Proceedings of ICFTBA 2025 Symposium: Financial Framework's Role in Economics and Management of Human-Centered Development
DOI: 10.54254/2754-1169/2025.GL27778

The Current Development Status Analysis of the Chinese Animation Industry

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Abstract. The paper presents an examination of China's animation industry development from 2008-2025, with particular focus on the transformative period between Nezha I (2019) and Nezha II (2025), while identifying persistent challenges in content diversity and market operations. To start with, this paper introduces the ecosystem of the Chinese animation industry and market for recent years by listing government policies to enhance the industry development, presenting domestic broadcasting trends of different categories of animation, including TV animated series, online animated series, animated films, and online comics, and comparing data from different dimensions within the main online platforms. In addition, this study conducts a quantitative analysis of the distribution patterns between 2D and 3D animation productions in China. Subsequently, it identifies five critical challenges currently constraining the industry: content homogenization, creative bottlenecks, difficulties in foreign broadcasting, immature companies' operations, and underdeveloped market operations. Ultimately, the concluding section synthesizes these findings and proposes strategic recommendations for fostering sustainable industry advancement.

Keywords: Chinese Animation, TV Animation, Online Animation, Cartoon, Nezha II.

1. Introduction

In 2025, the animated film Nezha II was released in mainland China on January 29, in the Americas on February 14, and in 37 countries and regions, including Europe, on March 10. By the end of the first half of 2025, it had become the highest-grossing film in Chinese cinema history, the fifth highest-grossing film in global cinema history, and the highest-grossing animated film in global animation history (Data from: BaiduBaike). With $1,977,563,038 global box office summary till July 21st, this record-breaking animated film achievement highlights the rising trend of China's animation industry. This contrasts sharply with the 1990s, when state disinvestment forced studios to rely on foreign foundries.

This study aims to analyze the development trajectory and current challenges of China's contemporary (defined as the period since 2008 when the government first issued the Guidelines on Promoting the Development of the Animation Industry) animation industry. Specifically speaking, the analysis of current industrial evolution will focus on the period from the second half of 2019 to the first half of 2025—a period demarcated by the theatrical releases of two landmark animated films: Nezha: The Devil's Birth (July, 2019) and its sequel Nezha II (January, 2025).

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DOI: 10.54254/2754-1169/2025.GL27778

This study employs a mixed-methods approach, integrating case study analysis, comparative analysis, and quantitative data analysis to systematically examine the contemporary landscape of the Chinese animation industry. The research framework is structured to introduce the current industry development patterns, list systemic challenges, and draw conclusions with recommended strategies.

2. Contemporary development trajectory of the Chinese animation industry

2.1. The definition and introduction of Chinese animation

According to the Guidelines on Promoting the National Animation Industry Development, which was published in 2008 by the Chinese government, the Chinese Animation Industry consists of sectors centered on animation and comics as forms of expression. It encompasses the creation of animation content, the production and dissemination of animated works across visual and print formats, and the development of animation IP-derived products.

In terms of content creation, Chinese animation primarily derives from adaptations of traditional cultural stories, as NeZha demonstrates; licensed adaptations of published literary works, as Soul Land illustrates; and completely original creations. From the dissemination perspective, Chinese animation is predominantly displayed in forms of television animations, online animations, animated films, and comic books. As for derivative products, peripheral goods economy and comic conventions have emerged as the primary consumption scenarios for animation enthusiasts.

2.2. Industry and market ecosystem

Political support: The Guidelines on Promoting the Development of the Animation Industry (State Council Document No. 32, 2008) established the first national framework: original content incentivization, industrial chain integration, and market expansion with broadcast support and IP safeguards. Later in 2009, the Government promulgated the Administrative Measures for Accrediting Animation Enterprises, which established a national accreditation system for measuring animation enterprises. Later, regarding the Animation as part of the cultural industry, the Ministry of Culture of the People’s Republic of China (RPC) enacted the 12th Five-Year Plan for National Animation Industry Development (2011-2015). This document concluded the past industry status and listed the main objectives of developing the industry and conservation strategies that promote to achieve these goals. During the 13th Five-Year Plan (2016–2020) and the 14th Five-Year Plan (2021–2025), although the Ministry of Culture and Tourism of China did not issue policies specifically targeting the animation industry, the sector was still referenced in broader policies related to digital creative industries, cultural and tourism integration, and technological innovation in digital content production, for example: digital forms including E-commerce, video websites and other Internet model and cultural forms including drama, literature, music, comics and games [1]. The evolution of policies indicates that the Government supports constructing a systemic Animated Industry, combining it with several cultural industries and thus creating positive economic and social influences.

Domestic Publication and dissemination: Given that China's animation dissemination primarily operates through four ways-television animation, online animations, which refers to the animated content distributed on platforms that are similar to Netflix, animated films, and comics, this study will analyze recent animation dissemination dynamics from these distinct perspectives.

