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CANADIAN ACQUISITIONS ABROAD: PATTERNS AND MOTIVATIONS

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by

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INTRODUCTION

In the 1980s, Canadian firms employed direct investment abroad to participate actively in global markets. Testimony to this fact were the tripling in the value of the stock of outward direct investment over the decade and the marked rise of the relative importance of outward to inward bound direct investment.

A particularly important dimension of Canadian direct investment abroad (CDIA) during this period was mergers and acquisitions (M&A) activity. Consistent with the high level of domestic and international M&A activity discussed in the Khemani paper, the cross-border M&A activity of Canadian firms was on the rise throughout the 1980s, showing a pronounced upswing in the last half of the decade. Among others, there were high profile acquisitions abroad by such Canadian firms as Bombardier, Northern Telecom, Dominion Textile and Campeau (see Appendix A).

In order to better understand these developments, this paper aims to describe the patterns and motivations behind Canadian direct investment abroad, with a special focus on cross-border M&A activity. The paper begins with a section setting out the main international and domestic developments relating to CDIA and foreign direct investment (FDI) in Canada. The second section describes aspects of Canadian mergers and acquisitions abroad with reference to a database procured from Automatic Data Processing (ADP) of Ann Arbor, Michigan (see Appendix B). The paper then turns to the question of motivations behind Canadian acquisitions abroad, briefly reviewing the traditional economic rationale. It also examines results of a questionnaire-based survey conducted by Investment Canada in the spring of 1989. Twenty-three Canadian corporations were interviewed to determine the managerial motives for DIA. The paper concludes with a summary of the principal findings and some suggestions for future areas of research.

At the outset, it is important to stress three points.

- First, cross-border M&A activity by Canadian firms is but one component of CDIA, the others being new or so-called "greenfield" investments and expansions of existing direct investments.
- Second, this cross-border outward M&A activity is distinct from the purely domestic or "within border" M&A activity, which was the main focus of the Khemani paper.
- Third, the data on this cross-border M&A activity are subject to a number of shortcomings.

There are several explanations for the weaknesses in the data. For those firms whose shares are publicly traded, the principal sources of data are limited to public information material such as Annual Reports, Financial Post corporate information and newspapers. In addition, many acquisitions are carried out by private companies which are reluctant to disclose details of their transactions. As a result, data on private mergers and acquisitions abroad are often incomplete, if known at all. Moreover, there is no single authority that systematically collects information on acquisitions abroad by Canadian corporations.

Despite these shortcomings, the paper reaches a number of conclusions pertinent to the patterns and motivations behind Canadian acquisitions abroad. The paper identifies various patterns of CDIA and cross-border M&A activity with reference to such characteristics as number, value, the firms most active and their attributes, concentration, types of acquisition, and geographic and industry distribution. In general, the data show that along with a pronounced upswing in Canadian acquisitions abroad in the 1980s, Canada as a small country exhibited a greater tendency towards cross-border M&A activity than large countries. In addition, there was some concentration with large Canadian controlled firms most active. However, almost two-thirds of the total number of firms making acquisitions were small- to medium-sized. Three quarters of the acquisitions were made in the U.S. and half were horizontal in type. Canadian cross-border M&A activity was dominated by manufacturing firms, followed by financial services and resources.

Concerning motivations, the economic rationale could not be tested because of data limitations, but a number of findings relevant to the theory are discussed. The Investment Canada survey findings show five main factors driving managers to undertake direct investment abroad, including the need for outward expansion, geographic/product line diversification, trade barriers and transportation cost, availability of skilled labour, and favourable regulations abroad. These factors are analyzed in terms of what Rugman (1987) calls "pulls" from abroad and "pushes" from within Canada. The results show that the top two factors are internal to firms and are part of unique corporate strategies and values. Five of the top seven factors are related to perceptions of advantageous conditions in the country abroad, although these perceptions are inevitably related to conditions in the home country.

CANADIAN DIRECT INVESTMENT ABROAD

Table 1 shows the growth in the stocks of FDI and CDIA from 1950 to 1989, as well as the ratio of CDIA to FDI. The growth in this ratio over time demonstrates the significant rise in the relative importance of outward to inward investment. In other words, Canada has a much more balanced relationship today between outward and inward investment.

TABLE 1: STOCK OF FDI & CDIA SELECTED YEARS

Year	FDI ($B)	CDIA ($B)	CDIA/FDI (%)
1950	4.0	1.0	25.0
1960	12.9	2.5	9.4
1970	26.4	6.2	23.5
1979	54.3	20.5	37.8
1980	61.7	27.0	43.8
1981	66.6	33.8	50.8
1982	68.9	35.6	51.7
1983	77.4	29.9	51.6
1984	84.1	47.4	56.4
1985	87.2	54.1	62.0
1986	92.4	58.6	63.4
1987	101.5	66.1	65.1
1988	109.1	70.4	64.5
1989	119.2	74.0	62.1

Note: Data for the 1983-89 period just revised and 1989 figure preliminary.
Source: Statistics Canada, 67-202.

Table 1 indicates that the stock of FDI increased from $4 billion in 1950 to $119.2 billion in 1989. In comparison, the stock of CDIA rose from only $1 billion in 1950 to $74.4 billion at the end of 1989. In the 1980s, outward investment increased steadily relative to inward, with CDIA tripling as FDI doubled. The ratio of the stock of CDIA to FDI grew from 25 per cent in 1950 to 43.8 per cent in 1980, peaking at just over 65 per cent in 1987[1].

The change in the relative importance of Canada's inward and outward investment flows can only be fully understood with reference to other industrialized countries. Table 2 shows the changing relative importance of inward and outward direct investment flows for OECD countries. In the 1960s, Canada was the main recipient of inward investment among OECD countries, accounting for 23 per cent of the flow of OECD inward FDI, and 5.3 per cent of OECD outward FDI. This changed considerably in the 1970s and 1980s, as Canada's share of inward flows dropped significantly. Throughout the thirty year period, the level of Canada's share of OECD outward flows has remained relatively constant. In dollar value terms, however, the level of Canadian outflows in the 1980s was about double that in the 1970s.

[1] Note that the stocks represent book values, not market or replacement values. Other things being equal, more recent investments will be more highly valued. Since a good part of FDI is older than CDIA, the difference between the value of FDI and CDIA is likely larger than indicated. Thus, the CDIA/FDI ratio shown in Table 1 is probably biased in favour of CDIA.

TABLE 2: INWARD AND OUTWARD DIRECT INVESTMENT FLOWS OECD COUNTRIES, SELECTED PERIODS, 1961-1983

Country	Inward Flows			Outward Flows		
	1961-70	1971-80	1981-88	1961-70	1971-80	1981-88
	(per cent)					
Canada	23.0	15.7	7.4	5.3	6.1	6.0
France	5.8	7.8	5.7	3.6	4.5	7.2
Germany	13.1	6.5	2.1	5.6	7.5	8.4
Japan	1.3	0.6	0.6	2.0	5.8	16.6
Netherlands	4.8	5.0	4.2	3.7	9.0	6.5
U.K.	9.0	18.7	12.7	10.1	17.8	21.3
U.S.	13.1	26.0	50.3	64.2	43.4	21.4
Others	29.9	19.7	17.0	5.5	5.9	12.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

1. Measured in current U.S. dollars including reinvestment earnings.
2. For Canada, from 1983 onward, inward flows include reinvested earnings and other factors, as well as inward flows into the financial sectors. Also, from 1961 onward, outward flows include reinvested earnings and other factors, and from 1983 onward, outward flows to the financial sector.

Source: adapted from OECD "International Direct Investment and the New Economic Environment" (1989), Table A1, p.60, Table A2 p.61-62) and Statistics Canada.

Table 2 also shows that the change in the relative importance of Canada's outward investment flows over the past two decades is not a unique development, but rather consistent with global trends. There is a more balanced relationship between outward and inward investment among most western industrialized countries, related in large part to the fact that the dominance of the U.S. as the home country to world FDI has declined markedly. The exception to this balanced relationship is Japan which has very little inward direct investment.

The shares of OECD outward flows have risen for OECD countries, excluding the U.S and the Netherlands. In the case of U.S., its share of OECD outward flows notably halved between the 1970s and the 1980s. As the U.S. has declined as a source of outward investment, other industrialized economies such as France, Germany, Japan and the U.K. have emerged as major home countries. In the 1980s, the U.K. was almost an equal player with the U.S. In terms of inward flows, the most remarkable change is the

doubling in the 1980s of the U.S. share of OECD inward direct investment flows. This underlines the extent to which the U.S. is becoming a major host country to FDI.

It is important when making international comparisons of outward investment among industrialized countries to take into account the relative sizes of economies. Table 3 presents DIA as a percentage of GDP for ten industrialized countries for selected years during the period from 1960 to 1985. Two small countries, Switzerland and the Netherlands, consistently had the highest rankings with double digit percentages, significantly higher than the other countries. The U.K. ranked third in all of the selected years, also with double digit percentages. While Canada ranked fifth and sixth respectively in 1960 and 1975, it was fourth in 1980 and 1985, attaining a double digit percentage in the last year. This data further confirms the rising relative importance of DIA for Canada, particularly in the 1980s.

TABLE 3: STOCKS OF DIA FOR TEN INDUSTRIALIZED COUNTRIES AS PERCENTAGE OF GDP, SELECTED YEARS

Country	1960 (rank)	1975 (rank)	1980 (rank)	1985 (rank)
U.S.	6.2 (6)	8.1 (4)	8.2 (4)	6.4 (7)
U.K.	17.4 (3)	15.8 (3)	15.2 (3)	23.3 (3)
Japan	1.1 (8)	3.2 (8)	3.4 (7)	6.3 (8)
Germany	1.1 (8)	4.4 (7)	5.3 (6)	9.6 (5)
France	7.0 (4)	3.1 (9)	3.2 (8)	4.2 (9)
Italy	2.9 (7)	1.7 (10)	1.8 (9)	3.4 (10)
Canada	6.3 (5)	6.3 (6)	8.2 (4)	10.5 (4)
Switzerland	26.9 (2)	41.3 (1)	37.9 (1)	48.9 (1)
Netherlands	60.6 (1)	22.9 (2)	24.7 (2)	35.1 (2)
Sweden	2.9 (7)	6.4 (5)	5.8 (5)	9.0 (6)

Source: U.N.C.T.C. Transnational Corporations in World Development. New York, 1988.

