



larger companies, but it is critical for small to medium enterprises to determine up front the benefits versus the costs.

At the end of the day it's a long-term commitment that requires a lot of planning and preparation.

#### Reasons to consider manufacturing in China

- To maintain international competitiveness through lower costs:
  - labour – it is estimated that a company that manufactures in China can cut costs by between 30 and 80 percent depending on how labour intensive the product is
  - manufacturing – efficiencies and economies of scale
  - incentives offered by Chinese agencies.
- Access to China's rapidly growing domestic market.
- Brings production closer to Asian and European markets.
- Proximity to downstream manufacturers (increasingly based in China) for makers of intermediate goods.
- Lower capital costs.
- The entrepreneurial spirit of the Chinese and Chinese managers.
- Getting access to increasingly competitive and sophisticated Chinese research, science and technology, both in personnel and technologies.

Low labour costs, while remaining an important factor in decision making, should not alone justify moving or setting up Chinese manufacturing operations.

Keith Stevens, General Manager of Richina Pacific Ltd's Ovine Garment Leather Division in Shanghai, says labour costs in China are competitive with a lot of the other Asian countries. "But I wouldn't say it's cheap. In sophisticated cities like Shanghai, the cost of labour is increasing quite dramatically."

#### KIWI LESSON – PROXIMITY TO CUSTOMERS AND QUALITY MOST IMPORTANT

"Being competitive with your labour costs is important to being successful in any business, but there are other important factors. I think being close to your customer base and producing a quality product probably even outweighs the cheaper cost of labour. You must put an effort in here in China. You must ensure you have good quality systems and you have excellent training systems in place." – Keith Stevens, General Manager of Richina Pacific Ltd's Ovine Garment Leather Division in Shanghai

#### Reasons not to manufacture in China

- Language and cultural differences – it can be hard to get messages across.
- Commercial law is also a work in progress.
- High intellectual property protection costs.
- Risks to your brand.

- Long start-up times.
- Increased management overheads – for example communication difficulties, the need for stringent quality controls and the need to redesign operations.
- Long supply chains.
- Distance from New Zealand or other markets.
- Energy shortages and other operational problems.
- Inflexible manufacturing schedules.
- Variable quality control.
- Longer lead times.
- High staff turnover, especially engineers and senior management.
- The danger of production overruns by contract manufacturers and leakage of products onto the Chinese domestic and overseas markets.
- Variable quality of logistics, though this is improving around major metropolitan areas.

Many of the above represent hidden costs. Sometimes, especially for smaller companies, these indirect costs and issues can outweigh the direct benefits.

#### How to manage quality

A big issue facing companies considering manufacturing in China is quality control. It has been rated the most important operational issue faced by New Zealand companies in this market.

New Zealand fire detection equipment manufacturer Pertronic Industries says local Chinese manufacturers have difficulty meeting new safety and quality standards. "Lots of Chinese firms have very poor quality control, including the products used on major government projects. These companies don't have a long established background of quality manufacturing."

Pertronic warns that China can appear very impressive on the surface in that many products look good, but the quality control is "abysmal and products are shoddy".

The Chinese manufacturer Pertronic deals with is ISO approved and Pertronic says its quality control is "impressive".

Skellerup is another Kiwi company that has conquered the quality control issue – its quality control systems in China are the same as in New Zealand.

You can outsource quality inspections for your products. Independent inspection companies can visit your manufacturing partner's plant and do quality controls and production audits.





**KIWI LESSON – HAVE A QUALITY CONTROL MANAGER IN CHINA**

Kiwi sheetmetal, rollforming and folding equipment manufacturer Hayes International says quality control can be a real problem in China. In the past the company tried to manage the problem from New Zealand, but has now put in place a full-time quality control manager in China.

**KEY LEARNINGS**

- When examining the pros and cons, make sure you consider the options in the context of what is right for your company.
- A long-term business strategy should be driven by factors other than low labour costs.

**7.2 OPTIONS FOR MANUFACTURING IN CHINA**

**What manufacturing model should I choose?**

Businesses wanting to manufacture in China must balance their need to keep costs down and exert operational control of the factory. At the low cost/low control end of the spectrum is outsourcing manufacturing; at the high cost/high control end is direct investment in a manufacturing operation.

