

achieve economies of scale so that they can compete on a worldwide basis.

Most of the Canadian companies should therefore put emphasis on the domestic market before going into Europe. However, it remains that technological leaders could envisage going into Europe with specific products. Canadian products that are the most likely to compete in the European market include conveyers and handling systems as well as heavy-duty bridge cranes, vehicle-mounted cranes and hydraulic winches. Strategic alliances or joint ventures would be the best ways to enter the Community. The major constraint is finding an adequate partner.

In the construction equipment subsector, the international market is very narrow. Tools are more or less the same in Canada as in Europe. However, there are some market segments in which Canadian firms have a technological edge over their European counterparts. These segments include large construction equipment such as road repair equipment.

It is necessary to mention here that very few Canadian companies in this subsector would be able to enjoy success in Europe without a joint venture or European partnership. Regular contacts are very important in order to introduce some new products to the construction groups.

d) Resource Industries Equipment

Besides the "other industrial sectors," which include numerous products, this subsector is the most active in international trade. It includes very diverse industries ranging from oil and gas field equipment to pulp and paper and mining equipment.

Oil And Gas Field Equipment

This is an industry characterized by a large number of small, mostly Canadian-owned firms, as well as by branch plant-type foreign subsidiary operations. The

majority of these Canadian-owned companies are nationally oriented, serving the needs of the domestic market, and when they do export, they are not exporting to Europe but to third countries such as the U.S.S.R. and China.

The key elements essential to a strong and internationally competitive industry are product reliability and available after-sales servicing, competitive manufacturing costs, state-of-the-art technology, continuing R&D and a sound financial structure.

The U.S., the U.K., France and Italy are the main international competitors. These countries currently all have national policies favouring their domestic market. With Europe 1992, there might be difficulty maintaining these policies, and this may open the door for some Canadian companies in certain specialized market niches.

The oil and gas equipment used for exploration, exploitation and distribution is basically the same throughout the world. However, some companies such as ESSO Resources have developed new technologies and new designs of products that make them more attractive and more useful to the users.

Due to the climate and the geographical structure of Canada, Canadian firms have developed specialized products and have become international leaders in very specific segments of the market. These products include engineering and pipeline system design, equipment for drilling in difficult environments, quality control equipment, environmental control, energy conservation devices and sour gas technology.

Canadian manufacturers of these products should seriously consider enlarging their market outside Canada. However, it might be difficult to take a big part of the European market since the market for the above-mentioned products and services is very nationally protected. This does not mean that Canadian firms should not expand to Europe. On the contrary, being