

The Single Market will create strong pressure for co-ordinating of marketing and the streamlining of physical distribution. More than half the manufacturing firms surveyed planned to tighten control of marketing and service operations, with the strongest emphasis in the autos, EDP and metals sectors.

Logistics is another area that will undergo major changes as a result of 1992. A third of all industrial companies surveyed indicated that they planned to centralize physical distribution, with the highest response coming from metals and minerals firms. A major focus of attention is deciding where to centralize production and warehouse locations.

The objectives of efforts to overhaul distribution systems, whether through computerization or centralized warehousing, are to reduce costs and speed up deliveries. Overall, 38 per cent of the manufacturing firms surveyed planned to use computer networks to track selling patterns; 43 per cent aimed to reduce inventories in the distribution system; and 64 per cent hoped to reduce delivery times and improve responsiveness to customers.

Import and export patterns

Sixty-nine per cent of manufacturers surveyed predicted that the 1992 program would have a moderate-to-strong impact on the growth of intra-EC trade. Growth in intra-EC trade is generally expected to be stronger than competition from non-EC imports, but in three sectors (automotive, electrical/electronics and metals), the increases in EC and non-EC imports are rated equally.

On the export side, nearly two-thirds of EC companies stressed increased sales to other EC markets, while one-third emphasized exports to the rest of the world.

With respect to purchasing patterns, 36 per cent of the manufacturing firms surveyed indicated that their own companies would put a strong emphasis on sourcing from other EC countries. Mechanical engineering stands out with a 68 per cent rating while telecoms are at the other extreme with a surprisingly low 9 per cent.

The survey reveals a keen interest in reducing in-factory inventory holdings, for example through just-in-time inventory management, especially in the mechanical engineering, machinery, EDP and auto sectors.

Many executives stressed that their companies would maintain an even-handed procurement policy, as between EC and non-EC sources, motivated by strictly commercial or strategic considerations. However, several executives expressed concern over EC policies, such as EC anti-dumping pressures, that could restrict their ability to buy abroad.

A fundamental aim of the 1992 program is to develop European industries that can face their U.S./Japanese rivals in global competition. The survey supported the impression that EC firms will remain outward looking. Indeed, one of the most striking results of the survey is the high proportion of companies that see Europe simply as part of a global strategy -- over 60 per cent overall in both manufacturing and services, and over 80 per cent in EDP, mechanical engineering and telecoms.

Costs and competitiveness

Discussion of potential costs savings stemming from the Single Market usually starts with the removal of frontier controls. Commission studies estimate that the cost to firms of customs compliance in intra-EC trade amounts on average to 1.5 per cent of the value of shipments. Although relatively small, these costs may be a major consideration where profit margins are