

The Nightly Business Report
Chinese Companies...A Threat?
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The bid from (CNOOC) – that's the China National Offshore Oil Company -- for Unocal has caused a flap. Members of Congress ask: are China's intentions threatening?

Aggressive, yes. Threatening, no.

Chinese companies have been trying to expand globally, and this includes Asia, the Americas and Europe as well as the US. Some examples: China's largest producers have invested in automotives in South Korea, in steel in Brazil and base metals in Canada. Its leading television producer has bought a French company.

This is just the beginning and the natural outgrowth of China's stunning economic development. I know firsthand from conversations with Chinese leaders that one goal is to develop 30-50 global competitors. The way to do this quickly is to acquire assets, technology, and management know-how from abroad.

The big question is whether Chinese companies can create a culture that fosters global competitiveness and managerial skill. State-owned companies have been poorly managed and they lack transparency. So, I firmly believe US companies will compete handily.

Cross border investing is part of a global world. US companies have invested heavily in China and we can expect that Chinese companies want to invest here. While we must be mindful of security concerns, we had better get used to the competitive arena in which we live.

I'm Barbara Hackman Franklin.