

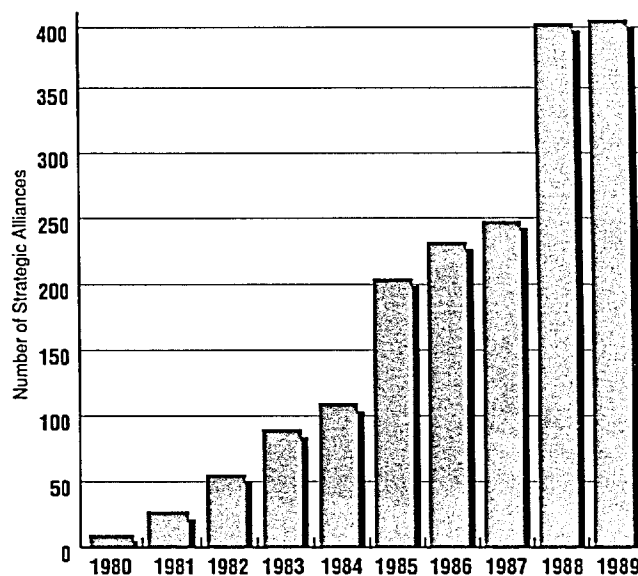
Europeans are the favourite partners

At present, approximately 70% of Canadian business alliances are made with other Canadian firms, but an increasing number are being organized with foreign companies. Of these, European firms are by far the most popular partners: according to one study, 15% of Canadian alliance partners are from Europe, 10% are from Japan and the Pacific Rim, while only 5% are from the U.S. As 1992 draws closer, strategic alliances with EC partners should attract an even greater number of Canadian companies.

There are good reasons for Canadian companies entering into European alliances. The creation of a European Single Market presents Canadian businesses with an opportunity to profit from a dynamic new market. And those who enter it will enhance their ability to compete both at home and abroad. Both Canadian and EC firms have found that strategic alliances are particularly well suited to the quickly changing, highly competitive and varied conditions found in the EC. Because Canadians and Europeans often share a common cultural heritage and similar managerial practices, trans-Atlantic alliances are relatively easy to implement.

Europeans fully recognise the crucial role that strategic cooperation between firms is playing in the development of their industries. During the 1980s, the number of strategic alliances formed by European firms increased dramatically. For example, between 1980 and 1989, European firms in biotechnology, information technologies, and advanced industrial materials developed 1,833 new strategic alliances. And that figure does not include more than 1,000 R&D alliances developed under EUREKA and EC programs such as ESPRIT, RACE and BRITE. The EUREKA program is of particular interest since it is both well-funded and open to non-European firms. EUREKA alone has arranged more than 250 R&D consortia, while ESPRIT has more than 500 consortia. Approximately 50 Canadian firms are active in such European consortia.

Strategic Alliances in Biotechnology, Information Technologies, and Advanced Industrial Materials with at Least One European Partner, 1980-89



Source: LAREA/CEREM data base.