

Industry & Trade Summary

Printed Matter



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PREFACE

In 1991 the United States International Trade Commission initiated its current *Industry and Trade Summary* series of informational reports on the thousands of products imported into and exported from the United States. Each summary addresses a different commodity/industry area and contains information on product uses, U.S. and foreign producers, and customs treatment. Also production, and trade of the commodity, as well as those bearing on the competitiveness of U.S. industries in domestic and foreign markets.¹

This report on printed matter covers the period 1989 through 1993 and represents one of approximately 250 to 300 individual reports to be produced in this series during the first half of the 1990s. Listed below are the individual summary reports published to date on the agricultural and forest products sector.

<i>USITC publication number</i>	<i>Publication date</i>	<i>Title</i>
2459	November 1991	Live Sheep and Meat of Sheep
2462	November 1991	Cigarettes
2477	January 1992	Dairy Produce
2478	January 1992	Oilseeds
2511	March 1992	Live Swine and Fresh, Chilled, or Frozen Pork
2520	June 1992	Poultry
2524	August 1992	Fresh or Frozen Fish
2545	November 1992	Natural Sweeteners
2551	November 1992	Newsprint
2612	March 1993	Wood Pulp and Waste Paper
2615	March 1993	Citrus Fruit
2625	April 1993	Live Cattle and Fresh, Chilled or Frozen Beef and Veal
2631	May 1993	Animal and Vegetable Fats and Oils
2635	May 1993	Cocoa, Chocolate, and Confectionery
2636	May 1993	Olives
2639	June 1993	Wine and Certain Fermented Beverages
2693	November 1993	Printing and Writing Paper
2726	January 1994	Furskins
2737	March 1994	Cut Flowers
2749	March 1994	Paper Boxes and Bags
2762	April 1994	Coffee and Tea

¹ Nothing in this report should be construed to indicate how the Commission would find in an investigation conducted under statutory authority covering the same or similar subject matter.

CONTENTS

	<i>Page</i>
Preface	i
Introduction	1
Background	1
Printed matter products	1
Newspapers	1
Periodicals	1
Books	2
Commercial printing	2
Greeting cards	2
Blankbooks, looseleaf binders and devices	2
The printing processes	2
Letterpress	2
Gravure	3
Offset lithography	4
Screen printing	4
U.S. industry profile	4
Industry structure	4
Number of firms, concentration among firms, and geographic distribution	4
Employment, labor intensity and skills, and industry trends	5
Vertical and horizontal integration	6
Marketing and distribution	6
Industry profitability	7
Research and development expenditures and high technology processes	7
Industry globalization	8
Consumer characteristics and factors affecting demand	9
Special considerations	9
Foreign industry profile	9
Major world producers	9
European Union	9
Canada	9
Japan	10
U.S. trade measures	10
Foreign trade measures	10
Tariff measures	10
Nontariff measures	10
Intellectual property rights	13
U.S. market	13
Consumption	13
Production	13
Imports	14
Foreign markets	14
Foreign market profile	14
U.S. exports	14
Printed books	14
Unused stamps and stock certificates	15
Advertising materials	15
U.S. Trade Balance	15
Appendix A. Explanation of tariff and trade agreement terms	A-1

CONTENTS—*Continued*

	<i>Page</i>
Figures	
1. Printed matter: The printing processes illustrated	3
2. U.S. printing and publishing industry: Principal raw materials, producer types, major products, and principal consumers	5
3. Printed matter: U.S. imports for consumption, 1989-93	16
4. Printed matter: U.S. exports of domestic merchandise, 1989-93	16
5. Printed matter: U.S. imports for consumption versus U.S. exports of domestic merchandise, 1989-93	17
Tables	
1. Financial conditions in the printed matter industry and in other selected industries, 1989-93	7
2. Printed matter: Harmonized Tariff Schedule subheading, description, U.S. col. 1 rate of duty as of Jan. 1, 1994; final MTN concession rate of duty; and U.S. imports, 1993	11
3. Printed matter: U.S. production, exports of domestic merchandise, imports for consumption, and apparent consumption, 1989-93	14
4. Printed matter: U.S. imports for consumption, by principal sources, 1989-93	14
5. Printed matter: U.S. exports of domestic merchandise, by principal markets, 1989-93	15

INTRODUCTION

Background

This summary on printed matter provides information on the structure of the U.S. and major foreign industries, domestic and foreign tariffs, and the competitiveness of U.S. and foreign producers. This summary generally covers the period 1989 through 1993.

Printed matter includes a variety of products such as newspapers, periodicals, books, business forms, greeting cards, blankbooks, and looseleaf binders, which are produced within the printing and publishing industry. Printed matter serves business, industry, consumer, educational and institutional markets. The printing sector of the printing and publishing industry is primarily engaged in the physical production of the document, whereas the publishing sector is primarily engaged in the intellectual production of the document. Publishers include individuals or enterprises that accept manuscripts for editing, provide typeset, and copy for printing; check printer's final proofs; and distribute copies to various points-of-sale. Printers on the other hand, provide printing services for the publisher. In some cases, publishers also print their own products, but these are generally large publishers with the capacity to execute both functions. Printers primarily focus on local and regional clients, although publishers in particular also often serve the needs of national and international clients.

The U.S. printing and publishing industry's 60,000 firms employ 1.5 million people, and account for about 3 percent of the U.S. gross domestic product (GDP). Printing and publishing is the fifth-largest manufacturing sector in the United States. Of the \$166 billion worth of shipments in 1993, commercial printing accounted for about \$53 billion, newspaper production about \$36 billion, book publishing and printing about \$23 billion, periodical production about \$23 billion, and miscellaneous publishing accounted for the balance.

Domestic shipments of printed matter increased from \$150 billion in 1989 to \$166 billion in 1993. Increases in U.S. advertising budgets, disposable personal income, and general business activity, have led to increased demand for printed products and subsequent growth in domestic shipments. Imports of printed matter are a negligible part of U.S. consumption—1.1 percent in 1989, increasing to 1.2 percent in 1993. In 1993, exports accounted for about 2.3 percent of shipments, up from 1.8 percent in 1989. Strong exports led to a \$1.9 billion trade surplus in 1993, compared with a \$1.0 billion surplus in 1989.

Recent technological advances, especially in communications and information technology, have forged a closer link between printers and publishers. Innovations in equipment and graphics machinery have taken the printing sector to the forefront of technological progress within the last decade. Many aspects of the print production process are now commonly automated, measured and controlled by computers. In addition, increasingly "user-friendly" computer programs have contributed to such recent advancements as desktop publishing and computer-aided publication.

Printed Matter Products

Printed matter includes a variety of products, ranging from single-page printed sheets to large-volume publications. The major categories of printed matter covered in this summary are as follows:

Newspapers

A newspaper is a printed paper generally in sheet form, which usually appears regularly, such as daily or weekly. It may contain news reports of recent political, social, civic, sports, economic, or cultural events, of local, regional, national, or international nature, intended for the information of the reader.

Newspaper publishers may or may not perform their own printing. Generally, newspapers with a large circulation are printed by the newspaper publisher; however, commercial printers are frequently tasked to produce newspapers for distribution to various points-of-sale. Firms not engaged in publishing newspapers, but which print newspapers, are classified as commercial printers.

Periodicals

As used in this summary, this kind of printed matter includes paper-covered or unbound publications dated and issued regularly, usually by the week, month, or quarter. The periodicals considered here include a variety of types, with the bulk falling into two general groups: "general interest" or consumer publications, and business and professional periodicals. General interest/consumer publications serve a wide segment of the U.S. population, and feature information relating to items of broad public interest such as entertainment, women's issues, home services, and television schedules. Business and professional publications serve narrowly defined market segments and feature specific information included in statistical reports or trade journals.

Periodical publishers carry on the various operations necessary for issuing periodicals, and may or may not perform their own printing. Firms not engaged in publishing periodicals, but which print periodicals, are classified as commercial printers.

Books

The term "book" refers, in a general sense, to a treatise of any length and form; in a more limited sense, a book is a collection of sheets of paper, either blank, written, or printed, strung or bound together. Included in this group are pamphlets; hardbound and paperbound books, such as textbooks, school workbooks, educational texts, and related printed instructional materials; encyclopedia and other references books; religious books; and other books of fiction or nonfiction.

Publishers edit, distribute, and market accepted manuscripts received from authors, and usually contract with commercial printers to produce a set number of copies of the final product.

Commercial Printing

This term refers to a diverse group of printed matter products. Shipments are divided according to the techniques used in producing the final product. An estimated 65 percent of shipments are printed products linked to advertising, including posters, catalogs, magazines, shopping newsletters, direct mailings, inserts, and display items. The remainder of commercial printing products are labels and wrappers (8 percent), financial and legal documents (5 percent), and general job printing (22 percent).

