with respect to the recent development of EC competition policy. The related measures that have been adopted do not contain provisions designed specifically to create new impediments against foreign businesses. There is, however, some cause for possible future concern. Depending on how they are applied, some of the provisions in the Merger Control Regulation, Second Banking Directive and other directives or regulations discussed in this report may create new barriers to Canadian access to EC markets.

A continuing commitment to strong competition policy in the EC would help to ensure that the developments discussed in this report will not eventually result in substantial new trade barriers against the Community's external trade. As illustrated by the evolution of the Merger Control Regulation, such a commitment may be instrumental in preventing other policy objectives that may be more harmful to Canadian interests, such as protectionist industrial policies, from possibly having a greater influence on the development of EC legislation. A continuing strong commitment to competition policy principles would also help to reduce the potential for Canadian interests to be harmed by the influence other policy objectives might have on the future application of EC legislation in areas such as merger control, state aids, telecommunications and financial services.

It should not be taken for granted, however, that competition policy principles will play as dominant a role as they have in the past in the development and application of competition and other related legislation in the European Community. Rather, the make-up of the EC Commission, which includes Commissioners having responsibility for many other areas of Community policy, combined with the Commission's role in the enforcement of the Community's competition rules, may result in other policy objectives obtaining greater prominence in the future. This might occur if, for example, a relatively weak Commissioner is appointed in the area of competition policy, or other events, such as the possible failure of the current GATT negotiations or a European recession, increase the protectionist pressures on the EC Commission.

It will be important, therefore, for public officials and business interests in Canada to monitor the future development and application of competition related