In addition and perhaps more importantly, Table 3 shows that four small countries - Switzerland, the Netherlands, Canada and Sweden - persistently ranked high in their size relative DIA measurement. This suggests that smaller industrialized nations

tend to undertake proportionately more DIA than larger economies[2].

In the literature on CDIA, there have been a number of small country theses which are relevant for later discussion of Canadian cross-border M&A activity.

- According to Swedenborg[3], other things being equal, in order to exploit economies of scale and scope, a firm based in a smaller country may undertake DIA at a much smaller size than a firm based in a large country . (This implies, too, that two countries with the same firm and country comparative advantages are unlikely to have comparable levels of foreign production if the countries differ in size).

- The role of small- and medium-sized Canadian firms in this respect is consistent with the findings of the United Nations Centre on Transnational Corporations (U.N.C.T.C). It found that over 58 per cent of Canadian transnationals fall in the small category.[4] The U.N.C.T.C. argues that when first undertaking DIA, small firms make only one or two foreign acquisitions in their own field of specialization and typically move into neighbouring countries where there are longstanding links (in Canada's case, the U.S.). Only later do these firms spread to other locations.

Table 4 shows the total number of Canadian resident firms with direct investment abroad from 1979 to 1986, and the number that are Canadian and foreign controlled. While DIA has been increasing in relative importance for Canada, the total number of Canadian resident firms with investment abroad is relatively small, with only 1479 firms in 1986. Among these corporations, those that are Canadian controlled have become increasingly dominant. While less than 62 per cent of firms with CDIA were Canadian controlled in 1979, by 1986 the percentage had increased to more than 75 per cent. Underlying this shift was a significant increase in the number of Canadian controlled firms with direct investment abroad and a decline of more than 7 per cent in the number of foreign controlled firms with such investment activity. Still, the fact that foreign controlled firms undertook CDIA should not be overlooked. This suggests some subsidiary autonomy or strategic use of the Canadian subsidiary by its foreign parent.

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[2] The successful foreign investments carried out by the large, transnational firms of Sweden (SKF, Electrolux, Volvo, Alfa-Laval, ASEA, Atlas-Copco, Ericsson), the Netherlands (Phillips, Unilever, Royal Dutch Shell) and Switzerland (Ciba-Geigy, Sandoz, Nestlé) support this conclusion.

[3] Swedenborg in Dunning (1985).

[4] U.N.C.T.C. (1988), p.37. Small is defined as sales up to US$ 18.4 million (or alternatively, CDN$ 25 million).

TABLE 4: NUMBER OF FIRMS WITH CDIA, BY COUNTRY OF CONTROL

YEAR	CANADIAN	FOREIGN	TOTAL	% CANADIAN
1979	640	395	1,035	61.84
1980	729	386	1,115	65.38
1981	880	370	1,250	70.40
1982	956	368	1,324	72.21
1983	1081	379	1,460	74.04
1984	1129	389	1,518	74.37
1985	1142	409	1,551	73.63
1986	1113	366	1,479	75.25

Source: Statistics Canada, Canada's International Investment Position, Cat 67-202.

In Table 5, the total value of CDIA is shown with its Canadian and foreign controlled shares for the period 1979 to 1986. As in Table 4, the share represented by Canadian controlled firms increased over the period. In value terms, the share rose from nearly 81 per cent in 1979 to almost 87 per cent in 1986.

TABLE 5: VALUE OF CDIA ($ millions) BY COUNTRY OF CONTROL

YEAR	CANADIAN	FOREIGN	TOTAL	% CANADIAN
1979	16,595	3,901	20,496	80.97
1980	22,033	4,934	26,967	81.70
1981	28,138	5,709	33,847	83.13
1982	29,157	6,401	35,558	82.00
1983	31,716	6,077	37,793	83.92
1984	36,720	7,399	44,119	83.23
1985	42,595	7,601	50,196	84.86
1986	46,209	6,964	53,173	86.90

Source: Statistics Canada, Canada's International Investment Position, Cat 67-202.

To provide further nuance to the data already described and to serve as background for later discussion of Canadian cross-border M&A data, it is useful to summarize the main results of a recent Statistics Canada Research Paper by Paul Gorecki entitled "Patterns of Canadian Direct Investment Abroad" (1990). This paper identifies various characteristics of CDIA with reference to Statistics Canada, Balance of Payments data, including the following:

- There is a high degree of concentration of CDIA. In 1986, for example, the four largest parent firms accounted for 23 per cent of all CDIA, and the leading eight for 33 per cent.

- Over time the degree of concentration has been falling as more Canadian firms invest abroad. For example, the leading eleven parent firms accounted for 65 per cent of all CDIA in 1970, but only 38 per cent in 1986.

- CDIA is typically in the form of majority or wholly owned affiliates, rather than joint ventures (as measured by minority ownership). However, joint ventures increased in importance in terms of value from 1983 to 1986.

- Of the total number of parent firms with CDIA in 1986, 859 or 65.2 per cent had only one affiliate. Those with five or less affiliates accounted for 93 per cent of the total number of firms with CDIA. So the bulk of parent firms undertaking CDIA have a few, relatively small affiliates.

- Nine firms had 30 or more affiliates abroad. In light of the high degree of concentration of CDIA, the implication is that these nine firms with many affiliates would account for a large part of the total value of CDIA.

- CDIA is heavily concentrated in the U.S. It accounted for 53 per cent of all CDIA in 1970 and 71 per cent in 1986. The destination ranking second was the European Community (E.C.) at 12.6 per cent in 1986, with the U.K. alone receiving 7.9 per cent of CDIA destined for Europe.

- Most CDIA is located in the manufacturing sector, followed by the resource and financial sectors. Parents usually invest abroad in the same industry in which they are active in Canada. In other words, CDIA is mainly horizontal in nature.

CANADIAN ACQUISITIONS ABROAD

The following section presents data on Canadian acquisitions abroad. This M&A data obtained from ADP Data Services of Ann Arbor, Michigan[5] are qualitatively different from the CDIA data. The M&A data are event oriented, identifying individual transactions at one point in time. As a result, the data is firm-specific; and firms can have multiple transactions in the M&A data set. Moreover, most analysis on M&A data is conducted in terms of the number of transactions, rather than of the value. This is because only a relatively small portion of the total stock value of cross-border M&A is known. In contrast, analysis of CDIA data is mainly in terms of value as in Tables 1, 3 and 5 which refer to the cumulative stock value of CDIA.[6]

Chart 1 shows a scatter diagram of Canadian acquisitions abroad by year as well as a trend line fitting the data. The number of acquisitions from 1979 to 1990 are listed below the x-axis. The total number of acquisitions in the data base is relatively small at 807. A number of observations about Canadian M&A activity abroad can be made with reference to Chart 1.

- The trend line shows a pronounced upward trend in Canadian cross-border M&A activity from 1979 to 1990.

- The scatter diagram reveals two distinct phases of M&A activity -- the period from 1979 to 1985 and that from 1986 to 1990. (The higher level of Canadian cross-border M&A activity in the second period is consistent with higher levels of M&A activity worldwide.)

- There was considerable year-to-year variation in cross-border acquisition activity. (Such variation is also typical of domestic M&A activity and the M&A literature suggests this variation is explained by the fact that corporations tend to consolidate operations following an expansionary phase.)

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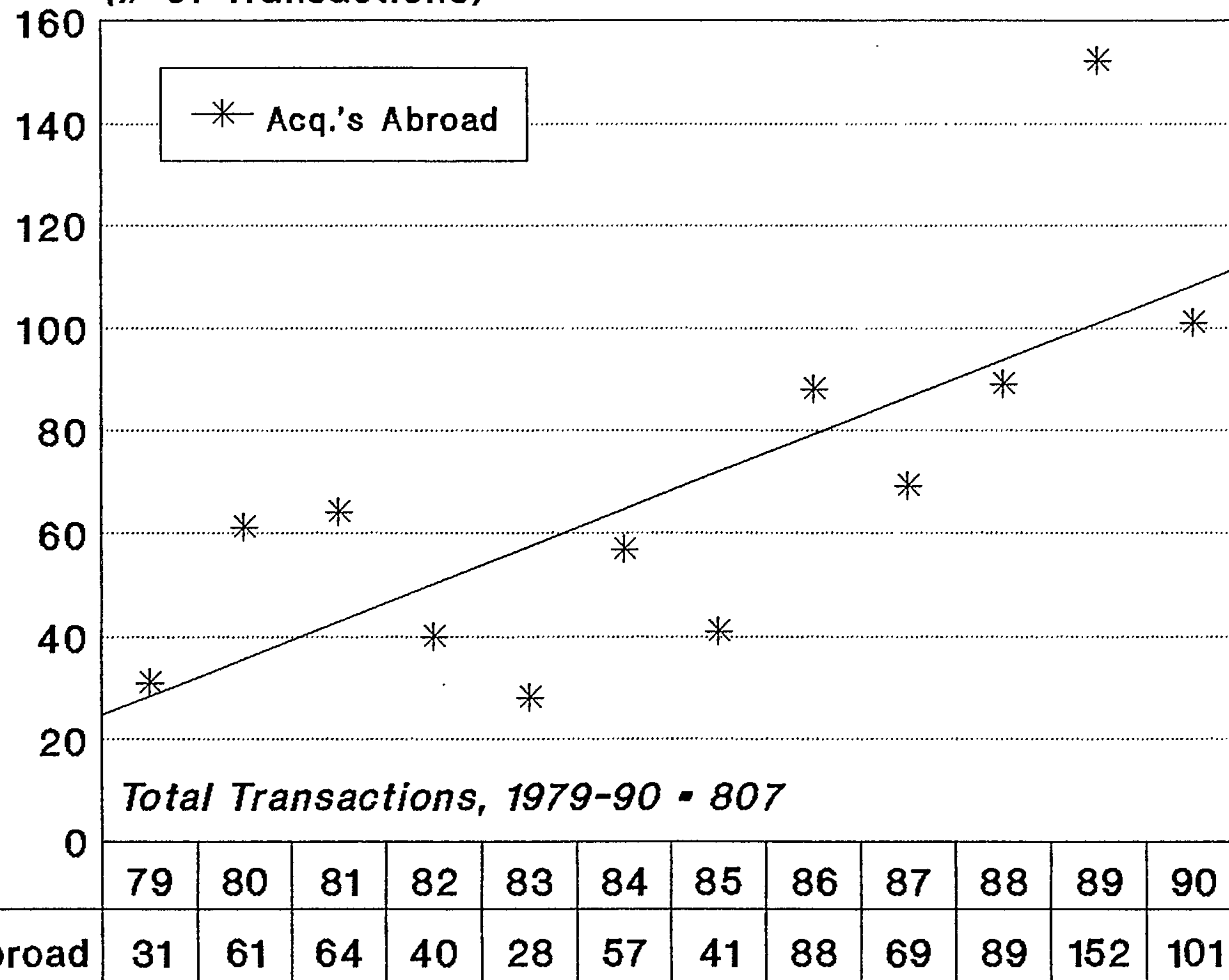
[5] See Appendix B. Mintz and Halpern later in the volume use M&A data from KPMG.

