



Opposite page:
Yue Minjun, *Gweong*
Gweong, 1993, Oil on
canvas, 71 5/8 x 98 3/8 in.
(182.1 x 250 cm), Courtesy
of Yue Minjun Studio.

This page:
Wu Junyong, *Celebration*
Ceremony, 2011, Oil on
canvas, 78 3/4 x 59 in. (200
x 150 cm), © Wu Junyong,
Courtesy of F2 Gallery,
Beijing. +86 10 64328831



THE BOOMING

(But “Not-Quite-As-It-Seems”)

BEIJING CONTEMPORARY ART SCENE

BY DON THOMPSON

Forty minutes after unpacking at my Beijing hotel in May and heading out for a walk to stretch my legs, I was intercepted by a mid-20s male. After the obligatory “What country are you from?” he launched into “Please, I am an artist and I have a show of my work nearby, will you honor me by coming with me and see it?”

As you might not immediately suspect, this is a scam, one of which I had been warned. There is an exhibition, but he is not the artist; rather he is a runner on commission. The art is reported to be of good technical quality, but assembly-line copies of existing paintings. Similar shows with the same art are hung in other locations in the city, all priced at five (or fifteen?) times what similar work might bring in an artists’ commune. This is the local equivalent of “Please come and see the beautiful carpets in my cousin’s shop” in New Delhi or Karachi. Nowhere but in Beijing, or perhaps Shanghai, does the most common tourist scam center on contemporary art. This was a good introduction to the super-heated state of the Chinese contemporary art market.

I later learned from a dealer that when encountering such an “art student,” there is a test. Ask: “Where did you study art? Who was the most famous teacher there?” If there is no immediate answer, move on. If the question produces “Central Academy of Fine Arts and Xu Bing,” it may be worth going with the student. But don’t count on it.

Xu is a widely recognized artist and Vice President of the Central Academy, one of the best art schools in the world. However, the real source of his fame is that it was his students who built the iconic *Goddess of Democracy* statue, a Styrofoam homage to the Statue of Liberty, in Tiananmen Square during the protests of 1989. The *Goddess* was crushed by a tank during the subsequent military clearing of the square.

Beijing is the epicenter of China’s contemporary art scene, where the top artists, galleries and auction houses come together. The best-known area is the eight-year old 798 Dashanzi Art District, known just as ‘798,’ a thirty-minute cab ride northeast of the center. A warren of once-abandoned brick Bauhaus-style factories and a

former East German-built munitions works, it now houses a collection of boutiques, coffee shops and 250 galleries, ranging from cutting-edge creative to production art. In the run up to the Olympics, the Beijing municipality invested heavily in 798, installing new cobblestone streets and lighting, which both beautified the area and dramatically drove up rents for these privately-owned units.

Must-visits in the Art District include Long March Space, with paintings, sculptures and a BMW art car; 798 Space, with art, multimedia and performance art; Beijing Commune, with both established and emerging artists; and Chinese Contemporary, which focuses on political art and realism.

Several western galleries are represented in 798, notably The Pace Gallery in a 22,000 square foot space designed by architect, Richard Gluckman. “It’s the most exciting artistic development I’ve seen since the 1960s,” said Pace founder, Arne Glimcher, of his decision to open in Beijing. He also said that his strategy was to attract the best artists by being the major player in the city.

A further fifteen minute walk northeast from 798 brings you to the Caochangdi Art District, with a focus on new and less mainstream art by emerging artists. The galleries here are more spread out. A tour of Caochangdi is best accomplished by renting a car and driver to wait for you at each location. Galleries to see include F2, Chen Ling Hui Contemporary Space and Platform China.

Other galleries are on the Baiziwan Road and downtown. Worth a visit is Red Gate Gallery, located a thirty minute walk (five subway stops) east of the Forbidden City, in a watchtower that used to be part of the city wall. International galleries include Urs Meile from Switzerland, Tokyo Art Projects from Japan, PKM from South Korea and Continua from Italy.

