In general, larger firms are better equipped to face the risk and expense of setting up a new plant in another country. European governments offer attractive incentives (cash and tax relief) for doing this. Special development areas are in Britain, Berlin and the Zonal Border Areas in West Germany. In France's newly created enterprise zones, the French Industrial Development Agency (DATAR) provides 10-year exemptions from corporate taxes, as well as cash grants of up to 25% of the investment (land, buildings and equipment). DATAR may also provide grants to companies taking over ailing businesses.

There are several reasons to acquire or merge with an EC company. You may seek to enhance your competitive strengths as well as gain access to the EC. You may even consider being acquired by a larger firm in the EC to obtain growth capital or other resources. Controlled, voluntary acquisition or merger can be contracted to permit your business to remain intact while gaining the necessary support and experience to expand into the EC.

Laws governing takeovers and mergers across the EC have been a hodgepodge of domestic statutes, court-made precedent, and local politics. The debate concerning what laws should govern the Community has been extremely controversial, but the EC intends to pass new rules by December, 1989, making them consistent throughout all member countries. Under its proposals the EC would review large acquisitions within the Community. It would have to decide within two months if there are any grounds for a further antitrust investigation. Combinations which restrict competition would be stopped.

Consider forming an alliance with a European company to market each other's products or to do research and development. Joint ownership with a European company of a subsidiary is another option. European Community firms are actively seeking non-European partnerships. Notice of a firm's interest is often publicized in EUREKA and other databases.

Joint ventures enable companies to pool expertise, financial and production resources, as well as providing a means to gain entry into the European market. A partner company should complement your company's strengths and eliminate or compensate its weaknesses.

What you are able to bring to the venture (products, expertise, production capability) will be as important to your partner(s) as entry into Europe is to you.

Mergers and Acquisitions

Northern Telecom of Mississauga, Ontario, acquired part of STC PLC of Britain as part of its strategy of selectively pursuing important global markets in telecommunications.

Plastique Moderne, Montreal, a small plastics manufacturer, purchased a plant near Lyon, France, to spring board into the European market.

Canam Manac, Que. has acquired Compagnie Lorraine de Construction (COLOCO) of France, a maker of boilers, pipes, and steel girders.

SNC, Que. acquired a 36% share in Protecna International, an engineering firm near Paris.

Bombardier, Montreal is an industrial powerhouse with a product line of aircraft, mass transit systems, locomotives, diesel engines and components, and military and recreational vehicles. It recently acquired Short Brothers of Northern Ireland, greatly enhancing its presence in Europe, and raising its profile in the international aerospace and defense business. Bombardier already controls BN Constructions Ferroviaires et Metalliques SA of Brussels. (railway equipment and transit rolling stock)

Montreal-based DMR Group Inc. acquired Consulting Associates Holding BV of the Netherlands. This acquisition gives DMR a base in the Netherlands, West Germany and Switzerland, as well as indirect links in the Italian market. Consulting Associates will integrate into DMR's British and Belgian offices.

McCain Foods Ltd. of New Brunswick expanded its frozen french fry plant in Northern France. Forty-five percent of McCain's business is now in Europe.

National Sea Products of Nova Scotia acquired the frozen fish processors and traders Bretagne Export and Surgelation Lorientaise.