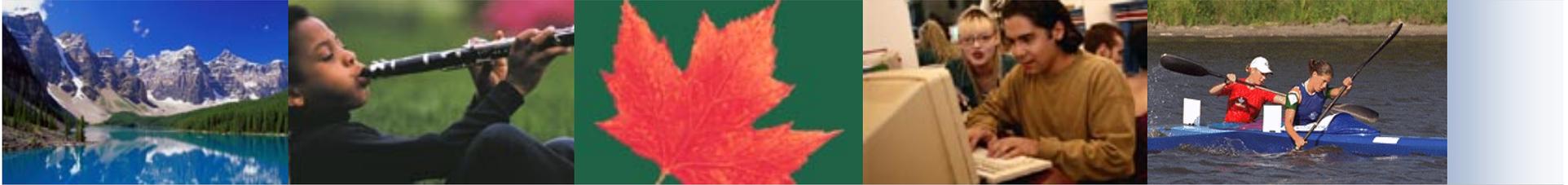




**Canadian
Heritage**

**Patrimoine
canadien**



The Economic Contribution of Copyright Industries to the Canadian Economy

**Annual meeting of the Society for Economic Research on
Copyright Issues (SERCI) – Turin (Italy) July 8-9, 2004**

Presented by Rizak Abdullahi

Canada 



Purpose

K To provide the main findings of a study on the economic contribution of copyright industries to the Canadian economy



Overview

- K** Methodology
- K** Copyright and the Economy
- K** International Comparisons
- K** Issues and Challenges
- K** Next steps





Study methodology

- K** Data to estimate the value and quantitative characteristics of core and non-core copyright based (CB) industries derived from Statistics Canada

- K** Study also employed two sampling vehicles
 - > First: Electronic questionnaire was sent to 60 associations representing sub-sectors in CB core industries

 - > Second: Personal interviews with key industry representatives were undertaken across the country





Copyright and the economy

- K** The copyright sector contributes significantly to the Canadian economy
- K** International research shows that the economic contribution of CB industries is becoming increasingly important
- K** Other countries, including the US, the UK and Australia, all undertake annual reports on the value of copyright to their economies





Copyright and the economy

- K** WIPO describes copyright-based industries as industries engaged in the creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of works and other protected subject matter
- K** WIPO also recognizes that economic impact can be related to both:
 - > “core” CB industries (i.e. those that produce goods that are copyright protected)
 - > “non-core” CB industries (i.e. those that support or are inter-related to core CB industries)





Copyright and the economy

K Core copyright-based industries include:

- > Press and literature (e.g. authors, writers, translators, etc.)
- > Music , theatrical productions, opera (e.g. choreographers, etc.)
- > Motion picture, video and sound (e.g. actors)
- > Radio and television (e.g. conventional radio & TV broadcasting, etc.)
- > Photography, visual & graphic arts, related professional & technological services
- > Software, databases and new media (e.g. programming, design, etc.)
- > Copyright & collective management societies

