intelligence and performance are increasing the number of digitally controlled alternating current machines, digital controls with micro-processors, and laser cutting that leads to faster, more accurate machines. Other trends are the integration of these sophisticated machines into production systems of whatever type (manufacturing units with loading/unloading points organized around modular machines operated by robots), their standardization and their spread into small and medium-sized firms.

Traditionally, the main client sectors for machine tools have been the metalworking, mechanical engineering, and automobile industries.

In this segment again, the European Community is the world leading producer and exporter. The Canadian industry is parted in two groups: subsidiaries of foreign-owned companies that are strong financially and Canadian-owned companies that are mostly of small and medium size. These firms are often specializing in a very precise segment of this market.

It would appear difficult for most Canadian firms in this part of the industry to be successful in trying to open a subsidiary in Europe. The alliances and concentrations at Community level aim not only to achieve critical size but also to maximize the various specialities within Europe. The European companies are trying to protect themselves from the Japanese companies, but at the same time they make it very difficult for all companies, including American and Canadian ones, to compete in this market.

There are many other market segments that have not been discussed in this report. These include fluid handling and mechanical power transmission equipment and instrumentation equipment. These segments represent small opportunities for international projects since most of these firms have enough difficulty operating in Canada. However, a successful Canadian company should always be aware of the changes occurring in Europe and should try to learn more about the competition and the problems of opening a subsidiary in Europe.

If a company is in Canada mainly because of its technology, it has an even better chance of performing well in the Community.

An EC presence seems to be the primary requirement for taking part in the opening European market that will result from Europe 1992. It is imperative for Canadian managers to assess the situation now and to determine the direction they want to take in the face of these changes — there might still be good opportunities. Canadian managers must respond to this internationalization and be attentive to the way the European competition is developing.