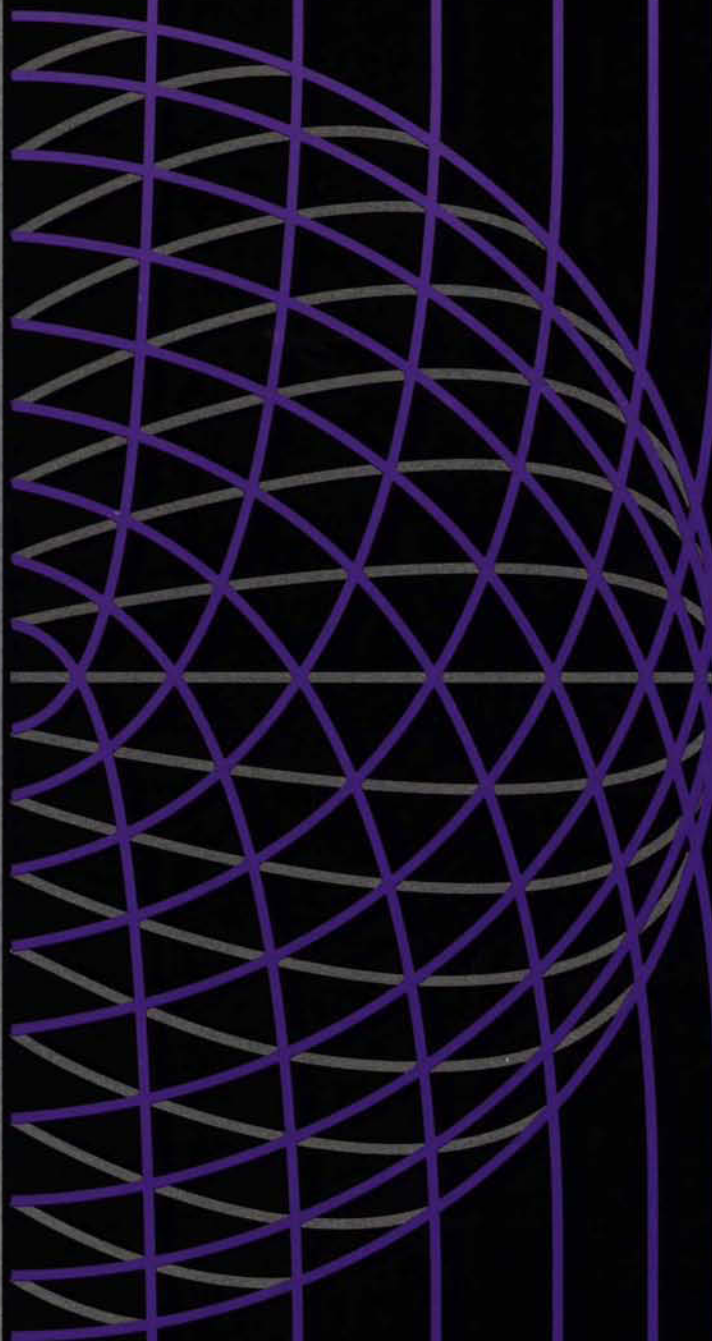


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# Commercial Printing

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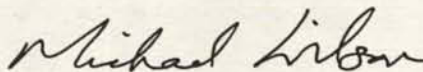
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**COMMERCIAL PRINTING****FOREWORD**

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*In a rapidly changing global trade environment, the international competitiveness of Canadian industry is the key to growth and prosperity. Promoting improved performance by Canadian firms in the global marketplace is a central element of the mandates of Industry, Science and Technology Canada and International Trade Canada. This Industry Profile is one of a series of papers in which Industry, Science and Technology Canada assesses, in a summary form, the current competitiveness of Canada's industrial sectors, taking into account technological, human resource and other critical factors. Industry, Science and Technology Canada and International Trade Canada assess the most recent changes in access to markets, including the implications of the Canada-U.S. Free Trade Agreement. Industry participants were consulted in the preparation of the profiles.*

*Ensuring that Canada remains prosperous over the next decade and into the next century is a challenge that affects us all. These profiles are intended to be informative and to serve as a basis for discussion of industrial prospects, strategic directions and the need for new approaches. This 1990-1991 series represents an updating and revision of the series published in 1988-1989. The Government will continue to update the series on a regular basis.*



Michael H. Wilson  
 Minister of Industry, Science and Technology  
 and Minister for International Trade

**Structure and Performance****Structure**

Companies in the commercial printing industry produce a wide variety of printed materials for all segments of the economy. Printing facilities within organizations such as newspaper and periodical publishers, insurance companies and governments, commonly referred to as "in-house" or "in-plant" printing, are excluded from this profile. The commercial printing industry is an integral part of the printing, publishing and allied industries sector. While a certain degree of interdependence exists between printing and publishing, the two industries are distinct.<sup>1</sup>

In 1989, the Canadian commercial printing industry consisted of about 2 600 companies that controlled 3 200 establishments, and employed 64 000 people.

