

An Overview of the Cross-Border Mergers and Acquisitions

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Abstract

This paper examines the cross-border Mergers and acquisitions (M&As) in 13 international countries, and our analyses reveal the following evidence. 1) First, over the four years from 2010 to 2013, the larger amounts of acquired firms are observed in the US, UK, and Australia. 2) Second, we also find that, over the four years from 2010 to 2013, the larger amounts of acquiring firms are seen in the US, UK, France, Japan, and China. 3) Third, in the recent years, the higher growth rates of the amounts of acquiring firms are observed in China, Singapore, and Japan. On the other hand, the negative growth rates of the amounts of acquiring firms are seen in Switzerland and Russia. 4) Fourth, in France, Japan, and China, the differences between the amounts of acquiring firms and those of acquired firms are positive. Contrary to this, the differences between the amounts of acquiring firms and those of acquired firms are negative in Australia and Russia. Hence it is understood that in France, Japan, and China, more firms buy other countries' firms in cross-border M&As whilst Australian and Russian firms are generally bought by other countries' firms.

Keywords: Cross-border M&A; International mergers

INTRODUCTION

How is the recent situation of the international cross-border mergers and acquisitions (M&As)? Which countries conduct larger amounts of cross-border M&As recently? How is the recent evolution of the academic researches on M&As? As for the recent academic studies of M&A, Beladi et al. (2013) developed a model considering the role of the vertical structure in the cross-border horizontal mergers. Fong et al. (2013) compared the cases of China and Taiwan by focusing on the target reputation transferability, consumer animosity, and cross-border acquisition success. Francis et al. (2014) examined the certification role of financial advisors in cross-border M&As. Deng and Yang (2015) compared the cross-border M&As of nine emerging economies from 2000 to 2012. In fact, the volume of the studies on M&A is growing and other recent studies of M&A, see Bae et al. (2013), Dutta et al. (2013), Dikova and Sahib (2013), Mukherji et al. (2013), Ahammad and Glaister (2013), and Rahahleh and Wei (2013), for example. Detailed studies as above literature are indeed important while a survey that presents the overview of the recent international evolution of M&As shall be also informative. Based on this motivation, this paper analyzes the cross-border M&As in 13 international countries. The rest of the paper is organized as follows. The second section explains our data, the third section describes the evidence on the recent international cross-border M&As, and the final section concludes the paper.

