

Govt helps manufacturers

GUANGZHOU: Processing trade firms funded by investors from Hong Kong, Macao and Taiwan in South China's Guangdong province are under less pressure from the global economic downturn thanks to the support of provincial authorities.

"Many of the firms that had difficulty last year are in a better position and the province has seen less businesses closing down or relocating," said Huang Huahua, provincial governor of Guangdong, without giving figures, at a press conference at the just-concluded National People's Congress session in Beijing.

The governor attributed the decrease to a series of policies the provincial government announced in January and last year's national 1.5 billion yuan tax incentive for processing trade businesses.

"Guangdong has borne the brunt of the global financial crisis since it has most of China's manufacturing" he said. "Most firms in the province would be in great trouble without government help."

Process manufacturing accounts for half of the Guangdong's annual foreign trade, which in turn makes up about one quarter of the nation's total trade each year.

Huang said that the province fully made use of the central government's tax incentive worth 1.5 billion yuan for processing trade enterprises to formulate relevant policies to help strengthen local businesses' technology initiatives. The policies are helping the related enterprises overcome the hard time on the part of the decrease of overseas orders and capital shortage, he added.

"Many local enterprises saw their business recovering despite the global economic slowdown and weakening overseas demand," Huang said.

The provincial measures included a special fund of 1 billion yuan to help businesses upgrade their industrial structure, a 2-billion-yuan fund for starting credit re-guarantee firms, cutting out 100 types of administrative fees (worth a total of 2.2 billion yuan), reducing the amount business must spend on employees' social pension by 13.46 billion yuan and cutting power prices by 0.1 yuan per kWh.

"This shows the province realizes the sector is a crucial part of Guangdong's economy and that it urgently needs support," said Li Pingfan, a researcher with Guangdong Academy of Social Sciences.

Guangdong has more than 58,000 businesses with investors from Hong Kong, Macao and Taiwan, many of them involved in process manufacturing, according to statistics of the provincial government.

The figure makes up 64 percent of the province's 91,000 foreign-invested companies.

"Direct financial support, the tax incentive and taking out administration fees are of course welcomed by us," said Linda Ng, general manager of a Hong Kong-funded shoe factory in the Pearl River city of Dongguan.

She said her firm has been eyeing the domestic market and plans to set up 10 chain stores across the country in first-tier cities by the end of the year.

"Many firms like ours are suffering from a massive fall in orders as well as a shortage of funds; we need money to survive," she said. "The policies and the financial aid came just right in time."

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