

# The interaction between China's cultural exports and economic growth in the era of economic globalization

Wang Xiao Dan<sup>1, a\*</sup>, Li Meng Gang<sup>1, b</sup>

1. Jun Glory Culture Co., LTD Room 2007, 20th Floor, Building 1 Scitech Tower No. 22, Jianguomenwai Street Chaoyang District Beijing China 100004

2. Beijing Jiaotong University Office Building 7, No. 3 Shangyuancun Haidian District Beijing China 100044

a.cathy@jun-glotr.com, b. morganli@vip.sina.com

**Abstract:** This paper examines the interaction between China's cultural exports and economic growth in the context of economic globalization. Using empirical data and multiple model specifications, the study finds a stable positive relationship between cultural exports and economic growth, with economic globalization acting as a significant moderating factor. The results indicate that the economic effects of cultural exports are conditional, depending on the level of openness, institutional settings, and integration into global markets. The paper highlights the shift of cultural exports from mere cultural dissemination to economically embedded activities, emphasizing their role in structural upgrading and value-added growth.

**Keywords:** cultural exports; economic growth; economic globalization

## 1. Introduction

Economic globalization has done more than accelerate cross-border flows of capital, goods, and labor. It has also redefined the economic role of cultural factors within modern economic systems. This change has been enabled by advances in information technology and by the expansion of global communication networks. Cultural products and services now circulate at scale across borders. Culture increasingly exhibits a dual character, combining symbolic meaning with economic value. It has been integrated into international trade and global value chains. Cultural factors are therefore linked to resource allocation and to the composition of economic growth (Throsby, 2001; United Nations Conference on Trade and Development (UNCTAD), 2022).

In this setting, cultural exports should not be viewed only as external cultural outreach. They are increasingly produced and distributed through market-based arrangements and within industrial systems. Cross-border cultural narratives and creative goods shape how a country's social order and development path are perceived abroad. National image and international influence are partly mediated through this process. Integration with markets also makes cultural exports measurable in economic terms. Their effects are transmitted through trade in cultural goods, exports of cultural services, and cross-border cultural investment (Potts & Cunningham, 2008).

In China's economic transition, cultural exports have become analytically salient. China's economic scale has expanded, and external linkages have intensified. In parallel, cultural industries have become more internationally oriented. The share of culture and related industries in the national economy has remained relatively stable. However, their growth profile differs sharply from that of traditional factor-intensive sectors. Cultural industries are associated with high value-added, creativity-intensive production and spillover effects. Their contribution to restructuring and to shifting growth drivers has become more visible (UNCTAD, 2022). In the shift from high-speed growth to high-quality development, cultural exports are increasingly seen as a channel to enhance growth potential. They are also linked to structural upgrading of the industrial base.

Research on cultural exports has expanded, but the literature remains conceptually segmented. Most studies focus on cultural soft power or on the development of cultural industries. Systematic evidence on how cultural exports interact with economic growth under economic globalization remains limited.

Economic globalization may alter the scale and modes of cultural exports. It may also affect how efficiently cultural activity is translated into economic outcomes. This two-sided mechanism has not yet been tested with systematic empirical evidence.

## 2. Review of related studies

Existing studies have examined the economic implications of cultural factors from several analytical perspectives. These perspectives include cultural economics, cultural capital theory, and cultural industry research. In cultural economics, cultural products are understood to possess symbolic dimensions and economic functions. As cultural activities become market-oriented, culture has been incorporated into trade in services and creative industries. Through value creation and employment generation, cultural activities are shown to affect aggregate economic performance (Throsby, 2001).

With the systematic inclusion of cultural goods and cultural services in international trade statistics, the economic effects of cultural industries have become empirically observable. This development has been documented in reports by the United Nations Conference on Trade and Development (UNCTAD) (2010; 2022). The availability of these data has enabled the assessment of the role of cultural factors in economic growth.

Cultural capital theory provides a more structural, long-term account of the economic effects of cultural exports. Bourdieu (1986) emphasizes that cultural capital can be converted into tangible advantages through social recognition and institutionalization. At the national level, transnational economic activity may be influenced by the cross-border diffusion of cultural elements. This influence operates through changes in external perceptions and trust conditions. As a result, the economic effects of cultural capital tend to be indirect and persistent rather than immediate.

Subsequent studies indicate that cultural and value-based narratives play an important role in shaping expectations of cooperation and perceptions of legitimacy. Their economic consequences are often reflected in changes in cooperation stability and transaction costs (Nye, 2004). These effects tend to materialize over longer time horizons.

