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Challenges Faced By Chinese Contractors In Overseas Projects

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Introduction

- *Achievements Overview*
- *Spaces Between Chinese and Top International Contractors*
- *Challenges Faced By Chinese Contractors In Overseas Projects*
- *The Future*

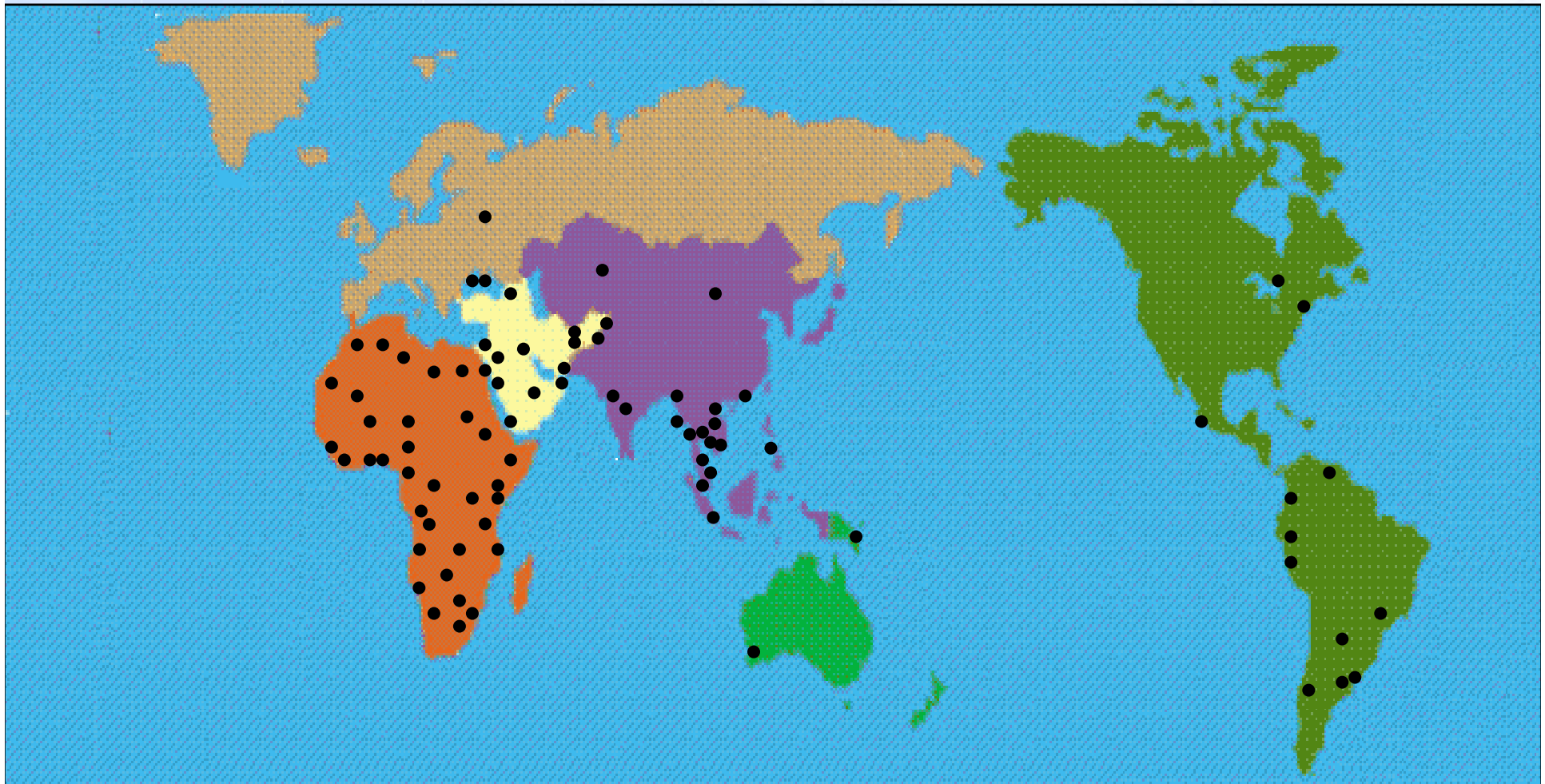
Outward Investment Overview

- *Nearly 7000 Domestic Entities Having Established 10000 Overseas Enterprises*
