Four CreAtivE Cities Compared

FINAL REPORT

February 21, 2007

Tan Tarn How & Arun Mahizhnan
Institute of Policy Studies

Contents

EXECUTIVE SUMMARY

Even though the concept of a creative industry is a relatively recent one, there is growing worldwide recognition that it can be a powerful economic force. Governments are thus racing to understand and harness the potential of the creative industries. In 2006, the Ministry of Information, Communication and the Arts commissioned a fact-finding report on how four major cities — Seoul, Hong Kong, Beijing and Shanghai — are growing their creative industries, and how Singapore can fine-tune its strategic positioning vis-à-vis these cities. This report provides a current-state analysis and survey of these plans, as well as key recommendations for Singapore.

However, because the creative industry is an infant industry, the policies discussed in this report are fewer than five years old at time of print. Their effectiveness are thus up for debate. And while there are policies that are unique to each city, there are also general policies that may be applicable to developing the creative industries in Singapore.

The general recommendations are summarised below:

1. **Importance of the role of the government**
   Compared to the Hong Kong government, which has been criticised for taking a laissez-faire approach to the creative industry, the Singapore government has been proactive in leading, investing in, and facilitating the development of the industry. This is important in sustaining the development of the industry, especially in the event of market failure where the private sector is unable or finds it not worthwhile to do so.

2. **Investment by the government**
   The role of government as investor is crucial as it is impossible for groups to be profitable or even self-sufficient. Government investments can take many forms, including investing in education, special training, financing and subsidies. It can also be done in the form of a tax break, which Beijing, Shanghai and Seoul employ extensively. For example, creative industry start-ups in Beijing receive tax exemptions within the first three years of starting up.

3. **Government to lead in setting up venture capital funds and other financial infrastructure**
   Finding capital is a major problem that the creative industries in all four cities face. The government can kickstart the industry by either setting up its own venture capital fund or by partnering with the private sector to set up a fund for specific purposes such as film or stage musicals. The South Korean government is a pioneer of the venture capital trend. In Singapore, perhaps Temasek-linked companies could start the ball rolling.

4. **Government to facilitate development**
   This includes liberalising and deregulating, among others, censorship, licensing requirements, investment and business opportunities. The government could also become a major customer of local creative industries services and products. Additionally, the government could fund and

organise markets, networks and events such as Performing Arts Market and FILMART market, which are held in Seoul and Hong Kong, respectively. More attention could also be paid to help domestic companies go abroad to take part in trade and other events, and even hold special market and branding events in other countries. The government could also hold competitions of different levels of professionalism, from industry professionals to aspiring students. In Singapore, existing efforts are concentrated at the school and tertiary level to encourage and identify talent. Singapore could look to Shanghai, where 11 master designers were identified and given RMB2 million to set up design studios to pursue their work.

5. **Society's view of creativity and creative products and services**
   For the creative industry to flourish, its citizens must have the appreciation for creativity. Thus, the government has to champion creativity or creative people. For example, the Korea Institute of Design Promotion has an innovative short-duration design education and awareness course for opinion leaders. These opinion leaders would then go back to their work places and spread the gospel of design.

6. **Control of Intellectual Property (IP)**
   There are two predominant models for the development of the creative industries. The first involves wooing overseas companies to set up branches in one's country. The second grows local companies or joint ventures with local majority share that will own the IP created. These two models are neither mutually exclusive nor contradictory. That said, ownership of IP can reap profits from cross-platform products (from TV to movies to books to computer games, and vice versa). For Singapore, both models can go together, to develop local companies and depend on the likes of Lucas Films and Koei. Temasek can then play a big role by investing in local companies either directly or funding them. (See point 3 above).

7. **Protectionism**
   Unlike South Korea and China, Hong Kong and Singapore do not practise protectionism. Whether or not this would have negative or positive consequences for the domestic industry depends on the nature of the industry and the current state of the industry. For example, protection of the Chinese film industry has not worked quite as well because there is very little competition. On the other hand, in South Korea, the film industry has benefited immensely from previous screen quotas, which makes it mandatory for theatres to show domestic films at least 73 days a year.

8. **IP Protection**
   While Singapore has overcome large-scale infringements of IP rights, it is not clear how small-scale infringements affect local creative content, as the market is small to start with. To establish this will require more research.

9. **Size**

Like Hong Kong, a major obstacle for Singapore is its small size. Hong Kong has tried to overcome this through Closer Economic Partnership Arrangement (CEPA), which is aimed at bringing about greater integration between the territory and the mainland. Singapore, on the other hand has to think deeper about this: Does it need a hinterland, a geographically adjacent region that it can feed into and draw from? What is the nature of that hinterland — is it merely economic or is it also cultural? If it is cultural, how it can tap into that presumably South-East Asian reservoir of heritage and tradition — as well as that of its immigrant forebears from China and India — to develop its creative industries[1]? And which part of the creative industries can benefit, and which cannot? This question is most relevant to the arts and culture of the creative industries. But even in digital media and entertainment, history and culture sometimes play an important part.

10. **Export-oriented strategies**

Seoul (and South Korea as a whole) is the only city out of the four who has had the most successful record in exporting its cultural industries. This is because the first aspect of their export-promoting policies is to develop the domestic industry and the domestic audience. There is also a policy focus on government-backed efforts to take the products overseas. Singapore, meanwhile, has a small home market. Thus, it needs to find or create its own natural export market. The immediate region is the obvious choice, and Singapore can become a hub for regional talent and the production of creative products that are then exported to the region. The other is to see the entire world as the natural market, where companies would have to be plugged into international networks and markets. Policies would have to help bridge the divide between ideas, financing and selling to overseas customers.

11. **Unique selling proposition?**

Singapore has to figure out the answers to the question: What can Singapore do that these cities are not doing, which will set Singapore apart? There are several factors to consider. The first is the societal, political and economic environment in which the creative industries exist. The second is to think about what differentiates one country or city from another in the first place. One could think of the history and culture of Singapore and its distinctive characteristics: its multicultural and multiracial past and present, its South-East Asian geographical location and its English-speaking population. Third, Singapore can be different by deciding that it really wants to be different. Copying is always easier than creating something new, partly because the act of creation itself is difficult.

[1] For a discussion on the kind of culture that Singapore can tap and create, see "Singapore as a Renaissance City: Search For a Vision" by Lee Weng Choy, T Sasitharan, Arun Mahizhnan, IPS report commissioned by the MITA in 1998.

INTRODUCTION

This study was conducted by the Institute of Policy Studies and was commissioned by the Ministry of Information, Communications and the Arts in 2006. The study is to be understood in the context of the growing recognition around the world that the creative industries can constitute a powerful economic force, and that there has ensued a global race to better understand and harness the potential of the creative industries.

In particular, China's creative industries are experiencing rapid growth today, underpinned by a robust, booming economy. The creative industries of South Korea, centred on the capital Seoul, have also seen much success, and have become a significant player in the region, if not the world. Hence this comparative study can enable Singapore to keep abreast of key creative industries' developments in three cities in China (Hong Kong, Beijing and Shanghai) and Seoul. It will explore how Singapore can fine-tune its strategic positioning vis-à-vis these major cities.

OBJECTIVES

The objectives of this study are:

- To conduct a survey of the plans for the creative industries in Hong Kong, Beijing, Shanghai and Seoul
- To discuss the factors that may determine the success or otherwise of the creative industries in the cities and appraise the prospects for success
- To articulate the policy and strategic implications and key recommendations for Singapore

SCOPE OF STUDY

The scope is to do a current-state analysis and a survey of plans for the creative industries in these cities. The survey should include:

- The present state of the creative industries in these cities
- The visions articulated by the cities on their creative industries
- The blueprints put in place to realise the visions
- The policy actions taken as a follow-up to the blue-prints

The scope includes a comparative analysis of the four cities of Hong Kong, Beijing, Shanghai and Seoul vis-à-vis Singapore. It includes an exploration of the success factors for the creative industries and an appraisal of prospects for success for the cities. The factors to be considered include the following:

- External factors such as the local, national, regional and global markets for creative products and services
- Internal factors such as language, history, business and political environment, education and human resource issues

KEY RECOMMENDATIONS

The findings of the comparative study should be integrated with the findings of the earlier study, and clearly articulate the policy and strategic implications for Singapore, with specific recommendations to sharpen Singapore's strategic positioning.

METHODOLOGY

The research for this project involved a literature review of official documents, academic papers and mass media articles from the countries and cities under study and also internationally. Interviews were also conducted in the four cities during visits as well as through e-mail and phone interviews from Singapore. The interviewees included government officials, policy and academic researchers, representatives from industry associations, and representatives from companies in the creative industries. A bibliography and list of interviewees are provided in the Annexe, and the fieldwork and other research was done in 2006.

The findings are a synthesis of the data gathered, and the statements are presented mostly without attribution of sources.

FINDINGS BY CITY

China as a whole

Relationship between central government, Beijing and Shanghai

Beijing city (the municipality/province as opposed to the seat of the central government) and China's second city Shanghai are decidedly different and have various competing interests. Their rivalry encompasses ambitions of both to become the creative centre of China and a major force globally in the creative industries pantheon. Nevertheless, they share some commonalities, if only because, to a large extent, they have to take their cue from the central government's top-down strategic directions and policies. Indeed, the recent impetus in the development of the creative industries in both cities have come in the wake of the central government's identification of cultural/creative industries[2] as a potential pillar of China's economic and diplomatic "software power" development. The policy document that first made the call to develop the cultural industries (as the creative industries were then termed) was the 10th Five-Year Plan of 2001 to 2005 of China's State Council of the central government. This was followed by the 11th Five-Year Plan for 2006 to 2010, which identified cultural and innovation industries as critical areas for the country to develop. Since then Beijing city and Shanghai have been busy at work coming up with their own five-year plans for the same period. Both are set to release their detailed blueprints by 2005.

[2] Historically, China has used the term "cultural industries". But in the last two years, the UK-inspired term "creative industries" has become part of the official lexicon. China's definition of cultural/creative industries as well as the economic activities that the term covers have also moved towards the Anglo-Saxon one that Singapore has now largely adopted.

This report will deal with China's creative industries as a whole, and then their special features in Beijing and Shanghai.

China Creative Industries by sector

China's creative industries are undergoing tremendous transformation. First, there has been a huge policy push since the 10th Five-Year Plan to develop the creative industries as a pillar of the economy. This has brought about a focus on the creative sectors, which is important everywhere, but particularly so in centralised China. It has stimulated investment and policy research and reform. During the next five years, the growth of the sector is expected to outstrip overall economic growth. Non state-owned enterprises are also expected to take an increasingly important role. However, the size of the creative sector still lags behind that of developed countries. In 2004, the creative industries were worth RMB344 billion, or 2.15% of GDP[3], compared with 7% in the United Kingdom and the United States. China's entry into the World Trade Organization (WTO) in 2001 comes with a host of obligations that affects its creative industries; it had to open up its markets as well as fulfil obligations on enforcement of Intellectual Property Rights (IPR).

The positive impacts include the need to crack down on piracy, though that remains more a potential than a real benefit to date because violations remain rampant. Enforcement of IPR will be important not just to foreign firms but also to local firms that find their intellectual property stolen at will and often on a large scale.

China has opened up to foreign movies, with about 20 allowed in annually, though there is pressure to increase the quota. Audiences have flocked to see the mainly Hollywood imports at the expense of the local movie industry which has yet to develop enough strength to cope with the foreign onslaught.

China has also allowed foreign companies to invest in local television and film production companies, though they can hold only a minority stake. Sony Pictures and Time Warner are among the early entrants. Cinema operators can be up to 75% foreign-owned.

China has also approved six foreign satellite channels, including China Entertainment TV, Star TV, Phoenix TV and MTV, to broadcast programmes in South China's Guangdong Province. Distribution of creative products has also be been liberalised, and now foreign firms are able to do so directly without going through Chinese middleman companies. As for the impact, the results are mixed. In television, for example, there has been consolidation of the best state-owned enterprises into large conglomerates that run on commercialised models, though they are still very much subject to political control. The need to meet censorship requirements undermines competition and innovation and is seen to be a hindrance in preparing the companies for an influx of foreign programmes. For the film

[3] 中国文化产业分析及投资咨询报告 2006–2007 *[China Cultural Industry Analysis and Investment Consulting Report 2006–2007]*, 中国投资咨询网 [China Investment Advisory Network], 2007.

industry, the result has been a negative trade balance.[4] Limited competition is slowly but surely forcing the Chinese industry to fight back, with hits such as Hero and The Promise, epic productions that attempt to take on high-budget Hollywood at its own game.

Clockwise from left: *Green Tea*, *Cell Phone* and *Hero* are some of the more popular works made by independent filmmakers in China.

The following is a summary of the current status of the sectors (with the latest consolidated figures from 2004 and 2005, published by the China Academy of Social Sciences in its annual creative industries Blue Book):

MOVIES (2005)

- A record 260 movies were made in 2005, compared with 212 the year before.
- The number of screens rose by 60% from 1,581 to 2,530 within three years, and the number of cinemas by 40% from 872 to 1,216. This is a tenth of the U numbers for the US.
- In the first half of 2005, box office revenue reached RMB630 million, up 19% from RMB530 million the year before. This figure is expected to exceed RMB1 billion by the end of 2005.
- There has been a rise in different models of investment, with 75% of films having some private or overseas funding. The box office favourites tend to be privately funded works like Cell phone, Green Tea and Hero.

[4] See “Playing by the Rules: Television Regulation Around China’s Entry Into WTO” (Guo, 2003) and “The Post-WTO Restructuring of the Chinese Media Industries and the Consequences of Capitalisation” (Hu, 2003).

Policies:

- Since 2002, there have been efforts made to promote digital movies.
- Copyright protection is very poor. In light of this, in 2005 the Chinese Ministry of Culture, Administration of Radio, Film and Television signed an agreement with the Motion Picture Association of the United States to protect film copyright.
- According to the 2003 Mainland China/Hong Kong Closer Economic Partnership Agreement (CEPA) rules, Hong Kong investment in the film industry was regarded as domestic investment. This will boost the increasing cooperation between Hong Kong and mainland film companies. The potential for Hong Kong is high because of its past successes in the film industry. Its stars are well known, and it has technical talent. Furthermore, it can benefit from its financial centre status and cultural affinity to the mainland. Hong Kong is a key part of China's plan to increase the number of overseas-funded movies shot on the mainland.
- There is tight political control and censorship. That has been relaxed somewhat, but there is still a long way to go. The market is highly regulated and there is protectionism against foreign imports. Foreign investors are also holding back because of the unfavourable conditions in share ownership imposed by the government, such as requiring the major shareholding to be with the Chinese partner.
- The quality of cinemas is poor, especially those outside the major cities. Last year, the policy was relaxed to allow private companies to build cinemas. This will be a big stimulus to the growth of quantity and quality.
- There are 100 companies, mostly associated with state companies and agencies, making 260 movies, individually making one to two movies each. Most of the films are not good enough for the big screen, and are sold to television stations. The companies make the films as part of their "national service", and often do not expect to recoup their investment.
- The box office is dominated by a handful of big-name directors such as Chen Kaige and a few big companies such as Poly Culture and Arts Company. China imports many more movies than it exports.
- There is no market or funding for independent art films, which are seen as a necessary first step to growing talent. Those made are often underground because of political issues. A lot of the talent is in this area, but it remains unexploited under current conditions.
- There is a desire to catch up with Hollywood in making blockbusters. But know-how in production and technical areas (for example, in special effects and animation) is lacking.

PUBLISHING

- In 2004, China published 208,000 books, up by 9.4% from the previous year. There were 573 publishing houses (all except a few dozen are directly or indirectly state owned). The total print run was 6.4 billion copies (down by 3.8%) with sales worth RMB59 billion.
- In 2004, sales of books local and foreign reached 15.6 billion copies worth RMB113 billion. Compared with the previous year, the number of books sold dropped by 1.3%.
- There were more than 1,900 newspapers (all directly or indirectly state-owned) published in 2004, down by 9.3% from the previous year. Circulation sales were RMB25 billion, up by 5.3% from the previous year.

- The number of books imported was 10 times of that which were exported. From 1997 to 2003, the export of Chinese books rose from 2.2 million to 4.7 million copies, with turnover surging from US$9.3 million to US$18.7 million.

Policies:

- There is political interference and censorship. Overseas companies are restricted from importing books, owning publishers and retail distribution. The restrictions are being relaxed.
- A massive restructuring of the industry is underway. Publishing is being reformed from 2004 with a similar strategy to other that are, by corporatising state-owned enterprises, starting with the most successful. The first pilot case is the huge China Publishing Group conglomerate. Distribution and retailing are also being corporatised with Xinhua being asked to take the lead.
- The inability to produce fiction that readers want to read is a stumbling block. Besides censorship, there is also the problem of talent, with authors unable to produce genre fiction that can capture the readers' interest, with romantic novel writing being an exception. Liberalisation, especially the setting up of private publishers, is expected to change that. The largest share of the market is in non-fiction (such as self-improvement and reference books) works and in educational materials.

BROADCASTING, FILM AND TELEVISION

- Advertising revenue from broadcasting is growing rapidly. It was RMB1.8 billion in 2001 and shot up to RMB2.6 billion by 2003.
- Until 2005, China had 282 broadcasting stations. Almost every household has access to television. Assets are largely directly or indirectly government-owned. The cable TV market is growing rapidly, with 120 million households linked currently.
- In 2004 the total amount of programming produced for TV was 2 million hours, double that five years ago. Foreign programming shown was less than 2,000 hours a year, mostly drama series, sports programmes and cartoons.

