

pean firms could come in Canada with their "new technology" and open a branch in the country. At that time, they could become dangerous for Canada's industry since they could take a share of the market that no Canadian firm could take because of a technological disadvantage.

The scenario presented above, even though realist, should not happen in the short or medium term since new technologies adapted to the Canadian market are not developed overnight. However, Europe 1992 might have an important impact in the short term in third countries. In order to present this, we have to analyse a bit more the Canadian industry.

The value of the Canadian exports in 1986 was 150 million dollars. Of these 150 millions, 15 went to the Community, 30 to the USA and 105 went to third countries (see graph #9). Furthermore, we can see that the percentage of Canadian exports to third countries has increased tremendously since 1982 going from 44% to 70%. This shows that third countries represent a very important market for Canadian firms. In fact, the more important trading partners with Canadian firms are: China, USSR, India, Pakistan and Latin America.

Canadian firms are presently enjoying considerable export success in these third countries. But, what will happen after 1992? We have shown that European firms will be more competitive internationally and that their prime target is the third countries. This will put a lot of pressure on the Canadian manufacturers who will have to face stronger competition. It could decrease considerably the Canadian exports to third countries.

This threat is of importance since it could mean the disappearing of some Canadian firm if nothing is done here to counteract the European movement. Even though, Europe 1992 will not have a major direct impact, it will affect the structure of the Canadian industry indirectly.