

the event that national administrators or legislation is more responsive to the firm's needs than that at the Community level.

Innovative proposals are worth discussing as they relate to the carrying on of business in the Community; new tax rules have increased the attraction of a Community subsidiary (as opposed to a branch) as a business structure, and a newly created alternative to conventional joint ventures, the so-called European Economic Interest Grouping, offers investors the advantages of a separate legal entity, simple formation rules and a uniform structure throughout the Community.

While many similarities exist in the company laws, respectively, of Canada and the EC, the existence of specific rules points to a more highly regulated approach to business than Canadian investors will generally have experienced. For example, companies incorporated in most EC member states must specify the types of business operations they will carry on. Companies proposing to merge must arrange for independent audits of their respective assets. Disclosure rules for small companies are more onerous.

The report examines these and other recent developments in the areas of company law, tax and management-employee relations and reviews the major administrative and tax considerations that a Canadian investor would analyze before establishing a Community operation.