



Università  
Ca'Foscari  
Venezia

Master's Degree  
in Languages, Economics  
and Institutions of Asia  
and North Africa

Final Thesis

**Peaks and Troughs:  
An analysis of  
the fluctuating  
relationship between  
China and Hollywood**

**Supervisor**

Ch. Prof. Renzo Riccardo Cavalieri

**Graduand**

Devina Amonibia Iyalla

Matriculation number

989757

**Academic Year**

2018 / 2019

## **Preface**

### 一箭双雕

本文的主题是通过我个人对中英文电影的兴趣而提出的。我一直想知道怎样才能把我最喜欢的两个爱好结合起来：电影和学习中国文化。我在伦敦长大，那里是多元化的大熔炉。语言一直是我和朋友交流和分享他们文化的一种方式。电影一直是我的激情所在，它是一种创造性的视觉艺术，可以展现多种不同的生活方式、思想和信仰体系。电影让你体验别人的生活，了解人性。2010年，我开始了中国研究的学士学位，刚开始的时候。在谢菲尔德大学学习期间，我发现自己是该校电影单位社团的宣传主管。电影单位社团成立于1949年，是英国历史最悠久的独立学生影院之一。电影单位社团2019年庆祝成立70周年。作为宣传主管，我很快就对电影事业产生了兴趣。我对发行很感兴趣，因为电影单位社团在电影在电影院上映后以固定的费用购买电影，并在我们的学生会大楼向学生展示电影。这些电影将产生票房收入，这将维持我们学生会的建设。这种情况给了我一些有关电影的背景知识。我对看电影很感兴趣，但这次经历后我想知道更多。同时我发现自己一直在思考，为什么中国显然缺乏了强大的国内电影产业，然后中国总体上缺乏文化软实力。我对中国国家的世界观是由我小时候和十几岁时在英国观看的大中华地区，尤其是台湾地区的电视和电影形成的。我经常想了，如果我更多地接触中国大陆发展起来的中国流行文化影视，我对中国的看

法是否会改变。在研究以电视和电影为载体，更关注中国软实力的学士学位论文时，我对中国国内产业如何与中国的硬实力政策，特别是军事和经济政策直接矛盾的问题提出了更多的质疑，我想到了其他东亚国家，比如韩国，韩国已经成功地在全球出口韩国电视剧和流行音乐。日本还利用软实力叙述，成功地出口了漫画、时尚、电子游戏和日本料理，例如寿司和拉面，以及它们如何能够主要通过其软实力来利用各自国家的看法。我想知道，未来中国是否有可能在全球范围内实现同样水平的软实力影响力。西方对中国看法往往是由我们从外国的角度有限的理解所形成的。我们对中国的了解与经济增长和军事实力有关。从历史的角度看中国，可以从社会的角度考虑共产党和文革的形成，我们看中国的独生子女政策，以及最近的社会信用体系和“一带一路”倡议。许多西方人根本无法将中国社会与政府的强硬政策分开。这在考虑与其他国家的关系时得到了进一步的证明，例如中美贸易战。在随后的几年，我继续学习普通话，并在南京的南京大学和台北的国立师范大学学习，这使我更加了解中国文化。生活在中国和我们在电视上看到的大不相同。中国在很大程度上被描绘成一个传统的国家，通过历史剧和武侠，或者我们展示了一个中国的形象，作为一个挣扎的国家，许多家庭都在艰苦的条件下工作，比如工厂来维持收支平衡。我们没有意识到中国中产阶级的增长。我们根本不知道他们的生活方式和信仰。在有机会看到和了解当代中国之后，我的世界观扩大了。我现在看到了中国的另一面：食物、音乐和娱乐都是中国当代文化的全部。中国当代文化还没有很多出口到全球。慢慢地，渐渐地，我开始

注意到对中国社会的包括在好莱坞上映的电影中变得更加明显，中国科学家和宇航员拯救了一天，中国电影明星譬如说范冰冰、甄子丹和周杰伦开始出现在超级英雄电影和广为发行的电影特许经营权中，中国正慢慢地变得越来越受全球电影观众的关注。剧本正在被改变，以更积极的角度展示中国，为了避免中国冲突，冒犯的角色被移除和替换，在某些情况下，中国甚至被描绘成救世主，特别是在以太空探索为特色的电影中。经过一番研究后发现，这些影片中的许多确实是由许多中国大电影制片厂和百度、腾讯、阿里巴巴等跨国公司出资的。在某些情况下，这些影片中的许多只是遵守了美国电影制片厂和中国电影当局之间的合作关系的規定。这些变化中的一些因更具包容性而受到电影观众的赞扬和欢迎，而其他电影观众则抱怨说，好莱坞电影中纳入中国是假的，与电影的故事情节不符。中国自己的电影产业一路发展，创造出了与好莱坞竞争的大成本大片，中国电影的质量也在慢慢提高，为中国国内电影业带来了大量收入。

从跨国主义的角度来看，世界正在发生变化，这在中国对好莱坞的投资中是显而易见的。好莱坞电影业正在发展，它正在变得更加多样化，故事在美国国内和世界上引起了更多的政治讨论。它也展示了更多的多元文化。好莱坞电影是美国对世界最大的出口之一，也是最重要的电影之一。好莱坞直接为美国人提供数千个工作岗位，使许多美国人继续就业。提高电影市场份额是好莱坞电影业发展和可持续发展的必要条件。好莱坞有着多样化的展览方式，从电影节

放映电影、电影院放映，到现在还拥有奈飞等在线流媒体平台。进入中国市场是美国电影业进入中国票房的下一个合乎逻辑的步骤。中国的票房是世界上最重要的电影市场之一。企业要想成功地开展业务，就必须有良好的关系和相互了解。就中美投资而言，由于中美两国的文化差异，一直存在困难。商业贸易的困难是因为中美两国有着截然不同的观念和信仰体系。美国是一个建立在民主和言论自由基础上的国家。美国电影经常谈论这些自由的价值观。在中国，电影是教育人们在社会中的角色。中国电影受到中国共产党更多的干涉，因为中国政府相信控制向公众展示什么样的价值观。中国试图避免中国社会的美国化。中国价值观必须在中国国产电影中盛行。中国有像中华人民共和国国家新闻出版广电总局这样的审查机构来检查美国电影，以确保它们适合公众观看。美国担心知识产权被盗，并让中国有太多机会接触美国企业。美国认为中国可以监视美国公众。双方合拍电影时需要考虑这些问题。双方都在努力确保他们的观众获得最好的待遇。本研究旨在分析中美两国在全球电影产业中商业关系的不同点。自九十年代中国同意向中国国内观众放映美国电影和国际电影以来，中国 and 好莱坞的关系发展得非常密切。

这三章将分析合伙企业产生的原因以及投资关系的发展。本文还将讨论随着这种新关系的发展和演变，企业、政府和人民所面临的问题。在我的研究中，有一个关于腾讯图片的案例，展示了腾讯与美国和中国的许多电影公司合作制作和发行电影时的关系。电影是现

代文化的重要组成部分，是一个值得探讨的重要课题。它可以扩大我们对中国的了解，让中国政府展示一幅让世界看到的中国的美好图景。这种关系之所以具有战略意义，是因为中国政府能够向好莱坞电影公司学习动画技术和商业结构模式等技能，这也是允许投资的主要原因。对于好莱坞来说，他们可以获得资本来制作更多的电影，并将业务扩展到世界上更赚钱的电影市场。这种合作对美国电影业和中国电影业都有很多好处，研究有助于我们了解未来可能是什么样子。

希望论文能成为中美电影合作的研究的一部分。这个话题正在演变，中国和美国是世界上最大的两个全球大国。这两个国家的国内生产总值和出口额均居世界各大洲之首。此外，两国都拥有极其发达的军事和技术能力。无论两国的贸易关系如何，都将不可避免地影响到世界其他地区。从目前正在发生的中美贸易战可以明显看出这一点。考虑到全球电影市场，这也是同样的问题。中美关系能够有效地改变好莱坞乃至世界电影投资格局。因此，跟踪这种关系有助于更好地理解美国和中国。

## **Table Of Contents**

Preface.....	I
Table Of Contents .....	VI
Introduction .....	VII
Methodology.....	IX
1 From Post-Maoist era to after WTO .....	1
1.1 History of the cinema industry in China.....	1
1.2 Joining the WTO .....	13
2 Domestic and International Obstacles .....	31
2.1 The Political Issues.....	32
2.2 Sino-US Trade War and its effects on the U.S film industry .....	42
2.3 Sociocultural: the people, the audience .....	53
3 Tencent Pictures, a case study .....	67
3.1 The Rise of Tencent in the domestic Film Industry .....	67
3.2 Conclusions .....	81
Bibliography.....	86
Filmography .....	88
Web Resources.....	90

## **Introduction**

‘Cinema is a matter of what's in the frame and what's out’

*Martin Scorsese*

The world around us has become increasingly interconnected through globalisation. Exposure to new cultures and new concepts permeate through the lives of the world's population on a daily basis. Global cinema is something which has lent visual aid to our understanding of the world and the different cultures that exist within it. Through the medium of film, exposure to new notions and philosophies are articulated to cinematic audiences. This connection allows us to understand and bridge cultural gaps that separate us. Two major global players China and the United States are in the midst of this evolution taking place within the global film industry. China, a nation unique in its traditional history, has begun the process of translating their stories to the big screen casting a net to a wider audience, in the process the two nations have become intertwined in the same net, that is to say, the global film market. The contents of this thesis will analyse the ever-changing symbiotic relationship between China and Hollywood. Although Hollywood has been working with China for many years the nature of their relationship has been through many different vicissitudes, from the overall ban of American films in China during the beginning of the communist era to the reforms which allowed China to open up to the world and create it's "Open-Door" policy towards foreign direct investment. While China did permit the U.S to re-enter the Chinese cinema market during the eighties it was still heavily restricted and under strict supervision from the Chinese state through state affiliated film councils. Hollywood is slowly but surely gaining more access to China but only as long as China receives some favourable outcomes at the same time. Through revenue sharing China were able to allow Hollywood a presence in the Chinese domestic film market but in a way, which was easy to control. As this relationship has grown and developed the tables have turned. While China's economy has grown from strength to strength the U.S economy has been hit with their own peaks and troughs. Hollywood as an entity constantly needs fresh capital to keep the studios up and running and over the last ten years have become increasingly reliant on new Chinese capital. What originally began to aid China's flailing domestic film industry through the transfer of technology and skills, has now evolved in a symbiosis whereby China hopes to learn fine skills to apply to its own industry and Hollywood requires fresh finance from Chinese firms.



