



Press Release

Asia Water Project launches investor report and unveils information portal on China water crisis

China may be looking at trade-offs between access to clean water and economic growth

Analysts are forecasting reduced economic growth for China as the country struggles with a deepening water crisis, according to a new investor report released today.

Water in China: Issues for Responsible Investors, authored by the independent research company Responsible Research and commissioned by the Asia Water Project (AWP), reveals that at the national level, China's water shortages are thought to be responsible for direct economic losses of US\$35 billion every year. This is 2.5 times the average annual losses due to floods.

"Water will be a key issue for China during the next phase of their development," says Lucy Carmody, editor of the report and Executive Director of Responsible Research. "Economic growth is likely to be compromised by shortages and polluted supplies if government and industry do not take swift action."

The report points out that sectors where China dominates globally, such as in steel, textile, and paper and forest products, are heavily water intensive. And fluctuations in quantity and quality of water supply in these industries carry significant potential risks to earnings.

The new report draws on case studies from ten industries that have the most impact on water in China including agriculture, forest products, textiles and beverages.

Information gap

As water becomes increasingly material to investors in China, they will need to be more pro-active in looking at how listed companies are addressing supply issues. This will deliver business risks and opportunities, the report states.

While there is some understanding of water-related risks to companies and investors, "a key barrier is the lack of reliable, comprehensive information on water issues in China," according to Ina Pozon, manager of Asia Water Project. "The Asia Water Project has a unique role to play in fast-tracking this trend, through its commissioned research and its new web-based information portal."

New pollution data

Earlier this month, the Chinese government released the findings of a pollution survey that show water pollution levels in 2007 were more than twice the official estimate, in part because previous reporting had failed to take agricultural contamination of water supplies into account.

Christine Loh, Chief Executive Officer of Civic Exchange and co-sponsor of the AWP with the ADM Capital Foundation, reads this as good news that the Chinese government has done its homework and now understands that "the problem is as big as it is urgent."

Loh anticipates that "there will be more dialogue and debate in China this year" as government plans require reductions in wastewater pollution that are not easy.

The new investor report, released Thursday, also highlights some shocking statistics: 70 percent of China's rivers and lakes are "significantly" contaminated, 50 percent of the country's cities have polluted groundwater and over 30 percent of China is affected by acid rain.

Notes:

- The Asia Water Project: China, sponsored by Civic Exchange and ADM Capital Foundation, is a unique collaborative research and web portal targeting investors and business, offering access to relevant information about China's growing water crisis and fostering dialogue to encourage better water management.
- The *Water in China: Issues for Responsible Investors* can be downloaded at www.asiawaterproject.org
- *Water in China: Issues for Responsible Investors* is authored by Responsible Research, an independent Asian investor research group that focuses on environment, social and governance issues for Asian companies. www.responsible-research.com

For more information:

Ina Pozon
Asia Water Project, Manager

ip@admcf.org
+852 976988450

