



# CHINA READY DISTRIBUTION CHANNELS INSIDE CHINA

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MONTREAL



# SUBJECTS

- Why China
- Customs
- Distribution Channels inside China
- Case sharing



# WHY CHINA

# WHY CHINA

- 1.4 Billion People ([China Overview: Development news, research, data | World Bank](#))
- The # 2 import market in the world after the US.
- Open up policy
- China International Import Expo - CIIE  
[Index—China International Import Expo \(ciie.org\)](#)



# PRODUCTS IMPORTED TO CHINA

## Trade Map - List of products at 2 digits level imported by China in 2020

Value of imported products in 2020 in China is about USD 2 Trillion

HS4	Code	Product label <input type="text"/>	Select your indicators ▼									
			Value imported in 2020 (USD thousand) ▼	Trade balance 2020 (USD thousand) ↑	Annual growth in value between 2016-2020 (% p.a.) ↑	Annual growth in value between 2019-2020 (% p.a.) ↑	Annual growth of world exports between 2016-2020 (% p.a.) ↑	Share in world imports (%)	Ranking in world imports ↑	Average distance of supplying countries (km) ↑	Concentration of supplying countries ↑	Average tariff (estimated) applied by China (%) ↑
	TOTAL	All products	2,055,590,612	535,017,074	7	-1	3	11.1	2	6,250	0.05	8.7
	85	Electrical machinery and equipment and parts thereof, sound recorders and reproducers, television ...	548,745,381	161,464,411	7	10	5	17	1	2,955	0.14	6.3
	27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	267,556,481	-235,438,553	12	-22	-1	16	1	7,325	0.06	2.1
	84	Machinery, mechanical appliances, nuclear reactors, boilers, parts thereof	191,967,670	248,486,181	7	1	3	8.4	2	4,659	0.1	6.7
	26	Ores, slag and ash	180,016,125	-178,074,298	17	10	12	62.9	1	10,891	0.22	0.1
	90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	99,097,007	-18,853,858	1	0	3	15.7	1	5,036	0.1	5.4
	87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	73,973,876	2,291,551	0	-2	-1	5.7	3	6,793	0.18	25.2
	39	Plastics and articles thereof	71,042,836	25,457,077	3	-1	3	11	1	4,460	0.08	9.7
	74	Copper and articles thereof	48,548,713	-42,375,307	8	19	5	30.2	1	8,503	0.07	3.2
	29	Organic chemicals	45,555,387	11,396,506	1	-21	3	10.5	2	4,966	0.07	6
	12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	44,857,252	-42,566,351	2	12	4	38.1	1	14,935	0.38	15.7
	72	Iron and steel	36,820,912	-3,407,544	18	58	3	10	1	5,360	0.09	4.3
	30	Pharmaceutical products	34,919,392	-21,705,035	14	4	8	4.8	5	8,356	0.12	3.8
	71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	31,749,870	-13,308,992	33	-48	2	4.4	6	7,673	0.12	4.8
	02	Meat and edible meat offal	30,271,801	-29,561,025	33	61	5	21.7	1	12,467	0.11	17
	33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	20,493,638	-15,303,703	40	27	6	13.4	1	5,765	0.16	17.3
	44	Wood and articles of wood; wood charcoal	20,187,114	-6,635,523	0	-8	1	14.3	2	7,945	0.07	4.7
	38	Miscellaneous chemical products	18,835,914	3,335,348	6	8	6	7.5	1	5,614	0.11	7.3
	47	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or ...	16,906,278	-16,791,259	-1	-12	0	35.2	1	10,890	0.11	0.8
	40	Rubber and articles thereof	16,130,939	6,408,401	1	5	2	8.5	2	4,261	0.11	11.9
	03	Fish and crustaceans, molluscs and other aquatic invertebrates	12,372,366	-1,660,232	20	-20	1	10.4	2	8,201	0.07	10.5

# PRODUCTS EXPORTED TO CHINA FROM CANADA

[Canadian international merchandise trade by country and by product section, customs-based, annual \(statcan.gc.ca\)](https://www.statcan.gc.ca)

