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# CANADA'S EXPORT STRATEGY

## *The International Trade Business Plan*

**1995/96**

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***An Integrated Plan for Trade, Investment  
and Technology Development***

**The International Trade Business Plan** is made up of an **Overview** highlighting Canada's international business development priorities, and a series of **Industry Sector Strategies**, which include lists of planned international activities. The following documents are available:

- Overview
1. Advanced Manufacturing Technologies
  2. Agriculture and Food Products
  3. Aircraft and Parts
  4. Automotive
  5. Biotechnologies
  6. Business, Professional and Educational Services
  7. Chemicals, Plastics and Advanced Materials
  8. Construction Products
  9. Consumer Products
    - Apparel and Fur
    - Textiles
    - Footwear
    - Sporting Goods (including recreational watercraft)
    - Tools, Hardware and Housewares
    - Residential Furniture
    - Business and Institutional Furniture
  10. Cultural Industries
  11. Defence Products
  12. Environmental Equipment and Services
  13. Fish and Sea Products
  14. Forest Industries
  15. Information Technologies and Telecommunications
    - Sector Overview
    - Computers and Peripheral Equipment
    - Electronic Components
    - Geomatics
    - Instrumentation
    - Software Products and Computer Services
    - Telecommunications
  16. Medical and Health-Care Products and Services
    - Medical Devices
    - Pharmaceuticals
    - Health-Care Services
  17. Minerals and Metals
  18. Oil and Gas Products and Energy Equipment
  19. Power Equipment
  20. Primary/Secondary Industrial Machinery
    - Mining, Forestry, Pulp and Paper
    - Agricultural Technology, Machinery and Equipment
    - Ocean and Marine Shipboard Technology
  21. Rail and Bus Equipment
  22. Space
  23. Tourism

For information on how to receive the Overview, or additional Industry Sector Strategies, please call: **1-800-267-8376**

All monetary figures in this document are expressed in Canadian dollars unless otherwise indicated.

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*Aussi disponible en français sous le titre Les arts et Industries culturelles.*



## Cultural Industries

The performing arts involve creative pursuits in music, dance, theatre, literature and other cultural enterprises. Cultural industries consist of film/video, broadcasting, heritage, visual arts, sound recording and publishing. Arts and cultural industries generate products and services that should be promoted in the international marketplace.

### International Environment

Arts and cultural industries are important to national economies, generating worldwide business opportunities worth approximately \$200 billion annually. These earnings are expected to grow at an annual rate of 5 percent to 10 percent. The Canadian market is considerable at \$6 billion a year, but is marked by a high percentage of sales of foreign products and services.

Underlying the rapid evolution of these markets is the technological and commercial convergence of broadcasting, communications and computing into the emerging multimedia sector. This convergence entails a global realignment of the industries in question, which will have a direct impact both on industry structures and on access to cultural products, providing the consumer with access to anything, anywhere, anytime. This is already presenting substantial trade and regulatory challenges to Canada but, at the same time, is bringing new international export opportunities.

### Canadian Position

A key priority for Canada's cultural industries remains access to a secure domestic market. The results of the North American Free Trade Agreement (NAFTA) and the General Agreement on Tariffs and Trade (GATT) negotiations of new international trade rules have provided satisfactory conditions for the domestic industry. The Government has retained the right to maintain or introduce measures to help support Canadian cultural industries in the face of competition from U.S.-based mega-industries.

However, the small size of the Canadian market, which is further divided into English-

and French-language markets, means that growth depends on gaining acceptance in foreign markets, in the face of intense competition. Governments can help lay the groundwork for access to foreign markets. Canada's participation in multilateral organizations, such as the Council of Europe, facilitates relationships between Canadian and foreign experts, thereby creating new opportunities for partnership between Canadian and foreign producers of cultural products.

Our bilateral film and television co-production agreements with 26 countries, most recently Japan, Chile and Sweden, along with other agreements, foster co-operative production and marketing in the audiovisual and other cultural sectors. Such agreements have been essential in enabling Canadian firms to amortize their costs over larger markets, as well as in promoting Canadian artistic and cultural excellence among international audiences.

International trade fairs, markets and festivals, which bring professionals from around the world to a single event, including some held in Canada, can be significant marketing tools. Related symposiums and background studies on marketing opportunities, often funded by the Department of Foreign Affairs and International Trade (DFAIT), are frequently organized alongside such events. These have proven especially useful in introducing smaller industry players to the potential of selling abroad.

