

ECONOMY

LOWER LOONIE TO HELP THROUGH SOFT PATCH

The effects of U.S. trade unknowns, lower oil prices and weaker housing and consumer spending are behind the recent deceleration in economic growth, a Bank of Canada deputy governor said in a speech Wednesday. To help the economy get through this “temporary” soft patch, Timothy Lane, pictured, is expecting the lower Canadian dollar to provide support. Lane told a Washington audience that the loonie has been influenced by these factors as well as the indirect effects related to fiscal stimulus that has energized the American economy. The results have led the U.S. Federal Reserve to raise interest rates, he added. “This combination of factors has been putting downward pressure on the Canadian dollar,” Lane said. “The lower Canadian dollar, in turn, will help support the economy through this period.” *The Canadian Press*



Bank says Alstom may turn to Bombardier

BOMBARDIER Continued from FP1

The deal’s downfall prompted analysts at German investment bank Berenberg to note that Alstom might seek an alternative deal with Bombardier, which wants to expand its transportation business to \$10 billion in revenue by 2020.

“We believe there is a higher chance for anti-trust approval than the Siemens/Alstom tie-up due to lower European market share in high speed rail and signaling,” Berenberg noted.

Bombardier executives would not discuss rumours of a separate deal with Alstom, but in a statement said it remains focused on growing its transportation business.

Regardless of any future partnerships, Bombardier no longer has to worry about being dwarfed by two of its rivals in the European market, arguably one of the most advanced in the world.

Bombardier is “pleased” the commission blocked the merger, senior vice-president Daniel Desjardins said in a statement. “It would have severely undermined the health and competitiveness of the whole European rail market, leaving European consumers, both as rail users and taxpayers, to pay the price.”

National Bank analyst Cameron Doerksen agreed the failed merger is positive for Bombardier.

Doerksen did not believe a merger would be highly negative for Bombardier, given its global scale and CRRC’s limited success in winning contracts in Europe thus far, but he noted it would have affected Bombardier’s opportunities to grow its high-margin signaling market.

“Furthermore, the merger may have reduced opportunities for Bombardier to team on contract bids with Alstom and Siemens as it does today on some larger contracts,” he said in a note to clients.

Given Bombardier’s financial position, Doerksen added, it would not have been in a great position to bid on any assets if Siemens-Alstom was required to divest to get regulatory approval.

Financial Post with files from Reuters



A worker welds an aluminum fitting at the Parr Metal Fabricators Ltd. facility in Winnipeg. U.S. President Donald Trump is facing mounting pressure from business groups and politicians to drop tariffs on steel and aluminum.

SHANNON VANRAES / BLOOMBERG FILES

TRADE

New Trump executive order moves to strengthen Buy America initiative

‘IT MATTERS’

NAOMI POWELL

A new executive order from U.S. President Donald Trump aims to strengthen his Buy America initiative by “encouraging” agencies to purchase a wider range of U.S.-made materials for infrastructure projects.

The order, published Thursday, urges agency heads to purchase more American-made construction materials for infrastructure projects ranging from surface transportation and water infrastructure to energy transmission, broadband internet and cybersecurity.

It follows on Trump’s 2017 “Buy American, Hire American” executive order, which tightened standards for federal procurement depart-

ments and companies that hire foreign workers.

“By signing this order today, we renew our commitment to an essential truth: It matters where something is made, and it matters very greatly,” Trump said during a signing ceremony in the Oval Office Jan 31.

The order encourages agencies “to use, to the greatest extent practicable, iron and aluminum as well as steel, cement, and other manufactured products produced in the United States in every contract, subcontract, purchase order or subaward.”

It also requires the head of each agency administering an affected program to submit a report to Trump identifying new opportunities to use Buy America rules. The reports are due May 31.

Government procurement rules were among the

sticking points between Canadian and U.S. officials during the 17 months of talks to revamp the North American Free-Trade Agreement.

