

5. Competitive Assessment

The commercial printing industry worldwide is basically domestically oriented. Under the present tariff structure and exchange value of the Canadian dollar, the Canadian printing industry is able to compete with its American counterpart in spite of cost disadvantages in the areas of fine paper prices, labour rates and productivity levels. However, the tariff protection will be eroded gradually over the next few years as a result of the last MTN negotiations.

There is scope for improving the industry's level of international competitiveness through further rationalization and specialization and through access to adequate supplies of paper at internationally competitive prices. Otherwise, a number of firms, particularly at the medium-size level, will find it increasingly difficult to adjust to growing import competition. Furthermore, the industry should increase its efforts to identify and exploit export market opportunities.

Further trade liberalization could conceivably result in stronger import pressures that could have the potential to adversely affect the structures of the Canadian printing industry. Under these circumstances, the industry would need a period of adjustment. The negative impact could, however, be partially offset by concurrent liberalization of trade in fine paper. Further analysis would be required to gauge the potential impact of freer trade.

Historically, the Canadian industry has perceived itself as being entrepreneurial and has looked to the market place for determination of its health and growth. Given its inherent strengths, both in terms of human and financial resources, and the generally favourable market prospects for its products over the medium term, it is believed that the industry should be capable of adjusting successfully to the changing competitive environment. Generally speaking, it should be able to overcome its constraints on its own or within existing federal/provincial incentive programs. More than anything, the industry requires the creation by government in Canada of the right economic and social climate for private businesses to exist and prosper.

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