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## The Explosion Development of Chinese Contemporary Art Market from 2000 to 2015

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THE EXPLOSION DEVELOPMENT OF CHINESE CONTEMPORARY ART  
MARKET FROM 2000 TO 2015

By

Yaning Wang

A thesis submitted in conformity with the requirements for the  
Master's Degree in Art Business  
Sotheby's Institute of Art  
2019

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## **Abstract**

After Chinese Culture Revolution, the brand new chapter was approaching which opened for the modern Chinese art history; Chinese contemporary art has been deepened understanding by the art market. In the context of an emerging market, art is as much a matter of cultural economy as socio-politics. Thus the thesis will focus on the challenges facing the market and how tradition and economics providing the framework for the sustainability of art market. It will present a historical overview of emergence of Chinese contemporary art the period of 2000 to 2015 and expose the unbreakable bind between the development of its contemporary art and government policies, law, and society in China.

As one of the most important and largest emerging art markets, what are the key trends in the Chinese art market from 2006 to 2011? This question serves as the main research question that guides throughout this research. To answer this question, research at three levels is unfolded, with regards to the functioning of the Chinese art market, the geographical shift from west to east, and the market performance of contemporary Chinese art. As the most vibrant art category, contemporary Chinese art is chosen as the focal art sector in the empirical part since its transaction cover both



the Western and Eastern art market and it really took off at secondary art market since 2006, in line with the booming period of the Chinese art market.

This study penetrates through the thriving scene of the Chinese art market, fills part of the gap by presenting an in-depth analysis of its market structure, and depicts the route of development. To explore what the future of Chinese contemporary art from the market point of view and on the challenges facing the market.

## **Introduction**

In the past 40 years, China has transformed from a relatively impoverished country, to one of the major superpower fueling the global economy and participating in the international cultural exchange. Meanwhile, China's art scene has evolved from an underground or experimental art which were been disavowed and censored by the government. Today, China is become top three art markets all over the world, with thriving galleries and museums, and artists who are world- class superstars. As China's economic has rapidly grown and increased in the individual wealth, China's art market is gradually developed gradually to generate a substantial demand for Chinese artworks collection.

The art market in China has experienced extraordinary growth over last 30 years, and became the second largest market of the global art market in 2009. The first record-breaking auction prices of Chinses contemporary art made by Zhang Xiaogang's Bloodline: Big family No.120 sold for US\$ 979,200(including buyer's premium) at Sotheby's New York which held its first dedicated Asia Contemporary sale in 2006. A domestic market for contemporary art has also begun to emerge (Chiu Melissa, 2008).

The market grew significantly and the market expanded particularly rapidly in 2006 through 2011. In the past 10 years, the size and transaction amount of Chinese art market caught up with the western art market which was developed over 200 years. “The top three markets of US, UK, and China once again cemented their dominant position in the global art market in 2016, 81% of total sales by value”. Within this tripartite core of the market over the last ten years, the US has generally maintained premier position by a substantial margin. Its leadership was temporarily challenged by China in 2011, when the recovering US market was forced into second place as Chinese sales hit their peak (Art Basel and UBS market report, 2017) (Figure.1).

This study aims to describe the booming art market in China, discussing the dramatic changing process and how the global auction market for contemporary Chinese art was inaugurated and developed. Through the in-depth analysis and research with different participants (including collectors, auctioneers, and art foundations or private museums) of art market, to observe that how the macroeconomic effect China’s art market and evolved into a historical view to analyse the dramatic growth process of art market in recent 15 years.

## **Methodology**

The purpose of this research aims to define the central question of Chinese contemporary art as well as the explosive growth market from 2000 to 2015. Thus, for comprehensive factors of development in Chinese art markets, this research will use qualitative research methods. In order to study the rise of Chinese contemporary art market, this paper analyzes the development of China's primary and secondary markets and the reasons why Chinese contemporary market rose from 2000 to 2015 from perspectives of both global and national economic policies at the macro level and the historical context as well as the ecological circle of the art industry. This paper further analyzes the future development trend of Chinese contemporary art market and how the China's national policy drove cultural industry. And the purpose of the paper is to figure out how the development of Chinese contemporary art market has been influenced by the increasing number of many private galleries and choices of art collections by new generations.

A survey regarding the participators in China art market would be applied.

Then, based on the answers of the survey by interviewing the most important galleries and collecting the fair market auctions result from the art databases and auction

houses including Artnet, Artprice, Art Market Monitor of Artron (AMMA), Sotheby's, Christie's, China Guardian Auction, and Poly Auction etc. Finally, due to the limited space, this thesis will not cover issues which related to private museums in China.

## **Chapter One: The Unique Development History of Chinese Contemporary Art**

### **Section 1.1 History of Chinese Contemporary Art Since 1980s**

Since the 1980s, Chinese contemporary art has made a huge impact on the international scene, and continues to be one of the art world's major areas of focus. With countless new museums, galleries, and talents coming to the fore, China is a rising star on the market. "The beginning of Chinese contemporary art more or less coincides with a pioneer Chinese leader and economic reformist Deng Xiaoping's declaration of his "Open Door policy", which ushered in an era of economic and cultural liberalization (Chiu Melissa, 2008)<sup>1</sup>". Since the beginning of Chinese art development history in early twentieth century, the consciousness of Chinese modernity has been determined by the affairs of state and national policy. Social and cultural became the principles to influence and limit to the development of Chinese contemporary art. "Chinese artistic production of the 1980s and 1990s is characterised by two distinct realities: official art and unofficial art. The word "unofficial" describes the avant-garde art of the 1980s and the underground or experimental art of the 1990s,

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<sup>1</sup> Melissa, Chiu. *Chinese Contemporary Art: 7 Things You Should Know*. New York, NY: AW Asia, 2008.

while the word “official” refers to institutional art (Wu Huang,2010)<sup>2</sup>”.

The different between “official” and “unofficial” is primarily the style of expression and political ideology. Official art concentrated mainly on the use of traditional techniques and Soviet-style “realist” oil painting, while unofficial art focused on experimentation with new techniques inspired by Western contemporary art, such as installation, video, and performance, with the aim of challenging traditional aesthetic standards. Another element that differentiates the official from unofficial is context: official art was supported by state authorities and was therefore exclusively a prerogative of academies and government institutions, exhibited in places of great artistic consecration: museums and national art galleries. These kinds of exhibitions had a strictly educational purpose which also represents the faith of state: “Art only in the service of the people”.

In the beginning of 1980s, Chinese artists had opportunity to access from foreign art movements and artist’s work because of the government policy changed to create a new situation. From the “85 Art Movement” to “The China/Avant Garde exhibition” influenced the development of Chinese contemporary art in the early stage.

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<sup>2</sup> Wu Hung. Contemporary Chinese Art Primary Documents. New York, NY: AW Asia, 2010.

“The China/Avant Garde exhibition in February 1989 is remembered as one of most important events in the history of contemporary Chinese art, not only because of its unprecedented size and comprehensiveness in showcasing avant-grade art, but also for its enormous social impact. In spite of the museum’s preconditions, several artists staged challenging performances in the gallery, including a shooting event of installation and performance by artists Xiao Lu and Tang Song, which instantly caused the exhibition to be suspended (Wu Hung, 2008).”

There is a turning point of Chinese modern art development in 1989, because this is the year to mark major changes in China’s cultural scene. Art in China has since reached a new level of maturity which is in many ways the fruition of the previous decade of artistic exploration. The revolution of Chinese art history was being developed and influenced by government’s policy and economy; that is the “Chinese art Renaissance “was been started in 1980’s. Drastic changes in the social and economic order followed in the aftermath of “Tian Anmen movement” in 1989, in the same time China entered the 1990s. The exhibition of “China’s new art post- 1989” was curated with the view to elucidate the various artistic undercurrents and general cultural sensibilities that distinguish the 1990s in China.



Since 1989, new art in China has gone through a significant transformation. “This year was marked as the year of change by two critical events: the seminal China/Avant-garde exhibition held in Beijing in February and the tragic ending of the student movement at Tian Anmen in June. The China/Avant-garde exhibition is significant because it was the first major exhibition of "unofficial" art to be granted official permission for exhibition in China, and in a sense was a semi-official acknowledgement of the status of this type of peripheral art. Over a thousand artists representing most of the active population of the avant-garde congregated in Beijing to exhibit and to view at this prestigious event. This was also the first real opportunity to compare and study at first hand the works by the major practitioners of "unofficial" art. The show was comprehensive and summed up the achievements of the avant-garde in the 1980s (Chang Tsong-Zung, 1993)<sup>3</sup>”. After the China/Avant-garde exhibition, it turns to a next page of Chinese contemporary art. Artists, Xiao Lu and Tang Song made a shooting as a performance to their artwork to be an installation art which impacts the exhibition represented both the climax and the end of the avant-garde art movement in 1980s.

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<sup>3</sup> Tsong-zung Chang. *China's New Art, Post-1989*. Hong Kong, HK: Hanart T Z Gallery, 1993.

It is noticeable, Chinese artists had absorbed by Western art concepts and art movements in the early of 1990s; Western art is in many case the catalyst for new developments in Chinese contemporary art. “Magiciens de la terre, presented simultaneously at the Centre Pompidou and the Grande Halle de la Villette in 1989, was one of the exhibitions that revolutionised the 20th century international art scene. The curator Jean-Hubert Martin will reflect upon the exhibition’s history, context, and curatorial thinking, followed by remarks from Fei Dawei who facilitated in the research and selection of three Chinese artists Huang Yongping (b. 1954), Yang Jiechang (b. 1956), and Gu Dexin (b. 1962) attended this important exhibition which attracts Western curators and museum system attention, Chinese artists have more opportunities to attempted important international exhibitions.

In the blooming stage of contemporary Chinese art, artists realise without the domestic official museums system supports, it still has opportunity to attend international exhibitions. “Some of the most important early exhibitions that brought contemporary Chinese art to the rest of the world include China’s New Art: Post 1989, at the Hong Kong Hanart TZ Gallery and Hong Kong Arts Centre (1993); Venice Biennale (1993); China! in Bonn, Vienna, and Singapore (1997/98); and Inside/Out,

curated by Gao Minglu and exhibited at the San Francisco Museum of Modern Art (1998), as well as several other North American venues (Ornella De Nigris,2016)”<sup>4</sup>.

“The 1990s witnessed the astonishing economic growth in China; contemporary Chinese art started to stage on the international art market, receiving attention from the European and American markets and media. In the context of post-Cold War international politics and global market, the Chinese avant- garde in the 80s soon abandoned its critical tone and rapidly moved towards vulgarism and opportunism – making speculative mass productions revealing political kitsch and commercial spectacle. The leading art movements in the 90s, Political Pop and Cynical (Wu Kejia,2019)<sup>5</sup>”.

‘Political Pop’ and ‘Cynical Realism’ attracted tremendous attention from the international art world—were terms that had been used internationally since the early 1990s to signify paintings and sculptures involving the ironic appropriation of socialist propaganda icons often juxtaposed with symbols of Western consumerism. Much of the best Mainland Chinese art of the 1990s was socially critical in nature,

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<sup>4</sup> Nigris, Ornella De. ““ The Infrastructural Shift in Contemporary Chinese Art: Biennials and Contemporary Art Museums ”.” Academia.edu. Yishu, Journal of contemporary Chinese art, February 2016.[https://www.academia.edu/24520577/\\_The\\_Infrastructural\\_Shift\\_in\\_Contemporary\\_Chinese\\_Art\\_Biennials\\_and\\_Contemporary\\_Art\\_Museums\\_](https://www.academia.edu/24520577/_The_Infrastructural_Shift_in_Contemporary_Chinese_Art_Biennials_and_Contemporary_Art_Museums_).

<sup>5</sup> Wu, Kejia. “TEFAF Art Market Report: The Chinese Art Market.” tefaf.com. TEFAF, March 15, 2019. <https://www.tefaf.com/about/art-market-report>.

although a great deal of that criticism was expressed obliquely on account of the constraints on direct political expression.

“Compared with the exhilarating 1980s, contemporary Chinese art of the early 1990s has a somber and even cynical feel. The New Wave’s idealism, heroism, and yearning for metaphysical transcendence had almost completely vanished, and the emerging tendencies in the late 1980s toward conceptualization and image making now prevailed (Wu Hung, 2010)<sup>6</sup>”.

A new wave of contemporary Chinese art brings the business opportunity; during the same period, the number of galleries selling contemporary Chinese artwork increased, laying foundations for the new art market that was to arise in the years following. Some of these galleries were run by non-Chinese curators or owners; for instance, Red Gate Gallery, in Beijing, founded in 1991 by Brian Wallace, ShangART, in Shanghai, founded by Lorenz Helbling in 1996, and Galleria Continua, in Beijing, found by Mario Cristiani in 2004. “These galleries bring in the operation system, rules, and regulations from art industry in the Western, a complete art ecosystem constructed by roles who are artists, art curators, critics, agents, dealers, medias, art

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<sup>6</sup> Wu Hung. *Contemporary Chinese Art Primary Documents*. New York, NY: AW Asia, 2010.

fairs, and auction (Lu Peng,2014)<sup>7</sup>”.

In the generation of artists who born in 1950s and 1960s, bore the brunt of the Cultural Revolution; they are pioneers of contemporary China art. When China’s art market was growing rapidly and, some of significant artists’ work can reach the high price of auction houses in the blooming art market since 2003 until today. The artists from China were become super stars in the emerging art market; it also catches the eyes of aboard collectors and the global art market.

For instance, Liu Ye (b.1964) announced as David Zwirner’s first Chinese artist in 2019 spring (top four mega galleries are Gagosian, Pace, David Zwirner, and Hauser & Wirth in the art industry). The multinational auction houses were also aware of Liu Ye’s market growth; Sotheby’s, China Guardian, and Poly Auction Hong Kong choice Liu Ye’s work to be the highlight of Asian 20<sup>th</sup> century and contemporary art sale category in 2019 autumn auction; the estimate price ranking from a half million to 4.5 million USD. In the end of auction result, four lots of Liu Ye were sold between 1.5 million to 6.6 million USD. Furthermore, the new prices record is Smoke 2001/02

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<sup>7</sup> Lu, Peng. *Contemporary Art in 21st Century Chine 2000-2010*. Shanghai: Shanghai Century Publishing(Group) Co., Ltd, 2014.

which sold for USD\$6,652,787(including buyer's premium) (Figure.2) which is the "top-record" of Liu Ye's work in the market up to now.

Since the year 2000 a few changes have happened, the third Shanghai Biennale embodies this stage which is a milestone of contemporary Chinese art. The Shanghai Biennale after 2000s became a permanent part of the Shanghai International Art Festival, organized by the Shanghai Art Museum in collaboration with the Ministry of Culture and Shanghai's Municipal Government. Comparing with art movements in 1980s, the Shanghai Biennale was being recognized by the state; it also represented contemporary art into an official system.

"The year 2000 represented a watershed in the evolution of contemporary Chinese art, as this was a seminal moment of change in the relationship between art and the institutions. Huang Zhuan, curator and former artistic director of the Shenzhen OCAT museum, notes: Until the 1990s our identity was quite passive, meaning that contemporary Chinese art didn't have its own interpretative system, but instead relied on Western points of view. However, since 2000s a few changes have happened, mostly for two reasons; the first one is that Western countries started to rethink their own artistic institutions and their attitude toward

non-Western cultures, and at the same time economic growth made the country difficult to ignore or to neglect. Important changes concerning cultural and artistic policies were, by then, affecting the Chinese system (Ornella De Nigris,2016)<sup>8</sup>”.

A new generation of Chinese artists who born in the 1980s and 1990s and grew up with the advancement of the new market economy. Young Chinese artists represent prime candidates for launching such a movement, and it is important to recognize the ways they differ from an earlier generation of artists in China. The young generation of Chinese artists gradually active into international exhibitions; they will come to be the hard-core of art ecosystem in China and art market. Observing the current contemporary Chinese art development, there are two main factors that helped shape the situation for contemporary Chinese art are the development of the domestic market driver by economic growth and China’s entry into globalisation.

The immediate effects of these phenomena have led to a proliferation of qualified professionals in the field of art and a change in the perception of art exhibitions by the artists themselves. “A globalisation of the art world which has both

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<sup>8</sup> Nigris, Ornella De. ““ The Infrastructural Shift in Contemporary Chinese Art: Biennials and Contemporary Art Museums ”.” Academia.edu. Yishu, Journal of contemporary Chinese art, February 2016.

aided and been aided by Chinese's art's emergence on the international stage is now well established, and as a result it is not unusual to see contemporary Chinese art in major international venues (David Clarke,2019)<sup>9</sup>.