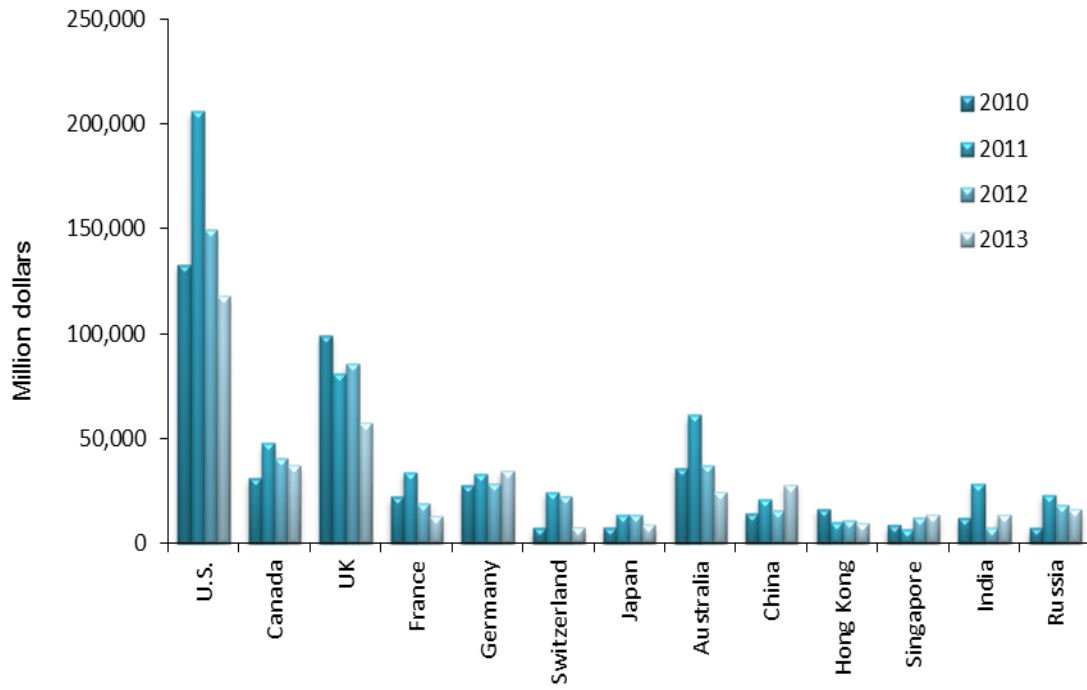


Figure 1. Amounts of acquired companies: International evidence from the cross-border mergers and acquisitions

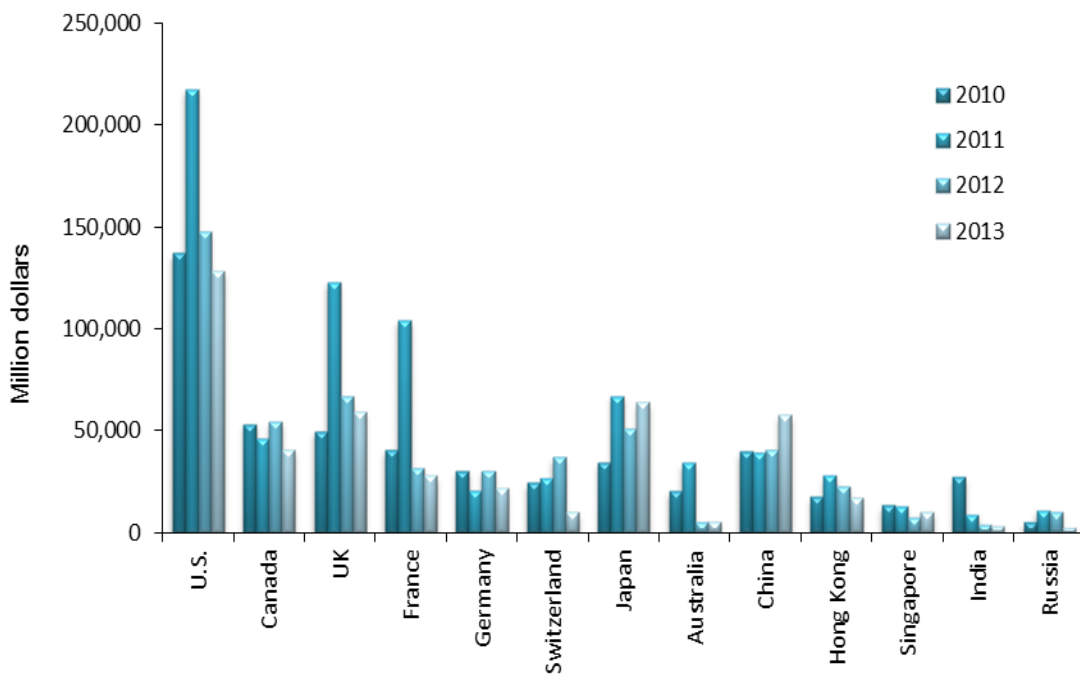


Figure 2. Amounts of acquiring companies: International evidence from the cross-border mergers and acquisitions

Table 1. Amounts of acquired and acquiring companies: International evidence over the four years from 2010 to 2013*Panel A. Amounts of acquired companies: International evidence over the four years from 2010 to 2013*

Countries	Years			
	2010	2011	2012	2013
U.S.	132,783	206,470	149,699	117,677
Canada	31,386	47,803	40,448	37,000
UK	99,271	81,187	85,870	57,563
France	22,268	34,006	18,794	12,966
Germany	27,707	33,113	28,659	34,654
Switzerland	7,478	24,352	22,507	7,625
Japan	7,684	13,705	13,821	8,881
Australia	36,121	61,051	37,064	24,303
China	14,069	21,135	15,736	27,891
Hong Kong	16,412	10,103	10,870	9,728
Singapore	8,620	6,616	12,257	13,739
India	12,043	28,047	7,260	13,440
Russia	7,442	23,103	18,011	16,090

Panel B. Amounts of acquiring companies: International evidence over the four years from 2010 to 2013

