



B.C. MINISTRY OF AGRICULTURE

MARKET GUIDE FOR B.C. AGRIFOOD AND SEAFOOD EXPORTERS

CHINA



TABLE OF CONTENTS

Section 1: Introduction	1
Section 2: Introduction To The Chinese Market	2
2.1 – CHINA’S ECONOMIC ENVIRONMENT	2
2.2 – CHINA’S AGRIFOOD AND SEAFOOD SECTOR	3
2.3 – CHINA’S AGRIFOOD AND SEAFOOD IMPORTS	3
2.4 – CULINARY CULTURE, CONSUMER LIFESTYLES AND CUSTOMER EXPECTATIONS.....	5
2.5 – MARKET INTELLIGENCE	7
Section 3: Market Readiness	9
3.1 – CHINESE AGENCIES INVOLVED IN OVERSEEING IMPORTS.....	9
3.2 – REQUIREMENTS, STANDARDS & REGULATIONS	10
Section 4: Selling to China	12
4.1 – ROUTES TO MARKET	12
4.2 – DEVELOPING IMPORTER AND CONSUMER DEMAND.....	14
4.3 – DUE DILIGENCE AND AVOIDING SCAMS	16
Section 5: Building Relationships in China	18
5.1 – INITIATING RELATIONSHIPS	18
5.2 – USING INTERPRETERS.....	18
5.3 – SOCIAL AND BUSINESS ETIQUETTE	19
5.4 – TYPICAL MEETING PROTOCOL.....	20
5.5 – NEGOTIATIONS.....	21
5.6 – SOCIAL ENGAGEMENTS.....	22
5.7 – MAINTAINING RELATIONSHIPS	23
Section 6: Export Support And Resources	25
6.1 – B.C. TRADE AND INVESTMENT REPRESENTATIVES AND CANADIAN TRADE COMMISSIONERS	25
6.2 – LOAN AND COST SHARING PROGRAMS AND PROMOTIONAL SUPPORT	26
Section 7: Appendices	28
APPENDIX 1 – KEY CONTACT INFORMATION.....	28
APPENDIX 2 – KEY PHRASES IN MANDARIN CHINESE.....	29

SECTION 1: INTRODUCTION

The purpose of this guide is to assist B.C. agrifood and seafood exporters targeting the Chinese market by informing them about key topics such as: the Chinese business environment; key regulatory agencies; finding and assessing buyers; distribution channel options; social and business customs; and the development and maintenance of relationships in China. The following table summarizes the key information in this guide:

Introduction to the Chinese market	<ul style="list-style-type: none"> • China is the second largest economy in the world and has achieved the fastest sustained expansion by a major economy in history. China’s first and second tier cities have suitable cold-chain infrastructure and rapidly growing e-commerce penetration rates. These cities have a growing middle class whose tastes and interests in food products are being affected by social shifts resulting from urbanization and economic growth, including an increasing interest and expenditure on foreign food imports. • Relative to China’s growth in imports from the world, Canada lost agrifood and seafood market share to competitors between 2012 and 2015, but increased the value of exports by 23%.
Market Readiness	<ul style="list-style-type: none"> • Market readiness is the first step to achieving sales in China. You must ensure that your company and your products are fully compliant before you can begin to achieve sales in China. • Key Chinese agencies involved in import/export include: AQSIQ – The General Administration of Quality Supervision, Inspection and Quarantine; CIQ – China Inspection and Quarantine; GACC – The General Administration of Customs of the People’s Republic of China. • Exporters must ensure that their type or class of products are permitted for import into China by confirming through a trustworthy source such as an industry association, the Canadian Trade Commissioner service or AQSIQ. • Exporters must be aware of the need for exporter registration with the Chinese government, certification and testing requirements particular to the product, labelling requirements including the requirement to have labels approved by Chinese officials prior to product entry, and customs and logistic requirements.
Selling to China	<ul style="list-style-type: none"> • Routes to market could involve one or all of: importers and wholesalers; retailers; e-commerce websites and companies. • Exporters need a strategy to engage in both B2B (to find suitable buyers and establish a supply chain and distribution network) and B2C (to drive demand from Chinese consumers) strategies. These can include attending food exhibition shows, establishing a Chinese web presence using websites, web-portals and social media; or utilizing in-market resources to find buyers. • Websites, social media posts, promotional material, and all other printed material must be translated to colloquial Chinese and be presented in a Chinese style. Exporters need to ensure they registered their website with Chinese officials and have it hosted in China in order to best avoid the Chinese firewall. • Conducting due diligence in advance of any agreements, contracts or shipments is a crucial step.
Building Relationships in China	<ul style="list-style-type: none"> • Establishing strong and trusting relationships is necessary in order to achieve success in the Chinese market. Exporters need to prepare and plan to spend as much time as possible in China. • Being introduced through a common party is the best way to establish a relationship in China. • Exporters that are not fluent in Chinese will require the services of a trusted, experienced translator who is integrated into the team and can add value to meetings and negotiations. • Respecting social and business customs, in particular the concept of “face” and the observance of hierarchy are important components of building relationships in China. Follow the lead of your host if in doubt. • Negotiations with Chinese counterparts require patience and resolve. • Established relationships require ongoing maintenance through regular contact and reciprocal visits.
Export Support and Resources	<ul style="list-style-type: none"> • BC Trade and Investment Representatives and Canadian Trade Commissioners are located in China to assist you. • Exporters should make themselves aware of cost-sharing programs and promotional support provided by provincial and federal agencies and organizations.

SECTION 2: INTRODUCTION TO THE CHINESE MARKET

2.1 – CHINA'S ECONOMIC ENVIRONMENT

China is the second largest economy in the world and has achieved the fastest sustained expansion by a major economy in history, according to the World Bank. While the rate of growth has slowed somewhat in past years, analysts indicate that this is not the sign of a reversal, but a result of restructuring efforts taken by the Chinese leadership to shift growth patterns away from “smokestack” industries and towards an emphasis on high-value exports, private capital ventures, service industries and domestic consumption.

China is a very exciting and growing agrifood and seafood market, but it is not without challenges. China ranked 78th out of 190 countries in the World Bank's 2017 Ease of Doing Business Index. Some challenges facing potential and existing B.C. agrifood and seafood exporters to China include:

- *Lack of market access:* there is considerable competition from domestic firms and exporters may find that there are government policies which seek to limit market access for imported goods and subject them to higher scrutiny than applied to domestic;
- *Erratic regulatory enforcement:* China remains among the least transparent and unpredictable of the world's major markets in part because of erratic enforcement of regulations and selective intervention in the market by regulatory authorities;
- *High tariffs and duties:* tariffs and duties for most products remain high, and Canadian exporters will find they are at a disadvantage to exporters from some markets that enjoy lower tariffs or are under free trade agreements with China;
- *Lack of Infrastructure:* outside of major centres there are fragmented distribution channels and a lack of infrastructure; and,
- *Differences between sub-national markets:* China is a large heterogeneous market with diversified consumer behaviours, government policies and business practices between regions, making it challenging for exporters to use a one-size-fits-all approach to marketing agrifood and seafood products across the country.

The Tier System

China's cities are classified according to a tier system based on a combination of factors including the GDP, political administration and population size. Understanding the tiers of cities is useful when developing your market entry and distribution strategy.

- First tier cities are the ones you are most likely familiar with, and include Beijing, Shanghai, Guangzhou and Shenzhen. They each have over 10 million people and a GDP of over CDN \$300 billion. They are highly modern and cosmopolitan global cities with advanced cold-chain infrastructure and high e-commerce penetration. As a new exporter, you will almost certainly send most or all of your product through one of these markets, at least initially.
- Second tier cities are provincial capitals or special economic zones (SEZs) with 3 – 15 million people and an annual GDP of about CDN \$50-200 million. You may not be familiar with all of these cities, as there are approximately 30-35 of them, but you should not dismiss them in your strategy, especially

over the medium-term. They are increasingly served by cold-chain storage, and are characterized by a growing middle class with high disposable incomes.

