

In industries where large and small companies complement each other, large companies will probably sub-contract more work to SMEs in order to decrease their own overhead. And SMEs can also expect to cash in on the liberalized public procurement market where the enormous contracts available will be too much even for larger firms. In order to survive and grow, SMEs will need to focus on and develop their areas of excellence. They can choose to remain within a regional market they understand particularly well, or focus on specialized products whose market is limited in size, if not in geographic range.

The ability to cooperate and to apply innovative information and product distribution technologies will also be essential for many SMEs. The Single Market will demand larger and stronger groupings in all industry sectors. SMEs will have to watch for new linkages that will enhance their competitiveness.

Small and medium-sized businesses should be careful, however, of the temptation to scale up operations to compete in mass markets. Established consumer acceptance of existing products plus major

SME Share of EC Product Sectors

	%
Furs and fur products	60
Bread and other flour foods	47
Building materials	43
Jewelry	39
Wood products	39
Lumber	36
Building	34
Medical equipment	34
Wooden containers	34
Stone and non-metallic mineral products	31
Leather and leather substitute products	30
Musical instruments	29
Grain processing	26
Components of parquet flooring	26

Source: Eurostat Industry Survey (1983)

increases in overhead present two potentially insurmountable challenges for these SMEs. SMEs must be prepared for significant expenses as they prepare for the single market. Many are gaining the needed competitive weight and strength by co-marketing, merging, or using some other form of collaboration with another company.

SME Task Force Initiatives

In view of the large number of SMEs in Canada, it is fortunate that the EC is sensitive to the concerns of small business.

The European Commission has set up a special task force to assist SMEs. The task force works through information centres, networks, and publications. There are also programs to provide funding for R&D feasibility studies for firms wanting to participate in BRITE and EURAM programs. Subsidiaries of Canadian firms can take advantage of these Task Force initiatives.

The Business Cooperation Centre (BCC) can help you identify business areas of mutual interest with European partner companies. (See Appendix E)

Some 180 European Business Information Centres (Euro Info Centres) can provide you with unofficial access (on a local basis) to information on partnership candidates.

The Business Cooperation Network (BC-Net) links some 350 business advisors throughout Europe who keep databases of European requests for business partners. Companies are cross-matched by selected criteria (product sector, company profile, type of collaboration interest, etc.). If no match-up is found, your request for a partnership is distributed as a *flash profile* to all business advisors in the geographic areas you select. Membership in the U.K. Chamber of Commerce (\$66 for 8 months) entitles Canadian companies to access BC-Net.