The Investment by Overseas Chinese in China as International Business Intermediates

Yu-min Chou

Abstract

The Chinese economic reform which started in the late 1970s have attracted many kinds of inward direct foreign investment which were instrumental in linking Chinese enterprises to the outside world. The overseas Chinese investors have acted as catalysts and as prime movers in this respect. But lately, the indigenous Chinese enterprises have also begun to take an active role in "reaching out," and in some form of cooperative alliance with overseas Chinese enterprises in and through Hong Kong. This business linkage of the Chinese both inside and outside of China is also attracting non-Chinese foreign interests. Thus, a trans-national linkage that bind Chinese in China, overseas Chinese enterprises, and non-Chinese enterprises is in the making. This is a prelude to the globalization of indigenous Chinese enterprises.

I Introduction

The Chinese economic reform which commenced in the 1970s have attracted many kinds of inward foreign investments which, in turn, have been instrumental in linking the indigenous Chinese enterprises to those of the outside world. But lately, the indigenous Chinese enterprises have also begun to take an active and leading role in "reaching out" overseas, and very often in partnership with overseas Chinese enterprises. Thus, what is happening in China is the emergence of growing transnational linkages for a wide range of enterprises in which ethnic Chinese enterprises, both inside and outside of mainland China, are acting as active rather than passive agents.

While multinational linkages that extend to and from many countries serve as focus of this paper is on the ethnic Chinese linkages. This is not to deny the importance of non-ethnic Chinese linkages in the globalization of Chinese enterprises, such as direct linkages with multinational enterprise in North America, Europe, and Japan. However, even in the establishment of these non-Chinese linkages, overseas Chinese enterprises : frequently serve as intermediaries.

II The Indigenous Chinese Enterprises

The configuration of the Chinese enterprises is still in a state of flux. What is a state enterprise at present may change into a village enterprise, a private enterprise, or even a foreign joint venture in the future. Nevertheless, there are still discernible differences among different kinds of enterprises in terms of ownership and management control of enterprises.

A. State enterprises

State enterprises are those that are controlled directly by the various branches of the central government.

(1) Enterprises Under the Direct Control of the State Council

These enterprises specialize in the service sector and engage in trade, finance, and investment. The China International Trust and Investment Company (the CITIC) and Guangda Company (Everbright) are two of the prominent examples in this category. They maintain subsidiaries world-wide, and partners to many joint ventures with foreign multi-national enterprises that operate inside as well as outsider of China, in the service sector, in real estate development, and in the manufacturing sector as well. They serve as a "stabilizing force" home country partner to reduce the risk for foreign investors in China. In the sphere of their activities, their roles are similar to those of a "sogoshosha" in a Japanese "keiretsu" group.

(2) Enterprises Under the Control of the Cabinet Ministry

State enterprises, the legacy from the communist system, are in all kinds of business activities in manufacturing, finance, and in distribution. Each enterprise is administratively controlled by a cabinet ministry which has a jurisdiction over it. For example, enterprises in automotive manufacturing belong to the Ministry of Machines and Electronics, those in steel manufacturing to the Ministry of Metals, and so forth. The Ministry of Finance controls some specialized enterprises in finance and investment and the Ministry of Foreign Economic Relations and Trade (MOFEKT) controls enterprises that specialize in foreign trade and investment. As a result of the administrative control, a state enterprise is run more like a bureaucracy than as an entrepreneurial enterprise.

There are, however, state enterprises that are run like a business enterprise and on a mega-scale as well. Shougang (the Capital City Steel Complex) in Beijing is a case in point. The largest state enterprise in China, that enterprise employs 270,000 people in Beijing alone; and it has become so powerful that its chief executive enjoys the status of a cabinet member and that its disputes with the government are settled at the highest level of the central government (*China Times Weekly,* No. 107: 16-19).

In spite of the presence of some business-like, successful state enterprises, a large number of them remain backward and are run inefficiently. They are in need of modernization not only in physical facilities but in management system as well. But because of the enormity of capital requirement in their modernization, foreign investments in this sector has been rather limited. Nevertheless, state enterprises could become attractive partners for foreign joint ventures when foreign investors become long-term-oriented. After all, state enterprises, especially those large ones, are a major reservoir of trained, skilled labor and technical personnel. They own valuable real estates in industrializing areas where land is becoming scarce, and they have access to established network of market distribution. If the Chinese government can offer, in addition to the traditional fiscal and monetary incentives, guarantee in the supply of raw materials and energy and provide access to transportation, state enterprises may emerge as fashionable objects of foreign investment, especially at a time when privatization of enterprises is under serious consideration at the highest level of the government.