It has become abundantly clear in recent times, that China has increased its presence in Hollywood films. Several big budget Hollywood films have featured Chinese locations as the backdrop of their films big cities such as predominantly Shanghai and Hong Kong and, many Chinese actors or actresses have had cameos and roles in U.S made film productions, there have even been cases of product placement of China products to give a customised effect to films which enter the Chinese market. Although Chinese investment in Hollywood is not as widely known to consumers of film at a global level, as consumers, we are indeed able to see the direct results of China's omnipresence on cinema screens in a multitude of ways, from the way in which China is discussed, locations and, the inclusion of more Chinese movie stars in more international blockbuster films. China is playing a larger role in film both on and off screens, by reason of the heavy investment China has poured into Hollywood over the last ten years through not only mergers and acquisitions, but also through strategic partnerships, collaborations and of course Sino-US co-productions. China considers Hollywood as an investment opportunity to spread capital and in order to move assets outside of China, whereas Hollywood has considered China to be a necessitous financial resource both for costly film productions and also for China's film market which is expected to be the largest film market in the world within the next few years. The objective of the research presented is to examine the theories and reasons behind the start of China and Hollywood's symbiotic relationship, the bilateral obstacles faced and also will discuss possible outcomes for the future of this strategic partnership.

It is my contention that this subject is an important one to add to the discourse of Chinese soft power, soft power being the term, which was first coined and presented by Joseph Nye<sup>1</sup>, defined as the ability to attract, not coerce and thus influence<sup>2</sup>.

Film has always been one of the most powerful ways to utilise and weaponize soft power. Films which are distributed around the world in the global film market attribute to a global pop culture in today's social media age. In turn, our perceptions, interactions and beliefs systems are influenced by such visual media which can be overtly seen in other displays of cultural soft power such as the "Cool Japan" phenomenon<sup>3</sup>.

Much of Western media and scholars are still very much unaware of and unable to interpret Chinese culture and therefore unable to comprehend much of China's philosophies and actions which reflect the politics of the nation. The first step to dismantling the mystique around China as a nation is to understand the core of its culture and the intentions which funnel down into policy

---

1 Joseph NYE. *Bound to Lead: The Changing Nature of American Power*, London: Basic Books, 1990

2 Joseph NYE,. "China's Soft Power Deficit To Catch up, its politics must unleash the many talents of its civil Society". *The Wall Street Journal*. 8 May 2012

making. Through our understanding of the CPC and of Chinese society it is possible to consider the significant motives behind the establishment of film collaborations between China and Hollywood.

## **Methodology**

In view of the transnational framework in regard to the production of which takes place back and forth between national borders, this research will be a qualitative study of China and the U.S in the relation to film collaboration. It will use sources such as books, academic journals and sources from film magazines, financial newspaper outlets and films. As this is a relatively new topic to academia, there were not nearly as many published books on the subject of Chinese investment into Hollywood film studios and Sino-U. S collaboration. I relied on industry reports published by China Entertainment consultant company Ent Group, and annual reports by Tencent. This was in addition to online news sources which focus on the U.S entertainment industry and finance. The body of the research will be divided into three chapters: The first chapter, will clarify the state of China's own film industry through an analysis of China's history with domestic film since the founding of communist China in 1949 meanwhile, looking at the conflicted relationship with Hollywood as a direct contradiction to communism. Furthermore, it will present the reasons behind the necessity to allow Hollywood entry into China's domestic film industry through revenue sharing in order to bring in capital for China's own domestic industry, an arrangement which began in the nineties. The next big transition to Sino-US film investment happened after China joined the World Trade Organization and we will see how this affected Sino-U. S relationships regarding film collaboration. These changes led to private Chinese firms starting to harbour interests in making financial investments in Hollywood and the U.S film sector (in addition to other forms of popular entertainment worldwide). There was a period of great interest in acquiring U.S film studios and investing heavily in U.S film production which increased rapidly before cooling down in the last few years.

The second chapter will look at political and economic and social obstacles both sides face which have affected the relationship and quality of partnership between the two sides. Issues such as the Chinese government policies in regard to the development of cultural and creative industries have

---

3 Christine R. YANO, "Wink on Pink: Interpreting Japanese Cute as It Grabs the Global Headlines." *The Journal of Asian Studies* 68,3, 2009, pp 681-88

*Peaks and Troughs: An analysis of the fluctuating relationship between China and Hollywood*

been encountered. The CPC were trying to implement policies which encourage the citizens of China to uphold socialist values for the purpose of combating growing levels materialism in China and to weed out corruption. A further barrier to the trade relationship was the Sino- U.S trade war over rising import tariffs amid U.S concerns over Chinese trade practices which has resulted in uncertainty over future film deals with China. Finally, the chapter will also be examining how U.S studios struggle to adhere to China's co-production regulations owing to cultural misinterpretation and clashes in personal politics and how such coproductions are received by the general public in both countries.

The final chapter will include a case study on Tencent Pictures, the video on demand, streaming and film production division of Tencent Holdings Ltd. This study illustrates and emphasises how a Chinese multinational company operates globally is using new strengths in the era of the internet alongside its own in-house technology and investments to carve out their own space in Hollywood. Through enhancing its own intellectual property, co-financing both Hollywood and local Chinese film projects, studio acquisitions and now production of original content, Tencent is a conglomerate which clearly demonstrates how China's economic landscape has changed and the potential future of Sino-U. S film collaborations. Finally, the conclusion of this thesis will review how these elements have all interlinked and enhanced our understanding of the developments between Sino-U. S film trade and what outcome can be produced as a by-product of this precarious relationship.

## **1 From Post-Maoist era to after WTO**

### **1.1 History of the cinema industry in China**

Sino- U.S. film relations have fluctuated since the moment of inception. China and the United States are two nations with vastly different political, social and cultural backdrops. Understanding the prevailing state of Chinese investment trends in the United States film industry requires an analysis of the film industry in both China and the U.S in the 1990s which laid down the framework for the state of investments in the domestic film industry and abroad which are prevalent today. This chapter will provide a brief overview of the history of Chinese cinema output and domestic growth allowing the foundation for our understanding of China's relations with Hollywood. It will examine the state of the Chinese domestic film industry and the beginning of revenue sharing and co-productions as a viable means to produce Chinese movies with a guaranteed overseas audience. We will see how this partnership had a ripple effect both increasing screens in China and also opening new doors for investors. Furthermore, we will view how this method of investment became inverted and China opted to make its presence known within the film industry in the United States creating a vast ripple effect of co-productions and the scramble to access the China market.

The door which led to the Chinese film market was always forced shut by the Chinese government under communist rule, film was always seen as a propagandistic tool and not merely for one's enjoyment. On account of this importance placed on film as medium in China, foreign films, particularly from the United States were not welcome in China for many years. During Maoist China, American movies were banned completely<sup>1</sup>. This was largely due to the Korean war which saw China and the United States supporting opposite sides, with China and the Soviet Union assisting communist North Korea and The United States and the United Nations backing the democratic South Korea. From 15th November 1950 China officially closed its doors to American cinema. American films at the time were seen as directly at odds with the communist message, which was clearly anti-imperialist anti-capitalist, and thus American cinema was considered to be cultural imperialism with the capacity to poison the minds and ideologies of the Chinese nation.

---

<sup>1</sup> Wendy SU, "To Be or Not To Be? —China's Cultural Policy and Counterhegemony Strategy Toward Global Hollywood from 1994 to 2000" , *Journal of International and Intercultural Communication* 3, 1, 2010, pp38-58

Chairman Mao, leader and founder of the Communist Party of China is quoted as saying the following at a speech at the Moscow Meeting of Communist and Workers' Parties (November 18, 1957):

“It is my opinion that the international situation has now reached a new turning point. There are two winds in the world today, the East Wind and the West Wind. There is a Chinese saying, "Either the East Wind prevails over the West Wind or the West Wind prevails over the East Wind. I believe it is characteristic of the situation today that the East Wind is prevailing over the West Wind. That is to say, the forces of socialism have become overwhelmingly superior to the forces of imperialism.”<sup>2</sup>

This quote highlights the desire of the CPC for socialism to conquer over imperialism and the cultural hegemony of the west, allowing any opposing thoughts or ideas to spread through China unchecked could derail communist ideology, everything from film to radio needed to convey a united message.

There are of course exceptions to every rule and film scholar Wendy Su pinpoints the Hollywood film *Salt of the Earth* (Herbert J. Beiberman ,1954) which was allowed to enter China<sup>3</sup>. This however was on the grounds that all involved with the movie had been blacklisted by Hollywood for alleged connections to communist politics, which of course was more aligned with China's interests. This film in particular was produced during the era of widespread McCarthyism<sup>4</sup> in Hollywood, whereby subversion and treason without evidence was rampant in the U.S, where communism was largely seen as a threat predominantly to freedom and democracy. The Neorealist movie depicted Mexican American miners rising up against their discriminatory conditions to gain equal worker rights, and the movie was critical of the United States and some of the policies at the time in regard to employment and society. The themes examined in the story allowed the film to be deemed suitable for audiences of post-1949 communist China as working-class uprisings are essentially the backbone of communist revolutions.

Another alternative reason as to why American movies were not readily available to the Chinese public can also be attributed to the fact that China was drastically underdeveloped at this time. Showing the ‘American Dream,’ a lifestyle where everyone had access to cars, refrigerators and television sets leading relatively middle-class lives could arguably be poorly received by an audience in a developing country thus weakening the communist rhetoric that governed the country at the time. This argument was mentioned in an article in the *New Perspectives Quarterly* in which

---

2 MAO Tse-tung 毛泽东 *Máo Zhǔ xǐ Yǔ lǔ* 毛主席语录 (Quotations from Chairman Mao Tse-tung), Beijing, Foreign Languages Press 1966

3 SU, “To Be or Not To Be?—China's Cultural Policy and Counterhegemony Strategy Toward Global Hollywood from 1994 to 2000” pp41

quotes the former President of Indonesia Sukarno as having told Hollywood executives in the sixties that when East Asian audiences see the lives of those onscreen, they feel denied. He went on to clarify his use of terminology.

