GoGlobal

Selling to customers in China: A guide for SMEs in the UK

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Introduction

With the second-largest economy in the world, China boasts untold potential for UK businesses looking to export. After decades of remarkable economic growth, China's 1.4 billion citizens are increasingly wealthy – and the demand for high-quality international products is growing.

Since opening up its markets in 1978, China's gross domestic product (GDP) has grown at an astonishing average of 9% per year. Despite growth slowing in recent years, China has transitioned into a global economic superpower and an epicentre of international trade.

In 2022, total UK exports to China amounted to £37.6 billion. This was an increase of 38%, or £10.3 billion compared to 2021, making China the UK's sixth largest export market. There are many opportunities for UK businesses looking to export across a broad range of industries, most notably retail and consumer, technology, education, and health and life sciences.

Note: The information in this guide is correct at the time of writing (July 2023).

Contents

Selling to China

Main benefits

Increased revenue
Expanding your market reach into China allows you to sell to a much larger pool of customers. With a population of 1.4 billion, China presents a huge potential revenue stream for small and medium-sized British businesses like yours.

Diverse customer base
Exporting to China gives you a more varied customer base, reducing your dependence on the domestic market. By targeting the Chinese market, you spread your business risk and increase your chances of success.

Demand for quality
With a burgeoning middle class and increasing numbers of high-income consumers, the demand for high-quality and safe products in China is surging. Plus, as Chinese businesses expand into international markets, they're increasingly looking to UK companies for services and expertise.

Brand recognition and global image
Successfully entering and establishing a presence in China can elevate your brand's reputation and credibility worldwide. Being associated with China can attract attention from other international markets, potentially opening doors to new global opportunities.

Potential to scale and grow
China's immense size and diversity offers ample room for growth. Successfully penetrating the Chinese market can serve as a solid foundation for expanding into other regions or leveraging your success to attract international investors or partners.

Thriving start-up ecosystem
China's start-up ecosystem has experienced significant evolution in recent years. Start-ups in China are using cutting-edge technologies like social, mobility, analytics and cloud (SMAC), artificial intelligence (AI), machine learning, and the Internet of Things (IoT) to find solutions to challenges in sectors such as healthcare, education and financial inclusion.

Huge potential market
While India has recently overtaken China as the world's most populous country, China boasts over 100 cities of more than a million people. This is a huge potential market for UK businesses to tap into.

Opportunities for exporters
Government strategies like the Greater Bay Area initiative and Belt and Road initiative, coupled with the growth in e-commerce, is helping to open markets in China. Meanwhile, trade links through Hong Kong remain strong.

Main challenges

Geographic distance
The physical distance between the UK and China presents logistical obstacles in terms of shipping, delivery times and inventory management. You need to plan your supply chain carefully, taking into account associated costs and complexities..

Language barrier
While some international markets openly embrace English for business, China doesn't. Around 80% of the population speak Mandarin Chinese, which is the language of business.

Pricing, cost and currency exchange
Pricing your products competitively while considering exchange rates, shipping costs, customs duties and local market dynamics can be complex. Striking a balance between profitability and affordability for your target customers is crucial. You also need reliable and secure payment processing systems that support transactions in different currencies.

Bureaucracy
UK companies can find the laws and regulations around conducting business in China confusing. Complaints typically revolve around struggles to get the correct licences and permits, and complicated customs regulations.

Time-zone differences
Conducting business across time zones can hinder communication, especially when it comes to customer support and timely decision-making. Consider having dedicated support channels, or outsourcing customer service to accommodate inquiries and provide assistance during local business hours.

Self-sufficiency policies
One of the defining features of General Secretary Xi Jinping's leadership is a push for China to be self-sufficient. This means that the country can often freeze out foreign companies and give local competitors preference.

Bribery and corruption
While improvements have been made in recent years, China continues to have a problem with bribery and corruption. China was ranked 65 out of 180 countries in Transparency International's Corruption Perceptions Index, lower than lots of the UK's key export markets.

Protecting intellectual property
Intellectual property (IP) rights are territorial and rights granted in the UK don't provide protection elsewhere. It's advisable to consult legal experts who specialise in international IP law to navigate trademarking, copyright, and patent protection in China (more on IP on page 6).

