Denmark-Chongqing Water Days
September 26th - 27th 2012

Let’s discover the potential in the optimisation of industrial water usage

Get updated on Chongqing’s new water investment plan!

Customised B2B match-making workshops!

The Trade Council in China
Beijing, Shanghai, Guangzhou, Hongkong, Chongqing
5th Annual Denmark-Chongqing Water Days

Business Opportunities in Chongqing’s Water Sector

The Trade Council invites Danish technology and consultancy companies interested in the water sector to join us in China’s largest municipality, Chongqing, from September 26-27th 2012.

Activities included in this program:

- Introduction to the latest investment plans and policies in the area of water, by Chongqing authorities
- Presentation of potential areas of cooperation, by Chongqing Water Group and Chongqing Water Investment Group - the two largest water-developers in Chongqing
- Presentation on Danish water technology by the Danish participants
- Presentation of the concept of an industrial water usage demonstration project
- Site-visit
- B2B match-making
- Urban water pricing workshop

Please sign up before September 7th 2012

By courtesy of the Danish Environmental Protection Agency, participation fee for joining this year’s DCWD is only 6,000 DKK with up to three participants per company, compared to 12,500 DKK from previous years. An Early Bird discount of 10% (net 5,400 DKK) is available upon receipt of confirmation before September 7th.

Note: The participation fee covers partial of the Trade Council China’s organization of the general programme and meetings, including logistical arrangements for your stay in Chongqing. Travel and hotel expenses are not included in the quoted price.

- Participants will have to arrange their own flight to and from Chongqing
- Trade Council China will facilitate hotel booking at a very attractive prices
- Participation fee for the next year’s DCWD will again be purely cost based. The level could again be reduced depending on the availability of funding
- If participants are included in this year’s business delegation accompanying the Danish Minister of Environment to China end of September the above quoted fee will be included in the overall participation fee and transportation and accommodation will be arranged and included in the price

In advance of DCWD, it is advisable that you provide enough time to let Trade Council China contact Chongqing water developers, authorities and/or environmental companies on your behalf. This knowledge exchange would ensure that you move closer to obtaining concrete projects to work on while in Chongqing. Trade Council China’s facilitation of all such dialogues and surveys may involve an extra charge.
Program for Water Days 2012

Wednesday, September 26th – Seminar and Matchmaking

09:30  Registration starts
10:00  Welcome speech by Mrs. Ida Auken, Danish Minister for the Environment
10:10  Briefing on Danish Water competencies by H.E. Friis Arne Petersen, Danish Ambassador to China
10:20  Introduction of 2012 Chongqing Government's ambitions, targets, achievements and future key projects by Municipal Economic and Information Technology Committee
10:35  Presentation by Chongqing Water Group on their efforts in decreasing non-revenue water and improving water supply efficiency.
10:50  Presentation by Mr. Finn Mortensen, State of Green, on the opportunities for the Chinese participants to get inspiration from Denmark and Danish water companies through the State of Green Tours programme and the Chinese web portal
11:00  Brief introduction of the Danish business delegation by representative from The Confederation of Danish Industry (DI)
11:10  Coffee Break and split into groups
11:30  Three parallel workshops on 1) Industrial Water Optimization, 2) Urban water leakage, 3)Groundwater
12:30  Three Q&A sessions in respective workshop rooms
13:00  Buffet lunch
14:00  Panel One: Discussion on Industrial Water Optimization by government officials, academics, and industrial experts, with external facilitator (in Chinese)
14:30  Panel One Q&A
14:45  Panel Two: Discussion on Industrial Water Optimization by the Danish business delegation (in English)
15:15  Panel Two Q&A
15:30  Local experience sharing on Industrial Water Optimization by Chongqing Brewery Corporation
15:50  B2B individual meeting and matchmaking
17:20  Head to Nanbin Road by vehicles for dinner (all Danish delegations and local government officials)
18:00  Dinner and Chongqing night view at Nanbin road square

Thursday, September 27th - Site Visit

09:00  Site visit to Chongqing Brewery Corporation
12:00  Lunch and conclusion of DCWD 2012
13:15  Danish delegation transfer to airport
Why Chongqing?

Chongqing is one of the fastest growing cities in China. The local economy has doubled from 2006 to 2011, and with an expected GDP growth of 17 pct. for 2012, this development seems to continue. The growth is driven by the Central Government’s “Go West”-policy and a demand from enterprises that want to enjoy lower costs and rising market opportunities in the western region. This impressive development gives a lot of opportunities for Danish companies to benefit from the initiatives in Chongqing’s 12th five-year plan and the water market in Chongqing.

Chongqing’s 12th Five-Year Plan on Water (2011-2015)

- **Transformation of water supply network**: Improve old water supply facilities in districts and townships. Build six new water plants.

