

The Interaction of Economy and Culture

An analysis of Yunnan culture industry sustainable development*

By, Li Yan, Wang Jia and Chen Fang**

Abstract The Chinese culture industry has grown rapidly after the resolving of the basic human needs of the country's poor population. It is an industry that has been catalysed by cultural needs - a product of industrialisation and urbanisation. Yunnan is an economically underdeveloped province with a significant developmental gap between urban and rural areas, and a relatively low rate of urbanisation. A stratified culture industry consumer market is yet to develop despite the extremely rich culture of the province. Therefore, combining development within the culture industry and the local economy to achieve a diverse development model, is the key issue in promoting the sustainable development of the Yunnan culture industry.

Yunnan is a resource-rich borderland province with many ethnic minorities. Aside from its rich natural and tourism resources, Yunnan is also home to 26 different ethnic minorities who have lived together in harmony for hundreds of thousands of years, creating unique ethnic cultures that are both rich and diverse. The diverse ethnicity and ecology of the province have naturally merged to create a patchwork of unique ethnic cultures. Many original forms of dance, literature, religion, customs, ethnic architecture, craftwork, dress and jewelry, food, drink, and manufacture have been preserved and still exist today. With the impact of the modern age and economic globalisation, these unique ethnic cultures have become an important resource in the 'knowledge-based economy' and the culture industry. In the age of uniformity brought about by globalisation, these resources have great value for the industrial development of Yunnan province. Amid the current industrial restructuring (*chanye jiegou tiaozheng* - 产业结构调整) of Yunnan, the rich cultural heritage of the province is the most significant resource for its industrial development.

* Translator's notes: this article was originally published in Chinese in the Journal of Yunnan University (Social Sciences Edition), submitted on the 26th August, 2005. The translated article has endeavored to not change the structuring of the original. However, a number of small changes have been made. The referencing is all original, any unreferenced findings are assumed to be based on research and unofficial surveys conducted by the writers.

** This article was originally written by Li Yan (李炎) Professor at Yunnan University, Culture Industry Research Institute; Wang Jia (王佳); PhD research student at Yunnan University, Culture Industry Research Institute; Chen Fang (陈芳) MA research student at the Yunnan University Literature and Media Research Academy.

The Yunnan provincial government has long had an awareness that its ethnic cultures are of great potential value to its industrial development, and play an important role in introducing the province to the world stage. During the mid-nineties Yunnan province led the initiative in the concept of “building a great Province of ethnic culture” (*Jianshe minzu wenhua dasheng de linian* – 建设民族文化大省的理念). During several years of hard work, this initiative has pioneered the development of Yunnan’s culture industry; an industry that has seen rapid growth due to the emphasis placed upon it by the Yunnan Provincial Party Committee and the Yunnan Provincial Government. Looking back over the last few years it, could be said that in developing the culture industry of Yunnan, the province has taken three important steps forward:

1. With ‘Dynamic Yunnan’ (*Yunnan Yingxiang* – 云南映像) as its representative, the province has produced a series of literature and arts events and products that have allowed the rest of China and the world to take a new look at the rich and diverse cultures of the ethnic minorities within Yunnan Province. This has fostered an excellent atmosphere for the development of the culture industry.
2. The Yunnan Provincial Party Committee and the Provincial government published *Suggestions on How to Deepen Culture System Reform and Accelerate Culture Industry Development*, and *Suggestions on How to Develop Culture Industry Statistical Work*, which set the standards for culture industry statistical indicators. The *Culture System Reform and Culture Industry Development Leadership Team* was established at provincial level and in autonomous prefectures and trial counties (*shidian xian* - 试点县). The team’s office was also established. The *Yunnan Province Advanced Culture Industry Discussion Class* was held twice. These seminars helped to raise the level of culture industry awareness of high-level government officials and industry executives, establishing solid foundations in culture industry policies, concepts and systems.
3. The founding of the *Nie ‘Er* music fund (*Nie ‘Er yinyue jijin* - 聂耳音乐基金) and the Shanghai Culture Industry Promotion Week has helped to attract well-known cultural enterprises and companies to invest in the development of Yunnan’s culture industry. This is a sign that large enterprises both from Yunnan, the rest of China and from overseas have realised the developmental value of Yunnan’s cultural resources. This has created a diverse investment environment for the development of the Yunnan culture industry.

