Sichuan Earthquake Relief & Potential Business Opportunities

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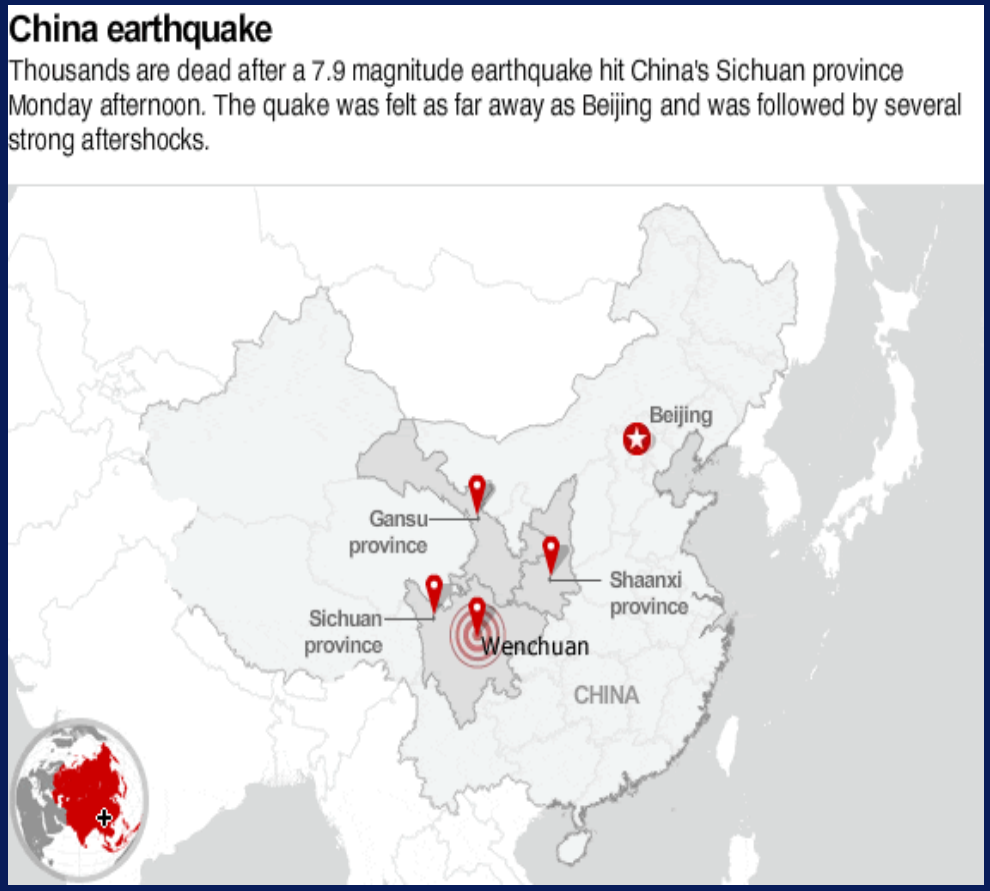
U.S. Commerical Service

Chengdu, China

September 2008

May 12
Wenchuan Earthquake

- Epicenter located 80 Km (50 miles) NW of Chengdu
- Magnitude 7.9
- Massive impact on region
- Felt as far away as Bangkok and Beijing



May 12 Wenchuan Earthquake Facts

- Overall devastating effect over a very wide area (100,000 Sq. Km) causing enormous challenges for rescue and recovery.
- Total Dead: 68,683

  Total Injured: 360,358

  Total Missing: 18,404

  Total Homeless: 5 Million (estimated)

  Total Displaced: 15 Million
- More than 80,000 survivors have been rescued from the ruins.
- Over 8 million people have been resettled.

US Assistance to Earthquake Victims

- Overall, the US firms have been very involved with earthquake relief
  - Total USG Humanitarian Assistance to China: $4.9 Million
  - Total aid from US private sector and NGOs: over $100 Million
- USG relief flight

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Secretary Rice's Visit to Dujiangyan, June 29

PPP Delegation to Sichuan
June 29-July 1

- PPP (Public-Private-Partnership) delegation was led by Henrietta Fore, USAID Administrator, Ambassador Alan Holmer, Special Envoy for the Strategic Economic Dialog in China, US Treasury, and Joie Gregor, White House Assistant to the President
- USTDA (US Trade & Development Agency) team led by Larry Walther, USTDA Director.
- PPP delegates also included leaders from the key private sector firms and NGOs, including:
  - Bill Weldon, CEO Johnson & Johnson
  - AG Lafley, CEO Proctor & Gamble
  - David Cote, CEO Honeywell
  - John Chambers, CEO Cisco
  - Gail McGovern, CEO American Red Cross

PPP Visit to Earthquake Zone
June 30

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Road to Yinxiu

Landslide

PPP Visit to Earthquake Zone
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Collapsed Road

