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New Strength of Competition and Innovation:  
China’s Independent Television Production

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Abstract

The state-owned media system in China has evolved considerably since 1994 when the first independent TV production company was officially registered. Today, there are thousands of independent TV production companies looking for market opportunities in China. Independent production companies have facilitated the circulation of program trade and investment, and in the process have encouraged innovation and professionalization. This paper focuses on the evolution of independents and the changing face of the television market. It discusses the ecology of independent television companies in China and how government regulations are impacting on the TV production market. It argues that independent TV is providing a new strength for China’s TV market, one often suspected of being imitative, propagandistic and lacking colour.

Keywords:
Independents, innovation, TV drama, animation, China, TV market
Introduction: Content Crisis

Since the broadcasting reforms began in the late 1980s, television organizations have gradually reformed their function from government ‘institutions’ (shiye) to ‘enterprises’ (qiye), albeit state-owned enterprises. In the process they have evolved their operations to embrace commercial management through the business of advertising and program rights. In this paper I examine the development of China’s independent TV sector and make some observations about its importance for the overall development of China’s TV industry. I begin by looking at the historical development and current situation of independent television production. Following that I turn to the discourse of some aspects of the emergence of independent TV production; then I try to analyze the fluency of independent TV production on the innovation ecology; and finally I argue that ‘the new face’ of Chinese television, illustrated by the independent sector, is much more autonomous, fresher, and outward-looking than the restricted model typified by the state-managed TV broadcaster.

Through the 30-year Opening Reform, the scale of China’s TV industry has increased from the lowest level to the top level in the world. By 2008, there were 277 TV stations at city, provincial and central level and 1969 radio and TV stations at local level (that is, in the rural areas where radio and TV stations work together), operating a total of thousands of television channels and broadcasting 14 million hours per year (SARFT 2009, 185,186). These channels covered 96.95 percent of the population and included 164 million cable users (SARFT 2009, 186).

Over the course of the gradual reform of broadcasting during the past three decades TV stations have evolved from political propaganda ‘mouthpieces’ to become enterprises which combine a political function alongside their commercial operations. With commercial momentum, advertising revenue has driven fierce competition (Xie and Dang 2005; Huang 2006; Lu 2002). Competition is seen not only in advertising sales but also in more diversified and interesting content.

Content production by TV stations has not kept pace with the expansion in operational scale. Statistics from 2006 show that the production hours of TV stations occupied less than 20 percent of broadcasting hours (SARFT 2009, 31). In other words, content production within
the TV studios system has been unable to satisfy demand. Consequently, television stations have sought programs from outside the system.

It is clear from this demand that the style of television content favoured by the broadcasters requires a degree of innovation. Propaganda content has turned off the audience, especially the younger generation. A survey\(^1\) showed the highest rate of audience shifting occurs at 7:05pm. Most channels transmit the same program, the CCTV News Broadcast\(^2\) at 7:00pm. It appears that many viewers like to watch something else after the news headline presentation. Accordingly, the genres of television programs also need to be updated.

The emergence of independent production is attempting to meet these challenges. Like the evolution from the public service to a dual track public-independent model which occurred in the 1980s in most European countries and some other Asian countries, China’s television has become ‘characterized by new patterns, agendas and business models’ (Moran and Malbon 2006, Preface). The growing impact of independent television companies first became evident during the late-1990s. Despite this emergence, Chinese independents cannot promote their roles like independents in other countries among the environment in which state-owned media organizations take all the advantages of the market. However, in their current form they have already played an important role in engendering competition and innovation in China’s television market.

**Independent Television in China**

Whereas the ‘independent’ sector operated ‘outside the mainstream’ (Branston and Stafford 2006) alongside the four main networks in the US and the main public service system in the UK, independent production companies have aligned themselves alongside the state-owned system in China. In the context of the broadcasting policies of ‘socialisation’ and

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\(^1\) Report on the Effect of News Propaganda by the editing-in-chief department of CCTV in 2002 (internal material).

\(^2\) CCTV News Broadcast has had a news report at 7:00pm every day since 1978. It is the principal domestic and international news put out by the central government and all provincial and local TV stations are obliged to transmit this program at the same time in order to ensure blanket coverage for the whole country.
‘marketisation’ (Lu 1999; Huang and Ding 1997), independent studios and the practice of outsourcing began to emerge from the 1990s.