- Third tier cities are economically significant within their regions, but will probably not be a part of your entry strategy to China. Demand for foreign goods is rising and e-commerce is gaining popularity, but logistical issues and incomplete distribution channels present significant barriers for an exporter new to the Chinese market. However, investment is being made to improve infrastructure and many residents of these cities have high purchasing power due to low costs of living relative to larger centres. In time, these cities will be easily accessible to foreign exporters. Tier 4, 5 and rural areas are typified by manufacturing or agriculture industries and at present import little-to-no foreign agrifood or seafood products.

2.2 – CHINA’S AGRIFOOD AND SEAFOOD SECTOR

China is one of the largest producers of agrifood and seafood in the world and places a great importance on maintaining and expanding domestic production. For example, the 2017 Annual Agricultural Policy Goals published by the Central Committee of the Communist Part of China (CCCPC) calls for food security in staple grain production; continuation of domestic support programs for grains; increased ability to use trade remedy measures; improvements to the food safety system; and, increased agricultural research and development. In addition to the focus on food security, the document also encourages farmers to improve products and to produce commodities that meet the increased demand from local consumers for better and more varied agricultural products. The Chinese leadership acknowledges the need to use the international market to supplement its supplies of agricultural products in the domestic market, but they are also cautious about relying too much on the international producers so as to not distort domestic prices and damage their local industries. The document indicates there will be continued efforts by the government to remain vigilant in conducting investigations against imported agricultural products and enhancing the legal framework to do so.

2.3 – CHINA’S AGRIFOOD AND SEAFOOD IMPORTS

China is the second largest importer of Canadian agrifood and seafood products (after the United States). During the next 10 to 20 years, China is expected to become the world’s largest importer of agricultural and food products.

In 2015, total exports of agriculture and seafood to China from Canada totalled over \$6.2 billion, which represents an increase of 23% over the in value exported in 2012. However, over the same timeframe Canada’s total agriculture and seafood exports to the world increased by 32% and China’s total agriculture and seafood imports from the world increased by 46%; Canadian companies lost Chinese market share to global competitors. As shown in the following table, from 2012 to 2015 Australia increased the value of agrifood and seafood exports to China by 134% and increased their market share by 60% (from comprising 3.2% of all Chinese agrifood and seafood imports in 2012 to 5.1% in 2015). Other winners in the sector included France (23% increase in market share), Thailand (13%), Vietnam (8%) and New Zealand (4%).

Table: Value of Agrifood and Seafood Exports to China, Top 10 Supplying Countries 2012-15

Country	Value of Exports (\$ Billions)			Market Share		
	2012	2015	%-Change	2012	2015	%-Change
USA	\$23.6	\$28.3	20%	25.6%	21.0%	-18%
Brazil	\$17.9	\$25.1	41%	19.4%	18.7%	-4%
Australia	\$2.9	\$6.8	134%	3.2%	5.1%	60%
Argentina	\$5.0	\$6.4	27%	5.5%	4.8%	-13%
Canada	\$5.1	\$6.3	23%	5.5%	4.7%	-16%
Thailand	\$3.7	\$6.2	65%	4.1%	4.6%	13%
Indonesia	\$4.6	\$5.1	12%	5.0%	3.8%	-24%
New Zealand	\$3.2	\$4.9	52%	3.5%	3.7%	4%
France	\$2.5	\$4.5	80%	2.7%	3.3%	23%
Vietnam	\$2.2	\$3.4	58%	2.4%	2.5%	8%

The following table describes the class (by 2-digit HS code) of agrifood and seafood products that, for each of the top supplying countries, achieved the highest rate of growth in value of exports to China between 2012 and 2015.

Table: Largest percentage increases in exports, by 2-digit HS code for top 10 supplying countries, 2012-15

Country	Product (by HS Code), Growth Rate in Value of Exports 2012-15
USA	Beverage, spirits and vinegar (+286%)
	Residues and waste from the food industries, prepared animal fodder (+165%)
	Products of the milling industry; malt; starches; inulin; wheat gluten (+165%)
Brazil	Beverage, spirits and vinegar (+12,000%)
	Fish and crustaceans, molluscs and other aquatic invertebrates (+225%)
	Cocoa and cocoa preparations (+195%)
Australia	Live trees and other plants; bulbs, roots and the like; (+717%)
	Sugars and sugar confectionery (+442%)
	Miscellaneous edible preparations (+402%)
Argentina	Preparations of cereals, flour, starch or milk; pastrycooks' products (+20,000%)
	Live animals (+13,600%)
	Other products of animal origin (-54%)
Canada	Cocoa and cocoa preparations (+696%)
	Coffee, tea, maté and spices (+444%)
	Miscellaneous edible preparations (+351%)
Thailand	Beverage, spirits and vinegar (+350%)
	Cereals (+278%)
	Miscellaneous edible preparations (+250%)
Indonesia	Dairy produce; birds' eggs; natural honey; other edible products of animal origin (+5,300%)
	Live animals (+1,000%)
	Lac; gums, resins and other vegetable saps and extracts (636%)
New Zealand	Products of the milling industry; malt; starches; inulin; wheat gluten (+9,000%)
	Sugars and sugar confectionery (+871%)
	Cocoa and cocoa preparations (+385%)
France	Cereals (+10,900%)
	Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage (452%)
	Live animals (+314%)
Vietnam	Miscellaneous edible preparations (+915%)
	Preparations of vegetables, fruit, nuts or other parts of plants (+706%)

Country	Product (by HS Code), Growth Rate in Value of Exports 2012-15
	Live animals (+462%)

Agrifood and seafood exports from BC to China are relatively concentrated among the top 5 commodities. Crab, pork products, food preparations and natural health products, geoduck clams and hake were responsible for 60% of the total value of all BC agrifood and seafood exports to China from 2014-2016. As described in the table below the growth of agrifood & seafood exports overall is due to the increased export value among the top 5 commodities.

Table: Top 5 BC Agrifood and Seafood Exports to China, 2014-16

Commodity	Value of Exports (\$ Millions)			2015-2016 %-Change
	2014	2015	2016	
Crab	84	98	134	+37%
Pork products	15	34	47	+39%
Food preparations for manufacturing & natural health products	15	17	30	+76%
Geoduck clams	22	23	28	+21%
Hake	20	15	24	+61%
Total top 5	156	187	263	+41%
Rest of Products	104	157	144	-8%
Total – All Agrifood & Seafood exports to China	260	344	407	+19%

2.4 – CULINARY CULTURE, CONSUMER LIFESTYLES AND CUSTOMER EXPECTATIONS

Urbanization and economic growth continue to have an impact on the culinary culture, consumer lifestyles and customer expectations in China. The growing middle-class is able and willing to pay higher prices for better quality products. As such, expenditures on food products have been increasing and in many cases growing faster than the growth in disposable income.

Imported food products are often sought by affluent Chinese consumers because having new culinary experiences is seen as prestigious and fun, but also because past food scares in the domestic market have led to the perception that foreign products (depending on the country of origin) are safer and have fewer additives or contaminants than domestic products.

This perception extends to Canadian products, which generally have a very good reputation in the Chinese market among consumers who are aware of them. The image of Canada as a multicultural country with friendly people, abundant natural resources and a clean environment helps position exports from B.C. favorably and should be reflected in your value proposition. However, keep in mind that competitors from other countries (e.g. New Zealand, Australia, Norway) make similar claims about the clean source and high quality of their products and natural environment so often this is not enough to effectively differentiate products in the market.