Like “please come see my show,” the Chinese art market is not always what it appears. Start with auction houses. The most cited estimate is that there are 1,600 auction houses on the mainland

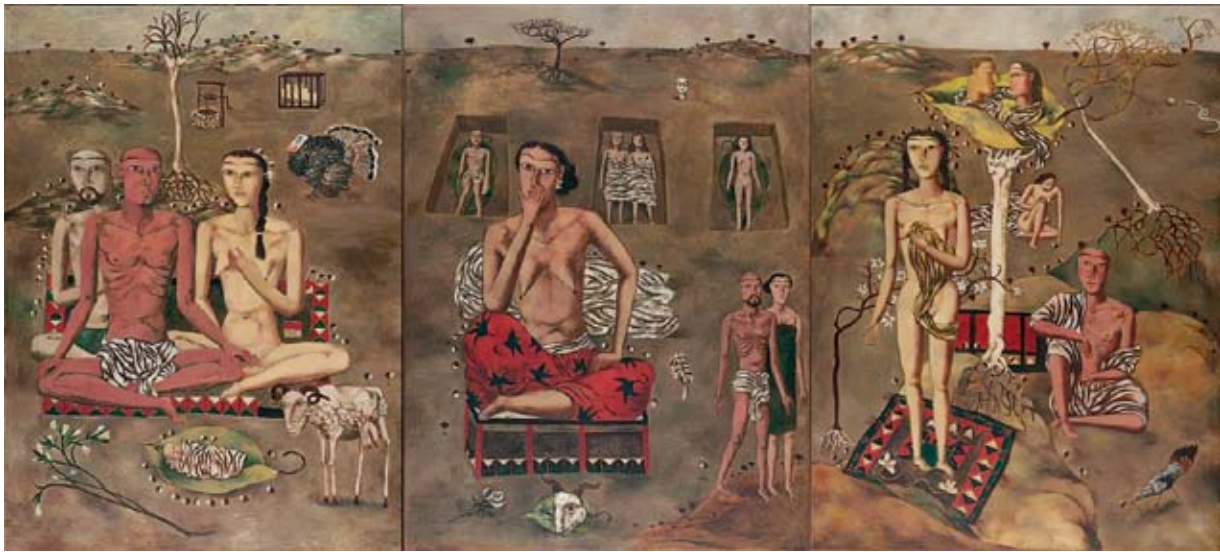
(research house, Arts Economics, says 2000). Chinese buyers seem more comfortable dealing with auction houses, which have existed since 1994, than with galleries, which are a relatively new phenomenon. Auction prices are seen as more transparent, and bidders seem reassured by the presence of other bidders. Artists—even those with gallery representation—like selling primary art at auction, because the commission is so much less than through a dealer, and payment is faster.

Beijing Poly International Auction is the dominant player in the Chinese art market. This is a company known for its willingness to offer deals to attract consignments. Poly had sales of \$1.4 billion in 2010. China Guardian is number two with \$1.1 billion. Between them, Poly and Guardian have about 60 percent of the mainland market for high-end contemporary art at auction. Rounding out the top four domestic houses are Beijing Council and Hanhai Art Auction, both in Beijing.

Sotheby’s and Christie’s are not allowed to hold auctions on the mainland; both houses offer major Chinese art auctions from their Hong Kong locations. In 2010, Christie’s Hong Kong had a turnover of \$722 million, and Sotheby’s Hong Kong, \$680 million.

Poly International Auction is a private corporation within the China Poly Group. This is the largest public enterprise in the country, and it is controlled by the People’s Liberation Army/Navy. Poly’s ‘sister company’ is Poly Culture and Arts, the state cultural agency; it has its own museum and a responsibility to collect important items of Chinese heritage, some of which come through Poly Auction.

Guardian’s founder and president is Yunnan Wang, the daughter of former Communist Party leader, Zhao Ziyang. If it seems strange that Sotheby’s and Christie’s have had a long period of frustration getting government permission to hold auctions on the mainland, the background of the major Chinese auction houses provides a clue.



Zhang Xiaogang, *Forever Lasting Love*, 1988, Oil on canvas, (Triptych) each 49 ¼ x 38 3/8 in. (125 x 97.5 cm), Courtesy Sotheby's London. +44 20 7293 5167

Art dealerships also function differently in China. Some well-known artists have “exclusive” contracts with as many as three different galleries within the same city. Galleries compete for the best of the artist’s work, and collectors have been known to visit several galleries in an attempt to negotiate a lower price “for that work in the other gallery.” F2 Gallery in the Caochangdi district has several artists with multiple representation; primary gallery efforts go to promoting their work through F2’s Los Angeles gallery, where F2 really does have an exclusive.

Some well-recognized Chinese contemporary artists have foreign dealers, but few domestic ones. Instead, they consign new work for domestic sale to an auction house, in part because of its lower fees, but mainly because they often achieve higher-than-gallery prices (more about this later). In western markets, Liu Xiaodong is represented by Mary Boone, Zeng Fanzhi by Acquavella, and Zhang Huan by Pace. Xu Zhen is at James Cohan, Liu Ye at Sperone Westwater, Huang Yong Ping at Gladstone, and Yang Fudong at Marian Goodman. None are represented in all of the major Chinese cities.