Policies

- There has been, in the last few years, a relaxation of the tight control on the media sector. In 2004, for instance, foreign broadcasters were allowed to invest in China television production companies.

Some state-owned companies under the China Publishing Group Conglomerate. Clockwise from top left: China International Publishing Group, China National Import and Export (Group) Corporation (CNPIEC), Zhonghua Book Company, The Commercial Press, and Xinhua Bookshop.

Clockwise from right: Beijing Television, China Central Television, Shanghai Media Group, and Guangdong Television are well-known media companies in China.

ADVERTISING

- In 2004, there were 113,000 advertising agencies in China, up by 11.5% from 2003. Advertising revenue reached RMB123 billion in 2004, up 14.8%. It made up 0.93% of GDP. China has the fastest growing advertising market in the world, fuelled by rising incomes and consumerism.
- The online advertising market in 2005 was RMB3.1 billion, up 77% from the previous year.
- In 2004, the number of private advertising companies increased by 25% to 76,000. Their revenue grew by 36%. Foreign advertising companies achieved a revenue growth of 56%.

Policies

- Under the WTO, there has been an opening up of the market to foreign companies. The top 10 advertising companies in the world have set up joint ventures in China.

ANIMATION

- In 2004, China produced 390 hours of animation, down by 18% from 2003. Production is expected to reach 1,000 hours in 2006. There is a huge gap of 180,000 minutes between demand and supply. The demand is fuelled by the liberalisation of the market, leading to a big increase in the number of channels, and thus available programming hours. The local production of cartoons has not been able to keep up with the demand created as a result of the proliferation of channels.
- Local animation production is growing rapidly. An upsurge in Chinese animation investment by private capital is likely to make Hangzhou (a city near Shanghai) a significant animation base in China.
- Before the imposition of a ban on foreign cartoons during prime time, Japanese animation accounted for 73% of the total animation programmes aired, while domestic animation accounted for only 20%.

Policies

- In 2006, foreign cartoons were banned on prime-time television to protect the domestic animation industry. There is a blanket ban on all TV stations showing any foreign cartoons during prime time from 5 to 8pm, when only Chinese cartoons are to be shown. Foreign cartoons can be shown after 8pm.[5] There is also a subsidy for the production of local cartoons.[6]

[5] See “Foreign Cartoons Banned from Primet Time” (Wang, 2006). The result has been to cut the number of foreign cartoons. From 1992 to 2004, China imported 80,000 minutes of overseas cartoons; however, from 2004 to 2006, the figure was reduced to 3,000 minutes. According to a CCTV official Wang Hong, Chairman of Hunan Great Dreams Cartoon Group, the biggest animation firm in China, the protectionism measure will help Chinese firms catch up: “We are practising to improve quality. As long as the policy carries on for two or three years, domestic cartoon programmes will be able to stack up against imported cartoon programmes, and say "no" to American or Japanese animation. If ever, unfortunately, the policy is removed, then the entire Chinese cartoon industry will be finished. As I said, two or three years later, we can even up the odds.”

[6] For example, Wang Hong (quoted in the previous footnote) said that some programmes receive up to RMB3, 000 per minute of production subsidy from the government.

ONLINE GAMES

- Total revenue in 2004 was RMB3.6 billion, and this is expected to reach RMB5.5 billion by 2005.
- The number of online gamers is expected to exceed 34 million people in 2006, up by 27% from 2005. From 2006 to 2010, growth is projected at 35% a year.
- Though the online game industry arrived late in China, it has successfully fostered a number of new and successful enterprises, such as Nasdaq-listed giants Shanda, The9 Limited and NetEase.

Policies

- China protects the local industry to nurture home-grown companies via regulatory means. First, the Chinese take a long time in issuing the required licences to foreign online game companies. For instance, South Korean game companies have complained, probably rightly, that the delays were intentionally aimed at slowing their entry into China. Second, the Chinese government makes it difficult for the South Korean companies to set up wholly-owned companies in the mainland. South Korean companies fear their Chinese partners will easily acquire their technologies that they have spent time and money developing. South Korea's game makers have seen their market share fall every year since their entry in late 2002. According to the Korea Game Development and Promotion Institute, the market share of South Korean online game products dropped to 45% in 2005 from 52% in 2004, the third consecutive annual decline.

ARTS AND CULTURE

- There has been a boom in the visual arts, both in traditional painting and oil paintings. Both local and foreign interest is high, and oil painting prices have skyrocketed. Auction houses have been seeing high growth, and count among them China Guardian Auctions, Beijing Hanhai Art Auction Corporation, Sichuan Hanya and Sungari. Including Hong Kong, the total volume of business of China’s major auction houses reached RMB6.9 billion by 2004.
- China is a big exporter of arts and crafts. While there is volume, most of the items sold have very little value-add in terms of Intellectual Property (IP). Hence, traditional products such as ceramics are mainly driven by low-cost production and reproduction rather than creativity and originality. In parallel with the rising reputation of its top oil painters, China is also doing very well as an exporter of copies of Western masters’ oil paintings that can be ordered by bulk online. Efforts are being made to modernise the industry by emphasising innovation, for example, having new designs created for traditional crafts, as part of the export strategies for the creative industries.
- At the end of 2004, there were 2,600 performing arts groups, 2,900 culture centres, 2,700 public libraries and 1,500 museums in China. Modern and traditional theatre is not widely patronised. Every year between 1983 and 2004, almost one form of traditional opera has disappeared on average. Commercialisation of heritage and culture remains a problem, hampered by the lack of creativity as well as competition from modern lifestyle choices. Two notable successes are large-scale productions aimed at the wealthy and foreigners. One is the Impressions of Yunnan, a big-budget ethnic dance musical that has toured almost every big city in China and is slated to go to Australia, Europe and Japan. The other is Zhang Yimou’s production of the folk musical Impressions Liu Sanjie, China's largest outdoor

performance that uses the Li River of Guilin as a natural stage and the surrounding mountains as the backdrop.

Policies

- To commercialise the successful state cultural institutions. More than 42 cultural enterprises, including the China Arts and Entertainment Group, the Beijing Children's Art Theatre, the Shanghai Shui On Group, were picked by the government to "develop their own brands".
- To promote and market local productions in China and internationally — for example, through the China Performing Arts Fair.

Top row (L-R): Sanyu's Potted Chrysanthemum in a Blue and White Jardiniere was sold at US$7.8 million in 2006. Xu Beihong's Slave and Lion fetched US$6.9 million at a Christie's auction in 2006. Bottom row: Scenes from Zhang Yimou's Impressions Liu Sanjie.

Special Policy Features

China's cultural industries policies began in earnest in 2001 with the sector being identified as a potential driver of the economy in the 10th Five-Year Plan. In the 11th Five-Year Plan for 2006 to 2010, jointly unveiled in 2006 by the Communist Party and the Central Government's State Council, the development of the creative industries again takes prominence. The main features of the plan are[7]:

- To increase investment in cultural projects;
- To reform cultural enterprises and organisations;
- To increase the range of cultural products and services and raise their quality;
- To push for the export of Chinese cultural products by raising competitiveness; and
- To enhance intellectual property rights protection and efforts to curb piracy.

Some of the more interesting specific recommendations of the plans are those concerning education. To bring culture to the young, primary school classes on calligraphy, painting and traditional handicrafts will be made part of the educational curriculum. Children will also be given free or discounted access to museums and art galleries.

Also worthy of note is the constant tension between economic liberalisation and development and political control and censorship, and the issue of how the former is sometimes subverted by the latter. Hence, besides the economic thrusts, the plan also contains political and social goals that appear to undermine the economic viability of the reforms of the state-owned cultural sector. For instance, the plan asks state-owned art performance troupes and theatres to produce lower-cost shows to give access to the poor. It also advocates changes in the "style" of radio and television productions so they can cater to the tastes of overseas listeners and viewers. With strict political control, this will be a difficult criterion to meet.

Creative Clusters in China

The notion of geographical and networked clusters as a way to drive the development of the creative industries is a dominant (and borrowed) rhetoric and an assiduously pursued practice in China. Such thinking is derived from two sources. First is the current international (initially Western, largely Anglo-Saxon) discourse of "creative clusters" that have taken hold in East and Northeast Asia. The second is China's own experience with the Special Economic Zones and, on a smaller scale, high-tech software and other industrial parks, which show that zoning with preferential policies (such as tax breaks) can work remarkably well in attracting investment and creating growth. Industrial zones and parks also have other advantages. Rents are usually lower. They can also leverage their good relations with the government to help tenants cut through the red tape that is one of the main frustrations in the Chinese business environment. Beijing and Shanghai are hence going full throttle in developing creative clusters.

[7] 国家"十一五"时期文化发展规划纲要 (National Cultural Development Plan — "10th Five-Year Plan") can be found at http://www.gov.cn/jrzg/2006-09/13/content_388046.htm

One of the buildings at Shanghai's Zhang Jiang Hi-Tech Park.

At the moment, however, these clusters tend to be like any other industrial cluster described in a UNESCO document, namely, "geographic concentrations of interconnected companies, specialised suppliers, service providers, firms in related industries, and associated institutions (for example, universities, standards agencies, and trade associations) in particular fields that compete but also co-operate.[8] Most are new high-rise offices with some amenities or refurbished old factories or city areas that are far from the idealised creative clusters.

Creative clusters are not the same as other clusters, and common strategies will not work. A cluster of creative enterprises needs much more than the standard vision of a business park next to a technology campus. A creative cluster includes non-profit enterprises, cultural institutions, arts venues and individual artists alongside a science park and media centre. Creative clusters are places to live in as well as to work in, places where cultural products are consumed as well as made. They are open round the clock, for work and play. They feed on diversity and change and so thrive in busy, multi-cultural urban settings that have their own local distinctiveness but are also connected to the world[9].

[8] See UNESCO's "What are Creative Clusters?"

[9] See "Creative clusters" http://creativeclusters.com/?page_id=1599

There are exceptions though to the clusters, such as Shanghai's new Hi-Shanghai complex with many of the facilities described in the preceding paragraph. It is home to the Shanghai Creative Industry Centre, a government agency set up by the city government. Most of the parks are still loose groups of similar enterprises that do not derive any particular synergy from their proximity.

One of the key planks of the strategy is to transfer the policies for high-tech parks to the creative industries, giving them preferential treatment. Indeed, some of the creative industries enterprises will be encouraged to locate themselves within the high-tech parks to form a sub-nucleus of companies.

Top row: Courtyard houses in the Artist Village in Tongxian Songzhuang.
Bottom row: Artist space at 798.

Interestingly, there have been some clusters that have sprung up on their own without initial government support. These include the 798 site of artist studios and galleries and the Tongxian Songzhuang area in Beijing that have spontaneously become home to 700 artists — from those who are struggling to the very successful. The low rents (rental for a three-bedroom apartment is RMB800–1,000 per month, and a courtyard house can be bought at RMB20,000–30,000) have been instrumental to the birth and the growth of these two sites. The emergence of these two areas mirrors the phenomenon in other cities the world over of the rise of certain locations as artist communities. As for Beijing, the city has embraced these sites and indeed declared 798 to be one of the creative clusters that are officially sanctioned and thus supported by the government.

Yet another common characteristic of some of the clusters is the fact that they are sited in disused or abandoned commercial or industrial buildings such as warehouses and factories. This is particularly so for 798, a former weapons manufacturing complex, and for quite a number of clusters in Shanghai. The draw of these premises is that they are low cost.

In Shanghai, the number of clusters has shot up from 18 to 100 in five years, and in Beijing from zero to 18. Because of the mushrooming of clusters in Shanghai and Beijing, some amount of consolidation in the implementation of clustering is expected. Some will be given the stamp of approval as official clusters, and hence will be able to enjoy special perks under the creative industries programme. The government is likely to give its support to those with the best prospects.

Another major plank of the policies is the restructuring and the reform of the Ministry of Culture and the cultural organisations under it. This is an on-going process and was essential because in the past all the cultural producers were state-owned. More of the best-run enterprises are being asked to be corporatised and even privatised. Again, China is not doing this for the first time, and has successfully deployed the strategy of commercialisation of the best state-owned enterprises in manufacturing (such as Haier) and services (such as its oil companies). In the creative industries, the television industry has seen a successful transition, though it has not yet reached the end of the process.

China, especially Beijing and Shanghai, has invested heavily in arts and culture infrastructure. Big iconic and symbolic projects are seen as an important part of this. For instance, the Shanghai government has invested US$230 million in cultural infrastructure in the city centre, the highest in China. The city began the construction in the first half of the 1990s, and doubled the rate of investment in the second half of the decade.[10] Large-scale and iconic projects (such as Shanghai Museum, Shanghai Grand Theatre, and Shanghai Library) are seen to be essential to the building of the country's — and the individual cities' — image as a creative industries centre at par with other international centres. Beijing alone is planning to add at least 32 new museums by 2008. Already underway is a US$220 million expansion of the National Museum of China. The new National Grand Theatre, a US$325 million performing arts complex designed by French architect Paul Andreu, has a 2,416-seat opera hall and a 2,017-seat concert hall and theatre. On top of that, US$214 million was spent between 1995 and 2000 on cultural facilities in the capital.

There has been substantial encouragement of research on the creative industries, led by the state-funded China Academy of Social Sciences (CASS) and the two officially designated "bases" — in Beijing University and Shanghai's Jiaotong University. One area of research gathers basic statistics such as economic data. CASS, for instance, acknowledges that the data are not always reliable or complete. For example, there is still no baseline study of the creative industries, although efforts are underway to complete it. This is an area on which, spurred by government interest, is being worked on. Other areas of research include international studies, theory and practice of creativity, and (as is typical of China) social and political implications of the creative industries.

From left: Shanghai Library and National Grand Theatre designed by Paul Andreu.

[10] See "Cultural Strategies in Shanghai: Regenerating Cosmopolitanism in an Era of Globalization" by Weiping Wu (2004).

Potential

The creative industries in China have a huge potential for a variety of reasons, some unique to themselves and others as a result of their current state of development. The areas it can be optimistic about are:

- Government support. Policy focus has helped boost the standing of the creative industries. The government will continue to put its money where its mouth is with regard to expenditure and investment. The large proportion of commercially-run but state-owned enterprises will move in tandem with the policy.
- A long history and rich cultural heritage. Although exploitation via commercialisation of tradition remains a challenge, this is a large well from which China (and indeed South Korea, Japan and other countries such as Singapore) could draw.
- A small base with a potentially large market, with cultural consumption in terms of proportion of income lagging far behind developed countries. As incomes rise and people move up Maslow's hierarchy of needs, they are expected to spend more on creative products and services. Looking at the size of the market from both demand and supply, the numbers are staggering. Rapid urbanisation and modernisation of lifestyles will also provide a boost for the consumption of digital media and entertainment.

Challenges

Major challenges remain in China, the resolution of some of which will require not just economic reforms but also political reforms that may be hard to bring about in a communist state.

Among those challenges is the hybrid nature of most enterprises, which means that they are not fully commercial. Successful state-owned concerns are being turned into commercial enterprises, though not all areas are deemed "commercialisable". The commercialisation has not necessarily been accompanied by a loss of state control of sensitive content, which is ultimately effected through licensing. In financing, the situation is also transitional; more cultural institutions that were formerly government-funded are starting to adopt a mixed model of enterprise and subsidy. Often the investment arrangements are unusual (or even irregular), and lack transparency, legality and accountability.[11] Private enterprises also find it difficult to raise capital. The exact role of the government is not clear. But these issues are examined in the 11th Five-Year Plan.

Administratively, there is much red tape. Competition is also often absent and dependent on political as well as relationship factors rather than on quality. Many of the smaller companies in some of the areas — such as those involved in arts and culture or television — tend to be set up for a specific project. They charge low prices and are closed down when the project is completed. The phenomenon points to irregular practices by both client and provider. This also affects companies that are in for the long haul and have the potential to grow. Bureaucracy also means that starting a business is difficult.

Tight restrictions on foreign and domestic investment and complex regulatory structures are obstacles to development and dynamism. Entry to the WTO has forced China to liberalise investment

[11] See "Finance and Investment in Creative Industries in Developing Countries" (Cunningham, Keane, & Ryan, 2005).

and trade opportunities for foreign enterprises. This should spur growth, but will hit the badly managed enterprises hard. The dominance of the state-owned sector has stifled private-sector entrepreneurship as it has muzzled creativity. But that is also changing as rules are relaxed for private capital and state firms are being commercialised.

Industrial-scale piracy and lack of protection of intellectual property are a major problem.

Censorship and political interference are also dampeners on creativity, enterprise and investment. It is instructive to note that the rise of China's avant-garde artists globally has been on the back of surprising restraint by the government in terms of censorship. This has helped the development of the visual arts scene and the 798 and Songzhuang artist clusters mentioned above, though recently the government's moves to censor some shows have raised concerns that it will roll back the liberalisation of the last few years.

Manpower also remains a problem. Those engaged in the more traditional activities such as arts and culture has been nurtured in restrictive environments that do not encourage creativity. There are also insufficient skilled workers in the newer areas such as digital media and design.

