# Imasco Acquisitions Likelier to Be in U.S. Due to Canada Policy

*By a* WALL STREET JOURNAL *Staff Reporter*

MONTREAL – Imasco Ltd. said it is more likely to make future acquisitions in the U.S. than in Canada, after the Canadian government rejected its application for an exemption from takeover provisions of the Foreign Investment Review Act.

The Montreal-based tobacco, food and retailing concern applied more than 18 months ago for an exemption. The law prohibits foreign-controlled companies from acquiring Canadian companies unless the takeovers are considered to be of "significant benefit" to Canada.

Imasco is slightly less than 50%-held by B.A.T Industries PLC of Britain. Paul Pare, Imasco's chairman and chief executive officer, said that B.A.T is essentially a "passive investor" in Imasco.

He noted that B.A.T hasn't been represented on Imasco's board for 36 years and contended that effective control of the Canadian company rests with its Canadian board and management.

He said that following meetings last year with federal industry minister Herb Gray, B.A.T. proposed to assign its voting rights in Imasco to the Canadian company's outside directors under certain conditions.

The proposals were regarded by Mr. Gray as insufficient to exempt Imasco from the law, although he said in his letter to Imasco that he would review the position if B.A.T. was "no longer in a position of de facto control."

Mr. Pare said the company's difficulties with the Foreign Investment Review Agency have increased since Mr. Gray became industry minister in early 1980 and it takes an average 156 days for the company to get rulings on proposed acquisitions.

"The delays have appreciably increased, and the demands have been such as to make prospects of such an acquisition non-viable," Mr. Pare said.

On the other hand, there aren't any such problems investing in the U.S., he said. "It's a matter of profound regret that we're not in a competitive position to grow as much in Canada as in the U.S."

Much of Imasco's growth has in fact been in the U.S. in recent years, where it acquired Hardee's Burger Systems Inc., a hamburger chain based in Rocky Mount, N.C. Imasco now has 73% of its employees and 39% of its assets in the U.S.

The government has granted exemptions from the law to other companies, such as Alcan Aluminium Ltd., Montreal, but its shares are widely held and it hasn't any single controlling foreign shareholder.

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## A puff of smoke?

*From Mr P. Sheehy*

Sir, "Free puffs" are the last thing one expects your newspaper to indulge in, especially in the course of yet another doom-laden article about the tobacco industry. But this time you have been caught with the evidence burning your fingers.

Your article, "Cigarette battle as the market goes up in smoke" (July 26, page 15) is illustrated by a number of packs of what are described as "UK cigarettes". There are Benson and Hedges, State Express, Kent, Sportsman....

Sportsman? Familiar to our Kenyan customers, but a stranger to these shores. Delta: you would have to travel to Nicaragua, Costa Rica or El Salvador to buy them. Viceroy: a United States export brand. Kool and Raleigh: United States domestic and export. Hilton: Liberia (and Brazil, but in a different pack). Commodore: Indonesia. Hollywood: Brazil. Belmont: Venezuela.

These markets, Sir, are a very long way from the UK; and I must assume that your offices are a long way from a tobacconist's shop. Or were you afraid that buying 14 packets of wholly UK cigarettes for a photograph would add to the industry's profits? Or would expenses not run to it?

Whatever the reason, this group is surprised that pictures of mainly overseas brands appear to have been lifted from one of our corporate brochures and turned into a montage purporting to represent the home market. Be warned: plagiarism can be damaging to accuracy.

Yours faithfully,
P. SHEEHY,
Vice-chairman,
BAT Industries,
Windsor House,
50 Victoria Street, SW1.
July 29.

Times
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