

equipment, are the most likely to be affected by increased mobility of capital.

f) Company Law

The European Commission is trying to unify different aspects of company laws in every Member State to create a new entity called the "European Company." This directive will permit the creation of strong European corporations that will utilize capital and human resources situated throughout the Community countries.

This new statute should slash the legal red tape entangling many cross-border businesses and make joint ventures and mergers easier. It has also been put forth that, through European incorporation, companies will be able to use their losses in one country to write off profits in another. This would give a major advantage to the company that is able to achieve this European corporation label. Canadian-owned companies present in more than one European country will be able to obtain this European incorporation.

g) European R&D Programs

The European Commission is planning to spend 7.7 billion ECU to support cross-border research in the five years up to the end of 1994, nearly doubling the EC's present spending on technology. The Community's efforts are directed at strengthening the scientific and technological basis of European industry and to encourage it to become more competitive at an international level. The principal instrument of implementation of this policy is the five-year "Research and Technological Development Program."

The main program related to the sector analysed in this paper is the Industrial Technology/ European Research for Advanced Materials (BRITE/EURAM) program. More than 439 million ECU are allocated for this program over five years.

Some other programs, such as Jessi (the pan-European semi-conductor scheme) and Science and Technology for Development (STD), can be profitable for some companies in the industry.

In most cases, and for the bigger programs such as BRITE, the Community finances 50 per cent of the cost of the research, with the other 50 per cent assumed by the recipient of the aid. For all large programs, the application must be submitted by undertakings having their headquarters in at least two Member States. The project must be of high quality, both technically and scientifically.

Successful recipients are consortiums, whose members represent at least two Community countries and involve at least one industrial concern. Canadian firms can participate in these programs subject to the following conditions: the research must be conducted from an EC Base and must be part of a European joint venture (since it cannot participate directly).

These programs have been created to reduce the technological gap between the Europeans and other world leaders, namely the U.S. and Japan. The European Community is counting on these programs to make its companies internationally competitive and position them to set new international quality standards in the near future.

There is, however, another R&D program that permits Canadian firms without a presence in the EC to work with companies in Europe. This program is called EUREKA. It has been created to increase the competitiveness and productivity of European firms on the world market through direct co-operation with the firms of other countries.

This co-operation has been taken in the form of information exchange, joint research projects, industrial missions, seminars and conferences. It has helped small companies everywhere to grab a better hold of their market.