

Water markets in China increase

By 2010 China's population may exceed 1.6 billion - the country's problematic water supply will be of international concern. This Access Asia study deals with changes in Chinese water treatment and supply.

EXTRACT FROM INTRODUCTION'

China's vice-premier, Wen Jiabao, told a conference in January 1999 that *'The survival of the Chinese nation is threatened by the country's shortage of water'*. Wen warned that in the 21st century the Chinese population was expected to reach 1.6 billion and its water problem would become a worldwide concern.

The Chinese government has become increasingly concerned about industrial wastewater, its treatment and potential re-use. As an example of the government's commitment, consider developments in Yunnan Province. In 1999 China reportedly plans to spend more than US\$ 1 billion on sewage treatment to cope with the more than 200 million tonnes of wastewater discharged by 2,000 mines and factories which enter the Dianchi Lake in Yunnan province each year.

National policy has moved towards a closer study of pollution and water. A recently added amendment to China's Water Pollution Law states that all cities with populations over 250,000 must build water-treatment plants. According to a State Council directive, plans for these facilities were to be included in local capital construction

budgets for the Ninth Five-year Plan period (1996-2000). In total, the government forecast that US\$ 10 billion would be spent on water treatment projects during that period.

In February 1999 it was announced that China was to break the current government monopoly on business management to further open up new channels of financing for five major industries and increase their exposure to collective, private, and foreign investment. At the same time, a competition mechanism will be introduced. Water conservancy was one of the first five industries to be opened (others were agriculture, industrial infrastructure construction, use of imported production technology and equipment for renovation of traditional industries

.However, only eight mainland cities meet both Beijing's the air and water quality standards. The eight cities which passed both the air and water quality tests were Suzhou, Ningbo, Xiamen, Shenzhen, Zhuhai, Shantou, Zhanjiang and Haikou.

The Chinese water industry includes the collection, treatment, storage and supply of drinking water, as well as wastewater treatment and sewage. It is estimated that the global water industry has total annual revenues of approximately US\$400 billion. A further US\$600 billion is forecast to be spent on global water and wastewater infrastructure between 2000 and 2010. ...'

Water markets in China increase in five-year-plan

Experts warn that a water crisis is pending in China: the market for water and wastewater treatment will increase to US\$22.7 billion in 2005: this recent market report discusses the opportunities

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The China market for water and wastewater treatment will increase to US\$22.7 billion in 2005 from US\$18.7 billion in 2004 and is expected to reach US\$33.2 billion by 2010. Residential water market reached US\$1.46 billion in 2004 and will increase to US\$3.3 billion by 2010, US\$5.48 billion by 2015. China, with the population of 1.3 billion, is now confronted with severe problems of water shortage as well as water pollution.

As a price for economic growth in recent ten years, 77% of effluent is currently untreated, 70 percent of the population has no access to safe drinking water and 400 of 600 cities face water shortage.

Contamination and lack of supply capacity are leading factors for water shortage.

The government vows to solve water problems by 2015 and has constituted and improved a series of laws and regulations such as opening water industry to civil and foreign investors under certain conditions.

The Tenth Five-year plan of the Ministry of Construction determines that sewage treatment facilities must be built in all cities by 2005, and sewage treatment rate should increase to 45% by 2005 and up to 90% by 2010.

Massive investment (over US\$ 200 billion) over the next ten years is needed in both water supplies and wastewater treatment.

The wastewater treatment of the 'Three Lakes and Rivers' scheme alone is a US\$150 billion project.

Thanks to large market volume and increasing growth rate, the market for water treatment and water treatment equipment presents high profit margin and profit potential, although relatively low drinking water price hinders some investors from entering water industry.

More than 350 medium and large sized companies are currently active in the field of water, wastewater treatment and drinking water.

Since 1990s, more than 50 international water giants have entered China's water industry and capital market since the 1990s.

More than 70 percent of large or medium sized water and wastewater treatment equipment is imported.

Foreign companies are now active in every facet of China's water market, among which two French companies, Suez and Veolia Water, and a UK company, Thames Water, are the best-

know and most successful foreign companies in this growing market.

Companies such as Nestle are establishing a leading position in the highly competitive but also highly lucrative bottled water market in China.

With opening up of the water market for private and foreign capital, 5000 more water companies are predicted to emerge in several years.

Innovations and new technologies will be of special interest and profit-promising.

China membership in WTO opens further opportunities for international co-operation in global water affairs and attract more foreign companies to participate in the dramatically expanding market.

China Water, a comprehensive study of water market, technology and projects in 34 Provinces in China 2003-2015, is just released and can be purchased.

http://www.worldproutassembly.org/archives/2006/02/chinas_water_pr.html