The Government also provides support for international touring, promotion and marketing to the cultural industries through several agencies and programs. At the federal level, the Canada Council, Telefilm Canada, the Association for the Export of Canadian Books (AECB) and the Sound Recording Development Program (SRDP) are

involved in international cultural promotion and marketing activities. Various provincial agencies are also involved in similar efforts.

### **The Arts**

The development and growth of performing arts organizations in theatre, opera, music and dance during the past 30 years are important indicators of cultural and economic achievement in Canada. The sector employs highly trained workers with professional levels of education. This work force also serves as a talent pool for the broadcasting, film, publishing and sound-recording industries.

The arts sector in Canada has undertaken major operational restructuring and seeks long-term growth through more effective marketing. Despite financial difficulties, Canada has a vibrant domestic arts sector that is developing its dynamism on an ongoing basis through successful visits abroad of large and small arts organizations. The sector is also successful in attracting foreign tourist dollars. Its major strengths are the high quality of the talent and expertise of its work force, and an extensive domestic infrastructure of presenting facilities across the country. Dissemination of arts programming by electronic media, conventional television, as well as by new technologies such as high-definition television (HDTV), are potential strengths to be fully realized.

A comprehensive arts audience profile compiled from a 1992 survey indicates that arts companies would benefit from developing long-term and reliable domestic marketing strategies. Weaknesses in Canada's arts sector include below-average incomes for professional artists, especially those who are self-employed; recurring operating deficits; and the increasing costs of production. Among its numerous challenges is the growing competition for leisure time.

### **Cultural Industries**

The revenues from the export of cultural products are significant, and were estimated at more than \$500 million in 1992-93. Although this sector's

success has relied heavily on the development of a strong domestic market, future growth increasingly depends on the ability of its members to more fully exploit international market opportunities and to cope with new technologies. Canadian artists' exposure to foreign audiences and markets is recognized as an important element in the development of Canada's international competitive position. For example, to date Canada has signed film and television co-production agreements with 26 countries, to help gain access to international markets for Canadian feature films and television programs.

#### *Broadcasting*

Broadcasting is the major vehicle for the exchange of cultural expression among Canadians, and is a key industry in terms of its economic contribution to the overall sector. It includes both public and private radio and television stations and networks, cable television operators, and pay and specialty television services. In 1993, the overall industry generated commercial revenue of more than \$5 billion, in addition to the more than \$1 billion received by the Canadian Broadcasting Corporation (CBC) in appropriations from the Government. The industry employed over 37 000 people, and 95 percent of Canadian households had access to cable television services.

Current federal legislation, policies and regulations aim at encouraging domestic program production and ensuring the continued presence of Canadian programming on television, as well as Canadian music on radio. These measures have proven to be highly effective in creating an environment that is favourable to Canadian independent television production (which has more than doubled since 1989) and to the Canadian sound-recording industry.

#### *Film and Television Production and Distribution*

The Canadian production industry is characterized by a large number of relatively small companies, with a total of 667 establishments reporting

production revenues of \$697 million in 1992-93. The industry has shown many signs of maturity over the past few years. In 1991-92, 51 percent of the total production revenues were earned by 29 production firms, with revenues in excess of \$5 million per year. Furthermore, five large Canadian film companies have issued public shares since 1993, and export revenues from Canadian film and video products reached \$132 million in 1992-93 (up from \$37 million in 1986-87).

Canadian film and television locations and technical and production facilities are also an important source of activity in the Canadian industry and are rapidly gaining market share from their well-established U.S. competitors. Canada has many significant advantages that make it appealing to foreign producers such as the favourable exchange rate for the Canadian dollar, low wages, many diverse geographical locations, good infrastructure, quality services and qualified workers.

In 1992-93, some 160 companies, with total revenues of \$309 million were involved in the laboratory and post-production service sector. Many of these firms have developed great expertise in this high-technology area, and are able to offer their services to foreign firms shooting in Canada.

In the distribution sector, revenues reached \$1.2 billion in 1992-93. While the distribution of feature films remains largely controlled by a few U.S.-owned companies that earn approximately 88 percent of theatrical distribution revenues in Canada, Canadian firms have performed well in the non-theatrical and home-entertainment (home video and television) markets. Recent success of Canadian firms negotiating distribution rights with foreign firms demonstrates the progress made in improving their position as distributors.

