CMO China Media Observatory
中国传媒观察研究中心 Osservatorio sui Media e le Comunicazioni in Cina

CMO NEWSLETTER N. 04/09
Università della Svizzera italiana (USI)

Lugano, July 2009

CONTENTS

Università della Svizzera italiana

Facoltà di scienze della comunicazione

The newsletter is produced by the China Media Observatory. Please send ideas and suggestions to info@chinamediaobs.org. Articles for the January edition should reach the Editor by *15 September, 2009.*
Editor: Giuseppe Richeri.
Co-editor: Qing Luo.
Staff: Chwen Chwen Chen, Cinzia Colapinto.
Graphic: Cinzia Colapinto, Alessia Padovan, Tania Vanetti.

The Reality and Intention of Media Globalization in China

Cho-wen Chu, Peking University, Beijing, China.

In debates about the media in China[1] the objective aspects of globalization are considered factors of 'The Reform of Cultural Systems' (especially in the period after China joined the World Trade Organization, henceafter WTO), a constituent element of China's 'Economic Reform' since 1978. The term 'media globalization' in Chinese debates is closely related to the official will to extend national 'soft power'[2] to the rest of the world. In external studies of media globalization in China it is necessary to distinguish between reality and intention. This article will illustrate both the intention and the reality in order to provide a more complete picture of China's media globalization.

The culture industry in China is developing at an annual rate of 15%, considerably outpacing that of the GDP and of the third industry (The Blue Book of Culture, 2009), and the gross product of China's culture industry reached RMB760 billion (€ 84 billion) in 2008. Moreover, China accounted for 19% of the global market of culture products (The Creative Economy 2008, 2008). However, as a major producer of culture products in the world, China still suffers from serious deficits in copyright products. In any case, these impressive statistics have kindled not only the interest of foreign companies but also the Chinese government's ambitions in the media industry.

Just before joining the WTO, media regulators in China clearly acknowledged that globalization created both threats and opportunities. They believed that 'foreign media conglomerates will enter press distribution and compete in the domestic market with advantages of capital, technology, and management. Hence, the market competition will be fiercer. Since the market decides, production will fall into the hands of foreigners and the propaganda function of the media will thus be affected (Cheng, 2008).'

For comparison with the media flagships overseas, in 2001 'Several Opinions on Deepening the Reform of the Press and Broadcasters' issued by the Propaganda Department of the Central Committee of the Communist Party of China, State Administration of Radio, Film and Television (SARFT), and General Administration of Press and Publication (GAPP) announced the clear intention of the Chinese government to promote the conglomeration of the domestic media. As a result, 72 culture conglomerates were founded in 2002. Excluding the complex conglomerates - the Radio and Television Group of China and the Press Group of China - 38 news conglomerates were formed: 10 for publishing, 5 for distribution, 12 for broadcasting and 5 for movies (Cheng, 2008).

In the 'Directive Opinions on Further Promoting the Reform of the Press' issued by the General Administration of Press and Publication in April 2009, in the coming 3 to 5 years the Chinese authorities envisage the establishment of 6 or 7 press giants with assets and sales of over RMB10 billion (€1.1 billion) respectively. This directive encourages qualified press enterprises to launch newspapers, magazines, publishing firms or printing plants in Hong Kong, Macau, Taiwan, or foreign countries under single-source investment, joint

---

[1] For the sake of convenience, throughout this article 'China' or 'Chinese' refers to mainland China, thus excluding Hong Kong, Macau and Taiwan..

[2] This term, coined by Joseph Nye in 1990 to underscore the importance of culture and values in international politics, is now commonly used in media studies in China.

venture, or cooperation projects. Moreover, the financial tsunami has resulted in a major reduction in assets for many important foreign media. Many Chinese scholars have therefore begun to advocate that this is the perfect time for the Chinese media to take part in mergers or in the reconstruction of the global culture industry (The Blue Book of Culture, 2009).

Public Service & Private Units

Evidence of the reality of media globalization in China can be found in the changing role of media between public service units and private ones.[3] The new direction of the reform of culture systems became clear following the third plenary session of the 16th Central Committee of the Communist Party of China which passed 'The Decisions on Several Problems regarding the Improvement of the Socialist Market Economic Systems' in 2003 that emphasized that the public culture service units should be transformed into qualified market entities. There are three kinds of transformation: 1. separate transformation of the operational areas of crucial media; 2. holistic transformation of culture public service units into private ones; 3. shareholding restructuring of qualified culture public service units.

Consequently, Xinhua Bookstores, one of the leading book retailers in China, was transformed by the end of 2007 from a public service unit into a private one in 29 provinces. In the same period of time the same transformation took place in 122 book publishers, 25 audiovisual publishers, more than 1,000 non-hard-news presses, 27 state-owned program production units, 32 state-owned movie distributors and 29 performance groups (Cheng, 2008). The final requirements of the 'Directive Opinions on Further Promoting the Reform of the Press' stated that all publishers of books, audiovisual and electronic publications subject to the control of local governments or universities should be transformed into private units by the end of 2009 while those controlled by central government should be transformed by the end of 2010.

The tension between the public and private service units was the defining element of the reform. A manager of China Television Media, an important subsidiary of CCTV, the largest TV station in China, pointed out that management didn't use the principle of costs and profits to assess employees' performance but, instead, focused on to what extent coverage was achieved, i.e. how many provinces or households received CCTV's programs. This approach derives from the duality of China's telecommunications system. Broadcasters can no longer be seen only as commercial corporations or only as government organizations. However, the same manager believes that television stations will still be considered first and foremost as public service units and only afterwards as private enterprises for many years to come because, for Chinese policymakers, public aspects will continue to prevail over commercial ones in broadcasting.

In a strictly regulated television regime, globalization can be traced to the predominance of the concept of 'separation between production and broadcasting'. In practice, television broadcasters are responsible for deciding the subject of the programs and which program production companies will make them; in return, production companies are freer and more independent in the production of media content. The production companies, which can be private or foreign-invested firms, are con-

[3] According to the basic principle of Chinese media policymakers, the media assigned the task of 'leading public opinion' should be public while the rest of the media could be private companies that will naturally have the role of 'supervising (the government) through public opinion' within a market logic.

tracted producers that make the programs requested by the broadcasters. The broadcaster places the order for a program and buys the program after it has been satisfactorily completed.

