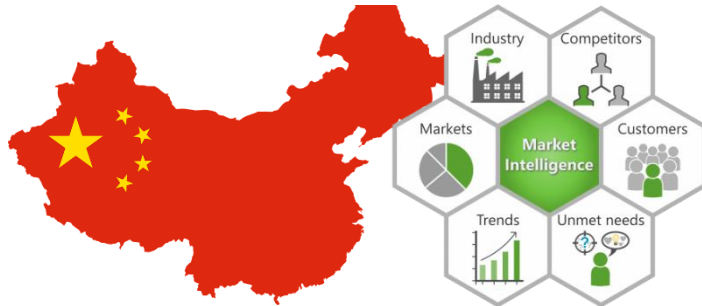


SNEAK PEEK INTO MARKET INTELLIGENCE REPORT ON CHINA

NOVELBALTIC WEBINAR “EXPORTING TO DISTANT MARKETS AND PRODUCT DEVELOPMENT TRENDS TODAY!”



Ilona Vanaga “Silv EXPO”

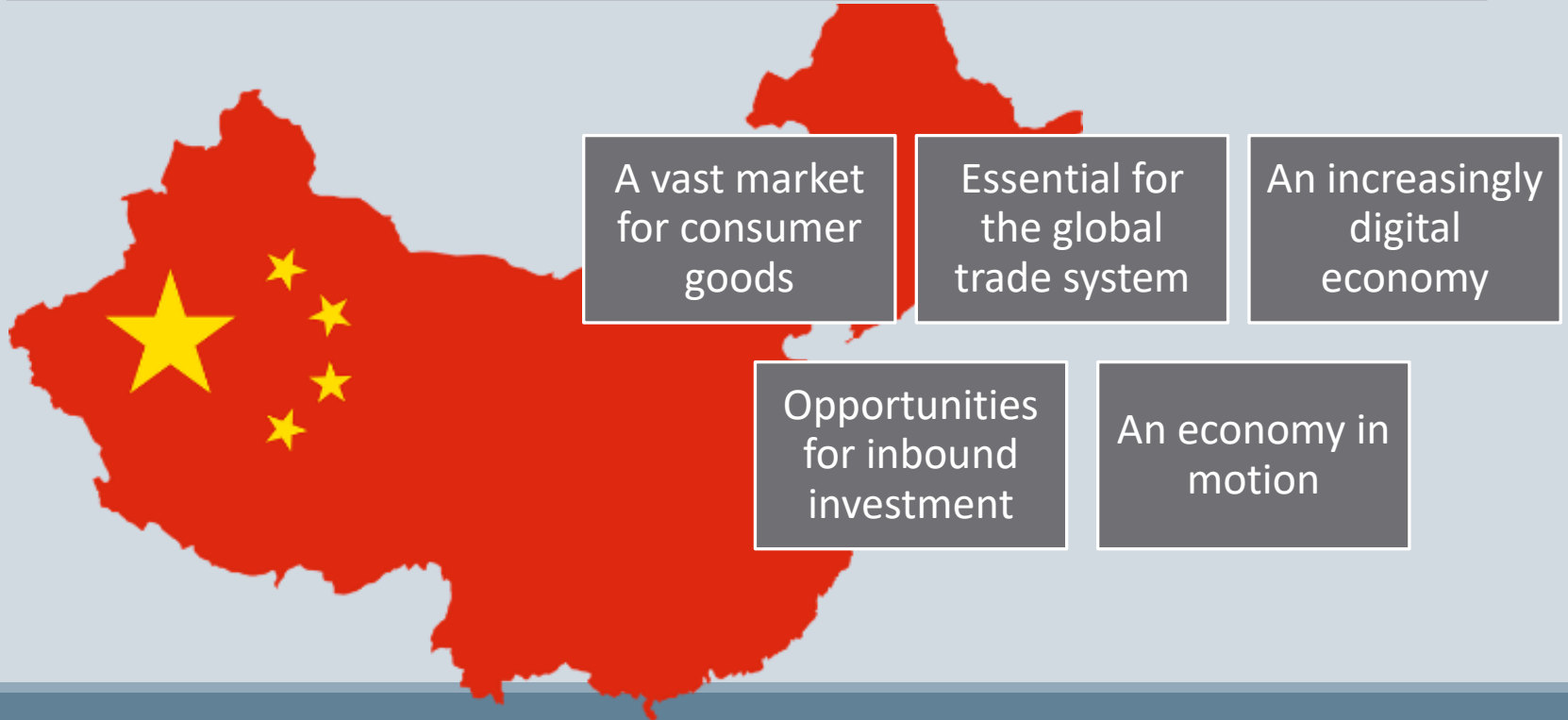
Vaido Mikheim “TSP”

Who we are

- A «green» phytopharmacy company from Latvia
- We manufacture health products from conifer tree foliage and other plant biomass for food, pharmacy, cosmetics and plant protection industries
- We are currently trying to build our export in Southeast Asia



What is China?



A vast market
for consumer
goods

Essential for
the global
trade system

An increasingly
digital
economy

Opportunities
for inbound
investment

An economy in
motion

What does China's current economic climate look like?

