

New E-Commerce Network for China

With funds of \$540,000, NPES launches a multimedia system intended to boost the market share of U.S. companies, annually adding up to \$80 million in sales revenue.

With e-commerce booming in China, NPES The Association for Suppliers of Printing, Publishing and Converting Technologies, Reston, Va., is launching an innovative on-line, multimedia, dual-language distribution network for U.S. suppliers seeking to serve the world's most populous nation.

With an initial grant of \$180,000 provided by the U.S. Department of Commerce, matched by \$360,000 in NPES commitments, the association is creating the E-Commerce Distribution Network. The high-tech system is intended to strengthen links among U.S. suppliers and Chinese dealers, agents, and distributors, plus provide dissemination of product information, technical training and product support, and flexible e-communication among those involved in marketing U.S. products in China.

MARKET SHARE, SALES REVENUE

NPES president Regis J. Delmontagne says that the new system could boost the market share of U.S. companies in China by 10% over the next five years, generating up to \$80 million annually in additional sales revenue.

The e-commerce strategy represents a new approach to a challenge that has faced U.S. companies for many years. NPES international trade programs, adds Delmontagne, have consistently shown that the most urgent need of small and medium-sized businesses trying to enter the China market is for access to indepen-



Linda M. Conlin presents a \$180,000 check to Regis J. Demontagne to help NPES help U.S. suppliers in China.

dent, reliable commercial agents and distributors.

"We're also convinced that China's transition from government-mandated purchasing to free-market commerce through open distribution channels will be slow and difficult," Delmontagne says, "unless United States private enterprise players, in partnership with our government, take strong initiatives to drive free-market economic activity in China and assure Chinese compliance with the World Trade Organization trade agreement."

Delmontagne explains, "The government-controlled sales and distribution channels that have dominated the Chinese market in the past have been a major obstacle to U.S. suppliers increasing their export sales in this huge market, which is potentially worth \$1 billion per year."

SUPPORT FROM THE PRESIDENT

Linda M. Conlin, the Commerce Department's assistant secretary of commerce for trade development in Washington, D.C., notes, "NPES is exactly the type of organization that government should invest in. President

Bush knows that one of the best ways to create new and better jobs is through trade. NPES, in partnership with the Market Development Cooperator Program, helps American businesses do what they do best: innovate, compete, and prosper."

She joined Delmontagne in October at a Chicago news conference announcing the grant.

At the event, NPES Greater China project director Ya-Ping Zhou, reviewing the progress of Chinese trade and tariff reforms, predicted, "We believe that conditions for international trade will be greatly improved within the next two years, and expect that the Chinese market for imported products will be fully ready within five to six years."

The E-Commerce Distribution Network, built on a high-speed broadband Internet platform based at a home office in Shanghai, will identify, collect, analyze, and maintain information about Chinese agents, dealers, and distributors, and establish an e-channel of communications between these industry participants and U.S. suppliers.

ON-LINE CONFERENCING

The system also will adapt and translate product information of U.S. suppliers into Chinese, and enter this data into the new system. It will support on-line conferencing, training, and demonstrations, and will provide centralized technical support and services on line for established dealer networks.

Delmontagne concludes, "We'll take full advantage of all the promise and capability of e-commerce to create an exciting new way for Chinese printing industry executives and American suppliers to reach out to each other and do business."

The federal market-development grant comes to NPES through the same agency whose start-up funding helped launch the U.S.-Sino Printing, Publishing and Converting Technologies Training Center in Shanghai in 1997. ■

Training Center Update

News from the U.S.-Sino Printing, Publishing and Converting Technologies Training Center.

Events at the center often reflect trends. For example, flexographic printing is becoming increasingly popular in China, especially for packaging.

More than 100 representatives from packaging companies in the Shanghai area turned out recently for the first session of a new flexo training program offered at the Training Center.

The program, titled "How to Make Flexo Printing Profitable," covered development of a complete workflow from prepress through finishing, built around

flexographic printing. Attendees saw a live demonstration using a Mark Andy flexo press and Martin Automatic finishing system operated by United Printing at the company's training and demo center in the Pudong section of Shanghai.

