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## Audiovisual Production: China's Yunnan Film and TV Industry Experimental Area

Qing Luo, Asia Media Research Centre, Communication University of China and China Media Observatory, University of Lugano.

Yunnan, on the Yungui Plateau in southwest China, covers a vast and magnificent area in which 25 different national minorities (the highest number of all provinces and autonomous regions in China) live. The topography, variety of ethnic groups and distinct national cultures of this region all represent creative resources for film and TV production. The Chinese government has called on the provinces to improve their culture industry policies to support its development and competitiveness. Within this framework Yunnan has defined a series of policies aimed at developing the culture industry and has created the first Radio Film and TV base (SARFT) approved by the State Administration.

With state permission, Yunnan has set up China's first provincial Film and TV industry experimental area to offer an effective solution to the problem of scattered resources, which lack unified management and effective connections, and to make good use of the available natural and cultural resources.

Recently, under the leadership of the Yunnan Provincial Committee of the Communist Party of China and the Provincial Government, many TV and movie celebrities were invited to take part in a Creation-Oriented Tour in Yunnan, a film and TV creation seminar and promotional meetings.

Since 2003 more than 100 films and TV plays which reflect the natural beauty and life of Yunnan have been shot there, the most influential ones being "Delamu" directed by Tian Zhuangzhuang, "The Promise" directed by Chen Kaige, "Riding Alone for Thousands of Miles" directed by Zhang Yimou, and "the Myth" directed by Tang Jili and starring Jackie Chan. Yunnan also attracts many famous Hol-

lywood directors and superstars. With the support of the government and sponsors from home and abroad, Yunnan has implemented marketing strategies and built film and TV shooting bases, which also help boost tourism, such as Kunming Jude Dragon Bay film city, Qujing Greenhill Studio and the Kunming Animation Film and TV Base.

The Yunnan provincial government has reinforced cultural institutional reform and promoted the development of the culture industry in four different ways:

(1) policies and greater government support.

The development of non-governmental culture industries is encouraged. With the exception of the forbidden cultural fields indicated in national laws and regulations, all other cultural fields are open to non-state capital (so-called 'social investments'). Operations run by shareholders and non-governmental organizations are encouraged in the fields of movie and TV production, showing, performance, entertainment, printing, distribution, exhibition, and related services. 'Social investments' are allowed when the business sections of Party newspapers, magazines, broadcasting stations and TV stations become enterprises, providing that the Party controls a majority shareholding. The authorization procedure for registering cultural enterprises has been simplified, registered capital diversified, the patent and technology evaluated can be rationed as shares and registered capital.

(2) more financial support.

More funds have been allocated to public cultural enterprises and some financial funding has

been used to subsidize important cultural projects, cultural development in poverty stricken areas and new cultural projects. Under existing financial policies, finance departments of all levels allocate capital, actively use social capital and donations, create special funds for the development of the culture industry and set up the related fund management fund. The deducted interest and compensation will be used to support the development of the culture industry.

Moreover, the finance departments list cultural enterprises among their credit units and have supplemented their loan objectives. Asset mortgage loans are now available for cultural enterprises that are profitable and able to pay off the debts. Mature large scale cultural enterprises are encouraged to undertake a shareholding reform, going to the market and obtaining financing by issuing shares and securities.

### (3) tax incentives for cultural activities.

National incentive policies have been complied with at all times and newly registered cultural enterprises are exempt from business tax. The costs for developing new products, new technology and new art are not limited and can be deducted before tax. In accordance with the new regulation, expenditure for advertising cultural initiatives can be deducted before tax. Should enterprises face proven tax-related difficulties, they can apply for a reduction and exemption from tax on land for business use, land use and property. Social donations and public cultural causes are encouraged. Sponsorship of non-profitable public enterprises approved by the state or donations from government organs for publicity can be deducted up to a given amount, when approved by the tax authority. Groups of newspapers, publishing, distribution, film and TV & broadcasting houses, when

approved by the State General Tax Administration, can pay the combined enterprise tax.

