

equipment, since these areas are influenced by variables such as high overseas transport costs and/or low profit margins. The opening of a subsidiary in the Community would permit Canadian companies to do business in a market of 340 million people.

It is expected that Canadian entrepreneurs will take advantage of this opportunity and thus increase the level of Canadian investments in the Community. However, the future of European investments in Canada is still unclear. It is expected that European investments will increase in the long term due to technological capacity. Europeans should open new subsidiaries in Canada in order to take advantage of the North American market. Being able to produce high-tech products might permit them to gain a share in Canadian and American markets.

#### **d) Technological Acquisitions**

The easiest way for the Canadian industry to acquire technology from the more advanced EC industries would be by participating in their R&D programs. This could be done in three ways:

1. by creating a subsidiary in the Community. Some questions regarding regulations that are still unclear still need to be answered (for example, whether two subsidiaries are necessary in some cases).
2. through the EUREKA program, which permits technology exchange between Canadian and European firms.
3. through mergers and acquisitions. Mergers and acquisitions could be possible in the electrical and electronic engineering category, since most of the companies were working on a national market and are currently trying to develop strategies for staying in business when the barriers fall. A number of strategies have already been implemented, and it is imperative for Canadian firms to react as soon as possible.

It is unlikely that technology transfers will occur on a short term basis. However, if Canadians can achieve joint ventures or acquisitions in the EC, the repercussions could occur quite quickly.