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**THE CANADIAN EXPERIENCE: CULTURE AND
TRADE AGREEMENTS**

Chair, Ministers and guests,

You asked that Minister Copps make a presentation on this occasion about the International Meeting on Cultural Policy in general, and more specifically, on the Canadian experience vis-à-vis the treatment of Culture in International Trade Agreements. Unfortunately Minister Copps has been retained in Ottawa as it is the close of the Parliamentary session and could not be here today. I will provide a trade practitioner's perspective - and that is a first, as Canada has now established a trade and investment branch within its culture ministry.

The Ottawa Conference brought Ministers of Culture together outside a formal institutional context with trade and culture as one of the three discussion themes. Insightfully, Minister

Mottley has convened this regional forum to focus your attention more specifically upon the trade and culture problematic.

Your Forum discussion of trade and culture is also topical, as this year is the 50th anniversary of the founding of the GATT, the global rules-based framework for international trade and the predecessor of the WTO. It comes shortly after the launch of negotiations for a Free Trade Area of the Americas (FTAA) in September and a year prior to the launch of a new round of WTO negotiations on Services. Thus the forthcoming WTO and FTAA trade negotiations could have important implications for culture.

What are some of the key developments since the International Meeting in Ottawa:

- The key outcome was the establishment of an informal International Network of culture ministers committed to promoting the importance of cultural diversity in the face of technological, economic and social changes. The number of countries now engaged in the International Network has grown to 26, up from 19: France, Austria, China and Malaysia have joined the network since June. It continues to grow. Membership in the International Network is informal, flexible, cuts across all regions and continues to grow. Countries who are not members but present here today in Bridgetown will want to consider the option of joining. The next meeting of the Network in Mexico in 1999 will be an important contribution to the process.

- A ‘contact group’ has in fact been formed to coordinate the activities of the network in a practical and constructive way with a Secretariat.

I think you will agree it is quite a list of substantive achievements. Nevertheless much work remains to be done in building the international network on cultural policy.

I would be remiss not to recall the seminal work undertaken by the UNESCO Stockholm Conference which represented a turning point in terms of international attention to culture. All of the various forums and debates in the past several years concerning trade and culture have occurred with the full cooperation of UNESCO. Working closely with the Network of Ministers, UNESCO will hold a meeting in 1999 on trade and culture. Canada is committed to ensure that UNESCO’s cultural mandate is affirmed and developed to the maximum to provide a multilateral voice and advocate for member’s cultural interests.

What you might ask is the link between the International Network of Ministers of Culture and trade?

It is my experience that trade policy is driven by two principles: the need to address challenges at home and the desire to seize opportunities internationally. Building an International Network of countries with mutual interests in cultural diversity thus contributes to a better understanding of the different perspectives of network countries cultural policies and provides a better balance with regards to the economic and trade pressures.

Indeed, when it comes to negotiations about trade and culture, cultural trade policy interests vary significantly between countries - for example:

- the U.S.A., the world's largest cultural exporter, view cultural industries as substantively economic;
- many, like Canada, have concerns about promoting domestic space for cultural expression and they face pressures in a trade context; and,
- many developing countries are at an early stage of developing an infrastructure to promote their own cultural diversity and define a complementary trade approach.

It is therefore timely that a broad cross-section of countries in the western hemisphere begins to consider the implications of trade for their cultural interests.

Canada's experience with culture and trade agreements:

International trade is essential for Canadian economic growth (42% of GDP comes from trade) and makes a direct contribution to Canadian cultural sector well being.

With a relatively small domestic market (30 million people) the revenues generated from export for many cultural industries are the difference of making it, or closing down the operations.

Looking at core cultural industries in Canada, the creation, production and distribution of the cultural industries

contributed some \$19 billion to the Canadian economy in 1994-95 or about 3% of GDP. The cultural industries sector provides some 600 thousand jobs or 5% of the work force -and is the fastest growing employment sector of the economy. Many of the jobs being created are high quality, full-time positions in knowledge-based industries contributing significantly to Canadian identity and social cohesion.

