

The Community will face pressure from the European industries to differentiate standards from North American ones, especially in the fields of high technology, since these standards should not differ drastically from international standards.

In some subsectors, the standards will be set based on the best and the more advanced countries, namely Germany, France and the U.K.

The adoption of these standards should open up intra-EC trade and produce a large wave of mergers and acquisitions in order to permit leaders of the industry to achieve economies of scale and specialization. Their "new standards" will have a direct impact for Canadian companies. They will indicate what is to come internationally in the following years.

d) Liberalization of Government Procurement

The EC has proposed directives to open up government procurement to community-wide competition. This will expand markets for firms that were government-oriented but could not break out of their own country market because of the protective attitude of the other public sectors. In 1984, government contracts inside the EC in the industrial products sector amounted to 147.2 billion ECU (as shown in Table 7).

Under the proposed directives on the liberalization of public procurement in the fields of water, energy, transport and telecommunication, entities should be permitted to exclude offers containing less than 50 per cent EC content. External trade is disadvantaged since a 3 per cent preference is given to an EC supplier over a non-EC bidder who meets the local content requirement.

TABLE 7
Public Purchases in the European Community
by Product Type in 1984

<u>Sectors</u>	<u>In Billions of ECU</u>	<u>Per Cent of Total Public Purchases</u>
Agriculture — Fishery	2.7	0.6
Energy Products	73.2	16.3
Industrial Products*	147.2	32.7
- Chemical Products	14.5	3.2
- Metal Products	9.8	2.2
- Industrial and Farm Machinery	12.2	2.7
- Office Supply	28.5	6.3
- Transport	45.7	10.1
- Papers and Print Articles	10.5	2.3
Construction: Buildings and	129.1	28.6
Civil Engineering Services	98.3	21.8
Total	450.5	100.0

* Sector analysed in this report.