CONCLUSION

The European agri-food industry has developed in more or less isolated pockets within national markets. Many factors can explain the lack of interpenetration between markets: non-tariff barriers of all kinds, extensive blocks and controls at intra-European borders, consumer habits that differ widely from country to country, and great discrepancies in the level and pace of development. As the main consequence of this situation, the European agri-food industry is suffering from a lack of concentration, the absence of large economies of scale, and overcapacity. This means the efficiency level is lower than it could be. By liberalizing intra-European borders to permit the movement of food products, while introducing uniform norms and standards and promoting investment mobility, Europe 1992 will be a powerful tool to rectify the causes of inefficiency. Already, concentration in the industry is beginning.

Recent trade between Canada and the EC has been relatively minimal, namely 5 per cent to 10 per cent of all Canadian agri-food exports and 15 per cent of imports. Except for a few items (cheddar cheese, canned vegetables), Canada exports products that do not figure greatly in Canada's agricultural industry (offals, maple syrup, seed potatoes, etc.) and purchases luxury products with a rather limited consumption (wine, spirits, fine cheeses, etc.) from the EC. The exchange of capital between the two in the agri-food sector has also been very limited.

What Changes will Europe 1992 Bring?

The essential aim of Europe 1992 is to complete the process begun in 1957 of creating a Single Market allowing free passage of people, goods and capital. For the agri-food sector, this translates into the following:

- elimination of physical barriers (abolition of numerous controls at intra-European borders);
- elimination of technical barriers (reciprocal acceptance or uniformity of norms and standards);
- elimination of fiscal barriers;
- unhampered flow of capital and hence investment (acquisitions, takeovers, agreements of all kinds);
- greater uniformity and standardization of consumer habits under pressure from the concentration of retail distribution networks and production standardization.

All these changes indicate easier access to a market of 325 million people and, therefore, the possibility of expanding mass production and raising production volumes. In short, the European agri-food sector will derive benefits from economies of scale, will encourage concentration, and will greatly improve its efficiency and competitiveness.

For the Canadian agri-food sector, the first question is whether the EC will become more or less protectionist after 1992. Although there is no consensus, the answer appears to depend more on multilateral trade negotiations (GATT) (at least for unprocessed products) than on Europe 1992. In such a context, the EC will probably find it hard to be more protectionist than it is now. On the other hand, pressure from environmental groups may force regulations, standards and norms to become more restrictive, though any such constraints would apply to European and foreign producers alike. It seems, for instance, that norms for purebred animals and genetic material (embryos, semen) sold by Canadian producers would not be stricter than they are already. Canadian meat exports, however, may have to conform to more stringent regulations on slaughterhouse construction standards, thus necessitating considerable investment. Inspection standards for offals could vary according to changes in the health of livestock in the exporting