- **Waste water treatment**: 215 waste water treatment plants, 34 sludge treatment projects and seven water recycling projects will be established or expanded; in addition 16 waste water treatment plants will be upgraded. The total investment will be 18.9 billion RMB.

- **River treatment**: Three of the main rivers in Chongqing (Yangtze River, Jialing River and Wu River) will be treated; more than 3000 km² of tributaries and more than 200 km² of small rivers will be treated. In total 148 middle- and small rivers, with 300 key treatment projects, will be carried out.

- **Establishment of reservoirs**: Three large reservoirs (Yu Tan, Jin Fu Mountain and Guan Jinkou) will be built and the preparatory work for another large reservoir (Qi Jiang Zao Du) will be finished; 40 middle-sized reservoirs will be started while 30 will be finished.

- **Water supply**: The second phase of drinking water purification in the downtown areas of Chongqing and water supply facilities improvement in the districts, counties and urban areas will be finished. Three projects for water abstraction and pumping stations will be finished; furthermore, one of the projects also includes water treatment and water distribution systems.
The Water Market in Chongqing 2011-2012

Investment scheme from Central Government

- In July 2012, National Development and Reform Commission (NDRC) issued the 2012 central budget:
  - 45 million CNY for investment scheme in Chongqing water supply network construction and transformation.
  - 62 million CNY for investment scheme in Chongqing’s key townships’ water supply and infrastructure construction.
  - 70 million CNY for investment scheme in Chongqing’s poor counties and severe water shortage counties’ water supply facilities construction.
  - 1.37 Billion CNY for water pollution control projects in key river valleys (The Three Gorges Reservoir Area). This investment scheme includes nine municipal sewage and sludge treatment projects, one municipal solid waste incineration power generation projects, six sub-river remediation demonstration projects and one small township sewage treatment project (including six sub-projects)

Water Pricing Mechanism

- Of the 36 largest cities in China, 17 have applied ladder pricing mechanism for residential water use. Chongqing is planning to implement this mechanism.
- 30% of China’s water plants are facing net financial loss
- For all cities implemented ladder pricing mechanism since 2012, the average price increase is 30%.

Industrial Water Usage

- Per unit GDP industrial water consumption in Chongqing is 10-20 times the amount of consumption compared with developed countries.
- One fifth of the city’s urban pipe water are non-revenue water
- The price of industrial water in Chongqing is 40 per cent lower than the price in cities on the east coast of China.

Waste Water Treatment

- There are 17 secondary rivers and four other rivers in Chongqing, which must be treated by the end of 2012. Over the coming two years 5.56 billion RMB will be invested in these rivers. The existing 50 waste-water treatment plants need upgrading. The 18 industry parks around Chongqing must have waste water treatment facilities, and online supervision systems must be set up.
- In the coming two years 134 small waste water treatment plants will be established in counties and towns.
Water Supply

- The current water supply needs improvements to secure the water quality.
- More than five water supply plants, with a daily supply-capacity of 60,000 m³ will be established over the coming two years.

Preferential Policies in Regards to Water Companies

- There is no value-added tax (VAT) for the enterprises within water supply and wastewater treatment.
- No business tax for technology transfers.
- The corporate income tax of all industrial enterprises in Chongqing is 15%, lower than the 25% income tax outside this region.
- If the company is working within public wastewater treatment, public waste treatment, bio-gas, comprehensive development and utilization, technology renovation, energy savings and emissions reduction, sea-water desalination and the like, the company will be exempt from paying corporate income tax for the first three years the company makes a profit, and for the three years after that the corporate income tax will be half.

Political Goodwill to Denmark from the Chongqing Government

In 2009 the Danish Embassy and the Municipal People’s Government of Chongqing signed a Memorandum of Understanding (MOU) in energy saving and environmental protection, economic and trade co-operation and technology transfer.

This MOU recognises that strengthening the economic and trade-cooperation relationships and promoting cooperation in energy-saving technology and environment protection can provide mutual benefits. The MOU focuses on the following areas:

- Waste water
- Solid waste
- Recycling
- Energy saving and recovery
- Renewable energy
Arranging these Water Days is one of the Danish opportunities in the MOU for Danish stakeholders. The most important obligation on the Chinese side is the Chongqing government’s consent to promote and extend trade and investments of Danish enterprises in Chongqing.

Danish Water Days - a Tradition in Chongqing

There have been Danish water-events in Chongqing annually since 2008, and the *Water Days 2012* marks the fifth event held within the field of water.