This series of events and promotions has received widespread approval both in China and from abroad, and it is clear that Yunnan culture industry development is significant in the overall economic and social development of the province. However, there are a number of issues that have yet to be faced, which are discussed below.

Local Culture and Specialised Economies

Following various Chinese and overseas media coverage, articles such as the *Yunnan Phenomenon* (*Yunnan Xianxiang* – 云南现象) and *Yunnan Style* (*Yunnan Moshi* – 云南模式), seem to present the Yunnan culture industry as the industry that can drive the province's economic and social development. However, the Chinese National Statistics Bureau established four main culture industry indexing systems based on the *February 2004 Culture and Related Industries Statistical Index System*, and the *2005 Second Issue Culture Industry Index System Frame*. These indexes determined 80 of the core, peripheral and related sectors within the culture industry. This study shows that based on the current state of the Yunnan culture industry, it can be argued that the outlook is not optimistic as there is no core enterprise that can integrate Yunnan's rich and diverse ethnic minority culture into the economy. Therefore, the economic contribution made by the culture industry is low which creates difficulties in driving the economic development of Yunnan province.

In 2004 the Yunnan government released its own culture industry statistical index, which was based on the *Culture and Related Industries Statistical Index* released by the Chinese National Culture Department and the Chinese Statistics Bureau. This index showed that in comparison to the national index, Yunnan's culture industry, which boasts a unique combination of cultural resources, gave more prominence to culture tourism. The Yunnan Province Statistics Bureau conducted an analysis based on this index - the first such study of its kind. The analysis shows that there has been an overall rise in output value of the Yunnan culture industry consumer market for 2003, totaling RMB 5.17 billion. This is distributed among nine main culture industry sectors (Figure 1). Of this, culture tourism is responsible for a rise of RMB 1.6 billion, an overall contribution of 34%. 29% of the overall increase in output value is accounted for by the publishing industry; followed by a 10% increase in the recreation, 8% in network games, 7% in advertising and media, 6% in film and TV, 5% in newspapers and periodicals and 1% in the arts industries respectively. Based on these statistics it is not hard to see that the culture tourism and publishing industries account for two thirds of Yunnan's increased output value for 2003. These two industries have therefore become the main driving force behind Yunnan culture industry development.

Figure 1: Output Value of the 9 Core Culture Industry Sectors in Yunnan Province¹.

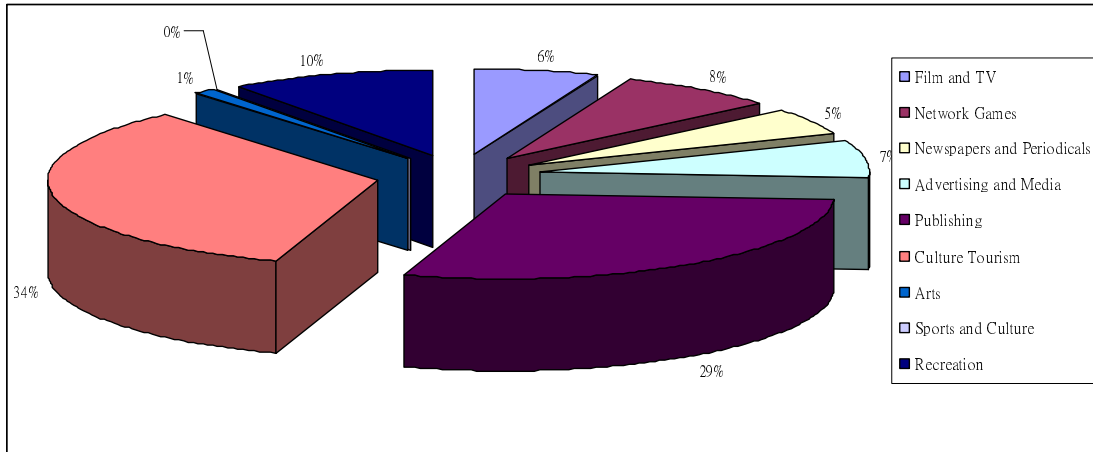
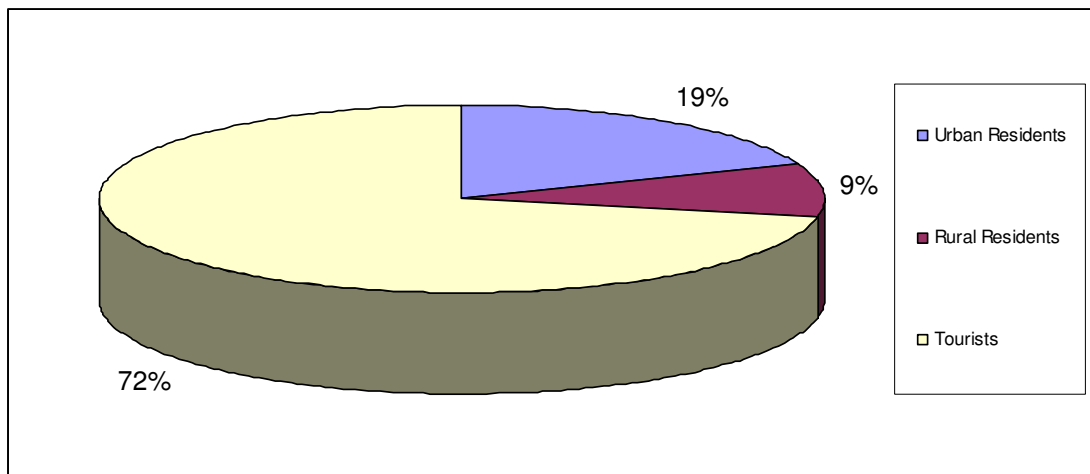


