

## CHINA PUBLISHING GOES GLOBAL



菲利普·司徒若轲  
Philip Sturrock

### China's goal

Liu Binjie, Director and Party Chief of China's General Administration of Press and Publication (GAPP) stated that the priority for 2012 is to encourage China's press and its publishing companies to establish a presence overseas. Liu suggested that that the focus of this work should be on three objectives. The first is to build brand names; the second is to expand the channels for international distribution; and the third is to adopt policies to encourage domestic media to publish and distribute Chinese domestic publications outside of China and to use every possible means to take root in foreign countries. GAPP has ensured that about 50 projects of the press and publishing companies receive state funds of close to 500 million RMB (US \$78.5 million) for re-organization and capitalization.

### Formulating a strategy

In response to this challenge China has sent its largest ever delegation to the London Book Fair in April 2012. However, stating a clear strategic goal is easier than implementing it. Chinese publishers have to formulate a detailed international strategy deciding which country is their start point; whether to commence through low level trade agreements (on book sales and rights), or to build strategic partnerships through selective participation in equity or through corporate agreements; or set up subsidiaries in target markets (as CYP has done in the UK) or to make acquisitions. International corporate models exist for all these

options: many Chinese companies have experience of joint ventures or agency agreements; General Motors of the USA has just announced a strategic partnership with Peugeot in France; Huawei has set up in the UK and now has 2000 UK employees; Hachette decided to expand outside France in the 1980s and bought two UK publishing companies, Orion and Cassell, and is now the biggest publishing group in the UK.

## **There are many pitfalls**

Starting small and gradually building presence may sound the least risky solution but it hardly matches the presence that is appropriate to the world's second largest economy. Small companies lack the market presence that is necessary to success and whilst less risky may be building in failure from the start. On the other hand major acquisitions, especially in an unknown culture, can be an initial step too far and can risk corporate and national reputation. Getting this strategy right is worth a great deal of research and advice. The process of building and executing this strategy falls into three distinct phases and all are equally important. First, detailed research on the options available and how to rank these against the Chinese organisation's objectives and their strengths and weaknesses. From this will come a more specific plan. Second, negotiation and familiarisation with chosen UK partners. This will involve the all important informal factors that will tell you whether this is the kind of group with whom you can build a lasting relationship. Later it will involve professionals – accountants and solicitors. Third, post agreement. Often overlooked this is arguable the most important and working together with your new partners to produce a real game-changer will be the most challenging.

## **But the prize is worth it**

Going global is an imperative for China as a world power. Going global is an imperative for an ambitious publishing industry. There is no gain without much research and risk but the history of publishing is international. The two biggest publishing firms in the UK are respectively French and German owned. The ambition must be that when a top author is seeking a publisher one of those houses on his/her shortlist should be Chinese!