Industry shipments were valued at \$6.2 billion.<sup>2</sup> The commercial printing industry is a major user of Canadian materials, notably paper; for example, the industry purchases about 50 percent of the Canadian production of both fine and printing papers.

Most of the industry's output involves custom work. Catalogues, circulars, price lists and other advertising matter represented the single largest product group in 1989, accounting for about 20 percent of the industry's output. Other important product groups were business forms (about 15 percent), periodicals printed for publishers (8 percent), labels (5 percent), newspapers printed for publishers (4 percent) and books printed for publishers (3 percent). The rest consisted of a variety of products such as greeting cards, banknotes, stamps, calendars, tags and tickets, each of which accounted for less than 3 percent of industry shipments in 1989.

<sup>1</sup>The components of publishing are addressed in separate industry profiles on *Book Publishing* and *Periodical Publishing*.

<sup>2</sup>In contrast, the estimated value of in-house printing in Canada was over \$1 billion.



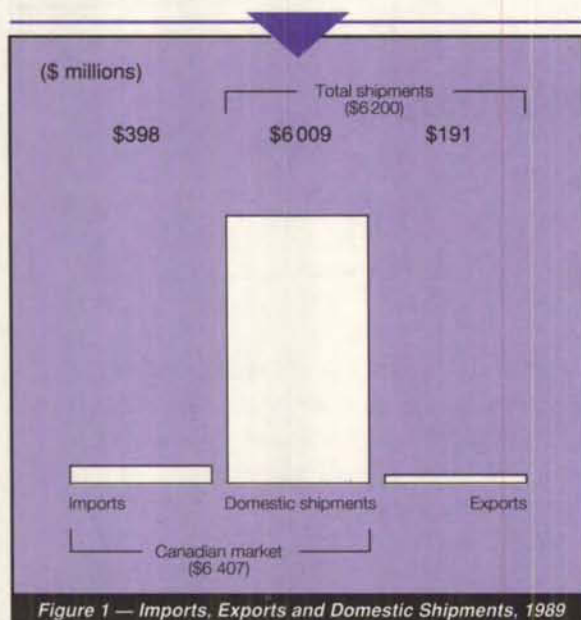


Figure 1 — Imports, Exports and Domestic Shipments, 1989

The industry is primarily oriented toward serving the Canadian market. Exports of commercial printed matter totalled only \$191 million in 1989, representing 3.1 percent of industry shipments, while imports into Canada reached \$398 million, accounting for 6.2 percent of the Canadian market (Figure 1). The bulk of this trade consists of arm's-length transactions. Canada's trade in this field is primarily with the United States, which took close to 80 percent of Canada's 1989 export shipments and supplied about 81 percent of Canada's imports. In this industry, foreign trade primarily involves large print runs of products of a non-time-sensitive nature; consequently, larger printers generate most of the export sales.

The benefits of industry activity extend to all regions of Canada and to both large and small communities. Although plants can be found throughout the country, the industry is heavily concentrated in Ontario and Quebec. While the industry provides important employment opportunities in smaller communities, it is concentrated in areas of high population density. Plants located in the Toronto metropolitan area account for about 37 percent of the industry's shipments, followed by Montreal (20 percent), Vancouver (5 percent), Ottawa-Hull (4 percent) and Winnipeg (3 percent).

The commercial printing industry is made up of more establishments than any other manufacturing industry in Canada. It is characterized by a large number of small (i.e., fewer than 20 employees), relatively labour-intensive enterprises. There are no major barriers to entry for small-scale

plants. Roughly four-fifths of all plants employ fewer than 20 people each, but together they account for only about 20 percent of total shipments. Large establishments employing 100 people and more, about 3 percent of the total, account for roughly half of the industry's shipments. The five largest firms (Quebecor Printing, Southam Graphics, Maclean Hunter's Printing Division, Imprimerie Transcontinentale G.T.C. and Moore) account for about 35 percent of all shipments. These five firms are controlled by Canadian interests. The first four are owned by large communications conglomerates.

The industry is primarily Canadian-owned, with a strong tradition of family ownership. About 4 percent of plants are foreign-controlled, primarily by U.S. interests. These companies account for about 15 percent of industry shipments. Non-resident ownership is most extensive in the greeting card and business form fields. Conversely, most major Canadian printers now have branch plants in the United States; however, their combined share of the overall U.S. commercial printing industry's shipments is small, probably less than 5 percent. In some segments, such as business forms, the share controlled by Canadian-owned plants is much higher.

Product specialization is common among printers of business forms, greeting cards, books, labels and security documents. Most other printing establishments produce a wide range of items. Instant printers or quick printers provide rapid delivery of small orders with less stringent quality requirements. These printers generated sales estimated at roughly \$300 million in 1989. In this segment of the commercial printing industry, franchising is gaining in popularity. The three largest franchise operations (Kwik-Kopy Canada, Print Three Franchising and Zippy Print) together have about 300 outlets in Canada.

