Dion, Daniel

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NORTHERN ILLINOIS UNIVERSITY

A SINGLE EUROPEAN MARKET, ITS GOALS AND WHAT IT MEANS FOR U.S. BUSINESS

A thesis submitted to the
University Honors Program
in partial fulfillment of the
requirements of the Baccalaureate Degree
with University (Upper Division) Honors
Department of Finance

Prepared By: Daniel P. Dion

Prepared For: Dr. Weiss

DeKalb, Illinois

May, 1990 (Graduation Date)

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ABSTRACT (100-200 WORDS): This thesis was a look at Europe as it is changing to become a single unified market. It describes a brief history of the EC, gives the goals of the EC and what it is trying to accomplish. In addition, it discusses what the probable outcomes will be such as increased employment, lower costs, better technology and more competition. Finally, it gives the most promising export products and the best markets to export to. Europe is attempting to become more competitive and this paper describes the barriers they have to knock down to achieve unity.

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Department of: Finance

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INTRODUCTION

European history has been typified by periodic wars and fighting between the many countries which occupy that continent. Now, Europe is involved in a less violent, but equally crucial battle with the United States, Japan, and other industrialized nations for economic control of world product markets. Since World War II Europe has been hampered in its ability to compete as effectively, by the numerous barriers to trade that have existed between each of the European nations. Several of the European communities have believed that a single, unified market would help alleviate their problems.

The European Community (EC) has pledged itself to future growth, and has been undergoing a structural change in the following ways: it has been opening its internal markets through reduced barriers, it has reinforced its political institutions in member countries, and it has shifted several of its past policies from a national to an EC level. This process, which has been a trend since the early 50's, has the end of 1992 as its target date for a unified Europe. "EC 1992" is intended to induce the private economy to profit from continent-wide economies of scale, switch to more competitive business strategies within the internal European market, and develop greater competitive strength in world markets. It also would like to imitate some of the features that have made America so prosperous in the past.

The Unites States' economic and monetary system has several key features that the EC is seeking to replicate: the openness of the U.S. internal market for goods, services, capital, and labor; the healthy degree of competition between the states, and the blend of state and federal governance of market forces; and finally, the workings of the Federal Reserve System, integrated financial markets and a single currency. These are systems that have worked in the past for the U.S., that the Europeans feel can be modified to fit their circumstances. Many leaders in Europe believe that a unified Europe will help them to regain the economic glory which Europe held in the 19th century and lost in the 20th.

The European Common Market is no longer a vague concept in planners eyes, it is coming closer to becoming reality by the month, and the American business community must be knowledgable on the subject because it is going to change the manner of doing business in Europe in the 1990's and beyond. Many opportunities exist in Europe as all national economies are becoming more global in nature. The fragmentation between the 12 EC countries of: France, the UK, West Germany, Italy, Spain, the Netherlands, Belgium, Luxembourg, Portugal, Greece, Denmark, and Ireland has left them in a weaker competitive position. The completion of an internal market will lead to many cost and price reductions which will give European and American businesses a prime opportunity to improve competitiveness in this key world market, especially in certain key industries. The opportunity becomes even greater with the wave of democracy that has been sweeping across Eastern Europe. With these markets opening up it may be vital to get an early foothold in the already established markets of Western Europe. This opportunity will only become an economic reality if

American businesses take the initiative to become more aware of the goals of the EC, the probable macroeconomic gains of a unified Europe, and more importantly the opportunities that exist for American business, especially in certain key industries and countries. This report will touch on these topics, but first a brief history of the EC will help to explain the background of this historic movement.

HISTORY

The second World War was a determining force behind the establishment of the EC, which was partially intended to make future war between France and Germany impossible. The Treaty of Rome that established the Community in 1957 was concerned with the problems of adjustment arising from the integration of the continental economies, and established provisions to deal with these problems. There was a policy for structured pricing to ease unemployment in the agricultural sector, some rules were established for governing competition, and a structure for regional aid was established to assist disadvantaged areas. In the early years of the Community many leaders were optimistic about the possibility of a unified Europe, yet a lot of obstacles had to be overcome.

In the 1960's the European economies had recovered from the war, and the growth rate of the community was high at about five percent a year. Their economies were stimulated by less tariffs and growing trade between community members. Because of the communities success the United Kingdom applied for membership, but its application was denied when General de Gaulle of France cast the single vote against. This setback showed a weakness in the orgainization of the EC in that a unanimous vote was necessary for policy decisions to pass. With General de Gaulle gone, the Community was enlarged in 1973 to include the UK, Ireland, Denmark, and Greece, as well as the original nations of France, Germany, Italy, Spain, the Netherlands, and Luxembourg.

