Business Page

Takeover bids head north



Your
Business
Diane Maley
Thomson News Service

So many big, controversial deals have been done lately that we tend to grow complacent about them.

South of the border, hostile takeovers have been done of companies worth \$25 billion (U.S.) or more. When the news is first an nounced, critics say there's no way the raiders will be able to come up with that much money.

But they do, the target company falls and is broken up and sold piece by piece. Usually, the ones who benefit are the shareholders who sell and the buyers who flip the different divisions for a fast buck.

Don't look now, but these fastbuck operators may be sniffing around Canada, looking for something to grab and pull apart.

To be fair, takeovers are often good for the company and the economy. They shake up sleepy management and revitalize companies suffering from "conglomeritis," a disease that afflicts big conglomerates in several unrelated businesses.

Stock prices of conglomerates usually do not reflect the company's true value because analysts can't figure them out.

But if some deals ought not to be done for financial reasons, others call up sterner prohibitions. One such is the rumored takeover of Canadian Pacific Ltd. by a group of U.S.- or British-based corporate raiders.

IMPOSSIBLE DEAL

The rumored offer may not come to pass. But if it does, the takeover of Canadian Pacific by foreign interests is a deal that should not be done. No matter how much money the predators may have, letting CP fall to foreign buyers is politically unacceptable.

It would be like the Japanese buying IBM. Fat chance the an Americans would go for that. Canadian Pacific is one of Canada's oldest and largest companies. One does not have to be an economic nationalist to sense something wrong in such a deal.

CP has some holdings that we would do well to keep Canadian - CP Rail, for example. Underneath

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the parent company lies a hidden wealth of real estate assets, no doubt part of its attraction.

If, indeed, CP were to fall prey to a leveraged buyout (where the buyers borrow the purchase price against the target company's assets and earning power), let the buyers be Canadian. Even then, we would have come a long way in seven years since the last time someone tried to take a run at CP. Back then, both the Caisse de Depot et Placement du Quebec, the Quebec pension fund manager, and Paul Desmarais' Power Corp. expressed an interest in buyhing CP.

TURNED DOWN FLAT

Ottawa said no deal. If, today, some American raider were to come prowling around this historic company. Ottawa would be hard-pressed to keep its lips sealed.

But what happens if foreign buyers join forces with one or two home-grown bidders to go after Canadian Pacific? Analysts think this is exactly what is likely to happen. Federal takeover watchdogs would have their hands full for months trying to figure out if the deal was good for Canada.

Mr. Desmarais and Power Corp. may still be interested, analysts speculate. Power is flush with cash after the sale of Montreal Trust and Consolidated-Bathurst.

No doubt Mr. Desmarais could do good things with CP. Even so, a list of CP's holdings reveals the significance of a change in ownership: CP Rail, the Soo Line, CP Ships, CP Trucks, an interest in Laidlaw Transportation, PanCanadian Petroleum Ltd., CP Forest Products, CP Telecommunications, CP Hotels, Marathon Realty and AMCA International.

If and when an offer is made, it will be gripping to watch this great Canadian drama unfold.



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CNE will survive the SkyDome

By ROB SAVAGE Toronto Bureau Thomson News Service

The Argos and Blue Jays won to be at the Canadian National Exhibition (CNE) this summer, but that doesn't have organizers wor-

ried.

They are predicting Canada's largest fair can be just as good without the Canadian Football League Argos and baseball's American League Jays, who have moved from the CNE grounds to the new SkyDome.

"We're quite confident that a significant number of people that came to see the Blue Jays and the Argos came as well to see the fair," said CNE general manager Peter Moore.

"I'm not tickled pink that the Argos and Blue Jays aren't here. But it (their move) affords us the opportunity to do other things."

For example, the grandstand is now available for the Hollywood Stunt and Thrill Show, a daredevil show that runs daily.

There is also time for additional evening concerts. Three extra concerts have been added to a schedule that includes Ringo Starr and the All-Stars, Aug. 19; Stevie Nicks, Aug. 17 and Randy Travis, Aug. 21.

The 111th CNE runs from Aug. 16 to Sept. 4.

More than two million visitors are expected this year, with most coming from southern Ontario.

Tim Belch, a senior publicist

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with the CNE, said about 75 per cent of the visitors live within a 100-mile radius of Toronto.

However, he said the CNE does attract its share of people from northern Ontario, other provinces and the world.

"That can be anywhere from Europe to western Ontario to the United States," he said.

One incentive the CNE is offering to visitors this year is a number of free attractions, including the Beef and Dairy Cattle Shows Aug. 23 to 30 at the Fraser Pavilion and the Best Dressed Pig Contest on Aug. 27 in the Swine Barn.

The pig contest pits the costumed animals in a competition for the best "fashionable appearance."

People interested in farming might want to mark Aug. 29 on their calendar, since that is the official Agriculture Day.

The day spotlights the wide number of goats, sheep and cattle on display at the fair grounds during the event Belch calls the largest agricultural competition in Canada.

There will be 541 different agricultural competitions during the CNE's three-week run.

Another attraction is the Thailand exhibit at the International Pavilion.

Thailand is the featured country this year and the exhibit includes an authentic Thailand restaurant. A water tank will also be used to create a Thailand floating market, where merchants sell goods from their boats.

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As well, there is a plethora of entertainment features, including the Canadian International Air Show, Sept. 2 to 4, and the Moscow

Circus, Aug. 16 to Sept. 4.

This year, children 13 and under can get into the CNE for free Monday to Friday with a Kentucky Fried Chicken coupon while seniors (60 and over) are admitted free on weekdays courtesy of Golden Griddle Pancake House.

The regular admission price for adults is \$5 on weekdays and \$6 on weekends and holidays.





