

U.S. Water Treatment Firm “Taps” Chinese Market

Building a Better Quality of Life in Guizhou Province

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Imagine having to take a two-hour bus ride just to take a shower, or living in a village where drinking, bathing, and washing water comes from a stagnant rainwater pond or a muddy irrigation and drainage canal contaminated with pesticides. Unfortunately, that's what the majority of people face in Dafang, located in western China's Guizhou province.

Fortunately, the Chinese government, with help from U.S. companies like Han's Technologies, Inc., is working to improve the quality of life for the people of Guizhou province.

“The existing water utility networks or piped water can only cover 50 percent of the cities in Guizhou province, and nationwide, only 14 percent of China's

population is connected to wastewater treatment plants. China's clean water needs are very great,” says Dr. Weiping Xia, senior vice president and chief operating officer of Oakland-based Han's Technologies. “Estimates show that China would require 10,000 treatment plants with a market value of \$48 billion just to achieve a treatment rate of 50

percent—a goal set forth by the Chinese government.”

In Dafang county, northeast of Guizhou province, for example, new residents could not get water at fourth or higher floors because of lower water supply pump pressure and or great pipe head-loss due to the old, small piping system built 20 years ago, which forced most households to turn to entrepreneurs who drilled wells.

PARTNERSHIPS, PROGRESS, AND THE PLATINUM KEY

Dr. Xia, a native of China, has been keenly aware of China's drinking water problem and has been at the forefront of China's wastewater treatment market since the beginning of Han's in 1997.

Having done business in China for several years, Dr. Xia wanted to expand his business opportunities there. Three years ago, after building his sixth treatment plant, he decided it would be better to be the investor rather than just the designer or the builder. But it is not easy doing business in such a large country where people-to-people relationships are a way of life.

Soon after envisioning this new approach, Xia visited the U.S. Export Assistance Center in Oakland. “I met with Han's in the beginning of 2001, regarding their interest in expanding their presence in the China environmental technology sector. They had just returned from a trade mission to Beijing, China where they had received a Commercial Service briefing,”



Representatives from Han's Technologies and the Commercial Service attend the Bijie prefecture, Guizhou province water supply plant ground-breaking ceremony.

Photo courtesy of U.S. Department of Commerce



Han's Technologies' construction partner Chengdu Railway Engineering Construction Group organized the Bijie prefecture, Guizhou province water supply plant groundbreaking ceremony.

Photo courtesy of U.S. Department of Commerce

SUCCESS AND RECOGNITION

In recognition of Han's hard-earned success in China, Maria Cino, then director general of the U.S. Commercial Service, presented an Export Achievement Certificate to Han's in April 2003.

According to Xia, the recent projects will provide water in six counties of Bijie prefecture for domestic, municipal, and industrial consumers, and for the development of irrigated agriculture in the surrounding areas. The total investment is estimated at \$150 million, with an estimated \$50 million in U.S. export content.

"The overall project will completely solve the water problems through the building of a whole new water and wastewater system," Xia says. "This will include the construction of the water reservoir and a 38-kilometer transfer canal located to the west in the neighboring town of Dafang county."

This is the first and the largest build-operate-transfer project in western China. Xia estimates the Bijie prefecture project will take about three years to complete.

In January 2004, Rod Hirsch and Bruce Blakeman, Secretary of Commerce Donald Evans' special representative in China, joined Han's in Bijie prefecture for the project's ground-breaking ceremony.

Meanwhile, the people of Guizhou province, who have faced severe water shortage and a lack of Chinese government funds to resolve the problem, are anxiously waiting to turn on the tap.

"This project will benefit directly more than a half million people in six counties, improving their overall quality of life," says Mr. Jiapei Huang, commissioner for the prefecture. "This is the first endeavor of our provincial government using foreign capital to develop our municipal infrastructure. We trust Han's." ■

says Rod Hirsch, director of the Oakland office. "We then requested the aid of our Commercial Service posts in China. Han's signed up for the Platinum Key Service in Hong Kong that provides for long-range advocacy and export assistance."

Commercial Service officers and trade specialists in Hong Kong, Shanghai, Chengdu, Beijing, and the Manila liaison office of the Asian Development Bank were briefed on Han's and communicated with the company. Soon thereafter, they were coordinating market research and assessing Asian Development Bank opportunities as well as identifying and contacting key Chinese government officials involved in municipal management, water supply, and waste treatment.

That's good. But would these Chinese officials be interested in hearing what Dr. Xia had to say about his water treatment technologies?

Soon enough, Xia was flying to China, where he would contact local government officials through meetings arranged by the Commercial Service. While in China, he toured Guizhou province, including

the Bijie prefecture region, to learn more about its potable water and pollution control needs.

As a follow-up, Dr. Xia requested the assistance of the Oakland office to host decision-makers from Guizhou province for one-on-one "matchmaking" meetings, and an informational seminar on environmental technology opportunities in Guizhou. In addition, Hirsch worked with Congresswoman Barbara Lee's office in Oakland to secure a letter of support for Han's activities in China. This was crucial for solidifying the connections so necessary for doing business in China. These connections are called "guanxi," which means "relationships."

"As a result of this coordinated assistance, we have built up wide relations with our Chinese government clients," says Dr. Xia. "This led to a recent build-operate-transfer contract signing for 17 projects in Bijie prefecture, covering five water supply plants, six wastewater, and another six solid waste treatment facilities, financed by China Construction Bank."