

restructuring. Extra-EC investment, especially from the United States, also increased significantly. Moreover, sectoral reports reveal that in certain areas, such as professional and telecommunications services, American firms could be among the main beneficiaries of Europe 1992.

b) A Homogeneous Market shortly after 1992?

Opposed to the idea of a "Fortress Europe" is the myth of a great homogeneous market from which, immediately after 1992, all obstacles would disappear.

It is true that intra-EC border checks, with all their delays and additional costs, will disappear. This will permit the rationalization and simplification of production and distribution networks within the EC. The reduction of the size and the numbers of stocks will be possible as well. As a result, big manufacturers and distributors that operate in the EC -- whether they be from the EC or from non-EC countries -- have already begun to re-organize.

Certification procedures will also be considerably reduced, since it will no longer be necessary to be certified in all twelve Member States.

Finally, distribution networks are re-organizing on a European basis, which simplifies work and alleviates costs for extra-EC producers trying to distribute in the Community.

However, obstacles due to diversity in language, consumption habits, and close ties will not disappear for quite some time, although Europe 1992 will certainly have a reducing effect. Moreover, Europe 1992 will set the principles and the judicial framework, but in practice the actual opening of public procurement will be a slow process.

Finally, in certain sectors opening and deregulation will apply differently to EC

and extra-EC companies. This will be the case for air transport and for public procurement, for which preference will continue to be given to EC companies.²⁰

c) Market Access: Conclusions

In general, for reasons already discussed, Europe 1992 will contribute to easier and less costly (although more competitive) access to the European market as well as increased European market growth due to the improvement of general economic conditions.

However, for a limited number of sectors, notably telecommunications and agri-foods, standards or regulations are either moving away from North American practices or holding non-EC producers at a distance. The results of this could be disadvantageous for American and Canadian producers, and justifies vigilance by public authorities and professional associations.

In this regard, Canadian firms have the advantage of sharing the same general interests as American firms and, therefore, of benefiting from the surveillance and pressure imposed by American firms and by the American government.

5.3 Establishment Prospects

In many cases, the best way for Canadian companies to take advantage of Europe 1992 is not to rely on exports, but to establish themselves in Europe for the following reasons:

1. Certain regulations will favour EC companies

The liberalization of public procurement will apply only to companies with a 50 per cent minimum of Community content. Similarly, with regard to commercial policy, the Commission is determined to use certain means, such as the clause concerning the origin of content, to insure that minimal assembly plants be replaced by production establishments.²¹ Furthermore, companies established in the