

## **7.2 Consumer Goods and Cultural Industries**

### **a) Consequences in the EC**

Non-tariff barriers that have impeded trade of many consumer goods within the EC were for the most part border controls. The principal measures of Europe 1992 affecting these sectors are the elimination of border controls and the liberalization of capital movement. These two measures will engender the re-organization and the Europeanization of distribution networks as well as a certain amount of concentration among production companies.

However, in certain sectors such as consumer electronics, harmonization or mutual recognition of standards and the setting up of European R & D programs (such as high-definition television), will contribute greatly to the strengthening of European leaders (Electrolux, Philips, Thomson), giving them a worldwide dimension.

However, aside from the impact of easier intra-EC mergers and acquisitions, the progressive replacement of national and European cultural industry regulations (as in the case of the Television Without Frontiers Directive) represents a decisive step, the outcome of which, in the eyes of many, is uncertain. The impact of this step on non-EC countries will require further examination.

### **b) Consequences for Canadian Companies**

The Europe 1992 process will make life simpler for Canadian companies doing business in Europe, but it seems that it will only be of substantial benefit to manufacturers with strong, recognized brand names.

In consumer products, major opportunity would seem to exist for Canadian industries that have products with a worldwide scope in sectors not yet

subjected to concentration effects, and where EC company sizes are similar to Canadian companies (i.e., the office furniture industry). Sectors in which Canadian products set the standard (ice-hockey equipment, fur apparel) will also do well.

With cultural products, the historical Canadian multilingual environment and high level of productivity in the audio-visual field should create some opportunities for Canadian producers and production companies in the rapidly expanding EC audio-visual market. This opportunity may be limited, however, by the relatively small size of Canadian companies.

In publishing, Canadian firms' main opportunity resides in small specialty markets requiring a high value-added content; these markets favour smaller companies. In the recording industry, there would seem to be little opportunity outside of individual talents benefiting from a newly integrated, structured and expanding EC market.

In all three sectors, French-speaking talents and businesses may have a better opportunity than their English counterparts because of the market size of France.

### **c) Possible Strategies**

In general, for Canadian firms to take advantage of Europe 1992, they will have to seriously evaluate benefits against substantial direct and hidden costs such as management and financial strain. These benefits must then be weighed against what similar efforts might bring in a market more culturally attuned and easier to service, now available with the FTA. Unless they have a product with a worldwide appeal, it is unlikely that Canadian firms will derive short-term benefits from Europe 1992.