TIGER

DOC

TRADE POSITION STUDY

Phase 2B

August 23, 1985

The Canada Consulting Group Inc.

DOC TRADE POSITION STUDY - PHASE 2B

U.S. PARALLEL SECTOR ANALYSIS

In

Telecom
Computers
Broadcasting
And
Culture

August 23, 1985

INTRODUCTION

This document provides an overview and some comparisons of the size and trading relationships of the U.S. industries which parallel those Canadian industries under Department of Communications' jurisdiction - Telecom, Computer, Broadcasting and Culture.

The document is presented under those four headings, consistent with Phases 1 and 2A of the DOC Trade Position Study.

INTRODUCTION

Summary statements of the documents four sections:

I. The U.S. telecommunications industry is primarily oriented to serving the huge and growing domestic market

II. The U.S. is an active force in world information systems trade

III. Trade is of secondary importance to U.S. broadcasters

IV. The U.S. cultural industries are private sector giants

TELECOM

I. THE U.S. TELECOMMUNICATIONS INDUSTRY IS PRIMARILY ORIENTED TO SERVING THE HUGE AND GROWING DOMESTIC MARKET

A. The U.S. telecommunications equipment industry is both huge and domestically-oriented

B. The telecommunication services industry generates $100 billion in revenues a year and is dominated by the Bell system

A. THE U.S. TELECOMMUNICATIONS EQUIPMENT INDUSTRY IS BOTH HUGE AND DOMESTICALLY-ORIENTED

1. The U.S. telecommunications equipment industry dwarfs its Canadian counterpart

2. Trade in telecommunications equipment is only a small proportion of the U.S. industry's activity, and Canada's share of U.S. trade is small and growing smaller

I. THE U.S. TELECOMMUNICATIONS EQUIPMENT INDUSTRY DWARFS ITS CANADIAN COUNTERPART

Telecommunications industry shipments exceeded $100 billion in 1984

The U.S. industry has twenty-five times the employment and almost fifty times the shipments of the Canadian industry

U.S. telecom equipment shipments have shown steady growth in recent years, despite a surge in imports

The two largest American telecom companies each had 1984 net incomes in excess of one billion dollars on combined revenues approaching $50 billion

Three companies including Northern Telecom - have commanding U.S. market shares in telephone switching systems

TELECOMMUNICATIONS INDUSTRY SHIPMENTS EXCEEDED $100 BILLION IN 1984

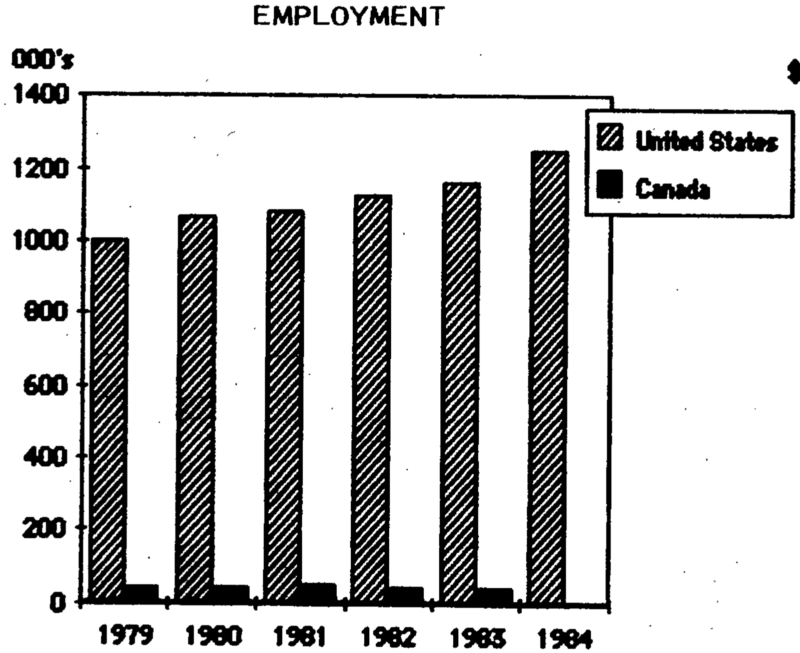
TELECOMMUNICATIONS EQUIPMENT MANUFACTURERS
U.S. PRODUCTION, 1984 (SIC 3661, 3662, 367)

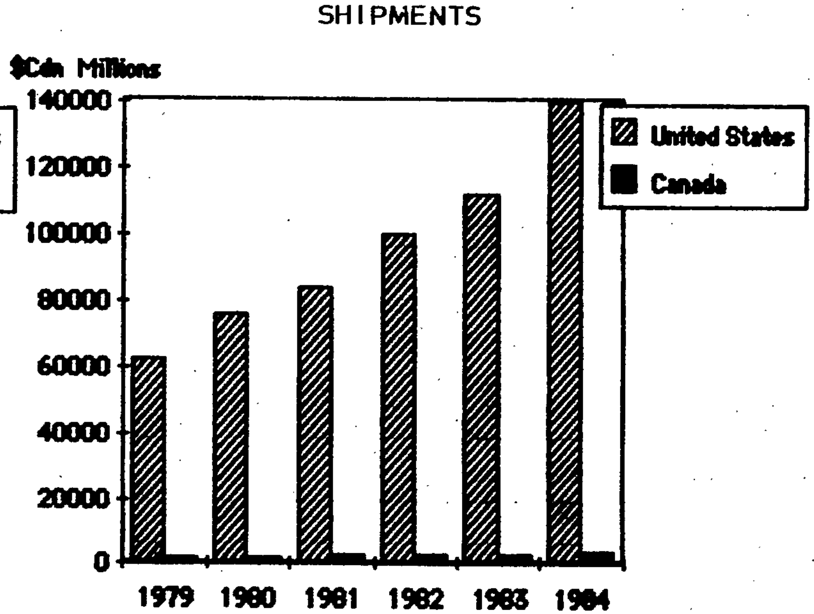
	Shipments ($ millions)	%
Electronic components and accessories	47,785	45%
Radio and TV communication equipment	43,200	41%
Telephone and telegraphic apparatus	14,400	14%
Total	105,385	100%

Source: Canada Consulting based on U.S. Department of Commerce data

THE U.S. INDUSTRY HAS TWENTY-FIVE TIMES THE EMPLOYMENT AND ALMOST FIFTY TIMES THE SHIPMENTS OF THE CANADIAN INDUSTRY

TELECOMMUNICATIONS INDUSTRIES
DOMESTIC INDUSTRIES COMPARED: U.S. vs. CANADA

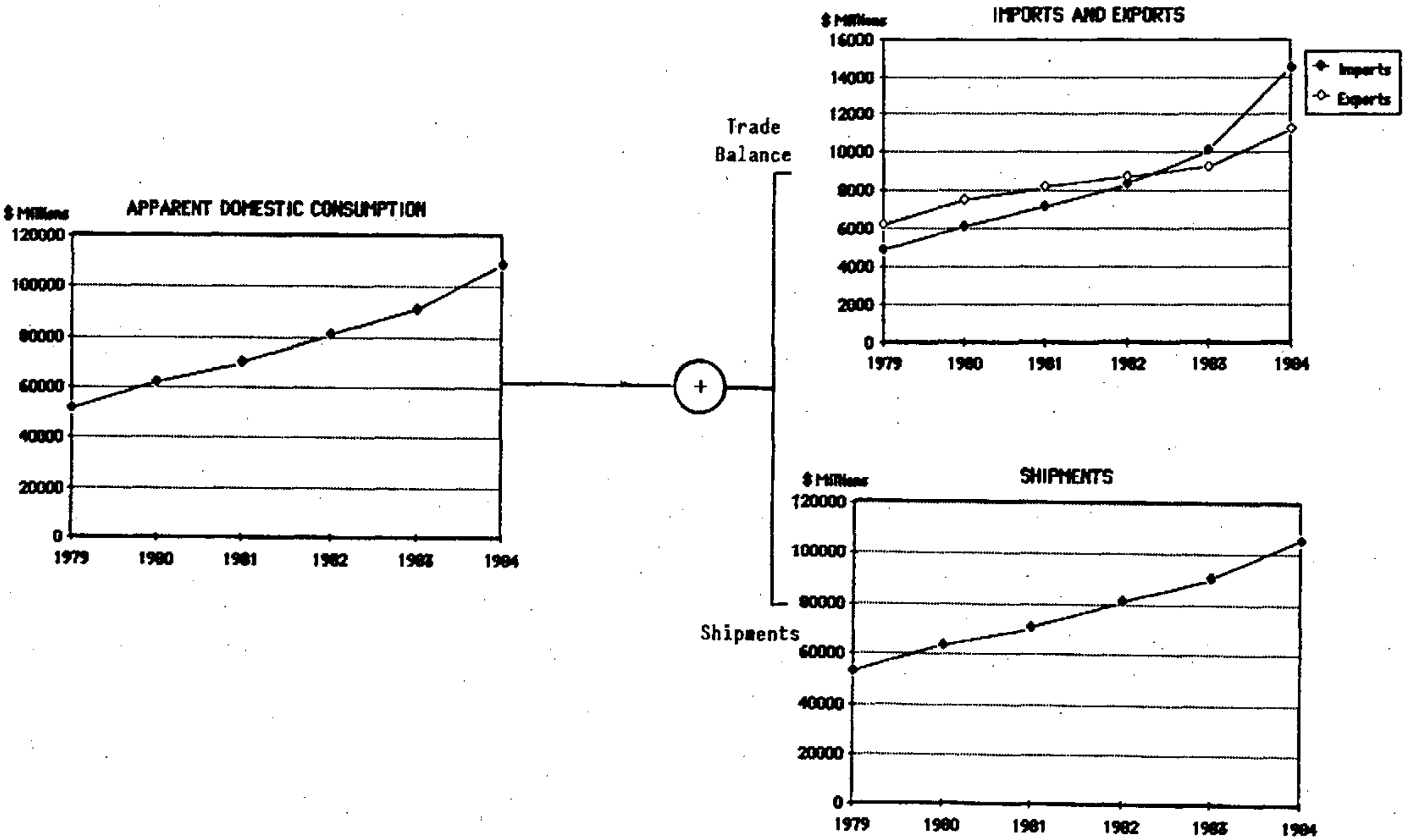




Source: Canada Consulting based on Statistics Canada and U.S. Department of Commerce data

U.S. TELECOM EQUIPMENT SHIPMENTS HAVE SHOWN STEADY GROWTH IN RECENT YEARS, DESPITE A SURGE IN IMPORTS

U.S. INDUSTRY: TELECOM EQUIPMENT



Source: Canada Consulting based on U.S. Department of Commerce data

THE TWO LARGEST AMERICAN TELECOM COMPANIES EACH HAD 1984 NET INCOMES IN EXCESS OF ONE BILLION DOLLARS ON COMBINED REVENUES APPROACHING $50 BILLION

THE LEADING PLAYERS IN THE U.S. TELECOM EQUIPMENT INDUSTRY
(U.S. Dollars in Millions)

	1984					R&D Expense	
	Gross Revenues $	Net Income $	Return On Sales %	Return On Equity %	Debt As Percent Of Total Capital %	Dollars $	Percent Of Sales %
AT&T**	33,188	1,370	4.1	9.5	31.5	611*	0.9*
GTE**	14,547	1,092	7.5	15.8	43.7*	262	2.0
Northern Telecom	3,315	253	7.6	18.7	5.3	365	11.3

* 1983
** Includes telecom services

Source: Canada Consulting based on Standard & Poor's and Business Week data

THREE COMPANIES INCLUDING NORTHERN TELECOM - HAVE COMMANDING U.S. MARKET SHARES IN TELEPHONE SWITCHING SYSTEMS

U.S. TELECOM EQUIPMENT INDUSTRY
-Telephone Switching Systems -
Segment Market Shares
(1984)

	PBX %	Central Office Switches %	Digital Switches %
Northern Telecom	21	28	70%
AT&T	19	47	2nd**
GTE	3	22	3rd**
Other		3	N/A
Rolm	18		
Mitel	10		
NEC	7		
Siemens	4		
InterCom	3		
Ericsson	3		
Harris	2		
Other*	10		
	100%	100%	100%

* Rounded total for numerous small suppliers

** Share estimates not available. Ranking based on estimates reported in S&P data

Source: Canada Consulting based on Standard & Poor's industry survey

2. TRADE IN TELECOMMUNICATIONS EQUIPMENT IS ONLY A SMALL PROPORTION OF THE U.S. INDUSTRY'S ACTIVITY, AND CANADA'S SHARE OF U.S. TRADE IS SMALL AND GROWING SMALLER

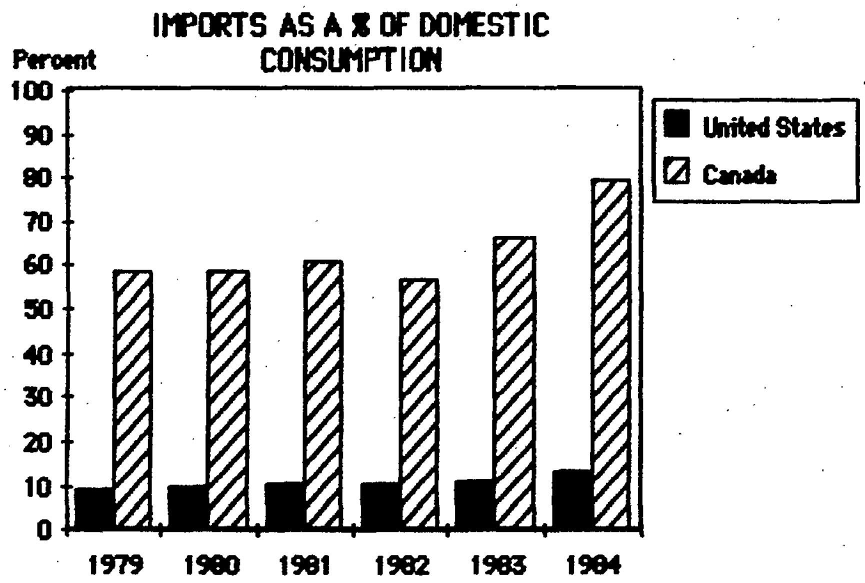
International trade in telecom equipment is much less important to the U.S. than to Canada