“So, the Oriental regards himself as an ordinary person who has been deprived of the ordinary person’s Birth right.”<sup>5</sup>

These insights may help to serve as a bit of useful background when assessing the tumultuous relations with Hollywood studios in the present day, with much friction stemming from clashes in ideologies and values at every level from trade and distribution to gaining the approval of official government channels since the beginning of communist party rule in China.

In addition to shutting out the United States, in 1953 the Chinese film industry had been nationalised and was run by the Communist party<sup>6</sup>. Thenceforth, film production became highly restricted. Films were very much a vehicle for portraying visual propaganda celebrating the achievements of the Communist party as well as teaching the masses about their duties towards society. Cinema in China at this time had very little to do with art and expression. Although there were not many films released each year the message was clear. Usually the stories spoke about heroes and communist intelligence defeating the Japanese who were imperialist enemies of the Chinese state, praising the party founders, as well as the strength and courage of the Chinese nation<sup>7</sup>. An example is the 1955 Edinburgh International Film festival award winning movie, *Letter with a feather* also known by the Chinese title *Ji Mao Xin* (Shi Hui, 1954). The movie delineates a young boy who is able to deliver a crucial message to the communist led army while escaping the Japanese Imperial Army. The movie was directed by Chinese actor and film director Shi Hui<sup>8</sup> who although at the time was celebrated, later was accused of being an intellectual against collectivism (also known as a rightist) and denounced by the communist party, he committed suicide a few short years later. The Beijing Film Academy officially came to prominence in 1956 in furtherance of rapidly producing state sponsored film, during this period film footfalls also increased. It appeared that the government was well and truly behind the creation and development of the domestic film industry as a major part of its domestic policy and political agenda.

Be that as it may, a reversal of fortune for China’s burgeoning film industry occurred only a few

---

4 Landon R. Y. STORRS “McCarthyism and the Second Red Scare.” *Oxford Research Encyclopedia of American History*, 2015

5 Nathan GARDELS, Mike MEDAVOY, “China Cracks Down on “Western Values” in Textbooks, but Embraces Hollywood’s ‘Captain America’”, in *New Perspective Quarterly*, 32, 2, 2015, pp 2-7

6 Emilie YUEH-YU and Darrell William Davis, “Re-nationalizing China’s film industry: case study on the China Film group and film marketization” , *Journal of Chinese Cinemas*, 2,1, 2008, pp37-51

7 Chris BERRY, *Postsocialist Cinema In Post-Mao China The Cultural Revolution After The Cultural Revolution*, New York, Routledge, 2004

8 Zhang Yingjin and Zhiwei Xiao, “Shi Hui”, *Encyclopedia of Chinese Film*, London, Routledge, 2014 p. 304

short years later. One of the biggest setbacks to film production in China was the Cultural Revolution which took place between 1966 -1976, it was considered an opportunity to purge all capitalist thought and traditional ideas from Chinese society. The government's supportive position towards the film industry had completely reversed and production was caught in the crossfire. Eventually during the Cultural Revolution film output would be reduced to almost zero so that the Communist party government could weed out the rightist intellectuals with perceived capitalist sentiments.<sup>9</sup> During the years 1967- 1970 there were no official films produced in mainland China (with the exception of documentaries which received approval)<sup>10</sup>. Film was one of the main mediums under attack from the government in the midst of the cultural revolution because the medium itself was one invented, developed and deployed by the west. Films were produced throughout the latter half of the cultural revolution<sup>11</sup> and by 1976, the end of the Cultural Revolution there were up to ninety-five films released which was a complete contrast to the beginning of the decade where there were only four or five major or musical films released annually. Previous films were banned and new films were produced following the Revolutionary Model Opera<sup>12</sup>, these were operas produced which replaced the feudal characteristics of Beijing Opera to glorify ordinary people in their struggle against class enemies and imperialists, these plays were placed on radios and films and even developed into ballets as part of the propaganda engineered by Jiang Qing, Mao Zedong's wife and part of the Gang of Four, a group comprised of four communist party officials. Films in China have always served as a vehicle for propaganda since the establishment of the Communist Party and this is something which has remained a priority within domestic film production. The following quote from Jiang Qing in November 1967 given to the military representatives and revolutionary mass representatives of the propaganda department succinctly highlights the level of supervision that film production was under during the Cultural Revolution.

“Recently the New Movie Studio produced a documentary of a few modern revolutionary Peking operas, [...] But you did it without first thoroughly comprehending the ideological themes and the artistic qualities of these operas; .... After I saw the movie last evening, I felt uneasy. Is it possible for you to make some supplementary filming? If it is shown in the whole country as it is now, those workers, peasants and soldiers who have not seen these operas before would not be able to understand them; for they, unlike us, are not familiar

---

9 BERRY, *Postsocialist Cinema In Post-Mao China*

10 SU, “To Be or Not To Be?—China's Cultural Policy and Counterhegemony Strategy Toward Global Hollywood from 1994 to 2000”

11 Paul CLARK, “Film-Making in China: From the Cultural Revolution to 1981” , *The China Quarterly*, 94, June 1983, pp. 304-322

12 Barbara MITTLER “Eight Stage Works for 800 Million People: The Great Proletarian Cultural Revolution in Music—A View from Revolutionary Opera” , *The Opera Quarterly*, 26, 2, 2010, pp377

with these operas. You should not be impatient to show it but should see how to reform it well.”<sup>13</sup>

For as long as the Gang of Four held precedence over propaganda output in China, they were able to dictate in detail what was deemed suitable to publish and distribute for the Chinese public to see. Filmmakers that produced work that did not capture the values of the party were encouraged to self-reflect and modify the work in a way which could appease the party, failure to do so would lead to denouncement by the party.

All of these occurrences lead us to the opening up reforms under Deng Xiaoping, Mao’s successor, who took over as Chairman of the Communist Party after Mao’s Death in 1976. Deng’s succession was instrumental in establishing the economic reforms that China flourishes under today. Under these new regulations and policies, American movies were allowed to be screened in China once more. Things began to change in 1986, when Paramount and Universal became the first major American studios to distribute movies in China since 1949<sup>14</sup>. China was accepting movies from the United States and the rate China paid for the film would be determined by how well the film performed at the box office, if it was shown for a longer period on screens the price would increase. Another alternative method of payment for imported films at the time was a flat fee basis. Films that were previously released in the U.S were sold to China at a determined rate of around US\$20,000 per film<sup>15</sup> which would continue on until the early 1990s. This meant that for the first time in decades American movies were allowed to be shown in China. This method allows both sides to make a profit from the movie and is more of a secure method for Hollywood regardless of the risk of the movie going on to make an even bigger profit than expected, it was a way to protect their investment. The Motion Picture Association of America (MPAA), the trade association of America’s biggest studios, was initially reluctant to do business with China, the economic reforms had just begun and China had a long way to go in terms of economic development which meant that China was a risky market to enter. Business at this stage in China’s film industry was limited to simply buying American films from independent distributors in the U.S. However, the CPC and Chinese domestic film industry leaders of the time were also largely ambivalent about this exchange since there were no direct repercussions to China’s own industry at this time.

What changed the landscape was the decline in Chinese cinema audiences towards the late 1980s

---

13 UNION RESEARCH INSTITUTE *CCP Documents of the Great Proletarian Cultural Revolution, 1966-1967*, Union Research Institute, Hong Kong, 1968, pp595-602.

14 WAN Jihong and Richard KRAUS, “Hollywood and China as Adversaries and Allies”, *Pacific Affairs*, 75,3,2002, pp. 419-434

15 Tracy LIANG *History of China Import Film Quota and Revenue-Sharing Remittance* in “Green Hasson & Janks”, 20 April, 2017, <https://www.greenhassonjanks.com/blog/history-of-china-import-film-quota-and-revenue-sharing->



which trickled into the nineties. Domestic movies were being produced with diverse genres, science fiction, kung fu as well as dramas but China was changing, alongside economic development and the establishment of a new middle class, households had access to TV, and films were no longer novel. Chinese movies were telling the same stories and the production was not ground-breaking. Audiences were losing interest in locally made films. Studios were frustrated due to heavy restrictions on what may or may not be suitable content in the movies. Martial arts films and banal dramas were part of this debate. There was a growth of movies being produced purely for entertainment and profit which were doing fairly well commercially but the state-owned studios and censorship rules were clamping down on such productions. January 1986 sparked the beginning of a new bureau to continue the legacy of the Ministry of Culture which was the propaganda arm of the CPC under Mao. The new office would continue to control and oversee film production in China and thus, the Ministry of Radio, Cinema, and Television was formed<sup>16</sup>.

Meanwhile over in Hong Kong, which was still under British colonial rule, the film industry was entering a golden age, production companies such as Golden Harvest supported the rise of Chinese action heroes such as Jackie Chan and Bruce Lee who were leaders in the kung fu film genre. Hong Kong's film industry was by and large undisturbed by the cultural revolution and therefore left to thrive with becoming one of the largest film industries in the world and one of the biggest exporters of films<sup>17</sup>. The Shaw brothers, one of the major pioneers of Chinese diaspora cinema had just started to focus their efforts of television broadcasting through the formation of TVB<sup>18</sup>. Rival company Golden Harvest were also carving out a successful path as film producers. Lack of censorship and more relaxed policies on film production in Hong Kong allowed for Hong Kong cinema to thrive and to dominate Chinese language cinema throughout much of the eighties and nineties by exporting their films works to the greater China diaspora. This output eclipsed Chinese national cinema both in China and abroad.<sup>19</sup>

After the opening up reforms in China however, there was indeed a shift away from government endorsed cinema namely with the rise of a group of young directors dubbed the 'Fifth generation'. These directors were all born after 1949 and spent their formative years growing up in communist China under Maoist rule. The directors included; Zhang Yimou, born in Xi'an, China, in 1951 and

---

remittance

16 SU, "To Be or Not To Be?—China's Cultural Policy and Counterhegemony Strategy Toward Global Hollywood from 1994 to 2000"

17 Michael CURTIN *Playing to the world largest audience*, Berkeley and Los Angeles, University of California press, 2007

18 *ibid*

19 *ibid*

one of the most prolific directors in the fifth generation, Wu Ziniu born in 1952 in Leshan, China whose film *Evening Bell* (1989) won a Silver Bear special jury award at the Berlin International Film Festival in 1989. Tian Zhuangzhuang who was famous for his film *The Blue Kite* (1993). *The Blue Kite* was a film which was critical of aspects of communist rule including the Great Leap Forward, The Hundred Flowers movement and also the Cultural Revolution, although this film made it to the 1993 Cannes Film festival, unsurprisingly it was banned in China and in 1994<sup>20</sup>, Tian Zhuangzhuang was blacklisted by the CPC and barred from making films for ten years. In addition, Chen Kaige, who was the first Chinese film director to win the Palme d'Or at the Cannes Film Festival in 1993 with his film *Farewell My Concubine* (1993). Most of these directors belonged to the 1982 class from the Beijing Film Academy the first to graduate after the academy was able to reopen in the years following the Cultural Revolution. Interestingly enough another famous director Feng Xiaogang, born in Beijing, China in 1958, famous for films such as *Big Shot's Funeral* (2001) and *A World Without Thieves* (2004) as well as family friendly comedies released around the Lunar New Year period, was also accepted into the film academy at this time but could not accept his place there. Many speculate he too would have gone on to graduate in 1982 alongside the other prominent fifth generation directors.<sup>21</sup>Feng, alongside his contemporaries are unique to Chinese domestic filmmaking because through their films occasionally the norm and ideas promoted by the Party policies in the CPC are circumvented.

