

Sectoral studies indicate that in some service sectors (i.e., professional and financial services), Canadian companies have certain advantages compared to companies in continental Europe. These advantages could be useful in the globalization of the economy. In general, however, the international strategies of these sectors remain relatively cautious, keeping in the shadow of their American and British counterparts. The caution of these Canadian companies can be explained in part by the fact that big Canadian businesses have traditionally chosen to resort to American or, to a lesser extent, British service firms for a significant part of their international operations. One of the positive outcomes of Europe 1992 may be to confirm to Canadian companies in the most exposed sectors that they need to adopt a daring international strategy to survive, and that they have advantages over their European partners, especially in continental Europe.

6.2 Possible Strategies

In a summary report, it is difficult to take into consideration all possible strategies for Canadian firms. This report will, therefore, be limited to general conclusions. For more detailed analysis, the reader may refer to the next part of the report and to the sectoral reports.

Companies in Rapidly Internationalizing Sectors Cannot Ignore Europe 1992.

Europe 1992 is only one element in a more general trend towards globalization and internationalization of the economy; it is the European response to this trend. For this reason, contrary to sectors that can continue to prosper in regional markets, industries that by nature will be greatly affected by this internationalization and globalization process (and their numbers continue to grow) simply cannot ignore the changes in their economic environment induced

by Europe 1992. This conclusion is gaining ground among affected industries. However, the means to carry this internationalization process through to a successful conclusion is less evident.

An Incentive for Reinforcing Canadian Companies

Europe 1992 and the general internationalization context in which this process is taking place, are strong incentives for Canadian companies to expand beyond local markets. This would enable them to increase their investment and R & D capability, their means of conquering new market shares (or of maintaining their current ones), and of establishing themselves in international markets. This strengthening is most often a result of external growth (mergers, acquisitions, joint ventures) and can be carried out at the Canadian, North American or European level.

The deregulation currently under way in Canada in professional services (business consultants, lawyers, chartered accountants) and financial services, and the accompanying mergers and acquisitions, fit into these dynamics.

In sectors with primarily medium-sized Canadian companies, questions arise with regard to how these companies will be able to reinforce themselves without being bought out by foreign firms.²⁴

Creating favourable conditions for this strengthening would be a significant way for the government to assist Canadian companies preparing for Europe 1992 and for the larger internationalization process.²⁵

Niche Strategies

The best way to take advantage of Europe 1992 is to have bases in the EC and to reinforce this presence. This is the conclusion of Canadian companies with clearly defined strategies concerning Europe 1992 and with the means to implement these strategies. Such