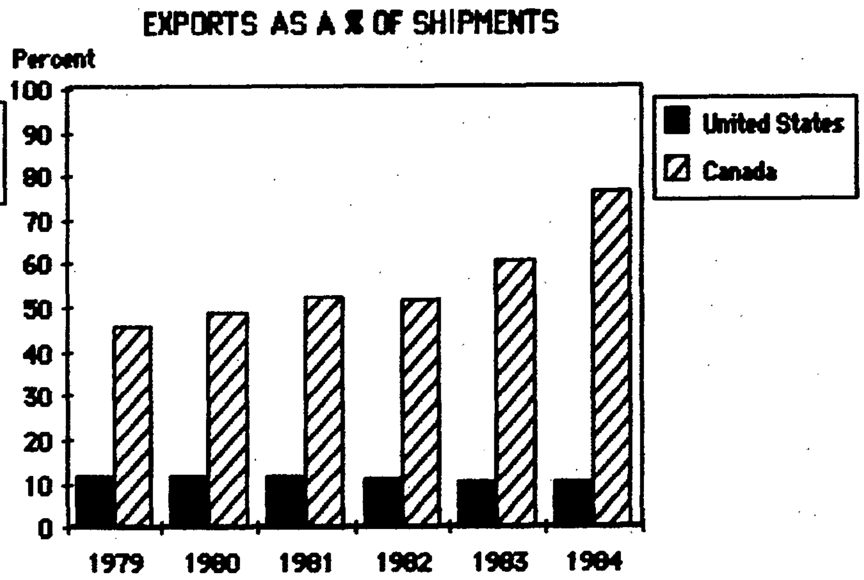
Canada is not a particularly significant trading partner of the United States in telecom equipment

Canada's share of trade with the U.S. in telephone and telegraphic equipment has fallen significantly since 1978, although absolute levels of trade are higher

INTERNATIONAL TRADE IN TELECOM EQUIPMENT IS MUCH LESS IMPORTANT TO THE U.S. THAN TO CANADA

INTERNATIONAL TRADE IN TELECOM EQUIPMENT
CANADA VS. U.S.

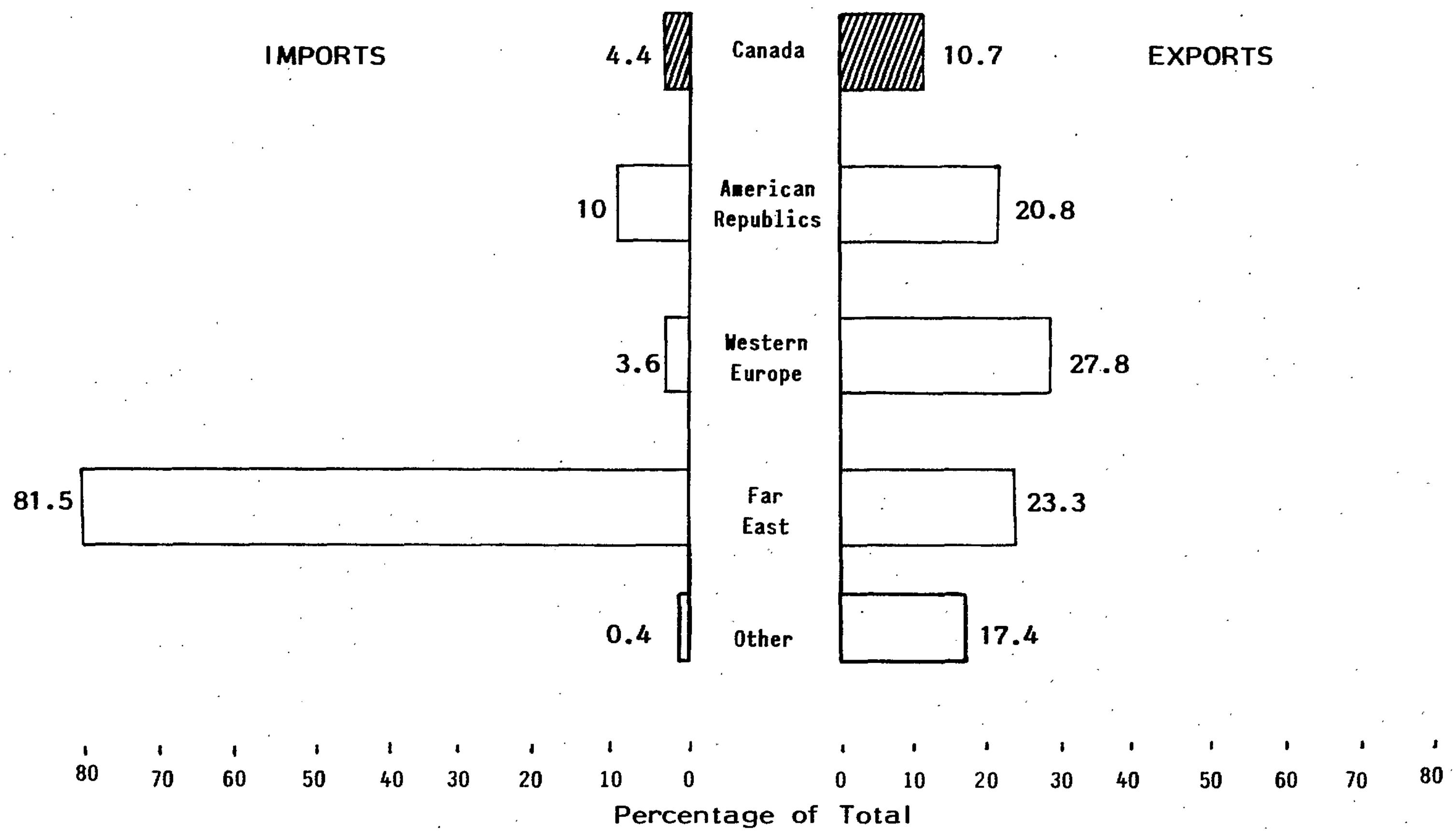




Source: Canada Consulting based on U.S. Department of Commerce and Statistics Canada data

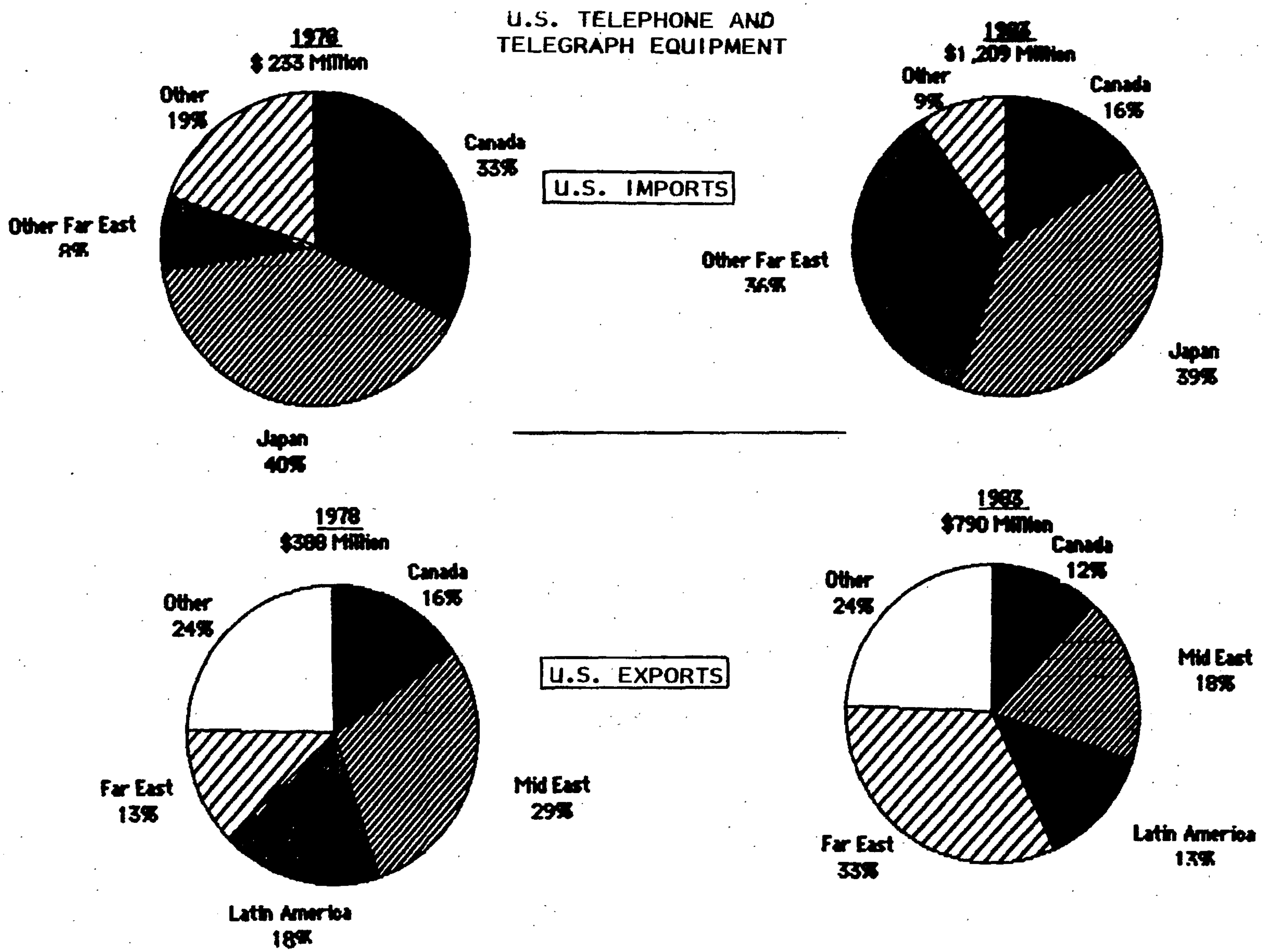
CANADA IS NOT A PARTICULARLY SIGNIFICANT TRADING PARTNER OF THE UNITED STATES IN TELECOM EQUIPMENT

U.S. TRADE PARTNERS: TELECOMMUNICATIONS EQUIPMENT, 1982



Source: Canada Consulting based on U.S. Department of Commerce data

CANADA'S SHARE OF TRADE WITH THE U.S. IN TELEPHONE AND TELEGRAPHIC EQUIPMENT HAS FALLEN SIGNIFICANTLY SINCE 1978, ALTHOUGH ABSOLUTE LEVELS OF TRADE ARE HIGHER



Source: Canada Consulting based on U.S. Department of Commerce data

B. THE U.S. TELECOMMUNICATION SERVICES INDUSTRY GENERATES $100 BILLION IN REVENUES A YEAR AND IS DOMINATED BY THE BELL SYSTEM

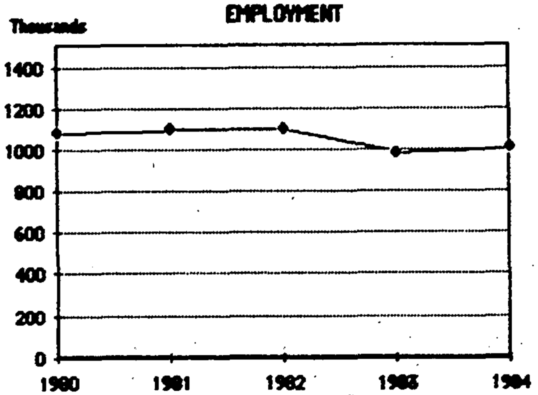
1. U.S. telecom services revenues have risen 50 percent since 1980, while employment has fallen

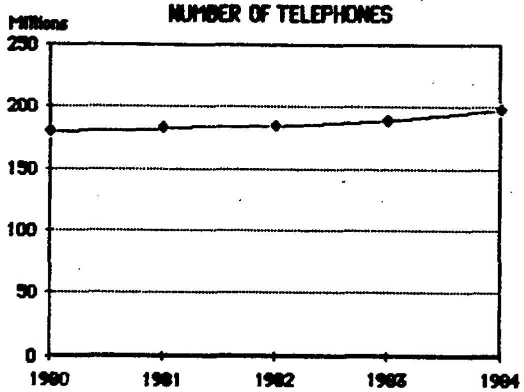
2. The Bell system still dominates the U.S. telephone service industry

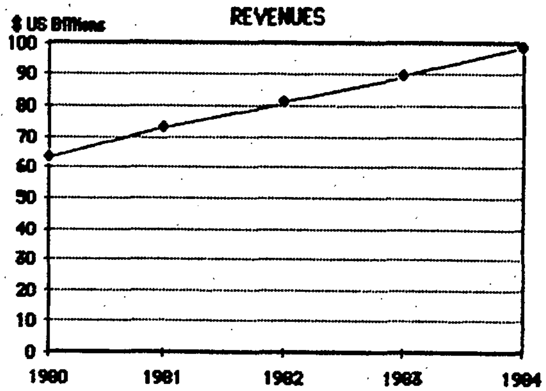
3. Revenues from international calls are a small portion of total operating revenues

