

# Trade Facilitation

Expanding your business by entering new markets can be challenging, especially when that new market involves a new country.

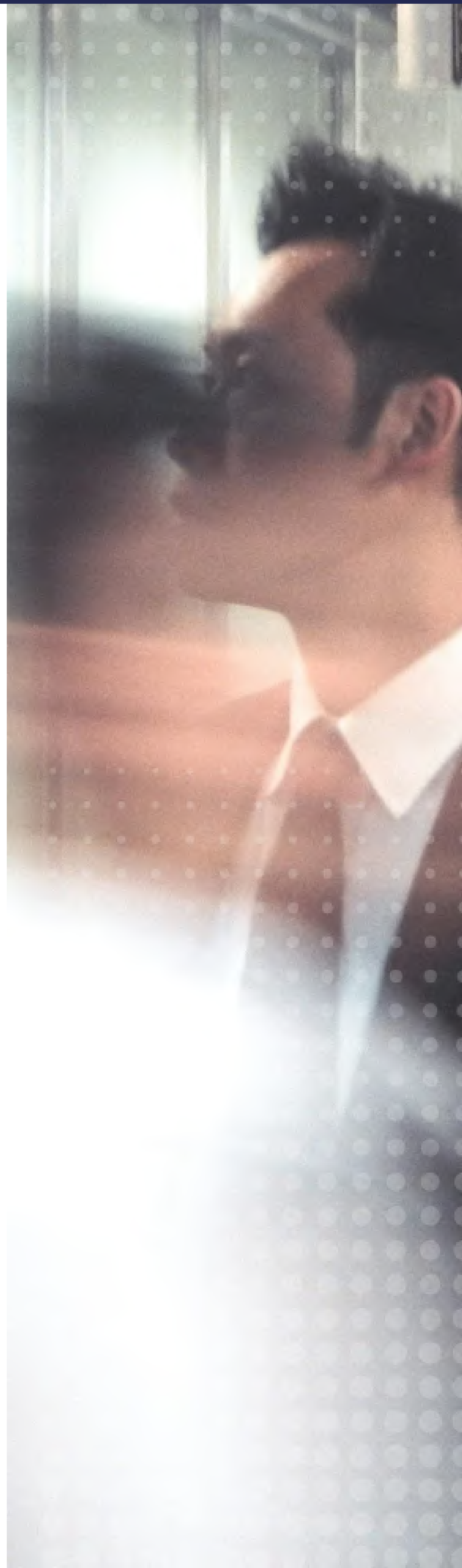
Each country has its own rules, regulations, and procedures for doing business.

Local knowledge is essential, but companies often don't have that knowledge. In this white paper, we will use China as an example.

## White Paper: Doing business in China



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## Local Representation

Local representation can be a legal requirement. In China, only Chinese companies can import products.

Foreign investors can do business in China by acting directly through foreign companies, establishing representative offices, or setting up a Chinese legal entity.

This means having a local presence as a foreign company or local representation first is a must. There are several ways to approach this.

## Setting up a business

Setting up a business in a new country can be cumbersome. You need to be aware of local laws, regulations, and procedures. There could be certificates or permits involved and other requirements.

If you want to register your business in China and start a Chinese branch, you need a Chinese director and a Chinese chief accountant to start with.

You also need to hire local people to manage your operations, HR, Finance and your IT infrastructure. Last but not least, to be successful, you need to know the local culture and speak the local language.





## Expanding your business in China

When you want to expand your business in China, there are two options. Use a distributor or retail chain, use a B2B setup, or sell directly to consumers. Whichever route you choose, it makes sense to choose an online channel, given the rising trends in e-commerce.

You can use one of the existing platforms, like Taobao or Tmall, for B2C sales. Western brands are popular there, but speed is essential. Chinese consumers are used to getting things delivered fast. It is not possible to ship fast from outside of China. This means importing your products to China.



### Ahlers can help you with

- Ensuring import compliance with the import regulations in China.
- Payment of the relevant taxes, duties, and other fees for the imported goods.
- Filing the correct documentation, permits and licensing.

## Import into China

Let us navigate complex global import processes for you. International shipping into China is highly regulated and can involve complex processes, which is why you need specialist support.

With the knowledge and expertise gained through many years of experience providing Importer of Record services, the Ahlers team can navigate your goods through the preparations of international import and export documents and customs procedures, including temporary imports and exports.



# CHALLENGES WHEN IMPORTING IN CHINA

The procedure to import goods in China is complicated. There are several challenges that international companies face when they want to sell their products in China.