These directors were experimental, and their films were fairly successful on the international scene gaining traction on the festival circuits. They drew inspiration from early Scar literature which rose to prominence in the post-Mao era after the traumas many faced during the cultural revolution. Drawing on the experiences of those born after 1949, who were red guards or were part of the groups of youth sent down to the countryside to do manual labour. The fifth generation were praised for their vision and storytelling abroad yet were met with censorship and criticism domestically, many such directors had to rely on international acclaim and international funding to produce their artistic works. While the film *Evening Bell* (Wu Ziniu, 1989) went through a heavy censorship process resulting in the ending being changed, *The Blue Kite* (Tian Zhuangzhuang, 1993) was reportedly smuggled out of China by an acquaintance of the director in order to be submitted at the Cannes International Film Festival. Furthermore, *Raise the Red Lantern* (Zhang Yimou, 1991) was banned in China for a few years after its completion despite winning the Golden Lion award at the Venice International Film Festival in 1991. The international acclaim these directors received did nothing to shield these directors from the disapproval and censorship from the

---

20 Liam GREALLY *Awarded Abroad and Banned in China: The Blue Kite* " in "Media Classification" , 2017  
<https://www.mediaclassification.org/timeline-event/awarded-abroad-banned-china-blue-kite-film-censorship/>

Chinese film authorities.

A further instrumental factor which changed the face of the domestic film industry occurred in 1984, the Chinese government reclassified the film industry as a key cultural industry no longer directly responsible to relay propaganda showcasing the ideologies of the party.<sup>22</sup> The government withdrew financial support and studios now had to seek private financial backing in order to produce and create their movies. Author Rui Zhang details that by the early nineties it is reported that the entire industry received a sum as little as RMB50 million annually from the government which was around enough to make only thirty movies if the budget of each film was around RMB1 million and at most RMB1.5 million<sup>23</sup>, or the production would need private support from studios in Hong Kong and Taiwan. This put a strain on the flexibility and the types of movies being produced with many private studios losing business and shutting down.

China's own film industry was slowly grinding to a halt without the support of the Chinese government and film industry insiders knew they had to find a way to modernise and grow as an industry. This ultimately is what led to China looking at Hollywood as a structural model.<sup>24</sup> They had the technology, the know-how and the audiences and China needed to emulate the U.S film production model if they too hoped to save the domestic industry. 'Main melody' films were then given greater prominence. Main melody films were based on Chinese heroes giving the message of bravery and hope, while praising the life and legacies of party officials, the predecessor to *Dapian* or Chinese blockbusters so to speak. However, the production was still poor and failed to draw in more audiences to the theatres. Government funding went heavily into these main melody movies paying for elaborate set designs, excessive postproduction and marketing thus drawing funds away from smaller independent studios. Furthermore, government institutions were forced to buy tickets to these movies to distribute to their workers to try and entice workers to go to the theatre.

Despite these tactics, regardless of ticket sales, cinema footfalls decreased drastically. The venture of producing and distributing such films was haemorrhaging money and the Chinese film industry had to write off these losses. These are some credible causes which could have attributed to some of the reasons as to why China finally came to a revenue sharing agreement with Hollywood perceiving that their own domestic industry was on the verge of collapse.<sup>25</sup>

---

21 Rui ZHANG, *The cinema of Feng Xiaogang* Hong Kong, Hong Kong University Press, 2008

22 *ibid*

23 *ibid*

24 SU, "To Be or Not To Be?—China's Cultural Policy and Counterhegemony Strategy Toward Global Hollywood from 1994 to 2000"

25 *ibid*

Revenue sharing is how Hollywood usually conducts business overseas. This is when a film is distributed within the film market of said country and a portion of the box office receipts are paid back to the foreign studio. Revenue sharing meant that the box office would split the profits made by the film at a 50:50 basis which subsequently was a different approach to the usual at a rate of around 13-17.5%. According to expert in Chinese cinema, Wendy Su; by 1992 more than half of the state-owned film studios had reached around RMB70 million in losses signifying the state of the domestic industry in turmoil. In 1993 film attendance was down by sixty percent since 1989<sup>26</sup>, the government was forced to create new policies regarding distribution and ticketing. Finally, 1994 was a turning point for the domestic film industry in China and for Sino-US relations in film. Smaller film production companies and studios were being established throughout the early nineties such as Zhouzhou World Studios and Huayi Brothers and it was the year in which the Chinese government reached a deal with Hollywood to let ten foreign films to be released in China with the method of revenue sharing. However, at this point the term “foreign film” was mostly synonymous with Hollywood as they are a dominant force in the global cinema industry. It was the year the movie *The Fugitive* (Andrew Davis, 1993) was released in Chinese theatres sparking a new era for film finance in the U.S and in China. After years of resistance and negotiations, the Chinese government finally brought Hollywood to China or conversely allowed Hollywood a tentative step into the Chinese market. This was ground-breaking for Chinese audiences because for the first time the films were being released not too long after their U.S debut allowing Chinese audiences to see current up-to-date American movies alongside American and international audiences.<sup>27</sup>

*The Fugitive* was the first such movie to be screened in China in November 1994, gripping Chinese audiences with contemporary American style drama and action and alongside the other nine U.S movies released in 1995, it would go on to account for around forty percent of Beijing’s box office revenue that year<sup>28</sup>. This was a success for China in so many ways, but the state needed a way to steer this new partnership for their own benefit to make use of the opportunities and revenue which would inevitably stem from Hollywood films being distributed in the Chinese domestic market. Surprisingly, many local Chinese studios were against the revenue sharing agreement with the United States. It seemed to them unfair that not only did they have to make films that were barely funded and heavily censored by their own government, the CPC, but now they had to also compete in their own market with American movies which were heavily funded and well received internationally and renowned for being more slick and sophisticated with access to the latest in film

---

26 Rui ZHANG, *The cinema of Feng Xiaogang*

27 SU, “To Be or Not To Be?—China’s Cultural Policy and Counterhegemony Strategy Toward Global Hollywood from 1994 to 2000”

28 *ibid*

technology and techniques. Many Chinese studio personnel wrote open letters to the government urging them to reconsider allowing Hollywood to enter into their film market warning against the unfair competition that it would create.<sup>29</sup>

The Chinese state were indeed prepared for such issues, nonetheless, they hoped that the allowance of Hollywood to formally enter the Chinese film market would deepen commercialization and would strengthen the market. In addition, it would broaden Chinese audiences cinematic experience thus creating a more sophisticated market. Allowing American film companies to do business with Chinese production and distribution companies would allow Chinese filmmakers access to American expertise and potential funding for domestic films. Roughly forty-six percent of earnings would be acquired by China's film council, the China Film Import-Export Corporation (CFIEC), eight to ten percent of the earnings to domestic distributors and forty to forty-six percent of earnings would go to theatres<sup>30</sup>. Foreign distributors would also cover the costs of marketing, advertising and paying the customs tariffs. Hollywood studios collaborated with some domestic filmmakers and helped to give financial backing for some of movies produced around that time. The Chinese movie *To Live* (Zhang Yimou, 1994) is one such example, having received some funding from Sony Pictures.

While these new deals were designed to help the Chinese market to expand, the situation amassed further problems. The *Changsha conference* in 1996 is a decisive moment in modern Chinese film production as this was a moment where the state declared what they hoped China's cinema could evolve into overtime. The conference held in Changsha, the capital of Hunan province, China, called for studios to place greater emphasis on main melody movies, less on mindless entertainment films. These state-endorsed main melody movies would receive priority when it came to exhibition as well as distribution. This could be one of the main factors which led to the fact that domestic film production went on to fall to around eighty films in the late 1990s compared to 110 films from 1996. The Changsha conference was believed to be almost a nail in the coffin for the film industry and its creatives as it emphasised the Chinese state's desire to keep film as a somewhat propagandistic tool which produces film that continue to deliver the ideologies of the party to the people, though with less financial support. The reforms dismantled state owned studios and allowed at a provincial level, licensed local institutions to produce movies in around thirteen provinces. Although the reforms did not include privately owned studios it created issues for the private studios that were already struggling under the crippling weight of paying licensing and management

---

29 Rui ZHANG, *The cinema of Feng Xiaogang*

30 *ibid*

fees on top of generating funds to produce and direct their movies.<sup>31</sup>

In addition to these new regulations a new initiative was launched alongside the “Ninth Five-Year Plan”. Adapted from the Soviet Union’s planned economy style, under the CPC every five years there would be a meeting and latterly a plan published which highlighted the main agendas of the Party in regard to the social and economic development of China, the first of which was issued in 1953. The Ninth Five-year plan, which ran from 1996-2000 revealed a new initiative. This initiative dubbed the ‘9550 project’, aimed to produce fifty films (ten annually). Ten films were the number selected in order for these films to directly compete with the ten films that would be imported each year from Hollywood. The ministry of propaganda for the CPC made emphatic that these films needed to encourage audiences to love the party and love their country. Chief of propaganda during the nineties, Ding Guangen is quoted as saying:

“films should advocate justice prevailing over evil rather than pessimistic sentiments and should bring happiness and beauty to the audiences rather than wasting their time on absurdity and fabricated plots.”<sup>32</sup>

Some films which did not fulfil this expectation were subsequently banned. The four themes most favoured by the party were believed to be: Children, peasants, history and the army. Films which highlighted patriotism and devotion to the party were given precedence, although many of these films were ultimately box office disasters.

