

China EU Creative Industries Mapping

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EXECUTIVE SUMMARY

Very few economic sectors have revealed as much economic potential in China and the EU as the cultural and creative industries (CCIs) have over the past few years. China is leading Asia in the development of a creative economy. Its cultural sector records € 50.32 billion of value added, contributes to 2.45% of Chinese GDP, registering growth 6.4% higher than growth of the general economy. European CCIs are worth 2.6% of the EU's GDP and generate a turnover of more than € 654 billion (2003), much more than that generated by the car manufacturing industry (€ 271 billion in 2001) and by ICT manufacturers (€ 541 billion in 2003).

Economic data	EU	China
Turnover	More than € 654 billion in 2003	€ 47.6 billion in 2006
Value added to GDP	2.6% of EU GDP in 2003	2.45% of GDP in 2006
Employment	In 2004, almost 6 million people were employed = 3.1% of total employed population in EU27	In 2006, 11.32 million employed = 1.48% of total employed population
Trade	The export of cultural services from the EU 27 to China has increased, growing from € 31 million in 2004 to € 49 million (+58%)	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
Contribution to growth	12.3% higher than growth of the general economy	6.4% higher than growth of the general economy

The insufficient enforcement of IPR, the lack of IP understanding as a tool to foster trade transactions, together with the size of the cultural operators – SMEs with little access to foreign markets – as well as poor political awareness on the economic importance of the creative industries, are the main structural reasons for insufficient trade relationships between Europe and China in the cultural and creative sectors.

Nevertheless CCIs are important drivers of innovation in other industries and societies. They contribute to tourism and the development of the ICT sector, which is hungry for content. Culture also contributes to social cohesion. The development of cultural industries and creativity is intrinsically linked with brand strategies. Today, competitiveness rests on the ability to create emotional ties with consumers that go beyond the price or the functionality of products. Esthetic, meaning, social significance are key aspects of the experience economy. Culture, creative industries and intellectual property are key drivers of this intangible economy.

This 'Working Paper Mapping the Cultural and Creative Sectors in the EU and China' is developed in the framework of the 'EU-China Project on the Protection of Intellectual Property Rights' (IPR2), which aims at improving IPR enforcement in China. To reach this aim, it is proposed to set the conditions for improving opportunities that lead to IP licensing between economic operators, in particular SMEs.

The mapping exercise – which provides an overview of the cultural and creative sectors in both China and Europe together with a key stakeholders' database – is a first step in a process aimed at increasing transactions in IP rights as a main tool for commercial exchanges in the CCIs sectors.

The cultural economy is very much part of innovation policy strategies and the experience economy. The sector presents huge opportunities:

- The global demand for cultural content, estimated at more than \$ 500 billion (approximately € 355 billion), 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.
- CCIs development at international level serves the promotion of cultural diversity in a globalised world.

The infrastructure enabling cultural exchanges through trade remains to be established, in particular to promote interaction between SMEs and to encourage cross-IP licensing to stimulate co-productions and international distribution strategies.

The aim of IPR2 is to improve understanding and respect for IP rights. This requires the setup of platforms for the relevant stakeholders to exchange information and experiences on the functioning of the EU and Chinese markets including legislation and policies, thereby supporting the development of an environment in which trade within the industry can occur.

It is proposed that the foremost aim of the next phase in the IPR2 strategy plan would be to develop IP licensing opportunities between SMEs in the cultural and creative industries through the establishment of a CCIs stakeholders' platform.

The main activities of the platform would be to:

- Engage with the CCIs in Europe and China: gathering and identifying Europe's and China's CCIs stakeholders interested in the development of B2B activities with a view to finding IPR licensing partners. (i.e. organise a workshop in Europe and China to incentivise and promote the initiative with stakeholders and set up a website in coordination with IPR2).
- Engage with public authorities in charge of implementing policies for CCIs and/or with the National and local cultural industries foundations in Beijing, Shanghai and Shenzhen managing public funds for culture to enable a policy dialogue. Closely engage authorities in the development of the platform.
- Organise a first face-to-face meeting between policy makers and CCIs to discuss the conditions needed to foster IP licensing.
- Consider funding participation of 10 Chinese and European SMEs in important international trade fairs (establish a tendering process to select the best projects across sectors).
- Develop a communication strategy to reach SMEs in Europe and China (website and an annual conference in Europe and China on the topic of CCIs and publication of guides on investment opportunities).
- Involve the China-based European SME helpdesk in the activities to disseminate information and co-fund activities.

IP licensing is conducive to international partnerships and trade exchanges. Therefore the impact of the increased cultural relationships could be assessed in relation to the number of licensing deals occurring as part of the process.

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INTRODUCTION

KEA has been commissioned to compile a 'Working Paper Mapping the Cultural and Creative Sectors in the EU and China' in the framework of the 'EU-China Project on the Protection of Intellectual Property Rights' (IPR2). IPR2 is a project funded by the EU and Chinese authorities with the overall objective of supporting China's smooth integration into the World Trading System, and of contributing to its transition to the market economy.

The specific purpose of IPR2 is to improve the effectiveness of intellectual property rights (IPR) enforcement in China. To achieve this, IPR2 has initiated an action plan to prepare and launch a platform gathering relevant stakeholders from the cultural and creative sectors in order to exchange information and experiences on the functioning of both markets, including policies and legislation.

KEA's assignment aims to help IPR2 to develop a strategy plan for the setup of such a platform and contribute to the different phases of the action plan. This interim report relates to phases 1 and 2:

- 1) Identification of the key stakeholders in the cultural and creative sectors in the EU and China (the deliverable is a database annexed to the Working Paper).
- 2) A condensed mapping document (about 40 pages) that provides an overview of the different sectors and activities covered by cultural and creative sectors in the EU and China. It considers the policies and IP legislation applicable to the cultural and creative industries in China, and their impact at business level. Finally, it looks at how trade in IP can be used as a strategic tool for business development between the EU and China.

The mapping exercise is essential to understanding the potential value of increased trading in IP rights, since intellectual property (notably copyright) are the main tool for commercial transactions in the cultural and creative industries (CCIs) sectors. These transactions will take the form of IP licensing agreements to govern manufacturing and distribution of cultural goods and services.

The mapping document is in six parts:

- **Part I "Delineation and overview of the economic importance of the cultural and creative sectors in the EU and China"** presents the definition used and the main characteristics of the cultural and creative sectors in the EU and China;
- **Part II "Overview of the cultural and creative sectors' policies and governance in the EU and China"** touches upon the main actors responsible for cultural policies on both sides as well as their policy priorities, with a focus on the international dimension.
- **Part III "The main regulatory provisions governing the cultural and creative sectors in China"** briefly illustrates the cultural legal framework in China and then focuses on the progress made in IPR laws after the accession to the WTO.
- **Part IV "Cultural and creative industries' business development between Europe and China"** examines the business relations between the EU and China and their mutual interest in eliminating barriers (e.g. lack of IPR enforcement in China) to further increasing trade exchanges.
- **Part V "Towards a CCIs platform"** identifies the potential sources, operators, activities and timetable to set up a CCIs' business platform.
- Part VI "Conclusions" summarises the main justifications for greater business cooperation between the EU and China in the field of CCIs.

PART I – Delineation and overview of the economic importance of the cultural and creative sectors in the EU and China

1. Delineation

Across and outside Europe there is no uniform classification of cultural and creative industries, and there is no consensus on what the field of the “economy of culture” should encompass.

In Europe, definitions encompass the “creative industries” approach in UK, the “cultural industries” one in France and the “experience economy” in Sweden. In Italy, the cultural and creative activities also include the food industry¹. The first and unique pan-European study done for the European Commission on “The Economy of Culture in Europe”² has taken into consideration the different approaches existing in Europe and abroad and proposed a new definition.

The Chinese government has provided an official definition which distinguishes between core, peripheral and culture-related industries (10th Five-year Plan, 2002). However, this exists in parallel with other classifications developed by large cities, notably Beijing (9 categories, from the Arts to Software and Travel) and Shanghai (5 groups, from Research and Design to Fashion and Costume).

The Chinese delineations often include sectors that European delineations exclude (travel, ancillary services like hairdressing or gardening, etc.), which make comparisons challenging.

In the absence of an agreed definition, this working paper proposes distinguishing between the cultural and creative industries according to the classification used in the EU Commission’s ‘Green Paper – Unlocking the Potential of the Cultural and Creative Industries’ and to focus on the following sectors:

- Visual Arts
- Crafts
- Performing Arts
- Heritage
- Film and Video (including Cartoon)
- Television and Radio
- Online Games and New Media
- Music
- Publishing
- Fashion
- Design
- Architecture
- Advertising

¹ Walter Santagata (sotto la Presidenza di), *Libro Bianco sulla Creatività*, Commissione sulla Creatività e Produzione di Cultura in Italia, 2007.

² KEA, *The Economy of Culture in Europe*, Study completed for the European Commission – DG Education and Culture, 2006.

2. Cultural and creative industries in the EU and China: overview and mapping

2.1. Introduction

Although Chinese and European cultural and creative industries are important economic sectors (CCIs contribute respectively 2.45% and nearly 3% to the Chinese and EU GDPs), and China and the EU are important commercial partners, their cultural exchanges are still to be fully developed.

- China is now the EU's 2nd largest trading partner after the USA and the biggest source of imports. The EU is China's largest trading partner, accounting for 19% of China's external trade. In 2009, bilateral trade between China and the European Union reached € 327.4 billion and from 2007 to 2009, trade increased by more than 36%³.
- Since the accession to the WTO in 2001 China became the third largest exporter (€ 3.7 billion) and the sixth biggest importer (€ 2.2 billion) of cultural goods in the world in 2005⁴, therefore becoming one of the main actors in international cultural trade, excluding arts crafts and design. If we add arts and crafts and design, China becomes the world's biggest exporter in creative goods, with exports accounting for € 41.25 billion and imports for € 2.47 billion⁵. Unarguably the star of China's creative exports was new media with € 2.65 billion of exports. Out of this, € 2.36 billion were video game exports, a field in which China is the world's leader with a 40% market share, according to UNCTAD⁶.
- Between 2004 and 2007 the export of cultural services from the EU27 to China has increased, growing from € 31 million in 2004 to € 49 million (+58%)⁷. However, China is a less important importer of creative goods and services. It is ranked 8th and accounts for about 4% of the world total⁸. In relation to the EU, the country represented only 2.9% of the EU27's cultural trade abroad in 2004 and only 5.1% in 2007.
- China's cultural trade is developing quickly but it is still at the initial stage. Though China's trade balance in cultural products and services has improved to some degree in recent years, the cultural trade of Chinese cultural content suffers a large deficit. Imports of books, newspapers and periodicals far outstrip exports. In terms of services, in 2006, China sold 204 films to overseas markets while importing altogether 1,561 films from various channels. China imported 12,386 publication copyrights, but exported only 2,057, and the ratio of imported copyrights to exported copyrights is as high as 6:1. Most of the profits earned from commercial performances overseas go to foreign co-operators, while China suffers a long-term deficit⁹. Furthermore, the share of cultural products and services exported with real Chinese content is rather small. Over 70% of total exports of cultural products are produced by foreign-funded enterprises. The cultural exports from the US, EU and Hong Kong account for more than 85% of China's export of cultural products, with the share of Guangdong province over 70%. Of China's total exports of cultural products, 50% are videogames, 30% are sculpture and visual

³ http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/china/index_en.htm

⁴ 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.

⁵ UNCTAD, *Creative Economy Report*, United Nations Conference on Trade and Development, 2008. The huge differences between UNESCO and UNCTAD figures come from the fact that they do not consider the same industries. Unlike UNESCO, UNCTAD includes arts and crafts, design as well as a longer catalogue of services.

⁶ *Ibid.*

⁷ UNESCO, *International Flows of Selected Cultural Goods and Services, 1994-2003*, UNESCO Institute for Statistics, 2005.

⁸ China Trade in Services Report 2008, MOFCOM.

⁹ *Ibid.*

arts products, while export of products with real Chinese content account for no more than 15%¹⁰.

Before exploring how cultural trade and business development should be supported (section IV) this paper gives an overview of the economic size of the cultural and creative sectors in both the EU and China. Due to the lack of homogeneous and consistent data collection mechanisms, the mapping uses the various data sources that are available.

2.2. China - General Overview

China is leading Asia in the development of a creative economy. Its cultural sector records € 50.32 billion of value added, contributes 2.45% of Chinese GDP, and accounts for 1.48% of the total employed workforce¹¹. Following the reforms and opening up of China, starting from 1992, the cultural sector has gained weight in the Chinese GDP with a growing rate of 6.4 points above the already impressive growth rates of the other sectors of the economy¹². China's top 500 creative industries' companies¹³ generate an aggregate turnover (revenue) of € 1.87 billion in Beijing and € 3.24 billion in Shanghai¹⁴, for instance.

Cultural employment has reached impressive levels in a few years. In the art sector employment has increased by approximately 25% since 2006 (about 15,000 employees in total between public and private museums)¹⁵. The capital's top 500 architectural firms now employ almost 120,000 people and around 173,000 are employed just in Shanghai¹⁶.

Following privatisation reforms, although State-owned companies remain key stakeholders, cultural SMEs have started emerging. China's games industry (the fastest growing in the world), for instance, is exclusively the domain of the private sector and new distribution systems have also been developed by private companies in the art sector (e.g. many private galleries are now located in urban art districts such as 798 District in Beijing – see Case Study on the 789 Art District).

“China's economic transformation has had a profound impact on China itself – its social structure, urban environments and creative pioneers, from designers and architects, to artists and film makers who are charting a course through China's cultural landscape. Chinese creative people are responding with vigour to this moment of intense transformation”¹⁷.

¹⁰ *Ibid.*

¹¹ Source: Chinese National Bureau of Statistics (2008).

¹² *Ibid.*

¹³ Michael Keane, *Created in China: The Great New Leap Forward*, Routledge, 2007.

¹⁴ *Design, Architecture and the Creative Industries*, Embassy of the Kingdom of the Netherlands to China, 2009.

¹⁵ China Statistical Yearbook, 2008.

¹⁶ Source: Chinese National Bureau of Statistics (2008).

¹⁷ For a critical survey of the development of a new design culture in post-reform China (after 1978 when economic reform began) refer to *China Design Now* Edited by Zhang Hongxing and Lauren Parker, V&A Publishing. Edited in the context of the Victoria and Albert museum exhibition China Design Now 15 March – 13 July 2008, London.

2.2.1.China – Sector-specific overview

Online games, new media and advertising are the fastest growing creative sectors

The online gaming industry, the fastest growing in the world, reached a € 1.52 billion market value in 2008, serving more than 60 million online gamers¹⁸. This development is certainly helped by the Chinese network capacity. In 2008, China was the world's largest internet and mobile market, with more than 298 million registered users¹⁹ and more than 800 million people owning a mobile phone (expected to grow next year to 930 million²⁰). One hundred major Chinese businesses are active in this sector, including market leaders Shanda Entertainment and Netease. The most successful online games are Massively Multiplayer Online Role-Playing Games²¹. Internet-sharing platforms have also become very popular. The annual income of the new-wave web portals targeting young people to disseminate and share User Generated Content (such as “Coldtea”, “Pigstyle”, “Blow Up” and “After 17”) now exceeds RMB 900 million (approximately € 96 million)²².

Advertising registers an annual growth rate of 15%. With TV advertising revenue reaching € 5.89 billion in 2007, up 13.8% from 2006, China overtook Italy in 2007 to become the fifth largest advertising market in the world²³. The internet advertising market is expected to grow at 18.5% from 2009 until 2013, putting China in second place in the world after India for growth in internet advertising (29.5%)²⁴.

TV, Radio and Publishing are strong

China's broadcasting and publishing sectors are strong. With a market made of 2,380 broadcasters, it is the largest TV industry in the world²⁵. In 2007, the TV industry recorded total revenues of € 13.59 billion in 2007, up 9.65% year-on-year. Cable remains the leading delivery system for TV services (153 million cable TV subscribers by the end of 2007, 97% penetration of the total population²⁶), but the digital switchover, to be completed by 2015, will require an infrastructure upgrade in line with new consumer expectations. Pay-TV networks are increasing rapidly and the introduction of new local channels has sky-rocketed the demand for content. Such demand is the main motivating factor behind the import of foreign programming, which is now allowed thanks to privatisation and opening up reforms. Imported material currently represents an important part of broadcasters' programming, supplied predominantly from neighbouring Asian countries²⁷. Nowadays, only the China Central Television (CCTV)²⁸ broadcaster remains under

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

¹⁹ 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%.

