

VI. SUMMARY OF BUSINESS AND POLICY IMPLICATIONS

The Europe 1992 initiative has led directly and indirectly to a substantial strengthening of EC competition policy. The drive to complete the common market has provided the impetus required for the adoption of the Merger Control Regulation. In addition, the programme outlined in the EC Commission White Paper on Completing the Internal Market has led to major changes in EC competition policy respecting state aids, as well as promoted the development of competition policy in previously highly restricted areas of the European economy.

1. Implications for Canadian Businesses

These developments have a number of potential implications for Canadian businesses. The implementation of the EC Merger Control Regulation is an important development with respect to the ability of Canadian companies to use mergers, acquisitions and other concentrations to establish or strengthen their presence in Community markets. The Regulation may help to reduce the costs and uncertainty associated with concentrations subject to EC competition policy by reducing some of the overlap of jurisdiction that has existed in this area between the Member States and the EC Commission. In addition, the time frame and procedures established in the Regulation may help to expedite the completion of some concentrations.

Currently, the Merger Control Regulation has limited potential to directly benefit small and medium-sized Canadian businesses. The threshold requirements contained in the Regulation, with some exceptions, should limit its application to mergers involving only very large Canadian companies. It should be noted, however, that mergers involving smaller Canadian companies may be more likely to come under the Regulation after 1993 when it is expected that the thresholds will be lowered. Also, the Merger Control Regulation may indirectly benefit some smaller Canadian companies. These companies may be less likely to have mergers and acquisitions scrutinized by both the EC Commission and the relevant Member States. Rather, the Commission may be reluctant to use its limited resources to