Commercial Printing, Lithographic Lithographic printing is a process in which the image configuration to be printed is rendered on a flat surface, chiefly on zinc or aluminum, and treated so that only those areas to be printed will retain ink. The greater part of commercial lithographic printing is performed on a job or custom basis; but in some cases lithographed calendars, maps, posters, decalcomanias, or other products are made for sale. Offset printing, photo-offset printing, and photolithographing are also included in this industry. Other establishments primarily engaged in commercial lithography produce products such as advertising posters, menus, playing cards, tickets, and wrappers.

Commercial Printing, Gravure Gravure printing is a process in which the image configuration to be printed is etched into a plate or cylinder. This feature gives gravure prints an unusually wide range of tonal expressions. As with commercial lithographic printing, most commercial gravure printing is performed on a job or custom basis. Gravure-produced products are nearly the same as lithographic products.

Commercial Printing, Not Elsewhere Classified This sector covers other printing processes, including engraving and screen printing, as well as general printing shops, and shops specializing in printing periodicals and newspapers for others.

Manifold Business Forms

Manifold business forms are special forms for use in the operation of business, in single and multiple sets, including carbonized or interleaved with carbon. These forms are produced by the various printing methods currently employed by the printing industry. Manifold business forms include products such as computer forms, sales books, and fanfold forms.

Greeting Cards

Greeting cards utilize a heavyweight paper or card stock that usually have a salutation printed to indicate occasions like birthdays, holidays, and anniversaries.

Blankbooks, Looseleaf Binders and Devices

Blankbooks and looseleaf binders and devices include items with lines (e.g. graph paper, account books, ledgers) and without (e.g. diaries, passbooks, scrapbooks).

Printing Processes

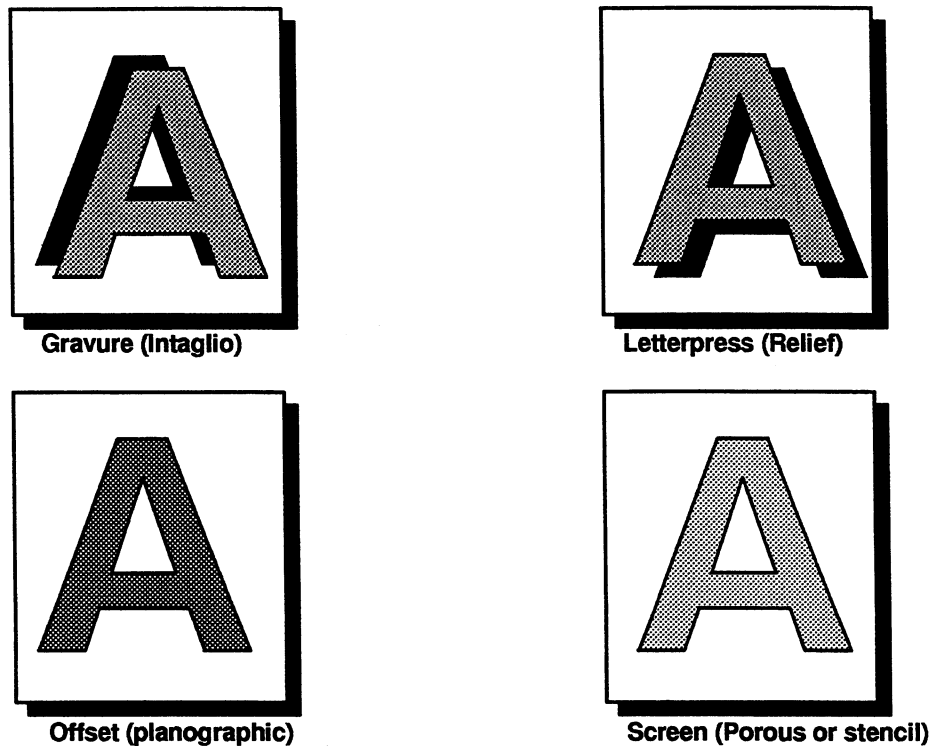
Four different but fundamental printing processes are used currently to reproduce words and pictures on a page: letterpress, gravure, offset-lithography, and screen. Figure 1 illustrates the major processes.

Letterpress

The oldest and most versatile method of printing is letterpress. Job and commercial printing, books, newspapers, magazines, as well as packaging printing and many types of specialty printing use the letterpress technique. It is the only process that 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, making 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 for reprints. Four types of presses are 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 printing), the printing surface is a cylinder, and plates must be curved. Belt presses are automated in-line presses that print and collate and can also bind books in one pass through the press.

Printing is done on sheets of paper on sheet-fed presses, or on rolls of paper on web-fed presses. Short-run printing such as letterheads, billheads, envelopes, announcements, invitations, and small

Figure 1
Printed matter: The printing processes illustrated



Source: Derived by the staff of the USITC.

advertising brochures, use sheet-fed letterpress on small platen and flat-bed cylinder presses. General printing, books, catalogs, advertising, and packaging use larger sheet-fed letterpress. Newspapers and magazines use web letterpress. Flexography is a form of rotary web letterpress using flexible rubber plates and fast-drying solvent or water-based inks.¹ 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, which is 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.

¹ The American Paper and Pulp Association, *The Dictionary of Paper*, 3d ed., (New York, NY, 1965) p. 206.

Gravure

Gravure uses a sunken or depressed surface for the image. As the paper passes between a plate cylinder and an impression cylinder, a direct transfer of ink to the paper forms the image.² Gravure printing is excellent for reproduction of pictures, but high platemaking expense usually limits its application for long runs. There are three types of gravure: Conventional, variable area-variable depth, and direct transfer or variable area. Short run, high-quality illustrations are produced using conventional gravure printing. Newspaper supplements, magazines, and catalogs, are produced using variable area-variable depth printing. Packaging printing is produced mainly by the variable area gravure process.

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

² Victor Strauss, *The Printing Industry*, (Washington, DC: Printing Industries of America, Inc., 1967)

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.

Offset Lithography

The most-widely-used of the four major printing processes, offset lithography employs 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. Because grease and water do not mix, the ink is offset first from plate to rubber blanket, and then from blanket to paper. A major advantage of the offset principle is that the soft rubber surface of the blanket creates a clearer impression on many paper surfaces with both rough and smooth textures with a minimum of press preparation.

Offset lithography uses sheet-fed and web-fed presses; presses in the market tend to be designed for short, medium, and long run use. 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. To stay competitive, the new sheet-fed presses are built to print on both sides of the paper in one pass through the press.

Screen Printing

Referred to as silk screen printing, this method uses a porous screen of fine silk, nylon, polyester, 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 that 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.

U.S. INDUSTRY PROFILE

Industry Structure

The printing and publishing industry is classified in the Standard Industrial Classification (SIC) system under Printing, Publishing, and Allied Industries. The industry consists primarily of book publishers, book manufacturers, and other commercial publishers and printers, and service industries for the printing trade. The structure of the U.S. printing and publishing industry is illustrated in figure 2. The SIC categories applicable to the industry are 2711 for Newspapers, 2721 Periodicals, 2731 Book publishing, 2732 Book printing, 2741 Miscellaneous publishing, 275 Commercial printing, 2761 Manifold business forms, 2771 Greeting cards, 2782 Blankbooks and binders, 2789 Bookbinding, 2791 Typesetting, and 2796 Platemaking services.