Just as when expanding into any new market, it is important for you to undertake detailed market research specific to your sector and products. More generally, the following are general trends and features of Chinese consumer patterns that you should be aware of:

- **Urbanization and economic growth are affecting consumer taste and interests.**

- *Snacks*: the health and wellness and convenience trends are influencing this category, leading to healthier snack offerings that are quicker to consume.
 - *Meal solutions*: ready-meal value sales are on the rise, and in particular chilled ready meals. Growth is set to continue as the time-pressured nature of urban life continues to expand.
 - *Small product size*: as the number of single-person households increases smaller product sizes are becoming more popular.
 - *Dining out / home delivery*: eating in remains the prevalent option over dining out within the foodservice industry. Opportunities for B.C. exporters may be found in supplying high-quality ingredients and trusted food products to the foodservice sector.
- **Health and wellness is an important part of Chinese culture that extends to food preferences and an increasing demand for high-quality fresh products.**
- *Demand for fresh products*: there is a growing demand for premium fresh products amongst Chinese consumers with higher disposable incomes. Food scares have led to a decline in the credibility of domestic fresh food products and the view that imported varieties represent safer and more nutritious options.
 - *Chinese food therapy*: healing by consuming specific amounts and combinations of foods is popular in China and also fuels demand among consumers for food products that they believe will benefit their health. Health and wellness packaged food is benefiting from this trend.
 - *Organics*: sales of certified organic food are trending upwards but it remains a niche sector, as many organic foods are still too expensive for most consumers and there is skepticism about their validity. Currently, the costs associated with achieving Chinese organic certification for imported products are also extremely high and the process is very time consuming.
- **Packaging and branding matter.**
- Chinese consumers are attracted by exquisite packaging and will often pay a premium for it. As well, brand halo effects are strong among consumers and can extend to countries considered famous for those products regardless of the brand itself.
- **E-commerce is emerging as a powerful force in the Chinese food market.**
- An emerging and solidifying trend in the Chinese market is the availability of wireless networks and hand held devices resulting in the rising trend of the ‘anytime, anywhere consumer’.
 - Government and private investment are improving cold chain logistics in areas outside of the first tier cities.
 - Online-to-offline (O2O) commerce represents a growing opportunity for both China’s e-commerce companies and retailers alike. Consumers have been drawn to the convenience of shopping for imported goods online and picking up their order at physical, “offline” locations at their own convenience.
- **Supermarkets/hypermarkets and foodservice chains are expanding into lower-tier cities.**
- While traditional wet markets are still present in China, they are increasingly meeting competition from modern grocery retail formats, such as hypermarkets, supermarkets and convenience stores. However, since 2013, supermarket and hypermarket growth rates have experienced a significant slowdown largely as a result of online competition and e-commerce.

2.5 – MARKET INTELLIGENCE

China is regionally diverse, so it is not enough to know broad generalities about the country; you must be acquainted with the particular region in which you're interested. You will want to also be aware of the government's economic and social priorities at the national and regional level, and be aware of the regulatory environment as it pertains to your sector.

As with any market, prior to expanding sales to China you will need to conduct market research specific to your product line. While it can often be a lengthy process it should not be overlooked as many of the problems that foreign companies encounter when doing business in China could have been avoided by carrying out reliable intelligence at the outset. In addition to answering any specific questions you might have, good market research allows you to:

- Determine if there is a potential market for your product;
- Understand the strategy, strengths and weaknesses of your major competitors;
- Strategize how best to position your product (e.g. price, packaging, value proposition) and leverage the highest potential competitive advantage;
- Minimize the risk of making a poor investment decision.

The following approaches and sources can be used to gather market information

- **Consult with government agencies and industry and trade associations in your sector.**
 - These could include: [B.C. Trade & Investment Representative](#), [Canadian Trade Commissioners](#), [Agriculture and Agrifood Canada](#), [Small Business BC](#), [Global Affairs Canada](#), [The Embassy of Canada to China](#), and chambers of commerce including the [Canada China Chamber of Commerce](#).
- **Conduct online research for available material.** Many of the following resources provide market-specific information free of charge, but there may be a fee to access larger quantities of intelligence or information that is particularly valuable or hard to come by.
 - [Canada Business Network](#) is a hub for the Canadian export market that includes links to market and sector information, trade statistics and sources of trade leads and potential partners.
 - [CIA World Factbook](#) is a reference resource with almanac-style information about the countries of the world. It provides summaries of the demographics, geography, communications, government, economy, and military of most of the countries of the world.
 - [Economist Intelligence Unit](#) is the research and analysis division of The Economist Group and world leader in global business intelligence.
 - [Food and Agriculture Organization of United Nations \(Statistics Division\)](#) is a source of knowledge and information related to agriculture, forestry and fishery.
 - [Global Trade Tracker \(GTT\)](#) offers original trade statistics from the world's principal trading countries.
 - The [National Bureau of Statistics of China](#) produces and makes available Chinese national statistics.
 - [Santander Trade Portal](#) is a resource that provides access to 40+ worldwide databases, 10,000 pages of information on 185 countries, and more than 150,000 suppliers and importers.
 - [United States Department of Agriculture's Global Agriculture Information Network \(GAIN\)](#) provides information and reports about the agricultural economy, products and issues in foreign countries that are likely to have an impact on trade.

- **Access a global research firms that conducts regular market intelligence in China.** The following are a sample of intelligence companies which are available to exporters, and it is possible you will find a suitable firm that is not listed below. Information from these sources will generally not be provided free of charge, but may be the only way to obtain certain information.
 - [Development Bank Canada](#) provides industry experts to identify the right collection tools and to handle data mining and analysis.
 - [Euromonitor International](#) is a leading provider of global business intelligence and publishes industry, country and global reports.
 - [Global Research & Data Services](#) publishes reports from over 200 industries and 100 countries, providing difficult-to-find market data.
 - [Hoovers Research](#) provides reports across a range of industries including the food & beverage sector. Global reports by Hoovers Research provide regional and country-level market analysis.
 - [Nielsen](#) studies consumer trends and habits in more than 100 countries.
 - [Planet Retail](#) is a leading provider of global retail intelligence.
 - [Stratistics Market Research Consulting](#) reports provide strategic recommendations, market forecasts, and competitive landscaping.
 - [VPG Market Research](#) publishes international market research for corporate executives and key decision-makers in the food & beverage industry, among others. VPG has clients in 70 countries and provides market intelligence and strategic insights.

- **Visit the market personally:**
 - Do not underestimate the value in simply taking a trip to China yourself to gather first-hand insights and intelligence. It can be very powerful not only in terms of talking to potential buyers and distributors but also in terms of identifying competing products. Visiting different supermarkets and retailers can be invaluable as it allows you to get a sense of products and packaging in China and allows you to assess the price range and market approach used by potential competitors.

SECTION 3: MARKET READINESS

The first step to achieving sales in China is ensuring that you are market ready. This means that your product is eligible for export to China and you are compliant with all necessary requirements, standards and regulations, including exporter registration, labelling, testing, inspection, and customs clearance preparations. Only then can you actually sell your products to Chinese buyers. You may have heard that you can sneak product into China through grey channels and avoid compliance all together; however, this is largely not the case any longer as the Chinese government has become increasingly focused on ensuring food safety and has increased enforcement of regulations. If you attempt to avoid the rules and regulations and do not succeed you could be banned from future exporting, and without compliance most serious buyers in China will not risk ordering your product because it is likely to be blocked at customs.

3.1 – CHINESE AGENCIES INVOLVED IN OVERSEEING IMPORTS

Several government agencies are involved with regulating aspects of import/export, including:

- [AQSIQ – The General Administration of Quality Supervision, Inspection and Quarantine of the People’s Republic of China.](#)
 - AQSIQ has a wide range of responsibilities including: national quality, metrology, entry-exit commodity inspection, entry-exit health quarantine, entry-exit animal and plant quarantine, import-export food safety, certification and accreditation, standardization, as well as administrative law-enforcement.

- [CIQ – China Inspection and Quarantine.](#)
 - Within the mandate of AQSIQ, China Inspection and Quarantine (CIQ) operates approximately 35 regional offices to support entry-exit inspection and quarantine requirements, including the inspection of import labels. They have the power to seize goods from foreign exporters due to missing or incorrect certifications or documentation.

- [GACC – The General Administration of Customs of the People’s Republic of China.](#)
 - Plays a crucial part in the import and export of products into and out of China after the AQSIQ inspection and quarantine process has finished and product application has been approved.
 - Generally, your importer will collect and submit to China Customs the: bill of lading, invoice, shipping list, customs declaration, insurance policy, purchase and sale contract, and where applicable, the import quota certificate, import licence and inspection certificates.
 - GACC collects and enforces all relevant taxes and duties owed, including value added taxes, customs duties, tariffs, and various other taxes.
 - GACC inspects and verifies all relevant import/export documentation, including examination of discrepancies between the quoted invoice of goods and actual value.

3.2 – REQUIREMENTS, STANDARDS & REGULATIONS

The key steps in becoming compliant with Chinese import requirements are described below. Exporters should refer to information on import requirements from [AQSIQ – The General Administration of Quality Supervision, Inspection and Quarantine of the People’s Republic of China](#), and discuss requirements with their buyer(s) in China and with Canadian officials at the [Canadian Food Inspection Agency \(CFIA\)](#) and [Canada Border Services Agency \(CBSA\)](#).