Intellectual property (IP) theft in China

Historically, companies wanting to export to China have viewed the Chinese market with some caution. The country's "first-to-file" system for registering trademarks and patents has seen many bad-faith registrations by Chinese individuals and enterprises, who gained legal rights to assets created by overseas companies.

The major issue around protecting IP has been that Chinese companies have a reputation for copying products and selling them locally, which can deter non-Chinese companies from exporting there. Recently, the Chinese government has prioritised IP protection and the country is now considered a safer place to export to. Nevertheless, significant challenges remain.

UK companies should consider IP protection in China an immediate priority as part of their global IP and commercialisation strategy.

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Business culture in China

Relationships founded on the principles of solidarity, loyalty, modesty and courtesy are integral to Chinese business culture. Respecting etiquette, and getting to know Chinese business partners on a personal level, is essential.

Hiring an intermediary is the most effective way to help you navigate the culture and language barrier and build trust with partners. However, you still need to be aware of the main cultural differences. Here are our top tips:

Introductions and greetings

Initial greetings: A light handshake that lasts slightly longer than in the UK is a common way to greet business partners in China. However, a more formal greeting can be to nod and bow slightly. Wait for your Chinese counterpart to initiate the greeting and mirror them.

Use professional titles: It's best to address Chinese counterparts by their title and surname (which appears before given names in China) – i.e. 'Mr/Ms Wang'. In more formal settings, lead with their job title "General Manager Wang". If they go by their adopted English name, it's fine to use this.

Embrace small talk: Engaging in small talk during initial greetings is customary. Always let your Chinese counterpart initiate business discussions. If you can speak a little Chinese, all the better. Essential phrases include Nǐ hǎo (hello), Xièxiè (thank you) and Zàijiàn (goodbye).

Business cards count: Exchanging business cards is an important part of Chinese introductions. They are usually shared upon meeting someone new or before a meeting starts. Respect dictates that you should present business cards text up with two hands. Accept a business card with both hands and study it before respectfully putting it away.

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Business meeting etiquette

Dress to impress: The general guidance is business attire as per Western norms. However, it's important to note that attire reflects your success in China. So, dress to impress without being ostentatious. This includes good-quality shoes and watches. Avoid bright colours as they can convey arrogance.

Punctuality matters: Turning up late to a business meeting is bad form anywhere on the planet. However, this is particularly true in China, where lateness is considered offensive.

Gift-giving: This is common at business meetings. Keep the gifts thoughtful but modest and make sure they are well presented. You must always give or receive a gift with both hands.

Hierarchy is highly respected: Chinese society sees hierarchy as very important. People will enter a business meeting in hierarchical order – the highest-ranking person going first and so on. This applies to introductions too. Be sure to greet everyone in the room in their order of importance, even if it's a large group.

Stay composed: Strong emotions, positive or negative, should not be expressed in business meetings. Showing too much excitement or expressing anger, for example, can alienate Chinese partners. Using hand gestures to communicate is not customary in China.

General guidance

Language: The language used to conduct business in China will vary between clients. People may use English, but don't count on it. Unlike some international markets, English is not the language of business in China – Mandarin Chinese is.

Relationships: Chinese partners place far more emphasis on building long-term relationships than agreeing efficient contractual negotiations. Be prepared to take the time to build trust with Chinese partners.

"No" can have negative connotations: Many Chinese partners will avoid using the word "no" as it can be considered offensive. Instead, they may use phrases like "We'll see" or "I'll try" when they mean "no". Be wary of using "no" so you don't cause any offence.

Attitude towards risk: Compared to UK standards, Chinese business partners are more risk-averse. Important decisions might take a long time and only people at the highest levels will make them. Be patient and don't push deadlines. This will help to foster trust.

Two insider tips...

Download WeChat: These days, it's recommended that you have WeChat – the main messaging and lifestyle app used in China – as businesspeople do a lot of negotiation and communication through the platform. Emails are reserved for more formal communication, such as sending a contract or document.

Understand "Guanxi": This term is often referenced when doing business in China. "Guanxi" roughly translates as "personal network", and your Chinese counterparts may refer to it when discussing their connections to key business or government contacts. This has some implications for you to conduct business in China:

- Often an intermediary or introduction via a third party can go a long way in developing trust (compared to a cold approach).
- Be wary of any overpromising based on "guanxi". Test out what the person says and get them to prove their connections.
- If you value the business relationship, invest in it by regularly checking in, socialising and getting to know your counterparts.

