

CREATING AND SUSTAINING VALUE IN THE SHANGHAI ARTS ECOLOGY

Professor Victoria Walsh, Royal College of Art (August 2019)

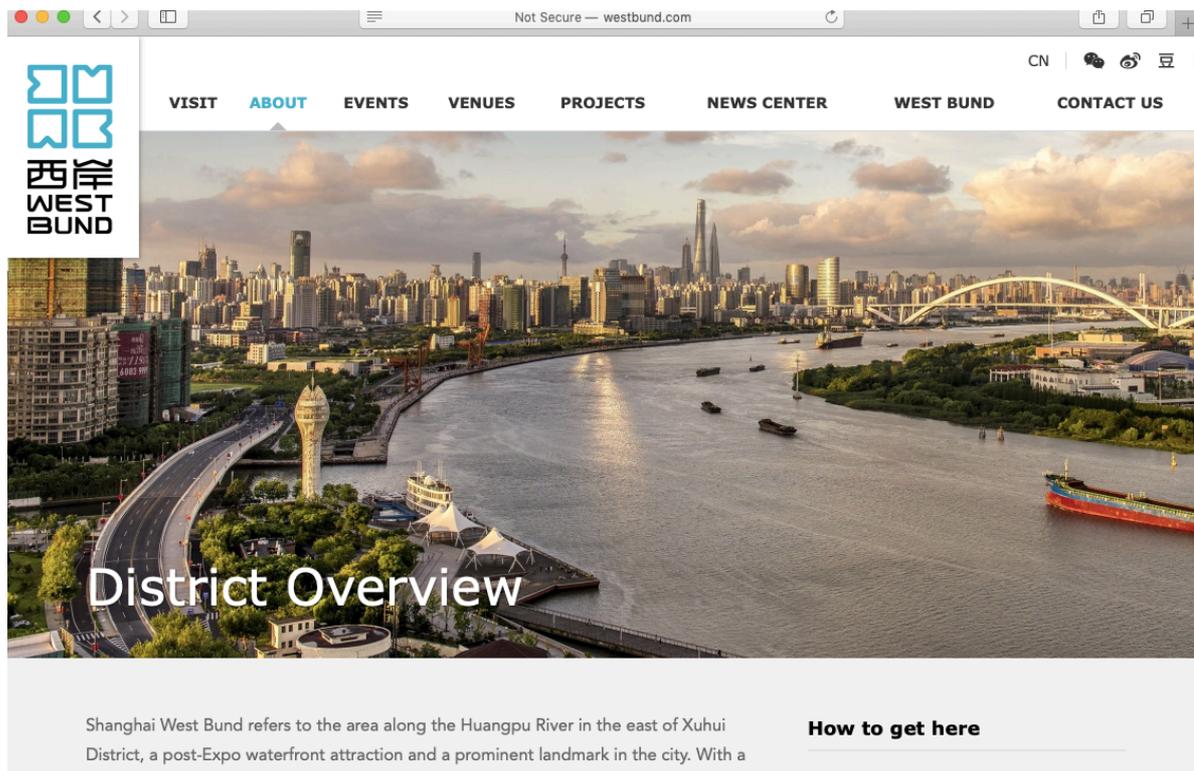
A report for the AHRC / RCA funded project 'Art Fair Innovations'



teamLab, 'Universe of Water Particles in the Tank', installation shot, July 2019

SUMMARY

Established in 2014 the West Bund Art and Design Fair is a key member the nascent arts ecology of Shanghai. The arts ecology of Shanghai may be understood to be at an important juncture as it looks not only to maintain its current level of economic success and international profile, but also how to sustain and develop it in the future. Unburdened by historical precedents and institutional norms of practice, Shanghai's art fairs, museums and galleries have an exceptional opportunity to create new models and organisations embedded in the 21st century, not the pre-digital 20th century. Creating and sustaining value in the West Bund Art and Design Fair, and the Shanghai arts ecology, presents challenges but significant opportunities in relation to new technologies of communication, audience engagement and cultural production.