In China, production organizations can be divided into two categories: one inside the broadcasting system; the other outside the system. The former used to be units of the television stations, for instance the Beijing TV drama production department. After the reform of the broadcasting system in the 1980s, many of these units became separate production companies, although remaining attached to the parent broadcaster in a de facto mode of operations, which I will describe below. Those outside the system can be divided into two types: the first is state-owned or partly state-owned by government departments (such as Jindun Television Cultural Centre belonging to the Ministry of Public Security and Zhongbei TV Art Center belonging to Beijing All Media and Cultural Group (BAMC)); the other is a totally private entity. The former model can be considered as quasi-independent and the latter as fully-independent. Generally, the fully-independent television companies are called “minying dianshi” (Private TV). One important caveat here is that even if they are ‘outside the system’ they do not enjoy the kinds of freedom associated with independent production elsewhere in the world.

From the time when the first independent TV production company appeared ‘above the ground’ in 1994, thousands of independent television production companies have been formed. According to statistics of SARFT in 2009, over 700 independent companies are located in Guangdong Province. Over 600 companies exist in Beijing, which has the highest density for independent production. Zhejiang Province ranks third with over 400. Shanghai ranks fourth with more than 300 companies. According to the definition supplied by SARFT, there are five main types of production companies: those engaged in TV drama, film, animation, documentary and advertising. Today, independent production is the main content provider for the Chinese TV market. Independent production accounts for 80 percent of content in TV drama. In China’s biggest TV program trading event, the China International...
Film & TV Programs Exhibition in 2008, 75 percent of the exhibitors came from ‘non-government enterprises’ (CITV 2008), another way of describing independent production companies in China.

To understand the emergence of independent production, it is necessary to consider changes in the regulatory climate. Since 1994, the regulatory approaches can be divided into three stages banning, acquiescence, and approval. It has been described as the 'non-oxygen' stage; 'lack of oxygen' stage; and 'feeding with oxygen' stage (Lu 2005 Preface).

Banning stage: Before China’s economic reforms began in 1978, the mass media were entirely ideological and media organizations were an integral part of the political bureaucracy. There was no space for independent companies, like an oxygen-deprived environment. As the 'mouthpiece', the mass media were considered too sensitive for private investment and were subject to strict government control.

Acquiescence stage: In 1994, the first independent enterprise to engage in TV production was registered in the Industrial and Commercial Registration Department in Beijing. The concept of independent TV production subsequently began to be considered by policy makers, although many independent production companies already existed 'underground'. The first Broadcasting Regulation to clarify this concept was formulated the following year. However, its approach was to ban the development of independent production companies. In fact, this negative regulation was never properly executed. With the deepening reform of the market economy and a boom in television, the scale of independent companies increased rapidly. Following this, SARFT in 1997 noted that independent companies would be recognised in the new Regulation of Radio and Television Management, albeit with the necessary permission of relevant government departments. Since then, many independent production companies have come up from underground in Beijing, Guangzhou Province and Zhejiang Province.

Approval stage: After the certification for TV programs production was allowed, the scale of independent production increased quickly. By 2000, the number of independent TV production companies had more than doubled, e.g. at the Beijing International Television Expo. in June there was a total of 317 such entities registered (Lu 2005). In 2003, the new policy by SARFT described the development of the industries of film, radio and television
but made it clear that the state-owned organization remained the mainstream whilst encouraging other organizations to be involved in the development. At the beginning of the 21st century, the term ‘separation of production and broadcasting’ (Zhi Bo Fen Li) was discussed by many producers and media experts (Duan and Kuang 2000; Zhu 2000). The reform of ‘separation of production and broadcasting’ was about changing the function of TV stations which had previously controlled all aspects, that is, production, broadcasting and distribution of programs. The ideal new model would to be a branded entity which produced news and some local current affairs related content, and which controlled the broadcasting platform. In this way, independent companies would be freed up to manage the business of production and distribution.

**Independent Television Production Today**

Today, SARFT has set up a special department for the management of the independent and other non-state owned media organizations to monitor, inspect and license. According to regulations for the management of radio and TV program production, which came into effect in 2004 (SARFT 2004), all radio and TV production enterprises need to apply for a licence (guangbo dianshi jiemu zhizuo jingying xukezheng). The licence applies to production and trade in programs and includes feature programs, column programs, entertainment programs, animation, and TV and radio dramas. Similarly, film production enterprises have to apply for a licence (shezhi dianying xukezheng) to engage in production.

By the end of 2008, 3343 independent production companies including the quasi-independent and the fully-independent ones were plying their trade, most servicing the TV industry in some way (SARFT, 2009). There has been a significant restructuring of operations. Compared to production in purely state-owned TV stations, however, there are many content restrictions for independent production companies. Generally, the TV market in China can be divided into two parts: one is factual programming, including news, sports and documentaries; the other is fictional content, including animation, TV drama and film. With

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6 The political news and special feature programs are not allowed to be produced by the private companies and, since August 20, 2004, the private production companies also cannot buy the transmission rights to sports in accord with The Management and Regulation of the Radio and Television Production.
Chinese TV genres, all entertainment programs, even reality shows, talk shows and game shows, belong to the factual TV category. In policy and regulatory terms, the fictional program market is totally different and much freer. The government provides most autonomy for independent production in the fictional content market.