The result of this 'separation between production and broadcasting' will be twofold. First, the cost of program production will decrease dramatically because the media don't need to hire production personnel. Second, the quality of the programs will be more competitive since the crews of private production companies have more experience of the market. It is worth noting that the program production companies, which may have non-state capital, are commissioned on a temporary basis by the broadcasters to produce specific content so they should not be considered as genuine media as they don't own any media content. On the other hand, the television broadcasters, the real media, are the buyers, censors and owners of the programs.

Ownership & Foreign Investment

Only peripheral media organizations in China have seen changes to their ownership structure. After China joined the WTO on 11th December 2001, approved foreign companies were first allowed to launch joint-venture or cooperation projects to build or renovate movie theaters in China with Chinese partners whose investment could not be less than 51% of the subscribed capital. Meanwhile, the Chinese authorities also began to allow Sino-foreign cooperation enterprises to venture into video rental activities and the distribution of audiovisuals except movies. Furthermore, foreign firms were allowed to take part in join-venture advertising enterprises with a maximum shareholding of 49% in the first two years. After the initial two years the limit on the shareholding will be removed; after another two years those foreign firms will be permitted to establish single-source investment subsidiaries of the join-venture advertising enterprises. The advertising business can regard commercials on television and radio (Xu, 2002).

On 10 October 2004, the State Administration of Radio, Film and Television (SARFT) and Ministry of Commerce co-issued the 'Provisional Regulation on the Qualification to Enter the Operation of Movie Enterprises', allowing private capital in movie production or technology companies. In 'Several Decisions about the Entrance of Non-State Capital to Cultural Industry' in April 2005 and 'Several Opinions on the Introduction of Foreign Capital to Cultural Fields' in July 2005, the State Council further regulated the basic principles for non-state and foreign capital in the media.

In 2007 there were 13 private general publication distributors and 8 private chain retail enterprises nationwide. Private publication retailers amounted to 69% of all retailers and accounted for 50% of the book market. There were around 140 private production companies taking part in the shooting of movies. The number of movies invested by private capital reached 75% of the total (Cheng, 2008). Moreover, many companies that are actually media channels have been privatized. For example, many corporations producing commercials on monitors in elevators and public spaces of buildings in China have been listed on the NASDAQ; another firm called Airmedia which runs the advertising business in airports has also been listed as have many program production companies.

The last requirements of the 'Directive Opinions on Further Promoting the Reform of the Press' in April 2009 specified that non-state capital can be invested in the printing and distribution of publications as well as in the advertising and distribution of news presses if the state ownership remains at 51% or more. However, non-state capital is still forbidden in the establishment or running of news agencies, newspapers or publishers. There is a misunderstanding that private capital and foreign investment have infiltrated China's media under globalization. The truth is quite different. What has actually happened is that private capital and foreign investment have entered only media channels and media contractors rather than the actual media organizations in China.

Imported Media Products

There are four categories of imported media products. The first are movies, of which American ones are the most important; the second are TV dramas; the third are TV sports and music programs; the fourth are audiovisual products such as CD, VCD, or DVD. Movies are usually the most attractive product for the majority of businesses. After China joined the WTO in late 2001 the Chinese authorities began to allow the import of a maximum of 20 foreign movies each year but the total screening time of domestic movies could not be less than two thirds that of all movies. Import was based on a cost and revenue sharing scheme between importing and exporting companies instead of copyright buy-off. Generally, the number of movies from a single foreign country should not be more than half of all imported movies.[4] The current policy in China still restricts TV stations from broadcasting most Western media content, such as American movies, but there are two signs that might be an indication of a promising future for imported cultural products.

First, the TV industry in China has become increasingly crowded and commercialized since provincial channels started to broadcast nationwide by satellite in the late 1990s. In order to compete for the ratings, TV stations are more willing to broadcast imported media content, which appeals to a wider audience. Chongqing Car & Motorcycle Channel, for example, purchases western movies and TV dramas which include scenes of road races and broadcasts excerpts from these alongside its usual technology-focused programs. TV stations broadcast only excerpts because broadcasting full foreign programs is regulated by specific quotas. To sum up, the policy on imports for traditional television has been loosened only a little while the market for the industry has changed dramatically. If market competition were not fierce, TV stations would have no incentive to introduce expensive foreign programs. Hence, it is reasonable to say that the growth of market competition is the main cause of the increase in imported media products.

Second, the Chinese authorities have intentionally created a divide between free and pay television. Free television takes more responsibility for 'leading public opinion' while pay TV can have a more clearly entertainment and profit-making function. As a result, the media regulator is strict with the traditional media but lax with the new ones such as digital television; in this way digital channels can offer the audience more foreign content unseen on traditional channels like HBO. A former manager in the digital TV department of CCTV indicated that the imported sport and drama content in 2008 was several fold that of 2003. Nowadays the Chinese audience can easily follow Premier League, La Liga or Serie A matches on digital channels. Nonetheless, the former manager pointed out that the proportion of foreign programs on CCTV hasn't really increased much because the num-

[4] These requirements have been extracted from China's 'Ordinance of Motion Picture Administration'.

ber of its channels has also grown from 7 to the present day 17.

After being introduced in China, foreign content not only changed the tastes of the audience, it also challenged the ideas of domestic program production. For instance, the popularity of 'Dallas' led to a series of Chinese dramas depicting the lives of the rich. Similarly, 'Growing Pains' gave birth to the famous Chinese sitcom, 'I Love My Home'. Sometimes foreign programs themselves are not imported but their forms or elements are transplanted in domestic programs. Quizzes and reality shows are the best examples of this. There have been 4 or 5 reality shows on CCTV's channels. To sum up, foreign dramas and educational programs, which are unrelated to ideology, have been imported most; only the forms and elements of foreign entertainment programs, and not the actual programs, have been introduced; as regards foreign news or information programs, so far no authorization has been granted for their import.

In short, the Chinese authorities tend to see media globalization as a historical opportunity that can encourage China's media to 'grow up' in order to not only defy the 'aggression' of foreign media but also to exert China's cultural influence on the rest of the world. This second intention of China, which still aspires to be the next super power, is not much different from that of America. It could also be said that China, facing globalization, has been unable to rid itself of the ideology of nationalist hegemony and its major 'imaginary enemy' is still the United States. Understanding China's intentions, which are sometimes obscure, can help better define the point reached in China's media globalization process.

References

Cheng, Si-xing (2008). "Cultural development and system changes in China during the 30 years of the Economic Reform". *Observation on China's Development*, 2008: 10.