I. U.S. TELECOM SERVICES REVENUES HAVE RISEN 50 PERCENT SINCE 1980, WHILE EMPLOYMENT HAS FALLEN

U.S. INDUSTRY: TELEPHONE AND TELEGRAPH
SIC 4811 and 4821





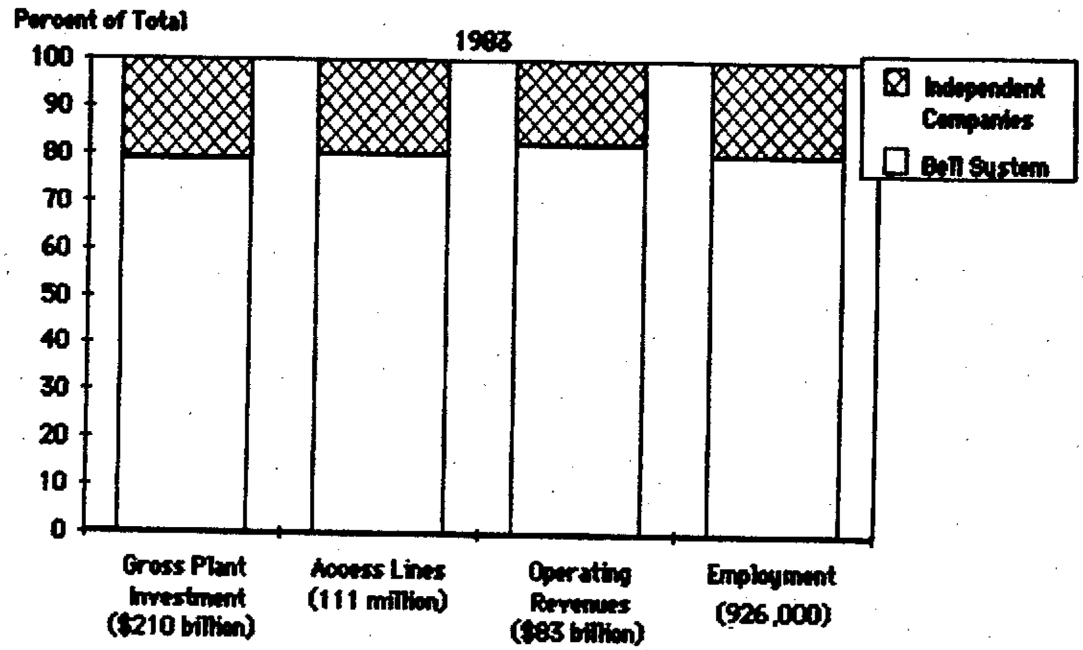


Source: Canada Consulting based on U.S. Department of Commerce data

2. THE BELL SYSTEM STILL DOMINATES THE U.S. TELEPHONE SERVICE INDUSTRY

THE U.S. TELEPHONE MARKET:

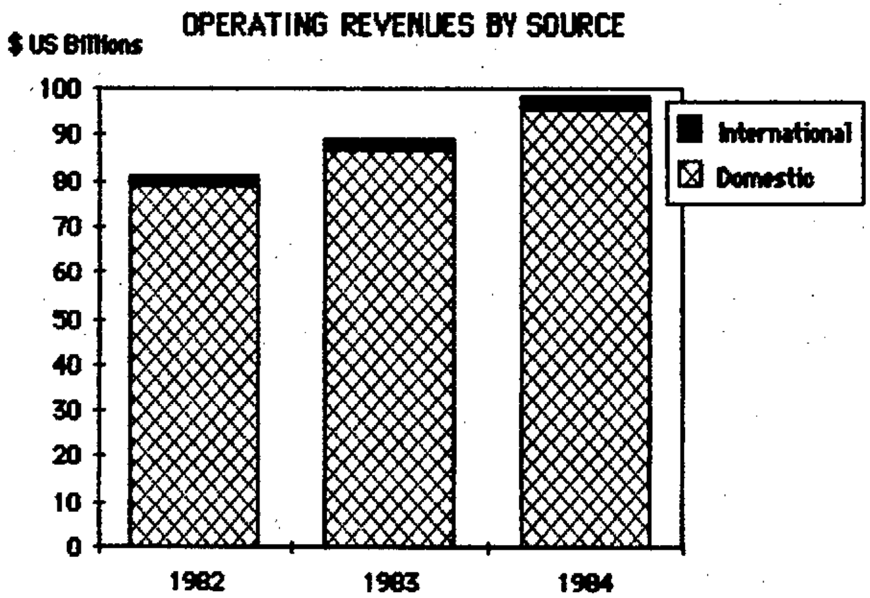
Bell vs. The Rest



Source: Canada Consulting based on Standard & Poor's industry survey data

3. REVENUES FROM INTERNATIONAL CALLS ARE A SMALL PORTION OF TOTAL OPERATING REVENUES

TELEPHONE AND TELEGRAPH SERVICES



Source: Canada Consulting based on U.S. Department of Commerce data

COMPUTER

II. THE U.S. IS AN ACTIVE FORCE IN WORLD INFORMATION SYSTEMS TRADE

A. The U.S. computer equipment industry is more trade-oriented than the U.S. telecommunications equipment industry

B. Computer software is now an $U.S. 18 billion industry and is growing rapidly

A. THE U.S. COMPUTER EQUIPMENT INDUSTRY IS MORE TRADE-ORIENTED THAN THE U.S. TELECOMMUNICATIONS EQUIPMENT INDUSTRY

1. The U.S. computer equipment manufacturers dominate the world industry

2. Japan and Europe are the major U.S. trading partners in computer equipment with total trade equaling 20% of industry activity

1. THE U.S. COMPUTER EQUIPMENT MANUFACTURER DOMINATES THE WORLD INDUSTRY

U.S. shipments of computer equipment grew steadily during the early 1980's with employment increases levelling off

The dollar value of U.S. domestic consumption of office machines and computer equipment almost doubled from 1979 to 1983

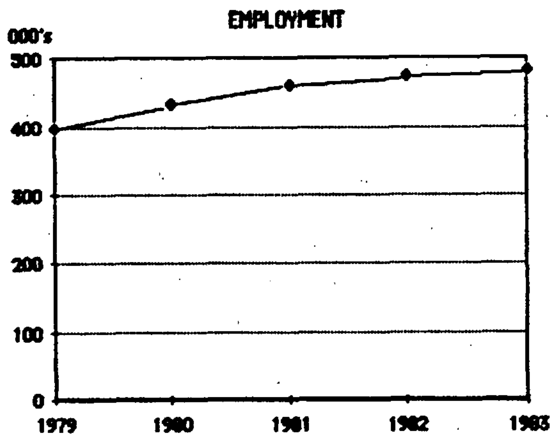
World market share in computer equipment is dominated by U.S. companies, IBM in particular

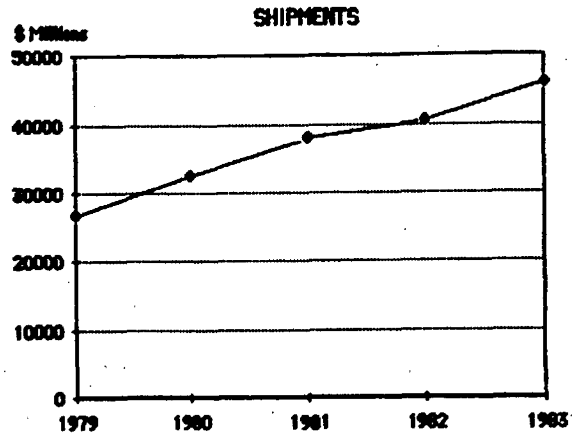
Canadian subsidiaries are not major contributors to either the revenues or the earnings of the major American companies

U.S. SHIPMENTS OF COMPUTER EQUIPMENT GREW STEADILY DURING THE EARLY 1980'S, WITH EMPLOYMENT INCREASES LEVELLING OFF

U.S. INDUSTRY: COMPUTER EQUIPMENT

OFFICE MACHINES AND COMPUTER EQUIPMENT, SIC 357

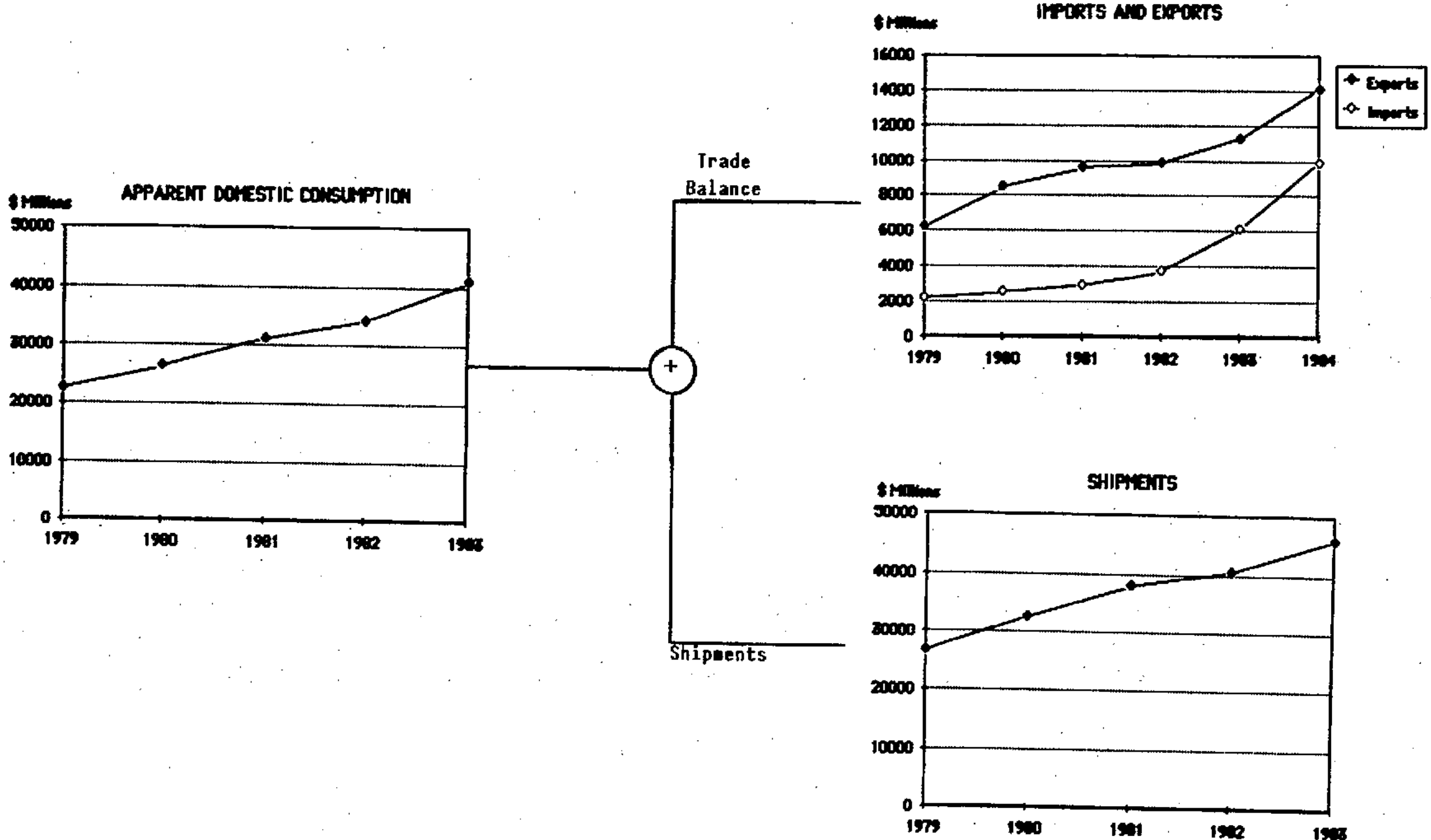




Source: Canada Consulting based on U.S. government data

THE DOLLAR VALUE OF U.S. DOMESTIC CONSUMPTION OF OFFICE MACHINES AND COMPUTER EQUIPMENT ALMOST DOUBLED FROM 1979 TO 1983

U.S. INDUSTRY: COMPUTER EQUIPMENT
Office Machines and Computer Equipment, SIC 357



Source: Canada Consulting based on U.S. Department of Commerce data

WORLD MARKET SHARE IN COMPUTER EQUIPMENT IS DOMINATED BY U.S. COMPANIES, IBM IN PARTICULAR

THE 1984 WORLD COMPUTER EQUIPMENT MARKET

		1984 Worldwide Shipments			Selected Market Share Estimates			
Segment	Price Range	(Billions)	% Increase Over 1983	Percent of Total Market	IBM	Digital	IBM Compatibles	Apple
		$	%	%	%	%	%	%
Mainframes	Over $1 Million	16	11	30	72			
Medium Scale	$100,000 to $1 Million	13	40	25	30	20		
Small Scale	$10,000 to $100,000	10	20	18	22	16		
Microcomputers	Under $15,000	17	72	27	33		30	10
		56	34	100.0				

Source: Canada Consulting based on Standard & Poor's Industry Survey. Includes estimates

CANADIAN SUBSIDIARIES ARE NOT MAJOR CONTRIBUTORS TO EITHER THE REVENUES OR THE EARNINGS OF THE MAJOR AMERICAN COMPANIES

MAJOR CANADIAN COMPUTER AND OFFICE EQUIPMENT
MANUFACTURERS AND THEIR U.S. PARENTS
1984
(U.S. Dollars in Millions)

