

THE CHINESE UNDERSTANDING OF CULTURAL INDUSTRIES

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Cultural industries in China always receive much support from governments and are developing quite fast. This paper will explain the concept of cultural industries in China and show the history of China's Cultural Industries from the perspective of policy. And there will be a detailed analysis of the situation of this sector by a number of latest figures and data which are from social surveys lasting for 6 months around the nation. Then the paper will discuss the problems and opportunities of Chinese cultural industries.

Keywords: cultural industries conception, economic situation, cultural industries development problems and opportunities.

doi:10.3846/coactivity.2011.18

Introduction

Cultural industries are a kind of sunrise industry in the 21st century. With China's rapid economic development and policies support, China's cultural industries have been increasingly spectacular. China's cultural industries' progress and enormous development potential shows the vigorous vitality.

In recent years, China is promoting the cultural system reform to develop its cultural industries which has made a large contribution to China's economy. In 2010, China's government decided to push cultural industries as a key economic sector in the 12th 5-year plan strategically, which offers abundant opportunities for the industry.

Chinese concept and history of cultural industries

1. Chinese concept of cultural industries

What are cultural industries? There are different definitions across the globe.

The term "cultural industries" in China is the official term used by central government. It remains the national edict for framing cultural development at policy level. In many cities and regions, however, the more business-friendly term 'creative industries' is used. In many instances, the terms are used interchangeably, often concurrently (e.g. the cultural creative industries in Beijing) (Michael, Weihong 2009). According to the National Bureau of Statistic of China, Cultural industries are such activities which provide cultural products, entertainment and related services & jobs. So in China, cultural industries seem to be an economic sector which aims at making culture into wealth and are categorized into three parts: the core part, the periphery part, the related part as follows in Table 1.

According to the National Ministry of Culture, cultural industries are such businesses which offer cultural productions and cultural services.

Generally, the concept and the categories by the National Bureau of Statistic of China are much more popular in the circle. The data are collected following that categories be in most of provinces.

Table 1. *The categories of cultural industries*

The Core Part	1. News services
	2. Publishing and Copyright Services
	3. Radio, TV and Film
	4. Art Service
The Periphery Part	5. Internet Service
	6. Leisure and Entertainment Service
	7. Other Cultural Services
The Related Part	8. Cultural Product, Equipment and Other Related Production
	9. Sale of Product, Equipment and Other Related Production

2. The history of cultural industries in modern China

Since the declaration of the People's Republic of China in 1949, Culture is considered to be a kind of ideology. Governments of different levels consider film, TV, radio, etc. as public service only and they just need to make cultural production without little thinking about the profits and costs. The government will pay for that.

After the economic reform and opening-up, China began to develop market economy. Media, as an example, began to seek ways to promote their development and received more profit from market.

In 1998, the Ministry of Culture set up a new unit called Cultural Industries Branch to promote and supervise Chinese cultural industries.

In the fifth-plenary meeting of 15th CPC Central Committee, in 2000, cultural industries firstly appear in the government document. It is considered the first time when cultural industries were officially approved by government. In 2003, China has begun its cultural system reform. From 2005, most of cultural units such as media, press house and so on are becoming enterprises and market-orienting gradually. Cultural system reform is proceeding comprehensively progressively, which had set free the enthusiasm of cultural industries and provided system guarantee for the rapid development of cultural industries (Shusheng 2009).

In 2006, especially after the plenary meeting of 16th CPC Central Committee, cultural industries entered into a rapid development stage. Its growth rate was quicker than GDP's and became the new growth point of national economy.

In 2007, Chinese president Hu Jintao advocated "to promote cultural prosperity and development", which later became a national-level policy to accelerate economic restructuring and change in the pattern of economic growth, optimize and upgrade the industrial structure. From then on, the country is paying close attention to develop culture industries, which is low energy consumption but high value added.

In 2009, an executive meeting of the State Council discussed and adopted *the Revitalization Plan of Cultural Industries* on 22 July. The high-profile plan is the 11th revitalization plan for an industry following plans for steel, auto, textile, equipment manufacturing, ship-making, IT and other industries (Chao 2009). This plan makes it clear China will further develop cultural creative industry, film and TV making, Press and distribution, print and copy, advertising, performing arts and recreation, cultural exhibition, digital content and animation industries.

Under the plan, central government shall significantly increase investment in cultural industries by subsidizing loan interests and program budgets and offering initial capitals; establish the investment fund for Chinese cultural industry to strategically invest as a shareholder

in cultural companies in key areas, promote merger and acquisition of these companies, facilitate integration of cultural resources and structural adjustment and uphold cultural security of the country. According to a source close to the situation, such fund management company has been established with 10 billion Yuan in size. The Ministry of Finance is the major shareholder and invites key state-owned cultural companies, large SOEs and financial institutions to purchase shares (Chao 2009).

