

# A Comparative Analysis of Cultural Trade in Korea and China and Countermeasures for China's Cultural Trade Development

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## Abstract

Most of the developed countries in the world today regard the cultural industry as the main part of the potential of their own development strategies and the potential of national economic growth. South Korea, as the fifth largest nation in cultural industry all around the world, has formed specialized cultural development systems and established the national supporting strategy which provide strong support for the development of culture and cultural industry both in policy and finance. This article investigates the pattern of China's cultural trade and explores the problems of it, mainly through comparing those of South Korea. Results show that, like many developing countries, China has a significant cultural goods trade imbalance, meanwhile, cultural trade policy is still somewhat fragmented, although there are indications that where policies have been put in place, especially in the core cultural products, in reducing significant deficits has been made. Obviously, the competitiveness of China's cultural goods and training mechanism of compound talents should be enhanced and improved.

**Key Words** cultural industry, cultural trade, cultural goods and service, Korea, China

With the rise of the information age and smart community, the value brought by the cultural industry including television, publishing, entertainment, news, and movies possesses an increasing proportion. The cultural industry has become a new form of industry and a brand-new social and economic growth point. Most of the

developed countries in the world today have regarded cultural industry as an important part of the national development strategy and economic interests. Countries in Asia, like South Korea, and Japan have established specialized cultural development systems, which provide a strong guarantee for the support and development of the cultural industry both in national policy and finance. Especially, in South Korea, a comprehensive national supporting strategy has been set up to develop culture and cultural industry, helping South Korea become the fifth largest nation in the cultural industry all around the world. In contrast, as a cultural nation with relatively sufficient resources, the cultural industry in China starts late with a low level of development. The competitiveness of Chinese cultural products in the international market is relatively low. The trade deficit of the cultural products of China is relatively large, especially in the core cultural goods trade. Against this background, this article explores the problems of growth and structure of China's cultural industries and cultural goods trade, with a focus on the comparison between South Korea and China. And countermeasures for promoting China's cultural goods trade are put forward at the end of this paper.

UNESCO(United Nations Educational Scientific and Cultural Organization) defined cultural industry as a set of activities that produce, reproduce, store and distribute according to

industry standards. The cultural industry aims to meet people's cultural needs and is an industry that produces cultural goods and provides cultural services. Among them, cultural products are specifically divided into core cultural products and related cultural products. Cultural services refer to activities that can satisfy cultural needs or obtain cultural benefits. Among them, the material form as a cultural service delivery system does not belong to the category of cultural service(UNESCO 2005).

Korea's cultural industry is also called the 'contents industry'. The Korean Ministry of Culture, Sports and Tourism, "2019+Contents Industry+Statistics Survey+Report (Approval Statistics)" subdivided the cultural industry into 11 industries. Publishing industry, cartoon industry, music industry, game industry, film industry, animation industry, broadcasting industry, advertisement industry, character industry, knowledge information industry, contents solution industry(한국 문화체육관광 부 2019). And in China, the Ministry of Culture also defines cultural industry as the act of providing cultural entertainment goods or services to the public, including all cultural collections related to the above acts(Lin Peng 2017: 55).

In terms of cultural trade, there is a lack of systematic regulatory norms in the world. It is formed with the cultural exchanges and economic and trade activities between countries and regions, and the related products of the cultural industry gradually enter the international market. According to UNESCO, cultural trade is the act of exporting and importing cultural content through tangible and intangible cultural products (including cultural goods and

services)(Xue Xiangping 2015: 3).

Korean scholar Kim Joo-Hyeon (2013: 24) and others discussed the characteristics and challenges of the Korean cultural services trade and summarized the reasons for the rapid growth of the Korean cultural service trade from 2003 to 2010. Lin Peng(2017: 36) discovered in a study of the Korean cultural industry, the surplus of Korean cultural trade had continued to increase over the past ten years. Among them, the game industry and the character industry ranked first and second in exports and had strong competitiveness.

