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Foreign (In)Direct Investment in Chinese Contemporary Art Game: The Case Studies of Uli Sigg, Guy Ullens and beyond, 1989-2013

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ABSTRACT
The boom in Chinese contemporary art is the result of China's opening to foreign investment and private entrepreneurship in 1978, and the significant contribution by the transnational art enterprises of long-term patron-investor-collectors, such as Uli Sigg and Guy Ullens, between approximately 1989 and 2013. Through the opportunity offered by the gap between the private market mechanism and national heritage process for the "art game", these investors used a variation of the controversial "Saatchi model" to generate high ROI. A further effect has been to bring CCA onto the global stage and complete the ecosystem of the art industry, building a foundation for the art economy of post-Mao China.

KEYWORDS
Chinese contemporary art; art industry infrastructure; foreign (in) direct investment; Saatchi model; Uli Sigg; Guy Ullens; art game; heritage process

Introduction

Objective and background

The thriving market for Chinese contemporary art (CCA) has crystallized the country's fast development from an emerging economy to a global powerhouse following the opening-up policy for foreign investment and private entrepreneurship. The objective of this study is to examine how foreign (in)direct investment (FiDI) has penetrated opportunities rendered by institutional voids in developing countries like China. Viewing the "art game" as based on the so-called Saatchi model of value creation, FiDI played a key role in globalizing contemporary art to non-Western cultures while generating rich return of investment (ROI). It also helped to complete the ecosystem and infrastructure of the art industry in China and make contemporary art a future heritage for local peoples. A clear example of this practice can be found in the actions of two long-term patron-investor-collectors—the self-made man Uli Sigg (1946-) from Switzerland and the multimillionaire Baron Guy Ullens de Schooten Whettnall (1935-) from Belgium. They were active approximately between 1989 and 2013, after the Tiananmen Square protests and before the Belt and Road Initiative, when the market confidence remained strong due to China's development strategy, which was upheld by the political order and country's foreign policy (Friedberg 2018).

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In retrospect, the development of CCA served as a window through which to view the radical sociocultural change of China in the late 20th and early 21st centuries. After the social reforms of 1978, the loosened control of the central government in higher education and the job market gave way to the rise of a market-oriented art making and consumption. Instead of leaving the metropolitan areas (where the leading art academies were located) for assigned jobs, young art graduates were able to break the Hukou system (household registration) by becoming professional artists—which formed a tireless source of art production for an art market yet to emerge. One early sign of such a phenomenon was the establishment of young artists groups, such as No-Name and Stars in Beijing, Grass in Shanghai and Wild Meadow in Chongqing. Lacking exhibition venues, most of the artworks were shown at artists' homes, which resulted in so-called "apartment art" (Gao 1999) and CCA had its debut (Lü 2009). Instead of official art authorities like the China Artists Association, established in 1949 and chaired by "national artists" (for example, Xu Bei-Hong), these young artists feverishly copied and explored Western art styles according to newly allowed publications from the West. The *Exhibition of Chinese Modern Art* at the National Art Museum of China in Beijing in 1989 was a milestone summarizing this golden decade of CCA in the 1980s—where multiplicity seemed possible to replace uniformity in politics (Gao 1999, 2011). However, the exhibition turned out to be the end of it, as it was abruptly shut down by police due to the improvised gunshots of the participating artist Xiao Lu for her installation *Dialogue*. A few months after the exhibition, the bloodshed at Tiananmen Square occurred. Many artist-protestors fled the country to the West, heading to France, Australia and the USA, among other places. As Deng stood by his reforms, in 1990 the Shanghai Stock Market was reopened (closed since 1949) and the Shenzhen Stock Market established. Foreign investment and privatization accelerated and the private sector began to grow exponentially as a percentage of GDP. The market economy of CCA was no exception. Following the very first art auction of contemporary China held by the Hôtel Drouot from France at the Great Hall of the People in 1989; the first commercial gallery Red Gate was founded by the Australian Brian Wallace in Beijing in 1991, the first art biennale in Guangzhou was held in 1992 and the first local auction house China Guardian Auctions in Beijing opened in 1993. From this point on, the ecosystem and infrastructure of a market-oriented art industry began to rapidly develop in China, thanks to significant contributions of FiDI flooding in from Hong Kong, Taiwan, Korea, Japan, Singapore and especially the West (Liu 2019) through the actor-agents of the art economy, including dealers, gallerists, auctioneers, critics, and journalists, as well as investor-collectors in particular. These art professionals then brought CCA centerstage in the global contemporary art scene (Wang 2013), consisting of longstanding art fairs, biennales and museum exhibitions such as ARCO, FIAC, Frieze, Art Basel, *Venice Biennale*, *documenta*, MoMA, Whitney Museum and Tate Modern. In the meanwhile, they contributed to turning contemporary art into a future cultural heritage by building up new museums, galleries and art centers in China and Hong Kong.

