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Research on the Cultural Trade Mode among China, Korea and Japan

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Abstract: Cultural trade is of vital facilitation to cultural development and cultural industry's development alike. The international cultural trade mode is influenced by globalization, regionalization, networking and digitization nowadays. In order to develop cultural trade, this paper aims to understand and explore the cultural trade development mode among China, Korea and Japan. On the basis of discussion about the cultural trade mode among China, Korea and Japan, this paper suggests that China, South Korea (hereinafter referred to as Korea) and Japan should be committed to resolving obstacles such as the concept, communication and trade, taking advantage of the similar cultures, close geological distance, closely linked economic trade, competitive and complimentary cultural industry and cultural market, resembling national cultural strategy and policy and the same status as major country of cultural trade and so on to perfect the working mechanism, steadily promote the construction of the cultural trade development mode with mutual opening-up, communication, competition and cooperation to speed up the further development in cultural trade among the three countries.

Key words: Cultural trade, China, Korea and Japan, development mode

INTRODUCTION

The cultural industry plays an important role in promoting the national economy (Long and Yue, 2012). International cultural trade not only promotes the mutual knowledge, understanding and recognition among the trading countries, but also serves to accelerate cultural development and cultural industry's development while playing an important role in improving the trade structure, industrial restructuring, economic development and the stability as well as development of their trade relationship. Globalization, regionalization, networking and digitization have not only been changing the ways of cultural production and cultural life, but also altering the modes of cultural communication and cultural trade among the countries. With the irresistible trend of cultural trade, countries have been attaching great importance to and vigorously developing the cultural export. However, cultural trade features specialty that differs from other goods, with countries imposing restrictions on cultural import selectively and in varied degree, which raises the question as for how to develop cultural trade for various countries. Not only the trade domain and country has to be taken into consideration, but also more importance should be focused on the trade mode in that it is closely

concerned with economic and cultural interests. In 2002, China, Korea and Japan decided to cooperate in five key cooperation fields involving economy and trade and culture. To implement cultural cooperation, promote the development of cultural trade, it is necessary to construct a win-win cultural trade development mode among the three countries.

Under the significance and background, this paper aims to understand and explore the cultural trade development mode among China, Korea and Japan.

FOUNDATION FOR CONSTRUCTION OF THE CULTURAL TRADE DEVELOPMENT MODE AMONG CHINA, KOREA AND JAPAN

Geography and culture: The smaller the geographic distance, the easier for transaction and the greater the trade scale will be. China, Korea and Japan are all located in East Asia, adjacent and geographically close, thus meaning convenient traveling and flow of trade as well as a relatively low cost. Therefore, the geographic advantage is conducive to promoting the tripartite regional cultural trade development. Cultural proximity is an important determinant of bilateral trade volumes (Felbermayr and Toubal, 2010). The more affinity the culture bears, the

stronger demand for the overlapping, thus contributing to the increasing trade enthusiasm and enlarging trade scale. Age-old cultural communication and mutual learning make Confucianism universally recognized and respected. Therefore, through centuries, China, Korea and Japan have formed similar cultural and psychological structure, resembling ethical views, aesthetic ideas and values. Even if the contemporary modern foreign exchange exerted different influences on the three countries, they stick to the essence of Confucianism, uphold the traditional cultures and belong to the cultural atmosphere of Confucianism. Cultural affinities and similarities enable China, Korea and Japan to understand each other easily and tend to reach a consensus, communicate and relate to each other on the similar cultural basis (Yunkuan, 2008), develop the cultural trade more easily, reach a common understanding as for the layout of cultural trade mode as well as co-construct the cultural trade circle.

Economics and trade: Economics and trade led to the personnel and cultural exchanges, therefore providing the channels and opportunities for cultural trade. The larger the scale of economics and trade, the closer the relation is the more such channels and opportunities there are, the bigger the space and potential of cultural trade will be. Economics and trade is deep-rooted in the field of culture, with cultural economics and trade a component of the economic trade circle. The population in China, Korea and Japan takes up 74% of that in East Asia and 22% of that worldwide, with the total economic output taking up 90% of East Asia and 20% worldwide while the total volume of trade accounting for 70% of East Asia and 20% worldwide. The volume of trade among the three countries has increased from USD 130 billion in 1999 to USD 690 billion in 2011, which is more than 4 times in increase. China has been the largest trading partner of Japan and Korea for many years in a row, with Japan and Korea the 4th and 6th largest trading partner of China, respectively and the important source of foreign capital (China Ministry of Foreign Affairs, 2012). The ever-increasing close trading relationship among the tripartite partners not only promotes the existing cultural communication and cultural trade, but also lays a foundation for future cultural communication and cultural trade development as well as setting forth new requirements. In May 2012, the three countries decided to launch the negotiation on free trade zone in China, Korea and Japan, thus providing the opportunity for discussing the cultural trade mode together.

