

The Canadian firms are faced with new sets of rules that will affect the way they do business with the Community. Thus, they will have to operate with new technical standards and new government procurements, as well as R&D programs.

Europe 1992 will alter the procedures on the European continent. There will be changes in the testing and certification of the products. In fact, some managers are afraid of what they call "Fortress Europe." They include in this term all the trade policies between the two entities (Canada and the Community), such as reciprocity and anti-dumping measures.

All these measures will have indirect impacts on many factors such as trade flow, the rationalization undertaken throughout the world, investment opportunities and the possibility of acquiring new technology.

Europe 1992 is expected to provide opportunities for Canadian firms. In addition to an expected growth in the EC market of 8 per cent, Europe 1992 will create a very large market in which Canadian firms with technological and market know-how should be able to find niches.

Depending on the size and level of presence in the Community and the sector of activity of the company, different strategies will apply in order to take full advantage of this market modification. Thus, a multinational will face a different market than will a corporation with one subsidiary in the EC or a firm that is exporting only to Europe. Even a company with no interest in Europe will have to be aware of the market change.

In order to take advantage of opportunities provided by Europe 1992, Canadian industrial equipment firms will require some form of EC presence. Even small and medium-sized Canadian exporters will have to adopt, to some degree, a multinational character if they wish to take advantage of an EC-wide market. Given the additional risks as well as the headaches entailed by a foreign (EC) presence, many Canadian firms may not avail themselves of EC opportunities. But they cannot ignore the fact that Europe 1992 is likely to create new world-scale, European-based firms that will be in a position to compete for a share of North American markets.

There are different ways to have a presence in a new market. The advantages and disadvantages of strategic alliance, joint venture, acquisition and greenfield investment are examined.

In summary, Europe 1992 will test other countries' capability and willingness to compete internationally. Success in Europe is likely to require a European presence, a high-quality product and a technological edge.

Some subsectors appear to have limited opportunities for taking advantage of the changes in Europe. This is true in subsectors such as agricultural machinery, material handling equipment and machine tools. However, Europe 1992 represents a good opportunity in some specific areas, such as large electrical equipment, oil and gas field equipment, mining and smelting equipment, pulp and paper equipment, and environmental equipment.