

The New Cultural Revolution: Chinese Cultural Policy Reform and the UNESCO Convention on Cultural Diversity

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Keywords: UNESCO, cultural diversity, cultural industries, China, globalisation, soft power

Abstract

The UNESCO *Convention on the Protection and Promotion of the Diversity of Cultural Expressions* has been framed as part of a wider struggle against global pressures for the marketisation and commercialisation of culture, stemming largely from the US and Hollywood. This article problematises such framings of the Convention, beginning with an analysis of its first significant deployment in a dispute at the WTO, which ended in 2009 following a long running and high stake trade conflict between the US and China concerning Chinese restrictions on the import of cultural goods and services. Engaging with Yúdice's (2003) arguments about the transformation of culture into a resource in the recent era of neoliberal globalisation, the article then goes on to consider the contemporary "revolution" in Chinese cultural policy. The process of cultural system reform since 2002 is examined before going on to focus on Chinese efforts over the last decade to develop its film industry as part of the concern with "cultural security" and "soft power". It is argued that the significance of the UNESCO Convention and its deployment in such trade disputes lies less in highlighting the salience of conflicts between culture on the one hand and the logic of the market on the other, but rather in demonstrating the concern for the stakes attached to culture as a strategic sector for investment, industrialisation, trade and development in the contemporary global economy. The article then goes on to develop this point in greater detail by examining the commercial-ideological "clash" between the US and Chinese blockbusters *Avatar* and *Confucius* that occurred in China in 2010.

Introduction

This article engages with discussions surrounding the significance of the UNESCO *Convention on the Protection and Promotion of the Diversity of Cultural Expressions* by examining the case of contemporary cultural policy reform in China. A binding international treaty adopted in 2005, the Convention on cultural diversity (UNESCO, 2005; hereinafter “the Convention”) has been framed as part of a wider struggle against pressures for the marketisation and commercialisation of culture, aimed in particular at restoring a degree of state sovereignty over cultural policy in the face of the alleged pressures of US and WTO-led globalisation. Although the Convention has clear limitations in terms of its standing in international law (given, in particular, its subordination to existing WTO Agreements), it nevertheless marked something of a political coup after receiving widespread governmental support in the face of fierce opposition from the US (which was only able to convince Israel to join it in voting against the Convention’s adoption at UNESCO in 2005, in an overwhelming 148-2 result). In this spirit it has generally been received as a first step towards greater sensitivity towards cultural concerns in questions of international trade regulation and, in the words of the European Commission, the treaty has been welcomed for heralding “a consensus that the international community has never before reached on a variety of guiding principles and concepts related to cultural diversity” (European Commission, 2005). It entered into force in 2007, after a rapid process of ratification around the world.

China was an important actor in securing the adoption of the Convention at UNESCO and also became the first country to cite it in a trade dispute at the WTO (in 2009), where it had been involved in a long running and high stake case in which it had been required to respond to a complaint from the US concerning a number of restrictions that China placed on the import of films, DVDs, music and publications. This case therefore represented an important case in the evaluation of the significance of the new UNESCO instrument, as well as marking an important expression of the significance that

is now being attached to the management of the cultural sector by the Chinese government in its contemporary cultural policy.

The first section of this article picks up this US-China dispute at the WTO, beginning by setting out the key issues at stake in the adoption of the UNESCO Convention and its deployment by China in the dispute, before going on to critically discuss some of the responses that there have been in the analysis that has surrounded these events. In particular, this section of the article seeks to problematise the way that the Convention has tended to be framed in these responses. Drawing on Yúdice's (2003) post-Frankfurt School arguments about the transformation of culture into a "resource" in the recent era of neoliberal globalisation, it is suggested that the US-China dispute at the WTO demonstrates that the Convention's significance lies less in highlighting the salience of conflicts between culture on the one hand and the logic of the market on the other - which, as I will show later, has tended to be the frame through which the Convention has been understood - but rather in demonstrating the concern for the stakes that have come to be attached to culture as a strategic sector for investment, industrialisation, trade and development in the contemporary global economy.

This argument is then expanded upon in the second section through an exploration of the contemporary "revolution" in Chinese cultural policy, which has seen the implementation of a number of reforms designed to foster privatisation, industrialisation and competitiveness in the cultural sector. Rather than being used to "shield" culture from the logics of the market or commodification, it is argued that it is more accurate to see the Convention as an international component of the Chinese government's strategy to redefine culture as a resource that can be harnessed to ongoing economic development, as well as to achieve greater "cultural security" and "soft power", precisely through intensified industrialisation and market-led reforms. The third section then seeks to extend this analysis with a focus on Chinese efforts over the last decade to develop its film industry, a sector where the stakes in the recent controversies at UNESCO and the WTO have been most marked. In the fourth and final section the article then turns to consider the commercial-ideological "clash" between the US and Chinese blockbusters

Avatar and *Confucius* that occurred in China in 2010, as a case that provides insights into how contemporary global shifts in the conceptualisation and deployment of culture are playing out in the Chinese context.

Background: The UNESCO Convention on Cultural Diversity and the US-China WTO ruling of 2009

The UNESCO Convention is built around the principle of the “dual nature” of cultural products, a principle which had first been given recognition in the *Universal Declaration on Cultural Diversity* that was adopted at UNESCO in 2001 and that paved the way for the Convention in 2005. This principle states that cultural goods and services (widely understood to encompass “printed matter, literature, music, visual arts, cinema, photography, radio, television, games and sporting goods”, to follow the definition employed in compiling international trade statistics; Disdier et al, 2009) are carriers of not only *commercial* but *cultural* value: they are “vectors of identity, values and meaning” which mean that they “must not be treated as mere commodities or consumer goods” (UNESCO, 2001: Article 8). It is from this principle that the key provisions of the Convention flow, most notably the sovereign right that is granted to each state party to “maintain, adopt and implement policies and measures that they deem appropriate for the protection and promotion of the diversity of cultural expressions on their territory.” (UNESCO, 2005: 3)

Whilst on the face of it, the Convention appears to have an extremely broad remit in addressing to questions of cultural diversity and cultural rights, the substantive emphasis on the status of cultural *goods and services* in the text of the Convention reflects the treaty’s genesis in a series of quite specialised and high stake trade disputes that flared up in the late 1990s and have been associated with the so-called “trade and culture debate” (for a detailed overview and history of this debate see Footer and Beat Graber, 2000; Bernier, 2005; Harvey, 2006; Singh, 2008). Two broad “pro-culture” and “pro-trade” positions have been evident in this debate and will be considered below in order to contextualise the WTO US-China case and the domestic Chinese responses.

The campaign for the drafting and adoption of the Convention at UNESCO was initiated and spearheaded by the governments of France and Canada working together with stakeholders in the cultural industry sector, but eventually extending across a broad coalition of states and civil society organisation from developed, emerging and developing countries, including China. Together they set out a “pro-culture” position based on the argument that the contemporary pursuit of liberalisation in the cultural sector undermines the cultural policy capacity of states, and that this has negative implications for cultural diversity. On this side of the debate it has been claimed that, in a context of international market liberalisation and rapid technological change, established international conglomerates and oligopolies in the audiovisual and publishing sectors that have been nurtured in larger and wealthier domestic markets are able to consolidate market power on an ever greater scale, rendering local production commercially unviable. At the same time, the pressures of contemporary trade negotiations and regulations are seen to threaten the capacity of states to provide measures of support to domestic producers through mechanisms such as domestic quotas, subsidies, preferential treatment, competition policy, government procurement or systems of content review. It is claimed that such mechanisms are necessary in order to fulfil legitimate public aims (social cohesion, the protection of “public morals”, cultural and linguistic diversity, and so on), to correct the market failures of the cultural sector and to create a level playing field in the international circulation and exchange of cultural products between different societies and thereby, it is claimed, contribute to the creation of a more plural and tolerant international society (for a statement of such arguments see eg UNESCO, 2004).

Those occupying the “pro-trade” side in the debate - most prominently United States trade representatives and more orthodox economic liberals - have argued that free trade is merely a mechanism by which consumers select the most successful and efficient producers, while also disseminating technology and raising incomes around the world in a way which ultimately allows domestic forms of cultural production to flourish. This position has also gained intellectual weight from those who argue that the notion of “protecting” culture is to deny its fundamentally fluid and hybrid character in a way which paves the way for essentialising and authoritarian political agendas (see, for

example, the accounts of Rushdie, 1999; Appiah, 2006). Indeed, by positioning itself as the guardian of the free flow of commerce and of culture, the US combined both of these arguments in setting out its opposition to the Convention and stressing that, for the purpose of trade negotiation and regulation, the cultural sector should *not* be subject to “exceptional” rules and that the WTO (not UNESCO) is the most appropriate forum for dealing with what should be regarded as a matter of trade, not culture (for the US’s official statements regarding the Convention, see Oliver, 2005; Martin, 2005; US State Department, 2005).

