

In this regard, three EC Directives of note have been issued. They deal with:

- (1) Competition in the Markets in Telecommunications Terminal Equipment (Directive 88/301/EEC);
- (2) Competition in the Markets for Telecommunications Services (draft Directive of 7 December 1988); and
- (3) the establishment of the internal market for telecommunications services through the implementation of Open Network Provision or ONP (proposed Council Directive of 9 January 1989, revised 10 August, 1989; COM (89)325).

It was noted that the direction of the Community is clear, i.e., the Community will create an internal telecommunications equipment market and it will develop competition in the provision of value-added services. However, as yet undefined "essential" requirements may be invoked to maintain some telecommunications services on a monopoly basis within the EC. Moreover, disagreements among Member States and between Member States and the Commission have delayed the implementation of some major EC Directives.

d) Technical Cooperation

The Working Group reviewed some 30 government-to-government bilateral technical cooperation agreements, as well as a number of industry-to-industry agreements. Existing government-to-government agreements should not be affected by Europe 1992, particularly those agreements that are part of formal bilateral accords between, for example, Canada and Germany, France or the UK. In addition, there is a Canada-European Community 1976 General Framework Agreement for Economic and Commercial Cooperation under which some limited science and technology (S&T) projects have been implemented. The Working group referred to the important initiatives taken by the Canadian space sector as part the S&T Framework Agreement. These have been further extended through bilateral agreements between the Canadian space industry and European space industry, and by the Canada/European Space Agency (ESA) Agreement on Close Cooperation. Canadian participation in the satellite communications programs of ESA has been instrumental in these developments and in bringing about the award of follow-on contracts.

In terms of industry-to-industry cooperation, the review was limited to a few specific Canadian programs but without the benefit of an industry survey. Programs reviewed were the former Technology Opportunities in Europe Program (TOEP) and the new Strategic Technologies Program (STP) of ISTC, and External Affairs' Technology Inflow Program (TIP). The need to promote technical cooperation programs was noted but only following an assessment of those areas most likely to succeed. The subgroup proposed that attempts be made to negotiate expanded access to major EC programs (e.g., RACE, ESPRIT). This point was pursued during the April 1989 visit to Brussels by DOC officials. In addition, the issue of a general S&T framework agreement with the EC was subsequently raised at the Ministerial level. The Subgroup recommended that existing Canadian government programs should continue to support co-operative R&D with the EC and encourage technical cooperation between Canadian and EC industries. The possibility of a specific Canada-EC Memorandum of Understanding (MOU) for this sector was put forward as one option.

e) General Conclusions

Overall, an open, unified European market (post-1992) should facilitate the development of competitive Canadian firms through increased exports to the growing European market and increased returns on direct foreign investments in Europe. Canadian companies will, however, face increased competition from European firms at home and abroad. The key issues for Canada will be "market access" and the interpretation of "reciprocity" by the EC. Further examination of EC initiatives from a trade perspective, and the monitoring of specific EC Committees, will be necessary. A detailed review of barriers or trade issues identified by the subgroups (and elsewhere) should determine their negotiability within the GATT-MTN framework.