U.S. Country Commercial Guides

China
2020

U.S. Department of Commerce | International Trade Administration

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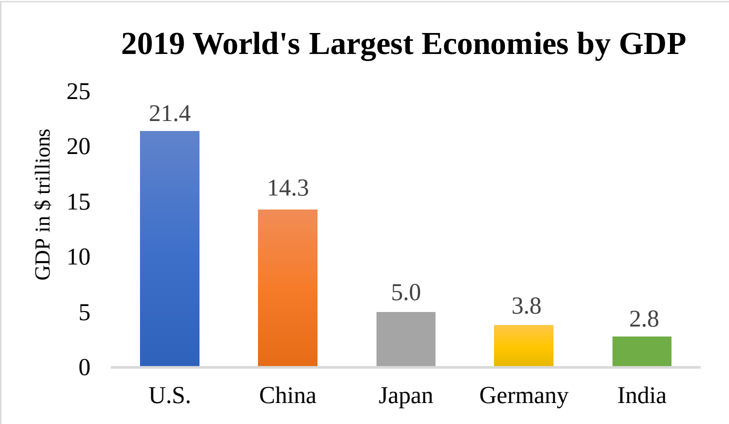
Doing Business in China
Market Overview

In 2019, China was the world's second-largest economy with a gross domestic product (GDP) of $14 trillion, following the United States with a $21 trillion GDP, and ahead of Japan with a $5 trillion GDP.



Source: World Bank

China's economy is larger than those of Japan, Germany, and India combined. China's largest province, Guangdong, has a nominal GDP larger than Spain's; the Yangtze river delta, centered around Shanghai, has a GDP roughly the size of Germany's.

While China's GDP grew 6.11% in 2019, an aging workforce, slow economic reforms, mounting debt, and recent trade turmoil, have contributed to a downward trajectory for economic growth over the last five years. The COVID-19 crisis has intensified this trend.

Source: World Bank

U.S. China Trade Relationship

The trade relationship between China and the United States has been characterized by ongoing trade disputes, retaliatory tariffs, increasing sanctions, and general uncertainty. In 2019, U.S. exports of goods to China were $106.4 billion, down 11.5% from $120.3 billion in 2018.

Source: U.S. Census Bureau

China's Industrial Policy

- China continues to rely upon industrial policy tools including subsidies, market access restrictions, pressures to transfer technology, and other support for domestic competitors. These policy tools undermine the ability of foreign firms to operate on a level playing field in the Chinese market. Furthermore, the Chinese Communist Party's control over various economic actors in the market has increased significantly.

Phase One Trade Agreement

- To address the imbalances in the trade and investment relationship between the U.S. and China, both countries signed the Phase One Trade Agreement on January 15, 2020 that entered into force on February 14, 2020.
- This agreement requires structural reforms and other changes to China's policies and practices regarding intellectual property, agriculture, financial services, currency and foreign exchange, and important aspects of China's technology transfer policies.
- As part of this agreement, China agreed to considerably increase imports of U.S. goods and services over the next two years by no less than $200 billion above the amount China imported from the U.S. in 2017.

Market Challenges

China remains a challenging place to do business, further complicated by the COVID-19 worldwide pandemic. According to the American Chamber of Commerce (AmCham) China 2020 American Business in China White Paper and 2020 China Business Climate Survey Report, while AmCham members continue to view the market as critical for their business, they generally hold pessimistic views about market growth and future investment plans.

Many of the challenges American firms face are longstanding. Firms seeking to export to China face various headwinds including fragmented and inconsistently implemented local regulatory requirements, preferred treatment for local competitors, and the need to localize products and services to meet Chinese consumers' expectations and requirements among others.

Firms interested in establishing operations in China should note that the World Bank ranks China 31 out of 190 countries in its 2020 Ease of Doing Business Report. Despite significant Chinese government efforts to streamline bureaucracy and reduce red tape, foreign companies continue to complain about lengthy and opaque administrative procedures, especially with respect to permits, registration, and licensing. Furthermore, foreign enterprises continue to report that Chinese government officials may condition approvals on a foreign enterprise's agreement to transfer technology, conduct research and development in China, satisfy performance requirements relating to exportation or the use of local content, or make valuable, deal-specific commercial concessions.

China continues to pursue industrial policies that limit market access for imported goods, foreign manufacturers, and foreign services providers, while offering substantial government guidance, resources, and regulatory support to Chinese industries. The principal beneficiaries of these policies are state-owned enterprises as well as other favored domestic companies. Provincial and local governments can have an ownership stake in private companies, incentivizing support of these enterprises.

Intellectual property (IP) infringement is widespread in China. It is incumbent upon U.S. firms to take steps to protect and enforce their IP rights. Please see the Protecting Intellectual Property section for more information.

Market conditions also create persisting challenges, with rising labor costs among American firms' top concerns about the Chinese market. Increasingly competent domestic challengers and industrial overcapacity in some segments are also frequently cited challenges.

In addition to these longstanding challenges, American companies report that regulatory compliance risks, including insufficient time to comply with new regulations, as a growing challenge. Recent tensions in the U.S.-China bilateral relationship have also reportedly made it more difficult for companies to conduct business, both due to the impact of tariffs applied by both countries, but also due to the results of economic issues becoming more intertwined with national security challenges. Specifically, U.S. companies report Chinese customers questioning whether American firms can be relied upon, dampening U.S. firms' competitiveness vis-à-vis local and third market businesses.

Market Opportunities

Although a challenging marketplace, China's vast size, growing wealth, changing demographics, and economic transformation continue to create opportunities for well-prepared U.S. firms.

Although a challenging marketplace, China's vast size, growing wealth, changing demographics, and economic transformation continue to create opportunities for well-prepared U.S. firms. China represents roughly two-fifths of non-U.S. global gross domestic product (GDP) and its market is larger than that of the United Kingdom, Japan, and Germany – combined. And though Chinese economic growth has moderated in recent years and contracted sharply in the first quarter of 2020 due to the COVID-19 pandemic, the Chinese economy has rebounded much more quickly than most of the world. The IMF forecasts that China will be the only major economy to post positive growth in 2020 and its economic growth will rank among the top economies in 2021.

China's status as a global manufacturing powerhouse is just one driver of this growth. Over the past two decades China's middle class has experienced one of the fastest growth rates in the world. The shift from the traditional low-wage, labor-intensive manufacturing economy towards more technology-intensive high value-added production, has fostered a burgeoning middle class in China that has generated increased consumer demand for a broad range of products. Indeed, Chinese consumers play an increasingly important global role, now the world's largest market for a wide range of products from vehicles to air conditioners to video games. As a result of this growth, retail sales in China are expected to outpace those in the United States within the next couple of years.

Many of the headwinds that the Chinese economy faces, including an aging population and shrinking labor force, falling return on capital, and the need to provide services to a population with greater expectations could open opportunities for American firms. Despite tensions in the U.S.-China bilateral relationship, American products continue to be viewed favorably by Chinese consumers.

As part of the Phase One Trade Deal signed by the United States and China on January 15, 2020, the Chinese agreed to take action to address several structural barriers in China that impeded export of U.S. products and committed to substantial increases in purchases of U.S. goods and services in 2020 and 2021. China's commitments cover a variety of U.S. manufactured goods, food, agricultural and seafood products, energy products, and services. China's implementation of these commitments should provide significant opportunities for American exporters.

In this report, we will explore several top prospect sectors, including:

- Agriculture
- Aviation
- Automotive
- Cosmetics and Toiletries
- Design and Construction Services
- Education
- Energy
- Environmental Technology
- Healthcare
- Travel and Tourism

Market Entry Strategy

Companies should consider their resources, previous export experience, and long-term business strategy before entering the Chinese market. Some steps U.S. companies can take in implementing a market-entry strategy include:

Consider a Regional Approach

- Given the enormous size of the Chinese marketplace, U.S. companies should consider breaking down markets in China into several geographic segments and search for business partners, agents, or distributors to cover specific geographies.
- China's first-tier cities of Beijing, Shanghai, and Guangzhou are often the best locations to start when seeking new business opportunities because those cities contain the most experienced businesspeople who deal with foreign companies. For more experienced exporters, China's second and third tier cities may hold pent up market demand for American products and services.
- A strategy that focuses on a niche or a specific region can often be the best initial approach for smaller companies.
- China's consumer market is divided by geography, income levels, and age. Given the size of the country, even niche markets can be large.

Evaluate Partners Carefully

- A Chinese agent, distributor, or partner who can provide essential local knowledge and contacts is often critical for success, however finding the right partner requires preparation, patience, and hard work.
- Potential business partners that concentrate on specific industry segments are also essential to consider, as it is common for them to have links to large state-owned enterprises (SOEs) and private companies.
- Since agents and distributors within China often specialize in one region or one end-user, success in expanding into another region is not guaranteed.

Understand Local Regulations

- Government officials play an essential role in the Chinese economy. Firms should actively seek to understand how their product or service is regulated and by which agencies.

Protect Your Intellectual Property Rights

- Firms and companies should take steps to protect their intellectual property rights (IPR) under Chinese law before entering the Chinese market. Understanding what IPR resources are available, consulting with specialized lawyers, and conducting thorough due diligence on potential partners or buyers before entering any transaction is crucial.

Leading Sectors for U.S. Exports and Investment

Agriculture

China's agricultural imports, exports, and production have expanded greatly since acceding to the WTO in 2001. China was the third largest export market for U.S agricultural product in 2019 at $13.9 billion, down from second place only two years prior. Agricultural and food products face complex, non-transparent and ever-changing regulations in China, which much like other sectors present substantial market access barriers.

The resolution of these issues and expanding China's purchase of U.S. agricultural products were priorities in the negotiations of the Phase One Economic and Trade Agreement between the United States and the People's Republic of China. Those issues are summarized in the USTR Fact Sheet.

Phase One Trade Agreement

The Agriculture Chapter of the Phase One Agreement addresses structural barriers to trade and supports a dramatic expansion of U.S. food, agriculture, and seafood product exports, increasing American farm and fishery income, generating more rural economic activity, and promoting job growth. In the agreement, a multitude of non-tariff barriers to U.S. agriculture and seafood products are addressed. A key outcome is China's commitment to purchase and import on average at least $40 billion of U.S. food, agricultural, and seafood products annually for a total of at least $80 billion over the next two years. Products will cover the full range of U.S. food, agricultural, and seafood products. On top of that, China will strive to import an additional $5 billion per year over the next two years.

Since the agreement went into effect, China has implemented measures that will provide greater access for U.S. producers and exporters and has been increasing purchases. However, there remains work to be done on technical barriers and purchases to ensure China's commitments are met.

Tariffs

China imposed additional import tariffs on many U.S. food and agricultural products in response to the United States' 232 and 301 trade actions. More information about the U.S. products affected by these trade actions is available on the USDA Foreign Agricultural Service (FAS) website.

In an attempt to facilitate imports of U.S. commodities, China continues to implement a tariff exclusion process (Tariff Exclusion Process Announcement) and importers can now apply for exclusions from retaliatory tariffs. USDA continues to publish guidance for U.S. exporters seeking to participate in this process (USDA Global Agricultural Information Network). Many importers report that they are receiving tariff relief for purchases of U.S. food and agricultural products.

Regulatory Landscape

China continuously issues new entry requirements – certificates, registration, attestation – that do not necessarily increase product safety but push the onus of ensuring food safety away from Chinese food regulators. Often these new requirements are not notified to the WTO for public comment and are not announced until implementation is imminent. China's erratic rulemaking also often subjects U.S. products to scrutiny that is not faced by domestic producers.

Due to the changing regulatory environment in China, U.S. exporters are advised to carefully check import regulations. Individuals and enterprises interested in exporting U.S. agriculture, fishery, and forestry commodities to China should contact the FAS offices (listed below) as well as USDA Cooperator organizations. Exporters of U.S. agricultural commodities should also review the FAS website.

Opportunities

The Phase One agreement addresses structural barriers to trade and will support a dramatic expansion of U.S. food, agriculture, and seafood product exports (USTR Fact Sheet) In particular, the agreement presents new or expanded market opportunity for the following products:

Animal Feed

Seafood

Dairy and Infant Formula

Horticultural Products

Meat, Poultry, and Live Breeding Cattle

Pet Food

Rice

USDA Endorsed Trade Shows

Each year, FAS endorses the trade shows that will provide the best international exposure and marketing opportunities for U.S. companies and producers. FAS works with show organizers and other partners to create a "USA Pavilion" to showcase the variety and quality of made-in-America products to potential foreign buyers. FAS also provides participating companies with marketing and promotion services, market intelligence, logistical support, and on-site assistance. In addition, in order to support U.S. agribusiness in today's ever-changing trade environment, FAS is expanding its trade promotion activities to include virtual trade events.

Food Ingredients China
Postponed to March 16-19, 2021, Shanghai

China Fisheries and Seafood Expo
Postponed to October 27-29, 2021, Qingdao

Exporter Assistance

FAS provides a range of information and programs to help build markets for U.S. agricultural products. Those interested in exporting food and agricultural products to China should review the Exporter Guide and Food and Agricultural Import Regulations and Standards (FAIRS) country and certificate reports which are published annually by FAS.

U.S. Department of Agriculture Office Contacts

Agricultural Affairs Office – Beijing: AgBeijing@usda.gov
Agricultural Trade Office – Beijing: ATOBeijing@usda.gov
Agricultural Trade Office – Guangzhou: ATOGuangzhou@usda.gov
Agricultural Trade Office – Shanghai: ATOShanghai@usda.gov
Agricultural Trade Office – Shenyang: ATOShenyang@usda.gov
Food Safety Inspection Service: BeijingFSISCorrespondence@usda.gov

Animal and Plant Health Inspection Service: Contacts

Web Resources

The FAS Website features general information about trade shows and other promotional venues to showcase agricultural products, FAS-sponsored promotional efforts, export financing and assistance, and a directory of registered suppliers and buyers of agricultural, fishery, and forestry goods in the United States and abroad.

The FAS Website also includes a wide range of reports on agriculture, agricultural markets and market access issues and regulations published by FAS.

Aviation Industry

Airport and Ground Support Equipment Sector

China is the world's second largest and fastest growing civil aerospace and aviation services market. Based on 2019 data from the Civil Aviation Administration of China (CAAC), the value of China's aviation industry output was $53.3 billion. Commercial opportunities in China's civil aerospace and aviation services markets exist in virtually every subsector. Airports and ground support equipment are currently the most promising sub-sectors for the China market given the challenges the industry faces from COVID-19.

Airports

The CAAC records show that China had 238 civil airports by the end of 2019. Annual passenger throughput exceeded 1.3 billion, an increase of 6.9% over 2018. Given that post COVID passenger travel is expected to continue growing at such a pace for many years, the CAAC has plans to construct 216 new airports , for a total of 450 by 2035. It is worth noting that while air travel declined significantly in the first half of 2020 due to COVID-19, domestic air travel has almost completely recovered and China is cautiously working toward resumption of international traffic as conditions permit.

The six busiest airports in China, as measured by passenger throughput, are in: Beijing, Shanghai, Guangzhou, Chengdu, Shenzhen, and Kunming.

Source: Airport Operation Statistics of the People's Republic of China

Airport Design

As noted above, China plans to build more than 230 new airports while expanding many others in the next 15 years, airport design is an area with good opportunities for U.S. companies. The CAAC has identified three regions where the majority of new airports will be built or expanded:

- Nanjing, Hangzhou, Wenzhou, Hefei, and Ningbo (Yangtze River Delta region)
- Guangzhou, Shenzhen, Zhuhai, Zhenjiang, Foshan, and Shaoguan (Pearl River Delta region)
- Chongqing, Chengdu, and Kunming city cluster

Airport Safety Solutions

Chinese airports, focused on improving safety and security, are now frequently adopting security management systems (SeMSs). As a result, market opportunities exist for U.S. companies in security screening and detection equipment, access control systems, and airport fire and emergency equipment among others.

Green and Smart Airport Systems

China is upgrading its airports to be greener, smarter, and more sustainable. Operators are seeking strategies and solutions that allow for sustained aviation growth while also reducing costs and environmental impacts over time. Market opportunities for U.S. companies include energy conservation measures, airport heating and cooling systems, rainwater collection, efficient building materials and systems, airport systems integration, remote operations control, and big data and airport digital solutions.

Ground Support Equipment (GSE)

Given the rapid expansion of air travel, Chinese airports are making significant investments to increase the efficiency and safety of airport operations. As a result, there is growing demand for quality GSE in every aspect of aircraft and passenger/cargo servicing. Market opportunities for U.S. companies include alternative fuel vehicles, tugs and tractors, container loaders and transporters, air start units, pushbacks, belt loaders, de/anti-icing vehicles, snow removal equipment, and aircraft rescue and firefighting vehicles.

