

AN EXAMINATION OF THE SYNERGISTIC ATTRIBUTES  
OF CANADIAN/U.S. SELL-OFF RESTRUCTURING

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There have been no previous published studies investigating the impacts on both the selling and acquiring firms in cross-border divestiture transactions between U.S. and Canadian firms. We examine such transactions in this paper. This research addresses questions regarding the degree of synergy realized from these transactions and the extent to which Canadian and U.S. firms benefit from these sales. We also contrast the relative consequences to U.S. firms of selling Strategic Business Units (SBUs) to Canadian firms as opposed to selling to domestic firms.

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The smallest group of U.S. firms which sold units to Canadian firms were the firms which were acquirers in these transactions. The methodology employed in this study is similar to that used in prior studies of self-offs by U.S. firms. The gains to Canadian acquirers are larger than those previously identified for buyers in domestic self-offs. These gains are both economically material and statistically significant. However a wide range of losses were observed, particularly for sellers. Finally, we identify potential policy and strategic implications Canadian acquirers.

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