[6] The focus on the number of transactions has the consequence that each event is assigned equal weight. Analysis based on value allows the researcher to take into account the relative weight of individual transactions.

CHART 1
CANADIAN ACQUISITIONS ABROAD, 1979-90.*



	79	80	81	82	83	84	85	86	87	88	89	90
Acq.'s Abroad	31	61	64	40	28	57	41	88	69	89	152	101

* 1990 data was extrapolated, based on first 3 quarters.
Source: ADP, Ann Arbor, Michigan, U.S.

Table 6 reports by year the total number of transactions in the ADP database, the number of cases where the value is known, the value for these cases, and the average value. Of the 807 total number of acquisitions, only 315 or 39 per cent, include transaction values. As discussed above, this under-reporting of values is typical and, for this reason, the subsequent analysis is confined to number of transactions.

TABLE 6: VALUE OF CANADIAN ACQUISITIONS ABROAD

Year	Number of Cases	Cases with Transaction Values Reported		
		Number	Value ($ millions)	
			Total	Average
1979	31	0	0.0	0.0
1980	61	1	1.2	1.2
1981	64	5	166.5	33.3
1982	40	25	811.0	32.4
1983	28	14	1,178.5	84.2
1984	57	33	2,475.2	75.0
1985	41	19	997.4	52.5
1986	88	50	6,880.0	137.6
1987	69	35	11,551.0	330.0
1988	89	43	10,052.8	233.8
1989	152	62	4,527.3	73.0
1990	87	28	5,186.0	185.2
Total	807	315	43,826.8	139.1

Source: ADP, Ann Arbor, Michigan, U.S.A.

Nevertheless, Table 6 appears consistent with Chart 1. The value data also show two distinct phases of M&A activity -- with the 1986 to 1990 phase at a significantly higher level than the 1979 to 1985 phase. However, these results may have unknown biases as nearly two thirds of transaction values were missing from the earlier period and significant gaps in reporting existed in selected years in the later period.

The total value of these 315 transactions for the 12 year period was US$ 43.8 billion. While the data show the activity peaking in 1987 and 1988, this should be

interpreted with caution. Given the small number of transactions, the total value in any one year can be significantly influenced by one or two large transactions. This was the case in 1987 and 1988 when Campeau Corporation acquired Federated Department Stores for US$ 6.7 billion and Seagram bought Tropicana for US$ 1.2 billion.

Table 7 compares the number of Canada's acquisitions abroad with that of four other major industrial countries in the years 1985, 1986 and 1987. For each year, the number of acquisitions has been weighted to take into account the relative economic size of each country. The data for the years 1985 and 1986 show Canada with the highest weighted number of acquisitions. This is consistent with the small country theses referred to in the preceding section of the paper. In 1987, however, Canada ranked third. The U.K. and France had a greater weighted number of acquisitions. This development likely reflects a surge in outward cross-border activity in these two countries as part of the integration of the European market. In sum, there is some evidence that relative to its economic size, Canada exhibited a greater trend towards outbound cross-border acquisitions than the larger countries.

TABLE 7: ACQUISITIONS ABROAD BY MAJOR OECD COUNTRIES*

Country	1985		1986		1987	
	Actual	Weighted	Actual	Weighted	Actual	Weighted
Canada	42	42	89	89	70	70
U.S.	175	18	180	18	142	15
U.K.	64	40	89	55	223	139
France	70	41	134	78	194	113
Italy	31	20	43	28	70	45

* Comparable data for Japan and Germany could not be found.

Note: Weighted numbers are actual number of transactions normalized for differences in the size of GDP between Canada and the respective countries (i.e., deflated by GDP).

Sources: ADP; OECD, "Country Surveys", various issues; U.N.C.T.C. (1988).

ACTIVE ACQUIRORS

The individual transactions in the ADP M&A data were grouped by firm, and the total number of firms with transactions was 347[7]. This is a considerably smaller number than the cumulative total number of 1479 firms with CDIA in 1986 (see Table 4). Of these 347 firms, Table 8 lists the 39 Canadian resident firms that were most active (four or more transactions) in terms of cross-border acquisitions over the 1979-1990 period. However, these frequent acquirers represent 38 per cent of the 807 transactions in the data set. A relatively high level of concentration is thus implied with 11 per cent of the firms accounting for 38 per cent of the transactions. The high level of concentration is consistent with Gorecki (1990), although his findings showed an even higher level of concentration. He found that the top 50 firms accounted for 70 per cent of the book value of long term CDIA. The difference in level of concentration may be explained in part by the use of value in the case of CDIA and number in the case of Canadian acquisitions abroad[8].

[7] In fact, the ADP data show there are 379 "parties" that made foreign acquisitions. 347 firms are identified, along with 15 multiple investors with several firms involved, and 17 private, unnamed parties.

[8] Comparing the ADP data to the Gorecki results is difficult for this reason. Nevertheless, lacking other comparisons, it was felt useful to refer to Gorecki in most cases.

TABLE 8: CANADIAN FIRMS MOST ACTIVE IN FOREIGN ACQUISITIONS

Firm	# of Acq.	Firm	# of Acq.
Alcan Aluminum Ltd.	7	Jannock Ltd.	13
Arc International	4	John Labbatt Ltd.	6
Bank of Montreal	4	Laidlaw Transportation	7
Bombardier Inc.	6	Lawson Mardon	4
Campeau Corp.	4	MacLean-Hunter Ltd.	12
Canadian Pacific	10	McCain Foods Ltd.	5
CCL Industries	6	Memotec Data Inc.	5
Cineplex Odeon	6	Mutual Life Assurance Co.	5
Crownx Inc.	4	National Business Systems Inc.	6
Derlan Industries	6	Noranda Inc.	5
Dominion Textiles	5	Olympia & York Development Ltd.	6
Domtar Inc.	7	Royal Trustco Ltd.	7
First City Financial Corp.	20	Seagram Company Ltd.	7
First Toronto Capital Corp.	6	SHL Systemhouse Inc.	4
Genstar Ltd.	7	Thompson Newspapers Ltd.	17
George Weston Ltd.	4	Trimac Ltd.	4
Hollinger Inc.	12	Trizec Ltd.	4
Imasco Ltd.	6	Unicorp Canada Corp.	14
International Thompson Organization	38	Unicorp Financial Corp.	9
Ivaco Inc.	7		

Source: ADP

Table 8 indicates that large, Canadian controlled firms dominate Canadian acquisitions abroad. Thirty seven of the 39 firms listed had revenues greater than $100 million. The two small- to medium-sized firms were Arc International and Memotec[9]. The vast majority of firms listed are Canadian-controlled and the so-called "Crown Jewel" companies. The names of many firms in this Table are well known to Canadians, and they have a long history in Canada and abroad. These firms include Canadian Pacific, Alcan Aluminum, Seagram, and Noranda. The two foreign controlled companies with four acquisitions or more during the period were Imasco and Genstar, both from the U.K.

In terms of sectors, among those firms with four or more acquisitions abroad, printing and publishing and financial services were the most active. International Thompson Organization and Thompson Newspapers, its sister-firm, had the highest number of transactions[10]. Other publishing and communications firms such as Maclean-Hunter and Hollinger were also major foreign M&A players. In finance, First City Financial Corporation, Unicorp Financial, and Royal Trustco, were particularly active.[11]

While the bulk of firms with four or more acquisitions were large, examination of the entire universe of the ADP database reveals that a number of small- and medium-sized Canadian firms were also active. Of the 347 Canadian acquirors, 220 or over 63 per cent can be classified as small- or medium-sized firms[12]. These firms included Glenayre Electronics (3 acquisitions), Lumonics (3 acquisitions), Fleet Aerospace (3 acquisitions) and FuturTek Communications (2 acquisitions). Many of these acquisitions took place in R&D-intensive industries in the areas of information technology, microelectronics, laser technology, and avionics. The fact that over 63 per cent of the Canadian firms with cross-border acquisitions were small- and medium-sized is consistent with the small country theses discussed earlier (Swedenborg and U.N.C.T.C.).

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[9] At the time of its foreign acquisitions, Memotec still qualified as a small- to medium-sized firm. Following its domestic acquisition of Teleglobe Canada, its revenue base increased and the firm attained the rank of a large firm.

[10] A good deal of the Thompson acquisitions were for small-town newspapers in the U.S.

[11] Note that in the late 1980s, many of Canada's largest banks which had earlier built up a presence in Europe divested much of their European operations. The Royal Bank, for example, divested its German, Belgian and French operations.

