**Report about FS Inspection Trip to China from 15.10.25-22.10.25**

## Executive Summary

The October 2025 inspection trip to China focused on deepening partnerships with long-standing suppliers and evaluating compliance with Fair Stone standards. The trip included visits to five factories, one active quarry, and two closed quarries in Fujian province, as well as strategic meetings in Hongkong. In addition to compliance monitoring, the visit emphasized re-naturation projects and environmental transition strategies in former quarry sites. Despite softened export volumes due to global tariffs and other factors, China's domestic demand and infrastructural developments sustain the local stone industry.

## Trip Overview

**Duration: 6 days (October 15–22, 2025)**
**Regions Visited:**

- **Fujian Province:** ZhangPu, Xiamen, Quanzhoi (5 factories, 1 active Quarry, 2 closed quarries)
- **Hongkong:** Meeting with export organization and Auditor

**Participants:**

- James Herrmann, Managing Director of Fair Stone
- Local Representative Winnie Luo

**Objectives:**

1. Conduct control visits and verify compliance with Fair Stone standards in factories and quarries.
2. Examine communication and awareness of the Fair Stone grievance mechanism among workers.
3. Strengthen dialogue and cooperation with long-term suppliers.
4. Examine re-naturation efforts of old quarry pits in Fujian Province, which are being converted to eco-tourism areas

## Status Natural Stone Industry in China

China remains a central hub in the global natural stone economy. Regarding China's natural stone export situation in 2024, according to data released by the China Stone Association, the total export value showed a significant decline, while the total export volume remained basically stable. Simultaneously, the trade structure is shifting towards higher value-added products.

| Metric | 2023 Data | 2024 Data | Change |
|---|---|---|---|
| **Total Export Volume** | 7.83 million tons | 7.81 million tons | Decrease of 0.2% |
| **Total Export Value** | $6.39 billion | $5.03 billion | Decrease of 20.9% |

In the first half of 2024, the country imported 5.34 million tonnes of stone—an 8.8% increase over the previous year. Yet, export value fell by 14.5%, despite a 6% increase in volume (2023 vs 2022), indicating growing pricing pressure. No full figures from an official publication for 2024 could be found to update these numbers. US-China trade tensions continue to impact the market: punitive tariffs imposed on Chinese stone products, have led to a noticeable decrease in US orders. Particularly memorial stones and artificial stones. This has spurred diversification strategies, with exporters shifting focus to less regulated markets like Latin America and considering production shifts to Southeast Asia.

#ZhangPu Black Basalt is extracted mostly in the form of boulders

#But in some areas also in the form of pillars, very similar to other Basalt

#ZhangPu Black Basalt production of hand-split stones

**Control Visits in FuJian**

During the control visits at five factories in FuJian, the following observations were made:

1. **Operational Challenges**
   - Sea Freight & Demand Cycle: Freight costs were favorable at the time of visit (USD 1000-1200/container), prompting buyers to place more orders. Nevertheless, October still marks the off-season, with many factories operating at reduced capacity or conducting maintenance.
   - Tariff Impacts: U.S. tariffs have resulted in approximately 25% fewer orders for some producers, particularly in the gravestone segment. Artificial stone suppliers report even sharper declines.
2. **Factory Conditions and Compliance**
   - Most factories possess acceptable infrastructure and functional machinery. However, older equipment and facilities dominate.
   - Use of PPE remains inconsistent, particularly ear plugs. Further efforts are needed to train workers in occupational safety and labor rights.
   - Fair Stone grievance mechanism posters were redesigned with QR codes for easier access via WeChat. The goal is to increase anonymity and usage.
   - TFS2 Automatic Notice: the purpose of our automatic notice emails to Factory Owners/FO's was explained, which is to prevent subcontracting of orders and increase transparency.
3. **Quarry Conditions:**
   - The visited active quarry was part of a multi-use land project linked to hotel and infrastructure construction. Due to restrictions on new

quarry leases, temporary extraction tied to public works has become common.

- Environmental compliance is shaping extraction strategies. Closed sites are being converted into parks, resorts, or cultural zones.