Regarding the TV animations played on the cartoon channels, whose audiences are mainly children, according to the announcements from the National Radio and Television Administration, as

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shown in Figure 1, there are at least 330 TV cartoon series were produced and released from 2020 to 2024. Among these new TV series, fantasy themes account for the highest proportion, followed by educational themes.

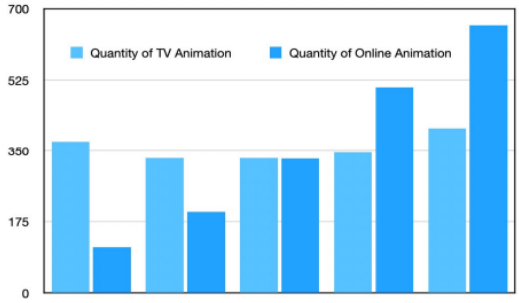

Figure 1. Annual production and release quantity of domestic TV animations and annual quantity of online animations receiving publication license (data from the national radio and television administration)

While animes shown on cartoon TV channels focus on underage audiences, the content of online animes shown on online platforms offers a variety of animes topics that attract audiences from a wider age range. As for the online animation, the annual quantity of the online animation that has been approved by the National Radio and Television Administration has increased significantly every year from 2021 to 2024, as shown in Figure 1. Taking the playing performances of the four main platforms in China (Tencent Video, Bilibili, iQIYI, Youku) as an example. During Q1 2025, as shown in the following two figures, except for Bilibili has introduced more online Japanese anime series than the domestic ones, the rest three platforms (Tencent Video, iQIYI, Youku) have kept introducing new domestic anime series while maintaining ongoing updates of existing titles (Figure 1).

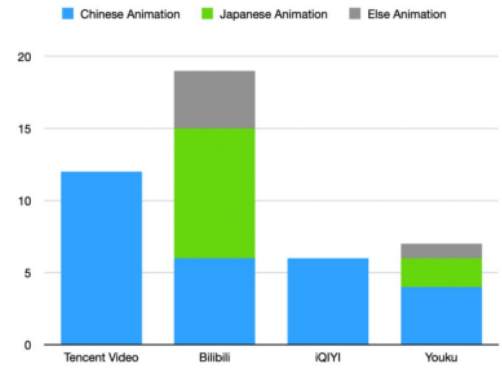

Figure 2. Number of new exclusive anime releases on Chinese animation platforms in Q1 2025 (data from enlighten)

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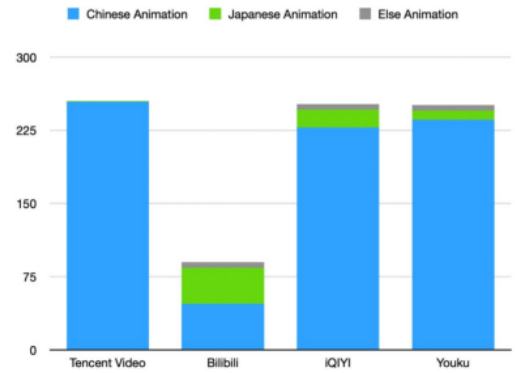

Figure 3. Number of ongoing anime series on Chinese animation platforms in Q1 2025 (data from enlighten)

From 2015 to 2025, Chinese animated films underwent three developmental stages: rise (2015), stabilization (2016-2018), and advancement (2020-2025). Beginning with the achievement that occupied 46.14 percent of the box office in the Chinese animated film market, made by the film released in 2015, Monkey King: Hero Is Back, the market share of Domestic films out of the whole animated film market in China was not stabilized from 2016 to 2018. However, the unstable situation was broken by the Nezha I, which achieved a transformation from an imported-film-dominated to a domestic-film-dominated market in the Chinese animated film market (Figure 2 and Figure 3).

Since then, although the box office of domestic animated films still fluctuated, it has basically maintained at 60% to 70% of all box office in the Chinese animated market. In 2025, Nezha II has achieved explosive success, propelling domestic animation from a “market booster” to a “market savior” [2].

China’s online comic industry has developed a mature industrial structure, encompassing three key segments: comic creation, platform distribution, and copyright operation. The growing number of enterprises in these segments and their enhanced collaboration have jointly driven industry growth. The market exhibits high concentration, with leading players establishing barriers in copyright acquisition, making it difficult for potential competitors to enter. Moreover, when well-established platforms like Tencent enter the comic market, they can leverage their IP ecosystem to maximize cross-industry value—from comic serialization to animation adaptation and derivative product development [3]. Taking the series of Soul Land (Duoluo Continent), a representative Chinese fantacy novel, as an example: its adapted comic series was initially published on multiple online platforms, while the animated adaptation exclusively premiered on Tencent Video, becoming the platform's most-viewed anime series in recent years (The Soul Land series has consistently ranked among the Top 20 most popular animated series on Tencent Video for the past eleven years). Furthermore, the IP's derivative game was developed by YueWen, a Tencent subsidiary. This demonstrates how industry leaders like Tencent can dominate the full industry supply chain development of popular animated IPs, with their resource advantages objectively constraining the growth opportunities for smaller comic platforms.

