

How to Spend Water: This year we believe Christmas has come early. It is not just Xi's carbon emissions promise but the Chinese government has adopted a "zero tolerance" stance towards pollution violations increasing regulatory risk. At the same time it has also introduced stimulus plans to encourage investment to clean water. This "carrot & stick" approach is meant "to force the economy to transform and upgrade". The timing could not be better. Xylem's 2014 Value of Water Index survey published in December shows that 99% of urban consumers says it's important for the government to take urgent action to solve water issues. This month we have views from the President of Xylem China, give our thoughts on investing in Chinese waters and run through why it doesn't pay to be naughty in 2015. Speaking of being naughty, are we inadvertently spending on "dirty water" by buying cheap clothes? We talked to fashion bloggers, editors of lifestyle magazines & other aspiring fashionistas to get their views. With the holidays fast approaching, think how you are spending on water and make it good investment ... Happy Holidays!



## DECEMBER NEWSLETTER

### EDITORIAL 📌

**How to Spend Water:** This year we believe Christmas has come early. It is not just Xi's carbon emissions promise but the Chinese government has adopted a "zero tolerance" stance towards pollution violations increasing regulatory risk. At the same time it has also introduced stimulus plans to encourage investment to clean water. This "carrot & stick" approach is meant "to force the economy to transform and upgrade".

The timing could not be better. Xylem's 2014 Value of Water Index survey published in December shows that 99% of urban consumers says it's important for the government to take urgent action to solve water issues. But are they willing to pay more for clean drinking water? Xylem's China President Lu Shuping shares with us the results of its survey of six Tier 1 and Tier 2 Chinese cities.

In the wake of impending tariff hikes, investing in the water sector looks attractive. Will water supply or wastewater treatment be the larger market? We share three thoughts distilled from recent conversations and with the government encouraging public & private sector water spend; check out our review of 2014 investments in Chinese waters from agriculture, wastewater, water infrastructure, drinking water to Israeli cleantech.

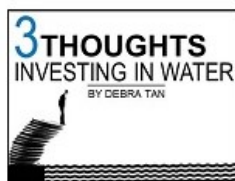
The times are a-changing and in 2015, it doesn't pay to be naughty. Check out how violation costs will surge with daily fines and discharge permit trading schemes. Speaking of being naughty, are we inadvertently spending on "dirty water" by buying cheap clothes? What is the Chinese appetite for dirty fashion? We talked to fashion bloggers, editors of lifestyle magazines & other aspiring fashionistas to get the lowdown. With the holidays fast approaching, think how you are spending on water and make it good investment ...Happy Holidays!



**Christmas Came Early**  
Xi's carbon emission promise, increased regulatory risk are a few reasons why Tan thinks Christmas has come early for China's waters. Industry beware; China is expected to aggressively enforce in 2015  
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**Consumers Willing to Spend More For Water**  
Are consumers ready to pay more for safe drinking water? Lu Shuping, President of Xylem China, shares key findings of its survey of six Tier 1 & Tier 2 cities in China  
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**China Water Investments: 3 Thoughts**  
Investing in the water sector looks attractive. Will water supply or wastewater treatment be the larger market? Debra Tan shares some recent conversations  
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### TAPPING IN 🚰

#### Government

- State Council: [Energy Development Strategic Action Plan](#) caps coal consumption at 4.2bn tonnes by 2020
- State Council: [Circular on Strengthening Environmental Monitoring & Law Enforcement](#) zero tolerance towards pollution violations
- State Council: [Opinions on Transforming, Upgrading & Development of National Economic & Technological Development Zones](#) promoting circular economy
- State Council, NDRC, MoF: Various guidance & guidelines on [Public & Private Partnership Projects](#)
- NDRC, MEP, MWR, MLR & MoF et al: [National Ecological Protection and Infrastructure Plan \(2013-2020\)](#) to preserve watersheds & groundwater
- MEP: [Interim Measures on Managing Pollution Discharge Permits](#) (effective 1 Jan 2015)
- MWR: issued [Interim Measures on Transferring Water Use Permits](#) (under public consultation)

#### Reports

- China Carbon Forum: [Mapping Chinas Climate Policy Formation Process](#)

#### Interest

- Li Keqiang: China to accelerate water conservation projects to tackle shortages & bolster economic growth
- NDRC & MoF: to launch [RMB50 bn National Environmental Fund](#) to fight pollution through low or no-interest loans
- NDRC, MEP, MLR & MoHURD: testing new combined planning



**2014 Investments in Chinese Waters**  
 With the government encouraging public & private sector water spend, check out investments in 2014 from agriculture, wastewater, water infrastructure, drinking water to Israeli cleantech  
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**Pollution: It Doesn't Pay to be Naughty**  
 Violation cost surges with daily fines, new standards & discharge permit trading in a bid to push China to go clean. See what this means for the textile industry  
 Read this [article](#) →



**Chinese Appetite for Dirty Fashion**  
 Do Chinese consumers know fashion's 'dirty' secret? Will it change the way they shop? Liu talks to fashion bloggers, editors of lifestyle magazines & other aspiring fashionistas  
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**Happy Holidays !**  
 The China Water Risk team wishes you a happy holiday!

- regime aimed to prevent wasteful growth
- MEP: >25,000 companies have bought environmental pollution liability insurance
- Su Ming of Energy Research Institute (ERI): China needs to cap coal use by 2020 to meet climate goals
- ERI: To meet air pollution goals Beijing would need to cut coal use by 99% to below 200,000t by 2030
- Xie Zhenhua, NDRC Vice Chairman: reaching peak coal "depends upon on technology"
- Hunan: Chinese NGO finds 1,500x the permitted level of heavy metal in soil
- New anti-graft checks targeting 13 State organizations including MEP, Shenhua & Sinopec
- Yili Group signs \$400mn New Zealand dairy deal

**Hot on Weibo:**

- Hebei burning unusable money notes as alternative to coal: 1 tonne of "paper money" generates 660kWh

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