It should be noted that the differences between the two sides in the debate considered above have often been exaggerated and deployed tactically in the context of trade negotiations and the political standoff over the UNESCO Convention. Those that have attempted to find a third way in this debate have pointed out that the two perspectives outlined above need not be mutually exclusive, and have explored the possibility of developing alternative mechanisms, or improving existing trade regulations, in a way that could have resulted in a more effective regulatory solution (see for example Nenova [2010] for an overview). One of the factors that has hardened the respective pro-trade/pro-culture stances in the debate however has been the sizeable commercial stakes that have been in play (discussed in more detail below), and this has also tended to inflate the discourse that has been employed by both sides. The suspicions from pro-trade advocates for example that the Convention’s lofty references to cultural diversity are designed to legitimise a form of “disguised protectionism” on behalf of its key sponsors (particularly in the context of GATS/WTO and other bilateral negotiations, notably those affecting the audiovisual sector) are largely backed up by a close analysis of its substantive provisions (as Beat Graber [2008] has shown for example) - even if the weakness of the Convention in relation to existing international legal commitments appears to limit the ability of states to use the treaty’s provisions in this way in order to circumvent prior WTO commitments.

The commercial significance of cultural products has undoubtedly risen dramatically in a context in which content and intellectual property have become increasingly important

sites of capital accumulation and identified as a sector for strategic investment and international expansion. Worldwide, imports of cultural goods increased by 347% between 1980 and 1998 (from US\$ 47.8bn to 213.7bn), compared with 189% for all commodities over the same period (Disdier et al, 2009: 576) and, with states jostling for position in determining the rules governing the digital economy in the 2000s, the stakes in these debates have been extremely high. This is of course as true for supporters of the Convention looking for “protection” from global competition as it is for the US in opposing the Convention and looking to maintain an “open door” policy that favours its powerful exporters in the cultural industries. Since the 1990s, these have become “the jewel in America’s trade crown”, becoming an increasingly important source of international trade surpluses and, in 1996, surpassing traditional manufacturing industries to become the US’s largest export industry (Bruner, 2008; Disdier et al, 2009: 576). With international markets providing an ever-larger source of revenue for the major players in Hollywood, at the same time as Hollywood production companies were busy consolidating direct control over distribution systems in all their principal foreign markets (Forsyth, 2004), it has been an open secret that the US’s position on the UNESCO Convention was worked out in close cooperation with lobby groups such as the *Motion Picture Association of America*, whose members include the “Big Six” of major Hollywood studios and whose former leader Jack Valenti had, by the mid-1990s, earned a reputation as the most formidable trade lobbyist in the US (Bruner, 2008:356). The data generated over the last decade has heralded the potential for huge rewards to be had in China: in the film industry for example, while average costs of production have been estimated to be 0.5% of the average cost of production in the US (and remain low despite spiralling costs elsewhere), box office revenues reached 4.3 billion yuan (US\$635 million) in 2008, a 30% rise over the previous year and rising by more than 20% every year for the five years previous – turning it into a key strategic target for exporters over this period (Keane, 2006; *China Daily*, 2009; MPAA, 2009).[1] Meanwhile, as China's per capita income surpassed \$3,000 in 2008 and \$5,000 in 2011, cultural policymakers within China and domestic and international investors alike have come to terms with the huge scope for development of the domestic market: at such a level of per capita income, it has been claimed, China should be enjoying 4 trillion yuan’s worth of cultural products per year,

and yet by 2012 the population's actual consumption only stood at 1 trillion yuan (*China Daily*, 2012).

In light of the above, the dispute that was brought by the US against China at the WTO in April 2007 therefore constituted a landmark case, carrying significant commercial, political and economic stakes not only for China and the US but also for those with a wider interest in the trade and culture debate. China ratified the UNESCO Convention in January 2007, following diplomatic efforts from the treaty's key stakeholders in Europe and Canada who were keen to see it gain wider international support and legitimacy. China then became the first country to cite the UNESCO Convention in a dispute at the WTO, following the US complaint that was filed in 2007. The US complaint centred on Chinese restrictions on the import of cultural goods and services, and reflected in particular the concerns of the MPAA which had taken the initiative in urging the US Trade Representative to take the case to the WTO in the hope of gaining greater access to the Chinese market by, in particular, challenging the legality of the government's effective monopoly over the distribution of imported films (MPAA, 2009). The case was followed closely around the world by those with a stake in the implications of the UNESCO Convention for the international regulation of the trade in cultural products, and in particular with stakes in Chinese market access. Third parties to the US-China dispute for example included the European Community, as well as neighbouring cultural industry powerhouses South Korea and Japan (WTO, 2009). Meanwhile the WTO decision presented an important moment for those assessing the practical significance of the UNESCO Convention, since it offered an opportunity to assess how effectively the Convention could provide a shield for national cultural policy in the face of powerful pressures for liberalisation in the cultural sector.

The case resulted in a ruling that called upon the Chinese government to lift a number of its restrictions on the import of films, DVDs, music, publications and other copyrighted material, which the WTO panel had found to be in breach of China's WTO commitments (WTO, 2009). When the main points of China's subsequent appeal against the ruling were rejected by the WTO panel later that year, the case was generally received

as confirmation that the UNESCO Convention had proven to be a largely ineffective shield of the kind that its pro-culture framers and supporters had aimed for, while pro-trade US negotiators and the MPAA hailed the WTO decision as a landmark victory (US Trade Representative, 2009; MPAA, 2009).[3] This was a verdict echoed by the *Wall Street Journal* (2009), which responded to the WTO decision with the headline “Hollywood upstages Beijing” and reflected that the WTO had handed China “its biggest defeat yet”. Within weeks of the ruling the US Trade Representative was being lobbied to keep the momentum rolling at the WTO by raising the issue of China’s “Great Firewall” (which China also defends on grounds of cultural sovereignty) on behalf of Google, eBay, Yahoo! and the myriad of companies that trade and advertise through the internet (*San Francisco Chronicle*, 2010). This call was quickly echoed across the Atlantic, where the European Commission called for “a level playing field” in China for European enterprises (*Economic Times*, 2010).

However, the 2009 decision at the WTO also left a number of other issues unresolved, particularly regarding the ongoing controversies over the status of culture in international trade and the right of China to reserve a number of other controls over the import of cultural products (such as caps on the number of films that can be imported into China and a system of content-review) which the Chinese government argue are necessary in order for it to be able to assess the impact of imported cultural material on national “public morals.” Working with the following definition of public morals - “the standards of right and wrong conduct maintained by or on behalf of a community or nation... that can vary in time and space, depending upon a range of factors, including prevailing social, cultural, ethical and religious values” (WTO, 2009:280) - the WTO panel went on to acknowledge the right of Members to apply “this and other similar societal concepts...in their respective territories, according to their own systems and scales of values.” (WTO, 2009: 281) The Panel made reference to the authority that this right had now been given at UNESCO and accepted China’s general proposition, which it had made through reference to UNESCO’s standard setting instruments on cultural diversity, “that the importation of products of the type at issue in this case could, depending on their content, have a negative impact on public morals in China.” (WTO,

2009: 279, fn 538) The Panel also noted in this respect that China had *not* invoked the UNESCO instruments as a defence to its breaches of trading rights commitments under the Accession Protocol, highlighting the extent to which China had been careful not to undermine the general principle of free trade and WTO membership (WTO, 2009: 279, fn 538).

This acknowledgement by the WTO Panel of China's references to the principles contained in the UNESCO cultural diversity instruments represents a new development at the WTO, with the partial "softening" of its position on culture leaving the outcome of the decision uncertain for future negotiations and disputes in this sector. An analysis of the decision by *China Media Monitor Intelligence* (an authoritative Beijing-based consultancy for cultural industry exporters to China) for example was quick to point out that the Chinese strategy of invoking arguments based on the particularity of cultural products had rendered the WTO decision a "half-victory at best" for exporters to China and in fact presented them with a new set of problems: "If experience offers any indication of what we can expect, it is that these sorts of non-tariff, extra-WTO tools will rise in importance for the government." (Wolf, 2009)

Indeed in December 2009, in a statement responding to the WTO ruling, the Chinese Ministry of Commerce reiterated its position by referring to the principle of the "dual nature" of cultural goods that lies at the heart of the UNESCO Convention: "China insists that cultural products have both commercial and cultural values which decide that the management of trade on such products should be different from that of general goods." (*Liaoning Provincial Online Foreign Trade Information Center*, 2009) In January 2010, the Chinese government then issued a guideline of ten initiatives to promote the development of its domestic film industry and to increase its international competitiveness between 2010 and 2015. It also issued a reminder to domestic theatres that they were required to screen a quota of at least two-thirds of domestically produced films - further straining relations with Hollywood in the process (*Xinhua*, 2010; *Wall Street Journal*, 2010). Legal analysts such as Burri (2013: 362-363) have therefore noted that the US-China case demonstrates an ongoing ambiguity with regards the relationship

of the UNESCO Convention to the WTO: on the one hand, China's attempt to invoke the Convention to retain some of its protective measures had proven futile, but on the other hand the case also signalled a new flexibility of WTO rules regarding the role of the cultural sector that acknowledges some of the claims of "pro-culture" advocates. It also appears to have strengthened the Chinese government's resolve to seek ways of managing and developing its domestic cultural sector.