Trade Events

China Helicopter Exposition
September 16-19, 2021, Tianjin

Asian Business Aviation Conference & Exhibition (ABACE)
April 13-15, 2021, Shanghai

Web Resources

Civil Aviation Administration of China
National Development and Reform Commission

Automotive Industry

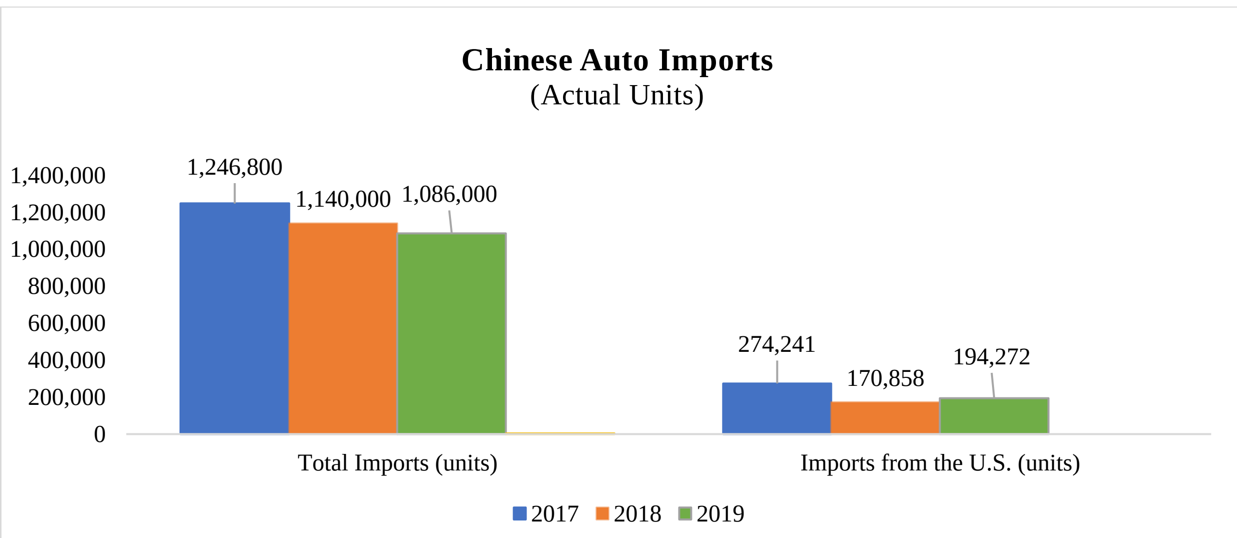
Recreational Vehicles and Motorcycles Sector

China continues to be the world's largest vehicle market by both annual sales and manufacturing output, with domestic production expected to reach 35 million vehicles by 2025. Based on data from the Ministry of Industry and Information Technology, over 25 million vehicles were sold in 2019, including 21.44 million passenger vehicles, down 9.6% from 2018, and 4.32 million commercial vehicles, down 1.1% from 2018.

U.S.-made vehicles exported to China have faced high tariff barriers in recent years. However, after China suspended its retaliatory tariffs on U.S. automobiles in late 2019, they now generally face the same 15% tariff China applies to most major trading partners. Vehicles (HS codes 8703 and 8704) were included in the U.S.-China Phase One Trade Agreement, which is a potential opportunity for U.S. exporters.

In the wake of the COVID-19 pandemic, the Chinese government has taken steps to buttress automobile consumption. These steps include postponing the implementation of the China Six Emission Standard, providing fiscal and taxation support, speeding up the elimination of obsolete diesel trucks, and optimizing secondhand vehicle trading channels. These efforts may have helped as Chinese auto sales for September 2020 are up 12.8% over September 2019.

From 2017 to 2019, China's imports of motor vehicles decreased from 1,246,800 to 1,086,000, while imports from the United States decreased from 274,241 to 194,272 vehicles.



Source: Global Trade Atlas, Ministry of Industry and Information Technology, China Association of Automobile Manufacturers

Recreational Vehicles (RVs)

China's RV market has undergone significant changes over the past several years, including a national focus on the development of tourism, campgrounds, and the RV industry. With growing demand for RVs and a shift in consumers' travel preferences, tourism experts in China anticipate a surge of RV-related business in the coming years. U.S. Department of Commerce data shows exports of U.S.-made RVs to China in 2019 were valued at over $1 million, a significant decline from 2018. U.S.-made RVs enjoy a good reputation for performance and comfort in China, so the decline is primarily attributable to bilateral trade tensions and the related uncertainty of tariff rates.

The International Trade Administration (ITA) *2018 Top Markets Report: Recreational Transportation* estimated the total stock of RVs in China could reach 500,000 RVs by the end of 2020.Given the challenges associated with COVID-19 that number is unlikely to be realized, however, China's RV market was on a steady upward trend before the pandemic. As the pandemic situation improves, demand for RVs is projected to increase, as Chinese consumers seek a safe, socially distanced vacation alternative, particularly to low-population density areas within China.

RV leasing and rental markets are also reporting growth as people who cannot afford an RV or are not frequent travelers are renting RVs instead. Motorhomes were also used for emergency relief efforts during the COVID-19 outbreak. U.S. sales to China are expected to increase as customs clearance bottlenecks are overcome in the second half of 2020.

Challenges for this subsector include an immature RV travel culture, limited infrastructure (e.g., lack of RV parks and associated amenities), consumption taxes, as well as increasing competition from domestic RV manufacturers.

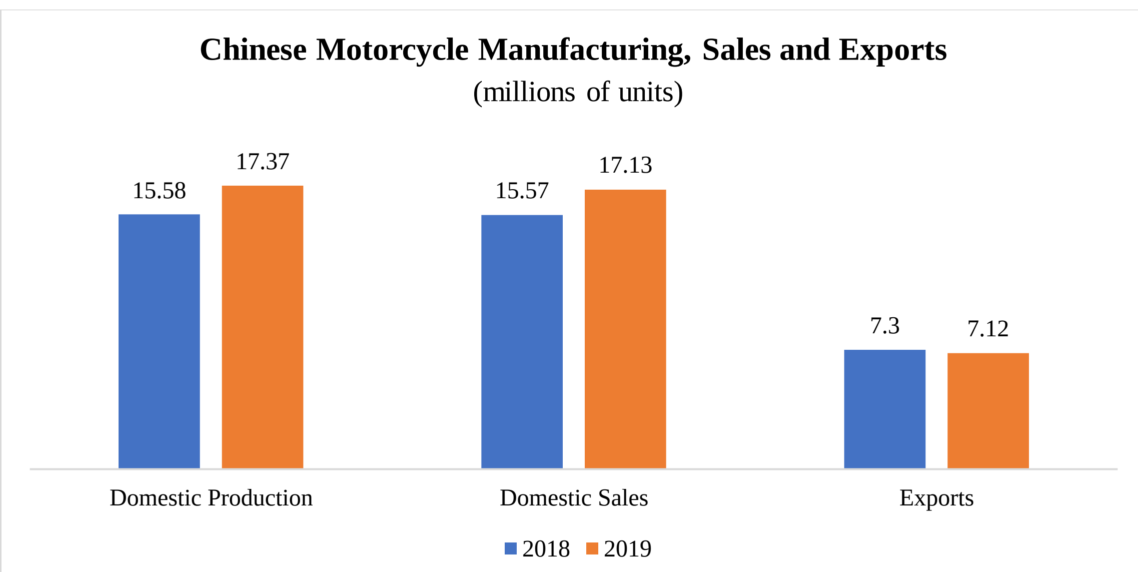
Motorcycles

Unlike the passenger vehicles sector, China's motorcycle industry, centered in Guangdong and Zhejiang Provinces and the city of Chongqing, has enjoyed significant market growth, with sales of nearly 40 million vehicles in 2019, a year-on-year increase of 7.9%.

According to research by the China Association of Auto Manufacturers, motorcycle production and sales of domestically-made volume rose to 17.3 million and 17.1 million respectively in 2019, up 11.5% and 10% from 2018 while China imported 22.7 million motorcycles, a year-on-year increase of 4.3%. Electric motorcycles and models with an engine displacement size over 250 cc are the two fastest-growing sub-categories.

Obstacles for further growth of U.S. exports of motorcycles to China include a 10% consumption tax for motorcycles with an engine displacement of 250 cc or greater and bans on motorcycles in certain areas and on certain types of roads. Domestic production of less expensive motorcycles is also projected to increase.

From 2018 to 2019, China's production of motorcycles increased from 15.5 million to 17.3 million, while exports dropped from 7.3 million to 7.1 million.



Source: China Association of Auto Manufacturers

Trade Events

All in Caravaning
June 18-20, 2021, Beijing

The 19th Shanghai International Automobile Industry Exhibition
April 21-28, 2021, Shanghai

Web Resources

Ministry of Transport of China (MOT)
Ministry of Commerce (MOFCOM)
Ministry of Information and Technology (MIIT)
China Association of Automobile Manufacturers (CAAM)

Cosmetics and Toiletries Industry

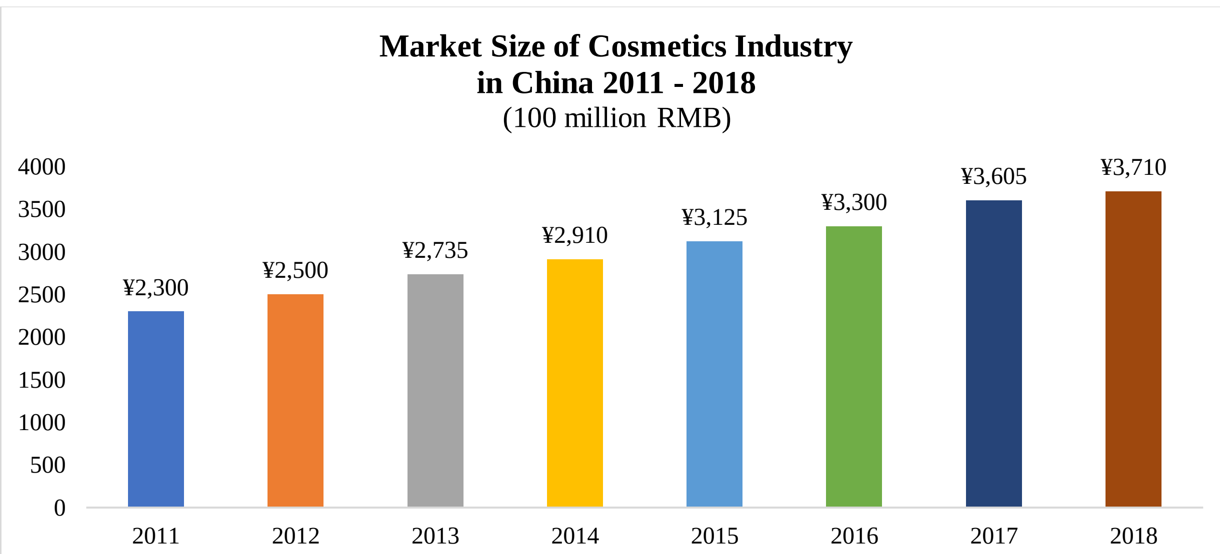
Based on analysis by Statista, the personal care and cosmetics products market in China is valued at $42.8 billion and is forecasted to become the world's largest market within the next five years. U.S. Commerce Department data shows that in 2019 the U.S. exported personal care and cosmetic products to China valued at $820 million, up 28% from the previous year and 66% from 2017.

Market Trends

U.S. cosmetics and toiletries exports to China reached their highest level in four years, indicating ample opportunity for U.S. firms in the Chinese beauty market. According to China Briefing Magazine, this strong growth forecast is driven by China's growing middle class, estimated to reach 400 million by the end of 2020, and rising consumer disposable income.

American premium and natural skincare and make-up products are especially popular among Chinese consumers, with Commerce Department statistics reporting that U.S. exports of these categories have increased by 37% since 2016. Other in-demand categories include specialty products in emerging market segments, such as personal care products for children, and grooming and make-up products for men.

Between 2011 to 2018, the cosmetics industry in China experienced steady growth, expanding by over 60%.



Source: Daxue Consulting

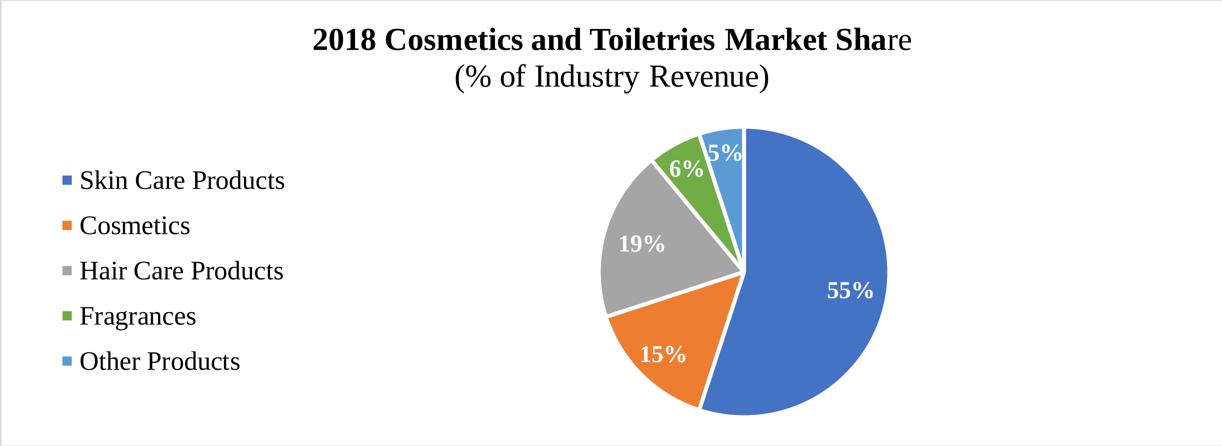
Online Retail

Online retail is by far the fastest-growing channel for cosmetics sales in China. The increasing popularity of online channels reflects both limited access to retail stores and a lack of brand diversity in China's Tier 2 and 3 cities. This surge in online sales is driven by the significant advantages of selling through cross-border channels, as opposed to using traditional brick and mortar channels.

Cross-border products are not subject to the same registration requirements as products sold through traditional brick and mortar channels if shipped to individual consumers. This method of sale also saves significant time and costs for U.S. companies and gives firms the opportunity to avoid China's animal testing requirement. However, the animal testing requirement may be eliminated as early as January 2021, when China implements its new cosmetics regulation guidance.

Chin's e-commerce platforms are increasingly influential in impacting consumer purchases by providing a platform for the beauty community to share shopping and product experiences. For example, according to a Daxue Consulting study, the commerce platform Xiao Hong Shue (Little Red Book) has attracted over 200 million users who are predominantly female, with 70% of all registered users born after 1995.

Chinese consumers spend a significant amount of time online reviewing products and often base their purchasing decisions on recommendations from family and friends. The 2018 cosmetics and toiletries market in China was dominated by skin products at 55%, followed by hair products at 19%, cosmetics at 15%, and fragrances at 6%.



Source: Daxue Consulting

Challenges and Barriers

China's regulatory environment can be challenging for foreign companies to navigate, with many barriers to entry. All cosmetics products sold through traditional channels must be approved by the National Medical Products Administration (NMPA). Even if the product has already been tested overseas, it still must be tested in one of China's NMPA-designated testing facilities.

China currently requires a registration process with animal testing and a hygiene permit before imported cosmetics can enter the market. Obtaining the hygiene permit requires a Chinese legal entity, or for overseas cosmetics manufacturers without representation in China, assistance from a Chinese agency. The importer is required to sign a "Letter of Authorization," confirming that it authorizes a Chinese company to be the registered responsible party in mainland China for its products. More information on China's revised Cosmetic Supervision and Regulation can be found here.

U.S. companies should carefully follow all market entry procedures, product registration requirements, and specific labeling guidelines to enter and do business in China successfully.

Trade Events

Cosmoprof Asia
November 2021, Hong Kong

Web Resources

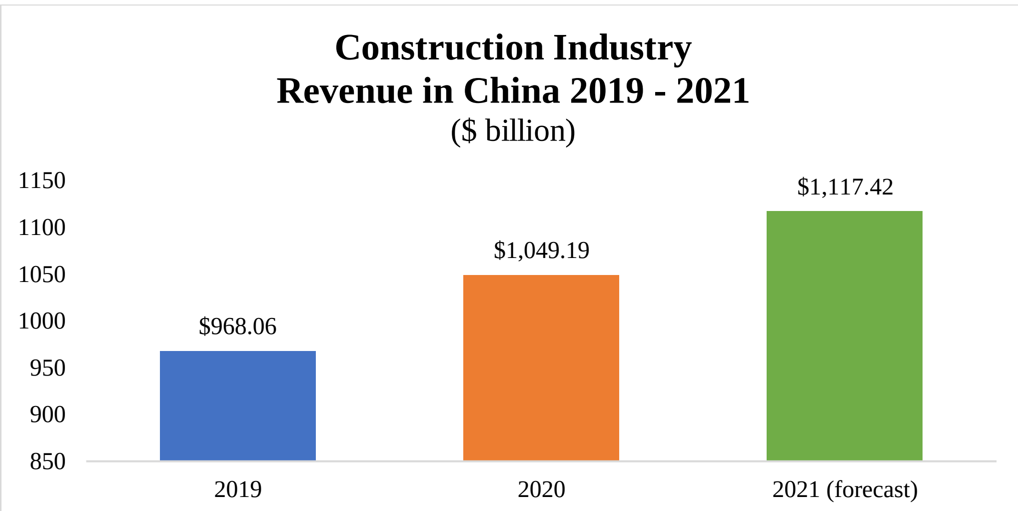
National Medical Products Administration

Design and Construction Industry

Design and Construction Services Sector

China is the world's largest construction market with the industry forecasted to grow at an annual average of 5.2% in real terms between 2021 and 2029, according to the Fitch Solutions Infrastructure Report. The COVID-19 pandemic has slowed China's construction development, but the market has shown signs of a slow recovery since May 2020.