Now CEO of Legendary East, a Chinese joint venture division of Legendary Pictures, American national, Peter Loehr entered China setting up the first official independent film company in mainland China in 1997.<sup>33</sup> His production company, named Imar Film Company, focused on low budget movies to target young and urban audiences and was the first Sino-foreign joint venture in China’s domestic film industry. Imar Film Company set the standard for the initial Chinese and U.S joint ventures in film, by injecting foreign ‘blood’<sup>34</sup> into the Chinese domestic industry through filmmaking and domestic film production. This was one of the first instances of major collaboration by an American and Chinese company within film in China, however the nature of the collaboration was unique because Peter Loehr was not representing a pre-existing company in the U.S but rather

---

31 Rui ZHANG, *The cinema of Feng Xiaogang*

32 China state council legal document. (2000) Document number 41 (guofa, "Guanyu zhichi wenhua shiye fazhan ruogan jingji zhengce de tongzhi" (关于支持文化事业发展若干经济政策的通知) Circular of the State Council on several economic policies to support the development of cultural undertakings <http://www.ccdy.cn/pubnews/450273/20060316/482828.htm/>.

33 CHINA MEDIA MONITOR INTELLIGENCE *When Heroes Are Born - China's Production Industry Looking Forward to Change* in “China Media Monitor Intelligence” , 2000 <https://web.archive.org/web/20111005165508/http://www.cmmintelligence.com/?q=node%2F6270>

establishing one in mainland China.

As the nineties wore on, Hollywood movies became more ubiquitous thanks to piracy flooding all of China. Films which were previously unreleased in China were now accessible through film piracy. Chinese film scholar Chris Berry named piracy as the third side of China's transnational film trade owing to its strong presence.<sup>35</sup> Reportedly the Intellectual Property Alliance calculated a loss of around US \$150 million in 1995 because of the spread of piracy in China and abroad. Now, the market was becoming more acquainted with a western style of movies, the main melody films had to dramatize in order to match the appeal of Hollywood films. Private studios sought the help of international funding while others had to drastically reinvent themselves to present films which could circumvent censorship regulations while still bringing entertainment to audiences. It was around this time directors like Feng Xiaogang pioneered the "New year films" (*he sui pian*) loosely based on Hong Kong's adaptation of films being released to coincide with big family holidays in the west. These light-hearted often family friendly comedies were a hit and were able to easily bypass censorship while still championing the "average joe", the small unimportant people who do their best to amble on and achieve their dreams. Slowly some of these film ideas converged with main melody movies to provide a more humanistic approach to state endorsed film. These mechanisms in Chinese film production were propping up the flailing domestic industry as China's government struggled with policy to tackle the rise in piracy as well as to promote the development of China's domestic film industry.

Ultimately, Hollywood's newfound presence in China marked a new chapter for the state of the Chinese film industry, it allowed Chinese audiences new cinematic experiences which allows for an audience duly educated on the modes of high-quality films. By distributing a few major blockbusters in China the government also believed it would clamp down on piracy<sup>36</sup> and by adding harsher penalties would be able to gain control of the issue, strengthen film markets in China hence deepening commercialization as China's film market was not competitive nor was it orderly. Film revenue could also be poured into local productions thus reinforcing the domestic industry through fresh capital from box office revenues. It could be noted that some Chinese filmmakers perhaps also would welcome Hollywood's ubiquity in China as it could potentially lift some weight off the level of censorship local films were subject to, new film ideas would circulate thus, rejuvenating the industry.

---

34 Tang YUANKAI *More and More "Mixed-Blood" in Chinese Movies*, in "China Today", 2005

<https://web.archive.org/web/20110514235149/http://www.chinatoday.com.cn/English/e2005/e200504/p58.htm>

35 Chris BERRY and Mary FARQUHAR *China on Screen*, New York, Columbia University Press, 2006

36 WAN Ji Hong and Richard KRAUS "Hollywood and China as adversaries and allies", *Pacific Affairs* 75, 3, 2002

These are some of the major events which shaped the state of the film industry in the nineties in China, the beginning of a long-term partnership with Hollywood in the form of revenue sharing in the middle of the decade, the first Sino-foreign joint venture within the film production industry and the 9550 project from the Ninth-five year plan. In addition to censorship and regulatory measures to ensure that the emerging market coincided with the belief and ideologies of the state at every turn. This decade was furthermore characterised by Chinese domestic audiences losing interest in local cinema as up and coming directors were forced to screen their work overseas due to limited exhibition opportunities in the mainland. Cinema attendance dropped significantly as waves of piracy granted the everyman access to polished Hollywood productions at a fraction of the box office price. Private studios were unable to cope with the government reforms and as a reaction had to either shut down completely or adapt to meet the demands and requirements of the state, whilst still ensuring a profitable movie was being made to generate revenue at the box office. Fifth generation directors became recognised and celebrated internationally for creating within the freedoms and confines of foreign capital. Concomitantly, the Chinese state is trying to regulate the success of Hollywood movies being screened to the domestic market, channelling the capital from Hollywood revenue into their own film initiatives to grow and expand the local market with governmentally approved characteristics. This would be the way in which the Chinese film industry entered into the new millennium with hope and desperation in equal measure.

## **1.2 Joining the WTO**

China's film industry is constantly evolving, the first perceivable shift in China's approach to the film industry both domestically and abroad after entering the new millennium was China's accession into the World Trade Organization (WTO) in 2001. This is significant when accessing Sino- U.S trade relations in view of the fact that becoming a country involved in global trade required significant changes to China's own domestic economy and also to adjust existing agreements with other countries. Here, we will explore how the Chinese film industry shifted after entering the World Trade Organization and how it affected China's existing relationship with Hollywood. We will also examine closely how the nature of Chinese movies shifted in order to match the influx of new Hollywood movies entering the market as competitors as well as how China navigated their position and approached Hollywood studios for mutual financial benefit in the long run. It is here in the beginning of the millennium the bricks were laid for the future of Sino



U.S trade relations in film as the symbiosis was set in motion.

After years of negotiations, China was finally accepted into the World Trade Organization on the 11th December 2001.<sup>37</sup> Joining the WTO allows countries to have improved and regulated trade with many different countries and ensures smoother trade agreements whilst preventing issues like trade protectionism<sup>38</sup>. There was much deliberation because many were concerned about what China's accession into the WTO might mean for the global economy. In order to be accepted by the WTO China was pressured to take many pledges and make concessions in regard to their own heavily regulated trade policies as well as their policies surrounding inward and outward foreign direct investment. Despite an "open door" policy which has existed in China since the early eighties, China's markets are far more restricted than many other countries and business deals are highly scrutinised by the necessary regulatory bodies affiliated with the Chinese government.

Hollywood in particular had warmed to the idea of China joining the WTO because Hollywood presupposed there could be many benefits and potential investment opportunities.<sup>39</sup> Hollywood could also gain better access to the world's 'largest untapped market' author of a case study of Feng Xiaogang, which highlights Chinese film history since the 1990s, Rui Zhang asserts that according to Jack Valenti, former president and founder of the Motion Picture Association of American (MPAA, a trade association in the U.S representing major film studios in Hollywood) the common conviction was that there would be endless new opportunities due to changes in regulations and that China had pledged several benefits Hollywood would receive when China joined. China would have to double the quota of revenue sharing films from ten to twenty films annually. Furthermore, revenue sharing was to be at a 50:50 even split basis. In regard to licensing, twenty films would be allowed on flat-fee licensing and joint ventures in distribution of videos would be permitted<sup>40</sup>.

In addition to these new regulations, the investment ban on cinema ownership was lifted, this meant that foreign entities would be able to buy and operate cinema chains in China. An existing cinema chain from the United States could purchase shares in or acquire a struggling cinema chain in China and this would allow a U.S cinema chain a strategic advantage for having their film exhibited and promoted in China if the film could pass through the regulatory bodies. For U.S investors

---

37Resource and Documents from World Trade Organization website:  
[https://www.wto.org/english/thewto\\_e/acc\\_e/a1\\_chine\\_e.htm](https://www.wto.org/english/thewto_e/acc_e/a1_chine_e.htm)

38 William WEIGHTMAN, *Why China Won't Abandon Its Controversial Trade Policies*. In "The Diplomat" 25 May, 2018. <https://thediplomat.com/2018/05/why-china-wont-abandon-its-controversial-trade-policies/>.

39 WAN Jihong, and Richard KRAUS "Hollywood and China as Adversaries and Allies" , *Pacific Affairs*, 75,3 November, 2002, pp419 -434

40 Rui ZHANG, *The cinema of Feng Xiaogang*

companies that would build, own and operate their own cinema chains, they would be allowed a forty-nine percent ownership thus, allowing American cinema chains to enter the Chinese market and directly compete with Chinese owned cinema chains. The concession would make it easier for the exhibition process and for Hollywood studios who have a stake in a U.S cinema chain that operated or conducted business in China. China would also reduce tariffs on film imports from nine percent to five percent meaning that Hollywood studios would pay less taxes on the films that were being imported into China. Home video tariffs were also reduced meaning studios went from paying fifteen percent on video imports to only ten percent, a sizable decrease.<sup>41</sup> It is said that although these changes were made, Hollywood studios and the MPAA were still dissatisfied as they were hoping China would make more concessions for the film industry imports.

Another requirement of the WTO was the obligation to protect intellectual property as per WTO trade related IP regulations. Prior to this time, Hollywood studios did not always have a predominant footing in China due to the rise of piracy which allowed people to have access to Hollywood movies for a fraction of the price it would cost to see the movies in the cinema. Furthermore, through piracy Chinese audiences could gain access to movies that may not have been released in China and the spread of piracy resulted in innumerable losses for both Hollywood and the Chinese industry. The World Trade Organization's regulations were largely in response to these kinds of threats whilst in the U.S a lot of emphasis was being placed on intellectual property law in the realm of entertainment. Intellectual property law helped protect Hollywood studios in the production of original content to make sure content creators had their work copyrighted, furthermore, this would aid the United States in the ever-present battle against film piracy around the world and particularly present in China. These new regulations helped to give favourable conditions to Hollywood studios wanting to gain better footing in China with less risks.

