

CHINESE leaders have ordered local officials to stop expanding industries such as steel and cement in which supply outstrips demand, a Cabinet statement said yesterday, in a sign previous orders to cut overcapacity were ignored.

Beijing has been trying since 2009 to cut excess production capacity, which has triggered price-cutting wars that threaten the financial health of some industries. But lower-level leaders whose promotions depend on economic development have continued to

In a video conference on Monday, planning officials warned local leaders to stop ignoring orders to reduce overcapacity in industries including steel, cement, aluminum and glass.

"Those who still violate discipline will be heavily punished," said the deputy director of the Cabinet planning agency, the National Development and Reform Commission, Hu Zucui, according to the government newspaper China Daily.

Economists and business groups warn industrial overcapacity could hurt Chinese banks if unprofitable



A construction crane towers over the skyline of Beijing

companies default on debts.

China's solar panel manufacturers have been especially hard-hit by excess production capacity and price-cutting.

In March, the main Chi-

Power Holdings Ltd., once the country's biggest solar panel producer, was forced into bankruptcy court after missing a \$541 million payment to bondholders. That unit was sold to a state-owned company.

In other industries, large amounts of production capacity are idle, the Cabinet statement said.

Cement manufacturers use only 71.9 percent of their capacity as of the end of 2012, according to the statement. The steel industry used 72 percent while the rate for glass manufacturers was 73.1 percent.

The scale of overcapacity

Daily said, citing Zhu Hongren, chief engineer of the Ministry of Industry and Information Technology.

Beijing has tried to prod producers in many industries into mergers to reduce output. But lower-level officials in many areas prop up unprofitable local companies with rent-free land and other aid.

The conflict is fed by a political system in which Communist Party officials are judged on their role in economic development. Building steel mills or other industrial assets shows up quickly in local economic statistics, helping leaders

The rapid overexpansion of industrial capacity also was fueled by Beijing's multibillion-dollar stimulus in response to the 2008 global crisis, which was based on higher spending on building highways and other public works. That sent a flood of money to suppliers of steel, cement and other raw materials and helped them resist pressure to merge or reduce production.

In some places, the Cabinet statement said, local leaders go through the motions of obeying orders to tear down older steel mills, but then replace them with bigger facilities. AP

corporate bits

VIP PARTY LIGHTS UP GRAND HYATT



The Grand Hyatt Macau has received over 1200 VIP guests for a party that was transformed into a "multi-sensory extravaganza". On November 1, the corporate and business partners of Melco Crown Entertainment, City of Dreams and Hyatt Hotels Corporation, as well as frequent customers,

gathered for a three-stage party which included a sunset cocktail, a banquet over the pool and a chill out session. The evening started with cocktails, followed by a banquet rich with seafood delicacies, and ended with a Chill Out Club, an improvised event in one of the biggest hotel marquees.

CESL ASIA MEETS THE GREENER SIDE OF MACAU AT TRAILHIKER

The Macau-based company, CESL Asia, recently participated in the Sands China Macau TrailHiker 2013, an event aiming to promote sustainable tourism and allowing visitors to see a greener side of Macau.

The CESL Asia team joined the event with a total of 40 volunteers and 13 hiker teams. António Trindade highlighted that the company

has been "supporting many community development and social welfare activities." He added: "Macau TrailHiker was definitely an opportunity that not only enhanced our staff's communication and leadership skills, but also allowed us to contribute to the community." The event's proceeds were donated to the Fuhong Society of Macau.



PETER MARINO TO DESIGN LOUIS XIII HOLDINGS PROJECT IN COTAI

Internationally acclaimed architect Peter Marino has been chosen as the exterior design theme architect and interior design theme consultant for the Louis XIII Holdings project in the Cotai Strip.

"For this architecture, I imagined a royal red robe wrapped around a crystal core, out of which rises a 20-meter diamond – the most perfectly formed geometric material on the planet," said New York-based architect Peter Marino. The joint chairman of Louis XIII Holdings, Stephen Hung, said that the company will be "bringing together some of the world's most exclusive luxury experiences."