How business meetings are conducted in China

Typically, the most senior person from each side will sit in the middle on either side of a table and be the primary speaker. It's customary for each side to finish before passing on to the other side to comment.

The most senior person from either side will call on the rest of their team to speak when needed (but they may not contribute otherwise). It will often be the more junior people in the room who do the follow-up work, so don't presume they're not key to relationships because they don't contribute during a meeting.

Meals play an important role

Once a relationship is established, it's common for meetings to be followed by (or held over) a meal, which is a chance for Chinese counterparts to host and show you some local cuisine. Be sure to replicate this if partners visit you in the UK. Chinese visitors value quintessential British experiences highly.

How negotiations work in China, compared to the UK

It's not unusual for Chinese business partners to be agreeable during a formal meeting and follow up separately with concerns or counterpoints. Most of the Chinese culture prefers non-direct communication (with some regional differences). Equally, it's normal and expected for Chinese people to leave periods of silence after making a point. If this is the case, it's best not to interrupt, and instead allow them time to think through their next steps.

Chinese organisations, especially larger private companies or state-owned enterprises, are very hierarchical. Your contact is likely to be very risk-averse and need approval from several layers above him/her within the organisation before proceeding. If you have a senior member of staff, it's often worth trying to set up a meeting with their equivalent in the Chinese company to progress an issue that's stuck.

Interpreters will play a key role if your counterparts in China do not speak fluent English. Investing in an effective interpreter who can also help you read between the lines (i.e. what kind of "yes" is it) can be invaluable.

Expanding your small business into the Chinese market presents a fantastic opportunity to grow, diversify and increase your sales, revenue and profits.

Preparing to do business in China

Expanding your small business into the Chinese market presents a fantastic opportunity to grow, diversify and increase your sales, revenue and profits. While China is a vast and lucrative market, there are many challenges to overcome first.

If you're wondering where to begin, we've prepared a comprehensive, step-by-step guide specifically tailored for UK businesses aiming to sell their goods in China. This guide will provide valuable insights and support to help you embark on this exciting journey.

Before considering exporting to China, you must be clear on your reasons:

- Is it a key part of your growth strategy or something you think you should be doing?
- What are you aiming to achieve and over what period of time?
- Do you have enough time and resources to focus on exporting, or are you too occupied with business at home?
- Is everyone in the business on board? Is the product ready? Are you prepared if an export order comes in tomorrow?
- How will exporting affect your current business?

By stepping back, analysing and defining your export strategy for China, you lessen the chances of making mistakes and increase your likelihood of success.

Research the market

Market research is an essential part of any business venture. Before exporting to China, you need to understand the demand for your products and customer expectations. Not taking the time to research the market risks costly and time-consuming mistakes.

Market research helps you figure out:

- which market to enter and the best way to do it
- where your products fit in the market you've selected
- who your target customers are
- which other businesses you're competing with
- what similar products are selling for
- what might prevent or hinder you from entering a market

Explore markets on Santander Navigator

Different markets hold different opportunities, but also varied policies and regulations. Explore our recommended markets for growing your business or browse other markets and opportunities. Learn more

Online research

The best way to start your market research is online. Start by researching your competitors and actively engaging with their content, including company websites, social media profiles, and marketing campaigns. Read customer reviews and industry and media product reviews (if applicable), too.

Ask yourself: What aspects of your competitors' approach do you find appealing? What could your business do better? How can you make your business stand out from the crowd?

You should also use Google Trends to understand the number of online searches for related products or services in China.

The UK Department of Business & Trade website has lots of guidance on using the internet to research overseas markets.

Visiting China for research

While it might be expensive and time-consuming, travelling to China for in-market research is an invaluable way of making connections and getting first-hand experience of the people, cultures and market.

You're also better placed to examine your competitors and assess the demographics, tastes, preferences and behaviours of potential customers in China. Attending trade shows and fairs is a good way to showcase your products, network with prospective customers, and gain insights into your market.

The UK Department of Business & Trade website provides tips on visiting your target market and explains what research you can do when you're there.

Making decisions about the market

Ultimately, you must decide how you're going to reach the market and what you need to do to carve out a share for your business.

