

Govt boost for light, petrochem

The government approved a slew of measures, including hikes in export tax rebate and credit support, to help the light and petrochemical industries. The move is expected to spur economic activity to beat the effects of the global financial crisis.

The State Council, or the Cabinet, approved the stimulus package for the two industries at an executive meeting yesterday.

The light industry, which covers sectors such as food, home appliances and paper-making, is vital as it creates large job opportunities, the State Council said in a statement.

"In order to revive the industry, we must take comprehensive measures to boost urban and rural consumption and explore international markets," it said.

The government will expand a program that subsidizes farmers' purchase of home appliances in a bid to boost consumption in rural areas and help the industry offset any decline in exports.

Under the program, which had been in place in select provinces earlier but which has since been expanded nationwide, farmers can buy TVs, refrigerators, washing machines and mobile phones at a discount.

The government said it would add microwave ovens and electromagnetic ovens into the list of items that enjoys government subsidies. Farmers can now buy two sets of such appliances with subsidies, it said.

The government also said it would further hike the export tax rebate for some products but did not give any details.

Restrictions on some labor-intensive and hi-tech processing trade will be removed, the statement said.

The long-anticipated move, analysts said, is expected to come as a shot in the arm for the light industry, as it is fairly dependent on exports.

The government also said it would step up its clean-up campaign in the food sector by improving the recall and market exit system. It would also raise the industry entry barrier for the sector, which has been hit by a series of scandals over the past two years.

The Cabinet also approved a stimulus package for the petrochemical industry, which focused on industrial restructuring and optimization of the product mix.

Under the package, China would speed up the construction of some giant oil refining and ethylene projects. It will also close outdated manufacturing facilities in the sector.



Exhaust from a petroleum byproducts processing plant in Shanghai. The State Council has approved a stimulus plan for the petrochemicals and light industries. Bloomberg News

The country will take measures to limit the blind development of the coal-to-chemical industry.

The government will also stop approvals for those projects that only aim at production expansion.

China's petrochemical industry posted negative income growth in December 2008, the first decline in 10 years, according to the China Petroleum and Chemical Industry Association.

Total turnover in December 2008 fell 6.8 percent from a year earlier.

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