

uncertain. For example, restrictions preventing Canadian editions of U.S. newsmagazines have encouraged similar, wholly Canadian magazines. But the effect on smaller, locally based news and arts publications is more doubtful, and many people involved in these have argued that they are hurt by such legislation. Another contention is that border broadcasting regulations have been ineffective in sustaining a substantial number of stations that would not otherwise exist. These issues are important because, if the effects of cultural support programs could be established, U.S. negotiators might be pressed to grant exemptions to measures that significantly increased the amount of Canadian activity but not pressed to grant exemptions that merely raised profits for owners of facilities that would exist in any case.

We see a number of possible negotiating positions:

- o Exemptions could be sought for all existing policies without attempting to evaluate their success.
- o Such a general exemption could be advocated, while at the same time Canadian policy attempted to replace some existing support measures with ones that are less distorting to cultural trade. For example, existing Canadian-content rules -- which are basically quotas -- might be replaced by rules that a specific total of expenditures be devoted to Canadian content.¹² This is a more flexible position and it might be more acceptable internationally.
- o Exemptions could be sought in the cultural sector from "right-of-establishment agreements" -- whereby foreign firms are allowed to invest freely in certain sectors -- that may be arranged in other "noncultural" sectors. This would give Canada much room for maneuver, and since the United States has to keep such exemptions in some sectors -- radio and television, for example -- a blanket exemption for specific cultural