In the 1970's recession coincided with growth in the EC. Overcapacity in key industries caused some countries to erect border controls to protect themselves, and Europe couldn't harmonize the standards on these controls. However, two developments prevented these trends from taking root. One development was the Davignon sponsored agreements with the steel and synthetic fibers industries, whereby producers agreed to reduce capacity to bring it into balance with anticipated demands. Several countries, like Italy, subsidized these industries, even though the subsidies were illegal under the Treaty of Rome. The European Commission was able to suppress or modify these subsidies, and the authority established by the commission, has had an influence on the Community to function as an integrated market. The second development had to do with products crossing other countries borders. In the Cassis de Dijon case of 1979 the European Court ruled that Germany couldn't forbid entry of a product because Cassis was legal in its country of manufacture, France, and was not injurious to the "health and life of humans, animals, or plants". Although limited in scope it has opened the way for the integration of the market without full harmonization of standards. These developments formed an essential prelude for the important events of the 1980's.

The events in the 80's have set out the objectives of unity in deliberately radical and clear terms. The main reason for the sudden rush was the rapid economic evolution of the Asian countries like Japan, Taiwan, and South Korea which have shown the imperativeness of unity. In June of 1985 the European Commission's White Paper set out 300 proposals for completing the internal market. This was a giant step forward because it set forth in clear terms the program needed to achieve unity. Another important step was the decision to ammend the Treaty of Rome, through the passing of the Single European Act in 1987. This act changed voting from "unanimity" to "qualified majority" for legislation, and it has placed the date for unification as the end of 1992. Finally, the Cecchini Report, a major study for the EC, published in 1988 analyzed the potential benefits of a single market. The results, which I talk about later, have proven overwhelmingly that Europe needs the single market to enhance competitiveness. Now the goals of the EC will be discussed to see what steps Europe is taking toward achieving unity.

GOALS

As of mid-1989, of the 300 proposals scheduled in the White Paper, 21 have been withdrawn, about 250 have been offered as formal proposals, and 130 had been adopted by the Council, but what do these proposals entail, and how will they lead to a unified market. The objectives that were laid out in the White Paper can be grouped into several major categories. They include: standardization of technical norms, financial integration, improvement in transport services, upgrading their telecommunications and information systems, removal of restrictions on competition for government procurement, and increasing labor mobility. Other goals include: improving the employment situation, resolving the pollution problem, and helping the underdeveloped countries in the community. Basically, the proposals center on abolishing existing physical, technical, and fiscal barriers, or changing current policies to make them more competitive in a world market. We'll look at the major barriers that are currently being torn down and touch on a few of the other proposals.

One objective is the removal of all internal border controls, especially eliminating delays at borders for customs purposes and related administrative burdens for companies and public administrations located within the community. The elimination of border controls is psychologically the most important step in persuading the citizens of Europe to conduct their business as part of an integrated market. Border controls have already been simplified with the introduction of a single administrative document in January 1988. The EC has also introduced a common tariff that will be adopted by all member states. It is doubtful whether this proposal will be implemented in full soon though, because it requires the harmonization of value added and excise taxes if it is to function effectively. The debate has been fierce, especially with nations that rely on high value added taxes, like Ireland, but a resolution is necessary for further progress. Another debate centers on the fact that border checks are an effective way of controlling terrorism and drug traffic. The economic effects, mainly lower costs, are not going to be substantial in relation to other aspects of the program, but it is the psychological benefits that are being addressed. Studies for the EC have placed the benefit at about .4 percent of Gross Domestic Product (GDP).

Another objective is the elimination of technical barriers to trade by applying the principle of mutual recognition of standards, and harmonization of technical standards with respect to health, safety, consumer protection, and the environment. This obstacle is particularly serious for certain industries like pharmaceuticals, foodstuffs, precision and medical equipment; and it adds substantial costs to other industries, such as motor vehicles. Because of the different markets and standards there are far different prices for the same good. The EC has found differences of fifty percent between the prices of similar cars in the UK and Belgium. The technical barriers to trade are going to be difficult to standardize due to the differences in country standards, languages, and customs. However, a working compromise must be reached because the integrated market is meaningless without it.

Another important proposal is the opening up of public procurement for the bidding on government contracts. It is important because public contracts account for fifteen to twenty percent of all economic activity, and only two percent of the contracts go to companies from other member states, with seventy-five percent of the contracts going to big national corporations. This preference for domestic suppliers and virtual lack of competition has raised costs by as much as twenty percent in some cases. This development which still has a lot of barriers, could mean big profits for American companies if negotiations can continue.

A very substantial area of liberalization is in service industries such as: banking, telecommunications, and transportation. Residents and corporations of all EC countries will have access to banking services, stock exchanges, real estate markets, insurance services and others on an EC wide basis. The opening up of EC financial markets will result in much greater competition and considerable price reductions. The Cecchini Report concludes that the liberalization of the financial services market will add up to one-third of the additional growth initiated by the single market program. This will provide American financial services companies ample opportunities to improve performance, as I will talk about later.

