

The physical barriers in Europe, which contributed to the growth of the European freight forwarding industry in the nineteenth century, will be gone by 1993. Remaining documentation for tax and statistical purposes will be handled at the destination point so that there will be no border formalities. The removal of technical barriers to the single market is proceeding rapidly. The harmonization of technical standards, although involving numerous details, has moved to the management phase. Harmonized technical standards assist the rationalization of manufacturing. Government and public enterprise procurement policies are being opened up, creating new opportunities for trade in supplies for the water, telecommunications, transport and energy industries. The effects could result in new export opportunities for Canadian firms.

European Transport Policy

To create a single transport market requires both harmonization and liberalization of national policies. While progress has been difficult and slow, important accomplishments have been made in the last two years. Most important are the changes in trucking, which accounts for 75 percent of intra-European Community tonne kilometres. An increasing number of Community licenses for international services and of cabotage licenses for trucks to carry freight in the domestic trade of another country have been granted. While restrictions may mean less than full cabotage by 1993, the disparities in freight rates across Europe will largely disappear. Delays at border crossings have, for the most part, already ended except for the problems caused by the transit policies of Switzerland and Austria. Switzerland restricts transit vehicles to 28 tonnes while Austria bans transit truck traffic between 10:30 p.m. and 7:30 a.m. Solutions to the truck transit problems lie in part in infrastructure investment in road and rail facilities. Unfortunately, the European Community (E.C.) has had little success in developing effective investment programs. The primary reason is budget; the European Commission lacks investment funds. A secondary reason is that a comprehensive infrastructure program must go beyond the E.C. members.

Effects of policy changes on freight in the other modes of transport will be relatively modest. All-cargo air services are already subject to limited regulation. Passenger service cabotage proposals will not be introduced until 1992. Internal barge traffic is already international. The restrictions to cabotage on coastal shipping will be of local significance only (in the Greek islands for example). Railway services will be improved but without a major effect on trade flows.

European Gateways

The effects of Europe '92, and of port and airport investments, on the routing of international traffic are of interest to freight forwarders.

- *No major changes are expected.* No major shifts in traffic patterns are expected. Investments are being made at all major hubs to accommodate traffic growth. Major hubs will benefit from the shift to Pan-European rather than national production and distribution.
- *Growth of some secondary gateways.* Some secondary gateways will benefit from specific factors. First, gateways in low labour cost areas such as Spain and Portugal may benefit from accelerated economic growth. Second, national trucking costs may decline relative to international trucking costs. This may aid the expansion of services from Le Havre and Hamburg, for example.
- *Gateway procedures become more efficient.* The Europe '92 program is increasing competition between gateways to provide efficient gateway services. For examples, customs procedures in France and the U.K., which are less favourable to efficient forwarder services than those in the Netherlands, are under pressure to change. The same pressures will apply to Canadian services.