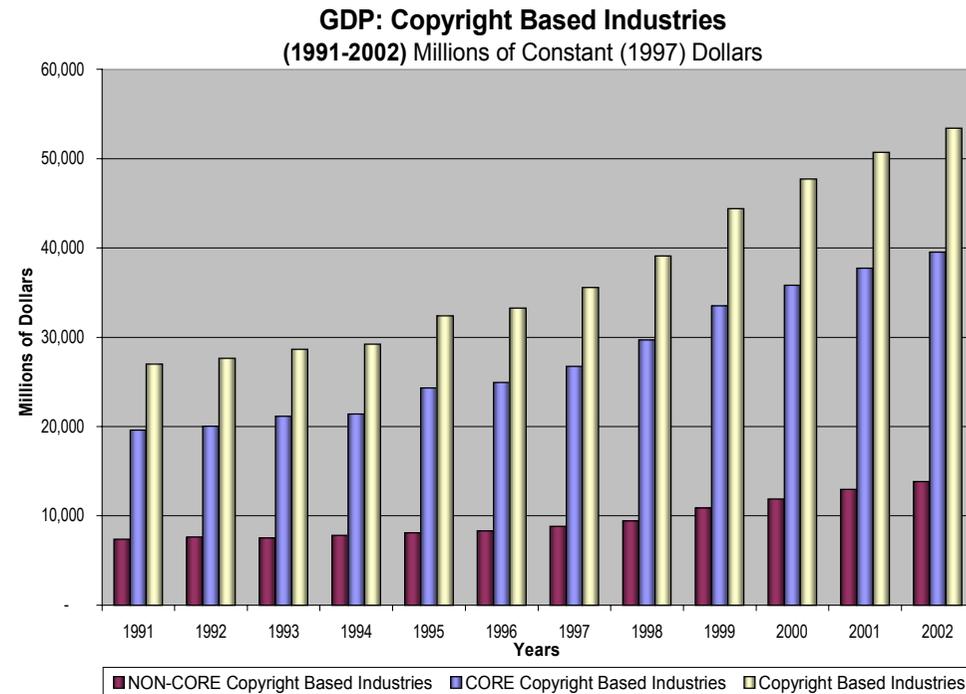
K Non-core copyright-based industries include:

- > Interdependent copyright-based industries (e.g. manufacture, wholesale/retail of TV sets, DVD players, etc.)
- > Partial copyright industries (e.g. architecture, engineering, etc.)
- > Non-dedicated support industries (e.g. telephony, internet, etc.)

Copyright based industries have seen significant growth over the last decade

K Core CB industries' value-added has grown from \$19.6 billion in 1991 to \$39.6 billion in 2002

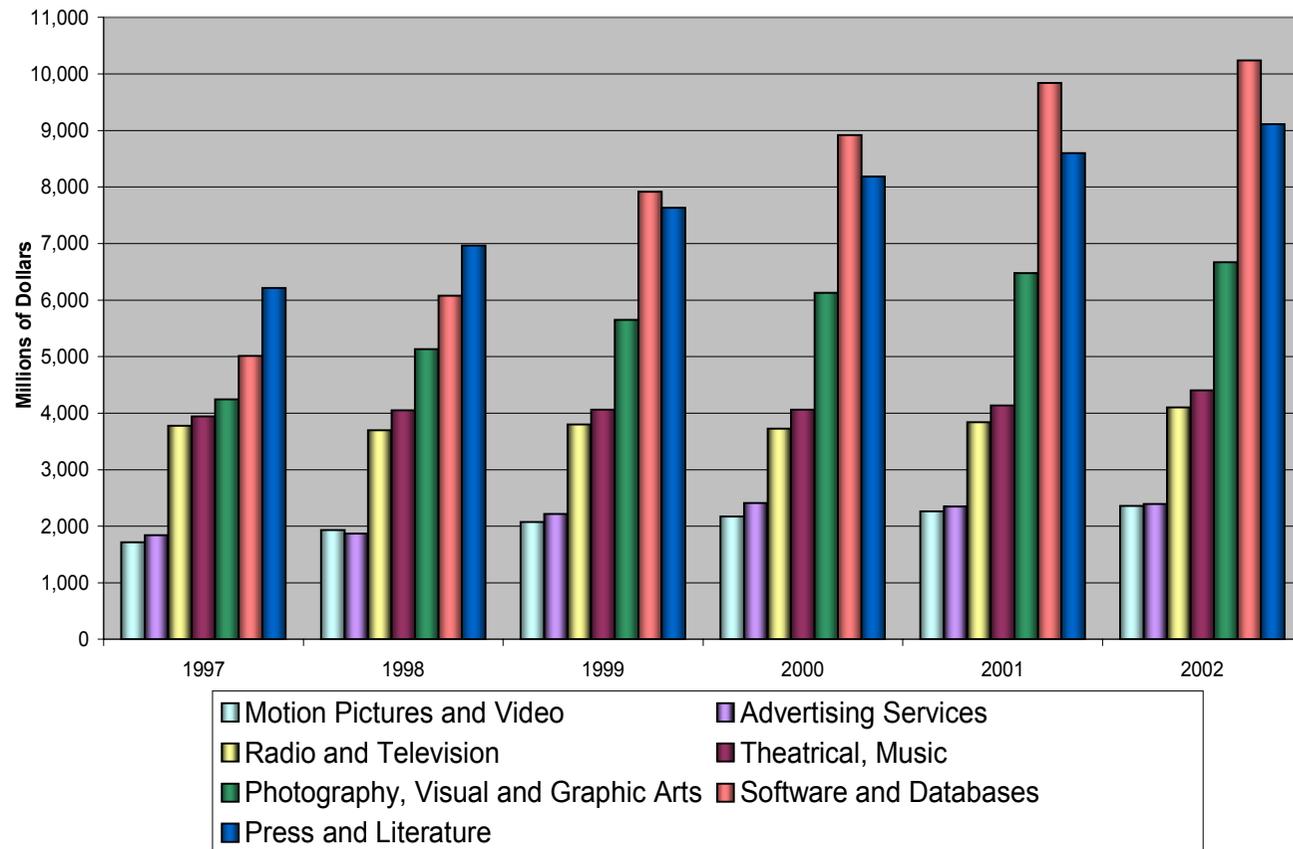
K Totals become \$27.0 billion in 1991 and \$53.4 billion in 2002 when non-core industries are included