The supply chain in the process of commercialisation remains weak from conception to production, promotion, distribution and marketing. For instance, although West End-style stage musicals are starting to become popular in Shanghai via the efforts of the Shanghai Grand Theatre, the city lacks both the talent and mechanisms of processes in the complex value-chain that are required to mount a large-scale and sophisticated musical. Many products that draw from cultural heritage and tradition do not connect with contemporary markets. Many remain as souvenir items that appeal only to tourists and collectors.

Beijing

Beijing has been designated by the central government as the "capital of creative industries", in preference over Shanghai, and this sector will be the "pillar" of development of Beijing for the future. In terms of infrastructure there has been heavy investment in new cultural venues, partly as the city gears up for the 2008 Olympics. By 2008, 36 large cultural facilities (including stadiums, museums and performance spaces) would be built. In terms of film, performing arts and visual arts, Beijing is the preferred venue for development from the point of view of the central government. In this area, it holds a decided advantage over Shanghai. Beijing is also strong in the trade of antiques and curiosities, which is expected to reach RMB4 billion by 2008.

Beijing's cultural and creative industries made up 10.2% of the city's gross domestic product (GDP) in 2005, growing at over 18% year-on-year. In 2005, the value-add of the sector was RMB70 billion, or US$9 billion, a 14.1% surge over 2004[12]. The city last year invested RMB1.3 billion in the sector. It has put into place incentives for creative industries enterprises, which enjoy tax exemption for the first three years after start-up. Property and other taxes were also cut.

[12] See "Beijing's policy to enhance cultural industries pays off" (Beijing2008 website, 2007).

Beijing old and new, clockwise from top: The Forbidden City, the Great Wall of China, and two impressions of the 2008 Beijing Olympic Stadium.

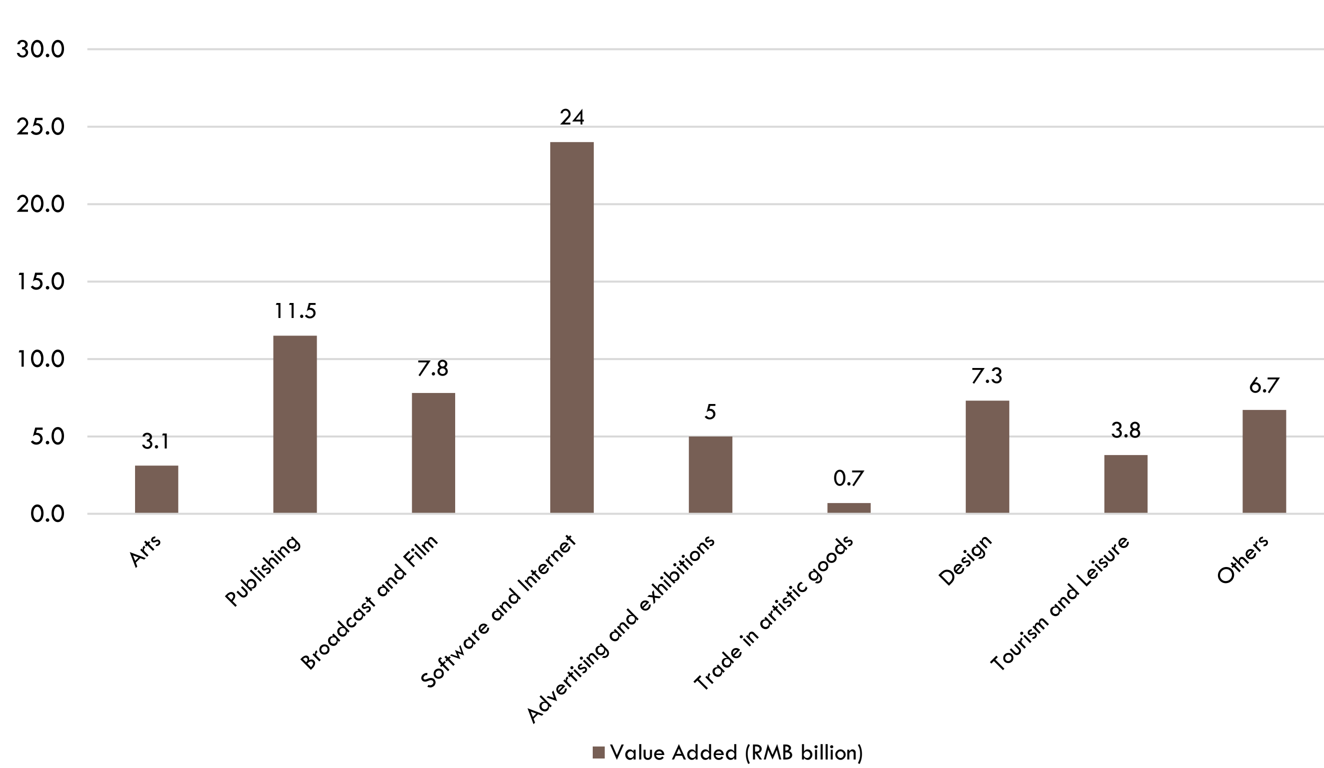

Figure 1: Beijing's value-added by Creative Industry sector[13].

[13] See Beijing Municipal Commission of Development and Reform 2005 report at http://www.bjpc.gov.cn/zhjh/jhbg/2007_jd/200702/t150719.htm

More initiatives are expected when it unveils its 11th Five-Year Plan by year end. The China Academy of Social Sciences has identified the following policies for the city, which are likely to be adopted:

- Exploit the city's cultural capital. Beijing's cultural artefacts and heritage give it a decided advantage over Shanghai, and indeed over every other city in China. This will be a boost to tourism, but it remains to be seen how that can be harnessed in terms of developing creative industries.
- Put in place a better financial and investment system for creative industries ventures. Financing is a big hurdle for the moment, and capital investment from state or state-linked sources is often tied to political issues rather than strictly commercial ones. A state-led, venture-capital style cultural industry development fund should also be set up.
- Develop large cultural enterprises, particularly by reforming of government units that have done well.
- Further liberalise to allow private capital investment and reduce red tape in setting up small enterprises. The move will allow a more vibrant environment, as small enterprises are a key to the growth of the creative industries. So far, the policy reform in the last few years has centred on consolidation of state-owned firms into giant conglomerates that are run along commercial lines.
- Develop clusters in two areas (east and west), with six sub-areas. The Chaoyang district in the east has been identified as a major centre for six "functional areas": TV production; radio and TV communications; film and TV trading; book publishing; AV products; and antiques and crafts. The other four functional areas are human resources training; software and other high technology; traditional cultural industries; and cultural tourism.
- Develop exports.
- Train talent.
- Invest in Research and Development (R&D) in creative industries.

All in all, the prospects for Beijing are good, especially in film and television, antiques and handicrafts, and arts and culture.

Shanghai

Shanghai aims to be "a major Asian city in 10 years and a global city in 20". As a financial centre located at the head of the Yangtze river and home to an entrepreneurial population, it hopes to regain its former glory as a cultural capital of Asia during its heyday. It is using the 2010 Shanghai World Expo as a milestone, and is frantically sprucing up its infrastructure in preparation for the event.

Last year, the city's creative industries generated RMB49.3 billion in added value. The share of GDP is 7.5%[14]. Growth was 17% in 2004 and exceeded the total expansion of the economy as a whole. The city aims to raise the share of GDP to 10% by 2010. Shanghai's advantage is that it is not the national capital and hence more free-wheeling. For example, outdoor advertising regulations are much more relaxed there than in Beijing. It also has more advantages in areas such as online gaming and digital media. Shanda, the online games giant, for instance, is based in Shanghai's Pudong area.

[14] Taken from the *Shanghai International Creative Industry Week 2005 Report*.

In arts and cultural venues, Shanghai had an early start in building its infrastructure, predating even Beijing. Since the early 1990s, the Shanghai government has invested US$230 million in cultural complexes in the city centre, including the Grand Shanghai Theatre and the Shanghai Museum. This investment is exceeds that of any other Chinese city, although Beijing is not far behind.

From left: Shanghai Grand Theatre and Shanghai Museum.

Shanghai has been more active in setting up small-scale clusters and the number is growing at an unusually high (and certainly unsustainable) rate of about 100% a year. Many of these are converted from old industrial buildings left vacant by the hollowing out of industry, or are redeveloped from moribund areas of the city. The first 18 clusters, housing more than 800 companies from all over the world, feature industrial firms involved in design, games and software design, the media and fashion.

Shanghai has said it is investing in the creative industries to reduce reliance on the manufacturing sector. In 2005, the government put RMB2 billion into boosting companies involved in architecture, culture and design. This was higher than that of Beijing city.

The formation of the Shanghai Creative Industry Centre is a significant move to promote the sector. Funded by the city government, its mission is to coordinate resources, formulate development targets and strategies, as well as establish and strengthen a modern industry structure supported by individual enterprises and clusters — through measures such as providing consultation, training and information. To strengthen IP rights protection, Shanghai is setting up a centre to see to policy and enforcement via the Shanghai IPR Centre. Last year it held its first Shanghai International Creative Industry Week, the first of its kind on the mainland. Activities included the Shanghai International Creative Industry Forum, the Shanghai International Creative Industry Expo and the Shanghai International Creative Industry Design Competition. The event will be held again in November 2006.

Shanghai’s prospects are good because of its dynamism and its geographical and economic position in China.

Hong Kong

Hong Kong's creative industries accounted for around 3.8% of GDP in 2001, down from 4.1% five years prior[15]. This ratio had held steady for about a decade, with some years seeing the sector shrinking. Only three sub-sectors — information technology and related services; info-communications; and television, radio and theatrical production — enjoyed an average annual growth. Most other creative industries — including jewellery production, advertising, design services, architectural design services, film, photography and publishing — suffered differing degrees of negative or flat growth. Yet, in some ways, Hong Kong is at the forefront of creativity in Asia. Its movie industry is well known, despite setbacks in the last decade. Canto-pop enjoys widespread popularity across the region. It also has vibrant architecture, design and advertising sectors. These sectors have overcome the challenge of the territory's small size by developing a regional footprint.

Nicholas Tse, Hong Kong Chinese pop singer, has fans across the region and beyond — from Malaysia, Singapore, even in Sydney and Los Angeles.

The government made a major push in 2002 to develop the creative industries. It is focusing on a specific set of strengths — advertising, design, publishing, film and television and digital entertainment — as the areas most worthy of development. It has identified these strategies to bring the vision about:

- Education and training. In addition to specific academic and training courses for the creative industries, the education system will be restructured to encourage creative thinking among all students.
- Export promotion. As most companies in the creative industries are small, supporting measures such as export promotion will be put in place to help them access markets overseas.
- Access to finance. Small companies will be given help in securing funding because they are short on capital and have few physical assets.
- Digital convergence. Digital convergence and wider adoption of digital technology, which are important to the creative industries, will be encouraged.
- Creative culture. To promote a creative culture. This is seen not just as an educational issue, but also one with wider social policy implications.

The government has since pledged large-scale support for the sector, the development of which it sees as key to boosting the territory's economy. Among the policy initiatives announced last year were those aimed at serving as a middleman to facilitate partnerships between investors and the industry; promotion of local films via activities such an Entertainment Expo Hong Kong; and the building of the Digital Media Centre, a HK$250 million design service centre; and a Cyberport iResource Centre for the video game industry. An old industrial building may be refurbished to house small creative businesses, with possibly subsidised rents for tenants. The initiative, called the Jockey Club Creative Arts Centre Project and jointly launched by the Hong Kong Baptist University (HKBU), Hong Kong Arts Development Council (ADC) and Hong Kong Arts Centre (HKAC), will turn the vacant

[15] See *Baseline Study on Hong Kong's Creative Industries* (Centre for Cultural Policy Research, 2003).

Shek Kip Mei Factory Estate into a hub of arts and culture. It will have studios and other spaces, serve as an incubator for creative talents and a venue for classes and shows. The Hong Kong Jockey Club is providing HK$69.4 million for renovations and start-up costs.

Among the biggest of the government's initiatives is the West Kowloon Cultural District, a huge home to arts and entertainment that will be developed by the private sector at US$2.5 billion to US$4 billion. The controversial project has been pushed back because of public opposition. For many, its delay is symptomatic of the Hong Kong's government weak hand, which for them is an obstacle to formulating and implementing policies for the creative industries and other areas of government.

(L-R) Three proposals for the controversial "Development of West Kowloon Cultural District" Project: World City Culture Park Limited, Dynamic Star International Limited and Sunny Development Limited.

The Pearl River Delta initiative is also a major strategy. The aim is to enhance Hong Kong's cooperation with the neighbouring mainland areas and Macau. In 2002, Guangdong province, Hong Kong and Macau jointly set up a collaboration framework to raise cultural collaboration in the Greater Pearl River Delta (GPRD) Region. Working groups were formed to implement and follow up on proposals for collaboration in various arts and creative areas. The aim is to enhance the cultural literacy of the GPRD population. Cultural and economic linkages will be boosted through a variety of measures — from information exchange to arts and cultural promotion. Since then, a major report on boosting Hong Kong's economic integration with the Delta in creative industries has been commissioned by the government, and has just been completed this year[16]. Among the potential benefits of integration are:

- Huge and growing consumer market;
- Presence of untapped cultural resources in the Delta area;
- Growing demand for design services from delta-based manufacturers wishing to climb up the value chain;
- Rapid growth of the exhibition industry that relies on design services;
- Property boom that is fuelling demand for interior design; and
- Huge market for online and mobile games and other entertainment.

Hong Kong also believes there are several factors that make tying up with the Delta region a natural choice, including the region's shared language and lifestyle affinity with Hong Kong, geographical

[16] See *Study on the Relationship Between Hong Kong's Cultural & Creative Industries and the Pearl River Delta* (Centre for Cultural Policy Research, 2006).

proximity and intimate economic and social links. Hong Kong also touts its private sector's wealth of business knowledge, financial centre status and good management talent as pluses. However, major obstacles remain. As described in the section above on China, the China market remains fenced in and protected. Among the impediments to entry for Hong Kong companies are stringent controls on foreign ownership, censorship of content, confusing licensing and regulatory policies, and weak protection of intellectual property rights. These factors will hamper Hong Kong's integration with the Delta, and indeed with the whole of the mainland.

The role of the government is a subject of debate in Hong Kong. The administration's traditional laissez-faire approach has meant that the market has been allowed to thrive and to flounder. This is being questioned as calls are made for the government to do more, especially following the Asian Financial Crisis. The new Chief Executive Donald Tsang declared in 2006 that the government is abandoning its "positive, non-interventionist" approach, although he said the government would come in only "when there are obvious imperfections in the operation of the market mechanism." But even before this, there is recognition that arts and culture have to be subsidised. Indeed the subsidy per capita is higher than that of Singapore. The following types of funding are given by the government, some directly aimed at the creative industries while others are open to all economic sectors:

- Incu-Tech Incubation Programme for Technology Start-ups. This programme is run by the Hong Kong Science & Technology Parks Corporation to nurture start-up technology companies in their initial three years by providing low-cost accommodation as well as management, marketing, financial and technical assistance.
- Incubation Programme for the Design Industry. This programme is run by the Hong Kong Science & Technology Parks Corporation to nurture design start-up companies in their initial two years by providing low-cost accommodation as well as management, marketing, financial and technical assistance.
- Cyberport Digital Entertainment Incubation-cum-Training Centre (CDEIC). CDEIC incubates companies in the digital entertainment and multimedia industries, with the initial focus on game development and film animation production. CDEIC nurtures new game developers, game masters and digital entertainment entrepreneurs through organising professional training courses and seminars. CDEIC also provides an ideal environment for start-ups and returning overseas experts to develop commercially viable products and business models suitable for the digital entertainment industry.
- Small Entrepreneur Research Assistance Programme (SERAP). SERAP supports small entrepreneurs (with fewer than 20 employees) in Hong Kong who wish to conduct R&D with commercial potential.
- Patent Application Grant. The grant aims to encourage local companies and inventors to capitalise on their intellectual work through the provision of funding support on patent registration. Locally incorporated companies or Hong Kong residents who have never owned any patent in any country or territories are eligible to apply.
- The SME Export Marketing Fund (EMF). EMF aims to encourage small and medium-sized enterprises to promote their products in China and overseas markets, and provides funding support to business-related export promotion activities.
- The Film Development Fund and the Film Guarantee Fund. The Film Development Fund supports projects conducive to the long-term development of the film industry, e.g., technical

training. The Film Guarantee Fund offers loan guarantees to participating lending institutions to assist the film industry in obtaining loans and to develop the film-financing infrastructure in Hong Kong.

- Project Grants of the Hong Kong Arts Development Council. The grants are aimed at supporting individual arts practitioners and organisations in Hong Kong who wish to organise non-profit activities that have a direct contribution to the promotion and development of the arts in the territory. Organisers of art activities that are in line with the objectives of the Hong Kong Arts Development Council can apply for grants, namely, performances, exhibitions, publications, educational programmes, community promotion projects, creation of artworks, research/archival works, arts criticism, training, conferences/seminars/talks, cultural exchange, film and media production and artist-in-residence projects.