## Importer of Record

To import goods into China, you need an importer of record. This importer of record needs to be a Chinese legal entity that takes full responsibility for the import. Establishing a local legal entity in China is difficult. You need to know the local language and culture and be fully aware of all rules and regulations, the tax system, and the documents you need, to name the most important things. You also need Chinese staff.

An alternative option is to use an intermediate who can facilitate your trade-in China, like Ahlers. Using Ahlers' Trade Facilitation services, you can focus on marketing and sales, and we take care of the rest. We make sure the goods are transported to China, we deal with Chinese customs, and we store your goods in one or more of our warehouses, from where we can take care of distribution.



## Correct Labelling

Depending on what goods you want to import, there are requirements regarding the information that needs to be on the labels in Chinese. These requirements vary per product. Our specialists can help you determine the requirements, and we can take care of labeling your products according to the requirements.

## Getting your goods through customs

To get your products through Chinese customs, you need to make sure your goods meet all the requirements in terms of quality. Samples need to be tested, approved and certified in China. Chinese safety and quality standards have to be met. Ahlers has the knowledge and experience to determine what products need to be tested and certified and what is required to get your goods through customs.



Setting up a business can take a lot of time and effort and cost a lot of money. There are other ways to get local representation.



The upside of using local distributors is that it solves the lack of local knowledge. The distributor takes care of logistics, often acts as an importer and holds local stock, and markets your product.

The downside is that you don't fully control the local marketing and sales efforts. Distributors also don't come for free. They will charge you for the services they provide and the risks they take. They are also doing commercial negotiations.

**Now, what if you don't want to set up a local business, but you still want complete control of your commercial process?**

## The Distributor Model

There is another faster and easier way to enter the Chinese market. Use a partner like Ahlers, who can act as your trade facilitator.

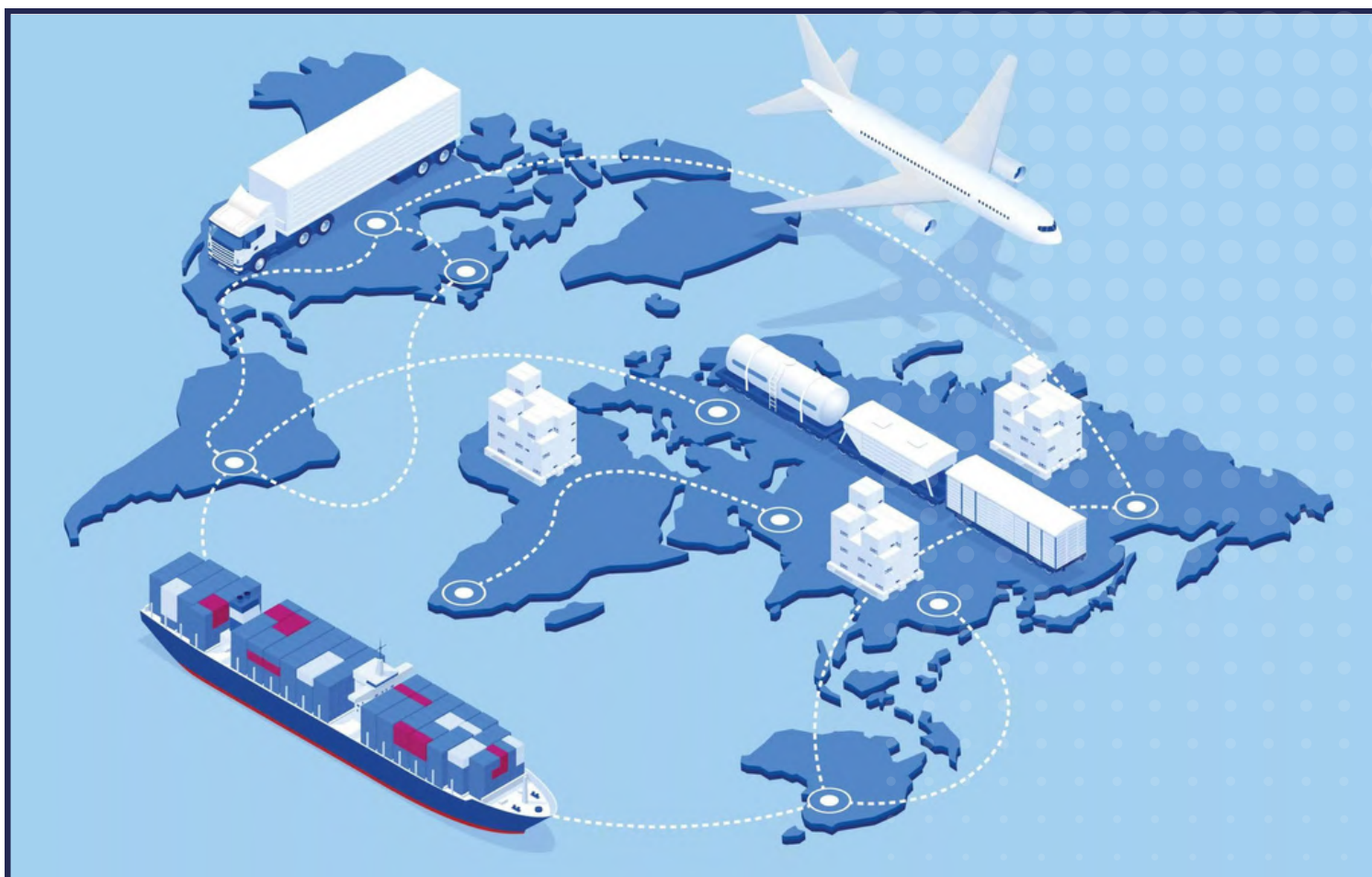
Ahlers will serve as the importer of record for your products and can handle communications with Chinese authorities and submit them for testing to get your products certified for the Chinese market.

