Koda Trades

SOURCING NOTES

8 Facts About China Sourcing *Nobody Bothers* to Verify

Real registries, real numbers, real rules — not the recycled advice that shows up in every "sourcing guide" online.

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BEFORE YOU START

Why this exists

Most "China sourcing tips" you'll find online are the same six generic lines rewritten a hundred times — "communicate clearly," "ask for samples," "build a relationship." True, but useless on their own.

This is different. Every tip here points to a specific tool, a specific number, or a specific rule you can go check yourself right now. If a claim can't be traced to something real — a government registry, a platform's own policy, a published regulation — it's not in here.

Eight pages. No filler.

A note on numbers: customs duties, certification rules, and platform policies change. Where a figure is time-sensitive (like a duty rate), this guide points you to the live source instead of quoting a number that may already be out of date.

01

Verify the supplier on the actual government registry — not their sales deck

Every legally registered company in mainland China is required to publish its registration on **NECIPS** (国家企业信用信息公示系统) at **gsxt.gov.cn**, run by China's State Administration for Market Regulation. It's free, public, and it's the only source that actually matters.

Take the **18-character Unified Social Credit Code** off their business license and search it directly. Confirm the legal name, status, and legal representative match character-for-character. Then check two specific flags: **经营异常名录** (abnormal operation list) and **严重违法失信名单** (serious illegal/dishonest list). Either one showing up is a stop sign, not a footnote.

A clean-looking PDF certificate proves nothing by itself — anyone can design one. The registry behind it is what proves the company exists.

Verify yourself: gsxt.gov.cn — search by company name or Unified Social Credit Code

02

Most of Yiwu Market isn't factories — it's traders

Yiwu International Trade City spans **5 core districts and over 75,000 booths** — the largest wholesale market for small commodities in the world. But a booth number is not a factory address. The large majority of booths belong to traders and wholesalers reselling factory output, not manufacturers.

That's not automatically bad — traders can be efficient for small, mixed orders. But the price you're quoted at a booth is usually a marked-up factory price, and the "MOQ" you're told may be the trader's stock minimum, not the factory's actual production minimum.

If you need true factory pricing, ask directly whether you're speaking to the manufacturer or a trading company, and where the actual production facility is located.

Ask before you order: "Is this your own factory, or are you sourcing this from another manufacturer?"

03

Alibaba Trade Assurance only covers money that goes through Alibaba

Trade Assurance protects payments processed through Alibaba's own payment system, for the specific order it's attached to. The moment a supplier asks you to move the conversation to WeChat and pay by personal Alipay or a direct bank transfer "to save fees," that protection is gone — even if it's the exact same supplier and the exact same product.

This is one of the most common ways first-time importers lose deposits: not because the factory is fake, but because the payment never touched the system that was supposed to protect it.

Rule of thumb: if the payment method changes, so does your protection — regardless of how established the supplier looks.

04

A business license doesn't confirm they can actually make your order

SAMR rules require a company's registered capital to be disclosed on NECIPS — but that figure is a **declared** number, not a **verified** one. It doesn't confirm current cash balance, real revenue, headcount, or actual production capacity.

A company can be fully, legally registered and still be a two-person office with no production line. The registry proves the company legally exists. It does not prove they can deliver 5,000 units by your deadline.

For anything beyond a small trial order, production capacity needs to be confirmed separately — a video call showing the actual factory floor is the simplest way.

Registered capital ≠ production capacity. Confirm the second one separately.

05

Cargo insurance is optional — and cheap relative to what it covers

Cargo insurance for a standard shipment typically runs around **0.3–0.6% of the shipment's value**. It is not legally required in most trade lanes. But for a first order with a new, unverified factory, that's a small premium against a container that could otherwise be a total loss with zero recourse.

Many first-time importers skip it to save a small amount up front, then have no protection at all if the shipment is damaged, lost, or doesn't match what was ordered.

Rough math: on a $10,000 shipment, insurance typically costs $30–$60 — against a potential total loss of $10,000.

06

Never trust a duty rate from memory — including this one

Import duty rates aren't fixed. In India specifically, they move with each Union Budget and with mid-year notifications from the CBIC. A rate that was accurate six months ago can be wrong today.

Before committing to a landed cost from any supplier or sourcing agent — including us — verify the actual duty for your product's HS code directly:

ICEGATE (icegate.gov.in) for HSN/CTH code duty lookups, the **CBIC portal** (cbic.gov.in) for the authoritative tariff schedule, or the **Indian Trade Portal** (indiantradeportal.in) if you don't know your HS code yet.

Golden rule: quote duty rates from the live source, never from memory — yours or anyone else's.

07

Some products need certification no matter how good the deal is

Certain product categories require specific import certification regardless of the duty paid, the supplier's reputation, or how the deal is structured. As one concrete example: **toy imports into India have required BIS certification since 2020** — and without it, the shipment risks rejection at customs no matter how legitimate everything else about the order is.

The rules differ by product and destination country. The point isn't this specific example — it's the pattern: certification requirements are independent of your supplier relationship. A great factory and a great price don't override a missing certificate.

Check before you commit: confirm certification requirements for your exact product and destination country — before placing the deposit, not after.

08

Standard deposit terms exist — and they're negotiable within limits

The common baseline for a first order with a new factory is **30% deposit, 70% before shipment**. This isn't a law — it's convention, and it shifts. New, unverified factories often ask for more upfront. Factories you've ordered from repeatedly will often accept less.

Where this becomes a red flag: a factory asking for 100% upfront on a first order, or refusing to itemize what the deposit is actually covering. Reasonable negotiation is normal. Refusal to explain the payment structure is not.

Reasonable range: 20–30% deposit is standard for first orders. Push back — politely — on anything asking for more without justification.

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"China is easier when someone's already here."

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