[12] Defined as those with annual revenues of less than $100 million. This definition is not consistent with the U.N.C.T.C. and general practice at Statistics Canada. The selection of this revenue threshold is consistent with the Investment Canada survey and, in any case, it was judged that these thresholds tend to be arbitrary.

Examination of the entire universe of the database shows a low level of participation by foreign controlled firms in Canadian acquisitions abroad. Of the total 807 transactions from 1979 to 1990, only 5.6 per cent (45 acquisitions) were undertaken by some 28 Canadian subsidiaries of foreign controlled firms. The majority were U.S. controlled, typically with one or two acquisitions in the U.S.. This foreign controlled share of cross-border M&A activity is smaller than the foreign controlled share of CDIA, where they accounted in 1986 for almost 25 per cent of activity abroad (see Table 4).

However, the foreign controlled Canadian firms with the highest number of acquisitions were mostly non-U.S. owned subsidiaries. Apart from Imasco and Genstar (BAT Industries, U.K.), they included: Redpath Industries (Tate & Lyle, U.K.), Rio Algom (RTZ Corporation, U.K.), Total Petroleum of Canada (Total Petroleum, France), and Bonar (Bonar PLC, U.K.). These non-U.S. controlled Canadian companies were likely considered the vehicles for expansion across North America, with the parent in effect treating Canada and the U.S. as one integrated market.

NATURE OF ACQUISITIONS

Table 9 breaks down the Canadian cross-border acquisitions into horizontal, vertical and conglomerate types by number and percentage, using four broad categories of industries[13].

TABLE 9: TYPE OF ACQUISITION BY INQUIRY, 1979-90

Type / Industry	Horizontal		Vertical		Conglomerate		Total
	No.	%	No.	%	No.	%	
Resources	64	56	27	23	24	21	115
Services	75	47	43	27	42	26	160
Manufacturing	194	60	98	30	33	10	325
Financial	44	29	50	33	57	38	151
Totals	377	50	218	29	156	21	751*

Source: ADP, Ann Arbor, Michigan, U.S.A.
* 56 transactions could not be classified.

[13] Horizontal means that the acquiring industry of origin and that of the affiliate are the same. Vertical is such that the affiliate is either prior or subsequent to the industry of origin of the acquiring firm. Conglomerate is where the affiliate activity has no relationship with the industry of origin of the acquiring firm.

Horizontal acquisitions dominated overall at 50 per cent of the total number of classified transactions, and in every individual sector but the financial sector. Note, the dominance of horizontal transactions is also seen in Canadian domestic M&A activity (see Khemani pp. 9-13 in this volume). Among the sectors, manufacturing and resources had the highest percentages of horizontal activity -- 60 and 56 per cent respectively. The overall shares of vertical and conglomerate acquisitions were 29 and 21 per cent respectively. The pattern in the financial sector can be explained by the fact that many of these firms are effectively holding companies undertaking conglomerate acquisitions.

Gorecki (1990) also found that in 1986 CDIA was mainly horizontal (75 per cent of the book value of CDIA in any industry). The proportion of horizontal transactions is considerably smaller in the case of the cross-border M&A activity. Again the different type of analysis is at play -- value versus number. Nevertheless, a main reason for this different pattern is that M&A activity involves relatively more conglomerate activity. The implication is that the drive to diversification is more prevalent in acquisitions. Conversely, it can be expected that with new greenfield investments, a component of CDIA, a diversification strategy is far less common. The difference in the degree of horizontal activity may therefore not be surprising.

Campeau Corporation, discussed in Appendix A, illustrates a case where a Canadian firm undertook conglomerate acquisitions abroad in an attempt to diversify, albeit without success. In fact, in the early 1980s, a number of Canadian corporations including Imasco, Dylex, Canadian Tire and Consumers Distributing followed a similar diversification strategy.

As reflected in Table 10, Canadian manufacturing corporations accounted for more than 38 per cent of the number of acquisitions abroad, followed by the financial industries (18.7 per cent) and resources (14 per cent). In total, these three industrial sectors accounted for 71.5 per cent of all Canadian acquisitions abroad. The concentration of acquisition activity in the manufacturing, financial and resource sectors parallels the findings of Gorecki (1990), who noted that 78.4 per cent of the book value of long term investment originated from the manufacturing, financial and petroleum sectors.

TABLE 10: DISTRIBUTION OF CANADIAN ACQUISITIONS ABROAD BY THE INDUSTRIAL CLASSIFICATION OF THE ACQUIRING FIRM, 1979-1990

Industry	Acquisitions	
	Number	%
Resources	113	14.0
Manufacturing	313	38.8
Construction	24	3.0
Utilities	43	5.3
Merchandise Trade	40	5.0
Services	67	8.3
Financial	151	18.7
Non-classified	56	6.9
All Industries	807	100.0

Also note that firms active in construction, merchandise trade and utilities had relatively low levels of acquisition activity. In total, firms in these three industries made only 13.2 per cent of acquisitions abroad. Here again, the relatively low levels of acquisition activity for these industries mirror the results of Gorecki, who found 15.6 per cent of CDIA originated from firms in the utilities, merchandise and other (includes construction) industries.

Table 11 shows the geographic distribution of the acquisitions in the ADP database from 1987 to 1990. This period is used because ADP only began recording Canadian acquisitions in countries other than the U.S. in 1987. The bulk of Canadian acquisitions abroad, approximately 70 per cent, were in the U.S., while the U.K was second at 8.7 per cent , followed in rank by Australia and France. As in Gorecki (1990), however, when the E.C. countries are grouped together, they are by far the second largest destination with 80 transactions or over 18 per cent of the activity. Japan is conspicuous by its absence in the Table. This is partly explained by the Japanese corporate culture that has tended to discourage potential foreign buyers of its firms, except in the form of strategic alliances with Japanese partners[14].

TABLE 11: ACQUISITIONS ABROAD BY CANADIAN FIRMS, 1987-90

Country	# of Acquisitions
U.S.	307
U.K.	38
France	11
Germany	8
Other E.C.	23
Other Europe	3
Australia	15
Other Pacific Rim	11
Other	22
Total	438

Note: Other consists of Bermuda, Cayman Islands, Chile, Guyana, Israel, Liberia, and Mexico.

Source: ADP, Ann Arbor, U.S., and Investment Canada.

[14] Gorecki (1990) found that 39 per cent of the stock value of CDIA in Japan was in the form of strategic partnerships, the highest among industrialized countries and a level four times higher than in the U.S. and Canada. He defined as minority ownership voting rights greater than 10 and less than 50 per cent. In fact, many Canadian companies including Alcan, Cominco, and MacMillan Bloedel have for many years maintained a presence in Japan in the form of joint ventures and minority equity positions.

MOTIVATIONS FOR CANADIAN ACQUISITIONS ABROAD

ECONOMIC RATIONALE

There is a large economic literature on what causes individual firms to invest in production facilities in other countries. One rationale is provided by the "internalization theory"[15], which is described in detail in the introduction to this volume. The theory postulates that firm specific characteristics create competitive advantages. The theory usually applies to horizontal activity where the firm is involved in the same activity at home and abroad. The characteristics can be intangible assets such as technical expertise, marketing ability or superior management. These assets have public good properties. This implies that being a public good within the firm, the asset can be used at zero marginal cost to the firm. These public goods are also subject to market failures. In the case of innovation, appropriability problems may exist. Or, the asset may be such that it is not easily separated or disembodied from the operations (for example, a reputation for reliable, quality products). Thus, direct investment ".. allows such assets to be applied to a very large scale of operations, yet keeps them internalized within the firm"[16].

Transaction cost theory is another economic rationale for FDI. The transaction cost theory is often used to explain vertical FDI where the investment abroad supplies a tangible asset to the parent's operations (for example, a raw material that serves as an intermediate input in the firm's production process). Under this rationale, the parent requires predictability with respect to price, delivery and quality of product, and chooses direct investment abroad to limit transaction costs.

For both theories, the central issue is why do parent companies choose to undertake direct investment abroad, rather than to use other organizational methods. These other alternative methods include, for example, contracts or licenses with local firms and exporting. The logic for direct investment abroad can be summarized in the following way:

- a firm owns a set of tangible and intangible assets and seeks to maximize their net present value;

[15] See Gorecki (1990), pp. 7-13 for a more complete discussion of internalization, intangible assets and transaction costs related to FDI. The internalization theory can be traced among others to Coase (1937), Hymer (1960, 1976), Caves (1971), McManus (1972), Williamson (1975), Buckley and Casson (1976), Rugman (1981) and Caves (1982).

[16] Morck and Young (1990).

- the calculus of net present value may entail geographic diversification of those assets; and,

- such geographic diversification is best undertaken by transferring assets from one affiliate to another.

Accordingly, the firm considers the various benefits and costs of direct investment. The main benefits include: exploitation of intangibles such as special knowledge regarding production, distribution and marketing; possible gains from discriminatory pricing; the avoidance of the costs of bilateral bargaining; the elimination of buyer uncertainty; and, the use of transfer pricing to minimize the firm's tax burden. Possible costs of DIA are: communication and administrative expenses; and, the political/exchange rate risks of overseas investment.

Internalization and/or the minimization of transaction costs are therefore undertaken to the point where benefits equal costs to the firm. Thus, John Dunning states that firms choose DIA as a mode of entry:

> ... mainly on the perception that it would enable the firm to capture a fuller economic rent or better protect their property rights, and/or that the control exerted over the resources transferred could recoup the gains to the parent company external to those accruing to the foreign subsidiary[17].

[17] Dunning (1985). Note that this calculus of net benefit does not always fully take into account social costs. These may include any loss of competitive advantage and the burden of structural alignment in the home country. Dunning suggests that the greatest divergence between private and social interests associated with DIA may be in knowledge-intensive "sunrise" industries.