Conceptual framework

The phenomenon described above has attracted extensive scholarly interest. However, most of them have focused on the writing of art history per se (Wu 2014; Zhou

2020), covering questions such as motives (Gao 2012), cultural significance (Huang 2014) and gender (Wiseman 2010; Welland 2018). In the growing literature of cultural economics (Towse 2014; Zorloni 2013), a few have concentrated on CCA (Joy and Sherry 2004; Robertson 2005; DeBevoise 2014). Although the impacts on the CCA market from China's political system (Robertson 2018) and from the entrepreneurship of foreign patron-mediators in business management (Betzler and Camina 2020) have been analyzed, the topic has not been examined unequivocally from the perspective of FDI—a specific business concept and practice critical for emerging market countries. This study bridges this critical gap in knowledge. According to the International Monetary Fund, FDI is defined as when an individual or business owns ten percent or more of a foreign company. The term conventionally indicates (1) capital invested in a country that provides manufacturing and service capabilities for both native consumers and world markets, (2) investor confidence in a specific business and in the geopolitical climate of the host country, and (3) connecting to national economics and benefiting both the capital suppliers and the host regions. The term FDI is used in this article in its widest sense. As data from the World Bank has indicated, FDI has been drastically increasing in the post-conflict era with the expansion of global markets into those countries that were formerly behind the Iron (Bamboo) Curtain. By far, China has been one of biggest recipients of FDI. This has manifested in many business sectors, including art. Although data and information on the art business often remain opaque, it is evident that FDI has played a crucial role in initiating China's own art economy, not to mention its close connection to the global art market. In the in-flow of FiDI toward commercial galleries, auction houses and museum spaces, two major CCA patron-investor-collectors—Uli Sigg and Guy Ullens—formed a dominating force that guided the entire industry during the last decade of the 20th century and the first of the 21st. It is worth noting that the grand operation of FiDI in the post-socialist China, a developing country under a dictatorship, appeared to be feasible exclusively for prominent figures like Sigg and Ullens who already had a certain socio-political *guan-xi* (relationship) with the local government prior to their art enterprises. The implied complexity, manipulativeness and opportunism of FDI in CCA, a result of the shifting social paradigms and system of political economy in contemporary China, characterize the term "art game" used in this study. One important reference for the term is "heritage game," devised by cultural economists in the 2000s (Peacock and Rizzo 2008). In additoin, the concept of business ecosystem or infrastructure (Hayes and Boyle 2021) is employed to denote the business chain of the art industry (Figure 1)—a network of organizations including suppliers, distributors, customers, competitors, government agencies, and so on.

Methodology and result

Investigating the intriguing relationship between FDI and CCA, this paper applies an (art) historical-interpretive method with two cases (of quasi-biographic) studies in addition to content analysis. Following the actor-agent network theory, it studies the direct and indirect materials gathered from relevant art organizations, publications and the press and media centered with Uli Sigg and Guy Ullens and their respective proxy-agents

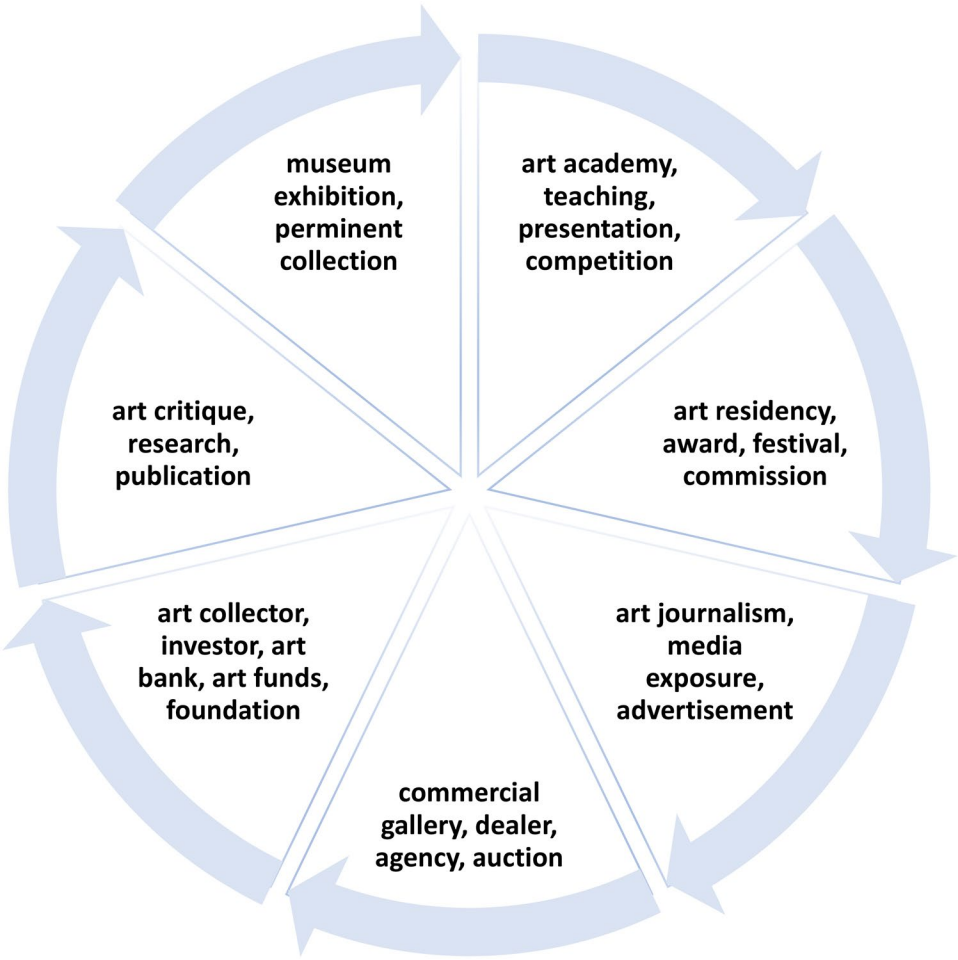

Figure 1. The ecosystem of art industry in market economy.

