

Sourcing parts from China – what buyers need to watch out for

A practical overview from enquiry to delivery: costs, quality, tooling, customs and logistics – with checklists for everyday use.



For many custom parts, China is the most cost-effective place to manufacture – provided that the enquiry, factory selection, sampling and logistics are properly organised. This guide summarises what matters from a purchasing perspective.

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1 · When the Far East pays off

The price advantage arises mainly with parts that have a high share of labour and machining, with tooling, and with processes for which China has large, specialised capacities – such as casting, forging, stamping, sheet metal working, CNC machining or injection moulding. What matters is not the unit price alone, but the **total landed cost at the point of use**.

Cost block	What to look out for
Part price ex works	Material, machining, surface finish, packaging
Tools, patterns, fixtures	One-off; spread over the planned total quantity
Freight and insurance	Sea, rail or air freight; volume and weight
Customs duty and import charges	Duty rate according to tariff number, anti-dumping duty where applicable; import VAT (EUSt) is deductible as input tax
Inspection and documentation	First samples, measurement reports, pre-shipment inspection
Tied-up capital and stock	Longer supply routes mean higher safety stocks

Rule of thumb

Well suited are parts with a stable drawing, predictable, recurring demand and a lead time that can accommodate several weeks of transport. For urgent requirements or frequently changing designs, a European second source – for example in the Czech Republic – is often the better complement.

2 · The enquiry: the basis for everything

Most problems in Far East sourcing do not arise in production, but in the enquiry. What is not on the drawing is not inspected – and what is not inspected is difficult to claim in the event of a dispute.

- **Drawing as PDF and 3D model as STEP** at the same revision level
- **Complete tolerances:** general tolerance (e.g. DIN ISO 2768-mK), geometrical tolerances (GD&T), fits
- **Unambiguous material** with standard or material number; state permissible alternatives
- **Surface finish** with process, coating thickness and colour
- **Quantity framework:** annual volume, batch size, sample requirement, duration
- **Inspection and documentation requirements** (first article inspection report (FAIR / EMPB), material certificate 3.1)
- **Packaging and marking** – crucial for sea freight in particular
- **Target price**, if available

Why a target price helps

In the Far East, the first quotation is usually understood as a serious price. Significant discounts afterwards are unusual, because they suggest that the first quotation was inflated. If you state a realistic, ambitious target price from the start, you will usually reach a good price faster than by renegotiating later.

3 · Finding and assessing suppliers

Platforms and trade fairs quickly provide many contacts – but little certainty. Behind a supplier there may be a manufacturer, but just as well a trader who subcontracts production. You should therefore check:

- **Vertical integration:** Which processes are carried out in-house, and which by subcontractors (e.g. surface finishing, heat treatment)?
- **Experience with comparable parts** and with customers from Europe
- **Measuring equipment and inspection tools** suited to your tolerances
- **Certificates** (e.g. ISO 9001, IATF 16949, welding approvals) – verify them with the issuing body
- **Communication:** questions about the drawing are a good sign, not a bad one

Obtain several quotations and compare them technically, not just on price: a conspicuously low quotation is often based on a different material, simplified machining or missing inspection.

Warning signs

- no questions despite a complex drawing
- price well below all other quotations
- full payment in advance without samples
- unwillingness to provide measurement reports or material certificates

4 · Tooling: costs and ownership

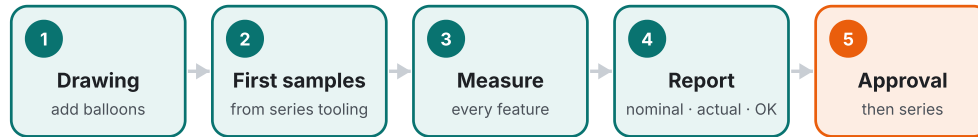
In casting, forging, stamping, injection moulding or extrusion, a large part of the one-off costs is accounted for by tooling. Tooling costs in China are often well below European levels – but what matters is the design and the arrangements:

- **Tool steel, cavities and expected tool life** should be stated in the quotation
- **Ownership:** whoever pays should become the owner. Transfer of ownership is governed by the law of the place where the tool is located – regulate it clearly in the contract.
- **Marking** of the tool as customer property, used exclusively for your parts
- **Maintenance, replacement in case of wear, storage period** and handover or relocation should be agreed
- **Payment schedule** – customary: down payment with order, balance on first samples or approval

5 · First samples and approval

The first sample is the most important milestone: with your approval you define what series production should look like. Take your time with the inspection – deviations accepted at this stage can hardly be claimed later.

From first samples to series release



Series production starts only once the first article inspection report (FAIR / EMPB) is approved.

Typical first sampling process

- **First article inspection report (FAIR / EMPB)** to VDA Volume 2 or PPAP: dimensional report of all drawing features, material and surface finish certificates
- **Your own incoming inspection** of the samples, including function and assembly testing
- **Document deviations** and either have them corrected or approve them deliberately (in writing)
- **Approval in text form** – it is the reference for series production

Time required: in the best case, first samples are ready for shipment after about three weeks, but it usually takes longer – up to about ten weeks for complex parts with tooling (pure production time, excluding transport).

