



“Well timed  
opportunities”  
China-CEE  
Business in  
progress

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# Talking points for today:

Deloitte Central Europe Chinese Services Group

Chinese Outbound Investment in CEE

Lithuania & China – On the Road to Success

Intercultural Communication – The Way to Succeed

# Introducing

# Deloitte Chinese Services Group

# Introducing Deloitte Chinese Services Group

- over 500 professionals in 130 countries
- One of the most outstanding professional team focusing on the Chinese market and Chinese clients

- Supporting the global expansion of Chinese corporations
- Supporting multinational companies in their entry to the Chinese market
- Cooperation of business developers in China-related issues

## Deloitte Central Europe CSG

- Chinese investment, partner search, corporate expansion support in the CEE region (17 countries)
- Supporting CEE companies in their entry to the Chinese market

# We Bring China Closer to Lithuanian SMEs

## Goals

- LT Products in China
- Technology transfer
- Partner search

## Support

- International Team
- Comprehensive expertise
- Global experience, local success

## Start

- Personal consultation (grasp of the situation)
- Market study, partner search, partner double-check
- Supporting specific deals (legal, DD, M&A, compliance...)

# Diplomatic Assistance

## Responsibilities & Duties

Encourage  
export  
growth

Providing information: e.g. does the Chinese market need that product?

Partner search: search for potential business partners

Data check: double-check company data

Good to know:

Non-attached state representative

Act in the INTEREST of home companies, but not on behalf of them

Cannot make difference between clients

Tasks:

Export development

Investment promotion

Economic diplomacy

# Chinese Outbound Investment in CE

# Why CE?

- Since 2011 according to the Chinese Government's Central Policy Central Europe has become a key target region to deepen economic ties with Europe and strengthen Chinese business in the region
- High-rank official visits on both sides each year
- Annual China-CEE conference
- With 500 million, CEE is a sizeable market  
↓  
Diverse market, different cultures, different political and legal structures.



# Why CE?

- Most countries in the region are already EU members



goods can move duty-free within the EU

- The Balkan region offers huge capacity for infrastructure development



there is space for development, but no strict EU financing regulations

- The CEE region is very investor-friendly



favourable tax policies compared to Western Europe, highly-skilled workers available at lower costs

# Wanhua Borsodchem

In 2008 it was the 5th biggest chemical manufacturer in the world

Planing to become at least 3rd or higher ranking in 10 years'

Wanhua needed a European manufacturing plant to enlarge production and optimize transport cost

The largest CE chemical manufacturing plant was acquired by Wanhua in Hungary

Technological development

The biggest investor in CE (1.5 bn EUR)



# Bank of China

Established a subsidiary in Hungary in 2004 and a branch in 2015 to support Chinese enterprises in the region

Long presence in London

Central European center in Warsaw

Hungarian office became Southeast European Center in 2014

Regional RMB clearing center in Budapest

Main activities – project financing, corporate banking



# Huawei

A global success story

Rapidly growing telecommunications company

Present globally

Cooperates with local telecommunication service providers



Biggest Chinese competitor of Huawei

While Huawei is a private enterprise, ZTE is state-owned

Also cooperates with local telecommunication service providers

Present globally

The ZTE logo is displayed in a large, bold, blue, sans-serif font. The letters are thick and blocky, with a consistent blue color throughout.

# Foxconn

Created a manufacturing site in several CEE countries

Provides manufacturing for international telecommunication & electric industry cooperations

Made good contracts across the region, even acquired one of its competitors

Most Foxconn products are labeled as „Made in EU”

The logo for FOXCONN, featuring the word "FOXCONN" in a bold, blue, sans-serif font. The letters are closely spaced and have a slight shadow effect.

# Lithuania & China

# On the Road to Success

# Opportunities in Lithuania



EU member

Close to Russia, Belarus and Poland and Scandinavian countries via maritime routes

Dynamic development  
GDP growth 3.0% (2015 est.)

Ranking 24th on the global Ease of Doing Business Index (2nd in the region)



# Chinese Companies & Projects in Lithuania

- Huawei, ZTE & Lenovo – IT and telecommunication
- Chery – agricultural machinery manufacturing,
- CNPC, China's largest oil and gas producer and supplier, all present in Lithuania

- Since June 2012 Lithuanian companies can export canned fish to China, and soon to start exporting milk products
- Good railway connection for the transport of goods

- Lithuanian media reported a \$500 million investment to Lithuanian port of Klaipeda to connect Lithuania with China on land and sea

# Opportunities

Agricultural & food cooperation -> CE has a lot to offer to China

China has very strict regulations

Separate bilateral protocol for each type of meat & dairy products

Slaughterhouses are required to obtain accreditation one by one

Accreditation by: AQSIQ (General Administration of Quality Supervision, Inspection and Quarantine)

Export -> only by fulfilling above 2 conditions

# Opportunities

## Exceptions

Wine -> no specific protocol, but the Chinese distributor still has to obtain an individual permit

Sweets and products of plant origin -> no specific protocol, can obtain an individual permit, but goods still have to undergo Chinese lab inspection

Certain types of processed and sterilized meat products e.g. canned food can obtain an individual permit too, but goods still have to undergo Chinese lab inspection

# Opportunities

## Advice:

Look for a Chinese partner to enter the Chinese market

The Chinese partner should come from the same industry -> have industry-relevant knowledge, familiar with local market conditions

For manufacturing projects Joint Venture is the best solution -> in this case all certifications are the Chinese partner's responsibility

# Intercultural communication

The way to succeed

# Intercultural communication

## The way to succeed

### First Impression

- Hold your card with both hands
- No need to bow (not part of the Chinese business culture)
- Handshake

### Language skills

- English skills are important, but cannot substitute Chinese
- An interpreter is an interpreter - not more and not less

### Etiquette

- Gifts
- Meals (chopsticks, “*ganbei*”)
- Respect and patience
- Dress code



# Intercultural communication

## The way to succeed

Be patient!

Chinese system moves slow.  
Take time to get to know your  
business partner- have dinner,  
lunch, talk to each other!

The Chinese partner is your  
equal counterpart in business:  
keep this in mind when you  
negotiate!  
Don` t show-off, yet don` t crawl.

Be determined, but always  
stay friendly and  
respectful!



# My two cents

## Foreign trade-related experience

- China should not be your 1st foreign trade partner

## Stability

- China WILL NOT save your company from bankruptcy

## Expertise

- Ask for expert help





# Contact



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Ačiū už Jūsų dėmesį.  
Thank you for your attention.