Ai Weiwei and Fei Dawei. While scrutinizing the information of short-term and long-term FiDI in CCA, a comparative study is carried out to identify a general business model of the (in)directly-associated transnational art enterprises of Sigg and Ullens and their peers from Western Europe and North America. In an inductive approach, theory-building is achieved from this comparison—the "Saatchi model" of value creation in the globalized contemporary art market. This refers to the practice of buying art at low price in a large quantity from the primary market within a relatively short period of time, then exhibiting them with well-established (public) cultural institutions and then selling them at a high price monopolistically in the secondary market. The stock market logic of "buying low and selling high" was first appropriated in the art business world in this manner by the co-founder of what was once the world's biggest advertising agency, Charles Saatchi (1943-), in the early 1990s in Britain with the YBA (Young British Artists). The author has thus named this practice the "Saatchi model", which can be identified in the FiDI of Sigg and Ullens and others in CCA, though maybe less recognizably so due to various socio-cultural barriers across borders.

The discreet art game

The diplomat's hunting

With the *Law of the People's Republic of China on Chinese-Foreign Equity Joint Ventures* passed by the 5th National Congress, Uli Sigg went to Beijing representing the Schindler Group. In the belief that "China needs an example to tell the world that investing capital and technology is viable" (Jun 2018), Sigg achieved China's very first industrial joint venture in 1980. Over a decade and a half, he strived for business success, overcoming enormous sociocultural conflicts. Yet it is not until 1995, when he entered the political realm (as the ambassador of Switzerland), that he cast his eye on China's cultural scene and noticed the budding market of CCA. Instead of buying from galleries in Hong Kong or Europe like others, Sigg frequented the artists' studios, just as Saatchi had done in the UK, and purchased there directly, often in cash. Being a diplomat in Beijing at that time (1995-1998), Sigg practically turned his embassy into an art salon displaying the latest finds of his evening and weekend art cruises. After his term ended in 1998, Sigg kept visiting China every year, engaging in various business deals and investments, all the while continuing to collect art. By 2010, he was acquainted with more than 1,000 artists and amassed almost 2,000 artworks (Liu 2018) with an ambition to (1) build a documentary-like systematic collection, (2) tour the exhibition of his collection to the West, and (3) complete the ecosystem of contemporary art industry in China (Zhu 2012). It is worth noting that in 1995, when he started collecting, the memory of the pro-democracy movement crushed by the Chinese military at Tiananmen Square was still fresh. Passionate young artists often poured their frustrations out onto the canvas and thus created Chinese political pop (an art movement combining Western pop art with socialist realism to question the political and social climate of the rapidly changing country), as seen in the artworks of Beijing East Village—a short-lived politically motivated arts collective in the early 1990s, joined by Ai Weiwei after his return from New York in 1993 (Barboza and Zhang 2006). In spite of buying their art, Sigg made a comment that "the students meant well but the protests made the country regress for a decade" (Jun 2018).

A shared adventure, 1995 to 2010

In 1995, Uli Sigg and Ai Weiwei met, and their subsequent collaboration led them to great success: with the former becoming the godfather of CCA (Shou 2008) and the latter the most known Chinese artist-dissident the Ai God (Tu 2012), ranked in the Power 100. Their shared journey from 1995 to 2010 also provides an annotation to how FiDI has worked hand in hand with local entrepreneurship in the emerging art economy of post-Mao China through an expert network, though discreetly. In addition to being a founding president of the Chamber of Commerce Switzerland-China (in 1980) and the venture capital company Asia Pacific, Sigg was also the board member of diverse businesses in media (Ringier), industry (Vitra), finance (the China Development Bank) and art (the International Council of MoMA, the International Advisory Council of Tate Gallery and the Musée Guimet) (Li 2012). This long list indicates the powerful influence Sigg wielded behind the global stage of CCA—with the indispensable

contribution of Ai Weiwei. In 1995, Ai co-edited a three-volume art journal—the *Black, White and Gray Books*—published by Timezone 8, an art publishing house and bookstore created by the American Robert Bernell in the 798 Contemporary Art District. In 1998, Ai co-founded the nonprofit Art Archives and Warehouse in Beijing with the Dutch curator Hans van Dijck. In 1999, the two together with the Belgian art dealer Frank Uytterhaegen established the Modern Chinese Art Foundation in Ghent. In the same year, Ai participated in the *48th Venice Biennale*. In 2000, Ai built the Warehouse in Caochangdi, which led him to open his architectural design firm, Fake. In 2002, he collaborated with Herzog and de Meuron from Switzerland on the Beijing National Stadium proposal of 2008 Olympic Games (Jiang 2009). In 2003, Ai became represented by Galérie Urs Meile, a commercial gallery headquartered in Lucerne with a branch in in Beijing. In 2005, he co-curated the exhibition *Mahjong: Contemporary Chinese Art from The Sigg Collection*, which toured in Switzerland, Germany, Austria and the USA. In 2007, Ai attended the *Documenta 12* in Kassel with the art project *Fairytale* (Li 2007). In 2010, the Tate Modern in London hosted his solo installation, *Sunflower Seeds* at the Turbine Hall.

