

subjecting them to unfair competition within the country, or by unnecessarily sheltering inefficient companies.

Aspects of the approach to subsidies under Articles 92 and 93 of the EEC Treaty might provide a useful guide on ways to help ensure that Canadian federal and provincial subsidies do not unnecessarily harm Canadian industrial efficiency and international competitiveness. In a Canadian context, such an approach would ensure that the direct and indirect effects of subsidies provided by different levels of government on competition among Canadian companies would be an important consideration in relation to the granting of subsidies. The application of this principle in Canada through, for example, the joint development of provincial and federal policy on subsidies, the adoption of related competition rules or other means, could help to reduce the potential for subsidies in one part of the country to unnecessarily impair the competitiveness of companies in other regions, and the Canadian economy as a whole.

Finally, it should not be expected that the current efforts of EC competition authorities to impose stricter discipline on state aids will fully remove the direct threat these aids may pose for Canadian business and economic interests. While these efforts should result in a lower overall level of state aid than would otherwise be the case, the EC Member States will continue to have broad scope for providing aid related to social policy objectives, research and development, regional parity, and other goals considered to be consistent with the EEC Treaty. The possibility that Community-wide aid programmes may increase in size and scope as Member State aid becomes more strictly controlled is a further area of potential concern. An expanded role for EC central authorities, for example, in the support of research and development and high technology industries, may create an even greater threat to the competitive position of some Canadian companies. Rather than having to overcome the policies of individual Member States, Canadian companies, in some cases, might have to overcome competitive disadvantages created by a large well-funded central EC authority.