EXECUTIVE SUMMARY

Europe 1992

Europe 1992 encompasses the efforts of EC Member States to revive the movement for a unified European Community market, and to hasten the movement's pace. The objective of Europe 1992 is to eliminate all non-tariff barriers to the free movement within the EC of goods, services, capital, and labour. Efforts to achieve this goal are based on the following criteria:

- **One principle.** The principle of mutual recognition of standards, diplomas, regulation of professions, etc.;

- **One rule.** The rule of a qualified majority, which will prevent a single country from blocking the Community decision-making process;

- **One target.** A 1992 deadline for a unified European Community market, and precise deadlines for adopting the 279 Directives necessary to achieve this objective. Until now, the deadlines for Directives have generally been respected.

As market integration draws nearer, companies within and outside the EC are preparing. These preparations have resulted in: a revival of investment in Europe; a broad-based corporate restructuring by way of mergers and acquisitions within sectors most strongly affected (banking, insurance, chemicals, agri-food, distribution, electrical and electronic industries, etc.); and a general reinforcement of EC companies as international players.

The movement towards unifying national markets and reinforcing a European as opposed to national policy perspective has been strengthened and broadened by two other significant events: the start of monetary integration (the Delors Plan), and the opening of the East and German unification.

Consequences for Canadian Firms

Overall, Europe 1992 has positive consequences for Canadian firms. Nevertheless, it also presents challenges and risks.

The positive consequences include:

- the overall improvement of economic conditions in the EC;
- easier and less costly access to the European market (despite problems for specific products);
- favourable conditions for Canadian firms with the means and the ambition to establish themselves in the EC.

The challenges and risks include:

- competition on the European market will intensify as European firms become more efficient, and non-European firms' interest in the EC increases;
- Europe 1992 will contribute to making European firms more competitive in the North American market and non-EC markets;
- a unified EC will constitute another major bloc in the increasingly globalized world economy. This will make it both more urgent and perhaps more difficult for Canadian companies to position themselves on the international scene.