

IMPLICATIONS OF A SINGLE EUROPEAN MARKET: EFFECTS ON EUROPE

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INTRODUCTION

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The European Community has embarked on a long process toward the complete liberalization of its internal market. By 1992, it is expected that most, if not all, internal barriers to the free movement of goods, people, capital and services among the twelve Member States of the Community will be eliminated. The driving force behind the ambitious project is a shared European goal of global competitive strength for European industry, by taking advantage of a single unified market of over 325 million consumers.

The idea of a Single Market is not new in the Community. The 1957 Treaty of Rome, which established the European Community, provided the legal basis for all the measures proposed in the 1985 White Paper on Completing the Internal Market. The White Paper proposed about 300 measures that would need to be passed in order to achieve the complete liberalization of the internal European market. In 1986, the European Single Act was passed by Member States in the European Parliament. This gave the European Commission the authority to implement the pieces of legislation which would ultimately lead to the creation of the Single Market by 1992.

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For Canada, this development presents major opportunities and challenges. If they meet the 1992 target date, the twelve members of the EC will create the largest trading unit in the world with a GDP equal to that of the United States. The EC accounts for one fifth of global trade. The EC ranks as Canada's second largest export market. It is the most important overseas source of foreign investment, R&D and tourism. Any change in Europe's trading rules will have an impact on Canada; not only on Canadian exports to Europe and to third countries, but also, as European competition sharpens, in Canada's domestic market.

Clearly it is important that Canadians must begin to prepare now for 1992 in order to respond to the challenges, to take advantage of the opportunities, and to adapt to change.

The Government of Canada is in the process of assessing what the Single Market means for Canada and its economy. To this end the Canadian Government has developed a comprehensive strategy called "1992 Challenge".

This program has three objectives:

- o The first is to develop an accurate assessment of the implications of the Single Market for Canada.