LONDON. With the art market booming, collectors complain that great material is scarce. Yet they keep buying. “We’re selling like crazy, but you’d have to be stupid not to be selling right now,” says boisterous Los Angeles dealer Patrick Painter (F1). “I think I’ll switch to green dots, so people know what’s still available.”

Even allowing for exaggeration, the indications are that results at Frieze have been excellent. Jeffrey Rosen of Taka Ishii (H1) reports unprecedented sales: “I think I’ll switch to green dots, so people know what’s still available.”

Young artists, says Olivier Gisler of Zurich’s Galerie Mai (G5), “are matured. “This used to be hype as a young fair for young artists,” says Olivier Bellot of Yvon Lambert, Paris (G6). “Not anymore. In terms of price and the artists being sold, the fair has matured. “This used to be hype as a young fair for young artists,” says Olivier Bellot of Yvon Lambert, Paris (G6). “Not anymore. In terms of price and the artists being sold, the fair has matured.

Charity sale been excellent. Jeffrey Rosen says, and three $70,000 lightboxes from photographer Nobuyoshi Araki could have sold 100 times.

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Art tax: Does the new levy put London at a disadvantage with New York and Zurich?

LONDON. Few people outside the art trade are aware that artists’ resale rights, or droit de suite, have been in force in the UK since February—but it is still a source of concern. On Thursday, the European Gallery Federation (FEAGA), which represents 2,000 art galleries, released an appeal “to stop further degeneration of the European art market competitiveness”. Veteran dealer Leslie Waddington (F17) agrees: “It is putting us at a disadvantage, because we have to absorb it. The auctioneers charge it to their clients, we don’t,” he says.

So what are artists’ resale rights? It is a European tax that has been imposed in the UK as part of EU harmonisation. It is applied on the resale of works by living artists, and kicks in at prices over £1,000 (€705). It is payable by the vendor (auctioneers charge it to the buyer), on a sliding scale, from 4% to 0.25%, although the total payable is capped at £12,000 (€8,000). The money goes to a collecting agency which passes it on to the artist after taking a fee.

While the sums may not seem enormous, the levy comes on top of the UK’s 17.5% Value Added Tax (VAT) and according to many dealers at Frieze, it is a real deterrent. The tax does not exist in the US (except in California) nor in Switzerland, where sales tax is also lower (8% in New York and 7.6% in Switzerland). “Galleries are opening branches in Switzerland to avoid droit de suite, it’s as simple as that,” says the French gallerist.

What it works

Alan Reynolds, Study Rotation 21, Alan Reynolds (G15), Drawing, 2005, rubber by Arminn Jüden (G15), Drawing, 2005, rubber

At the moment it is going to stifle the market, does this levy really affect the market? says Tim Taylor (G11). Apart from the reduction in profit, the levy entails extra paperwork, even on small transactions.

The UK negotiated a derogation with the European Commission and only pays the tax on work by living artists, but after 2010 the levy will also apply to work by artists that died within the previous 70 years, benefiting artists’ heirs. Meanwhile, a few European countries, including France, do not levy the tax because they have not implemented the directive. “I don’t object to paying it to the artists, but it infuriates me that our competitors in Europe don’t have to apply it,” says Mr Waddington. “This idea came from Europe and now even the Europeans have started making a fuss about it,” Tim Taylor adds. The FEAGA wants Europe to agree to apply the levy on living artists only.

But in today’s booming art market, does this levy really matter? According to FEAGA president Ernst Hilger: “Unless we act now, Europe could become a backwater for the sale of 20th-century masterpieces after 2010.” Tim Taylor points out: “This is going to stifle the market the moment it becomes a little cooler. At the moment it is not an issue, but when that happens, droit de suite will become a big talking point.”
Prices for art

Who drives a hard bargain and how

LONDON. When the Tate Outset Special Acquisitions Fund purchased 28 works at the Frieze opening, they generally did not pay the marked price. Chantal Crousel (D6) says she deducted over 10% for Gisela Capitain (D6) says she Tate told a similar story; other galleries that sold to Crousel says. Most of the and to major collectors, “Ms museums, great and small, and to major collectors,” Ms. Crousel says. Most of the other galleries that sold to Tate told a similar story; Gisela Capitain (D6) says she deducted over 10% for Christopher Williams’ triplicy Rollerstacker, 2005, and others went to 20%. It can go higher: last year White Cube (F15) offered the 2004 spot painting by Damien Hirst, “Peel Quickly – 1984, 193cm x 132cm (76in x 52in)” to rise. The results are still racing. The results are still racing. The results are still racing. The results are still racing. The results are still racing.

Nice work... if you can get it

Tough competition for top pieces

LONDON. Sotheby’s sale to benefit the Whitechapel Gallery last night raised £2.78m ($5m), well over the pre-sale estimate of £1.6m to £2.3m. It was dominated by private buyers, many of whom also bought at Frieze. The top price, £2.78m ($4.8m), was made by Peter Doig’s Charity’s Space, 1991, double its pre-sale estimate of £300,000 to £400,000. It was greeted by applause and beat Damien Hirst’s large Raffinose Undecaacetate, 2006, into second place.

Whitechapel

Sotheby’s sale raises almost £3m

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Outset Special Acquisitions Fund purchased 28 works for £392,000/£470,000 price for Hirschhorn’s Chandelier avec Têtes, 2006 (right).

10% off for the Tate new book co-authored with Louise Buck (Dewing Art, 2006; Cultureshock Media) some dealers actually raise the price of a work to include the amount they will then deduct as the “discount”. This can also be the dealers’ way of guarding against speculation—by making it unprofitable for a buyer to flip the work into auction. Inevitably, though, the dealers then have to offer higher discounts to museums, whose acquisition budgets are generally stable or even shrinking, while prices in the market continue to rise. Major collectors can also obtain discounts above 10%. “Of course we go the extra mile for them,” says one London dealer who did not want to be identified. But again, it depends on the artist. The Manchester-based collector Frank Cohen says: “At the end of the day you can try to obtain the 10% but sometimes, for a very hot artist, you just have to pay the full price for a very good piece.” What is guaranteed to put dealers’ backs up is haggling for a discount, and it may even scupper the sale. “Art is not like any other commercial article,” says Chantal Crousel. “It’s not something you sell cut price.”

Of course, the fair’s more established position as a commercial platform has its downside. “To me, Frieze has become the purest market place of all the fairs,” says Beatrix Ruf, the director of the Kunsthalle. “The fair organises great projects. And the galleries bring good material to sell. But it feels homogenous. Since they know they will do so well, they could start taking more risks.”

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Poul Quickly - 1984, 195cm x 152cm (76in x 52in)

The Art Newspaper/Frieze Art Fair Daily Saturday-Sunday 14-15 October 2006

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