### (4) land support policies.

Providing that the uses of land approved under the city planning policy are not changed, state-owned culture enterprises or units are allowed to increase their land use rate. With the permission of state law and regulation, priority to use the land has been allocated to culture enterprises and the related fees have been reduced. Land use rights acquired by culture enterprises through transfer, lease or sharing can be transferred, leased or mortgaged for a certain period. The land to be used for public cultural infrastructure construction is allocated by the government.

Finally, during the "10th Five-Year Plan" period (2001-2006), the Yunnan province took the lead, proposing the construction of China's first ever culture Province. Within the framework of the preferential policies outlined above, by 2005 the output value of the culture industry in Yunnan Province reached RMB24 billion (€2.24 billion), accounting for 5.5% of the GDP and becoming one of the pillar industries. At the second China Dance Festival, that is, the fifth "Lotus Awards", the well-known dance drama "On the world" won three awards: for works, direction and performance. Following the highly regarded original primitive song and dance drama "Dynamic Yunnan", it became the second "Golden Lotus" of Yunnan. The domestic and foreign audience of "Dynamic Yunnan", reached 1.5 million in just one year. The birth and growth of these two "Golden Lotuses" benefited from the culture industry policy. All these factors have promoted the development of the Yunnan culture industry. Yunnan province has seized the opportunity and has set out on the path to culture industry development.

## Digital TV in China

Chwen Chwen Chen, China Media Observatory.

China, like many countries in the world, has been preparing for complete TV digitalization - the so-called switch-over - for many years. The transition, which is scheduled for 2015 and has been taking place with a different timing and in different ways to those envisaged in the 10th 'Five-Year Plan', reached a watershed in 2006.

The digitalization of cable TV was the breakthrough point of the process. According to the Xinhua News Agency, at the end of 2007 cable DTV households in the whole country amounted to 26,860 million, up 112% in just one year. Thirty-one cities including Qingdao, Hangzhou, Foshan, Shenzhen, Dalian, Taiyuan and Mianyang have successfully completed full transition while the process is slower in the bigger cities such as Beijing and Shanghai, where fully DTV households account for 1,500,000 and 480,000 respectively. Of the Chinese provinces, Guangdong has the highest number of cable DTV households: 50 million, 53% of the entire population (as of the end of May 2008). The capital city, Guangzhou, plans to complete the digitalization process in all urban areas by the end of 2009.

As regards the development of digital satellite television, the failure of Sinosat 2 in 2006 led, two years later, to the launch of China-Sat 9, marking a new stage of the Direct Broadcasting Satellite (DBS) system era in China.

The development of digital terrestrial TV has accelerated following the implementation in August 2007 of the "Digital terrestrial television-radio transformation system's frame structure, channel code and modulation", although

digital terrestrial TV was already experimented in some cities in 2006. Current regulations set forth that systems that do not meet national standards must be converted gradually. Between October 2007 and May 2008 the State Administration of Radio, Film and Television (SARFT) defined the requirement to adopt China's mobile multi-media broadcasting (CMMB) system's radio channel industrial standard. At present, the mobile multimedia broadcasting system is being tested and the relative standards are being defined.

In the Chinese government's plans, digital TV should become the main driver in building what Chinese President Hu Jintao called a 'harmonious culture and harmonious society': in towns, major efforts are devoted to developing the digital TV industry with a view to fully satisfying users' diversified and personalized demand for entertainment and culture. In remote villages and poor areas the use of digital transformation methods, such as satellite broadcasting, aims to offer a general service, narrow the digital gap between urban and rural areas, increase peasants' knowledge and facilitate rural economic development. In these regions, some villages have still not even tackled basic reception problems: economically backward and with scattered villages, the development of cable television here is really limited. They therefore mainly depend on terrestrial reception and on only a few programs.