The actions of the government in trying to resuscitate the Hong Kong film industry is illustrative of how governments can help through “positive interventionist” funding schemes and other non-market related policies such as IP protection. For example, after the film industry collapsed in 1997 as a result of the Asian Financial Crisis, government actions have turned the situation around. The initiatives include a crackdown on piracy, growing the film-processing and related industries, as well as various efforts to assist the industry such as the establishment of the Film Development Fund and the staging of a film-financing forum (HAF). Although the 60 films made in 2005 are a fraction of the 300 or so a year made in the 1980s, the Hong Kong industry is now in less of a crisis than post-1997.

Hong Kong Creative Industries by sector

ADVERTISING

- Advertising spending in Hong Kong in 1990 was HK$6.1 billion. It climbed to HK$29.4 billion in 2001.
- A total of 38% of Hong Kong’s advertising spending is absorbed by newspapers. The second largest media in advertising share is TVB Jade, with nearly 29% of the total spending. Magazines take a share of 13% of the total spending, the third largest. If combined, ATV Home, ATV World, TVB Jade, TVB Pearl, and Cable TV together account for 47% of the total spending, a bigger slice than newspapers.
- The employment of Hong Kong advertising industry had kept nearly unchanged during 1996–2002. There were 18,600 employees in 1996, and there were more than 18,500 in 2002. The number of advertising agencies grew slowly in the same period. In 1996, there were 3,770 and in 2002 there were 4,200.

ARCHITECTURE

- The majority of Hong Kong’s architecture billings come from property developers and the government, including the Architectural Services Department (ASD), whose expenditure alone takes almost 80% of the total revenue from the private sector.
- In 2002, 78% of Hong Kong’s newly established architecture firms had four or fewer architects and only 10% had more than 10 architects.

ART, ANTIQUES AND CRAFTS

- Most of Hong Kong’s exports of art antiques and crafts are re-exports. Only around 7% of them are domestic exports.

- The number of companies dealing in antiques and works of art and craft was 818 in 2002, up 26.6% from 646 in 2001.

DESIGN

- About two in three of Hong Kong design firms have exported their services overseas, mostly to the mainland.
- Graphic designers are relatively locally oriented. Only 10 to 20% of their billing comes from overseas sources. Product and interior design firms are relatively more export-oriented, earning 31% and 22% of their revenues from overseas clients, respectively.

FILM AND VIDEO

- Hong Kong's film industry recorded the highest production of 242 films in 1993 and dropped significantly thereafter. Its output in 2000, however, was third in Asia, only behind India and Japan. There were 1,730 movie-related companies in 2002, employing 8,600 persons.
- The rise of the home video market for film is indirectly reflected in the gradual decline of box office takings, from HK$1.5 billion in 1992 to HK$1,034 million in 2001.
- In 2001, local films took a 43.9% share of the total box office, down from 55.6% in 1996.

MUSIC

- The retail value of recorded music was HK$750 million in 2001, down 10.6% from 2000.

PERFORMING ARTS

- Total government expenditure on performing arts was about HK$1.3 billion; 78% was allocated to the Leisure and Cultural Services Department (LCSD). Ticket income covers 28% of the total expenditure for the sector.
- LCSD's four flagship companies derive their income from two major sources: an average of more than 86% from the government, and an average of less than 10% from tickets.

PUBLISHING

- There are more than 300 book publishers, 55 newspapers and 738 magazines in Hong Kong. Its publishing industry faced a rapid downturn of 25–30% decline in sales in 2002.
- The major export markets of Hong Kong's printed materials are the UK, United Kingdom, and China, with shares of 44.8%, 13.4%, and 9.5%, respectively

SOFTWARE AND COMPUTING

- A total of 78% of independent software vendors (ISVs) in Hong Kong are local companies. Companies with paid-up capital of below HK$1 million constitute 54%, with another 21% between HK$1.1 million and HK$5 million. Only 25% have a registered capital of over HK$5 million.
- About 70% of ISVs' principal market is in Hong Kong. In 1997, only 22% of ISVs had branch offices in China. That climbed to 49% in 2002.
- Business receipts of the software industry recorded HK$13.2 billion in 2001, in addition to HK$27.1 billion derived from the wholesale and retail segments. The economic downturn affected the wholesale and retail markets of packaged software, which recorded a negative growth of 9.4% in 2001.

- The software sector contributed HK$3.1 billion (in terms of value-add) to the local economy in 1996, rising to HK$4.4 billion in 2001.
- Gross value of exports of the software industry in 2001 increased 74% in comparison with2000.

TELEVISION AND RADIO

- There were two domestic free television programme service broadcasters, five domestic pay-television programme service licensees, 12 non-domestic television programme services, and 16 radio channels in Hong Kong in 2002.
- The three listed TV companies (Phoenix TV, i-Cable and TVB) chalked up combined revenues of HK$5.9 billion in 2001, 4.6% more than 2000. Their total profits in 2001 were HK$887 million, down by 7.5% from 2000.

Value Added of Creative Industries (HK$ Million), 1996-2001^

Industry Categories	1995	1996	1997	1998	1999	2000	2001	% Share of Segment in CIs (2001)	/Sub-segment
Jewellery and related articles, manufacturing									
Cutting and setting of precious stones									
Goldsmithing and silversmithing									
Jewellery manufacturing	1727	1840	1626	1309	1263	1091	1159	2.6	2.6
Advertising & related services									
Advertising & related services									
Public relation services									
Market research companies									
Advertising services, n.e.c.	4425	4236	4798	4030	3237	3762	3179	6.9	6.9
Architectural, surveying and project engineering services									
Architectural design	1267	1405	1697	1709	1609	1359	1315		2.9
Architectural design and structural engineering	531	520	593	325	218	172	248		0.5
Combination of arch., surveying & project engineering..	1705	2631	2552	2732	2327	2153	2038		4.4
Interior fitting, decoration and repairs	4952	6265	8135	7317	6935	6705	4921		10.7
Combination of interior fitting, decoration and others	1093	1493	967	1126	1368	759	1046	20.8	2.3
Design Industry									
Designing services	1079	843	926	741	725	628	768	1.7	1.7
Motion pictures and other entertainment services									
Motion picture film processing									
Film studios									
Motion pictures companies									
Video pictures companies									
Cinemas and movie theatres									
Film distribution and/or hiring of motion pictures	1371	1458	1320	1109	963	1648	1111	2.4	2.4
IT & related services									
Software development and maintenance services									
Data processing and tabulating services									
IT & related services, n.e.c.	2826	3088	3984	4052	5234	5382	4433		9.6
Internet access services	-	8521	6706	4823	675	6257	7854	26.6	17.0
Photographic studios									
Photographic studios (incl. commercial photography)	303	323	319	284	367	287	294		0.6
Photo-printing and photo-finishing services	503	487	457	348	342	370	302	1.3	0.7
Printing, publishing and allied industries									
Newspaper printing	2339	3003	3871	2904	2484	3010	3696		8.0
Job printing	4738	5499	5549	4830	4767	5288	5292		11.5
Book binding									
Ornamentation of cards, manufacturing									
Photo-engraving (excl. design)									
Typesetting									
Label embossing									
Printing, publishing and allied industries, n.e.c.	2903	2950	3078	3651	3497	3494	3321	26.7	7.2
Sector 941 (TV and radio stations & studios, theatrical production and performance, other recreational services, video distribution & retail)									
Sector 941	2937	2936	3987	3543	3607	4026	4870	10.6	10.6
Miscellaneous									
Electronic games centres	240	217	235	330	299	310	214	0.5	0.5
Aggregate Value Added of CIS	34939	47715	51700	45343	39917	46701	46101		100%
Growth of CIS' value (+/-; year-on base)	-	8.4	-12.3	-12.0	17.0	-1.3			
Gross Value of GDP (at current prices; $ million)	1041072	1158963	1267489	1205349	1177796	1228897	1216374		
% Change of GDP (+/-; year on base)	-	11.3	9.4	-4.9	-2.3	4.3	-1.0		
CI's share of GDP	3.4	4.1	4.1	3.8	3.4	3.8	3.8		

Figure 2: Value-Add by Sector of Creative Industries in Hong Kong (HK$million)[17]

[17] See *Baseline Study on Hong Kong's Creative Industries* (Centre for Cultural Policy Research, 2003).

Challenges

The challenges are many, and some mirroring those in Singapore because both suffer primarily from the lack of a hinterland due to their small size. A comprehensive account of the challenges Hong Kong faces is given in the report commissioned by its government, the Baseline Study on Hong Kong's Creative Industries, published in September 2003, and is listed below.

First is its small size. The lack of a hinterland means that Hong Kong is focused on exporting its creative industries. Export promotion was identified in 2002 as a major priority, with the government saying that it would support firms in this area. The main initiative since then is the development of a strategy for closer integration with the Greater Pearl River Delta region. But, as described in other parts of this report, the obstacles to integration are substantial.

Second is the shrinking industrial base. The hollowing out of the industry in the direction of the mainland[18] has exacerbated the small size of the domestic market for the creative industries because some of the sectors such as industrial and jewellery design feed off manufacturing. The higher cost of Hong Kong has also made some areas less viable, such as film production, which has also seen a flight to the mainland.

Third is IP protection. In the wake of the Asian financial crisis, the near collapse of the film industry in Hong Kong was attributed to the rampant piracy in the region as well as in the territory. The millennium ushered in improvements and now, after a concerted crackdown, businesses that openly live off IP piracy have largely been eradicated in Hong Kong. However, end-user piracy is still a problem. With its transhipment industry playing host to cheap and pirated optical discs, licence sharing and duplication have become a cheaper alternative to buying original products. In June 2005, the government announced that it would not criminalise all acts of end-user piracy. Only business end-users who engage in significant infringement activities involving the copying and/or distributing of printed works (i.e., books, newspapers, magazines and periodicals) will face criminal sanctions following amendments to the law.[19]

Fourth is Talent. The level of education in Hong Kong is high, with 65% of those between 25 and 34 years of age (from which the creative sector draws it dynamism) having tertiary education, a proportion higher than the 41% in the UK. There are eight universities with various related programmes. Design is a strength of Hong Kong but not enough people are being trained to meet demand, especially in jewellery design. Training in publishing and printing is also lacking. There is no visual arts academy — a shortcoming that the government is thinking of addressing. Another shortcoming is the lack of means in certain fields such as digital entertainment for talented people lacking formal education or who are not academically inclined, to transit into creative industry jobs through focused short-term training courses. Hong Kong also does not have enough inter-disciplinary managers who can look after cross-sector projects.[20]

[18] See *New Industrialisation — The Way out for Hong Kong's Economic Transformation* (Hong Kong Trade Development Council, 2001).

[19] See "China & Hong Kong: Recent Developments in Intellectual Property" (Lam, Liu & Wong, 2006).

[20] These will be graduates of courses such as the Master in Creative Media Enterprises from the University of Westminster, UK, and the Bachelor of Creative industries offered by the Queensland University of Technology.

Fifth is social factors against creativity. Hong Kong has an education that is skewed towards rote learning and acquisition of paper qualifications, so the general level of creativity of the population is put to question. This is made worse by the insufficient attention given in the curriculum to arts exposure. The result is that the pool of content producers is limited to not only those who received professional training but also the content consumers also lack discernment in choosing creative products. Additionally, although there is a thriving print and broadcast media sector, little editorial space is devoted to culture. Suggestions for overcoming these shortcomings are for the government to work with the people (or third) sector and the private sector, such as community centres, arts companies and youth groups, to promote life-long learning and the enjoyment of and participation in the arts.

And sixth is access to finance. The high proportion of SMEs, which have more difficulty in getting access to finance, in the creative industries, is noted as an additional barrier for the development of the sector.

> Like Singapore, Hong Kong faces many challenges in developing its creative industries, including its small size, dearth of talent and social factors against creativity.

Seoul

Seoul has invested considerable money and effort into the creative industries. Two major developments include the building of a fashion and design centre in the heart of the clothing-retailing district of Dongdaemun. The complex will include R&D centres for fashion design, training and manufacturing facilities, as well as exhibition and convention halls.

Seoul is also building a Digital Media City in a new district of the city. The district will be the home of digital media R&D firms, content producers, other companies whose core businesses benefit from digital media technologies, digital broadcasting centres, high-tech offices, and entertainment creators. Schools, housing for expatriates, moderate and lower-income housing, commercial and convention facilities and entertainment zones will also be part of the Digital Media City. Offices and studios will be rented out at a low cost to both foreign and local firms.

Seoul is positioning itself as a place for international arts and cultural festivals. It holds the Performing Arts Market Seoul, where artists showcase their products. It supports, through entities such as the Seoul Arts and Culture Foundation, the creation of creative works.

Seoul is home to the one of the largest cultural complexes in the region. The Seoul Arts Centre (with its design headed by local architect Kim Seokcheol) includes a Music Hall, the Seoul Calligraphy Art Museum, the Hangaram Art Museum, the Arts Library and the Opera House. It was completed in 1993 at a cost of about US$2 billion. Currently, an average of KRW300 billion, or 2.6% of the city's

---

Beijing and other universities in China are also offering short-term post-graduate courses in the subject of "creative industries".

annual budget, is earmarked for culture and the arts. By 2015 this proportion is expected to reach 5%.

An ambitious new project is the "Vision 2015, Cultural City Seoul", a 10-year master plan released in 2006 that aims to transform Seoul into a "culturally rich city". The government will spend US$7 billion in 27 projects across five fields:

- Development of the arts;
- Improvement of the city scape;
- More opportunities for the underprivileged to enjoy culture and arts;
- Boosting of knowledge- and creativity-based cultural industries; and
- Formation of a "citizens' culture" that encourages citizens' participation in cultural education programmes.

As part of the plan, the metropolitan government is planning to build more performing arts theatres. It will also increase the number of art galleries to 50 from the current 25, and that of museums by 67 to 150 by 2015. The city will support artists by building studios and cultural centres, and provide US$20 million worth of funding. Vouchers will be given out so people can see performances at lower prices. The city has set aside US$7.9 billion for the 10-year project.

Seoul itself has 10 million people, making it the fifth largest city in the world. The surrounding areas are home to half of South Korea's population of 48 million. As a population and a political, cultural and economic capital, it can be said that pretty much everything that affects Seoul has an impact on South Korea, and vice versa. The development of South Korea's creative industries is hence very much centred in Seoul, so national policies more often than not have a direct and major bearing on what happens in the municipality.

South Korea has highly developed creative industries. According to the Ministry of Culture and Tourism, the South Korean cultural industry is estimated to be about 6.6% of GDP[21]. South Korea's cultural content industry has grown at an annual rate of around 10% between 2000 and 2004, higher than the average overall economic growth. In 2004, sales of cultural content reached US$50 billion, up 13.3% year-on-year. Exports totalled US$940 million, up 46%. Imports were US$1.6 billion, up 19%. The total number of workers in the industry was 460,000. The strength of South Korea in the creative industries is evidenced by the Korean Wave phenomenon, with Asia lapping up its output of movies, television and music. Online gaming is one of its fastest growing sectors and is one that also relies on exports.

One of the most instructive aspects of the creative industries in South Korea is its well-developed, successful and aggressive policy environment. Both the Ministry of Culture and Tourism and the individual agencies under it are actively engaged in policy research and implementation, strategising, and market research.

The agencies in question include the Korea Culture & Content Agency (KOCCA); Korea Institute of Design Promotion; Korea Game Development & Promotion Institute (KGDI); Korea Arts Council; Korea Film Council (KOFIC); and Korea Broadcasting Institute. KOCCA actively promotes South

[21] See *Cultural Industry White Paper 2003* (Ministry of Culture and Tourism, 2003)

Korean companies involved in animation, character licensing, music, comic publishing, mobile and Internet and education by serving as a global bridge between South Korean culture content providers and international partners. Its aims are wide-ranging and mirror those of the other agencies. This includes developing and promoting the South Korean culture content industry, building infrastructure for developing creativity and technology for culture content, nurturing industry professionals and ensuring sustainable development, developing global partnership to enhance and support industry marketing efforts, and encouraging industry investment and strengthening South Korea as a global content provider.

Research on market information and trends is updated every year and published. This allows the government to react quickly to changes in demand and supply and the general economic environment for each of the industries. Companies also have easy access to the information.

Policy is aimed at several areas. There is strong support for the idea of creativity, helped by the rolling back of censorship in the last 10 or so years. Another strategy is infrastructure investment in the creation of clusters via big infrastructure projects such as the Dongdaemun fashion and design centre described above.

The second is the focus on exports, with help given to firms in the provision of market information, subsidy of participation in overseas fairs, overseas bureaus for KOCCA, provision of trade directory information[22] and links between South Korean and foreign companies. Because the arts market is small, and suffers from an over-supply, the government is trying to push export of this difficult area through measures such as promoting South Korean content overseas as well as creation of a market where international impresarios, arts groups and festival organisers can shop for shows.

Talent and training are also major areas of focus. Where universities are unable to provide, government agencies come in to plug the gap. One example is KGDI's Game Academy for training game developers.

Policy is aimed at addressing market failure, and exiting when the problems have been resolved. The most salient examples of these are the government's setting up of the first movie venture capital fund[23], investing in the incubation of game developers, and subsidising companies that use small industrial design firms.

The government also plans to spend about US$1.46 billion by 2008 to revitalise the nation's literary, visual, performing and traditional arts. Policy is also aimed at creating new markets that are seen as crucial to support existing ones. For example, independent movies are seen as essential training ground for both creative and technical talent for commercial movies, and subsidy is not being given to cinemas showing art films. Independent or art film production is also being subsidised because

[22] Trade directory and other information are provided, for instance, by Kocca (http://www.koreacontent.org/weben/etc/service.jsp). Users can search for companies in each business category and genre and also trade leads in each category of content.