A word about the core-sub-sectors of CB industries

GDP: CORE Copyright Based Industries
(1997-2002) By subcategory Millions of Chained 1997 Dollars



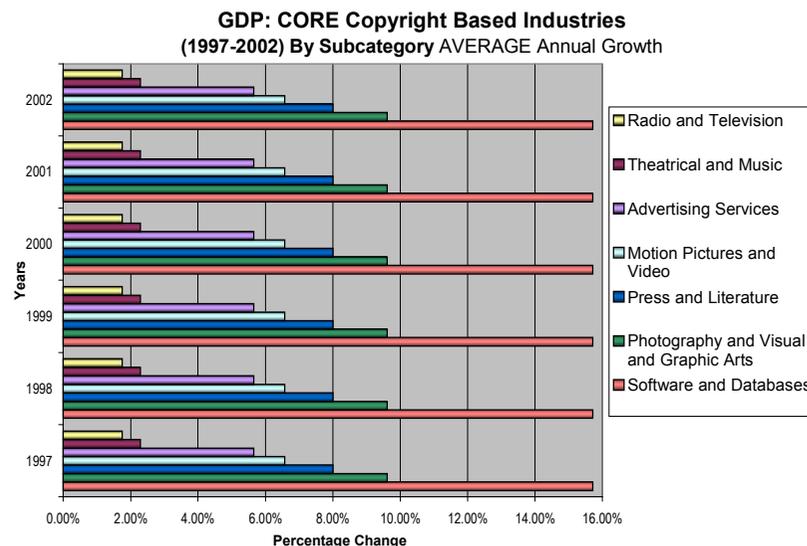
A word about the core-sub-sectors of CB industries

K The software and databases sub-sector achieved phenomenal growth between 1997 and 2002, experiencing a 16% annual growth rate

K It has grown to be the largest contributor to GDP

K Broadcasting grew at just under 2% on average

K Photography/graphic arts, press, and motion pictures sub-sectors each achieved at least 6% average annual growth