Value Canada export to China in 2020 is about USD 25billion (1.25% of total value imported in China)

Showing 26 records  Filter **Original view** [Add/Remove data](#) [Download options](#)

Trade	North American Product Classification System (NAPCS) <sup>2</sup>	China
		2020
		Dollars
Export	All sections	25,246,952.3
	Farm, fishing and intermediate food products [C11]	6,986,821.6
	Energy products [C12]	1,141,353.9
	Metal ores and non-metallic minerals [C13]	4,819,945.7
	Metal and non-metallic mineral products [C14]	861,410.4
	Basic and industrial chemical, plastic and rubber products [C15]	1,255,466.6
	Forestry products and building and packaging materials [C16]	4,231,650.4
	Industrial machinery, equipment and parts [C17]	840,064.6
	Electronic and electrical equipment and parts [C18]	887,211.7
	Motor vehicles and parts [C19]	986,170.4
	Aircraft and other transportation equipment and parts [C21]	234,944.7
	Consumer goods [C22]	2,967,544.8
	Special transactions trade [C23]	34,367.3

# CANADA RANKS NO.17 BY COUNTRY FOR CHINA IMPORTS

## [China Imports By Country \(tradingeconomics.com\)](https://tradingeconomics.com)

China Imports By Country		
China Imports By Country	Value	Year
Japan	\$174.87B	2020
South Korea	\$172.76B	2020
United States	\$136.00B	2020
Australia	\$114.84B	2020
Germany	\$105.26B	2020
Brazil	\$84.08B	2020
Vietnam	\$78.47B	2020
Malaysia	\$74.73B	2020
Russia	\$57.18B	2020
Thailand	\$48.10B	2020
Saudi Arabia	\$39.03B	2020
Indonesia	\$37.37B	2020
Singapore	\$31.55B	2020
France	\$29.71B	2020
Chile	\$28.75B	2020
Italy	\$22.25B	2020
Canada	\$21.88B	2020
India	\$20.86B	2020

[Capital Flows](#)  
[Crude Oil Production](#)  
[Current Account](#)  
[Current Account To GDP](#)  
[Exports](#)  
[Exports By Category](#)  
[Exports By Country](#)  
[Exports YoY](#)  
[External Debt](#)  
[Foreign Direct Investment](#)  
[Gold Reserves](#)  
[Imports](#)  
[Imports By Category](#)  
[Imports By Country](#)  
[Imports YoY](#)  
[Terms Of Trade](#)  
[Terrorism Index](#)  
[Tourism Revenues](#)  
[Tourist Arrivals](#)  
[Weapons Sales](#)

Government

Business

Consumer

Housing

Taxes

More Indicators

# CHINA RANKS NO.2 BY COUNTRY FOR CANADA EXPORTS

[Trade in goods by exporter characteristics, by country of destination \(statcan.gc.ca\)](https://www.statcan.gc.ca)

From: 2020 To: 2020

Apply

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Showing 552 records Filter Original view

Geography	Estimates	Country of destination	2020
		All countries (x 1,000)	471,923,596
		Europe (x 1,000)	50,589,958
		France (x 1,000)	3,449,060
		Netherlands (x 1,000)	4,676,695
		Africa (x 1,000)	3,722,719
		South Africa (x 1,000)	269,900
		Angola (x 1,000)	134,078
		North America (x 1,000)	347,176,758
		United States (x 1,000)	341,355,355
		Mexico (x 1,000)	5,821,403
		Central America, South America, and Caribbean (x 1,000)	7,111,844
		Argentina (x 1,000)	216,303
		Brazil (x 1,000)	2,027,394
		Saint Barthélemy (x 1,000)	...

