

Summary of the written submissions presented to Industry Canada as part of the June 2010 public consultations regarding limitations imposed on foreign investments in the telecommunications sector.

The seven signatory associations of the written submissions¹ object to the Canadian Government's reform project introduced through the June 2010 Consultation Paper entitled "*Opening Canada's Doors to Foreign Investment in Telecommunications: Options for Reform*", which proposes to further open the telecommunications sector to foreign investments.

The signatories want to maintain the limitations that presently apply. In Canada, horizontal integration, vertical integration, cross ownership and conglomerates brought an unprecedented level of concentration of ownership; telecommunications are now connected with broadcasting in such a way that they form only one sector and that they offer the same services, often in competition. Telecommunications and broadcasting undertakings have now all become broadcasters and distributors of the works made by our creators, performers and producers.

Furthermore, because of this existing convergence, leaving control over telecommunications companies open to non-Canadians would necessarily result in abandoning Canadian control over broadcasting undertakings, which would then affect the production of Canadian cultural works and thus, the access to those works by the Canadian public. Convergence forces telecommunications companies, broadcasting undertakings and the cultural sector to be dealt with together and in an indivisible manner.

Moreover, contrary to the claims of the Government in its consultation document, the signatories are questioning the real need for foreign investment to the telecommunications sector. The existing regulatory framework already addresses possibilities for foreign investment that remain largely unused to this day. We believe that the recent financial results are reassuring, considering the excellent performance of the Canadian telecommunications sector, with 41 billions of dollars in revenues and the EBITDA2 reaching 43.1% in 2009.

A so-called *open* regime of the Canadian telecommunications sector would only transform the companies presently located in Canada into relays for the broadcast of foreign productions, and in branches of foreign companies. For Canadians, this would result in

¹ They are the *Association québécoise de l'industrie du disque, du spectacle et de la vidéo* (ADISQ), the *Association des producteurs de films et de télévision du Québec* (APFTQ), the *Association des réalisateurs et des réalisatrices du Québec* (ARRQ), the *Société des auteurs de radio, télévision et cinéma* (SARTEC), the Society for reproduction rights of authors, composers and publishers in Canada (SODRAC), the Society of Composers, Authors and Music Publishers of Canada (SOCAN) and the *Union des artistes* (UDA).

² The EBITDA is the earnings before interest, tax, depreciation and amortization.



the loss of many key top management jobs, strategic positions, creative talent and technical jobs, and would thus also entail declining Canadian expertise in the programming field, and in the technology sector related to the creation, broadcasting and distribution industries.

Foreign ownership of telecommunications and broadcasting companies is not only limited in Canada, but also in Mexico and in South Korea. Even in the United-States, limits are imposed through stricter regulatory mechanisms. The Canadian experience, like that of Mexico or South Korea, is of being a country highly exposed to the influence of a neighbour empowered by an invasive media industry. Canada will only be able to guarantee a real access to the works of Canadians by maintaining the present balance.

As for the challenges, symbolized by the provision of telecommunications services to remote locations or isolated communities, no one was able to prove, to this day, that abandoning Canadian control will help us meet those challenges. Quite the contrary, since foreign companies have no interest in investing in that field considering the lack of profitability related thereto. Foreign investors may very well be tempted to increase competition to the benefit of major urban communities only. For that matter, such was the choice made by new Canadian entrants in the wireless industry, including Wind Mobile and Mobilicity, who only invest in urban centres. Government understands this reality, since it just implemented a grants program allowing the necessary infrastructures to be built in areas where service is not provided.

It would be desirable to give the Canadian industry and Canadian consumers enough time to assess the impacts resulting from the arrival of new Canadian players in the market before introducing other changes. Let's allow the Canadian industry enough time to build on what it has achieved.

Government will have accomplished nothing if, in order to increase the number of Canadian Internet users, or, with the hope of offering an even more advantageous fee structure to all Canadians, it acts at the expense of industries, such as Canadian cultural industries, that themselves create jobs. The companies in the cultural-broadcasting-telecommunications industries determine what Canadians will watch and will listen to. On this aspect alone, it should dispose of most of the arguments put forward in favour of abandoning measures that tend to guarantee effective Canadian control over communications networks operating in Canada.

