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中国传媒观察研究中心 Osservatorio  
sui Media e le  
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This newsletter is produced by the China Media Observatory. Ideas and suggestions are welcome and can be sent to [info@chinamediaobs.org](mailto:info@chinamediaobs.org).

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# CMO NEWSLETTER

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## Welcome message from the Director

Dear readers,

After a break of several months, I, hereby, kindly inform you that our China Media Observatory restart all the activities with a new team involving new collaborators. Hope this reorganization would bring you a fresh understanding of our work and goals of China Media Observatory in the near future.

We kindly invite you to keep following our academic activities and reading our newsletters. You can find below the latest issue of our newsletter and it will be a regular bimonthly publication from now on.



China Media Observatory is always oriented to develop a strong academic network among professors, researchers, PhD students from Europe, China, and other countries, who are focusing on China Media studies with interdisciplinary approaches. We want to provide an opening platform to not only share you with all the academic resources we have, but also conduct an effective mutual-communication among different academic bodies in this research field.

Any academic contributions and suggestions from your side are always welcomed.

Best regards  
Prof. Giuseppe Richeri  
Director of the China Media Observatory

## About us

China Media Observatory was created in September 2006 by the Faculty of Communication Sciences at the University of Lugano in Switzerland in view to answer to three kinds of stimulus. Since several years the evolution of the Chinese economy and society has been at the centre of debate in the main media: the dynamism of the Chinese economy, the growth rate of its import-export, the deregulation process of the market, the opportunities open to European companies and the social contradictions that all this implies. However, despite this increased attention, the discourse on media appears little studied in depth. From an analysis of news in main European media, with a reference to media in China, there is evidence that a large majority concerns directly or indirectly censorship exerted by the central and local organs of the Communist Party. We want to go beyond, understanding the structure, the functioning and the activity of its media system. The second stimulus comes directly from the University. Thinking at the prospective strategies of our Faculty and the intellectual and professional education of students, we find it not only interesting but necessary to open the eyes of who is preparing to enter the world of media and communications towards a reality such as the Chinese one. The third stimulus is of more contingent nature and comes from some media companies, Swiss and of other European countries, with which we are in touch for research and education reasons. These companies have asked us for specific information on the Chinese media market, the deregulation process and open opportunities in China for who is active in the media market in Europe.



## The video sharing market in China: An Overview

Gianluigi Negro

Commonly, video sharing refers to websites or software on which users can distribute their video clips. Some services may charge but most video sharing websites offer their services for free. Technically, a video hosting service allows individuals to upload video clips to an internet website. The video host will then store the video on its server and show individual codes to allow other people to choose and view this video.

Video sharing is a fairly recent phenomenon in the Internet as its origins date back only to the mid-2000s. Although other video websites already operated, Youtube can undoubtedly be considered the real watershed in the history of the Western video sharing market. Youtube was created in February 2005 by Chad Hurley, Steve Chen and Jawed Karim, three former PayPal employees<sup>1</sup>. Just under two years later, in November 2006, the California-based company was bought by Google Inc for \$1.65 billion (Euro1.18 billion); since then it has been operating as a subsidiary of Google and is the third most visited website on the web after Google itself and Facebook<sup>2</sup>. Youtube's revolutionary effect consists in allowing users to control activities such as uploading, managing, sharing and watching videos.

Before the Youtube era videos distributed by traditional media servers and peer-to-peer file downloads like BitTorrent were standalone units of content and were not connected to other related video clips, for example, to other episodes of a show that the user had watched. Also, there was very little as regards content reviews or ratings; instead, these activities boomed with Youtube. The new generation of video sharing websites overcame these limits, and now allow content suppliers to upload videos effortlessly, automatically converting from the many different formats, and to tag uploaded videos. Users can also easily share videos by mailing links to them or by embedding them on web pages or in blogs. Users can also rate the videos, bringing new social aspects to the viewing and popular videos can consequently rise to the top in a highly organic fashion. It can be argued that Youtube has a social network base where users can also enable communities and groups. In other words, videos are no longer independent from each other and neither are users<sup>3</sup>.

The video sharing phenomenon began to take its first steps in China a few years later: it was in June 2008 that the China Internet Network Information Centre (CNNIC) mapped the video sharing market landscape in China in its first *Research Report on the Network Video Market and Netizens's Video Consumption in China*. At that time, by the end of December 2007, 160 million netizens were using network video in China (one network video user for every 1.3 netizens). Competition in the network video industry was fierce, the outlook was good and the industry was moving from a developing stage towards diversification and integration<sup>4</sup>. The sector has registered an impressive growth in recent years: according to CNNIC, by the end of 2010 the video sharing market increased by 18.1% with 284 million Chinese now accessing this kind of service<sup>5</sup>.

By the end of 2010 more than 80% of the online video market was held by five companies<sup>6</sup>: Youku, Tudou, Sina Video, 56.com and ku6<sup>7</sup>.

- **Youku** was founded by Victor Koo, former President of Chinese Internet Portal Sohu. This video sharing website was officially launched in December 2006 and in 2007 the company received \$25 million (Euro17.9 million) in funding from venture capitalists. In December 2009 Youku announced that it had raised \$110 million (Euro79 million) from private equity funds whose major investors include Brookside (Bain) Capital, Sutter Hill Ventures, Maverick Capital and Chengwei Ventures. According to metrics provider CR-Nielsen, since January 2010 Youku has been the most popular video sharing website in China and can count on partnerships with MySpace and China Edition Mozilla Firefox (both partnerships were announced in 2008).
- **Tudou** can be considered the first successful case in the Chinese video sharing market. According to the Shanghai-based market research company iResearch, in June 2009 Tudou's monthly unique visitors reached 95 million and rose to 170 million one year later. Tudou was founded on 15<sup>th</sup> April 2005 by Gary Wang and Dutchman Marc van der Chijs and now offers over 55 million videos every day, moving more than 1 Petabyte (1000 terabytes) per day to 7 million users.

<sup>1</sup> Jopkins J., [Surprise! There's a third YouTube co-founder](#), Usa Today, 10<sup>th</sup> October 2006, last visit 3<sup>rd</sup> March 2011

<sup>2</sup> Data provided by Alexa, 4<sup>th</sup> March 2011.

<sup>3</sup> X. Cheng, C. Dale, J. Liu, [Understanding the Characteristics of Internet Short Video Sharing: Youtube as a Case Study](#), AMK's Journal, 9 August 2007, last visit 3<sup>rd</sup> March 2011

<sup>4</sup> [Research Report on the Network Video Market and Netizens's Video Consumption in China](#), CNNIC 28<sup>th</sup> June 2008, last visit 3<sup>rd</sup> March 2011

<sup>5</sup> The 27<sup>th</sup> Statistical report on the Internet development in China was published by the China Internet Network Information Center report on 17<sup>th</sup> January 2011.

<sup>6</sup> [Zhongguo 5 da shipin wangzhan 80% shichang fene liangda xinjun jueqi, Touzu Zhongguo](#), 9<sup>th</sup> February 2011, last visit 21 Feb. 11 Giselle.

<sup>7</sup> Chinarank.org last visit 4<sup>th</sup> March 2011

Originally the company was self-financed for about \$100,000 (Euro71,800). Its first major funding round was in 2006 for \$8.5 million (Euro6.1 million), followed by a second round for \$19 million (Euro13.6 million) in 2007 which saw as the main financiers the Boston based General Catalyst Partners and the Shanghai based Capital. The last and most important funding round totalling \$57 million (Euro40.3 million) took place in April 2008 and also saw the involvement of the Rockefeller family<sup>8</sup>.

