

## Action plan booster shot for equipment manufacturers



China will take a wide range of measures such as tax exemption, subsidy and industry consolidation to support its equipment manufacturing industry as part of its latest efforts to stimulate the economy, according to a detailed industry stimulus plan released yesterday by the State Council.

The government will exempt value-added tax (VAT) and import tax on key parts and raw materials needed in the manufacturing of major equipment products, the stimulus action plan said, without specifying the items falling into the category.

The plan said the government would set up a mechanism under which the customers who use the first batch of major equipment produced by domestic companies will get risk compensation, a policy designed to spur the homegrown industry.

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The detailed action plan, which said the domestic industry should at least occupy 70 percent of the local market share, said the government would push forward industry consolidation and overseas expansion by extending financing support.

The government will extend support to companies involved in mergers and acquisitions (M&A) during their applications for issuing stocks, corporate bonds, bills and bank loans, the

plan said.

It said the government would offer interest subsidies to domestic companies that acquire overseas peers and their R&D facilities.

Financial institutions, the plan said, would be encouraged to issue loans to companies that plan to make M&A moves, both in the local and overseas markets.

"The stimulus policy certainly will give the industry a boost, but its growth will ultimately rely on the performance of the economy," Fu Caixia, machinery industry analyst with China Minzu Securities, said.

"The leading industry players are expected to benefit from industry consolidation."

