

EC countries will also be moving slowly toward common defence procurement policies through NATO's Independent European Program Group, reinforced by the Single European Act which brings defence into the domain of EC political co-operation.

Technology development programs

Community technology programs are becoming more significant. They not only serve to develop the research or technology itself, but also seek to co-ordinate national R&D (research and development).

There is a multitude of EC research and development programs. The key ones in the industrial sector are ESPRIT for information technology, RACE for telecoms, BRITE for manufacturing technologies and EURAM for advanced materials. These programs fund pre-competitive collaborative research. In contrast, EUREKA is the major program for trans-European development projects.

Finance, banking and insurance services

Liberalization of markets for financial services becomes feasible now that an agreement has been reached on the removal of remaining exchange controls on capital movements.

In banking and financial services the Commission has proposed the introduction of a single licence valid throughout the entire Community via the principle of mutual recognition.

In time, progress in the financial and banking sectors could affect moves towards a European central bank and a common currency. However, this is not part of the 1992 agenda.

In the insurance sector, there will be a clear distinction between regulations governing large corporate customers and those for individuals. For example, with respect to non-life insurance, EC firms will be free to compete across the Community for the business of large corporate clients.

Other legislation

A number of measures under the Single Market program are directly related to environmental concerns. Among these are directives requiring environmental impact assessments for major investment projects, setting timetables for gradual reduction of gaseous emissions from large combustion plants and motor vehicles, and civil liability for environmental damage incorporating the "polluter pays" principle, irrespective of negligence.

Other significant policy changes that are dealt with in the report, but not included in this summary, are changes in the areas of competition policy, state aids, regional development, labour legislation and taxation.

B. EFFECTS ON EUROPEAN FIRMS

The observations in this section are based on a special survey of 425 manufacturing and service firms active in the EC. The sample consisted of 123 EC-based firms, 56 EFTA-based firms, 164 North American-based firms and 14 Japanese firms.