

Sunday, 14 November 2004

THE PEOPLE'S REPUBLIC OF CHINA DELEGATIONS MEETING

Government House

The Forum hosted by the Home Affairs Bureau of the Hong Kong Special Administrative Region Government has attracted over 2,000 participants from other countries and regions in Asia, which is beyond the host's expectation.

~Wen Wei Pao, 25 November

'Creative Asia' is a most timely theme for the Asia Cultural Cooperation Forum 2004. In Hong Kong, it is pragmatic and promising to categorise cultural activities or cultural industries under 'creativity'.

~Tai Kung Pao, 16 November

This year's Forum features superb topics given by heavyweight speakers, with subjects ranging from theories and visions of cultural and creative industries to their social, economic and historical perspectives.

~Hong Kong Economic Journal, 25 November

Itinerary

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MORNING

Moderator:

Ms Lolly CHIU

Deputy Secretary for Home Affairs (Culture & Sport),
Hong Kong Special Administrative Region of the People's Republic of China

Mr Vincent FUNG

Principal Assistant Secretary for Home Affairs,
Hong Kong Special Administrative Region of the People's Republic of China

- 9.30 Welcoming Message by **Dr Patrick HO**,
Secretary for Home Affairs, Hong Kong Special Administrative Region
- 9.45 Opening Address by **Mr SUN Jiazheng**,
Minister of Culture, the People's Republic of China
- 10.00 'The Development of the Cultural Industry of China and the Policy Issues',
by **Professor HU Huilin**, Director of the Cultural Industry Innovation and
Development Academy, Shanghai Jiao Tong University
- 10.15 'Hong Kong Creativity Index', by **Mr FONG Ngai**,
Assistant Secretary for Home Affairs,
Hong Kong Special Administrative Region
- 11.00 Speeches by delegates

AFTERNOON

Moderator: Mr FONG Ngai

Assistant Secretary for Home Affairs, Hong Kong SAR

- 2.30 Speeches by delegates
- 4.00 Discussion
- 5.45 End of Session

TOPICS OF DISCUSSION

- A. The Inheritance and Development of the Cultural Industry in China
 - How to preserve Chinese traditional cultural distinctiveness in face of globalisation?
 - Upon China's ascension to the World Trade Organisation (WTO), how are we to protect the Chinese market of the cultural industry?
 - How to use Hong Kong as the platform to mobilise the development of the cultural industry in the mainland?
- B. Cultural Administration and Industry Management
 - Management and business of the cultural industry
 - Experience sharing and exploration on trans-regional co-operations
 - Brief report on Hong Kong public cultural administration and its challenges
- C. Creative Economy and Creativity Index
 - Expertise report on Hong Kong Creativity Index
 - Experience sharing on the applicability of Creativity Index in China and the Asian regions

MR VINCENT FUNG: Ladies and Gentlemen, good morning. Welcome to this meeting. Let me first introduce the delegates present today. First, we have Mr Sun Jia Zheng, Minister of Culture, Mr Ding Wei from the Ministry of Culture, Mr Gao Shu Xun from the Ministry of Culture, and Mr Wang Wen Zhang from the China Art Institute.

Let me now introduce the other delegates, starting from this side. We have Mr Jiang Gong Min from Beijing, Mr Zhang Xi You from Hebei, Mr Gao Yan Qing from Inner Mongolia, Mr Mu Duan Zheng from Shanghai, Ms Li Sha from Zhejiang, Ms Li Yu Ying from Jiangxi, Mr Yang Li Min from Hubei, Mr Cao Chun Liang from Guangdong, Mr Rong Xiao Ning from Guangxi, Mr Zhang Zhong Yan from Sichuan, Mr Ma Shao Qing from Gansu, and Mr Fong Ngai, my Hong Kong colleague. On the other side, we have Mr Jin Hong Yue from Tianjin, Mr Cheng Bao De from Shanxi, Mr Zhang Jian Hua from Jiangsu, Mr Tian Chuan Jiang from Anhui, Mr Li Geng Xiang from Henan, Ms Wu Ai Hua from Hunan, Ms Wang Hong Hua from Chongqing, and Mr Zhang Ji Zeng from Guizhou. We also have Ms Diao Tie Jun from Shenzhen and Ms Wong Sai Hong from Macao. At this meeting, we also have Dr Qi Yong Feng of the National Development and Reform Commission, Professor Hu Hui Lin of Shanghai Jiao Tong University and Mr Zhang Xiao Ming of the Chinese Academy of Social Sciences. Welcome!

The Asia Cultural Co-operation Forum 2004 will now commence. May I now invite **Dr Patrick Ho, Secretary for Home Affairs**, Hong Kong Special Administrative Region, to deliver the welcoming address? Dr Ho, please.

CULTURE AS NATIONAL DEFENCE: THE HONG KONG INPUT

DR PATRICK HO:

Respected Mr Sun, teachers, students, directors, hello! First, it is my pleasure to extend my warmest welcome to you on behalf of the government of the Hong Kong SAR for coming to Hong Kong and attending the Asia Cultural Co-operation Forum hosted by the Home Affairs Bureau. I express my heartfelt thanks to you. This forum aims at promoting cultural co-operation, exchange of experience in cultural industry development, and further joint efforts among Asian countries.



Present at our meeting today are cultural leaders from the Ministry of Culture and over 20 provinces, districts and municipalities, as well as delegates from the Hong Kong and Macao Special Administrative Regions. The purpose of holding this meeting, is to reach an understanding on our common interests and strengths before we discuss with other East Asian countries. Last year's first Asia Cultural Co-operation Forum was attended by

delegates from Hong Kong and Guangdong. This is the second forum, and it is characterised by this PRC Delegations Meeting, an occasion for us to consolidate our views before promoting them to our East Asian counterparts. We hope to progressively develop a regional market for the cultural industry, facilitate intra-regional exchange of cultural values, forge regional

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alliances, enhance national security, and disseminate Chinese culture through contemporary means and trading in cultural products.

Culture is not only the spiritual aspect of civilisation, but also a cornerstone of national security. A national defense strategy known as 'all-out defence' has emerged since the end of the Cold War. It emphasises comprehensive national security, politically, economically, culturally and technologically. The State's initiatives in cultural diplomacy and regional co-operation in cultural industry are efforts to ensure security in culture and information. In fact, globalisation means that invasion and conquest can be more thoroughly and completely achieved by cultural rather than military means. Hong Kong is at the forefront of China's foreign dealings. The overall objective of Hong Kong in organising the Asia Cultural Co-operation Forum is to assist the State in strengthening cultural security, while cultural exchange and industrial co-operation are the specific means.

In 2002, the Communist Party of China and the Central People's Government decided to reform the cultural system and develop the cultural industry of China according to the scientific development approach and the strategic objective of building a well-off society. Hong Kong can certainly make a unique contribution to China's opening and economic development, as it is a free trade zone and separate customs duty territory, with free market policies, an independent judicial system, a free-flowing information network, cosmopolitan life-style and considerable experience in overseas market. The mainland provinces also have various strengths, including abundant cultural resources, an extensive market, high-calibre talents, and a cultural industry with solid foundation. All these are indispensable to the development of cultural industry. Through co-operation and pooling the strengths of different regions, we can certainly broaden the scope of and add new input to China's cultural industry.

Competition in the next century will not be between products, but between cultural systems; and not between states, but between regional markets. As such, cities must form alliances to complement each other with their respective strengths and to boost the power of creative economy. Indeed, regional markets are the arenas of globalised competition. We must first secure our economic strength at regional level in order to survive in the intensified global competition.

In the globalised world, Chinese culture must seek new ways to promote itself. The creativity, production advantages and markets of different places can be linked up with a coordinated, mobile and open industry. The Greater China, as a cultural region, covers an extensive, resource-rich and opulent territory, with special cultural characteristics in every one of her places. I suppose that as Chinese people, we can use the creative industry as a golden chain to connect various strengths of our nation, then link China to her nearby regional markets, and finally to the rest of the world. We shall develop the advanced Chinese culture and share it with the world as a means to promote regional peace and safeguard China's long-term interest. Thank you. 

MR VINCENT FUNG: Thank you, Dr Ho. Now, may I invite **Mr Sun Jiazheng, Minister of Culture**, to deliver the opening address? Mr Sun, please.

LOOKING FOR A MASTER PLAN TO BLOOM CHINESE CULTURE

MR SUN JIAZHENG:

Respected Dr Ho, ladies and gentlemen, and fellow delegates. I am pleased that, before attending the Asia Cultural Co-operation Forum, We can take part in this joint meeting of directors of mainland provincial and municipal departments of culture and the leading cultural officials of the Hong Kong and Macao Special Administrative Regions. On behalf of the department and bureau heads, I would like to take this opportunity to thank the Hong Kong SAR Government and Dr Ho for their hospitality, which gives us this wonderful opportunity to exchange ideas and discuss future development.

After the handover, under the leadership of Chief Executive Mr Tung Chee Hwa, together with the efforts of all Hong Kong citizens and the strong support of the Central Government, Hong Kong overcame various difficulties, crises and challenges. The policies of 'one country, two systems; love China, love Hong Kong; Hong Kong people running Hong Kong' and a high degree of autonomy, were thoroughly implemented, thus maintaining the stable development of Hong Kong and leading to remarkable achievements. The prosperity and stability of the State is conducive to the prosperity, stability and development of Hong Kong and Macao, which in turn promote the prosperity and development of the State. The relationship is symbiotic.

In recent years, the Central Government has adopted a series of effective measures to establish an even closer relationship of co-operation, coordination and mutual development between the mainland, Hong Kong and Macao in various aspects, with a view to promoting their close co-operation, prosperity, stability and mutual development. The progress of cultural exchange between the mainland, Hong Kong and Macao has been rapid. The co-operation between the cultural sectors in the mainland, Hong Kong and Macao has enabled cultural exchange at different levels and in broader context. Many renowned arts groups, exhibition organizers and artists in the mainland visit Hong Kong to stage performances and organize exhibitions. Many distinguished arts groups and artists in Hong Kong and Macao also perform in the mainland and take part in activities such as arts festivals.


Strategically located and historically a melting pot of the Chinese and western cultures, Hong Kong and Macao have high-calibre talents in the operation and management of culture. Both cities are well positioned to study the conditions and rules of the international cultural market, and to develop and manage the cultural industry and its market. Both act as a portal and a bridge for cultural exchange between China and the rest of the world, and the dissemination of Chinese culture.

The mainland also has its own advantages. It has rich cultural resources and plenty of art talents. Therefore, it has huge potential for developing the cultural industry and cultural market. Enhancing co-operation and complementary advantages between the mainland and Hong Kong will provide further impetus for the development of cultural undertakings and industry in the mainland, Hong Kong and Macao. This can provide further room and energy for disseminating Chinese culture to the world.

As members of the cultural sector, we should embrace the challenge of our times and accelerate the development of our cultural undertakings and cultural industry. This will

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provide inestimable momentum for Chinese culture to attain its due status and extend its influence in the international cultural scene. Today, we have among us many directors of mainland provincial departments of culture, as well as delegates from the cultural departments in Hong Kong and Macao. Indeed, this is a magnificent occasion for the mainland, Hong Kong and Macao to enhance their cultural exchange and co-operation. It is important that we speak out freely; discuss our respective strengths, characteristics, aspirations and views; put forward valuable proposals on enhancing and expanding cultural exchange and co-operation between the mainland, Hong Kong and Macao; and discuss a master plan for the purposes.

The development of creative industries is an important topic of this forum. Although creative industries are only emerging industries in many developing countries, they have started to assume rising importance and functions in the national economy. Many countries have attached great importance to them, and regarded them as new sources of economic growth and pillar industries. To meet the needs of the State for a comprehensive and coordinated development, the growing needs of the people for spiritual, cultural and livelihood satisfaction, the needs for overseas cultural exchange and co-operation, and the need for higher competitiveness in the international cultural scene, we have carried out studies over these years, and the results are productive and effective. The incentive to develop creative industries is strong throughout the nation. Their achievements are remarkable. Hong Kong and Macao started much earlier than the mainland in developing creative industries. They have extensive experience and abundant talents in development, management and market operation of the industries. Today is an excellent occasion for all of us. It is a valuable opportunity for us to enhance our mutual understanding, exchange our views and ideas, and learn from each other. We shall make good use of this opportunity to further the cultural exchange and co-operation between the mainland, Hong Kong and Macao, in order to make splendid achievements. This is an opening speech. Every minute counts in this opening ceremony. I think I should stop here. I look forward to hearing from you in the following sessions. Thank you. 

MR VINCENT FUNG: Mr Sun, thank you.

May I now invite **Professor Hu Huilin, Director of the Cultural Industry Innovation and Development Academe, Shanghai Jiao Tong University**, to deliver a speech. The topic of his speech is 'The Development of the Cultural Industry of China and the Policy Issues'. Professor Hu, please.

POLICY DEVELOPMENT OF CHINA'S CULTURAL INDUSTRY

PROF. HU HUILIN:

Respected Chairman, ladies and gentlemen, good morning. First, I would like to thank Dr Patrick Ho, Secretary for Home Affairs of the Hong Kong SAR for his cordial invitation and this opportunity to explore the development of China's cultural industry with the delegates here. The development of China's cultural industry follows the progress of China's reform and opening, and conforms to its development strategy. It has gone through three stages, namely (1) initial conceptualization; (2) exploration and reform; and (3) strategic development. The initial opening of China's cultural market in 1980s and 1990s laid a solid foundation for the industry's development.

In 1998, the Ministry of Culture of the People's Republic of China established the Department of Cultural Industry and formulated the tenth five-year plan on the development of cultural

industry, a step which signified that cultural industry has officially entered the State's cultural agenda.

In 2002, the 16th National Congress of Communist Party of China inscribed the development of cultural industry into a political resolution. Thus, the development of China's cultural industry had completed its strategic transition from a stage of 'groping the stone while crossing the river' to one with clear policy guidance.

The emergence of China's cultural industry at the turn of the century can be traced back to China's adoption of socialist market economy as the development strategy. For a long time, China's cultural industry has been developing under planned economy, with typical features of a welfare state. This approach helped the socialist cultural system complete its development in a fairly short time, and its impact was far-reaching.

CULTURAL DEVELOPMENT INTO NATIONAL STRATEGIC STRENGTH

“ Culture is considered to be a soft strength, as opposed to hard strength like military and economic power. Such ground breaking changes in global cultural development, as well as the existence of cultural transformation forces, and their impact on and threat to existing cultural concepts, system and order, are all strongly perceived by China. ”

Great changes have taken place in China's perception and comprehension of culture since her reform and open-up. This is the result of China's reunion with the modern world, her ascension to the World Trade Organisation (WTO), her proactive participation in the global economy, and the increasing inter-dependence between China and the international community. The changes in culture are unprecedented and revolutionary, whether in form of existence or means of dissemination. The strength of culture manifests itself in economic form, creating and expanding wealth, and exerting great influence in terms of political and economic power relationship. Consequently, cultural industry is developed as an important part of national strategic strength. It is pushed to the forefront of the international cultural development agenda. Culture is considered to be a soft strength, as opposed to hard strength like military and economic power. Such ground breaking changes in global cultural development, as well as the existence of cultural transformation forces, and their impact on and threat to existing cultural concepts, system and order, are all strongly perceived by China. In response, China came to the conclusion that culture is an important part and indicator of the overall national strength. Therefore, cultural security of the State became an issue in cultural industry development. As such, China promptly advanced the proposition that cultural industry should be vigorously developed, included the proposition in the Party's political resolution and adopted it as a national development strategy. Inevitably, this is the path that China has to choose. This will be a major transformation in the course of her development.

In October 2000, in formulating its proposal for the tenth five-year plan, the Central Committee of the Communist Party of China first advanced that development of cultural industry should be made a national objective. The proposition was adopted by the Fourth Session of the Ninth National People's Congress, and was included in the outline of the tenth five-year plan of the State.

In a government working report in 2002, Premier Zhu Rongji expounded the policy on resolving structural contradictions and removing inherent obstacles in economic development. He pointed out the development of tourism and cultural industry as important strategic

measures to solve structural dilemmas and inherent obstacles in the economic development of the State. This is the first time that cultural industry development was concretely and strategically positioned as an objective of the State.

In November of the same year, the Communist Party of China convened the 16th National Congress. The development of cultural cause and cultural industry was written into the Congress's resolutions as part of the national strategy. The above-mentioned are three major turning points in the development of China's cultural industry in terms of state policy.

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It was resolved at the fourth plenum of the 16th Central Committee of the Communist Party of China that accelerating the development of cultural industry be adopted as a State objective. The development of China's cultural industry has turned a new leaf:

1. Cultural industry has become an important area of national development and an important means to achieve China's strategic objectives. This will have long-term impact on the development of cultural industry in China. In the Boao Forum for Asia 2003, China first put forward the new strategic idea of 'the peaceful rise of China'. Premier Wen Jiabao and President Hu Jintao respectively delivered important speeches at Harvard University, the United States, and at a meeting commemorating the 110th anniversary of Mao Zedong's birthday, clearly pointing to 'peaceful rise' as the approach of China's development in the long run. It was a response to the 'China Threat' theory. It is an accurate description of China's development objectives and the means which has been and will be adopted by China in the pursuit of her objectives. Over the last one hundred years, the Chinese people have relentlessly pursued the rise of China, even at the expense of enormous sacrifice. Their goal was to restore China's status as a powerful nation and her prosperity and strength. The idea of 'peaceful means' was advanced by China at the beginning of the 21st century as her approach of achieving this great objective. In other words, China will pursue this great objective of the nation's revival mainly by developing her soft strength with the protection afforded by her hard strength. Cultural industry is a core component of soft strength. The cultural industry, in all its political or economic activities, functions through the production and distribution of cultural products. These cultural products can influence people's mind, attitudes, life-style, their perception of the world, and finally their social behaviour. In the globalised world, spiritual and cultural strength can hardly be disseminated without the aid of cultural industry.

PEACEFUL RISE OF CHINA

To achieve the great strategic objective of peaceful rise, China must develop its own cultural industry, the creativity and influence of which must be able to stand the test of time. In this sense, whether China's cultural industry can meet the strategic requirements of the national will, to a certain degree, determines the extent of her success in pursuing her great objective of peaceful rise. In this regard, we should look at the experience of the United States. It is well-known that in 1998, the cultural industry of the United States, which was mainly composed of the copyright industry, accounted for six percent of the gross domestic product (GDP), making it the second largest industry after the aviation and aeronautics industry. With the soft strength, which was mainly created by the cultural industry, comparable to the hard strength represented by the aviation and aeronautics industry, the

United States is able to enjoy unparalleled influence, penetration and power of cultural subversion in the world. The development of the United States would probably have been a different story without the success of her cultural industry in the world. As such, in the pursuit of her great strategic objective of peaceful rise, China must develop her cultural industry, which must triumph amidst the competition in the global market. Without a well-developed cultural industry, the Chinese culture can never have any influence, penetration and subversive power on a global scale. Without the embodiment of China's soft strength in contemporary forms, the peaceful rise of China can never be fully achieved. Therefore, in this sense, the vigorous development of cultural industry will be the strategic requirements and approach of China's development over a long period of time. At the fourth plenum of the 16th Central Committee of the Communist Party of China concluded this year, the acceleration of cultural industry development obviously became a new strategic requirement.

2. It has been a steadfast state policy of China to fully perform her undertakings for ascension to the WTO, including further opening of her cultural market and active promotion of competition among cultural industries under various forms of ownership. Pursuant to China's undertakings for ascension to the WTO, starting next year, China will fully open up her retail market for books and audio-visual products. Previous policies in place during the protection period will be terminated. The Central Government has reiterated her policy that any areas accessible to foreign investors will also be accessible to domestic investors.

LAW RELAXATION FOR EXPANSION OF CULTURAL MARKET

Under the above mentioned policy, the State will relax the restrictions on access of State-owned as well as private capital to the retail and distribution of books and several other areas, including investment to establish cinema circuits and acquisition of operating right of news and publishing industry. Businesses under various forms of ownership will be encouraged to join the market competition of cultural industry, except for those areas expressly prohibited by the State. The *Opinions on the Encouragement, Support and Guidance to Non-State-Owned Economic Entities for Cultural Industry*, recently promulgated by the Ministry of Culture, and the approval given by the State Administration of Radio, Film and Television and the Ministry of Commerce, for Time Warner, China Film Group and Zhejiang Hengdian Group to establish the joint venture of Warner China Film HG Corporation, is not only the mainland's first ever permission for overseas organisations to participate in film production and distribution in China, but a new development of China's cultural industry based on China's undertakings for ascension to the WTO, signifying that China's cultural industry is likely to be opened up further in the future. According to my understanding, the sections on cultural industry in the special arrangements of economic partnership between the Central Government, Hong Kong and Macao also contain the same important message.

3. Regional co-operation in cultural industry (including international co-operation strategy) will be further promoted through a thorough reform of the cultural industry, and a strategic adjustment to its structure and pattern. China's core objective and interest in developing cultural industry will be enhancing the integrated and core competitiveness of the industry. The cultural industry of China under planned economy was mainly characterised by being

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
small-scale but all-inclusive; multitudinous but scattered; equal distribution of resources, local separatism, and lack of competitiveness. In the recent Beijing International Publishing Forum 2004, the chief officials of the State News and Publishing Administration expressly pointed out that 'corporatization, market-oriented operation and industrialization' will become the three major strategic choices of China's publishing industry. The strategy will abolish geographical restrictions as publication groups will no longer be confined to their respective administrative divisions. This will in turn put an end to the fragmentary pattern of the industry and local protectionism. The strategy will also encourage the regional acquisition and merger of publishing groups, and will bring forth a rearrangement of the structure and geographical distribution of China's publishing industry. Publishing industry, the core of cultural industry, has long been considered to have the strongest ideological features and therefore under the strictest control of the State. Indeed, it has been monopolized by the State for a long time. The reform of publishing system is an important part of the cultural reform of China. Any breakthrough in the publishing system will certainly bring new input into the overall restructuring of country's cultural establishment and system. The publishing industry is the most competitive sector in the global cultural market. The global market share of a country's publishing industry is one of the best indicators of the core competitiveness of its cultural industry. Therefore, the State's efforts to step up its reform of the publishing system indicate that China should enhance the competitiveness of its cultural industry in the global market. At the same time, the establishment of a development mechanism in the Pan-Pearl River Delta Region, a co-operation mechanism between the Yangtze Delta Region and other areas along the Yangtze River, and between Guangdong Province, Hong Kong and Macao, show a new trend in regional co-operation in cultural industry. Building on the success of the three forums on cultural industry between China, Japan and South Korea, a new element of China's cultural industry policies will certainly enhance regional co-operation with other Asian countries.