- *By The End of 2007 Outward FDI US\$117.9 billion*
- *Spread To 173 Countries and Regions Globally, all over Africa, Asia, Australia, Central & South America*
- *Creating Billions of US Dollars Contracting opportunities Derived for Chinese Contractors*

Overseas Contracting Overview

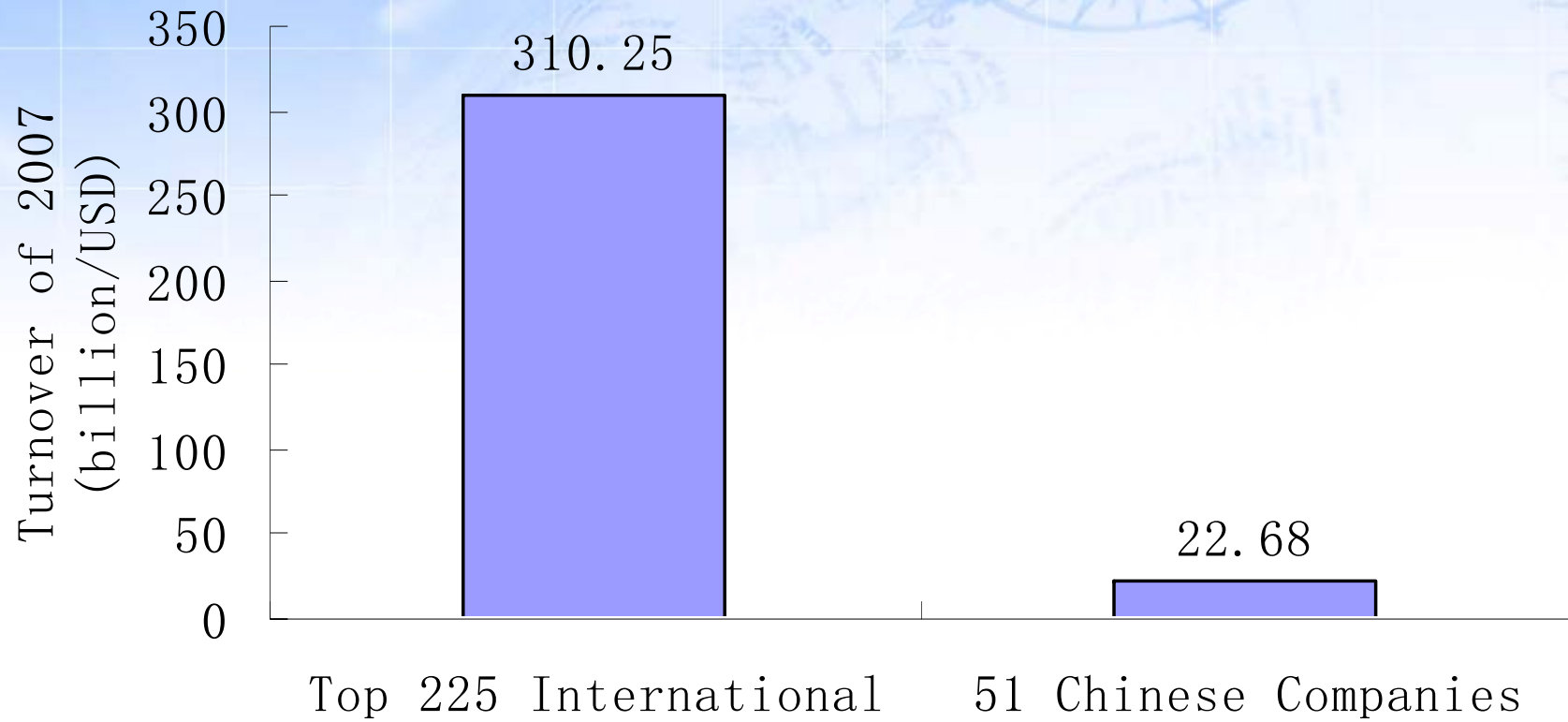
- *By the End of 2007, the Accumulated Overseas Turnover Accomplished to US\$206.4billion, among Which US\$40.6billion for 2007*
- *51 Chinese Companies Entered into Top 225 of ENR, 1 IN Top 20 in 2007*