However, aside from the legal and trade implications of the US-China case, it is also worth stressing that the dispute has not revolved around a straightforward opposition between "cultural values" on the one hand and the values of "commerce" and the "market" on the other - which is how such disputes within the trade and culture debate have tended to be framed. The narrative that has been constructed around the adoption of the UNESCO Convention and its role in such trade disputes is that it expresses a desire to "defend" culture from the logic of the market and of industrialisation, and in this sense the Convention is seen to have offered an alternative - however weak its standing in international law - to the privatisation and commodification of culture under neoliberalism (for such analyses see for example Macmillan, 2008; Moghadam and Elveren, 2008), whilst marking a "first step to filling the existing lacuna for cultural values and interests in international law" (Beat Graber, 2008:157). It is in this spirit that *Le Monde* (2005) reported the Convention's adoption in 2005 as a "real antidote to globalisation", while for analysts such as Moghadam and Elveren (2008) the politics that provides the thrust behind the Convention and related disputes is one which pits "economics" and the "power of [US] capital" against "culture". In such accounts, the Convention is situated in a narrative in which UNESCO has offered a forum for standing up against the cultural superpowers in a way which is reminiscent of the radical calls from the Third World and its supporters in the 1970s for a New World Information and Communication Order (NWICO) in the 1970s and 1980s. In this period, the Non-Aligned Movement of Third World countries called upon UNESCO to become an agency perpetuating forms of "cultural imperialism" on behalf of the more powerful states into one that would assist in the ongoing project of cultural decolonisation aimed at addressing what were claimed to be global imbalances in flows of information and

communications as well as the harmful effects of commercial mass culture and the cultural industries.[2]

In what follows, I will argue that the kinds of interpretations considered above present an extremely misleading interpretation of the significance of the Convention and the trade disputes that it has been aimed at addressing. Before going on to explore these themes in more detail however, it is necessary to clarify a number of points that have often been obscured by the trade and culture debate. First of all, it should be noted that the US-China dispute, as with other disputes centred on the trade in cultural products, has *not* centred on policies aimed at preserving space for state support to “high” culture or the arts (opera, ballet, classical music, the fine arts, and so on). The US, like other countries, openly subsidises its national arts institutions and the right of other countries to do so has not been under question (even if such subsidies and their legitimacy have come under general pressure in national contexts of reform and fiscal retrenchment) (Bruner, 2008). More fundamentally, however, framing the UNESCO Convention as an instrument that is aimed at affirming the value of culture against the logic of marketisation fails to grasp the nature of the political and economic stakes that have animated it. As Albro (2005: 252) has argued, the debates that fed into the Convention were in fact less about “the relationship of culture to the marketplace”, or “the relevance of culture outside the marketplace”, than about “what the rules of the cultural marketplace should be”. The effect was that the final text gave little substantive recognition to concerns about the recognition of cultural diversity aside from those affecting governmental and commercial concerns around the regulation of the trade in cultural goods and services (such as the territorial or linguistic claims of sub-national communities and indigenous groups, or the rights of those working in media, journalism and communications). As Albro went on, “[t]he diversity of voices that might advance claims turning on the recognition of cultural differences within or between states, or outside any obvious market calculus altogether, are largely marginalized [in the UNESCO Convention].” (Albro, 2005:252)

In light of the above, it might be suggested that the significance of the US-China dispute and the wider debates around the UNESCO Convention lies not so much in

demonstrating the contemporary salience of conflicts between culture and commerce, but rather in demonstrating the extent of political concern about culture as a strategic sector for investment, industrialisation, trade and development in the contemporary global economy. In this sense it may be more accurate to see the US-China dispute as, to paraphrase the cultural theorist George Yúdice, an occasion for the articulation of the contemporary conceptualisation of culture as a “resource” (Yúdice, 2003). Yúdice has argued that the recent period of neoliberal globalisation has ushered in a new epistemic conjuncture in which culture has been redefined and redeployed in policy: it is increasingly conceptualised as something to be tapped into and managed as a key source of value in a globalising informational economy that is characterised by the immaterial, affective, creative and symbolic as motors of accumulation. In the same period we have also seen culture invoked to complement the roles of *human* and *social* capital that have been added to the repertoire of political economy and the social sciences in the last decades - as something to be known, studied, managed and invested in as part of projects of economic competitiveness and development, socio-political and economic amelioration, urban regeneration, and so on. Other observers have identified a similar reorientation of cultural policy and its practical concerns since the 1990s. According to David Throsby for example (who was also involved during the drafting of the Convention at UNESCO), the “rise of the so-called creative economy and the growth of the cultural industries has shifted the policy emphasis towards the economic potential of the arts and culture sector.” (Throsby, 2010: x).

This imbrication between culture, administration and industry is of course nothing new and has a long tradition of analysis within critical social theory, notably in the classical works of the Frankfurt School (see for example Adorno [2001]). However, Yúdice (2003) in particular notes that the nature of this relation in the neoliberal context has placed an unprecedented instrumental demand upon culture, as we have witnessed a proliferation of governmental and commercial concerns that seek to mobilise culture in this way. The effect, it is argued, has been to leave the notion of culture as resource as the only definition in contemporary practice that carries recognition within authoritative strategies of political and economic management, whilst “absorb[ing] and cancel[ling]

out hitherto prevailing distinctions among high culture, anthropological, and mass cultural definitions” (Yúdice, 2003: 4; 279). This has been evidenced in particular by a number of intellectual and policy initiatives designed to conceptualise and mobilise the value of culture for economic development, whilst simultaneously valuing the role of cultural goods and services as expressions of identity in the global marketplace. The UNESCO Convention’s novel recognition of the “dual” nature of cultural products – conceptualised as simultaneously cultural and commercial phenomena - has arguably become a key international reference point in this broader development rather than posing a challenge to it. While it may represent a fairly mild threat to the market share of some of the largest global exporters, it in fact tends to reinforce a global trend towards the instrumentalisation and commodification of culture.

In the following section, I seek to develop these themes in responding to the significance of the UNESCO Convention and the US-China WTO dispute through closer examination of recent transformations in Chinese cultural policy. Since the early 2000s, the Chinese government has been engaged in an attempt to articulate a new strategy of integration into the global market and international political arena based on the recognition of the growing commercial and political “soft power” significance of the cultural industries. Reforms have been implemented with the aim of nurturing the formation of private commercial enterprises in the cultural sector and subjecting them to the imperatives of market competition and reform. While these reforms have become the subject of a growing body of literature, thus far they have not been examined in a way which situates them within the context of these broader questions around trade and culture: the major work on cultural and creative industries in China. Keane (2013), makes no reference at all to the UNESCO Convention or WTO case, while studies of China’s “soft power” drive tend to be located in the field of international relations and public diplomacy, analysing soft power as primarily a debate over foreign policy and paying relatively little attention to the domestic implications of contemporary efforts at cultural system reform and the redefinition of culture as a resource to be harnessed for national development. After giving an overview of these reforms in the following section, I then go on to look in greater detail at the film industry, which is where the stakes in the recent

disputes over trade and the UNESCO Convention have been most significant. The article then turns to consider the commercial-ideological “clash” between the US and Chinese blockbusters *Avatar* and *Confucius* in 2010, as a case that can be used to develop the explorations of how the kind of transformations noted above are playing out in the Chinese context, and to offer some reflections on their implications.

The new cultural revolution: Chinese cultural policy in the WTO-era and the reconceptualisation of culture

Over the last decade China’s cultural policy has undergone something of a revolution, encapsulated in the mission set out in 2009 by the Minister of Culture, Cai Wu: “to build competitive international cultural brands and promote the influence of Chinese culture.” (*Government of the People’s Republic of China* [hereinafter “GPRC”], 2009). In contrast to the years before the changes initiated under Deng Xiaoping in 1979, when policymakers resisted the idea that cultural undertakings could be considered or operated in such terms, they are now identified as one of the fastest growing and most profitable sectors of the economy and this has required a relatively new modality of governance in which culture has been reconceptualised from purely “propaganda” work to culture as a “pillar industry” (Keane, 2013). According to Keane (2013), the first official documented use of the term “cultural industries” (*wenhua chanye*) can be found in 2000 and their identification as an objective of policy was legitimised in 2001 (the same year that China entered the WTO), subsequently coming to be a key element of cultural and economic policy in the 11th Five Year Plan (2005-2010) as senior officials recognised that China “needed to industrialise its culture in order to compete” (Keane, 2013: 21-27).

