The Economics of the Asian Market for Publications

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Asia in general and Japan specifically have always been prime markets for American publishers. Industry statistics show that Japan has been the second or third ranking export market especially for professional, scientific, technical, and medical publishers. Then, the economic crisis moved throughout Asia with a major national, multinational, and regional negative impact on export/import of books, magazines, journals, and all other publications. It was the combined negative impact of currency revaluations, inflation, and extended recession across such a large geographic area involving so many countries. The cumulative and complex effects caused a major decline in revenues and income for publishers. Now that a recovery is in process, it seems appropriate to review the economic data of the recent past, establish a current status of the region, and identify trends. The regional economic conditions are important for book publishers who have ocean or airfreight shipments with receivables that span 120 to 240 days as well as for magazine publishers that must set their subscription prices in advance for 360 days.

First, I would like to refer to an old but very energetic Japanese woman who runs a school for orphans in Vietnam, which was established by her father nearly 40 years ago. Her father and she have brought up a significant number of children in Vietnam. She is called “Mother of Japan” in Vietnam. She states that the orphans absorb knowledge through books they have not touched like they drink water in the desert. Not only is she respected for running the school in Vietnam, at the same time she is a lady of great academic achievements in the Asian region. She received her Ph.D. two years ago at the age of 71 by writing a thesis on the history of Japanese housing. Her life style of studying is to get up early in the morning around 5 o’clock and read books within the limited time available. She says she feels her brain is still growing like a child when she reads a good story or finds interesting new information. Rivals of

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Mrs. Matsuda, who owns two nonprofitable organizations in Tokyo, are the Vietnamese children. The purpose of describing this unique individual is that I would like to point out the fact that books are indispensable for the old and young, for the West and East, and that they create the sense of vigor and unity among nations, Japan and Asia. A review of the economics of the region may help publishers in their efforts to offer high quality books, journals, and magazines all over the world.

The world economy has stabilized and is showing higher than expected recovery and growth. This is reflected in the upward revision of the World Economic Outlook's projection for growth in 2000. The International Monetary Fund projects a growth from 3.5 percent in the fall of last year to 4.2 percent this spring. To provide a frame of reference, I will review the economy of the United States and Europe as a base to then focus on Japan and other key Asian countries.

In the United States, the historic economic expansion has continued since the spring of 1991. The strength of the economy is due to increased productivity owing to buoyant information technology-related investments and comparative global peace. Mr. Greenspan stated that high productivity has changed the fundamental structure in the U.S. economy. However, there is still a real concern that economic growth may be substantially influenced by an over-optimistic view about the future and the wealth effect of overvalued stock prices.

In the European area, the economy has recovered from its temporary slump and returned to a recovery path. Even Germany is finally showing signs of recovery despite record unemployment in the former Eastern region. However, there are concerns about the weak euro against other major currencies. To strengthen market confidence and achieve sustainable growth over the medium term, fiscal consolidation and structural reforms, including the labor market, should continue to be addressed.

As for the Japanese economy, in 1999, real GDP, namely gross domestic product declined 2.5 percent in 1998, recovered to grow 0.5 percent in the 1999 fiscal year ended in last March, and then grew 0.3 percent year to date. The worst phase is over. Japan went through a long and severe period of stagnation during the 1990s. As everyone knows, the Japanese economy experienced a rapid growth of 10 percent annually in real terms for about 20 years in the 1950s and 60s. Even the oil crisis in the 1970s and the appreciation of the yen in the 1980s failed to bring this growth to a halt. Furthermore, Japan continued to enjoy an average growth rate of 4 to 5 percent for the next 20 years. There was a positive cycle of growth in Japan where economic growth led to higher incomes that promoted even higher economic growth. It was during this long phase of development that publishers enjoyed related increases in export, translation, and reprint sales.

As a result, in 1987, Japan achieved the highest per capita GDP among countries with more than 10 million people (actual population of Japan is 125.5