Whichever model you choose there will be the usual challenges of operating in China and any decision should be guided by your long-term business strategy. You should also consider your options in the context of what is right for your company.

One important issue is where your China-made products are going. Are you selling them all in China, exporting them all, or a mixture of the two; this will have different implications for your choice of manufacturing set up.

**How to get advice**

Before making any decisions you should get expert advice on your options from a private specialist advisor, preferably one based in China. New Zealand Trade and Enterprise can also put you in touch with specialists.

**What are the options?**

The manufacturing options are:

- contract manufacturing
- licensed manufacturing and technology transfer
- buying an existing manufacturing facility
- setting up a manufacturing facility.
- joint venture

It is common for companies to gradually increase their financial commitment to manufacturing in China from outsourcing through to ownership of a factory.

If you have set up a wholly foreign owned enterprise or a joint venture you can own manufacturing facilities. If you have only set up a representative office or are running your China operations out of New Zealand you cannot own a factory though you can manage outsourcing (without being able to invoice or accept revenues) through your representative office.

For more information on these business models and location issues see the “Entering the Market – Typical Models for Setting Up in China” and “Choosing a Location in China” sections.

**Contract manufacturing**

Contract manufacturing is a popular set up for Western companies wanting to manufacture in China because it is flexible and low cost. It can be a particularly good option for small New Zealand companies.

Other advantages include:

- making your business more competitive globally and in New Zealand
- the ability to handle higher production volumes
- lower storage costs
- speed from decision to actual production
- you don’t have to establish a legal and tax presence.



Disadvantages include:

- the amount of control the contract manufacturer has, for example over production schedules
- high ongoing management commitment required to anticipate and deal with problems
- managing communications
- managing quality control issues
- risks to Intellectual Property (IP) and brand. For more information on how to manage IP issues see the “Entering the Market – Intellectual Property Protection” section.

### **Licensed manufacturing and technology transfer**

Licensing is becoming more popular as IP enforcement improves, but you still need to thoroughly research any moves into either patent licensing or technology transfer.

You should also understand the business objectives of your Chinese partner – they may be different from yours.

For more information on IP protection see the “Entering the Market – IP Protection” section.

### **Owning your own manufacturing facility**

Wholly foreign owned enterprises (WFOEs) are the most common vehicles used by foreign companies set up a manufacturing company in China. For more information on WFOEs see “Entering the Market – Typical Models for Entry” section.

The advantages of owning your own factory include:

- complete control, including production cycles, quality and IP
- greater profitability as you retain the manufacturing margins.

Disadvantages include:

- amount of research needed on issues such as location, regulations and staffing
- length of time needed to get manufacturing underway
- significant investment, including capital and management time and resources
- having to deal with government regulations and local laws.

Scott Brown of RedFern Consulting says you need to know the relevant industry regulations first, then develop a strategy or a target list for acquisition; this should include an existing skilled labour force and possibly important licences and permits.

Starting from scratch and building your own factory can be a good way of putting your company’s mark on a factory and overcoming the entrenched problems you’d encounter with a joint venture or an existing facility.

But this option does put greater strain on most companies already limited resources of experienced and competent managers who are familiar with the local environment and can speak Chinese. You also shouldn’t underestimate the amount of management attention needed back home to open a new factory in a distant site.

### **KIWI LESSON – WHERE DO YOU FIND THE BOLT YOU NEED?**

“Until we began setting up our factory we did not truly understand the difficulties we would face in finding suppliers of products and services, for example just where do you find that bolt you require?” says Donald Stewart, Managing Director and Chief Executive of Skellerup. “There are no Yellow Pages for our region, and even our local staff members were of little use as they tend to work within family structures. This was a most frustrating time, as until you have built your supplier network everything goes so slowly.” Skellerup’s factory is in a relatively remote area (albeit beside a village of 60,000, and less than 30 minutes from a city of 300,000 and less than an hour from a city of three million).