As bodies of cultural industry expertise came to be established in China over the following years, figures were released estimating that the total added value of the cultural industries in China [in 2004] stood at \$42 billion, or 2% of China’s GDP, and employed approximately 10 million people (*Inter Press Service*, 2006). Much of the focus has been on the “upgrading” and “transformation” of industries through the provision of infrastructure that can “attract creativity” (for example by providing assistance for the

redevelopment of industrial districts and dispensing incentives to attract “talent”); this has had some success in making China at least an entry level player for production in media and culture, turning it into an important base for international outsourcing in areas such as design and animation (Keane, 2013). It should be noted that statistics are difficult to verify in China, and the question of what counts under the creative and cultural industries is a contentious topic (see for example the discussion in Keane, 2013: 36-46; 78). Nevertheless, the data suggests that the cultural sector has been growing rapidly over the last decade (a pattern that has largely been unaffected by the global economic crisis), even though cultural industries still only made up 1% of Chinese listed companies in 2010 (Zhongxi, 2010). The proliferation of independent companies has been most dramatic, with a conservative official estimate of over 4,000 private companies operating in the audiovisual sector in 2009 (Keane, 2013: 78). More significant perhaps is that such activity is being conceptualised and measured in this way at all. Two milestones in this respect came in November 2012 with the launch of China’s first cultural industry index at the Shenzhen Stock Exchange, and the designation of culture as a new “pillar industry” in the 12th Five Year Plan (for 2011-2015), with the sector now being projected to account for more than 5% of GDP by 2015 (Bhattacharya, 2012; *China Daily*, 2012).

The origins of this change of approach and subsequent rapid growth in the cultural sector are often traced to the 16th National Congress of the Communist Party in 2002, when non-profit cultural undertakings and commercial cultural industries were separated, initiating widespread reform across the sector and bringing thousands of formerly government-affiliated agencies to the market (*China Daily*, 2012). By September 2012, more than 580 publishing houses, 3,000 bookstores, 850 movie producers and distributors, 57 public TV series producers, 99.5% of the country’s art troupes and the marketing sectors of 38 Communist Party newspapers and journals had been restructured into market enterprises, along with over 3,000 government funded non-political newspapers and journals (Bhattacharya, 2012). Meanwhile, although the emphasis in cultural policy has been on such decentralisation and privatisation, many of the more sensitive sectors (such as the main media groups) have remained under closer control and, through the State Administration of Radio, Film and Television (SARFT),

authorities continue to monitor and regulate the ideological content of audiovisual products: the result of this ascendancy of market interests and prerogatives alongside the continued supervision of content by the state results in what Niedenführ (2013) has described (in his study of the Chinese television industry) as a “tug of war” between regulatory interventions and market demands. The central government also continues to subsidise non-profit and public cultural projects such as free art museums, libraries, cultural centres and protection of intangible cultural heritage; indeed the funding for such operations from the central budget reportedly reached 4.6 billion yuan in 2013, up by 11.2% from the previous year (*Xinhua*, 2014).

These changes reflect the importance that has come to be attached to culture both for continued industrial expansion and for managing the strains on “national harmony” that are being generated internally by the social changes that come with this growth, and externally by the perceived threat to “cultural security” (*wenhuan anquan*) that comes with growing domestic exposure to foreign content, notably in sectors such as advertising, media and cinema (the slogan “cultural security” gained currency in the lead-up to China’s WTO entry in 2001 and would become a motif in internal Communist Party debates over the following years along with the growing concern over China’s “cultural trade deficit”) (Keane, 2013: 28-32). At the same time, culture is identified by the GPRC as having a strategic significance in making the transition from developing country to world power, making the reform of the cultural system an important component in the drive to expand the country’s “soft power” on the international stage (a term which officially enters the political lexicon in China in 2007, the same year in which it ratified the UNESCO Convention). *The Global Times* (the English language newspaper established in 2009 by the GPRC to compete with international media) summarised this role of the cultural sector in 2010: “History tells us that as a nation becomes economically stronger, it opens up and begins to promote its culture. China was often known only for cheap or fake goods. Now, it has a chance to change such outdated opinions.” (*Global Times*, 2010) One of the more recent emphases in the new cultural policy therefore has been on the development of cultural industries for export and this is reflected in the data, with the export volume of China’s core cultural products reported to

have increased from US\$3.08 billion in 2001 to US\$18.68 billion in 2011 (Bhattacharya, 2012).

The recognition of the contemporary need to develop the strategic political, economic and social role of culture led the government and Beijing's Tsinghua University to establish the first national *Research Centre for Cultural Industry* (RCCI) in 2004. Its remit was to look into issues relating to reforms in cultural policy and the parallel elaboration of market rules for the development of a new batch of cultural enterprises and as a way of reforming what were rapidly coming to be seen as the "old ways" across the cultural institutions that had been inherited from the planned economy - guided by the principle that culture has become one of the "rising industries" of the 21st century, generating employment, income and opportunities for the expression of China's distinctive culture and heritage: "Culture and Industry are from two completely different fields. Today the two fields are merging together and bringing out new energy." (RCCI, 2006)[4]. In this spirit a number of high-profile projects have been carried out through the work of the RCCI across the provinces and have come to stand as emblems of the new cultural policy:

Set up in Aug. 2004, Beijing Song and Dance Theater Co. Ltd. saw its revenue double in the second half of last year to 3.64 million yuan (US\$455,000) from the first half before its restructuring. [...] Its major shareholder, Capital Tourism Co., has cashed in on its advantage of Beijing's tourist market and the advertising campaign of Beijing TV Station to bring a slew of visitors to the theater by having it sign performance contracts with over a dozen Beijing hotels. [...] In Shanghai, a grand art center was established by incorporating six institutions including the Shanghai Theater, Concert Hall and Shanghai Symphony Orchestra, an epitome of cultural resources merging in the country.

(Xinhua, 2006)

The cultural policy reforms were given momentum in September 2006 through a Five-Year *Program for Cultural Development*, China's first middle- and long-term programme focusing on cultural development. This has been implemented in a tone set by Li Changchun, a senior figure in the Political Bureau of the Central Committee, who "urged society to break away from all the ideologies, practices, regulations and drawbacks of the system that hinders cultural development" and referred to the importance of such reform in order to "cultivate a batch of competitive cultural

businesses to greatly enhance the overall strength of Chinese culture and its competitive power in the world.” (GPRC, 2006a) The key theme is that cultural policy and the subjects it aims to act upon must radically adapt to the imperatives of market reform and competitive insertion into the global economy: “boosting comprehensive prosperity of cultural undertakings and rapid growth of cultural businesses” (GPRC, 2006a), while generating “cultural companies with capacities for independent innovation, famous brands and proprietary intellectual property rights.” (GPRC, 2006b) Effective cultural policy in this context must therefore widen its traditional concerns to overlap with industrial policy by setting the right regulatory environment for the formation and work of cultural enterprises - decentralisation and privatisation, improved access to finance and technology, the extension of copyright protection and enforcement, and so on - in short, to transform the work of cultural institutions and companies through the competitive pressures and opportunities offered by market reforms and international flows of trade, investment and tourism.

As decentralisation and privatisation have been pursued, one of the key issues has been improving the access of reformed cultural enterprises to finance and designing financial products and information specifically tailored to the cultural sector. To this end the Ministry of Culture has established strategic partnerships with financial institutions to provide capital for projects (such as the dance show *Tea*, the cultural theme park *Song City* in Hangzhou, the ice and snow theme park in Harbin), as well as developing financial consulting services on loans, trust funds, securities and insurance for the cultural sector (Zhongxi, 2010). By the end of 2013, the credit balance of cultural industry loans was 157.4 billion yuan (US\$25.3 billion), up by 36.3% annually (*Xinhua*, 2014); meanwhile, between 2009 and 2014 *China Export-Import* (one of three banks affiliated to the State Council to support import and export projects) dedicated 20 billion yuan/US\$2.94 billion of loans to help a number of flagship cultural enterprises mount productions overseas (GPRC, 2009).[5] A series of expos in China (notably the *International Cultural Industries Fair*, held annually since 2004) and overseas have also been held for the showcasing of production, the exchange of expertise and the fostering of international partnerships and investment in the cultural sector. Such events are

envisaged not only as opportunities giving greater international exposure for Chinese cultural industries and for expressing China's soft power on the international stage (Bell, 2010; *China Daily*, 2010) but they are also envisaged as sites in which the Chinese population can benefit from exposure to the global village of enterprise and production. The lavish 2010 World Expo in Shanghai was the first such event to be hosted by a developing country since Great Britain's Great Exhibition of 1851, and also the largest and most expensive. As its spokesperson explained:

It is a big platform, a big event for cultural exchanges. We are bringing the whole world - different countries, different peoples - to this area, so it's a good opportunity for Chinese people to have 'face to face' contact with international society.