- **Sina Video** is the first Chinese video sharing portal; it is the result of the merger between Sina podcast (Sina Boke), founded in December 2006, and Sina Broadband (Sina kuanpin). Sina Video's content is highly qualified as the company can count on strategic alliances with the most important television stations such as Beijing Television (BTV), the Shanghai-based Dragon TV, Guangdong TV, Tianjin TV, Shenzhen TV, Chongqing TV Hunan and Hubei TV. Sina video also webcasts special programs provided by CCTV, ESPN, CNN, Hubei TV, Shanghai Wenguang and other high profile professional media.
- **56.com** was founded in October 2005, according to a survey of the website Complete.com; by the end of 2008 the 56.com domain attracted at least 3.2 million visitors annually. In 2008 access to this Chinese video provider was suspended for one week: it was reported that, because 56.com had frequently violated relevant government rules with its video content, it had been issued a warning by the government and was closed down for a few days. This Guangzhou-based company received its first round of venture financing on 15<sup>th</sup> June 2007 with approximately \$10 million (Euro7.1 million) from Steamboat Venture and SIG<sup>9</sup>.
- Founded in 2006, **Ku6** is the first Chinese video sharing company to enter into content cooperation agreements with Sony Pictures Television and another undisclosed Hollywood studio. Ku6 was also the first Chinese video portal to delete pirate content posted by its users. Moreover, the company established the "International Film & TV Co-Acquisition Fund" with Sohu.com (one of the most important Chinese web portals) with an initial funding of \$10 million (Euro7.1 million)<sup>10</sup>. In November 2009 Ku6 became a subsidiary of Hurray, the mobile content company of Shanda, one of the most important Chinese operators of online games and book publishing; the deal was worth around \$50 million (Euro35.9 million)<sup>11</sup>.

A preliminary comparison with the US video sharing market shows that at the moment the Chinese online video market appears to be more balanced than in the USA, where Youtube dominates with a 38% market share, while second choices such as Yahoo, Vevo (music video) and AOL have only around 5% each<sup>12</sup>.

Besides market related considerations, it is important to highlight that most Chinese video sharing websites have different features to those of their Western counterparts. For instance, Youtube videos are generally user generated content (UGC) while Youku and the other Chinese video sharing websites drew up a business plan in which UGC content represents only 20% of its videos while the core is oriented more to copyrighted full-length TV shows and movies. As a result of this strategy, in 2010 companies such as Youku began testing a charging system for their videos through "Premium Services". Like the Western video sharing websites, most of the revenue comes from advertising. In fact, in the first three quarters of 2010 more than 94% of Youku and Tudou's income was generated from advertising; more specifically, according to the data provided by the Beijing-based research firm Analysys International, Youku's ad revenue was about RMB284.4 million (Euro31.9 million) while Tudou collected RMB211 million (Euro23.7 million).

However, in the Chinese video-sharing market there are also more forms of pressure such as the high cost of broadband server fees and the expensive copyright fees due to the country's strict regulations on pirate material. To get an idea of the expenditure, by the end of 2010 the content delivery network service offered by a domestic provider cost about RMB50,000 (Euro5,565) per month, definitely a huge expense compared to Euro10.7 per gigabyte flow offered by a US information technology content delivery company<sup>13</sup>.

The need for more funding has risen over the past year: in August 2010, Tudou announced a \$50 million (Euro35.9 million) financing round led by Temasek Holdings, an investment company owned by the government of Singapore. Other examples are Youku, which raised \$40 million (Euro28.7 million) in the December 2010 round, with the possibility of a further \$40 million (Euro28.7 million), and Baidu, the

<sup>8</sup> L. Gannes, [Chinese Video Leader Tudou Raises \\$57M](#), Gigacom, 28<sup>th</sup> April 2008, last visit 4<sup>th</sup> March 2011

<sup>9</sup> [Video Sharing Site 56.com Reportedly Receives \\$ 10 Million in Venture Funding](#), Redlinechina, 15<sup>th</sup> June 2007,

<sup>10</sup> R. Wauters, [Chinese Online Video Portal Ku6 Strikes Deals With Major Hollywood Studios](#), Teach Crunch, 16<sup>th</sup> September 2010, last visit 4<sup>th</sup> March 2011

<sup>11</sup> V. Wai, [Shanda Founder Closes In On His dream](#), Forbes 26<sup>th</sup> November 2009, last visit 5<sup>th</sup> March 2011

<sup>12</sup> [The biggest 5 Chinese video sharing website constitutes 80% of the market share](#) (Zhongguo 5 da shipin wangzhan 80% shichang), China Venture (Touzu Zhongguo), 9<sup>th</sup> February 2011, last visit 21<sup>st</sup> February 2011

<sup>13</sup> L. Mo Tudou, [Youku to face tough times ahead](#), 14<sup>th</sup> December 2010, last visit 21<sup>st</sup> February 2011

most important Chinese search engine which, through Qiyi, a new venture oriented to the video-sharing market, raised \$50 million (Euro35.9 million).

The case of Youku appears to be emblematic in this sense as the need for new funding was mainly driven by its failing business model that recorded losses of \$25 million (Euro17.9 million) in the first quarter of 2010 and over \$100 million (Euro71.8 million) since inception. Even although professionally produced content represents a fundamental part of Youku's business model, the same company officially reported:

*The market prices for professionally produced content, especially popular movies and television serial dramas, have increased significantly in China over the past few years. For example, according to our internal records, the average license fee for television serial dramas increased in 2009 by more than 200% compared to 2008 and increased in 2010 by more than 100% compared to 2009. The average license fee for movies also increased in 2010 by more than 90% compared to 2009<sup>14</sup>.*

Another problem lies in the fact that Youku has to face intense and illegal competition for advertising from several smaller websites that still provide infringing content; in other words the bigger Youku becomes, the bigger its losses. In order to face these problems Youku decided to issue an Initial Public Offering (IPO) in December 2010 and to implement other revenue strategies. One of these is the acquisition of the rights to stream "hot films or TV series", such as the five seasons of Desperate Housewives produced by Disney<sup>15</sup>. Youku's aim is to offer its "Premium Service" to its subscribers but it is difficult to foresee a success especially if there are other competitors that provide the same show for free (even if they are acting against the law).

Although in the third quarter of 2010 the Chinese online video market value was estimated to be RMB621 million (Euro67.9 million), it is still generally difficult for the companies to make sustainable profits. This situation has become more complicated in the wake of the ban announced in November 2010 by the State Administration of Radio Film and Television (SARFT) that prohibits any form of trading and supply of unauthorized foreign TV series<sup>16</sup>. Furthermore, along with the ban, in October 2010 the Ministry of Culture launched a six-month nationwide crackdown on counterfeiting in order to limit the infringement of intellectual property rights (IPRS) and develop public awareness of IPRS protection<sup>17</sup>. The ban has resulted in a reshuffle of the video sharing industry in China, with major domestic websites gearing up to offer copyrighted imports of TV series and films<sup>18</sup>. Confirmation has been provided recently by the creation of a new content sourcing joint venture in Shanghai between the Chinese Tudou Holdings Limited Leshi Internet Information & Technology (Beijing) Co. Ltd. ("LeTV") through its affiliate Shanghai Quan Toodou Network Science and Technology Co., Ltd ("Quan Toodou"). LeTV and Tudou will jointly assess which video content to purchase based on the quality of the content as well as viewer preferences. The joint venture company will seek exclusive licensing rights as well as sub-licensing rights for most of the purchased content<sup>19</sup>.

To sum up, it is quite probable that, in the coming months, video sharing websites will increasingly face stricter regulations and will have to implement more efficient monitoring systems. In both cases there could be a risk of more expensive sustainability costs, thus only the companies with a well-defined strategy for their IPOs and an incisive advertising campaign, with profitable premium service packages and other revenue forms, will survive in the Chinese video sharing market.