Number, Concentration, and Geographic Distribution of Firms

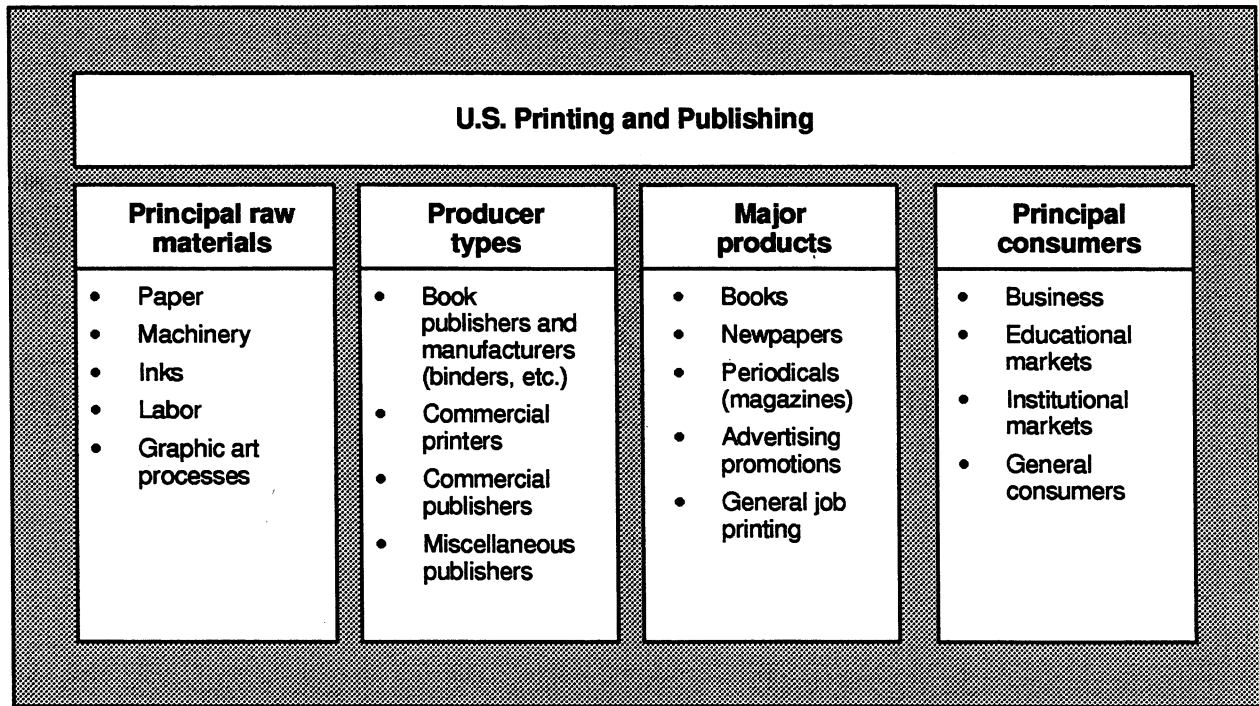
The printing and publishing industry has the largest number of plants among U.S. manufacturing industries, and is the country's largest class of small business. About 80 percent of all plants have fewer than 20 employees. In 1993, there were an estimated 60,000 establishments in the U.S. printing and publishing industry, an increase from an estimated 53,000 establishments in 1989.³

The printing and publishing industry produces diverse products in widely dispersed industrial plants throughout the United States. Firms are located in almost every county of every state in order to be close to their customers. The lack of geographical concentration in the U.S. printing and publishing industry reflects the rapid turnaround and service needs of printing customers.

The U.S. printing and publishing industry consists primarily of independent printers, and printers that supply exclusively to publishers, although in some cases, printing and publishing is done within the same organization (in-house). The degree of concentration in the printing and publishing industry differs among the various sectors, depending on the specific types of printed matter produced. Industry concentrations are strongest in those sectors where economies of scale can

³ Source: U.S. Department of Commerce, *Industrial Outlook*, 1994.

Figure 2
U.S. printing and publishing industry: Principal raw materials, producer types, major products, and principal consumers



Source: Derived by the staff of the USITC.

be more readily derived such as in the printing and publication of books, catalogs, newspapers, or magazines. In these sectors of the industry, the 20 largest companies or conglomerates account for approximately one-half of domestic shipments.⁴ In commercial printing, the largest sector of the industry, in terms of shipment value, there is less concentration as the 20 largest companies account for only about 15 percent of domestic shipments.⁵

There are various service sectors within the printing and publishing industry. The bookbinding and related work sector is primarily engaged in binding pages of documents together using various techniques. The typesetting sector involves the composition of the printing type. Platemaking and related services involve various processes such as etching, engraving, or embossing usually metal plates with images to be printed by others. There are over 5,100 firms in these three sectors, with a workforce of 92,900, or 6 percent of the total employment in the printing and publishing

⁴ U.S. Department of Commerce, *Industrial Outlook*, 1994.

⁵ *Ibid.*

industry. Most of the firms in this sector are small businesses with under 20 employees and are widely distributed across the country.

Employment, Labor Intensity and Skills, and Industry Trends

According to the Department of Commerce (DOC), the printing and publishing industry employed an estimated 1.5 million employees in 1993, up from 1.4 million employees in 1989, and was ranked fifth among the top 20 major U.S. manufacturing industry groups. Lithographic commercial printing accounted for the largest segment of employment in the industry with over 441,000 employees and the largest number of firms with over 28,000, according to DOC. In contrast, the greeting card sector has only 157 firms employing nearly 29,000.⁶

The overall printing and publishing industry ranges from labor-intensive printing activities to highly automated publishing procedures. Modern printing is becoming technologically advanced. Developments in printing equipment and supplies include such

⁶ Data in this paragraph are compiled from the U.S. Department of Commerce, *Industrial Outlook*, 1994.

advancements as phototypesetting; electronic scanners; color analysis; electromechanical and laser engravers; in-line presses; and completely automated bindery machines. Many of these processes require highly skilled labor including expertise on various types of printing machinery.

On-the-job training provided by management, unions and suppliers of machinery is the major method for acquiring trade skills in this industry. Additional training by way of secondary and postsecondary education is also available in various aspects of graphic arts. Publishing incorporates a greater degree of automation with the use of computer-assisted composing equipment, which has lowered the required level of labor skills and attendant costs. In 1993, a worker in the printing and publishing sector earned an average \$11.94 per hour, compared with an average of \$10.88 per hour in 1989.⁷ The trend toward the replacement of labor with capital-intensive technology has continued over the period of this report in both the printing and publishing sectors of the industry. Printing and publishing industry productivity increases are being generated through advances in technology that are intended to raise plant productivity, through high-speed printing and binding lines and the use of process automation systems that improve product quality levels while reducing work force requirements. For example, the expanding use of desktop publishing systems, combining text and graphics into digitized formats, reduces time requirements of pre-press operations and lowers the cost of printing products in full color.

Vertical and Horizontal Integration

The major products of the printing and publishing industry are supplied through book publishers, book manufacturers, and commercial printers and publishers. The industry has traditionally been characterized as having a large number of small, privately owned companies, many of which are family-owned, especially in the commercial printing sector. In book and magazine publishing there are larger concentrated and publicly owned companies that are media conglomerates such as Times Mirror Co. and Gannet Co., Inc.

The growing U.S. market for printed matter in the 1980s attracted significant Asian and European investment in U.S. printing and publishing. However, in the 1990s many U.S. firms are now seeking investment abroad, with some major U.S. printers already established or setting up joint ventures with

⁷ This represents a nearly 10-percent rise in earnings over 5 years, but the rate of inflation as measured by the Consumer Price Index rose 16 percent since 1989.

foreign printers (primarily in Asia), to take advantage of lower foreign costs for some labor-intensive operations.

Marketing and Distribution

Cost factors, such as the costs of raw materials and labor, weigh heavily on the marketing and distribution of the various categories of printed matter. Commercial printers and book publishers market and distribute the bulk of production in the printing and publishing industry.

Commercial Printing

This category can be stratified according to the following markets: (1) a small number of large companies producing printed material for publishing (for example, periodicals and catalogs) and commercial items for a national or worldwide market; (2) a large 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.

Books

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; (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.

Each market sector differs in its market practices, which are based on the characteristics and/or estimated demand for the book. Publishers often have considerable difficulty in estimating demand for a particular book title, e.g., how quickly demand will exhaust supply. As a consequence, book publishers have adopted several strategies to reduce costs, such as short-run, rapid reprint technology, and standardization or "gang printing" (used when demand for a title is predictable, as in the marketing of college textbooks and elementary school books).

The distribution pattern for books also differs by market sector. Trade books are the broadest division of the publishing industry. They include a wide variety of book subjects and book types, including hardcover and paperback for children and adults. Calculating demand for trade books is extremely difficult; and may result in many runs of printing to satisfy customer demand over a period of years. Many books are sold on consignment, especially in bookstores and other

distribution points. Mass-market paperbacks are inexpensive and printed in large quantities and frequently sold through mass-market outlets such as newsstands, drugstores, and supermarkets. This type of book usually results in the largest volume of returns by distributors because of large print runs on first printing. Book clubs and mail order publications are mostly distributed by mail, and relatively few are sold in bookstores.

Publishers selling textbooks to the elementary and high school market are generally able to estimate demand for books better than publishers selling to other markets because they tend to have extensive networks of sales personnel in the field who know which school system will be in the market for new books and how many students are entering each grade. Books to be purchased require an approval by a local school authority, usually referred to as adoption.⁸ Market research surveys help college textbook publishers anticipate textbook demand. After analysis of the survey results, the textbooks are usually marketed to college professors by publishers' representatives and finally sold in bookstores to students. Professional books (including technical, scientific, business etc.) are sold in bookstores or exported. These books have a predictable demand and are printed in lower quantity runs. Reference books such as encyclopedias, dictionaries, and atlases are usually sold by direct mail, through bookstores, or on a door-to-door basis. These books are sold in relatively large and predictable quantities. Other types of published books use various combinations of the distribution patterns described in the categories listed above.