[23] The Film Promotion Fund (FPF) invests in a limited partnership fund (LPF), which provides venture capital for start-ups in the film sector. FPF invested KRW10 billion against KRW40 billion of private funding in LPFs for the film industry in 2001. There is also the Cultural Industry Promotion Fund (CIPF), which invests in LPFs that provide venture capital primarily for start-ups in the digital content sector. In 2001, CIPF invested KRW10 billion in LPF for digital content to leverage KRW20 billion in private funding.

existing venture capital does not show much interest in the genre. In terms of policy-making, there have been a series of major initiatives since the mid-1990s, including the setting up of specialised agencies for content creation, and also for online games.

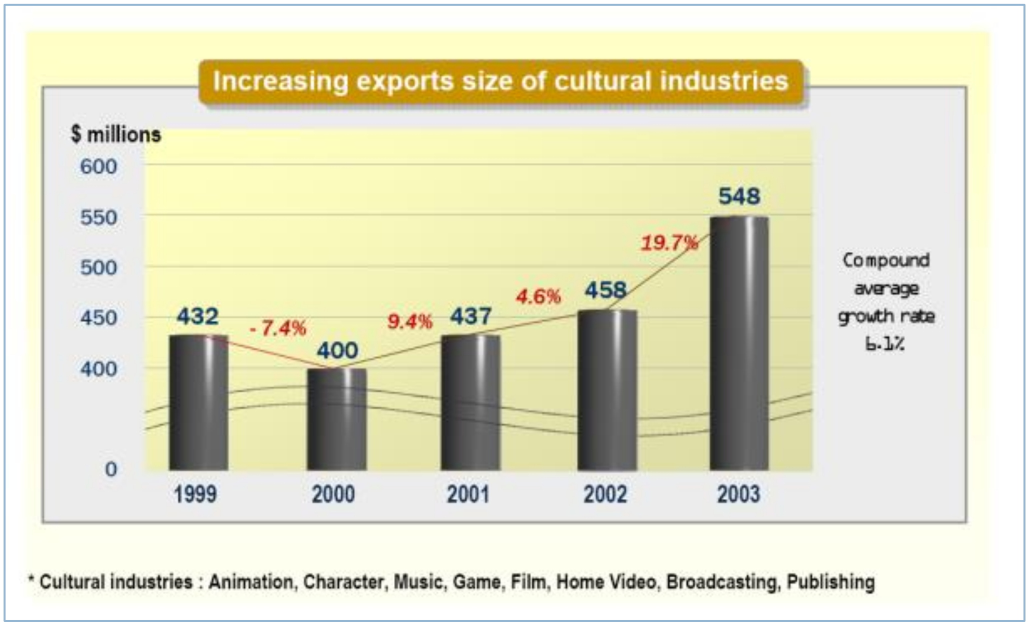

Figure 3: Export of cultural industries of South Korea[24]

The role of the big conglomerates (chaebols) in the South Korean economy is also a distinctive feature of the creative industries. They are a source of venture and other investment capital (although their dominance means that sometimes smaller firms do not want to jeopardise relationships by getting too close to non-chaebol sources of capital). They are also a source of business for the many small firms that form a critical part of the creative industries landscape. For example, the design companies feed off the large industrial base owned by the likes of Samsung and Hyundai. The involvement of the chaebols in the media industry began in 1994, when the president established the Cultural Industry Bureau and passed a law to entice big businesses to gamble on the South Korean film industry. According to Shim (2006, p.25): “In their efforts to create a cultural industry, Koreans emulated and appropriated the American media system with the mantra “Learning from Hollywood”. It was argued that Korea should promote large media companies as well as a more commercial media market. A media policy report submitted to the Korean government in 1995 reads as follows: “Korea needs to encourage vertically integrated media conglomerates… While there is a concern for the projected monopoly of information, in order to cope with the large-scale TNCs [transnational corporations], we need media conglomerates to match their size and resources” (Kim, 1996). In this regard, sprawling family-owned, big business groups in Korea, or chaebol, such as Samsung, Hyundai and Daewoo, to name a few, expanded into the media sector to include production, import, distribution and exhibition. In the process, the conventional Korean developmental regimen of an export-oriented economy continued, as evidenced by a remark made by a senior manager of the Daewoo group’s film division: “It is our duty and responsibility to export Korean films overseas.”

[24] See *Developing Policies for Nurturing Human Resources in Cultural Industries in Korea* (Yim, 2002).

Figure 4: Since the mid-1990s, Korea has put emphasis on its cultural industries.

Although the Asian Financial Crisis of 1997 abruptly curtailed the participation of the chaebols under International Monetary Fund (IMF) instructions, the chaebols helped to introduce sophisticated management approaches such as audience and market research, state-of-the-art technology applications, better investment screening methods, and systematic production processes.25 Among the moves to professionalise the industry, attention to scriptwriting, cinematography and editing became the norm. MBAs and top-notch university graduates were attracted to the decent pay and lifetime employment opportunities offered by non-traditional and creative South Korean industries. Many stayed on even after the chaebols left and when venture capital firms entered the scene (Shim, 2002). When the government-led venture capital funds later proved that South Korean films could make money at home and abroad, the chaebols again joined the fray by starting up venture capital funds of their own. They also invested heavily in facilities such as building modern cineplexes to cater to demand.

For many decades, the chaebols have also been involved in the arts as patrons and sponsors because of a wish to pay back to society[26]:

> *In South Korea today, corporations are involved in the arts and culture in a wide variety of ways. This involvement in and support of cultural and artistic activities by corporations began in the 1970s with the advent of a period of high economic growth rate known as the "Hangan Miracle". This was not simply a matter of the high economic growth rate giving corporations the financial means to become involved in the arts. It was also the result of the South Korean government's economic policies that encouraged the formation of large corporate groups (chaebol) as the building blocks*

[25] See *South Korean Media Industry in the 1990s and the Economic Crisis* (Shim, 2002).

[26] See *The Recent State of Corporate Philanthropy in South Korea* (Kimura, 2005).

of the country's economic growth strategy. This led to the subsequent spread of the idea that these large corporate groups had the responsibility to return to society a portion of the wealth they had amassed under these policies. From the corporate side, there was also recognition of the usefulness of philanthropy as a means to dispel some of the negative image they had acquired during the period of high economic growth. At the same time, another factor contributing to the spread of corporate support for public services was the same type of tax allowances granted to corporations for such contributions by governments in the West at the time…. Many have their own arts and culture foundations and have established and operate cultural facilities of some kind.

South Korea Creative Industries by sector

IT INDUSTRY

- In IMD World competitiveness yearbook 2005, South Korea ranked second in technological infrastructure and first in the number of broadband subscribers.

DIGITAL GAMES

- In 2005, the size of the South Korean computer games market was US$8.5 billion. Online games accounted for 57% of that amount.
- Exports of computer games in 2005 amounted to US$570 million, up 46% year-on-year. Online games accounted for 80% of total exports of 2005.
- South Korean companies have a 70% share of online games used across Asia, including in China, Taiwan and South-East Asia countries. This being so, the South Korean online game industry is the driving force behind the growth of the online game market in Asia. South Korea has more small and medium-sized development studios compared with their competitors. There are more than 2,000 developers and more than 10 major distributors.

FILM

- Box office figures in the first half of 2006 rose 29% year-on-year. The market share of South Korean films was 6.0%.
- In the past two years, production costs averaged KRW2.8 billion, and marketing costs KRW1.4 billion.
- The Japanese market accounted for 80% of US$76 million of South Korean film exports in 2005. Including the rest of Asia, the proportion was 87%. On the other hand, exports to non-Asian markets decreased. In 2004, exports to non-Asian markets stood at US$13 million, but in 2005, the total fell to US$9.9 million.

DESIGN

- The value of the design industry in South Korea was estimated at around KRW7 trillion as of 2002. It is expected to grow to KRW36 trillion, equivalent to 3% of GDP, by 2010. The quality of South Korean design is estimated to be "equivalent to 80%" that of the world's best.
- The Third Comprehensive Plan for Industrial Design Promotion was formulated in 2003. Through the plan, the number of companies with in-house designers would be raised to 100,000 from the current 20,000 and the market value of the design industry would rise to KRW20 trillion (3% of GDP) from the current KRW7 trillion (1.2% of GDP). The third five-year plan aims at promoting the design industry to make South Korea an industry hub in the East Asian region. The strategy outline in the plan is:

- To broaden the base of the design industry;
- To educate the world's top level designers;
- To strengthen regional South Korean capabilities of design innovation;
- To strengthen design R&D capabilities;
- To rebrand the national image; and
- To expand international design exchange and to strengthen cooperation in North-East Asia.

POPULAR CULTURE

- South Korean Pop Culture "Hallyu" is rapidly becoming an export success, dubbed by the Chinese media as the "Korean Wave".
- By 2008, the Kyonggi provincial government is planning to open a US$1.96 billion entertainment hub, "Hallyuwood", north of Seoul. Actually, South Korea's entertainment industry began attracting heavy government investment only in the late 1990s. Its size jumped from US$8.5 billion in 1999 to US$43.5 billion in 2003.
- The number of foreign tourists to South Korea increased to 968,000 in 2004 from the previous year, of which 67%, or 647,000 tourists, visited the country due to Hallyu.

ANIMATION

- South Korea produces 30 animated TV series of 26 one-half hour episodes and four or five feature-length films a year.
- South Korea has about 150 university, college, and high school animation and cartoon schools and departments, various animation-oriented agencies, and professional associations.
- South Korean animators increasingly are seeking an overseas presence. At the 2003 MIP-TV conference, the South Korean contingent was up 40% over the previous year; at Cannes 2003, KOCCA took along 40 South Korean animation companies.
- However, South Korean feature-length animation films (there were already 105 from 1967 to 1999) have been unsuccessful at the box office.

PERFORMING ARTS

- There are 276 facilities available for the performing arts in South Korea: 44 arts complexes, 89 general performance halls, 133 small halls, 254 cinemas and 495 small theatres.
- The National Theatre was opened in 1950 with the aim of preserving traditional forms of performance and promoting contemporary performance. Now it houses four resident companies: The National Drama Company of Korea, National Changgeuk Company of Korea, National Dance Company of Korea and National Orchestra Company of Korea.

VISUAL ARTS

- There were a total of 32 art museums in South Korea in 1997, comprising one national museum, four public museums and 26 private museums. There were also 269 exhibition venues and 337 private galleries throughout the country.

PUBLISHING

- The South Korean publishing industry accounts for 6% of the global market, making the nation one the 10 largest countries in publishing. The Korean publishing industry has expanded in terms of quantity but the market is principally led by school reference and children's book publishing.

Challenges

The challenges to the South Korean creativity industries are:

- Sustaining the present momentum of the Korean Wave, especially in film, television, music exports, and to a lesser extent online games;
- Growing the export markets for other areas such as design, performing and visual arts;
- Maturing the business environment in providing support for funding; and
- Language.

DISCUSSION

The creative industries as an international concept are of recent vintage, dating back only about a decade. Hence, the policies that governments have found necessary to put in place are also relatively new. Even those initiatives that predate the inception of the creative industries discourse, for example the Renaissance City in Singapore, the game development policies of South Korea and the film industry development policies of Hong Kong, are not that old. In particular, the *creative industries* or *cultural industries* development strategies and policies they have engendered in the four cities under study are all fewer than five years old. Therefore, in some of the cases, the jury is still out on whether the policies have worked or will work with time. This is a key caveat in the findings of this report. Statistics are also unreliable (especially those on China, where a baseline study has not been done), and comparisons are not always possible across cities or even meaningful for this reason. Wide variations in definition between the countries also make comparisons difficult, especially differences between other countries and China — which, for instance, includes entertainment such as pubs and karaokes and tourism as part of its creative/cultural industries.

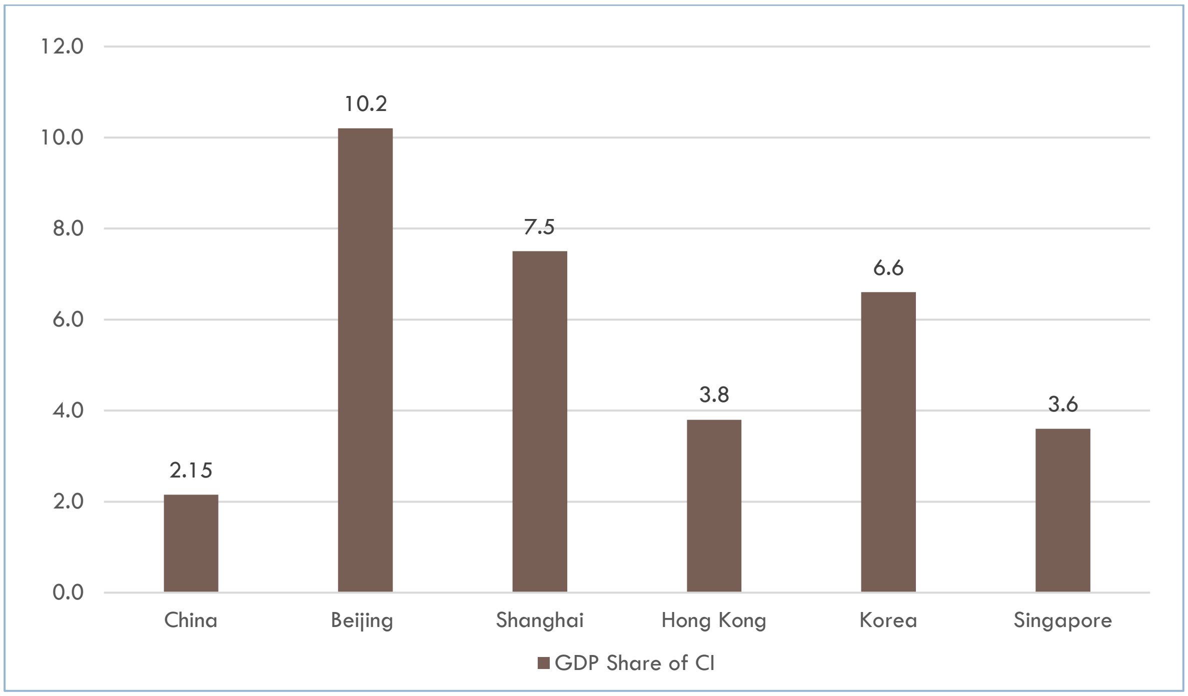

Figure 5: GDP share of creative industries in cities/countries.

Nevertheless, from our interviews as well as survey of the academic, policy-oriented and popular press literature, we can come to certain conclusions about the broad set of policies that appear to work for or against the development of the creative industries in these cities.

Importance of the role of the government

This is where the Singapore government is acknowledged by a number of interviewees in this study to be doing the right thing. The laissez-faire approach of the Hong Kong government — "Hong Kong's creative industries policy is not having any policy" — is seen to be wrong, even by the Hong Kong government and its people, to the extent that officials have had to insist that the territory does have a policy, after it was criticised for doing too little. The role of the government is important under conditions of market failure, where the private sector is unable to provide — or finds it not worthwhile or not its role to provide. In this case it is important for the government to lead, invest and facilitate.

Investment by government

Governments can invest in the creative industries in many ways, such as the provision of education and special training. In this section, however, the discussion is limited to investment in the form of financing and subsidies.

In the area of arts and culture (especially the performing arts), there is a consensus that the state cannot run from subsidy of the sector. It is impossible, except in the highly commercialised sectors, such as musicals, for groups to be profitable or even self-sufficient. In the European model, arts groups get direct subsidies from public coffers. Even in the US, where foundations and the private sector account for 90% of giving to the arts, the state is indirectly financing arts groups via tax revenues foregone from the givers. Studies have shown that the foregone taxes are about equal to or even more than the total sum donated.

In the cities under study, there is extensive state subsidy of arts and culture. The obvious policy question of whether Singapore should continue to invest in the arts under the Renaissance City plan must be answered in the affirmative. Even outside the non-profit arts, the government needs to invest via financing or subsidy. China, Hong Kong and South Korea finance film-making, with the last funding not just film production and but also development and promotion, going beyond what MDA does . However, the financing of specific projects has to be strategic as well as aimed at addressing market failure. For instance, the financing of feature films in South Korea began with the government getting involved with other companies by putting up half of a venture capital fund around the turn of the millennium. After box office performance skyrocketed, the market took over, and many of the big-budget films started to be financed by the chaebols such as Samsung, further fuelling the growth of the industry.

The government-led venture capital initiative continues to reap rewards. About half of the nearly 100 films made a year in South Korea today are backed by venture capital funds set up after the first fund started by the government. Now the South Korean government has got out of financing commercial movies because there is no longer a need for its involvement. Instead it is focusing its attention on backing independent and small budget films, where the future talent for blockbusters are being nurtured. It is noteworthy that this form of investment is financial, but its aim is not directly commercial in the sense of an expectation of any payback from the box office. It is investing in the future. Other kinds of subsidy for the creative industries are also given by the South Korean government. Money is given by the government not just for production and development of movies, for instance. Grants are also given for the showing of art-house movies and their distribution and promotion locally and overseas. This is a move worth considering.

