

Some features of the Regulation could also result in discriminatory treatment of mergers involving Canadian companies. The criteria for analyzing mergers under the Regulation, and the composition of the EC Commission which applies the Regulation, potentially could allow policy goals that discriminate against Canadian interests to have a significant influence on the assessment of mergers. The true extent of this threat will only become apparent, however, after a number of mergers have been examined under the Regulation.

The efforts being made to strengthen EC competition policy restraints on state aid should help to reduce the potential for Canadian competitiveness in Community markets to be undermined by Member State subsidies. EC industrial aids, however, will remain a major source of concern for some Canadian industries. The Member States will continue to have broad scope to provide industrial aids for a wide range of social, industrial, and research and development objectives that are considered to be consistent with the EEC Treaty. In addition, there is some danger that stricter controls on state aids will be accompanied by increased levels of industrial aid under Community administered programmes.

The measures being adopted for creating more open and competitive markets in previously highly restricted areas of the European economy may benefit Canadian businesses by creating potential EC markets of up to 340 million people. This report, however, like other reports in this series, indicates that Canadian businesses, in order to obtain the greatest benefit from the opening of EC markets, may be required to establish operations in the Community or develop strategic alliances with EC-based companies.

Over the longer term, the attempts being made to establish open and competitive markets in previously highly restricted areas of the European economy, such as telecommunications, financial services and public procurement, are expected to result in substantial efficiency gains in many European industries. As a consequence, many Canadian businesses may come under increasing competitive pressures not only in EC markets, but also in Canadian and other countries' markets.