

Govt stimulus plan boosts chances for multinationals

The Chinese government's 4-trillion-yuan stimulus package has come as a breather for many multinational companies who are trying to weather the current economic storm.

The government's announcement of the huge investment plan on Sunday is expected to provide additional opportunities for foreign investors in China.

"This plan is important, not only for stimulating the domestic economy, but also for rebuilding people's confidence in the economy," said Cyrille Ragoucy, CEO of Lafarge Shui On Cement, a joint venture between Lafarge and Shui On Group.

China has presented itself as "a role model for its stronger Western counterparts to follow", said Noel Girard, strategic marketing director of Schneider Electric China.

The State Council plans to invest heavily on a wide array of infrastructure and social welfare projects, including construction of new railway lines, roads, airports and the rebuilding communities devastated by the earthquake in Sichuan in May.

The package may also spur demand for machinery and construction materials. The government is slated to spend 600 billion yuan on railway infrastructure next year involving 20 million tons of steel and 120 million tons of cement, Yang Zhongmin, an official from the Ministry of Railways, was quoted as saying by Xinhua News Agency.

Companies like Lafarge have already commenced steps to increase their cement output. In the last two months it has started working on new production lines in Guizhou and Sichuan, with two more underway.

Related readings:

- ◆ Stimulus package to push long-term growth
- ◆ Macro Economy: Package to 'ensure at least 9% economic growth'
- ◆ Railway, road projects to get additional \$8.79b

Lafarge expects the new production lines to increase its annual cement output capacity to 34 million tons by 2010, from the present 24 million tons.

"Lafarge wants to keep its focus on emerging markets, like China. They will become main contributors of our global business," said Ragoucy.

Caterpillar, the world's leading construction and mining equipment manufacturer, also sees significant opportunities

for it from the stimulus plan.

"China represents a significant portion of the global sales opportunity for many of Caterpillar's key products. The stimulus plan creates more opportunities for us," said Thomas J. Bluth, vice-president of Caterpillar.

A major highlight of the package is the government's commitments to railway construction. The government plans to build 10,000 km of railways in 2009 and 2010, involving an expenditure of about 2 trillion yuan.



Workers at a construction site in Shanghai.
[China Daily]

"The 2 trillion yuan investment in the railways represents big opportunities for us to supply railway equipment, including high-speed trains, locomotives, propulsion and signaling systems," said Zhang Jianwei, president and chief country representative of Bombardier China.

Bombardier is a Canadian rail transportation equipment maker.

The railway expansion plan has also come as welcome news to Swiss engineering group ABB, which launched a joint venture in Nanjing in April.

The firm, ABB Traction Converters Ltd, specializes in the design, manufacture, sales and service of traction converters and auxiliary converters for the rail sector.

"We are very lucky (to have the joint venture in place) ... and hope to make the new infrastructure constructions more efficient and reliable," said Brice Koch, president of ABB China.

Marianne Friese, secretary general of the European Union Chamber of Commerce in China, is of the view that the fiscal package, "in combination with policies of increased regulatory transparency and greater openness toward foreign investors" will help China sustain growth.

(For more biz stories, please visit ***Industries***)

Copyright By chinadaily.com.cn. All rights reserved