Through research on Chinese cultural trade, scholars have found that the Chinese cultural services trade lags far behind the cultural goods trade and that the outward internationalization of cultural industries has just begun (Zhan Youguang Sheng Beibei 2008:32; Yang Munlan 2011: 131).In the development of cultural trade in China, there were problems such as an imbalance of imports and exports, an excessive proportion of labor-intensive products, and an imbalance of types of imports and exports (Zhang Wenbin Li Ya 2017: 67). Since China lacks representative cultural brands, it has consistently shown deficits in terms of cultural services (Deng Chengzhe 2020: 102).

Besides, Guo Jifang(2016) made a comparative study on the competitiveness of cultural trade in Korea and China, exactly examining the difference between China and Korea appearing in culture trade, summarizing and deducting a cooperation plan of China and Korea in culture industry from this(Guo Jifang 2016: 35). Guo Juan(2021: 11) indicated that China's cultural trade has made great progress, but compared with developed countries like Korea, its

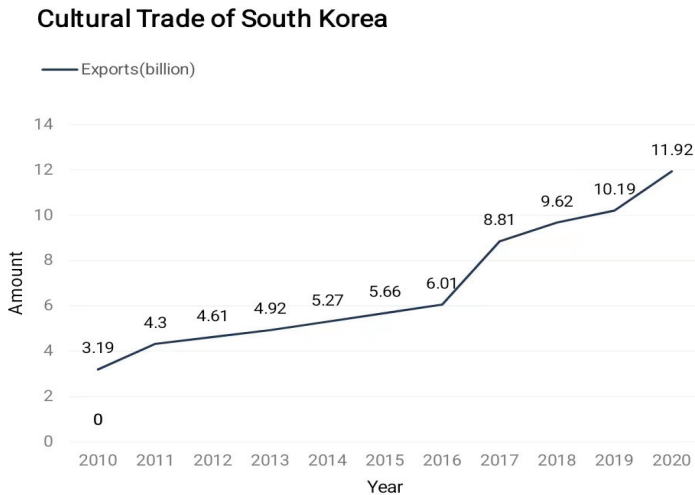
competitiveness is still very weak, finding out the gap and analyzing the reasons for the gap through comparing the development status and international competitiveness of cultural trade between Korea and China.

Although there were abundant studies on Resale Right before this, there are still some problems. First, the datas used in former studies are somehow out-of-date and the latest ones should be adapted to analyze to reflect the current situation and problems. Second, most of the former studies just listed the characteristics and structure of cultural trade in China and South Korea respectively, where they failed to analyze the advantages and disadvantages deeply by comparing the differences of the two countries. Third, most importantly, the classifications of cultural goods are inconsistent. More specifically, preview studies mainly referred to the classifications based on UNCTAD and UNESCO. Consequently, China's cultural trade has serious deficiencies and urgent problems to be solved in terms of strategic position, the international influence of Audio Visuals culture, and the cultivation of talents in the cultural field. Therefore, this paper will analyze the differences between China and South Korean cultural trade more comprehensively and in more detail based on the different classifications of cultural goods and propose the development countermeasures for Chinese cultural trade in the future.

The Korean government has carried out a national strategy to support cultural development and has taken the cultural industry as a key project to promote economic growth since 1998. And thanks to this kind of trade structure, big profits have been brought to the cultural industry, meanwhile, competitive advantages are also strengthened. However, China's cultural trade structure and export structure showed unbalanced structural characteristics, and the trade in cultural products is still concentrated in traditional fields with low added value.