The Blue Book of Culture (2009). Chinese Academy of Social Sciences.

United Nations (2008). *The Creative Economy 2008*.

Xu, Guang-chun (2002). "The WTO and the reform of broadcasters". *Journalistic Front*, 2002: 7.

Cho-wen Chu is following two different doctoral programs at the Peking University and the University of Manchester. His research interests are mainly the processes and effects of media globalization in developing areas. For contacts: chowen@ntu.edu.tw.

An Analysis of the Situation and Development Trend of China's Communications Market in 2009

Wenzhe Zhou, Communications Industry Research Center, CCID Consulting, Beijing, China.

I.The telecom operation market is flourishing and the number of users continues to grow

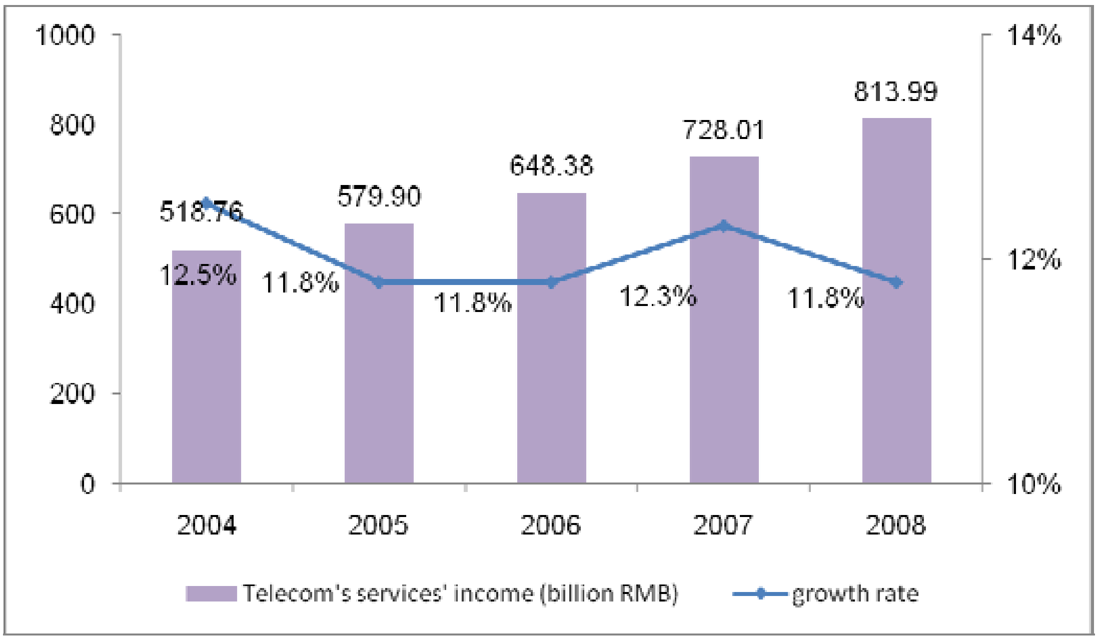
In 2008, the revenue of the telecom operation market reached RMB813.99 billion (€8.52 billion), up 11.8% year-on-year. Due to the international economic crisis, the rate of growth of China's urban residents' disposable income will slow down in 2009 but telecom spending accounts for a relatively fixed proportion of their income so, generally speaking, the telecom services business will continue to grow in the future.

In numbers, there were 69.3 million new telephone users in 2008 for a total of 982.034 million while the number of mobile phones in 2008 reached 64.123 million. Instead, the number of fixed phone users has decreased 24.832 million. The growth in the number of mobile phone users is the driving force of China's telecom market. Judging from the current 48.5 sets/100 people, the number of mobile communication users will continue to grow steadily, stimulating the development of the telecom market (Figure 1 and Figure 2).

II. The communication equipment market is growing rapidly, the 3G equipment market records a profitable start-up

In 2008 the communication equipment market stood at RMB 295.29 billion (€30.9 billion), up 12.1% year-on-year. Within this market, the mobile communication equipment market showed rapid growth, reaching RMB53.82 billion (€5.63 billion), up 26.2% year-on-year. This growth is the result of three factors: firstly, the upgrade and expansion of the nationwide GSM and CDMA networks; secondly, the trial network and deployment of the TD-SCDMA technology in ten cities; thirdly, continued growth of the mobile Value Added Service (VAS) market (Figure 3 and Figure 4).