2.3. Technological patterns in animation production

China's animated film industry has achieved a high degree of industrialization across all production stages—from pre-production (scriptwriting, character design, and scene construction) to mid-

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production (animation and VFX compositing) and post-production (editing, dubbing, and color grading). The sector has attained advanced technical proficiency in visual aesthetics, special effects, and motion design, with particularly strong capabilities in 3D animation technology, visual effects, real-time rendering engines, physics engines, dynamic fur simulation, AI-powered motion capture, and particle-ink painting techniques. The adoption of emerging technologies—such as MidJourney, NVIDIA OptiX, and Disco Diffusion—has ushered in both opportunities and challenges for China's animation industrialization [4]. These innovations not only enhance production efficiency and quality but also unlock new creative possibilities for Chinese animated filmmakers.

In August 2025, among the top 20 highest-grossing domestically produced animated films in mainland China, only one film features purely two-dimensional (2D) animation. This film, Nobody, was released on August 2, 2025, and had, as of August 18, 2025, become the 7th highest grossing domestically produced animated film in the region. Although the use of 2D or 3D animation techniques does not inherently determine the quality of a film's narrative or artistic content, the predominance of 3D-animated films among the top 20 highest-grossing domestic productions reflects, to some extent, audience preferences as well as a relative scarcity of talent in the field of 2D animation.

3D digital technology is playing an increasingly important role in the production of film and television animation, animation art for the development of new vitality [5]. While 2D animation offers more flexibility in production, it incurs higher modification costs. By contrast, 3D animation requires substantial upfront investment in areas like character and environment modeling, but benefits from reusable assets, leading to progressively lower marginal costs as episode count increases. In the global animation industry, Japan dominates in 2D animation, as exemplified by Studio Ghibli's films, whereas the United States has built its reputation on 3D animation, with Pixar's works being prime examples.

As for online animation, with a slight difference in the number of 2D or 3D anime from 2024 Q1 to 2025 Q1, as shown in Figure 4, the number of motion comics, whose production is much more cost-saving than the production cost of 2D or 3D animes, has significantly declined.

In general, the current Chinese animation industry applies more 3D animation than 2D animations, while the production in forms of motion comics is decreasing.

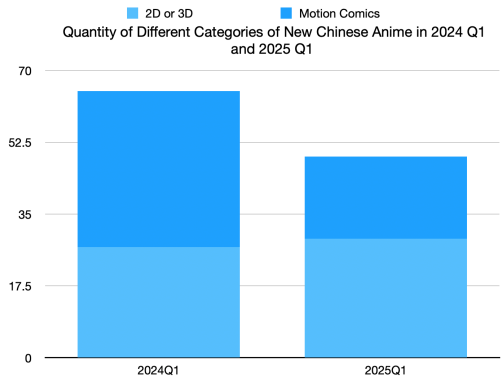

Figure 4. Quantity of different categories of new Chinese anime in 2024 Q1 and 2025 Q1 (data from enlighten)

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3. Current challenges in the Chinese animation industry and its market

3.1. Content homogenization and innovation dilemma

Compared to the mature animation industries in other countries, such as Japan, which is renowned for its exceptionally high-quality original anime intellectual properties (IPs), Chinese animated content tends toward thematic homogenization, which poses a notable challenge to industry development.

Among the top 20 highest-grossing domestically produced animated films in mainland China (all of which were produced within the past decade), 11 feature main characters or story backgrounds inspired by traditional Chinese myths or historical figures. (Data from MaoYan) Of the rest nine films, seven are annual installments of an established IP—Boonie Bears—owned by Fantawild.

These trends reflect two key phenomena: first, traditional cultural elements play a significant and influential role in shaping Chinese animated content; second, apart from a few well-established IPs with their own expansive universes, the output of independent original animated works remains relatively limited [6].

In terms of thematic distribution, online animated series in China are dominated by Xianxia (cultivation-themed) content, particularly those derived from popular online novels—such as Duoluo Continent and Battle Through the Heavens—often exhibiting significant thematic homogenization. By contrast, other genres, such as slice-of-life or mystery and detective fiction, remain considerably underrepresented in domestic online animation production.