²⁰ European Information Technology Observatory. http://www.eito.com/pressinformation_20100811.htm.

²¹ Massively Multiplayer Online Role-Playing Game (MMORPG) is a genre of computer role-playing games in which a very large number of players interact with one another within a virtual game world.

²² Zhang Hongxing, Lauren Parker (edited by), *China Design Now*, V&A Publishing, 2008.

²³ CMM Intelligence, *China Media Yearbook & Directory*, China, 2008.

²⁴ PricewaterhouseCoopers, *Global Entertainment and Media Outlook 2009-2013*.

²⁵ Source: SARFT statistics.

²⁶ *Ibid*.

²⁷ Media Consulting Group, *The Potential for Cultural Exchanges Between the EU and Third Countries: the case of China*, Study prepared for the European Parliament – Directorate General for Internal Policies, 2009.

²⁸ CCTV is the largest broadcaster in China, operating 19 channels and drawing viewers accounting for nearly half of the national population each day.

complete governmental ownership. The remaining domestic television stations are scattered around major cities (like the China Media Group and the media groups of Beijing and Shanghai)²⁹.

Publishing in China is the largest publishing market in the world in terms of volumes sold. In 2006, it produced 233,971 titles, sold 6 billion units and raised total revenues of € 4.71 billion³⁰. If we consider just magazines, China is the largest print news market in the world and the fifth largest magazine market, with close to 10,000 magazine titles and 36.8 billion newspapers being sold every day³¹. Privatisation has opened new development prospects. There is a growing private publishing sector in China, formed by around 8,000 small publishing firms³². Most of these private companies specialise in literature, especially fiction in translation. The distribution value chain, which has always relied on two main actors (China Post for periodicals and retail chain Xinhua for books), it is now almost entirely in private hands. Here foreign participation has been led by Bertelsmann, thanks to permission given to foreign investors in 2004³³.

Film and Video is on the rise

The Chinese cinema industry is on the rise. In 2008, China produced 456 feature films, up 56 from the previous year or a 12.3% increase on the production volume of 2008³⁴. Box office revenues reached more than € 600 million, a 43% increase from 2008³⁵. Box office revenues have been successful thanks to the aggressive restructuring and modernising of cinema chains throughout the country. The number of theatres is increasing at a significant pace: in 2009 there were 26 cinema circuits with 1,687 cinemas nationwide counting 4,723 screens (while by the end of 2005, there were just 2,668 screens)³⁶. The Government now allows independent producers to make and distribute independently from association with government-owned studios, provided that official Government approval is obtained. A tangible result of the privatisation opening policy is certainly that there was a significant increase in the number of films produced by privately-invested companies in recent years³⁷, while the majority of films in 2003 were produced by state-funded studios. International productions increased, too. Assisted productions were up from one to five, and co-productions from 10 to 45 from 2001 and 2008³⁸. Out of the twenty foreign films that are allowed to be imported each year, nearly all come from Hollywood³⁹. In the cartoon industry, which

²⁹ CMM Intelligence, *China Media Yearbook & Directory*, China, 2008.

³⁰ Source: Chinese National Bureau of Statistics (2008).

³¹ Zhang Hongxing, Lauren Parker (edited by), *China Design Now*, V&A Publishing, 2008.

³² Bartz, Jing *The conditions of Private Publishing in China*, 2008.

³³ Claydon Gescher Associates, *Changing China – The Creative Industry Perspective: A Market Analysis of China's Digital and Design Industries*, UK Trade & Investment, 2004.

³⁴ Entgroup, [China Film Industry Report 2009-2010](http://english.entgroup.cn/Report02.html), Available at (short version): <http://english.entgroup.cn/Report02.html>

³⁵ *Ibid.*

³⁶ *Ibid.*

³⁷ Michael Keane, "Exporting Chinese Culture, Industry Financing Models in Film and Television", *Westminster Paper in Communication and Culture*, 2006.

³⁸ Media Consulting Group, *The Potential for Cultural Exchanges Between the EU and Third Countries: the case of China*, Study prepared for the European Parliament – Directorate General for Internal Policies, 2009.

In *joint productions/co-productions*, Chinese and foreign partners make joint investments (cash, labour, production resources, etc.), jointly produce a film and share rights, benefits, as well as risks in the proportion of their respective investments.

In *assisted productions*, the foreign partner provides the creative staff, while the Chinese part assists with the production facilities (equipment, studio) and technical staff.

In *commissioned productions*, the foreign party invests funds while the Chinese partner undertakes the production the production (applicable mainly to short films).

³⁹ *Ibid.*

is experiencing a big change due to the increasing connection with the game and computer industries (i.e. new computer animation software), the American and Japanese industries remain popular. However, China has now been able to develop and export its own brands. The country's cartoon and animation exports totalled nearly € 22 million in 2009, a surge of 150% from the previous year⁴⁰.

Design and Architecture shape China's identity while strongly contributing to its economy

Design is the most important creative industry for the Chinese mainland. There is a tangible desire to see a shift from "Made in China" to "Designed in China" — many of China's designers are returnees who have brought home not only valuable skills and experience but considerable ambition. Cities like Beijing and Shanghai have built a number of specialist design institutes within the so called 'knowledge centres' with the aim of differentiating them within China and building economic strength – Shenzhen has for instance become a UNESCO City of Design. Businesses like the computer products company Lenovo, Philips China and the mobile phone manufacturer Ningbo Bird are investing in design to strengthen their brands. Exports of design goods in 2005 amounted to \$ 47 billion (approximately € 33,38 billion)⁴¹, accounting for a 21% world market share, and showing an average growth rate for the period 2000-2005 of 17.1%. Jewellery and fashion are the most competitive products in terms of value of exports and market share (brands such as Cha Gang and Exception are becoming popular). These figures, however, may misrepresent the current state of the Chinese design sector, mainly due to the dubious origin of the original design of goods exported such as toys. Graphic design is also not yet developed as a profitable branch of the industry. Many professional graphic design studios rely on work from galleries and art spaces such as Beijing's 798 Art District and Shanghai's Moganshan Road. At present, except for Shenzhen (the birthplace of contemporary Chinese graphic design) China's best graphic designers and studios are all around Beijing and Shanghai. Design is however a policy and business priority in China.

Architecture is "re-branding" Chinese major cities, while strongly contributing to their economy. Shanghai made huge investments in the city's infrastructures for the World Expo 2010. In Beijing and Shanghai, architecture contributes to 25.55% and 12.62 % of their turnover⁴². As China opens up to international influence, the government is making it easier for foreign architects to work in China. There are a growing number of private firms, mostly established by architects who returned after studying/working abroad⁴³. Linkage with international centres of design excellence is delivering access to world-class learning (European architects like Rem Koolhaas, for instance, have been called in to contribute to flagship projects during the Olympics and the World Expo 2010, i.e. the CCTV building, the National Olympic Stadium) and new architecture programmes have been set up.

Music and Performing Arts are weak but benefit from change

Music and Performing Arts are weak sectors in China, but they are benefiting from the digital shift (music) and privatisation reforms (music and performing arts). China is creating a new music industry from scratch. Although recorded music's total sales figures in 2007 decreased compared to 2006 (€ 57.19 million⁴⁴, down 10.4%), music sales grew by 8% in 2008, aided by digital growth.

⁴⁰ http://www.chinadaily.com.cn/business/2010-03/12/content_9582338.htm

⁴¹ UNCTAD, *Creative Economy Report*, United Nations Conference on Trade and Development, 2008.

⁴² *Design, Architecture and the Creative Industries*, Embassy of the Kingdom of the Netherlands to China, 2009.

⁴³ See Part III for more details.

⁴⁴ IFPI, *Recording Industry in Numbers 2009 – China*.

64% of music sales come from digital platforms, with mobile sales accounting for 82% of music sales⁴⁵. These figures put China 34th in the world for recorded physical music sales and 9th for digital music sales. Strong demand for musical content for online and mobile platforms is expected to develop in the future thanks to its mobile and broadband subscriber base. In the digital world, young generations are pioneering a Chinese musical culture. The first major online hit, *Mice Love Rice* by Chinese singer Yang Chengang, caused shock waves throughout China's nascent music industry. At the height of its popularity, six million copies of the track were being downloaded every day, making this China's top hit song for 2004 (it was made available on the internet for free)⁴⁶. Digital strategies and new business models are advancing rapidly. Legal digital music downloading websites such as Aigo, Top100.cn, A8 or R2G have started collaborations with the four major music companies⁴⁷ using the traditional joint venture channel. The rights management business has a great future in China as rights enforcement is improving. Revenues of collective rights management bodies in relation to the use of music are set to grow rapidly in the coming years. The Music Copyright Society of China's (MCSC)⁴⁸ total revenues reached € 36.89 million in 2008⁴⁹.

In the performing arts sector, most of the companies are extremely dependent on governmental support. There are a total of 4,512 performing arts troupes in China, 2,476 of which are State-owned and receive public subsidies and 2,036 are private or mixed public/private partnerships⁵⁰. However, performances have a certain success: performing arts venues across China host 110 million visitors per year⁵¹. The advanced development of the market economy in most economic sectors gives a hint of the prospects in this sector. Private investment is now allowed for renovation and construction of performance venues⁵². Foreign investors can also take part in China/foreign joint ventures or cooperative enterprises engaging in performance brokerage or providing performance places⁵³⁵⁴. In 2007, about 11 new cultural venues were built, including the National Centre for the Performing Arts (NCPA) (designed by French architect Paul Andreu) and the Mei Lang Fang theatre. Live music performances are not well developed yet. However, one of the most remarkable phenomena of the reform period has been the emergence of an active rock music scene in China (yaogun yinye). The first rock band, Wan-Li-Ma-Wang was set up in Beijing in 1980.

Visual Arts and Crafts and Cultural Heritage attract investors and tourists from all over the world

China has become one of the most important epicentres for art collectors, curators, organisers and art business operators. In 2007, auction houses recorded revenues of € 2.16 billion, transforming China into the third auction market in the world after US and UK⁵⁵, while the auction turnover grew

⁴⁵ *Ibid.*

⁴⁶ Zhang Hongxing, Lauren Parker (edited by), *China Design Now*, V&A Publishing, 2008.

⁴⁷ Warner Music Group, (created Warner Music China), EMI (joint ventured with Push Typhoon), SonyBMG (with Shanghai Audio and Visual Press), and Universal Music (partnered with Shanghai Media Group).

⁴⁸ http://www.mcsc.com.cn/xhjj_e.htm

⁴⁹ Xu Jun, *The Copyright Management in China – China Audio-Video Copyright Association*, 2010.

⁵⁰ *Zhongguowenhua wenwu tongji nianjian*, Ministry of Culture Budget Planning Office and National Cultural Relics' Bureau, 2008.

⁵¹ *Ibid.*

⁵² <http://en.cnci.gov.cn/Law/LawDetails.aspx?ID=6998&p=4>.

⁵³ http://www.bjreview.com.cn/document/txt/2010-02/21/content_247499.htm

⁵⁴ Richard Wageman, Stan Abrams, and Belinda Tang, Foreign Investors Permitted in China's Live Performance Market, *China Trends Newsletter*, 8 April 2008. Accessible at: http://www.dlapiper.com/live_performance_market/.

⁵⁵ http://www.chinadaily.com.cn/bizchina/2008-03/03/content_6503270.htm.

by 300% between 2005 and 2008⁵⁶. Until quite recently the 'artistic world' as an organised system of artists, critics, art galleries, curators, collectors and academics did not exist in China. Private 'cultural enterprises' have now emerged, thereby changing the 'art system' and providing the basis for the art market to expand nationally and internationally. Between 2001 and 2005 there was more Chinese art displayed abroad than in China, while now 94% of Chinese galleries display Chinese art and 30% foreign art⁵⁷. From 2000 to 2005, its export grew by almost 11%⁵⁸. The market for visual arts has also expanded because they are increasingly considered a distinctive element for cities' regeneration and tourism (see case study on the 798 Art District).

Concerning the crafts sector, although little information is available, current data reveals that China is taking the lead as a world exporter of artisan products, which show a strong diversification. Exports grew by more than 14% from 2000 to 2005 for a total market share in 2005 of 24.10%⁵⁹.

Case study: the 798 Art District

Beijing is home to one of the most emblematic and successful art clusters in China: the 798 Art District. Chinese artists saw a great potential in this factory complex named "798" which used to host the electronics company Seven Star. Artists started to use the space available for studios and galleries, with events (visual art, video-art, net-art, publishing, etc.) tolerated and eventually supported by the Government. Starting as an underground contemporary art zone, the ex-factory soon attracted international audiences wishing to visit new cultural landmarks.

Since the opening of the first gallery in 2002, business dealings passed from 15 by the end of 2003 to 30 by 2004 up to nearly 200 in 2008⁶⁰. Basically, in a few years, the 798 Art District became the 'Chinese SOHO', on the model of the New York creative neighbourhood.

When Seven Star tried to demolish the district, artists started a powerful lobbying campaign, with strong support from the press and media. Not only the site survived, but the Government selected it as a 'Cultural Industry Cluster', providing to the district new growth and development opportunities. The 798 Art District is now legally placed under the supervision of Seven Star Co. and became an institutionalised place. The number of artists peaked at around 70 in 2006 and then began to wane when rents sky rocketed.

Preservation of historical artefacts and sites helps China communicate its history and culture to an increasing number of visitors. Now about 70,000 cultural heritage sites are under protection⁶¹ on the basis of the World Heritage Convention rules, and memorandums of understanding have been signed between China and Italy⁶², Greece⁶³ and other countries in the world to cooperate on the protection of cultural heritage and to prevent the theft of artefacts. According to the Ministry of

⁵⁶ Li feng, *An Analysis of China Contemporary Art Auction*, Artzine, 2006 (<http://www.artzinechina.com>), and auction.artron.net.

⁵⁷ www.galley.artron.net

⁵⁸ UNCTAD, *Creative Economy Report*, United Nations Conference on Trade and Development, 2008.

⁵⁹ *Ibid.*

⁶⁰ Media Consulting Group, *The Potential for Cultural Exchanges Between the EU and Third Countries: the case of China*, Study prepared for the European Parliament – Directorate General for Internal Policies, 2009.

⁶¹ <http://chinagate.cn/english/reports/48279.htm>

⁶² The Asian Development Bank (ADB), *Country Partnership Strategy, Report*, February 2008.

⁶³ <http://www.fmprc.gov.cn/eng/wjdt/2649/t233106.htm>

Culture, from 2000 to 2007 the Beijing government invested € 540 million in 139 projects for the conservation of the city's historical sites. From 2008 to 2015, the Government's contribution will increase to € 15.4 million a year. This is a significant increase compared with the € 580,000 investment spent generally on conservation each year⁶⁴. Large-scale museums, such as the Shanghai Museum and the Capital Museum, have undergone upgrades in infrastructure, research and display, management and operation. Visits to heritage have contributed to a boom in the Chinese tourism industry. During the past three years, the number of tourists visiting the Badaling section of the Great Wall, for instance, has soared, rising from around 5 million to more than 6 million each year⁶⁵.

2.3. The European Union – General Overview

European CCIs are worth 2.6% of the EU's GDP, and generate a turnover of more than € 654 billion (2003), much more of that generated by the car manufacturing industry (271 billion⁶⁶ in 2001) and by ICT manufacturers (€ 541 billion in 2003)⁶⁷. Overall, the growth of CCIs in 1999-2003 was 12.3% higher than the growth of the general economy⁶⁸.

Almost five million people work in the cultural sector (2005), or 2.4% of the active population in the EU⁶⁹ (6 million if we include people working in cultural tourism⁷⁰). This corresponds to a positive development of employment in the sector of 1.06% from 2002 to 2005. More recent data at national level unveils an increase in the employment rates in these sectors against the employment trends of the general economy (+1.8% vs. -0.2% in Germany from 2008 to 2009)⁷¹. A high percentage of persons working in the cultural field are self employed, 29% compared to 14% in the total working population (2005)⁷². Work is usually more flexible (although also insecure) in this sector, with 25% having part-time jobs compared to 17% in the working population as a whole, and requires high mobility. Cultural workers are also generally better educated, with 48% having a university degree compared to 25% for the workforce in general. It can be concluded that cultural employment is of an 'atypical' nature and for this reason it is a frontrunner of tomorrow's job market: more flexible, project-led, requiring mobility and high qualifications.

