

In Europe, the Sub-Committee met with several Canadian business people and representatives of Canadian firms. While members were expecting discussion of tariffs and technical barriers, most of the discussion focused on the difficulties of entering the European market because of differences in culture and mentality. This reflects a lack of knowledge and understanding of Europe and also a lack of confidence. These same witnesses pointed out the good reputation which Canada and Canadian products enjoy in Europe, once again proving that Canada is missing major opportunities on the European continent. Despite efforts by the Department of External Affairs, information on the European market does not reach the business community as a whole. More importantly, it seems that Canadian business fails to realize that the economy is no longer national or continental, but increasingly global.

Canadian business people frequently complained about the near-absence of Canadian banks in Europe. We are disturbed by the fact that the banks withdrew from Brussels a number of years ago and that their activities on the European continent have been greatly reduced in the last few years.<sup>6</sup> The reasons given for this strategy were once again that the U.S. market was more attractive and the European market was fiercely competitive. In addition, Canadian banking regulations put them at a competitive disadvantage with their European counterparts who offer all kind of services through universal banking.

We wonder, however, whether the absence of Canadian banks is a real hurdle or mostly an excuse for lack of initiative. Doing business in Europe is not easy and requires the cooperation of people who know the market. That being so, association with a European bank might be more advantageous to Canadian exporters and might open more doors. For example, the National Bank is trying to find an European partner in each EC country and act mostly as an intermediary between the Canadian businessman and the European bank.

The Sub-Committee heard the same message over and over again: to succeed in Europe, a Canadian firm must have a presence or at least some kind of partnership with a European firm. Canadian business needs to develop more alliances and to cooperate more closely with European companies. This can take many forms, ranging from joint-ventures to licensing agreements, cross-licensing, cross-manufacturing agreements and export co-marketing and co-promotion agreements.

In that connection, Canadian business people need more information on linkages with European partners. According to the business people we met, this kind of information is missing, although the Sub-Committee is aware of a recent publication from EAITC — Moving into Europe.

- 5. The Sub-Committee notes that information on linkages with European firms is very useful to Canadian business and should be further developed and disseminated.**

### **Managing Bilateral Irritants**

If Canada and the EC are to develop closer economic relations over the longer run, it is necessary that we become better able to manage the bilateral conflicts and irritants that arise from time to time. Our recent track record in this regard is not terribly impressive.

The most important issue for Canada and the EC is the dispute on the fishery which has become even more acute since the large Spanish and Portuguese fleets have come under the aegis of the EC. The Canadian government has banned the Community's fishermen from Canadian waters and has closed Canadian ports to all EC fishing vessels.

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<sup>6</sup> It is particularly ironic that the Royal Bank which has produced a seminal document on the importance of the EC for Canada has itself recently reduced its presence in Europe.