A special characteristic of commercial printing, in comparison with other manufacturing industries, is that its market is segmented into two linguistic groups. In addition, for many print orders, buyer and supplier must have easy access to each other to proof copy and layouts before the actual printing takes place. The typical commercial printer generates orders through personal contact with customers. Use of intermediaries, such as distributors, jobbers and brokers is limited primarily to specialist printers.

The general structure of the commercial printing industry in other developed countries parallels that in Canada. For example, in the United States, roughly 80 percent of the plants also employ fewer than 20 people each, and printing is concentrated in states that have a large population and a large base of business activity.



## Performance

Commercial printing is an industry with a long tradition. Canada's first printing plant opened in 1751. The industry manufactures a wide variety of products. Market demand for these products is influenced by a complex and interrelated mix of factors, including the population's level of education, leisure time, discretionary income and general business activity. In the 1982 to 1989 period, these factors have had a positive influence on the industry.

Historically, the commercial printing industry has performed better than the manufacturing sector as a whole and the economy in general. During the 1982 to 1989 period, industry shipments, in constant and current dollars, grew at an annual rate of 4.5 percent and 9.9 percent, respectively (Figure 2). The industry's share of manufacturing shipments expanded from 1.7 percent to 2 percent. Generally speaking, Canadian growth patterns in shipments in the commercial printing industry have paralleled those in the United States.

Over the last decade, the potential market of the commercial printing industry has increasingly been eroded by in-house printing plants. The requirements for convenience, speed and confidentiality are largely responsible for the growth of this activity.

A wave of corporate acquisitions has also swept the industry over the last decade. These acquisitions were frequently followed by the rationalization and, in some cases, the specialization of manufacturing operations, in order to become more cost-effective and competitive. As mentioned earlier, the five largest printing organizations accounted for about 35 percent of industry shipments in 1989, compared to an estimated 20 percent for the five largest groups in 1980.

Exports of commercial printed products grew from \$63 million in 1982 to \$221 million in 1988 but fell back to \$191 million in 1989. The net increase of exports as a share of the industry's total output rose from 2 percent to 3.1 percent. Imports expanded from \$241 million in 1982 to \$398 million in 1989. Imports grew at a slower rate than domestic shipments, with their share of the Canadian market declining from 7.1 percent to 6.2 percent. However, tariffs and, to a lesser extent, non-tariff barriers, are important factors in limiting imports into Canada. Canada's trade deficit in commercial printed products increased from \$178 million in 1982 to \$207 million in 1989.

From 1982 to 1989, industry employment expanded at an average annual rate of 3.2 percent (Figure 2). Changes in the skills of the industry work force occurred during that

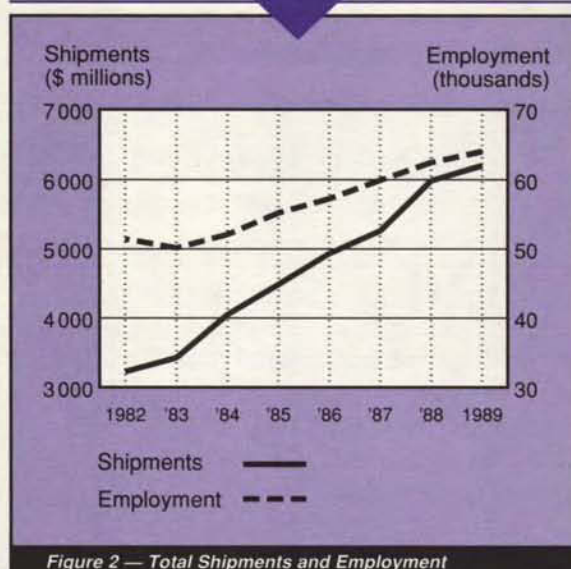


Figure 2 — Total Shipments and Employment

period. At one time, the industry in Canada and the United States employed primarily highly skilled craft workers. However, extensive automation of commercial printing in the last few years has reduced the need for highly skilled craft workers in favour of moderately skilled technicians. Historically, the industry has provided a higher wage structure than the overall manufacturing sector, although the difference in wage rates between commercial printing and all manufacturing has been declining.

The major vehicle for acquiring trade skills in this industry is still on-the-job training provided by management, unions and suppliers of machinery. In addition, secondary and post-secondary education is available in various aspects of graphic arts.

Financing for the majority of the smaller printers is through internally generated funds and loans from established financial institutions such as chartered banks and trust companies, while the larger firms tend to use public financing. Generally, the industry has no serious problems meeting its capital needs; this reflects both its stability and profitability.