The Korean government has carried out a national strategy to support cultural development and take the cultural industry as a key project to promote economic growth as early as 1998. After ten years of development, the cultural industry in South Korea achieved the leapfrogging development and played an important role in the economic and social development of South Korea. Nowadays, South Korea has become a big exporter of culture recognized internationally and has an important influence on the culture around the world(Gao Hang 2015: 189). Over the past ten years, the growth rate of the export of cultural products has been more than as twice as the manufacturing industry in South Korea. In 2014, exports of cultural products were

close to 8 billion dollars which accounted for 10% of the whole output value of the cultural industry in South Korea. As shown in Figure 1 since 2010, the exports of cultural trade of South Korea have been on an upward trend, and under such, South Korea eventually formed a cultural trade surplus in 2010 and the surplus increased year by year. By 2020, the trade surplus of cultural products of South Korea had reached 11.92 billion dollars(StatisticsKorea)



Source: StatisticsKorea([https://kosis.kr/statHtml/statHtml.do?orgId=113&tblId=DT\\_113\\_STBL\\_1024776](https://kosis.kr/statHtml/statHtml.do?orgId=113&tblId=DT_113_STBL_1024776))

With the vigorous development of cultural trade, South Korea paid great attention to the innovation of cultural products and the layout of an overall cultural industrial chain. Consequently, the cultural products of South Korea mainly concentrate on the upper reach of industrial chain



and cultural derivatives with high added value. Thanks to this kind of trade structure, big profits have been brought to the cultural industry, meanwhile, competitive advantages are also strengthened. Exports of cultural products in South Korea mainly consists of game, knowledge information, and image copyright, which take up respectively 55.3%, 10.01%, and 9.12%. They are all located at the high end of the cultural consumption industrial chain and have huge economic potential. Korean Wave is the most typical successful case, which brings the cultural trade of South Korea a strong momentum of development at home and abroad.

China's cultural products import and export volume resumed growth after a sharp drop. However, in recent years, the trade volume of Chinese cultural products has shown a fluctuating trend. The import and export scale of cultural products grew at an average rate of over 20% between 2010 and 2014, but dropped sharply in 2015 and 2016, with the total import and export volume dropping by 20.5% and 13% respectively. Afterward, although growth resumed from 2017 to 2019, the highest growth rate was only 10.2% in 2017, which did not return to the growth level in 2014 (Table 1). In 2019, the trade volume of cultural products in China reached US\$111.45 billion, an increase of 8.9%. At the same time, thanks to the supportive policies adopted by the Chinese government for the import of cultural products, the import of cultural products increased by 17.4% in 2019, much higher than the export growth rate of 7.9%.

Statistics by Statistical system of foreign cultural trade

Source: General Administration of Customs of China

As shown in Table 2, China’s cultural trade structure and export structure showed unbalanced structural characteristics. First, the trade in cultural products is concentrated in traditional fields with low added value, such as design. 2019, the total design trade in China accounted for 67.88% of the total trade in cultural products, and the export value accounted for 74.07%. Second, the proportion of trade in core cultural products is relatively low. In 2019, the export value (trade value) of China’s Audio Visuals media, visual arts, publications, and performing arts accounted for less than 5% of the annual export value (trade value) of cultural products. While South Korea’s exports of these four core cultural products all account for a large proportion. In particular, the export value of the Korean Audio Visuals industry accounts for 56.30% of the total. Third, the export structure and trade structure of China’s cultural services are unbalanced, and the scale of trade and exports of personal, cultural and entertainment services is much smaller than that of royalties and license fees.



reasonable, mainly focusing on low value-added labor-intensive cultural products. The competitiveness of knowledge- and technology-intensive core cultural products and services in foreign trade still needs to be improved.

From the existing data analysis, it can be seen that the overall trade competitiveness of Chinese cultural products is relatively strong, but the development space of cultural services in the international market is small. On the one hand, the MS(International Market Share) index<sup>1)</sup> of China has increased from 7.92% in 2000 to 30% in 2020, while the MS index of South Korea remains below 12%, which indicates that China's international market share of cultural goods leads South Korea. However, the MS index of China's core cultural goods is relatively small. As shown in Table 3, the international market share of Chinese cultural goods is mainly concentrated in design, performing arts, crafts, and new media, and the MS index of the core cultural goods of visual arts, publications, and Audio Visuals media is relatively small. In 2019, the MS index of China's visual arts was lower than that of developed countries, and the MS index of Audio Visuals media and publications was lower than that of South Korea. On the other hand, the MS index of cultural services in