Value of exports<sup>1, 2</sup>



# CUSTOMS

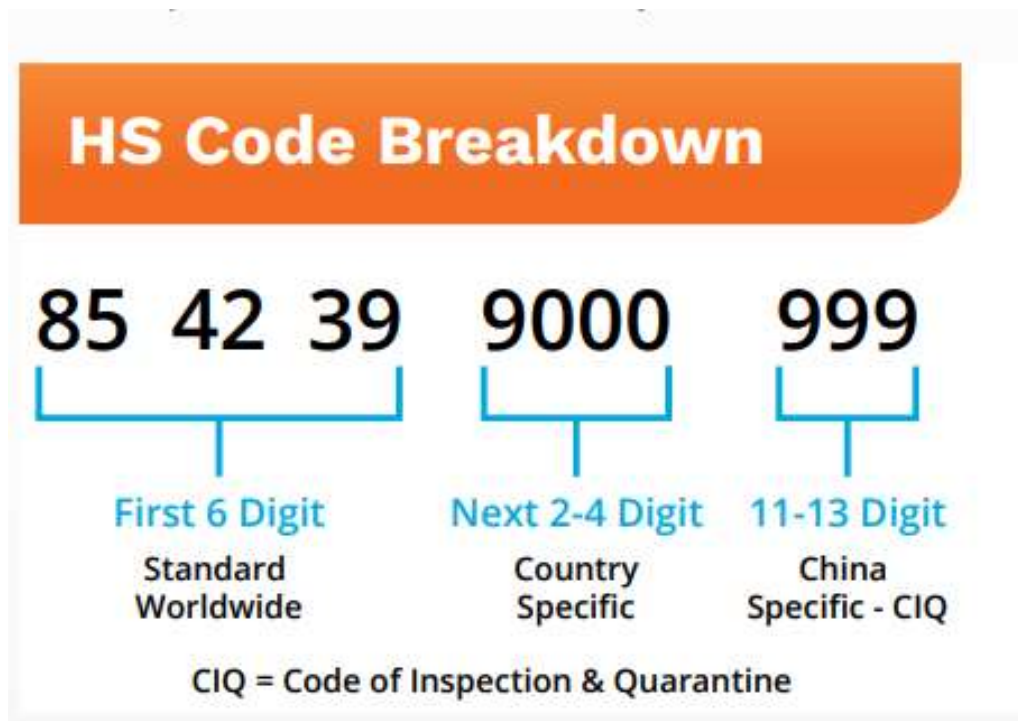
# CUSTOMS OPERATIONS

- Remote clearance is an option
- Customs clearance in airline warehouse for DAWB and in Forwarder's warehouse for MAWB/HAWB
- Customs declaration during transit – prefer direct flight
  - Pros: duty paid in advance and faster clearance
  - Cons: cargo missing – take time to conclude

# CUSTOMS

## HS CODE AND CARGO VALUE

- HS code - In 2018, China increased the total number of digits in its commodity code to 13.
- Cargo value – Backup is needed



# CUSTOMS

## THE CHINA COMPULSORY CERTIFICATION (CCC)

- The commitment to conform to WTO's agreement on technical barrier to trade
- A compulsory product certification system covering 158 types of products
- For both domestic and imported products
- CCC's service standard is three months, but the time required can be much longer depending on the nature of the product and required testing.
- A Canadian company can apply on its own, or use an agent or a consultant to manage the application.
- Once the application is approved, a CCC certificate is valid for five years. Applicants can apply for the renewal of the CCC certificate 90 days before the expiry of the certificate.
- [Certification Regulation for Canadian Exporters in China \(tradecommissioner.gc.ca\)](http://tradecommissioner.gc.ca)

# CUSTOMS

## COUNTRY OF ORIGIN : USA

- Additional duty applied
- Enterprise in China needs to apply exemption
- [\(\[mof.gov.cn\]\(http://mof.gov.cn\)\)](http://mof.gov.cn)

# CUSTOMS THE AUTHORIZED ECONOMIC OPERATOR

AEO (Similar as PIP in Canada and CTPAT in USA)



