

are Italy and Spain, where the demand for insurance products is expected to grow by 20-30% for the next five years. France also looks very promising.

Insurance markets vary greatly from country to country. The largest national markets are Germany, the U.K. and France. The lowest proportions of life insurance to total business were in Portugal, Spain and Italy.

EC insurance markets in the EC are fairly concentrated. In life insurance, the ten leading companies in four out of the nine EC countries for which information was available shared more than 90% of the market. In only one EC country is the market share of the top ten below 50%. The markets for non-life insurance are less concentrated. In two EC countries, the ten largest firms write more than 80% of the business, in five other EC countries the share of the leading ten companies is below 50%.

Although Canadian insurance companies do not have distribution networks in the EC, they have the kind of sophisticated services in life insurance and pension products that EC companies are looking for — an excellent basis for mutually advantageous alliances. For example, the Desjardins Group has signed an agreement with another cooperative movement, Confédération Nationale du Crédit Mutuel de France. The two groups plan to collaborate on several types of activities and to assist each other in each other's market.

EC Financial Market Compared to the U.S. and Japan (in percentage)

Insurance¹	
EC	21.60
U.S.	45.50
Japan	19.80
Stock market²	
EC	27.64
U.S.	47.70
Japan	114.30
Banking³	
EC	33.30
U.S.	14.50
Japan	36.40

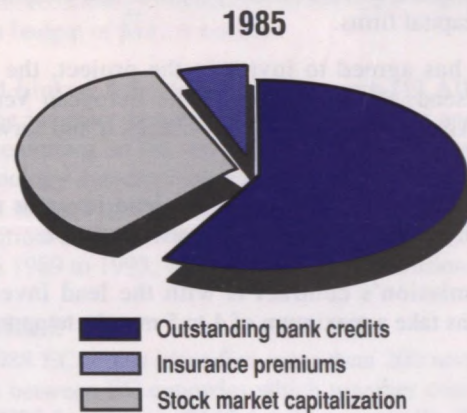
¹ Insurance market share per head (1986).

² Stock market capitalization as % GDP (1987).

³ Banks share of consolidated international claims (1987).

Source: Eurostat, DRI Europe.

Composition of the Sector (% of GNP)



Source: Eurostat, DRI Europe.

Programs

Venture Capital Consortia

The Venture Capital Consortia pilot system is aimed at encouraging the growth of European SMEs through the formation of cross-border syndicates of venture capital companies. The EC is participating in the project as a sponsoring and funding agency, providing support in the form of non-interest bearing grants to be converted into equity by the lead investor within certain limits. The EC will supply 30% of the syndicate's equity investments by full members of the European Venture Capital Association (EVCA), but not less than \$74,300 and not above \$445,800.

The objective of this scheme is to create a European-wide market for venture capital investments, encouraging innovation syndicates of European Venture Capital members. Since its launch, the Commission of the European Communities (CEC) has approved 35 Venture Consort projects for a total contribution of \$8.05 million.