



China-Britain  
Business Council  
英中贸易协会

# CONSULTANCY & RESEARCH

**Importers' Guide**

## **Business with China**

Since China's "Open Door" Policy of 1979, China has gradually been decentralising and deregulating its control over foreign trade. Over the last 20 years China has seen sustained growth in its economy and has seen huge increases in foreign trade. Entry into the WTO in December 2001 has further enabled China to enter the global economy and encouraged a standardisation in trade laws. Accession into the WTO has allowed the China market to open up further to the outside world. China's GDP grew by 10.1% in 2004 and has continued to grow steadily over the last two decades despite the recent downturn in the global economy.

Under the WTO agreement China had to liberalise restrictions on foreign trade rights on all imported and exported goods within three years of accession. The liberalisation means that only a few goods reserved for importation and exportation by state owned companies are still restricted.

Authorities in charge of imports and exports in China include the Ministry of Commerce (MOFCOM), the General Administration of Customs, the State Administration of Foreign Exchange (SAFE), the State Exit and Entrance Inspection and Quarantine Bureau (SEEIQB) and the Administration of Quality Supervision and Inspection and Quarantine (AQSIQ).

Only enterprises authorised by MOFCOM can engage in Import and Export trade. Wholly Chinese-funded companies intending to deal in import and export activities are required to apply to MOFCOM in advance for import and export rights.

China prohibits the export of certain goods and technologies on the grounds of public policy or in order to comply with international treaties or agreements. Some of the goods reserved for state trading include corn, cotton, rice, silver, coal and silk. Goods reserved for trading by specially designated traders only include tea (oolong tea, green tea) and certain steel cuts.

China encourages the export of most commodities and most products are duty free, although there are 84 products that carry duty. These include tungsten ore, ferrosilicon and some aluminium products.

There are daily cargo flights from Hong Kong, Shanghai and Beijing and sea transportation is extremely competitive. China has strong transport infrastructure around the coastal cities although the situation inland is very different.

China's manufacturing industry is now very advanced and it is easy to find companies that operate to all the conventional standards such as ISO9002, TUV, CCEE, UL, etc.

### **Anti-dumping tariffs**

When the sale of imported goods threatens the domestic market by being priced lower than the domestic price, or the price of domestic manufacturing, it is known as dumping. Products made cheaply in China and sold cheaply in the UK may be liable for anti-dumping duties. The WTO uses anti-dumping laws to protect markets from alleged unfair competition. Chinese exporters have historically been a main target for anti-dumping actions by both the EU and the US.

For further details on anti-dumping, please go to "Trade Defence" on the DTI's website. It has links to the European Commission sites as well:  
<http://www.dti.gov.uk/ewt/antidump.htm>

The HM Revenue & Customs tariff will also indicate all current anti dumping and tariff quotas.

### **VAT**

Normally only suppliers for international purchase projects (tender projects financed by international financial institutions such as the World Bank or foreign government's aids) are eligible to reclaim VAT but not every eligible exporter or supplier can reclaim the 17%. This depends on what products they supply or export. Only those who export or supply those under government labelled categories can reclaim the full 17% from the Chinese tax authorities. Most exportable products can only reclaim 15%. Products such as coal can only reclaim 9% while for cereals like soybeans, road beans etc, only 3% can be reclaimed.

## **Import procedures**

### **Import licence**

Many countries (including the UK) aim to limit the quantity of imports on certain categories of goods. This can be achieved through the imposition of import licences, quotas, duties or levies. In the UK, import licensing is administered by H.M Revenue and at ports and airports. HM Revenue and Customs is also responsible for the collection of revenues.

Most goods can be imported without the need to apply for an import licence. However the goods may be restricted or prohibited for a number of reasons and by various Government departments.

For example the Import Licensing Branch (ILB) of the Department of Trade and Industry currently restrict the following when originating in China: clothing and textiles, iron and steel, firearms and nuclear material. ILB issues either quota import licences or surveillance import licences depending on the regime.

Export administered textile quotas are managed by China by the issuing of export licences that are exchanged for an import licence up to the quota limit. Surveillance import licences are freely available on application as the level and price of imports are only being monitored.