China recently launched the "New Infrastructure" campaign to offset the economic impact of the COVID-19 pandemic and boost sustainable growth. "New Infrastructure" projects will focus on the construction of seven areas: 5G networks, industrial internet, inter-city transportation and inner-city rail systems, data centers, artificial intelligence, ultra-high voltage, and new energy vehicle charging stations. From 2019 to 2021, construction industry revenue value in China is expected to increase from $968 billion to $1.1 trillion.



Source: BMI Research

Architectural Services

China's urbanization rate is among the highest in the world. Data from the American Institute of Architects (AIA) Shanghai reports that by 2025, China will have constructed the equivalent of 10 New York-sized cities since the 1990's. According to the Chinese-language report, *Analysis of the Development Trend of China's Architectural Design Industry in 2019,* architectural design industry revenue in of China reached $189.3 billion in 2018.

Based on the Five-Year Plan for the development of the Construction Industry (2015-2020), the year-on-year increase rate of the architectural design industry was to be 7%, which means by 2020, total income should reach $220.8 billion by the end of the year. The impact of the global pandemic in Q1 2020 may reduce that number slightly but not significantly.

Recent trends in China's design and construction sector point to a focus on local communities, younger people, and culture related projects. New super-high buildings over 500m are banned and high buildings over 250m are restricted. New technologies also play an increasingly important role to increase the quality and safety of buildings, such as Building Information Modeling (BIM), green building and smart city solutions, and artificial intelligence applications.

Except in rare exceptions, U.S. architectural design companies need to work with local design firms on projects in China because it is difficult to get a full architectural license. Only a few multinational companies have obtained the "Class A" license by acquiring local companies.

Engineering Services

Benefiting from the continuous growth of China's construction market capacity, the demand for engineering services has increased rapidly. The previously referenced Five-Year Plan for the development of the Construction Industry (2015-2020) reports that the operating income of engineering consulting service companies, such as engineering supervision, cost consulting, and bidding agencies, increased by 8% annually, despite a short slowdown in Q1 2020.

Market opportunities for engineering services mainly lie in the following areas:

- Engineering inspection for urban infrastructure projects
- Testing services (e.g., energy efficiency evaluation, indoor air quality testing, new material, and infill testing)
- Construction quality and safety supervision services
- Engineering and consulting services for historic districts & building preservation
- Repositioning and adaptive reuse of old buildings

The challenges for U. S. firms will be increased domestic competition and the relative shortage of senior professionals. Although the Ministry of Housing and Urban-Rural Development and the Ministry of Commerce decided to abolish the Regulations on the Administration of Foreign-Invested Construction Enterprises in 2020 which improves market access for foreign firms, it is still very complicated to meet all the criteria for U.S. companies to get fully qualified without working with a local firm.

Trade Events

China Refrigeration Expo 2021 – Refrigeration, Air-conditioning, Heating and Ventilation, Frozen Food Processing
April 7-9, 2021 Shanghai, China

ISH China & CIHE – China International Trade Fair for Heating, Ventilation, Air-Conditioning, Sanitation & Home Comfort Systems
May 2021, Beijing, China

Guangzhou International Lighting Exhibition
June 9-12, 2021, Guangzhou, China

Web Resources

Ministry of Housing and Urban-Rural Development
Ministry of Ecology and Environment
China Engineering and Consulting Association
Science -Technology and Industrialization Promotion Center of MOHURD

Healthcare Facility Construction

The market in China for healthcare facility design and construction, building materials, healthcare technology, and management and consultant services is large and growing. But increased domestic competition and procurement limits imposed by the Chinese government create challenges for U.S. firms.

According to an expert in the healthcare sector, between 2020-2025, the market size of hospital construction in China will be over $75 billion, which includes $30 billion for infrastructure, $30 billion for healthcare information technology, and over $15 billion for medical equipment.

Both public and private healthcare facilities, investors in private healthcare facilities, and real estate developers are usually the main decision makers in this sector.

Architectural Design and Building Materials

The Healthy China 2020 plan issued by China's National Health Commission, reports that medical infrastructure development will lead to a 30% increase in beds at public hospitals, and a 100% increase at private hospitals. COVID-19 has exposed the problem of insufficient public health services. Many provinces have started to plan to renovate, expand or build hospitals. An article from the Chinese-language site Zhuyitai Information lists some of those plans, including $1 billion for projects in Beijing and over $100 million for projects in Shandong province.

Management and Consulting Services

As presented in this map, from 2015-2017, 13 U.S. healthcare institutions had official affiliations in seven regions in China. The nature of those affiliations differed but management and consulting service were critical in the establishment process. With more and more foreign hospital brands appearing in China, significant opportunities will emerge for management and consulting services.

Trade Events

ISH China & CIHE – China International Trade Fair for Heating, Ventilation, Air-Conditioning, Sanitation & Home Comfort Systems
May 2021, Beijing, China

Guangzhou International Lighting Exhibition
June 9-12, 2021, Guangzhou, China

Web Resources

Ministry of Housing and Urban-Rural Development
Ministry of Ecology and Environment
China Engineering and Consulting Association
Science -Technology and Industrialization Promotion Center of MOHURD

Education Industry

K-12 Education

A new generation of Chinese parents is increasingly open to Western educational concepts and increasingly capable of financing educational-related investments for children, teens, and young adults. These two combined developments are driving strong demand for international educational opportunities, skills-training programs, and tutoring resources for Chinese students before they reach college age.

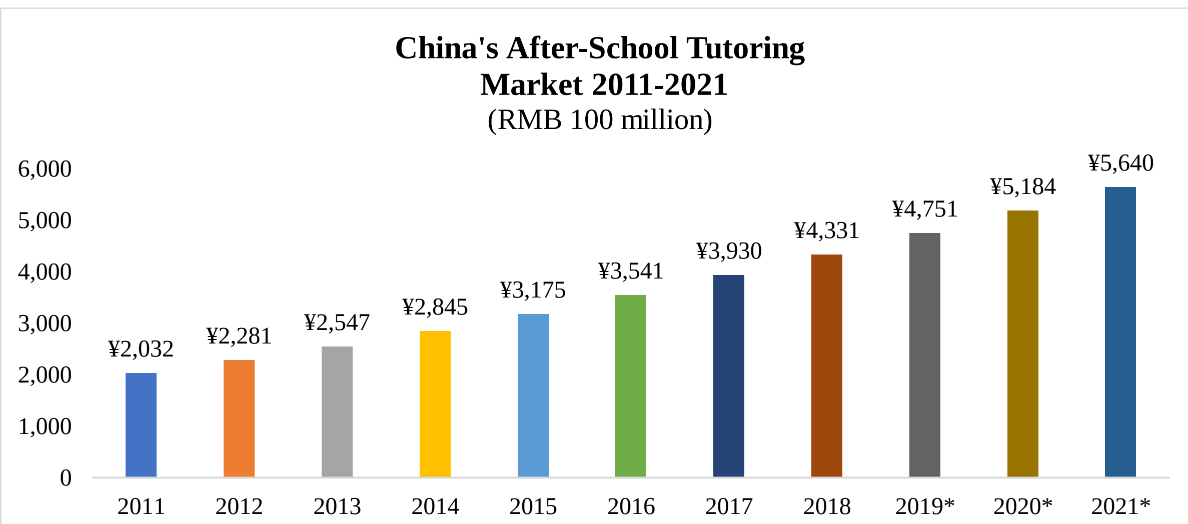
While the United States attracts a high number of Chinese K-12 students, the COVID-19 pandemic has brought uncertainty to Chinese demand for international study. A survey conducted by the Beijing Overseas Study Service Association (BOSSA) found that 73.4% of recruitment agencies reporting consultation volume has dropped in 2020.

Training, Tutoring & Curriculum Licensing

Chinese children are provided with nine years of free, compulsory education from elementary to junior high school. However, parents routinely enroll their children in after-school tutoring programs to enhance their knowledge in STEAM (Science, Technology, Engineering, Art, and Mathematics) subjects in the hopes of broadening their academic horizons.

According to a Deloitte report on China education, personal training and K-12/STEAM will account for more than 46% of a $480 billion education market in China by 2020. These investments by parents also include spending on English language tutoring programs. Further, demand for tutoring programs geared towards infants and young children is driving a need for teaching methodologies and materials, curriculum materials, educational facilities and products, software, and brand licensing.

China’s after-school tutoring market from 2011 to 2021 more than doubled.



*Estimates
Source: Deloitte

U.S. Boarding Schools & Student Recruitment

The United States annually attracts a larger number of Chinese K-12 students. In 2016, it was estimated that more than 33,000 Chinese students attended U.S. secondary schools, a number that grew from 22,000 over three years. Research undertaken in 2016 by the Institute of International Education shows that Chinese students made up 42% of all international students at U.S. secondary schools. In the same report, however, it appeared that student enrollments had begun to plateau.

Through engagement with parents and students, it is understood that Chinese parents, particularly affluent ones, continue to show interest in U.S. K-12 secondary education as a key pathway to entering U.S. universities and colleges. In selecting a secondary school, Chinese parents are very ranking-focused. Also, schools with better connections or pathway programs to higher education institutions are preferred. For schools that are not highly-ranked or well-known, beginning recruitment efforts in China's Tier 3 and 4 cities may provide opportunities to build initial name recognition in less competitive markets.

International Schools

According to research by ICEF Monitor, as of 2019, Chinese private schools and investors had partnered with 31 private international school brands, a segment expected to see increasing enrollments as China's affluent families increase investment in their children's educations.

A 2019 report by TopSchools shows recent trends for China's international schools. Over the past three years, the number of students enrolled in international schools increased by 19% year-on-year, and total tuition payments grew by 20%. As of the Fall 2019 semester, China recorded 821 certified international K-12 schools, which generated a market worth more than $11.6 billion despite a tightened regulatory environment. Median tuition for these schools varied from $15,000 to $35,000 per year.

In addition, a study by ISC Research indicated that more than 245,000 students were enrolled in China's international private schools in 2019, and cites an interest by affluent parents in providing their children with a private, bilingual education with a Western-style, "inquiry-led, student-led, collaborative learning" environment.

Trade Events

China Education Expo 2021
October (TBC), 2021, Beijing, Chengdu, Guangzhou, & Shanghai

Web Resources

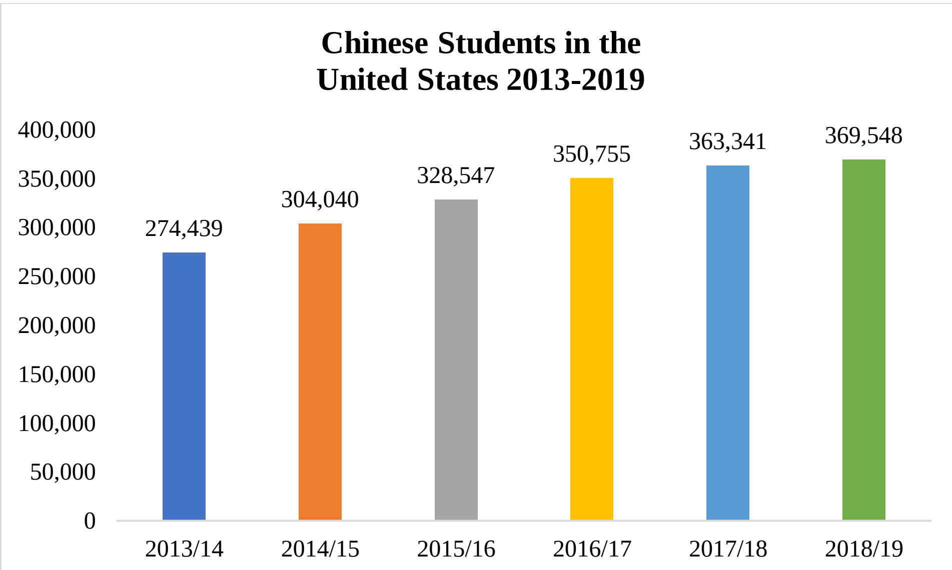
Ministry of Education of the People's Republic of China

China Education Association for International Exchange

Higher Education

According to Open Doors' Fast Facts 2019 Report, the United States is the top international destination for Chinese higher-education students. For the tenth consecutive year, China remained the largest source of international students in the United States in 2018/19, with 369,548 students in undergraduate, graduate, non-degree, and optional practical training (OPT) programs. This figure represents a 1.7% increase from 2017/18.

However, the COVID-19 pandemic has brought uncertainty to Chinese demand for international study, as a survey by BOSSA recently found that 73.4% of recruitment agencies reporting consultation volume has dropped in 2020.



Source: Open Doors

Undergraduate and Graduate Programs

According to a publication from the Institute of International Education (IIE), during the 2018/2019 school year, 148,880 Chinese students were studying in U.S. undergraduate programs, and 133,396 for U.S. master and doctoral programs. Engineering, mathematics, computer sciences, and business are the most popular fields of study pursued by Chinese students. Liberal Arts colleges are also of interest to Chinese students for their diversified curricula, smaller class sizes, high student satisfaction, cultivation of critical thinking, etc. Visual and Fine Arts programs are seen as an emerging non-STEM subject of interest.

The recruitment of Chinese higher-education students is very competitive. When selecting a college or university, students and their families are very ranking-focused. Colleges and universities outside of the top tier should emphasize promoting the unique experiences offered to students, such as proximity to major cities, ease of transportation, proximity to natural resources, and unique student community groups.

Colleges and universities should also highlight career training and pathway programs, particularly those offered with corporate partnerships. Lesser-known and lower-ranked colleges and universities may want to consider China's Tier 3 and 4 cities that could allow the development of name recognition in less competitive markets.

Community College Programs

U.S. community colleges and vocational schools are gaining popularity in China as they require fewer prerequisites for admission, have more affordable tuition and fees, and offer credits recognized by well-known four-year universities in the United States. U.S. community colleges and vocational schools looking to recruit students from China should focus on the unique experiences offered to students. These can include proximity to major cities, ease of transportation, proximity to natural resources, and unique student community groups.

To further establish an exceptional value – and to provide differentiation in a very crowded market – community colleges and vocational schools should highlight feeder programs and partnerships with higher-level and highly-ranked universities. Community colleges and vocational schools should also highlight the unique features of their skills training programs. Corporate partnerships, as well as apprenticeship and internship programs, are equally critical to gaining notice.

Trade Events

China Education Expo 2021
October (TBC), 2021, Beijing, Chengdu, Guangzhou, & Shanghai

Web Resources

Ministry of Education of the People's Republic of China

China Education Association for International Exchange

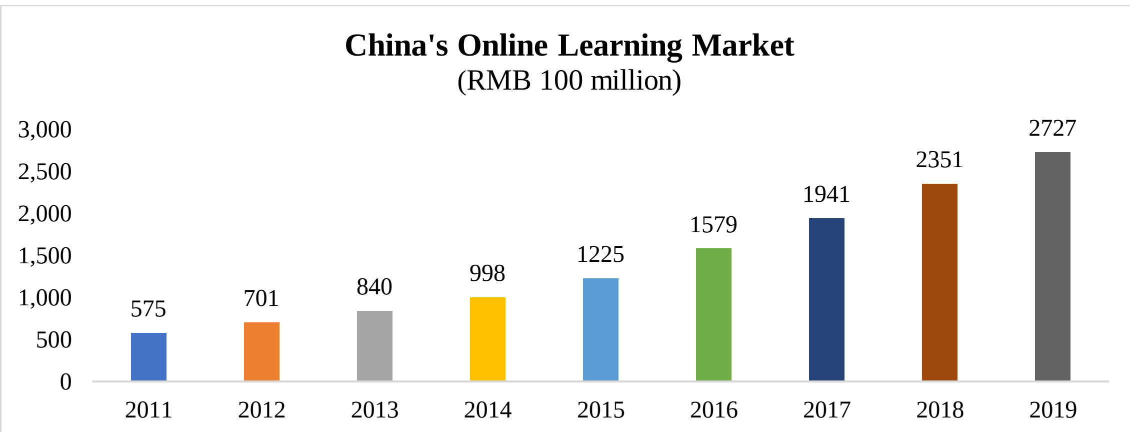
Education Technology

China represents one of the largest education technology (EdTech) markets worldwide due to a large student population and a growing middle class that places immense importance on education. A report by Deloitte estimates the market will reach $454 billion by the end of 2020, up from $300 billion in 2018. Over the past five years, forces driving growth of China's EdTech sector have included:

- High mobile internet penetration
- Abundant venture capital
- Increased education spending
- Government policies

Recent policy in China has further enhanced growth of this sector. An article published by the Diplomat reported that the China Ministry of Education provided a boost to the EdTech technology sector when it postponed the Spring 2020 academic year as a result of COVID-19 and moved 278 million students to online learning.

