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Sotheby's to Sell Art in China

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Abstract: [...]. International auction firms like Sotheby's and Christie's until now have been restricted from holding sales within China. Since 2005, Christie's has licensed its name to a domestic Chinese auction firm but doesn't own a stake in the venture.

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Full text: Auction house Sotheby's notched a gain against rival Christie's in the world's largest art market, becoming the first foreign company allowed to sell art and other collectibles in China.

Sotheby's confirmed on Friday that it signed a joint-venture agreement with Beijing GeHua Art Co., a state-owned enterprise, to sell art in China. Sotheby's owns 80% of the new company, which still requires the approval of the central Chinese government. Called Sotheby's (Beijing) Auction Co., the venture's first sale is slated for Sept. 27 in China's capital and will feature one work by artist Wang Huaiqing.

China has emerged as the leading market for art only recently. In 2011, the country was responsible for 41% of the world's art sales, making it the biggest market for art for the second year running, according to market tracker Artprice.

But international auction firms like Sotheby's and Christie's until now have been restricted from holding sales within China. Since 2005, Christie's has licensed its name to a domestic Chinese auction firm but doesn't own a stake in the venture.

The new Sotheby's project would hold sales at the planned free port project that partner GeHua is developing at Beijing's Capital International Airport. China restricts the trade of art and other prized historical items, banning the export of what the government labels as "cultural relics," and places heavy import taxes on collectors who bring art to the country. The free port, projected to take up almost 900,000 square feet, is a tax-exempt storage facility that its planners hope will become a trading hub for art and other collectibles.

While the Chinese government has barred foreign auction firms in the country, domestic companies have flourished, with Beijing Poly International Auction Co. and China Guardian Auctions Co. becoming the world's third- and fourth-largest houses, ranking after Sotheby's and Christie's.

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