



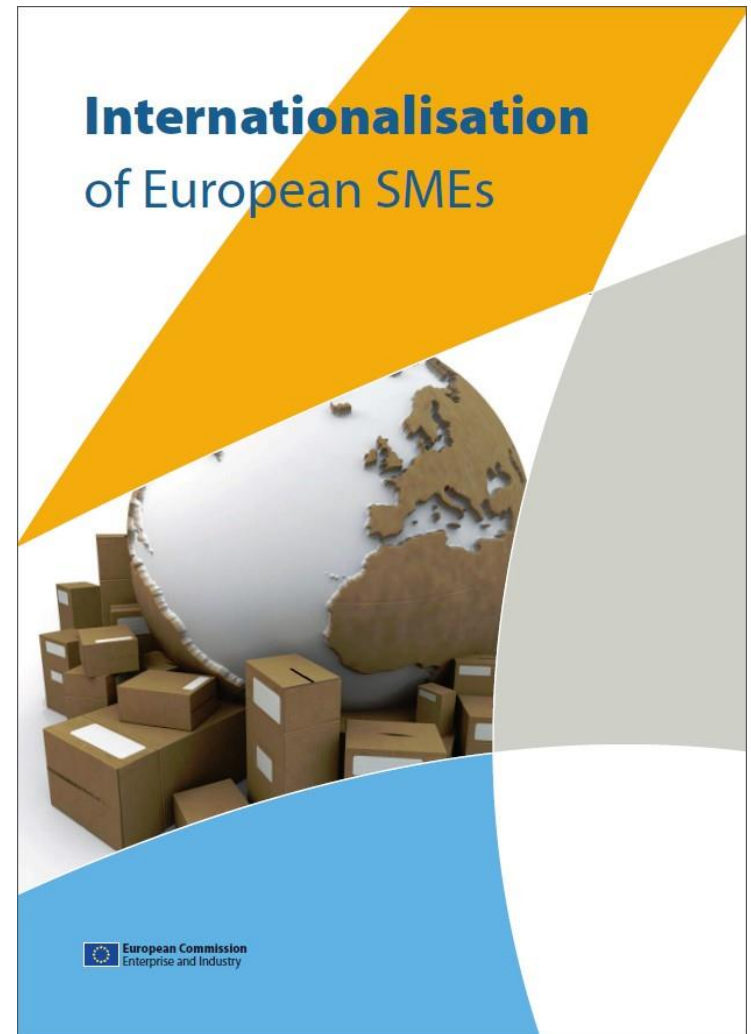
# **Business opportunities for EU SMEs in China**

**March 31<sup>st</sup>, 2014**



# China on the radar?

- 22 million SMEs in the EU
- 13% of EU28 SMEs export beyond internal market
- Only 250,000 SMEs export to China

