

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.

FACTS

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

Economy and business structure

Nominal GDP 2023: \$17.7 trillion (+5.2%)

GDP per capita 2023: \$12,556 (Finland 50,018€)

GDP-Purchase Power Parity 2021: \$17.9 trillion

GDP (per capita PPP) 2023: \$23,309

Unemployment rate 2023: 5.1%

Trade surplus 2023: \$608 billion

Largest trade partners (export + import): Association of Southeast Asian Nations (\$508 billion -2.9%), European Union (\$487 billion -5.9%), USA (\$486 billion -9.1%), and Latin America (\$238 billion +2.3%)

Finnish exports to China in 2023: \$382 million (-11.9%)

Key industries and their trends

Manufacturing

China is the global manufacturing hub and the manufacturing industry added value, taking 27.7% of the global manufacturing industry in 2023. China is transforming manufacturing towards higher level automation with sustainable and intelligent solutions. There is no doubt that "Intelligent manufacturing" will become the inevitable trend of future manufacturing development. Opportunities for Finnish companies are in digitalization, energy efficiency, utilization of new renewable energy sources, environmental protection and automation.

Mining

China's production of raw coal, steel, ten non-ferrous metals, and cement ranks first in the world, while its production of phosphate ore and pyrite ranks second and third respectively. Its crude oil production ranks

fifth in the world. Crude oil, natural gas, and 36% of other ore production come from 7,679 state-owned mining enterprises. At present, there are 140,000 non-state-owned mining enterprises (including foreign-invested enterprises).

The comprehensive utilization and recycling rate of mineral resources is gradually increasing. At present, the recovery rate of scrap steel in China is 40%, and the comprehensive recovery rate of scrap non-ferrous metals is 27.70%; Almost all platinum group and rare elements come from comprehensive utilization; Nearly one-third of sulfuric acid raw materials are also comprehensively recovered during the production process of non-ferrous metals. Some mining enterprises have comprehensively developed gas, oil shale, kaolin, and high alumina clay associated with coal, and processed and utilized coal gangue and fly ash, resulting in good economic and environmental benefits. Encourage mining enterprises to carry out scientific research and technological transformation on the comprehensive utilization of "three wastes" (waste residue, exhaust gas, and waste liquid); Encouraging the recycling and utilization of waste metals and secondary resources.

Energy

China is the largest energy consumer in the world, and the total energy consumption keeps a high growth rate. Chinese government keeps investment in new energy industry. In 2023, China investment in key energy projects accumulated to approximately 0.4 trillion Euro, with a year-on-year growth rate of 1.6%. While the investment in new energy increased by over 34% comparing with last year. 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.

Construction

With up to 2 billion square meters constructed annually, China is the largest building construction market in the world, accounting for nearly half of new construction globally in the coming decade. New real estate development has been slowing down, however, with China's urbanisation rate set to swell to 70% by 2030, the task of decarbonising construction is more pressing. The Chinese authorities are aware of this challenge, and have put sustainable construction at the centre of the country's priorities.

Food and other consumer goods

China hosts the second largest consumer goods markets in the world. With the continuous expansion of China's opening-up and the recovery of the global supply chain, the scale of China's import market continues to expand. The robust market, increasing demand from growing middle class, new value consumption from new generations as well as improving e-commerce and cross-border e-commerce infrastructure provide largely untapped potential for consumer and food business.

Circular Economy

The development trend of China's circular economy is comprehensive, covering policy support, resource efficiency improvement, industrial system construction, technological innovation, green finance, international cooperation, and addressing climate change at multiple levels. With the continuous deepening and implementation of policies, the continuous advancement of technological innovation, and the gradual improvement of market mechanisms, China's circular economy has broader development prospects.

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](#)

[Introduction-doing-business-china-2023.\(asiabriefing.com\)](#)

[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)

Circular Economy

- 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>
- China Packaging Federation www.cpf.org.cn
- 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
- National Medical Product Administration (Cosmetics) <https://english.nmpa.gov.cn/cosmetics.html>
- China National Furniture Association <https://www.cnfa.com.cn/ens.html>

Health and Wellbeing

- National Medical Products Administration <http://english.nmpa.gov.cn/> former CFDA
- National Health Commission <http://en.nhc.gov.cn/>
- China Association for Medical Devices Industry <http://en.camdi.org/>
- Guangdong Medical Devices Association <http://www.1200.org.cn/>
- Shenzhen Medical Devices Association <https://www.samd.org.cn/home/index>
- Zhejiang Medical Devices Association <https://www.zamei.org.cn/>
- Chinese nongovernment Medical Institutions Association <http://www.cnmia.org/>
- HK Gerontech platform: <https://gtplatform.hk/en/>
- HK Hospital Authority IT Innovation office: <https://innovation.ha.org.hk/>

Maritime & Ports

- Ministry of Transport www.mot.gov.cn
- Ministry of Industry and Information Technology www.miit.gov.cn
- Maritime Safety Administration www.msa.gov.cn
- China Shipowners' Association (CSA) www.csoa.cn
- China Ports Association (CPA) <http://www.port.org.cn/>
- China Association of the National Shipbuilding Industry (CANSI) <http://www.cansi.org.cn/>
- Shanghai Society of Naval Architects and Marine Engineers (SSNAME) <http://www.ssname.com.cn/shcbyhy/en/index.html>

Digitalization & IoT

- Ministry of Industry and Information Technology www.miit.gov.cn
- Ministry of Science and Technology www.most.gov.cn
- Cyberspace Administration of China www.cac.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>
- China Software Industry Association www.csia.org.cn

Metal, Machinery and Manufacturing

- Ministry of Industry and Information Technology www.miit.gov.cn
- China Machinery Industry Federation www.cmif.org.cn
- China Iron & Steel Association www.chinaisa.org.cn
- China Nonferrous Metals Industry Association www.chinania.gov.cn
- China Chamber of Commerce for Imported & Exported of Machinery & Electronic Products www.cccme.org.cn