“In the chapter three, to discuss how galleries creative opportunity and push their talented young Chinses artists to significant exhibitions and icon art fairs.

### **Section 1.2 The Burgeoning Art Market Development in China**

China's art market has gradually extended the market share in the global art market. The economic development is followed up with the national policy direction in China. “From the end of the Cultural Revolution to the early 1990s, state-owned cultural relics stores played an important role in the procurement of art and trade in art in China's planned economy. The launch of domestic auction houses in the early 1990s marked the transformation of art trade. From the planned economy to the market economy. Local auction houses have released a large amount of art and antiques to the open market. As the country's rapid economic growth and personal wealth increase, there is a huge demand for collecting Chinese art (TEFAF, 2019).

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<sup>9</sup> Clarke, David. China - Art - Modernity — A Critical Introduction to Chinese Visual Expression from the Beginning of the Twentieth Century to the Present Day. Hong Kong: Hong Kong, 2019.



In 1993, there is a turning point of China's art market because of the national economic policy planned turn to the open market. The brand new chapter was approaching which opened for China's art market despite the art trade was still controlled by the government as part of its planned economy.

Meanwhile, the art market in Hong Kong and Taiwan have a different development; Taiwan economic speedy growth in early 1990's, as the economic growth rapidly and personal wealth increase, there is a huge demanding for art collection. The collectors from Hong Kong and Taiwan purchased antiques, ink paintings, and 20<sup>th</sup> century abstract oil paintings of Chinese artists etc. from Mainland China and the oversea.

There are three major factors constructing of China's art market individuals: antiques, Chinese painting and modern& contemporary art. The development of China's art market by two stages, firstly, the launch of domestic auction house "Dou Yunxuan" which is the first auction house in China; China Guardian also was founded in 1993.

Previously, there have no a formal secondly market in China, the highest quality antiques and paintings held by antiquities shops sold to national museums and international buyers. It is difficult to research of the fair market prices and art market

information in the public platform. In 1994, China Guardian organized the first auction in Beijing, and accomplished a sell-through rate of 76% and total sales of Chinese Yuan (CNY) 1,423 million (USD 1.65 million) (TEFAF, 2017)<sup>10</sup>. This auction provides the high-quality artworks through the open market in China, because of the auctions provides a new level of price transparency and the fair market prices of artworks, auctions have become the one of important channel of purchasing artworks for collectors. The concept of art collection through auctions became commonly accepted and choice by High- net- worth- individuals(HNWIs).

In the second stage, as China's GDP growth from 1990 to 2000, substantial wealth generated by many individual Chinese during their nation's drastic economic and social transformation enabled them to enjoy conspicuous consumption, spending their disposable income in areas such as art collecting. Especially, China's art market has a significant growth from 2003 to 2011. "The results of 2011 confirmed China's domination of the art market, which the economic health of Asia collectors generating higher price levels than anywhere else in the world. China account for 10.8% of global volume compared with nearly 15% in the USA, China's offer in terms of

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<sup>10</sup> Pownall, Rachel A.J. "TEFAF ART MARKET REPORT ONLINE FOCUS." tefaf.com. TEFAF, March 2017. <https://www.tefaf.com/tefaf/media/website/fair-images/tefaf-maastricht/2017/art-symposium/tefaf-art-market-report-online-focus.pdf>.

transaction volumes is roughly the same as the UK's" (Artprice, 2011).

After 2000s the development of Chinese art and art market transformed into the global art market. Development in the Chinese art world mirrored those in the country at large. "The 31<sup>st</sup> March, 2006, auction of contemporary Asia art at Sotheby's New York was a watershed event. While prices of contemporary Chinese art auction had begun to climb in the early 2000s, they surged after 2006 (Jane Debevoise, 2014)." It is a significant shift in international market interest in Chinese art of a style comparable to the Western contemporary art. The multinational auctions included contemporary Chinese art in the auction offerings. Sotheby's inaugural auction of Contemporary Chinese Art took place in Hong Kong in October 2004. Christie's were also aware of China art market growth. "They had ventured into this field, unsuccessfully, in London in 1998 with a pan-Asian sale that comprised "Avant-Garde" art from China, Japan and Korea. Through 2003 to 2004, Christie's incorporated contemporary Chinese art into their sales alongside Chinese twentieth century works and contemporary art from Japan and Korea (Archer Anita, 2018).<sup>11</sup>"

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<sup>11</sup> Anita, Archer. "Genesis of an Auction Sale Category: Sotheby's Inaugural Auction of 'Contemporary Chinese Art.'" *Journal for Art Market Studies* 2, no. 3 (March 2018).

In 2008, Christie’s Hong Kong also pioneered the inaugural evening sale for ‘Chinese 20th Century Art’ , which attracted more concentrations on the category, Chinese 20th Century Art. In the periods from 2006 to 2011, Asia 20<sup>th</sup> century and Chinese contemporary art became an index to attract ‘New Rich Class’ of China, global collectors, and international capitalists into the market.

The following Table1. demonstrates the development history of 20<sup>th</sup> Century Chinses contemporary art and the modern art market in China over the past several decades.

Table1. The development history of 20<sup>th</sup> Century Chinses contemporary art and the market

Period Factors	1980s	1990s	After 2000s
Government Policy	<ol style="list-style-type: none"> <li>1. China’s economic policy from planned to market economy. (1978)</li> <li>2. Cultural Relics Protection Law of PRC became effective in 1982</li> </ol>	China's Leader Deng Xiaoping made "Souther Tour" in China to further reinforce China's economic reform in 1992	<ol style="list-style-type: none"> <li>1. China's State Administration of Cultural Heritage issued the Administrative Measures for the Entry-Exit Examination and Verification of Cultural Relics. It restricted exports of valuable arts and artifacts created before 1949 in 2007</li> <li>2. In 2011, China's State Administration of Cultural Heritage announced the</li> </ol>

Period Factors	1980s	1990s	After 2000s
			11th Five Year Plan. One of the goals was to have over 3,500 museums in China by 2015
Significant Events	<ol style="list-style-type: none"> <li>1. “Star Exhibit” in 1979</li> <li>2. “85 New Wave” China's New Art Post-1989</li> <li>3. Magiciens de la terre, presented simultaneously at the Centre Pompidou and the Grande Halle de la Villette in 1989</li> </ol>	<ol style="list-style-type: none"> <li>1. Internationalize Venice Biennial in 1993</li> <li>2. The first Guangzhou Biennial was established in 1992, it was certainly the earliest to focus almost exclusively on experimental art by artists of the younger generation (Jane Debevoise,2014)</li> </ol>	<ol style="list-style-type: none"> <li>1. The third Shanghai Biennale in 2000</li> <li>2. Ullens Center for Contemporary Art (UCCA)was established by Guy and Myriam Ullens in Beijing 798 Art District in 2007. The first private museum in China and focus on promotion Chinese contemporary art</li> <li>3. Long Museum opened in Shanghai in 2011</li> <li>4. Yuz shanghai museum opened in Shanghai in 2014</li> </ol>
Art Market	the state-owned antiquities shops operated under the Central government’s supervision and instruction	<ol style="list-style-type: none"> <li>1. The first private contemporary gallery in China. Red Gate Gallery (b.1991) in Beijing; ShangART (b.1996) in Shanghai</li> <li>2. China's first auction house Duo Yunxuan (b.1992) was established from one of the largest state-owned antique stores in Shanghai ;China Guardian (b.1994)</li> </ol>	<ol style="list-style-type: none"> <li>1. The art market in China achieved a significant growth in 2003</li> <li>2. The first professionally organized art fair in China, CIGE (China International Gallery Exhibition), was held in Beijing in 2004</li> <li>3. Sotheby's held the first auction dedicated to Chinese contemporary art</li> </ol>

Period Factors	1980s	1990s	After 2000s
		held its first auction	<p>at Hong Kong in 2004</p> <ol style="list-style-type: none"> <li>4. Poly Auction House was established in 2005</li> <li>5. China art market overtake U.S. to become the largest in the world in 2011 (The art fair blooming stage)</li> <li>6. ART HK was acquired by MCH Group and rebranded by Art Basel Hong Kong in 2012</li> <li>7. Art021 art fair was founded in Shanghai in 2013</li> <li>8. West Bund Art was founded in 2014 and Art 021 art fairs held in November every year and it has been branded as "Shanghai Art Week"</li> </ol>

## **Chapter Two: The Overview of Recent Fifteen Years Art Market in China**

This chapter describes the relation of the process of developing China's art market and discussing what kind of reasons make famous artists of 'Post-'89 Art' that can achieve "top record prices" sale in the auction market during the first peak of China art market from 2004 to 2007. Some artists of this period, they became the most important artists to influence of Chinese contemporary art and the art market.

The aim focus on analysis of emerging-market darling artists, in the different conditions will be presented to examine collecting Chinese contemporary artists 'paintings that is a rational alternative or once speculation activity.

### **Section 2.1 The study of China Art market**

Since the early 2000s, Chinese 20th century and contemporary art catch the increasing interest regionally and globally, has enjoyed a remarkable growth in the auction markets. Sotheby's and Christie's observed the new wave in Chinese art to influence the global market. "By late 2004, Henry Howard-Sneyd, Sotheby's Managing Director, China, Southeast Asia and Australasia, was cognisant of a significant shift in international market interest in Chinese art of a style comparable to contemporary international art (Anita Archer, 2018)." In 2005, Christie's Hong Kong

became the first international auction house which presented quality contemporary art from a combination of Asian nations. A fine art auction turnover of China market (including Hong Kong and Taiwan) began increased sharply during 2003 to 2006, the trend of art investment and consumptions of art market are gradually shifting from developed countries to the emerging markets. China's art market achieved dramatically growth and become the top biggest art market of global art market in 2009.

“According to the 2007 TEFAF report, global art auction sales for contemporary Chinese art grew nearly two hundredfold between 2003 and 2007 (Anita Archer,2018)<sup>12</sup>”. Chinese modern and contemporary painting prices rise shapely during the boom years outstripped even the stock market and fund.

The trend of China art market is influenced by internal and external factors. In 2007, a decline after the global financial crisis had a deep impact on the western art market, but it did not significantly influence of the blooming art market in China. “Part of the

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<sup>12</sup> Anita, Archer. “Genesis of an Auction Sale Category: Sotheby’s Inaugural Auction of ‘Contemporary Chinese Art.’” *Journal for Art Market Studies* 2, no. 3 (March 2018). <https://doi.org/10.23690/jams.v2i3.65>.



reason that China was less affected by the international financial crisis was that in 2008, the Chinese government announced a CNY 4 trillion (USD 586 billion) stimulus package to the economy, the largest in the country's history" (TEFAF, 2019). The government economic policies become one of strong supports to drive the art market rapid growth in China; it the internal elements strongly influenced China art market. At the global art market, China's art market grows up quickly with the section of Chinese contemporary art. From another point of view can be observed, some of market makers through art trading of Chinese contemporary art which become as an investment vehicle. The trend of China's art market is connected with national policies (including the artworks import tax and foreign exchange control etc.) which are deeply impact the art market developing in China. The market for 20th century and contemporary Chinese art remained strong overseas. As the market downsized and the quality of lost rose, the average price increased by 19% to reach \$207,423 USD, thereby exceeding the previous market peak in 2011. The sell-through rate also remained high at 60%, well above any other sector overseas (global Chinese art auction market report, Artnet 2017) (Figure.3). After two years, China's art market turns to the highest market-share of transaction volumes in 2011.

“During these years, art trading through auctions was perceived by many as an investment vehicle, and a large number of art investment funds and art exchanges were created. The art market went through a period of irrational expansion, when many short-term investors joined in its trading activities” (TEFAF, 2019).

The prices of Chinese 20<sup>th</sup> century and contemporary art is derived by the art market supply and demand. Zhang Xiaoling (2010) reported that there were several elements driving Chinese contemporary artworks rapid growth in art market. Firstly, the unique culture value of Chinese contemporary art which presents a special social situation of ‘New China’. Chinese contemporary art from museum exhibition to commercial support and promotion from the late 1990s onwards.

Moreover, exposure of Chinese artists resulted in the inclusion of new media art which appealed both aesthetically and financially to a new audience and global art collectors. For instance, Wang Guangyi (b.1957) the ‘great criticism’ series and the top price recode of ‘Mao Ao,1988’ (Figure 4.) was sold at USD 4,136,541 (including buyer’s premium and pre-sale estimates were USD 1,015,850-1,422,190) at Phillips de Pury & Company in October 2007; Zeng Fanzi (b.1964) ‘mask series and the top

price record of 'The Last Supper, 2001' (Figure 5.) was sold at USD 23,276,760 (including buyer's premium) at Sotheby's Hong Kong in October 2013.

Secondly, China government initiated the Reform and Opening Up policy and introduced its "socialist market economy". From 1990 to the mid-1990s, the country experienced one of its fastest periods of economic growth since the PRC was founded. Substantial wealth generated by individual Chinese during their nation's drastic economic and social transformation which derived the boom stock market and enabled 'New Rich' to enjoy conspicuous consumption, spending their disposable income in areas such as art collecting.

Thirdly, in the periods of 2004 to 2011, the China art market achieved significant growth, it becomes the largest in the world in 2011. The art trading through auctions was perceived by many as an investment vehicle and wealth distribution tools, and a large number of art investment funds and art exchanges were created in the domestic market. The boom market also attracts international capitals and investment funds in areas and the art market went through a period of irrational expansion, when many short-term investors joined in its trading activities.

There is a historic turning point, which is also an important indicator of seismic shifts in the wider global economy. <sup>13</sup>Dr. Clare McAndrew (2012) reported China has overtaken the United States as the world's biggest market for art and antiques ending decades of American domination. China's share of the global art market rose from 23% in 2010 to 30% last year, pushing the United States, with 29%, into second place. The Modern and Contemporary sectors combined to account for nearly 70% of the fine art market. Both continued a strong recovery in 2011, leading them to levels in excess boom of 2007 to 2008.

Beijing became the world's second marketplace for Contemporary Art at the first time of art market history in the second half of 2011. In the auction sales, just behind New York and ahead of Hong Kong. Chinese contemporary art became an active option for the collectors. By observing the auction market of mainland China, it can be find different collection style and tastes which drives the trend of market. To compare the different between Beijing and Hong Kong as follows:

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<sup>13</sup> Dr. Clare McAndrew, The International Art Market in 2011-Observations on the Art Trade over 25 Years

1. The multinational auction houses had included modern and contemporary Chinese art in their auction offerings in Hong Kong which is an international auction market to connect with the global market.
2. The auction houses base on Beijing, their focus on the sector of Chinese traditional ink painting and antiques which was the strong growing market in China.

Artprice (2011) examined sales in the second semester confirmed the trend: it is now China that sells the most Contemporary art in the world and China also appears to be the market where supply and demand for Contemporary works are most appropriately matched. Hong Kong and Beijing have emerged as true champions with lower unsold rates than the West (21.3% in Beijing and 21.8% in Hong Kong vs. 25.8% in New York and 34.8% in London).

After the China's government economic policy from self-control market to the open market, this new opportunity attracts western corporations developing the emerging market of China. This dynamic of wave to inspire the development of Chinese contemporary art from local to global. Since the early of 1990s', the western

collectors began serious interesting in contemporary art in China and the collecting. The first batch of western collectors who were embassy workers and expatriates, Mr. Uli Sigg (M+ museum's founder), Mr. Guy Ullens and Myriam Ullens (the founders of Ullens center for contemporary art), and Mr. Francesca Dal Lago (an Italian Embassy worker) in Beijing, they actively promoted and support China avant-garde artists. The beginning of Chinese contemporary art is marked by "the Star exhibition", the artists of group formed as a new generation who inspired from the 1960's cohort including Andy Warhol and Joseph Beuys was to America and Europe (Obrist, 2011).

They are committed to breaking the boundaries of "Chinese art", and to extending their artistic and cultural understandings to the world. The Star exhibition marked a watershed of freedom for Chinese art. Since then, the works of Xu Bing,

Zhang Xiaogang, Fang Lijun, Wang Guangyi, Gu Wenda and other avant-garde Chinese artists have been increasingly exhibited in biennials, galleries and museums all over the world, rather than shown only in China (Chenyu Wang, 2017).

