

The main American fears centred on the following themes:

- the application of the reciprocity clause;
- the establishment of restrictive European standards with regard to non-EC countries;
- the rising strength of European firms in a process that places non-EC firms in the background.

The Reciprocity Clause

The debate over the reciprocity clause, intense and heated at one time, has now been reduced to more modest proportions.

The debate originated when sectors such as public procurement and many services, which have traditionally been very protected by national regulations but are progressively opening as a result of Europe 1992, wanted to know to what extent non-EC firms would benefit from the integration.

The European Commission's general response was that this would depend on the degree of reciprocity accorded to EC firms by the country of origin of the non-EC firms. There was some apprehension for a while, especially on the part of banks and the financial services industry, that this clause might be applied in a restrictive fashion; reciprocity could be interpreted as the imposition of rules even if they conflict with national regulations.¹⁶ An even stricter interpretation would mean that the Commission could request that European firms have as much access to non-EC markets as non-EC companies have to European markets. After a period of uncertainty, this reciprocity clause was interpreted simply as a request for national treatment and questions relating to services and to general conditions of access to public procurement have been transferred to the GATT negotiations.

Standards and European Regulations

The two main bones of contention to this date have been hormones in bovine meat and the Directive concerning television content. Both cases shed light on Community procedures and on the extent of risks for non-EC countries, including Canada.

In general, the process of European integration is based on the principle of mutual recognition of standards. However, for a certain number of sectors, national standards will be replaced by European standards applicable to all Member States. These sectors are primarily in the area of health (particularly for food and agricultural products), safety, the environment and certain technical domains such as telecommunications equipment.

With regard to the first three domains, pressure from environmentalists (the "Greens"), particularly in Northern European countries, has led to European standards that are more restrictive than most national standards and, in some cases, more restrictive than North American standards. This is the case for standards on the use of hormones for animal feed, on irradiation of food and on labelling. In other cases, North American standards that are more restrictive than most European standards have been adopted (i.e., for polluting automotive emissions).

Because of their restrictive nature, some of the standards adopted or being prepared are detrimental to Canadian and American producers. These standards should be subjected to intense lobbying to limit their scope. However, it is important to understand that, in general, these standards are not the result of protectionist intentions against non-EC countries. They are the consequence of public opinion in certain European countries and of the power relations between consumers and producers. Some European producers will also be affected.

Stormy debates are taking place with regard to the technical and sanitary