The traditional assumption has been that domestic Chinese collectors began with ceramics and ink painting, moved to western European and American contemporary, and only later (if at all) collected their own contemporary art. Information from mainland dealers and auction specialists suggests a more nuanced segmentation.

1. Traditional art objects such as ink painting, calligraphy or Imperial porcelain vases are purchased typically by mainland and Hong Kong buyers over the age of 40.
2. The Chinese market for high-end western art is concentrated in Hong Kong, with a slowly growing mainland segment of buyers. Chinese collectors increasingly are exposed to art (and all luxury goods) through overseas travel, first-hand experience and the internet.
3. Collectors are being educated by Chinese television networks CCTV and Phoenix, which produce series of programs on art and auctions. Collecting has become more acceptable with shifting social attitudes toward the open display of wealth. Some Chinese super-collectors present themselves as repatriating works of

cultural and historical value from western owners; collectors who announce they are spending for the good of the nation are seen as cultural heroes.

4. Almost half the value of western art in China is in sales of Picasso, Warhol, Koons and Murakami. It was a Hong Kong buyer who, in May 2010, reenergized the art market with a world record \$106 million purchase of Picasso’s 1932 *Nude, Green Leaves and Bust*, which had been optimistically estimated to bring \$80 million. In 2007, Hong Kong billionaire, Joseph Lau, set a \$72 million auction record for Andy Warhol with *Green Car Crash*.

5. The domestic market for the most expensive Chinese contemporary artists is largely in Beijing, Shanghai and Hong Kong, with most sales passing through mainland auction houses. One reason is that a Chinese collector selling (but not buying) through a foreign auction house is open to criticism for unpatriotic activity. If that individual also has dealings with the government, that can be very harmful to one’s reputation.

6. The Chinese contemporary art most sought after in the west is from the decade following 1985, perhaps reflecting the belief that the greatest art comes from periods of great change. The most popular is the ‘art of the wounded’ that examines the damage done by the Cultural Revolution, and ‘political pop’ and ‘cynical realism’ that reflect the collision of capitalism with communism. The best is high impact contemporary art that has ‘wall power,’ in the same way a Warhol, Hirst or Mark Rothko has. Much of this is auctioned in London. Derivative works (of which there are many) and those mimicking western contemporary arts have not sold well.

There also is prestige attached to art buying. The collector is involved in a social as well as an economic transaction. He announces his status through his ability to pay a record price. Art dealer, Andrew Kahane, says “Chinese buyers want to be seen spending a lot of money; they want to be seen setting world records.”

The Chinese art market saw four years of strong price appreciation, then a sharp price correction and fall in demand following the shock of the 2008 western economic crisis. The market decline



Above left to right: Zhang Xiaogang, *Bloodline—Big Family*, 1995, Oil on canvas, 70 ½ x 90 in. (179 x 229 cm), © 2011 Zhang Xiaogang, Courtesy The Pace Gallery. +1 212 421 3292 *The Unilever Series: Ai Weiwei, Sunflower Seeds*, 2010, October 12, 2010-May 2, 2011, © Tate, London 2011.



lasted fifteen months. Then prices started back. During the downturn, the major auction houses and dealerships survived, but about 20 percent of all galleries disappeared. In the 798 district, many galleries converted to coffee shops or fashion outlets, to reemerge as galleries in 2010. By early 2011, market confidence and market prices were closing in on pre-2008 levels.

Confirmation of the recovery came with the sale of 104 lots from the famed Ullens Collection at Sotheby’s in Hong Kong on April 3, 2011. Baron Guy Ullens is the son of a Belgian diplomat; his fortune came from the food industry. In 1984, Ullens and his wife, Myriam, began to collect Chinese contemporary art in great depth. They assembled what is thought to be one of the two best private collections in existence, what Sotheby’s called “a visualization of the Chinese nation’s [recent] history...museum worthy in its quality and breadth.”

Total receipts from the Ullens auction were \$48.7 million, more than three times the pre-auction estimate of \$16 million. Chinese media reported that just over half the buyers were Chinese; the others came from the west, Japan, Malaya, Indonesia and Thailand.

The star lot was Xiaogang Zhang’s triptych, *Forever Lasting Love* (1988), which brought \$10 million—triple its estimate and more than six times the \$1.4 million the work brought at Christie’s Hong Kong in 2007. The day after the Ullens sale, Sotheby’s Hong Kong held its regular contemporary sale and offered another Xiaogang, this time *Bloodline—Big Family*. This brought \$6.4 million, the artist’s second best result at auction. As recently as 2006 (and before the crash), Xiaogang’s *Comrade No. 120*, another ‘Bloodline’ picture, sold at Sotheby’s Contemporary Art Asia sale in New York for \$979,000—and that was the auction’s highest price.

