You need to establish:

- the method you will use to finance new investment;
- the cost and timing of new plant, personnel, and inventory requirements;
- the timing of additional revenues likely to be accrued against new working capital requirement;
- terms to be negotiated with debtors and creditors;
- banking arrangements to be negotiated in new markets;
- requirements to deal with foreign currency and transactions of existing markets;
- new sources of business financing and their costs, including overseas banking.

Checklist for financing an alliance

It would be difficult to provide a list that covers financing aspects relevant to all the possible forms of alliance. The following checklist is a starting point for determining what you will need.

1. Is the return on the investment employed for the alliance commensurate with the risks involved?
2. What is the financial capacity of your potential foreign partners? Consider the extent and nature of their possible financial commitment, as well as other possible forms of participation.
3. What banking facilities are available? What is the nature of the credit facilities offered? This includes short, medium and long-term (conditions, terms, interest rates etc.) from domestic, foreign, government and other lending institutions and facilities.
4. What loans are available from Canadian sources (government as well as private)?
5. What funds or other resources are available from third country operations?
6. What accounting and legal services are available in your potential partner's home jurisdiction?
7. What currencies, exchange rates, and controls on capital flows are involved?
8. What is involved in the repatriation of capital, remittance of profits, licensing, and other payments?
9. Are the tax policies stable and equitable? How will foreign and Canadian taxation affect the formation, operation and disposition or repatriation of funds and remittance of profits?
10. Is insurance available to cover non-business risks, such as expropriation, convertibility and civil strife?
11. What is the value of the know-how, technology or other intellectual property being contributed to the alliance?
12. What level of management control would be commensurate with the investment required?
13. Do you have optimum freedom to re-invest in the jurisdiction of the alliance to expand, develop technology, or improve quality?

Sources: Based on U.S. Department of Commerce, Bureau of International Commerce, Office of International Investment, Washington D.C., and R. Duane Hall, Ph. D., International Joint Venture, (1984).