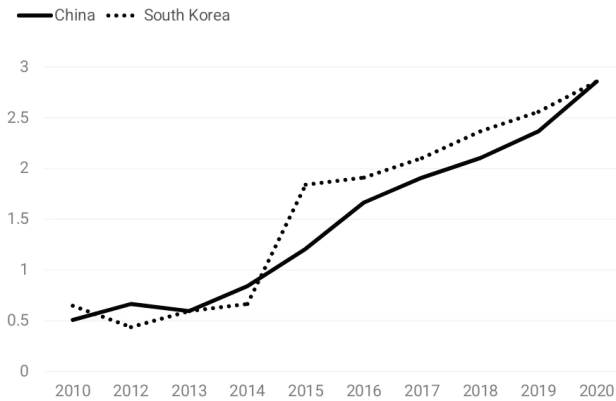
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1) MS(International market share) index refers to the proportion of a country total exports in the world's total exports, which can reflect changes in the international competitiveness or competitive position of a certain industry or product in a country. The increase in the ratio indicates that the export competitiveness of the industry or product in the country has increased.

both countries is not high. From 2005 to 2020, the MS index of personal, cultural, and entertainment services in China and South Korea remained below 3% (see Figure 2).

2)


Personal, Cultural and Recreational Service MS index of China and South Korea 2010-2020(%)



Source: UN Comtrade database data.

2) Note: From 2000 to 2019, the MS index of royalty and license fee services in China and South Korea was close to 0 for a long time, So it is excluded from the statistics.

Source: UN Comtrade database data.

The competitiveness of Chinese cultural products is relatively high, but the competitiveness of core cultural products trade needs to be improved. As shown in Table 4, the three items of Chinese handicrafts, design, and visual arts have strong trade competitiveness, and the TC(Trade Competition) index<sup>3)</sup> has been maintained above 0.80 for a long time. However, the competitiveness of performing arts and publications trade shows a downward trend, the TC index of new media remains at around 0.10, and that of Audio Visuals media is less than 0 for a long time. South Korea is the only country among the six countries with a TC index of Audio Visuals media greater than 0. At the same time, China's net export competitiveness of cultural services is relatively weak. China's TC index for personal, cultural, and entertainment services dropped sharply to -0.49 in 2009 and has remained around -0.50 for a long time since then, at a relative disadvantage. During this period, the trade competitiveness of South Korea's personal, cultural, and entertainment services continued to improve, with the TC index surpassing China and catching up with the United States and the United Kingdom (see Figure 3). In addition, the TC index of China and South Korea's royalty and license fee services is less than 0, and the competitive disadvantage is obvious.

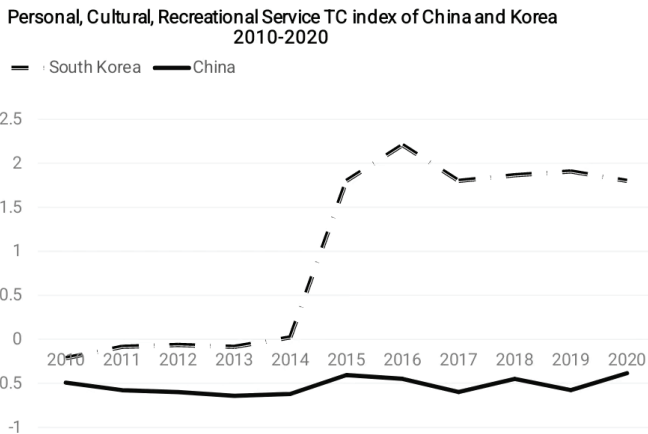
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3) TC(Trade Competition Index) index, also known as the trade competitiveness index, is mainly used to analyze whether a certain product in the country has a competitive advantage compared with similar products in the world market.

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Source: UN Comtrade database data.