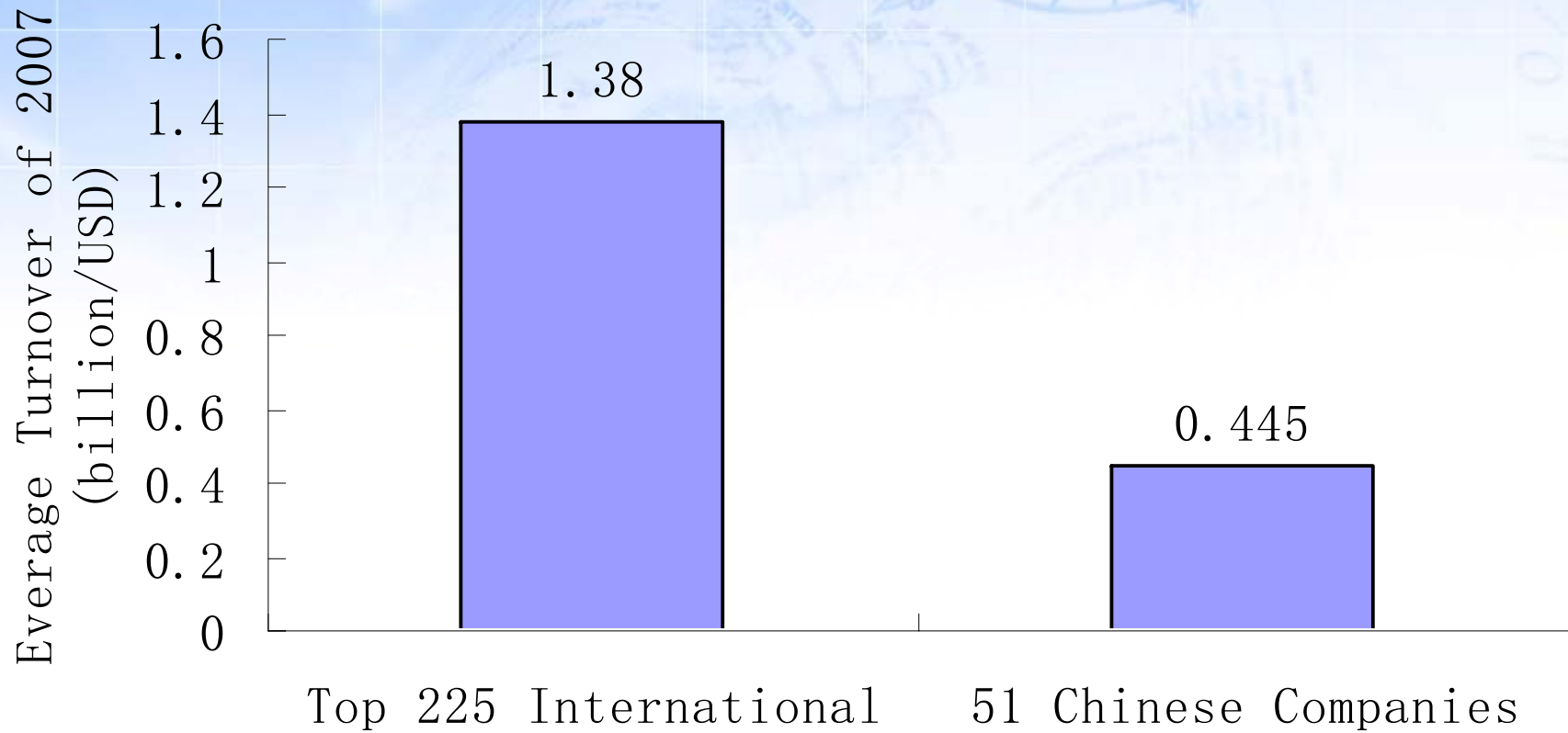
Spread to 173 Countries with US\$117.9 billion Outwards FDI & Accumulated Turnover of US\$206.4billion



