

## The new 'Marco Polo adventure'

Last October (2010), at the European Union (EU)/China High Level Cultural Forum, the Chinese and European authorities engaged to launch a new 'Marco Polo adventure' under the auspices of the Year of the EU-China Intercultural Dialogue in 2012. Back in the XIII century, Marco Polo embarked in a business voyage which ended up in a revelatory meeting between two continents, cultures, languages and traditions. It was the start of a new era of economic and cultural exchanges between Europe and China.

China and the EU are key commercial partners. In 2009, bilateral trade reached € 296 billion from € 4 billion in 1978<sup>1</sup>. However, cultural exchange is still underdeveloped. In 2004, China represented only 2.9% of the EU 27's cultural trade abroad and only 5.1% in 2007<sup>2</sup>.

Commissioned by MOFCOM (the Chinese Ministry of Trade) and the European Commission (EC) as part of the 'EU-China Project on the Protection of Intellectual Property Rights' (IPR2), KEA's Working Paper "Mapping the Cultural and Creative Sectors in the EU and China"<sup>3</sup> is the first step in a process aimed at developing business and trade exchanges between European and Chinese cultural and creative industries (CCIs).

### The growing Chinese and European creative economy

Very few economic sectors have revealed as much economic potential in China and the EU as the CCIs over the past few years. In China the media industry grew at a rate of 41% between 1981 and 1992 and became China's fastest-growing industry at the time<sup>4</sup>. In Europe employment in CCIs has steadily increased, by 7% in Germany for instance from 2003 until 2009<sup>5</sup>.

The cultural economy is very much part of innovation strategies and it plays a crucial role in a post-industrial economy that is moving from manufacturing to a service-based economy (see table below).

### China and the EU: towards a common cultural policy agenda

The Chinese authorities are aware that "*the rise of a country requires cultural as well as economic development*", as stated by Chinese culture minister Mr. Cai. Accordingly, the Report of the 17<sup>th</sup> National Congress of the CPC (2007) and the Report on the Work of the Government of 2009 includes among its objectives the

Economic data	EU <sup>6</sup>	China <sup>7</sup>
<b>Turnover</b>	More than € 654 billion in 2003	€ 47.6 billion in 2006
<b>Value added to GDP</b>	2.6% of EU GDP in 2003	2.45% of GDP in 2006
<b>Employment</b>	In 2004, almost 6 million people were employed = 3.1% of total employed population in EU27 <sup>8</sup>	In 2006, 11.32 million employed = 1.48% of total employed population
<b>Trade</b>	The export of cultural services from the EU 27 to China has increased, growing from € 31 million in 2004 to € 49 million in 2007 (+58%) <sup>9</sup> .	China has become the third largest exporter (€ 3.7 billion) and the sixth largest importer (€ 2.2 billion) of cultural goods in the world in 2005 <sup>10</sup> .
<b>Contribution to growth</b>	12.3% higher than growth of the general economy	6.4% higher than growth of the general economy

1. [http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/china/index\\_en.htm](http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/china/index_en.htm)

2. Eurostat (NewCronos).

3. The report "Mapping the Cultural and Creative Industries in the EU and China" can be downloaded at <http://www.keanet.eu/en/mapping%20EU%20China.htm>.

4. *Modern Chinese Culture*, Cambridge university press 2008.

5. *Culture and Creative Industries in Germany 2009 - Monitoring of Selected Economic Key Data on Culture and Creative Industries*, Federal Ministry of Economics and Technology, Monitoring Report 2010.

6. KEA, *The Economy of Culture in Europe*, Study completed for the European Commission - DG Education and Culture, 2006.

7. Chinese National Bureau of Statistics (2008).

8. Eurostat, Cultural Statistics, 2005.

9. Eurostat (NewCronos).

10. UNESCO, *International Flows of Selected Cultural Goods and Services, 1994-2003*, UNESCO Institute for Statistics, 2005. UNESCO accounted in its figures for the following cultural goods and services: heritage goods, printed media, recorded media, visual arts, audiovisual media, audiovisual and related services and other cultural services.



support of the Chinese cultural and creative companies and their expansion.

Chinese culture has also a strategic role in forging and communicating the country's values nationally and globally, best seen in the expansion of the Confucius Institutes, more than 300 throughout the world since their creation in 2004<sup>11</sup>, and the 137 cultural cooperation agreements signed with several countries in the world<sup>12</sup>.

