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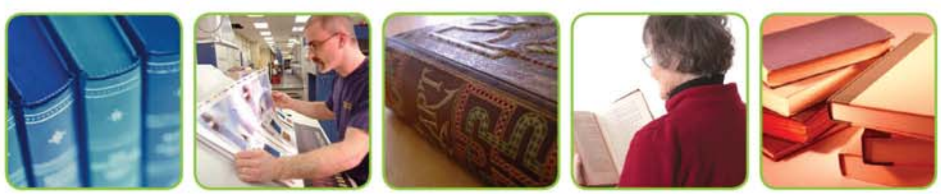
Investing in the Future of Canadian Books

Review of the *Revised Foreign Investment Policy in Book Publishing and Distribution*

Discussion paper
July 2010



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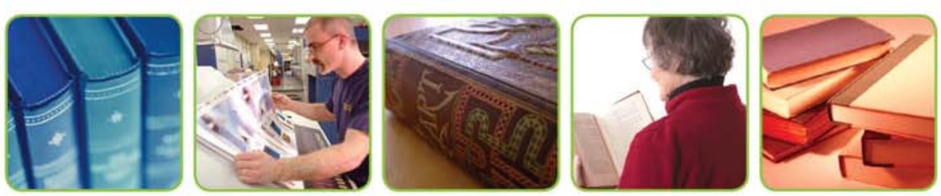

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PART I: INTRODUCTION

Canadians are avid readers. Recent research shows that Canadians spend at least six hours per week reading books for leisure and interest, while 85% of Canadians link reading to improved quality of life.[1] In addition, literary works have long constituted a key element of Canadian culture, helping us to express who we are. The existence of a broad range of Canadian books, widely available to Canadians, is an important precondition of a rich shared cultural and civic life.

It is clear, however, that the environment in which books are produced, distributed, sold and consumed is changing. Book industries in Canada and around the world are evolving in response to technological change, consolidation of ownership, and globalization, and consumers have increasing choices for how they engage with their reading material.

As a partner in the process by which Canadian books are published and brought to Canadians, the Government of Canada must ensure that its policies in support of Canadian books remain current, effective, and responsive to a changing world. One such policy is the *Revised Foreign Investment Policy in Book Publishing and Distribution* (1992). Working in conjunction with the *Investment Canada Act*, this policy sets conditions for foreign investment in the Canadian book industry.

In 2007, the Government of Canada created the Competition Policy Review Panel, an independent panel mandated to review Canada's competition and foreign investment policies, and to recommend ways to improve the country's productivity and competitiveness. Following a year of research, review of existing policies, and broad consultation, the Panel concluded that in order to prosper in the global economy, Canada must adopt a more globally competitive mindset. The Panel affirmed the importance of Canadian culture and the value of the *Investment Canada Act* as a tool to preserve Canada's cultural sovereignty. At the same time, it raised a number of questions regarding the details of Canadian cultural policies, and recommended that the Minister of Canadian Heritage conduct a review every five years of cultural industry policies, including foreign investment restrictions.

Acting on this recommendation, the Department of Canadian Heritage is conducting a review of the *Revised Foreign Investment Policy in Book Publishing and Distribution*. The review seeks to determine whether, given changes that have occurred in the book industry environment since the policy was introduced in 1985 and revised in 1992, the *Revised Foreign Investment Policy in Book Publishing and Distribution* continues:

- to provide opportunity for healthy competition in the book publishing, distribution and retail industries; and

- to contribute to the broader government objective of ensuring that Canadian cultural content is created and accessible in Canada and abroad.

The first step in the review is to invite Canadians to put forward their views on the subject. This paper, *Investing in the Future of Canadian Books*, provides material to inform a discussion of the ongoing effectiveness of the policy. It presents information on the structure of the book industry, the policies and programs that support it, trends and challenges, and other information relevant to a review of the *Revised Foreign Investment Policy in Book Publishing and Distribution*. Accompanying annexes provide more detailed information on other relevant policies and legislation.

Feedback from stakeholders including the Canadian public, publishers, distributors, retailers and associations will be critical to the development of any potential adjustments to the Government's policy on foreign investment in the Canadian book industry. **We invite and encourage your participation in this process**.

PART II: CANADIAN BOOK INDUSTRY PROFILE

The Canadian book world encompasses a broad spectrum of participants, ranging from creator to consumer, that includes authors, agents, editors, publishers, wholesalers, distributors, retailers, book advocates such as librarians and book reviewers, readers and others. The following provides a brief overview of the three main sectors of the industry to which the policy on foreign investment specifically pertains.

2.1 Publishing

Although more than 1,500 book publishers operate actively in the Canadian market, approximately 300 of these businesses are responsible for 95% of book publishing revenues.[2] The Canadian book industry produces almost 10,000 new Canadian-authored books, employs close to 9,000 Canadians,[3] and generates over $2 billion in revenues each year.[4]

The publishing industry is made up of both Canadian and foreign players. Canadian-owned publishers account for 56% of the publishing sector's revenues, employ two-thirds of its workers, and publish over three-quarters of new Canadian-authored books.[5] Large multinational publishing houses represent 3.75% of the publishers operating in Canada, and generate 44% of industry revenues.[6] Because all these major foreign firms operate a priori in the English-language market in Canada, Canadian-owned companies that publish in English face the challenge of competing directly with highly capitalized, Canadian-based multinational publishing programs not only for customers, but also for authors. In contrast, no foreign publishers have established publishing businesses in the Canadian French-language market, so French-language publishers compete for both readers and authors in a different environment than do their English-language counterparts.

Publishers in Quebec also benefit from a unique system of automated standing orders which ensures that a huge breadth of new titles published in that province are made available to readers. The system, in place since the 1970s, allows publishers to send automatically their new titles to bookstores, through distributors, in pre-determined quantities based on genre and other considerations. While this approach does not extend across all retail channels, its engrained presence in traditional bookselling models carves out a more predictable place for new Canadian-authored product in the Quebec market.

2.2 Distribution and Wholesale

Book distribution is carried out in Canada by distributors and wholesalers that handle a variety of intermediary functions, from sales and marketing to inventory management, warehousing and order fulfillment. These companies offer different levels of service depending on publishers' and retailers' needs. Currently, there are over 50 book distributors and wholesalers active in Canada; however, a large volume of trade is concentrated in a small number of companies.[7] In the English-language market, the four largest distributors are all foreign-owned.[8] Many of the smaller, Canadian-owned publishers handle their own distribution. In Quebec, the sector is highly concentrated and predominantly Canadian-owned.[9]

2.3 Retail

There are over 3,000 bookstores in Canada, including retail chains, independent booksellers, and used bookstores. There is one national chain (Chapters Indigo) holding a 44% share of the national market for books, and two major regional chains (Archambault and Renaud-Bray) that, combined, hold a similar market share of book sales in Quebec.[10] Independent bookstores account for approximately 20% of the total Canadian market.

