

U.S. Trade Patterns in 1992
Book Publishing
SIC 2731

(in millions of dollars, percent)

Exports			Imports		
	Value	Share		Value	Share
Canada and Mexico	753	46.0	Canada and Mexico	111	11.2
European Community	391	23.9	European Community	406	41.0
Japan	90	5.5	Japan	92	9.2
East Asia NICs	99	6.1	East Asia NICs	321	32.4
South America	37	2.3	South America	22	2.2
Other	265	16.2	Other	39	4.0
World Total	1,636	100.0	World Total	990	100.0

Top Five Countries

Exports		Imports			
	Value	Share			
Canada	702	42.9	United Kingdom	206	20.8
United Kingdom	228	14.0	Hong Kong	187	18.9
Australia	122	7.5	Japan	92	9.2
Japan	90	5.5	Singapore	89	9.0
Germany	51	3.1	Canada	86	8.7

See "Getting the Most Out of Outlook '94" for definitions of the country groupings.
SOURCE: U.S. Department of Commerce: Bureau of the Census; International Trade Administration.

United States is the world's largest book exporter, U.S. investment in foreign publishing operations has lagged for the past decade, the result of unfavorable exchange rates and a perception of generally unattractive market conditions overseas.

Book imports by U.S. purchasers totaled \$1 billion in 1993, a 3 percent gain from 1992. Imports of trade books dominate the U.S. market for foreign works, with combined shipments of textbooks and technical, scientific, and professional books representing about 23 percent of the U.S. import total. The weak U.S. dollar discourages imports, but 1993 book shipments from Germany exceeded \$75 million, a 75 percent increase over 1992. The leading suppliers of books to the U.S. are Canada, Germany, Hong Kong, Japan, Singapore, and the United Kingdom, whose combined shipments in 1993 represented 75 percent of total U.S. imports.

Outlook for 1994

An improved economy should lift shipments of the U.S. book publishing industry to \$20.3 billion in 1994, a 4 percent increase over 1993. Growth in U.S. economic activity should yield more revenues to fund schools and libraries and enlarge these vital markets for U.S. textbooks, reference, and university press books, as well as for technical, scientific, and professional books. Approximately 1 million new students should enter U.S. elementary and secondary schools in 1994, but enrollments at the nation's colleges and universities should remain unchanged from 1993.

Sales of adult and juvenile trade books should benefit from higher U.S. disposable personal income in 1994, and from continued expansion in the number of retail book outlets. Markets for book club and mail-order publications should remain unchanged in 1994, though competition with retail outlets should intensify. Expanding sales of religious books is largely dependent on membership trends in organized religious bodies, with modest gains anticipated in 1994.

Employment in book publishing should increase to 77,000 in 1994, a gain of 1,000, primarily in editorial, marketing and administrative positions. While payroll costs will increase in

1994, competition among publishers' suppliers should hold typesetting and other manufacturing costs—for paper, printing, and binding—to modest gains over 1993.

Long-Term Prospects

A combination of favorable factors is expected to sustain growth in shipments of the U.S. book publishing industry at an average annual rate of 3.5 percent over the next five years. The book industry's output of approximately 50,000 titles per year should increase in response to growth in the number of retail book outlets and the square footage allocated for display. An improved economy should yield more revenues for U.S. schools and libraries, expanding markets for textbooks, reference works, and scholarly materials. Book publishers should experience more merger and acquisition activity in light of the increased capital requirements necessary to expand positions in traditional book markets, as well as to enter new markets for nonprint media.

Demographics are critical determinants of U.S. book demand, and very positive conditions are anticipated over the period 1994-1998. The U.S. population should expand by more than 12 million, with more than 1 million entering the important book buying group aged 15 to 44. Household formations should increase by 5 million, reaching 101 million by 1998. Combined enrollments of elementary and secondary schools should grow by almost 5 million, with an additional 736,000 students entering U.S. colleges and universities. The expansion of educational attainment is an important feature of the U.S. population and linked strongly with U.S. demand for books. High school graduates grew from 62 percent of the U.S. population in 1975 to 78 percent in 1990. Over the same period, the proportion of college graduates increased from 14 percent to 21 percent. These desirable trends should continue for the balance of the decade.

Publishers' revenue streams and cost structures should undergo considerable change in the years immediately ahead. Success in capturing larger portions of U.S. educational markets will require more editorial focus on placing materials on CD-ROM and other electronic media. Textbooks as the primary instructional instrument will be increasingly supplemented by nonprint materials. Library budgets will expand to accommodate CD-ROM and on-line database operations, to the possible detriment of publishers' offering reference and informational materials only in printed formats. Publishers should expect to find environmental concerns raising their costs of operation. More use of recycled paper and acid-free paper for library markets will increase costs. Recycling of books, especially mass market paperback books, will become an important issue.

U.S. book publishers will have new incentives to establish a larger international presence. Successful conclusion of the North American Free Trade Agreement (NAFTA) should encourage more trade with Mexico and focus U.S. marketing efforts on other Latin American countries. Greater international copyright protection will be afforded U.S. books by completion of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), expanding book markets in Asia, the Middle East, and Eastern Europe where copyright enforcement provisions require strengthening. Concluding these trade negotiations should provide U.S. book publishers with opportunities for expanding direct exports and obtaining more royalties from the sale of foreign rights and translations. In addition, the negotiations should further encourage leading U.S. publishers to consider direct investment in appropriate foreign markets.—*William S. Lofquist, Office of Consumer Goods (202) 482-0379, September 1993.*