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Cooperation with the Chinese cultural sector in times of growing uncertainties

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Key findings

- The Chinese cultural sectorial policy-making can be characterised as an amalgamate of central, planned-economy approach based on the single-party rule, and a strong market-oriented approach with Chinese characteristics, in which state-owned entities compete with private enterprises. The system exhibits visible regional variation with a strong role of provincial and municipal Bureaus of Culture. Publicly funded and owned organisations (public institutions) form an important part of the non-profit environment, and the creative industries (state-owned enterprises).
- The Chinese cultural sector underwent major changes during the period 2020-2022 due to the COVID-19 pandemic restrictions, and regulatory changes: acceleration of the transfer of cultural content to different online platforms and services; stronger presence of the Chinese Big Tech companies such as Tencent and ByteDance on the market with streaming and reading platforms, and ticket sales; explorations of alternative ways to present cultural content to audiences (both offline and online); increased regulation of the field through new laws; increased censorship and politicisation of culture. The Chinese cultural sector remains large, dynamic and innovative in spite of all the challenges.
- Despite political tensions and mounting difficulties, it is important for the EU to maintain cultural exchanges with China. Hard-got personal contacts and partnerships are a cherished resource for long-term benefit. Those EU organisations which are active in China are able to keep up with the rapid changes of this very competitive market, and embrace new opportunities. Audiences exposed to cultural content from another country are less prone to domestic, nationalistic discourse.
- Unofficial (*minjian*) cooperation between European and Chinese counterparts in the cultural field could be the most effective way of maintaining cultural contacts in the present environment. Such cooperation is also the best way to encourage European artists and presenters to compete in the Chinese cultural market. The EU could consider creating a comprehensive, long-term support scheme for such minjian projects in the cultural field in China.

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Introduction – the Chinese cultural sector general characteristics

The Chinese cultural field, especially as observed from the European perspective, is overpowered by the political agenda. While politics play an undeniably important role in the policy-making of the Chinese Communist Party (CCP) in the field of culture, it is important to reach beyond the political agenda and look at the PRC cultural sector from a broader perspective.

> ***Three principal areas in the PRC's cultural policy-making are: socialist market economy, political ideology, and the system of public service.***

Chinese scholar Wen Jiaohui distinguishes three principal areas of interest in the cultural policy-making of the PRC: *socialist market economy, political ideology, and the system of public service*.[1] According to the latest Cultural Development Plan, adopted in 2022, there are five main, official objectives of the cultural policy in the PRC which could be paraphrased as:

- increasing cultural and ideological confidence of the Chinese people, as well as their motivation and proactive attitude towards further development of China;
- increasing the level of cultural refinement of the society, understood as proper behaviour, adhering to moral standards, and exhibiting proper ideological attitudes;
- developing the cultural offer to citizens in cities and the countryside, increasing heritage protection, further integrating culture and tourism, etc.;
- increasing the international outreach and influence of Chinese culture;
- continuing the regulation of the cultural sector through the introduction of new laws, and through organisational reforms; increasing overall efficiency.[2]

This shows that as much as the CCP sees culture as a vehicle for political ideology (both on the domestic and international level), it is also very much focused on developing the cultural sector in terms of the quality and outreach of public services, efficiency of governmental institutions and regulations, as well as promotion of market economy and creative industries.

[1] Wen Jiaohui (2020) 党的十八大以来中国文化管理体制改革研究. 进展与趋势 (Research on China's cultural management system reforms since the 18th National Congress of the Communist Party of China. Progress and trends). 领导科学论坛. 国家治理评论 (The Forum of Leadership Science. Assessment of National Policy Management), no. 2020(04): 83-96.

[2] This is a summary of the main sections of the document. For a more detailed analysis of the implications of the policy guidelines for the CCS please see Zhao Kaiqiang 赵凯强 and Fan Zhou 范周，中国文化产业“十四五”时期的几个转型 (Several transformations during the "14th Five-Year Plan" period of China's cultural industry), 当代党员 (Modern Party Member) 2022.3(405): 16-20.

From the institutional point of view, the Chinese cultural sector policy-making can be characterised as an amalgamate of central, planned-economy approach based on single-party rule, and a strong market-oriented approach with Chinese characteristics, in which state-owned entities compete with private enterprises. Specific policies and practices often put private players in a highly disadvantaged position compared to big and lavishly funded state-owned enterprises which dominate the markets, such as in the case of performing arts and film.