West Bund website: <http://www.westbund.com/en/>

ART FAIR INNOVATIONS (AFI)

Art Fair Innovations (AFI) was a six-months project (Feb-July 2019) funded as part of the Arts and Humanities Research Council's strategic UK-China Creative Industries Partnership Development Grant programme, with a specific focus on Shanghai. The aim of the AHRC development grants was 'to provide a platform for the initiation / enhancement of research-industry partnerships between the UK and China with a view to larger, longer-term collaboration.' The AFI project was based on providing a deeper understanding of opportunities and issues relating to the West Bund Art and Design Fair (WBADF), one of Shanghai's main arts events and had five key objectives, including:

- 'to facilitate the development of Shanghai's West Bund Art and Design Fair by providing direct insights into current practice, including ways of capitalising on

unexploited opportunities and mitigating identified risks

- to identify specific training and development needs in Shanghai museums, galleries and art fairs that will support an enhanced understanding, engagement and exchange between collectors, dealers, critics and curators in relation to acquisition development and collection formation

SCOPE AND APPROACH

Art Fairs are recognised to play a significant role in the global art market economy and contemporary art world ecology. Since the rapid expansion of the Western art market in the 1980s, the need to understand the inter-relation between this economy and ecology has been widely recognised in relation to the sustainability of both (Becker 1984; van Maanen 2009). This has gained particular momentum over the last decade since

China entered the global art market as a key player (Adam 2014 & 2018; Ching 2019; McAndrew 2019).

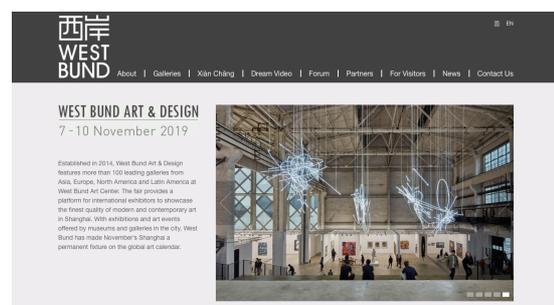
Shanghai hosts two major contemporary art fairs. The West Bund Art and Design Fair which was established in 2014, and Art 021 established in 2013. As the AFI/AHRC application noted, while extensive quantitative data exists on the global art market and the art fair, there is a limited amount of qualitative data. In discussion with AFI's partners, the need for both quantitative and qualitative data to support the role of the art fair in enhancing the integration of the contemporary art world ecology with the art market economy, was identified.

This report, to be read in conjunction with the three other project reports (J. Cruz & Faust; E. Dare; P. Oakley) is based on seven interviews which were undertaken (15-20 July 2019) with key stakeholders in the Shanghai contemporary art world: Lorenz Helbling, Director, ShanghArt (opened 1996); Zhou Tiehai, Director, West Bund Art and Design Fair (opened 2014); David Tung, Director Shanghai Lisson (opened 2019); Simon Wang, Director, Antennae Space (founded 2013); Gong Yan, Director, Power Station of Art (opened 2012); Bao Yifeng, Co-director, Art 021 (opened 2013); Qiao Zhibing, Founder, Tank Museum (opened 2019).

WEST BUND ART & DESIGN FAIR (WBADF) AND SHANGHAI ARTS ECOLOGY

Despite increasing industry discussion of 'art fair fatigue' (Girshovich, 2018), *Art Market Report* (McAndrew 2019) findings for 2018 confirm that the art fair continues to be a vital part of the art market economy. Art fairs were particularly important in Asia where between 92-97% of collectors from Hong Kong and Singapore bought at fairs, with China holding its position as the third largest art market in the world at 19%. As

McAndrew also notes art fairs are increasingly coinciding and matching art biennials as tools of urban regeneration, tourism and city-branding. In 2018 Hong Kong Art Basel attracted 80,000 visitors, Frieze London 67,000, and WBADF and Art 021 combined cross-Shanghai 70,000.



Website page West Bund Art & Design Fair: <http://westbundshanghai.com/index.php/English>

The West Bund Art and Design Fair holds a key position within the Shanghai arts ecology and was initiated by the West Bund Group as part of the building and branding of the West Bund development area as a 'cultural corridor', comprising of museums (including Tank Museum, the Long Museum, Yuz Museum, SCOP, forthcoming Pompidou Centre), and private and commercial galleries (including Qiao Space and ShanghArt). While the cultural offer of the area is year round with exhibitions and programming, the WBADF in November generates a particularly international audience that moves across the city for Art021 based in the Rock bund area. The Shanghai Biennial, initiated in 1996, generates a further citywide international audience. Quantitative data on WBADF sales and visitor figures alongside the project's interviews highlight the significant role and contribution of the contemporary arts to Shanghai's Tier 1 city-positioning. This was further contextualized, however, by discussions of both potential opportunity and concern about the sustainability and future of the arts ecology and market economy.

Valuing 'Creativity'

The cultural policy and agenda to shift the tag of 'Made in China' to 'Created in China' has helped foster ideas of individual creativity (rather than collective cultural production), and create more sympathetic conditions for the reception of contemporary Chinese art. Although there is a tension in state policy between what is understood as 'Cultural Heritage' (national culture) and 'creative industries' (western, mediatised neo-liberal production), by combining the categories of art and design the WBADF navigates many of these contradictions through careful selection and curation.

