



AN ANALYSIS OF THE TRADE BARRIERS TO THE CHINESE CULTURAL TRADE

Jingchen Jiang and Yanqing Jiang

School of Economics and Finance, Shanghai International Studies University, Shanghai, P. R. China

Article History:

Received: 19 January 2015
Revised received: 28 February 2015
Accepted: 3 April 2015
Online available: 5 May 2015

Keywords:

Chinese cultural trade,
trade barriers,
alleviating solutions

Abstract

Chinese cultural trade possesses great developing potential. However, the strengths of Chinese cultural trade are hindered by barriers either set by other countries or induced by inherent differences. Although it is impossible to completely eliminate the effects of such trade barriers, yet efforts can be made in improving product quality, reforming government policies, perfecting human resources and designing marketing strategies, in order to alleviate the negative impacts of trade barriers. Given the limited scope of the present study, there are still many other crucial factors that are left out of the discussion of this paper, such as the influence of treaties in the WTO and the relationship between China and other countries. However, the unrelenting endeavor of the Chinese government and Chinese companies is sure to be paid off and Chinese cultural trade will embrace a brighter future.

1. INTRODUCTION

A growing number of countries have come to see the expansionary effects of culture on the economy and begun to shift more and more attention to the importance of protecting their own cultures. These countries may consider incoming foreign products a great threat to their own cultural industry and adopt trade policies of various types to limit imported goods and stimulate exports of their domestic cultural products. Just because of this, China, as an important trading nation, has suffered from trade barriers for many years. Although products made in China are sold in more and more countries, yet the total export value of cultural products accounts for only less than 4% of the world's total cultural trade.

Evidently, for any country, the bigger its international influence on the world, the stronger the competitiveness of its cultural trade and the smaller the negative effects of the trade barriers on this country. For China, the international competitiveness of its cultural trade can be measured by the market share and TC ratio based on the comparison of its scale and export structure, all of which can give an objective assessment of the situation of Chinese cultural trade. Basically,

Corresponding author's

Name: Yanqing Jiang

Email address: yjiang828@hotmail.com

there are two kinds of trade barriers in general, namely, tariff barrier and non-tariff barrier. With the development of free trade, non-tariff barrier, including cultural discount, local content requirements, etc., has a larger impact on impeding the export of Chinese cultural products. Based on existing literature, the analysis in this present paper puts forward four potentially effective measures aiming at alleviating the negative impact of the trade barriers.

The rest of this paper is structured as follows. Section 2 provides a brief description of the current situation of the Chinese cultural trade, with respect to the comparative advantages, the scale and structure, as well as related trade policies. In Section 3, barriers to the Chinese cultural trade are analyzed in depth. Solutions for tackling the barriers are raised in Section 4. Finally, Section 5 concludes.

2. AN OVERVIEW

2.1. Comparative advantages of Chinese cultural products

2.1.1. Stable macro-economy environment

Many countries are still suffering from the repercussions of the economic crises and debt crises while China has successfully lifted itself from the economic downturn and achieved soft landing of its national economy since the 2008 financial tsunami. In 2013, inflation in China was relaxing. CPI increased by 2.6%, which was lower than the expected rate of 3.5% and those of other developing countries. Although the fluctuating pressure of Renminbi is cumulating, China was maintaining a moderate appreciating exchange rate of 2.76% and became the only country among “BRICS” - the largest emerging economies- whose currency appreciated compared with the US dollars in the past several years. In the meantime, at the end of 2012, Rupee saw a depreciation of 15.07% and Russian ruble depreciated 9.13% compared with 2011. A stable macro-economy has guaranteed a reasonable price of products and lower risk of Chinese cultural trade.

2.1.2. Abundant cultural resources

China is an ancient country in the world with a brilliant civilization of more than 5,000 years. It has inherited thousands of literature works, natural scenic resources and colorful folk customs, including calligraphy, Confucianism, architectural styles, traditional performances, etc. Most of these resources will contribute to a great supply of Chinese cultural products and services after proper commercialization and marketization (Ouyang & Guo, 2006).