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<sup>14</sup> [Youku Ipo file pag 17](#), in A. Little, *Youku Business Model Already Failing: Stock Should Follow Suit*, Seeking Alpha, 12<sup>th</sup> January 2011, last visit 4<sup>th</sup> March 2011

<sup>15</sup> M. Kan, [China's Youku secures deal with Disney to stream TV shows](#), itworld, 18<sup>th</sup> October 2010, last visit 4<sup>th</sup> March 2011

<sup>16</sup> SARFT Notice Concerning Printing and Circulation of the "[Opinions on the Implementation of the Radio and Television Intellectual Property Rights Strategy](#)", Guangdong Zongju Guanyu Yinfa "Guangbo Yingshi Zhishi Chanquan Zhanlue Shishi Yijian" de Tongzhi 17 November 2010, last visit 21<sup>st</sup> February 2011

<sup>17</sup> Ministry of Culture Notice "[Some Opinions concerning further Strengthening Culture Market Management Work](#)" Wenhua bu guanyu yinfa "Quanguo Wenhua Shichang Zhishi Chanquan Baohu Zhuanxiang Zhifa Xingdong Fang'an" de Tongzhi 11<sup>th</sup> December 2010, last visit 21<sup>st</sup> February 2011

<sup>18</sup> X. Sun, [Copyright video raises IPR awareness](#), China Daily 10 January 2011, last visit 3<sup>rd</sup> March 2011

<sup>19</sup> Tudou official website, <http://tudou.letv.com/>, last visit 19<sup>th</sup> October 2011

## Insights into Successful Chinese animation movies

Vincenzo De Masi  
Chwen Chwen Chen

For almost two decades following implementation of the opening-up policy in the late 1970s, Chinese children sat mesmerized in front of television sets as American cartoon cat Tom chased mouse rival Jerry, or as the Japanese manga robot feline Doraemon helped his schoolboy companion Nobita Nobi. Although there were home-made cartoons, these failed to satisfy the Chinese audience which grew accustomed to watching imported animated films and shows, especially Japan's *Astro Boy*, which, purchased by China in 1981, was the most popular children's cartoon of its time.

By the 1990s foreign animation had all but wiped out domestic animation studios: at the time domestic animation works represented just 10% of the total. Indeed, the animation industry was seen in China as a loss-making business and therefore discouraged investors and creators from entering the market: the lack of capital funds and market practices whereby Chinese enterprises focused on short-term profits, and on quantity rather on quality, lay behind this situation. A turning point for the Chinese animation industry finally came in 2004. The State Administration of Radio, Film and Television (SARFT) issued a document ordering more than one third of the country's provincial and sub-provincial TV stations to have children's channels. Domestic animation productions had to account for at least 60% of all animation broadcasting time every season<sup>20</sup>. This required the TV stations to have 280,000 minutes of animation time while in 2004 that time totaled a mere 21,800 minutes. This regulation, together with specified preferential policies targeted at the animation industry, opened up new business opportunities and investments in the following years.

Although China's animation industry still has to overcome a number of obstacles such as the lack of creation and marketing talent, along with the widespread phenomenon of piracy, in recent years it has attracted the attention of critics and the public for the high quality of the aesthetics and narration which can easily measure up to the Japanese standards, usually considered a reference point in this field, and in this way become valuable competitors internationally. Indeed, in 2010 a number of Chinese animation films were successful market products and took part in several international film festivals; some of them even gained important awards.

One of the "made in China" animation movies which was a big success with the public both in China and abroad is the trilogy based on the popular TV animation series *Pleasant Goat and Big Big Wolf* (喜羊羊与灰太狼). This animated TV series, about the eternal struggle between the famous Pleasant Goat and his fierce enemy Grey Wolf, consisted of 530 episodes aired on the national broadcaster CCTV and over 40 local TV stations across the country, with audience ratings reaching 17.3%, and on Hong Kong TV channels.

This cartoon series was later made into a small-budget movie costing RMB6 million (Euro652,746). *The Super Snail Adventure* (喜羊羊与灰太狼之牛气冲天) was launched in January 2009 and became an instant screen hit. On the opening day alone the movie raked in RMB8 million (Euro870,300) - twice that of Hollywood's blockbuster *Kung Fu Panda* - and broke the domestic box office record for an animated film with RMB90 million (Euro9.8 million). A sequel entitled *Pleasant Goat and Big Big Wolf — The Tiger Prowess* (喜羊羊灰太狼之虎虎生威) was released in 2010 and took in RMB130 million (Euro14.142 million) at the box office. The third and last episode, *Pleasant Goat and Big Big Wolf - Moon Castle: The Space Adventure* (喜羊羊与灰太狼之兔年顶呱呱), which premiered in Chinese theaters in February this year, has broken a new record for an animated movie taking RMB143 million (Euro16 million) at the box offices throughout the country.<sup>21</sup>

<sup>20</sup> Jing, Xiaolei (2010), "[A Pleasant Goat Surprise. A rising Chinese cartoon company which is aiming to reshape the country's traditionally lackluster animation industry](#)", at. Accessed on 9 March 2011.

<sup>21</sup> Ibidem

The success of this trilogy, created with very simple animation 2D techniques, is based not only on the charming story - which includes themes closer to an adult public and not present in the TV series, with a view to attracting this group - but also on the marketing strategy adopted by the Guangzhou-based production company Creative Power Entertaining. "It shows that a low-cost homemade animated product can also achieve huge box office success, as long as we can find a workable marketing strategy," said Lu Yongqiang, General Manager of Creative Power Entertaining. The company used a very important and smart promotion strategy, already adopted by the Japanese animation industry almost two decades earlier: sending New Year's greetings cards to young Chinese people by snail mail, broadcasting a huge number of advertisements on TV and radio and finally, thanks to an agreement with McDonalds, giving out toys with Happy meals. Furthermore, the marketing strategy saw the publication of a book dealing with the main themes of the film. The book was a huge success with 3 million copies sold in only three months.<sup>22</sup>

Thanks to this commercial goal, in November 2010 Creative Power Entertaining signed an agreement with Buena Vista International (BVI), Walt Disney's publishing company, for the broadcasting rights of the latest 100 episodes of *Pleasant Goat and Big, Big Wolf*. The program will air on Disney's broadcasting channels in 52 Asia-Pacific countries and regions, including India, Australia and New Zealand. The cartoon will be broadcast in English and more than 10 local languages. Another important proposal was made by the Hong-Kong based Imagi studio which appeared to be interested in purchasing the Chinese studio.

Another successful animation movie being screened in Chinese cinemas in these days is *Little Big Panda* (xiongmao zongdongyuan 熊猫总动员), the first Chinese 3D<sup>23</sup> animation film and an answer to the resounding success of Disney's 2008 *Kung fu Panda*, the first animation film ever to break through the virtual threshold of RMB100 million (Euro10.88 million) in China. The film *Little Big Panda* is a China, Germany, France and Belgium coproduction for an investment of RMB350 million (Euro50 million). The producers have also reached a number of agreements for the distribution of the movie in many countries throughout the world.

An interesting feature of *Little Big Panda* is the technique used for the 3D vision: the characters were first designed by hand using the traditional hand-drawing technique and then, thanks to advanced animation software, the designers created the illusion of 3D in the film. Another distinguishing characteristic of this animation movie is the technique used to create the backgrounds: indeed, the backgrounds are based on Chinese ink paintings<sup>24</sup>, an ancient technique which uses ink brushes to paint, decorate and write poems (the first paintings made with this kind of technique date back to the Tang Dynasty (618-907). This technique is still used today in Chinese calligraphy. The production of this film took about five years and mixed old and new painting techniques to obtain an original product. Despite the high quality design, the movie was not successful at the box-office: in the last week of screening it took only RMB45.8 million (Euro6 million)<sup>25</sup> although it has ranked among China's top ten films since its release on February 3, 2011.

The third and last important Chinese film is *The Dreams of Jinsha* (*menghui jinshachen* 梦回金沙城) which attracted the attention of world famous critics and allowed the Chinese to dream of winning an Academy award in the "best animation film" category; it ran against the Japanese film *Summer Wars* and *Toy story 3* the latter of which was actually the winner. *The Dreams of Jinsha* is a film created by Hangzhou Sheng Shi Long Tu Animation Co., Ltd in a studio located in the Bingjiang district of Hangzhou where, thanks to government investments, a national animation industry base is growing rapidly and will become one of the most competitive animation production centers in the whole country.

