

EC are consulted and are the first to receive notification when standards determined by the CEN and the CENELEC are set.²² Finally, EC R & D programs are mainly intended to profit companies set up in the Community.

2. Distinctive national characteristics encourage local establishments

Europe 1992 is characterized by market unification while maintaining a significant number of national characteristics. This has the paradoxical result that numerous entrepreneurs who want to prepare themselves for the completion of the great internal market are eager to increase their presence in national markets by means of mergers, acquisitions, and the creation of joint ventures. This strategy also applies to extra-EC companies; in many cases, particularly for public procurement, local establishment is the best way to benefit from Europe 1992.

3. Rationalisation will primarily benefit companies set up in the EC

Factors such as renewed growth, rationalization, greater company profits and a favourable climate for innovation will chiefly benefit companies set up in the EC and will also stimulate intra-EC trade at the expense of extra-EC imports (all other factors remaining constant).

Sectoral reports (summarized in chapter 7) reveal that in most sectors, market shares dominated by non-EC country exporters, particularly Canadians, will likely be difficult to maintain after 1992, unless exporters choose to engage in joint ventures with European companies or choose direct establishment.

4. Restructuring opens prospects for Canadian firms to position themselves in the EC

Finally, and perhaps most significantly, Europe 1992 is provoking major

restructuring and reshuffling. As a result, companies are attempting to strengthen themselves by engaging in alliances, mergers, acquisitions and joint ventures to improve their positions in EC and international markets. (See Tables 3 and 4.) Likewise, this process of alignment (which in some cases will only last a certain period of time) can present attractive opportunities for Canadian companies that are trying to achieve international standing, strengthen their technological potential and position themselves on international markets. Canadian companies that have worldwide ambitions in their sector and for their particular niche have quickly gained or extended their presence in the European market, often by buying out local companies and hence market shares.

5.4 The Risks

The risks resulting from increased competition between European companies in their own market and in non-EC markets have already been outlined. These risks can be of various types:

- greater difficulty for Canadian companies to preserve or increase their market share;
- greater difficulty for Canadian firms to acquire licensed European technologies because of the increasing aptitude of European companies to establish themselves directly in foreign markets and to develop their own technology. Canadian companies will find it particularly difficult to obtain licences with a mandate greater than Canada or North America.

Equally important is the risk for Canadian companies of being unable to keep up with an accelerating globalization process in which the other players -- American, European, and Japanese -- are strengthening and spreading themselves more rapidly than Canadians. This risk encourages Canadian firms to increase their size and develop an international