To date, independent production cannot engage in news and sports. Independent production companies cannot produce any news programs without an official news report authority, and cannot buy any rights for transmitting sport events. They cannot import any programs from overseas without co-operation with TV stations. For this reason, independent productions focus on entertainment programs, animation and TV dramas, especially TV dramas.

Due to demand for content the TV drama market was the first sector opened to independent production. By the end of 2008, there were 1974 channels operating in China and 1764 of these broadcast TV dramas. TV dramas occupied 89.4 per cent of the total broadcasting time (SARFT, 2009). According to Li Xingguo of the Communication University of China, the vice-president of Chinese Television Artists Association (Xue, 2007), independent production occupies nearly 90 percent of the total output of television drama. By 2008, China had already become the largest TV drama production country in the world (Le, 2008). The table below lists the top 8 independent TV drama production companies and their outputs.  

<table>
<thead>
<tr>
<th>Name</th>
<th>Advantages</th>
<th>Unique Branding</th>
<th>Annual Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hairun Movie &amp; TV</td>
<td>One of the oldest TV drama companies, established in 1994</td>
<td>Mainstream theme: Police topics; Revolution topics; etc.</td>
<td>600 episodes</td>
</tr>
<tr>
<td>Beijing Galloping Horse Film &amp; TV Production</td>
<td>Operates the full business chain including advertising agency, TV drama production and</td>
<td>Grand production; Director studios including Gao Xixi, the highest-priced director in TV drama</td>
<td>Average 5 serials</td>
</tr>
</tbody>
</table>

Mostly according to the report of Power Ranking of Independent TV Drama and Film Independent Companies, Journal of TV Guide China, China Radio & TV Publishing House, Volume 6, 2009 ;
Aside from TV drama, independent companies have directed their investment and skills into making entertainment programs. Compared with the in-house production model (for example, when a program is produced and distributed by the broadcaster), independent companies have

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Distribution</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Huai Brother Group</td>
<td>Actor agency including over 70 famous TV and film stars</td>
<td>Grand production in film; Famous directors including Feng Xiaogang, the most successful commercial film director</td>
</tr>
<tr>
<td>Ciwen Pictures</td>
<td>The best owners: one is a famous scriptwriter; the other is a famous distributor.</td>
<td>Chinese swordmen theme; metropolitan fashion theme</td>
</tr>
<tr>
<td>Beijing Xinbaoyuan Movie &amp; TV Investment Co.Ltd</td>
<td>The famous director Zhao Baogang and some famous actors</td>
<td>Romantic topics and fresh style</td>
</tr>
<tr>
<td>Jinyingma Movie &amp; TV Group</td>
<td>One of the oldest TV drama companies</td>
<td>All of the topics</td>
</tr>
<tr>
<td>Beijing Rosat Film &amp; TV Production Co.Ltd</td>
<td>Several famous directors including the female director Li Shaohong and some famous actors</td>
<td>Female angles and fresh style</td>
</tr>
<tr>
<td>Beijing Zhongbei TV Art Centre Co.Ltd of China</td>
<td>The famous director You Xiaogang; belonging to the state-owned Beijing Broadcasting Group</td>
<td>Loyal family legend series</td>
</tr>
</tbody>
</table>
been ready to innovate and look for alternative distribution channels. According to China Entertainment TV Program Report 2006-2007 (Shanghai TV Festival, 2006), Enlight TV (Guangxian Chuanmei) produced 12 entertainment programs which were broadcast on 300 TV stations and 600 channels whilst Joyful Cultural and Entertainment TV (Huanle Chuanmei) produced a total of 1000 hours which were broadcast on nearly 300 TV stations and 700 channels. See the table of top 10 TV program independent companies and their brands below.