Fig. 1 - Telecom Services Income and Growth in China, 2004-2008



Source: CCID Consulting, January 2009

Fig. 2 - Telecom Subscribers and New Telecom Subscribers, 2006-2008

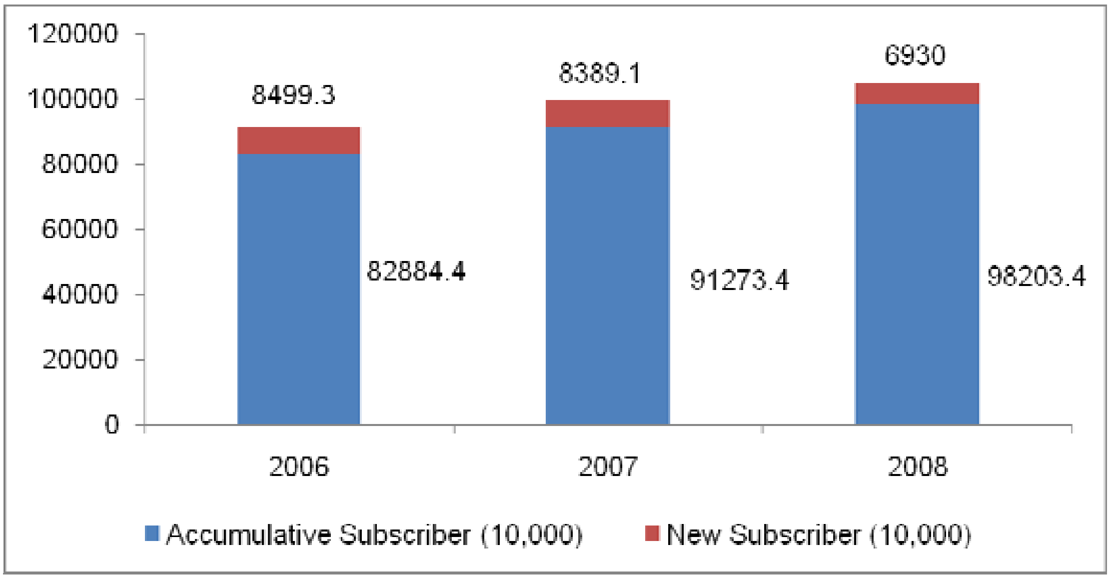


Fig. 3 - Size and Growth of the Communication Equipment Market, 2006-2008

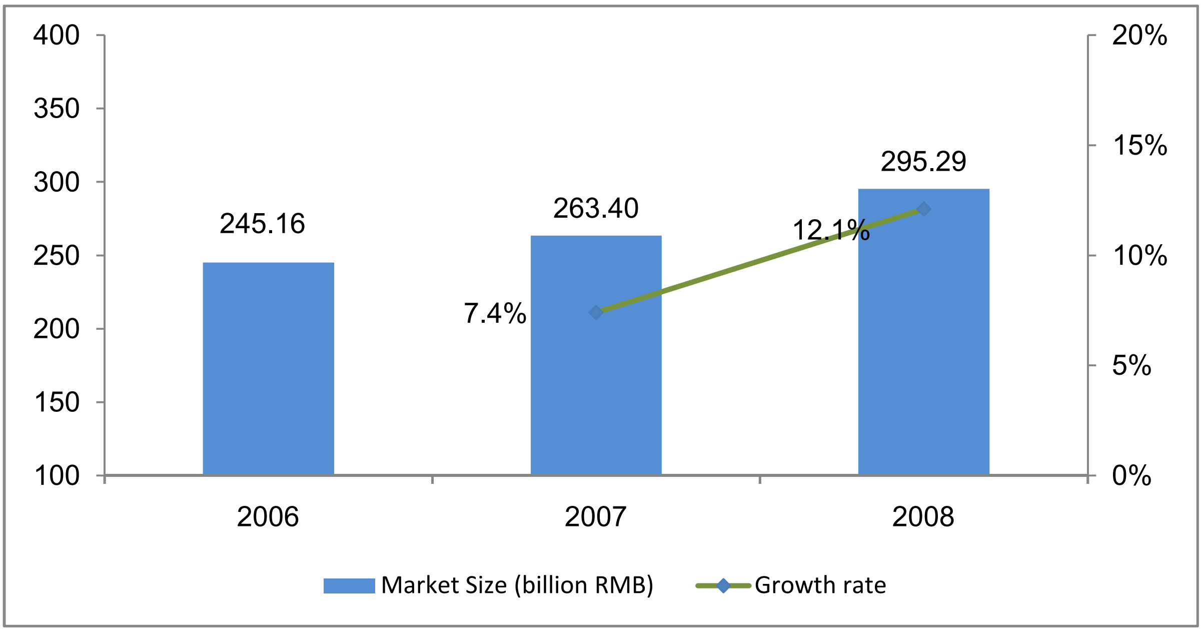
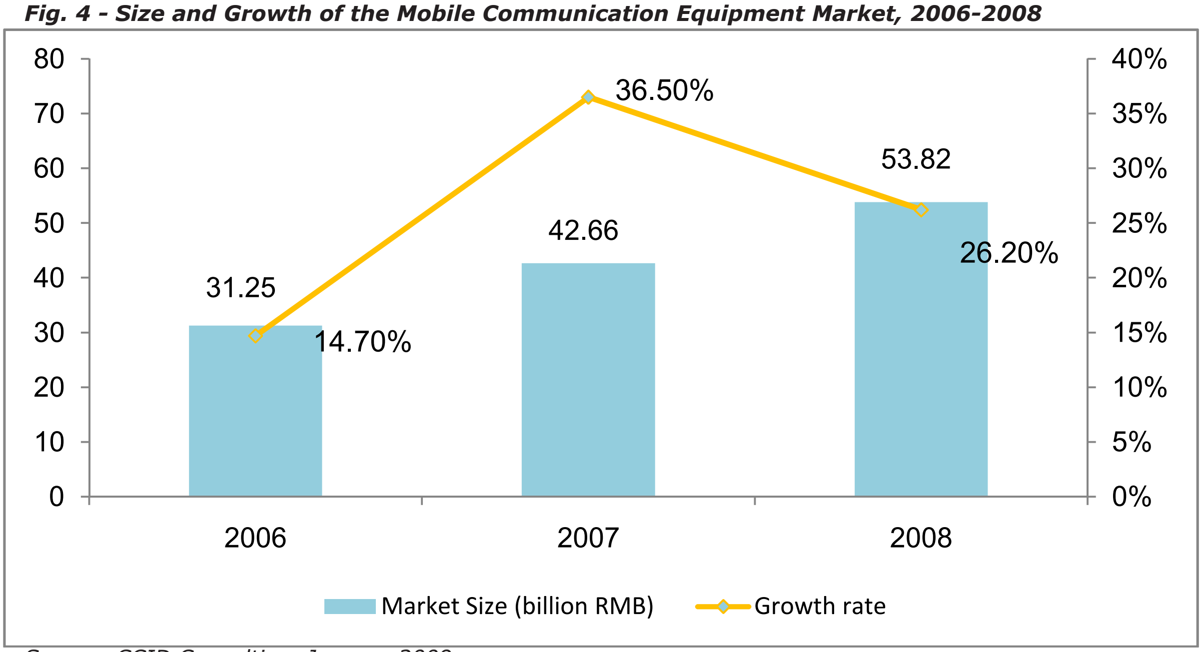
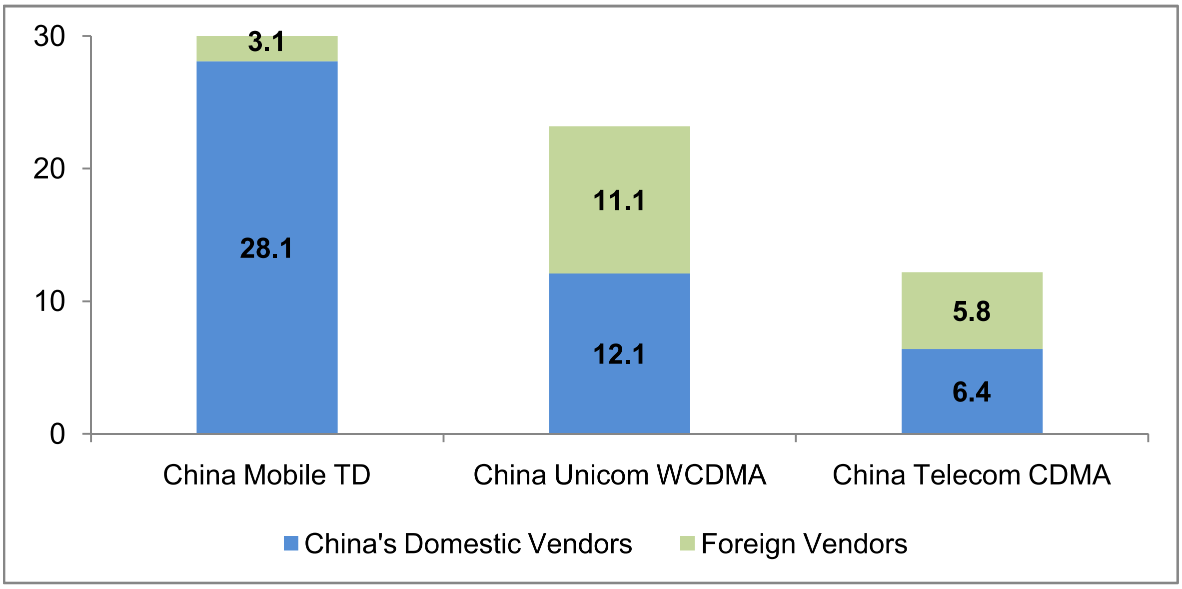


