

international standards. This necessity will also apply in Canadian markets since domestic companies will be faced with increased competition from countries currently conforming to international quality standards.

Canadian firms support the EC's unified approach to standards as a way to liberalize the movement of goods throughout the Community. Some managers believe that the EC will, or may, use the standards and criteria for certification and testing procedures as a way to hinder market access for Canadian, American and Japanese exports. This process will be an instrument of the so-called "Fortress Europe." These managers believe that one way for the Community to protect its companies is by setting standards and, especially, certification and testing procedures that are so difficult to reach by third countries, that it would make penetration of the Community market more difficult. This fear is understandable since the emission of new standards can be perceived as a way to protect the European industrial market. Up to this moment, the European standards adopted by the standardization bodies are for the most part either identical or close to the international standards. This fact should at least offer some guarantees as to the accessibility of the European market.

However, legitimate fear arises from the fact that there is no system in place whereby products certified in Canada can enter the European market without further certification. This could complicate matters for Canadian firms exporting to Europe. It is still unclear if standards testing and certification will be awarded or remain private, or be done sufficiently quickly to allow Canadian firms to gain significant market shares. This is yet another incentive for Canadian firms to have a presence in the EC.

b) Government Procurement

The rules on government procurement will permit non-EC firms to bid on public tenders. In fact, projects that were destined only for national firms will be awarded to competitive Community companies or non-EC companies, as long as they meet a local content requirement of 50 per cent in the "excluded sectors" or meet technical specifications that should be given with reference to EC standards in general.

Possibilities exist for Canadian firms to obtain contracts in Europe by working with European companies or perhaps with American firms that already have European subsidiaries. In subsectors such as large electrical equipment, wire and cable and switches for telecommunications centres, and office equipment, the impact of Europe 1992 on government procurement will be quite significant. Part of the 1992 package is the new proposals on the following sectors, that is transport services; production, distribution and transmission or transport services for water and energy; and telecommunications. In such subsectors, it would be potentially profitable for some Canadian companies to open a subsidiary in the Community. However, if bids are in other than the above subsectors, companies will have to meet local content requirements of 50 per cent, even if the subsidiary is considered to be European.

New government procurement policies should open up a large market for third country companies, but especially for companies that are present in the Community.

c) R&D Programs

By investing large sums of money and by structuring their R&D programs, the Europeans are trying to narrow the technology gap between the Community, on the one hand, and the U.S. and Japan, on the other.