



Shanghai Free Trade Zone





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1. LOCATION



Shanghai Waigaoqiao Free Trade Zone (Chinese: 上海外高桥保税区), is the first Free Trade Zone to be established in China. It is situated to the North East of Pudong District, at the end of Metro Line 6.

EBPC has its own space on the second floor of the unique mall presents in the Waigaoqiao FTZ.



1. POSIZIONE



EBPC has its own space also in the **Shanghai Yangshan Free Trade Zone**.

This is the harbour area where the ships, which carry the goods to be imported into China, arrive.

EBPC has in this area its own warehouses for the goods.



2. WHAT IS THE FREE TRADE ZONE?

The idea behind this zone is to create an area for more liberal trade and subject to less financial and business regulation than the rest of China.

The new zone is different from the original special economic zones. These zones were focused on attracting firms that would manufacture for export. The zones were used by economic reformers to demonstrate the benefits of freer markets and to make local governments strong supporters of more liberal reform.

The new free trade zone allows goods to be imported, manufactured and exported without being subjected to tariff and non-tariff barriers.

The zone, officially the **China (Shanghai) Pilot Free Trade Zone**, is seen as a key reform which will rejuvenate the world's second largest economy toward a growth mode that relies more on domestic demand than exports and investments.



Shanghai free trade zone comprises four areas: trade, investment, finance and government administration.

1. Trade

Trade is an essential part of the new zone and comprises two aspects.

The first is liberalization of traditional trading businesses to achieve free imports, storage, re-exports, processing and manufacture of goods within the zone.

Secondly, the development of Shanghai as an international shipping center by developing shipping finance, international shipping and ship management, among other things.



2. Investment liberalization

Negative-list and pre-establishment national treatment polices will be adopted across the board within the zone. The negative list approach means that all sectors will be open up, excepted those specifically excluded by law.



3. Finance reform

Financial reform measures within the zone that are circulating in the market include aspects such as:

1. Interest rate liberalization, or market-oriented pricing for assets of financial institutions.
2. Convertibility of the *renminbi* on the capital account.
3. Foreign banks and joint venture banks between domestic private capital and foreign capital to be allowed to establish.



4. Government administration

The transition of administrative functions of government is the most essential part of reform within the FTZ, redefining the relationship between government and the market. Reforms will help China to certify to the latest standards of international trade to enhance investors' confidence and get them motivated. It will represent a fundamental change in the existing concept of the administrative process in China.



3. HOW GOODS ARE IMPORTED IN FTZ

EUROPE

- EBPC organizes the shipment
- EBPC assumes all costs and risks of goods' shipment.
- EBPC assumes all procedural costs in order to import goods in mainland China
- EBPC assumes all the management costs
- EBPC provides all the certification of imported goods
- EBPC has the "custom green channel"
- EBPC unloads the goods/commodities
- Goods are recorded on customs database at **cost price**
- Goods are exhibited in the shop at **markup price**
- EBPC introduced Chinese buyers through direct visits, events and private invitations
- The buyer purchases the product by calculating duty on the cost price, which is recorded on port authority computer, and not on the purchase price.
- EBPC gets a return rate on sales
- Companies pay a fix fee for the promotion and exhibition of their goods in the FTZ

IMPORTED
GOODS
PROCEDURE



FTZ

CHINA



4. EBPC AND THE FTZ

EBPC has its own space on the second floor of the Waigaoqiao Free Trade Zone mall. It is the unique mall presents in the FTZ.

A showcase for European products, that covers different categories:

- Food & Wine
- Furniture and home accessories
- Fashion: clothes and accessories
- Jewellery
- Technology

EBPC has the support of local government for providing important buyers.

Moreover, EBPC FTZ will be linked with e-commerce platforms



Photos of the mall



OUTSIDE



OUTSIDE

Chinese buyers are invited by EBPC to visit its own area in FTZ. The area of 2.500 sqm is dedicated to the European products and is organized as an open space. Chinese buyers will be supported by a professional and friendly staff who will let them discover European excellences. Buyers have the chance to touch foreign products living the atmosphere of far away lands.



INSIDE



INSIDE

The European sellers pay a monthly fee of 15.000 RMB for an area equal to 50 sqm and the minimum stay required is six months. It is required the payment of a deposit equal to three months rent.

Ebpc gets a return rate on sales, agreed with the sellers.





5. ADVANTAGES FOR CHINESE BUYERS

- The FTZ is the only place in China where buyers can buy goods having such favourable conditions.

