

EU SME Centre on China Global Television Network: Tips for Setting Up a Business in China, and Pitfalls to Avoid

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During a recent interview with China Global Television Network, Chris Cheung, director of the EU SME Centre, elaborated steps to get European SMEs ready to do business in China.

Chris listed the top 10 things SMEs need to know about setting up a business in China, as well as 10 pitfalls they should avoid.

Top 10 things you need to know about setting up a business in China
PREPARATION PHASE
Do you need to set up a business in China at all? Can you serve the market first by exporting? China is not cheap. Labour costs have risen very quickly and the cost of setting up, in terms of time and money, can be high. Is China the right market for you? It is almost inevitable that you will have to adapt your product or service in some way. Ask yourself, do you understand your Chinese client? Ensure that you have a strategy for your intellectual property (IP) in China and that it is protected, if necessary, through registration.
SET-UP PHASE

5. Hire specialized service providers – consultants, lawyers, accountants.
6. Learn from other small businesses that have already gone through the process.
7. Work out the appropriate amount of minimum capital you will need and do not underestimate the up-front time commitment.

OPERATIONAL PHASE

8. Make sure you remain compliant – immediately face all legal aspects required in China, this will pay off in the long term.
9. Pay close attention to legal updates. Being accurately informed of legal and regulatory updates in China is crucial for your business success here.
10. Understand Chinese labor laws.

10 Pitfalls to avoid when setting up a business in China
Be prepared to adapt your business model. Manage relationships directly yourself. Register your trademarks in China before coming, don't assume that you have worldwide coverage. Have written contracts and supporting documents. Ask business partners for a duplicate business license with affixed company stamp and do your due diligence as you would in any market. Don't just consider local Chinese competitors but also other

foreign competitors. Don't lower your quality standards. Carry out due diligence on partners. Don't sign exclusive distribution agreements for the whole of China. Don't sign up for the first e-commerce site that you come across. Use all available resources to get ready for China.

Watch the full interview here: [Expert tips: How to set up a business in China, and pitfalls to avoid](#)

[Click here](#) to learn more about the Centre.