Industry Profitability

Profitability in the printing and publishing industry is linked to volume, because firms incur certain fixed costs regardless of the size of the printing task. Another important profitability factor is labor cost. Labor intensity (as measured by value-added per employee) is much higher for this industry than for manufacturing in general.⁹ In general, industry profitability peaked in 1989 and declined thereafter.¹⁰ The profitability levels of 1989 were a reflection of business activity in the United States that favorably

⁸ William Lofquist, interview by USITC staff, Washington, DC, October 4, 1994.

⁹ U.S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census, *Quarterly Financial Report for Manufacturing, Mining, and Trade Corporations* (Washington, DC: GPO 1992-94).

¹⁰ U.S. Department of Commerce, *Quarterly Financial Report for Manufacturing, Mining, and Trade Corporations* (Washington, DC: GPO 1986-91).

affected demand for an increase in print advertising and other printed and published material. Although the general economy has rebounded since the end of the 1990-91 recession, and profitability of printing and publishing has recovered, the newspapers sector has not fared well. Advertising revenue in 1993 increased by 3 percent over 1992 levels, due to higher prices, but advertisement lineage remained unchanged. Furthermore, circulation in major metropolitan areas has remained flat because readers are opting for alternative information sources such as computer on-line information services.

Table 1 details the financial conditions in the printing and publishing industry for the period 1989-93. The profitability fluctuations are consistent with overall U.S. economic growth. The growth in demand for printed products is predicated on increases in U.S. advertising budgets, disposal personal income, and overall business activity.

Table 1
Financial conditions in the printing and publishing industry group, 1989-93

Year	Return on stockholders equity ¹	Net profit ²
	Percent	
1989	11.1	4.4
1990	8.3	3.8
1991	6.1	2.5
1992	7.2	3.0
1993	9.1	3.4

¹ After income taxes.

² After income taxes.

Source: Compiled from official data of the U.S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census, *Quarterly Financial Report for Manufacturing, Mining, and Trade Corporations*, 1990-94.

Research and Development Expenditures and High-Technology Processes

The printing and publishing industry annual outlay for capital expenditures exceeds \$6 billion, and over the years it has effectively substituted capital for labor.¹¹ Commercial printers, due to the sheer number of firms, and newspapers, due to the capital intensive nature of printing- press machinery, account for about 55 percent of annual capital expenditures. The number of production workers as a percent of total industry employment declined to about 53 percent in 1993 from 65 percent in 1973.¹²

¹¹ U.S. Department of Commerce, *Industrial Outlook*, 1994.

¹² U.S. Department of Commerce, Economic and Statistics Administration, Bureau of Economic Analysis, *Survey of Current Business*, vol. 74, no. 3 (Washington, DC: GPO, 1994), pp. S-1 - S-42.

Technological developments in conventional printing systems include such advancements as phototypesetting, electronic scanners, electromechanical and laser engravers and completely automated bindery machine. New processes for recording data and producing images in quantity are being developed and used in duplicating and for computer printouts, which may become full-fledged printing processes in the future. These include micropublishing, electrostates, electronic, and jet printing. Also facsimile transmission (fax), already in widespread use, will be increasingly used for all types of publishing as a link between publisher and printers and their satellite plants. Fax systems could well replace post and messenger service as the primary connection between printer and customer. Magazine and newspapers are currently using fax for composing all type and page layouts in their respective publishing headquarters. All preparatory work is stored, ready for display or use and the printing is done at considerable distances, depending on the quality of transmission.

Although printed products face increased competition from electronic media as traditional print customers seek knowledge and information in new formats, this trend has often created new markets for U.S. publishers, at the expense of U.S. printers. For example, the increasing availability of information laserdisk format for home, office, and classroom use and transfer of information through electronic means by personal computers (for example, E-mail), are expected to increasingly affect demand for the services of printers.¹³

Industry Globalization

International markets for U.S. printed products are primarily confined to publishers of technical, scientific and professional books and scholarly journals. These markets are expanding rapidly in response to improved copyright protection and increased informational demands of multinational companies.

Publishing

Although U.S. newspaper publishers have kept most of their operations within U.S. boundaries, foreign publishers have begun to enter U.S. newspaper publishing. Industry sources indicate that more than 10 percent of U.S. dailies are owned by foreign companies, mostly Canadian publishers. Although U.S. newspapers generally serve only local markets, a few U.S. papers sold abroad make use of satellite transmission of newspaper pages in their overseas markets. Most copies sold abroad go to Canada,

including the *Wall Street Journal*, *USA Today*, and the *New York Times*. Several U.S. papers have international editions printed abroad, including *USA Today* and the *Wall Street Journal*, and more U.S. magazine publishers are expanding their markets abroad. In prior years, U.S. magazine publishers either exported or printed their English language editions abroad. Now a growing number of publishers have started publishing local-language editions in foreign countries mainly under licensing agreements, joint ventures, or by establishing wholly-owned subsidiaries. For example, *Esquire* began publishing in Germany, Italy and Japan; *Life* and *Forbes* in Germany; and *Fortune* in Italy. European and Asian publishers are also expanding into the United States, by buying properties and licensing their own titles.

Recent agreements reached in the Uruguay Round are expected to have a favorable bearing on U.S. sales of books overseas. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), is expected to improve international copyright protection and lead to more U.S. book exports and substantial increases in co-publishing activities; and the sale of foreign rights (payments made by foreign publishers for the translation or reprinting of U.S. books) is expected to become a significant revenue source for increased numbers of U.S. publishers. According to industry sources, foreign royalties received by U.S. publishers in 1993 ranged between \$400 and \$500 million, about one-third of the U.S. export total.

Printing

The pressures of time, the costs of transportation and the accessibility of service are factors that tend to inhibit international trade in products of the world's commercial printers. Large printers are expected to increase co-printing relationships abroad. However, anticipated growth in printing activities may not necessarily be reflected in the expansion of international trade in printed products, since the industry finds that the requirements of "just-in-time" printing are generally best met through an international network of localized production facilities linked by satellite. For example, the largest U.S. printer, R.R. Donnelley, links its U.S. and European operations through the Donnelley Digital Page Imaging system that allows the release of printed material in all major world markets simultaneously. This is considered to be highly desirable in printing time-sensitive financial documents that are required by statute to be printed at certain times, such as Securities and Exchange Commission filings. According to industry sources, Donnelley also has facilities in Singapore that communicate through computers and can, by sharing data through electronic mail, print books at the same time in Singapore, Ireland, and the United States.

¹³ U.S. Department of Commerce, *Industrial Outlook*, 1994.

Consumer Characteristics and Factors Affecting Demand

U.S. demand for printed matter is influenced by changes in the level of several demographic factors, including population growth, levels of literacy, household formations, school enrollments, and increased educational attainment. The major economic factor affecting demand is general business activity, which results in an increased demand for printed advertising materials. Advertising revenues represent more than 60 percent of the total value of U.S. printing and publishing shipments.¹⁴ Factors that affect demand negatively include an apparent contraction of leisure time and greater competition for the U.S. consumer's attention by the nonprint media.

Printed products originally issued as books, directories, newsletters, and reference materials increasingly appear in the form of audio books, laser disks, compact disks, software, facsimile, and on-line information. To date, these electronic products supplement rather than supplant demand for printed products. However, trade sources report this situation may change in the future.

Beginning in the late 1980s, the traditional print media faced a changing advertising environment.¹⁵ Advertisers began focusing their creativity less on product or brand awareness and more on expenditures of a promotional nature: for example, store incentive, purchase displays, and premiums. Continuation of this ad expenditure trend in the 1990s would place newspapers and magazines at a disadvantage against the more promotion-oriented print media such as direct mail, yellow pages, shoppers coupons, free standing inserts and catalogs.

Special Considerations

In recent years, graphic arts technology has addressed various environmental concerns. Production of toxins, carcinogens, and volatile organic compounds has been greatly reduced through the development of water-based inks, especially water-based inks using soybeans, alcohol-free formation solutions, and solvent-free developers and finishers. Technical improvements in the production of recycled paper now enable this type of paper to meet print-quality levels demanded by publishers and advertisers.

FOREIGN INDUSTRY PROFILE

The world printing and publishing industry historically has been centered in Europe, North

¹⁴ Forbes, 42nd-46th, "Annual Report on the American Industry," January eds. 1990-94.

¹⁵ Forbes, 42nd-43rd, "Annual Report on the American Industry," January eds. 1990-91.

America, and Japan. In terms of national production and trade, the United States ranks near the top in most categories of 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. Canada, which benefits from a common language and border with the United States, was the leading U.S. supplier of printed matter, consisting primarily of newspapers, books, and advertising material.

