

Reaching Asia – Horse Racing in China

China's growth potential appears unlimited and as a result the earth's most populous Nation is increasingly at the forefront of global commercial attention. From a uniquely thoroughbred perspective it is also one that has evolved with a particularly Australian flavour. This is somewhat unusual, as English is not widely spoken and developing economies are traditionally dominated by the USA and Europe. This was no more clearly demonstrated than in a 1600m race for 3 year olds on 26 August 2005. The race was the first sponsored by an international company at the track and of the 14 locally-bred horses who lined up for the race, 12 (plus the 2 emergencies) had the (AUS) suffix after their sire or dam (notably, 5 had it on both sides of their pedigree). This was not a hand picked group; rather the tangible result of more than ten years of international collaboration.

The sponsor of the race was Queensland auction company Magic Millions. "We were honoured to be associated with the Beijing Jockey Club in sponsoring the Magic Millions Australian Beijing Red Cross Cup," said managing director David Chester, who visited China for the race. "Magic Millions have already developed a strong bond with other countries in Asia, and we're looking forward to establishing close ties with the thoroughbred industry in China."

In a country that values relationships Director of Racing at the Beijing Jockey Club, Kevin Connolly speaks highly of his dealings with Magic Millions. "Magic Millions horses speak for themselves," he states. "The sales continue to go from strength to strength and we have had a long and happy relationship with the company and will continue to do so."

The Mainland supports a long and distinguished history with the horse. The Mongols conquered China on horseback. Many will be familiar with the terracotta warriors in Xi'an that feature cavalrymen on horseback. Historians first documented horse racing some 2,000 years ago during the Han Dynasty. Foreigners in Shanghai were the first to formally introduce the sport in the mid 1900's but thoroughbreds are quite new to the equation. Of equal importance is the government's zero tolerance on gambling, a law that was introduced when the communists came to power in 1949 and which saw the Shanghai race course promptly converted into a public park. Despite this, the Hong Kong company T Chung Industries and its principal Yun Pung Cheng, a key figure in the famous Domeland Syndicate in Australia, had the vision and commitment to establish the largest of China's racing operations in the capital in 2001. Additional tracks have since been developed by other investment groups in Wuhan, Dalian, and Guangzhou.

It was an Australian company - Instone Air Services - that flew the inaugural plane load of thoroughbreds into China on 31 August 1997, and the company has managed every flight since. Instone Managing Director Chris Pearson says that almost 1000 horses have been flown into China since that day and the majority of the imports have been broodmares. "It's a country that is embracing racing in a very positive way, the numbers of horses being exported into China will continue to flourish". Instone will also support the Beijing Jockey Club, with sponsorship for their Beijing Red Cross Sprint Cup to be held on Saturday 24 September.

"There was a huge empty paddock with a three-quarters complete ambulance track at the time," recalls international bloodstock agent Vin Cox who visited Beijing just six months later. "They had just a few hundred mares and a couple of stallions."

He reports that less than a decade later, "The growth has been phenomenal. There are something like 25 stallions, an annual foal crop of 400-500 and at any one time around 800 horses in work. The track is world class – 2 turf tracks and a sand track."

Connolly manages a team of more than 700 staff including six foreign trainers (two of whom are Australian expatriates John Gilmore and Brian Lawrence). He confirms that there are now approximately 2,500- 2,600 thoroughbreds in China. "Tongzhou is one of the best tracks in the world. We have 900 stables at the track, state of the art security, a fully functional DNA, and bloody typing laboratory, 2 swimming pools, 4 walkers, sand yards, 2 grass tracks, and a series of hospitality suites. The international visitors are always very pleasantly surprised when they first see it."

A man with more than forty years experience in veterinary medicine and who has traveled and worked extensively in Asia, Dr Treve Williams (Senior Partner at Randwick Equine Centre, and former Australian Jockey Club Chairman) concurs "[The track] is one of the most magnificent I have seen; equivalent to anything I've seen in the world."

