China plans asset management body to accelerate SOE restructuring

BEIJING, March 3 (Xinhua) -- China will build an asset management company to accelerate restructuring of smaller state-owned enterprises (SOEs), an official with the State Council (cabinet) told Xinhua Tuesday.

The official with the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council said the company would merge some smaller and under performing SOEs controlled by the central government.

Those mergers would help achieve the target of cutting the number of SOEs to between 80 and 100 and cultivating 30 to 50 large, globally competitive entities by the end of 2010.

The list of SOEs involved and other details were under discussion, he said.

A researcher who participated in studies of SOEs said the new company would serve as a platform for the government to weed out incompetent SOEs and support companies engaged in emerging industries, especially those vital to the national economy.

The SASAC has so far established two state asset management companies, i.e., the State Development and Investment Corp. and China Chengtong Group. They have played a positive role in restructuring SOEs, but their contributions were limited as they themselves were SOEs, said experts.

Last year, the SOEs posted profits of 665.29 billion yuan (about 95 billion U.S. dollars) despite serious natural disasters and the worsening global financial crisis.

Centrally controlled SOEs were required as of 2007 to pay 5 percent to 10 percent of earnings as dividends, depending on their industries.