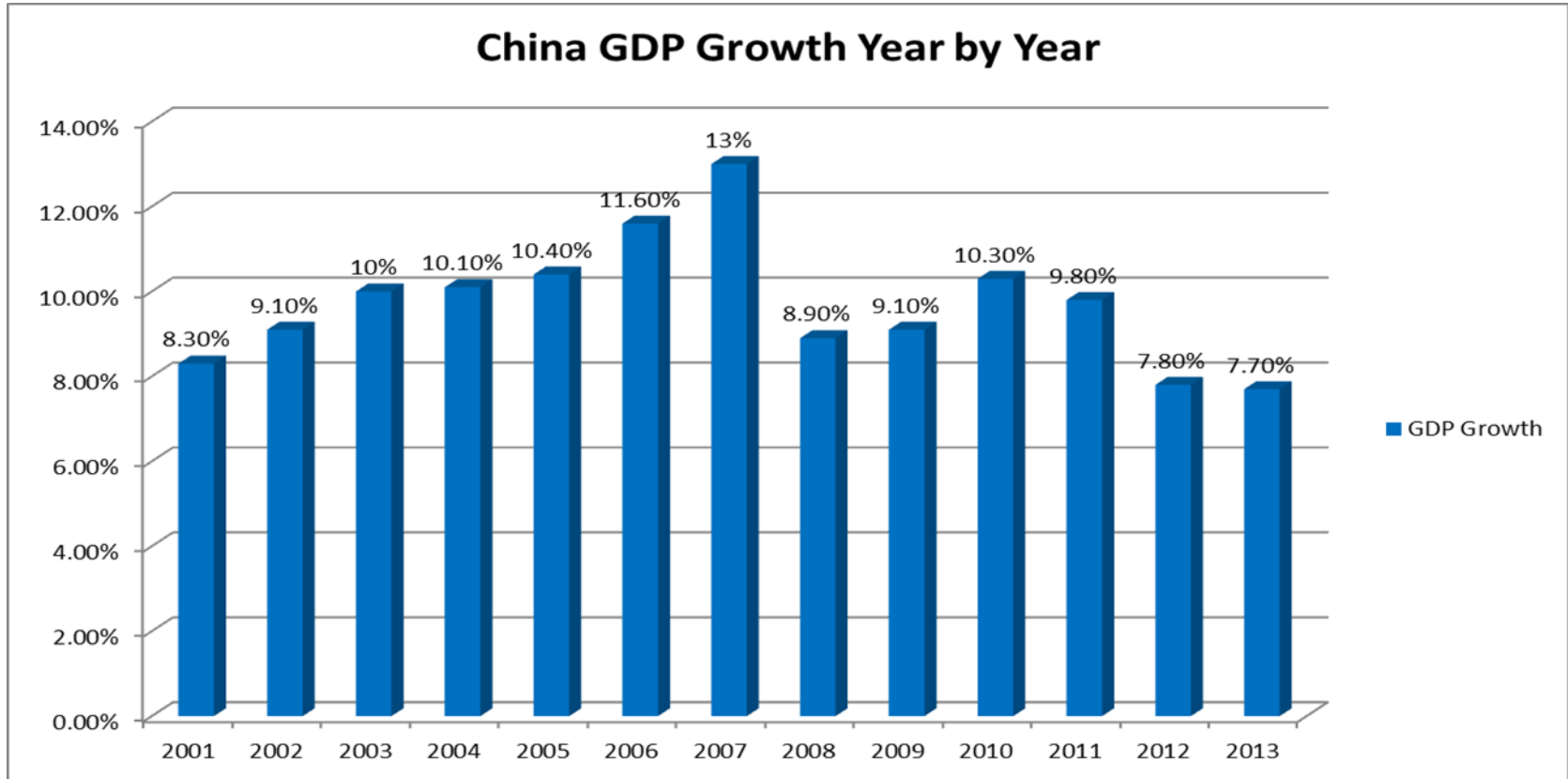


# How things have changed

- 400 million people lifted out of poverty in the last 30 years
- China has led GDP growth since 1980's
- Before people wanted bikes, watches and knitting machines
- Now they want cars, houses and computers, travel abroad



# A rapidly growing economy...



The Chinese economy is now projected to take over the US economy by 2020, becoming the world largest economy.

Exhibit 1: Map of Short Listed Cities

The Chinese cities exhibiting the largest market size and potential are still to be found predominantly in the **Eastern provinces.**

