

Canadian companies, like their American counterparts, have begun to respond favourably to the EC's improving economic conditions and to the prospects of Europe 1992. However, the share of Canada's total foreign investments in the EC is only 8 per cent compared to almost 40 per cent for the U.S. The total growth of Canadian investments in the EC from 1984 to 1988 is more than 25 times less than that of American investments over the same time period (C\$2.5 billion compared to US\$54.4 billion).

This means that, proportionate to the size of their economies, the increase of Canadian investment in the EC remains three times less than that of American investment. Sectoral studies confirm the relatively limited Canadian response to Europe 1992.

However, most already internationalized big companies, which often have bases in Europe (such as Bombardier, Northern Telecom, Seagram or McCain), have defined their strategy for taking advantage of Europe 1992. This strategy is usually to strengthen their presence in Europe, by mergers or acquisitions, to improve their position in target markets.

Certain medium- and small-sized firms, particularly in technological sectors such as computers or telecommunications equipment, have also adopted measures to reinforce their presence in the EC or to increase their exports to Europe.

However, in most cases, Europe 1992 is not currently a priority for Canadian companies and professional associations. Generally speaking, those that do manifest an interest in Europe 1992 are still waiting and are not establishing specific strategies. Several factors can explain this:

- The companies that will be affected most directly -- or at least at first -- by Europe 1992 are large-scale firms. Large companies in the EC, which have been primarily national until now,

are hoping that Europe 1992 will enable them to acquire European and international dimensions. Large non-EC companies in non-EC countries are directly affected by this redeployment and by the accompanying opening of markets. However, large Canadian companies are not very numerous and are to a large extent restricted to certain sectors (mines and resources, forestry products, engineering). In many other sectors, the most important Canadian companies are subsidiaries of American companies, and for these, Europe 1992 strategies are elaborated by the parent company;

- Some of the strong sectors in the Canadian economy (mines and resources, forestry and fishery products) are in fact affected to a relatively minor extent by Europe 1992. On the other hand, Canadian supply is weaker in sectors such as agri-food and public procurement, in which the impact of Europe 1992 in the EC will be significant;
- For many companies, and especially for small- and medium-sized ones, the United States and the FTA are presently mobilising all their forces;
- The companies most capable of benefiting from Europe 1992 are those already established in the EC. However, the degree of establishment as well as the level of exports of Canadian companies in the EC is relatively limited. Moreover, Canadian bases are primarily concentrated in the United Kingdom and Ireland (which receive 70 per cent of Canadian EC investments).

In general, Canadian companies' response to Europe 1992 is conditioned by the structure of the Canadian economic fabric and by the characteristics of its international standing. Traditionally, this position was established through Great Britain, then through the United States. To benefit from Europe 1992, this position must be broadened.