agribusiness arm.

The Quattro venture may face Foreign Investment Review Board scrutiny if State-owned COFCO becomes involved.

Industry insiders said COFCO's involvement would test the Federal Government's willingness to accept foreign investment in the grains industry in the wake of its decision to block US-based Archer Daniels Midland's \$3.4 **billion** takeover of GrainCorp in December.

GrainCorp, weighed down with ageing storage and handling infrastructure, faces increased competition at its port facilities in Newcastle and Port Kembla.

Qube and Noble have granted call options to Sumitomo-owned Emerald and Cargill that allow each of them to take 20 per cent stakes in Quattro.

Emerald managing director John Murray said the **company**'s receival sites in the Riverina and central west NSW would feed grain into the terminal.

Mr Murray said Emerald had extended its lease of Qube locomotives and wagons as part of the Quattro agreement. Qube is also entering take-or-pay rail haulage contracts with Noble and Cargill.

Qube will invest about \$50 **million** in the terminal and rail at Port Kembla. It has spent \$40 **million** in the past two months acquiring Walmsley Bulk Haulage and Queensland-based Beaumont Transport.

Qube plans to raise \$200 **million** via an underwritten placement of ordinary shares to institutional investors to cover the Quattro investment.

CO grncrp : GrainCorp Ltd

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