Art promotion, value creation

Cross-examining the art careers of Uli Sigg and Ai Weiwei, traces are identified of a common effort to promote CCA (with Sigg's collection and Ai's curating and art) to the West. In fact, in 1995, when their shared journey began, the CCA market was just starting to grow: the Red Gate gallery had opened four years previously in 1991, the show *China's New Art, Post-1989* was co-organized by Johnson Chang (a leading gallerist in Hong Kong) in 1993 and *China Avant-Garde*, curated by Andreas Schmid, Hans van Dijk and Jochen Noth had just toured Berlin, Rotterdam, Oxford and Odense from 1993 to 1994. After three years of intensive collecting, Sigg set up the Chinese Contemporary Art Award (CCAA) in Beijing in 1998, inviting Harald Szeemann (and Ai Weiwei) as judge, who also served as the artistic director in 1999 for the *48th Venice Biennale* (also in 2001 for the 49th), where CCA was included for the very first time. It was also a time when this world famous biennale transformed from a state-run convention to a private enterprise in response to the emerging contemporary art fair *Art Basel* (Adam 2019). Through Sigg, Ai became connected with Bernhard Fibicher, the director of Kunsthalle Bern and Hans Ulrich Obrist, the artistic curator of Serpentine Gallery in London (in addition to the Swiss architect Herzog and de Meuron)—Fibicher hosted Ai's very first solo show (in 2004) and Obrist began to publish his writings about him. In 2005, Sigg commissioned Ai to co-curate the above-mentioned exhibition *Mahjong*, which until 2009 was shown at the Kunstmuseum Bern, the Hamburg Kunsthalle in Hamburg, the Fundació Joan Miró in Barcelona, the USC Berkeley Art Museum and the Peabody Essex Museum near Boston. In 2007, Sigg introduced Ai to Ruth Noark, who included Ai's *Fairytale* in the well-known *Documenta 12* in Kassel, Yet it has remained little known that this gigantic art project was actually sponsored by the gallerist Urs Miele, who made a deal with two financial funds in Switzerland under the agreement that the loan should be returned with interest once the market price of Ai's art increased (Zhu 2011). In 2009, Chris Dercon (a judge of CCAA in 2006 and 2008) held a solo show for Ai in Kunsthalle Munich. In 2010, another of Ai's gigantic projects, the aforementioned *Sunflower Seeds*, was hosted by Tate Modern

(where Sigg was a member of the International Council). Sponsored by Unilever (Bingham 2010), *Sunflower Seeds* has produced "sellable items"—150 tons of porcelain seeds handmade by more than 1,600 artisans in Jingdezhen over a period of almost three years with every single one of them crafted out of the kaolin through a 30-step procedure. Spread all over the floor of the Turbine Hall, the show was well-received in London (Etherington 2010). Immediately after the show, a series of sales began, with the first lot—a hundred-kilo pile—going for USD 56,000 at Sotheby's in New York (Vogel 2011), the highest market record of Ai's art. In 2012, eight million seeds were purchased by Tate Modern under the auspices of the Art Fund Charity (Kennedy 2012). With the price set by the secondary market, the rest of the seeds were offered in the primary market by commercial galleries such as the Danish Galleri Faurschou. As the prices for Ai's art increased, it meant a rise in the vaule of Sigg's collection. Just as Ai's art reached its highest market price, Sigg began seeking ways to "return his collection to China" (Li 2012). In 2012, Sigg made a deal with the government of Hong Kong (rather than Beijing or Shanghai), which agreed to buy 47 fine pieces for USD 22.9 million and receive another 1,463 educational pieces (with an estimated value of USD 170 million according to Sotheby's) for the yet to be built M + museum (Balfour 2012; Li 2012).