We make sure your products are fully compliant with local rules and regulations regarding packaging and labelling. Our long-standing relationship with local authorities ensures a smooth process.



# Trade Facilitation

With trade facilitation, you can focus on marketing, sales, business development, and managing your local staff. Your trade facilitation partner takes care of the rest. Trade facilitation has **two main components**:



## SUPPLY CHAIN FUNCTION

This covers the main trade logistics steps, like international logistics, customs formalities, certification, labelling, bonded warehousing and distribution.



## SHARED SERVICES FUNCTION

This covers the steps specific to trade facilitation, such as order-2-cash, contract fulfillment, ERP & EDI management, trade finance, accounting, and human resource management.

### Supply Chain Function

 International Logistics	 Data Matrix Labelling
 Customs Formalities & Certification	 (Bonded) WH & Distribution



### Shared Services Function

 Order-2-Cash Contract Fulfillment	 ERP & EDI Management
 HR & Legal Support	 Trade Finance & Accounting



### Commercial Strategy

 Strategic marketing & Sales
 Customer Relationship Management

**Ahlers Focus**

**Client Focus**





## International Logistics

Your goods need to be transported to the local market. Timely pick-up and delivery, with proactive communication when there is an issue.

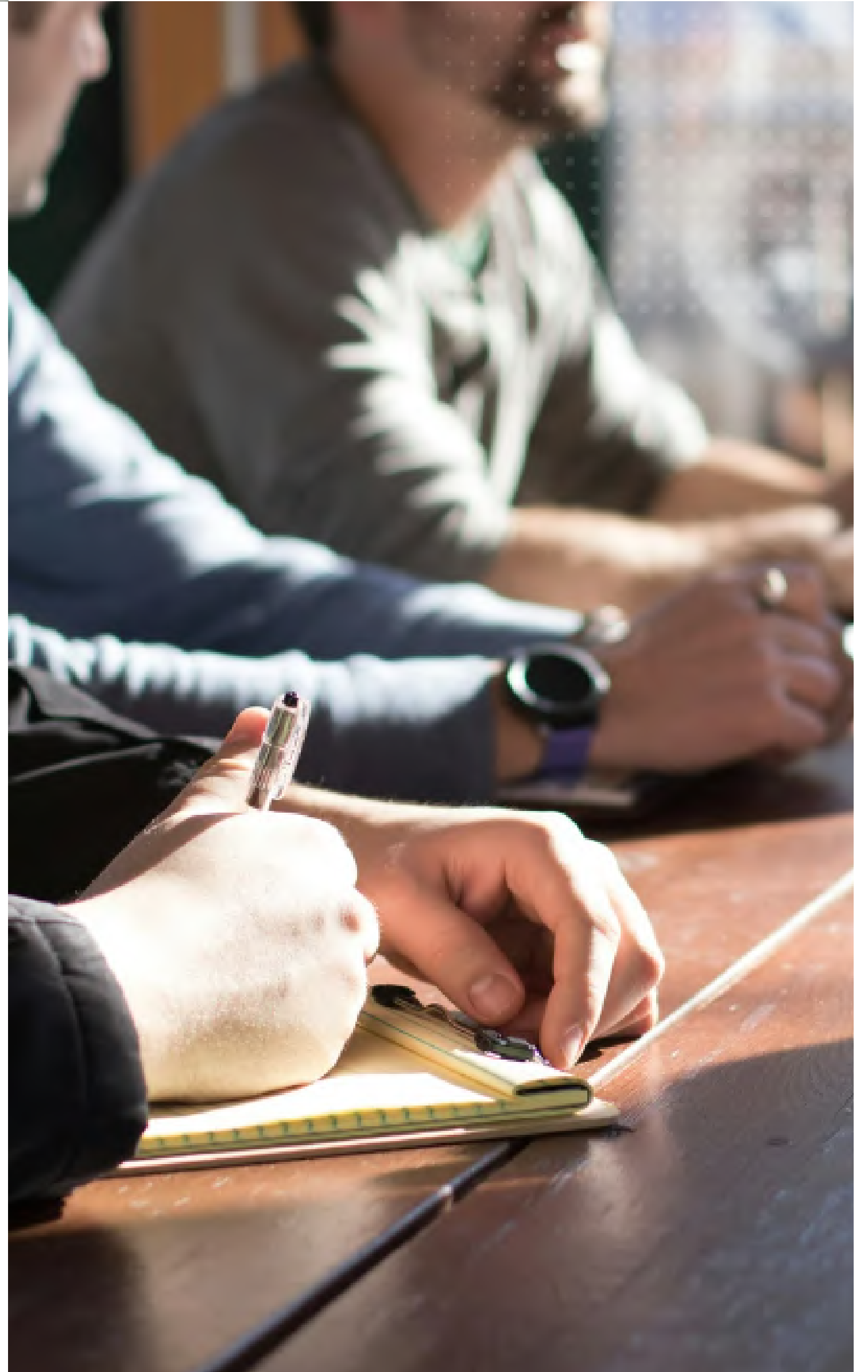
You receive the information you need when needed and don't have to worry about the shipping process.