Given our geographic situation, we share the world's longest undefended border, a deep friendship and the world's most important bilateral trade relationship with the United States -for example \$1 billion of two-way trade in goods and services crosses the Canada-US border each day.

It will come as no surprise therefore that for cultural products and services the US is our largest cultural trade partner. Canada's total export of cultural industry goods were \$1.5 billion in 1997 with imports of cultural goods totaling \$4.7 billion - of which 85% come from the US. When it comes to cultural trade Canadians enjoy the best the world can offer and export products and services enjoyed the world over.

Canada has the most open market in the world to foreign culture. We can hardly be accused of protectionism, as some would want you to believe, when:

- Sixty percent of our English-language television programs come from outside the country.
- Seventy percent of music broadcast by Canadian radio stations is of foreign content.

- Sixty percent of all books sold in Canada are not of Canadian origin.
- About 50% of magazines sold in Canada are foreign.
- More than 95% of the movies shown in our theaters are foreign movies.

In Canada, we have been working for some time on the challenge of preserving space for domestic cultural industries. The domestic cultural market situation is further complicated by the fact we have a geographically-dispersed and relatively small population with a market segmented by two official languages. Canada has strived to maintain its distinctive culture, blending together the traditions of British and French culture, our aboriginal heritage, and the increasing contribution made by communities of diverse cultural origin.

As a medium sized industrialized country, it will come as no surprise that Canada has placed the highest priority on an international trade system that is based not on power but on the rule of law set out in a network of rights and obligations

There are now broad ranging discussions within trade agreements on topics related to social issues e.g. the NAFTA side agreements on labor, the ILO-WTO talks on labor standards and trade; the NAFTA side-agreement on environment. From a cultural perspective, the WTO/GATT has provisions addressing domestic quotas for film, linkages on intellectual property and members have exercised their right not to take obligations with regards to culture.

My point being that trade agreements, at the insistence of their members, are evolving and becoming flexible, embracing a broader range of issues than pure mercantile considerations.

Of equal importance in trade agreements is the development of dispute settlement provisions that ensure trade partners meet their trade commitments. Canada insisted on dispute settlement in the FTA/NAFTA and was most active in the development of the current WTO dispute settlement mechanisms including an appeal process. For small and medium sized countries the option of recourse to an international tribunal such as the WTO Dispute Settlement Body is of inestimable importance. You may win, or lose the occasional challenge, but such mechanisms uphold the rule of law and democracy in international trade relations. Mr. Cuddy earlier outlined Canada's dispute on periodicals with the USA. I would just vote for the record that Bill C55 was not related to the US complaint. We implemented the WTO Panel recommendations on Oct 30/98 and introduced Bill C55 which addresses use adocosing secuencia in the magazine industry. In other aspects we have introduced Bill C55 that is in conformiby with one international obligations in the cultural area as is covered by the GATS cultural exception.

Canada has long held that culture is **not** just another commodity and that countries must have the flexibility to pursue cultural policy objectives. Canada has firmly stated that the sovereign right to regulate in the cultural sector is fundamental to the promotion of cultural diversity and social cohesion. This ability to continue to regulate in the national interest will be a critical issue in forthcoming trade negotiations.

Given the skepticism major trading partners have expressed in past negotiations about regulation in the cultural sector, Canada has sought to achieve objectives through the negotiation of a cultural exemption, or by not taking on obligations in trade agreements. For example:

- The FTA/NAFTA agreements established a "cultural exemption" which exempts Canada's cultural industries from the obligations of the agreement;
- WTO: During the services negotiations in the Uruguay Round, Canada made no commitments, for example, on audiovisual services and in the GATS took an exception from the national treatment provision for cultural services. Canada supported the TRIPs agreement because it addressed copyright and patent issues of vital importance to cultural sector creators;
- MAI - throughout these negotiations, Canada consistently sought treatment of culture similar to its NAFTA commitments, namely an exception (a view supported by countries like France, Ireland, Belgium, Portugal, Spain, Italy and Australia). These OECD investment negotiations have since concluded with work on a comprehensive trade and investment agreement expected to start under WTO auspices in 2000;
- We continue to pursue the cultural exception approach in the recently-launched Free Trade Area of the Americas (FTAA) and Canada-EFTA free trade negotiations.