SURVEY OF MANAGERIAL MOTIVATIONS: INVESTMENT CANADA SURVEY OF CANADIAN DIRECT INVESTMENT ABROAD

In the spring of 1989, Investment Canada surveyed a cross section of 23 Canadian resident firms with direct investment abroad. Personal interviews with senior management personnel were conducted, using a questionnaire prepared for this purpose[18]. The firms surveyed were all Canadian controlled, private enterprises.

The survey was another in a series conducted on Canadian firms undertaking DIA. The motivational questions and their rating scheme covered similar ground to:

- *Litvak and Maule*, 1981 (this survey, conducted in 1978, concentrated exclusively on 25 small- and medium-sized technology-based secondary manufacturing firms);

- *Matheson*, 1985 (this survey included a high proportion of very small companies, with 8 of 18 firms having 1984 revenues of less than $1 million); and,

- *Forget and Denis*, 1985 (this questionnaire survey was mailed to Canadian firms with branch plants in the United States on behalf of the then federal Department of Regional Industrial Expansion)[19].

Relative to these other surveys, the Investment Canada survey has some unique attributes. It has a higher concentration of relatively large firms, with only 5 firms below a threshold of 1988 revenues of less than $100 million[20]. Moreover, unlike the above surveys, it focuses on selected companies with CDIA regardless of destination. Although most of the CDIA in the survey was destined for the U.S., more than two-thirds of the sampled companies also undertook investment in other parts of the world. In addition to assessment of the motivational factors underlying the firms' investment strategies, the Investment Canada survey also collected a variety of economic information. This was done to provide some quantitative insights regarding these firms and the representative nature of the sample.

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[18] The interviews were carried out by Zulfi Sadeque and Geoff Nimmo, Investment Canada.

[19] These three surveys along with a study done on CDIA in the New York State by Prem Gandhi (1984) are summarized in Rugman (1987).

[20] The survey included 7 of the 20 large Canadian industrial multinationals that Rugman (1987) identified. In fact, no firms in the service sector were surveyed.

Characteristics of Surveyed Firms

Revenue: As shown in Table 12, the 23 surveyed firms had considerable revenue variability. Their worldwide revenues ranged from less than $100 million to more than $5 billion. This reflects the survey selection criteria of broad representative sample without bias towards any specific size range.

TABLE 12: REVENUE DISTRIBUTION OF FIRMS WITH DIA, 1988

Revenue* ($ millions)	No. of Firms
less than 100	5
100 - 500	4
500 - 1,000	2
1,000 - 5,000	8
greater than 5,000	4
Total	23

* Sources of revenue include worldwide operations

Value of Direct Investment Abroad: The 1988 value of direct investment abroad for the 23 firms was $22.6 billion. This represents approximately 32 per cent of the total stock of CDIA, but more than 37 per cent of the CDIA for Canadian controlled firms. Note, as three of the surveyed firms accounted for almost 80 per cent of the total value, the sample reflects a high degree of concentration. This concentration is consistent with Gorecki (1990) and the ADP M&A data.

Location of Investment Activity: While the surveyed firms had investment activity in 45 countries, the greatest presence was in the U.S. In fact all surveyed firms had at least one investment there. The second favoured destination for investment was the E.C. The remainder of investments were scattered among countries including Australia, Japan, Indonesia, China, Singapore, Hong Kong, Malaysia, Brazil and Mexico. This finding is consistent with Gorecki (1990) and the ADP M&A data.

Sources of Financing Investment Activity: As reflected in Table 13, the single largest source for financing foreign investment activity was borrowing abroad, which accounted for more than 57 per cent of the financing of CDIA for the surveyed firms. Given the historical interest rate spreads between the United States and Canada, and the Eurodollar market and Canada, there is an indication of interest rate sensitivity among the firms. The next most utilized financing methods were retained earnings (31.9 per cent) and borrowing in Canada (9 per cent). The data demonstrate a significant

preference for both capital markets and retained earnings over the use of equity markets. Only 1.5 per cent of financing was through the issuance of new equity in Canada, while virtually no equity was raised abroad.

TABLE 13: SOURCES OF DIA FINANCING FOR SURVEYED FIRMS

Source	Percentage of DIA
Retained Earnings	31.9
Borrowed in Canada	9.0
Borrowed Abroad	57.5
New Equity (Canada)	1.5
New Equity (Abroad)	*.*
All	99.9

. data value too small to be expressed

Sample Reliability: Given the finite population of Canadian controlled firms with CDIA (1113) and the relatively small sample (23), it is not possible to develop precise statistical estimates from the survey. However, the conformity of the survey data on CDIA values and location with published statistical aggregates is sufficient to find the sample representative of the population in those respects and adequate as a pilot sample.

Survey of Investment Motivations

Each of the 23 surveyed corporations was asked to rate the importance of 17 factors in motivating their investment strategy abroad. Each factor was rated on a scale of 1 (unimportant) to 4 (very important). For the purpose of providing some industrial comparison, the respondents were divided into 4 mutually exclusive groups. These consisted of resources (5 firms), R&D-intensive manufacturing (5 firms), low R&D manufacturing (8 firms) and processing (4 firms). Results were averaged within each industrial group. Aggregate results were obtained by summing the group means so that there would be no bias towards any specific industry. Survey results are presented in ranked order of importance in Table 14.

TABLE 14: SURVEY RESPONSE* BY INDUSTRY
RANKING OF MOTIVATIONAL FACTORS AFFECTING CDIA

FACTOR	INDUSTRY				
	Resource	Manufacturing		Processing	All
		R&D-intense	Low-tech		
Perceived need for outward expansion	3.25	3.8	3.9	4.0	14.95
Geo/product line diversification	2.75	3.4	3.5	2.5	12.15
Trade barriers & transport costs	3.5	2.5	3.5	2.5	12.00
Availability of skilled labour	3.0	3.0	3.0	2.5	11.50
Favourable regulations abroad	3.5	2.4	2.6	3.0	11.50
Tax treatment & subsidy abroad	3.4	2.2	2.5	3.0	11.10
Ability to finance abroad	3.25	2.5	2.9	2.0	10.65
Ease of financing	2.4	2.0	2.5	3.5	10.40
Resource availability	4.0	1.7	2.4	2.0	10.10

Availability of managerial skills	2.2	2.4	3.0	2.5	10.10
Maintain/increase market share	1.0	3.8	3.9	1.3	10.00
Availability of technology	2.0	3.5	2.0	2.0	9.50
Supplement exports	1.3	3.5	2.5	1.25	8.55
Enhanced product recognition	1.0	2.8	2.6	2.25	8.65
Integration	1.25	2.0	2.0	2.0	7.25
Canadian taxes & regulations	1.4	1.4	1.4	1.4	5.60

* survey response (4 = very important; 3 = important; 2 = somewhat important; 1 = unimportant). Cell contents are average values. "All" column contains sum of averages across industries.
The individual factors of "Canadian taxes" and "Canadian regulations" were combined due to identical scoring and last place ranking.

The three factors identified as the most significant in influencing investment motivations were: *the perceived need for outward expansion*, *geographic/product line diversification*, and *trade barriers and transportation costs*. The next two factors in importance were: *availability of skilled labour*, and *favourable regulations abroad*.

These factors are self-explanatory, with the exception of the perceived need for outward expansion. In this case, those surveyed were asked whether their firm's outward investments were driven by the perceived need to "globalize". This was defined by such factors as the rapid growth in world trade and investment, the emergence of mega-trading blocs, the standardization of markets, the growth of strategic alliances, and the emergence of "global" firms.

When considering the significance of these factors, it is useful to refer to what Rugman has termed "pull" and "push" factors[21]. Pull factors are those elements that attract or encourage Canadian firms to make direct investments in another country. In general, they are external to the firm and primarily concerned with the market and policy factors originating in the host country. In contrast, push factors, which are also external to the firm, come from Canadian markets and policies. They are perceived as negative factors (government policy changes, high rates of taxation, less favourable market conditions, etc.) which encourage domestic firms to invest abroad in order to enhance their competitive position.

As Rugman stresses, the distinction between pull and push factors is merely a device to highlight the potential determinants of CDIA. In reality, the two are interdependent and relative in nature. Investment decisions are ultimately made by managers taking into account all the factors in combination.

While the top two factors are internal to the firms as part of unique corporate strategies, it is interesting to note that the next three highest ranking factors in the survey all fall in the category of pull factors. Trade barriers and transportation costs associated with exporting to third markets influenced managers to invest abroad. The significance of the availability of skilled labour emphasizes that technological innovation and its skilled labour requirements influences investment decisions. The importance of favourable regulations abroad is indicative of a global market perception for these firms. In summary, these factors demonstrate that Canadian managers were motivated by perceptions of markets and policies in the host country.

These top five factors are followed in importance by *favourable taxes and subsidies abroad*, and *the ability to finance abroad*. These are again additional pull factors of slightly less significance. When considering these particular factors, the distinction between pull and push is not sharp, since relative perceptions of foreign and domestic conditions are clearly at play.

[21] Rugman (1987), p. 11.

Also of note, financing factors ranked seventh and eighth overall. Given the fact that survey respondents reported that more than 57 per cent of CDIA was financed through borrowing abroad, a higher ranking might have been expected for these factors. The implication here is that "how" an investment opportunity will be realized is much less important than the selection of the opportunity itself and its associated market factors.

Furthermore, it is interesting to note that those factors ranking particularly low in the survey *included supplementing exports* (14th), *forward/backward integration* (15th), and *Canadian taxes* and *Canadian regulations* which tied for last place in the survey. In view of the importance attached to vertical integration in industrial organization literature, the low rating given to integration was unexpected.

The two "push" factors of Canadian taxation and Canadian regulatory environment were assigned the lowest rating by Canadian managers. Given business and press commentary about the negative impact of Canadian policies and programs on the nation's competitive position, it might be expected that these factors would have ranked much higher, even back in the spring of 1989.

It is difficult, however, to conclude from the survey that push factors are not significant. Once again, the interdependent and relative aspects of pull and push mitigate against a definitive conclusion. There is no doubt that certain Canadian firms have made acquisitions abroad due to poor domestic markets. The case of Dominion Textile, discussed in Appendix A, is one example.

