June 17, 2019

BY ELECTRONIC SUBMISSION

The Honorable Robert E. Lighthizer
United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Re: Request for Public Comment Concerning Proposed Modification of Action Pursuant to Section 301, Docket No. USTR-2019-0004

Dear Ambassador Lighthizer,

The Independent Book Publishers Association (IBPA) appreciates the opportunity to provide information in response to the request for public comments in these proceedings.

IBPA is a 501(c)6 trade association serving the independent book publishing community since 1987. IBPA’s mission is to lead and serve the independent publishing community through advocacy, education, and tools for success. Our vision is a world where every independent publisher has the access, knowledge, and tools needed to professionally engage in all aspects of an inclusive publishing industry. In accordance with this mission and vision, we run several educational and cooperative marketing programs, as well as advocate on behalf of independent publishers within the book industry at large. Our headquarters are in Manhattan Beach, California, but our 3,185 members are situated nationwide.

IBPA shares the Administration’s serious concerns with China’s failure to protect intellectual property and the related issues of forced technology transfer that USTR has investigated in this Section 301 proceeding. We further recognize the concerns that some publishers have related to doing business in China generally, including:

- foreign firms being subjected to unequal treatment in the Chinese legal system and by local government entities;
- restrictions on printing and publishing materials that the Chinese government does not agree with; and
- the use of extrajudicial processes to resolve disputes or punish publishers and their employees.
It is our sincere hope that officials in Washington and Beijing can resolve their differences in a way that leads to truly free and fair trade for publishers, printers, and other businesses operating in both countries. That said, we strongly believe that imposing tariffs on printed books is not the answer as this action will have no impact on China’s policies in these areas. On the contrary, imposing tariffs on books would upend decades of U.S. policy exempting books and other written material from trade restrictions, as well as undercut important American policy interests. In addition, imposing tariffs on books would seriously and disproportionately damage U.S. small and medium sized independent publishing businesses.

IBPA therefore asks that all printed books under Chapter 49 of the Harmonized Tariff Schedule be removed from the list of products to be subject to the proposed additional tariff of 25%, as announced by your office on May 17, 2019 in the above referenced proceeding. Specifically, we ask that the following tariff codes not be subject to tariffs:

- 4901.10.00 (for printed books, brochures, leaflets and similar printed matter, whether or not in single sheets)
- 4901.91.00 (dictionaries and encyclopedias)
- 4901.99.00 (Other)
- 4901.99.00.10 (textbooks)
- 4901.99.00.40 (Bibles, testaments, prayer books, and other religious works)
- 4901.99.00.50 (Technical, scientific and professional books)
- 4901.99.00.70 (Hardbound books)
- 4901.99.00.75 (Rack size paperbound books)
- 4901.99.00.92 (Other containing 5 or more pages each, but not more than 48 pages each, excluding covers)
- 4901.99.00.93 (Other containing 49 or more pages each (excluding covers)
- 4903.00.00 (children’s picture, drawing or colouring books)
- 4910.00 (Calendars of any kind, printed, including calendar blocks: Printed on paper or paperboard in whole or in part by a lithographic process)
- 4910.00.20 (Not over 0.51 mm in thickness)
- 4910.00.40 (Over 0.51 mm in thickness)
- 4910.00.60 (Other)

1. **Alternative sources are not readily available in the United States or elsewhere.**

   - Book printing and binding in China is a longstanding specialized technical manufacturing process. It is not a new, high tech industry that would be part of China’s Made in China 2025 industrial policy.
   - There is a lack of capacity in U.S. to meet existing demand, let alone increased demand if publishers were compelled to try to find other printing sources. U.S. printers do not have

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many of the technical capabilities required to produce the books currently printed in China, nor do they have the capacity to print in the volumes required. It would take significant time and investment to develop such capabilities.

The books being printed in China include four-color books of all types, bibles and other specialized bound books, board books and children’s books. Alternative sources for printing these books in commercial quantities are not available. China is the primary source for these printing services and has been for more than 25 years. It is paramount that independent publishers have access to printing sources that can provide competitive prices in addition to high quality.

- While domestic printers provide fast time-to-market as well as excellent quality, domestic printers’ pricing structures are generally not viable for maintaining a small, independent publisher’s profit margin and competitive pricing for books printed in four-color (along with other specialized bound books). An independent publishing house must manage its profit and loss statement on a margin exceeding 50 percent. Domestic printing simply does not allow this in the cases described above.
- For more than 25 years, China has provided unsurpassed pricing and quality, allowing independent publishers to enter and compete in a marketplace that is dominated by companies who have much larger economies of scale.
- The proposed tariff of 25% adds between $0.62 and $1.25 for most book printings. This added cost erases the 2 to 4 percent profit margins an independent publisher enjoys. The reality of Section 301 is that, without another option equivalent to China, and we don't believe that there is one, independent publishers’ margins will erode, inflationary costs will be pushed to the customer, independent publishers will go out of business, fewer publishers will enter the business, and fewer quality books will be published.

If tariffs are imposed, independent publishers will have no alternative but to pass on increased prices to booksellers, libraries, and ultimately American consumers. Thus, any additional customs duties assessed on Chinese-printed books function as a direct tax on booksellers, publishers, libraries, public school districts, and anyone who buys books.

2. The Imposition of Additional Duties on Books Pursuant to Section 301 Would Disproportionately Harm Americans Economically and Undermine Fundamental American Principles and Goals

Taxing books is bad policy. The proposed tariffs would inflict harm not only on publishers and their downstream partners, both for profit and non-profit, but also on the diverse communities of readers they serve. Imposing tariffs also would undercut fundamental American values.
To further illustrate, the proposed tariffs would:

- have a negative economic impact on others – customers, suppliers, distribution network, community (e.g., not only will the proposed tariffs have serious consequences for independent book publishers, it will also impact these publishers’ customers/suppliers and their employees);
- have a negative impact on independent publishers’ ability to fulfill their missions/serve their constituencies, with the inevitable price increases on books – costs that independent publishers will have to share with retail partners and eventually consumers; and
- damage fundamental American values, including the first amendment, free speech, and religious liberty – since tariffs could result in reduction in the flow and accessibility of books.

**Conclusion:**

In short, the result of the proposed tariffs will be a depressed U.S. independent publishing industry and an American reader base without the rich offerings independent publishing provides. Books and publishing are cultural necessities. Individuals, families, communities, states, and nations are influenced by the books independent publishers create. Books should be considered cultural institutions and managed in a way that strengthens those institutions rather than unfairly taxes them, thus diminishing their value.

Respectfully submitted,

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