In the EU, the 2007 Agenda for Culture is the first EC policy document setting out a cultural policy. It considers culture as a key element for stimulating innovation, but also for fostering intercultural dialogue and developing international relations.

The EU, its individual Member States and China are members of the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions<sup>13</sup>. Under this Convention, the EU and China have committed to fostering more balanced cultural exchanges and to strengthening international cooperation and solidarity.

### Fostering business and trade opportunities in cultural and creative industries

With globalization and digitisation, cultural expressions travel from one country to another. Such a trend tends to favour countries with a strong cultural industry and international distribution muscles. Supporting local productions contributes to social cohesion and the development of cultural identities. At an economic level it permits a country to be less reliant on imports for program-hungry digital networks. Investment in culture also serves as a nurturing ground for the development of new talents which in turn contribute to the reputation of excellence of a country and the branding of its values.

At business level, access to creative talents and skills and foreign markets is one of the most motivating factors behind China's willingness to work in partnership with Europe. Europe has a long experience and expertise in managing culture and nurturing creativity in design, fashion, or cultural industries like film and music. Right now, of China's total exports of cultural products, world export of products with real Chinese content (like films or books) account

for no more than 15%<sup>14</sup>. The Asian giant wants to shift from the "Made in China" label to a "Designed in China" quality brand<sup>15</sup>, develop its own cultural and creative contents and bring them to the international scene.

In 2008, China produced 456 feature films, 56 more than the previous year or a 12.3% increase on the production volume of 2007<sup>16</sup>. In 2008, the country was the world's largest Internet and mobile market, with more than 298 million registered users<sup>17</sup>. Such network capacity certainly affects its fast growing online games industry<sup>18</sup>.

Globalisation and technology also bring China and Europe closer to each other generating new forms of social and cultural interactions. In China, the annual income of the new-wave web portals targeting young people (such as "Coldtea" or "Pigstyle") now exceeds € 96 million<sup>19</sup>. Digital networks are becoming formidable cultural and creative spaces, yet to explore.

The interest in exploring the untapped potential of cultural trade is mutual as:

- The global demand for cultural content, estimated at more than \$ 500 billion (approximately € 355 billion)<sup>20</sup>, needs to be satisfied.
- The development of a creative economy demands the adoption of appropriate support policies for creative and cultural SMEs that should be commensurate with their significant contribution to the economy.
- The ability to develop trade in CCIs will to a large extent determine success in promoting the intercultural dialogue and mutual understanding, especially in preparation to the EU-China Year of Intercultural Dialogue in 2012.
- CCIs development at international level serves the promotion of cultural diversity in a globalised world against the predominance of one cultural model (UNESCO Convention).

Existing technical assistance and cooperation schemes should be strengthened with the aim of embracing cultural and creative sectors and create an infrastructure enabling cultural exchanges and mutual learning.

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11. <http://english.peopledaily.com.cn/90001/90776/90883/6832121.html>.

12. [http://www.chinaculture.org/gb/en\\_podium/2003-09/24/content\\_31704.htm](http://www.chinaculture.org/gb/en_podium/2003-09/24/content_31704.htm)

13. [http://portal.unesco.org/en/ev.php-URL\\_ID=31038&URL\\_DO=DO\\_TOPIC&URL\\_SECTION=201.html](http://portal.unesco.org/en/ev.php-URL_ID=31038&URL_DO=DO_TOPIC&URL_SECTION=201.html)

14. China Trade in Services Report 2008, MOFCOM.

15. Michael Keane, From made in China to created in China, *International Journal of Cultural Studies*, Sep 2006; vol. 9: pp. 285 - 296.

16. Entgroup, China Film Industry Report 2009-2010, Available at [short version]: <http://english.entgroup.cn/Report02.html>

17. CNNIC. *Statistical Survey Report on the Internet Development in China*, China Internet Network Information Center, 2008. However, it must be said that its penetration of 19.5 % lags far behind developed nations like the US and Japan and is also slightly lower than the average Internet penetration rate worldwide, which stands at 21.1%.

18. CMM Intelligence, *China Media Yearbook and Directory*, China, 2008.

19. Zhang Hongxing, Lauren Parker (edited by), *China Design Now*, V&A Publishing, 2008.

20. PricewaterhouseCoopers, *Global Entertainment and Media Outlook 2009-2013*.



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