The U.S. had initially insisted on restricting access to government contracts by employing a dollar-for-dollar formula that would limit Canadian and Mexican firms’ contracts to what U.S. companies win in their countries.

Though it eventually backed down, the U.S. maintained specific Buy America exemptions that had existed in the original deal, said Lawrence Herman, a former Canadian diplomat who practices international trade law at Herman & Associates.

The existing Buy America program is “having an incredible effect,” Trump said. “I mean, people don’t realize it yet, but they’re seeing it more and more. We are mandating even pipelines and

things that were made elsewhere. They’re starting to be made here because we have a steel industry again. But it’s having a tremendous effect.”

Trump is facing mounting pressure from business groups and politicians to drop tariffs on imported steel and aluminum. In recent days representatives of both the Democrat-controlled Congress and the Republican party have said the President’s signature trade deal — the new NAFTA — will not be ratified unless the levies are dropped.

U.S. Sen. Chuck Grassley, an Iowa Republican and head of the finance committee responsible for guiding the deal to approval in the Senate, last week called on the Trump administration to lift tariffs on Canada and Mexico before legislation on a new NAFTA is considered.

Financial Post

Imperial cuts oil-by-rail shipments to zero

SUNCOR Continued from FP1

Imperial Oil Ltd., which has been among the largest oil-by-rail shippers in recent

months, said last week that it was cutting rail shipments of crude from 168,000 bpd in December to zero this month as a result of the curtailment.

Williams said he has advised the Alberta government to “start planning for what we call a soft landing or more of a soft exit” to the curtailment order, which has had a minimal impact on Suncor because of its refining business and pipeline access.

Rival oilsands companies are more exposed to volatile commodity prices and pipeline constraints and Williams said Suncor is looking out for opportunities to buy assets amid the distress.

“There are potential opportunities we’re looking at,” he said. “This market is probably going to throw up some opportunities over the next 12 to 24 months.”

Suncor could be interested in acquiring stakes in oilsands projects from U.S. companies such as Devon Energy Corp. or oilsands assets from international firms such as Paris-based Total SA, said Edward Jones analyst Jennifer Rowland.

“They’ve been a very acquisitive company but they’ve always done it at the right time, at the bottom,” Rowland said of Suncor. “They’re not the kind of company that is going to do a deal just to do a deal. I think they’ve demonstrated that.”

Rowland also said that Suncor likely didn’t pursue MEG Energy Corp. which fended off Husky Energy Inc.’s hostile takeover bid, as it was debt-laden.

Williams and other executives said Wednesday Suncor’s balance sheet was in

“great shape” and insisted the company didn’t want to stretch itself financially, even as it increased its share buyback program from \$2.15 billion to \$3 billion.

The firm showed that it benefited from its “fully integrated business,” according to Travis Wood at National Bank Financial, as it boosted its quarterly dividend 17 per cent to 42 cents per share.

Suncor swung to a loss in the fourth quarter of 2018, posting a net loss of \$280 million compared with net earnings of \$1.38 billion during the same period a year earlier. The company said much of the difference was a result of a \$637-million after-tax foreign exchange loss.

The company also boosted its oil output to a new record of 831,000 barrels of oil equivalent per day in the quarter, up from 736,000 boe/d at the same time a year earlier.

Financial Post

Expertise in retail draw for investors

APHRIA Continued from FP1

The bid was announced in December, just weeks after short-sellers questioned the value of Aphria’s Latin American assets, and accused a number of company insiders — including outgoing CEO Vic Neufeld — of engaging in self-dealing through transactions that resulted in the purchase of the Latin American holdings.

Aphria recently reshuffled its upper management, announcing the departure of Neufeld and co-founder Cole Cacciavillani, while tasking former alcohol industry executive Jakob Ripstein and food industry magnate Irwin Simon to manage the firm during the transition.