- **Number of markets:** Decide how many regions you're ready to enter at the same time. Always align your ambition to the resources you have available.
- **Where to focus:** Don't stretch yourself too thinly. Take the time to gain a deeper understanding of the market and show potential customers in China that you're committed to their country.
- **Route to market:** There are many routes to market – distributor, agent, recruitment, direct, online and so on – and it's essential to fully research your options and choose which is best for your business. The decision isn't always clear, so don't rush it.
- **Choose carefully:** Once you've decided on your best route to market, pick your partners, employees or online portals carefully. The wrong selection now could set you back months or even years. For example, you should see a distributor as your biggest customer and treat them as such.

Once you've decided, don't waver. Focus on it. Find the best distributor, agent, employee or whichever you've chosen. Be patient – you don't need to take the first thing you're offered.

Form a detailed plan

At this stage of the process, it's time to pull everything together into a detailed plan. Define all the key elements and the objectives, including the following:

- **The financial investment needed:** Be certain that the amount you're required to invest is something you can both afford and justify. Will the returns exceed the costs?
- **The non-financial resources needed:** Do you have the people, the time, and the right skills in place?
- **Timescale:** How long are you prepared to invest? How soon do you need exports to be self-financing?
- **Level of risk:** Assess the risks you will be exposed to – how do they compare to your risk appetite? Do the potential returns warrant the exposure?
- **Route-to-market strategy:** One of the key decisions is how you'll enter the market. Make an informed choice and focus on it.
- **Milestones along the way:** Consider what you need to achieve and by when to be successful.
- **Expected outcomes:** What progress do you want to have made after three, six and 12 months? Two years? Three years?

Make sure you're comfortable with the plan and the details. Discuss it with the relevant people in your company to make sure everyone's on the same page. Getting colleagues to buy into your strategy now will save a lot of questions later.

Once you're up and running, regularly review your plan and compare it to your results. Measure if you've successfully passed your milestones and achieved the outcomes you expected. Highlight any anomalies and work to put them right; be vigilant in keeping the plan on track.

If it's working, great. If not, feel free to question everything. Are you delivering the resources and investment agreed upon? Is the plan itself wrong or how you're executing it? Don't be afraid to change tack if you need to but be sure of the reasons first.

Visit the Santander Navigator website for more guidance on how to create an export plan.

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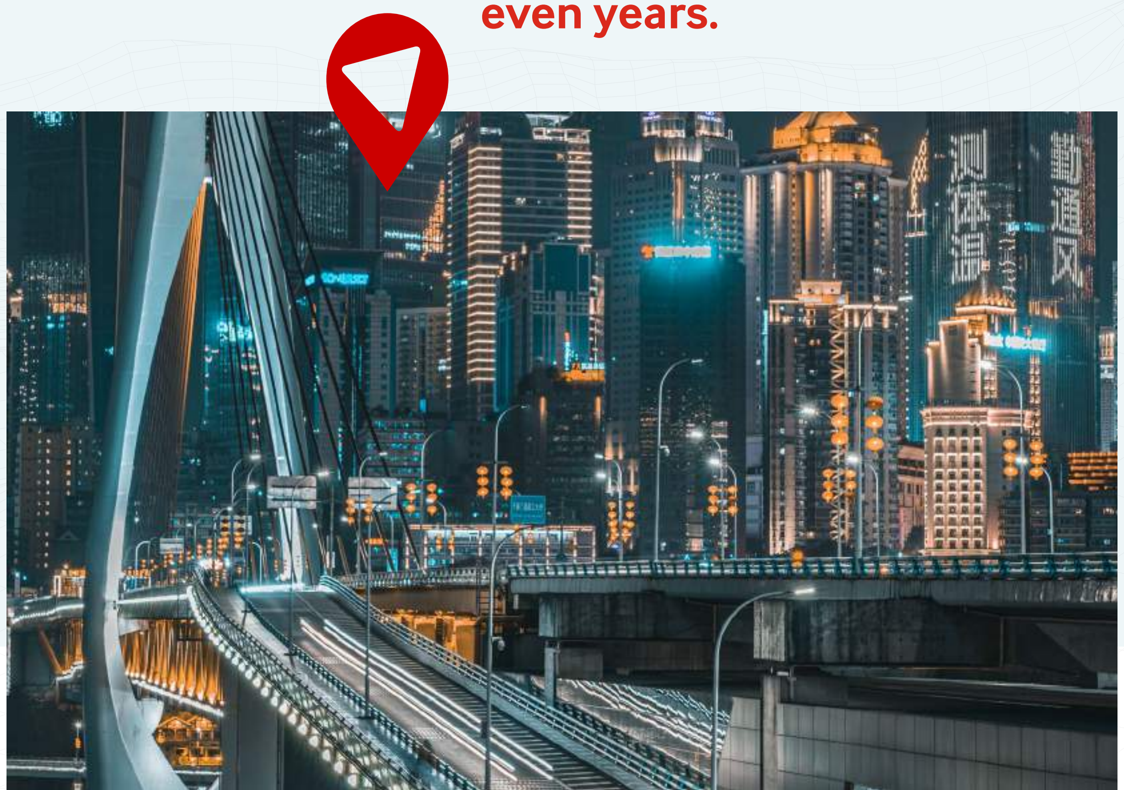

