

# SELLING, SOURCING AND E-COMMERCE IN CHINA 2016 (First Edition)

- I. Sourcing strategies in China: a comparison of the different options
- II. How to sell to the Chinese market: the available business models
- III. Understanding e-commerce in China: policies and legislative framework

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This edition of the China Commerce Guide was produced by a team of professionals at Dezan Shira & Associates, with Qian Zhou as technical editor and Samuel Wrest as managing editor.

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### Introduction

Over the past few decades, China has developed into a manufacturing and trading powerhouse. Now known as the Factory of the World, China's economic model has been built on producing low-end and, more recently, mid- to high-end goods and exporting them in mass volume across the world. Many tax, zoning and administrative policies still reflect this focus, such as the Processing Trade Relief, a program that waives duties and taxes for companies in China that manufacture solely for export.

However, the nature of China's economy is changing. The Middle Kingdom is undergoing a major overhaul, transitioning to have a service and consumption driven economy. While rising wages have driven up disposable income, urbanization and the growth and expansion of the middle class in second and third tier cities means more and more consumers are demanding a variety of quality products, translating into opportunities for foreign retailers. This is especially true in the country's massive e-commerce market – a sector that has undergone significant change in the past year to allow increased foreign participation.

This guide, produced in collaboration with the experts at Dezan Shira & Associates, provides a comprehensive analysis of all these aspects of commerce in China. It discusses how foreign companies can best go about sourcing products from China; how foreign retailers can set up operations on the ground to sell directly to the country's massive consumer class; and finally details how foreign enterprises can access China's lucrative yet ostensibly complex e-commerce market.

Since its establishment in 1992, Dezan Shira & Associates has grown into one of Asia's most versatile full-service consultancies with operational offices across China, Hong Kong, India, Singapore and Vietnam, partnership offices in Indonesia, Malaysia, the Philippines and Thailand, as well as liaison offices in Germany, Italy and the United States. Dezan Shira & Associates' experienced business professionals are committed to improving the understanding and transparency of investing in emerging Asia.



Alberto Vettoretti Managing Partner Dezan Shira & Associates



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# 1. Sourcing from China

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- 1.2 Sourcing models
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## Contact

#### China

- Beijing: +86 10 6566 0088 beijing@dezshira.com
- Dalian: +86 411 3957 3311 dalian@dezshira.com
- Qingdao: +86 532 6677 5461 qinqdao@dezshira.com
- Tianjin: +86 22 5830 7666 tianjin@dezshira.com

#### India

■ Delhi: +91 11 401 1219 delhi@dezshira.com

#### Vietnam

■ Ho Chi Minh City: +84 8 6299 8294 hcmc@dezshira.com

- Shanghai: +86 21 6358 8686 shanghai@dezshira.com
- Hangzhou: +86 571 5685 9956 hangzhou@dezshira.com
- Ningbo: +86 574 8733 8682 ningbo@dezshira.com
- Suzhou: +86 512 8686 8717 suzhou@dezshira.com
- Mumbai: +91 22 6700 4843 mumbai@dezshira.com
- Hanoi: +84 4 3942 0443 hanoi@dezshira.com

- Guangzhou: +86 20 3825 1725 guangzhou@dezshira.com
- Shenzhen: +86 755 8366 4120 shenzhen@dezshira.com
- Dongguan: +86 769 33818020 dongguan@dezshira.com
- Zhongshan: +86 760 8826 9592 zhongshan@dezshira.com

#### Hong Kong

+852 2376 0334 hongkong@dezshira.com

#### Singapore

+65 6521 2933 singapore@dezshira.com

#### **Dezan Shira & Associates Asian Alliance Locations**

#### Indonesia: Winnindo Business Consult

■ +62 2131937020 indonesia@dezshira.com

#### The Philippines: Machica Group

■ +63 9173060208 philippines@dezshira.com

#### Malaysia: Christopher Heng & Co.

■ +60 362571130 malaysia@dezshira.com

#### Thailand: Honor Audit & Advisory Co.

■ +662 684 1299 thailand@dezshira.com

#### **Germany Liaison Offices**

- Stuttgart: +49 (0) 711 34 18 02 0 germandesk@dezshira.com
- Cologne: +49 (0) 221 940 21 00 germandesk@dezshira.com

#### Italy Liaison Office

■ Treviso: +39 0422 264026 italiandesk@dezshira.com

#### **United States Liaison Office**

+1 781 547 8649
 usa@dezshira.com

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