

Since the MTN is expected to finish before 1992, results achieved in the "new issues" of services, intellectual property and trade-related investment measures are also likely to affect the final shape of Community arrangements.

Sourcing Decisions

As a result of the restructuring now underway, corporate customers in the post-1992 EC are expected to be fewer and bigger. Canadian firms will have to deal with larger EC firms. This includes small firms becoming medium ones.

EC firms plan to adjust their purchasing policies by rationalizing supplier networks, and by concentrating orders to maximize buying power. However, few companies are prepared to go so far as to rely on single-source suppliers.

The increased emphasis on just-in-time production in the EC will lead to new supplier relationships based on close proximity, good communications and compatible information systems (hardware and software). Similarly, the growing sophistication of production techniques, with computer-integrated systems solutions requiring close cooperation with the customer, will encourage a greater regionalization of suppliers.

When it comes to purchasing technology, the overriding concern for EC firms is to get the best technology irrespective of nationality. EC firms show a strong tendency to look outside Europe, and especially to North America, for potential technology licensors.

Government Procurement

Access by Canadian exporters to the liberalized EC government procurement markets will be governed by existing GATT rules and any new agreements negotiated during the Uruguay Round.

However, for Canadian firms producing in the EC, where procurement offers are equivalent, Community preference could be invoked to exclude bids with less than 50% EC content.

Investment Considerations

Non-EC firms, whether from EFTA, North America or Japan, will be putting their emphasis on investing in production facilities within the Single Market rather than supplying it through exports.