actions, exclusion from government procurement or other trade barrier could harm its chances of succeeding as an exporter to the EC. If governments are a potentially important buyer, an EC operation may be vital in order to obtain preferential treatment under local or EC procurement rules. The answer to such questions will in each case be based on factors that apply to the particular product or service involved.

The issue of whether to export or invest will also depend on commercial considerations. The nature of a particular industry in the Community may be such that a supplier has a better chance of market acceptance if it has a Community presence. Similarly, special market characteristics -- consumer demand, just-in-time requirements or other factors -- may tilt the scales in favour of a Community-based operation.

For Canadian businesses that are considering that an EC-based operation is the preferred way to penetrate the Community market, this report summarizes major developments in the evolution of a single system of company law and related rules. The report identifies benefits and costs associated with various types of investment approaches and, since the harmonization process is far from complete, discusses key proposals for additional changes in this area and their likely eventual impact for Canadian investors.

**Disclaimer**

This report is an overview of current and proposed company laws and related rules in the EC, designed to assist company executives understand the emerging regime. This report represents one of several sources of information in this area. Readers are advised to consult additional sources and expert advice for purposes of establishing or organizing a specific Community enterprise.