

STUDY OF THE ECONOMIC EFFECTS OF TERMINATING THE MANUFACTURING CLAUSE OF THE COPYRIGHT LAW

**Report to the Committee on Ways and
Means, U.S. House of Representatives,
on Investigation No. 332-145
Under Section 332 of the
Tariff Act of 1930**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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PREFACE

On July 13, 1982, the Congress overrode a Presidential veto 1/ of H.R. 6198, which became Public Law 97-215. This law extends the manufacturing clause of the Copyright Act of 1976 until July 1, 1986. That clause had been due to expire on July 1, 1982. In approving H.R. 6198, the Committee on Ways and Means of the U.S. House of Representatives adopted a resolution directing the United States International Trade Commission to undertake an investigation of the economic effects of terminating the manufacturing clause of the copyright law, including an assessment of (1) the effect on employment; (2) the effect on imports and exports; and (3) the long-term effect of expiration on conditions of competition between U.S. and foreign firms engaged in printing and related activities. The Commission initiated the investigation on July 23, 1982. The investigation was conducted under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)). 2/

Public notice of the investigation and hearing was given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of August 4, 1982 (47 F.R. 33819). The public hearing in connection with this investigation was held on March 16, 1983. 3/

In the course of this investigation, the Commission collected data from questionnaires sent to domestic publishers and printers. Additionally, information was gathered from published sources, from the Commission's data files, from interviews with corporate executives, and from Federal Government sources.

1/ A copy of the President's veto message is reproduced in app. A.

2/ The Committee's request and the Commission's notice of investigation as it appeared in the Federal Register are reproduced in app. A.

3/ A list of witnesses appearing at the hearing is presented in app. A.

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EXECUTIVE SUMMARY

The domestic manufacturing requirements embodied in the manufacturing clause were first established in U.S. copyright law in 1891 as a means of protecting the U.S. printing industry from foreign competition. The law provided that U.S. copyright protection would be given only to works for which typesetting, printing, and binding were done in the United States. Since 1891, the restrictive nature of the manufacturing requirements has generally been reduced. The current manufacturing clause, which is a part of the Copyright Act of 1976, requires, with certain exceptions, that copies of works (1) preponderantly of nondramatic literary material, (2) in the English language, (3) by U.S. citizens or domiciliaries, and (4) of copyrightable material be manufactured in the United States or Canada in order to obtain U.S. copyright protection. The coverage of the current manufacturing clause does not extend to such material as dramatic, musical, or multilingual works. Any creation "fixed in a tangible medium of expression" may be protected by copyright, but copyright owners lose that protection if they violate the manufacturing clause.

In recent years the possibility of eliminating the manufacturing clause has been much studied and discussed. It has been the subject of congressional inquiries, and several private and public studies have been completed regarding the ramifications of such an action. Those who oppose the termination of the manufacturing clause argue that its elimination could result in the loss of U.S. jobs and the transfer of business to foreign printers and binders. Those who favor termination maintain that it does little to protect U.S. jobs or to enhance the competitive position of U.S. publishers, printers, and binders. They point out that the United States is the only major book producer in the world that restricts its book trade through a manufacturing clause embodied in a copyright law. This, they argue, is contrary to our obligations under the General Agreement on Tariffs and Trade (GATT). 1/

1/ During the Multilateral Trade Negotiations (MTN), the European Community (EC) suggested that the subject of the manufacturing clause be added to the nontariff barrier negotiations, but did not pursue the matter after U.S. officials assured it that the clause was scheduled to be eliminated on July 1, 1982.

The EC considers the congressional extension of the clause to July 1, 1986, to be contrary to the understandings reached between the United States and the EC during the MTN. It maintains that the extension has upset the balance of concessions reached during those negotiations. At the request of the EC, two rounds of consultations were held in late 1982 and early 1983 under arts. XXII and XXIII of the GATT. During these consultations, the EC estimated that it was due \$250 million in compensation owing to the extension of the clause, but the United States maintained that the amount was \$7 million. Thus no agreement on compensation was reached.

On Apr. 20, 1983, the EC asked the GATT Council to establish a panel to determine the appropriate level of compensation due the EC. The panel proceedings may take 6 to 8 months, during which time the EC and the United States will have two opportunities to present information to the panel.

The major findings of this study are as follows.

The printing and publishing industry is one of the 10 largest industries in the U.S. manufacturing sector.

The U.S. printing and publishing industry had estimated shipments of \$82.5 billion in 1982; it consists of some 50,000 individual establishments, located in almost every county of every State. The industry employs more than 1.3 million persons and has an annual payroll estimated to exceed \$20 billion.

The industry comprises three primary groups--commercial publishing and printing, book publishing, and book manufacturing. Commercial publishing and printing shipments amounted to \$72.7 billion in 1982, or 88 percent of total printing and publishing shipments in that year. Book-publishing sales in 1982 amounted to \$7.2 billion, or 9 percent of total printing and publishing shipments. Book-manufacturing shipments amounted to \$2.6 billion, or 3 percent of the total.

World production and trade in printed matter is highly concentrated in the developed countries.

The United States, Japan, the United Kingdom, West Germany, France, and Italy account for about 60 percent of world production of printed matter, estimated at \$200 billion in 1981.

In general, trade in this item has occurred between the developed countries of North America and Europe. Of total world exports of printed matter of \$7.5 billion in 1981, the United States and West Germany each had exports worth \$1.3 billion (each accounting for 17 percent of the total); the United Kingdom, \$0.9 billion (12 percent); France, \$0.8 billion (10 percent); and Italy, \$0.5 billion (6 percent). The top 10 exporting countries in 1981, all developed nations, accounted for nearly 85 percent of world exports. The United States is the only one which showed a significant gain in world market share during 1977-81. The leading importers were Canada, at \$839 million (12 percent of the total), France, at \$823 million (12 percent), and the United States, at \$645 million (10 percent).

The study revealed no indication of major expansion of printing capacity or penetration of world markets for printed matter by the low-cost producers of the Pacific Basin.

There have been no significant increases in the shares of world imports of printing and bookbinding machinery by countries in the Pacific Basin which would be indicative of increased capacity to produce and export printed matter. Although world imports of printing and bookbinding machinery increased

from \$1.9 billion in 1977 to \$3.7 billion in 1980, the share of the market accounted for by Japan remained constant at 4 percent, and the shares accounted for by Hong Kong, the Republic of Korea, Taiwan, and Singapore each remained at about 1 percent or less.

The share of world exports of printed matter accounted for by Pacific Basin countries rose during 1977-81, from 5 percent to 6 percent. Japan's share of exports alone accounted for roughly 50 percent of this increase, rising from 2.6 percent in 1977 to 3.1 percent in 1981. The combined share of other Pacific Basin countries, all developing nations, rose slightly, remaining at about 3 percent. Total exports by the Pacific Basin countries between 1977 and 1981 increased by 80 percent. This was greater than the growth in total world exports (about 58 percent) but less than the growth in U.S. exports (over 90 percent).

The U.S. printing and publishing industry is generally competitive with the industries in all other world producers of printed matter in terms of production factor costs, with the exception of labor costs.

Plant costs, the costs of preparing a written work for printing, represent roughly 10 to 20 percent of manufacturing costs of an average book and include such activities as typesetting, stripping, and platemaking. The U.S. industry is recognized as a leader in the utilization of the most advanced and cost-efficient technology in this area (including computer-assisted composing equipment), which has reduced the required level of labor skills and attendant costs substantially.

Printing paper and cover materials made in the United States are widely agreed to be competitive in cost and quality with such materials produced anywhere else in the world. Printing paper generally accounts for 30 to 60 percent of book-manufacturing costs.

The technology and machinery used in printing and binding operations are fully transferable from one country to another. The United States is the world's leading producer of this type of equipment, and the U.S. printing and publishing industry has ready access to the most advanced and efficient equipment. Plant costs as a proportion of total book manufacturing costs are relatively small.

The labor costs of U.S. book manufacturers are those most likely to exceed foreign levels. European and Japanese compensation rates in the printing and publishing industry are 50 to 90 percent of U.S. compensation rates. Comparable rates in Hong Kong and Singapore are about 15 percent of U.S. wages. The direct labor costs involved in printing a book in the United States amount to 12 to 19 percent of total book-manufacturing costs.

The competitive advantage in labor costs enjoyed by Far Eastern manufacturers of printed matter are, for the average book, negated in the U.S. marketplace by transoceanic transportation and communication costs.

Transoceanic freight costs for shipping books from Far Eastern countries to the United States were found to range from 15 cents to 30 cents per book; thus, for an average book with the total manufacturing cost of \$1 in 1981, the shipping costs would negate the savings from the lower wage costs of printing overseas. Indeed, the shipping costs generally exceed total U.S. labor costs of 12 to 19 cents per book.

The great distance between Far Eastern manufacturers and the U.S. marketplace also constitutes a partial communications barrier for many book markets and, hence, an added cost. Personnel travel and telecommunications expenses are examples of direct costs. Less direct costs include those associated with the decreased flexibility, turnaround time, and quality control resulting from the great distances between publisher and printer.

Information gathered in the study indicates that the impact of the termination of the manufacturing clause on U.S. production and trade in printed matter would be relatively minor in terms of industry totals and would be concentrated in the book-manufacturing segment of the industry.

Books.--If the manufacturing clause were to be withdrawn, it is estimated that from 2 to 10 percent of the books that are currently printed in the United States would be printed abroad and imported; on the basis of 1982 sales, this equates to an estimated sales loss for the U.S. industry of \$50 million to \$260 million.

The major factors affecting the publisher's decision as to where to produce books are printing costs and publisher timing requirements. As stated above, the principal difference in printing costs in various countries is wages. Thus, the low wages in such countries as Hong Kong and Singapore is the primary advantage of overseas printing. However, because overseas transportation and communications costs tend to offset these labor cost advantages, only those books with higher than average labor costs would be printed overseas if the manufacturing clause should be terminated. Labor costs are the highest in short-run books with sewn bindings. Extensive color work also raises labor costs. College textbooks, professional books, and certain subscription reference books are examples of books with high labor costs. It is these books which make up 2 to 10 percent of the U.S. market.

U.S. book publishers would continue to perform certain tasks (e.g., editorial, sales, and distribution functions) in the United States even if the printing were done overseas due to their need to be in close proximity to the creators of the written materials and the U. S. marketplace. Thus, there would be no significant loss of publishing activities in the United States should the manufacturing clause be terminated.

U.S. exports of books and all other types of printed matter were not found to be directly affected by the existence of the manufacturing clause and hence would not be affected by its termination. The United States was the leading exporter of printed matter in 1981 and ranked high in all the major segments of this trade--first in books and pamphlets, second in newspapers and periodicals, and third in all other printed matter. The levels of U.S. exports reflect not the existence of the manufacturing clause, but rather the popularity of U.S. publishing houses and titles, the state-of-the-art quality and versatility of the U.S. printing industry, and the overall price competitiveness of the U.S. industry.

Newspapers and periodicals.--It is estimated that no measurable amount of domestically produced newspapers and periodicals would be printed overseas and imported should the manufacturing clause be terminated. Timeliness is a primary consideration regarding newspaper and periodical printing. Even for those few periodicals printed bimonthly or quarterly, for which timing is less important, it is estimated that the risks of printing abroad (such as strikes, difficulties in customs clearance, or printing errors by a foreign printer) are so great that no such overseas printing would be done. Because so few issues of such publications are printed annually, such risks could cause the loss of considerable revenue.

Catalogs and directories.--It is estimated that no measurable share of the domestically produced catalogs and directories would be printed overseas should the manufacturing clause be terminated. Most catalogs are predominantly pictorial and could be printed overseas regardless of the manufacturing clause. The fact that they are not is indicative of the lack of advantage in overseas printing. The largest class of directories is telephone directories, for which there is no significant economic benefit derived from copyright protection (nearly all copies are given away). These directories could be printed abroad if it were advantageous to do so. For directories other than telephone directories, the cost of printing involves the same cost elements as book printing. Hence, there appears to be economic incentive to print only those directories with high labor cost characteristics overseas. Such directories are believed to account for a negligible share of the U.S. output of directories.

Miscellaneous printed matter.--It is estimated that no significant part of domestically produced miscellaneous printed matter would be printed overseas should the manufacturing clause be withdrawn. Many of the products are not preponderantly literary, and others (e.g., manifold business forms) are generally printed without copyright claim; these products could be printed overseas without regard to the restrictions of the manufacturing clause. For such printed matter as legal and financial items, timing requirements generally necessitate local printing.

The costs of printing miscellaneous printed articles generally involve the same elements as book printing (e.g., plant, paper, labor, and transportation). The lack of significant foreign cost advantage is clearly indicated by the fact that domestic production currently supplies virtually all the consumption of the many types of printed matter that could be printed overseas regardless of the manufacturing clause. In 1982, imports supplied only \$356 million, or 0.5 percent of U.S. consumption of miscellaneous printed matter. Thus, the termination of the manufacturing clause would probably have no appreciable effect on imports of miscellaneous printed matter.

The displacement of U.S. production of printed matter by imports as a result of the termination of the manufacturing clause would result in the loss of 1,400 to 6,850 employment opportunities in the U.S. economy.

The loss of employment opportunities in the book-manufacturing segment of the U.S. printing and publishing industry is a direct reflection of the above-estimated loss of U.S. production of high-cost books to foreign manufacturers. It was derived from the U.S. Bureau of Labor Statistics input-output model of the U.S. economy. The employment opportunity loss would be distributed within the U.S. economy as follows: book-printing industry (39 percent or 550 to 2,650 jobs), other printing-related industries such as binding (13 percent or 180 to 880 jobs), paper products industry (5 percent or 75 to 370 jobs), and all other sectors (43 percent or 600 to 2,950 jobs).

It is estimated that the long-term effect of expiration of the manufacturing clause on conditions of competition between U.S. and foreign firms engaged in printing and related activities would be generally insignificant.

The major worldwide trend in printing is the substitution of computer-oriented and other labor-saving technology for labor-intensive technology. This trend has been underway since the 1960's and will continue whether or not the manufacturing clause is terminated. High-wage-rate countries, such as the United States, have been in the forefront of the development, adoption, and marketing of labor-saving technology. In the future, it is expected that firms in high-wage-rate countries will continue to have the most reason to adopt such technology.

The withdrawal of the manufacturing clause would be expected to increase competition between U.S. and foreign book manufacturing firms. In addition, there would probably be increased competition within the U.S. printing industry as U.S. book printers which lose production to foreign book producers diversified into other printing areas. Domestic book-manufacturing firms that produce a variety of types of books would be least affected if the manufacturing clause should be terminated. Those firms specializing in high-labor-cost types of books would face the most competition.

The initial market disruption that would occur if the manufacturing clause is terminated is expected to be evident only in the early years following its withdrawal. Over the long term, it is expected that the worldwide trend to replace labor with capital-intensive technology will continue, that the gap between U.S. and foreign wage rates will continue to narrow, and that the highly competitive, technologically advanced domestic book-manufacturing firms would regain most, if not all, of the market that they would initially lose as a result of the termination of the manufacturing clause.

BACKGROUND TO THE MANUFACTURING CLAUSE OF THE COPYRIGHT LAW

Historical Background of Copyright Law

U.S. copyright law has evolved over the years since the first copyright law of the United States was enacted in 1790 by the First Congress in exercise of its constitutional power ". . . to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries." ^{1/} Simply defined, copyright is the right to copy. A more comprehensive definition of copyright is "the exclusive privilege, by force of statute, of an author or proprietor to print or otherwise multiply, publish, and vend copies of his literary, artistic, or intellectual productions, and to license their production and sale by others during the term of its existence." ^{2/} The basic rationale behind copyright law is the principle that society benefits from the efforts of authors and that it is in the interest of society to provide a system that encourages them.

The scope of protection afforded by U.S. copyright law has widened from the original 1790 act that granted protection only to citizens or residents of the United States and designated only "maps, charts, and books" as forms of expression worthy of protection, ^{3/} to the current act that provides copyright protection for many additional forms of expression such as music and drama as well as works of art. ^{4/} The evolving concept of copyright law developed out of a sense of fairness to authors. Under the 1976 act, copyright protection begins when an original copyrightable work is fixed in tangible form by the author or with the author's consent. Under earlier copyright law, copyright protection was generally secured upon the act of publishing the work with proper notice of copyright.

Manufacturing Clause

Background

The so-called manufacturing clause has been a feature of U.S. copyright law since the passage of the International Copyright Act of March 3, 1891, when, under pressure from the domestic printing industry, foreign nationals were afforded certain protections. The manufacturing clause was amended by the 1909 copyright act ^{5/} to generally require that English-language books and periodicals be manufactured in the United States in order to be registered for copyright purposes and that foreign-language works of domestic origin be domestically manufactured as well. With certain exceptions, the importation of works not produced in accordance with the manufacturing clause was prohibited. For anyone seeking to copyright a work subject to the manufacturing clause, compliance with its requirements was a prerequisite to registration of the work, which in turn was prerequisite to any suit to enforce exclusive rights.

^{1/} U.S. Constitution, art. I, sec. 8.

^{2/} Ballentine's Law Dictionary, 3d ed. 1969.

^{3/} Act of May 31, 1790, sec. 1, 1 Stat. 124.

^{4/} Copyright Act of 1976, 17 U.S.C. 101, 102.

^{5/} Copyright Act of 1909 (see former provision 17 U.S.C. 16).

In subsequent years, the manufacturing clause was reduced in scope and application by substantial amendments. By 1955, its coverage had been reduced to English-language publications and was limited to works by U.S. authors or domiciliaries. The 1955 language permitted an exception for up to 1,500 copies printed abroad, and did not require type to be set in the United States when using the lithographic process. In the ensuing years, arguments were made that eliminating the manufacturing clause would assist U.S. authors without harming the domestic printing industry, and that a surplus of exports of printed matter over imports of such products indicated that the manufacturing clause was not necessary. Consequently the scope of the manufacturing clause was in general further reduced in the 1976 act, which is the current copyright law. 1/

Briefly stated, compliance with the manufacturing clause is no longer a condition for obtaining a copyright and, with few exceptions, only a work consisting preponderantly of nondramatic literary (textual) material in the English language and having as the author of any substantial part either a national or a domiciliary of the United States, is subject to the manufacturing clause under the 1976 act. In comparison, the manufacturing clause under prior law applied, with some exceptions, to both literary and illustrative portions of English-language books and periodicals but it did not apply to other printed matter. Although the manufacturing clause was narrowed under the 1976 act to apply only to the nondramatic literary portion of English-language books and periodicals, its scope has been extended to include the literary portion of other printed matter in addition to books and periodicals.

Works subject to the manufacturing clause

The class of works that are subject to the manufacturing clause of the 1976 act is limited to those consisting preponderantly of nondramatic literary material by U.S. authors or domiciliaries that is in the English language and is protected by U.S. copyright law. The coverage of the current manufacturing clause does not extend to dramatic, musical, pictorial, or graphic works; foreign language, bilingual, or multilingual works; public domain material; or works consisting preponderantly of material that is not subject to the manufacturing requirement.

The term "literary material" does not denote any criterion of literary merit or qualitative value; it even includes catalogs, directories, and similar materials. 2/ A work containing "nondramatic literary material" that is in the English language, is protected under the 1976 act, and also contains

1/ The manufacturing clause of the 1976 act (17 U.S.C. 601) is reproduced in app. B.

2/ U.S. Congress, House of Representatives Committee on the Judiciary, Copyright Law Revision, Rept. No. 94-1476 (94th Cong., 2d sess.) September 1976, p. 166.

dramatic, musical, pictorial, graphic, foreign language, public domain, or other material that is not subject to the manufacturing requirement, or any combination of these, is not considered to consist "preponderantly" of copyright-protected nondramatic English-language literary material unless such material exceeds the exempted material in importance. 1/ Thus, where the literary material in a work consists merely of a foreword or preface, and captions, headings, or brief descriptions or explanations of pictorial, graphic, or other nonliterary material, the nonliterary material clearly exceeds the literary material in importance, and the entire work is free of the manufacturing requirement. On the other hand, if the copyright-protected, nondramatic, English-language literary material in the work exceeds the other material in importance, then, the manufacturing requirement applies. However, even though such a work is subject to the manufacturing requirement, only the portions consisting of copyrighted nondramatic literary material printed in the English language are required to be manufactured in the United States or Canada. 2/ The illustrations in such a work may be manufactured elsewhere without affecting the copyright status of the work. 3/

Manufacturing clause criteria for domestic manufacture

The manufacturing clause requires that the printing and binding of works subject to it be done in the United States or Canada. 4/ If copies of the works subject to the manufacturing clause are printed directly from type that has been set or directly from plates made from such type, the setting of the type and the making of the plates must be performed in the United States or Canada. Where the making of plates by a lithographic (offset) or photo-engraving process is a final or intermediate step before printing the copies, these plates must be made in the United States or in Canada.

1/ Stonehill Communications, Inc. v. Martuge, 512 F.S. 349 (1981). In this case the court measured and compared a book's surface area containing print with its area containing illustrations in order to determine whether it was "predominantly literary."

2/ In response to the Toronto Agreement of 1968, Canada was added by the 1976 act as a permissible place of manufacture (see copy of agreement in app. C).

3/ U.S. Congress, House of Representatives Committee on the Judiciary, Copyright Law Revision, Rept. No. 94-1476 (94th Cong., 2d sess.) September 1976, p. 167.

4/ Ibid.

The manufacturing clause does not prevent the importation of "reproduction proofs" as long as the plates from which the copies are printed are made in the United States or Canada. Foreign-origin computer tapes from which plates can be prepared in the United States or Canada would also be permitted. However, regardless of the process used, the duplication of multiple copies together with any binding (if applicable) must be done in the United States or Canada.

Manufacturing clause exemptions

The manufacturing clause of the 1976 act exempts certain works from the domestic manufacturing requirements even though such works otherwise would be subject to these requirements (i.e., nondramatic, English-language literary material by U.S. authors or domiciliaries, subject to copyright). 1/ These exemptions include--

1. Works substantially by foreign nationals not U.S. domiciliaries, or works of U.S. nationals domiciled continuously for 1 year outside the United States, as of the date of importation or distribution; works of U.S. nationals, done for hire, in which a substantial part of the work was done for an employer or person not a U.S. national, domiciliary, corporation, or enterprise;
2. Works each imported in a total quantity (cumulative) not in excess of 2,000 copies and accompanied by an import statement under seal of the Copyright Office;
3. Works imported for government use, other than in schools;
4. Works imported one at a time for personal use, copies entered in the baggage of persons arriving from abroad, and copies intended for the library collection of nonprofit scholarly, educational, or religious organizations;
5. Works reproduced in raised characters for the blind;
6. Works not manufactured in the United States or Canada and each publicly distributed in the United States in an amount up to 2,000 copies in addition to those imported under 3 and 4 above; and
7. Works first published abroad under license or transfer from the author to a non-U.S. national, domiciliary, or corporation, where the authors of substantial parts of any work obtain compensation for the license or transfer; where there has been no publication of an authorized edition of the work of which copies were manufactured in the United States; and, along with all the foregoing criteria, where the copies were produced under license or transfer by the author or by any transferees or licensees of the right of first publication to non-U.S. national, domiciliaries, or corporations.

1/ Ibid.

Relevant International Agreements

Certain international agreements must be considered in analyzing the effects of terminating the manufacturing clause of the U.S. copyright law. The United States is a signatory to the Universal Copyright Convention (UCC), which concerns the international protection of rights of authors. It is also a party to the Florence Agreement and the Nairobi Protocol thereto, which have resulted in the elimination of many domestic and foreign duties for specified printed matter and which might in the future have a role in determining what, if any, import relief would be available to domestic industries should the manufacturing clause be eliminated.

The Universal Copyright Convention

There is no international copyright that automatically protects the work of a U.S. author throughout the world. However, the UCC requires signatory countries to undertake to provide for the adequate and effective protection of the rights of authors and other copyright proprietors in literary, scientific, and artistic works, including writings, musical, dramatic, and cinematographic works along with paintings, engravings, and sculpture. The UCC provides that each signatory country is required to accord to both published and unpublished works of nationals of other signatory countries the same protection as that country accords its own nationals.

International copyright protection under the UCC is available to U.S. works first published in this country after September 16, 1955, the date the UCC became effective for the United States. Such protection is not afforded in those countries where the UCC had not come into force as of the date of publication. A listing of the signatories to the UCC and the date they joined is included in a circular of the Copyright Office, entitled International Copyright Relations of the United States, which is reproduced in appendix D. Works by U.S. authors, which were first published in the United States prior to September 16, 1955, are not eligible for protection under the UCC. However, under certain circumstances, such works may be provided protection under other international arrangements (see circular referred to above).

The Florence Agreement

The Florence Agreement, which is reproduced in appendix E, was adopted by the General Conference of the United Nations Educational, Scientific and Cultural Organization (UNESCO) in July 1950, and entered into force on May 21, 1952. The agreement provides for the exemption from duties of specified publications, other information materials, and objects of cultural and artistic interest in order to promote the free exchange of ideas. The United States signed the agreement and an accompanying protocol of reservation in 1959. However, U.S. implementing legislation was not approved until October 14, 1966, and the two documents entered into force with respect to the United States on November 2, 1966, through a Presidential proclamation.

The agreement obligated contracting countries to refrain from applying customs duties or other charges on enumerated classes of books, publications, and documents; on original works of art, hand-executed copies, and collector's pieces; on certain visual and auditory materials; and on limited categories of scientific instruments and articles for the blind, as well as on books or publications in Braille or other raised characters. Imports of educational, scientific, or cultural materials for exhibit and reexport were also afforded free entry. Exception to these terms could be made "on grounds relating directly to national security, public order or public morals." 1/ However, the agreement did not prevent contracting countries from levying, on imported matter, internal taxes or any other internal charges not exceeding those charges applied directly or indirectly to like domestic products; nor from levying fees or charges other than customs duties, imposed by governmental authorities on, or in connection with, importation, limited in amount to the approximate cost of the services rendered, and representing neither an indirect protection to domestic products nor a taxation of imports for revenue purposes. 2/

The United States signed the Florence Agreement subject to a reservation included in the protocol to the agreement. The reservation provides that the United States can suspend any of its obligations under the agreement if, as a result of the agreement, duty-free items are being imported in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or directly competitive products.

In the implementing legislation, 3/ Congress enacted several new TSUS items covering certain books, toy books, periodicals, foreign tourist literature, music, maps, atlases, charts, works of art, and antiques, with no duty rates on imports from any source. Additionally, specified articles imported by educational, scientific, and certain other institutions were granted free entry on a case-by-case basis, as approved by the Secretary of Commerce and by the Secretary of the Treasury. The institution importing these specified articles must establish that no domestically produced article of equivalent scientific value can be substituted for the apparatus being imported; if such a showing is deemed insufficient by the above officials, appropriate duties must be paid upon importation. The implementing legislation also provided that any duty-free treatment provided for by the act was, for the purposes of the Trade Expansion Act of 1962, to be treated as a concession under a trade agreement. These provisions, as stated above, were made effective by proclamation.

1/ Florence Agreement, art. V.

2/ Florence Agreement, art. I.

3/ Educational, Scientific, and Cultural Materials Importation Act of 1966, Public Law 89-651, 80 Stat. 807.

The Nairobi Protocol

The Nairobi Protocol, drafted between 1973 and 1976, was opened for signature on March 1, 1977. It represents, among other things, an extension of the Florence Agreement to additional categories of articles and an application of original provisions to new technological products. 1/ It is, in effect, an updating of the Florence Agreement. The Protocol is reproduced in appendix F.

Under the Protocol, a contracting party is obligated to exempt the following articles from customs duties and other charges: 2/

- (1) Printed books; printed publications and documents of a noncommercial character; microforms of all the foregoing; catalogs of visual and auditory material of an educational, scientific, or cultural nature; scientific maps and charts; architectural, or engineering plans for scientific or educational purposes; and bibliographical information for free distribution;
- (2) Works of art and collector's pieces of an educational, scientific, or cultural character;
- (3) Scientific apparatus or instruments imported by approved public or private scientific or educational institutions, where articles of equivalent scientific value are not manufactured in the importing country; spare parts, components or accessories therefore; and tools for the maintenance, checking, gaging, or repair of such apparatus or instruments (within specified requirements); 3/ and

1/ U.S. implementing legislation for the Nairobi Protocol, Public Law 97-446, became effective on a temporary basis, Feb. 11, 1983, through Presidential Proclamation 5021 (48 F.R. 6883); under the Proclamation, the temporary application of the Protocol (see part 4 of the Appendix to the Tariff Schedules of the United States) will continue in effect until Aug. 11, 1985.

2/ The other charges referred to include internal taxes or charges not exceeding those assessed directly or indirectly on like domestic products; or fees and charges, other than customs duties, reflecting the cost of services rendered by the importing country's government and not representing either an indirect protection to domestic products or a revenue tax on imports.

3/ The United States does not require domestic unavailability of the type of article being imported.

- (4) Articles specially designed for the advancement of the blind or other physically or mentally handicapped persons, when the article is imported by approved institutions concerned with the education of or assistance to such persons and when no equivalent objects are being manufactured in the importing country. 1/

Contracting parties also agree to extend such free entry to either of the following:

- (1) Visual and auditory materials, including films (or negatives); sound recordings; patterns, models (except toy models), and wall charts of an educational, scientific, or cultural character; videotapes; holograms; multimedia kits; and other materials; 2/ or
- (2) The same materials, when limited to those of an educational, scientific, or cultural character.

Furthermore, contracting parties may grant free entry to sports equipment, musical instruments and equipment, or material and machines used for the production of books, publications, and documents under specified circumstances. 3/

No duties or charges are to be assessed on any of the above articles upon export to another contracting party. Licenses and foreign exchange or both are to be provided by the parties to the public and private organizations for the importation of the printed, visual, and auditory materials mentioned earlier. The parties are also to undertake to promote the free circulation of educational, cultural, or scientific materials and of knowledge and ideas, and to assist in handling such materials imported for showing at public exhibition. The protocol does not supersede any domestic copyright, trademark, or patent laws, regulations, or agreements.

CUSTOMS TREATMENT OF PRINTED MATTER

United States

Tariff treatment

The portions of the Tariff Schedules of the United States (TSUS) that show the current (1983) rates of duty applicable to U.S. imports of printed matter are reproduced in appendix G. The rates of duty applicable to such imports from countries having most-favored-nation (MFN) status are shown in

1/ Under Proclamation 5021, no restrictions are currently applied by the United States as to equivalency or type of importer. Thus, this country has at least temporarily adopted a provision broader than that of the Protocol, though limited in scope to articles for permanently or chronically handicapped persons.

2/ The United States adopted this option.

3/ The United States does not do so.

column 1, those to imports from the least developed developing countries (LDDC) are shown in the column labeled LDDC. 1/ The LDDC rates represent the final staged rates negotiated for column 1 under the recent Tokyo round of multilateral trade negotiations (MTN). Column 2 rates apply to imports from countries designated by the President as being under Communist domination or control. 2/ As shown in the appendix by the designation "A" before the TSUS item number, imports of certain printed matter are eligible for duty-free treatment under the Generalized System of Preferences (GSP). 3/

The table in appendix H shows the staged column 1 rates of duty resulting from the recent MTN negotiations (Presidential Proclamation 4707). That table also shows that the rates of duty for several articles have been suspended for the period February 11, 1983-August 11, 1985, by Presidential proclamation issued pursuant to the U.S. implementing legislation for the Nairobi Protocol.

As indicated in the TSUS, current column 1 rates of duty for printed matter under several items are free. By January 1, 1987, as a result of the MTN, all but three of the other MFN rates, now at low levels, will be lowered or will become free. However, dutiable imports under these items are already eligible to enter either at the final MTN rates if entered from LDDC countries, or duty-free under the GSP, if entered from designated beneficiary developing countries.

Manufacturing clause enforcement

The U.S. Customs Service is the agency responsible for enforcing the provisions of the manufacturing clause as applied to importations. As discussed earlier, the manufacturing clause prohibits, with certain minor

1/ Bangladesh, Benin, Bhutan, Botswana, Burundi, Cape Verde, Central African Republic, Chad, Comoros, Gambia, Guinea, Haiti, Lesotho, Malawi, Maldives, Mali, Nepal, Niger, Rwanda, Somalia, Sudan, Tanzania, Uganda, Upper Volta, Western Samoa, and Yemen (Sana). See general headnote 3(d) of the TSUS.

2/ Albania, Bulgaria, Cuba, Czechoslovakia, Estonia, East Germany, parts of Indochina and Korea, Kurile Islands, Latvia, Lithuania, Outer Mongolia, Poland, Southern Sakhalin, Tanna Tuva, and U.S.S.R. Trade with Cuba is prohibited under Proclamation 3447 of Feb. 3, 1962.

3/ The Generalized System of Preferences, under title V of the Trade Act of 1974, provides duty-free treatment of specified eligible articles imported directly from designated beneficiary developing countries. The GSP, implemented by Executive Order No. 11888 of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is scheduled to remain in effect until Jan. 4, 1985.

exceptions, 1/ the importation into or public distribution in the United States of works authored by a U.S. national or domiciliary, consisting preponderantly of nondramatic literary material that is in the English language and protected by copyright, unless the portions consisting of such material have been manufactured in the United States or Canada. The importation of other works (e.g., dramatic, musical, pictorial, foreign language) are unaffected by the manufacturing clause.

U.S. Customs Service officers monitor all imports of printed matter for compliance with the provisions of the manufacturing clause. In actual practice, after a sample is taken, most shipments of printed matter are allowed immediate entry, under bond, with the proviso that the importer will redeliver the shipment to Customs or reexport it if a violation is found that cannot be corrected. If, when Customs reviews the sample, a violation of the manufacturing clause is found, the importer is notified and allowed to remedy the situation. If the copyright has been registered with the Register of Copyrights, the importer can remedy the situation by having the copyright holder inform the Register that the holder wishes to abandon to the public domain the copyright in question, and asking that the Register provide a letter for presentation to Customs confirming this action. If the copyright is not registered, the importer can produce a notarized letter from the copyright holder stating that the copyright is being abandoned to the public domain. In either situation, the importer must also remove at least one of the three elements of notice of copyright 2/ present on each copy of the printed matter. If these procedures are followed, the shipment will no longer be subject to the restrictions of the manufacturing clause and can be freely distributed. However, if the violation of the manufacturing clause is not cleared up, the articles are subject to seizure and forfeiture and the shipment must be redelivered to Customs for destruction or be reexported. A penalty under the customs laws can be imposed for all copies that the importer does not redeliver or does not reexport. The penalty can amount to as much as the value of the copies not redelivered or reexported (see 19 U.S.C. 1595a). In addition, fines, damages, court costs, and attorney's fees may be imposed under Title 17.

During the investigation, interviews with customs officials indicated that, since the 1976 act became effective in 1978, very few shipments of printed matter have been redelivered to Customs or reexported, and few fines have been imposed, because of violations of the manufacturing clause. Some shipments of printed matter which were initially in violation of the manufacturing clause were permitted entry after abandonment of the copyright claim, as described earlier.

1/ The copyright office has issued regulations concerning the importation of these exceptions (37 CFR 201.8).

2/ These elements are (1) the symbol © or the word "copyright", (2) the year of first publication, and (3) the name of the owner of copyright.

It should be noted that noncompliance with the domestic manufacturing requirement does not invalidate copyright protection. 1/ Even if the copyright owner imports or distributes copies of a work in violation of the manufacturing clause, the owner's rights are not affected. 2/ Such an action, however, constitutes a complete defense in any suit by the owner of the copyright claiming infringement of his exclusive right to reproduce and distribute the nondramatic literary portion of his work. To assert this defense successfully, the alleged infringer must prove that copies have been imported or publicly distributed in the United States in violation of the manufacturing clause by or with the permission of the copyright owner, that the allegedly infringing copies were manufactured in the United States or Canada in compliance with the manufacturing clause, and that the infringement began before an authorized edition complying with the manufacturing clause was registered.

Available import relief for domestic interests

Domestic interests, including industries, firms, and workers, would have access to import relief and/or adjustment assistance under the Trade Act of 1974 if adversely affected by the elimination of the manufacturing clause. Specifically, section 201 of the act provides for the granting of relief to adjust to import competition where articles are imported in such increased quantities as to be a substantial cause of serious injury to a domestic industry. In addition, adjustment assistance may be given under section 251 to firms and under section 221 to workers through September 30, 1983.

Industries.--Section 201 authorizes the U.S. International Trade Commission to investigate "to determine whether an article is being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing an article like or directly competitive with the imported article." If the Commission makes an affirmative determination, it must include in its report to the President its findings regarding the kind or amount of relief necessary to remedy the injury.

In the event the Commission makes an affirmative determination and recommends import relief, the President is required within 60 days of receipt of the Commission report to determine the type and level of import relief he will provide, if any. Relief may be in the form of higher tariffs, a tariff-rate quota, quantitative restrictions (import quotas), orderly marketing agreements, or a combination of these. Such relief may be provided for an initial period of up to 5 years and may be extended up to 3 additional years. The President may also determine that the provision of import relief is not in the national economic interest of the United States.

1/ Copyright Act of 1976 (17 U.S.C. 601(d)).

2/ U.S. Congress, House of Representatives Committee on the Judiciary, Copyright Law Revision, Rept. No. 94-1476 (94th Cong., 2d sess.) September 1976, p. 169.

Some domestic interests contend that the domestic printed matter industries do not have access to import relief through the U.S. International Trade Commission because both the Florence Agreement and the U.S. legislation implementing the terms of the agreement require duty-free treatment of imported books, publications, and documents. It is noted, however, that the agreement does not prohibit a signatory country from seeking or obtaining import relief. At the insistence of the United States, a protocol was annexed to the agreement which contains an escape-clause provision permitting a contracting country to suspend, in whole or in part, its obligations under the agreement with respect to any product that "is being imported in . . . such relatively increased quantities and under such conditions as to cause or threaten serious injury to the domestic industry . . . producing like or directly competitive products." This language is substantially similar to that found in article XIX of the General Agreement on Tariffs and Trade and section 201 of the Trade Act of 1974.

Thus, by operation of the protocol, the agreement does not foreclose any party from seeking or obtaining import relief under section 201 of the Trade Act, provided that the conditions prerequisite to relief are demonstrated. Moreover, it should be noted that section 201 itself establishes no limits on the entitlement of any industry to relief other than the factors described in the statute. Whether the granting of specific relief would be contrary to the Florence Agreement would be considered during Presidential review of an affirmative Commission determination. Accordingly, it appears that the concerned domestic industries stand on an equal footing with other industries under U.S. law in seeking or obtaining relief from import competition.

Firms.--Firms may file petitions for adjustment assistance with the U.S. Secretary of Commerce under section 251 of the Trade Act of 1974. The Secretary will certify a firm as eligible to apply for adjustment assistance if it is determined that increases in imports have contributed importantly to the separation or threat of separation of a significant number of workers of the firm and that sales or production, or both, of such firm have decreased absolutely. Firms found eligible for adjustment assistance are entitled to technical assistance and/or financial assistance in the form of loans or loan guarantees.

Workers.--A group of workers, their union or other authorized representative may file a petition for adjustment assistance with the U.S. Secretary of Labor under section 221 of the Trade Act of 1974. Workers qualify for trade adjustment benefits if the Secretary finds that an absolute or relative increase in imports were a substantial cause of the workers' unemployment and to a decrease in sales or production of the firm from which they have become separated.

The Trade Act provides for direct trade readjustment allowances to workers certified as eligible for adjustment assistance as well as for measures aimed at helping adversely affected workers find new employment, including job search, training, and relocation allowances.

Nontariff Barriers

The General Agreement on Tariffs and Trade (GATT) has on file over 150 notifications of nontariff barriers (NTB's) to trade in printed matter. Those NTB's, which are listed in the October 1981 GATT Inventory of Nontariff Measures, are briefly summarized in Appendix I. The listing in the GATT inventory does not mean that the NTB is currently in effect, however, most are now in place. The principal NTB's affecting trade in printed matter of the types subject to the manufacturing clause are briefly examined below for certain European Community (EC) and Pacific Basin countries and for certain other world markets; the countries examined are the world's major producers, exporters, and importers of printed matter.

The European Community

Belgium.--The Government of Belgium controls by decree the prices at retail for books, magazines, and periodicals.

France.--Among the NTB's in France is the requirement that documents accompanying all imported goods and services be written in French or be accompanied by a French translation if such documents are in another language. This requirement applies to marking and labeling, as well as to manuals accompanying imported commodities. Enforcement of this regulation, which was announced by the French Government on October 21, 1982, is expected to add significantly to the costs of exports to France, with possible delays in French customs clearance for those imports not meeting the requirements. France also prohibits imports of books in French that are printed outside of France, unless the names of the printer and publisher are shown as prescribed by French copyright laws. Discretionary licensing is imposed on imports of newspapers, journals, and periodicals, issued other than daily and in French. The following controls are exercised over most imported publications:

1. A certificate of origin has to be produced, indicating the title, the location, and the date of printing, as well as the number of volumes for each title.
2. The import of such publications for consumption, warehousing, or temporary admission are to be cleared only through specific customs ports of entry.
3. The French Air and Customs Police Administration may prohibit from importation any publications which they judge to be--
 - a. Fraudulent imitations.
 - b. Contrary to morality for consumption, distribution, exhibition or lease.
 - c. Pernicious for youth.
 - d. Advocating abortion.
 - e. Writings forbidden by the French Ministry of the Interior.

The French have an export inflation insurance scheme which is used primarily to assist exports of capital goods of French origin (printed matter is believed to be included). This program may enable French firms to underbid noninsured foreign competitors in the world market. In addition, most items of printed matter are charged a standard duty of 17.6 percent, as well as an additional value-added tax of 7 percent on books.

Federal Republic of Germany (West Germany).--West Germany maintains a strong censorship code which prohibits the importation of material that (1) endangers the political order or the democratic constitution, or glorifies and encourages violence and race hatred, (2) constitutes a danger to young people, or (3) endangers the security of the allied armed forces in West Germany. Most imports of printed matter are subject to an import equalization tax (turnover tax) of 13 percent.

Italy.--Italy has an export inflation insurance scheme whereby insured Italian firms might be able to underbid noninsured foreign competitors in world trade. The Italian Government encourages foreign publishers to use Italian printers by offering "float" subsidies to foreign publishers manufacturing with Italian printers. The foreign publisher may take up to 3 months to remit payment to the appropriate bank, whereas the printer is paid almost immediately by the bank. Italy also applies to all imports an administrative duty of 1/2 percent above the ordinary customs duties.

The Netherlands.--Although it is not a direct barrier to trade, printers in the Netherlands may receive a raw-material subsidy in the form of lower paper prices if the finished printed product is for the export market.

The United Kingdom.--The United Kingdom prohibits the importation and sale within the United Kingdom of copies of the King James version of the Bible that have been manufactured (printed and bound) outside of the United Kingdom, as ordered by Royal Patent. The United Kingdom also imposes certain restrictions with regard to the importation of advertising material and/or the placement of print media advertisements which could be construed as a form of trade barrier.

Additional barriers include: An export inflation insurance scheme, whereby insured British firms might underbid noninsured foreign firms; a Government procurement system which gives preference to Commonwealth suppliers; and, a value-added tax (currently 15 percent) levied on imported goods and services, including printed matter relating thereto, as well as on such goods and services supplied in the United Kingdom "by a trader, craftsman, or member of the liberal professions, provided his annual turnover exceeds a specified amount."

Greece.--Greece has a monopolistic state trading system which creates the possibility for discrimination as to imports. It also applies a limit on terms of credit in connection with all imports, as well as a turnover tax which amounts to a 25-percent surcharge, based on rates for domestic products, and a luxury tax that benefits domestic goods.

The Pacific Basin

Japan.--Japan encourages exports by means of an Overseas Market Development Reserve Fund program which allows companies to set aside a tax-free reserve fund for export market development.

The Japanese discourage imports by credit restrictions which lead to higher financing rates for the purchase of imports than for domestic goods. Although not imposed by the Government, Japanese importers often employ a special exchange rate on foreign books and periodicals which increases the effective retail price of such publications by approximately 30 percent over their "normal" price. The importers argue that the higher valuation is necessary to cover the full costs of handling foreign publications, but the net effect places such publications at a price disadvantage vis-a-vis those of Japanese manufacture.

Japan, which requires import licenses on various imported goods, allows imports of printed matter under the "import declaration system." ^{1/}

Other Pacific Basin countries.--Major nontariff barriers to trade include extensive consular formalities in the Philippines, a requirement for prepayment of imported goods in Indonesia, and the requirement in Singapore that all publications be approved by the Ministry of Culture.

Other world markets

Canada.--Canada has a wide array of nontariff barriers applied to imports of U.S. printed products, including the following:

Canadian postage rates are higher on those publications manufactured abroad and distributed within Canada than rates on Canadian manufactured publications.

Canadian advertisers may not deduct as a business expense the cost of advertising in non-Canadian publications.

Canada bars entry to foreign publications that contain over 5 percent of their total ad lineage aimed specifically at the Canadian market.

Foreign publications which make a split run to include Canadian-only regional advertising are prohibited from entry.

U.S. exports to Canada of printed items which have been manufactured in whole or in part from Canadian raw materials are subject to a higher valuation for customs purposes than those printed products manufactured with non-Canadian materials.

^{1/} Goods under this system do not require licenses and do not require the approval of the Ministry of International Trade and Industry (MITI). The import declaration is filed by the Japanese importer and once accepted by Customs it cannot be altered without special approval of Customs.

Canada currently has a Federal sales tax of 9 percent payable at the time of importation or at the time the goods are taken out of bond for consumption. Exempted from this tax are educational books without advertising, printed matter of a religious nature, and certain goods for educational institutions.

Australia.--The Australian Government offers exporters in that country three ways to reduce export costs: (1) a payroll tax rebate applied to exports of manufactured goods and some primary products, (2) a general market development allowance, and (3) an Export Development Grants Scheme, which reduces a firm's export market development costs.

Exports to Australia are subject to detailed marking requirements and a system of sales taxes which benefit domestic goods. Imports of printed material also require an import license.

New Zealand.--In 1982, New Zealand offered three tax programs aimed at reducing the cost of New Zealand exports, however, all three programs are being phased out rapidly.

Exporters to New Zealand report that their import licensing schedule favors trade with previous importers, and that once imported, an item is subject to a sales tax system which taxes the customs duty paid plus a supplemental 25 percent. New Zealand requires import licenses for printed material which follow regulations considered to be more strict than for most major countries.

Other countries.--Many other nations have programs, regulations, or other systems which constitute nontariff trade barriers. Government procurement and state trading practices are often designed to discriminate against imports or to favor one country over another. Customs valuation of imports and consular formalities and documentation may be burdensome in a number of countries, primarily in the lesser developed countries. These countries also tend to apply a wide variety of taxes, in addition to normal duties, on most imports.

Most countries, including European and Pacific Basin nations, have regulations prohibiting the importation of printed matter of obscene or immoral character.

Foreign Tariff Treatment

As a rule, the present rates of duty for printed matter in most countries are relatively low. For most of the European Community, the rates of duty on U.S. printed products range from free (articles covered by the Florence Agreement) to 9.3 percent of c.i.f. value (postcards and greeting cards). Rates in Greece and Ireland are generally somewhat higher, but are presently being staged down to align with the rates of other EC countries in the future.

The rates of duty for printed matter in Mexico range from free (Florence Agreement articles) to 100 percent ad valorem (calendars and tickets). Most printed matter of the type subject to the manufacturing clause in this country enters Mexico duty free.

Canadian duties on imports of U.S. printed matter are generally low; however, there is a duty of not less than 22.5 percent ad valorem on catalogs. Additionally, the Government of Canada has stipulated that its duty-free treatment of selected U.S. printed products is contingent on the continuation of Canada's exemption from the manufacturing clause.

The Customs Cooperation Council Nomenclature (CCCN), formerly the Brussels Tariff Nomenclature (BTN), is used as the basis for tariff classification by most of the trading countries of the world with the exception of the United States and Canada. The CCCN classifies printed matter under section 49; books, brochures, leaflets, and similar printed matter under 49.01; newspapers, journals, and periodicals under 49.02; and decalcomanias (decals) under 49.08. Numerous other headings cover various types of printed matter; however, only the aforementioned three categories, the only ones that reflect significant volumes of trade, are considered in this report.

The present rates of duty under CCCN headings 49.01, 49.02, and 49.08 for imports from the United States into major U.S. markets for printed matter are given in appendix J.

PRINTING TECHNOLOGY TODAY AND TOMORROW

The Printing Processes

There are currently four major processes used in printing: Letterpress, gravure, offset-lithography, and screen. Each process uses a different method of printing. Letterpress is relief (printing above the nonprinted surface), gravure is intaglio (engraved in the surface), offset-lithography is planographic (printing on the printing surface), and screen is porous (stencil) printing.

Letterpress

The oldest and most versatile method of printing is letterpress. It is used for job and commercial printing, books, newspapers, magazines, as well as packaging printing and many types of specialty printing. It is the only process which can use type directly and where printing is done from cast metal type or plates on which the image or printing press is raised above the nonprinting areas. The inked image is transferred directly to the paper; this makes it economical for jobs consisting mainly of reading matter such as price lists, parts lists, directories, rate schedules, timetables, and legal work. Changes can be readily made, and the type can be kept to be used again for reprints.

There are four types of presses used in letterpress printing: platen, flat-bed cylinder, rotary, and belt. On platen and flat-bed cylinder presses, the type or plates are mounted on a flat surface or bed. On rotary presses (used for long-run printings), the printing surface is a cylinder, and plates must be curved. Belt presses are automated in line presses which print, collate, and bind (books) in one pass through the press.

