
China's commerce ministry urges caution in overseas deals

BEIJING, June 15 (Xinhua) -- China's Ministry of Commerce (MOC) said Monday that the tentative deal for a Chinese company to buy the Hummer vehicle brand was a "normal business operation," but it also noted that Chinese enterprises should invest cautiously.

"Chinese enterprises have growing international scope despite the global financial crisis. Sichuan Tengzhong Heavy Industrial Machinery Company's plan to buy Hummer is a normal business operation," said Yao Jian, spokesman of the ministry at a news briefing.

He said enterprises should enjoy all the benefits of their investment while assuming the losses, if any.

On June 2, the Chinese company reached tentative agreement with U.S. automaker General Motors Corp., a day after it filed for Chapter 11 bankruptcy, to buy Hummer.

GM did not reveal the sale price, although in its bankruptcy filing, GM said the brand was worth some 500 million U.S. dollars.

Yao noted that under Chinese law, local companies should get government approval before making investments of more than 100 million U.S. dollars overseas. So far, the ministry had not received an application, he said.

The deal has drawn questions in China.

"The purchase of the gas-guzzling Hummer brand is against China's economic situation and the country's development," Lu Zhongyuan, vice director of the Development Research Center of the State Council (Cabinet), said at an industry forum on June 9.