## Customs Formalities & Certification

Your trade facilitation partner has local knowledge and experience in dealing with customs, creating and obtaining all the necessary documents as well as certifications to import your goods.

With local branches established, importing goods is no issue for them. We are experts in customs clearance and international import compliance for China.

We can officially represent your business as the Importer of Record, handling all the necessary import requirements, and allowing your goods to clear customs and reach their final destination without unnecessary delays or financial penalties.







## Order-2-Cash

In negotiations with local customers, you may want to offer post-payment terms in your commercial contract. This may require getting financing from a local bank or credit insurance from a local insurance company.

Your trade facilitation partner can assist you with finding the right provider and taking care of the local legal procedures.

When you have limited revenue, getting credit insurance can be expensive. You can use the pooled buying power of your trade facilitation partner to get better rates.

### Ahlers can help you with

- Receiving and processing customer requests for goods or services
- Documentation (receiving the order bookings, warehouse outbound shipment documentation, order confirmation, transport documents)
- Local deliveries - arranging local deliveries Invoicing – invoicing of your local customers
- Payment procedures – handling the payment transactions with each of your local customers and local subcontractors
- General ledger – updating the bookkeeping systems



## Drop Shipment Model



## CHOOSE THE COLLABORATION MODEL THAT SUITS YOUR BUSINESS

## Marketplace Fulfillment







## ERP & EDI Management

Your trade facilitation partner can manage your entire customer order process with ERP and EDI systems suitable for the local requirements.

Receiving and processing orders, creating the necessary documentation, arranging delivery of the order, invoicing your customers, handling payment procedures, and finally updating the bookkeeping systems.