An amalgamate of central, planned-economy approach based on single-party rule, and a strong market-oriented approach with Chinese characteristics

This dual reality results in a constant push and pull between the ways and means of highly politicised top-down governance, and market economy entrepreneurial policies and approaches.

There is also inherent tension in the system between central and local authorities: while general policy directions are decided at the central level, local authorities are left to propose concrete solutions and hold more than 90% of the budget for the cultural sector expenditure. This results in considerable regional variation between specific cultural policies and a marked discrepancy between rich provinces and municipalities with impressive cultural offerings, and much humbler ones in less well-off regions of the PRC.

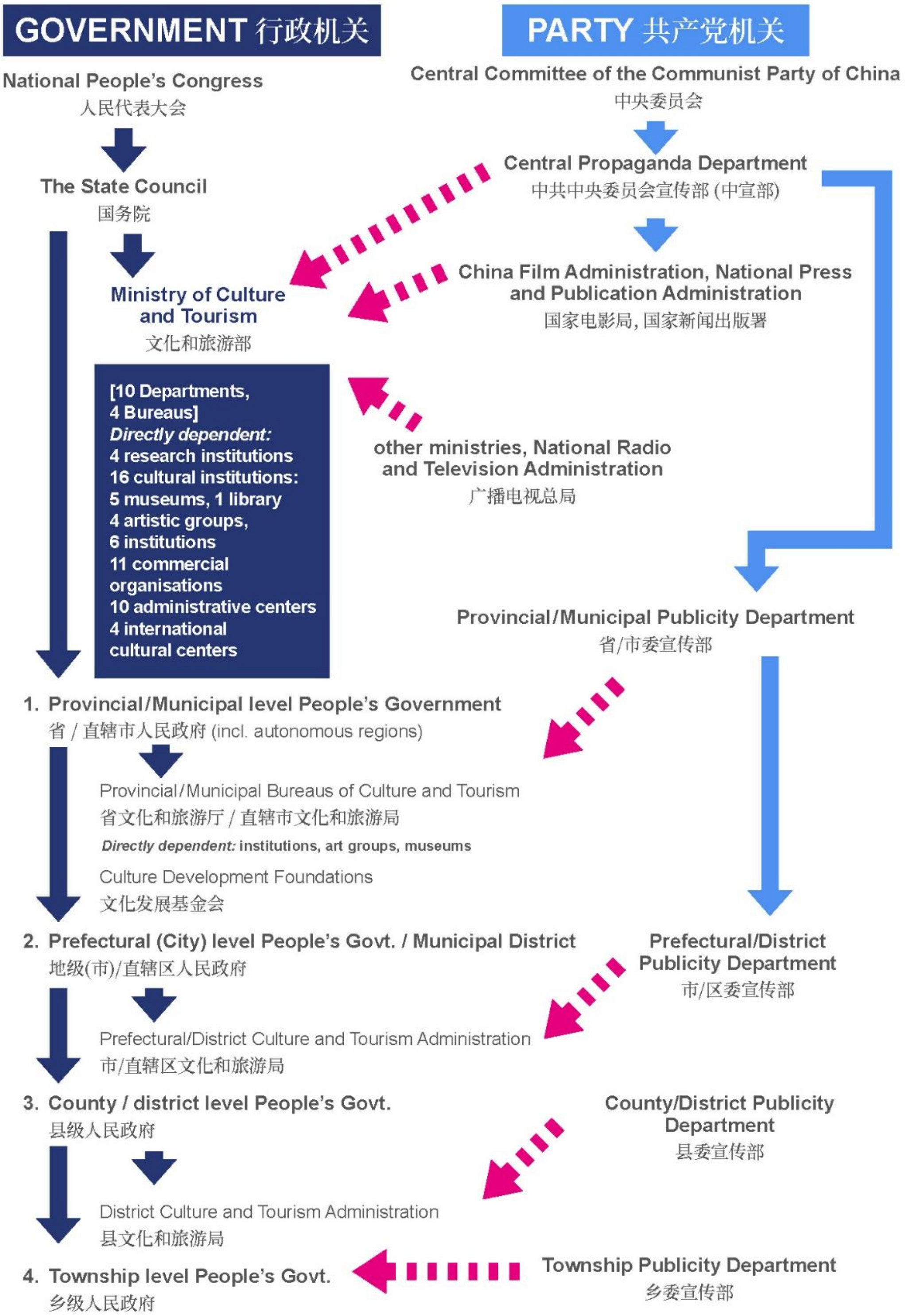
Censorship forms an integral part of the production and presentation process of cultural projects in China, and artists and producers are expected to understand what kind of content is allowed, and what narratives are especially promoted by the state's propaganda.