Before being noticed by the Academy, this film had already attracted the attention of experts and the public at leading international film festivals where it screened such as Cannes, Berlin and Venice. In

<sup>22</sup> Zan, Jifang (2009), "[Goats and Wolves Spring a Surprise. A homegrown animated movie turns out to be a runaway hit](#)", at. Accessed on 27 February 2011.

<sup>23</sup> Liu, Fang (2010), "[China and Europe making 3D panda film](#)", *CNTV*, September 15, at. Accessed on 22 February 2011.

<sup>24</sup> Ibidem

<sup>25</sup> [China Weekly Box Office](#) from 14/2/ 2011 to 20/2/2011. Accessed on 28 February 2011

fact, Gu Guoqing, the distributor of this film<sup>26</sup>, said: "I got great feedback at those festivals; they were impressed with our Chinese-styled cartoon elements". One feature that distinguishes this film from the new animated productions in 3D is the choice of 2D as the screening standard with the very high quality B2K resolution meaning that when the film is shown on a 3 meter wide screen its colors remain vivid and its lines smooth. This is a difficult choice especially in a country where most of the new cinema animation products are created in 3D. Instead of using the new updated computer graphic software, this film adopted the ancient hand-drawing technique which slowed down the production of the film but gave it a very high quality design<sup>27</sup>. Besides the beauty of the images, the music is an important element of the success. Using typical Chinese features was a strategic choice and proved to be important in offering the film a well-defined distinguishing "brand" although critics noticed some stylish similarities with the movies of the Japanese animation master Hayao Miyazaki; the same was noted also in the film *Avatar*.

As *Jinsha* and *Avatar* are very similar at a narrative level, some critics claim that the story of the animated film *Jinsha* is just an imitation of James Cameron's *Avatar*. This claim is not grounded as the production of *Jinsha* began in 2005 when *Avatar* was still only in the pipeline. The film saw an investment of RMB80 million (Euro9 million) and so far it is the most expensive film in the history of animation film. However, it was a flop at the box offices in China where it also received negative criticism.

In July 2011, the animated movie *Legend of a Rabbit* (兔侠传奇) was produced by Tianjin Film Studio, Beijing Film Academy and Beijing Century Butterfly. This movie saw an investment of \$12 million (Euro8.7 million). According to Variety (2011), 28 Cartoon Network under Turner Broadcasting Corporation has acquired the broadcasting rights of this 3D Chinese cartoon for broadcasting in Australia, New Zealand, India and Taiwan. Sun Lijun, the movie director and dean of the animation school at the Beijing Film Academy, said: "It achieved some commercial success, but there is still a long way to go."

To sum up, *The dreams of Jinsha* can be considered the first of a series of Chinese productions with high style and narrative level. It also proved that the Chinese animation studios have started to create products which do not copy the big foreign productions as they seem to have identified and understood the strong features of their domestic productions, as in the case of the animation film *Pleasant Goat and Big, Big Wolf*. Furthermore, the techniques used by the new Chinese designers clearly show a quality which is superior to that created using computer. All this leads to the question: is Chinese animation on the way to an Academy Award in the coming years?

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<sup>26</sup> " *The Dreams of Jinsha: A young boy's quest of courage*", 9 July 2010, Global Times.

<sup>27</sup> Fan, Cheng (2010), " *The Dreams of Jinsha*" shortlisted for an Oscar nomination for expert of animation development" ["menghui jinshacheng" ruwei ousika zhuanjia tantao dongman fazhan], 10 December 2010,. Accessed on 24 February 2011.

## Overview of the Media Industry in China in 2010

The media industry in China has developed steadily and rapidly in recent years: in the year from March 2010 to March 2011 the total output value of the media industry as a whole in China was RMB580.8 billion (Euro62.55 billion), an increase of 17.8% over the same period the previous year and the highest rate since 2007. The media industry in China has doubled in size in the past 6 years (the media output value of 2005 was just RMB246.05 billion).

2010 was a year of profound changes for the print press in China with 1,069 of the 1,937 newspapers transforming into legal-person-registered enterprises. The advertising revenue of newspapers amounted to RMB43.9 billion in 2010, an increase of 18.5%.

In July 2010, there were 234 radio stations in China broadcasting to 96.31% of the population and the annual advertising revenue of the industry was RMB9.63 billion, 34% up on 2009. On completion of the "Cut Down" policy, at the end of 2010 the number of TV stations in China stood at 247, 25 fewer than 2009, and the total income of the Radio/TV broadcasting sector was RMB223.8 billion, up 20.78%. In 2010 the Film Industry in China reached a high point with Annual Box Office takings of more than RMB10 billion (10.172 billion RMB), 63.9% more than the B.O. of 2009 (and 2009 was already 42.96% more than 2008): Chinese movie production generated RMB5.734 billion B.O. and held 56.4% of the entire market.

According to CNNIC, at the end of 2010 the number of netizens in China increased to 457 million with a penetration rate of 34.3%. The Internet Industry grew rapidly (54.9% up on 2009) in 2010 with an advertising revenue of RMB32.12 billion, and the Online Video Game industry recorded an income of RMB32.74 billion, an increase of 21% compared to 2009. The number of telephone users increased by 92.44 million to 1.15 billion users in 2010, of which mobile users increased by 111.79 million to 859 million with 47.05 million of these 3G mobile users. The penetration rate of mobile use in China reached 64.4% and at the end of 2010, 303 million netizens were using their mobile phones to surf online.

Not only the traditional media performed well in 2010; the new media, which reshaped the make-up of traditional media within influential media incidents. With the media industry's entry in the capital market, the distinction between mainstream media and non-mainstream media is becoming blurred. In December 2010, the Chinese government announced the 12.5 plan (plan for the next 5 years) which sees the culture industry as one of the main pillars of the national economy for the first time, indicating an even more promising outlook for the future development of the media industry.

### Source:

#### **Bluebook of China's Media- Report on Development of China's Media Industry (2011)**

Led by the Tsinghua University School of Journalism and Communication, and Center of Media Economy and Management Studies.

Chief Editor: Cui Baoguo

Publisher: Social Sciences Academic Press (China) April.2011

## Press

### **Two metropolitan newspapers in Beijing transfer their management to the government**

On 3 September two of China's leading commercial newspapers, the Beijing Times - whose management and publication institution is the People's Daily -, and The Beijing News - whose management institution is the Guangming Daily Publishing Group and whose publication institutions are [jointly] the Guangming Daily Publishing Group and the Nanfang Daily Publishing Group - moved their management and publishing activities to the City of Beijing. The Beijing Times and The Beijing News were launched in 2001 and 2003 respectively and since then both publications have seen a steady growth in their influence and market competitiveness and have already become well-known metropolitan newspaper brands. A representative from the Beijing Municipal Administration of Press and Publications said that the change in the management and publication institutions of the two papers is an important step in the central Party's plans to intensify culture sector reforms, accelerating resource integration in the publication sector in the Beijing region, encouraging changes in the detrimental dispersion of resources and standardizing competition among Beijing's metropolitan newspapers, helping the city of Beijing to improve its support for the two newspaper in terms of policy, resources, science and technology and personnel, further promoting media reinforcement at the two papers.

Source: **Beijing Times, Sept.3<sup>rd</sup> 2011** [http://epaper.jinghua.cn/html/2011-09/03/content\\_696853.htm](http://epaper.jinghua.cn/html/2011-09/03/content_696853.htm)

### **2010 Press Publication Industry Report Released**

The General Administration of Press and Publication of the PRC published its "2010 Press Publication Industry Report" on July 20. The report shows that the total production value of the press publication industry in China reached RMB1,2698 trillion in 2010, 19% up on 2009 with an added value of RMB350.34 billion. The total profit of the industry is RMB107.59 billion, up 20.4% on 2009. A total of 328,000 categories (种, zhǒng in Chinese) of books were published in 2010, and sales of digital publications increased by 30.9% to RMB105.18 billion in 2010, recording the fastest rate of growth of all sectors. Guangdong, Beijing, Zhejiang, Jiangsu, Shanghai, Shandong, Hebei, Fujian, Sichuan and Anhui are the top 10 provinces in terms of press publication capacity: the total production value of these 10 provinces accounted for 76.7% of the national total and the profits of the 10 provinces in this industry account for 73.3% of the whole.