Printing is done on sheets of paper on sheet-fed presses, or rolls of paper on web-fed presses. Sheet-fed letterpress on small platen and flat-bed cylinder presses is used for short-run printing such as letterheads, billheads, envelopes, announcements, invitations, and small advertising brochures. Larger sheet-fed letterpress is used for general printing, books, catalogs, advertising, and packaging. Web letterpress is used for newspapers and magazines. Flexography is a form of rotary web letterpress using flexible rubber plates and fast-drying solvent or water-based inks. Almost anything that can go through a web press can be printed by flexography. Although flexography is used extensively in printing gift wraps and shopping bags, the improved quality of photopolymer plates and controlled inking of the new ink metering systems has made flexography printing a potential for newspaper and magazine publishing. It is currently used extensively for shorter run heat transfer printing (the process for producing printed products in which images are printed on paper with special inks and are then transferred to another surface by heat and pressure).

The use of letterpress, including flexography printing, currently accounts for about 43 percent of the yearly value of printed products produced by the U.S. printing industry. According to printing industry forecasts, the use of letterpress printing will shrink to about 25 percent of all types of printing by the 1990's.

Gravure

This is an example of intaglio or an engraved type of printing. Gravure uses a sunken or depressed surface for the image. The image is formed by direct transfer of ink to the paper as it passes between a plate cylinder and an impression cylinder.

Gravure printing is excellent for reproduction of pictures, but high platemaking expense usually limits its use to long runs. There are three types of gravure: Conventional, variable area-variable depth, and direct transfer or variable area. Conventional gravure is used for shorter run, high-quality illustration printing. Variable area-variable depth is used for newspaper supplement, magazine, and catalog printing. Variable area gravure is used mainly for packaging printing.

Gravure presses are manufactured to print sheets (sheet-fed gravure) or rolls (rotogravure) of paper, but most gravure is printed from rolls. Sunday newspaper magazine sections and supplement color preprints for newspapers, large mail-order catalogs, wallpaper, plastic laminates, and postage stamps are common examples of what is termed rotogravure printing. Steel-die engraving is a form of intaglio printing using copper plates for short run, one-time use for invitations and announcements and steel plates for long runs or repeat runs for such items as letterheads, greeting cards, stamps, money, and stock certificates.

The use of gravure, including steel-die engraving, accounts for approximately 14 percent of the yearly value of printed products produced by the printing industry. According to printing industry forecasts, the use of gravure printing will grow to an estimated 20-percent share of all types of printing by the 1990's.

Offset lithography

The fastest growing of the four major printing processes, offset lithography uses the planographic (printing on the printing surface) method. The image and nonprinting areas are essentially on the same plane of a thin metal plate, and the distinction between them is maintained chemically. Printing is from a flat surface, neither raised nor depressed. The process is based on the principle that grease and water do not mix, and that ink is offset first from plate to rubber blanket, and then from blanket to paper. The major advantage of the offset principle is that the soft rubber surface of the blanket creates a clearer impression on a wide variety of paper surfaces with both rough and smooth textures with a minimum of press makeready.

Offset lithography has equipment for short, medium, and long runs. Sheet-fed and web-fed presses are used. Sheet-fed lithography is used for printing advertising, books, catalogs, greeting cards, posters, labels, packaging, decalcomanias, coupons, trading stamps, and art reproduction. Web offset is used for printing business forms, newspapers, preprinted newspaper inserts, advertising literature, catalogs, books, encyclopedias, and magazines. Web presses are gradually replacing sheet-fed presses. The new sheet-fed presses to stay competitive are built to print on both sides of the paper in one pass through the press.

The use of offset lithography currently accounts for about 38 percent of the yearly value of printed products produced by the printing industry. The share of offset lithography printing by 1990 is expected to expand to 45 percent.

Screen printing

Referred to as silk screen printing, this method uses a porous screen of fine silk, nylon, dacron, or stainless steel mounted on a frame. A stencil is produced on the screen manually or photomechanically where the nonprinting areas are protected by the stencil. Printing is done on paper under the screen by applying ink with a paint-like consistency to the screen. The production rate, somewhat limited by the drying time of the ink, has been greatly increased through the development of automatic presses and improved dryers. Most commercial screen printing is done on roll-fed and sheet-fed presses. Recently, rotary screen presses have been introduced which speed up production because they allow continuous operation. Screen printing usually can be recognized by the texture of the screen on the printing.

Versatility is the major advantage of screen printing. In advertising, a major use, screen printing is used for banners, decals, posters, sheet billboards, car cards, counter displays, and menu covers. The use of screen printing currently accounts for approximately 5 percent of the yearly value of products produced by the printing industry. The share of screen printing by 1990 is expected to expand to 10 percent.

Printing Technologies

The fundamental printing processes described above are used to reproduce, in quantity, words and pictures on a page. The term "copy" is used to refer to either a manuscript copy to be set in type (e.g., letterpress) or any original camera-ready material to be printed by the photomechanical process (offset lithography). The steps through which printed matter develops into a final product may be divided for explanatory purposes into (1) prepress operations, (2) press operations, and (3) postpress operations.

Prepress operations

The initial stage of producing printed matter consists of copy preparation for typesetting (including camera work), stripping, and platemaking. There are three basic typesetting methods: cast metal or hot-type composition, typewriter or strike-on composition (cold type), and photographic typesetting. Hot-type composition is an example of indirect image composition involving a cast metal type. In converting cast metal or hot-type composition (and engravings) into photographic or other film use, image conversion systems are used. These systems are used to convert letterpress plates and type forms for offset lithography, gravure, and so forth, into photographic image plates (terminal carriers). Relief image carriers are converted in two ways: (1) by pulling inked reproduction proofs termed "repros," from a metal plate inked surface onto a special plastic material and (2) by direct transfer of the image, either photographically (using special chemicals), or by a combination of mechanical and chemical methods. In "repros," the end product is a translucent positive which can be made into a negative by contact or in a camera.

Cold-type typesetting basically involves high-speed computer driven impact printers which produce large quantities of print on paper suitable for reproduction. With improved production capabilities, high-speed electronic phototypesetters and cathode-ray-tube (CRT) equipment is gradually taking over a greater amount of typesetting. The major types of machines currently used in cold-type (strike-on) composition are the varitypes, the Friden Justowriter, and IBM's Selectric Composer system.

Photographic typesetting (phototypesetting), the third type of typesetting is a direct-image composition like that used in cold typesetting. Phototypesetting requires a master character image, a light source, and a photo- or light-sensitive material. Phototypesetting reduces the number of production steps leading to a complete page pasteup required in platemaking and is being used for every major printing process.

The direct-image process (including cold type and phototypesetting) is gradually taking over from metal typesetting and in the process changing the overall field of typesetting. Modern equipment with electronic sophistication and automation produces composition on photographic paper, film, or paper plates on equipment that is compact, quiet in operation, and easy to arrange for an orderly work flow.

The next step after typesetting involves the planned assembly of the images for printing. This step is referred to as stripping. The assembly of the negatives into position as images on a page is called a "flat." Books and magazines are printed in units of several pages per sheet called "signatures." Since stripping is a manual operation, it is very time consuming and labor intensive, making it very expensive. The latest development in stripping is the use of special projection devices for assembling images for reproduction. An example of one type of projection system (opti-copy) uses a camera with a special lock which has accurate control of movements in the horizontal and vertical directions, thereby facilitating the proper position of each page.

Platemaking follows the stripping stage and involves the making of the intermediate image carrier or plate which is used for printing on the press. It should be noted that each printing process uses a different kind of image carrier. Plates used for letterpress printing are termed original, duplicate, or wraparound, depending on their use. Duplicate plates include rubber plates and stereotype plates used almost exclusively for letterpress newspaper printing. Another type of duplicate plate is termed electrotpe and is used for quality letterpress, commercial, book, and magazine printing.

Press operations

After prepress operations the printed matter production, in volume, is completed by printing presses. These are mass production machines designed to handle the needs of the producer. Presses are either sheet-fed or roll (web) fed. Much commercial work is printed on sheet-fed presses. Magazines, newspapers, books, and certain commercial work are printed on web-fed presses. Presses may be single color or multicolor. The purpose of the printing press is to provide for secure and precise mounting of the image carrier, accurate positioning of the paper during printing, conveying the paper through the printing units to the delivery, storing and applying ink to the plate, accurately setting printing pressures for transfer of the inked image to the paper, and storing blank and printed paper. The term duplex press is used to describe one which prints both sides of the paper in one pass through the press. All web-fed presses and many sheet-fed presses are duplex presses.

Postpress operations

After paper is printed, some form of binding or finishing operation usually follows. This is the final processing of a printed piece. In web printing, such as newspapers, some or all of the finishing steps are in-line on the press. Simple form work such as letterheads and business cards require no binding. However, most printing must be converted from large or small printed sheets to a finished printed piece through various binding and finishing operations.

Finishing, as a general term, includes a number of different operations and specialties. Among these are mounting, die-cutting, varnishing, laminating, embossing, die-stamping, and other specialized treatment of printed matter. The most detailed binding operations apply to pamphlets and books. Pamphlet binding refers to folders, booklets, catalogs, and magazines. There are five basic steps in pamphlet binding: Scoring, folding, collating, stitching, and trimming. The first step is to fold the sheets (in multiples of 4's) into sections or signatures. Signatures can contain as many as 64 pages. For heavy weight or cover paper, folding is made easier by first scoring or creasing. Folding is done on a buckle-type folding machine. Once folded, the next step is to collate the signatures in a predetermined order. After the signatures are collated, they can be stitched together. There are two methods of stitching: Saddle stitch (stapled through the spine of the pamphlet) or side stitch (stapled through the folded pamphlet). Side stitching is used when the bulk is too great for saddle stitching. The trimming is done on a guillotine-style papercutter. For large-edition pamphlet binding, three-knife trimmers which trim three sides at one time are used.

Bookbinding is done in a variety of ways, but the most common methods are edition binding (hardcover or case binding), perfect binding (used for paperback books), and mechanical binding (used for manuals and notebooks). Edition binding is the conventional method used for many years and starts with the folding of printed sheets usually into 16- or 32-page signatures. The signatures are then collated by machine and sewn together by special sewing machines. After being sewn, the books are trimmed top, front, and bottom, and the sewn edges are coated with glue. Each book is passed through a rounding machine that provides a rounded back to allow for the cover to open and close properly. The covers are added and the finished books are dried and inspected, wrapped in printed paper jackets, and packed for shipment. Perfect (or adhesive) binding is used on paperback books and eliminates the expense of sewing. An adhesive is applied, a special lining is put over the backbone, and the cover is glued into place. Mechanical binding is used for notebooks and other types of books which must open flat. The printed sheets of paper are punched with holes on the binding edge. Then wire, plastic coils, or rings are inserted through the holes.

Printing materials

In producing printed material, the paper on which an image is to be printed and the ink used to produce the printed image are a prime consideration.

Paper usually represents 30 to 50 percent of the final cost of a printed job. In addition to cost, the paper's characteristics can have a significant bearing on the appearance of the job and the printer's ability to print.

Paper may be defined in terms of its use. Each grade serves a purpose, usually suggested by its grade name. Some of the most common classifications of printing papers are coated, text, cover, book, offset, and newsprint. In terms of quantity, newsprint is used most extensively. Newsprint is a low quality paper used primarily in printing newspapers. Coated papers are used when high-printing quality is desired because of its greater surface

smoothness and uniform ink receptivity. There are many kinds of coated papers, such as machine coated, dull coated, and one or two sides coated. Text papers are used for their attractive colors. They are used for announcements, booklets, and brochures. Book papers are used for trade books and textbooks as well as for general commercial printing. They are somewhat less expensive than text papers. Cover papers include special characteristics such as uniform printing surface and durability. Offset paper is similar to coated and book papers used for letterpress printing except that additives are included to resist the slight moisture present in offset printing and the surface is treated to resist picking. 1/

In each printing process different inks are required to produce printed images. All inks consist of pigments, resin vehicles in which the pigment is dispersed, solvents or other fluids to control body, and other additives to induce drying and/or impart necessary working properties to the inks. Letterpress and lithographic inks are fairly stiff and require roller trains to get the proper flow and thickness for printing. Gravure and flexographic inks are very fluid and dry mainly by evaporation of solvent. Screen-printing inks are paint-like in consistency and drying characteristics.

The most important properties of ink are color, color strength, body, length, tack, and drying characteristics. Drying of inks is important because a printed piece cannot be handled or used until the liquid or plastic ink film has solidified and dried. Inks must also have other characteristics to be satisfactory to the variety of uses to which printed matter is subjected. Inks must dry so that they are rub and smudge resistant. Label printing requires scuff and scratch resistance. Printed matter used for window displays and outdoors requires inks that are light fast and resist fading.

New inks that cure by ultraviolet (UV) and/or electron beam (EB) radiation are among the latest types of inks developed to eliminate spray powder in sheet-fed printing and air pollution from solvents in conventional web heat-set inks. Government regulations in the future may severely restrict the use of solvents commonly used in printing inks, where these solvents are emitted into the atmosphere without some control method such as incineration or solvent recovery. Enforcement of restrictive regulations will increase development and use of the new, currently more expensive, radiation-cured inks.

Printing and Technological Changes

Technological change in printing is taking place at a time when printing faces competition from other communication and electronic information systems. Many new processes for recording data and producing images in quantity, which may develop into full-fledged printing processes, are being developed and used in duplicating and for computer printouts. These include micropublishing, facsimile transmission, electrophotographic printing, and jet printing. Micropublishing is an industry divided between aperture cards, roll film, and microfiche, which facilitate the storage and retrieval of scientific and technical reports, directories, catalogs, medical and business records, engineering and architectural drawings, and even rare books in libraries.

1/ Picking is the lifting of the paper surface during printing. It occurs when pulling force (tack) of ink is greater than surface strength of paper.

Facsimile transmission is a process finding use in the printing industry as a connection between publishers and printers and their satellite plants. Facsimile systems can transport copies and proofs cross country almost instantly, and they could replace the need for mail and messenger service as the primary link between a printer and his customer. This system is already in use by certain major newspaper and magazine publishers as links between plants. This process allows preparatory work to be completed and stored at one location and the printing to be done at a considerable distance from the preparatory source, depending on the quality of transmission.

Book publishing is considering some use of this process. The industry is considering a combination of facsimile transmission with in-line printing to produce books on demand.

Electrophotographic printing is a process that can image or erase sequentially during printing. A laser beam, directed by computer impulses, produces a pattern of images which are developed by toner and printed on paper. This type of system can become an all-electronic printing process that can go directly from the computer to a printed sheet without process photography, stripping, and platemaking. This would greatly increase the productivity in the book and magazine publishing industry.

Jet printing is a form of pressureless printing which creates an image with jets of colored material similar to fountain pen ink. The process involves either a single nozzle activated by a computer to oscillate back and forth over a sheet, or a bank of nozzles, each of which is digitally controlled by a computer program. The single nozzle system prints more than 1,300 characters per second; the multinozzle system can image 150,000 characters per second or 70,000 lines of type a minute.

The impact of these technological innovations on the printing industry and the adjustments that will come in the future are unknown. However, it is believed that the growth in new forms of communication could create an increased demand for printing as did such developments as radio and television. For instance, the printed magazine, TV Guide, was created as a result of television, and is currently the largest circulation magazine in the United States. Furthermore, print has inherent advantages over electronic forms of communication in that it is portable, easily accessible, permanent, and less expensive.

Development changes are taking place in all sectors of the printing and publishing industry. In the prepress operations sector, the change has been particularly rapid and innovational, whereas in the other sectors, press operations and postpress operations, the changes have been less rapid and less innovational.

Prepress operations

The areas of composition and typesetting have shown several technological developments which include the use of computers, video display terminals (VDT's), optical character recognition scanners, and phototypesetting

machines. These developments are being utilized to form "electronic composition" systems with dramatically increased capacity. As a result of the new systems much of the composition and keyboarding of manuscript copy is shifting away from composing rooms and into the front office of newspapers, periodical publishers, reporters, staff writers, editors and others. Video terminals are replacing typewriters as a means of input to computer systems that photocompose with a minimum of additional work. Phototypesetting machines set type on film rather than in metal. The machines also operate at high speeds and provide flexibility in selecting and changing type styles and type sizes.

Development work is being performed on typesetting machines that use digitized character information to direct a laser that inscribes directly onto photo material. Such future improvement will contribute to more sophisticated pagination, including full-page composition with minimal labor requirements. Technology is also advancing in areas other than electronic composition. Data transmission (transmission of words and photos) is growing more sophisticated. Data transmission systems now include automatic scanning and platemaking equipment which can be used at either end of the transmission system and have the ability for rapid, highly automated transmission of typeset material to printing plants at several locations. The information is transferred by optical and laser scanners which read copy and convert it into digital form. The information is then transmitted over media ranging from telephone lines to microwave stations and communication satellites. Receiving equipment picks up the data and decodes the digital information back into conventional photographic negatives or printing plates.

Electronic (or optical) scanners are being applied to colorprinting, where they eliminate much of the time-consuming handwork previously involved in the manual color separation process.

Press operations

In press operations, the use of web-offset printing has been growing steadily, frequently replacing both web-letterpress and sheet-fed offset printing.

The shift from web-letterpress printing to web-offset has been most visible in newspapers. In the 1970's, virtually all weekly newspapers and small- to medium-circulation daily newspapers had converted from web-letterpress to web-offset. Several large daily papers have already converted or are contemplating conversion.

The compatibility of phototypesetting technology and offset printing (which uses printing plates made with a photographic process) has encouraged newspapers to change from the expensive and slow hot-metal typesetting and heavy lead "stereotype" printing plates used in letterpress printing. Further technological improvements, such as automatic register controls and remote ink fountain controls are currently coming on the market and will promote even greater use of web-offset.

Encouraged by growth in web-offset printing, there has been growth in flexographic and gravure printing. Flexographic printing utilizes rubber letterpress-type printing plates and fast-drying ink, usually on web-fed printing presses. In gravure printing, new technology, such as the use of lasers to inscribe the printing cylinders, has decreased the cost, preparation time, and labor requirements for photoengraving employees.

Postpress operations

In the area of binding and finishing technology, a number of improvements are increasing productivity. However, these are basically refinements of current operations. Manual handling of books and other publications is being reduced by new types of bindery equipment that can combine several previously separate operations, such as collating, gluing, slitting, numbering, and delivering counted units ready for packaging. More automatic controls are being applied to equipment for loading, feeding, stitching, casemaking, and stamping operations. Production equipment is being designed which incorporates controls that permit faster adjustment of equipment prior to operation, thereby eliminating the manual tasks and the hand tools required on earlier models. Flexibility in binding production lines is being improved by incorporating modular equipment that can be added or removed from a binding line. Increased efforts are underway to combine printing and binding operations into a more unified production line, reducing handling and storage of the product between operations.

Labor implications

In the prepress operations sector of printing, electronic composition equipment is creating a shift of composition and keyboarding operations to professional and clerical employees (such as editors, reporters, staff writers, and typists) and away from typesetting employees who traditionally have done this work. The introduction of typewriter-style keyboards has created this significant labor shift from semiskilled workers to clerical workers. Conventional typesetting keyboards use an arrangement of keys which required specially trained craft workers to set type. Video display terminals (machines combining typewriter-style keyboards and television-like display screens), further reduce labor requirements through greater productivity. They allow staff writers and editors for many newspapers and magazines to do their own data entry and editing as a preliminary step to the material being sent, through a typesetting computer system, to automated typesetting machines.

A further development in electronic composition technology affecting employment is "pagination," a process whereby an entire page of material, including text, photographs, art work, advertisements, and headlines, is designed and laid out electronically on a video display terminal. With current technology, the process of "area spacing" is used where all text material is composed on a display terminal and blank spaces are left on a page for photographs and art work. The photographs and art work are then added by conventional makeup (manual makeup process) involving skilled craft workers. Pagination would eliminate the need for skilled makeup workers.

Data transmission technology, although not new, is becoming more sophisticated. The impact on employment varies. If data transmission replaces a conventional system it could reduce labor requirements for craft workers involved in platemaking. However, when data are transmitted to a new plant that supplements an older plant, new jobs are created. Without data transmission, technology satellite printing plants would not be economically feasible.

In color printing, electronic color scanners are replacing conventional techniques. Scanners now account for about half of all color separation work and eliminate much of the handwork involved. By use of a laser screening scanner, work time of a craft worker can be cut to one-fourth compared with conventional camera methods.

In the press operations sector of printing, the change from sheet-fed to web-fed offset presses has changed pressroom activities from a labor-paced operation to a machine-paced operation. The design and higher operating speeds of web presses require faster decisionmaking and greater physical effort by press operating crews. Platemaking craft workers must either be retrained for the photographic platemaking process required with offset printing or be replaced. Employment of stereotypers--the craft workers who make lead printing plates used in letterpress printing--is declining due to the growth of web-offset printing and the development of automated stereotype platemaking machines. The greatest potential employment loss is in newspaper printing. However, newspapers converting to web-offset from web-letterpress typically retrain their original press crews, since skill requirements for the two types of web-fed printing presses are similar. It is estimated that nearly three-fourths of all U.S. daily newspapers are currently printed by offset-lithography. With the growth of web-offset printing, there has been corresponding growth in flexographic printing and gravure printing. Each of the printing processes has decreased the cost, preparation time, and labor requirements for photoengraving employees.

In postpress operations, there is increased use of automation in the binding and finishing operations. Although no radical technological improvements are expected, incremental improvements should continue that could have a significant cumulative impact toward reducing labor requirements.

U.S. PRINTING AND PUBLISHING INDUSTRY

Overview

The printing and publishing industry grouping 1/ ranks as one of the top 10 industries in the U.S. manufacturing sector, with the value of industry shipments (sales) estimated at \$82.5 billion, in 1982 (see table 1, app. K).

1/ Major group Standard Industrial Classification (SIC) 27.

The overall printing and publishing industry grouping (termed graphic industries) produces some of the most diverse products and is one of the most geographically dispersed industrial activities in the country, with an estimated 50,000 individual plants located in almost every county of every State. The industry group employs more than 1.3 million persons and has a total annual payroll estimated to exceed \$20 billion.

The industry group has the largest number of plants among the manufacturing industries and is the country's largest class of small businesses. Somewhat over 80 percent of all the graphic industries' plants have fewer than 20 employees. As a result, the industry group ranks low in expenditure for research and developmental activities while the suppliers to the industry (such as paper and machinery), aware of the size of the printing and publishing markets and potential, continue to advance technology in anticipation of customer needs.

U.S. Foreign Trade

U.S. foreign trade in printed matter represents a very small share of domestic consumption, accounting for less than 1 percent of apparent consumption during 1978-82 (table 1). ^{1/} In overall trade the United States maintained a substantial favorable balance.

Imports

During 1978-82, total U.S. imports of printed matter increased from \$474 million in 1978 to \$638 million in 1982, as shown in the following tabulation (in thousands of dollars):

Category	U.S. imports of printed matter by import category				
	1978	1979	1980	1981	1982
Books-----	230,445	264,707	297,207	286,456	305,934
Catalogs-----	17,633	19,928	24,467	27,332	34,621
Newspapers-----	35,556	18,388	34,925	50,517	63,071
Periodicals-----	37,903	58,225	67,194	51,948	45,515
Other printed matter-----	151,978	156,740	179,972	189,380	189,288
Total-----	473,515	517,988	603,765	605,633	638,429

^{1/} The data in this section have not been adjusted to account for inflation.

The bulk of U.S. imports were in the categories of books and "other printed matter." Book imports accounted for almost half of all printed matter imports during 1978-82, as shown in the following tabulation (in percent):

Category	Share of total value of U.S. imports, by import category				
	1978	1979	1980	1981	1982
Books-----	48.7	51.1	49.2	47.3	47.9
Catalogs-----	3.7	3.9	4.1	4.5	5.4
Newspapers-----	7.5	3.6	5.8	8.3	9.9
Periodicals-----	8.0	11.2	11.1	8.6	7.1
Other printed matter-----	32.1	30.2	29.8	31.3	29.7
Total-----	100.0	100.0	100.0	100.0	100.0

The category of "other printed matter," which includes all printed matter except books, catalogs, newspapers, and periodicals, accounted for somewhat less than one-third of all U.S. printed matter imports during 1978-82.

Although basically all printed matter is subject to the U.S. copyright law, a far lesser amount of printed matter is subject to the manufacturing requirement of the statute. Under the current manufacturing clause of the copyright law, as extended, 1/ the scope of the manufacturing requirement as set out in section 601 applies to "a work consisting preponderantly of nondramatic literary material that is in the English language and is protected under title 17" and would not extend to: Dramatic, musical, pictorial or graphic works; foreign-language works and bilingual or multilingual dictionaries; public domain material; or works consisting preponderantly of material that is not subject to the clause. 2/ It is important to note that the import levels discussed would have been higher to the extent that the manufacturing clause has prohibited imports. Wherever possible in this report, import data for categories for which imports may have been affected by the manufacturing clause are discussed separately from those for categories for which the manufacturing clause is not applicable.

Books.--Total imports of books increased unevenly from \$230 million in 1978 to \$306 million in 1982. Imports of books classified in import categories not specifically exempt from (i.e., all books except foreign-language books and those of foreign authorship) the manufacturing clause also increased unevenly from \$13.5 million in 1978 to \$17.9 million in 1982, with a low of \$9.5 million in 1979 (table 2). In 1982, such books accounted for about 6 percent of all book imports, the same percentage as that in 1978. Canada was by far the leading source in 1981-82.

1/ Public Law 97-215 of July 13, 1982, P.L. 94-55.

2/ Notes of the Committee on the Judiciary, House Report No. 94-1475.

Catalogs.--Imports of catalogs other than those of foreign authorship increased steadily from \$6.6 million in 1978 to \$14.8 million in 1982 (table 3). Imports from Canada, the leading source, accounted for about 90 percent of the value of such imports in 1982.

Newspapers.--All U.S. imports of newspapers are included in a single import category. The value of these imports rose from \$35.6 million in 1978 to \$63.1 million in 1982 (table 4). Canada supplied over 97 percent, in terms of value, of these imports in 1982. Newspapers accounted for almost 10 percent of all printed matter imports in 1982.

Periodicals.--All U.S. imports of periodicals are included in a single import category. Imports of periodicals increased in value, from \$37.9 million in 1978 to a high of \$67.2 million in 1980 before declining to \$45.5 million in 1982 (table 5). During this period Canada was the leading import source except for 1981 and 1982 when the principal supplier was Mexico, with 20 and 23 percent, respectively, of the imports of periodicals, in terms of value. Mexico, the United Kingdom, and Canada were the leading sources in 1982, with 23, 20, and 14 percent of imports, respectively. Periodicals accounted for approximately 7 percent of all printed matter imports in 1982.

Other printed matter.--Imports of other printed matter classified in provisions for which imports possibly have been affected by the manufacturing clause (i.e., excluding imports provided for in such categories as globes, for which the manufacturing clause cannot possibly apply) increased from \$96.2 million in 1978 to \$113.0 million in 1982 (table 6). In 1982, these imports accounted for 18 percent of all imports of printed matter. The largest area of this category of items since 1978 has been other printed matter, n.s.p.f. (TSUS items 274.73-274.90, which includes such items as posters and manifold business forms), and accounted for about 41 percent of those imports from 1978 to 1982, followed by decalcomanias which accounted for approximately 28 percent of the imports during 1978-82.

Five classes of products--decalcomanias (decals), postcards, greeting cards, calendars of paper, and printed paper labels--are separately provided for in the tariff schedules, were not covered by the manufacturing clause prior to 1978, but some of which have been covered subsequent to 1978. Because of this, they offer the chance of testing statistically the effects of removing the manufacturing clause. ^{1/} By comparing the import level during the pre-1978 period with the subsequent import level, the import effect of imposing the manufacturing clause on these items can be observed. While this shows only a negative image of the process to be measured (i.e., it shows what happened to imports when the manufacturing clause was imposed, but not what withdrawing the manufacturing clause will do to the level of imports), examining the negative image will indicate the import effect of the manufacturing clause on these printed items.

^{1/} Before 1978, the manufacturing clause applied to 2 categories of printed matter, (1) books and directories, and (2) periodicals. Hence, before 1978 such printed items as post cards, greeting cards, printed forms, etc., did not fall under the manufacturing clause.

In order to compare the level of imports prior to 1978 to the level from 1978 onward, the annual import values for the product groups being considered (table 7) are aggregated. Imports from Canada were excluded because Canada is not covered by the manufacturing requirement. These annual import values were deflated by an appropriate price deflator in order to demonstrate the real changes in import levels without the inflation distortions of the past 15 years (table 8). 1/

The deflated value of imports is pictured graphically in figures 1-5 for the five products. For four products--postcards, paper labels, gift cards, and calendars--the figures show that 1978 was not a year in which imports fell or began to fall.

Exports

Total U.S. exports of printed matter reached a high of \$1.3 billion in 1982, up from \$822 million in 1978, as shown in the following tabulation (in thousands of dollars):

Category	U.S. exports of printed matter by export category				
	1978	1979	1980	1981	1982
Books-----	370,365	438,291	508,797	597,429	638,356
Catalogs-----	12,262	13,002	16,580	21,846	20,761
Newspapers-----	5,275	7,141	9,305	10,170	12,010
Periodicals-----	242,690	292,407	312,782	364,233	383,321
Other printed matter-----	191,750	216,476	263,412	319,955	286,208
Total <u>1/</u> -----	822,342	967,317	1,110,877	1,313,633	1,340,656

1/ Because of rounding, figures may not add to the totals shown.

Increased exports of books, periodicals, and other printed matter categories accounted for the bulk of all exports, which were valued at more than double the value of imports in 1982.

Books represented the single largest share of U.S. printed matter exports, accounting for between 45 percent and 48 percent of all printed matter exports during 1978-82, as shown in the following tabulation (in percent):

1/ The price deflator chosen was the Bureau of Economic Analysis' producer price index for lithographic commercial printing.

Figure 1.--Decalcomanias: Price adjusted value of Imports, 1968-1981.

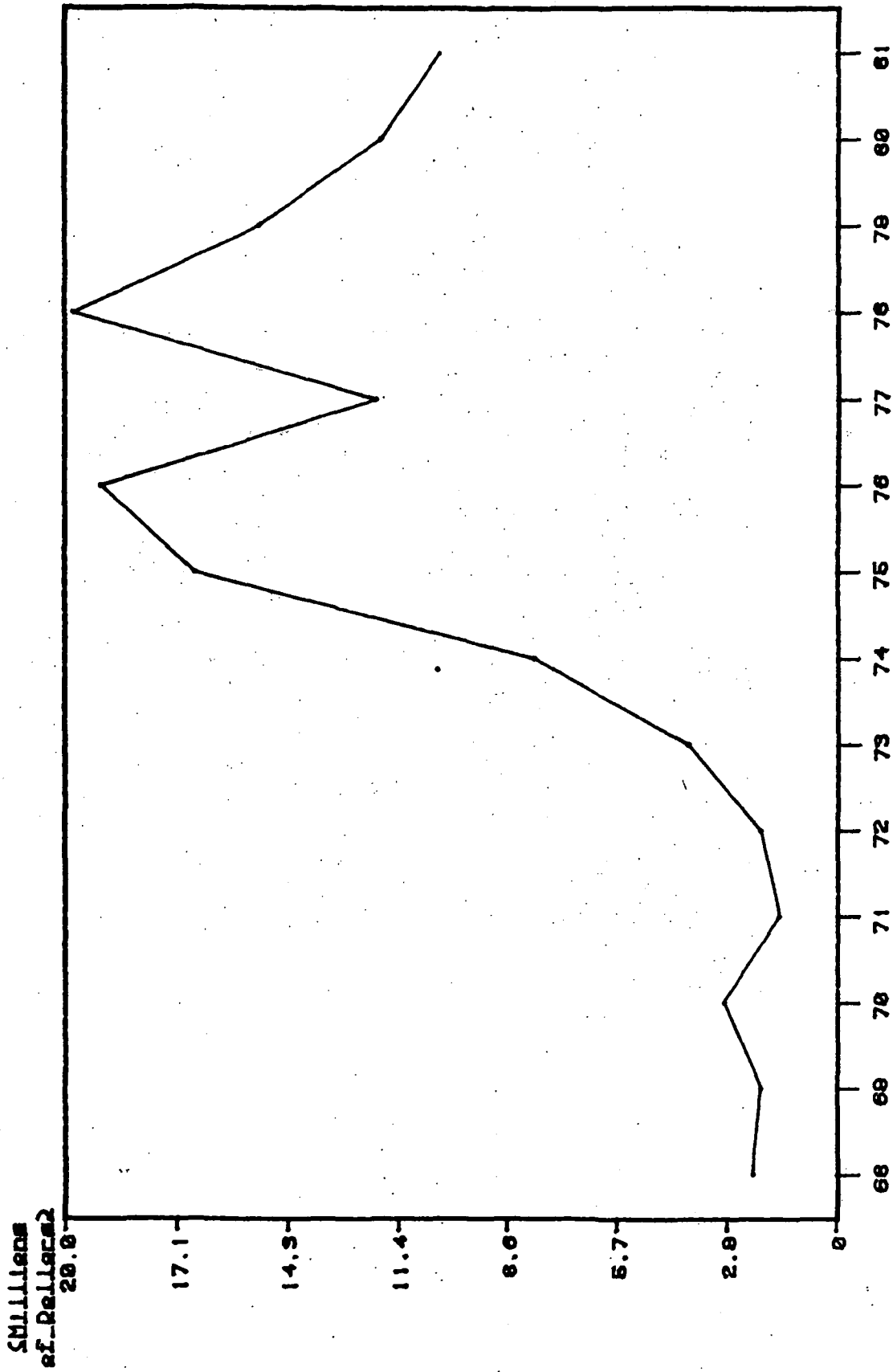


Figure 2.—Post cards: Price adjusted value of imports, 1968-1981.

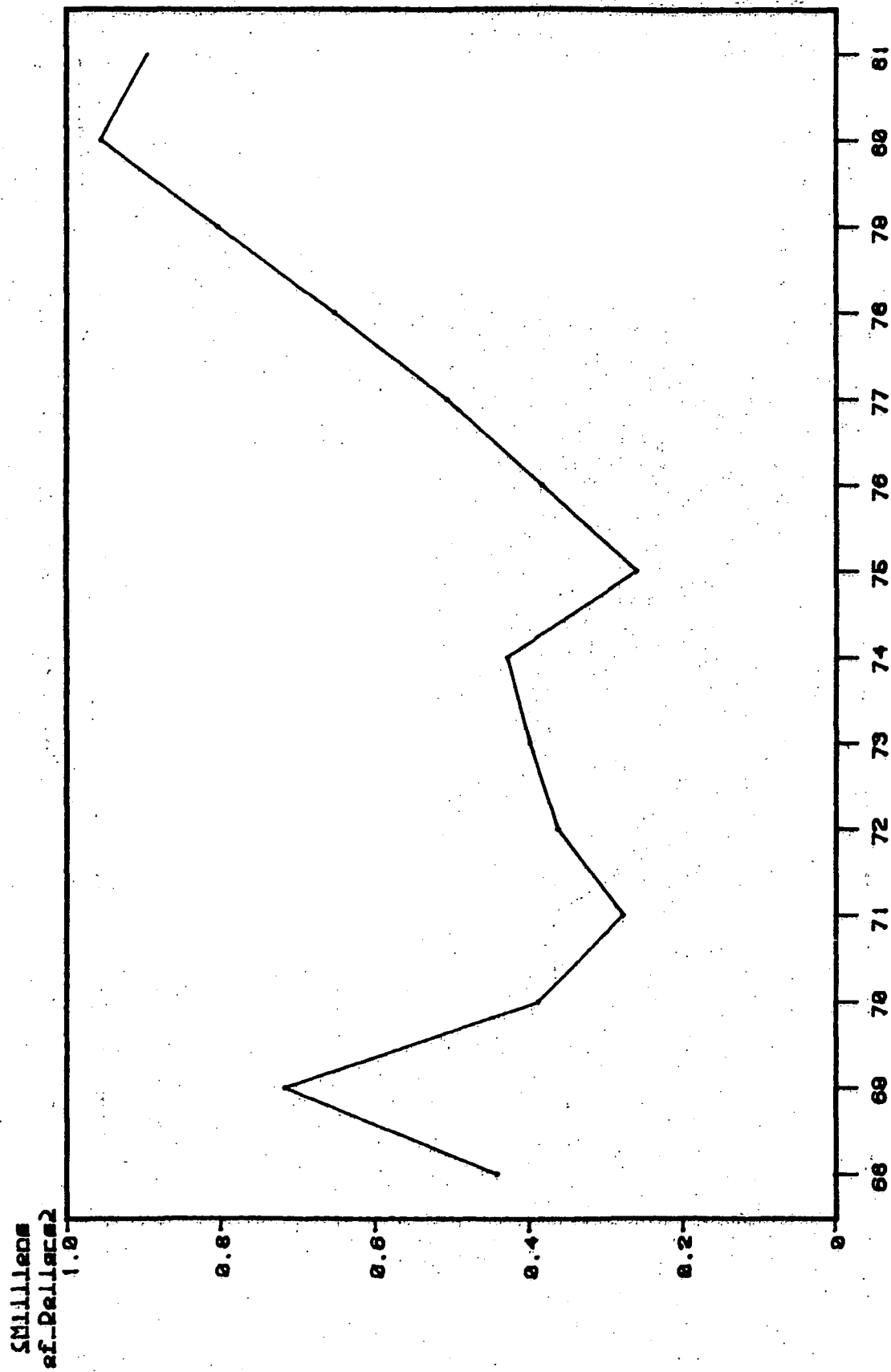


Figure 3. ---Greeting cards with wording, with or without envelopes;
Price adjusted value of imports, 1968-1981.

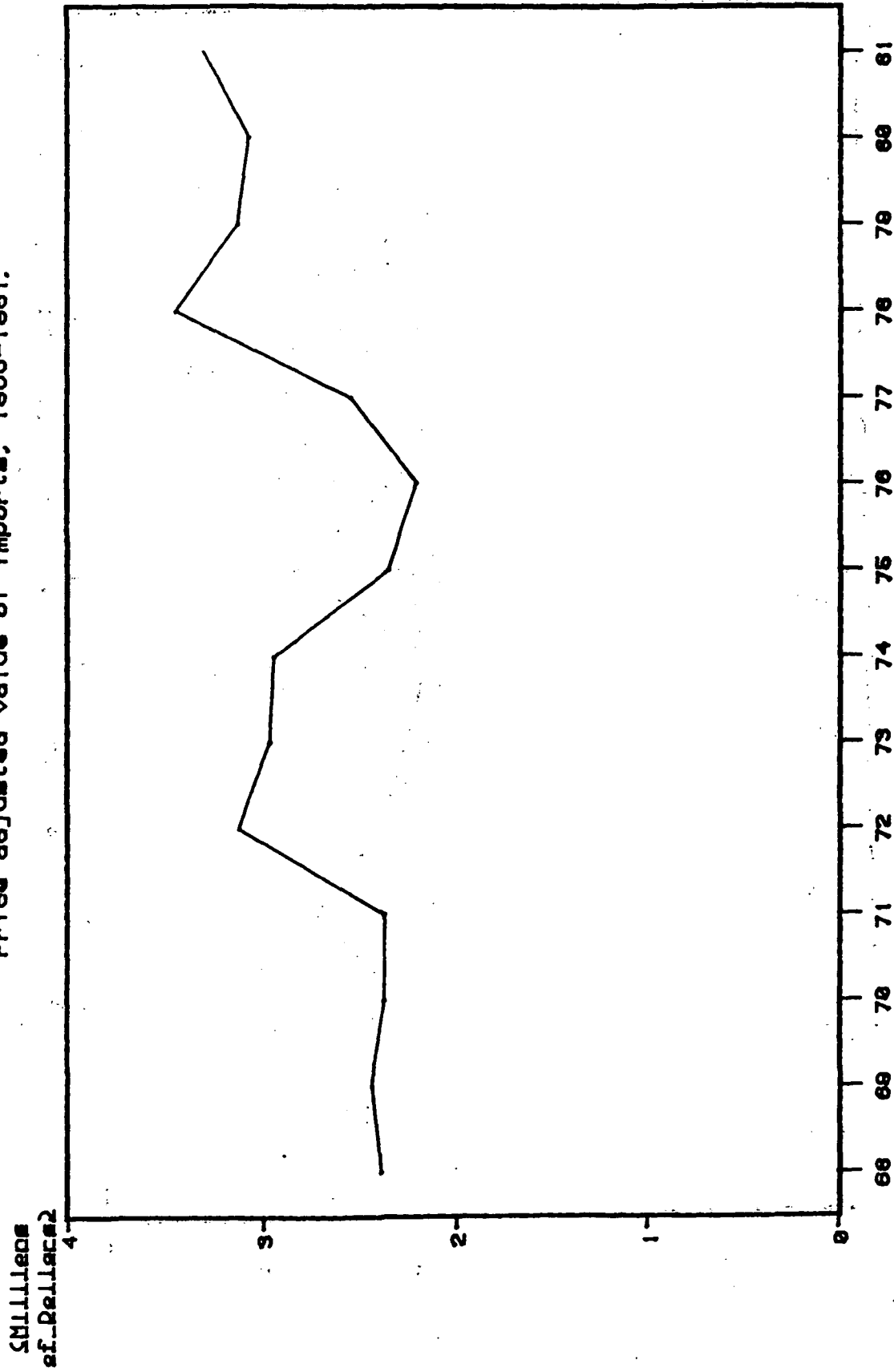


Figure 4.--Calendar: Price adjusted value of imports, 1968-1981.

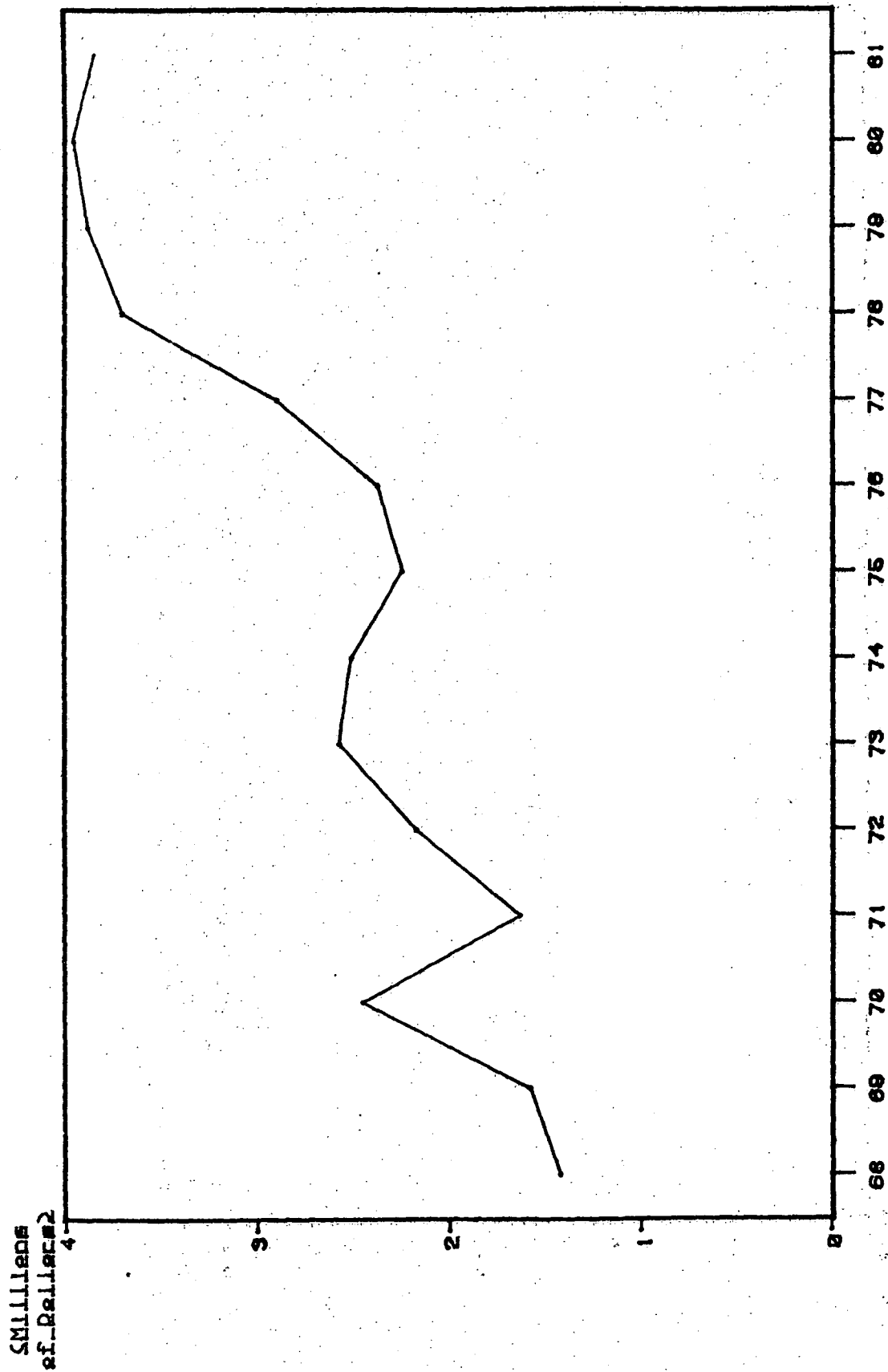
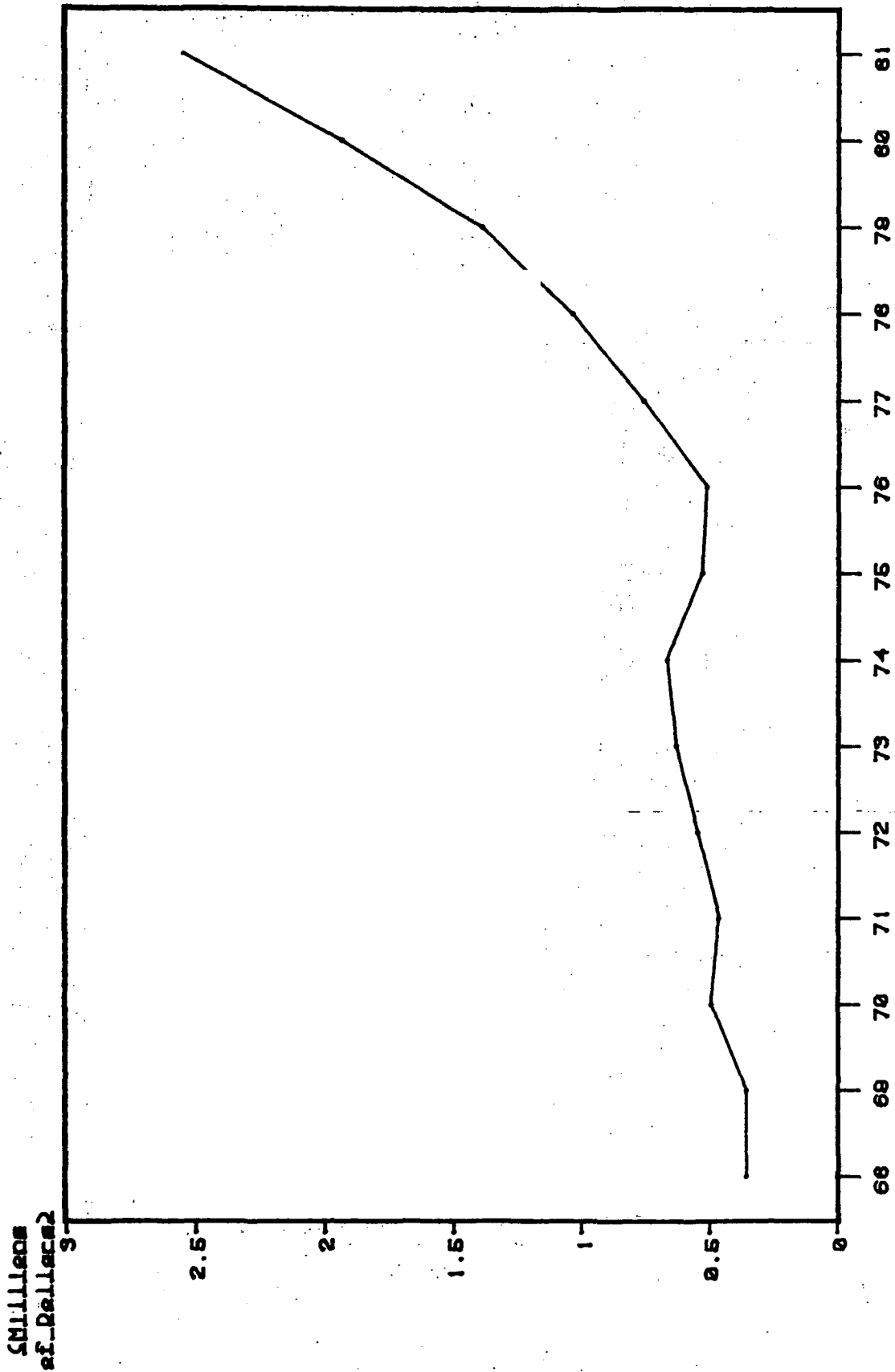


Figure 5.--Paper labels: Price adjusted value of imports, 1968-1981.



Category	Share of total value of U.S. exports by export category				
	1978	1979	1980	1981	1982
Books-----	45.0	45.3	45.8	45.5	47.6
Catalogs-----	1.5	1.3	1.5	1.7	1.6
Newspapers-----	0.6	0.7	0.8	0.8	0.9
Periodicals-----	29.5	30.2	28.2	27.7	28.6
Other printed matter-----	23.3	22.4	23.7	24.4	21.4
Total-----	100.0	100.0	100.0	100.0	100.0

Periodicals (magazines) represented the second largest category of printed matter exports, accounting for about 28 to 30 percent of all printed matter exports during 1978-82. The third largest category of exports was other printed matter (which excludes books, catalogs, newspapers, and periodicals), accounting for between 21 and 24 percent of all exports of printed matter during 1978-82.