Overall, for the Chinese government the development of digital TV is essential in consolidating and expanding propaganda and publicity, in increasing cultural consumption and industrial development,

as well as in promoting the manufacturing industry's modernization. Promoting digitalization of cable TV will accelerate the nation's information-based construction process, and will facilitate family information processing as well as the "integration of three networks" – Internet, digital TV and telecommunications. The development of satellite broadcasting is seen as a way of increasing rural areas' cultural consumption, of eliminating differences between areas and of promoting the development of satellite production and related industries. Terrestrial DTV can provide new means to handle the localization of information services, and promote the upgrade of the television manufacturing industry.

It is clear so far that the three digital TVs complement each other. Because of China's vast territory, complicated landscape and unbalanced economic development, it does not appear possible to solve all the problems with just one method. For instance, in well developed areas, the three digital TVs can complement each other as follows: household reception is mostly cable DTV, while mobile reception, especially on buses, is terrestrial DTV while non-cable consumers could use terrestrial TV. In remote areas, besides cable TV, satellite digital TV can be used to cover central and provincial areas while digital terrestrial TV can be used mostly for local communities and local information services, including the broadcasting of alarms.

The complementary nature of the three digital TVs also implies competition. One main reason for cable digitalization is the expansion of digital satellite TV and competition with it. This competition has favored the development of both technologies. Competition is viewed by the Chinese authorities as essential in promoting the digi-

talization of cable TV and for the healthy development of its satellite mode; there exists a sort of borderline between digital cable TV and digital satellite TV in the coverage of different areas of the country. However, the rules of competitive industries have still to be defined in China.

## References

'Blue Book on the Development of Radio, Film and Television in China 2007',  
[www.news.xinhuanet.com](http://www.news.xinhuanet.com),  
*China Daily Online*.



## **CHINESE MEDIA AT A GLANCE: NEWS FROM CHINA**

China Media Observatory, Lugano.

### **Shanghai media firms prepare to go public with a view to raising capital and reducing government control**

This is a busy year for the financial desks of the Shanghai media industry whose companies are bustling with preparations for public stock listings and tapping capital markets – with less government control. The initial public offering (IPO) hopefuls are showing more interest in working independently from the municipal government that controls many firms, including those that dominate the city's media.

Shanghai Century Publishing Group is expected to be floated this year while other companies including China Business Network Co., Toonmax TV and Eastday.com are working on their own IPO. One of the most promising of this year's IPO candidates is Century Publishing Group, which has been reporting good earnings, including a RMB110 million (€10.15 million) profit in 2006. Meanwhile, Eastday.com is expected to become China's first listed news portal.

In the past, the Shanghai government promoted a "mixed shareholding" model. The idea was to share a stock benefit among several media groups, each with a stake in the listed firm. Now, however, media groups are trying to shake off the mixed shareholding model, seeking new listings through fully owned subsidiaries.

While the groups seek more independence in decision-making – including decisions about whether to go public – the government's influence has seemingly dwindled. Contributing to the trend are recent simplifications of shareholding structures and the gradual clarification of media groups' business

and property rights.

Last year a government official declared his support for public listings in the country's media industry. That was seen as a sign that the government is opening the media industry to the capital market, encouraging companies to prepare IPO strategies. Nevertheless, some industry insiders think media companies lack the diversity of ownership structures necessary for a proper listing. They also say that state-owned enterprises continue to dominate China's media industry and that various aspects of the industry's operations are still restricted by the government.

The Shanghai government currently oversees four groups that dominate the industry: Shanghai Media & Entertainment Group (SMEG), Jiefang Daily Group, Wenhui-Xinmin United Press Group and Century Publishing Group.

*Source: Caijing - June 6, 2008*

### **Kinetic moves into China**

Kinetic, the leading global out-of-home (OOH) planning and buying specialist, has launched Kinetic China. With offices in Shanghai, Beijing and Guangzhou, and headed by Managing Partner Jim Liu, Kinetic China will increase Kinetic's presence in Asia (besides India, Singapore, Malaysia, the Philippines and Thailand). Kinetic is a leading global independent planner and buyer of OOH media with a turnover of US\$4.4bn (€2.79 billion) and a presence in 23 markets. Portland China, China's largest OOH media agency, will now operate under the Kinetic brand.