Figure 2: Yunnan Pure Culture Industry Consumer Market Structure in 2003.



¹ This structural chart was produced by the Culture Industry Research Institute of Yunnan University and is based on statistics provided by the Yunnan Province Statistics Bureau on the main sectors of culture industry and their increase in output value for 2003.

From figure 1 it can be seen that culture tourism has become a major sector in Yunnan culture industry development. The other core industries of publishing, film and TV, network games, and advertising and media, are not able to compete with this position within the culture industry. Moreover, on careful consideration it can be argued that a large part of the revenue of these industries is drawn from the development of the culture tourism industry itself. Overall, the Yunnan culture industry consumer market is restricted by its slow economic development and low per-capita disposable income. An analysis of the Yunnan province ‘pure culture consumer market’ (*Chun Wenhua xiaofei shichang* – 纯文化消费市场) clearly shows the function of the culture tourism industry: in 2003 this consumer market was worth approximately RMB 126.3 billion. An analysis of the consumer structure of this sector shows that the Yunnan culture industry consumer market is comprised of two main sectors – inbound and local. Inbound consumerism accounts for 72% of this total and local consumerism only 28%. The inbound consumer market sector is comprised of tourists from elsewhere in China and from overseas (Figure 2)².

Based on these two sets of data, it can be seen that in comparison to the economically developed and populous east coast of China, the Yunnan culture industry shows a marked difference and has its own unique characteristics. These differences are realised in as follows:

1. In Yunnan culture industry development, the function of the core industries such as broadcasting, publishing, audiovisual, newspapers, and performing arts is not pronounced. There are no key enterprises, such as large conglomerates in these sectors. Therefore, the rich and diverse ethnic culture of Yunnan is not able to integrate into the culture industry via these core sectors.
2. It can be seen from the structure of the Yunnan culture industry consumer market that the proportion of local consumerism is low and it is therefore difficult to form a stratified local consumer market. This has resulted in a lack of foundations upon which to develop the local culture industry core sectors. Furthermore, the long-term culture industry consumer market will continue to be limited by local consumer levels. It will therefore be very unlikely to see any rapid growth and even harder for Yunnan industries to compete with similar industries in the developed east coast region.
3. There is a great interactive function between the Yunnan culture industry and the Yunnan tourism industry. The particularly favorable climate and natural heritage,

² Local culture industry consumer figures are based on the consumer structure and average urban and rural culture industry consumerism statistics published in the *Yunnan Statistics Yearbook*. Inbound culture industry consumer figures are based on the *2004 Yunnan Tourism Yearbook*. The total sum of tourist consumerism was broken down in constituent tourism projects and a statistical analysis was conducted of the related cultural consumerism.

the 26 ethnic minorities with their rich and varied history and customs, their religions, architecture, clothing and handicrafts, and traditional food and drink, have all become part of the Yunnan tourism industry – becoming integrated into its range of tourism products. The tourism industry was and will always be the most significant medium and stage for Yunnan culture industry development.