The European 'creative growth' is mainly secured by a myriad of small (fewer than 10 employees) and micro businesses, as well as self-employed/freelancers, which essentially dominate the sector. In the music sector, 80% of the companies are SMEs⁷³. However, Europe is also home to world-known companies, like the Bertelsmann Group, Vivendi Universal, the Pathé Group, Mediaset, RAI

⁶⁴ Media Consulting Group, *The Potential for Cultural exchanges Between the EU and Third Countries: the case of China*, Study prepared for the European Parliament – Directorate General for Internal Policies, 2009.

⁶⁵ http://www.china.org.cn/travel/2010-06/11/content_20236255.htm

⁶⁶ "The European Motor Vehicle Industry, Key Figures 2005", a report from the ACEA (Association des Constructeurs Européens d'Automobiles – European Automobile Manufacturers Association), Brussels, March 2006.

⁶⁷ "Restoring European economic and social progress: unleashing the potential of ICT", a report for the Brussels Round Table (BRT) by Indepen, Brussels, January 2006.

⁶⁸ KEA, *The Economy of Culture in Europe*, Study completed for the European Commission – DG Education and Culture, 2006.

⁶⁹ EUROSTAT, Cultural Statistics, 2007.

⁷⁰ EUROSTAT, Cultural Statistics, 2005.

⁷¹ Federal Ministry of Economy and Technology, Cultural and Creative Industries in Germany 2009 – *Monitoring of selected Economic Key Data on Cultural and Creative Industries*, 2009.

⁷² EUROSTAT, Cultural Statistics, 2007.

⁷³ KEA, *The Economy of Culture in Europe*, Study completed for the European Commission – DG Education and Culture, 2006.

Cinema, the Gucci group, to name a few. The interaction between large and small players is crucial to ensure the discovery of new talent. Big companies often rely on SMEs to discover and fund new creators.

The public sector contributes significantly to the cultural and creative activities, but its contribution is difficult to grasp. It has a direct impact through public funds⁷⁴, but also through preferential measures in investment quotas and reduced VAT, or by providing fiscal advantages to attract private donations and sponsorship⁷⁵. Furthermore, it contributes to the 'public value' of culture, which can be described as the values attached to accessing culture and knowledge education, identity building, social cohesion, etc. The public-private support model is a distinctive feature of European countries.

The overall economic and social weight of the cultural and creative sectors is, however, largely underestimated. Available statistical indicators do not take into account important elements like the value of collective rights management, the entire value of trade in cultural products and services including e-commerce, the investment in intellectual capital (i.e. intangible assets) and the contribution of the public sector. Cultural sectors such as design, performing arts and architecture are largely unaccounted for in statistics.

2.3.1. The European Union – Sector-specific overview

Music, Film and Video, TV and Radio and Publishing are the most vibrant cultural industries

Music is one of the most established and vibrant cultural industries in Europe. Two and a half of the four music majors (Universal, EMI and BMG, part of the Sony-BMG joint venture) are based here. However, the majority of European record companies are dynamic SMEs, often focused on the local market.

Revenues mainly come from three sources:

- The sales of recorded music (mainly CDs but also music DVDs, vinyl and cassettes as well as sales of digital music through online and mobile channels): these show a declining trend (-36% between 2004 and 2008 at retail level representing a loss of € 4 billion in 5 years)⁷⁶ mainly due to digital unauthorised download and insufficient enforcement of IP rights in some countries such as Spain, Greece or Bulgaria⁷⁷. However, music is at the origin of the phenomenal takeup of digital musical players, broadband subscriptions and 3G mobile services⁷⁸, and digital sales are growing (+3% in UK and Germany in 2005⁷⁹). Online and mobile music revenues grew from € 196.3 million in 2005 to about € 1.80 billion in 2006⁸⁰.

⁷⁴ The estimated total public expenditure is € 46.6 billion, varying from 0.5% to 1% of national GDPs. KEA, *The Economy of Culture in Europe*, 2006.

⁷⁵ Although no comprehensive assessment at EU level exists, in the UK, for instance, private support represented around 5% of the total public support to culture in 2004. KEA (2006) – see presentation footnotes in previous studies

⁷⁶ PricewaterhouseCoopers, *Global Entertainment and Media Outlook 2009-2013*.

⁷⁷ IFPI, *The Recording Industry 2006 Piracy Report – Protecting creativity in music*, 2006.

⁷⁸ *Ibid.*

⁷⁹ IFPI, *Digital Music Report*, International Federation of the Phonographic Industry, 2005.

⁸⁰ Screen Digest Ltd, CSM Hasche Sigle, Goldmedia Gmbh, Rightscom Ltd, *Interactive Content and Convergence: Implications for the Information Society*, A study for the European Commission (DG Information Society and Media), 2007.

- Revenues from live music events (concerts, performances): Europe is the largest region for performance rights in the world. In 2008, it accounted for 64.8% of total global distribution⁸¹. In Germany in 2003 live music performances contributed to 60% of the total sector revenues, against 40% from sales of recorded music⁸².
- Revenues collected on behalf of rights holders for the licensing of music rights: Europe is the region where the practice of collective rights management in the music field is most established. Revenues collected by European collecting societies for authors and publishers amounted to € 4.35 billion in 2004 (87% of the music rights management market) compared with € 293 million for record producers and € 350 million for performers⁸³.

The European film industry is characterised by the richness and variety of its world-known talents (Pedro Almodovar, Roberto Benigni, Jacques Audiard, Luc Besson, Ken Loach, etc.), the great number of companies active in the sector (from the majority of SMEs to internationally-known companies such as Pathé Group in France, Fandango in Italy, Constantin Film in Germany or Nordisk in Denmark) and the large number of films produced (in 2009 close to 900 films⁸⁴). 2009 was a record-breaking year. At the box office, earnings reached a record high (€ 6.27 billion), a hefty 12% rise from the 2008 total⁸⁵. However, European productions are not always matched by an effective distribution structure. The European film distribution market is dominated by US-affiliated companies which highly benefit US productions (almost 80% of the European box office). The digital uptake is radically transforming the film industry value chain. VOD is on the rise and close to 700 on-demand and catch up services exist in Europe⁸⁶. Some estimates state that overall VOD spending will increase from \$ 1.20 billion (approximately € 8.52 billion) in 2010 to \$ 3.4 billion (approximately € 2.44 billion) in 2013⁸⁷.

The European broadcasting industry represents one of the most important in the world. Between 1995 and 2002, its revenue increased by about 6.5% a year.⁸⁸ Today it amounts to over € 86 billion⁸⁹. Around 200 million households own a TV in Europe⁹⁰, while the sector counts 5,603 companies⁹¹ active in the sector and 7,778 television channels. The European TV sector is characterised by the duality between public and private companies, with the private sector experiencing significant growth. From 1997 to 2002, private pay-TV packagers contributed the

⁸¹ Music and Copyright, October 20, 2010, Issue 422.

⁸² GFK Consultancy, Study conducted for the German Federal Board of Performing Arts Sector, 2004.

⁸³ KEA, *The Collective management of rights in Europe – The Quest for Efficiency*, study prepared for the European Parliament, July 2006.

⁸⁴ European Audiovisual Observatory, Film and Home Video, 2010.

⁸⁵ Ibid. A summary of European statistics can be found at: http://www.filmjournal.com/filmjournal/content_display/news-and-features/features/cinemas/e3i3e9fe8a77ad6bd90b6a2298efa4096c2.

⁸⁶ KEA, *Multi-Territory Licensing of Audiovisual Works in the European Union*, Report prepared for the European Commission – DG Information Society and Media, 2010.

⁸⁷ PricewaterhouseCoopers, Global Entertainment and Media Outlook 2009-2013.

⁸⁸ *Study on the impact of measures concerning the promotion of the distribution and production of TV programmes (Community and national) provided for under Article 25 (a) of the directive on television without frontiers* - Report completed by David Graham & Associates Limited for the European Commission, Directorate-General for Information Society and the Media, Brussels, 2005.

⁸⁹ Oliver & Ohlbaum Associates Ltd, "The production of broadcasts and remuneration of rights: a business perspective", 2009.

⁹⁰ Dataxis, *Digital Television Data – EU Market for Digital Television*, Report prepared for the European Commission – Information Society and Media Directorate-General, 2006.

⁹¹ European Audiovisual Observatory, <http://mavise.obs.coe.int/>.

most to market growth (26%), while 5% came from public broadcasters⁹². During the same period, out of the total revenue of the sector, most came from advertising (37%), consumer payments for pay-TV services (31.1%) and licence fees (24.9%)⁹³. The TV subscription and licence fee market is estimated to grow by 5.3% from 2009 to 2013⁹⁴. In addition to contributing to the European economy, European broadcasters are key investors in content creation. In 2006-2007, € 37.6 billion (44%) out of the total revenues of the European broadcasting industry was invested in content⁹⁵. ICT and the digital switchover (to be completed by 2012) is radically changing TV services across Europe as well as opening new development opportunities. New actors are entering the market (cable operators, telecommunication companies), new services are being developed (mobile TV, IPTV, VoD, etc.) and new channels are being launched. Online TV programmes' revenues increased from € 4.5 million in 2005 to € 689 million in 2006 thanks to VOD and digital advertising⁹⁶.

The publishing sector plays an important role in the economy of culture in Europe. Some European publishers like the Germany-based Bertelsmann group or the French group Lagardère are world leaders. The cultural and linguistic diversity that defines Europe's identity is well reflected in the wealth of national, regional and local publishers that operate in Europe. A total of about 510,000 new titles were issued in 2008, and more than 150 million newspapers are sold and read by over 300 million Europeans every day. The publishing industry (books, magazines and newspapers) employs more than 1 million people. Publishers are, however, adapting to the digital shift and are looking into new business models.

Advertising is a major creative industry

In 2003, the advertising sector generated € 32 billion in value added and a total turnover of € 121 billion – the principal contributor in terms of turnover was the UK followed by France, Germany and Italy⁹⁷.

TV companies get the highest quota of advertising spending in Europe (38.5%). Online advertising is growing at 5.6% rate annually (2009-2013) across Europe⁹⁸.

Games and New Media have evident growth potential

In Europe, the online games and new media sector is not as strong as in China, but it is developing fast. The European online game sector collected € 2.48 billion revenues in 2009 from € 1.24 billion in 2006⁹⁹. 25% of Europeans are gaming or listening to online radio and 30% watch video, TV clips

⁹² *Study on the impact of measures concerning the promotion of the distribution and production of TV programmes (Community and national) provided for under Article 25 (a) of the directive on television without frontiers - Report completed by David Graham & Associates Limited for the European Commission, Directorate-General for Information Society and the Media, Brussels, 2005.*

⁹³ *Ibid.*

⁹⁴ PricewaterhouseCoopers, *Global Entertainment and Media Outlook 2009-2013*.

⁹⁵ Oliver & Ohlbaum Associates Ltd, "The production of broadcasts and remuneration of rights: a business perspective", 2009.

⁹⁶ Screen Digest Ltd, CSM Hasche Sigle, Goldmedia GmbH, Rightscom Ltd, *Interactive Content and Convergence: Implications for the Information Society*, A study for the European Commission (DG Information Society and Media), 2007.

⁹⁷ Pekka Alajääskö, "Statistics in brief, Advertising and staff selection in Europe", 2006.

http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-NP-06-013/FR/KS-NP-06-013-FR.PDF

⁹⁸ PricewaterhouseCoopers, *Global Entertainment and Media Outlook 2009-2013*.

⁹⁹ *Ibid.*

or movies at least once a month¹⁰⁰. Now more than 475 million European citizens have a broadband connection (58.4% of the population) and the number of mobile phone subscribers is expected to rise to around 650 million by the end of 2010 (+3% compared to the previous year)¹⁰¹. New media are particularly developed in Northern European countries. However, the most important company is the French Ubisoft which is present in China, too. It has reached international success, with sales more than doubling between 2001 and 2005 and 42% of sales going to North America¹⁰².

Design (including Fashion) and Visual Arts and Crafts feature world leaders

Within the design sector, fashion is certainly the most important industry. Europe is home to world-leading fashion groups LVMH (Louis Vuitton, Christian Dior, Givenchy, Fendi, Kenzo, Donna Karan), PPR (Gucci, Yves-Saint-Laurent, Balenciaga, Sergio Rossi), the Prada and the Giorgio Armani groups. These registered total revenues of more than € 13 billion in 2005¹⁰³. The design process is also an innovation 'source' for companies outside of the creative sectors¹⁰⁴. Danish companies, for instance, invest an annual € 0.7 billion in the external procurement of design (2002)¹⁰⁵. Companies investing in design have seen a growth in gross revenues of 22% from 1999 to 2004, and those who were regular purchasers of design and have increased their investment in design have achieved a further increase in gross revenue of 40%¹⁰⁶. In the UK, total design spending by companies in 2008 was £92 million (approximately € 104 million), representing 2.1% of the turnover of the companies surveyed¹⁰⁷.

The visual art market is well developed thanks to key actors, like Sotheby's and Christies. Today auction houses account for 52% of the global arts market, with this figure at 46% on the European market¹⁰⁸. In 2005 Christies recorded approximately € 2.5 billion in sales, while Sotheby's (London) stood at € 2.1 billion¹⁰⁹. Specialist fairs also contribute to the art market. Europe hosts some of the most important art fairs in the world, such as Art Basel in Switzerland or Art Frieze in London. Last but not least, European cities are filled with art galleries of every kind, which contribute to the economy. A French survey has unveiled that in 2004 the average turnover of art galleries was € 800,000 and the volume of their commercial transactions was estimated to be higher than that of auction houses¹¹⁰.

For crafts, industry data at national level remains scarce. One of the most recent surveys on the topic has been conducted in the UK: "Some 32,000 makers generated a turnover for England and

¹⁰⁰ <http://www.multilingual-search.com/statistics-internet-mobile-access-europe-2010/01/06/2010/>

¹⁰¹ Source: European Information Technology Observatory, http://www.eito.com/pressinformation_20100811.htm

¹⁰² KEA, *The Economy of Culture in Europe*, Study completed for the European Commission – DG Education and Culture, 2006.

¹⁰³ KEA, *The Economy of Culture in Europe*, Study completed for the European Commission – DG Education and Culture, 2006.

¹⁰⁴ UK Design Council, *Lessons from Europe – Report on the multi-disciplinary design education fact-finding visit to the Netherlands, Denmark and Finland*, 2007.

¹⁰⁵ Danish Design Centre, *Study of the Danish Design Centre for the National Agency for Enterprise and Housing*, 2003.

¹⁰⁶ Margaret Bruce, Lucy Daly, *International Evidence on Design*, Manchester Business School 2006.

¹⁰⁷ UK Design Council, *Company spending on design: exploratory survey of UK firms 2008*.

¹⁰⁸ TEFAF Report, *The European Art Market in 2002*.

¹⁰⁹ KEA, *The Economy of Culture in Europe*, Study completed for the European Commission – DG Education and Culture, 2006.

¹¹⁰ Survey by the French Professional Committee of Art Galleries, 2005.

Wales for 2003 of £826 million (approximately € 939 million), which is greater than the fishing division, the forestry and logging division, the manufacture of motorcycles and bicycles or the manufacture of sports goods¹¹¹.

Cultural Heritage and Performing arts generate considerable indirect impacts

Europe is the most visited destination in the world¹¹² and European museums are amongst the most attractive. The Louvre (Paris) and the British Museum (London) were the world's most visited attractions in 2008, drawing 8.5 million and 5.93 million people respectively¹¹³. Promotion of cultural heritage generates indirect returns thanks to investment in support services (heritage services, restoration works), and regenerates urban landscapes. The Guggenheim Museum in Bilbao is an example of how culture can contribute to local development and help a region to rehabilitate. In 2005, it registered € 26 million of direct revenues (mainly tickets and sponsorships) and € 139 million of indirect revenues (restaurant, shopping, hotels, etc)¹¹⁴. Preservation is a priority for cultural policy in countries such as Italy, Greece or France, which invest significant resources in the preservation of cultural sites. A 2004 report from the Fundación Caja Madrid¹¹⁵ shows that European countries spend, on average, 45% of their cultural budget on conservation, restoration and rehabilitation of cultural heritage, an average of € 575 million per year. In Europe, historic rehabilitation creates 16.5% more jobs than new construction, and every direct job in the cultural heritage sector creates 26.7 indirect jobs. Compare this to the auto industry, where the factor is only 6.3 to 1¹¹⁶.