EFFORTS TO RESOLVE INTELLECTUAL PROPERTY ISSUES

4. Efforts will be made to improve the State's legislation on cultural industry. Protection of intellectual property rights will become one of the most important issues. The new policy on cultural industry will further encourage and support international cultural trade, and the widespread use of information technology in cultural industry. In many ways, China was not sufficiently prepared when it joined the WTO, especially in terms of legislation governing the cultural industry. In a historical sense, before China becomes a member of the international community, there is an urgent need to change the people's concept of and accelerate legislation on the protection of intellectual property rights. Although the State has established an intellectual property rights protection regime in a short time, the regime is still far from meeting the requirements of the State's overall strategy on development of cultural industry, especially with regard to piracy issues. Piracy has become a bottleneck in China's cultural industry development. It has severely hampered the development by infringing on the basic rights of property owners and undermining creativity. Therefore, in order to develop the cultural industry, the State has determined to 'clean up' the field and to build up and perfect the legal system in this respect. Later this year, the *Interpretations by the Supreme People's Court and the Supreme People's Procuratorate on Several Issues of Concrete Application of Laws in Handling Criminal Cases of Infringing Intellectual Property* will more clearly define the severity of punishments against infringement. The most

important policies of China in cultural industry development will include: to establish a film classification system; to encourage and support the development of new cultural industries, mainly the network and information industries in which the intellectual property rights of software belong to their own developers; and to promote national cultural trade by encouraging cultural products export.

In my opinion, in the foreseeable future, these four aspects will constitute China's fundamental state policy on cultural industry development. Under such policy, the cultural industry of China will enter into a period full of unprecedented opportunities of development. These opportunities will be created and determined by both internal and external factors and two types of strategic requirements. Missing these opportunities means that China's cultural industry will no longer be likely to provide the soft strength required for the peaceful rise of China. This, however, is exactly what will determine the development and future of China's cultural industry.

This is my understanding of the development of China's cultural industry. Thank you. 

MR VINCENT FUNG: Thank you to Professor Hu for his opinion on the development of cultural industry. May I now invite my colleague, **Mr Fong Ngai, Assistant Secretary for Home Affairs**, to give a speech on Hong Kong Creativity Index? Mr Fong Ngai, please.

HONG KONG CREATIVITY INDEX (HKCI): A NEW POLICY TOOL

MR FONG NGAI: Hello Mr Sun and all cultural leaders! The topic of my speech today is the Hong Kong Creativity Index (HKCI).

Globalisation has changed the world in both social and economic aspects. In particular, countries or cities now compete with each other at three levels. They compete for foreign investment and high-calibre talents around the world in an effort to maintain the competitiveness of their financial, economic, cultural and tourism resources located in different countries. On the corporate level, companies compete amongst themselves both locally and internationally by enhancing effectiveness and efficiency, and providing products with higher quality and added value. The third level of competition concerns the individuals. Individuals compete amongst themselves in an international labour market which sees keener competition than ever before, and they have to master extensive skills to create new knowledge. We may therefore say that the importance of cultural creativity lies in the need for a creative producer, which is a competitive entity, and a source of new knowledge and creative ideas. The creativity index is a new policy tool. To be able to evaluate the impact of globalised competition and the characteristics of the socio-economic transformations of a place, policy-makers need to develop a new framework to assess and evaluate the contribution of creativity to the competitiveness of a place, so as to explain the modes of social transformation and to identify ways to maintain the positive impact of creativity on the society.

Conventional economic research is a tool for evaluating the overall economic strength of a country. We have, for example, the World Economic Forum Growth Competitiveness Index,

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the Heritage Foundation Index of Economic Freedom, and the IMD World Competitiveness Index. However, these researches seldom point out clearly the main factors contributing to our creativity and the role it plays in the society.

Richard Florida carried out a pioneering study on the relationship between creative ideas and economic prosperity in the United States in 2002. In his book *The Rise of the Creative Class*, Florida describes the regional advantages of a place with a theory built around '3Ts', namely, 'Technology', 'Talent' and 'Tolerance'. The central idea of '3Ts' is that creative ideas are abound in places which are diverse, tolerant, and open to new ideas. The presence and concentration of creative capital in turn lead to higher rates of innovation, hi-tech industries, job opportunities and economic growth. This year, Florida applied the '3Ts' framework to Europe and compiled an index to measure its creativity.

How about Asian countries? As a result of their own financial, economic and social conditions, their economic development may be different from that of their western counterparts. For example, most of the Asian countries rely on direct foreign investment for economic development. The prosperity of Hong Kong relies on its service industry. Another point is that small and medium enterprises are the source of economic creativity and corporatisation in Asian countries.

We need to consider other factors of the creativity index. For example, Florida emphasised creativity at economic level in his '3Ts' framework. However, we believe that outputs of creative acts measured in non-monetary terms are important signs of creativity. Institutional conditions are also important to the socio-economic development of a place. Besides, socio-cultural values are important factors contributing to the development of creativity. Florida did not specifically mention these factors in his study. Therefore, when considering how to compile the HKCI, we need to think about these factors. The objectives of HKCI are:

First, the Home Affairs Bureau started framing the HKCI in the middle of this year. In September, we commissioned the Centre for Cultural Policy Research of the University of Hong Kong to devise a framework for the index. The objective of the study is to demonstrate how creativity manifests itself in the society in various ways.

The second objective is to illustrate the various factors that contribute to the growth of creativity, and their interactions and functions.

The third objective is to construct an indexing system which can serve as a criterion for assessing creativity, an integrated indicator of sustainable growth in the creative sector, a reference for overall policy-making and decisions regarding investment, travel and abode, and, lastly, as a basis of international comparison.

Our Creativity Index is composed of '5Cs'.

The first one is the manifestations of creativity, which have four components, namely 1) structural and institutional capital; 2) human capital; 3) social capital; and 4) cultural capital. The four components are mutually reinforcing. They are multi-faceted, and are determining factors of the growth of creativity. Besides, creativity will generate new effects, which will in turn influence the development of creativity. Our framework will include hard data, or

quantifiable data, and soft data, which are unquantifiable and have to be obtained through investigation.

We are talking about the manifestations of creativity. Creative activities generate not only economic outputs but also outputs that can be shared by the public. Economic outputs represent the vitality and importance of creativity in a place. Our system measures the manifestations of creativity in three aspects, namely 'economic contribution', 'creative activities in economic sector', and 'non-economic return of creativity'. Then, we come to the capacity of creativity to add value to a commodity or service. For instance, a cup may sell at \$10. But if you add a Disney cartoon figure to it, it can sell at \$100. This is the value of creativity. In this respect, the indices may include, for example, the economic contribution of creative industries and of small and medium enterprises, the trade volume of creative industries, the growth rate of the economic output, the number of patent owners, and the number of arts and cultural programs held. All these can be indices of the manifestations of creativity.

Structural and institutional capital. There are certain conditions that provide the social environment for the development of creativity. These conditions also determine how other forms of capital are distributed and utilised. We concluded that there are six social conditions that contribute to the growth of creativity in a community, namely, 1) legal system; 2) freedom of speech; 3) protection of intellectual property rights; 4) information and communications technology infrastructure; 5) social and cultural infrastructure; and 6) corporatisation and financial structure.

Human capital. Human capital is crucial for the growth of economy. High mobility of human capital will facilitate cultural exchange, transfer of skills and knowledge as well as generation of new ideas in society. Our 'human capital' framework measures two conditions that support human capital development. Firstly, whether the community can provide a favourable context for the development of 'knowledge bank'. Possible indicators may include amount of investment in research and development, educational attainment of the working population, etc. Secondly, it is the mobility of human capital and population. Possible indicators may include the size of mobile working population, and the number of foreign workers, students studying abroad, arrivals, local resident departures and emigrants. These talents in different areas and their contributions to different fields of creativity can improve the attractiveness of a city and enhance its ability to retain talents.


Social capital. While technology and talents are indispensable assets of a creative economy, it is equally important that the city has a social milieu which attracts, mobilises and sustains creativity. Social capital, in terms of trust, reciprocity, co-operation and extensive social networks, is conducive to the well-being, freedom of expression and participation of the general public. All these in turn encourage the flourishing of individual and collective creativity.

We measure nine aspects of 'social capital', including: 1) general trust, meaning the extent of your trust in the people you come across in daily life; 2) institutional trust, meaning the extent of your trust in the government, media and major corporations; 3) reciprocity, meaning the extent to which you are willing to forgo personal interests in the interests of the public as a whole; 4) public awareness, meaning the influence you feel you have as a public member; 5) co-operation, meaning the extent to which you are willing to co-operate with others;



6) attitudes towards the under-privileged, such as ethnic minorities and homosexuals; 7) espousal of modern values, including openness, prudence, rationality and acceptance of difference opinions; 8) self-expression, meaning the extent to which you can express yourself in the society; and 9) participation in social activities. All these are conducive to the stability of social and political development of a city.

Cultural capital. We also believe that a social environment conducive to cultural participation produces new ideas and hence enhances creativity in a broad sense. In our study, cultural capital refers to the more specific activities relating to culture, art and creativity in everyday life. We measure three broad aspects of cultural capital in a community, namely 1) public sector's and corporations' resources commitment to the development of arts and culture; 2) cultural norms and values with regard to creativity, arts, arts education and protection of intellectual property rights; 3) the extent and level of cultural participation in a community, with possible indicators including public spending on arts and culture, the public's general attitude towards arts and culture, their participation in different forms of cultural activities. We believe that an expression of diversified culture and arts, and greater acceptance of different forms of artistic expressions are conducive to the development of creativity.

An overall score is arrived at by combining the five indexes - the '5Cs'. This overall score is the HKCI. The index will become a precursor to show the overall status and capital of creativity in a community. The index will also demonstrate a community's relative strength in socio-economic and cultural conditions that are favourable for the growth of creativity. The HKCI provides a database for further development of a creative society. We are now collecting data for our study. We expect to finish the report early next year. We hope to use this framework of creativity index to carry out joint studies with various provinces, regions and municipalities on the mainland, and to apply the index to the promotion and development of cultural industry. The index will be reviewed and updated regularly so that the growth of creativity of a city can be assessed over time. Thank you. 

MS LOLLY CHIU: Ladies and gentlemen, it is now the turn of mainland delegates. We will invite the delegates who have handed in their scripts to speak first. May I now invite **Mr Mu Duanzheng, Director General of Shanghai Municipal Culture, Radio Broadcasting, Film and Television Administration**, to deliver his speech?

GOVERNMENTAL GUIDANCE AND UNDERTAKINGS IN CULTURAL DEVELOPMENT

MR MU DUANZHENG: Respected Dr Ho, ladies and gentlemen, hello! I am honoured to be invited by the forum organiser to give a brief talk on behalf of Shanghai municipal authorities in charge of radio, film and television to discuss and share ideas on governmental guidance in cultural development and the operation of the industry.

“ *It was originally an urban renewal project and not part of Shanghai's cultural industry. However, under governmental guidance, the developers discovered and recreated the cultural connotations of the district during the course of rebuilding. As a result, the place was turned into a new landscape with a rich style of urban Shanghai.* ”

Cultural development has long been regarded as something purely spiritual in our country, managed by the State in a non-profit-making way. However, as the country's economic reform progresses, its cultural development will inevitably become more market-oriented. As such, corresponding adjustments to governmental functions, managerial functions and means, and mode of cultural operation become necessary. I think government departments at various levels may encounter problems during the course. For instance, what should the government do to guide the development of culture effectively without over-interfering normal market operation? How could equal emphasis be placed on the development of cultural industry and social interests? What should we do to protect and accentuate the uniqueness of Chinese culture amid globalised competition? And so forth.

A recent cultural working meeting in Shanghai named ten major tasks was convened as the means to achieve the overall objectives of Shanghai's cultural development and cultivate her city culture. Equal emphasis was placed on the development of both cultural industry and the welfare-oriented cultural cause. Now I would like to discuss two issues by drawing reference to the experience of Shanghai.

The first one is how to give reasonable guidance to the market so that economic interests can be integrated with social interests more satisfactorily. The second one is how to introduce commercial operating mechanisms into non-profit-making cultural activities, with a view to expanding the social influence of such activities.

INTEGRATION OF ECONOMIC AND SOCIAL INTERESTS

Regarding the first question, I would like to draw the experience of 'Xintiandi' in Shanghai. Xintiandi is a recent highlight in Shanghai's cultural development. It was originally an urban renewal project and not part of Shanghai's cultural industry. However, under governmental guidance, the developers discovered and recreated the cultural connotations of the district during the course of rebuilding. As a result, the place was turned into a new landscape with a rich style of urban Shanghai.

Firstly, Xintiandi was the result of successful modification and renovation of historical buildings. Located in the busy central area of Shanghai, Xintiandi was originally an old district of *shikumen* buildings. Up to early 1990s, *shikumen* residents still maintained an old lifestyle

of coal-burning and using stools without any flush toilets. The residents wanted to improve their living conditions, while the Government was also desirous of improving the old district. As the district borders on the venue of the first National Congress of the Communist Party of China, many related premises have to be protected and it is not suitable to build any tall building around. The plan was to preserve the appearance of the old *shikumen* buildings but renew the interior. Although this was more costly and time-consuming than rebuilding it all together, both the Government and the developer agreed on the idea.



The renewal enabled Xintiandi to meet the modern requirements of consumers on the one hand, and preserve the historical and cultural atmosphere on the other. From the very beginning, it possesses a cultural connotation not found in ordinary commercial streets or districts. Cultural content, taste and positioning are the landowner's important consideration in choosing tenants. Of the 98 tenants, 85% are renowned domestic or international

brands. Besides cultural consumption places, such as cinemas, galleries and handicrafts shops, even restaurants give a rich cultural atmosphere. In the Layefe Home, run by painter Chen Yifei, culinary arts and handicrafts are showcased together. In Tou Ming Si Kao (TMSK), opened by liuli artist Yang Huishan, customers can enjoy gastronomic delight while enjoying the beauty of liuli arts. These cultural elements make Xintiandi a great commercial success. Citizens, celebrities, foreign nationals in Shanghai, and domestic and foreign tourists keep coming to visit it. Xintiandi has become a truly diversified and international recreational, cultural and entertainment establishment.

Similar examples also include the intact relocation of Shanghai Concert Hall. Built in 1930, Shanghai Concert Hall is a well-preserved contemporary building, but it had to be relocated to make room for urban renewal. To protect the city's heritage, the Shanghai Municipal Government decided to relocate the entire building intact. After careful design and works of 22 months, the Shanghai Concert Hall was officially opened in October. Since then, it has housed a great number of domestic and overseas performing art groups, and the list of scheduled performances has already reached 2006. Although the cost of its relocation and refurbishment may exceed the construction cost of a similar concert hall, the cultural value and the economic value created for the future are self-evident.

CULTURAL ACTIVITIES COMMERCIALISED

Now I am going to talk about how to improve the effectiveness of the non-profit-making cultural institutions that are directly administered by the government by incorporating commercial principles. I would like to take Shanghai Museum as an example. In 2002, Shanghai Museum hosted the exhibition of the calligraphy and drawings of the Jin, Tang, Song and Yuan Dynasties for a period of 36 days. The number of visitors came to 300,000. Visitors queued up before the museum everyday. The response was unprecedented. In 2003,

Shanghai Museum again successfully presented a highly professional special exhibition on the *Chunhuage Tie* for a period of 40 days, and drew 150,000 visitors. Both exhibitions produced large impact and desirable social effect, in stark contrast to its previous desolation despite its valuable collection. Both the government, domestic and overseas media attached great importance to the phenomenon.

The experience of Shanghai Museum relates to the introduction of commercial operating principles. As the museum put it, 'Even a good exhibition needs huckstering.' 'Huckstering' does not refer to publicity in the ordinary sense. Instead, it is a marketing strategy similar to that in the commercial world. To promote the highly specialised exhibition on the *Chunhuage Tie*, Shanghai Museum did a large amount of publicity. They published various types of photos and essay collections, as well as organized games and forums. Besides, they made full use of mass media, such as newspapers, radio and television to popularize the historical value and cultural significance of the exhibition. As the promotion plan was well thought out, the exhibition and the State's cultural resources produced massive social impact.


“ **The experience of Shanghai Museum shows that, by adopting commercial strategies and methods, non-profit-making cultural causes can expand the room of cultural development and fully exploit the potential of the State's cultural resources.** ”

We can learn from the above cases that:

First, commercial interests and social interests are not necessarily at odd with each other. Instead, through the reasonable guidance of the government and the scientific operation of enterprises, they can develop in a coordinated manner, a win-win situation and sustainable city development. Under the Xintiandi project, the government first considered the overall situation and set a framework for reconstruction and development. The developer was the Shui On Group of Hong Kong, which formulated and implemented a practical reconstruction plan within the government's framework. They came up with a creative concept of blending old alleys with new residential units. The dilapidated buildings were turned into an economic miracle. The project created significant economic value by turning an ordinary residential district into highly valuable land, while preserving the historical flavour intact. To the government, the project not only solved the problems surrounding urban renewal, but also created a very good cultural atmosphere and living environment. The public, both domestic and foreign visitors, also benefit from the unique recreational and entertainment establishment. From the slogan of the Shui On Group ('to enhance prosperity in hand with the government and promote social progress'), we can get a sense of the importance of government guidance to the market.

Second, public interests and commercial interests are not necessarily irrelevant to each other. In the past, commercial activities were often considered to be irrelevant to the development of non-profit-making cultural causes. However, the experience of Shanghai Museum shows that, by adopting commercial strategies and methods, non-profit-making cultural causes can expand the room of cultural development and fully exploit the potential of the State's cultural resources.

Thirdly, to guide and develop cultural industry effectively, it is necessary to fully respect and tap into the cultural potentials of the place. Such potentials include local cultural characteristics, cultural traditions and ways of life. On the other hand, they also include conditions of the contemporary world and the accompanying contradictions, challenges and development possibilities. The government, enterprises and institutions should have full understanding of these characteristics and advantages, and balance regional economic and cultural

development, thereby creating a harmonious and beautiful living environment. This is the end of my speech. Thank you. 

MS LOLLY CHIU: Thank you, Mr Mu. Now we have **Mr Zhang Jianhua, Director General of Jiangsu Provincial Department of Culture.**

PROMOTE CHINESE TRADITIONAL CULTURE ENRICH HUMAN CIVILISATION

MR ZHANG JIANHUA: Respected Dr Ho, fellow delegates, good morning. The Asia Cultural Co-operation Forum is an important vehicle which promotes cultural exchange, co-operation, innovation and development in Asia, not to mention the world. The theme this year, in particular, is highly meaningful. I am honoured to participate in the relevant activities of this Forum and give a brief speech here.

Since two years ago, developing advanced culture and enhancing the civility level in towns and cities have been two objectives of the Jiangsu Provincial Government in her plan for overall economic and social development. The provincial government has increased its input to the non-profit-making cultural cause and strengthened the construction of cultural infrastructures. Projects like the new annex of the Nanjing Library, Nanjing Olympic Sports Centre, new annex of the Jiangsu Art Museum, renovation of Phase Two of Nanjing Museum, Jiangsu International Book Centre, Jiangsu Broadcast and Television City, Jiangsu Centre of Technology, History and Culture, and Jiangsu Grand Theatre are key investment projects.

The world focused its attention on Chinese culture at the 28th World Heritage Conference this year, held in Suzhou of Jiangsu Province. The 2004 World Historical and Cultural Cities Exposition in Nanjing was a successful encounter between tradition and modern, as well as essence of oriental culture with that of the rest of the world. The Theatre Arts Project and the Contemporary Urban Ink and Wash Painting Project, which are in progress, are events in which Jiangsu inherits and spreads Chinese traditional culture with continuing innovation and transcendence. Our efforts aim at promoting the distinctive traditional culture of China and to make new contribution to the progress of human civilisation.

Now I am going to focus on cultural protection and utilization, and cultural exchange and co-operation amidst globalisation.

A scientific attitude must be adopted in protecting and utilizing the fine traditional culture of China. The aim of protecting cultural heritage is to develop and utilize it in an even better way, so that it can benefit the society and the people. The glamour of Chinese culture can be perceived by and communicated to the world.