Requirements depend on the type of agrifood or seafood product you are exporting and so the steps you need to take to become market ready will vary by your sector and product, but at a minimum include the following:

- **Confirming your product is permitted for import to China**
 - The first and most important step is to confirm that your product is permitted entry to China, because not all agrifood and seafood products and product types are allowed entry.
 - This can be done by contacting a trustworthy source, such as your industry association, the [Canadian Trade Commissioner Service](#) or Agriculture and Agri-Food Canada’s [Market Access Secretariat](#).
 - If your product is not permitted for import into China by [AQSIQ](#), then technical market access has not been achieved and your only option is to contact the [Market Access Secretariat](#) for assistance.

- **Exporter registration**
 - As of October 1, 2015, interested foreign food exporters to China must register and fill out the Food Exporter application to be granted a registration number by [AQSIQ](#).
 - For some sectors you may also need to establish additional registrations. For example, in order to export non-live fish and seafood to China you must be added to the “*List of Canadian establishments approved for export to the People’s Republic of China*” by submitting documentation to the [Canada Food Inspection Agency \(CFIA\)](#).

- **Certification and testing requirements**
 - Depending on your product you will require certain certificates that may include food safety/public health attestations, animal health attestations, or both.
 - Many of the certifications and testing required will be familiar to you as similar requirements may be in place within the Canadian market or other export markets you are familiar with.
 - All exporters should confirm product requirements with the [CFIA](#) and [AQSIQ](#).

- **Labelling requirements**
 - Chinese laws require that packaged products exported to China have a Chinese language label that includes: name and trademark of the product; ingredients; net weight and solid content; name, address and telephone number of the manufacturer; production date (y/m/d) and storage instructions; packer/distributor (name and address); batch number; country of origin; quality guarantee and/or storage period (y/m/d); and, usage instructions.
 - Before packaged products are imported or distributed into China, your label must be verified by [CIQ – China Inspection and Quarantine](#). This generally takes one to two weeks.
 - The law bans the use of temporary adhesive labels but some foreign exporters continue to attach small and simple labels (translated into Chinese) on the outside of the package and successfully export their product into China. This approach is not recommended and is

something that may be more stringently enforced in the future by Chinese authorities. Always consult closely with your importer or distributor about labelling requirements as they have a vested interest in having your product clear customs upon arrival.

- Exporters should carefully discuss regulations and their application with Chinese importers to ensure that their interpretation of the regulations is accurate. Request a sample label and consider having one attached to the contract. Your freight forwarder may also be able to advise you on this, especially with respect to shipping labels.
- When going through this procedure you should consider specifying in your contract with the importer or distributor that you retain 'ownership' of the label after approval. This will make it easier to work with other distributors in the future should the need arise.

➤ **Customs and logistics**

- The usual documentation procedure is for the Chinese importer to collect the required paperwork and submit it to [China Customs](#). Depending on the product, documentation can include: bill of lading; invoice; shipping list; customs declaration; insurance policy; purchase and sale contract; import quota certificate, if applicable; import license, if applicable; and, inspection certificates, if applicable.
- The Harmonized Commodity Description and Coding System (HS) is an international goods classification system to categorize imported and exported goods in international trade, determine appropriate duty fees, identify goods and for freight documentation, etc. HS compliance is the mandatory classification and declaration of goods when entering or exiting a country. If you are unaware of the correct HS code(s) for your product(s) they can be looked up using [Canada Post's online tool](#).

SECTION 4: SELLING TO CHINA

4.1 – ROUTES TO MARKET

Most companies, especially smaller firms or those with little experience or networks in China, work through Chinese distribution and import partners in order to navigate China's complex regulatory environment and complicated supply chains. These key partners include importers and wholesalers, retailers, and e-commerce websites and companies.

4.1.1 Importers and Wholesalers

- **There are a vast number of individuals and companies acting as importers and wholesalers in China.**
 - Many possess networks and relationships with distributors and China's governing import bodies to navigate China's complex system of distribution, but others are not as capable or connected as they say they are. Always perform due diligence prior to establishing a contractual relationship with any importer or wholesaler in China (see [Section 4.3: Due Diligence and Avoiding Scams](#)).
 - Importers can operate both as a wholesaler and a distributor to retailers.
 - Importers and wholesalers typically handle the China Customs' import processes and manage product stock and inventory.
 - If you wish to validate the authenticity of importers or wholesalers in China, please contact a [B.C. Trade and Investment Representative](#) or a [Canadian Trade Commissioner](#) for guidance.

- **Importers have an interest in obtaining exclusive rights to your product and may try to have you sign such a contract.**
 - Remember, China is a vast country made up of many distinct markets. Before agreeing to offer an agent exclusive rights to your product you must consider how that would affect your strategy over the medium to long term.
 - Most agents cannot offer distribution beyond the city or region in which they work, and yet an exclusivity arrangement may cover the entire country and thereby effectively exclude you from doing business in other markets.
 - If you wish to validate the authenticity of an agent, please contact a [B.C. Trade and Investment Representative](#) or a [Canadian Trade Commissioner](#) for guidance.

4.1.2 Retailers

- **China has a vast retail sector comprised of both domestic and foreign companies operating throughout most first and second tier cities.**
 - Some of the largest grocery retailers are C.R. Vanguard (domestic), R.T. Mart (foreign), and Walmart (foreign).
 - Foreign retailers continue to enjoy a strong reputation among Chinese customers as sources of high-quality, fresh and ingredient-safe imported produce. However, domestic retailers continue to improve their reputation in terms of food safety and quality, as well as increasing their offerings of imported goods and produce.
 - Large retailers have advanced distribution networks and established cold chain infrastructure throughout Tier I and Tier II cities.

- Many offer “online-to-offline” (O2O) services (purchase online, physical pickup).
- **Retailers may support exporter involvement in product marketing more so than an average importer/wholesaler.**
 - Retailers, particularly high-end establishments, tend to work with foreign exporters on in-store branding and marketing efforts and place an emphasis on close collaboration with suppliers of high-end, high-quality produce.
 - Fresh fruit boutique and chain stores are also expanding into the imported and domestic market for high-quality food. These specialty stores sell primarily high-end, high-quality produce both online and offline to middle and upper class consumers.

4.1.3 E-commerce Websites and Companies

- **E-commerce in China is growing rapidly and may offer a promising route to market for many BC agrifood and seafood products.**
 - China is the world’s largest e-commerce market and is rapidly growing, with online sales surpassing \$670 billion in 2015.
 - E-exporting to China from B.C. to the consumer would typically involve engaging one of several third-party service providers who offer fulfillment services that facilitate the entire logistical process, including customs, storage, packaging, marketing, distribution and payments.
 - E-commerce companies typically operate in Tier I and some Tier II markets with well-established cold chain infrastructure and more affluent consumers with specific preferences in imported luxury items.
 - The Chinese government has recognized the immense potential for e-commerce, especially among agricultural and fresh fruit imports, and has offered support and stimulus in the form of reduction in tax rates, tariff reductions, and support for logistical development.
- **E-commerce is relatively flexible.**
 - E-commerce usually involves smaller import volumes, sometimes sourced via distributors but increasingly can function independent of distributors, wholesale markets and retailers through direct import.
 - E-commerce allows companies to quickly react to market fluctuations.
 - Quarantine and inspection processes are accelerated for B2C cross-border e-commerce for some products.
- **E-commerce is not well suited for all products.**
 - To be successful, you need to develop brand awareness and sustainable market demand. E-commerce sites are mostly interested in products that will have a fast turnover of stock, especially when dealing with products with a short shelf life, and a large, consistent supply.
- **E-commerce is a highly competitive market with many platforms to choose from and numerous pitfalls.**
 - New entrants should carefully research Chinese government rules and requirements, including participation costs of various platforms to evaluate the most appropriate business model.
- **O2O – Online to Offline – is a trend within the overall e-commerce market.**

- Consumers are increasingly making their purchases online, and then going to a physical location to pick up their goods. However, significant challenges in ensuring product freshness and quality through O2O channels still remain.