# CUSTOMS

## BENEFIT OF AEO

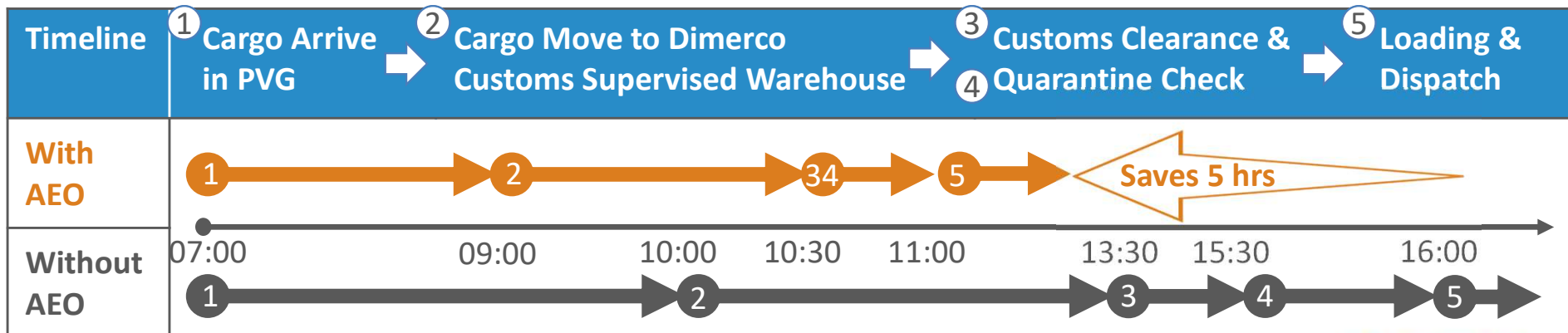
### 4 Advantages of AEO

Priority in handling the bonded transshipments	Shorten 1 – 2 hours
Priority in releasing the physical cargo (import business)	Shorten 3 – 4 hours
Priority in examination	Shorten 1 working day
Priority in clearance	Shorten 1 – 2 hours

### Privileges of AEO

• Dedicated service window in Customs	• Priority in customs examination
• VAT settlement after cargo released by customs	• Lower ratio of customs examination
• Apply customs brokerage during non working hours	

### Case Study of Import Operation (Remarks: Shanghai Customs Office Hour 08:30-11:30, 13:30-16:00)



# CUSTOMS INSPECTION AND QUARANTINE

- Cargo needs to be moved to customs supervised warehouse
- Commercial inspection of cargo label, commodity, quantity etc.
- Quarantine of plant, animal, food related commodity to prevent the spread of disease or pests
- Local customs broker onsite support helps



































# CUSTOMS DURING PANDEMIC

- Disinfection in all related warehouse
- Liquid will be sprayed to all faces of the received units
- Regular cargo may be also quarantined for random covid test

# DISTRIBUTION CHANNELS INSIDE CHINA

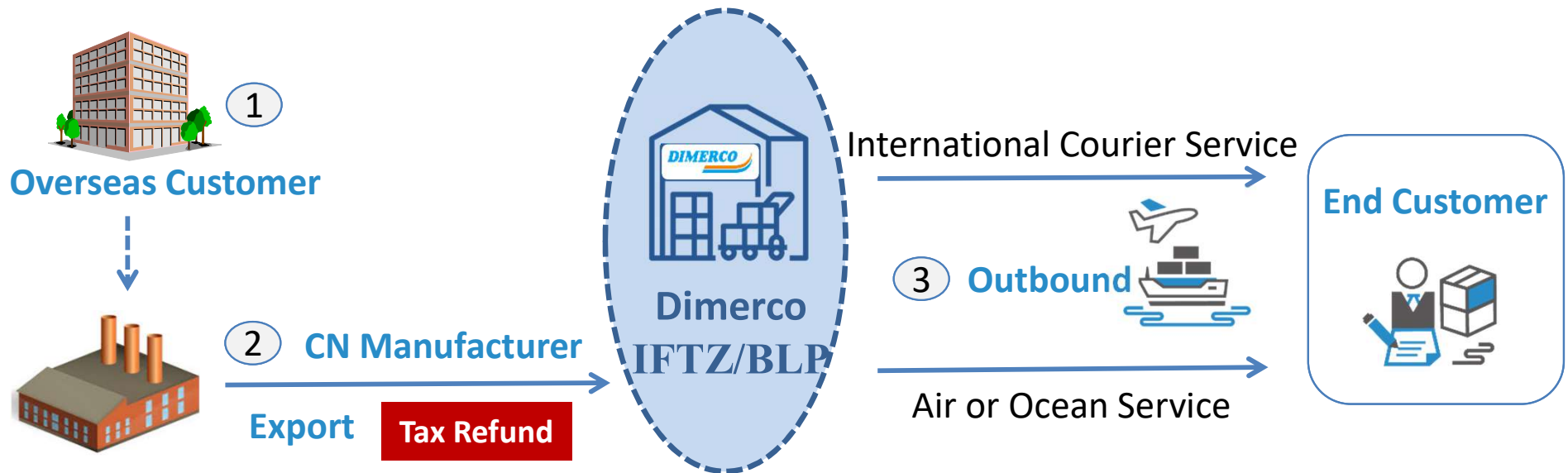
# MAJOR BONDED AREAS & WAREHOUSE IN CHINA