Major World Producers

*European Union*¹⁶

In most European Union (EU) countries, production of printed matter doubled between 1983 and 1992.¹⁷ The United Kingdom, France, and Italy together account for over 50 percent of the value added of the sector in Europe, with the United Kingdom dominating with more than 20 percent. However, despite the economic growth of the last few years and the positive effect on employment and production, the graphic industry in the EU is developing differently from country to country.

Printing and publishing is a major industrial sector in the United Kingdom, employing 313,500 people in 1989,¹⁸ or 7 percent of all those employed in the manufacturing industry. Most of the 24,500 firms within the paper, printing and publishing industry are very small—18,100 (74 percent) have fewer than 10 employees, and only 1,700 (7 percent) have 50 or more employees. In 1989, British publishers issued nearly 62,000 separate titles of which 46,000 were new titles and the remainder reprints and new editions.¹⁹

Ownership of national newspapers is concentrated in the hands of 12 large press publishing groups. There are 350 additional independent regional and local newspaper publishers, and many more publishers of periodicals. So in total, over 1,150 publishers currently publish two or more newspaper or periodical titles.²⁰

Canada

In 1992, there were approximately 4,000 printing establishments in Canada, of which 65 percent were

¹⁶ Does not include the newest members of the EU: Austria, Sweden, and Finland.

¹⁷ European Commission, Directorate General III, *Panorama of EU Industry 94*, p. 16-1 - 16-25.

¹⁸ According to the *Panorama of EU Industry*, 1989 is the last year employment data are available.

¹⁹ U.S. Department of Commerce, International Trade Administration, *Market Research Reports*, ISA9109, Aug. 1994.

²⁰ European Commission, Directorate General III, *Panorama of EU Industry 94*, pp. 16-1 - 16-25.

commercial printers.²¹ According to *Canadian Printer*, 89 percent of Canada's largest printers were based in Ontario, with the remainder scattered throughout the other Provinces. In 1992, printers in Ontario had revenues of \$1.5 (C\$1.8) billion, followed by Quebec with \$718.6 (C\$852) million.

In 1991, according to *Statistics Canada*, the Canadian publishing industry consisted of 322 book publishers producing 8,700 titles; 1,055 magazine publishers producing 1,503 magazines; and publishers of 106 newspaper dailies with a circulation of 5.8 million copies per issue. Of the 8,700 book titles published, 2,000 were textbooks, 5,000 were trade books, and 1,700 were scholarly/reference/technical books. Book publishers employed 6,200 individuals and generated \$508 (C\$582) million in sales. Magazine publishers employed a total of 10,250 full-time, part-time, and volunteer staff, and generated \$738.7 (C\$846.4) million in revenue. Total revenues for the newspaper sector in 1990 were \$2.8 (C\$3.3) billion, of which approximately \$600 (C\$700) million was generated from newspaper sales, and \$2.2 (C\$2.6) billion was derived from advertising revenues.²² Like the commercial printing industry, the majority of companies in the publishing sector are in the Provinces of Ontario and Quebec.

Japan

The Japanese printing industry consists of many small and medium-size companies generating little total output and five large companies producing the majority of domestic output. Firms employing less than 29 workers represent 94 percent of printing companies by number but generate only 34 percent of total shipment volume. According to the Industrial Census compiled by the Ministry of International Trade and Industry (MITI), the printing and publishing sector employed nearly 359,000 workers in 1989, the latest year for which data are available.²³

The Industrial Structure Council, a private arm of MITI, has published a demand forecast for the printing industry covering the years 1988-2000. According to this forecast, shipment of printing goods is expected to grow at an average 6.5 percent rate through 2000 and shipment value is expected to reach \$110 billion in

²¹ U.S. Department of Commerce, International Trade Administration, *Market Research Reports*, ISA9307, Aug. 1994.

²² U.S. Department of Commerce, International Trade Administration, *Market Research Reports*, ISA9307, Aug. 1994.

²³ U.S. Department of Commerce, International Trade Administration, *Market Research Reports*, ISA9303, Jan. 1994.

2000 from a base of \$41 billion in 1988.²⁴ According to industry sources, to achieve this growth, the printing and publishing industry is increasing efficiency by introducing high-performance printing machinery, overhauling management practices, and seeking innovative ways to raise capital.

U.S. TRADE MEASURES

Table 2 shows the column 1 rates of duty, as of January 1, 1994, for the articles included in this summary (including both general and special pre-Uruguay Round rates of duty) and U.S. exports and imports for 1993. An explanation of tariff and trade agreement terms is set forth in appendix A. On a trade-weighted basis, nearly 80 percent of the imports included in this summary enter free of duty. The aggregate trade-weighted average rate of duty for all products covered herein, based on 1993 imports, was 0.4 percent ad valorem. The average trade-weighted rate of duty for the dutiable products was 3.5 percent ad valorem. There are no known U.S. domestic nontariff import restrictions that significantly affect trade in printed matter as covered in this summary.

U.S. tariff rates on all printed matter items are scheduled to be eliminated by January 1, 1999, under the Uruguay Round Agreement. Tariffs are to be reduced in equal annual stages, until they are eliminated; the first of the five reductions became effective January 1, 1995.

FOREIGN TRADE MEASURES

Tariff Measures

In 1993, Canada, the EU, Japan, and Mexico were the major world export markets for U.S. printed matter. The Canadian rates of duty on U.S. printed matter averaged 8 percent ad valorem in 1994. The EU, led by the United Kingdom, is a major market for U.S. exports. Most printed matter supplied to the United Kingdom from the United States is subject to tariff rates of up to 6.5 percent ad valorem. U.S. exports of printed matter are expected to benefit as a result of reductions agreed to by U.S. trading partners in the recently implemented GATT Uruguay Round Agreements.

Nontariff Measures

In the area of services barriers, Canada applies certain restrictions on advertising in U.S. publications that are intended for distribution in Canada. For instance, a significant Canadian measure is section 19 of the Federal Income Tax Act. This section, introduced in 1964, prohibits Canadian advertisers

²⁴ Ibid.

Table 2

Printed matter: Harmonized Tariff Schedule subheading; description; U.S. col. 1 rate of duty as of Jan. 1, 1994; U.S. exports, 1993; and U.S. imports, 1993

HTS	Description ¹	Col. 1 rate of duty as of Jan. 1, 1994		U.S. exports, 1993	U.S. imports, 1993
		General	Special		
<i>thousand dollars</i>					
4901.10.00	Printed books, brochures, and similar printed matter in single sheets	Free		85,563	41,480
4901.91.00	Dictionaries and encyclopedias and serial installments thereof	Free		68,099	11,699
4901.99.00	Printed books, brochures, and similar printed matter, n.e.s.	Free		1,629,621	949,728
4902.10.00	Newspapers, journals, and periodicals, appearing four times a week	Free		13,230	6,088
4902.90.10	Newspaper supplements printed by a gravure process	1.8%	Free(A,CA,E,IL,J,MX)	(²)	1,431
4902.90.20	Newspaper, journals and periodicals, except those appearing at least four times a week	Free		(²)	237,798
4903.00.00	Children's picture, drawing or coloring books	Free		23,452	107,972
4904.00.00	Music, printed or in manuscript, whether or not bound or illustrated	Free		28,815	5,334
4905.10.00	Globes, printed	5.3%	Free(A,CA,E,IL,J,MX)	2,915	1,059
4905.91.00	Maps and hydrographic or similar charts of all kinds, in book form	Free		2,085	3,107
4905.99.00	Maps and hydrographic or similar charts of all kinds, other than book form	Free		5,050	3,977
4906.00.00	Hand-drawn original plans and drawings, hand-written texts	Free		58,688	8,901
4907.00.00	Unused stamps, check forms, stock certificates, and similar documents	Free		371,853	14,225
4908.10.00	Transfers (decalcomanias), vitrifiable	13.2¢/kg	Free(A,CA,E,IL,J,MX)	8,180	30,416
4908.90.00	Transfers (decalcomanias), not vitrifiable	15.4¢/kg	Free(A,CA,E,IL,J,MX)	33,513	41,089
4909.00.20	Postcards printed or illustrated	+3.5%	Free(A,CA,E,IL,J,MX)	3,624	8,004
4909.00.40	Printed cards bearing personal greetings, messages or announcements, whether or not illustrated	4%	Free(A,CA,E,IL,J,MX)		
4910.00.20	Calendars printed on paper or paperboard in whole or part by a lithographic process, not over 0.51 mm in thickness	4.9%	Free(A,CA,E,IL,J,MX)	59,398	59,191
4910.00.40	Calendars printed on paper or paperboard in whole or part by a lithographic process, over 0.51 mm in thickness	Free		(³)	38,256
4910.00.60	Printed calendars, calendar blocks, other than calendars printed by a lithographic process	4.4¢/kg	Free(A,CA,E,IL,J,MX)	(³)	9,154
4911.10.00	Printed trade advertising material, commercial catalogs and the like	3%	Free(A,CA,E,IL,J,MX)	(³)	14,323
4911.91.10	Pictures, designs and photographs, printed over 20 years at time	Free		255,118	183,895
4911.91.15	Pictures, designs and photographs printed not over 20 years at time of importation, suitable for use in books	Free		(⁴)	3,862
4911.91.20	Lithographs on paper or paperboard, not over 0.51 mm in thickness, not over 20 years at time of import	Free		(⁴)	2,371
4911.91.30	Lithographs on paper or paperboard, over 0.51 mm in thickness, not over 20 years at time of import	13.2¢/kg	Free(A,CA,E,IL,J,MX)	(⁴)	56,852
		Free		(⁴)	18,180

