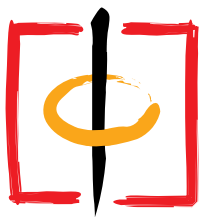
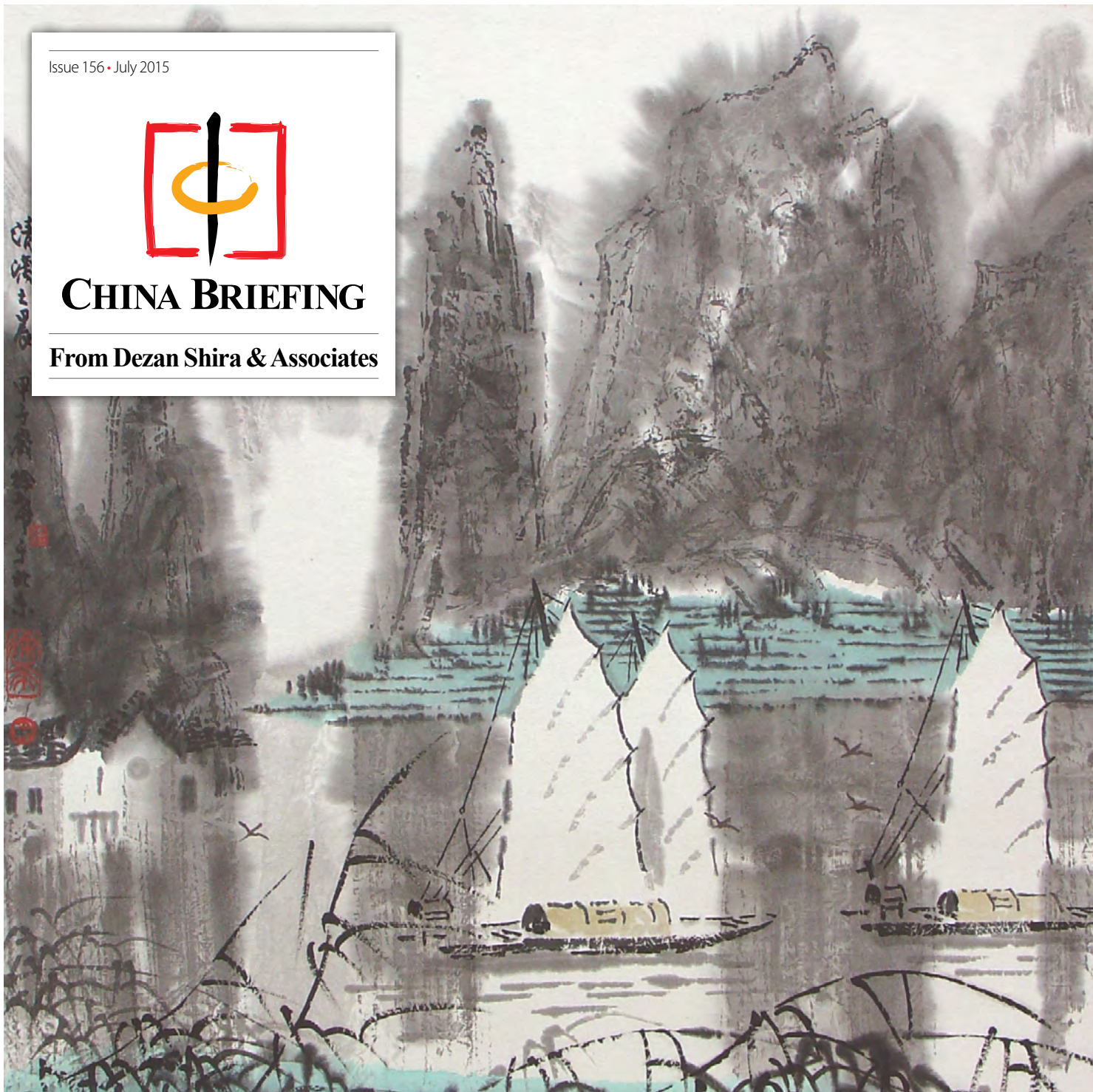


Issue 156 • July 2015



**CHINA BRIEFING**

**From Dezan Shira & Associates**



# Importing and Exporting in China: A Guide for Foreign Trading Companies

**P.04** A Period of Change: Current Import and Export Trends in China

**P.06** Understanding Business Models when Trading with China

**P.10** Beneficial Tax Schemes: Processing Trade Relief, Bonded Zones and EPZs

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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 often low-end goods and exporting them in mass volume across the world. This model was pushed with strong government support across the board. 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 country is moving towards a more consumption-driven economy, which drastically alters the type of products that are now being imported. Luxury goods, foreign foods and art are replacing electrical components and raw materials for textiles. As demand continues to be weak in

major export markets such as the U.S., Western Europe and Japan, Made in China is finding new customers across emerging markets. With the technological capabilities of Chinese companies reaching new levels of sophistication, Western producers of aircraft components, medical devices or telecom equipment suddenly find themselves competing with Chinese players for global market share.



**Alberto Vettoretti**  
Managing Partner  
Dezan Shira & Associates

In this issue of China Briefing, we discuss the latest import and export trends in China, and analyze the ways in which a foreign company in China can properly prepare for the import/export process. With import taxes and duties adding a significant cost burden, we explain how this system

works in China, and highlight some of the tax incentives that the Chinese government has put in place to help stimulate trade.

With kind regards,



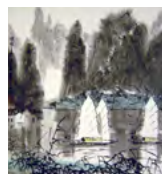
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### Credits

Publisher / Chris Devonshire-Ellis  
Senior Editor / Samuel Wrest  
Editors / Steven Elsinga & Qian Zhou  
Editorial Assistant / Kimberly Wright  
Design / Jessica Huang & Estela Mi

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