Source: **General Administration of Press and Publication of China, July.22<sup>nd</sup> 2011**  
<http://www.gapp.gov.cn/cms/html/21/367/201107/720556.html>

### **National Piracy Crackdown**

From October 2010 to June 2011 the State Council implemented a national crackdown on pirate productions in China with the aim of promoting the protection of copyright. During this crackdown the public Security Bureau investigated 15,868 cases related to pirate production across the country, closed down 1,2854 production units and arrested 29,494 suspected criminals, for a total value of RMB13.12 billion. Mr. Jiang Zengwei, the director of the campaign said that its success demonstrates the determination of the Chinese government to protect copyright and eliminate pirate productions and that the government is exploring and will introduce a Chinese style "Copyright Protection Model" which suits both international regulations and the Chinese legal system. This national campaign was one of the most important anti-piracy actions in China since 1949 and achieved an outstanding result with a huge social impact. The General Administration of Press and Publication will continue to work on protecting copyright and above all on attacking pirate productions and promoting software copyright controls.

Source: **People's Daily Online, July.13<sup>th</sup> 2011** <http://hb.people.com.cn/GB/194146/194172/15143666.html>

## Broadcasting

### 3 Network Convergence expanding in China

The second round list of experimental cities for 3 Net Convergence (Radio/TV Broadcasting network, Telecom network, Internet network) has been handed over to the State Council and will be published at the end of 2011. The list will include more capital cities of provinces and will extend 3 Net Convergence nationwide, generating a market of RMB1.6 trillion. According to the "China 3 Network Convergence Developing Situation and Case Study Report 2011", by the end of September of 2011 13 provinces including Beijing, Shanghai, Tianjin had completed the integration of Cable Net at both city and county level, another 10 provinces had completed the integration at city level, and the other 8 provinces are accelerating their integration actions. 3 Network Convergence will promote the development of IPTV, mobile TV, mobile internet use and VOIP, and will also benefit customers who will be offered lower prices and a wider choice of suppliers. 3 Network Convergence will hopefully be completed by the end of 2015.

Sources: China 3 Network Convergence Developing Situation and Case Study Report 2011, Oct.2011

<http://www.sarft.net/a/32455.aspx>

Economic Observatory, Oct.15<sup>th</sup>, 2011 <http://www.eeo.com.cn/2011/1015/213531.shtml>

### "Entertainment Limit Order" threatens local TV Station

One of the most famous TV Programs *Super Girl*, broadcast by Hunan TV, was banned by the State Administration of Radio, Film and TV (SARFT) in September at the end of its 2011 season. The program was first broadcast in 2004, became popular in 2005 and ran for five seasons; but there will be no *Super Girl* in 2012. SARFT claimed that the content of the program was too long for each episode but in actual fact it is a "wind" trend of SARFT's control on TV entertainment program. The "Entertainment Limit Order" drove tense of all the local TV stations around China after *Super Girl's* ban. Industry observers say that the country's TV industry is dominated by entertainment shows. According to a report released by CSM Media Research, an average of 10.1 people out of every 100 watched entertainment programs in 2010, up from 7.4 in 2005. TV channels are rushing to produce shows that offer little beyond entertainment because their advertising revenue is directly linked to the number of people who tune in: indeed, such shows tend to attract the largest audiences. In addition, some local TV stations have found that popularity and large profits can be gained from just a few widely-watched entertainment shows.

On October 25 SARFT published its "Opinion on enhancing the management of satellite TV channel content" (Entertainment Limit Order), asking all 34 satellite TV channels (provincial level TV channels which can be seen across the country by satellite) to increase the number of news programs and control the quality of entertainment shows. Since January 1 2012, every channel has to broadcast news for no less than 2 hours from 6 am to 12 pm, and no less than 30 minutes from 6 pm to 11:30 pm; every channel should produce a new program around traditional Chinese merits and the main values of socialism to enhance ideology and moral-standard construction; every channel should not broadcast more than 90 minutes of entertainment shows each day; and SARFT will begin managing similar entertainment programs to avoid their homogenization.

Sources: Guangzhou Daily Sept.30<sup>th</sup> 2011 [http://gzdaily.dayoo.com/html/2011-09/30/content\\_1490499.htm](http://gzdaily.dayoo.com/html/2011-09/30/content_1490499.htm)

Xinhuanet Oct.26<sup>th</sup> 2011 [http://news.xinhuanet.com/ent/2011-10/26/c\\_122198875.htm](http://news.xinhuanet.com/ent/2011-10/26/c_122198875.htm)

China Daily May.3<sup>rd</sup> 2011 [http://europe.chinadaily.com.cn/china/2011-05/03/content\\_12434707.htm](http://europe.chinadaily.com.cn/china/2011-05/03/content_12434707.htm)

### SARFT to Strengthen IPTV Content Administration

The State Administration of Radio, Film and TV (SARFT) will set up a digital content copyright management system that could apply to broadcasts on various platforms, including Internet TV and IPTV, reports ccidnet.com. The move aims to support the administration of digital content and protect copyright. SARFT will first establish a digital content management system for IPTV broadcast.

To date SARFT has licensed 598 websites to provide online audio and video broadcast services and has authorized the establishment of 11 Internet TV stations.

Source: ccidnet.com – March 24<sup>th</sup>, 2011 [http://miit.ccidnet.com/art/33927/20110324/2343403\\_1.html](http://miit.ccidnet.com/art/33927/20110324/2343403_1.html)

## Film industry

### **The Box Office of Chinese film market close to 5.5 billion in the first half-year 2011.**

The total Box Office (B.O.) of the Chinese film market from January to June was close to RMB5.5 billion, setting a new record. In 2007 the first half-year takings of the Chinese film market amounted to just RMB1.2 billion, rising to RMB1.6 billion in 2008, RMB2.55 billion in 2009, and RMB4.8 billion in 2010. 103 films were screened in cinemas in China in the first 6 months of which 74 were Chinese productions (14 in coproduction), and 29 were foreign, another record. Blockbusters (18 films with takings of more than 100 million), such as *Pirates of the Caribbean Sea 4* (500 million) and *Kongfu Panda 2* (600 million) contributed to the record B.O. along with the increase in the number of theatres. At the end of 2010 there were 6200 screens in China with a growth rate of 4.3 new screens/day; the target for 2011 is 10000. Film insiders estimate that the yearly B.O. of the Chinese film market in 2011 will increase to RMB13 billion (2010 was the first year China's B.O. exceeded RMB10 billion). According to Entgroup's latest report, as of October 18 the total B.O. of China's film market in 2011 had already reached RMB10 billion.

Source: Entgroup Report, July.1<sup>st</sup> 2011/Oct.14 2011

<http://news.entgroup.cn/movie/0110599.shtml> ,<http://news.entgroup.cn/movie/2711912.shtml>

### **International Film Festival in China in 2011**

The First Beijing International Film Festival (BJIFF) opened on April 23 and lasted for 5 days, attracting more than 700 film companies, 2,000 guests and an audience of more than 100 thousand both inside China and abroad. A total of 230 films from 42 countries were screened in 20 cinemas in Beijing during the festival. The BJIFF Film Market recorded the biggest number of deals, a value of RMB2,784 billion for 10 film production projects (60% of these are coproduction projects between China and foreign countries).

