government aid and subsidies to companies) are not directly addressed by Europe 1992. The elimination of border controls may have a limited impact.

On the other hand, the rationalization in EC economies has also affected this industry, making European companies more competitive. Efforts have also been undertaken in the EC to rationalize and limit government aid and subsidies granted to companies, including those in the minerals and metals industry.

b) Consequences for Canadian Companies

For Canadian companies in the minerals and metals industry exporting to Europe, the main consequence of Europe 1992 is the growth and investment renewal which is making the EC a much more dynamic market than in the 1980s, at a time when the North American economy is slowing down.

Other aspects, such as custom tariffs, aid and subsidies to Community companies, will only be slightly affected.

The large-scale marketing of processed products will continue to require on-site transformation facilities, and firms already established will be best placed to benefit from Europe 1992.

In the long run, an important consequence of Europe 1992 and of perestroika in the Soviet Union and Eastern Europe could be that Eastern European countries will become important suppliers of minerals in the EC. This could involve co-operation between Eastern European and North American companies.

c) Possible Strategies

Due to their expected assets and investments in the 1980s, Canadian companies are well equipped to face the globalization movement presently under way, of which Europe 1992 is only one element. Their strategies should therefore be only slightly modified by Europe 1992.

The question for individual companies is if strengthening their presence in the EC is necessary to better profit from the positive dynamics created by Europe 1992.

7.6 Forest Products

a) Consequences in the EC

The forests products sector has taken little notice of the removal of border controls or the opening of public markets. It is, however, directly affected by the mutual recognition of standards and by their harmonization at the European level in environment, health (phytosanitary standards), security (standards on fire hazards), and construction codes (Eurocode 5 is the code covering wood structures).

Furthermore, the liberalization and rationalization trends accompanying Europe 1992 are being expressed in this sector via a widespread movement of restructuring and re-investment. Efficiency and competition among European companies have appreciably intensified.

b) Consequences for Canadian Companies

There are many consequences for Canadian companies.

The growth and investment renewal, like the harmonization of standards and certification procedures, have broadened the European market and made it more dynamic and more easily accessed by Canadian firms.

The harmonization of standards and construction codes has aroused fears that some of these are not compatible with Canadian equivalents, which would entail additional costs to Canadian companies and the loss of a competitive edge. These fears have yet to materialize, but the vigilance of Canadian companies and the government should be maintained.