	FTZ 保稅區	BLP 保稅物流園	IFTZ 綜合保稅區	EPZ 出口加工區	Remarks
<b>VAT Refund for domestic good inbound</b> 國內貨物入區退稅					<ul style="list-style-type: none"> <li>✓ No immediate tax refund. Only when "ALL" China domestic goods in FTZ exported to overseas, then be able to claim tax refund.</li> <li>✓ No tax refund, if overseas Customer orders CN goods, then to sells it to CN customer.</li> </ul>
<b>Bonded Import from Overseas</b> 進口保稅					
<b>Inter-port</b> 轉口貿易					
<b>Manufacturing</b> 深加工					<ul style="list-style-type: none"> <li>✓ Qualification and Special Approval are required, in both FTZ and BLP.</li> </ul>
<b>Simple Value Added</b> 簡單加工					<ul style="list-style-type: none"> <li>✓ Kitting, Labeling,</li> <li>✓ No change of HS code</li> </ul>
<b>Linked with Seaport or Airport</b> 區港聯					<ul style="list-style-type: none"> <li>✓ Special Channel connecting Zone &amp; Port, but may be under different customs</li> </ul>
<b>International Trade</b> 貿易功能					<ul style="list-style-type: none"> <li>✓ e.g., Receipt and payment of foreign exchange</li> </ul>
<b>Domestic Sale</b> 可否內銷					

# IFTZ/BLP

## EXPORT FROM CHINA

- Order made by Customer Overseas:** purchases CN Manufacturer's products and sells to Oversea Customers
- Shipment enters BLP/IFTZ:** after export clearance has been completed, CN Manufacturer can receive **immediate Tax Refund**
- BLP/IFTZ Outbound:** after outbound clearance, shipment transport to overseas customers through international freight forwarding service.