### **Joint ventures**

Forming a manufacturing joint venture (JV) can be a drawn out process and it can be hard for New Zealand companies to negotiate a favourable position. For more information on JVs see the “Entering the Market – Typical Models for Entry” section.

JVs are demanding on your time and resources and need constant monitoring in critical areas such as finance, personnel and basic operations in order for them to be a success.

Advantages include getting immediate access to local knowledge and networks.

### **KIWI LESSON – JVs A GOOD OPTION FOR SOME**

“In terms of business structure, we’ve decided on a JV. One of the reasons is that we can benefit greatly from government support here at a number of levels – whether it’s financial support or whether it’s actually getting involved into the highest level with the JV. My feeling is that a JV works very well for us. It won’t work for everybody, but for us it has been a very successful business structure because it opens all sorts of doors for us that don’t exist if you come in simply as a foreign company. For example, we get very good tax concessions, we also get access to government funding for research which would not be available for a foreign company coming in and setting up here in Guilin.”  
– Dr Garth Smith, Managing Director, BioVittoria

### **KEY LEARNINGS**

- Manufacturing in China is a balance between keeping costs down and exerting operational control.
- Get expert advice before making any decisions.
- Consider all options in the context of what is right for your company.



# PHIL&TEDS CASE STUDY

## CONTACT MANUFACTURING – FINANCIAL AND STRATEGIC BENEFITS

When nursery products company phil&teds started manufacturing in China the set up phase was time and cash consuming. But the move has enabled phil&teds to increase capacity, get better economies of scale and match the cost structure of competitors.

### Outsourcing versus owning a factory

phil&teds sells nursery products in some 40 countries, including the US, UK and Europe, Australia and New Zealand. The company has a head office, sales and design centre in Wellington, but manufactures in China.

Management opted to outsource manufacturing to a Chinese company rather than set up its own factory in China for financial and strategic reasons, says phil&teds chief cook and bottle washer Campbell Gower. “We’re realistic about our strengths – which are in design and marketing – so we outsourced manufacturing to bring in expertise and capability.

“As a private company, our financial resources are limited so we have to invest where we are going to have the most impact – which is in intellectual capital rather than fixed assets.”

phil&teds chose a contract manufacturer in Shanghai which was far enough away from the city centre to have reasonable costs, but not so far away that logistics and infrastructure are a problem. Finished goods are exported out of China by international logistics and freight forwarding companies.

### Building a relationship

Since outsourcing manufacturing to China phil&teds has moved three times to new and bigger factories as its business grew and capacity constraints were hit. “We now have a factory where we are the only customer,” Gower says. “The benefits of this are focus, service, open pricing, risk sharing and mutual dependence.”

Finding and building a relationship with the contract manufacturer wasn’t difficult because phil&teds had a clear idea of its needs, he says. Management were prepared to spend time visiting the factories and meeting with the Chinese company. “Relationships are key. While we don’t own the factories used to produce our goods, we are their only customer. The 450 people working at these factories make products exclusively for phil&teds.”

Gower says there were no hidden costs in going to China. But the company has found that managing outsourced manufacturing takes nearly as much time as managing a factory in New Zealand. Communications with China are handled through onsite personnel, online chat, VoIP, email, direct computer asset and “lots of visits”.

### Managing quality

Quality is an important issue. phil&teds complies with ISO9000 internally, and has met seven product safety standards for various categories in eight different jurisdictions.

Management has worked hard on product quality control, which has improved from 70 percent defect free for any one product in 1999 to more than 99.5 percent in 2007.

“This has been achieved with a process that included hiring Mandarin speaking Chinese nationals, better production engineering, key relationship building with local Chinese suppliers, and the introduction of ISO9000 practices. This means we are much more confident of our product quality for consumers – especially as all product is shipped directly from China to market.”

### Protecting intellectual property

phil&teds has a strategy to protect intellectual property (IP) in all its forms – from design registration, to confidentiality agreements, to IP ownership of designs. New Zealand patent attorney AJ Park advised the company on this strategy, which includes protecting IP in China. “Our budget for external costs of IP protection is \$140,000 this year – we take it seriously. We want a reputation for being jealous guardians of our IP. We register our IP in key sales markets, and also in supply markets like China.”

