



NEWS BRIEF

December 2017

China Cuts Tariffs on Consumer Goods

China has reduced import tariffs on 187 types of consumer goods from an average of 17.3 to 7.7 percent. The new import duties were announced this November 24th and became effective on December 1st.

AVERAGE TARIFF REDUCTION

~~17%~~

8%

NEW TARIFFS APPLY TO **187** PRODUCT TYPES, INCLUDING:



Baby formula



Skiing equipment



Selected appliances



Selected clothing & accessories



Certain wines

Products covered by the latest tariff cuts include:

- ▶ Food & beverage: certain types of cheese, nuts, dried fruits, and wine
- ▶ Baby products: infant formula and diapers will have no import tariff
- ▶ Sporting equipment: tariffs on skiing equipment were halved
- ▶ Electronics: various home appliances and personal care gadgets
- ▶ Various cosmetics and personal care products
- ▶ Pharmaceuticals: various antibiotics
- ▶ Clothing and accessories: certain types of shoes and scarves
- ▶ Click [here](#) for the full list [in Chinese]

Why is China cutting tariffs?

- ▶ To bring overseas spending by Chinese consumers back home
- ▶ To drive the broader goal of shifting the economy away from low-end manufacturing and exports, towards consumption-led growth
- ▶ To confirm its expressed commitment to trade liberalisation



Who wins?

- ▶ Foreign businesses exporting to China or looking to enter the market, especially via cross-border e-commerce
- ▶ Consumers in China, who will be able to buy imported goods at lower prices and gain better access to products that are not widely manufactured domestically

Who loses?

- ▶ Chinese consumer goods manufacturers, who will face stronger foreign competition
- ▶ Chinese shopping agents, known as “daigou”, who shop overseas on behalf of Chinese clients for products that are either not available or more expensive in China
- ▶ Retailers overseas who profited from Chinese shopping tourists

What's next?

In its bid to grow China's domestic consumer market, we expect the government to continue introducing initiatives to facilitate market access for foreign consumer goods companies. One such measure is China's first International Import Expo, organised by the Ministry of Commerce, which will take place in Shanghai in November, 2018.

Contact our experts at contact@fiducia-china.com for advisory and implementation support if you are looking to tap into China's growing consumer market.