The book retail sector in Quebec is particularly shaped by provincial legislation designed to ensure the accessibility of Quebec titles and to establish beneficial business standards throughout the industry. The province provides accreditation to retailers who meet these standards. The benefits are considerable, as public institutions, such as libraries and schools, must purchase all books directly from accredited booksellers in their region. Only booksellers that are Canadian-owned and based primarily in Quebec are eligible for accreditation.

Two new business models have emerged in recent years throughout Canada. One consists of non-traditional retail outlets, which account for an additional 20% of the market. Book sales may be ancillary to the main product offering of these businesses, but in some cases, the size of the companies means that they have become important book retailers. Wal-Mart and Costco are two such companies; it is estimated that the two chains now represent approximately 10% of the Canadian retail trade book market. The second new business model is online retail, which, including online sales by chain bookstores, represents approximately 8% of the market.[11]

PART III: BOOK POLICY FRAMEWORK

The Government of Canada's key objective for arts and culture is to ensure that Canadian artistic expressions and cultural content are created and accessible at home and abroad. Canada's cultural policies traditionally focus on the Canadian-owned sector as the principal vehicle for producing Canadian content. They acknowledge that Canada's relatively small, diverse population limits the degree to which market forces alone can ensure the provision of a range of Canadian cultural products in both official languages, and recognize that the Government has a role to play in encouraging the creation of and access to Canadian cultural products by fostering an environment in which Canadian producers can compete and be sustained.

The Canadian-owned book publishing industry is supported by a federal policy framework, composed of complementary programs, regulations and policies:

- The **Canada Book Fund (CBF):** The CBF, previously known as the Book Publishing Industry Development Program (BPIDP), provides sales-based funding to Canadian-owned publishers and targeted project funding for collective activities such as marketing, professional development, and technology based projects. The CBF provides annual funding of $39.5M.

- The **Canada Council for the Arts (CCA):** The CCA provides grants that support culturally significant Canadian-authored literary works. The CCA's programs in support of books have an annual budget of approximately $19M.[12]

- The **National Translation Program for Book Publishing (NTPBP):** The objective of the NTPBP is to provide Canadians with greater access to the cultural richness of the country's Francophone and Anglophone communities. Administered by the CCA, the program was introduced in 2009-2010, and will provide $5 million over four years to help Canadian-owned publishers translate works by Canadian authors from one official language to the other.

- The **Public Lending Right (PLR):** The PLR provides annual payments to Canadian authors for the presence of their books in Canadian public libraries. The PLR delivers approximately $10M per year to Canadian authors.

- The ***Copyright Act*****:** The *Copyright Act* and related regulations protect creators' rights to their works, and, through its related book importation regulations, book distributors' rights to exclusive contracts.

- The ***Revised Foreign Investment Policy in Book Publishing and Distribution*****:** This policy pertains to the establishment of new businesses and the acquisition of existing businesses in the book sector by foreign investors.

  For the full text of the *Revised Foreign Investment Policy in Book Publishing and Distribution*, please see Annex A.

With the support of the above measures, the Canadian book industry has flourished. Forty years ago, 98% of book publishers were located in Toronto and Montréal.[13] In 2008-2009, the BPIDP program supported 235 publishers in 80 cities and all ten provinces.[14] BPIDP recipients published 5,325 new Canadian-authored titles and realized more than $450M in sales, including $100M in exports to over 100 markets. Known for its world-class writers and award-winning books, the Canadian industry is a major success story and a formative pillar of the strong, competitive arts and culture sector in Canada.

PART IV: FOREIGN INVESTMENT MEASURES IN THE CULTURAL INDUSTRIES

4.1 The *Investment Canada Act*

The *Investment Canada Act* is a longstanding instrument used by the Government of Canada to regulate foreign investment and to ensure that investment in Canada is of benefit to the country. The Minister of Canadian Heritage is responsible for the administration of the Act in respect of cultural businesses, or more specifically, in the words of the Act, "business activity … related to Canada's cultural heritage or national identity," while the Minister of Industry is responsible for all other sectors of the economy.

The cultural provisions of the *Investment Canada Act* apply to transactions involving the establishment or acquisition of control by foreign investors of cultural businesses. Under the Act, a foreign acquisition of a Canadian cultural business is subject to automatic review and approval by the Minister of Canadian Heritage if the asset value of the Canadian business is above a certain threshold. All other investments by non-Canadians in the cultural sector, including the establishment of new businesses, are subject to notification under the Act. Upon receipt of a notification, the Government, on the recommendation of the Minister, may choose to review an investment. Investments under review are subject to the net benefit test, a process which considers, among a number of factors outlined in the Act, the compatibility of the investment with national and provincial policies. For the transaction to meet the net benefit test, investors may be called upon to make specific undertakings, in accordance with cultural and economic objectives and/or as set out in specific foreign investment policies in the cultural sector.

For a historical perspective of foreign investment regulation in Canada and an explanation of the *Investment Canada Act*'s key provisions, including the definition of a cultural business, please see Annex B.

4.2 The *Investment Canada Act* and the Cultural Industries

Foreign investment policies exist for the book, periodical publishing, and film distribution industries. The following are the existing policies:

- The 1988 ***Canadian Film Industry and Investment Canada*** policy is designed to ensure that foreign investment in the distribution sector is of net benefit to Canada.

- The 1999 ***Canadian Content in Magazines: A Policy for Investment in the Periodical Publishing Sector*** focuses on foreign investment in the publishing sector.

- The ***Revised Foreign Investment Policy for Book Publishing and Distribution*** is the most far-reaching policy within the cultural industries in that it pertains to foreign investment in the publishing, distribution and retail sectors.

The *Broadcasting Act* sets out the government policy on foreign investment restrictions in the broadcasting and telecommunications sectors. Ownership in the broadcasting sector is currently regulated by the Canadian Radio-television and Telecommunications Commission (CRTC).

For the newspaper publishing sector, advertisers wishing to claim deductions through the *Income Tax Act* for advertisements placed in newspapers may only do so if those newspapers are Canadian-owned and controlled. This approach is used as an incentive to favour Canadian control of newspapers.