European performing arts have an international reputation ranging from old tragedies of the Ancient Greeks to the most avant-garde dance ballets, and including a vast array of symphony orchestras (LSO, Concertgebow, Vienna and Berlin Philharmonic, etc.) or theatres (e.g. La Scala in Milan – Italy) to the numerous music and performing arts festivals across Europe. The most visited include the Sziget Festival, Budapest (350,000 visitors each year), the Glastonbury Festival, UK (170,000) and the Rock Werchter, Belgium (110,000)¹¹⁷. In Ireland, a survey unveiled that the total direct and indirect economic impact of the industry's expenditure amounts to € 147 million (2004), which by far surpasses the public subsidies received¹¹⁸. In the UK, some 531 theatres are considered to make up the building blocks of UK theatre with an overall economic impact of € 2.95 billion per year¹¹⁹. In 2009, more than three million theatre-loving foreign tourists spent £2.8 (€ 3.1) billion on visits to the UK that included a trip to the theatre¹²⁰.

¹¹¹ Arts Council England, Arts Council of Wales, *A socio-economic survey of crafts activity in England and Wales, 2002-3*.

¹¹² United Nations World Tourism Organization (UNWTO) *Tourism Highlights*, 2010.

¹¹³ Art Newspaper Annual ranking: <http://www.bloomberg.com/apps/news?sid=aB0KREQwXkQ0&pid=newsarchive>

¹¹⁴ Balance 2005 Guggenheim Bilbao.

¹¹⁵ ALONSON HIERRO (Juan), MARTIN FERNANDEZ (Juan) *Preservación del patrimonio histórico de España. Análisis desde una perspectiva económica*, Fundación Caja Madrid, 2004.

¹¹⁶ Terje Nypan, "Cultural Heritage Monuments and Historic Buildings as Generators in a Post-Industrial Economy", in *Culture: New Jobs and Working Conditions through New Information Technology*, proceedings of the vertikult workshop at the annual MEDICI conference. 13-14 November, 2003, Milan, Italy.

¹¹⁷ http://www.associatedcontent.com/article/2884660/the_5_largest_music_festivals_in_europe.html?cat=33

¹¹⁸ Fitzpatrick Associates, *Economic Impact of Professional Performing Arts in Ireland, 2004*, undertaken on behalf of Theatre Forum.

¹¹⁹ *Economic Impact Study of UK Theatres*, Arts Council of England, 2004.

¹²⁰ <http://www.officiallondontheatre.co.uk/news/latest/view/item112268/Theatre-going-tourists-spend-%25A32-8-billion/>.

Architecture talents attract international partnerships, but comprehensive data is not available

There is no comprehensive data about the impact of architecture on the European economy. However, international collaboration, especially with China, shows the global interest in EU architecture talents. EU-China collaborations have led to flagship architecture projects. The Dutch Rem Koolhaas of the international architecture studio OMA took part in the project for the new China Central Television headquarters, the Swiss Herzog & de Meuron contributed to the National Stadium in Beijing, the British Foster + Partners to the Beijing's Capital Airport and the French Paul Andreu to the building of the Grand National Theatre in Beijing.¹²¹

3. Creative clusters in the EU and China

Clusters have become a key tool for triggering innovation and stimulating competitive growth. Clusters help gather knowledge in these areas to gain competitive advantage. They provide access to distant markets, foster international partnerships and attract international managers as entrepreneurs.

CCIs' clusters are particularly strong at attracting different forms of talent (artistic, technological and economic). They usually concentrate in cities.

In European cities and regions *"the power of culture-based investment to transform formerly derelict areas and to inject new life into tired or conventional urban districts has been well established"*¹²². The Ruhr region (Germany) has rehabilitated the Zollverein mining complex where it created a museum, a training academy for Management and Design and established a quinquennial World Design Forum and a Business Park with incubation facilities¹²³. Cultural development strategies have been implemented also by European networks of creative cities (such as ECCE¹²⁴) or major cities such as Barcelona (Spain)¹²⁵ or Paris¹²⁶, for instance.

China's creative industry parks or clusters have increased, too, fuelled by 'Cultural and Creative Industry Promotion Centres'. Since 2004 the Ministry of Culture has hitherto nominated 134 National Demonstration Cultural Industry Bases and four National Cultural Industrial Parks. Besides these, different provinces and cities are also taking the initiative to boost the development of local cultural industry clusters: in 2005, Shanghai proclaimed 36 such clusters; by the end of 2006, Beijing had designated 18 key projects with another 12 scheduled for commencement by 2010; Chongqing plans 50 by 2010¹²⁷; and Shenzhen had established 20 creative clusters by 2009¹²⁸. The majority are based in new city facilities serving as bases for the movie, TV, software and high-tech industries, while others are in disused industrial areas or historic areas redeveloped into shopping zones (i.e. Shanghai's Xintiandi leisure street).

¹²¹ <http://www.isbe.org.uk/nestaCI>

¹²² CSES, ERICarts, *Study on the Contribution of Culture to Local and Regional Development – Evidence from the Structural Funds*, Report prepared for the European Commission – DG Education and Culture, 2010.

¹²³ <http://www.essen-fuer-das-ruhrgebiet.ruhr2010.de/>

¹²⁴ <http://www.ecce-innovation.eu/>

¹²⁵ <http://www.22barcelona.com/>

¹²⁶ <http://www.capdigital.com/>

¹²⁷ Michael Keane, *Created in China: The Great New Leap Forward*, Routledge, 2007.

¹²⁸ UNESCO Creative Cities Network, Shenzhen UNESCO City of Design, 2009.

4. General Considerations

Cultural and creative industries in China and the EU are significant economic sectors and a driver of competitiveness and growth. In China the media industry grew at a rate of 41% between 1981 and 1992 and became China's fastest-growing industry at the time¹²⁹. In Europe employment in CCI's has steadily increased (by 7% in Germany for instance from 2003 until 2009)¹³⁰.

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.

Economic data	EU ¹³¹	China ¹³²
Turnover	More than € 654 billion in 2003	€ 47.6 billion in 2006
Value added to GDP	2.6% of EU GDP in 2003	2.45% of GDP in 2006
Employment	In 2004, almost 6 million people were employed = 3.1% of total employed population in EU27 ¹³³	In 2006, 11.32 million employed = 1.48% of total employed population
Trade	The export of cultural services from the EU 27 to China has increased, growing from € 31 million in 2004 to € 49 million (+58%) ¹³⁴ .	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 ¹³⁵ .
Contribution to growth	12.3% higher than growth of the general economy	6.4% higher than growth of the general economy

Nevertheless, the EU and China have common challenges to face: first of all to accurately measure the potential of the sector, and then to ensure its full development in particular through a better use of IP as a tool for trade exchanges.

The economic overview suggests that the EU and China lack harmonised definitions or comparable statistical data. Collaboration should therefore be established to answer the common need to:

- Develop statistical methodologies to collect data and indicators, especially with reference to cultural and creative SMEs, as they constitute the bulk of the CCI's;
- Measure the spillover effects on traditional industries¹³⁶: as a 'green industry' using fewer inputs but providing higher added value than traditional industries, cultural industries act as a driving force for other industries, generating strong 'spill-over effect', for example on tourism or ICT (i.e. new devices for cultural content such as music or videos).

¹²⁹ *Modern Chinese Culture*, Cambridge university press 2008.

¹³⁰ *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.

¹³¹ Source: KEA, *The Economy of Culture in Europe*, Study completed for the European Commission – DG Education and Culture, 2006.

¹³² Source: Chinese National Bureau of Statistics (2008).

¹³³ Data Source: Eurostat, Cultural Statistics, 2005.

¹³⁴ UNESCO, *International Flows of Selected Cultural Goods and Services, 1994-2003*, UNESCO Institute for Statistics, 2005.

¹³⁵ 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.

¹³⁶ See, for instance, KEA, *The Impact of Culture on Creativity*, Study prepared for the European Commission – DG Education and Culture, 2009; or KEA, *The Contribution of Regional Film Funds to cohesion, cultural diversity, growth and creativity*, Cine-Regio, 2009.

China's and Europe's creative industries are addressing similar challenges, namely:

- US domination or oligopolistic behaviours in some cultural sectors.
- Digital shift and piracy: in China, 30% of book sales are pirate and 95% of CDs are of pirate origin¹³⁷, while in Europe, a recent study estimates that piracy will cost Europe 1.2 million jobs and € 240 billion in lost incomes by 2015¹³⁸. Rights enforcement in the digital age is a common regulatory issue whose resolution will impact on the ability of CCIs to remain sustainable.
- The global demand for content, estimated at more than \$ 500 billion (approximately € 355 billion)¹³⁹, needs to be satisfied.
- Adopt the appropriate support policies for creative and cultural SMEs, in accordance with their significant contribution to the economy. In China, SMEs in general contribute to 60% of industrial output, 40% of tax revenue and 60% of total exports, and create 75% of urban jobs¹⁴⁰. In the CCIs, most businesses are initiated by individual talents running micro or small companies. Design SMEs account for 6,000 companies with 60,000 employees in Shenzhen alone¹⁴¹. In Europe, SMEs represent 99% of total enterprises and provide around two-thirds of all employment¹⁴². In the publishing sector between 85% and 95% of firms employ fewer than 10 people, while in architecture a large percentage of the workforce is self-employed, especially in Italy¹⁴³. Furthermore, SMEs are used to taking risks and are more likely to invest in new talent.
However, SMEs have little means of accessing foreign markets, often lacking distribution infrastructure and marketing muscle to develop internationally¹⁴⁴.

PART II – Overview of the cultural and creative sectors' policies and governance in the EU and China

1. Introduction

The EU–China High Level Cultural Forum, held in Brussels on 6-7 October 2010, is an important step towards increasing cooperation and trade in the field of culture. The Chinese Prime Minister Wen Jiabao and the President of the European Commission José Manuel Barroso called for a stronger partnership on culture to contribute to mutual understanding, and reminded listeners of the importance of China and Europe as birth places of civilizations.

"We need to encourage exchanges between our cultural industries, and we need to mobilise young people to ensure that EU-China cultural relations develop even further in the future" the Chinese

¹³⁷ UK Trade & Investment, *Changing China – The Creative Industry Perspective*, 2004.

¹³⁸ TERA Consultants, *Building a Digital Economy: The Importance of Saving Jobs in the EU's Creative Industries*, 2010.

¹³⁹ PricewaterhouseCoopers, *Global Entertainment and Media Outlook 2009-2013*.

¹⁴⁰ ILO Report on Global Employment Trends, 2003.

¹⁴¹ *Design, Architecture and the Creative Industries*, Embassy of the Kingdom of the Netherlands to China, 2009.

¹⁴² EIM, *Annual Report on EU Small and Medium-sized enterprise*, 2009.

¹⁴³ Cultural Statistics, EUROSTAT, 2007.

¹⁴⁴ Frédéric Martel, « Mainstream, Enquête sur cette culture qui plaît à tout le monde », Flammarion, 2010.

premier stated at the forum. Echoing his prime minister, Chinese culture minister Mr Cai said "we are well aware that the rise of a country requires cultural as well as economic development".

The EC and Chinese authorities announced that the agenda of next year's High Level Cultural Forum will deal with culture and creative industries, and that 2012 will be the year of the Intercultural Dialogue.

This section looks into the main actors of the Chinese and European cultural policies (governance) and the main policy priorities from an international perspective.

2. Cultural policy governance in the EU and China

2.1. The Cultural EU Governance and Policy Agenda

EU Cultural Governance

The European governance model for culture encompasses four levels: European, national, regional and local. The European Union promotes culture in accordance with the subsidiarity principle, which means that the Community only takes action "if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States" (Article 5(3) of the EC Treaty¹⁴⁵). The purpose of this provision is to ensure that EU activities in the area of culture do not impinge on Member States (MS) that have a long experience in supporting cultural and artistic activities.

This document focuses on describing the governance at EU level.

The European Community can only intervene "to contribute to the development of the Member States' cultures, while respecting their national and regional diversity and, at the same time, highlighting their common cultural heritage" and "to foster cooperation between Member States and non-member countries, as well as international organisations"¹⁴⁶.

The EU Community has however to take into consideration culture also in relation to other policy fields. Article 167 of the EC Treaty requires the European Union to take cultural aspects into account in its activities in other areas ('culture compatibility clause'). This means that the EU should take the cultural dimension into account, for instance, in its decisions in trade matters so as to ensure that EU decisions are "culturally compatible".

Furthermore, the European Union has extensive competence over intellectual property, trade and competition law (including reviewing state aid to the cultural industries), VAT rules or external relations, which directly influence the development of culture and creative industries within the EU and beyond.

EU Cultural Policy Agenda

¹⁴⁵ Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 December 2007.

¹⁴⁶ Art. 167 of the Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 December 2007.

The objectives of the European cultural actions have been spelt out by the EC in 2007. The European Cultural Agenda¹⁴⁷ promotes:

- Cultural diversity and intercultural dialogue;
- Culture as a catalyst for creativity;
- Culture as a vital element in the Union's international relations.

The external dimension is a matter of prior consideration for Europe. Export culture means to better define European identity EU citizens as well as foreign countries. According to the EC communication: "The EU will follow a 'twin-track' approach on international relations, consisting of:

- the systematic integration of the cultural dimension and different components of culture in all external and development policies, projects and programmes – as a means of strengthening the quality of its diplomatic efforts, and the viability and sustainability of all EU cooperation activities; and
- support for specific cultural actions and events. Culture is a resource in its own right, and access to culture should be considered as a priority in development policies..."

The document aims also to:

- further develop political dialogue with all countries and regions in the field of culture and promote cultural exchanges between the EU and third countries and regions;
- promote market access, both to European and other markets, for cultural goods and services from developing countries through targeted actions as well as through agreements that grant preferential treatment or trade-related assistance measures.

The "internationalisation" of European culture will from now on also be pursued by a new European External Action Service being set up by the new EC Treaty (Lisbon Treaty). It will also cover culture.

This Cultural Agenda was endorsed by a Council Resolution in November 2007 and by the European Council in December 2007, whereby the European Council recognises the importance of the cultural and creative SMEs as drivers of "*growth, job creation and innovation*" in the frame of the Lisbon Agenda, as well as the need to reinforce their potential. The EU 2020 Strategy¹⁴⁸, the recently adopted flagship Innovation Initiative¹⁴⁹ and the "Green Paper – Unlocking the Potential of Cultural and Creative Industries"¹⁵⁰ also target creative SMEs' needs in order to adequately support their growth potential.

The Green Paper on CCIs proves a real change of approach to culture and creativity, now considered as a key source for the European economy, and confirms the political will to improve

¹⁴⁷ European Commission "Communication on a European Agenda for Culture in a Globalising World", COM(2007) 242 final.

¹⁴⁸ European Commission Communication on "Europe 2020: A strategy for Smart, sustainable and Inclusive growth" COM(2010)2020.

¹⁴⁹ European Commission Communication on "Europe 2020 Flagship Initiative Innovation Union", COM(2010) 546 final.

¹⁵⁰ European Commission "Green Paper - Unlocking the potential of cultural and creative industries", April 2010, (COM (2010) 183).

international exchanges, in particular of small and medium-sized companies. It reads: “*Nurturing world-class CCIs and exporting their works, products and services obviously entails developing links with third countries. SMEs in particular require support to establish contacts and to have their activities promoted abroad. Industry-to-industry dialogue, scouting missions and market intelligence, and collective representation in international fairs are among the specific tools developed to support exports. Cooperation schemes offer both an opportunity for mutual learning and a network of contacts abroad. Facilitating artistic exchanges with third countries is also important to stimulate cultural diversity*”. Furthermore, it invites the Member States to “*encourage more balanced cultural exchanges and reinforce international cooperation and solidarity*”.

Through the Green Paper, the Commission also recognises the importance of culture and creativity as motors of local development, and unveils the important political objective to open more structural funds to culture and creativity. The Structural Funds are the financial instruments of European Union (EU) regional policy, which is intended to harmonise economic and social conditions across European regions and MS. The Funds, which always require co-financing by the MS/region/city, should be used according to three priorities:

- 1) Improve the attractiveness of Member States, regions and cities;
- 2) Encourage innovation, entrepreneurship and the growth of the knowledge-based economy;
- 3) Create more and better jobs.

