

8 July 2008

Prime Minister the Honourable Kevin Rudd MP  
PO Box 476A  
Morningside Qld 4170

Dear Prime Minister,

I was very concerned to see the prospect of parallel importation of books arising at last week's COAG meeting. As an author, I am aware of the harmful implications of parallel imports for Australian writing and publishing, and I urge you and your government not to support any changes that would allow them. I am also writing to the Treasurer, as well as the Queensland Premier and Treasurer.

Through the internet and discount outlets, Australians' access to cheaper books has already improved over time, and the cultural cost of allowing parallel imports is simply too great. It would be a strong disincentive towards the publishing of Australian stories, and to the unearthing and nurturing of new talent.

I'm sure you need no persuading that it's important to us as a nation that we keep reading, seeing and hearing our own stories. Children need to grow up with access to Australian stories - stories that speak of places they know, in a language they know, and that validate the world they live in. We all need that.

The only argument advanced by proponents of parallel imports is that they would make some books cheaper. A look at the details behind the data reveals that it's not that simple.

For a start, and unlike many countries, since 2001 and the introduction of the GST, Australia taxes books. This accounts for 9% of the sale price of each book, and that needs to be taken into consideration when comparing prices between countries.

Some books, for example international mass-market paperbacks, have historically cost somewhat more in Australia, but price differences fluctuate significantly over time, and with variations in industry practices and exchange rates. Much of the data available is

out of date, and does not take into account the more competitive pricing of bestsellers in recent years, or the growing market share claimed by deep-discounting retailers such as Kmart and Big W, or discount chains with strong buying power, such as Borders. International blockbuster novels are very often cheaper than they once were, and hardly ever need to be purchased at the recommended retail price, due to recent changes in the industry.

Australians are also able to buy books from international online retailers, and benefit from any special prices they have to offer.

Research that I have seen into book prices has not adequately taken into account the different formats available in different countries, and the different meanings of commonly used terms regarding formats. US mass-market paperbacks are cheap, but many books never appear as mass-market paperbacks. The US trade paperback is much more like the Australian B-format paperback in size, finish and paper stock, and it is not particularly cheap in comparison. At times when our dollar has been less strong, prices have been comparable. The US does not really have a format that compares with our (or the UK's) trade paperback. In Australia and the UK, this format is often used as the original format of the book, taking the place of the hardback. The US tends to persist with hardbacks, which are much more expensive than trade paperback originals.

It has been argued that we should be comfortable about parallel imports because a number of our trading partners already allow them. Two examples given are Japan and New Zealand. To look at Japan first, when it comes to the Australian writing and publishing industry's concerns about parallel imports, the experience in non-English-speaking countries is simply irrelevant. Japan is the world's only major creator of and large market for Japanese-language books. No other country is in a position to dump significant numbers of Japanese-language books into the Japanese market, so Japan can allow parallel imports with impunity. Japan is not a significant originator of English-language books, so has no concerns about dumping of English-language books by US and UK publishers.

Australia faces a world market dominated by two much larger countries, the US and UK, who speak the same language we do, so there are far more books printed outside Australia with the potential to be dumped here, to the detriment of local editions.

So, how has writing and publishing in New Zealand fared with parallel importing? How many New Zealand writers under the age of fifty have you read lately? New Zealand's publishing industry is far from thriving, and this can make it much harder for new talent to come through.

NZ Trade and Enterprise's 2004 report 'New Zealand Book Publishing: Industry Development Issues' stated that 'New Zealand publishers face an inherent problem in that the domestic market is swamped by imports.' Children's publishing, while historically seen as a strength, was seen as threatened, with 'dumping of children's books' listed by NZ publishers as one of the three most pressing issues they face.

While NZ educational publishers tend to fare better than others, due to the need for NZ-specific material for NZ schools, the report says that 'Trade publishing, i.e. literature and other general non-fiction, are the poor relation to education ... Competition in the New Zealand market from imported books is fierce. Consequently margins are low, print runs are short and rapid remaindering is endemic. The reliable sellers are in areas such as the coffee table books of landscape photos and books on rugby, where there is no direct foreign competition.'

New Zealand's capacity to produce great novelists of the calibre of those it has produced in the past seems to be seriously under threat.

The Australian Attorney-General's Department's fact sheet on 'Copyright Reform: Parallel Importation of Books & Other Published Works' (2000) addresses concerns about international remainders displacing local book sales, saying, 'Books are generally 'remaindered' because they have not met with consumer acceptance. They do not flood the market because they are not what people want to buy ... The changes would allow the possibility of remainders of books written by Australian authors competing with the Australian publisher's own sales. However, for an Australian author to be so affected

they would have to be publishing internationally. This is a very small proportion of the overall number of Australian authors. Further, the author's work would have to be over-produced or the subject of a failure in another market to the extent of making it available cheaply.'

This shows an ignorance of how book publishing works, and I sincerely hope your government won't be showing the same ignorance. For a start, the number of Australian authors published internationally is far from very small. As Australia is a small market, it makes sense for authors to have an export strategy and to treat export seriously. Most authors who write full-time rely partly on export income in order to be able to do so. We should be proud that Australian writers export our stories. It is culturally and economically beneficial, and something we should foster, not inhibit.

It is very common for a book not to succeed in every market in which it is published, even if it has been a great success in others. It is very common for books that have been major successes at home in Australia to be subsequently published in the US and UK, and not to succeed in both. That is, a situation is created in which there is at least one market (Australia) in which the book is highly desirable and very much a book people want to buy, even if there is another in which, for whatever reason, the book has not been bought widely.

On top of that, the approach to shelf space that has developed in US megastores means that initial hardback print runs of books can far exceed the likely sales of the book. Some stores may want hundreds of copies to display, for visual effect, and in most cases many of these books remain unsold and are pulped.

Hence, it is entirely likely that, due to a range of industry factors, a successful Australian book might find itself in surplus in warehouses in the US or UK. Currently, this increases pressure on the US and UK publishers to make the book work in their market, or face pulping surplus copies or remaindering them there. Parallel importation would encourage them to dump the surplus copies in Australia at a deep discount that would earn them more money than remaindering domestically or pulping them, while selling them here at a price at which the author would receive no royalties.

Furthermore, there would be every chance that a few thousand copies dumped this way could destroy the market for the Australian edition and send it out of print. Both the author and the publishing company here - the company that had provided all the support to see the book through to its first publication - would suffer. This risk would be a serious disincentive towards Australian publishers publishing new Australian books, and unearthing new talent.

Also, it is common for changes - sometimes substantial changes - to be made before a book is published in an export market, particularly the US. Many Australian references are lost and idiomatic language is altered. These are compromises we make in order to be published in the US, and to communicate specifically with US readers, but for Australian readers they would make the book an inferior product, and it is highly unlikely potential purchasers here would be made aware of that. These books are not the same, but they would be sold as if they were.

Any price benefits from allowing parallel imports are small compared with the potential harm they could cause. I urge you, in the interests of continuing to see Australian stories told to Australians and around the world, not to allow the parallel importation of books against the wishes of copyright owners.

Yours sincerely,

Nick Earls