FTZ: Free Trade Zone

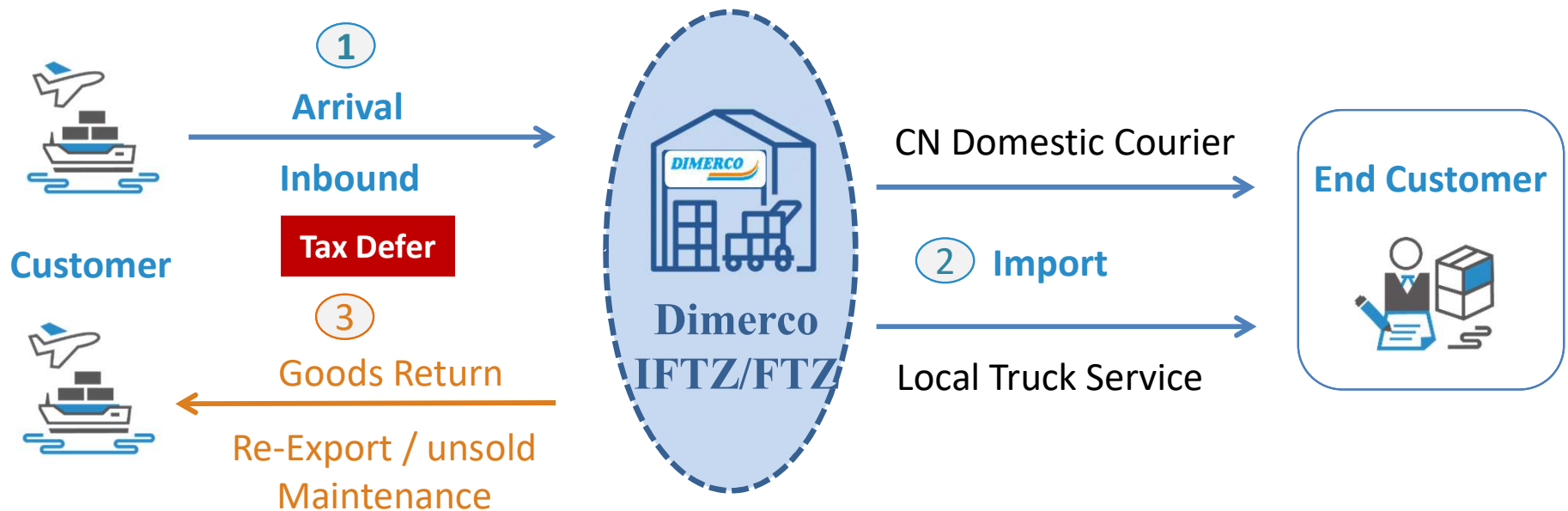
BLP: Bonded Logistics Park

IFTZ: Integrated Free Trade Zone

# IFTZ/FTZ

## IMPORT TO CHINA

- Shipment Arrives:** enters FTZ after Inbound Declaration. **No VAT** or **Import Tax** until shipment has been formal imported
- Shipment Imported:** after import clearance, shipment **deliver** to end customers in China
- Goods Return:** for poor-quality goods (after physical check), unsold goods, or goods require maintenance. Shipment can **Re-export** per customer's instructions

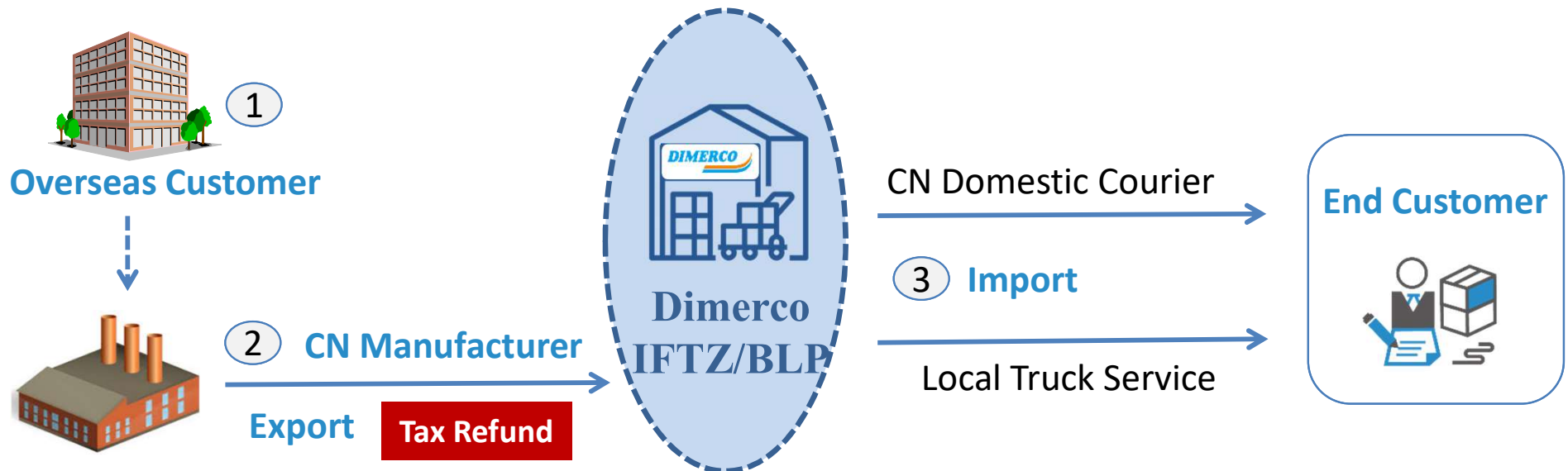


**Remark:** If shipment has been imported, no IFTZ/FTZ solution is required, General Warehouse resource (acted as DC hub) is always available.