In 2010, the country decided to push cultural industries as a pillar industry in the next 5 years after the plenary meeting of 17th CPC Central Committee. This policy will give a large influence on cultural industries.

In 2011, the Ministry of Culture began to organize experts to draft *the Double-growth Plan of Cultural Industries in the 12th 5-year period* to promote cultural industries. It is reported that the draft will focus on the policy framework, public service platform and key programs to push this big target.

The situation of cultural industries in China

After these years of development with strong support from government, cultural industries reached a very dramatic growth and made a great contribution to the country.

1. Cultural industries are becoming popular industries in regional economies

Cultural industries have been polar industries in some districts. At the level of the country, it grows at a fast speed even higher than the rate of GDP in some provinces. For the whole cultural industries, the added value takes 2.15% of GDP in 2004 and the number increased to 2.6% in 2007. There still are some latest figures about cultural industries.

Jiangsu province is the first one to raise the concept of “being cultural province” in 2006. In 2000, Zhejiang province published the develop-

ing plan on cultural province construction, It is still the first document among 31 provincial governments in this filed. From then on, Guangdong, Shandong, Jiangxi and other provinces began to make their plans on how to develop cultural industries. Up to February, 2009, there are 29 provincial governments including Autonomous regions and Municipalities that have plans of this kind (Zhou 2009).

Under the stable development of cultural industries at the level of the whole country, there are different situations in different provinces. Whether the cultural industries are developing well or not is an important evaluation for the related government officials. At present, the development of cultural industries in China is urban based while the coastal areas have a more rapid growth rate, especially in Shanghai and Beijing. From 2004 to 2007, it developed by 17.4% per year in Beijing and that is 15% in Shanghai, 24% in Jiangsu, 20% in Hunan, 24.5% in Shanxi, 20% in Anhui (Table 2).

Table 2 shows that Beijing, Shanghai and Yunnan, etc. have much potential for cultural industries which have made great contribution to the economy. In China, there are three levels according to the development of cultural industries. The first class covers such provinces, most of which are on the eastern coast including Beijing, Shanghai, Zhejiang, Jiangsu and Guangdong. The second class covers the middle part of China such as Anhui, Henai, Hubei. The last class is the western part of the country.

Although the total value is increasing, the growth rate is lowering down. It is 1.6% lower than that in 2006 in Hunan province. This occurs in many provinces. There are several reasons. The most important one is that the industry structure is not suitable for the market and the financial crisis made a major influence on them.

2. Industrial structure of cultural industries is changing and upgrading

Cultural industries in different provinces will be shown by categories in the following list according to the following data (Table 3).

Table 2. *Statistic reports from provincial governments in 2009*

Province	Added Value Billion	Rate of GDP %	province	Added Value Billion	Rate of GDP %
Beijing	99.26	10.6	Shanghai	68.325	5.61
Tianjin	11.583	2.3	Jiangsu	57	2.19
Henan	45	Above 4	Zhejiang	59.593	3.2
Hebei	30.2	2.2	Jiangxi	2.99	About 3
Chongqing	11.419	2.8	Guangdong	192.13	6.2
Jilin	18.932	3.58	Fujian	238.51	2.6
Heilongjiang	10.51	1.48	Funan	446.22	4.9
Yunnan	26.294	5.55	Gansu	2.644	\
Hubei	36.825	4	Guangxi	1.987	\
Anhui	17.31	2.4	Shanxi	16.075	2.8

Notice (According to the category by National Bureau of Statistic of China) :

1. News services.
2. Publishing and copyright services.
3. Radio, TV and Film.
4. Art Service.
5. Internet Service.
6. Leisure and entertainment service.
7. Other Cultural Services.
8. Cultural product, equipment and other related production.
9. Sale of cultural product, equipment and other related production.

As shown in the table above, so far the key industries in every province are quite similar. In these places, according to the benefits, the first four industries are publishing and copyright services, leisure and entertainment service, cultural product, equipment and other related production, sale of cultural product, equipment and other related production. These four industries play a significant role in local cultural industries.

In 2007, the value of the core part and the periphery part were increasing and the related part still makes development at a stable speed. Despite different economic environment, the three parts in different provinces showed some characteristics in common.

The developing speed of the core part including news service and TV and broadcasting industries is increasing dramatically and makes more and more contributions to the economy, taking Jiangsu province as an example which is very strong in press industries and broadcasting industries. In 2007, the value of core part increased by 22.24%, the periphery increased by 32.33%. The total value of the five provincial cultural industries group reached to 12.408 billion RMB and increased by 14.05% than that of last year. Phoenix Press Group was one of the good enterprises. Either the asset or the annual revenue, or both reached to 10 billion RMB. The core part of cultural industries in Heilongjiang province also achieved high development. It increased by 17.4% than last year attributed to fast development of new press, culture and TV & Radio industries.