Deregulation of the transportation industry will provide additional advantages and cost savings. In the past, problems involving regulation of road transport, and member state promotion and regulation of air transport have raised costs and made some transportation incompatible. Moves to liberalize this situation have met with stiff political opposition. The absence of a single European air traffic control system has caused acute air traffic congestion. Some progress seems to have been made with the attempt to establish by the year 2000 a network of high speed passenger rail links across Europe. But, that isn't for another ten years and a decision will have to be made soon how transportation will be handled in a unified market.

Finally, modernizing telecommunications will receive a major portion of European civil investment in new technology. The fragmentation of the European market has been especially costly in this respect, and it is no longer compatible with modern telecommunications systems. Europe has eight different types of digital switching systems compared with two in Japan and three in the United States. With the move toward fiber optics this will hurt European information flow unless steps are taken to move toward a more centralized switching system. In addition, many of the countries are duplicating research and development which can be better supported and yield better results through a community wide effort. To be able to compete effectively with the U.S. and Japan, Europe has adopted an action program for telecommunications. This program will allow the community to take full advantage of the vast potential of a unified market. Activities have been initiated in five areas: the coordination of future development of telecommunications, creation of a common market for terminals and equipment, development of joint research, promotion of modern telecommunications services and networks in the less favored regions of the community, and adoption of common positions on the international scene. As a result of these actions Europe will have lower costs and better technology in the extremely important telecommunications industry.

POSSIBLE OUTCOMES

Now after looking at some of the objectives of the EC we can turn our attention to what the EC expects will result from a unified Europe. A single market will turn the EC into the worlds second largest economy, second only to the United States. Its 324 million consumers would make it the most populated market, Appendix 1 breaks this population figure down by country. These consumers would benefit greatly from the reduced costs, better competition, and increased investments. Specifically, the EC expects a significant reduction in costs due to a better exploitation of several kinds of economies of scale associated with the size of production units and enterprises. Secondly, the EC expects improved efficiency in companies due to the increased competition. Thirdly, a flow of innovations, new processes and new products brought about because of the internal market, will cause adjustments between industries on the basis of comparative advantage. Finally, greater investment in growth oriented areas, and increased involvement by foreign countries will help fuel future growth.

An important study, the Cecchini Report estimated the cost of not completing the market and found them to be rather substantial. A look at Appendix 2 will show what some of the macroeconomic benefits are expected to be. The common market will provide savings of some 200,000 million European Currency Units for firms. It will result in the creation of 1.8 million jobs in the medium term and up to 5 million jobs in the long term. It is likely to increase the Community's GDP by up to five percent of the 1988 level. It will improve government receipts by 2.2 percent of GDP and can be expected to improve external accounts by about one percent. Further gains in efficiency will be achieved through intensified competition, which will affect such factors as overhead costs and managements production requirements. The large market will demand a re-evaluation of commercial strategies and increased efforts for technological innovation.

The recent wave of acquisitions and mergers is one of the developments that points to how business will be after 1992. Europe's corporations are planning for the intensified competition by increasing their size so they will be able to compete better with the large American and Japanese corporations. Between June 1987 and May 1988, 225 national pacts of one form another were formed, plus over 100 trans-border partnerships. Take for instance the airline industry, even before deregulation has occurred, there has been a recent wave of offers by the big airlines for smaller companies. Like the recent offer by Air France to buy the second and third largest French airlines in an effort to gain control of air routes. Currently, the EC is debating about how far it will let these mergers go before they start to restrain trade instead of helping it.

Another more long term possibility is that of the single market having a common currency. The reasons surrounding this idea are obvious. Since different capital is being circulated already, and financial services are being integrated it may be necessary. Also, if sharp differences in exchange rates are allowed to persist commercial disturbances will result and retard market growth. Finally, since the EC has influence over tax and investment incentives that member states may offer, it would only be natural to have these incentives in the same currency. This system would also call for the creation of a European Central Bank which would have powers similar to the Federal Reserve Board.

Future trends in the EC include the reunification of the Germany's, and the opening of new markets in the Eastern countries. The trade delegation that came to Northern does not see Eastern European countries becoming part of a unified European market in the near future, but they do realize the potential that exists with trading in these new markets. The six markets that have become open in Eastern Europe include: Czechoslovakia, East Germany, Hungary, Poland, Romania, and Yugoslavia. These countries with a total population of 126.3 million have a combined GNP of $633 billion. Their industrial systems are way behind modern practices, using soft coal to power most of their plants, making pollution control systems a top priority. Good managers are badly needed to sort out some of the wasteful practices that have persisted in most of their planned economies. Also, Consumer goods are in high demand, but most of these countries have non-convertible currency making payment near impossible. Some of the big U.S. companies have already established plants in Eastern Europe, like General Electric and General Motors and others are soon to follow as these countries slowly get brought into the more global trading environment.

OPPORTUNITIES FOR U.S.