United Printing, based in San Francisco, has long maintained a very active presence in China, including acting as distributor for Mark Andy.

Also, a user of Esko-Graphics prepress equipment described how those systems work in flexo production. A future session at

the center is planned to focus on computerized package design using Esko equipment installed there, and training is planned at the DuPont Technology Center, where an Esko-Graphics computer-to-plate system using DuPont plates is installed.

Many of the participants were specifically selected and invited to attend because they direct businesses that could benefit from enhanced flexo operations



Ben Shaw of United Printing displays samples showing the differences between offset and flexo printing.

NPES Leader Briefs Executives on Building Business in China

A presentation by NPES president Regis J. Delmontagne recently provided an overview of "managing your association's future in China" to a large audience of leaders of other associations throughout the United States.

The NPES experience in China was presented at an October program sponsored by the American Society of Association Executives (ASAE), a national U.S. organization for professional association managers. It offers a variety of programs designed to help its members manage their own associations more effectively, and international trade has long been a key priority in these professional development efforts.

The program also included a presentation by Karen Suter, director of business advisory services for the US-China Business Council.

Delmontagne's presentation went to both an on-site audience at ASAE headquarters and to hundreds of others participating via teleconference. He noted that NPES has devoted two decades to building its relationship with the Chinese printing industry and advised that this kind of long-term commitment is essential to success in the Chinese market.

NPES efforts in China have included numerous trade show exhibits, trade missions, visits to the U.S. by Chinese leaders, information exchanges, and the innovative U.S.-Sino Printing, Publishing and Converting Technologies Training Center opened in Shanghai in 1997.

"Be prepared to spend years, and a considerable amount of money, on your effort," Delmontagne told the association executives. In the process, he urged, "be sure your members and your

leadership share that commitment."

He outlined a variety of sources that U.S. companies can call on for information and support, and stressed the importance of working with strong counterparts and partners in China. "There's simply no substitute for first-hand knowledge and personal involvement," he said. Each of China's key cities and market regions is different, yet many locales offer strong growth potential.

Even with a good partner for joint efforts, Delmontagne said, obstacles often arise in the form of differing expectations of the relationship, language barriers, and diversity of goals brought to the program by the different participants. It's important, he noted, to be clear on the goals of a trade promotion program. Do association members want to export finished products to China, manufacture in China to sell in the U.S., manufacture in China to sell in Asia, or accomplish some other objective?

Regardless, Delmontagne repeated, long-term commitment and continuing personal involvement are indispensable.



Regis J. Delmontagne is president of NPES.

TRAINING CENTER UPDATE

and are potential users of the technologies offered by Training Center Technology Partners. The program included both classroom-style presentations and hands-on demonstrations.

"The flexo training program is an important new initiative for the Training Center," said NPES president Regis J. Delmontagne. "It provides an opportunity for Chinese printers to see the very latest developments in packaging printing, a major growth area, as well as offering a setting for NPES member companies to demonstrate their products."

CENTER FEATURED ON TV

A Chinese prime-time television news broadcast featured a visit to the Training Center during the Flexo and Gravure China 2002 and Converting Shanghai 2002 exhibition this summer.

Shanghai Wei Shi, the most-watched TV station in the Shanghai area, focused on the center as a unique operation armed with the most modern equipment and management and offering special training and product demo services in addition to commercial printing services. The program aired twice during prime time.

ALLIANCE WITH HUGUANG INSTITUTE

A major Shanghai education and training institute has begun discussions with the center with the goal of developing a coopera-

tive advanced training initiative for personnel already working in the printing industry who need to update their knowledge and skills.

The center hosted a visit this summer from Professor Hanying Wu, dean of the Shanghai Huguang Institute. Professor Wu met with Ron Zhou, the center's general manager, and Paul Yu, marketing training manager. Both parties agreed that a cooperative program would be highly desirable and have begun work on a draft agreement.

CENTER HOSTS DUPONT GROUP

Representatives of DuPont Imaging Technologies, which operates a Flexo Technical Center in Shanghai in addition to being a Technology Partner of the Training Center, visited the center in late summer to explore ways in which the two facilities can work more closely together.

