

Protection of Stakeholders under the Transitional Commercial Code of Eritrea: Comparative Analysis with the 2018 Company Law of Peoples Republic of China

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Abstract : Companies are inevitable for society. They are the building blocks of every development in a country aimed at producing continuous goods and services for the people and, in turn, obliged to pay taxes, which enhances the economy of the nation. For the proper functioning of companies, their relationship with their stakeholders must be secure. The major stakeholders are suppliers, consumers, employees, creditors, etc. The law plays an important role in enhancing the relationship between these different stakeholders. If the law fails to keep track of the relationship, both the company and stakeholders remain unprotected. As a result, the potential benefits are prejudiced. This paper makes a comparative analysis of the types and formation of companies under the Transitional Commercial Code of Eritrea and the Company Law of the Peoples Republic of China. In particular, the paper addresses the legal lacuna under the TCrCE on handling the failure of shareholders to pay the promised capital. So, the methodology of the study is entirely analyzing the two countries' laws using practical cases. After analyzing the practical problems on the ground using real cases, this paper calls on Eritrea to update its outdated Commercial Code to give proper protection to the stakeholders.

Keywords : companies, company law of the People's Republic of China, transitional commercial code of Eritrea, protection of stakeholders, failure to pay the promised capital

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