

Nan Shui Bei Diao: *Diverting Water from the South to the North in China*

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Abstract

The State Council finally approved the *nan shui bei diao* project in late 2002 after several decades of consideration. It involves diverting water from the Yangtze River via three routes, and will perhaps require 50 years to complete. Some analysts believe the official cost estimate of RMB532 billion (US\$64 billion) is far too low. Others contend that the project is questionable ecologically, and not even necessary because much can be done to enhance conservation and recycling, which are cheaper. Raising prices is indisputably the best means to encourage conservation, and the government is currently implementing plans to raise the price of water closer to its real value. Consumers in the north cannot avoid major cost increases, but if the price of diverted southern water is appreciably higher than treated northern water, the government may well incur yet more expenses trying to justify its decision to go ahead with the project.

Elsbeth Thomson received her Ph.D. from the School of Oriental and African Studies, University of London. Her main interests are the energy sector and development of transportation infrastructure in China. She has taught courses on the economies of China, Hong Kong, Taiwan and other Asian countries at Simon Fraser University, Vancouver and Lingnan University, Hong Kong. She is currently a Visiting Fellow at the East Asian Institute, National University of Singapore.