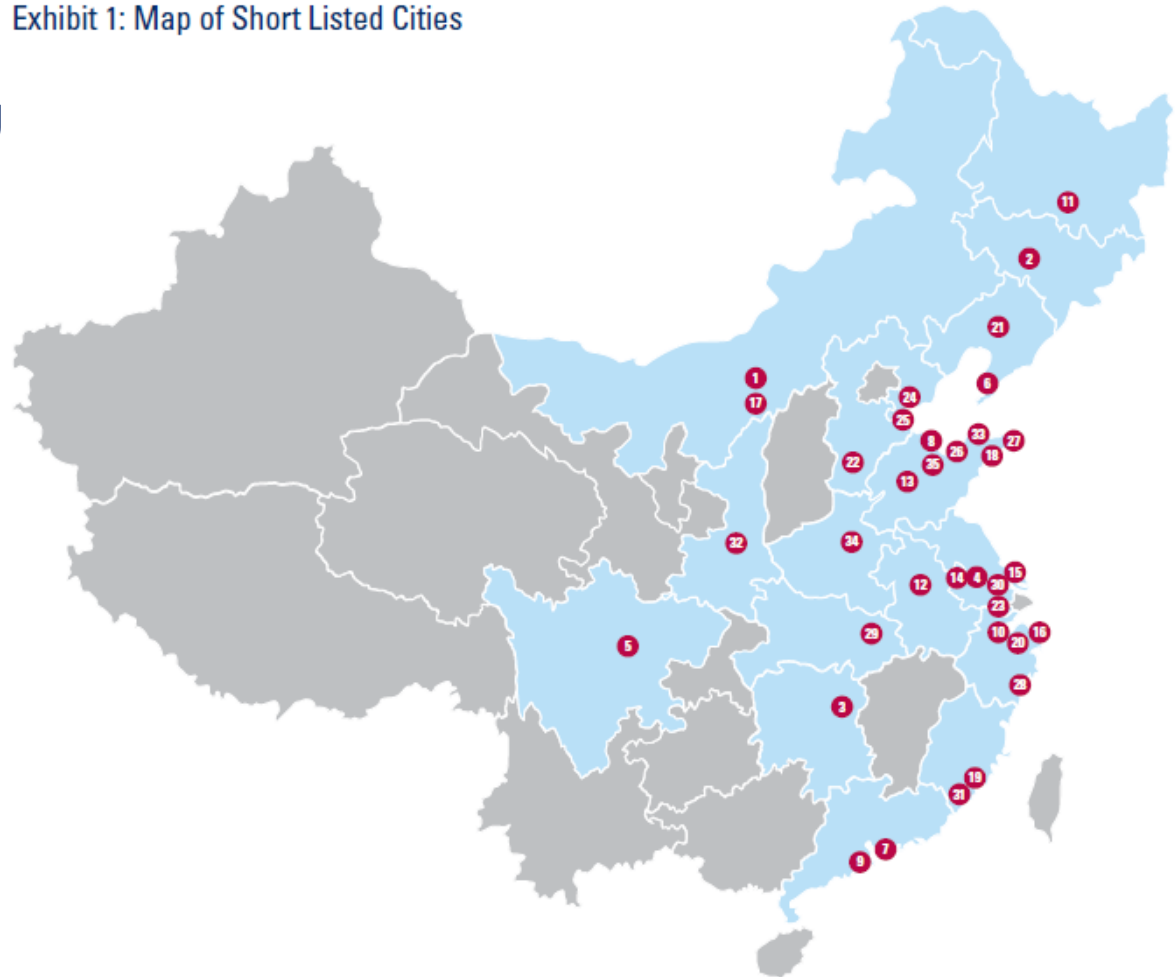


Exhibit 11: High Speed Rail development map

The development of high speed rail is connecting “City Clusters”.

China plans to increase the high speed railroad network to 25,000 km by 2020.



- Urbanisation of China's population: 49.7% now live in cities, compared with just 19.7% in 1982.
- From 2010 to 2025, 300 million Chinese now living in rural areas will move into cities.

