

Dell to boost China spend to \$100B over a decade

September 17 2010, By JESSICA MINTZ , AP Technology Writer

(AP) -- Dell Inc. is making a \$100 billion bet that China will remain one of the fastest-growing markets for personal computers over the next decade.

Dell said Thursday it plans to open a manufacturing, sales and service center in Chengdu in 2011 that could eventually employ more than 3,000 workers. The new operations center is a response to rapid growth in business in Western China, [Dell](#) said.

China has been courting [foreign investors](#) for projects in its western regions as a matter of policy for more than a decade. Dell would not say what sort of incentives it was offered to construct new facilities in Chengdu.

Round Rock, Texas-based Dell already employs about 6,000 people in China, spread among manufacturing plants and other operations in the southeastern city of Xiamen, a product design and engineering center in Shanghai and a service center in Dalian, a city east of Beijing. It also contracts with electronics manufacturers in the country.

Over the next decade, the company said it expects to spend about \$100 billion on China operations. It spent \$23 billion in China in 2009.

Chengdu is the capital of Sichuan province and an economic center of Western China, and is already home to manufacturing plants run by such high-tech global companies as [Intel](#) Corp., IBM Corp. and Nokia Corp.

Dell's expansion into Western China comes as the company continues to fight back increasingly fierce competition from Asian computer makers. It's locked in a battle with Taiwan's Acer Inc. for the title of second-largest PC maker, behind global leader Hewlett-Packard Co.; China's Lenovo is hot on their heels.

Demand for PCs in China helped boost PC makers' steady comeback after a recession-battered first half of 2009. China is Dell's second-largest source of revenue after the U.S., and in Dell's most recent quarter, revenue from its China business grew 52 percent compared with a year earlier. Dell said it expects demand in Western [China](#) to continue to grow at a rate of 21 percent through 2014, citing an estimate from research group IDC.

Dell's turn to the West also comes after a string of 12 worker suicides this year at Foxconn's industrial park in Shenzhen, an industrial center in China's Southeast. Foxconn, part of Taiwan's Hon Hai Precision Industry Co., makes gadgets for customers including Dell, Apple Inc., Sony Corp. and Hewlett-Packard Co.

Since then, Foxconn has raised wages, prompting questions about whether consumer electronics companies might seek out manufacturing centers with lower costs.

Dell spokesman David Frink declined to comment on costs or wages Thursday.

The PC maker also said Thursday it will add up to 500 new workers in Xiamen later this year.

Shares of Dell rose 12 cents to close at \$12.42 Thursday.

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