

**Remarks by
Steve Loranger to the
National Committee on U.S.-China Relations
“Innovation through Partnership”
December 3, 2009**

Thank you for that kind introduction, Mike. You represent a great company and one that has enabled more progress between China and the US than any other company in improving speed and access to trade. I also want to thank the National Committee for U.S.-China relations for the invitation and for your efforts to create collaboration between our countries.

In this century, the United States and China will do more to shape the future of our world than any other countries, and the importance of open dialogue and understanding between our governments, and two peoples, cannot be underestimated.

ITT is the world’s largest manufacturer of pumps and water systems. We have been working in China for nearly a century and we are a proud participant on this journey between our two countries.

So it’s a real pleasure for me to be here and especially to be able to recognize our top China leadership team, who have flown in from China to be here tonight, and who are really responsible for all of ITT’s great work there.

Eighteen months ago, an 8.0-magnitude earthquake hit Sichuan Province, in Western China, home to about 15 million people. Few of us can imagine the level of devastation: the lives lost, in the tens of thousands, families destroyed, entire cities leveled. The Chinese government, at all levels, was responsive and caring. I remember seeing reports of Prime Minister Wen, himself, coordinating disaster response teams. The Chinese government should also be commended for their invitation to the world to help, and ITT was one of many to respond.

One thing many people don’t realize is that when natural disasters strike, it is often bad water and lack of water that kills. In the immediate aftermath of a disaster, water delivery systems – pumps, wells, and other critical infrastructure – are often destroyed. The resulting lack of clean, potable water accelerates the threat of disease – and the impact of the disaster. The ability to provide large quantities of safe water and provide adequate sanitation quickly is critical, and this was especially true in Sichuan.

ITT donated eight portable water purification units, which operate independent of the electrical grid, and these units provided more than an ample supply of clean drinking water to 200,000 quake victims. All eight treatment units are still in operation in Sichuan. ITT employees also mobilized, many traveling to Sichuan to help local relief efforts, others donating what amounted to a quarter of a million dollars. I am extremely proud of the contribution ITT people made in the aftermath of this tragedy and it is on their behalf that I humbly accept this honor.

We’re here tonight to advance our countries’ collaboration and partnership in addressing important global challenges. Just as the world is preparing for the global climate talks in Copenhagen, I’d like to draw your attention to another critical global challenge: water.

Simply put, the world is running out of water – and people are feeling the impact, and the consequences. This is concerning because a healthy environment – clean air, enough clean water to drink, and blue skies – are something each of us needs, values and cherishes. This is also concerning because, without water, there can be no economic development.

What complicates matters, is that water is also inherently a local issue. Unlike carbon, water efficiencies in New York have no direct impact on citizens in Shanghai. This means that this important global issue must be dealt with on a local basis. In China, population growth and migration to cities are placing demands on infrastructure that cannot possibly be met over the long-term: 300 million people are expected to migrate from the interior to the coastal regions in the next two decades alone. Addressing China's issues requires developing infrastructure for urbanization and meeting needs of rural populations.

As an example, ITT and China's Ministry of Water Resources have agreed to develop treatment units specially designed to serve small communities of 2,000 to 4,000 people. Two of these units are already online and have been in operation for a little over a year. In both countries, as well as in other semi-arid parts of the world, we are quickly reaching the limits of "conventional water" – the natural supply of fresh water is not going to be sufficient to meet rapidly growing demand.

ITT is proactively addressing this issue by advancing large-scale water reuse, recycling and desalination technology. Today, we can reuse every drop of water that goes down the drain. Along with conservation and efficiency technology, reuse is, I believe, the world's great untapped source of "new" water. And reusing water saves energy as well.

This is in fact what ITT has helped the city of Cloudcroft, New Mexico do. A few years ago, Cloudcroft was trucking in up to 20,000 gallons of water every day to meet demand. Today, this city reuses 100% of its water thanks to an array of ITT pumping and treatment technology. And in ITT's new pump production plant in Nanjing, China, we designed a water reuse system that transports, treats and recycles all 5,000 gallons of water and wastewater running through the plant each day – which means it also saves the city 5,000 gallons per day.

These small-scale systems focused at the point of use and reuse will also be a centerpiece of the Chinese approach to infrastructure improvements. Advanced desalination will also play a greater role in meeting our water needs – and we're seeing this technology everywhere. A great example is Tianjin Dagang Newspring Desalination Plant, which will generate 25 million gallons of fresh water per day for use by local industries and homes.

Traditionally, the world's citizens have looked to government to help us meet our world's water challenges. But as with carbon, the answer cannot lie with government alone. The private sector must play a central role.

Those of us with expertise on water issues, as well as those in water-intensive industries, have a great stake in finding workable solutions and are capable of making a lasting contribution. In recognition of this fact, many of us joined together, under the auspices of the World Business Council for Sustainable Development, to develop a Water Tool – a process to help businesses measure their water footprint; how much water is withdrawn and used and to implement programs to reduce water footprint, saving both water and energy. We all can, for example, make water technology more available, and share best practices.

I mentioned earlier that we reengineered smaller-scale treatment units for the Chinese market. What's interesting is that we actually made these units to donate, as part of our philanthropic efforts. What we found in doing this work was that there is actually market demand for such low-cost units. So what began as a program to meet a social need in China has now evolved into a business opportunity through technology sharing.

The spirit of partnership that has brought us together to find workable solutions to the global water crisis requires us to learn from each other –the U.S. can learn from the progress China is making, and vice versa. The public sector can learn from the private sector, and as individual citizens, we can learn from our neighbors.

At ITT, we call this process “innovation through partnership,” and it's something we value and promote in every aspect of our business. These types of partnerships, at all levels of government, business and society, are going to be critical in the coming years on a wide variety of issues, and water is one of the most important.

The challenges our world faces are steep, but they are not insurmountable.

Many times in human history we have faced and overcome daunting challenges because we did not face them alone – not as one country, not as one industry – but together, as one global team.

And that unity of purpose is what we need now.

Let me quote ancient Chinese poet, Qu Yuan: “The way ahead is long and rough, yet we will persevere despite the ups and downs.”

Thank you again.