Countries	Years			
	2010	2011	2012	2013
U.S.	137,023	217,627	147,836	128,593
Canada	53,342	46,325	54,732	40,556
UK	49,618	122,931	67,132	59,330
France	40,674	104,296	31,691	27,903
Germany	30,295	20,882	30,388	21,667
Switzerland	24,395	26,584	36,817	10,187
Japan	34,717	66,977	51,308	64,009
Australia	20,573	34,102	5,245	5,624
China	39,781	39,451	40,792	57,728
Hong Kong	17,588	27,912	22,926	17,428
Singapore	13,355	13,052	7,509	10,143
India	27,301	9,070	4,095	3,368
Russia	5,323	11,032	9,948	2,587

Notes: This table presents the state of the recent cross-border M&As in 13 international countries in the world. Panel A of this table shows the amounts of acquired companies over the four years from 2010 to 2013, and Panel B of this table displays the amounts of acquiring companies over the four years from 2010 to 2013. All values in this table are displayed in million US dollars.

DATA

This study uses the data of the cross-border M&As, which were executed in the world. All data are from the Japan external trade organization (JETRO) and the data cover the M&As of 13 international countries. Specifically, we examine the recent cases of the cross-border M&As of the US, Canada, UK, France, Germany, Switzerland, Japan, Australia, China, Hong Kong,

Singapore, India, and Russia. As to the 13 countries, we show the following information in Figures 1 to 4 and Tables 1 and 2. 1) First, we compare the amounts of acquired companies from 2010 to 2013; Figure 1 shows the amounts graphically and Panel A of Table 1 displays the amounts in million US dollars. 2) Second, we analyze the amounts of acquiring companies from 2010 to 2013; Figure 2 exhibits the amounts graphically and Panel B of Table 1 shows the amounts in million US dollars. 3) Third, we also compare the change rates of the amounts of acquiring companies from 2011 to 2013; Figure 3 displays the change rates graphically and Panel A of Table 2 shows the change rates in percent. 4) Finally, we further analyze the differences of the amounts of acquiring firms and those of acquired firms from 2010 to 2013; Figure 4 exhibits the amounts of differences graphically and Panel B of Table 2 records the amounts of differences in million US dollars.

EVIDENCE

This section aims to derive some international evidence on the cross-border M&As from the data. First, Figure 1 and Panel A of Table 1 show that, over the four years from 2010 to 2013, the larger amounts of acquired companies are observed in the US, UK, and Australia. The four year average amounts of acquired companies as to the US, UK, and Australia are 151,657 million US dollars, 80,973 million US dollars, and 39,635 million US dollars, respectively. However, the amounts as to these countries recently decreased. Second, Figure 2 and Panel B of Table 1 indicate that, over the four years from 2010 to 2013, the larger amounts of acquiring companies are observed in the US, UK, France, Japan, and China. The four year average amounts of acquiring companies as to the US, UK, France, Japan, and China are 157,770 million US dollars, 74,753 million US dollars, 51,141 million US dollars, 54,253 million US dollars, and 44,438 million US dollars, respectively. It is noted that, in particular, the amount of China recently increased.

Further, Figure 3 and Panel A of Table 2 display that in the recent years, the higher growth rates of the amounts of acquiring companies are seen in China, Singapore, and Japan. From 2012 to 2013, the growth rates as to China, Singapore, and Japan are 41.5179 percent, 35.0779 percent, and 24.7544 percent, respectively. On the other hand, the negative growth rates of the amounts of acquiring companies are observed in Switzerland and Russia. From 2012 to 2013, the growth rates as to Switzerland and Russia are -72.331 percent and -73.995 percent, respectively. Fourth, Figure 4 and Panel B of Table 2 show that in France, Japan, and China, the differences between the amounts of acquiring companies and those of acquired companies are positive. In 2013, the amounts of differences as to France, Japan, and China are 14,937 million US dollars, 55,128 million US dollars, and 29,837 million US dollars, respectively. Contrary, the differences between the amounts of acquiring companies and those of acquired companies are negative in Australia and Russia. In 2013, the amounts of differences as to Australia and Russia are -18,679 million US dollars and -13,503 million US dollars, respectively. Hence we understand that in France, Japan, and China, larger amounts of cross-border M&As are executed as bidders whilst Australian and Russian firms are generally bought by other countries' companies.