The Yunnan culture industry is a complete, interactive, interconnected and permeating entity, and in terms of the overall social, economic and cultural development of Yunnan, it is more prominent than in the economically developed east coast region³. Therefore, development of the local economy should focus on the specialised industries of the area. This kind of development will bring the area an added cultural value, strengthening its cultural image as a tourist destination. This will in turn allow the interaction of the culture industry and the local economy. The economy of culture, the culture of the economy, the integration of culture and economy should be the principal model for Yunnan culture industry development.

These unique features of the Yunnan culture industry mean that this underdeveloped province of ethnic minorities, with its struggling local culture industry consumer market, can only achieve industrial development by combining its culture with its economy – a combination of its rich ethnic culture and specialised local economies. In terms of the Yunnan regional economy and its industrial structure, this province is certainly not lacking in the means for industrial development. And aside from tourism, the Yunnan culture industry possesses a diverse range of sectors through which to achieve economic development. For example, local specialised economies, cultural trade, and regional cultural exchange and cooperation⁴.

³ The concept of the Yunnan culture industry as a complete, interactive, interconnected and permeating body, are four characteristics based on the work of Professor Chen Qingde (陈庆德), professor of economics and sociology at Yunnan University. This is based on a comparative analysis of the current state of industrial development in Yunnan - comparing the culture industry with other industries in trial areas in Yunnan.

⁴ In 2004 and 2005 Yunnan province established the Yunnan Press Group, the Yunnan Network Group and the Yunnan Publishing Group, all of which were focused upon state cultural asset management, and state cultural enterprise development. This integration of state cultural assets was a move in the direction of intensified development. In the future it might also be possible to combine the culture industry development with the establishment of media, performance and arts, and TV and film groups. As the Yunnan culture industry develops along its unique path, a long term plan to develop its core culture industry sectors is required. However, in the short term in it is hard for Yunnan's core industries to compete with the economically developed areas in the east such as Shanghai, Beijing, Zhejiang, Jiangsu, Guangdong and Shenzhen. Furthermore, the transmission, coverage and market monopoly of the modern media, communications and technology industries demonstrates that these kinds of industries are only suited to the development of large modern cities. The focus of this article is to discuss the diverse culture industry of Yunnan, placing an emphasis on its unique development. The analysis will therefore include the core industry sectors of publishing, printing, media, audiovisual and newspaper press.

Tourism Industry Structure

The tourism industry of Yunnan is important, both as a medium and as a platform for the development of its culture industry. An analysis of the local economy and structure of the consumer market clearly shows that those areas with livelier economies - gradually showing increased culture industry consumerism - are also those places with a better developed tourism industry. These are also the places where villages are more plentiful, the majority of which are concentrated around the two main tourist trails in Yunnan; Kunming (昆明) – Dali (大理) – Lijiang (丽江); and Kunming – Xishuangbanna (西双版纳). These two trails have seen great drives in economic development, and the increased numbers of inbound tourists have enabled the interaction of culture and economy. This interaction is summarised in the four points below:

1. Counties and rural areas adjacent to these tourist trails have comparatively vibrant economies, which have driven improvements in transport, construction, accommodation, food, advertising and service industries. Ten years ago Lijiang was a quiet little town, and aside from the government hotel, which was of modest size, the whole town was only home to one guest house next to the bus station, and a number of dilapidated units elsewhere. Aside from the one post and telecommunications office, there were no other telecommunications providers in the town. There were also no car-hire or catering industries, not to mention any private enterprises. However, with the development of the tourism industry this modest-sized city is now an international tourism destination whose streets are bustling with hire-cars, tour operators, information departments and advertising and consultation companies. There are now innumerable hotels and family-run inns of all sizes throughout Lijiang. According to the local statistics bureau, Lijiang has already welcomed over 42,000 tourists.
2. Residents in the towns and villages adjacent to these two tourist trails have considerably higher incomes than those living in other areas. Even though it is hard for the government to officially establish income levels of residents in these areas, in comparison to places away from the tourist routes the differences are obvious. The quality of local constructions, residences, household facilities and basic consumer tendencies are much higher in these areas. For example, Xinhua (新华) which is a traditional stockaded village in Heqing County (*Heqing xian* - 鹤庆县) in the Dali autonomous prefecture. This village is home to the Bai ethnic minority (*Baizu* - 白族) and comprises three small enclaves with 1,500 families, totaling 5000 residents. According to government statistics, due to the development of silver and bronze-ware handicraft products for the tourist market, this village has an output value of RMB 150 million, with profits of

approximately RMB 23 million⁵. According to a local unofficial survey, the actual amount is likely to be much higher. The Dali tie-dye industry, Jianchuan ‘Shihe’ wood carving (*Jianchuan Shihe mudiao* - 剑川狮河木雕), and the embroidery of Xiaojing village (*Xiaojing cun* – 小菁村) in Shilin county (*Shilin xian* - 石林县) have also driven local economic development, resulting in comparatively high local income levels.