4.2 – DEVELOPING IMPORTER AND CONSUMER DEMAND

Once you determine which route-to-market is best suited for your product and company, you will need to develop a strategy that includes both B2B (business to business) and B2C (business to consumer) approaches in order to be successful in China. Engaging buyers, importers and distributors in China is important because they will make up your supply chain and routes to market, and can be extremely valuable sources of the local knowledge and contacts to promote your products and services, and can help you deal with institutional, language and cultural barriers. However, like in any market, demand will drive your sales, so it is important for you to consider B2C strategies to create awareness and interest in your product among Chinese consumers.

4.2.1 Food Exhibition Shows

There are many food exhibitions throughout China on a regular basis. Check with your industry association, [B.C. Trade and Investment Representatives](#), the [Canadian Trade Commissioner Service](#) or local sources for listings. Tradeshows are very useful because they allow you to learn about the Chinese market and the business culture in China while meeting many people in the sector. However, they can be costly investments, so you want to make sure that your approach to food exhibitions is designed to give you best possible chance at turning interest developed at the show into actual business. Many businesses end up being disappointed that the large number of conversations and apparent interest at shows do not translate to real sales.

- **Offering product samples allows potential dealers to do their own market research and consumers to learn about your products and brand.**
 - Ensure that the samples are not out of date.
 - Find a way to integrate a feedback mechanism into whatever you give away as a part of your ongoing market research.
 - If your product is not market ready (i.e. you are not compliant and cannot bring the item into China legally) you can consider bringing empty packaging to at least showcase how the product would look on the shelf, or you can apply to bring non-compliant product through an official exemption process; however, this involves considerable expense and time.
- **Ensure that your promotional material such as posters and brochures are presented and available in colloquial Chinese (with simplified Chinese characters).**
 - Investigate the feasibility of having your material printed in China to save the hassle and weight when travelling to the show.
- **Differentiate your products and brand from other exhibitors.**
 - Larger booths tend to create a bigger impact.
 - Consider joining a delegation of Canadian firms to be part of a large presence and to effectively trade on the Canadian brand. Joining an [AAFC's Canadian Pavilion](#) is a great approach to attending trade shows, especially for new or small exporters.
- **Develop a strategy for converting inquiries into meetings and business.**

- Chinese food exhibitions usually generate a host of inquiries, but that in of itself presents a problem. A simple follow up email in English is unlikely to generate a response.
- Do not rush to be on the first plane out as the event ends. Being available for meetings with potential buyers the week after a show is a good strategy.
- Many buyers you meet at tradeshows in China will use the mobile app WeChat to communicate and to share contact information when networking in professional settings. You should download this app and know how to use it for this purpose.

4.2.2 Websites, Web-portals and Social Media

- **Establishing an online presence can be an effective way to drive consumer and importer demand for your products.**
 - Your website should be in colloquial Chinese (with simplified Chinese characters), in a Chinese style, and be hosted in China. As well, any Chinese site must now comply with Chinese regulations and be issued a certificate. The person requesting the certificate must be a resident of mainland China. This speeds up downloads and is helpful in overcoming the Chinese firewall and preventing your site from being shut down.
 - You can produce a website but be careful of simply cloning your English site or only having a small amount of the copy available in Chinese. The site should be written in colloquial Chinese because people will search using Chinese script on Chinese search engines and these will generally not pick up English words.
 - Accessing the web over mobile phones is much more common than with a desktop in China, so your site build should support this.
 - Weibo (Chinese equivalent of Twitter) and WeChat (an instant chatting app) have hundreds of millions of active users and can provide an excellent location to carry out consumer awareness campaigns, conduct product giveaways, and other activities aimed at increasing demand for your product. The same requirements for your website – written in colloquial Chinese (with simplified Chinese characters) and presented in a Chinese style – also apply to social media campaigns.
- **Promoting your company through an established web-portal can put you into contact with a wide range of buyers.**
 - An alternative or complimentary approach to developing a stand-alone website for your company is to engage with a specialist web portal for food, such as [food2china](http://food2china.com). These are membership sites that include databases of professional buyers that use the site to search for products.
- **Generating interest and demand through education is important because Canadian food products may be unfamiliar to Chinese consumers.**
 - The challenge for many or all producers is that Chinese consumers will not be familiar with your products, which means they may be looking for information not only about the product, but about how it is cooked, used and served. It's important that you promote your product in a way that creates an experience and also educates.

4.2.3 Utilizing in-market resources to find buyers

- **Connect with industry associations and other professional bodies in China.**

- Engage [B.C. Trade and Investment Representatives](#) and [Canadian Trade Commissioners](#) with connections and on-the-ground expertise.

4.3 – DUE DILIGENCE AND AVOIDING SCAMS

Conducting due diligence is good practice and can be carried out on your behalf by a third party if you have the resources or need to conduct due diligence on several potential buyers in China. You will certainly want to conduct due diligence before making any transactions or contractual obligations, and it can also be useful in identifying potential scams or vetting unsolicited communications from entities claiming to be interested buyers. The market is booming and most exporters or potential exporters find that they are subject to many inquiries from individuals claiming to be successful importers, therefore it is important to consider the following aspects of conducting due diligence.

- **Use registration information to confirm that you are dealing with a legitimate company.**
 - It is mandatory for a Chinese company to register with the State Administration of Industry and Commerce (SAIC).
 - Checking registration information available on local SAIC's websites is an effective way to confirm that what you have been told by the potential buyer is true in terms of the registered capital, registered legal person, address, scope of activity permitted and license expiry date.
 - You can contact [B.C. Trade and Investment Representatives](#) and [Canadian Trade Commissioners](#) for assistance conducting basic due diligence of this nature.
- **Investigate the company's financial information and accountability.**
 - There are limited open channels to the public for accessing financial information in China, so you may find that you need the assistance of a third party professional service.
 - Company balance sheets may be available and can provide useful information on current assets, current debts and long-term liabilities.
- **Check references including suppliers, customers and competitors.**
 - A well-established company should be willing to provide you with references. A company with a single supplier or limited market may entail more risk.
 - Verify that your potential buyer is reputable and that they can actually provide the services you need.
- **Your own preparedness is also integral to diligence.**
 - Ensure that you have the necessary amount of market research and a sound understanding of your market segment.
 - Ensure you understand Chinese foreign-exchange regulations (if not, you may not get paid).
 - Ensure that you know what customs documents are required for the import of your product into China, and about any regulations that may affect your products.
 - Ensure you visit the market regularly. This will allow you to build on your knowledge of the market and demonstrate your interest and involvement in your Chinese operations.
 - If travelling is not feasible at a particular time, find a trusted associate to pay a prearranged or surprise visit to your potential buyer.
- **Be aware of potential fraud risks.**

- Individuals may claim to be interested buyers but in fact have ulterior motives that range from fraudulently obtaining product or money from you to conducting intelligence against your operations.
 - A request is made for cash for a banquet that is far in excess of the typical cost when negotiating a contract or cash is requested for travel expenses for an implied, essential meeting. You are receiving unsolicited interest, particularly when there is a request for a small order which quickly escalates into a large order that is tied to you providing samples or prototypes.
 - [Kompass China](#) maintains updated lists of known scams and fraudulent companies posing as importers.
- **Be aware of counterfeit items in the market place.**
- Some high-profile Canadian goods (e.g. wine) are routinely counterfeited and offered for sale in the Chinese market. If your product is vulnerable to counterfeit then you will need to be aware of this and take efforts to distinguish your product as authentic and legitimate.

SECTION 5: BUILDING RELATIONSHIPS IN CHINA

5.1 – INITIATING RELATIONSHIPS

Establishing strong and trusting relationships is necessary in order for you to achieve success in the China market. As in the formation of any relationship, there will be unique nuances with each potential buyer you meet. A few important and overarching aspects of initiating relationships in China include:

- **Introductions through a common party are important because the Chinese business environment is built on trust and reputation.**
 - You will find that it is common in China for people to prefer to do business with those they've met through people they know.
 - Cold calls from unknown persons can prove extremely fruitless and even if an unlikely success prevails establishing trust and respect will take significantly longer.
 - In the absence of a mutual connection, attending industry networking events, contacting industry associations and municipal or provincial investment promotion bodies, and following up on personal introductions are all good alternative ways to begin the relationship-building process.