(3) Enterprises Under the Control of the Governments of the Provinces, Including Those of the Three Major Principalities of Beijing, Shanghai, and Tianjin

These enterprises are also state enterprises except they are under the administrative control of the local governments. They can be found in many segments of business along with nationally-controlled enterprises, except that provincial enterprises are smaller in scale.

The growth of the provincial enterprises in the context of economic reform and liberalization has created two problems. One is an increasing conflict between the provinces and the national government in the control of business activities. This jurisdictional conflict can increase the business risk for foreign investors. For example, a foreign investor may be granted authorization by a provincial government to buy land (to erect a plant or to develop real estate), only to find it denied later by the national government.

Another problem is that the growth of enterprises concentrated in a particular province or region, and the subsequent extension of its trans-national economic linkages to the neighboring countries, may set in motion a centrifugal force that will weaken the cohesion of China as a unified nation-state. The vision of this scenario may be premature, however, in that provincial enterprises are often linked in partnership with national enterprises in joint ventures in China as well as overseas. Such linkage is more likely to increase rather than decrease regional inter dependence.

B. Village Enterprises

Village enterprises are collectively owned by local communities and are run by community leaders who, more often than not, are party cadres. These enterprises receive no government subsidies and are not administratively controlled by either provincial or national government. On the other hand, they must be self-sufficient and are expected to provide employment for the community members in the manner of giving them an "iron rice bowl". They are relatively new enterprises and, therefore, do not have to bear the cost of plant obsolescence like the state enterprises. These advantages and disadvantages keep village enterprises competitive and flexible. Some village enterprises have grown in size and wealth that they are known to have acquired state enterprises, proving that where the state ownership has failed they can revive those enterprises.

C. Private Enterprises

Rapid expansion is taking place in the private enterprise segment in China. Known as "Go Di Hu" (individual enterprises), their number increased to 140,000 in 1993, a 28.8% increase from 1992, providing employment for 2.32 million people. During the same period, their total capital increased by a whopping 79.8% to RMB 22,3 billion and their total output increased by 40% to RMB 20.7 billion. Fifty six enterprises employed at least 500 people each, and 842 enterprises had the number of employees that range from 100 to 499 each (*China Times Weekly,* No. 89: 51).

The above statistics show the tenacity of the private the face of various government obstacles and their vitality in the competition with the state enterprises. The range of activities enterprises are engaged in has also expanded from small eatery and simple service and repair business to a broad range of manufacturing and services. As the operation scale of the private enterprises increases, they can be expect to expand transregionally inside China and transnationally overseas, through acquisition and foreign joint ventures--a process which is already taking place (*China Times Weekly,* No. 89: 52).

D. Military Enterprises

Different branches of the military maintain enterprises that are becoming more and more business-like. Initially, these enterprises were primarily in the manufacturing of defense products, and in some cases in conjunction with some cabinet ministry-controlled state enterprises. But with the economic reform and liberalization, the range of their enterprise activities has expanded into service, finance, real estate, and so forth. This range will expand further in time to come because a transition is now taking place that will convert some defense production to productions of civilian goods.

The conversion of some defense production to civilian production offers opportunities for inward investment by foreign investors, for the military enterprises in China are a power house of technology that awaits commercialization. At the same time, the military enterprises themselves are also actively seeking transnational "outreach" on their own. They have established various subsidiaries in Hong Kong to promote that objective. In July last year, they also held a large-scale fair in Hong Kong to demonstrate their attractiveness for foreign partnership (*China Times Weekly,* No. 81: 8-13).

III Developments inside China That Are Expected to Promote Transnational Linkages of Chinese Enterprises

Even though the transnational linkages of Chinese enterprises with foreign enterprises have been created up to now mainly by foreign direct investment in China, numerous developments are taking place in China in which the Chinese enterprises actively seeking to further these linkages through their portfolio and direct investments outside of China.