2.1.3. Increasing demand for Chinese cultural products and services

With the cultural communication and economic integration of international society, China is opening its door to the world and entering on the international stage. Especially, the 2008 Beijing Olympic Games and 2010 Shanghai Expo have helped to unfold a brand-new look of China to the foreign world and Chinese literature, eastern customs and delicious food appeal to more and more foreign customers.

2.1.4. Labor cost advantage

Taking per capita original value of fixed assets as an index for evaluating the degree of intensity in labor of an industry, the lower the index, the more labor-intensive the industry is. The per capita original value of fixed assets of Chinese manufacturing industry was ¥351,000 in 2010, while the cultural educational and sports goods industry was ¥65,000 and the art work and other manufacturing industries was ¥91,000. These data shows that cultural products such as the printing industry and the art-work and other manufacturing industries belong to labor-intensive industries in China. Therefore, China's cheaper labor cost than other countries makes China able to produce those labor-intensive cultural products at a lower price, from which we can make higher profit. Although China is facing some pressure from other emerging countries such as India and Thailand, Chinese cultural industry can still benefit a lot from the comparative advantage of labor cost at least in the coming few years.

2.2. Scale and structure of Chinese cultural trade

2.2.1. The scale of Chinese cultural trade

As can be seen from the data shown in table 1 and table 2, both imports and exports of Chinese cultural products are increasing year by year and the export value exceeds import value, which indicate that with the promoting of cultural policies, the potential of Chinese cultural resources is being explored and Chinese products are received by more and more countries. Among various creative products, audio-visuals and new media are playing an important role in boosting Chinese cultural trade; meanwhile design and visual arts are seeing a rapid growth in the development of creative products. However, performing arts and publishing still need further improvement and promotion.

Table 1: Values of creative industries related goods imports

(Measure: US dollars at current price and current exchange rates in millions)

	2004	2005	2006	2007	2008	2009	2010	2011
Total	21,951	26,598	32,162	33,478	36,817	34,576	43,651	52,319
Audio Visuals	5,789	6,695	9,712	8,885	8,834	8,306	9,411	1,244
Design	2,025	2,400	2,985	3,375	4,147	3,856	6,379	9,509
New Media	11,965	15,390	17,264	18,607	21,313	20,142	24,891	26,926
Performing Arts	132	151	143	185	238	192	284	318
Publishing	629	580	642	543	515	426	531	650
Visual Arts	1,411	1,380	1,415	1,523	1,769	1,653	2,154	2,469

(From UNCTAD statistics)

Table 2: Values of creative industries related goods exports

(Measure: US dollars at current price and current exchange rates in millions)

	2004	2005	2006	2007	2008	2009	2010	2011
Total	93,913	125,947	159,025	186,201	196,231	180,387	231,540	265,994
Audio visuals	33,069	48,108	64,328	68,183	68,017	63,574	77,374	99,697
Design	2,937	3,886	5,224	7,912	9,331	8,566	10,920	14,197
New media	54,759	70,394	85,796	106,256	114,522	104,508	138,605	149,891
Performing arts	844	966	1,077	1,293	1,592	1,270	1,542	1,725
Publishing	173	333	512	380	336	269	283	305
Visual arts	2,129	2,259	2,087	2,176	2,432	2,201	-	-

2.2.2. The export structure of Chinese cultural products

The export structure describes the ratios and importance of a kind of cultural product to the total value of export. From 2004 to 2011, most of the ratios are of little fluctuation. The export of new media and audio visual keeps 90% of the total value, while design, performing arts and visual arts are only 10% and with a downward tendency.