*Source: WPP*

## CITVC and Taiwan Jiemai Creation will co-produce a TV Drama

At a press conference during the Shanghai Television Festival China International Television Corporation (CITVC) announced plans to co-produce a TV drama called *The Double Piano on the Star* with Taiwan's Jiemai Creation. Taiwan pop idol Yan Chengxu of boy band F4 fame will star in the urban romance alongside a relatively unknown Taiwan actress called Guan Ying.

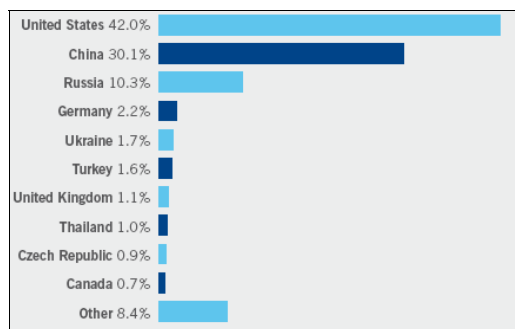
Director Helong Lin will head the production team of the series. The experienced director and his crew have produced a number of TV dramas that have been popular in Taiwan and mainland China, including *At Dolphin Bay*, *Pink Ladies*, *Silence*, *Corner with Love* and *Romantic Princess*. The series will also have a successful screenwriter, Mao Xunrong, who worked on the script of *Meteor Garden*.

Source: CMM Intelligence - June 2008.

## Malware and Spam in China

According to the new Sophos Security Report, the malware top ten has changed. The United States are now responsible for hosting over 40% of all web-based malware, followed by China, whereas in 2007 they held second place (23.4%). In 2008 the positions are reversed: in 2007 China hosted more than half of all infected web-pages while in the first quarter of 2008 the percentage dropped to 30%.

Fig.1: Malware Top Ten, 2008



Sophos has also published its latest report on the top twelve spam-relaying countries over the final quarter of 2007. Between October and December 2007 the US relayed far more spam than any other country - testament to the sheer number of computers in the country that have been taken over by remote hackers. In the first months of 2008 spam dropped from 21.3% in Q4 2007 to 15% in Q1.

In 2007 China produced 4.2% of the world's spam. The report highlighted that one probable cause is the "Experience .CN Domain Name for One Yuan Campaign", which allows .CN domain names to be registered for RMB1 (€0.09) until 31 December 2008. Since this Campaign has effectively lowered Internet users' costs, it could be appealing for hackers who can register new domains and use them to bypass anti-spam filters based on the URL blacklist. The breakdown of spam relaying by continent shows that Asia accounts for 32.1%, followed by Europe (27.1%) and North America (26.5%).

Sources: Sophos, CNNIC (<http://www.cnnic.cn/html/Dir/2007/12/27/4953.htm>, 2007/12/27).

## Tibet Publishing Industry Valued At RMB380 Million (€35 million) in 2007

According to the regional press and publications bureau, the total annual value of the publishing industry in the Tibet Autonomous Region reached RMB380 million (€35 million) in 2007, registering an annual growth rate of more than 12% for the fifth year running.

All sectors of the publishing industry in Tibet have shown a healthy growth over the past five years. More than 250 million copies of 11,300 book titles were published in the Chinese and Tibetan languages in 2007. These books

covered a range of topics, including travel, Tibetan medicine, folk art, alpine biology, environmental protection and anthropology and more than 200 titles received awards for excellence. Book sales also exceeded RMB10 million (€0.92 million) for the first time in 2007, making it the fifth year running that sales increased by 20% in Tibet.

