

Welcome to the January edition of the China Blueprint Newsletter and Happy Chinese New Year or 'niu' year as the Chinese say (niu meaning ox in Chinese)!

This month's features include some of the challenges ahead, exciting China events and important news & developments in the China economic region. We hope you enjoy it, and look forward to hearing your thoughts and views.

## China Blueprint New Website Launch

China Blueprint is excited to announce the launch of its new and improved website for 2009. Not only do importers and exporters continue to have access to the exciting range of professional services offered by the China Blueprint team, but also links to important service providers that play a significant role in their daily trading activities.

New features include;

1. Updated news & events from China news sources;
2. Information about upcoming China import/export events;
3. Details of must visit & exhibit at trade fair events in China;
4. Access to the latest business opportunity listings;
5. Tools for importers & exporters;
6. Trade articles written by the China Blueprint team; and
7. China business products for business professionals.

China Blueprint is a unique Australian business consultancy group pioneering a broad range of consultancy services to Australian importers and exporters. Our focus is quality and our expertise is due diligence. Our aim is to ensure that all business transactions are smooth and offer long term benefits to both parties. Our experienced China business consultants understand the 'Chinese way' and have developed tools to impart our knowledge to Australian business people looking to gain a competitive advantage by taking their projects to China.

Services include; Supplier sourcing, due diligence, factory & product inspection, import & project management, market research and business formation across a range of industries.

[Link](#) to the new China Blueprint website.

## Canton Fair

### What's on in April 2009?

China Import and Export Fair (renowned as the Canton Fair) will be held from 15th April to May 7th, 2009 over three phases.

If you are interested in attending this event with China Blueprint, please register your interest by email. Our official business package will be released in February 2009

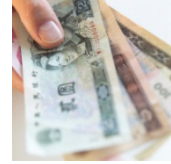
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## Importing

### What are the risks given the economic downturn?

The impact of the global recession on international trade has been increasingly felt by the Chinese economy, highly dependent on its exports after a decline of 2.2% in November 2008 according to Customs figures cited in the Chinese press.



It has been heard that the shock of the economic crisis has left 30% of factories in Shenzhen empty. The industries most affected have been toys, textiles and furniture. According to official figures, 56,000 businesses have closed between January and September 2008, an increase of 25% compared to last year.

### So what are the heightened risks to importers in times such as these?

The very real risks could be;

- Factory closure
- Longer production lead times
- Price increases
- Exchange rate losses
- Poor product quality due to supply issues

### How can you better protect yourself during this time?

In times of economic hardship it's important to pay careful attention to all the key players in the supply chain. It's also necessary to look at the way you trade and consider renegotiating certain terms to relieve financial pressures whilst at the same time paying extra attention to risk management. In short:

- \*Readjust your trading terms to build in better protection mechanisms
- \*Negotiate payment terms such as milestone payment dates and currency options
- \*Undertake more regular checks to ensure your production is underway and in good order
- \*Do your due diligence with respect to your (new) supplier and look for indicators that they will be around for the long haul

When sourcing a potential supplier, look for quality companies that have a good reputation, history of success and who take care of their employees. Having a high staff moral is an important part of how a good factory will continue on in times of hardship as Chinese staff tend to be loyal to companies and bosses that take care of them. Work culture is alive and more important than we may think in China!

In conclusion, it's hard to fully guarantee your factories success, as you rely on them to ensure their own survival during times of hardship. It's also unlikely that a Chinese factory to tell you they are in trouble until they literally lock the door for the last time. Our advice is to increase your communications with them, negotiate trade terms that allow you better currency & payment options and now more than ever, increase your vigilance with respect to due diligence and risk protection. Gone are the days when you could allow your business to grow organically, now you must plan, strategize and be flexible.

Contact China Blueprint if you require assistance with your current supplier, or are looking for better strategies with regards to managing the risks. [Email](#)

## Baby Formula Scandal

### Sentencing handed down

On Thursday the 22nd January, the sentencing of those involved in the Chinese milk scandal involving baby formula was handed down. The manufacturer scandal, which involved Melamine being substituted into baby formula and other related products to give it the appearance of a high protein product, is alleged to have affected over 300,000 victims, caused 6 baby deaths and left 860 babies hospitalized.