Fig. 4 - Size and Growth of the Mobile Communication Equipment Market, 2006-2008



Source: CCID Consulting, January 2009

Fig. 5 - Size of the 3G Equipment Market (by the end of Feb. 2009)



Source: CCID Consulting, February 2009

As regards the 3G equipment market, China's WCDMA, CDMA2000 and TD-SCDMA have registered different progress in the construction of the 3G networks in 2008. China Mobile launched the second stage of the TD-SCDMA network construction; China Telecom requested bids for the CDMA network for 81 key cities; China Unicom set up WCDMA trial networks in seven cities. In all the network constructions local vendors use 3G opportunities to rapidly improve competitiveness, which accounts for a large share of the total 3G network construction market.

In the TD field, the domestic mobile phone manufacturer ZTE has the largest market share, 36% of the total; in the WCDMA field, the domestic mobile phone manufacturer Huawei puts great pressure on Ericsson, which has the largest market share; in the CDMA field, ZTE successfully occupies first place, which has the largest incremental market.

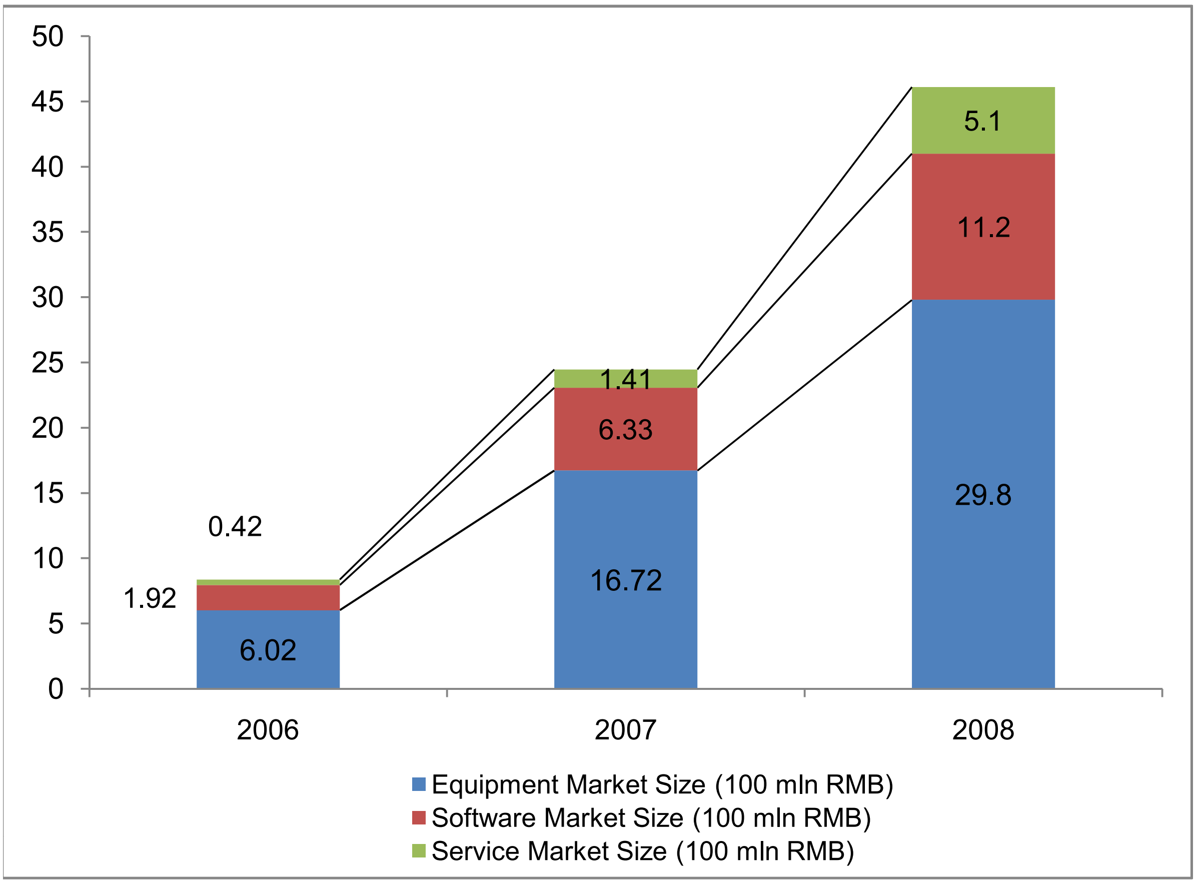
III. Unified communications convergence technology continues to develop and products better satisfy users' needs

In 2008, the unified communications market was prosperous; one of the main reasons for this is that many manufacturers paid more attention to technical development and applications. Considering users' practical demands and the application environment, they launched unified communication products which met clients' demands. Because of the good informatization base, large enterprises have already completed the basic network facilities and so have turned their attention to network application, which could reduce the cost of internal communications, improve efficiency, improve the enterprises' operations and become the core demands for unified communications products.

