Regulations on Water Conservation of the PRC

Dan Young Business Consultancy — www.danyoungcpa.com

Unofficial English translation prepared for reference only. The official Chinese text prevails.

Contents

Table of Contents 1

Chapter I — General Provisions 1

Chapter II — Water Use Management 2

Chapter III — Water Conservation Measures 5

Chapter IV — Support and Supervision 7

Chapter V — Legal Liability 8

Chapter VI — Supplementary Provisions 8

Adopted at the 26th Executive Meeting of the State Council on February 23, 2024
Promulgated by State Council Order No. 776 on March 9, 2024
Effective: May 1, 2024

Table of Contents

- Chapter I — General Provisions
- Chapter II — Water Use Management
- Chapter III — Water Conservation Measures
- Chapter IV — Support and Supervision
- Chapter V — Legal Liability
- Chapter VI — Supplementary Provisions

Chapter I — General Provisions

Article 1 — For the purpose of promoting water conservation throughout society, safeguarding national water security, advancing ecological civilization, and promoting high-quality development, these Regulations are formulated in accordance with the Water Law of the People's Republic of China and other relevant laws.

Article 2 — For the purposes of these Regulations, "water conservation" (hereinafter referred to as "water saving") means the activities of reducing water resource consumption, reducing water resource losses, and preventing water resource waste by strengthening water use management, transforming the mode of water use, and adopting measures that are technically feasible and economically reasonable, so as to make rational and efficient use of water resources.

Article 3 — Water-saving work shall uphold the leadership of the Communist Party of China, implement the holistic approach to national security, and coordinate development and security; it shall follow the principles of overall planning, comprehensive measures, measures suited to local conditions, and guidance by

Source: https://www.danyoungcpa.com/regulations-on-water-conservation-prc-2024/

category; it shall adhere to total quantity control, scientific allocation, and efficient utilization; it shall combine constraints with incentives; and it shall establish a water-saving mechanism featuring government leadership, coordination among all parties, market regulation, and public participation.

Article 4 — The State strictly practices water conservation, upholds and implements the policy of prioritizing water conservation, deeply implements the national water-saving campaign, and comprehensively builds a water-saving society.

All organizations and individuals shall perform their water-saving obligations in accordance with the law.

Article 5 — The State establishes a rigid-constraint system for water resources, adheres to the principle of determining cities, land, population, and production by water availability, optimizes the pattern of territorial spatial development and protection, promotes the scientific and rational layout of population and cities, and builds a modern industrial system commensurate with the carrying capacity of water resources.

Article 6 — People's governments at or above the county level shall incorporate water-saving work into relevant plans for national economic and social development and into annual plans, strengthen organizational leadership over water-saving work, improve and promote the implementation of water-saving policies and safeguard measures, and coordinate the study and resolution of major issues in water-saving work.

Article 7 — The water administrative department of the State Council shall be responsible for water-saving work nationwide. The housing and urban-rural development department of the State Council shall, according to the division of duties, guide urban water-saving work. The development and reform, industry and information technology, agriculture and rural affairs, natural resources, market regulation, science and technology, education, and government offices administration departments of the State Council, among others, shall, according to the division of duties, properly carry out water-saving related work.

The relevant departments of local people's governments at or above the county level shall properly carry out water-saving work according to the division of duties.

Article 8 — The State improves policies and measures to encourage and support the development of the water-saving industry and scientific and technological innovation, strengthens the building of water-saving scientific and technological innovation capacity and industrial application, and strengthens the supporting role of scientific and technological innovation in promoting water conservation.

Article 9 — The State strengthens publicity, education, and science popularization on water conservation, raises public awareness and skills for water conservation, and promotes the formation of a social consensus and good practice of voluntary water conservation.

Relevant departments of the State Council, local people's governments at or above the county level and their relevant departments, township people's governments, and sub-district offices shall organize and carry out water-saving publicity, education, and knowledge-popularization activities in various forms.

News media shall carry out public-interest publicity on water conservation and exercise supervision through public opinion over acts that waste water resources.

Chapter II — Water Use Management

Article 10 — Relevant departments of the State Council shall, according to the division of duties and on the basis of the national economic and social development plan and the national water resources strategy plan, formulate a national water conservation plan. Local people's governments at or above the county level shall, based on the needs of economic and social development, water resource conditions, and the water conservation plans of higher-level governments, organize the formulation of water conservation plans for their respective administrative regions.