Source: UN Comtrade database data.

According to the analysis of the above index results, it can be seen that the competitive advantage of China's cultural trade mainly lies in the low value-added cultural products of crafts and design, and it is at a competitive disadvantage in terms of core cultural goods and cultural services that can effectively promote the national cultural dissemination.

The outbreak of the Asian financial crisis in 1997 hit the South Korean economy seriously. So the Korean government put forward the policy of “culture industry policy as a national pillar” in 1998, actively adjusted the industrial structure, and regarded the cultural industry as the foundation of the nation in the 21st century. Mainly because it has low consumption, no pollution, and is rich in creativity. In 1999, The basic law of the cultural industry was formulated, which formed the institutional foundation of the local cultural industry cluster(Sun Jun 2019: 6).

At the same time, the government enacted a combination of laws and regulations to supplement legal guarantees. The ‘Framework Act on the Promotion of the Cultural Industry’ was taken as a milestone in securing the cultural industry law as the basis for the long-term development plan of the cultural industry.

Consequently, the rise of various cultural fields such as TV dramas, movies, music, and variety shows has also driven the development of many related industries such as tourism, catering, and service trade. Korea’s cultural trade industry has played an important role in the enhancement of the Korean economy.

In the process of development, although some relevant policies have been promulgated, the promulgation time was late and the cultural goods exports began in the 1990s. Compared with Korea, China hasn’t treated cultural goods as important export products and ignored research and



development of the international cultural market.

It was not until 2003 that the concept of culture was formally written into the government work report, and the construction of culture has become an important part of China's long-term economic and social development plan. In 2011, in China's "Twelfth Five-Year" development plan, the construction and development of culture were significantly improved to the level of national development strategy. In addition, the supervision of cultural trade enterprises is also insufficient, and the vicious competition among enterprises is not conducive to the emergence of leading cultural trade enterprises. All these have made China's cultural trade not lay a good foundation, and have harmed the development of China's cultural trade(Gao Gang 2015: 189).

The development of Chinese cultural industries and trade in the new period is inseparable from government policy support. The Chinese cultural industry is facing competition of other large cultural product exporters, and the government needs to create a policy environment different from that of South Korea. Only in this way can China's cultural industry cultivate stronger competitiveness, and the cultural products trade can grow rapidly.

According to the above analysis, the trade competitiveness of China's core cultural products and cultural services is low, and policy support needs to be further strengthened, making

it difficult for China's cultural trade to achieve high-quality development. The main issues are as follows:

First, at the low end of the global cultural value chain, it lacks products with both diversity and cultural identity, as well as cultural brands with international market influence.

The competitiveness of China's core cultural products trade is relatively weak, and the value of cultural products is insufficient. First, Chinese cultural products are still mainly processed and exported by traditional labor-intensive products such as handicrafts and designs, with low added value and at the low end of the global cultural value chain (He Chuantian Pan Yu 2012: 85; Guo Xinru et al., 2014: 81). However, the export scale of high-end fine and creative process design products is small, and the cultural core competitiveness and international influence are insufficient. Second, industries such as online games and online short videos have developed rapidly, and new media has become the third largest cultural industry exported by China. However, the current export of new media relies more on the driving force of corporate interests and accumulated direct industry experience, and it is insufficient to undertake the social function of cultural communication (Chen Xianying Zheng Yuyin 2020: 44).

Different from South Korea, after the rapid development of China's cultural product trade, it has not formed a cultural brand with international market influence, which is not

enough to cope with the competition of cultural products in Europe, America, Japan, and South Korea. This is the primary problem and obstacle encountered by China's cultural products trade in the new era.

Second, Policy support needs to be further improved. In terms of the current policy framework, the government has put forward strategies for the development of the cultural industry, while other relevant policies exist mostly in the form of administrative normative clauses or documents, which negatively affect the effectiveness and driving force of China's cultural trade policy. Currently, China also needs to formulate in detail the support objectives for the development of the cultural industry, improve the corresponding management mechanism, provide necessary financial subsidies or expand corporate financing channels. In addition, in the context of the new era, the development of the cultural industry requires the participation of the government in many aspects. The government must provide support, improve laws and regulations in response to new trends and new problems, and formulate new policies to escort the development of cultural industry and trade in the new era.