Tax breaks

Giving tax breaks is a form of indirect subsidy and hence investment by the government. The cities under study see tax breaks as a key instrument of policy. Beijing, Shanghai and Seoul employ this extensively. Beijing gives tax exemptions for the first three years to creative industry start-ups. Property and other taxes are also reduced. While tax exemption on profits for start-ups may not actually benefit companies that are new and hence won't be profitable for the initial period, some of the tax breaks are for income rather than profit. As taxes are very high in China, the tax breaks can be a significant incentive. In 2004, South Korea also scrapped the long-standing tax on tickets to movie theatres and other cultural events. The receipts were previously used to fund the arts, but the government decided to give a more direct form of support following the abolishment of the tax. South Korea also provides tax incentives to cinemas showing art films, with the aim of stimulating the growth of independent South Korean movies. It also recently cut the tax rate on game developers from 15–30%.

Set up venture capital funds and other financial infrastructure

In all the four cities, finding capital is a major problem. The lack of funding affects both small and big projects. The government can kickstart an industry in a few ways. First, it can set up a venture capital fund itself to finance early-stage development. KGDI, for instance, invests in early-stage games companies through a venture capital arm. Furthermore, the government can join hands with the private sector to set up venture capital funds for specific purposes such as film or stage musicals. The South Korean government started the venture capital trend for movie financing by putting up half the money for the first such fund when it joined hands with the private sector. When the private sector saw that the funds were successful, other companies jumped into the fray without the involvement of the government. The Shanghai Creative Industries Centre, an agency set up by the city government, also has a venture capital fund started in partnership with Shanghai Automotive Assets to fund big projects as well as incubate start-ups. Perhaps the Temasek-linked companies can get the ball rolling in Singapore. The government can also be a facilitator in financing by organising markets and platforms where the owners of capital and creative people can meet. This has been done in Hong Kong for the film industry through the Hong Kong Asia Film Financing Forum (HAF). It can also give aid by providing legal advice for contracts and other business issues that confront an industry in its early stages. These services can be outsourced but government-funded.

Facilitating development

Not all instances of government intervention are conducive to the growth of the creative industries. "Government policies can help develop the creative industries or stultify their growth,'' says one interviewee. Other interviewees also say the government should facilitate growth by liberalisation and deregulation, including of censorship, licensing requirements, investment and business opportunities. As far as the economics are concerned, the lessons for Singapore in sub-sectors such as broadcasting and newspapers are obvious. The government also plays a crucial facilitating role in helping the creative industries sector fulfil national objectives. The following paragraphs detail the types of facilitation that the government can pursue.

The government as client

This means the government taking the lead in becoming a customer of local creative industries services and products. Outsourcing of government services to the private sector is one way in which this can be achieved. The use of local talents will make Singapore a proving ground and a launching pad. The government can be both a market incubator and a driver in the development of the Creative Industries. Hong Kong architects, for example, say that all the major government projects are given to foreign architects, so locals seldom get a chance to show their worth. Other projects, such as the Arts Centre, are done by in-house government architects, again taking away the opportunity for the private sector to compete. Even minor works, such as parks or refuse collection points, are not tendered out. Further, the high-rise nature of Hong Kong means that there are few small-scale architectural projects. This, one Hong Kong architect points out, is like the situation in Singapore. Architects here and in Hong Kong, unlike those in Japan for instance, therefore, do not have the chance to climb up the ladder in terms of the scale of the projects they do. There are other areas in which the government can consider tapping into the local creative industries. One is in music: the government pays royalties for piped-in background music for events. Often these are imported pop songs, and the royalties accrue to foreign talents and companies instead of to locals. Putting local music on as background may be a small step from the point of view of the government but an important one, both symbolically and also from the point of the view of struggling artistes.

Provide research and information

The government can provide research and information to companies to help them know local and global industry trends. Some of the information can be generated locally, either directly by government agencies, or commissioned or outsourced. Other information will be gleaned from abroad, and the government, or an appointed agency, can act as a hub that transmits the information. Holding regular seminars and conferences is part of this function. The types of research and information should range from the theoretical to the very practical, that is, market-oriented intelligence. The work of KDGI (via its Game Research Centre) and KOFIC in this area — with their publications and research — are good examples of agencies that provide extensive research to their constituencies. KDGI and KOFIC’s research allows the gaming and film industries to react proactively to major challenges in the last two years, namely, that of the slide in sales of South Korean online games in China and the breaking of the Japanese fever for South Korean movies. In China, there is extensive research going on at the university level (besides the two anointed creative industries research “bases” in Beijing University and Shanghai Jiaotong University). Many other universities (such as the Ren Min and Normal Universities in Beijing) are also earnestly engaged in research funded partly by the government and partly by the private sector. In addition, the government-funded CASS does extensive work in this area, and works closely with government departments in their research. One of its publications is the Blue Book, an annual survey of the state and prospects of the creative industries. The Hong Kong government also relies on its academia, including the University of Hong Kong’s Centre for Cultural Policy Research, which has been commissioned to do a number of key studies. This is a lesson that is worth learning from these countries. Singapore, for a start, can establish a network of researchers and market analysts on the Creative Industries.

Fund and organise markets, networks and events

The government can fund and organise markets, networks and events such as trade shows that allow companies to come together to cut deals and make contacts. Among these "platform-providing" initiatives seen overseas are the Performing Arts Market (PAMS) and G*Star online game show in Seoul, the Hong Kong FILMART market and Hong Kong Asia Film Financing Forum (HAF), and numerous cultural and other creative industries fairs and expos that are held in Beijing, Shanghai and other parts of China (such as the China Shenzhen International Cultural Industry Fair or the Guangzhou Art Fair). Though the success of some of the newer ventures such as PAMS remains to be seen, they are perceived by the sector as important events. South Korea's government agency-initiated networks for designers, film makers, artists and game developers are also an important tool for these talents to share information and for matching services between companies. For instance, the government-funded Korea Institute of Design Promotion (KIDP) has a network of 30 local and national design associations (in fields such as graphics, packaging and fashion), 430 design colleges, in-house designers of 1,000 manufacturers and 2,260 design studios. The database is open and searchable. The KIDP also makes use of its own database to make recommendations for companies looking for counterparts to work with. For example, manufacturers who are looking for design expertise can ask for a list of firms that have the capability to carry out their assignments. The database is indeed a formidable tool when it comes to promoting the design industry.

Help domestic companies go abroad

The government can help domestic companies go abroad to take part in trade and other events, and even hold special market and branding events in certain countries. Subsidies for attending these events are especially important for smaller and start-up companies, and can provide a crucial lifeline for their continued survival if they are able to sign contracts with overseas clients.

Hold competitions and give out awards

The government can hold competitions and give out awards. These can range from industry level events to something as basic as contests held for students. Singapore is on the right track in this, but opportunities can be found for more contests especially at the school and tertiary level to encourage and identify talent. Shanghai has an interesting scheme in which 11 master designers were identified and given RMB2 million to set up design studios to pursue their work.

Help small companies and start-ups

The government can help small companies and start-ups and fund the take-up of their services and products by those further up the supply chain. Small companies are a crucial part of the creative industries. However, many of them suffer from problems of finding financing, the lack of equipment and resources that may be needed to do their business better, or the lack of trust from bigger companies that may need their services. Therefore, it is essential that measures are taken to give start-ups a running chance. Shanghai, for instance, has a government-funded high-speed computer centre for private-sector animators who cannot afford the very expensive servers needed to render their clips. The rates are highly subsidised. South Korea also has a scheme in which half of the fees charged by small design studios to manufacturers for industrial-design work is borne by the government. This encourages manufacturers to take risks with relative unknowns.

Talent

All the interviewees cite talent as one of the few key issues that determine success in developing the creative industries.

Nurturing talent falls largely on the shoulders of the government, even though there is some responsibility for the private sector to provide in-house and on-the-job training. The government's role starts from the formal education provided from primary school. The interviewees say that a conformist, rote-learning education system does not encourage creativity in society. All the cities in this study have this kind of education system, and are introducing or thinking of introducing a less rigid model. Singapore is thus on the right track. As for professional training for work in the creative industries, it is important that enough people are turned out, and of the right kind.

China is a case in point. In design, for example, there are not enough graduates to meet the needs of the economy. Worse still, the graduates also do not meet international standards in skills and knowledge.

Shanghai acknowledges this and is opening up its education sector thus. For example, the world-renowned University of the Arts London has set up office in one of the "creative clusters" in Shanghai, called the Number 8 Bridge area that has been developed from an old city area. The university (which consists of Camberwell College of Arts, Central Saint Martins College of Art and Design, Chelsea College of Art and Design, London College of Communication, London College of Fashion and Wimbledon College of Art) is Europe's largest university for art, design, fashion, communication and the performing arts. The colleges will recruit students for study in London and take courses to Shanghai, a move that will definitely push up the level of training in the city.

In film, the Korean Academy of Film Arts is seen as a source of many of the talents, such as Hur Jin-Ho (director of Christmas in August), that propelled South Korean movies onto the world stage. The government also has a role in providing continuing education via the facilitation of mentoring and incubation. This can be in the form of a follow-up to awards, in which the winning scriptwriters can be paired up with mentors.

KOFIC has the Filmmakers' Development Lab in collaboration with the University of Hawaii and the Pusan International Film Festival. Winners of a competition are chosen as fellows and given the chance to work with established directors. They also get to meet producers and film executives, raising the chance that their scripts will be turned into films. In the games industry, government or government-related organisations also work with the private sector to incubate and train.

The Chinese Academy of Sciences (CAS), a government-backed research institute, has teamed up with the private sector to set up a Digital Interactive Entertainment Lab in Beijing to train graduate students and professionals for game developer Shanda and to develop new technologies.

Government-funded KGDI offers courses in game design, graphics and programming via its Game Academy. The South Korean government even goes one step further than Singapore; the latter allowed an online gamer to defer his national service so he could take part in a tournament. South Korea exempts game developers from compulsory military service entirely.

Talent for supporting services (such as arts marketing) and services all along the supply chain are also important to the development of the creative industries. The role of the government is not just in ensuring that talent is trained and developed. It is also to develop directories of bio-data or company data (preferably in a cultural commons) so that there is less effort spent by companies in hunting for the right talent and also easier for the right talent to find out when and where there are job openings. In some cases, the market can serve this function too, say, via the provision of services such as the classifieds or other advertisements. But if the private sector does not provide this kind of "exchange platforms" or provides it inefficiently and ineffectively, then the government needs to step in. The good thing is that this kind of service for both buyer and seller is not expensive or difficult to set up and requires little maintenance in its simplest manifestations.

The South Korean government goes further in some cases. As mentioned above, in design it actually recommends potential designers to clients depending on the fit. The other aspect of managing talent is making it easy for foreign talents to come here, especially from around the region. For Singapore, this may be especially important because of its small population.

Infrastructure

In all the cities under study, the government invests a great deal in infrastructure (this is also a strength of Singapore's). Thus, clusters in terms of buildings or zones are being built not just by the private sector but also by the government. China is a case in extremis. Seoul is also doing the same thing and, as mentioned above, is embarking on the massive "Vision 2015, Cultural City Seoul" programme to double the number of cultural institutions such as performance spaces and museums. Two of its initiatives are the fashion and design complex in Dongdaemun and the Digital Media City. The concept of the latter is very much like Beijing's Chaoyang District Plan in that it integrates a whole gamut of things, in the mould of our One-North project, but on a much larger scale.

Hong Kong also takes this route for some developments, for example, the Jockey Club Creative Arts Centre, which is being built with donated money. What is interesting in these developments is the subsidised real estate costs. High rentals are an obstacle for small firms just starting out. Indeed, the converse is also true: low rentals are able to attract creative types, and a natural cluster grows organically, in the same way that artists flock to the artists villages of Beijing.

Some of Shanghai's creative industries parks have been converted from disused premises, so they are not expensive to rent. City-centre creative city "parks", such as Hi-Shanghai, also offer below-market rate rentals.

In South Korea, some cities also offer lower rentals to the Creative Industries. For instance, Bucheon and Chunchon cities give discounted rates for small animation studios. Hong Kong's West Kowloon Cultural District may use a different model since it may have major private-sector involvement. The funding for the building and maintenance of what is known as the "core arts and cultural facilities" in the district remains uncertain[27]. The non-profit Hong Kong Arts Centre is different too. The 19-storey building in the financial and civic district has three theatres, a cinema, galleries and an atrium for exhibitions. It has an arts academy, and is home to many creative industries companies such as design firms and theatre groups. They pay commercial rents. The building, built on land given free by the government, was erected with funds from both the government and the community. In Singapore, where there are no rural areas with basement-level rents to speak of, finding ways for capital-scarce new firms to get round the issue of rentals is a big challenge. It has certainly tried this before with the arts housing programme, but whether such a scheme can be extended to for-profit companies in their initial years should be considered.

Society's view of creativity and creative products and services

For a person to appreciate creativity, an aesthetic sense has to be cultivated. The role of the government in growing an aesthetic appreciation among the population is not inconsiderable. It goes beyond the championing of creativity or creative people.

The cities under study are also grappling with the issue of how to inculcate appreciation of the arts and other aesthetic fields such as design among their citizens. An aesthetic sensibility is partly a natural consequence of economic growth, as people needs climb up Maslow's hierarchy. But it has to be pointed out that people who are willing to pay more for design do not necessarily do it because of any aesthetic sensibility, but because they are slavishly following trends set elsewhere. Without such a sensibility, there is little chance for home-grown talent in small countries like Singapore because few people have enough taste to set trends for local products.

The journey in acquiring an aesthetic must begin at school. There is room to explore how this can be done in Singapore. It also has to do with extra-curricula issues such as how schools are built and classrooms arranged and decorated (if at all). South Korea's initiatives in the area of public education in design are instructive. The quasi-government Korea Institute of Design Promotion, for instance, has put in place an innovative short-duration design education and awareness course for opinion leaders. It invites politicians, civil servants, local government officials, journalists and teachers to attend the course. The institute has found that the opinion leaders who undergo the programme go back to their work places to help spread the gospel of design. Indeed, the large number of design centres set up in cities across South Korea is attributed to the work of local government leaders and officials who came for the courses and went home convinced of the importance of design.

Beijing is planning to do something similar. A member of its Packaging and Print Design Council says in an interview for this report that it wants to have an educational campaign for officials of all levels on the importance and appreciation of design. It also wants to set up a design museum along the lines of our Red Dot Design Museum. In terms of education, it is noteworthy that the KGDI goes to the extent of including the promotion of e-gaming as its goal, that is, to make online gaming even more popular. The aim is, of course, to ensure that there is a domestic market for the developers' wares.

---

[27] See *Subcommittee on West Kowloon Cultural District Development: The Administration's Response to Members' Requests Relating to the West Kowloon Cultural District Development* (2006), for a good discussion of the suggested funding models.

Control of IP

There are two models for the development of the creative industries. The first attracts overseas investment from overseas companies to set up branches in one's country. This is the "Economic Development Board model". The aim is job creation and economic growth. Control over the companies and the IP created belongs to the overseas companies.

The second model grows local companies or joint ventures with local majority share that will own the IP created. Of course, these two models are neither mutually exclusive nor contradictory. South Korea, for instance, has moved up the value chain in the global animation industry within a decade. It started as the "drawing board" for the US and Japan (the *Simpson's* cartoon was rendered in Seoul), and enjoyed no royalties. But aggressive policies by the government (tax breaks and other financial incentives, local content quotas on television and in cinemas, building of promotional and training facilities, among others) since the 1997 Asian Financial Crisis has led to great strides forward. Now South Korean animated television series (such as *Ki-Fighter Taerang*) and movies are making inroads in the US, Europe and Asia. The control of IP also allows for reaping profits from cross-platform products (from TV to movies to books to computer games and vice versa) and the merchandising of toys and other spin-off products.

The hit serial *Jewel of the Palace*, for instance, is being made into an animated series, while other South Korean comics are being turned into television series, and vice versa. One company interviewed says that this is the greatest benefit of IP ownership, as one creative idea can have payoffs in diverse areas.

China's strategy against the influx of South Korean on-line games is in fact a battle for IP. First, China made it difficult for Korean and Japanese companies to enter its market by erecting barriers, as discussed in the earlier part of the report under China's creative industries. The aim of the measures is to give breathing space to Chinese game developers. The other is to force South Korean companies to invest in development of games in China. But the condition is majority share ownership by the Chinese side, so that IP rights are ceded by the South Koreans through "technology transfer". Of course, many South Korean firms, including those interviewed for this project, baulk at such an arrangement and are forced to try to conquer other markets or win in China using other means. China also uses protectionist measures against other creative products such as films, where it limits the number that can be shown and allows foreign blockbusters to open outside the peak movie-going periods, such as the major holidays.

Should Singapore try to develop local companies or should it depend on the likes of Lucas Films and Koei? It has been acknowledged that both can go together. Here, Temasek can play a big role by investing in local companies either directly or by funding them. One of the reasons behind the success of South Korea's creative industries is that much of the money, whether it is for big projects or venture capital and incubation funds, comes from the chaebols. They have both the money and the management expertise to take small companies further.