IV. Convergence and the 3G terminal become the main issue for mobile communication terminal products

With the technical development of computers, IC, mobile communications and software projects, this convergence trend becomes more obvious. Mobile communication terminal convergence can be clearly seen in two

Fig. 6 - Size and Growth of the Unicom Market, 2006-2008



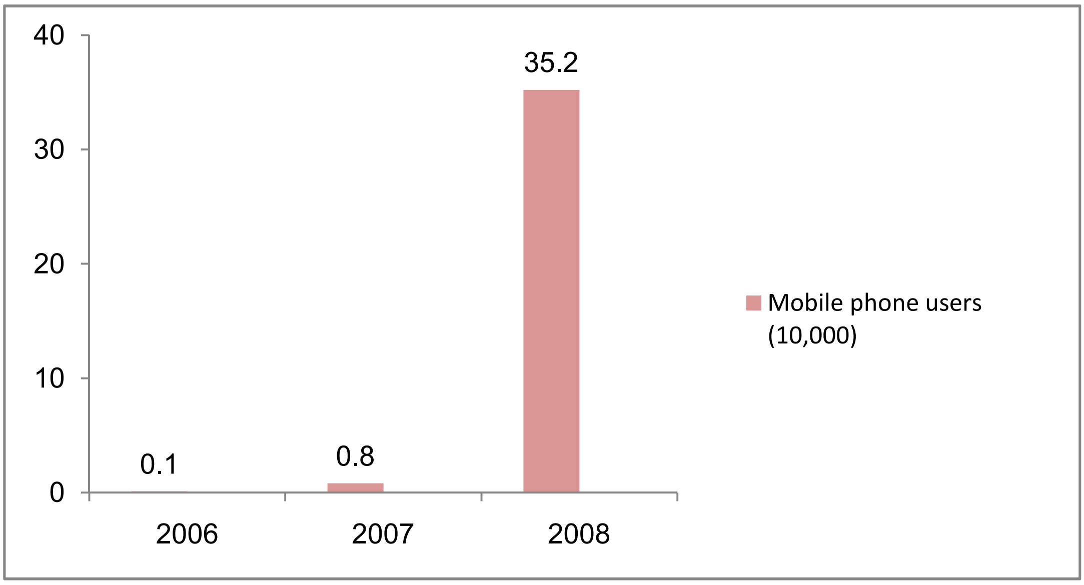
Source: CCID Consulting, January 2009

ways: the first is services convergence - the convergence of mobile TV, mobile media and mobile advertisements; the second is the convergence of integrated terminal products: IT, consumer electronics and communications.

Meanwhile, with 3G, consumers can make use of many different services. Many of the services offered by mobile operators belong to other fields such as photography, recording, watching movie clips and editing files; functions that belong to home appliances and computers and which are now provided to 3G users.

The issue in January 2009 of 3G licenses marked the official start-up of China's 3G mobile phone market. In 2008, TD-SCDMA large-scale commercial use's prelude shoulders social test's responsibility, users' feedback will become an important basis of follow-up development . China Mobile has strict requirements for customized manufacturers' technology R&D, product capability and testing, and in-depth customization capabilities. China's mobile phone manufacturers' support and input on TD-SCDMA has already had a result as their in-depth cooperation with operators and their clear grasp of technology has helped them win bids. In 2008 China Mobile promoted TD-SCDMA social testing and a trial commercial use while China's 3G terminal market got off the ground. As China owns the intellectual property rights of 3G technology, domestic manufacturers such as ZTE and Datang have an advantage in this field. The domestic mobile phone manufacturers account for over 84% of the total sales of 344,000 TD-SCDMA mobile phones while 189,000 data cards are made by domestic manufacturers. Of these, ZTE's TD-SCDMA terminal sales volume accounted for 38%, ranking first in the market.

Fig. 7 - Size and Growth of China's TD-SCDMA Mobile Phone Users, 2006-2008



Source: CCID Consulting, February 2009

IV. 3G brings new opportunities for mobile VAS and new business grows rapidly

VAS has grown rapidly and currently offers hundreds of products including trading, information, database and entertainment. At present, major income-based businesses include SMS, WAP, CR, MMS, and so on, which tend to continue growing steadily. Moreover, mobile games, mobile TV, mobile payments, mobile IM, mobile e-mails, location services, two-dimensional codes and other emerging businesses and applications flourish on the value added service market. The pattern in the value added service market has been different.

China's value added service market has entered a mature period. The contribution of value added services to the overall income of the communication sector keeps rising. China's operators came into the 3G age in 2008. The TD-SCDMA network has also come into commercial use after the three-year trial period. The commercial 3G network will bring new opportunities to the value added service market. The 3G network will greatly improve user experience of value added services, especially high bandwidth services due to the removal of the bottleneck in business development.

Shenzhen Satellite TV lands in Shanghai

From 1 July 2009 viewers in Shanghai can watch the programs of the satellite channel Shenzhen Satellite TV through the city's cable network.

Shenzhen Satellite TV, it is reported, is a bridge between the mainland provinces and cities and Hong Kong and Macao, one of the windows to understand Hong Kong and Macao. Its programs, accompanied by the slogan "information, entertainment, fashion," are rich in information sections and features on the Special Administrative Regions of Hong Kong and Macao such as "Live in Hong Kong, Macao," (*zhibo xiang au tai*), "Reform dialogue" (*duihua gaige*), and "China's stock market report" (*Zhongguo gushi baodao*) which have a great impact at home and abroad.

Shenzhen Satellite TV is one of the current 39 second-tier[1] satellite channels which can be received throughout China through the cable system: by law, individuals in China are not permitted to install private satellite receiving equipment to receive satellite programs which are delivered directly to Chinese households TV sets through the cable network.

In 1999 the first channel of the total 32 provincial broadcasters broadcast via satellite, reaching the remote western regions of China. In the following years, some second-tier broadcasters, such as Beijing TV, Shanghai TV and Guangdong TV, broadcast more than one channel via satellite.

Sources: Zhongguo guangbo dianying dianshi lanpishu 2009 (China's Blue Book on Radio, Television and Film 2008), China Media Yearbook & Directory 2008, Jiefang ribao (Liberation Daily) - June 26, 2009.

[1] In 2002 the Chinese television system changed from a four-tier structure (central, provincial/municipal, city and county) to a three-tier one (central, provincial/municipal, and city).

The strategy of CCTV Children's Channel

CCTV's Children's Channel (CCTV-14) took a two-pronged approach to improve the content available for its target viewers: audience surveys and promoting the local animation industry.