The most recent water-event was held in November 2011, where leaders, among others, from Chongqing Water Investment Group and Chongqing Urban Management Committee participated. Previous water events have had participants from companies such as COWI, DHI, Grundfos, Danfoss, AVK, VCS Denmark and Novozymes.
The importance of local stakeholders

There are several sales channels that can be used by Danish equipment-providers to enter the Chongqing-market. Please see the following flow chart:

General Contractor

The general contractor's contract is with the end-customers, and can be within fields such as construction, renovation or demolition of water transportation buildings, urban water pipeline system, waste water treatment plants, water supply plants and other civil structures. The general contractor is responsible for the designs and methods used in the execution of the project, and must be in accordance with the contract. In addition to this, construction materials, labour, water equipment and services are also supplied by the general contractor. Contractual documents usually include budgets, general and specific conditions and the plans and specification of the project, which are prepared by engineers of the general contractor itself or a design institute.

Chongqing Water Group, Chongqing Water Investment Group and large design institutes are usually the general contractors.
In order to cut costs and to increase efficiency, many general contractors subcontract parts of the work to other companies, who specialize in the work needed. It may therefore be beneficial to Danish companies to establish partnerships with the general contractors in order to become suppliers of equipments and materials.

**Design Institutes**

Besides traditional marketing channels, the role played by the design institutes in the Chinese market cannot be ignored. In effect this means that most end-customers will use design institutes in the process of designing the treatment or supplying processes, creating the list of technology and equipment to be used, and the like. In many cases the end-customers do not have precise information on the relevant technologies; for this reason they tend to rely on the design institutes, so design institutes have a big say in deciding which company’s technology will be used. In addition, several large design institutes work as general contractor themselves. Last but not least, most of design institutes usually have orders throughout China, not only from Chongqing; so it is important for Danish companies to establish close relationships with the local design institutes, especially the large-scale municipal and architectural design institutions with top qualifications.

**Sales Agent and Distributor Service**

Local environmental companies are usually having good sales performances by acting as technology cooperation partners or distributors; they are usually quite informative and resourceful too. In addition they have easy access to end-customers and to local authorities, therefore, the can help foreign companies land orders. With the economic development in over the past 20 years, more and more people care about the quality of household water. People are willing to buy some small-scale equipment to improve the water quality. Likewise, many public buildings are also willing to invest money in buying advanced equipment to improving the level and quality of their water. Therefore, for this type of end-customers market-entry via sales-agent and distributors are probably the quickest way to enter Chinese market.
Professors at Universities

Professors within the field of water at local universities usually participate in large projects, as a part of their academic research. Some of the projects are from central and local governments, and some are from large design institutes. Projects are usually innovative and participants come from the large network of students who working and interning in various government water sections, large water developers and design institutes. They are also working as senior technology consultants for large water projects.

Chongqing Water Group and Chongqing Water Investment Group

Both Chongqing Water Group and Chongqing Water Investment Group focuses on water supply, water discharge and water projects, such as construction and operation, with the former working mainly within the urban market by providing water to households and various industrial sectors, and the latter works in the more remote areas of Chongqing. Between the two of them they have almost the entire domestic water market in Chongqing covered.

Why the Trade Council?

What the Trade Council Offers?

Compared with similar organizations the Trade Council has some important strong points:

- Unique official access to and good relations to local authorities, organizations, and large state-owned groups, as most of the projects are in the hands of large state-owned groups.
- Unique access to local development plans and strategies, and the latest project information.
- Local staff who know how to deal with local business culture and markets, and who are good coordinators between Danish companies and local shareholders and partners.
With these strong-points, the Trade Council can provide services such as:

- Incubator offices
- Product and technology promotions, seminars and exhibition
- Assistance with project tendering
- Assistance with establishment of representational offices, wholly foreign owned enterprises and joint-ventures
- Partners searches (OEM, Technology transfer)
- Customer searches and visits, followed by match-making
- Market surveys
- Distributor and dealer searches
- IPR assistance
- Recruitment

The Trade Council can also assist you in:

- **Green China**: a network of Danish businesses established in 2008 on the initiative of the Danish Embassy in Beijing. The current members are: Alectia, AVK, COWI, Danfoss, DHI Group, Grundfos, Hasle Refractories, NNE Pharmaplan, Novozymes, Rockwool, Velux.

- **Danish Assembly & Manufacturing (DAM)**: A service aimed at assisting you with establishing an assembly or manufacturing company in Chongqing. Such company should reduce your product costs to China costs levels, often a requirement to generate high business volume in China. DAM concerns strategy-sparring, factory location study, rental negotiation, company registration, recruitment, sourcing and promotion. To view the DAM brochure please request it separately.

- **Eksportstart Vækst**: 65% discount on consultancy in packages of 50 hours of 915 DKK/hour. Applies for companies with less than 100 employees and an annual turnover less than 100 mil. DDK. For further information, visit [www.eksportstart.dk](http://www.eksportstart.dk)

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