3. Traditional ethnic customs, food and drink, handicraft and architecture in these areas have now been preserved for following generations, and ethnic culture in all its diversity has become a part of the tourism industry – additionally raising the cultural value of these areas as tourism destinations. Due to certain historical, social and political reasons, the traditions and customs of ethnic minorities in these areas suffered during the 1970’s and 80’s and many were near brink of dying out. However, the development of the tourism industry has resulted in the great value of these ancient towns and villages and of the ethnic minorities that live within them, once more receiving their due recognition. The Bai minority’s traditional music and folk festivals of *Raosanling* (绕三灵), *Sanyuejie* (三月街), *Dabenqu* (大本曲) and *Baoshanghui* (宝山歌会) and their form of religion – *Benzhu chongbai* (本主崇拜); the Naxi minority (*Naxizu* - 纳西族) traditional Dongba culture (*Dongba wenhua* - 东巴文化) writing (*Xingxiang wenzi* – 形像文字) and music (*Dongjing yinyue* – 洞经音乐), have all been given a new lease of life and have become integrated into the local culture tourism industry. The diversity of ethnic minority culture and its touristic products has produced economic benefits in these areas. The local handicraft industries that once almost disappeared are now experiencing a revival. The tie-dye and stone handicraft of Dali, the wood carving handicraft of Jianchuan, the silver and bronze-ware and pottery of Heqing, the embroidery of the Yi Minority (*Yizu* - 彝族), the woven bambooware (*Zhubian* – 竹编) and textile handicraft (*Daijin* - 傣锦) of the Dai minority (*Daizu* - 傣族), as well as Dongba wooden painting (*Dongba mupaihua* - 东巴木排画), have all found room for survival and development in the tourism industry consumer market. The residents of these historical towns and villages have inherited their ancient handicrafts and having received a new lease of life, have introduced greater cultural content into the local tourism industry, raising the additional cultural value of these areas as tourist destinations.
4. Culture tourism industry development has an important measure index by which to quantify the benefits of the international tourism market – namely the volume

⁵ This figure was obtained from investigations and research by relevant government departments of Heqing County.

of employment opportunities created. Tourism industry development in these areas has provided significant numbers of the local population with employment. For example, Dali - also known as 'the largest traditional village in Asia' (*Yazhou zui da de cunzhai* – 亚洲最大的村寨) - which has a population of over 10,000. Tourism industry development in this 'village' has resulted in the replacement of crop farming, by the traditional and newly revived tie-dye handicraft industry, which has now become the mainstay industry supporting this village. Development centered on the tie-dye industry has led to the integration of purchase, design, tie-dye, production and retail industries, and has virtually resolved all the labour force problems in the village, surrounding villages and even in places further a field in Yunnan and other provinces. Family houses in Xinhua village in Heqing county all have separate workshops and all male residents between 18 and 60 years old are able to produce the local ethnic minority handicraft products. Over 70% of the young female population can also make various ethnic handicraft products. According to rough statistics, in the four tourist destinations of Lijiang, Shuhe (束河), Yunshanping (云杉坪) and Dasudao (大索道) alone, there are over 2,000 shops selling all types of handicraft products. The traditional Chinese saying: "It takes three people to run a shop" (*yi dian san ren cai neng jingying* – 一店三人, 才能经营), would suggest that handicraft shops alone in these areas can accommodate over 6,000 people with employment. If other industries driven by tourism industry development are also included, for example performing arts, food and drink, accommodation, guided tours, transport and other related industries, it is proved beyond doubt that the employment opportunities created by tourism industry development are considerable.