Between 2011-2019, the value of China's online learning market grew by nearly 500%.



Source: Deloitte

K-12 Education Technology

The previously noted article from the Diplomat Magazine reported that according to China's Ministry of Education, K-12 students make up 176 million of China's estimated 278 million students. With such a large share of the student population, the K-12 education demographic also attracts the largest share of EdTech investments.

For example, a 2018 report from JMDedu notes that start-ups in the K-12 sector received 5 out of the 10 largest EdTech investments that year. Together these five investments equaled $1.5 billion. Importantly, the use of technology in the K-12 market is being adopted both for independent tutoring, by parents and families, and for in-person learning through major education groups and training chains, such as New Oriental and TAL.

STEAM Education

According to the same JMDedu report, EdTech investments are also being made into Science, Technology, Engineering, Arts, and Mathematics (STEAM)-focused "competency-based education" programs designed to teach coding or reinforce mathematical skills. Analysis by Deloitte estimates STEAM-related deals made up 30% of China's EdTech investments in 2018, driven by student demand for these skill sets.

These developments were forecast in a 2016 report by Bloomberg. That research estimated that by 2020, 50 million students in China would be studying STEAM courses, leading to the development of a $15 billion STEAM-learning industry. With 40% of Chinese college students earning STEAM-related qualifications in 2016, the article further predicted that by 2030 China would have as many as 200 million STEAM graduates by then.

This demand for STEAM education and training has seen the booming creation of training programs and startups offering out-of-school courses in coding, robotics, and 3-D printing, and attracted the attention of publishers, toymakers, and app developers. STEAM-related courses are not only in demand for older children and students. Rising middle-class incomes and fears of intense future competition for college admissions and jobs are leading parents to pay substantial sums for STEAM-related education for even young children and students.

Trade Events

China Education Expo 2021
October (TBC), 2021, Beijing, Chengdu, Guangzhou, & Shanghai

Global Education Technology Summit & Expo 2021
November (TBC), 2021, Beijing

Web Resources

Ministry of Education of the People's Republic of China

China Education Association for International Exchange

Energy Industry

Oil and Gas

China is the world's largest oil and gas importer. Due to the challenges renewable energy sources face and the advent of new oil and gas drilling technology, natural gas has speedily become a new favorite interim clean energy source. With the United States' advantages in natural gas production, natural gas has become the most promising export to China for the U.S. energy sector.

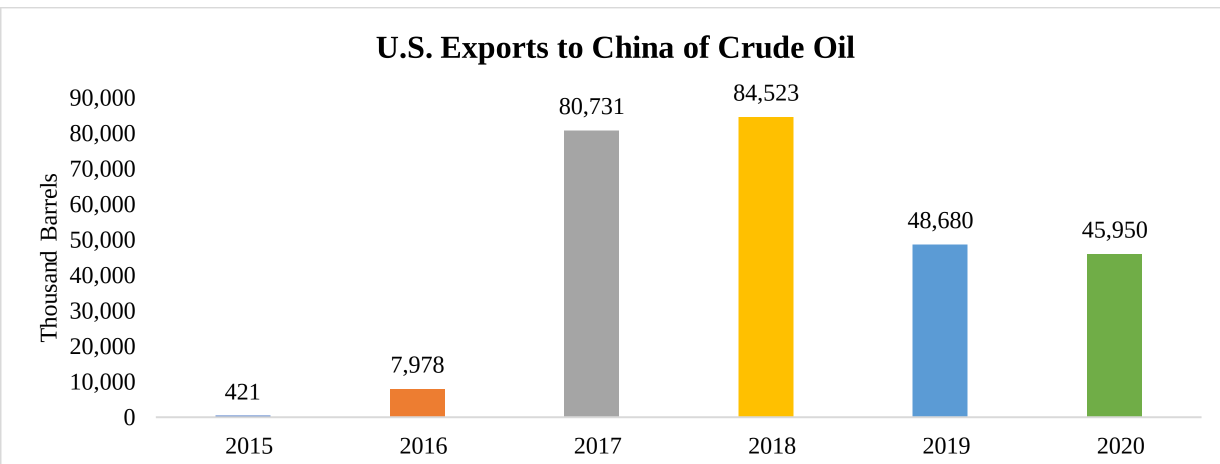
Under the U.S. - China Phase One Trade Agreement signed in January 2020, China committed to buying at least $52.4 billion in additional energy purchases in 2020 and 2021. Despite the COVID-19 pandemic, China's energy demand is expected to recover as industrial production returns to pre-crisis levels.

Crude Oil

China is the world's largest crude oil importer and the second-largest crude oil consumer. According to U.S. Energy Information Administration data, China's crude oil imports in 2019 increased an average of 10.1 million barrels per day (b/d), an increase of 0.9 million b/d from the 2018 average.

China's top five crude suppliers, Saudi Arabia, Russia, Iraq, Angola, and Brazil, generated nearly 60% of Chinese crude oil imports for 2019. Due to trade tensions, U.S. crude oil exports to China decreased 42.4% from 84,523,000 barrels (232,000 b/d) in 2018 to 48,680,000 barrels (133,000 b/d) in 2019.

Data from the U.S. Energy Information Administration (EIA) shows that from January to May 2020, the U.S. exported 45,950 barrels of oil to China, representing 2.9% of China's crude imports. U.S. exports to China of crude oil peaked in 2018 at a high of 84,523 barrels.



Source: U.S. Energy Information Administration

Natural Gas

Based on data from the International Energy Agency's (IEA) Gas 2019 Report, natural gas is China's fastest-growing major fuel, China's demand for LNG quadrupled in the past decade. China is the world's sixth-largest natural gas producer, the third-largest consumer, and the second-largest importer. In 2050, IEA expects that China will consume nearly three times as much natural gas as it did in 2018, which was 280.30 bcm.

A report from Oxford Institute for Energy Studies states that China's natural gas accounted for 8.3% of its total primary energy mix in 2019. Before the COVID-19 crisis, China was expected to account for a third of global demand growth through 2022 thanks in part to the country's "Blue Skies" policy and the strong drive to improve air quality. China's relatively strong economic recovery from the COVID-19 crisis will probably increase that share to about 8.3% - 10% in 2020. Natural gas is imported either in gas form through pipelines or as liquefied natural gas (LNG) on ships.

China does not depend heavily on the United States as a supplier of LNG, but China has ranked among the top four customers of U.S. LNG every year since exports began in 2016. In 2018, China's LNG import from the U.S. accounted for 4% of China's total LNG import. It sharply decreased to 0.4% in 2019 due to trade tensions.

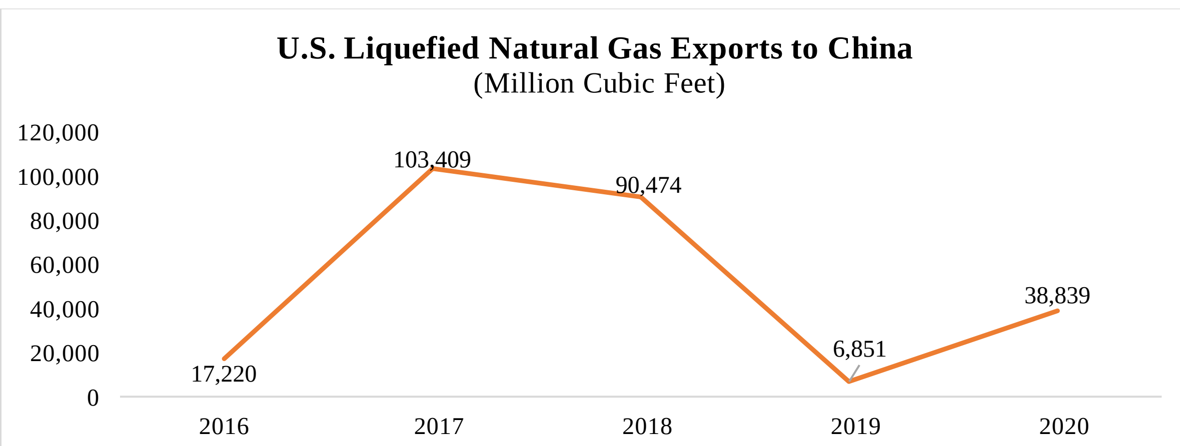
Liquefied Petroleum Gases

China is also the world's largest importer and consumer of liquefied petroleum gases (LPG). A report by S&P Global Platts states that investments in petrochemical facilities that use propane as a feedstock have created an export outlet for U.S. propane supplies.

An article from Reuters notes that prior to the imposition of the 25% retaliatory tariff on propane and butane in 2018, the U.S. was the second-largest supplier of LPG to China in 2017, totaling 3.54 million mt, comprising 3.37 million mt of propane and 162,668 mt of butane.

According to EIA data, propane exports from the U.S. sharply decreased from 22,633,000 barrels in 2018 to 2,420,000 barrels in 2019 due to growing trade friction. From March to May 2020, China imported 8,343,000 barrels of propane from the U.S. as part of the Phase One Trade Agreement.

U.S. liquefied natural gas exports to China are expected to rise (as measured in million cubic feet) from 6,851 in 2019 to 38,839 in 2020.



Source: U.S. Energy Information Administration

Trade Events

China International Petroleum & Petrochemical Technology and Equipment Exhibition (CIPPE)
March 24-26, 2021, Beijing

Web Resources

National Energy Administration
National Development and Reform Commission
U.S.-China Energy Cooperation Program

Environmental Technologies Industry

Water and Wastewater Sector

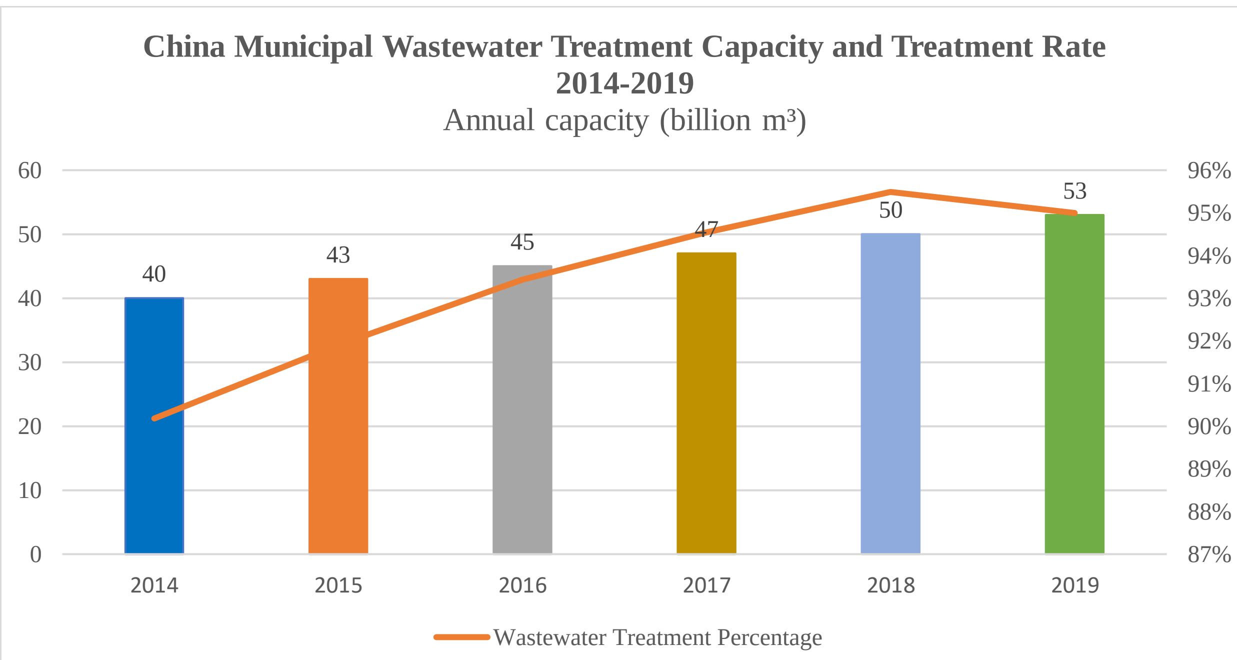
China accounts for 21% of the world's population but only possesses 6% of the world's freshwater. Rapid urbanization and industrialization have created enormous challenges to China's water quality. The Chinese government's recent increased focus on environmental protection has resulted in a revision to the Water Pollution Prevention and Control Law, which has resulted in substantial demand for water and wastewater treatment technology, as outlined in a study by the Wilson Center.

Municipal Wastewater Treatment

China's 13th Five-Year Plan (2015-2020) reports that China invested $80.7 billion in its municipal wastewater treatment systems, including sewage pipeline construction and maintenance, new treatment facilities, rainwater-sewage diversion systems, sludge mitigation, reclaimed water, and initial rainfall treatment.

A report from the Chinese-language Polaris Environmental Network states that as of January 2020, China's 10,113 wastewater treatment plants covered an estimate 95% of municipalities and 20% of rural areas. China's 14th Five-Year Plan (2021-2025) will outline a strategy to invest an additional $18.5 billion in rural areas' wastewater treatment systems.

The treatment capacity of municipal wastewater in China between 2014-2019 (in billions m^3) increased from 40.6 to 53.2, while the wastewater treatment rate increased from approximately 91% to over 95%.



Source: Ministry of Ecology and Environment

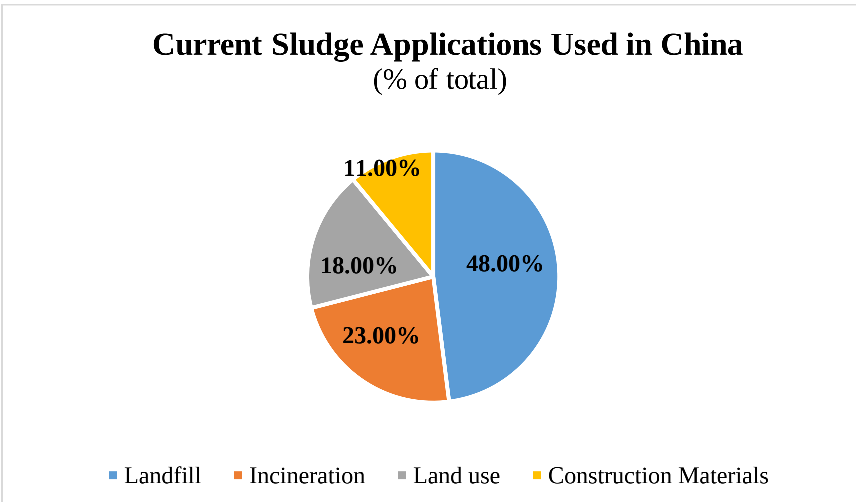
Industrial Wastewater Treatment

China's National Bureau of Statistics reports China discharged 60.8 billion cubic meters of wastewater in 2019, 26% of which originated from industrial sources. As part of a national development strategy to transform into a cleaner and more sustainable economy under China's 13th Five-Year Plan (2015-2020), China plans to invest $50 billion into wastewater treatment for various heavy polluting industries, including textiles, printing, steel production, oil and gas extraction, coal mining, and pharmaceutical production.

Sludge Treatment

In 2015, China released its Water Action Plan, which requires 90% of cities to improve their sludge treatment capacity by the end of 2020. Experts estimate that between 2021 to 2025, China will invest around $8 billion to construct and install new sludge processing facilities. China's sludge has low organic matter but possesses high silt and heavy metal content levels. The areas with the most significant potential in this sub-sector include technologies for reducing water content in sludge, environment-friendly chemicals, high automation blending, injection equipment, and incineration technologies that are cost-effective energy-efficient.

A breakdown of the current sludge treatment applications in China ranks landfill as the primary one at 48% followed by incineration at 23%, land use at 18%, and construction materials at 11%.