	Consolidated Revenues		Consolidated Net Income	
	U.S. Parent	Canadian Subsidiary	U.S. Parent	Canadian Subsidiary
	$	$	$	$
IBM	45,937	2,255	6,583	232
DEC	6,230	309	487	18
Honeywell	6,074	260	335	13
Hewlett-Packard	6,044	192	665	7
Sperry	5,370	334	262	16
Control Data	5,027	190	32	7
Burroughs	4,876	156	245	N/A
NCR	4,074	138	343	N/A
Total Industry	115,020	6,354*	10,710	N/A

* Shipments plus imports

Source: Canada Consulting based on Business Week and Canadian Business 500 data

2. JAPAN AND EUROPE ARE THE MAJOR U.S. TRADING PARTNERS IN COMPUTER EQUIPMENT WITH TOTAL TRADE EQUALING 20% OF INDUSTRY ACTIVITY

The United States imports a disproportionate amount of computer equipment from Japan

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The computer equipment industry in the United States is less trade-oriented than its Canadian counterpart

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Many of the major U.S. manufacturers of computer equipment rank among the largest exporters in the country

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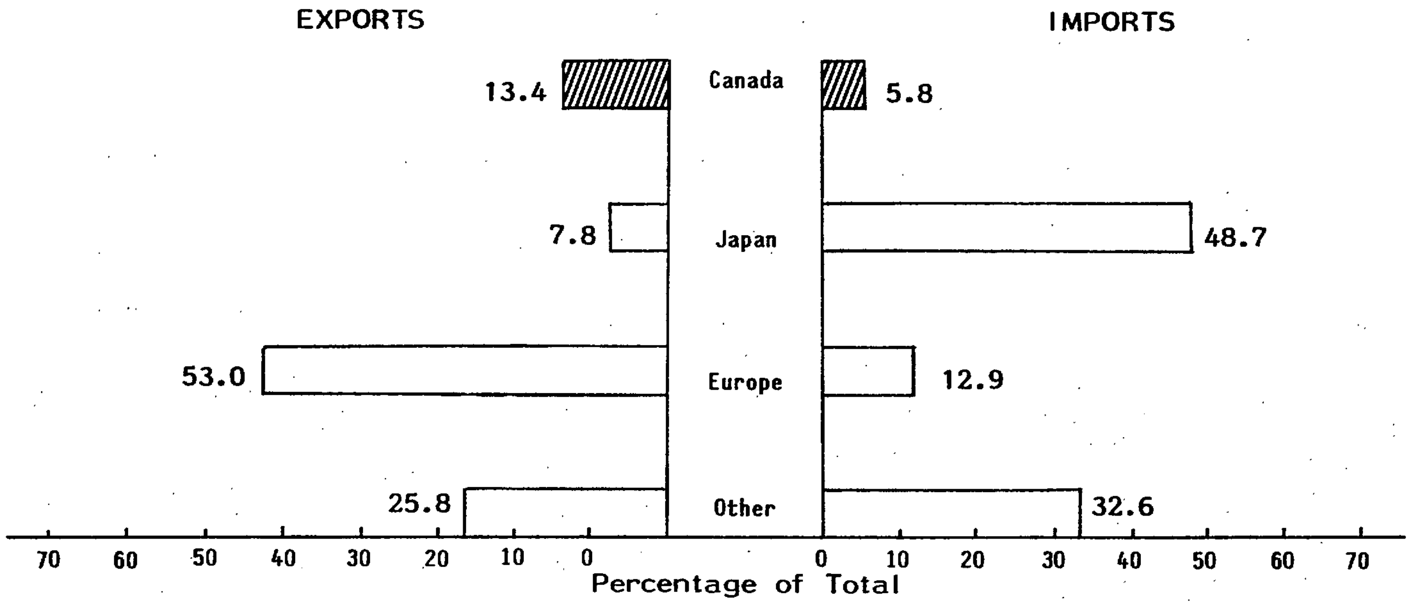
THE UNITED STATES IMPORTS A DISPROPORTIONATE AMOUNT OF COMPUTER EQUIPMENT FROM JAPAN

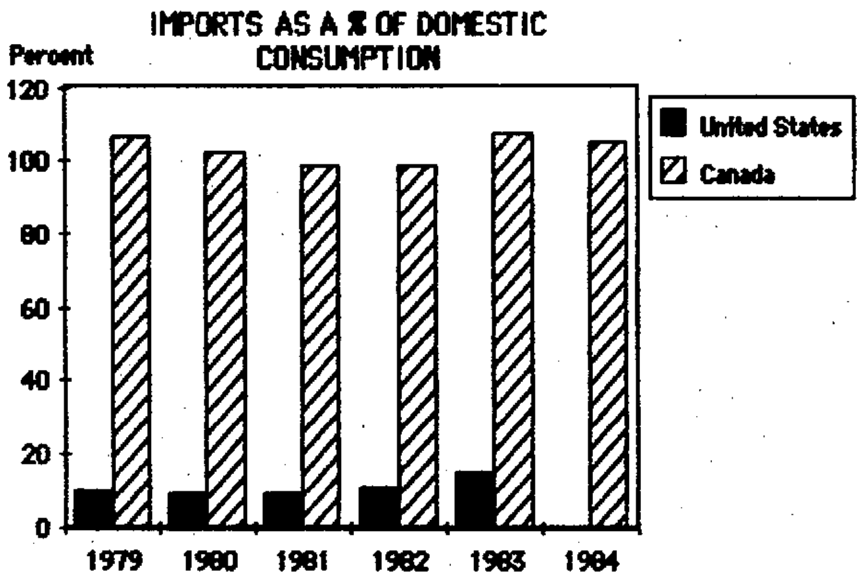
U.S. TRADE PARTNERS: OFFICE AND COMPUTER EQUIPMENT
1983

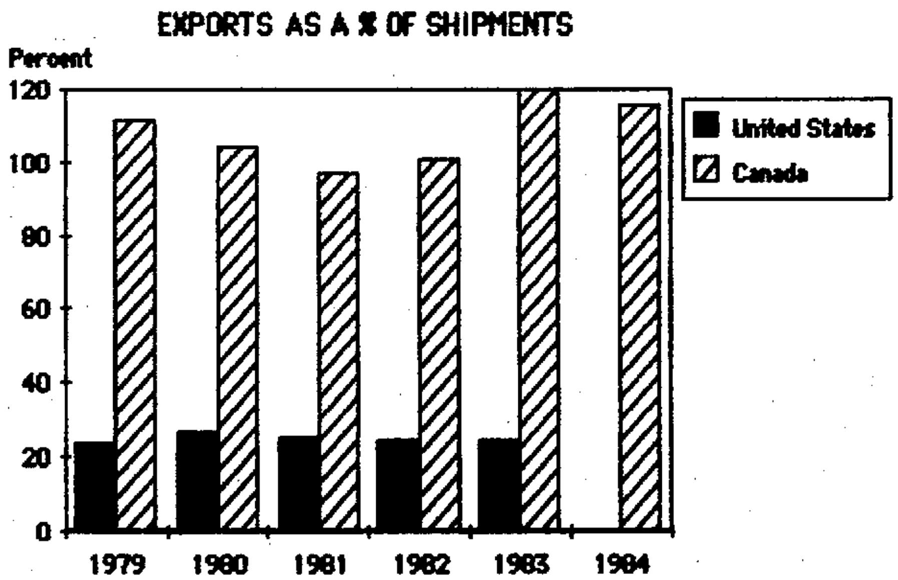


Source: Canada Consulting based on U.S. Department of Commerce data

THE COMPUTER EQUIPMENT INDUSTRY IN THE UNITED STATES IS LESS TRADE-ORIENTED THAN ITS CANADIAN COUNTERPART

OFFICE MACHINES AND COMPUTER EQUIPMENT, SIC 357





Source: Canada Consulting based on U.S. Department of Commerce data

MANY OF THE MAJOR U.S. MANUFACTURERS OF COMPUTER EQUIPMENT RANK AMONG THE LARGEST EXPORTERS IN THE COUNTRY

LEADING U.S. COMPUTER EXPORTERS

(Dollars in Millions)

Computer Equipment Manufacturers Among Top 50 U.S. Exporters	1984 Export Sales	Percent Increase Over 1983	Exports as Percent of Total Sales	Rank Among Top 50 U.S. Exporters
	$	%	%	
IBM	3,074	35	7	5
Hewlett-Packard	1,420	29	23	12
Digital	1,136	39	20	13
Burroughs	592	47	12	32
Honeywell	540	1	9	36
Sperry	525	31	10	37
	7,287			

Source: Canada Consulting based on Fortune, August 5, 1985

B. COMPUTER SOFTWARE IS NOW AN $U.S. 18 BILLION INDUSTRY AND IS GROWING RAPIDLY

Total revenues, employment and the number of establishments have all recently shown strong growth in the U.S. software industry

There has been dramatic growth in employment in computer support industries

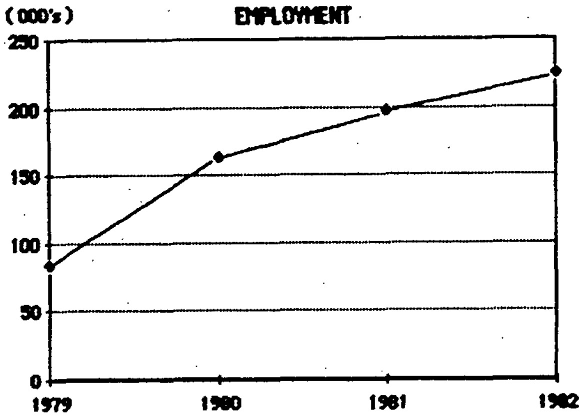
The share of revenues derived from packaged software is growing steadily and now makes up over 60 percent of the software markets

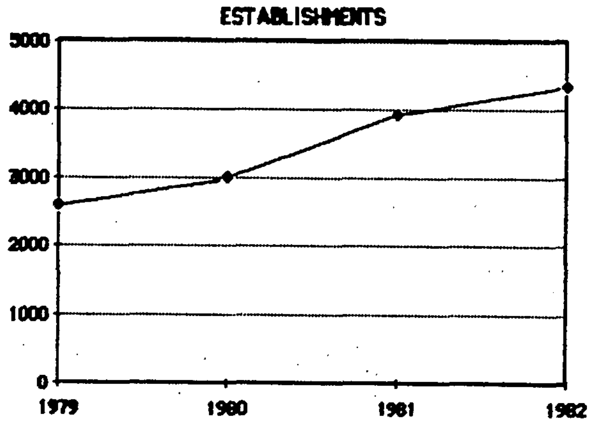
The United States has a 70% share of the world market for software

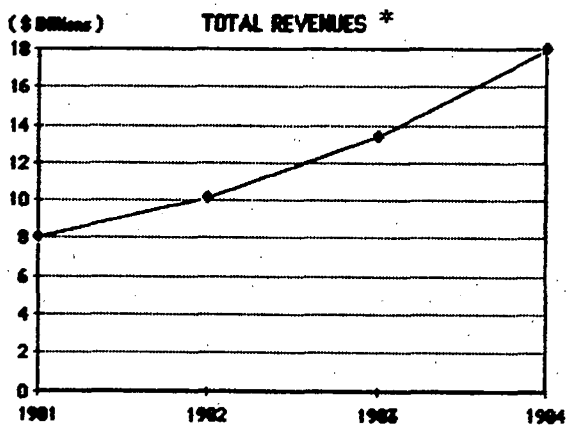
U.S. software vendors are expected to generate 1985 software revenues approaching $16 billion, some 25 times the size of the Canadian industry

TOTAL REVENUES, EMPLOYMENT AND THE NUMBER OF ESTABLISHMENTS HAVE ALL RECENTLY SHOWN STRONG GROWTH IN THE U.S. SOFTWARE INDUSTRY

U.S. INDUSTRY: SOFTWARE



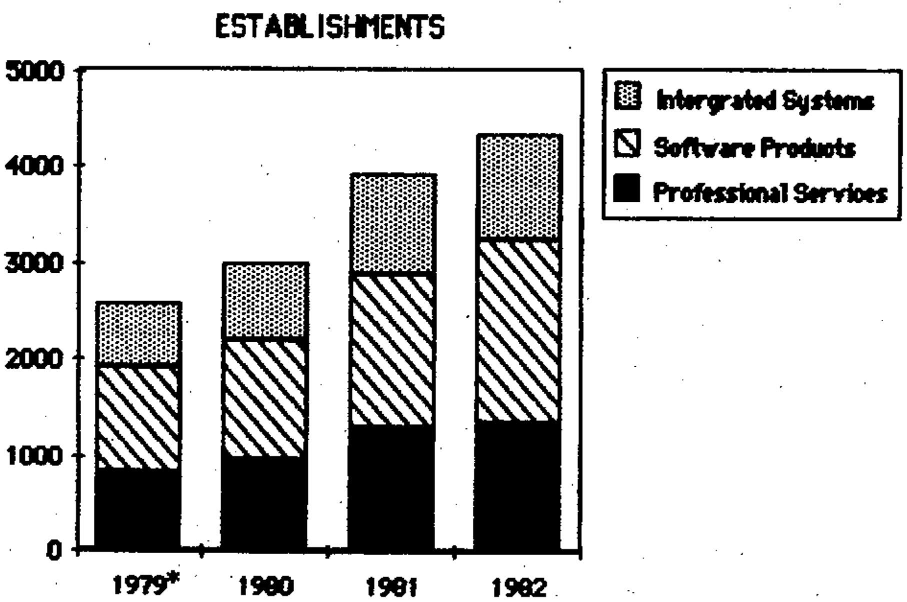


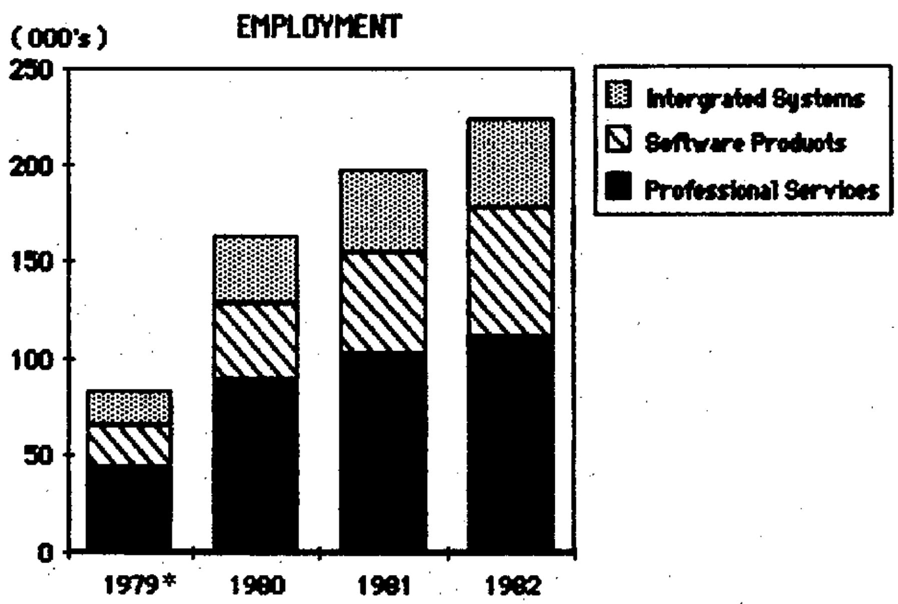


* - Worldwide Revenues of U.S. suppliers
Source: Canada Consulting based on International Data Corp data