Research on cultural industries focuses more directly on production organization and market structure. Existing studies show that cultural industries rely heavily on creative labor. Their international expansion, therefore, extends beyond the export of cultural products. Cross-border investment is also involved. Co-production and localized operations in foreign markets are further observed (Potts & Cunningham, 2008).

Under conditions of economic globalization, cultural industries have become increasingly embedded in international divisions of labor. The industrial structure conditions their economic returns. Institutional arrangements and international market environments also shape them. This line of research suggests that the economic effects of cultural exports are conditional and depend on industry-level characteristics.

From the perspective of economic globalization, institutional openness, trade liberalization, and cross-border factor mobility constitute key conditions for the transnational circulation of cultural elements. Existing studies show that participation in the international division of labor and global value chains is influenced by economic globalization. These effects operate through market expansion, reduced cross-border transaction costs, and improved information flows (Dreher, 2006).

Subsequent research has conceptualized globalization along two dimensions. These dimensions are actual cross-border flows and institutional openness. Globalization indices based on these dimensions have been widely applied in cross-country economic studies (Gygli et al., 2019). These indices allow empirical assessment of the economic performance of cultural factors under different levels of globalization.

Overall, the existing literature provides important insights into the economic significance of cultural exports. However, limited attention has been devoted to the mechanisms through which cultural exports affect economic growth under economic globalization. The conditional role of globalization in shaping these mechanisms also remains insufficiently examined.

### 3. Analytical perspective and mechanisms of action

In an era of economic globalization, cultural exports are no longer limited to cultural communication. They have been integrated into national economic systems. They are now treated as economic activity tied to industrial structure, the international division of labor, and institutional settings.

The effect of cultural exports on economic growth is not transmitted through a single channel. It is generated through several economic and institutional mechanisms. The salience of each mechanism varies across globalization contexts. This variation remains amenable to further empirical testing.

At the direct economic level, cross-border trade in cultural products and services forms part of services trade. It also constitutes a significant component of exports from the creative industries. The United Nations Conference on Trade and Development (UNCTAD) documents a rising share of the creative economy in global trade. It also reports that cultural and creative industries have become an important source of growth momentum in some countries (UNCTAD, 2010; UNCTAD, 2022).

Compared with traditional manufacturing, cultural products often have high value added. Production is typically creativity-intensive. Resource inputs are usually lower. Export expansion can therefore improve the export mix. It can raise unit value added and increase the share of services trade. Growth can thus become more value-added and services-oriented.

At a more structural level, longer-run effects are mediated by the internationalization of cultural industries. They are also mediated by transnational investment. Market entry is often achieved through cross-border mergers and acquisitions, co-productions, and localized operations. Cultural firms can thereby access overseas production and distribution systems. The embedding of cultural exports in international markets can deepen as a result.

Domestic cultural industries may then be affected through capital repatriation and reinvestment. Medium- to long-term changes may also be induced through the diffusion of managerial experience and business models. Industrial organization and factor allocation can therefore be reshaped over time (Cunningham et al., 2015). Host-market entry conditions condition the magnitude of these effects. Firms' capability structures also condition it.

Cultural exports may further affect cross-border economic activity through perceptions and expectations. Trust in economic cooperation can be strengthened through transnational cultural diffusion. Informal transaction frictions can then be reduced. Trade and investment may consequently be supported.

Such effects are rarely visible in short-run macroeconomic indicators. They are more likely to operate through more stable cooperative relations. Their influence tends to accumulate over longer horizons (Bourdieu, 1986; Nye, 2004). For this reason, they are difficult to identify using short-term metrics.

All of these mechanisms are embedded in the process of economic globalization. Globalization reduces cross-border transaction costs and expands market space. It can also enhance institutional connectivity. These conditions facilitate cultural exports. At the same time, they reshape how economic effects are realized. Outcomes, therefore, differ across levels of globalization.

### 4. Data sources and empirical specification

A comprehensive database is compiled to study the relationships among cultural exports, economic globalization, and economic growth. It contains indicators for the cultural industries, macroeconomic outcomes, and the degree of globalization. Data are drawn from publicly available releases by authoritative domestic and international statistical agencies. This approach is used to ensure indicator availability and intertemporal comparability. It is consistent with standard practice in macro-level empirical research (Dreher, 2006; Gygli et al., 2019).

Cultural exports are operationalized using domestic definitions and internationally comparable measures. This strategy reflects the multidimensional nature of the concept in official statistics. Domestic measures are based on data from national statistical authorities on culture and related industries. These data are used to capture sector scale and changes over time. Internationally comparable measures are based on United Nations Conference on Trade and Development (UNCTAD) creative economy statistics. They are used to quantify cross-border flows of cultural and creative products and services (UNCTAD, 2010; UNCTAD,

2022). Prior work suggests that alternative measures and robustness checks can reduce bias associated with single-indicator designs (Flew, 2012).