U.S. exports of printed matter of the type believed to be covered by the manufacturing clause rose rapidly from \$773 million in 1978 to \$1,284 million in 1982 (table 9). These exports accounted for 94 percent of all exports of printed matter in 1978 and 96 percent in 1982. The increase in value was led by exports of books, which rose about 72 percent in value between 1978 and 1982, and accounted for 48 percent of all printed matter exports in 1982. Exports of periodicals were also significant, rising 58 percent in value between 1978 and 1982. In 1982, these exports accounted for 29 percent of U.S. exports of all printed matter.

Books.—Exports of books increased in value from \$370 million in 1979 to \$638 million in 1982 (table 10). ^{1/} Canada has been the leading export market since 1978, with a 37-percent market share, in terms of value, in 1982. Exports to the United Kingdom, the second leading export market, accounted for a 13-percent share in 1982, down from a high of 19 percent in 1980. No other countries have shown significant increases in market share since 1978. The ratio of the value of book exports to production rose steadily from 6.9 percent in 1978 to 8.8 percent in 1982.

Catalogs.—Exports of catalogs, all of which are considered to be of the type covered by the manufacturing clause, rose in value, from \$12.3 million in 1978 to a high of \$21.8 million in 1981 before decreasing to \$20.8 million in 1982 (table 11). Although exports to Canada increased more than to any other country, from \$4.4 million to \$6.2 million, the Canadian market share declined from 36 percent in 1978 to 30 percent in 1982. The United Kingdom showed the largest market share increase, from 7.5 percent in 1978 to 15 percent in 1982. Other principal export markets in 1982 included Japan (13 percent), Australia (6 percent), the Netherlands (5 percent), and West Germany (5 percent).

^{1/} Includes books in a foreign language or of foreign authorship.

Combined U.S. exports of printed matter of the type not subject to the manufacturing clause increased from \$50 million in 1978 to \$57 million in 1982 (table 12). Printed matter exports of the type not subject to the clause accounted for 4 percent of all printed matter exports of the printing and publishing industry group in 1982. Comparative items of export covered herein include--globes, maps, charts, drawings, plans, music books and sheets, postage and revenue stamps, and exposed film.

Newspapers.--Exports of newspapers, all of which are considered to be of the type subject to the manufacturing clause, rose in value from \$5.3 million in 1978 to \$12.0 million in 1982 (table 13). Most of the increase resulted from a rise in exports to Canada, from \$4.9 million (93-percent market share) in 1978, to \$11.8 million (98-percent market share) in 1982.

Periodicals.--All exports of periodicals are considered, in this report, to be of the type subject to the manufacturing clause. The value of these exports increased from \$242.7 million in 1978, to \$383.3 million in 1982 (table 14). Exports to Canada increased from \$166.8 million in 1979 to \$240.7 million in 1982. However, the Canadian market share declined during this period from 69 percent in 1978 to 63 percent in 1982. Exports to other markets such as Australia, the United Kingdom, Venezuela, and Mexico fluctuated as a percent of market share as shown in the following tabulation:

Market	Exports as a share of total value, by year					
	1978	1979	1980	1981	1982	
Canada-----	68.7	65.6	63.2	61.5	62.8	
Australia-----	4.5	6.3	5.6	5.4	5.6	
Venezuela-----	3.3	4.1	4.8	4.5	4.6	
United Kingdom-----	3.8	3.1	3.6	5.0	4.3	
Mexico-----	1.5	2.0	3.0	3.8	3.0	
Other-----	18.2	18.9	19.7	19.8	19.7	
Total 1/-----	100.0	100.0	100.0	100.0	100.0	

1/ Because of rounding, figures may not add to the totals shown.

Other printed matter.--Exports of other printed matter include all areas considered in this report as being commercial printing (e.g., postcards, decals, and calendars), and greeting cards. The value of these exports, which are considered for the purpose of this report to be of the type covered by the manufacturing clause, increased from \$148.3 million in 1978 to \$229.2 million in 1982 (table 15). The largest area of this category in 1982 was other printed matter, n.s.p.f., which accounted for about 80 percent of exports of other printed matter of the type subject to the manufacturing clause. In 1982, labels and decals accounted for approximately 9 percent and 7 percent, respectively, of these exports.

Financial Profile of the Printing and Publishing Industries

Although the printing and publishing industry group includes various industries with somewhat different profitability and cost characteristics, certain characteristics of profitability and costs are uniform for such industries.

The key to profitability in the printing and publishing industries is volume since regardless of the size of the printing task, certain costs are fixed. Another factor is the cost of labor as the printing and publishing industries are quite labor intensive. For instance, labor intensity (payroll as a percent of value added by manufacture) is much higher for these industries than for manufacturing in general. Data on profitability and costs (labor and material) inherent in printing and publishing are set forth in the following section.

Profitability

The profitability of the printing and publishing industry group fluctuated during 1977-82 without establishing a trend; the high point of the period, in terms of a profit, was reached in 1977. In comparison with other selected industries, profit in printing and publishing was significantly higher in each of the years shown. When comparing the median return on stockholders' equity and the median return on total capital, the printing and publishing industry group remained consistently above the comparable levels of the other selected industries, as indicated in the following table.

Printing and publishing: Comparison of financial conditions in selected large U.S. public companies in the printing and publishing industry with those in other selected industries, 1977-82

Item	Printing and publishing industry					Other selected industries ^{1/}				
	1977	1979	1980	1981	1982	1977	1979	1980	1981	1982
Median return on stockholders' equity ^{2/} -----	18.3	19.7	18.9	18.0	19.5	13.9	16.7	16.1	14.7	12.7
Median return on total capital-----	15.2	17.2	15.7	13.9	15.6	10.2	11.8	11.0	10.9	9.3
Median net profit per sale ^{3/} -----	7.5	6.7	6.1	6.2	6.3	4.7	5.3	5.0	4.5	3.4

^{1/} The other selected industries grouping includes: Finance; power and energy; resources; capital goods; transportation; consumer goods; distribution; leisure, and communications. The number of other selected industries used for comparison differ for each of the years 1977-82, as follows:

1977 (30 industries, 1,005 companies)
 1979 (31 industries, 1,035 companies)
 1980 (49 industries, 1,041 companies)
 1981 (46 industries, 1,023 companies)
 1982 (46 industries, 1,002 companies)

^{2/} Convertible bonds, convertible preferred stock, warrants, and stock options have been converted into common shares, and stockholders' equity have been created from shares and equivalents.

^{3/} Profit after taxes (percentage of each dollar of revenue available for payment of dividends and reinvestments in the business).

Source: Forbes, 30th-34th annual reports on the American industry, Jan. 1, of 1978-82.

Costs

The data in the following table show the relationship of labor and material costs to the total value of shipments (sales) for the printing and publishing group for 1977 and 1979-82.

Year	Payroll		Material	
	Cost	Share of shipments	Cost	Share of shipments
	<u>Million</u>	<u>Percent</u>	<u>Million</u>	<u>Percent</u>
	<u>dollars</u>		<u>dollars</u>	
1977-----	15,103	30	17,880	36
1979-----	16,957	27	22,637	36
1980-----	18,843	27	25,252	36
1981-----	1/ 21,216	1/ 28	1/ 28,288	37
1982-----	1/ 23,160	1/ 28	1/ 30,880	37
	Other		Ratio of	
	Cost	Share of shipments	Industry shipments	payroll and material cost to industry shipments
	<u>Million</u>	<u>Percent</u>	<u>Million</u>	<u>Percent</u>
	<u>dollars</u>		<u>dollars</u>	
1977-----	16,683	34	49,666	66
1979-----	23,102	37	62,696	63
1980-----	25,475	37	69,570	63
1981-----	27,073	35	1/ 76,577	1/ 65
1982-----	28,508	35	1/ 82,548	1/ 65

1/ Estimated by the staff of U.S. International Trade Commission from U.S. Department of Commerce statistics.

Between 1977 and 1979, payroll, as a share of value of shipments, decreased from 30 percent to a low of 27 percent, but then rose to 28 percent in 1981 and 1982. Material costs show a slight share increase from 36 percent in 1977 to 37 percent of shipments in 1982.

U.S. Printing and Publishing Industries Output

The printing and publishing industry group consists primarily of book publishers, 1/ book manufacturers, 2/ and other commercial publishers and printers, and service industries for the printing trade. 3/

Book-publishing industry output

U.S. book publishing accounted for approximately 9 percent of the total value of industry shipments of the U.S. printing and publishing industry group in 1982. U.S. receipts (production) showed a steady increase over the period 1977-82 (table 16), from \$4.8 billion in 1977 to an estimated \$7.2 billion in 1982. During this period imports of books increased from 3.6 percent of apparent consumption in 1977 to an estimated 4.4 percent in 1982.

Book-manufacturing industry output

U.S. book manufacturing accounted for approximately 3 percent of the total value of shipments of the overall printing and publishing industry group (SIC group 27), in 1982. U.S. shipments over the period 1977-82 (table 17) increased from \$1.7 billion to \$2.6 billion. The largest printing process used, in terms of industry shipments, was lithographic printing, accounting for at least 80 percent of all book printing.

1/ The U.S. book publishing industry includes all establishments which are classified by the U.S. Census Bureau under the Standard Industrial Classification Code (SIC) 2731, establishments primarily engaged in the publishing of books regardless of whether they do their own printing. Those establishments primarily engaged in printing or binding are classified elsewhere. The Census of Manufactures is conducted on an establishment basis. A firm operating at more than one location is required to file a separate report for each location; therefore, the number of establishments reporting exceeds the numbers of firms in the industry.

2/ The U.S. book manufacturing industry includes all establishments which are classified by the U.S. Bureau of the Census under the Standard Industrial Classification Code (SIC) 2732; establishments primarily engaged in printing only or in printing and binding books and pamphlets but not engaged in publishing. Those establishments primarily engaged in publishing or binding are classified elsewhere. The Census of Manufactures is conducted on an establishment basis. A firm operating at more than one location is required to file a separate report for each location; therefore, the number of establishments reporting exceeds the number of firms in the industry.

3/ Commercial publishers and printers, and other service industries include: SIC 2711, newspapers; SIC 2721, periodicals; SIC 2741, miscellaneous publishing (catalogs, directories, newsletters, postcards, yearbooks, and almanacs, and so forth); SIC 2771, greeting card publishing; SIC 2751, commercial printing, letterpress and screen; SIC 2752, commercial printing, lithographic; SIC 2753, engraving, plate making; SIC 2754, commercial printing, gravure; SIC 2761, business forms; SIC 2782, blankbooks, looseleaf binders and devices; SIC 2791, typesetting; SIC 2793, photoengraving; SIC 2794, electrotyping and stereotyping; SIC 2795, lithographic platemaking and related services; and SIC 2789, bookbinding and related work.

Commercial publishing and printing and printing service industries output

The U.S. commercial publishers and printers, and the printing service industries accounted for the bulk of U.S. industry shipments of printed matter, accounting for about 88 percent of the total value of shipments of the overall U.S. printing and publishing group in 1982. Commercial publishing includes newspapers, periodicals (magazines), and miscellaneous publishing (catalogs, directories, newsletters, postcards, yearbooks, almanacs, and greeting cards). Commercial printing and other service industries (including bookbinding) supply the publishers and also print other printed material for U.S. consumption. U.S. commercial publishing and printing and printing service industries shipments increased from \$43.2 billion to \$72.7 billion between 1977 and 1982 (table 18). The leading products were newspapers, followed by periodicals and miscellaneous published and printed matter.

U.S. Printing and Publishing Inputs

The major products of the U.S. printing and publishing industry group are supplied through book publishers, book manufacturers, and commercial printers and publishers.

Book-publishing inputs

Book publishing utilizes labor and material as its primary inputs in publishing. The process of book publishing involves several functional stages each of which interrelate. For purposes of clarification these stages are divided into seven functions. These functions are 1/—

1. Manuscript selection
2. Preparation of the manuscript for the typesetter
3. Book manufacturing
4. Marketing and publicity
5. Orders
6. Warehousing and shipping
7. Financing, accounting, and housekeeping

Book publishing begins with the publisher's selection of an author's work for publication. The author is offered a contract and his manuscript is then assigned to the editorial department of the publishing house. The manuscript is reviewed and edited, and prepared for the designer and compositor. After design and composition, the manuscript is ready for the manufacturing process.

1/ Congressional Research Service, Economic Concerns Relating to the Elimination of the Manufacturing Clause of the U.S. Copyright Law; An Economic Analysis, Report No. 81-178E, Apr. 30, 1981.

The responsibility for the book-manufacturing process lies with a publisher's production department. This function involves a publisher's production manager acting as a liaison between the publishing house and suppliers. The manager's daily routine involves communicating directly with paper manufacturers, typesetters, and printers who have been contracted for the job. The contractual agreements between publisher and manufacturer are usually entered into on a competitive-bid basis, since a fast print and delivery time is a vital consideration in order to take advantage of market considerations, as for example the timely marketing of a potential best seller. The production manager must weigh price and service considerations to obtain the proper balance between quality and quantity.

The marketing of published books involves a variety of specialized markets that are divided into the following product categories (market sectors): (1) elementary and secondary textbooks (ElHi); (2) college textbooks; (3) technical, scientific, and professional books; (4) religious books; (5) trade books; (6) mass-market paperback books; (7) book club and mail-order books; (8) reference books; and (9) other books.

Book-publishing employment

U.S. employment in book publishing consists of workers for each of the operating functions involved. Workers are employed in editorial preparation, production functions, marketing fulfillment, and general and administration functions.

U.S. employment in the book-publishing industry increased from 59,500 in 1977 to an estimated 65,600 in 1982 (table 19). The ratio of production workers to total employment ranged between 21 and 22 percent during 1977-82. In 1982, production workers accounted for 14,300 of the industry total, up from 13,300 in 1977. ^{1/}

Book-manufacturing inputs

Book manufacturing utilizes labor, machinery, and material (e.g., paper) as its primary inputs in producing (printing or printing and binding) books. The process of book manufacture involves book printing and bookbinding. The binding procedure may take place in the printer's manufacturing plant or may be sent out to independently operated bookbinding plants. Book printing is largely done in printing plants utilizing one or more printing processes.

^{1/} Of 16 firms representing an estimated 14 percent of the industry in 1982, in terms of value, which responded to a questionnaire sent to various book publishers, the average number of persons engaged in book publication, per firm, rose from 410 in 1977 to 450 in 1982, as the average annual hours worked per person declined steadily from 2,290 in 1977 to 1,960 in 1982. Hourly compensation (wages-plus fringe benefits) for such persons increased from \$9.20 per hour in 1977 to \$13.80 per hour in 1982.

Short production runs are usually those consisting of less than 5,000 to 10,000 copies; medium runs usually range between 10,000 and 50,000 books. 1/

The largest plants are capable of both printing and binding, but there remains a substantial amount of bookbinding that is accomplished in separately owned and operated plants that engage exclusively in this activity. In some book-manufacturing establishments, a printing press known as the "Cameron belt" is used. This printing press is able to print an entire book and feed directly into an adhesive binder. The Cameron belt is used most often for the production of short-run books.

Book-manufacturing employment

U.S. employment in book manufacturing consists of workers in each of the major stages of operation: Prepress (including composition), press, and postpress. Prepress jobs include hand compositors, electrotypers, photoengravers, stereotypers, camera operators, platemakers, and strippers. Press jobs include machine operators, machine tenders (machinists), press assistants and feeders, and press operators. Postpress jobs include bindery workers, bookbinders, and mailers.

U.S. employment in the book-manufacturing industry increased from 46,900 in 1977 to a high of 48,200 in 1980 before decreasing to an estimated 47,000 in 1982. The share of production workers to total employment decreased from a high of 80 percent in 1977 and 1979 to an estimated low for the period of 76 percent in 1982 (see table 20). 2/

Commercial publishing, printing, and printing services inputs

The U.S. commercial publishing, printing, and printing services industries grouping utilizes labor, machinery, and material as inputs for production and accounts for all U.S. printed matter production, except for book publishing and book manufacturing. Newspapers, periodicals, catalogs, directories, and greeting cards are the major types of printed matter published; and publications printing, advertising, labels, financial and legal work, and general commercial job printing are the major types of printed matter produced by printers. Among the major support industries are bookbinding and related work, typesetting, photoengraving, electrotyping and stereotyping, and lithographic platemaking services.

1/ Transcript of hearing, pp. 25 and 33.

2/ Of 14 firms representing about 23 percent of the industry in 1982, in terms of value, which responded to a questionnaire sent to various book manufacturers, the average number of employees engaged in book production, per firm, declined from 850 in 1977 to 760 in 1982, as the average annual hours worked per person in book production decreased from about 1,850 hours in 1977 to 1,820 in 1982. Hourly compensation (wages plus fringe benefits) for such persons increased from \$7.90 per hour in 1977 to \$11.60 per hour in 1982.

Commercial published material such as periodicals and most miscellaneous publications serve primarily national markets, although regional publications have developed rapidly in recent years. Newspapers are located throughout the United States and serve essentially local or regional markets. Income from published material is derived from advertising and subscription revenues.

Commercial printing uses basically the same manufacturing process as utilized in book manufacturing. The printing processes are (1) letterpress, (2) offset, and (3) gravure. The final processing of commercial printed material is usually referred to as finishing; in book manufacturing it is referred to as binding.

Commercial printing is a highly service-oriented business often geared to local markets. The printers' markets are very sensitive to changes in national business conditions.

The commercial printing industry can be stratified according to markets as consisting of: (1) A small number of large companies producing printed material for publishing (e.g., periodicals and catalogs) and commercial items for a national or worldwide market; (2) a larger number of smaller companies producing generally the same kind of material as the larger companies but marketing on a regional basis or in specialized markets; and (3) the largest part of the industry which is composed of smaller companies catering to the local market or participating in specialized markets.

Commercial publishing, printing, and printing services employment

U.S. employment in commercial publishing, printing and printing services increased from 985,700 in 1977 to an estimated high for the period of 1,198,700 in 1982 (table 21). The percentage of production workers to total employment ranged from a high of 61 percent in 1977 to a low of 57 percent in 1982. Commercial publishing employment accounted for approximately half (48 percent) of all employees in this grouping in 1982. Commercial printing and printing services employment, which accounted for virtually all the remaining employment of 618,000 workers, consisted of approximately 75 percent production workers in 1982 (table 22). The largest number of printing employees were occupied in the category of general commercial printing; they accounted for between 72 and 74 percent of both total and production worker employment in commercial printing.

U.S. printing and publishing industry paper use

The primary component in the cost of production of printed matter is paper. Relative costs of printing paper depend primarily on the type of paper used and where the paper is produced. In respect to the three most important factors of producing printing papers, cost, quality, and availability, the United States has distinct competitive advantages over other producing countries.

Paper cost.--The abundance of well-located domestic forest lands and the close proximity and availability of Canadian forests assure a sufficient supply of wood fibers at a competitive cost to meet future demand for printing papers. Although raw material prices in the United States have increased in recent years and are expected to continue to do so, they should remain competitive with raw-material prices overseas.

Paper quality.--The quality of paper is a most important factor in printing. The U.S. requirements for the quality of paper used in the printing of books and various other printed matter are high among world standards. The principal paper factors that affect printing, regardless of the printing process used, are paper strength and print quality. Paper must be strong enough to pass through the press without failure; such failures usually result in costly downtime. Print quality factors determine the appearance of the printed image on the paper. When higher printing quality is desired, coated paper (a more expensive paper) is used. In recent years there has been a shift toward demand for coated papers. In order for imported paper, coated or uncoated, to meet the demand of domestic printers, it has to meet the domestic quality standards for paper, be available in adequate quantity, and still be price competitive both at the present time and in the foreseeable future.

Paper availability.--The United States is the world's leading producer of printing and writing papers, with production amounting to 14.0 million metric tons, or 35 percent of world production in 1981 (table 23). Japan, with production of 3.8 million tons (9 percent), and West Germany, with production of 3.1 million tons (8 percent), were the next largest producers. However, U.S. exports have consistently been less than imports. Historically, U.S. imports only provide for a small share of total apparent U.S. consumption, as shown in the following table.

Printing and writing paper: U.S. production, exports, imports, and apparent consumption, 1978-82

Year	Production	Exports	Imports	Apparent consumption	Ratio of imports to consumption
	1,000 short tons				Percent
1978-----	14,740	241	939	15,438	6.1
1979-----	15,087	245	1,150	15,992	7.2
1980-----	15,265	313	719	15,671	4.6
1981-----	15,472	343	619	15,748	3.9
1982 1/-----	14,178	220	744	14,702	5.1

1/ Data for 1982 from Pulp and Paper International, April 1983.

Source: Compiled from official statistics of the U.S. Department of Commerce and United Nations, except as noted.

The U.S. paper industry is impacted by cyclical changes in supply and demand throughout the world. The demand cycle for paper closely follows the business cycle. Paper is marketed worldwide as a commodity and domestic production reflects changes in worldwide demand. When production exceeds demand, prices are reduced and profit margins narrow, precipitating reduced production levels. As demand begins to meet and then to exceed production, the cycle starts over.

U.S. purchasers of paper for use in the production of printed matter can buy from the domestic market with its advantages of an abundant supply and lower cost relative to foreign produced paper. Lower material costs increase the competitive advantage of domestically produced printed products and help to offset the less competitive domestic labor costs.

The question of printing and writing paper availability has frequently been raised as a factor affecting where printed matter is produced in the world. The American Paper Institute reports that the world capacity to produce printing and writing paper will increase by nearly 7 million metric tons, from the 50.1 million tons of capacity actually reported to be in place in 1981 to the 57.0 million tons currently scheduled to be in place in 1985. The major contributors to the increased capacity will be the United States with 2.1 million tons more, the Scandinavian countries with 1.2 million tons, the EC countries with 0.9 million tons, Canada with 0.6 million tons, and the U.S.S.R. and other centrally planned economies with 0.6 million tons, collectively. Japan, Brazil, and Mexico will each contribute 0.2 million tons of the increase. From this it is clear that the bulk of the growth in world printing and writing paper production over the next few years will be in the high-wage countries rather than in the low-wage-rate ones. Therefore, any substantial planned increase in the production of printed matter in the low-wage-rate countries could be affected by their ability to import paper at reasonable costs from the major producing countries.

Printing and bookbinding machinery used

The availability and use of printing and bookbinding machinery, especially technologically advanced, labor-saving equipment, affects the ability of any country, including the United States, to increase its domestic production and exports of printed matter. The United States and West Germany with 44 and 40 percent, respectively, of world production (table 24) are by far the leading producers and exporters of printing and bookbinding equipment. The United States is a net exporter of such equipment. World imports of printing and bookbinding equipment increased from \$1.9 billion in 1977 to \$3.7 billion in 1980 (table 25). Most of the increase was accounted for by the United States, countries of the EC, and Canada, which are generally considered high-wage-rate countries. All other significant importing countries also reported increased imports, but their import levels were much lower. Thus, the great bulk of world shipments of printing and bookbinding equipment went to the printing and bookbinding industries in the high-wage-rate countries--an indication that the capacity to produce printed matter is expanding more rapidly in these countries than in the low-wage countries.

Therefore, the extent to which the low-wage countries could in the future expand their output of printed matter is believed to be limited by their present equipment base and their potential for expanding that base. The competitive advantage of the use of technologically advanced, labor-saving equipment in any situation is dependent on local or regional economic factors such as volume, market, and purchasing cost.

Other materials used

Among the other materials used by the U.S. printing and publishing industry are inks and binding materials.

Inks differ greatly depending on the printing process. The development of inks has kept in step with newly developing printing processes. Other materials, such as those for binding and finishing, also are being refined for use in the latest methods of printing. The use of these materials is universal and the United States has no distinct advantage or disadvantage in their utilization.

Book Publishing Characteristics

Book publishing is closely related to the book manufacturing industry. 1/ How the two industries are related can be described by referring to the following three functions of book publishing:

1. Publishers finance the making and distribution of books. Sometimes, publishers also finance the writing of books through advances or other arrangements with authors.
2. Publishers manage the preparation of books from the time a book is accepted in manuscript form to when the book is edited, composed, printed, and released as a salable product. Some of the functions in preparing books are carried out by the publisher's staff directly (e.g., editing) and some are sent outside the publishing house to specialists (e.g., printing).
3. Publishers market and distribute the finished product to the retailer or final consumers.

Book publishers and book manufacturers collaborate on part of the second function: Printing and binding. Publishers decide where to print a book, what size it will be, how many copies will be printed, what kind of paper the book will be printed on, and many other details. Printers, on the other hand, execute the publisher's request.

Before a publisher chooses a printer to manufacture a title, the publisher usually solicits bids to print the book in question. When soliciting a bid, the publisher specifies the run size, covers, pages, extent of color-work, if

1/ Only a few book publishers do their own printing; most rely on independent printers to take advantage of being close to their markets and to obtain a variety of manufacturing processes.

any, and many other details including whether the publisher or the printer will supply paper and covers. Printers usually respond with a price and schedule of printing. Based on the price, timing needs of the publisher, and previous experience with the printer, the publisher decides where to have the book made. 1/

Book publishing entails considerably more resources than those required for book printing. Table 26 shows that only about 20 to 40 percent of the publishers' book costs can be attributed to the cost of manufacturing a book. In addition to manufacturing expenses—mostly paid to outside printers and binders—important publisher expense items are author royalties, editorial costs, marketing, and administration.

Sales and geographic concentration

Book publishing is a relatively unconcentrated industry. According to the 1977 Census of Manufactures, the largest four firms accounted for only 16 percent of all book publisher shipments. The largest 20 publishers had slightly over 50 percent.

Book publishing is geographically concentrated in the Northeast and Midwest States. Almost half of the industry's receipts are from firms located in New York and another 25 percent come from firms in Massachusetts, New Jersey, Pennsylvania, Ohio, and Illinois.

The economics of book publishing

Each year approximately 40,000 different books are printed in the United States. Some may be printed for the mass market in quantities of over a million; others are printed for the special professional market in quantities of less than 1,000. The large variation in print sizes emphasizes the main economic difficulty faced by publishers: Estimating the demand for a book.

When a publisher overestimates the demand for a title and prints too many, the result is usually waste. Either the overproduced books will be sold at a discount for a fraction of their cost or they will be thrown or given away.

When a publisher underestimates the demand for a title and prints too few, the book may be rushed back into print and to the bookstore shelf or classroom in time to avoid or at least reduce the potential loss. If not reprinted and supplied to the buyer quickly, sales will be lost and a title, into which the publisher may have invested considerable sums, may die prematurely. Furthermore, because of the significant savings that come from longer printing runs, per volume printing costs are higher.

1/ Reprints of books are usually made with the printer of the first run. Only when a title is an unexpected success and the printer is not capable of supplying reprints rapidly or in the quantities needed do publishers change printers.

Although publishers can sometimes accurately estimate the quantities of books needed for a particular title, typically their ability to anticipate the amount demanded for a particular book title is poor. As a consequence, book publishers have adopted several strategies to reduce costs.

Short-runs, rapid reprint.--In spite of the disadvantage of shorter runs, publishers, when confronted with the two possibilities of overprinting or underprinting, increasingly are choosing the latter option and resorting to rapid reprinting. One reason for this is recent changes in printing technology that allow printers to handle short runs more efficiently. Especially significant has been the use of roll-fed presses on shorter runs. Another reason is the improving management practices of the publishing houses. Management has especially been trying to avoid tying up cash in long initial press runs and in warehousing large numbers of books only to have to sell them at a discount if they fail to fulfill expectations. Finally, the Thor Power Co. 1/ ruling, lowering the value of inventories for depreciation purposes, has reduced the practice of maintaining large inventories.

Standardization and "gang" printing.--Another publisher practice which avoids overprinting and, at the same time, takes advantage of the economies of long printing runs is standardizing the specifications of books and running several of them in sequence. By running books of the same trim size in one batch, the makeready time and spoilage costs on the presses can be reduced considerably. In general, only large publishers are able to "gang" their printing, and they are capable of using the practice only when quantity and timing of demand for a title is predictable. College textbooks and series of elementary school books seem to be most suitable for gang printing.

The sectors of the book market

If publishers are unable to predict demand accurately and wish to rely on the short-run, rapid-reprint approach, they need to have the source of supply near their market. If, on the other hand, publishers intend to have their source of book production far from their market (e.g., overseas), they must be able to anticipate demand for a title in order not to lose sales on their initial investment in a title while waiting for a book to arrive from an offshore printer.

Because each book market division differs in its markets and marketing practices, each division of publishing offers distinct possibilities in predicting demand. The standard Association of American Publishers (AAP) divisions (table 27) of the book industry were examined to determine how much a particular division is able to anticipate the demand for its books and avoid the timeliness-of-supply problem. The more difficult a publisher finds anticipating demand, the less likely the publisher will be to have books printed overseas.

1/ Thor Power Co. v. Comm. of Internal Revenue, 563 F.2d 861 (7th Cir. 1977).

Trade books.--Trade books are books sold to the general public through the "book trade," i.e., retail bookstores. This is the broadest division of the publishing industry and includes a wide variety of book subjects and book types, including hardcover and paperback for children and adults. 1/

In 1981, trade book sales totaled \$1.4 billion, or 18 percent of total book sales. The AAP breaks this sales figure into hardbound and paperback and adult and juvenile categories as follows:

	<u>Quantity</u> <u>(units)</u>	<u>1981 sales value</u> <u>(million</u> <u>dollars)</u>	<u>Percentage</u> <u>distribution</u> <u>of sales value</u>
Adult hardcover-----	209	735	54
Adult paperback-----	149	384	28
Juvenile hardcover----	77	190	14
Juvenile paperback----	67	43	3
Total-----	501	1,352	100

Publishers have found that calculating demand for trade books is extremely difficult. Rush reprintings and the sudden death of book titles are frequent occurrences in this sector of the industry, especially with new titles. Old titles appearing year after year on a publisher's "backlist" have a more predictable and even demand pattern.

The relationship between new trade books and backlisted trade books on a publisher's list can be observed in table 28, which summarizes and compares the Commission questionnaire responses of publishers in different sectors of the book-publishing industry regarding the number and size of their book printings.

Regarding the distribution of trade-book-printing runs in 1982, about 63 percent were in the first through third printing categories-- mostly new titles. Those in the fourth and above printing categories-- about 37 percent--mostly constitute the backlist, i.e., books warehoused and offered for sale year after year until the annual demand diminishes below a critical point. The high percentage of printings in the "first" and in the "sixth printing and above" categories emphasizes the two pillars of trade publishing-- bringing out new books and maintaining the backlist. The relatively small number of printings between these two extreme positions shows how few of the new titles migrate to the backlist. In fact, most new trade titles do not make it to the backlist, and often do not make it to a second printing.

1/ Adult trade books often referred to as coffeetable books, are preponderantly pictorial and are frequently manufactured overseas without losing copyright protection. Also, some children's books, called toy books, have considerable hand cutting work and are manufactured overseas.

The problem faced by the trade publisher is to anticipate which of the new titles will be popular and will need to be reprinted. However, sales predictions for new trade titles are frequently inaccurate. How inaccurate they are can be observed in the high rate of books returned by the bookstores and distributors because the books could not be sold. Figures on returns are shown in the following tabulation:

<u>Type</u>	<u>Returns as a share of gross sales (percent)</u>
Adult hardcover-----	20
Adult paperback-----	16
Juvenile hardcover-----	8
Juvenile paperback-----	8

About one out of every six trade books printed is returned--mostly new books. Because new books are about 60 percent of trade book sales, the AAP return figure of 20 percent is really higher when backlist titles are removed from consideration. Hence, the return figure on new trade books is frequently cited to be about 30 percent or greater.

Table 28 also shows that almost half of the trade books are printed in quantities of 5,000 and less copies. This probably reflects the publishers' fears of overprinting and having to warehouse unsold trade copies.

Mass-market paperbacks.--As the name implies, mass-market paperbacks (MMPB's) are frequently sold through mass-market outlets such as newsstands, drugstores, and supermarkets. They are usually inexpensive paperbacks, printed in large quantities, and may be reprints of best sellers that first appeared in hardcover. However, many MMPB's, appear for the first time in their mass-market paperback edition.

MMPB sales amounted to \$735 million in 1981. Although MMPB's constitute only about 10 percent of the value of all U.S. book sales, they account for 38 percent of the number of books sold.

The difficulty of publishers to anticipate demand on a title-by-title basis is probably greatest in the MMPB sector. Approximately one out of every three MMPB books are "returned" by the distributor, who submits the torn off book covers to the publisher for credit.

Table 30 shows that about half of MMPB's are new, and about half might be considered backlist. More than three-quarters of MMPB's are printed in runs of over 10,000 copies, and 40 percent of the runs were in sizes over 20,000 copies.

Book clubs.--Book clubs are basically channels for distributing books, and are not original book publishers. Nonetheless, most book clubs manage their own book printings, and consequently decide where books will be manufactured.

The AAP divides book clubs into consumer and professional categories. Consumer book clubs are further subdivided into general-interest (such as the two largest clubs, Book-of-the-Month and Literary Guild) and special-interest clubs (for mysteries, science fiction, and cooking). In 1981, book club sales were about \$571 million, or 7 percent of total U.S. book sales. According to AAP statistics (based on a sample concerning 81 percent of the total book club sales), about 60 percent of these sales were made by general-interest book clubs, and the remaining 40 percent were made by special-interest and professional clubs.

Book clubs attract members, in part, by offering popular books close to the original date of publication at a relatively low price. In exchange, book club members are usually required to purchase a minimum number of the club's offerings. Offerings are broken down into "prime selections," "alternates," "backlist," and "bonuses." Prime selections are usually newly published books. Alternates are also new titles, although of lesser renown. Backlist books are usually those featured in earlier months. Bonuses are titles offered at reduced rates or in reward for other purchases. According to an AAP sample covering 78 percent of 1981 book club sales, the distribution among these four different club sales was as shown in the following tabulation:

	<u>Percentage distribution of book club sales</u>
Prime selection-----	68
Alternates-----	19
Backlist-----	11
Bonuses-----	2
Total-----	<u>100</u>

Unlike trade books, where the backlist has a significant role to play, book club sales are more heavily weighted with new titles produced close to the date of publication of the trade edition. The importance of the timely supply of new books to the market for book club publishers is indicated by the fact that 75 percent of book club books have only one printing (table 28). More than half of the runs are above 20,000 copies. Hence, rapid supply and large volume, not sustained demand, are characteristics of book club sales.

Mail-order publications.--Mail-order publications (MOP's) share some of the characteristics of book clubs. Like book clubs, most of the marketing of MOP's is done by mail, and relatively few MOP's are sold in bookstores. Unlike book clubs, however, MOP's are usually marketed without committing the buyer to a fixed number of book purchases. Also, MOP's originate with the MOP publisher while book club books usually originate with another publisher in the trade or professional book sectors. Another trait that distinguishes MOP's from book clubs is that MOP's usually offer more general-interest books. 1/

1/ Professional books marketed through the mail are usually treated in the professional and scientific category for AAP statistical purposes.

MOP sales amounted to \$653 million, or 8.5 percent of total U.S. book sales in 1981. One of the major publishers in the sector is Time-Life Books, Inc. Because of its importance to this sector, Time-Life's marketing practices are described below to illustrate some of the practices of the MOP sector.

Time-Life books are published in series on such nonfiction subjects as cooking, art, history, nature, and so forth. Each year, at least one new series is launched, and volumes in the series are released periodically as long as the demand remains above a certain level.

Time-Life begins determining demand for the first volume of a new series 2 years before the series is launched. At that time, a promotional mailing is sent to potential subscribers asking if they would be interested in receiving a series on the proposed topic. If the positive responses reach or exceed a critical level, Time-Life proceeds to invest in preparing the series. Writers are contracted, and photographs and illustrations are arranged. Approximately 18 months later, or 6 months before the series' first volume is published, the press work begins with the composition of the text, color separations, and so forth.

A few months before the first volume is released, a massive mailing is sent to all potential subscribers. Usually, the response rate parallels the trial mailing, so the risk of underprinting or overprinting is reduced. 1/

About a month before publication date, printing begins. Usually, Time-Life prints over 50,000 copies of the first volume of a new edition. The printing of subsequent volumes gradually decreases, until it dips below a critical point, when the series is discontinued. Any excess printings or returned books can be sold through additional advertising or through trade bookstores. Subscribers have the right to return any volume they are dissatisfied with. Such returns constitute about 15 percent of the first volume of the series, and usually less of later volumes. Returns can be shipped to later subscribers attracted by advertising, thus reducing the level of inventories.

The marketing practices of Time-Life aim to eliminate much of the uncertainty of publishing, especially regarding the level of book demand, and the timing of that demand. Two smaller publishers of MOP's contacted for this study also test the market in similar ways to reduce the risk of overprinting.

Elementary and high school textbooks.--According to the AAP, 99 percent of the sales of elementary and high school (ElHi) materials are books--hardcover and paperback textbooks, workbooks, and teacher's editions. The rest of ElHi sales consist of audiovisual and other educational aids. In 1981, these sales totaled approximately \$1.2 billion, or about 15 percent of book-publishing sales.

1/ The process is not fail proof. The 1981 Annual Report of Time, Inc., mentions the failure of a series entitled the Library of Health to appeal to a broad audience.

Elementary school books are characteristically printed in series for grades one through nine. A series usually consists of a textbook, a teacher's reference, tests, and workbooks. High school books usually are not published as a series.

Unlike most trade books, ElHi books require large investments in editorial and plant costs. Editorial expenses are greater than for most other sectors of publishing, because frequently the editor must pull together the finished product from several writers. The editor often must coordinate an entire series of books for grades one through nine. Additionally, workbooks, teacher's editions, and tests must be published together with a textbook. A great deal of art work frequently goes into ElHi material, and this art work increases both the editorial effort and the plant costs.

Additional costs go into pilot testing. Publishers usually print a pilot run of books to test their series program before trying to market the series to the school boards. Also, the marketing of ElHi material can be very expensive. Most publishers have a large network of sales representatives in touch with State and local school boards. In addition to distributing pilot books to school boards, the sales representatives display their books at resource centers, book fairs, and teacher's conventions to insure that their publisher's books are adopted by the necessary authorities and then purchased.

Finally, run sizes in ElHi publishing are usually longer--often over 10,000 copies per year (table 28). This requires a sizable outlay in paper and printing costs per title for each year.

Publishers are able to estimate demand for ElHi materials more accurately than for books from many other sectors. Because ElHi publishers have extensive networks of sales personnel in the field, publishers know which school systems will be in the market for new materials, and how many students are entering each grade.

Further contributing to the ability to predict demand is the long life-span of ElHi titles. Frequently, a title will last 5 or more years. About 30 percent of ElHi books sold were in the sixth or more reprint in 1982. Though this is approximately the same proportion of trade books that made the trade book backlist, the distribution of reprintings from first to sixth is more even than with trade books, indicating that a higher proportion of titles makes it to the backlist. The more experience a publisher has with a title on the market, the more capable the publisher is of anticipating the demand size for the title. ^{1/}

^{1/} The relatively long life of these titles is reflected in AAP statistics which show that most publishers amortize their plant costs for ElHi books over an average 5-year period. As a general practice, publishers treat plant costs differently, depending upon the life of the title of the book for which they were incurred. For books that are expected to sell for only 1 year, plant costs are expensed. For books that are expected to sell for several years, plant costs are treated as an investment in inventory and amortized over a 3- to 7-year period. When publishers expense plant costs, they are usually treated as a manufacturing expense and included in the cost-of-sales section of publisher operating ratios, usually as a manufacturing expense. When publishers amortize these costs, plant costs are included under operating expenses as a separate line item. This practice of amortizing plant costs as opposed to expensing them is not commonly done for any other sector of book publishing except college text books.

Another feature of ElHi demand predictability is the timing of demand. The dates when books are ordered and when they are needed at the school are dictated by the school calendar. Usually schools place orders in the winter and spring for books that must be delivered the next September.

This is not to say that publishers know exactly the number of books they will have to deliver before ordering a print run. Not only do orders occasionally arrive late, but also publishers must arrange for paper and printing time well in advance of receiving the orders. Consequently, publishers frequently are left with extra copies in inventory and occasionally find themselves short of copies by July; publishers must then order a rush printing. However, the amount of error is less than in many other sectors of the publishing industry.

For an ElHi book to be purchased, most local school authorities require that the book go through an approval system usually referred to as adoption. Most of the 16,000 local school districts in the United States have their own adoption procedures. However, in 23 States, mostly in the South and West, adopting a textbook series must first occur on the State level, and only afterward can the book be considered for approval and purchase on the local level. Some of these States are large—for example, Texas, California, and Florida. One consequence of the centralized adoption decision by large States is that the choices of these large States can affect textbook choices everywhere. If a large State like Texas turns down a book, the likelihood of a publisher making a profit on that book decreases significantly. Hence, publishers take care to have their books adopted in these States. This concern over the ability of a few States to make or break an ElHi investment is heightened by the large size of the investment in ElHi books.

Usually, the battles over Statewide textbook adoption focus on what might be called the ideology of a book. These have concerned, for example, the way minorities, women, and creation are presented. 1/

If, however, some publishers were to go overseas, Buy American groups might attempt to influence the adoption decision on the basis of whether a book is printed overseas or in the United States. 2/ Because of the expensive

1/ Little attention so far has been focused upon book cost or physical characteristics of books. This is probably because costs do not differ greatly among publishers and because the physical requirements of the product are carefully standardized by the purchasing agency ahead of time, and most publishers meet them without difficulty. An Advisory Commission on Textbook Specifications (ACTS), made up of representatives from the Association of American Publishers, Book Manufacturers Institute, and the National Association of State Textbook Administrators, meets occasionally to revise the "Bible" of textbook production requirements, the "Manufacturing Standards and Specifications for Textbooks." See "Textbook Publishers, Manufacturers Blue Pencil Manufacturing Bible," Publishers Weekly, Mar. 5, 1982, pp. 51-54.

2/ Several school authorities currently have a "5-percent rule," which requires purchasing domestic products as long as the domestic product price is not greater than 5 percent above the price of the foreign-made product. The 5-percent rule usually applies to construction materials, school buses, and so forth. None of the school authorities contacted in connection with this study were aware of the rule being applied to book purchases.

investment and large amount of damage that losing adoption in one large State could do to that investment, publishers may be reluctant to print outside the United States, even if cost and other factors would lead them to do so.

College textbooks.--College textbooks are usually sold in bookstores to students. Although students purchase, the books are usually marketed to college professors by publisher sales representatives. In 1981, the Department of Commerce estimated that college textbook sales reached \$1.1 billion, or 14 percent of total book sales.

Most of the sales of college textbooks take place at the beginning of a semester in September and February. The cycle of printing, ordering, and selling college textbooks is arranged around these two high-sales months. College texts are usually ordered by the course professor from June through August for the semester that begins in September and from December through January for the semester that begins in February. Because publishers usually must print books prior to the time when the orders arrive, publisher orders for print size are based on demand estimates, and not on actual orders.

Unlike the trade book sector, where a high proportion of the books in a publisher's list is new, college textbook publishers usually have several years of experience selling most of the titles on their college lists. AAP statistics show, for example, that in 1981, three-quarters of all the books sold were from the backlist. Table 28 also shows that the percentage of college textbooks going into second and third printings does not decline as sharply as with trade books. Consequently, college textbook publishers usually have a much clearer notion of the market demand for a book than do trade publishers.

Market research surveys also help college textbook publishers anticipate demand. Prior to printing a new introductory college textbook in psychology, for example, a publisher can estimate the potential market based on demographic data and based on an analysis of the market shares of other psychology texts aimed at the introductory level. Furthermore, the extensive professor contacts maintained by the publisher's college sales representatives also provide market information on the likely receptivity of a new book.

However, a publisher's ability to anticipate demand is far from perfect. AAP statistics on the ratio of books returned to books sold show that approximately one out of every six college textbooks sent to a bookstore is returned to the publisher. Nonetheless, unlike trade books, of which high returns usually signal the death of a title, high returns in college publishing may mean only that a title has been temporarily oversupplied to a particular store. This can happen because students find alternatives to purchasing a book, i.e., by using a library copy, sharing a book, or, increasingly, purchasing a used book instead of a new one. A publisher wants to keep inventories low. Returns, in addition to adding to shipping costs, also reflect funds invested in idle stock until the returned books are purchased by an alternative buyer.

The cycle of printing, ordering, and selling allows a college textbook publisher to assess the inventory situation before a new printing has to be ordered. Hence, books returned after the February selling season can be deducted from the amount to be ordered for the semester that begins in the following September.

Professional books.--According to AAP statistics, sales for professional books, including technical, scientific, business, medical, and other disciplines, totaled \$1.14 billion in 1981. ^{1/} This represents about 15 percent of the total U.S. market for books.

About half of all professional books are sold directly to consumers and libraries. Most of the remainder are sold in bookstores or exported. The exports from this sector amounted to almost 20 percent in 1981, making the U.S. professional book sector the most established in foreign markets.

Because the market is limited, most professional books--70 percent according to the publisher's responses shown in table 28--are usually printed in quantities of less than 5,000 copies.

Compared with trade books, professional books enjoy a very short and predictable demand. The number of potential buyers of a particular title is directly related to the number of people who actively practice or teach a profession or to the number of companies in a particular field. Frequently, membership rosters of professional societies and subscription lists of journals in the field define the likely purchasers. Reflecting this targeted approach to marketing, a relatively large amount of money, amounting to 5 percent of net sales, is devoted to catalog and other forms of mail marketing.

Subscription reference books.--Subscription reference books (SR's) are primarily sets of encyclopedias and other reference materials, such as dictionaries, atlases, sets of classics, and so forth. SR books usually are sold door-to-door or by direct mail.

In 1981, SR sales constituted 5 percent of the U.S. book market. The extremely high price per unit sold (\$330) indicates that most units were multivolume sets, probably encyclopedias.

Most SR's are demanded in large and predictable quantities. For example, major encyclopedias are printed in amounts of from 50,000 to 250,000 annually. Another indication of the predictability of demand is that book returns from the consumer, unlike in most sectors of the publishing industry, are almost nonexistent. Table 28 shows that most SR demand is met with one large printing.

Most encyclopedias are published annually. Because consumers are unlikely to purchase last year's volume without a large price discount, releasing a new edition annually means that time pressure exists to have the current year's edition available for purchase by January. Presently, most encyclopedias are revised and set for printing by November or December.

^{1/} AAP figures for professional books exclude law book sales, which, historically, publishers have failed to supply to the AAP.

Religious books.--The religious book market is usually divided into two types of books. Bibles, Testaments, hymnals, and prayerbooks make up one type, and other religious books, whether fiction or nonfiction, make up the second type. In 1981, sales of all religious books totaled \$360 million, or about 5 percent of total book sales. About \$171 million of this amount consisted of sales of Bibles, Testaments, hymnals, and prayerbooks; the remainder came from sales of other religious material.

Demand for Bibles and Testaments is probably the most predictable of all the demand patterns that book publishers face. If a Bible translation is a popular one, it may stay popular for decades or centuries. After a few years of experience with the product, a publisher can print Bibles in the appropriate run size and be reasonably sure that the stock will eventually be purchased.

The King James version (KJV) of the Bible is an example of a book that cannot be protected by U.S. copyright. ^{1/} The approximate size of the domestic market and the import value of all Bibles can be estimated from industry sources and from import statistics. The level of imports as a proportion of the domestic sales is shown in the following tabulation:

<u>Item</u>	<u>1981</u>
Imports of Bibles and prayerbooks-----million dollars--	5.3
Domestic sales of Bibles, Testaments, hymnals and prayerbooks-----million dollars--	171.1
Estimated domestic KJV sales-----do-----	50.0
Ratio of imports to domestic sales of Bibles, testaments, hymnals and prayerbooks-----percent--	3.1%
Ratio of imports of Bibles and prayerbooks to estimated KJV sales-----percent--	10.0%

As can be seen, the foreign market share is very low in a market where demand levels are well known and where long printing runs are common. Also, estimated KJV Bible sales as a proportion of imports of Bibles, Testaments, and prayerbooks are low. The 10-percent market share of imports of Bibles, Testaments, and prayerbooks probably includes very few KJV Bible imports and so even that low share overstates the extent of foreign imports of KJV Bibles.

^{1/} In the United States, the King James version of the Bible is in the public domain because the translation dates back to the 16th century. However, in the United Kingdom, a royal patent was granted in 1577 which today, in effect, precludes the imports of KJV Bibles into the United Kingdom unless the imports are printed by Oxford University Press, Cambridge University Press, Wm. Colling and Co., Ltd., or Eyre and Sportswoode, Co.

Book-Manufacturing Characteristics

Sales and geographic concentration

According to the 1977 Census of Manufactures, sales in the book-printing industry were relatively unconcentrated. The largest 4 firms together accounted for only 25 percent of sales, and the largest 20 firms together accounted for about 50 percent of industry sales.

Book printing is geographically concentrated along the eastern seaboard and in the Midwest. According to the 1977 data, about 28 percent of book printers' receipts were reported by companies located in the Northeast, and 26 percent, by companies in the Midwest.

Printing and binding

The Annual Survey of Manufactures divides the book-printing industry according to the printing process used, and whether the printer also binds books. In 1980, 76 percent of book printing sales consisted of books printed by the lithographic process, and 57 percent were bound by the same company that printed them. The Annual Survey of Manufactures also provides data on book-binding firms which do not print books. Total sales in 1982 by these firms totaled \$758 million. According to the most recent Annual Survey of Manufacturers, about one-third of the binders' sales are for hardbound books, and about half are for paperback and pamphlet binding. In 1982, this industry employed about 32,000 people.