<table>
<thead>
<tr>
<th>Name</th>
<th>Headquarters</th>
<th>Foundation Time</th>
<th>Famous brand</th>
<th>Brief Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jia Shi Media Company (Jiashi Chuanbo)</td>
<td>Beijing</td>
<td>1994</td>
<td>Social News Programs</td>
<td>The oldest independent production company in TV program production</td>
</tr>
<tr>
<td>Tang Dragon International Media Group</td>
<td>Beijing</td>
<td>1995</td>
<td>‘Entertainment 365’; ‘Nike Knowledge Garden’, a co-production with Nickelon Channel of Viacom</td>
<td>Over 10 programs distributed to different level TV stations; the program platform includes TV dramas, fashion, entertainment, business report and children’s programs</td>
</tr>
<tr>
<td>Enlight TV Production Co. Ltd (Guangxian</td>
<td>Beijing</td>
<td>1998</td>
<td>‘Entertainment Live Report’ used to be broadcasted in over 150 cities</td>
<td>12 programs broadcast on over 600 TV channels; has extend the content production to mobile SP, internet and other new media; merged with a SP listed company, Huayou Ltd in November 2007</td>
</tr>
<tr>
<td>Joyful Culture and Entertainment Co. Ltd</td>
<td>Beijing</td>
<td>1998</td>
<td>‘Happy Together’ (Huanle Zongdongyuan); Cultural Report Daily (Meiri Wenhua Bobao)</td>
<td>Major player in the entertainment TV programs</td>
</tr>
<tr>
<td>Company Name</td>
<td>Location</td>
<td>Year</td>
<td>Programs/Partnerships</td>
<td>Notes</td>
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<td>--------------------------------------------------</td>
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</tr>
<tr>
<td>Stellar Media Co. Ltd (Xingmei Chuanmei)</td>
<td>Beijing</td>
<td>2001</td>
<td>Multi-platforms including magazines and DVD, etc.</td>
<td>The biggest company in this field with a registered capital 320 million RMB</td>
</tr>
<tr>
<td>Egasus &amp; Taihe Entertainment International (Paige Taihe)</td>
<td>Beijing</td>
<td>2002</td>
<td>‘Global Film Report’ (Huanqiu Baodao); Program design for Neimenggu TV (since 2006)</td>
<td>formerly Egasus International (formed in 1993)</td>
</tr>
<tr>
<td>Baoli &amp; Huayi Media Group (Baoli Huayi)</td>
<td>Beijing</td>
<td>2003</td>
<td>Hainan TV ‘Travel Channel’ (2005 till now)</td>
<td>formerly Hua Yi Media from 1996; the main control company of the state-owned Baoli Group</td>
</tr>
<tr>
<td>Guanhua Centenary Media Company (Guanhua Shiji)</td>
<td>Beijing</td>
<td>2003</td>
<td>‘Police Life’ co-production with the film and TV production center of Ministry of Public Security of China</td>
<td>Mother company Guanhua Group and includes equipment and music production</td>
</tr>
<tr>
<td>Qixinran Media Organization (Qixinran Chuanbo)</td>
<td>Beijing</td>
<td>2006</td>
<td>‘Lucky 52’ ‘Golden Apple’ ‘Healthy Life’ etc in CCTV</td>
<td>formerly Advertising Company from 1997; mother company Qi Xinran Group includes film, drama production and animation</td>
</tr>
</tbody>
</table>

On one hand, independents are branding channels by positioning their programs; elsewhere,
they aspire to professionalize channel operations, including packaging, marketing and advertising. Many independents are targeting satellite TV channels which have the capacity to cover the whole country but desperately lack good content. In 2000, Yinhan Communication Co. Ltd (Yinhan Chuanbo) outlaid RMB 80 million to acquire a twelve months operation right for the Beijing TV ‘Life Channel’. It subsequently professionalized the channel by adding lifestyle programs (Zhou 2006). More independents followed this model. Baoli & Huayi Media Group (Baoli Huayi) invested and controlled a 50 percent share of Hainan STV and transformed it to the ‘Travel Channel’ in 2003; Shanghai Camera Media (Kaimaila Chuanmei) acquired a 15-year operation right for Neimenggu STV at a cost of RMB 60 million per year and turned this into an entertainment channel in 2004; Egasus & Taihe Entertainment International (Paige Taihe) acquired 3-year rights for CETV-1 (Central Education TV) for RMB 300 million (Song 2007).

Roles of Independent Production in China’s TV Market

Unlike the previous situation where TV stations monopolized China’s TV industry, there are many players in the television market in China today, including independent television companies, overseas media companies and TV stations. The independent television companies play a multi-functional role. Compared with the international media organizations, they have less investment but more local connection, which is the most important factor in China’s market. Most of the owners of the independent production companies began their careers inside the state-owned media system. They maintained special relationships with the TV stations. Compared with the state-owned TV stations, the independent companies have less power but are more flexible. Most directors or writers left the state-owned system not because of the payment or position (indeed they admit that they can enjoy higher incomes from the state-owned system). The generally did so because they believed independent companies give them more creative space.