JIANGSU EFFORT ON CULTURAL HERITAGE

In my opinion, different approaches may be adopted to scientifically protect and utilize our fine traditional culture depending on the form, geographical characteristics and functions. The following are experiences of Jiangsu Province in promoting the protection and rescue of Chinese ethnic and folk culture:

“ Suzhou of Jiangsu Province has already been named by the State as a comprehensive pilot unit of national and folk culture protection. Meanwhile, the Nanjing Municipal Government is making efforts to protect the old Nanjing city by converting it into a historical and cultural gallery, with a view to highlighting its unique historical and cultural charm and its historical beauty. ”

1. It is necessary to develop brands for national culture by exploiting their commercial attributes, in order to convert more traditional cultural forms into marketable cultural products. Examples include Peking opera, Chinese calligraphy and painting, Wuxi clay figures, Yangzhou lacquerware, and Yixing red earthenware teapots. They are internationally renowned as brands of national culture.
2. It is also important to set up cultural ecology conservation zones. Any area with a relative concentration of residents who share the same customs, language, way of production and life, expressions of folk arts (such as unique dwellings, costumes, dances, music, opera), natural environment, social structure and economy that are still preserved relatively intact, shall be protected as cultural ecology conservation zone. This arrangement can protect the national traditional culture with unique local characteristics, and also maintain the diversity of culture, whereas the sustainable development of local society and economy is promoted. For example, Suzhou of Jiangsu Province has already been named by the State as a comprehensive pilot unit of national and folk culture protection. Meanwhile, the Nanjing Municipal Government is making efforts to protect the old Nanjing city by converting it into a historical and cultural gallery, with a view to highlighting its unique historical and cultural charm and its historical beauty.
3. It is important to take decisive measures to save and protect endangered and declining traditional folk arts. The Jiangsu provincial government is making all-out efforts to save and protect the Kun Opera, the Taohuawu Woodprint New Year Picture, the Yangzhou Qingqu, Xuzhou Luozi Dance and Nantong Hexagonal Kite.
4. It is necessary to tap our resources in cultural tourism. China is rich in cultural resources. For instance, just in Jiangsu, we have as many as 2,620 protected cultural sites of different levels and types. Furthermore, there are huge ethnic and folk cultural resources. Indeed, we can better realize the value of our protected cultural resources by using them for tourism development. In this regard, a typical case is Zhouzhuang, a small township located to the south of the Yangtze River with the scenery of traditional stone bridges, small streams and dwellings. The development of its tourism industry began in the 1980s. Now it attracts more than two million visitors a year. Zhouzhuang's cultural content of the traditional *Jiangnan* style is the major reason for its increasingly flourishing tourism. The substantial revenue from tourism in turn ensures even better protection of the traditional culture.

SMALL STREAMS RUN INTO BIG RIVER – PROSPECT OF CULTURAL CO-OPERATION

Cultural work is multitudinous and multi-faceted. I think that we should focus on two issues. First, we must preserve and pass on the Chinese cultural heritage and never lose it in our hands. Second, we should develop and enrich our contemporary culture, and create and produce more fine pieces of physical and intellectual arts. These products should be capable of satisfying the spiritual needs of the people, and have sufficient merits for passing on to future generations as valuable cultural heritage. For this purpose, the Jiangsu provincial government has been promoting cultural development across the province by launching a series of cultural engineering projects. Projects underway include an exhibition on excellent national and provincial

stage arts, a demonstration zone of audio-visual administration, Chinese ethnic and folk culture protection, heritage protection and rescue in Jiangsu Province, and a creative project on wash ink painting in modern urban context. Their effects are evident.


The progress made by human beings has brought us a modern world in which no civilisation can develop in isolation or in an independent manner. Cultural exchange, either between eastern and western civilizations or any countries, is a natural trend much desired. We cannot advance the traditional Chinese culture without a global vision. We should set our eyes on the forefront of international cultural development. We should extensively adopt the strengths of others. We should learn all over the world from the merits of the cultures of different nations, which have different traditions and different courses of development. All nations can prosper by learning from the traditions of each other.

“ *The culture of every country or nation grows and develops from the continuing dialogues and exchanges with other civilizations. To revive Chinese culture, we must break the straitjacket of the modern-ancient and the Chinese-western dichotomy. We must be open-minded, tolerant and scientific in dealing with all cultural achievements, whether ancient or modern, or Chinese or foreign.* ”

The history of human civilisation is the story of exchange and amalgamation between different cultures. The contemporary world sees increasing cultural dialogues and exchanges, as well as clashes and integration. In the course of globalisation, enhancing cultural exchanges and development between nations is conducive to the inheritance and growth of our own culture. While preserving our own traditional culture properly, we shall capture this opportunity to expand external cultural exchanges, with a view to introducing Chinese culture and arts, to countries all over the world in a systematic and focused manner.

To demonstrate the unique charm of Chinese culture, it is necessary to take the initiative to participate in cultural competition in the international arena. In the last two years, we send more than 130 arts groups comprising 1,540 persons to 17 countries, as well as the Hong Kong and Macao Special Administrative Regions and Taiwan, for exchanges and visits. In the meantime, we received 96 arts groups comprising 1,650 persons. They came to Jiangsu from more than 30 countries, Hong Kong, Macao and Taiwan for visits and participation in various cultural and arts activities. Our participation in cultural exchange activities organized by the State, such as the Year of French Culture in China, Beautiful Jiangsu, Chinese Cultural Tour of North Africa, Jiangsu Cultural Week, have aroused the avid interests of various nations in oriental culture. The 2004 World Historical and Cultural Cities Exposition in Nanjing was jointly organised by the Ministry of Culture, the Ministry of Construction, State Administration of Cultural Heritage, and Chinese National Commission for United Nations Educational, Scientific and Cultural Organisation (UNESCO), and jointly hosted by the Nanjing Municipality and Jiangsu Provincial Department of Culture. The expo was a cultural event of unprecedented scale. With 58 programmes, each featuring rich content and innovative ideas, the exhibition made Nanjing even more famous. Mayors of 21 historical and cultural cities in China and overseas signed the *Nanjing Declaration on Cultural Exchanges and Heritage Protection of the World's Great Historical and Cultural Cities*. This is highly conducive to dialogues, mutual advancement, and mutual learning between the world's diversified cultures as well as the protection and passing on of heritage. The culture of every country or nation grows and develops from the continuing dialogues and exchanges with other civilizations. To revive Chinese culture, we must break the straitjacket of the modern-ancient and the Chinese-western dichotomy. We must be open-minded, tolerant and scientific in dealing with all cultural achievements, whether ancient or modern, or Chinese or foreign. We must absorb and inherit all excellent achievements made by human beings in the course of cultural development. We must collect and learn from the best of various cultures for our own progress.

Hong Kong, as one of the places through which China made her earliest contact with the world, has all along been a bridge of economic and cultural exchanges between China and other countries, making significant contribution to the opening of Chinese culture to the world. We are very thankful to the Hong Kong SAR for hosting the Asia Cultural Co-operation Forum, which provides us with excellent opportunities for cultural exchange and mutual learning, and also introduces to us the study of Hong Kong Creativity Index, and the preliminary results of its application.

I should also express my heartfelt thanks to Hong Kong and various regions for their long-term concern of and support to the economic and cultural development of Jiangsu. We will continue to strengthen our cultural exchanges and co-operation with all nations and regions, and to further our historical friendship. We cordially welcome all friends here, new and old, to visit Jiangsu to make surveys and share with us your views on our work. Thank you. 

MS LOLLY CHIU: May I now invite **Mr Tian Chuanjiang**, Deputy Director General of Anhui Provincial Department of Culture?

ANHUI BRINGS ADVANTAGES IN CULTURAL RESOURCES INTO PLAY

MR TIAN CHUANJIANG: Respected Dr Ho, fellow delegates, ladies and gentlemen, I am very pleased to be here at the Asia Cultural Co-operation Forum. My topic today is 'Promoting the Development of Cultural Industry by Bringing Advantages in Cultural Resources into Play'.

The cultural industry is an important indicator of the strength and competitiveness of a culture. The vigorous development of cultural industry is the inevitable trend of the current world, where culture assumes increasing importance in economy and vice versa. The development of cultural industry requires the full exploitation and utilisation of cultural resources. In some sense, as far as a certain area or region is concerned, the development of cultural industry means the protection, utilisation and exploitation of cultural resources.

Anhui boasts its unique and abundant cultural resources. Its glorious cultural legacy dates back to ancient times, characterised by its strong local characteristics, purity and profundity. It highlights the solid cultural foundation and richness of Anhui as a major cultural province. Dating back to the pre-Qin era, Anhui culture has been shining gloriously throughout history as it spread from north to south.

In particular, during the 400 years from the middle Ming Dynasty to Qing Dynasty, Anhui culture, originated from the southern Anhui, reached its zenith and became well-known throughout the country. Anhui culture has formed its unique genres and styles, such as the Xinan school of painting, the Anhui style of architecture, sculpture, engraving and Anhui merchants etc. Anhui also boasts its abundant literary and artistic resources such as a diverse variety of operas, most notably the Huangmei opera and Anhui opera. Huangmei opera is Anhui's local opera style, characterized by its melodious and subtle vocal style, humorous and vivid performance, and strong artistic pathos. The tune *Husband and Wife Going Home* is popular throughout the whole country. Anhui opera is one of the earliest opera forms in Anhui. It is where Peking opera was developed from. The Nuo opera, also called 'living fossil'

“ *Anhui culture has formed its unique genres and styles, such as the Xinan school of painting, the Anhui style of architecture, sculpture, engraving and Anhui merchants etc. Anhui also boasts abundant literary and artistic resources such as a diverse variety of operas, most notably the Huangmei opera and Anhui opera.* ”

of operas and existing in Chizhou, is known for its antiquity and simplistic beauty. Folk arts like the flower-drum lantern dance, Xiaoxian's traditional Chinese painting, Chaohu's folk songs, Fuyang's paper-cut, Lingbi's Zhong Kui painting have long enjoyed their reputation. The flower-drum lantern is a popular dance in communities along the Huai River basin with its bright rhythms and clangorous gong and drum. It is a typical ethnic dance of Han Chinese, and was once named 'Ballet of the Orient' by former Premier Zhou Enlai. In addition, Anhui is a big province of cultural relics, with over 17,000 archaeological discoveries so far. These include Buddhist relics on Jiuhua Mountain, prehistoric jade articles, bronze wares from the Shang and Zhou Dynasties, the 'four treasures of the study' (writing brush, ink stick, ink stone, paper), ancient painting and calligraphy, and Huizhou's 'Three Carvings' (woodcarving, stone carving and brick carving), which all display unique characteristics.

In my opinion, in order to further protect, promote, utilise and exploit these abundant historical and cultural resources, we should first identify and advocate the spirit embodied in them. Mr Hu Shi from the old Huizhou once compared the Anhui merchants to 'Anhui camel', meaning that the Anhui merchants displayed the enterprising spirit and determination of 'Anhui camel' in their exploration of markets and creation of Anhui culture. Visitors to the ancient dwellings in Huizhou must have had a deep impression of the carving 'Icy Plum', which carries profound morals. It portrays the belief that 'the fragrance of plum blossom comes after suffering bitter coldness' and the faith in earning great achievement with assiduity and struggle. We should inherit the precious spiritual wealth and use it for the development of cultural industry in a way that conforms to the requirements of the contemporary world.

In order to integrate and activate our advantages in cultural resources, develop unique cultural brands and promote the quantum leap of Anhui's cultural industry, the provincial government compiled the *Outlines of Development of Cultural Industry in Anhui Province*, which pointed out the key development areas of the cultural industry in our province.

THE OPERA KINGDOM


Great efforts should be made in the development of Anhui's opera cultural industry which is represented by the Huangmei opera. Public investment in the opera sector will be vigorously encouraged, and performing arts groups will be restructured, merged or established for market orientations. As Huangmei opera is the signature cultural brand of our province, it can be the pioneer of opera industrialization. The governmental input and reform should be strengthened; the current resources should be integrated by combining strengths. A flexible performance mechanism adaptive to the market should be adopted, so that Huangmei opera can become a prestigious, influential, large-scale and profitable opera form at home and abroad. We can also capitalize the advantages of Huangmei opera to attract the celebrities in the opera circle around the world to our province for exchange and co-operation, in order to extend the influence of Huangmei opera and develop a brand name. As to the traditional operas like Luzhou opera, Sizhou opera, acrobatics, flower-drum lantern dance and Nuo opera, new titles will be introduced, the system will be reformed; the contract system, the performance agent system, the repertoire system and the play producer system will be implemented. These are aimed to expedite the process of industrialization, and encourage capable opera groups to explore other domestic and overseas markets, in order to make greater profits.

Great efforts should be made to develop Anhui's traditional cultural industry, which is represented by the Anhui study. The key point is to exploit the traditional cultural products like the Xian school of painting, the Anhui engraving, architecture, cuisine and opera, and Huizhou's tea ceremony and 'Three Carvings', so that they create commercial value in tourism. The reputation of historical figures can be utilised and great efforts should be made to exploit the Jianan literature, Tongcheng culture, the culture of Lao Zi and Zhuang Zi, Wuchu culture and other folk culture products, so as to create advantage for the industry. State-of-the-art technologies should be employed to improve the quality and standard of the exploitation, conservation and development of traditional cultural products.

Great efforts should be made to develop Anhui's handicraft cultural industry which is represented by the 'four treasures of the study'. While traditional markets are being consolidated, international market of the four treasures, namely Xuan paper, Xuan brush, She ink stone and Anhui ink stick will be further developed by adding more varieties and improving the quality of the products. In the production of traditional handicraft like Wuhu's iron picture, Tongcheng's Foguang craft, Tongling's bronze ware and Huangshan Mountain's lacquerware, the product design and originality should be improved so as to enrich their cultural content and create more new and refined products. Meanwhile, a new generation of craft expert and specialists should be trained, and institutions for handicraft research and development should be established, in order to encourage innovation based on our heritage. Cross-ownership artwork production corporations should be established. It is also necessary to develop a solid system for the appreciation, rental and auction of arts. The market for the replication and auction of antiques and arts should be regulated and expanded.

Also, we are to develop the production of traditional folk arts. The traditional folk arts in our province have a long history and come in a large variety. We will develop various handicrafts, like peasant drawing, velvet drawing, Lingbi's rare stones, paper-cut art, tourist souvenir, and articles made of bamboo, cane or grass. We will also highlight their characteristics with innovative designs, in order to build up brand names and enable small-scale products and workshops to expand their scale of production and reach out to the market. We will also explore the overseas market for folk cultural products associated with ethnic cultures and folk arts, in order to boost the advantages of our exports and their competitiveness as quickly as possible.

Heritage tourism, which is represented by the ancient villages and dwellings in southern Anhui, should be promoted. These ancient dwellings are the major characteristic in Anhui culture. According to preliminary statistics, there are presently over 7,000 ancient dwellings, which were built during the Ming and Qing Dynasties. Some of them are relatively concentrated and well-preserved, such as the UNESCO world heritages of Xidi, Hongcun, and key cultural sites under State protection such as the ancient villages of Chengkan and Chaji. Distributed in the vicinity of Huangshan Mountain, they have become part of a heritage trail in which tourist can enjoy the natural beauty when they climb the Huangshan Mountain and experience the Huizhou culture on their way back. Tourists can learn about the distinctive art of ancient folk dwellings during their tour. This will enrich the cultural taste in tourism, and enable tourists to recognise and identify with the national spirit embodied in Anhui culture. Further to our conservation and protection efforts, we will open up a number of ancient dwellings and villages, and develop them by enriching their cultural content, so as to strengthen our heritage tourism industry.

To sum up, Anhui has abundant cultural resources and great potentials for the development of cultural industry. At the same time, Anhui has the geographical advantage in linking the East and the West. It is capable of sustainable growth in cultural consumption and has room for more cultural products and services. We cordially invite our fellows and everyone from all regions, provinces and municipalities to visit Anhui and help develop its cultural industry. Thank you! 

MS LOLLY CHIU: Thank you, Mr Tian. Let us welcome **Ms Li Yuying, Director General of Jiangxi Provincial Department of Culture.**

CREATE PAN-PEARL RIVER DELTA CULTURAL FLAGSHIP

MS LI YUYING: Respected Dr Patrick Ho, fellow delegates and friends, hello!

“ **To promote and strengthen regional cultural co-operation within the Pan-Pearl River Delta Region means to establish a uniform cultural system, which would serve as a basis for the unobstructed distribution of commercial products throughout the entire Pearl River region, so that cultural products from all regions can circulate smoothly with high efficiency.** ”

First of all, please allow me, on behalf of my colleagues in the Jiangxi cultural circle, to show our sincere respect and extend our heartfelt thanks to the Home Affairs Bureau of the Hong Kong SAR Government for their efforts to provide an open platform for the exchange and co-operation among the cultural policy-makers from all over Asia. Thanks to their efforts, we can have the opportunity to discuss cultural development issues in Hong Kong, the beautiful Pearl of the Orient. My topic today will be how to strengthen regional cultural co-operation in the Pan-Pearl River Delta with Hong Kong as its lead, how to drive the development of the mainland's cultural industry by making use of Hong Kong as a platform, and how to link up the various cultural elements in the region as soon as possible. The objective is to accelerate the integration of the cultural industry in all provinces into the globalisation process, and enable them to compete in the modern global cultural market, where 'originality is the priority and content is the key'. I want to elaborate my viewpoint from the following five aspects.

The first is to have a good understanding of the cultural development trends and strengthen regional cultural co-operation.

IMPORTANCE OF REGIONAL CO-OPERATION

Rapid globalisation and amalgamation of economy and culture have resulted in both fierce competition and mutual integration between regions. Driven by this trend, regional cultural co-operation will become inevitable, and with no doubt a key part in the development of all regions. The importance of strengthening regional cultural co-operation in the Pan-Pearl River Delta is mainly as follows: Firstly, it can meet the requirement for economic development in the Pan-Pearl River Delta Region and enhance the region's overall cultural strength and competitiveness. The Pan-Pearl River Delta Region is one of the most prosperous and dynamic regions in China. If the estimated gross product of the national cultural industry were 600 billion, that of the Pan-Pearl River Delta should touch 200 billion, given its status in the national economy.

Secondly, it can reduce the cost of both cultural management and cultural operation, and increase the efficiency of cultural production in the Pan-Pearl River Delta Region. To promote and strengthen regional cultural co-operation within the Pan-Pearl River Delta Region means

to establish a uniform cultural system, which would serve as a basis for the unobstructed distribution of commercial products throughout the entire Pearl River region, so that cultural products from all regions can circulate smoothly with high efficiency.

Thirdly, it can better satisfy the increasing spiritual and cultural needs of the people in a well-off society, enrich and enlighten the cultural life in the Pan-Pearl River Delta Region. Through the regional cultural co-operation and exchange in the Pan-Pearl River Delta, the distinctive regional cultural activities, cultural products and cultural services of all provinces and regions will be greatly enriched and developed. The richness of cultural content and diversity of cultural forms in the Pan-Pearl River Delta Region will be fully embodied in the extensive co-operation.

The second is to highlight the geo-economic generality and promote cultural integration between regions.

The Pan-Pearl River Delta Region is a huge, prosperous area with diverse culture. While Hong Kong and Macao are the merging ends of the Chinese and western cultures, Guangdong is a cultural region with distinctive regional characteristics. Different regions are closely related in their economic and cultural development, and have their respective advantages. There is both generality and diversity.

The solid co-operative foundation between Jiangxi and the Pearl River Delta has several characteristics, which are summarised below:

“ We call the Jiangxi culture ‘Culture of Three Colours’, namely the ‘red’, ‘green’ and ‘patina’ cultures. ”

The first characteristic is geographical continuity. Jiangxi is neighbouring and connected with the Pearl River Delta by key transportation facilities like the Beijing-Kowloon Railway, the Jiangxi-Guangdong Expressway and air flight. The second one is complementary resources. Thanks to its abundant natural and human resources, Jiangxi has been an important hinterland which accelerates development in the Pearl River Delta. The third one is the common cultural origin. Jiangxi is the cradle of Hakka culture. The Hakka people attach much importance to education and the industrious and courageous spirits, thus becoming an important intellectual support for the economic and social development of the Pearl River Delta. The Hakka culture has become a sentimental link between Jiangxi and the Pearl River Delta. The fourth one is the strategic consistency. Since the beginning of the new century, Jiangxi has taken the initiative to connect with the Yangtze River region, the Pearl River region and the Min River region, take part in globalisation and open up further to the outside world in all aspects, with an open mind for new ideas. The consistency in the development strategies of Jiangxi and the Pan-Pearl River Delta has expanded the scope of co-operation between the two regions.

The third is to bring the regional cultural advantages into play and connect the cultural industries.

THREE COLOURS OF JIANGXI

The key to the implementation of Pan-Pearl River Delta's global cultural development strategy is that the region should make joint efforts to develop cultural causes and industry. As a big province with abundant cultural resources, Jiangxi enjoys a good environment and rich cultural resources. We call the Jiangxi culture ‘Culture of Three Colours’, namely the ‘red’, ‘green’ and ‘patina’ cultures.

Firstly, it is well-endowed with 'red' culture resources. Jinggangshan, Ruijin and Nanchang are the birthplaces of the People's Republic of China, the Chinese Revolution and the People's Liberation Army of China, thus called the three cradles of Chinese revolutions.

Secondly, it enjoys abundant 'green' cultural resources. Jiangxi boasts picturesque scenery and good ecological environment. The forest in Jiangxi Province is currently only second to that of Fujian Province in China. Its Poyang Lake is one of the largest freshwater lakes in China. Jiangxi is rich in tourist resources. You can enjoy the sight of azalea blossom in Jinggangshan in spring; hide from the summer heat in the coolness of Kuanglu in summer; embark on an adventure in Sanqing Mountain in autumn; and watch the migratory birds at Poyang Lake in winter.

Thirdly, it enjoys dynamic 'patina' cultural resources. Besides its long history and the great number of famous historical figures, Jiangxi has well-developed farming culture, the Nuo culture, ceramic culture, religious culture, classical learning and folk culture etc. In addition, there are pluralistic local cultures, such as Nanchang City's Yuzhang culture, Southern Jiangxi's Hakka culture, Jian's Lulin culture and Fuzhou's Linchuan culture etc. There are also 24 key heritage units and 95 scenic spots under State protection; 258 units under protection by the provincial government. They are not only important parts of Jiangxi culture, but also become rich cultural and tourist resources. Thanks to its long history and splendid culture, the Pan-Pearl River Delta Region has rich cultural resources. Due to the requirements of the overall development strategy of the Pan-Pearl River Delta, these cultural resources should not only be held in reserve, but also be fully exploited and utilised, so that they can be converted into key cultural production factors as inputs in the industrial chain of the regional economy. The ultimate purpose is to create an edge for the cultural industry at regional level.