Yunnan province is rich in tourism resources. With urban expansion and globalisation and the inevitable trend towards uniformity that they bring, these areas with their natural climate, geography, ecology, tourism resources and subcultures have a great attraction to urban residents. The improvement of transportation infrastructure matched with an increase in culture industry consumerism amongst urban residents and the growing consumer mentality during holiday times, means that many of these minority villages with their diverse tourism resources will be important to local economic and culture industry development. There are many places such as Tengchong (腾冲), Dehong (德宏), Nujiang Gorge (*Nujiang xiagu* - 怒江峡谷), Shangrila (*Xianggelila* – 香格里拉), Luoping (罗平), Shuifu (水富), Guangnan (广南) and Cangyuan (沧源) that have great potential for a style of development in which the interaction of economy and culture can achieve the optimum combination.

Other Sectors of Culture Industry Development

Over the last 20 years of economic reform a number of special industries have been formed in Yunnan. This is in no small part due to the province's unique characteristics and the superiority and strength displayed in these areas by comparison to other provinces. As well as the tourism industry, there are tobacco, tea, red wine, and flower and plant industries. Some of these have already become the mainstay industries in Yunnan - some becoming essential economic industries at local, county and provincial level. These industries have promoted the economic development of Yunnan and have received a certain amount of acclaim throughout China, some have even become well known brands. However, in general terms it could be argued that the added cultural value that these industries bring to the province is still minimal and nationally and internationally these brands still do not have the desired 'brand effect'. The tea industry is a good example of this: Yunnan province has the highest tea output in China, the plantation area in Yunnan is approximately 45,000 acres (2.7 million *mu* – 亩) with a harvestable area of 40,000 acres (2.4 million *mu*). In Yunnan province there are 110 counties with tea plantations, and almost 11 million people are either directly or indirectly involved in the tea industry. However, the retail price of Yunnan tea – both the unprocessed and finished product - is lower than the national average⁶, resulting in a discrepancy in the additional cultural value that the Yunnan tea industry brings to the province in comparison to tea industries in the other tea producing provinces in China such as Zhejiang (浙江), Fujian (福建) and Sichuan (四川).

The fresh flower industry of Yunnan is another good example: according to media reports, in 2004 the Yunnan fresh flower output reached 3.36 billion flowers, with a plantation area of approximately 34,667 acres (208,000 *mu*) which is a 30.8% increase on the previous year. In that year the Yunnan flower and plant industry had a gross output of RMB 5 billion, which was an 18.7% increase on the previous year. The number of registered plant, flower and related enterprises in Yunnan has now reached 197. Families engaged in producing fresh cut flowers, pot flowers, edible and medicinal plants, flowers and plants for industrial use and for garden and park nursery stock has reached 76,300 - Yunnan province having in excess of a 50% share of the Chinese flower and plant market. However, the Yunnan fresh flower industry still has no way to compete with international flower-producing giants such as Holland⁷. Aside from factors such as technology, the main reason for this is that the Yunnan fresh flower brand does not yet have a well established reputation, meaning that the additional cultural value it brings to the province is also not satisfactory. Furthermore,

⁶ Provided by the Yunnan Province Tea Association.

⁷ Chun Cheng Evening News: 24th June, 2004.

within Yunnan province itself, the local fresh flower market does not yet have a mainstream consumer interest.

Taking the tea and plant industries as examples of well-known Yunnan products, with improvements in the quality of life of local residents, the potential development for these industries is huge. Currently those products that already have a brand name, such as fresh flowers, tea and red wine, are gradually becoming more popular with urban consumers. In recent years, Pu' Er tea with its unique cholesterol reducing and dieting properties, has enjoyed considerable market popularity, far exceeding other tea brands. Its mysterious property of increased fragrance with greater age gives Pu' Er an even richer cultural connotation, resulting in the increased popularity of the brand, both with collectors and investors. With the improvement of living conditions, people's growing lifestyle aspirations have resulted in plants and flowers fast becoming a popular luxury product, being used to adorn households and given as gifts among family members. Fresh flowers have already replaced food products as the most popular gift to give at celebrations, when visiting relatives in hospital, and for birthdays. These special local industries of Yunnan province have already formed a production chain of considerable scale, driving the development of related industries. According to rough statistics, in Kunming alone there are 3,000 tea houses of varying sizes and it is this flourishing of the tea industry that has driven development in the packaging, tea utensils production, advertising and logistics industries as well as 'tea art performance' (*Chayi biaoyan* – 茶艺表演), creating many job opportunities in other sectors. This corresponding rise in employment opportunities has reduced the social pressure caused by job shortages. The plant and flower industry has not only driven the development of the plant and flower growing industries in many areas, but has also allowed many rural residents to move away from poverty towards a more affluent way of life, while also driving the development of related industries.

