

The Establishment of Shipping Companies with Foreign Investment

According to the Interim Measures for the Examination and Approval of Foreign-funded Shipping Companies by the Ministry of Communication, foreign marine companies are allowed to establish wholly foreign-funded shipping companies in China. Upon approval, the shipping company may operate a shipping route through such cooperative forms as joint dispatch of vessels, mutual exchange of cargo space, joint operation, etc. for its parent company and, upon approval, has obtained the right to operate a shipping route, it shall be deemed to satisfy this condition; foreign Shipping Companies which ship by unscheduled vessels must have a stable cargo source in China; it has not violated Chinese laws, administrative regulations or rules during the course of its business activities in China for a consecutive period of two years. The Chinese employees in the wholly foreign-funded companies should account for more than 85% of the total staff.

The procedures for the application of establishment of foreign-funded shipping companies are as follows: Firstly, the applier should apply for the registration of pre-approval of enterprise name with the administration of industry and commerce, and get the notification for the pre-approval of the enterprise name. Then the applier should submit the following documents to Shanghai Foreign Investment Commission:

1. A written application;
2. A feasibility study;
3. The articles of association;
4. Documentary proof of the applicant's legal status and creditworthiness;
5. The power of attorney of the legal representative of the wholly owned shipping company and the names and résumé of the members of the board of directors;
6. A specimen of the applicant's bill of lading;
7. The approval document for the shipping routes operated and a photocopy of the resident representative office's approval document; and
8. Other documents required by MOFTEC and the Ministry of Communications.

Shanghai Foreign Investment Commission should give pre-approval to the application and then submit the documents to the Ministry of Commerce and send the copy to the Ministry of Communication; the Ministry of Commerce conducts the approval of the establishment on the basis of the proposal of the Ministry of Communication. After getting consensus with the Ministry of Communication, the Ministry of Commerce will issue written approval. The applier should take the approval to the Ministry of Commerce for the issuance of Certificate of Approval for the Establishment of Enterprises with Foreign Investment (or enterprises invested by Hong Kong, Macao, or Taiwan). With the Certificate, the applier should apply for the Business License to the administration of industry and commerce within the limited time. With the Certificate and Business License, the applier may apply to the Ministry of Communication for the Operating License for a Wholly Foreign-owned Shipping Company and start the operation after getting the operating license.

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