#A combination of fans and air suction walls help to channel and bind dust emissions

#Indication of PPE Usage via safety signs helps raise worker awareness

#Brief interviews with the workers are an important aspect of control visits, also to communicate grievance mechanisms

#Some factories have larger premises, which helps to decrease noise of big saws in other factory halls

**Control Visits in Quarries**

One active quarry and 2 closed quarries were visited. The active quarry is quite typical for FuJian at the moment. As it is not feasible to obtain new long-term leases for natural stone quarries, it is often declared a temporary extraction project. Raw blocks are being extracted as part of road constructions, relocation and new construction of public schools or more special even: to construct a large hotel complex. It shows how areas have been developed in the past. Once a suitable site to extract natural stone and process it close to ports for export, now a suitable site for a vacation hotel complex located near the coast and beaches.

**Jinshan Hotel Complex**

The G603 quarry site is being transformed by the Huachang Group into a high-end hotel complex near Jiaomei. It represents a broader shift in land use and offers a sustainable exit strategy for exhausted quarry sites. The conversion echoes projects like the Intercontinental Shanghai Wonderland, proving the viability of eco-tourism in former industrial zones.

#Jinshan Jiaomei Hotel Design

#Location of Jinshan Jiaomei Hotel complex, close to urban settlements

#Preparation of outside hotel areas has already started

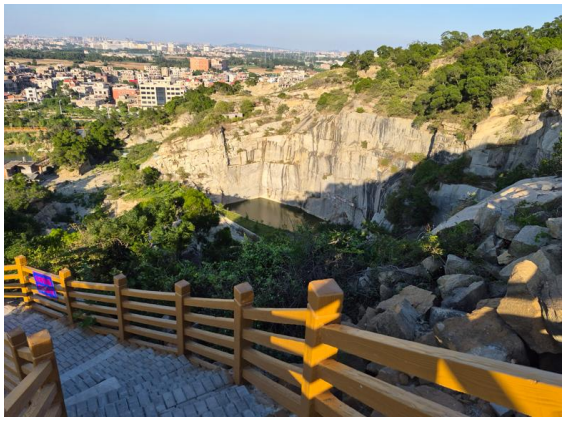
#Outside hotel areas: Car access & Sculpture Park

**Yinglin Park and Yonqhe Quarry**

In Jinjiang, the former Dajueshan quarry (over 51 ha) is being converted into a multifunctional public park, with state investment exceeding 23 million Yuan. Efforts include air filtration infrastructure, reforestation, and the creation of paths, lakes, and sculpture parks, showing strong local government commitment

#Yonghe: Renaturation progress October 2025

#Yonghe: New walking paths finished



#Yinglin: Renaturation progress October 2025

#Yinglin: View towards lake area

**Key Findings & Organizational Learning**

1. **Working Hours and Seasonality:** Extended working hours remain the norm, although many workers leave during the June–October off-season to pursue agricultural work
2. **Geopolitical Trade Pressures** U.S. tariffs have reshaped order patterns. While Europe is still relevant, growth markets appear to be shifting towards Latin America. Some clients consider shifting production to countries with fewer trade restrictions, such as Vietnam, Cambodia or potentially Ghana.
3. **Environmental Product Declarations/EPDs** Scandinavian clients increasingly request CO2 footprint data. Fair Stone has introduced ISO 14064 at factory level to support exporters. No producers could currently offer a complete product-level EPD.
4. **Grievance System Implementation** Improved signage and digital access were introduced. It remains to be seen whether uptake increases. Continued sensitization is needed.
5. **Changing Travel Landscape:** Visa exemptions for EU countries have simplified travel and reduced costs. Tourism is now explicitly part of China's growth strategy. The country is opening up to visitors from over 70 countries, emphasizing international tourism, cultural exchange and increased foreign consumption. In

2024 the National Immigration Administration (NIA) reported that 20.1 million foreign travelers entered China without a visa, representing a 112 % year-on-year increase.

**SDG 2030 Impact**

The 2025 China trip highlighted a mature yet transforming industry. While geopolitical shifts (e.g., tariffs) create pressure, domestic demand and public-private cooperation for environmental restoration open new pathways. Fair Stone will continue to:

- Monitor trade developments and support partners in diversifying markets.
- Strengthen the digital and physical accessibility of grievance systems.
- Promote ISO 14064 and explore pathways toward EPD-readiness.
- Support the new FS Representative in China in expanding the audit network and local engagement.