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In China, A Move to Help With Debt Pile

SHANGHAI—China took a significant step Wednesday to deal with an explosion of borrowing among local governments by allowing more of them to issue short-term debt to help pay off maturing bonds and loans, according to a person with direct knowledge of the matter.

Economists estimate local governments may have borrowed as much as \$5 trillion in recent years to fund projects and keep the economy humming as Beijing scaled back the stimulus efforts it had undertaken following the global financial crisis. Concerns are rising that the buildup of debt has been too rapid and that local governments will be unable to pay the money back.

Beijing has warned, too, about the potential risks, and is trying to understand and contain any potential problem.

Wednesday's move comes just weeks before a widely anticipated national audit of local-government debt designed to uncover just how much banks and investors have lent to local governments. China's

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Britain's Prince George Is Christened in London



Kate, Duchess of Cambridge, carried her son, Prince George, at St James's Palace on Wednesday. The 3-month-old future monarch, third in line for the throne, was christened by the Archbishop of Canterbury with water from the River Jordan at a rare four-generation gathering of the royal family.

Xi Thanks CEOs for 'Inspiration'

By LAURIE BURKITT

BEIJING—China has spent the past year telling foreign companies to clean up their acts. Names ranging from Apple Inc. to Starbucks Corp. to Volkswagen AG have come under intense scrutiny from government-controlled media for the way they treat Chinese customers.

So executives at some of the world's biggest multinational companies could perhaps be forgiven if they felt a sense of whiplash on Wednesday, when the country's top Communist Party official publicly sought their advice.

"Many of you are renowned entrepreneurs and business leaders in the world today and you all have profound insight on the global economy, so that is why we attach great importance to the suggestions you offer," Chinese President Xi Jinping told a group of nearly two dozen top foreign executives gathered in a building where

Beijing entertains its most exalted guests. "Your suggestions are a very important source of inspiration for the Chinese government."

It wasn't clear whether the group had a chance to discuss business issues in the world's No. 2 economy—reporters were ushered out of Beijing's Diaoyutai State Guesthouse after Mr. Xi's remarks. But the remarks made in public were supportive. "You have all made positive contributions to China's education of economic management," he said. "I highly appreciate what you have done."

Mr. Xi spoke before a gathering of the advisory board of Tsinghua University School of Economics and Management, which includes executives from around the world intended to be a sounding board for business issues in China. Attendees from consumer-brand names included Coca-Cola Co. Chairman and Chief Executive Muhtar Kent,

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Wal-Mart Stores Inc. Chief Executive Mike Duke, PepsiCo Inc. Chairman and Chief Executive Indra Nooyi and former Sony Corp. Chairman Nobuyuki Idei.

From the financial world, the group included Blackstone Group LP founder Stephen Schwarzman, Carlyle Group Managing Director David Rubenstein, AXA SA Chairman and Chief Executive Henri de Castries and former American International Group Inc. chief Maurice “Hank” Greenberg.

Mr. Xi’s comments come at a time when a number of foreign companies have been put under a microscope by Chinese state-run media for allegations ranging from bribery to overcharging consumers. The most significant is an investigation by Chinese officials into whether China-based employees of drug maker GlaxoSmithKline PLC bribed doctors and officials in order to boost sales.

Glaxo has said some of its employees may have violated both company policy and Chinese law and that it is cooperating. Andrew Witty, Glaxo’s chief executive, attended the Tsinghua meeting last year.

Industry watchers say that the government typically targets multinational companies, which tend to be leaders or have high profiles in China, to initiate and encourage change within industries.

In April, Apple CEO Tim Cook apologized and said it would re-



European Pressphoto Agency

Carlyle’s David Rubenstein, left, was among the attendees who met Xi Jinping.

vamp some customer-service policies following criticism in state-run media. Volkswagen in March said it would recall more than 380,000 vehicles after state media alleged problems with the transmissions in some of its most popular models. Mr. Cook didn’t attend the meeting but is sitting on the Tsinghua advisory board this year, according to the board’s website.

Others have faced less serious accusations in the state media. Earlier this week, China’s government-

ing the highest quality products and services.”

At the same time, China’s leaders are gradually pushing structural reforms in the world’s second largest economy that include creating a level corporate playing field that doesn’t favor state-owned companies. It also continues to enjoy rising investment from abroad—foreign direct investment for the first nine months of the year totaled \$88.6 billion, up 6.2% from a year earlier.

Mr. Xi has aimed to differentiate himself from his predecessor, Hu Jintao, by making himself more accessible, speaking in plainer language and talking more directly to businesses. In April, at the annual Boao Forum for Asia in southern China, he met publicly with executives of dozens of companies, such as Samsung and Swedish truck maker Volvo AB. Mr. Xi pledged then to provide a “level playing field for all market players.” He didn’t provide specifics.

On Wednesday, the executives lined up to greet Mr. Xi as they entered the meeting room. He welcomed each with a smile and a quick thanks for coming, while an interpreter named the person and translated the response.

When shaking Mr. Xi’s hand, Mr. Duke, of Wal-Mart, said he looked forward to the dialogue. Mr. Kent, of Coca-Cola, reminded Mr. Xi that they had met before.

—Paul Mozur contributed to this article.

controlled television broadcaster criticized Starbucks, saying its profit margins in China are excessive. In a separate report, China Central Television slammed Samsung Electronics Co. for allegedly charging consumers for repairs on manufacturing errors.

Starbucks said figures CCTV used in its criticism didn’t accurately represent the company’s financial results in China. Samsung said it would respond to problems and “remains committed to provid-