> ***The long-term goal in sectoral policy-making has been to help create a robust and efficient market economy environment in which private companies thrive and public cultural institutions and organisations are incentivised to generate profit through a broad spectrum of activities carried out by themselves, their commercial subsidiaries, and their commercial partners.***

The long-term goal in sectoral policy-making has been to help create a robust and efficient market economy environment in which private companies thrive and public cultural institutions and organisations receive incentives to generate profit through a broad spectrum of activities carried out by themselves, their commercial subsidiaries, and their commercial partners. Much attention at the Ministry of Culture and Tourism (further: MOCT) level has been devoted to increasing the number of cultural venues, and public participation in culture. Another important area of MOCT activity has been the fostering of growth of the creative sector.

Figure 1 (next page) shows the organisational chart of the cultural sector in China, understood as a dual institutional structure, in which the CCP exerts influence on the executive bodies at all administrative levels. The solid line in the chart signifies direct subordination and/or formal dependence, while the dashed line signifies informal dependence and/or political influence.

Governance in the cultural sector in People's Republic of China



The specificity of the Chinese cultural sector

In order to better understand the workings of the system, we focus on three distinctive features of the policy-making and the management of the cultural sector in the PRC, as described in detail below.

> ***local administration plays a key role in the formulation of specific policies and budget allocation for projects, institutions and organisations***

The role of local administration – as already mentioned, local administration plays the key role in the formulation of specific policies and budget allocation for projects, institutions and organisations. In the field of culture, local People's Governments act through the Provincial Bureaus of Culture and Tourism (*Sheng wenhua he luyou ting* 省文化和旅游厅), or the Municipal Bureaus of Culture and Tourism (*Zhixiashi wenhua he luyou ju* 直辖市文化和旅游局) which are separate administrative bodies (public institutions), directly responsible to the People's Governments, with annual budget allocation from the People's Governments. They also receive funds directly from the MOCT, usually on targeted subsidy programs or specific projects. The Bureaus typically have numerous subsidiaries, e.g. in Beijing there are 13 such institutions (including libraries, orchestras, and theatres), and administrative centres, which are separate administrative entities devoted to a certain sphere of activity under the responsibility of the Bureau, for example, Promotion Center, Cultural Exchange Center, etc. The Bureaus also actively engage with private or quasi-private actors, such as state-owned companies which run theatre and concert halls belonging to local authorities (e.g. the Poly Group which plays the dominant role in venue and artistic management in China) or organise large-scale festivals (e.g. the China Arts and Entertainment Group).

Districts in major cities, as well as prefectures and townships, have some influence on the specific ways policies are implemented locally, but their financial means are limited. They operate local Bureaus of Culture or Cultural Centers, with activities mainly meeting the needs of smaller, local communities. Some bigger and more affluent districts organise larger cultural events (e.g. Chaoyang district in Beijing), but most large-scale support and policy implementation is concentrated at the provincial or municipal level.

Public institutions and non-governmental actors – cultural organisations run by the state or local administration, such as museums, theatres or artistic groups have the legal status of non-profit organisations (NPO), and more specifically - *public institutions* (*shiye danwei* 事业单位). While they cannot directly engage in profit-generating activity, they are allowed to found commercial subsidiaries. Profits thus generated - according to the principle of non-distribution constraint - must be redistributed to the statutory purposes of the public institution in question. Even the MOCT itself has four such direct subsidiaries. These are large-scale and influential state-owned companies operating on the market: the China Culture Media Group Co. Ltd (中国文化传媒集团有限公司), the China Oriental Performing Arts Group Co. Ltd (中国东方演艺集

团有限公司), the China Digital Culture Group Co. Ltd (中国数字文化集团有限公司), and the China Animation Group Co. Ltd (中国动漫集团有限公司). Each of the four has numerous other subsidiaries, creating a whole system of companies linked to the MOCT.

Apart from public institutions, other NPOs allowed by the state include social associations (*shehui tuanti* 社会团体), social service organisations (*shehui fuwu jigou* 社会服务机构) or foundations (*jijinhui* 基金会). All need to be approved by the local Civil Affairs Bureau (*Minzhengju* 民政局) before they can start operating, although in practice, in the past there have been many instances of NPOs working for numerous years without such an approval.[3] In general, in the field of culture, small NPOs operating on a local scale, officially approved or not, are quite common while larger, private not-for-profits are rare.