A recent Commission’s study shows that culture significantly contributes to all these objectives¹⁵¹.

On the basis of the recognised economic and social weight of culture, several other European funding programmes are benefitting cultural and creative activities. Apart from the Culture and Media programmes (€ 400 million and € 755 million) entirely dedicated to cultural projects and the audiovisual sectors, the Structural Funds, the 7th Research Framework Programme¹⁵², or the Competitiveness and Innovation Programme (CIP)¹⁵³ have supported culture and creative industries. The objective is to mainstream culture in other policy areas to stimulate innovation and creativity in society, which is also one of the objectives of the Cultural Agenda.

Last but not least, in the context of its innovation policy, a pillar of the EU 2020 Strategy, the European Commission is launching a major initiative ‘The European Creative Industry Alliance (ECIA)¹⁵⁴’ with the purpose of developing policy instruments to support the development of creative industries in Europe. This initiative is considered a test bed for new support policies and measures for SMEs. It is piloted by DG Enterprise of the European Commission in coordination with DG Education and Culture.

2.2. China’s Cultural Governance and Policy Agenda

China’s Cultural Governance

The Chinese constitution states the importance of the State’s intervention in developing cultural activities, and the constitution guarantees citizens’ rights of conducting artistic creation.

¹⁵¹ CSES, “Study on the contribution of culture to local and regional development – Evidence from structural funds”.

¹⁵² It has financed the CIs project CReATE.

¹⁵³ It has supported the ImMediaTe project, <http://www.europe-innova.eu/web/guest/innovation-in-services/kis-innovation-platform/immediate/about>

¹⁵⁴ http://www.europe-innova.eu/web/guest/home/-/journal_content/56/10136/178407

The Chinese governance model is strongly centralised and major political and legislative powers are administered at national level. However regional and municipal governments are increasingly interested in creativity as a factor in building competitiveness and they are taking an active role in building culture-orientated development strategies. Shenzhen and Shanghai, for instance, which have both successfully applied for the title “UNESCO City of Design”, are interested on how to use culture to brand themselves. There are also specific policies to support the expression of cultures of minority ethnic groups (heritage preservation, translation, production).

In Beijing, Shanghai and Shenzhen, local authorities for cultural and creative industries exist under the municipal government. They mainly deal with the policy making and financing, as well as select and administer projects in compliance with laws and regulations affecting banking, tax, and copyright rules. Local authorities work in cooperation with ‘Creative Industry Leadership Groups’ (State-owned enterprises) for the implementation, administration and sponsorship of bigger projects (like the ICIF or the UNESCO City of Design initiative in Shenzhen). Large cultural groups (not necessarily State-owned) can be nominated as ‘key cultural groups’ in order to invest in local cultural projects and act as local ‘Creative Industries Promotion Centres’.

The national government exerts its control over the cultural industries through different administrative bodies which oversee all creative exchange and processes within the cultural sector, and applies a complex corpus of laws and administrative measures. The approval of national Ministries is needed for different kinds of activities, including import/exports of cultural works, licences for publications or distribution, partnership agreements, etc. (See Part III).

The Ministry of Culture (MoC) deals with general cultural activity such as music, performing arts, literature and design. The MoC is nominally in charge of all activities in these sectors, including regulations and licences.

Within the MoC, the Bureau for External Cultural Relations is in charge of foreign affairs for cultural works, while the Department of Cultural Market Administration deals with research and makes regulations for cultural markets and products. A new Department of Cultural Industry (CI) has been created in 2006 with the task of researching and designing plans, policies and regulations for the CIs.

The State Administration of Radio, Film and TV (SARFT) and the General Administration of Press and Publication (GAPP) have a threefold strategic role of policy planner, legislator and supervisor, in the audiovisual and press sectors respectively. They draft laws and regulations concerning broadcasting, press, publication, supervise different activities (publications, imports, etc.) and apply censorship rules. They also act as agents because GAPP manages the state-owned publishing companies (but there is now an increasing number of private and independent publishing houses affiliated to the State-owned companies) and SARFT runs the China National Radio, China Radio International and the China Central Television. GAPP also approves publication licences for periodicals, books and music. GAPP deals with news regulation, which is often done in concert with the SARFT (for newspapers, magazines and TV respectively).

GAPP and SARFT collaborate with the National Copyright Administration of China (NCAC)¹⁵⁵, the highest authority responsible for copyright issues. It was established in 1985 and its main functions

¹⁵⁵ GAPP and NCAC are strongly linked as before they were both within the Ministry of Culture.

include devising copyright-related policies, drafting laws and regulations, international relations and promoting policies to raise public awareness on IPR protection. Several regions and cities have now set up their own Copyright Administration Agency¹⁵⁶.

Key events for the cultural and creative sectors have seen the active participation of all these Ministries. One example is the China International Cultural Industries Fair (ICIF-Shenzhen), which is hosted by MoC; MOFCOM; SARFT; GAPP; China Council for the Promotion of International Trade; Guangdong Provincial People's Government and Shenzhen Municipal People's Government.

China's Cultural Policy Agenda

The 11th Five Year National Plan, the blueprint for a "Harmonious Society" covering the period 2006-2011, for the first time states the importance of culture and the need for "*satisfying the increasing demand of the people for better cultural and spiritual life*".

China's willingness to become a leading centre for creativity is also expressed by the Report of the 17th National Congress of the CPC (2007) and the Report on the Work of the Government of 2009. The specific work programme for CCIs aims to:

- Adapt the cultural and creative industries to the specificities of the domestic market and to the specific "local culture";
- Use banking sector investment to promote the cultural industries;
- Focus on the international scene and enhance international cultural impact through the creation of platforms for cooperation;
- Reinforce domestic brands and cultural companies by welcoming foreign shareholding and foreign direct investment adapted to China's particular features;
- To export more cultural products "Created in China" and not "Made in China"¹⁵⁷.

Research centres were created to focus on these issues, and important yearly forums were held on international exchange platforms¹⁵⁸ and cultural industries fairs¹⁵⁹. In May 2009, the 5th ICIF took place in Shenzhen to promote the development of China's cultural industry and exportation of Chinese cultural products to international markets. At the 4th ICIF the Vice Minister YI Xiaozhun's of Ministry of Commerce (MOFCOM) – the 2008 chairing Ministry – mentioned in his opening speech that the cultural industry was becoming an important part of a country's "soft power" and that cultural trade had become the focus of competition between countries¹⁶⁰.

Major Chinese cities have welcomed the focus on the creative sectors. Backed by local policy plans enhancing culture and creativity, Beijing, Shanghai and Shenzhen are becoming the leading "creative cities" of China. Referring to the creative industries, the Beijing's 11th Five-Year Plan

¹⁵⁶ Media Consulting Group, *The Potential for Cultural exchanges Between the EU and Third Countries: the case of China*, Study prepared for the European Parliament – Directorate General for Internal Policies, 2009.

¹⁵⁷ Michael Keane, From made in China to created in China, *International Journal of Cultural Studies*, September 2006; vol. 9: pp. 285 – 296; Rod Kemp, "Made" in China to "created" in China: What can the international community offer?, *International Journal of Cultural Studies*, Sep 2006; vol. 9: pp. 267 - 270.

¹⁵⁸ Like the ICIA (Hong Kong, the UK, Australia, the USA and the Netherlands are members).

¹⁵⁹ The Creative China, Harmonious World International Forum, the Shenzhen ICIF (International Cultural Industries Fair) or the Beijing ICCIE.

¹⁶⁰ <http://tradeinservices.mofcom.gov.cn/en/s/2008/icif/35973.shtml>

states that the city “will try to push forward this industry by strengthening organisational coordination and working out relevant guiding and preferential policies”. Shanghai, which has already earmarked the cultural and creative industries in its current policy plan, will merge the cultural and creative industries in its 12th Plan, will also introduce some new elements compared to the National plan and a new government will be set up to oversee the initiatives, as stated by the deputy director of Shanghai Statistics Bureau Zhu Zhanghai during interviews¹⁶¹. The Shenzhen 2005-2010 Blueprint of Cultural Industries has offset a long term plan to transform Shenzhen into a “famous modern city of culture”. It focused on media; animation and games; publishing and circulation; creative design; printing; TV, films and videos; performance arts; and leisure tourism as its eight key cultural industries.

The Ministry of Commerce (MOFCOM), notably through the Department of Trade in services, is devoting substantial efforts to promoting further trade exchanges on culture with Europe. It is encouraging the European Commission to consider funding cooperation activities in the context of the implementation of the technical assistance programme between the EU and China. It has set up bilateral programmes with Germany and the UK to develop trade relationships with copyright industries. It is also pressing for a joint programme with the EU on CCIs with a view to developing B2B activities and cross-licensing activities.

The Chinese government is investing considerable resources in its promotion of Chinese language and culture, best seen in the expansion of the Confucius Institutes to more than 300 throughout the world since their creation in 2004¹⁶².

3. International guiding principles binding the EU and China

China’s and the EU’s cultural policies are shaped by several international Treaties. The WTO treaties (including the TRIPs regulating negotiations on trade in services), the WIPO Treaties (on copyright and related rights), and the 2005 UNESCO Convention on the Protection and Promotion of Cultural Diversity of Cultural Expressions, regulate international trade, copyright protection and public intervention to support culture.

The UNESCO Convention gave a new contribution to international relations, while recognising the special nature of cultural goods (they are not mere merchandise). The EU, its individual Member States and China, all signatories of the Convention, have committed to promoting cultural diversity globally through more balanced cultural exchanges and greater international collaboration, including preferential treatment for developing countries. The Convention enables signatory countries to adopt and/or maintain specific support measures to promote the diversity of their cultural production.

In this context, culture has become an important element of the EU’s trade and cooperation agreements with third countries (e.g. Cariforum between the EU and ACP countries or cultural cooperation protocols with the Andean Community and Central America). China has now signed more than 137 cultural cooperation agreements with partners around the world¹⁶³.

¹⁶¹ <http://www.shanghai.gov.cn/shanghai/node23919/node24528/node24530/userobject22ai40250.html>

¹⁶² <http://english.peopledaily.com.cn/90001/90776/90883/6832121.html>

¹⁶³ http://www.chinaculture.org/gb/en_podium/2003-09/24/content_31704.htm

In 2007, the EC and China signed a Joint Declaration to reinforce cooperation in the cultural field (October 2007)¹⁶⁴ which stresses the importance of including specific reference to culture compared to the previous trade cooperation agreement signed in 1985.

PART III – The main regulatory provisions governing the cultural and creative sectors in China

1. Introduction

China now has a comprehensive corpus of laws, regulations and administrative rules concerning the cultural and creative sectors. Furthermore, foreign investment, content and import regulations have been softened to facilitate international exchanges and foreign investment.

An economic understanding of the sector is crucial to design tailor-made support policies for CCIs. The cultural industries depend on copyright and neighbouring rights to foster content creation. Intellectual property rights grant rights holders the exclusive right to prevent third parties from exploiting their copyrighted works. This enables them to decide how to roll out new services to address the needs of consumers and get rewarded for their creative efforts..

This property right therefore operates both as an incentive to create cultural content with a market value (ensuring that rights holders get remunerated), and as a tool to enable transactions between the rights holders and agents operating in other parts of the value chain, such as distribution networks.

As this mapping document is developed within the framework of the IPR2 project, and considering the key role of copyright regulations for CCIs as well as the limited scope of the assignment, the following paragraphs mainly illustrate the IPR legal framework and provide an overview of the most relevant regulations concerning the cultural and creative industries.

2. IPR framework

2.1. National IPR legislation

Since the accession to WTO (2001), China has made efforts to accelerate the development and implementation of domestic IPR Legislation and to improve the IPR law enforcement system.

National laws now embody the copyright principles enshrined in the international norms (notably the WIPO Treaties):

- Contractual freedom – the right of authors to freely decide about the terms and conditions under which they wish to exploit their works.

¹⁶⁴ ec.europa.eu/education/china.pdf.

- Exclusivity – the right to grant exclusive exploitation rights (a right linked to contractual freedom).
- Territoriality – the right of the rights holder to decide on the geographic scope of a licence (a right linked to contractual freedom).
- Enforcement – the right to prevent by law unauthorised exploitation of copyright-protected works.

Each of these principles is deemed essential to the functioning of the cultural industries. Each of them safeguards rights holders' abilities to exploit cultural content and enables further investment in creativity.

Enforcement of IPR laws remains a major problem in promoting the development of a creative industry. IPR problems cover the widespread production, distribution and end-use of counterfeit and pirated creative and cultural products, brands and technologies.

2.2. Copyright Law¹⁶⁵

The Chinese copyright law was adopted in 1990, came into effect in 1991 and has been revised in 2001 (especially to introduce provisions concerning the internet).

Copyright protection in China is very similar to what is in force in most of EU Member States. It protects written, oral, musical, dramatic and choreographic works; works of fine arts and photographic works; cinematographic, television and video graphic works; engineering designs and product designs; graphic works, computer software and internet content. The effective period for copyright protection is the life of the author plus 50 years (cinematographic, audiovisual and photographic works being protected 50 years after being public); moral rights are in perpetuity. However, the terms depend on the type of work. For film, photographic, television and audiovisual works – or if the author is a corporation – the term is 50 years from the first publication. Works of foreigners first published in China enjoy copyright protection in accordance with this law.

The law stipulates that anyone who exploits a work created by others should conclude a contract with or otherwise obtain the permission by the copyright owner. The term of validity of the contract shall not exceed 10 years.

Rights management is now the competence of the collective management societies established from 2004.

2.3. Collective rights management

Collective rights management (CRM) enables rights holders and users to jointly decrease transaction costs. It is a way of administering certain rights, as it offers convenience to users who do not have to track down individual rights holders for licensing purposes. CRM bodies should act as facilitators of IP licensing in particular for SMEs, which often do not have the resources to

¹⁶⁵ <http://en.cnci.gov.cn/Law/LawDetails.aspx?ID=6999&p=1>

engage in time consuming and costly IP transactions. They represent a one-stop-shop between the myriads of rights holders and users¹⁶⁶.

As of today only two organisations for the collective administration of copyright (OCACs) are legally allowed to operate in China: the Music Copyright Society of China (MCSC)¹⁶⁷ and the China Audio and Video Copyright Collective Management Association (CAVCA)¹⁶⁸.

MCSC deals with the administration of copyright in musical works, in particular the performing rights (including live performance and performing of recorded music), broadcasting rights and mechanical reproduction rights (including making of programmes for radio and TV, background music, audiovisual products and downloading from the internet etc.). The recently-approved CAVCA manages the rights of audiovisual works and sound recordings. Managed rights include right of reproduction, presentation, communication to the public through the internet, rental, performing, broadcasting, whether authorised by rights holders. CAVCA collects royalties from Karaoke for authors on behalf of MCSC¹⁶⁹.

MCSC has 5,434 members. It has signed representative agreements with 37 collecting societies from other countries. Total revenues reached € 36.89 million in 2008. CAVCA counts 58 members and has just started collecting royalties. Licensing income from Karaoke amounted to € 10 million in 2009¹⁷⁰.

The Images Copyright Society of China and the China Written Works Copyright Society have been ratified by the NCACA and in 2009 registered at the Ministry of Civil Affairs¹⁷¹¹⁷².

The recourse to collecting societies will ensure the smooth operation of contractual arrangements. They negotiate licence fees with users (therefore providing contractual force to small and medium enterprises in national and international negotiations) and provide legal security against copyright claims.

Their increasing role in rights management as well as IPR enforcement will therefore be key to encouraging the development of CCIs. Collecting societies nurture IP respect, act as a facilitator in marketing cultural products and ensure that creators and investors get rewarded.

2.4. IPR Enforcement: recent progress and remaining problems

On 10 June 2008, China officially presented the National Strategic Plan¹⁷³ to improve IPR protection and increase penalties, notably criminal sanctions.

However, IPR enforcement appears to be difficult for several reasons, such as the complexity of

¹⁶⁶ KEA, *The Collective management of rights in Europe - The Quest for Efficiency*, study prepared for the European Parliament, July 2006.

¹⁶⁷ http://www.mcsc.com.cn/xhjj_e.htm

¹⁶⁸ <http://www.cavca.org/enindex.php>

¹⁶⁹ Xu Jun, *The Copyright Management in China* – China Audio-Video Copyright Association, 2010.