CCTV-14 has an audience of 800 million people every day thanks to coordinated promotional campaigns in recent years, according to the State Administration of Radio, Film and TV (SARFT). To improve the content, CCTV-14 invited 100 children to review its programming and then implemented their ideas where practical.

To support local industry, CCTV-14 ensures that 75% of the content it broadcasts every day is homegrown. The station invests around RMB100 million (€10.47 million) every year in animation. From June 26, an original 3D animation series *Wisdom Island* by Suzhou Tianyi Animation Co. will be broadcast on the Children's Channel of CCTV with two episodes per day. It is the second SIP local cartoon on CCTV following *Nono Forest* by Shiao Animation, but the first to be broadcast prime time during the summer vacation.

The story of the cartoon goes that due to a computer fault, four children are thrust into a mysterious electronic virtual world. Curiosity about the strange creatures in that world and their lifestyle inspire the children to explore that mysterious island.

A popular program on the channel, "The Adventures of Little Carp" (*Xiao Liyu Lixianji*), has been translated and dubbed into

nearly 20 languages and sold to 51 countries and regions around the world.
Sources: CMM, SIPAC (http://www.sipac.gov.cn) - June 2009

SARFT strengthens the supervision of TV shopping advertising

"There is an excess of TV shopping ads, and many of them are false advertising. Therefore the State Administration of Radio, Film and Television (SARFT) will tighten regulations regarding TV advertising: a draft is being prepared with a view to introducing new television management rules, thereby rectifying and standardizing TV shopping programs." These are the words of the SARFT Network Audience Management Office deputy director Ren Qian at a forum organized during the 15th Shanghai TV Festival held in Shanghai from June 8 to June 12.

Ren Qian said that a new approach will be adopted for programs broadcast this year: infringement of the rule will result in suspension of the license and provisional suspension of the program while the most serious case will result in cancellation of the license. In addition, the rules contained in SARFT Order n. 17 ("Radio and Television Advertising Provisional Measures", *Guangbo dianshi guanggao bofang zanxing banfa*) have been modified to include radio and television ads for further regulation.

This year SARFT will also strengthen the supervision of false advertising. Ren Qian said, "This is to strengthen the mechanism this year, we have to allow media to take responsibility for their duties and bear the responsibility on their own." He also said: "We are preparing a draft to introduce a television shopping management advice in order to review the current situation: basically all day long the TV channels broadcast TV shopping programs and some very vulgar things; we will issue specific management rules regarding this topic".
Source: Beijing Youth (Bejing qingnian bao) – June 12, 2009.

Nickelodeon to launch China-made animation programs

Viacom's Nickelodeon Asia is set to become the first US cable TV network to produce a made-in-China animation block of programming.

ChinaToon will broadcast the one-hour, all-Mandarin-language block of cartoons in 13 territories including Hong Kong, Singapore, Thailand, Malaysia, Indonesia and the Philippines. Premiered on July 5, ChinaToon was launched with Creative Power Entertaining's "Pleasant Goat and Big Big Wolf" and Zhejiang Zhongnan Group Animation Video's Magic Wonderland.

"Chinese-produced animation is now world-class, and provides a springboard to launch it into the international marketplace," added Mei Yan, the managing director of MTV Network's China and chief representative of Viacom Asia in China. "Creative Power Entertaining and Zhejiang Zhongnan Group Animation Video are two excellent examples of how efforts to nurture the Chinese animation industry have led to the successful development of locally-produced programming."

To continue supporting its large and profitable animation industry, China is holding a nationwide contest, the China Cultural Heritage Comic Competition, to find outstanding cartoons and comics featuring its cultural heritage.

Initiated and organized by the State Administration of Cultural Heritage (SACH), the contest will run for six months and is open to "anyone able to paint, write or use a computer."

China currently has up to 6,000 companies making cartoons and comics, with more than 200,000 people employed, the Ministry of Culture (MOC) said in March.

However, according to the MOC, about 85% of those companies are not yet profitable. The exception was last year's "Pleasant Goat and Big Big Wolf", an RMB6 million (about €628,000) production telling the story of several goats fighting their enemy, Big Big Wolf, who covets fresh mutton for his family. The film made RMB8 million (€837,000) on its opening day and some RMB80 million (€8.37 million) within three weeks.

Of the 16 animated films China made last year, only the goat and wolf combination was a hit. One reason is that most people favor cartoons made in other countries.

A poll carried out by the China Youth Daily in November 2008 showed that only 14.2% of the nearly 3,000 people polled preferred Chinese cartoons. In contrast, about 62.4 % of respondents said their favorite animated films were US-made. Another 45.9 % chose films from Japan.

Source: www.Xinhuanet.com – June 17, 2009.

Beijing Bank Grants RMB200 Million Loan to Enlight Media

In June 2009 Beijing Bank granted RMB200 million (€20.93 million) to Enlight Media – a Chinese independent film and TV drama production company - under a strategic agreement. Apart from helping it make and distribute 40 movies in the coming three years, the money is expected to give Enlight Media more leverage to pull off its initial public offering in China's A-share market in 2010.

The loans were granted under the umbrella of a Beijing Municipal Government program to lend financial support to the culture and creative industries. In November 2007 Beijing Bank signed a strategic cooperation agreement with the Beijing Culture and Creative Industry Promotion Center to set aside RMB5 billion (€523 million) for loans to the sector, which includes online game and software companies. By the end of May this year the bank had granted RMB4.6 billion (€481 million) in loans.

Sources: CMM Intelligence, Asia Info Service - June 2009.

Box office performances of imported films

Looking at the box office statistics in June, the top movie is an imported one, *Night at the Museum: Battle of the Smithsonian* which made RMB100 million (€10.47 million) in around two weeks. The film got off to an impressive start, making RMB58 million (€6,105,00) over the three day Dragon Boat Festival national holiday from May 28 to 30.

In the ranking *Night at the Museum: Battle of the Smithsonian* is followed by other imported films on the screens in mainland China: Paramount Pictures' *Star Trek*, which made RMB56 million (€6.07 million) in four weeks and the 3D film *Fly Me to the Moon* which made RMB10.70 million (€1.12 million). All top three movies are imported by the state-owned China Film Group/Huaxia – a Chinese independent film production and distribution group - on a revenue-sharing basis.

Source: China Film Group - June 2009.