The main purpose of these policies is to ensure that foreign investment in the sectors to which they apply is of net benefit to Canada. Since 1999, in a decade of administration by Canadian Heritage, 99% of all investments in the cultural industries have been approved. Approximately 20% (61 out of 336) of all notifications of foreign investments received by the Department have resulted in reviews.[15] Of the 123 investments that were reviewed, only four, two of which were in the book industry, were disallowed.

For details on foreign investment policies in cultural industries other than the book industry, please see Annex C.

4.3 Foreign Investment Policy in the Book Sector

History

The first foreign investment policy for the book industry was introduced in 1974 and was designed to work alongside the *Foreign Investment Review Act*, the predecessor to the *Investment Canada Act*. The policy prohibited direct acquisitions and the establishment of new businesses and allowed for the review of indirect acquisitions for net benefit.

In 1985, a new foreign investment policy for the book publishing industry, the *Baie Comeau Policy*, was introduced. This policy required majority control by Canadians in all cases of new foreign investment, and included a divestiture requirement in cases where indirect transactions resulted in foreign acquisitions of foreign companies already operating in Canada. Ultimately, the *Baie Comeau Policy* proved difficult to apply and was replaced in 1992 with the current policy.

The *Revised Foreign Investment Policy in Book Publishing and Distribution*

The current policy sets the following conditions for foreign investment in the Canadian book publishing, distribution and retail sectors:

- foreign investment in new business enterprises will be limited to Canadian-controlled joint ventures;
- direct acquisition of an existing Canadian-controlled business by a non-Canadian will not be permitted. The Government may consider an exception if the business is in clear financial distress and if Canadians have had full and fair opportunity to purchase;
- indirect acquisitions will be reviewed to determine whether they are likely to be of net benefit to Canada and the Canadian-controlled sector;
- if a non-Canadian wishes to sell an existing Canadian business independent of any other transaction, the vendor will be expected to ensure that potential Canadian investors have had full and fair opportunity to purchase. If a non-Canadian is the successful bidder, the investment will be subject to review under the net benefit test.

The policy also provides guidelines regarding the type of undertakings that could be sought from foreign investors for the investment to meet the net benefit test, including, but not limited to, commitments to promote Canadian authors; support the infrastructure of the book distribution system; improve access to the company's Canadian marketing and distribution infrastructure; or engage in education and research. Typically, such undertakings are committed to for five years, thus giving investors enough time to make the activities a part of their corporate culture.

While the Act is the fundamental legal basis through which potential investments are approved, the *Revised Foreign Investment Policy for Book Publishing and Distribution* works in tandem with the Act's net benefit considerations and serves as a communications document for investors interested in Canada's book sector. The policy sets out preferred areas for undertakings from foreign investors, as indicated above, and advises potential investors of the Government's objective of generally favouring Canadian control of book businesses. Since, in the majority of cases, foreign investors choose <u>not</u> to invest in the Canadian book sector because of the policy, the use of the Act as a tool to provide for investments that are of net benefit to Canada typically only occurs in the review of indirect acquisitions. This might represent missed opportunities to obtain beneficial investments for Canada.

4.4 The Ancillary Sale of Books

The practice of the Minister has been to approve foreign investments in Canada when book-related activities represent only a small portion of the overall business. This practice permits investment by non-Canadians in businesses where, for example, the sale of books does not exceed a small percentage of total sales. It is important to note, however, that any of these investments that involve a significant level of book-related activity may still be reviewed under the *Investment Canada Act* to ensure net benefit to Canada.

PART V: RESULTS FOR CANADIANS

The *Revised Foreign Investment Policy in Book Publishing and Distribution* has worked along with government support to encourage Canadian ownership in the book industry. Canadian control of Canadian book publishing is a key and longstanding tenet of the Government's policy in this area given the demonstrated commitment of Canadian-owned firms to the identification, development, and support of a wide range of Canadian writers. At the same time, the *Investment Canada Act* has furthered Canadian cultural policy objectives through the review process, which provides the Department a legally binding, non-spending tool to ensure net benefit to Canada.

The Department has received 46 applications related to investments in the Canadian book industry since 1999.[16] Of these applications, 31 involved ancillary book activities and the rest had significant book activities; 39 were acquisitions (23 direct and 16 indirect) and 7 were establishments. More than three quarters (37 out of 46) of the total applications involved book retail; 12 involved the distribution sector and 7 involved publishing (8 of these involved more than one sector). Two of the applications were declined by the Minister.

Of the 45 foreign companies whose investments in the book sector were approved by the Minister, 39 elected to modify their original proposal following negotiations with the Department to meet the net benefit test. The table below summarizes the types of undertakings negotiated with investors in the book sector since 1999:

Type of undertaking	**Number of approvals with this undertaking**
Using Canadian suppliers for the Canadian business	27
Preserving the specialized and ancillary nature of book sales and/or distribution	25
Marketing Canadian cultural products, including books	18
Maintaining or increasing Canadian employment	17
Maintaining the autonomy of Canadian management	16
Providing bilingual products/services	11
Relating to electronic data, e.g. participation in BookNet Canada initiatives	12
Increasing or maintaining the level of Canadian content or Canadian products	8
Upholding legal obligations (copyright, royalties)	7
Supporting the cultural sector, e.g. sponsorship of an event or award	7
Allowing Canadians opportunity to purchase in the event of a future sale	6
Making a capital investment in the Canadian business	5
Maintaining a head office in Canada	3
Relating to employee training	3
Becoming a member of a council or institute	2

5.1 The Evolving Book Industry Landscape

<u>Book publishing</u>

Most major foreign-owned book publishers, such as Random House, Harper Collins and Penguin, were already present in Canada prior to the establishment of the *Investment Canada Act*.

Since the revision of the book policy in 1992, there has been a moderate growth in the number of Canadian-owned publishers in Canada and a decline in the number of foreign-owned publishers. Currently, Canadian-owned publishers represent 96% of publishers operating in the domestic market.[17] No major foreign publisher has entered the Canadian market since 1992, other than through acquisitions of existing foreign-owned businesses.

The decrease in the number of foreign publishers operating in Canada was mostly due to mergers and acquisitions of existing firms. In the international publishing industry, the 1990s were marked by mergers and acquisitions and the growth of large multinational media corporations. For example, Bertelsmann purchased Random House, the world's largest trade publisher, in 1998. This pattern held true in Canada, where there were several large acquisitions in the foreign-owned book publishing sector – notably, the mergers of Random House of Canada and Doubleday in the trade sector and Prentice Hall and Addison Wesley Longman in the educational sector.

Distribution

There have been two acquisitions of Canadian-owned firms by foreign-owned book distributors since the introduction of the book policy – Coutts Library Services and Distican.

