NOTES

1. Department of Finance. *Canada's Economic and Fiscal Performance and Prospects, Chart Book.* (Ottawa, February 1990), page 1.

2. Informetrica Limited. *The Free Trade Agreement: Implications for Canada's National and Provincial Economies.* Volume III, Case IIIA. (Ottawa, July 1988)

3. In this case, the FRG opposed the importation of "Crème de cassis de Dijon" on the basis that, according to German regulations, it did not contain a sufficient degree of alcohol to be considered a liqueur. The Court of Justice of the European Communities, located in Luxembourg, ruled that what is good for the French is also good for Germans (and vice-versa). Since this 1979 decision, the principle of mutual recognition has been confirmed by the Court.

4. Directives are the "laws" of the EC.

5. This motive is confirmed by the surveys of companies undertaken in the various Community countries.

6. Strictly speaking, the Single European Act and therefore Europe 1992 do not apply to the defence sector. However, this sector has been influenced by the Europe 1992 process and is restructuring significantly.

7. "1992: The New European Economy," *European Economy*, No. 35, Commission of the European Countries, Brussels, 1988, p. 17.

8. The margins given in the Cecchini Report are from -4.5 per cent to -7.7 per cent for the fall of consumption prices and from 3.2 per cent to 5.7 per cent for GDP growth.

9. Because of sustained growth in the EC, this phenomenon should only manifest itself as diminishing growth of extra-EC imports.

10. These predictions do not yet take into account the potential impact of the opening up of Eastern Europe, and of German unification in particular.

11. Extension of this accord to include Mexico could reinforce these effects.

12. This is due primarily to the historical relations between Canada and the U.K. (common language, common way of doing business, etc.) and the fact that regulations concerning foreign investment are less restrictive there than in most other European countries. This, however, is changing rapidly as other countries are modifying their regulations.

13. IFO-Institut is a German consulting bureau located in Munich.

14. For more detail on the main explanatory variables of this model, see "The Challenge of the Eastern European Revolution," in *Europe 1994*, BIPE, Cambridge Econometrics, IFO, Prometeia, January 1990.

15. Assuming a more or less optimistic scenario regarding the rhythm of introducing a market economy.