A. Some Beginnings in the "Outreach" by the Chinese Enterprises

The overseas presence of indigenous Chinese enterprises, even though geographically extensive, cannot be termed massive. As of 1992, there were over 2000 trade-related and 1008 non-trade-related enterprises and offices located overseas (not including those located in Hong Kong and Macau), in form either as direct subsidiaries of indigenous Chinese enterprises or their joint ventures with foreign partners. These establishments are located over 73 countries and represent US$3.55 billion of investment. Locationally, however, there is a geographical concentration in North America and Europe, which altogether account for 70% of the total overseas establishments. In New York alone, there are over 130 establishments. The coastal provinces and cities, along with the central government account for the bulk of the investment in these overseas establishments. Most of these establishments are small in scale, are inefficiently managed, and therefore have not functioned as active agents in the globalization of Chinese enterprises. (*China Times Weekly,* No. 56/57: 77). Nevertheless, there are now evidences of active search for global linkages by some indigenous Chinese enterprises.

For example, Chinese investment in Indonesia which usually goes into light manufacturing sector has been on the rise in recent months, the latest being the investments by two large makers of household consumption goods and appliances from Shanghai in joint venture with the local ethnic Chinese interests (*Nihon Keizai Shimbun,* September 9, 1993:9). Another example involves an agreement between China National Petroleum Corporation (CNPC) and Marubeni (a sogoshosha) of Japan to jointly explore and develop energy resources overseas–in Southeast Asia, Central Asia, or in Middle East. This agreement calls for an arrangement in which CNPC will provide technology, equipments, and technical personnel while Marubeni will raise capital and offer management know-how. It is also expected that overseas Chinese capital will be drawn into the capital pool to finance the joint venture's projects (*Nihon Keizai Shimbun,* August 3, 1993: 1). Thus, what has emerged in this alignment is the potential for mega-scale overseas operations that involves also Chinese enterprise.

Aside from the new interest of the Chinese enterprises in operation directly overseas, the transnational linkages sought by them has been historically more indirect than direct, and has been established mainly through Hong Kong. From the Chinese perspective, Hong Kong, with its geographical proximity to mainland China, and its raison d'etre as a major trade and financial entrepot, is ideally suited as a "beachhead" from which to expand transnational linkages.

There are several ways in which an indigenous Chinese enterprise can establish a presence in Hong Kong. Finance-wise, it can list stock, the so-called H-stock, in the Hong Kong Stock Exchange; it can register a "shell" company in Hong Kong and list the stock of that "shell" company in the local stock exchange; and it can form a holding company in Hong Kong and use it as a vehicle to acquire Hong Kong-listed companies. In addition, it can register a mutual fund in partnership with a local financial institution. There are also direct subsidiaries of Chinese enterprises and Chinese joint ventures with local partners which together numbered at least 1000 units as of 1993 and with a total cumulative investment of approximately $20 billion. The owners of these subsidiaries and joint ventures range from major diversified state enterprise groups (such as the Bank of China group, the Huaruen group, the Chaoshan group, the China Travel Agency group, the CITIC group, and the Everbright group), military enterprises and specialized state enterprises (e.g., China Overseas Construction Company) to provincial enterprise groups (*China Times Weekly,* No. 50: 20. No. 104: 14).

The presence of Chinese equity shares (be it in the form of H-share, "shell" company share, or as a holding company that controls Hong Kong Stock Exchange-listed companies) and the offering of mutual funds in Hong Kong provide not only linkages with the local financial institutions but also with foreign financial institutions from the US, Europe, and Japan which often act as lead investment bankers in tapping the foreign sources of capital. The capital thus raised used to be channeled into China for investment. Lately, it has been also used as a part of the pool of capital to fund the mergers and acquisitions in Hong Kong as well as beyond Hong Kong undertaken by China-controlled enterprises.

For example, some years ago the CITIC, with assistance from Tait (a British interest), acquired a substantial stake in the Cathay Pacific and the Dragon Airline (*China Times Weekly,* No. 69: 63). Shougang's (Capital City Steel Complex in Beijing) acquisitions in Hong Kong is another example. In alliance with Hong Kong's Li Kashing group and sometimes also with other China-controlled enterprises, and with the help of the capital raised in Hong Kong, Shougang was able to mount an acquisition binge in 1993 that, in that year alone, it acquired six stock exchange-listed companies. Moreover, even acquired a steel mill in the United States and a mine in Peru (*China Times Weekly,* No. 90: 12-15)

The active "outreach" sought by the indigenous Chinese enterprises appears rather modest at present. But the momentum for this movement is bound to increase with the growth of the Chinese economy and with the opening and liberalization of more financial centers in China, in particular, the center in Shanghai. One might say that at this stage, the Chinese enterprises are in a transition from being a passive agent to an active agent in the globalizastion of their activities.