Internet policy and regulation in China: the Green Dam Youth Escort

The Chinese authorities decided the compulsory installation of a filtering software on all computers sold from July 1 but the recommended software, called Green Dam Youth Escort, has revealed a series of flaws that will make it possible for hackers to invade users' computers. The government therefore took the decision to postpone its plans to make such a step mandatory. The controversy took on a sensitive nature for global computer manufacturers for whom China is both a major market and the production site for up to 80% of the world's PCs.

As a result, Google China was ordered to suspend its overseas web pages search services and associated word search services, according to the China Internet Illegal Information Reporting Center. The main concern is to cope with violent, obscene and pornographic contents that are harmful to children on the web in China.

Washington and the EU have complained that the Green Dam order might violate China's free-trade pledges because manufacturers get too little visibility and no time to comment.

Sources: MIIT, People's Daily Online - June 24, 2009; Caijing Magazine – July, 3 2009.

Sina and Sohu Testing New SNS Platforms

Chinese portals Sina and Sohu have been testing Social Network Services (SNS). Sina will target young office workers with its SNS, which it may integrate with its popular blog and video-sharing platforms. It has already started promoting the new service on its homepage. Sohu has yet to release the details of its new SNS service.

Both SNS services have the potential to challenge established leaders such as Xiaonei and Kaixin101, because Sina and Sohu currently attract a significant share of the online community.

The SNS market already received a shake up on January 6, when Tencent launched an SNS product integrated with its popular instant messaging service QQ. Tencent staffers have revealed that the company also plans to launch an SNS site targeting office workers.

Source: CMM Intelligence - June 2009.

Lenovo to release new gaming computers

Computer-maker Lenovo Group announced a plan to introduce a series of new gaming computers in the coming months, as the company decides to focus on serious gamers who are expected to reach 100 million by the end of this year.

The move is expected to expand its presence in the gaming computer market and consequently increase its sales. "Although game players accounted for just 15% of China's PC users, they are more sensitive to the latest technologies and are often the opinion leaders among their families and friends," said Liu Jie, Lenovo's vice-president. "We hope to establish a good brand image in these consumer groups and drive sales of our other product lines through their support."

According to Liu, Lenovo's gaming computers, which are mainly sold between RMB4,000 (€419) and RMB7,000 (€733), account for 17% to 20 % of the company's total sales. He said the gaming computers can be desktops, laptops and all-in-one computers, which will be available in the coming months.

Global PC shipments dropped by 7% in the first three months of 2009 according to figures from research firm IDC. The world's major PC-makers strive to release new products to improve consumer demand for technology products. Dell, for example, earlier this month launched a high-end game laptop Alianware M17, priced at $1,399 (€1,000), in an effort to tap serious gamers.

Liu said Lenovo's gaming computers would target mainstream consumers. The company also spent about RMB10 million (€1,052,000) this year to support the resumption of the International Electronic Sports Tournament

(IEST), an annual computer game competition that Lenovo started in 2006 but suspended last year because of the Olympic Games.
Source: China Daily - June 24, 2009.

Beijing Publishing Group Completes Industry Reforms

Beijing Publishing House Group has completed its reform from a government-financed entity into an independent, self-financing organization called Beijing Publishing House Group Co. Ltd.

Over 50 years of operations the Group has produced more than 20,000 book titles and five magazines. Subsidiary units include Beijing Publishing House, Beijing People's Press, Beijing Juvenile Press, Beijing October Literature and Arts Publishing House, Beijing Art Publishing House, Wenjin Publishing House, Beijing Electronic Audiovisual Publishing House.

The Group is the largest publishing institution in Beijing, with RMB497 million (€52.02 million) in revenue and RMB28 million (€2.93 million) in profits in 2008. In terms of market share, it ranked fifth out of all publishers in China in 2008, according to the research company Openbook.
Sources: CMM Intelligence, China Publishing Today (Chuban shangwu zhoubao) - June 8, 2009.

Total Adspend Grows also in 2009: CTR

China's ad spend increased 15% in 2008 compared to the previous year to RMB441.3 billion (€46.18 billion) with advertising on TV accounting for 76% of total spending, according to market research firm CTR. The double-digit rise in China's adspend for 2008 was bolstered by the Beijing Olympics-related boom but outlook for continued growth in 2009 is doubtful. Total adspend across China grew 5.8% year-on-year to RMB148 billion (€15.49 billion) in the first four months of 2009, again according to CTR, even if the trend of the advertising market in China is still not certain because of the global economic recession.

TV maintains absolute leadership among all media outlets as advertisers place their ads on CCTV and provincial satellite stations that penetrate 90% and 80% respectively of Chinese consumers countrywide.
Sources: CMM Intelligence, CTR - June 2009.

C16th Beijing International Book Fair (BIBF)

China International Exhibition Center, Beijing, September 3-7.

Organized by the China National Publications Import & Export Corporation (CNPIEC) - a state-owned enterprise with a business operation of 50 years combining the import & export of books, periodicals, electronic publication and audio-video products, with publishing, printing, copyright trading, film & TV production, exhibition, advertisement, information technology and online business as its core business - the Beijing International Book Fair, now at its 16th edition, is considered by many as one of the top four International Book Fairs in the world and hosts a number of both domestic and international publishers. Past BIBF editions have shown that the Chinese market is growing at a staggering rate with English language titles to the fore. The government prescribes that all Chinese children learn English at an early age. Academic areas are also very popular as China's economy continues to grow. Sports, sports medicine, and military history were also areas that proved to be in demand. The host of honor for this edition is Spain. For more information please visit: http://www.bibf.net/ For further information, please visit: http://www.bibf.net/

New & Notable Books

Zhongguo dianshishi [The History of Chinese Television], Xiliang, Liu (ed.), Beijing: China Radio & Television Publishing House, 2007.

This book traces the evolution of television in China from 1958 to 2000, dividing it into four main periods. The first, which considers the period from 1958 to 1966, discusses the birth of Chinese television: Beijing Television was established at a national level while the second-tier (provincial and municipal) broadcasters were established at the same time along with its evolution until the start of the Cultural Revolution. The second period looks at the 1966 to 1976 period: television in China was mainly driven by the political ideology of the Cultural Revolution. In the third period (1976-1991), with the opening-up policy, Chinese television gradually found its own path for development and consolidation: first, the development of cable television and then of satellite television plus the advent of city broadcasters are the key stages. In the fourth and final period (1992-2000), Chinese television fully entered a mature stage with the enrichment and specialization of channel and program resources as well as content. While television in China played the main role of political propaganda and education for masses in the early stages, it has evolved over the years to incorporate public service, information and entertainment functions.