In this period, some of them became the most important artists of Chinese contemporary art and made the new record prices in auctions of the art market.

Lu Peng (1992) proposed in fact reveal an almost evangelical belief in the curative powers of the capitalist market system. In his article “striding” out to the market: some views concerning China’s art development in 1990s, he states, “Art that strides toward the market is also striding to ward order. Without the market, the art environment is in fact barbarous territory, damaging to the development of art, which runs the risk of being ’disfigured’ at any time by some brute administrative decision or impromptu telephone call.”

“In March 2006, when Sotheby’s New York organized an auction of Chinese contemporary art when, a painting by artist Zhang Xiaogang Bloodline Series: Comrade No. 120 (Figure.6) was sold at USD 979,200 (pre-sale estimates were USD 250,000-350,000), which was the first time that the price of a work by a Chinese contemporary artist achieved almost USD 1 million. This auction triggered an explosion in the market, and growth lasted until 2009.” (TEFAF, 2019)

However, when the market experienced a significant decline after the global financial crisis. In China art market blooming stage, there is a short pause of the market. “Following the large decline in sales of 40% from 2007 to 2009, as supply contracted in the fallout from the global financial crisis, a strong recovery in the US

and booming Chinese market restored global growth, with sales reaching \$65 billion in 2011. The Chinese boom ended abruptly in 2012, bringing growth to a temporary halt” (Artprices, 2011).

Wu Kejia (2019) proposed that the volume of transactions at art auctions in 2012 dropped over 53% as a result of the adjustment of the market, as a significant number of short-term investors realized that the art market was not an avenue for them to achieve quick returns on capital, and they subsequently exited the market. Since that decline, the art market in China has become more rational and mature. Many long-term collectors began establishing private museums to house their personal collections and hosting exhibitions for renowned Chinese and Western artists.

The art market in China was influenced by the decline which also a turning point to drive the art environment transferring to be a rational market.

## **Section 2.2 The case study of Chinese contemporary artists**

By observing emerging-market artists of the boom market, in the different conditions will be presented to examine collecting Chinese contemporary art. The



reason is that the pricing system of the arts is complicated and the price of certain artwork is difficult to confirm. Each of the artwork is unique, and the change of its value is irregular and unpredictable. It is due to variable reasons, for instance, the changes of taste, fashion, the industry and the society.

<sup>14</sup>Madeleine, Docclo and Ginsburgh (1994) claimed that paintings are typical heterogeneous goods. The following section focus on the analysis the four artists are selected in art databases to include well-known artists who are Zhang Xiaogang, Wang Guangyi, and Liu Ye. To compare with the auction market price of paintings and the key drivers for the market, by observing of these factors to analyse the reasons that laid the foundation for the growth of Chinese contemporary art.

The rising of Chinese art markets closely correlates to the international art trade. “Currently, the worldwide celebrated contemporary Chinese artists actually are promoted by western cultural authority” (Mai and Tao, 2010). The new generation of artists emerging in China must first begin with an overview of the generation that came before them, those who emerged in the late 1980s and 1990s. They were among

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<sup>14</sup> Barre Madeleine, Docclo Sophie, Ginsburgh Victor (1994), Returns of Impressionist, Modern and Contemporary European Paintings 1962-1991, *Annales D'Economie et de Statistique*, No.35

the first artists to begin careers after the Cultural Revolution, the first generation artists which not belong with the official system to have exhibitions in China. The first to make records of Chinese contemporary art at the international auction houses. “In their capacity as ambassadors for a post-Communist yet still relatively isolated and remote country, they carried the burden of explaining China to the rest of the world” (Barbara Pollack,2018).<sup>15</sup>

Liu Fei (2015) reported that the Chinese National Museum settled at the 51st Venice Biennial Exhibition of 2005, when the artist Cai Guoqiang and China Art Gallery Curator Fan Di’an launched a new era for international dream of Chinese Contemporary Art. The international collectors’ focus on Chinese contemporary art had led to the emergence of “F4” that we are most familiar with (Zhang Xiaogang, Yue Minjun, Fang Lijun and Wang Guangyi), and there was panic buying on important auctions such as New York Sotheby’s and Hong Kong Christie’s.

These artists been selected in this research because they are the most representative artists in the period of boom art market of Chinses contemporary art. They are China avant-garde artists, Zhang Xiaogang and Wang Guangyi are the

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<sup>15</sup> Pollack, Barbara. Brand New Art from China a Generation on the Rise. London: I.B. Tauris, 2018.

emerging-market stars. The media give a title of these four artists who are “F4” in the art market. The painting style of “F4” was also much chased, and its commercial success attracted a group of small-time professional painters who lived on the paintings of “Bald” (Fang Lijun) and “Smiling face” (Yue Minjun). In the eyes of the Westerners, these are good works which criticize the system, and they should be respected as “Chinese style”. There was a significant relationship between the commercial prosperity of the Chinese art market and the inflow of the Western capital. To understand the trend of art market, in the different conditions will be presented to select collecting Chinese contemporary artists.

- Zhang Xiaogang (b.1958)

Zhang Xiaogang is a Chinese surrealist and symbolist artist. He was born in Kunming, China in 1958. He went on study painting at Sichuan Academy of Fine Art in Chongqing. He is one of the most important artists in a movement which called '85 New Wave'; the new movement led to the philosophical and intellectual explosion of the Chinese culture. He is most famous work for the 'Bloodline series', a body of work characterized by predominantly monochromatic portraits of Chinese people.


The emblematic example is the overnight famous of Zhang Xiaogang, who hold a number of price record in contemporary art world after Dieter Ronte, the former curator of Kunst Museum Bonn, introduced his painting to San Paolo biennale in later 1994 then Venice biennale in 1995. In the wake of a series exhibition in the Europe and America. Soon after releasing, Bloodline received positive coverage and was exhibited worldwide including in countries like the United Kingdom, United States, Australia, France, and Brazil.

The Bloodline series made Zhang Xiaogang a bestselling Chinese artist and one of the favorites for western collectors. Chinese contemporary art become the one of the most popular objects in global art markets.

### The Market Record

As for paintings, his most sought-after works are the paintings of Bloodline series, there are two the market record of Zhang Xiaogang, the first time market record is Bloodline: Big Family No.120 sold for USD\$ 979,200(including buyer's premium) in 2006 Sotheby's New York and the highest record is for Bloodline: Big Family No.3, an assemblage more than 2.29 meters long (one of

the biggest size of this series) that sold for USD \$ 12,142,378 (including buyer's premium) in 1991 Sotheby's Hong Kong.

<p>Lot # 119</p> 	<p><i>Bloodline Series: Comrade No.120</i> (1998)</p> <p>Painting, Oil/canvas, 190 x 150 cm</p> <p>Estimate: \$ 250,000 - \$ 350,000</p> <p><b>Hammer price: \$ 860,000</b></p>	<p><b>Sotheby's</b> , 31 Mar 2006</p> <p>United States</p>
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*Figure 7: The auction results of Bloodline by Zhang Xiaogang*

*(Source from: Artprice)*

In addition, it is a further information of Bloodline: Big Family No.3, the first time market record of Bloodline: Big Family No.120 sold for USD\$ 6,081,985 (including buyer's premium) in 2008 Sotheby's Hong Kong Spring sale and the second time is the highest record of Zhang Xiaogang's painting (until October, 2019) sold for USD \$ 12 million in 2014 Sotheby's Hong Kong Spring sale. The prices of Bloodline: Big Family No.3 is double up with in six years.

<p>Lot # 1115</p> 	<p><i>Bloodline: The Big Family No.3</i> (1995)</p> <p>Painting, Oil/canvas, 179 x 229 cm</p> <p>Estimate: \$ 2,503,799 - \$ 3,466,799</p> <p><b>Hammer price: \$ 5,425,541</b></p>	<p><b>Sotheby's</b> , 09 Apr 2008</p> <p>Hong Kong</p>
<p>Lot # 145</p> 	<p><i>Bloodline: Big Family No.3 (血缘：大家庭3号)</i> (1995)</p> <p>Painting, Oil/canvas, 179 x 229 cm</p> <p>Estimate: \$ 8,378,499 - \$ 10,311,999</p> <p><b>Hammer price: \$ 10,698,699</b></p>	<p><b>Sotheby's</b> , 05 Apr 2014</p> <p>Hong Kong</p>

*Figure 8: The auction results of Big Family No.120 by Zhang Xiaogang*

*(Source from: Artprice)*

According to the art databases, by through the analysis the relative art price data provides the highest selling record of Zhang Xiaogang was heavily China-biased. Through the analysis of top ten highest prices record of Bloodline series which common topic describes about the family portraits of three people (father, mother, and one child) which represents a traditional family image. The image of Bloodline series provides a historical background of China; the government policy is strict with one-child policy.

To describes the “One-child policy, an official program initiated in the late 1970s and early ’80s by the central government of China, the purpose of which was to limit the great majority of family units in the country to one child each. The rationale for implementing the policy was to reduce the growth rate of China’s enormous population. It was announced in late 2015 that the program was to end in early 2016” (Whyte,2019).<sup>16</sup>

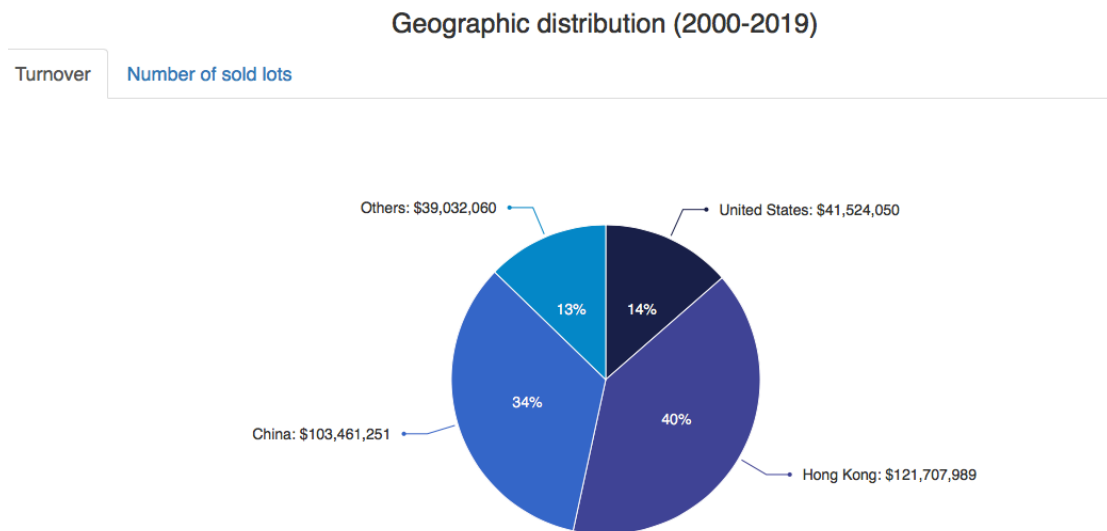
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<sup>16</sup> Whyte, Martin K. “China’s One Child Policy.” *Childhood Studies*, 2019. <https://doi.org/10.1093/obo/9780199791231-0221>.

As discussed above, the other series of his work which sold in the auction market were the prices below the Bloodline series. And knowing all of this, collectors are willing to purchase the remarkable work, such as ‘Big Family series’.

### The Market place

Hong Kong is the hub of the art market and 40% of his work is sold at auction there. His best pieces often feature in the Hong Kong sales of April and October. But less expensive pieces are still often found in the US (14%) and others (13%). Nearly 73% of all lots are sold in Asia, there were approximately 34% of lots sold in Beijing, China.



*Figure 9: The geographic distribution of Zhang Xiaogang’s market*

*(Source from: Artprice)*

Summarizing the data analysis, it can be found there is a pattern. The important and remarkable works possibly can make the new record and achieve a good price. In the viewpoint of the western collectors and global art market, Zhang Xiaogang's painting represents a sign of the historical context of China, Political Cynical Realism painting style to emerge in the art market in the period of 2006. The new China millionaires are not the only ones attracted to this market, many Western collectors are also very interested in. This phase of the development of Zhang Xiaogang's market started with explosive growth from 2006 to 2014.

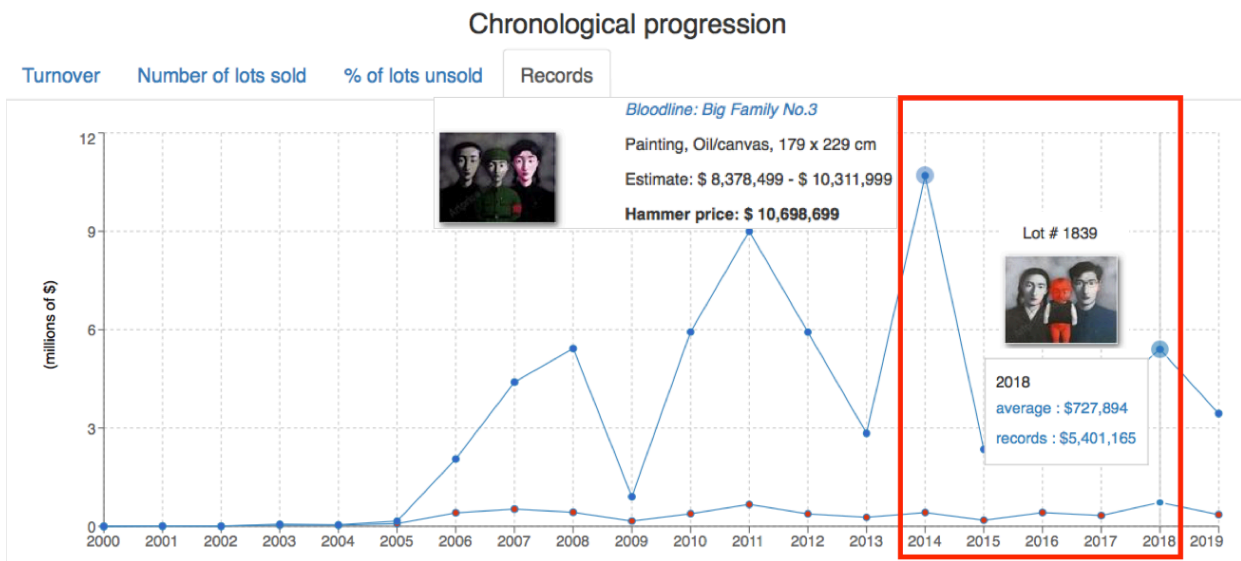
Especially, Zhang became an emerging-market star, all eyes focused on the sale of Ullens Collection at Sotheby's Hong Kong in 2011.

According to Artprice (2011) reports the result of this auction, Zhang Xiaogang is the Jeff Koons of Chinese contemporary art! The price escalation of Chinese art now looks like a permanent race for new records. The world's Contemporary artists ranking has again been upset; this time by Zhang Xiaogang's triptych *Forever Lasting Love* (1988) the star lot of the Ullens sale which fetched the



equivalent of \$9m. In effect, Zhang Xiaogang now holds the record for the world’s best-ever auction price for a work of Chinese Contemporary art.

Nevertheless, the market has tended to fall in the last few years from 2014 to 2018. But right after 2016, the market rebounded gradually, “Bloodline: The Big Family No.1” sold for USD \$6,211,339 (including buyer's premium) at China Guardian Auctions in Beijing; the result shows the market truing back to a stable period.



*Figure 10: The market record of Zhang Xiaogang*

*(Source from: Artprice)*

- Wang Guangyi (b.1957)

Wang Guangyi is a Political Cynical Realism artist, he is from a working class family in the north of China. He was grow up in the commencement of the Cultural Revolution and became a Red Guard when he is 17 years old. He went on study painting at Zhejiang Academy of Fine Arts and became a school teacher after he graduated from the college. There is a historical background of Wang Guangyi and Zhang Xiaogang who was grow up in the period of the Cultural Revolution and the first generation artists in New China. Wang is an avant- grade artist in '85 New Wave' which is a boom stage of Chinese contemporary art. His artwork is synonymous with the critical reflection and engaged intellectual debate which has opened up in the post 1978 era, and as such holds a primary place not only for the contemporary Chinese art world, but in the annals of art history.