B. Macro Policy on Economic Integration

The current Chinese policy on how to integrate its economy with the economies of the neighboring countries in Asia Pacific can be described best as a policy of "three triangles linkages" (*China Times Weekly,* No. 102: 20-21). The first triangle, the smallest, is to be formed by economic linkages among mainland China, Taiwan, and Hong Kong-Macau. Using the established overseas economic linkages of Taiwan-Hong Kong-Macau, these linkages will be extended to the Southeast Asian countries. This triangle will then be expanded to include Japan and North America, effectively becoming an Asia-Pacific triangle. In the extension of this triangle, overseas Chinese enterprises, with their already established global economic and business linkages, can act as a dynamic and a catalyst.

C. Investment Policy Shift from Emphasis on Developing Coastal Areas as Export Platforms to Emphasis on Developing Targeted Industries

The opening of the coastal to foreign investment after the economic reform of the 1970s has transformed these areas into highly competitive global supply platforms for foreign multinational enterprises. But this transformation also created widening inequality in industrial development (hence, in wealth) between the coastal areas and the inland. Moreover, the long-neglect in the development and expansion of the infrastructure and the need to develop some targeted industries (high-tech, aerospace, new materials, etc.) in order to upgrade Chinese industries require an enormous amount of long-term capital commitment which can not be met by internal sources alone. Partly because of these considerations, the Chinese government has now opened the domestic markets to foreign joint ventures (*World Journal,* August 8, 1993: A1. October 16, 1993: A16).

The allure of the domestic market potential is certain to attract foreign investors who are likely to commit their capital long-term. Already overseas Chinese enterprises, those based in Hong Kong as well as those using Hong Kong as a stepping stone, are making commitments to various multi-billion US$ projects that include power plant, highway (express-way), railway, waterway, wharves and warehouses. Even non-ethnic Chinese investors, those from North America, Europe, and Japan, whose commitments until a few years ago were concentrated in the coastal areas, now have their presence in the northeast, in the central part, and in the southwest (*China Times Weekly,* No. 100: 50-52). All considered, these new interests in long-term investments, far into inland, can only extend and deepen the global linkages of the Chinese enterprises.

D. The Modernization of Chinese Enterprises

Modernization requires not only reinvestment in physical facilities but also an overhaul of Chinese enterprise management. Managers in the state enterprises are appointed by their respective government department. There is an ongoing effort to separate enterprise management from the government bureaucracy. A legislation, which will take effect in July this year, will permit the privatization of state enterprises by securitizing their assets and sell equity shares to the public (*Business Week,* January 31: 42-44. *World Journal,* November 14, 1993: A10 and January 3, 1994: A10). The current controlling government department will become one of the equity share holders. The board of directors of an enterprise will then appoint managers who will run the enterprise as a business enterprise.

Ultimately, equity shares of the state enterprises will be listed for trading in the budding securities markets in China as well as those overseas. The availability of equity shares in the markets will expedite mergers and acquisitions in the process of privatization. These mergers and acquisitions undoubtedly will involve foreign partners, and if the mergers and acquisitions lead to conglomeration of enterprises and industries, Chinese enterprises will just become a link in various global consortia of enterprises, either as active or as passive partners.

E. Reform in the Chinese Financial System

Talks abound about financial reform in China (*Business Week,* January 31: 42-48. *China Times Weekly,* No. 84: 58-59. Also No. 95: 58. Also No. 108: 13-15). Most of these talks focus on reform in banking and financial markets.

In the area of banking reform, the most critical needs seem to be the separation of central banking from all other kinds of banking and the establishment of a commercial banking system that will allow both the home-country banks and foreign banks to operate.

The People's Bank of China, which in addition to being a central bank in the creation of money, has been also acting as a direct lending institution to state enterprises. There are also four major specialized banks that operate under the direct supervision of the People's Bank: The Bank of China (in foreign exchange operation), the Bank of Construction, the Bank of Industry and Commerce, and the Bank of Agriculture. Plans are now under way, (1) to phase out the Bank of Construction and replace it with a long-term trust bank to finance major development projects, and (2) to establish an export and import bank to provide credit for export and import items that ordinary commercial banks are unable to finance (*China Times Weekly,* No. 95:58). These measure a prelude to the conversion of the Bank of China, the Bank of Industry and Commerce, and the Bank of Agriculture to independent commercial banks.