Chinese courts have taken a tough stance on this incident and sentenced two defendants to death, three others, including a top dairy company executive to life in prison and 15 jail terms ranging from 2 to 15 years.

There has been much criticism by victims of a public cover up and a lack of regulation by certain government bodies, such as the nation's dairy industry. Coffee giant, Starbucks has reacted by taking a number of milk drinks in their Chinese outlets off the menu.

This case is an important lesson to importers privately engaging Chinese factories to manufacture their goods. If your products are subject to standardization in your home country, just because they are made in China does not remove your responsibility. Ensure this doesn't happen to you and have checks and balances in place so that you can be confident the product you think you are getting is the same as the one you get.



## Expo Build

Expo Build, the Architectural Society of China and the China Interior Design Magazine will again jointly present the 'China International Building & Interior Design Festival' at the Shanghai Oriental Arts Center and the Shanghai New International Expo Center. Launched in 2006, the event has quickly become a milestone-event for designers and architects who are drawn by the opportunity to meet renowned speakers and to exchange ideas with their peers. Over 5000 attended in 2008!



For exhibitors the conference means a special opportunity to draw delegates' attention to their products either at the exhibition booth or through sponsorship and seminars. Australian exhibitors welcome!!!

Exhibition Categories include:

### INTERIORS AND SURFACES

Carpets, Curtains & Blinds

Ceilings

Decoration wallboards

Wall, Floor coverings & Paving materials

Interior partitions & Doors

Mortars, Plaster, Binders, Additives for mortars and concretes, Sealants & Adhesives

Paints and Coatings

Roofing, Accessories and related items

Sealing & Joinery

Sun Shading and Solar protection

Thermal Insulation

Walls, curtain walls, Facades, External cladding & coatings

Waterproofing

Windows, Doors and Accessories

**When:** 31 March - 3 April, 2009

**Where:** Shanghai New International Expo Centre

**Cost:** Contact China Blueprint

For more information link to the Expo Build [Website](#).

If you would like to register to attend or participate as an exhibitor [contact](#) us directly.

China Blueprint is the official Australian representative for this event.

## Chinese New Year

For importers and exporters you should know that factories and businesses across China will be taking leave soon to celebrate the biggest event on the calendar, Chinese New Year.

The official New Year commences 26th January 2009, and Chinese offices may be shut anywhere from 26th January to mid February 2009. The official public holiday is the 26th to 30th January 2009.

This is not a good time for importers and exporters, who want to ship goods, commence production or visit factories. Our advice is to contact your Chinese representatives first before committing or making any plans.

Happy Year of the Ox!



## Hotelex

Hotel Expo-Shanghai



With 17 years' successful experience, the Hotelex series of shows has become the future of Asian hospitality, gathering many famous brands of catering and kitchen equipment, hotel supplies, etc. Every year, Hotelex attracts more than 50,000 local and international trade buyers. Meanwhile, such on-site events as the Hotelex Cup Chef Championship, the China Barista Championship, the Hotelex Bartender Show, etc. all receive good feedback.

**Hotelex Shanghai 2009**

*Shanghai New International Expo Centre  
31 March-3 April 2009  
China Hotelex-Roadshow 2009  
June 2009*

**Hotelex Beijing 2009**  
*China International Exhibition Centre  
18-20 August 2009*

**Hotelex Chengdu 2009**  
*New International Convention & Exposition Center Chengdu Century City  
11-13 November 2009*

**Australian Exporters:** for details on exhibition and participation costs, [contact](#) China Blueprint directly

**Australian Importers:** for further information and online registration visit the Hotelex [website](#).

Thank you for reading this edition of the China Blueprint monthly newsletter. If you have any questions regarding topics covered in this newsletter, please contact us. If you have suggested topics for the next monthly newsletter we would love to hear from you.

Sincerely,

Lisa Goodhand  
China Blueprint Consultants.