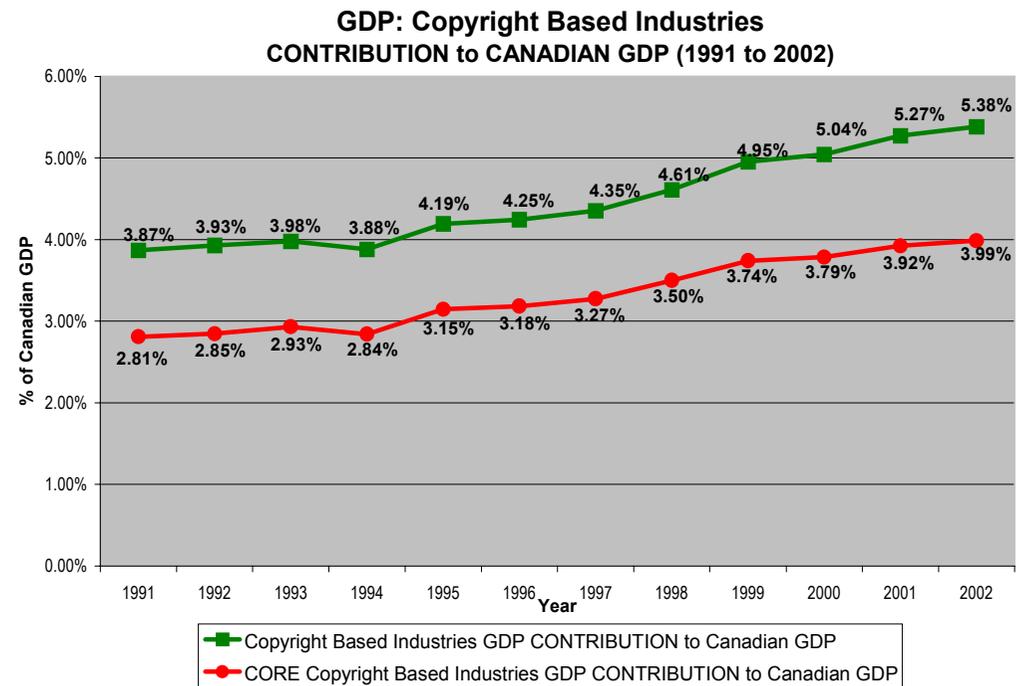


Copyright based industries have seen significant growth over the last decade

K Calculated as a percentage of economy-wide GDP, CB industries have steadily increased their contribution to the economy

K In 2002, its contribution was 5.38%

K It was only 3.87% in 1991



Copyright based industries have seen significant growth over the last decade

K CB industries now contribute more to GDP than accommodation and food (\$23.5B), agriculture (\$20.5B), or mining/oil and gas extraction (\$37.4B)

**Contribution of Copyright Based Industries
Compared to Selected Other Industries, 2002**

Industry	2002 Annual Growth Rate	GDP 1997 Chained \$
Copyright Based	6.5 %	53.4 billion
Agriculture, Forestry, Fishing and Hunting	-3.4 %	20.5 billion
Mining and Oil and Gas Extraction	1.9 %	37.4 billion
Utilities	4.2 %	28.3 billion
Accommodation and Food Services	4.7 %	23.5 billion
Retail Trade	1.9 %	53.9 billion

Source: *The Daily*, January 31, 2003 Statistics Canada, and Wall Communications Inc.