If Pu' Er and other tea brands of Yunnan can pay more attention to raising their brand profile in China and abroad through their brand promotion, planning, packaging and marking, while further enriching the additional cultural value that they bring to Yunnan province, they will be able to create a much more effective and culture-rich brand. At the same time, attention also needs to be paid to leading and cultivating the provincial and even national and international fresh flower and tea consumer markets. With this kind of brand effect, even if the retail price of one pound (1 *Jin* – 斤) of tea were only to increase by RMB 1, and the retail price of each fresh flower were only to increase by 1 *Mao* (1 毛), the potential economic benefits this would bring to the province are still incalculable.

In terms of socioeconomic development and the importance that people place on quality of life, it can be predicted that the place of tea, flower and red wine sectors in the culture industry consumer market will continue to have great potential for expansion, bringing even greater economic benefits to Yunnan. And because of the culture, technology and creativity that modern society brings to these industries, they will be even better suited to combination with advertising, TV and film, newspapers, creative, planning and retail industries. The tea, plant and red wine industries possess the prerequisites to become a major part of Yunnan culture industry development, having the potential to act as the driving force and major medium of industrial development - through which the Yunnan economy and culture industry can interact.

A common saying in Yunnan is “In ten kilometers the skies are different and in a hundred kilometers the customs are different” (*shi li butong tian, bai li butong su* - 十里不同天，百里不同俗). The unique geography and climate of the Hengduan mountain range (*Hengduan shanmai* - 横断山脉) has shaped the characteristic natural and cultural environment of Yunnan province. The great variation in geography, climate and culture has led to the formation of unique local economies and specialised industries in certain areas. Xishuangbanna, Dehong, Yuanmou (元谋) and Yuanjiang (元江) have tropical and subtropical economic crops and vegetables. There are industries like the potato industry of the Zhaotong area (昭通); like the dairy industry of the Dali area; the Ginseng industry of the Wenshan area (文山) and traditional medicine industry of the Tibetan areas of Chuxiong (楚雄) and Shangri-la. The unique economic crops and industries in these areas have certain historical and cultural connotations and also a definite brand foundation. The interaction of economy and culture in a modern society with modern needs can be fostered through modern technology, and the additional cultural value that these industries bring to the local area. This will drive the development of the local economy and of the culture industry and will become significant in the industrial development of the whole province.

Yunnan and ASEAN

The Yunnan culture industry sectors discussed above can be considered “actual”. The Yunnan culture industry is also blessed with one more important “virtual” culture industry sector - cultural exchange and trading geared towards the Association of Southeast Asian Nations (ASEAN). In comparison to the “actual” culture industry development sectors discussed above, this places an even greater value on cultural exchange and cooperation. The blending of cultural sentiments makes possible cultural exchange which will lead to the interflow of cultural products - creating a

richer market.

Yunnan is perfectly situated in terms of making contact with South East and South Asia. The development of the regional economy has broken the old closed-style model of economic development. The Yunnan frontier of several thousand kilometers borders countries that are culturally similar and complementary in terms of economic development. This has enabled cultural exchange and trade to become significant in Yunnan culture industry development. The formation of the ASEAN Economic Trade Zone and the massive potential consumer markets of South East and South Asia, as well as the cultural and economic exchange between the two economically compatible giants India and China, means there is great potential for the development of Yunnan cultural exchange and trade with these countries. In 2004 the volume of trade between China and ASEAN reached \$105.6 billion US dollars, ASEAN becoming China's fourth largest international trade partner. In the same year, the volume of trade between Yunnan province and ASEAN countries reached \$12.8 billion US dollars which accounted for 34.1% of the overall volume of Yunnan's international trade that year, ASEAN becoming the provinces' biggest international trade partner. With the improvement of the cooperation mechanism between ASEAN countries and China, more investors have been attracted to this region. By the end of 2003 ASEAN invested projects in Yunnan province amounted to 381, with contracted foreign investment to the value of \$4.74 billion US dollars, and an actual foreign investment value of \$2.3 billion US dollars. ASEAN has become one of Yunnan's most important sources of foreign capital, which is mainly concentrated in agricultural, tourism, machinery, medicine and electrical power industries. From January to September in 2004 ASEAN countries invested in 24 new projects in Yunnan, totaling a contracted foreign investment value of \$30.63 million US dollars, introducing an actual value of \$11.77 million US dollars into the Yunnan economy. At the same time Yunnan began its foreign investment program, which centered on its neighbouring countries. In 2003 Yunnan's investment in ASEAN countries was \$8.55 million US dollars, and from January to September in 2004 the Yunnan investment in ASEAN was \$6.38 million US dollars – a relative increase of 5% on the previous year. The import-export trade value increased from \$700 million US dollars in 2001 to \$10.13 billion US dollars in 2003, which is an average annual increase of 19.6%. In the first nine months of 2004 the total volume of import-export trade between Yunnan and ASEAN set new highs, reaching \$10.7 billion US dollars - an increase on the previous year over the same period of 47.8%. This is mainly due to the implementation of the zero duty agreement between China and Thailand on fruit and vegetable produce. In the first nine months of 2004 alone, the value of fruit and vegetable trade between Yunnan and Thailand