The following tabulation shows sales by printing and binding firms.

Books: Sales by printing and binding firms, by types and by printing processes uses, 1977-80

(In millions of dollars)

Category	1977	1978	1979	1980
Printing:				
Books, printing only, lithographic-----	173.0	203.0	193.1	199.6
Books, printing binding, lithographic-----	980.0	1,135.7	1,218.0	1,395.8
Books, printing binding, other than lithographic-----	158.5	156.5	245.6	245.1
Pamphlets, workbooks, tests, printing and binding-----	358.5	414.2	429.6	458.6
Book printing, not separately classified-----	160.5	184.4	106.2	128.3
Total-----	1,830.6	2,094.0	2,192.4	2,427.4
Binding and related work:				
Edition, library, other hard cover bookbinding-----	172.3	184.4	211.2	241.1
Other book, pamphlet, and related binding-----	253.3	291.8	339.2	380.2
Bookbinding and related work, not separately classified-----	82.4	79.1	133.1	144.4
Total-----	508.0	555.2	683.5	765.7

Source: U.S. Department of Commerce, Annual Survey of Manufactures, 1977-80.

Costs

The principal resources used in book manufacturing are paper and labor. To understand how these two elements affect the cost of making a book, a questionnaire was sent to book manufacturers asking printers to provide cost data for three books without any color printing, three with color printing, and one mass-market paperback. The only usable responses to this question were from printers producing books without color.

The physical specifications of the three books without color were chosen to provide a basis for showing the significance of paper and labor costs. The three books represent typical non-mass-market paperback books in terms of the number of pages, quality of paper and cover, trim size, and fulfillment instructions. The specifications of the three books differ with respect to the types of covers and binding as shown in the following tabulation:

<u>Book</u>	<u>Cover</u>	<u>Binding</u>
Book 1-----	Hardcover-----	Adhesive.
Book 2-----	do-----	Sewn.
Book 3-----	Paperback-----	Adhesive.

By varying a few important specifications about cover and binding, changes in price, paper, and labor can be observed. A summary of the data received is shown in table 29.

Printing paper costs.--It is widely agreed that printing paper is the single most costly component of a book. For most books, paper is 30 to 60 percent of the book manufacturing costs.

In the books used as examples for the cost question, paper cost constituted between 24 and 55 percent of the per book cost. In general, the lower the per book cost, the greater was the proportion of paper cost.

Books: Paper costs and total book costs, by specified types
and by numbers of copies run, 1982

Item	Book 1	Book 2	Book 3
2,000 copies			
Paper cost per book-----	\$0.68	\$0.72	\$0.68
Book cost-----	2.69	2.92	2.31
Paper cost as a share of book cost			
costs-----percent-----	25	24	29
5,000 copies			
Paper cost per book-----	\$0.56	\$0.55	\$0.56
Book cost---(dollars)-----	1.79	1.98	1.46
Paper cost as a share of book cost			
costs-----percent-----	31	27	38
10,000 copies			
Paper cost per book-----	\$0.52	\$0.52	\$0.52
Book cost-----	1.49	1.65	1.16
Paper cost as a share of book cost			
cost-----percent-----	34	32	44
25,000 copies			
Paper cost per book-----	\$0.49	\$0.49	\$0.49
Book cost-----	1.29	1.41	.94
Paper cost as a share of book cost			
cost-----percent-----	37	34	52
50,000 copies			
Paper cost per book-----	\$0.48	\$0.47	\$0.48
Book cost-----	1.20	1.32	.87
Paper cost as a share of book cost			
cost-----percent-----	40	36	55

Source: Obtained from data submitted in response to questionnaires of the U.S. International Trade Commission.

Labor.—Printers were also asked in the questionnaire to provide the labor hours and hourly compensation rates for the different tasks required to manufacture the specified books. By multiplying the hours required by the average hourly compensation rates for these tasks, the approximate labor costs for each book and for each task was obtained. This information is also shown in table 29. The average printer's labor costs varied between 9 and 19 percent of the per book price of the three books specified in the questionnaire. In contrast to paper cost increasing as a share of total cost when the size of the run increases, the proportion of labor costs per book decreases as the run size increases.

Books: Labor costs and total book costs, by specified types of books and by numbers of copies run, 1982

Item	Book 1	Book 2	Book 3
2,000 copies			
Labor cost per book-----	\$0.46	\$0.54	\$0.39
Book cost-----	2.69	2.92	2.31
Labor as a share of book cost-----percent--	17	19	17
5,000 copies			
Labor cost per book-----	\$0.27	\$0.32	\$0.20
Book cost-----	1.79	1.98	1.46
Labor as a share of book cost-----percent--	15	16	14
10,000 copies			
Labor cost per book-----	\$0.20	\$0.25	\$0.14
Book cost-----	1.49	1.65	1.16
Labor as a share of book cost-----percent--	13	15	12
25,000 copies			
Labor cost per book-----	\$0.18	\$0.20	\$0.09
Book cost-----	1.29	1.41	.94
Labor as a share of book cost-----percent--	14	14	10
50,000 copies			
Labor cost per book-----	\$0.14	\$0.18	\$0.08
Book cost-----	1.20	1.32	.87
Labor as a share of book cost-----percent--	11	14	9

Source: Obtained from data submitted in response to questionnaires of the U.S. International Trade Commission.

Other costs.--In addition to paper and production labor, printers' other cost items are equipment; plant overhead; materials such as glue, ink, film, plates, and cover boards; and administrative and selling expenses. Administrative and selling expenses also include labor expenses not included in the direct-labor data requested in the questionnaire. However, as a share of the direct production labor, indirect, nonproduction labor is comparatively small. According to the 1980 Annual Survey of Manufactures, only about one-fifth of the workers in book manufacturing are in nonproduction jobs. According to a survey from the Printing Industries of America, about one-fourth of book printers' personnel expenses are for administrative and sales personnel. 1/

The economics of book manufacturing

Seven factors, particular to each book, affect the cost of a book-printing run: book trim size, number of pages, quality of paper, quality of cover, type of binding, use of color, and size of run.

In spite of the numerous individual cost factors of each book-printing run, some generalizations about book-printing costs can be made using the annual estimates of the Book Industry Study Group (BISG). The BISG's most recent estimate is that the average cost of manufacturing a book in 1981 was about \$1 (table 30). This cost varied greatly, however, from \$0.30 for a mass-market paperback book to \$6.00 for a hardcover, professional book.

Table 31 shows the book-manufacturing costs ranked from highest to lowest and provides a basis for some generalizations about the physical characteristics that make a book expensive or inexpensive to print. For example, in 1981, most of the least costly books, those under \$1, were paperbacks. Furthermore, many of the least costly books are usually printed in long runs (e.g., for book clubs, the mass market, and the juvenile market). Another factor contributing to their lower relative cost is the usually lower quality of the cover, binding, and paper used in these kinds of books. On the other hand, the costly books are mostly hardcover books printed in short runs. The covers, bindings, and paper are all likely to be of high quality, and these books frequently contain color illustrations.

Long runs.--Questionnaire responses by printers show the significant cost savings from long printing runs. When the printing of a specific book run was increased from 2,000 to 5,000 copies, the price per book dropped 32 percent. In going from 5,000 to 25,000 copies, the price per copy dropped another 23 percent.

1/ Printing Industries of America, 1982 Financial Ratios: Book Manufacturer's Ratios, p. 21.

Cost savings from increasing run sizes come from (1) makeready costs, (2) using more efficient presses on longer runs, and (3) preparation and plate-making.

Makeready costs originate in the printer's need to adjust printing, binding, and other equipment before each book run to fit the specifications of the book to be printed. According to one industry source, as much as 25 to 30 percent of all printing time is devoted to adjusting printing machinery. The questionnaire responses are consistent with this estimate. According to the replying printers, the labor hours needed on the printing presses on a per book basis were almost halved going from 2,000 to 5,000 copies. The amount was almost halved again going from 5,000 to 50,000 copies, as shown in the following tabulation:

Run size	Press labor hours per book		
	Book	Book	Book
	1	2	3
2,000-----	.0073	.0075	.0087
5,000-----	.0043	.0043	.0049
10,000-----	.0037	.0039	.0042
25,000-----	.0027	.0027	.0029
50,000-----	.0023	.0024	.0025

Another cost associated with the makeready cost is spoilage. Spoilage in book printing refers to the material--e.g., paper and binding board--damaged or discarded in the printing process. A major source of spoilage occurs during the makeready adjusting period, when printers frequently must run trial runs to adjust equipment correctly. In adjusting the presses, considerable material may be damaged. The questionnaire responses show, for example, that in going from 2,000 to 5,000 copies the per book, paper cost dropped from 63 to 52 cents, and to 47 cents for 50,000 copies.

A second source of savings on long runs comes from using more efficient roll-fed presses in place of sheet-fed presses. Sheet-fed presses are easier to adjust, and therefore have lower spoilage costs. However, sheet-fed presses print more slowly, and preparing paper for sheet-fed presses requires the added expense of cutting the rolled paper into sheets.

Roll-fed presses, on the other hand, are up to five times faster than the sheet-fed presses, but they usually are more wasteful of paper. Hence, a common practice in printing is to use sheet-fed presses for run sizes below 5,000 copies--i.e., short runs. For run sizes above about 25,000 copies, web-fed presses are clearly preferable. For the range of 5,000 to 25,000 copies, printers are increasingly relying on roll-fed presses especially designed for these medium-size runs.

A third source of savings on long runs comes from plant costs, which are fixed costs usually incurred only for the first printing. With plant costs, a publisher purchases such prepress items as composition (also called typesetting), plates, dies, and art work for illustrations and jacket. Some plant work is done by the book printers, e.g., preparation and platemaking. The labor data needed for this work were requested in the questionnaire. As can be seen from table 28, the average prepress labor cost does not change as the print run size increases.

Other types of plant work, such as composition and color separation, are usually done by firms not involved in printing and binding. The costs of composition and color separation vary, depending upon whether a book contains such special features as color illustrations or mathematical formulas. The more pages with such special features, the greater will be the plant costs. For example, an art book which is heavily color illustrated of only 120 pages could have color separation work costing between \$5,000 and \$15,000 (\$40 to \$125 per page), depending upon the quality of work. On the other hand, for a 320-page novel with no illustrations, the plant costs may be as low as \$2,000 (\$7 per page).

Book covers and bindings.--In addition to long runs, two other major cost elements separating costly books from inexpensive books are the type of cover (i.e., hardcover or paperback) and the type of binding (i.e., sewn or adhesive).

Hardcover books require additional materials and labor compared with paperback books. Hardcover books usually have pressed boards wrapped in cloth. Also, the pages have to be trimmed and the book back rounded. Often, the top of the book's pages are stained, reinforced gauze is mounted to the spine of the book, headbands and footbands are attached to the book's top and bottom, and jackets are placed on the books.

In the questionnaire responses, the printer's per book cost (paperback) increased between 16 and 37 percent when the cost of the same book was estimated in a hardcover, as the following tabulation shows:

Run size	Price		Price difference	Difference as a share of book 3 price
	Book 1 (hardcover, adhesive-bound)	Book 3 (paperback, adhesive-bound)		
				Percent
2,000-----	\$2.69	\$2.31	\$0.38	16
5,000-----	1.79	1.46	.33	23
10,000-----	1.49	1.16	.33	28
25,000-----	1.29	.94	.35	37
50,000-----	1.20	.87	.33	37

Because adhesive binding can be done by more automated processes and hence more quickly with less labor than sewn binding, adhesive binding is usually a less costly method. According to the Congressional Research Service, adhesive binding machines produce between 100 and 240 books per minute; sewing binding machines can produce only between 100 and 200 books per hour. ^{1/} The questionnaire responses show that the price of a sewn hardcover book fell between 9 and 11 percent when the same book was bound by adhesives. Sewn binding is used primarily for large books when adhesive binding is not sufficiently strong and also for ELHI textbooks when durability under wearing conditions requires its use.

The following tabulation shows the printer's per book cost (hardcover) of adhesive-bound and sewn-bound books:

Run size	Prices		Price difference	Price as a share of book 1 price
	Book 1 (hardcover, adhesive-bound)	Book 2 (hardcover, sewn-bound)		
				Percent
2,000-----	\$2.69	\$2.92	\$0.23	9
5,000-----	1.79	1.98	.19	11
10,000-----	1.49	1.65	.16	11
25,000-----	1.29	1.41	.12	9
50,000-----	1.20	1.32	.12	10

Color work.--Another important factor raising the cost of a book is whether the book contains color illustrations. One source of the increase is the prepress color separation work discussed earlier. As mentioned, the cost for color separations for an art book ranged between \$45 and \$125 per page, depending upon the quality of the work.

Another source of increasing cost with color work comes from the lithographic printing process, which requires that each signature with color pass several times over the presses. This requires both more labor and more paper. For example, the paper cost rose between 25 and 40 percent when the books specified in the questionnaire required one signature of full-color work. Furthermore, the labor cost increased threefold on both the prepress and press work at 10,000 copies. At 50,000 copies, prepress labor was still three times more for color than for noncolor work, and the amount of press labor doubled.

^{1/} Congressional Research Service, Economic Concerns Relating to the Elimination of the Manufacturing Clause of the U.S. Copyright Law; An Economic Analysis, Report No. 81-178E, Apr. 30, 1981, p. 28.

Not surprisingly, the printer's price per book rose rapidly in going from one-color to full-color work. At 10,000 copies, the prices for all books approximately doubled, and at 50,000 copies, the prices were roughly 50 percent higher than the price for the one-color book.

Mass-market paperback book costs.--According to the Book Industry Study Group, the average estimated cost of a mass-market paperback book (MMPB) in 1981 was 30 cents per book. One reason for this low cost is that the manufacturing process is relatively more capital intensive than that of other books, because large run sizes--frequently above 50,000 on a first printing and seldom below 10,000 on a reprinting--are characteristic of MMPB's.

Another reason for low MMPB book costs is their book binding, the most labor intensive part of the production line. With MMPB's, the binding process is the use of almost completely mechanized. A further factor contributing to low MMPB cost is the use of paper which is a low, almost newspaper quality, grade.

According to the questionnaire responses, the cost of paper used in MMPB's was less than one-third the cost of paper used in the other books. The labor used in binding MMPB's was also reduced to about one-third of that required for the comparable non-MMPB paperbacks.

Newspapers, Periodicals, and Miscellaneous Publishing and Commercial Printing

The products covered in this section are included in the Bureau of the Census SIC group 27 printing and publishing, shown in table 32. Included here are all the industries listed in SIC group 27 except the industries servicing the printing industries (e.g., engraving and plate printing, bookbinding, typesetting, photo engraving, electrotyping and stereotyping and lithographic platemaking services) and book printing and publishing. The service industries are excluded here, because if they were to be affected by withdrawing the manufacturing clause, the effect would be indirect, and such indirect effects are treated later.

Industrial structure

Table 32 shows employment, receipts, and sales concentration ratios for the SIC industries in printing and publishing. With the exception of greeting cards, the statistics show that the printing industries are not particularly concentrated. Only in the greeting cards and some sectors of the miscellaneous publishing industry do the four largest firms together have more than a 30-percent share of receipts.

This lack of sales concentration is also reflected in the absence of geographic concentration of manufacturing activities. According to the 1977 Census of Manufactures, the sources of most products in this section followed such a dispersed pattern that, with only two exceptions, no one State produced more than 15 percent of the total sales value of a particular product. The two exceptions were labels and wrapper printing, where 21 percent of the industry's receipts came from Illinois, and financial and legal printing, where New York constituted 25 percent.

Characteristics of printed materials

Some characteristics of these products make most of them unlikely to be affected by withdrawing the manufacturing clause. For example, many of these products are preponderantly pictorial, and as previously discussed, are not covered by the manufacturing clause. For others, copyright protection is not important. In other cases, many products have timing or service requirements that make their printing overseas very unlikely.

Pictorial material.--Beginning in 1978, the manufacturing requirement has applied to "works consisting predominantly of non-dramatic literary material in the English Language." The definition of "non-dramatic literary material" is complex and whether a particular printed item consists predominantly of non-dramatic literary material must be decided on a case-by-case basis. The deciding criterion has frequently been stated as "whether the nondramatic literary material exceeds the other material in importance." Hence, if the former occupies more space than the latter, or if pictorial material merely illustrates the textual narrative, the work is probably covered by the clause. Conversely, if the literary material consists only of short textual material, the work will not be subject to the manufacturing requirements. A rule of thumb used by the U.S. Customs Service is that the manufacturing clause does not apply when the space occupied by the pictorial matter exceeds the space occupied by the textual material.

Copyright registration or claim.--The manufacturing clause may not be relevant to many of the individual products considered as commercial printed matter, because copyright protection for these products has little or no value. This is because the economic purpose of the copyright--to secure creators a monopoly over their creation--is not relevant for all printed matter. Whether the monopoly right actually provides the creator market power to reap financial benefits depends upon whether a particular creation enjoys a strong demand and whether the creation can be satisfactorily replaced by another creation. If demand is strong and a replacement does not exist, the monopoly right has economic value. For example, the copyright monopoly of the creator of a current bestselling novel confers market power, because readers want the book and also have a strong preference for that particular title; readers do not want to read another novel. If this author did not secure the monopoly by copyright, others could "pirate" the creation and take away financial benefit otherwise conferred by the copyright. In contrast to a bestselling novel, many pieces of printed matter do not have this level of exclusivity, and substitutes may abound. Hence, the mere fact that something is printed and qualifies as a creation under the copyright law does not imply an economic need for copyright protection.

In general, when the copyright is important to the owner, the product is registered for copyright purposes with the Library of Congress. To writers and publishers of books, for example, the copyright monopoly is very important, and almost all books are registered for copyright. If a dispute arises about ownership, the Library of Congress registration provides the proof.

Another way of showing copyright is to print a circled "c", the date, and name of the creation's owner. This is a less secure way of insuring copyright protection, and this method is usually used in cases where the copyright is unlikely to confer strong economic advantage.

Although the Library of Congress has no way of knowing how often copyright protection is claimed, it does publish statistics on the type of printed matter registered for copyright purposes. These data suggest which items are considered important enough by their owners to register for the copyright. Table 33 shows the subject matter of copyright registration for the years 1970, 1975, and 1978-81.

Timing and service factors.--Many printed products require very rapid turnaround from the time a printing job is requested to when the finished product is needed. Many others are small printing jobs for which the convenience of a local printer is essential. The lack of geographical and sales concentration in the printing industries probably reflects the rapid turnaround and the service needs of printing customers.

Printing industries and product characteristics

Miscellaneous publishing.--Miscellaneous publishing consists of establishments primarily engaged in publishing activities, but which might also be printers as well. To the extent these establishments are dedicated to publishing, they legally are not affected by the manufacturing clause, because the manufacturing requirement applies only to printing and binding. Also, in a more fundamental sense, publishers are less likely to be adversely affected by withdrawing the manufacturing clause than printers, because publishers, like their book-publishing counterparts, need to be closely in touch with both the creators of their publishing material and the market for their publishing material, and this requires close physical proximity to both.

Most of the items in miscellaneous publishing, such as catalogs and directories, also appear under miscellaneous commercial printing; their product characteristics are discussed below.

Newspapers and periodicals.--Almost 10,000 newspapers and 11,000 periodicals were published in the United States in 1981. The more timely the news content and advertising in a newspaper and periodical, the less likely that the publication would be printed abroad. One measure of timeliness is the frequency of publication. About 98 percent of all newspapers were published weekly or more frequently. Periodicals have the luxury of some additional time; however, almost two-thirds and over 90 percent of all issues are published monthly or more frequently, as shown in the following tabulation for 1981:

<u>Newspapers</u> ^{1/}	Number in 1981:	9,676
	Daily	1,747
	Semiweekly	508
	Weekly	7,238
	Other	183
<u>Periodicals</u>	Number in 1981:	10,873
	Weekly	1,921
	Semimonthly	667
	Monthly	4,199
	Bimonthly	1,193
	Quarterly	1,484
	Other	1,409

Most newspapers have to carry a large proportion of timely news and advertising, regardless of when the newspapers are published. The need for timeliness requires that editorial, advertising, and layout departments be closely related to the press operators. As one newspaper editor put it, all the departments of a newspaper must work together as a unit. Communicating over long distances would hamper this ability.

Timeliness also requires proximity between the press and the newspaper market to avoid potential delays in reaching the readers. Hence, even national newspapers such as USA Today and the Wall Street Journal try to do their printing close to their markets.

Weekly, semiweekly, and monthly periodicals face time constraints similar to those of newspapers. Bimonthly and quarterly periodicals do not have to be as timely with regard to their news content, but their advertising deadlines usually allow for little extra time for distant printing.

Three monthly magazines published in the Washington, D.C., area were contacted in connection with this study. The three have news and advertising deadlines of approximately 2 months before publication date, but they frequently insert and withdraw news and advertisements at the last minute, requiring the flexibility of close contact with the printer.

Printing a periodical overseas would require publishers to face the significant additional risks of serious timing errors caused by such difficulties as customs clearance, strikes, and printing errors. Such problems could cause the publisher to lose advertising revenues and subscribers.

Catalogs.--Catalogs are pamphlets or books usually consisting of 16 or more pages, and usually designed primarily to sell products or services. Most catalogs are preponderantly pictorial and, hence, may be manufactured abroad or in the United States, regardless of the manufacturing clause. The preponderance of pictorial matter was demonstrated statistically in a study

^{1/} Ayer Press, Ayer Directory Publications, 1982.

done jointly by the Printing Industries of America, Inc. (PIA), and a consulting firm, Strategic Futures, Inc. (SFI). ^{1/} The PIA/SFI study divided catalogs into seven categories and examined catalogs in each category to determine their major physical characteristics. Among the characteristics they studied was the proportion of catalog page area devoted to pictorial matter compared with that for textual matter. The results of the PIA/SFI study on the relationship of textual and pictorial matter are shown in the following tabulation:

<u>Catalog market</u>	<u>Share of total catalog page space devoted to pictorial matter (percent)</u>
Major catalog merchandisers (Sears).	70 to 75
Specialty mail order firms (Eddie Bauer).	50
Retail merchandisers (Department stores).	75 to 90
Catalog showrooms (Best and Co.).	65 to 75
Premium and incentive merchandisers (S&H Green Stamps).	65 to 75
Home-services firms (Fuller Brush).	50 to 80
Producers of consumer and industrial products:	
Catalogs to consumers-----	70 to 90
Catalogs to dealers-----	10 to 30

Because of the high proportion of pictorial matter in catalogs, they can be printed outside the United States without fear of losing copyright protection. Nonetheless, when the PIA/SFI researchers asked the catalog merchandisers why they do not print their catalogs overseas, the merchandisers universally answered that they could not rely on offshore printing. One of the reasons the catalog publishers do not want to print abroad is the strict timing schedules they face both in the preprinting stage and in their printing and distribution stages.

^{1/} Printing Industries of America, Inc., and Strategic Futures, Inc., The Future of Catalog Marketing and Production: Trends and Critical Developments 1980-1982, PIA Multiclient Study 2, 1981.

With regard to printing and distributing their catalogs, publishers must be sure the catalogs are received by customers on time to avoid missing selling opportunities. Selling opportunities usually are tied to major selling seasons such as Christmas and the Fourth of July. Regarding the preprinting stages, publishers frequently need to wait until just before printing for last-minute price changes. Sometimes they are constrained by inventory problems or the late arrival of samples for photographing.

Directories.--Approximately two-thirds of all directories are telephone directories. The economic need for copyright protection is very low for printed matter that is usually distributed free of charge. ^{1/} Without being paid for over 99 percent of the directories that are printed, telephone companies have little economic need to achieve the monopoly market power that potentially can be conferred by copyright protection.

The remaining nontelephone directories are mostly found in the Directory of Directories, which lists over 6,000 directories, most of which were published over the last four years. These directories cover a variety of subjects. Some, like the Nepal Trade Directory, are printed abroad, and some, like the Buyers Guide to American Crafts, are distributed free. Most, however, are probably subject to the restrictions of the manufacturing clause, just as books are.

Manifold business forms.--According to industry sources, less than 1 percent of manifold business forms bear a copyright claim. The sources confirmed that the economic monopoly conferred by copyright protection has little value for this product, because alternative forms abound.

Financial and legal printing.--About 75 percent of financial and legal printed material consists of Securities and Exchange Commission filings and prospectuses, annual reports and other corporate financial printing, insurance forms, security certificates, and legal briefs. For most of this material, copyright protection has no value, because the publications are given away. Furthermore, most of these items are required within very short deadlines. One major printer of financial and legal material in New York City said that the average turnaround time from receipt of a draft to final printing is less than 1 week.

Advertising printing.--Many advertising printing items, such as direct-mail advertising, brochures, pamphlets, and market circulars, usually do not contain a copyright claim. Other types of advertising, such as newspaper and magazine inserts, need to be supplied on a timely basis as do the products into which they are inserted. Finally, advertising products such as posters and counter and floor displays are often preponderantly pictorial.

^{1/} Some telephone directories (less than 1 percent of the total distributed) are sold to purchasers in distant cities. For example, the Washington, D.C., directory is sold to New York City residents who wish, probably for commercial reasons, to have a copy.

Greeting cards.--Greeting cards generally are not subject to the manufacturing clause; they usually consist of four pages, only one of which may be considered literary material. On the front page, a picture or design often predominates. The second page is left blank, and the third page has a message. The last page usually is mostly blank except for the manufacturer's name and some other information such as price, place of manufacture, copyright claim, and so forth.

THE FOREIGN PRINTING AND PUBLISHING INDUSTRY

World Trade in Printed Matter

Most of the world trade in printed matter is between the developed nations of North America and Europe. In general, the major exporting countries are also the major importing countries. Books and pamphlets are the major articles of printed matter traded; in 1981, they accounted for \$3.2 billion, or 43 percent of total world exports of printed matter of \$7.5 billion. World exports of newspapers and periodicals in 1981 amounted to \$1.5 billion, or 20 percent of total exports of printed matter. Exports of other printed matter amounted to \$2.8 billion in 1981, and accounted for 37 percent of total exports of printed matter.

World exports of printed matter during 1977-81 increased from \$4.7 billion in 1977 to \$7.9 billion in 1980, before dropping to \$7.5 billion in 1981, or by 58 percent overall (table 34). The United States and West Germany were the leading exporters, with each taking a 17-percent (\$1.3 billion) share of the world export market in 1981. West Germany's market share remained stable during 1977-81; however, the U.S. share increased from 14 percent in 1977-80 to 17 percent in 1981. Other exporting countries of note include the United Kingdom (with a 12-percent share in 1981), France (10 percent), and Italy (6 percent). Other than the United States, no country showed a significant gain in market share during 1977-81.

The following tabulation indicates the market share in 1981 for the the top 10 exporting countries of printed matter (SITC 892) and their market share of exports of books and pamphlets (SITC 892.11), newspapers and periodicals (SITC 892.2), and all other printed matter (SITC 892.12, 892.13, 892.3, 892.4, and 892.9) (tables 34, 35, 36, and 37) (in percent):

Source	SITC (Rev. 2)			
	Printed matter (892)	Books and pamphlets (892.11)	Newspapers and periodicals (892.2)	All other printed matter (892.12, 892.13, 892.3, 892.4, and 892.9)
United States-----	17	22	18	12
West Germany-----	17	11	22	22
United Kingdom-----	12	15	6	13
France-----	10	8	16	9
Italy-----	6	4	8	7
Spain-----	5	10	2	2
Netherlands-----	5	4	4	5
Belgium-Luxembourg--	4	4	6	4
Switzerland-----	4	4	2	4
Japan-----	3	2	2	4

World exports of books and pamphlets increased from \$2.0 billion in 1977 to \$3.2 billion in 1981. Of the major exporting countries, only the United States, the leading exporter, significantly increased its world export market share, from 16 percent in 1977 to 22 percent in 1981. The share exported by countries of the European Community decreased from 51 to 48 percent during that period; the share supplied by the Pacific Basin countries increased from 5 percent in 1977 to 7 percent in 1981.

France, which increased its market share from 13 percent in 1977 to 16 percent in 1981, was the only major exporter of newspapers and periodicals to show an increase in market penetration. West Germany upped its market share of exports of all other printed matter from 19 percent in 1977 to a high of 23 percent in 1980, before falling back to 22 percent in 1981. The United States increased its share from 10 percent in 1977 to 12 percent in 1981. The share of other major countries remained nearly constant.

World imports rose significantly during 1977-80, from \$4.8 billion to \$8.4 billion, and then fell markedly to \$6.7 billion in 1981, representing a 40-percent increase overall from 1977 to 1981 (table 38). The leading importers were Canada and France, each with a 12-percent market share in 1981, followed by the United States (11 percent), the United Kingdom (9 percent), and West Germany (7 percent). There were no significant changes in market share during 1977-81 for any of the major nations.

The following tabulation indicates the market share for the top 10 importing countries of printed matter (SITC 892) in 1981 and their market share of imports of books and pamphlets (SITC 892.11), newspapers and periodicals (SITC 892.2), and all other printed matter (SITC 892.12, 892.13, 892.3, 892.4, and 892.9) (tables 38, 39, 40, and 41) (in percent):

Market	SITC (Rev. 2)			
	Printed matter (982)	Books and pamphlets (892.11)	Newspapers and periodicals (892.2)	All other printed matter (892.12, 892.13, 892.3, 892.4, and 892.9)
Canada-----	12	13	19	8
France-----	12	10	12	15
United States-----	11	11	8	9
United Kingdom-----	9	10	4	11
West Germany-----	7	7	6	8
Belgium-Luxembourg--	6	5	8	6
Switzerland-----	6	6	8	4
Netherlands-----	5	5	3	5
Australia-----	5	8	5	2
Austria-----	4	4	7	3

Imports of books and pamphlets as a share of total world imports increased notably for Canada (up 2 percentage points from 1977 to 1981), the United States (up 3 percentage points during 1977-81), and the United Kingdom (up 5 percentage points during 1977-81). The most significant increase in imports of newspapers and periodicals occurred in Canada, whose share increased 3 percentage points during 1977-81, thereby remaining the leading importer of such items. The United Kingdom and the United States both increased their share of total imports of all other printed matter during 1977-81. Such imports increased 4 percentage points for the United Kingdom and 2 percentage points for the United States. No other country showed a marked increase in their share of total imports.

Major World Producers of Printed Matter 1/

The world printing and publishing industry historically has been centered in Europe, principally in the United Kingdom, West Germany, France, Italy, and the Netherlands. Exports of printed matter from these European countries to all markets in 1981 accounted for 50 percent of world exports. Exports solely to other EC countries totaled \$1.6 billion, or 43 percent of the total of such exports. The United States received only 6 percent of the exports of printed matter from these countries.

1/ The basic information and data for this section were obtained from the Country Market Survey series on Graphic Industries Equipment, released by the International Trade Administration of the U.S. Department of Commerce.

The EC's exports of books and pamphlets totaled \$1.0 billion in 1977 and an estimated \$1.4 billion in 1981. The bulk of such exports (approximately 40 percent annually) were to other countries of the EC during 1977-81. The share of such exports to the United States decreased each year during 1977-81, averaging about 9 percent. The share of such exports to the Pacific Basin rose slightly and amounted to less than 3 percent annually.

United Kingdom

The United Kingdom has one of the world's largest printing industries, with estimated sales in 1981 of \$13.4 billion. Of this amount, \$3.7 billion (28 percent) was in printing for packaging, \$3.2 billion (24 percent) was in printing books, \$3.1 billion (23 percent) was in printing magazines, \$2.4 billion (18 percent) was in printing newspapers, and \$1.0 billion (8 percent) was in printing business forms. The industry is made up of an estimated 10,500 firms, employing about 350,000 workers. The industry is generally characterized as being somewhat slow to adopt technological advances and having a highly organized manpower (which contributes to the cautious approach to change).

In the book-printing sector, the United Kingdom industry is made up of some 2,000 firms. The industry is making slow but steady investments in modern lithographic equipment, but letterpresses still account for a significant part of the printing capacity. In the magazine sector, there are some 400 firms in the United Kingdom. Most of the major firms use modern equipment such as photocomposition systems. There are some 800 United Kingdom firms printing newspapers. All major firms are using or are in the process of switching to offset lithography. Certain other sectors of the United Kingdom printing industry (e.g., printing for packaging and business forms printing) generally have installed modern equipment; other sectors (e.g., service industries for the printing trade) generally have not modernized.

The United Kingdom imports a large part of the paper used in its printing industries. In 1980, United Kingdom production of newsprint totaled 361,000 tons; imports amounted to 1,076,000 tons. Imports have been supplied principally by Canada and the Scandinavian countries. Printing and writing paper production in the United Kingdom amounted to 963,000 tons in 1980; imports totaled 823,000 tons. Comparisons of paper costs, by types and by qualities of paper, as reported by several sources, ^{1/} indicate that United Kingdom paper costs exceed those in the United States by 10 to 33 percent.

The United Kingdom is also a leading importer of printed matter, of which the United States is a major supplier. U.S. exports of books to the United Kingdom increased from 15.5 million copies, valued at \$32.3 million, in 1977 to a peak of 49.6 million copies, valued at \$94.3 million, in 1980 before declining to \$89.7 million in 1981 and \$82.4 million in 1982, partially as a result of the appreciation of the U.S. dollar relative to United Kingdom currency. U.S. exports of periodicals to the United Kingdom showed a similar trend, increasing from \$7.9 million in 1978 to a peak of \$18.3 million in 1981, and then declining to \$16.4 million in 1982.

^{1/} Printing News, June 1980; Publishers Weekly, October 1980; and Book Manufacturers' Institute submission to the U.S. Copyright Office, 1981.

Exports of printed matter from the United Kingdom rose from \$0.6 billion in 1977 to \$1.1 billion in 1980, and then fell to an estimated \$0.9 billion in 1981. The most important export market for printed matter was the EC, which accounted for 23 percent of such exports in 1977 and an estimated 26 percent in 1981. Other important market countries are the United States and Australia.

The bulk of the United Kingdom's exports of books and pamphlets are to countries outside of the European Community. The share of such exports to other EC countries rose from 17 percent in 1977 to 21 percent in 1980. The share of such exports to the United States trended downward, reaching 17 percent in 1980, and that to the Pacific Basin countries rose from 4 to 5 percent in 1980.

The United Kingdom's potential to expand exports of printed matter in the future appears limited by current internal problems. There are no major programs for expansion underway because of the current unsettled investment climate. However, large publishers are planning modernization of their equipment over the next few years. The trend is toward more automation, particularly in the bindery and finishing sector, although new press and prepress machinery is also being added, as well as color separation systems. Manpower in the printing industry is strongly organized, and in the past, it has been a constraint to the development of new technology. High raw material costs to printers due to imported paper and chemicals have given competitive countries a cost advantage over United Kingdom products. Since 1976, the Consent Decree 1/ has brought a fundamental change in the world marketing of English-language books. U.S. publishers are increasing their sales in foreign markets traditionally reserved for the British. Unless the competitive situation changes, it is unlikely that the United Kingdom will significantly increase its share of world exports of books or other printed matter in the foreseeable future.

France

The French printing industry is made up of some 14,600 firms, with estimated sales in 1981 of \$7.5 billion. The largest sectors, based on estimated sales in 1981, are the periodical printers (sales of \$1.8 billion), commercial printing (\$1.4 billion), and newspaper printers (\$900 million). French book printers' sales amounted to \$400 million in 1981. The French printing industry is made up of many small firms (68 percent have less than 10 employees), many of which do not have modern equipment or the trained labor needed to operate such equipment. As a result, the French printing industry loses many time-sensitive jobs, including a reported half of the magazine orders. 2/

1/ U.S. v. Addison-Wesley Publishers (1976). Until 1976, U.S. and British publishers operated under the British Traditional Market Agreement, which in essence divided the markets of the major English-speaking countries of the world between the United Kingdom and the United States. In 1976, the U.S. Justice Department brought an antitrust suit against certain U.S. publishers for conspiracy in restraint of interstate and foreign commerce, and the result was a consent decree in which U.S. publishers consented to not conspire together with United Kingdom publishers to violate U.S. antitrust laws.

2/ Country Market Survey, CMS/GIE/427/83, U.S. Department of Commerce, January 1983.

The French printing industry imports a large part of the paper it consumes. The major sources of imports have been the Scandinavian countries. Rising paper costs reportedly have led to increased use of lower quality paper.

France is a net importer of printed matter; imports rose from \$564 million in 1977 to \$823 million in 1981; exports climbed from \$490 million in 1977 to \$752 million in 1981. France's principal category of such exports is books and pamphlets, which accounted for 36 percent in 1977 and 34 percent of all printed matter exports in 1981. Exports of newspapers and periodicals increased as a share of the total from 26 percent in 1977 to 32 percent in 1981, and all other printed matter decreased from a 38-percent share in 1977 to a 34-percent share in 1981.

About 20 percent of French exports of printed matter in 1981 were absorbed by Belgium-Luxembourg, and Switzerland accounted for 7 percent. Other important markets in 1981 were Morocco, the Soviet Union, West Germany, and Canada.

Exports of books and pamphlets from France totaled \$176 million in 1977 and \$260 million in 1981. About one-third of such exports are to other European Community countries, about 3 percent or less, to the United States, and about 1 percent, to the Pacific Basin countries.

France's potential to expand exports of printed matter in the future appears limited by foreseeable economic and social factors that may diminish demand for printed matter. The reduction of working hours by the new French Government will increase leisure time and further escalate consumption of printed products. The French are net importers of printed products, and since many French printers do not yet have enough modern equipment to offer competitive prices and reliable delivery times, they lose time-sensitive jobs to foreign printers. The French printers who have modernized their equipment have found profitable markets at home. The industry overall has been slow to automate; traditional publishers have been reluctant to modernize, and unions have opposed any job-threatening changes. Skilled, reliable craftsmen are in short supply, largely because training has not caught up with technology. Rising costs of raw material (paper and fiber) are a major problem. French printers, who import most of their paper, have had to reduce the quality of paper they use. Labor costs can reach 60 percent of total operating costs. The price of new book-printing equipment geared to the new automated, computerized composition system currently presents a huge financial burden to printers. Unless the competitive situation changes dramatically, it is unlikely that France will significantly alter its share of world exports of books or other printed matter.

West Germany

West Germany has one of the world's largest, most efficient printing industries. It had estimated sales of \$11.5 billion in 1981, and employed some 200,000 workers, most of whom are skilled craftsmen who reportedly easily master most new techniques. West German labor unions, although resisting

reductions in the number of employees in the printing industry, do not object to technological changes. Labor costs were equivalent to 31 percent of sales in 1980.

West Germany is regarded as the world's leading source of printing machinery, exporting large amounts of sophisticated and reliable machinery, particularly printing presses. In 1980, the latest year for which data are available, West Germany's production of printing equipment was valued at \$2.0 billion, exports were valued at \$1.2 billion, and imports were valued at \$145 million.

West Germany's commercial printing industry, with sales of \$2.6 billion in 1981, is made up of a few very large firms and many small and medium-sized firms. The industry employs some 88,000 workers. Sheet-fed presses are still widely used, but web-fed presses are gaining ground. Many of the firms (most of which are independent and privately owned) have acquired modern equipment through leases.

The business-forms-printing sector, consisting of some 2,200 firms, employing 46,000 workers, is made up of specialized firms with varying types of equipment and capabilities. Letterpress equipment still dominates in printing conventional business forms for which little time pressure exists.

The magazine-printing industry is made up of 750 firms, with 10,000 employees. The industry is generally fully modernized. The demand is for full-color, high-quality printing; thus, 60 percent of the printing is done on gravure presses.

The book-printing industry consists of some 700 firms, with 12,000 employees. The industry generally uses modern equipment, with most of the printing being done on offset lithography equipment.

A large part of West Germany's paper supply is imported, mostly from the Scandinavian countries. In recent years, the cost of paper has increased rapidly, resulting in a changed emphasis in the printing industry from high-speed equipment toward equipment that can use lightweight paper. Publishers have also switched many publications to smaller formats in order to reduce paper usage.

The West German printing industry is known in international markets as a supplier of high-quality products and for reliable delivery times. During 1977-81, West Germany was the world's leading exporter of printed matter, with exports amounting to \$1.3 billion in 1981 (table 34). The leading markets for printed matter exports in 1981 were Austria, Switzerland, France, and the Netherlands. Exports to the EC in 1981 amounted to \$543 million, or 42 percent of the total.

West Germany's exports of books and pamphlets rose from \$236 million in 1977 to \$345 million in 1981. The share of such exports to the other European Community countries averaged about 25 percent annually. The market share of the United States trended downward, reaching 7 percent in 1981, and that for the Pacific Basin countries rose somewhat, reaching 4 percent in 1981.

West Germany's potential to expand exports of printed matter in the future appears limited, especially in the near future, because of internal financial costs associated with printing (soaring union wage rates of between 70 to 80 percent of total operating costs, and the cost of imported paper) and the characteristic markets for which Germany printers have a competitive advantage, i.e., the export markets for German language printed goods (primarily technical textbooks and periodicals) throughout Europe and in other developed countries.

Netherlands

The printing industry in the Netherlands consists of some 2,250 firms, with 55,000 employees. The industry is heavily concentrated, with 72 firms together employing 41 percent of the employees and accounting for 60 percent of the output. At the small end of the scale, there are some 1,764 firms, each employing less than 10 employees, that together account for 9 percent of production.

The larger firms in the industry generally employ modern, highly sophisticated techniques. The trend is toward increased automation in all phases of printing. The Government has a program of paying the costs of training personnel to use advanced equipment. As of 1979, labor costs accounted for 37 percent of the production costs in the printing industry.

A large part of the paper used in printing in the Netherlands is imported, mostly from Scandinavian countries. In 1981, imports were equivalent to 160 percent of the production of newsprint and 100 percent of the production of printing/writing paper in the Netherlands. The price of paper has been increasing rapidly in recent years.

The Netherlands is a net exporter of printed matter, with exports amounting to \$350 million in 1981 and imports valued at \$329 million. Books accounted for \$140 million, or 40 percent of the Netherlands' total exports of printed matter, in 1981. Exports of printed matter peaked in 1980 at \$402 million and declined in 1981 as a result of a strengthening of the Netherlands' currency relative to other currencies.

The chief market for printed matter from the Netherlands is Belgium-Luxembourg, and in 1981, it accounted for about 39 percent of such exports. Other important markets include West Germany, France, and the United Kingdom. The United States accounted for 4 percent of such exports in 1981.

The Netherlands' exports of books and pamphlets, mostly to other EC countries, totaled \$103 million in 1977 and \$140 million in 1981. The share to the United States is about 7 percent, and that to the Pacific Basin countries, 1 percent.

The Netherlands' potential to expand exports of printed matter in the future depends on the competitive strength of their printing industry. Dutch printed materials are facing increasing competitive pressures abroad in terms of price. Costs for raw material, such as paper, have been increasing. The

printing industry caters to a highly sophisticated and well-educated public with high standards of living, literacy, and education. The Dutch printers have little opportunity to expand their already-developed domestic markets, so they are looking beyond their national boundaries for future growth. The Netherlands is a net exporter of printed products despite its minority language. The United Kingdom is the Netherlands' major English-language trading partner for printed matter, with books accounting for a major portion of export revenues. If the printing industry remains competitive through continued peaceful relations with labor and Government support for training of a highly skilled labor force, it is likely that the Netherlands' world share of exports will increase, but the level of increase will be restrained by capacity capabilities and cost factors.

Italy

The printing industry in Italy is made up of 10,000 firms, with 94,000 employees. Industry sales in 1981 are estimated to have totaled \$4.3 billion. The largest sector, commercial and business forms printing, was made up of 6,200 firms, with sales of \$2.3 billion in 1981. This sector is highly competitive and generally uses modern, automated equipment. The magazine-printing sector consists of numerous small firms. Of the 480 firms in the sector, only 23 employ more than 100 workers. The switch to automated editing/composition systems is slow owing to labor union resistance and a lack of trained workers. This sector had estimated sales of \$800 million in 1981.

The book-printing industry in Italy consists of 480 firms, with 5,800 employees. Estimated sales in 1981 amounted to \$420 million. Most of the firms are small and specialized. The average number of copies printed (generally under 3,500 per run) tends to restrict the use of the most efficient equipment, although the trend is toward increased use of labor-saving machinery.

Most of the paper used in Italian printing is produced domestically although the bulk of the wood pulp used is imported. In 1981, Italian production of newsprint amounted to 234,000 tons, compared with imports of 99,000 tons. Production of printing/writing paper amounted to 1,805,000 tons, compared with imports of 208,000 tons. Paper costs have increased greatly in recent years; for example, the price of bleached kraft pulp increased by 36 percent from 1980 to 1981, to \$565 per ton.

Italy is a net exporter of printed matter, with exports in 1981 having amounted to \$470 million and imports, to \$111 million. Exports of books totaled to \$141 million, or 30 percent of Italy's exports of printed matter in 1981, and exports of magazines amounted to \$128 million, or 27 percent of total exports of printed matter.

Italy's exports of printed matter to France accounted for 31 percent of such exports in 1981. Other important markets are West Germany, the United Kingdom, and Switzerland.

Italy's exports of books and pamphlets totaled \$92 million in 1977 and \$141 million in 1981. The bulk of such exports are to other European Community countries. The market share to the United States decreased from 13 to 8 percent. Exports to the Pacific Basin countries are negligible.

Italy's potential to expand exports of printed matter in the future appears limited by the traditional emphasis on handcrafted quality instead of a broader emphasis on technological progress needed to be competitive in the future global market for printed matter. Programs offered by technical and specialized schools do not provide the need for advanced training in electronics and computerization. Raw material costs to produce printed matter are high, because the country imports large amounts of both pulp and paper. The low level of book production inhibits the adoption of the latest graphic industries equipment. Unless modern technology is adopted in the near future, it is unlikely that Italy will have the potential to significantly increase its share of world exports of books or other printed matter.

Pacific Basin Countries 1/

The printing and publishing industry is expanding in the Pacific Basin region. 2/ Japan is the dominant country, with the largest and most advanced printing and publishing industry and the region's principal market for printed matter. Printing and publishing activity has been increasing in other Pacific Basin countries, owing to increasing within-region demand for printed matter, as well as to the rising export demand attributable to generally lower production costs.

The largest share of exports of printed matter from the Pacific Basin countries has been to other Pacific Basin countries. Such exports apparently trended downward during 1977-81, from 23.6 percent of all such exports to 22.5 percent. During this period, the United States was the second leading export market, with a market share rising from 14.6 to 19.8 percent, followed closely by exports to the European Community, primarily the United Kingdom, which increased from 14.6 percent in 1977 to 17.3 percent in 1981. Exports to Australia remained stable during the period at near 12 percent.

Exports of books and pamphlets from the Pacific Basin countries totaled \$73 million in 1977 and \$217 million in 1981. The share of such exports to other Pacific Basin countries trended downward, from 25 percent in 1977 to 19 percent in 1981. The share of such exports to the EC, rose from 9 percent in 1977 to 23 percent in 1981; the share to the United States fluctuated at about 19 percent without establishing a trend. Exports to Australia remained stable at near 14 percent.

1/ The basic data for this section were from the Country Market Survey series on Graphic Industries Equipment, released by the International Trade Administration of the U.S. Department of Commerce.

2/ The countries here considered as the Pacific Basin are Japan, Hong Kong, The Republic of Korea (Korea), Singapore, Indonesia, Malaysia, Philippines, Taiwan, and Thailand.

Japan

In 1981, total sales of the Japanese printing and publishing industry were estimated at \$19 billion. The industry comprised an estimated 35,700 printing plants and 462,000 employees that year. The Japanese printing and publishing industry services a strong domestic demand because of a large population (115 million), a high literacy rate (98 percent), and a high level of education.

Japan's printing and publishing industry is generally characterized by a large number of small firms. Stimulated by Government programs for modernization and by intense competition, the industry utilizes modern equipment and technology. Most Japanese publishers contract printing out rather than print in-house.

The Japanese printing and publishing industry has experienced rising labor costs and a strong currency in recent years. As a result, several Japanese printing and publishing firms have established subsidiaries in other Pacific Basin countries with lower wage structures, such as Hong Kong, Korea, Taiwan, and Singapore. These subsidiaries generally produce lower quality printed matter both for consumption in Japan and elsewhere.

Japan's commercial printing sector is, by far, the largest of the printing and publishing industry, owing to the practice of Japanese publishers contracting out their printing jobs. Total commercial printing sales were estimated at \$9.7 billion in 1981, or slightly more than half the total for the printing and publishing industry. There were an estimated 24,000 plants and 280,000 employees in the sector that year. Most Japanese commercial printing establishments are relatively small, with nearly all employing less than 100 workers. The total number of establishments has been increasing, but total employment has been decreasing in recent years.

Capital expenditures by the Japanese commercial printing sector are estimated to have totaled \$256 million in 1981, with \$138 million, or 54 percent of the total, for purchases of graphic industries equipment. The sector accounted for about 38 percent of total estimated capital expenditures of \$471 million by Japan's printing and publishing industry in 1981. These expenditures are the result of factors such as a shortage of skilled labor, Government incentives, and intense competition, all of which stimulated modernization in the commercial printing sector.

The newspaper-publishing and printing sector in Japan registered an estimated \$4 billion in sales for 1981. This sector, which supplies a saturated domestic market, comprised an estimated 1,500 establishments and 75,000 employees that year. There were an estimated 125 major daily newspapers, with a daily print of 50 million copies in 1981. Capital expenditures that year totaled an estimated \$178 million, with \$39 million, or 22 percent of the total, for purchases of graphic industries equipment. Capital expenditures in the Japanese newspaper sector have been low in recent years due to low machinery replacement requirements.

