for a certain percentage of EC content, if adopted, would hurt non-EC firms.

d) Protection of Intellectual Property

Still at the proposal stage are Community directives relating to IP. Although a directive relating to the harmonization of national rules on trademarks has been adopted, and protection for integrated circuits has been finalized and implemented, a single Community trademark, copyright issues relating to piracy, home copying, and protection of computer programs and data bases, and a Community patent convention are still at the proposal stage.

Firms may be hesitant to enter markets where their new processes and designs are relatively unprotected. They will prefer to serve markets where secrecy is possible and IP protection is provided and will pressure home governments to act accordingly. Although some differences exist between Canada and the EC regarding IP, they are not wide and are currently under negotiation. Nevertheless, there is growing concern about the protection of IP and the potential shortcomings of the patent as an instrument of protection. The main problem is that patent-type protection requires meeting exacting criteria. Patents require disclosure, often take years, and sizeable legal fees to obtain. Copyrights, on the other hand, are immediately attainable, are relatively inexpensive to obtain, and are the designated mode of protection for software and chip design.

e) Liberalization of the "Value-Added" Services

Far from resolution is where to draw the line between the telecommunications services, which will be "reserved" to the national public administrations that currently monopolize the provision of telecommunication services, and the "value- added" services, which will be opened up to intra-EC competition. Compounding the problems is how to prevent the national regulators of the "reserved" services from imposing high charges on competitors who wish to use the network to provide value- added services, a problem addressed by the ONP proposal. (See section 2.1a, Item 3.)

f) Elaboration of a Principle of Reciprocity

In addition, non-EC firms may be excluded from participating in the "liberalized" provision of value-added services unless their home country reciprocates vis-à-vis EC-based firms. The EC has already begun to articulate a so-called principle of reciprocity. One variant, reflecting a mirror-image or "tit for tat" approach, is that access will be given to foreign suppliers on the same terms that the foreign nation gives access to EC companies. Another variant, and the one toward which the EC currently seems to be leaning, is that of "national treatment" or "similarity of opportunities." It would provide that the EC give access to foreign suppliers in a particular industry so long as the foreign nation does not discriminate against EC companies in that industry.

An EC policy of reciprocity, particularly if it were of a "tit for tat" sort, might pose problems for some Canadian firms. In the service area, problems could arise if a deregulated telecommunications sector in Europe left Canada in a relatively regulated position. At the moment, however, this does not appear to be a problem for firms wishing to supply value-added services, because in Canadian federal jurisdictions, at least, entry is relatively unrestricted. Although reciprocity would not seem to pose problems for most firms supplying computer products, it could conceivably pose a problem for at least some suppliers of telecommunications equipment. Until a recent Supreme Court