Source: Overview of China Sludge Treatment Market in 2019

Trade Events

IE Expo China 2021
April 20-22, 2021, Shanghai

The China International Environmental Protection Exhibition & Conference 2021
June 2021, Beijing

Web Resources

Ministry of Ecology and Environment
Ministry of Water Resources
National Bureau of Statistics
Ministry of Housing and Urban Rural Development

Healthcare Industry

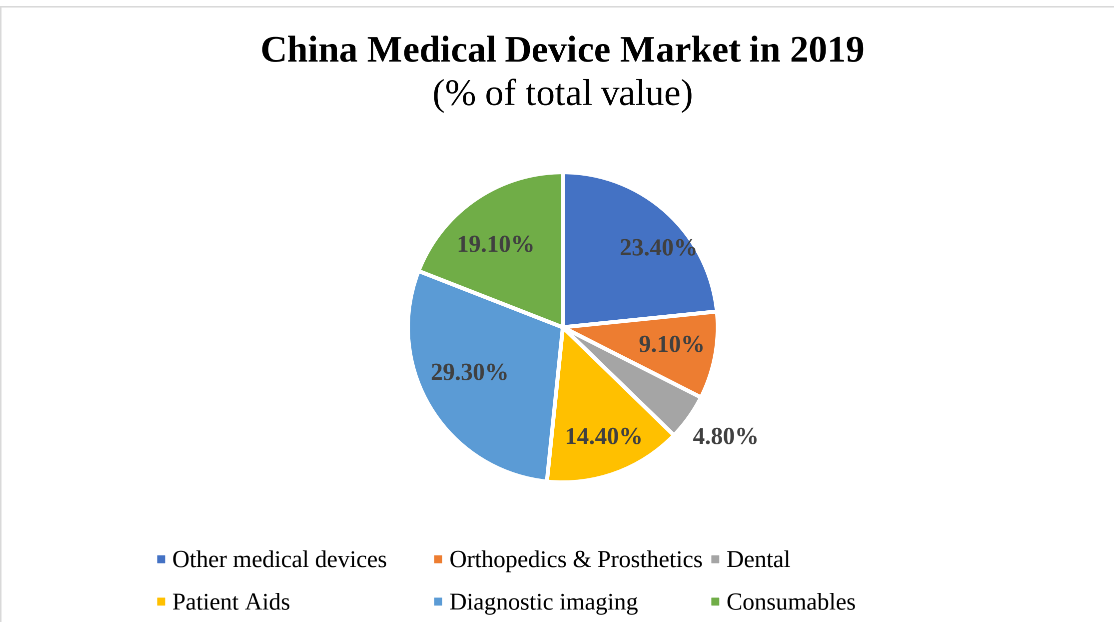
Medical Devices

As the world's second-largest healthcare market, China presents opportunities to U.S. exporters in many healthcare sub-sectors. Medical devices remain the most dynamic and strategically important healthcare sales sector for foreign players. High-end and technology-heavy medical devices are primarily imported, while domestic products dominate the low to mid-market segments.

Public hospitals remain the dominant buyers of medical devices. Data from the Chinese-language website of the National Health Commission indicated that by 2019 China had 34,354 hospitals, which offered over 6.8 million beds and received 3.84 billion patient visits. Among them, public facilities provided 72.5% of hospital beds and received 85.5% of patient visits.

China's medical device market continues to experience double-digit growth rates. Commerce Department data shows that in 2019, imports comprised over two-thirds of this market, valued at $19 billion. U.S. suppliers captured 31% of China's medical device imports in 2018, valued at $5.37 billion with outstanding performance in diagnostic equipment and high-value consumables. A Commerce Department study reported that in 2018, the medical devise sector accounted for 5.7% of China's GDP and is expected to increase to between 6.5-7% by 2020.

In terms of overall value of subsectors within the China medical device market, diagnostics imaging, orthopedics and prosthetics products, and patient aids constituted over 50% of the market value.



Source: FitchSolution

U.S. exporters should also be aware of policies in China that may impact their long-term plans. As noted in this analysis by Marketing to China on the Made in China 2025 initiative, the central government has a goal to increase the use of domestically produced devices in hospitals to 50 percent by 2020, and 70 percent by 2025, as part of an objective to create "national champions" in select sectors.

Imaging and Computer-Aided Diagnostic Equipment

China's central government has set the goal of improving its citizens' wellbeing by implementing the national healthcare strategy, Healthy China 2030. Building up the hierarchical medical system across the country is one of the top priorities. This initiative includes plans to establish and strengthen the capability of medical institutes and clinical labs.

Opportunities for U.S. companies include:

- digital CT scanners
- digital x-ray machines
- electrocardiogram (ECG)
- electroencephalogram (EEG)
- electromyography (EMG)
- MRI equipment
- ultrasound scanning

Implants

As more citizens benefit from the expansion of China's healthcare system, a result has been an increase in specific healthcare diagnosis. China is facing an increasing challenge to treat patients suffering from neurological and cardiovascular diseases.

U.S. companies' market opportunities exist for skull implants such as titanium plates, skull lock, skull titanium mesh, bone fillers for nerve-related implants, and cardiovascular-related implants such as stents and the related tubes, wires and balloons. Analysis by EqualOcean reported on the rapid growth of the bone prosthetic market, which increased from $1.1 billion in 2010 to $3.8 billion in 2018.

Orthopedics

China has the world's largest population and is aging rapidly. With the expansion of the scope of basic medical insurance, the demand for orthopedics products has grown. Market opportunities for U.S. companies exist for joint-related products such as artificial hip joints, knee joints, shoulder joints and elbow joints, and spine-related products such as spinous bridges, titanium meshes, and cages.

In-Vitro Diagonostics (IVD)

China has been focusing on medical cost control, precision diagnostics and treatment, and prevention of diseases. Through increased investment, the health authority has improved hospital testing centers' capability and capacity and third-party testing labs. A report from Research and Market shows a growing demand for In-Vitro Diagnostic (IVD) equipment and consumables. China's IVD market is likely to reach around $17.6 billion by 2026. Market opportunities for U.S. companies exist in immuno-diagnostics, gene-sequencing, and point-of-care testing (POCT).

Trade Events

China Association of Clinical Laboratory Practice Exposition 2021
March 28-30, 2021, Chongqing

China International Medical Equipment Fair (CMEF) 2021
May 13-16, 2021, Shanghai

China International Dental Exhibition & Scientific Conference
June 9-12, 2021, Beijing

CPhl China (China Pharmaceutical)
June 2021, Shanghai

China BioMed Innovation and Investment Conference
September 2021, Suzhou

DenTech China 2021
October 27-30, 2021, Shanghai

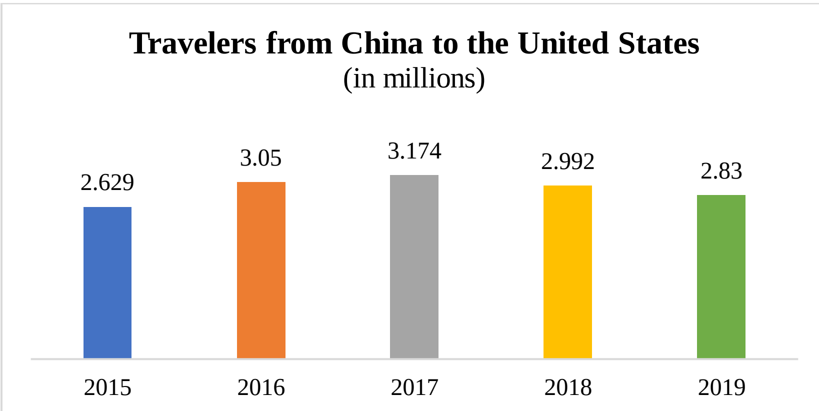
China International Medical Device Regulatory Forum (CIMDR) 2021
November 2021, (TBD)

Web Resources

National Medical Products Administration
National Health Commission
National Healthcare Security Administration

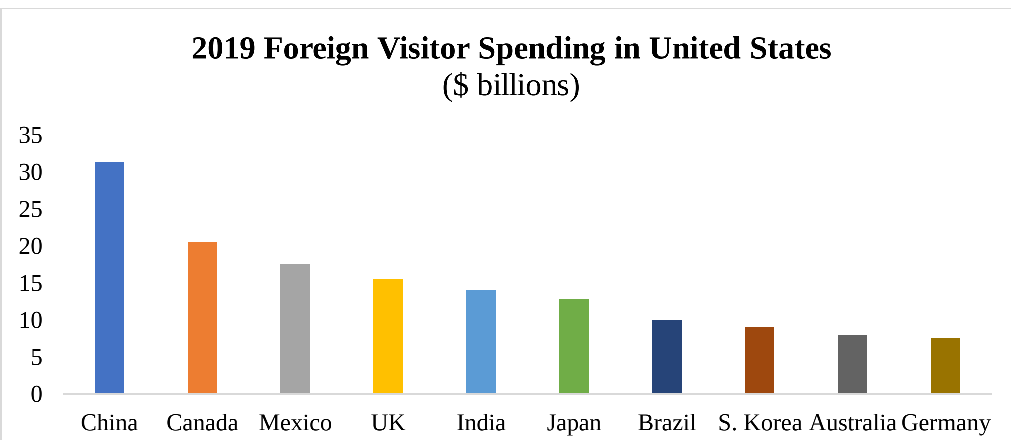
Travel and Tourism Industry

China was the fifth-largest source of international travelers to the United States in 2019. In a report from the U.S. Department of Commerce's National Travel and Tourism Office (NTTO), data showed the number of travelers from China fell about 6% in 2018 to 2.99 million and fell another 5% in 2019 to 2.83 million. The ongoing COVID-19 pandemic and the suspension of many air routes will continue to create uncertainty about short-term demand.



Source: NTTO

Travel to the United States by Chinese travelers contributed $33.5 billion to the U.S economy in 2019, down 3% from 2018. Even so, NTTO statistics show that Chinese travelers still represent the highest average spend per visitor, with each Chinese visitor spending an average of $11,849.



Source: NTTO

Marketing Destinations & Marketing Experiences

Historically, Chinese travelers have shown a preference for group and packaged tours. The trend is declining, however, as NTTO has reported that pre-paid package tours now only account for 16.6% of Chinese tourists to the United States, due to growing demand from "Frequent, Individual Travelers" (FIT) who organize their visits and travel independently.

The rise of the FIT traveler is accompanied by changes in consumer tastes and a decrease in the average age of the Chinese traveler. Increased availability of online travel blogs, booking sites, and other resources has enabled FIT travelers to more easily book unique travel experiences directly.

With sustained income growth, Chinese travelers are increasingly taking multiple trips abroad per year. Increasing numbers of FIT travelers with rising disposable income are driving demand for travel to U.S. destinations outside the most popular gateway or first-trip cities, such as Los Angeles, New York, San Francisco, and Las Vegas.

This trend for increase travel translates to potentially more opportunity for U.S. destinations historically less frequented by Chinese visitors. To capture this demand, destination marketing organizations and travel trade vendors must understand Chinese travelers' preferences and promote unique experiences, including natural parks and resources, restaurants and local food scenes, musical and theater communities, and historical sights.

Travel Marketing via Social Media

Social media and mobile internet are critically important to effectively marketing U.S. travel and tourism in China. China has more than 1.1 billion mobile phone users, and, as noted in a South China Morning Post article, Chinese consumers spend an average of 43.4 hours per person per week using mobile internet. Notably, social media via mobile platforms represents an important source of news and information for Chinese consumers.

Popular social media outlets include Little Red Book, Mafengwo, Meituan, Tiktok, Weibo, and WeChat. U.S. travel providers are increasing efforts to engage and partner with Chinese social media influencers to highlight their offerings.

Mobile Payments and Transactions

Social media and mobile phones are not only critical marketing channels for U.S. travel and tourism in China, they are also increasingly popular financial transaction methods for Chinese consumers. Alipay and WeChat Pay are the two largest online payment providers in China.

An Arizona Office of Tourism presentation noted that 72% of online bookings on the top 5 online travel agencies (OTA) (C-Trip, Fliggy, Mafengwo, Qunar, and Tuniu) and 81% of online hotel bookings are made on mobile phones.

Growth in Chinese use of mobile payments has increasingly spurred merchants globally to accept such payments. According a report by Nielsen, a survey of Chinese tourists in 2018 found that 32% of their overseas travel spending was conducted through mobile payments.

Trade Events

GoWest 2021
March 1-5, 2021, Virtual

IPW 2021
September 18-22, 2021, Las Vegas

China International Travel Mart (CITM)
November (TBC), 2021, Shanghai

Web Resources

- Ministry of Culture and Tourism of the People's Republic of China
- Brand USA
- U.S. Travel Association

Customs, Regulations and Standards

Trade Barriers

To achieve accession to the WTO in 2001, the Chinese government took significant steps to revise its laws and regulations in a manner consistent with WTO obligations and to strengthen its role in the global economy. Nevertheless, despite progress in some areas, significant barriers for U.S. companies still exist. The U.S. government has demanded that the Chinese government address these barriers and vigorously enforced U.S. and international trade laws and obligations.

For more information on specific barriers, please see the U.S. government's National Trade Estimate Report on Foreign Trade Barriers.

A report on China's compliance with WTO rules since joining that organization is published by the United States Trade Representative (USTR) and titled 2019 Report on China's WTO Compliance.

Import Tariffs

The Customs Clearance Handbook (2020), compiled by the General Administration of Customs (China Customs) is a comprehensive guide to China's customs regulations. This guide contains the tariff schedule and national customs rules and regulations, and can be purchased at bookshops in China or ordered online.

Tariff Rates

China Customs assesses and collects tariffs. Import tariff rates are divided into six categories: general rates, most-favored-nation (MFN) rates, agreement rates, preferential rates, tariff rate quota rates, and provisional rates. Since China is a member of the WTO, imports from the United States are assessed at the MFN rate. The five Special Economic Zones, open cities, and foreign trade zones within cities offer preferential duty reductions or exemptions. Companies doing business in these areas should consult the relevant regulations.

China may apply tariff rates significantly lower than the published MFN rate for goods that the government has identified as necessary to the development of a key industry. For example, China's Customs Administration has occasionally announced preferential tariff rates for items in the automotive, steel, and chemical sectors.

Customs Valuation

The dutiable value of an imported good is its Cost, Insurance, and Freight (CIF) price, which includes the normal transaction price of the good, plus the cost of packing, freight, insurance, and seller's commission. China Customs is tasked with assigning a fair value to all imports.

To assess a dutiable value, all China Customs officers have access to a valuation database that lists appropriate valuations for various imports, based on international market prices, foreign market prices, and domestic prices. China Customs officers check the price reported by the importer against this database. Normally, China Customs officers will accept the importer's price. However, if the reported value is too far out of line with the database, the China Customs officer will estimate the value of the goods based on methods listed in Article 6 of China's Administrative Regulation on Examination and Determination of the Dutiable Value of Imported and Exported Goods

For agricultural products, China Customs information frequently does not reflect seasonal changes in pricing or the effects of quality/grade on pricing. As a general rule, China Customs will charge against the highest price reflected in their database. The Foreign Agricultural Service of the U.S. Department of Agriculture is working with China Customs to improve their understanding of agricultural products pricing.

Taxes

On top of normal tariff duties, both foreign and domestic enterprises are required to pay value-added taxes (VAT). VAT is assessed on sales and importation of goods and processing, repairs, and replacement services. VAT is assessed after tariffs and incorporates the value of the tariff. China is bound by WTO rules to offer identical tax treatment for domestic and imported products. VAT is collected regularly on imports at the border. Importers note that their domestic competitors often fail to pay taxes. VAT rebates up to 17% (a full rebate) are available for certain exports.

The Chinese government frequently adjusts VAT rebate levels to fulfill industrial policy goals. Exporters complain that it takes months to obtain the rebates and amounts are often miscalculated. Also, rebates are limited by local budgets and coastal provincial authorities often run out of funds for rebates well before the end of the year. The applicable rebate method varies according to the date the enterprise was established.

The U.S. signed a tax treaty with China that took effect on January 1, 1987 (United States-The People's Republic of China Income Tax Convention). It provides certain benefits and allows for the avoidance of double taxation, but in order to enjoy the benefits provided by the tax treaty, non-residents (enterprises and individuals) must register with their local tax authorities in accordance with Circular 124. The corporate income tax rate in China is 25%.

This tax law includes two exceptions to the 25% flat rate: one for qualified small-scale and thin profit companies, which will pay 20%, and another to encourage investment by high tech companies, which will pay 15%. Additional incentives are available for investments in resource and water conservation, environmental protection, and work safety. Preferential tax treatment for investments in agriculture, animal husbandry, fisheries, and infrastructure development continue to be applied.

In recent years, China has regularly cut import tariffs to improve Chinese citizens' access to cutting edge products, to introduce further competition in the market, and in the spirit of the government's promises to open the Chinese market.

Import Requirements and Documentation

Normally, the Chinese importer (agent, distributor, joint-venture partner, or foreign-invested enterprise) will gather the documents necessary for importing goods and provide them to Chinese Customs agents. Necessary documents vary by product but may include standard documents such as a bill of lading, invoice, shipping list, customs declaration, insurance policy, and sales contract as well as more specialized documents such as an import quota certificate for general commodities (where applicable), import license (where applicable), inspection certificate (where applicable), and other safety or quality licenses.

To help U.S. exporters of food, fishery and forestry products to China, the Foreign Agricultural Service, of the U.S. Department of Agriculture, including the Agricultural Affairs Office in Beijing, prepares about 100 reports each year. These reports include new developments in commodities markets, changes in the hotel and restaurant sector, and announcements and analysis of new regulatory requirements. As China is a continental economy with diverse ecosystems and a vast variety of food preferences, it is also home to eight ministries involved in regulating food safety, quality, and trade. These agencies run the gamut of food regulation, inspection, packaging, canning, storage, labeling, quality control, record keeping, and import requirements. Chinese regulators are engaged in releasing new rules that reflect the requirements and support the implementation of the 2015 Food Safety Law.

These include numerous measures issued by the Chinese ministries including the former General Administration of Quality Supervision, Inspection, and Quarantine (AQSIQ) such as registration requirements for grains and oilseeds (AQSIQ Decree 177) and live seafood (Decree 183). Similarly, the China Food and Drug Administration (CFDA), now incorporated into the State Administration for Market Regulation, has issued registration requirements for infant formula recipes (CFDA Decree 26), health foods (CFDA Decree 22), foods for special medical purposes (CFDA Decree 24), and new requirements for on-line food trading. To help U.S. exporters navigate the many layers of regulation, FAS publishes three guides to educate exporters on the requirements, procedures, and bottlenecks that may occur for their industries.