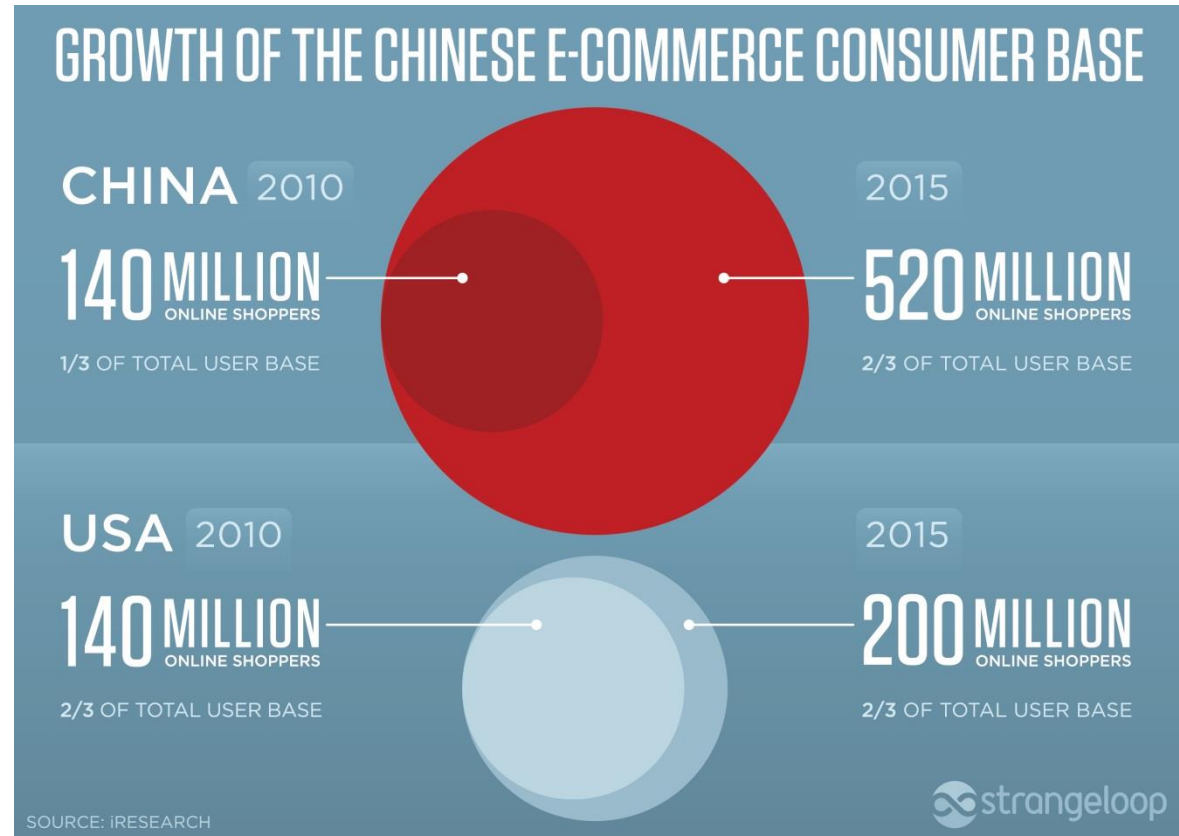


1.24 billion mobile  
phone users,  
**largest phone  
market** in the world





**Second largest  
online retail  
market** in terms  
of value after the  
US and expected  
to become the  
biggest by 2015.



22 million vehicles  
sold in 2013, China  
the world **largest**  
**auto market**



The world's  
largest market  
for luxury goods  
by the end of the  
decade



- **Clean energy technology**
  - *High-efficiency and energy saving technologies; recycling waste treatment*
  
- **Next generation IT**
  - *Core internet equipment, mobile communications, new displays, integrated circuits etc.*
  
- **Biotechnology**
  - *Bio-pharmaceuticals, bio-agriculture, biomedicine*
  
- **High-end equipment manufacturing**
  - *Rail and other transportation, marine engineering*

- **Alternative energy**
  - *Nuclear power, solar power, wind power, biomass power, smart grids*
- **New materials**
  - *New functional materials, advanced structural materials, high performance composites, generic base materials*
- **Clean energy vehicles**
  - *Electric hybrid cars, electric cars, fuel cell cars*

## Environmental Issues

- Environmentally friendly products, services and technologies
- Water, waste treatment, air pollution monitoring
- Energy saving technologies, alternative energies

## Consumption and import promotion

- 488 million Chinese will be considered upper-middle class by 2025
- Per capita disposable income of urban consumers will reach EUR 6,000 by 2020 (same as South Korea now)
- Living on credit
- Luxury goods
- Goods of daily consumption
- Healthy food

## Health and Social Issues

- Aging population (Aged 60 and over): rise from 12% in 2010 to 17% in 2020 – care of elderly people
- Health reform
- Bio-pharmaceuticals, innovation pharmaceuticals, biomedicine