Employment numbers reflect increasing importance of CB industries to economy

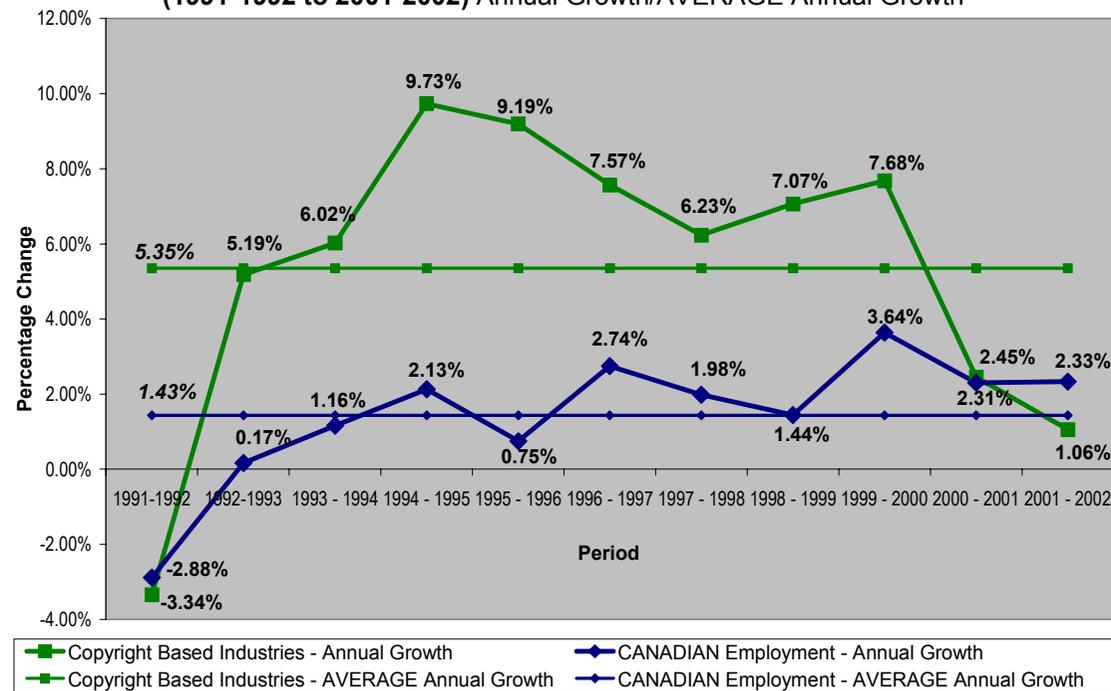
- K** Total employment in CB industries grew from 500,000 employees in 1991 to almost 900,000 in 2002
- K** This compares with 871,000 workers in accommodation and food services, 499,000 in construction, and almost 1.5 million for retail trade
- K** Copyright-based industries have also continued to increase their share of total employment – In 1991, its share was 4.5%, and grew to 6.9% by 2002



Employment numbers reflect increasing importance of CB industries to economy

K Between 1991 and 2002, employment in the CB industries grew at about 5.3% while the national economy grew at 1.4%

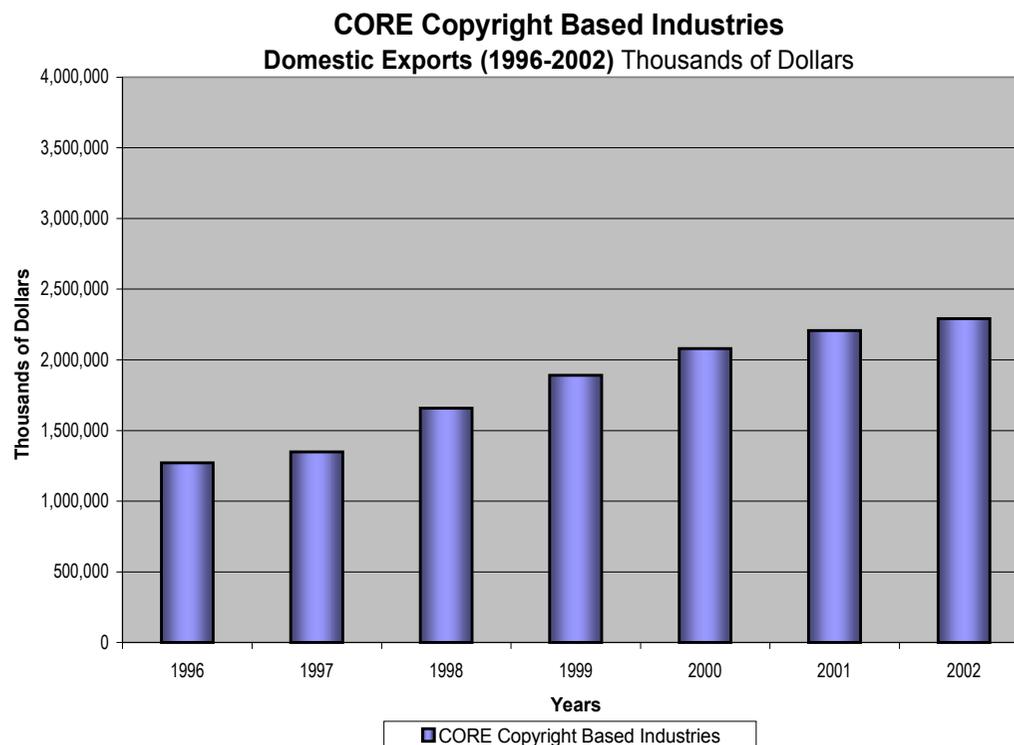
CANADIAN Employment and Copyright Based Industries
(1991-1992 to 2001-2002) Annual Growth/AVERAGE Annual Growth



