

Goldleaf jewelry company poised to buy erg resources llc

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Goldleaf Jewelry Company Poised to Buy ERG Resources LLC The article appearing on The Wall Street Journal on 17th of February 2014 indicates that China's gold company, Goldleaf Jewelry, is negotiating a deal that will see them acquire ERG Resources LLC, a gas and oil Company that is based in Texas at a cost of about \$ 665 million. This is an effort being made by the company to spread overseas. The financing of the deal will be done through private investment. The purchase is an indicator that after the transaction, the Chinese company will have 95% of the total stake of ERG Resources. Through the deal, Goldleaf Jewelry will have oilfield in both Texas and California. Goldleaf Jewelry is focusing on increasing its revenue after it registered \$21 million profit in the last three quarters of 2013 (The Wall Street Journal 1).

This development has several implications on the United States economy. Firstly, the entry of the Chinese company into the United States oil industry means that there is foreign currency that shall land into China courtesy of the investment. This means that United States will lose some resources than it used to get when the United States based company, ERG resources was the one in charge of the oilfields. They are likely to bring some of the Chinese's technocrats at the expense of the jobless citizens in the United States. This reduces the employability of the Americans. Another aspect is that China is rising very fast as an economic superpower, threatening the position taken by United States for years. With the entry of China into United States may create an impression to the world that China is the force to reckon with.

As much as the Chinese company may adhere to the regulations, there is a

potential risk that they may overexploit the resource hence causing a fast exhaustion. This issue may result to depletion of United States oil reserves in the near future.

Works Cited

Wall Street Journal, China Gold Retailer Plans to Acquire Texas Energy Company. 17 Feb 2014. Web. 17 Feb 2014. <http://online.wsj.com/news/articles/SB10001424052702303491404579388194110357658>