The publishing (other than newspapers) sector in Japan had total estimated sales of \$3.6 billion in 1981. An estimated 1,700 establishments together employing 40,000 workers were active in publishing that year. As mentioned before, the Japanese publishing companies generally do not own printing facilities, but rather subcontract printing jobs to commercial printers.

Japan's bookbinding sector had sales estimated at \$562 million in 1982. There were an estimated 3,200 establishments and 25,000 employees in that sector that year. Most Japanese bookbinding firms are relatively small and very competitive. They generally service short production runs and utilize labor-intensive methods. Capital expenditures in the bookbinding sector totaled an estimated \$22 million in 1981, with \$13 million for purchases of graphic industries equipment.

The Japanese printing and publishing industry is generally self-sufficient in production inputs. Domestic producers supply most of the industry's graphic equipment needs, having provided 86 percent of the estimated total market of \$468 million in 1981. This market has been active in recent years owing to modernization efforts by both the industry and the Japanese Government. Japanese imports of graphic equipment are generally of the newer and higher technology equipment not produced in large enough quantity domestically. The Japanese printing and publishing industry has been changing types of machinery as modernization progresses. Japanese printers are converting from hot-metal to photographic processes in typesetting and are generally converting from letterpress to offset machinery. A shortage of skilled labor, wage increases, and keen competition are factors contributing to the modernization of equipment.

Japan is nearly self-sufficient in supplying the paper needs of its printing and publishing industry. Japan is the third leading producer of paper (including newsprint) in the world, trailing only the United States and Canada. In 1981, Japanese production of printing and writing paper totaled 3.8 million metric tons; production of newsprint totaled 2.6 million metric tons.

Japan has the largest printing paper capacity in the Pacific Basin, having accounted for 80 percent of the Pacific Basin estimated total of about 6 million metric tons and about 10 percent of the world estimated total of 42 million metric tons in 1981. ^{1/} In terms of quality of paper, Japan is the only Pacific Basin paper manufacturer that currently can meet the standards necessary for producing paper used for printed matter in the United States. Although Japan is nearly self-sufficient in paper production, it must import most of the fibers needed for such production.

Data are not available on the cost of paper used in manufacturing printed matter in Japan; however, the unit paper cost is believed to be a higher percentage for printed matter in Japan than in the United States, owing to higher Japanese production costs for paper.

^{1/} Figures derived from the Food and Agriculture Organization of the United Nations capacity survey, 1979.

The labor force in the Japanese printing and publishing industry has been declining in recent years. Employment in the industry dropped from 475,000 in 1975 to an estimated 462,000 in 1981. Along with the drop in employment has been an increase in wage rates, which rose 22 percent annually during 1972-75; data are not available for later years. The decline in the labor force and the associated rise in wage rates has been a stimulus to the modernization of Japan's printing and publishing industries, as noted above.

Japan's exports of printed matter were valued at \$222 million in 1981, and imports were valued at \$194 million, leaving a trade surplus of \$28 million that year. Most of the exports (\$121 million, or 55 percent of the total) were of printed matter other than books, pamphlets, newspapers, and periodicals.

During 1977-81, Japanese exports of printed matter to the United States increased from \$28 million in 1977 to \$68 million in 1981; the share of such exports rose from 22 to 30 percent during the period. The share of exports to the Pacific Basin countries rose from 15 percent, or \$19 million, in 1977, to 20 percent, or \$44 million, in 1981. Exports to Korea accounted for nearly half of the total to the Pacific Basin. Exports to the EC also increased, from \$14 million (an 11-percent market share) in 1977 to \$33 million (a 15-percent market share) in 1981. West Germany (\$10 million) and the United Kingdom (\$9 million in 1981) were the leading EC markets for such Japanese exports in 1981.

Japan's exports of books and pamphlets totaled \$30 million in 1977 and \$75 million in 1981. The share of such exports to the United States rose from 40 percent in 1977 to 45 percent in 1979, and then decreased to about 39 percent in 1979 and 1981. The share of such exports to the EC rose from 14 percent in 1977 to 19 percent in 1981, and the share to the Pacific Basin countries dropped from 16 to 13 percent.

Since Japan has developed the largest and most advanced printing and publishing industry of the Pacific Basin countries, it appears to have the potential for increased exports. Japan is also the only Pacific Basin country that currently produces printing paper which meets U.S. standards. Historically, Japan has exhibited market aggressiveness in most phases of its economy. The Japanese printing and publishing industry has continuously been modernizing its machinery. Among Pacific Basin countries, it would take the Japanese printing and publishing industry the least amount of difficulty to gear up production to meet a potential increase in export demand for printing and publishing. Under present competitive conditions, Japan should moderately increase its future share of world exports of books and other printed matter limited competitively only by market demand, labor costs, and transportation costs.

Hong Kong

Hong Kong possesses one of the most technologically advanced printing and publishing industries in the Pacific Basin. The industry had total sales estimated at \$937 million in 1981 and comprised about 2,000 firms and 29,000 employees. Hong Kong has been attracting international business because of

many advantages it offers, including excellent transportation and communication facilities, availability of banking resources, and low production costs due to low labor rates and duty-free port status.

The book-publishing and printing sector accounted for sales estimated at \$246 million in 1981, or slightly more than one-quarter of the total of all printing and publishing. There were about 33 firms together employing 4,950 workers, and capital expenditures totaled approximately \$44 million in 1981. In 1981, the sector produced an estimated 257 million copies of books. The sector has achieved a reputation for printing high-quality, low-cost books, and has thus attracted many foreign textbook and display book publishers. Many foreign publishers, particularly from the United States, West Germany, and the United Kingdom, also typeset in Hong Kong before printing books in their countries. Many of these publishers have established branch offices in Hong Kong to supervise their book-printing activities there. To keep pace with rising demand for printed matter, the Hong Kong book-printing and publishing sector is investing in graphic industries equipment such as phototypesetting systems and computerized text-editing equipment.

The commercial printing sector is second in sales (\$191 million estimated in 1981), but is the leading employer in the Hong Kong printing and publishing industry, with an estimated 1,300 firms and 14,500 workers in 1981. Most commercial printing firms are small, family-owned shops.

The magazine-publishing and printing sector in Hong Kong had estimated sales of \$86 million in 1981 and comprised an estimated 36 firms and 1,000 employees. There is a strong export demand in this sector, and firms are turning toward phototypesetting machinery, video display systems, high-technology photographic equipment, and high-speed, web-fed presses.

The newspaper-publishing and printing sector in Hong Kong prints about 100 papers, with a combined circulation of about 3.5 million in 1981. An estimated 32 firms, employing 3,900 workers, earned sales of about \$181 million that year. A rapidly expanding population of both English and Chinese readers is increasing circulation, and the sector is investing in high-speed, web-fed offset presses and in phototypesetting machinery.

Hong Kong imports nearly all of its paper. There is a very limited paper industry because of a shortage of land, water, and energy. However, Hong Kong is generally considered as a dumping ground for world paper production, since it is a duty-free port. Hong Kong's imports of newsprint totaled 102,000 tons in 1981, and imports of printing and writing paper amounted to 64,000 tons; there was no domestic production of either type of paper that year. Japan is the leading paper supplier to Hong Kong, having accounted for 46 percent of the total value of Hong Kong newsprint imports and 54 percent of printing and writing paper imports in 1981. Japan generally supplies higher quality paper than do other suppliers.

Hong Kong is a net exporter of printed matter, with exports increasing in value from \$54 million in 1977 to \$122 million in 1981 and imports rising in value from \$15 million in 1977 to \$39 million in 1981, representing a trade surplus of \$83 million the latter year. In 1981, exports of printed books and

pamphlets totaled \$81 million, or two-thirds of the total for all printed matter, followed by newspapers and periodicals, valued at \$16 million, or 13 percent of the total.

Major export markets for printed matter from Hong Kong during 1977-81 were the European countries (21.7 percent in 1977 and 23.6 percent in 1981), the United Kingdom (15.2 percent in 1977 and 18.7 percent in 1981); the Pacific Basin (28.6 percent in 1977 and 16.2 percent in 1981), Singapore (10.0 percent in 1977 and 6.2 percent in 1981); and the United States (8.6 in 1977 and 9.6 percent in 1981).

Hong Kong, like Japan, has developed a technically advanced printing and publishing industry and appears to have potential for increased exports. Labor rates are lower in Hong Kong than in Japan. However, Hong Kong must import all of its paper. In 1981, Hong Kong exported three times more printed matter than it imported, and overall exports of printed matter more than doubled since 1977. Many favorable conditions unique to Hong Kong exist that enhance export potential: a good international reputation (high-quality/low-cost work); a thriving economy; the perks associated with being a free port (i.e., ink and paper duty free); the ability to fill medium-size printing orders at low cost; and a banking, transportation, and communication hub. Current competitive conditions make it likely that Hong Kong will increase its share of world exports of all types of printed matter. However, the market of increased exports will probably be to areas where labor costs overcome transportation costs, resulting in a comparative advantage to Hong Kong products.

Singapore

The printing and publishing industry in Singapore comprised more than an estimated 270 firms and 11,700 employees in 1981; sales were estimated at \$237 million that year. The industry has been expanding in recent years; domestic demand for printed matter has been stimulated by a rising standard of living and as export orders have increased, partly as a result of export tax breaks and efforts by trade missions.

Singapore imports all of its paper requirements; 1981 imports of newsprint totaled 90,000 tons, and imports of printing and writing paper, 43,000 tons. There is virtually no domestic paper production in Singapore, and imports of paper enter duty free. Singapore also imports all of its graphic industries equipment and reexports some of the equipment. In 1981, imports of such equipment totaled about \$59 million, and exports totaled \$12 million, leaving a market size of \$47 million. Capital expenditures by Singapore's printing and publishing industry totaled an estimated \$37 million, \$25 million (or about two-thirds) of which were for purchases of graphic industries equipment. Firms generally have been increasing their production capacities, and a shortage of labor has stimulated mechanization.

Both skilled and unskilled labor are in short supply in Singapore's printing and publishing industry. Labor costs are a substantial portion of total production costs in the industry, although Singapore generally possesses lower absolute labor costs than larger, developed countries such as Japan.

Singapore is a net exporter of printed matter, with such exports having totaled \$46 million in 1977 and \$79 million in 1981. Singapore's imports of printed matter were valued at \$35 million in 1977 and \$74 million in 1981, leaving a slight trade surplus of \$5 million in 1981. Most of Singapore's exports of printed matter were of books and pamphlets; such exports were valued at \$61 million in 1981, or 70 percent of the total.

A large share of exports of printed matter from Singapore are to other Pacific Basin countries. Such exports accounted for 34 percent in 1977 and for 40 percent in 1981, with Malaysia having received 34 percent in 1981. Other export markets during 1977-81 included the United Kingdom, which rose from 4 to 11 percent, and Australia, which increased from 13 to 16 percent. The U.S. share of these exports increased from 2 percent in 1977 to 6 percent in 1981.

Singapore's exports of books and pamphlets totaled \$39 million in 1977 and \$61 million in 1981. The other Pacific Basin countries make up the principal marketing area for Singapore, having accounted for 28 percent of such exports in 1977 and 40 percent in 1981. The share of such exports to the European Community rose from 6 percent in 1977 to 15 percent in 1981. The share to the United States rose slightly during 1977-81 and averaged about 3 percent annually.

Singapore's potential to expand exports of printed matter in the future appears limited to areas where it enjoys a competitive cost advantage. Current labor problems and industry structure appear to overshadow the printing and publishing industry's potential to rapidly expand exports. Labor costs range from 25 to 40 percent of a printer's operating cost. Both skilled and unskilled labor are in short supply. Most printing operations are family run and cannot achieve the economies of scale to compete successfully on an international market. The Government has taken steps to rectify the labor problems as well as offer tax breaks on revenue from export orders. In the long run, Singapore could become a major contributor to the world export market of printed matter.

The remaining Pacific Basin countries are minor producers of printed matter, and most of them are net importers of such material.

Australia

Australia's printing and publishing industry totaled an estimated \$2.6 billion in sales in 1981. There were an estimated 3,300 firms, employing 76,500 workers that year.

Commercial printing is the largest sector in Australia's printing and publishing industry. This sector had sales estimated at \$890 million in 1981, slightly more than one-third of the total industry sales for that year. The commercial printing sector comprised an estimated 1,982 firms and employed about 29,000 workers in 1981. The sector is characterized by a few large firms and many small ones and has experienced overcapacity in recent years; as a result, growth in the number of firms and in employment has been stagnant.

Estimated capital expenditures by the sector totaled an estimated \$30 million in 1981, with purchases of graphic industries equipment at \$24 million, or 81 percent of the total. The sector accounted for 36 percent of the estimated total of \$84 million of capital expenditures in the Australian printing and publishing industry that year. The commercial printing sector has been converting from letterpress to offset processes in recent years, with the offset method having accounted for an estimated 60 percent of total printing in the sector in 1981.

The Australian newspaper sector had total sales estimated at \$670 million in 1981. It comprised an estimated 475 firms, employing 19,000 workers that year. There were an estimated 50 daily newspapers, with a total circulation of 4.9 million copies, in 1981. The Australian newspaper industry accounted for an estimated \$16 million in capital expenditures in 1981, two-thirds of which went for purchases of graphic industries equipment. In recent years, the sector has been converting from hot metal to phototypesetting and, to a lesser degree, from letterpress to offset processes.

The Australian magazine-publishing and printing sector had estimated sales of \$395 million in 1981 and comprised an estimated 105 firms and 10,000 employees. The sector is highly concentrated, with two firms having accounted for about three-quarters of the total output in 1977, the latest year for which data are available. Capital expenditures were estimated at \$11 million in 1981, two-thirds of which were for graphic industries equipment. Demand is strong for magazines in Australia, and firms in the sector have been investing in web offset presses in recent years.

The book-printing and publishing sector in Australia accounted for an estimated \$135 million in sales in 1981, with an estimated 120 firms together employing 3,000 workers. Capital expenditures in the sector totaled an estimated \$5 million in 1981; two-thirds of the total was accounted for by purchases of graphic industries equipment, mostly as a result of a conversion from letterpress to offset equipment.

Australia's printing and publishing industry is dependent on imports for much of its production inputs. Imports of graphic industries equipment amounted to an estimated \$101 million in 1981, which was virtually the total market size that year. Rising labor costs in recent years have motivated increased efficiency, as demand for domestically produced printed matter has not increased appreciably. These increased costs have also led to the substitution of equipment for labor. Also, the Australian printing and publishing industry has been converting to computer photocomposition and to offset printing in recent years, further stimulating purchases of equipment.

Australia must import most of the paper for its printing and publishing industry. Australian imports of newsprint totaled 281 million tons in 1981, representing 54 percent of newsprint consumption; printing and writing paper imports totaled 263 million tons, or 58 percent of consumption that year.

No recent data are available on Australian labor costs in the printing and publishing industry; however, such costs have been rising in recent years, by as much as one-third annually during the mid-1970's. Employment has been stagnant due to the rising labor costs, increased mechanization, overcapacity in the commercial printing sector, and a traditional reliance on imports of printed matter, namely certain types of books.

Australia is a net importer of printed matter, with 1981 imports valued at \$319 million and exports valued at \$50 million, leaving a trade deficit of \$269 million. Books and pamphlets were the major category, with such imports valued at \$214 million, or more than two-thirds of the total for printed matter that year.

Australian exports of printed matter increased in value from \$25 million in 1977 to \$50 million in 1981. New Zealand received 48 percent of these exports in 1977 and 65 percent in 1981; the United States received 5 percent in 1977 and 7 percent in 1981.

The reliance on imports of books in Australia has caused some comparisons to be made to the U.S. book-printing industry if the manufacturing clause were to be terminated. Australia has no manufacturing clause, and imported books dominate the market; in 1979, the latest year for which data are available, imported books accounted for 57 percent of total Australian book sales.

The Australian book-printing and publishing sector is relatively new and started growing during World War II. Traditionally, books were imported from the United Kingdom (and to a lesser degree from the United States) due mainly to colonial ties and the lack of printing facilities in Australia. The imported books were generally written and published in the supplying country, and a portion of the print run was exported to Australia. The early part of the 1950's saw a rise in books authored, published, and printed locally in Australia. These books were mostly textbooks and books with Australian subjects. However, the imported books from the United Kingdom (and increasingly from the United States) were still in demand, and Australian book publishers continued to buy into the foreign print runs, since the Australian book printing sector did not have the capacity to print these books and could not compete due to the unfavorable economies of scale inherent in the small print run dictated by the relatively small Australian population. In the mid-1960's, imports of books of Australian origin material increased, as Australian publishers sent their printing needs to other Pacific Basin countries with lower production costs, especially of paper and labor. As a result, a book bounty was introduced in 1969, and is still in effect today, whereby Australian book publishers receive a Government payment equal to a percentage of the cost of manufacturing their books in Australia. The bounty rate in 1981 was one-third, and bounty payments totaled \$13 million from July 1980 to June 1981. The bounty was precipitated by the increased imports of books (mostly of Australian origin material) from other Pacific Basin countries, particularly Japan, Singapore, and Hong Kong, and the effect these imports had on Australian book printers. The purpose of the bounty is to motivate Australian book publishers to print books of Australian origin material within the country.

There are basic historical and structural differences between the Australian and the U.S. book-printing and publishing industries and markets that temper any comparison between the Australian situation described above and the probable effects of removing the manufacturing clause in the United States. The traditional reliance on book imports, the availability of production inputs, the absolute size of the market, and the distance from potential foreign suppliers all are conditions that materially differ between the two countries.

The demand in Australia for books imported from the United Kingdom and the United States is very high; in 1981, about three-fourths of Australia's total book imports were from these sources, and total book imports account for more than half of Australian book sales. These books generally are not from material of Australian origin and represent a different market segment from those that are. In the United States, similar imports of books (i.e., generally of foreign source material and not covered by the manufacturing clause) account for less than 5 percent of domestic production. Also, Australia's small population (which restricts print runs) and shortage of production inputs (paper and machinery), both of which raise unit and total production costs, are two conditions that are not present in the United States. Further, the proximity of other book suppliers in the Pacific Basin to Australia enable such countries to supply Australia by taking advantage of their lower production costs without transportation costs negating the advantage; this is not the comparable situation in the case of the United States.

THE ECONOMIC EFFECTS OF TERMINATING THE MANUFACTURING CLAUSE OF THE COPYRIGHT LAW

The basic argument to retain the manufacturing clause is that the foreign cost of manufacturing books and other printed matter overseas is much lower than the U.S. cost and that this lower cost comes primarily from the East Asian countries of Hong Kong, Singapore, and Japan. Therefore, it is contended that retention of the manufacturing clause is necessary to prevent the transfer abroad of U.S. production and employment.

Specifically regarding books, the book manufacturers claim that between 30 and 45 percent of the books manufactured in the United States would be manufactured overseas if the manufacturing clause were terminated. They also claim that other printed matter such as catalogs, directories, periodicals, and greeting cards would be attracted overseas by the lower labor costs.

On the other hand, the basic argument to terminate the manufacturing clause is that the U.S. book-manufacturing industry is competitive world-wide in all cost factors except for that of labor and that transoceanic shipping costs more than negate the lower overseas labor costs. It is contended, further, that with some cost factors, such as that for printing papers, the U.S. industry has a decided advantage not only as to cost but to quality and availability as well. Furthermore, book publishers claim that it is necessary to keep a source of supply close at hand to avoid the additional costs of long printing runs and maintaining more extensive inventories, both of which result in a costly waste of resources when a surplus of unsold books is generated.

Based on the information gathered in the investigation, it appears that there would be a minimal impact on the domestic printing and publishing industry if the manufacturing clause of the copyright law were to be terminated. The only measurable shift to overseas printing would be limited to certain types of books which would be those characterized as having higher-than-average wage costs, short production runs, and predictable demand.

An examination of the characteristics, costs, and timing requirements for the various types of books indicates that between 2 and 10 percent of the books now being printed in the United States would be printed overseas if the manufacturing clause were to be terminated; thus, of the \$2.6 billion of U.S. book printing sales in 1982, between \$50 million and \$260 million would have been displaced by imports had the manufacturing clause been terminated. The imports would have been valued at somewhat less than this amount since lower costs would be the attraction for importing.

There would be no measurable impact on U.S. exports of printed matter if the manufacturing clause were to be terminated. The manufacturing clause has no direct effect on exports. Furthermore, according to industry sources, the United States now exports only a negligible quantity of the types of books which are expected to be produced overseas and imported if the manufacturing clause were to be terminated; thus, even this potential loss of U.S. production is not expected to affect exports.

Long-term effects of withdrawal of the manufacturing clause on conditions of competition between U.S. and foreign firms engaged in printing would be minimal, principally because of technological changes in the printing industry. Such shifts as might develop, as mentioned earlier, would be in overseas printing of certain types of books. However, there would be limited increased competition between domestic and foreign firms for certain types of printing. In addition, the book-printing which would be done overseas rather than domestically would result in increased domestic competition between firms printing books and firms producing other types of printed matter. However, these short-term effects are expected to be negated by the major worldwide long-term trend of increasingly substituting labor-saving technology for labor intensive operations. This substitution will tend to diminish the labor-cost advantage now enjoyed by certain overseas manufacturers and hence will reduce the impact of the termination of the manufacturing clause over time.

U.S. Competitive Position

The decision to produce copyrighted printed matter in the United States or overseas if the manufacturing clause were to be withdrawn would depend primarily on manufacturing costs and on demand/timing factors. The major costs of printing (plant costs, paper and cover material costs, equipment costs, labor, and transportation costs) in the United States were compared with such costs to manufacturers abroad in order to determine what kinds of printed matter would be attracted overseas.

Plant costs are a small proportion of total costs for most printed matter. For example, plant costs probably average between 10 and 20 percent of an average book's manufacturing cost. Because of the so-called reproduction proofs loophole in the manufacturing clause, publishers have been able to have their lithographic plant work (the most commonly used kind since World War II) done anywhere in the world. Nonetheless, with a few exceptions, publishers have chosen to have their plant work done in the United States. The exceptions are for books with a great deal of color art work and for technical books containing numerous mathematical formulas. It is estimated that the proportion of domestic titles having plant work done overseas is under

5 percent. This low percentage figure indicates that the cost saving of having plant work done overseas is not great. The most common form of plant work, typesetting, is done with computer-assisted composing equipment that has reduced the cost of the work substantially. In addition, most publishers want to maintain close control over the quality of their plant work and doing so with work carried out overseas requires considerably more time and effort and, consequently, increased costs.

Printing paper and cover materials, such as paperboard and glue, made in the United States are widely agreed to be cost and quality competitive with paper and cover materials produced anywhere in the world. Further, domestic paper manufacturers have relatively cheaper fuel supplies and cheap and abundant wood fiber, the main raw materials needed to produce paper.

Presses and other printing machinery used by overseas printers are unlikely to provide the foreign competition with a cost advantage in part because the cost of press equipment as a share of the total costs is relatively small. In addition, the latest technology is fully transferable from one country to the other; U.S. printing machinery manufacturers sell their equipment worldwide, and U.S. printers frequently purchase equipment from both domestic and foreign sources.

The labor cost of U.S. printers is the manufacturing cost item most likely to exceed foreign costs. European and Japanese compensation rates in the printing and publishing industry are 50 to 90 percent of U.S. compensation rates. ^{1/} Similar rates in Hong Kong and Singapore are closer to 15 percent of U.S. wages.

U.S. book manufacturers have tended to move more rapidly than low-wage, foreign book manufacturers to adopt the latest technology in book manufacturing. Hence, the almost six-fold difference in wage rates between the United States and Far Eastern countries cannot be taken to imply a six-fold difference in the wage cost of a book manufactured in the United States compared with a book manufactured in Hong Kong.

^{1/} Three problems exist in comparing these data and concluding that the U.S. wage difference parallels the differences between the U.S. industry and the foreign industry. First, the wage figures include all printing and publishing industries such as newspapers, periodicals, and commercial printing, and not only the modern export-oriented book-manufacturing industry. Because book manufacturing is one of the more exacting forms of printing, the average Bureau of Labor Statistics (BLS) wage figures may distort the real relationship between U.S. wages and foreign wages in the book-manufacturing sector.

The second problem with the BLS data is that simply comparing the U.S. wage with the wage from overseas does not take account of the differences in efficiency among countries. Because labor in the United States is likely to be more efficient than that in low-wage countries in book manufacturing, the labor requirement per book is likely to be lower. Unfortunately, data comparing the real output of books per unit of labor do not exist.

The third problem with the BLS data is that wages vary considerably from one book-manufacturing skill to another; data comparing the wages of workers in specific book-printing tasks would be much more useful. Book-manufacturing tasks are usually divided by whether they are prepress, press, or binding.

Questionnaires submitted in the course of the investigation indicated that the U.S. direct labor cost of printing and binding a book was between 12 and 19 percent of the manufacturing cost of most books. The labor proportion is highest for short-run books with sewn bindings. College textbooks, professional books, and university presses are the types of books most likely to have high labor costs. Extensive color work, a labor-intensive activity, also raises the labor cost of a book.

A cost factor in printing abroad for the U.S. market is that for transoceanic shipping, i.e., shipping costs and customs clearance. Data obtained in fieldwork indicate that for books these costs total between 15 and 30 cents per book. To put this figure in perspective, the average cost of manufacturing a book in the United States in 1981 was \$1, including plant, paper, printing, and binding costs. Hence, using 1981 prices the cost savings from producing overseas would have to be greater than between 15 and 30 cents, or 15 to 30 percent of the U.S. manufacturing cost of the average book, to be considered for manufacturing abroad. Because the direct labor cost of producing a book in the United States is usually less than 15 percent of the book's cost, the cost of transoceanic shipping would negate the anticipated savings from printing the average book overseas.

Added to shipping costs are the costs of packing and of clearing printed matter through customs, which raise the costs of transoceanic printing somewhat, thereby eliminating additional printed matter from overseas printing on this account. Another transportation-related cost consideration is the additional time required between ordering a work to be printed and receiving it. Transoceanic shipping adds about 1 month to this period.

For books, another transportation cost is the time needed for sending proofs and correspondence relating to a book title across the ocean and for shipping the finished product. Discussions with some publishers who today have their "coffee table books" (e.g., artbooks) printed overseas, indicate that first-run printing arrangements, taking 2 months in the United States, may take 5 months or more if done overseas.

The Effect on Production and Trade

Books

As mentioned previously, the decision to produce copyrighted printed matter in the United States or overseas if the manufacturing clause were to be terminated would depend on costs and demand/timing factors.

For most books, the time and distance constraints of overseas printing are sufficient to rule out a distant source of supply. Most trade books, mass-market paperbacks, and book club publications would most likely not be printed overseas for this reason. In addition, both the book manufacturers and the book publishers expect that ELHI book publishers, would not choose to print abroad for fear of losing State adoptions.

Cost considerations—especially the finding that direct production labor is a small proportion of book-manufacturing costs—will probably rule out most of the other types of books that are printed in long runs, i.e., religious books, mail-order publications, and subscription reference books from being produced abroad.

Evidence that underscores the unattractiveness of overseas printing is found in the proportion of books printed in Hong Kong, Japan, and Singapore and then exported to the United States and to Europe in 1979 and in 1981. Data in table 42 indicate that for those years, these European countries--without the restrictions of a manufacturing clause--relied on these low wage countries for 1 percent or less of their books. The tables demonstrate for the same years with comparable data that the United States--with its manufacturing clause--also obtained less than 1 percent of its domestic book sales from these low wage countries. The tables, in addition, show that the shipping distances from Hong Kong, Singapore, and Japan to the United States are similar to the distance to European countries. In addition, there was no indication in the information compiled by the Commission in this investigation of any significant changes in the capability of Hong Kong, Singapore, and Japan to ship books to the United States in the future.

The most likely type of book to be printed overseas if the manufacturing clause were to be removed would be a short-run book with a high, but not predominant, proportion of color art work, sewn binding, and a predictable demand. On the basis of all the information gathered in the investigation, including interviews with publishers, it is estimated that books with these characteristics account for between 2 and 10 percent of U.S. production; thus, between \$50 million and \$260 million of the \$2.6 billion of U.S. book printing sales in 1982 would have been displaced by imports had the manufacturing clause not been in effect. The 10-percent estimate assumes that all the books fitting these descriptions would be printed overseas, and the 2-percent estimate includes only those with the highest labor costs. Coffee-table books--high cost books with many color illustrations--are books that fit this description. An introductory college textbook in biology, where perhaps one-quarter or one-third of the page space is devoted to illustrations, is another example. Many types of coffee-table books are printed overseas today, but because illustrations predominate, in many cases, they are not subject to the provisions of the manufacturing clause. The domestic book manufacturers which produce the certain types of books likely to be produced overseas if the manufacturing clause were withdrawn generally are the larger, more diversified producers for which such books are only one of several types of printed product output. Given the financial resources available to the larger producers, they should be the leaders in innovation. They may be able to remain competitive as labor-saving technology reduces the advantage of the low-wage-rate countries.

If the manufacturing clause were to be withdrawn, imports of books would increase slightly, replacing the lost domestic sales. Because the attraction of going overseas is lower prices, the value of U.S. book imports would increase by an amount less than domestic shipments of books would decrease.

This amount of anticipated imports is equivalent to 8 to 43 percent of total U.S. imports of printed matter (\$638 million in 1982). Because exports of printed matter (\$1.3 billion in 1982) usually are double the levels of imports, the United States would probably still have a positive trade balance for printed matter if the manufacturing clause were withdrawn. ^{1/}

^{1/} If the manufacturing clause were not withdrawn, the United States might have to compensate the European Community under GATT arts. III and XI. At the request of the European Community, consultations between the United States and the European Community were held in late 1982 and early 1983, to determine the amount of compensation that the United States may owe as a result of the 4-year extension of the manufacturing clause.

Newspapers and periodicals

Because of the need for timely news and advertising, it is unlikely that newspapers and periodicals would be attracted for printing abroad if the manufacturing clause were withdrawn. Thus, it is estimated, on the basis of data compiled in the study, that there would be no measurable effect on imports or exports of these items if the manufacturing clause were withdrawn.

Miscellaneous publishing and printing

It is estimated that if the manufacturing clause were withdrawn, there would be no appreciable displacement of domestic miscellaneous publishing and printing output by imports. There also would be no effect on U.S. exports. Miscellaneous publishing and commercial printing encompass a wide range of printed products. Certain characteristics of these products make it unlikely that they would be printed abroad if the manufacturing clause were withdrawn. Especially important in this regard are the characteristics which remove these products from the restrictions of the manufacturing clause. To the extent products are not covered by the manufacturing clause, where they are printed has little to do with whether or not the manufacturing clause should be withdrawn. For example, many of these products are not preponderantly literary and, therefore, could be printed overseas today without regard to the restrictions of the manufacturing clause. Catalogs, usually preponderantly pictorial, are a type of miscellaneous publishing and commercial printing product whose site of production is not affected by the manufacturing clause restrictions. Another characteristic of these products is that in many cases, copyright protection is not economically important, and, without claiming copyright, such printed matter could be manufactured overseas without regard to the manufacturing clause. For example, the issue of whether to print manifold business forms in the United States or abroad is unaffected by the manufacturing clause's restrictions, because copyright protection is seldom claimed on such a product. For another large number of these products, timing and service needs require that printing be done locally. For example, many legal and financial printed items are required to be supplied on very short notice.

Perhaps the most basic reason why the printing of these products may not be done overseas if the manufacturing clause should be withdrawn is that their cost of printing reflects the same elements as book-printing costs (e.g., paper, labor, and transportation), and consequently, printing prices overseas for these items may be no more attractive on a cost basis than for books. Although many of these items are of the type that could be manufactured overseas without regard to the restrictions of the manufacturing clause, most of these products are printed domestically, and very few miscellaneous publishing and commercial printing items are manufactured overseas for importing into the United States. In 1982, only about \$332 million of miscellaneous printed matter was produced overseas and imported into the United States. In 1977, imports of such printed matter accounted for \$173 million. This represented approximately 0.5 percent in 1982 and 0.4 percent in 1977 of domestic consumption for miscellaneous publishing and printing.

miscellaneous printed matter was produced overseas and imported into the United States. In 1977, imports of such printed matter accounted for \$173 million. This represented approximately 0.5 percent in 1982 and 0.4 percent in 1977 of domestic consumption for miscellaneous publishing and printing.

Further evidence for the unattractiveness of overseas printing can be found in studying what happened to the import value of products not covered by the manufacturing clause prior to 1978 but covered by the clause in subsequent years. ^{1/} There are separate data available for five classes of products (discussed previously, figs. 1-5) which were not covered by the manufacturing clause prior to 1978, but some of which have been covered subsequent to 1978. For four of the products, 1978 was not a year in which imports fell or began to fall. On the contrary, for these four products, 1978 marked another year in the long increase of imports. The fact that 1978 does not appear to be the beginning of a downward trend in the imports of the four items would indicate that the manufacturing clause had very little effect on these imports.

The Effect on Employment

It is estimated that between 1,400 and 6,850 job opportunities in the U.S. printing and allied industries would be lost should the manufacturing clause be terminated. An examination of domestic and foreign manufacturing costs, by type of printed matter and demand/timing factors, to determine the likelihood of lost domestic sales if the manufacturing clause were to be terminated indicated that 2 percent to 10 percent (or \$50 million to \$260 million in 1982) of U.S. book sales could be lost to overseas manufacturers. These lost sales figures were converted into employment losses using the Bureau of Labor Statistics input-output model.

The principal industries which would be affected by the changes are listed below:

<u>Industry</u>	<u>Employment loss</u>	<u>Employment loss</u>
	<u>if sales fall</u> <u>2 percent</u>	<u>if sales fall</u> <u>10 percent</u>
Book printing-----	551	2,645
Other printing related industries (e.g., binding)---	181	881
Paper products-----	76	371
Other (e.g., various service industries)-----	599	2,955
Total-----	<u>1,407</u>	<u>6,852</u>

^{1/} Before 1978, the manufacturing clause applied to two categories of printed matter--books and directories, and periodicals. Hence, before 1978, such printed items as post cards, greeting cards, and printed forms did not fall under the manufacturing clause.

Only about 39 percent of total lost job opportunities would be in the book printing industry. It is estimated that employment losses also would be felt in other printing related industries (13 percent of total job losses), the paper products industry (5 percent), and in various other industries (e.g., service industries) (43 percent of total job losses).

In regard to publishers, it is estimated that no domestic job opportunities would be lost should the manufacturing clause be terminated because most of the activities of publishers (e.g., editorial, sales, and distribution) would be done in the United States even if publishers were to elect to increase the number of titles printed overseas. Publishers need to be closely in touch with both the creators of their material and their market; and this requires close physical proximity to both.

Long-Term Effects on Conditions of Competition Between U.S. and Foreign Firms

For many years the trend in the printing industries of the world has been toward adoption of labor-saving electronic and mechanical technology. However, as far as international competition is concerned, the utilization of such technology favors the United States and other high-wage-rate countries. These countries, because of their more urgent need to control per unit labor input costs, have been in the forefront of the development, adoption, and marketing of such technological advances.

In the future, it is expected that firms in the high-wage-rate countries will continue to adopt the latest labor-saving technology. However, many of the new firms established in the low-wage-rate countries, such as those in the Pacific Basin, can also be expected to utilize the latest in technological advances. As a result, their labor cost advantage will be severely eroded, and their capital costs will be substantially increased.

For many years the United States has had among the highest publishing and printing labor wage rates in the world, but in recent years, rates in some countries of the world, especially in Europe, have been gaining appreciably on the U.S. labor rates. For instance, Japanese labor rates have risen substantially in recent years. As countries continue to develop economically and as their standards of living continue to rise, it is expected that the disparity in wage rates paid by U.S. and foreign firms will narrow. This will further reduce the advantage of producing printed matter in foreign countries for the U.S. market.

The withdrawal of the manufacturing clause is expected to affect directly only the book-manufacturing sector of the domestic publishing and printing industries. As a result, the value of domestic book sales could be expected to decline slightly as the result of the expected increase in imports which would be expected to take place gradually over a period of several years. Although the major effect of the withdrawal of the manufacturing clause is expected to be on the domestic and foreign book manufacturers, some minor peripheral changes may occur for U.S. and foreign firms engaged in book-publishing and other printing and related activities. Over the long term, if the wage disparity between U.S. and foreign producers continues to narrow as described previously, domestic firms would be expected to regain virtually all of their lost sales.

Effects on U.S. and Foreign Firms Engaged in Book Manufacturing

The volume of world exports of books increased from \$2.0 billion in 1977 to \$3.2 billion in 1981, or by \$1.2 billion. The United States, the leading exporter, accounted for nearly \$0.4 billion of that increase. In comparison, it should be noted that the expected range in increased U.S. imports of books as a result of the withdrawal of the manufacturing clause would be from a low of less than \$0.1 billion to a high of nearly \$0.3 billion per year--less than the U.S. share of increased world exports in 1977-81.

U.S. book-manufacturing firms have been expanding their world markets and are expected to continue to do so in the future even if the manufacturing clause is withdrawn. The United States increased its share of the world export market for books from 16 percent in 1977 to 22 percent in 1981; the share of exports supplied by the EC countries, collectively, decreased from 51 percent in 1977 to 48 percent in 1981. The Pacific Basin countries increased their share of world book exports from 5 percent in 1977 to 7 percent in 1981.

The books that are expected to be imported in the largest quantities as the result of the withdrawal of the manufacturing clause are those that require a high input of labor. This would include mainly books with a high proportion of color art work and sewn bindings. Thus, the bulk of the increased imports are expected to come from firms in low-wage-rate countries such as Hong Kong and Singapore; however, firms in certain other countries with higher wage rates, such as Japan and Switzerland, can be expected to supply some of the increased imports, because they have gained reputations for high-quality, color printing.

During the first few years following the withdrawal of the manufacturing clause, total sales of those domestic book manufacturers that produce a wide range of types of books will probably be largely unaffected as they will shift their output to less-labor-intensive books. Firms that produce books with a high labor input will be affected the most. According to industry sources, some of them, depending on their financial capacity, may establish operations in low-wage-rate countries. However, these producers can also be expected to attempt to take business away from those domestic producers of types of books that are unaffected by the withdrawal of the manufacturing clause. They can also be expected to actively compete with domestic producers of other printed matter. Thus, to some extent, there may be domestic market disruption and price cutting in evidence in the early years following the withdrawal of the manufacturing clause. Over the long term, however, if the worldwide drive to replace labor with capital continues and if the gap in wage rates between U.S. and foreign firms continues to narrow, the highly competitive, technologically advanced, domestic book manufacturing firms may regain a substantial part, or all, of whatever market they initially may lose to imports as the result of the withdrawal of the manufacturing clause.

Effects on U.S. and Foreign Firms Engaged in Book-Publishing and Other Printing and Related Activities

Certain minor changes can be expected to occur in the non-book-manufacturing areas of the publishing and printing industries if the manufacturing clause should be withdrawn. Domestic publishers of books with a high labor input would probably establish foreign offices or send personnel overseas to supervise printing of such books. Also, foreign publishers would probably take over the publication of some of the books that otherwise would be handled by domestic publishers if the manufacturing clause were to remain in effect.

As indicated earlier, domestic producers of other printed matter could be affected by the withdrawal of the manufacturing clause if affected domestic book manufacturers set out to regain lost sales by actively seeking to take away business from domestic producers of other printed matter. Whatever domestic market disruption did occur would probably be quite short lived, as the overall domestic and export markets are expected to continue to expand. Therefore, in the longer term, these markets would be expected to absorb any excess domestic capacity resulting from the withdrawal of the manufacturing clause.

APPENDIX A

THE PRESIDENT'S VETO MESSAGE REGARDING H.R. 6198, HOUSE WAYS AND MEANS
COMMITTEE REQUEST, COMMISSION'S NOTICE OF INVESTIGATION, AND LIST OF
WITNESSES APPEARING AT THE HEARING

Administration of Ronald Reagan, 1982 / July 8

the "manufacturing clause" of the U.S. copyright law, that expired on June 30, 1982.

The manufacturing clause requires that many printed materials be printed in the United States in order to enjoy copyright protection. The clause was written into law nearly a century ago, in an effort to strengthen our relatively new printing industry by limiting foreign competition. However, the "infant industry" justification for protecting our printing industry is no longer valid; our industry is now one of the most modern and efficient in the world.

During the recent Tokyo Round of Multilateral Trade Negotiations, our trading partners objected to the manufacturing clause as inconsistent with our international obligations. Extension of the clause, as provided in H.R. 6198, could result in increased international trade tensions that could endanger American jobs. I would further note that if the printing or publishing industry believes itself injured, or threatened by injury, due to the expiration of the manufacturing clause, it has the option of requesting relief under the Trade Act.

My Administration has placed a very high priority on strengthening free trade, and we are energetically seeking to remove artificial foreign barriers to American exports. We are confident that our free enterprise system will enable American products to face foreign competition in our own open market and to do well in markets overseas, provided our access to those markets is not blocked by protectionist barriers that distort international competition.

Given the importance of our efforts to remove foreign trade barriers, it would be self-defeating to extend an artificial barrier of our own. For these reasons, I cannot approve H.R. 6198.

Ronald Reagan

Veto of United States Copyright Bill

*Message to the House of Representatives
Returning H.R. 6198 Without Approval.
July 8, 1982*

To the House of Representatives:

I am returning without my approval H.R. 6198, a bill that would extend for four years

The White House,
July 8, 1982.

NINETY-SEVENTH CONGRESS
DAN ROSTENKOWSKI, ILL., CHAIRMAN

105

COMMITTEE ON WAYS AND MEANS RECEIVED
U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, D.C. 20515

TELEPHONE (202) 225-3625

June 21, 1982

82 JUN 24 P 1: 28

COMMISSIONER ECKES
USITC

82 JUN 25 P 2: 58

RECEIVED

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KEN HOLLAND, S.C.
WILLIAM M. BRODHEAD, MICH.
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JOHN J. SALMON, CHIEF COUNSEL
JOSEPH K. DOWLEY, ASSISTANT CHIEF COUNSEL
ROBERT J. LEONARD, CHIEF TAX COUNSEL
A. L. SINGLETON, MINORITY CHIEF OF STAFF

The Honorable Alfred E. Eckes
Chairman
U.S. International Trade Commission
701 E Street, N.W.
Washington, D.C. 20436

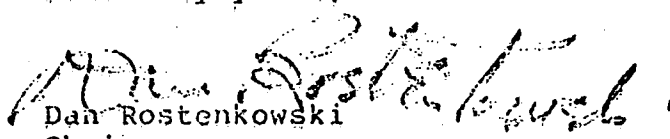
Dear Mr. Chairman:

On behalf of the Committee on Ways and Means, I would like to request that the International Trade Commission conduct a section 332 study to consider the probable effects of the expiration of the manufacturing requirements of the copyright law contained in 17 U.S.C. § 601(a).

Enclosed is a resolution approved by the Committee defining the parameters of the requested study. The resolution calls for completion of the study by July 1, 1983.

Thank you for your assistance in this matter.

Sincerely yours,


Dan Rostenkowski
Chairman

DR/Ryc
Enclosure

June 9, 1982

R E S O L U T I O N

Requesting the United States International Trade Commission to conduct a study of the economic effects of terminating the manufacturing clause of the copyright law, including an assessment of:

- (1) the effect on employment;
- (2) the effect on imports and exports;
- (3) the long-term effect of expiration on conditions of competition between U.S. and foreign firms engaged in printing and related activities.

Pursuant to 19 U.S.C. § 1331(g), the Committee on Ways and Means requests the United States International Trade Commission to conduct such a study and report its findings by July 1, 1983.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

(332-145)

STUDY OF THE ECONOMIC EFFECTS OF TERMINATING THE MANUFACTURING CLAUSE OF THE
COPYRIGHT LAW

AGENCY: United States International Trade Commission

ACTION: At the request of the Committee on Ways and Means of the U.S. House of Representatives, the U.S. International Trade Commission instituted investigation No. 332-145 under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), to study the economic effects of terminating the manufacturing clause of the copyright law, including an assessment of (1) the effect on employment; (2) the effect on imports and exports; and (3) the long-term effect of expiration of the manufacturing clause on conditions of competition between U.S. and foreign firms engaged in printing and related activities. The Commission will report its findings by July 1, 1983.

EFFECTIVE DATE: July 23, 1982.

FOR FURTHER INFORMATION CONTACT: Mr. C. B. Stahmer, Office of Industries (telephone 202-724-0091); or Mr. Paul Golding, Office of Economics (telephone 202-523-1542), U.S. International Trade Commission, Washington, D.C. 20436.
PUBLIC HEARING: A public hearing in connection with the investigation will be held in the Hearing Room of the United States International Trade Commission, beginning at 10 a.m., e.s.t., on March 16 and 17, 1983. All persons shall have the right to appear by counsel or in person, to present information, and to be heard. Requests to appear at the public hearing should be filed with the Secretary, United States International Trade Commission, 701 E Street NW., Washington, D.C. 20436, not later than noon, March 9, 1983.

WRITTEN SUBMISSIONS: In lieu of or in addition to appearances at the public hearing, interested persons are invited to submit written statements concerning the investigation. Commercial or financial information which a submitter desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business information, will be made available for inspection by interested persons. To be ensured of consideration by the Commission, written statements should be submitted at the earliest practicable date, but no later than March 24, 1983. All submissions should be addressed to the Secretary at the Commission's office in Washington, D.C.

By order of the Commission.

Kenneth R. Mason
Secretary

Issued: July 26, 1982

Witnesses Appearing at the Hearing

Loomis, Owen, Feldman & Howe--Counsel
Washington, D.C.
on behalf of

Book Manufacturers' Institute, Inc.

Douglas E. Horner, Executive Vice President

E. Wayne Nordberg, Economist, General Partner,
Prescott, Ball and Turben

Charles C. Bohrer, Vice President, Holloday Tyler
Printing Company

Stephen F. Owen, Jr.--OF COUNSEL

Paskus, Gordon & Hyman--Counsel
Washington, D.C.
on behalf of

Association of American Publishers, Inc.,
Washington, D.C.

Ms. Carol A. Risher, Director of Copyright

Jon A. Baumgarten--OF COUNSEL

Graphics Arts International Union, AFL-CIO,
Washington, D.C.

William Schroeder, Vice President

Ms. Elizabeth Jager, Economist, Economic Research
Department, AFL-CIO

John M. Greer, Vice President, Legislative Affairs

Groupeement Des Federations Des Industries Graphiques
Dans Les Communautés Europeennes (EUROGRAF),
Bruxelles

Alan R. Tyrrell, QC, Member of the European
Parliament

Miss Daphne Connelly, Economic Adviser of the
British Printing Industries Federation

Printing Industries of America, Inc.,
Arlington, Virginia

Benjamin Y. Cooper, Vice President,
Government Affairs

Arthur C. Prine, Jr., Vice President,
R. R. Donnelley & Sons Company

APPENDIX B

EXCERPT FROM THE COPYRIGHT ACT OF 1976

Chapter 6.—MANUFACTURING REQUIREMENTS AND IMPORTATION

Sec.

601. Manufacture, importation, and public distribution of certain copies.

602. Infringing importation of copies or phonorecords.

603. Importation prohibitions: Enforcement and disposition of excluded articles.

17 USC 601.

§ 601. Manufacture, importation, and public distribution of certain copies

(a) Prior to July 1, 1982, and except as provided by subsection (b), the importation into or public distribution in the United States of copies of a work consisting preponderantly of nondramatic literary material that is in the English language and is protected under this title is prohibited unless the portions consisting of such material have been manufactured in the United States or Canada.

(b) The provisions of subsection (a) do not apply—

(1) where, on the date when importation is sought or public distribution in the United States is made, the author of any substantial part of such material is neither a national nor a domiciliary of the United States or, if such author is a national of the United States, he or she has been domiciled outside the United States for a continuous period of at least one year immediately preceding that date; in the case of a work made for hire, the exemption provided by this clause does not apply unless a substantial part of the work was prepared for an employer or other person who is not a national or domiciliary of the United States or a domestic corporation or enterprise;

(2) where the United States Customs Service is presented with an import statement issued under the seal of the Copyright Office, in which case a total of no more than two thousand copies of any one such work shall be allowed entry; the import statement shall be issued upon request to the copyright owner or to a person designated by such owner at the time of registration for the work under section 408 or at any time thereafter;

(3) where importation is sought under the authority or for the use, other than in schools, of the Government of the United States or of any State or political subdivision of a State;

(4) where importation, for use and not for sale, is sought—

(A) by any person with respect to no more than one copy of any work at any one time;

(B) by any person arriving from outside the United States, with respect to copies forming part of such person's personal baggage; or

(C) by an organization operated for scholarly, educational, or religious purposes and not for private gain, with respect to copies intended to form a part of its library;

(5) where the copies are reproduced in raised characters for the use of the blind; or

(6) where, in addition to copies imported under clauses (3) and (4) of this subsection, no more than two thousand copies of any one such work, which have not been manufactured in the United States or Canada, are publicly distributed in the United States; or

(7) where, on the date when importation is sought or public distribution in the United States is made—

(A) the author of any substantial part of such material is an individual and receives compensation for the transfer or license of the right to distribute the work in the United States; and

(B) the first publication of the work has previously taken place outside the United States under a transfer or license granted by such author to a transferee or licensee who was not a national or domiciliary of the United States or a domestic corporation or enterprise; and

(C) there has been no publication of an authorized edition of the work of which the copies were manufactured in the United States; and

(D) the copies were reproduced under a transfer or license granted by such author or by the transferee or licensee of the right of first publication as mentioned in subclause (B), and the transferee or the licensee of the right of reproduction was not a national or domiciliary of the United States or a domestic corporation or enterprise.