Table 3: Export structure of Chinese cultural products (%)

Year	2004	2005	2006	2007	2008	2009	2010	2011
Audio visuals	35.2	38.2	40.5	36.6	34.7	35.2	33.4	36.4
Design	3.1	3.1	3.3	4.2	4.8	4.7	4.7	5.3
New Media	58.3	55.9	53.9	57.1	58.4	57.9	59.8	56.4
Performing arts	0.9	0.8	0.7	0.7	0.8	0.7	0.7	0.6
Publishing	0.2	0.3	0.3	0.2	0.2	0.15	0.12	0.11
Visual arts	2.3	1.8	1.3	1.2	1.2	1.2	1.2	1.2

(Calculated from UNCTAD statistics)

2.2.3. The international competitiveness of Chinese cultural trade

There are two kinds of understanding on international competitiveness. One is evaluating the ability of selling domestic products to other countries and the ability of achieving surplus on the basis of global market; the other is measuring the national ability of increasing added value and

GDP in the international environment. In this paper, the two indexes of market share and trade competitiveness are going to analyze the sales and status of Chinese cultural product. International market share in table 4 shows the proportion of one country to the export value of the world. During recent years, the market share of both Chinese cultural goods and services is increasing but service only constitutes a relative small percentage compared with cultural goods. Also, the total market share of Chinese cultural goods and services are larger than that of some developed countries such as Britain and Korea and emerging countries such as India, but still smaller than the United States.

The trade competitiveness index is the ratio of the difference between a country's export and import and the difference between total value of export and import. The bigger the ratio, the more competitive the trade is (Xiang, 2007). From table 5 we can see an apparent difference between Chinese cultural goods and services and a larger gap between Chinese cultural service and that of the United States and Britain, since most of the year the TC ratio of Chinese cultural service is negative. In addition, table 4 and table 5 show different development patterns of trade between developed countries and developing countries. Developed countries emphasis more on services while developing countries focus on manufacturing goods.

Table 4: Comparison of market share in the international market (%)

Country	China		The United States		Britain		India		Korea	
	Goods	Service	Goods	Service	Goods	Service	Goods	Service	Goods	Service
Year	Goods	Service	Goods	Service	Goods	Service	Goods	Service	Goods	Service
2004	16.93	0.14	7.97	25.73	6.28	13.39	2.5	0.16	1.4	0.44
2005	18.59	0.45	8.28	23.55	6.35	13.82	2.56	0.38	1.23	0.91
2006	19.37	0.39	8.79	36.63	5.88	11.23	2.82	0.88	1.16	1.05
2007	19.74	0.81	8.75	36.8	5.86	9.59	2.68	1.3	0.97	1.14
2008	20.79	1.03	8.58	33.09	4.9	10.36	2.32	1.74	1.05	1.3
2009	-	0.27	-	37.77	4.47	8.67	4.84	1.36	1.27	1.43
2010	24.45	-	8.15	-	4.69	-	3.35	-	1.34	-
2011	26.34	-	7.40	-	4.24	-	4.53	-	1.25	-
2012	31.90	-	7.99	-	4.87	-	5.46	-	1.22	-

(From UNCTAD statistics and

<http://www.sinosure.com.cn/sinosure/xwzx/rdzt/ckyj/ckdt/xyzt/qcxy/fwycy/159584.html>)

Table 5: Comparison of trade competitiveness index

Country	China		The United States		Britain		India		Korea	
	Goods	Service	Goods	Service	Goods	Service	Goods	Service	Goods	Service
Year	Goods	Service	Goods	Service	Goods	Service	Goods	Service	Goods	Service
2004	0.85	-0.62	-0.56	0.89	-0.17	0.41	0.61	-0.14	0.19	-0.49
2005	0.86	-0.06	-0.54	0.75	-0.14	0.45	0.58	0.02	0.08	-0.28
2006	0.87	0.06	-0.51	0.78	-0.18	0.42	0.56	0.49	0.01	-0.29
2007	0.85	0.34	-0.49	0.8	-0.21	0.32	0.54	0.5	-0.11	-0.34
2008	0.86	0.24	-0.43	0.76	-0.21	0.34	0.61	0.37	-0.05	-0.25
2009	-	-0.48	-	0.75	-	0.55	-	0.3	-	-0.23