To avoid any environmental or social responsibility issues the company has an ethical policy/code that is included in its supplier relationship agreement. It also has a policy of viewing any factory where its goods are made.

### Tips

- Be realistic about your strengths and invest where you can have most impact.
- Be clear about what you need in China.
- Spend time building relationships and visiting the factories.
- Ensure an ethical code is included in your supplier relationship agreement.

[www.philandteds.com](http://www.philandteds.com)

## 7.3 FINDING A MANUFACTURER AND LOCATION

### How to get the right manufacturer

If you do a Google search on “find manufacturer China” you will find page upon page of Chinese manufacturers whose specialties range from prom dresses to semi conductors.

The challenge in finding the right manufacturer is to cut through this cast of thousands touting their abilities. The internet and unsolicited emails are not good places to start.

Manufacturing in China, whether you are outsourcing or setting up your own factory, is a huge investment for most New Zealand businesses and the cost of getting it wrong can be crippling.

Getting it right requires thorough research.



## Getting help

It is important to get advice from experts and specialists who understand China, know your company and your needs.

There are a number of options:

- contact New Zealand Trade and Enterprise
- use specialist agencies and consultancies. Employ ones based in China or who travel to China on a regular basis
- contact Kiwi companies and individuals who have “been there, done that” in China and are willing to help newcomers.

Another option is contacting the New Zealand-China Trade Association.

If you are making contact with specialists you need to take great care. There are many horror stories of companies investing time and money in China-based research for little or no return.

You should do due diligence on any specialists you are planning to use, including any China ‘affiliates’. For more information on doing due diligence on specialists see the “Entering the Market – Doing Due Diligence” section.

One low risk way is to use New Zealand-based China experts where possible, but the experience of most New Zealand companies is that they eventually need to have specialists on board in China.

### KIWI LESSON – USE KNOWLEDGEABLE KIWIS

When Skellerup Industries was establishing a manufacturing plant in China, it turned for initial advice to a Kiwi with more than 10 years’ experience living, trading, establishing and running factories in China. It then used two more Kiwis — one born in China who was fluent in Mandarin and with a deep understanding of the Chinese culture — to help finalise due diligence and find a suitable factory site.

### The steps to finding a manufacturer

Companies looking to find the right manufacturer need to take the following steps:

1. Discuss your expectations and business model with a local consultant.
2. Learn the regulatory requirements of your target industry in China.
3. Research the market or industry to find the structure or normal channels – it is likely to be very different from what you assume.
4. Define your needs accurately and have someone on the ground in China research and vet them for you as a first step.
5. Short list the candidates and get quotations or references.
6. Do a proper legal background check on the final candidates to verify the information provided, including ownership, registrations and business scope.
7. Go and personally visit the top candidates with a trusted translator and experienced resident.

8. Use a proper legal translation from a law firm for final contracts but do much of the structure work yourself prior to that to save costs.

(Source: Scott Brown of RedFern Consulting)

### How to do due diligence

It is important to research any manufacturers you are considering doing business with to ensure that they are reliable and are capable of doing what they say they can do.

There are three basic quality levels of Chinese products:

- low quality destined for the Chinese domestic market – these factories compete on cost not quality
- middling quality destined for the home and less affluent export markets
- high quality, international standard products.

You need to make sure you are dealing with the latter, including the factory’s suppliers and sub-contractors. Ask for reputable client references, but don’t be surprised if none are forthcoming.

A factory ‘outsourcing the outsourcing’ can be a difficult issue to get to grips with. A number of international companies have come to grief not because they chose the wrong factory, but the factory was using sub-standard components supplied by a sub contractor.

Factories often will not be upfront about their outsourcing. It’s not necessarily a bad thing – it can help to cut costs – but you need to be aware of it because it can complicate quality assurance.

If you can, go to the sub-contractor’s factory and see it for yourself.

New Zealand fire detection equipment manufacturer Pertronic Industries warns that China’s manufacturers can appear very impressive on the surface, but the quality control can be abysmal and products shoddy.