Economic growth is proxied by internationally recognized macroeconomic indicators. To limit omitted-variable bias, standard controls are included. They cover trade openness and foreign direct investment. This specification aligns with growth frameworks that emphasize the role of openness conditions and factor mobility in economic performance (Helpman, 2004; Rodrik, 2011).

Economic globalization is measured using the KOF Globalization Index. The index summarizes integration into the global economic system across trade and financial dimensions. It captures both realized cross-border flows and institutional openness. It has been widely applied in cross-country economic research (Dreher, 2006; Gygli et al., 2019).

The empirical specification centers on the association between cultural exports and economic growth. The moderating role of economic globalization is also examined. Because reverse causality cannot be ruled out, lagged explanatory variables are included. Robustness is evaluated using alternative measures and data sources.

## 5. Real-world forms and structural features of China's cultural exports

China's cultural exports have been reshaped by economic globalization and the diffusion of digital technologies. Export modalities have shifted from a trade-only pathway to a more diversified set of channels. Earlier exports relied mainly on physical carriers and traditional channels. In contrast, an integrated configuration is now observed. Trade, investment, and platform-based dissemination are combined within it. This shift is consistent with changes in the organization of the global creative economy (Potts & Cunningham, 2008; Flew, 2012). It also provides an empirical basis for evaluating the economic effects of China's cultural exports.

From the perspective of cross-border circulation, trade in cultural products and services remains a key foundation. UNCTAD creative economy statistics show that China's participation in global trade in cultural and creative products has increased. The covered categories include publishing, audiovisual content, and digital cultural products (UNCTAD, 2010; UNCTAD, 2022). However, a larger export scale does not necessarily yield higher economic returns or more substantial cultural influence. Outcomes are mediated by content originality, brand recognition, and the structure of international distribution systems (Throsby, 2001). These conditions affect the efficiency with which cultural trade is converted into economic growth.

Beyond trade, transnational cultural investment has become an important route for deeper embedding in global value chains. With greater capitalization and internationalization in the cultural industries, overseas entry has been pursued through cross-border mergers and acquisitions, co-productions, and equity investment. Cultural exports have therefore shifted from short-term transactions to more structural participation. Prior studies indicate that cross-border investment facilitates longer-term embedding in foreign markets more effectively than product exports. Medium- to long-term impacts on domestic cultural industry structures may also arise through capital repatriation and knowledge spillovers (Cunningham et al., 2015). However, these economic effects are conditioned by corporate governance capacity and host-market institutions.

Digital platforms have also altered the logic of cultural dissemination. Platform-based dissemination lowers the marginal cost of cross-border diffusion of cultural content. Sustained expansion can be supported through segmented operations and localization strategies. The Organisation for Economic Co-operation and Development (OECD) reports that digital platforms are transforming distribution channels. They also reshape mechanisms of cultural production, consumption, and revenue allocation to some extent (OECD, 2018). At the same time, expanded reach is associated with content homogenization, more complex copyright governance, and higher compliance costs. These factors can weaken the sustainability of the economic advantages of platform-based dissemination.

## 6. Real-world forms and structural features of China's cultural exports

A stable positive association is observed between cultural exports and economic growth across alternative model specifications and control sets. Estimated coefficients are positive and statistically

significant in most specifications. The results remain robust to alternative measures and sample definitions. These patterns indicate that particular modeling assumptions do not drive the estimated effects.

In economic terms, the positive association can be interpreted through several plausible mechanisms. Services trade expands, and value added increases in related sectors. Spillovers to connected industries are also implied. Prior research suggests that cultural industries and the creative economy generate strong externalities. Expansion is often accompanied by growth in tourism, media, and digital content. These linkages can amplify their effects on aggregate economic activity (Throsby, 2001; UNCTAD, 2022). The estimated results are consistent with this mechanism-based interpretation.

A significant positive relationship is also observed between the degree of economic globalization and cultural exports. Higher external openness and stronger cross-border factor mobility are associated with more active cultural exports. This pattern is consistent with theoretical expectations in which globalization expands market space and lowers transaction costs. Entry into international markets for cultural products and services is thereby facilitated (Dreher, 2006; Baldwin, 2016). In China, the relationship appears particularly sensitive to changes in external openness.

When interaction terms are included, a significant positive interaction is obtained. It indicates that economic globalization strengthens the economic effects of cultural exports. At higher levels of globalization, the economic relevance of the cultural export coefficient becomes more pronounced. The results, therefore, imply explicit conditionality in the effect of cultural exports. Realization depends on international market openness and institutional settings. This interpretation accords with research on global value chains and institutional coordination in shaping economic performance (Gygli et al., 2019; Rodrik, 2011).