Table 2—Continued

Printed matter: Harmonized Tariff Schedule subheading; description; U.S. col. 1 rate of duty as of Jan. 1, 1994; U.S. exports, 1993; and U.S. imports, 1993

HTS	Description ¹	Col. 1 rate of duty as of Jan. 1, 1994		U.S. exports, 1993 ²	U.S. imports, 1993 ²
		General	Special		
				<i>thousand dollars</i>	
4911.91.40	Pictures, design and photographs, n.e.s.	3.1%	Free(A,CA,E,IL,J,MX)	(⁴)	33,249
4911.99.20	Printed international customs forms (carnets), and parts thereof, in English or French	Free		(⁵)	55
4911.99.60	Other printed matter n.e.s. printed on paper in whole or in part by a lithographic process	0.4%	Free(A,CA,E,IL,J,MX)	(⁵)	37,130
4911.99.80	Other printed matter, n.e.s.	4.9%	Free(A,CA,E,IL,J,MX)	(⁵)	32,822

¹ Programs under which special tariff treatment may be provided, and the corresponding symbols for such programs as they are indicated in the "Special" subcolumn, are as follows: Generalized System of Preferences (A); North American Free-Trade Agreement, country of origin Canada (CA); Caribbean Basin Economic Recovery Act (E), United States-Israel Free Trade Area Implementation Act (IL); Andean Trade Preference Act (J); and North American Free-Trade Agreement, country of origin Mexico (MX).

² The value of U.S. exports is not available for this individual HTS subheading. However, total exports of newspaper, journal and periodical appearing less than four times a week were \$750.8 million for 1993.

³ The value of U.S. exports is not available for this individual HTS subheading. However, total exports of printed calendars were \$20.3 million for 1993.

⁴ The value of U.S. exports is not available for this individual HTS subheading. However, total exports of pictures, designs and photographs were \$130.1 million for 1993.

⁵ The value of U.S. exports is not available for this individual HTS subheading. However, total exports of printed international customs forms and other printed matter, n.e.s. were \$277.2 million for 1993.

Source: U.S. exports and imports compiled from official statistics of the U.S. Department of Commerce.

from deducting advertising expenses for the Canadian market from their taxable income when this advertising was placed in non-Canadian newspapers or periodicals. "Canadian" newspapers and periodicals, among other things, have to be printed and typeset in Canada to receive the tax break.²⁵ Also, Canada prohibits the import of magazines if they are special (split-run or regional) editions that include Canadian market-targeted advertising that is not present in identical form in all other all country-of-origin magazine editions.²⁶ Magazines are also prohibited from entering Canada if more than 5 percent of total advertising space contains ads that give Canadian sources of availability or specific conditions relating to the sale or provision of goods or services in Canada.²⁷

These practices limit a significant source of revenue for U.S. magazines sold in Canada. Canadian discriminatory postal rates implemented on March 1, 1991, require "actual costs" for foreign publications although Canadian publications rates will be implemented over a 5-year period.²⁸ However, the Canadian Postal Service has allowed its major customers, including large foreign publishers, the option to negotiate their postal rates directly.²⁹

Canada, under the Investment Canada Act specifies special policies related to cultural heritage and national identity that in turn affect books, magazines, periodicals or newspapers.³⁰ In January 1992, Canada eased the requirement of divestiture of control to Canadians as a condition for approving minority foreign ownership through indirect acquisition.³¹ Foreign investors will be able to directly acquire Canadian book publishing and distribution firms under limited circumstances that also involve providing guarantees of benefits to Canada.³²

Intellectual Property Rights

Intellectual property rights relating to copyright protection directly affect printed matter. The Agreement on Trade-Related Aspects of Intellectual Property Rights, which among other things seeks to improve international copyright protection, is expected

²⁵ Industry, Science and Technology Canada, "Periodical Publishing," *Industry Profile*, (Ottawa, Ontario, Canada: Communications Branch, 1991) pp. 1-7.

²⁶ Office of the United States Trade Representative, *1994 National Trade Estimate Report on Foreign Trade Barriers*, (Washington, DC: GPO, 1994) pp. 27-36.

²⁷ *Ibid.*

²⁸ *Ibid.*

²⁹ *Ibid.*

³⁰ *Ibid.*

³¹ *Ibid.*

³² Office of the United States Trade Representative, *1994 National Trade Estimate Report on Foreign Trade Barriers*, (Washington, DC: GPO, 1994) pp. 27-36.

to lead to more U.S. exports of printed matter and an increase in co-publishing activities.³³ Also affecting printed matter are EU directives for future treatment of copyright protection for printed matter establishing rights based on reciprocity, rather than the long established notion of copyright based on national treatment.³⁴ A possible consequence of adopting reciprocity based on protection is that in certain areas, U.S. authors and their assignees might not be able to exercise and enjoy those rights in EU member states unless the United States were to enact the same rights under its laws.³⁵

U.S. MARKET

Consumption

Apparent U.S. consumption of printed matter rose throughout the period, from \$149 billion in 1989 to a high of \$164 billion in 1993 (table 3). Increases during the period are attributable to the increased demand for printed matter related to economic changes in business activity, and increased demand for advertising. The ratio of imports to consumption increased slightly, from 1.1 percent in 1989 to 1.2 percent in 1993. The majority of imported printed matter for consumption in the United States is supplied by imports from Canada, the United Kingdom, Hong Kong, Japan, and Germany.

Production

Commercial printing, newspapers, and periodicals constitute the majority of shipments in the printing and publishing industry. Growth in commercial

printing shipments is highly dependent on advertising expenditures, which in turn are dependent on higher levels of economic growth and improved business and consumer confidence. The value of commercial printing and periodical shipments have generally been increasing in recent years and this trend is expected to continue for the next few years as economic growth continues. Newspaper shipments are expected to be relatively flat reflecting generally declining circulation due to increased competition from non-print media, and direct-mail operations.

³³ U.S. Department of Commerce, International Trade Administration, "U.S. Exports of the Printing and Publishing Industry," *Flash Report, First Look at the Uruguay Round*, Dec. 1993.

³⁴ U.S. Department of Commerce, International Trade Administration, *Market Research Reports*, ISA9109, Sep. 1992.

³⁵ U.S. Department of Commerce, International Trade Administration, *Market Research Reports*, ISA9109, Sep. 1992.

Table 3
Printed matter: U.S. shipments, exports of domestic merchandise, imports for consumption, and apparent consumption, 1989-93

Year	shipments	U.S.	U.S.	Apparent	Ratio of
		exports	imports	U.S. consumption	U.S. imports consumption
		Million dollars			Percent
1989	149,912	2,569	1,566	148,909	1.1
1990	157,060	3,072	1,616	155,604	1.0
1991	156,685	3,470	1,649	154,864	1.1
1992	159,502	3,670	1,813	157,645	1.1
1993	166,194	3,828	1,962	164,328	1.2

Source: Compiled from official statistics of the U.S. Department of Commerce

Imports

Imports of printed products approached \$2 billion in 1993, with combined shipments from Canada, the United Kingdom, Hong Kong, and Germany representing approximately 59 percent of the total (table 4). Shipments of books constituted 46 percent of all U.S. printed product imports in 1993; and reflected increased U.S. publishing contracts with Pacific Rim or Mediterranean producers who offer attractive pricing.

eliminated by publishing in the host country's language.

The U.S. enjoys a relatively tariff-free trading environment for printed materials where trade weighted average tariff rates are less than 1 percent ad valorem for the major trading partners. However, there are some nontariff barriers that impede U.S. exports, especially to Canada. These barriers were discussed earlier.

FOREIGN MARKETS

Foreign Market Profile

In 1993, the principal markets for U.S. printed matter were Canada, the United Kingdom, and Japan (table 5). Markets for U.S. exports of printed matter are limited principally to countries where literacy rates are relatively high and where there is a strong English language populace. As publishers slowly expand into foreign markets, the language barrier is being slowly

U.S. Exports

Printed Books

U.S. exports of printed books, including encyclopedias, dictionaries, and brochures ranged between 6 and 8 percent of total U.S. production in the period 1989-93. Foreign markets for U.S. books have been flat for the last 5 years, with U.S. exports of \$1.8 billion in 1993. Continued economic weakness in Canada, Japan, Australia, and most EU countries limited U.S. exports of printed matter.