# IFTZ/BLP

## EXPORT IMPORT WITHIN CHINA (U-TURN)

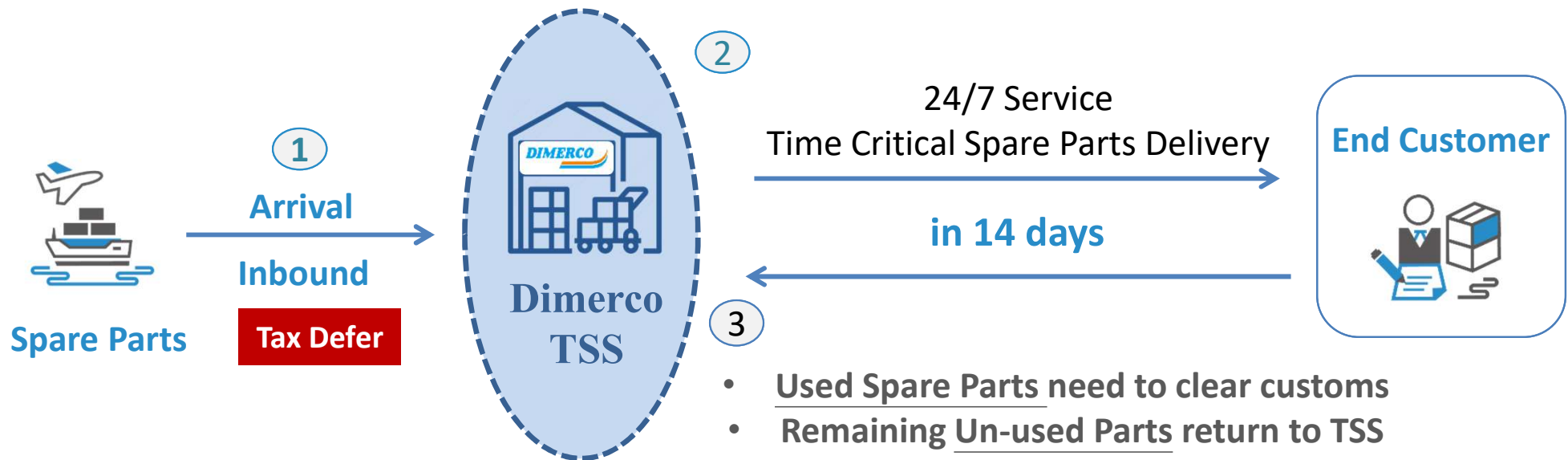
- Order made by Overseas Customer:** purchases CN Manufacturer's products and sells to CN Customers
- Shipment enters BLP/IFTZ:** after export clearance has been completed, CN Manufacturer can receive **immediate Tax Refund**
- U-turn BLP/IFTZ (or one-day trip in BLP/IFTZ):** after import clearance, shipment deliver to end customers in China