(c) The requirement of this section that copies be manufactured in the United States or Canada is satisfied if—

(1) in the case where the copies are printed directly from type that has been set, or directly from plates made from such type, the setting of the type and the making of the plates have been performed in the United States or Canada; or

(2) in the case where the making of plates by a lithographic or photoengraving process is a final or intermediate step preceding the printing of the copies, the making of the plates has been performed in the United States or Canada; and

(3) in any case, the printing or other final process of producing multiple copies and any binding of the copies have been performed in the United States or Canada.

(d) Importation or public distribution of copies in violation of this section does not invalidate protection for a work under this title. However, in any civil action or criminal proceeding for infringement of the exclusive rights to reproduce and distribute copies of the work, the infringer has a complete defense with respect to all of the nondramatic literary material comprised in the work and any other parts of the work in which the exclusive rights to reproduce and distribute copies are owned by the same person who owns such exclusive rights in the nondramatic literary material, if the infringer proves—

(1) that copies of the work have been imported into or publicly distributed in the United States in violation of this section by or with the authority of the owner of such exclusive rights; and

(2) that the infringing copies were manufactured in the United States or Canada in accordance with the provisions of subsection (c); and

(3) that the infringement was commenced before the effective date of registration for an authorized edition of the work, the copies of which have been manufactured in the United States or Canada in accordance with the provisions of subsection (c).

(e) In any action for infringement of the exclusive rights to reproduce and distribute copies of a work containing material required by this section to be manufactured in the United States or Canada, the copyright owner shall set forth in the complaint the names of the persons or organizations who performed the processes specified by subsection (c) with respect to that material, and the places where those processes were performed.

APPENDIX C

TORONTO AGREEMENT OF 1968

AGREEMENT OF TORONTO

Representatives of the U.S. and Canadian business and labour organizations concerned with printing and publishing met in Toronto on February 16, 1968 to discuss three interrelated issues of mutual interest, namely, an exemption for Canada from the U.S. manufacturing clause, Canadian acceptance of the Florence Agreement, and effective resistance to weakening of international copyright protection.

After a thorough discussion of all aspects of these inter-related issues, the following courses of action were unanimously agreed upon:

- (1) The Canadian group will promptly inform the Canadian Government of the Toronto meeting and of the agreement to take parallel action on both sides of the border to bring about exemption for Canada from the U.S. manufacturing clause and the acceptance by Canada of the Florence Agreement. The Canadian group will urge the Canadian Government to accept the Florence Agreement as soon as exemption for Canada has been adopted by the U.S. Congress. It is noted that the acceptance of the Florence Agreement can be accomplished in Canada without the necessity of an Act of Parliament.
- (2) The U.S. and the Canadian groups will co-operate closely in urging their respective governments to consult and work together to oppose the Stockholm Protocol or similar actions weakening international copyright protection which may be proposed under the Universal Copyright Convention.
- (3) The U.S. group will do its utmost to obtain incorporation of an exemption for Canada in the manufacturing section of the bill to revise the U.S. copyright law (S.597) now being considered by a U.S. Senate Subcommittee. Specifically, the U.S. group will inform the Department of State of the Toronto meeting and will urge the Department (a) not to oppose an exemption for Canada from the U.S. manufacturing clause, and (b) to work closely with the Government of Canada in opposing weakening of international copyright protection under the Berne Convention or the Universal Copyright Convention. The U.S. group will also bring to the attention of the appropriate subcommittee of the Senate and House Judiciary Committees the recommendations of the Toronto meeting with respect to the manufacturing clause amendment.

AGREEMENT OF TORONTO

- (4) It is anticipated that co-operative efforts on, and resolution of, the foregoing issues in a mutually satisfactory manner will lead promptly to definite future co-operation between the United States and Canadian groups on the removal of any remaining barriers to trade between the two countries affecting the printing and publishing industries.



On behalf of the U.S. group

Robert W. Frase, Director
Joint Washington Office
American Book Publishers Council
American Educational Publishers Institute

Leo N. Albert, Chairman
Berns Protocol Special Task Force
American Book Publishers Council
American Educational Publishers Institute

Joe Bailey
International Vice President
International Typographical Union

Harry F. Howard, Chairman
Governmental Affairs Committee
Book Manufacturers' Institute

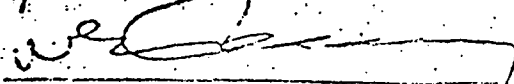
Don Lacy, Chairman
Copyright Committee
American Book Publishers Council

Cameron Mesoley, Chairman
Copyright Committee
American Educational Publishers Institute

Arthur Prince, Chairman
International Affairs Committee
Printing Industries of America

Walter Ridsen, Vice President
Lithographers & Photoengravers
International Union

Wesley Taylor, Secretary-Treasurer
International Brotherhood of
Bookbinders



On behalf of the Canadian group

W. E. Curry, Chairman,
Joint Committee of the Printing
and Publishing Industries of Canada

Miller Alloway,
Executive Committee,
Graphic Arts Industries Assoc.
& member Canadian Joint Committee

Douglas Best,
Past Chairman,
Canadian Book Manufacturers' Inst.,
& member Canadian Joint Committee

Marsh Jeanneret,
President,
Canadian Book Publishers' Council

Tom Osborne,
President, Toronto Printing
Pressmen & Assistants' Union

Michael Pitman,
President,
Canadian Copyright Institute,
& member Canadian Joint Committee

Ed Pritchard,
Executive Committee,
Graphic Arts Industries Assoc.,
& member Canadian Joint Committee

Les Young,
Secretary-Treasurer,
Toronto Photo-Engravers Union

APPENDIX D

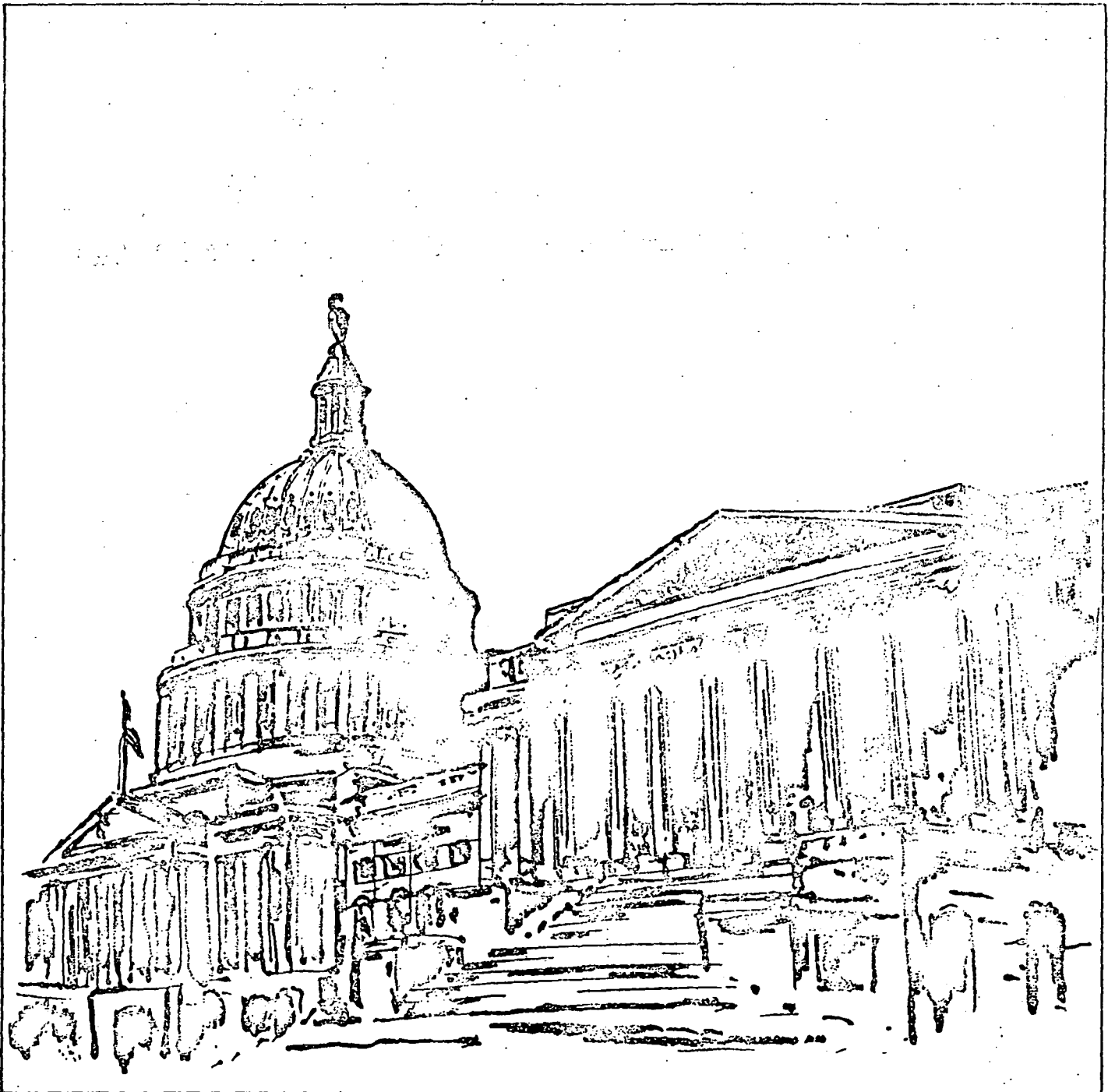
EXCERPT FROM INTERNATIONAL COPYRIGHT RELATIONS OF THE UNITED STATES

Circular

R38

118

International
Copyright Relations
of the United States



International Copyright Relations of the United States

GENERAL INFORMATION

This sets forth U.S. copyright relations of current interest with the other independent nations of the world. Each entry gives country name (and alternate name) and a statement of copyright relations. The following code is used:

Bilateral	Bilateral copyright relations with the United States by virtue of a proclamation or treaty, as of the date given. Where there is more than one proclamation or treaty, only the date of the first one is given.
BAC	Party to the Buenos Aires Convention of 1910, as of the date given. U.S. ratification deposited with the Government of Argentina, May 1, 1911; proclaimed by the President of the United States, July 13, 1914.
None	No copyright relations with the United States.
Phonogram	Party to the Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms, Geneva, 1971, as of the date given. The effective date for the United States was March 10, 1974.
UCC Geneva	Party to the Universal Copyright Convention, Geneva, 1952, as of the date given. The effective date for the United States was September 16, 1955.
UCC Paris	Party to the Universal Copyright Convention as revised at Paris, 1971, as of the date given. The effective date for the United States was July 10, 1974.
Unclear	Became independent since 1943. Has not established copyright relations with the United States, but may be honoring obligations incurred under former political status.

RELATIONS AS OF JUNE 30, 1982

Afghanistan	None
Albania	None
Algeria	UCC Geneva Aug. 28, 1973 UCC Paris July 10, 1974
Andorra	UCC Geneva Sept. 16, 1955
Angola	Unclear
Antigua and Barbuda	Unclear
Argentina	Bilateral Aug. 23, 1934 BAC April 19, 1950 UCC Geneva Feb. 13, 1958 Phonogram June 30, 1973
Australia	Bilateral March 15, 1918 UCC Geneva May 1, 1969 Phonogram June 22, 1974 UCC Paris Feb. 28, 1978
Austria	Bilateral Sept. 20, 1907 UCC Geneva July 2, 1957
Bahamas, The	UCC Geneva July 10, 1973 UCC Paris Dec. 27, 1976
Bahrain	None
Bangladesh	UCC Geneva Aug. 5, 1975 UCC Paris Aug. 5, 1975
Barbados	Unclear
Belau	Unclear
Belgium	Bilateral July 1, 1891 UCC Geneva Aug. 31, 1960
Belize	Unclear
Benin (formerly Dahomey)	Unclear

Bhutan

None

Bolivia

BAC May 15, 1914

Botswana

Unclear

Brazil

BAC Aug. 31, 1915

Bilateral April 2, 1957

UCC Geneva Jan. 13, 1960

Phonogram Nov. 28, 1975

UCC Paris Dec. 11, 1975

Bulgaria

UCC Geneva June 7, 1975

UCC Paris June 7, 1975

Burma

Unclear

Burundi

Unclear

Cambodia

(See entry under Kampuchea)

Cameroon

UCC Geneva May 1, 1973

UCC Paris July 10, 1974

Canada

Bilateral Jan. 1, 1924

UCC Geneva Aug. 10, 1962

Cape Verde

Unclear

Central African Empire

Unclear

Chad

Unclear

Chile

Bilateral May 25, 1896

BAC June 14, 1955

UCC Geneva Sept. 16, 1955

Phonogram March 24, 1977

China

Bilateral Jan. 13, 1904

Colombia

BAC Dec. 23, 1936

UCC Geneva June 18, 1976

UCC Paris June 18, 1976

Comoros

Unclear

Congo

Unclear

Costa Rica¹

Bilateral Oct. 19, 1899

BAC Nov. 30, 1916

UCC Geneva Sept. 16, 1955

UCC Paris March 7, 1980

Phonogram June 17, 1982

Cuba

Bilateral Nov. 17, 1903

UCC Geneva June 18, 1957

Cyprus

Unclear

Czechoslovakia

Bilateral March 1, 1927

UCC Geneva Jan. 6, 1960

UCC Paris April 17, 1980

Denmark

Bilateral May 8, 1893

UCC Geneva Feb. 9, 1962

Phonogram March 24, 1977

UCC Paris July 11, 1979

Djibouti

Unclear

Dominica

Unclear

Dominican Republic¹

BAC Oct. 31, 1912

Ecuador

BAC Aug. 31, 1914

UCC Geneva June 5, 1957

Phonogram Sept. 14, 1974

Egypt²

Phonogram April 23, 1978

El Salvador

Bilateral June 30, 1908

by virtue of Mexico City

Convention, 1902

Phonogram February 9, 1979

UCC Geneva March 29, 1979

UCC Paris March 29, 1979

Equatorial Guinea

Unclear

¹ This country became a party to the Mexico City Convention, 1902, effective June 30, 1908, to which the United States also became a party, effective on the same date. As regards copyright relations with the United States, this convention is considered to have been superseded by adherence of this country and the United States to the Buenos Aires Convention of 1910.

² For works other than sound recordings, none.

Ethiopia

None

Fiji

UCC Geneva Oct. 10, 1970

Phonogram April 18, 1973

Finland

Bilateral Jan. 1, 1929

UCC Geneva April 16, 1963

Phonogram April 18, 1973

France

Bilateral July 1, 1891

UCC Geneva Jan. 14, 1956

Phonogram April 18, 1973

UCC Paris July 10, 1974

Gabon

Unclear

Gambia, The

Unclear

Germany

Bilateral April 15, 1892

UCC Geneva with Federal

Republic of Germany Sept. 16, 1955

UCC Geneva with German

Democratic Republic Oct. 5, 1973

Phonogram with Federal

Republic of Germany May 18, 1974

UCC Paris with Federal

Republic of Germany July 10, 1974

UCC Paris with German

Democratic Republic Dec. 10, 1980

Ghana

UCC Geneva Aug. 22, 1962

Greece

Bilateral March 1, 1932

UCC Geneva Aug. 24, 1963

Grenada

Unclear

Guatemala¹

BAC March 28, 1913

UCC Geneva Oct. 28, 1964

Phonogram Feb. 1, 1977

Guinea

UCC Geneva Nov. 13, 1981

UCC Paris Nov. 13, 1981

Guinea-Bissau

Unclear

Guyana

Unclear

Haiti

BAC Nov. 27, 1919

UCC Geneva Sept. 16, 1955

Holy See

(See entry under Vatican City)

Honduras¹

BAC April 27, 1914

Hungary

Bilateral Oct. 16, 1912

UCC Geneva Jan. 23, 1971

UCC Paris July 10, 1974

Phonogram May 28, 1975

Iceland

UCC Geneva Dec. 18, 1956

India

Bilateral Aug. 15, 1947

UCC Geneva Jan. 21, 1958

Phonogram Feb. 12, 1975

Indonesia

Unclear

Iran

None

Iraq

None

Ireland

Bilateral Oct. 1, 1929

UCC Geneva Jan. 20, 1959

Israel

Bilateral May 15, 1948

UCC Geneva Sept. 16, 1955

Phonogram May 1, 1978

Italy

Bilateral Oct. 31, 1892

UCC Geneva Jan. 24, 1957

Phonogram March 24, 1977

UCC Paris Jan. 25, 1980

Ivory Coast

Unclear

Jamaica

None

Japan³

UCC Geneva April 28, 1956

UCC Paris Oct. 21, 1977

Phonogram Oct. 14, 1978

³ Bilateral copyright relations between Japan and the United States, which were formulated effective May 10, 1906, are considered to have been abrogated and superseded by the adherence of Japan to the UCC Geneva, effective April 28, 1956.

- Jordan**
Unclear
- Kampuchea**
UCC Geneva Sept. 16, 1955
- Kenya**
UCC Geneva Sept. 7, 1966
UCC Paris July 10, 1974
Phonogram April 21, 1976
- Kiribati**
Unclear
- Korea**
Unclear
- Kuwait**
Unclear
- Laos**
UCC Geneva Sept. 16, 1955
- Lebanon**
UCC Geneva Oct. 17, 1959
- Lesotho**
Unclear
- Liberia**
UCC Geneva July 27, 1956
- Libya**
Unclear
- Liechtenstein**
UCC Geneva Jan. 22, 1959
- Luxembourg**
Bilateral June 29, 1910
UCC Geneva Oct. 15, 1955
Phonogram March 8, 1976
- Madagascar (Malagasy Republic)**
Unclear
- Malawi**
UCC Geneva Oct. 26, 1965
- Malaysia**
Unclear
- Maldives**
Unclear
- Mali**
Unclear
- Malta**
UCC Geneva Nov. 19, 1968
- Mauritania**
Unclear
- Mauritius**
UCC Geneva March 12, 1968
- Mexico**
Bilateral Feb. 27, 1896
UCC Geneva May 12, 1957
BAC April 24, 1964
Phonogram Dec. 21, 1973
UCC Paris Oct. 31, 1975
- Monaco**
Bilateral Oct. 15, 1952
UCC Geneva Sept. 16, 1955
Phonogram Dec. 2, 1974
UCC Paris Dec. 13, 1974
- Mongolia**
None
- Morocco**
UCC Geneva May 8, 1972
UCC Paris Jan. 28, 1976
- Mozambique**
Unclear
- Nauru**
Unclear
- Nepal**
None
- Netherlands**
Bilateral Nov. 20, 1899
UCC Geneva June 22, 1967
- New Zealand**
Bilateral Dec. 1, 1916
UCC Geneva Sept. 11, 1964
Phonogram Aug. 13, 1976
- Nicaragua¹**
BAC Dec. 15, 1913
UCC Geneva Aug. 16, 1961
- Niger**
Unclear
- Nigeria**
UCC Geneva Feb. 14, 1962
- Norway**
Bilateral July 1, 1905
UCC Geneva Jan. 23, 1963
UCC Paris Aug. 7, 1974
Phonogram Aug. 1, 1978

Oman
None

Pakistan
UCC Geneva Sept. 16, 1955

Panama
BAC Nov. 25, 1913
UCC Geneva Oct. 17, 1962
Phonogram June 29, 1974
UCC Paris Sept. 3, 1980

Papua New Guinea
Unclear

Paraguay
BAC Sept. 20, 1917
UCC Geneva March 11, 1962
Phonogram Feb. 13, 1979

Peru
BAC April 30, 1920
UCC Geneva Oct. 16, 1963

Philippines
Bilateral Oct. 21, 1948
UCC status undetermined by UNESCO.
(Copyright Office considers that UCC relations do not exist.)

Poland
Bilateral Feb. 16, 1927
UCC Geneva March 9, 1977
UCC Paris March 9, 1977

Portugal
Bilateral July 20, 1893
UCC Geneva Dec. 25, 1956
UCC Paris July 30, 1981

Qatar
None

Romania
Bilateral May 14, 1928

Rwanda
Unclear

Saint Lucia
Unclear

Saint Vincent and the Grenadines
Unclear

San Marino
None

Sao Tome and Principe
Unclear

Saudi Arabia
None

Senegal
UCC Geneva July 9, 1974
UCC Paris July 10, 1974

Seychelles
Unclear

Sierra Leone
None

Singapore
Unclear

Solomon Islands
Unclear

Somalia
Unclear

South Africa
Bilateral July 1, 1924

Soviet Union
UCC Geneva May 27, 1973

Spain
Bilateral July 10, 1895
UCC Geneva Sept. 16, 1955
UCC Paris July 10, 1974
Phonogram Aug. 24, 1974

Sri Lanka (formerly Ceylon)
Unclear

Sudan
Unclear

Surinam
Unclear

Swaziland
Unclear

Sweden
Bilateral June 1, 1911
UCC Geneva July 1, 1961
Phonogram April 18, 1973
UCC Paris July 10, 1974

Switzerland
Bilateral July 1, 1891
UCC Geneva March 30, 1956

Syria
Unclear

Tanzania
Unclear

Thailand
Bilateral Sept. 1, 1921

Togo
Unclear

Tonga
None

Trinidad and Tobago
Unclear

Tunisia

UCC Geneva June 19, 1969

UCC Paris June 10, 1975

Turkey

None

Tuvalu

Unclear

Uganda

Unclear

United Arab Emirates

None

United Kingdom

Bilateral July 1, 1891

UCC Geneva Sept. 27, 1957

Phonogram April 18, 1973

UCC Paris July 10, 1974

Upper Volta

Unclear

Uruguay

BAC Dec. 17, 1919

Vanuatu

Unclear

Vatican City (Holy See)

UCC Geneva Oct. 5, 1955

Phonogram July 18, 1977

UCC Paris May 6, 1980

Venezuela

UCC Geneva Sept. 30, 1966

Vietnam

Unclear

Western Samoa

Unclear

Yemen (Aden)

Unclear

Yemen (San'a)

None

Yugoslavia

UCC Geneva May 11, 1966

UCC Paris July 10, 1974

Zaire⁴

Phonogram Nov. 29, 1977

Zambia

UCC Geneva June 1, 1965

Zimbabwe

Unclear

⁴ For works other than sound recordings, unclear.

Note.--The Copyright Office has informed the International Trade Commission that the following actions have occurred since Circular R38a was issued in July 1982:

Austria

Phonogram Aug. 21, 1982

UCC Paris Aug. 14, 1982

Uruguay

Phonogram Jan. 18, 1983

Venezuela

Phonogram Nov. 18, 1982

APPENDIX E
THE FLORENCE AGREEMENT

AGREEMENT
ON THE IMPORTATION
OF EDUCATIONAL, SCIENTIFIC AND CULTURAL MATERIALS



UNITED NATIONS • NATIONS UNIES
Lake Success, New York
1950

AGREEMENT ON THE IMPORTATION OF EDUCATIONAL, SCIENTIFIC AND CUL- TURAL MATERIALS

PREAMBLE

The contracting States,

CONSIDERING that the free exchange of ideas and knowledge and, in general, the widest possible dissemination of the diverse forms of self-expression used by civilizations are vitally important both for intellectual progress and international understanding, and consequently for the maintenance of world peace;

CONSIDERING that this interchange is accomplished primarily by means of books, publications and educational, scientific and cultural materials;

CONSIDERING that the Constitution of the United Nations Educational, Scientific and Cultural Organization urges co-operation between nations in all branches of intellectual activity, including "the exchange of publications, objects of artistic and scientific interest and other materials of information" and provides further that the Organization shall "collaborate in the work of advancing the mutual knowledge and understanding of peoples, through all means of mass communication and to that end recommend such international agreements as may be necessary to promote the free flow of ideas by word and image";

RECOGNIZE that these aims will be effectively furthered by an international agreement facilitating the free flow of books, publications and educational, scientific and cultural materials; and

HAVE, therefore, AGREED to the following provisions:

ARTICLE I

1. The contracting States undertake not to apply customs duties or other charges on, or in connexion with, the importation of:

(a) Books, publications and documents, listed in annex A to this Agreement;

(b) Educational, scientific and cultural materials, listed in annexes B, C, D and E to this Agreement;

which are the products of another contracting State, subject to the conditions laid down in those annexes.

2. The provisions of paragraph 1 of this article shall not prevent any contracting State from levying on imported materials:

(a) Internal taxes or any other internal charges of any kind, imposed at the time of importation or subsequently, not exceeding those applied directly or indirectly to like domestic products;

(b) Fees and charges, other than customs duties, imposed by governmental authorities on, or in connexion with, importation, limited in amount to the approximate cost of the services rendered, and representing neither an indirect protection to domestic products nor a taxation of imports for revenue purposes.

ARTICLE II

1. The contracting States undertake to grant the necessary licences and/or foreign exchange for the importation of the following articles:

(a) Books and publications consigned to public libraries and collections and to the libraries and collections of public educational, research or cultural institutions;

(b) Official government publications, that is, official, parliamentary and administrative documents published in their country of origin;

(c) Books and publications of the United Nations or any of its specialized agencies;

(d) Books and publications received by the United Nations Educational, Scientific and Cultural Organization and distributed free of charge by it or under its supervision;

(e) Publications intended to promote tourist travel outside the country of importation, sent and distributed free of charge;

(f) Articles for the blind:

(i) Books, publications and documents of all kinds in raised characters for the blind;

(ii) Other articles specially designed for the educational, scientific or cultural advancement of the blind, which are imported directly by institutions or organizations concerned with the welfare of the blind, approved by the competent authorities of the importing country for the purpose of duty-free entry of these types of articles.

2. The contracting States which at any time apply quantitative restrictions and exchange control measures undertake to grant, as far as possible, foreign exchange and licences necessary for the importation of other educational, scientific or cultural materials, and particularly the materials referred to in the annexes to this Agreement.

ARTICLE III

1. The contracting States undertake to give every possible facility to the importation of educational, scientific or cultural materials, which are imported exclusively for showing at a public exhibition approved by the competent authorities of the importing country and for subsequent re-exportation. These facilities shall include the granting of the necessary licences and exemption from customs duties and internal taxes and charges of all kinds payable on importation, other than fees and charges corresponding to the approximate cost of services rendered.

2. Nothing in this article shall prevent the authorities of an importing country from taking such steps as may be necessary to ensure that the materials in question shall be re-exported at the close of their exhibition.

ARTICLE IV

The contracting States undertake that they will as far as possible:

(a) Continue their common efforts to promote by every means the free circulation of educational, scientific or cultural materials, and abolish or reduce any restrictions to that free circulation which are not referred to in this Agreement;

(b) Simplify the administrative procedure governing the importation of educational, scientific or cultural materials;

(c) Facilitate the expeditions and safe customs clearance of educational, scientific or cultural materials.

ARTICLE V

Nothing in this Agreement shall affect the right of contracting States to take measures, in conformity with their legislation, to prohibit or limit the importation, or the circulation after importation, of articles on grounds relating directly to national security, public order or public morals.

ARTICLE VI

This Agreement shall not modify or affect the laws and regulations of any contracting State or any of its international treaties, conventions, agreements or proclamations, with respect to copyright, trademarks or patents.

ARTICLE VII

Subject to the provisions of any previous conventions to which the contracting States may have subscribed for the settlement of disputes, the contracting States undertake to have recourse to negotiations or conciliation, with a view to settlement of any disputes regarding the interpretation or the application of this Agreement.

ARTICLE VIII

In case of a dispute between contracting States relating to the educational, scientific or cultural character of imported materials, the interested

Parties may, by common agreement, refer it to the Director-General of the United Nations Educational, Scientific and Cultural Organization for an advisory opinion.

ARTICLE IX

1. This Agreement, of which the English and French texts are equally authentic, shall bear today's date and remain open for signature by all Member States of the United Nations Educational, Scientific and Cultural Organization, all Member States of the United Nations and any non-member State to which an invitation may have been addressed by the Executive Board of the United Nations Educational, Scientific and Cultural Organization.

2. The Agreement shall be ratified on behalf of the signatory States in accordance with their respective constitutional procedure.

3. The instruments of ratification shall be deposited with the Secretary-General of the United Nations.

ARTICLE X

The States referred to in paragraph 1 of article IX may accept this Agreement from 22 November 1950. Acceptance shall become effective on the deposit of a formal instrument with the Secretary-General of the United Nations.

ARTICLE XI

This Agreement shall come into force on the date on which the Secretary-General of the United Nations receives instruments of ratification or acceptance from ten States.

ARTICLE XII

1. The States Parties to this Agreement on the date of its coming into force shall each take all the necessary measures for its fully effective operation within a period of six months after that date.

2. For States which may deposit their instruments of ratification or acceptance after the date

of the Agreement coming into force, these measures shall be taken within a period of three months from the date of deposit.

3. Within one month of the expiration of the periods mentioned in paragraphs 1 and 2 of this article, the contracting States to this Agreement shall submit a report to the United Nations Educational, Scientific and Cultural Organization of the measures which they have taken for such fully effective operation.

4. The United Nations Educational, Scientific and Cultural Organization shall transmit this report to all signatory States to this Agreement and to the International Trade Organization (provisionally, to its Interim Commission).

ARTICLE XIII

Any contracting State may, at the time of signature or the deposit of its instrument of ratification or acceptance, or at any time thereafter, declare by notification addressed to the Secretary-General of the United Nations that this Agreement shall extend to all or any of the territories for the conduct of whose foreign relations that contracting State is responsible.

ARTICLE XIV

1. Two years after the date of the coming into force of this Agreement, any contracting State may, on its own behalf or on behalf of any of the territories for the conduct of whose foreign relations that contracting State is responsible, denounce this Agreement by an instrument in writing deposited with the Secretary-General of the United Nations.

2. The denunciation shall take effect one year after the receipt of the instrument of denunciation.

ARTICLE XV

The Secretary-General of the United Nations shall inform the States referred to in paragraph 1 of article IX, as well as the United Nations Educational, Scientific and Cultural Organization, and the International Trade Organization (pro-

visionally, its Interim Commission), of the deposit of all the instruments of ratification and acceptance provided for in articles IX and X, as well as of the notifications and denunciations provided for respectively in articles XIII and XIV.

ARTICLE XVI

At the request of one-third of the contracting States to this Agreement, the Director-General of the United Nations Educational, Scientific and Cultural Organization shall place on the agenda of the next session of the General Conference of that Organization, the question of convoking a meeting for the revision of this Agreement.

ARTICLE XVII

Annexes A, B, C, D and E, as well as the Protocol annexed to this Agreement are hereby made an integral part of this Agreement.

ARTICLE XVIII

1. In accordance with Article 102 of the Charter of the United Nations,⁽¹⁾ this Agreement shall be registered by the Secretary-General of the United Nations on the date of its coming into force.

2. IN FAITH WHEREOF the undersigned, duly authorized, have signed this Agreement on behalf of their respective Governments.

DONE at Lake Success, New York, this twenty-second day of November one thousand nine hundred and fifty in a single copy, which shall remain deposited in the archives of the United Nations, and certified true copies of which shall be delivered to all the States referred to in paragraph 1 of article IX, as well as to the United Nations Educational, Scientific and Cultural Organization and to the International Trade Organization (provisionally, to its Interim Commission).

ANNEX A

BOOKS, PUBLICATIONS AND DOCUMENTS

- (i) Printed books.
- (ii) Newspapers and periodicals.
- (iii) Books and documents produced by duplicating processes other than printing.
- (iv) Official government publications, that is, official, parliamentary and administrative documents published in their country of origin.
- (v) Travel posters and travel literature (pamphlets, guides, time-tables, leaflets and similar publications), whether illustrated or not, including those published by private commercial enterprises, whose purpose is to stimulate travel outside the country of importation.
- (vi) Publications whose purpose is to stimulate study outside the country of importation.
- (vii) Manuscripts, including typescripts.
- (viii) Catalogues of books and publications, being books and publications offered for sale by publishers or booksellers established outside the country of importation.
- (ix) Catalogues of films, recordings or other visual and auditory material of an educational, scientific or cultural character, being catalogues issued by or on behalf of the United Nations or any of its specialized agencies.
- (x) Music in manuscript or printed form, or reproduced by duplicating processes other than printing.
- (xi) Geographical, hydrographical or astronomical maps and charts.
- (xii) Architectural, industrial or engineering plans and designs, and reproductions thereof, intended for study in scientific establishments or educational institutions approved by the competent authorities of the importing country for the purpose of duty-free admission of these types of articles.

¹TS 993: 59 Stat. 1052.

(The exemptions provided by annex A shall not apply to:

- (a) Stationery;
- (b) Books, publications and documents (except catalogues, travel posters and travel literature referred to above) published by or for a private commercial enterprise, essentially for advertising purposes;

(c) Newspapers and periodicals in which the advertising matter is in excess of 70 per cent by space;

(d) All other items (except catalogues referred to above) in which the advertising matter is in excess of 25 per cent by space. In the case of travel posters and literature, this percentage shall apply only to private commercial advertising matter.)

ANNEX B

WORKS OF ART AND COLLECTORS' PIECES OF AN EDUCATIONAL, SCIENTIFIC OR CULTURAL CHARACTER

- (i) Paintings and drawings, including copies, executed entirely by hand, but excluding manufactured decorated wares.
- (ii) Hand-printed impressions, produced from hand-engraved or hand-etched blocks, plates or other material, and signed and numbered by the artist.
- (iii) Original works of art of statuary or sculpture, whether in the round, in relief, or in intaglio, excluding mass-produced reproductions and works of conventional craftsmanship of a commercial character.
- (iv) Collectors' pieces and objects of art consigned to public galleries, museums and other public institutions, approved by the competent authorities of the importing country for the purpose of duty-free entry of these types of articles, not intended for resale.
- (v) Collections and collectors' pieces in such scientific fields as anatomy, zoology, botany, mineralogy, palaeontology, archaeology and ethnography, not intended for resale.

- (vi) Antiques, being articles in excess of 100 years of age.

ANNEX C

VISUAL AND AUDITORY MATERIALS OF AN EDUCATIONAL, SCIENTIFIC OR CULTURAL CHARACTER

- (i) Films, filmstrips, microfilms and slides, of an educational, scientific or cultural character, when imported by organizations (including, at the discretion of the importing country, broadcasting organizations), approved by the competent authorities of the importing country for the purpose of duty-free admission of these types of articles, exclusively for exhibition by these organizations or by other public or private educational, scientific or cultural institutions or societies approved by the aforesaid authorities.
- (ii) Newsreels (with or without sound track), depicting events of current news value at the time of importation, and imported in either negative form, exposed and developed, or positive form, printed and developed, when imported by organizations (including, at the discretion of the importing country, broadcasting organizations) approved by the competent authorities of the importing country for the purpose of duty-free admission of such films, provided that free entry may be limited to two copies of each subject for copying purposes.
- (iii) Sound recordings of an educational, scientific or cultural character for use exclusively in public or private educational, scientific or cultural institutions or societies (including, at the discretion of the importing country, broadcasting organizations) approved by the competent authorities of the importing country for the purpose of duty-free admission of these types of articles.
- (iv) Films, filmstrips, microfilms and sound recordings of an educational, scientific or cultural character produced by the United Nations or any of its specialized agencies.

- (v) Patterns, models and wall charts for use exclusively for demonstrating and teaching purposes in public or private educational, scientific or cultural institutions approved by the competent authorities of the importing country for the purpose of duty-free admission of these types of articles.

ANNEX D

SCIENTIFIC INSTRUMENTS OR APPARATUS

Scientific instruments or apparatus, intended exclusively for educational purposes or pure scientific research, provided:

(a) That such scientific instruments or apparatus are consigned to public or private scientific or educational institutions approved by the competent authorities of the importing country for the purpose of duty-free entry of these types of articles, and used under the control and responsibility of these institutions;

(b) That instruments or apparatus of equivalent scientific value are not being manufactured in the country of importation.

ANNEX E

ARTICLES FOR THE BLIND

- (i) Books, publications and documents of all kinds in raised characters for the blind.
- (ii) Other articles specially designed for the educational, scientific or cultural advancement of the blind, which are imported directly by institutions or organizations concerned with the welfare of the blind, approved by the competent authorities of the importing country for the purpose of duty-free entry of these types of articles.

PROTOCOL ANNEXED TO THE AGREEMENT ON THE IMPORTATION OF EDUCATIONAL, SCIENTIFIC AND CULTURAL MATERIALS

The contracting States,

IN THE INTEREST OF facilitating the participation of the United States of America in the Agreement on the Importation of Educational, Scientific and Cultural Materials, have agreed to the following:

1. The United States of America shall have the option of ratifying this Agreement, under article IX, or of accepting it, under article X, with the inclusion of the reservation hereunder.

2. In the event of the United States of America becoming Party to this Agreement with the reservation provided for in the preceding paragraph 1, the provisions of that reservation may be invoked by the Government of the United States of America with regard to any of the contracting States to this Agreement, or by any contracting State with regard to the United States of America, provided that any measure imposed pursuant to such reservation shall be applied on a non-discriminatory basis.

(TEXT OF THE RESERVATION)

(a) *If, as a result of the obligations incurred by a contracting State under this Agreement, any product covered by this Agreement is being imported into the territory of a contracting State in such relatively increased quantities and under such conditions as to cause or threaten serious injury to the domestic industry in that territory producing like or directly competitive products, the contracting State, under the conditions provided for by paragraph 2 above, shall be free, in respect of such product and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend, in whole or in part, any obligation under this Agreement with respect to such product.*

(b) *Before any contracting State shall take action pursuant to the provisions of paragraph (a) above, it shall give notice in writing to the*

United Nations Educational, Scientific and Cultural Organization as far in advance as may be practicable and shall afford the Organization and the contracting States which are Parties to this Agreement an opportunity to consult with it in respect of the proposed action.

(c) In critical circumstances where delay would cause damage which it would be difficult to repair, action under paragraph (a) above may be taken provisionally without prior consultation, on the condition that consultation be effected immediately after taking such action.

APPENDIX F
THE NAIROBI PROTOCOL

PROTOCOL TO THE AGREEMENT ON THE IMPORTATION OF EDUCATIONAL,
SCIENTIFIC AND CULTURAL MATERIALS

The contracting States parties to the Agreement on the Importation of Educational, Scientific and Cultural Materials, adopted by the General Conference of the United Nations Educational, Scientific and Cultural Organization at its fifth session held in Florence in 1950,

Reaffirming the principles on which the Agreement, hereinafter called "the Agreement," is based,

Considering that this Agreement has proved to be an effective instrument in lowering customs barriers and reducing other economic restrictions that impede the exchange of ideas and knowledge,

Considering, nevertheless, that in the quarter of a century following the adoption of the Agreement, technical progress has changed the ways and means of transmitting information and knowledge, which is the fundamental objective of that Agreement,

Considering, further, that the developments that have taken place in the field of international trade during this period have, in general, been reflected in greater freedom of exchanges,

Considering that since the adoption of the Agreement, the international situation has changed radically owing to the development of the international community, in particular through the accession of many States to independence,

Considering that the needs and concerns of the developing countries should be taken into consideration, with a view to giving them easier and less costly access to education, science, technology and culture,

Recalling the provisions of the Convention on the means of prohibiting and preventing the illicit import, export and transfer of ownership of cultural property, adopted by the General Conference of UNESCO in 1970, and those of the Convention concerning the protection of the world cultural and natural heritage, adopted by the General Conference in 1972,

Recalling, moreover, the customs conventions concluded under the auspices of the Customs Co-operation Council, in consultation with the United Nations Educational, Scientific and Cultural Organization, concerning the temporary importation of educational, scientific and cultural materials,

Convinced that new arrangements should be made and that such arrangements will contribute even more effectively to the development of education, science and culture which constitute the essential bases of economic and social progress,

Recalling resolution 4.112 adopted by the General Conference of UNESCO at its eighteenth session,

Have agreed as follows:

I

1. The contracting States undertake to extend to the materials listed in annexes A, B, D and E and also, where the annexes in question have not been the subject of a declaration under paragraph 16(a) below, annexes C.1, F, G and H, to the present Protocol exemption from customs duties and other charges on, or in connection with, their importation, as set out in article I, paragraph 1, of the Agreement, provided such materials fulfill the conditions laid down in these annexes and are the products of another contracting State.

2. The provisions of paragraph 1 of this Protocol shall not prevent any contracting State from levying on imported materials:

- (a) internal taxes or any other internal charges of any kind, imposed at the time of importation or subsequently, not exceeding those applied directly or indirectly to like domestic products;
- (b) fees and charges, other than customs duties, imposed by governmental or administrative authorities on, or in connection with, importation, limited in amount to the approximate cost of the services rendered, and representing neither an indirect protection to domestic products nor a taxation of imports for revenue purposes.

II

3. Notwithstanding paragraph 2(a) of this Protocol, the contracting States undertake not to levy on the materials listed below any internal taxes or other internal charges of any kind, imposed at the time of importation or subsequently:

- (a) books and publications consigned to the libraries referred to in paragraph 5 of this Protocol;
- (b) official, parliamentary and administrative documents published in their country of origin;
- (c) books and publications of the United Nations or any of its specialized agencies;
- (d) books and publications received by the United Nations Educational, Scientific and Cultural Organization and distributed free of charge by it or under its supervision;
- (e) publications intended to promote tourist travel outside the country of importation, sent and distributed free of charge;
- (f) articles for the blind and other physically and mentally handicapped persons:
 - (i) books, publications and documents of all kinds in raised characters for the blind;
 - (ii) other articles specially designed for the educational, scientific or cultural advancement of the blind and other physically or mentally handicapped persons which are imported directly by institutions or organizations concerned with the education of, or assistance to the blind and other physically or mentally handicapped persons approved by the competent authorities of the importing country for the purpose of duty-free entry of these types of articles.

III

4. The contracting States undertake not to levy on the articles and materials referred to in the annexes to this Protocol any customs duties, export duties or duties levied on goods leaving the country, or other internal taxes of any kind, levied on such articles and materials when they are intended for export to other contracting States.

IV

5. The contracting States undertake to extend the granting of the necessary licenses and/or foreign exchange provided for in article II, paragraph 1, of the Agreement, to the importation of the following materials:

- (a) books and publications consigned to libraries serving the public interest, including the following:
 - (i) national libraries and other major research libraries;
 - (ii) general and specialized academic libraries, including university libraries, college libraries, institute libraries and university extra-mural libraries;
 - (iii) public libraries;
 - (iv) school libraries;
 - (v) special libraries serving a group of readers who form an entity, having particular and identifiable subjects of interest, such as government libraries, public authority libraries, industrial libraries, and libraries of professional bodies;
 - (vi) libraries for the handicapped and for readers who are unable to move around, such as libraries for the blind, hospital libraries and prison libraries;
 - (vii) music libraries, including record libraries;
- (b) books adopted or recommended as textbooks in higher educational establishments and imported by such establishments;
- (c) books in foreign languages, with the exception of books in the principal native language or languages of the importing country;
- (d) films, slides, video-tapes and sound recordings of an educational, scientific or cultural nature, imported by organizations approved by the competent authorities of the importing country for the purpose of duty-free entry of these types of articles.

V

6. The contracting States undertake to extend the granting of the facilities provided for in article III of the Agreement to materials and furniture imported exclusively for showing at a public exhibition of objects of an educational, scientific or cultural nature approved by the competent authorities of the importing country and for subsequent re-exportation.

7. Nothing in the foregoing paragraph shall prevent the authorities of an importing country from taking such steps as may be necessary to ensure that the materials and furniture in question will in fact be re-exported at the close of the exhibition.

VI

8. The contracting States undertake:

- (a) to extend to the importation of the articles covered by the present Protocol the provisions of article IV of the Agreement;
- (b) to encourage through appropriate measures the free flow and distribution of educational, scientific and cultural objects and materials produced in the developing countries.

VII

9. Nothing in this Protocol shall affect the right of contracting States to take measures, in conformity with their legislation, to prohibit or limit the importation of articles, or their circulation after importation, on grounds relating directly to national security, public order or public morals.

10. Notwithstanding other provisions of this Protocol, a developing country, which is defined as such by the practice established by the General Assembly of the United Nations and which is a party to the Protocol, may suspend or limit the obligations under this Protocol relating to importation of any object or material if such importation causes or threatens to cause serious injury to the nascent indigenous industry in that developing country. The country concerned shall implement such action in a non-discriminatory manner. It shall notify the Director-General of the United Nations Educational, Scientific and Cultural Organization of any such action, as far as practicable in advance of implementation, and the Director-General of the United Nations Educational, Scientific and Cultural Organization shall notify all Parties to the Protocol.

11. This Protocol shall not modify or affect the laws and regulations of any contracting State or any of its international treaties, conventions, agreements or proclamations, with respect to copyright, trade marks or patents.

12. Subject to the provisions of any previous conventions to which they may have subscribed for the settlement of disputes, the contracting States undertake to have recourse to negotiation or conciliation with a view to settlement of any disputes regarding the interpretation or the application of this Protocol.

13. In case of a dispute between contracting States relating to the educational, scientific or cultural character of imported materials, the interested parties may, by common agreement refer it to the Director-General of the United Nations Educational, Scientific and Cultural Organization for an advisory opinion.

VIII

14. (a) This Protocol, of which the English and French texts are equally authentic, shall bear today's date and shall be open to signature by all States Parties to the Agreement, as well as by customs or economic unions, provided that all the member States constituting them are also Parties to the Protocol.

The term "State" or "Country" as used in this Protocol, or in the Protocol referred to in paragraph 18, shall be taken to refer also, as the

context may require, to the customs or economic unions and, in all matters which fall within their competence with regard to the scope of this Protocol, to the whole of the territories of the member States which constitute them, and not to the territory of each of those States.

It is understood that, in becoming a contracting Party to this Protocol, such customs or economic unions will also apply the provisions of the Agreement on the same basis as is provided in the preceding paragraph with respect to the Protocol.

(b) This Protocol shall be subject to ratification or acceptance by the signatory States in accordance with their respective constitutional procedures.

(c) The instruments of ratification or acceptance shall be deposited with the Secretary-General of the United Nations.

15. (a) The States referred to in paragraph 14(a) which are not signatories of this Protocol may accede to this Protocol.

(b) Accession shall be effected by the deposit of a formal instrument with the Secretary-General of the United Nations.

16. (a) The States referred to in paragraph 14(a) of this Protocol may, at the time of signature, ratification, acceptance or accession, declare that they will not be bound by part II, part IV, annex C.1, annex F, annex G and annex H, or by any of those parts or annexes. They may also declare that they will be bound by annex C.1 only in respect of contracting States which have themselves accepted that annex.

(b) Any contracting State which has made such a declaration may withdraw it, in whole or in part, at any time by notification to the Secretary-General of the United Nations, specifying the date on which such withdrawal takes effect.

(c) States which have declared, in accordance with subparagraph (a) of this paragraph, that they will not be bound by annex C.1 shall necessarily be bound by annex C.2. Those which have declared that they will be bound by annex C.1 only in respect of contracting States which have themselves accepted that annex shall necessarily be bound by annex C.2 in respect of contracting States which have not accepted annex C.1.

17. (a) This Protocol shall come into force six months after the date of deposit of the fifth instrument of ratification, acceptance or accession with the Secretary-General of the United Nations.

(b) It shall come into force for every other State six months after the date of the deposit of its instrument of ratification, acceptance or accession.

(c) Within one month following the expiration of the periods mentioned in subparagraphs (a) and (b) of this paragraph, the contracting States to this Protocol shall submit a report to the United Nations Educational, Scientific and Cultural Organization on the measures which they have taken to give full effect to the Protocol.

(d) The United Nations Educational, Scientific and Cultural Organization shall transmit these reports to all States Parties to this Protocol.

18. The Protocol annexed to the Agreement, and made an integral part thereof, as provided for in article XVII of the Agreement, is hereby made an integral part of this Protocol and shall apply to obli-

gations incurred under this Protocol and to products covered by this Protocol.

19. (a) Two years after the date of the coming into force of this Protocol, any contracting State may denounce this Protocol by an instrument in writing deposited with the Secretary-General of the United Nations.

(b) The denunciation shall take effect one year after the receipt of the instrument of denunciation.

(c) Denunciation of the Agreement pursuant to article XIV thereof shall automatically imply denunciation of this Protocol.

20. The Secretary-General of the United Nations shall inform the States referred to in paragraph 14(a), as well as the United Nations Educational, Scientific and Cultural Organization, of the deposit of all the instruments of ratification, acceptance or accession referred to in paragraphs 14 and 15; of declarations made and withdrawn under paragraph 16 of the dates of entry into force of this Protocol in accordance with paragraph 17 (a) and (b); and of the denunciations provided for in paragraph 19.

21. (a) This Protocol may be revised by the General Conference of the United Nations Educational, Scientific and Cultural Organization. Any such revision, however, shall be binding only upon States that become parties to the revising Protocol.

(b) Should the General Conference adopt a new protocol revising this Protocol either totally or in part, and unless the new protocol provides otherwise, the present Protocol shall cease to be open to signature, ratification, acceptance or accession as from the date of the coming into force of the new revising protocol.

22. This Protocol shall not change or modify the Agreement.

23. Annexes A, B, C.1, C.2, D, E, F, G and H are hereby made an integral part of this Protocol.

24. In accordance with Article 102 of the Charter of the United Nations, this Protocol shall be registered by the Secretary-General of the United Nations on the date of its coming into force.

IN FAITH WHEREOF the undersigned, duly authorized, have signed this Protocol on behalf of their respective Governments.

Done at United Nations Headquarters, New York, this first day of March one thousand nine hundred and seventy-seven, in a single copy.