THERE HAS BEEN DRAMATIC GROWTH IN EMPLOYMENT IN COMPUTER SUPPORT INDUSTRIES

INDUSTRY SEGMENTS: SOFTWARE



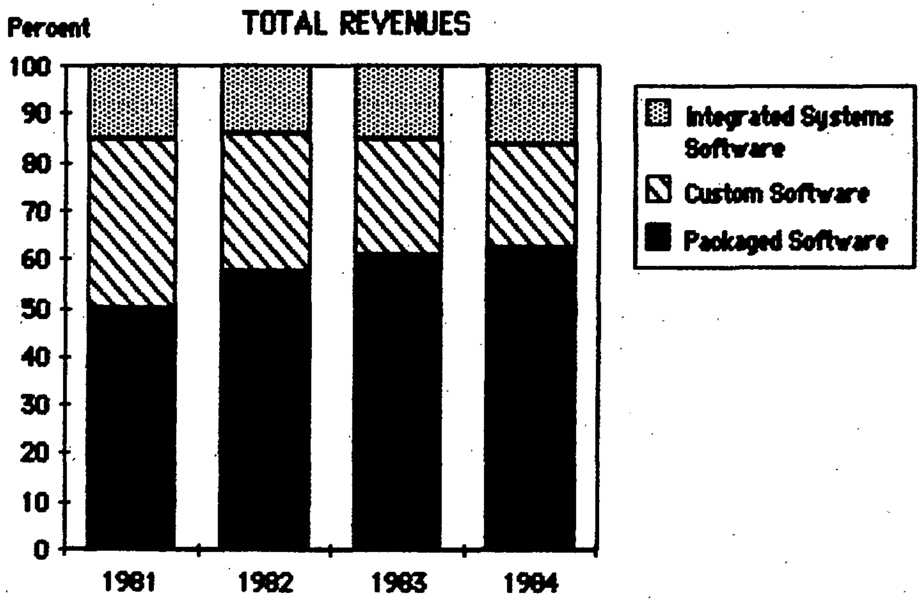


* - 1979 Integrated Systems data estimated as an historical ratio to the actual numbers of Professional Services

Source: Canada Consulting based on International Data Corp. data

THE SHARE OF REVENUES DERIVED FROM PACKAGED SOFTWARE IS GROWING STEADILY AND NOW MAKES UP OVER 60 PERCENT OF THE SOFTWARE MARKETS

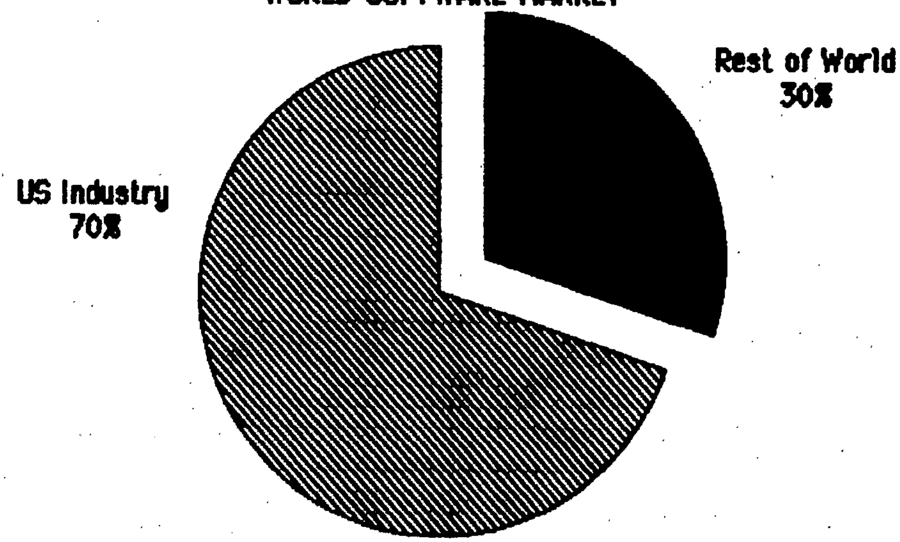
U.S. SOFTWARE INDUSTRY



Source: Canada Consulting based on International Data Corp. data

THE UNITED STATES HAS A 70% SHARE OF THE WORLD MARKET FOR SOFTWARE

1983
US INDUSTRY'S SHARE OF
WORLD SOFTWARE MARKET

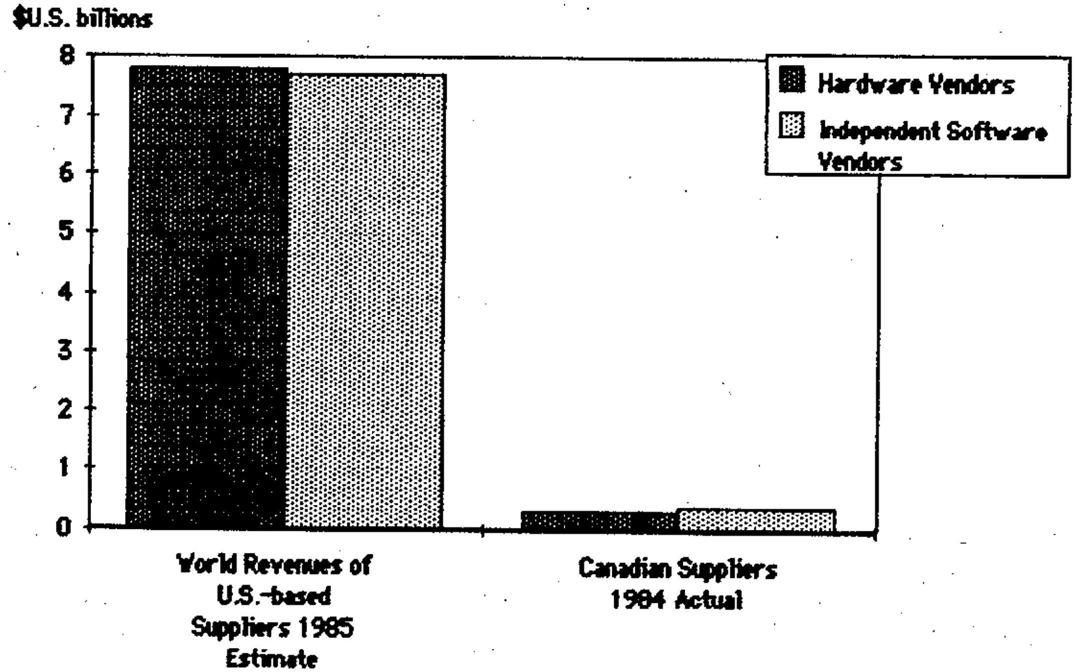


Source: Canada Consulting based on International Data Corp. data

U.S. SOFTWARE VENDORS ARE EXPECTED TO GENERATE 1985 SOFTWARE REVENUES APPROACHING $16 BILLION, SOME 25 TIMES THE SIZE OF THE CANADIAN INDUSTRY

COMPARATIVE SOFTWARE REVENUES:

Canada vs. U.S.



Source: Canada Consulting based on Evans Research data and International Data Corporation estimates (as per Standard & Poor's industry survey)

BROADCASTING

III. TRADE IS OF SECONDARY IMPORTANCE TO U.S. BROADCASTERS

A. U.S. broadcasters produce programming for the domestic market; foreign sales are not even broken out in financial statements

B. Cable is less well developed in the United States than in Canada but already has established itself as a major force

A. U.S. BROADCASTERS PRODUCE PROGRAMMING FOR THE DOMESTIC MARKET; FOREIGN SALES ARE NOT EVEN BROKEN OUT IN FINANCIAL STATEMENTS

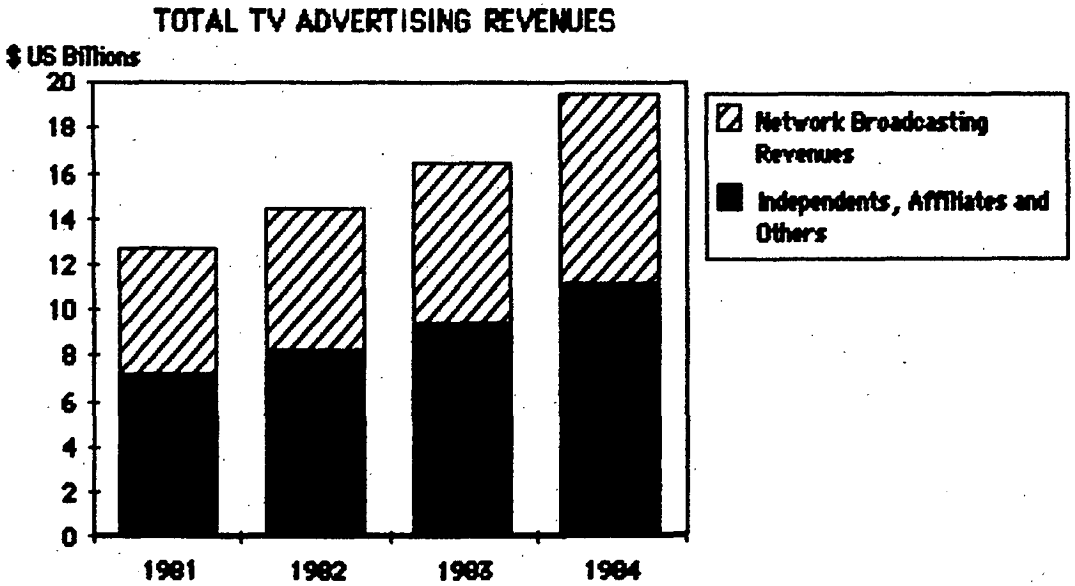
Annual advertising revenues on U.S. television are approaching $20 billion with 44% going to the big three networks

1. The largest U.S. broadcasters are focused in their medium

However, the leading U.S. media companies participate in a range of media sectors

ANNUAL ADVERTISING REVENUES ON U.S. TELEVISION ARE APPROACHING $20 BILLION WITH 44% GOING TO THE BIG THREE NETWORKS

U.S. TELEVISION BROADCASTING



Source: Canada Consulting based on Television Bureau of Advertising data and annual reports

THE LARGEST U.S. BROADCASTERS ARE FOCUSED IN THEIR MEDIUM

TOP U.S. BROADCASTERS (By Revenues)
(Dollars in Millions)

	1984 Revenues			
	Broadcasting $	Media Total $	Broadcasting As A Percent Of Total Media %	Total 1984 Net Income (Loss) $
American Broadcasting	3,300	3,650	90	195
CBS Inc.	2,721	3,340*	82	245
RCA Corp.	2,371	2,371*	100	246
Metromedia Inc.	417	430	97	(51)
Tribune Co.	282	1,597*	18	103
Cox Communications	279	684*	41	87
Capital Cities Communication	272	940	23	135

* Excludes revenues from non-media operations

Source: Canada Consulting based on Advertising Age and Business Week data

HOWEVER, THE LEADING U.S. MEDIA COMPANIES PARTICIPATE IN A RANGE OF MEDIA SECTORS

DIVERSIFIED INTERESTS OF LEADING U.S. MEDIA COMPANIES

		Participating in:				
	Leading U.S. Media	TV/Radio	Publishing			
Rank	Companies Ranked by Revenues	Broadcasting	Newspapers	Magazines	Books	Cable TV
1	American Broadcasting	√		√		√
2	CBS Inc.	√		√	√	
3	Time Inc.	√	√	√	√	√
4	RCA Corporation	√			√	
5	Times Mirror Co.	√	√	√	√	√
6	Gannett Co.	√	√			
7	Advance Publication		√	√		√
8	Knight Ridder	√	√			
9	Tribune Company	√	√			√
10	Dun & Bradstreet	√		√		