- **Commitment to visit - allocation of time and budget**
 - You will need to develop deeper relations with your Chinese counterparts than would be expected in Western markets. Doing so will take time, persistence and most importantly a significant physical presence in your selected Chinese market. Spending as much time as you can in China and making frequent return trips is perhaps the single most important thing you can do to build meaningful relationships with Chinese buyers and partners.

5.2 – USING INTERPRETERS

Unless you (or key members of your management team) speak fluent Chinese, or you are certain that the management and decision makers associated with your potential Chinese buyer speak fluent English, you will need to enlist the services of a translator. While this may seem obvious, many companies make the mistake of underestimating the need for a good interpreter. Please note that the focus of [B.C. Trade & Investment Representatives](#) and [Canadian Trade Commissioners](#) is to provide market development and investment support services, not translation or interpretation.

- **Accept that you will need to invest in an interpreter.**
 - Even though English proficiency is increasingly common in China, your contacts may not be able to conduct detailed meetings or negotiations in English.
 - Do not expect to rely on an interpreter provided by the other party as this will result in you having little or no control over the conversation.
 - A good interpreter can make all of the difference between success and failure.

- **Rely on recommendations from trusted sources to find the right interpreter.**
 - There are many agencies and individuals holding themselves out as interpreters in China. Rely on recommendations from trustworthy sources or contact the [Canadian Trade Commissioner Service](#) for assistance.

- Ensure that your translator is proficient in the local dialect as China has many and not everyone has the capacity to converse in all dialects.
- **Integrate your interpreter into your team.**
 - Use your interpreter regularly and expect to make your interpreter(s) part of the team. This means that they will be fully briefed before important meetings or negotiations and should be trained to a high level so that they know your business and product line and will know the right questions to ask.
 - After the meeting, debrief your interpreter on what he or she saw or understood during the meeting. An experienced professional can give you a cultural interpretation.
 - **Be deliberate in your speech and body language when speaking through your interpreter.**
 - During a meeting, interpreters will normally sit behind you. It is important that you always look at the person you are addressing, not the interpreter, and remain patient during the interpretation.
 - Speak relatively slowly, avoiding jargon and long difficult sentences. If necessary, write down things like large numbers to ensure certain understanding.
 - Do not stop in mid-sentence or interrupt the interpreter.

5.3 – SOCIAL AND BUSINESS ETIQUETTE

To support the development of relationships it is important for you to be aware of certain aspects of Chinese social etiquette, customs and expectations as it they relate to business meetings and personal interactions. Doing so will be greatly appreciated by your Chinese counterparts and will go a long way to indicating your intent in China.

- **Respect 'Face'**
 - 'Face' is a very important and complex concept in China, and is one of the most important things for you to understand when it comes to building relationships in China. While there is no direct translation or single definition, it can be understood as being related to, or a combination of: prestige, dignity, honor, respect and status. Face helps denote the relative position a person occupies in their social network, the esteem in which one is held by others and even one's sense of personal worth. Face can be lost, maintained or enhanced.
 - You should view your professional and personal interactions as a mutual exercise in maintaining face. That is, both you and the other party have an obligation to maintain your own face, as well as that of the other's. Keep in mind that a person's face is also that of their organization.
- **Never cause yourself or others to lose face.**
 - Never publicly criticize or contradict anyone, refer to a mistake or outright disagree with a business contact. Discuss any concerns discreetly in private or use an intermediary.
 - Never lose your temper or become angry. Exercise patience and restraint.
- **Maintain and respect face by understanding seniority, hierarchy and customs.**
 - You must give the appropriate respect according to rank and seniority. For example, if you are buying gifts for an initial contact, make sure you buy better gifts for the senior managers instead of buying similar gifts across the board.

- **Give face by enhancing the prestige of others within their own business milieu.**
 - Take advantage of opportunities to subtly ‘give face’. One effective tactic is to complement their work to their colleagues and superiors.

Remember, the concept of face will be embedded in all of your business and personal interactions. Your Chinese counterparts are aware that you are from another country and business culture and will understand if you do not know all of the Chinese customs or ways of doing business. However, if you cause someone to lose face, even accidentally, it could permanently damage the relationship. Beyond this, keep the following things in mind as you set meetings and develop relationships.

- **Be organized and punctual**
 - Budget sufficient travel time to allow for the often unpredictable Chinese traffic patterns and if you are going to be late, be sure to call ahead.
 - Chinese business hours vary from 8:00am – 6:00pm. If you are not sure what time your business contacts commence work, avoid scheduling meetings early or late in the day. Likewise, make yourself aware of the Chinese calendar and national holidays and avoid scheduling meetings over such times.
- **Embrace the Chinese language**
 - Have Chinese-language materials (e.g. brochures, presentations) about your company to share with your hosts. While your contact in the organization may speak perfect English, the decision makers in the company may not.
 - Having a Chinese name, ideally one with meaning rather than a transliteration of your English name will be taken as a sign of respect as well. The best approach is to have a local contact or native speaker help create one for you.
- **If in doubt, go formal**
 - Government officials and top management dress formally for meetings and by doing so you can convey respect and seriousness.
 - Conservative dress for both men and women is the norm for business meetings. Ties are commonly worn.
 - A short-sleeved shirt without jacket or tie is acceptable in the summer for informal meetings. Jeans are acceptable for men or women in a casual setting.
 - Bright colors are considered inappropriate for business settings.

5.4 – TYPICAL MEETING PROTOCOL

As you work to develop relationships and build your network in China, you will be involved in meetings of various purposes and levels of formality. You can expect meetings to follow the general format below.

- **At the outset of the meeting**
 - As is common in Canada, meetings often start with handshakes. Always shake hands with the most senior people first and ensure that you are not too aggressive or overly firm with your handshake.
 - Business cards are of high importance and are exchanged even during relatively casual meetings. Treat the cards with respect by offering and receiving with both hands (holding the card corners between the thumb and forefinger), looking at and acknowledging each card you receive, and by ensuring that you do not write on the cards in front of your hosts/guests.

Business cards should be circulated in order of seniority and individually (one-to-one) and if possible, have one side of it translated into Mandarin.

- Depending on the formality of the meeting there may be a pre-determined seating arrangement based on the roles of people in the respective organizations. Seniority will form the basis of any seating arrangement. In the absence of pre-determined seating take the lead from your hosts.
- You may be applauded when you first meet your Chinese contacts. This is common in Chinese greetings and should be reciprocated.

➤ **Addressing people and making introductions**

- Ensure that you first address the most senior individual present. Remember that with Chinese names the family name comes first, so for example, a contact with the name of Wong Li Qiang should be addressed as Mr. Wong. Also, it is respectful to link names with positions (e.g. Director Wong). In business/formal settings, do not call someone by just their first name unless specifically asked or if you are long-time friends.
- The senior member of the hosting party should introduce him/herself and colleagues. If you are hosting, you will initiate the introductions. If you are a guest, your host will make introductions first, at which time your delegation will follow, observing the convention of seniority. Say your name clearly, and remember to state both the company you work for and your position. As a point of reference, know that Chinese will refer to their company first, then their title, and then their name when introducing themselves to others.
- Depending on the purpose of the meeting, the host may offer formal introductory presentation followed by his or her views and position on the matter in question.

➤ **During the meeting**

- Discussions are primarily between the two leaders, although either may elect to include others. Generally subordinate members of the Chinese party will not usually speak unless asked to do so by the most senior person; your observance of the same protocol (even if your management style permits a more fluid approach) will have the advantage of conveying who is in authority and who, within your own team, may have special expertise or authority in a given area.
- It is not unusual for key messages from the Chinese to be delivered late in the meeting.

➤ **Ending the meeting**

- The Chinese will normally signal the end of a meeting by referencing the busy schedule of your delegation, or an appreciative remark about how good the discussion has been. Your interpreter and senior leader should listen carefully for those comments.
- At the end of a meeting, a simple handshake and goodbye is sufficient. Guests are expected to leave before the hosts.