Cultural and creative sectors – cultural policy-makers in the PRC have recognised the importance of the creative industries (*wenhua chanye* 文化产业) already in the 1990s, with the first policies introduced during the 10th Five-Year Plan (2001-2005). Since the 2014 *Guiding Opinions on Promoting the Development of Characteristic Cultural Industries* (关于推动特色文化产业发展的指导意见), a new regulation devoted to the sector is published on average once every two years. Central and local governments have introduced a number of forms of financial support (tax incentives, subsidies, low-interest rate loans) to promote the development of the sector. The central government has also initiated major projects such as cultural clusters for specific industries, supporting leading companies and strategic investors, and promoting investment in high-tech cultural assets.[4]

Though aimed at activating a free market economy, these policies are profitable first and foremost for large, state-owned market leaders. Poly Group has by far been the most powerful player on the cultural scene for years, with a country-wide network of theatres and concert halls, artistic agencies, productions agencies, touring agencies, one of China's biggest art auction houses (Poly Auction), an impressive art collection, etc. Other quasi-private actors include the Beijing Gehua Cultural Development Group, or the China Arts and Entertainment Group (CAEG) – the commercial arm of the MOCT. The division between public and private actors in the field of culture is thus very much blurred.

[3] Salmenkari, Taru (2018). *Civil Society in China and Taiwan.* London: Routledge, 2018: 101-110.
[4] White, Andrew and Xu, Sujing (2012). A Critique of China's cultural policy and the development of its cultural and creative industries: The case of Shanghai. *Cultural Trends* 21(3): 249–257. https://doi.org/10.1080/09548963.2012.698558 (accessed 23 September 2023).

Post COVID-19 developments

The Chinese cultural field has gone through numerous changes in recent years, some of them of disruptive character. The COVID-19 pandemic and its containment policies meant three years of restrictions, lockdowns, and loss of revenues for numerous cultural event organisers, artists, creators, and managers. At the same time, it was also a period of innovation in presenting various art forms online and acceleration of the transfer of cultural content to different online platforms and services.

The film industry illustrates best the losses incurred by the cultural sector in terms of new productions, event organisation, and ticket sales. In 2020, cinema theatres were closed for 178 days, and the box office dropped by 68,17% YoY.[5] In 2022 the box office was down 53,2% compared to 2019, and 36,4% compared to 2021.[6] Only 322 new Chinese films entered theatres between 2020 -2022, compared to 400 between 2017-2019. Dramatic theatres, concert halls, and most cultural venues incurred similar losses over the three years. While some minor projects and local performances were successfully organised, it was almost impossible for the venues and festivals to host any significant foreign productions or projects.

The COVID-19 pandemic forced presenters to search for new ways of reaching their audiences

The COVID-19 pandemic forced presenters to search for new ways of reaching their audiences. Firstly, some institutions, such as the China National Peking Opera Company, introduced their streaming services and online festivals. Others engaged main internet platforms to jointly present cultural content online, such as the 5G Smart Theatre, an incentive of the National Theater of China with Huawei and China Unicom. Big Tech proactively moved swiftly into the cultural productions streaming services: ByteDance launched the DOU 有好戏, both Tencent and Alibaba started working with major ticket-selling platforms Maoyan and Tao Piao Piao to increase video-on-demand online viewing and online cultural performance streaming sales. With many domestic art fairs suspended, private art galleries also experimented with online sales of artworks especially through Tencent's Weidian, while at the same time increasing their presence in WeChat.

Intense discussions about the challenges faced by the theatre industry due to the pandemic served as a central catalyst for substantial changes in the field. Some new festivals were designed from the outset with the view of increasing their resilience to pandemic-type risks. 2021 saw the first edition of the Aranya Theatre Festival. Featuring open-air venues, an extensive array of site-specific performances set against the waterfront landscape, and a series of highly commercial, interwoven exhibitions, the festival not only promotes the concept of theatre tourism but also encourages a randomly sparked creative process based on a predefined formula. In 2022 the Shekou Theatre Festival was first launched. A strong emphasis on revitalising urban spaces through site-specific hybrid productions, implementing

[5] Yin, Hong & Sun, Yanbin. (2021). Analysis of China's Film Industry in 2020. *Journal of Chinese Film Studies*, *1*(2), 295-328. https://doi.org/10.1515/jcfs-2021-0029 (accessed 23 September 2023).
[6] Maoyan Dianying 猫眼电影 2022 Annual Report. https://www.maoyan.com/news/12937504?utm_source=touch (accessed 23 September 2023).

an incubation model, and aiming to foster connections among the scattered cultural diasporas across the Pearl River Delta Region constitute the essence of the event. The premiere edition of the Sphinx Metaverse Theatre Festival, held in April 2023 presented a comprehensive showcase of innovations in both distribution systems and artistic approaches. The festival, backed by 17 domestic and foreign high-tech companies, serves as a broad discussion forum, taking into account the potential of theatre as an intermediary between artists, VR, AR, MR and AI service leaders, and game producers.