**Remark:** Once shipment enters IFTZ/BLP, it will consider export out from China

# TSS (TECHNICAL SERVICE STATION) SPARE PARTS AND AOG LOGISTICS

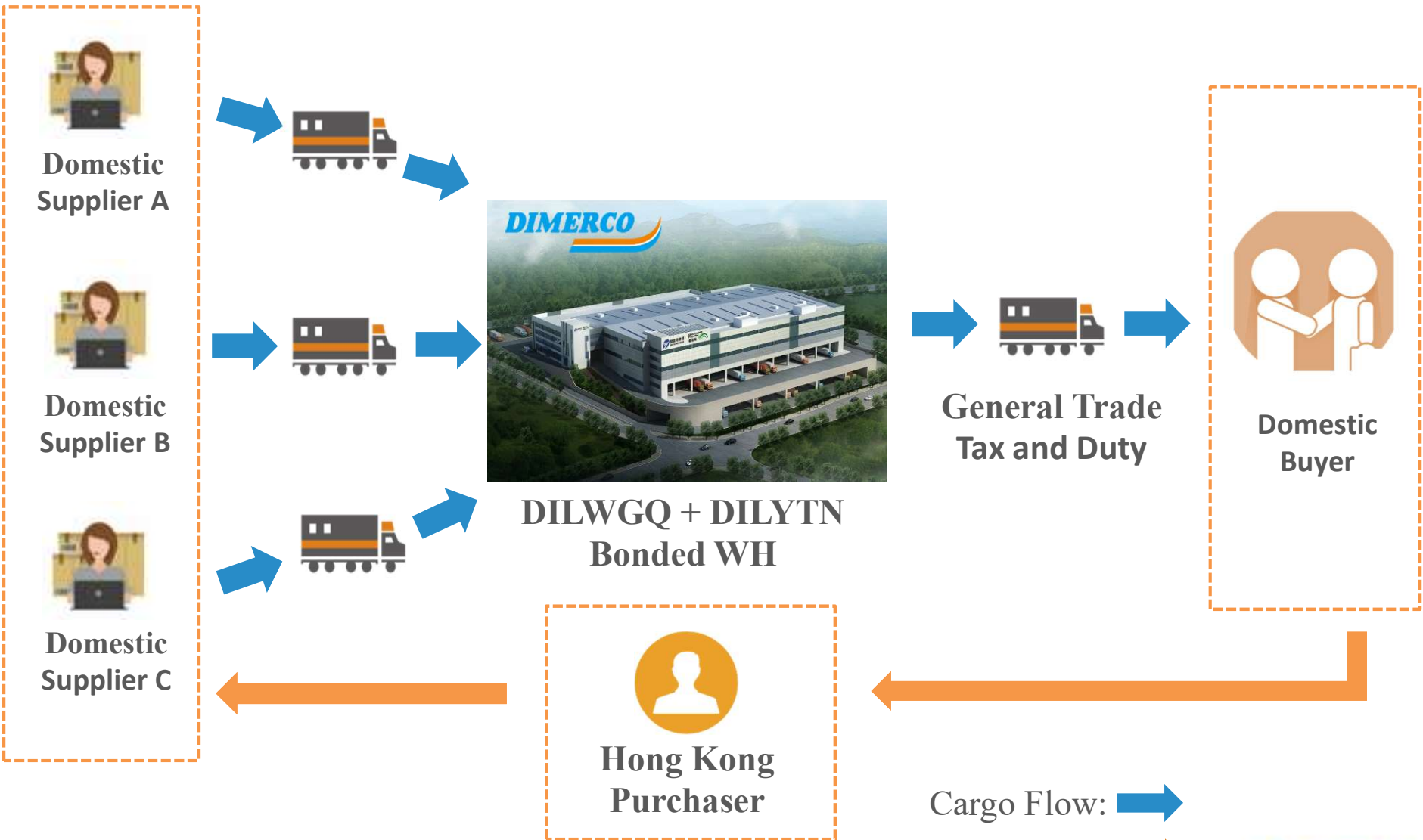
- Shipment Arrives:** Spare Parts are transferred in-bond to TSS warehouse. Parts can be delivered first and cleared customs in 14 days.
- Time Critical Delivery:** In 24/7 Parts Delivery Center in **Shanghai**. Same city delivery 40mins; delivery to the entire China (to SUZ 2-hr, to WUX 5-hr).
- Remaining Parts Return:** The remaining parts after repairing at customers will be re-imported (returned) to TSS warehouse in 14 days.



# CASE SHARING



# U-TURN A HONGKONG TOY COMPANY



# IMPORT TO CHINA VIA BONDED WAREHOUSE A FOREIGN INTERNATIONAL TECHNOLOGY COMPANY





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