Nonprofit operation for profit

From antiquarianism to the contemporary art game

Born to Baron Jean Ullens de Schooten Whettnall (a Belgian nobleman and diplomat to China) and Baroness Marie née Wittouck (a fellow of Royal Geographic Society and daughter of a distilling and sugar magnate), Guy Ullens earned a BA in Law at the Catholic University of Louvain in 1958 and an MBA at Stanford in 1960. Starting with creating Eurocan in Mechelen, he joined the family business R. T. Holding the conglomerate in food industries (Tiense Suiker, SES and bank) and created the Artal Group Luxemburg which carried out an FDI in the Mankattan company in China in 1995. Ullens began collecting art with a wide interest just as the traditional antiquarians had during the Belle Époque. In the 1980s, through the Chinese antique dealer Christian Deydier in Paris and Guiseppe Eskenazi in London as well as the Chinese art consultant Wu Erlu, he started to buy prestigious Chinese classic paintings dating from the Song, Yuan, Ming and Qing period. In 1991, he bought his first Chinese contemporary artwork from the aforementioned HK art dealer Johnson Chang. In 2002, in addition to bidding for the painting of Emperor Song Huizong (1082-1135) from China Guardian in Beijing (*Art Market Journal* 2019), Ullens organized an exhibition of CCA—*Paris-Pekin: The Private Collection of Myriam and Guy Ullens* (with 120 pieces)—at the Espace Cardin in Paris and met the Chinese art critic and curator Fei Dawei. Becoming his consultant, Fei advised him to sponsor the exhibition *Le moine et le démon,* co-organized by Guangdong Museum of Art and Museum of Fine Arts of Lyon, as well as the exhibition *Zone of Urgency,* curated by Hou Hanru for the *Venice Biennale*. In 2003, the Foundation Guy & Myriam Ullens was registered in Switzerland with Fei as the director in Paris to build a systematic collection of CCA. In 2005, the foundation sponsored China's first ever national pavilion at the *Venice Biennale* and Fei started looking for places in Shanghai and Beijing to build a

warehouse—which turned out to be a kunsthalle-like space. Between 2003 and 2007, around 1,700 pieces were hoarded by the foundation (Xie 2011).

Connecting Chinese contemporary art, fashion and entertainment

In November 2007, under the presence of Prince of the Belgians Philippe Léopold Louis Marie, the museum-like space called the Ullens Center for Contemporary Art (UCCA)—designed by the architect Jean-Michel Wilmotte and located in the 798 Contemporary Art District—was inaugurated with the exhibition '*85 New Wave: The Birth of Chinese Contemporary Art,* curated by Fei, who nonetheless left UCCA and the foundation four months later. His successor, Jérôrme Sans (a former co-founder of Palais de Tokyo) on the very same day of the 2008 Beijing Olympic opening ceremony then greeted the audience of UCCA with an informal talk *Becoming: Image of Beijing's Air Terminal 3, A Dialogue of Norman Foster and Ai Weiwei* where the Ullens couple were sitting in the first row, and a special exhibition *Our Future: The Guy & Myriam Ullens Foundation Collection* to declare Ullens's long-term commitment to Chinese artists (UCCA 2008). Topped off with a crystal chandelier designed by Ai Weiwei, the following special exhibition of UCCA was the dazzling *Christian Dior and Chinese Artists*—for which, the exhibition room was literally turned into a futuristic movie setting forged by Timmy Yip Kam-tim, the well-known art director and designer for fiction films from Hong Kong. More than 100 Dior Couture pieces were sent from Paris to bring glamor to UCCA to build "a dialogue between contemporary art and fashion" and the red carpet gala dinner was participated in by top-tier celebrities from around the world, including Charlize Theron, Marion Cotillard, Evan Green, Maggie Cheung and Michelle Yeoh. In this way, UCCA immediately became *the* landmark of CCA in mainland China.

Outside the kunsthalle

The sudden change of director and shakeup of management was a result of the radical turn of organizational mission from being a nonprofit kunsthalle to a for-profit art business, when Ullens announced a reset of the financial targets of UCCA as moving to the breakeven point from 2003 to 2010—which meant that within two years from 2008 to 2010, UCCA should generate six-million euros annually to cover its costs (Gill 2008). Although claiming to be a nonprofit organization, UCCA in actuality was registered as a for-profit company in China. in fact, the original plan for the opening exhibition that Ullens preferred was not '*85 New Wave* but *Whitney Biennial*—the former was an art history based curatorial practice and the latter a market-oriented art show. In 2010, at the same time when Ai's art reached the highest market price in the West and Sigg began to "return" his collection, Ullens also started to sell his (owned by his foundation instead of UCCA) in China. In 2011, the first lot, comprising 106 pieces, was sold at Sotheby's Hong Kong, and the intention to sell UCCA was also expressed (with or without the condition to keep the name of it). In 2016, a deal for UCCA was finalized, selling it for RMB 100 million to a group of local investors, including Future Edutainment (under Lunar Capital) and Focus Media. A UCCA-specific

foundation was then registered in Hong Kong as a tax-exempt nonprofit organization (Liu and Lu 2017). In 2017, UCCA had a mega refurbishment designed by Chris van Duijn OMA. Between 2009 and 2017, nine auction sales of Ullens's Chinese collection were concluded inside China, with significant ROI: in 2009, a work by Chen Yifei was sold at Poly Beijing for RMB 40,432,000, a painting of Emperor Song Huizong went for RMB 61.7 million and a Wu Bing sold for RMB 16.9 million. In 2011, a Zhang Xiaogang was sold at Sotheby's Hong Kong for HKD 79 million, and in 2013, a Zheng Feizhi fetched HKD 180 million (Gao 2017).