In 2000, the Minister of Canadian Heritage approved the acquisition of Coutts Library Services and its American subsidiary by United Kingdom-based library wholesaler BMBC Ltd. under the exceptional circumstances provisions of the book policy. Coutts Library Services distributed books to academic, government, public, corporate and other professional libraries. Coutts was subsequently purchased by Ingram, a privately held, American-based company with book and magazine wholesale operations.

In 2002, the Minister of Canadian Heritage approved Simon & Schuster's (S & S) acquisition of Distican, a Canadian-owned business that had been the exclusive Canadian distributor for S & S since the mid-1990s. As a result of this investment, S & S agreed to limit its activities in Canada to the sales, marketing and distribution of its own products and distributed lines.

Retail

Prior to 2010, the two most significant developments in the book retail sector were the establishment of the Amazon.ca Web site and the acquisition of Abebooks. When Amazon.ca was launched in 2002, the Director of Investments at Canadian Heritage determined that the activities of Amazon.com and Amazon.ca were not subject to the notification provisions of the *Investment Canada Act*, because Amazon had neither a place of business nor employees in Canada. The decision was challenged in the Federal Court of Canada by the Canadian Booksellers Association and Chapters Indigo. The applicants later dropped this challenge.

In 2007, the Minister of Canadian Heritage reviewed and approved the purchase of Abebooks by German-owned Burda Digital Ventures under the *Investment Canada Act* as being of net benefit to Canada. Based in Victoria, BC, Abebooks is a leading online retailer of used books. In 2008, Amazon's subsequent acquisition of Abebooks was reviewed and approved under the Act. As a result, Abebooks continues to employ Canadians in Victoria and offer services to book buyers and booksellers in Canada and around the world.

In 2010, the Minister of Canadian Heritage reviewed an application by Amazon to establish a physical presence in Canada in the form of a fulfillment centre. The investment was found to be of net benefit to Canada and was approved. Apart from this investment, there has been no other establishment in the Canadian market of a major foreign-owned bookseller since the introduction of the policy. However, a number of ancillary retailers of books, such as grocery store chains, pharmacies and other general retailers, have entered the market or have begun selling books.

5.2 Results of the Review Process

While the main effect of the *Revised Foreign Investment Policy in Book Publishing and Distribution* has been that the book industry has remained primarily Canadian-owned, the undertakings negotiated with investors have had several additional results:

Ensuring availability of and accessibility to Canadian products
An acute challenge for the Canadian book industry has been connecting Canadian books with readers. Factors such as our small and dispersed population and the logistical difficulties of distribution across large distances make reaching audiences an expensive and complex task. The investment review process has succeeded in directing foreign capital toward initiatives aimed at increasing the promotion and availability of Canadian books. A number of investors committed to increase their promotion of Canadian content online and in new domestic markets. Many commitments were also made in relation to the sponsorship of literary events or awards featuring Canadian authors.

Developing international markets
The *Investment Canada Act* has also been effective in ensuring that opportunities for the international promotion of Canadian content have been pursued when foreign investors entered the Canadian market. In the book industry, investors often brought with them extensive international promotion and distribution networks. Through the review process, investors were encouraged to make commitments to use these resources for the promotion of Canadian books and authors.

Harnessing new technologies
Adapting to and benefiting from technological change has presented a particular challenge to individual firms in the Canadian book industry, as these generally require capital-intensive, industry-wide responses. Foreign investment has not only resulted in firms implementing their technological solutions in the Canadian

market, it has also allowed the Department to encourage foreign investors to participate in and contribute to initiatives in the area of new technologies. In the book industry, the net benefit test has resulted in many investors participating in initiatives related to the book industry “supply chain,” that is, the series of processes by which a book travels from publisher to reader.

Sharing best practices

Foreign firms, due to their size and level of capitalization, are sometimes well positioned to introduce innovation, efficiencies and opportunities for increased productivity through partnerships or the sharing of best practices with Canadian industry counterparts. Investors may also bring particular skills and management techniques which could have a positive influence on domestic industry standards when shared with domestic firms. Through the review process, investors have helped raise book industry standards both by agreeing to implement training and processes in Canada that they use in their domestic markets and by contributing to professional development events, internship programs and scholarship funds in Canada.

The preceding discussion illustrates some of the beneficial impacts that foreign investment has on the Canadian book industry. It is impossible to know whether all of these benefits would have occurred if they had not been formally negotiated as undertakings. Nonetheless, the Act and the policy have allowed the Department to reinforce positive trends in the Canadian book industry.

PART VI: WHY REVIEW THE POLICY NOW?

There are various reasons to review the policy now. One is the Government’s commitment to act on the recommendations of the Competition Policy Review Panel. Independent of this is the fact that the policy was first introduced in 1985, and most recently revised in 1992. It is simply good public policy to review policies or programs that have been in place for many years. Furthermore, the Canadian book industry has matured and conditions within the book sector have evolved significantly since the policy was last reviewed. Another longstanding element of the book policy toolkit, the Book Publishing Industry Development Program (BPIDP), was reviewed and renewed in 2009. In essence, the program is unchanged; however, it was renamed the Canada Book Fund to reflect a shift in its role from being the supporter of a developing industry to reinforcing a mature industry.

6.1 Recommendations of the Competition Policy Review Panel

In November 2006, the Government of Canada released *Advantage Canada: Building a Strong Economy for Canadians*. A long-term plan to improve Canada’s economic prosperity, it included a commitment to be open to trade and foreign investment to allow goods, services and technologies to flow freely into Canada and to permit Canadian businesses to have ready access to foreign markets. *Advantage Canada* stated that the Government would work to increase foreign investment in Canada by reviewing its foreign investment policy framework, including the *Investment Canada Act*, with the aim of maximizing the benefits of foreign investment for Canadians, while retaining the ability to protect national interests.

Advantage Canada was followed, in 2007, by the creation of the Competition Policy Review Panel. As part of its mandate, the Panel reviewed the *Investment Canada Act*, focusing on the Act's net benefit test. It also reviewed the restrictions in place at the time on foreign ownership of firms in specific industry sectors such as air transport, financial services and culture.

During the Panel's consultation and research process, the importance of protecting and nurturing Canadian culture was made clear. The Panel acknowledged that in applying the *Investment Canada Act* to cultural businesses, important objectives related to national identity could be achieved. It agreed that the review of foreign investment related to cultural businesses should continue to be administered separately by Canadian Heritage. The Panel concluded, however, that new technology and increased international exposure is creating new opportunities for Canadian cultural businesses in global markets and that the current Canadian cultural policy framework will need to be updated to reflect this.

