

be imposed on networker users. These are essential components of the EC's proposal for Open Network Provision (ONP), which would establish a common intra-EC market for telecommunications services (88/825/EEC).

- 4) Agreement to open up the telecommunications equipment market, both for network and terminal equipment, to intra-EC competition. In principle the telecommunications equipment market would be opened up to extra-EC competition as well. In practice, however, EC content rules will apply to governmentally procured equipment; non-EC firms wishing to sell central office or transmission equipment in the EC will still have to meet local content requirements. This means non-EC firms will have to locate subsidiaries in the EC. In some countries, such as France, it is virtually impossible to sell customer premises equipment (CPE) even to *private* purchasers without a French presence. However, Europe 1992 will allow a subsidiary located in one EC member state to sell anywhere in the Community as long as local content thresholds are met (88/301/EEC).
- 5) Free intra-EC trade in computers and microelectronics. However, extra-EC manufacturers may continue to face local content rules. For example the EC currently mandates that for a chip to be conferred EC origin, thereby giving its integrated chip manufacturer free access to customers in all 12 Member States, the diffusion process of the chip, not merely its assembly, must be performed in the EC.
- 6) Agreement that standards, certification and testing procedures must be harmonized to effectively open up the telecommunications and computer equipment markets to competition. The means of achieving these goals include:
  - a) legislative harmonization of technical standards (87/95/EEC);
  - b) mutual recognition of tests and certification on the basis of common conditions and codes of practice (87/95/EEC);
  - c) the creation of the European Telecommunications Standards Institute (ETSI) to speed up the establishment of common telecommunications standards and specifications (87/290/EEC);
  - d) "transparency" of regulations and regulatory procedures, including advanced notification of draft regulations and standards (83/189/EEC).
- 7) The opening up of government procurement to all firms whose products meet an EC content threshold, currently envisioned as a 50 per cent local content rule. As indicated above, this rule would imply that extra-EC firms will have to locate a subsidiary in Europe and meet local content rules if they wish to sell to the TAs (88/378/EEC).
- 8) Reduced border costs, achieved by speeding up the procedures for granting clearance to goods entering a particular Member State. These changes are perhaps best characterized by the Single Administrative Document provision which, since January 1988, has allowed truckers to cross borders with only one document, in contrast to as many as 70 import-export declaratory documents previously required (85/179/EEC).
- 9) Elimination of barriers to capital flows, in particular, and to ad hoc government-arranged impediments to foreign investment in specific