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ABSTRACT

The European Union is about to undergo the largest expansion since it was formed by the Treaty of Rome in 1957. On May 1st of 2004, it will grow from the current 15 member countries to 25 countries, comprise almost 453 million people, and will rival the United States as the world's Economic powerhouse. This expansion will inherently have a significant impact on world trade, and the purpose of this paper is to examine what specific impact the enlargement of the EU will have on the Canadian High-Tech sector.

The paper begins with a review of Canadian High-tech - or more specifically the Information and Communications Technology sector and an analysis of its strengths and weaknesses is conducted in light of Porter's 'diamond' of National Competitive Advantage. This analysis finds that the ICT sector in Canada, much like the rest of Canadian industry, is focussed on US markets to the point of over-reliance. Further diversity of customer base and investment is strongly recommended in order to curb a dangerous dependency.

A Market Analysis of the EU is then conducted at the level of the Macro-Environmental business climate. The environment is examined in Political, Economic, Social and Legal Dimensions, focussing on existing relationships between Canada, the current members of the EU, and the Accession countries, and on how those relationships might develop further in future. An increase in diversity along several dimensions is found to be one of the key potential benefits to the existing EU members as well as the expected extension of the zone of peace, security, and stability.

This study finds the Enlargement of the EU will the position of the EU as one of the architects of global trade into the future and as such, offers an opportunity for Canadian firms to diversify their investments and export focus, an opportunity that the Canadian ICT industry would be wise to seize.