Even though literature increased its market share in the post-pandemic years,[7] publishers still suffered noticeable losses, and were forced to redefine their selling models, shifting the focus onto online platforms. Readjustments also involved the medium (as audiobooks became more popular) and promotional strategies. Works of fiction became frequently promoted on live broadcasts on social media platforms.[8] Initial forced push to online meetings with authors has recently eased, and from 2023 live events are again preferred by audiences.[9]

Online literature continued its dynamic growth, with increased sales on platforms such as China Reading or Qidian. In 2021 online literature accounted for 40% of fiction book sales.[10] In 2023, with over 700 thousand officially registered and active authors, and nearly 500 million readers[11], online literature becomes an incubator of new audiences and new cultural products, redefining the understanding of literature. The pandemic's new reality has only boosted the pan-entertainment (*fan yule* 泛娱乐) industry – as popular online literature sagas and other similar intellectual property become bases for multilevel creative products, such as TV dramas, movies, musicals, animation and gaming titles. At present, about 60% of Chinese TV drama screenplays originate from online literature. With such scale and scope of the online literature market, it is viewed in China as a global cultural phenomenon, compared to Japanese manga or Korean dramas.

> ***More risk management is required from cultural organisations, managers and presenters from abroad who are willing to engage with China.***

Forced cutting off of the Chinese cultural scene from the international market during the three COVID-19 years has increased the appetite to host foreign productions at performing arts festivals and venues, starting from 2023. In some cases this has proved to be difficult, due to growing political tensions between the collective West (especially the US) and China, complicated cultural event approval procedures, and most of all, a strong feeling of

[7] Ren, Dianshun, and Kang Zishuang "How COVID-19 Has Affected China's Publishing Industry", National Center for Biotechnology Information, July 2021. https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8294607/(accessed 8 October 2023).

[8] Anderson. Porter. "China's Book Sales in 2022: An 11.77-Percent Decline", *Publishing Perspectives*, 7 February 2023. https://publishingperspectives.com/2023/02/chinas-book-market-in-2022-an-11-77-percent-decline/ (accessed 8 October 2023)

[9] Information from translators and scholars regularly visiting the PRC.

[10] Anderson. Porter. "Beijing International Book Fair Reports 2,500+ Exhibitors", *Publishing Perspectives*, 21 June 2023. https://publishingperspectives.com/2023/06/beijing-international-book-fair-reports-2500-exhibitors/ (accessed 23 September 2023).

[11] Information from a well-known online literature writer, Mr. Yang Hanliang 杨汉亮.

uncertainty about the domestic regulatory environment. More risk management is required from cultural organisations, managers and presenters from abroad who are willing to engage with China in this new international reality. Many of them decide not to take this risk, and avoid the Chinese market altogether.

The three COVID-19 years marked a gradual increase of state control over the cultural sector in terms of regulation, censorship, and ideological orientation of culture. The year 2021 was important in this respect: a number of new laws were introduced on public cultural services, cultural market economy, and technical innovation in culture, among others.[12] The general direction of the new regulation has been the deepening of market economy reform, the fostering of cultural sector revenue generation, a recognition of technical advancement and the importance of platform economy in culture. The Central Propaganda Department (CPD) of the CCP has increased its leverage over authorities at all levels of administration in terms of cultural content scrutiny. All decisions of central and local institutions concerning the content of cultural productions and presentations now need to seek approval of either the CPD headquarters or the local Publicity Departments at the provincial/municipal, prefectural/district or county level.[13] There is an increased push for artists and presenters to work fully in line with the flagship propaganda policies of the Xi Jinping era - promote “Chinese values”, and “tell the Chinese story well”[14] through culture, with a clear focus on film.[15] This has provoked the feeling of being hemmed in, and reactions of withdrawal, with some creators, especially visual artists and filmmakers, either avoiding potentially controversial topics altogether or focussing on social work and education rather than individual artistic activity.