BUYERS - NORMAL CONDITION	BUYERS IN THE FTZ
Buyers buy goods in Europe	Buyers buy goods in their own country
Buyers have to afford the transport cost	EBPC assumes all cost and risk of goods shipment
Buyers have to afford certification costs for imported goods	EBPC help to provide all the certification of imported goods
Buyers have to pay import tax, that is calculated on their purchase price	Buyers have to pay import tax, that is calculated on the cost price (the price recorded on customs database)
Full taxation	Buyers pay taxes when goods are moved over the FTZ. Moreover institutional buyers have their own branch within the FTZ and have obtained, from the Government, the tax refund for part of the paid tax

BUYERS ADVANTAGES →

COMMERCIAL

GOVERNMENT SUPPORT

FINANCIAL ADVANTAGES

- Have the chance to sell in the only place in China where buyers have so important advantages.
- Open a showcase with a very favourable cost in Shanghai, where is possible to sell directly to the buyers
- Buyers have many advantages so European companies can get bigger markups
- Companies can test their marketability in China by a direct, easy and cheap way
- Companies can make their promotion in China in an exclusive location: a fair opens all the year round. The showcase in the FTZ has the peculiarity of the temporary store.



COMMERCIAL

- Government authority has made a commitment in order to provide buyers and wholesalers for companies under the EBPC umbrella.



GOVERNMENT SUPPORT

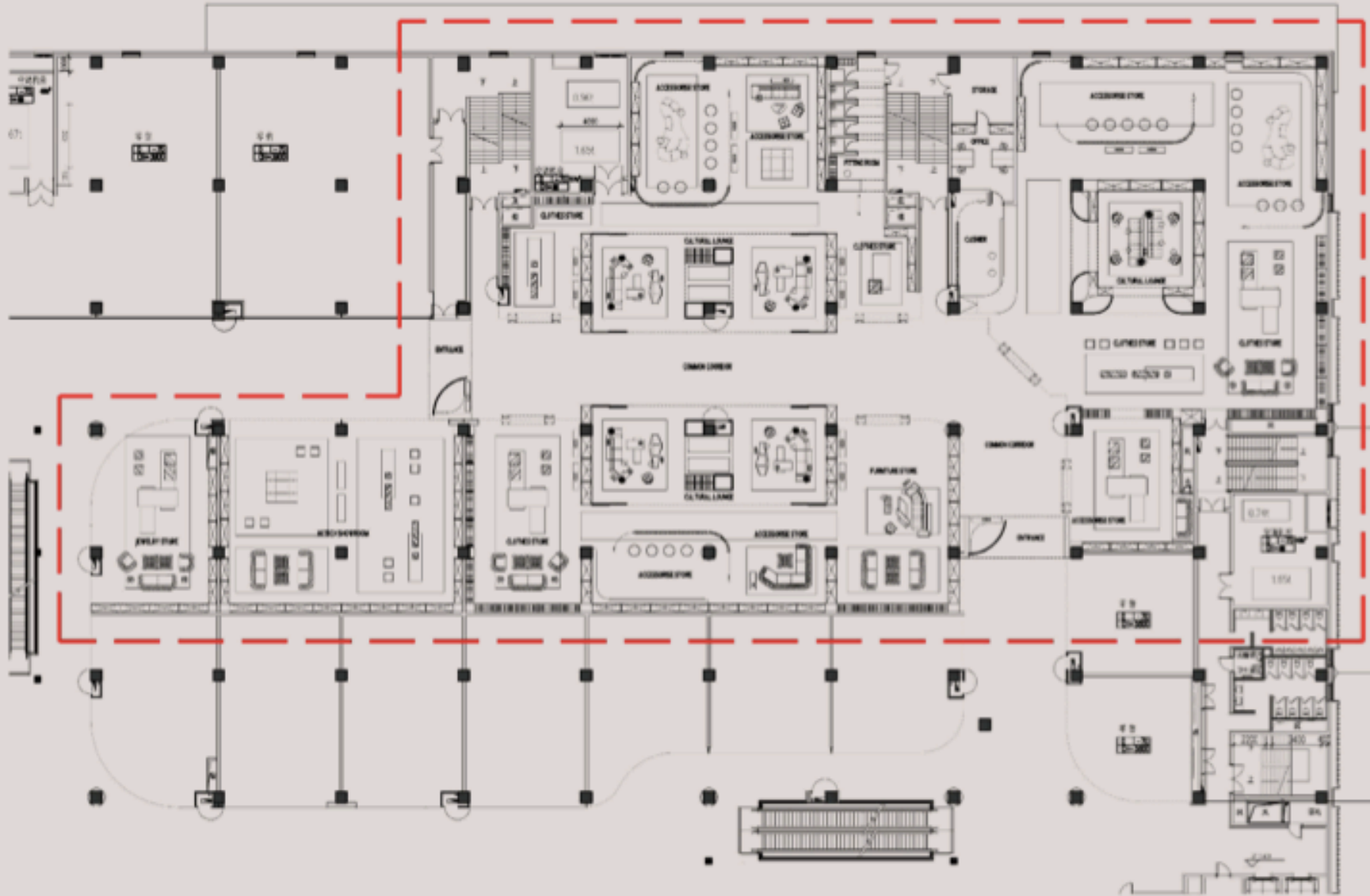
- The FTZ can be the favourable warehouse for the products that have to be ship and import in big quantities. In this way taxes and customs on stored products are paid only when the goods are moved over the FTZ.
- Taxes can be paid PRO RATA

FINANCIAL ADVANTAGES



LAYOUT

LAYOUT





THANK YOU

