

## INTRODUCTION

Under the Treaty of Rome (1957), the countries of Western Europe have developed a common market that includes 12 countries with a market of 340 million consumers. The potential for the unrestricted movement of products has, however, not been fully realized since there are non-tariff barriers between the European Community (EC) Member States. This has led many firms to restrict themselves to their national market.

In 1987, the EC Member States agreed on a detailed schedule for eliminating non-tariff barriers within the EC to complete the common market envisioned in the Treaty of Rome. The target date for the elimination of all non-tariff barriers is December 1992.

This report evaluates the impact of this restructuring on the Canadian industrial products and services industry sector. The five different subsectors include resource industries equipment, material handling and construction equipment, electrical equipment (engines and turbines, electric generators and motors),

agricultural machinery, and other industrial machinery, in which environmental equipment is a growing part.

The objective of this report is to draw a broad picture of the opportunities and constraints affecting the sectors as the economy moves toward Europe 1992. Given the terms of reference of our mandate, this report should be read more as a guideline than as a detailed plan for each subsector. Each company should therefore assess its opportunities in view of its own capabilities and evaluation of its product(s).

This report presents the Canadian and European context and the changes that are likely to occur in the European industrial sector, as well as the changes that these new regulations will mean to the Canadian industry. Given the constraints and opportunities of Europe 1992, this report also outlines a number of strategies that could be considered by companies interested in the development of the pan-European trade that Europe 1992 will facilitate.