The DuPont visit to the center

also featured a speech by Chen Qixiang, secretary general of the Shanghai Printing Committee of the Packaging Technical Association, on the state of the Chinese packaging printing market. Packaging printing is regarded as a prime growth area for Chinese printers, but competing in international markets requires high quality and productivity.

The Training Center has been exploring ways to offer advanced flexo technical education both on its own premises and in cooperation with others.

The DuPont delegation, which included sales executives and other managers from Australia, India, Japan, Korea, and Shanghai, expressed enthusiasm about the prospects of the DuPont Flexo Technical Center working together with the Sino-U.S. Training Center.

APTEC COOPERATION

APTEC, the Advanced Printing Technology Educational Center, was created by the Hong Kong government to provide better and more advanced technology training. Leaders of its printing industry training program met recently with managers of the Sino-U.S. Training Center to discuss how the centers can cooperate in offering seminars, training courses, and consulting services.

The new alliance was proposed

DuPont personnel carry out a flexo demonstration.



GRAPH EXPO® and CONVERTING EXPO® 2002 Welcome Chinese

GRAPH EXPO and CONVERTING EXPO 2002, the largest trade show serving the world's largest and most technologically demanding market, attracted thousands of industry leaders from all over the United States, Latin America, and other regions, including a num-

ber of Chinese industry executives.

The show featured more than 550 exhibiting compa-



nies in the South Hall of the McCormick Place Complex in Chicago.

Another feature of GRAPH EXPO and CONVERTING EXPO was a special service offered by NPES through which exhibitors could schedule meetings in their booths with regional market experts from around

the world. NPES Greater China project director Ya-Ping Zhou held a number of these meetings, at which he provided the latest information about Chinese market opportunities, tariffs, import requirements, and other data necessary to launch or expand a marketing program in China.



in the spring when Ya-Ping Zhou, director of the NPES Greater China Project, was in Guangzhou for a trade show and met with Wynnie H.Y. Man, general manager of APTEC. In May, the NPES Center sent two of its managers to visit APTEC and learn more about its training programs.

Ms. Man and two other managers from Hong Kong made a reciprocal visit to Shanghai in July.

Operating with Chinese government funding, the Hong Kong facility maintains a state-of-the-art multi-vendor production environment for demonstrating new digital technologies and workflows.

Training Center manager Ron Zhou (third from left) poses with Wynnie H.Y. Man (second from left), joined by APTEC and center staff members.

WEB TRAINING OFFERED AT CENTER

The center put one of the most important resources, a Heidelberg M-130 web offset press, to work in October as part of a seven-day basic course in web printing. The course was taught by professors from the Beijing

Printing College, along with engineers from both Germany and the United States.

Content included basic principles and structure of the web offset press, quality control, malfunction analysis, and operation of the M-130. ☰

QTI Marks Decade in Asia

QTI Asia-Pacific, a Technology Partner in the Training Center that is celebrating this fall the 10th anniversary of its founding, reports that it has grown to serve more than 200 customers in that time.

This year saw the sale of the 50th QTI register guidance system in China, a milestone that is the latest in a series. For example, in 1997 QTI Asia-Pacific received its largest single order to date from a newspaper in Hong Kong, an order that included 35 towers controlled by the QTI Register Guidance System and 40 webs controlled by the Print-to-Process Controller 3000X.

These transactions are typical of the multiple system orders and repeat customers that have been a key to the company's success in the region, said David Mitchell, manager of QTI Asia-Pacific.

U.S. Industry Leaders Visit Shanghai Show, Tour Center



Shown during a visit to the Training Center are, from left, Douglas Justus, Sanden USA; NPES president Regis J. Delmontagne; NPES chairman David R. Reny, Standard Finishing Systems; NPES Greater China project director Ya-Ping Zhou; Stephen Reny, Standard Finishing Systems; and Jeff Fadness, Sanden USA.

Shanghai International Print 2002, together with Flexo and Gravure China 2002 and Converting Shanghai 2002, held at the new Shanghai International Expo Center in June, drew a large international attendance that included key industry leaders from the United States.