Source: https://www.danyoungcpa.com/regulations-on-water-conservation-prc-2024/

A water conservation plan shall include content such as an assessment of water resource conditions, analysis of water-saving potential, water-saving objectives, and major tasks and measures.

Article 11 — The water administrative and standardization departments of the State Council shall organize the formulation of water use quotas for major crops, key industrial products, and the service industry nationwide (hereinafter referred to as the "national water use quotas"). In organizing the formulation of national water use quotas, opinions shall be solicited from the relevant departments of the State Council and the people's governments of provinces, autonomous regions, and municipalities directly under the Central Government.

The people's governments of provinces, autonomous regions, and municipalities directly under the Central Government may, based on actual needs, formulate local water use quotas that are stricter than the national water use quotas; where the national water use quotas do not provide otherwise, they may formulate supplementary local water use quotas. Local water use quotas shall be proposed by the relevant industry departments of the people's governments of provinces, autonomous regions, and municipalities directly under the Central Government, and shall be promulgated by such people's governments after examination and approval by the water administrative and standardization departments at the same level, and filed with the water administrative and standardization departments of the State Council for the record.

Water use quotas shall be revised in a timely manner according to the level of economic and social development, water resource conditions, changes in industrial structure, and technological progress.

Article 12 — The water administrative departments of local people's governments at or above the county level shall, jointly with relevant departments, formulate annual water use plans for their respective administrative regions based on the amount of water available for use in the region as determined by water use quotas, economic and technical conditions, water allocation plans, and groundwater control indicators, and shall exercise total quantity control over annual water use.

Article 13 — The State implements planned water use management for entities whose water use reaches a certain scale.

The water use plan of a water-using entity shall be formulated on the basis of water use quotas and the annual water use plan of the administrative region. For water-using entities that directly draw groundwater or surface water, their water use plans shall be formulated by the water administrative departments of local people's governments at or above the county level or the corresponding river basin management agencies; for water-using entities that use urban public water supply, their water use plans shall be formulated by the urban water-saving department jointly with the urban water supply department.

The specific measures for the planned water use management of water-using entities shall be formulated by the people's governments of provinces, autonomous regions, and municipalities directly under the Central Government.

Article 14 — Water use shall be metered. Water from different sources and for different purposes shall be metered separately.

Local people's governments at or above the county level shall strengthen the construction of metering facilities for agricultural irrigation water use. Regions with severe water resource shortages and regions with groundwater overdraft shall build metering facilities for agricultural irrigation water use within a prescribed time limit. Where agricultural irrigation water use does not yet meet the conditions for metering, indirect metering methods such as converting electricity consumption into water may be adopted.

No organization or individual may occupy, damage, or arbitrarily move water use metering facilities, or interfere with water use metering.

Article 15 — Water use shall be subject to metered charging. The State establishes a water pricing system that promotes water conservation, and improves the water pricing formation mechanism commensurate with

Source: https://www.danyoungcpa.com/regulations-on-water-conservation-prc-2024/

the level of economic and social development, water resource conditions, water use quotas, water supply costs, the affordability of water users, and water-saving requirements.

Domestic water use by urban residents and by rural residents where conditions permit shall be subject to tiered water pricing, and non-domestic water use shall be subject to progressive surcharges for exceeding quotas (plans).

Agricultural water prices shall be reasonably formulated in accordance with the law by taking into account factors such as water supply costs, the degree of water resource scarcity, and the affordability of agricultural water users, and in principle shall not be lower than the cost of project operation and maintenance. For agricultural irrigation water use where conditions permit, progressive surcharges for exceeding quotas shall be promoted.

The prices of reclaimed water and desalinated seawater shall be determined through negotiation between the supply and demand parties under the overall coordination of local people's governments.

Article 16 — Regions with severe water resource shortages and regions with groundwater overdraft shall strictly control the construction of high-water-consuming industrial projects, and shall prohibit the new construction of, and phase out within a prescribed time limit, high-water-consuming industrial projects that do not conform to national industrial policies.

Article 17 — The State implements water efficiency labeling management for water-using products with great water-saving potential and wide use, and gradually eliminates water-using products with low water efficiency grades. The measures for the administration of water efficiency labeling shall be formulated by the development and reform department of the State Council jointly with relevant departments of the State Council.

