

### 3. EUROPE 1992: IMPLICATIONS FOR THE CANADIAN CHEMICAL INDUSTRY

#### 3.1 The Changes

The trade liberalizing effects of the removal of tariffs on goods traded within the EC have, to a substantial extent, been offset by a variety of non-tariff barriers. In fact, these may even have become more acute as the governments of EC countries have tried to find ways to preserve national industries and jobs. Europe 1992 is designed to remedy this situation and involves the policy areas listed below.

##### a) Administrative Delays at Borders

Cross-border trade within the EC is to be simplified by reducing and standardizing customs procedures at borders and by standardizing product-specific labelling and packaging regulations.

##### b) Taxes

On most products, excise and VAT rates vary considerably among EC countries. This variability hinders cross-border trade since it requires administrative arrangements to assure that the relevant taxes are paid to the appropriate country, at the appropriate rate. The EC Commission has proposed to deal with this through standardization of excise taxes within the EC and convergence of the VAT rates of member countries to specified ranges -- probably including a range for standard rates and a range at a much lower level (possibly as low as 0 per cent) for specified products.<sup>41</sup>

##### c) Product Standards and Technical Regulations

The EC 1992 policy of harmonization and mutual recognition of product standards and certification could have implications for the acceptance of Canadian chemical

products in the EC. In general, EC directives establish essential health, safety and other requirements for mutual acceptance of products in all Member States leaving development of detailed European standards incorporating these requirements to designated European organizations (such as the Comité européen de normalisation [CEN]). A European organization is being established to co-ordinate negotiation of agreements between Member States for mutual recognition of certification and testing in individual industrial sectors.

How are Canadian chemical products likely to be affected by this policy? Chemical products are not covered per se by essential requirements in EC directives except indirectly by directives on marketing and composition of fertilizers, detergents; construction products; good laboratory practice; labelling of cosmetic products; and marketing, packaging and labelling of dangerous substances. In the absence of such requirements, chemical products would be accepted for circulation in all Member States without being subject to mandatory technical requirements. Should such requirements be adopted, chemical products would only need to comply with specifications in CEN standards reflecting essential requirements as a condition for circulation throughout the EC.

Opportunities exist for Canadian companies to have access to information on CEN standards being developed for products whether or not covered by EC regulations. Companies with subsidiaries or agents in the EC would have access to proposed CEN standards through Member States representation in the appropriate CEN technical committee. Other companies could receive information on CEN work programs and copies of draft standards through the Standards Council of Canada which operates a standards