(Wei, quoted in Hogg, 2010)

The emphasis on the creation of recognisably Chinese brands for insertion in the global marketplace and communicating the country's growing international presence has also extended the remit of cultural policy to fostering innovations in technology, design and marketing beyond the traditional domains and contact points of cultural reform and propaganda (media, theatres, galleries, museums and so on) to a more generalised concern for the role of culture and creativity in economic development through activities such as intellectual property creation and industrial design. In this way, brands such as Lenovo (PCs), Li Ning (sportswear) and BYD Auto (automobiles, producer of the world's first mass-produced plug-in hybrid vehicle) have been developed over the last decade to become recognised internationally as distinctively Chinese brands signalling that China is a culturally advanced and competitive participant in the world market (*Global Times*, 2010). In this context, cultural policy therefore extends to impressing upon citizens the value of innovation, creativity and intellectual property - such as through dedicated history and television programming (see for example Bell, 2010:19) or through exhibitions and events such as the World Expo, showcasing the latest innovations from around the world against the backdrop of tight security aimed at rooting out intellectual property thieves and removing those "undesirables" that challenge China's new projected image by gathering to sell illegal and fake merchandise (Hogg, 2010).

The strategy of cultural system reform has of course not proceeded without tensions and debates. A key point of recent debate centres on the role of creativity: although it is increasingly recognised that it is necessary to harness creativity to industry and national development, this has been a source of unease for conservatives since it poses a challenge to the national government's attempt to centralise control over ideology.[6] As Keane (2013: 38) points out: "In China the autonomy of the artist/creator is the challenge facing government: how might creativity be effectively harmonised in the national interest? How can it be made more collective?" The proliferation of "informal" user-generated content in the digital domain has provided one recent source of such insecurity (a large-scale government crackdown on peer-to-peer video-sharing sites occurred in 2008 for example), because it threatens ideological centralisation and cannot be accounted for in official statistics (although, as Zhao and Keane [2013] have noted in their study of the online video industry, there is increasing rapprochement between formalised professional industry and informal user-created content).

Despite such tensions, it should be clear from the discussion above that the broad thrust of policy in the recent period has been to respond to contemporary globalisation through an intensification, rather than any uncomplicated resistance to, processes of marketisation and industrialisation in the cultural sphere, and indeed through a reconceptualisation of the nature and role of culture itself as a resource to be harnessed to economic and political development. The UNESCO Convention in this sense has presented a means by which the government has sought to carve out a space in which it can further these aims (with only partial success, as witnessed earlier in looking at the dispute with the US at the WTO), offering a counterpart to the objectives of cultural security and soft power. In concluding this section it is useful here to consider the influential Hu Huilin (appointed director of China's first Cultural Industries Innovation and Development Base at Jiaotong University in 2001), speaking in September 2007:

"In the context of globalisation, national culture is an essential dimension of a nation's sovereignty. In the effort of maintaining national cultural security, it is inevitable to encounter the 'clash of civilisations'. It is in this conflict that the state tries to maintain

its cultural existence, the right to expression of cultural identity, and the right to choose the path of cultural development. Such a clash should have a positive rather than negative impact on maintaining cultural security. To resist the clash could only harm cultural security, as demonstrated in the closed-door policy[...] Domestic cultural industries are encouraged to export cultural products to overseas markets to safeguard cultural security against the cultural imperialist powers.”

(Hu Huilin, quoted in Keane, 2013: 32)

Development of the film industry: Building a rival to Hollywood?

China’s efforts to nurture and develop its film industry as part of the reforms underway since 2002 can be used to develop a number of points regarding the contemporary shifts in cultural policy that have been noted above, and the economic and political roles that culture is being expected to play more broadly. As China has achieved some successes in the first wave of cultural system reforms designed to “upgrade” industry and foster infrastructural and productive capacity in the cultural and creative industries, it has also stepped up its ambitions in line with the soft power drive and this has brought with it greater focus on the significance of finished products such as feature films and blockbusters that might actually begin to compete with the cultural superpowers of East Asia and the US.

This represents a formidable challenge however. In comparison with countries such as Canada or the European states which spearheaded the campaign for the UNESCO Convention, or with China’s emerging country peers in Asia (notably India and South Korea), China is working with a relatively weak domestic base that has been further eroded during the process of liberalisation. Hollywood, dominant in China before the 1949 revolution but subsequently expelled by the revolutionary government, has worked particularly hard to re-establish its position following the restoration of US-China relations in 1979, gaining growing market access over the coming decades as China has negotiated reciprocal access to US markets and gained WTO membership (Zhao, 2004). The sensation caused in China by *Rambo: First Blood* in 1985 was a symbol of the spectacular comeback that Hollywood was making in China. This also underlined the deep crisis facing the domestic film sector by the early 1990s as it was increasingly

abandoned by domestic audiences and crippled by the combination of ideological control, underinvestment and lack of reform that had been the legacy of the planned economy. The international film industry's growing presence in China since the 1980s - not only from the US but also from the imports and investment now coming in particular from Japan, Hong Kong, Taiwan and South Korea, as well as from transnational conglomerates such as Sony (a committed member of the MPAA since the late 1980s) - took an important step forward in 1994. Under pressure in particular from the MPAA and the US Trade Representative, and in exchange for access in other sectors, China agreed to accept an annual importation of 10 first-run Hollywood films on the basis that these could only be imported through the state-run distribution network the China Film Group (CFG). There was also an agreement that these imported films would be subject both to a box-office revenue sharing system and a process of content review. While the Chinese government therefore retained a degree of control and oversight, the door had effectively been opened to the "cultural insecurity" that would be felt over the coming decades. Meanwhile, the degree of control and oversight retained by the Chinese government became the next targets for those seeking greater market access: the effective monopoly that had been retained by the CFG over the distribution of imported films for example was the main target and casualty of the US complaint brought against China at the WTO in 2007.

The effect over the 1990s was that Chinese distributors and cinemas came to ignore domestic productions (in 1995 more than 70 were denied distribution) while eagerly promoting the latest imported films, which now generated huge revenues both for Hollywood and the CFG and met the expectations of an expanding urban middle class that had come to regard seeing the latest imports as an entitlement of their new cultural citizenship (see Zhao, 2004). In 1998 the Hollywood blockbuster *Titanic* took a record 25% of the year's total Chinese box-office revenue - the same year in which the number of domestic Chinese productions hit a record low of 37 - and this pattern was entrenched with China's entry into the WTO in 2001 and the next set of gains secured by the MPAA through a US-China bilateral agreement (committing China to a further series of measures towards the deregulation of the audio-visual sector, including the increase of

the Hollywood import quota to 20).[7] By 2003, 80% of box-office revenue came from the quota of Hollywood films and official statistics showed that copyright earnings on imported films were 10 times more than those received from domestic productions (Keane, 2006).[8]

Faced with the problem of how to climb up the value chain and extend China's international influence however, the GPRC has increasingly identified the need to address a growing deficit in Chinese-made films and its relatively small share of the global market against its international competitors, noting that although "China continues to welcome foreign cultural products, a 'China wind' has still not stirred up much dust"; GPRC, cited in *Inter Press Service*, 2006). In other words the new strategy for cultural development has to balance its ambition to become a centre of production with its commitments to international liberalisation and existing trade agreements – agreements which have been a key factor in China's growth and in which it has come to have a considerable stake.

The attempt to develop Chinese film production is further complicated by at least two factors. On one hand, the pattern of liberalisation in the newly emerging cultural sector has happened in a particular way in China, under careful management and with the Chinese state effectively acting as the dominant domestic capitalist. As Zhao (2004) has pointed out, the increased integration between international and domestic capital that has often emerged as a result of this has complicated any notion that China can achieve success all on its own. This has been evident for example not only with the domestic distribution of imported films but in the trend for domestic production to become increasingly entwined with transnational investment and co-production (Zhao, 2004). More importantly, however, a combination of the lack of finance and ongoing ideological supervision have, at least until recently, made it difficult for domestic filmmakers to develop the kind of internationally marketable creative content and long-term business models that are key to making the leap into high value-added "winner-takes-all" branded products of the kind envisaged by the new strategy (see Keane, 2006).[9]

These challenges to the development of the film industry in China contrast with the recent successes of the film industry in nearby South Korea or India: the latter, although still way behind Hollywood in terms of revenue, nevertheless now produces more films than any other country in the world (UNESCO Institute of Statistics, 2009) and has achieved considerable success over the last decade as banks and business houses have begun to channel significant flows of capital into the industry, while marketing strategies seek to sell not just films but a whole range of products linked to Bollywood films and actors on an international scale (securing distribution and exhibition in over 100 countries - and increasingly targeting China as its next big opportunity) (Baru, 2010).

