

1- In the case of the acquisition, the firm has a solid capital base.

2- In the case of the merger: The firm has something to offer to the European companies. It needs to have either some distinctive products or advanced technology. This is understandable since no firm will want to merge if a firm is not offering something in return.

If a company evolving in these sector is profitable in Canada, there appears to be a possibility for this company to be able to gain access to the world market.

- By merging with a European firm, companies will be able to increase its visibility in Canada, because of the new products and new technology the firm will have acquired through the European company.
- By merging with a European company, the firm will be able to sell its product in the Community. Even though this is a mature market, there is always room for specialized products in the development of natural gas, system design, environmental control.

More importantly, the firm will be allowed to take part in the European R and D program. They will keep their technology up to date with the European technology. This is a major advantage since Canadian firms are doing very little R & D.

- The Canadian firms merging with a European firm will increase their chance to be part of the third countries market, and especially the USSR.

These two countries have shown interest in the European products, the Community is much closer to this market than Canada, so it is easier for these countries to do business with the Community. This is especially true since contracts are very often offered on a bid-