For further details of the import licensing controls administered by the Department of Trade and Industry contact the Import Licensing Branch (ILB):

### **Import Licensing Branch**

DTI

Queensway House

West Precinct

Billingham TS23 2NF

**Tel:** 01642 364333/334

**E-mail:** [enquiries.ilb@dti.gsi.gov.uk](mailto:enquiries.ilb@dti.gsi.gov.uk)

**Minicom** for hard of hearing: 01642 364227

**Web address:** <http://www.dti.gov.uk/ewt/ilb.htm>

There is a full list of import prohibitions and restrictions in the HM Revenue and Customs Integrated Tariff volume 1. Copies of the tariff should be available for reference at most Customs entry processing units and also at business reference libraries. Most import regimes are EU wide and so what is restricted on one Member

State will be restricted in another. The EU's equivalent of the tariff is the Taric and that is available on line and free of charge:

[http://europa.eu.int/comm/taxation\\_customs/dds/en/tarhome.htm](http://europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm)

## **UK Importation**

When trading outside the EU, all goods imported must be declared to HM Revenue and Customs for the assessment of duties and other levies. You are liable for VAT, duty levies and surcharges which must be paid for or deferred before imported goods are released by Customs.

## **Country of Origin**

Generally, origin is conferred on goods if they are wholly obtained or produced in a country, or if the last substantial process or operation that is economically justified is carried out in that country.

It is essential to establish the correct country of origin for the goods which will be imported. There are two basic types of rule that govern the determination of origin:

- 1) Non-preferential origin rules which are used for trade with no preferential trade agreements with the EU.
- 2) Stricter preferential origin rules apply to those countries that have concluded preferential trade agreements with the EC.

The authorities of the country of origin are responsible for the issue of any additional export certificates or similar documentation. The authorities must provide documentation relating to preferential origin. For non-preferential purposes, an authorised body such as the Chamber of Commerce usually provides proof of origin. Documentary proof of point of origin often has to be provided for Customs and Excise at the time of importation, this can take the form of a certificate of origin or other documentation.

Details and further information on EC rules of origin are available from:

### **Europe and World Trade Directorate (EWT3a)**

Bay 4141  
1 Victoria Street  
London SW1H 0ET

#### **Colin Wray**

Tel: 020 7215 5059  
Fax: 020 7215 2234  
E-mail [colin.wray@dti.gsi.gov.uk](mailto:colin.wray@dti.gsi.gov.uk)

#### **Robert Box**

Tel: 020 7215 5057  
Fax: 020 7215 2234  
E-mail [robert.box@dti.gsi.gov.uk](mailto:robert.box@dti.gsi.gov.uk)

## **China Customs Tariffs**

Customs Tariffs of China (CTC) provides comprehensive information about China's tariffs and non-tariff control on importation and exportation. The contents of CTC are arranged into a directory tree, which includes 21 sections, 97 chapters and about 1240 categories, listing China's customs tariffs and non-tariffs control for

about 7000 items. It includes comprehensive, up to date lists of import duty rates, VAT rates, consumption tax rates, licensing, quota, inspection etc.

<http://www.chinavista.com/database/cides/index.phtml>

The CCPIT (China Council for the Promotion of International Trade) also has an online directory of tariff information. It enables you to search the latest tariff rate of goods its tariff item, commodity name or commodity classification.

<http://www.ccpit.org/servlet/org.servlet.GenTariffFrontServlet?actionType=QuerySectionListEn>

### **Intellectual Property Rights (IPR)**

The intellectual property system in China originated from and developed as a result of the policy of reform and opening-up. With the approval of the State Council, the Patent Office of the People's Republic of China, known as CPO (the predecessor of the State Intellectual Property Office known as SIPO), was founded in 1980 to protect intellectual property, encourage invention and creation, help popularise inventions and their exploitation, promote the progress and innovation in science and technology, and meet the needs of socialist modernization. In 1998, with the restructuring of the government agencies, CPO was renamed SIPO and became a government institution directly reporting to the State Council. It is the competent authority in charge of patent affairs and the coordinating authority for foreign-related intellectual property issues. Intellectual Property protection in China is still poorly enforced and professional advice should be sought by those aiming to transfer IP of any kind.

Please refer to the CBBC's IPR guide which is posted on the CBBC website:

[http://www.cbcc.org/market\\_intelligence/challenge/ipr.html](http://www.cbcc.org/market_intelligence/challenge/ipr.html)

### **Useful B2B Sites for China Importers**

B2B web sites are still in their infancy in China but with the opening up of the domestic market, global B2B sites have started to cover the Chinese market, joined also by local start-ups. The sites below comprise the main B2B web sites covering China. There is a large split between sites with a comprehensive list of companies in the sector and those sites relying on voluntary postings.