Four book industry stakeholders provided the Panel with written submissions outlining their views on the current foreign investment policy in books: the Association of Canadian Publishers and the Literary Press Group of Canada (these two organizations provided a joint submission); the Canadian Booksellers' Association; and Torstar Corporation.

There was general consensus among the stakeholders that the current regime has had positive effects on the competitiveness of Canadian-owned firms and has provided cultural benefits to Canadians. Some stakeholders expressed a cautious openness to foreign investment in book-related enterprises other than publishing, providing that there be a more effective test and enforcement of net benefit for cultural enterprises. Concerns were also expressed that a relaxation of the foreign investment policy for retail would have negative impacts on the independent bookselling community, and that changes to technology and its impact upon trading relationships have exposed loopholes in the policy (referring specifically to the case of the establishment of the Amazon.ca Web site in 2002). It was also suggested that subsidy may be the most effective means of incenting companies to support public policy objectives, and that companies not contributing to such objectives should not be subjected to the foreign investment policies.

The Competition Policy Review Panel released its final report in June 2008. Regarding foreign investment and the cultural sector, the Panel recommended that:

> *… the Minister of Canadian Heritage, with advice from stakeholders and other interested parties, should conduct a review every five years of cultural industry policies, including foreign investment restrictions.*

The Panel also recommended that the first review consider increasing the threshold for the review of acquisitions of cultural businesses, and the desirability of the Minister of Canadian Heritage continuing to have the right to require the review and approval of any new cultural business establishments by foreign investors. These both pertain specifically to changing legislative provisions of the *Investment Canada Act* rather than the policies themselves and are therefore beyond the scope of this review.

In Budget 2009: Canada's Economic Action Plan, the Government committed to implement improvements to Canada's competition and investment laws and policies based on the Panel's recommendations. In keeping with the Panel's recommendations, the Act was amended in March 2009 to make its administration more efficient and predictable, and to allow the Government to review investments that may be injurious to Canada's national security.

6.2 Current and Emerging Issues

The book industry in Canada, as around the world, is facing rapid change and new challenges and opportunities on various fronts. This section identifies some of the current and emerging issues in the book publishing, distribution, and retail sectors to stimulate discussion about the ongoing effectiveness of the *Revised Foreign Investment Policy in Book Publishing and Distribution*.

Book publishing

Foreign investment policy in the book sector is premised on the role played by Canadian-owned publishers in publishing a rich diversity of Canadian-authored titles. As the Canadian-controlled book publishing sector is responsible for publishing over three quarters of new Canadian-authored books, the policy, by encouraging the viability of the Canadian sector, can be seen as having had a positive impact on the maintenance of a favourable environment for the production of Canadian books.

At the same time, some of Canada's best-known authors, while they may have been first published by Canadian firms, may also be published by foreign-owned firms. Foreign-owned publishers have provided many Canadian authors with international exposure, powerful promotion and marketing support, and impressive sales. In comparison to foreign-owned companies, Canadian publishers have historically tended to focus on regionally specific titles and first-time authors.

The linkage between Canadian ownership and Canadian author production may not be a factor in all sectors of the book publishing industry. For example, because educational publishers operating in Canada must respond to the Canadian authorship requirements of provincial educational authorities, it has been suggested by some members of the industry that ownership may not be such a significant factor in educational publishers' choice to develop Canadian-authored books. The policy's application in this particular sector has been questioned: given the heavy capital investment required in the development of textbooks, it has been argued that additional capital investment in this sector might be necessary to ensure its ability to deliver quality products to Canadians.

The greatest change facing book publishing is undoubtedly the growing importance of digital technology. While the market is still dominated by the exchange of printed books, digital content can be used for a variety of purposes, including Web-based promotion, and is required in library collections. Electronic readers are slowly entering the market. Digital transmission and print on demand applications offer publishers new, potentially greener ways to serve markets efficiently. In order to seize the opportunities represented by emerging digital technologies, Canadian-owned publishers will need to access capital, talent and know-how.

<u>Book distribution</u>
In the English-language market, some publishers distribute their own books, some distribute on behalf of others, and others rely on companies exclusively devoted to distribution activities. The French-language market is less fragmented, with three large companies serving most of the market. Securing effective distribution remains a challenge for some Canadian publishers, limiting the efficiency and competitiveness of the Canadian-owned portion of the book industry.

There is currently no national book distributor or book wholesaler serving the Canadian market. The business of book distribution is labour intensive, and the need for costly infrastructure, combined with the low profit margins associated with the business, represents a significant barrier to entry in this sector. The introduction of a specialized, centralized, and efficient national distributor might result in increased efficiency in the book "supply chain;" however, a candidate that is sufficiently well capitalized to take on the role has yet to emerge. The policy around foreign investment may be acting as an impediment to attracting such a player to the Canadian market.

In addition, it is unclear whether ownership in the distribution and wholesaling sector has a significant impact upon the availability of Canadian-authored books for Canadian readers. Due to the high cost of providing distribution services, the sector's success is dependent upon efficiencies which are driven by economies of scale. It is unclear whether Canadian ownership in the sector is a factor in relation to an individual firm's commitment to the promotion of Canadian titles. While some firms might choose to specialize in particular niche markets, such as LitDistCo, which is dedicated to Canadian literary press titles, most companies must drive efficiencies by selecting accounts solely upon the basis of their capacity to generate sales volume.[18]

In the distribution sector, as in other sectors of the book industry, digital technology has introduced new efficiencies and models. Technology-driven improvements such as better inventory management, communication networks, and sales data tracking have produced significant efficiencies in the distribution system. The emergence of digital books – and the parallel digital distribution system they require – as well as the ability of digital technology to allow more direct contact between creator and consumer, will undoubtedly have implications for the Canadian distribution landscape of the future.

<u>Book retail</u>

In Canada, the business of bookselling is highly concentrated. Independent retailers still occupy 20% of the market; however, Canada's retail landscape, having seen similar trends to those witnessed in other countries, has evolved to accommodate three relatively new business models: large format stores run by chains; non-traditional retail; and online booksellers. The two most prominent sectors of the industry – those occupied by Canadian-owned large format chains and foreign-owned non-traditional stores – are dominated by a small number of companies.

The result of concentration in book retail has been twofold. First, it has meant that Canadian publishers have increasingly limited options for bringing their books to Canadians, particularly in the English-language sector. Additionally, because large retailers tend to focus their promotional efforts on titles most likely to generate a high volume of sales, the amount of shelf space devoted to the full diversity of Canadian-authored titles available to Canadians is reduced.

