

The Need for a Single European Market

Even after considerable integration, the EC economy continued to suffer from some fragmentation. Production and market inefficiency made it difficult for European industry to compete in world markets.

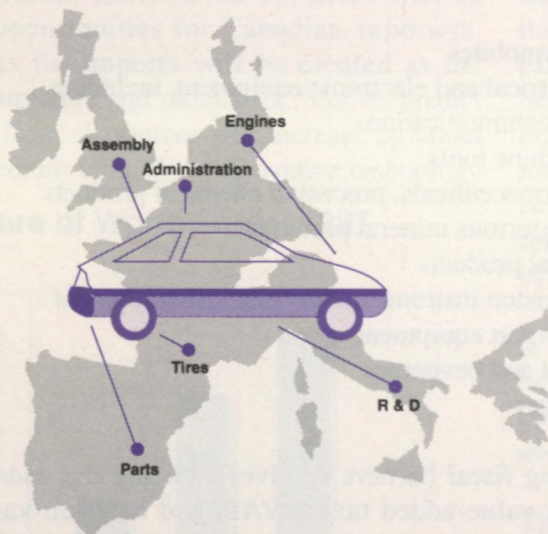
Annual economic growth in the EC was 2.1% from 1981 to 1987. This was low relative to the U.S. (2.9%) and Japan (3.8%). Canada's economic growth for the same period was 3.0%.

Low growth led to high unemployment rates. In 1988, Italy's unemployment rate was 11.3%, with West Germany at 6.2%, France 10.1%, Ireland 18.5%, Spain 19.1%, United Kingdom 8.3%, and the Netherlands 9.5%.

The productivity growth of the EC has also lagged behind that of its competitors in key sectors, such as electronics, computers, office machines, and power generation equipment.

By increasing efficiency and specialization, the Single Market is expected to strengthen the EC's total gross domestic product (GDP) by 5% and its imports by 7%. It is also expected that consumer prices will decrease by 6%, and that two million new jobs will be created.

Efficiency and Specialization



A unified market will strengthen the forces of growth within the EC and make it considerably more attractive as a market for outside suppliers. It will enable the EC to become an even greater economic powerhouse in a world increasingly characterized by global competition.

Lowering the Cost of Doing Business

Exxon's basic chemicals group in Brussels estimates that it costs about 50% more to operate in Europe than in the U.S. It attributes excess costs to specifications and technical regulations, delays at borders, and transportation rules. All of these will be dismantled by 1992.

A Dow Chemical study foresees an immediate savings of \$50 million per year in its 1992 European operations.

Fison's of Britain expects a \$19 million savings for each drug developed after 1992.