

Finally, these measures risk leading to reprisals on the part of Canadian and American governments. The proposal remains severely contested both within and outside the EC, and its adoption cannot yet be assumed. It is doubtful that this question will be solved in the near future, and it should be subject to close scrutiny by the Canadian defence industry.

2.6 Standards

Increased transparency in procurement procedures is not sufficient to open up public procurement markets if specifications and technical standards become non-tariff barriers for third countries.

The enforcement of different technical standards and specifications have long constituted a non-tariff barrier to intra-EC trade and co-operation. Since 1985, the EC has been attempting gradually to remedy this problem by establishing all-European standards. Even if European standards were created before 1985, it is only since the 1985 White Paper that normative questions have come under close scrutiny.

The establishment of Community-wide standards should liberalize market access and facilitate the movement of goods originating from both intra-EC and extra-EC countries.

Standards and certification play an increasingly important part in the global market. Therefore, it is important that, in a global marketing environment, Canadian companies ensure their products are certified to accepted international standards. If the EC follows ISO (International Organization for Standardization) standards, the establishment of European standards should have little or no impact on Canadian exports to Europe in the industries covered by the study. However, it seems likely that in some cases the EC will be setting its own standards.

Almost all of the commercial aerospace industry products are subject to international standards, established in accordance with the Common Navigational Code. This code has been enforced in Europe the same way the Code of Federal Regulations of the Federal Aviation Administration (FAA) has been enforced in the U.S. The *Association européenne des constructeurs de*

matériel aérospace is presently working on an all-European standards (largely inspired from American standards).

In the defence industry, there is still no harmonization policy. The IEPG's intentions regarding the development of all-European standards for defence equipment and whether these standards would be different from those of NATO, are still unknown. However, it may be that, if adopted, all-European standards will not differ from NATO standards.⁹³ For dual use civil/military products, the development of European standards for civilian products and the European Commission's reform program calling for mutual recognition and equivalence will certainly affect intra-European defence procurement, and could eventually affect Canadian exports. In fact, if these standards differ from North American standards, it may prove costly to adapt Canadian products for a market that represents only a small percentage of Canadian exports. The possible adoption of European standards for telecommunication systems, motorized vehicles and electronic systems should therefore be the subject of particular scrutiny and concern for the Canadian industry.

In the urban and inter-city transport industry, differences in specifications and standards such as in rail gauge, waggon-load, electrical systems for rail transport equipment, and security and operating standards in bus transport are still significant between member states. Despite these differences and the need to pursue the elaboration of all-European standards, a substantial number of International Organization for Standardization (ISO)⁹⁴ standards and a certain amount of material compatibility already exist.

The European industry uses International Union of Railways (IUR) standards while Canada, the U.S., and Latin America use the North American industry standards defined by the Association of American Railways (AAR). On the whole, AAR standards are generally higher than IUR standards, and the Canadian industry can manufacture many components conforming to either set of specifications. Hence, Canadian manufacturers are not precluded from attempting projects in countries using IUR standards. Therefore, the adoption and development of new European standards should not