However, there are also many Chinese factories that are as modern and automated as any in the world.

It can be hard to verify whether a factory is committed to the labour and environmental standards that you need to be able to sell your products.

For general information on doing due diligence, see the “Entering the Market – Doing Due Diligence” section.

### Finding the right location

Getting the location of your factory right is not such a big issue when you are outsourcing – the Chinese factory owner has to cover most location-related issues.



However, it is probably the biggest single issue if you are planning to build or buy a factory. Getting your location wrong can be costly. Factors you should consider regarding where to site your factory include:

- how good is the local infrastructure, eg electricity supply
- how close is the support structure you need, eg the availability of skilled workers and technical experts
- how good is the local logistics system.

The advice of some Kiwi companies in China is to first look at locating in a special economic zone (SEZ), which not only offers financial incentives but also assistance managing issues such as utilities, factory support and logistics. The costs may be higher, but the benefits may be worth it.

If there is a chance that you may place a New Zealander in China to manage the venture or the investment then ensure that it's in or close to a part of China that the average New Zealander could cope with.

For more information on choosing a location see the "Entering the Market – Choosing a Location" section.

#### **KIWI SOLUTION – ASK THE RIGHT QUESTIONS**

"How we went about finding a location was taking quite a lot of time researching what style of company we wanted and most specifically where it was going to be located. That proved to be the decision that took us the longest amount of time and was the most difficult to get information about. In the end we realised it was about us asking the right questions." – Don Johnson, Marketing Manager Lumber, Pan Pac Forest Products.

Pan Pac has a warehouse and distribution centre in the Tianjin Free Trade Zone. It took the company two years to decide to locate there. "Our own way of achieving that was to seek consultation with people that were already operating in China in all the various forms; that included government agencies as well as other expatriate based company associations that we had."

#### **KEY LEANINGS**

- Thoroughly research your options by doing due diligence on the ground and vetting options.
- If you employ specialist agencies and consultancies, use ones based in China, or with strong links to China.
- Internet research options can be dangerous, but can be a starting point.
- Be careful of the "What do you make? What do you want?" manufacturing generalists.
- Don't read too much into locals' claims of 'guanxi' – everybody has a cousin or connection, few turn out to be genuine or useful.
- Investigate what a factory can actually do versus what they say they can do.

- Make sure you are comfortable with the factory's environmental and labour records.
- Visit shortlisted factories – more than just once.
- Consult with Kiwi companies that have "been there, done that".
- Set your quality standards before making any manufacturing commitments.
- Do due diligence on final selections.

## **CASE STUDY**

### **SETTING UP A FACTORY – SHOULD YOU BUILD OR BUY?**

When NDA Group decided to set up a factory in China it considered all the options – contract manufacturing, a joint venture or setting up a greenfields operation. But eventually the engineering company decided that the fastest and simplest way to get into China was to buy an existing business.

#### **China's appeal**

NDA makes large stainless steel process vessels and other equipment, and is building a network of plants around the world to service its global customers. In 2005 the Hamilton-based company decided it needed a manufacturing operation in China to improve its price competitiveness and to bring it closer to a growing customer base in Asia.

When NDA began investigating options in China it quickly ruled out contract manufacturing or a joint venture with a Chinese company. "Anyone who spends time in China soon hears horror stories about joint ventures that went terribly wrong and the toll this took on the Western partner," says NDA Chief Executive Robert Alloway. "We didn't want to join that list of failures."

Contract manufacturing created intellectual property problems. "Our customers give us the designs for their technology and we build it. They know their IP is safe with us, but it might have been at risk if we'd used contract manufacturing in China."

#### **Buying an existing business**

NDA got as far as exploring potential sites for a greenfields factory, but soon realised it would take at least three years to set up and train staff. Fortunately the company then heard about a factory that was being sold by its US owners who'd decided to exit manufacturing.

"We acquired the business in February 2006 and we were very lucky to find it," says Alloway. "It made the whole process of setting up much easier – the structure was already in place for things like business systems and accounting. Everything was set up to US standards so we didn't have to go through a whole re-education process with the Chinese business."

