

SLOWING DOWN, CLEANING UP

CHINA SEEKS A NEW NORMAL

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CHINA FACES A MIGHTY CHALLENGE AS IT TRANSITIONS TO ITS “NEW NORMAL” ECONOMY: CLEANING UP ITS WATERS. WITH A NEW ACTION PLAN, THE GOVERNMENT IS PUTTING FORTH AMBITIOUS REFORMS AND BILLIONS OF DOLLARS TO MAKE BETTER WATER A TOP PRIORITY.



China’s water challenges are well documented but not overstated. With one-fifth of the global population, it holds only seven per cent of available water resources. The current projection from the government is for the economy to grow by five per cent every year over the next 15 years, while only using five per cent more water than it does today in total. Yet, the availability of water may not even be the greatest challenge. Restoring and cleaning water so that it is fit for use is priority number one. Almost 10 per cent of the surface water are worse than “grade 5” – defined by the government as water that has “lost all of its functions”.

Even amid strong government rhetoric to declare “war on pollution” and promote an “ecological civilization,” as well as the promulgation of a number of national policies and substantial investment in environmental technology and remediation, public pressure to improve environmental protection has grown on all fronts. Early in 2015, the documentary *Under*

the Dome reported on the cause and scope of the current crisis in air pollution. It was watched by 150 million people in the first three days after its release. It was one of the most recent catalysts sparking enormous public demand on the government for swifter action, and led to an unprecedented level of concern for the environment. China is pursuing a “new normal” that entails less rapid but more sustainable growth; a restructuring of the economy focused on green and circular production.

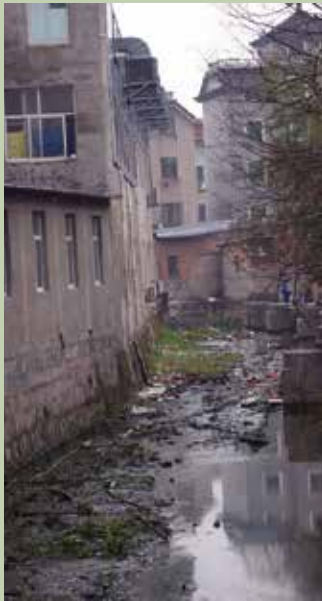
“Almost 10 per cent of China’s surface water is dangerous for human use”

In April 2015, the State Council of China released the “Action Plan for Water Pollution Prevention and Control,” which will strengthen regulatory measures to improve its water environment with specific targets set over the next 15 years. Coined the ‘Water Ten’, the plan sets out ten general measures, which are broken down to 38 sub-measures with deadlines with responsible government departments identified for each action. Broadly, it outlines over 240 actions under these measures that aim to control pollution discharge, stimulate economic and industrial transformation, promote environmental research, development and technology; strengthen management, regulation and legal enforcement; and improve inter-governmental coordination and accountability.

There are several reasons for optimism that the ‘Water Ten’ will make real change. It puts the focus on the most urgent issues with direct impacts on people’s daily livelihood, such as drinking water safety and black and odorous water in urban areas, and improving coordination and compliance be-

tween ministries as well as national, provincial and local authorities. In addition, the development of the ‘Water Ten’ has involved co-ordinated inputs

and consultation with a dozen different ministries, and each action outlines specifically which government bodies will be lead and co-responsible for implementation. More importantly, for each action, plans to meet specific targets will be developed at the national, provincial, and local levels throughout the country. All provincial and municipal governments will be forced to sign an official document that clarifies the goals and deadlines for their local action plan and their results will be published ●●●



The 'Water 10': Goals and Targets at a glance

By 2020, water environment quality will be periodically improved and by 2030 water eco-system functions will be preliminarily recovered. By mid-century, overall ecological environment quality will be improved. Key interim targets include:

BY 2020

- 70 % of water in the seven key basins reach grade three or better.
- 70 % of coastal water reach grade two or better
- 'Black Smelly Water' in urban areas does not exceed 10%
- Over 93 % of all the centralized drinking water resources reaches grade three or better

BY 2030

- 75 % of water in the seven key basins reach grade three or better.
- 'Black Smelly Water' in urban areas is eliminated.
- Over 95 % of all the centralized drinking water resources reaches grade three or better
- Overall quality of water ecological environment improved

●●● and used for their performance evaluation. Reforms set out to make local governments more powerful and accountable. Environmental protection bureaus will be empowered to implement a “yellow and red cards” system, to restrict or stop production and put repeat offenders out of services. Environmental data will also be made available to the public, and reports will highlight the best and worst performing cities and the worst polluting industries. In terms of investment, more than four trillion RMB (650 billion USD) will be needed from different sources in order to stimulate progress towards achieving the targets. Such substantial investments, in combination with growing efforts to reduce barriers for private and foreign investments, will boost the environmental technology sector, a new engine and pillar industry in the Chinese economy. This process bodes well for improving the integrated and effective management of resources – there is much more stick, more carrot and more clarity on how to avoid the former and receive the latter.

There is criticism of the plan as well. With aims to establish realistic and achievable targets, it is valid to wonder whether the plan goes far and fast enough. Good ecological status remains decades away for much of the countries most utilized water sources, and some targets are either on par or only slight improvements on the situation today.

However, the plan does well to aim at the lowest-hanging fruit first and requires credible plans for implementation and oversight at all levels. It keys in on priority problems and sets to establish a more effective regulatory environment to ensure policies are implemented and results can be better monitored.

As the economy develops and ecological constraints grow tighter, China must accelerate the transition to a more knowledge-based, service-oriented economy and modernize industrial and agricultural production with a minimal environmental footprint. A “new normal” focused on improved environmental regulation, and stable but slowed economic growth is a wise path amid the real ecological constraints China faces. This ‘Water 10’ is an important step on this road.

This experience will have a great impact, not only for the more than 1.3 billion people who live with and depend on China’s watersheds. Water treatment technology providers can also expect a robust market for their products and services. For those invested in companies with production in China, the new normal will mean they need to get cleaner and greener, or get going. Those invested in agricultural and industrial production will need to take action in one direction or the other, and expect ramifications in the global markets. ●