

**Surefooted Goat or Sacrificial Lamb?** The regulatory landscape in China has changed due to multiple policies set & changes in the law in previous years. Many come into full effect this year... so in the coming Year of the Goat, check out our 5 Trends for 2015 for it is better to be the surefooted goat than the sacrificial lamb. What are the new market mechanisms in place to hold the 'Three Red Lines'? If you have not been following these policy shifts, we have summarised 8 game-changing policy paths. So who gets water first? Will China's energy bases drain the Yellow River? Are pollution risks shifting beyond the factory wall? Do we have to sacrifice rivers to generate power? Read what the Chinese Academy of Sciences, IPE and International Rivers have to say. Happy Lunar New Year!



## EDITORIAL

**Surefooted Goat or Sacrificial Lamb?** The regulatory landscape in China has changed due to multiple policies set & changes in the law in previous years. Many come into full effect this year... so in the coming Year of the Goat, check out our 5 Trends for 2015 for it is better to be the surefooted goat than the sacrificial lamb. If you have not been following these policy shifts, we have summarised 8 game-changing policy paths as Beijing herds the nation away from 'economy vs. environment' towards 'economy & environment'.

Water security is paramount. President Xi said "our environment has reached or is reaching the upper limit of its carrying capacity" at the year-end Central Economic Work Conference. It is all about water allocation and controlling water use & pollution. In short, staying within the 'Three Red Lines'.

So who gets water first? Which industries will be prioritised? Or will China's energy bases drain the Yellow River? The Deputy Director of the Center for Water Resources Research at the Chinese Academy of Sciences, Prof. Jia Shaofeng, shares his views on how water demand by the energy sector can be met.

To tackle pollution, ongoing fine-tuning of industrial standards is afoot, with government encouraging centralised or collective industrial wastewater treatment to discourage illegal discharge. However, NGOs are concerned that centralised treatment brings about centralised pollution as many treatment facilities are sub-standard. Could brands become more exposed? Could wastewater treatment plants face fines? Check out our interview with IPE's Ma Yingying on the matter. Be warned, risks are shifting beyond the factory wall.

New ways of doing 'old things' are also being tested. China has been experimenting with market mechanisms to hold the 'Red Lines'. We take a closer look at these new water trading market as they could mean you might not be able to afford water in the future. Don't be blindsided by these 'new market tools'.

How serious is Beijing? In the last 30 years, we have 'lost' 8,000sqkm of glaciers in the Qinghai Tibetan-Plateau. This is equivalent to the land area of eight Hong Kongs. More coal could mean these glaciers melt faster; more hydro could add to regional geopolitical tension. International Rivers' China Program Director, Grace Mang says it's premature to celebrate China's low carbon promise and urges a 'river conservation scenario' where we don't have to sacrifice Asia's rivers for power.

The situation is sobering and critical. It's all interlinked and it comes down to water. It is time to seriously tend to these matters in the Year of the Goat... Happy Lunar New Year!



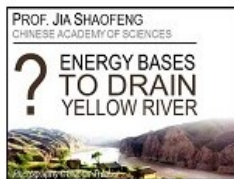
**5 Trends for the Year of the Goat**  
Beijing will shepherd the nation towards water, food & energy security. Staying within the Three Red Lines means rough terrain ahead. Tough choices need to be made. Check out our top 5 trends for 2015

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**8 Game Changing Policy Paths**  
There has been a fundamental shift in planning China's future growth with changes in regulatory landscape due to multiple policies set & changes in law. Many come into full effect in 2015. Get on top of these policy shifts

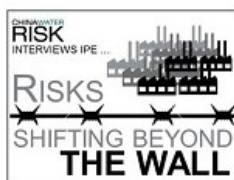
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**Will Energy Basins Drain the Yellow River?**

The Deputy Director of the Center for Water Resources Research at the Chinese Academy of Sciences, Prof. Jia Shaofeng on how water demand by China's energy bases can be met

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**Risks Shifting Beyond the Wall**

IPE's Ma Yingying tells China Water Risk that lax supervision & vague responsibilities between factories & treatment facilities leave brands exposed. Find out why centralised treatment could bring about centralised pollution

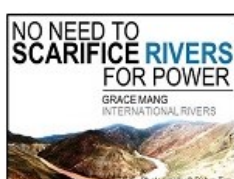
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**New Market Tools to Enforce Red Lines**

China has been experimenting with market mechanisms. Can China's new water permit trading markets (discharge & use) help the nation hold its Three Red Lines as well as catalyze a bigger water market? Feng Hu expands

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**China: No Need to Sacrifice Rivers for Power**

International Rivers China Program Director Grace Mang warns of prematurely celebrating China's lower coal targets as 500GW of 'clean' hydro by 2050. The time to discuss a 'river conservation' scenarios is now

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## TAPPING IN

## Government

- State Council: [No 1 Document](#): Rural reform, modern agri & food security
- State Council: [Third-party Treatment of Environmental Pollution](#): Develop financing & promote "green business" market mechanisms
- NDRC, MoF & MOHURD: [Notice on Issues of Setting & Adjustment of Wastewater Treatment Fee Standard](#): Urban residential fee to rise to RMB0.95/t by 2016
- Supreme People's Court, MEP & Ministry of Civil Affairs: [Implementing Environmental Public Interest Litigation](#): Clarification of procedure & court charges
- NDRC & CBRC: [Credit Financing for Energy Efficiency Improvement Projects](#): Industry & buildings
- NDRC: [Recommended Energy Conservation Technology](#): 13 sectors incl. coal, power & textile
- NDRC: [Measures on Alternatives to Reduce Coal Consumption in Key Regions](#): 83mt reduction in Beijing, Tianjin, Hebei & Shandong by 2017
- NEA, MEP & MIIT: [Promoting Safe & Green Coal Development and Clean & Efficient Utilization](#): Power gen to be 60% of coal consumption by 2020
- NEA: [Guidance on Encouraging Social Capital Investment in Hydropower](#)
- NDRC: [Development Plan on Weather Modification 2014-2020](#): Making rain to ensure water & food security

## Reports

- WEF: [2015 Global Risk Report](#): 'Water crises' #1
- PWC: [Low Carbon Economy Index 2014](#): Global economy failed to decarbonise beyond BAU

## Interest

- NDRC: Cuts feed-in tariff for onshore wind farms by RMB0.2/kWh
- MWR, MoF & MOHURD: applications open for "sponge cities"
- Shanghai: drops GDP from annual work report
- Shanxi: new coal mines halted until 2020
- Lanzhou: Officials demand SOE, Lanzhou Petrochemical to apologise for harming the environment
- Huangchangping Mining fined RMB1mn; manager arrested for polluting reservoir & 2 officials sacked
- >110 people arrested for selling tainted pork
- 48% of AsiaInspection's 7,000 food plant audits in China failed to meet acceptable standards
- Japanese rice: the new, safe luxury food in China
- Nongfu Spring to launch "luxury" water line at ~RMB45/bottle
- China Development Bank to make RMB90 bn available in loans for water infrastructure

## Hot on Weibo:

- In China drinking water dispensers waste 1bn cum of water per year

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