

# Ways and Explanations for Foreign Enterprises Entering China

Compiled by ChinaEntryHub.com China Market Access Service Center

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**Core References:** The Customs Law of the People's Republic of China, the Special Management Measures for Foreign Investment Access (Negative List), the Cross-border E-commerce Retail Import Goods List, and other official regulations. Below are the mainstream entry methods under compliance, which companies can select based on their scale, product characteristics, and market strategies. **Chinaentryhub.com**, the China Market Access Service Center, can provide comprehensive support for enterprises in navigating these processes.

## I. No Need for Establishing a Local Entity: Light-Asset Testing Model (Suitable for Initial Market Research, Small-Batch Trial)

### 1. Cross-border E-commerce Retail Import (B2C)

**Core Definition:** Selling products to individual consumers in China through cross-border e-commerce platforms registered with customs, with two core models: "Bonded Stocking" and "Overseas Direct Shipping."

**Bonded Stocking Model:** Products are shipped in advance to a bonded warehouse under Chinese customs supervision. After a consumer places an order, the goods are cleared and shipped from the bonded warehouse, ensuring fast delivery (usually 1-3 days). It must comply with the Cross-border E-commerce Retail Import Goods List, with a transaction limit of 5,000 RMB per order and 26,000 RMB annually, taxed at the cross-border e-commerce integrated tax rate (lower than regular trade tariffs).

**Overseas Direct Shipping Model:** Products are shipped directly from overseas after the consumer places an order. The customs clearance process is handled by the platform or logistics provider, with a slightly slower delivery time (7-15 days). It is also subject to transaction limits and product list restrictions.

**Applicable Scenarios:** Suitable for mid-priced, high-frequency consumer products such as cosmetics, baby products, health supplements, and light luxury goods. Ideal for brands skilled in online operations and seeking rapid access to end consumers.

**Compliance Points:** Must register on compliant cross-border platforms such as Tmall Global, JD Global, Douyin E-commerce, and complete customs filing. Product labels must meet Chinese language requirements, and product qualification certificates (e.g., inspection reports) must be provided. Chinaentryhub.com can guide enterprises through the platform registration and customs filing process, ensuring smooth entry into the market.

## 2. General Trade Import (B2B)

**Core Definition:** Foreign enterprises directly sign trade contracts with Chinese companies (e.g., distributors, agents, supermarkets). After complete customs clearance, the products enter the Chinese market, with the domestic enterprise responsible for subsequent sales.

**Applicable Scenarios:** Suitable for large-volume, standardized products (e.g., raw materials, industrial parts, bulk commodities, fast-moving consumer goods). Ideal for foreign enterprises lacking local operational capacity and wishing to use domestic company channels for market penetration.

**Compliance Points:** Complete the customs clearance process and provide documents such as commercial invoices, packing lists, certificates of origin, product access certifications (e.g., CCC, food registration, medical device registration), and pay tariffs, VAT, and other taxes. Chinaentryhub.com can assist in navigating these regulatory requirements, ensuring that all documentation is in order for seamless market entry.

## 3. Distribution/Agency Cooperation Model

**Core Definition:** Foreign enterprises sign cooperation agreements with local distributors or agents in China. The local entity handles product importation, customs clearance, warehousing, logistics, channel expansion, and sales operations, while the foreign enterprise only provides products and brand authorization.

**Distribution Model:** The local distributor buys the product outright, sets its own pricing, and assumes market risks.

**Agency Model:** The local agent receives a commission based on sales, while the product ownership remains with the foreign enterprise, with shared risks.

**Applicable Scenarios:** Suitable for small and medium-sized foreign enterprises unfamiliar with Chinese market regulations and with limited resources. Ideal for products (e.g., daily necessities, food, home goods) requiring rapid penetration into

lower-tier markets and utilizing local distribution networks.

**Compliance Points:** A formal authorization cooperation agreement must be signed, clearly outlining the rights and responsibilities of both parties. Ensure that the distributor/agent has the legal qualifications for import and sales, and monitor their compliance operations (e.g., avoiding false advertising, illegal pricing). Chinaentryhub.com can help draft and review these agreements, ensuring that both parties are in full compliance with Chinese laws.

## **II. Establishing a Local Entity: Deep Localization Operation Model (Suitable for Long-Term Market Engagement and Scalable Development)**

### **1. Establishing a Foreign Invested Enterprise (WFOE/JV) for Self-Operation**

**Core Definition:** The foreign enterprise establishes a wholly-owned subsidiary (WFOE) or a Sino-foreign joint venture (JV) in China as the local operating entity, responsible for the entire range of operations, including product importation, warehousing, sales, brand promotion, and customer service, with full operational control.