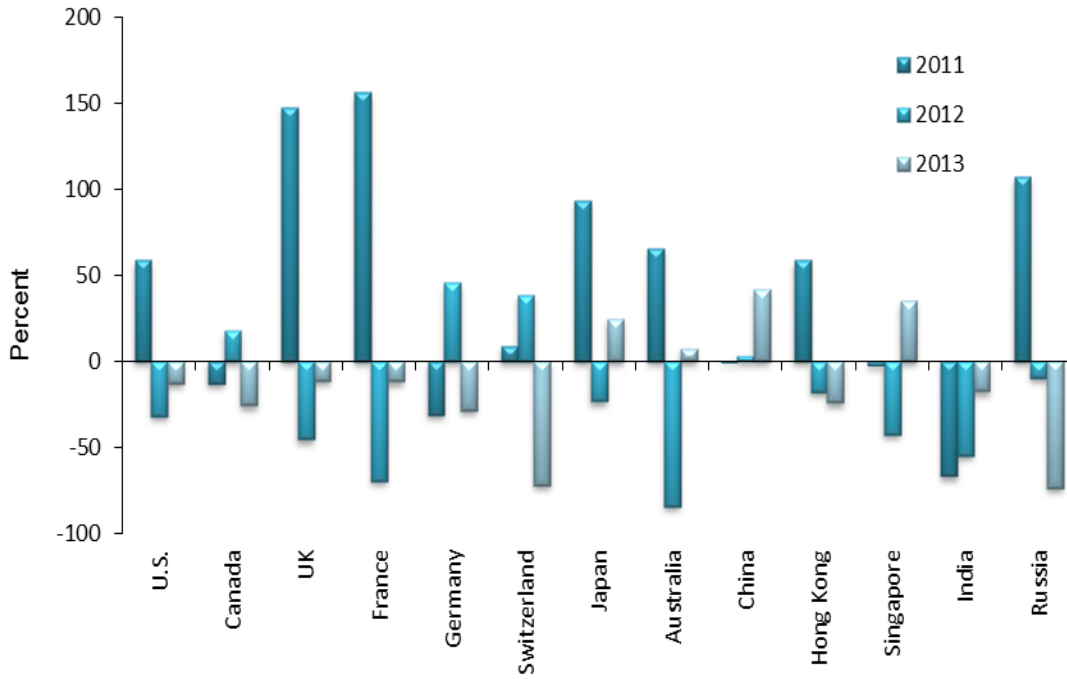


Figure 3. Change rates of the amounts of acquiring companies: International evidence from the cross-border mergers and acquisitions

