



FOR IMMEDIATE RELEASE

**Canadian independent publishers call for review of sale of Simon & Schuster to Bertelsmann/Penguin Random House**

November 25, 2020

The Association of Canadian Publishers (ACP) is calling on the Competition Bureau and the Department of Canadian Heritage to review the pending sale of Simon & Schuster (S&S) to Bertelsmann, parent company of Penguin Random House (PRH). The \$2 billion (USD) deal would create a behemoth in the global publishing industry and have a direct and deleterious impact on the ability of Canadian-owned publishing houses to compete in their own market.

S&S and PRH, which operate in Canada as Simon & Schuster Canada and Penguin Random House Canada, already enjoy significant competitive advantage in the business. A combined S&S/PRH would overshadow all other companies active in the Canadian market. This would be particularly challenging for the independent Canadian-owned sector, which competes with multinational publishers for authors, media coverage, retail shelf space, and staff. A combined S&S/PRH will make these challenges even more acute.

“It is impossible to imagine how a combined S&S/PRH will have a positive effect on the Canadian book business or benefit Canadian readers,” said ACP Executive Director Kate Edwards. “Canadian authors will have fewer houses to present their manuscripts to, jobs will inevitably be lost as operations are combined, and S&S/PRH will have greater ability to demand even better terms of trade with retailers and suppliers. A culture of ‘blockbuster’ publishing will become more entrenched. All of this will increase pressure on independent presses who already struggle to compete in a concentrated market dominated by large global companies. Independent publishers do this while engaging readers in creative and innovative ways, and while continuing to invest in Canadian writers—particularly new and emerging writers—whose work is central to their publishing programs.”

ACP notes that the *Revised Foreign Investment Policy on Book Publishing, Retail and Distribution (1992)* requires that indirect foreign acquisitions resulting from larger international

transactions be reviewed by the Minister of Canadian Heritage to determine whether they will provide net benefit to Canada and to the Canadian-controlled book sector. Further, the association questions whether the sale violates the *Competition Act*, given that the outcome of this transaction will severely diminish competition in the market. Similar concerns have been raised in the United States with respect to its own anti-trust regulations in this instance.

Today's announcement is part of a continuing trend of consolidation in the global book business. For years, tacit approval of Canadian mergers and acquisitions has contradicted the federal government's own policies for the book industry. This latest, significant concentration of ownership will affect the entire book supply chain, from writer to reader.

ACP calls on the Government of Canada and Minister of Canadian Heritage Steven Guilbeault to use the policy tools they have available to support an ecosystem that will allow Canadian writing to flourish, and help ensure Canadian companies remain competitive at home and internationally.

*ACP is the national voice of English-language Canadian-owned book publishers. ACP contributes to the development and maintenance of vibrant, competitive book publishing companies in order to support and strengthen the contribution that Canadian books make to Canada's cultural, economic, and educational landscape.*

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For more information, please contact Kate Edwards, Executive Director, Association of Canadian Publishers, [kate\\_edwards@canbook.org](mailto:kate_edwards@canbook.org).