The show brought together more than 600 exhibitors, along with visitors from more than 20 countries. It was the 10th show in Shanghai since 1993.

A United States Pavilion organized by the Sino-U.S. Printing,

Publishing and Converting Technologies Training Center featured information displays by 17 NPES member companies.

Companies taking part in the Product Information Exhibit included Airtech International, Chapel Hill Manufacturing, Cronite Machinery, Deluxe Stitcher, Douthitt Corporation, GBR Systems, GTI Graphic Technology, Kono Kogs, Martin Automatic, Metafix, QTI, RBP Chemical Technology, Rollem Corporation, Rosback Company, Tower Products, Ultimate Technographics, and W&R Industries.

In addition, many U.S. companies, including DuPont Technology and X-Rite, presented their own independent exhibits, and a large number of other firms were represented by dealers or distributors.

Deluxe Stitcher, Sanden USA, and Scitex Digital Imaging were among NPES member firms that sent their top executives to Shanghai for the event. Training Center staff members based in Shanghai were on hand in the Product Information Exhibit throughout the show hours.

NPES chairman David R. Reny, vice president and managing director of the Finishing Systems Division of Standard Finishing Systems, led an NPES delegation that also toured the Training Center during the exhibition. Accompanying Reny were Stephen Reny, vice president and managing director of the SBS Division of Standard Finishing; Douglas Justus, president of USA operations for Sanden USA; Jeff Fadness, vice president of sales and marketing for Sanden; and NPES president Regis J. Delmontagne.

SEEKING NEW Technology Partners

More than 30 leading companies in all technology areas are approaching the Chinese printing, publishing, and converting marketplace with some unusual advantages because they've signed up as Technology Partners of the Sino-U.S. Printing, Publishing and Converting Technologies Training Center.

A complete list of current partners appears below. The center's co-owners, however, always keep the door open for new participants.

Technology Partners reap such benefits as:

- Representation by Trade Center staff (in addition to or on behalf of the company's own personnel) in major trade shows in China.

For More Information

Sino-U.S. Printing, Publishing and Converting Technologies Training Center

477 Ao Men Road

Shanghai, China 2000060

Web site: meihu.com.cn

Ron Zhou, general manager, at zhourd@meihu.com.cn

Humin Zhou, deputy general manager, at hmzhou369@online.sh.cn

Vivien Chen, assistant marketing manager, at marketing@meihu.com.cn

Ya-Ping Zhou, NPES Greater China project director, at npeszhou@aol.com

Access China is a joint publishing project of NPES The Association for Suppliers of Printing, Publishing and Converting Technologies and Reed Business Information's Printing, Packaging and Converting Group. The publication in English and Chinese seeks to promote the exchange of trade and technological information between the United States and China.

- Access to technology hotline service.
- Feedback from prospective customers and training program participants.
- Ability to display and distribute literature through the center.
- Technical assistance and live equipment demonstrations.
- Press releases.
- Monthly "Market Information Express" newsletter.
- Web link and on-line promotion through the center's web site at meihu.com.cn.
- Opportunities to stage product-specific training at the center, or take part in training programs organized by the center.
- Direct-mail promotion.

These benefits can be especially helpful to companies undertaking their first approach to the Chinese market.

To become a Technology Partner of the Training Center, a company must agree to:

- Contribute its product (equipment, software, or supplies) to the center.
- Ship and install the product and whatever accessories or ancillary systems are necessary for its operation.
- Train designated center personnel

in the operation and maintenance of the product and provide basic instruction and pertinent training materials to the center's designated teachers to enable them to teach their students in on-the-job and classroom settings.

- Provide initial basic input and materials to permit the initial operation of the product for at least 90 days.
- Conduct periodic seminars to update the center's teachers, students, and prospective buyers on product technology and use.

"The Technology Partner program is designed to benefit both the Chinese printing and publishing industry and companies that wish to sell to Chinese customers," notes NPES president Regis J. Delmontagne. "Participants in center programs gain exposure to a wide range of the latest technologies and systems. Marketers take advantage of promotion, information, and demonstration opportunities that would be hard to duplicate in any other way."