(<http://www.sinosure.com.cn/sinosure/xwzx/rdzt/ckyj/ckdt/xyzt/qcxy/fwycy/159584.html>)

2.3. Chinese cultural trade policy

Chinese government is taking the policy of reform and opening-up as a significant opportunity to deepen the reform of its cultural management system gradually, including innovating the idea of cultural development, enhancing the role of culture industry in economic and social development, drawing successful experience from other countries and so on. Considering the severe cultural trade deficits, Chinese government introduced the cultural strategy of "going out" to promote multilevel and wide-ranging communication with the outside world so that the competitiveness of Chinese cultural industry can be increased and traditional culture can be protected from invasion and disappearance (Qu, 2012). However, compared with the path of

reform and opening up policy, the reform of cultural management system is still in the initial process, thus fully achieving the reformational dividends brought by the reform needs longer time and more practice (Wu, 2008).

3. BARRIERS TO CHINESE CULTURAL TRADE

Cultural trade not only makes up an important part of a country's economic strength but also carries national ideology and characteristics. The spread of national customs, ideas even political inclination may be carried on with the export of cultural products. Cultural industry belongs to imperfectly competitive industry, even oligopoly market structure. According to Krugman's strategic trade theory, governments can close part of domestic market by implementing protective trade policy in order to prevent foreign products entering domestic market. As a result, market shares of foreign competitors decrease and marginal cost increases and at the same time national industries can catch the opportunity to enlarge their market shares and achieve economies of scale. In practice, many counties create various barriers to Chinese cultural products in order to protect their national products from competition and national culture from invasion and extinction as well as promoting export of their cultural products.

3.1. Tariff barrier

Tariff barrier is a traditional method to restrict import from other countries by imposing tariffs on products passing customs. Tariff has the function of increasing the cost of import goods so as to protect domestic products, manufacturers and market as well as helping domestic factories makes more profits. Many importing countries that import Chinese cultural products usually impose different kinds of tariffs from tariff peaks, tariff escalation, tariff quotas, and specific duty to ad valorem duty on Chinese films, magazines, books and so on. However, tariff is being opposed and criticized by more and more countries and organizations and gradually loses its effectiveness. In current trade transactions, non-tariff limitations are more welcomed.

3.2. Non-tariff barrier

Non-tariff barrier has the same basic functions as tariff but through methods more convert than imposing tariffs. Usually, by creative design and regulations, countries can make non-tariff barriers more flexible, effective and imperceptible in order to avoid the limitation and criticism on the use of tariff (Lee & Swagel, 1997). Basically, there are two kinds of non-tariff barriers, directive and in directive ones. Directive ones authorize customs to restrict import products on its quantity and type, including import quotas, import license and so on. In directive ones qualify administrations to set various standards and strict regulations on import products such as health inspection and technical standards. The most commonly used non-tariff barriers in cultural trade are cultural discount, local content requirements, import license, import quotas and quantitative restrictions.

3.2.1. Cultural discount

Cultural discount is a kind of barrier typical for cultural trade. It is not created by a country deliberately, but because of the history and custom of a country. Every country is developing with the creation and accumulating of its own culture; people live in and are accustomed with such kind of culture. Thus, it is easier for people to accept the cultural goods and services that are more similar with the cultural background of their own country (Disdier *et al.*, 2010).

The term "cultural discount" was first introduced by Seelmann Eggebert to illustrate the importance of protecting the nature of minority language and cultural map. "Cultural discount" is also used in economic studies as an inevitable factor in determining the economic value of entertainment products like movies. For the export of Chinese cultural products, cultural discount is a significant barrier to overcome, for China is the origin of eastern civilization with unique language, customs, minorities and history, most of which are difficult to understand for people from other cultural background.

