

China Factory Situation – July 2020

Covid-19 seems under control, and there are no significant restrictions on manufacturing and travelling. Factories are in normal production schedule.

Heat Ban in Hunan/Jiangxi : already started until end of August. There is no heat ban in Guangxi area.

Hunan & Jiangxi governments are continuing to **cut down the number of factories**. In Yi Chun (宜春), one of the production area in Jiangxi, over 90% of the factories needed to renew their license by this summer. We expect many factories will drop out and will not re-open again after the heat ban. For more information, we have to wait and see. Some are saying the Government only wants to keep about 178 factories there (from 508!).

In previously years, those factories that produce for the European market, are usually very busy after the heat ban with orders for Europe's New Years. This year, it seems some orders for Europe have been cancelled or reduced, so factories are not as busy as before.

Most factories indicated that orders for USA for this coming season has increased and came in earlier than before.

3" x 9 shots. The Chinese customs in Liuyang (CIQ has merged into custom department) declared that only factories with A class Cake license (about 9 in Liuyang, and only around 4 for export can produce cakes over 2" diameter. Even shell factory with A license for shell, but no license for cakes, cannot produce.

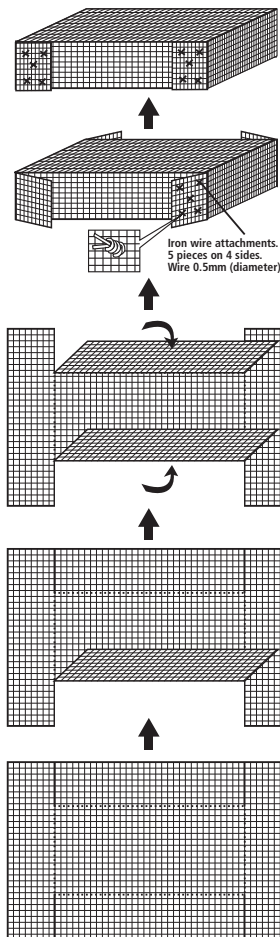
Further restrictions. Customs will issue 1.3G CIQ certificate to cakes over 2" calibre, unless they are packed in wired baskets. It will cost around US\$10.00 extra per carton of 2 pieces and a lot of work to remove the basket in your warehouse. Disposal is also a problem unless you can cut them nicely and sell them, for example to garden centers.

Following pages are some photos for your reference.

UN0431 Article Pyrotechnics 1.4G continues to be a challenge as Hunan customs will not issue CIQ export certificates for these items, as they are only allowed to inspect "Fireworks". At the moment we do not foresee a solution for this. The only solution is to label all UN0431 products as UN0336 and ship as UN0336 1.4G Fireworks. This can be problematic as all fireworks will need to be re-labelled (individual labels and UN cartons) as UN0431 in the USA. It will also affect importation into the USA as they will be classified as UN0336 Fireworks.

PACKING INSTRUCTION: Battery of Shottubes / Compound

METAL WIRE BASKET 1



METAL WIRE BASKET 2