The era after China's ascent into the WTO marks yet another paradigm shift for the ever-transient Chinese film industry. Film legislation was improved around this time and from 2002 China's official stance was to industrialize Chinese cinema. Ambitions for the development of the industry were further clarified when China officially declared cinema as an industry in 2003 as opposed to being grouped as just one part of the greater grouping of cultural industries which included theatre and music, to name a few. This was the true turning point in which China had begun to develop the film industry and steer it in a way that was more in tune with the objectives and values of the country.

---

41 *ibid*

The first notable change visible after joining the WTO was the boosted support of Chinese film authorities for individual filmmakers in their own domestic market, in particular the fifth generation. Already internationally renowned by this time, China granted film makers and studios greater freedoms and responsibilities to develop their arts to be distributed on a wider scale. Many of the fifth generation film directors and the up and coming sixth generation of film directors in China were able to enter into a new more experimental stage of film production with less domestic restrictions on what subject matter and more opportunities for promotion and exhibition of film projects both domestically and internationally. Armed with financial backing from both Chinese and international film studios, directors and screenwriters could produce better quality films.

A film which highlights the shift of policy perfectly was the film *Hero*, directed by Zhang Yi Mou and released in 2002. *Hero* was unique in the sense that not only was the film considered to be a main melody film, a quintessential Chinese blockbuster, but it was also a co-production between Hong Kong and mainland China, distributed by American film entertainment company Miramax Films. The film was one which inverted China's role as simply a consumer of film to that of a producer.<sup>42</sup> The film eventually had a U.S release in American theatres where it fared well at the box office and was well reviewed. *Hero* is a movie which is constantly acknowledged for being pivotal in Sino- U.S relations in film in the immediate aftermath of China's ascension into the WTO. The plot incorporates the story of *Qin Shi Huang Di* the emperor credited with uniting all of China and the main character in the plot, *Nameless*, shows skills of bravery and patriotism, sacrificing himself for the good of the nation. Thus, the storyline fits exactly into the values the China would like their domestic audiences to be exposed to while using Hollywood's template for delivering the story to mass audiences. It is worth noting however, that American studios had also demanded that the running time should be cut down so as not to confuse American audiences with extra storytelling. This is an indication of the future difficulties which could arise with co-productions owing to the cultural differences in storytelling and plot development. China is culturally different to the west and plot development in Chinese literature follows different devices which are not always easily translatable to western audiences, this has trickled down to the way in which Chinese films evolve a plot to enhance the story. Nonetheless, *Hero* marked a turning point in China's relation with Hollywood in regard to collaboration.

Based on the success of Taiwanese American director Ang Lee and his film *Crouching Tiger Hidden Dragon* (Ang Lee, 2000) which drew audience's attention to *wuxia* films, depicting ancient martial heroes, Hollywood realised global audiences were also fascinated by these premodern

---

42 Chris BERRY and Mary FARQUHAR *China on Screen*, New York, Columbia University Press, 2006

Chinese stories. The film took the form of a typical heroic blockbuster which was easily digestible for global audiences. Hero also used various prominent Chinese actors who were already internationally recognised due to their roles in *Crouching Tiger Hidden Dragon* and various other films which had reached global audiences, such as *Tony Leung Chiu-wai*, *Jet Li*, *Maggie Cheung*, *Donnie Yen* and *Zhang Ziyi*. This fascination with aspects of Ancient China not only helped this genre gain popularity abroad but it was also a chance for China to further promote main melody movies but now with a greater platform than ever before as worldwide distribution would be guaranteed. Overseas audiences could experience Chinese culture in a simple and easy to understand format and domestic audiences would experience films with higher budgets and better technology than ever before. Hero was so successful that the revenue from its US release was enough to cover all of the films production costs.<sup>43</sup> Similar films followed after the success of *Hero* such as *House of Flying Daggers* (Zhang Yimou, 2004), *Still life* (Jia Zhangke, 2006) and *Curse of the Golden Flower* (Zhang Yimou, 2006) as other fifth generation directors also took advantage of this new situation. The tight regulations as to which topics were allowed to be explored were loosened and in addition, fifth generation directors tested the waters with more commercialized films.

Despite these developments there were still issues with cinema attendance in China. Audiences were heading to the cinema less frequently and only for special occasions such as the ‘*He Sui Pian*’ or ‘New year’s movie’. Chinese films were not attracting as many viewers to the cinema. Since the late 1990s around seventy percent of box office revenue was from Hollywood imports and in 2003 the total box office of Hollywood films was around US\$299 million<sup>44</sup>. Arguably around this period China began channelling profits from these films and investing in domestic production.

The first rubric which laid down the framework for what we now recognise as Sino-US co-productions came into fruition after a meeting which took place on 15th June 2004. China’s State Administration of Radio, Film and Television (SARFT) (*Guojia guangbo dianying dianshi zongju*), drafted regulations regarding co-productions. In addition to this, by 2006 the government was clearly loosening its grip in order to allow these changes to take place. To ensure distribution was given an even smoother path, another company named Huaxia was authorised as a second distributor of international films in China. According to Film scholar Emilie Yueh-Yu Yeh,<sup>45</sup> the China Film Group Corporation (CFG), the state-owned distributor was still able to maintain

---

43 David CARTER, *East Asian Cinema*, Kamera BOOKS, 2010

44 WAN Jihong and Richard KRAUS, “Hollywood and China as Adversaries and Allies”

45 Emilie Yueh-Yu YEH and Darrell WILLIAM, “Re-nationalizing China’s film industry: case study on the China Film group and film marketization”

control considering they owned a twenty per cent share of Huaxia. China Film Group Corporation is the largest film entity in China owned by the Chinese state, they have several subsidiaries for instance China Film Group Co-production corporation, film equipment companies and the Sino-Foreign joint venture partnership to name a few. It has over thirty-four major holding companies and joint stock companies in addition operates China's state-owned movie channel CCTV-6.<sup>46</sup> By streamlining distribution rights and film production in China the state is able to keep a close eye on all film projects which are made within China. Films without the approval of the necessary bodies that are distributed throughout China are considered to be illegal films.

Maintaining control of the Cinema industry was a huge concern due to cinema attendance tapering off and a heavy reliance on Hollywood blockbusters to drive ticket sales. The China Film Group Corporation was able to come to a solution and henceforth are now responsible for an annual three month 'protection period.' This aforementioned protection period can also be known as a black out month. China refuses to screen any international movies choosing only Chinese or locally produced movies to be screened at this time. This period can last for a few months. From December 2007 major international companies were shut out, including Disney, Paramount, Warner Bros and DreamWorks to name a few. This period lasted for three months and took the companies by surprise. Many were mid-negotiation waiting for the green light from Chinese studios and distributors. Instead, during this period CFGC decided to focus its attentions on *da pian* (大片) which are Chinese style blockbuster movies produced locally. This black out period in 2007 was significant because it was the longest one since China joined the WTO in 2001. It conveyed China's stance, and how easily trade relations between the U.S and China would indeed trickle into the bilateral entertainment agreements, thus affecting both sides' entertainment industries. These actions are to be magnified whenever China and USA are embroiled in sensitive trade disputes because the Film and Cinema industry is very much a part of that. In the same year the U.S lodged a complaint against China for not following through with its commitments in regards to access to media markets which launched an ongoing struggle for China to update its media policy to reflect its position as a member state of the World Trade Organization.<sup>47</sup>

The end of the first decade brought about these new complications but also both sides were seeing receptive audiences. The western audiences grew more interested in Chinese style main melody

---

<sup>46</sup> *ibid*

<sup>47</sup> Aynne KOKAS, *Hollywood made in China* Oakland, University of California Press, 2017

storytelling and Chinese audiences were slowly but surely growing into a more educated film audience.

The period of the early 2000s were instrumental for laying down the foundations of Sino-US co-productions, early films such as *Hero* and *House of Flying Daggers* were met with such international acclaim that China could see the value of Hollywood as a platform for main melody films and saw an opportunity to turn this symbiotic relationship into one of gains for China's domestic film market. Although struggling with management and other issues China's film industry saw greater creative freedoms for domestic producers and directors as well as more favourable circumstances for Hollywood studios and in fact could be referred to as a sort of liberalization period in Film relations. Furthermore, Chinese cinema was experiencing a sort of transnationalism which expanded the reach of its movies to consumers beyond the Chinese speaking diaspora. Bigger budgets were given to Chinese productions and they were routinely performing well on the festival circuit. It appeared that this was the time that China could strategize and bring China's industry up to officially become a global player in the film industry. However, conversely, it is arguable that this is also the period in which China slowly showed its hand in relation to its official stance on film trade. By creating blackout periods or protection months, China and its film industry sent a clear warning to international studios that this symbiotic relationship needs to be in China's favour, and they will not hesitate to put their own films productions at the forefront of domestic cinema screenings. China's film authorities mean to protect domestic film projects first and will indeed take action to make sure Chinese films may have ample chances to make a profit at the box office.

In the following years at the end of the decade there were even more developments to the Sino-US Film relations resulting in the boom of co-productions which we have seen in the latter half of the decade. The People's Republic of China released their twelfth official five-year plan in 2011 under Hu Jintao the former leader of the CPC. In this five year plan which details the CPC's intentions for the direction of growth for China, it specified media industries, film, TV and the like, as industries which needed backing and support from the central government, due to the fact that it was a principal area which would be conducive to economic growth. With government policy backing the media industries, arguably, this could have been considered a green light to expand and develop the media infrastructure of China and thus allowing joint ventures and co-productions the initial foot in the door. Furthermore, these declarations highlight that central planning indeed has always been at the heart of Hollywood and China's relationship.<sup>48</sup>

---

48 CNTV *China unveils 12th Five-Year Plan* in "CNTV" , 28 October, 2010  
<https://web.archive.org/web/20101101103414/http://english.cntv.cn/program/china24/20101028/100670.shtml>

The formal complaints the United States made to the WTO and the General Agreement on Tariffs and Trade (GATT) helped the U.S to reach a breakthrough in 2012 when a memorandum of understanding (MOU) was created between the People’s Republic of China and the U.S on the subject of Films for Theatrical Release<sup>49</sup>. The complaints that China were not adhering to WTO conditions was launched in 2007. The WTO expressed its endorsement of the U.S side in 2009 but the situation was not resolved until five years after the original complaints were filed. This consensus was a China-Hollywood film agreement. In February 2012, Joe Biden Former U.S vice president met with the Chinese vice president at the time, Xi Jinping, (who would go on to become the president of the PRC in 2013). This meeting led to another drastic increase to the film import quota that was stifling Hollywood’s access to China’s film market. Under this deal an additional fourteen films were allowed to enter China as special format productions. This was during the advent of IMAX and 3-D cinematic experiences. This was considered a short-term solution to the issue of piracy and a way to heighten the cinematic experience. During this deal in many ways Aynne Kokas argues that Hollywood had the upper hand in this deal as IMAX and 3-D film formatting technology supported the development of new filmmaking practices and relied on technology that the U.S had access to<sup>50</sup>. Thus, this agreement raised the film quota once more to a more palatable thirty-four foreign films allowed to enter China subject to government approval. In the same year the Chinese state funded efforts to develop DMAX a Chinese owned rival to IMAX in order to stop the monopoly IMAX cinema had over in China.

