

undertaking which in this case would be capturing the North American market and you're going to a multiple undertaking which is the capturing in addition the Japanese market or the Chinese market or a variety of other markets. And so you're moving from a single to a multiple undertaking.

Now the question becomes, do you want to end up linking your North American activities to your Pacific Rim activities because if you expand your joint venture agreement to do that, you get that linkage in that agreement and that forces you to decide whether you want one joint venture agreement to cover the Pacific Rim as well as North America with that concurrent linkage or whether you need two because you may have a very profitable joint venture operating in North America and yet the joint venture activities in the Pacific Rim are doing very badly - it's a disaster. You can't sever them because it's part of the same joint venture and you're linked up to the North American market. So, you have to decide in advance whether you're going to run the risk of having that linkage work against you in the future.

The other thing that you have to do if you want to expand your North American joint venture is ask your Pacific Rim joint venturer for some additional assistance in terms of contribution and you ask for a contribution in a variety of areas. For example, your Pacific Rim joint venturer may have great access to the markets in China. So, as part of the original North American joint venture, one of the things that you didn't address was distribution facilities in China. Now you have to get your joint venturer to agree to support you in its home market and does it provide you with home market access, distribution assistance, whatever. That's one of the things and does it provide you with additional funds there, does it provide its knowledge there, does it provide you with any effort, with any assets.

Similarly, standards and what I mean by that, it's very important to have product standards. Things such as units of measurement may be different overseas. You have to provide for those. Labeling requirements are different, as are language, design, and safety requirements, and as well as environmental standards. All those change. Do you then get your co-venturer to support you by money, by providing knowledge, by efforts or providing assets in that area?

Similarly, content. By content I mean local content. In a lot of countries you have to have local content in your product in order to get favourable government support or allowance for distribution of your product.

Fourthly, protection. Your product may have copyright, trademark and patent protection in North America but may not have that type of protection in the foreign Pacific Rim country. You have to think about that. Do you get your co-venturer to provide you with funds to get that protection overseas or provide you with the knowledge of how to get that protection or do that for you through its efforts or whatever?

And, finally, laws. There are various laws overseas that are different, of course, than laws in North America - competition laws. In some countries there are very stringent government-approval laws that require vetting of your joint venture agreement and particularly the licencing and technology transfer provisions and also registration of those agreements. Does the joint venture help you out in that area and to what extent?

So, to conclude, what I tried to do was to show you that there are a variety of items that have to be addressed. Whenever you're setting up a joint venture, you have to decide first of all what kind of basic structure you are going to go into and then what kind of contributions one party is going to give as compared to the other and then when you try and leverage that North American joint venture to incorporate the Pacific Rim, you've got to start thinking in far broader terms and then it becomes a very complex agreement indeed if you try to handle both sides of the Pacific Rim in one agreement.

Question:

Could you please explain more fully what you meant by Asian investors prefer Canadian commercial law based on the British commercial law over U.S. commercial law?

Answer: Phil Barter

Well, Hong Kong is the major trading country in the far east that, of course, has the British system. The British have incorporated a number of their provisions in Singapore, of course, under British laws. In Korea there's a real hodgepodge because of the American influence and that, of