Protectionism

China practises protectionism in almost all areas of its creative industries. South Korea does so for some, such as film and television. Hong Kong, like Singapore, does not. Protectionism can take various forms, and some academics believe that it has been vital to the economic development of the West historically. China's protection of its film industry takes the form of curbs on investment and distribution, and is seen to have a negative impact on the development of its creative industries because it lessens competition. This is certainly also the case in book publishing. But its protectionist measures against foreign online games appear to work in its favour, as noted above.

South Korea's film industry would also not be what it is today without its screen quotas. Even now, it still maintains this 40-year-old screen system, which makes it mandatory for theatres to show domestic films at least 73 days[28] a year. (In a controversial move to compensate for the cut in quota, the government will inject US$400 million over the next five years, with half the money to come from a 5% levy on tickets that the industry disagrees with.) In a small and open economy especially without the economies of scale, such as Singapore, the issue of quota is worth investigating, if not in areas such as film at least in music.

Whether protectionism has negative or positive consequences for the domestic industry depends on the nature of the industry and the current state of the industry. Protectionism provides breathing space for local players to grow in quantity and quality so they collectively and individually are able to compete against outsiders. But the precondition for the effectiveness of protectionism is that there must be competition and space to grow for the protected local creative talents and companies all along the supply chain from production to distribution. Protectionism for the games industry in China is working because there were a few companies such as Shanda and NetEase which are already in business and which are ready to fill the demand of consumers quickly. Also, there are new start-ups who are ready to take advantage of the more benign conditions provided by the umbrella of protectionism.

Protection of the Chinese film industry has not worked quite as well because there is in essence very little competition. The large number of films made is propagandistic or lacks the financial backing to give the films the epic scale and high production values that are so popular at the Chinese box-office. Censorship (together with piracy) is also playing a role in the failure of the book publishing industry to take advantage of the vacuum left by protectionism. (Online games are immune to piracy because revenue comes not from selling software but online playtime on the game supplier's servers.) Television programming (including animation) is also protected in China; but although this is a fast-growing industry, demand has outstripped supply and quality still falls short of international standards.

Here, censorship is also an obstacle to development. South Korea's film and television industry have benefited from protectionism because companies freed of the constraints of censorship are able to product content that speak to South Korean as well as international audiences. The development of

[28] South Korea passed the Motion Picture law in 1966 to tighten control over the number of films produced and imported. The screen quota system and strict government censorship were focused then on keeping an eye out for any communist overtones or obscenity. The initial screen quota system required cinemas to screen Korean-made movies at least 146 days in a year. The government halved the quota to 73 days last year to pave the way for a Free Trade Agreement with the US.

an infrastructure for movie investment, production and distribution that can support the creative ideas produced also ensures that the whole industry grows steadily.

IP protection

The creative industries in China are severely affected by violations of IP rights. The lack of protection will continue to be a major stumbling block that discourages both local and foreign investment. Singapore has largely overcome large-scale infringements of IP rights. It is not clear, however, how much small-scale infringements affect local creative content though, as the market is small to start with. Perhaps more can be done to study this.

Size

One of the major obstacles faced by Singapore in its attempt to develop its creative industries is its small size. A hinterland offers a ready market not restricted by political and economic barriers. It also serves as a test bed for new ideas. Of the cities under study, only Hong Kong suffers from a similar limitation of size as Singapore.

Hong Kong has tried to overcome this limitation via Closer Economic Partnership Arrangement (CEPA), which is aimed at bringing about greater integration between the territory and the mainland. In the area of the creative industries, Hong Kong has specifically spelt out a strategy that involves "integrated development" between Hong Kong and the Pearl River Delta region (which has more than 40 million people spread over Hong Kong, Macau and eight mainland prefectures such as Guangzhou, Shenzhen and Zhuhai).

Hong Kong's strategy makes sense because there are not only strong economic linkages with the Pearl River Delta but also cultural, social and familial ones. Whether this new and not yet fully worked-out strategy will succeed or not remains to be seen. But clearly, Hong Kong realises that it needs to hitch itself to a larger entity to find success in the Creative Industries.

In this strategy, Hong Kong views itself as part of the delta. At the same time, Hong Kong also has another view of itself as being separate from the mainland. Indeed its classic positioning is that of a bridge between the mainland East and global West, similar to some Singaporean articulations of its role vis-à-vis the East and the West and South-East Asia and the rest of the world. But with China opening up more and more, and the consequent rise of Shanghai and the cities in the Pearl River Delta, the bridging role is being eroded if not outmoded.

Singapore certainly has to think deeper about this: does it need a hinterland, a geographically adjacent region that it can feed into and draw from? What is the nature of that hinterland, is it merely economic or is it also cultural? If it is cultural, how it can tap into that presumably South-East Asian reservoir of heritage and tradition — as well as that of its immigrant forebears from China and India — to develop its creative industries[29]? And which part of the creative industries can benefit and which cannot? This question is most relevant to the arts and culture of the creative industries. But even in digital media and entertainment, history and culture sometimes play an important part. They partly

[29] For a discussion on the kind of culture that Singapore can tap and create, see "Singapore as a Renaissance City: Search For a Vision" by Lee Weng Choy, T Sasitharan, Arun Mahizhnan, IPS report commissioned by the MITA in 1998.

explain the success of online games themed on the *Romance of the Three Kingdoms* and *Journey to the West*. The fact that the hugely popular *Three Kingdoms* was created by the game developer Koei of Japan shows, however, that traditions can be appropriated by anyone. If Singapore wishes to be a hub for South-East Asian culture, then what does it need to do in terms of policies such as education and immigration to achieve that?

The truth is that, despite its claim to be a bridge between East and West and a cultural cross-road at the centre of South-East Asia, there has been very little to show in terms of creative products and services that live up to the labels. Certainly, things will change if education, training, funding, tax and other policies are put into place. Maybe then, Singapore can produce something that is not just uniquely Singaporean but also uniquely South-East Asian.

Export-oriented strategies

Of the four cities, Seoul (and South Korea as a whole) has the most successful record in exporting its cultural industries. One of the key features of the Korean Wave of popular culture is that the international success came in the wake first of success at home. South Korean movies, television and music are popular at home before they became hits overseas.

The first aspect of South Korea's export-promoting policies is developing the domestic industry and the domestic audience. Many resources have been put into growing, for instance, an audience for local movies and online games.

The second policy focus is on government-backed efforts to take the products overseas. These come in several forms: making freely available frequently updated and detailed market data and analysis of the performance of South Korean products; supporting companies to establish a presence at overseas shows and events; setting up overseas bureaus to promote South Korean culture; quick action in addressing the fast-changing conditions that boost or inhibit exports; and setting up markets and showcases at home for overseas buyers of South Korean products.

The South Korean government is now turning its efforts to trying to replicate the success in exporting popular culture to the sub-sector of the fine arts. One recent concerted move, for instance, was an attempt to make a breakthrough in the international visual arts market by taking galleries to big international shows: South Korea had the biggest number of participants in last year's Cologne Art Fair; and the number of South Korean galleries which came here for last year's ArtSingapore also grew exponentially from previously.

The surfeit of performing arts groups has also led the government to try to find an overseas market for South Korean shows through some of the types of initiatives described above. Whether its visual and performing arts will be able to follow on the groundbreaking footsteps of its popular culture remains to be seen. One noteworthy and perhaps instructive feature of the Korean Wave is when the products travel, they do so particularly well in the region, namely Asia. Indeed, the wave's greatest successes are all in societies that are Confucian and where the people look quite like Koreans — which of these factors is the key is not clear.

There is something here that makes these countries natural export markets. Exports to the US and Europe have been less than stellar to date. As for Hong Kong, its creative industries export strategy is a simple one, namely, to hitch itself to the China wagon, and conquer the whole of China by establishing a beachhead in the Pearl River Delta region.

Major problems of integration with and barriers to entry into the mainland still exist, but the government's latest strategy on the creative industries is a push into the mainland via closer links with the delta economy. Even before the government spelt out so clearly the inevitability of the China connection, Hong Kong businesses had already been doing what made sense, with a rush to China by companies from those that engaged in design to architecture, from movie-making to television.

The mainland, as a vast economic and cultural hinterland, is the natural export market for Hong Kong. China is a global powerhouse when it comes to mass-produced and low-margin craft. But it is a lightweight in the export of high-margin products and services in which it has intellectual property rights. Of late, the government has declared the need to seek overseas markets for its creative industries, going as far as saying it is the "number one national priority". But in essence there has been no special policy measures aimed at bringing about this goal other than to call for the strengthening of the creative industries domestically by improving quality.

Many domestic problems outlined above have to be overcome first. The foremost is censorship and political interference, and the stifling of innovation and risk-taking as a result. Luckily for China, its own market is so huge that it does not have to depend on exports for growth in the creative industries.

Singapore's challenge is the same as Hong Kong's: a small home market. Singapore needs to find or create its own natural export market. The immediate region is the obvious choice. Singapore can become a hub for regional talent, and hence the production of creative products that are then exported to the region. One possibility is becoming the South-East Asian centre of South-East Asian art, film, television, design, architecture and publishing. The other strategy is to look further afield and consider Asia as its market. This has been the South Korean and Hong Kong experience. There is no reason, given the right policies, for Singapore not to be in the position that Hong Kong was in a few years ago before its slump.

The other export strategy is to see the entire world as the natural market. This is feasible for products that are culturally tied or where cultural content is not the main or critical aspect, for example, in the area of computer and mobile phone games. This "Creative Technology" strategy can work. But it means companies have to be plugged into international networks and markets. Policies would have to help bridge the divide between ideas, financing and selling to overseas customers.

The unique selling proposition?

The foregoing is a discussion of the best practices among the cities under study. More difficult than the task of carrying out such a survey of the strengths and weakness of current policies of the cities is answering the question: What can Singapore do that these cities are not doing, which will set Singapore apart? The first way to look at the issue is to consider the societal, political and economic environment in which the creative industries exist. This "eco-system" is represented in the figure below.

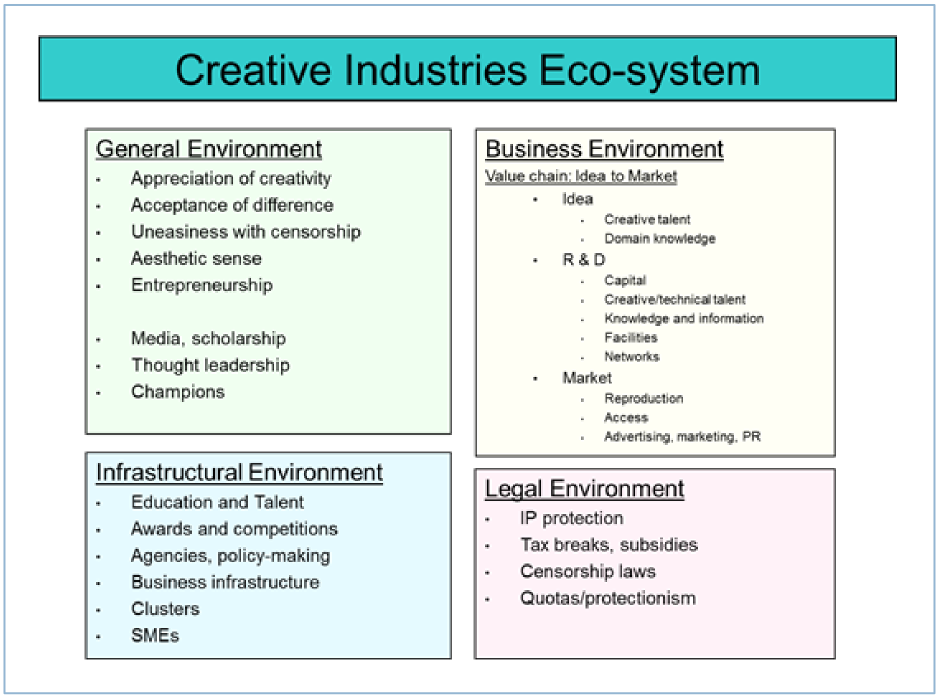

Figure 6: The societal, political and economic environment

In policy-making, the objective will be to ensure that each of the four boxes and the items within these boxes are addressed. From this perspective, there is nothing really different in principle between the policies that can be adopted by any city or country. Certainly, there will be differences in emphases that arise from the state of the eco-system in each place. Some cities and countries, in other words, will have to focus on certain aspects of the eco-system more than others by virtue of the kind of city or country they are or the stage of economic and social development they are at. Singapore, for instance, is small and lacks a hinterland, so it has no choice but to put the export of its creative industries at the top of its priority. This strategy contrasts with that of big nations, say, China and its cities, where the low base and large domestic demand alone are able to drive growth significantly for some time before a more outward-looking approach becomes necessary. Nevertheless, Singapore is hardly unique, and shares with other many small territories such as Hong Kong the export imperative.

Another way of considering what will make the difference for Singapore in its creative industries strategy is to think about what differentiates one country or city from another in the first place. The answer is found in history and culture. Compared with the four other cities in this study, Singapore has three distinctive characteristics: its multicultural and multiracial past and present, its South-East Asian geographical location, and its English-speaking population. The first two traits have important implications for the kind of content that Singapore is able to draw on for the development of its creative industries. This has been discussed in the report *Singapore as a Renaissance City: Search For a Vision* by Lee Weng Choy, T. Sasitharan and Arun Mahizhnan (1998). This report argues that Singapore ought to take advantage of its multicultural uniqueness in the creation of artistic content[30].

[30] Though, in the light of Malaysia's similarity to Singapore culturally and historically, this is more a sort of uniqueness (if it is not oxymoronic to put it as such) than a complete one.

Besides the obvious Indian and Chinese stories and other aspects of culture, Singapore can definitely draw on its South-East Asian/Malay heritage. Singapore has always argued for this difference, this advantage. But because of reasons of political history and of education (mainly, insufficient emphasis placed on the learning of history and the arts), it has been largely paying lip service to the idea, with little translation into policy. The Nanyang School of Painting is a rare exception of a successful synthesis of regional with Western idea. To be sure, there is much content that is culture-neutral, such as certain types of computer games or industrial design. But equally there is much content which is culture-specific, ranging from movies to computer games, design, architecture, literature and the performing and visual arts. Sometimes, the cultural content may be incidental, but it may be crucial to the “feel” of the product. Take the computer game *Super Mario Brothers*. Although Mario’s Italian traits are very subsidiary to the playing of the game, they form a very definite part of the computer game’s distinctiveness, even appeal. Another example of the exploitation of cultural history is the design and lifestyle house Shanghai Tang, arguably the most successful to emerge from Hong Kong. A South-East Asian equivalent — perhaps hybrid Indian, Chinese, Malay and Western — awaits creation. The obvious policy recommendation is therefore to put in an eco-system where, parallel to the development of culture-neutral (or West-centric) content, room and encouragement are given for the exploitation of Singapore’s cultural heritage. Such a strategy will have implications for many other areas such as education and the nurturing of societal values about what is cool and beautiful. It impinges even on the question of immigration, that is, whether Singapore ought to be a magnet for certain types of talent from the immediate region and beyond to those from China and the Indian subcontinent. Again, the point is not to put all the eggs in one basket and to produce only “Singapore” content, but to ensure that the still-untapped source of the nation’s (and region’s) distinctiveness is not left on the shelf but put to commercial use.

> What can Singapore do to set itself apart from these four countries? Export the creative industries, draw on content unique to Singapore, act as a bridge between East and West, and shun copycat behavior.

The third Singapore trait — Singaporeans’ high proficiency in English — has already been fully exploited by the government. Together with Singapore’s other strengths, such as its financial centre status, rule of law, logistical infrastructure — the language advantage can also be exploited by positioning Singapore as middle-man, facilitator and enabler, as a place where things can be done. Singapore likes to sell itself as a bridge, between East and West, the region and the rest, between India and China — but the extent to which this had borne fruit is not clear.

Lastly, Singapore can be different by deciding that it *really wants* to be different. This may sound trivial, but the truth is that being different is easier said than done. Copying is always easier than creating something new, partly because the act of creation itself is difficult. Partly it is also because many ideas fail when they are put to the test. There must thus be bureaucratic and societal acceptance of the “Hollywood system”, that is, in a creative system the large number of failures is more than cancelled out by the rare successes. Risk is managed not by reducing risk-taking, but by spreading out the risk and hoping (hope, because the “nobody knows” principle in creativity makes prediction of duds versus hits difficult, if not impossible) that there will be one or two gems among the many stones. The Singapore Biennale is a clear example of copycat behaviour at many levels, from the format to the content. As biennales go, it is not that bad, but it is not likely to put Singapore on the map or make it noticed for being an innovator. As a creative endeavour, the biennale was from its very conception especially uncreative.