¹⁷⁰ *Ibid.*

¹⁷¹ *Ibid.*

¹⁷² EU-China Trade Project, *Collective Management of Authors' Rights and Related Rights in the EU and the PRC – Benefits and Challenges in the Digital Era*, 2008.

¹⁷³ National IP Strategy issue by the State Council of China on June 5, 2008: <http://www.law-now.com/law-now/sys/getpdf.htm?pdf=outlineofthenationalintellectualpropertystrategy1.pdf>.

administrative procedures. The enforcement issue acts as a disincentive for foreign investment and also hinders the development of a genuine creative entrepreneurial culture in China. The IPR2 Programme jointly set up by the EU and the Chinese authorities aims to remedy the situation.

3. Other main regulations affecting the cultural and creative sectors

China has to face the challenging task of finding a new equilibrium between encouraging individual creativity, promoting the emergence of innovative cultural production, developing the use of IP tools to promote national brands and increasing foreign investment in the field of culture and creative industries.

3.1. Regulations on foreign investment and other forms cooperation (including licensing agreements)

Post-WTO, the Chinese market has opened to private investment. Foreign investment rules, however, differ across the creative sub-sectors and specific forms of cooperation have been worked out for some business activities.

Foreign businesses are now able to invest in different cultural sectors' activities, for example film and video and TV distribution¹⁷⁴, by establishing joint ventures. These are subject to majority Chinese ownership (51%). Post Closer Economic Partnership Arrangement (CEPA) Hong Kong businesses can hold up to 70% in Mainland China for video and sound recording products distribution services¹⁷⁵.

Specific forms of cooperation have been worked out for film production. 2004 SARFT regulations¹⁷⁶ define three forms of possible cooperation between the foreign entity and a Chinese studio: joint productions/co-production, assisted productions and commissioned productions¹⁷⁷.

In the publishing sector, Chinese government authorities began converting publishing agencies into for-profit enterprises and have been increasing private investment in the industry as a whole since 2004¹⁷⁸. Foreign companies can also enter the Chinese market through licensing agreements with local publishers. Licensing agreements are also used in the field of music.

As for architecture, collaboration with local partners has been possible since 2002. Foreign architects have two options:

¹⁷⁴ MPAA, Trade Barriers to Exports of U.S. Filmed Entertainment, 2009.

¹⁷⁵ The Government of Hong Kong Special Administrative Region, CEPA: http://www.tid.gov.hk/english/cepa/tradeservices/av_cinema_picture_lib.html

¹⁷⁶ SARFT's provisions on the administration of import and broadcast of overseas TV programmes, Order of the State Administration of Radio, Film and Television No. 42, September 23, 2004.

¹⁷⁷ In *joint productions/co-productions*, Chinese and foreign partners make joint investments (cash, labour, productions resources, etc.), jointly produce a film and share rights, benefits, as well as risks in the proportion of their respective investments.

In *assisted productions*, the foreign partner provides the creative staff, while the Chinese part assists with the production facilities (equipment, studio) and technical staff

In *commissioned productions*, the foreign party invests funds while the Chinese partner undertakes the production (applicable mainly to short films).

¹⁷⁸ <http://www.chinamedialawupdate.com/articles/publishing/>

- A) To collaborate with a Chinese architectural institute, or
- B) To set up an architectural practice ('Architecture FIE') in the form of (1) an equity joint venture, (2) a cooperative joint venture, (3) a wholly-foreign-owned enterprise (WFO), (4) inward investment in an existing Chinese architecture institute¹⁷⁹.

In the art sector, cultural foundations can register in China, as the Belgium Foundation Ullens Centre for the Arts did. However, cultural foundations can just exhibit art. To engage in trading as a main activity, foreigners can, for instance, set up a joint venture.

According to new rules for the online games sector¹⁸⁰, foreign online games companies have no direct access to the Chinese market (either to establish or distribute games produced locally or abroad), but they can engage in a partnership with domestic Chinese companies. The foreign copyright owner of the imported online game typically must grant Chinese online game operators the exclusive right to operate their online games in China¹⁸¹.

3.2. Import and screening quotas

Import regulations only apply to some cultural and creative goods and in some cases these have been softened.

In the film sector, the China Import and Export Corporation, a subsidiary of the State-owned China Film Group (CFG) is the only body authorised to import foreign films¹⁸². Not more than 20 international films per year can be premiered in Chinese screens (on a revenue-sharing basis). The MPAA, representing Hollywood studios, questioned the Chinese import regime asking whether it is compatible with WTO rules. WTO upheld China's limits on the distribution of US films and made no new ruling¹⁸³.

Co-productions, instead, receive domestic treatment therefore representing one of the best cooperation opportunities. Examples of famous co-productions include *Lust-Caution* directed by Ang Lee. Important assisted productions have also been carried out, such as *Kill Bill* (directed by Quentin Tarantino) or *The Mummy 3* (directed by Rob Cohen)¹⁸⁴.

China is making efforts to increase cooperation in film productions. The Shanghai International Film Festival (SIFF)¹⁸⁵ hosts Co-FPC (Co-production Film Pitch and Catch) originated from the Sino-European Co-production Film Forum in 2006, held by China Film Co-production Corporation, China Film Producers' Association and European Producers' Club. It had successfully brought out a Sino-European co-production, *Jade Warrior*¹⁸⁶.

¹⁷⁹ Regulation on Management of Foreign-invested Construction Engineering Design Enterprise ("Decree 114") issued on September 27, 2002; Implementing Rule of the Regulation on Management of Foreign-Invested Construction Engineering Design Enterprise ("Decree 18") issued on January 5, 2007; Administrative Regulation on Construction Engineering Design Enterprise Qualification ("Decree 93") issued on June 29, 2001.

¹⁸⁰ *Interim Measures on the Administration of Online Games* issued on June 2010, and effective as from August 2010.

¹⁸¹ From China Law Insight, <http://www.chinalawinsight.com/2010/09/articles/corporate/foreign-investment/issues-foreign-video-game-developers-face-in-introducing-online-games-to-the-chinese-market/>

¹⁸² <http://exp.chinafilm.com/About/200806/744.html>

¹⁸³ <http://news.bbc.co.uk/2/hi/business/8198706.stm>

¹⁸⁴ See footnote 169 for a definition of assisted production.

¹⁸⁵ <http://www.siff.com/>

¹⁸⁶ <http://www.siff.com/MovieEn/InfoDetail.aspx?CategoryId=9cfc81a1-128e-43aa-92c4-645df442009c&InfoGuid=c70efa08-7809-472e-8803-e94e6f19a29f>.

Furthermore, to help overcome cultural and regulatory differences, China has a number of private mediation companies, such as Gong ho Films and China Film Assist. Both of these companies provide services such as visas and work permit applications and production management services including arranging bi-lingual crews, location scouting and equipment.

Screening quotas exist for TV (foreign television dramas cannot be more than 25% of total airtime, and other foreign programming no more than 15% of total air time) and public screening of foreign films (the total annual screen time for foreign films must not exceed one-third of the total screen time)¹⁸⁷. The scheme is similar to the screening or investment quotas enacted in the Audiovisual Media Services Directive to promote market access of European audiovisual works¹⁸⁸.

In music, since 2002 quotas have been removed for foreign-recorded music titles released in China. Import of finished music products however remains subject to the MoC approval.

In the online game sector, the import approval should be given by the GAPP to the foreign company to distribute the foreign-produced game or jointly-developed games. *“China has become a particularly appealing target market for both Chinese and foreign online game developers, particularly those developing Massively Multiplayer Online Role-Playing Games (MMORPG¹⁸⁹). Imported online games that obtained regulatory approval often compete quite successfully with domestic games. In 2009, 35 imported online games obtained approval for release in China, and imported games have accounted for 38.8% of China’s CNY 25.8 billion (€ 2.77 billion) online gaming industry”¹⁹⁰.*

3.3. Content regulation

SARFT and GAPP oversee creative and exchange processes within the cultural sector and check that films and publications are in line with content guidelines. They also oversee web content: GAPP deals with internet publications and SARFT with internet broadcasting.

The Chinese government is aware that excessive bureaucratic controls complicate and lengthen the production and distribution processes, increasing costs and introducing legal uncertainties detrimental to the development of creative businesses. For this reason, controls have been softened. The topics mainly subject to censorship are mostly focused on political and historical events related to Chinese history, violence, and sex.

Artists and curators have now found new ways and spaces to express themselves, often supported by the government (e.g. 798 Art District in Beijing). In the publishing sector, there seems to be an increase in licensing activities especially for fashion, lifestyle and sports magazines. Andrew Nurnberg Agency, the Bardon Chinese Media Agency and the Big Apple Tuttle Moorri Agency are examples of operators run by Chinese professionals who understand Western literature and can act as advisers for Chinese publishers. More than content regulations, the lack of professional

¹⁸⁷ MPAA, *Trade barriers to Export of U.S. Filmed Entertainment*, 2009.

¹⁸⁸ Art. 17 of the Audiovisual Media Services Directive, March 2010.

¹⁸⁹ *Massively Multiplayer Online Role-Playing Games* is a genre of computer role-playing games in which a very large number of players interact with one another within a virtual game world.

¹⁹⁰<http://www.chinalawinsight.com/2010/09/articles/corporate/foreign-investment/issues-foreign-video-game-developers-face-in-introducing-online-games-to-the-chinese-market/>

literary translators remains a major bottleneck for the development of exchanges in the publishing sector.

PART IV – Cultural and creative industries’ business development between the EU and China

1. Introduction

The development of creative industries and creativity is intrinsically linked with brand strategies. Competitiveness rests on the ability to create emotional ties with consumers that go beyond the price or the functionality of products. Esthetic, meaning, social significance are key aspects of the experience economy. Culture, creative industries and intellectual property are key drivers of this intangible economy¹⁹¹.

European countries have a long experience in developing cultural policy notably to preserve the heritage or democratise citizens’ access to culture. Such policy encompasses support towards the development of a genuine, local and sustainable cultural industry. This support takes the form of tax advantages (reduced VAT on cultural consumption or tax shelter measures), state aid (to cinema production, public TV productions and increasingly music and videogame industries), funding for the arts (notably performing arts) or public investment for heritage preservation and exploitation. Support can also take the form of regulation for instance through an intellectual property regime that encourages creators and rewards investors in cultural productions, or through programming quotas for local independent productions on radio or TV.

Dialogue between the EU and China now seems possible on a more equal basis, since artists borrow from other cultures, and cultural exchange notably in the field of architecture or design has increased. An engagement with European artists no longer entails cultural deracination. The Shanghai Biennale, the Guangzhou Triennial, the Shenzhen-Hongkong Biennale gathering Chinese and international architects or the Dashanzi District in Beijing show the variety of media and styles from Ink to video used by artists. As in Europe, they challenge the traditional world’s perception and contribute to society’s creativity and expression of its values.

Since the accession to the WTO and the ratification of international treaties on IPRs, the usefulness of copyright as a way to assess economic performance is widely acknowledged in China: *“Copyright is seen today more than a legal system providing a secure and stable environment for creative activity in different markets”*¹⁹².

However, the insufficient enforcement of IPR, languages and the size of the cultural operators which are in mostly SMEs with little means to access foreign markets, are the main structural reasons for insufficient trade relationships between Europe and China in CCI. From a policy viewpoint, insufficient public support (tailor-made financial tools or policy measures supporting SMEs’ exports, rights management infrastructures, etc.) reduces China’s trade opportunities. The

¹⁹¹ KEA, “The impact of Culture on Creativity”, Study prepared for the European Commission – DG Education and Culture, 2009.

¹⁹² WIPO *Guide on Surveying the Economic Contribution of Copyright-Based Industries*, 2003.

upcoming EU-China Trade project should look into these bottlenecks and contribute to improving trade conditions for CCIs, notably by encouraging IP licensing.

The Chinese industry is confronted with huge structural reform to convert to business enterprises and develop into a profit-making cultural industry. The cohabitation between state-run companies and private entities is familiar to the European media industry.

Globalisation and technology have also put China and Europe closer to each other, generating new forms of social and cultural interactions. Urban youths on both continents have much to share in lifestyles and self-expression. The creative potential of this interaction remains to be explored. Digital networks become a formidable cultural space.

Exchange with Europe will benefit the development of China's cultural and creative industries. However the cultural exchange has to be truly mutual, and contribute Chinese culture to global culture to sustain diversity. Film makers, musicians and other artists are no longer making films, music or art for a local audience, and consumers are keen to discover new frontiers. The infrastructure enabling cultural exchanges through trade remains to be established, in particular to promote interaction between SMEs from the CCIs and to encourage cross-IP licensing to stimulate co-productions and international distribution strategies.

The interest is mutual as both regions are:

- Signatories of the UNESCO convention, having an interest in promoting cultural diversity and preventing media concentration in the entertainment and cultural sectors.
- Confronted with the challenges of digitisation which require huge investment in content production to respond to a demand estimated globally at more than \$ 500 billion (approximately € 355 billion)¹⁹³.
- Gearing towards the year of intercultural dialogue in 2012.
- Making the development of creative industries a policy priority.

2. Fostering interactions at institutional and industrial level

Interactions between China and Europe need to be fostered at both institutional and industrial levels.

The EU and China have set up a Cultural Policy Dialogue. In the area of protection of IPRs the EU and China have gone further and set up an IP bilateral dialogue for policy debates and an IP experts' working group¹⁹⁴ to discuss more practical issues affecting business cooperation and development between European and Chinese IP industries.

Assistance at institutional and policy levels would be aimed at supporting the development of China's cultural policy in relation to CCIs. Europe has a history of cultural policy and state intervention in this sector, with a track record in mixing public and private investment. This history varies according to each European State. Therefore there is no "standard knowledge" but a variety of experiences in cultural policy management which varies according to policy objectives. China may be interested in analysing the European experience to tailor its request in terms of "knowledge

¹⁹³ PricewaterhouseCoopers, Global Entertainment and Media Outlook 2009-2013.

¹⁹⁴ <http://ec.europa.eu/trade/creating-opportunities/trade-topics/intellectual-property/dialogues/>

transfer". China has only very recently developed a CCI policy (early 2000). However its digital strategy is in many respects more advanced than Europe's one (online games and mobile applications for instance). Some transfer of knowledge could therefore take place in this area to the benefit of Europe. Very importantly training should continue to take place to highlight the importance of IP as a tool to foster cultural exchanges. The development of IP licensing will contribute to rights enforcement, which in turn will help the growth of cultural and creative industries.

The EU-China Policy dialogues on culture and IP should be extended to also include working groups to discuss the development of business cooperation between the European and Chinese CCIs. The policy dialogues should involve the National Foundations for Cultural Industries as well as the local foundations for cultural industries located in major cities as key stakeholders administrating and granting funds for cultural and creative activities. They would cover the following topics:

- Administrative management, infrastructure and governance to stimulate CCIs' development and growth, both at national and local level.
- Research on the development of local CCIs (i.e. through comparative analysis, assessment of existing support instruments, their impacts and values in relation to pursued objectives).
- Policy and financial instruments to preserve cultural heritage and promote the expression of rural cultures. There is no contemporary creation without a strong cultural history that is well taught and presented.
- Policy and financial instruments to support investments in international cultural activities (i.e. pilot projects could be started to experiment new support tools like an EU-China cultural co-investment fund).
- Management in art and design and art education as learning tools to stimulate creativity.

IP licensing is conducive to international partnerships and trade exchanges. Therefore the impact of the increased cultural relationships could be assessed in relation to the number of licensing deals occurring as part of the process. The aim would be to stimulate conditions nurturing the negotiations and agreement of IP licences. This would be part of a policy to promote the:

- The implementation of IP rules,
- Business contacts between Europe and China CCIs leading to licence deals.

Both administrations could work on methodology issues to develop statistical tools able to better capture the added value and contribution to GDP of CCIs. The Chinese Statistical Bureau and Eurostat should consider a joint development project. Such work would also serve to measure the development of trade exchanges between Europe and China. Eventually it would be used as a template for the gathering of statistical information on the sector available to UNESCO and UNCTAD for instance. This will help to better capture the significance of cultural exchanges in trade terms.

At industrial level assistance would be aimed at:

- 1) Training:

- In managing cultural projects, cultural institutions (museums or festivals for instance) and enterprises (training of officials in cultural management and cultural entrepreneurs in management techniques);
- In artist and cultural venues' management;
- In the field of rights management and in particular licensing contracts or collective rights management (as rights management become a predominant business activity with the development of intangible distribution through public performances).