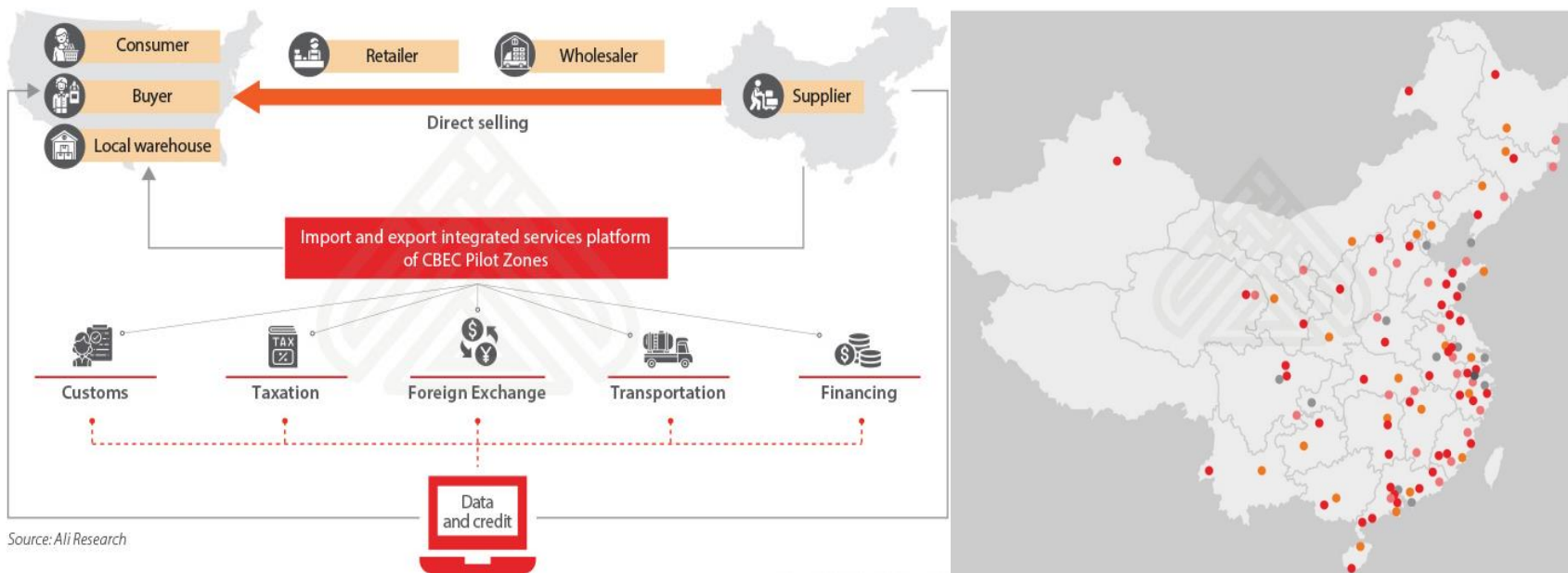
- During 2020 Covid-19 pandemic China had a head start in business recovery
- During the first 7 months of 2020 Foreign Direct Investment (FDI) stood at 535.65 billion yuan (≈ 65 billion €)
- GDP growth of 4.9% in the July-September period 2020 was achieved by investments and exports
- 6.1% further GDP growth in the 1st quarter of 2021 is forecast by Reuters
- For the first time there are more Chinese companies on the Fortune Global 500 list than the U.S. ones



How does China stimulate import and export capacity?

Cross-border e-commerce (CBEC) pilot zones are gaining momentum in China

May 2020: +46 new pilot zones for CBEC, bringing the total number to 105



Where to start?



- **Market intelligence data**
- **Trade fairs and industry focused exhibitions**
- **Use of local associations**
- **Mode of entry:**
 - 1) wholly owned foreign enterprise (Wofe)
 - 2) representative office
 - 3) joint venture
- The role of your represented **industry's national importance level**
- Advantages of the right **location**



What are the main challenges?

- Relatively low recognizability of the Baltic countries in China
- Trademark and brand registration in China
- Transfer of funds between China and your EU country
- Parent company's limited access to the i-bank
- Communication with customs and precise calculations of customs' duty
- 24/7 business communication on WeChat
- Pressure on manufacturing lead time and similar issues
- Inflexibility in sales contracts and long time-gap from first meeting to the start of actual business



Which are the potentially tricky areas?



Non-Disclosure Agreement (NDA) with Chinese partner

Trademark registration & protection process

Due diligence towards potential Chinese partners

How to do due diligence?

- Conduct general online search (in ENG & CHN)
- Call the general fixed phone line several times
- Ask for foreign references
- Check the address and company's business license
- Is the bank account in the name of the Chinese partner?
- Check the company's financial report
- Talk to their suppliers, customers, competitors etc.

NovelBaltic SME portfolio



ESTONIA
FINLAND
LATVIA
LITHUANIA
NORWAY

NovelBaltic

**Non-timber forest products
from BALTIC REGION**

波罗的海地区的经济林产品

**Thank you for your
attention!**