Traditionally, before-tax profit on total income and before-tax profit on equity in this industry have out-performed the average of all manufacturing. For example, the industry's before-tax profit on equity ratio was 22.1 percent in 1987 (the latest year for which statistics are available), compared to 16.2 percent for the manufacturing sector. In general, large printing operations have done better than medium-sized and small firms.





## Strengths and Weaknesses

### Structural Factors

The majority of the industry's customers place small orders intermittently for a variety of printed products. For small orders, quality and good service are more important than price. As a result, small print runs and small printers usually are not subject to international competition. In contrast, large print runs are highly price-sensitive. Strong domestic and external competition exists among large and medium-sized firms for the larger print runs. To a large extent, the Canadian industry was established to serve a relatively small Canadian market protected by high tariffs. As a result, the industry overall has developed without the need to be internationally competitive.

Despite high tariff protection, the Canadian industry has a negative trade balance with the United States. As in Canada, the U.S. industry comprises a large number of small businesses. However, the Americans have an advantage in the relative size of their largest establishments and firms, which clearly dwarf their Canadian counterparts. For example, R.R. Donnelley & Sons, the largest general commercial printer in the United States, reported corporate sales of C\$3.7 billion in 1989. This figure is equivalent to roughly 60 percent of total shipments for the whole Canadian commercial printing industry.

In addition, large U.S. printers have fewer manufacturing plants than their Canadian counterparts. Typically, such plants in the United States are dedicated to the printing of large quantities of a limited number of products. In contrast, large printing firms in Canada often have numerous plants located across the country, producing a wider variety of products for local or regional consumption.

Raw materials and wages represent the two greatest cost factors for printers, averaging about 30 percent and 23 percent of the sales dollar, respectively. On an exchange rate-adjusted basis, prices for most raw materials used by printers in 1989 were somewhat higher in Canada than in the United States. While no critical difficulties obtaining materials have been experienced by the Canadian commercial printing industry in the past few years, some grades and sizes of Canadian paper have been at times in tight supply. Such shortages have forced Canadian printers to import part of their requirements, usually from the United States.

In addition, labour productivity was about 30 percent (currency-adjusted) higher in the United States in 1987. The difference in labour productivity levels can be attributed to several factors. As a group, the large U.S. printers are much larger than their Canadian counterparts, and they consequently achieve greater economies of scale. In addition, the shorter

print runs in Canada, due to the segmentation of an already small market into two linguistic groups, militates against such economies. Finally, the much larger U.S. market can sustain a higher degree of specialization among printers.

While most large Canadian printers generally use state-of-the-art technologies, the Canadian commercial printing industry as a whole has not kept pace with its American counterpart in modernizing its manufacturing facilities. Historically, capital expenditures as a percentage of sales and capital expenditures per production worker have been lower in Canada than in the United States, despite the fact that Canadian printers, as a group, have usually performed as well as their U.S. counterparts in terms of before-tax profit on operating income and return on investment. The lower investment levels in Canada are due in some measure to the more conservative attitudes of Canadian managers. The battle for market share among the larger printers has also escalated further in the United States than in Canada, leading to greater capital expenditures.

The Canadian industry has some particular strong points. While it is not cost-competitive with the U.S. industry, it has a reputation for producing products that can compete effectively in terms of quality. Over the last decade, industry consolidation has increased significantly in Canada. More and more Canadian printers are realizing that they must become increasingly market-driven.

Transportation is not a significant cost element for printers that serve local markets only. However, for firms interested in serving larger market areas, distance can become a limiting cost factor. As a result, the bulk of Canada's trade in commercial printed products with the United States takes place between parties located relatively close to the border.

Management characteristics of equivalent-sized companies in the Canadian and U.S. printing industries are similar. In most instances, larger firms employ more effective management systems. Small firms tend to be owned by entrepreneurs who have printing or direct selling backgrounds and less expertise in other functions. The size of these firms restricts the feasibility of employing a full-fledged management team.

### Trade-Related Factors

Canada, like most developed nations, provides duty-free entry to periodicals, newspapers and books. In addition, Canada provides duty-free entry to other selected printed products such as maps, banknotes and religious calendars. In 1989, about 40 percent of all imports of commercial printed products entered Canada duty-free. Where applicable, Canadian Most Favoured Nation (MFN) rates in 1989 ranged from a low of 6.8 percent to a high of 28.6 percent.





In particular, advertising matter, the industry's largest and fastest-growing product line, was protected by tariff rates of 24.3 percent and 28.6 percent. In contrast, the United States provided duty-free entry to advertising matter in 1989. Where applicable, MFN tariff rates on printed matter in the United States extended from 0.4 percent to 5.8 percent. In comparison, tariff rates in the European Community (EC) ranged from 2.5 percent to 7.2 percent in 1989, while Japanese tariff rates did not exceed 4.2 percent.