Several factors are considered to explain the cultural discount of Chinese cultural trade. Firstly, the existence of historical tradition; in the fierce competition of market economy and globalization, only by following the international market rules and meeting the needs of customers, can companies earn profits. China is an ancient country with abundant history and cultural relics, most of which can be developed as thousands of cultural trade resources. However, foreign customers' level of understanding should be taken into consideration, for some products with Chinese elements may be hard to understand or accept by foreigners. Taking Kung Fu Fighter as an example, it is a Hong Kong movie full of Chinese Kung fu and it is popular around Hong Kong, Asia even Europe. Its Chinese name is Shaolin Zuqiu. But in 2002 when an American company was going to import this movie, the distribution company spent a long time clipping it, and the main problem lied in how to explain "Shaolin" in an American way.

Secondly, the difference of language. Different areas speak different languages, or at least with different accents. Before introducing a product to foreign countries, Chinese companies must adapt to the language custom of the target country to reduce the effect of cultural discount. Even a British company wants to export their TV programs to America, they still need to dub the programs in American accent and delete captions to meet the American custom. Moreover, not all culture is suitable for being transferred into export cultural products. Some of our traditional arts such as cross talk and storytelling, they are very popular among Chinese but they cannot be turned into cultural trading products, because the understanding and appreciating of them are based on the knowledge of Chinese traditional language, stories and history background which are hard to understand from a foreign perspective.

Finally, the reason of cultural background and aesthetical standards. Chinese people are grown with Confucianism and Taoism and they tend to understand the cultural products on the basis of Chinese own cultural background no matter where the products are from, so do people from other countries. Cultural products which conform to the aesthetical expectations of the audience will easily attract their interest; otherwise, audience will find it hard to understand the meaning, intention and value in the products or even cause confusion and rejection. For example, people all around the world may enjoy humorous programs or books, but people from different cultural background express humor in different ways. Chinese prefer humorous words and sentences usually with implicit irony to some phenomena, while American prefer humorous actions and straight forward humor, therefore, western people like Mr. Bean and Chinese enjoy Zhao Benshan's performance.

3.2.2. Local content requirements

Local content requirements are used to regulate the content of visual and audio media, publishing industry to cover a certain percentage of local content of the importing countries. There is no fixed percentage and it is all decided by the government of importing countries (Zhang, 2010). But this kind of barrier is decreasing after WTO put forward the Agreement on Trade-Related Investment Measures (TRIMS), which considers local content requirements as a kind of violation that "discriminates against foreign products" or "leads to quantitative restrictions" and distorts the purpose of WTO. Thanks to the reduction of the barrier, Chinese papers, such as People's Daily, Guangming Daily and Economic Daily are available overseas. However the overall Chinese publishing industry does not perform well in international market due to many other obstacles.

3.2.3. Import license

Import license is the document issued by national government regulating the total volume of the importation of goods. WTO ratifies the use of import license if it is "simple, transparent and predictable" and the country "publish sufficient information" and "notify the WTO", thus many developing countries as well as developed countries have the opportunity to combine import license and quotas to limit foreign audio-visual products and publications.

3.2.4. Quantitative restrictions

Governments can also limit the volume of import goods or services with the help of quantitative restriction. The restrictions on services usually restrict the number of export companies rather than the quantity of services themselves. Countries use the restrictions to protect domestic cultural services, either by forcing the time of foreign movies showed in the import country or setting a particular percentage of domestic movies in the local market. Some European countries such as France and Spain regulate that local cartoons and movies must account for more than 40% of the total annual amount and movies produced by European countries must occupy no less than 60% at the same time.

Among various quantitative restrictions, quota is the most commonly used method. Import quota is a physical limit on the quantity of an import good by the government. Those who want to export more products to the country will be prohibited or pay a large sum of fine or tariff. There is no doubt that the basic function of quota is to reduce import and create higher sales and greater profits for domestic producers. In many cases, many countries impose import quotas on cultural goods because they consider cultural goods and service highly related to their national security. This security consideration makes the quotas reasonable and lawful but it will inevitably provide excuse for protectionism and hinder free trade. For instance, in order to maintain the dominant position of its domestic culture, Taiwan cultural sector set a quota for the import of films from mainland China that only 10 mainland films were granted marketing authorization in 2012, which caused severe competition among the 22 works which wanted to be introduced to Taiwan.