Even though Chinese claim to see meaning in paintings such as *Bloodline—Big Family* (the series is based on morose family portraits during the cultural revolution), every mainland dealer will tell you “Our artists don’t do political art.”

The other subject that no dealer was willing to expand on at the time was the fate of detained-artist, Ai Weiwei. I was to meet Mr. Ai in Beijing in early May, to talk about the art market. He was taken into custody the day of the Ullens auction. The only comment I could elicit from any dealer was, “Oh, he was arrested for having two wives or something.” (It seems accepted that Ai has always had one wife, although he is known to have fathered a child with another woman).

Ai was the best known dissident in China to have remained free. As the son of a famous revolutionary poet, Mr. Ai was described as “minor nobility.” He was a vocal proponent of greater democracy in China, and had brought attention to the child victims of the 2008 Sichuan earthquake. In January 2011, Ai’s art studio in Shanghai was demolished, in what he described as retribution for his political activism. He was detained then, but only briefly.

Two weeks after his detention, Xinhua, the government’s official news agency, said he would be charged with tax evasion because a company he controlled, Beijing Fake Cultural Development Ltd., had evaded “a huge amount of taxes” and destroyed documents. The artist’s sister, Gao Ge, told Reuters that Mr. Ai was not an officer of the company. Mr. Ai was released in late June after confessing to financial transgressions and agreeing to a fine. One of the terms of his release is that he cannot leave the country for a year.

Ai’s recent artistic fame came as one of the designers of, along with the architects, Herzog & de Meuron, the ‘Bird’s Nest’ stadium in Beijing, built for the 2008 Olympics. He then refused to attend the Games, saying they were “Propaganda, a ‘fake smile’ masking the country’s ‘disgusting’ politics, troubled society and foul environment.”

Ai has become wealthy from his art. In 2010-11, he exhibited in Turbine Hall at the Tate Museum in London. The installation, *Sunflower Seeds*, consisted of 100 million engraved porcelain ‘seeds,’



Artist, Ai Weiwei, holding porcelain chips from his installation *The Unilever Series: Ai Weiwei, Sunflower Seeds*, © Felipe Trueba/UPPA/ZUMAPRESS.

made by 1600 artisans from the city of Jingdezhen, and spread out over 1,000 square meters of the hall.

The installation concept comes from the Cultural Revolution, where Mao was characterized as the sun and his followers as sunflowers facing the sun. The Chinese interpretation of the separate seeds (which the Tate does not mention, probably in deference to the artist) is with the spiritual and material disintegration of the time.

Ai followed the lead of Felix Gonzales-Torres, a New York artist who, in the early 1990s, offered piles of candy or licorice to be displayed as sculpture. Gonzales-Torres' record price came in November 2010 at Philips de Pury in New York, where his *Untitled (Portrait of Marcel Brient)* (1992), 90 kg of blue cellophane wrapped candy, brought \$4.6 million. Ai's porcelain seeds have not quite reached that price level, but in April 2011, a 100 kg pile sold at a Sotheby's auction for £349,000 (\$560,000). The buyer was reported as from the Chinese mainland. His Copenhagen dealer, Faurischou Gallery, offers a 100 kg lot for €300,000 (\$390,000).

The Sotheby's purchase price makes Ai's Tate installation, which may be donated to the gallery at the end of the exhibit period, worth £140 million (\$225 million), if buyers are available.

In 2007, an Artprice survey concluded that China had taken over third place in the world art market, displacing France and trailing only the UK and the United States. In March 2011, a British Art Market Federation study concluded that China had overtaken the United Kingdom to become the world's second largest market. In May 2011, Artprice announced that China had risen to number

one, accounting for 33% of global fine art sales. The US was at 30%, the UK at 19% and France at 5%.

Is China really now number one, or is this another of those "not what it seems" factoids about the Chinese art market? The Artprice calculation was limited to fine art sales at public auctions, rejecting the gallery and private dealer sectors as being 'opaque' (which they certainly are). In the west, public and private dealer sales are two to three times those at auction.

Chinese auctions include both resale and primary art. More than 50% of total Chinese auction sales are primary, paint-still-wet art. In secondary auction houses, the figure may be 80-90%.

It is the ability to offer primary work at major auctions that permits some Chinese artists to exist without a local dealer. Primary art also is consigned by dealers, and regularly sells for more at auction than its posted price at the artist cooperative or gallery.