Collapsed Road

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Xuan Kou Middle School

283 students died here on 5.12

PPP Visit to Earthquake Zone
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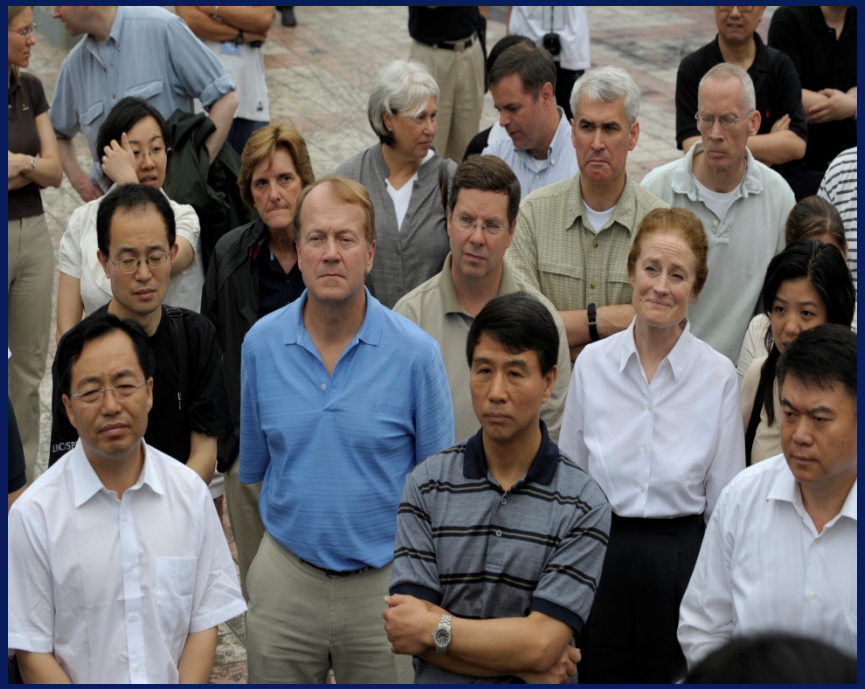
Xuan Kou Middle School -1

Xuan Kou Middle School - 2



PPP Visit to Earthquake Zone
June 30

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Yinxiu Elementary School

Yinxiu Overlook

PPP Visit to Earthquake Zone June 30

Initial earthquake relief involved delivery of many tents

Residents are now being relocated to temporary housing

PPP Dialog with Sichuan Government – July 1

Meeting with Chinese government officials

Vice Governor Huang Xiaoxiang

Recovery and Reconstruction Focus

- Infrastructure:
  - Rebuild 15 national and provincial highways : 4290 km
  - Rebuild the core telecommunication network
  - Rebuild or reinforce urban and rural power grids, hydro and thermal power plants, coal mines, oil pipelines and natural gas facilities and pipelines
- Education:
  - Reconstruct schools for 1.4 million affected students
  - Equip schools with best-in-class technology facilities, bridge the gap between the rural and urban schools
  - Provide long-distance education programs for teachers in rural areas
  - Provide professional training programs to train more skilled students

Recovery and Reconstruction Focus

- Public Health System Reconstruction:
  - Reconstruct 11,000 local level sanitation and health institutions
  - Telemedicine and mobile healthcare technology
  - Improved access to pharmaceuticals, medical equipment
  - Public health information system, a platform for information sharing
  - Disease control
  - Emergency response system
- Disaster and Emergency Response System:
  - Expanded reach outside of the major urban centers
  - Advanced technology
  - Professional training

Recovery and Reconstruction Focus

- Energy:
  - Exploitation of Sichuan's impressive hydropower production capabilities
  - Power generation equipment
  - Renewable energy development, including wind, biomass and solar
  - Expansion of Sichuan's national gas production
  - Growth in chemicals sector
- Technology:
  - Building on Sichuan's already established high-tech capabilities
  - Electronics, semiconductor, optical communication and software
  - Focus on upgrading R&D and manufacturing capabilities

Influence for Chengdu Real Estate Market

- The Wenchuan earthquake did not cause a big economic loss in chengdu.
- The developers will become more aware of the buildings' design and quality which may affect the future supply
- The Purchasers have greater preference for lower floors or high-quality residential buildings.
- Chengdu's economy should return to normal development within this year.
- The grade A office market maintained positive growth after the May 12
- Most of the grade A office buildings have not been damaged by the earthquake, and most of the commercial activities is resumed quickly after the quake.
- Influenced by the Wenchuan earthquake, the residential market will enter a short-term sluggish stage. Demand will not be very active. The local government has released the supportive policies, the market is expected to return to its normal track within a short period of time.

Impact on Chengdu City Business Environment

- Overall, the Wenchuan earthquake did not have a major business impact on the Chengdu business environment.
- Businesses continue to operate normally, however some impact on some sectors such as tourism and residential/ commercial real estate.
- Stronger government emphasis on building economic base in Chengdu and outlying areas.
- Even more push for foreign investment into the region.
- As a result, some MNCs are considering additional expansion into Sichuan realizing already strong business fundamentals.

Opportunities for U.S. Firms

- The Embassy and U.S. Consulate in Chengdu is involved with on-going diplomatic contact with Sichuan and Central Government on reconstruction
- FCS continues to coordinate PPP effort with U.S. AID in China
- Government resolve to rebuild region with world-class technology and equipment
- Resource conservation, energy efficiency and environmental protection will be priorities
- Long term effort (2-5 years)
- Reconstruction will create additional opportunities for U.S. firms across a variety of best prospect sectors

Western China Trade Fair
October 27-30

- CS Chengdu and Sichuan Amcham organizing US Pavilion
- Expected to be the site for next PPP earthquake milestone
- Unique opportunity for US firms to showcase capabilities
- Some booths still available, but deadline is September 30

The CS Chengdu team is here to help!

PCO Eric Wolff

Misha Cao – healthcare, tourism

Helen Hua – 2nd tier cities

Ling Chen
envir, mech equip

Sunny Cui
energy, bldg prod

Lily Lin
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Xu Tao
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Q & A

Any questions?

Thank you

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