Getting your goods out of the UK

Get an EORI number

You need an Economic Operators Registration and Identification (EORI) number to trade internationally and move goods out of the UK. Assigned by HM Revenue & Customs (HMRC), this is an identification number unique to your business and made up of two parts:

- The country code of the issuing state
- A code that's unique in the member state

In the UK, this is usually your VAT registration number followed by the UK code of 000.

You'll need to provide your EORI number when completing and lodging a customs declaration via the Customs Declaration Service (CDS). Without it, the customs authorities won't be able to process your document. You'll also need an EORI number to use the UK government's online export licensing system to get an export licence (see **Get an export licence**).

To check whether you have a valid EORI number, you can use the UK government's designated tool. If you don't have one, you can apply to have a number allocated to your business. Just visit the online portal and follow the application process.

Get an export licence

If your product requires an export licence, you'll need to apply to the UK government for one. The export licensing process can take some time, so plan ahead and submit your application as early as possible.

You can go to the government's website to see a list of goods that require export licences. But for small businesses, these are the most relevant types of products:

- Food and drink products
- Animal products
- Plants and plant products
- Drugs and medicines
- Medical devices
- Chemicals

You need an export licence to meet the strict controls put in place by the UK government's Export Control Joint Unit. They help control the movement of certain products across international borders.

If these controls apply to the products you're looking to move into China and you don't have the correct export licence, it's likely that your goods won't clear customs. You'll also need an EORI number (see **Get an EORI number**) to use the UK government's online export licensing system to get an export licence.

Agree incoterms

International commercial terms (more commonly known as incoterms) are the rules that apply when shipping goods overseas. Published by the International Chamber of Commerce (ICC), they're a set of standards accepted by governments and legal authorities around the world.

When an exporter agrees to sell goods to a buyer (importer), both parties need to agree on who's responsible for shipping the goods and who's responsible if anything happens while the goods are in transit.

Designed to protect both the seller (exporter) and the buyer (importer), incoterms define which tasks, costs and risks are associated with each party, and at what point the costs and risks transfer between them.

The terms define who's responsible for:

- moving the goods between agreed points
- completing customs documents
- providing insurance (see **Cargo insurance**)
- paying tariffs and duties

All international purchases will be processed on the agreed incoterms, which must be clearly stated on the relevant shipping documents. For most modes of shipment (road, rail and air), standard incoterms will apply. For sea and inland waterway transport, however, there are separate incoterms.

The ICC regularly reviews and amends incoterms – you can find the latest incoterms on its website. For more information about incoterms, visit the UK Department for Business & Trade website.

Cargo insurance

In most trade agreements, having cargo insurance in place will be an incoterm. Who is responsible for arranging this (buyer or seller) will depend on the terms agreed as part of the contract.

Cargo insurance protects you from any financial loss if your goods are damaged or lost before you've fulfilled your commitments in the contract. This might be while goods are being moved (whether this is by road, rail, sea or air), loaded, unloaded or put in storage.

When moving your goods internationally, many freight forwarders (see page 17) will cover your goods under their liability insurance policy. However, as this covers only a very small amount of the goods' overall cost, you should arrange a comprehensive insurance policy to cover the difference.

Cargo insurance protects you from any financial loss if your goods are damaged or lost before you've fulfilled your commitments in the contract.

Make a customs declaration

No goods can enter or leave the UK without a customs declaration (import or export declaration) submitted to HM Revenue & Customs (HMRC). Customs declarations are also necessary for security, as certain goods need a licence or permit (see page 14) before they can be exported.