The newspaper industry has seen a steady growth rate of 10% per year over the past 5 years, with 5,550 editions of 23 titles in circulation in 2007. In contrast, 18 newspaper titles were published in 2002. Around 2.67 million copies of 34 magazine titles were produced in 2007, an annual growth rate of 13.3%. Magazine advertising spending grew to more than RMB20 million (€1.9 million), four times that in 2002.

The audio-visual publishing industry also continued to grow by more than 13% per year in 2007, though the regional press and publications bureau did not disclose the total value of the industry.

The distribution industry has grown apace with publishing and sales. The government invested RMB18 million (€1.7 million) to establish a distribution center and RMB10.08 million (€1.9 million) to rebuild and expand 35 book stores. Tibet now has 272 distribution points which circulated more than 40 million copies of more than 200,000 book titles in 2007.

*Source: CMM Intelligence – May 2008*

### **Financial media platform to establish strategic cooperation among media highlights a win-win situation**

The Xinhua Information Agency and Shanghai Stock Exchange signed a strategic cooperation agreement on May 30 in Beijing. This agreement envisages the creation by the sixth largest stock exchange in the world and leading information gathering and distribution center in China of a news

information gathering and distribution mechanism. The goal is to enhance cooperation and strengthen the business information and product supply market.

It is also mentioned that the Xinhua News Agency, through its global news and information channel, will transmit accurate and authoritative information in real time to allow the voice of China and developing countries to join the international market and build an epoch-making financial information service system.

*Source: [www.xinhuanet.com](http://www.xinhuanet.com) – May 30, 2008*

### **China starts to strictly punish Spam SMS and false and vulgar information**

During 2007 Spam SMS (Short Message Sending) received by 540 million Chinese mobile phone users hit new record heights: it has grown by 93% to reach 353.8 billion. Most of the Spam SMS are illegal, fraudulent or business ads. According to the data published by Xinhua, in 2007, 592.1 billion SMS and MMS were sent and received for a total revenue of over RMB60 billion (€5.6 billion).

In order to regulate the potential of this new market, the SAIC (State Administration of Industry and Commerce) and Ministry of Information Industry (MII) jointly stipulated that, as of June 12 and until the end of the year, measures would be implemented throughout the country to regulate the behavior of ad providers via SMS, with the main aim of stopping the delivery of harmful and illegal SMS by mobile providers.

*Source: [www.xinhuanet.com](http://www.xinhuanet.com) - June 12, 2008*

### **SARFT issues new regulations on audio and video programs on Internet**

Following the 'Rules of management of audio and video pro-



grams services on Internet' which took effect on January 31, the SARFT (State Administration of Radio, Film and Television) issued a 'Notice of welcome uniting the Chinese Union of Internet audio and TV programs services' with the aim of regulating the system for granting licenses for audio and TV programs on Internet, the limits of ratios of non-state capital investments and the standardization of self-regulation.

Since early 2008, the online video industry, which reaps the advantages of traditional media such as television and Internet, is one of the fastest growing markets in China: its market share is equivalent to that of Internet search engines and is expected to exceed US\$1.5 billion (€965.6 million) by the end of the year; the number of net potatoes exceeds 100 million per day while so far foreign investments in this industry amount to US\$57 million (€36.8 million). The new regulations issued by the SARFT show the risks and opportunities of this industry in China.

Source: [www.xinhuanet.com](http://www.xinhuanet.com) - June 2008

### **Publishing market in China: latest trends**

The value of the publishing market in China has grown steadily since the 1980s, reaching more than RMB 110 billion (€ 11 billion) in 2007. The General Administration of Press and Publication (GAPP), the regulatory body of press and publishing markets in China, stated that the market trend for book sales has increased at an annual rate of around 9%. The book retail market has been valued at around RMB60 billion (€6 billion) but this figure does not include sales of pirated products, which are estimated to account for as much as 80% of best-seller sales. The number of titles and total sales revenue increased by 5.17% and 2.67% respectively

compared to 2005. According to the data released by China Book Business Report, children's titles drove the growth in book sales at large retail chains in 2007, rising by more than 23%, well above the market average. Other best seller genres include books examining trade on the stock market, cookery books and health guides.