Despite all these changes and challenges, the Chinese cultural sector is vibrant. According to the official Chinese statistical data, the number of performance venues, museums and art galleries has been steadily increasing at an impressive pace of 15% YoY. There is fierce competition between presenters over the audiences, an ever-increasing volume of cultural productions available to viewers, listeners and readers, especially online, with the leading online streaming platforms such as iQiyi, Youku and Tencent Videos attracting over 660 million users (2022). There is also a spirit of innovation in terms of content production and presentation, with a full embrace of the newest technology. Government policies continue to foster market-related changes through market-focused regulatory activity and incentives.

[12] For full analysis of the changed in the Chinese regulatory environment in culture see Xiao, Bo 肖波 and Ning, Lanyu 宁蓝玉 (2023) 中国文化治理研究三十年：理论、政策与实践 (Thirty Years of Cultural Governance Research in China: Theory, Policy and Practice). 湖北民族大学学报 哲学社会科学版（Journal of the Hunan Minzu University, Philosophy and Social Sciences Edition), vol 2023 no. 1: 42-53.
[13] Information gained directly from officials working at Chinese cultural institutions.
[14] "THE CMP DICTIONARY: Telling China's Story Well 讲好中国的故事". The China Project, 16 April 2021. https://chinamediaproject.org/the_ccp_dictionary/telling-chinas-story-well/ (accessed 2 October 2023).
[15] For example, “14th 5 Year Chinese Film Development Plan” (十四五冶 中国电影发展规划) published by China Film Administration (中国电影局) explicitly mentions “increasing of the international influence power [of Chinese film]” (提升国际影响力) and “using film to tell China's story well” (用电影讲好中国故事). “十四五冶 中国电影发展规划” (14th 5 Year Chinese Film Development Plan). 中国电影局 (*China Film Administration)*, 5 November 2012, p. 16. https://www.chinafilm.gov.cn/xwzx/ywxx/202111/P020211114397447198771.pdf (accessed 2 October, 2023).

The Chinese government considers the cultural sector crucial for the post-pandemic recovery of China's domestic economy.[16] There is strong political support for boosting domestic cultural production as well as consumption, with several Chinese government policy documents voicing explicitly the focus on the need to rebuild and create a better, more powerful market system based on domestic productions.[17]

The gains of continued cultural exchange

Operating on the Chinese cultural market is difficult and costly but can be very rewarding in the long term. Firstly, it is important to recognise the sheer size and variety of the market, and its dynamic nature – being present and competing in such an environment is a feat by itself, requiring insider knowledge, good networking, and flexibility. The biggest reward for European organisations active on the Chinese cultural market might lie in the understanding of new products and services which are appearing at a rapid rate. Keeping up with the market means being innovative, and as such is very motivating for the organisation and its employees. China's cultural sector can function as an inspiration for new products and services to be introduced in Europe. A good example is online literature – China seems to be the first market where the reader base is built through an intricate combination of book episode readership, social media interactions, events, gadgets, and finally the full book product which completes the journey of the reader-customer as a final reward for loyalty and engagement. In the modern age of fragmented narratives, reader restlessness, and general book readership decrease this seems to be a very interesting proposal for boosting readership at scale.

Secondly, China is presently undergoing a period of politicisation of culture, strong censorship and an ever-tightening grip of Xi Jinping's authoritarian rule, and this tendency is very likely to be ongoing. The European cultural sector is also not without its own challenges, including political pressure in some EU countries to promote certain narratives over others. In this difficult time, it is still vital for European organisations not to withdraw fully from the Chinese cultural market, as re-entry at some point in the future when the winds of change blow favourably might prove to be very difficult. Chinese cultural presenters and managers cherish long-term friendships, and Chinese audiences cherish artists who return to China at regular intervals. It is not easy to build strong cooperation bonds within the sector; once they are established, they need to be preserved despite political, financial and other challenges. Culture is one of the

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[16] See especially the *Opinions of the General Office of the State Council on further enhancing consumption potential and promoting the sustained recovery of consumption* 国务院办公厅关于进一步释放消费潜力促进消费持续恢复的意见. Central Government of the PRC 中华人民共和国中央人民政府, 24 April 2022. https://www.gov.cn/zhengce/content/2022-04/25/content_5687079.htm (accessed 2 October 23).
[17] In the particular case of film case of film, for example, the Chinese government set a goal of "keeping the annual ratio of domestic film production box office above 55%" (国产影片年度票房占比 保持在 55% 以上). "十四五冶 中国电影发展规划" (14th 5 Year Chinese Film Development Plan). 中国电影局 (*China Film Administration)*, 5 November 2012, p. 4. https://www.chinafilm.gov.cn/xwzx/ywxx/202111/P020211114397447198771.pdf (accessed 2 October, 2023)

fields of activity with prolonged planning and slow decision-making processes. This makes long-term friendships even more valuable, as attractive "quick deals" are hardly possible.