Indicators suggest that the Canadian book retail market will continue to evolve. Canadians are demonstrating an increasing comfort with using the Internet, and with purchasing products online. We expect growth in the proportion of book sales through online channels, which is currently estimated to be about 8% (including sales by Amazon and Chapters). As well, an important driver in determining Canadians' book purchasing habits is price (many consider books to be expensive) and, as is the case in markets such as the United States and the United Kingdom, sales through channels which engage in aggressive discounting are expected to grow.

In general, the changes that have occurred in Canada have taken place despite the existence of the policy on foreign investment. With the exception of the recent investment by Internet retailer Amazon.ca to establish a fulfillment centre in Canada, new entities in the market have either been Canadian companies, such as Chapters Indigo and Renaud-Bray, or foreign companies whose business models have placed them outside the purview of the existing policy (for example, Costco). It is likely that trends with negative impacts on publishers, such as heavy discounting by retailers, would have occurred regardless of whether new companies entered the market. However, a market that is more open to new entrants might be more successful at maintaining healthy competitive behaviour among participants.

PART VII: OPTIONS

Having considered the current environment, Canadian Heritage proposes that the following non-mutually exclusive options be considered with regard to the *Revised Foreign Investment Policy in Book Publishing and Distribution*:

1. Maintain the book policy in its current form.

2. Remove restrictions in one, two or all three book sectors, i.e. publishing, distribution and retail.

3. Maintain restrictions concerning acquisitions of book industry businesses, but remove restrictions concerning new entry.

4. Maintain restrictions concerning new entry, but remove restrictions concerning acquisitions of book sector businesses.

5. Revise the policy for one, two or all three book sectors to allow foreign ownership and control of book businesses subject to specific circumstances / net benefit undertakings.

6. Amend the policy to clarify its lack of application to specific types of businesses, i.e. ancillary book retail businesses and non–Canadian-based online retailers.

7. Modernize the proposed undertakings while maintaining current restrictions linked to foreign control.

The current policy works in harmony with other instruments, such as the *Competition Act* and the *Copyright Act*, and any changes would have to be compatible with these instruments. Canada is also signatory to a number of international trade agreements which would need to be respected in any revisions to the current investment policy.

PART VIII: DISCUSSION QUESTIONS

This discussion paper is the initial stage of the policy review. Its purpose is to offer background and context for the issues, and to pose a number of questions about the book policy that will serve as the focus of this review.

We invite you to consider the following questions and to provide your comments in writing to the Department of Canadian Heritage.

Options

1. Part VII of the discussion paper presents options regarding the *Revised Foreign Investment Policy in Book Publishing and Distribution*. Which options, in your view, would be the most beneficial? Please explain your choice.

Foreign ownership

2. Are Canadian-owned businesses more inclined to support the creation, distribution, and/or sale of books by Canadian authors? Why or why not?

3. Does the presence of foreign companies in the book industry currently benefit Canadians and the Canadian book industry? Please explain your view.

4. What would be the impact, either positive or negative, for Canadians, authors, and the book industry, of opening the market to foreign firms not already operating in Canada? Please explain in the context of:
    a. book publishing
    b. book distribution
    c. book retail.

5. Are there particular types of businesses **within** the publishing, distribution or retail sectors of the book industry (e.g. educational publishing or online retail) that require distinct treatment under the policy?

6. Foreign investment policies exist for the periodical publishing and film distribution industries, as well as for the book industry. Do these existing policies suggest models that could be beneficial to Canadians and to the book industry?

Book industry transformation

7. Are there any new or emerging issues in the book industry, including those mentioned in this discussion paper, that are not sufficiently

addressed by the current policy? If so, how should a modernized policy respond to these?

8. The existing policy specifies the kinds of net benefit undertakings that may be sought from foreign investors in cases of indirect acquisitions, such as commitments to promote Canadian authors; to support the infrastructure of the book distribution system; to improve access to the company's Canadian marketing and distribution infrastructure; and to engage in education and research. Are there ways in which these undertakings should be modernized to better reflect the current book industry environment?

Investor undertakings

9. What types of commitments, including those mentioned in this discussion paper, do you think have been/would be the most beneficial to Canada and the Canadian book industry? What are the impacts of investor commitments related to the marketing of Canadian books, retention of Canadian staff, and sponsorship of industry initiatives and events? Is it beneficial to the Canadian book industry and to Canadians to require that investors commit either to expanding or restricting the scope of their businesses? If so, under what circumstances?

Official languages

10. Are there any ways in which foreign investment in the book industry, or changes to the foreign investment policy, might have a particular impact on publishers, distributors or retailers who either work with official language communities in minority situations or are members of these communities? Please explain.

Annex A: The *Revised Foreign Investment Policy in Book Publishing and Distribution*

The full text of the policy states:

The *Investment Canada Act* requires that foreign investments in the book publishing and distribution sector be compatible with national cultural policies and be of net benefit to Canada and to the Canadian-controlled sector.

As part of the measures to strengthen the book publishing and distribution sector, the Government is announcing a revised foreign investment policy for this sector.

I: Amendment to the *Investment Canada Act*

An amendment to the *Investment Canada Act* will be introduced into Parliament empowering the Minister responsible for the Act to determine whether a business in the cultural sector which meets prima facie, the definition of Canadian control under the Act is indeed Canadian-controlled.

II: Policy Guidelines

i) Foreign investment in new business enterprises will be limited to Canadian-controlled joint ventures.

ii) Acquisition of an existing Canadian-controlled business by a non-Canadian will not be permitted. Under extraordinary circumstances, the Government may consider an exception to this guideline. In such a situation, the Government must have credible evidence from the vendor that:

a. the business is in clear financial distress; and
b. Canadians have had full and fair opportunity to purchase.

If a non-Canadian is the successful bidder, its proposed investment will be subject to the net benefit test set out in (iv) below.

iii) If a non-Canadian wishes to sell an existing Canadian business independent of any other transaction, the vendor will be expected to ensure that potential Canadian investors have full and fair opportunity to purchase; if a non-Canadian is the successful bidder, its proposed investment will be subject to review under the net benefit test as set out in (iv) below, and credible evidence from the vendor that Canadians had full and fair opportunity to purchase will be required.

iv) Indirect acquisitions will be reviewed to determine whether they are likely to be of net benefit to Canada and to the Canadian controlled sector and will be assessed on their merits by reference to the factors set out in Section 20 of the

Act. More specifically, Investment Canada will typically seek from the foreign investor one or more commitments such as:

- a commitment to the development of Canadian authors, such as undertaking joint ventures with Canadian-controlled publishers which would introduce the partner's Canadian authors to new markets both domestically and abroad;

- a commitment to support the infrastructure of the book distribution system, e.g.:
  a. through distributing imported titles via a Canadian controlled publisher/agent;
  b. through maintaining a fully integrated warehousing and order fulfilment operation in Canada for both frontlist and backlist titles;
  c. through active participation in industry co-operative ordering/distribution/marketing endeavours;

- accessibility of the company's Canadian marketing and distribution infrastructure (or international network) to interested and compatible Canadian-controlled publishers on a contractual basis;

- a commitment to education and research through financial and professional assistance to institutions offering programs in publishing studies.

