

DOING BUSINESS IN MAINLAND CHINA

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Market profile

China is now the world's second-biggest economy, and some of its provinces by themselves would rank fairly high in the global league. It could provide significant market opportunities of growth or internationalization for Finnish SMEs in China.

Economy and business structure

Nominal GDP 2022: \$17.94 trillion (+3%)

GDP per capita 2022: \$12,700 (Finland 50,464€)

GDP-Purchase Power Parity 2022: \$28.9 trillion

GDP (per capita PPP) 2022: \$20,500

Unemployment rate 2022: 5.5%

Trade surplus 2022: \$887.6 billion

Largest trade partners (export + import): Association of Southeast Asian Nations (\$947 billion +15%), European Union (\$821 billion +5.6%) and USA (\$734 billion +3.7%)

Finnish exports to China in 2022: \$4.36 billion (+11%)

FACTS

- Merchandise exports
- Capital: Beijing
- Official language: Mandarin Chinese
- Area: 9.6 million sq km
- Population: 1.41 billion

Key industries and their trends

Manufacturing

China is the global manufacturing hub and the manufacturing industry added value, taking 30% of the global manufacturing industry in 2021, has been ranking No. 1 globally in the 11 consecutive years. Of the world 500 main industrial products, China dominates nearly 40% as largest producers. China is in the process of transition from high-speed growth to high-quality development. At the same time, along with industrial upgrading, China's manufacturing industry will gradually shift from "Made in China" to "Intelligent Manufacturing from China". There is no doubt that "Intelligent manufacturing" will become the inevitable trend of future manufacturing development.

Mining

The mining is among the major industries in the Chinese economy. The country has the third largest coal reserves in the world, behind the United States and Russia with some estimates claiming the reserves can sustain the country for more than a century. The largest open-pit coal mine in China is situated in Haerwusu

and has an estimated 1.73 billion tons of coal reserves. Majority of the coal is consumed domestically with China being the world's biggest coal consumer, with an annual consumption of about 3.2 billion tons. It is also a global leader in the production of non-metal minerals. The country has an annual production rate of 97 million tons of phosphate rock. Other valuable minerals produced in China are tungsten, copper, tin and iron ore among others.

Energy

China is the largest energy consumer in the world, and the total energy consumption keeps a high growth rate. From 2000 to 2020, China's total energy consumption rose from 1.47 billion tons of standard coal to 4.98 billion tons of standard coal, with an average annual growth rate of 6.28 %. According to the average growth rate of energy consumption in the past five years of 2.79%, by 2030, the total consumption is expected to reach the level of 6.557 billion tons of standard coal. China is grappling with the problem of lacking a unified national grid system for proper distribution of the electricity. The vast size of the country is also a problem due to voltage drops experienced as electricity is transmitted across long distances.

Agriculture

Agriculture is another major industry in China's economy with the country being both the largest consumer and producer of agricultural products in the world. About 300 million people work in China's agricultural industry, the majority of whom are small-scale farmers. The most important crop produced in China is rice which is cultivated on millions of acres of land. The country which was traditionally known for its aquaculture is also the largest producer of poultry, eggs, and pigs.

Services

China's service sector has doubled in size over the last two decades to account for about 46% of GDP. In 2013, it surpassed China's secondary industries for the first time. Within the service sector are transport, storage and post (5% of GDP), wholesale and retail trades (10%), hotel and catering services (2%), financial services (6%), real estate (6%) and mishmash of services categorized as 'other' (18%).

Consumer

China hosts the second largest consumer goods markets in the world. The robust market, increasing demand from growing middle class, new value consumption from new generations as well as improving e-commerce infrastructure provide largely untapped potential for consumer business.

Important things to consider when doing business in China

Business culture in China varies from southern cities to northern. While language is important in bridging an intercontinental relationship, cultural expectations and etiquette behind the language are more essential. Developing insights into the Chinese business culture and social etiquette of China will help you avoid miscommunication and potential misunderstandings. You could find details in links below.

[Doing Business in China 2022 | Insight | Baker McKenzie](#)

[Business Culture and Etiquette in China | Today Translations](#)

Ready-made information available online:

Many official websites require a registration for the company in order to access their guidebooks. EU-SME Center provides some free reading and some after company registration. Useful links can be found below.

EU SME Centre in China: <https://www.eusmecentre.org.cn/>

China IPR SME Helpdesk: <https://www.china-iprhelpdesk.eu/>

EUCCC European Chamber in China: <https://www.europeanchamber.com.cn/en/home>

The World Bank: <http://www.doingbusiness.org/data/exploreeconomies/china>

McKinsey: <https://www.mckinsey.com/featured-insights/china/china-and-the-world-inside-the-dynamics-of-a-changing-relationship>

HSBC: <https://www.business.hsbc.com/business-guides/china>

Market data sources and other useful links

Country Information

- [General Administration of Customs of PRC](#)
- [Ministry of Commerce People's Republic of China](#)
- [National Bureau of Statistics of China](#)
- [China National Intellectual Property Administration](#)
- [China Basic Public Data](#)

Company information

- National Enterprise Credit Information Publicity System <http://gsxt.gdgs.gov.cn/> (Chinese)

Industry information with relevance to Finnish offerings (e.g. Associations)

Bio & Circular

- China Association of Circular Economy www.chinacace.org
- Chinese Society for Biomaterials www.csbm.org.cn
- China National Renewable Energy Centre <https://www.devex.com/organizations/china-national-renewable-energy-centre-cnrec-54268>
- State Grid Energy Research Institute www.sgeri.sgcc.com.cn
- China Paper Association <http://en.chinappi.org/index.html>
- China National Furniture Association <https://www.cnfa.com.cn/ens.html>
- EU Project Innovation Centre (Chengdu) <https://www.eupic.org.cn/indexen/index?>

Consumer Business and Food & Beverages

- China Animal Agriculture Association www.caaa.cn
- China Bakery and Confectionery Industry Association www.china-bakery.com.cn
- China Aquatic Production Chamber of Commerce <http://www.acfic.org.cn/>
- Cold Chain Logistics Committee of China Federation of Logistics and Purchasing <http://en.chinawuliu.com.cn/>
- China Meat Association www.chinameat.org

Health and Wellbeing

- National Medical Products Administration <http://english.nmpa.gov.cn/> former CFDA
- National Health Commission <http://en.nhc.gov.cn/>
- Chinese Medical Association <http://en.cma.org.cn/>
- China Association for Medical Devices Industry <http://en.camdi.org/>

Smart Mobility and Automotive (Including Maritime & Offshore)

- Ministry of Science and Technology www.most.gov.cn
- China Industry Innovation Alliance for the Intelligent and Connected Vehicles <http://www.caicv.org.cn/index.php/index>
- Shanghai Society of Naval Architects and Marine Engineers <http://www.ssname.com.cn/shcbyhy/en/index.html>

Digitalization & IoT

- Ministry of Science and Technology www.most.gov.cn
- China Academy of Information and Communication <http://www.caict.ac.cn/english/>
- Alliance of Industrial Internet <http://en.aii-alliance.org/index.php>
- Internet Society of China <https://www.isc.org.cn/english/>

Metal, Machinery and Manufacturing

- Ministry of Science and Technology www.most.gov.cn
- Ministry of Commerce (MOFCOM) www.mofcom.gov.cn
- China Machinery Industry Federation www.cmif.org.cn
- China Chamber of Commerce for Imported & Exported of Machinery & Electronic Products www.cccme.org.cn