The fourth is to promote innovation of the industrial system centred on the theme of regional co-operation.

INNOVATION IN ALL ASPECTS

In order to promote the cultural co-operation and development in the Pan-Pearl River Delta Region, it is necessary to break the barriers between provinces and cities, and develop a unified, regulated market for cultural production factors. The purpose is to optimise the allocation of cultural resources through market forces and boost the cultural development in the Pan-Pearl River Delta Region. The most urgent task at hand is the innovation of the industrial system. We think that the task should start with the following five aspects. The first one is the innovation of ideas and the establishment of the concepts of 'win-win' and 'synergy'. The second one is the innovation of the market and the establishment of an integrated regional cultural market. The third one is the innovation of systems and the development of a set of common rules and regulations that govern regional cultural development. The fourth one is co-operative innovation, which means utilising the power of private and industrial organisations for the integration of the regional cultural industry. The fifth one is the innovation of model, including the establishment of a systemised regional economic community.

The fifth is to establish a co-operation and coordination mechanism for industrial development with joint forces.

In our opinion, the allocation of regional cultural resources should be optimised mainly through market forces, with a view to maximising the interests of all parties and regions. A multi-level coordination mechanism should be established to promote co-operation and development in various forms. In order to strengthen the co-operation in the cultural causes and industry in the Pearl River Delta, the following tasks need to be accomplished by joint efforts:

The first task is to step up efforts to devise an overall development strategy. Based on the development plan for various types of cultural causes and industries, the key development sector in each region must be identified, in order to develop an overall plan for the mid- to long-term development of cultural industry.

The second task is to explore possible areas and approaches of cultural co-operation. Our current key co-operation areas include: firstly, the production of literary and arts products and their spin-offs; secondly, the nurture and training of different kinds of management talents for the cultural sector. The market economy in Hong Kong and Macau provide mature experience for nurturing the talents who are urgently needed for the development of cultural industry. The third area is joint efforts in organising cultural festivals and performances. The fourth area is co-operation in competing in the international cultural market with the strategy of 'Go Global'; the fifth area is the co-operation and exchange in terms of cultural information and resources.

The third task is to build a fair, competitive, unified and regulated cultural market with proactive efforts. There must be equal market access, taxation policy and market regulations for all entities in the cultural market. Great efforts should also be made to promote the total and multi-level exchange and co-operation among the government, corporations and the general public, improve the consistency and co-ordination between cultural policies, remove market barriers, and develop a mechanism for the overall management and operation of the cultural market, which would be applicable to an integrated Pan-Pearl River Delta.

PAN-PEARL RIVER DELTA AS CULTURAL FLAGSHIP

The fourth task is to accelerate the establishment of the various cultural factor markets. The prosperity of the cultural market depends on various cultural production factors, including capital, technology, equipment, labour and patented cultural resources such as scripts, originality, programmes, brand names and trademarks etc. Effective operation of the cultural factors market will attract large number of cultural corporations to establish bases in the Region. This will turn the Pan-Pearl River Delta Region into the centre of cultural business, the base of national cultural production and service, and a hub for the deployment of cultural resources.

China is a world-famous ancient civilisation. She has influenced the world and its history with her charming oriental culture. We firmly believe that, in the 21st century, under the leadership of the Party's Central Committee with Hu Jintao as the General Secretary, and the guidance of the important Three Represents Theory, the intelligent, aspiring and cultured Chinese people will make a vibrant cultural scene and develop a strong, competitive and leading cultural industry. As long as we and our fellow cultural leaders in Hong Kong take the pulse of the cultural development, vigorously strengthen regional cultural co-operation, make full use of regional cultural advantage, accelerate linkage between cultural industries, continue to

promote the innovation of the industrial system and join hands in promoting industrial development, the Pan-Pearl River Delta will definitely succeed in becoming a cultural flagship, and China's cultural industry will certainly rise to be one of the strongest cultural industrial powers in Asia, if not in the world. China's cultural industry will become an important force for promoting globalisation of economy and progress of civilization. Thank you very much for your listening. Your advice or comments will be much appreciated. 

MS LOLLY CHIU: Thank you! Let us welcome **Mr Cao Chunliang**, Director General of Guangdong Provincial Department of Culture.

PROSPECTS OF GUANGDONG CULTURAL INDUSTRY

MR CAO CHUNLIANG: Respected Dr Ho, fellow delegates and colleagues, it is my great pleasure to participate in the Asia Cultural Co-operation Forum. I am honoured to present you the development of cultural industry in Guangdong Province.

According to *The Cultural Blue Book: Report on the Development of Cultural Industry in China 2004*, the cultural consumption of the Chinese urban and rural population in real terms will reach RMB776 billion in 2005 and RMB2.946 trillion in 2020. The prospect of cultural industry is attractive.

The good prospect has also been supported by the cultural development in Guangdong since the reform and open-up of China. An intersecting and comprehensive cultural industry system has taken shape in Guangdong. According to incomplete statistics from cultural departments in Guangdong, the number of the cultural industry institutions within the functions of the cultural departments in Guangdong Province reached 20,702 by 2003, the number of practitioners was 182,700, and the total output reached RMB9.43 billion, ranking top in the whole country.

From a broader cultural sense, and according to the 2003 statistics compiled by the Guangdong Provincial Bureau of Statistics pursuant to State statistics requirements, the additional value created by the cultural and related industries in Guangdong Province was RMB95.456 billion, accounting for seven percent of the GDP. Its rate of contribution to the GDP growth was 7.8 percent and it brought about a 1.1 percent growth to GDP. Its economic aggregate has exceeded that of the transportation and warehousing industry and the social service industry. Its influence on the national economy of Guangdong is beginning to show.

Of course, this is just the beginning. In recent years, we have taken a series of measures to promote the development of the cultural industry.

The first measure is to accelerate the system reform so as to optimise the allocation of cultural resources.

The Guangdong Provincial Department of Culture is carrying out a system reform designed to integrate its cultural resources and restructure its cultural industry. It includes the establishment of Guangdong Xinghai Performing Arts Group by merging the Guangzhou Symphony Orchestra, Guangdong Xinghai Concert Hall and Guangdong Modern Dance

Development Co. Ltd., which was a recent joint-venture with Hong Kong. The Group will have tangible assets of RMB450 million and good assets without any liability. It will also own famous cultural brands and various systems. We have also consolidated the existing resources of the Guangdong Opera Theatre and the Guangdong Cantonese Opera Academy to form an industrial group with complementary strengths, strong market development ability, zero liability and good assets of RMB314 million.

As to the non-profit-making cultural causes, we have established a province-wide mobile library network headed by the provincial Zhongshan Library. A provincial library service network is under construction with the annual growth of 15 new mobile libraries. As for the provincial museum, a mobile museum network is being built and it will serve the whole province with over ten exhibitions per year.

All these show our vigour in expediting reform and the optimisation of cultural resources.

The second measure is to strengthen the protection of intellectual property rights so as to promote the development of the cultural market.

We hold the view that healthy development of the cultural market can only be ensured through protection of intellectual property rights. I want to take the audio and visual industry as an example. In 2000, 18 illegal CD production lines were cracked in Guangdong Province, triple the number in the previous year. That year, the sales of genuine audio and visual products reached a record-breaking RMB580 million. In 2001, 15 illegal CD production lines were cracked and the sales of genuine audio and visual products reached a record-breaking RMB830 million. In 2002, 13 illegal CD production lines were cracked and the sales of genuine audio and visual products reached a record-breaking RMB1.6 billion. As such, the Guangdong Province accounted for over 50 percent of China's total production volume and capacity in genuine audio and visual products, and over 70 percent of China's total sales volume.

The third measure is to develop cultural brand names that contribute to cultural economic growth.

Quality cultural brand names will become a new source of growth in the cultural economy. In recent years, our province has organised the 'New Year Concert', 'New Year Guangdong Opera Gathering' and several others. I will not mention all of them here. The province and the cities have established their own quality brands, which have become famous and effective. The output value of the 2003 New Year Concert alone reached RMB1.7 million.

The first China International Exposition on Audio-Visual Industry, jointly organised by the Ministry of Culture and the Guangdong provincial government, was the largest and most significant audio and visual expo ever in China. The exhibitors included over 220 companies, among which were the world's five largest record companies. According to incomplete statistics, a total of 34,000 co-operation or transaction intent were made between the exhibitors and visitors, involving over RMB1 billion in total.

We also believe that the Shenzhen International Cultural Industry Fair to be held a few days later will also become an effective cultural brand with far-reaching impact.

The fourth measure is to expand the scope of co-operation so as to build a platform for the development of cultural industry.

Since 2002, the cultural authorities in Guangdong, Hong Kong and Macau have strengthened inter-governmental co-operation on cultural issues. In 2003, the Pearl River Delta Cultural Information Net was launched by the joint efforts of Guangdong, Hong Kong and Macau. In recent years, we have also organised several other activities like the successful Guangdong-Hong Kong Youth Cultural Exchange. At present, about 30 joint programmes are in progress.

“ **Cultural groups in Guangdong participate frequently in cultural exchange activities overseas, such as various 'cultural weeks' and 'cultural years'...** Through these activities, they have extended their influence. ”

By late 2004, the Guangdong Province established a joint conference system for cultural co-operation in the Pan-Pearl River Delta, together with the eight provinces of Fujian, Jiangxi, Hunan, Guangxi, Hainan, Sichuan, Guizhou and Yunnan, as well as the Special Administrative Regions of Hong Kong and Macau. Preliminary decisions have been made regarding several cultural co-operation projects including a performance coordination network. Last month, the joint exhibition of cultural treasures from the Pan-Pearl River Delta, and the exhibition on the Chu heritage from Hubei, a joint effort by Guangdong Province and Hubei Province, were highly successful.

The fifth measure is to promote cultural exchange so as to stimulate cultural consumption.

In recent years, Guangdong has topped the country in overseas cultural exchanges, in terms of the number of both groups and individuals. The annual average number of groups has reached nearly 1,000, and that of individuals has reached 13,600, involving over 60 countries and regions, and establishing cultural connections with over 120 countries and regions. Cultural groups in Guangdong participate frequently in cultural exchange activities overseas, such as various 'cultural weeks' and 'cultural years' – I am not going to mention every one of them. Through these activities, they have extended their influence. By introducing excellent cultural and literary programs and exhibitions from overseas and other provinces, we have also stimulated cultural consumption of the general public, and promoted the development of the cultural market. According to incomplete statistics, an average of 70 to 80 performances are being staged in different parts of Guangdong Province everyday.

CULTURAL INDUSTRY FOR ALL

The sixth measure is to lay a solid foundation for the cultural industry by developing community cultural activities.

Sizable squares, which can be used as venues for cultural activities, can be found throughout all urban and rural areas in our province. They have become excellent venues for community cultural activities, which have been carried on for years. We have over 1,800 community cultural centres to organise performances for the public. They constitute a solid foundation for the development of cultural industry. Such a foundation has enabled us to achieve excellent results in the annual 'Star Prize' awards, the most prestigious in the area of public culture in China. For example, this year we have 32 entries that are successfully admitted into the finals; five of them awarded the 'Star Prize'.

The seventh measure is to enhance cultural productivity with high-quality arts products.

The large-scale dance drama *Feng Yu Hong Mian* of the Guangdong Song and Dance Theatre won the Wenhua Jiang and seven other single prizes in the seventh China Arts Festival and the 11th Wenhua Jiang, being the first ever Wenhua Jiang won by Guangdong Province. In recent years, Guangdong has also produced a large number of drama programmes, such as *Shisanhang Shangren*, dance drama *Xinhai Huanghe*, ballet *Mei Lanfang*, Cantonese opera *Tuo Ge de Qi* and *Junzi Qiao*, and folk song opera *Deng Lang Mei* etc. They have all achieved good social and market effects, and are successful experiments in the development of cultural productivity.

The eighth measure is to perfect the policies, laws and regulations to regulate and protect the development of cultural industry.

ESSENTIAL POLICY REFORM

We believe that the development of cultural industry will be impossible without the protection of laws and regulations. We have prepared policy documents like *Outlines of Development and Planning of Cultural Province in Guangdong*, and *Certain Supplementary Economic Policies on Strengthening the Cultural System Reform and Building a Major Cultural Province*. At the same time, *The Budget for Cultural Programs Needing Support in the Eastern and Western Flank Areas of Our Province during the Eleventh Five-year Period* has been drafted. *The Regulations on Cultural Facilities in Guangdong Province* has also been drafted and submitted to the provincial people's congress. In addition, preliminary legislation work for *The Regulations on Protections on Historical Cultural Cities in Guangdong Province* has been conducted.

At present, all large, medium and small cities in Guangdong are planning, designing and building various cultural facilities. The construction of a new provincial museum, which costs RMB900 million, will start next month. The construction of the Dongguan Grand Theatre, which costs RMB600 million, and the Zhongshan Cultural Centre, which costs RMB400 million, will be completed next year. Moreover, many other projects will commence or be completed within the next few years. We are realizing our plan to develop Guangdong into a major cultural province. We have laid the preliminary groundwork for the development of our cultural industry. The progress is encouraging. There will be further room for future development. We look forward to making joint efforts with you or other partners in the wider region. We also hope to learn from more advanced experience, so as to push forward the development of cultural industry in Guangdong. Thank you! 

MS LOLLY CHIU: Thank you! May I now invite **Mr Zhang Zhongyan**, Director General of Sichuan Provincial Department of Culture?

CULTURAL INDUSTRY IN SICHUAN

MR. ZHANG ZHONGYAN: Dr Patrick Ho, all delegates! I am very pleased to have this opportunity to come to Hong Kong to broaden my horizon, and talk about the present conditions and development plan of the cultural industry in Sichuan.

“ *With the Western China International Expo and Conference on Cultural Industry as the platform, Sichuan sees improving capability of branding planning, marketing in cultural industry, and attracting foreign investment.* ”

In November 2002, the proposition of developing cultural industry was written into the report of the 16th National Congress of the Communist Party of China as an important item. It is the first time that the State explicitly elaborated the positioning of cultural industry development among the national strategic goals. Thereafter, cultural industry of China entered a new stage, which is full of hopes and challenges. Sichuan is a big province in western China. Following the furtherance of reform and opening, there is a growing understanding of cultural industry throughout the province. With basic organisations and institutions being set up and operation and management capabilities enhanced, the role of cultural industry in the social and economic life of the province has become increasingly prominent. According to statistics, the number of operating units in the cultural market of Sichuan totalled over three billion in 2002; the economic resources held in the provincial market of cultural industry touched RMB23.33 billion and the gross income was RMB11.3 billion, representing 4.5 percent of the gross industrial output value of the whole province in that year; the tax payment made by the provincial cultural industry reached RMB659.683 million, representing 2.9 percent of the tax income of the provincial government. It can be concluded that cultural industry has become an important source of tax revenue in our province. The development of cultural industry in our province has the following distinctive characteristics:

SICHUAN EXPLORING OPPORTUNITIES IN CULTURAL MARKET

Firstly, a market-oriented cultural industry service system has taken its initial shape comprising cultural entertainment industry, performing art industry, film distribution and cinema industry, the education industry, cultural tourism, and publishing and information services.

Secondly, the traditional pattern for state-run cultural undertakings has been disrupted. There is a surge of enthusiasm in the community to engage in cultural undertakings, and private cultural enterprises are developing rapidly.

Thirdly, there is an emergence of cultural groups or companies which are market-oriented and engage in mass production with modern methods.

Fourthly, cultural products are produced, distributed and consumed by means which are more technologically advanced and modernised, hence an improved competitiveness of the cultural industry.

Fifthly, with the Western China International Expo and Conference on Cultural Industry as the

platform, Sichuan sees improving capability of branding planning, marketing in cultural industry, and attracting foreign investment.

Currently, the cultural industry in Sichuan is still in the initial stage of exploration. Now I would like to talk about the main obstacles in the development of our cultural industry:

1. There is a lack of knowledge in the attributes of cultural industry, and theories lag behind practices;
2. Reform of cultural systems is outdated;
3. The scale of cultural industry is small; the total input is insufficient; the investment channel is unitary. There is a lack of policies, laws and regulations to encourage and attract private capitals to participate in the development of cultural industry;
4. There are obvious human resources and technological constraints.

Therefore, in developing the cultural industry in Sichuan, it is imperative for us to work out promptly how to develop cultural industry properly and implement management methods which have been proved effective.

To achieve cultural industry development, we intend to start with the following tasks:



The first task is to properly handle several pairs of relations in developing cultural industry.

First, it is the relation between social benefit and economic benefit. The social benefit and economic benefit in cultural industry are integrated. They supplement each other and are both indispensable;

Second, it is the relation between cultural undertaking and cultural industry. The development of cultural industry can promote the prosperity of cultural undertakings, which will in turn drive the continuous growth of cultural industry;

Third, it is the relation between a flourishing cultural market and enhanced management. The cultural market is the platform for developing cultural industry. In developing the cultural market, we should continue to rectify and regulate the market and strengthen its management.

MODERNISATION OF THE CULTURAL SYSTEM

The fourth relation is that between resources use and heritage protection. We should put

heritage protection in the first place in developing and using resources. We cannot afford to destroy the cultural and historical resources.

The second task is to launch a reform of the cultural system and to foster innovative ideas.

“ We should improve our system for managing and utilising talents, establish a regulated mechanism for talents transfer based on remuneration and for free mobility, permit and encourage talents with independent intellectual property rights to establish cultural enterprises, hold corporate shares, and benefit from profit sharing, so that their values can be fully realised. ”

The government should first progressively undergo further changes of its function from one of operating cultural undertakings to one of administrating them. The government shall truly separate governmental functions from enterprise operation, governmental matters from business affairs, and administration from entrepreneurship.

Secondly, to accelerate the system reform of state-owned cultural enterprises by establishing a modern enterprise management mechanism, which shall be based on a separation of governmental functions from enterprise operation, clearly-established ownership, well-defined power and responsibility, and scientific management; by promoting the corporatisation, regularisation and diversification of the cultural industrial subjects; by transforming the small, disperse, and single economic pattern through assets restructuring, transfer of property rights and structural adjustment; and by inter-regional and inter-industrial expansion and mergers. Then we can enhance our competitiveness, creativity and adaptability.

Thirdly, we plan to break the pattern of monopoly of cultural undertakings by state-owned enterprises, permit and encourage private capital to participate in cultural industry, promote the injection of greater amounts of external capital into cultural industry within the framework of the WTO agreements, encourage them to develop positively within the scope permitted and, at the same time, strengthen regional co-operation.


The third task is to promote technological progress in cultural industry and to foster large numbers of creative talents in the cultural industry. An imaginative, creative and individualistic human capital and an ability to produce and distribute cultural products with high-tech means are pivotal to the speedy development of cultural industry. We should improve our system for managing and utilising talents, establish a regulated mechanism for talents transfer based on remuneration and for free mobility, permit and encourage talents with independent intellectual property rights to establish cultural enterprises, hold corporate shares, and benefit from profit sharing, so that their values can be fully realised.

Our fourth task is to create a market environment propitious to cultural consumption. We intend to strengthen the guidance to consumers, foster the good cultural tastes of customers and improve the standard of their cultural consumption products and services. Also, we need to rectify and regulate the cultural market, protect intellectual property rights, protect and stimulate cultural originality, expedite the establishment of a sound legal system and the rule of law, so as to form a market regime based on systems and laws.

DISTINCTIVE SICHUAN CULTURE

The fifth task is to develop cultural industry with our own characteristics based on our advantageous cultural resources. Sichuan, a big province with abundant cultural resources in China, boasts Dujiang Weirs, Qingcheng Mountain, Emei Mountain, Leshan Giant Buddha, Jiuzhai Gou and Huanglong Natural Reserves, which are listed as the world's natural and

cultural heritage by the United Nations. It also has 333 heritage sites placed under state-level or provincial-level protection, such as the Sanxingdu, the Jinsha site, Du Fu's thatched cottage, Wuhou Memorial Temple, Deng Xiaoping's former residence etc. There are 53 historical and cultural famous cities under state- or provincial-level protection. In addition, Sichuan boasts multitudes of ethnic and folk cultures with distinctive characteristics. The Sichuan Opera, a jewel of traditional Chinese operas, carries high prestige both at home and abroad. The Yi torch festival and the Zigong lantern festival have established their own branding. Sichuan cuisine and embroidery are also well-known in China and overseas. We should fully explore and use our advantageous resources, develop a culture with its own characteristics, establish a cultural industrial chain with reasonable structure and distinctive features, create famous cultural brands with our provincial characteristics and penetrate the international market.

Your comments on my humble opinion will be greatly appreciated. Thank you! 

MS LOLLY CHIU: Please join me in welcoming **Mr Ma Shaoqing, Director General of Gansu Provincial Department of Culture.**

DISTINCTIVE CULTURAL INDUSTRY IN GANSU – IDEAL PARTNERSHIP IN CULTURAL COLLABORATION

MR MA SHAOQING: Respected Dr Patrick Ho, and fellow delegates, hello! First I want to extend my thanks to Dr Patrick Ho, Secretary for Home Affairs of the Government of Hong Kong SAR, for his kind invitation, which gives me the opportunity to come to Hong Kong and listen to the excellent speeches delivered by so many colleagues, and new and old friends. My speech has three parts, namely the advantages, difficulties, and prospects in developing Gansu's distinctive cultural industry.

OUR ADVANTAGES

Located at the geographical centre of China, Gansu, one of the important cradles of the Chinese nation, has been the most dynamic place of cultural exchange, integration and development between various nationalities since ancient times. The splendid cultures created on this land by our ancestors have provided abundant resources for the present development of Gansu's distinctive cultural industry.