Canada is exporting a greater number of CB goods than ever before...

K Exports of core CB goods have increased each year since 1996, reaching almost \$2.3 billion in 2002

K This represents almost a doubling from the 1996 export level of \$1.2 billion



... but Canada remains a net importer of CB goods

- K** Since 1996, imports in the CB industries have generally been in the range of \$3-\$3.5 billion
- K** The gap between exports and imports has been decreasing since 1997 (except in 2002)
 - >** The CB goods trade deficit decreased from almost \$2 billion in 1997 to about \$1.2 billion in 2001

Comparisons with Other Countries

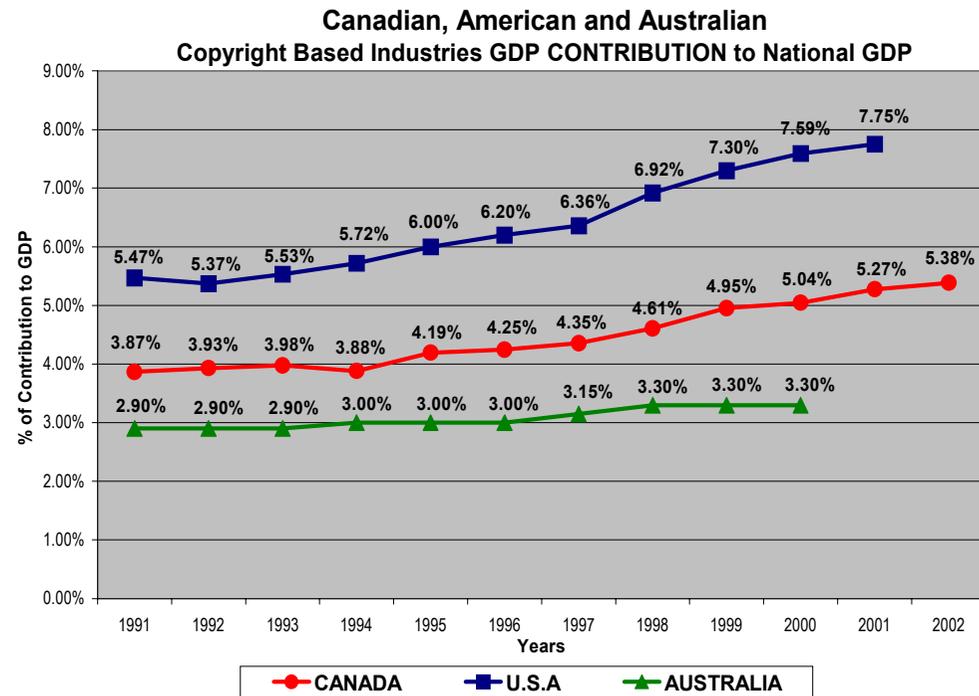
- K** Key comparable studies come from the U.S. and Australia
- K** The report examines Canada's performance in CB industries, compared to these two countries and has determined that they are all experiencing similar economic trends



USA leads the way in terms of percentage of GDP attributable to CB industries...