I could go on talking about what Europe expects to gain, but equally important are the opportunities for the U.S. The U.S. is the largest foreign investor in Europe with over $130 billion invested throughout the EC. A look at Appendix 3 gives an idea of what the major exports to Europe were as of 1988. This picture is going to change because the key to improving our market share, and trade deficit is to get into the more high technology fields which in the past we have dominated, but have since begun to lose out to the Japanese. One of Europe's goals is to improve its technological infrastructure and U.S. firms like IBM, AT&T, and Motorola will have opportunities to reap profits from new ventures. There are several industries that are expected to do extremely well in the new Europe, these will be looked at, and so will the individual countries with the best prospects for export in each.

According to a U.S. Department of Commerce Trade Report the best U.S. export prospects include: telecommunications equipment, computer peripherals and software, electronic components, pollution control equipment, medical equipment and supplies, and finally, aircraft and aircraft equipment. Each will be discussed independently.

The telecommunications industry, as I said before, is undergoing modification and expansion of existing technologies. The $250 million European market for telecommunications is expected to reach about $2 billion by 1992. Global suppliers of cellular phone equipment and services are running to Europe to join international consortia bidding for contracts that could easily dwarf those in the U.S. market. The alliances are functioning as trading bazaars, allowing U.S. companies to swap their technological expertise for their European partners' political clout and distribution networks. Recent trends toward deregulation and privitization of the telecommunications sector, including radio and television broadcasting, will open up many markets previously closed to foreign competition. Opportunities for U.S. broadcasting equipment, program producers, distributors, and equipment suppliers are sizable. Other prospects such as satellite communications systems, cellular radio services, and mobile telephones are also good. One issue that is affecting this is local content regulations in some countries requiring foreign companies to add value locally, and the still somewhat closed telecommunications procurement policy which is hurting the prospects for commercially significant digital telephone switching equipment. The U.S. and the Commission are currently under negotiations to try to obtain a fair compromise.

The computer and peripheral equipment market in Europe have long been dominated by U.S. producers, but competition is heating up. Growth continues to be strong for mid-sized and personal computers due to the demand from medium and small businesses. The best prospects for U.S. sales are the personal computers, integrated data and word processing systems, and desktop publishing systems. Computer software is another hot item. The European Computing Services Association estimates the market for computer software at $35 billion for 1989 with an annual growth rate of twenty percent. U.S. firms enjoy a great reputation in Europe and through continued innovation they can remain on top.

The electronic component industry, namely semiconductors, is another industry that the U.S. can gain market share. The semiconductor industry is a $42 billion a year business in 1989, but by 1996 it is expected to triple to around $120 billion.

Currently, the Japanese have almost sixty percent of the world market, with ninety percent of the low cost DRAM market. In fact, six of the top ten semiconductor manufacturers are Japanese as Appendix 4 will show. This reliance on the Japanese for semiconductors has alarmed both the U.S. and the EC, and has prompted the formation of a consortium called Sematech in the U.S. and another European consortium called Jessi (Joint European Submicron Silicon Program). Plans call for Jessi to run for eight years at a cost of $4 billion and Sematech for six years with costs of $1 billion. The new ventures may allow American and European companies to unite against their Japanese rivals. Currently both consortiums exclude foreign companies, but both feel it would be beneficial if they could exchange information between the two. Both the Europeans and Americans fear the dominance by the Japanese because semiconductors go into almost everything electronic. Therefore it would be in the best interests of both countries if agreements could be worked out for better semiconductor trade.

The EC has begun to adopt stringent anti-pollution regulations to help control the buildup of solid waste and sludge treatment, along with toxic industrial waste, smoke stack emmissions, and water oil disposal, among others. Although, West Germany has the major share of this market there are opportunities for U.S. firms because their technology is highly regarded. Also, with the Eastern Europe market opening up and their "backwardness" in industrial production it may be shaping into a market far too big for the Germans to handle alone.

The medical equipment and supplies industry is another industry that promises to see growth through more European investment in facilities. Because the European, like the American, population is aging one can see demand for facilities and equipment for the chronically ill and for home health care. Also, many of the EC countries are constructing new hospitals or modernizing and renovating old ones. This will lead to an increase in purchases of all types of medical equipment. Therefore, continued technological advances, coupled with agressive marketing strategies, can lead to impressive growth in European markets.

The final industry suggested as the best U.S. export prospect is aircraft and equipment. Although, the U.S. is feeling pressure from new consortiums like the Airbus Industrie Group, the demand in this market still remains high. U.S. equipment has long enjoyed a leading position in Europe's civil aircraft market and can continue to remain dominant in small helicopters, engines, and navigational instrumentation. However, as was said before, the combination of large airlines and consortiums will intensify competition, so U.S. investment must be increased.