Cultural industry: Globalization provides both opportunities and challenges for the industrial

development. International trade may well support the industrial development and also has an impact on it. As a result, regionalization becomes the measure to support the industrial development regionally and fend off industrial impact. Globalization and regionalization shall first be launched in trade, followed by production field. Regardless of whether the regional industrial structure is complementary or competitive or competitive and complementary, the arrangement of regional trade is of vital importance to avoid the impact exerted by globalization. The cultural industry on the rise is in urgent need of regional cultural trade layout. Viewed from the cultural industry structures of China, Korea and Japan, China is mainly engaged in industries such as manufacturing of stationery equipment, cultural tourism, performing arts and entertainment, movie and TV, publishing, printing and reproduction, advertisements and animation while Korea is mainly engaged in industries such as animation, video, online games and digital technology and Japan focusing on video, animation, games and music. In terms of the comprehensive competitiveness of cultural industry, based on the statistics, the US belongs to the first class and Japan ranks second while Korea and China rank third, though Korea scores higher than China. Japan and South Korea have the advantage of education resources (Tao, 2011). We can come to the conclusion that the cultural industry of China, Korea and Japan co-exists in a competitive and complimentary manner and the comprehensive competitiveness of the tripartite partners is lower than that of the US, thus providing the industrial support for the cultural trade and mode construction among the three countries and putting forward request for cooperation.

Cultural market: Trade market is highly directional; the greater the market, the more active the trade is and the larger the trade scale will be. The trade market depends not only on the population, but also on the economic level and consumption development level. In addition to the cultural orientation, cultural trade market is also constrained by the degree of openness. As is shown in WDI database of World Bank, in 2010, the proportion of expenditure by urban residents on culture and entertainment is 6.90% per capita in China and 10.41% per capita in Japan (Lan and Zhen, 2012). Although the cultural consumption in China takes up less percentage in the total expenditure, the huge population means a huge cultural market. Though Japan and Korea have a smaller population, the high percentage of cultural expenditure also implies a large cultural market. The difference in population between Japan and Korea makes the Japanese market larger than that of Korea. Meanwhile, we shall

notice that China has an edge as for the number of world cultural heritages and natural heritages as well as the growth rate of GNP per capita (Yuling, 2011). Therefore, the cultural market in China will be larger than that of Japan and Korea for the time being and in future. Generally speaking, the cultural market in China, Korea and Japan is no less than that of Europe and the US. The broad regional cultural market of the three countries provides the market foundation for cultural trade and its mode construction while the imbalanced market scale of the three countries requires the careful selection of cultural trade development mode.

Cultural trade: The existing and future trade scale and structure are the foundation of regional trade layout and selection of regional trade mode. According to the International Flow of Cultural Products and Service from 1994-2003 published by UNESCO, the total import and export volume of cultural products in China ranked 4th worldwide, of which the export volume and import volume ranked the 4th and the 15th respectively; as for Japan, the total import and export volume and the export volume and input volume ranked 8th (UNESCO, 2005). Though Korea failed to be ranked within top 10, it has developed into a major country of cultural trade. Due to poor access to data concerning import and export of cultural services, the report did not reveal the statistics. However, according to the comprehensive survey, the total import and export volume of cultural services in China is lower than that of Japan, especially in terms of export, with the export and import in the deficit. From a structural perspective, China's export mainly focus on stationery and equipment, followed by animation, video and acrobatics and so on while Japan and Korea concentrate on the cultural services export of video, games and animation. In 2010, USA, Hong Kong, Japan, Germany, Britain, Russian, Netherlands, Italy and France accounted for 28.36, 10.87, 6.17, 5.14, 4.38, 2.73, 2.62, 2.37 and 2.29% in the exports of China's cultural and creative goods. China, USA, Japan, Vietnam and Hong Kong accounted for 12.55, 10.92, 9.14, 8.39 and 6.84 in the exports of Korea's cultural and creative goods. Hong Kong, USA, China, Germany and Korea accounted for 23.97, 18.60, 15.44, 7.24 and 6.28% (Gu and Zhu, 2012). So China's import and export market is mainly centralized in the United States, European Union, Hong Kong, China, Korea and Japan while Korea's major import and export markets are China and Japan. Japan has a relatively extensive import-export market, with China one of its major markets. It is thus understood that the cultural trade among the three countries is more of a complimentary manner than of the competitive one. It is therefore estimated that the three countries will be major

partners of each other as for cultural trade, which provides the trade foundation for construction of the regional cultural trade development mode among China, Korea and Japan.