Source: Canada Consulting based on Advertising Age and Standard & Poor's data

B. CABLE IS LESS WELL DEVELOPED IN THE UNITED STATES THAN IN CANADA BUT ALREADY HAS ESTABLISHED ITSELF AS A MAJOR FORCE

With 17% of the viewing audience, cable television has established itself as a major broadcaster

The U.S. cable network has 33.0 million subscribers, 55% of those to whom it is available

The cabling of America was abruptly slowed in 1983 as the highly leveraged industry was hit by high interest rates

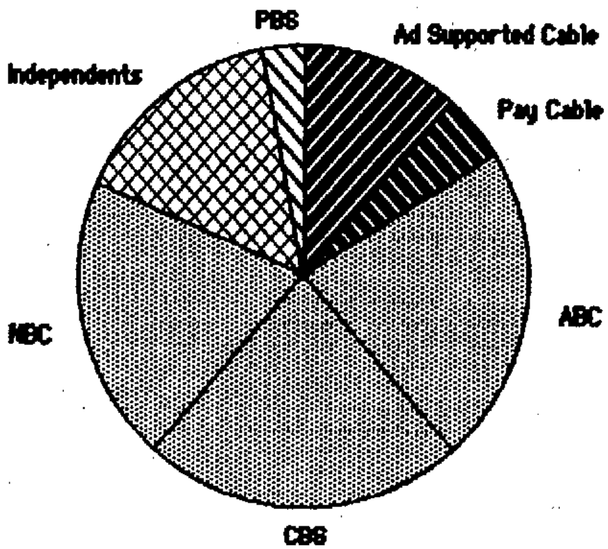
Adjusted for market size, cable penetration is higher in Canada than in the U.S., although pay TV is used by comparatively more American subscribers

The U.S. cable TV market is considerably larger than that of Canada and also much less concentrated

WITH 17% OF THE VIEWING AUDIENCE, CABLE TELEVISION HAS ESTABLISHED ITSELF AS A MAJOR BROADCASTER

U.S. CABLE TELEVISION INDUSTRY

AUDIENCE SHARES, ALL TELEVISION HOUSEHOLDS, 1984



Source: Canada Consulting based on A.C. Nielsen data

THE U.S. CABLE NETWORK HAS 33.0 MILLION SUBSCRIBERS, 55% OF THOSE TO WHOM IT IS AVAILABLE

U.S. CABLE PENETRATION STATISTICS

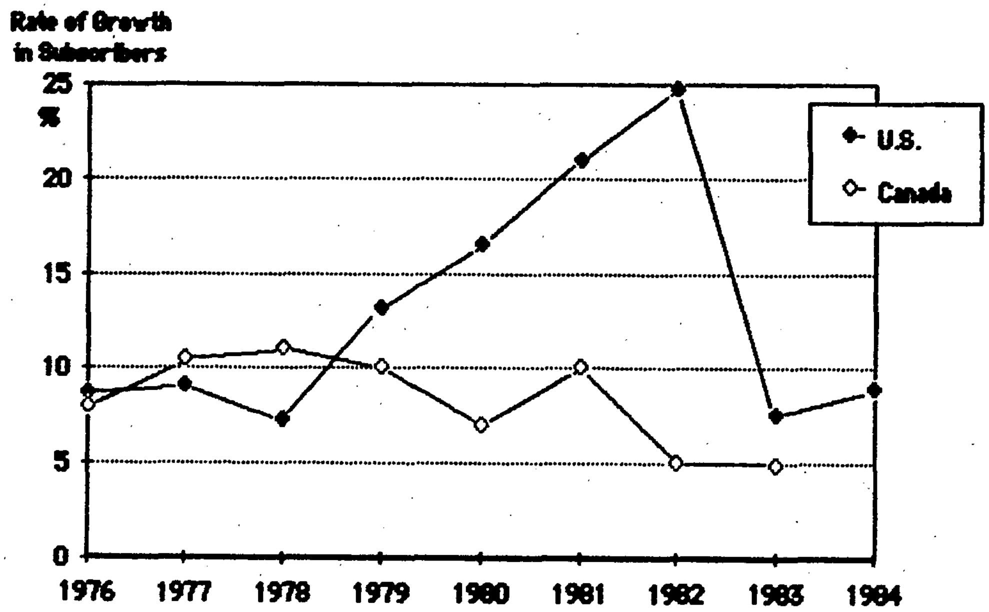
	1979	1980	1981	1982	1983	1984
TV Households (millions)	76.3	77.8	80.7	82.8	83.5	84.6
Total cable subscribers (millions)	16.0	18.7	22.6	28.2	30.3	33.0
% Shareholders vs. total U.S. TV households	21	24	28	34	36	39
Total households passed (millions)	32.7	37.3	44.0	49.1	53.6	60.0
% subscribers vs. homes passed	49.0	50.1	51.4	57.4	56.7	55.0

Source: Canada Consulting based on Cable Vision and NCTA

THE CABLING OF AMERICA WAS ABRUPTLY SLOWED IN 1983 AS THE HIGHLY LEVERAGED INDUSTRY WAS HIT BY HIGH INTEREST RATES

CABLE TV SUBSCRIBER GROWTH RATE

Canada vs. U.S.



Source: Canada Consulting based on Statistics Canada and CableVision data

ADJUSTED FOR MARKET SIZE, CABLE PENETRATION IS HIGHER IN CANADA THAN IN THE U.S., ALTHOUGH PAY TV IS USED BY COMPARATIVELY MORE AMERICAN SUBSCRIBERS

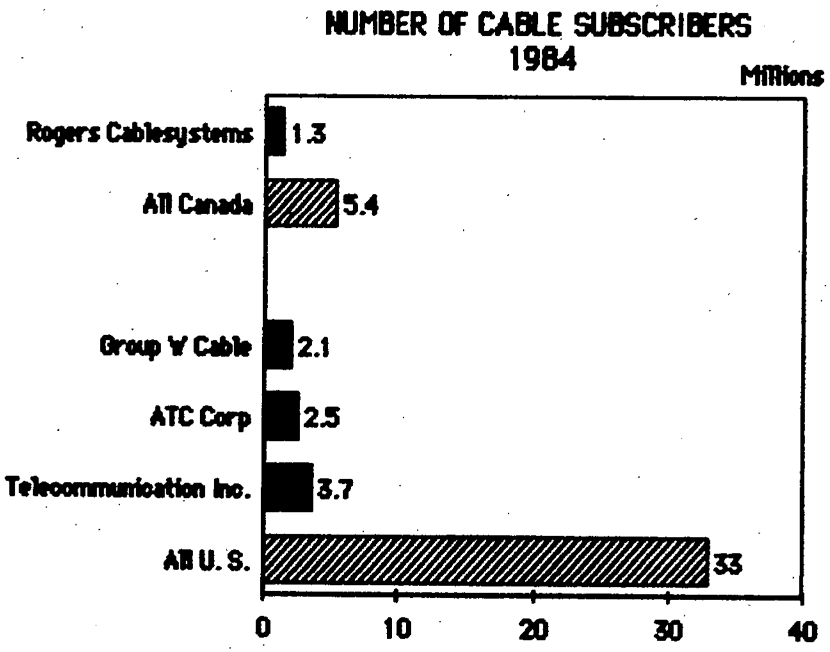
COMPARATIVE CABLE TV INDUSTRIES:
U.S. vs. Canada - 1983

	U.S.	Canada
Television Households (millions)	83.5	8.5
Basic Subscribers (millions)	30.3	5.1
Subscribers as percentage of TV households	36%*	60%
Homes passed by cable (millions)	53.6	6.9
Homes passed as percent of total TV households	64%**	81%
Pay TV subscribers as percent of basic subscribers	59%***	13%****

* 39% for 1984. 1984 data not available for Canada
** 71% for 1984. 1984 data not available for Canada
*** 60% for 1984. 1984 data not available for Canada
**** Based on Pay TV penetration for Canadian operations of Rogers Cablesystems

Source: Canada Consulting based on data from Statistics Canada, CableVision and Rogers Cablesystems annual report

THE U.S. CABLE TV MARKET IS CONSIDERABLY LARGER THAN THAT OF CANADA AND ALSO MUCH LESS CONCENTRATED



Source: Canada Consulting based on Annual Reports and Cable File data

CULTURE

IV. THE U.S. CULTURAL INDUSTRIES ARE PRIVATE SECTOR GIANTS

A. The U.S. printing and publishing industry primarily serves the domestic market

B. The other cultural industries are all billion dollar sectors

A. THE U.S. PRINTING AND PUBLISHING INDUSTRY PRIMARILY SERVES THE DOMESTIC MARKET

1. The U.S. publishing and printing industry is growing steady

2. Trade in U.S. printing and publishing plays a minor role

1. THE U.S. PUBLISHING AND PRINTING INDUSTRY IS GROWING STEADILY

Newspapers account for 50% of the U.S. printing and publishing industry

Printing and publishing in the United States is a $54 billion industry with more than 600,000 employees

U.S. domestic consumptions of printing and publishing has shown steady growth, even through the 1982-83 recession

McGraw-Hill, the largest U.S. book publisher, is also the least leveraged among the larger firms

Magazine publishing in the United States is big business, with six companies reporting 1984 magazine revenues in excess of $500 million

The largest U.S. newspapers have daily circulations of over 1,000,000

Five U.S. companies reported 1984 newspaper revenues over $1 billion

NEWSPAPERS ACCOUNT FOR 50% OF THE U.S. PRINTING AND PUBLISHING INDUSTRY

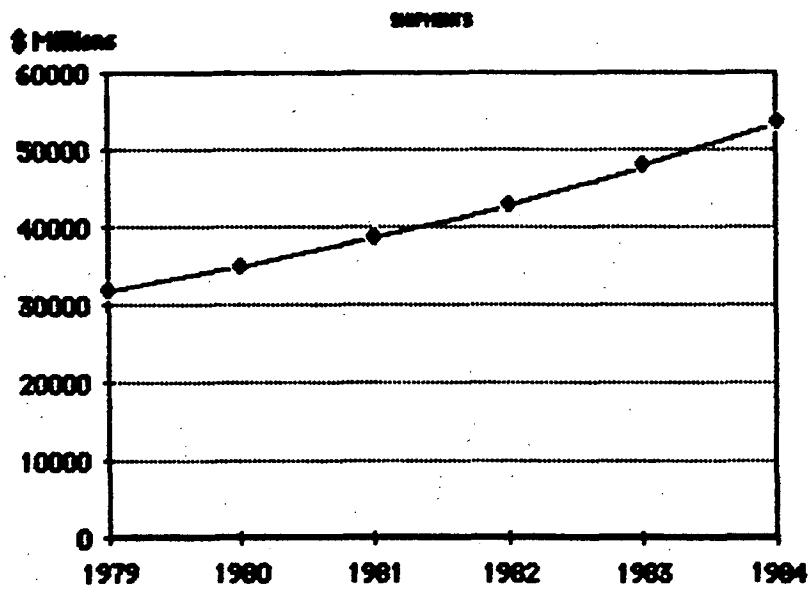
U.S. PRINTING & PUBLISHING, 1984 (SIC 2711, 2721, 2731, 2732)
Value Of Shipments

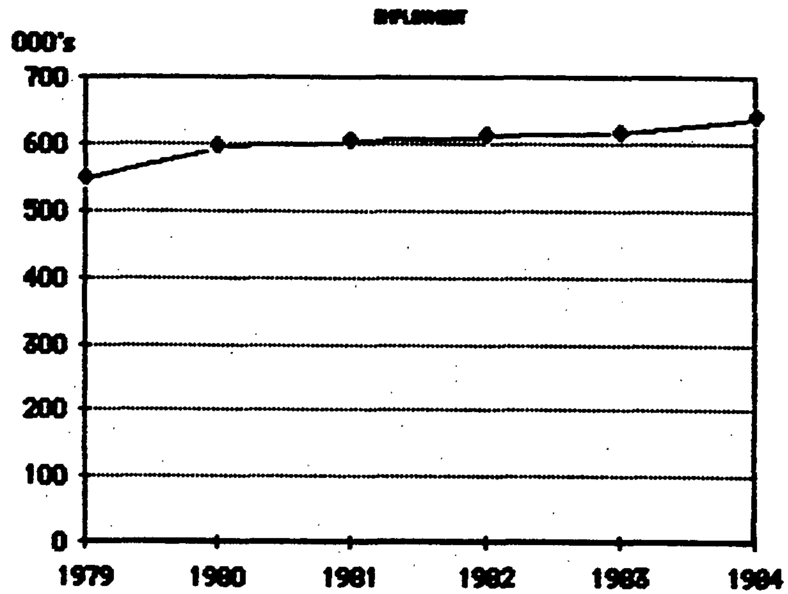
	Shipments (U.S. $ millions)	Percent Of Total
Newspapers	$26,695	50%
Periodicals	$14,664	27%
Book Publishing	$9,365	18%
Book Printing	$2,845	5%
	$53,569	100%