The role for TV stations: idea providers and content distributors
The majority of independents are middle and small entrepreneurship, which depend on TV stations to survive. Most of these business owners have work experience inside the state-owned TV stations so that they can develop close business relationships through their previous ‘Guanxi’. Some outsource part of the programs from TV stations; some produce the programs according to TV stations’ design and budget; and some try to ‘brand up’ some genres and sell them to TV stations.

In China, most independent companies have three kinds of business relations with TV stations in the content production:

- The first is producing outsourcing programs or part of the production, including creating an idea, content production or advertisement agency. Under this model, the independent company cannot possess copyright of the programs. *Lucky 52 (Xinyun 52)*, the longest running Chinese game show was produced by Qinxinran Media Organization. It was the first TV program localised from an international format. In 1998, Qinxiran paid RMB 4 million per year for the original program format *Go Bingo* from the UK format distributer ECM but, after one year, they relinquished the license claiming that it was not suitable for Chinese audiences. Their subsequent move, which is not unusual for Chinese production companies, was to localize the game show for CCTV (Keane et al, 2008). This revised format became the top-rating game show in China and was the leader in using product placement. Despite Qinxiran claiming to have re-created this format, sixty percent of the revenue went to the broadcaster CCTV (Interview with Liu, May 30, 2009).  

- Another model is co-production of programs with sharing of copyright and some part of the rights for distribution. Few column programs are produced in this model. For example, *Police Life (Jingcha Rensheng)* was ‘co-produced’ by the Guanhua Centenary Media Company, Gold-Shield Media and Shanghai Oriental TV. Gold-Shield Media, which is the film and TV production unit of the Chinese Ministry of Public Security, provided the content (the human subjects) and interview rights. Guanhua produced the program and distributed it to TV stations. The program, however, was commissioned by Shanghai Oriental TV which offered a broadcasting platform and advertising time but not a share of revenue from sales of the program. This investment strategy is reflected in the third model.  

- The final model is to produce the programs autonomously and then sell them to TV
stations although, usually, in order to reduce their outlays, most TV stations provide a few minutes of time in the programs as the return. The international standard for TV independents is to produce programs and sell the product to the buyer (the TV station, cable network) that offers the best price; however, in order to reduce their cash outlays, most TV stations in China allocate a few minutes of time in the program. The producing company is then tasked with finding the sponsorship. The Enlight TV Production Co. Ltd, has produced several well-known entertainment programs, including the first of the genre, Entertainment Live Report (Yule Baodao). Independent production comes with its own uncertainties. Often when a program is successful it is subsequently replaced if TV stations decide to make their own version. This demonstrates the fragility of the concept of copyright in Chinese media industries. *Entertainment Live Report* suffered the fate of being replaced. The program suddenly vanished from the Beijing TV market and was replaced by the similar program *Daily Cultural Report*, which was produced by Beijing Television (BTV). In order to minimize such risk, independent production companies will engage in cross-media business or diversify with a range of program genres. Enlight Media started in entertainment report programs and has moved into TV dramas. Qixinran Media started in game shows but has transferred its attention to animation and film production.

**The role for overseas companies: collaborators or competitors**

With China’s entry into the WTO in 2001, China’s TV market is becoming part of the world stage. The relationship between China’s media organizations and overseas companies became controversial as it was uncertain whether they should become closer or more competitive with each other (Shi 2000). Although the first policy allowing overseas media production companies to invest in China was promulgated in 2004, international media groups had been involved in the media market in China for a long while, particularly international media conglomerates. Then, however, the government had a change of mind and, concerned about Cultural Security (*wenhua anquan*), 8 they closed the door again. In early 2009, the policy

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8 On August 12, 2003 General Secretary Hu Jintao established the ‘Ensure National Cultural Security’ (quanbao guojia de wenhua anquan) directive for the Political Bureau of the Central Committee. In the
was repealed. Until then, no other international media had successfully entered into the TV market in China, including the tycoon Murdoch.

According to government policy, the overseas media companies cannot be allowed to produce any program themselves. Therefore, all the international media have to find a Chinese partner if they are interested in China’s TV market. From 1996 when the first cartoon programs from Disney, *Mickey Mouse* and *Donald Duck*, were broadcast on CCTV, Disney claimed to be the biggest overseas Television content provider in China (Disneybox.com). The localised cartoon program of Disney, *The Dragon Club*, has been distributed to over 40 city TV stations since 1994. Viacom and News Group have also made their way into the broadcasting platforms. Nickelon Channel under Summer Redstone, with their co-production partner in China, Tang Dragon International Media Group, began their business in China in 2001. Starry Sky TV (Xingkong Weishi) under Rupert Murdoch entered into the cable network in the *Pearl River Delta* in 2002. The same rules applied to the American networks were carried over to Starry Sky TV in China, that is that they should mainly outsource programs to local production companies. On the whole, the overseas companies have collaborated with local broadcasting organisations in two ways: one is to collaborate with TV stations directly; the other is to collaborate with local TV production companies.

