Investment Opportunities

Increasing Investment in the EC

The lure is already reflected in investment flows. After the EC announced its 1992 Program, the flow of direct investment into Europe increased dramatically. US investment rose from $696M in 1983 to $31.4 billion in 1987. Over the same period, the flow of Japanese investment increased from $1,318 M to $8.75 billion.

Aquisitions by Canadian Companies

Laidlaw Transportation Ltd. of Burlington, Ontario, is a school bus operator and waste management company. It has purchased an interest in the largest waste management company in Britain, Atwoods-PLC. Laidlaw is slowly shifting its long-term focus to European countries and the opportunities generated by a society increasingly concerned with waste disposal.

Cascades Inc, Kingsey Falls, a Quebec packaging company, owns Cascades Blendecques, Cascades La Rochette, and Cascades Avot Vallée in France. All produce paper board products. Cascades is also in West Germany and plans acquisitions in Belgium.

Investment is now the driving force behind international trade and technological progress. Many firms use it to position themselves more competitively in a market.

The new Single Market will sustain considerable economies of scale, reduce business costs, and stimulate efficiency through rationalization and specialization. Investment strategies offer a variety of ways to take advantage of these opportunities. Investments can take the form of mergers, acquisitions, greenfield investments (in new plants and equipment), joint ventures, strategic alliances, and licensing agreements with European companies.

Several sectors will be strongly affected by the 1992 Program. These include telecommunications, chemicals and pharmaceuticals, the food and drink industry, and financial services.

Investment opportunities will follow these emerging market opportunities. Companies involved in sectors that are likely to benefit from the 1992 Program will want to expand capacity or make new investments, as will companies interested in new R&D initiatives or in bidding for public contracts.

As a result, Canadian companies should look for:

- opportunities in sectors affected by non-tariff barriers that will be removed;
- opportunities in heavily regulated sectors that will benefit from deregulation;
- partnerships with or acquisitions of larger companies with the critical mass necessary to retain a competitive edge in a vast new market;
- opportunities in regions that can take advantage of lower production costs;
- alliances with firms that can compete globally through economies of scale or scope;
- partnerships with niche companies enjoying a solid regional base and a firm grasp of what the market needs.