The 14<sup>th</sup> Shanghai International Film Festival was held in Shanghai from June 16 to 24 and the winner of the Golden Goblet Award was chosen from among 1,519 films: the award for the best feature film went to HAYDE BRE (Turkey) directed by Orhan Oguz, and the Jury Grand Prix and Best Director award went to MR.TREE (China) directed by Han Jie and supervised by Jia Zhangke. The festival attracted 143 exhibitors, half of whom came from abroad and presented more than 700 film projects. The Mobile SIFF was also launched for this year's festival to spotlight a new media platform and give young directors international exposure.

Sources: BJIFF and SIFF official website. <http://www.bjiff.com>, <http://www.siff.com>

### **China Mobile's Animation Base Attracts 224 Companies**

At a mobile animation industry summit held in Guangzhou on September 30, Zeng Dafeng, deputy GM of China Mobile's mobile animation innovation base, said that the base had attracted 224 animation production companies from China and abroad. Since starting trial commercial operations this April, Zeng said, the base has seen a gradual increase in subscribers, and he predicts revenues of more than RMB 50 million for the year.

Plans for the base envisage 80 million subscribers within five years of the start of operations, with annual revenues to surpass RMB6 billion. Service revenues for China Mobile's animation base could exceed RMB500 mln in 2012, and grow to RMB1.5 billion.

Source: 21st Century Business Herald, 12<sup>th</sup> October 2011 [http://epaper.21cbh.com/html/2011-10/12/content\\_8842.htm?div=-1](http://epaper.21cbh.com/html/2011-10/12/content_8842.htm?div=-1)

### **State Administration of Radio, Film and TV (SARFT) Releases Animation Production & Distribution Stats**

China produced 220,530 minutes of TV animation with 385 titles in 2010, up 28% year on year in minutes according to statistics released by the State Administration of Radio, Film and TV (SARFT). The National Animation Industry Bases accounted for 78.3% of the total, with 269 titles and 172,689 minutes.

Table 1 - Top 10 Cities in China for TV Animation Production Output 2010

| Rank | City      | Number of Titles | Length (Minutes) |
|------|-----------|------------------|------------------|
| 1    | Hangzhou  | 42               | 35,008           |
| 2    | Wuxi      | 40               | 30,350           |
| 3    | Shenyang  | 29               | 25,707           |
| 4    | Shenzhen  | 29               | 16,393           |
| 5    | Guangzhou | 24               | 13,794           |
| 6    | Suzhou    | 20               | 11,190           |
| 7    | Ningbo    | 16               | 9,573            |
| 8    | Beijing   | 17               | 8,699            |
| 9    | Zhengzhou | 13               | 6,280            |
| 10   | Hefei     | 14               | 5,512            |

Table 2 - Top 21 Provinces or Key Institutions in China for Domestic TV Animation Production Output 2010\$

| Rank | Province            | Number of Titles | Length (Minutes) |
|------|---------------------|------------------|------------------|
| 1    | Jiangsu             | 88               | 52,309           |
| 2    | Zhejiang            | 60               | 45,075           |
| 3    | Guangdong           | 54               | 30,660           |
| 4    | Liaoning            | 29               | 25,707           |
| 5    | CCTV & Subsidiaries | 22               | 10,015           |
| 6    | Beijing             | 17               | 8,699            |
| 7    | Fujian              | 20               | 7,632            |
| 8    | Henan               | 13               | 6,280            |
| 9    | Anhui               | 17               | 6,237            |
| 10   | Chongqing           | 12               | 4,805            |
| 11   | Hunan               | 12               | 4,543            |
| 12   | Shandong            | 10               | 4,395            |
| 13   | Tianjin             | 7                | 3,338            |
| 14   | Inner Mongolia      | 3                | 2,893            |
| 15   | Heilongjiang        | 4                | 2,687            |
| 16   | Hubei               | 6                | 2,216            |

|    |          |   |       |
|----|----------|---|-------|
| 17 | Shanghai | 5 | 1,269 |
| 18 | Sichuan  | 2 | 858   |
| 19 | Hebei    | 2 | 628   |
| 20 | Jilin    | 1 | 143   |
| 21 | Yunnan   | 1 | 140   |

Source: SARFT

Table 3 - Top 10 TV Animation Production Companies in China for Production Output 2010

| Rank | Production Company  | Number of Titles | Length (Minutes) |
|------|---|------------------|------------------|
| 1    | Wuxi Yitang Animation Design Ltd.                                     | 10               | 15,904           |
| 2    | Shenzhen Huaqiang Digital Animation Ltd.                              | 17               | 12,818           |
| 3    | Hangzhou Magic Mall<br>(Guangzhou Manqiumiao Cartoon Production Ltd.) | 7                | 11,502           |
| 4    | Shenyang Feifan Chuangyi Animation Production Ltd.                    | 5                | 10,080           |
| 5    | CCTV Animation  | 20               | 9,915            |
| 6    | Zhejiang Zhongnan Group Animation Video Co.                           | 10               | 7,020            |
| 7    | Shenyang Hapark Animation Co. Ltd.                                    | 5                | 6,476            |
| 8    | Ningbo Shuimu Animation Design Ltd.                                   | 5                | 6,005            |
| 9    | Hangzhou Shikong Film & TV Culture Communication Co. Ltd.             | 3                | 3,506            |
| 10   | Hunan Greatdreams Cartoon Media Ltd.                                  | 5                | 3,304            |

Table 4 - National TV Animation Industry Bases for Production Output 2010

| Rank | National TV Animation Industry Base              | Number of Titles | Length (Minutes) |
|------|--|------------------|------------------|
| 1    | Hangzhou High-tech Development Center            | 38               | 32,996           |
| 2    | Wuxi National Animation Industry Base            | 38               | 29,410           |
| 3    | Shenyang High-tech Industrial Development Zone   | 27               | 25,261           |
| 4    | Shenzhen Animation Production Center             | 29               | 16,393           |
| 5    | Nanfang Animation Joint Production Center        | 24               | 13,794           |
| 6    | China International Television Corp.             | 20               | 9,915            |
| 7    | Beijing Creative Industry Zone of Culture        | 17               | 8,699            |
| 8    | Suzhou Industrial Park                           | 17               | 8,646            |
| 9    | Changzhou National Animation Industry Base       | 12               | 4,756            |
| 10   | Xiamen Software Park                             | 10               | 4,061            |
| 11   | Fuzhou Animation Production Base                 | 9                | 3,428            |
| 12   | Nanjing Software Park                            | 8                | 3,244            |
| 13   | Chayuan New Zone of Nan'an District of Chongqing | 5                | 3,046            |
| 14   | Hunan Golden Eagle Cartoon Base                  | 5                | 2,947            |
| 15   | Heilongjiang Animation Industry (Pingfang) Base  | 4                | 2,687            |

|    |   |   |       |
|----|---|---|-------|
| 16 | Animation Industry Park of Binhai New District of Tianjin | 3 | 1,846 |
| 17 | Jiang Toon Animation Ltd.                                 | 2 | 1,050 |
| 18 | Sunchime Cartoon Group                                    | 1 | 510   |
| 19 | China Film Group Corporation                              | 0 | 0     |
| 20 | Changchun Film Group Corp.                                | 0 | 0     |
| 21 | Dalian High-tech Industrial Zone                          | 0 | 0     |
| 22 | Shanghai Toonmax TV                                       | 0 | 0     |
| 23 | Shanghai Animation Film Studio                            | 0 | 0     |

Source: SARFT – February 15, 2011 <http://www.sarft.gov.cn/articles/2011/02/15/20110215112054240297.html>

