

## **Abstract**

This paper reviews the cross-border mergers and acquisitions (CBMA) activities during the period 2000-2010 of the four Southeast Asian countries most impacted by the 1997 Asian Financial Crisis namely, Indonesia, Malaysia, Philippines, and Indonesia. The selection of case of study was based on economic development categories. The selected countries are categorized as emerging markets within the ASEAN countries; and both are representative of the impact of the 1997 economic crisis. Due to these factors Singapore and Korea have been excluded.

After the 1997 economic crisis that impacted most South East Asia countries, Indonesia, Malaysia, Philippines and Thailand introduced various measures to encourage business through cross border mergers and acquisitions as well as liberalization of foreign investment. Government within these countries established favourable policies that motivated FDI within the regional. These strategies contributed substantially, resulting CBMA activities increasing from 61 completed deals within the four countries in 2000 to 378 completed deals in 2006, a multiple of more than six. This trend grew at an increasing rate creating investor future expectations of more growth in these four countries. The trend shows substantial and increasing deal activities throughout the period 2000-2006, resulting in greater volumes than those preceding the financial crisis. Following in 2007, the economic crisis was largely centred in the West, as seen by a significant slowing of growth in 2008 and an increase in deals terminated that year. This was followed by downward declines in deals in 2009 and 2010. Of 1703 completed deals between 2007 and 2010

within the four countries, Indonesia, Malaysia, Philippines and Thailand, Malaysia had 928 completed up representing 54% of the total deals completed. The trend shows, also, that, completed cross-border merger and acquisition activities within the four countries decreased substantially from 545 CBMA deals for all four countries in 2007 to 267 completed deals in 2010.

Looking at the number of terminated cross-border merger and acquisition during the 2007 economic crisis compared to the periods where there was no crisis, the trend shows that, in the past 11 years from 2000 to 2010, numbers of terminated deals was 210 of which, about 44%, occurred in consecutive three years, 2007, 2008 and 2009. The rate of termination rose from 5% to 20% between 2000 and 2008 and dropped to 4% in 2010. This seemed to be associated with investment encouragement within the ARSEN region which was established after the 1997 economic crisis. It might relate, also to the fact that the 2007 economic crisis interfered the investment movement and pushed down the trend direction.

The driving factors controlling the trend of cross-border mergers and acquisitions in South East Asian countries are undefined and vary from one country to another. Economic changes such as economic crisis and changes in government policies appear to be most significant influences affecting change in CBMA.

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