2) Developing B2B activities:

- Support two-way foreign investment in this economic sector. As creative cluster districts are being developed in China as well as in Europe establishment of CCI companies should be encouraged.
- Develop scouting missions between the significant international trade fairs for CCIs which take place in Europe and China (Frankfurt Book Fair, Midem, MIFED and the Cannes Film Market in Europe. In China there are international trade fairs devoted to CCIs in Beijing, Shenzhen (ICIF), Guangzhou and Shanghai.
- Large music, TV, advertising, film, design, theatre festivals in Europe and China should be encouraged to develop joint projects to expose culture and creativity to the larger public: interest in collaborating at international level is evident in many fields, such as heritage, design and architecture. China considers cultural heritage but also contemporary architecture as a key tool to promoting and defining its identity, as well as attracting tourists. The European Union counts international talents in the field of design and architecture and has knowledge and expertise in heritage preservation and promotion.
- Develop literary translation: the lack of qualified translators (especially from Chinese to target language) is a bottleneck for the go-global drive of Chinese culture (especially Chinese books)¹⁹⁵.
- Encourage business cooperation through B2B matchmaking events to stimulate licensing deals at production and distribution levels amongst creative companies, in particular SMEs.

PART V – Towards a CCIs platform

1. Introduction

One of the specific objectives of the IPR2 Project is to ensure that IPR is better understood as a strategic tool for business development. Encouraging trade in IP rights and new business partnerships, e.g. through licensing of IP rights for the production and distribution of cultural and creative goods and services, are vital for the development of the cultural and creative sectors in the EU and China. However, the intrinsic value of IP generated by these sectors can materialise only if its significance is understood by officials and businesses.

The overarching aim of this activity is therefore to improve understanding and respect for IP rights. This requires the setup of platforms for the relevant stakeholders to exchange information and

¹⁹⁵ China Trade in Services Report 2008, MOFCOM.

experiences on the functioning of both markets including legislation and policies, thereby supporting the development of an environment in which trade within the industry can occur.

2. Strategy Plan

The aim of the strategy plan would be foremost to develop IP licensing opportunities between SMEs in the cultural and creative industries. The plan would extend from December 2010 to September 2011 to coincide with the IPR2 programme timetable.

In a first phase, and considering budgetary constraints, a mission should be organised in China to assess the interests of regions and local municipalities in China in being associated in the development of a CCIs platform. Local governments in Beijing, Shenzhen and Shanghai might be interested in becoming co-funding partners of this initiative together with national ministries (MOFCOM or Ministry of Culture). The context of international cultural fairs or creative clusters development represents an opportunity.

Activities of the platform would be as follows:

- Engage with the CCIs in Europe and China: gathering and identifying Europe and China's CCI stakeholders interested in the development of B2B activities with a view to finding IPR licensing partners. (i.e. organise a workshop in Europe and China to incentivise and promote the initiative with stakeholders and set up a website in coordination with IPR2)
- Engage with public authorities in charge of implementing policies for CCIs and/or with the National and local cultural industries foundations in Beijing, Shanghai, Shenzhen managing public funds for culture to enable a policy dialogue. Closely associate authorities in the development of the platform.
- Identify areas of research and studies, for instance in relation to conditions to promote reciprocal investment in local creative districts.
- Engage with European and Chinese cities to consider cooperation opportunities in the field of creative industries.
- Organise a first face-to-face meeting between policy makers and creative industries to discuss the conditions needed to foster IP licensing.
- Consider development of visiting missions in respective creative districts.
- Consider the organisation of pitching events, branding the initiative, in selected festivals (one in China and one in Europe), that could take the form of government-backed specific industry missions.
- Consider funding participation of 10 Chinese and European SMEs' attendance at important international trade fairs (establish a tendering process to select the best projects across sectors).
- Develop a communication strategy to reach SMEs in Europe and China (website and an annual conference in Europe and China on the topic of CCIs and publication of guides on investment opportunities).
- Associate the China-based European SME helpdesk in the activities to disseminate information and co-fund activities.

Members of the platform would be representatives of public authorities and trade associations or companies active or interested in developing trade relationship on cultural goods and services.

Timetable of activities:

- Expert mission in December 2010 to Chinese regions to assess co-funding opportunities.
- Circulation of the Working Paper to key stakeholders (end of the year 2010).
- Organisation of Workshops in Europe and China to address key stakeholders (February 2011) and identify key stakeholders on the basis of the database attached to this mapping document.
- First meeting of the platform in spring 2011.

Part VI – Conclusions

Public policy is often geared towards supporting the development of an indigenous industry capable of competing with foreign productions (to enable the expression of local stories in the local language as well as the development of a technical infrastructure on which to build a local media industry). Local production contributes to social cohesions and the development of cultural identities. At economic level it permits a country to be less reliant on imports. Investment in culture also serves as a nurturing ground for the development of new talent which in turn contribute to the reputation of excellence of a country and the branding of its values. Cool Britannia owes a tremendous amount to pop music, intellectual France to its literature and Nouvelle Vague cinema, Italy to its fashion and renaissance painters, Northern Europe to its modern design and e-culture for instance.

The EU and China share several policy aims on the basis of which they could target CCIs as a priority area for cultural and trade exchanges (in a broad sense, from cultural activities to cultural goods and services) within the upcoming technical assistance and cooperation schemes:

- They want to support the development of culturally-different expressions against the predominance of one cultural model.
- They both agree on recognising the specific nature of cultural goods deserving specific treatments as different from other merchandises (2005 UNESCO Convention).
- They are both engaged in a policy process that mainstreams culture in other policy areas (to support creativity at industry level, to promote mutual understanding at diplomatic and social levels for instance).
- They are both depositaries of numerous local and national cultures (including language diversity) confronted with the globalisation process.
- They both want to develop trade opportunities between cultural and creative companies and develop policies targeting cultural and creative SMEs.
- They both believe in copyright enforcement and IP licensing as a tool to foster content creation and reward creators.

The EU-China CCIs platform would serve as a cooperation ‘tool’ to increase mutual learning and business opportunities amongst IP-based industries.

Annex 1 - Database for Key Stakeholders in the Cultural and Creative Sectors in the EU and China

1. Methodology

In Europe, the selection is made among the key stakeholders of the cultural and creative sectors active at national and European level. In China, the most relevant stakeholders have been selected in close consultation with MOFCOM, MoC and regional authorities (in particular Beijing, Shenzhen and Shanghai).

Three criteria have been identified to select the stakeholders:

- **International:** they must have an evident interest in developing relationship with China/Europe or with experience in the Chinese/European market.
- **Geographical:** they can be either European or national organizations in Europe/Chinese organizations or local organizations in China (mainly in big cities) with a clear international profile.
- **Practical:** they must have a practical approach to cooperation, therefore they should be willing to organize and take parts to practical initiatives such as events, seminars, training, B2B development activities, etc.

European categories

The stakeholders are grouped per creative sub-sector following the same definition used in the working paper. Stakeholders in the advertising are included only if related to a specific creative sub-sector (e.g. European Group of Television Advertising (EGTA) which is included under the section "TV and Radio").

Per each sub-sectors, stakeholders are grouped in the following categories:

1. **Main European trade bodies:** Trade bodies are the main stakeholders responsible of increasing business opportunities of European companies and improving their visibility at international level. This section includes European trade bodies and the main national trade bodies active at European/international level.
2. **Europe-wide rights management associations:** Europe is the world region where the practice of collective rights management is most established, especially for some sub-sectors such as music. Collective management organisations, however, exist also for many other sectors and now European associations of national collective management organisations have been established to further support copyright and related rights. This category encompasses the European collective rights management association (where they exist) as well as the main national rights management bodies that are members (if particularly active at international level).
3. **Main industrial stakeholders in Europe:** Although SMEs are predominant across the European cultural and creative industries, Europe also counts world-known companies or

industrial groups in almost all cultural and creative sub-sectors. These are listed in this third group.

The database also includes the “**Main European cultural institutions and networks (non-profit)**” and “**Other relevant institutions in Europe (non-profit)**” like national trade bodies or arts councils or cultural organizations that are particularly active at international level. These two categories include organizations working in the cultural heritage sector.

Chinese categories

Due to the differences between the European and the Chinese cultural and creative industries in term of market structure, the main stakeholders are grouped in the following different categories:

1. **Governmental organizations:** China’s cultural industries policies are strongly characterised by a top-down approach and strongly guided by the governments. This category focuses on the governmental organizations including large cultural events.
2. **Large Cultural Industries Groups (import & export-oriented):** With the further opening up to the global market after joining WTO, cultural industries are facing great challenges to become pillar industries in the new knowledge economy. However, there are some 2.000 important cultural companies and groups in the national context. Given the purpose of this working paper, the database focuses on the cultural enterprises/industrial groups that are international market-orientated.
3. **Cultural clusters:** Cultural industry parks and bases have been widely accepted as a major form to develop cultural industries in China. This category focuses on, but is not limited to, a selection of cultural industry bases with an export orientation.
4. **Cultural and Creative SMEs:** Drawing on the international experience and the sound base of SMEs in China, representatives of cultural and creative SMEs are to be included in this project. Some of the most important across China are listed in this category.
5. **Cultural facilitators and agents:** Cultural product and services providers are in the core of cultural industries in China, however, it is common sense that without a sound mechanism of cultural facilitators and agents, such as art galleries, cultural trade will not be able to shape a healthy market system locally and internationally. A typical example is that art galleries in China are still more like art shops rather than art agents. Some of the most famous agents - which have been established in different cultural and creative sectors - are included in this group.
6. **Research institutes.** In China, some important governmental reports, case studies on CCIs, as well as the annual Chinese Creative Industries Report are commissioned to or published by a board of academic editors and scholars. Although there is still scarce literature examining the cultural industries at an in-depth level, some academics have stood out among others for their strong focus and continual efforts in research in the field of cultural industries. These are included in the database.

The database also lists additional stakeholders under the category “**Other relevant organisations in China**”. This includes organisations working in the fields of culture and creativity which do not fall in the previous categories, but are worth mentioning as key actors.

European Database

Creative sub-sector	Kind of Stakeholder	Name	Website
Visual arts	Main European Trade Bodies	Federation of European Photographers	http://www.europeanphotographers.eu
	Europe-wide Right Holder Associations	European Visual Artists (EVA), Members : SIAE (IT), SABAM (BE), VEGAP (ES), DACS (UK), etc.	http://www.eartists.org/
		Federation of European Art Gallery Associations (F.E.A.G.A.)	http://www.europeangalleries.org
	Main industrial stakeholders in Europe	Christie's (UK)	http://www.christies.com/
		Sotheby's (UK)	http://www.sothebys.com/
		La Biennale di Venezia (IT)	http://www.labiennale.org
Crafts	Main European Trade Bodies	World Crafts Council - Europe	http://www.wcc-europe.org/
	Europe-wide Right Holder Associations		
	Main industrial stakeholders in Europe	EUNIQUE - arts & crafts trade fair (DE)	http://www.eu-nique.eu
		European Fine Arts Foundation (TEFAF), responsible for the art and antiques art fairs TEFAF Maastricht and PAN Amsterdam	http://www.tefaf.com/
Performing arts	Main European Trade Bodies	Performing Arts Employers Associations League Europe (Pearle)	http://www.pearle.ws/
		European Festivals Association (EFA)	http://www.efa-aef.eu/
		Union of European Theatres (UTE)	http://www.ute-net.org/
		European Conference of Promoters of New Music (ECPNM)	http://www.ecpnm.com/
		Réseau Européen de Musique Ancienne (REMA)	http://www.rema-eemn.net

	Europe-wide Right Holder Associations	AEPO-ARTIS - Association of European performers' collective management societies	http://www.aepo-artis.org/
		Giart (Spanish, Italian, Dutch and Portuguese collective management societies of performing artists rights)	http://www.giart.org/
	Main industrial stakeholders in Europe	Opera Europe	http://www.opera-europa.org/
Film and Video	Main European Trade Bodies	European Film Export Association (AEFE)	http://www.efea.info/
		European Film Promotion (Filmitalia, Unifrance, Instituto de la Cinematografía y de las Artes Audiovisuales / ICAA, etc.)	http://www.efp-online.com/en/index.php
		European Children Film Association	http://www.ecfaweb.org/
		European Association of Animation Films	http://www.cartoon-media.be/
		European Coordination of Film Festival	http://www.eurofilmfest.org/
		Federation of Film and Audiovisual Composers of Europe (FFACE)	http://www.fface.org/
		Association des Cinémathèques Européennes	http://www.acefilm.de/
		European Producers Club	http://www.europeanproducersclub.org/
	Europe-wide Right Holder Associations	AGICOA : ANICA (IT), FIAPF (FR), EGEDA (ES), etc.	http://www.agicoa.org/
		EGEDA (Spanish Audiovisual Producers' Right Management Association)	www.egeda.es
	Main industrial stakeholders in Europe	Pathé (FR)	http://www.pathe.fr/
		Europa Corp (FR)	http://www.europacorp.com/
		Gaumont (FR)	http://www.gaumont.fr/
		RAI Cinema (IT)	http://www.raicinema.rai.it/
		Fandango (IT)	http://www.fandango.it/
		Constantin Film AG (DE)	http://www.constantin-film.de/
		Cattleya (ES)	http://www.cattleya.it/

		Nordisk Film (DK)	http://www.nordiskfilm.com/
TV and Radio	Main European Trade Bodies	European Broadcasting Union	http://www.ebu.ch/
		Association of European Radios (AER)	http://www.aereurope.org/
		Association of Commercial Television in Europe (ACT)	http://www.acte.be
		Creative Media Business Alliance (ACT, Bertelsmann, Canal+, Mediaset, etc.)	http://www.cmba-alliance.eu/
		CEPI.tv (European Coordinator of Independent TV and Cinema Producers)	http://www.cepi.tv/
		European Group of Television Advertising (EGTA)	http://www.egta.com/
	Main industrial stakeholders in Europe	Vivendi Universal (TV, music, videogames)	http://www.vivendi.com/
		Bertelsmann group (broadcasting, publishing, music)	http://www.bertelsmann.com/
		BBC & RTL (UK)	http://www.bbc.co.uk/
		ARD (DE)	http://www.ard.de/
		ZDF (DE)	http://www.zdf.de/
		Canal+ group (FR)	http://www.canalplusgroupe.com/
		Mediaset (IT)	http://www.mediaset.it/
		France Televisions	http://www.francetelevisions.fr/
		Modern Times Group (SE)	http://www.mtg.se/
		Prisa (SP)	http://www.prisa.com/
		SBS Broadcasting (NL)	http://www.sbs.nl/
		TF1 (FR)	http://www.tf1.fr/
		M6 (FR)	http://www.m6.fr/
		BskyB (UK)	http://www.sky.com/
		Endemol (NL)	http://www.endemol.com/
Online games and new media (videogames, software, computer animation)	Main European Trade Bodies	European Digital Media Association (EDiMA)	http://www.europeandigitalmedia.org/
		European Games Developer Federation (EGDF)	http://www.egdf.eu/
		Interactive Software Federation of Europe	http://www.isfe-eu.org/
		Benelux Game Initiative	http://fgbusiness08.bgjin.org/

		(organizes the biggest event in the Benelux region “Free Gaming Business”)	
		Federal Association for Information Technology, Telecommunications and New Media (BITKOM) - DE	http://www.bitkom.org/
		Spain Video Games Association (videogames and entertainment software)	http://www.dev.org.es
		TIGA (UK)	http://www.tiga.org/
	Main industrial stakeholders in Europe	Ubisoft	http://www.ubi.com
		Vivendi (TV, videogames, music)	http://www.vivendi.com/
		Sproing (Austria’s leading game development studio)	http://www.sproing.com/
		Paradox Entertainment AB (SE)	http://www.paradoxplaza.com/
		Power Challenge SE AB (SE)	http://corporate.powerchallenge.com /
		Rainbow S.p.A. (IT)	http://www.rbw.it/
Music	Main European Trade Bodies	European Music Council	http://www.emc-imc.org/
		European Composer and Songwriter Alliance (ECSA)	http://www.composeralliance.org/
		European Composer Forum (ECF)	http://www.composersforum.eu/
		Alliance of Popular Music Composers of Europe (APCOE)	http://www.composeralliance.org/
		European Union of Music Competitions for Youth	http://www.emcy.org/
		Independent Music Company Association – IMPALA (EU)	http://www.impalamusic.org/
		European Music Office	http://www.emo.org/
		IFPI	http://www.ifpi.org/
		International Confederation of Music Publishers (ICMP)	http://www.icmp-ciem.org/
	Europe-wide Right Holder Associations	GESAC – European Group of Societies of Authors and Composers	http://www.gesac.org/
	Main industrial stakeholders in Europe	Universal Music Group	http://www.universalmusic.com/

