

## 2. SUB-COMMITTEE ON INDUSTRIAL COOPERATION

As highlighted in previous reports, the work of the Sub-Committee on Industrial Cooperation and its various working groups remains most successful in exchanging information on policy and regulatory developments which affect the economic and industrial climate on each side, and hence the opportunities for industrial cooperation. The value of such dialogue has been intensified as a result of the European Community's "1992" internal market initiative, implementation of the Canada-U.S. Free Trade Agreement, and other current and prospective changes in the international trading and economic environment. Environmental policy issues, as they impact upon specific industry sectors, have also attracted growing interest and find their reflection in current and future Canada-EC industrial cooperation activity.

With the substantial changes in the global competitive environment, companies are increasingly focusing upon forms of industrial cooperation which enhance prospects for technology adaptation and offer potential for investment, licensing arrangements, joint ventures, and other kinds of strategic partnering. Supportive efforts in this regard are especially relevant for small and medium-sized companies which lack experience in and knowledge of foreign markets and prospective international partners. Very considerable industrial cooperation activity is facilitated through arrangements between Canada and several individual Community Member States, or targeted on sectorally-focused trade fairs or industry association meetings. Building on recent experience, the SCIC and its Working Groups offer further potential for identifying where a Canada-EC dimension can usefully be added to, or complement, such activity.

The Co-Chairmen initiated at the last SCIC meeting the practice of focusing in some depth on an industry sector (in this instance, environmental technology) not currently or recently covered by the Working Groups. This practice proved useful as a means both of discussing sectoral issues in more detail than has been possible with past formats and of identifying a plan of action aimed at matching potential private sector partners with complementary interests. It is recommended that this approach be continued at future sub-committee meetings as a means of identifying new opportunities to expand and deepen sectorally-focused industrial cooperation links.