In 2004 the Chinese government launched the 'Going Global' campaign to rectify the imbalance in the international trade in copyrights and to boost its "soft power" by exporting books abroad. At the 59th Frankfurt International Book Fair last October, China Book International, the only agency in China which recommends titles to international publishers and offers subsidies for translation, presented 1070 titles and completed copyright exchange agreements for 458 titles - 108 more than the previous year - as follows: 452 exported (136 signed agreements, and 316 have reached some kind of memorandum of understanding) and 6 imported. Part of this campaign also includes the establishment of overseas subsidiaries of Chinese publishers: this is the case of the China Youth Publishing House which, with its office which opened in London in 2007, has become the first Chinese publisher in Great Britain specialized in the publication of English books.

Source: *Chuanmei* - February 2008

### **Film Industry Reforms to Continue**

China will continue its reform of the film industry to allow greater commercialization and improve distribution, according to Zhang Hongsen, deputy head of the State Administration of Radio, Film and TV (SARFT) Film Bureau, at the 15th Beijing Student Film Festival.

"Since China adopted its policy of commercializing the film industry in 2003, box office revenues for

Chinese films have risen by 20% per year", said Zhang. The commercialization process is just beginning as many sectors of the film industry remain under the planned economy, he added.

In 2007, China produced 402 films with total box office revenues of RMB3.03 billion (€279 million). However, Zhang Hongsen said few of these films had clear investment, production and marketing plans. He added that China lags far behind the United States, Japan, South Korea and India in this respect. "We will show more respect for the art of film-making and the market, as well as the demands and choices of theatre-goers and filmmakers," he said.

*Source: CMM Intelligence - May 2008*

### **Shanghai to test HDTV service**

Shanghai has started trials of a wireless high-definition (HD) television service, the second city in China to adopt it after Beijing.

The free services consist of one HD channel and 17 standard definition (SD) local channels with DVD image quality. Consumers are required to purchase an all-in-one TV or set-top box and antenna to receive and decode the channels, said Wang Changsong, secretary general of the Shanghai Information Household Appliance Industry Association.

The content of the HD channel, whose image quality is four times that of DVD, is provided by China Central Television (CCTV) which broadcasts the European Cup and is expected to broadcast Olympic events. The 17 SD channels are operated by the Shanghai Media Group, covering news, finance and sports events.

"Sports and big events will be HDTV services' major attraction for Chinese users, especially the Beijing Olympics," Wang said. "The popularity of big-screen LCD TVs in China will boost demand."

Consumers, however, have to pay a considerable price to enjoy the services. Sony, SVA and Toshiba have launched the all-in-one TVs which integrate receiving and decoding processors but each model costs RMB2,000 (€183) more than a normal TV. The independent set-top box costs RMB1,200 to 2,000 (€112-183), said Guan Yunfeng, Shanghai High Definition Digital Technology Industrial Co's chip designer.

*Source: China Daily - June 18, 2008*

### **SARFT Shuts Down Eight Video-Sharing Websites, Warnings issued to 20 others**

The State Administration of Radio, Film and Television (SARFT) last month announced that it has shut down eight video sharing websites and issued official warnings to another 20 for hosting "improper content", such as pirated films, violent footage and pornography.

This is the second set of punitive measures SARFT has adopted since the controversial provisions tightening government control of video-sharing websites came into force on January 31. On March 25 the government regulator announced it had shut down 25 video websites and issued official warnings to 32 others for hosting illegal content.

To enforce the new regulations SARFT conducted spot checks on the content hosted by video-sharing websites between April and May. SARFT found that the overall quality of the content hosted on video sharing websites has improved since the first quarter of 2008, but the spot checks still revealed content that was obscene, violent or a threat to national security. SARFT also found that many video sharing websites without government licenses change their servers and IP addresses frequently to avoid government supervision and punishment.

