

Light sector plan may generate 3m jobs

China will take a slew of measures including hike in export tax rebate, credit support and elimination of outdated capacity to prop up its light industry, an industry stimulus and revival action plan said yesterday.

The authorities will further hike export tax rebate on some light industry products that do not form part of "high pollution, high energy consumption and capital intensive industries", said the detailed action plan released yesterday by the State Council, without elaborating.

The government, the three-year plan said, will extend financing support such as issuing credit line to companies which have good track record but are temporarily short of liquidity, to help them weather the economic downturn.

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In particular, the plan said, the government would offer a proactive credit and guarantee policy to support well performing small- and medium-sized enterprises (SME) to create jobs.

The government, the plan said, aims to form another 10 large companies in the sector through industry consolidation, each with annual sales revenue exceeding 15 billion yuan.

The move, analysts said, is expected to benefit leading industry players.

The light industry, which covers sectors such as food, home appliances and paper making, accounted for 8.7 percent of the country's GDP in 2008, the State Council said in the action plan.

But the industry, whose exports volume of \$309.2 billion accounted for 22 percent of the country's total last year, has been hit hard since the second half of 2008 as a result of the global financial crisis.

The government aims to create 3 million jobs in the light industry, which currently employs 35 million people, through the stimulus and revival move, the action plan said.

The action plan also calls for the elimination of 2 million tons of outdated paper making capacity, 30 million units of energy-intensive refrigerators and 600 million incandescent lamps and other products.

In addition to slashing outdated capacity, the plan also aims to cut pollution in the industry.

By 2011, the discharge of COD (Chemical Oxygen Demand) in the light industry should be reduced by 10 percent, or 255,000 tons, from the 2007 level, the plan detailed.

The sewage discharge should be cut by 1.95 billion tons, or 29 percent, from the 2007 level, of which 1 billion tons will come from the food sector and 900 million tons from the paper making industry, it said.

The government will expand its white sugar reserve and will encourage local governments to support companies to reserve paper and pulp, condensed apple juice and other agricultural products by offering them interest rate subsidies, the action plan said, without giving specific numbers.

The government said it would raise the industry entry barrier for the food sector, which has been hit by a series of scandals over the past two years.

The government, the action plan said, will establish and improve the recall and market exit system in the food industry.

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