51

		Pre-1995	1995-1999	2000-2011	2012-Prsent
<b>Revenue Sharing</b>	Annual Quota:	N/A	10 titles	20 titles	20 titles, plus <i>at least</i> 14 films in an enhanced format (e.g., IMAX, 3D)
	Revenue-Sharing Remittance %:	N/A	13%-17.5% of box office gross		25% of box office gross
<b>Flat Fee</b>	Number of Titles Per Year:	No cap, very limited		Initially 20 titles, gradually increased to around 30-40 titles per year	No cap, but roughly equal to the number of revenue-sharing titles
	License Fee:	<\$20,000		\$20,000 - \$500,000	\$100,000 - \$10+ million

When Chinese domestic businesses got wind of potential ventures in U.S through investment in U.S studios it was like a typhoon had been unleashed in the period between 2015 - 2017 a flurry of deals came into fruition and mergers, acquisitions and joint ventures were accelerating at a rapid pace.

49 KOKAS, *Hollywood made in China*

50 *ibid*

51 Table from: Tracy LIANG *History of China Import Film Quota and Revenue-Sharing Remittance* in “Green Hasson & Janks” , 20 April, 2017, <https://www.greenhassonjanks.com/blog/history-of-china-import-film-quota-and-revenue-sharing-remittance>

These years saw a scramble from Chinese firms to buy up Hollywood. Film studios, private investors and big-name conglomerates saw an unparalleled opportunity to grab a stake in one of the largest pies in the world, namely Hollywood. Up until this particular point, the Sino- U.S film trade was vastly one way, Hollywood would buy their way into China's local market, funding local studios, sharing technology and educating the cinema-going masses to create an entirely sophisticated market while expanding their own global market share. However, the relationship became inverted due to the force of Chinese capital and strength of China's economy which sustained during the 2008 crash and recession of which many western companies took a substantial beating. China's economy overtook Japan's towards the end of the first decade of the 2000s to become the second largest economy in the world after the United States. China's private companies also had more flexibility and leniency through state policies to invest in tangible assets abroad. Many conglomerates were diversifying their investment portfolios in a range of different sectors across the globe to expand China's sovereignty. These were the state of affairs which would invert the status quo of investment and collaboration and see outward foreign direct investment from Chinese firms into Hollywood.

For instance, in 2012 Chinese multinational conglomerate Dalian Wanda Group made headlines for its acquisition<sup>52</sup> of AMC Entertainment<sup>53</sup>, one of the largest historical cinema chains in the United States with its history dating back as far as 1920, they were also the largest operators of IMAX screens in 2012. This was the first time a privately held Chinese company dared a public acquisition of this size in the entertainment and cinema world. The deal was valued at around US\$2.6 billion including the company's debts. Dalian Wanda also pledged around US\$500 million to fund operations. The deal, advised by Ernst and Young was radical at the time because it was the first definitive move which put China at an advantage over the U.S in entertainment and was considered the first major opportunity to place more Chinese films in the U.S making use of AMC Entertainment's wide reach as a global cinema chain. Wanda's predominant advantage from this acquisition was not necessarily Hollywood films being brought over to China and its audiences but more so the opportunity for Chinese films to be exhibited more internationally.

In the same year American animation studio DreamWorks Animation Studios established a Sino-U.S joint venture named Oriental DreamWorks (now known as Pearl Studio) to be the Asian division responsible for Chinese animation and distributing it within China. The partnership was

---

52 Jiayun FENG *China and Hollywood: Is the romance over?* In "Supchina" 12 December, 2019 <https://signal.supchina.com/china-and-hollywood-is-the-romance-over/>

53 Terril Yue JONES, Denny THOMAS *China's Wanda to buy U.S. cinema chain AMC for \$2.6 billion* in "Reuters" 21 May, 2012 <https://www.reuters.com/article/us-amcentertainment/chinas-wanda-to-buy-u-s-cinema-chain-amc-for-2-6->



also with Shanghai Media Group, Shanghai Alliance Investment and also Chinese Media Capital (CMC). The partnership showed the potential growth of China's distribution and creation of original content which could be suitable for a wide range of audiences including families with young children. Animation is always a secure option for films in China because animated films tend to be popular with entire multigenerational families, a common cultural element to Chinese families. Animation also uses a wide range of technological skills which could be learned and passed on to other workers in China's own domestic industry. Furthermore, this joint venture aimed to make use of the DreamWorks brand to import Western films into China. Many DreamWorks films such as *Kung Fu Panda* are incredibly popular in China and this helped to expose a potential space for the development of animation studios in China (Oriental DreamWorks would go on to co-produce the third film of the franchise, *Kung Fu Panda 3* in 2016).

Multitudinous deals followed suit. The floodgates were opened, and private Chinese firms arrived on the scene ready to merge with and acquire cinema chains, film studios and production companies. Here are some examples of Sino-U.S acquisitions and investment deals that followed Dalian Wanda: Studio 8 was a humble start up launched by a former executive at the American entertainment company and giant, Warner Bros. Inc. Jeff Robinov, a film producer formally with Paramount Pictures John Graham and, a former creative and studio analyst with Paramount Pictures and Universal Pictures, Mark Miner.<sup>54</sup> After seeking investment and financial backing, in 2014, Chinese investment company and conglomerate Fosun International pledged an investment of around US\$200 million into Studio 8 making the studio's majority owners Fosun International, while still operated by Jeff Robinov as the CEO. Moreover, Chinese Film and TV giants Huayi brothers affirmed through an announcement to the Shenzhen Stock Exchange in the same year, that the company would be investing somewhere in the region of US\$120 million into this venture. Chinese finances would be propping up an American film studio in order for it to produce its own films and operate in Hollywood. This was a contemporary development to Sino-U.S film deals which saw mass inward foreign direct investment in the nineties: Hollywood studios financing local film products in China and providing services such as post-production and animation support, in addition, by importing Hollywood films the Chinese film industry was seeing an injection of funding which would then be allocated to productions.

The absolute pinnacle of deals between Chinese firms and Hollywood studios, and entertainment companies was arguably in the year 2015 which saw negotiations and deals made between the two

---

billion-idUSBRE84K03K20120521

54 A *Filmmaker-Driven Media Company* in "studio8" <https://www.studio8.com/about/> "Studio 8". *Studio 8*. Retrieved

sides at a mercurial pace. CPC policy on outward foreign direct investment was poised to allow Chinese firms a global reach and this period of expansion led to vast amounts of Chinese capital being poured into deals in Southern California. Conceivably, many Chinese investors simply saw an opportunity to grow revenue for their companies by investing in studios and production companies with an unsurpassable global outreach while moving some of their assets out of China, diversifying financial portfolios in the process. Arguably the by-product of potential Chinese control and leverage over American productions and the growing necessity for co-productions were not completely rooted in the minds of these Chinese firms as these mega-deals were taking place. From the perspective of Hollywood however, it appears right from the beginning these kinds of deals were seen as an entrance and potentially unlimited access into the Chinese film market which was growing immensely at the time with the expansion of the middle classes in China. Residents in first, second and third tier cities in China were beginning to see incomes increase and therefore more money for recreational activities such as outings to the cinema with family and friends. The U.S although a dominant force in global cinema were facing their own domestic issues of audiences losing interest in cinema and audiences choosing to stay at home instead of heading to the cinema. Much of the U.S public were turning to downloading and streaming films at home due to it being an economical and convenient alternative to the theatre. In order to propel box office revenue, rather than simply searching for ways to increase their own domestic footfall, Hollywood began searching for greener pastures.

Huayi Brothers, a multinational company founded in 1994 in Beijing, China, and famous throughout East Asia for its foray into film studios, production, talent management and theatre chains to name a few ventures, in addition to its pledge with Studio 8, also confirmed a three year deal with STX Entertainment in April 2015. In this deal, the idea was to co-produce and distribute twelve to fifteen films per year with STX Entertainment. STX is a relatively new private entertainment company in the U.S and pooled talent from a number of existing film studios and production companies in both Europe and the U.S. STX in addition, already had some connections and established relationships with other potential Chinese investors including tech juggernaut Tencent Pictures, the subject of a case study in chapter three of this body of work. This partnership displayed the might of Chinese firms whose capital was actively ploughed into the Hollywood studios providing filmmakers with the finances necessary to keep the blockbuster machines churning.

It goes without saying that these sudden deals would go on to have profound effects on how

Hollywood operates and does business both within the U.S and in China. The reasoning behind many of these deals from the American side was to gain access to a previously untapped market, China. Circumventing the stringent regulations that import films face when trying to enter the Chinese market and heavy censorship was the clearest motivator when doing business with Chinese firms and the growing pool of talent and technology means that the Hollywood needs an endless flow of capital to maintain their position as the number one filmmaking centre in the world. There has been much speculation that allowing China to have a growing presence in Hollywood and to invest in studios could potentially be the phenomenon which ultimately leads China to increase its foreign film quota due to Chinese interests and assets in American film firms.

