

1992 initiative, the market in Europe for commercial aerospace goods is expected to be strong. Thus, by ignoring developments in Europe, Canadian companies would be bypassing an opportunity.

Defence

Canadian defence companies are unlikely to escape a negative impact as a result of the Europe 1992 movement. In the short term, possible imposition of tariffs on defence or dual-use products remains a particular threat that companies must either prepare for or lobby against. Reducing dependence on defence markets, however, seems to be the best long-term option for Canadian companies.

Faced with the challenge of a rapidly evolving world defence industry and market, the Canadian defence industry will have no choice but to try to maintain a technological edge, which has been the hallmark of its success. It should also continue to focus on niche markets and subsystems rather than whole systems, which it has done since 1959. Above all, Canadian companies within the industry will have to ensure their presence in Europe and increase their participation in European programs to maintain existing European business, however small this participation may be in relation to their traditional markets. It is unlikely, however, that defence exports to Europe will fare better after 1992 than they do currently. The Canadian industry should not have any unrealistic hopes of realizing a greater proportion of defence sales to Europe relative to its traditional markets in the U.S. in the 1990s.

Urban and inter-city transport

With respect to the urban and inter-city transport industry, large Canadian companies with major investments in the EC, such as Bombardier, will benefit in the same manner as EC companies from the opening up of the EC's public procurement markets. For Canadian companies without a European presence, however, EC public procurement markets will remain difficult to penetrate. Thus, for Canadian companies without a European presence, the importance of pursuing a niche strategy or of realizing major cost advantages over European competitors is accentuated.