

## Key markets and strategic alliances

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### Ontario and the Four Motors are promoting alliances

The Government of Ontario has played an active role in encouraging joint research and marketing ventures between Ontario firms and potential partners in other areas of the world. Among these efforts, the establishment of bilateral agreements with the Four Motors has been of paramount importance. The Ontario Technology Fund is contributing to the agreements by providing matching funding on research projects between firms from Ontario and the Four Motors.

Three such projects were initiated with partners from Baden-Württemberg in 1990. These projects include the development of new lasers, the improvement of manufacturing planning and control systems, and the development of high-speed local area networks based on optical fibres. The agreements call for \$2 million to be contributed over four years to alliances involving partners from Germany's "High Tech State."

The Technology Fund is supporting similar arrangements with the Rhône-Alpes. Projects include the development of new materials for bone implants, new ceramic composites, personal view stations for radiologists and new technology to combat the hazards of flue dust disposal.

Companies choose a country, but they settle into a region or community. Today, firms know that their competitiveness is largely determined by the capabilities, infrastructure and partnering opportunities of the regions in which they locate. The integration of European markets has led to the emergence of a number of European regional powerhouses. Some of these regions not only provide competitive infrastructure, but actively promote strategic alliances between local and foreign firms.

This chapter features four particularly powerful EC regions: Baden-Württemberg in Germany, Catalonia in Spain, Lombardy in Italy, and the Rhône-Alpes in France. All of these regions have been financial, industrial, trade and cultural centres for centuries, and today, they are all playing a vital role in securing the international competitiveness of the EC. Together, they are known as the Four Motors of Europe.

In June 1990, Toronto played host to business leaders from the Four Motors at a conference called "Interregion 90." It was decided to open representative offices in each of the four regions and in Ontario to promote joint business ventures and cooperative efforts in new overseas markets between Ontario and the regions. These will include:

- the establishment of an interregional business center in Toronto to develop business among the five regions;
- the coordination of efforts among the five in assessing economic opportunities in Eastern Europe;
- joint efforts to enter markets and build business alliances in North America;
- cooperation on environmental issues; and
- a joint economic exhibition to be presented at industrial fairs around the world.

As important as the Four Motors are, other EC regions are also worthy of consideration but have not been included because of the constraints of space. In the preamble to the EC treaty, the Member States declared their aim of "reducing the differences existing between the various regions and the backwardness of the less favoured regions." The centrepiece for this action is the European Regional Development Fund, known as the Regional Fund. Access to the fund can be gained by participating in the national or regional programs within the EC Member States. For example, through agencies such as France's DATAR, European governments offer attractive incentives (cash and tax relief) to businesses willing to invest in underdeveloped areas. By participating in national or regional programs in the EC, Canadian firms can also take advantage of EC regional policy.

### Using regions for competitive positioning

With increasing international competitiveness and technological innovation, regional characteristics such as market proximity, the availability of a quality workforce, technological excellence, stable operating costs, and an attractive quality of life have become vitally important.

As firms implement computer-integrated manufacturing (CIM) to cut costs and improve product quality, they are increasing their reliance on skilled engineers and technicians. For many firms, the quality of the workforce can be more important than its cost. As a result, an important determinant of site location is proximity to educational institutions that can offer a steady