Article 18 — The State encourages quality certification of water-saving products; certified water-saving products may use the certification mark in accordance with regulations. The basic norms and rules for certification shall be formulated by the certification and accreditation supervision and administration department of the State Council jointly with relevant departments of the State Council.

Article 19 — For construction projects that are newly built, rebuilt, or expanded, the construction entity shall formulate a water-saving measures plan based on the content of the project construction, and build water-saving facilities as supporting facilities. Water-saving facilities shall be designed, constructed, and put into use simultaneously with the main project. The investment in the construction of water-saving facilities shall be included in the total investment of the construction project.

Article 20 — The State gradually eliminates backward technologies, processes, equipment, and products with high water consumption; the specific catalog shall be formulated and published by the development and reform department of the State Council jointly with the industry and information technology, water administrative, housing and urban-rural development departments of the State Council and other relevant departments.

The production and sale of technologies, processes, equipment, and products listed in the catalog prescribed in the preceding paragraph are prohibited. Users engaged in production and business operations shall stop using technologies, processes, equipment, and products listed in the catalog within a prescribed time limit.

Article 21 — The State establishes and improves the water-saving standards system.

Relevant departments of the State Council shall, in accordance with the law, organize the formulation and timely revision of national and industry standards relating to water conservation.

The State encourages relevant social organizations and enterprises to formulate, in accordance with the law, water-saving group standards and enterprise standards that are stricter than national and industry

Source: https://www.danyoungcpa.com/regulations-on-water-conservation-prc-2024/

standards.

Article 22 — Relevant departments of the State Council shall, in accordance with the law, establish a water-saving statistical survey system and regularly publish water-saving statistical information.

Chapter III — Water Conservation Measures

Article 23 — People's governments at or above the county level and their relevant departments shall, based on the level of economic and social development and water resource conditions, guide agricultural production and operation entities to reasonably adjust the structure of planting and breeding and the structure of agricultural water use, actively develop water-saving agriculture, and develop dryland farming in light of local conditions.

The State gives key support to the development of water-saving agriculture in water-scarce regions.

Article 24 — The State supports the research and promotion of new drought-tolerant crop varieties and water-saving technologies for crop farming and animal husbandry, such as soil moisture conservation, integrated water and fertilizer application, and resource utilization of aquaculture wastewater.

People's governments at or above the county level and their relevant departments shall organize water-saving agricultural experiment, demonstration, and technical training, and guide agricultural production and operation entities to use water-saving technologies.

Article 25 — The State develops water-saving irrigation, promotes water-saving irrigation technologies such as sprinkler irrigation, micro-irrigation, pipeline water conveyance irrigation, canal seepage-control water conveyance irrigation, and rainwater collection supplemental irrigation, and improves irrigation water use efficiency. Water-scarce regions and regions with groundwater overdraft shall give priority to the development of water-saving irrigation.

People's governments at or above the county level and their relevant departments shall support and promote the construction of water-saving irrigation project facilities. Newly built irrigation project facilities shall conform to the engineering technical standards for water-saving irrigation. Existing irrigation project facilities that do not conform to the engineering technical standards for water-saving irrigation shall be renovated for water conservation within a prescribed time limit.

Article 26 — The State accelerates water conservation in rural daily life.

Local people's governments at or above the county level and their relevant departments shall strengthen the construction and renovation of rural domestic water supply facilities and supporting pipe networks, and promote the use of domestic water-saving appliances.

Article 27 — Industrial enterprises shall strengthen internal water use management, establish water-saving management systems, adopt advanced and applicable water-saving technologies, processes, and equipment such as water supply by quality, high-efficiency cooling and washing, circulating water use, and wastewater treatment and reuse, reduce water consumption per unit of product (output value), and improve the reuse rate of water resources. Industrial enterprises with high water consumption whose water use level exceeds the water use quota shall carry out water-saving renovation within a prescribed time limit.

The cooling water of production equipment, air-conditioning cooling water, and boiler condensate water of industrial enterprises shall be recovered and reused. High-water-consuming industrial enterprises shall gradually promote technical measures for advanced treatment and reuse of wastewater.

Article 28 — For development zones, industrial parks, and other areas where newly built, rebuilt, or expanded industrial enterprises are concentrated (hereinafter collectively referred to as "industrial agglomeration areas"), water supply, drainage, and wastewater treatment and recycling facilities shall be constructed in an overall manner, so as to promote serial water use and water use by quality among

Source: https://www.danyoungcpa.com/regulations-on-water-conservation-prc-2024/

enterprises and achieve multiple and recycling use of water.