ANNEX A

Books, publications and documents

(i) Printed books, irrespective of the language in which they are printed and whatever the amount of space given over to illustrations, including the following:

- (a) luxury editions;
- (b) books printed abroad from the manuscript of an author resident in the importing country;
- (c) children's drawing and painting books;
- (d) school exercise books (workbooks) with printed texts and blank spaces to be filled in by the pupils;
- (e) crossword puzzle books containing printed texts;

- (f) loose illustrations and printed pages in the form of loose or bound sheets and reproduction proofs or reproduction films to be used for the production of books.
- (ii) Printed documents or reports of a non-commercial character.
- (iii) Microforms of the articles listed under items (i) and (ii) of this annex, as well as of those listed under items (i) to (vi) of annex A to the Agreement.
- (iv) Catalogues of films, recordings or other visual and auditory material of an educational, scientific or cultural character.
- (v) Maps and charts of interest in scientific fields such as geology, zoology, botany, mineralogy, palaeontology, archaeology, ethnology, meteorology, climatology and geophysics, and also meteorological and geophysical diagrams.
- (vi) Architectural, industrial or engineering plans and designs and reproductions thereof.
- (vii) Bibliographical information material for distribution free of charge.

ANNEX B

Works of art and collectors' pieces of an educational, scientific or cultural character

- (i) Paintings and drawings, whatever the nature of the materials on which they have been executed entirely by hand, including copies executed by hand, but excluding manufactured decorated wares.
- (ii) Ceramics and mosaics on wood, being original works of art.
- (iii) Collectors' pieces and objects of art consigned to galleries, museums and other institutions approved by the competent authorities of the importing country for the purpose of duty-free entry of those types of materials, on condition they are not resold.

ANNEX C.1

Visual and auditory materials

- (i) Films,¹ filmstrips, microforms and slides.
- (ii) Sound recordings.
- (iii) Patterns, models and wall charts of an educational, scientific or cultural character, except toy models.
- (iv) Other visual and auditory materials, such as:
 - (a) video-tapes, kinescopes, video-discs, videograms and other forms of visual and sound recordings;
 - (b) microcards, microfiches and magnetic or other information storage media required in computerized information and documentation services;
 - (c) materials for programmed instruction, which may be presented in kit form, with the corresponding printed materials, including video-cassettes and audio-cassettes;
 - (d) transparencies, including those intended for direct projection or for viewing through optical devices;

¹ The duty-free entry of exposed and developed cinematographic films for public commercial exhibition or sale may be limited to negatives, it being understood that this limitation shall not apply to films (including newsreels) when admitted duty-free under the provisions of annex C.2 to this Protocol.

- (e) holograms for laser projection;
- (f) mock-ups or visualizations of abstract concepts such as molecular structures or mathematical formulae;
- (g) multi-media kits;
- (h) materials for the promotion of tourism, including those produced by private concerns, designed to encourage the public to travel outside the country of importation.

The exemptions provided for in the present annex C.1 shall not apply to:

- (a) unused microform stock and unused visual and auditory recording media and their specific packaging such as cassettes, cartridges, reels;
- (b) visual and auditory recordings with the exception of materials for the promotion of tourism covered by paragraph (iv) (h), produced by or for a private commercial enterprise, essentially for advertising purposes;
- (c) visual and auditory recordings in which the advertising matter is in excess of 25 percent by time. In the case of the materials for the promotion of tourism covered by paragraph (iv) (h), this percentage applies only to private commercial publicity.

ANNEX C.2

Visual and auditory materials of an educational, scientific or cultural character

Visual and auditory materials of an educational, scientific or cultural character, when imported by organizations (including, at the discretion of the importing country, broadcasting and television organizations) or by any other public or private institution or association, approved by the competent authorities of the importing country for the purpose of duty-free admission of these types of materials or when produced by the United Nations or any of its specialized agencies and including the following:

- (i) films, filmstrips, microfilms and slides;
- (ii) newsreels (with or without sound track) depicting events of current news value at the time of importation, and imported in either negative form, exposed and developed, or positive form, printed and developed, it being understood that duty-free entry may be limited to two copies of each subject for copying purposes;
- (iii) archival film material (with or without sound track) intended for use in connexion with newsreel films;
- (iv) recreational films particularly suited for children and youth;
- (v) sound recordings;
- (vi) video-tapes, kinescopes, video-discs, videograms and other forms of visual and sound recordings;
- (vii) microcards, microfiches and magnetic or other information storage media required in computerized information and documentation services;
- (viii) materials for programmed instruction, which may be presented in kit form, with the corresponding printed materials, including video-cassettes and audio-cassettes;
- (ix) transparencies, including those intended for direct projection or for viewing through optical devices;

- (x) holograms for laser projection;
- (xi) mock-ups or visualizations of abstract concepts such as molecular structures or mathematical formulae;
- (xii) multi-media kits.

ANNEX D

Scientific instruments or apparatus

- (i) Scientific instruments or apparatus, provided:
 - (a) that they are consigned to public or private scientific or educational institutions approved by the competent authorities of the importing country for the purpose of duty-free entry of these types of articles, and used for non-commercial purposes under the control and responsibility of these institutions;
 - (b) that instruments or apparatus of equivalent scientific value are not being manufactured in the country of importation.
- (ii) Spare parts, components or accessories specifically matching scientific instruments or apparatus, provided these spare parts, components or accessories are imported at the same time as such instruments and apparatus, or if imported subsequently, that they are identifiable as intended for instruments or apparatus previously admitted duty-free or entitled to duty-free entry.
- (iii) Tools to be used for the maintenance, checking, gauging or repair of scientific instruments, provided these tools are imported at the same time as such instruments and apparatus or, if imported subsequently, that they are identifiable as intended for the specific instruments or apparatus previously admitted duty-free or entitled to duty-free entry, and further provided that tools of equivalent scientific value are not being manufactured in the country of importation.

ANNEX E

Articles for the blind and other handicapped persons

- (i) All articles specially designed for the educational, scientific or cultural advancement of the blind which are imported directly by institutions or organizations concerned with the education of, or assistance to, the blind, approved by the competent authorities of the importing country for the purpose of duty-free entry of these types of articles, including:
 - (a) talking books (discs, cassettes or other sound reproductions) and large-print books;
 - (b) pronographs and cassette players, specially designed or adapted for the blind and other handicapped persons and required to play the talking books;
 - (c) equipment for the reading of normal print by the blind and partially sighted, such as electronic reading machines, television-enlargers and optical aids;
 - (d) equipment for the mechanical or computerized production of braille and recorded material, such as stereo-typing machines, electronic braille, transfer and pressing machines; braille computer terminals and displays;
 - (e) braille paper, magnetic tapes and cassettes for the production of braille and talking books;

(f) aids for improving the mobility of the blind, such as electronic orientation and obstacle detection appliances and white canes;

(g) technical aids for the education, rehabilitation, vocational training and employment of the blind, such as braille watches, braille typewriters, teaching and learning aids, games and other instruments specifically adapted for the use of the blind.

(ii) All materials specially designed for the education, employment and social advancement of other physically or mentally handicapped persons, directly imported by institutions or organizations concerned with the education of, or assistance to, such persons, approved by the competent authorities of the importing country for the purpose of duty-free entry of these types of articles, provided that equivalent objects are not being manufactured in the importing country.

ANNEX F

Sports equipment

Sports equipment intended exclusively for amateur sports associations or groups approved by the competent authorities of the importing country for the purpose of duty-free entry of these types of articles, provided that equivalent materials are not being manufactured in the importing country.

ANNEX G

Musical instruments and other musical equipment

Musical instruments and other musical equipment intended solely for cultural institutions or music schools approved by the competent authorities of the importing country for the purpose of duty-free entry of these types of articles, provided that equivalent instruments and other equipment are not being manufactured in the importing country.

ANNEX H

Material and machines used for the production of books, publications and documents

(i) Material used for the production of books, publications and documents (paper pulp, recycled paper, newsprint and other types of paper used for printing, printing inks, glue, etc.).

(ii) Machines for the processing of paper pulp and paper and also printing and binding machines, provided that machines of equivalent technical quality are not being manufactured in the importing country.

I hereby certify that the foregoing text is a true copy of the Protocol to the Agreement on the Importation of Educational, Scientific and Cultural Materials, adopted by the General Conference of the United Nations Educational, Scientific and Cultural Organization at its nineteenth session held at Nairobi from 26 October 1976 to 30 November 1976, the original of which is deposited with the Secretary-General of the United Nations.

For the Secretary-General: The Legal Counsel.

UNITED NATIONS, New York, March 1, 1977.

APPENDIX G

EXCERPT FROM THE TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1983)

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1983)

SCHEDULE 2. - WOOD AND PAPER; PRINTED MATTER
 Part 5. - Books, Pamphlets, and Other Printed and Manuscript Material

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270.05 - 270.15

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
			<p>PART 5. - BOOKS, PAMPHLETS, AND OTHER PRINTED AND MANUSCRIPT MATERIAL</p> <p><u>Part 5 headnotes:</u></p> <p>1. Except for decalcomanias, labels, flaps, and bands, all of which are covered by the provisions therefor in this part, regardless of the nature of the printing thereon, this part covers only printed matter consisting essentially of textual or pictorial matter produced by any printing process, and similar matter in manuscript or typewritten form. The text may be set forth in any language by means of any kind of characters. With the exceptions above indicated, this part does not cover any article in which printing is merely incidental to the primary use of the article or in which printing is employed mainly for coloration or to produce a decorative or novelty effect (see part 4 of this schedule).</p> <p>2. For the purposes of this part -- (a) the term "<u>paper</u>" includes paperboard; (b) the term "<u>books</u>" includes books, bound and not bound, and pamphlets; (c) the term "<u>periodicals</u>" embraces only paper-covered or unbound publications issued regularly at stated periods, such as weekly, monthly, or quarterly, and bearing the date of issue; and (d) the term "<u>photographs</u>" embraces only pictures other than motion pictures, produced on photo-sensitive materials, and includes positive and negative images on exposed, or exposed and developed, photographic film.</p> <p>3. For the purposes of determining the classification of printed matter produced in whole or in part by a lithographic process, the thickness of such printed matter is that of the thinnest paper contained therein, except that the thickness of a permanently mounted lithograph is the combined thickness of the lithograph and its mounting.</p>				
	270.05	00	Printed matter issued by literary or scientific institutions for their subscribers or exchanges.....	X.....	Free		Free
	270.10	00	Printed matter of individuals, not advertising matter, for gratuitous private circulation.....	X.....	Free		Free
	270.15	00	International customs forms (carnets), and parts thereof, in English or French (whether or not in additional languages).....	X.....	Free		Free

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SCHEDULE 2. - WOOD AND PAPER; PRINTED MATTER
Part 5. - Books, Pamphlets, and Other Printed and Manuscript Material

2 - 5 --

270.45 - 273.60

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
	270.25		Books not specially provided for.....	.....	Free		Free
		20	Bibles and prayer books.....	No.			
		40	Books (other than Bibles and prayer books): Wholly or chiefly in language other than English.....	No.			
		60	Other: Wholly or in part the work of an author who is a national or domiciliary of the United States.....	No.			
		80	Other.....	No.			
			Printed catalogs relating chiefly to current offers for the sale of United States products:				
A	270.45	00	Wholly or almost wholly of foreign authorship.....	No.....	0.8% ad val. <u>1/2</u>	Free	15% ad val. <u>1/2</u>
A	270.50	00	Other.....	No.....	1.8% ad val. <u>1/2</u>	Free	25% ad val. <u>1/2</u>
	270.55	00	Newspapers.....	Lb.....	Free		Free
	270.63	00	Periodicals.....	No.....	Free		Free
	270.70	00	Tourist and other literature (including posters), containing geographic, historical, hotel, in- stitutional, time-table, travel, or similar in- formation, chiefly with respect to places, travel facilities, or educational opportunities outside the customs territory of the United States.....	X.....	Free		Free
	270.85	00	Printed catalogs, price lists, or trade notices, relating to offers, by a person whose principal place of business or bona fide residence is in a foreign country, to sell or rent products of a foreign country or to furnish foreign or international transportation or commercial insurance services.....	X.....	Free		Free
	273.10	00	Music in books or sheets.....	X.....	Free		Free
A	273.30	00	Printed globes.....	X.....	6.9% ad val.	5.3% ad val.	35% ad val.
	273.35	00	Maps, atlases, and charts (except tourist and other literature provided for in item 270.70).....	X.....	Free		Free
			Architectural, engineering, industrial, or commer- cial drawings and plans, whether originals or reproductions printed on sensitized materials by any photographic process:				
	273.45	00	Produced over 20 years before importation.....	X.....	Free		Free
			Produced not over 20 years before importation:				
A	273.50	00	Suitable as designs for use in the manu- facture of floor coverings, textiles, wall coverings, or wall paper.....	X.....	1.5% ad val. <u>2/2</u>		20% ad val. <u>2/2</u>
A	273.55	00	Other.....	X.....	2% ad val. <u>2/2</u>	Free	25% ad val. <u>2/2</u>
	273.60	00	Manuscripts, typewritten matter, and carbon copies thereof, all the foregoing not specially provided for.....	X.....	Free		Free

² 1/ Duty on certain items of an educational, scientific or cultural character temporarily suspended. See item 960.20 in part 4, Appendix to the Tariff Schedules.

² 2/ Duty temporarily suspended. See item 960.30 in part 4, Appendix to the Tariff Schedules.

Note: For explanation of the symbol "A" or "A*" in the column entitled "GSP", see general headnote 3(c).

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SCHEDULE 2. - WOOD AND PAPER; PRINTED MATTER
Part 5. - Books, Pamphlets, and Other Printed and Manuscript Material

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273.65 - 274.40

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty.		
					1	LDDC	2
			Decalcomanias (except toy decalcomanias): In ceramic colors: Weighing not over 100 pounds per 1000 sheets (on the basis of 20 by 30 inches in dimensions).....	Lb.....	27c per lb. + 3.7% ad val.	18c per lb. + 2.4% ad val.	\$1.25 per lb. + 15% ad val.
A	273.65	00					
A	273.70	00	Weighing over 100 pounds per 1000 sheets (on the basis of 20 by 30 inches in dimensions).....	Lb.....	7.5c per lb. + 4.3% ad val.	6c per lb. + 3.5% ad val.	30c per lb. + 15% ad val.
A	273.75		Other:				
		10	Not backed with metal leaf.....	.....	8.5c per lb.	7c per lb.	40c per lb.
		20	In rolls.....	Lb.			
		00	Other.....	Lb.			
	273.80	00	Backed with metal leaf.....	Lb.....	Free		65c per lb.
			Postcards:				
A	273.85	00	With views of any landscape, scene, building, place or locality in the United States.....	M.....	7% ad val.	4% ad val.	25% ad val.
			Other:				
A	273.90	00	Not printed in whole or in part by a lithographic process.....	M.....	5.1% ad val.	4.2% ad val.	30% ad val.
A	273.95	00	Printed on paper in whole or in part by a lithographic process.....	M.....	3.6% ad val.	3.1% ad val.	25% ad val.
			Greeting cards, valentines, tally cards, place cards, and all other social and gift cards, including folders, booklets, and cutouts, or in any other form, finished or not finished, and with or without envelopes:				
A	274.00	00	Without greeting, title, or other wording.....	M.....	5% ad val.		30% ad val.
A	274.05	00	With greeting, title, or other wording.....	M.....	6.2% ad val.	4.9% ad val.	45% ad val.
			Calendars of paper:				
			Printed on paper in whole or in part by a lithographic process:				
A	274.10	00	Not over 0.020 inch in thickness.....	Lb.....	3c per lb.	Free	30c per lb.
A	274.15	00	Over 0.020 inch in thickness.....	Lb.....	2.2c per lb.	2c per lb.	8.75c per lb.
A	274.20	00	Other.....	Lb.....	5.3% ad val.	3% ad val.	35% ad val.
			Printed paper labels, flaps, and bands:				
			Printed in whole or in part by a lithographic process:				
			Cigar bands:				
A	274.23	00	Not printed in whole or in part in metal leaf.....	Lb.....	13.5c per lb.	12c per lb.	35c per lb.
A	274.27	00	Printed in whole or in part in metal leaf.....	Lb.....	30c per lb.	28c per lb.	65c per lb.
			Other:				
A	274.29	00	Not printed in whole or in part in metal leaf.....	Lb.....	6.5c per lb.	4c per lb.	40c per lb.
A	274.33	00	Printed in whole or in part in metal leaf.....	Lb.....	13c per lb.	11c per lb.	65c per lb.
A	274.35	00	Not printed in whole or in part by a litho- graphic process.....	Lb.....	5.1% ad val.	4.2% ad val.	35% ad val.
	274.40	00	Postage and revenue stamps, cancelled or not can- celled, and government stamped envelopes and postal cards bearing no printing other than the official imprint thereon.....	X.....	Free		Free
			Note: For explanation of the symbol "A" or "A*" in the column entitled "GSP", see general headnote 3(c).				

TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1983)

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SCHEDULE 2. - WOOD AND PAPER; PRINTED MATTER

Part 5. - Books, Pamphlets, and Other Printed and Manuscript Material

2 - 5 --

274.45 - 274.90

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
	274.45	00	X-ray film, exposed, whether or not developed.....	X.....	Free		Free
			Photographs, engravings, etchings, lithographs, and wood cuts, and pictorial matter produced by relief or stencil printing process, all the foregoing, whether bound or not bound, and not specially provided for:				
	274.50	00	Printed over 20 years at time of importation.....	X.....	Free		Free
			Printed not over 20 years at time of importation:				
			Lithographs on paper:				
A	274.60		Not over 0.020 inch in thickness.....	.....	6c per lb. ^{1/2}		30c per lb. ^{1/2}
		20	Posters.....	Lb.			
		40	Other.....	Lb.			
A	274.65	00	Over 0.020 inch in thickness.....	Lb.....	1c per lb. ^{1/2}	Free	8.75c per lb. ^{1/2}
A	274.70		Other.....	.....	3.6% ad val. ^{1/2}	3.1% ad val. ^{1/2}	25% ad val. ^{1/2}
		20	Posters.....	Lb.			
		40	Other.....	Lb.			
	274.73	00	Printed matter not specially provided for:				
			Suitable for use in the production of such books as would themselves be free of duty.....	X.....	Free		Free
			Other:				
			Printed on paper in whole or in part by a lithographic process:				
A	274.75		Not over 0.020 inch thick.....	.....	3c per lb.	Free	30c per lb.
		20	Posters.....	Lb.			
		40	Manifold business forms.....	Lb.			
		60	Other.....	Lb.			
A	274.80	00	Over 0.020 inch thick.....	Lb.....	2c per lb.		8.75c per lb.
			Other:				
A	274.85	00	Susceptible of authorship.....	X.....	1.9% ad val.	1.8% ad val.	25% ad val.
A	274.90		Other.....	.....	6.2% ad val.	4.9% ad val.	35% ad val.
		20	Manifold business forms.....	Lb.			
		40	Other.....	X			

² ^{1/2} Duty on certain items temporarily suspended. See item 960.40 and 960.50 in part 4, Appendix to the Tariff Schedules and general headnote 3(d)(ii).

Note: For explanation of the symbol "A" or "A#" in the column entitled "CSP", see general headnote 3(c).

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TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1983)

APPENDIX TO THE TARIFF SCHEDULES
Part 4. - Temporary Duty Reductions, Pursuant to the Educational, Scientific, and
Cultural Materials Importation Act of 1982

Page 829 ②

9 - 4 --
960.10 - 960.30

Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		Effective Period
				1	2	
		<p>PART 4. - TEMPORARY DUTY REDUCTIONS, PURSUANT TO THE EDUCATIONAL, SCIENTIFIC, AND CULTURAL MATERIALS IMPORTATION ACT OF 1982</p> <p><u>Part 4 headnotes:</u></p> <p>② 1. An article described in any of the provisions of this part, if entered during the period specified in the last column, is classifiable in said provision, if the conditions and requirements thereof and of any applicable regulations are met. The provisions of this part shall prevail over any provision describing such article in schedules 1 to 8, inclusive.</p> <p>② 2. For the purposes of items 960.10, 960.12, and 960.15--</p> <p>(a) The term "physically or mentally handicapped persons" includes any person suffering from a permanent or chronic physical or mental impairment which substantially limits one or more major life activities, such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning, and working.</p> <p>(b) These items do not cover-</p> <p>(i) articles for acute or transient disability;</p> <p>(ii) spectacles, dentures, and cosmetic articles for individuals not substantially disabled;</p> <p>(iii) therapeutic and diagnostic articles; and</p> <p>(iv) medicines or drugs.</p> <p>Articles specifically designed or adapted for the use or benefit of the blind or other physically or mentally handicapped persons (however provided for in schedules 1 to 7):</p> <p>Articles for the blind:</p> <p>Books, music, and pamphlets, in raised print, used exclusively by or for them...</p> <p>Braille tablets, cubarithms, and special apparatus, machines, presses, and types for their use or benefit exclusively.....</p> <p>Other.....</p> <p>Catalogs or films, recording or other visual and auditory material of an educational, scientific or cultural character (provided for in items 270.25, 270.45, 270.50, and 270.85, part 5, schedule 2).....</p> <p>Architectural, engineering, industrial, or commercial drawings and plans, whether originals or reproductions (provided for in items 273.45, 273.50, and 273.55, part 5, schedule 2).....</p>				
② 960.10	1/		1/	Free	Free	On or before 8/11/85
② 960.12	1/		1/	Free	Free	On or before 8/11/85
② 960.15	1/		1/	Free	Free	On or before 8/11/85
② 960.20	1/		1/	Free	Free	On or before 8/11/85
② 960.30	1/		1/	Free	Free	On or before 8/11/85
		1/ See Appendix, statistical headnote 1.				(2nd Supp. 4/8/83)

Item	Stat. Suffix	Articles	Units of Quantity	Rates of Duty		Effective Period
				1	2	
960.40	1/	Loose illustrations, production proofs or reproduction films used for the production of books (provided for in items 274.50, 274.60, 274.65, 274.70, and 274.73, part 5, schedule 2).....	1/	Free	Free	On or before 8/11/85
960.50	1/	Developed photographic film; photographic slides; transparencies; holograms for laser projection; and microfilm, microfiche, and similar articles (provided for in items 274.50 through 274.70, inclusive, part 5, schedule 2).....	1/	Free	Free	On or before 8/11/85
960.55	1/	Motion picture films in any form on which pictures, or sound and pictures, have been recorded, whether or not developed (provided for in items 724.05 and 724.10, part 2G, schedule 7).....	1/	Free	Free	On or before 8/11/85
960.60	1/	Magnetic video tape on which pictures or pictures and sound have been recorded (provided for in item 724.12, part 2G, schedule 7).....	1/	Free	Free	On or before 8/11/85
960.65	1/	Sound recordings, combination sound and visual recordings, and magnetic recordings (however provided for in schedules 1 to 7).....	1/	Free	Free	On or before 8/11/85
960.70	1/	Patterns, models (except toy models) and wall charts of an educational, scientific or cultural character; mock-ups or visualizations of abstract concepts such as molecular structures or mathematical formulae; materials for programmed instruction; and kits containing printed materials and audio materials and visual materials or any combination of two or more of the foregoing (however provided for in schedules 1 to 7).....	1/	Free	Free	On or before 8/11/85
960.80	1/	Tools specially designed to be used for the maintenance, checking, gauging, or repair of instruments or apparatus admitted under item 851.60, part 4 of schedule 8; all of the foregoing entered for the use of any nonprofit institution, whether public or private, established for educational or scientific purposes (however provided for in schedules 1 to 7).....	1/	Free	Free	On or before 8/11/85

1/ See Appendix, statistical headnote 1.

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APPENDIX H

PRINTED MATTER: STAGED MODIFICATIONS OF TSUS COLUMN 1 RATES OF DUTY

Printed matter: Staged modifications of TSUS column 1 rates of duty by Pres. Proc. 4707 (Tokyo Round),
December 11, 1979, 44 F.R. 72348, as amended

TSUS item	Prior rate	Rates of duty ^{1/} , effective with respect to articles entered, or withdrawn from warehouse, for consumption on and after --							
		January 1, 1980	January 1, 1981	January 1, 1982	January 1, 1983	January 1, 1984	January 1, 1985	January 1, 1986	January 1, 1987
270.45 ^{2/}	1.5% ad val.	1.3%	1.1%	0.9%	0.8%	0.6%	0.4%	0.2%	Free
270.50 ^{2/}	3.5% ad val.	3.1%	2.6%	2.2%	1.8%	1.3%	0.9%	0.4%	Free
273.30	8.5% ad val.	8.1%	7.7%	7.3%	6.9%	6.5%	6.1%	5.7%	5.3%
273.50 ^{2/}	1.5% ad val.	1.5%	1.5%	1.5%	1.5%	1.4%	1.4%	1.4%	1.4%
273.55 ^{2/}	4% ad val.	3.5%	3%	2.5%	2%	1.5%	1%	0.5%	Free
273.65	37c per lb. + 5% ad val.	34c/lb. + 4.7%	32c/lb. + 4.4%	30c/lb. + 4%	27c/lb. + 3.7%	25c/lb. + 3.4%	22c/lb. + 3.1%	20c/lb. + 2.7%	18c/lb. + 2.4%
273.70	9c per lb. + 5% ad val.	8.6c/lb. + 4.8%	8.2c/lb. + 4.6%	7.9c/lb. + 4.4%	7.5c/lb. + 4.3%	7.1c/lb. + 4.1%	6.7c/lb. + 3.9%	6.3c/lb. + 3.7%	6c/lb. + 3.5%
273.75	10c per lb.	9.6c/lb.	9.2c/lb.	8.9c/lb.	8.5c/lb.	8.1c/lb.	7.7c/lb.	7.3c/lb.	7c/lb.
273.85	10% ad val.	9.3%	8.5%	7.8%	7%	6.3%	5.5%	4.8%	4%
273.90	6% ad val.	5.8%	5.6%	5.3%	5.1%	4.9%	4.7%	4.4%	4.2%
273.95	4% ad val.	3.9%	3.8%	3.7%	3.6%	3.4%	3.3%	3.2%	3.1%
274.05	7.5% ad val.	7.2%	6.9%	6.5%	6.2%	5.9%	5.6%	5.2%	4.9%
274.10	6c per lb.	5c/lb.	4.5c/lb.	3.5c/lb.	3c/lb.	2c/lb.	1.5c/lb.	0.5c/lb.	Free
274.15	2.5c per lb.	2.4c/lb.	2.4c/lb.	2.3c/lb.	2.2c/lb.	2.2c/lb.	2.1c/lb.	2.1c/lb.	2c/lb.
274.20	7.5% ad val.	6.9%	6.4%	5.8%	5.3%	4.7%	4.1%	3.6%	3%
274.23	15c per lb.	14.5c/lb.	14c/lb.	14c/lb.	13.5c/lb.	13c/lb.	12.5c/lb.	12c/lb.	12c/lb.
274.27	32c per lb.	31.5c/lb.	31c/lb.	30.5c/lb.	30c/lb.	29.5c/lb.	29c/lb.	28.5c/lb.	28c/lb.
274.29	9c per lb.	8.4c/lb.	7.7c/lb.	7.1c/lb.	6.5c/lb.	5.9c/lb.	5.2c/lb.	4.6c/lb.	4c/lb.
274.33	15c per lb.	14.5c/lb.	14c/lb.	13.5c/lb.	13c/lb.	12.5c/lb.	12c/lb.	11.5c/lb.	11c/lb.
274.35	6% ad val.	5.8%	5.6%	5.3%	5.1%	4.9%	4.7%	4.4%	4.2%
274.65 ^{2/}	2.5c per lb.	2c/lb.	2c/lb.	1.5c/lb.	1c/lb.	1c/lb.	0.5c/lb.	Free	Free
274.70 ^{2/}	4% ad val.	3.9%	3.8%	3.7%	3.6%	3.4%	3.3%	3.2%	3.1%
274.75	6c per lb.	5c/lb.	4.5c/lb.	3.5c/lb.	3c/lb.	2c/lb.	1.5c/lb.	0.5c/lb.	Free
274.85	2% ad val.	2%	2%	1.9%	1.9%	1.9%	1.9%	1.8%	1.8%
274.90	7.5% ad val.	7.2%	6.9%	6.5%	6.2%	5.9%	5.6%	5.2%	4.9%

^{1/} The symbol "%" indicates percent ad valorem. The symbol "/" indicates per stated unit of quantity.

^{2/} Rate of duty for this item suspended for the period Feb. 11, 1983-Aug. 11, 1985, pursuant to the U.S. implementing legislation (Public Law 97-446) for the Nairobi Protocol.

Source: U.S. International Trade Commission.

APPENDIX I

SUMMARY OF RELEVANT NOTIFICATIONS OF THE GATT
NONTARIFF MEASURES INVENTORY I-V

SUMMARY OF RELEVANT NOTIFICATIONS OF THE GATT NONTARIFF
MEASURES INVENTORY I-V 1/

Government Participation in Trade and Restrictive Practices

Government aids

Several countries, including Australia, France, Italy, Japan, and the United Kingdom, were alleged as of October 1981 to have schemes which benefited exports from those countries by either insurance programs or development grants.

Formal complaints protesting tax programs in Australia, France, New Zealand, and South Africa, which generally benefit exporters by some form of tax relief, have also been filed.

Government procurement

A common complaint among GATT member countries is that other members have government (Federal, State, and local) procurement policies and regulations which allegedly favor domestic products over imports by means of bidding times which are too short, lack of a central procurement agency, or preference given to certain countries. Nations on notice for having such programs as of 1981 included Austria, Brazil, France, Greece, India, Kenya, Madagascar, Malawi, Malaysia, Portugal, South Africa, Spain, Sri Lanka, Tunisia, and the United Kingdom.

Entry Procedures

Valuation

As of 1981 the valuation systems employed by Brazil, Canada, New Zealand, and others were considered by some countries as nontariff barriers. These systems reportedly assign customs valuations which are considered too high.

Consular formalities and documentation

The most common complaint among nations dealing with entry procedures which affect trade in printed matter involves consular formalities which are considered burdensome and excessive documentation, often combined with stiff

1/ This appendix includes brief summaries of GATT notifications, current as of October 1981, of nontariff measures as alleged by certain countries. The notification of a nontariff measure is not to be construed as the existence of such a measure. Additional notifications may have been filed or retracted by the complaining countries since October 1981. Also, the lack of a notification should not necessarily be construed as indicating the lack of such measure; however, it is an indication that other countries do not maintain, or wish to maintain, that another country employs certain nontariff measures.

penalties for documentation errors. Countries which were on notice for employing such actions as of 1981 included Argentina, Austria, Brazil, the Dominican Republic, Egypt, Haiti, Kuwait, Nicaragua, Peru, the Republic of the Philippines, and Uruguay.

Technical Barriers to Trade

No countries were on notice for employing technical barriers to trade with respect to printed matter.

Specific Limitations

Import licensing

A large number of nations were notified in 1981 that their import licensing requirements were considered to be trade barriers. The United States conducts little trade in printed matter with these countries, with the exception of New Zealand.

Direct restrictions

Egypt prohibits imports of wallpaper and paper and paperboard cut to size or shape unless specifically approved by a Government ministry.

Marking, labeling, and packaging requirements

Australia, Canada, Finland, and Japan were all on notice in 1981 that their requirements concerning marking, labeling, or packaging were unnecessarily stringent.

Charges on Imports

Import deposits

In 1981 certain GATT member countries reported that the Dominican Republic, Greece, Indonesia, the Republic of Korea, Turkey, and Uruguay restrict trade by requiring deposits prior to importation of most goods. In some circumstances, a cash deposit of up to 140 percent was required.

Surcharges and taxes

Many countries allegedly apply additional charges or taxes to imports which other nations consider to be nontariff trade barriers. Countries on notice in 1981 for employing such measures included Benin, Brazil, Burundi, Cameroon, the Central African Republic, Chad, Congo, Italy, Egypt, Gabon, India, Indonesia, the Ivory Coast, the Republic of Korea, Madagascar, Mauritania, Niger, Norway, Peru, Portugal, Rwanda, Senegal, Togo, Tunisia, Turkey, Upper Volta, and Uruguay.

Credit restrictions

A few countries were on notice in 1981 for having credit restrictions which hampered international trade. Chief among these was an accusation that Japanese credit restrictions determine that imports must usually be financed at higher rates of interest than domestic goods. Brazil, the Dominican Republic, and Greece were also on notice for having credit barriers.

Border tax adjustments

As of 1981, a large number of countries were on notice for having border tax adjustments which other countries considered to be trade barriers. Most of these notifications were for turnover and value-added taxes (generally 10 percent). Those countries included Argentina, Australia, Benin, Cameroon, the Central African Republic, Chad, Congo, Denmark, the Federal Republic of Germany, Greece, Iceland, Ivory Coast, Mauritania, New Zealand, Niger, Portugal, Senegal, Spain, Switzerland, Togo, Tunisia, and Upper Volta.

APPENDIX J

PRINTED MATTER: FOREIGN RATES OF DUTY FOR IMPORTS OF
ITEMS FROM THE UNITED STATES

Printed matter: Foreign rates of duty for imports of items from
the United States

[illegible]

Printed matter: Foreign rates of duty for imports of items from
the United States

CCCN item No.	Description	Importing country	Rate of duty effective Jan. 1, 1982
49.08	Transfers (decalcomanias)-----	Australia	: 25% ad val.
		Canada <u>9/</u>	: 14.8% ad val.
		EC	: 7.0% ad val.
		Hong Kong	: Free.
		Japan <u>10/</u>	: 4.9% ad val.
		Republic of Korea	: 40% ad val.
		Mexico <u>11/</u>	: 20% ad val.
		New Zealand	: 30% ad val.
		Singapore	: 30% ad val.
		Republic of South Africa.	: Free.
		Taiwan	: 40% ad val.

1/ In some cases tariff rates were obtained from unofficial sources and may not accurately reflect current rates of duty.

2/ Other than Australian directories, guides, and timetables.

3/ Books, printed in the English language, not to include Christmas annuals, toy books, blank account books, copy books, or books to be written or drawn upon. On and after July 1, 1982, rate of duty is 10 percent ad valorem. (Tariff items 16900-1 and 17100-1.)

4/ Other than directories of New Zealand or of any part thereof.

5/ Other than directories, guidebooks, Christmas annuals, and handbooks, all relating to the Republic of South Africa.

6/ Other than reproductions, printed, of works of art.

7/ Newspapers (tariff items 18305-1, 18310-1, and 18400-1) and periodicals (tariff item 18405-1).

8/ Other than holiday or special editions imported for use with paper published in the Republic of South Africa or other than newspapers or supplemental editions (except religious) intended to be completed and published in the Republic of South Africa.

9/ Does not include decalcomania transfers for use in the manufacture of vitreous enameled products or of tableware of china, porcelain, or semiporcelain.

10/ Applied rate--not necessarily the statutory rate.

11/ Applies only to transfers backed with paper or plastic materials, for use on earthenware, wood and plastic articles; and for use in printing fabrics of a length exceeding 110 meters, in rolls. Other transfers are dutiable at from 30 to 35 percent ad valorem.

APPENDIX K
STATISTICAL TABLES

Table 1.--Printing and publishing: U.S. producers' shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1978-82

Year	Shipments	Exports	Imports	Apparent consumption	Ratio of imports to consumption
	Million dollars				Percent
1978-----	<u>1/</u> 55,000	822	474	<u>1/</u> 54,700	0.9
1979-----	62,696	967	518	62,247	.8
1980-----	69,570	1,111	604	69,063	.9
1981-----	76,577	1,314	606	75,869	.8
1982-----	<u>1/</u> 82,500	1,341	638	<u>1/</u> 81,800	.8

1/ Estimated by the staff of the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 2.--Books, other than foreign-language books and other than foreign authorship books:
U.S. imports for consumption, by principal sources, 1978-82

Source	1978	1979	1980	1981	1982
Quantity (1,000 units)					
Canada-----	458	328	141	13,965	35,413
U King-----	1,867	1,087	676	451	557
Belgium-----	528	353	464	776	1,234
Japan-----	590	353	305	211	457
Italy-----	1,676	1,354	110	588	6,511
Hg Kong-----	119	99	77	313	542
Nethlds-----	15	83	25	37	102
Spain-----	342	95	130	86	482
All other----	645	862	734	1,011	1,961
Total-----	6,240	4,614	2,662	17,437	47,260
Value (1,000 dollars)					
Canada-----	258	201	205	2,479	5,118
U King-----	8,210	4,622	3,667	1,820	2,830
Belgium-----	626	555	706	1,190	2,361
Japan-----	1,040	837	948	934	1,259
Italy-----	866	706	312	1,241	1,217
Hg Kong-----	167	137	189	354	1,042
Nethlds-----	192	358	409	802	866
Spain-----	400	245	473	231	866
All other----	1,701	1,875	3,155	3,491	2,367
Total-----	13,460	9,537	10,065	12,542	17,924
Unit value					
Canada-----	\$0.56	\$0.61	\$1.45	\$0.18	\$0.14
U King-----	4.40	4.25	5.43	4.04	5.08
Belgium-----	1.19	1.57	1.52	1.53	1.91
Japan-----	1.76	2.37	3.11	4.42	2.75
Italy-----	.52	.52	2.84	2.11	.19
Hg Kong-----	1.41	1.38	2.44	1.13	1.92
Nethlds-----	12.58	4.32	16.40	21.37	8.49
Spain-----	1.17	2.57	3.65	2.68	1.79
All other----	2.64	2.17	4.30	3.45	1.21
Average----	2.16	2.07	3.78	.72	.38

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 3.--Catalogs: U.S. imports for consumption, by principal sources, 1978-82

Source	1978	1979	1980	1981	1982
Quantity (1,000 units)					
Canada-----	168,247	118,683	163,755	218,141	309,716
Switzld-----	1,651	2,144	1,372	641	1,531
Fr Germ-----	304	16	23	19	9,566
Japan-----	185	174	443	364	378
Hg Kong-----	12	41	345	91	251
China t-----	6	53	33	12	192
U King-----	23	18	21	41	598
Guatmal-----	0	0	0	0	9
All other----	257	506	578	229	740
Total-----	170,685	121,636	166,569	219,539	322,981
Value (1,000 dollars)					
Canada-----	5,317	5,664	8,565	10,744	13,343
Switzld-----	903	710	739	514	786
Fr Germ-----	132	11	20	39	221
Japan-----	124	119	182	167	169
Hg Kong-----	22	5	23	34	69
China t-----	3	10	6	12	39
U King-----	15	7	32	41	34
Guatmal-----	-	-	-	-	17
All other----	66	96	83	49	74
Total-----	6,581	6,622	9,651	11,601	14,753
Unit value					
Canada-----	\$0.03	\$0.05	\$0.05	\$0.05	\$0.04
Switzld-----	.55	.33	.54	.80	.51
Fr Germ-----	.43	.64	.88	2.00	.02
Japan-----	.67	.68	.41	.46	.45
Hg Kong-----	1.89	.13	.07	.38	.28
China t-----	.50	.20	.20	1.02	.20
U King-----	.64	.35	1.50	1.01	.06
Guatmal-----	-	-	-	-	1.86
All other----	.26	.19	.14	.22	.10
Average----	.04	.05	.06	.05	.05

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 4.--Newspapers: U.S. imports for consumption, by principal sources, 1978-82

Source	1978	1979	1980	1981	1982
Quantity (1,000 pounds)					
Canada-----	78,591	54,617	71,597	80,623	87,870
U King-----	424	17	532	562	569
Fr. Germ-----	<u>1/</u>	2	369	564	492
Finland-----	0	0	1	0	2,172
Mexico-----	4	18	11	2	22
Yugoslvs-----	0	0	17	38	34
Italy-----	<u>1/</u>	6	81	51	33
Ireland-----	0	0	<u>1/</u>	34	18
All other----	40	39	103	61	80
Total-----	79,059	54,698	72,710	81,937	91,290
Value (1,000 dollars)					
Canada-----	35,401	18,249	33,953	49,291	60,843
U King-----	94	63	272	305	816
Fr. Germ-----	1	1	468	683	632
Finland-----	-	-	1	-	446
Mexico-----	<u>2/</u>	11	7	3	103
Yugoslvs-----	-	-	11	54	59
Italy-----	<u>2/</u>	11	87	65	40
Ireland-----	-	-	3	45	30
All other----	59	52	123	71	102
Total-----	35,556	18,388	34,925	50,517	63,071
Unit value (per. pound)					
Canada-----	\$0.45	\$0.33	\$0.47	\$0.61	\$0.69
U King-----	.22	3.75	.51	.54	1.43
Fr. Germ-----	2.49	.63	1.27	1.21	1.29
Finland-----	-	-	1.01	-	.21
Mexico-----	.11	.59	.63	1.24	4.58
Yugoslvs-----	-	-	.62	1.43	1.73
Italy-----	3.76	1.74	1.07	1.27	1.22
Ireland-----	-	-	9.22	1.31	1.61
All other----	1.48	1.35	1.19	1.16	1.28
Average--	.45	.34	.48	.62	.69

1/ Less than 500 pounds.2/ Less than \$500.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 5.--Periodicals: U.S. imports for consumption, by principal sources,
1978-82

(In thousands of dollars)						
Source	1978	1979	1980	1981	1982	
Mexico-----	6,576	8,114	9,026	10,137	10,360	
United Kingdom-----	9,087	9,609	11,393	9,671	8,993	
Canada-----	10,463	24,650	27,621	10,093	6,199	
France-----	3,100	3,106	4,841	5,473	4,757	
Italy-----	1,300	1,191	1,686	1,503	2,650	
Spain-----	1,555	5,350	5,276	6,077	2,272	
Japan-----	1,634	1,700	1,815	2,211	2,220	
West Germany-----	773	889	966	1,294	1,804	
All other-----	3,415	3,616	4,570	5,489	6,260	
Total-----	37,903	58,225	67,194	51,948	45,515	

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 6.--Other printed matter of a type possibly subject to the manufacturing clause: U.S. imports for consumption, by principal sources, 1978-82

(In thousands of dollars)					
Source	1978	1979	1980	1981	1982
Canada-----	8,885	11,941	15,552	22,092	28,748
Japan-----	15,716	15,171	19,126	21,670	21,925
U King-----	20,283	18,219	16,331	14,026	17,084
Fr Germ-----	19,336	13,603	11,368	10,915	8,514
Italy-----	12,714	14,093	8,052	10,549	8,392
Switzld-----	4,562	2,914	3,367	3,264	3,105
France-----	2,901	3,038	3,813	2,624	2,949
Hg Kong-----	1,275	1,497	1,852	2,289	2,814
All other----	10,489	13,600	14,978	17,160	19,502
Total----	96,163	94,075	94,440	104,589	113,033

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 7.--Decalcomanias, postcards, greeting cards, calendars, paper labels, and other printed items: U.S. imports for consumption, from all sources, 1/ 1968-82

(In thousands of dollars)

Year	Decalcomanias		Postcards	Greeting cards	Calendars of paper	Printed paper labels
	In ceramic colors	Not in ceramic colors				
1968---	166	1,769	403	2,102	1,253	371
1969---	242	1,572	659	2,238	1,449	329
1970---	271	2,502	365	2,236	2,317	489
1971---	299	1,159	265	2,279	1,568	472
1972---	573	1,452	362	3,128	2,172	567
1973---	1,068	3,004	417	3,108	2,692	695
1974---	1,160	8,412	484	3,582	3,045	849
1975---	1,580	21,199	353	3,200	3,046	741
1976---	2,050	25,500	552	3,182	3,430	747
1977---	2,371	16,601	776	3,919	4,452	1,195
1978---	3,035	29,366	1,067	5,642	6,059	1,731
1979---	4,532	22,463	1,444	5,628	6,978	2,502
1980---	6,464	17,222	1,909	6,129	7,900	3,877
1981---	6,317	16,139	1,945	7,187	8,343	5,544
1982---	6,645	11,502	2,020	7,579	9,371	6,934

1/ Except Canada.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 8.--Indexes of prices for lithographic commercial printed matter, 1968-81

(1972 = 100.0)

Year	Index
1968-----	88.0
1969-----	91.7
1970-----	94.4
1971-----	96.2
1972-----	100.0
1973-----	104.7
1974-----	121.5
1975-----	136.3
1976-----	144.3
1977-----	153.2
1978-----	163.7
1979-----	179.7
1980-----	199.5
1981-----	217.1

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 9.--Printed matter of the type affected by the manufacturing clause: U.S. exports of domestic merchandise, by principal markets, 1978-82

(In thousands of dollars)						
Market	1978	1979	1980	1981	1982	
Canada-----	374,222	426,772	456,504	524,783	564,172	
U King-----	64,963	87,746	126,225	134,245	124,827	
Austral-----	53,600	65,778	63,647	81,096	86,073	
Japan-----	32,719	34,971	36,280	43,813	46,966	
Mexico-----	21,261	24,952	33,382	45,956	34,867	
Nethlds-----	19,233	20,790	26,509	31,182	34,691	
Fr Germ-----	14,878	21,289	24,511	28,898	27,243	
Venez-----	19,474	21,460	24,728	28,564	26,723	
All other----	172,441	205,459	255,093	319,115	338,061	
Total----	772,790	909,218	1,046,880	1,237,652	1,283,623	

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 10.--Books of the type affected by the manufacturing clause: U.S. exports of domestic merchandise, by principal markets, 1978-82

(In thousands of dollars)						
Market	1978	1979	1980	1981	1982	
Canada-----	147,845	178,573	190,805	219,624	238,137	
U King-----	44,727	63,991	94,265	89,654	82,435	
Austral-----	35,146	39,087	36,716	49,611	54,571	
Japan-----	23,382	21,724	20,416	21,350	24,749	
Nigeria-----	2,025	2,615	9,455	22,144	21,306	
Nethlds-----	10,215	10,038	11,631	14,901	17,548	
Mexico-----	10,247	10,924	14,646	21,629	15,580	
Rep Saf-----	4,116	4,415	5,984	10,576	12,169	
All other---	92,662	106,925	124,879	147,938	171,861	
Total---	370,365	438,291	508,797	597,429	638,356	

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 11.--Catalogs: U.S. exports of domestic merchandise, by principal markets, 1978-82

(In thousands of dollars)					
Market	1978	1979	1980	1981	1982
Canada-----	4,420	4,213	5,455	6,053	6,171
U King-----	925	1,324	1,662	1,868	3,176
Japan-----	586	831	1,503	2,990	2,796
Austral-----	584	800	801	856	1,220
Nethlds-----	849	683	906	1,557	1,021
Fr Germ-----	632	930	1,128	1,118	944
France-----	524	536	571	749	674
S Arab-----	328	292	210	1,016	640
All other----	3,414	3,392	4,345	5,640	4,120
Total----	12,262	13,002	16,580	21,846	20,761

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 12.--Printed matter of the type not subject to the manufacturing clause:
U.S. exports of domestic merchandise, by principal markets, 1978-82

(In thousands of dollars f.a.s. value)

Market	1978 <u>1/</u>	1979	1980	1981	1982 <u>1/</u>
Canada-----	23,141	26,087	26,942	31,152	24,239
United Kingdom-----	4,361	5,810	7,808	8,662	5,703
Australia-----	3,370	4,067	3,776	4,863	3,878
Japan-----	2,329	2,556	2,432	2,963	2,224
Mexico-----	1,338	1,627	2,048	2,811	1,654
Netherlands-----	1,288	1,394	1,664	1,900	1,483
West Germany-----	1,090	1,511	1,663	1,976	1,312
Venezuela-----	1,239	1,336	1,408	1,672	1,141
All other-----	11,396	13,712	16,255	19,982	15,399
Total-----	49,552	58,100	63,996	75,981	57,033

1/ Partly estimated by the staff of the U.S. International Trade Commission.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 13.--Newspapers: U.S. exports of domestic merchandise, by principal markets, 1978-82

Market	1978	1979	1980	1981	1982
Quantity (1,000 pounds)					
Canada-----	19,415	24,342	32,397	34,241	37,956
Bahamas-----	16	15	523	700	615
Mexico-----	1/	209	251	1/	183
U King-----	47	64	58	53	25
Phil R-----	0	0	0	0	34
Panama-----	0	61	145	134	25
Singapr-----	0	0	0	0	19
S Arab-----	3	1	5	3	4
All other----	620	206	170	809	136
Total-----	20,101	24,897	33,548	35,941	38,997
Value (1,000 dollars)					
Canada-----	4,912	6,872	8,977	9,746	11,770
Bahamas-----	2	1	54	52	64
Mexico-----	1	123	55	3	38
U King-----	16	22	21	19	22
Phil R-----	-	-	-	-	21
Panama-----	-	26	102	114	17
Singapr-----	-	-	-	-	15
S Arab-----	23	3	4	17	11
All other----	321	93	93	219	51
Total-----	5,275	7,141	9,305	10,170	12,010
Unit value (per pound)					
Canada-----	\$0.25	\$0.28	\$0.28	\$0.28	\$0.31
Bahamas-----	.14	.08	.10	.07	.10
Mexico-----	2/	.59	.22	5.41	.21
U King-----	.33	.34	.37	.37	.86
Phil R-----	-	-	-	-	.62
Panama-----	-	.43	.70	.85	.70
Singapr-----	-	-	-	-	.80
S Arab-----	7.93	2.58	.88	5.35	2.96
All other----	.52	.45	.55	.27	.37
Average----	.26	.29	.28	.28	.31

1/ Less than 500 pounds.

