

## 《李克强：政府将竭力减少产能过剩》

Premier attend smeeeting aimed at finding solution for the iron, steel and coal industries

Efforts will be strengthened by the central government this year to reduce overproduction and overcapacity, according to Premier Li Keqiang.

It will also close small coal mines that fall short of safety requirements, Li said during his trip to Shanxi province, which began on Monday.

He was speaking in Taiyuan, the provincial capital, at a meeting aimed at finding viable solutions to overcapacity in the nation's iron, steel and coal industries. His two-day visit to Shanxi was his first trip of the year.

Governors from provinces rich in coal, iron and steel, as well as heads of leading companies in these industries, attended the meeting.

Li said stricter measures will be taken to control newly increased capacity and clear goals will be set to reduce overcapacity in the coming three years, while the nation needs to set limits on the maximum amount of production for the iron, coal and steel industries based on market demand.

Outdated overcapacity will be further closed, especially at iron and steel companies that do not meet production safety, energy consumption and environmental protection standards.

Li said that this year the government will close 13 types of outdated small coal mines, most of which are privately owned and produce coal by using low safety standards.

The premier said more financial support from the government will be used specifically to shut down overcapacity in the coal and mining industries and to relocate workers and support them in starting their own businesses.

He stressed that stricter supervision is needed by provincial governments to resolve overproduction and there should be no favorable policies, to guard against excess production.

Shi Yulong, a researcher at the Academy of Microeconomic Research under the National Development and Research Commission, welcomed the measures.

Root cause

"The root cause of the price decline for products such as iron, steel and coal is that there has not been sufficient market demand in recent years," he said.

"Some coal, iron and steel has long been produced by using comparatively low energy consumption standards. Problems with this were not seen when market demand was strong, but have become more apparent in recent years as market demand has fallen sharply."

He said overcapacity was caused by the rapid increase in large-scale production in the iron, steel and coal industries in previous years, with many enterprises failing to meet modern production standards.

Such enterprises have produced good profits for local governments in past decades. Although the central government has reiterated the need to reduce such overcapacity in recent years, local authorities tend to protect enterprises with favorable policies, Shi said.

Zhang Xiaode, an economics researcher at the Chinese Academy of Governance, said the government is showing its resolve to address overcapacity, a key issue in the country's economic restructuring.