From the market of view, the Great Criticism series is Wang's the most remarkable work in the career. His painting combines the Western style advertisements with the famous commerce companies such as Coca-Cola, Nike, and Marlboro etc. He is members of the Chinese avant-garde Northern Art

Group and influenced by the artists Andy Warhol and Pop Art movement in US after the Post War. Pop art has become one of the most recognizable styles of modern art and deeply influence the development of Contemporary art. “The strictly metaphysical concerns in the history of art development are about to end completely, which is to say that Chinese art in the 1990s is striding out to the market” (Lu Peng, 1992)<sup>17</sup>.

These were artworks of pointedly political criticism. Wang Guangyi's series of paintings depicting Mao in a black grid in 1987, these were artworks of pointedly political criticism (Chang,1993).

He created the ‘Great Criticism’ series between 1990 to 2003, After 2007 he completely stopped painting this series which is sought-after works and the most common paintings be sold in the auction market.

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<sup>17</sup> Lu,Peng. “Zouxiang shichang:guanyu zhongguo: Cuanyu Zhongguo jiushi niandai yishu fazhan de yidian kanfa”[Striding out to the market: Some views concerning China’s art development in the 1990s] , YSSC, no.8(2992):3

## The Market Record

There are two the market record of Wang Guangyi, the first time market record is China Hunde Visa (1995) sold for USD\$ 15,684 (including buyer's premium) in 1998 Christie's London and the highest record is Mao Ao (1988) an assemblage more than 3.56 meters long that sold for USD \$ 4,136,541 (including buyer's premium) at Phillips de Pury & Company London in 2007. In addition, from the Ullens Collection are considered fundamental works in the history of Chinese Contemporary art. Some of the pieces were shown at the China/Avant-Garde at the National Art Museum of Beijing in February 1989.

The secondly the highest market record price of Wangi's painting is Mao Zedong P2 which fetched a spectacular USD\$2.12 million against an estimate of USD\$ 192,900 to USD \$ 257,200; this painting was from the famous and important collectors of Ullens Collection which is one of most important collectors to influence the development of Chinese contemporary art.

“Wang Guangyi's Mao Zedong P2 which fetched a spectacular USD \$2.12m (Artprice, 2011)”<sup>18</sup>.

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<sup>18</sup> EHRMANN, Thierry. “The Sale of the Ullens Collection Confirms the Strength of Chinese Art.” The sale of the Ullens collection confirms the strength of Chinese art - Artmarketinsight - Artprice.com, April 12, 2011.

It can be seen from the Artprice database that significantly shows that the first auction record and the highest the market record painting output sold at auctions in London. As for paintings, his most sought-after works are the series of ‘Great Criticism and Mao Zedong. The Western collectors are willing to put up historic pieces which represent a visual collision between the ideological emissaries from China and the West (Jane Debevoise,2014)<sup>19</sup>.

Lot # 167	<i>China Hunde Visa</i> (1995)	<b>Christie's</b> , 12 Oct 1998
	Painting, Oil/canvas, 59 x 59 in Estimate: \$ 13,639 - \$ 17,048 <b>Hammer price: \$ 13,639</b>	United Kingdom
Lot # 511	<i>Mao Ao</i> (1988)	<b>Phillips de Pury &amp; Company</b> , 13 Oct 2007
	Painting, Oil/canvas, 176.5 x 356.2 cm Estimate: \$ 1,015,850 - \$ 1,422,190 <b>Hammer price: \$ 3,657,060</b>	United Kingdom

*Figure 11: The auction results of Wang Guangyi*

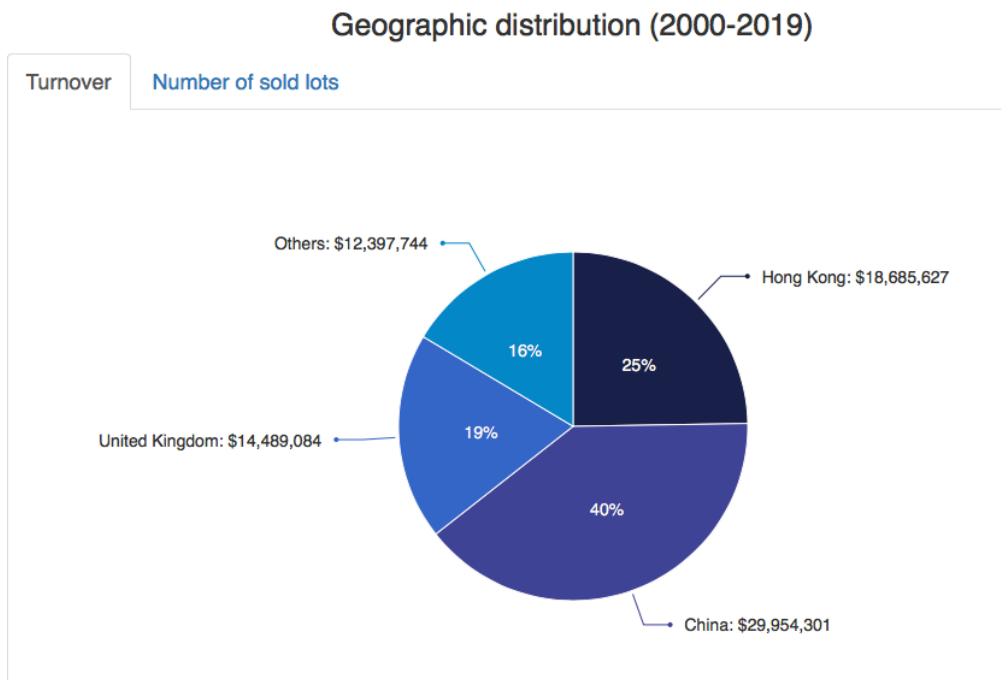
*(Source from: Artprice)*

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<sup>19</sup> Jane, DeBevoise. *Between State and Market: Chinese Temporary Art in the Post-Mao Era*. Vol. 2. Brill: Leiden, 2014

## The Market place

As discussed above, the geographic distribution of market shows that The Mainland China is the hub of Wang's market over 56% of his work is sold at auctions there. Nearly 19% of all lots are sold in United Kingdom and others areas is 16%. Through the above analysis, it can be reached that with unique and excellent cultural heritage, Chinese contemporary art which become one of an important factor to attract the collectors attending and drive a new market.



*Figure 12: The geographic distribution of Wang Guangyi's market*

*(Source from: Artprice)*

- Liu Ye (b.1964)

Liu Ye (born in 1964 in Beijing) is one of the most important artists on the contemporary Chinese art scene, he was born in Beijing and studied mural painting at the Central Academy of Fine Arts and industrial design at the School of Arts & Crafts in China.

His painting combines abstraction and figuration, drawing on both his childhood memories of China and the early education in Germany in the early of 1990s. He was inspired by Germany artists such as Piet Mondrian and Paul Klee. There are several elements can be find in his works such as Mondrian's grid-based paintings, the Dutch cartoon character Miffy (a little white rabbit), and young children images are frequently seen in Liu's paintings. To compare with other predecessors who focus on the political and economic issue of China, Liu's painting represents a wonderful and sweet cartoon image "seeking beauty is the last chance for human beings," he has explained. Liu ye is the post 89' avant-garde movement member, he is disinterested in the external flux taking place in modern China. Instead, he captures the inner solitude and vulnerability of the artist in the face of the enormous changes taking place on a global scale and in

the Chinese society. “His work combines direct references to the history of art and oblique political connotations to create a charged personal iconography that draws on real and imagined works of art, childhood memories and real-life figures (Tenaglia,2019)”<sup>20</sup>.

He is seen by the younger generation of Chinese artists as the ‘father’ of the cartoon movement. The trend of the street art and cartoon movement which become the most popular and boom market to drive related artist’s (KAWS, Yoshitomo Nara, Banksy etc.) paintings sold at an unbelievable price at auction market in 2018 and 2019. The continued growth of this emerge new market is mainly attributed to the young new rich generation collectors who grew up under the cartoon, caricature, and gaming internet generation.

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<sup>20</sup> Tenaglia, Francesco. “Quiet Life: Liu Ye.” Mousse Magazine, June 6, 2019.  
<http://moussemagazine.it/liu-ye-francesco-tenaglia-2019/>.




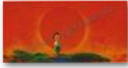

## The Market Record

There's no doubt that the burgeoning economy in China is producing a new wealthy class and a larger base of middle-class. Liu ye represents an icon of the cartoon movement which reflected and exploited the media and its productions were highly distinctive. Liu's painting developed as extensions of modern icons which catch the eyes from widely the second Chinese wealthy generation collectors to continued growth of the market.

“some of the city's younger collectors were highly active, with Sotheby's claiming that 25% of buyers across the sales were under 40. It's unclear what social relationship such activity has with the ongoing political movements, but it appears to suggest a vibrant, flourishing and self-contained marketplace of young and independent buyers with potential for growth. (Heardman, 2019)”

A new auction record of Smoke (200/02) resides in the distinguished M+ Sigg Collection and in an eminent private collection after fetching the artist's auction record in 2013. Because these glamorous provenance drives the price to be achieve a historical record, it sold for USD\$6,652,787(including buyer's premium) at Sotheby's Hong Kong;

the world auction record for the artist and is now in private hands. This distinguished collection assembled highly representative works by the most influential contemporary Chinese artists from the 1990s to the present, documenting one of the most important chapters in Chinese art history amid a transformative socio politico-cultural scene (Heardman, 2019)<sup>21</sup>.

Lot # 508		<b>Smoke (2001-2002)</b>	<b>Sotheby's , 08 Apr 2006</b>
		Painting, Acrylic, 180 x 360 cm	China
		Estimate: \$ 103,120 - \$ 154,680	
		<b>Hammer price: \$ 412,480</b>	
Lot # 1108		<b>Smoke (煙) (2001/02)</b>	<b>Sotheby's , 06 Oct 2019</b>
		Painting, Acrylic/canvas, 178 x 356.5 cm	Hong Kong
		Estimate: \$ 3,187,300 - \$ 4,462,220	
		<b>Hammer price: \$ 5,609,648</b>	
Lot # 57		<b>"Sword" (2001)</b>	<b>Sotheby's , 05 Oct 2013</b>
		Painting, Oil, acrylic/canvas, 180 x 360 cm	Hong Kong
		<b>Hammer price: \$ 4,773,000</b>	

*Figure 13: The auction results of Somke by Liu ye*

*(Source from: Artprice)*

<sup>21</sup> Heardman, Adam. "All Eyes on Hong Kong: Sotheby's HK Auction Takes Place ...". Mutualart.com, October 10, 2019. <https://www.mutualart.com/Article/All-Eyes-on-Hong-Kong--Sothebys-HK-Aucti/74667559242B20BB>.

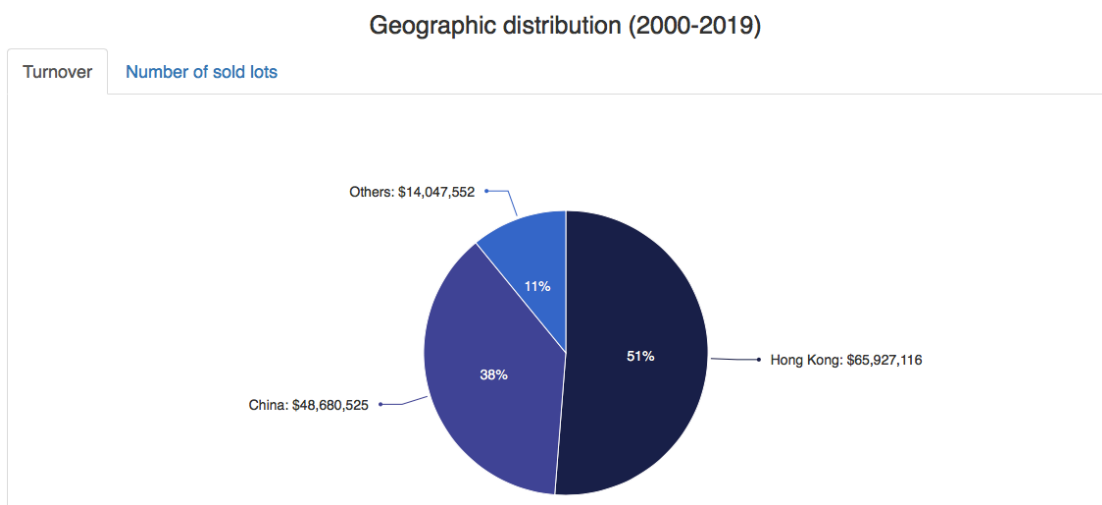
Synthesise the Artnet database analysis, there are two record price of Smoke 2001-2002 which sold for USD\$ 477,445 (including buyer's premium) in 2006 Sotheby's Hong Kong Spring sale and the second time is the top-record of Liu's artwork (until October, 2019) sold for USD \$ 6.66 million at Sotheby's Hong Kong in 2019. The prices of Smoke 2001-2002 rises fourteen times in thirteen years. This year, the auction performances of Liu Ye's three painting be sold over 2 million dollars in his top 10 price record of the auction market, the result consolidated its status at Chinese contemporary art market.

The top 5 best result on Liu ye's mart, it can be find the there is a pattern which reveals a similar topic and size. Sword is one of the three large-format works of the same size (an assemblage more than 3.6 meters long) from the same series by Liu Ye executed between 2001 and 2002. The other two works, namely Smoke and Gun.

## The Market Place

The mainland China is the hub of the art market and 89% of his work is sold at auction there. His best pieces often feature in the auction houses (Sotheby's, Poly Auction H.K., and China Guardian H.K.) which base in Hong Kong.

Nearly 38% of all lots are sold in China, there were approximately 51% of lots sold in Beijing, China, the highest selling record of Liu ye is a heavily China-biased.



*Figure 14: The geographic distribution of Liu Ye's market*

*(Source from: Artprice)*

### **Chapter Three: Interaction among the participators in China art market**

40 years ago, there is no gallery and auction house in China, Nowadays, the auction sales of art and antiques in China became the third biggest market in the world. The integrity art ecosystem is shaping gradually in China. “the modern art market in China did not start until the mid-1990s. Within 25 years, an art commerce ecosystem has been created in China from a dormant market with little to no modern trade infrastructure (Kejia Wu, 2019)”.<sup>22</sup>

In the research of this section, it conducted a survey of the western background blue-chip galleries in contemporary art and top auction houses in mainland China. Their common ground is to develop their business in Chinese contemporary art, and to resume the role and responsibility of promoting and developing the business in art market for a different position.

This chapter is divided into three sections. The first section will highlight interviews with few galleries which concentrate on the contemporary art and describe the situation of the commercial development in China. The second section will

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<sup>22</sup> Wu, Kejia. “TEFAF Art Market Report: The Chinese Art Market.” tefaf.com. TEFAF, March 15, 2019. <https://www.tefaf.com/about/art-market-report>.

analyze the auction houses' marketing strategy and some important private auction results, and how these results will influence the price structure of artworks in the primary market. The third section will review the survey results and explain transition of collectors' structure in Chinese contemporary art market and how the new generation of collectors bring changes.

A mature art industry is consisted by different performances of various participants. Their mutual influence strongly affects the mechanism of art market and the value of art. Therefore, it is necessary to fully understand the behavior of participants at the marketplace from an economic perspective. Due to the scope of this study, the limited number of participants are selected from the galleries, auction houses serving as the distribution channel at the marketplace, collectors, and private museums who dominate the trend of art market.

### **Section 3.1 The Primary Market**

This section is in analysis of artists promotion as well as balance of museum's academic system and art market which are attributed to art gallery in the laws of market.

<sup>23</sup>Crockett (2019) confirmed that,

*The art world has its primary market, where galleries have taken on the role and responsibility of promoting and developing young artists. The primary market has its own multi-layered organic structure, with galleries of varying sizes, varying stages in their own development and maturity, active in their own respective fields.*

The art gallery is indispensable for connection between artists and the external environment. In contrast to auction market, gallery is playing more flexibly in the market that mediates supply and demand in art business; Most of galleries are run independently in small scale, and particularly, modern and contemporary art business could support a large number of small and medium enterprises. The total amount of sales in galleries has also witnessed a good performance, reaching approximately €23.2 billion, 55% of the global art market in 2008 (TEFAF, 2010).

On one side, key clients as the high-end consumers of gallery turns to be fixed and small groups of affluent collectors and their networks to whom they have strong belief; On another side, the gallery also serves typical customers buying for a

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<sup>23</sup> Crockett, Jonathan. "Auction Houses in the Evolving Art Ecosystem." COBO Social, 20 Feb. 2019, <https://www.cobosocial.com/dossiers/market-news/auction-houses-in-the-evolving-art-ecosystem/>.

decoration or souvenir. Under such circumstances, the galleries revenue grows out of information asymmetries in terms of the value of the artwork, the willingness to pay and the resources for sale (Velthuis, 2011). Admittedly, it is hard to obtain the exact number of dealers active on this market and the transaction records usually performs unavailable. These features have deterred researchers from further exploring the functions of this market segment.