If China will, in addition to domestic banking reform, open its financial markets to foreign participants, it will boost the global linkages of the Chinese enterprises. Full banking operations (including dealing in RMB) by foreign banks inside China adds competitive pressure to Chinese state banks which are in the process of modernization. In this environment, as it happened in globalized enterprises in other countries, regrouping of banks through various forms of strategic partnership is bound to happen leading to the emergence of transnational banking consortia that will include Chinese banks. Likewise, the opening of securities markets to foreign participants will improve the intermediary role of the budding financial institutions in China in direct financing (as opposed to indirect financing through banks) and promote the global linkages for these institutions as well.

Perhaps the opening of China's financial markets to foreign participants will not happen in the immediate future. Ultimately, it needs to happen if China is seriously interested in joining the GATT. In anticipation of this eventuality, there has been a rush into China by foreign banks, by strengthening their operations in Hong Kong and even by opening offices in the major financial centers in China–in Shenzhen, Shanghai, and Beijing. In fact, the rise in the stock market in Hong Kong (measured by the Hanseng Index) that has hit the historical high can be attributed in part to the bullishness in China by foreign investors, especially after Morgan Stanley (an investment banking house in the US) issued a very bullish report on China last September (*China Times Weekly,* No. 108: 9).

IV The Roles of Overseas Chinese Enterprises in Increasing the Transnational Linkages of the Chinese Enterprises

If overseas Chinese are defined to include ethnic Chinese who reside outside of mainland China, there are about 55 million of them, although the large majority of them are concentrated in Taiwan, Hong Kong, Singapore, Malaysia, and their neighboring countries. They are said to command $2 trillion of assets world-wide, an amount that exceeds the value of the assets inside China, and is equal to two-thirds of the value of the assets in Japan. Collectively, they produce at least $500 billion of output. The combined foreign exchange reserves of mainland China, Taiwan, and Hong Kong amount to $140 billion (*World Journal,* December 19, 1993: A2). It is estimated that overseas Chinese account for at least 40,000 enterprises in China (*Nihon Keizai Shimbun,* January 4, 1994: 11). What roles then do overseas Chinese play in the globalization of Chinese enterprises? The examples of Chinese business linkages, inside and outside of China are numerous, but they lead to the following hypotheses.

A. Linkages in Manufacturing

It is generally agreed that industrial development in South China owes much initially to investments from Taiwan and from or through Hong Kong in the late 1970s through the mid-1980s. Most of the investments were small to medium-sized and were export-oriented. Thus, the coastal China became export-platforms through these investments. In this respect, their contribution to the revitalization of village and provincial enterprises cannot be overlooked. As the scale of investment projects increase and the level of technology requirement rises, overseas Chinese enterprises join global multinational enterprises in various forms of partnership, sometimes more as intermediaries to cement joint ventures. The net effect, of course, is an expansion of transnational linkages of Chinese enterprises.

B. Investments in Infrastructure

It was stated in a previous section that overseas Chinese investors are actively investing in infrastructure in China. To the extent these investments will alleviate bottleneck in power supply and transportation, they will make China a more attractive place for foreign investments. If these long-term investments turn out to be successful, they will set an example for global multinational enterprises to follow. Capital-deepening long-term investments contribute to more global linkage.

C. Overseas Chinese as Financial Intermediaries

Even though capital in the hands of overseas Chinese is enormous, it is likely they will spread their investments globally for strategic reasons as well as to minimize risk. They can tap non-Chinese sources of capital either as borrowers or as financial intermediaries. The listing of Chinese equity shares in Hong Kong Stock Exchange, the listing of Taiwan Fund (a closed-end mutual fund) in New York Stock Exchange, and a syndicate in underwriting Chinese securities overseas are cases in point. An active financial intermediary role by the overseas Chinese, like their intermediary role in multinational enterprises' investments in manufacturing in China, contribute to the globalization of the financial markets in China.

D. The Role of Hong Kong

Hong Kong has served as a bridge into China for foreign enterprises and as a window to "reach out" overseas for Chinese enterprises in China. But the strongest asset of Hong Kong is the presence of well-developed, world class financial institutions and markets. Its greatest contribution to overseas Chinese capital seeking investment in China lies in the intermediation of risk. Risk-averse overseas Chinese capital, because of their origin or political considerations, is repackaged in Hong Kong, effectively transferring risk from capital owners to intermediaries. As a window for the Chinese enterprises from China, Hong Kong provides access to foreign sources of capital for them, and lately even provides an outlet for their outward investments.

