

countries without major impacts on global money or exchange markets. However, volatility and turbulence in financial markets could occur at certain points in the EMU implementation process. Any postponement of revision in the process will result in the rapid unwinding of financial market expectations, with associated market volatility. EMU will also have longer-term implications for the management of international financial issues in such fora as the G-7 and the IMF.

- For Canada, the implications appear relatively minor. Canada will probably be perceived increasingly as part of the North American market in a tri-polar financial world. Secondary impacts on Canada stemming from changes in European competitiveness, trade effects and capital market flows may occur, but differences of opinion exist on the direction and size of these effects. While it is hoped that EMU will stimulate investment and growth in Europe, it is possible that a hard euro currency policy and continued fiscal restraint could produce stagnation. Canada's floating exchange rate and market-oriented economy should accommodate such effects with a minimum of disruption. Canadian firms and financial market participants planning to conduct transactions and operations in the new currency, however, must inform themselves on the technical details.