By comparison, Japanese animated series demonstrate greater diversity in subject matter and a wealth of original intellectual properties. For instance, within the mystery and detective genre, there are series such as Detective Conan and Death Note; in the action/fantasy category, titles like Attack on Titan and One Piece enjoy widespread acclaim; slice-of-life or comedy-focused works include Crayon Shin-chan; and science fiction or speculative fiction offerings encompass series such as Neon Genesis Evangelion (EVA) and Doraemon.

These Japanese productions are not only commercially successful but also largely consist of independently developed, original IPs. They span a wide range of genres, reflecting a more balanced and creatively rich content ecosystem.

3.2. Difficulties of foreign market expansion due to cultural gap

Taking Nezha II—released in the Americas on February 14 and in 37 countries and regions (including those in Europe) on March 10—as an example, the film has garnered international attention. The director of Disney's Mulan praised Nezha II for its high-quality scope and execution as a work of computer animation, noting that it surpassed many American animated films. Sheila Sofian, Director of the Animation & Digital Arts Program at the University of Southern California (USC) and a voting member of the Academy of Motion Picture Arts and Sciences (AMPAS), also commended the film's production design, sound design, and music, as well as its narrative content, in an interview with China Central Television (CCTV). Nevertheless, she expressed some confusion about certain story details. These insights from international professionals suggest that while high-quality Chinese animated films can appeal to global audiences, a cultural gap persists when such films heavily incorporate traditional Chinese cultural elements. In addition, as an animated film, Nezha II is likely to appeal to family audiences with children. However, the film contains numerous transliterated terms derived from Chinese mythology. If these terms are inaccurately

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translated or localized, the viewing experience of younger foreign audiences may be compromised [7].

3.3. Imperfect enterprise and market operation models

Currently, the Chinese animation market presents a structural contradiction characterized by "strong animation but weak comics" and "strong channels but weak content." Particularly in the online animation sector, resources are highly concentrated among a few leading video platforms. Those platforms with traffic advantages and capital strength - such as Tencent Video, Youku, iQIYI, and Bilibili - have seized control of the core aspects of content distribution, user reach, and commercial monetization. As a result, market resources are rapidly flowing towards them, squeezing the survival space of small and medium-sized animation enterprises and independent creators, and limiting the industry's innovative vitality. Meanwhile, the platform-dominated landscape also poses a risk of monopoly, which further exacerbates the homogenization of content production. For example, platforms tend to support proven IPs or popular themes, hindering the creation of diverse content.

The profit-making difficulties of Chinese animation enterprises are mainly manifested in two aspects. Firstly, it is difficult to secure income from distribution and broadcasting. Domestic production enterprises have little bargaining power due to their over-reliance on distribution channels. Most animated works can hardly obtain substantial income from the broadcasting process and can only rely on small subsidies or shares, making it difficult to cover the pre - pre-production costs. Secondly, the income from licensed derivatives is highly uncertain. Since the broadcasting process cannot effectively share the risks, enterprises are forced to pin their profit hopes on derivative product development (such as toys, merchandise, and licensing cooperation). However, the success of this aspect depends on factors including the content quality, broadcasting popularity, consumers' willingness to purchase, and the strength of copyright protection. If there is insufficient cultivation of the IP in the early stage, weak brand awareness, or the absence of derivative product market operations, the derivative income is very likely to fall. In addition, during the process of foreign broadcasting, some enterprises have not yet established a concept of a complete cultural industry and have failed to plan the industrial ecosystem simultaneously at the initial stage of animation production. As a result, they miss key opportunities in financing, cross-cultural communication, and marketing, further weakening the sustainability of their profitability [8].

4. Conclusion

This study confirms that China's animation industry (2008-2025) has progressed through advanced technology application and diversified dissemination channels, driven by supportive policies. While the Chinese animation creators have widely applied high-quality 3D animation technology into different forms of animation and established diverse dissemination ways to broadcast domestically produced under the support of policies, flaws still exist in the industry and its market. Under cultural gaps that hinder foreign broadcasting, a lack of content creativity is also a significant problem. In addition, establishing a mature supply chain with stable profit-earning patterns is crucial for the market and enterprises' development.

However, the data analysis and sample size of this study are limited. While analysing data from the online animation series, this paper only applies data from one quarter within four platforms, which can not represent the entire animation market ecosystem. Furthermore, this study only illustrates theoretical disadvantages of animation-making films, which is a lack of specific evidence.

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To enhance the development of the Chinese animation industry globally, the government is supposed to incentivize content innovation and strengthen administration and management that prevent monopoly in the online animation market and create a healthier competitive market environment. Enterprises are required to balance heritage and innovation, adapting mythos for global audiences while combining cultural elements into their creations. Technologically, maintaining 3D dominance while reviving 2D artistry (as seen in declining also ensures stylistic versatility of animation productions. Ultimately, online platforms must share revenue equitably to sustain SMEs, while integrating derivatives early into IP ecosystems.

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