The marketplace

Creating the market in the 1990s

The FiDI (with long-term transaction) represented by Uli Sigg and Guy Ullens has played a crucial role in securing the market confidence of CCA in Switzerland, Hong Kong, the USA and the UK during the second half of the 2000s (Art and Finance 2016). Examining the major exhibitions of CCA endorsed by leading art dealers and the prominent results of auction sales, it is made explicit that the CCA market was initiated first in the francophone area of Europe and through Hong Kong expanded to China via a handful of Anglo-American short-term investments. After the shutting down of the said *Exhibition of Chinese Modern Art* at the National Art Museum of China and the Tiananmen Square protests in 1989, available venues to show CCA were limited to those underground non-official spaces in mainland China and a few commercial art galleries abroad in pre-1997 Hong Kong and Europe. The aforementioned exhibition *China's New Art, Post-1989,* co-curated by Johnson Chang in 1993 in Hong Kong, was a prelude to the market trend. Through Hans van Dijck, Jean-Marc Decrop (the former cultural attaché of France in Hong Kong) became a shareholder (venture capitalist) of Chang's gallery in Taipei (1995-2000) and an investor-collector of hundreds of CCA artworks. Another French-speaking gallerist based in Geneva, Pierre Hubert (who was once a committee member of Art Basel and later director of SHContemporary), was an early European art dealer and gallerist concentrating on CCA (starting from 1993) with a focus on the overseas Chinese young artists, such as Cheng Zhen, Yen Peiming and Wang Du, who left China after 1989. Howard Farber, who started to buy CCA in 1995 through Johnson Chang, Robert Bernell and Karen Smith, also became one of the earliest dealers of CCA in the West. He had been a real estate businessman and owned the gallery Chinese-art.com in New York and Miami Beach.

Market expansion in the 2000s

After the turn of the last millennium, the market for CCA began to expand. In 2002, Christopher Tsai, a hedge fund manager in New York, began investing in CCA. In 2003, Fritz Kaiser, owner of a finance management company from Switzerland, also joined the trend, through Uli Sigg and Lorenz Helbing (the owner of the Shanghart Gallery established in 1996). Between 2004 and 2007, John Fernandez hoarded a large

amount of CCA works with a few million dollars through galleries in New York and London. In 2005, Sylvain and Dominique Levy in France began to build the DSL collection, comprising major works of around 200 Chinese contemporary artists (shown online as a virtual museum). In 2006, Michael Gagosian, ranked second in the Power 100 and owner of the Gagosian Gallery in London and New York, bought a work by Xu Bing with USD 408,000 from the very first sale of Asian contemporary art through Sotheby's—which marked his entry into the CCA market. In 2007, Howard Farber sold 44 pieces through a special sale *China Avant-Garde: The Farber Collection*, through the auction house Philips de Pury in London. In addition, William Acquavella, one of the Forbes top ten art dealers and owner of Acquavella Galleries in New York, also entered the market, along with Charles Saatchi, the maker of the YBA, who tried to catch the trend through Saatchi Art, an online gallery based in Los Angeles. Other lesser-known Western short-term investor-collectors of CCA included the Australian Judith Neilson, the Austrian collectors Agnes and Karlheinz Essl as well as the Dutch collectors Marcel Brient and Sue Stoffel. Together with these Western buyers, the FiDI of commercial galleries in Beijing and Shanghai composed a close actor-agent network that oriented the development of China's contemporary art economy. The names of these FiDI and private galleries included Mario Christiani, Lorenzo Fiaschi and Maurisio Riggilo of Continua, Alexander Ochs of White Space, Waling Boers of Boers-Li Gallery, Pace Gallery, Cohen Gallery and the aforementioned Red Gate Gallery as well as the publishing house Time Zone 8. It is made explicit that the CCA market expanded drastically through the collective effort of such a network, centered around Western art professionals, especially the said short-term investor-collectors of art dealing and financial backgrounds.

The rise of the local art industry and economy

As the global market for CCA expanded, China's art economy and the domestic mechanism and infrastructure of the art industry was taking shape as well. This has been well illustrated by the rise of the aforementioned 798 Contemporary Art District in Beijing (and similar settings in cities such as Shanghai, Chongqing, and Guangzhou). In 2002, the first artist's studio was permitted to be established in 798, as well as the first foreign gallery, the Beijing Tokyo Art Project (Arton 2012). By the time UCCA was inaugurated, dozens of local galleries and art-related businesses had been founded in 798. Although the artist's studios and galleries began to move out after around 2010, when 798 became an expensive tourist destination, a boom in private art museums took place in China with the nouveau-riche becoming art-patrons or long-term investor-collectors like Uli Sigg and Guy Ullens. The most known ones included the multimillionaire couple Wang Wei and Liu Yiqian, who founded the Long Museum in Shanghai in 2012; Lu Jun, the president of Nanjing Sifang Construction Industry Company Ltd, founded the Sifang Art Museum in Nanjing in 2013; Adrian Cheng, the real estate developer from Hong Kong, established the K11 art foundation and art spaces in several cities; Wang Zongjun, an entertainment tycoon, founded the Song Art Museum in Beijing in 2017; and Zheng Hao, a hotel owner, founded the How Museum in Shanghai in 2017.