5.5 – NEGOTIATIONS

Not all meetings that you have in China will be negotiations. In fact, as mentioned, many meetings and other social interactions may be required before your potential buyer will be interested in establishing a formal contract and professional relationship. The following are aspects of the Chinese negotiation style that you should be aware of:

➤ **Be patient.**

- Chinese negotiations can extend for a long time. Sometimes important points will be left unresolved, in the hope of gaining concessions, until you're on the point of returning to Canada. If this happens, you can counter the effect by unexpectedly extending your stay. Anticipate these delays, and if they occur, stay calm, do not lose your temper and never cause anyone to lose face. Expect to bargain hard but be sure to know your bottom line and do not cross it.
 - Double-check translations of any documents and contracts to make sure they commit you to the same things in both languages.
- **Ensure you know who the key decision makers are.**
- Observe who walks into the room first, who opens the discussions, who sits in the middle and who the delegation defers to.
- **Designate the most senior member of your team as the spokesperson.**
- A senior representative from your business should already be on the visit to China. This is a strong signal that you consider your relationship with them to be important.

5.6 – SOCIAL ENGAGEMENTS

You will find that it is important to engage in social situations in order to develop relationships in China. Just as in Canadian business culture, interacting with business partners in social settings help to build up and maintain cohesion, ease of interaction and trust. In China it is crucial to actively engage in social situations outside of business hours as business relationships will often result from successful social relationships. It may seem to you that a lot of time is spent discussion matters outside of business, but more often than not, these interactions will shape the impression your potential buyer has regarding you, your company and the prospective deal. The same lessons regarding respecting face and hierarchy extend to social situations, but don't be afraid to have fun and showcase your personality. Follow the lead of your host when in doubt and keep in mind the following points:

- **When dining, drinking and toasting, follow the cues of your host.**
- As with business meetings, food and seating are usually pre-determined by the hosts and are indicated by name cards on the table. In the absence of name cards you can wait to be seated or follow the lead of your hosts. Likewise, follow cues from your hosts and start eating when the hosts begin or wait to be invited before you begin eating.
 - It is a sign of politeness to accept some of everything, and sample (even a little of) all dishes served.
 - Your hosts should cover the bill for the night. If you are hosting a meal, then the same expectation would be extended to you. In this instance, do not show money in front of your guests. Either have someone slip out and settle the tab or wait until your guests have left before paying.
 - Don't let the size of the glass fool you as to the power of the contents. Some Chinese alcohol is very strong.
 - Never drink from the toasting glass except during a toast. At most dinners and banquets, you may have three glasses: one for beer or mineral water; one for grape wine; and a small one for a grain spirit.
 - Your host will start off the banquet with a toast. You may choose to reciprocate, toast for toast, or to wait until the host, his or her colleague, and one other member of the hosting

party has toasted. When toasting, the Chinese normally say gan bei, which translates to “bottoms up”.

- If you cannot or do not drink for medical or personal reasons, this is respected but you should advise your host or your working level contact of this at the beginning of the banquet, or even beforehand. It will be noted carefully by your hosts and arrangements will be made to avoid embarrassing you.

➤ **Conversation might be personal and broad ranging, but don't expect detailed business conversation to occur in social settings.**

- The banquet is generally a social event in a formal context. Discussion will likely center around pleasantries, background information on the region or the company, but it is not a time for negotiating or discussing business deals.
- There are some taboo areas in social conversations with the Chinese including domestic and foreign politics, so unless you know the person very well you should avoid these topics.
- You should equip yourself with knowledge about China and the places you are visiting. You can share this knowledge during the conversation.
- Direct questioning is common in China, so don't be offended if you're asked how old you are and how much money you make. Privacy, especially of one's personal life, is generally not practiced in China.

➤ **Giving and receiving gifts can be an important part of creating and building relationships in China.**

- Gifts are usually given at the end of an introductory meeting or at a banquet. Delegations visiting China are normally expected to offer gifts to their hosts, and the opposite is true for Chinese travellers to Canada. If you are presenting a single group gift to the Chinese hosts, it should be presented from the head of your team to the most senior member of the Chinese team. If you give a gift to each member of the Chinese side, make sure they are of similar value, with the exception of the gift for the most senior person, whose gift should at the very least be perceived to have a higher value than that given to junior staff and should be presented first, before giving anyone else a gift.
- The gifts you give should not be too expensive. Think of something unique to Canada that you could share with your Chinese counterparts. If in doubt, ask an intermediary what they think should be given as a gift.
- Chinese tradition favours dark red, gold or blue, which are all appropriate colours for gift wrapping, but avoid wrapping gifts in white or black as those colors are associated with funerals.
- Clocks and green hats are also considered inappropriate gifts in China
- Always give and receive gifts or anything of value with two hands.
- Give gifts to your driver and/or interpreter to help maintain good relationships and bring an extra supply of gifts in case you are caught short-handed.

5.7 – MAINTAINING RELATIONSHIPS

Whether you are building a relationship ahead of a deal or have already signed contracts with Chinese buyers, you should invest time and effort in maintaining the relationships by continuing to engage with your contacts. For example:

- **Commit to regular contact.**
 - An ongoing exchange of information helps each party understand the other so they can build on their mutual interests. Often there is nothing in particular to discuss yet Chinese partners will continue to communicate frequently. Relationships maintained in this way tend to have fewer problems and raise fewer complaints.
 - Use events like Chinese New Year to send greetings to important Chinese contacts and friends.

- **Continue to make visits to China.**
 - Given the Chinese preference for face-to-face business visits to China will remain a regular feature of your Chinese venture even after the relationship has been established. These trips help maintain your already established relationship. You should also try to bring the same team with you on each visit so your buyers will be dealing with people they've already gotten to know.

- **Consider hosting your partners through reciprocal visits.**
 - You may also like to consider reciprocal visits. Paying for your partners in China to visit your Canadian operations is a good way of keeping them informed and motivated. About half of the trip should be devoted to rest and relaxation, leaving time for building the relationship and an affinity for Canada and Canadian products. When hosting Chinese guests, remember the effort they put into hosting and looking after you in China and reciprocate this.

- **Pursue communication channels with government officials.**
 - The influence of government officials on the way business is conducted in China is strong (though declining) so it pays to take the time to meet and build relationships with key officials. This can begin as simply a courtesy call to relevant government officials, alerting them of your existence demonstrating your transparency and respect. As a result, officials may provide advice and assistance.

SECTION 6: EXPORT SUPPORT AND RESOURCES

6.1 – B.C. TRADE AND INVESTMENT REPRESENTATIVES AND CANADIAN TRADE COMMISSIONERS

Both the Canadian and British Columbian governments support export market development by locating staff in priority markets in order to provide current and on-the-ground advice and guidance to B.C. companies. Making use of these individuals is highly recommended, particularly if you have limited on-the-ground experience in the Chinese market.

[B.C. Trade and Investment Representatives](#)

British Columbia's trade and investment team in mainland China has offices in Beijing (also serving northern China, including Tianjin and Dalian, as well as Mongolia) Shanghai (serving east China including Jiangsu, Zhejiang, Anhui, Henan and Hubei) and Guangzhou (serving regions including Shenzhen and Chongqing).

- **B.C. Trade & Investment Representatives can assist current and potential B.C. exporters with a variety of services, including:**
 - Generating market intelligence and trade leads for specific B.C. products;
 - Advising on market entry and development strategies;
 - Providing contacts to an extensive network of international industry, government and community influencers and partners;
 - Supporting B.C. exporter participation in trade missions, tradeshow and related events; and,
 - Providing training to introduce B.C. exporters to world markets.

[Canadian Trade Commissioner Service](#)

The Canadian Trade Commissioner Service, with on-the-ground-intelligence and practical advice on foreign markets, helps Canadian companies make better, more timely and cost-effective decisions in order to achieve their goals abroad. As part of Canada's embassies and consulates, Trade Commissioners have privileged access to foreign governments, key business leaders and decision-makers.

- **Whether doing business abroad for the first time, or looking to expand into new markets, Trade Commissioners can work with you to:**
 - Determine if you are internationally competitive; decide on a target market; collect market and industry information and improve your international business strategy;
 - Determine the level of opportunity that exists in a particular market, advise on appropriate approaches to the market and gauge the amount of effort and resources required;
 - Connect with industry associations, potential buyers and partners, professionals in financial and legal institutions, agents and other business representatives to support the execution of your export strategy;
 - Assist with due diligence by conducting basic preliminary research on a local company from public sources, and the resolution of business problems and issues that you face in foreign markets.