One of the consequences of these problems for the domestic film industry in China - and which the measures introduced over the last decade have been partly designed to tackle - is that a generation of entrepreneurial Chinese filmmakers have been taken under the wing of international investors and distributors in order to find commercial success and circumvent regulatory controls. This has left policymakers with what analysts such as Keane (2006) have referred to as a “conundrum of creativity” as they seek to break out of China’s particular cycle of dependency: the development of a viable film industry in China and its capacity to create exportable content is ultimately dependent on deep institutional reforms that can both channel a significant increase in finance while stimulating new models of internationally oriented cultural production, distribution and marketing strategies that are not hampered by government oversight and requirements. In this sense, its success is contingent on unleashing creativity as much as stimulating finance; it is not simply a problem of investment but, equally importantly, of designing a regulatory climate that encourages film makers to experiment with new ideas and themes that can appeal to a wide audience both within China and internationally (Keane, 2006:19; Yueh, 2014). It would be misleading to contrast this situation in China too dramatically with elsewhere: Hollywood for example, for all the international posturing that there has been over its superiority against a bureaucratically stifled Chinese film industry, has of course often developed in close relationship with US governmental, military and foreign policy objectives (producing films which, in the words of Forsyth (2004) are “always blatantly political, always about international power, and mostly

uncritical”). The key difference however is that Hollywood’s version of imperialist militarism is generally in the form of populist fun, just as the East Asian pop culture that is perceived by cultural conservatives within China as a threat to cultural security is “dynamic, youthful and devoid of overt political posturing”: this is not the soft power formula that currently pertains in mainland China, where TV and film production privilege history, and domestic and international audiences have tended to find this a turn-off (Keane, 2013: 189-194).

The recent round of cultural system reforms have begun to address some of the aforementioned limitations by promoting greater autonomy of the cultural sector from the state, improving access to finance, reforming tax and fiscal policies, and so forth. The set of guidelines on the development of the film industry that were made public in January 2010 as part of the Ministry of Commerce’s response to the WTO ruling of 2009 continue this pattern by setting out programmes of further investment in infrastructure and ongoing market-oriented reforms. These include the construction of digital cinemas through subsidies and preferential tax measures (as well as signing major contracts with European firms for the latest digital projection systems; see, for example, Barco, 2010), reforms to accelerate the process by which state-owned film companies are listed on the stock market, and improving the access of reformed, export-oriented filmmakers to bank lending, bond issuance and venture capital financing (*Xinhua*, 2010; *Wall Street Journal*, 2010). These measures were extended later in 2010, with Chinese film production companies reflecting that “In the past we normally invested 4m-5m yuan on one movie, but now we can go for big productions costing 30m or sometimes even over 100m,” and prompting some industry analysts by late 2010 to seriously consider the possibility that Beijing is emerging as a real rival to Hollywood (see *The Guardian*, 13th September 2010). Of course, it mostly remains to be seen how successful these reforms will prove to be (and clear conclusions over their progress is made difficult by conflicting information and statistics).[10] However, their overall objective and momentum have a clear set of motifs: the reconceptualisation and management of culture as a resource for the country’s next phase of development, competitive insertion into the global market and greater presence on the international stage.

Confucius vs Avatar

In taking stock of how far China has travelled with the reforms over the last decade it is perhaps indicative that in January 2010, one week before the publication of the measures to boost the film industry that were issued in response to the WTO ruling, the CFG pulled the Hollywood blockbuster *Avatar* from nearly 1600 2-D screens across China in order to make room for its own \$23million blockbuster telling the life of Confucius, in what was described by domestic theatres and officials as “a commercial decision” (to the watching horror of Hollywood executives and Chinese audiences - especially since *Avatar* had been causing a sensation, already becoming the highest grossing film of all time in China) (*Wall Street Journal*, 2010; *LA Times*, 2010; LaFranere, 2010). The result of a co-production between the CFG and the *Dadi Culture and Media Group* (a Beijing-based corporation specialising in the latest audiovisual technology), the release of *Confucius* had initially been planned to coincide with the 60th anniversary of the revolution and forms part of the wider attempt by the government to resuscitate Confucius’s legacy for building the “harmonious society” of market socialism (see Bell, 2010).

The film represents one of the trophies of the reforms undertaken since the early 2000s and was released amidst the hubris and fireworks that came with a series of other blockbuster events at the end of the decade: the hosting of the 2008 Olympic Games in Beijing and the 2010 World Expo in Shanghai, the completion of the landmark construction projects the *China Central Television (CCTV) Headquarters Building* and *Cultural Centre* and massive investments in media and news networks in 2009 (including the launch in 2010 of a global English language news network to rival CNN and BBC World). Starring the global superstar Chow Yun-Fat and theme song by Faye Wong, *Confucius* the movie was launched in this spirit as an attempt to present the face of the new China to the population and the wider world: released on more than 3,000 screens on mainland China - another new record - and with a series of deals struck for international release (Shackleton, 2009), it aimed to send out a powerful message about China’s efforts at cultural transformation and growing international presence - even if that message proved, unsurprisingly, something of a bore for domestic audiences and a flop at the box

office (LaFraniere, 2010). Such a landmark event can help to put some of the developments of the past decade into wider perspective.

To begin, it is worth recalling that only a few decades ago Confucius's legacy in Chinese society was being targeted for destruction by the Communist Party as part of the Cultural Revolution - quite literally in the case of the cemetery, temples, libraries and thousands of artefacts that were damaged and destroyed in Confucius's home town Qufu and neighbouring Zoucheng (Liang, 2002). In his study *China's New Confucianism*, Bell (2010) notes that the contemporary revival of Confucian ethics in Chinese culture has served two main purposes in the revision of official Marxism that has followed the post-Deng reforms: First, by calling for peace and harmony at home in the face of a sharp rise in inequality and the number of so-called "mass incidents" (strikes, protests and so on) flaring up across the country, and second, by attempting to extend China's soft power in international relations by dispelling growing international insecurities about China's rise and emphasising China's commitment to the peaceful resolution of conflicts. As far as the film adaptation is concerned however, Bell has observed that its primary function is a commercial one: fictionalising and romanticising Confucius's life in what was ultimately an attempt to generate audience enthusiasm and revenue at the box office. To the extent that the movie has a political agenda, he argues, it is that it does not "rock the boat". At the end we see Confucius returning to a life of peaceful contemplation in his home state of Lu; the impression of him that we are left with is as a peace-loving patriot attached to his native land and immortalised as part of the eternal foundations of Chinese society (Bell, in conversation; Ash, 2010). For Wasserstrom (2010), the key theme of the film and the broader revival of interest in Confucius is its attempt to cater to a broader nostalgia for the past amidst the dramatic changes occurring in China; in this way it can be read, he argues, as part of a "rebranding effort" and "a makeover of the image of the country (and the Party) that is helping persuade many overseas Chinese that they can identify with and invest in today's People's Republic 2.0, even if they hated Mao."

We might build on these interpretations here by noting that, in the form of the *Confucius* production, the sage has been resurrected to serve a simultaneously economic

and cultural role as both the carrier of a new Chinese brand of identity, values and meanings to the global market, and as a prophet of China's ability to become an economic powerhouse in the 21st century in a slick, high-value added commodity fit for competitive domestic and international distribution. The monuments to Confucius's home and resting place that were destroyed and damaged during the Cultural Revolution have also become part of this attempt to reincarnate Confucius in this "dual" role. Following careful reconstruction, they have appeared on UNESCO's World Heritage List since 1994, where their legacy is now being earmarked to become one of China's most valuable resources of cultural patrimony (and boosted by their reference in the film) (World Bank, 2010). Attracting steadily growing national and international arrivals over recent years - reaching 9.7 million visitors in 2008 and generating revenues of RMB 4.2 billion (US\$635 million) - and yet located across a particularly poor and undeveloped area of Shandong province, it is also noted by prospectors and developers that the monuments of Qufu and Zoucheng are only realising a fraction of their potential. Roads and transport, accommodation, restaurants, tour guides and companies, marketing, signs and information are all underdeveloped and, as the World Bank points out, visitors "have little information, incentive or opportunity to spend more time and money." (World Bank, 2010) Addressing these deficiencies through developing sustainable programmes of asset preservation and presentation, upgrading infrastructure, attracting inward investment and building capacity for sustainable tourist enterprises in the region, it is added, can multiply arrivals and generate employment and income for the local population (who, the World Bank also noted, have so far seen little of the money that has come into the area) (World Bank, 2010). We can see here how the legacy of Confucius has become involved in a set of problems associated with how to manage culture as a resource, and how to position it most effectively in circuits of investment, marketing and world heritage tourism, as well as how to manage its effects on material distribution and social management in the provinces.