ANNEXE

Definitions of Creative industries

Mainland China

- News services
- Publishing and copyright services
- Broadcast, television and film services
- Culture and art devices
- Internet and culture services
- Culture, leisure and entertainment services
- Other cultural services (culture and art agencies, rental and sales of cultural goods, advertising and convention services)
- Software
- Architecture
- Design
- Cultural goods, equipment and manufacturing of related cultural products
- Retail of cultural goods, equipment and related cultural products

Korea

As defined by KOCCA:

- Animation
- Character licensing and merchandising
- Comics
- Music
- Mobile content
- Edutainment (including educational software)
- Movies
- TV
- Digital games

Hong Kong

- Advertising
- Architecture
- Art and antiques
- Comics
- Design
- Designer fashion
- Film
- Game software
- Music
- Performing arts

- Publishing
- Software and IT services
- Television

List of interviewees

Shanghai

FACE-TO-FACE INTERVIEWS:

- 明豪侠, 上海市多媒体行业协会秘书长 (Ming Hao Jia, Secretary-General of Shanghai Multimedia Industry Association)
- 金鑫, 上海市科技信息中心 (Jin Xin, Shanghai Science and Technology Information Centre)
- 林家阳教授, 设计艺术研究中心, 文化传播与艺术学院，同济大学 (Professor Lin Jiayang, Art and Design Research Centre, Communication and Art Institute, Tongji University)
- 何增强, 上海市创意产业中心秘书长 (He Zengqiang, Secretary-General of Shanghai Creative Industry Centre)
- 赵勇, 上海市创意产业中心 (Zhao Yong, Shanghai Creative Industry Centre)
- 花建, 上海市社会科学院 (Hua Jian, Shanghai Academy of Social Sciences)
- 陈志雄, 上海市新闻出版局外事处处长 (Chen Zhi Xiong, Director of Foreign Affairs, Shanghai Press and Publication Bureau)
- 蒋莉莉, 社会科学文献中心, 上海市社会科学院 (Jiang Lili, Social Sciences Resources Centre, Shanghai Academy of Social Sciences)
- 忻愈, 上海市新闻出版局发行管理处处长 (Xin Yu, Director, Release Management Office, Shanghai Municipal Bureau of Press and Publication Administration)
- 胡慧林教授, 文化创新基地, 上海交通大学 (Professor Hu Huilin, National Image and Urban Culture innovation, Art Institute of Humanities, Shanghai Jiaotong University)
- 方世忠博士, 上海大剧院艺术中心总裁 (Dr Fang Shizhong, Chairman, Shanghai Grand Theatre Arts Centre)

PHONE INTERVIEWS:

- 包炎辉, 艺术总监, 上海绒绣大师工作室 (Bao Yanhui, Art Director, Shanghai Needlepoint Master Studio)

Beijing

FACE-TO-FACE INTERVIEWS:

- 派格太合环球传媒 (Paige Taihe Universal Media)
- 刘纲, 副总经理 (Liu Gang, Deputy General Manager)
- 沈婷昭, 副总裁 (Shen Tingzhao, Vice President)
- 祁菁华, 主任 (Qi Qinghua, Director)
- Cultural Industry Research Institute, Peking University
- 王德演, 博士 (Professor Wang Deyan)
- 向勇, 副所长 (Xiang Yong, Deputy Director)
- 王齐国, 先生 (Wang Qiguo)
- 陈少锋, 教授 (Professor Chen Shaofeng)
- 张晓明主任, 中国社会科学院文化研究中心 (Zhang Xiaoming, Director, Chinese Academy of Social Culture Research Centre)
- 孔建华, 北京市委宣传部 (Kong Jianhua, Propaganda Department, Beijing Municipal Party Committee)
- 北京文化发展研究院, 北京师范大学 (Beijing Institute of Cultural Development, Beijing Normal University)
- 刘勇, 教授 (Professor Liu Yong)
- 常书红, 博士 (Professor Chang Shu Hong)
- 于天宏, 太和传媒投资有限公司 (Yu Tianhong, Taihe Media Investment Co. Ltd.)
- 柴宝亭, 北京燕园同仁文化发展有限公司, 北京歌华文化发展集 (Chai Baoting, Beijing Yanyuan colleagues Cultural Development Co. Ltd., Beijing Chinese Song and Cultural Development Group)
- 韩伟, 龙博国际投资有限公司 (Han Wei, Bo Long International Investment Co. Ltd.)
- 会长, 北京中华文化促进会 (President, Beijing Chinese Culture Promotion Society)
- 常务副主任, 首都文化发展研究中心 (Deputy Director, Capital Cultural Development Research Centre)
- 钱光培, 研究员, 北京市社会科学院 (Qian Guangpei, Researcher Beijing Academy of Social Sciences)
- 北京新纪元文化传播有限公司 (Beijing New Era Culture Communication Co., Ltd.)
- 韩昊天, 经理, 国际交流部 (Han Haotian, Manager, International Affairs)
- 许峰, 经理, 大型活动部 (Xu Feng, Manager, Major Events)

PHONE INTERVIEWS:

- 曾辉, 董事长, 北京辉视澳美广告有限公司 (Zeng Hui, Chairman, Beijing Hui Shi Australia-US Advertising Co. Ltd
- 李永, 市场部经理, 中华传媒网 (Lee Yong, Marketing Manager, Zhong Hua Media Network)
- 北京闪客互动文化传播有限责任公司(Beijing Interactive Culture Communication Co. Ltd.)
- 姜海, 总经理 (Mei Hai, General Manager)
- 高大勇, 副总经理 (Gao Da Yong, Deputy General Manager)
- 陈雷, 总经理, **北京**陈铎艺术创作室 (Chen Lei, General Manager, Beijing Chen Feng Artistic Workshop)

Hong Kong

FACE-TO-FACE INTERVIEWS:

- Dr Chan Lai Kiu, Director, P&T Architects and Engineers Ltd
- Fong Ngai, Assistant Secretary for Home Affairs, Home Affairs Bureau, Government Secretariat
- Desmond Hui, Centre for Cultural Policy Research, University of Hong Kong
- Ko Tin Lung, Artistic Director, Chung Ying Theatre Company
- S.K. Lam, Editor, allrightsreserved.com
- Freeman Lau, Chairman, Hong Kong Design Centre
- Louis Yu Kwok Lit, Executive Director, Hong Kong Arts Centre
- Danny Yung, Artistic Director, Zuni Icosahedron

PHONE INTERVIEWS:

- Dr Benjamin Lau, CFA, Culturecom Easy Access
- Alan Yip, President, Yip Design Ltd
- Eddy Yu, Chairman, Hong Kong Designers Association

Korea

FACE TO FACE INTERVIEWS:

- Choo Mee-Kyung, General Manager, DAUM Institute
- Heedong Lee, Director of Film Division, Bureau of Culture Industry, Ministry of Culture and Tourism
- Jung Dae Yoon, Gstar. Assistant Manager, Mr. Enterview
- Kim Han Jun, Manager of International Relationships, Korea Game Development Institute
- Kim Hyae-joon, Secretary General, Korean Film Council
- Kim Jeong-Hee, Executive Director, Performing Arts Market in Seoul
- Kim So-yeon, Manager, Mast Media, Manager
- Lee Gyu Seog (President of PAMS and president of KAMS)
- Lim In-za, Executive Director & Chief, Seoul Marginal Theatre Festival
- Richard Moon, General Manager of Game Department, Sonokong Games

- Wie Jiyun, Programme Manager of PAMS and Manager of the Dep. International Affairs at KAMS

E-MAIL INTERVIEWS:

- Jimmy Kang, CEO and President, MASANG SOFT
- Kim Sunkyung, CEO, 212 Design

PHONE INTERVIEWS:

- Yoon Day Young, Director of International Cooperation Team, Korea Design Centre, Korea Institute of Design Promotion

Bibliography

1. Analysis International. (2005). China TV industry 2005. Retrieved from http://www.gii.co.jp/english/ancn36581-tv-china.html

2. Asia-Pacific Cooperative Programme in Reading Promotion and Book Development. (n.d.). *Trends in China publishing and reading.*

3. Australia Queensland Government Report. (n.d.). *Korean online games.*

4. Baygan, G. (2003). Venture capital policy review: Korea. *STI Working Paper* 2003/2 for the OECD.

5. Beijing 2008 website. (2007, January 25). Beijing's policy to enhance cultural industries pays off. Retrieved from http://en.beijing2008.cn/25/26/article214012625.shtml

6. *Blue Book of China's Culture: Report on the Development of Chinese Culture Industry 2005*. (2005). Chinese Academy of Social Sciences (CASS).

7. *Blue Book of China's Culture: Report on the Development of Chinese Culture Industry 2006.* (2006). Chinese Academy of Social Sciences (CASS).

8. *China Daily*. (2005, December 1). Cultural industry to drive consumption.

9. *China Daily*. (2006, September 15). Cultural deficit is widening.

10. Centre for Cultural Policy Research, University of Hong Kong University. (2003*). Baseline Study on Hong Kong's Creative Industries*. A report commissioned by the Central Policy Unit, HK Special Administrative Region Government. Retrieved from http://www.cpu.gov.hk/doc/en/research_reports/baseline%20study(eng).pdf

11. Centre for Cultural Policy Research, University of Hong Kong. (2006). *Study on the Relationship Between Hong Kong's Cultural & Creative Industries and the Pearl River Delta.*

A consultative report commissioned by the Central Policy Unit, HK Special Administrative Region Government. Retrieved from http://www.cpu.gov.hk/doc/en/research_reports/creativei05072006e.pdf

12. Cunningham, S., Keane, M., & Ryan, M. D. (2005). Finance and investment in creative industries in developing countries. Paper presented at Asia-Pacific Creative Communities: A Strategy for the 21st Century, Senior Expert Symposium, 22–26 February, Jodhpur, India. Retrieved from http://www.unescobkk.org/fileadmin/user_upload/culture/Cultural_Industries/presentations/Session_Three_-_Stuart_Cunningham_-_Finance.pdf
13. Dator, J., & Seo, Y. (2004). Korea as the wave of a future: The emerging Dream Society of icons and aesthetic experience. *Journal of Futures Studies 9(1), 31–44.*
14. Gescher, J.-M. (n.d.). Designs on the future: China's creative industries have gone into overdrive*. China-Britain Business Review.*
15. Government of Hong Kong. (2006, May). Hong Kong arts policy. Retrieved from http://www.info.gov.hk/info/hkin/arts_policy.pdf#search=%22hong%20kong%20arts%20policy%20may%202006%22
16. Government of the People's Republic of China. (2006, July 6). Integrated development platform mooted in HK. Retrieved from http://www.gov.cn/english////2006-07/06/content_328541.htm
17. Government of South Korea. (2003). *Cultural Industry White Paper 2003*. Ministry of Culture and Tourism.
18. Guo, Z. (2003). Playing by the rules: Television regulation around China's entry into WTO. *Javnost — The Public (Journal of the European Institute for Communication and Culture) 10*(3), 5–18.
19. Hong Kong Cultural Information Net. (2002). Guangdong, Hong Kong and Macao establish cultural collaboration.
20. Hong Kong Jockey Club Creative Arts Centre [website]. http://www.hkadc.org.hk/cac/home.php?show=en

21. Hong Kong Trade Development Council. (n.d.). Hong Kong companies well poised to tap into cultural and creative industries markets. Retrieved from http://www.tdctrade.com/alert/cba-e0601pp1.htm?w_sid=194&w_pid=703&w_nid=&w_cid=&w_idt=1900-01-01&w_oid=165

22. Hong Kong Trade Development Council. (2002). *Creative Industries in Hong Kong*. Retrieved from http://economists-pick-research.hktdc.com/business-news/article/Economic-Forum/Creative-Industries-in-Hong-Kong/ef/en/1/1X000000/1X009R9I.htm.

23. Hu, Z. (2003). The post-WTO restructuring of the Chinese media industries and the consequences of capitalisation. *Javnost — The Public (Journal of the European Institute for Communication and Culture) 10*(3), 19–36.

24. Hui, D. (2006). From cultural to creative industries — Strategies for Chaoyang District, Beijing. *International Journal of Cultural Studies 9*(3), 317–331.

25. Keane, M. (2006). From made in China to created in China. *International Journal of Cultural Studies 9*(3), 285–296.

26. Kimura, N. (2005). The recent state of corporate philanthropy in South Korea". Performing Arts Network Japan [website]. Retrieved from http://www.performingarts.jp/E/overview_pre/0504/1.html.

27. Kong, L. (n.d.) Cultural icons and urban development in Asia: Economic imperative, national identity and global city status (forthcoming in *Political Geography*).

28. Kong, L. (2005). The sociality of cultural industries: Hong Kong's cultural policy and film industry. *International Journal of Cultural Policy 11*(1), 61–76.

29. Korean Film Council. (2006). Increased production, decreased profitability? Review of the Korean Film Industry for the first half of the year 2006: Investment, production and distribution. *Korean Film Observatory*.

30. Korean Game Development and Promotion Institute. (2006). *The rise of Korean games 2006: Guide to Korean game industry and culture*.

31. Korean Institute of Design Promotion. (n.d.) Third Comprehensive Plan for Industrial Design Promotion. Retrieved from http://www.designdb.com/english/kidp/third.html

32. Korean Institute of Design Promotion. (2005). *Report on the national design policy in Korea 2004.* Retrieved from https://www.google.com.sg/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKEwjO8pme-KTOAhVFLI8KHV62DX4QFggaMAA&url=http%3A%2F%2Fgrips-public.mediactive.fr%2Fknowledge_base%2Fdl%2F297%2Forig_doc_file%2F&usg=AFQjCNHF1kkhEDnEzR_bgt02Yype2Pexvg&bvm=bv.128987424,d.c2I

33. Koreanfilm.org. (n.d.). 2006. Retrieved from http://www.koreanfilm.org/kfilm06.html

34. Lam, C. Liu, I., & Wong, J. (2006). China & Hong Kong: Recent developments in intellectual property. In *Building and enforcing intellectual property value 2008*, 198–202.Hong Kong: Dorsey & Whitney LLP.

35. Lee, W. C., Sasitharan, T., & Mahizhnan, A. (1998). *Singapore as a Renaissance City: Search for a vision*. IPS report commissioned for the Ministry of Information and the Arts.

36. Leman, E. (2003). Can the Pearl River Delta region still compete*? China Business Review*, May–June.

37. Mok, K. W. (2006). In search of the market in China: The regional dimension of Hong Kong's creative industries. *International Journal of Cultural Studies 9*(3), 333–345.

38. Performing Arts Market Seoul [website]. http://www.pams.or.kr

39. Reuters. (2003, August 26). Hong Kong's future plans on the drawing board.

40. Shim, D. (2002). South Korean media industry in the 1990s and the economic crisis. *Prometheus 20(4),* 337–350.

41. Shim, D. (2006). Hybridity and the rise of Korean popular culture in Asia. *Media Culture Society 28*(1), 25–44.

42. *Subcommittee on West Kowloon Cultural District Development: The Administration's response to members' requests relating to the West Kowloon Cultural District Development*. (2006). Hong Kong Legislative Council document WKCD-248, Retrieved from http://www.legco.gov.hk/yr04-05/english/hc/sub_com/hs02/papers/hs020406cb1-wkcd248-e.pdf#search=%22west%20kowloon%20cultural%20district%20funding%22

43. Tan, T. H. (2005). Roles of the 3Ps in the development of arts and culture. IPS report for the Ministry of Communication and the Arts, Singapore.

44. UNESCO. (n.d.). What are creative clusters? Retrieved from http://portal.unesco.org/culture/en/ev.php-URL_ID=29032&URL_DO=DO_TOPIC&URL_SECTION=201.html

45. UNESCO Institute for Statistics. (2005). International flows of selected cultural goods and services, 1994–2003. Retrieved from http://unesdoc.unesco.org/images/0014/001428/142812e.pdf

46. Wang, J. (2003). Framing policy research on Chinese “culture industry”: Cultural goods, market-state relations, and the international free trade regime”. Paper presented at the Critical Policy Studies of China International Workshop, November 15–16, 2003, Harvard Asia Center, Policy Culture Project.

47. Wang, S. “Foreign Cartoons Banned from Primet Time.” *China Daily*, August 14, 2006. http://www.chinadaily.com.cn/china/2006-08/14/content_663889.htm

48. Wu, W. (2004). Cultural strategies in Shanghai: Regenerating cosmopolitanism in an era of globalization. *Progress in Planning 61*, 159–180.

49. Yim, H. S. (2002). *Developing policies for nurturing human resources in cultural industries in Korea.* Report for the Department of Policy Development, Korea Culture & Content Agency.

50. 中国投资咨询网 [China Investment Advisory Network]. (2007). *中国文化产业分析及投资咨询报告 2006–2007* [*China Cultural Industry Analysis and Investment Consulting Report 2006–2007*].

51. 中国文化产业年度发展报告 2005 [*Chinese Cultural Industry Annual Report 2005*]. (2006). Cultural Industry Research Institute, Peking University.

52. 产业基地 [Creative Industry]. (2005). Shanghai Economic Commission and Shanghai Creative Industry Centre.

53. 创意产业从中关村走向全北京 [Creative industries moves from middle tier towns to Beijing]. (2006, January 18). 天津开发区投资网 [TEDA investment network]

54. 创意产业急需游戏人才 [Creative industries in urgent need of personnel]. (2006, April 26). 重庆青年报 [*Chongqing Youth Daily*].

55. 北京首个创意产业基地整装待发 [Beijing's first creative industry base ready to go]. (2006, January 19). 中华工商时报 [*China Business Times*].

56. 国家"十一五"时期文化发展规划纲要 [The National Cultural Development Plan — "Eleventh Five-Year Plan"]. (2006). Retrieved from http://www.gov.cn/jrzg/2006-09/13/content_388046.htm

57. 大陆十一五蓝图曝光 沪迈向国际金融中心 京打造文化创意产业 [Eleventh Five-Year blueprint brings China closer to becoming an international financial centre, success of Shanghai linked to Beijing's cultural and creative industries]. (2006, January 17). 经济日报 [*The Economic Daily*].