National strategies and policies: National strategies and policies have a significant role in promoting industry and trade, affecting the development mode of industry and trade. The same national strategy and policy orientation will facilitate the communication and understanding as for selection of trading mode and promote the consensus among countries. The Chinese Government promulgated the Cultural Industry Promotion Plan (2009) and the Communist Party of China promulgated the Decision of Issues Concerning Deepening Cultural System Reform in Boosting the Great Development and Great Prosperity of Socialist Culture (2011). Japan enacted New State-founding Goal with Culture-Focuses and Strategies of Promoting the Culture (1995), Scheme of Founding the Country with Culture in the 21st Century (1996), Key Plan of e-Japan (2003), Promotion Plan of Intellectual Property Right (2005) and New Economic Growth Strategy (2006). Korea has established the Cultural Industry Promotion Law, Five-year Plan for Cultural Industry Development and Cultural Industry Prospect and Promotion Planning for Cultural Industry Development from 1999- 2001. All the three countries regard the cultural industry as the national strategy, promulgating a series of supporting policies and measures, respectively, such as establishment of professional institutes, specific fund, increase of capital investment and encouragement of export, making it easier for the three countries to reach a consensus as for selection of regional cultural trade mode, thus guaranteeing the national support for the mode construction and trade development.

Cultural cooperation: Cooperation is the basis, guarantee and booster for trade. From 2007-2011, the ministers of culture of the three countries held three meetings, passing cooperative documents such as Nantong Declaration, Jeju Declaration and Nara Declaration and reaching the consensus as for expanding and enhancing cultural art exchange, promoting tangible and intangible cultural heritage protection, as well as enhancing the cultural industry communication and deepening the cultural exchange among teenagers of the three countries. In Sep. 2009, the three countries signed Busan Declaration in Busan, Korea during the 8th Cultural Industry Forum of China, Korea and Japan, thus founding the joint working group of cultural industry cooperation of China, Korea and Japan. In 2011, the three countries completed the mapping out of the Memoire of Cultural Industry

Cooperation among China, Korea and Japan, determining the cooperation as for educational training of cultural industry, professionals exchange, exploration of manufacturing and investment of cultural products, attendance of international cultural industry exhibition mutually and protection of copyright of cultural products. All the above helps lay the cooperation foundation and build cooperation orientation for the construction of cultural trade mode among the three countries.

SELECTION OF CULTURAL TRADE DEVELOPMENT MODE AMONG CHINA KOREA AND JAPAN

Existing cultural trade mode of China, Korea and Japan:

Japan and Korea attach great importance to cultural exports. The development of cultural industry is heavily dependent on export trade, of which Japan develops the cultural trade mainly through establishment of promotion organization, application of diplomacy and supporting policies while Korea develops the cultural trade mainly through establishment of promotion organization, tackling of problems with might as well as the setting up of stronghold in the front (Ting, 2010) and the application of supporting policy. Meanwhile, Japan and Korea are pushing ahead with trade development by means of establishment of a complete and mature industrial system of the research, creation, production, publishing and marketing that face the world, enhancement of talents cultivation, reinforcement of marketing operation and protection of copyright, establishment of brands and exertion of the brand effect. Cultural industry in China focuses on the domestic market and the international trade as well. In recent years, China attaches importance to cultural export which mainly relies on cultural promotion and supporting policies and the cultural trade is mainly promoted through the application of abundant cultural resources, quality manufacturing of cultural products and the processing trade, for example the animation production of Japan is outsourced to companies in China with an increasing number. As for import, due to the sensibility and influence of cultural trade, there are fields remaining closed in the three countries. Relatively speaking, the market openness in Korea is more limited than that of Japan and has more restrictions placed on import. The openness of cultural import market in China is improving all the way, exceeding that of Korea in some aspects. The cultural trade remaining closed is generally guided by the government while the cultural trade in the open field is led and supported by the government, guided by the market and operated independently by the enterprise. The cultural

industrial belt among the three countries features Flying Geese Paradigm, with the cultural trade mainly taking on the complimentary trade mode and that Japan and Korea focus on the medium and high end of cultural trade while China concentrates on the medium and low end of cultural trade. However, with the rapid development of cultural industry in China, the competition in cultural trade among the three countries is on the rise, but a unified mode fails to be formed for the cultural trade among them.