Please note that conducting thorough background checks on local companies or providing translation or interpretation services is not part of the mandate of either the [B.C. Trade and Investment Representatives](#) or the [Canadian Trade Commissioners](#). These services should be acquired directly by private sector service providers operating in foreign markets.

6.2 – LOAN AND COST SHARING PROGRAMS AND PROMOTIONAL SUPPORT

Provincial and federal governments (and other agencies) offer several programs and engage in promotional activities aimed at supporting and developing exporters.

- [**Growing Forward 2: B.C. Agrifood and Seafood Export Program**](#)
 - A cost-sharing program administered by the Investment Agriculture Foundation of BC, on behalf of the B.C. Ministry of Agriculture, aimed at further enabling B.C.'s agriculture, food and seafood sectors to increase export sales and expand international markets through participation in international market development activities. The program supports participation in international market development activities such as tradeshow, incoming and outgoing buyer's missions and tabletop events, and the development and translation of export-focused promotional materials.
- [**BC Agrifood & Seafood Market Development Preparedness Program**](#)
 - A cost-sharing program administered by PricewaterhouseCoopers (PwC) on behalf of the B.C. Ministry of Agriculture, designed to enhance the capacity of B.C.'s agrifood and seafood industry to develop and acquire skills, knowledge and services necessary to compete in domestic and international markets. Eligible activities include primary and secondary market research, strategic market development planning and marketing skills training.
- [**AgriMarketing Program – Small and Medium-sized Enterprise Component**](#)
 - A cost-sharing program offered by Agriculture and Agri-Food Canada for eligible producers and processors operating in the agriculture, agrifood, and fish and seafood sectors. To qualify, applicants must have completed market research and be export and market ready. Eligible activities must be targeted and aimed at developing exports into new markets or further penetrating existing export markets.
- [**Xpansion Loan Program**](#)
 - A loan program offered by the Business Development Bank of Canada aimed at companies wishing to expand their market, including export markets. Eligible activities include launching new marketing campaigns, developing new products, obtaining a certification, expanding foreign or domestic markets, and others.
- [**Export Guarantee Program**](#)
 - Export Development Canada (EDC) will provide a risk-sharing guarantee on behalf of program participants to their financial institutions in order to provide firms with access to increased working capital and term financing.
- [**Canada Brand**](#)
 - Agriculture and Agri-food Canada has developed a suite of free tools to help Canadian Agri-food and seafood companies gain a marketing advantage by linking Canada's positive image to

their products. These include Canada Brand graphics and a photo library of high-quality images for use in marketing and promotional materials.

SECTION 7: APPENDICES

APPENDIX 1 – KEY CONTACT INFORMATION

BC Trade and Investment Representatives

Website: <https://www.britishcolumbia.ca/global/trade-and-investment-representatives/china/>

Email: asia.pacific@gov.bc.ca

Beijing Office

Suite 2323, South Tower, Kerry Centre,
1 Guanghua Road, Chaoyang District,
Beijing, China 100020
Tel: +86 (10) 8535.7700
Fax: +86 10 8535.7701

Shanghai Office

Suite 2082, Level 20, The Center, 989
Changle Road, Shanghai, 20031,
P.R. China
Tel: +86 (21) 5116-6860

Guangzhou Office

Suite 1031, 10th Floor, HNA, No. 8
Linhe Zhong Road, Tianhe District,
Guangzhou 510610, P.R. China
Tel: +86 (20) 2831-7410

Canadian Trade Commissioner Service

Website: www.tradecommissioner.gc.ca/cn or <https://www.china.gc.ca>

Email: infocentrechina@international.gc.ca

Beijing Office

The Canadian Embassy in
China
19 Dong Zhi Men Wai Street,
Chaoyang District,
Beijing, 100600, China
Tel: +86 (10) 5139-4000

Shanghai Office

ECO City Building 8th Floor
1788 Nanjing Xi Lu,
Jingan District
Shanghai, 200040, China
Tel: +86 21 3279-2800
Fax: +86 21 3279-2856

Chongqing Office

Suite 1705, Metropolitan
Tower
Wuyi Road
Yu Zhong District
Chongqing, 400010, China
Tel: 86 23 6373-8007
Fax: 86 23 6373-8026

Guangzhou Office

26/F, Taikoo Hui Tower 1,
385 Tianhe Road,
Guangzhou, 510620, China
Tel: 86 20 8611-6100
Fax: 86 20 8611-6198

Key Chinese Government Agencies

AQSIQ

General Administration of Quality
Supervision, Inspection and Quarantine
No. 9, Madian East Road
Haidian District
Beijing, 100088, China
English language website:
<http://english.aqsiq.gov.cn>

CIQ

China Inspection and Quarantine
Services
C11 Jianxiang Villa, No.A 1 Huayanbeili,
Chaoyang District, Beijing
Fax: 10 8202 3325
English language website:
<http://en.ciqid.com>

GACC

General Administration of Customs of
the People's Republic of China
No. 6, Jianguomennei Avenue,
Dongcheng District, Beijing, China
English language website:
<http://english.customs.gov.cn/>

APPENDIX 2 – KEY PHRASES IN MANDARIN CHINESE

English	Mandarin Chinese	Pinyin
Welcome	歡迎光臨 [欢迎光临]	huān yíng guāng lín
Hello	你好 (informal); 您好 (formal)	nǐ hǎo; nín hǎo
Good Morning	早上好	zǎo shàng hǎo
Good Afternoon	下午好	xià wǔ hǎo
Good Evening	晚上好	wǎn shàng hǎo
Good night	晚安	wǎn ān
Goodbye	再見 [再见]	zài jiàn
See you later	一会儿见	yí huì-er jiàn
Pleased to meet you	幸會 [幸会]	xìng huì
How are you?	你好嗎(吗)?	nǐ hǎo ma
Fine, thank you	很好, 谢谢!	hěn hǎo, xiè xiè
And you?	你呢?	nǐ ne
Cheers! (toast when drinking)	乾杯! [干杯!]	(gān bēi) - "dry glass"
I understand	我懂	wǒ dǒng
I don't know	我不知道	wǒ bù zhī dào
I don't understand	我不明白	wǒ bù míng bai
Please say that again	麻煩你再说一遍 [麻烦你再说一遍]	má fan nǐ zài shuō yí biàn
Please speak more slowly	请说慢一点	qǐng nǐ shuō màn yí yīdiǎn
Please write it down	请写下来	qǐng xiě xià lái
Do you speak English?	你會說英語嗎? [你会说英语吗?]	nǐ huì shuō yīng yǔ ma?
Yes, a little	會, 一點點 [会, 一点点]	huì, yí diǎn diǎn
How do you say...In Mandarin?	... 中文怎麼說? [... 中文怎么说?]	... zhōng wén zěn me shuō
I don't speak Mandarin	我不說普通話	wǒ bù shuō pǔ tōng huà
English	英語	yīng yǔ
Excuse me	勞駕	láo jià
How much (is it)?	多少錢?	duō shǎo qián
Cheap	便宜	pián yì
Expensive	貴	guì
What is this?	這是什麼?	zhè shì shén me
Sorry	对不起	duì bù qǐ
Please	請	qǐng
Thank you	谢谢	xiè xiè
You're welcome	不客气	bú kè qi
What's your name?	你叫什麼名字	nǐ jiào shén me míng zi
My name is....	我叫...	wǒ jiào....
Where are you from?	你是從哪裡來的 [你是从哪里来的]	nǐ shì cóng nǎ lǐ lái de
I'm from....	我是從 ... 來的 [我是从 ... 来的]	wǒ shì cóng ... lái de
Yes	是的	shì
No	不是	Bú shì
Where is the toilet?	衛生間在哪裡? [厕所在哪里?]	wèi shēng jiān zài nǎ lǐ?
Bank	銀行	yín háng
Post office	郵局	Yóu jú
I'm lost	我迷路了	wǒ mí lù le
Can you help me?	你能幫助我嗎?	nǐ néng bāng zhù wǒ ma
What time is it?	現在幾點了?	xiàn zài jǐ diǎn le
This is my business card	這是我的名片	zhè shì wǒ de míng piàn