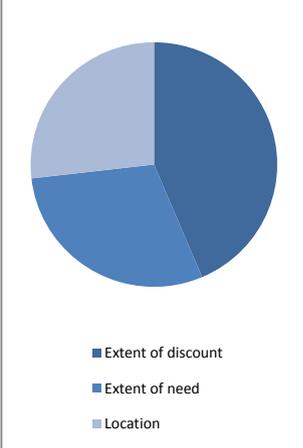
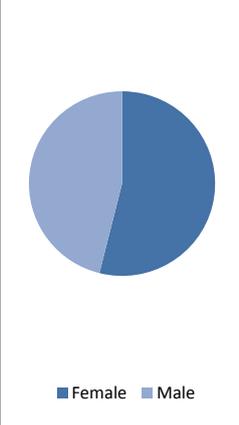
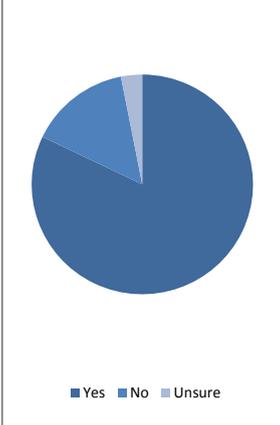
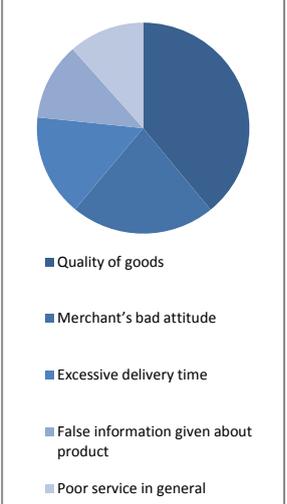
Internet

**CNNIC REPORT - Group Buy User Facts and Stats for 2011**

On October 19 the China Internet Network Information Center (CNNIC) issued a paper entitled *2011 China Group Buy Users Investigative Report* which illustrates the group buy landscape in China and the many dissatisfied users who buy the special offers. In total, 42.2 million of China's 500 million netizens have used group buying sites (an online service that offers products and services at significantly reduced prices providing that a minimum number of buyers make the purchase) in the year and an astonishing 45.6 percent of them have had negative experiences. Group buying websites are more popular in urban and richer areas in China, namely the eastern coastal regions around Shanghai, where 10.5% of web users have used them, while in western and central parts of the country, this percentage drops to 6.7%. The national average penetration rate of these sites is 8.7%. Here are some other key figures that shed some light on this complex and fragmented sector in China:

**Product categories, by rate of purchase by users:**

- Food and beverages: 73.5%
- Leisure and entertainment: 58.5 %
- Home appliances: 43 %
- Digital gadgets: 28.4%
- Beauty and fitness: 27.2%
- Travel and hotels: 15.3%
- Outdoor activities: 10.8%

| Factors that determine whether to purchase or not, by level of importance assigned by users | Deal buyers by gender   | Will continue to use deals sites in the future?                                      | Of the 45.6 percent who have had bad experiences – reasons for dissatisfaction with the purchase  |
|---|---|--|---|
| Extent of discount: 85.4%<br>Extent of need: 57.9%<br>Location: 52.5%                       | Female: 53.9%<br>Male: 46.1%  | Yes: 82.1%<br>No: 14.8%<br>Unsure: 3.1%  | Quality of goods: 71.6%<br>Sellers' bad attitude: 40.3%<br>Excessive delivery time: 28.6%<br>False information given about product: 21.7%<br>Poor service in general: 21.1% |
|          |  |  |    |

Source: China Internet Network Information Center (CNNIC) 19<sup>th</sup> October 2011  
[http://www.cnnic.cn/dtygg/dtgg/201110/t20111019\\_23144.html](http://www.cnnic.cn/dtygg/dtgg/201110/t20111019_23144.html)

**China Internet users exceed 500 million**

On 29 September Wang Chen, a senior government official, said that the number of Internet users in China had exceeded 500 million.

Chen, chief of the Information Office of the State Council, made the remarks while addressing the fourth UK-China Internet Roundtable meeting.

The latest updated statistics released by the China Internet Network Information Center in July said that the number of users had reached 485 million in June.

He also said rural Internet users total 130 million, accounting for 27% of all users in China.

More than half of all Chinese internet users communicate and share information via social networks, Wang said, adding that all types of network applications have been developing rapidly in China.

"China's Internet industry has expanded in size and has become an important emerging strategic industry," he said

E-commerce offers nearly 2 million direct jobs and over 13 million indirect ones, he said, noting that electronic government services have promoted the innovation of social services and raised the level of government efficiency and openness.

The two-day meeting with over 100 representatives from government departments, renowned Internet enterprises and research institutes of the two countries ends on Friday.

Sources: Xinhua 29<sup>th</sup> September 2011 [http://news.xinhuanet.com/english2010/china/2011-09/29/c\\_131167919.htm](http://news.xinhuanet.com/english2010/china/2011-09/29/c_131167919.htm), China Internet Network Information Centre (CNNIC) 19<sup>th</sup> July 2011 [http://cnnic.cn/dtygg/dtgg/201107/t20110719\\_22132.html](http://cnnic.cn/dtygg/dtgg/201107/t20110719_22132.html)

**Report: Baidu, Alibaba And Tencent Receive Millions in Government Subsidies For Cloud Computing**

Chinese Internet companies including Baidu Inc, Alibaba Group and Tencent have received millions in government subsidies to invest in cloud computing, according to a report from Chinese media.

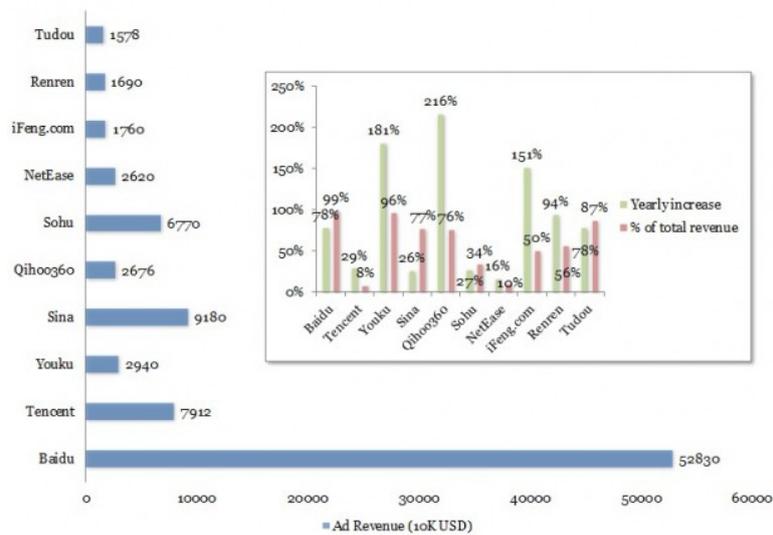
The report said the the National Development and Reform Commission (NDRC), the Ministry of Industry and Information Technology (MIIT) and the Ministry of Finance have decided to distribute a total of RMB1.5 billion to companies that make technology breakthroughs in cloud computing.

It also said Baidu has received the largest subsidy, more than 100 million RMB alone from the government.

Source: Tech Web 19<sup>th</sup> October 2011 <http://www.techweb.com.cn/internet/2011-10-19/1107973.shtml>

New Media

Baidu dominates China’s online advertising market.



Tech Web\_China Venture has issued an online marketing report based on published data regarding China’s major listed Internet companies. The infographic above shows that, of the listed companies, Baidu’s ad revenue is the highest and that the amount is much higher than the others; meanwhile, the rate of growth also remains relatively high. Tencent ranks 3<sup>rd</sup> but we can see that the ad revenue represents just 8% of its total revenue (see the smaller chart) while Baidu’s ad revenue represents 99% of the total. Although the amount of Qihoo360 is just \$26 million, its growth rate is the fastest.

Source: Teach Web 15<sup>th</sup> September 2011 [http://www.techweb.com.cn/data/2011-09-15/1094155\\_2.shtml](http://www.techweb.com.cn/data/2011-09-15/1094155_2.shtml)

**iResearch: China’s mobile internet market size reached RMB7.79 billion (Euro873 million) in 2011 Q2**

According to the statistics of the 2010-2011 China Mobile Internet Research Report issued by iResearch, China’s mobile internet market reached RMB7.79 billion (Euro873 million) in 2011Q2, with a sequential growth rate of 20.9% and a YoY (year-on-year) increase of 93.8%.