NDA bought the factory as a wholly foreign owned enterprise (WFOE), the equivalent of a foreign-owned Chinese company.



“The WFOE was surprisingly easy to set up, although it involving filling in numerous forms and required considerable patience,” Alloway says. “In the Western world we are very eager to do things quickly, but in China there are many processes that need to be followed and patience is critical.”

### **Help setting up**

NDA was helped through the process by the WFOE’s existing management, who handled the bureaucracy, and China-based accounting consultancy Dezan Shira. It did a full due diligence, although getting clear information wasn’t always easy. “Even ascertaining how many workers you have in a factory can be hard in China”.

The factory, which now has 130 staff, is located in an industrial zone in Jiading, which has a good supply of labour and is a 30-minute motorway ride away from the ports of Shanghai. This is important because about 80 percent of output is exported.

Alloway rates Shanghai NDA products as comparable with those produced elsewhere in the world. “But you have to constantly inspect quality because little things can slip through the cracks.”

### **Managing the China operation**

When NDA bought the factory it inherited the existing General Manager – a Chinese national who is Western educated. The middle management team includes two New Zealand managers looking after projects and workshops. “When we first set up we tried hard not to populate the business with Kiwis. But we’re finding that China can’t be a hands-off operation. We’ll never have a large number of New Zealanders or Americans based in China. However, I believe we’ll always have some presence there to make communication and introducing new techniques easier.”

### **Managing concerns back home**

The news that NDA had bought a manufacturing business in China was greeted with caution by the company’s New Zealand and Australian staff, who were concerned about the implications for their jobs.

“People are just starting to understand that we are not going to downsize our Australasian operations. We’ve made a conscious effort to introduce our staff to the Chinese operation and we’ve seconded several staff up there to learn about China manufacturing. We’re starting to get global acceptance that the China plant is just part of the family and is not a threat to manufacturing in the US or Australasia.”

### **Tips**

- Be patient. Bureaucracy and the emphasis on relationships means things happen slowly.
- Realise that in China “Yes” means “I heard you”, not “I agree with you”.
- New Zealand businesses should compete in China on quality and on-time delivery. Anyone who tries to compete on price alone is doomed to failure.



# USEFUL WEBSITES

## INTRODUCTION

[www.ChinaFTA.govt.nz](http://www.ChinaFTA.govt.nz)

New Zealand Trade and Enterprise exporter information and services  
[www.marketnewzealand.com/MNZ/Services/default.aspx](http://www.marketnewzealand.com/MNZ/Services/default.aspx)

## RESEARCHING THE MARKET

### Research

New Zealand Trade and Enterprise's China country brief  
[www.marketnewzealand.com/common/files/china-cb.pdf](http://www.marketnewzealand.com/common/files/china-cb.pdf)

The Ministry of Foreign Affairs' overview of China  
[www.mfat.govt.nz/Countries/Asia-North/China.php](http://www.mfat.govt.nz/Countries/Asia-North/China.php)

The National Bureau of Statistics of China  
[www.stats.gov.cn/english/](http://www.stats.gov.cn/english/)

ChinaToday.com's general information base  
[www.chinatoday.com](http://www.chinatoday.com)

Practical information and tips on setting up in China  
[www.diligencechina.com/blog/](http://www.diligencechina.com/blog/)

List of "20 best blogs" about business in China  
[www.panasianbiz.com/2006/10/20\\_best\\_blogs\\_about\\_business\\_i.html](http://www.panasianbiz.com/2006/10/20_best_blogs_about_business_i.html)

The Economist Intelligence Unit's China snapshot  
[www.alacrastore.com/country-snapshot/China](http://www.alacrastore.com/country-snapshot/China)

The World Bank's report on China's opportunities and challenges  
[www.worldbank.org.cn/english/content/cdp.pdf](http://www.worldbank.org.cn/english/content/cdp.pdf)

The Central Intelligence Agency's World Fact Book's entry on China  
[www.cia.gov/library/publications/the-world-factbook/geos/ch.html](http://www.cia.gov/library/publications/the-world-factbook/geos/ch.html)

