

Europe Policies Conducive to Increased Business

A booklet released by External Affairs and International Trade Canada (EAITC) provides Canadians who already have a basic knowledge of the 1992 Single Market initiative with insight into twelve major policy issues raised by recent developments.

Called *Canada-European Community: 1992 and Related Issues* (code # 35 EE), the booklet makes it clear that, while there are some diverging views with the European Community (EC), the Canadian government regards many of the policies being developed under the Single Market initiative as conducive to increased Canada-EC trade. Here is a review of the booklet's major conclusions.

National Treatment

It is the term used to denote a situation where a foreign subsidiary is given the same privileges as a domestic firm in the home market. Canada encourages the application of this principle across the full spectrum of EC 1992 initiatives.

Reciprocity

The term refers to the idea that foreign access to a country's market be linked to the accessibility of the foreign country's market to domestic firms. The Community has contemplated the use of "mirror image" reciprocity, i.e. foreign firms are granted exactly the same access to the domestic market as domestic firms have to the foreign country's market.

Canada, in part due to its federal system and the existence of provincial regulations, favors a form of reciprocity based on the idea of national treatment with "equivalent" market access. International pressure seems to have prevailed and the EC now refers to "comparable effective market access," which implies that firms will be granted equivalent access to each other's market.

Quantitative Restrictions (QR)

In developing a common import policy, the Commission may be under pressure to replace national QRs with EC-level protection. Automobiles serve as a good example. Canada encourages the removal of QRs at the national level and acknowledges that EC-wide restrictions are a second best to no restrictions at all.

Anti-Dumping Regulations

When a foreign exporter sells a good in a foreign market for less than the comparable price in its home market or at a price less than the cost of production plus reasonable profit, dumping is said to have occurred. The EC frequently imposes anti-dumping duties on foreign exporters. Canada has sought to establish a more rigorous GATT anti-dumping regime.

Rules of Origin

The manner in which the Community has recently applied its rules of origin suggests that the EC may

be changing the way it determines origin to a basis of the **most** substantial phase of production rather than the **last** substantial stage. Canada is concerned about the EC's rules of origin, as they are potentially discriminatory against Canadian goods.

Public Procurement

The EC has opened up Community-wide public procurement by public entities of goods falling within the sectors of transportation, energy, water, and telecommunications. The EC is prepared to consider extending this access to non-EC countries on a bilateral or multilateral basis, provided that EC companies have "comparable and effective" access to the foreign procurement market. This could present greater opportunities for Canadian firms.

Standards: Testing and Certification

Canada is concerned that unless mutual testing and certification agreements are concluded between the EC and Canada, Canadian exports to the Community could be curtailed by the development of new EC-wide product standards. Preliminary discussions have revealed that such agreements with Canada would be less problematic for the EC than they may be with others.

Intellectual Property Rights

There are proposals to create a Community Patent (CP) and a Community Trademark (CTM) whereby protection throughout the EC could be obtained by a single application. In an effort to encourage continued investment in research and innovation, the Community has adopted or proposed measures concerning the counterfeit of goods, the protection of computer chips, biotechnology patents and copyrights for computer software.

Company Law

The 1992 project includes proposed measures to regulate and harmonize provisions of company law, including measures to allow the creation of pan-European companies; and competition policy, which seeks to encourage mergers and takeovers while protecting competition. Canada recognizes that to date EC company law initiatives are taking place in a non-discriminatory manner.

Common Agricultural Policy (CAP)

While the CAP has sustained the development of Community agriculture, this policy has hampered Canadian export opportunities in agricultural products, both in the EC and in third country markets.

European Economic Area

Iceland, Finland, Norway, Sweden, Switzerland, Austria, Liechtenstein and the EC are engaged in ongoing negotiations on the creation of a European Economic Area (EEA) which would create a common market of over 370 million people. While Canada acknowledges that such a market would provide

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