

Oil price hike causes pain for book trade

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The soaring price of oil is taking its toll on the trade as publishers and distributors struggle to cope with rising transport and paper costs.

Crude oil prices hit a record \$139.12 (£70.92) per barrel last Friday. Alexey Miller, c.e.o. of the world's largest energy company, Gazprom, this week predicted that oil prices would hit \$250 (£127) a barrel "in the foreseeable future".

Gardners commercial director Bob Jackson said the additional transport costs being incurred were "a challenge" to the business. "We ship an awful lot of parcels, and even a small percentage increase in costs has quite a large effect. As one of our hauliers explained to me the other day, diesel costs have gone up by over a third. They are sharing the costs with us, and those additional costs are carried by the business."

Jackson said Gardners was working hard to mitigate the effects by cost-saving elsewhere. "We are trying to be as cost-effective as we can, but eventually it will impact on the prices we sell to booksellers at."

Mark Williams, m.d. of Random House Distribution, said the price rises were being felt in fuel costs to hauliers and parcel companies, as well as in the cost of packaging and utility bills. "We are paying fuel surcharges to our providers, and negotiations happen on a weekly basis," he said. "We watch and talk about this all the time."

Meanwhile, publishers are being hit by increases in printing and paper costs. Neil Palfreyman, Thames & Hudson production director, said: "Printers have higher energy rates and are trying to pass it on." Chinese paper prices have also increased 25–30% since last November, he said. Amanda Wood, m.d. of independent children's publisher Templar, agreed: "The vast majority of our novelty list is produced in the Far East; there is nowhere else to go. Normally, prices will be firm for a period of time, but now that is not the case and you can't rely on them."

Faber production director Nigel Marsh said wood-free paper prices quoted to him were due to rise 6–8% in June. "We're likely to see similar rises to other grades next year," he added.

Source: www.thebookseller.com