The broadcasting field should be the last area to be opened for the international market by the Chinese government. Even under the mostly state-owned system, TV stations have always taken a careful attitude to collaboration with overseas companies, particularly as some were punished by SARFT after some incidents. For example, the Qinghai Satellite TV used to sell part of its operation share to Murdoch and broadcast overseas Star TV programs directly. But then the Industrial and Commercial Department openly stopped all their business. Compared with the international media group, the Chinese independent companies obviously have more local connection and better understanding of the Chinese audience; but compared with the state-owned TV stations, the independent companies have a more flexible system and follow more market rules. In future collaboration, it seems essential that overseas companies should take advantage of local knowledge and compete for the collaboration of local content production companies.

ensuing Fourth and Sixth Plenary Session of the Sixteenth Central Committee, cultural security joined political security, economic security and information security as official national discourses.
While international companies are presently reluctant to release their core IP and market access, this collaboration provides valuable opportunities for Chinese independent companies to learn from their partners’ experience and from their quality standards, management methods, and creative design. From a development point of view, the TV production market in China is still in its infancy. Most people who work in independent companies recognize that they are still not mature compared with their international colleagues in the international market. Thus, they are keen to cooperate with international companies in order to increase their own knowledge and experience. During the cooperation period between Chinese TV production companies and international companies, there are advantages both for international partners coming in and for Chinese companies going out. In time, as Chinese independent companies grow stronger, they will become serious competitors with the leading international companies.

Current Discussions

Although independent production is still a small segment of the whole industry, criticism is vocal. As the ‘mouthpiece’ of the government, television programs are considered to embody educational and propaganda functions. Many people believe television has become too focused on entertainment. They believe independent production companies should bear responsibility for the vulgarization of television programs.

However, the reality of China’s TV industry is that all the channels belong to state-owned TV stations and all content production is determined by the demand of the TV stations. There are a number of points to be considered. Firstly, most criticism over-estimates the impact of independent television companies on content. Compared to US syndication rules, British broadcasting deregulation and the Korean broadcasting proportion system, which supports the relatively small-scale independent television sector to produce diverse content and stimulate the market, independent production in China has not yet received similar attention from the government. Although the government already reduces the threshold for the investment of independents, the rights to programs commissioned or co-produced with TV

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9 Since 2004, SARFT has loosened the policy for the independent TV company registry that the registered capital should still be 3 million yuan but unofficially, the down payment can be only 20% and the remainder
stations still cannot be protected for independent television companies. Independent companies in China generally cannot argue with TV stations under the current framework of policy protection.

Some people consider independent production to mean the same as low-cost production. But one reason for low-cost production in independent production is the low profit. In China, the profit proportion of production, distribution and broadcasting is 2:2:6 but in America, it is 6:2:2 (Zhu 2007). Generally, most of independent production companies have to play several roles in the market. They are the idea creators, program designers, production investors and distributors. Similar to the American syndication, TV stations prefer exchange advertisement time for the programs. However, in contrast to the American syndication system, the independent production companies have to find the advertisement sponsorship themselves without the assistance of a professional agency. In theory they can sell their programs to TV stations but, generally, it is hard to get the payment quickly. As in TV drama production, all but the largest TV stations would like to pay the first third after production, the second third after broadcasting and the final third at anytime they like (interview with Mu, an independent TV drama writer, October 2008, Beijing).

Some people complain that the independent productions should take responsibility for the similarity of programs and too much cloning in the market. In their opinion, independent production focuses on commercialization and doesn’t pay attention to copyright. But the reality is the opposite: independent production companies are increasingly concerned about copyright, on one hand to strive for their own brand copyright from TV stations, and on the other hand to try to protect themselves from the legal ramifications of copying the overseas programs. Compared to powerful state-owned TV stations, independent production companies are more careful in trying to avoid legal complaints from overseas companies, and tend to understand copyright better. In the very few examples of licensed programs from overseas in China, the independent production companies paid most of the copyright fees. This fact seems to be ignored.

Independent companies pay more attention to the brands. They are more likely to learn from the overseas experience. Qi Cartoon commenced as the animation brand of Qixinran in 2002.

can be paid over the next two years.
The co-founder of Qixinran Media, Ms Yuan Mei, said she believes that experiences learnt from overseas programs are valuable but there is a need to focus on developing a distinctive production brand and character style. While they have produced animation content for international companies the company is looking to co-produce animation and to absorb new knowledge and experience [Interview with Liu, May 30, 2009].