Lastly, it is important to make the European voices heard in China and vice versa. The value of culture in diplomacy has long been recognised. In the times of increased nationalism, anti-Western narratives in China, and anti-Chinese discourse in the West, culture offers a solution to de-escalate tensions. EU cultural productions show the complexity and variety of issues, attitudes, and opinions expressed by artists in different EU states, and thus help promote an open and heterogenous image of the bloc. This also helps in differentiating the EU from the over-simplistic, collective labelling of "the West", in China usually meaning "American". Showing how different European and American cultural identities are can be beneficial both to the EU and to its Atlantic partner in breaking the harmful and dangerous dichotomy of "China versus the West" strongly present in Chinese public discourse. The EU should also remain open to Chinese cultural productions which offer a glimpse of the many-faced modern Chinese society.

While Xi Jinping encourages artists to "tell the Chinese story well", the presence of the EU in the Chinese cultural market should, therefore, also serve as a counterbalance to this concept – presenting various European discourses to Chinese audiences. In this sense it is vital to keep cultural exchange and mutual influence flowing both ways.

It is also important to mention and acknowledge that there exists a strong willingness and openness of Chinese artists to cooperate with European partners. Different cultural fields, however, present different obstacles as well as different sets of rules for cooperation. The film industry, for many reasons, is a field more complicated than others. Chinese artists and producers themselves admit that while there is a strong desire to cooperate, European and American companies are now less eager to enter the Chinese markets, some of the reasons being restrictions on money flows, and harsh censorship.[18] Also, the rules for film co-production in China between foreign and Chinese production companies are quite strict, which makes co-productions, especially for lower-budget films, more difficult. In particular, a special permit needs to be issued by the China Film Administration, the film must be first made in Mandarin and only then translated into another language, and it must be first permitted for screening in China before it can be allowed into international distribution.[19]

On the other hand, the reasons for failed cooperation or market entry do not always have to be of a political or legal nature. Especially during and after the COVID-19 pandemic, financial factors play an important role. According to the Maoyan Dianying 猫眼电影 2022 Annual Report, between 2020-2022 the number of films screened in China in so-called "minor languages" (other language than the official UN languages - Chinese, English, Arabic, Russian, French and Spanish) rapidly decreased and so did their box office. Crisis-stricken movie theatres and production companies simply did not have the resources to buy such films, not to mention doing proper marketing promotion to attract audiences. As a result,

[18] Shackleton, Liz. "China's Film Industry Is Bouncing Back & Open For Co-Production, But Lacks Diversity – Bridging The Dragon." Deadline, 24 May 2023. https://deadline.com/2023/05/china-film-industry-co-production-bouncing-back-women-filmmakers-1235377628/ (accessed 2 October 2023).
[19] Regulations on the Administration of Sino-foreign Cooperative Production of Films 中外合作摄制电影片管理规定. China Film Administration 中国电影局 11 December 2017. https://www.chinafilm.gov.cn/xxgk/zcfg/bmgz/202112/t20211214_441292.html (accessed 2 October 2023).

minor language films made only 2 % of the total box office in China in 2022. Among best-performing films were only two European: a German-Russian-Belarussian co-production from 2020 *Persian Lessons* (*Persischstunden*), and an Italian film *Life is Beautiful* (*La vita è bella*) from 1997.[20]

Unlike the film industry, in the field of theatre, cooperation with foreign artists has returned to its pre-pandemic level. The most recognisable and representative Wuzhen Theatre Festival shows a stable proportion of foreign productions. 14 foreign productions are presented at the 2023 edition of the Festival, with strong and consistent representation from European countries such as Austria, Belgium, France, Germany, Poland, and the UK. While the interest in foreign contemporary dance and physical theatre companies visibly increases, the number of traditional domestic operas staged during the international theatre festivals in China continues to decrease. Among the newly launched festivals, the Aranya Theatre Festival points towards the introduction of foreign dramas to domestic audiences through the Space Performing and Reading activity, while the Shekou Theatre Festival proposes a Foreign Forum section, inviting curators from abroad to share their opinions on domestic productions and explore further collaboration opportunities. While the Chinese theatre industry turns towards smaller productions and working-with-locality objective, there is, nevertheless, a strong drive to deepen international exchange.