While most of the sites listed have an English language version, it is probably worth bearing in mind that these companies are Chinese and their addresses and names are originally in Chinese. CBBC's bilingual staff are available for short periods of desk research. Please contact Leo Liu on [leo.liu@cbcc.org](mailto:leo.liu@cbcc.org) or on 020 7802 2014.

- **Alibaba**  
[www.alibaba.com](http://www.alibaba.com)

A global sourcing company that lists a wide range of finished products such as home appliances, apparel, health and beauty supplies, stationary and computer hard/software, as well as listing suppliers to the chemical, construction, real estate and telecommunications industries as well. Lists thousands of suppliers from around the globe but the search engine allows you to narrow your search by world region.

Easy to use and provides photographs of each product. Once you have selected a product you can inquire directly to the supplier named sales manager via email from Alibaba.

**Regional headquarters: Hong Kong**

Tel: +(852) 2215 5100

Fax: +(852) 2215 5200

- **China Sources**

[www.chinasources.com](http://www.chinasources.com)

Asia coverage with facilities to search by product, supplier or province. Additional information on Asia trade fairs and cargo / freight issues. This site is part of Globalsources.com, reviewed below.

- **China TexNet**

<http://www.chinatexnet.com/>

Directory of suppliers, distributors, consultants and other textile related services. Contains other international companies not just Chinese.

- **China Trade Manufacturers Directory**

[www.manufacturers.com.tw](http://www.manufacturers.com.tw)

Chinese and Taiwanese manufacturers, exporters, suppliers and contract manufacturing companies. Covers most product categories from agriculture and food to construction materials, electronics, plumbing products, kitchenware, household products, clothing etc.

Tel: + 886 (0)4 22350378

Fax: + 886 (0)4 22308479

- **Global Sources**

[www.globalsources.com](http://www.globalsources.com)

Professional with a reasonably large database of companies. The search engine is good and it also rates sites. It uses the same 'shopping' method as alibaba, allowing you to select multiple companies to send your enquiry form to. The enquiry form is good.

Tel: + (66) 6547 2800

Fax: + (66) 6547 2888

- **Meet China**

[www.Meetchina.com](http://www.Meetchina.com)

Clear interface. Companies are rated, and given a 'Meetworld stamp of approval'. Fairly large number of companies listed. There is the option to chat with companies via the Internet if they are on-line. You can keep a list of suppliers you are interested in, but you can only make enquiries one at a time. There is an English website at [www.meetworldtrade.com](http://www.meetworldtrade.com) where you can search for products by country, but currently is under maintenance.

- **Trade Sources**

[www.tradesources.com](http://www.tradesources.com)

Lists thousands of products, all of which are photographed. This site is particularly strong on fashion accessories, gifts and premium goods, hardware and machinery, lighting and sport/fitness equipment and sports wear (excluding sports shoes).

Although the product list is extensive, products are sourced from fewer suppliers. This suggests that Trade sources may have a closer relationship with its suppliers than some of the larger global sites. Details of each supplier found on this site are comprehensive. They include the name and contact details of the supplier sales manager, an introduction to the supplier background and a list of other products stocked by the supplier.

Tel: +(852) 2397 6666

Fax: + (852) 2394 6386

- **China Commodity Net**

<http://ccn.mofcom.gov.cn>

Part of the government funded China Business Guide (CBG). Lists industrial supplies as well as finished goods such as live animal products, raw hides/leather, wood products, prepared foodstuff/beverages and tobacco, textiles, ceramics and fresh water pearls. There are thousands of suppliers listed. Difficult to determine what this site specialises in. However, the search engine is detailed, allowing you to search according to the business type, operating rights vis a vis import and export and region. The site also provides names, addresses and contact details and year of establishment of each supplier.

Tel: +(86) 10 6525 3868

- **Asia Net Best Products**

<http://bestproducts.asianet.com>

Best Products lists suppliers from both mainland China and Taiwan. Lists finished products such as electrical machinery, appliances and parts, DIY materials, footwear, furniture and apparel. However, the site also lists items for which it does not have suppliers, which is a little frustrating. Nevertheless, having on average 3-10 suppliers per item, this site will appeal to those who desire a closer relationship with their suppliers.