Table 4
Printed matter: U.S. imports for consumption, by principal sources, 1989-93

Source	1989	1990	1991	1992	1993
	Value (thousand dollars)				
Canada	383,728	303,317	318,048	365,332	487,343
United Kingdom	278,216	304,939	266,549	294,156	298,592
Hong Kong	135,599	173,643	202,949	231,658	225,159
Japan	193,824	189,134	167,104	164,319	153,564
Germany	82,880	94,309	102,001	106,314	143,099
Italy	95,387	111,473	121,317	96,737	110,449
Singapore	52,265	66,625	87,300	101,247	99,785
China	11,702	13,548	19,746	31,021	58,486
France	38,746	44,079	46,048	62,857	57,654
Mexico	21,214	27,920	48,608	63,695	54,210
All other	272,452	286,636	269,419	295,818	273,306
Total	1,566,013	1,615,663	1,649,099	1,813,154	1,961,647

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 5
Printed matter: U.S. exports of domestic merchandise, by principal markets, 1989-93

Market	1989	1990	1991	1992	1993
	<i>Value (million dollars)</i>				
Canada	891	1,450	1,581	1,641	1,637
United Kingdom	295	296	354	401	349
Japan	264	243	311	292	287
Mexico	69	90	134	180	217
Australia	170	160	185	182	180
Germany	84	91	107	111	147
Taiwan	20	22	26	42	94
Netherlands	64	68	77	81	81
Singapore	33	45	44	48	61
France	48	47	60	68	60
All other	632	559	590	624	713
Total	2,569	3,072	3,470	3,670	3,828

Source: Compiled from official statistics of the U.S. Department of Commerce.

International demand for U.S. books is a function of educational and occupational levels, fluency with the English language, and interest in the American experience. Also affecting international demand for U.S. books are unique technical publications. The largest market for U.S. printed books is Canada, consisting mainly of textbooks and technical, scientific, and professional books. U.S. exports to Canada totaled nearly \$720 million or about 40 percent of total U.S. exports in 1993 (table 2). This is due to Canada's proximity to the United States, highly educated populace, and fluency in the English language. According to the Department of Commerce, the United Kingdom, Australia, Japan, and Mexico are also significant recipients of U.S. printed books, accounting for 30 percent of U.S. exports in 1993.

Unused Stamps and Stock Certificates

U.S. exports of unused stamps and stock certificates have steadily rebounded from the drop experienced from the global recession in 1990-91. U.S. exports of unused stamps, stock certificates, and other related documents totaled \$372 million in 1993, down 13 percent from the 1989 high, but up over 30 percent from 1992 levels (table 2). According to industry sources, stock certificates comprise the majority of the classification that includes unused stamps, stock certificates, check forms, and similar documents. As global financial markets become

increasingly integrated, U.S. exports of stock certificates should correspondingly increase, although they will likely face increasing competition from electronic fund transfers. Japan, with the world's second-largest stock exchange after the United States, is the leading market for U.S. exports of stock certificates, with exports totaling \$125 million.

Advertising Material

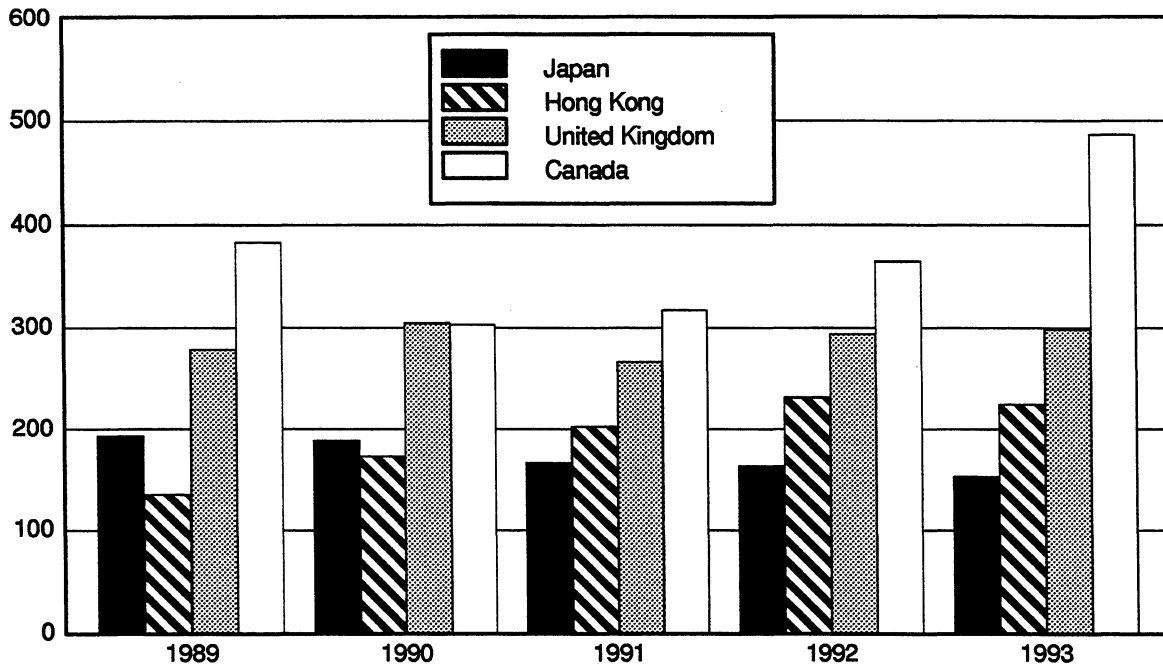
The value of U.S. exports of advertising material, including commercial catalogs and the like, jumped 88 percent to \$255 million in 1993, compared with \$136 million in 1989. This significant increase is primarily a result of a general increase in international trade and the lowering of certain tariffs. Canada is the leading market for U.S. exports, with an over 49-percent market share in 1993. The U.S.-Canadian Free-Trade Agreement of 1989 eliminated all tariffs on advertising material and was a factor why U.S. exports increased 159 percent to \$126 million in 1993.

U.S. TRADE BALANCE

During 1993, U.S. trade in printed matter exceeded \$5.8 billion. During the 1989-93 period, the United States has posted a significant trade surplus in every year, growing from over \$1 billion in 1989 to nearly \$1.9 billion in 1993. The United States has posted a trade surplus with all its major trading partners since 1989.

Figure 3
Printed matter: U.S. imports for consumption, 1989-93

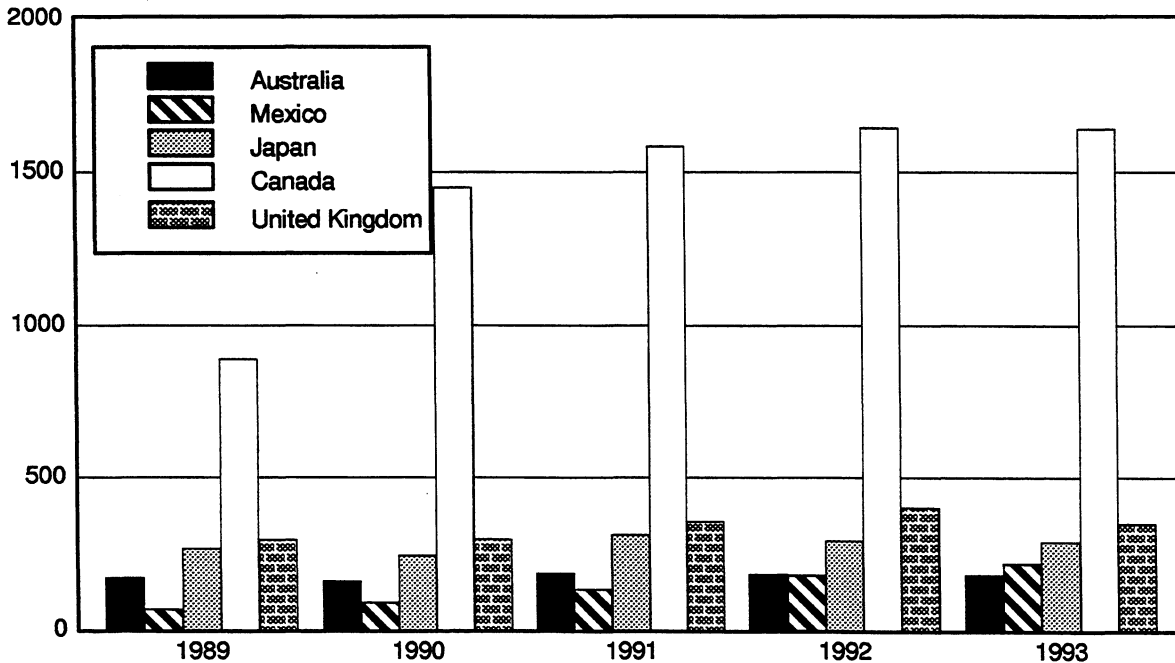
Thousand dollars



Source: Compiled from official statistics of the U.S. Department of Commerce.