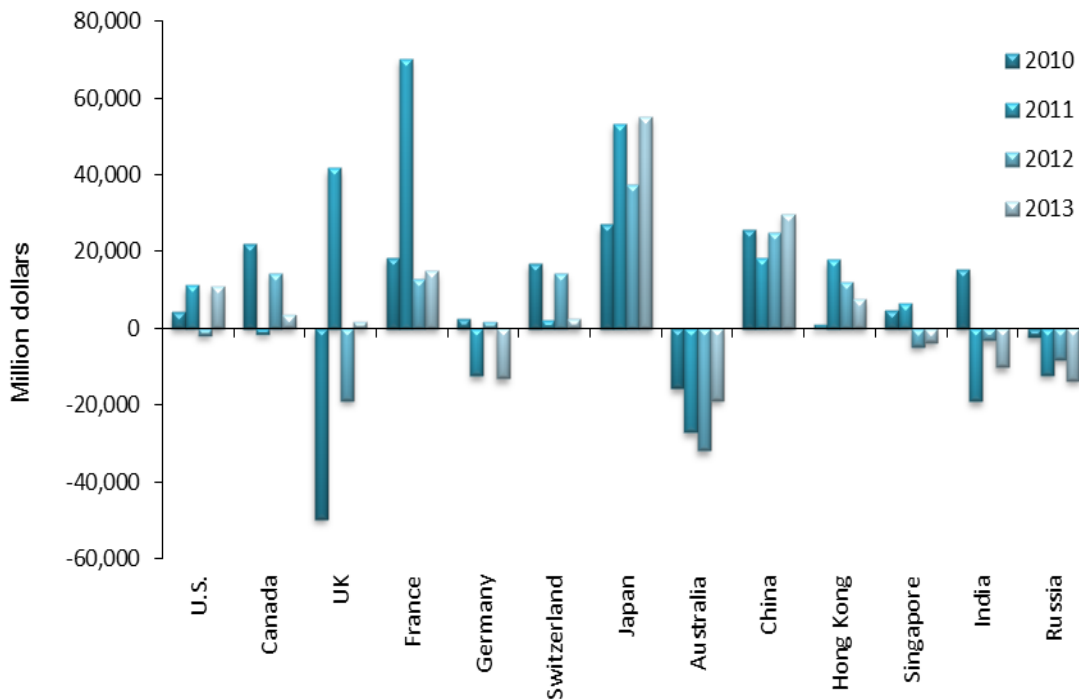


Figure 4. Differences between the acquiring and acquired amounts: International evidence from the cross-border mergers and acquisitions

Table 2. Change rates of the amounts of acquiring firms and the differences between the acquiring and acquired amounts*Panel A. Change rates of the amounts of acquiring companies: International evidence in 2011, 2012, and 2013*

Countries	Years		
	2011	2012	2013
U.S.	58.8252	-32.0691	-13.0165
Canada	-13.1547	18.1479	-25.9008
UK	147.7548	-45.3905	-11.6219
France	156.4193	-69.6144	-11.9529
Germany	-31.0711	45.5225	-28.6988
Switzerland	8.9732	38.4931	-72.3307
Japan	92.9228	-23.3946	24.7544
Australia	65.7609	-84.6197	7.2259
China	-0.8295	3.3992	41.5179
Hong Kong	58.6991	-17.8633	-23.9815
Singapore	-2.2688	-42.4686	35.0779
India	-66.7778	-54.8512	-17.7534
Russia	107.2515	-9.8260	-73.9948

Panel B. Differences between the amounts of acquiring companies and those of acquired companies: International evidence over the four years from 2010 to 2013

Countries	Years			
	2010	2011	2012	2013
U.S.	4,240	11,157	-1,863	10,916
Canada	21,956	-1,478	14,284	3,556
UK	-49,653	41,744	-18,738	1,767
France	18,406	70,290	12,897	14,937
Germany	2,588	-12,231	1,729	-12,987
Switzerland	16,917	2,232	14,310	2,562
Japan	27,033	53,272	37,487	55,128
Australia	-15,548	-26,949	-31,819	-18,679
China	25,712	18,316	25,056	29,837
Hong Kong	1,176	17,809	12,056	7,700
Singapore	4,735	6,436	-4,748	-3,596
India	15,258	-18,977	-3,165	-10,072
Russia	-2,119	-12,071	-8,063	-13,503

Notes: This table presents the state of the recent international cross-border M&As. Panel A of this table shows the change rates of the amounts of acquiring companies in 2011, 2012, and 2013, and Panel B of this table displays the differences between the amounts of acquiring and those of acquired companies from 2010 to 2013. Values in Panel A are displayed in million US dollars and those in Panel B are shown in percent.

CONCLUSIONS

This paper considered the cross-border M&As in international countries. Our analyses clarified the following evidence. 1) First, over the four years from 2010 to 2013, the larger amounts of

acquired companies were observed in the US, UK, and Australia. However, the amounts as to these countries recently decreased. 2) Second, our analyses indicated that, over the four years from 2010 to 2013, the larger amounts of acquiring companies were observed in the US, UK, France, Japan, and China. In particular, the amount of China recently increased. 3) Further, in the recent years, the higher growth rates of the amounts of acquiring companies were seen in China, Singapore, and Japan. On the other hand, the negative growth rates of the amounts of acquiring companies were observed in Switzerland and Russia. 4) Fourth, in France, Japan, and China, the differences between the amounts of acquiring companies and those of acquired companies were positive. On the other hand, the differences between the amounts of acquiring companies and those of acquired companies were negative in Australia and Russia. Hence we understand that France, Japan, and China executed larger amounts of cross-border M&As as bidders whilst Australian and Russian firms were generally bought by other countries' firms in the recent years. We consider that the international information supplied by this study is interesting and informative for understanding and considering the related issues on M&A. Further rigorous analysis is one of our future works.

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