

4. STRATEGIES AND ACTIONS FOR CANADIAN FIRMS

To take maximum advantage of the opportunities of the creation of the Single Market in the EC by 1992, Canadian firms, especially OE parts suppliers, must contemplate the actions that are outlined in the following paragraphs.

4.1 Actively Seek Opportunities in the EC

The reduction of in-house supply by most European vehicle producers will give outside parts suppliers opportunities for the new models coming on stream. Canadian parts firms looking to supply EC vehicle producers will find that over time they will face less and less bias against non-European suppliers.

The key success factor for those Canadian firms that, to date, have been successful in the EC automotive market has been the entrepreneurial drive to seek out opportunities and make them happen.

Unfortunately a recent survey of parts manufacturers in Canada indicates that too few Canadian firms are aware of Europe 1992, its implications, and the opportunities it offers. As long as the great majority of Canadian parts manufacturers are focused primarily on adjusting to the structural changes in the North American industry, new opportunities in the EC and (with European partners) in North America will be lost.

Canadian government representatives in Ottawa and the EC (as well as provincial trade representatives) can be very useful sources of specific information, contacts and introductions.

4.2 Build on Strengths

It will be a prerequisite that a Canadian supplier have something "to bring to the

table" in addition to high quality at low price. A key factor for Canadian parts manufacturers wishing to establish a major presence in Europe will be proprietary technology.

EC assemblers are increasingly looking for long-term relationships with suppliers, who often must have their own quality control, labs and engineering facilities. Suppliers are involved in product development and must be able to deliver to schedule.

Even in the niche product areas only those companies with engineering capabilities are likely to be successful in the long term in the European market.

4.3 Develop Effective Promotional Material

Canadian firms continue to have a low profile in the EC market and will have to take specific steps to make EC assemblers aware of their capabilities. This will involve developing comprehensive targeted documentation and A/V material on the firm, its products, its technologies and its capabilities, dealing in the language of the target client.

4.4 Take a Long-term Perspective

Potential Canadian parts suppliers to the EC should realize that it could be costly to meet the standards of certain EC vehicle producers and that it could take considerable time before a supplier is accepted.

Some EC vehicle producers have suggested that a starting point for Canadian suppliers would be in bidding on replacement parts business and as the EC firm became more confident with the suppliers' capabilities in terms of quality engineering costs and scheduling