Economic policy information from the National Development and Reform commission  
<http://en.ndrc.gov.cn/>

[www.anz.com/china/faqs.asp](http://www.anz.com/china/faqs.asp)

China Briefing  
[www.china-briefing.com](http://www.china-briefing.com)

### Visiting China

The Chinese Ministry of Foreign Affairs' introduction to Chinese visa procedures and applications  
[www.fmprc.gov.cn/eng/ljzg/3647/3648/t18417.htm](http://www.fmprc.gov.cn/eng/ljzg/3647/3648/t18417.htm)

Embassy of the People's Republic of China in New Zealand's visa and passport information  
[www.chinaembassy.org.nz/eng/](http://www.chinaembassy.org.nz/eng/)

Travel advice issued by the Ministry of Foreign Affairs and Trade  
[www.safetravel.govt.nz/countries/china.shtml](http://www.safetravel.govt.nz/countries/china.shtml)

Market New Zealand .com's guides for Beijing, Guangzhou and Shanghai  
[www.marketnewzealand.com/MNZ/services/14432.aspx](http://www.marketnewzealand.com/MNZ/services/14432.aspx)

## ENTERING THE MARKET

### Protecting intellectual property

Detailed information on registering patents from the State Intellectual Property  
[www.sipo.gov.cn/sipo\\_English/](http://www.sipo.gov.cn/sipo_English/)

Detailed information on trademarks  
[www.ctmo.gov.cn/](http://www.ctmo.gov.cn/)

IP-related blogs on Danwei website  
[www.danwei.org/intellectual\\_property/](http://www.danwei.org/intellectual_property/)

IP Dragon blogspot  
<http://ipdragon.blogspot.com/>

IP-related information and news from a consortium of international companies  
[www.qbpc.org.cn/](http://www.qbpc.org.cn/)

### Building relationships

New Zealand Trade and Enterprise has three offices in China and one in Hong Kong  
[www.nzte.govt.nz/section/CONTACTUS.aspx](http://www.nzte.govt.nz/section/CONTACTUS.aspx)

Kea China provides a great contact point for Kiwis throughout China  
[www.keanewzealand.com/keagroups/keagroup.html?componentid=433681](http://www.keanewzealand.com/keagroups/keagroup.html?componentid=433681)

### Negotiations and meetings

ChineseNegotiation.com assists international investors and managers  
<http://chinesenegotiation.com/>

### Dealing with government and local authorities

An overview of China's political structure (including who's who and links to government websites)  
<http://english.gov.cn/index.htm>

### Doing due diligence and avoiding scams

DiligenceChina.com has a sample of due diligence questions to ask  
[www.diligencechina.com/China-due-diligence\\_Part3\\_%20Due-Diligence-Questions.htm](http://www.diligencechina.com/China-due-diligence_Part3_%20Due-Diligence-Questions.htm)

## SELLING IN CHINA

### Using agents and distributors

Fiducia management consultancy's checklist for selecting an agent  
[www.fiducia-china.com/News/2006/409-1124.html](http://www.fiducia-china.com/News/2006/409-1124.html)

### Marketing

The Hong Kong Trade Development Council's market profiles of Chinese cities and provinces  
[www.tdctrade.com/main/chinamap.htm?w\\_sid=194&w\\_pid=632&w\\_nid=&w\\_cid=&w\\_idt=1900-01-01&w\\_oid=&w\\_jid=](http://www.tdctrade.com/main/chinamap.htm?w_sid=194&w_pid=632&w_nid=&w_cid=&w_idt=1900-01-01&w_oid=&w_jid=)

Nielsen report on market trends in China  
[www2.acnielsen.com/reports/documents/2006\\_cn\\_trendwatch\\_acnielsen.pdf](http://www2.acnielsen.com/reports/documents/2006_cn_trendwatch_acnielsen.pdf)

Biztradeshows.com's list of trade shows in China, grouped by city and industry  
[www.biztradeshows.com/](http://www.biztradeshows.com/)

### Getting your products into China

For information on import quotas, tariff rates, rules of origin and product and safety standards  
[www.ChinaFTA.govt.nz](http://www.ChinaFTA.govt.nz)