6 · Quality in series production

A good first sampling does not yet guarantee consistent series production. The following have proven effective:

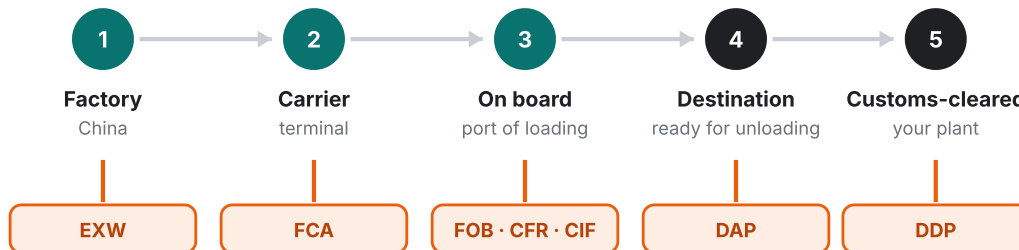
- **Inspection plan** with inspection characteristics, inspection equipment and frequency – aligned with the functional dimensions
- **Pre-shipment inspection** according to a sampling plan (e.g. AQL), by an independent inspection agency if required
- **Material certificates** for each batch (e.g. inspection certificate 3.1 to EN 10204)
- **Traceability** through batch and delivery marking
- **Packaging specification** against corrosion and transport damage (VCI, desiccant, load securing)
- **Clear complaint procedures:** who notifies whom, within what period, with what evidence?



7 · Incoterms, customs duty and import VAT

The delivery term determines who bears transport, risk and import handling. Under **FOB** or **EXW**, you organise the main carriage, customs clearance and import VAT yourself; under **DDP**, the seller delivers customs-cleared to your door.

Where the risk passes to the buyer



The seller bears the risk up to the marked point.

Only under DDP does the seller also handle import, customs duty and import VAT.

Transfer of risk under Incoterms® 2020 when importing from China

- **The customs value** is generally the value of the goods including freight and insurance up to the EU border.
- **The duty rate** depends on the customs tariff number – correct classification is the declarant's obligation.
- **Anti-dumping duties** apply to certain goods from China (e.g. certain fasteners or steel products) and can eat up the price advantage – check in advance.
- **Import VAT** (19 %) is levied on the customs value plus duty and is deductible for businesses entitled to deduct input tax – but it ties up liquidity.
- **Carbon Border Adjustment Mechanism (CBAM)**: since 2026, special obligations apply to imports of iron, steel and aluminium above a quantity threshold of 50 t per year and importer; an extension to downstream products is planned.

The simple solution: delivery to your door

With DDP delivery by a German contractual partner, you receive a normal German invoice with 19 % VAT – customs duty, import VAT and import formalities are the supplier's responsibility.

8 · Scheduling and logistics

Mode of transport	Transit time (approx.)	Suitable for
Sea freight (FCL/LCL)	30–45 days port to port	Series production, heavy and large parts – the cheapest route
Rail freight	18–25 days terminal to terminal	Medium urgency, a compromise between time and cost
Air freight	a few days	Samples, urgent requirements, small quantities

Plan buffers for public holidays – above all Chinese New Year, around which many factories shut down for several weeks – as well as for route and port disruptions. Scheduled call-offs, safety stocks or interim storage in Germany smooth out fluctuations.

9 · Contracts, confidentiality and IP rights

- **Confidentiality:** NDA before passing on drawings; remove the customer name and logo from the documents.
- **Resale ban:** contractually exclude parts made to your documents from being supplied to third parties.
- **Intellectual property rights:** anyone having parts made to third-party drawings should be sure not to infringe any third-party patents or designs.
- **Contractual partner and law:** with a German contractual partner, German law, a German place of jurisdiction and the statutory warranty apply – claims against a factory in China, by contrast, are difficult to enforce.
- **Payment terms:** no full payment in advance without samples; link payments to milestones (order, samples, shipment).

10 · The most common mistakes – and how to avoid them

Mistake	Better
Drawing without complete tolerances	State the general tolerance and functional dimensions unambiguously
Only unit prices compared	Calculate the total landed cost at the point of use
First samples only checked superficially	Dimensional report, material certificate and functional test before approval
Tool ownership not agreed	Record ownership, marking and handover in the quotation
No packaging specification	Specify corrosion protection and load securing
Holidays and transit times underestimated	Plan buffers and safety stock
Renegotiating after the first quotation	State a target price from the start

How we support you

TOP Asia Technik GmbH of Jena handles all these steps for you: technical clarification, selection of suitable factories, tooling and first samples, quality assurance, transport and customs clearance – with delivery to your door, invoicing in euros and one contact in Germany. Simply send us your drawing; you will receive a response within 24 hours on working days.

Send your drawing – get a quotation

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