The three most significant annual reports are the:

- FAS Exporter Guide to China: This report targets those who are completely new to exporting to China.
- Food and Agricultural Import Regulations FAIRS Country Report: This report identifies key regulations by commodity sector and level of processing.
- FAIRS Export Certificate Report: This report identifies commodity and facility certification requirements.

Labeling and Marking Requirements

Chinese import inspection authorities point to labeling as one of the major reasons for noncompliance reports. Labeling and marking requirements are mostly made by different industry authorities. All products sold in China must be marked in the Chinese language.

Chinese regulators require imported and exported (but not domestic) food items such as candy, wine, nuts, canned food, and cheese to have labels verified and products tested for quality before a good can be imported or exported.

Many products imported to China must receive a China Compulsory Certification (CCC) marking before sale. Products requiring the CCC mark, in addition to undergoing an application and testing process, must have the mark physically applied on products before entering or being sold in China. Many electronic products require the CCC mark.

For more information on the CCC mark, please see the below "Standards for Trade" section.

According to the Food Labeling Standards of China (GB7718-2011), imported foods shall have clear markings that indicate the country of origin, in addition to the name and address of the general distributor registered in the country. Please note that labeling standards are currently under review to reflect requirements under the 2015 Food Safety Law and are expected to be issued soon.

Pursuant to the 2015 Food Safety Law, pre-packaged food must be labeled and must include the following information:

- Name, specification, net content, and date of production
- Table of ingredients or formulation
- Producer name, address and contact information
- Shelf life
- Code of product standard(s)
- Storage requirements
- Generic name of the food additives as used in the national standard
- Production License Number
- Other information that must be indicated in accordance with applicable laws, regulations, and food safety standards.

The labels of staple and supplementary foods for infant consumption and other specific populations must also list main nutritional ingredients and their contents. A series of national food safety standards were developed to provide specific guidance in product labelling:

Date of issuance	**Effective Date**	**Standard Number**	**Standard-in Chinese**	**Standard-in English**
4/20/2011	4/20/2012	GB7718-2011	预包装食品标签通则	Standard for the Labelling of Prepackaged Foods
10/12/2011	1/1/2013	GB28050-2011	预包装食品营养标签通则	Standard for Nutrition Labelling of Prepackaged Foods
11/29/2013	6/1/2015	GB29924-2013	食品添加剂标识通则	General Standard for the Labeling of Food Additives
12/26/2013	5/1/2015	GB13432-2013	预包装特殊膳食用食品标签	The Labelling of Pre-packaged Foods for Special Dietary Uses

In addition, in December 2016, the China Food and Drug Administration (whose responsibilities have now been incorporated into the State Administration for Market Regulation) began requiring infant formula powder producers to review their infant formula labels and ensure that labels are in compliance with the relevant laws, regulations, rules and standards. More specific information is provided in the Infant Formula section of the FAS FAIRS Country Report.

Labelling of agriculture biotech products is governed by the Administrative Measures for Agricultural GMO, which is discussed in Section VII of FAS FAIRS Country report.

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives. The United States also participates in various multilateral export control regimes to prevent the proliferation of weapons of mass destruction and prevent destabilizing accumulations of conventional weapons and related materials. The Department of Commerce's Bureau of Industry and Security (BIS) administers U.S. laws, regulations and policies governing the export, reexport, and transfer (in-country) of commodities, software, and technology (collectively "items") falling under the jurisdiction of the Export Administration Regulations (EAR).

The primary goal of BIS is to advance the United States' national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and by promoting continued U.S. strategic technology leadership. BIS also enforces antiboycott laws and coordinates with other U.S. agencies and countries on export control, nonproliferation, and strategic trade issues.

The EAR controls certain exports, reexports, or in-country transfers of purely commercial items, items that have both commercial and military applications (i.e., "dual-use" items), and less sensitive military items.

Items subject to the EAR may require a license prior to export, reexport, or transfer (in-country). BIS is comprised of two divisions: Export Administration (EA) reviews and adjudicates license applications for exports, reexports, and deemed exports/reexports (technology transfers to foreign nationals in/outside of the United States) subject to the EAR. Through its Office of Exporter Services, EA also provides information on BIS programs, conducts seminars at locations across the United States on the EAR's requirements and compliance thereof, and provides guidance to individual exporters via telephone and e-mail. BIS's other component, Export Enforcement (EE), is responsible for enforcement of the EAR and related statutes, and also performs significant outreach functions aimed at educating exporters on their compliance responsibilities.

Under the EAR, a license is required to export, reexport, or transfer (in-country) certain controlled items to end users in China. See the Commerce Control List in Supplement No. 1 to Part 774 of the EAR for item-specific information. In some cases, an end-use check, which can take the form of either a Pre-license Check (PLC) or Post-Shipment Verification (PSV), is also required. End-use checks are completed by BIS's Export Control Officers (located in China, Hong Kong, Singapore, India, the UAE, Germany, and Turkey), EE agents participating in the BIS Sentinel Program, and FCS employees upon request from BIS. U.S. exporters are required to obtain an End-User Statement from China's Ministry of Commerce (MOFCOM) for licensed transactions valued over $50,000 as part of the license application process. In certain circumstances, an End-User Statement may be required for transactions of a lower dollar value.

Generally, the licensing policy for China is to approve items for civil end use to civil end users. In addition to the license requirements for items specified on the Commerce Control, there are additional restrictions on items listed in Supplement 2 to Part 744 that are destined to a military end user or for military end use, or on any items supporting weapons of mass destruction; these license applications are reviewed with a presumption of denial. See Parts 742 and 744 of the EAR. Specific party-based license requirements also exist and usually apply to all items subject to the EAR; these parties are enumerated on BIS's Entity List.

End users in China can apply for the Validated End-User (VEU) program. This allows end users who have an established track record of engaging in only civil activities to receive exports of specified items without the need for their suppliers to first obtain individual export or reexport licenses. Interested companies can apply by submitting a request for an advisory opinion to BIS, as described in Section 748.15 of the EAR.

U.S. exporters should consult the EAR for information on how export license requirements may apply to the sale of their goods to China. If necessary, a commodity classification request may be submitted in order to determine how an item is controlled (i.e., the Export Control Classification Number (ECCN)). Exporters may also request a written advisory opinion from BIS about the application of EAR's end use and end user-based licensing requirements. Information on commodity classifications, advisory opinions, and export licenses can be obtained through the BIS website.

Exporters are also urged to check lists identifying specific parties (persons, companies, and entities) that are under U.S. government sanctions or for whom export licenses or other authorization may be required. Information on these lists, which include the Entity List, Denied Persons List, Unverified List, Specially Designated Nationals List, and Debarred List, is available on the BIS website

Inclusion on BIS's Entity List creates a license requirement for the export of items to listed parties beyond the commodity-based license requirements effected by the Commerce Control List (CCL). Exports to listed parties generally require a license regardless of the commodity classification (EAR99 or under an ECCN), though in some instance the license requirement may be for all items on the CCL only, for example. Specific license requirements are included within the party's Entity List entry. Parties that have been identified as posing a threat to the national security or foreign policy of the U.S. can be nominated for inclusion on the EAR. In recent years, Entity Listings of Chinese parties have been predicated upon prohibited military end use, unlicensed transshipment of items to embargoed destinations, human rights violations in the Xinjiang Uyghur Autonomous Region, and military activities in the South China Sea, amongst other rationale.

A consolidation of export screening lists of the Departments of Commerce, State, and the Treasury can be found online. Exporters who engage in unauthorized transactions with listed parties may themselves become subject to administrative and/or criminal penalties.

Additional information about U.S. export controls administered by BIS may be obtained from the BIS Export Control Officer at the U.S. Commercial Service, U.S. Embassy Beijing, Tel: (86) (10) 8531-3301/4484 or Fax: (86) (10) 8529-6558.

Select Legislation

Executive Orders, or Regulatory Actions Impacting Exports or Re-exports to China

In 1990, the U.S. Congress passed P.L. 101-246, Title IX of which is commonly referred to as the "Tiananmen Square Sanctions." Among other things, this law restricts the U.S. licensing of exports and re-exports of crime control and crime detection equipment and instruments listed in the EAR to China, as well as the licensing of defense articles and defense services subject to the International Traffic in Arms Regulations (ITAR). These restrictions apply regardless of the end user in China. The prohibition on exports of munitions to China remains in place.

In addition, although foreign made items incorporating less than 25% controlled U.S.-origin content are generally not subject to the EAR for purposes of export or reexport to China, there is no de minimis for exports to China of foreign made items incorporating U.S.-origin 600-series and 9x515 content. Items classified under these ECCNs were previously listed on the USML and cannot be exported to China without prior authorization.

The Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA) expands the jurisdiction of the Committee on Foreign Investment in the United States (CFIUS) to address growing national security concerns over foreign exploitation of certain investment structures which traditionally have fallen outside of CFIUS jurisdiction. While China is not mentioned specifically in FIRRMA, there will be impact on Chinese investment in the United States. CFIUS has greater visibility of Chinese investment into the United States, which in turn will lead to heightened scrutiny of potential Chinese investments in areas related to critical technologies, critical infrastructure, businesses with sensitive personal data, and certain types of real estate transaction.

Related Controls

Other U.S. agencies regulate exports of more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls administers U.S. export controls covering defense articles and defense services that appear on the U.S. Munitions List under the ITAR. Information on U.S. Department of State export licensing procedures, the ITAR, and the Arms Export Control Act can be found at Tel: (202) 663-1282.

The point of contact for U.S. Department of State licensing issues at the U.S. Embassy Beijing is the Economic Section, Tel: (86) (10) 8531-3000, Fax: (86) (10) 8531-4949.

The Department of Energy, Nuclear Regulatory Commission, FDA, and other agencies may also control and licenses exports to China.

Customs Regulations

For information on China's Customs Regulations, please refer to China Customs website: China General Administration of Customs.

Standards for Trade

Overview

The Standardization Administration of China (SAC) is the central body for all activity related to developing and promulgating national standards in China. The China National Certification and Accreditation Administration (CNCA) coordinates compulsory certification and testing, including the China Compulsory Certification (CCC) mark.

Standards in China fall into at least one of five broad categories: national standards, industry standards, local or regional standards, enterprise standards for individual companies, and association standards. National standards (also called "GB" standards) can be either mandatory or voluntary. Either way, they take precedence over other types of standards.

A few common standards-related trends are commonly applicable to exporters to China.

- First, it is important to note that laws and regulations can reference voluntary standards, thereby making the voluntary standard effectively mandatory.
- Second, for certain products, such as some electrical products, information technology products, consumer appliances, fire safety equipment and auto parts, China requires that a safety and quality certification mark (the aforementioned CCC mark) be obtained by a manufacturer before selling in or importing to China. This process can take some time.
- Third, numerous government agencies in China mandate industry-specific standards or testing requirements for products under their jurisdiction, in addition to the GB standards and the CCC mark described above. This often leads to onerous and duplicative testing requirements.

Standards

China is in the process of significantly reforming its standardization system with a stated goal of decreasing the number of mandatory standards and employing both a top-down standards development system like the European Union and a bottom-up system like in the United States.

China's 2018 Standardization Law, along with subsequent implementing measures, defines a new system that includes national standards development by technical committees (TC) and allows for other standards setting processes, including processes driven by industry organizations.

TCs developing national or GB standards must be accredited by the SAC. These TCs are comprised of members from government agencies, private industry associations, companies, and academia.

Chinese regulators regularly issue policies calling for standards to be developed to support national economic development, and often calling for drafting and revision of large numbers of standards; in some cases, these policies provide incentives for development of certain categories of standards.

Under recent reforms to China' standardization process, industry alliances are also allowed to develop association standards, which are intended to be developed in accordance with processes similar to those in market-driven standards systems like the United States.

Some business community experts are concerned about the independence of the process for setting association standards and about potential mechanisms for association standards to become national standards. A common concern among U.S. businesses operating in China is the inability to participate on an equal basis as local stakeholders in standards setting processes.

Recently issued policies, including China's 2019 Foreign Investment Law, state that foreign-invested enterprises should be able to participate on an equal basis with local firms in standardization processes, but in many industries, foreign companies do not enjoy equal treatment in practice.

Testing, Inspection & Certification

Conformity Assessment

The China National Certification and Accreditation Administration (CNCA) is the primary government agency responsible for supervision of China's conformity assessment policies, including its primary safety and quality mark, the China Compulsory Certification (CCC) mark. CNCA supervises the work of the China National Accreditation Service for Conformity Assessment (CNAS), which accredits certification bodies and laboratory and inspection facilities.

Product Certification

The China Compulsory Certification (CCC) mark is China's national safety and quality mark. The mark is required for 17 categories of 103 products, ranging from electrical fuses to toaster ovens to automobile parts to information technology equipment. About 20% of U.S. exports to China are on the product list.

Please review China's CCC catalogues to determine if your product requires a CCC mark. Additionally, the U.S. Department of Commerce maintains a comprehensive CCC mark website to help U.S. exporters determine whether they need the CCC mark and how to apply. If an exporter's product is on the CCC mark list, it cannot enter China until the CCC registration has been obtained, and the mark is physically applied to individual products as an imprint or label. Domestic products also cannot be sold in China without obtaining registration and applying the mark on individual products.

Obtaining the CCC mark involves an application process with authorized Chinese certification bodies. At present, six foreign testing organizations have been designated to test certain categories of products to CCC mark GB standards. The application process can take several months or more and can cost upward of $4,500 in fees, in addition to inspectors' travel costs.

The CCC process can include the following steps:

- Safety testing of products to ensure the products meet safety and/electrical standards in a Chinese laboratory.
- Inspection of applicant's factories to determine whether the product line matches the samples tested in China.
- Approval of the design and application of the CCC logo on the applicant's products by Chinese testing authorities.

Some companies, especially those with a presence in China and with a dedicated certification/standards staff, are able to manage the application process in-house. Other exporters can tap the expertise of standards consultants based both in the United States and in China who can provide application management services and handle all aspects of the application process.

Though the CCC mark is China's most widely required product certification mark, other product certification requirements exist.

Accreditation

The China National Accreditation Service for Conformity Assessment (CNAS) is the national accreditation body of China solely responsible for the accreditation of certification bodies, laboratories, and inspection bodies as authorized by the CNCA in accordance with the Regulations of the People's Republic of China on Certification and Accreditation. A list of accredited bodies can be found on the CNAS website.

Publication of Technical Regulations

China is obligated to notify other World Trade Organization members of proposed technical regulations that would significantly affect trade. Notifications are made through the Technical Barriers to Trade (TBT) Committee notification point.

All members, including China, are required to allow for a reasonable amount of time for comments to proposed technical regulations. Historically, China habitually only allowed comment periods of a few weeks, as opposed to the standard of 30 to 60 days practiced by other nations and recommended by the TBT Committee.

Contact Information

For updated details on testing, inspection, and certification, please contact CSBeijing@trade.gov.

Temporary Entry

Trade Shows and Exhibitions: Participants in trade shows and exhibitions need a Type M trade visa to enter China and can travel within the country. Notebook computers, cameras, and portable printers can be brought into China as personal belongings. Business firms seeking to bring in exhibits and items for display should see the rules below on temporary entry and consult the show organizers for regulation on the procedures and to obtain copies of appropriate forms.

Goods imported in China for display or demonstration at trade shows and exhibitions are exempt from customs duty, provided they are re-exported within six months. The time for re-export may be extended with China Customs approval. The exhibition organizer must obtain advance approval from China Customs, provide certain shipping documents and a list of items to be exhibited, and coordinate with China Customs officials. China Customs may sometimes request a guarantee in the form of a deposit or letter. Firms can rely upon an ATA Carnet, and supplementary documentation, in these instances. An ATA Carnet is an international customs and temporary export-import document that is accepted in 87 countries, and simplify the process of bringing commercial samples, professional equipment, and many goods for exhibitions into China. Carnets cannot be used for consumer goods, agricultural products, and most other non-temporary imports. In addition to the ATA Carnet, customs officials often require other documentation related to the good to be temporarily imported item. Trade show organizers and freight forwarders can assist companies in navigating these formalities. It is recommended to send commercial samples directly to the final destination, not to an individual or hotel's address.

Food and beverage exhibition "not-for-sale" sample-entry rules are frequently not acknowledged by Chinese authorities. Under the current system, such samples are officially subject not only to full tariff and taxes, but product and labeling registration requirements. Trade show organizers may be able to obtain exceptions; however, these are largely of a one-off nature. It may also be possible to obtain exceptions to registration and labeling regulations at a given port by working through the local ATO office. However, such arrangements require substantial lead times and cannot be guaranteed.

Some exhibits or samples imported under the temporary not-for-sale regulations may be sold after the trade event is completed, in which case the duties owed on these items are levied by Customs. Temporary importers should also consult the EAR and Commerce Control List to ensure that a BIS export license is not required for the temporary export of goods to China. Items classified under certain Export Control Classification Numbers ("ECCN"s) may require a license for export even if the item is intended to be returned to the United States following the trade event.

