

## Investment

## China boasts 36 art exchanges

But regulation of platforms can't keep up with demand

HONG KONG. Mainland China is undergoing an unprecedented boom in so-called art stock exchanges which people can use to buy or sell a stake in works of art. The boom is being attributed to well-publicised auction records, increasing affluence in China and the national government's policies to promote "cultural industries" — a catchphrase covering everything from art to design to pop music. Scattered throughout China's 22 provinces, four municipalities and five autonomous regions, the country has up to 36 different such markets, specialising in art and antiques.

"There is so much cash in China and people don't have many investment vehicles. In the past few years, because they've seen prices for works at auction go up, a lot of people think of art as an investment and it has become a popular idea. So some groups have started art stock exchanges," says Catherine Kwai, a Hong Kong financial services professional-turned-art dealer in the Chinese market.

The authorities are still unsure how to regulate the new exchanges. While they are set up to facilitate investment in art and operate with some official sanction, they are overseen by local gov-

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ernment or a unit of China's Ministry of Culture, or both. None of the exchanges fall under the power of the China Securities Regulatory Commission, which supervises traditional markets such as company stocks or unit trusts.

Many of the investment vehicles have hit supervisory barriers. In Shenzhen Cultural Assets



With no index to track, investors have fewer resources to predict market movements

and Equity Exchange, founded in March 2010 and based in the thriving city just across the border from Hong Kong, was suspended for five months until August this year while the government examined its business model. After initially halting the Tianjin Cultural and Artwork Exchange as a "financial innovation" when it launched at the beginning of the year, the Tianjin cultural heritage authority, the local regulator, has intervened on a number of occasions to suspend trading. In March, it stepped in after two works soared to 1,700 times their listed value. In July the market was frozen after prices for shares in paintings by the late ink master Qi Baishi, an artist held in very high regard by China's elite, fluctuated wildly.

"They are called art exchanges, but the name is wrong, a literal translation of the Chinese words. These are more like art funds when people get together to buy works as an investment," says Kwai.

Meanwhile, "investors in the Chinese art market must be aware of high [numbers] of fraudsters taking advantage of new collectors by pushing fake or mediocre works," says Viola Raikhel-Bolot, a director of art advisers, 1858 Ltd.

Many members of the mainland's art world establishment

**European scheme struggles**

**Paris. Europe's first stock exchange for art, Art Exchange, which launched in January, is struggling to do business in its current form. Trading is limited, on our platform, people don't have confidence in it," says Caroline Matthews, the director of operations. The group is therefore looking to run its business on sites more familiar to traders (such as Bloomberg, Reuters or investment banks' platforms), although Matthews will not specify which ones. "It's art, so not as easy to regulate as more traditional investments," she says. The exchange originally intended to have ten works available by last summer but currently has the two it opened with. ■ Melanie Gerlis**

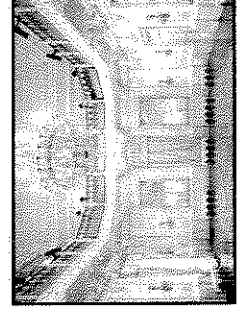
## Banksy mural dispute settled

FRONT. A mural attributed to Banksy that has been in storage a year owing to a legal dispute over ownership is due to go on show in November at 555 Gallery Studios in Detroit. The case settled after the non-profit art company that paid \$2,500 to Bioresource the technology company that is the abandoned Packard car at where the mural was discovered in May 2010.

The legal battle began after the gallery cut the mural right, from the dilapidated art, allegedly with permission from a foreman. Two months later in July 2010, Bioresource filed a lawsuit requesting that the



Anny Shaw



Höfer's Teatro La Fenice of Venezia III, 2011

created in 1966, when the city's waters rose to nearly two metres above mean water level in the great flood. Its chairman is Anna Somers Cocks, founder editor of *The Art Newspaper*. ■ M.G.

## Snap up a work to help Venice

LONDON. Fourteen artists have donated photographs of Venice to be sold at a Phillips de Pury auction in London on 3 November, in aid of Venice in Peril. The artists — including Philip-Lorca diCorcia, Nan Goldin, Hiroshi Watanabe and Candida Höfer — were asked to create a collection of new images of the city as part of the Real Venice project. The works were on show in the Abbey of San Giorgio Maggiore, as part of this year's Venice Biennale (until 30 September), before coming to London. Pre-sale estimates were yet to be decided as we went to press.

The Venice in Peril fund was

## Hard times hit Houghton fairs

Once there were six, now two survive

NEW YORK. London fair organisers Brian and Anna Houghton made a name for themselves in the United States with the International Fine Art and Antique Dealers Show that launched in October 1989. But now on the eve of the fair's 23rd edition (21-27 October), their organisation, though still respected, reflects the changing nature of the art fair scene.

When once there were six Houghton fairs, there are now two: Art Antiques London, launched in a tent in Kensington Gardens last year (and now incorporating their first, 1982 venture, the International Ceramics fair) and the October show. Four of their fairs, three held at the New York's Park Avenue Armory, have closed. These include the May edition of the International Fine Art Fair (1994-2009), the International Asian Art Fair (1996-2008) and the International Art and Design Fair (1999-2008). Art & Antiques Dubai was held for only two editions (2008 and 2009).

As one, increasingly elderly, generation of collectors gives way to another, tastes change, says Chris Jussel, a former Houghton October show participant and a former president of the National Antique & Art Dealers Association of America (1988-1991). "It's not only the Houghtons whose shows are suffering," he says, citing closings in Greenwich as well as Southport, Connecticut. The Ellis Boston Antiques Show cancelled its fair after 49 years in 2009 but is set to reopen on 20-23 October, albeit with fewer dealers.

Anna Houghton agrees that preferences have changed, and says the fairs have adapted accordingly. "If anything, taste has become more eclectic and sophisticated. Collectors, dealers and fairs are not exactly the same now as they were in 1989," she says. She adds that the recession was a major factor in ending both its design and Dubai shows and the Asia fair in New York was unsurprisingly affected by the growth of Hong Kong as a marketplace for Asian art.

But over the years, even the Houghtons' October show has lost important exhibitors including Vallois, Steinitz and Richard Green. At the same time, the number of top antiques dealers has shrunk. Partridge Fine Art, Jeremy Ltd, Hotsput, Norman Adams, Alistair Sampson, Ariane Dandois and Maroun Salloum have all closed. The loss of some of these major furniture dealers was thought to be a contributor to the sudden closure of London's



The Houghtons

Grosvenor House fair in 2009.

"Dropouts are a huge problem and not just for the Houghtons," says New York old master dealer Richard Feigen, who had participated in the May International Fine Art Fair on various occasions between 1990 and 2001, before departing to focus instead on The European

**We don't want to run a fair two months later made up of inventory that hasn't sold elsewhere**

Fine Art Fair, Maastricht (Tefaf) and Art Basel. "In my speciality, you need critical mass to draw curators from the Louvre and elsewhere," he says.

"It's a complex market, and when fairs go down there's a whole raft of reasons," says Anna Houghton. "In general, at the moment there are fewer good pictures on the market, so dealers keep their best for Tefaf, though understandable. And we do want to run a fair two months later made up of inventory that hasn't sold elsewhere."

Along with an uncertain economy, costs have risen for both fair organisers and dealers. Venue and booth rental continue to rise and, says Alan Rubin, Pelham Galleries in Paris, "shipping by air freight has trebled: five years. A really well stocked stand including rental, hotel and shipping would cost in

**Brook Mason, with additional reporting by Melanie Gerlis**



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