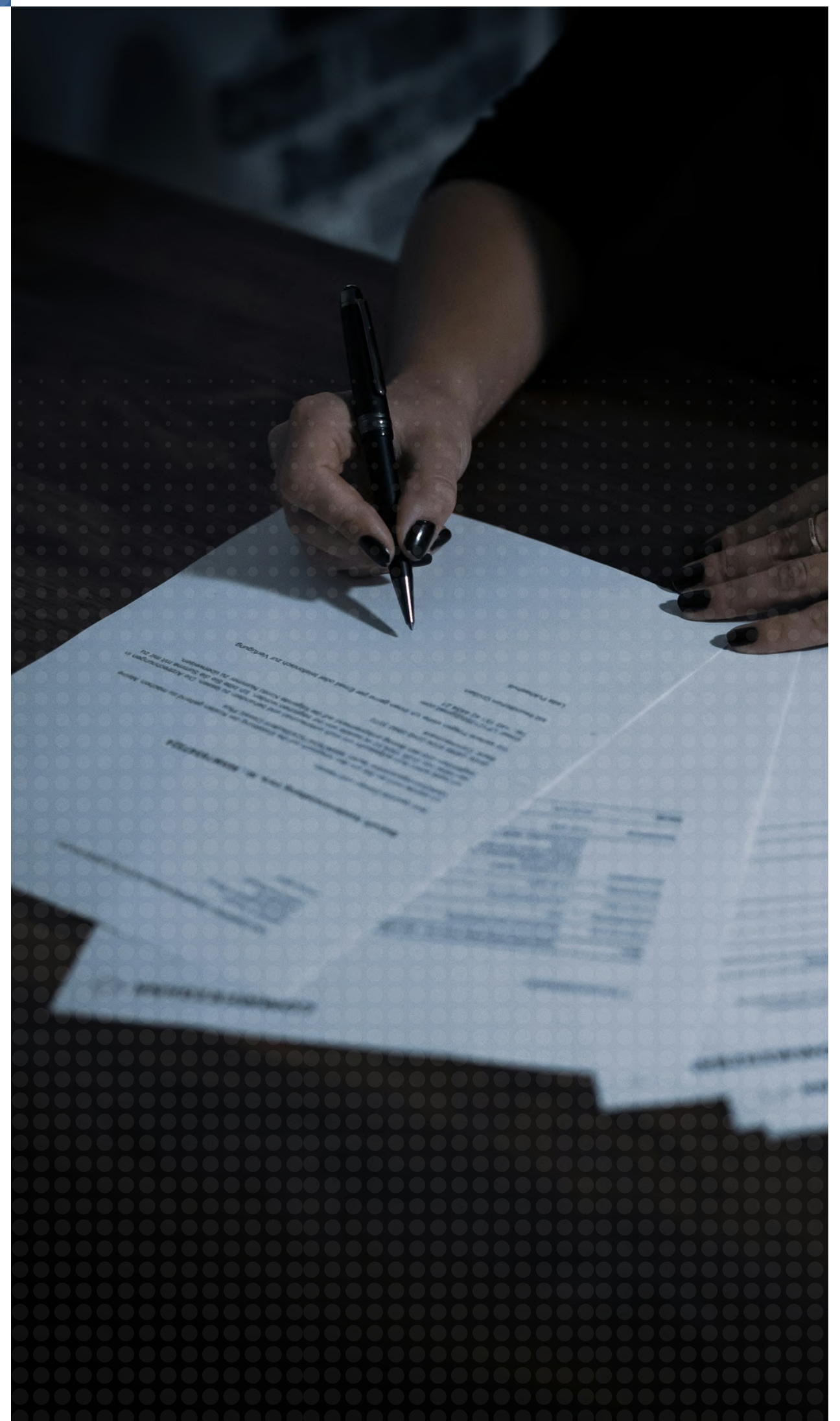
## Legal Support Contract Fulfillment

**Contracts** need to be set up according to local laws and regulations. Once in place, they need to be managed, whether it concerns contracts with customers or local suppliers, like recruiters, parcel carriers, or a contract for leasing buildings or equipment.

**Claims Management:** handle unpaid debts and provide legal assistance in case of debt disputes, including legal representation in court.

**Trademark Support:** assist you with the registration and protection of your trademark.

**Legal advisory:** with their extensive knowledge of local laws and regulations, your trade facilitation partner can assist you with analyzing legal and design tax and legal structures for your business.







## Human Resources

You need local sales- and customer service agents. Your trade facilitation partner can assist you by taking care of part of the human resource processes. As you will hire your people, you must interview and select them yourself.

Your partner can help you get suitable candidates by using their local knowledge of online and offline publications to make sure vacancies are posted at the right place and at the right time.

They can also make the first selection based on resumes and cover letters received from applicants. Once you have selected the right candidate, your partner can offer them a contract, so they work for a local company with a local director.

Your partner can also provide office space. The actual management of your employees is up to you, but from a human resource management perspective, your partner can take care of the rest, including pay-rolling.



# Trade Finance & Accounting



There are many trade financing and accounting services you need when you want to do business in a new country, such as post-payment terms. Your trade facilitation partner can check the solvency and financial stability of your clients.

And there are many other financial services to consider:

- Financial forecasting, budgeting, and reporting
- Tax advisory
- Transactional compliance
- Currency risk management

“Launching your brand in China can be complex. Partnering with Ahlers is not. We simplify the complex: The Ahlers trading platform enabled us to manage our complete order-to-cash process, successfully expanding our business in China.”

**Martin Jansen – CFO Difuzed**

When you leave supply chain and shared services processes up to your trade facilitation partner, you can focus all your energy on what matters for your bottom line: developing new business and keeping your customers happy.



Ahlers

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