Looking to the financial sector one can only see improvements due to the opening up of all markets. The financial services sector is expected to add 1/3 of the growth in GDP, and non-EC institutions are free to participate. Because of the recent wave of mergers there has been a growing dependence on investment bankers to secure capital for these projects. Non- EC banks can provide industrial companies from their home countries with the services they require in the EC. Non EC banks will be trying to establish more intensive customer relations on a regional basis. This will be essential because a lot of activities don't take place on the stock markets, but between private companies. The opportunities for American banks at first appeared limited because Europe was calling for reciprocal treatment in the U.S. for their financial institutions. This couldn't happen at the present time because of differences in branching laws and the laws governing the split between investment and commercial banks. This argument has been settled, though, with U.S. firms being able to conduct business according to European laws and Vice-Versa.

American business may have the advantage at first in an open market. U.S. managers have been conducting business in this type of setting for years. Consultants at McKinsey and Company, Cleveland, note that Americans are familiar with battling in price-sensitive deregulated markets. Moreover, traditional European managers have long been accustomed to running everything within their borders. These managers will have to become more team players and look beyond their countries borders. All in all, Europeans are confident that U.S. business will do well in Europe, and dismiss the thought of a "Fortress Europe".

TRADE WITH INDIVIDUAL COUNTRIES

Although the European market will be a unified market the individual countries still differ in what they produce and what they need to import. Each country will have its individual needs and U.S. businesses should try to cater to the countries that need their product most. Appendix 5 breaks down U.S. exports to Western Europe as of 1988 and Appendix 6 breaks the countries down by their consumer spending ability. A brief look at trade opportunities in the best markets will give a better idea of the opportunities for trade in Europe.

West Germany is the U.S.' biggest trading partners and one of the three economic superpowers. Germany has a huge trade surplus with the world of over $70 billion making it a leader in the European Community. Trade with West Germany in the future will center around two areas: high technolgy items such as computers and CAD/CAM equipment and leisure items such as sporting goods, this is because Germany had the shortest work week of any of the industrialized countries. Other products that should do well are health related products. The portion of the population over 65 years old is approximately 20% and this will increase to about 30% by the year 2040.

The UK has long been considered a good place to do business with basically because of the similar language and historical ties. The UK is becoming a country of smaller businesses and their is demand for franchises. Pollution control equipment is needed because of the new EC laws. In addition, there are great opportunities for non-traditional cellular telecommunications services. The government is pioneering alternate, wireless phone systems, known as personal communications networks (PCN's). PCN's operate at a higher frequency than regular cellular networks so they have shorter transmission ranges, but they are expected to require less battery power and be cheaper. This would permit foreign firms to participate as air time resellers, buying air time from domestic operators and reselling it to subscribers. Motorola is leading the way in this key market and is opening up a 70,000 square foot plant to start production of handsets and base stations by the end of 1990.

France is another big trading partner of the U.S. It is the 3rd largest CAD/CAM user in Europe, with this market growing at a rate of eight percent per year. France is the largest potential market for franchising in the EC and has a need for technology related products such as: telecommunications equipment, computers, electronic components, analytical and scientific instrumentation, and auto parts and accessories.

Italy is another country that is promising to bring good trade ties, because of their central location they are a good country to manufacture in. Italy, like several of the other countries has a demand for high tech products. These include: fiber optics, energy systems, aviation and aerospace technolgy, computer software, and pollution control equipment.

In the past the U.S. has been a major investor in Spain, and it has experienced one of the highest growth rates in Western Europe. Spain has good export prospects for the following goods: Industrial organic chemicals, medical equipment, food processing and packaging machinery, security and safety equipment, and machine tools and robotics.

Finally, the Netherlands have been a strong market for U.S. goods. U.S. exports to the Netherlands have been growing at a rate of 28% per year, and this growth is expected to continue into the near future. Top export opportunities include:

