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Understanding the legal landscape

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Q: What are some of the legal issues that Singapore companies should take note of when setting up in Fujian?

A: They should first determine the appropriate business vehicle to be adopted and find out whether the business they intend to undertake falls within the encouraged, restricted or prohibited sectors under the Catalogue of Guidance for Foreign Investment (revised 2007). Certain tax incentives are available for some encouraged industries, such as the equipment manufacturing, petrochemical, marine and service industries, and for companies set up in special economic zones.

The Fujian government has outlined the roles and functions of its respective departments in the approving procedures under the Circular on Delegation of Approving Authority and Simplifying Approving Procedures 1991. Sound knowledge of these approval procedures and administrative structure would save Singaporean investors a lot of time and costs.

Due to its geographic proximity with Taiwan, Fujian has established a special economic zone known as the Western Taiwan Straits Economic Zone, and some policies promoting trade with Taiwan.

Constantly following the evolving relationship between China and Taiwan and the relevant policies may open up more opportunities for Singaporean investors in Fujian.

Areas where Singaporean investors often require professional assistance are protection of their intellectual property (IP), employment matters and the negotiation of contracts with the Chinese parties.

As infringement of IP can be prevalent at times, Singaporean investors are advised to treat IP protection as the first mission to accomplish in their entrepreneurial journey in China.

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