While you can make a customs declaration yourself (using special software), many exporters tend to appoint a customs agent/broker or freight forwarder to do it for them. That way, they can be sure their goods will be cleared for arrival and departure at UK borders.

Incorrect documentation is one of the main reasons that goods are held up at the border, so your customs declarations must be accurate. In the UK, you make declarations via HMRC's CHIEF or CDS online platforms. (CHIEF will be discontinued in late 2023.)

Once you submit your declaration, HMRC checks and validates it and then assigns it a movement reference number (MRN). This allows your goods to leave the country.

Information found on a customs declaration

The customs declaration has several data elements that you must complete for HMRC to accept it. These include the following:

- **Commodity code:** Used to classify imported or exported goods. Having the correct code helps make sure you're keeping to customs rules and paying the right taxes and duties. It also indicates whether any licences are needed. You can search for commodity codes on the government's Trade Tariff website.
- **Information about goods and their journey:**
  - The goods' origin
  - The mode of transport used to move the goods
  - Where the goods are being dispatched from
  - Where the goods will arrive
- **Valuation:** This must be correct, since the value of your goods often acts as a basis for calculating customs duty.
- **Consignee:** The party receiving the goods
- **Consignor:** The party exporting the goods

(This isn't a full list – there are many more data elements in a customs declaration.)

CustomsClear: Customs declarations made simple

Deloitte's CustomsClear is easy-to-use software that helps your business submit customs declarations for goods imported and exported between the UK and EU. Learn more on Santander Navigator

Customs agents/brokers and freight forwarders

You might choose to have a third party – such as a customs agent/broker or freight forwarder – to submit customs declarations on your behalf.

- **Customs agent/broker:** Offers customs clearance and representation services for businesses and traders exporting goods around the world. Their role is mainly to act on your behalf in lodging export declarations to the HMRC platforms.
- **Freight forwarder:** Handles shipping arrangements, working with shipping companies to transport goods to the eventual customer. They don't physically move the goods but do all the logistics work to make sure exports can cross international borders. Importantly, they complete the customs declarations for you.

Unless you're moving goods in high volumes, you might find the cost of installing the special software needed to submit declarations, plus the admin costs, expensive compared to the fees charged by a third party.

Without either the software or a third party acting for you, you won't be able to upload your customs declarations and, as such, move the goods into China. The right customs agent/broker or freight forwarder will give you a choice of solutions that best match your business's needs and help to simplify the entire process.

Arrange for goods to be transported out of the country

Logistics

When you're ready to ship your goods, you can use any combination of road, rail, air or sea to transport them. Which option (or options) you choose will depend on the following:

- Cost
- When you want the goods to arrive in China
- The size and weight of your goods, whether they're perishable, and whether there are any security considerations
- Whether any special requirements apply, such as export licences

There are many logistics providers operating today. For example, you might look for a haulier if you're transporting goods by road, or a freight forwarder if you're sending goods around the world. If you're exporting goods in small volumes, it may be easier, cheaper and quicker to use a parcel courier.

As well as moving your goods, logistics providers can also offer services for warehousing, order fulfilment, inventory management, and more.

Freight forwarders

To send goods to China, you could consider hiring a freight forwarder. Acting as the middleman between you and the shipping company, airline, rail or road haulage company, they manage the whole process of getting the goods from the UK to China, including:

- transporting your goods from where they're made or stored to the port or airport, for shipping
- preparing all the relevant paperwork (including customs declarations)
- booking sea or air freight
- setting up cargo insurance and tracking delivery as needed
- arranging warehousing and storage, if necessary
- managing customs clearance and the payment of import duty on the Chinese side

You should use an experienced operator who's a member of the British International Freight Association (BIFA). Find a freight forwarder on the BIFA website

Provider directory: Santander Navigator

Finding trusted providers takes time, but they're often invaluable to achieving your goals.

Take a look at our network of providers from across the globe and see how they could help. As a valued Santander Navigator member, you can also access exclusive offers and discounts. Learn more

Check for trade barriers

A trade barrier is something that slows down, limits or prevents you from exporting to or investing in an overseas market. It can increase costs, cause delays, or prevent you from exporting altogether. As a result, it's important to check for any issues that may hinder you when selling goods or services in China.