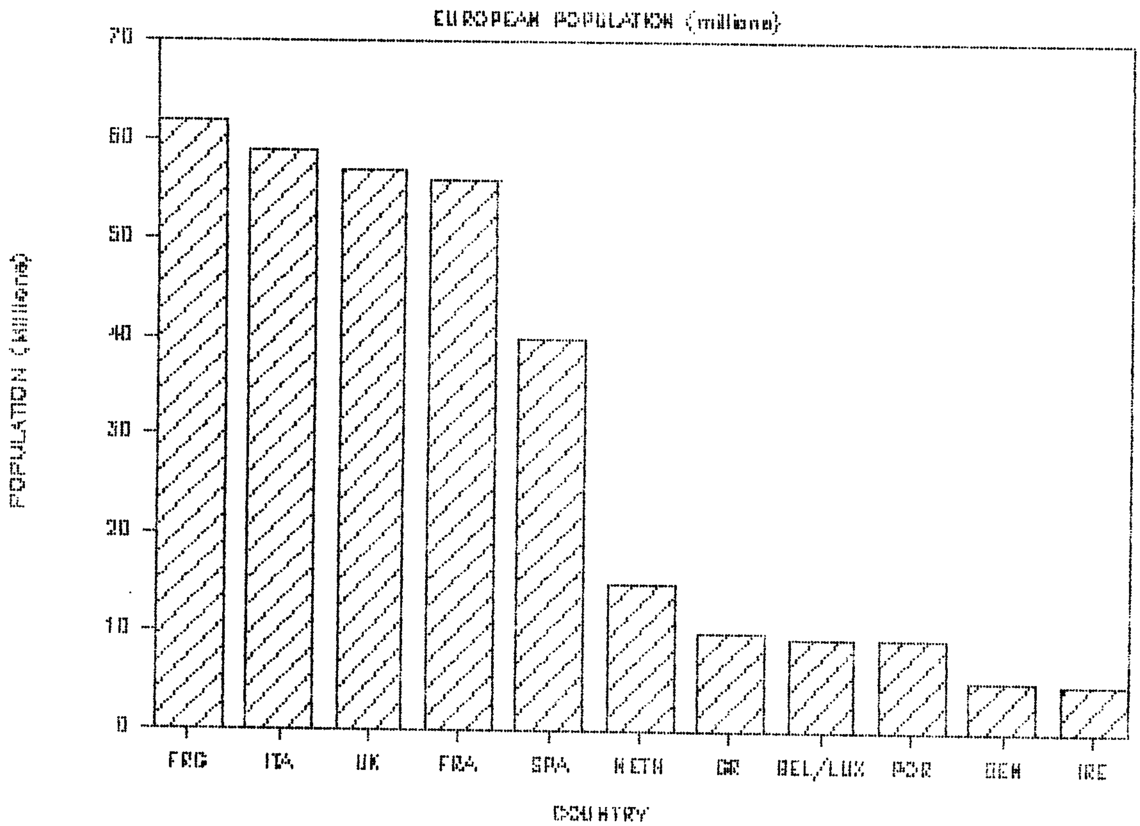
telecommunications equipment, computer software and services, pollution control equipment, aerospace equipment, and auto equipment.

CONCLUSION

"EC 1992" is only the date that has been set for the completion of the internal market, it is by no means the date it will actually happen. The trend toward unification has been going on for decades and will go on past 1992, but the point is clear, Europe is going to be a more competitive trading partner and the U.S. must take actions to ensure they are not left out. Opportunities abound for such high tech products in the telecommunications, computer, financial, and aerospace sectors but the competition is becoming more fierce and will have to be dealt with in order for the U.S. to remain competitive. Also, recent events in Eastern Europe has unlocked a market of over 123 million people. Although these markets may not have the potential to reap great profits now they may in the future and an operating base in Europe will be the key to market access. Additionally, the fear of a "Fortress Europe" has been blown out of proportion. The European countries need our trade as much as we need theirs and the EC commission has promised it will not raise unduly barriers to entry. What this all means is that the time to act is now. American businesses can't wait for the Common Market to become a full reality because by then it may be too late. To take full advantage of the opportunities that exist they must act now!

APPENDICES

APPENDIX 1


EUROPEAN POPULATION (millions)
POPULATION (millions)
70
60
50
40
30
20
10
0
FRG
ITA
UK
FRA
SPA
NETH
GR
BEL/LUX
POR
DEN
IRE
COUNTRY