To a large extent, the findings of the Investment Canada survey are similar to those identified by Matheson, and Litvak and Maule. Table 15 presents a summary comparison of the three studies. The table confirms that "geographic/product line diversification" and "trade barriers and transportation cost" were identified as significant in all three surveys. The most significant factor in the Investment Canada survey - "perceived need for outward expansion" - was not specifically included in any of the previous studies. The low ranking of the push factors is also generally consistent with the findings of Litvak and Maule, Matheson, and Forget and Denis[22].

[22] Forget and Denis did find that Canadian firms in the petroleum sector and financial services were motivated to go to the U.S. in part by Canada's tax policies, which is a "push" factor. Rugman (1987) also observed that smaller Canadian firms tend to go to the U.S. because of trade union attitudes, labour legislation and unit labour costs in Canada.

TABLE 15: COMPARISON OF STUDIES ON THE MOTIVATIONAL DETERMINANTS OF CDIA

Study	Investment Canada	Matheson	Litvak & Maule
Year	1989	1985	1978
Sample Size	23	18	25
FACTORS	Need for outward expansion	Trade barriers	Market Share
	Geographic/product line diversification	Serve foreign markets	Faster growth of sales abroad
	Trade barriers and transportation costs	Access to raw materials	Trade barriers and transportation costs
	Availability of skilled labour	Strengthen existing business	Geographic / product line diversification
	Favourable regulations abroad	Business diversification	Responsiveness to customer demands

1. Matheson, "Canadian Investment Abroad", in Rugman (1987)
2. Litvak and Maule, "The Canadian Multinationals", (1981)

The Investment Canada survey results are also in line with other international surveys. For example, in a survey of European companies undertaking cross-border acquisitions, "entry to new market" and "geographic and product diversification" were assigned the highest ratings[23]. An earlier survey of U.S. and European firms by the Group of Thirty also indicated the relative importance of such pull factors as "access to market", "trade barriers" and "integration of foreign operations with existing investment"[24].

[23] Centre for Business Study, London Business School (1990).

[24] Group of Thirty (1984).

CONCLUSIONS

This paper has described and identified various patterns and motivations relating to Canadian acquisitions abroad with reference to data, theory and survey results. The following summarizes the principal findings and suggests areas of future research work.

PATTERNS AND MOTIVATIONS

Canadian Direct Investment Abroad

The paper began by setting out the main patterns relating to CDIA and FDI in Canada.

- Since 1950 CDIA has become relatively more important in Canada than FDI.

- In the 1980s, Canada's outward investment increased steadily relative to inward, with CDIA tripling as FDI doubled.

- The change in the relative importance of Canada's outward investment flows is consistent with global trends. In particular, there is a much more balanced relationship between outward and inward bound investment in each of the leading industrialized nations, with the exception of Japan. Today, direct investment is a two way street.

- DIA in relation to GDP indicates that smaller countries (Switzerland, Netherlands, Sweden and Canada) tend to undertake proportionately more DIA than larger countries. There is also U.N.C.T.C. evidence that Canada has a proportionately high number of small-sized firms investing abroad.

- The number of Canadian firms with direct investment abroad is relatively small in absolute terms - 1479 in 1986 - and has been increasingly dominated by Canadian controlled firms. While less than 62 per cent of firms with CDIA were Canadian controlled in 1979, by 1986 the percentage had increased to more than 75 per cent. The fact that 25 per cent of firms undertaking CDIA were foreign controlled nevertheless demonstrates some subsidiary autonomy.

Canadian Acquisitions Abroad

Analysis of data from the ADP Data Services database indicated a number of patterns in Canadian acquisitions abroad.

- There was a pronounced upward trend in acquisition activity from 1979 to 1990, although a considerable year-to-year variation occurred in the number of Canadian acquisitions abroad.

- The period from 1986 to 1990 showed a distinctly higher level of Canadian cross-border M&A activity than the period from 1979 to 1985.

- An international comparison, adjusted for the relative economic size of each country, provides evidence that Canada exhibits a greater tendency towards cross-border acquisitions than larger countries.

- Canadian cross-border acquisitions displayed some concentration, with 11 per cent of the firms accounting for 38 per cent of the transactions. (This is consistent with CDIA, although it exhibited an even higher degree of concentration.)

- The total number of firms in 1990 with cross-border M&A transactions was 347, a substantially smaller number than in CDIA. Large Canadian controlled firms were the most active. However, 63 per cent of the total number of firms were small- to medium-sized. This supports the U.N.C.T.C. evidence to the effect that Canada has a relatively high number of small-sized firms investing abroad.

- Only 5.6 per cent of the total number of acquisitions were undertaken by foreign controlled firms. The majority were U.S. owned subsidiaries, but the most active were non-U.S. owned. These non-U.S. controlled subsidiaries were likely considered by their parents as vehicles for expansion across North America.

- Horizontal transactions dominated at 50 per cent. They also dominated in CDIA but at a higher level of 75 per cent. Cross-border M&A activity involves relatively more conglomerate activity, likely reflecting diversification strategies.

- The geographic distribution of the number of Canadian cross-border acquisitions is comparable to CDIA. The U.S. is the main destination accounting for 75 per cent of the total number of acquisitions from 1987 to 1990 and the EEC following at over 18 per cent. (The principal destination for CDIA was the U.S. with 71 per cent of the book value in 1986, followed by the E.C. at 12.6 per cent).

- Canadian cross-border M&A activity is dominated by firms active in manufacturing (38.8 per cent), followed by financial firms (18.7 per cent) and resource corporations (14 per cent). This pattern is highly comparable with CDIA where manufacturing firms accounted for the majority of the activity, followed by resource and financial corporations.

Economic Rationale

The economic rationale - internalization and transaction cost theories - for firms undertaking direct investment abroad was briefly reviewed. The purpose was to explain the basic rationale. No attempt was made to link these theories to the actual behaviour of firms. The data limitations outlined in the paper made this impossible in any rigorous form (for example, regression analysis).

There are nevertheless some findings relevant to the theories.

- The internalization theory suggests that horizontal investment, where the industry of origin and destination are the same, is typically based on some kind of intangible asset. If the internalization theory holds, a distinct preference for horizontal expansions would be expected. Thus, the fact that horizontal acquisitions dominate in cross-border M&A activity and CDIA is significant in this respect (see Table 9).

- Under the internalization theory, a firm keeps its assets within the firm when there are significant costs or impediments to moving them outside their operations. An example would be the service sector, where typically the assets of a firm cannot be exported, or in other words disembodied. The M&A data supports this theory since the service sector (including financial services) accounted for 41 per cent of industrially classified Canadian acquisitions abroad (see Table 9).

- The transactions costs theory suggests that in order to keep these costs to a minimum, the firm's preferred form of investment is in a wholly-owned affiliate. In this respect, the Investment Canada survey showed that almost one half of the surveyed firms held all their investments in the form of wholly owned subsidiaries.

Managerial Motivations

From a survey of 23 firms conducted in the spring of 1989 by Investment Canada, information on motivational factors underlying investment strategies and related economic data were analyzed.

- Analysis of the survey data in relation to worldwide revenues, value of foreign direct investment, location of investment activity, sources of financing and other factors showed remarkable comparability with published CDIA data and no bias towards any specific size class of firm. Thus, it was concluded that the sample was representative of the population of firms with CDIA.

- The five factors identified as the most significant in influencing investment motivations were:

  The perceived need for outward expansion
  Geographic/product line diversification
  Trade barriers and transportation costs
  Availability of skilled labour and
  Favourable regulations abroad.

- The top two primary influences on investment activity were both internal to the firms in the sense that they reflect specific corporate values. These factors were followed by three "pull" factors, conditions in the host country perceived as advantageous by the Canadian investor. These results were consistent with previous studies (Matheson; and Litvak and Maule), where geographic/product line diversification and trade barriers and transportation costs were also judged as significant influencing factors.

- The top five determinants were followed by additional pull factors, *favourable taxes and regulations abroad* and *the ability to finance abroad.*

- Financing factors were ranked seventh and eighth overall, despite the fact that the respondents indicated that just over 57 per cent of their DIA was financed by borrowing abroad.

- Those factors viewed as the least significant motivational influences on CDIA included two internal factors, *supplementing exports* (14th), and *integration* (15th) and the combined "push" factors (i.e. negative conditions in the home country) of *Canadian taxes and Canadian regulations* (16th).

AREAS OF FUTURE RESEARCH

There is much more work required to fully understand the patterns and motivations behind Canadian acquisitions abroad. The preceding suggests a number of fruitful areas for future research.

First, a number of shortcomings were discussed throughout the paper with the M&A data. As explained, these problems are not unique to this paper, but unfortunately are characteristic of work in the M&A field, especially relating to cross-border acquisitions. Given the recent increase in the pace and value of cross-border acquisitionsby Canadian firms, it is all the more imperative that concrete steps be taken to create a more comprehensive M&A database. To this end, it will likely be necessary for public and private organizations interested in M&A to work together and to pool resources.

Second, the paper identified some theses relating to the small country case and to Canada having a relatively high proportion of smaller firms investing abroad. There was some evidence supporting these theses. However, more rigorous work is necessary of the kind that Swedenborg and Dunning have undertaken for Sweden and the U.K. respectively. This work is contingent on the improvement of the database.

Third, the paper showed that among the firms with four or more acquisitions abroad, the printing and publishing sector was most active abroad. This industry has been identified by others as an area where Canada has a comparative disadvantage. More work needs to be done to rigorously test the related proposition that firms invest abroad in those sectors where the home country has comparative disadvantage.

Fourth, the data on Canadian cross-border M&A activity is particularly deficient with respect to non-U.S. destinations. More work is required on the geographic distribution of Canadian acquisitions. This is imperative since Canadian policy makers often view geographic diversification of investment as desirable and in order to address the implications of the emergence of the so-called mega-trading blocs in the Triad (E.C., North America and Pacific Rim). In this context, the Investment Canada survey revealed that some companies limit acquisitions to the U.S. and Europe in large part because of common cultural values and corporate goals. This fact is particularly highlighted by the Bombardier case (see Appendix A). Further survey work might seek to determine how widespread this view is among Canadian corporations investing abroad and whether this occurs as a result of perceived market failures associated with information gaps.