Unofficial (*minjian*) exchange

minjian cooperation is allowed, and often encouraged, as long as it does not trespass the official political guidelines

In times of increased tensions and uncertainties, long-term European cultural presence in China should, as much as possible, be free from the ebbs and flows of everyday politics. As the EU – China relations project to be complex and tense in the coming future, it would be advisable to try and detach European cultural activity in China from the sphere of politics. One way of doing this is – apart from maintaining formal cultural exchange by means of officially sanctioned projects, in which EU Cultural Ministries and EU diplomatic services in the PRC are directly involved - focusing on long-term *minjian* relations, giving voice to a number of minor actors and uplifting a resilient architecture for this exchange. *Minjian* denotes the sphere of people-to-people and institution-to-institution cooperation which occurs outside the official country-to-country exchange. While nothing is now under the radar of the CCP and its Central Propaganda Department, *minjian* cooperation is allowed, and often encouraged, as long as it does not trespass the official political guidelines. Making sure that it doesn't is the responsibility of local presenters who need to seek approval of the CPD or its local Publicity Departments for each event they organise, and each product they disseminate.

[20] Maoyan Dianying 猫眼电影 2022 Annual Report. https://www.maoyan.com/news/12937504?utm_source=touch (accessed 23 September 2023).

Building lasting *minjian* partnerships is a demanding, long-term process, requiring financial investments and expertise which is often beyond the reach of European artists, artistic groups, cultural organisations, managers and presenters. Therefore, *minjian* cooperation with Chinese partners could be systemically encouraged in the EU through generous funding schemes and consulting. Fostering *minjian* exchange is a long process with results, depending on the field of activity, visible sometimes only 3 to 5 years later. Therefore, the flexibility and sustained stability of the support system is of key importance.

Conclusion – policy implications

The authors of this document attempted to demonstrate that in the present, difficult phase of EU – China relations it is important to ensure continued EU cultural presence in the PRC. Despite COVID-19 pandemic disruptions and the autocratic turn of Xi Jinping's rule, the Chinese cultural field maintains its dynamic and innovative characteristics. The European creators and cultural presenters need to be there to follow new developments, embrace new technologies, and stay competitive. From a political point of view, it is advantageous to continue European-Chinese cultural exchange. At the same time, the authors suggest that directing the effort from the typical public diplomacy sphere towards the unofficial (*minjian*) channels could be beneficial in the long term in terms of effectiveness, market orientation, and political de-risking.

When fostering *minjian* exchanges, it is advisable to recognise the highly competitive nature of the Chinese cultural sector and focus on cultural productions having good market potential in the PRC. This does not necessarily mean concentrating on pop culture for mass audiences. Rather than that, it means recognising the interests of local presenters and basing programming decisions on their own understanding of their audiences, and not on the preferences of European partners.

EU partners should be advised not to test the unwritten limits of freedom in the *minjian* exchange they are pursuing. The political safety of local presenters should be of paramount importance. Their own assessment of what can and cannot be allowed should serve as the principal guidance in choosing cultural productions (and adjusting their content when necessary) to fit in with the Chinese regulations. EU partners should not be tempted to sneak disallowed content in, as one such action can derail many years of efforts, destroying the trust of local partners, endangering their livelihood and possibly also personal freedom.

> ***It would be advisable for the EU to consider creating incentives for European artists, presenters and cultural organisations to pursue* minjian *cooperation with their Chinese counterparts.***

It would be advisable for the EU to consider creating incentives for European artists, presenters and cultural organisations to pursue *minjian* cooperation with their Chinese counterparts. In order to achieve results, these should take the form of a comprehensive, long-term support scheme. Such a scheme should include organising study visits to and from China for presenters (venue artistic managers, festival programmers, publishers, etc.), workshops, supporting translation and interpretation services, covering transportation fees, visa costs and plane tickets for performers (these are usually not covered by presenters in China), reimbursing other costs of projects which cannot be covered by Chinese partners in a given project. There should also be consulting available, include such areas of expertise as the specificity of the Chinese cultural sector and its regulatory framework, cross-cultural differences, Chinese business and negotiation culture, strategy for building partnerships in China, as well as more mundane, everyday advice on how to deal with small challenges and difficulties of project management between the EU and China. More can be gained from establishing such support infrastructure for the EU cultural sector than from organising expensive, one-off presentations of European culture in China through the typical public diplomacy means.

As working with the Chinese cultural sector entails extra risks of a political nature (such as sudden cancelling of a cultural event, failure to receive performance permissions on time, visa refusals, domestic crackdowns and sudden legal changes affecting ongoing projects) – mitigating these risks requires funding flexibility (e.g. moving funding to the next budgetary year or financing framework), expert counselling, extended insurance, and early planning.

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