Although Chinese collectors in the first ten years were more comfortable buying Chinese modern and contemporary art, the appetite for more international, experimental art is expanding as the museum and international exhibition culture expands in Shanghai and China, and sector investors travel more widely to other art fairs and biennales. While WBADF hosts an impressive roster of international galleries, the increased offer of international event-based art fairs suggests the need for more international partnerships and collaborations to continue to effectively compete in the global market.

Stabalising the market

Although the value chain for contemporary art in Shanghai and China is developing it is still essentially defined by variable market values, rather than asset value leaving the art market potentially volatile and vulnerable. The emphasis on art as investment is not sympathetic to the creation of long-term collections, which would help establish asset value and stabilise the market.

For the art market and the collector-base to stabilise, more transparency is needed at the level of transaction. This situation has the potential to be significantly improved by the current restructuring of

tax policies adding greater incentive to individual and corporate collectors. In 2012 import tax and VAT was at 24%, but in 2019 VAT is at 13% and 1% import duty.

As a new economic upper class emerges wanting to diversify their assets, but are lacking in cultural capital, contemporary art is beginning to emerge as an attractive option and in this instance the art fair and related gallery system have exciting new opportunities to exploit.

Artists are being encouraged by the new tax regulations to open studios as their business as they can now make sales of up to 1m USD / 6M RMB at an income tax rate of 6%. This is of important motivational value to many mid-career artists, although it may potentially also encourage bypassing the gallery system.

'Structured Uncertainty'

Drawing on Breznitz and Murphree's idea of 'structured uncertainty' developed in relation to the Chinese IT industry, Keane makes the observation that this 'uncertainty is ever-present because of extensive cross-alliances, tangled matrices of authority, numerous organisations lacking institutionalization and strong reliance on personal authority and network consensus' (Keane 22). This description can be helpfully transposed here as every interview highlighted the challenge of developing strategic, long-term planning. This lack of planning was understood to mitigate against financial planning; large-scale collaborative projects and commissions, international partnerships (working to very different organisational time-frames); international media campaigns; and audience development.

The contingent aspect of the Shanghai arts ecology WBADF is located in was understood as a given, and as one interviewee noted, 'this is very different to the British situation, and a reason why although Shanghai is important it will take

25 years to match London or New York. Thinking beyond one year or 18 months is not something that happens.'



Qiao Space, West Bund Art District

MUSEUMS - WITH OR WITHOUT COLLECTIONS

The Chinese National Cultural Heritage Administration's work plan for 2016-2020 aims to have one museum for every 250,000 people built by 2020. Alongside these numbers there was discussion across the interviews about the public debate of the 'ghost' or 'orphan' museum; museums, often spectacular in scale and architecture, but with no collection, content, and or no visitors.

While museums in Shanghai, and particularly those along the West Bund cultural corridor do not fall into this category, all interviewees asserted the vital role of modern and contemporary art museums in the Shanghai arts ecology in terms of fostering and validating creative production, supporting distribution and enabling educated consumption in addition to raising the following points.

Mixed economies - investment in infrastructure

National and local government policy is focused on creating and converting cultural offers and resources - including museums and art fairs - into economic capital, but there is an overriding need for investment in infrastructure to enable them to not only function effectively, but also exploit their full potential in an internationally competitive environment.

Without this institutional and organisational investment to accompany capital funding incentives and policies, owners of new museum buildings often take on the role of director with no sector-based experience, and can only afford staff with limited skills and experience.



Power Station of Art, Shanghai, July 2019

Collections / Programming / Archive

Unlike national or private western art museums founded on the basis of collections, many museums in China, including the Power Station of Art do not hold collections, or have collections as their founding remit. The burden of income-generation to cover operational costs is therefore exclusively dependent on ticketed exhibitions and programming.

The challenge for museum staff is subsequently to generate content aligned to a different value system than that of art as investment and to work creatively to generate new audiences.

While expensive ticketed exhibitions may be successful and attract a significant audience, creating a sustainable, repeat audience on this basis is more challenging at high prices and encourages 'populist' programming that can potentially limit the appeal of more contemporary, experimental art. The inability to plan longer ahead than 12-18 months further limits the potential to secure large international touring exhibitions which are planned 5-6 years ahead.



Zhang Peili, Sound Installation with Transistors, and Horn Speakers, Tank Museum, 2019

As interviewees discussed, putting aside the challenge of staff and budget resources, the onus on creative and educational programming to develop audiences is welcome and unlike the art fair offer is focused on cross-generational programming, and increasingly school-age and young people. Recognition of the need to establish a provenance and history for Chinese contemporary art through archival projects was evident across all the interviews to establish a creative and cultural value chain for contemporary art. As home of the Shanghai Biennial which is one of the most established contemporary arts initiatives in China having started in 1996, the Power Station of Art is currently researching its archive towards a major exhibition in the near future. ShanghArt, a pioneering commercial gallery that was also established in 1996, marked its 20th anniversary with an archival publication.