Both prices and auction house totals are suspect because of practices that would be viewed as illegal in the west. Some auction houses will accept a primary work on consignment only if the artist agrees to produce a bidder. The bidder and artist agree in advance on a purchase price. The bidder goes as high as necessary to win, and the artist refunds to the buyer the amount above the agreed price.

A dealer may bring buyers to the auction to bid up the price and establish a world record price for his artist. The buyer gets a refund, and collectors at the gallery can then be offered a huge discount from auction prices. I was told an alternative arrangement was "Buy one at auction, get one or two free from the dealer." In 2010, Chinese independent curator, Zhu Qi, said on National Public Radio that during the 2008-09 art price correction period in China, as many as 80% of transactions were "fake or pumped up."

Some verifiable price increases do rival anything seen in the west. Dealers relate the story of a 1993 painting by Yue Minjun, famous for his portraits of broadly grinning men. Yue's 1993 *Gweong Gweong* was sold to a Hong Kong dealer in 1994 for \$5,000. It was resold at auction in November 2005 for \$636,000, and resold again in May 2010 for \$6.9 million.

The depth of the high-end Chinese art market is considerable. Chinese artists took thirty-six of the top 100 auction prices in 2010 for living contemporary artists.

So where does China rank? Certainly third, ahead of France. If we include Hong Kong, which is now clearly the most important auction city after New York and London, China is probably second. It is still a long way from first.

Given how fast Chinese contemporary art prices have risen, what is the chance of a sudden price correction? It may be significant. Consider the following factors:

1. Chinese contemporary is still a very thin market. At the very top of the market, mainland buying comes from a few collectors, who are subject to follow-the-leader behavior. Five mainland supercollectors, Liu Yiqian (with wife, Wang Wei), Chen Yu, Guan Yi, Zhang Rui and Zhang Lan, are said to be responsible for half the most expensive contemporary works at auction over a three year period. If these collectors find a new passion, will others come forward to fill the gap?
2. The western market for Chinese contemporary also is thin. Western collectors are no less finicky and fashion-driven. Much Chinese art appears interesting but "strange" to western eyes; it does not have the universal appeal of work by Richter, Warhol



Headless statue, 798 Art District, Beijing, Courtesy AP Images.

or Murakami. Will a broad range of work by Chinese artists find its way into the artistic heritage of western countries, with permanent display space in major museums?

3. A few artists, even the bigger names, are now employing technicians to help produce additional work and flood the market, a sure sign that a price correction looms.

4. Several major Chinese banks, including China Minsheng Bank, China Construction Bank and China Merchants Bank, are promoting art investment funds. Their purchases represent a higher percentage of the Chinese contemporary market than do art funds in any western country. A run of redemptions would force sale of a lot of art works.

5. The Chinese economy itself may be a bubble ready to deflate. Consider just one statistic: there are reported to be 62 million completed but unsold condominiums in the country, with that number set to increase in each of the next four years. Economist, Nouriel Roubini, famous for predicting the 2008 crisis, has projected the Chinese economy will implode in 2013, and warns investors in any Chinese assets to cash out now.

On the optimistic side, increasing Chinese wealth suggests the art market will remain buoyant. In 2010, China became the second largest economy in the world, behind the United States. The number of Chinese billionaires is expected to rise by 20% annually over the next couple of years. Of course, if earlier collector behavior is repeated, this new wealth initially may be used to acquire Chinese traditional art or western modern and impressionist, rather than Chinese contemporary.

Another promising sign is the 2011 declaration from the National People's Congress, that a primary goal for the next five years is a "happy China," interpreted as meaning that more government

money will be available for public housing, museums, sport and the arts. China plans to erect 100 new museums a year for ten years, and new money will help assure this infrastructure development and the resulting demand for new art.

As you stroll the 798 Art District, you come upon a great example of the subtle line between political and non-political expression in this country. Several years ago, in response to the many Warholish-images of Mao being produced, the culture ministry put out the word that artists should avoid using the former Chairman's head in their work. One response was the headless sculpture illustrated here, located at the north end of 798.

Rather than denouncing the work and removing it, as gallerists in 798 anticipated would happen, the arts ministry purchased another of the edition for the national collection. The press release explained that the headless body symbolized that the government represents all of its citizens equally.

Although the surface facts are not always what they seem, this should not detract from the incredible contemporary art market that has developed in China. The technical quality and artistic innovation in that market is as good as in any other country in the world. It is both amazing and vaguely unnerving that so much vibrancy and diversity flourishes in a society that so minutely regulates many aspects of cultural expression. □

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