Source: U.S. Department of Commerce

PRINTING AND PUBLISHING IN THE UNITED STATES IS A $54 BILLION INDUSTRY WITH MORE THAN 600,000 EMPLOYEES

U.S. INDUSTRY: PRINTING AND PUBLISHING

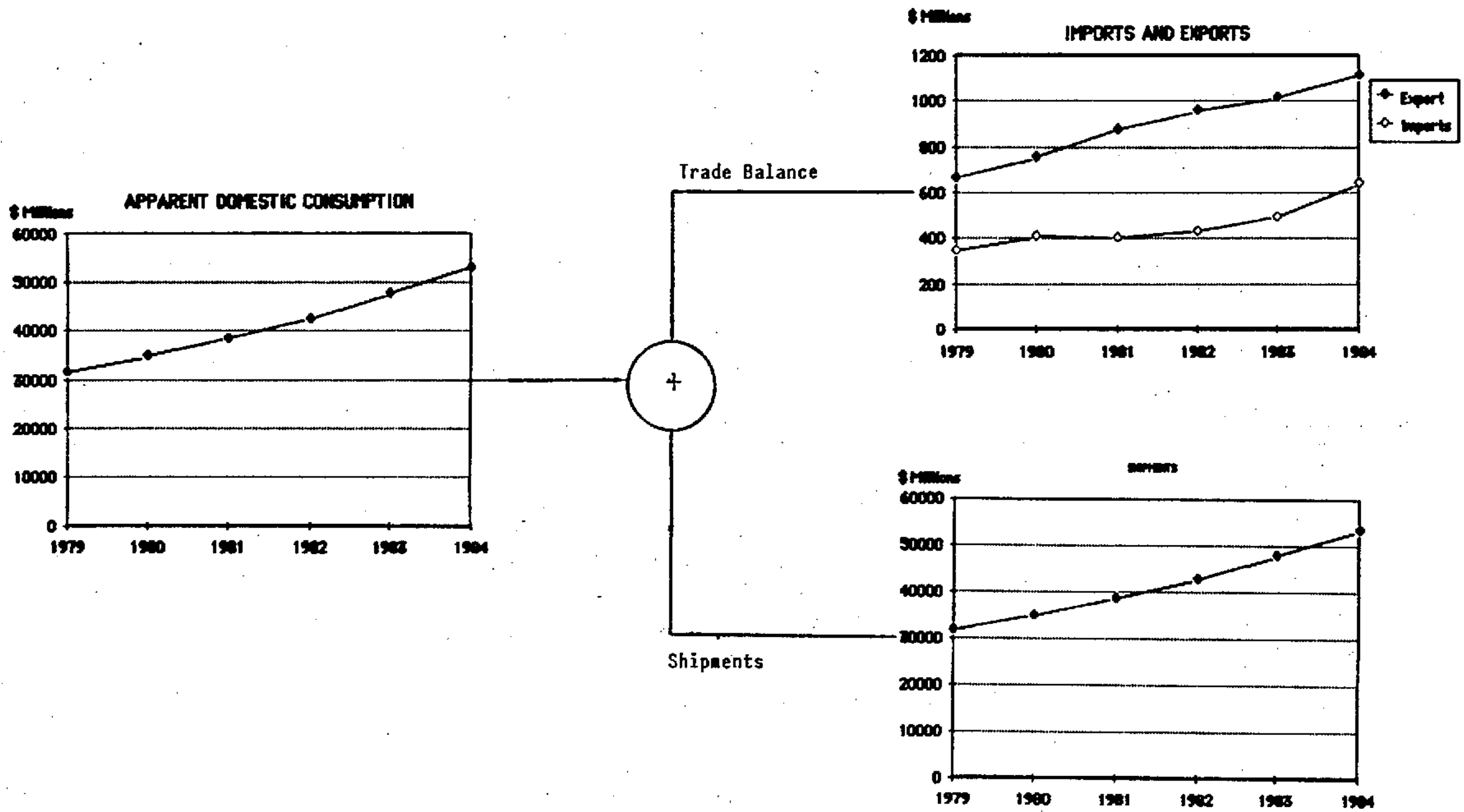




Source: Canada Consulting based on U.S. Department of Commerce data

U.S. DOMESTIC CONSUMPTIONS OF PRINTING AND PUBLISHING HAS SHOWN STEADY GROWTH, EVEN THROUGH THE 1982-83 RECESSION

U.S. INDUSTRY: PRINTING AND PUBLISHING



Source: Canada Consulting based on U.S. Bureau of the Census, and Department of Commerce data

MCGRAW-HILL, THE LARGEST U.S. BOOK PUBLISHER, IS ALSO THE LEAST LEVERAGED AMONG THE LARGER FIRMS

LEADING U.S. BOOK & GENERAL PUBLISHERS

1984 (Except 1983 for Prentice-Hall)
(Dollars in Millions)

	Revenues $	Net Income $	Return On Equity %	Debt As Percent Of Total Capital %
McGraw Hill	1,402	144	23.4	1.7
Harcourt Brace Jovanovich	713	35	16.6	43.6
MacMillan	530	33	21.4	34.8
Prentice Hall (1983 data)	448	39	18.9	17.3
	3,093			

Source: Canada Consulting based on Business Week data

MAGAZINE PUBLISHING IN THE UNITED STATES IS BIG BUSINESS, WITH SIX COMPANIES REPORTING 1984 MAGAZINE REVENUES IN EXCESS OF $500 MILLION

THE TOP U.S. MAGAZINE PUBLISHERS (By Revenues)
(Dollars in Millions)

	1984 Revenues			Top Magazine By Ad Revenues		
	Magazine $	Total Media* $	Magazines As A Percent Of Media Total %	Name	1984 Ad Revenues $	Total 1984 Net Income $
Time Inc.	1,321	2,576*	51	Time	336	233
McGraw Hill	672	964*	70	Business Week	185	144
CBS Inc.	619	3,340*	18	Womans Day	110	245
Triangle Publications	589	657	90	TV Guide	304	**
International Thomson Holdings	550	550	100	Medical Economics	22	**
Hearst Corporation	503	1,400	36	Good Housekeeping	133	**

* Excludes revenues from non-media operations
** Privately held. Profit and related data not available

Source: Canada Consulting based on Advertising Age and Business Week data

THE LARGEST U.S. NEWSPAPERS HAVE DAILY CIRCULATIONS OF OVER 1,000,000

THE LARGEST U.S. AND CANADIAN DAILY NEWSPAPERS

U.S.		CANADA	
Newspaper	1984 Daily Circulation (000's)	Newspaper	1984 Daily Circulation (000's)
Wall Street Journal	1,990	Toronto Star	499
New York Daily News	1,391	Globe & Mail	310
USA Today	1,162	Le Journal (Montreal)	308
Los Angeles Times	1,069	Vancouver Sun	277
New York Times	1,013	Toronto Sun	246

Source: Canada Consulting based on Advertising Age, Audit Bureau of Circulation

FIVE U.S. COMPANIES REPORTED 1984 NEWSPAPER REVENUES OVER $1 BILLION

THE TOP U.S. NEWSPAPER COMPANIES (By Revenues)
(Dollars in Millions)

	1984 Revenues			Top Newspaper		
	Newpaper	Total Media*	Newspapers As A Percent Of Media Total	Name	1984 Daily Circulation (thousands)	Total 1984 Net Income
	$	$	%			$
Gannett Co.	1,530	1,960	78	USA Today	1,162	224
Knight-Ridder	1,489	1,665	89	Detroit Free Press	646	141
Times Mirror	1,472	1,988*	74	L.A. Times	1,069	233
Tribune Co.	1,275	1,597*	80	NY Daily News	1,391	103
Advance Publications	1,250	1,900	66	Cleveland Plain Dealer	413	N/A
NY Times Co.	958	1,230	78	NY Times	1,013	100
Dow Jones & Co.	886	926*	96	Wall Street Journal	1,990	129

* Excludes revenues from non-media operations

Source: Canada Consulting based on Advertising Age and Business Week data

2. TRADE IN U.S. PRINTING AND PUBLISHINGS PLAYS A MINOR ROLE

The United States has a small trade deficit in newspapers but a strong trade surplus in periodicals and books

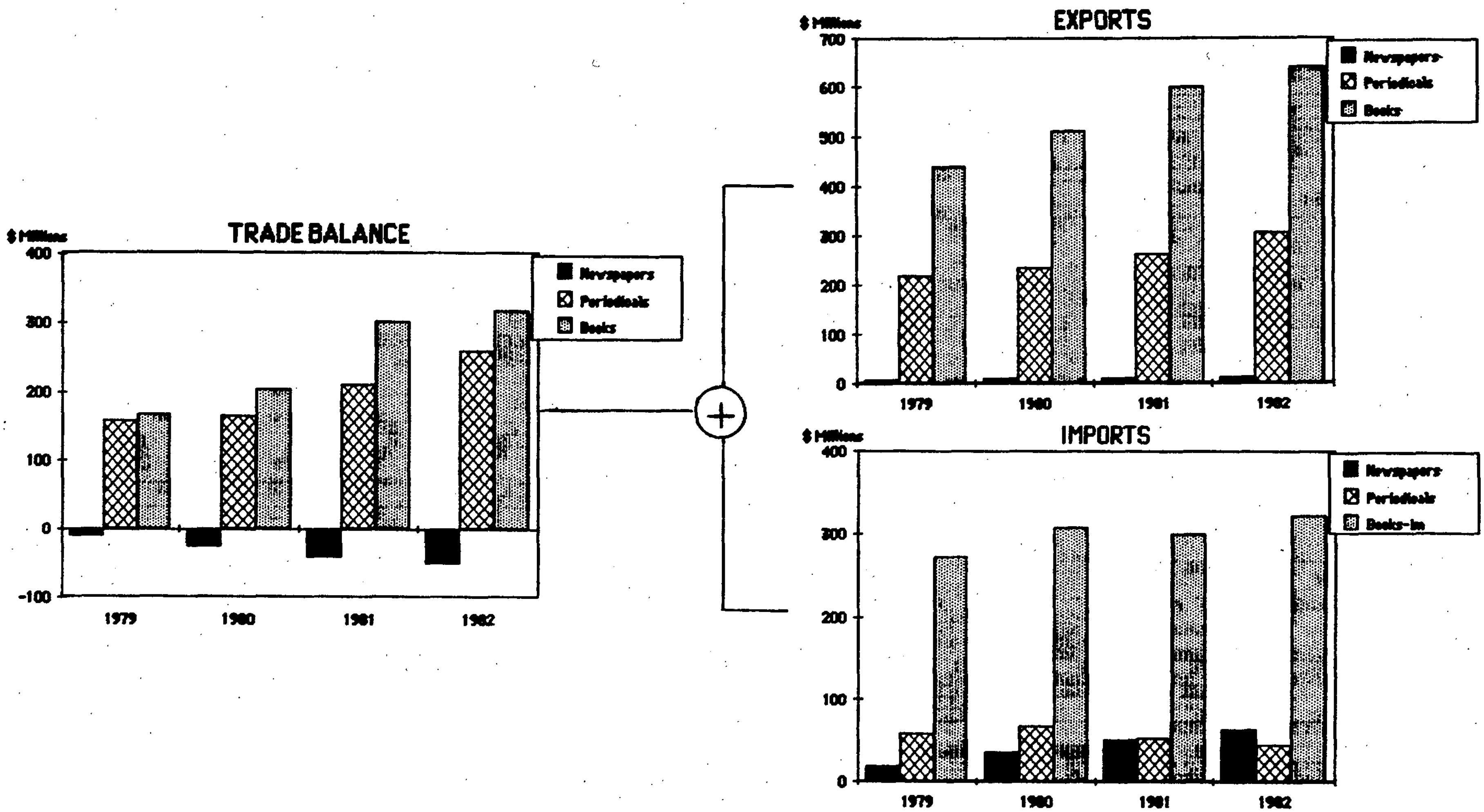
Trade in printing and publishing is not significant to the United States