If the kind of developments in China noted above offer some insights into the contemporary transformation of culture into a resource, we might also begin to elaborate in greater depth on some of their implications and effects, both internationally and

nationally. First of all, while *Confucius* raised a budget of US\$23million, its rival *Avatar* is estimated to have raised anything upwards of US\$200million [11] and was able to draw on ground-breaking technology and expertise from a bewildering array of locations around the world (see *New York Times*, 2009). Even after the millions spent on *Confucius*, it enters this profoundly asymmetrical arena of cultural production and expression - but at the same time it would be extremely misleading to situate the film as a response to “cultural imperialism” in the kind of terms that were used in the era of calls for a New World Information and Communication Order (NWICO) by the South at UNESCO in the 1970s and 1980s, or during China’s Cultural Revolution in the 1960s: Hollywood’s success in China before 1949 and after the reforms of the 1980s is today referred to by Tsinghua University professors as evidence of “the radiating power of global audiovisual products” and as the triumph of “advanced culture” over the “backward culture” of others (just as General Secretary Jiang Zemin openly expressed admiration for *Titanic* in 1998 as it was winning over Chinese audiences and sinking what was left of the old Chinese film studios) (Zhao, 2004:199). A measure of this shift was evident in January 2010 when the decision by theatres and officials to replace *Avatar* with *Confucius* was reversed within one week once the box-office figures became clear: *Avatar* had been grossing nearly two and a half times more money per day, whilst measurements of audience responses to *Confucius* in China, coupled with the expressions of anger amongst Chinese audiences regarding the removal of *Avatar*, showed that *Confucius* had largely fallen flat (LaFranere, 2010). Meanwhile in Hunan Province, officials responded to the *Avatar* phenomenon by renaming mountain peaks in a national park, saying they were prototypes for the “Hallelujah” mountains that had featured in *Avatar*. Criticisms from Chinese commentators that officials had “forgotten their cultural roots” fell on deaf ears, since the government simply responded by saying that the *Avatar* connection would increase tourism to the park (LaFranere, 2010).

In this sense the continued dominance of Hollywood in China is today received not so much as the harbinger of a “harmful”, commercial mass culture and bringer of predatory capitalist values and business practices (in the kinds of terms that it has been referred to in the past) than an exemplary paradigm for development in 21st century

cultural capitalism, deploying the most sophisticated technology and marketing strategies available. Indeed, as we saw earlier, the growing presence of the international film industry in China since the 1980s has become an integral part of the new strategy of cultural development: in particular by providing the revenues, investment and audiences that have been necessary to construct theatre complexes and stimulate domestic capacity, while also bringing the kind of competitive pressures necessary to root out the inefficient and unpopular studios, directors and cultural policies that were left over from the era of the planned economy (Zhao, 2004). The moral of *Confucius's* defeat at the box-office and the rapid turnaround by theatres over the screening of *Avatar* has been to confirm the market ethics informing the new cultural policy: if you live by the market, you also have to die by the market (or, in the now ubiquitous advice of Confucius as it has been mobilised in contemporary China, “he who does not economise will have to agonise”).

Moreover, if it seems that the traditional concerns about the discourses of cultural imperialism may be losing their relevance in China in this context of culture as resource, *Confucius* nevertheless highlights some of the ways in which culture has become a source of new and often intensified tensions in contemporary international relations. In this respect, Mao's oft-quoted assertion that “political power grows out of the barrel of a gun” has been superseded by the new emphasis on soft power and the cultural export drive in China's foreign policy. The advice of Confucius on the art of power was also clear - “lead by moral authority, not force” - and the past glories of Chinese cultural influence in countries such as Japan, Korea and Vietnam have come to offer guiding examples in developing the contemporary strategy of extending political and commercial influence in the region and overseas by exporting what has come to be referred to as “the Confucius brand” (Kuhn, 2008; Bell, 2010).[12] This attempt by China to project greater international influence comes not only in the form of its cultural industry exports and the staging of globally significant blockbuster projects, but also in the establishment of Confucius Institutes (around 300 such institutes have been opened in over 60 countries since 2004), modelled on the expansion of the British Councils of the 1930s and seeking to extend Chinese cultural and linguistic ties in countries with particular commercial significance, as well as “third-tier” countries in Africa, Latin America and Central Asia

(Kuhn, 2008; Follath, 2010; *Global Times*, 2010). This forms part of a broader strategy by which China is successfully building diplomatic and commercial relations with countries which the West has until recently tended to ignore in the post-Cold War period but which nevertheless have many valuable assets: not only energy and minerals, land for agriculture and markets for expanding industry but - and equally important today - voting rights and support in international fora. As Halper (2010) has observed, since the late 1990s Beijing has been working to build “a coalition of countries - a great many of them in Africa - that can be trusted to vote China’s way in an increasingly clogged alphabet soup of international fora. It’s a bloc reminiscent of the one the Soviet Union assembled during the Cold War, though focused on economic and trade advantages, not security issues.” With the renewed confidence and capacity that has been provided through increased ties with China, an African voting bloc has emerged under Chinese leadership within the WTO and this has been one of the key factors in the standoff between the North and South in the Doha Round - particularly over the key question of agricultural liberalisation (Halper, 2010).

Giving a contemporary twist to the racist and ideological discourses of “yellow peril”, commentators in Europe and the US have responded to this development by warning of Chinese “cultural imperialism”, both in the West and in the South, and the threat that the Chinese cultural drive is coming to pose to the West’s diplomatic influence on questions of trade rules and the international balance of power (including, crucially, the status of Taiwan) in international fora (see for example Follath, 2010; Halper, 2010; *Global Times*, 2010). In other words, as the economic and political importance of cultural policy has risen, along with the stakes that have come to be attached to the cultural sector in trade negotiations and disputes of the kind considered earlier, many of the distinctions between “high” and “low” politics have also begun to lose some of their utility for grand strategists. As Follath (2010) puts it in his nightmarish account of China’s cultural expansion: “soft is the new hard.”

Such emerging international and inter-imperial rivalries however should not be allowed to obscure developments within China itself - nor the considerable overlap of

interests that exist between Western capitalism and the Chinese “market authoritarianism” which is denounced by neo-Orientalists today. It is important to remember that China’s references to the UNESCO instruments on cultural diversity in its submission to the WTO in 2009 only referred to the country’s right to reserve particular policies of public morals and cultural sovereignty based on the specificity of cultural products (see for example the Chinese submissions to the Panel at: WTO, 2009:18-31; 271-309) – notably, they made no reference to China’s internal cultural or ethnic diversity. Predictably enough, cultural diversity in this context functioned as little more than as a reassertion of national cultural sovereignty, while its accompanying claims about the privileged place of cultural products have been part of a recognisable pattern of integration into the global economy: one in which the concerns of a relatively privileged bureaucratic and economic strata are anointed with a position at the vanguard of national development. One of the motifs of the cultural system reform among policy officials and the RCCI is that the development of the cultural industries must keep up in order to satisfy the demands of the new middle class that would deliver China’s prosperity in the 21st century: “In view of China’s rapid urbanization and economic expansion [the] cultural sector has failed to keep pace. Economically better off Chinese people now desire better and richer cultural activities, yet the domestic cultural industry is unable to meet that demand” (*Xinhua*, 2006). Zhao (2004) has argued that the new Chinese strategy of cultural reform has failed in this respect to emulate one of the key factors that gave the American cultural industries their launch pad for global success. It was in part their ability to develop a strong domestic market and enfranchise the diverse US immigrant population that was crucial to their eventual global expansion and universal appeal. In contrast, the Chinese cultural industry, despite “its dreams of global market success, has not been able to, indeed is unwilling to, reach China’s vast numbers of internal migrants and the urban poor, not to mention the rural population [of 900 million].” (Zhao, 2004: 202)

There is some indication that Chinese policy is shifting in this respect, as it seeks to promote greater national cultural unity whilst also extending some recognition of the cultural rights of minority groups in Chinese society (see for example Lim, 2013; *Xinhua*,

2013). Such efforts however remain limited and subordinated to the overriding concern to protect the legitimacy and objectives of the Communist Party. As far as they have featured in China's cultural development strategy, the "native" or "ethnic" populations, cities and villages across China's cities and provinces have tended to be either targets for removal by property developers (or for assimilation and/or "cultural genocide", in the words of the exiled Dalai Lama; *The Independent*, 2008), or encouraged to become areas for consumption by international tourists and the new Chinese urban middle class: sites of cultural relics, consumption and leisure rather than the impoverished sites of dispossessed farmers, villagers or laid-off and migrant workers (Zhao, 2004:205-208) - or the sites which, since 2002, have become battlefields in an intensifying series of conflicts between workers, peasants, farmers and the state (Buckley, 2010; Bell, 2010). The Chinese Academy of Social Sciences began to record the acceleration in the number of such "mass incidents" across China in this period - up from 60,000 to 80,000 between 2006 and 2007 - after which the government stopped providing updated figures (Buckley, 2010; Bell, 2010:9).