The New Zealand Food Safety Authority's Overseas Market Access Requirements (OMAR) for China  
[www.nzfsa.govt.nz/](http://www.nzfsa.govt.nz/) (password protected)

Information on China's zoosanitary, phytosanitary inspection and certification requirements for live animals, animal germplasm and plant and forestry product exports to China  
[www.biosecurity.govt.nz/commercial-exports/overview](http://www.biosecurity.govt.nz/commercial-exports/overview)

## SETTING UP A BASE IN CHINA

### Finding premises

A directory of real estate agencies from MyChinastart.com  
<http://real-estate.mychinastart.com/>

Market New Zealand.com sets out the costs of setting up an office in Shanghai, Beijing and Guangzhou  
[www.marketnewzealand.com/common/files/](http://www.marketnewzealand.com/common/files/)

### Hiring staff

Accounting firm Lehman Brown's FAQs on employment issues and standard employment terms  
[www.lehmanbrown.com/FAQ-HR.htm](http://www.lehmanbrown.com/FAQ-HR.htm)

Lehman Brown's FAQs for personal financial management for expats  
[www.lehmanbrown.com/FAQ-PFM.htm](http://www.lehmanbrown.com/FAQ-PFM.htm)

Practical tips on recruitment and retention from recruitment firm Pacific Bridge  
[www.pacificbridge.com/publication.asp?id=81](http://www.pacificbridge.com/publication.asp?id=81)

[www.hewitt.com](http://www.hewitt.com)  
[www.manpower.com.cn](http://www.manpower.com.cn)

### Accounting and auditing

Lehman Brown's frequently asked questions and answers on accounting in China  
[www.lehmanbrown.com/FAQ-Acc.htm](http://www.lehmanbrown.com/FAQ-Acc.htm)

Executive search company DaCare's China Employment Handbook  
[http://blog.dacare-group.com/index.php/2006/08/11/china\\_employment\\_handbook](http://blog.dacare-group.com/index.php/2006/08/11/china_employment_handbook)

## NAVIGATING CHINA

### Getting paid and repatriating profits

The Hong Kong Shanghai Banking Corporation's banking FAQs  
[www.hsbc.com.cn/1/2/misc/faq5#a](http://www.hsbc.com.cn/1/2/misc/faq5#a)

The Hong Kong Trade Development Council's explanation of invoice management  
[www.tdctrade.com/chinaguide/6-2.htm](http://www.tdctrade.com/chinaguide/6-2.htm)

Lehman Brown's run down of China's debt collection system  
[www.lehmanbrown.com/PTODec2005.htm#top](http://www.lehmanbrown.com/PTODec2005.htm#top)

### Getting legal advice and resolving disputes

The US-China Business Council's source of unofficial translations of China's laws and regulations  
[www.uschina.org/index/browse.php?cat=48](http://www.uschina.org/index/browse.php?cat=48)

Comment on legal issues from China Law Blog  
[www.chinalawblog.com/](http://www.chinalawblog.com/)

Dispute resolution article from alibaba.com  
[http://resources.alibaba.com/article/156/Dispute\\_Resolution\\_in\\_China.htm](http://resources.alibaba.com/article/156/Dispute_Resolution_in_China.htm)

### Taxes and tax breaks

The Hong Kong Trade Development Council's information on taxes, including computation  
[www.tdctrade.com/chinaguide/4-1.htm](http://www.tdctrade.com/chinaguide/4-1.htm)

### Managing logistics

News, reports and research from the China Supply Chain Council  
[www.supplychain.cn/](http://www.supplychain.cn/)

China Federation of Logistics and Procurement's website  
[www.chinawuliu.com.cn/en/news/content/200609/20062859.html](http://www.chinawuliu.com.cn/en/news/content/200609/20062859.html)

Research and reports from the Logistics Institute – Asia Pacific  
[www.tliap.nus.edu.sg/](http://www.tliap.nus.edu.sg/)

A report on logistics in China from Logistics Management  
[www.logisticsmgmt.com/article/CA6405806.html](http://www.logisticsmgmt.com/article/CA6405806.html)



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