

Tips from Trade Commissioners

Trade Commissioners from three Western European countries (Germany, France and the U.K.) were asked for advice on what separated the successful Canadian companies from the unsuccessful ones in the EP market.

The most important factors identified were the following:

- having some kind of edge, preferably a technological one, that differentiates the Canadian company from its sophisticated European competitors;
- getting to know the individuals in the European EP market. Western European purchasers of EP products and services talk to each other a great deal, and it is important to get your name known in these circles;
- establishing a strong local presence, preferably through a dedicated local office or a partner/distributor/service representative as appropriate; and
- having the determination and resources to see the market foray through to successful completion.

Conclusions

For manufacturers of EP products, the direct export route is likely to be most feasible for high-value products with low transportation costs such as instruments, specialized filters, etc. Some Canadian firms have already penetrated the E.C. market in fields of specialized wastewater treatment and monitoring equipment. The licensing or joint venture approach is likely to be favoured in cases where transportation costs, tariffs and other trade barriers impede direct export or in cases where the Canadian company simply cannot afford the costs of the more direct approach. Public sector procurement in some sectors will call for a high E.C. content to avoid preferences for E.C. suppliers.

For EP service companies, a direct presence in the target national markets seems to be required for success. The vehicles for achieving this are: acquisition of a European firm; joint venture; or opening a European office of the Canadian company. Both the acquisition and office-opening routes can be expensive, but they achieve the required end quickly. The joint venture route is a more cautious one, and anecdotal experience suggests that the Canadian firm seeking a European partner should be bringing something specific to the bargaining table, preferably some technological edge protected by patents or otherwise. A variety of Federal and Provincial programs (trade fairs, PEMD, exploratory missions, etc.) are available to assist Canadian companies in identifying appropriate European partners.