The State encourages existing industrial agglomeration areas to carry out green, high-quality transformation and upgrading and circular renovation with water conservation as a key focus, and to accelerate the construction of water-saving and water recycling facilities.

Article 29 — Local people's governments at or above the county level shall strengthen the overall coordination of production, domestic, and ecological water use within urban built-up areas, incorporate water-saving requirements into every link of urban planning, construction, and governance, and comprehensively advance the construction of water-saving cities.

Article 30 — Public water supply enterprises and entities that build their own water supply and use pipe network facilities shall strengthen the operation and maintenance management of water supply and use pipe network facilities, establish a leakage control system for water supply and use pipe network facilities, and take measures to control water leakage. Leakage losses that exceed the national standard for leakage control of water supply pipe network facilities shall not be included in the pricing costs of public water supply enterprises.

Relevant departments of local people's governments at or above the county level shall strengthen supervision and management over the operation of public water supply pipe network facilities, and support and promote the renovation of old water supply pipe network facilities.

Article 31 — The State regards water conservation as an important element in promoting green buildings, and promotes the reduction of water consumption in building operation.

Newly built, rebuilt, or expanded public buildings shall use water-saving appliances.

Article 32 — Public institutions shall play an exemplary role in water conservation, establish and improve water-saving management systems, take the lead in adopting advanced water-saving technologies, processes, equipment, and products, carry out water-saving renovation, and actively build water-saving entities.

Article 33 — Urban landscaping and greening shall improve water use efficiency.

In water-scarce regions, urban landscaping and greening shall give priority to water-saving and drought-tolerant vegetation suitable for the region, and adopt water-saving irrigation methods such as sprinkler irrigation and micro-irrigation.

Water-scarce regions shall strictly control landscape water use such as artificial rivers and lakes.

Article 34 — Local people's governments at or above the county level shall, based on water resource conditions, incorporate unconventional water such as reclaimed water, collected rainwater, seawater and desalinated seawater, mine (well) water, and brackish water into the unified allocation of water resources.

Local people's governments at or above the county level in water-scarce regions shall formulate plans for the utilization of unconventional water, raise the proportion of unconventional water utilization, and shall not approve new water intake permits for construction projects that meet the conditions for using unconventional water but fail to make reasonable use of it.

Article 35 — Local people's governments at or above the county level shall plan and construct infrastructure for the resource utilization of sewage in an overall manner, and promote the resource utilization of sewage.

Water for urban greening, road cleaning, vehicle washing, construction, and ecological landscaping shall give priority to the use of reclaimed water that meets the standards.

Article 36 — Local people's governments at or above the county level shall advance the construction of sponge cities and raise the level of rainwater resource utilization.

The construction of new urban areas, the renovation of old urban areas, and the construction of municipal infrastructure shall, in accordance with the requirements of sponge city construction, plan and construct facilities for rainwater retention, infiltration, purification, utilization, and regulation in light of local conditions.

Article 37 — Coastal areas shall actively develop and utilize seawater resources.

Newly built, rebuilt, or expanded industrial enterprise projects in coastal or island areas with freshwater shortages shall give priority to the use of desalinated seawater. Where conditions permit, desalinated seawater may be used as new municipal water supply and emergency backup water sources.

Chapter IV — Support and Supervision

Article 38 — Local people's governments at or above the county level shall improve precision subsidy mechanisms for agricultural water use and water-saving incentive mechanisms that are commensurate with water-saving results, the level of agricultural water pricing, and financial capacity.

Qualified water-saving projects shall be given subsidies in accordance with relevant State regulations.

Article 39 — The State encourages financial institutions to provide diversified water-saving financial services, and guides financial institutions to increase financing support for water-saving projects.

The State encourages and guides social capital to participate in the construction and operation of water-saving projects in accordance with the law and market principles, and protects its legitimate rights and interests.

Article 40 — The State encourages the development of a socialized, professional, and standardized water-saving service industry, supports water-saving service institutions in innovating water-saving service models and in carrying out services such as water-saving consulting, design, testing, metering, technical renovation, operation management, and product certification, and guides and promotes water-saving service institutions to enter into water-saving management contracts with water-using entities or individuals, providing water-saving services and obtaining reasonable returns through methods such as sharing water-saving benefits.