These guidelines will be strictly enforced and any undertakings negotiated under the net benefit test will be closely monitored. The Act provides remedies for non-compliance and the Government will apply them when necessary.

Annex B: The *Investment Canada Act*

History

The Canadian Government has played a role in regulating foreign investment since 1974, with the coming into force of the *Foreign Investment Review Act* (FIRA). FIRA was administered by a separate entity, the Foreign Investment Review Agency, but all review cases had to be referred to the Ministry of Industry, Trade and Commerce and, if considered to be of significant benefit to Canada, were then referred to the Cabinet for decision.

The *Investment Canada Act* (ICA) replaced the *Foreign Investment Review Act* in 1985, signalling a new, more open legislative approach to foreign investment in Canada. Responsibility for the ICA rested solely with the Minister of Industry, Trade and Commerce. The purpose of the Act was twofold. The first purpose was to encourage investment in Canada by Canadians and non-Canadians that would contribute to economic growth and employment opportunities. The second was to provide for the review of significant investments in Canada by non-Canadians in order to ensure net benefit to Canada.

In 1999, the authority to review investments related to cultural businesses was transferred to the Minister of Canadian Heritage.

The ICA objectives were amended in March 2009. The new purpose statement places emphasis on the review process as a means of achieving benefit, by stating the Act's intent to "…provide for the review of significant investments in Canada by non-Canadians *in a manner that encourages* investment, economic growth and employment opportunities in Canada…" and a new national security clause was added. Other amendments made to the ICA at that time provide investors with increased transparency, predictability and efficiency.

Application

The cultural provisions of the *Investment Canada Act* apply to transactions involving the establishment or acquisition of control by foreign investors of cultural businesses. A cultural business is defined in Schedule IV of the regulations to the *Investment Canada Act* as a Canadian business that carries on any of the following activities:

- Publication, distribution or sale of books, magazines, periodicals or newspapers in print or machine readable form
- Production, distribution, sale or exhibition of film or video recordings
- Production, distribution, sale or exhibition of audio or video music recordings

- Publication, distribution or sale of music in print or machine readable form

Canadian Heritage is responsible for the regulation of investments in all of the above-mentioned areas.

With regard to the broadcasting and telecommunications sectors, Industry Canada is responsible for the review of foreign investments. The *Broadcasting Act* sets out the government policy on foreign investment restrictions. The Canadian Radio-television and Telecommunications Commission (CRTC) regulates and supervises all aspects of the Canadian broadcasting system and, therefore, authority for ensuring that critical aspects of the broadcasting system remain Canadian-controlled falls under its purview.

The following is a summary of key features of the *Investment Canada Act* that apply to foreign investments in the cultural sector:

<u>Automatic review thresholds</u>
Under the *Investment Canada Act*, a foreign acquisition of a Canadian cultural business is subject to automatic review and approval by the Minister of Canadian Heritage if the asset value of the Canadian business is above a certain threshold. The threshold is $5M or more in the case of a direct acquisition and $50M or more in the case of an indirect acquisition, that is, if the foreign investor acquires a Canadian cultural business as a result of having acquired its parent company situated outside of Canada. The $50M threshold applies to indirect transactions only when the Canadian business being acquired is less than 50 percent of the global assets being acquired and is held by a foreign corporation. Where the Canadian business exceeds 50 percent of the global acquisition, or when the Canadian business is held by a foreign non-corporate entity, then the $5M threshold still applies.

<u>Notifications and discretionary reviews</u>
All other investments by non-Canadians in the cultural sector, including the establishment of new businesses, are subject to notification under the Act. The investor satisfies this requirement by submitting a form to the Department of Canadian Heritage that provides information about the planned investment.

Upon receipt of a notification, the Minister may choose to review an investment. Factors which will determine whether or not to undertake a review include the extent to which the business participates in the prescribed cultural activity (for example, a decision might be made not to review a transaction involving a business whose cultural activities are ancillary to another line of business).

<u>Net benefit</u>
Investments under review are subject to the net benefit test, a process which considers, among a number of factors outlined in the Act, the compatibility of the investment with national and provincial policies, including cultural policies such

as the *Revised Foreign Investment Policy in Book Publishing and Distribution*. For the transaction to meet the net benefit test, investors may be called upon to make commitments, referred to as undertakings, in accordance with cultural and economic objectives.

Net benefit factors and the legislative basis for the book policy

Section 20 of the *Investment Canada Act* establishes the spectrum of factors that are to be taken into account by the Minister when determining whether the investment is likely to be of net benefit to Canada. These include the effect of the investment on economic activity in Canada, the extent to which Canadians participate in the business' activities, the investment's impact upon technological development, and other factors. Paragraph (e) of section 20 links the cultural sector-specific policies (as detailed in Annex C) to any relevant net benefit consideration under the Act.

The full text of section 20 states:

For the purposes of section 21, the factors to be taken into account, where relevant, are:

> (a) the effect of the investment on the level and nature of economic activity in Canada, including, without limiting the generality of the foregoing, the effect on employment, on resource processing, on the utilization of parts, components and services produced in Canada and on exports from Canada;
>
> (b) the degree and significance of participation by Canadians in the Canadian business or new Canadian business and in any industry or industries in Canada of which the Canadian business or new Canadian business forms or would form a part;
>
> (c) the effect of the investment on productivity, industrial efficiency, technological development, product innovation and product variety in Canada;
>
> (d) the effect of the investment on competition within any industry or industries in Canada;
>
> (e) the compatibility of the investment with national industrial, economic and cultural policies, taking into consideration industrial, economic and cultural policy objectives enunciated by the government or legislature of any province likely to be significantly affected by the investment; and
>
> (f) the contribution of the investment to Canada's ability to compete in world markets.

The full text of the *Investment Canada Act*, regulations, guidelines and interpretation notes and decision summaries is available at: www.ic.gc.ca/epic/site/ica-lic.nsf/en/home.