Dr Williams believes it has been China's practical approach to the introduction of breeding programmes and development of infrastructure that has allowed it such success in such a short space of time. "It was about developing good tracks not grandstands. They also know how to grow grass on sand-dense soil, courtesy of the Gobi desert further north. This is not an easy task." Dr Williams also says that the right type of horse for the environment is also essential. "If you are going to race on grass you need to breed horses that are bred to race on grass. It's cheaper to bring the horses from Australia than America and we have a grade of horse that can go across there and race well. The Chinese had also established very good contacts in Australia and that was very important."

"With the introduction of the shuttle stallion and influx of better mares from Europe and the US to Australia some decades ago the difference between a Northern and Southern Hemisphere pedigree is becoming far less apparent," agrees Connolly. "Logistically it is also much easier to move horses from Australia to China."

The result for Australia was that the majority of the horses that arrived in the country during the formative years carried Australian brands.

"We have an excellent racing product in Australia," Cox comments "and that always appealed to Mr. Cheng who still maintains large interests in Australia."

Whilst historically horses had to be leased or purchased through the Beijing Jockey Club (that also administers the adjoining Huajun Stud) the policy has recently been changed so that horses can be purchased externally and bought into the country to be raced as long as they pass strict DNA, veterinary, and blood typing procedures. Connolly predicts that longer term this will increase the amount of money spent by the Chinese on thoroughbreds. The new owners' scheme is fledgling having just passed its first anniversary yet already has 100 owners. It is a notable achievement when you consider that the Club has not actively marketed itself.

“We wanted a very capable product to sell to the public before we did any promotion,” Connolly says. “We are now racing horses that are of good mid week standard in Australia and so we will start to push it in future years.”

Whilst there will be those who might consider that a country of China’s size being able to offer a horse of mid-week quality is not overly significant, such thinking overlooks the fundamental differentiators. Beijing’s breeding and racing programme is less than a decade old. What other start-up examples match China’s infrastructure, technological advances, Group One performed stallions, and a number of well performed/related mares that are supplying the runners for the country’s races each year?

“If racing does take off then there will be another Newmarket or Scone or Kentucky,” predicts Dr Williams. “If gambling is approved then we may well see China purchasing the best horses in the world.”

For a sample of how this may look in future years you only need to glance at the names of the mares that boarded a flight from Australia to China in 2003. Group 1 winning mare Only a Lady, Sunline’s half sister Sunny Song, Snippet’s half sister Date a Champion, Silence is Gold (a granddaughter of Eight Carat, the dam of Kaapstad, Octagonal, Mouawad, Diamond Lover and Marquise), and the dams of stakes winners Little Miss Marnie, Sparks and Donna Natalia were all part of the consignment.

Whilst some media would hint at competition being an issue for such a large operator Kevin dismisses such a thought outright. “The more racing that happens the better it is for us. The more we race the more we sell. We have learned a lot and we would be only too happy to help.”

The investment side is very much to the fore as gambling remains the theory rather than the reality. Whilst Cox believes that China’s ultimate potential remains contingent on the legalization of gambling, the man on the ground – Connolly – says that whilst gambling is longer term an integral factor there is much more to it than that.

In a country that is struggling with rapid urbanization and ensuring population stability in rural areas, racing promises a lot more than just entertainment – it offers employment. A considerable amount of expertise and trained staff will be needed if even a small percentage of China’s 1.3 billion people are to be attracted to the sport. On the other side of the coin, for the growing middle class in China, horse ownership also offers something that the rapid influx of brand names already seeks to fulfill – social status. In combination the two could provide the natural impetus for the sport.

Dr Williams says a lot of effort is wasted by external commentators in describing the country’s chances of developing a wagering system. He admits that whilst that is certainly an important component the ultimate success is the bonus to the Chinese people and rural communities in terms of both entertainment and large-scale employment.

The wheels are inexorably turning in China and this economic powerhouse is fast accruing considerable wealth in its own right. The world is already seeing the first

glimpses of an outward bound investment policy. Who's to say that in twenty-five years time the "Made in China" brand won't equally apply to some of the best thoroughbreds? If legalized, China's betting turnover (and indirect tax that flows into the government coffers) may make even Hong Kong's enviable records to date pale in comparison.

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