		EMI Music	http://www.emimusic.com/
Publishing	Main European Trade Bodies	Federation of European Publishers (FEP)	http://www.fep-fee.be/
		European Booksellers' Federation	http://www.ebf-eu.org/
		European Federation of Magazines Publishers (FAEP)	http://www.faep.org/
		European Newspaper Publishers' Association (ENPA)	http://www.enpa.be/
		European Publishers Council	http://www.epceurope.org/
		European Writers' Congresses	
	Main industrial stakeholders in Europe	Bertelsmann group (broadcasting, publishing, music)	http://www.bertelsmann.com/
		Lagardère (FR)	http://www.lagardere.com/
		Andrew Nurnberg Associate (literary agency) - UK	http://www.andrewnurnberg.com/
		Mondadori (IT)	http://www.mondadori.it/
		Pearson (UK)	http://www.pearson.com/
		Penguin Group (UK)	http://www.penguin.com/
		Reed Elsevier (UK)	http://www.reed-elsevier.com/
		Wolters Kluwer (NL)	http://www.wolterskluwer.com/
		VNU Media	http://www.vnumedia.nl/
		Reuters (UK)	http://www.reuters.com/
		Bonnier (SE)	http://www.bonnier.com/
Design	Main European Trade Bodies	The Bureau of European Design Association	http://www.beda.org/
		Design Business Association (UK)	http://www.dba.org.uk/
		Agence pour la Promotion de la Création Industrielle (APCI)	http://www.apci.asso.fr/
		UK Design Council	http://www.designcouncil.org.uk
	Main industrial stakeholders in Europe	Fondazione Altagamma (IT): Alessi, illycaffé	http://www.altagamma.it/
		Philippe Starck (FR)	http://www.starck.com/
		IKEA (SE)	http://www.ikea.com/
		Wingårdh och Medarbetare (design, architecture) - SE	http://www.wingardhs.se/
Fashion	Main European Trade Bodies	European Fashion Council	http://www.europeanfashioncouncil.eu/
		CAN Federmoda (IT)	http://www.cna.it/
		Comité Colbert (FR) : Chanel,	http://www.comitecolbert.com

		Yves Saint Laurent	
		Walpole (UK)	http://www.thewalpole.co.uk/
		Fondazione Altagamma (IT): Fendi, Gianfranco Ferré, Gucci, Valentino, Versace	http://www.altagamma.it/
	Europe-wide Right Holder Associations	Giorgio Armani Group (IT)	http://www.giorgioarmani.com/
	Main industrial stakeholders in Europe	Prada Group	http://www.pradagroup.com/
		LVMH (Louis Vuitton, Christian Dior, Givenchy, Fendi, Kenzo, Donna Karan)	http://www.lvmh.com/
		PPR group (Gucci, Yves- Saint-Laurent, Balenciaga, Sergio Rossi, Puma)	http://www.ppr.com/
		FURLA (IT)	http://www.furla.it/
		French Group Hermès (Shang Xia brand)	http://www.hermes.com/
		Benetton (IT)	http://www.benetton.com/
Architecture	Main European Trade Bodies	Conseil des Architectes d'Europe	http://www.ace-cae.eu/
		EFAP – European Forum for Architectural Policies	http://www.efap-fepa.eu/
		L'Association Européenne des Entreprises de Restauration du Patrimoine Architectural (A.E.E.R.P.A.)	http://www.aeerpa.eu/
	Main industrial stakeholders in Europe	OMA (NL): Rem Koolhaas, Ole Scheeren	http://www.oma.eu/
		Herzog & de Meuron (Switzerland) - Stefan Marbach	http://www.architectenweb.nl/aweb/archipedia/archipedia.asp?ID=3335
		Foster + Partners (UK)	http://www.fosterandpartners.com/
		White Arkitekter (SE)	http://www.white.se/
		SWECO FFNS Arkitekter (SE)	http://www.sweco.se/
		Paul Andreu (French)	http://www.paul-andreu.com/

Main European cultural institutions and networks (non-profit)	Website
European Cultural Foundation	http://www.eurocult.org/
European Network of Cultural Centres (ENCC)	http://www.encc.eu/
European League of institutes of the Arts Schools	http://www.elia-artschools.org/

European Union National Institutes for Culture - EUNIC	http://www.eunic-online.eu/
European Heritage Network	http://www.european-heritage.net
International Association of Art (IAA) Europe	http://www.iaa-europe.eu/
Europa Nostra (Belgium)	http://www.europanostra.org/
European Design Centre (research centre)	http://www.edc.nl/

Other relevant national institutions in Europe – non-profit (e.g. arts councils, national cultural institutes, trade institutes)	Website
Asia House (UK)	http://www.asiahouse.org/net/
UK Arts Council	http://www.artscouncil.org.uk/
British Film Institute (BFI)	http://www.bfi.org.uk/
Adam Mickiewicz Institute	http://www.iam.pl/pl
Alliance Française	http://www.fondation-alliancefr.org/
British Council	http://www.britishcouncil.org/new/
Goethe-Institut	http://www.goethe.de/
Instituto Cervantes	http://www.cervantes.es/default.htm
Istituto Italiano di Cultura	http://www.esteri.it/mae/it
Swedish Institute	http://www.si.se/Svenska/
ICEX(Spanish Institute of Foreign Trade)	http://www.icex.es

Chinese database

Creative sub-sector	Kind of stakeholder	Name	Website
Visual Arts	Large Cultural Industries Groups	China.Guanlan Original Printmaking Base	http://www.guanlanprints.com/
Crafts	Large Cultural Industries Groups	Jia Cui Jewelry	www.jiacui.com.cn
		Aatbay Art Glass Co.,Ltd	www.artbayglass.com
		Bao'an International Jewelry Exchange Center	www.bagjzb.com
		Fushan Kodo	www.53fs.com
		Liling red china classics co.,Ltd.	www.lhcd.cn
		Tradition Merit Crafts Co.,Ltd	www.00867.com
		Sanlian Crystal and Jade Cultural Village	www.szslxh.com
		Liling porcelain Arts Hall	www.cncyt.com
		Propriety Chinaware - China's first brand of gift chinaware	www.lrtx.net
		Miaoyitang Cucurbit Crafts Co.,Ltd.	http://chinamythl.cn.gongchang.com /
		Pingding Ancient Chinese Kiln&Ceramic Arts CO.,Ltd.	http://www.crafts-trade.com/web/17659.htm
		Yuncheng Xin Rui Hua Carving Co.,Ltd.	www.sxycrh.com
		Chifeng Liwang Art&Crafts Co.,Ltd.	www.lwgy.com.cn
		Jingru Stone Arts Co.,Ltd.	http://www.luossd.com/new/About/intro.asp
	Cultural clusters	Culture and Arts Co.Ltd Hainan RuiBao	www.0898ba.com
		Yong Feng Yuan Industry Co., Ltd	www.szbab.com/vipcom/szyfyc
		China Space Corporation	www.chinaspace.tw/
		Ho-Seng Enterprise Co., Ltd.(Chu-Ching Glass Art)	www.ho-seng.com
		Yi Fei Embroidery	www.yifeixiu.com
		Zhengwenjian fossil wood/bizarre stone Arts Carving	http://www.zwzyidiao.com/
		Tianya Root Carving Working Studio	www.tianya.b2b123.cn

		Fuyuanhe Jade CO., Ltd.--Art World of Jade	www.fuyuanhe.com.cn
		Luoyang Yubaoxuan	www.lyybx.com
		Xuebin Xu Ceramic Working Studio	www.csio2.net/home/xuxb/xuxbgs/index.htm
		Yuyuan Jade Co.,Ltd	www.chinajade.cn/yuyuan/
		Yongle Liyanjun Traditional Crafts Carving Working studio	www.lztmjxw.com
		Jishan Archaize Touring Crafts Factory	http://www.86xc.com/966145.html
	Cultural facilitators and agents	Art's Mei Jewelry(Shenzhen) CO., Ltd	http://www.artsmei.net.cn/
	Research institutes	Foshan Folk Art Research Institute	www.fsfolkart.com
		Institute-Zaihong Hunan Embroidery	www.zaihong.com.cn
Performing Arts	Large Cultural Industries Groups	Franz Collection Inc.	www.franzcollection.com.tw
	Cultural and Creative SMEs	Essence Art Workshop	
Cultural Heritage	Cultural and Creative SMEs	Puli Paper Mfg.Co.,Ltd	www.puli-paper.com
		Miyagu Culture Enterprise Co.,Ltd	www.yulitaki.com.tw
		longhushan National Park	www.longhushan.com.cn
Film and Video (including Cartoon)	Governmental organizations	China Film Post Production Co.	
		China Film Group Corporation	http://group.chinafilm.com/
		Kery Media	http://kerytv.com/default.asp
		China Film Promotion International	www.cfpi.com.cn
		Beijing Glorious Animation Co.-GAC	http://www.cctv-gac.com/
		Shenzhen National Cartoon & Animation Industry Base	http://www.cartoonsz.cn/
		Shanghai Film Group	http://www.sfs-cn.com/
	Large Cultural Industries Groups	Aurora Culture	http://www.polarlights.cn/
		Creative Power Entertaining	http://www.22dm.com/
		Huayi Bros. Media Group	http://www.hbpictures.com/e_default.shtml

	Cultural clusters	Puzzle Animation Studio Ltd.	http://www.puzzleanimation.com/
		Great Dreams Cartoon Group	www.greatdreams.com.cn
		Shenzhen Animate China Technology Incorporate Co.,Ltd	www.animatechina.com
		Jiang Toon Animation Co., Ltd.	http://en.jtanimation.com/web/index.html
		Guizhou Tianshou Cartoon Film & TV Co., Ltd.	www.tiscartoon.com
		Kingland Animation Studio	www.kingland-as.com
		Animate China Technology Incorporate	www.animatechina.com
		Toonring Animation	http://www.toonring.com/
		Comy Culture Propagation Co., Ltd.	http://popins.qqzone.qq.com/
		Vanke Film & Television Co.,Ltd	www.wankeyingshi.com
		Ningbo SMDM Cartoon	http://www.nbsmdm.com/
		Beijing Total Vision Culture Spreads Co., Ltd.	http://corp.kw2007.com.cn/tsqj/
		Shanghai Animation Film Studio	http://www.anish.com/08SAFS/html/aboutusen.htm
		Institute of Digital Media Technology (Shenzhen) Ltd.	http://sz.gdc-world.com/szidmt/index.htm
	Cultural facilitators and agents	Creative Power Entertaining	www.22dm.com
		Shanghai Quarter Digital	www.quartergames.com
		Shenzhen Yianxin Technology Co.,Ltd	www.info-easy.cn
Television and Radio	Governmental organizations	Sci. &Tech. Department The State Administration of Radio, Film and Television, P.R.China	http://www.chinasarft.gov.cn
		Radio Beijing Corporation (RBC)	www.rbc.cn
		China International Television Corporation	http://zsys.citvc.com/
		Radio, Film and Television Design and Reserch Institute	http://www.dsarft.com/DRFT2009/Department_TaWei.asp
		Western Film Group Corporation	
		Shanghai Media&Entertainment Group	http://www.smeg.com.cn/
		Shanghai Media Group	http://www.smg.cn/

		Beijing Jolon Digital Media Broadcasting Co.Tld.	http://www.bjdmb.com.cn/
		Shenzhen Media Group	www.szmg.com.cn
		Shanghai Wings Media.	http://www.wingsmedia.com.cn/
		CRTV	http://www.crtv.com.cn/crtvnewsite/
		SMGBB	http://www.smgbb.cn/
		CCTV-HY	http://www.cctv-
	Large Cultural Industries Groups	Star Software Technology Co., Ltd.	http://www.startimes.com.cn/en/index.asp
		Hairun movie&TV	http://www.hairunmedia.com/
		Shanghai New culture Co., Ltd.	http://www.ncmedia.com.cn/
		Crystal CG	http://www.crystalcgstudio.com/
		Beijing Nesound	http://blog.sina.com.cn/xiangchao20
		CHS Media	http://www.chshtv.com/WebModule1
		Easten Shanghai	http://www.easternshanghai.com/ind
		Beauty Media	http://www.gzbeauty.com/index_en.
		YEDE Globat Co., Ltd.	http://www.uce.com.cn/Index.html
		ZB Television center	http://ent.sina.com.cn/f/v/zhongbei/
		HBN	http://ent.sina.com.cn/f/v/hlbn/
	Cultural facilitators and agents	VisionChina Media Group Co.,Ltd.	www.visionchina.tv
Online games & new media	Governmental organizations	CTV Online	http://www.ctvonline.cn/
		Tongfang Internet (online library)	http://www.cnki.net/cpyc/jcyj/
	Large Cultural Industries Groups	Perfect World	http://www.wanmei.com/
		Shanda Interactive Entertainment Limited	http://ir1.snda.com/index.cfm
	Cultural clusters	Shanghai 9you Co.,Ltd.	http://www.9you.com/
		Nanjing BBMF	www.bbmf.net
	Cultural facilitators and agents	MySpace China Co., Ltd.	www.myspace.cn
		TQ Global Co.,Ltd	www.tqglobal.com
		Qqgame	game.qq.com
		Shanghai MyStone	http://www.mylstone.com
		Shanghai infinity Design	http://www.inf2009.com/Index.aspx
		175 Network Technology(ShenZhen)Co.,Ltd	www.175pt.com

		Shenzhen ZQ game technology corporation	http://www.zqgame.com
		Shenzhen Netimes Tech Co.,Ltd	http://www.szwangxian.com
Publishing	Large Cultural Industries Groups	China Publishing Group	www.cnpubg.com
		The People's Publishing House	www.ccpph.com.cn
		SPDG	www.szbookmall.com
		Cosmos Books Limited	http://www.cosmosbooks.hk/
		Jingbao Electronic Audio and Video Publishing Center	www.people.com.cn
		Information center for social sciences, RUC	www.zlzx.org
		Hangwang Technology Co.,Ltd	www.hanwang.com.cn
		ChineseAll	www.chineseall.com
		The Orient Digital Publishing	http://www.168huangye.com/company/738190.html
		Shanda Literature Corporation	www.sd-wx.com.cn
		Foreign Language Teaching and Research Press	http://www.fltrp.com/
		Digital Publishing Co.,Ltd Guangdong Provincial Publishing Group	www.gdpg.com.cn
		Intellectual property publishing house	http://www.ipph.cn/
		Social Sciences Academic Press	www.ssap.com.cn
		Higher Education Press	http://www.hep.com.cn/
		Cathay Bookshop	www.zgsd.net
		Nanfang Media Group	zecca9.appspot.com
		Modern Media Holding LTD	www.modernmedia.com.cn
		VisionChina Media Group Co.,Ltd	www.visionchina.tv
		Yu-Lin Culture Dissemination Co.,Ltd	www.SZ-CB.com
Advertising	Large Cultural Industries Groups	DAYSHINE	
	Cultural facilitators and agents	Chocolate Strategic Marketing And Design Company Limited	www.chocolate-agency.com

		Oriental Charm Culture-transmitting Co.Ltd.	www.dongfangyun.com
		Missilelampard AD Co.,Ltd	www.milam.cc
		Shenzhen international cultural industry fair Co.,Ltd	www.fashion518.com
Design	Large Cultural Industries Groups	Yip Design Ltd.	
		TIANXIAXIN TECHNOLOGY CO.,LTD.	www.lamLefty.com
		idea dao design	
		lkkdesign	http://www.lkkdesign.com
		RITO	www.rito.cn
	Cultural facilitators and agents	Design China	www.333cn.com

Other relevant organisations in China	Website
National Endowment for Cultural and Creative Industries	
China Council for the Promotion of International Trade (CCPIT) Economic Information Department (govern. Organization)	www.ccpit.org
True Color Chain Industrial Co.,Ltd (industrial group)	www.truecolorclub.com
Wong's Music & Culture INC (industrial group - music)	www.wongjong.org
Oriental Charm Culture-transmitting. Co.,Ltd	www.dongfangyun.com
Shenzhen Symphony Orchestra	www.szwen.gov.cn/jigou/yishu/szjxyt.htm

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