Annex C: Foreign Investment Policies for other Cultural Industries

Film Distribution (1988)

In the mid-1980s, given that only Canadian-owned and controlled film distributors were committed to distributing Canadian films, the Government of Canada adopted affirmative policy to support that sector.

As part of the measures to support an indigenous Canadian film distribution industry, the government also has an Investment Canada policy on foreign investment in the Canadian film distribution sector.

The policy states:

- Takeovers of Canadian owned and controlled distribution businesses will not be allowed;
- Investments to establish new distribution businesses in Canada will only be allowed to importation and distribution activities related to proprietary products (the importer owns world rights or is a major investor);
- Indirect and direct takeovers of foreign distribution businesses operating in Canada will be allowed only if the investor undertakes to reinvest a portion of its Canadian earnings in accordance with national and cultural policies;
- All applications to Investment Canada made after February 13, 1987 will be subject to the new policy.

These criteria conform to the cultural exemptions provided for in the Canada/U.S. Free Trade Agreement.

Periodical Industry (1999)

Canadian Content in Magazines: *A Policy on Investment in the Periodical Publishing Sector*

The foreign investment policy framework for periodicals recognizes the importance of a strong Canadian-owned periodical publishing sector in order to maintain and increase the presence of distinct periodical titles. It also recognizes the relationship between the production of Canadian editorial content and access to advertising revenues from Canadian advertisers.

It is the policy of the Government of Canada:

- to ensure a commitment to the production of Canadian editorial content in respect of foreign investments in the periodical publishing sector, including investments to establish or, directly or indirectly, acquire foreign businesses to produce and sell periodicals in Canada; and

- not to permit foreign acquisitions of Canadian-owned and Canadian-controlled periodical publishing businesses.

Foreign investments with respect to the publication, distribution and sale of periodicals are subject to review for net benefit to Canada, pursuant to Part IV of the *Investment Canada Act*, including the investment's compatibility with Canada's cultural policies as follows:

- Net benefit will include, inter alia, undertakings by foreign investors that result in a majority of original editorial content for the Canadian market in each issue of each periodical title. The amount of original content for the Canadian market will be determined as a percentage of the total space occupied by the total editorial content contained in the periodical.

  Original editorial content means non-advertising content that is: authored by Canadians, including, but not limited to, writers, journalists, illustrators and photographers; or created for the Canadian market and does not appear in any other edition of one or more periodicals published outside Canada.

- Net benefit may also include undertakings by the foreign investor such as: creating an employment infrastructure by directly employing an editorial and support staff composed of persons resident in Canada with respect to the investment and to establish or expand a place of business in Canada; or, supporting the infrastructure in the publishing sector by having their titles edited, typeset and printed in Canada.

Foreign Publishers Advertising Services Act

Under the *Foreign Publishers Advertising Services Act*, a foreign publisher is not permitted to sell more than 18% of advertising aimed at Canadian audiences. However, a foreign publisher who makes an investment in periodical publishing that has been approved under the *Investment Canada Act* is entitled to unrestricted access to the Canadian advertising services market.

Income Tax Act

Section 19.01 of the *Income Tax Act* permits full deductibility of expenses for advertisements published in issues of periodicals that contain at least 80% original editorial content, and 50% deductibility for other publications. These deductions are permitted regardless of the ownership of the periodical.

Broadcasting

Under the *Investment Canada Act*, jurisdiction for reviewing acquisitions of control by non-Canadians in the broadcasting sector rests with Industry Canada. The asset threshold for review is $5M for direct acquisitions, and $50M for indirect acquisitions. However, government policy does not permit the acquisition of control by non-Canadians. The policy is set out in the *Broadcasting Act* as indicated below. The Canadian Radio-television and Telecommunications Commission (CRTC) regulates and supervises all aspects of the Canadian broadcasting system.

Investment Policy

The *Broadcasting Act* provides in paragraph 3(1)(*a*) that "the Canadian broadcasting system shall be effectively owned and controlled by Canadians." This is given effect by the Governor in Council in its Direction to the CRTC (Ineligibility of Non-Canadians):

> Non-Canadians cannot own or control more than 20% of the voting shares or the votes of a broadcasting undertaking and not more than 33 1/3% of the voting shares or the votes of the parent corporation. In addition, the parent corporation and its directors must not control or influence any programming decisions of the broadcasting undertaking where non-Canadians own or control more than 20% of the votes; or where non-Canadians occupy more than 20% of the parent corporation board of directors; or where the parent corporation chief executive officer, or person performing similar functions, is a non-Canadian.
>
> Non-Canadians cannot occupy more than 20% of the board of directors of the broadcasting undertaking and its chief executive officer or equivalent cannot be a non-Canadian.

The CRTC is directed not to issue a broadcasting licence, and no amendments or renewals may be granted, to an applicant that is a non-Canadian. Where the CRTC determines that an applicant is controlled by a non-Canadian, whether on the basis of personal, financial, contractual or business relations or any other considerations relevant to determining control, other than the beneficial ownership and control of the voting shares of a qualified successor by a Canadian carrier or its acquiring corporation, the applicant is deemed to be a non-Canadian.

Income Tax Act

Since 1976, a taxpayer cannot claim a deduction for any outlay or expense for an advertisement directed primarily to a market in Canada and broadcast by a foreign broadcasting undertaking, i.e. one located outside Canada or on a ship or aircraft not registered in Canada.

Endnotes

[1] *2008 Canadian Books Readership Study*, Decima Research.

[2] *2004 Survey of Book Publishers*, Statistics Canada.

[3] Ibid.

[4] *2006 Survey of Book Publishers*, Statistics Canada.

[5] *2006 Survey of Book Publishers*, Statistics Canada.

[6] Ibid.

[7] *Book Distribution in Canada's English-Language Market*, Turner-Riggs, 2008.

[8] Ibid.

[9] *The Diffusion and Distribution of French-Language Books in Canada*, Édinova, 2008.

[10] *The Book Retail Sector in Canada*, Turner-Riggs, 2007.

[11] Ibid.

[12] Canada Council for the Arts.

[13] Canadian Publishers Directory, *Quill & Quire*, 1967.

[14] BPIDP/ATP Database.

[15] The figures from this section emanate from the proprietary Web application of Cultural Sector Investment Review (CSIR), the investment review group of the Department of Canadian Heritage, and are up-to-date as of December 2009. This database tracks daily activities related to investments.

[16] Ibid.

[17] *2004 Survey of Canadian Book Publishers*, Statistics Canada.

[18] *Book Distribution in Canada's English-Language Market*, Turner-Riggs, 2008.