Companies interested in becoming Technology partners should contact Ya-Ping Zhou, NPES Greater China project director, at npeszhou@aol.com, or Michael Hurley, NPES international trade director, who can be reached at mhurley@npes.org. □

Technology Partners

A.B. Dick Company
 Adobe Systems Incorporated
 Apple Computer
 Baldwin Technology Company
 Esko-Graphics
 Baumfolder
 Burgess Industries, Inc.
 The Challenge Machinery Company
 Day International

DuPont Printing & Publishing
 Encad
 Goss Graphic Systems
 Heidelberg Web Systems
 Kodak Polychrome Graphics
 LogEtronics Corporation
 Myron L Company
 NELA-Ternes Register Group
 nuArc Company, Inc.
 OLEC Corporation
 Pantone Asia, Inc.

Polaroid Graphics Imaging
 Portage Newspaper Supply
 QTI
 Quark, Inc.
 F.P. Rosback
 Superior Printing Ink
 Tektronix
 Tobias Associates
 Townsend Industries
 X-Rite
 Xerox Corporation

CHINA, W.T.O. MEMBER, IS OPEN TO IMPORTS

The United States and China, already active trading partners, share a vision lifted by printed matter, equipment and supplies, and reduced tariffs.

The Chinese printing industry continues to rely on imported printing equipment, particularly in such fast-moving technology areas as computer-to-plate. And together with the nation's entry into the World Trade Organization, tariff reductions and other new trade conditions are making the Chinese market more open to outside suppliers than ever before.

Two-way trade in printed matter. This includes a growing openness to imports of printed materials. U.S. Commerce Department data for 2000, the latest available full year, showed that China ranked ninth as an export destination for commercial lithographic printing, importing more than \$23 million worth of printed matter that year. This was a dramatic increase from only \$9.7 million in 1997.

On the other side of the ledger, the U.S. continues to

import increasing volumes of materials printed in China. For general commercial litho printing, imports to the U.S. from China grew by nearly 30% in 2000 over 1999, to a total of more than \$47 million. The 1999 total, in turn, was up by about 50% over 1998.

Growth rates for books printed in China and imported to the U.S. were equally impressive, with a total of \$221 million worth of books imported in 2000, compared to \$142 million the year before and \$101 million in 1998.

Imported equipment dominates market. China continues to import more than 70% of the printing equipment needed for its production. This figure is even higher, 85%, in the commercial offset printing market. More than 30 imported multicolor web offset presses have been installed in China.

Computer-to-plate systems are just beginning to appear in the

Chinese market, with very few units installed compared to the United States or Western Europe. However, this market is expected to grow very quickly as China adopts digital workflows as a means of accelerating modernization.

Reduced tariffs. Reducing importation taxes on virtually all kinds of products was a key condition of China's entry into the World Trade Organization, and printing equipment in particular has benefited from some dramatic cuts recently.

The new schedule of import and export taxes published in early 2002 included adjustments to tariffs in 28 of 31 printing equipment categories. Specifically, tariffs on offset web and sheetfed presses fell from 22% to 14.8%, while tariffs on flexo presses dropped from 18% to 12%.

Growth in supplies, too. With both Chinese printing companies and Chinese units of international firms growing strongly, demand is surging for a wide variety of supplies for printing processes. One example is paper. According to the Chinese Light Industry Bureau, paper consumption in China will grow by 5% annually through 2005. Paper used for printing, publishing, commercial packaging, and household paper products will reach 45 million tons at the end of 2005 and 60 million tons in 2010. ■

Printing Expansion Continues

Printing giant R.R. Donnelley & Sons Company has announced a joint venture with the Shanghai Press and Publications Administration to build a new \$30 million plant in China, employing about 300 people. The plant is expected to be in operation this fall.

"This joint venture will provide new opportunities for Chinese publishers to develop their businesses and for Western publishers to expand into China. We will provide our full range of comprehensive and integrated communications services, from premedia to printing and logistics," said William L. Davis, Donnelley chairman, president, and chief executive officer, quoted by PrintWriter Industry News.