Though the interviews with the Western blue-chip galleries including Pace, White Cube, and Urs Meile, this paper will examine progress and concerns on current galleries developing their business by cultivation and introduction of Chinese artists to the academic system of curators and museums who actively engage with collectors on art fairs to mark their influences in the art industry.

### Interviews and Observation

The purpose of the interview is to study the rise of Chinese contemporary art market. This paper analyzes the development of China's primary and secondary markets and the reasons behind the booming contemporary market from 2000 to 2015 under both global and national economic policies at the macro level in the historical context as well as involved with ecological circle of the art industry at the micro level.



The interview serves as a deep analysis about the trend of Chinese contemporary art market and influence of China's national policy on big cultural industry.

The goal of the paper is to find how Chinese contemporary art market could be transformed by the increasing number of private museums and how the new generation of collectors have changed their choices on the type of art collections.

The name of galleries and respondents are as follows (please see the full contents in the appendix).

Respondent A: (Hong Kong) Pace / Gallery Director Sylvie Tiao

Respondent B: (Taiwan) White Cube / The Sales Representative Jiang Yuyun

Respondent C: (Beijing) Urs Meile Gallery/ Gallery Director Zhao Mengzhuo

***Question1: When did you decide to open a gallery in Beijing or Hong Kong ?***

*Why did you choose this city as the kick-off program in Chinese market?*

*Pace:* As one of the centers of Asian art market, Hong Kong is still developing at the moment. The convenience provided by Hong Kong, couple with its unique economic status, enables us to maintain close relationships with the Chinese mainland and other regions in Asia. Hong Kong is an excellent place to gather resources and talents, giving a host of western artists represented by Pace Gallery easy access to enter Asia.

*White Cube:* White Cube opened its first overseas branch in Hong Kong in 2012.

The main reason for choosing Hong Kong as the first entry to Asia was that the law and tax regulations there are similar to that of UK, which fast facilitates the launch of the Hong Kong branch in terms of operation.

White Cube is one of the first western galleries that built their overseas headquarter in Hong Kong. With the rapid growth of the art market prompted by people's burgeoning interest in Chinese contemporary art, White Cube has seen the potential and a promising future for modern art in China. Besides, Hong Kong is a hub to link China and the global community, which is another reason for why western galleries have regarded Hong Kong as a gateway to China.

*Urs Meile Gallery:* The Gallery at Swiss (located at Lucerne) was opened in 1992, during which there was no such a fixed space for exhibition in China. Thus, some artist friends suggested Urs Meile open a gallery in Beijing to develop Chinese artists' pieces in the market in depth. Then, Beijing Urs Meile Gallery sprung up in 2005 in Caochangdi Art Zone beyond the 5th Ring Road. Twelve years later, we moved to 798 Art Zone but still kept the art space in Caochangdi.

*Question 2: How did the gallery choose Chinese artists for collaboration? What kind of opportunities they will get?*

*Pace:* We represent 14 Chinese artists, and we have partnership with more than 40 Chinese artists. Each of these artists is different, so the opportunities to cooperate emerged under different circumstances. There is no fixed pattern for our collaboration with artists. Since our collaboration with Zhang Xiaogang, the first Chinese artist that we represented, we began to take painting, installation, photography, concepts, behaviors and other things into consideration in a comprehensive way, so that we can develop our cooperation network with artists that we are going to represent.

*White Cube:* Currently, White Cube is in collaboration with 5 Chinese artists. We work for He Xiangyu, Liu Wei and Zhou Li as their agency, and for Wang Gongxin and Qin Yifeng for their projects. White Cube cooperated with the latter two artists, who specialized in video or photograph, on the project of “inside White Cube”. As a scholarly gallery, we examine the course and development of artists’ art works as key criteria when considering who to work with. The “inside White Cube” has got to review the reactions of art galleries, curators and the market to artists’ exhibitions, by which White Cube can explore with artists the possibility of a long-term partnership.

*Urs Meile Gallery:* Mr. Urs Meile came to China in the early 1990s with the introduction of Swiss Ambassador to China, Uli Sigg. He then began to know about the Chinese contemporary artistic ecology and correspondingly started cooperation with Chinese artists. Urs Meile has promoted the works of many Chinese artists to Switzerland and Europe even before the opening of Beijing gallery.

***Question 3:*** *As a pioneer gallery, how did the gallery introduce the Chinese artists to western collectors and the international art market based on your experiences of promoting western artists into Chinese market?*

*Pace:* Our promotion of western artists is also built on a certain context. We have specific long-term plans and projects for them, and every exhibition of ours is likely to improve the understanding of the whole school and the art history, so collectors' knowledge tends to expand with time. For Chinese artists, their entry into the international market is sometimes throughout their art lives, and we may use important annual gallery exhibitions to enhance people's knowledge of them.

*White Cube:* White Cube always reserves annual exhibition plan for collaborative Chinese artists. We have worked together, coordinated with artists from galleries in China, and managed to distributed our resources for different exhibitions,

enabling artists to show their artworks on important academic exhibitions and at the art fair. White Cube also supports Chinese partner artists on western exhibitions. For instance, Frize London, one of the most influential annual exhibitions in London, displays Chinese artists' art works on show that draws foreign collectors' attention and subsequently prompts them to collect these works.

*Urs Meile Gallery:* Urs Meile takes into artists take as well as the exchange and collision of Chinese and Western cultures into academic consideration. We hope Western artists can make more communications with Chinese artists and Chinese artistic ecology; We also expect that Chinese artistic ecology would become to understand more about the Western artist's creative thinking so as to accept their artworks. When Chinese collectors are getting more knowledge of the creation of Western artists and more interests in the works, surely deals can be concluded in a natural way. The collection ecology of Europe is relatively mature and a number of collectors have an understanding of Chinese culture. Through the promotion of our projects, exhibitions and fairs, works of Chinese artists is no longer a stranger to them.

**Question 4:** *For the Chinese contemporary artists who are unfamiliar with the Western art system, how does the gallery match the exhibitions to them to improve the Western art system's (including curators and museums) better understanding of Chinese artists, and thus to create the opportunities for cooperation in the future exhibitions?*

*Pace:* For instance, scholarly activities and publishing have always been the features and strengths of Pace Gallery. We have strong support in academic research, publishing and exhibition organizing. With our strengths, we can better promote our performers at not only exhibitions of our own gallery but also exhibitions of other galleries and the ones co-organized by us and other institutions.

*White Cube:* Over the past decade Chinese contemporary art has gradually been admitted in western academic exhibitions including both international art fair and other important exhibitions. Taking White Cube's partner artists for example, He Xiangyu and Liu Wei had their art works shown in the Chinese Pavilion at the Venice Biennale 2019 organized by the curator Ralph Rugoff. He Xiangyu, the contemporary Chinese artist who was born after 1980, has actively participated in western academic exhibitions in recent years.

*Urs Meile Gallery:* How the gallery introduce artists relies on exhibition projects, including our own gallery exhibitions, domestic and foreign expositions, group exhibitions outside the gallery, and individual exhibitions.

Of course, in recent years, the welcome online media has also become a window for foreign art system (including curators and art museums) to know about artists. There are also successful cases of making deals and introducing artists to curators through online media platforms.

***Question 5:*** *What do the Western contemporary art collectors know about Chinese contemporary art till now? For example, what kind of Chinese contemporary art works have probably risen the interest of Western collectors?*

*Pace:* Western collectors' taste and knowledge are built more on independent thinking and diverse interests, which is different from the case of the Chinese market or the international market. This is to say that there are many types of western collectors in terms of their understanding of both the academic area and the market.

*White Cube:* White Cube usually deploys its market strategies from a global perspective. Apart from the Hong Kong branch, it also sets up the regional sales representatives in Taiwan, South Korea and Singapore who will showcase

White Cube's market strategy to Asian partners. Our sales representative in different countries and regions are all familiar with the contemporary art industrial chain and have achieved rich experiences in the circle of each countries' collectors. They are able to advise collectors to recognize and collect the art works in advantage of knowledge about local collectors as well as artists' background, exhibition experiences and artworks.

*Urs Meile Gallery:* The Western collectors is a relatively broader group with deep vision and varied collecting preferences. I am afraid this question can not generalize the result.

### **Section3.2 The Secondary Market**

The world of art is a society with many barriers to cross. What kind of artwork can be sale in the auction and how galleries choose artists they would like to work with? The auction house's function is like a gatekeeper, it selects the valuable artworks like paintings, antique books, porcelains, furniture etc..

Generally, gatekeepers could be curators of museums, art dealers, consumers of arts, and sponsors. As explained earlier, Angela Grossmann (2009) explained that under the situation of gatekeeping of art, artists could congregate and express



individually the diverse meaning of exclusion within the art world that they experience (Wei and Zhao,2010)<sup>24</sup>; or how and in which ways the art world denies independent creative expression. The auction house provides a transaction market of artwork for both producers and consumers. Meanwhile, it plays a role as gatekeeper to control the entrance to art market. As a kind of agency of art transaction, auction house is a platform that provides a fair market value of artwork; it also charges sellers' commissions and buyers' premiums.

The appraise department of auction house will provide a fair market value price of the auctioned artwork. The artwork, which could be auctioned, must reach a certain standard and level, especially in an international auction house. When artwork flows though into the secondary market, artists must be famous and approved by the serious academic system of museums or international biennials and represented by famous galleries in art industry; not all artwork could be able to entry into the secondary market.

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<sup>24</sup> Wei, Linna, and Xichan Zhao. "INVESTMENT STUDY ON CHRISTIE'S CHINESE 20TH CENTURY ART." prezi.com. JÖNKÖPING INTERNATIONAL BUSINESS SCHOOL, October 7, 2010. <https://prezi.com/tbbcaxmzrndb/investment-study-on-christies-chinese-20th-century-art/>.

On the other hand, the auction results of artwork in different market presents in line with their market preferences. It can be seen that some unfamous artists' work cannot be sold in an international auction house, since from their perspective, buyers will not bid the artwork which is created by the unknown artists. However, the local auction house will accept it and put it on the auction.

By analyzing the case study of China Guardian auction Beijing and Sotheby's Hong Kong, we could find that it has conducted an in-depth discussion of auction house's market strategy in different market. As discussed above, this section will focus on the auction house and how they take a role in the art ecosystem and how auction results could influence the price structure of artwork in the art market of Chinese contemporary art.

In this highly competitive art world, there is no doubt that the auction house is an index to verify the value of artwork. It plays a role as a weather vane of the market and provides various subjects for art market research because of its abundant and publicly available data. The art market has been dominated by a few auction houses, especially the auction house of Christie's and Sotheby's. They together dominate the sale of fine art and antiques across the global art market for a long time. New rivals have emerged

in China which produce challenge to their long-standing duopoly and demonstrate how art world is being transformed by the tastes of Chinese newly affluent art collectors.

However, global auction houses' ranking has converted, as the explosive growth trends of auction business in China has played an important role of transforming the new pattern of the global art market. After momentarily overtaking the US as the largest market in the world in 2011 with 30 % market share, Chinese art market has ushered in its most important turning point. At the same time, among the top auction houses in Chinese market, the international auction turnover ranking of China Guardian and Poly is the third and fourth of the global market. According to the latest report of Artprice, the auction turnover of China Guardian and Poly ranked the fourth and fifth in 2019 in nowadays contemporary art market(Figure13).

Deserved to be noticed, China Guardian, the third auction company in the world generating \$901.8 million from art sales and 7.79% of the world's art auction revenue from a small proportion of the global volume of transactions by only 2% (Lu and Yehuda,2019)<sup>25</sup>.

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<sup>25</sup> Ning, Lu, and Michaela Ben Yehuda. "Global Chinese Art Auction Market Report 2018." Artnet. Artnet, September 24, 2019. <http://www.cn.artnet.com/en/chinese-art-auction-market-report/>.

As explained in the previous data, it could be understood that the market-oriented art commerce is a framework which must be regulated by the government in Chinese market. Chinese government has a strict regulatory framework to prevent foreign capital auction house from being out of consideration for preserving cultural relics as well as the strong conventional and inherent Chinese culture.

However, due to the constraints for foreign auction houses, the government provides opportunities and flexible policies for domestic auction houses.

The State Administration of Cultural Heritage of China government issued a Notification to Apply for and Issue of 'Cultural Relics Auction Licenses' in 2003. Only a limited number of well-operated auction houses were allowed to sell all three categories of antiquities. This regulation offered a competitive advantage to the top few auction houses in China (Wu Kejia, 2019)<sup>26</sup>.

The agreement restricts foreign capital auction houses from selling cultural relics predating before 1911, such as valuable classical paintings and antiques. Specifically, if foreign capital auction houses would like to develop their business in China, they must create suitable market strategy which matches with the policy.

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<sup>26</sup> Wu Hung. *Contemporary Chinese Art Primary Documents*. New York, NY: AW Asia, 2010.

- Sotheby's

Generally speaking, foreign auction houses seem to have limited opportunity on developing their business in mainland China. Katie Hunt (2012) reported that Chinese law has prevented foreign auction houses from holding auctions of artefacts and making high import taxes which results in the commercial unattraction of sales of wine, jewelry and watches.

However, Sotheby's have operated their business in Hong Kong and provides high quality Chinese antiquities, paintings, and modern & contemporary art to attract collectors from mainland China. In 2004, Sotheby's Hong Kong held its first autumn auction dedicated to Chinese contemporary art. It was the first time that an international top auction house has been recognized by creating a new category of Chinese contemporary art to the market in its sales season.

Sotheby's held several important private collections of contemporary Chinese art which reflects the trend of the art market and the auction result inevitably has influenced the price structure of the primary market. Currently, based on the available results of sale, it seems fair to discuss the influence of

important private collection and galleries on auction. In the past two decades, when we review the important private collection of contemporary Chinese art up; it can be find that some of the most important the private collection auctions which held by Sotheby's. It was including the Ullens Collection, Sigg Collection, Estella Collection, Hanart TZ gallery, and Schoeni Art gallery.

Since 2011, western private collectors collaborated with auction houses.

They released their collection of Chinese contemporary art in the market because the value of most important artwork was established by public auctions. It would attract a wide range of buyers to achieve the higher price than the private sale.

The most representative case of private collection is the Ullens Collection.

It witnessed the development of Chinese contemporary art, which makes it a weathervane of market. From then on, it can be observed that some western private collectors turned to sell their collection of Chinese contemporary art.

During the period of 2009 to 2017, Guy and Myriam Ullens are the most important international collector of Chinese contemporary art, they began to sell their art collection through Sotheby's Hong Kong and Poly Auction. "Guy and Myriam Ullens consigned their collection which included nearly 50 pieces of

Chinese contemporary works and Chinese oil paintings in three auctions at Ploy Auction Beijing from 2009 to 2010. The total result of auction was over USD\$ 88,000,000(Wu, Kejia,2019)<sup>27</sup>. At the same time, due to the results accomplished in the Ullens Collection sales, the landmark of Ploy Auction would grow to become the largest auction house in China and the third largest in the world after Christie's and Sotheby's in 2011.

In 2017 spring, "The Ullens Collection of contemporary Art" holding by Ploy Auction Hong Kong was a final auction of its collection. Through summarizing the auction record, we could find that the Ullens Collection released almost 400 works of Chinese art in nine auctions and made a historical record of '85 New Wave artists (including Zhang Xiaogang, Wang Guangyi and Zeng Fanzhi ect.) and also push artwork of some young emerging artists into the secondary market.

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<sup>27</sup> Wu, Kejia. "TEFAF Art Market Report: The Chinese Art Market." tefaf.com. TEFAF, March 15, 2019. <https://www.tefaf.com/about/art-market-report>.

<sup>28</sup>Evelyn Lin (2019) pointed out that in 2011 the Chinese contemporary art auction of Guy and Myriam Ullens' collection held by the Sotheby was a milestone for Chinese contemporary art market: many record-breaking prices were achieved, and most importantly many Chinese collectors realized that Ullens' collections had many high quality pieces which was dynamic for Chinese contemporary art history. This auction has reached over 700 million HKD, which was, and still is, the auction with highest turnover from a single owner.