Fifth, the Investment Canada survey, and indeed earlier surveys, did not directly link the internalization and transaction cost theories to managerial motivations. Future work might better attempt to address these linkages. In any case, a survey of the kind undertaken by Investment Canada, if repeated at appropriate intervals, could be designed to yield a time series and cross-sectional data that might allow for more rigorous testing.

APPENDIX A

CASE STUDIES

Appendix A describes the experience of four selected Canadian corporations active in acquisitions abroad. These case studies are illustrative. To the degree possible, the motivations and goals behind each firm's direct investment abroad are discussed.

Two cases, Bombardier and Northern Telecom, are in the forefront of advanced technology in their respective fields. They also are in industries - rail/air transport and telecommunications - which are considered "global" industries. By and large, they are Canadian success stories, pursuing a strategy of outward expansion by selected acquisitions in their respective niche markets.

The other two cases, Dominion Textile and Campeau Corporation, are in more mature industries -- textiles and retail trade/real estate. Their direct investment activity has had more mixed results. To offset slack in its domestic markets, Dominion Textile has successfully increased foreign production and market share abroad. Campeau's forays into U.S. retail trade business have proved to be its undoing, at least in the medium-term.

For each case, there is a brief summary of the firm and its history, followed by a list of foreign investments and acquisitions. The case studies conclude with some discussion of corporate motivations and goals. For Bombardier, Northern Telecom and Dominion Textile, the discussions of corporate strategy are based on interviews with senior officials (as part of the Investment Canada survey in 1989). For Campeau, no interviews were conducted, but given its high profile of late, a wealth of background material was available from published sources.

CASE 1: BOMBARDIER

Bombardier is engaged in the design, development, manufacture and distribution of four main products -- mass transit equipment, civil aerospace products, military aerospace products, and motorized consumer products. The company is headquartered in Montreal, and operates plants in Canada, the U.S., Austria, Belgium, Finland, France, Sweden and the U.K. In 1902, the company was incorporated under the name of The Locomotive and Machine Company of Montreal Limited. Since June 1978, the company has been called Bombardier Inc. Les Entreprises de J. Armand Bombardier Ltée is the majority shareholder in the company, holding 67 per cent of the voting interest. In fiscal year 1990, the company had revenues of over $2 billion, up sharply from $1.4 billion in 1989. As of May 1990, the company had 22,500 employees worldwide.

FOREIGN INVESTMENTS AND ACQUISITIONS

- The company's first venture abroad was Bombardier-Rotax GmbH undertaken in the 1960s in Austria.

- In February 1984, the company acquired for just under $31 million Alco Power Inc. of Auburn, New York (now Auburn Technology Inc.), which makes diesel engine components.

- In April 1986, the company took a 45 per cent equity stake in BN Constructions Ferroviares et Métalliques, a Belgian manufacturer of railway rolling stock and mass transit equipment. In 1988, this equity stake was raised to over 90 per cent.

- In December 1989, Bombardier purchased for about $22 million ANF-Industrie, France's second largest manufacturer of railway equipment.

- In February 1989, the company's acquisition of the tract vehicle operations of Universal Go-Tract Ltée of Pointe Claire, Quebec led to the indirect acquisition of the latter's U.S. subsidiary, Universal Go-Tract of Georgia.

- Bombardier maintains a 50 per cent interest in Scanhold Oy Co. from Finland.

- In October 1989, Bombardier acquired Short Brothers PLC of Belfast, Northern Ireland for $60 million.

- In April 1990, the company purchased for US$ 75 million, the assets and operations of the Learjet Corporation of Wichita, Kansas.

- In October 1990, Bombardier completed a deal to buy Procor Engineering Ltd. of Wakefield, U.K., which manufactures body shells for railway passenger cars and locomotives.

- The Company has also forged strategic alliances through its acquired subsidiaries In recognition of its limited resources and its small size by international standards. For example,

  o In the production of surveillance systems, Bombardier has a strategic partnership with Dornier GmbH of Germany.

  o In the area of mass transportation, it has formed strategic relationships with General Electric Company of Canada Inc. and the Franco-British group GEC Alsthom.

CORPORATE MOTIVATIONS AND GOALS

In recent years, the company has pursued twin goals:

- expansion and internationalization of operations; and,

- consolidation and broadening of its industrial and technological base.

Bombardier officials believe that the company must attain a critical mass in order to maintain an effective market presence in its chosen niches. Through such a critical mass, it can attain the requisite economies of scale and scope. Acquisitions of existing companies are preferred to "greenfield" investments. This allows Bombardier to establisha significant immediate presence in the chosen niche through the acquired firm's recognized name and distribution network. In addition, it can avoid adding excess capacity.

In choosing acquisition targets, Bombardier concentrates on industries where there are few players and effective barriers to entry. Company officials also typically seek complementarity in terms of technology, and production and distribution expertise. As a result, all acquisitions abroad have been horizontal. Mixing and matching products is, of course, critical from this perspective. A useful illustration of this strategy was the acquisition of Short Brothers. Bombardier had been engaged in the design and development of a regional jet; so was Short Brothers. The acquisition of Short Brothers allowed it to exploit synergies from joint expertise in regional jets and to eliminate a potential competitor.

As confirmed by Company officials, the choice of the U.S. and Europe as investment targets was deliberate. Bombardier officials apparently place a high value on common cultural values and corporate goals, and these they readily find in the U.S. and Western Europe. The Company made a conscious decision to stay out of Third World markets in terms of direct investment for reasons of financial and exchange rate security. It is recognized that Canada, the U.S. and Europe will likely continue as the major markets for its products. In particular, North America is perceived as the main market for business jets, military aircraft, aerospace-related defense products, snowmobiles and sea-doos. Western Europe is expected to remain as the fastest growing market for railway transportation products.

CASE 2: NORTHERN TELECOM

Northern Telecom (NorTel) is the world's leading supplier of fully digital telecommunications systems. It has been in operation since 1882. In 1914, the company was chartered as Northern Electric Co. with the company owned 50 per cent by Bell Canada and 44 per cent by Western Electric Co. In 1964, the company became a wholly-owned subsidiary of Bell Canada when the latter bought out Western Electric Co. Today, NorTel is headquartered in Mississauga, with Bell Canada Enterprises as the majority shareholder (a 53 per cent stake). NorTel itself controls 70 per cent interest in its subsidiary, Bell Northern Research Ltd. For the year ending 1989, Northern Telecom had worldwide assets of US$ 6.4 billion, revenues of US$ 6.1 billion, and a net income of US$ 376 million. The number of employees worldwide approached 48,000. It has operations in over 70 countries and with 40 manufacturing plants in Canada, Australia, China, Ireland, Malaysia and the U.S.

FOREIGN INVESTMENTS AND ACQUISITIONS

- In 1967, NorTel undertook its first major investment abroad. NETAS-Northern Electric TeleKomunikayson A.S. was established in Turkey with NorTel as an equal joint partner with the country's Post, Telephone & Telegraph Department.

- In 1971, it set up Northern Telecom Inc. in the U.S.

- In 1973, Northern Telecom (Ireland) was created to produce telephone sets and equipment for the EEC.

- In 1976, the company acquired Cook Electric Co. and Telecommunication System of America Inc. in the U.S.

- Since 1976, a number of U.S. acquisitions have been made including: Intersil Inc. (a manufacturer of semiconductors in California); Data 100 Corp. (a manufacturer of computer terminal systems in Minnesota); Danray Inc. (a Texas-based manufacturer of telecommunication switching equipment); Syncor Inc. (Michigan); Eastern Data Industries; and, Spectron Inc.

- In 1983, Northern Telecom Japan and Northern Telecom PLC (U.K.) were created, along with Bell Northern Research's laboratory in the U.K.

- In 1987, NorTel increased its interest in STC PLC of U.K. (a diversified electronics firm, manufacturing telecommunication and information technology equipment) from 3 per cent to 27.5 per cent at a cost of US$ 730 million. In November 1990, NorTel announced its intention to buy the remaining 73 per cent interest for US$ 4.4 billion.

- In 1989, Northern Telecom Meridian S.A. was established in Paris, France.

- In addition, NorTel is engaged in a number of strategic alliances including those with major information technology such as Wang, Digital Equipment, NCR, Apple and Hewlett Packard.

CORPORATE MOTIVATIONS AND GOALS

NorTel officials consider the company a world player in the telecommunications industry. Substantial restructuring of this industry is currently ongoing. While industry giants like AT&T, Alcatel, Siemens, NEC, Fujitsu, Ericsson and NorTel dominate the industry today, it is expected that there will be no more than four of five dominant firms by the end of the decade. NorTel's principal goal is to be one of those four or five successful global firms at the turn of the century. From this perspective, it has targeted revenues of US$ 30 billion by the end of the decade.

Officials feel that NorTel's strengths are in telecommunications equipment, and that is where the company intends to stay. NorTel did try unsuccessfully to diversify into computer networking during the 1980s. Strategic networking is very much an option for the company, as indicated above.

To enhance the firm's global competitiveness, officials think that the company might profit from moving away from its current concentration on the North American market, and seeking instead production and distribution facilities in other key parts of the world, particularly Europe and the Pacific Rim.

CASE 3: DOMINION TEXTILE

Dominion Textile (DomTex) is a major manufacturer and distributor of textile and related products. The present company was incorporated in 1922. Headquartered in Montreal, the corporation controls about 70 subsidiaries and associated companies. It is a widely held public company with about 30,000 shareholders. The company specializes in yarns, denim fabrics, apparel fabrics, consumer products, industrial products and technical fabrics. DomTex operates 42 manufacturing facilities in Canada, the U.S., Europe, South America, North Africa and the Far East. In fiscal year 1990, the company recorded sales of $1.38 billion, down slightly from the previous year's $1.4 billion. As of June 1990, the company had a workforce of 10,500.