- K** The latest U.S. study estimates shows that 7.8% of U.S. national GDP was related to copyright industries
- K** Comparable figures for Canada and Australia are 5.4% (2002) and 3% (2000), respectively

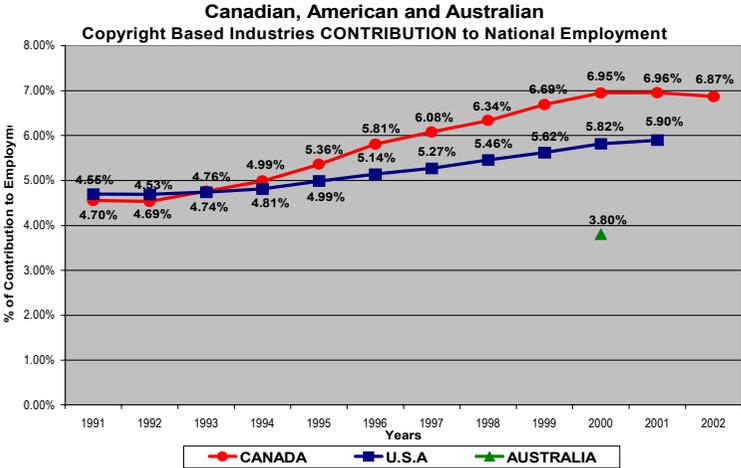
K Average annual growth of CB activity is high in all countries, but the US experienced highest growth at 7.7% compared to 6.5% for Canada



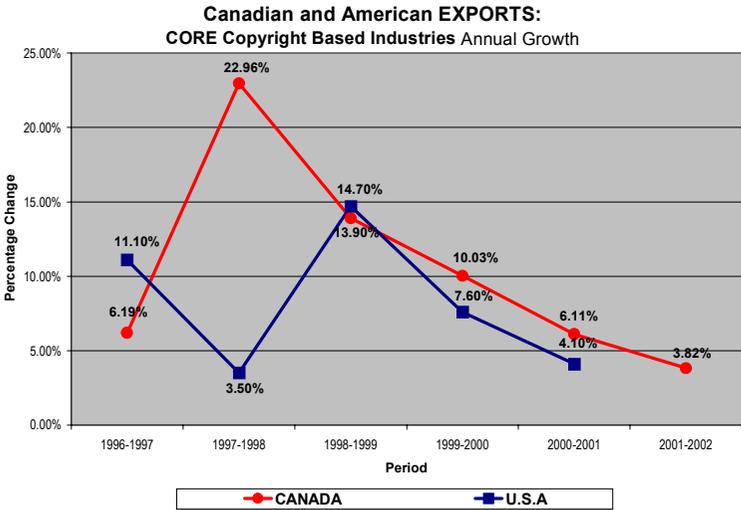
... but Canada has seen the importance of jobs and exports grow



K Canadian rate of employment growth exceeds that of the U.S. (after 1993)...



K ...and the rate of growth in Canadian exports has generally exceeded that of the U.S.



Issues and Challenges of core-sub-sectors of CB industries

- K** Industry views on the main issues and challenges facing sub-sectors have a degree of commonality, but also individuality
- K** Industry representatives surveyed for this study indicated that the most important factors affecting the industry financial health over the last decade included:
 - > Government regulation and policy
 - > Technological change
 - > Access to financing
 - > Global competition
 - > Access to skilled labour
- K** New technology was overwhelmingly identified as the most significant change factor in the way business is conducted





Next Steps

- K** Additional research should be undertaken so that the economic contribution of CB industries can be better understood
- K** The study will serve to assist our department in determining its policy framework for medium- to long-term policy issues in the copyright area
- K** It will hopefully serve to spark further research with other sector-oriented branches at Canadian Heritage that wish to pursue joint studies