Understanding of cultural trade mode in other developed

countries: The film and media industries in the US, the publishing industry in France and Germany and the music industry in Britain all possess a lion's share in the international market, which greatly benefit from the international cultural trade. In the cultural trade, the US takes advantage of and utilizes economy, politics, military, scientific technology and dissemination to promote the trade and investment liberalization of cultural products and services under WTO and bilateral trade framework, adopting recapitalization, foreign investment and marketization, building multinational companies, operating multinational business, creating international brand of culture, enhancing the protection of intellectual property right, employing the advanced network and digital technology, inventing popular cultural contents and formats for cultural dissemination, output of values to promote cultural trade. France values the cultural exchange and promotion by the government or organizations related to the government, providing credit and investment domestically. Germany enhances tax collection and legislative support, attaching importance to holding grand cultural exhibition and exchange activities. Britain focuses on the regulation and control guided by the policy, enhancing the export support. As a result, powerful nations of cultural trade attach great importance to cultural trade, give full play to the government, reinforce the promotion of cultural exchange and support for cultural industry and trade, innovate cultural technology and form the advantageous cultural industry and world-renowned brands. The cultural trade mode of developed countries in Europe and the US not only enlightens China, Korea and Japan, but also exerts pressures. China, Korea and Japan shall be committed to constructing the cultural trade development mode of their own, creating the powerful regional strength, protecting their specific culture and cultural position while promoting the cultural export.

Selection of cultural trade development mode by China, Korea and Japan: China, Korea and Japan should construct and implement the cultural trade development

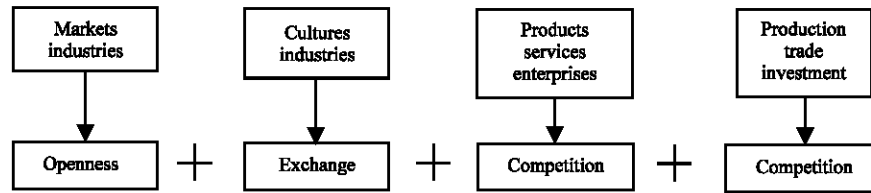


Fig. 1: The cultural trade development mode among China, Korea and Japan

mode on the basis of openness, exchange, competition and cooperation. Openness refers to the interactive model in markets and industries among the three countries, which is the prerequisite to develop cultural trade; exchange refers to the interactive communication in cultures and industries, which is the foundation to develop cultural trade; competition refers to the one of cultural products and services and cultural enterprises among the three countries and in other countries, which is the means to develop cultural trade; cooperation refers to the teamwork and collaboration in cultural cooperation, production, trade and investment among the three countries, which is the principle to develop cultural trade. Essence of the mode is that government guides the openness, the market leads the competition and the government and market co-promote the exchange and cooperation (Fig. 1). The mode shall be selected as follows (a) Take the above analysis as basis, (b) Faced with economic adjustment worldwide, unstable and uncertain development as well as the weak growth of goods trade, China, Korea and Japan featuring openness and export-orientation shall enhance the openness, cooperation and exchange of cultural industry and cultural economics trade to face the challenges together and ensure a stable and developing economy (c) In 2002, China, Korea and Japan made economics and trade, IT industry, environmental protection, development of human resources and culture as the five key cooperative fields. In Dec. 2008, the three countries established the partnership in a future-oriented and all-around manner, including fields such as politics, economics, society and culture. Currently, the three countries have carried out pragmatic cooperation in more than 20 fields, with the tripartite economic integration and trade liberalization strengthening constantly. The top-level design and growing trend provides the cultural trade of three countries with the foundation and direction for openness, exchange and cooperation (d) The restriction and protection of natural resources environment, complimentary, overlapping and co-existing cultural resources, co-existing similarities and differences of cultural consumer markets, the same cultural industrial structure, co-existing of comparative advantages and

extensive interests and conflicts of the three countries determine that the cultural trade among China, Korea and Japan is both complimentary and competitive while exchange and cooperation is in urgent need (e) Theoretically speaking, the foundation of trade is the openness, exchange, competition and cooperation of markets and industries (f) Construction and implementation of the mutually beneficial and win-win cultural trade development mode serves to realize prosperity and intergrowth development of cultural trade and cultures, as well as the promotion of stability and development of correlations among the three countries. The construction of the afore-said mode requires the wisdom from the three countries, effective measures and stable and gradual promotion.