A question arises as to what will happen to the role of Hong Kong after 1997. In that year, Hong Kong will revert to China. By then, financial markets in China, especially Shanghai, may become liberalized enough to rival Hong Kong, making the event in 1997 irrelevant because they will be all competing in a relatively free market environment. If this prospect materializes, that will be good for Hong Kong as a financial intermediary. For competition constantly revitalizes existing institutions. And certainly, for an emerging developing economy as large as China's, that economy can accommodate more than one major financial center.

V Some Theoretical Implications

The emphasis in this paper has been to examine how transnational linkages are created for the indigenous Chinese enterprises, primarily through foreign investment, mostly inward into China by overseas Chinese, but some outward from China also. This process raises two questions that require theoretical explanations. In the first place, what are the motives behind the inward foreign investment into China.

The early waves of overseas Chinese investors in China undoubtedly were low cost seekers transferring low-technology, labor-intensive industries from the places of their domicile to China. The theoretical explanation for that phenomenon borders between neoclassical trade theory and Vernon's (1966) product cycle theory. But if this transfer merely shifts the export platforms from the investors' home of domicile to China, Porter's (1986) competitive strategy theory is of relevance also. Furthermore, if overseas Chinese retain higher value-added activities in the home of their domicile, a form of vertical integration emerges and a hierarchical organization will be formed to manage the whole management system. That touches on internalization theory (Buckley and Casson 1985). Obviously, overseas Chinese investors possess ownership advantage when they seek locational advantage in China--the aspect of foreign investment explored by Dunning (1993) in his eclectic paradigm. Because the motive behind foreign investment are multiple, virtually almost every theory of foreign investment and multinational enterprises has some relevance as an explanation.

As for the "outreach" by the indigenous Chinese enterprises, which is achieved primarily through Hong Kong, investment in that entrepot may be viewed as knowledge seeking and capital seeking, but in the framework of cooperative alliance with local institutions that create network, the kind of analysis pursued by Johanson and Mattson (1987), although in China's case, the networking applies more to the financial system than to the manufacturing system. Moreover, this networking in the Chinese context requires connections of personal and political nature, which only the ethnic Chinese, inside as well as outside of China, know best how to pursue. Because of this Chinese advantage, non-Chinese foreign investors often seek connection in that network to avail themselves of its advantages. This alignment creates a network of trilateral linkages that bind Chinese interests inside China, outside of China, and non-Chinese foreign interests. Thus, the linkages become multinational, and depending on the degree of interdependence among the three groups of partners, they can become global as well. This type of network is just emerging, and its future developments will enrich the empirical materials for the study of international business.

VI Conclusion

This paper emphasizes the active role of Chinese enterprises in the expansion of China's transnational business linkages. When these linkages extend to a sufficient number of non-Chinese foreign enterprises, and when the commitment among the partners to the linkages deepen enough to make them interdependent, their network become global. At the present stage, the alignment between the overseas Chinese and the indigenous Chinese enterprises is just a prelude to that globalization of Chinese enterprises.

Reference

Buckly, Peter, and Mark Casson, *The Economic theory of the multinational enterprise,* New York: St. Martin's Press, 1985.

Business Week, 1994 January 31: 42-48.

China Times Weekly (A Chinese language weekly) ,1992 No. 50-20, 1993 No. 69: 63, 1993 No. 81: 8-13, 1993 No. 84: 58-59, 1993 No. 89: 51, 1993 No. 90: 12-15, 1993 No. 95: 58, 1993 No. 100: 50-52, 1993 No. 102: 20-21, 1993 No. 104: 14, 1994 No. 107: 16-19, 1994 No. 108: 9, 1994 No. 108: 13-15.

Dunning, John H, *International enterprises and the world economy,* New York: Addison Wesley, 1993.

Johanson, J. and Mattson, L. G., *Industrialization in industrial system--a network approach,* New York: John Wiley, 1987.

Nihon Keizai Shimbun (the Japanese Economic Daily), 1993 August 3: 9.

Nihon Keizai Shimbun, 1993 September 9: 9.

Porter, Michael E., *Competition in global industries,* Boston: Harvard Business School Press, 1986.

Vernon, R, 'International investment and international trade in the product cycle', *Quarterly Journal of Economics* 80: 190-297, 1966.

World Journal (a Chinese language daily), 1993 August 8: A1, October 16: A16., 1993, November 14: A10., 1993, December 19: A2., 1993, January 3: A10., 1994.