THE INDEPENDENTS' VOICE

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In the Mood for Love

For the past five years, we have had the privilege and pleasure of working and advising in China. This May the journey took us to Beijing, Hong Kong, Shenzhen and Macao. It is reassuring and even motivating that, similarly to Europe, things are not easy for the Cultural and Creative Industries (CCIs) in China, both for local and foreign organisations.

The added value of creation and imagination is still only paid lip service in an economy geared towards the cheapest possible modes of production. Thus Chinese designers are forced to take the risk of developing products to final manufacturing stages which means ideas can be stolen along the way. The tendering processes relating to procurement also remain opaque, forcing creative companies to make tremendous and uneconomic efforts in attempts to win bids.

Digital services in China are much more advanced than those in Europe, but local digital publishers do not have the capacity to monetise content effectively. Business models and service contracts for the cultural and creative sectors hardly exists in China. Legal frameworks and model contracts are lacking. These factors create significant barriers to the development of Chinese CCIs. In addition, the sector is now paying the price for years of complacency around intellectual property which is a major tool to enable business transactions in the creative field; Chinese CCIs are currently lobbying for stronger IP enforcement.

The development of CCIs is aimed at the highest political level as a policy priority in China. Creative professionals are championing this cause but much remains to be done to give creators, artists and creative companies the status they deserve. This is in fact not vastly different to the situation in Europe, although it must be acknowledged that European CCIs benefit from a much more favorable institutional environment, including financial support, intellectual property protection and enforcement and special tax regimes.

There is however a difference in energy and mentality. China, as with any nation that takes the risk of investing in creativity will make mistakes, and may well regret the development of a cultural strategy which is too business focused, relying on large companies as opposed to more creative SMEs. However the key elements are in place – there is political will to make the most of the country's significant cultural resources and creative energies.

Large Chinese companies are building impressive cultural infrastructure. Dalian Wanda is on the verge of becoming the largest owner of cinema theaters in the world, because of its $2.6bn bid for US-based AMC Entertainment. Emphasis is also placed on building upon ancient cultural traditions to develop Chinese brands with international appeal. China invented ceramics and was first to manufacture and trade silk; this cultural capital is being rediscovered and steps are being taken to transform ancient traditions, demonstrating China's lust for excellence and quality. The label 'Shang Xia', launched by Hermès and the Chinese designer Jiang Qiong'er is just one attempt. The Shenzhen based conglomerate Ruby is aiming for similar results, building upon the 900 year tradition of Jingdezhen ceramics.

China is also courting producers of artistic performances as it lacks performing art companies to fill its newly built theaters and cultural complexes; it is more open to audiovisual co-production with willingness to link culture to technology whilst ensuring that a strong local industry can grow from such collaborations. Numerous endeavors are also being directed towards lifting the soul and imagination of Chinese citizens, hungry to be challenged beyond the mere consumption of entertainment or Western brands.

During our trips we have met numerous European organisations, including small companies, which in some cases have been supported by national governments such as those of Finland or the Netherlands to explore the Chinese market. These companies face the same problems as Chinese companies but with one significant difference, they have to acclimatize to business practices and traditions which are representative of Eastern civilization. Business trading in China involves a different philosophy which values patience and trust, the essence of which is to find a reliable business partner and the assumption, that the rest will follow. The decrease in the value of the Euro – a 20 per cent drop in four years, should also help.

We are entering a new phase in which China's powerful manufacturing industry is being threatened by lower wages in neighbouring countries, and will have to gain its vital competitive edge from culture-based creativity and innovation. The success of European luxury brands or Europe's attractiveness as a tourist destination demonstrates China's increasing thirst for quality and excellence.

The climate of economic instability and fiscal austerity in Europe has also resulted in a shift in China's desire to attract European investment. China is now taking the view that Europe no longer has the capacity to invest substantially. China's perception of Europe in 2012 is exaggerated by the economic and social suffering taking place in Greece. How can a bankrupt economy invest in China?

European companies should however be aware of the development of 'clusters' and 'creative parks' largely supported by local public authorities. This presents an opportunity to set foot in Asia in favorable conditions.