was \$4.69 million US dollars, which is an increase of 656.5% on the previous year. It is clear to see that ASEAN has become the biggest economic trade partner of Yunnan province⁸.

The rapid development of Yunnan foreign trade has brought to the province an increased exchange with the countries of ASEAN and South Asia, both on official and civil levels. Construction of the 'New Kunming' has already begun, building a South Asian and South East Asian consular area. Work on the Kunming - Bangkok motorway that is soon to begin, as is the construction of the Pan-Asia Railway (*Fan Ya tielu* - 泛亚铁路) that will extend from Kunming to South East and South Asian countries, will allow Yunnan to become an important thoroughfare for cultural exchange and trade between China and these countries. Furthermore, the rich and unique cultures of South East Asia can also enter China via Yunnan province. This two-way exchange will further drive Yunnan culture industry development and even that of the whole of Western China. This "virtual" sector of cultural exchange and trade with South East Asian countries will play a very important role in the future of Yunnan culture industry development.

Conclusion

The ultimate aim of developing the culture industry is to satisfy the ever increasing physical and spiritual needs of the people. Of the 43 million population of Yunnan, based on the current urbanisation rate of 26%, its urban population numbers approximately 11.18 million. Excluding the political, economic and cultural centre of the province, Kunming, which has a population of over 1 million, this urban population is distributed in 15 key prefecture cities (*Zhou shi zhongxin chengshi* - 州市中心城市), 129 county towns and several thousand market towns. The majority of the 15 key prefecture cities have a population of only 100,000, a small number having populations of only a few tens of thousands. The majority of the county towns have populations of 20,000 to 50,000, and in these 129 county urban areas alone there are a total of 73 key counties of national poverty alleviation (*Guojia zhongdian fuchi xian* - 国家重点扶持县). In rural areas, those citizens with an average monthly income of below RMB 865 make up a quarter of the total rural population and the per-capita GDP of the province is only 60% that of the national average. According to statistics, in 2001 and 2002 the average expenditure of rural families in the social services and culture, education and health industries was RMB 2.27 and RMB 3.34 respectively,

⁸ This data is taken from the Yunnan Province Government Department of Commerce. This paragraph was taken from *Establishing a China - ASEAN Cooperative Region (Guanyu jianli Zhongguo - Dongmeng wenhua hezuoqu - 关于建立中国-东盟文化产业合作区)*, a research report produced by the Yunnan University Culture Industry Research Institute in partnership with Qinghua University Culture Industry Research Centre. This paragraph was quoted from the *Possibilities and Benefits* section.

which amounts to 0.10% and 0.14%⁹ of their total income. This level of culture industry consumerism means that in the short-term it is not realistic for Yunnan culture industry development to be driven by the core industries determined by the Chinese National Statistic Bureau in its 2004 and 2005 studies. In this kind of consumer market, it is also not realistic for Yunnan to hope to contend with the economically developed eastern coastal areas and cities with higher levels of urbanization solely through the rapid development of these core industries. Yunnan culture industry development can only be realised through reliance on the tourism industry, which has great potential to combine local economy and culture. Taking this developmental route of cultural and economic interaction will result in a diverse culture industry yielding a different kind of competitive, sustainable development.

⁹ 2004 *Yunnan Statistics Yearbook*. The basic analysis is cited from the results of the *Urban and Rural Residents Culture Industry Consumer Market* section of the *Yunnan Culture Industry Consumerism and Consumer Market Analysis*, by the Yunnan University Culture Industry Research Institute.