Tel: +(86) 21 64854830

Fax: +(86) 21 64854831

- **Hong Kong Trade Development Council**

Assist people / companies wishing to source products from Hong Kong and China, via their large database of companies. The only prerequisite is that all companies on their database must have offices in HK, but this is increasingly including mainland Chinese companies with an office in HK. You can search the database yourself by going to their website: [www.tdctrade.com](http://www.tdctrade.com). Go to 'Sourcing Guide' (under TDC Cyber Marketplace) where you will need to register (for free), and then you can search the whole database, by product and region.

## **BSI**

Founded in 1901, the BSI Group is a leading business services provider to organisations worldwide.

The Group has over 2,000 employees in 86 countries, providing:

- independent certification of management systems and products;
- product testing services;
- the development of private, national and international standards;
- management systems training and
- information on standards and international trade.

The Group is divided into three divisions:

- **BSI British Standards** is the National Standards Body of the UK and develops standards and standardization solutions to meet the needs of business and society.
- **BSI Management Systems** operates world wide to provide organizations with independent third-party certification of their management systems.
- **BSI Product Services** is best known for the Kitemark, the UK's first product quality mark. BSI Product Services exists to help industry develop new and better products and to make sure they meet current and future laws and regulations.

## UK

British Standards House  
389 Chiswick High Road  
London W4 4AL  
Tel: +44 (0)20 8996 6330  
Fax: +44 (0)20 8996 7277

## CHINA HQ Beijing

Room 2002-09 20/F East Ocean Center  
No. 24A Jianguomenwai Street  
Beijing 100004 China  
Tel: +86 10 65157060  
Fax: +86 10 65157060 ext. 888  
[bj@bsi-global.com](mailto:bj@bsi-global.com)

## CHINA Shanghai

BSI China  
Room 2206 Peregrine Plaza  
1325 Huaihai Middle Road  
Shanghai 200041 China  
Tel: +86 21 6431 2638  
Fax: +86 21 6474 0635  
[sh@bsi-global.com](mailto:sh@bsi-global.com)

BSI also have offices in Chongqing, Dalian, Guangzhou, Nanjing, Qingdao, Shenzhen, Wuhan, Xiamen and Regional offices in Hong Kong.

*\* Please note that all of the contacts included in this guide are ones that CBBC has come across in the process of our work and which we believe to offer relevant services. They are **not** however companies that we have formally approved or recommended, therefore CBBC cannot be held accountable for the service that they provide.*

## CBBC Market Intelligence

Whatever your business research needs in China, CBBC's in-house research team can help. All services are highly flexible and tailored to individual company requirements. Do you need to know more about regional variations, distribution channels, supply chains, industry growth projections, competitor market positioning, import/export statistics or pricing?

A combination of desk research in China and the UK as well as telephone and face-to-face interviews and company visits in China allows us to assist with the full range of enquiries. These range from general consultancy and advice to practical information gathering, location studies, manufacturer and distributor partner searches, meeting arrangements, market intelligence, market entry advice and so on.

CBBC research is carried out by a skilled, multilingual team of staff, all of which are graduates with several years of business experience. With offices in nine of China's major cities, our trained researchers have an in-depth knowledge and understanding of the local business cultures in the various regions. CBBC research allows you to tap into CBBC's broad network of industry and government contacts built up over fifty years.

### **Applying for CBBC research**

First talk through your requirements with the research manager in our London office or call in for a one-to-one meeting. Once a research brief has been agreed, we can provide you with a quote or proposal tailored to your project. For simple projects, this stage takes one week. For larger projects, we undertake to quote within 2 weeks. All requests are quoted on an individual basis according to the time it will take to carry out the project and incorporating any travel costs should they apply. Once the quote has been agreed, work can start immediately.

Should the research require us to approach Chinese contacts on your behalf, we would recommend that you send company literature to the offices involved to ensure that you are correctly represented in the market from the beginning and that the researchers have a good understanding of your company and business objectives.

*For further information on CBBC's services and membership details, please go to our website: [www.cbbc.org](http://www.cbbc.org)*

### **CBBC Translation Service**

CBBC provides translation and interpretation services. For further details please contact Leo Liu:

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Tel: +44 (0) 20 7802 2014  
Fax: +44 (0) 20 7802 2029

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