For instance, Zhang Xiaogang's *Forever Lasting Love- triptych* (1988) (Figure.14) sold for USD\$10,161,582 which was the highest price of Chinese contemporary art at Sotheby's Hong Kong in 2011.

Zeng Fanzhi's painting *The Last Supper* (2011) (Figure.5) at Sotheby's Hong Kong in 2013, has set a record for a work of Asian contemporary art at USD\$23,000,000 (Halperin, 2017).

Furthermore, HU Xiaoyuan 's *Three Garments Six Items* (2008) (Figure.15) sold for USD\$ 43,980 at Poly Auction Beijing in 2017. The Ullens Collection

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<sup>28</sup> Artdaily. "Sotheby's to Auction 106 Monumental Early Works by Contemporary Chinese Artists." Sotheby's to Auction 106 Monumental Early Works by Eminent Contemporary Chinese Artists. Artdaily. Accessed November 14, 2019. <https://artdaily.cc/news/44838/Sotheby-s-to-Auction-106-Monumental-Early-Works-by-Eminent-Contemporary-Chinese-Artists>.



presented high-quality artwork of young emerging artists of Chinese contemporary art. It has also made good achievements and pushed up gallery prices.

- China Guardian Auction

Since 2013, along with the explosive growth of Chinese art market, a new emerging market has attracted the international auction houses and made them desire to extend their business in mainland China. Nevertheless, it is not easy to get a license for a foreign capital auction house who needs a joint venture with local companies. Through the previous art market reports, we can find that there is a partnership between Sotheby's and China Guardian Auction.

The entrepreneur Chen Dongshen established Taikang Life Insurance Company in 1996, meanwhile, he is also the founder of China Guardian Auction which was founded in 1993. China Guardian Auction is the second largest auction in China. At the same time, China Guardian Auction has been the largest shareholder of Taikang Life Insurance Company since 2016. In 2014, the top ten auction houses accounted for 54% of sales, with Poly International, Christie's, Sotheby's and China Guardian accounting for 36%. Over 76% of sales by value

(and 89% by volume) are now in mainland China, as Beijing remains the largest home of high net worth wealth. (TEFAF, 2015)<sup>29</sup>

Reviewing summary of the case study of Chinese art market in the Section 2.1, through the observation of the art market in mainland China, we can conclude that different collection styles and tastes promote the market trend of collectors. China Guardian Auction and Poly Auction are leading auction houses in mainland China and they are also the earliest auction houses to specialize in the sale of Chinese artwork and antiques in China.

It can be observed that the high percentage of turnover of China Guardian Auction are Chinese classical paintings & calligraphy and Chinese realistic oil paintings. However, the performance of Chinese contemporary art seems to be limited in global scale instead of Chinese art markets. More than 80% of Chinese contemporary artwork is auctioned in Hong Kong. Nowadays, current Chinese art market is the complex mixture of traditional Chinese art and Western art. In the contrast to the fact that the popularity of Chinese contemporary art tends to be limited outside art markets of mainland China, modern brush paintings,

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<sup>29</sup> McAndrew, Clare. "Art Market Report 2015." Tefaf. Tefaf, 2015. <http://s3.amazonaws.com/arena-attachments/825953/e29cd8b86dc06b9e864244f220cb1855.pdf?1483758984>.

namely created from 1919 to 1949, has caused great domestic interests. Back to 1920s, art markets in China began to appreciate brush paintings of Qi Baishi, Li Keran and Zhang Daqian. Through summarizing the result of auctions, the transaction price of the three items sold at China Guardian Auction has surpassed USD\$ 95,540,999. Following are works that take on the top three of the mainland art market price: Qi Baishi's work *Eagle Standing on Pine Tree Four-Character Couplet in Seal Script* (Figure.16) sold for USD\$ 57,201,999 at China Guardian Auction in 2011; Li Keran's painting *Thousands of Mountain in Autumn (1964)* (Figure.17) sold for USD\$ 25,136,000 at China Guardian Auction in 2015; Zhang Daqian's work *Aachensee(1968)* (Figure.18) sold for USD\$ 13,203,000 at China Guardian Auction in 2010.

In addition, the art market in China appreciates brush paintings of Chinese classic and realist art which are included in the field of Chinese modern art. Especially, there is a large number of loyal collectors in Beijing. Representative artists of Chinese School of Realism such as Jin Shangyi, Chen Yifei, Wang Yidong, Ai Xuan, Wang Huaiqing, and Luo Zhongli specialize in local art, images of ethnic minorities, landscape, and still life, which includes a large

number of classical and realist artwork. Again, through summarizing the auction results, conclusion could be made that the top three highest market record artists are Jin Shangyi, Chen Yifei, and Luo Zhongli. The auction results are demonstrated as follow, the first one was Jin Shangyi's work *Tajik Brides* (1983) (Figure.19), which was sold for USD\$ 12,076,800 at China Guardian Auction in 2013. The second highest market record price was Chen Yifi's painting *Wind of Mountain Village* (1994) (Figure.20), which was sold for USD\$ 10,934,000 at China Guardian Auction in 2011. The third market record price was Luo Zhongli's work *Spring Silkworms* (1980) (Figure.21), which was sold for USD\$ 5,547,000 at Christie's Hong Kong in 2013.

## **Chapter Four: Conclusion**

As far as Chinese economic growth and the demand for art collections, factors which directly influence the development of Chinese contemporary art should be considered. Looking back at development of Chinese art market from 2000 to 2015, it can be found that trading volume in the art market was increasing steadily, new records at auctions have been continuous produced which has a significantly positive correlation with gross domestic product (GDP) growth in China. According to the World Bank, (Figure. 22) from 1991 to 2008, China has experienced the fastest periods of economic growth.

Many collectors in mainland China started collecting artworks at this stage. Compared with collectors in Taiwan and Hong Kong, they have grown up in different ways. They are the first generation began the art collection since the People's Republic of China (PRC) was found in 1949. The growth of middle- class population is a driving force affecting the development of art market. During the rapid transformation of economy and society in China, many Chinese created considerable personal wealth, which let them use their disposable income for art collections.

According to Hurun' 2017 Chinese Luxury Consumer report<sup>30</sup>, it points out that number of people who enjoy collections was rising in this year, compared to last year the percentage is up to 5 %. Some of Chinese collectors began to establish their private museums since middle of the 2000s. By observing the trend of collecting Chinese contemporary art, it can be found that structure of collectors has been changed when Chinese collectors began to build their private collection system. Prominent Chinese collectors began having their words in art market. Once mentioned the private museum in China, it must base on some famous art center and private museums. The UCCA Center for contemporary art was founded in 2007 by Guy and Myriam Ullens, it is a first private museum based on an individuals' art collections of Chinese contemporary art. It has been sold to UCCA's board member who was representative of a Chinese investment group in 2017. The Long museum Pudong and West bund were founded in 2012 and 2014 by Liu Yiqian who is a famous collector in China, these two museums' collecting system contains Chinese traditional art, antiques, modern and contemporary art.

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<sup>30</sup> "Chinese Luxury Consumer Survey and Hurun Best of the Best Awards 2017." Hurun Report. Hurun Research Institute, January 15, 2017. <http://www.hurun.net/EN/Home/>.

The Yuz museum found in 2014 by Budi Tek who is a Chinese-Indonesian entrepreneur; he started his career with Chinese contemporary paintings, especially those created between the early 1980s and late 1990s. He has built up a considerable collection of Chinese contemporary art.

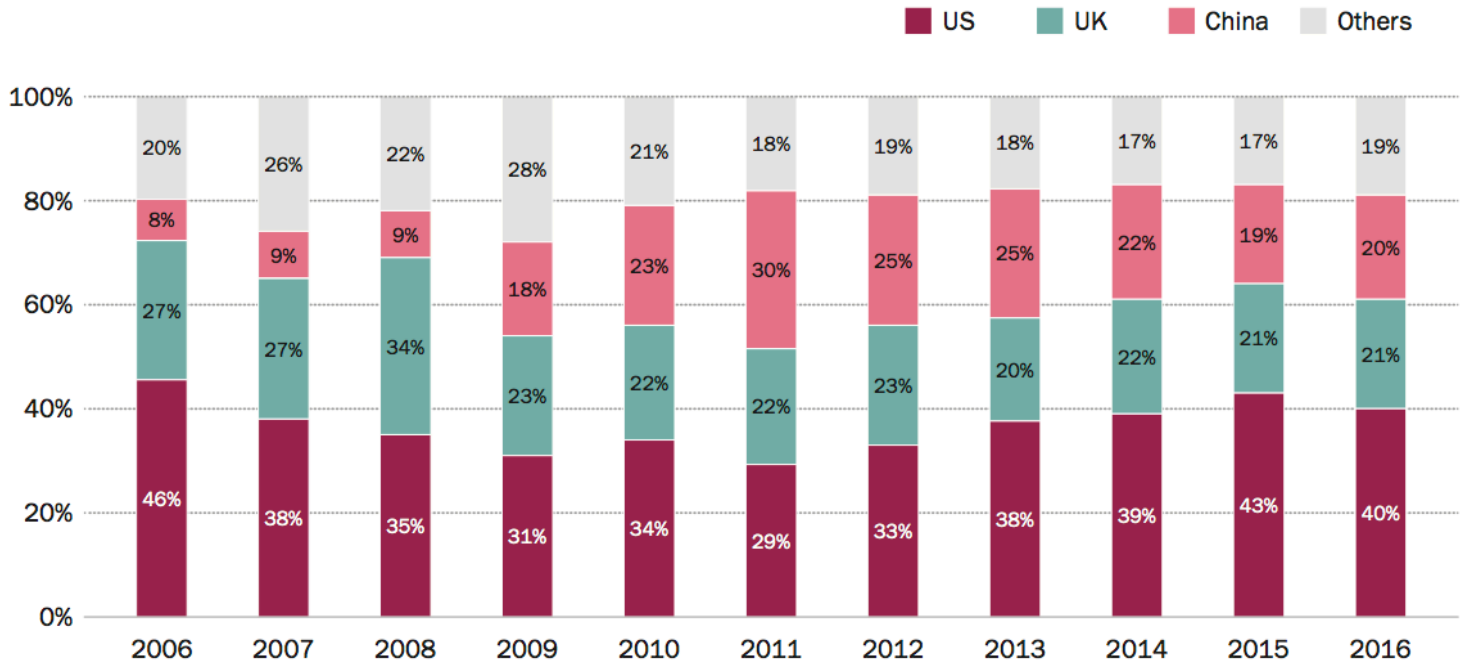
As the trend changes, China's new generation of collectors begins to build up their collection system. From supporting young artist, setting up art fairs and establishing private museums, there is a fostering growth across the art ecosystem of contemporary art in China. These dynamic new generation of art collectors are active in the art industry: *Adrian Cheng, a founder of K11 Art Foundation and museums; Qiao Zhibing, a founder of Qio Space and Tank Shanghai; Xufu Huang, former co-founder of M WOODs and founder of X museum (upcoming 2020) in Beijing; Lu Xun, a co-founder of Sifang art museum in Nanjing; David Chau, a co-founder of Art 021 Shanghai art fair and founder of Cc foundation.*

Over the past 40 years, the Chinese art market achieved unprecedented growth, though many missing components still need to be put in place. In the long term, overall growth and demand sufficiently demonstrate a sustainable market. The market must have reliable infrastructure, such as an Evaluation practice, authentication, art

investment, insurance, collection management and an independent criticism system to support the growth of the market. As we can foresee that Chinese art market will develop a health art eco-system which construct on the solid foundation to support Chinese contemporary art eventually overcome difficulties and write a new page of art history.



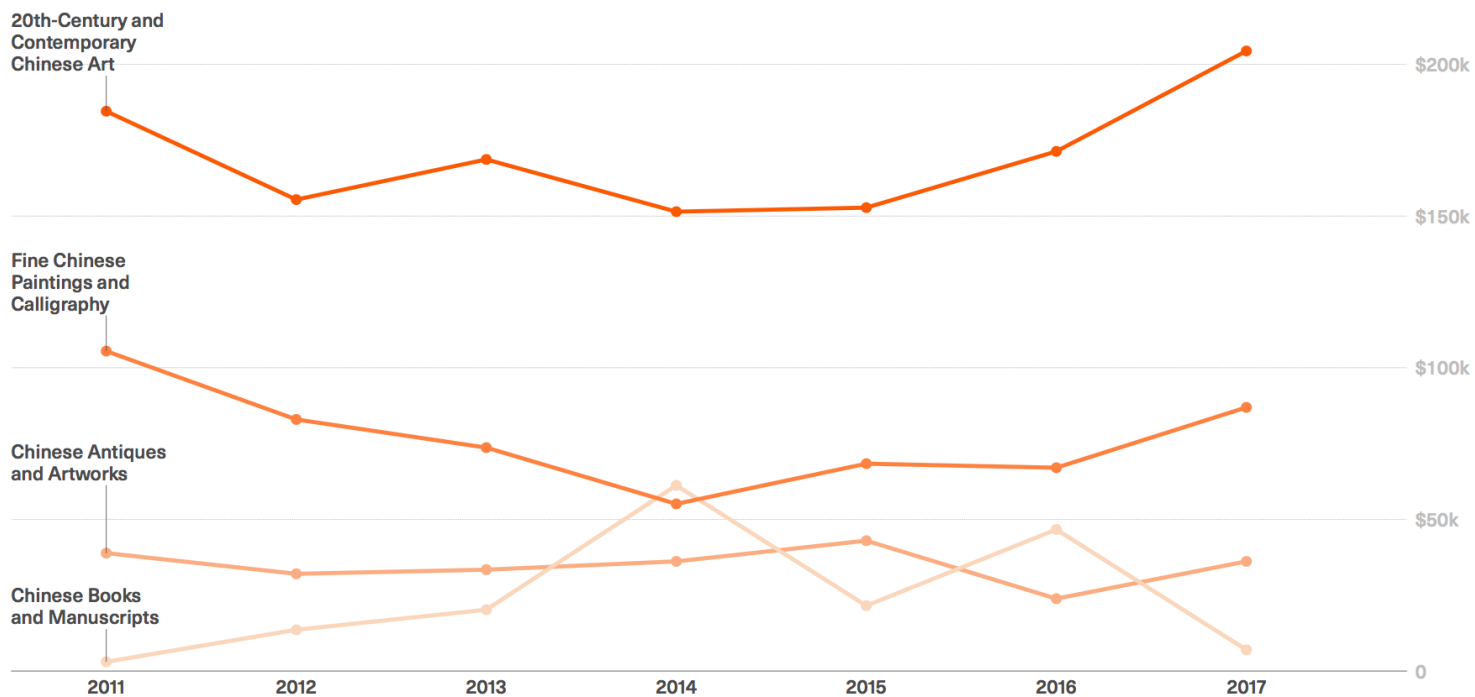
## APPENDIX A



© Arts Economics (2017)

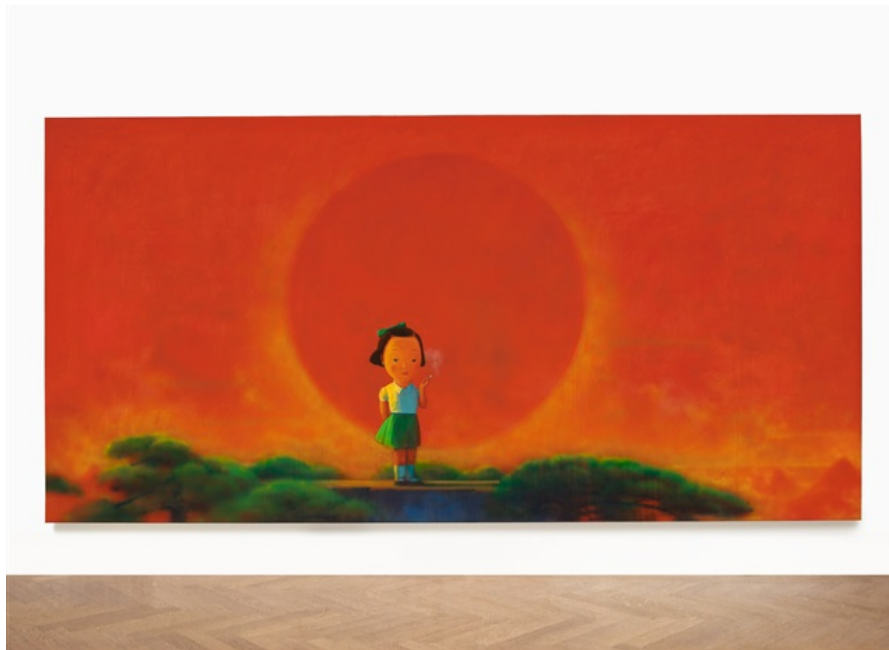
*Figure 1: Global market share of the US, UK, and China 2006 to 2016*