Many countries have introduced non-tariff barriers to assist their commercial printing industries. A significant Canadian measure is Section 19 of the federal *Income Tax Act*. This section, introduced in 1964, prohibited Canadian advertisers from deducting advertising expenses for the Canadian market from their taxable income when this advertising was placed in non-Canadian newspapers or periodicals. To qualify as "Canadian," newspapers and periodicals had, among other things, to be printed and typeset in Canada. An important non-tariff barrier in the United States is the prohibition on the importation of lottery materials.

Printing is not covered by the General Agreement on Tariffs and Trade (GATT) Code on Government Procurement. Government procurement practices are a major non-tariff barrier affecting trade in printed materials. In Canada, the federal government solicits bids only from Canadian printers, and most provinces and municipalities grant some form of preferential treatment to their local printers. Governments in the United States, the EC and Japan also have adopted print purchasing policies that give preferential treatment to domestic suppliers.

Both Canada and the United States require that most printed paper products imported into the country be marked to indicate the country of origin. Over the years, many Canadian printers have reported that the U.S. requirements have had an adverse effect on their export marketing efforts.

Under the Canada-U.S. Free Trade Agreement (FTA), the tariffs on printed matter and on raw materials required by printers will be phased out by 1 January 1993. In addition, as of 1 January 1989, Canada removed the "print and typeset in Canada" requirement, one of the criteria used to define Canadian newspapers and periodicals and, thus, eligibility for the deduction of advertising expenses for income tax purposes. The U.S. federal embargo on lottery materials will be removed on 1 January 1993; however, individual state restrictions will not be affected.

### **Technological Factors**

In Canada, as in most other countries, very few printers devote resources, on a sustained basis, to the development of new products or to improving existing ones. The limited research and development (R&D) in the industry to improve

product technology is concentrated in specialized subsectors, such as business forms and security printing. Similarly, the world commercial printing industry generally relies on suppliers of machinery and equipment to originate technological developments in manufacturing processes. Because of the existence of several competing printing methods, extensive ongoing R&D programs are conducted by these suppliers in their quest of a larger share of the market.

Most efforts in the last few years have been directed toward automation of pre-printing, printing and post-printing processes and improvement in the speed and efficiency of machinery and equipment. One of the most significant developments has been the introduction of desktop publishing (DTP) systems. DTP has almost completely transformed the pre-press operations.

Most of the R&D work is done outside Canada, primarily in the United States, Germany and Japan. Nonetheless, the new, more sophisticated manufacturing technologies are available worldwide. As a result of these technologies, the printing industry, worldwide, is slowly shifting away from its former state as a relatively labour-intensive, craft-oriented manufacturing process toward a capital-intensive, technology-oriented system of production. Suppliers now offer printing machinery and equipment in a wide range of prices, output and performance appropriate for most client needs.

Average annual capital expenditures by the Canadian commercial printing industry during the second half of the 1980s were much higher than during the first half. Although the Canadian industry, overall, is still not as "current" as the U.S. industry, more Canadian printers now have state-of-the-art machinery and equipment and, in general, are well aware of new manufacturing technologies.

### **Other Factors**

The manufacturing processes used in commercial printing are not directly linked to serious pollution or occupational health and safety related problems. Nonetheless, the industry in Canada, like that in the United States, has had to comply with increasingly stringent federal, provincial and local regulations concerning clean air, waste disposal and worker safety. The industry has had to take a number of corrective measures, including the installation of pollution-control devices, recycling systems and recovery units.

Government departments and agencies at all levels are major users of print materials. For example, in the fiscal year 1988-1989, Supply and Services Canada purchased print materials worth \$154 million on behalf of the federal government. On the other hand, the federal government and several provincial governments are themselves engaged in printing activities. For example, about 30 percent of the print needs of the federal government are met through in-house printing operations.



About one-quarter of the commercial printing industry's output is ultimately distributed through the postal system. Consequently, changes in postal rates and regulations, as well as mail disruptions, have an important influence on the printing industry.

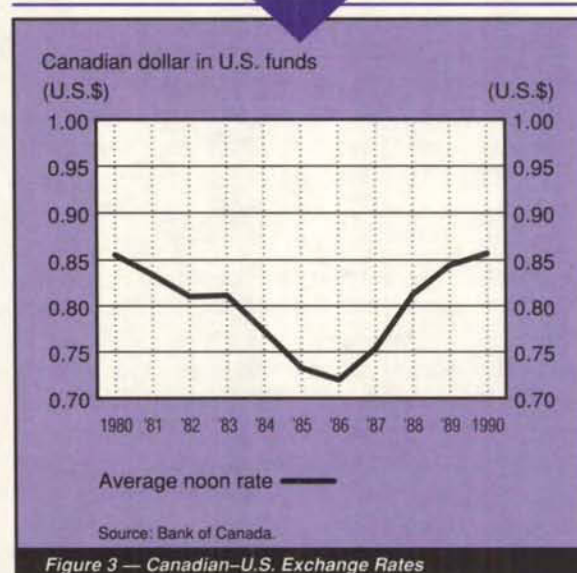
In the last decade, governments in Canada have made efforts to promote the growth of periodical and book publishing. Commercial printers in Canada have benefited from the strengthening of the publishing industry.