“We’re optimistic about the company. It is one of the bigger, and better capitalized licensed producers and in the long term they are going to learn from these mistakes and improve corporate governance,” said Jason Wilson, president of Budding Equity Asset Management Inc., which manages the ETFMG Alternative Harvest ETF (MJ), a passive Canadian cannabis ETF. The fund began investing in Aphria in the summer of 2018, when the company had divested its U.S. assets, and now owns almost three million Aphria shares.

Wilson says his fund would have to drop Aphria shares if Green Growth’s bid is successful, because they’re not keen on companies with U.S. operations.

Other major institutional shareholders appear to be supportive of Green Growth’s bid for Aphria.

“Look, shareholders are frustrated with this company and the direction of the company. When you don’t even have a CEO in place, it’s hard to defend against the bid,” said Greg Taylor, chief investment officer of Purpose Investments, whose actively-managed marijuana fund took an even larger stake in Aphria as recently as Dec. 31.

“As the U.S. market opens up, Canadian companies have to start looking at how to get into the U.S. The TSX listing shouldn’t be a hindrance,” Taylor said, who added he is concerned that Aphria’s only real value seems to lie in cultivation and pledges of increasing their run-rate revenue.

“The sector is evolving into more of a consumer packaged goods industry. This deal, given Green Growth’s expertise in retail, could be a nice way for Aphria to transition out of sheerly cultivation, and expand their product offerings internationally,” Taylor said.

Green Growth is backed by the Schottenstein family, best known for the retail brands DSW and American Eagle. The company has two cannabis retail store licences in Nevada.

An early investor in Aphria, who currently does not own stakes in either Aphria or Green Growth, and spoke to Financial Post on condition of anonymity, was skeptical about Green Growth’s real value and ability to bring in financing to finalize the takeover. “They only have a couple of assets in Nevada, and they’re being valued at \$900 million? There are a whole bunch of promoters circling this company, trying to boost the stock. Maybe they will, maybe they won’t,” the investor said.

Financial Post

ONTARIO SUPERIOR COURT OF JUSTICE
TO: FARHANGEIRAN INC. and THE MOBIN FOUNDATION

Take notice that pursuant to the Order of the Honourable Justice Hainey dated May 22, 2018, Albert Gelman Inc. was appointed as court appointed equitable receiver and receiver in aid of execution (the “Receiver”) over the properties beneficially owned by the Islamic Republic of Iran municipally known as 290 Sheppard Avenue West, Toronto, ON with legal title being held in the name of Farhangeiran Inc. and 2 Robinson Avenue, Ottawa, ON with legal title being held in the name of The Mobin Foundation.

The Receiver has made an application to Court returnable on February 28, 2019 at 10am at 330 University Avenue, Toronto, Ontario, Canada. A court room listing is located on the 7th floor.

To obtain copies of the material filed you may visit the Receiver’s website at: [http://www.albertgelman.com/corporate-solutions/other-engagements/#i under the title “Islamic Republic of Iran ats Edward et al” or may contact legal counsel to the Receiver, Mr. Sean N. Zeitz of Lipman Zener Waxman LLP at \[szeitz@lzwlaw.com\]\(mailto:szeitz@lzwlaw.com\) or at 416-789-0652 ext. 307.](http://www.albertgelman.com/corporate-solutions/other-engagements/#i)

It has been ordered that service on you of any proceedings in connection with the Receiver’s appointment be effected by this notice.

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ALBERT GELMAN

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CO-OPERATORS LIFE INSURANCE COMPANY
Notice of Record Date for the determination of Policyholders and Shareholders entitled to Receive Notice of the Annual Meeting

TAKE NOTICE that the date set as the “Record Date” for the determination of the policyholders and shareholders entitled to receive notice of the Annual Meeting of Co-operators Life Insurance Company to be held on the 3rd and 4th days of April 2019, at the Toronto Airport Marriott, in the city of Toronto, province of Ontario, by resolution of the board of directors is set as the 13th day of February, 2019 [the “Record Date”].

By order of the Board of Directors, Une place de choix™

Carmel Bellamy
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