*(Source from: Art Basel and UBS art market report 2017)*



*Figure 2: Average price of China art and antiques by sector overseas*

*(Source from: global Chinese art auction market report, Artnet 2017)*



<b>Title</b>	<b>Liu Ye</b>
<b>Description</b>	SMOKE signed in Chinese and Pinyin, and dated 2001-02 acrylic on canvas 178 by 356.5 cm. 70 by 140% in.
<b>Medium</b>	acrylic on canvas
<b>Year of Work</b>	2001-2002
<b>Size</b>	Height 70.1 in.; Width 140.4 in. / Height 178 cm.; Width 356.5 cm.
<b>Misc.</b>	Signed
<b>Sale of</b>	Sotheby's Hong Kong: Sunday, October 6, 2019 [Lot 01108] Moutarderie Nationale: The Gillion Crowet Collection
<b>Estimate</b>	25,000,000 - 35,000,000 HKD (3,188,897 - 4,464,456 USD)
<b>Sold For</b>	52,182,000 HKD Premium (6,656,122 USD)
<b>Provenance</b>	; Private Collection, Beijing (acquired directly from the artist) Sotheby's, Hong Kong, 8 April 2006, Lot 508 Diva Fine Arts, Geneva Acquired from the above by the present owner
<b>Exhibition</b>	; Chengdu, Chengdu Museum of Modern Art, The First Chengdu Biennale, December 2001 - January 2002, p. 333, illustrated in colour Beijing, Beijing Tokyo Art Projects, Lifetime, 2003, n.p., illustrated in colour Brussels, La Moutarderie Nationale, Collection Gillion Crowet, 2007 - 2019
<b>Literature</b>	; Exh. Cat., Schoeni Art Gallery, Hong Kong, Liu Ye: Red, Yellow, Blue, 2003, pp. 36-37, illustrated in colour Zhang Zhaohui, 'Avant-Garde Art Goes Chic', Chinese Art Digest, no. 5, 2003, p. 5, illustrated in colour Liu Ye, 'Liu Ye: My Own Story', Gallery 3, 2003, p. 126, illustrated in colour Huang Liaoyuan, 'Liu Ye and His Paintings', Artist, February 2003, pp. 66-67, illustrated in colour Exh. Cat., Beijing, Chinablue Gallery, New Generation and Post-Revolution, 2004, n.p., illustrated in colour Exh. Cat., Bern, Kunstmuseum Bern, Liu Ye, Hong Kong 2007, p. 15, illustrated in colour Jiang Jiehong, Ed., Burden or Legacy: From the Chinese Cultural Revolution to Contemporary Art, Hong Kong 2007, p. 103, illustrated in colour Christoph Noe, Ed., Liu Ye Catalogue Raisonné 1991-2015, Berlin 2015, p. 301, no. 02-01, illustrated in colour

*Figure 3: Auction results for artworks by Liu Ye 2019*

*(Source from: Artnet)*

## WANG Guangyi (1957)

*Mao Ao*, 1988

Oil/canvas (triptych)

176.5 x 356.2 cm

**Hammer price: \$ 3,657,060** (£ 1,800,000)

Price including buyer's premium: \$ 4,136,541 (£ 2,036,000)

Estimate: \$ 1,015,850 - \$ 1,422,190 (£ 500,000 - £ 700,000)

**Phillips de Pury & Company , 13 Oct 2007**

London, United Kingdom

*CHINE AVANT GARDE : THE FARBER COLLECTION*

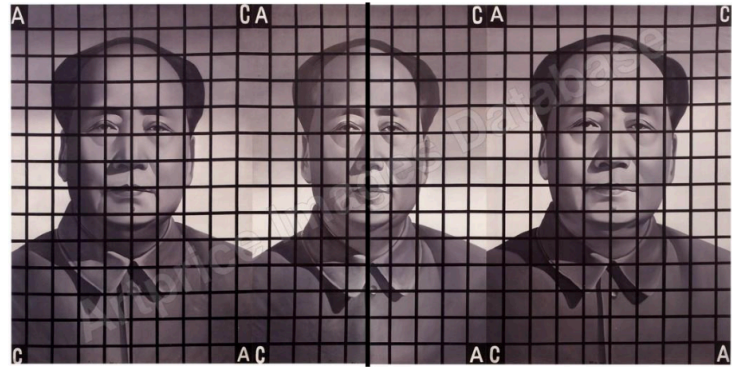
Lot number 511

Illustrated on page 39 of the catalog

### Details

Initial. Dated «88.12.W»

*Provenance:* Farber Collection



*Figure 4: The auction results of artworks by Wang Guangyi 2019*

*(Source from: Artprice)*

## ZENG Fanzhi (1964)

### *The Last Supper*, 2001

Oil/canvas

220 x 395 cm

**Hammer price: \$ 20,640,000** (HKD 160,000,000)

Price including buyer's premium: \$ 23,276,760 (HKD 180,440,000)

**Sotheby's**, 05 Oct 2013

**CONVENTION AND EXHIBITION CENTRE**, Hong Kong, Hong Kong

40TH ANNIVERSARY EVENING SALE - MODERN AND CONTEMPORARY ART

Lot number 48

Illustrated on page 295 of the catalog

#### **Details**

Signed dated 2001

Notes: France, Paris, Espace Pierre Cardin, 2002



*Figure 5: The auction results for artworks by Zeng Fanzhi 2019*

*(Source from: Artprice)*



**Zhang Xiaogang**

*Bloodline Series: Comrade No. 120*

1998

\$979,200

Sotheby's New York

Mar. 31, 2006

*Figure 6: The auction results for artworks by Liu Ye 2019*

*(Source from: China art market report by Wu Kejia, TEFAF 2019)*

### **Top 10 Auction houses (July 2018 – June 2019)**

	<b>Auction house</b>	<b>Auction turnover</b>	<b>Sold lots</b>	<b>Top result</b>
1	Sotheby's	\$623,121,600	2,062	\$25,701,500
2	Christie's	\$481,382,000	2,945	\$91,075,000
3	Phillips	\$225,661,500	2,17	\$9,500,000
4	China Guardian	\$73,499,000	540	\$6,330,000
5	Poly Group	\$86,654,000	613	\$6,659,000
6	RomBon Auction	\$28,513,000	970	\$748,000
7	Beijing Council	\$21,924,500	120	\$3,758,000
8	Beijing Hanhai	\$21,712,000	651	\$1,773,500
9	Seoul Auction	\$17,436,600	138	\$5,615,300
10	Beijing Yubao Jiahe	\$15,690,000	137	\$3,781,800
© Artprice.com				

*Figure13: Top 10 Auction houses ranking in 2018/2019*

*(Source from: The Contemporary Art Market Report 2019, Artprice)*

808

**Zhang Xiaogang**

*THIS IS A PREMIUM LOT. CLIENTS WHO WISH TO BID ON PREMIUM LOTS ARE REQUESTED TO COMPLETE THE PREMIUM LOT PRE-REGISTRATION 3 WORKING DAYS PRIOR TO THE SALE. BIDNOW ONLINE BIDDING SERVICE IS NOT AVAILABLE. FOREVER LASTING LOVE (TRIPTYCH)*

**Estimate** ◆ 25,000,000 — 30,000,000 **HKD** ▼ **LOT SOLD. 79,060,000 HKD (10,161,582 USD)**  
3,213,250 - 3,855,900 **USD**



*Figure14: The auction results of artworks by Zhang Xiaogang 2013*

*(Source from: Sotheby's.com)*



HU Xiaoyuan (1977)

*Three garments six items, 2008*

Mixed media sculpture (wood, silk, Chinese ink, glass, painting & pigment)

240 x 60 x 120 cm

**Hammer price: \$ 43,980** (RMB 300,000 )

Price including buyer's premium: \$ 50,577 (RMB 345,000 )

Estimate: \$ 43,980 - \$ 58,640 (RMB 300,000 - RMB 400,000 )

**Poly International Auction Co.,Ltd, 04 Jun 2017**

**Four Seasons Hotel**, Beijing, China

*Modern & contemporary arts*

Lot number 4615

Illustrated on page 247 of the catalog

**Details**

*Exhibition:* Taipei, Michael Ku, Gallery, 2011



*Figure15: The auction results of artworks by HU Xiaoyuan 2017*

*(Source from: Artprice)*

QI Baishi (1864-1957)

*Eagle Standing on Pine Tree; Four-Character Couplet in Seal Script*

Ink/paper

**Hammer price: \$ 57,201,999** (RMB 370,000,000 )

Price including buyer's premium: \$ 65,782,298 (RMB 425,500,000 )

**China Guardian Auctions Co., Ltd., 22 May 2011**

Beijing, China

CHINESE PAINTINGS

Lot number 1192

Illustrated on page 25 of the catalog

**Details**

Signed dated Stamp

Qty: 3



*Figure 16: The auction results of artworks by Qi Baishi 2011*

*(Source from: Artprice)*

LI Keran (1907-1989)

*Thousands of Mountains in Autumn (万山红遍),*  
1964

Ink, color/paper (Mounted for framing)

75.5 x 45.5 cm

**Hammer price: \$ 25,136,000** (RMB 160,000,000 )

Price including buyer's premium: \$ 28,906,400 (RMB  
184,000,000 )

Estimate: \$ 10,682,800 - \$ 13,824,800 (RMB 68,000,000 - RMB  
88,000,000 )

**China Guardian Auctions Co., Ltd., 15 Nov 2015**

Beijing, China

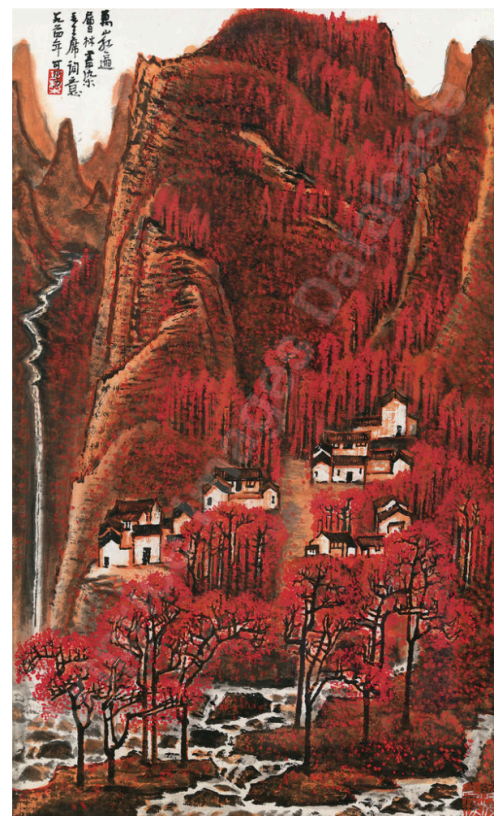
*Grand View - Chinese Painting Highlight- Modern*

Lot number 1237

Illustrated on page 95 of the catalog

#### Details

Signed dated Stamp



*Figure 17: The auction results of artworks by Li Keran 2015*

*(Source from: Artprice)*

## ZHANG Daqian (1899-1983)

*Aachensee*, 1968

Ink, color/silk

76.2 x 264.2 cm

**Hammer price: \$ 13,203,000** (RMB 90,000,000 )

Price including buyer's premium: \$ 14,787,360 (RMB 100,800,000 )

Estimate: \$ 2,200,500 - \$ 2,934,000 (RMB 15,000,000 - RMB 20,000,000 )

**China Guardian Auctions Co., Ltd., 17 May 2010**

**BEIJING INTERNATIONAL HOTEL**, Beijing, China

*ANCIENT METHODS AND MODERN INNOVATIONS-ZHANG DAQIAN*

*- HUANG BINHONG - WU HUFAN AND CONTEMPORARY ARTISTS*

Lot number 1125

Illustrated on page 140-141 of the catalog

### Details

Signed dated Stamp



*Figure 18: The auction results of artworks by Zhang Daqian 2010*

*(Source from: Artprice)*

JIN Shangyi (1934)

*Tajik bride*, 1983

Oil/canvas

60 x 50 cm

**Hammer price: \$ 12,076,800** (RMB 74,000,000)

Price including buyer's premium: \$ 13,888,320 (RMB 85,100,000)

Estimate: \$ 2,611,200 - \$ 3,264,000 (RMB 16,000,000 - RMB 20,000,000)

**China Guardian Auctions Co., Ltd., 16 Nov 2013**

Beijing, China

*Chinese Oil Paintings & Sculpture*

Lot number 119

Illustrated on page 121 of the catalog



*Figure 19: The auction results of artworks by Jin Shangyi 2013*

*(Source from: Artprice)*

CHEN Yifei (1946-2005)

*Wind of Mountain Village*, 1994

Oil/canvas

188 x 255 cm

**Hammer price: \$ 10,934,000** (RMB 71,000,000)

Price including buyer's premium: \$ 12,574,100 (RMB 81,650,000)

**China Guardian Auctions Co., Ltd., 24 May 2011**

**CONVENTION AND EXHIBITION CENTRE**, Beijing, China

CHINESE OIL PAINTINGS

Lot number 4657

Illustrated on page 43 of the catalog

**Details**

Signed dated



*Figure 20: The auction results of artworks by Chen Yifei 2011*

*(Source from: Artprice)*

LUO Zhongli (1948)

"Spring Silkworms", 1980

Oil/canvas

205.7 x 124.5 cm

**Hammer price: \$ 5,547,000** (HKD 43,000,000 )

Price including buyer's premium: \$ 6,372,600 (HKD 49,400,000 )

Estimate: \$ 903,000 - \$ 1,290,000 (HKD 7,000,000 - HKD 10,000,000 )