The world-famous Mogao Grottoes in Dunhuang is listed as a UNESCO world cultural heritage for its majestic presence, broad cultural connotation and magic cultural charm. The Dunhuang study has also become an famous international area of study; the Dunhuang City has been a tourist city with international prestige; the Dunhuang Academy, as the research centre for the Dunhuang study having solid resources for maintenance and protection of cultural relics, has plenty to contribute to the provision of cultural facilities, maintenance and protection of cultural relics and development of cultural tourism projects. The Silk Road traverses Gansu. The Hexi Corridor which was once the golden junction between the East and the West in political, economic and cultural exchanges and integration, is dotted with relics of the Great Wall, grottoes, ancient sites, and natural scenery. As a prime tourist route in the world, it has good prospect for developing its distinctive cultural tourism. Fuxi is one of the

“ *The ethnic and folk cultural industries in Qingyang, including perfume bags, embroidery, shadow puppet and paper-cut, have become a highlight in the Gansu cultural industry, gaining significance both at home and abroad.* ”

founding fathers of the Chinese civilisation and Fuxi culture was one of the origins of traditional Chinese culture. A project for developing and creating Fuxi culture has commenced in the 'Native Place of Fuxi', which is located in Tianshui of Gansu. The project was named by the organising committee of Huaxia (China) Culture Bond Project as one of the four major projects. Meanwhile, the provision of Guataishan Ancestral Culture Zone offers great cultural industrial business opportunities. The Linxia Hui Autonomous Prefecture, also called 'Little Mecca', attracts tens of thousands of tourists every year with its Islamic features. There is an abundance of rare fossils of ancient organisms. There is also the folk song *Flower* with distinctive characteristics of western China. And there is great room for developing characteristic tourism, cartoon production, science popularisation and related publicity, theatre arts, and so forth. The famous Labrang Monastery of the Gelu Sect of Tibetan Buddhism, located on the grassland of southern Gansu, is an important treasure house of cultures and arts in the Anduo Zang District. It houses many precious historical and cultural relics, and a wealth of information on the Tibetan medical science, the Buddhist music, Fa Dance (a kind of religious dance) and the ghee sculptures, which provide a solid foundation for cultural exchange. Qingyang, located on the Loess Plateau in eastern Gansu, is a place where distinctive folk culture in the Chinese agricultural society prevails. After several years of development, the ethnic and folk cultural industries in Qingyang, including perfume bags, embroidery, shadow puppet and paper-cut, have become a highlight in the Gansu cultural industry, gaining significance both at home and abroad. Jiayuguan Pass, located at the western end of the Great Wall of China, with its Fort, the 'hanging arm' section of the Great Wall, the frescos in Wei and Jin Dynasties, the Qiyi Glacier and the gliding base, are examples of the fledging characteristic of cultural tourism, and there is good potential for further development 'Gansu is the birthplace of operas.' Its excellent achievements in modern culture and arts, as epitomised by dance dramas like *Rain of Flowers on the Silk Road* and *Dream of Dunhuang*, have attracted the attention of the Chinese and foreign arts sectors. Especially, the national dance drama *Rain of Flowers on the Silk Road*, with over 1,300 performances in both China and overseas during the past 20 years, has been praised as the Chinese dance classics of the 20th century. We entered into co-operation with Wuliangye Group this year. Such co-operation between a cultural institution and an enterprise is a pioneering example across the nation. In the forthcoming Shenzhen International Cultural Industry Expo, *Dunhuang Rhyme*, another dance drama of our province featuring Dunhuang with musical accompaniment, will be performed. These superb programmes from Gansu deserves careful attention in relation to cultural exchange and industrial operation. They can enhance the existing repertoire through giving them a new face, thereby expanding both the domestic and overseas market. New elaborate dramas, on the other hand, can also be jointly created and rehearsed. Unique cultural resources and advantageous programmes with similar huge potential continue to emerge.

OUR DIFFICULTIES

For Gansu, a developing inland province in northwest China, rich in cultural heritage and distinctive cultural resources, to develop the characteristic cultural industry is our sure choice. Frankly speaking, we are facing some practical difficulties in doing so.

Firstly, we lack the necessary financial support for any large-scale development of the characcultural industry. Gansu is limited in financial resources. It is not realistic to invest heavily to develop cultural industry projects. Many promising cultural industry projects are

barred from commencement by funding constraint, resulting in idleness or waste of resources. Regarding the existing cultural industry programs, the capital input is limited, the scale is relatively small, the benefits are yet to be fully enjoyed, and successful branding is few in number.

Secondly, there is a lack of operational and managerial talents for sophisticated and high-level cultural industry. The development of cultural industry requires talents with strategic insight, foresight, a mastery of the intricacies of cultural industry and versatility with the rules of market economy. Gansu's current talents in cultural industry are far from being sufficient to meet the needs for development and there are relatively few channels for fostering talents. There is still a lot of work to be done in studying how to attract talents with projects.

OUR WISHES

Gansu's strength in cultural resources provides the impetus for our continuing efforts, but the existing difficulties are obviously restricting Gansu from developing cultural industry rapidly. When viewed from another perspective, our advantages and difficulties offer good conditions and opportunities for friends from all circles and interested parties to participate in Gansu's cultural industry. In order to accelerate and promote the development of Gansu's distinctive cultural industry, and to drive cultural operation projects towards industrialisation, scale management and high technology, the Gansu provincial government promulgated last month its ideas on further acceleration of cultural industry. The policy of the provincial government embodied the idea of cultural market economy and shattered the shackle of the planned economy system. It encouraged mixed ownerships, and participation by corporations, the public and individuals in the market competition of cultural industry. Therefore, in less than half a month after promulgation, the policy won the unanimous support from all public sectors and from the industry counterparts. The cultural resources of Gansu have great potential. Such potential will erupt dynamically only at a point when the economic conditions and social environment are sufficiently ripe. We hope that you will provide the impetus to activate such potential into benefits. With the unique sincerity and passion of the people in western China, Gansu welcomes people of insight from all quarters to focus their attention on Gansu, so that its strength in cultural resources can provide the opportunity and platform for our common development. We look forward to your participation in developing Gansu's cultural industry in various forms, such as project planning, capital investment, talent fostering, product development and market exploration. Gansu will be a stage for brilliant performance. Thank you! 

MR FONG NGAI: All cultural leaders, good afternoon! The afternoon session will now commence. In the morning, seven directors have made their speeches. Would any other directors like to take this opportunity to deliver a speech? Very good, let us welcome **Mr Jiang Gongmin from Beijing.**

BUILDING CULTURAL INFRASTRUCTURE AND POLICY ON SOLID ACCUMULATION OF CULTURE

MR JIANG GONGMIN:

Respected Dr Patrick Ho, officials of the Government of the Hong Kong SAR and my fellows in the provincial and municipal departments of culture, as the representative from Beijing, I would like to speak on the strategic options for cultural development against the background of the WTO membership. After her ascension to the WTO, China is expected to implement further opening policies not only in the economic but also the cultural field. Culture in today's world cannot be separated and independent from the economy. Instead, they have become more infused with each other. Economic globalisation will inevitably bring about exchanges, clashes and integration between different cultures. It is undeniable that some disadvantaged cultures have been challenged and hard-pressed by dominant cultures. Under such circumstances, what strategy should be adopted for cultural construction? And what supporting policy framework should be established to implement the strategy? Here I would like to share my personal opinion with all outstanding delegates.

“ *The real threat of the decline and disappearance of national culture comes not from the others, but from us. We must adhere to the excellent traditions of the national culture and take good care of our national culture. As Mr Sun Jiazheng said, 'Cultural creation is important. Cultural accumulation is valuable.'* ”

Firstly, we will adhere to a strategy of consolidating the foundation and fostering vitality. Everything is global as much as it is ethnic. The richness of human culture is a result of its diversity. The greater the distinctiveness and difference of a nation's culture from those of others, the greater its irreplaceability, and the greater the justification for its existence. The Chinese culture is one of long history and distinctiveness. It has an important place in the formation and development of human culture, and is very charming to all other countries and nations in the world. I want to take theatre art as an example. The world-famous Peking Opera has been known to and favoured by more and more foreign friends. Regarding the performance system, the *Shi* system, which is epitomised by Mei Lanfang, is described as one of the three great performance systems, along with the 'Stanislavsky system' and the 'Brecht system'. Meanwhile, the art of Kunqu Opera has been listed by UNESCO as the oral and intangible heritage of humanity. All of them are of inordinately high value in literature, aesthetics and history. Despite the development of global economy and integration of different cultures, it is impossible for these arts with unique and high achievements to be assimilated and replaced by any other culture. The real threat of the decline and disappearance of national culture comes not from the others, but from us. We must adhere to the excellent traditions of the national culture and take good care of our national culture. As Mr Sun Jiazheng said, 'Cultural creation is important. Cultural accumulation is valuable.' As the ancient people said, 'There will be no big river or sea without small streams, and a person cannot reach a destination a thousand *li* (a Chinese unit of length) away without reversing one step.' Culture can only reach a new height through day to day accumulation and on a profound foundation.

HISTORICAL BEIJING ON THE MOVE

Secondly, we shall stick to the strategy in which both traditional and modern cultures should be developed. Every city or region differs from others. Therefore, the strategy for cultural

“ *A culture without modern elements is not Beijing culture either. In Beijing's cultural construction, equal emphasis should be placed on inheritance and development, and equal importance should be attached to the traditional and modern elements. The perfect integration of the traditional and the modern elements is the unique criterion for the Beijing culture.* ”

development should be chosen according to their own characteristics. I would like to take Beijing as an example. Beijing is a historical and cultural famous city with a history of over 3,000 years, including 850 years as a capital. It was once the capital of the five dynasties of Yan, Jin, Yuan, Ming and Qing. It has an incomparable abundance of historical and cultural heritage, and a profusion of precious cultural relics. Therefore, the traditional culture has been an important constituent and outstanding characteristic of the Beijing culture, and it is also confirmed that the traditional culture is not the equivalence of the Beijing culture. To have dialogue and exchanges with all major cities in the world, it is not enough for Beijing to live with the traditional culture only. We should endeavour to create a modern culture by paying pinpoint attention to the frontline of the world's cultural development. We should develop cultural arts with advanced cultural ideas and production means. We should develop those incorporate the most excellent contemporary achievements from various forms of arts and culture, which are most likely to become the world's mainstream. A culture without modern elements is not Beijing culture either. In Beijing's cultural construction, equal emphasis should be placed on inheritance and development, and equal importance should be attached to the traditional and modern elements. The perfect integration of the traditional and the modern elements is the unique criterion for the Beijing culture.

Thirdly, we should adhere to the strategy in which offensive operation is conducted for the purpose of defence. Given the fierce competitions among global economies and cultures, it is infeasible to simply defend our position tenaciously all the time. The best result of tenacious defence is the intactness of status quo, and any erroneous move may transform a tenacious defence to retreat, and from retreat to a total rout. In face of the challenges from the arts and culture of other countries, we should adopt the strategy of taking the initiative to disseminate our culture, endeavour to expand the influence of Chinese culture in the world, and to explore the space for the survival and development of our culture, so that the Chinese national culture can be protected more effectively. We have been far behind our competitors in this respect. In the trade of international cultural services, our cultural import is far greater than our cultural export, and we have an unfavourable trade balance and heavy deficit. Regarding performing arts, we introduce a large number of performance and art programmes from various countries in the world, but only a few of our troupes are sent out. Among them, most are sent out under the programmes for governmental exchanges, and only a few are for commercial purposes. Among the latter, most of them enter the non-mainstream markets, with a few exception. Among the programmes which enter the mainstream markets, only a few of them achieve outstanding profits. Therefore, we must make efforts to let the Chinese cultural enterprises go global, and make the excellent Chinese arts and cultural products known to the whole world. Only with more of our cultural corporations going global, it will be more realistic for us to discuss how to protect and develop the national culture.

TO MAKE KNOWN TO THE WORLD

Fourthly, we should adhere to meeting change with change. If the national cultural corporations are to go global, national cultural products are to be made known to the world. We must carefully study the characteristics of demand and operating principles in the foreign cultural market. We should take initiative to accommodate foreign cultural markets, instead of waiting passively for them to accommodate us. In the past, our cultural corporations failed to go global and our cultural products failed to be made known to the world. This is mainly

because our knowledge and study of foreign cultural markets are both insufficient. Therefore, we feel that our operation methods are not able to accommodate those foreign cultural markets and the cultural products we provided cannot meet the demands of local consumers. The great success achieved by Beijing's Joshi Juni Gakubo ('12 Girls Band') in their concerts in Japan and America, and the satisfactory sales of their cultural products and CDs have given us suggestive inspirations. The secret of their success is that on the precondition of their adherence to their cultural tradition, they have made great efforts to follow the operational rules of foreign cultural markets in aspects such as management idea, operation methods and product packaging.

Fifthly, we should stick to the strategy of reforming systems and pursuing greater strength. The development of cultural industry cannot be separated from the main body of cultural corporations operating in the cultural market. The cultural industry is composed of lots of cultural producers and service providers. In order to strengthen our cultural industry, we must foster a stronger team of cultural corporations which possess larger operation scale, stronger economic strength and keener competitive advantages. In the current phase, special efforts should be made to foster a group of large state-owned cultural corporations which will play a leading role in the development of cultural industry. However, after a long period of planned economy, the majority of our country's cultural units belong to the government-funded non-profit system. They have not yet built up the concept of how to make market-oriented decisions, organise cultural production, and account input and output costs. Their capabilities in product planning, packaging, publicity and marketing are also poor. They lack professionals in management and operation who have knowledge in modern administration and operation ideas and good understanding of the market rules, operation methods and status quo in the current international cultural market. It is obvious that the government-funded non-profit system has fettered the development of cultural productivity, and cultural units that depend on such system find it difficult to develop their cultural industry. Therefore, cultural units which have good market prospects and are capable of industrialised operations should transform their corporation models and reform their systems, or transform the latter while reforming the former. As such, these cultural units can attain considerable incremental capitals. They can also shift their relations with the governmental departments. They can now introduce advanced management methods and operation ideas and place themselves in the market to accept the challenges posed by the market competition. They can bring themselves into the operation mode of industrialisation to further develop themselves to be a new force with effective strength in the development of cultural industry.

“ ***Equal treatment to the foreign and non-governmental cultural units should be the important principle in our management of the cultural market. This principle will favour a comprehensive development of cultural productivity.*** ”

ENHANCE CULTURAL PRODUCTIVITY

Sixthly, we should adhere to the strategy of making the industry stronger by utilising people's strength. During the long period of planned economy, state-owned units dominated the entire cultural industry. After the reform is initiated, non-governmental capital has gradually entered into the cultural industry. However, these non-governmental cultural units are not in equal terms with those funded by the government. This situation is not favourable for mobilising social capitals and encouraging people's enthusiasm in participating in the cultural industry, thus restricting the development of the non-governmental cultural units. Equal treatment to the foreign and non-governmental cultural units should be the important principle in our management of the cultural market. This principle will favour a comprehensive development of cultural productivity. In order to implement all the strategies above, we

should also establish an adaptive system of policy information. In order to consolidate the foundation, necessary protective and supporting policy should be carried out to protect the arts representative of our nation's excellent culture. In order to develop both traditional and modern cultures, related policies should be devoted to modern cultural industry with great potentials. As a proactive strategy, financial support should be granted to art programs with the intention to explore the overseas market and spread our traditional culture. In order to meet change with change, encouraging policies and supports should be given to those who are devoted in bringing about innovations in aspects of theory, system, operation, technology and art. In order to introduce reforms, more flexible supporting policies should be implemented to help cultural units to transform their system and reform their corporation models. In order to strengthen the industry by utilising people's strength, previous ideas should be completely changed so that non-governmental cultural units will be treated as equal to the state-owned cultural units. We shall establish a comprehensive system of policy information and carry out a scientific development strategy to promote the development of cultural industry and the prosperity of cultural construction. These are the important duties of the government's cultural administration departments and the far-reaching goals we shall endeavour to achieve under the advantage of our ascension to the WTO. We shall make every effort to keep the Chinese culture prosperous and everlasting. Thank you! 🌟

MR FONG NGAI:

Any other director would like to deliver his or her speech, please? If there is none, we would like to take this opportunity to make a brief introduction on the development of a cultural, entertainment and arts district in West Kowloon, Hong Kong. First of all, we shall show you two short videos. Then we shall invite Secretary for Home Affairs to make a speech introducing the underlying idea. Please show the videos now.

(video shown)

INTRODUCTION TO THE WEST KOWLOON CULTURAL DISTRICT

DR PATRICK HO:

All respected delegates! You have already seen our short video about the West Kowloon Cultural District. Tomorrow morning every one of you will have the chance to see what this piece of land is like. This land is a reclamation area. It is intact and its area was once 42 hectares. After Hong Kong's handover to the mainland, this piece of land, which lies in the west side of Kowloon and just close to the portal of our Western Harbour Crossing, is indeed a very convenient site in terms of transport and a very beautiful spot with its view of the



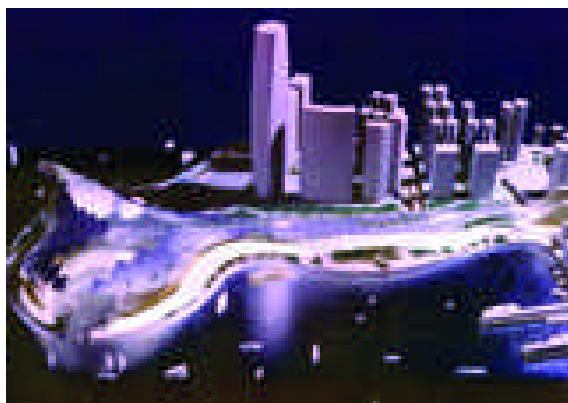
harbour. After Hong Kong's handover, we came across different opinions as to the development of this land. However, with his artistic insight and his vision, our Chief Executive Mr Tung Chee Hwa decided to use this land for the development of culture and arts. But at that time, the government of the Hong Kong SAR was faced with the Asian financial crisis, and the government fund was not sufficient. That is to say, at that moment, the

“ We shall place all arts facilities in the widest part, which is called the culture and arts zone. We call the strip in the middle as the entertainment zone, that is, the area for commercial entertainment. The last part is this piece of area which links with Kowloon and we call it the business zone, where skyscrapers can be built. ”

government had only the piece of land but no money in hand. In order to develop it, we needed to join hands with the commercial sector to work on it. Moreover, the government has never conducted such a large scale cultural planning project, so we hoped to borrow the experience and knowledge from the private sector to accomplish it. In 1999, we planned and held an international contest where we declared that the land was available and would be used for the development of culture, arts and commercial entertainment. Proposals were supposed to elaborate what the land would be like after its construction. We received over 150 proposals. Finally, after the screening made by our international panel, five excellent proposals were selected and the winning proposal, designed by the British designer Norman Foster, was accepted. He is also the architect who designed the HSBC headquarter and our airport in Chek Lap Kok. After full consideration, we finally accepted his proposal. What is his proposal about? In his proposal, there is a canopy covering half of the site. The highest point, the topmost point of the canopy is 130 metres high, roughly the height of a fifty-storey building. The lowest point of the canopy is 50 metres high, roughly the height of a fifteen-storey building. This canopy is similar to the cover of the Grand Theatre in Beijing and is also made of metal. Underneath the cover there is a microclimate design. Therefore, the space down below is another space, namely, the artistic space or the open space.

In summary, the piece of land is divided into three parts. We shall place all arts facilities in the widest part, which is called the culture and arts zone. We call the strip in the middle as the entertainment zone, that is, the area for commercial entertainment. The last part is this piece of area which links with Kowloon and we call it the commercial zone, where skyscrapers can be built.

Later on, we conducted some surveys in order to understand what facilities the cultural and arts circle would like to have. After we have summarised the information from the surveys, we set down the basic facilities that are required, which include a large theatre and two small theatres. Besides this theatre complex, there is a vast site for performances, which has a capacity of over 10,000 people. In addition, there is a museum cluster too, containing four museums of different themes. We have not determined which themes they should be but we have already had our preliminary suggestions. These four museums may include a museum of ink paintings, a museum of modern arts, a museum of design and a museum of moving images. These four themes are only proposals, not mandatory, but we insist there are four. The gross floor area of the museum complex must be over 75,000 square metres. In addition to the above, there is an Art Exhibition Centre with an area of over 10,000 square metres. There are also some piazzas. One of them is a piazza for ink paintings, which covers an area of one hectare. It will have a capacity of 5,000 people. In the piazzas we can also arrange some performances, or some ink film shows. There is a large artificial lake and in its middle there is a stage. Large-scale shows and performances can be performed there. Besides, there are some other piazzas big enough for performances such as Malaysian acrobatics. The other areas are left for the developers to make their profits. So the whole concept will be around this piece of land, in which we have standard culture and arts facilities. The developer has to construct these facilities, and it will be responsible for the operation for 30 years with his own money. Apart from this, it can build piazzas, commercial centres, hotels, residential properties and any other kinds of buildings as it wishes, as long as they are profitable. The profits it earns from such channels can subsidise the funds it puts forward for the construction and operation of the cultural and arts facilities. This is the whole concept of the project.