Discussion and conclusion

Discussion of case studies

The value creation of Chinese contemporary art

Studying the aforementioned long-term and short-term patronage-investment-collecting of CCA has made explicit that the line between the two based on their transaction timespan has become thiner because both of them are using the same methodology of value creation—the Saatchi model. As introduced earlier, it was invented by Charles Saatchi, who applied the logic of the stock market to his art business with young British artists (YBA) during the 1990s in the UK. In 1992, Saatchi Gallery organized a group show of YBA (including Damien Hirst) in London. Within five years, Saatchi hoarded a massive amount of YBA works either directly from the artist studios that he frequented on weekends or indirectly from the gallerists such as Jay Japling, Douglas Baxter, Sadie Coles, Anthony d'Offay, Larry Gagosian and Leo Casteli. Between 1997 and 2000, he sponsored the tour exhibition *Sensation: Young Artists from the Saatchi Collection* in three well-established art institutes: the Royal Academy of Arts in London, the Hamburger Bahnhof Museum für Gegenwart (part of the Berlin National Gallery) in Berlin and the Brooklyn Museum in New York. Right after the show, he began to sell his holdings through auctions with prices far above cost (Tien 2011). This model of value creation in contemporary art became legendary instantly and caused bitter controversy.

The operation of Pierre Huber on CCA, as discussed, has demonstrated a clear resemblance—first hoarding works in 1993, then collaborating with the director of Musée cantonal des Beaux-Arts Lausanne for the exhibition *Private View 1980-2000: Collection Pierre Huber* in 2005 (Aupetitallot 2005) and selling them through Christie's Hong Kong in 2007. Another discernible example is the short-term investor, Michael Goedhuis, who gathered a private fund (from a few investors including Ray Debbane and Sacha Lanovic, the former was the president and the latter the co-founder and managing partner of the New York investment firm Invus Financial Advisors) and quickly amassed about 200 pieces in the name of the Estella Collection in 2003. Right after touring them in the Louisiana Museum of Modern Art in Humlebaek, Denmark with the exhibition *China Onward: The Estella Collection Chinese Contemporary Art, 1966-2006* (Bowles 2007) and in the Israel Museum in Jerusalem, Israel with the exhibition *Made in China-The Estella Collection* curated by Suzanne Landau in 2008, Goedhuis sold the entire collection to the art dealer William Acquavella in New York, who then immediately resold them in two groups through Sotheby's Hong Kong (for USD 18,000,000) and New York (Barboza 2008). Saatchi was a bit late to join this game of CCA. In 2008, the new space of Saatchi Gallery in Chelsea London held a group show *The Revolution Continues.* In 2009, he sold an entire collection of 180 pieces at Sotheby's Hong Kong.

Return of investment for long-term foreign (in)direct investment

The Saatchi model of short-term art investment for rich ROI in Britain seemed to be rather artless: hoarding little known works of young artists from their studios or the primary market, exhibiting them in established public institutes and then selling them monopolistically in the secondary market. Yet it appeared to be artful to use it for long-term investment like Uli Sigg or Guy Ullens did in the art game of CCA across

the borders of China, as the requirement to be adaptable of China-specific socio-political conditions remained high.

Like Saatchi, Sigg frequented and bought directly from artists. But unlike in Britain, in China the ecosystem or infrastructure of the art industry had yet to develop at that time. Lacking convincing art authorities to judge or rank the *value* of CCA, Sigg devised the aforementioned art award CCAA in 1998, through which he began to promote CCA to the West. Due to such an endeavor, the market prices of CCA increased drastically, as seen in the case of Ai Weiwei's *Sunflower Seeds*. In 2010, a hundred kilos of porcelain seeds (out of 150 tons consisting of 100 million seeds) were sold for USD 56,000 at Sotheby's New York, while an identical seed was listed for CNY 1.2 (USD 0.17) online in Taobao (the Chinese version of Amazon). The exact amount of Sigg's ROI has remained unknown, because he refused to reveal the actual cost (Sigg 2016). But it has been known that the 47 pieces he sold to Hong Kong were valued at USD 22.9 million in 2012, while an ordinary meal in the city center of Beijing should cost only around CNY 30 to 50 cents (USD 0.046-0.077) in the late 1990s when he began to collect CCA. A similar story occured with Ullens.

If Sigg's investment was indirect, Ullen's served as a clear example of FDI. Other than setting up an art award to create an international network, Ullens built his own art authority through UCCA—a quasi-museum with customary soical functions such as research, exhibition and education (but not collection). Instead of touring his collection abroad to the West with known university museums and art curators or critics, Ullens attempted to make UCCA an established venue itself in China by having it headed with reputable directors and collaborating with luxury fashion and high-end brands. Although Ullens was unable to accomplish a wholesaling of his collection to a single buyer in China (as Sigg did to M+ in Hong Kong) due to the lack of close *guan-xi* with the Chinese authority, the ROI generated from selling both the space of UCCA and the collection of his foundation was speculated to be high.