**Christie's , 23 Nov 2013**

**CONVENTION AND EXHIBITION CENTRE**, Hong Kong, Hong Kong

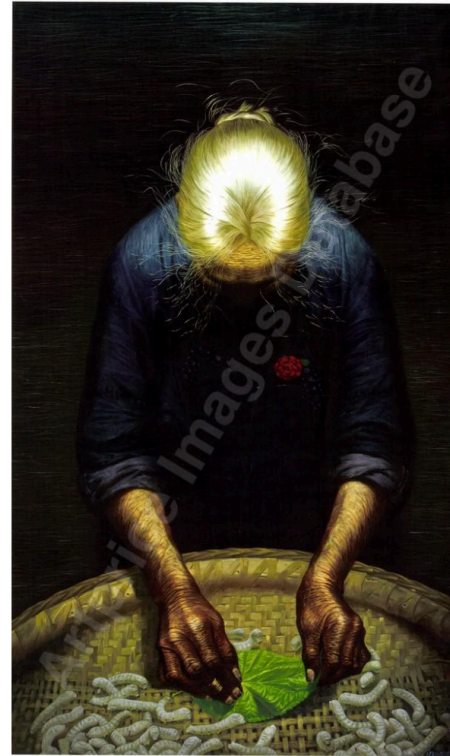
*Asian 20th Century & Contemporary art*

Lot number 25

Illustrated on page 119 of the catalog

**Details**

Signed dated "1980.7" lower right



*Figure 21: The auction results of artworks by Luo Zhongli 2013*

*(Source from: Artprice)*

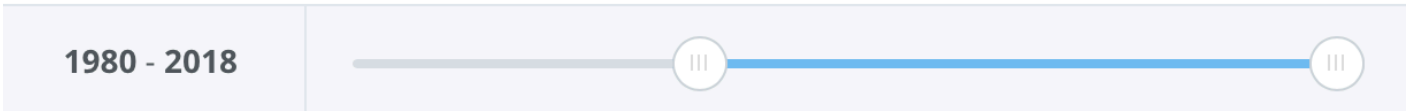
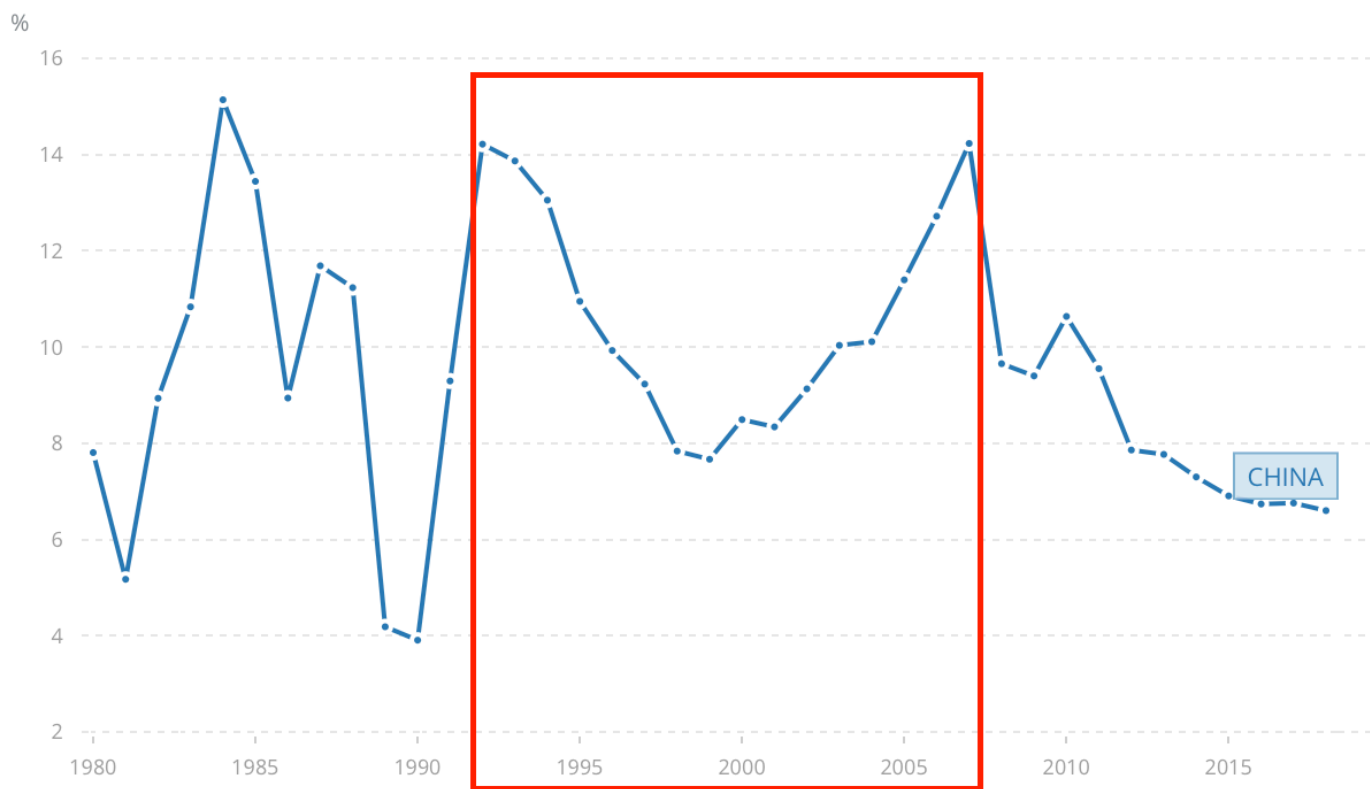


Figure 22: China GDP growth from 1980 to 2018

(Source from: World Bank, and OECD National Accounts data)



## **APPENDIX B**

### The Interview Questionnaire of the Galleries (Section 3.1)

Thesis of 2019 Tsinghua SIA Master of Arts in Management

#### The Gallery Interview with Pace Gallery

Purpose: To study the rise of Chinese contemporary art market, this paper analyzes the development of China's primary and secondary markets and the reasons of the rise of Chinese contemporary market from 2000 to 2015, from the perspectives of both global and national economic policies at the macro level and the historical context as well as the ecological circle of the art industry at the micro level. This paper makes a further analysis about the future development trend of Chinese contemporary art market and how the cultural industry is driven by China's national policy. And the research goal of the paper is to figure out how the development of Chinese contemporary art market is influenced by the increasing number of many private galleries and the choosing of the type of art collections by generations of art collectors.

Respondent A: (Hong Kong) Pace Gallery / Gallery Director Sylvie Tiao

Question 1: When did Pace decide to set up a gallery in Hong Kong ? And why to choose Beijing as the entry point into Chinese market? Have you ever considered to give the priority to setting up the gallery in other cities?

As one of the centers of Asian art market, Hong Kong is still developing at the moment. Asia as a whole might experience regional or temporary instability, but such instability only has limited influence on the overall development. The art gallery is never a complicated business. It is a platform that connects artists with collectors. Therefore, the first thing to do is to figure out the needs of collectors, which means understanding where their needs come from and creating a constant and stable need for the future. By taking a clear direction, art galleries will be able to operate efficiently. The convenience provided by Hong Kong, couple with its unique economic status, enables us to maintain close relationships with the Chinese mainland and other regions in Asia. Hong Kong is an excellent place to gather resources and talents, giving a host of western artists represented by Pace Gallery easy access to enter Asia.

Question 2: When Pace set up the gallery in China (including Hong Kong and Beijing), how did the gallery choose Chinese artists for cooperation? And what were the cooperation opportunities?

We represent 14 Chinese artists (Sui Jianguo, Zhang Xiaogang, Yue Minjun, Zhang Huan, Liu Jianhua, Mao Yan, Yin Xiuzhen, Hai Bo, Xiao Yu, Hong Hao, Song Dong, Li Songsong, Qiu Xiaofei, Wang Guangle), and we have partnership with more than 40 Chinese artists. Each of these artists is different, so the opportunities to cooperate emerged under different circumstances. There is no fixed pattern for our collaboration with artists. The foundation of cooperation is that we help build the relationships between artists of different generations and different media in accordance with the overall context of an art period.

Since our collaboration with Zhang Xiaogang, the first Chinese artist that we represented, we began to take painting, installation, photography, concepts, behaviors and other things into consideration in a comprehensive way, so that we can develop our cooperation network with artists that we are going to represent.

Question 3: As an important pioneer gallery, based on the experiences of promoting Western artists in Chinese market, what kind of Western art works should be chosen to introduce to Chinese collectors, so that they can accept quickly and collect these works or consider collecting these works after some period of time of thinking?

In turn, how does the gallery introduce the Chinese artists to the Western collectors and the international art market?

Our promotion of western artists is also built on a certain context. For example, among different art movements in art history, Pace Gallery mainly deals with modernism, abstract expressionism, minimal art, pop art, African female artists, the latest technology artists and so forth. We have specific long-term plans and projects for them, and every exhibition of ours is likely to improve the understanding of the whole school and the art history, so collectors' knowledge tends to expand with time. They might be unfamiliar with the whole art history at first, but after attending exhibitions for several times they will gain deep understanding of a few artists, which is of more educational value. For Chinese artists, their entry into the international market is sometimes throughout their art lives, and we may use important annual gallery exhibitions to enhance people's knowledge of them.

Question 4: As to the Chinese contemporary artists who are unfamiliar to the Western art system, how does the gallery choose the suitable exhibitions to improve the Western art system's (including curators and galleries) better understanding of Chinese artists, and thus to create the cooperation opportunities in the future exhibitions?

For instance, scholarly activities and publishing have always been the features and strengths of Pace Gallery. We have strong support in academic research, publishing and exhibition organizing. With our strengths, we can better promote our performers at not only exhibitions of our own gallery but also exhibitions of other galleries and the ones co-organized by us and other institutions. This year, when our new building in New York was completed, we also introduced a new exhibition-organizing department, which I believe will be of great help.

Question 5: What do the Western contemporary art collectors know about Chinese contemporary art? For example, what kind of Chinese contemporary art works may arouse the interest of Western collectors?

Western collectors' taste and knowledge are built more on independent thinking and diverse interests, which is different from the case of the Chinese market or the international market. Western collectors' perception and understanding of some artists and the fact that they collect art works in accordance with both their collection system and their interests aren't built on their understanding of the market. This is to say that there are many types of western collectors in terms of their understanding of both the academic area and the market.

Thesis of 2019 Tsinghua SIA Master of Arts in Management

The Gallery Interview with White Cube Gallery

Purpose: To study the rise of Chinese contemporary art market, this paper analyzes the development of China's primary and secondary markets and the reasons of the rise of Chinese contemporary market from 2000 to 2015, from the perspectives of both global and national economic policies at the macro level and the historical context as well as the ecological circle of the art industry at the micro level. This paper makes a further analysis about the future development trend of Chinese contemporary art market and how the cultural industry is driven by China's national policy. And the research goal of the paper is to figure out how the development of Chinese contemporary art market is influenced by the increasing number of many private galleries and the choosing of the type of art collections by generations of art collectors.

Respondent B: White Cube/ The sales representative of Taiwan Jiang Yuyun

Question 1: When did White Cube decide to set up a gallery in Hong Kong ? And why to choose Hong Kong as the entry point into Chinese market?

Have you ever considered to give the priority to setting up the gallery in other cities?

White Cube was established in London by Jay Jopling in 1993. In 2012, White Cube chose Hong Kong to build its first overseas branch. The main reason for choosing Hong Kong as the first move to enter Asia is that the law and tax regulations in Hong Kong are similar to the British system, which facilitates the fast setting up of the Hong Kong branch in terms of operation. As a trailblazing gallery of contemporary art, White Cube is among the first batch of western galleries that built the overseas branches in Hong Kong. Through the fast growing of the art market prompted by the burgeoning interest in Chinese contemporary art, it has seen the development potential and the future of the market of modern art in China. Besides, Hong Kong is a hub to connect China and the International community, which is another reason for which western galleries see Hong Kong as a gateway to China.



Question 2: When White Cube set up the gallery in Hong Kong, how did the gallery choose Chinese artists for cooperation? And what were the cooperation opportunities?

Currently, White Cube is in cooperation with 5 Chinese artists. It works with He Xiangyu, Liu Wei and Zhou Li as their agency, and partners with Wang Gongxin and Qin Yifeng for their projects. White Cube cooperated with Wang Gongxin (a video artist) and Qin Yifeng (a photograph artist) on the project of “inside White Cube”. As a scholarly gallery, we examine the course and development of artists’ art works as a key point when choosing who to work with. And with the “inside white cube” project, it got to review the reactions of art galleries, curators and the market to artists’ exhibitions. Through such cooperation, White Cube is able to explore with artists the possibility of future long-term partnership.

Question 3: As an important pioneer gallery, based on the experiences of promoting Western artists in Chinese market, what kind of Western art works should be chosen to introduce to Chinese collectors, so that they can accept quickly and collect these works or consider collecting these works after some period of time of thinking?

In turn, how does the gallery introduce the Chinese artists to the Western collectors and the international art market?

White Cube always keeps a certain part of each year's exhibition plan for Chinese artists who cooperates with it. White Cube works together and coordinates with artists in galleries in China, and it tries to use its resources for different exhibitions without any repeated use of the resources, thus enabling artists to show their art works on important academic exhibitions and at the art fair. White Cube arranges for Chinese partner artists to exhibit on western exhibitions. For instance, Frize London, the most influential annual exhibition in London, puts Chinese artists' art works on show, which familiarizes foreign collectors with and subsequently prompt them to collect these works.

Question 4: As to the Chinese contemporary artists who are unfamiliar to the Western art system, how does the gallery choose the suitable exhibitions to improve the Western art system's (including curators and galleries) better understanding of Chinese artists, and thus to create the cooperation opportunities in the future exhibitions?

In the past decade, Chinese contemporary art has gradually been included on western academic exhibitions, including both international art fair and other important exhibitions. Take artists who cooperate with White Cube for example, He Xiangyu and Liu Wei had their art works shown in the Chinese Pavilion at the Venice Biennale 2019 organized by the curator Ralph Rugoff. He Xiangyu, a contemporary Chinese artist born after 1980, has been an active participant on western academic exhibitions in recent years. He cooperates with internationally famous art galleries. This is the result of the joint efforts of the gallery and the artist.

Question 5: What do the Western contemporary art collectors know about Chinese contemporary art? For example, what kind of Chinese contemporary art works may arouse the interest of Western collectors?

When White Cube deploys its market strategies, it makes plans from a global perspective. Apart from the Hong Kong branch, it also sets up the regional sales representatives in Taiwan, South Korea and Singapore. These representatives showcase White Cube's market strategy for Asia. Our regional sales representative in different countries are all familiar with contemporary art and the industrial chain, and have achieved thorough development in the circle of each countries' collectors. With the knowledge about local collectors, they are able to introduce artists' background, exhibition experiences, and artworks to collectors, advising collectors to recognize and then collect the art works.

Thesis of 2019 Tsinghua SIA Master of Arts in Management

The Gallery Interview with Urs Meile Gallery Beijing

Purpose: To study the rise of Chinese contemporary art market, this paper analyzes the development of China's primary and secondary markets and the reasons of the rise of Chinese contemporary market from 2000 to 2015, from the perspectives of both global and national economic policies at the macro level and the historical context as well as the ecological circle of the art industry at the micro level. This paper makes a further analysis about the future development trend of Chinese contemporary art market and how the cultural industry is driven by China's national policy. And the research goal of the paper is to figure out how the development of Chinese contemporary art market is influenced by the increasing number of many private galleries and the choosing of the type of art collections by generations of art collectors.

Respondent C: (Beijing) Urs Meile Gallery/Gallery Director Zhao Mengzhuo

Question 1: When did Urs Meile decide to set up a gallery in Beijing ? And why to choose Beijing as the entry point into Chinese market? Have you ever considered to give the priority to setting up the gallery in Hong Kong?

The founder of the Urs Meile Gallery, Urs Meile, came to China in the early 1990s with the introduction of Swiss Ambassador to China, Uli Sigg. He then began to know about the Chinese contemporary artistic ecology, and made cooperation with Chinese artists. Urs Meile had promoted the works of many Chinese artists to Switzerland and Europe even before the opening of Beijing gallery. The Urs Meile Gallery at Swiss (located at Lucerne) opened in 1992, and at that time there was no fixed room for exhibition in China. So some artist friends suggested Urs Meile to open the gallery in Beijing to develop his work deeply in China. And then there was the Beijing Urs Meile Gallery. Beijing Urs Meile Gallery opened in 2005 in Caochangdi Art Zone outside the 5th Ring Road. And 12 years later, we moved to 798 Art Zone but still kept the art space in Caochangdi.

Question 2: When Urs Meile set up the gallery in Beijing, how did he choose Chinese artists for cooperation? And what were the cooperation opportunities?

(Ditto.)

Question 3: As an important pioneer gallery, based on the experiences of promoting Western artists in Chinese market, what kind of Western art works should be chosen to introduce to Chinese collectors, so that they can accept quickly and collect these works or consider collecting these works after some period of time of thinking? In turn, how does Urs Meile introduce the Chinese artists to the Western collectors and the international art market?

It is not easy to promote works of western artists to Chinese collectors, and is especially hard given that the works of our partner Western artists are neither "hard currency" in the art market nor popular in the secondary market.

The cooperation between Urs Meile and the artists are based on academic consideration, as well as the exchange and collision of Chinese and Western cultures.

We hope that Western artists can make more communications with Chinese artists and Chinese artistic ecology, and we also hope that Chinese artistic ecology may know more about the Western artist's creation state and accept their artistic works. When Chinese collectors become more aware of the creation and works of Western artists and have more interests about the works, surely deals can be naturally reached. The collection ecology of Europe is relatively mature. Many collectors and collectors of the gallery also have an understanding of Chinese culture. Through the promotion of our exhibition projects and fairs, the creation of Chinese artists is no stranger to them.

Question 4: As to the Chinese contemporary artists who are unfamiliar to the Western art system, how does the gallery choose the suitable exhibitions to improve the Western art system's (including curators and galleries) better understanding of Chinese artists, and thus to create the cooperation opportunities in the future exhibitions?

The gallery relies on exhibition projects to introduce artists, including our own gallery exhibitions, domestic and foreign expositions, group exhibitions in other spaces outside the gallery, and individual exhibitions.



Of course, in recent years, with the development of online media platforms, online media has also become a channel for foreign art system (including curators and art museums) to know about artists. There are also cases of reaching deals and introducing artists to curators through online media.

Question 5: What do the Western contemporary art collectors know about Chinese contemporary art? For example, what kind of Chinese contemporary art works may arouse the interest of Western collectors?

The Western collectors are a relatively broader group with deep roots as well as varied collecting emphasis. So answering this question is not to generalize.

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