

3) Free movement of goods and services: This means that the Commission is trying to eliminate any measures by the member states that constitute, either directly or indirectly, actually or potentially, a barrier to intra-Community Trade. From this general stipulation arise the following specific principle that:

Every product which is legally manufactured and commercialized in one member state may circulate freely within the Community.

There should not be anything stopping manufacturers from selling their products throughout the Community. This should increase the volumes of intra-community trade. It should permit the best companies in each sector to open up a new market and thus, be able to achieve economies of scale.

On the other hand, it will also make the European market attractive for a company outside the Community because of larger market possibilities although more competitive. In order to best penetrate the market, companies needed to have plants in many countries. This might still be important in some products segments to be near their prime market but some companies would now be able to concentrate their activities with less plants to permit economies of scale or justify an investment.

Now that Western Europe will be a big entity, more companies will try to have a share of this huge market, and as we noted in our industrial report, Canadian firms should not be an exception.

The European Community is opening its doors to the world, but not to everyone. It is clear that the community will not accept a company if its own firms cannot export or manufacture in the country of incoming company. This is what the Commission calls the Mutual Recognition process. It basically states that: "I'll treat your companies as one of mine if you treat my companies as one of yours". Fortunately, in Canada we have applied this basic principle for many years which entitled