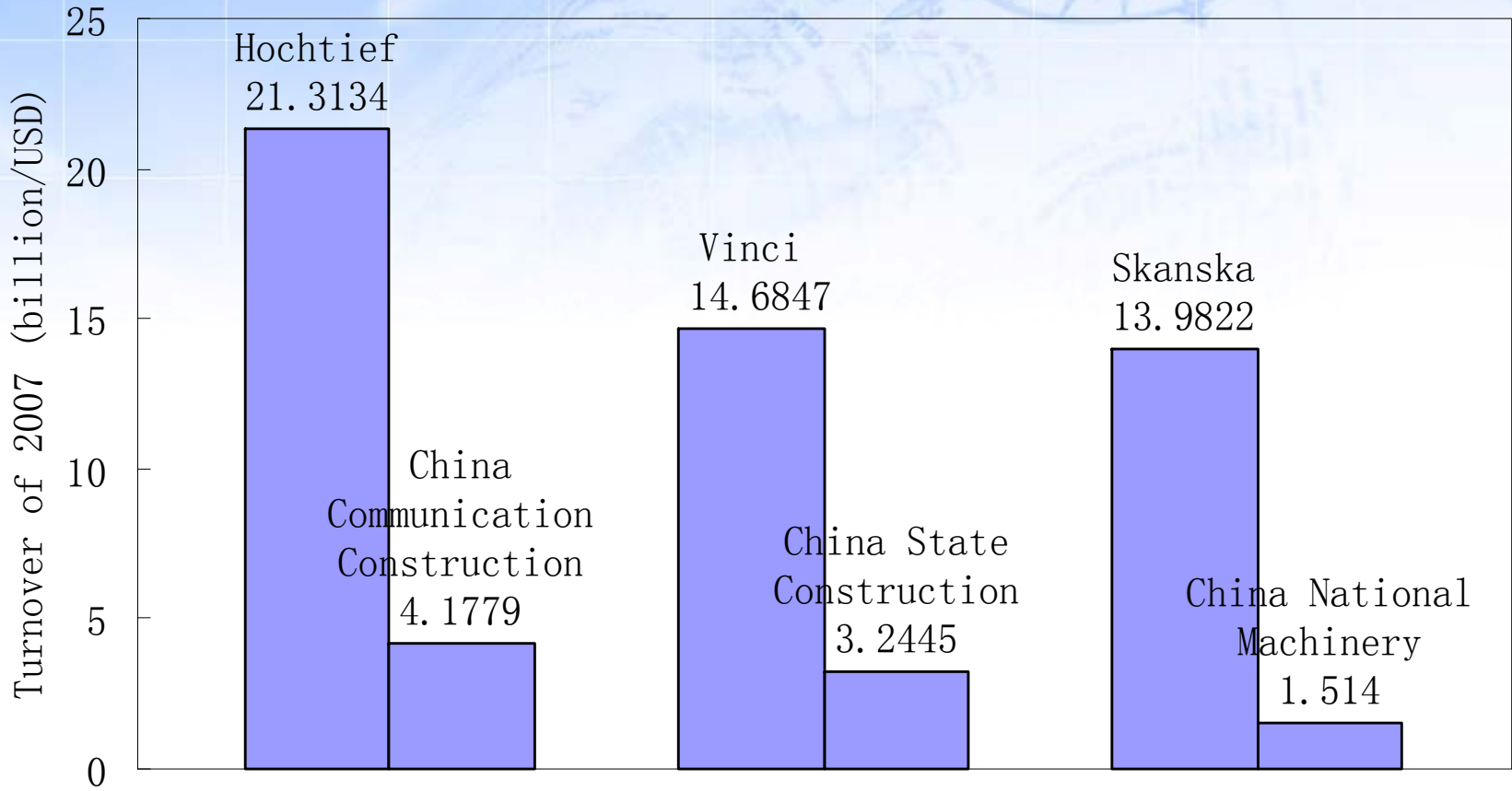
Spaces between Chinese Contractors and Top International Contractors