Canada is the United States' largest export customer for books

Two-thirds of U.S. exports of periodicals come to Canada

THE UNITED STATES HAS A SMALL TRADE DEFICIT IN NEWSPAPERS BUT A STRONG TRADE SURPLUS IN PERIODICALS AND BOOKS

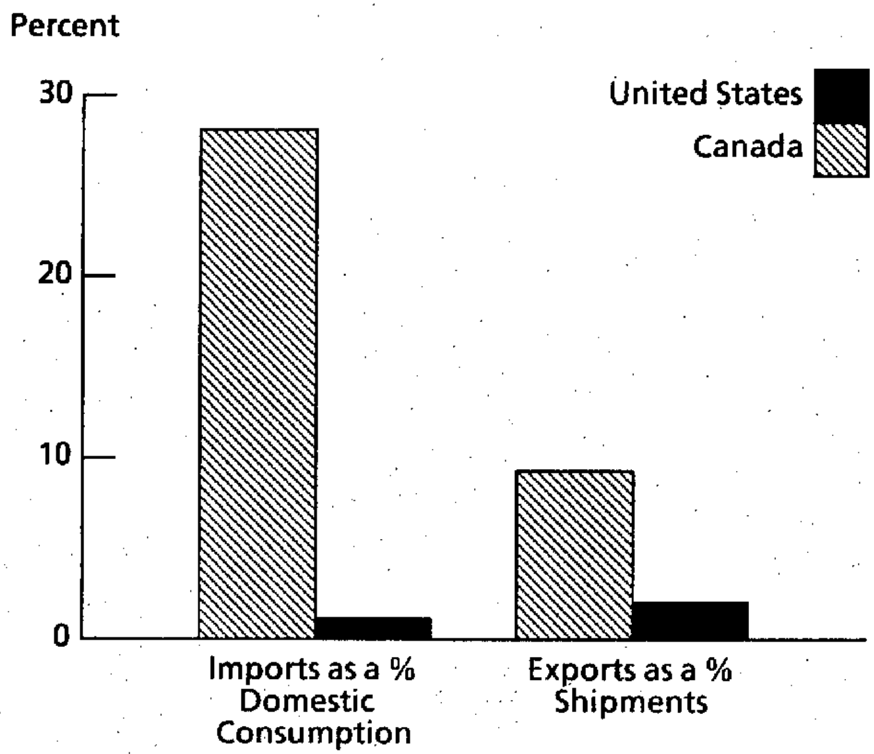
U.S. INDUSTRY: PRINTING AND PUBLISHING



Source: Canada Consulting based on U.S. Department of Commerce data

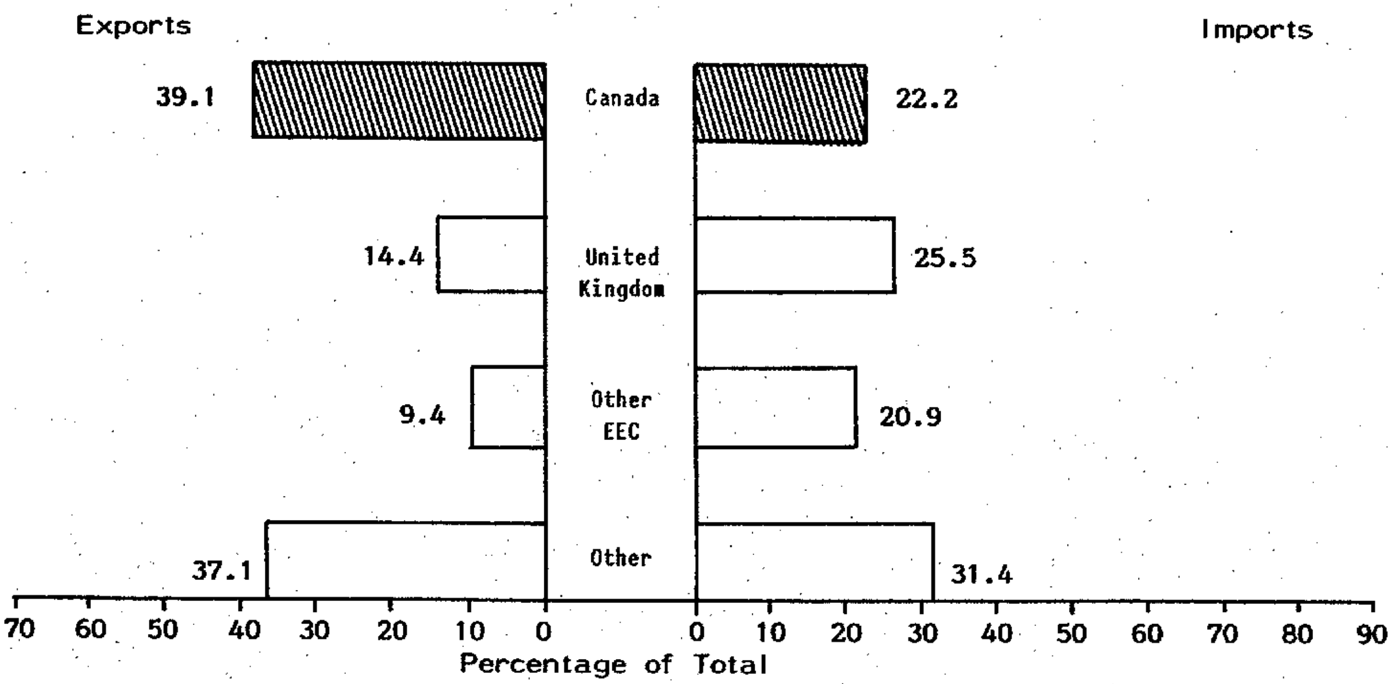
TRADE IN PRINTING AND PUBLISHING IS NOT SIGNIFICANT TO THE UNITED STATES

IMPORTS AND EXPORTS, 1983



CANADA IS THE UNITED STATES' LARGEST EXPORT CUSTOMER FOR BOOKS

TRADE PARTNERS: U.S. BOOKS
Shipments Over $500 only, 1983

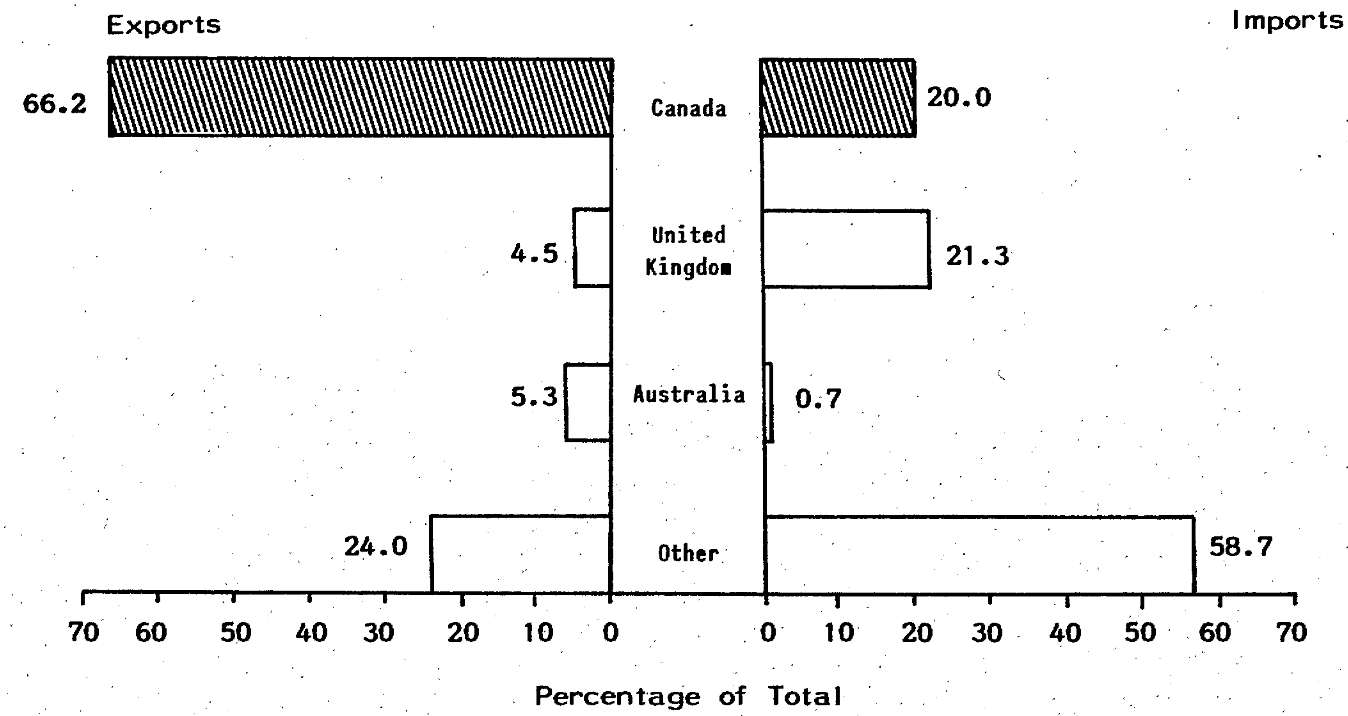


Source: Canada Consulting based on U.S. Department of Commerce, International Trade Administration data

TWO-THIRDS OF U.S. EXPORTS OF PERIODICALS COME TO CANADA

TRADE PARTNERS: U.S. PERIODICALS

Shipments Over $500 only, 1984



Source: Canada Consulting based on U.S. Department of Commerce, International Trade Administration data

B. THE OTHER CULTURAL INDUSTRIES ARE ALL BILLION DOLLAR SECTORS

About three quarters of U.S. motion picture industry revenues are generated by producers, distributors and allied services

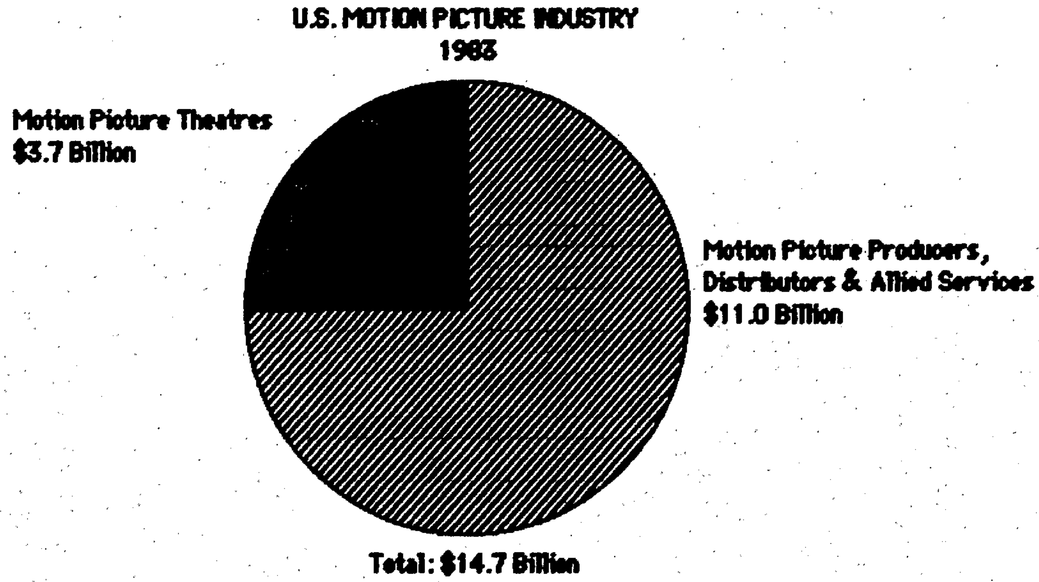
The drop in employment of movie exhibitors reflects the increasing importance of cable and VCRs

Cassettes have accounted for the bulk of U.S. sound recording's post-recession increase

The top ten U.S. advertising agencies hav sales in excess of $20 billion

Comprehensive trade data is not readily available

ABOUT THREE QUARTERS OF U.S. MOTION PICTURE INDUSTRY REVENUES ARE GENERATED BY PRODUCERS, DISTRIBUTED AND ALLIED SERVICES



Source: Canada Consulting based on Motion Picture of America

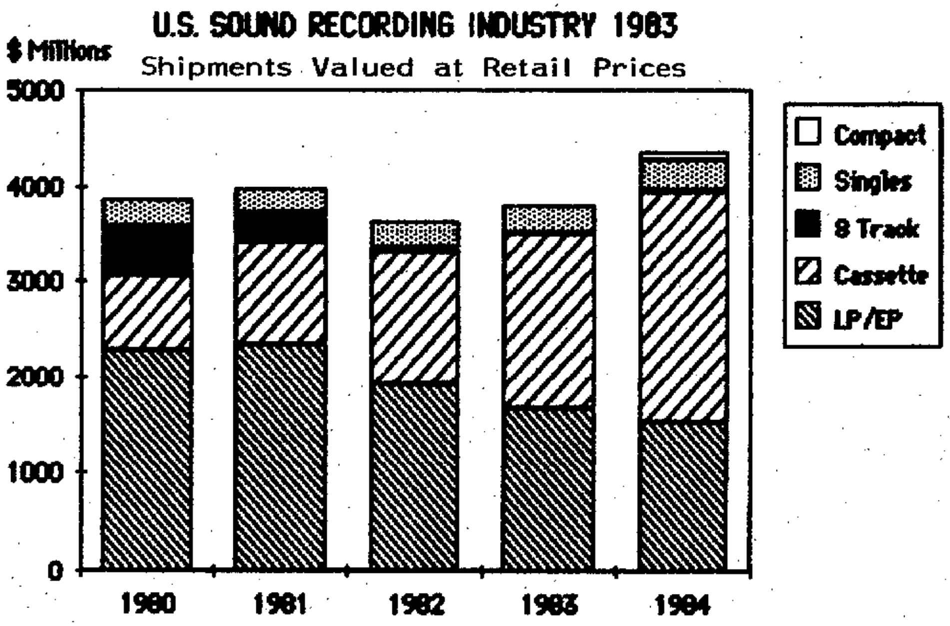
THE DROP IN EMPLOYMENT OF MOVIE EXHIBITORS REFLECTS THE INCREASING IMPORTANCE OF CABLE AND VCRS

U.S. MOTION PICTURE INDUSTRY

	1980	1981	1982	1983	1984
Box Office Receipts	2,749	2,960	3,452	3,766	4,031
Employment in theatres (000's)	124	122	115	109	107
Employment in production and distribution	79	85	96	100	112
Total Employment (000's)	203	207	211	209	219

Source: Canada Consulting based on Motion Picture Association of America data

CASSETTES HAVE ACCOUNTED FOR THE BULK OF U.S. SOUND RECORDINGS' POST-RECESSION INCREASE IN SHIPMENTS



Source: Canada Consulting based on Radio Industry Assoc. of America data

THE TOP TEN U.S. ADVERTISING AGENCIES HAVE SALES IN EXCESS OF $20 BILLION

TOP 10 U.S. ADVERTISING AGENCIES
(Dollars in Millions)

	Worldwide Revenue	Worldwide Net Income
Young & Rubicam	$2,761	$414
Ted Bates Worldwide	2,586	388
J. Walter Thompson	2,524	378
Ogilvie & Mather	2,360	346
McCann - Erickson	1,993	299
BBDO International	1,949	289
Saatchi & Saatchi Compton	1,711	253
Leo Burnett	1,485	217
Foote, Cone & Belding	1,406	208
Doyle Dane Bernbach	1,324	199

Source: Canada Consulting based on Standard & Poor's/Advertising Age data

COMPREHENSIVE TRADE DATA IS NOT READILY AVAILABLE

The U.S. government does not collect trade data for most cultural sectors and relies on private sector sources in its reports

Motion picture producers state that about half of a successful film's revenues are derived from foreign sales

U.S. sound recording companies control the Canadian market but no aggregated export sales figures are publicly available

This document is part of the DOC Trade Postion Study and will be used with the Phase 1 and Phase 2A documents for comparative competitive analysis of key industries