Companies are advised that freight forwarders will help to prepare a declaration form and Chinese Customs requests the model and serial numbers for high-value exhibits. Requirements may differ for types of products to be imported. In addition, fumigation is required for all wooden packing materials, in accordance with IPPC standards, and must bear the IPPC symbol.

For more information contact the Customs General Administration of the People's Republic of China.

Prohibited and Restricted Imports

The following items are prohibited from entering China: arms, ammunition, and explosives of all kinds; counterfeit currencies and counterfeit negotiable securities; printed matter, magnetic media, films, or photographs which are deemed to be detrimental to the political, economic, cultural and moral interests of China; lethal poisons; illicit drugs; disease-carrying animals and plants; foods, medicines, and other articles coming from disease-stricken areas; old/used garments; and local currency (RMB). Food items containing certain food colorings and additives deemed harmful to human health by the National Health and Family Planning Commission (NHFPC) are also barred entry.

In addition, China restricts or prohibits the importation of certain commodities related to the processing trade. The "Catalogue of Commodities Which are Restricted or Prohibited from Importing for Use in the Processing Trade" is designed to shift the direction of China's processing trade toward handling commodities with higher technological content and greater value-added potential. The catalogue identifies several types of "prohibited commodities": used garments; used publications with licentious content; radioactive or harmful industrial waste; junk and restricted commodities. This list was most recently revised in 2015.

Trade Agreements

China has bilateral investment agreements with over 100 countries and economies, including Austria, the Belgium-Luxembourg Economic Union, Canada, France, Germany, Italy, Japan, South Korea, Spain, Thailand, and the United Kingdom. China's bilateral investment agreements cover expropriation, arbitration, most-favored-nation treatment, and repatriation of investment proceeds. They are generally regarded as weaker than the investment treaties the United States seeks to negotiate.

China maintains 16 Free Trade Agreements (FTAs) with its trade and investment partners and is negotiating or implementing an additional eight FTAs. China's FTA partners are ASEAN, Singapore, Pakistan, New Zealand, Chile, Peru, Costa Rica, Iceland, Switzerland, Maldives, Mauritius, Georgia, Korea, Australia, Hong Kong, and Macao.

Licensing Requirements for Professional Services

China maintains numerous policies and practices that limit U.S. service providers' – including professional service providers – ability to access China's market. For more information on some of these restrictions see the U.S. Government's annual report to Congress on China's WTO compliance.

Selling US Products and Services
Distribution & Sales Channels

Sales Channels
U.S. exporters entering the market in China should consider the most appropriate sales channel for their products and services. Options include working with:

- **Trading companies:** Act as intermediaries buying goods in large quantities to resell to retailers.
- **Distributors**: Take ownership of the goods then market and service the products.
- **Sales agents:** Earn a commission for selling the U.S. products.
- **E-commerce:** Conduct commercial transactions online.

Distributors and agents may operate within specific provinces or areas or across the country and may have exclusive rights to sell products within a particular area. Exporters may have multiple sales channels that may vary by industry or region.

Licensing of Products
Certain goods require an import license. Generally, applications for import licenses are submitted to the central government's Ministry of Commerce (MOFCOM) or an authorized local office. Applications for many goods are approved as a matter of course; in these cases, the license is primarily used to collect trade statistics. For other products, approval is not automatic because the Chinese authorities wish to control the importation for reasons such as public health and safety or the existence of tariff rate quotas (i.e. two-stage tariffs, where the right to pay a lower tariff is granted to import up to a specific total quantity of goods).

For most manufactured goods, the Chinese importer should apply for an automatic import license, which is free, through MOFCOM. It normally takes two weeks or more for MOFCOM to review and approve the application, which can be downloaded (in Chinese only) here. U.S. exporters should ensure that their Chinese importer can determine whether the product requires an import license and will follow the application procedures.

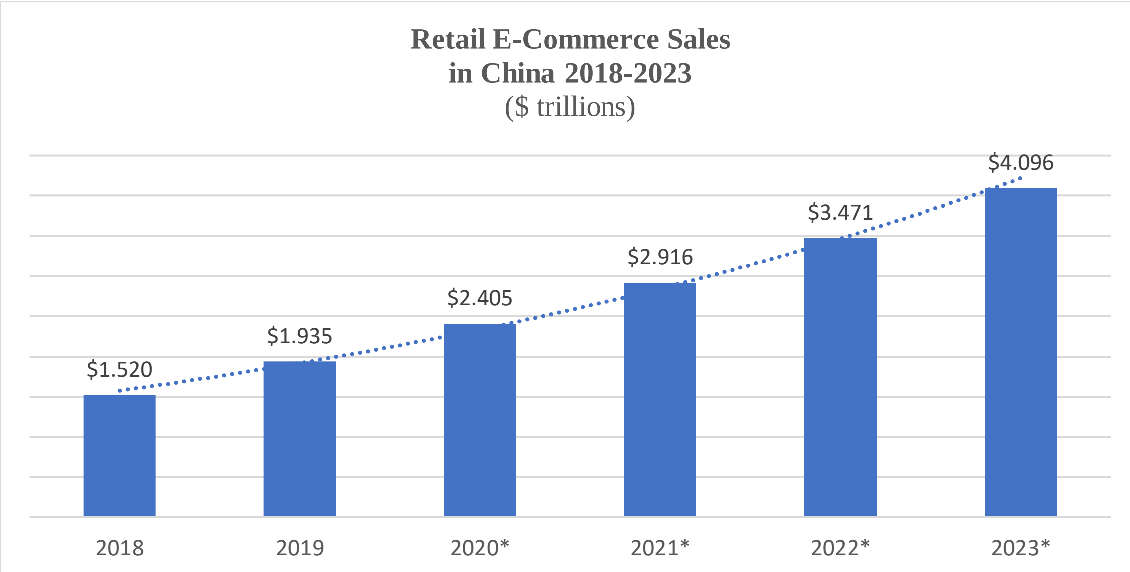
Permits
Most businesses require additional permits and permissions from regulators specific to their industry. Depending on the sector, U.S. companies may need to seek business permits from multiple Chinese agencies.

To gain more knowledge about the required permits or licenses for a specific industry, U.S. companies can work with a specialized service provider or consult with a U.S. Commercial Service Specialist.

E-Commerce Industry

China is the world's largest eCommerce market with over 50% of global eCommerce transactions coming from China. Moving into 2021, China's eCommerce market is predicted to be larger than those of the U.S., UK, Japan, Germany, and France combined, according to a report by Dezan Shira & Associates.

Home to more than 710 million digital buyers, China's online retail transactions reached $1.93 trillion in 2019 and are forecasted to reach $4.09 trillion by 2023.



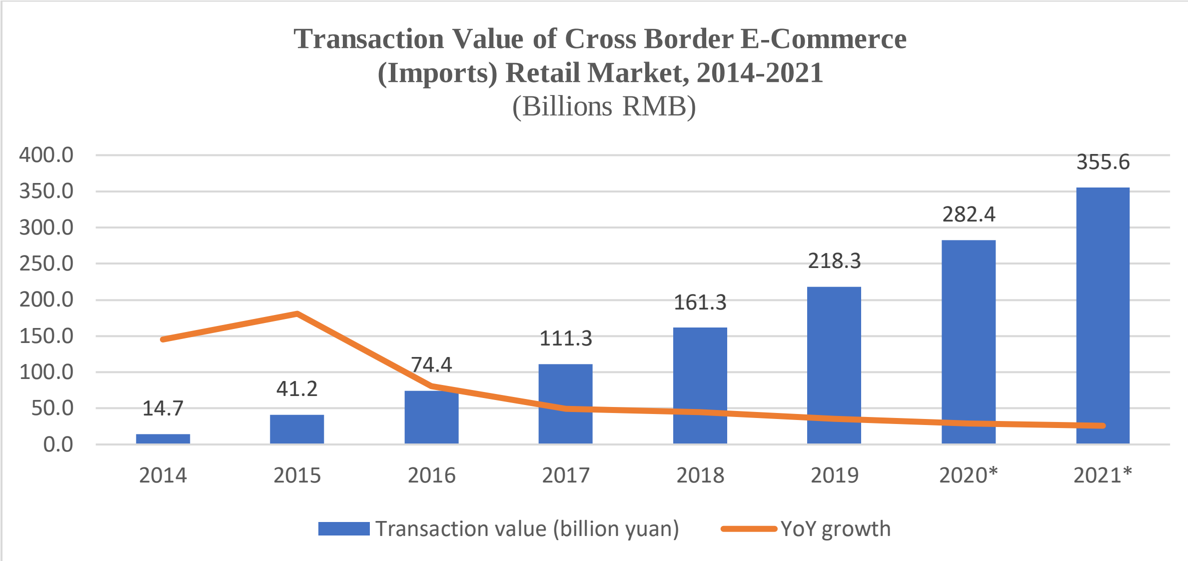
*estimated
Source: eMarketer

Domestic E-Commerce (B2C), Cross-Border E-Commerce, and B2B E-Commerce

Alibaba's Taobao and Tmall (55.9% of market share) and JD.com (16.7%) are the domestic platforms that dominate China's e-commerce market, according to a report from eMarketer. Meanwhile, Pinduoduo (7.3%) has recently overtaken dozens of competitors to become the third largest platform, using a new group purchasing model. Other platforms, including Suning, Gome, Vipshop, Yihaodian, Dangdang, and JuMei, comprise the remaining market share. A Statista study shows that cross-border e-commerce transactions reached $144 billion this year and could surpass $199 billion by 2022.

U.S. firms can choose to establish a presence in China or use cross-border e-commerce to sell products from abroad. U.S. firms can benefit from streamlined Chinese customs procedures through the over 100 cross-border e-commerce-integrated pilot zones in China. A guide from Walk the Chat reports that those zones limit Chinese consumers to purchasing up to $714 per transaction and no more than $3,714 per year. U.S. firms must work with authorized partners to record Chinese customs transactions.

While the overall growth of the transaction value of cross-border e-commerce (CBEC) is estimated to have slowed between 2014-21, the predicted growth in that same period increased dramatically from 14.7 billion RMB to 355.6 billion RMB.



*estimated

Source: *Fung Business Intelligence*

Significant Shopping Holidays

"Singles Day" in China, November 11th, or 11/11, is the busiest online shopping day of the year. Brands offer huge discounts and can generate up to 80% of their annual revenue. In 2019, Alibaba recorded a gross merchandise value, or GMV of $38 billion on Singles Day, including over $12 billion in the first hour, according to a CNBC report.

While the largest of the major shopping holidays in China, Singles Day is not the only one. Other holidays such as Valentine's Day, 6.18 Mid-Year Shopping Festival, and the Chinese New Year are also popular online shopping dates.

Intellectual Property Rights

In part to address rampant online infringement of intellectual property (IP) rights, China issued the E-Commerce Law in 2018, which included requirements related to "notice-and-takedown" mechanisms for China's e-commerce platforms. Notice-and-takedown mechanisms allow individuals to request that platforms delist or "takedown" links offering products that infringe on established IP rights. Similar to enforcement offline, companies must register their patent and trademark rights in China to be accepted by e-commerce platforms.

As different platforms have different procedures for accepting takedown notices, companies must familiarize themselves with takedown procedures for various e-commerce platforms in China. Monitoring e-commerce platforms for infringing goods can be time-consuming, so firms often rely on local agents to monitor China's large platforms in a regular and cost-effective manner. Nevertheless, because robust business-to-business and business-to-consumer sales occur on China's e-commerce platforms, an effective IP enforcement strategy should have an online component.

Marketing and Advertising

China is the world's second-largest advertising market, projected to surpass $113 billion in 2020, according to a report by eMarketer. Internet ad spending is reported to be nearly five times the value of TV ad spending, comprising 75% of total media ad spending in 2020. China's advertising industry is growing faster than the economy as a whole.

Advertising in China is heavily regulated, with national and provincial governments exercising control over content. The Advertising Law of the People's Republic of China (Advertising Law) was revised in

2015, with updates to online ads, health claims, celebrity endorsers, and false advertising. Major changes include:

- Expanding the law's purview to include online advertising
- Obliging telecommunications firms, internet service providers, and websites to remove illegal/misleading advertisements
- Disallowing dietary supplements companies to imply that they are "necessary" for good health
- Prohibiting the use of spokespeople in many types of health-related advertising
- Broadening definitions of "advertising" and "false advertising"
- Restricting children's advertising
- Restricting tobacco advertising

Following the COVID-19 pandemic, China will further crack-down on false advertising, specifically relating to health and property safety or on mobile apps and social media. Foreign firms must work with a licensed partner to advertise in China. Many firms establish a representative office in China and team up with Chinese partners through joint ventures and other types of partnerships. Companies new to the market may gain valuable insight from prestigious advertising firms on crafting an effective advertising strategy responsive to Chinese consumer preferences.

Social Media Marketing

In the midst of China's consumer revolution, foreign firms with advanced marketing, advertising, and research techniques lead the way. Social media is a crucial component of a good marketing strategy in China, important for maximizing brand awareness and attracting consumers. In 2020, China's more than 1 billion social media users made up one-third of total social media users worldwide, according to a report by Statista, WeChat is China's most popular mobile social network app, followed by the Twitter-like Weibo, the messaging app QQ, and the short video app Douyin.

WeChat allows brands to access its 1.2 billion users through creative marketing or "mini-apps," thus capturing a wide market share in China. Retailers can feature online stores with convenient third-party payment functions, and push messages to introduce new product lines or deliver promotions. Companies can buy a WeChat subscription account to push out messaging, or a create a platform on a service account to manage e-commerce and customer service. A study by Trade Gecko predicts that since 85% of all online shopping in China will be done on mobile devices by 2021, consumers use online wallets such as WeChat Pay or Alibaba's Alipay to complete their transactions.

Livestreaming

Livestreaming e-commerce, valued at $63 billion in 2019, is a major trend in Chinese social media marketing. Livestream events attracted 504 million viewers in 2019 and were responsible for nearly 10% of China's total e-commerce sales, according to a Technode report.

By hosting livestreams of key opinion influencers (KOLs) selling products, companies can earn millions of dollars in minutes. Bloomberg reported that Taobao's top livestreamer, Wei Ya, earned over $400 million in sales on Singles Day 2019, reaching 43 million viewers through an 8-hour livestream.

New records for livestreaming sales are also being set for more big-ticket items. The Chinese automobile firm JMC sold 55 cars in 1 second through a livestream in November 2019, according to an article by Forrester.

Taobao Live currently dominates China's livestreaming e-commerce industry (57% market share), but platforms such as Douyin, Kuaishou, and Pinduoduo are rapidly rising. During the COVID-19 crisis, China saw a vast uptick in livestreaming e-commerce, with products ranging from jewelry and cosmetics, to cars and real estate.

By targeting livestreams to more rural and lower-tier cities, companies can increase brand awareness and expand their audience to all parts of China. U.S. companies interested in exploring social media avenues and working with digital marketing players should work with a local marketing partner to develop a marketing strategy and support its implementation.

Trade Events

China Beauty Expo
May 12-14, 2021, Shanghai

Web Resources

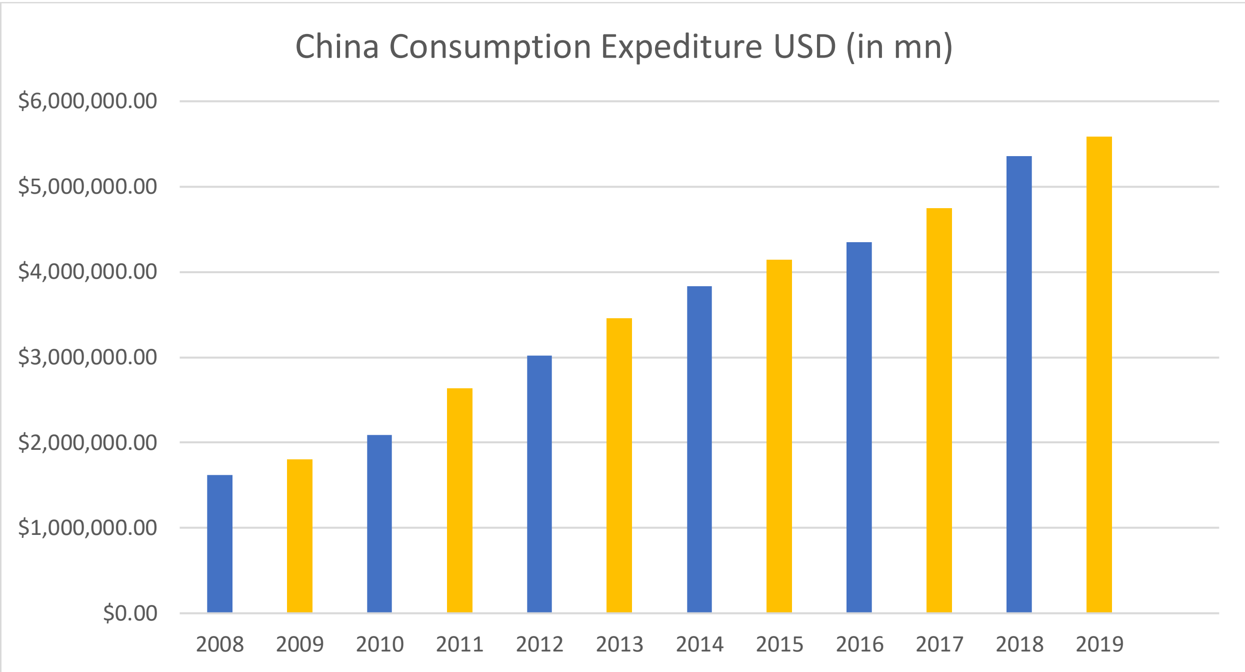
Ministry of Commerce of PRC, Department of Electronic Commerce and Informatization
National Medical Products Administration

Selling Factors & Techniques

Industrial and commercial sales in China are typically driven by the initial price. There is an increasing amount of corporate and government buyers who take the value of quality and the lifecycle cost of products under careful consideration. However, U.S. firms with premium offerings are still faced with pressure to decrease their prices in order to compete with lower-quality local offerings.