International market and national heritage

One significant paradox in valorizing art is the intriguing correlation between the measurable (use) value for the market and the immeasurable (non-use) value for the spiritual or philosophical. To create, interpret and promote such a coorelation relies almost exclusively on the writings of art historians, critics or theoreticians. This has all begun with the modern concept of "fine art," resulting from the anonymous market that emerged in response to the growing middle class of industrialized society in Europe (Corbey, Layton, and Tanner 2008). Together with it came the establishment of national art institutes (such as the Royal Academy of Arts in London) and the art industry business chain (Figure 1). Following political democratization, royal collections (high art) became public property under the captainship of (nationalised) museums to demonstrate and disseminate a crafted collective memory and cultural identity. Through such a heritage process, the artwork of an individual artist that enters a permanent collection of museum is supposed to be remembered and admired by future generations. Thus is born the common wish of modern artists for their works to be collected by (national) museums—which through research, exhibition and education will guarantee the value (the said correlation) of them. And this explains why most

contemporary artists would sell their work for exceptionally low prices or even give it for free to dealers who promise them museum acquisition. Scandals often occur when dealers fail to deliver on their promises, or museums are found to be complicit with them through holding temporary exhibition. Pierre Huber had such a scandal (Taylor 2007). So did the Estella Collection (Barboza 2008). Sigg and Ullens encountered similar criticism. One of Ullens's auction sales was called "shameless" by Fei Dawei, as many artists had sold their works at extremely low prices when Ullens's foundation promised not to "sell its legacy" (Halperin 2017). Both Sigg and Ullens denied the intention to sell, at some point. The former openly said that he did not plan to sell (Ren 2012), and the latter that he came to China spend but not to make money (*Art Finance* 2011) and refused to tell the reason for the eventual sales. Though praised by financial investment agencies (Gerlis 2018), the short-term transaction of art investment is absolutely avoided by well-established museums—which insist on "not getting too close to the market" so as to guard their credibility. Involved in the scandal of Estella Collection, the director of the Danish museum Anders Kold said he seriously regretted that it turned out to be mere speculation and that there was dishonesty. Had he known that the collection should quickly be sold, he would have never organized the exhibition.

Conventionally, the journey of an artwork from an artist's studio to museum storage is long. It often needs to pass through public competition as in Europe or market selection as in the USA—where the taxation and legal system is designed to encourage capitalists to reward society. The result is that millionaire-collectors are used to donating collections to museums or to setting up foundations running museums themselves, such as the Guggenheim or the Getty. The development of the art economy in China, especially after 1989 and before 2013, fell into the gap between the two systems and yielded great opportunities for long-term as well as short-term FiDI. These have generated rich ROI, but have also contributed to propelling a market-oriented ecosystem of the art industry and the birth of new laws related to the art market. In 1996, the Auction Law of the People's Republic of China was issued (revised in 2004 and 2015), and in 1999 the law on donations for public welfare. Yet it was not until 2016 that the general legal environment began to improve for private entrepreneurship of arts and culture, as seen in the revision of the General Rules of the Civil Law, Charity Law, regulations of voluntary service, Non-state Education Promotion Law, Enterprise Income Tax Law, regulations on the registration and management of social organizations and especially the preferential tax policies for social organizations and the notice on issues of tax exempt eligibility of nonprofit organizations. Such a lag in establishing art laws may explain why those conflicts of interest or violations of code of conduct occured in the art world, as seen in the actions of Sigg and Ullens as well as in the subsequent Chinese museum boom. In 1996, the well-known German millionaire-collectors of Chinese art, Elena and Jurgen Ludwig, donated 117 prestigious modern artworks of Western masters to the National Art Museum of China. In 2010, the Colorado-based banker Kent and Vicki Logan donated their entire collection (one of the greatest of modern art and CCA in the USA) to the Denver Art Museum. It remains to be seen whether this would become a model for the Chinese nouveau-riche to handle their collections with or without their own museum establishments. But it is mostly certain that the chances have become thin for another Sigg or Ullens to come and play the art game of CCA accroding to the

Saatchi model and return their holdings to China with exponential ROI through a donation-sale or auction-sale to the locals in the coming years.

Conclusion

The findings of the two case studies on Uli Sigg and Guy Ullens and the extensive survey of the CCA market performance presented in this study have demonstrated how the long-term and short-term FiDI played the art game of CCA according to the Saatchi model between 1989 and 2013. Because of understanding deeply the local socio-political situation as foreign investors and businessmen inside China, Sigg and Ullens were able to succeed in their transnational art enterprises, with rich ROI in the end.

This study represents one of the first attempts to examine the connection between FiDI and China's art economy. FiDI has been identified as playing a crucial role in promoting the contemporary art of non-Western cultures by networking it to global (international or Western) art institutes and market. It has helped to build or complete the local art industry ecosystems of developing countries by transferring expert knowledge or engaging in actual construction. Yet it also creates a risk of manipulating or exploiting the development of non-Western arts by favoring a specific theme or style of art production and overpricing certain artworks in pursuit of high ROI. This occurs through a loosely regulated market mechanism which lacks substance in terms of art philosophy and theory.

Although the lack of direct information from the art business may present a limitation for research, the discovery of the art game played by the FiDI of CCA according to the Saatchi model should be applied to other emerging art economies of non-Western cultures as well, for example, in Southeast Asia or the Middle East. Nevertheless, one important reason for the success of Sigg, Ullens and the like is the rise of China per se—from an agrarian society to the world's factory and a global powerhouse within around three decades—which makes the rich ROI of FiDI possible. In other words, the experience of Sigg or Ullens might not be easily reproduced with other developing countries. As a longstanding culture and a rising power, China's contemporary art seems to be able to continue growing with reorientations provided by local hands, as manifested in the museum boom after the long-term and short-term FiDI cashed out from the market. What about other countries? This is a challenging question to be examined by future studies.

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