The State encourages rural collective economic organizations, specialized farmer cooperatives, farmer water-use cooperative organizations, and other specialized service organizations to participate in agricultural water-saving services.

Article 41 — The State cultivates and regulates the water rights market, supports various forms of water rights trading, improves the water rights trading system, guides centralized trading, improves the rules for water rights trading, and gradually incorporates water rights trading into the public resource trading platform system.

Article 42 — Entities and individuals with outstanding achievements in water conservation shall be commended and rewarded in accordance with relevant State regulations.

Article 43 — The water administrative, housing and urban-rural development, market regulation, and other departments of people's governments at or above the county level shall, according to the division of duties, strengthen supervision and inspection of water use activities and investigate and punish illegal acts in accordance with the law.

When performing their supervision and inspection duties, the relevant departments shall have the right to take the following measures:

(1) entering the site to carry out inspections and investigate and understand the relevant circumstances;

(2) requiring the inspected entity or individual to provide explanations on water-saving related issues;

Source: https://www.danyoungcpa.com/regulations-on-water-conservation-prc-2024/

(3) requiring the inspected entity or individual to provide relevant documents and materials for review or copying;

(4) other measures prescribed by laws and administrative regulations.

When performing supervision and inspection duties, supervision and inspection personnel shall proactively present their law enforcement credentials. The inspected entities and individuals shall cooperate and shall not refuse or obstruct.

Article 44 — Any organization or individual shall have the right to report acts that waste water resources to the relevant departments, and the departments receiving the reports shall handle them in a timely manner in accordance with the law.

Article 45 — The State implements a water-saving responsibility system and a water-saving assessment and evaluation system, incorporating the completion of water-saving objectives into the assessment of local people's governments and their responsible persons.

Chapter V — Legal Liability

Article 46 — Whoever occupies, damages, or arbitrarily moves water use metering facilities, or interferes with water use metering, shall be ordered by the water administrative or housing and urban-rural development departments of local people's governments at or above the county level or by the river basin management agencies to stop the illegal act and take remedial measures within a prescribed time limit, and shall be fined not less than 10,000 yuan but not more than 100,000 yuan; where losses are caused, compensation shall be borne in accordance with the law.

Article 47 — Where the water-saving facilities of a construction project are not completed or do not meet the requirements prescribed by the State but are put into use without authorization, or where backward technologies, processes, equipment, and products with high water consumption that are explicitly eliminated by the State are produced, sold, or used in production and business operations, penalties shall be imposed in accordance with the relevant provisions of the Water Law of the People's Republic of China.

Article 48 — Where an industrial enterprise with high water consumption has a water use level exceeding the water use quota and fails to carry out water-saving renovation within the prescribed time limit, it shall be ordered by the water administrative department of a local people's government at or above the county level or a river basin management agency to make corrections, and may be fined not more than 100,000 yuan; where it refuses to make corrections, it shall be fined not less than 100,000 yuan but not more than 500,000 yuan, and where the circumstances are serious, measures to restrict water use shall be taken or its water intake permit shall be revoked.

Article 49 — Where an industrial enterprise fails to recover and reuse the cooling water of production equipment, air-conditioning cooling water, or boiler condensate water, it shall be ordered by the water administrative department of a local people's government at or above the county level to make corrections, and may be fined not more than 50,000 yuan; where it refuses to make corrections, it shall be fined not less than 50,000 yuan but not more than 100,000 yuan.

Article 50 — Where the staff of people's governments at or above the county level and their relevant departments abuse their powers, neglect their duties, or engage in malpractice for personal gain in water-saving work, they shall be given sanctions in accordance with the law.

Article 51 — Where a violation of these Regulations constitutes a violation of public security administration, public security administration penalties shall be imposed by the public security organs in accordance with the law; where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Chapter VI — Supplementary Provisions

Source: https://www.danyoungcpa.com/regulations-on-water-conservation-prc-2024/

Article 52 — These Regulations shall come into force on May 1, 2024.

Disclaimer: This English translation of the Regulations on Water Conservation of the People's Republic of China (State Council Order No. 776, 2024) is provided for informational and reference purposes only. While every effort has been made to ensure accuracy, it is not an official translation and has no legal force. In the event of any discrepancy, the original Chinese text shall prevail. For legal advice or matters affecting your business in China, please consult a qualified legal professional.