#### *Sound Recording*

The sound-recording industry in Canada employs close to 17 000 people and generated revenues of \$834 million in 1992-93. Canada is the world's

second-largest producer of French-language sound recordings, next to France, and the third-largest producer of English-language recordings after the United States and the United Kingdom. Six multinational corporations control 88 percent of the market in Canada. In fiscal year 1992-93, approximately 215 small Canadian companies accounted for the remaining 12 percent. These Canadian companies nonetheless produced 75 percent of Canadian-content recordings in 1992-93 and Canadian artists are achieving renown, on both the domestic and international scenes.

The Canadian Radio-television Commission (CRTC)'s Canadian-content and French-language content requirements for music played on Canadian radio have been very effective in increasing Canadians' access to Canadian-content products, and their success at home has, in turn, enhanced their sales abroad. With the financial assistance provided to the industry under the Department of Canadian Heritage's SRDP, Canadian-controlled companies have increased their production of Canadian-content recordings as well as increased the quality of the productions.

In order to increase the industry's exposure on the international scene as well as the revenues flowing back to Canada from export sales of Canadian-content products, the Canadian sound-recording industry must now concentrate on the marketing of Canadian products both at home and abroad. Industry revenues flowing into Canada from abroad currently account for some \$100 million annually. Considering that promotion is often neglected by Canadian-controlled companies and the SRDP offers no incentive in this regard, potential export revenues are no doubt much greater.

#### *Publishing*

Book publishing generated \$1.6 billion in revenues in Canada in 1992-93. Export sales accounted for \$274 million and 18 percent of the total revenues, an increase of 31 percent over 1987-88, and were

realized almost exclusively by Canadian-controlled companies, which represent 98 percent of this market.

Canada recognizes that the importance of publishing goes beyond its direct economic benefits and has enacted legislation aimed at ensuring this sector's viability. In 1992, a new Book Publishing Industrial Development Program (BPIDP) was introduced for firms that are 75 percent Canadian-owned. The BPIDP includes an international marketing component designed to encourage the distribution and promotion of Canadian books abroad. The component is administered by the AECB, which also provides advice to publishers on export strategies adapted to their needs and market information and intelligence on various foreign territories.

Although the Canadian periodical market is valued at \$1.5 billion annually, periodicals are not a significant export item at this time. In fact, export sales represented only \$100 000 or 4 percent of total revenues in 1991-92, while imports accounted for 45 percent of sales in Canada during that same period.

## **Strategic Direction**

- The Canadian government is committed to the support of arts and cultural industries with respect to the production, marketing, distribution and exhibition of their products and services. The Government also recognizes that the export of Canadian cultural products and services to foreign markets is becoming an increasingly crucial source of revenue for these industries, and is committed to extending support for such exports.
- Working with DFAIT, the Department of Canadian Heritage is exploring ways to use existing international cultural programs more effectively, including those of the cultural agencies, to promote the marketing of Canadian goods, services and expertise.
- The Canadian government is also examining how it can provide improved international marketing support to Canada's cultural industries. Such support would include researching and identifying market niches and emerging opportunities abroad, and developing the Government's international cultural marketing policies and strategies to integrate and complement the diverse activities carried out by different government departments and agencies.
- The role of our cultural centres abroad, such as the Centre Culturel in Paris, has been reviewed by Canadian Heritage, DFAIT and the cultural agencies, and steps are being taken to ensure their effectiveness in promoting Canada's image abroad and in marketing our cultural products.
- A Cultural Industries Sector Expert Group (SEG) is being created at DFAIT to act as a central knowledge base for the cultural sector and to provide a network for the distribution of timely market intelligence and information from DFAIT missions.
- A training program is being developed through the Canadian Foreign Service Institute (CFSI) to enhance the abilities of foreign service officers and trade commissioners to promote Canada's cultural industries abroad. The program, which will include training for heads of missions, will invite keynote speakers from the cultural industries, and will provide handbooks, videos and other printed and electronic material.
- Industry Canada has broadened its efforts in the services sector in general, and in the entertainment industries in particular. The department's objective is to promote the global competitiveness of these industries and improve their contribution to the value chains of other sectors. Its strategy is to work in partnership with the private sector and other federal and provincial governments and agencies to develop and implement activities that will ensure that Canadian firms are able to tackle new international economic challenges.

