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Chinese company eyes Boise

As economic power shifts to Asia, Idaho's location makes it a prime site for an industrial foothold.

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As economic power shifts to Asia, Idaho's location makes it a prime site for an industrial foothold.

A Chinese national company is interested in developing a 10,000- to 30,000-acre technology zone for industry, retail centers and homes south of the Boise Airport.

Officials of the China National Machinery Industry Corp. have broached the idea — based on a concept popular in China today — to city and state leaders.

They are also interested in helping build and finance a fertilizer plant near American Falls, an idea company officials returned to Idaho this month to pursue.

This ambitious, long-term proposal would start with a manufacturing and warehouse zone tied to the airport, and could signify a shift in the economic relationship between the two superpowers — a relationship once defined by U.S. companies like the J.R. Simplot Co., Hewlett-Packard and Morrison-Knudsen that would head to China to build and develop.

"I think China's coming over here shows they are willing to collaborate on the reinvigoration of the American industrial base," said Jeff Don, CEO of Eagle-based C3, which is acting as an Idaho representative for the Chinese company, called Sinomach for short.

Sinomach is just one of an increasing number of companies and investors showing interest in Idaho.

Hoku Materials Inc., a subsidiary of a Chinese energy firm, already has 500 people building its \$400 million plant to make polysilicon for solar panels in Pocatello. It expects to begin production in 2011, employing 250 people, said Scott Paul, Hoku's president and CEO.

China surpassed Japan as the second largest economy in the world in 2010. And in June, Gov. Butch Otter traveled there to tell anyone who would listen that Idaho is open for business.

EAST IDAHO PROJECT COULD COME FIRST

Sinomach is China's third-largest contractor, with more than \$14 billion in sales last year. It has been active in more than 130 countries in Asia, Africa, Latin America, Russia and Eastern Europe as general contractor for large infrastructure and building projects.

Sinomach executives told Southeast Idaho Energy, which is planning to build a \$2 billion fertilizer plant in Power County, they want the contract for engineering, procurement and construction. Their access to financing is their deal sweetener.

Southeast Idaho Energy hopes to turn coal into gas to produce nitrogen fertilizer and sulfur. The company expects to hire 700 to 1,000 people during construction with 150 permanent workers.

The company also would separate the carbon dioxide that contributes to climate change and ship it to Wyoming, where it can be pumped underground to enhance the extraction of natural gas.

While Otter was in Beijing in June, he spoke about the project with Jin Kening, chairman of the China National Chemical Engineering Corp. — a different government-owned company. Don said Chinese national companies do compete with each other, but won't let their own competition get in the way.

"Whatever makes the deal go forward," Don said.

Doug Sayer, president and CEO of Premier Technology, worked with Otter in Beijing to build long-term relationships with China National. His company could bid on some of the work to build the fertilizer plant.

"Anything we can do to work toward having good industry opportunities for investment is important whether we get a

piece of that work," Sayer said.

The state's efforts have been critical to the discussions, said Pat Sullivan, a Boise lobbyist who works with Southeast Idaho Energy.

"One thing these Chinese see is we have a governor here who has a great big open-door policy, and I think that's making a difference in this Sinomach project," he said.

AN UNUSUAL IDEA THAT MAY BECOME COMMON

Sinomach is not looking only at Idaho.

The company sent delegations to Ohio, Michigan and Pennsylvania this year to talk about setting up research and development bases and industrial parks. It has an interest in electric transmission projects and alternative energy as well.

The technology zone proposal follows a model of science, technology and industrial parks in China — often fully contained cities with all services included.

But Don and other local supporters have recommended fitting the idea into the kind of planned unit development used for local approval here.

Sinomach officials met with Boise city and airport officials — including Mayor Dave Bieter — to discuss developing a first phase of the technology zone that would set up a base of operations for Chinese companies doing business in the United States.

City officials were cautious, since the idea is at an early stage.

"We understand they are at a preliminary stage. We are waiting to hear back from them with a proposal for where they want to go from here," said Cece Gassner, assistant to the mayor for economic development.

The proposal could get a boost from this year's voter-approved constitutional amendment that allows the airport to borrow money to build facilities that can be leased to companies on a long-term basis. The airport commission also has the authority to grant long-term leases and landing rights to air carriers, including those from China.

Sinomach is not the only Asian company looking at Boise, Gassner said.

"We're getting calls from investors from all across Asia who are interested in Idaho," she said.

Idaho's location, only another 45 minutes farther by air than Seattle from Asia, will open many opportunities, state and local officials said.

The state's low cost for doing business will help, too.

Sinomach is attracted to Idaho, in part, because of the lack of infrastructure here, which means it has more opportunity.

"Idaho's the last state that should say we don't want to do business with Asia," said Lt. Gov. Brad Little. "Asia's where the money is."

Yeh Ling-Ling, executive director of the Alliance for a Sustainable USA, said U.S. businesses should be cautious about making contracts that give Chinese companies the best jobs — though she is more worried about investment programs that encourage immigration, which Idaho also has jumped into this year.

"I believe that Idaho or other American companies should first seek investments from America and employ American engineers first," said Ling-Ling, a naturalized citizen from Orinda, Calif., who was born in Vietnam of Chinese parents.

Little, who met with Zhang Chun, director general of Sinomach, and other company officials, said he thinks the state and the company are a good fit.

But that doesn't mean the state won't stick up for its own interests.

"We're sure not going to favor a Chinese company over an Idaho company," Little said.

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