FOREIGN INVESTMENTS AND ACQUISITIONS

- Until 1975, DomTex was a domestic Canadian firm with no manufacturing facilities abroad. In 1975, it successfully staged a hostile takeover of DHJ Industries in the U.S. for US$ 9.2 million. DHJ has been subsequently consolidated with Facemate Corporation under DomTex's control.

- The company's other acquisitions in the U.S. include: Erwin Mills Inc. (US$ 208 million), Wayn-Tex Inc. (US$ 136 million), Mirafi Inc., Howard Cotton Company, and the industrial textile division of Uniroyal Goodrich Tire (US$ 80 million in a joint venture).

- In Europe, the company has subsidiaries in France, Ireland, Germany, Britain, Italy, Spain and Switzerland. In 1988, the company acquired a 51 per cent stake in Nordlys S.A. of France and in 1990, it raised its controlling interest to 100 per cent. In 1989, it also bought Compagnie du Faing S.A., France.

- In the Far East, DomTex has a manufacturing plant in Hong Kong, operated by its fully owned subsidiary, DHJ (Hong Kong) limited. The company also runs a distribution facility in Singapore -- DHJ Industries Distribution (Singapore) Ltd.

- In the rest of the world, the company operates a production and distribution company in Morocco (DHJ Industries Maroc S.A.), Columbia (Entrellas DHJ LTDA) and Brazil (Entrellas DHJ S.A.).

CORPORATE MOTIVATIONS AND GOALS

DomTex has demonstrated a strong outward orientation in its corporate strategy. As confirmed by officials, since the company is in a mature industry, it has been guided by the premise that there is not a great deal of scope for further expansion in Canada. DomTex officials also stressed that the company is open to the negative effects of further liberalization through changes to the Multi-Fibre Agreement and the ongoing Uruguay Round of GATT negotiations. The company has stated its intention to respond effectively to the pressures emanating from the globalization of markets, products and consumers, as well as from the emergence of trading blocs. The fact that it is in a mature industry implies a greater need to demonstrate flexibility and innovation in terms of corporate growth and restructuring.

To stay competitive and to gain the benefits of economies of scale and scope, senior officials said the company has sought expansion along geographic and product lines. The working philosophy has been to seek ways to position the company for sustained future growth. According to officials, the company's acquisitions in the U.S. have provided a solid base upon which the corporation can plan its future directions. The facilities in Morocco were cited as the means to assure access into the lucrative E.C. market, since this North African country has special privileges for exporting textile products to the E.C. under the Lomé Agreement. The plant in Hong Kong was also noted as the mechanism to serve the burgeoning markets in the Pacific Rim.

CASE 4: CAMPEAU CORPORATION

Campeau Corporation is a firm that owns and develops commercial real estate in Canada and the U.S. It is also a holding company for its interests in department store and supermarket retailing in the U.S. The corporation's real estate assets, consisting of shopping centres, offices and mixed-use properties are mostly concentrated in the provinces of Ontario and Québec, and in the states of Massachusetts, Washington and California. The retail operations are entirely in the United States. Robert Campeau and his family hold 100 per cent of the convertible subordinate preference shares and 54 per cent of the ordinary shares. Olympia & York Developments hold another 12 per cent of the ordinary shares. In the year ending January 1990, the corporation had revenues of US$ 10.44 billion, up from US$ 8.67 billion in 1989. As large as these revenues were, the operating expenses and debt service charges were greater. On January 15, 1990, both Campeau's U.S. affiliates, Allied and Federated Department Stores, filed for bankruptcy.

FOREIGN INVESTMENTS AND ACQUISITIONS

- The corporation's first major acquisition abroad took place in the fall of 1986. It acquired Allied Stores Corporation in the U.S. for US$ 3.6 billion. The associates assumption of debt and fees raised the acquisition cost to us$ 4.4 billion. It was a highly leveraged acquisition with financing through a consortium led by Citibank, bridge financing from First Boston and US$ 300 million in equity with half from the Edward J. DeBartolo Corp. Prior to this retail acquisition, Campeau had not been very active in real estate outside of Canada.

- Over the course of 1987, Campeau sold off 16 of Allied's smaller divisions for US$ 1 billion in order to pay down its short-term debt. Divisions divested included such chains as Block's, Cain-Sloan, Dey's, Herpolsheimer's, Miller & Rhoads, Pomeroy's, Bonwit Teller and Garfinckel's. Larger, reputable divisions were retained such as Brooks Brothers, Jordan Marsh, Stern's, Maas Brothers, The Bon and Ann Taylor's.

- In 1987, Campeau also sold off real estate assets in southern California for US$ 110 million, again to meet debt repayments.

- In early 1988, Campeau initiated a lengthy and hostile takeover of Federated Department Stores Inc., the Cincinnati-based fifth largest retailer in the U.S. The transaction was completed on April 1, 1988 for US$ 6.7 billion. As with Allied, it

was highly leveraged with many of the funds raised through short-term debt against Federated's assets.

- In 1988, as part of the restructuring plan for Federated, Campeau sold for a combined value of US$ 2.6 billion four divisions -- I. Magnin, Bullocks/Bullocks Wilshire, Foley's and Filene's. The company also sold Brooks Brothers of the Allied Stores chain to Marks & Spencer PLC of Britain for US$ 750 million in this year.

- By the end of 1988, Campeau had pared Federated down by further divestitures of the following divisions: Bloomingdale's, Lazarus, Rich's, Goldsmith's, Abraham & Straus, Burdines and Ralph's[25].

- On January 15, 1990, when the Allied and Federated Department Stores filed for bankruptcy, Campeau Corp. (U.S.) also changed its name to Federated Stores, Inc. and appointed a new chairman and Chief Executive Officer in place of Robert Campeau.

CORPORATE MOTIVATIONS AND GOALS

Campeau's retail acquisitions were the archetypal debt-financed activity so prevalent in the U.S. during the mid- to late-80s. Campeau relied on Leveraged Buy Out type acquisitions to move into large retail activity in the U.S. This led to failure, with the company over-stretching its financial resources as a result of large debt-loads, typically at very high interest rates and mostly in the form of "junk" bond financing.

It appears that there were two main motivations behind these acquisitions:

- a desire to diversify out of the cyclically vulnerable real estate business in Canada; and,

- expectations that synergies would develop from combining well established retail chains with future real estate developments in the U.S.

[25] At the time of the sale, Federated owned 669 department stores and other outlets, with 1987 revenues of US$ 11 billion.

Campeau had in the past tried unsuccessfully to meet diversification objectives in Canada. For example, the company failed to acquire a controlling interest in Bushnell Communications Limited in 1974 when the Canadian Radio-Television and Telecommunications Commission denied the sale. Again in 1980, Campeau attempted to buy a controlling interest in Royal Trustco without success. It can be argued that Campeau turned to the U.S. because of the company's inability to diversify in Canada.

In terms of the synergies between these retail operations and real estate, they never fully materialized. Nevertheless, it was this objective that primarily led to Campeau's alliances with first the Edward J. DeBartolo Corporation, the largest shopping mall developer in the U.S., and second to agreements with Olympia & York, the Toronto-based real estate giant. For as long as it could in 1989 and early 1990, the company used these alliances to meet rising repayment charges and to acquire bridge financing.

APPENDIX B

CROSS-BORDER M&A DATABASES

ADP DATABASE ON CANADIAN ACQUISITIONS ABROAD

The database on Canadian acquisitions abroad, used as the primary source of information in this study, was obtained from Automatic Data Processing (ADP). ADP is a private consulting firm, based in New York City and Ann Arbor (Michigan), specializing in data on mergers and acquisitions. Other data sources considered were Micromedia Ltd., KPMG Peat Marwick Thorne, and Business Sales and Acquisitions Digest (see below). The ADP database was selected over other sources as it offered a more comprehensive set of data in terms of the number of transactions, length of time series, industrial classification of transactions, and scope of cross-border acquisition coverage.

ADP Data File

Time Series: 1979 to September 1990

Sources of Information: Public media sources, including Mergers & Acquisitions, Wall Street Journal, and various national and local newspapers and financial journals.

Data contents:

- Name and industrial classification of the Canadian acquiror;
- Name and industrial classification of the acquired firm abroad;
- Date of the transaction;
- Location (country) of the acquired firm;
- Status of the transaction:
    * completed
    * pending
    * unsuccessful;
- Transaction value;
- Characterization of transaction:
    * acquisition of 100% interest
    * acquisition of majority interest
    * acquisition of minority interest exceeding at least 20%
    * acquisition of additional interest.

Data Qualifiers:

- Transaction values not known in all cases;
- Data for foreign countries other than the United States does not exist prior to 1987.

OTHER M&A DATABASES

Micromedia Limited, Toronto

In the summer of 1990, Micromedia took over the publication of "Mergers & Acquisitions in Canada" (the monthly and the annual) from Venture Economics Canada and are currently a premier public information source on M&A activity in Canada. Through their access to Dialog, the U.S.-based information firm and review of public information sources, they provide information on acquisitions abroad - primarily in the U.S. - by Canadian-based firms.

KPMG Peat Marwick Thorne, Toronto

This firm (known in Montreal as KPMG Poissant Thibault Peat Marwick Thorne) is the Canadian branch of the Netherlands-based international M&A and accounting firm KPMG. Their publication, Deal Watch, which was first published in November 1988, focuses solely on cross-border acquisitions. It relies primarily on published sources as well as their international network of M&A specialists. Their coverage began in 1988.

Business Sales and Acquisitions Digest, Toronto

This digest is published by the Canadian Institute of Chartered Accountants and covers selected M&A transactions. The data is available beginning in 1988.

Merger Registry, Bureau of Competition Policy Consumer and Corporate Affairs Canada

The register provides a count of foreign and domestic M&A activity reported in the business press. It attempts to distinguish between completed transactions and announcements. Only those transactions are reported where effective or acknowledged control of the acquired corporation is obtained.

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