## Demographics

- Urbanization
- Regional development

## New Technologies

- In all industries

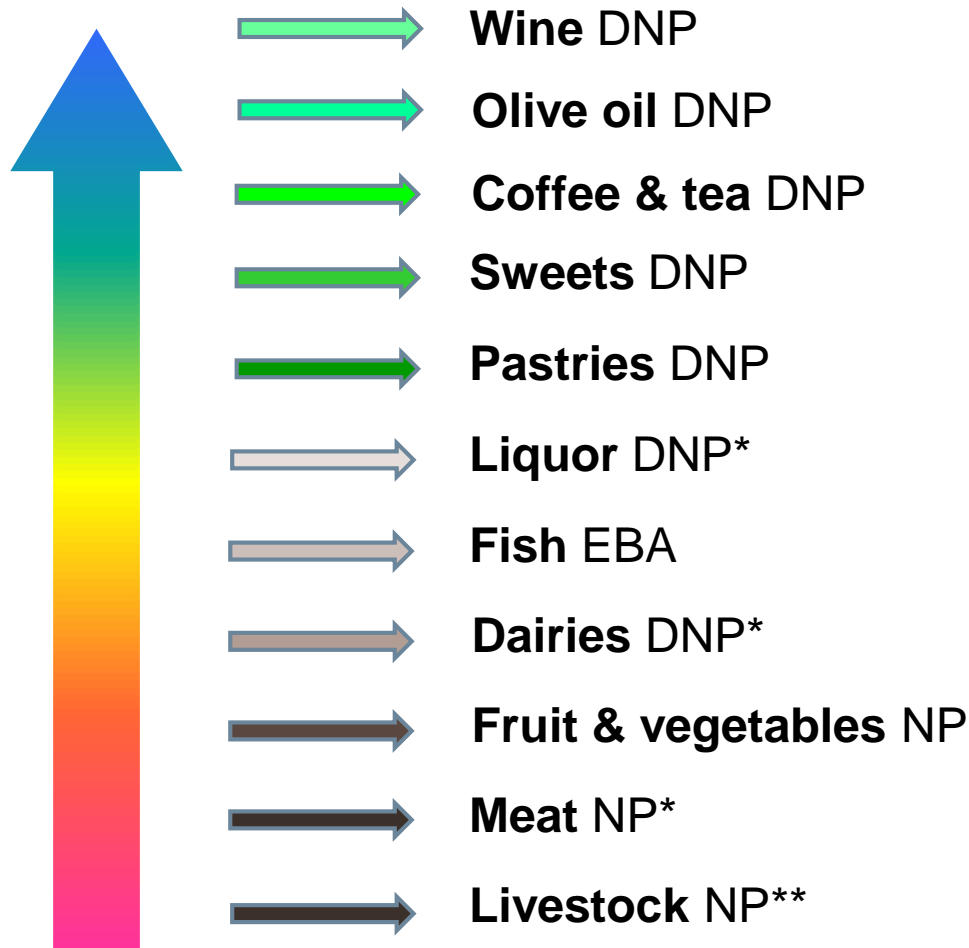


# Food & Beverage



- Fact! **Imports raise** every year. Reasons both in offer and demand sides
- **More products can be exported** and more companies trying.
- The average **income is rising** fast and it will continue doing so for years to come.
- Chinese **national production is limited**
- **Food safety concern for domestic products** due to scandals
- **Consumer more demanding** and sophisticated
- Chinese Tier 1 cities are very competitive markets, **tier 2 and 3 cities offer a better opportunity.**

# Products easier to export



## Legend:

- DNP: Doesn't need a protocol
- NP: Needs a protocol
- EBA: Easy bilateral agreement
- \*: Has a special license or export certificate
- \*\* : Needs a protocol and needs to stay in quarantine

Products are in order from the least easy (Livestock) to the easiest (wine)

## Rules application

- Exceptions by the thousands
- Customs behaviour, can it change from port to port?
- Exporters responsibilities
- Where can I find all related information?
- What can I do to protect my interests?
- Law enforcement

- Don't take China as one market: significant differences exist between east and west, cities and countryside...
- Visit China - several times. Participate in exhibitions and conferences to get a first feel of the market in your sector.
- A lot of documentation is available: Embassies, Chambers, EU SME Centre documentation library, McKinsey, Business Monitor international etc. Be cautious, not all sources of information are equally trustworthy, crosscheck your findings.

- China DO NOT offer opportunities for all EU SMEs.  
Challenging and complex market, with fierce competition.
- Make your homework, study and prepare for China.
- If you strategically make the decision to come to China, don't just give it a try, no 6 months venture succeed. Be prepare for mid-long term.
- You will need to change and adapt, if you succeed in China, you company will be stronger globally.



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