- *Size of Turnover*
- *Bidding Management*
- *Project Management Innovation*





Turnover of 2007



Challenges Faced By Chinese Contractors In Overseas Projects

- *Size Expansion*
- *Bidding Management*
- *Project Management*
- *Political and Economic Risks*
- *Labor's Localization*

Size Expansion

- *Traditional Territories*
- *New Expansion*

Bidding Management

- *Understanding Technical as well as Commercial and Legal Documents*
- *Reasonable pricing instead of low price*

Owners/Developers Project Management

- *Diligent Feasibility Study*
 - *Political Risks*
 - *Legal Risks*
 - *Commercial/Market Risks*
- *Methods of Project Procurement*
 - *Traditional Methods*
 - *Design and Build*
 - *Turnkey EPC Contracts*
 - *Engineering, Procurement and Construction Management*



Owners/Developers Project Management

- *Concerning Methods Selection*
 - *Identify the advantage and disadvantage of every method*
 - *Based on the concrete situation*
 - *biggest interest of the project and investor*
 - *Investor's project management ability*



Contractors Project Management

- *Contract Management*
- *Quality management*
- *Safety Management*

Contract Management

- *Securities/Bonds/Guarantees Management*
- *Cost and Payment Management*
- *Time/Schedule Management*
- *Insurance Management*
- *Claim Management*

Quality Management

- *Establishing quality control system (e.g. ISO9001)*
- *Obtain and understand the applicable specifications*
- *Examination, testing and inspection of materials, plants and permanent works*

Safety Management

- *Establish health ,safety and environment management system (HSE)*
- *Abide by the safety laws and regulations of host country*
- *Protecting employees from kidnapping and diseases*

Political and Economic Risks

- *Need to Be Pre-estimated before Operation*
- *Possible Loss Arising from Civil War, Governments Changing and International Economic Downturn*

Labors' Localization

- *China Labors' Cost Increasing*
- *Preference opportunities to be given to local sub-contractors and employees*
- *Local labor management*

The Future

- *Possible Market Expansion and Business Promotion*
 - *New Access to Inter-American Development Bank in 2009*
 - *Applicable to the reimbursement policy towards tariff and taxes for Export Enterprises*
 - *Policy Bank's Financial Support*
 - *China Development Bank*
 - *The Export –Import Bank of China*

The Future

- *Promotion By Internal Management Improvement*
 - *Establish and Strengthen Company Governing*
 - *Project Managers Training*
 - *Recruit Professional Project Managers*
 - *Internal Risks Control/Insurance Mangement*
 - *Introducing Project Management Software*

The Future

- *Insurance Management*
 - *Identify Necessary Insurances*
 - *Assure Insurance Policies Effective Timely*
 - *Consider Additional Insurances*
 - *Insurance Claim Management*



The Future

- *Overcoming the Current Economic Downturn*
 - *Measures of Reducing Loss*
 - *Prevention from deriving Risks and Loss*



Thank You!