The most important achievement of this project is the realization of several kinds of co-operations. The first co-operation lies between arts and commercial entertainment. Usually commercial entertainment is profitable while arts sustains losses. So, the profitable one will subsidise the one with losses through co-operation. The second co-operation lies between hardware and software. When we read these reports or proposals, we pay

attention to how our hardware looks like, but we have more concern towards the software enclosed, namely the contents proposed to be put inside. So we study both the hardware and the software in the proposals. The third co-operation is that we join our culture and arts circle with our commercial sector through this project. Of course, the culture and arts circle is incapable of making this proposal, but the developers are incapable of operating all the details. Therefore, these two sectors should join hands to make things work. The third co-operation is the one between this district and other facilities we have had. Since this area will be a place with top-grade consumption activities, high-rank entertainment and commercial arts, it should supplement other cultural facilities, for example, the Hong Kong Cultural Centre and Museum of Art in Tsim Sha Tsui. Therefore, we do not suggest that the West Kowloon Cultural District will replace the arts facilities we now have, but that this District will co-operate with our existing arts facilities so that inadequacies on either side can be better supplemented. In this regard, the arts facilities we are developing at present or going to develop in future are not intended to replace the current ones. Therefore, the facilities of West Kowloon Cultural District will surely be top-grade, both in terms of commercial arts and entertainment. Generally, we hope the developer can make profit. The government will not be involved in the business of the developer itself. Nevertheless, the government will supervise and regulate the operation. Of course, fees cannot be charged as they wish, but have to be within the range which our citizens can afford. Then we will allow the developer to do its business. Regarding this aspect, we have also considered many different plans, but finally the plan by Foster was chosen. Where are we now? We are now in the phase of 'Invitation for Proposals'. We issued the Invitation for Proposals last year and received five proposals from five big consortiums, among which three could meet our basic requirements and two failed. We have gone through all the three proposals and then we are planning to conduct an extensive consultation. We hope them to improve their proposals after the consultation and come back with their revisions before we make our final decision. We hope that achievements of the proposal can be witnessed at the beginning of 2011 and the whole project is expected to be completed by 2013. Now please allow Mr Fong Ngai to explain to you the current development.

MR FONG NGAI:

Thank you, Dr Ho. Dr Ho has clearly elaborated the idea behind this project and now I would like to present to you its outline in detail. This West Kowloon Cultural District will represent a dynamic artistic stage for our future. It will be a good example in urban design and a gathering place for local and international artists. In order to enhance Hong Kong's status as a city of culture, we hope that it will become a unique architectural and cultural landmark and a tourist spot so that it can encourage the

public to take an active part in cultural and arts activities. We also hope that it can stimulate creativity, help to foster local artists and promote the development of local creativity industry. We shall also provide financing and operational services for these culture and arts facilities, and improve the long-term partnership among private corporations, the community and the cultural and arts circle. The last point, which is also a very important one, is that we hope this project can create employment opportunities and bring about overall economic returns. These key facilities basically include the three theatres just mentioned, with the capacity of 2,000, 800 and 400 seats respectively, a performance stadium with a minimum capacity of 10,000 seats, a museum cluster which consists of four museums and covers an area of 75,000 square metres, an Art Exhibition Centre of 10,000 square metres, a water amphitheatre with a minimum capacity of 5,000 seats, and four piazzas covering an area of approximately 30,000 square metres. We hope that an area of 20 hectares (roughly 200,000 square metres) can be provided by this District for public use. Regarding the development, operation and maintenance of these facilities, we stick to the principle of 'people-oriented, community-driven and the partnership established between private organisations and artists'. It has been mentioned that the District is a waterfront site of about 40 hectares at West Kowloon. Last September, we issued a global invitation for private organisations to propose for the construction and operation of these core arts and cultural facilities. Other commercial and residential buildings in the district will be entitled to a 50-year land grant. They need to construct, operate and maintain this place and these facilities. In addition, we hope to take this opportunity to improve the partnership between private organisations and our local and international cultural and arts groups. In the current stage, we are conducting public consultation. Only after the public opinions have been considered can we make our final decision to choose the best proponent.

We have just mentioned that there are five proposals. The screening in the first phase has finished and the three selected proposals will be put in our open consultation next month. The information of these proposals will also be exhibited to the public. I am not going to plunge into these details. What we are doing at present is mainly to examine the preliminary plans for the overall development of these core arts and cultural facilities and other land to be used, and the facility and layout of the concept, so as to judge whether this is the best method. We shall also study their proposals in aspects of operation, maintenance and management. Lastly, we shall take into consideration the proposals' financial suggestions and see whether they have financial commitment and whether they are financially capable of accomplishing the project. In addition, their risk management and their stability on a long term basis will be considered, too. We shall judge their proposals upon these standards and then we shall take the public opinion for reference to choose the shortlisted proponents. We shall then negotiate with them to decide on a general outline, and finally we shall fix on a developer we have chosen. The reason why we would invite the market to participate in the development of this project is that through its participation, we hope to enhance our innovation in financing, construction and operation methods and increase our efficiency by employing the latest technology and leading-edge facilities in construction, such as the canopy as a kind of cultural and arts facility and automated people mover, etc. We hope to base the diversified land use on commercial viability. We also hope that the enormous start-up capital for investment can be shared and the commercial sector, which has the smallest management risk, can undertake this risk. Besides, we hope partnership between the private sector and cultural and arts groups will be strengthened. Lastly, we hope to increase competition in the cultural and arts services so that our citizens can have more choices. It is our hope that the West Kowloon Cultural District can benefit our citizens. The District can be established as a local landmark to display our culture and provide an additional leisure venue. It can enrich our cultural life, facilitate participation of local cultural and arts organisations and provide more choices for lovers of art. It can also beautify our waterfront environment and attract more tourists from other places, especially the mainland tourists. The project

can also create job opportunities, particularly positions in construction and operation of the cultural and arts facilities. Although we do not have adequate performance venues, especially large performance sites, we hope we can have our West Kowloon Cultural District in seven years' time. Thank you!

Please raise questions about the project if you have any.

MR MU DUANZHENG: Dr Ho mentioned in his presentation that the Cultural District will be developed together with some commercial development. Well, since the project is definitely a cultural project, the government must have very specific standards and requirements for it. Many facilities have been mentioned. Well, if such is the expectation, how big will the investment scale be in the future? I have missed something about the planning of a commercial zone, and I want to ask what is the approximate proportion of the commercial zone in the whole project?

DR PATRICK HO: These cultural facilities will account for one-third of the total development and the remaining two-third of the District is for commercial and profit-making. That one-third of the area is for us. Therefore, the financing will also be in the same proportion. The total cost of the project is about \$40 billion in total. However, if our government is the one to pay for the construction of these facilities, we shall need about \$15 billion.

MR MU DUANZHENG: Does it mean that the government will also invest directly?

DR PATRICK HO: I am afraid not. The government will only offer the land, no money will be given. We may even have revenue, but it has not been decided or agreed yet.

MR MU DUANZHENG: The five organisations you have just mentioned have put in their tenders, right?

DR PATRICK HO: That's right. There are five organisations at present.

MR MU DUANZHENG: Any of them comes from the mainland?

DR PATRICK HO: No.


MR MU DUANZHENG: Are all of them from Hong Kong or international?

DR PATRICK HO: Perhaps some are international, but they also bid through their partner, a local partner in which they have invested. There may be some foreign investments behind them.

MR FONG NGAI: This project is huge. After we disclosed the latest information recently, it aroused much discussion in the society. Since the project is really huge, many opinions, though widely divided, are received from the cultural and professional sectors. As such, we are now holding a transparent public consultation as a way for the public to see the details of the proposal as well as to express their views. And then, the government will decide on the developer and go through the details with it. We are still conducting the consultation now. If there is no further question, let's take a break for 15 minutes.

DR PATRICK HO: Also I would like to take this opportunity to show you the Government House, which was the residence and office of former governors of Hong Kong. Its name in Chinese has changed from *Zong Du Fu* to *Li Bin Fu*. When was it built? It was built in 1851 — nine years after the

British colonisation began in 1842. At that time, it was where the governors lived and worked and served as his administration centre. Twenty-five out of the twenty-eight former governors of Hong Kong lived and worked in this building, except during the Second World War, when it was occupied as the headquarter of Japanese military; and they built a Bell Tower beside it, which is still there. After they had left, we renovated it. Before the handover to China, we renovated it again. That means we renovated it twice in total. Now, our government has classified it as a declared monument according to *Antiquities and Monuments Ordinance*. The first floor where you are now is a ballroom, where Mr Tung Chee Hwa, Chief Executive of Hong Kong, holds banquets for President Jiang Zemin and leaders of other countries. However, we do not officially call them state banquets since Hong Kong is not a state. We simply call the place 'The Ballroom' instead. Moreover, since there is a SAR emblem in the room, it is a place where we usually organise prize-giving and medal-conferring ceremonies.

Besides, we reserve this place on three Fridays of each month for open booking from charity organisations to hold fundraising activities and social activities. Apart from this room, I ask them to open other rooms, including one drawing room, one study room, and one dining room, which are still in use. There is a beautiful garden at the back. It is open to the public five times a year. When azaleas are in blossom, it is very beautiful. The public is allowed to visit Government House on Sundays when they can take photos and play with their children. You can take a look around. The upstairs is the residence of former governors. We are sorry that it is a closed area and not open to the public because there is not much room to walk around. So we can only use this floor. We have a basement here where some staff members work and live. Now, let's go outside and have some tea and you may walk around as well. 

MR. FONG NGAI: In the morning, many of you mentioned the development of cultural industry in your speeches. At the beginning, Professor Hu Huilin said that the then Premier Zhu Rongji proposed in his 2002 Government Working Report to promote the development of cultural industry, and regard this as an important strategic measure to further solve the structural conflicts and institutional obstacles in the national economic development. Shanghai representative said that this cultural development should be market-oriented. The governmental function and measures as well as the operation of culture should be adjusted accordingly. Jiangsu representative said that we should establish national cultural brands and develop cultural tourist resources. Anhui representative talked about how to develop our own cultural brands and explore both domestic and foreign markets. Jiangxi representative said that we should strengthen regional cultural cooperation and bring about the matching of culture industries. Guangdong representative said that we need to speed up the reform of cultural industry structure and enhance the protection of intellectual property. Sichuan representative said that we should create a market environment facilitating the stimulation of cultural consumption. Gansu representative said that we should convert quality cultural resources to a platform for common business development. Beijing representative said that the cultural industry of China should increase its market share in the world cultural market and actively seize the development opportunities of international cultural market. I have just summarised the speeches in the morning. We hope through this opportunity you could discuss freely and openly about the topic of cultural industry, cultural market, the study of Hong Kong Creativity Index we just mentioned, as well as the development plan of West Kowloon Cultural District. You are welcome to discuss all these topics. Please feel free to speak and respond. And now it is time for you to speak. Who would be the first one? Yes, please.

PEOPLE-ORIENTED CULTURAL CO-OPERATION PROMOTES MANKIND DEVELOPMENT IN NEW ERA

MR WANG HONGHUA:

I come from Chongqing Municipal Bureau of Culture. Good afternoon, President and fellows. From today's speeches, I have learned a lot about how I should see culture, especially about Asia cultural co-operation, as the topic of this forum is very clear. In this forum, the first question comes up to me is how precisely Chinese government has grasped the topic of mankind in the 21st century when entering into this new era. The difference between this century and the past ones is that we have now more cultural interactions among countries, regions and peoples, which are mixed with political and economic interactions. I am deeply impressed by the organisation of the Year of French Culture in China starting this year, as I myself have led a team to France. For this co-operation, we send out a team to undergo a negotiation at the beginning of last year. This year, we went there to carry out the plan. The bureau director from Beijing led a large team, while we led a small one. But all of us could feel there is a need for cultural exchange in the contemporary world. As the reasons behind why we need cultural co-operation are clearly seen today, I do not think it is necessary for me to repeat it. However, I think what we need to discuss is how we could co-operate.

“ In the past, we tended to focus only on the culture in our own region, just like what happened in Chongqing. I used to think it would be enough for me to concentrate only on Chongqing's business. But now the focus is on how Chongqing should reach out and interact with other regions, it has in fact developed into a cultural exchange issue with three levels. ”

In the past, we used to concentrate only on our own region. In our administration area, such as Chongqing City, it covers an area of 82,000 square kilometres and has a history of 3,000 years, antiquities and monuments from Three Gorges area, and the fact that Wushan Hominid are proved to have lived in this area two million and forty thousand years ago. Such kind of history brings us back far away. Our research is limited in our political jurisdiction, and we only take care of our own business. However, in the 21st century, we can see everyday that culture is on the move, and it interacts with the economic globalisation. I began to study cultural issues against the background of economic globalisation. Some argue that there is cultural imperialism under economic globalisation, while some say that there is multiculturalism. The research led by the United Nations is about how different cultures from different peoples respect each other against the background of economic globalisation. I believe that the purpose of the Ministry of Culture of China and the Hong Kong SAR Government joining the forum is to discuss cultural co-operation, following this trend of history development. This very discussion, therefore, changes our views.

My points are: first, I believe there is an objective need that we should reach out. In the past, we tended to focus only on the culture in our own region, just like what happened in Chongqing. I used to think it would be enough for me to concentrate only on Chongqing's business. But now the focus is on how Chongqing should reach out and interact with other regions, it has in fact developed into a cultural exchange issue with three levels. We understand that the first level is the exchange among Chongqing and other cities of the country. The second level is the exchange with other regions, such as Hong Kong, where we have been to twice this year, although we do not come here often. In September, the Peking Opera *FengYu Lijia Ban* has been put on the stage of the Town Hall in Shatin, Hong Kong. The year before last, we organised an exhibition on antiquities and monuments of Three Gorges. This is the second level and we call it 'interaction with other regions'.

CULTURE IS MORE THAN SONGS AND DANCES

“ *The culture we are studying now is people-oriented, which could promote overall development of mankind. A society needs an integrated development, so as human. And if the integrated development is shouldered by a government, we will need a market principle. That is how cultural industry originates, develops and bears impact on social life.* ”


The third level is the culture exchange among different regions in the world, which in fact mainly in Asia. We have been to Japan several times this year, as well as South Korea and other regions in Asia. But we have also been to Europe, America and other areas. As such, I think it is really necessary for us to carry out this study. These exchanges have strong economic and political reasons. As to the question of how to conduct cultural exchange, we need to look at the objective of cultural co-operation as well as the cultural interaction we have just talked about. The objective of co-operation is to promote sustainable development for the world and every aspect of our life. Culture is more than songs and dances in a narrow sense.

First of all, we need to discuss how we should build a theatre. For example, in Chongqing, the government has proposed to build ten big cultural installations that involve approximately RMB6 billion dollars. All of these projects have to be commenced in the coming years, which show that the government and the whole society concern about this. But more importantly, culture does not only refer to creative activities within a restricted area, but is also very crucial to promote the progression of human civilisation. In the 21st century, while peace and development should be a global concern, the problem of war surprises the whole world. And then, there are problems caused by terrorism, of which the solution does not only rely on the negotiations among national leaders, but also the common understanding of all people. The common understanding is derived from their culture, the pursuit of happiness, peace and scientific development. This is an important objective for different cultures in the co-operation of the new century. The co-operation proposed by the Chinese government is people-oriented, and for the friendly and harmonious co-existence among China and other countries. Therefore, in the Year of French Culture in China, the two cultural giants shake hands at the beginning of the new century and show the world their cultures. While the theme of presenting Chinese culture in France is an historical, modern, and pluralistic China, the theme of exhibiting French culture in China is romance, humanity and development etc. All these activities are to show how different cultures co-operate. Other than the development of individual culture in a narrow sense, these activities give answers to many questions about the development of civilisation in the new century in a broader sense. This is my second point.

Here comes my third point. Cultural industry indeed is an issue we should not ignore, as important documents of the Chinese government have already mentioned. However, it is more than matter on paper, because culture, to the Chinese society, has already changed from a pure governmental investment, fine arts, and ideology, to a substantial physical force moulding human development. The speech given this morning by the representative of Hong Kong SAR mentioned several elements. One of them is human capital. Most of the content of human capital is composed of changes of human quality making up that culture. The input of culture to change the human quality is a very important concept of human capital. And now, every one may understand that the input of culture is not only a non-physical input, but also an input engendering strong power to promote economic development of a certain place. In the 1960s, Professor Theodore W. Schultz of the University of Chicago, the Nobel Prize Laureate, proposed that constant input within a certain time period could still result in rapid economic growth. He analysed the input and found the most effective element was the input of human resources, so he called human resources as a kind of capital. The culture we are studying now is people-oriented, which could promote overall development of mankind.

A society needs an integrated development, so as human. And if the integrated development is shouldered by a government, we will need a market principle. That is how cultural industry originates, develops and bears impact on social life.

Last, I would like to mention western China, where I am now living. It is not only the culture cradle of China and the root of Chinese culture, but also, in a certain sense, the highland of world civilisation. I must also add China is the only one of the four ancient civilisation origins that remains intact. With a continuous history, where is its root? It roots in western China. As such, when we are talking about Asia cultural co-operation in the 21st century, we highly value the culture of western China and I believe it deserves your attention. Today, Gansu representative gave us a splendid speech. I am awed by Gansu and Mogao Grottoes where grass can hardly grow, but somehow give birth to human beings, and even enchants the whole world. Please go and see. Look at the desert. Dunhuang City develops on the desert, just like today's Gansu develops from the yesterday's culture. Having a long history and non-renewable value of western China, this part of Chinese culture should be emphasised whenever we talk about cultural heritage or cultural industry development. If well protected under the national law on cultural heritage, it can be properly utilised. In this way, we could turn the cultural elements of history into a major component of our cultural industry nowadays by attracting the world to that remote and ancient area, which is full of human ancient civilisation.

I live in Chongqing, an important city along the upper basin of a large river of China. Yangtze River civilisation is as important to Chinese civilisation as Yellow River. The last point I would like to say is that we should put emphasis on the history and culture of western China. As a CPPCC member, I have been putting up a proposal for two years that we should build a 'cultural corridor' of Yangtze River civilisation as a Chinese cultural heritage for Asia co-operation. Today I see the representatives from Shanghai, Jiangsu and other provinces along Yangtze River. I believe at least we can join together to build a cultural corridor along the beautiful Yangtze River, featuring the ancient and the modern. The corridor is both historic and modern. If we put it into the agenda of Asia Cultural Co-operation Forum, the proposal would be like what the representatives from the Hong Kong SAR mentioned that they want to build a district covering more than 400,000 square metres (40 hectares) in Kowloon, only that we are building a cultural corridor with prominent importance along Yangtze River with more than 1,600 or 1,700 kilometres, which will definitely catch the eyes of the world. Well, I guess that is it. Thank you. 

PUTTING THEORIES AND PRACTICES TOGETHER IN CULTURAL REFORMS AND RESEARCHES

MR ZHANG XIAOMING:

I come from Chinese Academy of Social Sciences. I am grateful to have this opportunity for me to hear such splendid speeches and also for the invitation from the Hong Kong SAR Government. First, I would like to say that I believe the forum is very important. I would like to share how I look at its meaning. This is the first time I have ever attended the meeting. I learn that this is the second time since the conference has been firstly organised. I learn from the list that there are representatives from twenty provincial cultural management bureaus and the Home Affairs Bureau of Hong Kong who work together for the cultural development plan. I believe it is of great significance, especially when we will begin to lay down the 11th five-

year plan next year. Since preliminary research has already been launched, it is time for us to discuss a big topic like cultural development and cultural construction. This is very important. I do think so.

Secondly, if we look at the overall development of cultural infrastructure, which I believe we have discussed widely over recent years, the establishment of scientific view of development reaffirms the strategic position of culture in the national social and economic development. Hence, it actively promotes the development of our national cultural industry and the overall prosperity of culture. Since the opening up of our country through studying cultural industry (including a cultural blue book), we find that over the last twenty years, especially in the 1990's, we have already set up the overall development of socialist market economy and its targeted scale. By the end of the 1990's, when we ascended into the WTO, a new scene of the overall development of socialist market economy with all-sided opening was formulated. Under this new set-up, we form a new trend for overall development. At the moment in time, we feel that we really need a new thought of direction for development, which generally represents a breakthrough to the former planned economy. From the study of cultural system reform over the past two years, we come to a fundamental conclusion that our cultural system reform was limited to some specific areas and certain restricted reform measures since the opening up. Generally, we develop our economy through the way of market-based measures but develop our culture through the way of administrative measures and planning, which has not changed until the current cultural system reform. In other words, this reform leads to a brand new development scenario, which tells us how to get a footing in the market, to communicate with the world, to adapt to the macro environment of our market economic development and to adapt to the latest development of globalisation in the planning. We should consider development according to the market, the prospect of national development and the optimised macro-environment, instead of limiting ourselves to any specific industry, departments or areas, such as the administrative area. The transition from an administrative mode of thinking to that of a planned economy, I think, is a fundamental change, and we have come up with some insights about this new mode recently.

Starting from this year, we have been studying this cultural development issue and formed a view that our country is still in the stage where industrialisation has not been completed. Since our heavy and chemical industries have been developing rapidly after we joined the WTO, certain economists think that we have entered into the stage of heavy and chemical industries development. Based on the proportion of the three industries in our nation, the tertiary industry accounts for 33 to 34 percent of the total GDP and so we are yet to enter the stage where the tertiary industry is dominant. In general, our country may be in such a development stage. However, as our country covers a large area, with a large population and imbalanced development, the development gap between the eastern, middle and western China is still significant. We in fact can be considered as a dual economy in which the development gap between the urban and rural areas is also relatively large. However, in developed area in the eastern China, especially major cities located in the Pearl River Delta, Yangtze River Delta and Off-Bohai Sea, the development level has already reached that of the moderately developed countries and the consumption of the residents also catches up with the most emerging trend and tide all over the world. For the so-called cultural industry, the content industry we talked about over the last two years, and even the creative industry we discuss in this conference, all exist in those areas with the most developed economy and the

“ we can do comparative studies on system and policies. That is to say, we should conduct study on Hong Kong, as it is a market economy system. We should study the cultural policies of the Hong Kong Government. We should also study its concrete measures for cultural administration, including the planning measures, and the new development which we have just mentioned. ”

fastest growing speed in emerging consumption. Therefore, under such an imbalanced development, it is clear that different development strategies and policies should be adopted in different areas if we want to develop our culture.

So in general, we should notice that our country has formed a gradient trend of development in a ladder-type of progress. The whole country, from the western part to the eastern part, has connected with the latest international development trend by ways of overall strategic arrangements. For cities such as Beijing, Shanghai, and Shenzhen, I think it is highly possible that they can get connected internationally. Since we have a huge population in the developed area in eastern China, which is said to be more than 300 million, this population will in fact become a powerful force in the global economy, provided that appropriate strategies and arrangements are made. Therefore, in the backdrop of a new round of globalisation, the development of Chinese culture and economy possess huge strategic opportunities. The success relies on whether our strategic arrangement, system and policies can be implemented. So, in such situation, I think it is very important for us to convene this meeting. I think this meeting reflects not only the objective needs for economic, social and cultural development in the whole country, but also, to a considerable extent, the vision for development of the Hong Kong SAR Government. We may integrate the latest consumption and industrial development trends in the most developed areas in eastern China with the special advantages of the Hong Kong and Macao SARs, including industrial advantages, as well as advantages in systems and policies which are in line with international conventions and practices. In that case, I think such a strategy should be more applicable to the country's development under the new round of globalisation. I think the formation of such development strategy is critical for us to focus on major areas with strategic opportunities in the coming years. I wonder if we should move from general theoretical investigation to empirical studies and applied research in the future. The necessity of developing cultural industry and its major principles are now very clear. In the fifth plenum of the 15th CPC Central Committee held in October 2001, cultural industry was discussed for the tenth five-year plan proposed by the Central Government for the first time. The significant theoretical breakthroughs in respect of topics such as the separation between cultural industry and the cultural undertaking, and the reform of cultural system, as well as the formation of a series of important strategic approaches, have been discussed very clearly from a theoretic point of view. All we need to do now is getting into empirical and applied studies. We have to figure out the ways to practically implement those theoretical breakthrough. For example, studies on ways to develop cultural industry in China and Hong Kong, as well as the co-operation between the two places are not general theoretical discussions. By doing so, we can specifically study the consequences in terms of industrial structure and figure out areas for co-operation with huge potentials. If those issues are well studied, the organic link in cultural industry development between various provinces in the mainland and Hong Kong will be established. And this is my first consideration.

COMPARATIVE STUDIES ON HONG KONG

My second suggestion is about the research on system and policy, since cultural system reform should still be considered as one of the largest topics in the mainland, and a large number of cultural industry policies are in the process of implementation. In this respect, I think the Hong Kong SAR Government provides us with a very good opportunity so that our research is no longer limited to how to detect our own problems, to carry out our reform and act in order to

prevail. Instead, we can do comparative studies on system and policies. That is to say, we should conduct study on Hong Kong, as it is a market economy system. We should study the cultural policies of the Hong Kong Government. We should also study its concrete measures for cultural administration, including the planning, and the latest development of Kowloon which we have just mentioned. We should ask ourselves, 'What lesson can we draw from all these?' I think that all are realized in the modern market economic system. I think there are many methods and policies worth studying, so we need to do some policy and system comparison. This is my second suggestion.

Thirdly, there is an issue which we think we should study. That is the position and role of Hong Kong in the national cultural industry. Hong Kong has for a long time been a colony in the past, and is presently a special administrative region. The historical transformation of Hong Kong may be a key to our understanding of its status. From a geographical perspective of the traditional culture, Hong Kong is situated in what is called an area peripheral to the political, economic and culture centre in the mainland. However, just to ponder the matter a little and we shall see that we have now in fact entered an age of globalisation, even in the cultural sense. In the wake of globalisation, should Hong Kong be considered to have moved from the periphery to the centre? I think Hong Kong is changing or has already changed its cultural status. In the past, when we called Hong Kong a cultural desert, we were actually saying that as a comparison with the traditional cultural centres of Beijing and Xian. Amid a new round of globalisation, the position of Hong Kong has obviously changed from the periphery to a central position. Therefore, we should first have a fundamental change of our view on the status of Hong Kong in cultural development. Then, we can reassess the role of Hong Kong.

HONG KONG AS INCUBATOR

We have had several discussions with Dr Ho and reached some consensus. For example, we believe that Hong Kong can act as a springboard for Chinese cultural industry to go global. In the cultural service sector of international trade, our country is in a position of unfavourable balance and relative weakness. In the future development, Hong Kong is likely to serve as an important springboard for Chinese culture to reach out. In other words, Hong Kong can play an important role in changing the imbalanced cultural service trade of our country. This is in the perspective of goods and service. From the perspective of industrial development, I think Hong Kong can become an important incubator of the development of cultural industry of our country. We may well amplify the concept of incubator, and regard the system and policy of Hong Kong, including its geographic location and its potential as an established market economy, as the incubator. Is it not true that Hong Kong can become an important step in the leaps-and-bounds development of cultural industry in our country? Here, Hong Kong has a mature capital market. Can the operation of this capital market promote the development of the mainland cultural industry? In particular, can it give impetus to the development of the cultural sales market? I think we should make an assessment of the role of Hong Kong in this respect.

Then, the third point, which I think is very important as well, is that Hong Kong can become a place of cultural exchange between East and West. I am thinking whether we should call it an experimental ground, but I do not think the expression is fit enough, since cultural pluralism or

cultural diversity has become an important theme in a new round of globalisation. Against this background, Hong Kong, with her special position, has shifted from the periphery to the centre of the culture field. Such central position of Hong Kong embodies itself in the variety and diversity, and its importance as a place for cultural exchange and convergence. If we do not call it an experimental ground, at least we may call it the ground of innovation. The history and trend of the development of Hong Kong have sufficiently demonstrated this point – Hong Kong is really a place where different cultures and values co-exist. I think this is significant even in the global context, as the issue of cultural variety and diversity is the concern of countries all over the world. So, I think, if we can bring the special historical position of Hong Kong into full play, it will have great experimental value to the development of Chinese culture in the future. This is some of my views after partaking in this meeting. In the future, on one hand, we hope to closely co-operate with the Government of the Hong Kong SAR in establishing culture development plan and related researches. On the other hand, we hope to further communicate and exchange views with other provincial departments and bureaus of culture. Thank you. 

EQUAL IMPORTANCE OF REGIONAL AND GLOBAL CO-OPERATION IN CULTURAL DEVELOPMENT

MR QI YONGFENG:

I am Qi Yongfeng from the National Development and Reform Commission. I am greatly inspired by your speeches today and here I would like to touch on three points for your reference.

First is the position of Hong Kong. I remember Comrade Deng Xiaoping, even Chairman Mao, once said that we should have a long-term plan for Hong Kong, especially after its reunion with the mainland. Seven years have passed since the reunion, has there been any change in the status of Hong Kong? How about its future prospects? These are not only questions for the Central Government, but we shall consider them in co-operating with Hong Kong in various respects, especially when we are undergoing cultural system reform and developing cultural industry. It should be pointed out that Hong Kong does play a very important role in the economic development of the mainland since its reform and opening-up. In respect of the introduction of foreign investments, according to statistics, 65 percent of the foreign capital we have introduced since the reform and opening-up are investments made by Hong Kong investors or through Hong Kong and Macau. This percentage is really remarkable. When Russia and the former USSR countries concluded on their slow economic development after the great changes in USSR and East Europe, they found a very important factor; they did not have any huge group of overseas Russians. But we have, tens of millions of them. They help us a lot. Hong Kong and Macau, especially Hong Kong, play a key role definitely. At present, in the 21st century, we are developing cultural industry. Then, one problem we should point out is whether Hong Kong and Macau, especially Hong Kong, can still play its due role in China's new round of economic development, including cultural industry development, and another point is what the role should be. There has been great changes in our conditions well known to us. China's ascension to the WTO is followed by its all-sided opening. Given such conditions of historical significance, what are the roles which Hong Kong and Macau, especially Hong Kong, should play? This question requires our careful thinking, our focused studies and our efforts to solve it through practices. I think the Home Affairs Bureau of Hong Kong hosts this Asia Cultural Co-operation Forum because the Bureau has spotted this question. This is a good beginning. My view is that Hong Kong should continue to play

“ *Shenzhen have put forward the slogan of ‘Cultural Greenness’. Guangdong Province, Zhejiang Province, Yunnan Province, etc., have come up with slogans such as ‘Major Cultural Province’ or ‘Strong Cultural Province’, and made it their aim to develop and excel in cultural industry on a provincial scale.* ”

important roles in the new round of economic development of China. Its roles will be different, though not unconnected with the past in terms of content and form. I would like to delve into this problem in the context of creative industries, the topic of our forum.

As just pointed out by Mr Zhang Xiaoming, we should perceive the strategic position of Hong Kong in a new light. But how? I think this requires research efforts, but at least one point is clear. Hong Kong has truly made great accomplishment in developing creative industry. In this respect, the mainland is in stark contrast to Hong Kong. In the mainland, creative industry lags comparatively behind, as it has little added value. This morning, Mr Jiang, Director General of Beijing Municipal Bureau of Culture, pointed out that one of the factors in our relatively heavy cultural trade deficit is the low added value of our cultural industry. Of course, this is an inevitable process in the transformation of our late-starting cultural industry. In the meantime, we may have to borrow excellent cultural products from abroad for a certain period. But the duration of such phenomenon should be kept to its minimum, and we should endeavour to reverse this trend. Following this point, it is imperative for us to make great efforts to develop creative industries. Now Hong Kong has expressly put forward that it will develop creative industries or even creative economy. This means that efforts will be made in an even larger scope and at an even higher level. Undoubtedly, the mainland and Hong Kong can complement the advantages of each other. I think the new mode of co-operation would be quite different from that of two decades ago. In the past, it was a ladder-type development from Hong Kong and Macao to the Pearl River Delta Region, then to the Yangtze River Delta Region and eventually to western China. We placed emphasis on making use of the key position of Hong Kong and Macao in our economic development. As economic development has its own rules, a massive working population has formed and united, and any change in system and ideology takes time, a staircase development approach was adopted.

DIRECT CO-OPERATION OF HONG KONG AND MAINLAND CITIES

In the new round of development of cultural industry and the whole economy, I think there is room for us to establish direct point-to-point co-operation between Hong Kong and some mainland cities and areas which have potential for creative industry development, instead of the previous staircase approach. This is my preliminary, immature idea. To answer this question, I think we need to do some research, both in theory and practice. For example, I think Hong Kong can have direct point-to-point co-operation with Shanghai and Beijing, where creative industry has been developed to a certain extent. And there are other examples. We have Chongqing of Sichuan Province, and not only Chongqing, but the whole Sichuan Province, and we have Gansu Province, and Xinjiang, which does not have a delegate among us today, and we also have Shaanxi Province. These areas have rich cultural heritage and very good products, only that the products need image building. Therefore, it is completely feasible to co-operate directly in point-to-point form. Now I would like to mention the '12 Girls Band' which was mentioned this morning. Recently we have attended a Sino-Japanese-Korean cultural industry forum in Japan. We came to know, for a long time at the beginning, the Joshi Juni Gakubo ('12 Girls Band') basically had no way to penetrate the Japanese market. And later, how? Simply through the thorough re-packaging by a Hong Kong TV station, but they are nevertheless the same band.

“ *At that time, we have not yet completed our process of industrialisation, and we are basically an agricultural country. But even in such conditions, we decided 'to walk on two legs' to develop advanced technology. Then, should we target at the high end in developing cultural industry, although we are still backward in this field.* ”

The second factor is enhanced publicity. The result is that the band became famous at once. The tickets for their concerts, sold at 5,000 Yen each, equivalent to RMB400, were keenly sought after. Now, we do not have any obstacle in the political system in making use of the advanced creative industry in Hong Kong to re-package excellent cultural products from the mainland. It is completely feasible for us to make use of this condition to incubate the quality of cultural products and to make their applications to the fullest. This is the first point.

Secondly, I think it is a big enlightenment to us. In fact, we have talked about this issue for a long period of time. What should the mainland do? Currently, a new round of pilot reform of cultural system is being implemented and the climax of cultural industry development is at hand. For example, Shenzhen have put forward the slogan of 'Cultural Greenness'. Guangdong Province, Zhejiang Province, Yunnan Province, etc., have come up with slogans such as 'Major Cultural Province' or 'Strong Cultural Province', and made it their aim to develop and excel in cultural industry on a provincial scale. So, at a new round of cultural development, how can we achieve our aim in the 11th five-year plan, as stressed by Mr Zhang Xiaoming? In such circumstances, how should we realize, design or form an optimal cultural industry structure, with particular regard to creative industries, the higher end of the cultural industry. What should we do? Should we try to manage the course of events? And how should we manage it? This reminds me of our experience in economic and hi-tech development since the founding of the PRC. In the 1950s, we focused on the development of hi-tech industries, especially the military industry. We develop the 'two-bombs and one advancement', and we have become what we are today in the military industry, including the transformation to private ownership. Regarding the aeronautics industry, we have a place in the world. All these could not have been possible without the insightful and forward-looking decisions made by the Central Committee of the Communist Party of China and the State Council to spend part of the funds, human resources, and materials to develop the two industries. We could not have achieved today's status without breaking the nuclear monopoly of certain countries. In other words, at that time, we have not yet completed our process of industrialisation, and we are basically an agricultural country. But even in such conditions, we decided 'to walk on two legs' to develop advanced technology. Then, should we target at the high end in developing cultural industry, although we are still backward in this field. How should we do it? Do we have the necessary conditions for doing it? Is it necessary to do it? As we are well aware, the high-end cultural industry worldwide, especially the creative industry, is basically under the dominance of several developed countries. For example, the United States, Japan, Germany, Britain and France occupy the lion share of approximately 70 percent in global trade of copyrights and cultural product copyrights. Basically, Asian countries, including China, do not have much share in this market. We are entirely at the low end. This forms an unreasonable international division of labour. So, for the purpose of developing our cultural industry, I think we should draw experience and lessons from our past experience in the economic development. We should develop creative industry opportunely by leveraging the position of Hong Kong to its fullest. I think this requires some decisions to be made by the Central Government and the local governments, so that we can develop our scale progressively. This is my second point.

ASIA NETWORK IN FULL SCALE

Thirdly, I think this forum is actually held in a wider perspective, and what I mean is the global perspective. In the perspective of regional co-operation, it should be the '10+1 Free Trade Area' of ASEAN and China. We have entered into the relevant agreement. The area will come into operation in 2010. The negotiations between China, Japan and Korea, in relation to East Asia Free Trade Area are still underway, only that those with ASEAN is proceeding more quickly. As we are well aware, a '10+1' trade fair between China and ASEAN was recently held in Nanjing. It was a success. In particular, the bilateral trade volume between China and ASEAN may reach US\$1 trillion this year or next, and following that ASEAN would become our fourth largest trading partner after the USA, European Union, and Japan. So, I think the content of the cultural co-operation discussed at this Asia Cultural Co-operation Forum should form part of the co-operation between China, ASEAN and the East Asia, in respect of the establishment of a free trade area. I think the issue should be put in the perspective of regional co-operation of a larger scale. In other words, Asia cultural co-operation should produce positive effects on the '10+1' co-operation and on the formation of free trade area between China and ASEAN, as cultural industry itself is part of the economy, and economy is in turn heavily related to culture. I think the connection should be established, so that we can consider the terms, the basis and the contents of our co-operation in the context of regional co-operation, which is even larger in scale and affluent in contents. That is all. Thank you! 

MR FONG NGAI: Next, the representative of Shanxi.

CALL FOR REFORMS IN CULTURAL SYSTEMS AND POLICIES

MR CHENG BAODE:

I am very glad to attend this forum. I am grateful for the invitation from Dr Ho, Secretary for Home Affairs. I am here to learn from everyone of you. This morning, we listened to the experience of Mr Sun, Dr Ho and some other delegates. I have learnt a lot and find it very inspiring. In the afternoon, several delegates also discussed some profound issues. They have been very informative. Thank you very much. Having listened to your speeches, I think the subject of cultural industry is important and indeed deserves studying. In recent years, the term 'cultural industry', together with the word 'culture', have been repeated frequently and used everywhere. The word 'culture' is everywhere and everything has something to do with it. Now we have this 'cultural industry', which is a new word, a new concept and also a major new issue that we should study, consider and put into action. My first point is how to define culture and cultural industry. In this respect, I would like to talk about my own opinion inspired by what I heard from you. For many years, the concept of culture has been a very confusing one in the academic world. At present, there are generally three kinds of culture: large, medium and small. This model is widely recognised. About this, there is a joke in our province. We elected a vice-secretary in charge of the cultural field. He said he was in charge of larger culture, another permanent minister, medium culture, and us, the smaller culture. His words can be understood in several different ways.

LARGE, MEDIUM AND SMALL CULTURE

“ *On one hand, we should pay attention to the larger culture, on the other hand, we must not neglect the small culture. I would like to say, although it may not be proper, that the present departments of culture is strictly speaking the 'Department of Arts'.* ”

The first is from the aspect of academic qualification, meaning the position of the cultural departments. The second is the duties of the officials in charge of culture, who should apply cultural theories and concepts to the performance of duties assigned by the government, meaning what you should do, and so on. This reminds me of two things. Several years ago, when Vice Premiere Li Lanqing was in charge of culture, he took cultural issues very seriously. Every time I took part in meetings in Beijing, the Vice Premiere would have us met and discussed critical cultural issues. I remember one year, he mentioned a very important viewpoint, 'The whole country should pay attention to culture and make it develop. It must not be limited to entertainment, singing or dancing. It must form part of the initiatives to strengthen our country, just like science and technology.' I was deeply impressed by his words, and I realized that there is a lot we need to do in order to make culture part of the initiatives to strengthen our country. Later, we studied cultural industry in our province. Our governor told us, 'You should not be involved in culture too much.' So, in 2002, when our province was implementing the policy of the 16th National Congress of the Communist Party, we divided the cultural industry into three divisions. But I insisted on dividing it into four. The first one is publishing, the core industry as Professor Hu has mentioned just now. Where does the word 'cultural industry' come from? We know that it came from the film industry. The word 'cultural industry' originated from the film industry in United States between 1946 and 1947, after the Second World War. So the film industry appeared first, followed by the publishing industry, then the newspaper. So, our governor said, 'If we want to develop cultural industry, priority will be given to these divisions. Then we get financial support from the planning committee.' I said, 'This is not right! How can we, the cultural department, have nothing to do with the cultural industry? Do you think it is reasonable?' He answered, 'Okay, we will add your performing arts industry as well.' Thus, we had four major cultural industries. Our performing arts industry is the last on the list. Why is that? Among those managed by the cultural department, the performing arts industry is the earliest to be introduced to the market. So, in my opinion, the scope of culture in cultural industry is actually wider than what our department was in charge of.

On one hand, we should pay attention to the larger culture, on the other hand, we must not neglect the small culture. I would like to say, although it may not be proper, that the present departments of culture is strictly speaking the 'Department of Arts'. We do not even have much say about arts. Most provincial departments of cultures are in charge of the arts industry, except a few. In my opinion, the departments of culture in Shanxi, Beijing and Shaanxi have smaller jurisdiction and fewer duties than those in other provinces. We are not in charge of cultural relics. This morning, several department directors told us a lot about how they made use of cultural resources and heritage sites to develop tourism. They are successful because they are still in charge of this area. We are not. It is mainly in the hands of the administration of cultural heritage. Our administration of cultural heritage has become independently attained. It is the very focus. In our province, there was a time when the deputy director of our department of culture was keen on operas, songs and dances. Therefore, for ten years, the department was referred to as 'Department of Theatre'. This explained our duty, that our focus should be on the performing arts industry. So, it is important for us to develop this performing arts industry, just like Broadway, or the *Da He Zhi Wu*, or improve performance and rehearsal arrangements. This is my view and it may not be correct.

My second point is that as to the cultural industry, the research on theory and media preparation and related tasks have basically been completed. The issue has been much discussed. For example, Professor Hu talked about cultural industry this morning. In fact, he co-operates closely with the Publicity Department of Shanxi Provincial Committee. Our ministry has established a cultural industry research centre and hosts several forums each year. We invite experts from all over China to these forums. Our province is close to Beijing. Every few days, a professor from Beijing will come to our province. An expert will come every few days to give a lecture. The cultural industry is a hot topic, and the theory issues have almost been exhausted. It now faces two difficulties at present. One is the mindset of some of our cultural officials is outdated. The other is that we should put theory into practice, just as the delegate from the planning committee has said, action instead of empty talks. Also, we should conduct in-depth theory research in some important fields. I will discuss the first point.

Some cultural officials whom I know regard their subordinate companies or units as their own private properties, strongholds or treasures, and do not want them to enter the market. This is the impression I have. I also feel that some comrades place too much emphasis on the input. They think that input can solve all problems. But from what I have seen, this is not true. In some provinces and areas, the governments are willing to make input into the cultural industry, unlike before. This is especially so after the Three Represents Theory is implemented in depth, when the leaders have to spend efforts on and make input in cultural issues. So, input itself is no longer something particularly remarkable. Of course, we should continue our input, especially in the grass-root level. I am not saying that there is too much input. But I think it is more important to push some units to the market. Just now I talked to the director from Beijing. I said that he should accumulate some experiences and introduce the 'cultural museum' to the market. This is what I totally agree with. At every annual meeting of the cultural museum, the consensus, slogan and goal is to vigorously protect it as an industrial institution. Although the idea of industrial institution might have been out of good intention, but from my many years of experience in this field, the 'cultural centre' should be introduced to the market as soon as possible by adopting a special but appropriate method. These have already been created. The experience should be introduced to the market.