Third, insufficient international marketing capabilities cause product supply hard to satisfy international market demand.

Although China's cultural product export has shown a trend of diversification in recent years, the structure of export still needs to be further optimized. The knowledge and technology value of publishing, film and television, and visual arts are relatively high, and they are close to the core

of the cultural industry. However, the trade competitiveness of these three core cultural products in China is not strong, which hinders the development of cultural trade to a certain extent. In addition, the narrow trade channels for Chinese cultural products and the lack of global marketing capabilities have become one of the main obstacles restricting the expansion of Chinese cultural product trade. The Korean cultural industry pays special attention to international marketing and overseas cultural promotion. In contrast, in China, due to the large cultural differences between countries, consumers cannot deeply understand the aesthetics and values of other countries, and cultural discounts have become an important factor affecting the competitiveness of cultural products trade (Fang Ying Ma Rui 2018: 112; Liang Jun et al. 2020: 29). Due to the lack of the government's strategic positioning of the overall cultural brand, the lack of policy support and guidance, and the lack of overseas cultural dissemination, China's extensive and profound cultural resources lack international competitiveness, and the export of cultural products has suffered serious cultural discounts. Third, the legal protection system for China's cultural industry has not yet been perfected, and the copyright protection of works is insufficient (Gu Jiang et al. 2021: 9), which increases the economic and political risks of China's export of core cultural products and services (Li Feng Zhu Ting 2020: 121).

Last but not least, compound cultural industry talents are in shortage. The rapid growth of the Korean cultural industry also benefits from the talent training mechanism carried out by the Korean government. At present, the

development of China's cultural products trade urgently needs a large number of high-quality talents, which is not only a requirement for the effective operation of the increasingly escalating international cultural market but also an urgent need to face the complex and changeable international market competition. However, China lacks compound cultural industry talents, and the talent training system needs to be improved, which has become a difficult problem for the further development of China's cultural product trade.

Firstly, it is necessary to create Chinese cultural brands and increase overseas cultural publicity.

China is rich in cultural resources, but it is still necessary to learn from South Korea's successful experience in the construction of Chinese cultural brands with national characteristics, and attach importance to and strengthen the construction of cultural brands with national characteristics. However, Chinese cultural characteristics are more diverse than that of South Korea, and cultural brands with Chinese characteristics should also be different from those of South Korea. It is necessary to preserve traditional cultural resources, enhance communication and understanding with other civilizations in the world based on respecting cultural diversity and develop and utilize China's long-standing Confucian culture. In the aspect of cultural product marketing, it is necessary to take the international market

demand as the marketing target, explore the values and points of harmony existing in it according to the differences between cultures, and use it as a basis to determine the connotation, theme, and type of cultural products. At the same time of great propaganda, exhibitions of cultural trade products with Chinese characteristics are regularly carried out.

Secondly, strengthening the support of policy and administration, and exploring new ways of integrating cultural industries should be carried out.

The Chinese government should give subsidies to the export of cultural products, in terms of fiscal and tax and finance policy, etc. The government should relax the approval authority of cultural products export and simplify the export procedures. The establishment of cultural trade specialized agencies is very important, which can strengthen the coordination and guidance of foreign cultural trade.

Throughout the history of Korean cultural industry development, the rapid development of cultural trade is inseparable from the support of government policies. Only by actively adjusting policies to improve the development environment of the cultural industry can we promote the healthy development of China's cultural product trade. In addition to policy support, the integrated and innovative development of various industries requires the unremitting efforts of the cultural industry. Through the improvement of cultural and creative capabilities, design service capabilities, and strengthening of integration and cooperation between industries, efforts are made to explore new paths for the integration and development of cultural industries.

