

Sourcing decisions

As a result of the restructuring now under way, corporate customers in the post-1992 EC are expected to be fewer and bigger. Canadian firms will have to deal with larger EC firms. This includes small firms becoming medium ones.

EC firms plan to adjust their purchasing policies by rationalizing supplier networks and by concentrating orders to maximize buying power. However, few companies are prepared to go so far as to rely on single-source suppliers.

The increased emphasis on just-in-time production in the EC will lead to new supplier relationships based on close proximity, good communications and compatible information systems (hardware and software). Similarly, the growing sophistication of production techniques, with computer-integrated systems solutions requiring close co-operation with the customer, will encourage a greater regionalization of suppliers.

When it comes to purchasing technology, the overriding concern for EC firms is to get the best technology irrespective of nationality. EC firms show a strong tendency to look outside Europe and especially to North America for potential technology licensors.

Government procurement

Access by Canadian exporters to the liberalized EC government procurement markets will be governed by existing GATT rules and any new agreements negotiated during the Uruguay Round.

However, for Canadian firms producing in the EC where procurement offers are equivalent, Community preference could be invoked to exclude bids with less than 50 per cent EC content.

Investment considerations

Non-EC firms, whether from EFTA, North America or Japan, will be putting their emphasis on investing in production facilities within the Single Market rather than supplying it through exports.

Initially, investments generated by the Single Market will gravitate towards those countries and regions with the best infrastructure and skilled workforces. Manufacturing firms have identified France, Germany, Italy, the U.K. and Spain as their preferred locations for production and export to other EC markets. The pattern holds, too, for firms in the service sector, except that the U.K. and West Germany enjoy a clear lead in preference.

Marketing and distribution

For manufacturing firms, pan-European distribution networks will be a key competitive weapon in the post-1992 era, as barriers and costs of transborder shipping come down.

It is also anticipated that there will be fewer distribution levels since in many cases there will be no need for national distributors.

Many EC firms will be centralizing their physical distribution. In particular, major centres in the Netherlands rate highly in the plans of EC firms. The Netherlands is a strong choice for distribution centres because of its central location, major sea ports and airports, and strong trucking industry.