More importantly, the absence of government regulation for media rights is restricting innovation. Most producers look for new sources of inspiration and innovation by the shortcut of imitating other successful programs, both overseas and domestic (Keane 2007). Independent production is the victim. It has to confront the high degree of copying and ‘emulation’ in the production market. Some independent television companies have created some unique successful program brands, but often have to compete with several similar programs within a couple of months. During my interviews with independent business owners, they showed concern about protection of the copyright of their own original programs, especially cartoons and TV dramas.

The Innovation Ecology

An innovation systems model constitutes an important approach to television content production (Cunningham et al. 2005). How and why do content industries become innovative? Innovation and strategic planning are important. In order to analyse the production development of China’s TV industry in the global context, I draw on Michael Keane’s innovation ecology concept of China’s creative industries (2007). Here I use the first five stages to explain China’s TV production levels. In Keane’s analysis these are: 1) Low-cost production; 2) Imitation; 3) Co-production and formatting; 4) Niche and Asian markets; and 5) Industrial cluster.

In order to reduce production costs, television stations in China are outsourcing production to independent companies. In the most basic model this provides no copyright and distribution rights for the producer. It is best exemplified by its attitude to animation outsourcing. This is the low value level which some say adds little to the ecology. In the next level, uncertainty
about markets and investment drives imitation. Low-budget producers look for the easy way: producing ‘safer’ content, often content that is already successful in other markers and countries. Lack of copyright leads to excessive cloning of successful overseas programs. To share risk and cost, while aiming towards innovation, co-productions have emerged among independent companies and television stations and other third parties. Overall, however, the majority of China’s TV production industry still stays in the lower level of the innovation ecology. The important point to note, however, is that as independent companies become more mature, they are realizing the importance of branding and have begun to target niche markets, and overseas Asian markets, such as some TV drama serials and entertainment program brands. Meanwhile, independent TV production companies have become pioneers in exploiting cross-media content, especially in the new media.

There are four main factors we have to consider in the innovation ecology of independent television companies in China: government policies, new media, media rights and global market value chain. The main factor in the development of the independent television ecology is government policy. In the global context, commissioning and co-production are common between independent producers and broadcasting organizations; it is a model where the ‘independents’ are encouraged to keep their rights, as in the UK and South Korea (Lee 2009). The independent sector is the most important element in respect to content diversity. In China, moreover, state-owned TV stations still determine diversity to a large extent: that is, they opt for safer programming.

As a legacy of the state-owned system, distribution and programs trade is still an unfamiliar concept for the majority of TV stations. TV stations are still the monopoly powers which control all the broadcasting platforms in China’s media industry. Therefore, independent TV production companies need to transfer their innovation capacity to exploit multi-platforms to avoid risk, especially in the new media. They are becoming the biggest content provider group in the Pay TV, mobile TV, IPTV and any other new media in China. The lack of reward in traditional TV drives them to gradually develop the new media market.

Currently, in the global market, different regions play different roles in this global value chain. Typical examples of production centres include Los Angeles (Hollywood), Hong Kong and Mumbai (Bollywood). In particular, the Netherlands emerged as a centre for the format
industry in the 1990s (Keane, Fung and Moran 2007). Positioning its media content in Asia and the world is still a problem for China. With the internationalization of the film and TV market, China is becoming a more important part of the global market. American reality TV formats and Korean dramas have entered into Chinese audience life and occupy a share of the market. Meanwhile Chinese TV programs also started going out (Keane and Liu forthcoming).

How can China’s TV production be developed to target high-value niche markets or other demographics? One answer might be the media cluster effect, the fifth stage of the innovation ecology. Although the ‘independent’ is linked to alternative production, in fact, all media work is ‘dependent’ on technology and funding. Most media productions require collaboration between creative and technical teams, and they need an organization to distribute the work (Branston and Stafford 2006). In the highest stage of the innovation ecology, the cluster will help the industry improve the innovative level.

According to general definitions of cultural industries, cluster effects can provide advantages to independent companies. At the same time as companies compete with each other, the media cluster can help them build up networks, save money and share risks. Independent companies can only survive by continuous adaptation, innovation and perhaps entering into new areas of activity. Today, in Beijing and Shanghai, there have already been some embryonic forms around the developed area. In Beijing, over 1000 companies have business inside the television industry and around 4000 companies relative to the television business (Lu and Fu 2006). The area around CCTV is now one of the best known bottom-up media communities and over 300,000 people work in collaborations with CCTV either directly within the organization or indirectly in independent production and ancillary creative industries such as advertising and post-production. With the new CCTV and BTV building moving into the CBD, more media organizations will cluster around the new area, which already includes 167 international media organizations (Yi 2006).