## **7. Discussion: Conditional effects and structural constraints of the economic effects of cultural exports**

The empirical findings motivate further discussion at the structural and institutional levels. These contexts condition the economic effects of cultural exports. Unlike traditional manufacturing, returns in the cultural industries are not determined solely by production scale. They depend on content innovation capability, market acceptance, and the organization of international distribution systems (Throsby, 2001). Cultural exports are therefore better viewed as latent growth potential. Conversion into realized economic returns remains constrained by multiple factors. This interpretation is consistent with the conditional effects identified in the empirical analysis.

On the one hand, direct effects are reflected in revenue gains from trade in cultural products and services. Prior studies show that returns from cultural trade are unevenly distributed in international markets. Actors that control distribution channels and platform rules are typically advantaged (UNCTAD, 2022; Organisation for Economic Co-operation and Development (OECD), 2018). Under these conditions, export expansion does not necessarily yield proportional returns. This feature helps explain why the estimated effects are not linearly increasing in some specifications.

On the other hand, indirect effects on economic growth arise from industrial linkages and value-chain deepening. Expansion of the cultural industries is often accompanied by growth in the digital economy, tourism, and modern services. The economic effects of cultural exports can therefore extend beyond the cultural sector itself (Helpman, 2004). This mechanism is more likely to operate under higher levels of economic globalization. It is also more likely when inter-industry linkages are tighter.

Over the longer term, indirect effects may also arise through institutional channels. External perceptions and cooperative expectations can be altered through transnational cultural diffusion. Trust can be strengthened, and informal transaction frictions can be reduced. Trade and investment can thus be facilitated (Bourdieu, 1986; Nye, 2004). These effects are implicit and long-term. They are difficult to capture fully with short-term indicators. This limitation remains a key challenge for empirical research on the economic effects of culture.

## 8. Conclusion

Under deepening economic globalization, cultural exports have evolved from cultural dissemination into activities embedded in economic systems. In China, identifiable implications for economic growth are observed. A stable positive relationship is observed between cultural exports and economic growth. Significant variation is also observed across levels of economic globalization. The estimates support a moderating role of economic globalization.

The findings further indicate explicit conditionality in the economic effects of cultural exports. Realization depends on openness, institutional settings, and the structure of international cultural markets. The export scale alone is not sufficient. Under higher economic globalization, conversion into tangible economic returns is more likely. This conversion can be supported through trade, investment, and industrial linkages. Therefore, cultural exports do not automatically generate growth momentum. Their effectiveness remains contingent on specific external conditions and institutional environments.

## 9. Reference

- [1] Bourdieu, P. (1986). The forms of capital. In J. G. Richardson (Ed.), *Handbook of Theory and Research for the Sociology of Education*. Greenwood Press.
- [2] Dreher, A. (2006). Does globalization affect growth? Evidence from a new index of globalization. *Applied Economics*, 38(10), 1091–1110.
- [3] Gygli, S., Haelg, F., Potrafke, N., & Sturm, J.-E. (2019). The KOF Globalisation Index revisited. *The Review of International Organizations*, 14(3), 543–574.
- [4] Nye, J. S. (2004). *Soft Power: The Means to Success in World Politics*. PublicAffairs.
- [5] Throsby, D. (2001). *Economics and Culture*. Cambridge University Press.
- [6] UNCTAD. (2010). *Creative Economy Report 2010*. United Nations.
- [7] UNCTAD. (2022). *Creative Economy Outlook 2022*. United Nations Conference on Trade and Development.
- [8] Potts, J., & Cunningham, S. (2008). Four models of the creative industries. *International Journal of Cultural Policy*, 14(3), 233–247.
- [9] Cunningham, S., Flew, T., & Swift, A. (2015). Creative industries and creative economy: An introduction. *International Journal of Cultural Policy*, 21(1), 1–10.
- [10] Helpman, E. (2004). *The Mystery of Economic Growth*. Harvard University Press.
- [11] Rodrik, D. (2011). *The Globalization Paradox*. W. W. Norton & Company.
- [12] Baldwin, R. (2016). *The Great Convergence*. Harvard University Press.
- [13] Grossman, G. M., & Helpman, E. (1991). *Innovation and Growth in the Global Economy*. MIT Press.
- [14] Flew, T. (2012). *The Creative Industries: Culture and Policy*. Sage Publications.
- [15] OECD. (2018). *Trade in Cultural Goods and Services*. OECD Publishing.
- [16] World Bank. (2020). *World Development Report 2020: Trading for Development in the Age of Global Value Chains*. World Bank.