

China pestel

[Finance](#), [Financial Analysis](#)



Analysis 1. Political Factors Peace and development are the main topics of world; China keeps stable and harmonious relationships with all of countries. Government Encourages Entrepreneurship The government encourages the citizen to create the enterprise and cooperate with foreign-funded enterprises; it is a good opportunity for all of people and develops a new business. Such as preferential policies for setting up business, decrease the sales tax and income tax, offer free training course for high school graduate or unemployment, no individual guarantee for the enterprise loan below 70000 Yuan and etc.

Decreasing in Import Tax One good thing for our business are the import tax of cream material goes down from 19% to 6%, moreover we have more choices to select the ice cream machines, and it will reduce our cost and make the produce process easier. Impact on Open Economic Policy Albeit the competition will be strong as the foreign brands swarm into Chinese market this few years, we discover that there is still a gap for our business to fit in and it is also a chance to develop the Chinese brands and enhance the existing ice cream industry to compete with foreign brands.

On the other hand, it lays a foundation for Chinese ice cream brands enter into the international market in the future. QS Standards Certificate Ice cream industry QS (Quality safety) standards certificate is a passport for running ice cream factory. It requires every factory to prepare a freezer which can keep the ice cream under the degree 30; the freezer will cost 5 million Yuan. But this rule doesn't apply to the foreign ice cream brands and some of home-made ice cream shops. Tax Policy It depends on the place and general industry sales amount, the tax department stimulates the sales

amount of the store, and then we need to pay for 5. 45% tax every month. There is no relationship with the invoice. Employment Policy For employments, they must have health certificates. The enterprise must sign the contracts with them and pay the four insurances which the government asked for. Include the old-age insurance, medicare insurance, unemployment insurance, and child-bearing insurance. Allowance for Farmer Who Plant Organic Products Organic materials are now more expensive than the average products in the market.

Hence, the government supports and encourages the farmer to plant the green and organic agricultural products. We believe that the price will go down, and people will enjoy the green and organic products more than before.

2. Economic Factors

2. 1 Macro economic factors

Growth in Population

In Shanghai, the area covers 6340km², separate 18 districts. The population is about 19 million and 6 million families. The best business area is Xuhui (1060, 000 population), Huangpu (570, 000 population) and Pudon district (2400, 000 population). The high density of population will have a positive impact to our business.

GNP Trends and National income

According to the first quarter reports of this year, national economy maintain a growing trend, achieved 657. 45 billion Yuan which rise 6. 1% compare to last year. The per-capita disposable income of urban residents is 15781 Yuan and the per-capita net income of rural people is 4761 Yuan, rise 8. 4% and 8% in real terms. It is estimated that the growth target for this whole year can be reached 8%.

2. 2 Micro economic factors

Based on the first quarter report of this year in Shanghai, The disposable income per-capita of urban residents is 26690 Yuan and the per-capita net income of rural people is

11400 Yuan, rise 6% and 6. % in real terms. According to the report of The People's Bank of China in May 2009, the saving breakthrough 4 trillion, growth rate meets 23% and the amount rise 48. 3billion Yuan. House rent income and other property income rise 2%. Employment pressure keeps increasing trend, the university graduate is 158000, rise 6%. The government pushes many of policies to solve the problems. People's income, bank saving and employment status are affecting our business directly, all of the data shows the increasing trend in each factor; therefore, we believe that our business prospects is optimistic. 3. Social Factors

Cross-Culture Shanghai is a modern and international city. Due to the globalization, young people's thinking and lifestyles are getting closer to western culture. They are like a sponge which can easily accept the new and strange things. Ice cream is part of their life in Western country, which has a significantly impact to the ice cream industry today in China. Ice cream is not only for kids' enjoyment nowadays but also become an indulgence of young generation and a satisfaction for old generation. The new consumption format leads ice cream business to a bright future. More Aware of Having a Healthy Lifestyle

Since eating ice cream has become part of people enjoyment, they are seeking for high-nutrition ice cream which can keep them healthy and slim while they are having their enjoyment. Doctor Qikeming from Beijing Children hospital said the obesity issue happened in 7-18 years old children, meet 5% boys and 3% girls in 100 people, the trend is growing very fast, the main reasons are they eat too much fast food, carbonated drinks, dessert, ice cream. Thus, parents are more aware of their children's health and also

purchase organic foods for them. High Expectation Due to the intense competition nowadays, people are expecting more than the past.

They care not only about the products but include its packaging, color, taste, price and even the advertising words and image. 4. Technological factors Produce Ice Cream by Using Latest Technology Along with the improvement of the consumption level, people's requirements on food are unceasingly enhance. Meanwhile it is a trend which develops new products and fit the consumer's needs. Experts advance "three lower and one higher plan" for the ice cream manufactories, low salt, low fat, low sugar, and high protein. More and more scientists are dedicated in studying and developing organic products.

Thus, develop health and function ice cream against the traditional ice cream recipe by using the technology today will be a success in business. 5. Legal factors Food Safety Law This law is used to protect, monitor and limit the industry of developing and lead the right way for business. It has conducted since June, 2009. The new law shows the food exempted from inspection canceled and the food additives which are not in the list of catalogs cannot be used in any food. Once the consumers' rights meet loss, they can ask for 10 times compensation money compare to price of goods.

All of goods must have a clear components list on the packing and mark unsuitable people, function explanation. How to Register a Company? First, we need to prepare several names of our company, then we will go to The Administrative Bureau of Industry and Commerce to pick up one name which is not similar to other company in order to avoid confusing. Next, prepare at least 2 people which are the company stockholder, one must be the legal

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representative. There are several choices to decide the company format: Sole Proprietorship, Limited Liability Company, Company Limited by Shares. Each of them has different law responsibilities.

For our business, we will register as a sole proprietorship company. Following by the detail of our business and open a bank account. The bank capital is at least 100000 Yuan for a small-scale business. To register a General taxpayer, the cash in bank must be at least 500000 Yuan. After that, The Administrative Bureau of Industry and Commerce will check through all the details. It takes around 15 days to get the operating license. We can start the tax process after getting the operating license. We need to apply for an enterprise code to department of technical supervision which is a Tax ID Code of the business.

It will take 30 days for the tax department to process before we can get the Tax Registration Certificate. The tax department will then confirm the business tax rate, items of taxation, levy time and method. 6. Environmental factors Government Policies Protecting environment is a hot topic in current society. The government establishes many policies for one-off packing in food industry. For our business, the main packing materials are cups, scoops, straws. We will choose disposable paper products and degradable plastic to reduce the environment damage. Increasing Awareness of Environmental Protection

Since people nowadays are more aware of the importance of the environment and becoming “ green consumers”, they prefer goods and services that are “ environmental friendly” and which have less impact on the environment. We will strive to be carbon neutral, green, clean and

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pristine. In addition to producing inconceivably delicious organic ice cream, we will try to operate in a sustainable manner. We use fully organic ingredients, offset our emissions, use compostable serving dishes and also compost our waste. This gives our business a clear advantage over our competitors who are not doing well in this field. References Website: