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國際學碩士學位論文

China's Popular Music Industry Policies  
in the Hu Jintao era

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# **China's Popular Music Industry Policies in the Hu Jintao Era**

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## **Abstract**

### **China's Popular Music Industry Policies in the Hu Jintao Era**

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In the Hu Jintao era, the Chinese government embraces two approaches toward the development of cultural industries. There have been many policy changes facilitating the growth of domestic cultural industries and simultaneously, there were restrictive and discriminative policies devised to control the influx of foreign products. On the one hand, the government is determined to develop its culture industry to gain competitiveness in the international market, but on the other hand, it is controlling the pace of the influx of foreign cultural products. Although the overall policies of the Chinese cultural industry are similar in character, there are significant differences in the policies between the two sectors of cultural industry. In this research, popular music industry policies will be compared in the light of those of the film industry, to evaluate whether there the policies differ between the two. The comparison enables the evaluation of the current policies of popular music industry in respect to the film industry, which has been developing as a core national cultural industry sector.

Due to fundamental problems arising out of high piracy rate, the Chinese popular music industry sustained underdevelopment, lagging far behind other countries, and it was not considered of much potential economically. However, apprehending the recent increase in the growth of the digital music market, the Chinese government has expressed its interest in developing the popular music industry and began implementing policies to develop the industry. Dissimilar to the popular music industry, the film industry has long been considered

an important ideological tool for the state's political purposes. In the Hu Jintao era, the government implemented policies on music industry as a consequence of growth in the market, but it was the government policies which have played an important role in facilitating its film as one of the main national strategic industries.

The government is putting in efforts to promote effective management and development of the popular music industry by implementing a series of laws and regulations mostly focusing on the eradication of the illegal copying and the enforcement of the protection of Intellectual Property Rights. However, when compared to the policies of the film industry, the extent to which the two-track policies have been implemented is modest yet. As one of the core industries, film industry has gone through various policy modifications towards reform and openness to outside world to develop the domestic film industry. As a consequence, the domestic film industry could continue in growth and expansion. However, overriding the economic concerns was the fear that foreign films would impact the people's ideology. Therefore, the government has implemented more restrictive policies toward foreign films.

The music industry remains highly regulated, the discriminatory content examination, licensing and the permit systems toward imported materials continue. However this rather had the effects of forming barriers to the legitimate domestic businesses for foreign content producers, increasing incentives for the production of domestic content and reducing competition within the legitimate market for the production of domestic music. Furthermore, with the growth of the digital music market, the government is newly implementing restrictive policies toward foreign contents. The introduction of foreign capital in the music business through the internet and mobile phones are banned.

**Key words:** Chinese Cultural industry, Chinese popular culture, Chinese popular music industry, Chinese film industry.

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# Chapter 1: Introduction

## 1. Background of the Study

China is a socialist country where politics is closely related to culture. Since the Mao's era, culture served its function as a propagandistic tool in order to maintain the ideology of the socialist state.<sup>1</sup> The role of culture being the ideological control of its people has reduced but has not disappeared.<sup>2</sup> Therefore, the Chinese government is maintaining strong political control over the cultural sector. In the Hu Jintao era, Chinese cultural industry is poised to maintain high growth showing vigorous vitality.<sup>3</sup> It is perceived that building cultural industry into a pillar of China's national economy has become an important goal of China. "In 2010, China's government decided to push cultural industries as a key economic sector in the 12th 5-year plan strategically, which offers abundant opportunities for the industry".<sup>4</sup> However, the cultural development of China lags behind other accomplishments especially its economic development because the industrial aspect of the cultural industry has not been emphasized until recently. After the opening up and reform policies were implemented, China has become one of the strongest economic entities in the world. With its economic strength, through active political intervention, the Chinese government has been promoting the two-track cultural industry policy of support and regulation simultaneously.<sup>5</sup> On the one hand, it is eager to expand its depth of openness to outside world and accelerate its reform in order to develop the competitiveness of the industry, on the other hand, it is being cautious and careful in its actions to protect its industry from getting homogenized and colonized by the Western influence, especially the US.

Most of the researches regarding Chinese cultural industrial policies have concentrated on the monolithic aspect of the industrial policies. These provide comprehensive viewpoint regarding the Chinese cultural industry. However, there is the need to study Chinese cultural

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<sup>1</sup> Michael Sullivan, 1999, "Special Issue: The People's Republic of China after 50 Years", *The China Quarterly*, No. 159, p. 712.

<sup>2</sup> Nimrod Baranovitch, 2003. "China's New Voices: Popular Music, Ethnicity, Gender, and Politics." Berkley: University of California Press.

<sup>3</sup> 김상욱, 2011, "중국 문화산업의 지역별 생산성 비교", *중국학연구 제 57 집*, p. 313.

<sup>4</sup> Yang Jianfei, 2011, "The Chinese understanding of cultural industries", *Institute for Cultural Industries Communication*, University of China, 19(2), p.92.

<sup>5</sup> 양갑용, 2010, "중국 문화산업정책 지식생산 기제 연구", *중국학연구 제 57 집*, p. 240.; Xiaolu Chen, 2009, "China's cultural industries in the face of trade liberalization: An analytical framework of China's cultural policy, Graduate School of the Ohio State University thesis, p.48.

industrial policies in terms of specific field and genre of the industry. Although the Chinese cultural industry policies have developed within similar frame work throughout the entire industry, when the policies of each cultural sector are researched in depth, there are distinctive differences.

According to the nature of the Socialist state, the intervention of the central government in the cultural industry is very strong.<sup>6</sup> Although the opening up and reform policies have commenced, the Chinese industry is operated based on the policies made by government authorities such as the Ministry of Culture, which overlooks the cultural industry and State Administration of Radio, Film, and Television which manages the broadcasting and film sector.<sup>7</sup> Various members of the cultural industry implement cultural industrial policies based on the fundamental policies of market reform and promotion by the central government and the local governments and cultural departments decide the specific action plans.<sup>8</sup> Therefore, in a socialist country where traditionally politics is closely related to culture, it is important to know what policies the government has implemented in order to study the cultural industry and the Chinese music industry. In order to study the Chinese music industry, the most important thing is to learn the policies towards the industry.

The popular music industry of the Hu Jintao era is faced with new phenomenon of the development of digital music industry from the mid-2000s.<sup>9</sup> There has been little interest from the government toward the Chinese music industry before because the situation of traditional (offline) music recording industry seemed bad enough. The lack of available resources about Chinese music industry proves this. However, with the development of the internet and although currently trivial, the potential of the growth of digital music industry, the Chinese government has expressed its supportive position towards the music industry to promote the expansion of the digital music market and began to realise the need to implement related policies. Recently, the Chinese government has continuously expressed its interest in promoting its cultural industry and there is growing interest from international corporations eager to participate in the Chinese market. The global digital music market has substantial

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<sup>6</sup>안창현, 2010, “한국 문화콘텐츠산업 중국시장 진출 전략”, 인문콘텐츠 제 17 호, p. 481.

<sup>7</sup>양갑용, 2010, “중국 문화산업정책 지식생산 기제 연구”, 중국학연구 제 57 집, pp. 246-248.

<sup>8</sup> Ibid. p. 242.

<sup>9</sup> Lucy, Montgomery, 2009, “Space to grow: Copyright, cultural policy and commercially-focused music in China”, Centre of Creative Innovation, Queensland University of Technology. p.1.

potential for growth and China is one of the emerging markets that carry a significant potential.<sup>10</sup> However, there are not many studies conducted regarding Chinese popular music industry policies. In Korea, there are not many researches available regarding the Chinese music industry. Most of studies are carried out from the perspective of Hallyu, its performance in the Chinese market since the Korean-Pop (K-Pop) has been forming internationally recognized music market share. According to Jihoon Lee's findings (2011)<sup>11</sup>, there is the least amount of resources and information available regarding the Chinese popular music industry compared to other cultural industries.

On the contrary, there are many studies conducted regarding the Chinese film industry. The Chinese government has considered its film industry as an essential instrument to transmit and maintain socialist ideology for a long time.<sup>12</sup> The reach of the state has been strong in respect to other cultural industries. In the Hu Jintao era, film industry is an important cultural industry sector, and the government is enthusiastic in promoting the industry. If popular music industry policies are compared in the light of those of the film industry, it will be able to evaluate the current status of the popular music industry.

## **2. Previous Studies.**

There were many researches and studies conducted regarding the Chinese government policies on Chinese cultural industry. These were mostly about developmental trend, related organizations, and developmental strategies of the government, productivity, and problems. Kim(2008)<sup>13</sup> found that the socialist regime has gradually changed and developed its cultural policies. According to Jeong (2001)<sup>14</sup>, the relaxation of the government's political intervention and the increasing demand are the factors that promote the development of the cultural industry. Therefore the trend is that the policies are towards support of the industry rather

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<sup>10</sup> [http://www.researchandmarkets.com/reports/1061114/the\\_digital\\_music\\_market\\_outlook\\_evolution.pdf](http://www.researchandmarkets.com/reports/1061114/the_digital_music_market_outlook_evolution.pdf)

<sup>11</sup> 이지훈, 2011, "한국대중음악의 중국시장 진출을 위한 중국 대중음악시장에 관한 연구" 단국대학교 대중문화예술대학원 석사학위 논문.

<sup>12</sup> 강내영, 2010, "전환기 중국 영화산업의 새로운 동향과 특징 연구", 영화연구 48 호, p. 8.

<sup>13</sup> 김나경, 2008, "중국문화산업정책의 현황을 통한 한류의 문제점과 그 개선방안 모색", 중앙대학교 석사학위 논문.

<sup>14</sup> 정기은, 2001, 중국의 문화정책 발전현황, 문화관광연구 제 3 권 제 2 호, p. 89

than strengthening the regulations<sup>15</sup> and the cultural market has shifted to consumer-oriented, rather than supplier-oriented as the planned economy has changed from market-oriented economy after the opening up and the reform.

Regarding the related organizations, Yang (2010)<sup>16</sup> has found that the role and efforts of the Communist party and the government, especially the Ministry of Culture is crucial in forming policies of the cultural industry. The Chinese government is indeed trying to adopt strategies of gaining competitiveness in order to counteract to effects of the foreign cultural industry by collaborating the features of its culture and nationalism. As the result of the government's efforts, the Chinese cultural industry clearly displays the improvement in its productivity, especially in the management of the industry.<sup>17</sup>

However, according to Kim (2011)<sup>18</sup>, clearer definition and the concept of the cultural industry still needs to be devised and the basic infrastructure and the specific legislation and policies need to be implemented. Also, the problems of inefficient distribution and support of fund, Intellectual Property Rights issues, and the lack of human resources need to be carefully looked at.

### **Chinese music industry**

Lee has analyzed the factors that have contributed to the success of the K-Pop in China, and the Chinese consumer market in terms of marketing.<sup>19</sup>

### **Chinese Film industry**

In relation to the Chinese film industry, there exist two perspectives of issues which are control versus autonomy and protection versus opening up.<sup>20</sup> According to Lee (2009)<sup>21</sup>, the Chinese film industry had the trend of having open policies before 2004, but later there is the trend of

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<sup>15</sup>정우식, 2009, "중국문화산업 시장참여자 연구", 현대중국연구 제 11 집 1 호, pp. 147-193.

<sup>16</sup>양갑용, 2010, "중국 문화산업정책 지식생산 기제 연구", 중국학연구 제 57 집, p. 240.

<sup>17</sup> 김민선, 2011, "중국 문화창의산업에 관한 연구", 중앙대학교 대학원 석사학위 논문.

<sup>18</sup>Ibid.

<sup>19</sup>이지훈(2011), "한국대중음악의 중국시장 진출을 위한 중국 대중음악시장에 관한 연구" 단국대학교 대중문화예술대학원 석사학위 논문.

<sup>20</sup>임대근, 2006, "최근 중국 영화산업의 쟁점들", 중국학연구 제 35 집, pp. 439-458.

<sup>21</sup>이충민, 2009, "중국영화정책의 변화에 따른 한국영화의 대응방안 연구", 중국학연구제 50 집, p. 916.

protecting the domestic film industry. Therefore the entry into the Chinese film market has become difficult for foreign companies but there exist policies of promotion for the collaboration between the Chinese and foreign film companies. This will bring the heightened pressure from the market and the government to the domestic industry and the structural polarization problem will be raised by the intervention of the government rather than the market. According to Kang(2011)<sup>22</sup>, the government has recognized the industrial aspect of the film sector, but has also been trying to maintain the role of film having the cultural characteristics of possessing political ideology. The government's film industry policies have developed in respect to the contradiction of the government having to maintain the political control and the need to promote the industry.

### **3. Concepts and Definitions regarding Chinese cultural industry**

#### **Definition of Cultural Industry**

There has been no international consensus formed regarding the definition and concept of cultural industry. Therefore, various names, concepts and definitions exist. Generally, it is considered as the industry that can commodify culture and arts so that it can be produced and consumed in large scale. The essence of defining the cultural industry is whether it is possible to become a cultural product because when culture can be transformed into a commodity, then it can be the subject of the cultural industry.<sup>23</sup>

#### **Definition of Chinese cultural industry**

According to the National Bureau of Statistics of China, cultural industry is defined as “the aggregation of activities and related activities that aim to provide to the public with cultural entertainment products and services”.<sup>24</sup>

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<sup>22</sup>강내영, 2010, “전환기 중국 영화산업의 새로운 동향과 특징 연구”, 영화연구 48 호, pp. 7 -56.

<sup>23</sup> Yang Jianfei, 2011, “The Chinese understanding of cultural industries”, Institute for Cultural Industries Communication, University of China, 19(2), p. 90.

<sup>24</sup> [http://www.stats.gov.cn/tjbz/hyflbz/xgwj/t20040518\\_402154090.htm](http://www.stats.gov.cn/tjbz/hyflbz/xgwj/t20040518_402154090.htm)

However, generally it can be thought as activities that are concerned with socially and publically provided culture, entertainment business and services, or series of other related activities. According to Chinese culture industry bluebook, the subject or core task of the cultural industry include cultural entertainment business, newspaper publishing, broadcasting, video and record, network and computer services, travel, education, etc.

Even though culture industry as commercial activities had emerged in China with the beginning of its opening up and reform policy in 1978, “it was not conceptualized in China until 1991, when it was officially recognized as an industry and defined by China in government documents”.<sup>25</sup> The core includes news and media, publications and copyright, radio and television broadcasting and motion pictures, and arts. The peripheral includes the Internet service, entertainment, and other related cultural activities, and the culture-related includes the production, manufacturing, and sales of cultural goods, materials.

The Chinese government defines culture industry in China as the for-profit industries that produce cultural goods and cultural services and activities that are engaged in provision of cultural and entertainment goods and services as well as an aggregate that is related to all these activities.<sup>26</sup> The industries covered by this definition include live arts performing, films, audio and visual production, entertainment, tourism, arts training and artistic products

Based on the above definition, China has further classified its culture industry into three groups: the core, the peripheral and culture-related.<sup>27</sup>

### **Categorization of Chinese Cultural Industry**

In 2004, the National Bureau of Statistics of China issued “the Notice on Cultural and Related Industries Classification”<sup>28</sup>, which is the first official classification of cultural industries in China. According to the classification, the Chinese cultural industries have nine categories: 1) news service, 2) publishing and copyright services, 3) radio, television and film services, 4) arts and

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<sup>25</sup> Qin, Guan Ping; Wei, Hao; and Wang, Xi(2009), p. 11.

<sup>26</sup> Fan, C. Cindy. 2006. “China’s Eleventh Five-Year Plan (2006–2010): From “Getting Rich First” to “Common Prosperity”, Eurasian Geography and Economics, 47, No. 6, p. 708.

<sup>27</sup> Yang Jianfei, 2011, “The Chinese understanding of cultural industries”, Institute for Cultural Industries Communication, University of China, 19(2), p. 91.

<sup>28</sup> [http://www.stats.gov.cn/tjbz/hyflbz/xgwj/t20040518\\_402154090.htm](http://www.stats.gov.cn/tjbz/hyflbz/xgwj/t20040518_402154090.htm)

cultural services, 5) online cultural services, 6) leisure and recreational services, 7) other cultural services, 8) manufacture of cultural product, equipment and related products, 9) sales of cultural product, equipment and related products.

The Popular Music industry belongs to the second category, which is “publishing and copyrights services” and the film industry belongs to the third category, which is “radio, television and film services”

These nine categories could be grouped into three levels: the core level, peripheral level, and related level, each with different specifics.<sup>29</sup> The core level is primarily concerned with cultural industries in a traditional wisdom, which include visual and performing arts, audio-visual products, publishing, printing, etc. The peripheral level is related to cultural industries that were mostly established after the opening up and reform policies and the cultural industrialization commenced. The related level is concerned with the supporting segments of the industries including equipment manufacture, cultural services, etc. The popular music industry and film industry both belong to the core level.

**Fig 1. The Classification of China’s Cultural and Related Industries**

<b>The related part</b>	8) manufacture of cultural product, equipment and related products 9) sales of cultural product, equipment and related products
<b>The peripheral part</b>	5) online cultural services 6) leisure and recreational services 7) other cultural services
<b>The core part</b>	1) news service 2) publishing and copyright services 3) radio, television and film services 4) arts and cultural services

Source: National Bureau of Statistics, China, 2004<sup>30</sup>

<sup>29</sup> Yang Jianfei, 2011, “The Chinese understanding of cultural industries”, Institute for Cultural Industries Communication, University of China, 19(2), p. 91.

<sup>30</sup> [http://www.stats.gov.cn/tjbz/hyflbz/xgwj/t20040518\\_402154090.htm](http://www.stats.gov.cn/tjbz/hyflbz/xgwj/t20040518_402154090.htm)



## Classification of Chinese popular music

Chinese popular music could be divided into two types according to Lee<sup>31</sup>. One is *tongsu* or Common Music, which is the officially sanctioned and promoted ballad-type music sung usually by solo artists, but occasionally by choirs. The other type is the one that will be focused in this study called *liuxing yingyue* or Popular Music, which could be defined as the officially discouraged popular music performed by unofficial rock groups whose style ranges from troubadour-type pop to heavy metal.

## 4. Research Methodology

The nature of this research is a qualitative one. This research is based on the analysis of policy documents, statistics, and internet resources of primary and secondary resources. However, due to a lack of availability of credible and abundant resources without an expensive fee, especially regarding the Chinese music industry, mostly based on the secondary resources of various scholars and researchers. The size of Chinese music market is small and the data are combined in the audio-visual industry category, therefore, not enough independent resources for music industry are available. Also, because of the illegal piracy issues, the legitimate and finalized concrete industry data are hard to find.

This research seeks to answer the following questions: 1) what are Chinese cultural industry policies in the Hu Jintao era? 2) What are the popular music industry policies in the Hu Jintao era and how have they changed from before and after the opening up and reform policies were implemented? 3) How do the policies toward popular music industry differ from the film industry?

To answer these questions, after the introductory part of the Chapter 1, Chinese music industry policies will be studied in Chapter 2. First, the cultural industry policies and the popular music industry policies before opening-up and reform period will be studied. Then, the cultural industry policies and the popular music industry policies after opening-up and reform period will be studied. This part will be divided into policies before the Hu Jintao era, and in

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<sup>31</sup> Gregory Lee, 1995. "The 'East Is Red' Goes Pop: Commodification, Hybridity and Nationalism in Chinese Popular Song and Its Televisual Performance." *Popular Music*. Vol. 14, No. 1. p. 97.

the Hu Jintao era and the emphasis will be put on the popular music industry policies in the Hu Jintao era. Domestic and foreign policies will be looked at separately regarding the Hu Jintao era policies. In Chapter 3, Chinese popular music industry policies will be compared with those of film industry and finally, Chapter 4 will be the conclusion.

## Chapter 2: Music Industry Policies in Hu Jintao era

### 2-1. Chinese music industry policies before the opening up and reform policy

#### 2-1-1. Chinese Cultural industry policies before the opening up and reform policy

Before the opening up and reform policies, the Chinese government had defined the activities related to popular culture as *shiye*, “a cause and undertaking, which could create social values such as national integrity, social cohesion, and ensure political correctness”<sup>32</sup>, that is subject to the supervision of the Communist party and invested enormous amount of government budget in order to utilize it as ideological propaganda tools.<sup>33</sup> Therefore, it was not regarded as an industry as economic motivation was not the driving force and the cost was entirely subsidized by the government,<sup>34</sup> to fulfil the government’s missions and needs.

After the foundation of the People’s Republic of China in 1949, what concerned workers of literature and art most was Mao Zedong’s Forum on Literature and Art announced in 1942 in Yanan.<sup>35</sup> Mao had personal views on literature and art and his main arguments emphasized the existence of two schools of literature and art. According to his arguments, the workers in literature and art should serve the people, the majority of whom are workers, peasants, and soldiers. The function of art according to Mao’s proletarian ideal of literature and art was to unite and educate the people and to fight against and obliterate the enemy.<sup>36</sup> For him, a given culture was “the ideological reflection of the politics and economics of a given society”<sup>37</sup> called for the creation of a new “national, scientific and mass culture,” which could “be led only by the culture and ideology of the proletariat, by the ideology of communism, and not by the culture and ideology of any other class”<sup>38</sup>. Mao believed that a new method of artistic creation,

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<sup>32</sup> Xiaolu Chen, 2009, “China’s cultural industries in the face of trade liberalization: An analytical framework of China’s cultural policy, Graduate School of the Ohio State University thesis, p. 15.

<sup>33</sup> 한홍석, 2004, “중국 문화산업의 제도적 특징과 발전”, 현대중국연구 제 6 집 2 호, p. 195.

<sup>34</sup> Ibid. p. 198.

<sup>35</sup> Michael Sullivan, (1999), “Special Issue: The People’s Republic of China after 50 Years”, The China Quarterly, No. 159, p. 712.

<sup>36</sup> Charles Hamm, 1991. “Press Music and Radio in the People’s Republic of China.” *Asian Music*. Vol. 22, No. 2. p. 8.

<sup>37</sup> Zedong Mao, 1940. “On NEW Democracy.” In *China 1969*: pp. 173-192.

<sup>38</sup> Charles Hamm, 1991. “Press Music and Radio in the People’s Republic of China.” *Asian Music*. Vol. 22, No. 2. .p. 9.

“realism and romanticism” should be adopted.<sup>39</sup> Realism meaning China had entered a wonderful society under the leadership of Mao. The “reality” of realism was for China supposedly to get better, richer, stronger and more influential in the international affairs. Mao thought romanticism could break through the status quo and was necessary to praise proletarian socialism. Furthermore, the objects of praise had to be related to the proletarian class, Mao, and the communist party.

Before the open door policy, under the planned economy system, the Communist Party employed heavy-handed efforts to control cultural production, strictly define taste, restrict and denigrate leisure-time activities and the cultural sector. This reached an extreme during the Cultural Revolution when only a very limited number of products passed official muster, and knowledge of foreign popular culture was virtually nil.<sup>40</sup>

## **2-1-2. Chinese music industry policies before the opening up and reform policy**

No distinctive, naturally-accepted proletarian style or genre of music had emerged among the urban working classes before 1949. According to Hamm, there was no proletarian genre ready to function as an example. But even if such a style had existed, the “mass line” of the Chinese Communist Party would have dictated against its being taken over without negotiation.<sup>41</sup>

During the Mao era, the only two Chinese composers whose works could be performed without restriction were Nie Er and Xi Xin-hai.<sup>42</sup> Because Xi was a member of the communist party and contributed much to the proletarian revolution, was honoured by Mao as a “People’s Musician”, the highest honour that could be achieved at that time. Mao evaluated an author or artist not by his works but by his attitude toward the revolution and toward Mao himself.

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<sup>39</sup> Yu Run Mao, 1991, “Music under Mao, Its background and aftermath”, *Asian Music*, Vol. 22, No. 2, Views of Music in China today, p.104.

<sup>40</sup> Thomas B. Gold, 1993. “Go with Your Feelings: Hong Kong and Taiwan Popular Culture in Greater China.” *The China Quarterly*. No. 136. p. 913.

<sup>41</sup> Charles Hamm, 1991. “Press Music and Radio in the People's Republic of China.” *Asian Music*. Vol. 22, No. 2. p. 8.

<sup>42</sup> *Ibid.*, p. 9.

Until the advent and widespread adoption of cassette technology and subsequently television in the latter half of the 1980s, film was the main medium for the dissemination of popular songs in China.<sup>43</sup> Nonetheless, during the intervening decades, numerous changes had occurred. As Stock suggests, after 1949 the songs having a precursor in the more revolutionary film songs were abandoned in favour of mass songs with a stronger ideological standpoint. These had folk song themes but were more similar to the tradition of the contemporaneous mass songs.<sup>44</sup> Mass singing of this type had its origins in nineteenth-century missionary proselytization.<sup>45</sup> In the early 1900s, Chinese educationists, military reformers and political activists used mass songs for simpler communication and memorization, as well as creating corporate feeling amongst the singers, whether students, soldiers or demonstrators. Although songs share with the romantic type an inclination for pentatonic tunes and Western harmonies, there was a shift from mellow, sentimental solo song over a moderate dance accompaniment to brash, stirring chorus with faster march accompaniment.

In the early 1970s, the government owned popular music industry and its main task was to 'serve the people' (Wei renmin fuwu) by generating praise songs to socialist idealism, *tongsu yinyue* (common music or music for the masses).<sup>46</sup> According to Huang, this music represented the socialist art. Soviet realist 'workers songs' were for the public to motivate communist values. They featured "plain, folk-inflected melodies assisted by Western-style orchestral accompaniment, with a few traditional Chinese instruments to express cultural credibility".<sup>47</sup> Songs had pentatonic melodic outlines with simple harmonic progressions and broadcast over the public media in the street and radio, were integrated into peoples' ordinary lives.<sup>48</sup>

During the Cultural Revolution of China, the propagandistic use of music was at the peak, engaged in a struggle of pro-communism and anti-capitalism. What was devastating to popular

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<sup>43</sup> Andrew F. Jones, 1992. "Like a Knife: Ideology and Genre in Contemporary Chinese Popular Music." *Cornell East Asia*. Vol. 57, p. 8

<sup>44</sup> Jonathan Stock, 1995. "Reconsidering the Past: Zhou Xuan and the Rehabilitation of Early Twentieth-Century Popular Music." *Asian Music*. Vol. 26, No. 2. p. 127.

<sup>45</sup> Ibid.

<sup>46</sup> Hao Huang, 2001. "Yaogun Yinyue: Rethinking Mainland Chinese Rock 'n' Roll." *Popular Music*. Vol. 20, No. 1. p. 2.

<sup>47</sup> Ibid.

<sup>48</sup> Ibid.

forms of music was that the Revolution flattened all music to one single form for revolutionary purpose.<sup>49</sup>

## **2-2. Chinese music industry policies after the opening up and reform policy**

### **2-2-1. Chinese Cultural industry policies after the opening up and reform policy**

#### **2-2-1-1. Before the Hu Jintao era**

When Deng Xiaoping introduced the open-door and economic reform policies, there was large-scale import of foreign cassettes, television programs and the hardware upon which to play them.<sup>50</sup> While in the countryside, the less productive commune system was disappeared and instead partial self-employment and urban industries became responsible for its survival and became profit-driven.<sup>51</sup> The Communist Party undertook economic reforms to regain the legitimacy damaged by the Cultural Revolution. It reiterated its principal task as modernization, which involved marketizing and privatizing the domestic economy and opening to foreign investment. The Party greatly relaxed its control over the superstructure, both in terms of ideology and culture. However, although the thought that the arts are subject to politics has weakened considerably, compared to Mao's era, politics and arts were not easy to distinguish. According to Jiang Zemin's speech given at 5<sup>th</sup> and 6<sup>th</sup> National Congress of Writers and Artists in 1996, Politics existed "in concrete social life and in the minds and feelings of our culture workers".<sup>52</sup>

Before the opening up and reform policies began, due to the political turmoil and the planned economy system, culture was generally perceived as *shiye*, involved in creating social values only. The government was responsible in cultural construction through state-owned cultural

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<sup>49</sup> Ibid.

<sup>50</sup> Jonathan Stock, 1995. "Reconsidering the Past: Zhou Xuan and the Rehabilitation of Early Twentieth-Century Popular Music." *Asian Music*. Vol. 26, No. 2. p. 125.

<sup>51</sup> Andrew F. Jones, 1992. "Like a Knife: Ideology and Genre in Contemporary Chinese Popular Music." *Cornell East Asia*. Vol. 57, pp. 15-17.

<sup>52</sup> Zemin Jiang, "Zai zhongguo wenlian zhongguo zuoxie di 5/6 ci quanguo daibiao dahui shang de jianghua", *Renmin ribao*, 17 December 1996, p. 4.

institutions “mainly in the form of public service work unit”.<sup>53</sup> However, after the economic reform, this no longer could be compatible. Therefore, a dual system of cultural undertakings or cultural institutions and cultural industries began as public organization was allowed to be engaged in business activities. As the economy developed and the disposable income increased, the demand and need for cultural development also amplified. The original cultural structure and system needed reform in order to be in line with its market economy system.<sup>54</sup> Therefore, the government realized the need to transform and change the cultural sector.

### 2-2-1-2. In the Hu Jintao era

In the past, until 2000, culture was generally considered to serve its instrumental role for the state’s political and ideological purposes.<sup>55</sup> The terminology “cultural industry policy” is very new to China. The Chinese government was not enthusiastic about industrialization of cultural industry and did not put much effort to develop the industry. However, in the Hu Jintao era, the meaning of culture and the values behind it is freshly acknowledged.<sup>56</sup> The interest is growing toward the cultural industry and there are increasing policy issues surrounding the discourses of cultural industries. The Chinese government started to view the cultural industry as an engine of its long-term economic growth. “The government now sees its huge internal market as a potential platform for indigenous cultural and creative industries, the sector will also play a pivotal role in the shift towards innovation, high-value services and a ‘creativity’ that looks set to become a key human resource issue”.<sup>57</sup> Although the traditional role of culture as ideological propaganda still remains in China but its industrial aspect that it can produce added value is being emphasized greatly.<sup>58</sup>

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<sup>53</sup> Xiaolu Chen, 2009, “China’s cultural industries in the face of trade liberalization: An analytical framework of China’s cultural policy, Graduate School of the Ohio State University thesis, p. 15.

<sup>54</sup> Xiaolu Chen, 2009, “China’s cultural industries in the face of trade liberalization: An analytical framework of China’s cultural policy, Graduate School of the Ohio State University thesis, p. 16.

<sup>55</sup> 양갑용, 2010, “중국 문화산업정책 지식생산 기제 연구”, 중국학연구 제 57 집, p. 240.; 이옥연, 2008, “중국의 문화대국 전략”, 동아연구 제 56 집, p.11.

<sup>56</sup> 양갑용, 전게서,, p. 240.

<sup>57</sup> Justin O’Connor, and Gu Xin, 2006. “A new modernity?: The arrival of ‘Creative industries’ in China.” *International Journal of Cultural Studies*, p. 272.

<sup>58</sup> 양갑용, 전게서, p. 240.

This change in the perception toward culture in Hu Jintao era is triggered by external factors.<sup>59</sup> It was suggested that China is faced with many challenges including the need to continuously develop the economy. The undeveloped Chinese cultural industry causing the adverse balance of trade is a serious problem when culture is now regarded as a new source of economic development. Other than the economic reasons, the cultural situation of China is that faced with the globalization process.<sup>60</sup> After entering into the WTO in 2001, the international competition has been fierce.<sup>61</sup> In terms of national security, the cultural security has been in a danger after the large amount of influx of foreign culture. The government has acknowledged the need to find solutions and realized the system reform is an inevitable option to develop its industry.

In order to respond to the changes in the external environment which influence the cultural industry, the Chinese government is using approaches from two aspects. Through active intervention, the government has been promoting the two-track cultural industry policies of support and regulation simultaneously.<sup>62</sup> Evaluating Chinese cultural industrial policies at the domestic and foreign level will reveal how the paradoxical two-track policies are employed in Chinese cultural industries.<sup>63</sup>

### **Domestic level policies**

China has been passive in opening up its cultural industry for many political and economic reasons. However, faced with many challenges, China could not maintain its attitudes of being overly restrictive and protective towards the influences of foreign culture because of the potential loss of economic efficiency and its determination to develop its industry as an engine of economic development. It has been gradually beginning to ease various regulatory policies,

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<sup>59</sup> 양갑용, 2010, "중국 문화산업정책 지식생산 기제 연구", 중국학연구 제 57 집, p. 240.; 이옥연, 2008, "중국의 문화대국 전략", 동아연구 제 56 집, p.11.

<sup>60</sup> 이옥연, 전제서, p. 14.

<sup>61</sup> 양갑용, 전제서 p. 240.

<sup>62</sup> Ibid.

<sup>63</sup> Ibid.



strategically promote and enforce the support towards its cultural industry.<sup>64</sup> These supportive and promotive attitudes could be found when the domestic cultural industrial policies are evaluated through the examination of plans and decisions made by the government regarding its cultural industries.

The first official government document mentioning the development of cultural industries was released in December 2000, as the Fifth Plenum of the 15th CPC Central Committee decided to improve the policies for cultural industries, strengthen administration of cultural markets and promote the development of the cultural sector.<sup>65</sup> In 2002, The 16th CPC National Congress decided to support the reform of cultural industry and issue a plan for the reform urgently. As mentioned already, the government has been consistent in its prudent attitude towards opening up of its cultural industry. The cultural policies were implemented through sufficient research and evaluations after prior experimental policy implementations and problems identification were carried out so that the stability has been testified before the policies get implemented nationwide.<sup>66</sup> For instance, for three years from 2003 to 2005, thirty five cultural units were chosen from nine districts, to carry out cultural reform trials by the request of the CPC Publicity Department. Through these trials, that state-dominated system has been privatized in order to strengthen its competitiveness. During the process, problems raised were analysed and after the solutions were found, the nationwide system reform has started.<sup>67</sup> After three years of experiments, in 2006, the State Council announced a decision that it will push forward the cultural industry reform that it was decided to expand the experimental reform nationwide.<sup>68</sup>

A major weakness of socialist system is that its administrative unit and business unit are not divided but integrated so the market competitiveness and creativity cannot be guaranteed.<sup>69</sup> Accordingly, the government has reinforced the adaptability of cultural businesses through administrative management reform by dividing the administration and businesses,

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<sup>64</sup>선정규, 2011, '중국문화산업 정책의 특징과 전략적 목표', 고려대학교 한국학연구소, 한국학 연구 37, p. 39.

<sup>65</sup>정우식, 2009, "중국문화산업 시장참여자 연구", 현대중국연구 제 11 집 1 호, p. 160.

<sup>66</sup>선정규, 전게서, p. 41.

<sup>67</sup> Ibid.

<sup>68</sup> Ibid.

<sup>69</sup> Ibid., p. 42.

administration and capital, and government and the intermediary organization. As year 2006 was the beginning year of the 11<sup>th</sup> 5 year plan period, and marks the beginning of the nationwide development policies. Since then, the system reform has been regarded very important and actively carried out and is being emphasized frequently by key decision makers.<sup>70</sup> For example, the management and administration of the General Administration of Press and Publication (GAPP) and broadcast sector have been operated separately. Before, depending on the type and function of cultural industry, different government's management departments have been divided, so the overall management over the cultural industry had been impossible. Therefore, by the unification and centralization of administration line, the administrative reform is continued so that the management and support can be carried out more effectively.<sup>71</sup>

After 2006, the enforcement of laws and administrative actions were implemented. The private capital now could be utilized in cultural industry, and the collaboration between domestic large cultural industrial units and foreign companies was promoted and therefore the overseas expansion was made possible for Chinese cultural industry. This could be related to the goals of the Chinese government to form large leading cultural companies regardless of area, media, type of business and management system so that its foreign competitiveness could be enhanced.<sup>72</sup> In September 2009, "Stimulation Plan for Cultural Industries" was announced and approved by the State Council, in April 2010, nine government ministries incorporated and distributed a guiding opinion on financial help for the rejuvenation and prosperity of the cultural industry to ease the financial challenges that exist in the cultural industry.<sup>73</sup> By the end of 2010, there was major transformation from government funded to profit enterprises for over 4,300 cultural institutions. In 2011, The Sixth Plenum of the 17th CPC Central Committee approved the decision on further developing the cultural industry reform and accomplishing cultural prosperity.<sup>74</sup> Through this decision, the government expressed its intention to regard the cultural enterprises and cultural industry as the national

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<sup>70</sup>이옥연, 2004, "지구화 시대 중국의 문화 담론과 문화 발전 전략", 중국현대문학 제 37 호, p. 39.

<sup>71</sup> 宋健式, 2010, 中國文化產業政策法規研究<2010 文化產業發展報告> (北京: 社會科學文學出版社), p. 63.

<sup>72</sup> Ibid.

<sup>73</sup> <http://technews.tmcnet.com/business-video/news/2009/09/11/4364790.htm>

<sup>74</sup> [http://english.qstheory.cn/leaders/201204/t20120401\\_149157.htm](http://english.qstheory.cn/leaders/201204/t20120401_149157.htm)

strategic business.<sup>75</sup> The goals were as follows: “Enhancement of the cultural refinement of the Chinese people, increase the soft power of culture, enforcement of the international influence of the Chinese culture, Maintenance of unique Chinese Socialist cultural development method, and completion of development of cultural reform until 2020 by pursuing modernization, globalization, future-oriented development based on science, technology and innovation”.<sup>76</sup>

The government’s interest towards culture and the recognition of the cultural system reform as one of the important businesses of the state means the government is considering the cultural policy very important. Therefore, in the Hu Jintao era, the Chinese government considers culture as an important factor of national security<sup>77</sup> and as an important soft power resource.<sup>78</sup>

Although government has taken a very careful stance in the introduction of foreign capital and investments toward the cultural industry, investments regarding cultural industry are constantly increasing. The amount of investment of Chinese cultural industry in 2011 constituted 61% of the sum of investment in last 6 years, which was 3.98 billion dollars (US).<sup>79</sup> Investments and loans in cultural industry between 2006 and 2011 was 6.47 billion yuan, it was 3.98 billion yuan just in 2011, which was the highest annual amount.<sup>80</sup> Not only these, but in 2011, the Chinese cultural industry investment fund has been established.<sup>81</sup> The fast growth of the China Culture Industry Investment Fund shows that cultural industries have become engines for economic growth in China. Although there are a number of obstacles and constraints that limit the growth of the cultural sector in China, including low level of technology, insufficient capital and difficulties in cross-media and cross-regional expansion, there are also lot opportunities provided by the government. After the introduction of foreign capital, it increased considerably; in 2011 the proportion of foreign capital was 80% of the total

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<sup>75</sup> [http://english.qstheory.cn/leaders/201204/t20120401\\_149157.htm](http://english.qstheory.cn/leaders/201204/t20120401_149157.htm)

<sup>76</sup> Ibid.

<sup>77</sup> 이옥연, 2008, “중국의 문화대국 전략”, 동아연구 제 56 집, p. 11.

<sup>78</sup> 조영남, 2009, “21 세기 중국이 가는 길”, 서울, 나남, pp. 204-213.

<sup>79</sup> [http://www.kocca.kr/knowledge/trend/abroad/1766170\\_3315.html](http://www.kocca.kr/knowledge/trend/abroad/1766170_3315.html)

<sup>80</sup> Ibid.

<sup>81</sup> 한국콘텐츠진흥원, “2011 해외 콘텐츠 시장조사(중국)”, 2010. 04.13.  
[http://www.kocca.kr/knowledge/trend/abroad/\\_icsFiles/afieldfile/2012/04/03/euMSXODdQS5c.pdf](http://www.kocca.kr/knowledge/trend/abroad/_icsFiles/afieldfile/2012/04/03/euMSXODdQS5c.pdf)

investment of cultural industry.<sup>82</sup> After 2004, the Chinese cultural industry showed more than 20% increase annually and the export of cultural products in 2011 has increased by 22.2% compared to 2010.<sup>83</sup> Although the Chinese cultural industry is growing fast, it still lags behind other countries as the Chinese cultural industry has short history and the number of companies that correspond to the global level is very little due to environmental factor of the socialist planned-economy system. Through various measures of administrative and system reform and investment, government is trying to nurture leading companies with global competitiveness through choice and concentration.<sup>84</sup>

### Foreign level policies

By studying the foreign cultural industrial policies of China through foreign trade policies such as the WTO commitments regarding cultural industries, the government's protective and regulatory attitudes toward the influx of foreign cultural products can be found. Although the reformative actions of the government toward its cultural industry will be sustained, concerning its impact to the public, and the determination to escalate its competitiveness as an industry, the government will maintain the protective attitude through placing barriers in terms of laws and system.<sup>85</sup>

After the entry into the WTO, the Chinese government is aware of the potential threat and cost China could be face with through the fierce international market competition and the influx of foreign cultural products. Moreover, the notion of preserving a "national spirit" and "spiritual civilization" have been emphasized by major political leaders. It indicates that in the era of globalization, China should protect and maintain the national identity and the traditional cultural spirit in order to develop an "advanced culture with distinct Chinese characteristics and to build a socialist spiritual civilization".<sup>86</sup> Therefore, the government's market intervention seems to be an inevitable choice for the Chinese government. Indeed, the

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<sup>82</sup> [http://www.kocca.kr/knowledge/trend/abroad/1766170\\_3315.html](http://www.kocca.kr/knowledge/trend/abroad/1766170_3315.html)

<sup>83</sup> 한국콘텐츠진흥원, "2011 해외 콘텐츠 시장조사(중국)", 2010. 04.13.  
[http://www.kocca.kr/knowledge/trend/abroad/\\_icsFiles/afieldfile/2012/04/03/euMSXODdQS5c.pdf](http://www.kocca.kr/knowledge/trend/abroad/_icsFiles/afieldfile/2012/04/03/euMSXODdQS5c.pdf)

<sup>84</sup> 선정규, 2011, '중국문화산업 정책의 특징과 전략적 목표', 고려대학교 한국학연구소, 한국학 연구 37, p. 53.

<sup>85</sup> 정우식, 2009, "중국문화산업 시장참여자 연구", 현대중국연구 제 11 집 1 호, p. 162.

<sup>86</sup> <http://www.china.org.cn/e-speech/a.htm>

decision making process and implementation of domestic cultural industrial policies have been dominated by the Communist party and the government,<sup>87</sup> because, maintaining the political control has been the core value in developing the Chinese cultural industry. The policy suggestion, designing objectives and specific implementations all have been authorized by the departments designated by the government. Likewise, by the specific commitments schedule made by China in its cultural industries in effect allows China to open its cultural industries to a limited extent within which the Chinese government feels safe to take control of through a series of cultural industrial policies, in order to ensure the healthy development of a socialist culture on its own agenda.<sup>88</sup> By limiting the access to its market, the Chinese government was able to control its industry and control the speed of opening its market to the manageable level.

According to Chen, the Chinese government has implemented explicit and implicit measures to achieve this control. Explicit measures are clearly written into China's schedule of specific commitments, whereas implicit measures are certain commitments that were written in the agreement, but due to their ambiguous and uncertain nature, the Chinese government retained the flexibility to limit inflow of cultural products without breaking the WTO rules.<sup>89</sup> The ownership restrictions and placing importing quota are such explicit measures. Having ambiguity and uncertainty in certain commitments written in the agreements allowed China to preserve the right to regulate its cultural sector to its own taste because these did not breach the codes and rules of the WTO.<sup>90</sup> Commitments with phrases like "Without prejudice to compliance with China's regulations on administrations of ....." or "without prejudice to China's right to..." are examples of such implicit measures.<sup>91</sup> Also, the content examination for imported products can allow Chinese industries to be able to have own standards of what qualification such cultural product should have in order to be permitted into China. This

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<sup>87</sup> Xiaolu Chen, 2009, "China's cultural industries in the face of trade liberalization: An analytical framework of China's cultural policy, Graduate School of the Ohio State University thesis, p. 51.

<sup>88</sup> Ibid.

<sup>89</sup> Ibid.

<sup>90</sup> Xiaolu Chen, 2009, "China's cultural industries in the face of trade liberalization: An analytical framework of China's cultural policy, Graduate School of the Ohio State University thesis, p. 51.

<sup>91</sup> Ibid., p. 55.

content examination measure is placed for political and ideological purposes rather than economic reasons.<sup>92</sup> Other than the content examination, there is local content requirement.

In sum, by examining the domestic and foreign cultural industrial policies of China, it is found that the Chinese government has two attitudes towards its cultural industry, which are contradictory and paradoxical in nature.<sup>93</sup> On the one hand, the government is willing to develop and extend its “ambitious cultural developmental plan”<sup>94</sup> and on the other hand, it is careful and cautious in accepting the entry of foreign cultural influence.

## **2-2-2. Chinese music industry policies after the opening up and reform policy**

### **2-2-2-1. Before the Hu Jintao era**

In the thirty years following the formation of PRC, the government was able to impose the music of its preference on the whole population through the dominion of cultural production and radio programming.<sup>95</sup> In the 1980s, upon the open door policy, the situation had shifted dramatically.<sup>96</sup> As a consequence of political reforms, the singing of mass songs was no longer emphasized and the necessary political and economic conditions for popular music came to exist although fragile and unstable.<sup>97</sup>

To promote development of local popular music and to legitimize its existence for state purpose, the Chinese authorities for the first time created a term ‘tongsu’ or ‘secular music’ in 1986.<sup>98</sup> Despite the Chinese government’s development of the tongsu style music, many younger Chinese, inspired by the open-door mentality, turned to imported gangtai music for expression of personal feelings and entertainment.<sup>99</sup> This music had certain melodic and

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<sup>92</sup> Xiaolu Chen, 2009, “China’s cultural industries in the face of trade liberalization: An analytical framework of China’s cultural policy, Graduate School of the Ohio State University thesis, p. 51.

<sup>93</sup> Ibid., p. 63.

<sup>94</sup> Ibid., p. 48.

<sup>95</sup> Charles Hamm, 1991. “Press Music and Radio in the People’s Republic of China.” *Asian Music*. Vol. 22, No. 2. p. 35.

<sup>96</sup> Ibid., p. 17.

<sup>97</sup> Montgomery, Lucy, (2009), “Space to grow: Copyright, cultural policy and commercially-focused music in China”, Centre of Creative Innovation, Queensland University of Technology. p. 3.

<sup>98</sup> Jonathan Stock, 1995. “Reconsidering the Past: Zhou Xuan and the Rehabilitation of Early Twentieth-Century Popular Music.” *Asian Music*. Vol. 26, No. 2. p. 125.

<sup>99</sup> Ibid.

textual commonality with the 1930s film song, but they developed the pentatonic tunes and sentimental themes of this music with breathy vocal timbres, electric guitars and drums.<sup>100</sup> This kind of music is widely known as “gangtai”. Gangtai music had remained as the dominant style into the 1990s, its own stylistic parameters were acting as the norms through which other popular music is assessed.<sup>101</sup> Compared to music before the open door policies began, the “gangtai” music was clearly commercial and not produced to party dictates and also intensely personal.<sup>102</sup>

Although the popularity of gangtai music began to increase, the government had failed to promulgate a coherent or appealing set of guidelines for popular culture. The Communist Party had encouraged cultural units and individuals to take responsibility for own economic benefit, even to the point of urging artists to leave their units and go on their own, while simultaneously drastically reducing political demands, relying instead on a self-censorship.<sup>103</sup> The growing popularity of gangtai music prompted the authorities to accept the fact that they had to allow this popular music as they knew that compelling this entertainment would be impractical. Very few gangtai songs and western music were allowed to be legally imported prior to the mid-1980s.

The government was perhaps disturbed by the rapid spread of the music through unofficial and therefore less easily controlled channels. Also, the ideological positions contained in some of the songs were considered by the socialist state causing damage to the moral development of the young.<sup>104</sup> With the tape playback and recording equipment becoming affordable for a major part of the population, the state has simply lost control over the listening habits of its people. While not completely relinquishing its control over popular music, the authorities limited popular music to carrying a more official functional role for social and group cohesion, and a minor, unofficial entertaining role within the establishment. The party has in effect yielded a “zone of indifference” in the cultural realm to producers and consumers, where it will

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<sup>100</sup> Andrew F. Jones, 1992. “Like a Knife: Ideology and Genre in Contemporary Chinese Popular Music.” *Cornell East Asia*. Vol. 57, p. 16.

<sup>101</sup> Tim Brace, 1991. “Popular Music in Contemporary Beijing: Modernism and Cultural Identity.” *Asian Music*. Vol. 22, No. 2. p. 48.

<sup>102</sup> Ibid.

<sup>103</sup> Thomas B. Gold, 1993. “Go with Your Feelings: Hong Kong and Taiwan Popular Culture in Greater China.” *The China Quarterly*. No. 136. p. 921.

<sup>104</sup> Jonathan Stock, 1995. “Reconsidering the Past: Zhou Xuan and the Rehabilitation of Early Twentieth-Century Popular Music.” *Asian Music*. Vol. 26, No. 2. p. 126.

not intrude excessively as the costs outweigh the benefits.<sup>105</sup> Before gangtai music, revolutionary songs for the collective public were the official music in China. Since gangtai music, popular songs expressed in natural, emotional and painless ways have been demonstrated as not inferior to national hymns or songs performed in opera the classic style in terms of social significance.

By the mid-1980s, an increasing variety of locally-produced styles had arisen as well including Xibeifeng music.<sup>106</sup> Chinese radio and television embraced those which seemed to fit the theoretical guidelines of being modern and collective while drawing in some way on the music of the “masses” were embraced, selectively, by state cultural agencies.<sup>107</sup> Other styles less appropriate for a socialist-communist state were largely ignored.<sup>108</sup>

In the late 1980s, the local secular music finally could not stand against the challenge of gangtai music. Many large-scale government-financed record companies were dragged by the popularity of gangtai music. Whereas the local secular music was often either obliged to carry an official tone to prevent over-sensationalizing, gangtai music, imbued with the capitalistic characteristics, was more competent in pushing it to an extreme. Actually, the government music industry began to aggressively promote sales of this commercially viable popular music. Due to its capacity for informal distribution and the fact that the profit-driven state record companies were by the mid-1980s deriving a significant share of income from the sales of various types of popular music, it was clear to cultural officials that announcement of what must be an ineffectual ban would succeed only in alienating the young and harming the financial interests of the state record companies. Instead, a more subtle policy was essayed.<sup>109</sup> This consisted of, on the one hand, periodic campaigns against “spiritual pollution” intended to curb negative features of economic and political liberalization and, through heightening public

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<sup>105</sup> Andrew F. Jones, 1992. “Like a Knife: Ideology and Genre in Contemporary Chinese Popular Music.” *Cornell East Asia*. Vol. 57, p. 52.

<sup>106</sup> Jonathan Stock, 1995. “Reconsidering the Past: Zhou Xuan and the Rehabilitation of Early Twentieth-Century Popular Music.” *Asian Music*. Vol. 26, No. 2. p. 125.

<sup>107</sup> Charles Hamm, 1991. “Press Music and Radio in the People's Republic of China.” *Asian Music*. Vol. 22, No. 2. p. 18.

<sup>108</sup> Ibid.

<sup>109</sup> Jonathan Stock, 1995. “Reconsidering the Past: Zhou Xuan and the Rehabilitation of Early Twentieth-Century Popular Music.” *Asian Music*. Vol. 26, No. 2. pp. 126, 33.



consciousness to the ideological threat of capitalist culture, allow the suppression of specific undesirable songs, styles or groups.<sup>110</sup>

There was a simultaneous promotion of “healthy” popular music models. A second aspect of this issue was the replacement or supplementation of the original accompaniment tracks with new electronic and acoustic arrangements. This was intended to appeal directly to those engaged “in the improvement of popular music”, these new accompaniments attempted to recast the 1930s jazz flavour of some of the original songs in a 1980s mould. Rejected by the young for not going far enough, the music on the 1985 cassettes tended to be criticised by older listeners too.<sup>111</sup>

The beginning of these efforts could be found in the Civil Code of 1986, which stipulates that citizens and legal persons are entitled to authorship rights. As Alford (1995) discusses, China possessed no indigenous equivalent to concepts of Intellectual property.<sup>112</sup> Notions of individual creativity and ownership of ideas were not easily reconciled with Confucian concepts of creativity, knowledge and learning.<sup>113</sup> The PRC remained without a copyright law until the Copyright Act of the PRC came into action in June 1991<sup>114</sup>. China has joined the Berne Convention for the Protection of Literary and Artistic Works, World Copyright Convention, and Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of their Phonograms in 1992. The Standing Committee of the National People’s Congress (NPC) issued the Decision on the punishment of Crimes infringing copyrights in July 1994. NPC revised the Penal Code in 1997 and added the crime of copyright infringement, which is subject to up to a seven-year sentence. The State Council promulgated Customs Protection Regulations of the PRC for IPR in July 1995.

In China domestically, copyright law, structured music industry and comprehensible legal measures for the introduction of foreign music did not exist at the time when technologies for

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<sup>110</sup> Jonathan Stock, 1995. “Reconsidering the Past: Zhou Xuan and the Rehabilitation of Early Twentieth-Century Popular Music.” *Asian Music*. Vol. 26, No. 2. pp. 126, 33.

<sup>111</sup> Jonathan Stock, 1995. “Reconsidering the Past: Zhou Xuan and the Rehabilitation of Early Twentieth-Century Popular Music.” *Asian Music*. Vol. 26, No. 2. pp. 126, 33.

<sup>112</sup> W. Alford, 1995, “To steal a book is an elegant offence”, Stanford: Stanford University Press. p. 9.

<sup>113</sup> Ibid.

<sup>114</sup> S. Qu, 2002, “Chinese copyright law”, Beijing: Foreign languages press, Beijing.

A. Mertha, 2005, “The politics of piracy: Intellectual property in contemporary China”, New York: Cornell University Press.

large scale production and sales of recorded music were accessible. These technologies became available as China changed from a planned economy to a market system.

High levels of consumer demand and the fast introduction of technologies including the internet, personal computers, and MP3 players, without the existence of adequate legal distribution means resulted in the rise of black marketing of music commodities and illegitimate distributive system in China.<sup>115</sup> Those technologies, combined with the challenges related to managing capability of distribution make the control of the content and the collection of revenue difficult.

#### **2-2-2-2. In the Hu Jintao era**

##### **Development of Digital Music in the Hu Jintao Era**

Cassette tapes and CDs were the primary mediums of popular music in China until 2000. However, from the 2000 onwards, the fast development of the internet and the “advent of easily transferable digital music files and mp3s helped digital products become the mainstream of the global music industry”.<sup>116</sup> The size of the entire Chinese music industry was \$165 Million in 2010 which constituted a very little proportion in the Asia-Pacific region because of the extremely high rate of piracy, about 99%. However, in 2010, 76% of the total sales of the music industry derived from digital music, the world’s second highest proportion of digital music after Korea. The decrease of the traditional record music sales of 18.4% has been offset by the increase in the digital music sales of 19.0%, resulting in 7.1% increase in the overall music industry.

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<sup>115</sup> de Kloet, K, (2002), “Rock in a hard place: Commercial fantasies in China’s music industry. In S. Donald & M. Keane (Eds.), *Media in China: Consumption, content and crisis*”, London: Routledge Curzon, pp. 93-104.

<sup>116</sup> [http://www.bjreview.com.cn/life/txt/2012-02/13/content\\_425377.htm](http://www.bjreview.com.cn/life/txt/2012-02/13/content_425377.htm)

**Table 1: 2006-2015 Chinese Music Industry Size<sup>117</sup>**

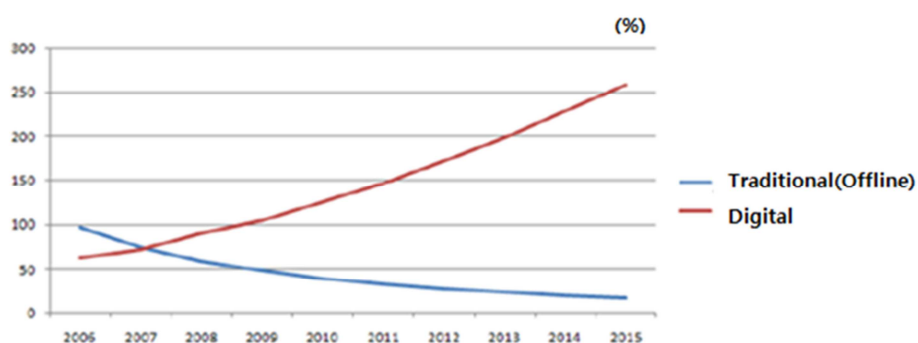
(Unit: US \$ Million, Retail Value)

Type	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	'11-'15 CAGR(%)
<b>Offline</b>	97	74	59	49	40	33	28	24	20	17	-15.7
<b>Digital</b>	63	72	90	105	125	147	173	199	229	258	<b>15.6</b>
<b>Total</b>	160	146	149	154	165	180	201	223	249	275	<b>10.8</b>

**Table 2: 2006-2015 Chinese Music Industry Sales<sup>118</sup>**

(Unit: US \$ Million, Retail Value)

Year	Offline	Digital	Sales	Growth Rate (%)
2010p	15.5	48.8	64.3	-14.9
2009	19.4	56.2	75.5	-11.1
2008	32.4	52.6	85	9.1
2007	42.3	35.6	77.9	-10.4
2006	55.5	31.5	87	24.5

**Fig 2. 2006-2015 Development of Chinese Digital Music<sup>119</sup>**<sup>117</sup> [http://www.kocca.kr/global/foreign/foreign/\\_\\_\\_icsFiles/afieldfile/2012/04/03/TeAyrVmOZWa5.pdf](http://www.kocca.kr/global/foreign/foreign/___icsFiles/afieldfile/2012/04/03/TeAyrVmOZWa5.pdf)<sup>118</sup> [http://www.kocca.kr/global/foreign/foreign/\\_\\_\\_icsFiles/afieldfile/2012/04/03/TeAyrVmOZWa5.pdf](http://www.kocca.kr/global/foreign/foreign/___icsFiles/afieldfile/2012/04/03/TeAyrVmOZWa5.pdf)<sup>119</sup> Ibid.

The expansion of the digital music market is a very important factor in determining the overall sales of the music industry. It is expected the Chinese digital music sales will increase with annual average of 15.6% until 2015 with the overall annual average increase of 10.8%.<sup>120</sup> Therefore, it could be said that China has “leapfrogged into an age of digital music”. Digital music services account for a high proportion of revenue for music companies. For example, in 2011, the digital music revenue for Taihe Rye Music accounted for 40 percent of the total revenue.<sup>121</sup> Furthermore, mobile music dominates more than 99% of China's digital music market and the sales of mobile phone music are quickly becoming the most significant source of music-related revenue.<sup>122</sup> Also, cross-platform promotion of China's supergirl series generated massive profits for the show's developers and mobile partners.<sup>123</sup>

The major strength of digital music lies in that it provides music publishers more advanced copyright protection technology, limiting the chances of digital music content being pirated. Although China has potentially large market, according to John Kennedy (2008)<sup>124</sup>, “more than 99 percent of all music files distributed in the country are pirate and China's total legitimate music market, at US\$76 million, accounts for less than 1 percent of global recorded music sales”. Therefore, with the development of digital music, the popular music industry seems to have burgeoning opportunities to develop in the Hu Jintao era after the mid-2000s.

With the development of the digital music industry combined with the government's determination to develop its cultural industry, the Chinese government is beginning to recognize the immense potential the industry bears and realize the necessity to facilitate new measures and development plans regarding the music industry. However, because the Chinese popular music industry lags far behind in the international market, through strong political control, the Chinese government is implementing policies that provide advantages toward its domestic music industry while strengthening restrictive policies toward foreign influence.

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<sup>120</sup> 한국콘텐츠진흥원, “2011 해외 콘텐츠 시장조사(중국)”, 2010. 04.13.  
[http://www.kocca.kr/knowledge/trend/abroad/\\_icsFiles/afieldfile/2012/04/03/euMSXODdQS5c.pdf](http://www.kocca.kr/knowledge/trend/abroad/_icsFiles/afieldfile/2012/04/03/euMSXODdQS5c.pdf)

<sup>121</sup> [http://www.bjreview.com.cn/life/txt/2012-02/13/content\\_425377.htm](http://www.bjreview.com.cn/life/txt/2012-02/13/content_425377.htm)

<sup>122</sup> Lucy Montgomery, 2009, “Space to grow: Copyright, cultural policy and commercially-focused music in China”, Centre of Creative Innovation, Queensland University of Technology. p. 6.

<sup>123</sup> M. Kean, 2007, “Created in China: The great new leap forward”, London: Routledge p.122.

<sup>124</sup> Ibid.

In the next section, two-track policies of the Chinese popular music industry policies in the Hu Jintao era will be studied. The general two-track cultural industrial policies support the development of its industry and regulation to protect its industry by the influence of foreign countries, by evaluating the domestic and foreign Chinese popular music industry policies respectively.

### **Domestic level policies**

According to Baranovitch<sup>125</sup>, while it is the era of new technologies and the media is confronting new challenges, the state's interest in popular culture to pursue its propagandistic role does not recede. This applies well to the Chinese popular music industry. Content regulations are carried out in a relatively less strict manner and the commercial aspect of the music industry is extending, however, in order to take part in the music industry in China, the government authorization is still mandatory. The censorship policies still continue to heavily restrict cultural production and legitimate distribution<sup>126</sup> on regarding popular music. In the progressively liberating market conditions, the Chinese government is instead implementing policies of influence and control by continuously retaining power over access to commercial activities of music industry through control of the broadcast media and exerting power over major distribution and promotion channels including radio, TV, publishing and concerts.<sup>127</sup>

Based on the Regulations on Administration of Audio-Video products issued by the State Council,<sup>128</sup> China practices a license system for the publishing, production, import, distribution and renting of music products including recorded cassette tapes, video tapes, and discs. Therefore it is necessary to obtain permits for large-scale concerts and the publishing licenses for legal sales of music.<sup>129</sup> In order to release an album, artists require a publishing number that can be obtained through a licensed publishing company. Also, according to the regulations,

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<sup>125</sup> Nimrod Baranovitch, 2003. "China's New Voices: Popular Music, Ethnicity, Gender, and Politics." Berkley: University of California Press. p. 271.

<sup>126</sup> A. Brady, 2006, "Guiding hand: The role of the CCP central propaganda department in the current era. West Papers in Communication and Culture, 3(1), pp. 57-76.

<sup>127</sup> Lucy Montgomery, 2009, "Space to grow: Copyright, cultural policy and commercially-focused music in China", Centre of Creative Innovation, Queensland University of Technology.p. 5.

<sup>128</sup> [http://www.china.org.cn/business/laws\\_regulations/2007-06/22/content\\_1214776.htm](http://www.china.org.cn/business/laws_regulations/2007-06/22/content_1214776.htm)

<sup>129</sup> *ibid.*

business activities involving music products of the following content are banned: being harmful to the reunification of the nation and integrity of the country's sovereignty and territory; whipping up national split and undermining national unity; disclosing state secret; advertising obscene, superstition or exaggerating violence; defaming and insulting other people.<sup>130</sup>

Furthermore, there are specific requirements that music publishers should meet in order to operate in China. These requirements are as follows: to adhere within the state's development plan of the audio and video publishing industry; comply with prescribed rules; have defined scope of business; have organizational setup to carry out the defined businesses and qualified professionals; have necessary funds, equipment and fixed premises. Any unit that has above pre-requisites may apply to administrative authority of music products at provincial level, which will report the application to the Press and Publication Administration of China (PPAC). The PPAC then decides whether or not to approve the application within 90 days.<sup>131</sup>

Through various measures stated above, the government has been able to limit the commercial capability of businesses and artists it does not explicitly endorse.<sup>132</sup> If any party breaches the regulations the government has set, it will be imposed disciplinary sanction and shall be prosecuted, according to law, for its criminal liabilities if the case is seriously enough to constitute a crime. However, criminal prosecution is only applied under serious situations, when "the amount of sales is relatively large" or "the amount of illegal gains is huge".<sup>133</sup> "Courts in China have interpreted those standards as a threshold for criminal prosecution of not less than 500 copies (of DVDs, CDs, etc.) and not less than 50,000 Yuan (which is equivalent to roughly \$7,000) in counterfeit or pirated goods".<sup>134</sup> It could be regarded the threshold

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<sup>130</sup> Lucy Montgomery, 2009, "Space to grow: Copyright, cultural policy and commercially-focused music in China", Centre of Creative Innovation, Queensland University of Technology.p. 5.

<sup>131</sup> Ibid.

<sup>132</sup> Nimrod Baranovitch, 2003. "China's New Voices: Popular Music, Ethnicity, Gender, and Politics." Berkley: University of California Press. p. 271.

<sup>133</sup> Lindsay Neinast, 2010, "Recorded Music is an Incredibly Tough Business in China- But, it should be incredible", 30 Loy. L.A. Entt.L.Rev. 577 p. 583.

<sup>134</sup> <http://www.ustr.gov/about-us/press-office/press-releases/2009/march/world-trade-organizationadopts-panel-report-china-i>

created a safe harbour for piracy<sup>135</sup> because if the amount of piracy does not exceed the threshold the government has set, it would be avoided from criminal prosecution.<sup>136</sup>

Enduring dominion over music industry also allows the authorities to prevent access to promotion opportunities for artists, businesses and products that offend political, ideological or moral sensitivities. It is still possible to produce or have access to music which did not gain formal approval of the government, but it loses the economic benefits that could have been otherwise obtained. Although unauthorized content can be obtained with relative ease, censorship policies are providing domestic content with rather significant advantages.<sup>137</sup>

In 2011, The State Council amended the Regulation on the Administration of Audio-video Products with intention to reinforce the laws and regulations in order to be more aligned with the WTO rules and strengthen the protection intellectual property rights.<sup>138</sup> Accordingly, the amended version one provides a better managed system and the level of punishment has increased for the act of pirating. For instance, the 2002 version of the regulation decided the level of punishment according to the amount of illegal income earned, which caused a lot of ambiguity. According to amended version, the regulation adopted the illegal operating amount as its punishment standard. At the same time, the new regulation will investigate those who allow illegal activities. Those who do not perform their duties or cover up illegal activities and cause more severe consequences will be charged with crimes such as bribery, abuse of power, dereliction of duty, and others. Those who do not suit any criminal charge will be demoted or dismissed from their posts.

The Chinese government is putting in efforts to promote effective management and development of the music industry by implementing a series of laws and regulations especially to eradicate the illegal copying market because it is a common cause that hampers the development of digital content in the music industry. Most of internet music downloads through personal devices happen without acknowledgement to copyright owners in China.<sup>139</sup>

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<sup>135</sup> <http://www.ustr.gov/about-us/press-office/press-releases/2009/march/world-trade-organizationadopts-panel-report-china-i>

<sup>136</sup> Ibid.

<sup>137</sup> Lucy Montgomery, 2009, "Space to grow: Copyright, cultural policy and commercially-focused music in China", Centre of Creative Innovation, Queensland University of Technology. p. 5.

<sup>138</sup> <http://www.wipo.int/wipolex/en/details.jsp?id=9050>

<sup>139</sup> <http://www.ifpi.org/content/library/dmr2008.pdf>

The beginning of the Chinese government's effort to reform the music industrial policies began in 2001. As in October 2001, the government amended the copyright law in preparation for accession to the WTO. The State Council promulgated new provisions for implementation of the Copyright Act of the PRC in August 2002. The copyright amendments were attempts to bring the law in line with the WTO's Agreement on Trade Related Aspects of Intellectual Property.<sup>140</sup>

Various related organizations are collaborating and co-operating with each other in order to solve to create the suitable environment the Chinese popular music industry could develop. National Copyright Administration of the PRC (NCAC) and General Administration of Press and Publication of the People's Republic of China (GAPPC) are the organizations facilitated to deal with copyright issues in China. Centred on NCAC, the three organizations including the Ministry of Culture, the State Administration of Radio, Film and Television (SARFT), GAPPC have collaborated with State Administration for Industry and Commerce of PRC (SAIC), the Ministry of Public Security (MPS) and the Ministry of Supervision of PRC (MOS) in order to solve illegal copying issues.

Efforts to fight piracy have become intensified as the country's audio-visual products market improved. In 2006, a 100-day nationwide campaign was a movement against piracy, and the related organizations carried out administrative procedures.<sup>141</sup> At that time, the Ministry of Culture had eradicated over 41million illegal videos and VCDs, and DVDs. The next year, China's Action Plan on IPR Protection was announced and 276 specific measures in order to protect Intellectual Property Rights in 10 areas were made.<sup>142</sup> In 2008, the Ministry of Culture declared its strong will to fight against the illegal music market. In the same year, the State Council announced China's plan to create, manage, protect, and control IP rights by 2020. Also within the next 5 years, it was made clear that it will strengthen the effects of the management of the Intellectual Property (IP) rights, improve protection and raise awareness. This announcement had important implications which showed the Chinese government had established the overall strategy to regulate illegal copying market and develop the IP industry.

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<sup>140</sup> <http://www.dime-eu.org/working-papers/wp14/59#attachments>

<sup>141</sup> <http://www.china.org.cn/english/2006/Jul/174760.htm>

<sup>142</sup> <http://www.china.org.cn/english/China/207992.htm>



It would not remain at superficial punishments but it would provide policies at national strategic dimensions. Also, this announced plan would not be in the short-term, but in the long-term by 2020. (2020 is the year the Chinese government expects as the beginning year of 'well-off society') Lastly, the plan emphasized the fundamental transformation of methods of protection including taking measures and according punishments, to ways of promotion. The Chinese government has revealed its strong volition to actively promote the development of the legal industry. In August 2009, the Ministry of Culture issued the "Notification from the Ministry of Culture on strengthening and improving the review of online music content" policy.<sup>143</sup> This was aimed to solve several outstanding issues including the control of negative online music content with undesirable imported online music, piracy, illegal links and a lack of management of market behaviour and order in the online music market. It provided definition and scope of online music as "music products that are transmitted by information networks such as the internet, mobile communication networks, fixed communication networks via digital formats, including not only the usual definitions of music but also other forms of digital music products including music videos, Flash and others which are provided with video frames accompanied by the performance of music".<sup>144</sup> In 2011, bold Guidelines for Music Copyright Protection in China was announced<sup>145</sup> as a framework in accordance with the Copyright Law of the PRC and Regulation on the Protection of the Right to Network Dissemination of Information for the purpose of regulating and maintaining the normal order of network communication works formulated. The law can be seen as a polarizer in practice. It is a difficult task to prove the Service Providers' subjective intent even though their actions contribute to copyright infringement. The new guidelines complement the existing law. The most significant guidelines included the Beijing Copyright Bureau will set up a publicly accessible website for Copyright Owners to register their works, and Service Providers who provide file-sharing services.<sup>146</sup> Service Providers are required to remove infringing content immediately or latest within 24 hours upon notice by the Copyright Owner.<sup>147</sup>

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<sup>143</sup> [http://www.r2g.net/english/english\\_news\\_article\\_36.htm](http://www.r2g.net/english/english_news_article_36.htm)

<sup>144</sup> [http://www.mi2n.com/press.php3?press\\_nb=122951](http://www.mi2n.com/press.php3?press_nb=122951)

<sup>145</sup> [http://www.r2g.net/english/english\\_news\\_article\\_1005.htm](http://www.r2g.net/english/english_news_article_1005.htm)

<sup>146</sup> Ibid.

<sup>147</sup> Ibid.

Recently, in terms of copyright law, the National Copyright Administration of the PRC (NCAC) released the second draft of the copyright law in July, 2012.<sup>148</sup> It intends to drop a clause that had raised controversy in music industry because it indicated a possible deprivation of music composers' copyright interests.<sup>149</sup> According to Article 46 of the copyright law, record producers need not obtain consent when using music from another artist as long as the work had been published for over three months.<sup>150</sup> However, the second draft of the law eliminates Article 46, and a number of changes have been submitted.<sup>151</sup> This includes some changes regarding internet liability that if a network service provider "instigates or helps others to infringe, it shall be jointly liable", whereas the first draft implied that it would be jointly liable if it knew or should have known that others were using the network to infringe.<sup>152</sup> It is thought that "such small changes could have a big impact, since many copyright infringement cases involve third parties using the internet to illegally distribute copyrighted works". However, most of the editions in the second draft of the copyright law are in relation to concerns raised by local communities. There were some significant changes concerning the collective copyright management because the law in the second draft now imposes the liability to "induce: and "assist" infringement, while the first version concentrated on the safe harbour without being affirmative on the secondary liability. Although NCAC has tried to solve many problems regarded by the international community including enforcement and technological protection methods, there are structural limitations on this reformative action because the final will be submitted to the State Council Legislative Affairs Office for additional screening. The actual legislature, State Council and National People's Congress can make the final decision on the copyright law reform. There was a past experience of the State Council Legislative Affairs completely changing the draft of the Patent Law drafted by the State Intellectual Property Office and the Trademark Law drafted by the State Administration and Commerce.<sup>153</sup>

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<sup>148</sup> <http://www.bna.com/china-hears-music-n12884910625/>

<sup>149</sup> Ibid.

<sup>150</sup> Ibid.

<sup>151</sup> Ibid.

<sup>152</sup> Ibid.

<sup>153</sup> Ibid.

According to an expert in the Intellectual Property law, “the NCAC draft is very important but it is not a reflection of a final version as we may expect to see in the end”.<sup>154</sup>

In 2008, the State Council announced the MOC would hand over its authority to sell, rent, and broadcast music related products to GAPPC.<sup>155</sup> Also the Ministry of Culture transfer its authority to manage import and export of music related products to GAPPC.<sup>156</sup> Through these management system reform policies, the MOC and GAPPC, the problems raised by two organizations both managing the music industry has been solved. For a long time, publishing licenses and reproduction licenses were issues by GAPPC, the wholesale and retail licenses were issues by the cultural administration departments.<sup>157</sup> Through the announcement of system reform, it has been made clear that the music industry will be entirely managed by GAPPC.

As the Chinese media sector becomes more commercialized and market-driven, the trend towards international collaboration, cross-promotion and integration are growing.<sup>158</sup> The big four major international companies entered into joint venture with Chinese companies, yielding 51 % of the new China collaboration in the process. Warner Music Group created Warner Music China, EMI joint ventured with Push Typhoon, SonyBMG with Shanghai Audio and Visual Press, and Universal Music partnered with Shanghai Media Group.<sup>159</sup>

In 2006, a digital music downloading website named Aigo Music has formed a strategic partnership with Warner Music, one of the world’s leading music enterprises, to take a part in the legal distribution of digital music in Chinese market.<sup>160</sup> Also Softbank Asia bought 30 percent of the shares in Taihe Rye Music for \$10 million, Taihe being the first Chinese music company that began digital music production in 2004. This is a good sign of development of legal digital music.<sup>161</sup>

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<sup>154</sup> “China Hears Issues second draft of copyright law”, 2012.07.12. <http://www.bna.com/china-hears-music-n12884910625/>

<sup>155</sup> 중국 콘텐츠산업 규제정책 종합보고서, 2011, KOCCA 연구보고서 11-03, p. 130.

<sup>156</sup> Ibid.

<sup>157</sup> Ibid.

<sup>158</sup> Lucy Montgomery, 2009, “Space to grow: Copyright, cultural policy and commercially-focused music in China”, Centre of Creative Innovation, Queensland University of Technology.p. 7.

<sup>159</sup> [http://www.theregister.co.uk/2007/11/01/music\\_in\\_china\\_feature](http://www.theregister.co.uk/2007/11/01/music_in_china_feature)

<sup>160</sup> <http://knowledge.wharton.upenn.edu/article.cfm?articleid=1469>

<sup>161</sup> <http://knowledge.wharton.upenn.edu/article.cfm?articleid=1469&specialid=53>

According to the amended Regulations of Administration of Audio-visual products 2011, article 35 was revised as “the establishment of China-foreign cooperative enterprises to engage in business of distributing audio-visual products”.<sup>162</sup> The previous version only allowed “the establishment of Chinese-foreign contractual joint venture to engage in the distribution business of Audio-visual products”.<sup>163</sup> In addition, according to the promulgation of 2012 Foreign Investment Industrial Guidance Catalog, restrictions on foreign investment equity ratio are removed in distribution of music products.<sup>164</sup>

Chinese media companies are also successfully importing formats and styles produced in other countries, being protected from international rivalry by implementing regulations which say that foreign companies cannot invest in the Chinese broadcast media.<sup>165</sup> In 2004 “Supergirl”, a Chinese version of the program “American idol”, made Hunan Satellite television have the revenue of 68 million yuan.<sup>166</sup> The Entertainment Package Company, which was responsible for marketing the performers and aggregating ancillary rights, associated with the program, such as merchandising, concerts, and CDs, accrued 78 million yuan in revenue.<sup>167</sup> China’s own capacity to capture commercial opportunities associated with music is increasing as media commercialization becomes more entrenched.

Recently, there are rising number of cases of successful adjustment of the conflicts with foreign music companies. The Beijing High Court supervised the successful arbitration between Baidu and Universal Music, Warners Music, Sony Music individually. All parties agreed to cooperate to work towards the innovation of internet music contents management model and protection of copyrights. The three major music companies as listed above provided services of uploading the latest music releases on Baidu. This will allow the service users to play and download music for free from Baidu.<sup>168</sup>

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<sup>162</sup> <http://www.wipo.int/wipolex/en/details.jsp?id=9052>

<sup>163</sup> <http://www.chinamedialawupdate.com/2009/11/articles/publishing/gapp-encouraging-development-of-the-audiovideo-industry/>

<sup>164</sup> <http://www.china-briefing.com/news/2011/12/30/2011-foreign-investment-industrial-guidance-catalogue-promulgated.html>

<sup>165</sup> <http://www.magazine.org/international/13175.aspx>

<sup>166</sup> Lucy Montgomery, and Brian F Fitzgerald, 2006 Copyright and the Creative Industries in China. *International Journal of Cultural Studies* 9(3):pp. 407-418.

<sup>167</sup> M. Kean, 2007, “Created in China: The great new leap forward”, London: Routledge p.122.

<sup>168</sup> [http://www.kocca.kr/knowledge/trend/abroad/\\_icsFiles/afieldfile/2012/04/03/euMSXODdQS5c.pdf](http://www.kocca.kr/knowledge/trend/abroad/_icsFiles/afieldfile/2012/04/03/euMSXODdQS5c.pdf)

Indeed, “the government’s commitment to internet control was a major incentive for international labels to enter China’s market”.<sup>169</sup> China’s legal system has improved significantly since 2001.<sup>170</sup> The government’s internet policies are creating an online environment where copyright will be controlled.<sup>171</sup> According to interviews carried out by Montgomery (2006), with Beijing-based film and music executives, there is genuine optimism about the state of China’s laws and the effectiveness of the legal system among members of the music industry.<sup>172</sup> Companies were able to derive a significant income from its legal action.<sup>173</sup> The legal system is not so complicated so it is not difficult to handle changes in formal legislation. Although judicial system is developing, “bureaucratic, political and social factors, including corruption, continue to play an important role in the way copyright law is experienced and applied”.<sup>174</sup> A music industry executive interviewed has already taken more than 30 cases of internet piracy to court successfully. There have been cases which gave copyright owners win lawsuits against internet search engines such as Baidu and ChinaMP3.com.<sup>175</sup>

### **Foreign level policies**

China has been cautious and discreet in its commitments made in respect to its music industry.<sup>176</sup> For instance, China scheduled only limited level of WTO commitments regarding the sound recording distribution services. Therefore, China’s overall commitments regarding cultural industries are very limited.<sup>177</sup> By devising import restrictions on foreign music products, the number of foreign companies and products were kept to the minimum to enter the

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<sup>169</sup> Lucy Montgomery, and Brian F Fitzgerald, 2006 Copyright and the Creative Industries in China. *International Journal of Cultural Studies* 9(3):pp. 407-418.

<sup>170</sup> Ibid.

<sup>171</sup> Ibid.

<sup>172</sup> Ibid.

<sup>173</sup> Ibid.

<sup>174</sup> Ibid.

<sup>175</sup> Ibid.

<sup>176</sup> L. Xia, 2004. *Lun Zhongguo heping jueqi de zhanlue jiyuqi* (On the Important Strategic Period for China's Peaceful Emergence. *Mao Zedong he Deng Xiaoping Lilun Yanjiu* (Studies on Mao Zedong and Deng Xiaoping Theories) , 1.

<sup>177</sup> Xiaolu Chen, 2009, “China’s cultural industries in the face of trade liberalization: An analytical framework of China’s cultural policy, Graduate School of the Ohio State University thesis.p. 58.

Chinese market and therefore there was limited amount of legitimate music products available.<sup>178</sup>

The import of music products was made to follow China's regulations on the administration of the music industry. For instance, the content review policy is required by the Chinese government for all sound recordings, including sound recordings intended for electronic distribution.<sup>179</sup> This also applies to the domestic industry, however, the nature of review varies substantially depending on the imported materials. "China's measures require imported sound recordings to undergo content review and approval by the Chinese Government prior to their electronic distribution".<sup>180</sup> In contrast, it is not required for domestic sound recordings to receive prior approval from the government. The Network Music Opinions and the Internet Culture Rule provide explicit influence to this dualistic management for sound recordings intended for electronic distribution.

The policies of import licensing system involve the evaluation of publications of CDs and DVDs in General Administration of Press and Publication of the People's Republic of China.<sup>181</sup> Not only the import licensing system, there is also management permit system regarding the import of cultural products which allows only the Chinese companies that have acquired permits from the Chinese government can import CDs and DVDs.<sup>182</sup> Furthermore, the internet culture management permit system prohibits the intervention of foreign capital in the music service business through internet.<sup>183</sup> There are also policies of ICP permit system which prohibit the intervention of foreign capital in the music service business through mobile phones.<sup>184</sup>

Regarding the release of foreign music in China, in order to release an album in China, artists require a publishing number that can be obtained through a licensed publishing company. Foreign companies cannot obtain a publishing licence, and so they have no choice but to

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<sup>178</sup> <http://ncseonline.org/NLE/CRSreports/Economics/econ-35.cfm?&CFID=1255395&CFTOKEN=96369856>

<sup>179</sup> Lucy Montgomery, and Brian F Fitzgerald, 2006 Copyright and the Creative Industries in China. *International Journal of Cultural Studies* 9(3):pp. 407-418.

<sup>180</sup> <http://arstechnica.com/tech-policy/2009/08/wto-rules-chinese-media-laws-run-afoul-of-its-agreements/>

<sup>181</sup> Lucy Montgomery, and Brian F Fitzgerald, op. cit.

<sup>182</sup> Ibid.

<sup>183</sup> Ibid.

<sup>184</sup> Ibid.

collaborate with Chinese partner in order to distribute music. While licensed publishing companies are able to issue publishing numbers for local artists directly foreign albums must be examined and formally cleared for release by the Ministry of Culture and this is a time-consuming process. In 2005, Huai Music's vice General Manager Daniel Zhao cited this added difficulty as a factor in his label's decision not to release foreign albums: "It is very hard to release foreign albums in China. In order to get a publishing number, it is required to apply to the Ministry of Culture's censorship committee. The committee needs to monitor the song lyrics, album design and the approval takes 2 to 3 weeks. Then if there is no religion, no sex, no bad language, the Ministry of Culture may say OK. Sometimes they will say that certain tracks are not suitable to be released, so individual tracks have to be removed. That system does not apply to domestic albums. Domestic albums just deal with the book number system. Publishing companies themselves are able to issue the numbers. That process will only take 4-5 days".<sup>185</sup>

Recently, the strengthening the regulations regarding import of foreign music has been emphasized. The State Council's updated plan for developing the cultural industry issued in 2009, showing its intention to respond to the needs to reform and develop the cultural industry, acknowledged expanding foreign cultural trade including policies of preferential treatment to promote the export of cultural products and services. Additionally, it advocated new entrance into the market, technological innovation, and clearing through customs. However, the important feature of this plan was the emphasis of the government's position that it would forcibly restrict the import of foreign contents and focus on promoting the export of domestic contents which contains ethnical distinctiveness of China. Additionally, according to the amended Regulations on Administration of Audio and Video Products announced in 2011, censorship conditions regarding import and the level of punishment if there are violations of regulations have been further strengthened.<sup>186</sup> Now there are extra documents needed for companies that import audio-visual products on the internet to submit to be censored.<sup>187</sup> The management is now carried out by a higher level of organization, so it has been changed from the district level to the provincial level.<sup>188</sup> Punishment penalties have also

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<sup>185</sup> Lucy Montgomery, 2009, "Space to grow: Copyright, cultural policy and commercially-focused music in China", Centre of Creative Innovation, Queensland University of Technology. p. 5.

<sup>186</sup> <http://www.bna.com/china-hears-music-n12884910625/>

<sup>187</sup> Ibid.

<sup>188</sup> Ibid.

been raised to under 30,000 Yuan, which is 3 to 6 times more than the previous level of punishment.<sup>189</sup>

According to the "Notification from the Ministry of Culture on strengthening and improving the review of online music content" policy by the Ministry of Culture in 2009,<sup>190</sup> to innovate methods and enhance efficiency for the review of online music, decided to import advanced technology to reorganize auditing processes and developed an "online music auditing system for the Ministry of Culture."<sup>191</sup> In order to strengthen the management and auditing of importers of online music, it is decided that all who carry out activities related to online music products have to be "Online Cultural Businesses" approved by the Ministry of Culture. Only those business entities which have gotten the exclusive license of Digital Network Dissemination Rights are eligible for obtaining approval.<sup>192</sup> This notification also clarifies that online music operating activities include online music production, release, dissemination and importing. In order to regulate the trading rules for importing online music, a series of regulations for online music import contract or agreements is made. For example, the authorization period for the import of online music should be more than one year.<sup>193</sup> The contract or agreement will be titled the Right of Digital Network Dissemination for music products. This can only be enforced when its contents get approved by the Ministry of Culture.<sup>194</sup> In order to enhance the management of music search services, the "Dissemination and Provision of Music Product links" is an online music business behaviour which only can be carried out by "Online Cultural Businesses" established with the approval of the Ministry of Culture.<sup>195</sup> These business entities should ensure that they are disseminating music products audited by the Ministry of Culture and given subsequent approval.<sup>196</sup> In order to strengthen online music intellectual property protection, it has decided to improve auditing efficiency to not only provide convenient and efficient services for approved enterprises' legitimate

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<sup>189</sup> <http://www.bna.com/china-hears-music-n12884910625/>

<sup>190</sup> [http://www.r2g.net/english/english\\_news\\_article\\_36.htm](http://www.r2g.net/english/english_news_article_36.htm)

<sup>191</sup> Ibid.

<sup>192</sup> Ibid.

<sup>193</sup> Ibid.

<sup>194</sup> Ibid.

<sup>195</sup> Ibid.

<sup>196</sup> Ibid.



business, while the Ministry of Culture will monitor and investigate other business entities which carry out illegal online music operations or provide unlicensed online music products.<sup>197</sup> In addition, this notification called for online music business entities to set up an internal online music contents auditing system.<sup>198</sup> The Ministry of Culture does not examine online music contents which are created and performed by individual netizens.<sup>199</sup> But it is the responsibility of business entities to check and ensure that online music contents they disseminate are legitimate.<sup>200</sup> All existing imported online music products which are disseminated in China without the appropriate audit approvals are made to be submitted to the Ministry of Culture.<sup>201</sup>

Recently, the strengthening the regulations regarding import of foreign music has been emphasized. The State Council's updated plan for developing the cultural industry issued in 2009,<sup>202</sup> showing its intention to respond to the needs to reform and develop the cultural industry, acknowledged expanding foreign cultural trade including policies of preferential treatment to promote the export of cultural products and services. Additionally, it advocated new entrance into the market, technological innovation, and clearing through customs.<sup>203</sup> However, the important feature of this plan was to focus on promoting the export of domestic contents which contains ethnical distinctiveness of China.

The existence of limitations on the market access and the state management of music products guaranteed the Chinese government to maintain the control over the music industry and kept the level of openness to the outside world to the extent that the government can manage.<sup>204</sup> The initial intention of the government on the censorship policies were to obviate unorthodox content, however this rather had effect of forming barriers to the legitimate domestic businesses for foreign content producers, increasing incentives for the production of

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<sup>197</sup> [http://www.r2g.net/english/english\\_news\\_article\\_36.htm](http://www.r2g.net/english/english_news_article_36.htm)

<sup>198</sup> Ibid.

<sup>199</sup> Ibid.

<sup>200</sup> Ibid.

<sup>201</sup> Ibid.

<sup>202</sup> <http://www.chinahourly.com/culture/201206/119778.html>

<sup>203</sup> Ibid.

<sup>204</sup> Xiaolu Chen, 2009, "China's cultural industries in the face of trade liberalization: An analytical framework of China's cultural policy, Graduate School of the Ohio State University thesis.p. 58.

domestic content and reducing competition within the legitimate market for the production of domestic music.<sup>205</sup> The music censorship system is a straight forward market protection measure, intended to keep foreign artists out while the domestic industry developed<sup>206</sup> Government intervention to protect infant industries from international competition has played a key role in the rapid economic growth and industrial development of countries that have reputations as economic powers. In Chinese music industry, the governing structures that came into existence to allow the state to maintain ideological control over culture are now shielding emerging cultural industries from foreign competition. This is providing space within which audiences for domestic content are being established and domestic content production capacity is being increased.<sup>207</sup>

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<sup>205</sup> Lucy Montgomery, 2009, "Space to grow: Copyright, cultural policy and commercially-focused music in China", Centre of Creative Innovation, Queensland University of Technology. p. 5.

<sup>206</sup> Ibid.

<sup>207</sup> Ibid.

## **Chapter 3: Comparison of Chinese popular Music Industry with Film industry**

### **3-1. Significance of the comparison**

Although the overall Chinese cultural industry is developing in a similar fashion, there are significant differences in policies between different sectors of Chinese cultural industry. The main part of this research is to study the Chinese popular music industrial policies in depth. In the next section, these policies will be compared in the light of those of Chinese film industry, to evaluate whether there are significant differences between the policies of the two. The film industry has been chosen for comparison as development of the film has been officially endorsed by the Chinese government even from the Mao's era among other popular cultural products, because it was considered an effective tool for the state's political purpose. Therefore, unlike the lack of researches for the popular music industry, there have been many researches regarding the film industry policies. By comparing the popular music policies with film industry policies, it will be able to evaluate the current policies of popular music industry in respect to the other cultural industry that has been developing as a core national cultural industry sector. This comparison allows a clear understanding as to the extent of the development of the policies in the music industry. In particular, along with the general trend of cultural industry policies being developing the domestic industry while controlling the inflow of foreign cultural products in order to protect its industry.

### **3-2. Comparison of Chinese popular Music Industry with Film industry**

In the Hu Jintao era, as shown in the previous chapters, the Chinese government embraces two approaches towards the development of cultural industries. There have been many policy changes facilitating the growth of domestic cultural industries and at the same time, there were restrictive and discriminative policies devised to control the influx of foreign products. The two approaches show the contradictory and paradoxical nature of China's cultural industrial policies.<sup>208</sup> On the one hand, the government is determined to develop its culture

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<sup>208</sup> Xiaolu Chen, 2009, "China's cultural industries in the face of trade liberalization: An analytical framework of China's cultural policy, Graduate School of the Ohio State University thesis, p. 48.

industry to gain competitiveness in the international market, and on the other hand, it has controlled the pace of the influx of foreign cultural products. The Chinese government has embraced the two approaches in its popular music industry policies as well. However, when closely researched, its approaches towards the popular music industry differ in respect to the film industry.

There was a major shift in the popular music industry in the Hu Jintao era, which is the advent of the digital music industry. In 2010, 76% of the total sales of music industry originated from digital music and the growth of digital music counteracted the decline of the traditional music industry, resulting in an increase in the overall music industry. Since before the digital music era has begun in China, the Chinese popular music industry has been faced with a lot of difficulties. With the extremely high piracy rate of almost 99%, it lags far behind other countries; ranking 27<sup>th</sup> in the international market with total sales of \$62 million only.<sup>209</sup> When compared with its economic status in the world, its popular music industry seemed modest. Therefore, up until the mid-2000s, the Chinese government did not consider the popular music industry having much potential to contribute to its economy. Indeed “the sale of recorded music has never really been an income source in China”.<sup>210</sup> It was only very recent that the Chinese government has expressed its interest in developing the popular music industry with the beginning of growth of the digital music because of its potential strength to provide more advanced copyright protection technology, limiting the chances of digital music content being pirated.

Unlike the popular music industry, there are more economic values currently in the film industry. When the reform of Chinese cultural industries began in 2003, the film service firms belonged to one of the core sectors of Chinese cultural industry.<sup>211</sup> In 2011, the Box office revenue in China was \$2 billion, third largest market in the world.<sup>212</sup> With constantly increasing growth, Chinese film industry is expected to expand further in the future. The size of the industry is much larger than that of the popular music industry and it takes a leading proportion in the international market too. Unlike the popular music industry, the Chinese

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<sup>209</sup> PWC(2011); IFPI(2011).

<sup>210</sup> [http://www.china.org.cn/opinion/2012-04/26/content\\_25247058.htm](http://www.china.org.cn/opinion/2012-04/26/content_25247058.htm).

<sup>211</sup> 이충민, 2009, “중국 영화정책의 변화에 따른 한국영화의 대응방안 연구”, 중국학연구제 50 집, p.915.

<sup>212</sup> [http://www.huffingtonpost.com/2012/04/17/hollywood-in-china-countr\\_n\\_1431395.html?view=print&comm\\_ref=false](http://www.huffingtonpost.com/2012/04/17/hollywood-in-china-countr_n_1431395.html?view=print&comm_ref=false)

government has regarded its film industry with considerable prominence. Even through the Mao's era, Chinese film has been a useful tool to affect people's ideology and mind. In the Hu Jintao era, Chinese film still plays a positive and essential role in 'facilitating the construction of socialist spiritual civilization, promoting national culture and spirit, and pushing forward the adjustment of national economic structure'.<sup>213</sup> Therefore, unlike the popular music industry, the government has implemented various policies to develop its film industry. The government policies towards the popular music industry began to develop as the industry showed the potential of growth. However, unlike the popular music industry, the various government policies have played an important role in facilitating its film industry as the film industry was one of the main national strategic industries. With opening up and reform policies, the government began to import Hollywood films in the 1990s.<sup>214</sup> The government showed its determined commitments to develop its film industry after the entry into the WTO in 2001. Although at that time, there were improvements in the copyright law concerning the music industry, the efforts were yet to come for the government to foster the development of popular music industry, especially in comparison with the film industry, as there was little hope to control the pirated music products. After 2004, the Chinese film industry has been increasing in growth at the rate of 30 to 40 percent each year, and the motivation of the growth has been greatly affected by the positive government film policy changes.<sup>215</sup>

As one of the core industries, the Chinese film industry has gone through major policy modifications. It was after entering into the WTO that many positive and supportive policy changes have been made to develop the domestic film industry. Through becoming a member of the WTO, the entry of foreign capital into the construction, reorganization and management of domestic theatres was allowed. At that time, the ratio of foreign capital was under 49% and this was expected to be increased above 50%.<sup>216</sup> The cinema sharing system allowed 10 foreign films, but this has been increased to 20 films and through the cinema circuit system, the complicated distribution process has been simplified. According to 2002 amended Regulation

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<sup>213</sup> China State Administration of Radio, Film and Television 2004a, p. 1

<sup>214</sup> 임대근, 2006, "최근 중국 영화산업의 쟁점들", 중국학연구 제 35 집, p.440.

<sup>215</sup> 박희성, 2010, "백화제방의 시기에 접어든 중국 영화에 대한 고찰" - 중국식 상업영화의 등장과 홍콩의 영향력을 중심으로, 씨네포럼 제 11 호, p. 98.

<sup>216</sup> 김성욱, 2005, "중국 영상산업 대외개방정책", 서울, 영화진흥위원회, p. 5.

regarding management of films,<sup>217</sup> production and release of films by private corporations was made possible. Until 2002, the state-owned China Film Group Corp was the entity having exclusive authority to release foreign imported films in China, but from 2003, the Huaxia Film Distribution Co. was established. It broke the almost half century monopoly of distribution rights that had been held regarding imported films.<sup>218</sup> Private production companies were allowed to obtain a licence that permits them to work independently of the state-owned studios. Also in 2003, the State Administration of Radio, Film and Television (SARFT) announced that its film censorship process will be decentralised.<sup>219</sup> SARFT requires that all scripts whether it is domestic or co-produced with foreign partners undertake censorship before production begins. Furthermore, completed films were subjected to approval by the Film Censorship Committee before release, but after the announcement of decentralization of censorship process, it is no longer required to get the approval. The Chinese government has removed a number of restrictions in order to develop and improve the competitiveness of its film industry. The Chinese government has embraced further initiatives in order to support its domestic film industry. The government provides tax incentives to state-owned film studios and production facilities, directly purchases some finished films from studio, and finances the domestic production of certain films. Also the government subsidises the renovation and construction of movies theatres, especially in remote and rural areas.<sup>220</sup> It has established the National film development special fund to finance these initiatives.<sup>221</sup> All of these reformative actions by the Chinese government were to promote its film industry to the level it could competently compete in the international market. When compared with the popular music industry, these were bold and active policy implementations directly intended to develop the film industry.

While it is the era of new technologies, and the media is confronting new challenges, the state's interest in popular culture to pursue its propagandistic role does not recede.<sup>222</sup> This

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<sup>217</sup> 중국 콘텐츠산업 규제정책 종합보고서, 2011, KOCCA 연구보고서 11-03.

<sup>218</sup> <http://www.china.org.cn/english/culture/74404.htm>.S

<sup>219</sup> <http://www.screendaily.com/china-decentralises-film-censorship-process/4016343.article>.

<sup>220</sup> China State Administration of Radio, Film and Television 2004a, p. 1S

<sup>221</sup> State Council, 2001, Article 48

<sup>222</sup> Nimrod Baranovitch, 2003. "China's New Voices: Popular Music, Ethnicity, Gender, and Politics." Berkley: University of California Press.

applies to both Chinese popular music and film industries. To control the extent of the openness so that domestic industry does not get disadvantaged, the government applies more restrictive policies of control. In addition to the economic considerations, the government began to fear the impact on ideology the foreign films will have on its people, since films were regarded as a fundamentally important ideological tool. After 2004, despite the fact the government's efforts to promote its domestic industry continued, the policies have changed toward becoming more restrictive to foreign countries.<sup>223</sup> However, the policies toward promoting co-production and films with Chinese indigenous subjects were implemented. In line with the modifications in 2006, the establishment of international culture market and globalization of Chinese culture, films about Chinese indigenous distinctive subjects were promoted. The government's policies were moving toward the protection and development of its industry to gain competitiveness in the international market. As mentioned previously, after 2004 the speed of the adaptation of reformative and promotive initiatives slowed down. Regarding the storyline and casting of actors of co-produced films, the content must be associated with China and at least one third of the actors must be composed of mainland Chinese.<sup>224</sup> In 2004, for seven pilot cities, the ratio of foreign capital allowed was up to 75%, but after SARFT announced for its productions of digital films, further foreign capital was not allowed to be introduced on the production of digital films. Also according to Opinions of introducing foreign capital to cultural industry, 75% of the shares have been cut down to the previous standard, down to 49%.<sup>225</sup> Foreign companies are still not permitted to construct theatre chains in China.<sup>226</sup> Therefore, it could be said that although many policy changes were implemented to develop the film industry, threatened by the influence of the foreign film, the government is implementing more restrictive policies towards to the foreign companies. This shows the inconsistent and uncertain nature of the Chinese government in implementing policies regard cultural industry.

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<sup>223</sup> 이충민, 2009, "중국영화정책의 변화에 따른 한국영화의 대응방안 연구", 중국학연구제 50 집, p. 915.

<sup>224</sup> China State Administration of Radio, Film and Television 2004a.

<sup>225</sup> 이충민, 전게서, p.918.

<sup>226</sup> Ibid.

The censorship policies continue to heavily restrict cultural production and legitimate distribution<sup>227</sup> regarding popular music. To take part in the music industry in China, government authorization is still mandatory. In the progressively liberating market condition, the Chinese government is instead implementing policies of influence and control by continuous dominion over access to commercial activities of music industry through control of the broadcast media and exerting power over major distribution and promotion channels including radio, TV, publishing and concerts. However, the Chinese film industry is even more highly regulated as part of the government's commitment to control the inflow of foreign cultural inputs, and thus foreign film firms face a number of challenges in the Chinese market.<sup>228</sup> A rigorous film censorship system subjects both scripts and finished films to government censorship.<sup>229</sup> Although the domestic firms must also overcome the censorship barrier, there are harsher and more restrictive censorship policies toward foreign films. Sino-foreign joint ventures in film production are required to obtain approval from the government, and foreign companies do not have authority to produce films independently.<sup>230</sup> Also, the foreign partners are not allowed to own a majority share of their joint ventures.<sup>231</sup> The content examination system allows Chinese film firms to set up the standards of films in order to be imported into China.<sup>232</sup> The requirements of the local content are that the government's regulations and domestic cultural policy measures that are set in regards to foreign films must be followed in order to import films. There are only two films companies, the China Film Import and Export Corporation and the Huaxia Film Distribution Corporation, that have acquired approvals to import and export films from the SARFT. The China Film Import and Export Corporation is a subsidiary of the China Film Group Corporation, and the two entities are state-owned enterprises, therefore the SARFT has a way of political manipulation and influences on import of films. Importing of foreign films is monopolized for those firms that have approvals from the state, and they are subject to a strict quota system. The maximum number of imported films is

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<sup>227</sup> A. Brady, 2006, "Guiding hand: The role of the CCP central propaganda department in the current era. *West Papers in Communication and Culture*, 3(1), p. 59.

<sup>228</sup> Zhihong Gao, 2009. "Serving a stir-fry of market, culture and politics – on globalisation and film policy in Greater China", *Policy Studies*, Vol. 30, No. 4, p. 429.

<sup>229</sup> State Council, 2001, Article 26-27.

<sup>230</sup> State Council, 2001, Article 18

<sup>231</sup> China State Administration of Radio, Film and Television 2004b, Article 6, [http://www.fdi.gov.cn/pub/FDI\\_EN/Laws/GeneralLawsandRegulations/MinisterialRulings/P020060620326703436295.pdf](http://www.fdi.gov.cn/pub/FDI_EN/Laws/GeneralLawsandRegulations/MinisterialRulings/P020060620326703436295.pdf).

<sup>232</sup> Xiaolu Chen, 2009, "China's cultural industries in the face of trade liberalization: An analytical framework of China's cultural policy, Graduate School of the Ohio State University thesis, p.55.



limited to twenty titles per year and this is still the same after China has entered the WTO.<sup>233</sup> Considering the growth of Chinese film market, this seems to be very limited. A complicated licensing system has been introduced, in order to separate film production, distribution, exhibition, importing and exporting licenses.<sup>234</sup> The foreign films are subject to regular blackout periods as a protective measure by the government and to promote the domestic industry. The economic consideration is not the main motivation but there are hidden ideological agenda behind it.

Recently Chinese officials announced that the quota will be increased to 34 films. Also the box office revenue share for foreign studios will be increased from between 13.5 to 17.5%.<sup>235</sup> However, along with these favourable foreign policies, there are more restrictions and control placed that give more space for the government to control the import of foreign films. SARFT has made a draft of “Film Industry Stimulation Law of the People’s Republic of China” intended to “stimulate the flourishing and development of the film sector, and enrich the popular masses’ spiritual culture life”.<sup>236</sup> The content regulations of ‘Regulations on the Administration of films’ (2001) will be enforced by adding three more clauses.<sup>237</sup> Therefore, as the level of openness increases the level of regulations increases as well in the film industry. This also seems to apply to the popular music industry too.

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<sup>233</sup> China State Administration of Radio, Film and Television 2004b, Article 16

<sup>234</sup> China State Council 2001

<sup>235</sup> [http://www.huffingtonpost.com/2012/04/17/hollywood-in-china-countr\\_n\\_1431395.html?view=print&comm\\_ref=false](http://www.huffingtonpost.com/2012/04/17/hollywood-in-china-countr_n_1431395.html?view=print&comm_ref=false).

<sup>236</sup> <http://www.chinalawblog.com/2012/04/chinas-film-industry-promotion-law-a-discussion-of-the-discussion-draft.html>

<sup>237</sup> <http://www.ajnews.co.kr/kor/view.jsp?newsId=20111215000160>.

## Chapter 4: Conclusion

In the Hu Jintao era, the Chinese government embraces two approaches toward the development of cultural industries. There have been many policy changes facilitating the growth of domestic cultural industries and simultaneously, there were restrictive and discriminative policies devised to control the influx of foreign products. The two approaches show the contradictory and paradoxical nature of China's cultural industrial policies. On the one hand, the government is determined to develop its culture industry to gain competitiveness in the international market, whereas on the other hand, it is controlling the pace of the influx of foreign cultural products. The Chinese government has devised the two approaches in the popular music industry and film industry. Although the overall policies of the Chinese cultural industry are similar in character, there are significant differences in the policies between the two sectors of cultural industry. In this research, popular music industry policies have been compared in the light of those of the film industry, to evaluate whether the policies differ between the two. The comparison enabled the evaluation of the current policies of popular music industry in respect to the film industry, which has been developing as a core national cultural industry sector.

Due to fundamental problems arising out of high piracy rate, the Chinese popular music industry sustained underdevelopment, lagging far behind other countries, and it was not considered of much potential economically. However, apprehending the recent increase in the growth of the digital music market, the Chinese government has expressed its interest in developing the popular music industry and began implementing policies to develop the industry. Unlike the popular music industry, the film industry has long been considered an important ideological tool for the state's political purposes. In the Hu Jintao era, the government implemented policies as a consequence of growth in the digital music industry market, however, the government policies have played an essential role in establishing its film industry as one of the main national strategic industries.

The government is putting in efforts to promote effective management and development of the popular music industry by implementing a series of laws and regulations mostly focusing on the eradication of the illegal copying and the enforcement of the protection of Intellectual Property Rights. Although there have been improvements in the legal system since 2001, and

further, there is optimism in the industry, when compared to the policies of the film industry, the extent to which the two-track policies have been implemented is modest yet.

As one of the core industries, film industry has gone through various policy modifications towards reform and openness to outside world to develop the domestic film industry. As a consequence, the domestic film industry could continue in growth and expansion. However, overriding the economic concerns was the fear that foreign films would impact the people's ideology. Therefore, the government has implemented more restrictive policies toward foreign films.

The music industry remains highly regulated, the discriminatory content examination, licensing and the permit systems toward imported materials continue. The initial intention of the government on the censorship policies was to obviate unorthodox contents. However this had the effects of forming barriers to the legitimate domestic businesses for foreign content producers, increasing incentives for the production of domestic content and reducing competition within the legitimate market for the production of domestic music. The music censorship system is a straight forward market protection measure, intended to keep foreign music companies out while the domestic industry develop. Furthermore, with the growth of the digital music market, the government is newly implementing restrictive policies toward foreign contents.

The government has been exercising dominion through the use of the two-track policies in both industries. However, in the Hu Jintao era, the government has become more active in putting in place policies to promote and encourage domestic film industry, as it is still deemed to be an effective ideological tool. However, to give greater weight to this, the government has unexpectedly introduced a more restrictive set of policies to imported films after 2004. This suggests that the government does not intervene in a certain, predictable manner toward cultural industries. Therefore, there are possibilities of uncertainties in the future of music policies, as the government reacts sensitively to intervene in the cultural industries as evident from the film industry. There may be greater barriers for foreign popular music sectors, such as the K-pop (Korean pop), to enter into the market in the future.

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후진타오 시대의 중국 대중음악산업 정책

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후진타오 시대에 들어 중국 정부는 문화산업의 발전에 대해 두 가지 접근 방식을 취하고 있다. 국내 문화산업 발전을 도모하기 위한 많은 정책의 변화가 이루어지고 있는 동시에 외국 산업의 영향에 대해서는 제한적이고 차별적인 정책을 실시하는 것이 그것이다. 정부는 한편으로 세계시장에서 경쟁력을 갖출 수 있을 정도로 자국의 문화산업을 발전시키기 위해 노력을 가하고 있고, 다른 한편으로는 외국 문화산업상품의 유입 속도를 조절하고 있다. 중국 문화산업의 전체적인 정책은 큰 틀 안에서 비슷한 양상을 보이지만, 다른 문화 산업 영역들 사이에 차이는 존재한다. 이 논문에서는 후진타오 시대의 대중음악산업 정책이 연구될 것인데, 영화산업의 정책과 비교 연구되어 이들 정책들 사이에 차이가 존재하는지 알아볼 것이다. 국가의 주요 문화산업으로 중요시 되어오고 있는 영화산업의 정책과 비교를 통해 후진타오 시대 대중음악산업 정책의 발전 정도를 연구할 것이다.

높은 불법다운로드 비율로 일어나는 근본적인 문제로 인해 중국 대중음악산업은 발전을 이루지 못하였다. 또한 타 국가들에 비해 뒤쳐지며 경제적 가치가 높지 않다고 여겨졌다. 하지만 최근 디지털 음악시장의 성장을 인지한 중국 정부는 음악산업의 발전에 관심을 기울이기 시작하였으며, 발전을 저해하는 환경을 개선하기 위해 노력을 기울이고 있다. 대중음악산업과는 다르게 영화산업은 개혁개방 이전 시기부터 국가의 정치적 목적을 이루는데 중요한 이데올로기 수단으로 간주되었다. 후진타오 시대에 정부는

디지털 음악산업의 발전과 앞으로의 높은 성장가능성을 인지한 이후에 비로소 관련 정책을 도입하기 시작했다. 반면에 영화산업은 정부가 적극적으로 국가의 주요 문화산업으로 지정하여, 정부주도적인 정책들로 인해 꾸준히 발전하고 있다. 그러므로 두 산업 간 정책도입 배경의 성격이 다르다고 볼 수 있다.

정부는 대중음악산업의 효율적인 관리와 발전을 위해 관련 법규와 제도들을 도입하고 있는데, 주로 불법복제와 지적재산권, 특히 저작권 보호와 관련된 조치들이 대부분이다. 영화산업의 정책과 비교했을 시, 문화산업 두 트랙 정책의 적용 정도는 아직 미약하다고 볼 수 있다. 국가의 주요 문화산업의 한 영역으로서 영화산업에는 자국산업의 개혁과 개방을 증진하기 위한 많은 정책의 변화와 도입이 이루어졌다. 그 결과로 영화산업은 꾸준히 높은 속도로 성장하고 발전 해 오고 있다.

영화산업과 마찬가지로 대중음악산업에 대한 높은 수준의 규제는 지속되고 있는데, 이는 외국 제품에 대한 차별적인 콘텐츠 심사와 허가제도를 포함한다. 이러한 규제들은 국내산업에 보호장벽을 조성하여 합법적 시장에서 경쟁을 감소하고, 국내 콘텐츠 생산에 인센티브를 증가시키는 효과를 가져왔다. 나아가서 디지털 음악시장의 성장으로 인해 수입제품에 대한 더욱 제한적인 정책을 실시하고 있는데, 인터넷과 모바일 음악산업에 외국자본의 도입은 금지된 상태이다. 영화산업도 경제적 이득보다 외국 영화의 유입이 자국 국민들의 이데올로기에 미치는 영향에 대한 고려로 인해 정부는 외국영화의 수입에 대해 더욱 강력한 제한정책을 펼치고 있다.

키워드: 중국 문화산업 정책, 중국 대중음악산업 정책, 중국 영화산업 정책

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