Although the core part developed quite fast the quotient in the whole cultural industries was low. As the key sector of cultural industries, the core part still had a lot of potential to make much more contribution to the economy.

The periphery part still takes a high ratio in the added value of cultural industries in most of provinces because of the sound base of manufacturing industries in China. According to the categories of the country, the related includes: Cultural product, equipment and other related

Table 3. *Statistic reports from provincial governments in 2009*

Province	Added Value of the core part (billion)	Ratio	Added Value of the periphery Part (billion)	Ratio	Added Value of the related part (billion)	Ratio	Polar Industries
Shanghai	10.613	15.5%	33.067	48.4%	24.645	36.1%	6,7,8
Zhejiang	14.284	24.0%	8.315	14.0%	36.994	62.0%	6,7,8
Jiangsu	15.653	26.7%	16.036	27.3%	27.046	32.3%	2,6,8.
Shanxi	3.871	24.1%	7.951	49.5%	4.253	26.4%	2,7,9
Hunan	13.021	29.2%	14.523	32.5%	17.078	38.3%	2,6,8
Heilongjiang	3.04	29.0%	3.43	32.6%	4.03	38.4%	6,8,9
Jilin	9.001	47.5%	5.11	27.0%	4.821	25.5%	2,8,9
Yunnan	6.46	41.6%	4.98	32.1%	4.08	26.3%	2,6,8
Chongqing	5.906	51.7%	3.561	31.2%	1.952	17.1%	2,4,6
Fujian	5.2	21.8%	2.543	10.7%	16.108	67.5%	2,4,8

production; Sale of cultural product, equipment and other related production. In Zhejiang and Fujian, the ratio is more than 60%. These two provinces are famous for their manufacturing industries. So the manufacturing of cultural production is the main channel with low added value but large sales to get profit for these two governments. In Zhejiang, the added value of cultural manufacturing was 33.182 billion and took 55.7% of GDP and the Retailing Industry is 9.273 billion RMB and took 15.5%.

3. The reform of culture system is moving further

Chinese government considers cultural industries as a very strong economy sector and as a focus to keep 8% of developing aim. In recent years, China is devoting herself to the market economy-orientated reform (Shungshen 2010).

Since 2003, state-owned cultural enterprises including press group and some performing theaters began to reform gradually and became

market-oriented. During these processes, lots of problems occurred. In China, this kind of units is supported by the government finance and never thinks of marketing because the government has planned to distribute all the goods to the society. Under the new economic reform and opening up, they must go to the market and meet the audience's need to promote or sell their cultural goods and services. This process happened in most provinces of China. Chinese government published several documents to guide how to promote this reform.

Take film industries as an example. In the past, this sector was a public sector that pays more attention to its social influence rather than profit. Every year government would give a budget and publish a plan to show how many films will be made, in what content and so on. It has changed a lot. Since 2006, the film sector has become industrialized. Several years later, it was a new thing. Film makers were quite free to shoot different films with little restriction to meet audience's demand in market. To a large extent, it has been really an industry. There are such data as follows (Table 4).

Table 4. *The statistic report on 2009 from the State Administration of Radio, Film and TV*

Items	2002	2008
Productions	100	406
Investment body	Less than 100	300
Ticket box	Less than 1 billion	More than 4.3 billion
Total value (including ticket box, DVD, overseas income and other derivative commodities)	Less than 2 billion	More than 8.4 billion
Screen	1400	More than 4000

4. Clustering is another tendency of Chinese cultural industries

The highly developed levels of cultural industries are in the form of cultural clusters and the formation of the cultural industrial clusters. Gradual maturity of cultural industries will promote the expansion of the industrial clusters as well as calls for more maturity of the cluster services. It is also able to attract and stimulate the creativity of the original fragmented industries to develop a larger growing force.

By 2011, there are 214 national-level cultural clusters in the country covering animation, design, TV and film making ,etc. including 4 national cultural industries experimental clusters. Governments at national and provincial level publish special plans or policies to promote cultural industries clusters including low taxes, financial support and HR preferences and other good measures as a stimulus for clusters.

Industrial map

There is no balance in cultural economy between the West China and the East China. So it is the same situation in cultural industries. More than a half of national-level clusters are located in the East part of China in accordance with the economy gap in China.

Conclusions

According to these surveys, we found several problems of Chinese Cultural Industries. There are three big obstacles.

1. Imbalanced development

On the one hand, the developing level of cultural industries in China is imbalanced because of the different economic base. From the data, cultural industries in East China are the most developed such as Beijing, Shanghai, Jiangsu, Zhejiang ,Guangdong, Taiwan, Hang Hong and Macao. Provinces in the middle part are on the second level including Henan, Anhui, etc. Most of western provinces in China are underdeveloped in cultural industries except Yunan.