**Applicable Scenarios:** Suitable for foreign enterprises determined to focus on the Chinese market long-term with adequate budgets. Ideal for products requiring strong brand control and personalized operations (e.g., high-end luxury goods, electronic products, medical devices, service-related products).

**Compliance Points:** Complete registration with the local authorities, including business registration, tax registration, and foreign exchange registration. The local entity must comply with foreign investment industry policies (industries on the negative list may have ownership ratio restrictions). Establish a complete compliance system, including financial internal controls, labor contract management, and data security.

**Chinaentryhub.com** can assist in setting up the WFOE/JV, handling all necessary registrations and ensuring compliance with local laws.

### **2. Localized Production + Local Sales**

**Core Definition:** The foreign enterprise sets up a local factory or partners with a local manufacturer to produce products within China, directly selling them to the local market without the need for cross-border importation. This method significantly reduces logistics and tariff costs.

**Applicable Scenarios:** Suitable for manufacturing-based foreign enterprises, products

with high logistics costs or short shelf lives (e.g., fresh produce, food), and products requiring adaptation to Chinese consumer needs (e.g., voltage adjustment, formula changes). Ideal for enterprises aiming for mass production and long-term market establishment (e.g., auto parts, home appliances, fast-moving consumer goods).

**Compliance Points:** Local production must comply with Chinese environmental and safety production standards. Products must undergo domestic quality certification (e.g., CCC certification, industrial product production licenses). Complete production and product filing with the relevant authorities. **Chinaentryhub.com** provides guidance in setting up local production operations, ensuring compliance with environmental and safety standards.

### **III. Special Channel Models (Targeted Adaptation for Specific Products/Scenarios)**

#### **1. Duty-Free Channel Sales**

**Core Definition:** Products are sold through duty-free channels such as airport duty-free shops, port duty-free shops, or city duty-free shops, targeted at outbound/inbound travelers. These sales are exempt from tariffs, import VAT, and consumption tax.

**Applicable Scenarios:** Suitable for high-end consumer goods such as cosmetics, tobacco and alcohol, luxury goods, and high-end watches. Ideal for foreign enterprises with high brand prestige and high average transaction values.

**Compliance Points:** Must register with customs-approved duty-free operators. Products must comply with the duty-free goods list. Subject to customs supervision of duty-free channels. **Chinaentryhub.com** can help navigate the duty-free process and connect enterprises with the necessary operators.

#### **2. Exhibition/Temporary Import Sales**

**Core Definition:** Products are displayed and sold through international exhibitions held in China (e.g., Canton Fair, China International Import Expo), or temporary importation procedures are used for short-term promotional activities.

**Applicable Scenarios:** Suitable for new product launches, market research, and short-term testing. Ideal for tech products or niche custom goods.

**Compliance Points:** Temporary imports require customs temporary registration. Sales at exhibitions must be conducted within the designated scope defined by the event organizers. Products that exceed the temporary period must be converted to general trade imports. Chinaentryhub.com can guide enterprises through the temporary importation and exhibition sales processes, ensuring they are fully compliant.

#### IV. Key Recommendations for Selection

- 1. Initial Market Testing:** Prioritize "Cross-border E-commerce Retail Import" or "Distribution/Agency Cooperation" for low-cost, low-risk, quick market demand validation. Chinaentryhub.com can assist in selecting the most efficient entry model for testing the market.
- 2. Scale Expansion:** Choose "General Trade Import + B2B Distribution" or "Establish a Local Entity for Self-Operation" to enhance channel control and brand influence.
- 3. Long-Term Commitment:** Consider "Localized Production + Omni-Channel Operation," combining online (e-commerce platforms) and offline (stores, supermarkets) channels to adapt to Chinese market characteristics.
- 4. Special Products:** Adapt channels based on product categories (e.g., duty-free goods should go through duty-free channels; medical devices need to be registered before going through general trade or local production).

It is important to emphasize that the choice of entry channels for foreign enterprise products in China is not a static decision but needs to be dynamically optimized according to the company's development stage, product characteristics, and long-term market strategy. Regardless of the entry method, **Chinaentryhub.com** ensures compliance is always the primary prerequisite, and companies should fully consider regulatory differences, consumer preferences, and channel characteristics in China to successfully transition from "smooth market entry" to "steady market expansion."



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