*Source: CMM Intelligence - May 2008*

## **Bertelsmann Closes 38 Bookstores Across China**

German media group Bertelsmann has announced it will close 36 book stores operated by the 21st Century Book Chain Company across China by the end of July but not the nine Bertelsmann book stores in Shanghai as they are not operated by the 21st Century Book Chain Company. Bertelsmann said it had tried to avoid the closures but had been forced into making the "hard" decision after a series of strategic business evaluations. Yu Le, the director of Bertelsmann in China, said that the stores had failed to return satisfactory profits even although the company had made significant investments to improve the finance and management systems. He added that the company has failed to adapt to the fiercely competitive environment created by the rising popularity of online bookstores.

*Source: CMM Intelligence - June 2008*

## **Newspaper and Magazine Advertising spending grows in the first quarter of 2008**

Newspaper and magazine advertising spending rose to RMB18.52 billion (€1.7 billion) in the first quarter of 2008, or 15.2% year-on-year (YoY), according to Huicong Media Research. Newspaper ad spending rose to RMB16.432 billion (€1.5 billion), or 14.8% YoY, in the first quarter of 2008. Magazine ad spending rose to RMB2.1 billion (€194 million), or 18.5% YoY, in the same period.

General metropolitan newspapers took the lion's share of newspaper ad spending, accounting for 79.8%. Party and government organization newspapers followed in second place with 9% of total ad spending, while business and finance newspapers accounted for 3.45%.

As regards magazines, fashion and beauty titles generated the

highest ad spending, 37.3% of the total. Business and finance magazines generated the second highest ad spending, with 16.7% of the total.

As regards newspapers, lifestyle, current affairs, and business and finance titles recorded the fastest growth in ad spending. Current affairs and auto magazines recorded the fastest growth in ad spending of all magazines.

All key industries in China significantly increased spending on newspaper and magazine advertising in the first quarter of 2008. Spending in eight key industries – automobiles, tourism, cosmetics and sanitary products, medical services, fashion and beauty, education, home decor, finance and insurance – grew by more than 20% compared to the first quarter in 2007. The auto and medical service industries together increased their ad spending by RMB1 billion (€92 million), accounting for 37.6% of the total growth in ad spending across all industries.

The boom in newspaper and magazine ad spending is expected to continue throughout the first half of 2008 as the 2008 Beijing Olympics approach.

*Source: CMM Intelligence - May 2008*

## **China Mobile given 100m TD-SCDMA subscriber target**

Central government has set a target of more than 100 million TD-SCDMA (Time Division-Synchronous Code Division Multiple Access, the 3G standard developed in China) subscribers in three years for China Mobile. China Mobile was asked to submit a detailed business plan and budget for the next round of the tender, worth US\$4.36 billion (€2.76 billion), to extend the TD-SCDMA network. TD-SCDMA is China's homegrown standard for third-generation mobile communications. The news was delivered by Li Yizhong, the new information industry minister, when he met

China Mobile and industry executives. Li said that the number of TD-SCDMA users should surpass Xiaolingtong users at their peak in 2006, which was more than 93 million, according to an anonymous source. Xiaolingtong is a fixed-line technology that provides limited mobile service. China Mobile currently has 3,000 paying TD-SCDMA subscribers and 20,000 users who were invited to use the service free of charge. The firm operates trial networks in eight cities, including Beijing and Shanghai.

Source: *China Economic Review* - June 23, 2008

### Waiting for 08-08-08



### Sohu.com will offer live webcasts and video-on-demand of Olympic events

Sohu.com, Internet content sponsor of the Beijing Olympic Games, has signed an agreement with CCTV.com, the only official Internet/mobile phone broadcaster of the Olympic Games, to become the officially authorized website to offer live webcasts of the opening and closing ceremonies, as well as all athletic competitions.