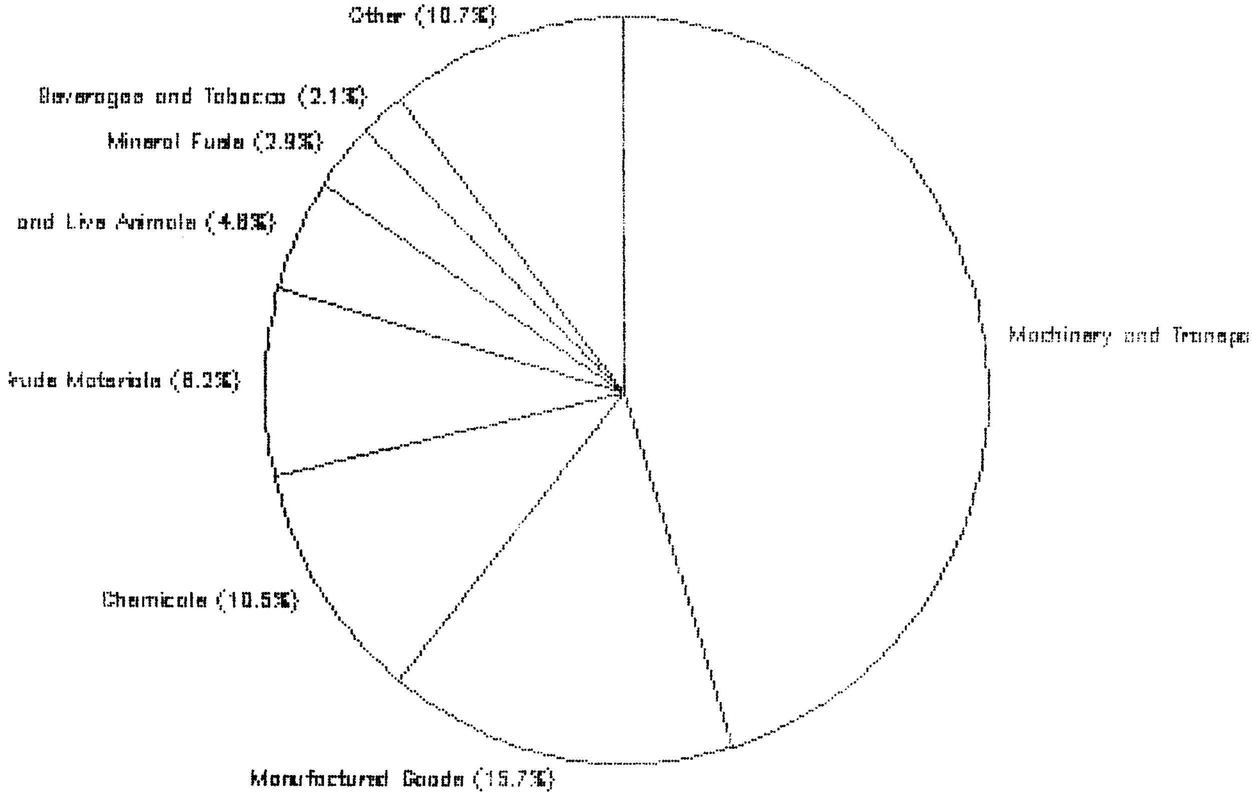
APPENDIX 2

MACROECONOMIC CONSEQUENCES OF EC MARKET INTEGRATION

	IMPACT OF				
Impact On	Customs Formalities	Public Procurement	Financial Services	Supply Side Effects	Total Effect EC Average
Relative Changes %					
Gross Domestic Product	0.4	0.5	1.5	2.1	4.5
Consumer Prices	-1	-1.4	-1.4	-2.3	-6.1
Absolute Changes					
Employment (Millions)	200	350	400	850	1800
Budgetary Balance (Percent Point of GDP)	0.2	0.3	1.1	0.6	2.2
External Balance (Percent Point of GDP)	0.2	0.1	0.3	0.4	1

Appendix 3

U.S. Exports to Europe (1988)