MEASURES TO CONSTRUCT THE CULTURAL TRADE DEVELOPMENT MODE AMONG CHINA KOREA AND JAPAN

Establishment of the mutually beneficial and win-win concept: The construction of cultural trade development mode among China, Korea and Japan shall be based on the consistent knowledge and concept. Cultural trade involves two aspects as the culture and the trade. Viewing from the cultural aspect, it is the cultural output of a country, which will influence the cultural safety and cultural progress of the importing country while on the other hand, the exporting country is facing the localization of culture in the importing country, which requires taking in the cultural essence of the importing country. Therefore, the culture of the importing country may have an influence on the exporting country in reverse. The contemporary cultural change is not a unilateral process of the global invading the local (Aoyama, 2007). So long as countries open up, exchange, cooperate, import and export with each other, conduct appropriate and effective market competition, respect each other and spread the good values and active spirits, cultural safety will be guaranteed and cultural progress will be promoted. In terms of trade, as has been proved theoretically, the just and fair trade shall benefit the trading parties. Therefore, the cultural trade can be mutually beneficial.

The construction of cultural trade development mode has to get rid of Zero-sum Game concept and cultural hegemonism.

Elimination of obstacles with efforts: Compared to goods trade, cultural trade tends to be restricted and influenced by national relationship and people's relationship easily. A sound national and people's relationship is a requisite for China, Korea and Japan to construct the cultural trade development mode. Lots of conflicts and problems may exist for the time being and within a certain period of time among China, Korea and Japan; meanwhile, the three countries all aspire to develop forward; therefore, the three countries should take on the long-term and strategic vision, making facing the future, friendliness, peace and common development the principle and mission, trying hard to resolve conflicts related to islands, marine and fishing industry, eliminating cultural misunderstands, national sentiment and various distrusts and doubts, actively handling and solving historical issues, actively regarding and respecting the political system, ideology, economic development level and tendency of each country while gradually tackling the investment obstacles of cultural trade to create a sound relationship and environment for co-founding of cultural trade development mode.

Reinforcement of mutual communication and negotiation: The specificity of cultural trade requires the communication and negotiation in a multi-level, wide-ranging, various and diverse manner. The consensus achieved through communication and negotiation will lay an extensive basis for the construction of cultural trade development mode of China, Korea and Japan, providing the stability and expansibility for the mode. In addition, communication and discussion shall be conducted in various circles such as the political circle, academic circle, industrial circle, business circle, press circle as well as the masses of people, especially the young. As for the content, strength the exchange and communication in wide fields such as politics, thought, culture, economics and trade, investment, technology, management and marketing. As for the method, various activities such as negotiation, panel discussion, seminar, observation, study, festival, exhibition, culture year and month of art. As for the approach, activities such as expansion of personnel, data, online communication and establishment of cultural exchange center will be adopted.

Improvement of the working mechanism: The construction of cultural trade development mode among China, Korea and Japan requires a complete working mechanism as the promotion and guarantee. The three

countries shall improve the existing cooperative mechanism based on the requirements and directions for openness, exchange, competition and cooperation, establish the regular dialogue mechanism involving departments concerning culture, economics and trade and customs to negotiate and prepare the common approaches, strategies and policies and conduct necessary alteration according to changes and requirements. The three countries shall establish a joint working group of cultural trade and investment to discuss, formulate working plan and carry out the aforesaid approaches, strategies and policies; and build the operating mechanisms internally to contact, guide and coordinate cultural enterprises and investors to set up the platform for cultural trade, the base of cultural trade and bonded zone of culture (Xiaomu and Haiwen, 2012), etc., to promote and guarantee the construction and implementation of cultural trade mode together.

Gradual promotion in a planned way: The construction of cultural trade development mode has to respect the national conditions and respective concerns with culture, values, industry and economic interests, learn from and abide by the WTO regulations, international service trade rules and intellectual property law as well as gradually promote the mode on the basis of reached consensus. Generally speaking, the importance and sensitivity of cultural industry in each field shall be from low to high; the existing conflicts, problem size and difficulty level among the three countries shall be arranged from small to big and from easy to tough. Besides, based on the whole industrial chain, promote the mode from the industrial node to industrial chain and to the whole industrial level. Specifically speaking, the promotion can be done from cultural tourism, animation, games, music, movie and TV, performance, printing, reproduction and publishing to network, news and from talents, technology to trade and investment and from production, provision to research, planning and creation, from the existing trade, exchange and cooperation to future expansion in openness, trade and investment. Besides, the three countries shall mutually coordinate their respective encouragement and support policies with each other.

CONCLUSION

To develop and expand the cultural trade, China, South Korea and Japan have the advantage of geography, culture, economics, trade and industry, etc. The three countries should thinking and construct the mode on the basis of openness, exchange, competition and cooperation through the efforts to solve the difference, barriers and improve the mechanism.

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