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China's going down the drain

By Wu Zhong, China Editor

HONG KONG - China has launched an ambitious water-saving plan. But analysts say that if the plan is to be fully implemented, the central government must take effective measures to rein in rampant regional protectionism.

To cope with a worsening water shortage, China has set a goal of reducing water consumption per unit of gross domestic product (GDP) by 20% by 2010.

The goal was set by the Ministry of Water Resources (MWR) in its five-year plan for 2006-10, according to a report by the state-run Xinhua News Agency. This is similar to an energy-saving plan unveiled by Premier Wen Jiabao during the annual session of the National People's Congress (NPC) in 2006, which set the goal of cutting energy consumption per unit of GDP by 20% between 2006 and 2010.

However, the country has apparently failed to achieve the energy-saving goal for 2006. Wen himself admitted the failure in his Government Work Report to the opening of this year's NPC annual session on Monday. The premier said China's per-unit-GDP energy consumption only fell 1.23% last year, well short of the projected target of 4%.

Wen's comment was based on the latest data from the National Bureau of Statistics (NBS), which said energy consumption per 10,000 yuan (US\$1,292) of GDP was equivalent to burning 1.21 tons of thermal coal in 2006, down 1.23% from the previous year. This is the first time the NBS has released figures on China's energy consumption per unit of GDP. Although it missed its annual target of approximately 4%, it is the first time China has seen an annual decline in its energy consumption per unit of GDP since 2003.

But this figure is only accurate if the figures from local authorities are valid. Even some senior party officials suspect that statistics have been falsified.

In a panel discussion on Monday afternoon, Li Keqiang, the party chief of Liaoning province, after highly praising Wen for admitting the failure to achieve the national target of lowering energy consumption, turned to question Liaoning officials: "According to our statistics, Liaoning province has accomplished the goal of lowering per unit GDP energy consumption by 4% last year. Is this figure correct? Are our statistics accurate?"

Li, 51, who is widely tipped to be appointed as successor to President Hu Jintao in the Communist Party's 17th National Congress in the autumn, shocked the Liaoning officials with his remarks, sparking speculation that the chief of the Liaoning provincial bureau of statistics might lose his job if the energy consumption figure was indeed falsified.

In any case, the failure to accomplish the 2006 goal means that China has to cut energy consumption per unit of GDP by about 5% annually in the next four years if Wen's 20% reduction target by 2010 is to be met.

There is no mention in the Xinhua report about whether water consumption per unit of GDP was successfully reduced by 4% last year. If not, China must also make efforts to cut water consumption per unit of GDP by at least 5% each year from now on if the MWR's plan is to be fully implemented.

According to data from the MWR, in 2004, China consumed 399 cubic meters of water in generating 10,000 yuan of the country's GDP, which was eight times the rate in advanced countries such as the United States and four times the global average.

The amount of water wasted in industrial production in China is astonishing. In 2004, for every 10,000 yuan in value-added industrial output, China used 196 cubic meters of water, while that figure in advanced countries was less than 50 cubic meters. Water recycling in industrial production was just 60-65% in China, compared with 80-85% in advanced countries.

"At present, water recycling in China is at the early 1980s level of advanced countries. There is great potential [for China] to economize on water consumption," said Minister of Water Resources Wang Shucheng.

Vice Minister of Water Resources Hu Siyi revealed that China plans to build up to 100 water-efficient communities nationwide by 2010 in a pilot program to promote water conservation.

China has two of the world's longest rivers, the Yangtze and the Yellow, with water reserves totaling 2.81 trillion cubic meters, making it the fifth-richest in the world after Brazil, Russia, Canada and the United States. However, because of its mammoth population and rapid economic development, the country suffers from a chronic water shortage.

China supports 21% of the world's population with only 7% of the world's water. The country's per capita share of water is less than 2,200 cubic meters, only one-quarter of the global average, according to the MWR.

In 2030, the country, with a population estimated to be 1.6 billion, is expected to have a per capita share of the world's water of 1,760 cubic meters, a medium-level shortage. By 2030, the water-resources quota per hectare of arable land will be about 28,000 cubic meters, 80% of the world's average.

The distribution of water in China is also uneven. Statistics show that more than 80% of the country's water is distributed in the Yangtze River Valley and areas to the south of the Yangtze. These areas account for 53.5% of the population of China and 35.2% of the

nation's total acreage of arable land. In contrast, only 14.7% of the country's water is distributed in the vast areas to the north of the Yangtze, where the amount of arable land accounts for 59.2% of the national total, and the population makes up 44.4% of the total. The per capita share of water in Tianjin municipality in northern China is only one-10,000th of that in Tibet.

To ease the thirst in the north, China began the South-to-North Water Diversion Project to redirect water from the Yangtze River Valley to the Yellow, Huaihe and Haihe rivers. Estimated to cost more than 100 billion yuan (\$12.9 billion), the project will have three water-diversion routes, the east route, the middle route and the west route. The first supplies are to reach the eastern province of Shandong this year, and Beijing by 2010, according to the plan.

In addition to uneven distribution, serious soil erosion, deforestation, land conversion and excessive water usage in agriculture have exacerbated water shortages. Converting the wetlands of lakeshores into rice paddies has devastated China's rich lake resources. In recent decades, 815 lakes in central China's Hubei province, once known as the "Thousand-Lake Province", have dried up. Dongting Lake in Hunan province, the second-largest freshwater lake in China, has shrunk by 2,350 square kilometers since 1949, according to the People's Daily, the Communist Party's flagship newspaper.

Excessive extraction of groundwater for industrial and domestic use in urban areas has lowered groundwater tables in urban centers, which not only worsens water shortages but lowers water quality and increases the risk of landslides.

To make matters even worse, water pollution, particularly in economically booming east-coast regions, is increasing. More than 200 billion tons of wastewater is discharged into China's rivers each year, with 90% of the rivers in the country being polluted to varying degrees.

In November 2005, an explosion at a chemical plant near the Songhua River forced Harbin, provincial capital of Heilongjiang, with 4 million residents, to shut off water pipes for four days, drawing further attention to China's increasingly serious water problems.

In view of the worsening water crises facing the country, the MWR's water-saving plan is absolutely essential, analysts say. However, it remains to be seen whether the ambitious plan will be carried out to the letter at the regional level, as many regional officials are intent on increasing GDP at any cost.

GDP growth has been adopted as the main yardstick for measuring officials' performance over the past two decades. Beijing must find a more comprehensive set of standards for measuring officials' performance - otherwise its energy-saving and water-saving plans may never be properly implemented.

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