



## **Brexit: Implications for the UK publishing industry**

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## Introduction

On 23rd June the UK voted to leave the European Union. Since that date the publishing industry has been discussing and debating the effect this decision will have on its business and workforce. With it yet to be clear what our future relationship with the EU, and indeed the rest of the world, will look like, this briefing sets out the main areas we will be discussing with the government as they negotiate with their European and international counterparts.

## International role of UK publishing

UK Publishing has a strong cultural and commercial capacity which contributes to a thriving UK economy and society. From inspiring Oscar-winning films and stage shows to shaping the minds of the next generation and furthering scientific developments, the UK publishing industry stimulates growth and success both nationally and internationally.

British publishers export to every international market and have seen particular growth in recent years in Latin America, the Middle East, North Africa, and East and South Asia.



- The UK book and journal publishing industry is worth £4.4 billion.
- Publisher export sales of books (physical and digital) in 2015 were £1.42 billion with education, academic and ELT (English Language Teaching) publishing accounting for two thirds of this. Physical sales were £1.2bn. Digital sales were £218m.
- While UK books are exported to every region in the world, Europe is a strong market for UK published material. Physical sales to the continent accounted for over 35% of total export revenues.
- The second best performing market was East and South Asia.

However, publishers have not been exempt from the fragile global economic environment facing all export businesses. Strong growth in developing markets such as the Middle East and South America has been very welcome, but the macroeconomic difficulties facing the North American and European markets have not surprisingly had an impact. We cannot, therefore, take our success for granted.

## View from publishers

The PA surveyed its members to find out what was their main areas of focus post the Brexit vote. While many noted that it was still too early to be able to say with any great certainty how leaving the EU will affect their business, some interesting themes have been identified:

### Publishing strong post-Brexit

Despite the challenges created by the Brexit vote, the publishing industry remains resilient and will continue to play an important role in the UK economy. Over 70% of publishers said they would not change their investment plans, while a small number (2%) said they planned to increase their investment following the vote.

## Business certainty

While many publishers are not yet reporting changes to their business investment plans, there is concern regarding the uncertainty created by the Brexit vote. In particular publishers noted uncertainty over the Brexit timetable, the future UK trading relationship with the EU, the status of EU nationals in the UK and UK citizens living in the EU, and what the new government's priorities would be in the future. Some commented that the uncertainty could make business planning difficult and damage sales if consumer confidence is hit.

## Higher costs of doing business

Some publishers said that a weaker pound could present an opportunity by helping to make exports more competitive, but many said that this would be cancelled out by higher costs. Over a third (35%) said that higher costs of doing business was the biggest challenge post-Brexit. In particular the potential imposition of export tariffs or higher import costs due to a weaker pound could pose difficulties for publishers.

## Reduced UK voice

The loss of a British voice on EU regulations is another area publishers have said will be a challenge when Britain leaves the EU. There are concerns that publishing could be at a disadvantage by a lack of influence when the copyright framework is discussed under the Digital Single Market proposals. There are also concerns about a diminished UK voice on Open Access debates in Europe.

## Challenges the publishing industry is looking to address

### Access to the single market and customs union

Like many UK businesses which trade with the EU, maintaining access to the European single market is one of the publishing industry's main priorities. While book exports are strong and growing across a number of regions, the European Union remains the UK's biggest market for physical book exports.

Therefore continuing access to the market is vital for the industry, with a quarter of publishers saying that access to the single market is the most important thing the UK should seek in its negotiations to leave the EU. Tariffs could reduce the competitiveness of publishers selling to the EU, while non-tariff barriers such as licensing could add to the cost of exporting to the EU. To help publishing continue to thrive, barriers on trade with the EU should be kept to an absolute minimum.



### Freedom of movement

The publishing industry also benefits from the ability to bring in a skilled workforce from outside and inside the EU. EU workers are highly valued, with almost a third of publishing houses saying that retaining freedom of movement is their top priority post-Brexit. A number of others said that securing the status of EU nationals living in the UK was their primary concern.

Publishing houses not only employ EU nationals, but they also have offices in various European countries and benefit from moving their workforce around different locations. Meanwhile international students boost funding for higher education, helping the UK to produce world-leading research. Therefore the government should develop a policy which takes into account the public's concerns about immigration whilst at the same time ensuring that publishers and businesses have access to the people and the skills they need.

## Maintaining a strong copyright framework

Given the uncertainty the Brexit vote has caused, it is essential that the UK government ensures a stable and clear copyright framework to give publishers the confidence to continue to invest in authors and their work. The importance of this was highlighted in the results of our survey, where 38% of those who responded said that a strong government commitment to the existing copyright framework was their main priority post-Brexit. Publishers also said the vote to leave the EU could be an opportunity for the UK to legislate to create stronger copyright rules to encourage investment in the UK and to protect creators. Doing this will ensure that publishers and authors alike can continue to turn the creative endeavour into financial reward.

## Allowing the UK research community to remain a global leader



The UK is a world leader in scientific research, producing more cited research papers than any other country after the US. As a member of the EU, the UK has received £8bn funding for research from 2006 to 2015, making it the second largest recipient of research funds. This is why over half (53%) of the academic publishers we surveyed said that reduced funding for research and Higher Education Institutes was the main challenge posed by Brexit. We welcome the government's commitment to safeguard the EU's Horizon 2020 grants and urge the government to develop new strategies for domestic investment in order to give UK research the funding and support it needs to remain a world leader.

## Clear plan and timetable to provide certainty

The uncertainty caused by the Brexit vote creates a challenge for British businesses, meaning that a clear plan should be a key priority for the government. One in four publishers we surveyed said that securing a speedy exit from the European Union to increase business certainty was the most important step the UK should take in its negotiations to leave the EU. The government should therefore outline a clear plan and timetable for negotiating a new relationship with the EU in order to provide certainty to ensure continued investment in the UK and to boost confidence among consumers.

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