

under review, the commercial printing industry has performed better than the manufacturing sector. For example, its share of all manufacturing shipments expanded from 1.5 per cent in 1974 to 1.7 per cent in 1984. Generally speaking, Canadian growth patterns in shipments and employment in the printing industry have paralleled those in the United States.

During the period 1974-84, exports of commercial printed products grew at a faster rate than domestic shipments increasing their share of the industry's total output from 2.2 per cent to 2.8 per cent. Imports expanded at the same rate than domestic production, as their share of the apparent Canadian market remained at 3.2 per cent. Nonetheless, the trade imbalance has grown from \$79.3 million to \$221.8 million. Canada's trade in this field is conducted primarily with the United States. In 1984, the United States took 87 per cent of our export shipments and supplied 93 per cent of our import requirements. In addition, foreign trade is conducted predominantly by the larger printers. The Canadian industry experiences its strongest competition in mass-produced items such as advertising materials.

The commercial printing industry has consistently performed better than all manufacturing in terms of before-tax profit on total income and after-tax profit on equity. As a general rule, small and large printing operations have done better than medium-size firms.

The potential market of the industry, worldwide, has been eroded increasingly in the last decade by in-house printing facilities. The equivalent value of in-house printing in Canada is estimated at \$250 million.

2. Strengths and Weaknesses

a) Structural

As in Canada, the United States printing industry comprises a large number of small businesses; where the Americans do have an advantage however, is in the relative size of their largest firms which simply dwarf the largest Canadian companies. For example, Lawson & Jones, the largest Canadian printer, reported revenue of Cdn \$259 million in 1983, compared to U.S. \$1.5 billion for its American counterpart, R.R. Donnelly & Sons. Small scale in Canada is primarily a reflection of the small size of the domestic market and its segmentation into two linguistic groups.

The commercial printing industry, worldwide, is basically a locally oriented industry, reflecting both the nature of the products and the supplier/customer relationships. As a result, transportation is not a significant cost element for the average printer. The manufacturing operations in the printing industry do not give rise to serious pollution or health problems. Most employment in the industry is in the skilled category. In the last few years, labour supply has not been a major problem area for the industry. Unionization is relatively high in the industry and it has been relatively free of strikes and other forms of labour strife. Many of the work stoppages that have taken place have occurred because the unions felt that the introduction of technological changes would alter or eliminate jobs. Paper and ink are the two major raw materials consumed by the industry. No critical sourcing difficulties have been experienced in the past few years, although some higher quality paper grades, such as coated web-stock, have been at times in tight supply.

While reliable statistics are not available to confirm it, it would appear that the Canadian industry operates under cost disadvantages vis-à-vis its American counterpart in the areas of fine paper prices, labour rates and productivity levels. On average, paper accounts for about 25 per cent of the final selling price of printed products. Prices for Canadian fine paper grades are between 10 to 20 per cent higher than they are for similar grades produced in the United States. Wages represent roughly 25 per cent of the industry's value of shipments. The Canadian printing industry historically has had a lower wage structure than its American counterpart, however, the difference in wages has declined in recent years and there are indications that in 1983 and 1984, wages in Canada were marginally higher. This is due to a large extent to higher inflationary pressures in Canada and the higher degree of unionization. Productivity level in the American industry is estimated to be 10 to 15 per cent higher than that in Canada owing largely to the more dominant market positions of larger scale