2/ Not available.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 14.--Periodicals of the type subject to the manufacturing clause: U.S. exports of domestic merchandise, by principal markets, 1978-82

(In thousands of dollars)						
Market	1978	1979	1980	1981	1982	
Canada-----	166,771	191,906	197,579	223,876	240,685	
Austral-----	10,896	18,455	17,551	19,752	21,630	
Venez-----	9,164	12,016	15,011	16,211	17,493	
U King-----	7,916	8,924	11,342	18,271	16,356	
Mexico-----	3,757	5,869	9,501	13,970	11,608	
Nethlds-----	4,775	5,276	6,800	8,932	10,466	
N Zeal-----	2,127	5,782	5,988	7,045	5,526	
France-----	3,707	4,397	5,131	5,435	4,392	
Japan-----	2,427	3,004	4,321	4,183	4,223	
Colomb-----	2,670	3,184	3,356	4,155	4,157	
All other----	28,480	33,592	36,203	42,403	46,785	
Total----	242,690	292,407	312,782	364,233	383,321	

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 15.--Other printed matter exports of the type affected by the manufacturing clause: U.S. exports of domestic merchandise, by principal markets, 1978-82

(In thousands of dollars)						
Market	1978	1979	1980	1981	1982	
Canada-----	53,405	45,208	53,689	65,484	67,411	
U King-----	13,796	13,485	18,935	24,432	22,837	
Japan-----	7,417	9,412	10,013	15,290	15,198	
Fr Germ-----	6,676	7,953	10,280	12,915	10,345	
S Arab-----	2,225	2,278	5,618	7,390	9,854	
Austral-----	8,159	7,388	8,573	10,873	8,648	
France-----	5,934	6,742	7,231	10,046	8,192	
Mexico-----	5,341	7,667	8,527	9,656	7,106	
All other----	45,395	58,246	76,549	87,887	79,585	
Total----	148,348	158,377	199,416	243,973	229,176	

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 16.--Book publishing: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1977 and 1979-82

Year	Production	Exports	Imports	Apparent consumption	Ratio of imports to consumption
	Million dollars				Percent
1977-----	4,794	309	167	4,652	3.6
1979-----	5,574	433	265	5,406	4.9
1980-----	6,114	504	297	5,907	5.0
1981-----	<u>1/</u> 6,665	592	286	<u>1/</u> 6,359	4.5
1982-----	<u>1/</u> 7,230	<u>1/</u> 650	<u>1/</u> 305	<u>1/</u> 6,885	4.4

1/ Estimated by the staff of the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 17.--Book manufacturing: U.S. shipments and apparent consumption, 1/ 1977 and 1979-82

(In millions of dollars)

Year	Shipments	Apparent consumption <u>2/</u>
1977-----	1,692	1,692
1979-----	2,024	2,024
1980-----	2,245	2,245
1981-----	<u>3/</u> 2,435	2,435
1982-----	<u>3/</u> 2,615	2,615

1/ Separate export and import data are not available. Consolidated exports and imports of printed matter are reported in table 1.

2/ Estimated by the staff of the U.S. International Trade Commission.

3/ Estimated by the U.S. Department of Commerce.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 18.--Commercial publishing, printing and printing services: U.S.
shipments and apparent consumption, 1977 and 1979-82

(In millions of dollars)				
Year	:	Shipments	:	Apparent consumption 1/
1977-----	:	43,180	:	42,975
1979-----	:	55,098	:	54,817
1980-----	:	61,211	:	60,911
1981-----	:	<u>1/</u> 67,477	:	67,075
1982-----	:	<u>1/</u> 72,703	:	<u>2/</u>

1/ Estimated by staff of the U.S. International Trade Commission.

2/ Not available.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 19.--Employment in the U.S. book-publishing industry,
1977 and 1979-82

Year	Total employees	Production workers	Other workers	Ratio of production workers to total employees
	<u>Number</u>			<u>Percent</u>
1977-----	59,500	13,300	46,200	22
1979-----	63,700	13,300	50,100	21
1980-----	64,500	14,400	50,100	22
1981-----	<u>1/</u> 65,400	<u>1/</u> 14,600	<u>1/</u> 50,800	<u>1/</u> 22
1982-----	<u>1/</u> 65,600	<u>1/</u> 14,300	<u>1/</u> 51,300	<u>1/</u> 22

1/ Estimated by the staff of the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 20.--Employment in the U.S. book-manufacturing industry,
1977 and 1979-82

Year	Total employees	Production workers	Other workers	Ratio of production workers to total employees
	<u>Number</u>			<u>Percent</u>
1977-----	46,900	37,600	9,300	80
1979-----	46,200	37,100	9,100	80
1980-----	48,200	37,700	10,500	78
1981-----	<u>1/</u> 47,500	<u>1/</u> 36,800	<u>1/</u> 10,700	<u>1/</u> 77
1982-----	<u>1/</u> 47,000	<u>1/</u> 35,600	<u>1/</u> 11,400	<u>1/</u> 76

1/ Estimated by the staff of the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 21.--Commercial publishing, printing and printing services: U.S.
employment, 1977 and 1979-82

Year	Total employ- ment	Produc- tion workers	Other workers	Percent of production workers to total employment
<u>Employees</u>				
1977-----	985,700	599,700	386,000	61
1979-----	1,113,100	650,000	463,100	58
1980-----	1,149,800	663,500	486,300	58
1981-----	<u>1/</u> 1,178,900	673,700	505,200	57
1982-----	<u>1/</u> 1,198,700	<u>1/</u> 681,750	<u>1/</u> 516,950	57

1/ Estimated by the staff of the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 22.--Commercial printing and printing services: U.S.
employment, 1977 and 1979-82

Year	Total employ- ment	Produc- tion workers	Other workers	Percent of production workers to total employment
<u>Employees</u>				
1977-----	505,700	390,900	114,800	77
1979-----	573,500	444,600	128,900	78
1980-----	589,500	453,200	136,300	77
1981-----	<u>1/</u> 604,100	461,100	143,000	76
1982-----	<u>1/</u> 617,700	<u>1/</u> 468,150	<u>1/</u> 149,550	76

1/ Estimated by the staff of the U.S. International Trade Commission from official statistics of the U.S. Department of Commerce.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

Table 23.--Printing and writing papers (SITC 641.2): World production, by principal producing countries, 1977-81

(In thousands of metric tons)					
Country	1977	1978	1979	1980	1981
United States-----	12,702	13,370	13,684	13,846	14,034
Japan-----	3,103	3,416	3,771	4,138	3,814
West Germany-----	2,355	2,520	2,710	3,045	3,134
Finland-----	1,686	1,910	1,880	2,027	2,093
France-----	1,691	2,180	2,030	2,011	2,009
Italy-----	1,481	1,720	1,890	1,799	1,805
Canada-----	1,110	1,320	1,520	1,509	1,431
Sweden-----	766	907	999	998	996
United Kingdom-----	979	1,030	1,030	963	920
India-----	552	1,107	1,152	590	610
Netherlands-----	501	541	564	571	514
Korea-----	187	247	298	303	305
Taiwan-----	0	210	232	246	233
Australia-----	169	153	190	221	199
Indonesia-----	61	61	119	121	135
All other-----	8,559	8,810	9,564	8,087	8,092
Total-----	35,902	39,502	41,633	40,475	40,324

Source: United Nations Food and Agriculture Organization, Yearbook of Forest Products, 1980, Pulp and Paper International, July 1980 and July 1982.

Table 24.--Printing and bookbinding machinery: World production, by principal producing countries, 1977-80

(In millions of dollars)

Country	1977	1978	1979	1980
United States-----	1,287	1,536	1,746	2,053
West Germany-----	772	1,286	1,656	1,834
Japan-----	292	253	316	259
France-----	<u>1/</u> 127	159	208	<u>1/</u> 249
Italy-----	<u>1/</u> 117	119	<u>1/</u> 184	<u>1/</u> 209
Denmark-----	12	<u>2/</u>	<u>2/</u>	14
All other <u>3/</u> -----	14	22	29	29
Total-----	2,621	3,375	4,139	4,647

1/ Estimated by the staff of the U.S. International Trade Commission.2/ Not available.3/ Includes Canada, Australia, Taiwan, Korea, and Belgium. Data for Belgium were reported only in 1977 and 1980, and amounted to \$2 million each year.

Source: Data for the United States, compiled from U.S. Department of Commerce, Annual Survey of Manufactures; data for Japan, compiled from Statistical Yearbook of Japan, 1982; data for Taiwan, Korea, and Canada (included in the "all other" category), compiled from Taiwan Industrial Production Statistics Monthly, CMP Industry Analysis Form, and Statistics Canada, respectively; data for all other countries, compiled from U.S. Department of Commerce, International Marketing Information Series, Country Market Surveys.

Table 25.--Printing and bookbinding machinery and parts: World imports, by principal importing countries, 1977-80

(In thousands of dollars)

Country	1977	1978	1979	1980
United States	155,953	242,232	270,971	373,934
United Kingdom	143,372	228,978	299,739	373,417
France	172,054	236,175	246,244	304,326
West Germany	125,085	171,209	205,979	219,901
Canada	126,654	128,220	191,743	212,871
Netherlands	83,621	113,021	134,366	184,869
Italy	65,175	88,945	150,231	191,744
Japan	74,641	93,235	126,079	138,105
Switzerland	40,368	65,307	84,217	115,502
Belgium-Luxembourg	54,370	82,386	98,263	112,275
Sweden	63,787	69,359	83,348	104,919
Australia	48,962	77,301	96,492	83,619
Mexico	24,300	36,624	52,165	80,664
Austria	30,286	41,963	59,738	68,900
Finland	28,003	42,311	39,414	60,756
Spain	49,918	46,917	47,320	56,448
Brazil	25,437	41,148	63,419	52,729
Denmark	34,994	47,928	62,963	51,812
Norway	30,718	39,918	36,022	51,090
Hong Kong	24,492	30,236	34,756	41,229
Korea	16,735	34,515	56,586	39,771
Taiwan	9,882	14,287	23,110	32,333
Singapore	10,285	19,102	23,977	31,603
New Zealand	11,775	14,759	20,664	21,049
Philippines	9,630	7,074	10,573	13,853
All other	454,040	535,649	635,109	680,515
Total	1,914,537	2,548,799	3,153,488	3,698,234

Source: Compiled from statistics of the United Nations.

Table 26.--Estimated ratios (percent) of specified financial indicators to net sales for book publishers, by selected publishing divisions, 1976, 1979, and 1981

Item	Elhi textbooks			College textbooks			Professional books		
	1976	1979	1981	1976	1979	1981	1976	1979	1981
Gross sales-----	103.5	103.5	103.3	117.7	119.0	118.8	114.9	114.0	116.1
Less returns, allowances-----	3.5	3.5	3.3	17.7	19.0	18.8	14.9	14.0	16.1
Net sales-----	100	100	100	100	100	100	100	100	100
Cost of sales:									
Manufacturing-----	29.2	25.4	25.0	19.7	19.0	18.7	28.5	26.8	25.2
Royalties-----	6.1	5.4	5.2	15.1	14.4	14.5	9.5	10.1	10.6
Other-----	-	-	5.5	1.2	-	-	2.7	-	-
Total cost of sales-----	35.2	30.8	35.7	36.0	33.5	33.2	40.7	36.9	35.8
Gross margin on sales-----	64.8	69.2	64.3	64.0	66.5	66.8	59.3	63.1	64.2
Other publishing income-----	1.0	1.2	.6	.4	1.2	1.1	1.2	3.1	3.0
Operating expenses:									
Plant cost-----	5.7	4.9	-	6.7	6.7	6.5	-	-	-
Editorial-----	4.2	4.6	4.8	5.9	6.2	5.1	4.8	5.6	5.9
Production-----	1.5	1.4	1.6	1.5	1.6	2.3	1.8	4.1	5.0
Marketing-----	20.0	19.4	20.7	14.1	14.3	14.1	21.5	21.9	19.1
Fulfillment-----	8.3	7.5	7.8	6.5	5.8	6.0	5.7	6.9	7.9
General and administrative--	12.7	12.1	11.3	11.1	12.2	11.5	12.2	14.0	14.8
Other-----	-	-	-	-	-	-	-	-	-
Total operating expenses-----	52.6	49.9	46.3	45.9	46.8	45.5	46.0	52.6	52.7
Net profit from operations (before taxes) 1/-----	13.2	20.5	18.6	18.1	20.9	22.4	14.5	13.7	14.5
Number of firms in survey-----	29	26	20	29	23	19	23	21	18

Table 26.--Estimated ratios (percent) of specified financial indicators to net sales for book publishers, by selected publishing divisions, 1976, 1979, and 1981--Continued

Item	Trade books			Mass market			Book club and mail order books		
	1976	1979	1981	1976	1979	1981	1976	1979	1981
Gross sales-----	117.4	121.1	119.8	154.9	156.1	159.2	118.1	118.8	12.0
Less returns, allowances-----	17.4	21.1	19.8	34.9	56.1	59.2	18.1	18.8	20.0
Net sales-----	100	100	100	100	100	100	100	100	100
Cost of sales:									
Manufacturing-----	41.8	41.2	40.9	27.1	29.5	28.2	24.4	22.6	20.9
Royalties-----	14.1	15.7	15.6	27.1	28.5	30.0	6.3	6.4	4.4
Other-----	1.7	-	-	5.8	6.5	6.5	-	-	-
Total cost of sales-----	57.6	56.9	56.6	60.4	65.8	64.7	30.6	29.0	25.3
Gross margin on sales-----	42.4	43.1	43.4	39.6	34.2	35.3	69.4	71.0	74.7
Other publishing income-----	8.9	11.7	10.8	-	-	-	1.3	.4	-
Operating expenses:									
Plant cost-----	-	-	-	-	-	-	-	-	-
Editorial-----	5.0	5.3	5.2	1.5	1.5	1.6	-	-	-
Production-----	1.8	2.0	1.9	1.0	.9	.9	-	-	-
Marketing-----	16.0	16.5	15.1	13.2	14.9	14.4	33.5	35.5	36.8
Fulfillment-----	9.9	10.9	10.6	6.1	5.6	5.3	7.7	7.2	7.9
General and administrative-----	11.3	12.8	13.1	7.4	8.0	8.6	15.6	17.4	22.2
Other-----	-	-	-	.6	.3	.7	-	-	-
Total operating expenses-----	43.9	47.6	45.9	30.1	32.8	30.1	56.9	60.1	65.0
Net profit from operations (before taxes) 1/-----	7.2	7.2	8.4	9.4	1.4	5.2	12.5	11.5	9.7
Number of firms in survey-----	42	27	28	6	5	5	-	-	59

1/ Net profit from operations (before taxes) equals gross margin on sales plus other publishing income minus total operating expenses.

Source: Association of American Publishers, Industry Statistics, 1976, 1979, and 1981.

Note.--Because of rounding, figures may not add to the totals shown.

Table 27.--Estimated sales in the book-publishing industry,
by categories, 1981

(In millions of dollars)	
Category	Sales
Grand total-----	7,665.1
Trade, total-----	1,353.7
Adult hardbound-----	735.6
Adult paperbound <u>1/</u> -----	384.7
Juvenile hardbound-----	190.2
Juvenile paperbound-----	43.2
Religious, total-----	360.1
Bibles, Testaments, hymnals, and prayerbooks-----	171.1
Other religious-----	189.0
Professional, total <u>2/</u> -----	1,140.7
Technical and scientific-----	391.1
Business and other professional-----	492.7
Medical-----	256.9
Book clubs-----	571.1
Mail-order publications-----	653.6
Mass market paperback rack-sized-----	735.6
University press-----	86.0
Elementary and secondary texts-----	998.6
College texts <u>3/</u> -----	1,074.7
Standardized tests-----	62.6
Subscription reference-----	386.2
Audio visual and other media, total-----	166.8
Elhi-----	148.9
College-----	6.7
Other-----	11.2
Other sales-----	75.4

1/ Includes non-rack-size sales by mass market publishers of \$85.9 million in 1980 and \$92.9 million in 1981.

2/ Data in these categories are currently under review by the U.S. Bureau of the Census, as the medical professional sales reported to the 1977 Census of Manufactures appear to have included a substantial volume of textbook sales (unlike the data reported in 1972, which were largely confined to professional books). To reestablish comparability, some 35 percent of the sales currently classified as medical professional may have been restated in the college textbook category. Readers should make due allowances for this possible correction in viewing the estimates in the table.

3/ An independent survey conducted by Touche Ross for the College Division indicated that 40 publishers, which represent the majority of college publishing, had 1981 sales of \$744,707,000. The Association of American Publishers' statistical agent and the Department of Commerce have been unable to reconcile the differences between U.S. Bureau of the Census figures and the College Division survey.

Source: Association of American Publishers.

Table 28.-- Number and size of Book Printings, 1982

Percent distribution of book runs, 1982							
	First printing	Second printing	Third printing	Fourth printing	Fifth printing	Sixth printing & above	Total
Trade-----	37.8	16.7	8.0	6.2	4.5	26.8	100
Mass market---	37.4	5.4	8.8	6.5	5.5	36.4	100
Book club-----	75.3	9.0	5.6	4.1	2.0	4.1	100
Elhi text-----	20.7	18.2	11.4	8.6	7.5	33.6	100
College text---	17.9	16.5	13.7	12.1	8.9	30.9	100
Professional---	31.7	14.7	12.1	8.5	7.6	25.3	100
Reference-----	82.3	8.7	.8	1.1	-	7.2	100

Percent distribution of the size of book runs, 1982									
	: 1,000-	: 5,001-	: 10,002-	: 20,001-	: 40,000-	: 100,001-	: 200,001-	:	
	: 5,000	: 10,000	: 20,000	: 40,000	: 100,000	: 200,000	: 400,000	:	Total
	: copies	: copies	: copies	: copies	: copies	: copies	: copies	:	
	:	:	:	:	:	:	:	:	
Trade----	46.7	30.2	13.5	7.0	2.2	.3	.1	:	100
Mass	:	:	:	:	:	:	:	:	
market--	.3	24.5	34.6	31.6	5.9	1.6	1.5	:	100
Book	:	:	:	:	:	:	:	:	
club----	8.7	15.3	10.4	22.4	26.9	13.7	2.6	:	100
Elhi	:	:	:	:	:	:	:	:	
text----	43.1	19.3	21.8	7.9	5.9	1.7	.4	:	100
College	:	:	:	:	:	:	:	:	
text----	71.6	16.6	7.6	3.3	.8	-	-	:	100
Profes-	:	:	:	:	:	:	:	:	
sional--	72.4	18.1	7.4	.4	.4	-	-	:	100
Refer-	:	:	:	:	:	:	:	:	
erence--	5.7	10.9	34.3	25.3	20.0	2.3	1.5	:	100
	:	:	:	:	:	:	:	:	

Source: Compiled from questionnaire responses submitted to the U.S. International Trade Commission.

Table 29.--Printing costs for 3 book styles, by types and by print sizes

Type of cost	Book #1, <u>1</u> / hardcover, adhesive binding	Book #2, <u>1</u> / hardcover, sewn binding	Book #3, <u>1</u> / paperback, adhesive binding
Print size = 2,000			
Average labor cost:			
Prepress <u>2</u> /-----	\$338.42	\$339.68	\$384.29
Press-----	181.48	186.25	215.44
Bindery-----	362.72	531.39	148.86
Fulfillment-----	31.39	26.24	27.88
Total-----	914.01	1,083.56	776.46
Average paper costs-----	1,360.20	1,440.75	1,360.20
Average price per book--	2.69	2.92	2.31
Print size = 5,000			
Average labor cost:			
Prepress <u>2</u> /-----	\$338.42	\$338.42	384.29
Press-----	264.04	263.79	304.45
Bindery-----	685.77	925.65	251.90
Fulfillment-----	63.96	63.96	58.34
Total-----	1,352.18	1,591.81	998.95
Average paper cost-----	2,803.00	2,774.40	2,803.00
Average price per book--	1.79	1.98	1.46
Print size = 10,000			
Average labor cost:			
Prepress <u>2</u> /-----	\$358.42	\$361.09	\$404.29
Press-----	464.60	484.68	515.18
Bindery-----	1,041.48	1,515.83	346.53
Fulfillment-----	123.48	123.48	109.88
Total-----	1,987.97	2,485.07	1,375.88
Average paper cost-----	5,201.20	5,151.40	5,201.20
Average price per book--	1.49	1.65	1.16

See footnotes at end of table.

Table 29.--Printing costs for 3 book styles, by types
and by print sizes--Continued

Type of cost	Book #1, 1/ hardcover, adhesive binding	Book #2, 1/ hardcover, sewn binding	Book #3, 1/ paperback, adhesive binding
Print size = 25,000			
Average labor cost:			
Prepress 2/-----	\$358.42	\$316.09	\$404.29
Press-----	821.36	845.06	904.43
Bindery-----	3,004.00	3,526.04	762.72
Fulfillment-----	300.14	300.14	261.37
Total-----	4,483.91	5,032.32	2,332.80
Average paper cost-----	12,383.80	12,338.00	12,383.80
Average price per book--	1.29	1.41	.94
Print size = 50,000			
Average labor cost:			
Prepress 2/-----	\$358.42	\$361.09	\$404.29
Press-----	1,437.94	1,467.81	1,569.95
Bindery-----	4,407.80	6,851.58	1,459.51
Fulfillment-----	571.93	571.93	506.32
Total-----	6,776.07	9,252.39	3,940.07
Average paper cost-----	23,889.40	23,736.60	23,889.40
Average price per book--	1.20	1.32	.87

1/ Other characteristics of these books:

Trim sizes: 6" x 9"

Number of pages: 320

Paper: Warren Decision Opaque, 50 lb (or equivalent) - 25 X 38. Assume that customer supplies paper.

Covers:

Soft cover, two-color, 10-point coated one side, pre-ready color separations.

Hard cover: Kivar No. 5 (or equivalent), with one impression of foil stamping, 10 sq. inches.

Fulfillment: 18 copies per carton.

2/ Prepress labor includes preparation and platemaking. Composition costs are not included.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 30.--Estimated publishers' manufacturing expenditures,
by categories, 1981

Category	Plant	Paper, : printing, : and : binding :	Total	Units	Cost per unit
	----- Million dollars -----				
Trade-----	87.3	454.5	541.8	504.76	\$1.07
Adult hardbound-----	59.7	267.1	326.8	209.80	1.56
Adult paperbound-----	15.4	106.3	121.7	149.82	.81
Juvenile hardbound-----	9.3	61.8	71.1	77.79	.91
Juvenile paperbound-----	2.9	19.3	22.2	67.35	.33
Religious-----	14.6	155.6	170.2	112.57	1.51
Hardbound-----	10.4	109.6	120.0	45.96	2.61
Paperbound-----	4.2	46.0	50.2	66.61	.75
Professional-----	82.0	217.9	299.9	73.88	4.06
Hardbound-----	70.9	171.9	242.8	40.78	5.95
Paperbound-----	11.1	46.0	57.1	33.10	1.73
Book club-----	1/	1/	134.4	248.11	.54
Hardbound-----	1/	1/	104.4	84.63	1.23
Paperbound-----	1/	1/	30.0	163.48	.18
Mail-order publications-----	1/	1/	160.9	70.05	2.30
Mass market paperbacks-----	1/	1/	278.9	909.75	.31
University press-----	13.1	25.1	38.2	13.93	2.74
Hardbound-----	11.0	16.9	27.9	6.35	4.39
Paperbound-----	2.1	8.2	10.3	7.58	1.36
Elhi texts-----	50.4	336.2	386.6	324.18	1.19
Hardbound-----	31.0	174.5	205.5	128.79	1.60
Paperbound-----	19.4	161.7	181.1	195.39	.93
College texts-----	74.8	239.5	314.3	129.04	2.44
Hardbound-----	63.0	181.0	244.0	83.04	2.94
Paperbound-----	11.8	58.5	70.3	46.00	1.53
Subscription reference-----			66.4	1.17	56.75
All books-----	1/	1/	2,391.6	2,387.44	1.00

1/ Not available.

Source: Book Industry Study Group, Book Industry Trends, 1982, p. 129.

Table 31.--Ranking of estimated printers' unit manufacturing costs and plant costs in 1981

Book type	Manufacturing cost per unit	Rank	Plant cost per unit
Book club paperback-----	\$0.18	1	<u>1/</u>
Mass market paperbacks-----	.31	2	<u>1/</u>
Trade--juvenile paperback-----	.33	3	\$0.04
Religious paperback-----	.75	4	.06
Trade--adult paperback-----	.81	5	.10
Trade--juvenile hardbound-----	.91	6	.12
Elhi--paperback-----	.93	7	.10
Book club-hardbound-----	1.23	8	<u>1/</u>
University press paperback-----	1.36	9	.28
College text--paperbound-----	1.53	10	.25
Trade--adult hardbound-----	1.56	11	.28
Elhi text--hardbound-----	1.60	12	.24
Professional--paperbound-----	1.73	13	.34
Mail-order publication-----	2.30	14	<u>1/</u>
Religious--hardbound-----	2.61	15	.23
College text--hardbound-----	2.94	16	.75
University press--hardbound-----	4.39	17	1.73
Professional--hardbound-----	5.95	18	1.73
Subscription reference <u>2/</u> -----	56.75	19	<u>1/</u>

1/ Not available.

2/ Subscription reference books are usually multivolume and cannot be compared with other books on the list.

Source: Book Industry Study Group, Book Industry Trends, 1982, p. 124.

Table 32.--U.S. shipments and employment in the printing and publishing industry, by SIC codes, 1980

SIC code	Industry	Shipments	Employment	Percentage of shipments accounted for by 4 largest companies in 1977
		<u>Million dollars</u>	<u>Thousands</u>	
27--	Printing and publishing, total--	\$65,552.7	1,262.8	
2711	Newspapers-----	17,155.7	414.0	20
2721	Periodicals-----	8,418.7	77.8	20
2731	Book publishing-----	6,411.0	64.5	16
2732	Book printing-----	2,427.4	48.2	21
2741	Miscellaneous publishing-----	2,509.4	47.4	23
	Catalogs and directories-----	697.5	13.1	55
	Newsletter, business service publications-----	562.1	10.6	64
	Other: shopping news, almanacs, yearbooks-----	956.8	18.1	25
	Other: not classified-----	292.9	5.6	<u>1/</u>
275-	Commercial printing-----	21,075.1	414.6	6
	Magazine and periodical printing-----	3,099.3	60.2	22
	Labels and wrappers-----	1,971.9	38.4	22
	Catalogs and directories-----	2,250.4	43.7	20
	Financial and legal-----	909.9	17.8	26
	Advertising printing:			
	Shopping news, brochures, pamphlets, catalog sheets, book jackets, magazine inserts-----	4,022.6	78.0	7
	Other: newspapers and other items-----	3,625.0	70.3	14
	Other: not classified-----	4,321.0	84.1	<u>1/</u>
	Screen process printing-----	593.8	11.7	<u>1/</u>
	Engraving and plate printing--	281.2	10.4	31
2761	Manifold business forms-----	4,151.0	49.2	39
2771	Greeting cards-----	1,096.4	21.1	70
2782	Blankbooks and looseleaf binders-----	1,587.5	36.5	38
2789	Bookbinding and related work--	756.7	30.6	10
2791	Typesetting-----	1,056.7	34.9	5
2793	Photoengraving-----	278.5	6.3	12
2794	Electrotyping and stereotyping-----	10.0	0.4	41
2795	Lithographic platemaking services-----	1,037.2	17.4	14

1/ Not applicable.

Source: 1980 Annual Survey of Manufactures, 1977 Census of Manufactures, U.S. Department of Commerce, Bureau of the Census.

Table 33.--Copyright registrations, by subject matter: 1970 to 1982 ^{1/}
(In thousands)

Subject matter of copyright	1970	1975	Subject matter of copyright	1978 ^{3/}	1979	1980	1981
Total-----	316.5	404.3	Total-----	415.7	429.0	464.7	471.1
Books-----	88.4	111.9	Monographs-----	112.9	122.8	119.2	119.0
Periodicals (issues)-----	83.9	95.1	Serials-----	110.9	109.6	117.9	118.5
Contribution to newspapers, periodicals-----	1.9	2.6	Musical works-----	114.8	108.3	120.2	125.0
Lectures, sermons, addresses-----	1.7	1.9	Dramatic works, including any accompanying music-----	6.1	7.1	8.0	8.8
Dramatic or dramatico-musical compositions-----	3.4	4.9	Choreography and pantomimes-----	4/	4/	4/	4/
Musical compositions-----	88.9	114.8	Motion picture filmstrips-----	8.5	5.7	8.5	7.8
Maps-----	1.9	1.8	Two-dimensional works of fine and graphic art, including				
Works of art, models, or designs--	6.8	11.0	prints and art reproductions--	12.8	12.7	16.2	15.1
			Sculptural works-----	.8	2.4	2.9	2.5
Reproductions of works of art-----	3.0	5.0	Technical drawings and models--	1.0	1.5	.8	.7
Scientific or technical drawings--	.8	.9	Photographs-----	1.4	1.2	1.2	1.3
Photographs, prints, and illustrations-----	4.5	6.6	Cartographic works-----	1.2	1.7	.8	.9
Commercial prints and labels-----	5.3	4.7	Commercial prints and labels-----	7.8	2.6	4.7	6.7
Motion picture photoplays-----	1.2	1.0	Works of applied art-----	6.1	13.2	14.2	12.5
Motion pictures, not photoplays--	1.3	2.0	Sound recordings-----	9.1	10.7	12.8	13.5
Sound recordings ^{2/} -----	-	8.9	Multimedia works-----	.6	1.3	2.0	2.1
Renewals of all classes-----	23.3	28.2	Machine-readable works-----	.6	1.2	1.9	2.1
			Renewals-----	21.2	27.0	33.0	34.2

^{1/} Due to a change in the copyright law, data for 1978 and later years are not comparable with those for previous years.

^{2/} Registrations began in 1972.

^{3/} Extrapolated from 11 months. Includes 50,000 registrations in process but not completed on Sept. 30, 1978,

^{4/} Less than 50.

Source: Library of Congress, annual reports for 1970, 1975, and 1978-81.

Table 34.--Printed matter: 1/ World exports, by principal exporting countries, 1977-81 1/

(In thousands of dollars)

Country	1977	1978	1979	1980	1981
United States-----	672,674	818,074	962,944	1,105,399	1,296,847
West Germany-----	797,375	1,023,981	1,260,521	1,448,758	1,294,609
United Kingdom-----	600,821	712,405	861,991	1,062,246	<u>2/</u> 909,683
France-----	490,395	601,698	682,719	755,590	752,475
Italy-----	307,742	418,216	527,757	550,697	470,319
Spain-----	174,330	241,726	386,878	444,165	400,989
Netherlands-----	247,075	301,558	364,625	402,149	348,753
Belgium-Luxembourg---	235,611	282,607	342,681	382,689	334,465
Switzerland-----	165,725	227,216	248,774	284,479	267,831
Japan-----	126,983	133,604	134,284	203,650	221,548
Canada-----	96,685	113,762	135,808	185,852	190,003
Austria-----	77,402	96,368	114,862	136,436	127,979
Hong Kong-----	55,108	68,884	85,981	119,676	122,305
Sweden-----	83,757	94,785	116,090	122,797	104,999
Denmark-----	55,762	67,020	84,191	100,475	93,054
Mexico-----	44,436	59,083	74,225	86,156	<u>2/</u> 80,000
Singapore-----	46,416	47,032	52,998	60,678	78,575
Finland-----	37,171	42,332	58,900	82,691	72,371
Yugoslavia-----	24,552	26,368	35,002	43,918	53,562
Australia-----	20,564	29,825	39,956	51,203	50,147
Portugal-----	5,575	11,624	13,446	18,524	19,103
New Zealand-----	8,050	11,625	12,245	15,889	18,391
Korea-----	6,772	17,443	16,993	12,590	17,280
Norway-----	13,972	12,950	12,617	14,427	12,939
Greece-----	3,603	3,608	5,949	6,255	11,688
Taiwan-----	5,643	6,020	8,260	14,552	10,106
Philippines-----	499	522	517	483	524
Indonesia-----	9,508	228	166	119	281
All other-----	332,192	354,444	287,194	165,451	129,261
Total-----	4,746,398	5,825,008	6,928,574	7,877,994	7,490,087

1/ SITC No. 892.

2/ Estimated by the staff of the U.S. International Trade Commission.

Source: Compiled from statistics of the United Nations, except as noted.

Table 35.--Printed books and pamphlets: 1/ World exports, by principal exporting countries, 1977-81

(In thousands of dollars)

Country	1977	1978	1979	1980	1981
United States-----	324,592	433,622	515,977	592,526	699,320
United Kingdom-----	310,840	395,706	444,789	552,861	<u>2/</u> 473,490
West Germany-----	235,500	308,451	370,316	403,793	345,356
Spain-----	132,222	179,131	298,884	358,768	322,464
France-----	175,913	220,965	273,350	302,666	259,585
Belgium-Luxembourg---	94,704	120,066	146,224	166,693	142,875
Italy-----	91,556	125,049	166,974	171,293	141,075
Netherlands-----	103,255	122,575	154,969	166,260	139,777
Switzerland-----	88,493	120,411	137,884	146,465	134,658
Hong Kong-----	34,881	44,981	54,136	79,227	80,652
Japan-----	30,390	43,257	42,624	61,522	74,761
Singapore-----	38,747	38,194	40,019	44,951	61,357
Austria-----	43,332	47,317	56,550	61,473	56,845
Canada-----	26,082	32,085	38,276	<u>2/</u> 44,000	<u>2/</u> 45,031
Denmark-----	22,130	26,435	30,744	38,482	37,172
Australia-----	11,047	18,133	22,530	29,911	31,024
Sweden-----	26,902	27,691	31,339	35,323	30,451
Mexico-----	31,677	41,826	20,878	<u>2/</u> 30,000	<u>2/</u> 27,840
Portugal-----	3,471	8,370	8,843	13,021	14,236
Yugoslavia-----	4,564	4,802	5,296	6,661	13,487
Taiwan-----	1,502	2,500	3,648	3,875	5,026
Ireland-----	1,671	2,512	3,413	6,061	4,555
Greece-----	2,019	2,253	4,061	3,690	4,465
Korea-----	2,492	2,617	4,041	3,168	4,380
Norway-----	2,985	2,865	2,523	4,123	3,461
New Zealand-----	3,042	3,767	3,088	3,834	3,137
Philippines-----	108	46	132	58	146
All other-----	194,971	136,967	143,612	46,190	52,603
Total-----	2,039,088	2,512,594	3,025,120	3,376,895	3,209,229

1/ SITC No. 892.11.2/ Estimated by the staff of the U.S. International Trade Commission.

Source: Compiled from statistics of the United Nations, except as noted.

Table 36.--Newspapers and periodicals: 1/ World exports, by principal exporting countries, 1977-81

(In thousands of dollars)

Country	1977	1978	1979	1980	1981
West Germany-----	224,882	284,179	343,374	376,587	338,984
United States-----	178,156	188,043	225,162	242,421	272,516
France-----	128,798	169,643	194,620	209,530	239,498
Italy-----	86,232	118,046	146,056	168,573	127,751
United Kingdom-----	56,685	64,574	82,775	99,359	<u>2/</u> 85,055
Belgium-Luxembourg---	65,074	73,659	86,852	95,346	83,301
Canada-----	40,850	51,461	49,886	72,571	77,634
Netherlands-----	50,625	63,565	74,869	77,031	67,460
Switzerland-----	12,783	21,806	20,173	24,871	27,933
Japan-----	10,530	13,973	18,278	21,701	25,763
Finland-----	10,675	13,134	17,269	25,404	24,647
Spain-----	10,290	13,746	20,378	20,611	22,770
Austria-----	3,941	6,972	9,421	18,788	19,626
Mexico-----	11,422	15,795	19,056	19,813	<u>2/</u> 18,400
Hong Kong-----	8,605	11,296	13,065	15,717	16,133
Australia-----	6,184	6,739	8,255	11,631	9,599
Sweden-----	8,903	9,631	11,180	10,654	8,510
Denmark-----	6,280	8,221	10,339	6,984	6,709
Singapore-----	1,819	2,389	2,741	3,207	3,676
Ireland-----	3,054	3,863	4,394	3,596	3,394
New Zealand-----	2,103	2,346	2,116	2,944	2,696
Yugoslavia-----	998	938	1,429	1,746	1,896
Portugal-----	70	1,294	2,310	2,283	1,869
Martinique-----	896	670	1,059	1,143	1,081
Taiwan-----	420	355	1,082	620	554
Senegal-----	4	651	294	3,787	298
Korea-----	153	194	185	227	281
Philippines-----	184	265	296	319	183
All other-----	30,799	33,969	31,835	10,665	18,683
Total-----	961,415	1,181,417	1,398,749	1,548,129	1,506,900

1/ SITC No. 892.2.

2/ Estimated by the staff of the U.S. International Trade Commission.

Source: Compiled from statistics of the United Nations, except as noted.

Table 37.--All other printed matter: 1/ World exports, by principal exporting countries, 1977-81

(In thousands of dollars)						
Country	1977	1978	1979	1980	1981	
West Germany-----	336,993	431,351	546,831	668,378	610,269	
United Kingdom-----	233,296	252,125	334,427	410,029	2/ 351,138	
United States-----	169,926	196,409	221,805	270,452	325,011	
France-----	185,684	211,090	214,749	243,394	253,392	
Italy-----	129,954	175,121	214,727	210,831	201,493	
Netherlands-----	93,195	115,418	134,787	158,858	141,516	
Japan-----	86,063	76,374	73,382	120,427	121,024	
Belgium-Luxembourg---	75,833	88,882	109,605	120,650	108,289	
Switzerland-----	64,449	84,999	90,717	113,143	105,240	
Canada-----	29,753	30,216	47,646	69,281	67,338	
Sweden-----	47,952	57,463	73,571	76,820	66,038	
Spain-----	31,818	48,849	67,616	64,786	55,755	
Austria-----	30,129	42,079	48,891	56,175	51,508	
Denmark-----	27,352	32,364	43,108	55,009	49,173	
Yugoslavia-----	18,990	20,628	28,277	35,511	38,179	
Mexico-----	1,337	1,462	34,291	36,343	2/ 33,760	
Finland-----	17,828	20,499	29,586	38,431	32,171	
Hong Kong-----	11,622	12,607	18,780	24,732	25,520	
Singapore-----	5,850	6,449	10,238	12,520	13,542	
Korea-----	4,127	14,632	12,767	9,195	12,619	
New Zealand-----	2,905	5,512	7,041	9,111	12,558	
Australia-----	3,333	4,953	9,171	9,661	9,524	
Norway-----	10,532	9,820	9,857	9,759	8,886	
Taiwan-----	3,721	3,165	3,530	10,057	4,526	
Greece-----	771	640	1,260	1,649	4,265	
Portugal-----	2,034	1,960	2,293	3,220	2,998	
Indonesia-----	9,470	198	76	77	227	
Philippines-----	207	211	89	106	195	
All other-----	110,771	185,521	115,587	114,365	67,804	
Total-----	1,745,895	2,130,997	2,504,705	2,952,970	2,773,958	

1/ SITC codes 892.12, 892.13, 892.3, 892.4, and 892.9.

2/ Estimated by the staff of the U.S. International Trade Commission.

Source: Compiled from statistics of the United Nations, except as noted.

Table 38.--Printed matter: 1/ World imports, by principal importing countries, 1977-81

(In thousands of dollars)					
Country	1977	1978	1979	1980	1981
Canada-----	521,961	557,627	692,615	773,333	839,113
France-----	563,942	685,584	844,434	944,268	823,357
United States-----	340,392	503,677	551,925	643,287	645,042
United Kingdom-----	263,239	364,830	490,139	623,751	2/ 630,531
West Germany-----	305,975	408,746	481,955	557,106	478,227
Belgium-Luxembourg---	283,500	366,880	440,881	483,267	411,126
Switzerland-----	228,610	312,898	378,743	419,547	386,303
Netherlands-----	214,231	282,255	344,160	388,362	329,158
Australia-----	198,382	240,774	262,604	291,951	318,777
Austria-----	178,223	242,471	306,170	324,737	267,730
Japan-----	149,078	191,691	198,097	201,929	194,009
Sweden-----	105,112	116,357	143,553	179,487	163,149
Norway-----	77,180	95,668	112,058	127,845	117,261
Italy-----	65,766	77,186	96,710	123,101	110,592
Mexico-----	45,930	61,835	88,030	113,222	2/ 100,000
New Zealand-----	52,368	68,874	80,178	99,457	98,425
Denmark-----	86,096	86,892	101,142	107,083	94,841
Ireland-----	44,010	58,678	76,269	98,979	93,726
Saudi Arabia-----	54,760	60,247	54,177	53,884	75,606
Singapore-----	34,920	41,046	53,994	73,449	73,777
Spain-----	49,755	60,063	72,699	88,379	72,799
Finland-----	38,670	40,796	52,821	63,645	54,680
Korea-----	14,185	17,280	23,527	29,530	45,738
Brazil-----	33,570	47,072	54,362	54,196	43,730
Portugal-----	15,361	17,709	21,388	25,076	39,418
Hong Kong-----	14,783	19,658	25,788	30,042	39,299
Yugoslavia-----	51,240	48,264	71,203	46,994	37,266
Taiwan-----	10,438	13,576	14,514	17,986	21,399
All other-----	784,774	984,513	1,196,832	1,384,466	175,451
Total-----	4,826,451	6,073,147	7,330,968	8,368,359	6,736,792

1/ SITC No. 892.

2/ Estimated by the staff of the U.S. International Trade Commission.

Source: Compiled from statistics of the United Nations, except as noted.

Table 39.--Printed books and pamphlets: 1/ World imports, by principal importing countries, 1977-81

(In thousands of dollars)						
Country	1977	1978	1979	1980	1981	
Canada-----	233,501	240,025	302,437	337,110	370,658	
United States-----	168,101	247,713	283,400	314,378	306,950	
United Kingdom-----	117,682	164,335	218,039	290,393	<u>2/</u> 293,575	
France-----	186,480	225,832	279,228	327,453	272,592	
Australia-----	137,962	170,213	178,775	198,199	213,759	
West Germany-----	134,089	173,355	210,747	230,616	195,288	
Switzerland-----	103,146	132,801	165,229	186,976	160,845	
Belgium-Luxembourg---	108,328	136,093	166,219	180,524	155,004	
Netherlands-----	96,455	129,325	152,745	179,161	147,622	
Austria-----	69,392	94,389	128,354	129,062	105,467	
Japan-----	87,634	109,720	102,038	100,649	86,879	
Mexico-----	34,360	47,557	63,789	<u>2/</u> 82,085	<u>2/</u> 72,500	
New Zealand-----	34,157	45,068	53,622	63,232	65,379	
Sweden-----	37,939	45,086	55,145	68,593	63,674	
Saudi Arabia-----	31,360	39,956	31,285	27,130	44,494	
Denmark-----	31,563	35,293	39,351	43,074	36,772	
Norway-----	19,863	24,660	29,660	37,003	35,520	
Italy-----	21,696	24,183	27,899	38,526	34,372	
Singapore-----	15,157	18,882	21,463	31,770	31,794	
Ireland-----	13,660	18,406	25,192	32,265	29,581	
Brazil-----	21,713	33,796	37,537	36,872	29,307	
Spain-----	21,785	22,940	27,404	31,485	28,570	
Finland-----	12,896	13,410	17,702	21,589	19,251	
Hong Kong-----	5,690	8,392	10,340	11,652	13,460	
Korea-----	4,250	7,066	9,504	10,408	11,970	
Taiwan-----	3,393	5,160	6,066	7,316	9,923	
Philippines-----	5,640	9,511	10,891	12,716	9,703	
All other-----	426,847	508,709	595,989	720,752	93,913	
Total-----	2,184,739	2,731,876	3,250,050	3,750,989	2,838,822	

1/ SITC No. 892.11.2/ Estimated by the staff of the U.S. International Trade Commission.

Source: Compiled from statistics of the United Nations, except as noted.

Table 40.--Newspapers and periodicals: 1/ World imports, by principal importing countries, 1977-81

(In thousands of dollars)

Country	1977	1978	1979	1980	1981
Canada-----	150,943	185,917	225,712	243,981	268,981
France-----	124,864	181,735	183,174	200,091	168,416
Switzerland-----	69,563	92,262	109,847	119,377	112,996
Belgium-Luxembourg---	82,463	102,472	120,979	129,345	109,108
United States-----	60,244	76,177	79,922	107,020	107,025
Austria-----	60,448	78,800	93,990	105,448	91,268
West Germany-----	40,798	53,743	65,666	95,444	80,844
Australia-----	40,910	42,407	48,479	56,314	63,394
United Kingdom-----	24,861	33,771	44,655	56,142	<u>2/</u> 56,748
Netherlands-----	28,657	32,975	46,617	51,407	44,249
Japan-----	31,037	40,578	44,593	48,615	42,691
Ireland-----	16,081	19,743	24,731	31,436	30,860
Italy-----	19,655	20,537	27,730	32,137	25,396
Sweden-----	10,793	12,151	15,976	24,132	24,009
New Zealand-----	12,653	13,105	16,713	20,620	23,686
Spain-----	14,185	21,067	25,106	28,382	18,628
Norway-----	9,953	12,803	16,601	15,444	14,609
Portugal-----	4,537	7,175	8,289	10,442	14,014
Singapore-----	5,434	6,565	7,745	14,794	12,924
Brazil-----	8,166	9,372	11,853	11,705	10,456
Denmark-----	7,912	8,006	7,496	7,856	7,744
Mexico-----	5,128	6,692	5,463	<u>2/</u> 7,020	<u>2/</u> 6,200
Finland-----	4,571	4,866	6,058	6,549	6,113
Taiwan-----	3,238	3,791	4,794	5,789	5,780
Korea-----	1,950	2,496	3,265	3,733	5,586
Yugoslavia-----	1,080	4,142	9,929	9,161	5,163
Philippines-----	1,468	2,752	2,859	3,249	3,798
Hong Kong-----	1,414	1,872	2,344	3,324	3,715
All other-----	104,654	134,990	169,599	173,003	29,756
Total-----	947,660	1,212,962	1,430,185	1,621,960	1,394,157

1/ SITC No. 892.2.

2/ Estimated by the staff of the U.S. International Trade Commission.

Source: Data compiled from statistics of the United Nations, except as noted.

Table 41.--All other printed matter: 1/ World imports, by principal importing countries, 1977-81

(In thousands of dollars)

Country	1977	1978	1979	1980	1981
France-----	252,598	278,017	382,032	416,724	382,349
United Kingdom-----	120,696	166,724	227,445	277,216	<u>2/</u> 280,208
United States-----	112,047	179,787	188,603	221,889	231,067
West Germany-----	131,088	181,648	205,542	231,046	202,095
Canada-----	137,517	131,685	164,466	192,242	199,474
Belgium-Luxembourg---	92,709	128,315	153,683	173,398	147,014
Netherlands-----	89,119	119,955	144,798	157,794	137,287
Switzerland-----	55,901	87,835	103,667	113,194	112,462
Sweden-----	56,380	59,120	72,432	86,762	73,761
Austria-----	48,383	69,282	83,826	90,227	70,995
Japan-----	30,407	41,393	51,466	52,665	64,439
Norway-----	47,364	58,205	65,797	75,398	67,132
Italy-----	24,415	32,466	41,081	52,438	50,824
Denmark-----	46,621	43,593	54,295	56,153	50,325
Australia-----	19,510	28,154	35,350	37,438	41,624
Ireland-----	14,269	20,529	26,346	35,278	33,285
Saudi Arabia-----	23,400	20,291	22,892	26,754	31,112
Finland-----	21,203	22,520	29,061	35,508	29,316
Singapore-----	14,329	15,599	24,786	26,885	29,059
Yugoslavia-----	44,759	37,104	54,683	25,089	28,433
Korea-----	7,985	7,718	10,758	15,389	28,182
Spain-----	13,785	16,056	20,189	28,512	25,601
Hong Kong-----	7,679	9,394	13,104	15,066	22,124
Mexico-----	6,442	7,586	18,778	<u>2/</u> 24,117	<u>2/</u> 21,300
Portugal-----	6,088	3,783	5,688	7,129	15,392
New Zealand-----	5,558	10,701	9,843	15,605	9,360
Taiwan-----	3,807	4,625	3,654	4,881	5,696
Brazil-----	3,691	3,904	4,972	5,619	3,967
All other-----	256,302	342,320	431,496	494,994	109,930
Total-----	1,694,052	2,128,309	2,650,733	2,995,410	2,503,813

1/ SITC Nos. 892.12, 892.13, 892.3, 892.4, and 892.9.

2/ Estimated by the staff of the U.S. International Trade Commission.

Source: Compiled from statistics of the United Nations, except as noted.

Table 42.--Books: Domestic sales, by specified importing countries and shipping distances and exports from Hong Kong, Singapore, and Japan to specified importing countries, 1979 and 1981

Importing countries	Domestic book sales		Hong Kong				Singapore				Japan			
			Shipping distance	Exports		Shipping distance	Exports		Shipping distance	Exports		Shipping distance	Exports	
	1979	1981		1979	1981		1979	1981		1979	1981		1979	1981
	Million dollars			Million dollars			Million dollars			Million dollars			Million dollars	
			Nautical miles			Nautical Miles						Nautical miles		
United States-----	6,332	7,665	1/ 6,380			1/ 7,867			1/ 4,839					
			2/ 11,169	5.9	7.9	2/ 12,479	1.7	2.0	2/ 9,656	19.3			29.2	
West Germany-----	753	880	10,018	.7	.8	8,564	.3	.5	11,516	1.2			3.7	
France-----	324	426	7,990	1.5	1.9	6,536	.2	.4	9,448	.6			1.6	
Italy-----	396	419	7,588	.03	.02	6,134	.001	.006	9,086	.1			.4	
United Kingdom----	3,130	3,170	9,712	11.8	22.0	8,258	2.6	7.8	11,210	2.8			5.4	

1/ Los Angeles.

2/ New York via Panama Canal.

Source: Domestic book sales estimated based on data from Country Market Survey: Graphic Industries Equipment, U.S. Department of Commerce; Shipping distances from Distances Between Ports, U.S. Navy, 1965; Exports compiled from Statistical Yearbook, United Nations, 1979 and 1981.

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