

Introduction

The elimination of the remaining obstacles to trade between member countries of the European Community (EC) will create a Single Market of 324 million consumers by 1992. As the Community-wide market emerges fully, competition within the EC will become fierce. Large companies will be able to take advantage of considerable economies of scale, while smaller companies will have improved access to Community-wide niche markets. There is no doubt that companies that prosper in the EC will also emerge as powerful competitors in markets all over the world.

For Canadian businesses, the creation of a single EC economy presents an opportunity to profit in an exciting new market. Participating in its evolution will enhance their ability to compete both at home and abroad. Canadian companies that do not seize this opportunity risk losing both revenues and market share. There is no assurance that their present markets won't become vulnerable to more aggressive companies who have developed the skills and technologies needed to compete at global levels. It is, therefore, a challenge that qualified Canadian firms can not afford to ignore.

This Handbook is primarily directed toward small and medium-sized enterprises (SMEs) with the products, resources and capacity to take advantage of the opportunities presented by an integrated EC. While many of the examples used in this Handbook are of large companies, the underlying principals are relevant to SMEs. Additionally, the scarcity of information on smaller companies serves to emphasize the reluctance of Canadian SME's to penetrate the EC market.

The tools you need to develop an effective business strategy for competing in the EC are included in this Handbook. It examines a range of existing opportunities and provides information that will help you decide which method – trade or investment – is best for you. It focuses on the issues that are crucial if you want your company to compete in this promising but demanding market.

The Handbook begins by describing the European Community from the viewpoint of Canadian business. **Chapter I, Europe 1992: Challenges and Opportunities**, describes the key changes the EC is making to unify its economies, the effects these changes will have, and the opportunities they will create for Canadian businesses. The nature of the Canadian-EC trading relationship, which is our second largest, is described in Chapter II.

The balance of the Handbook focuses on how to develop an effective strategy for penetrating the EC market. **Chapter III, Developing Your Business Strategy for the EC** and **Chapter IV, How to Compete in the EC**, complement each other. Chapter III outlines the issues you should consider in assessing your ability to compete in the EC, and highlights the elements of an effective strategy for penetrating the EC market. The coloured pages of Chapter III are a series of questions, with space provided for you to jot down your ideas as you go along. The purpose of the questions is to help you organize your approach by focusing on the factors that will determine your company's ability to compete.