TECHNOLOGY / NETWORKED CULTURAL VALUE

As McAndrew notes in her summary to the *Art Market Report 2019* 'in 2018, global sales in the online art and antiques market reached an estimated \$6 billion, up 11% year-on-year. Most significantly, 93% of millennial high net worth collectors reported that they had bought from an online platform [average age 35yrs], compared to a majority of baby

boomers [53 - 73 yrs] who had not bought art.'

It is not clear from statistics if this shift in generational use of technology is equally reflected in the Shanghai art market and art fair economy, but the scale of use of networked communication in China is clear from the widely quoted statistics surrounding the use of the mega app WeChat, owned by the Chinese company Tencent, the fifth largest company in the world. According to Tencent, WeChat covers 79% of the market in China and 93% of Tier 1 city market. There are one billion daily active users, and one million WeChat mini programs, (including those created by museums), used by 600 million people. WeChat Moments count 750 million daily users with 10 billion hits every 24 hours. According to company data WeChat drove \$50 billion into the Chinese economy in 2017. In China there are 659 million active netizens; half the population.

The potential for all members of the contemporary arts ecology to work with networked social media as a means of cultural production, distribution and consumption, in addition to education and mediation is evident. Understanding how this networked communication is acquiring and producing value through content generation and an ever-expanding image-based economy is, as in the west, highly challenging, but the rewards of more knowledge in terms of fostering creative innovation, income-generation, and audience development presents a unique opportunity.

Greater recognition of the creative and cultural value of technology-based communication and interaction, online and in the art fair, museum and gallery space would undoubtedly help address concerns expressed by interviewees about the rise of the 'selfie-exhibition' (exhibitions designed and targeted at selfie culture) and help expand and

diversity contemporary art forms and platforms for creative production.

Forging stronger partnerships and creating more active collaborations between art, design and technology within the Shanghai arts ecology would also clearly respond to the increasing expectations and interest in interdisciplinary creative practice. For the West Bund Art Fair, located within a cultural corridor equally defined by the West Bund Group's focus on Artificial Intelligence and the Tank Museum's active agenda in supporting AI the opportunity is immense. At the time of writing the Tank Museum's TeamLab exhibition 'The Universe of Water' which opened 23 March 2019 had attracted over 300,000 visitors and will also feature

as a key backdrop to the West Bund's World Artificial Intelligence Conference in August 2019.



teamLab, 'Universe of Water Particles in the Tank', installation shot, July 2019

References

- AHRC UK-China Creative Industries Partnership Development call:
<https://ahrc.ukri.org/funding/apply-for-funding/archived-opportunities/uk-china-creative-industries-partnership-development-grants/>. Accessed July 2019
- G. Adam, *Big Bucks: The Explosion of the Art Market in the 21st Century*, London 2014
- G. Adam, *Dark Side of the Boom: The Excesses of the Art Market in the 21st Century*, London 2018
- H. Becker, *Art Worlds*, University of California Press, 1984
- N. Ching & L. Tanner, *Looking to New Institutional Models: China's Cultural Landscape by Mid-Century*, Museum 2050, 2019
- A. Girshovich, 'Art Fairs, Biennials and the Contemporary Art Landscape', Sotheby's Institute, 15 November 2018. Accessed July 2019 at <https://www.sothebysinstitute.com/news-and-events/news/art-fairs-biennials-and-the-contemporary-art-landscape/>
- M. Keane, *Creative Industries in China*, Polity: Cambridge, 2013
- D. Chau, 'China Is the Way, and I Am the Way', *Larry's List*, <http://www.larryslist.com/artmarket/the-talks/china-is-the-way-and-i-am-the-way/>. Accessed 10 August 2019
- Clare McAndrew, *The Art Market 2019*, UBS and Art Basel, 2019
- H. van Manen, *How to study Art Worlds*, University of Amsterdam Press, 2014
- V. Walsh, A. Dewdney, *Cultural Value and the Digital*, RCA / Tate, AHRC report, 2014. <https://www.tate.org.uk/about-us/projects/cultural-value-and-digital-practice-policy-and-theory>. Accessed July 2019.
- M. Wang, 'Power, Capital, and artistic freedom: contemporary Chinese art communities and the city', *Cultural Studies*, 2019, 33:4, 657-689
- J. Woetzel et al, *China and the world: Inside the dynamics of a changing relationship*, McKinsey Global Institute Report, July 2019
- Yao Yung-Wen, 'China's modern image – contemporary Chinese art', *Journal for Cultural Research*, 2017, 21:1, 51-75