

for EC enterprises to the markets of these third countries. Mr. Jean Caillot, Chairman of the French Electronic Industry Association and President of Thompson International, stated that the Community must ensure that it is not easier for non-EC competitors to cross European boundaries than it is for European companies to break into the competitors' home market.

Fortunately, Canada's trade policy has been recognized throughout the world as very liberal. This will make it difficult, almost impossible, for the Community to deny the access to Canadian products.

Hence, what began as a fear might turn out to be an advantage for some firms in certain sectors.

National Treatment

This policy stipulates that a foreign-owned company will be treated as "one of mine if it is the same for my companies in the foreign country." The national treatment will be required by the Community for a foreign-owned company to do business there. This will provide an opportunity to position Canadian companies advantageously since it is already the policy that Canada has adopted.

It will ease the access of the European market for Canadian firms willing to open subsidiaries inside the Community.

Anti-dumping

The anti-dumping action is the practice of imposing duties or other trade constraints on foreign producers that sell products below their home price. These measures are used more and more in the international markets. The application of anti-dumping duties to some products is quite often a "political" decision. However, the EC has adopted an anti-dumping regulation in accordance with the GATT's anti-dumping code. This regulation enumerates the conditions under which anti-dumping duties can be

imposed. Global trade balance is not one of these factors. Anti-dumping regulations can be applied more or less severely as a means of "regulating trade" between trading partners. The EC has been identified by some members of the international community as being quite aggressive in this respect with regard to a number of products.

It is believed by some that, in order to avoid criticism by its trading partners on its uses of its anti-dumping legislation, the Community has been drafting rules of origin with the intention of using them as an instrument of foreign trade policy. These could have the effect, for example, of redefining the origin of some goods transformed in Canada as being of Japanese and not Canadian origin, hence making their import into the Community more difficult, since Japanese goods are often subject to trade measures.

As an example, a product might no longer be considered Canadian if it is assembled in Canada but most of its components were made in Japan. The Community is redefining what is the "last major transformation" of a product and what the conditions are that make it a product of one country versus the product of another. However, as the regulations have not been adopted yet, it is impossible to identify the variables of major importance for Canadian entrepreneurs.

This reorganization could apply to a number of subsectors, especially in the electrical and electronic engineering department, in areas such as large electrical, office and automated equipment. It is difficult to estimate the impact of such rules. If the European Community decides to enforce them, Canadian companies must be prepared to open a subsidiary in the EC or at least to develop an association with European firms.

4.2 Indirect Impacts of the Regulations

Europe 1992 involves a series of approximately 300 regulations, of which more than 120 have already been voted on