**Conclusion: a New Strength for Chinese TV**
In this paper I have argued that the emergence of the independent companies has changed China’s TV market into a more competitive and innovative market in all aspects although they are still a small part of this market. The independent production represents the pioneers of the whole TV industry in China. Despite the unsupportive government policy and the difficult environment, this group still makes its way. Most of the owners of independent companies state that they would still choose this way even if given a second chance. No matter how good the conditions and goodwill are inside the state-owned system, they can feel the free air and express more creativity outside the bureaucratic system.

Independent production also provides more variety and different presentation for the audience while the state-owned production cannot satisfy that demand. One of the best proofs is the prosperity of TV drama on the screen. Since the first group of licenses for TV drama production were granted in the 1990s, independent production has occupied 90% of the TV drama market. The amount of TV drama production today is nearly 35 times that of thirty years ago (SARFT 2009).

By co-operating with overseas media organizations, more and more Chinese independent productions are becoming part of the international market. Compared with the conservative state-owned media organizations, independent production companies play an active role not only in the Chinese market but also in the international market. They are learning skills from overseas and will inevitably reach higher levels of the value chain in the international market.

Although independent production is unlikely to substantially change the state’s control over the TV industry in China, it has improved competition and innovation in content production. Furthermore while China’s production still depends on the lower levels of the ecology for its survival, the rise of independent production may be driving ‘a new look, a new ‘face’ for China’s TV.

Independent TV production will inevitably become an important force in providing greater diversity and in responding to convergence in China’s TV production market. Meanwhile, in order to prosper in its own fragile ecology it needs more attention from government and the
right kinds of synergy with the international market. In this regard there is much to learn from other countries.
References:


Lu, Y. and Fu, H. 2006. CCTV Moving into CBD Accelerating the Media Industry Clustering
http://media.people.com.cn/GB/40641/4821555.html


Index of the important milestones relative to the independent TV production:

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<td>1994.11</td>
<td>The first 'TV production company' with the 'advertising company' title, 'Jia Shi Advertising and Cultural Company', set up in Beijing.</td>
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<td>1995.9</td>
<td>No.16 File issued by Radio, Film and TV Ministry (former SARFT), Temporary Regulations For Management of TV Production and Trading Organizations, requires that all the organizations outside TV stations have to apply for licenses for TV production and trading. It is not permitted to build up private film and TV companies by individuals or private organizations.</td>
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<td>1995.10</td>
<td>No.17 File issued by Radio, Film and TV Ministry (former SARFT), Regulations for Management of TV Drama Production Licences, states that there are two types of licenses for TV drama production: one for short-term and one for 3-year licenses.</td>
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<td>1997.9</td>
<td>Rule.31 issued by SARFT, Regulations For Management of Radio and Television, allowing some independent production organizations to produce programs with the approval of the central or provincial Radio and TV administration departments.</td>
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<td>2003.12</td>
<td>Notice issued by SARFT, Opinions on Improving Development of Radio, Film and TV Industries stating that domestic ownership organizations and individuals are allowed into the film and TV production business (excluding the news and propaganda areas) with the approval of the relative department of the government.</td>
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<td>2003.12</td>
<td>Document 105 issued by the State Council Office, Rule No. 10: This allows that private cultural organizations can be treated as the same standard with the state-owned cultural organizations.</td>
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<td>2004.8</td>
<td>No.34 File issued by SARFT, Regulations For Management of Radio and TV Program Production and Trading Organizations, Rule No.5. By this the government encourages private organizations and state-owned companies to work in film and TV production, but excludes companies who have overseas investment. No.16 and 17 Regulations of SARFT and No.1476 of Regulation</td>
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<td>2004.11</td>
<td>No.44 File issued by SARFT, Temporary Regulations For Management of Foreign Joint or Co-operation Radio and TV Program Production and Trading Organizations. <strong>This allows</strong> overseas companies to co-operate or co-invest with local production companies providing their holding does not exceed 49%.</td>
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<td>2005.4</td>
<td>No.10 Regulation issued in 2005 by the State Council Office, allows domestic non-state-owned capital is allowed to be invested in state-owned media organizations in the areas of advertising, publishing, distribution and in radio and TV program production of entertainment, technology, sports and music provided that the state-owned capital should always exceed 51%.</td>
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<td>2009.2</td>
<td>No.44 File repealed by SARFT and Commercial Ministry.</td>
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