3.2.5. Cultural exception

In recent years, with the appeal for free trade becoming more and more intense, many traditional tariffs and non-tariff barriers are being limited by international organizations. In order to protect national cultural trade, countries represented by France and Canada, hold the principle of cultural exception. Cultural exception is a series of policies developed in 1990s aiming at protecting national culture from foreign invasion. They strongly emphasis on the culture attribute of the cultural industry and spend large amounts of government budget on the protection of culture heritage and the development of national cultural industry. Government is firmly against free trade and commercialization in cultural products and insists that cultural industry involves ethnic tradition and cohesion as well as national image and security (Mas-Colell, 1999). On the contrary, some countries represented by America highly appreciate the commercial attribute and the self-regulation of market to cultural industry (Xiang, 2007). Such contradiction has led to many international negotiations, and the discussion on cultural exception develops into different ideas of cultural diversification, but the barrier on free cultural trade remains unsolved.

4. SOLUTIONS TO BARRIERS TO CHINESE CULTURAL TRADE

Cultural trade is becoming an important field of competition among countries due to its high added-value and high profit. On one hand, a successful cultural trade helps disseminate concepts, lifestyle and national image, all of which will drive the development of other industries and attract foreign visitors, investors and business, thus stimulating economic growth and promoting China's comprehensive national strength in the world (Li & Yan, 2006). On the other hand, the derivative income of cultural trade will create several times of profit of the goods or services themselves. However, the rapid and sound development of Chinese cultural trade is hindered by the barriers from foreign countries. Under this circumstances, China is supposed to tackle with the barriers actively rather than ignore those interference, so that the benefits brought by cultural trade could be maximized. The following four aspects of measures are worth trying in the course of improving Chinese cultural trade.

4.1. Product-improving

4.1.1. Product-localizing to meet the needs of global customers

One of the most effective ways to overcome cultural discount is localization, which means combining the fundamental characteristics of Chinese cultural with foreign needs and expectations and introducing the products from a perspective more familiar to foreign customers (Liu, 2013). In 2012, a Chinese documentary called *A Bite of China* is popular around the world. The program has already been broadcasted on Taiwan, Hong Kong and Singapore TVs. Compared with former Chinese documentaries; we have to acknowledge that *A Bite of China* is a successful model for many Chinese cultural products. Just as the chief editor of the documentary Chen Xiaoqing said “Our aim of producing this program is to exhibit the cultural traits of ceremony, ethnics and interests brought by food through showing various details of Chinese cuisine” “In order to simplify the description from a global point of view, the form of this program is closer to the aesthetic expectation of international audience.” Instead of simply praising and advertising Chinese culture, the producers of *A Bite of China* made efforts on broadening the topic and types of the documentary and changing the theme of traditional Chinese documentary from dull history to people’s real-life. In order to promote the program to foreign audience, producers learned techniques by studying BBC documentaries, especially *Wild China* and making many reformations to the program, including emphasizing on people’s relationship rather than the key person and replacing the gastrosophs and cuisine competitions with common people, etc.

4.1.2. From imitating to content-innovating

The primary determinant of successful influence and communication of cultural products must be the content. In recent years, many Chinese TV stations follow the trend of purchasing successful programs from overseas. From *The Voice of China* to *Dad, Where We Go* and *Inight2days*, Chinese cultural companies are enthusiastically imitating more and more foreign ideas at the cost of a large sum of copyright payment. Though these imitated programs may achieve a high audience rating, Chinese television industry is in danger of losing originality of its own TV programs, let alone exporting them abroad. Imitating is indeed a good way to learn from others, but the most important purpose of importing and imitating is to innovate their own cultural products and enhance their competitiveness in global market. Just like the program of *A Bite of China*, there is no need to import BBC documentaries, dub them in Chinese, and broadcast it on any channel, because their perspectives are based on British cultural background. The point of imitating their documentary is to learn a mature method of introducing our own culture.