On the other hand, cultural industries clusters are imbalanced. Governments at every level promote cultural industries and its clusters. However, the governmentled development mode is very easy to lose its direction. After the construction rush for cultural industries clusters, the governments lost focus on them. Some could get lots of funds to have a good deployment and some, especially small ones, enjoyed little benefit of the policy and financial support.

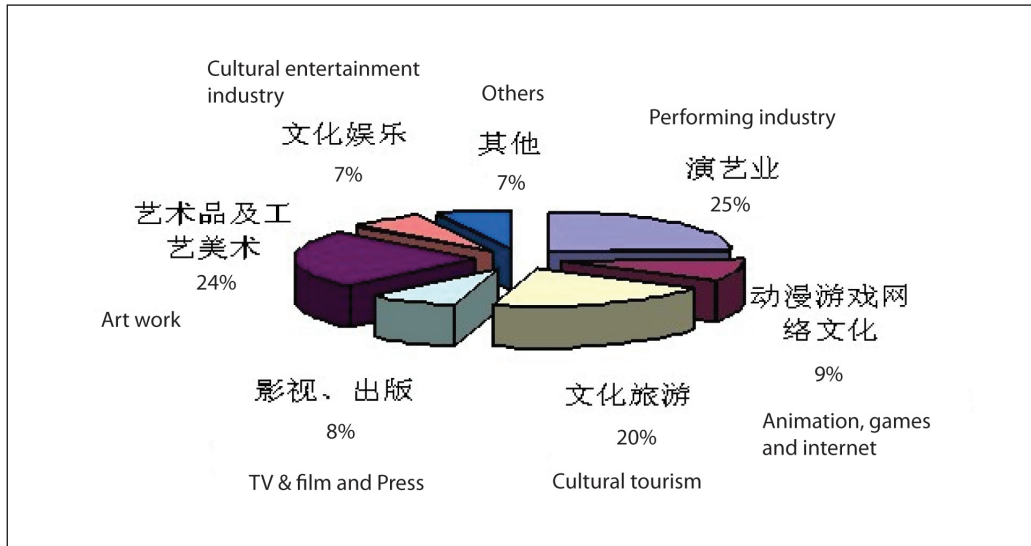


Fig. 1. The statistic from the Branch of Cultural Industries, the Ministry of Culture, China, 2011

2. Lack of professional talents

Cultural industries are quite new in China and the academic and educational system is not perfect enough to support and guide the practice so far. In recent years, many disciplines have established cultural industries courses on Bachelor, MA and PhD levels. But the development of cultural industries requires not only creative talents, but also other professional and technological talents in the various segments of the industry to grasp the unilateral emphasis. Creative professionals are far from sufficient, instilling type of education can not teach the real innovation, creativity and awareness of perfusion to the entire process of personnel training (Xiaodong, Hanlu 2009).

3. Lack of sense of brand building

Creative ideas are the most important elements of the cultural industries. While developing cultural industries, many locals focused on simple imitation. Self-owned intellectual ideas are too

little to get further development. The awareness to establish national brand is becoming stronger in China but still not enough. Brand building is a long-term process in the market economy to maintain high-profit and high returns in future. The cultivation of their own brands and own-brand loyal consumers has a long way to go for the China cultural industries enterprises.

Meanwhile, there are still some good opportunities for Chinese cultural industries.

Firstly, cultural industries are facing many opportunities during the trend of traditional industry upgrade and amalgamations with the governmental economic stimulus measures.

Secondly, the launch of 3G and China Multimedia Mobile Broadcasting (CMMB) services marks the coming of a mobile Internet age, thus the cultural industries have been in the period of innovation in both the types of operations and business models.

Thirdly, global cultural trade will turn from product and service competition into an era of gaming on capitals, in which China's low-end position in international division of cultural industries will be enhanced.

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KULTŪROS INDUSTRIJŲ SAMPRATA KINIJOJE

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Kultūros industrijos Kinijoje visada buvo stipriai remiamos vyriausybės ir sparčiai vystėsi. Straipsnio tikslas – paaiškinti kultūros industrijų sampratą ir atskleisti šalies kultūros industrijų istoriją, iliustruojant naujausiais duomenimis ir skaičiais, kurie gauti tyrimo, trukusio 6 mėnesius visoje Kinijoje, metu. Straipsnyje aptariamos Kinijos kultūros industrijų problemos ir galimybės.

Reikšminiai žodžiai: kultūros industrijos samprata, ekonominė situacija, kultūros industrijų plėtros problemos ir galimybės.

Įteikta 2011-08-03; priimta 2011-09-08