In Shanxi Province, people will hit persimmon trees, walnut trees and date trees during autumn and winter with a stick. If these three kinds of trees are beaten, they will grow more fruits; if not, they will grow none. This is a fact and also evidence that too much protection and care is counterproductive. Sometimes we have to place things in danger in order for them to survive. This is my own experience. We want to protect it. We emphasise stability and cohesion. Influenced by these thoughts, we give too much shelter. As a result, we have too many people who get paid but do nothing in our units. So, reform is necessary, as a popular song put it, 'Cannot live like this anymore; cannot go on like this anymore.' Much good experience in reform has been accumulated. As Professor Hu have just said, there should be in-depth discussion on professional reform. Take performance groups as an example. The performance groups have undergone reforms in recent years. Their experience can be classified into four models, namely, Beijing model, Shanghai model and Jiangsu model, etc. We can hold a seminar to discuss their experiences, and see which part of it can or cannot be promoted to and adopted by central and western China. This is my second point. Your opinion is welcome.

“ *In the 21st century, we, as cultural policy-makers, should shoulder two cultural tasks. One is to inherit and protect our national culture. The other is to make the Chinese culture more influential in the global cultural scene.* ”

The third point is the continuation of the last one. We can develop the cultural industry in two directions. One is to step up reform efforts. I think we have the necessary conditions. The other is to understand the development of culture. The problem is basically solved through policies. If we develop private enterprises and understand culture on one hand, and reform the State cultural institutions on the other, we can greatly push forward our cultural industry.

My fourth point, well, since I accepted Dr Ho's invitation, I have to say something about Hong Kong. This is more than a token of gratitude to Hong Kong. I will say something about the cultural development in Hong Kong. I just came back from Shanghai. I am very interested in the Shanghai International Arts Festival, which was held in Zhejiang Province in September and in Shanghai in October. The Shanxi Province takes part in this festival every year. Our performance contract was signed in Shanghai. We have a gong and drum band which performs regularly in Shanghai. So I think the Shanghai International Arts Festival is very successful. Every year, the best new programmes in mainland are gathered in Shanghai. So, since Hong Kong is seeking development in this respect, it may be a good idea to stage performances of those programmes every year or two. Some of our drum bands signed contracts with foreign parties while performing in Hong Kong. Just now, a comrade came up with a very good suggestion of making Hong Kong an incubator, a platform or a springboard. I think this is a very good suggestion. Nowadays, in the mainland, we hold the Arts Festival every three years. The Festival is the most prestigious arts event of ours, where the best plays in the last three years are staged. For example, this year, the Festival was held in Zhejiang Province. This is really a wonderful occasion, but I think the interval can be shorter. We can hold such kind of festival every two years in Hong Kong, one year more frequent than Shanghai and less than Beijing, to attract the best programmes of the mainland. I think Hong Kong can play the role of displaying the best achievements of the mainland, as well as providing a stage for promoting cultural exchange between the mainland and Hong Kong, then to the rest of the world. This is my first point. The second point I would like to make, which I thought about on the train is that, both my friends from Beijing and I enjoy movies, but when it comes to movies, people most often think about Oscar, Cannes, Berlin, Venice and Tokyo. In fact, the Hong Kong film industry was once very prosperous. I wonder whether Hong Kong can host some international film events of its own. This will be conducive to the development in the mainland. As you can see, it is very difficult for our film industry to go global and receive awards in the international market. Hong Kong can be much more successful in this respect. I have been to Hong Kong for several times and these are my views, which I now share with our host. Lastly, I would like to thank Dr Ho and others for giving us the opportunity. Thank you. 

MR FONG NGAI: Next, the representative of Tianjin.

CULTURE AS WATER

MR JIN HONGYUE: I have learned a lot from this meeting, and very grateful for the invitation of Dr Ho and the hospitality of Hong Kong. It is really interesting that the main presenters this morning sit at our opposite side, while in the afternoon, the floor has come to our side, which enable us to have good communication. Your speeches are inspiring. As a newcomer in this field, I would like to talk about my personal view. First, I believe that in the 21st century, we, as cultural

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policy-makers, should shoulder two cultural tasks. One is to inherit and protect our national culture. The other is to make the Chinese culture more influential in the global cultural scene. If more countries understand our culture and our nation, there can be mutual respect, understanding, and peaceful development through co-operation. The diversified cultural development proposed by the Central Government is of great significance and practicality in the contemporary global economy. The second point is centred on today's theme. That is, how to preserve the characteristics of traditional Chinese culture in a globalised world. Just now, many of you, including those from relevant government departments, have talked about this issue. I would like to describe my idea of culture in a metaphorical way. Mr Sun has said several times in various meetings that culture is like water. Here I would like to expound this topic: culture as water.

PRECIOUS WATER FLOWS

What are the properties of culture if it is like water? The first one is that it enriches things without trace. This is taken from a poem written by famous the poet Du Fu, which says, 'A good rain knows the proper season/ And as the Spring comes, it comes to fall also/ Along with wind it steals into the night/ bathing the Nature in a way most light.' The second reason is that culture permeates into every corner, as in the lines 'The Spring rain is precious/ overflowing the street.' The third is that, like a stream, culture has its origin and direction. The continuity is unbreakable. The fourth is that, culture is like water, and water has impurities. So we need to consider how to extract the essence and remove the impurities, so that the finest elements of our culture can be preserved. Even though this may be a cliché, it has special meaning in this contemporary background. Seeing that culture is like water, cultural workers should be calm, patient and persistent efforts. Especially, they should consider how to protect the essence of our culture from being distorted by impetuosity. I think contemporary cultural workers should ponder about this issue. I think our party and government have attached increasing importance to the inheritance and development of national culture. An example is Tianjin, which, of course, is still far behind Hong Kong. Nevertheless, from 2004 to 2010, in addition to the normal expenditure per person and special funds, the Tianjin Municipal Government will allocate RMB100 million to the construction of culture infrastructure. Last year, it was RMB 700 million. Together with the RMB 300 to 500 million revived by us, we will have approximately RMB 1.2 billion for construction of cultural infrastructure. So we are working on a plan about how to use these funds properly. We considered 28 projects, including non-profit-making cultural infrastructures, establishment of art troupes and their premises, theatres, as well as the conservation and exploration of existing cultural heritage in Tianjin. This is the situation.

RE-DISCOVER BOHAI RIM

Today what we are talking about is that having Asia cultural co-operation as our objective, what should we do to integrate our resources to promote cultural progress? Indeed, in the wake of the open-up of China, the Bohai Rim area has become an important area. Its economic dynamism and potential advantage have increasingly attracted global attention. So, the modes are many and varied. Hong Kong is a channel. The Pearl River Delta, Yangtze River Delta, including Bohai Rim area, are also channels opened to the outside. Therefore, I think we can simultaneously explore many alternative possibilities. I sincerely hope that Bohai Rim

area will see flourishing cultural co-operation and cultural exchange as soon as possible. Like the Pear River Delta and the Yangtze River Delta, the Bohai Rim area has more than ten cities. Tianjin is said to be the golden necklace in the region, but we would rather have Beijing as the lead to shoulder the task of cultural development and exchanges. I have just expressed to Mr Jiang during recess that we wish Beijing would shoulder this task, and we would follow Beijing's efforts and to work for the cultural co-operation and exchanges in the Bohai Rim area as soon as possible. In planning the cultural projects of Tianjin for the next year, we have included many projects with foreign parties. For example, we will hold a Chinese Tianjin Cultural Week in Italy. Besides, we have cultural exchanges with Germany, Britain, and France. We also plan to host a Northeast Asian Film Festival by gathering movies from Russia, North Korea, South Korea, Japan, the mainland, Hong Kong, and Taiwan. I happen to hold the same views as Mr Cheng. He expects that Hong Kong will be equal to the task, but I think that the film industry is drifting towards Beijing. Regarding the Pearl River Delta, it is at the forefront of the country in audio-visual industry. And the Yangtze River Delta has its unique advantage in the exposition industry and performing arts industry. The movie industry in Beijing, Tianjin and their surrounding areas also ranks top in the country. We hope to call on Beijing, our big elder brother, to take the initiative to integrate the resources in Beijing, Tianjin and Hebei, with a view to leading the tasks of cultural exchanges and co-operation in the Bohai Rim area first and then northeast Asia. This is all I wish to say. Thank you! 

MR FONG NGAI:

I would like to report to you here about the arts festivals and film festivals, to which Mr Cheng and Mr Jin have referred. We have the Hong Kong Arts Festival in February and March every year. We have hosted the Arts Festival for many years. We put some programmes from all over the world including those from the mainland onto the stages of Hong Kong for three to four weeks in February to March every year. Besides, we have the Hong Kong International Film Festival in March and April when we screen movies from countries and regions all over the world, including the mainland. They have become two of our traditions.

BUILDING ADVANCED CULTURE AS THE GOAL OF CULTURAL INDUSTRY

MR LI GENGXIANG:

I am a recruit of short standing in the field of culture. Nevertheless, today I am a member of the cultural system, and today all that we have talked about is cultural industry. I think that cultural industry has already gone through its fledging stage, and the task ahead is to find out the ways to develop it properly. But I think we are having a misunderstanding. We are always speaking of cultural industry somewhat this way: 'Now we know that we were losing money for culture work in the past. What should we do with the cultural industry now? We should make money. We develop in the economy-oriented direction.' But I feel this is actually misleading as regards the meaning of developing cultural industry. In fact, what is the real purpose of developing cultural industry? To me, it is, nevertheless, to pass on and inherit the cultural tradition and build an advanced culture. These are the very fundamentals. So, I want to present my opinions on the cultural tradition and traditional culture for your reference. First, I come from Henan. In Henan, we put forward the concept of 'The Culture Henan and the Rise of Central Plains'. We think that it is different from the modernisation of the eastern coastal region, the western development and the revitalisation of the northeast old industrial bases, since it is a matter concerning the rise or decline of the central part. So, we put forward the concept of the rise of Central Plains. The rise of Central Plains is an issue we have

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something to talk about. For example, Henan Province has its advantages in population, geographical location and resources. But we think that one of its advantages has not been brought into full play, namely its advantage in cultural tradition. That is why we put forward this concept of 'Culture Henan'. But I think that we are really faced with two problems in the process of cultural development. The first problem is how to see our cultural traditions and traditional culture in their true respects, and how to see the issue in the context of modernisation. For example, we are always saying that the traditional culture has both primes and dregs. However, as regards the cultural tradition, it is flexible in nature and a living element in modern culture. I think it is a key point to differentiate cultural tradition and traditional culture. This is pivotal. This is all for the first point.

FAVOURABLE GLOBALISATION AND CULTURAL TRADITION

The second problem is how to see cultural conflict and cultural pluralism in the globalisation context. Now many people are worried that cultural imperialism will result in the trend of cultural monopoly. There is also another trend. It is the loss of our own cultural tradition in the process of development. What I am saying is how to achieve globalisation which is favourable to us and avoid the unfavourable, and how to promote a globalisation which is positive to us and oppose what is negative. As to the second issue, I think cultural tradition has many positive values in the process of globalisation. For example, the western Renaissance ushered in the development of the western industrial society. The process was basically a return to the starting point of the ancient Greek and Roman civilisations. This implies an inheritance of the cultural traditions. However, in China our motherland, during the May-fourth Movement and its subsequent period, people basically criticised the traditional culture without any positive inheritance of the cultural tradition. Therefore, I think that, as far as cultural tradition is concerned, the concept of the 'peaceful rise of China' is put forward because we aim to have harmony without assimilation in international context, and we intend to position ourselves with resilience in global competition. Then, what should we do? We should ascribe importance to cultural tradition. How about Henan? Henan is located in the Central Plains. The culture of Central Plains is a regional culture and was also the national culture in ancient times. It has a duality. In the Heluo culture, starting with *Hetu* and *Luo Shu*, through the Chunqiu Period and Zhangguo (Warring States) Period, we have what we call the Songcheng culture and the orthodox culture, then the study of Confucian classics in the Han Dynasty and the Neo-Confucianism of the Song Dynasty. The development has come down in one continuous line and basically represented a very important part of the Chinese cultural tradition. Therefore, we opine that it has many positive values in the process of globalisation.

The first one is the culture of Central Plains. It is the culture for the whole China, but not the individual-oriented culture in the west. For example, in the Chinese ancient cultural construction, it was always emphasised to cultivate the morality, settle the family, and then manage state affairs, and finally, achieve peace for the whole world, progressively in the above order. The intellectuals at that time mistook the Central Plains as the world. Nevertheless, the culture is based on a proposition which takes the world to be somewhat equal to the State. The idea embodies itself in the saying: 'To reign over the Central Plains heralds a reign over the whole world'. Therefore, we think that the culture of Central Plains contains an idea of the relationship between a national culture and a universal culture, which is inspiring to us

“ *In the past, we had a view of 'the more it is national, the more it is international'. But I think that anything you want it to be national should first be international, and this requires a conscious link-up with globalisation.* ”

amid globalisation. The second idea is from the Taoist culture in the culture of Central Plains. The great men like Laozi and Zhuangzi lived in the town called Songcheng in Henan. The Songcheng culture was the setting of the Chunqiu Period and Warring States Period. This idea of the harmony between the nature and human beings has a positive significance to our science and technology development, and the value of ecological civilisation. The third idea is the emphasis placed by the culture of Central Plains on a harmonious interpersonal relationship. It advocates the value of harmony and the importance of 'love instead of attack', which is enlightening to us in handling the relationship between individuals and between states. The fourth one is the spirit in the culture of Central Plains as expressed in the fable 'The Foolish Old Man Moving the Mountains', which contains the modern 'red flag spirit'. This enterprising spirit plays the same role as the Protestant ethic, expounded by Max Weber in the development of capitalist industrial civilisation of the western society. I think it also has its positive effect on China's efforts to build a socialistic market economy. Therefore, as we held a gala called 'Let Central Plains Tell the World' this year, we want to make it known that the cultural tradition of Central Plains has its positive significance and we should disseminate it amid globalisation. This is the second point I wish to make.

The third problem is concerned with our view in the past that, 'to reign over the Central Plains heralds a reign over the whole world'. Why is that the thought? I come to realize that there was an idea of advanced culture in the Central Plains at that time; the one who mastered the cultural idea would be able to assimilate the nation and master the country. For example, in the past, Laozi mentioned 'to enquire about the Nine Tripods' which implies 'to have the ambition to seize the Central Plains'. I think that while it implies an ambition to seize the political power, it also express a recognition of the culture. Then, in what ways can the Chinese cultural traditions, including the culture of Central Plains, be further carried forward and fully developed in the process of globalisation?

IN SEARCH OF CHINA'S BACKING

The first is to put our country and cultural tradition in the context of globalisation and the world culture. In the past, we had a view of 'the more it is national, the more it is international'. But I think that anything you want it to be national should first be international, and this requires a conscious link-up with globalisation.

The second is to consolidate our own cultural tradition. Effective measures should be taken to protect our own cultural tradition in the process of the open-up, lest our own cultural tradition should be lost in the process of globalisation. For example, the theme of Hua Mulan originated from Henan, but it was taken away by the Americans amid cultural globalisation. That Henan of China cannot produce another animated cartoon featuring Hua Mulan is certain. It is a matter of protection of traditions.

The third is to conduct the cultural innovation. It means that cultural tradition should not be held without any innovation. As Mr Rong, Director General of Guangxi Provincial Department of Culture said, the United States has high technologies as her backing, and what backing should China avail herself of? We should rely on our intelligence to develop our cultural industry and protect our cultural tradition.

The fourth is to ensure the individual identity in cultural development. Whatever the regional cultural cooperation is, we should avoid losing our own characteristics. We should oppose the cultural imperialism first and then our cultural nihilism amid cultural globalisation. We should keep our traditions amid cultural openness in the process of globalisation, and then pursue development and growth on that basis. In summary, the Chinese cultural traditions, including the culture of Central Plains, have been the fruit of our ancestors' thoughts and wisdoms, and have demonstrated their unique charm and value in the current globalisation. In the process of globalisation, how to carry it forward is a task for us. That is to say, it is impossible to return to the traditional. I think of the words of the French poet Valéry: 'Today's seclusion is gone and bygone. This present moment may be the very beginning for us to see this real world unfold before our eyes.' Thank you! 🌈

FLUIDITY AND FLEXIBILITY OF CULTURAL FORMS

MR JIANG GONGMIN:

Time is almost up, but I would like to add a few words. All of us here are directors of cultural departments or bureaus. In fact we are here today at the invitation of Dr Ho of the Hong Kong SAR Government to discuss issues on creative economy and cultural theories. Actually As Mr Cheng has put it just now, it is very limited to us when we take account of the administrative and political aspects as a whole. But the topics we have covered this time are really extensive. Of course, I would like to present our own humble opinions on the topics concerning Hong Kong. First, I think culture itself is an ideological expression. We all know that economic foundation determines the formation of the superstructure, including culture. In reality, from primitive times onwards, the economy has shaped a certain way of life, and this way of life is called culture. Culture playing key role at its own time and in its environment became a form of consciousness. This form of consciousness, I should say, has played a positive role in promoting overall productivity. Thus, people have had a good understanding in modern times that cultural strength is the ultimate competitiveness of an economy and a society on the whole. In fact, culture is also one of the most important drivers in social and economic advancement. As to its origin, culture is a form or an ideological expression of one's form of life.

“ *What is the most important thing in classifying advanced and backward forms of culture? In my opinion, the answer lies in how a form of culture can promote the advancement of the overall society.* ”

Another one is the advanced culture we mentioned just now. At first I wondered why we should mention advanced culture. This would mean that culture can be divided into advanced and backward ones. In other words, culture has different forms. In that case, when you are living in one form and one life, it becomes a mode of representation and all other influences on you become external, or may be generated internally. That means the internal influence is actually originated from external factors. In other words, culture is not inherent but ever-changing in nature. Let me give you a simple example. Our Guangdong cuisine and Shanghai cuisine may not be able to retain their real characteristics when they are served in Beijing, because they will absorb some of the features of the northern cuisine. I was impressed after having Chinese dinners in foreign countries. For instance, the Chinese dishes we had in the United States were the American-style Chinese dishes. The Shanghai cuisine served in Beijing bears the characteristics of the northern cuisine, because Shanghai people prefer light food while Beijing people prefer heavy food. When it is served in the north, Shanghai dishes have to cater for the taste of the northern people. All these are changing continuously, which means the cultural conditions are ever-changing as well. Change is absolute and consistency is relative. However, what is the most important thing in classifying

advanced and backward forms of culture? In my opinion, the answer lies in how a form of culture can promote the advancement of the overall society. In other words, if a dish is good for health, I believe it will definitely be popular and also delicious. Why are we now getting more and more interested in southern cuisine and even some Japanese style of cooking, instead of sticking to noodle in fried bean sauce like the northern people? The noodle in fried bean sauce is a northern form of ideology, and the northern people have got used to it since it was first produced in the north. But when the southern dishes came to the north, they were gradually accepted by the northern people. One reason is that they are fresh, and another is that the northern people came to realize that the southern cooking style might be more scientific and became fond of it. As long as a cultural form is good for people's health, it will be accepted by the people gradually, thus becoming a kind of advancement. Of course, it is just my view.

In addition, it is just like a kind of comparison of cultures and the competition of different 'strengths'. For example, some production and working approaches in Germany and the industrial production models in some countries are all part of their cultures. They have the cultures of putting strict requirements on quality and procedures. Once these cultures are in place, you can feel that all other aspects are developing rapidly and they can always win a bigger market share, whether they are making BMW, Benz or Toyota. This is the underlying principle when it comes to cultural strength.

HONG KONG INTERMEDIARY

The last point I would like to add regards the creative economy we discussed this time. I would like to point out that the Hong Kong SAR is actually seeking a cultural positioning or a mode of development for herself. Have we not mention just now that the impression we mainlanders had on Hong Kong in the past was its well-developed economy? I think with this impression, Hong Kong has its own characteristics. After China's ascension to the WTO, the whole world has been more open to China and China is also more open to the world. One of Hong Kong's characteristics in the past was that it acted as a major entrepot for China. The import of the foreign funds, technologies and lawyers to China had to go through Hong Kong. It was mentioned just now that almost 60 to 70 percent of the total investment in China came through Hong Kong. With the ascension to the WTO, however, the country has been more open, and this direct or entrepot trade is weakening. Truly speaking, we are very concerned about certain problems in Hong Kong's economy. I believe everybody in the mainland and all the Chinese people are concerned about this and hope Hong Kong can attain a sound development in her economy. This has also prompted our wish to see some uniqueness in Hong Kong. Of course, I think that some opinions raised are not very accurate. For example, some people said that Hong Kong is well-developed in economy but under-developed in culture. I consider this rather inaccurate. In particular, when we take account of the theoretical bases we mentioned above, we are pretty sure that Hong Kong has a profound culture. Its cultural profundity derives not from historical inheritance but accumulation. What kind of accumulation is that? A case in point is the accumulation of market experience in its well-developed market economy. This is an aspect the mainland cannot stand a comparison. In financial service and trade, we cannot compare between Hong Kong and the mainland their accumulation of experience. In this regard, I think I understand what Mr Cheng meant, it would be better to establish some platforms for culture and arts. In

reality, Hong Kong may well act as an intermediary. The role of its creative economy is really important. In addition, we all know Hong Kong's superiority in packaging, design and service. With this high standard of service, personnel and overall community standard, Hong Kong has earned an advantage that cannot be challenged by the mainland. Therefore, I would like to stress that when it comes to cultural competitiveness, Hong Kong should be superior. This is an important superiority, because the ultimate factor in competition lies in the competition of the quality of people. No matter it is the manufacturing industry, the creative industry of invention or of advanced technology, the quality of people is always the most important key to success. And now Hong Kong is enjoying this unique advantage. Therefore I believe this is an aspect where the mainland should learn seriously from Hong Kong. We also hope that Hong Kong can transfer some of these advantages and qualities to the mainland. So far, this transfer has been insufficient. Up to now, I cannot feel any major transfer from Hong Kong to the mainland in aspects of creativity, service and quality. Probably there are more in the hotel sector and some in the real estate industry. But in cultural and truly creative aspects, the transfer is far from being enough. That is all I want to add. 🌈



Luncheon at The China Club (left), and Welcome Reception at the Hong Kong Museum of Art (right),
14 November