4.1.3. Combining traditional resources with modern technology

Speaking of American cultural trade, people may think of Hollywood or Disneyland; referring to Japan, people will praise the fantastic cartoons and games; talking about Korea, we cannot avoid pop stars and TV plays; when asking about China, the most popular cultural elements are still Beijing opera, silk and the Great Wall. Why? Hollywood produces blockbusters with high-tech audio-visual effects; Japan turns traditional characters into interesting computer games; Korea introduces its everyday life and customs by its unique technique of detailed shooting and editing (Ruan & Ouyang, 2010). Chinese cultural resources still lacks proper combination with digital technology and integration into modern pattern of manifestation. Rapid development of modern communicating technology has not only changed the existing form, producing and circulating method of cultural products, but also reduce the manufacturing and advertising cost of the products (Jiang, 2003).

4.2. Policy-making

In recent years, thanks to the cultural strategy of “going out” put forward by the government, Chinese cultural trade is flourishing and gradually playing a pivotal part in international competitions. However, there still exist some strategic weaknesses for Chinese government to

be made up. Domestic support and improvement is helpful to increase the need of foreign countries and neutralize the effect of international trade barriers.

4.2.1. Widening funding channels, and expanding customer groups

Firstly, to pave the way for cultural enterprises to be listed and financed. The cultural enterprises need enough fund to reform and innovate. Restrictions on investment in cultural enterprises are to be deregulated and social capital is expected to help promote cultural enterprises rather than limited governmental allocation (Janeba, 2004). In addition, in the process of “going out” strategy, governments and companies tend to overemphasize the mission of promoting and praising Chinese culture, therefore the content of export cultural products focus on elite topics or even politics. Such ignorance means missing the need of the majority of foreign consumers especially the younger generations seek for vivid, active and humorous cultural products and image. Thus, a large group of potential customers are lost because of lacking attention and involving of fashion and modern culture (Li & Yan, 2006).

4.2.2. Improving market competing mechanism, and making the best of foreign exchange fluctuation

To construct a modern cultural market system in which private companies can compete with state-owned companies equally and the market plays the leading role of resource allocation and macro-control. However, these cannot be realized with heavy government intervention of the market of cultural products. The role of government should be transformed from direct interference and management to indirect supervision. In the meantime, devaluation creates a good opportunity for a country to adjust foreign currency prices for exports and national currency prices for imports, so as to improve international balance of payment. Chinese government and companies should take full advantage of the decreases of the foreign currency prices of Chinese cultural products in recent months and introduce more high-grade cultural products to other countries. Meanwhile, Chinese government is also supposed to make full preparations to deal with the condemnation and revenge from other countries who criticize China manipulating exchange rate and take it as an excuse to interfere the exchange rate of Renminbi or restrict import from China.

4.3. Talent-cultivating

Resource, talents and technology are three bases for development of cultural trade. The industrialization of Chinese culture is still in early stages, and many leading cultural companies are newly transferred from stated-owned companies and public institutions or even on the way of transformation (Peng, 2006). As a result, the majority of staff in these companies is adept at administration and art but lack of management and marketing knowledge and experience which are indispensable for popularizing cultural products.

Considering current situations, on one hand, companies should provide their working staff with enough opportunities of learning management and marketing knowledge through daily work and training in order to adapt to the changes in the contents and focus of work. These will not only tackle the problem of talents shortage but also reduce the risk of redundancy. On the other hand, universities should shoulder the responsibility of cultivating cultural trade talents. The speciality of Management of Cultural Industry was set in 2004, and it is still premature in teachers and learning resources. Chinese colleges offering this speciality have not developed into an educational system from vocational to undergraduate and postgraduate. Either teachers or students do not have a clear orientation of what they are teaching, what they are learning and how to use the knowledge in their future work. Consequently, most of students choose the job with little relation with their major after graduation, and only a few students meet the need of companies and global market. Universities can improve their educational method through refining research orientations, employing experienced professors from companies or foreign universities and organizing more communicating forums and lectures.