The conflict between *Avatar* and *Confucius* has also drawn attention to these sensitive issues, since *Avatar's* central theme evoked uncomfortable memories of a brutal series of evictions from a number of China's urban districts and rural villages at the hands of property developers and local governments during the construction boom of the 2000s. The plot of *Avatar* revolves around a quest by a team of anthropologists from planet Earth to persuade a mythical population of blue-skinned natives ("the Na'vi") on a faraway fictional planet to make way for mineral prospectors from Earth, ultimately resulting in a tactic of military annihilation and forced removal. One commentator in China reflected on the *Avatar* phenomenon by noting that: "All the forced removal of old neighbourhoods in China makes us the only earthlings today who can really feel the pain of the Na'vi" while another reflected that *Avatar* had effectively implied to Western audiences that "such brutal eviction could only take place on another planet - or in China." (cited in *The Straits Times*, 2010) Some reports have implied that it was governmental concerns over the recognition of such parallels in Chinese society by audiences and critics that were a contributing factor in the initial decision to pull the film

from the screens, with one source in Hong Kong noting for example that: “authorities have two reasons for this check on *Avatar*: first, it has taken in too much money and has seized market share from domestic films, and second, it may lead audiences to think about forced removal, and may possibly incite violence” (*The Times*, 2010). Another interpretation might be that, if *Avatar* offered spectacular 3-D reminders of the brutality and dispossession that are the necessary conditions of capitalism (right from its opening act of primitive accumulation), *Confucius* tried to cover them up with its 2-D narratives of national harmony - and readily conceded defeat after just one week of humiliation at the box office. It nevertheless appeared to fire a passing shot at the West’s cultural hegemony - and what appeared most alarming for the new Orientalists was that it offered a portent that China’s soft power drive could seriously challenge the West’s influence in the South.

Finally, it is important to put the Chinese case into perspective. As we saw earlier, China’s turn to culture as a resource for market-led development and international soft power has been conceived as part of a strategy to shift to a new phase of development after the expansion of the late 20th century, and to make the transition to an advanced economic powerhouse and world power in the 21st century (with all the trappings that such a dramatic rise brings with it, including rising tensions at home and scrambles for resources and influence across the Global South). However China has also arguably been unique amongst developing countries in finding itself in such a position and being able to steer a course through the global transformations of the last decades - carefully maintaining controls on its currency and the pace of liberalisation, while utilising its vast reserves of labour and the prize of its internal market to position itself strategically as the global hub of investment and production, as well as an international player in its own right (officially crowned the world’s second largest economy when it overtook Japan in August 2010). This Chinese experience has of course not been the experience of most developing countries in the recent round of globalisation.

Summary

This paper has argued that the recent dispute between the US and China at the WTO regarding Chinese treatment of cultural imports serves to highlight the contemporary stakes that have come to be attached by governments and stakeholders to the management of culture as a resource for trade and development in the contemporary global economy. It has suggested that it would be a mistake to interpret China's attempts to draw on the UNESCO Convention on Cultural Diversity in this dispute as part of a strategy to "protect" culture from the market, or as an expression of the kind of sentiments about "cultural imperialism" and the cultural industries that were aired during the NWICO disputes of the past at UNESCO. It has attempted to demonstrate that the UNESCO Convention has served as a counterpart to China's contemporary strategy of cultural system reform - although, as we have also seen, the Convention has proven only partially successful in this respect as it appears to have limited utility as a tool to be deployed in the machinery of international trade regulation and dispute settlement. What is more significant to emphasise however is the contemporary shift in the role of cultural policy, in which the motif has been to harness culture as a resource for industrialisation, economic development and insertion into the global marketplace. In the process this has blurred some of the traditional distinctions between cultural and industrial policy, just as it has served to highlight some of the contemporary challenges facing the international and domestic management of China's integration into the global political economy.

Endnotes

1. As the industry executives explain: "For me, from Hollywood, where there are unions and 5-to-6-day work weeks, it is impressive that the Chinese crews are able to work such long hours and for so many days...They had one day off for every 10 days of work, and that was already considered a light schedule given that many productions work straight through until the shoot is complete"; "China is the most populous market and is growing very fast...Although the box office gross is small compared to the US\$9.8 billion of the United States, China is a market with continuous and strong growth." (*China Daily*, 2009)
2. For critical and detailed overviews of the controversies in this period see Wells (1987). The demands for a NWICO drew accusations from the Western bloc (notably from the US, UK, Canada, Japan, the Netherlands, Switzerland and West Germany) that the organisation was being mismanaged and "politicised" into a platform for a Third World agenda to place restrictions on the free operation of international media enterprises, cultural industries and news agencies These controversies proved divisive enough to cause the US and UK to withdraw their memberships from UNESCO in 1984 and 1985 respectively, taking one third

of the organisation's budget with them and effectively consigning UNESCO, along with the NWICO agenda, to the dustbin of history.

3. The MPAA had taken the initiative in urging the US Trade Representative to file the complaint in 2007, and on the rejection of China's appeal it immediately issued a press release welcoming the ruling as a landmark in the ongoing struggle "to find creative ways to open up the Chinese movie market", with Chairman and CEO Dan Glickman noting that: "With today's rejection of China's appeal, the WTO has taken a major step forward in leveling the playing field for America's creative industries seeking to do business in China... This ruling represents a positive step in promoting the growth of legitimate U.S. movies in a market that is growing rapidly, and with great potential." (MPAA, 2009) The US Trade Representative welcomed the ruling by noting that: "Today America got a big win. We are very pleased that the [WTO] has found against China's import and distribution restrictions on U.S. movies, music, DVDs and publications." (US Trade Representative, 2009)
4. For more information on the work of the RCCI see: <http://www.rcci.org.cn/>. In an ironic twist of history, Tsinghua University is also where the first organisation of Red Guards was formed in 1966 (Chesnaux, 1979).
5. Examples here of targets for loans includes an acrobatic interpretation of the classic ballet "Swan Lake" by a Shanghai dancing company; a Shaolin martial arts drama by a film production group; and a dance drama ("Dunhuang My Dreamland") performed by Lanzhou-based troupe, to be staged in Europe. (GPRC, 2009)
6. Unease about the use of the term "creative industries" amongst local and municipal governments, entrepreneurs, academics and reformers has been most keenly felt amongst more conservative policy officials closer to the heart of power in Beijing (for example in the Ministry of Culture and the Propaganda Department), where there is a preference for the less threatening term "cultural industries", which also tends to feature more in national policy statements. For further discussion see Keane (2013: 36-43).
7. These measures included commitments to increasing film import quotas, reducing tariffs on audio-visual imports, opening up its consumer market for audio-visual products to foreign distributors and allowing foreign investors to own up to a 49% share in companies that build, own and operate cinemas in China.
8. As the MPAA never tires from pointing out, official figures on box-receipts for the major releases in China actually tend to significantly *underestimate* the revenue that should accrue to Hollywood productions (given the number of people who pay for pirated versions of films and the fact that the controls over their theatrical release dates mean that these copies are often available before appearing in Chinese cinemas).
9. Keane (2006) has documented this combination of a lack of finance and the intractability of the regulatory system that has tended to oversee particular cultural industry sectors, whereby new and potentially profitable industries nevertheless need to navigate a maze of bureaucracy and red-tape:

In television drama production, licenses are provisionally given to new entrants for short-form productions. Joint venture productions in the television and film industries are permitted on a case-by-case basis. The necessity of obtaining multiple permits

to produce creative content, often from different industry regulators (Ministry of Culture, The State Administration of Industry and Commerce, The State Administration of Radio, Film, and Television, Ministry of Information Industry), can act as a deterrent to entry into creative industries. ...There are some notable start-up exceptions...but in most cases these success stories have resulted from foreign investment or early entry into the marketplace.

(Keane, 2006:17)

10. In 2009, the Ministry of Culture noted for example that “financing remains difficult for the cultural industry, and has curbed its development” while, according to the RCCI, there had been “an increasing trend of financial institutions supporting the cultural industry as the industry was experiencing rapid growth and reaping big returns.” (see GPRC, 2009)
11. This is in fact a minimum estimate since, when global marketing expenses are added, it appears that *Avatar* cost its various backers closer to US\$500 million - even after the plans for investment in marketing were scaled down due to the recession. (*New York Times*, 2009)
12. China was mostly unable to physically conquer these regional neighbours, but nevertheless developed linkages and influence through the take-up of Confucianism, as well as Chinese forms of government, art and literature.

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