Over the past few years, the Chinese consumer market has been the driving force behind the continuous development of China's economic structure. Chinese consumers are willing and eager to pay higher prices for higher-quality and brand name products. Chinese private consumption is already a contributing factor in boosting China's economy and should continue to see growth for years to come.

Below is a graph showcasing the increase in Chinese Consumer Expenditure from 2008 to 2019.



Source: CEIC

China's advertising market is large and sophisticated, which means that proper marketing and advertising are critical in both the consumer and industrial markets. The concept of guanxi, which refers to having personal trust and a strong relationship in business, continues to be a key factor to successful partnerships.

Below are several ways to build guanxi (keeping in mind this is a long-term, patient approach):

Have general knowledge of China

- Familiarity with China and its culture will aid in facilitating initial connections and help build strong foundations for business relationships.

Formal introduction

- Being introduced to a potential Chinese business partner through an intermediary will encourage conducive business discussions because they generally prefer to do business with people they have a personal connection with. In other words, the higher social status your intermediary has, the more chances of success you will have.

Continuous communication

- A vital part of guanxi is the trust between two parties who conduct business, so constant communication, frequent on-site visits, and transparency all play considerable roles in successful partnerships.

Gift Giving

- Gifts are well received by Chinese businesspeople and unquestionably reinforce trust and relationships. Gifts that are unique to the U.S. and/or have your company logo are usually the way to go.

With the evolution of technology over the past decade, Chinese businesspeople are now more connected than ever to the global marketplace. Chinese businesspeople have become more sophisticated and have gained significant experience with using modern methods to sell products and services through online platforms.

New technologies, such as distribution route optimization, have helped get products to consumers faster and more efficiently. This has given U.S. companies more flexibility with their business models because of choice between working with business partners that specialize in local/regional coverage or, rather, ones that are capable of covering larger areas due to the technologies that enable them to do so.

Localization

While a growing age of the management workforce in first-tier cities speak English, U.S. exporters should understand the limits of English language proficiency in China. Chinese customers generally welcome U.S.-made products, but to ensure success, some key elements must be taken into account.

These key elements include:

- Manufacturer-provided localized customer support
- On-site training
- Local service centers
- Catalogs and manuals translated into Chinese

Logistics

Logistics in China have become less arduous in recent years with increased transportation options and continued improvement to highway, air, railway, and port infrastructure. According to the China Highway and Road Association, 76.9% of all goods travel by truck. However, this percentage is projected to decrease over time due to the increase in air travel availability.

New aircraft fleets will make the transportation of goods increasingly viable options, particularly higher-value products. Most major international logistics companies are now operating in China, although they face regulatory barriers that limit their ability to provide domestic services.

Trade Financing

Methods of Payment

In China, there are many ways to finance imports. The two most common methods are letters of credit and documentary collections. No matter what method is used, the Chinese importer needs to apply for the foreign exchange amount for the trade transaction from the State Administration of Foreign Exchange (SAFE).

Letters of Credit

- Most Chinese commercial banks have the authority to issue letters of credit (L/C) for both imports and exports. Foreign banks with branch or representative offices in China can also issue letters of credit.
- As a member of the International Chamber of Commerce since 1995, China is subject to the Uniform Customs and Practice (UCP) 600 code that governs letters of credit.

Documentary Collections

- This method of payment is like a letter of credit, but less formal and more flexible. As with letters of credit, the exporter submits a full set of trade documents for payment collection to the bank designated in the contract. The bank then sends the documents to the home office, which examines them and, in some cases, passes them to the buyer for further examination.
- Payment is made after the documents have met the approval of all parties. This method of payment provides only limited coverage against default. It can be considerably less expensive than a letter of credit but should be used with caution.
- It is the responsibility of the exporter to determine the specific instructions to be used in the collection letter.
- Please refer to the Bank of China for further details and a flowchart of the process.

U.S. Banks and Local Correspondent Banks

Among the locally incorporated foreign banks in China, there are eight from the U.S. that operate about 80 branches and representative offices in China.

- Bank of America Merrill Lynch
- BNY Mellon
- Citibank
- East West Bank
- JPMorgan Chase Bank
- Morgan Stanley Bank International
- SPD Silicon Valley Bank
- Wells Fargo

Export Credit Guarantees/Insurance

To reduce financial risk and increase competitiveness, U.S. exporters may choose to explore credit guarantees/insurance options. Available programs will depend upon the type of export. Options include but are not limited to:

- U.S. Department of Agriculture Export Credit Guarantee Program (GSM-102)
- U.S. Export-Import Bank
- U.S. Small Business Administration

Protecting Intellectual Property

Intellectual property (IP) infringement and theft is widespread in China, and firms operating there must take steps to protect and enforce their IP rights.

Companies planning to do business in China should understand that the U.S. and Chinese IP legal systems are different.

The China IPR Toolkit is a resource to assist U.S. companies with protecting and enforcing their IP rights in China.

Selling to the Public Sector

China's current government procurement regime is governed by two primary laws:

- **Government Procurement Law:** This law, administered by the Ministry of Finance, covers purchasing activities conducted by central, provincial and municipal governments and some state-owned enterprises with funds from the government's annual budget (known as "fiscal funds" in China.)

- **Tendering and Bidding Law (TBL):** This law, administered by the National Development and Reform Commission, imposes uniform tendering and bidding procedures for certain classes of construction and public works projects. The projects that use government funds are generally considered government procurement while some projects subject to the TBL are not considered government procurement but rather are regular non-governmental construction projects.

China has yet to join the WTO Government Procurement Agreement (GPA) so China has few obligations to allow foreign companies to bid on Chinese government procurement opportunities, but in practice such opportunities do exist, particularly when Chinese manufacturers may not be able to fully meet the needs of the project.

Restrictions on Military Sales

The U.S. Government imposes restrictions on the sale of many items to the Chinese military. Restrictions on this type of business exist both in the United States and China. For example, the United States restricts the export of munitions items to China.

Before selling to the Chinese military, U.S. manufacturers should contact the following two agencies for additional guidance:

- Department of Commerce's Bureau of Industry and Security 202-482-4811

- U.S. State Department's Directorate of Defense Trade Controls 202-663-2980

Bids on Public Sector Contracts

The U.S. Department of Commerce's Advocacy Center coordinates U.S. government advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with overseas governments and government-owned corporations. The Advocacy Center helps to ensure that sales of U.S. products and services to foreign governments have the best possible chance of competing abroad.

Advocacy assistance is wide and varied but often involves companies that want the U.S. Government to communicate a message to foreign governments or government-owned corporations on behalf of their commercial interest, typically in a competitive bid contest.

Many governments finance public works projects through borrowing from multilateral development banks (MDBs). For more information on how to work with MDBs please connect with our U.S. Commercial Service MDB liaisons here.

Business Travel

Business Customs

- Business/name cards are common in Chinese business culture and will frequently be exchanged upon meeting a stranger in a business context. The card should be held in both hands when offering to the other person; offering it with one hand is considered ill mannered. When receiving a card, use two hands and study it before continuing. Do not miss an opportunity to develop an appropriate new business contact, as relationships, called guanxi in Mandarin, remain very important in China. With China's shift towards a digital society, the exchange of contact information via WeChat is becoming increasingly common – particularly among younger business professionals who may not even carry business cards. It is important to have business cards available, but also expect that a new contact may not have any to exchange.

Travel Advisory

- The threat level for all China posts is considered low for crime and medium for terrorism. Americans should exercise increased caution in China due to arbitrary enforcement of local laws as well as special restrictions on dual U.S.-Chinese nationals.
- For the most up-to-date information related to traveling and living in China, please see the U.S. Department of State section on China International Travel Information.

Travel Documents

When visiting China, keep in mind:

- Visitors arriving without valid passports and Chinese visas are not permitted to enter China and may also be subject to fines.
- Visitors traveling to China on a single-entry visa should be reminded that trips to Hong Kong or Macau Special Administrative Regions are treated as a visit outside Mainland China. If the traveler tries to return to Mainland China after a visit to one of these two destinations but only has a single-entry visa, they will be denied entry. Visitors facing this dilemma should apply for a new visa at the Chinese Ministry of Foreign Affairs or the China Travel Service in Hong Kong to re-enter China.
- Transit through China without a visa is permitted in some circumstances. See the visa requirement section below. Before travel, always check your itinerary and the most recent Chinese visa regulations to be sure your trip meets the regulations.
- Recent travel advisories and other useful information can be found on the U.S. State Department's travel website.
- Remember to connect with the U.S. Embassy and Consulates through the Department of State's Smart Traveler Enrollment Program.

Visa Requirements

- For the most up-to-date entry, exit, and transit requirements, please visit the Information on Chinese Visas section of the U.S. Embassy Beijing website.
- Additionally, you may contact the Embassy of the People's Republic of China in Washington, D.C. for specific information on China's immigration and nationality laws.

Currency

- The People's Republic of China's currency is officially called the Renminbi (RMB) and is also known as the Yuan, or colloquially as the Kuai.

Counterfeit Notes

- The distribution of counterfeit Chinese currency continues to be a major issue. Unsuspecting Americans are passed fraudulent notes at restaurants, stores, and in taxi cabs. Large numbers of 100 RMB and 50 RMB counterfeit notes continue to circulate, while even fake 20 RMB and 10 RMB denominations have been introduced in Beijing and other parts of the country.

Cashless Payments

- China's merchants are increasingly moving towards cashless transactions. While credit cards are often accepted at international hotels and/or expat-friendly restaurants, many stores, shops, and restaurants only accept payments via Alipay and or WeChat Pay. Both of these can be accessed through a phone-based app that can be linked to a credit card.

Telecommunications/Electric

- International and domestic phone calls can be made with little difficulty in China, particularly in the major cities. International and domestic calls can typically be made directly from hotel rooms and phone cards and SIM cards are widely available. Phones can be rented at the airport arrival terminals for short term use.

Calling China from the United States

- When calling China from the United States, add "011" before the country code. Next dial 86, the country code for China.
- For calls made to China, dial "86" before the city code.

City Codes

- Cities shown are where the U.S. Government has an Embassy or Consulate:

    - Beijing: 10
    - Guangzhou: 20
    - Shanghai: 21
    - Shenyang: 24
    - Wuhan: 27
    - Hong Kong: 852

- For calls made within China, add a "0" before the city code.
- Local Directory Assistance (some English): 114

Other Numbers (Emergencies)

- U.S. Embassy: 011-86 10-8531-3000. Within Beijing, dial 8531-3000 (American Citizen Services) and listen for the menu options. For after-hours emergencies only, dial 8531-3000, and ask the operator or the Marine Guard receiving the call to let you speak to the Duty Officer.

- Additional important information, including travel advisories, can be found at the U.S. Citizen Services section of the U.S. Embassy website.
- Emergency/Fire (Chinese & English): 119
- Police (Chinese & English): 110
- Medical Emergency (Chinese & English): 120

Privacy on Calls

- All visitors should be aware that they have no expectation of privacy in public or private locations. The U.S. Embassy regularly receives reports of human and technical monitoring of U.S. citizens.
- All hotel rooms and offices are subject to on-site or remote technical monitoring at all times. Hotel rooms, residences, and offices may be accessed at any time without the occupants'

consent or knowledge. Elevators and public areas of housing compounds are also under continuous surveillance.
- All means of communication--telephones, mobile phones, faxes, e-mails, text messages, etc.--are likely monitored. The government has access to the infrastructure operated by the limited number of internet service providers (ISPs) and wireless providers. Wireless access to the Internet in major metropolitan areas is becoming more common.

Transportation

Taxis

- Metered taxis are plentiful and can be hailed along most main streets, especially near hotels and major sightseeing attractions, especially if you have your destination address written in Chinese. Transportation is easily arranged at the front door of the hotel, and concierge desks have cards with the name and address of the hotel in Chinese and will often assist with giving instructions to the taxi driver.
- The use of unregistered or "black" taxi cabs continues to be a concern. In a limited number of cases, Americans using "black" taxi cabs have reported being sexually assaulted, have had their luggage stolen, or have been charged exorbitant fares.

Ride Hailing Services

- Didi, an app-based transportation service provider, is China's version of Uber or Lyft and has become increasingly popular. Didi has over 550 million users in over 400 cities around China. Didi's services in China include taxi hailing, private car hailing, ridesharing, and bike sharing via Ofo. Didi cars are very popular in most Chinese cities.
- Didi has an English version of their app that can be linked to a foreign credit card as well as a foreign phone number. Didi Express cars, the cheapest and most popular option, tend to be similar in price to metered taxis if not cheaper. Didi cars are metered, with an estimate given before starting the trip. Payment is made through the app.

Air Travel

- Please be advised that while air connections within China are plentiful, the frequency and length of delays has steadily worsened over the past couple years. It is not uncommon for an internal flight to be delayed for hours. Be sure to confirm which airport/terminal your departure flight will use in Beijing (Terminal 2 or Terminal 3) or in Shanghai (Hongqiao or Pudong) as they are miles apart.

Language

- Mandarin Chinese is the national language, spoken by over 70% of Chinese. Other than Mandarin there are six major Chinese dialects, as well as numerous local dialects.
- Pinyin refers to the standardized Romanization system used to represent the pronunciation of Chinese characters.
- For business purposes, it is important to provide contacts with bilingual business cards, usually with Chinese characters on one side, English on the other. Titles and company names should be translated with care into Chinese to ensure a positive meaning.

Health

- Western-style medical facilities with international staff are available in Beijing, Shanghai, Guangzhou and a few other large cities. Many other hospitals in major Chinese cities have so-called VIP wards. These feature reasonably up-to-date medical technology and physicians who are both knowledgeable and skilled. Most VIP wards also provide medical services to foreigners and have English-speaking doctors and nurses.
- Most hospitals in China will not accept medical insurance from the United States. Prior to departing for China, travelers are advised to consult the Travelers' Health section published

by the Center for Disease Control (CDC) and the Medical Assistance page on the U.S Embassy Beijing website.

Local Time, Business Hours and Holidays

- Time throughout China is set to Beijing time, which is eight hours ahead of GMT/UTC. When it is noon in Beijing it is also noon in far-off Lhasa, Urumqi, and all other parts of the country. However, western China does follow a later work schedule to coincide with daylight hours.

Business Hours

- China officially has a five-day work week, although some businesses stretch to six days. Offices and government departments are normally open Monday to Friday between 8:30 a.m. and 5:00 p.m., with some closing for one or two hours in the middle of the day.

Embassy Holidays

- The Embassy is open from 8:00 a.m. to 5:00 p.m. Monday through Friday. The Embassy Holiday Calendar lists the American and Chinese holidays observed by the U.S. Embassy in Beijing.

Temporary Entry of Materials or Personal Belongings

- Reasonable quantities of items for personal use by short-term visitors may be imported duty-free. Although travelers will notice that China Customs officials at the airports do not routinely subject baggage to careful inspection upon arrival, random searches are possible. China allows an individual to import 400 cigarettes (600, if staying more than six months), 100 cigars, two bottles of wine or spirits (verify current allowable quantity at the duty-free shop before purchasing), and a reasonable amount of perfume. Cash amounts exceeding $5,000 (or equivalent in other foreign currency) should be declared.
- Chinese law prohibits the import of cold cuts and fresh fruit. There are limits on other items, such as herbal medicine, that can be taken out of the country. Rare animals and plants cannot be exported. Cultural relics, handicrafts, gold and silver ornaments, and jewelry purchased in China must be shown to customs upon leaving China. If these items are deemed to be "cultural treasures" they will be confiscated.
- It is illegal to import any printed material, film, and tapes, etc. that are "detrimental to China's political, economic, cultural, or ethical interests." Tapes, books or DVDs that "contain state secrets or are otherwise prohibited for export" can also be seized on departing China.

Web Resources

U.S. Embassy Beijing
U.S. Foreign Commercial Service, China
China Council for the Promotion of International Trade (CCPIT)
National Development and Reform Commission (NDRC)
Chinese Ministry of Commerce
American Chamber of Commerce China (AmCham)
U.S.-China Business Council
Chinese Government

Investment Climate Statement (ICS)

The U.S. Department of State's Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. The 2020 Investment Climate Statement for China can be accessed here.

Political Environment

For background information on the political and economic environment in China, please see the U.S. Department of State's Countries & Areas website.