Many of the products released by the publishing and commercial printing industries are subject to provisions of the Canadian *Copyright Act*. Adequate copyright protection is important in order to provide sufficient incentive for creative activities to take place. The Act, however, had become obsolete and no longer provided adequate protection to creators. A first series of major revisions was made in June 1988. An important revision affecting the publishing and commercial printing industries relates to the penalties for infringement. Under the new Act, the penalties are much tougher, up to \$1 million in fines and five years in jail, compared to a maximum fine of only \$200 and two months in jail under the old Act. A second series of amendments dealing primarily with the concerns of users of copyright material is expected to be introduced in Parliament in the near future.

## Evolving Environment

At the time of writing, the Canadian and American economies were showing signs of recovering from a recessionary period. During the recession, companies in the industry generally experienced reduced demand for their outputs, in addition to longer-term underlying pressures to adjust. In some cases, the cyclical pressures may have accelerated adjustments and restructuring. With the signs of recovery, though still uneven, the medium-term outlook will correspondingly improve. The overall impact on the industry will depend on the pace of the recovery. In 1990, lower demand for printed products has resulted in an overcapacity situation, many layoffs, some plant closures, price-cutting practices and lower profit margins.

Overall, Canadian demand for commercial printed products over the medium term will grow at a moderate rate. Factors such as the amount of leisure time and the level of education of the population will continue to have a positive influence. Other factors, such as the anticipated slower rate of population growth and the recent recession, will have a negative impact. In addition, the next few years will bring to maturity a number of technological developments in electronic transaction systems, computer-output microfilm systems, videotext and other



non-print methods of transmitting and storing information. These developments will adversely affect some printed products, notably some types of paper-based business forms and directories. While there will continue to be some market erosion by substitutes for printed products, the so-called paperless society will not materialize in the medium term. However, the industry's potential market will continue to be eroded by in-house printing plants.

In December 1989, the federal government announced its intention to phase out the postal subsidy for newspapers, periodicals and books. In addition, these products, which were exempted from the old manufacturer's sales tax, are taxable under the goods and services tax (GST) that was introduced on 1 January 1991. These two measures will likely have an adverse effect on the publishing industry and in turn on commercial printers.

On the international front, the United States should continue to offer relatively good potential markets for efficient Canadian printers over the medium term, if there are no significant increases in the value of the Canadian dollar in relation to U.S. currency. Conversely, a decline in the value of the Canadian dollar would have a short-term positive impact on the level of international competitiveness of Canadian printers (Figure 3) but would risk rekindling inflationary pressures in Canada.

Given the relatively poor prospects that have been forecast for the North American economy over the next few years, investment by commercial printers in the coming years will probably be directed at improving their competitiveness rather than to increasing their capacity.

Increasing concentration of manufacturing facilities and shipments among the major printing organizations will





likely continue. Many printers consider acquisition the best corporate strategy for expanding into new markets.

No critical shortages of paper or other raw materials currently used by commercial printers are expected over the medium term, although there will no doubt be spot shortages from time to time. The use of recycled paper stock will expand substantially in response to environmental concerns. Since energy consumption in commercial printing is small, moderate increases in energy prices will not significantly affect the industry's competitive position.

In general, the industry should face no critical problems in attracting sufficient workers. However, the future skills and aspirations of the Canadian labour force and the requirements of the commercial printing industry in the coming years could conflict and lead to production bottlenecks in some segments. From a managerial perspective, the wider selection and higher cost of printing machinery in the future, coupled with increased competition in the marketplace, will increase pressures on managers in the printing industry to more effectively manage human and financial resources and marketing techniques. In view of this situation, Employment and Immigration Canada has initiated a study of present and future labour market conditions for the printing and allied industries. The study is to be completed in 1991.

The introduction of technological developments by suppliers of printing machinery and equipment should continue at a relatively rapid pace over the medium term. However, no dramatic developments in process technologies are expected during the next few years. Research and development will focus on refining existing technologies. In particular, electronics and computers will continue to make rapid inroads into printing plants of all sizes to improve quality, speed, efficiency and economy.

The FTA is increasing competitive pressures on the Canadian printing industry. The elimination of Canadian tariffs over a five-year period provides an opportunity for the large U.S. printers, with their economies of scale, to increase their share of the Canadian market. With the first tariff cut in 1989, several U.S. printers have, for the first time, started to solicit large print contracts in Canada, while other printers who were already exporting to Canada have increased their marketing efforts. Already, some U.S. printers have secured several large print orders. Canadian imports of all commercial printed matter from the United States reached \$322 million in 1989, an increase of 17.1 percent over 1988, the largest annual increase recorded since 1984. Canadian imports of advertising matter alone increased by 51.7 percent between 1988 and 1989.