The success of the exceptions approach may not be perfect. It recently spurred a major trade irritant with the United States (WTO periodicals). This difference of view about existing GATT/GATS rules and obligations and the interpretation of the exception, raises a fundamental question about the security provided for the development of the cultural sector

that trade agreements can offer. Some argue, quite rationally given recent dispute settlement experience, that exceptions may be like the famous "Maginot Line" - someone will find a way around your defense!

The key issue that Canada will face regarding the emerging trade agenda will be how to maintain the flexibility to implement domestic cultural policies with ongoing technological change, deepening global economic and trade integration. What are the benefits of a rules-based approach compared with exceptions? Will the trade agreements context alone offer sufficient protection and scope for the promotion of cultural diversity, or is a broader international framework and multilateral agreement needed? This latter question is one that has arisen in the context of the Ottawa International Ministers of Cultural meeting and more recently at international gatherings (UNESCO, OAS, World Bank).

What are some of the lessons we have learned negotiating trade agreements;

- Clearly we recognize the importance of the relationship between culture, social development and trade. This issue is not unique to Canada - it is now a reality for most countries and many in the audience today with the growing reach of information technologies, investment and globalization;
- Canada has taken the view and acted accordingly to ensure trade agreements provide government with the flexibility to regulate in the domestic cultural interest -

knowing that the marketplace alone cannot guarantee Canadian content. Canadians have demanded a proactive trade negotiation stance to ensure "space" for Canadian cultural sector creators;

- Trade policy is an act of "enlightened self interest" - it requires strong consultations/communication with clients to identify interests, find solutions and define negotiating priorities;
- Partnerships in the trade negotiation context are essential - both domestically with your stakeholders and with like-minded international participants - which leads us back to the International Meeting in June and the International Network on cultural policy; and,

Conclusion - the importance of culture: the challenge ahead

Our pragmatic policy approach to culture and trade agreements has achieved real results in spurring Canadian cultural development, investment in cultural sectors, competition, market access for Canadians and creative opportunities.

Many Canadian artists are enjoying unprecedented opportunities competing on the world stage; Canadian writers and film producers are sought out for the high quality and imaginative work they produce.

There are important flourishing Canadian cultural industry

sectors that are both ambitious and aggressively seeking market access opportunities in the western hemisphere and globally. We must consider seriously the intersection between domestic cultural development and the role of trade agreements and, by extension, what is the appropriate role for international trade, investment and technology in the cultural context. If the Canadian experience has anything to offer it is that a clearly defined role for participation in global markets is key for cultural promotion and diversity.

We cannot understate the importance cultural expression plays in the lives of individuals and for society as a whole. Cultural development is as important as economic and social development for the well-being of humanity. We must find ways that allow us to enjoy and understand the best the world has to offer, while encouraging our own voices, our own words, our own languages, and our own unique views.

Canada's efforts to build an international network on cultural policy and to discuss the role of trade agreements are not about building walls, but about maintaining the ability to enrich and celebrate our lives. While we recognize that some of these issues do involve the WTO and other trade bodies -they are not necessarily exclusive trade matters. We recognize that cultural goods and services are not just like other commodities. Culture, and the role it plays in people's lives, is much broader than international commerce.

In a recent speech U.S. President Bill Clinton noted the challenge facing the global trading system, which he termed: "the continuing need to put a human face on the global

economy." In arguing for trade agreements to be flexible and address trade related social and environmental issues, he indicated that the purpose of the global economy "is to improve the quality, the depth, the texture of life" — that is precisely what we have been talking about with respect to culture and trade agreements.

This is work that governments cannot, and perhaps should not, do on their own. We need partners. This is why, we must continue to face the challenge of promoting cultural diversity and moving away from uniformity of cultural expression together using as one of our tools, the new International Network on Cultural Policy. In defining the International Network and by working together nations can develop a framework of institutions. Your regional cultural forum which has now decided to take up the culture and trade issue is an equally important example. It has been done in the past and must continue to safeguard national cultural interests and promote international cultural diversity.