

these products are very difficult to move or the profit margin is so low that they cannot afford the transport cost.

Given that, we think Canadian companies should be more sensitive to what is happening in Europe as the changes could affect their competitiveness.

There are basically three possible scenarios that the Canadian firms will be able to focus on.

1 - Consolidation - Protection

This scenario applies to companies that are working in the Canadian territory only. They are most of the time quite small. These companies are very often specialized in a specific sector. In order to face the increasing competition from the European, these companies have to stay on top of their specific field of operation. This is becoming more difficult because of the very small growth of the industry and the competitiveness on this market.

For these companies, staying on top means to have high-tech products.

This means that efforts in R and D will have to be pursued. R and D means financing. The best way to solve this is by setting up a R and D group working for a number of companies or by merging two companies together. This way, the expenses are split in two and the results come faster.

Another way to stay on top is in acquiring technology. This is a good solution for firms with available capital. Since some European companies are ready to sell their technology, it appears that this solution is a very good way to protect Canadian company against European competition. There is in fact an ISTC division that support the exchange of oil and gas technology with European firms through information and foreign missions.