The two organizations have been working together since June 2007 and this most recent agreement helps to reinforce that relationship. Charles Zhang, Sohu.com's CEO, remarked that cooperation with CCTV offers the website a competitive advantage. Sohu.com is offering full coverage of the worldwide torch relay. During the Games Sohu.com will use more than 700 experts to organize pic-

tures, videos, blogs, forums, etc. to offer full reports of the Olympics. From the preparatory stages before the Games to live webcasts during, Sohu.com has pledged to provide total coverage of Chinese representatives, athletes, teams and Olympic champions at least 60 seconds ahead of any other website, to offer the most authoritative Olympics-related news.

Sources: *Sohu.com, CCTV* - June 2008

### Online Olympic Advertising spend drops 20.5% in May

Spending on online ads related to the Olympics increased by 81.5% month-on-month to RMB36.07 million (€3.318 million) in May, according to the monthly monitoring report from iResearch. The full results of the monthly monitoring report from the mainland research firm are detailed in the tables below.

Table 1: Monthly Spending on Online Olympic Ads (Oct. 2007 - May 2008)

Month	Adspend (RMB/€ million)	Monthly Growth
Oct. 2007	17.86 (1.65)	—
Nov. 2007	20.00 (1.85)	12.0%
Dec. 2007	30.24 (2.80)	51.2%
Jan. 2008	24.47 (2.26)	-19.1%
Feb. 2008	14.04 (1.29)	-42.6%
Mar. 2008	24.99 (2.31)	78.0%
Apr. 2008	19.88 (1.83)	-20.5%
May 2008	36.07 (3.32)	81.5%

The table is based on data generated by daily monitoring of ads on more than 170 leading internet sites across China, excluding text-link ads and targeted ads.

Source: *iResearch, Inc.* - June 2008

## **EVENTS, CONFERENCES and BOOKS ABOUT CHINA**

China Media Observatory, Lugano.

- **Culture and art studies in East Asia (ICAES 2008)**  
Beijing, China, July 15-23.

The 16th "International Congress of anthropology and ethnology-culture and art studies in East Asia" will focus on the cultures and art studies in East Asia and discuss cultures and arts in three countries along with their relationship and effect. One of the main topics is Chinese culture and arts. The languages that will be used during this symposium are English, Korean, Japanese and Chinese. For more information, visit: <http://www.icaes2008.org>

- **Media and Global Divides**  
Stockholm, Sweden, July 20-25.

Stockholm University and the Dept. of Journalism, Media and Communication host the 26th world congress of the International Association for Media and Communication Research (IAMCR). Some sections and panels are dedicated to China. A panel discussion open to the public on July 23 will be "Media, politics and the Olympics in Beijing": this will look at the different roles of news media and journalism in the coverage and debates about the coming Olympic Games. The panel hosted by the Chinese Communication Association (CCA) is entitled "Media Effects, Strategies and Critique in Different Chinese Contexts." Papers include how advertising and new media use might mediate audiences' attitudes to materialism, consumer behavior and the opinion of environmental events in China and Taiwan. For more information, visit: <http://www.mediaandglobaldivides.se/programme.html>

### ***New & Notable Books***

PENG Shuxi-WU, Yumin (ed.), ***Shenzhen guanggao 26 nian (1979-2005) [The Development of Advertising Industry in Shenzhen]***, Shenzhen, Social Sciences Academic Press (China), 2006.

This book is a collection of contributions of experts from the local department of the State Administration of Industry and Commerce (SAIC) - the regulatory body of industry, commerce and advertising in China -, the Shenzhen Advertising Association and articles by scholars from Shenzhen University. Shenzhen is one of the Special Economic Zones (SEZ) where economic reforms were implemented earlier than in the other regions of China. The fast economic growth of this SEZ has resulted in the development of a lively advertising sector such as to become the 'first world' in China: the advertising market in Shenzhen sets the trends (of both ads and consumption) for the rest of the country. The authors state that over 26 years of development, the key word characterizing the advertising sector in Shenzhen has been innovation, in particular innovation of ideas, technologies, and organization.

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