In addition, the elimination of the "print and typeset in Canada" requirement as one of the criteria in defining

Canadian newspapers and periodicals has led some Canadian publishers to subcontract their printing needs to U.S. printers. Fortunately, factors such as freight costs and the need for many Canadian publishers to maintain a distinctively Canadian image suggest that only a limited number of publishers will be able to take advantage of this situation. In 1989, Canadian printers generated about \$500 million from the printing of newspapers and periodicals.

A number of Canadian printers, mostly medium-sized firms, may find it difficult to adjust to growing import competition. On the other hand, Canadian exports could increase as a result of the removal of the U.S. tariffs on printed matter and the lifting of the trade embargo on lottery materials. The FTA has stimulated greater interest in exporting among Canadian printers.

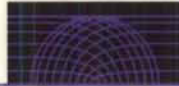
In addition to increased competition from U.S. suppliers, the Canadian industry is expected to face stronger import pressures from overseas countries due to innovations in technology. As indicated earlier, many print orders depend on buyers and suppliers having easy access to each other. Recent improvements in communication technologies, including fax machines and satellites, will make transacting business at a greater distance much easier, notably by enabling the transmission, at reasonable costs, of typesetting and film work between printers and print buyers.

## Competitiveness Assessment

International competition in this industry applies primarily to larger print runs. A few large, efficient Canadian companies are internationally competitive. However, overall the Canadian commercial printing industry is currently not considered to be internationally competitive. Economies of scale and specialization are often not fully exploited. A major component of the industry relies on high Canadian tariffs to inhibit penetration by imports of large print runs from the United States. The large number of small firms serving local markets with small print runs, however, is not generally affected by imports.

Overall, the FTA is having some negative effects on the Canadian industry. Most large Canadian printers have started to respond to the challenge of free trade. For a number of reasons, including economic and market factors as well as managerial attitudes, medium-sized printers are moving at a much slower pace than larger firms in taking the necessary steps to adjust to the increasing competitive pressures. Nonetheless, the Canadian industry, given its inherent strengths, has the potential to adjust positively to free trade with the United States.





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For further information concerning the subject matter  
contained in this profile or in the ISTC sectoral studies  
listed on page 12, contact

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Industry, Science and Technology Canada  
Attention: Commercial Printing  
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Tel.: (613) 954-3100  
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## PRINCIPAL STATISTICS<sup>a</sup>

	1982	1983	1984	1985	1986	1987	1988	1989
Establishments	2 702	2 882	2 920	3 049	3 145	2 951	3 111	3 200 <sup>b</sup>
Employment	51 463	50 145	52 102	55 241	57 273	59 913	62 436	64 000 <sup>b</sup>
Shipments (\$ millions)	3 227	3 430	4 049	4 482	4 931	5 264	5 985	6 200 <sup>b</sup>
GDP <sup>b</sup> (constant 1981 \$ millions)	1 315	1 301	1 472	1 541	1 610	1 662	1 741	1 784
Investment <sup>c</sup> (\$ millions)	95.3	96.1	169.6	171.9	231.2	264.5	208.7	223.8
Profits after tax <sup>d</sup> (\$ millions)	231.4	271.0	287.7	315.1	297.1	390.9	N/A	N/A
(% of income)	6.9	8.1	6.8	6.7	5.8	6.9	N/A	N/A

<sup>a</sup>For establishments, employment and shipments, see *Printing, Publishing and Allied Industries*, Statistics Canada Catalogue No. 36-251, annual (SIC 2811, business forms printing industry, and SIC 2819, other commercial printing industries).

<sup>b</sup>ISTC estimates.

<sup>c</sup>See *Capital and Repair Expenditures, Manufacturing Subindustries, Intentions*, Statistics Canada Catalogue No. 61-214, annual. Quoted numbers represent capital expenditures only.

<sup>d</sup>See *Corporation Financial Statistics*, Statistics Canada Catalogue No. 61-207, annual.

N/A: not available

## TRADE STATISTICS

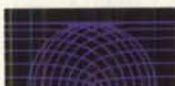
	1982	1983	1984	1985	1986	1987	1988	1989
Exports <sup>a</sup> (\$ millions)	63	76	111	149	180	202	221	191
Domestic shipments (\$ millions)	3 164	3 354	3 938	4 333	4 751	5 062	5 764	6 009 <sup>b</sup>
Imports <sup>c</sup> (\$ millions)	241	264	311	318	371	364	345	398
Canadian market (\$ millions)	3 405	3 618	4 249	4 651	5 122	5 426	6 109	6 407 <sup>b</sup>
Exports (% of shipments)	2.0	2.2	2.7	3.3	3.7	3.8	3.7	3.1
Imports (% of Canadian market)	7.1	7.3	7.3	6.8	7.2	6.7	5.6	6.2 <sup>b</sup>

<sup>a</sup>The export statistics quoted in this report understate the actual level of export orientation of the Canadian commercial printing industry. For statistical purposes, Canada's international trade in newspapers, periodicals and books is usually assigned to the publishing industry by Statistics Canada. However, a good portion of Canadian exports of these commodities originates from companies classified to the commercial printing industry. In contrast, the bulk of Canada's imports of these commodities originates from foreign publishers as opposed to commercial printers. See *Exports by Commodity*, Statistics Canada Catalogue No. 65-004, monthly.