Mobile value added services accounted for the largest market share, 49.1%, followed by mobile e-commerce services (27.9%), mobile games (12.6%), mobile advertising (9.5%) and mobile search engine services (1%). In particular, mobile games, mobile advertising and mobile e-commerce services were the segments with the highest YoY growth rates, with increases of 66.1%, 174.1% and 404.4%, respectively. The rapid expansion of the smart phone games business, on one hand, and technology improvements, the changing habits of mobile users and the consolidation of the purchase group phenomenon, on the other, may explain these steady increases.

Source: iResearch 21<sup>st</sup> July 2011 [http://www.iresearch.com.cn/coredata/2011q2\\_4.shtml](http://www.iresearch.com.cn/coredata/2011q2_4.shtml)

**Who's Afraid of China? – Micheal Barr – Zed Books, September 2011**

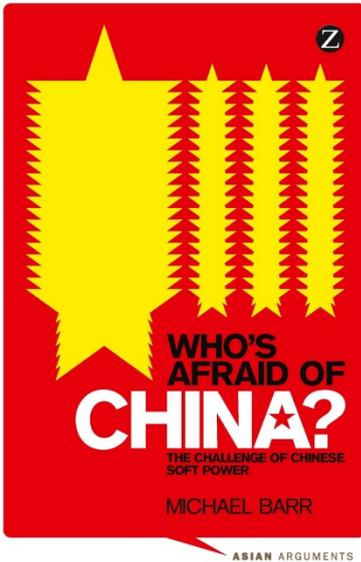
**Author's review**

If China suddenly democratized, would it cease being labeled as a threat? This provocative book argues that fears of China often say as much about those who hold them as they do about the rising power itself. It focuses not on the usual trope of economic and military might, but on China's growing cultural influence and the connections between China's domestic politics and its attempts to brand itself internationally. Using examples from film, education, media, politics, and art, *Who's Afraid of China?* is both an introduction to Chinese soft power and a critical analysis of international reaction to it. It examines how the West's own past, hopes, and fears shape the way it thinks about and engages with China and argues that the rising power touches a nerve in the Western psyche, presenting a fundamental challenge to ideas about modernity, history, and international relations.

**Michel Barr**

**About the author**

Michael Barr is Lecturer in International Politics at Newcastle University. He has lived and worked in the UK, US, Egypt, and China. He earned his PhD in Philosophy at the University of Durham and worked previously at the London School of Economics. In 2008, he was Visiting Fellow at the Chinese Academy of Medical Sciences. His research investigates the implications of the rise of China, particularly issues impacting Sino-Western security relations. He has actively promoted awareness of the dual-use implications of biotechnology and has sought to help train life scientists and ethicists in China in order to minimize biosecurity risks. He has published on issues pertaining to Chinese soft power, biosecurity, the history of medical ethics, and dual-use bioethics.



**Analysis on Journalism and Communication studies in China (2011) – Chen Lidan - People's Daily press, April 2011 (In Chinese)**

The book is about research on journalism and communication in China in 2010, IT covers key topics and issues for the media industry and the academic sector; it also deals with communication theory and practice.

**Author's introduction**

This is the sixth issue of my "Analysis on Journalism and Communication Studies in China", in which I have selected 72 articles written between 2010 and January 2011 on topics and subjects regarding Journalism and Communication studies in a range of fields, from macro research on the Journalism and Communication theory to an analysis of News Industry practices. There is only one old article "Journalism needs the consciousness of confession", which I wrote 21 years ago.

Based on the new line of study, in 2009, Renmin University began to enroll masters' students in International Journalism; I chose students from this major to work on research on the Journalism and Communication history of countries we knew little about before. In this book I have chosen Greece, Cuba and Kenya. The study of Journalism History in other countries will be expanded in the future to have a global view, and not only of US, UK, France and Japan, as we need to



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|  | <p>know more about other countries, at least the G20 ones.</p> <p>There are many urgent social and group social issues in the field of the media in China in 2010 and although there are not so many new angles to analyze these from, I have selected some articles in this book to illustrate some principles of journalism and communication studies using practical cases.</p> <p>I kept the chapter on "Journalism and Communication Education and Scientific Research" the same as the 2010 issue. Articles in this chapter are mainly the result of unplanned external pressure but the assumptions are not made at random: I have been thinking about them for many years. There are many problems in Journalism and Communication education and in the research field; some administrative and engineering ideas are detrimental to Journalism and Communication studies and we need more people think about it more carefully, instead of following blindly.</p> <p><b>About the author:</b><br/>Chen Lidan, professor of Journalism and Communication Studies at Renmin University, China. Researcher at the Journalism Research Institute of CASS (China Academy of Social Science).</p> |
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**CIRC10: Social Media, Digital Entertainment, Governance and Social Movements**

Hosted by the [University of Southern California's Annenberg School for Communication & Journalism](#), the 10th China Internet Research Conference – CIRC10 – will be held on May 21-23, 2012, in Los Angeles, the world's entertainment capital.

CIRC10 will examine trends and themes as we explore the ways in which the Internet and other technologies interact with Chinese cultural and social life.

Contributions from any discipline that can address the critical questions are welcomed. This interdisciplinary conference brings together scholars, analysts, industry leaders, journalists and legal practitioners from around the world to examine the impact of the Internet on Chinese societies, its social, cultural, political and economic aspects, as well as how China is changing the Internet.

Submissions may come from all disciplines. Specific topics of interest include but are not limited to:

- Industry involvement – gaming, youth, social media; consumption patterns, online popular culture; China as original developer in gaming products;
- Governance issues – state regulation and content controls; e-government and m-government; civil society and Internet governance; China and global Internet governance;
- Online social movements – social media and grassroots activism; microblogging and its impact across traditional Internet portals and start-ups over the new generation of Chinese “digital natives”;
- Ten year in retrospect – review and prognoses for the future of the internet in light of developments in digital/social media

Three categories of English-language submissions will be accepted:

- Full papers – these should be 20-25 pages long with a maximum of 10,000 words.
- Extended abstracts – these should be 750-1,000 words.
- Panel submissions – these should have a maximum of 2,000 words.

All proposals will be peer reviewed. Submissions should be sent via e-mail to [chinainternet10@gmail.com](mailto:chinainternet10@gmail.com) by Jan 30<sup>th</sup>, 2012. Please include your affiliation and contact information, and if you are a graduate student or professor. If you are proposing a panel, please include that information for all panelists. Authors will be notified of acceptance by March 15<sup>th</sup>, 2012.

Selected papers from the conference may be published in a conference volume or a special symposium issue of an academic journal. Participation in the conference neither guarantees nor compels publication of a paper.

A limited amount of travel funding will be available for promising young scholars. To indicate interest in the travel scholarship, please attach your CV when you send your abstract.

For further information please visit the follow [link](#)

**Communication and China Fudan Forum 2011**

The "Communication and China Fudan Forum 2011" will be held from December 28<sup>th</sup> to 30<sup>th</sup> at Fudan University, Shanghai, China. The subject of the conference this year is "Interaction and Communication: The City in Transition" and will deal with Interaction and Communication as the main function of the city; the city as the interaction and communication network; and Interaction and communication as the way of city residents' existence.

The "Communication and China Fudan Forum" was set up in 2007 by the Information and Communication Research Center of Journalism School of Fudan University, attracting Chinese and international scholars in communication studies, discussing one main theme based on an interdisciplinary academic approach. It has been held successfully 4 times over the past 4 years and has gradually become an influential meeting point for media & communication scholars, especially from Asia and the Pacific areas. The past themes of the forum included: Media Literacy and Public Literacy (2007), Media and the Social Space (2008), Media of PRC (2009), and New Journalism in the Information Globalization era (2010).

For further information please visit the follow [link](#)

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