The UK government website has an online service you can use to check for current trade barriers or report any new ones.

Incorrect documentation is one of the main reasons that goods are held up at the border, so your customs declarations must be accurate.

Getting your goods into China

Complete the relevant documentation

The documents needed to export goods to China will depend on the products you're selling. Your freight forwarder or customs agent/broker can help you with this process.

Aside from the documents required for transporting goods and for insurance, you may also need the following:

- A **clear written contract** that covers:
  - where and when the goods will be delivered
  - who arranges transport for the goods and insurance
  - who handles customs procedures and pays any duties and taxes
  - what currency payment will be in, and what payment method will be used
- **Export documents** such as the following:
  - Know Your Customer (KYC)
  - GATT (General Agreement on Tariffs and Trade)/DGFT (Directorate General of Foreign Trade) declaration
  - Purchase order/letter of credit
  - Bill of lading/airway bill
  - Bill of entry
  - Commercial Invoice and packing list
  - Technical write-up for specific goods if any

You may need extra documentation to export certain goods.

Prepare a packing list

A packing list is a crucial element of all customs declarations. It helps with border security, making sure that dangerous or hazardous goods are properly screened and that the correct procedures for these products are being followed.

Customs authorities use packing lists to make sure they're applying the correct duties and tariffs, while hauliers, airlines and shipping companies use them to track the weight and measurements of the loads they're carrying.

Without a packing list, your shipment simply won't clear customs. It should clearly set out:

- what's on each pallet/container
- the pallet/container number
- the contents of the pallet/container
- your contact details

If the details on the packing list are incorrect, customs authorities will likely have to inspect your goods before they can release them. Not only can that delay your goods from moving on, but you might have to pay extra costs for the time your goods are held at the border.

Commercial invoice

This is a document the buyer needs so they can pay you. In most cases, it's also used to assess what customs duties and taxes are due. The invoice should describe the goods, provide your address, and set out the terms of delivery and payment.

Pro forma invoice

You prepare a pro forma invoice before shipping your goods. It tells the buyer what goods you're sending, their value, and other key details.

If you're being paid "Pro forma", it means paid in advance. The buyer will use this document to determine what amount they need to pay you.

Air waybill

A receipt an international airline issues for goods, providing evidence of the contract between the consignor (you, the exporter) and the airline. It obliges the airline to carry the goods to the airport of destination, in line with the conditions given.

Bill of lading

A contract containing the details of the international transportation of goods by sea. It serves as proof that the carrier has received the goods from you (as the goods' owner). Importantly, it's a document of title which proves ownership of the goods.

For ships, there are two types:

- **A straight bill of lading**: Non-negotiable, this shows that the carrier has accepted the goods, and obliges them to carry the goods to the port of destination, according to specific conditions.
- **A 'shipper's orders' bill of lading:** This is negotiable. It can be bought, sold or traded while the goods are in transit.

Customs bond

A document proving that a bond has been posted with the customs authorities to cover any potential duties, taxes and charges that may fall due. It allows the buyer (importer) to take possession of the goods before paying customs duty.

Transportation entry

The carrier will need to submit one of these documents if your goods are subject to a customs bond and are being transported from a port of arrival to the intended port of entry.

Manifest for aircraft

If you're transporting goods to China by air, Chinese customs will need a set of documents containing the following:

- General declaration
- Air cargo manifest
- Crew list
- Crew purchase list
- Crew baggage declaration
- Stores list

The commander of the aircraft (or their agent) will complete these forms and submit them to the relevant customs officer.

Manifest for vessels

If you're transporting goods to China by sea, Chinese customs will need a set of documents containing the following:

- Vessel entrance or clearance statement
- Inward cargo declaration
- Ship's stores declaration
- Crew's effects declaration
- Passenger list – crew list

The master of the vessel (or their agent) will complete these forms and submit them to the relevant customs officer.

Chinese customs explained

The process for clearing Chinese customs can be confusing if you've never encountered it before. In this section, we break down some important things to know about the Chinese customs process.