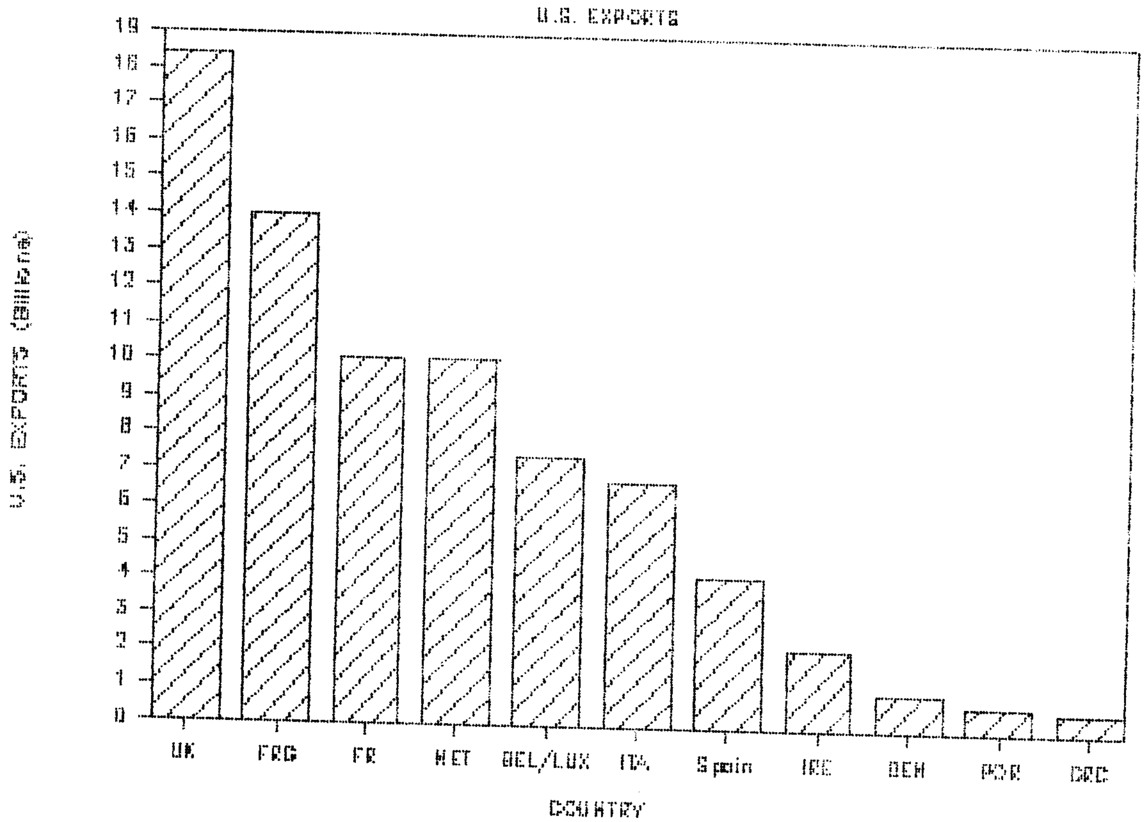


APPENDIX 4

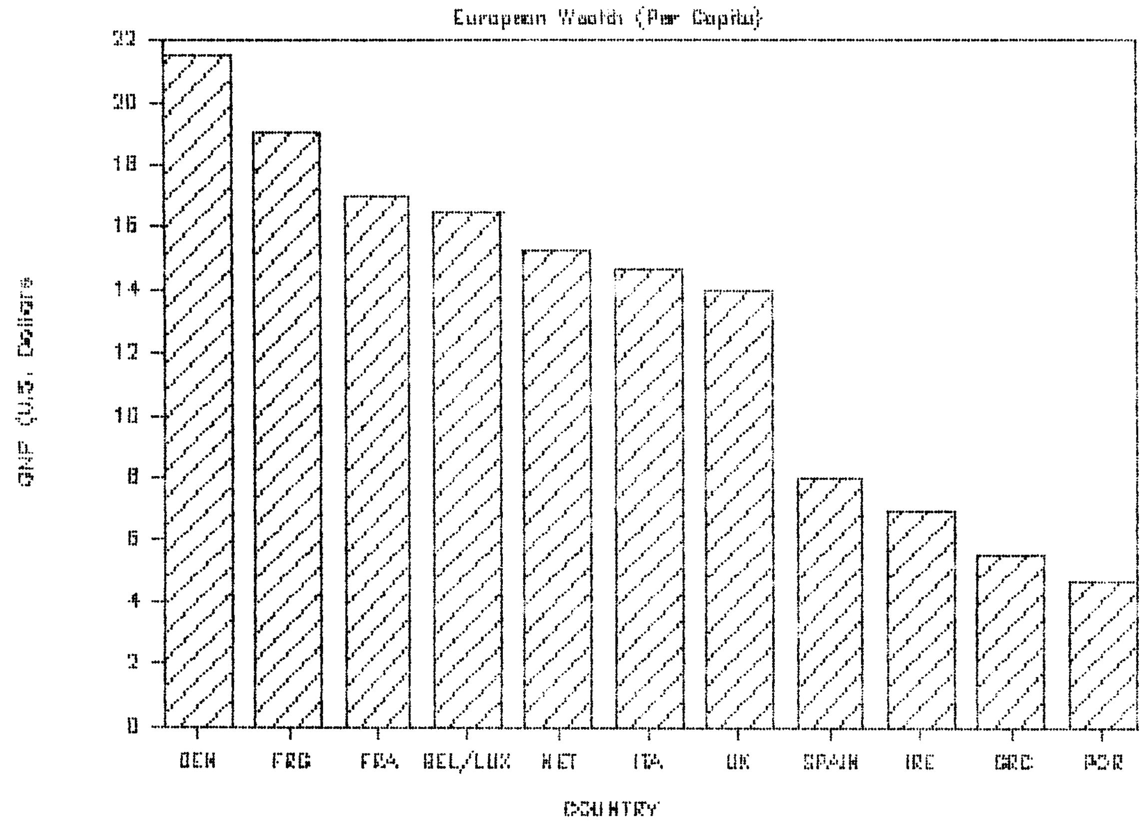
TOP SEMICONDUCTOR MANUFACTURERS WORLDWIDE

RANK '89	RANK '88	COMPANY	1989 REVENUE ($ millions)	1989 MARKET SHARE
1	1	NEC	$4,964	8.9%
2	2	Toshiba	4,889	8.8%
3	3	Hitachi	3,930	7.0%
4	4	Motorola	3,322	5.9%
5	6	Fujitsu	2,941	5.3%
6	5	Texas Instruments	2,787	5.0%
7	8	Mitsubishi	2,629	4.7%
8	7	Intel	2,440	4.4%
9	9	Matsushita	1,871	3.4%
10	10	Philips	1,690	3.0%

APPENDIX 5


U.S. EXPORTS
U.S. EXPORTS (Billions)
19
18
17
16
15
14
13
12
11
10
9
8
7
6
5
4
3
2
1
0
UK
FRG
FR
NET
BEL/LUX
ITA
Spain
IRE
DEN
POR
GRC
COUNTRY

APPENDIX 6



European Wealth (Per Capita)
GNP (U.S. Dollars
0
2
4
6
8
10
12
14
16
18
20
22
DEN
FRG
FRA
BEL/LUX
NET
ITA
UK
SPAIN
IRE
GRC
POR
COUNTRY

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