

1992 Opportunities for Canadian Firms

Vehicle Assembly

New opportunities for Canadian vehicle assemblers should result from an expanded overall European market and reduced administrative expenses involved in exporting. Demand could thus increase in European markets for Canadian-assembled niche vehicles such as minivans and jeeps as well as some "transplant" passenger cars.

Original Equipment Parts

There is the possibility of some expansion of exports to EC countries of high-value-added parts, particularly those in which Canadian producers have proprietary technologies. Globalization pressures and rationalization of the parts industry within Europe will encourage technology-sharing agreements and joint ventures between European and Canadian firms. Some European parts producers may actively seek North American partners or investors with needed capital and technological expertise. Those in turn may facilitate avenues of access for Canadian producers to the EC market. The European subsidiaries of Ford and General Motors may provide an important point of access for Canadian suppliers, due to their North American ties and existing experience with cross-border parts sourcing in the EC.

Aftermarket Parts

Opportunities for Canadian aftermarket exporters centre on reduced administrative expenses resulting from regulatory harmonization and removal of remaining border controls. As well, there may be a "coattails" effect from increased sales of Canadian-assembled vehicles in the EC. Accessories present a significant possible opportunity for Canadian producers, as these fall outside the scope of the Eurowarranty. A number of small Canadian accessories manufacturers have already successfully exploited market niches in the EC with such items as floor mats and daytime running light systems.

Stress could be placed on areas of comparative advantage created by Canadian conditions and regulations -- winter accessories, rear brake lights, etc.

Strategies and Actions by 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, should give consideration to the following success factors:

Entrepreneurial drive. 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.

Proprietary technology. In a period of severe supplier rationalization in Europe, technological proprietorship and innovation will be one of the few paths of entry for a new supplier; high quality and low price will not be sufficient.

Effective promotional material. Since Canadian firms continue to have a low profile in the EC market they will have to take specific steps to make EC