



HD **Chinese** interest in Australian farms is high but action is slow as **China** calls for reduced scrutiny from the Foreign Investment Review **Board**

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Chinese investment in Australian agriculture has two speeds - the interest is high, but action is slow.

There's no question that after five years of investing about \$60 **billion** in the Australian resources and power sectors, the focus of **Chinese** investment is now on food.

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China's policy is to invest a further \$90 **billion** in Australia over the next five years, across the **board**.

KPMG's head of Asia **Business**, Doug Ferguson, is busy flying to and from **China**, doing due diligence on private companies trying to invest in Australian agribusiness.

"A lot of them will be property developers or they'll have different **business** interest in **China**, and private companies, so there might not be as much public information about them.

"A lot don't have a direct track record of experience in agribusiness. So it takes longer for us to meet with them and make sure they have the bona fides to go ahead with the transaction."

Mr Ferguson says we're witnessing a fascinating development, with State Owned Enterprises partnerships.

"We've seen recently some major new funds put together out of **China** to combine **Chinese** capital and a state-owned partner to create a global fund.

"And at least 50 per cent is spent trying to improve **China**'s own domestic infrastructure, around cold storage, logistics, food safety.

"So it's not just investment into Australia or New Zealand or elsewhere. They're trying to solve the logistics and distribution issue back in **China**."

Last month, two **Chinese** investment groups to source the raw products for **Chinese** processing.

"Beef cattle could be grown and killed in Australia, quartered and maybe deboned to a certain extent, but then sent back to **China**. Currently it's frozen, but it could be returned to chilled soon, hopefully, to be finally deboned in a more cost-efficient manner."

At the offices of VC **Group** in Sydney, Hui Li helps **Chinese** find agribusinesses to **buy**.

"We help clients **acquire** Australian farm assets, covering grain and oilseeds and sheep and cattle. One of major clients has cotton farms, and wheat and sorghum.

"We're also helping a **Chinese** investor in the **dairy** industry, a joint venture arrangement, and also in the **wine** industry."

She says the investors come from a strategic position, shoring up grain and beef processing in the north of **China**, where beef and lamb is produced, and State Owned Enterprises (SOEs) from Beijing.

Dairy farmers complain they've seen a lot of 'tyre kicking', with active inquiries only gradually resulting in deals.

It took three years for an organic **dairy** in Gippsland Victoria to sell, and across in Western Australia, weekly inquiries have resulted in just one large **dairy sale** at Capel for about \$8 **million**.

Dairyman Ross Woodhouse, at Scott River, says there's 'lots of interest but no commitment'.

"We'd call that tyre kicking."

Mr Woodhouse also mentions the farm near Albany, a large 1,000-head **dairy** farm, which attracted a deposit before the **Chinese** pulled out 12 months ago.

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