Thirdly, it is imperative to optimize the development of cultural trade to satisfy the needs of the international market.

Optimize the new environment for the development of cultural trade with institutional innovation, and establish an open development system for cultural trade that is compatible with a high level of openness. First, promote the quality and expansion of national cultural export bases, and realize the continuous implementation of many major cultural projects such as digital cultural trade functional zones and cultural science and technology industrial parks in various places, with functional advantages. Second, to benchmark CPTPP, RCEP, and other high-standard international economic and trade rules, strengthen the study of rules in the field of cultural service trade, and promote the institutional opening of cultural trade rules. Third, speed up the establishment of the management model of "full opening of the cultural industry market", and promote more regions to carry out pilot reforms of opening up and innovation in the cultural industry. Fourth, strengthen the protection of intellectual property rights, improve the legislative work in emerging fields such as digital culture, and improve the legal and regulatory system of the cultural industry.

Lastly, it is important to establish a talent training mechanism of "integration of industrial development and talent training".

China's cultural product trade is an industrial field dominated by innovation and supplemented by production, and the demand for high-end talents in the process of cultural product creation is constantly expanding. As a

whole, it is not limited to the form, not limited to the level, to form a multi-faceted talent training mechanism of “integration of industrial development and talent training”, so that talent training and industrial development can produce a virtuous circle of mutual promotion. It can also imitate South Korea to set up a special fund to carry out talent training in the construction of cultural projects. In the “One Belt, One Road” trade expansion plan of the Ministry of Culture, it is proposed to carry out exchanges and mutual visits of 1,000 cultural trade professional managers, creative planners, and management talents. Increase the training of compound talents and industrial chain management talents who understand the culture and profound industrial concepts, to promote the development of China’s cultural product trade.

Most of the developed countries in the world today take the cultural industry as the main part of the potential of their development strategies and the potential of national economic growth. South Korea, as the fifth largest nation in the cultural industry all around the world, has formed specialized cultural development systems and established a national supporting strategy which provides strong support for the development of culture and cultural industry both in policy and finance. Nonetheless, compared with Korea, China is facing various problems in cultural trade such as imbalanced cultural goods trade, fragmented cultural trade



policy, and so forth. This article investigated and explored the problems facing the cultural trade of China and finally found out that it is imperative to enhance and improve the competitiveness of China's cultural goods and training mechanism of compound talents to induce significant deficits. However, there are more factors and indexes that should be analyzed and compared to gain more comprehensive results in future research.



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## Abstract

# 한중 문화무역 비교분석 및 중국 문화무역 발전을 위한 대책

심뢰  
(동아대학교)

오            대부분의 선진국들은 문화산업을 국가 발전 전 의 재성과 국가 경제성  
장 재력의 주요 부분으로 보고 있다.    5위의 문화산업 대국인 한국은 특화 문화  
발전시 을 구 하고 정 과 급 의 면에서 문화와 문화산업의 발전을 력하게  
지원하는 국가적 지원전 을 수립하였다. 이 글은 주로 한국과 비교하여 중국의 문화교  
상을 살 보고 문제점을 색한 것이다. 저 한국과 중국 문화 의 발전과 구성을  
비롯한 문화 특성에 대해 비교한 다 은 MS지수와 TC지수를 용하여 한 중  
국의 문화 상 의 경 력을 분석하고 비교한 결과에 따르면 많은 개발도상국과 가  
지로 중국에서도 정 이 시행되고 특히 심 문화 상 에서 상당한 적자가 소했다는  
가 있으나 상당한 문화 상 불 을 고 있으 문화 정 은 여전히  
다소 편화되어 있 으로 중국 문화 상 의 경 력과 합 인재 성 기제를 화하고  
제고해야 한다.

**|Key words|** 문화산업, 문화 , 문화상 및 서비 , 한국, 중국

투고일 2022. 10. 16 / 심사일 2022. 10. 27 / 심사완료일 2022. 11. 9