## **Contacts**

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Fax: (613) 941-8464

## Cultural Industries

Activity	Date	Location	Dept.	Contact
<b>Central/Eastern Europe and the Commonwealth of Independent States</b>				
Canadian Film Week	TBD	Moscow	Heritage	819-997-2784
<b>East Asia</b>				
Participation in the International Music Market Conference	Jun-95	Singapore	Heritage	819-997-2784
Participation in MIP-ASIA Audiovisual Market	Oct-95	Hong Kong	Heritage	514-283-6363
<b>Latin America and the Caribbean</b>				
Producers and Distributors Audiovisual Mission	TBD	Chile, Argentina, Venezuela	Heritage	819-997-2784
Guadalajara Book Fair	Nov-95	Guadalajara	DFAIT	613-995-0460
<b>Multiple Markets</b>				
Producers and Distributors Audiovisual Mission	TBD	China	Heritage	819-997-2784
Seminar: Sound Recording Opportunities in Europe/S. Africa	Mar-95	Toronto	Heritage	819-997-2784
Montréal Film Festival: Trade Development Seminars	Aug-95	Montréal	Heritage	819-997-2784
Toronto Film Festival: Trade Development Seminars	Sep-95	Toronto	Heritage	819-997-2784
Vancouver Film Festival: Trade Development Seminars	Oct-95	Vancouver	Heritage	819-997-2784
MIDEM: Trade Development Seminars	Jan-96	Cannes	Heritage	819-997-2784
<b>United States</b>				
Incoming Missions of TV and Film Producers	TBD	Sask., N.S.	DFAIT	613-944-6577
Regional Book Shows in Conjunction with the AECB	TBD	U.S./Various	DFAIT	613-944-6577
WAAA Presenters' Mission from San Francisco	TBD	Canada/Variou	DFAIT	613-944-6577
American Book Association: National Stand	06-Jun-95	Chicago	DFAIT	613-944-6577
NEBS Mission of the Performing Arts Industry	Aug-95	Boston	DFAIT	613-944-6577
Atlantic Canada Showcase: Mission from Boston	Sep-95	Halifax	DFAIT	613-944-6577
Toronto Film Festival: Incoming Mission	Sep-95	Toronto	DFAIT	613-944-6577
Quebec Showcase: Mission from Boston	Sep-95	Montréal	DFAIT	613-944-6577
Galleries Directors Mission from New York	Oct-95	Toronto, Montréal	DFAIT	613-944-6577
Salon du livre: Export Development Seminar	Nov-95	Montréal	DFAIT	613-944-6577
Sundance Film Festival	Jan-96	Park City	DFAIT	613-944-6577
Location '96	Feb-96	Los Angeles	DFAIT	613-944-6577
Export Development Seminar for the Canadian Music Industry	Mar-96	New York	DFAIT	613-944-6577
<b>Western Europe</b>				
Guide to the French Recording Market: Publication	TBD	France	Heritage	819-997-2784

Note: Dates and locations are subject to change.





## **Acronyms and Initialisms Used in The International Trade Business Plan**

(This list does not include sector-specific references)

ACOA	Atlantic Canada Opportunities Agency	IC	Industry Canada
AG Can	Agriculture and Agri-Food Canada	IDRC	International Development Research Centre
ASEAN	Association of Southeast Asian Nations	IFI	international financial institution
BBS	electronic bulletin board system	ISO	International Standards Organization
BOSS	Business Opportunities Sourcing System	ITBP	International Trade Business Plan
CCC	Canadian Commercial Corporation	ITC	International Trade Centre
CIDA	Canadian International Development Agency	MAPAQ	Ministry of Agriculture, Fisheries and Food of Quebec
CIS	Commonwealth of Independent States	MDB	multilateral development bank
CSA	Canadian Standards Association	NAFTA	North American Free Trade Agreement
DFAIT	Department of Foreign Affairs and International Trade	NATO	North Atlantic Treaty Organization
DFO	Department of Fisheries and Oceans	NRC	National Research Council
DND	Department of National Defence	NRCan	Natural Resources Canada
EC	Environment Canada	NRCan-CFS	Natural Resources Canada - Canadian Forest Service
EDC	Export Development Corporation	OECD	Organization for Economic Co-operation and Development
EU	European Union	PEMD	Program for Export Marketing Development
FITT	Forum for International Trade Training	R&D	research and development
FORDQ	Federal Office of Regional Development - Quebec	SMEs	small- and medium-sized enterprises
FSU	former Soviet Union	UNEP	United Nations Environmental Program
FTA	Canada-U.S. Free Trade Agreement	WED	Western Economic Diversification
GATT	General Agreement on Tariffs and Trade	WTO	World Trade Organization
GDP	gross domestic product		
GNP	gross national product		
HRDC	Human Resources Development Canada		



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of Canada

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du Canada

Canada