problem with this approach is that it requires a great deal of capital. Identifying a good company to buy is not an easy task either, especially in the electrical and electronic category where a number of acquisitions have already occurred and where the companies are already of respectable size.

Strategic Alliance

A joint venture with a European firm can be an easy way to enter this market. The major problem encountered to finalize a joint venture is the lack of attraction the Canadian company offers to the European one. All strategic alliances must be profitable for both parties. Generally speaking, Canadian technology is not up to the level of European. However, in some sectors where there is good Canadian technology, such as large electrical control systems and environmental equipment, some European companies would listen carefully to a Canadian offer.

In each case, the administrators will face the same problems that managers of Canadian companies in the EC are already experiencing, that is, rationalization or full penetration (see 5.1b).

d) Companies with No Interest in Europe

Some companies that have found the European market too fragmented could decide finally to open a branch there (with the elimination of the barriers). This is the case for intensive capital industries such as large electrical equipment, machine tools and boilermaking. Since Europe will represent a large unified market for companies in the Community, the temptation to be part of the global market will increase. It would not be surprising to see some Canadian firms take an interest in this market.

In most cases, Europe 1992 could have a negative effect on external companies. This situation is true in the electrical and electronic engineering category, where European giants will try to penetrate the North American market. The companies with no interest in Europe should keep an eye on the development in the EC and should be aware of the presence of these European giants, who could come into North America and steal a large market share of Canadian companies.

In June 1990, the Canadian High Commission in London requested a study on the impact of the different routes chosen by Canadian companies to enter the European markets. The following overview outlines the major results of this study, entitled *Link 1992.*

5.2 Different Routes to Having a Presence in The Community

a) Strategic Alliance

The strategic alliance method gives quick and easy access to unknown and sometimes closed markets. It reduces the fears of the management in facing a new market. It is also a good way to get to know a company before a more formal partnership. It gives access to a new way of thinking, marketing and managing.

However, this kind of understanding brings uncertainty due to the looseness of the agreement. Each partner still has the possibility to evolve on its own and to offer its services without involving the other party. There is also a risk of being spied upon by the other firm. Spying happens frequently when one firm has a real technical advantage over the other.

b) Joint Venture

The joint venture route is one of the most sought after. The principal advantage of this method is that it allows exploitation of synergies between the companies. It decreases the risks of market entry into a new market or a new sector. It is also an efficient way to learn other management methods.