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China's strong industry fairs are another route to understanding and accessing the market. The Chinese Ministry of Commerce (MOFCOM) is establishing the first China International Fair of Trade in Services, known as CIFTIS, set to be held every year at the end of May. MOFCOM and the Ministry of Culture are also heavily supporting the ICIF fair in Shenzhen which attracts 450 000 visitors and 2 000 exhibitors from across Asia. Shenzhen has developed unique creative clusters and was the first city to adhere to the UNESCO city of design network. The fair which takes place in the city in May has been devoted to Culture and Creative Industries for the last nine years. Likewise the capital city Beijing, which claims that 11 per cent of GDP in the city derives from CCIs, including IT and tourism, is promoting its own Design Week known as BJDW (2nd Edition in September). The Macao Fair in Trade and Invest-ment (MIF- in November 2012) will focus on the creative industries. Macau like Hong Kong benefits from a special regime worth looking at; it is committed to attracting animation and audiovisual production companies in a new development zone and aims to diversify its casino economy.

All of these international fairs attract hundreds of thousands of Chinese visitors eager to learn about creative jobs and cultural traditions from China and abroad. This is an opportunity for European regions to market their attraction as tourist destinations whilst also showcasing their own valuable cultural and creative assets.

China is pushing to export its culture for both diplomatic and trade reasons (whilst the EU is still, in many cases, using culture as cocktail diplomacy!)

This drive to export should encourage European culture and trade fairs (Cannes, Frankfurt, Milan, Paris, London) to develop promotional activities to ensure that they remain world leaders by attracting China's cultural and creative companies. Taking heed of events in the art fair world where the positions of Basel, Paris, London and Venice are now threatened by Hong Kong. China is now the world's second largest art market.

China is also developing strong links with African and Portuguese speaking countries (via Macau) through cultural projects. These are other opportunities for European partnerships.

China remains envious of Europe's cultural heritage, its excellence in enabling the expression of creativity, its drive to maintain cultural diversity, its cultural institutions (museums, theaters), the quality of its designers, architects, artists and production companies... China's priority is to develop partnership with Europe at policy and business levels.

If only Europe were more conscious of its cultural and business assets. The meeting of Western and Eastern cultural traditions and know-how will benefit world creation, liberate creative energies whilst at the same time increase mutual understanding. Is Europe in the mood for love?

Philippe Kern CEO and Founder of KEA (June 2012)

KEA in China – in brief

Brussels based KEA is the only research and advisory center specialized in European cultural and creative industries. It combines excellence in research and practical knowledge of the creative economy advising public authorities as well as companies. KEA operates throughout the European Union with extensive contacts at city, regional and national level. It builds bridges between public authorities and the cultural sector. It understands the business of culture. It defends its values and meanings. KEA has a representative based in Beijing.

KEA, established in 1999, has 5 years experience in dealing with Chinese authorities on creative industry issues. It has been invited numerous times to China to address officials on the economics of culture. It was recently asked by the Chinese Ministry of Trade (MOFCOM) to help in the organization of the First EU-China forum on Creative Industries which took place in Shenzhen on 14th May 2011, inviting a delegation of 20 enterprises from Europe to engage in a business dialogue. KEA was instrumental in opening the EU–China Trade programme to creative industries (EUCTP). It has an excellent relationship with MOFCOM. It has also developed strong relationships with authorities in Beijing, Macau, Shanghai and Shenzhen responsible for the development of creative industries.

KEA authored the study "The Economy of Culture in Europe" (2006) and "The Impact of Culture on Creativity" (2010) for the European Commission highlighting the importance of non-technological innovation in competitiveness and the building of a service economy. KEA wrote the first ever EU/China mapping document on creative industries at the request of the EU/China IPR2 programme (January 2011). It also worked for IPR2 on a working paper on IP licensing.

KEA has relations with the Universities in Hong Kong, Shenzhen and Beijing (Tsinghua as well as Beijing Universities) with high level contacts with academics in charge of culture and creative industries related research.

KEA was involved in the organisation of a EU-China Seminar as part of the ICIF fair in Shenzhen on 19 May 2012. The event is branded as part of the 2012 year of EU-China Intercultural dialogue. KEA was appointed by the city of Amsterdam to lead the application process of the European Creative Industry Alliance (ECIA), a project supported by the European Commission involving Berlin, Milan, Barcelona, Nantes (France – the city of France's Prime Minister) and Tampere (Finland).

KEA is working today with the city of Birmingham and Mons (European Capital of Culture in 2016 – the city of Belgium's Prime Minister) on cultural and creative investment. It has developed a benchmark raster for policy measures supporting local economic development. It is advising the European Parliament on the use of structural funds for cultural investment. For more information please visit www.keanet.eu

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