<sup>b</sup>ISTC estimates.

<sup>c</sup>See *Imports by Commodity*, Statistics Canada Catalogue No. 65-007, monthly. For 1988 and following years, children's picture, drawing and colouring books are excluded. Data for previous years have been revised accordingly. It is important to note the 1988 and 1989 data are based on the Harmonized Commodity Description and Coding System (HS). Prior to 1988, the shipments, exports and imports data were classified using the Industrial Commodity Classification (ICC), the Export Commodity Classification (XCC) and the Canadian International Trade Classification (CITC), respectively. Although the data are shown as a continuous historical series, users are reminded that HS and previous classifications are not fully compatible. Therefore, changes in the 1988 levels reflect not only changes in shipment, export and import trends, but also changes in the classification systems. It is impossible to assess with any degree of precision the respective contribution of each of these two factors to the total reported changes in 1988 and 1989 levels.





### SOURCES OF IMPORTS<sup>a</sup> (% of total value)

	1984	1985	1986	1987	1988	1989
United States	84.0	83.4	80.8	81.6	77.4	81.1
European Community	9.6	10.0	11.1	11.1	13.5	10.5
Asia	4.8	4.8	6.1	5.6	6.4	6.6
Other	1.6	1.8	2.0	1.7	2.7	1.8

<sup>a</sup>See *Imports by Commodity*, Statistics Canada Catalogue No. 65-007, monthly.

### DESTINATIONS OF EXPORTS<sup>a</sup> (% of total value)

	1984	1985	1986	1987	1988	1989
United States	86.6	88.9	89.1	85.8	89.5	79.7
European Community	4.2	4.7	4.9	8.3	5.2	10.2
Asia	1.3	1.3	1.1	1.3	1.1	2.4
Other	7.9	5.1	4.9	4.6	4.2	7.7

<sup>a</sup>See *Exports by Commodity*, Statistics Canada Catalogue No. 65-004, monthly.

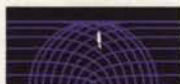
### REGIONAL DISTRIBUTION<sup>a</sup> (average over the period 1986 to 1988)

	Atlantic	Quebec	Ontario	Prairies	British Columbia
Establishments (% of total)	4.2	28.2	43.2	14.3	10.1
Employment (% of total)	X	28.2	52.4	X	6.1
Shipments (% of total)	X	28.1	53.7	X	6.5

<sup>a</sup>See *Printing, Publishing and Allied Industries*, Statistics Canada Catalogue No. 36-251, annual (SIC 2811, business forms printing industry, and SIC 2819, other commercial printing industries).

X: confidential





## MAJOR FIRMS (1989)

Name	Country of ownership	Location of major plants
Imprimerie Transcontinentale G.T.C. Ltée	Canada	Saint-Laurent (9 plants in Canada, 3 in the United States)
Macleam Hunter Limited – Printing Division	Canada	Toronto (24 plants in Canada, 4 in the United States)
Moore Corporation Limited	Canada	Toronto (10 plants in Canada, 140 abroad)
Quebecor Printing Inc.	Canada	Montreal (34 plants in Canada, 11 in the United States)
Southam Graphics Group	Canada	Toronto (22 plants in Canada, 3 in the United States)

## INDUSTRY ASSOCIATIONS

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Suite 101, 65 Castelnau Street West  
MONTREAL, Quebec  
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Tel.: (514) 274-7446  
Fax: (514) 274-7482

Canadian Printing Industries Association  
Suite 906, 75 Albert Street  
OTTAWA, Ontario  
K1P 5E7  
Tel.: (613) 236-7208  
Fax: (613) 236-8169





## SECTORAL STUDIES AND INITIATIVES

The following publications are available from the nearest Business Service Centre (see inside front cover) or from ISTC headquarters (see address on page 8).

**The Canadian Business Forms Printing Industry**

February 1991. 50 pages.

**The Canadian Greeting Cards Industry**

March 1989. 30 pages.

**The Canadian Label Printing Industry**

June 1988. 24 pages.

**The Canadian Lithographic Platemaking Industry**

May 1990. 32 pages.

These studies describe the basic structures and features of each industry, review its performance in the recent past, provide a statement of its competitiveness vis-à-vis its U.S. counterpart, and describe the major forces that will be likely to influence its future direction over the medium term.

Printed on paper containing recycled fibres.