4.4. Market-promoting

Chinese cultural trade can achieve better trading results with the help of long-term cultivation of market and careful design of manufacture and marketing. In the era of knowledge-driven economy, traditional marketing strategies are facing more and more bottlenecks in international competitions. For Chinese companies, cultural trade is emerging and the marketing strategies for general products need to be modified for developing overseas business. In the first place, international trade shows and fairs are efficient ways of testing the waters and introducing cultural goods to foreign market before making the leap into a foreign market. What's more, building partnership with companies or organizations that already doing business in the target country will save money, time and avoid starting from scratch and potentially embarrassing cultural friction effectively. Finally, cultural companies can make full use of the online presence to exhibit, sell the products and conduct primary customer service through global friendly websites.

5. CONCLUDING REMARKS

Chinese cultural trade owns great developing potential, however, the prosperity of Chinese cultural trade is hindered by some barriers either set by other countries or caused by inherent differences. There are six kinds of barriers on Chinese cultural trade analyzed in this paper, including tariffs, cultural discount, local content requirements, import license, quantitative restrictions and cultural exception. In fact, barriers should not be a stumbling block for the further development of Chinese cultural trade. Although it is impossible to eliminate the effects of such barriers, efforts can be made in improving product quality, reforming government policies, perfecting human resources and designing marketing strategies to alleviate their impact.

Given the limited scope of the present study, there are still many other crucial factors that are left out of the discussion of this paper, such as the influence of treaties in the WTO and the relationship between China and other countries. However, the unrelenting endeavor of Chinese government and companies is sure to be paid off and Chinese cultural trade will embrace a brighter future.

Funding: This study received no specific financial support.
Competing Interests: The authors declare that they have no conflict of interests.
Contributors/Acknowledgement: All authors participated equally in designing and estimation of current research.
Views and opinions expressed in this study are the views and opinions of the authors, Journal of Asian Business Strategy shall not be responsible or answerable for any loss, damage or liability etc. caused in relation to/arising out of the use of the content.

References

- Disdier, A., Tai, S., Fontagné, L., & Mayer, T. (2010). Bilateral trade of cultural goods. *Review of World Economics*, 145(4), 575-595.
- Janeba, E. (2004). *International trade and cultural identity*. Working paper No. 10426, National Bureau of Economic Research, 2004.
- Jiang, W. (2003). Culture Industry: A new competitive field for international trade. *Commercial Research*, 16, 18-19.
- Lee, J., & Swagel, P. (1997). Trade barriers and trade flows across countries and industries. *Review of Economics and Statistics*, 79, 372-382.
- Li, H., & Yan, Y. (2006). A panorama of the contemporary international cultural trade. *Hebei Academic Journal*, 26(1), 108-115.
- Liu, X. (2013). Discussion of the influence of cultural trade barriers on Chinese cultural trade. *Commercial Times*, 23, 55-56.
- Mas-Colell, A. (1999). Should cultural goods be treated differently? *Journal of Cultural Economics*, 23(1-2), 87-93.

- Ouyang, Y., & Guo, B. (2006). Comparative advantages of Chinese cultural industry in international division of labor and trade. *Development Research*, 6, 53-55.
- Peng, Y. (2006). Research and countermeasure of the development of international cultural trade industry. *Statistics and Decision*, 21, 113-115.
- Qu, H. (2012). *Strategic research on the 'going-out' Chinese culture*. Doctoral thesis of Shandong Normal University, 2012.
- Ruan, T., & Ouyang, Y. (2010). Effect analysis of cultural trade barrier. International commerce. *Journal of University of International Business and Economics*, 5, 25-31.
- Wu, X. (2008). Analysis of the trade deficit of Chinese culture. *Forward Position in Economics*, 11, 7-11.
- Xiang, Y. (2007). The international competitiveness of China's cultural industries and the trade policy. Doctoral thesis of Zhejiang University, 2007.
- Zhang, B. (2010). *Studies on the globally cultural trade barriers*. Doctoral thesis of Shandong University, 2010.