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WOFE refers to Wholly Foreign Owned Enterprise and this is a limited liability company wholly owned by the foreign investor(s). WOFE in China was originally endorsed to encourage manufacturing and business activities and the introduction of new and advanced technology. However, when China entered the World Trade Organization these conditions were relaxed and gradually they were removed altogether.

WOFE in China is commonly found in the service provision industry in activities such as management consulting, offshore trading and software development. However, the unique characteristic about WOFE in China is that the involvement of a Chinese investor as a partner is not required and foreign nationals can transact their business as they deem fit. This gives foreign investors full control over their businesses since they do not have to involve strangers in the sensitive and intricate aspects of their business. WOFE in China is hence considered to be a great economic driver since it has led to an increased level of offshore investments in the country.

The good thing about WOFE in China for the Chinese government is that a WOFE is not allowed to sell its products directly into the Chinese market. WOFEs that sell into the Chinese market use innovative importation methods or export and re-import strategies. Under either of these methods a huge amount of additional costs are incurred as payments to the Chinese government in sizable duty rates.

Advantages of WOFE in China include the fact that foreign companies are able to uphold their global strategy without interference from Chinese citizens, achieve full business operability in China as an independent entity, ability to transact in foreign currency, protection of company secrets and copyrights, unlimited control over the human resources, and improved efficiency in all aspects of the business be it operations, management or development of the company.

The different types of WOFE in China include WOFEs allowed to engage in manufacture only, WOFEs allowed to engage in consultancy and service delivery, and WOFEs allowed to engage in trade either in a wholesale, retail or franchise capacity. These types of subdivisions in WOFE investment ventures underscores the fact that WOFE in China have been given a scope limited to the nature and aspects of their businesses as clearly defined by the government of China.

In a nutshell, WOFE in China has really been successful and has been a major factor that has greatly contributed to the growth of Chinaâ€™s economy into a world superpower. This is due to the fact that the Chinese have become a nurturing and welcoming people to the rest of the world and have opened up their country to increased foreign investment.

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