Figure 4
Printed matter: U.S. exports of domestic consumption, 1989-93

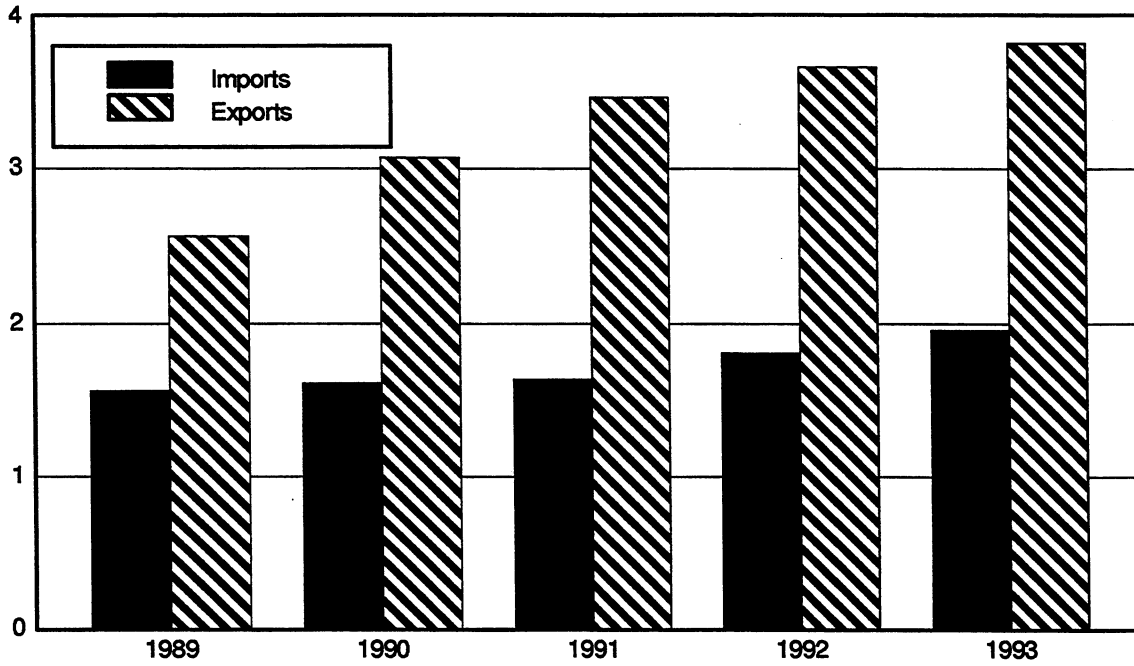
Thousand dollars



Source: Compiled from official statistics of the U.S. Department of Commerce.

Figure 5
Printed matter: U.S. imports for consumption versus U.S. exports of domestic merchandise, 1989-93

Millions



Source: Compiled from official statistics of the U.S. Department of Commerce.

APPENDIX A
EXPLANATION OF TARIFF AND TRADE AGREEMENT TERMS

The *Harmonized Tariff Schedule of the United States* (HTS) replaced the *Tariff Schedules of the United States* (TSUS) effective January 1, 1989. Chapters 1 through 97 are based upon the internationally adopted Harmonized Commodity Description and Coding System through the 6-digit level of product description, with additional U.S. product subdivisions at the 8-digit level. Chapters 98 and 99 contain special U.S. classification provisions and temporary rate provisions, respectively.

Rates of duty in the *general* subcolumn of HTS column 1 are most-favored-nation (MFN) rates; for the most part, they represent the final concession rate from the Tokyo Round of Multilateral Trade Negotiations. Column 1-general duty rates are applicable to imported goods from all nonembargoed countries except those enumerated in general note 3(b) to the HTS—Afghanistan, Azerbaijan, Cuba, Kampuchea, Laos, North Korea, and Vietnam—whose goods are dutiable at the rates set forth in *column 2*. Goods from Albania, Armenia, Belarus, Bosnia, Bulgaria, the People's Republic of China, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Macedonia, Moldova, Mongolia, Poland, Romania, Russia, Slovakia, Slovenia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan are now eligible for MFN treatment. Among goods dutiable at column 1-general rates, particular products of enumerated countries may be eligible for reduced rates of duty or for duty-free entry under one or more preferential tariff programs. Such tariff treatment is set forth in the *special* subcolumn of HTS column 1. Where eligibility for special tariff treatment is not claimed or established, goods are dutiable at column 1-general rates.

The *Generalized System of Preferences* (GSP) affords nonreciprocal tariff preferences to developing countries to aid their economic development and to diversify and expand their production and exports. The U.S. GSP, enacted in title V of the Trade Act of 1974 and renewed in the Trade and Tariff Act of 1984, applies to merchandise imported on or after January 1, 1976 and before September 30, 1994. Indicated by the symbol "A" or "A*" in the special subcolumn of column 1, the GSP provides duty-free entry to eligible articles the product of and imported directly from designated beneficiary developing countries, as set forth in general note 4 to the HTS.

The *Caribbean Basin Economic Recovery Act* (CBERA) affords nonreciprocal tariff preferences to developing countries in the Caribbean Basin area to aid their economic development and to diversify and expand their production and exports. The CBERA, enacted in title II of Public Law 98-67, implemented by Presidential Proclamation 5133 of November 30, 1983, and amended by the Customs and Trade Act of 1990, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after January 1, 1984; this tariff preference program has no expiration date. Indicated by the symbol "E" or "E*" in the special subcolumn of column 1, the CBERA provides duty-free entry to eligible articles, and reduced-duty treatment to certain other articles, which are the product of and imported directly from designated countries, as set forth in general note 7 to the HTS.

Preferential rates of duty in the special subcolumn of column 1 followed by the symbol "IL" are applicable to products of Israel under the *United States-Israel Free Trade Area Implementation Act* of 1985 (IFTA), as provided in general note 8 to the HTS. Where no rate of duty is provided for products of Israel in the special subcolumn for a particular provision, the rate of duty in the general subcolumn of column 1 applies.

Preferential nonreciprocal duty-free or reduced-duty treatment in the special subcolumn of column 1 followed by the symbol "J" or "J*" in parentheses is afforded to eligible articles the product of designated beneficiary countries under the *Andean Trade Preference Act* (ATPA), enacted in title II of Public Law 102-182 and implemented by Presidential Proclamation 6455 of July 2, 1992 (effective July 22, 1992), as set forth in general note 11 to the HTS.

Preferential rates of duty in the special subcolumn of column 1 followed by the symbol "CA" are applicable to eligible goods of Canada, and those followed by the symbol "MX" are applicable to eligible goods of Mexico, under the *North American Free Trade Agreement*, as provided in general note 12 to the HTS, effective January 1, 1994.

Other special tariff treatment applies to particular *products of insular possessions* (general note 3(a)(iv)), goods covered by the *Automotive Products Trade Act* (APTA) (general note 5) and the *Agreement on Trade in Civil Aircraft* (ATCA) (general note 6), and *articles imported from freely associated states* (general note 10).

The *General Agreement on Tariffs and Trade* (GATT) (61 Stat. (pt. 5) A58; 8 UST (pt. 2) 1786) is a multilateral agreement setting forth basic principles governing international trade among its signatories. The GATT's main obligations relate to most-favored-nation treatment, the maintenance of scheduled concession rates of duty, and national (nondiscriminatory) treatment for imported products; the GATT also provides the legal framework for customs valuation standards, "escape clause" (emergency) actions, antidumping and countervailing duties, and other measures. Results of GATT-sponsored multilateral tariff negotiations are set forth by way of separate schedules of concessions for each participating contracting party, with the U.S. schedule designated as Schedule XX.

Officially known as "The Arrangement Regarding International Trade in Textiles," the *Multifiber Arrangement* (MFA) provides a framework for the negotiation of bilateral agreements between importing and producing countries, or for unilateral action by importing countries in the absence of an agreement. These bilateral agreements establish quantitative limits on imports of textiles and apparel, of cotton and other vegetable fibers, wool, man-made fibers and silk blends, in order to prevent market disruption in the importing countries—restrictions that would otherwise be a departure from GATT provisions. The United States has bilateral agreements with many supplying countries, including the four largest suppliers: China, Hong Kong, the Republic of Korea, and Taiwan.