In China, the relevant customs authorities are:

- State Administration of Quality Supervision, Inspection and Quarantine (AQSIQ)
- General Administration of Customs China (GACC)
- China Inspection and Quarantine (CIQ)

Formal clearance

Once your consignment has arrived in China, CIQ, under AQSIQ, will inspect the products and documentation via a customs clearance agent. They will also inspect:

- the import licence
- the commercial business licence
- the declaration of conformity and safety
- the certificate of quote and introduction of the importer company
- details relating to the import and sale of goods within China

If everything is in order, CIQ will issue a customs clearance document. Depending on the type of goods, if there are samples to inspect or test and/or container storage conditions or unloading sites to examine, they will also do that, then issue a sanitary certificate.

The customs duties due at this stage will vary significantly based on the product categories, and frequently change. Once customs have fully cleared your consignment, the goods can pass through to be sold domestically.

General trade vs cross-border e-commerce

Another important thing for business owners to be aware of is the distinction between "general trade" and "cross-border e-commerce".

- Under general trade, goods are imported in bulk with all sales processed locally. Standard duty rates apply, and the products need to be fully registered.
- Cross-border e-commerce (CBEC) platforms like Tmall Global, meanwhile, allow foreign brands to market, sell and receive payment for goods directly, without the need for either a physical presence or distributor in China and without having to fully register the products.

China Compulsory Certification (CCC) mark

The China Compulsory Certification (CCC) mark was established more than a decade ago and is mandatory for both foreign and domestically produced products in China.

The CCC mark is used across product categories including electronics, safety equipment, vehicles, house appliances, textiles, and food and drink. Each product category will have a distinct set of standards that must be met.

Before you go into the Chinese market, you need to confirm the standards required for your products. If you don't, customs might seize the goods or send them back to their country of origin. Goods entering China must comply with strict laws for inspections and certification.

China Inspection and Quarantine E-cert System

All imported goods must have passed inspection and quarantine before entering China. Once goods have passed, they are issued with a certification of inspection and quarantine for entry goods. The exact requirements depend on the nature of the goods.

Additional documentation for certain products

Certain products – such as food and drink, medicine and alcohol – require extra paperwork. We look at some of these common products in more detail below.

Food and drink

All manufacturers of foreign food and drink must register with the General Administration of Customs of the People's Republic of China (GACC) before exporting to China. Once approved, the exporting company will be granted a registration number, which they need to include on the product label or packaging.

If you're planning to export food and drink products to China, you'll need to provide the following:

- Health certificate
- Certificate of bottle filling
- Certificate of free sale
- Ingredients list
- Sample of the original label
- Sample of the Chinese label

Export health certificate

Food items and products of animal origin will most likely need an export health certificate (EHC) signed by an official veterinary surgeon before you can export them to the Chinese market. The main categories of goods include the following:

- Dairy (you must state the country of origin)
- Fish
- Eggs
- Meat

All manufacturers of foreign food and drink must be registered with the General Administration of Customs of the People's Republic of China (GACC) before they can export to China.

Meat products

As with all food and drink entering China, meat products need to go through the registration process with the GACC. However, with meat, there's an extra requirement for the products to have a recommendation from a competent national authority like the Department for Environment, Food & Rural Affairs (DEFRA), for example.

Additional approval is necessary based on an assessment of the animal quarantine conditions of the country of origin.

It's important to note that meat exports to China are often banned due to outbreaks of diseases in local animal populations. British poultry and beef have both received bans in recent years. When exporting to China, always check with DEFRA for the latest guidance.

Alcohol products

Aside from being registered with the GACC, consignments of products containing alcohol also need to include the following information:

- Ingredients list
- Net volume (ml)
- Alcohol content (%)
- Production date
- Producer/distributor/importer
- Country of origin
- Minimum durability date
- Product type
- Sugar content
- Mandatory warning statements – for example: "Excessive drinking is harmful to health" or "Pregnant women and children shall not drink"

Drugs and medicine

Getting foreign drugs and medicine into China means going through a strict application and registration process. During this process, the goods will undergo extensive technical evaluations before, during and after clinical trials, all of which can last 18 months or more. This is in line with standards set by the National Medical Products Administration (NMPA).

Once the products are approved for registration, they must go through several more approval steps, which can last a further 18 months. This includes price approval, provincial-level bid tenders, and finally hospital listings.

All health supplements must be approved for domestic sale by the State Administration for Market Regulation (SAMR). As a result, most health supplements and health foods would usually be sold via cross-border e-commerce channels (see page 21).

Further information

For more information on any of the content included in this guide, please refer to Santander Navigator for dedicated support.

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