

For the EC, the opening of government procurement markets will

- . create healthy competition between national and foreign suppliers;
- . initiate industry restructuring to increase EC competitiveness; and
- . enable purchasers to obtain the lowest price or the most economically advantageous conditions from suppliers.

The opening of government procurement markets to all Community companies will be slow and progressive. Although the process is under way (see Table 1 in Appendix A), locally established companies will continue to benefit from a competitive edge.

In spite of this, Community companies wishing to benefit from this opening will have to establish certain strategic capabilities aimed at overcoming remaining cultural, normative and linguistic barriers. As an illustration, certain EC companies have more difficulties in exporting to EC member countries in Europe (for example, to the Federal Republic of Germany and the Netherlands due to national standards and to Italy because of its cultural aspect) than to Third World countries.

Even though many problems remain to be solved before the liberalization of government procurement markets is achieved, markets are already in the process of opening up in many areas (for example, telecommunication, transport and energy). It is, therefore, important for Canadian companies to attempt to penetrate these markets without delay, since long-term relations between suppliers and contracting parties, particularly in these markets, are the rule rather than the exception. In several high-tech equipment markets, in which specifications cannot always originally be defined, long-term buyer-supplier relationships are a necessity for the successful completion of projects. Since successive market studies are needed to define specifications and new and old equipment must remain compatible, one contract frequently leads to the next for the sake of maintaining coherent and functional systems.

European and Canadian companies wishing to take advantage of the opening of these public markets must not wait for their realization; rather they must now explore the possibility of establishing strategies, in view of the official opening of these markets. They also must realize that there is a cost associated to these strategies, especially for small and medium size companies. These costs, in actual funds or in human resources, have to be weighed against the benefit that could arise from the decision to take advantage of foreseen opportunities.