Continuing the plethora of deals which took place in 2015, Bona Film Group, a Beijing based production company signed a deal with American film financier company TSG Entertainment. In the deal that was struck between the two entities, Bona Film Group pledged to invest in six live action tent poles, big blockbuster movies, which are expected to earn a vast amount of revenue not only through the box office, but also through accompanying merchandise and advertising. Alongside this pledge was the agreement to participate in a slate financing arrangement over a long term period, slate funding is a form of risk management in film investment whereby, the financier or investor hedges their bet across an entire portfolio of films instead of risking their stake on just one single production. The amount invested in TSG Entertainment was around US \$235 million.<sup>55</sup> *The Martian* (Ridley Scott, 2015) is one of the first co-productions which was a direct result of this deal. The film indeed was a success nominated for multiple academy awards and went on to win at the Golden Globe awards. Though, it was also one of the first few Hollywood films to be called out for “pandering” to China as the Chinese National Space Administration (CNSA) plays a key role in the film helping to save the day, which many in the U.S felt was forced into the plot in order to be screened in China. Similarly, 2013 Film *Gravity* (Alfonso Cuarón, 2013) was accused of the same ruse as the protagonist, an American astronaut is saved after reaching a Chinese space station.

Another popular Hollywood movie produced as the result of a 2015 film investment deal between a Chinese company and a Hollywood entertainment company was the 2016 hit film *La La Land* (Damien Chazelle, 2016) starring globally famous American actors Emma Stone and Ryan Gosling. The film (which went on to win multiple awards including six Academy Awards after being nominated for fourteen categories) was the result of a deal made with Hunan TV, which is owned

---

<sup>55</sup> Wendy MITCHELL *Bona Film Invests \$235m in TSG* in “Screendaily”, 6 November, 2015. <https://www.screendaily.com/news/bona-film-invests-235m-in-tsg/5096560.article>

by Hunan Provincial Government in China and Hollywood film Studio Lionsgate.<sup>56</sup> Hunan TV agreed to a deal providing around US\$375 million capital and to finance around twenty five percent of Lionsgate's film productions over a three year period excluding some pre-existing franchises, in exchange, Lionsgate agreed to collaborate on some Chinese language content for Hunan TV's domestic audiences in China<sup>57</sup>. Although there is no mention of China in the film it did fairly well in the Chinese box office generating around US\$35 million according to box office revenue tracking sites.

Chinese E-commerce giant Alibaba headed by Chinese entrepreneur Jack Ma, joined in on the investment gravy train in 2015, Alibaba Pictures, the film production arm of the company, worked with Paramount Pictures to invest capital in *Mission Impossible: Rogue Nation* (Christopher McQuarrie, 2015) this was an opportunity for Alibaba to utilise Taobao movie mobile ticketing services and Yulebao which is Alibaba's own crowdfunding platform. Alibaba, like other technology conglomerates that have ventured into film are at an advantage because they have significant technologies to monitor film sales and audience reactions to the films, they have invested in. China Media Capital (CMC) and Warner Bros. Entertainment, backed by the Chinese government decided to form an international joint venture to create a production company called Flagship Entertainment group. Established in 2015, it is based in Hong Kong and Hong Kong Television Broadcasting company, TVB owns a ten percent share in this venture.<sup>58</sup> This venture targets both China and the greater China region as well as the U.S. The movie *The Meg* (Jon Turteltaub, 2018), starring a multicultural cast of Chinese and Western actors was their first major English language release. *The Meg* performed incredibly well at the box office with around one fifth of its revenue coming from China, probably due to the popularity of Chinese actress Li Bingbing who co-starred in the film.

Yet another Hollywood studio which sought out Chinese investors was Dick Cook Studios, an LA-based studio established by the former Disney Chairman Dick Cook. His company received around US\$150 million in investment from Citic Guoan Group<sup>59</sup>, which is a division of a state-owned conglomerate. The deal produced a favourable outcome for the new entity as the deal centred around a focus on producing family friendly entertainment, much like the content made at Disney and, following this deal Dick Cook studios were able to land another deal in 2016 with Film

---

56Xin ZHANG *Lionsgate agrees film finance deal with Chinese broadcaster Hunan TV* in "IHS Markit" 19 March, 2015 <https://technology.ihs.com/527294/lionsgate-agrees-film-finance-deal-with-chinese-broadcaster-hunan-tv>

57 ibid

58 Patrick BRZESKI *Warner Bros.' Flagship Entertainment Unveils 12-Movie Slate for China* in "Hollywoodreporter" 16 March, 2016 <https://www.hollywoodreporter.com/news/warner-bros-flagship-entertainment-unveils-876092>

59 Clifford COONAN *China's Citic Guoan Invests \$150M in Dick Cook Studios* in "Hollywoodreporter" 19 April, 2015

Carnival a film producer and distributing company in Zhejiang Province, China This company agreed to finance one hundred percent of movies developed and marketed by the studio<sup>60</sup>.

Finally, Beijing-based film and gaming group Perfect World made a US\$250 million equity investment in Universal pictures in a deal struck in January of 2016<sup>61</sup>. The plan was a five-year agreement to back around fifty Universal films making it a financial slate deal. In 2017, Perfect world renewed their commitment with another US\$250 million and this deal is to be spread over numerous years as opposed to a short-term approach. Perfect World reportedly will receive a twenty-five percent share of most films that are scheduled to be released under Universal Pictures. The deal highlights the potential longevity of Sino-US collaboration which could enhance the nature of further deals made between China and Hollywood in the future. If China and Hollywood are working to long term goals China and U.S definitely have ultimate goals or preferred outcomes for this partnership and both sides of this agreement must feel that an extended partnership is far more rewarding than a short-term collaboration.

This period of rapid growth and a succession of deals was unprecedented in the history of China's relationship with Hollywood. In the past, deals were characterised by the U.S side investing in local Chinese studios. Many U.S studios would open up Chinese locations and provide training and financing in order to build the technology and skills of the local Chinese filmmakers but these deals allow us to understand how the winds have changed and in this moment it appears that Hollywood is now more in need of Chinese capital, than China needs Hollywood's skill set. An illustration of the past relationship between China and Hollywood is when Cameron Pace Group, the company of renowned American film director James Cameron, signed a joint venture deal back in 2012 to provide 3-D technology and production services in a new location in Tianjin, China. IMAX also became popular in China as a new way of screening films to Chinese audiences thus reducing the level of piracy in China. Transfers of technology and skills in this manner were usually the ways in which Hollywood and China did business with each other. The fact that now the capital is coming from China has changed the boundaries of this relationship in significant ways. Hollywood is now somewhat reliant on China for capital and this feeds into the way in which Sino-U. S co-productions have been handled over the last five or so years. At every level filmmakers and personnel working in the U.S film industry are reminded that although these deals are in place it is

---

<https://www.hollywoodreporter.com/news/chinas-citic-guonan-invests-150m-790122>

60 Daniel MILLER, Julie MAKINEN *Former Disney Executive Dick Cook Inks \$500-Million Production Deal with Chinese Film Company*, in "Los Angeles Times", 30 March, 2016,

<https://www.latimes.com/entertainment/envelope/cotown/la-et-ct-cook-china-carnival-20160329-story.html>

61 Adam JOURDAN, *China's Perfect World to fund Universal movies in \$250 million deal* in "Reuters" 17 February, 2016 <https://www.reuters.com/article/us-perfect-world-universal-pictures-chin-idUSKCN0VQ12X>

not actually a guarantee into the Chinese market. The investments of private media companies in China do not always correspond to government approval and the bypassing of censorship rules in order to have a film released in China.

Despite these deals at a rapid pace, China's foreign film quota still remained at thirty-four films after the 2012 China-Hollywood film agreement. Chinese policy would not budge to allow further concessions leading to widespread frustration among Hollywood studios and filmmakers alike. The only way to bypass the regulations of the foreign film quota remained through a co-production with a Chinese company as allowing a film to enter the Chinese market through flat fees or buyouts were far too risky and not profitable for American companies and thus, the mass influx of co-productions followed in the subsequent years. In order to be considered a co-production with the approval of Chinese regulatory bodies, a film had to go through a three-step process as detailed on the website of the CFCC, the China Film Co-Production Corporation. The guidelines state that first, an application for the establishment of the product must be filled out, followed by production and review and approval of the completed film. In order to be considered a co-production, the rules were that one third of the cast and crew had to be Chinese, China had to play a significant role in the movie, not just a villain or antagonist and part of the film had to be set in China. Despite these guidelines appearing straightforward, there were many more unspoken rules and regulations of which caught western filmmakers off guard. Although it is not overtly mentioned, anything which may be deemed inappropriate for Chinese audiences, at the discretion of censorship boards, could render the film unsuitable for the Chinese market and therefore either, losing its status as a co-production or even being banned from a Chinese screening all together. The difference between films which are angling for a Chinese release and films that have already attained co-production status is the fact that co-productions are heavily guided by Chinese regulatory bodies, known as SAPPFRT (previously known as SARFT) and its provisional departments as well as the China Film Co-production Corporation (CFCC). Officials visit the film sets and, in some cases, even oversee the screenwriting process in order to ensure a favourable direction for both parties. A film which does not have the co-production status must try to navigate through the production process without a clear idea as to what may be considered unsuitable or inappropriate for Chinese audiences. However, arguably as we have seen many films that have now been released under the China co-production status, perhaps it has become slightly easier for studios to understand and discern the types of ideas that are suitable and likely to be greenlighted by the Chinese censorship bodies.

While there have been many successful partnerships between China and Hollywood, it is not always the case. Although there were a large number of deals consummated in the middle of the decade,

particularly between 2014 to early 2016, business between the U.S and China are not without its difficulties. Hollywood is fast paced in nature and many deals are dropped at the last minute or frequently dissolved however, due to heavy focus on China there have been some notable negotiations that have ultimately deteriorated. It has not been smooth sailing in China's relationship with Hollywood and there have been as many fluctuations throughout the blossoming and evolving relationship. There have also been multiple deals that fell flat or were abandoned due to numerous different reasons. One of the most significant reasons are changes in Chinese government policy towards outward foreign direct investment as officials are increasingly fervent to keep Chinese money in China.

The profusion of Sino- U.S collaborations that failed are many. In 2017, Dalian Wanda had their deal with Dick Clark Productions fall through after the company alleged Wanda did not honour contract obligations, this was a US\$1 billion deal which was supposed to take Chinese investment in Hollywood to new heights. Many believe the complication was mostly owing to large sums, and potential issues the government might have had with an amount that large being invested outside of China and in the same year the Chinese state implemented currencies controls, which perhaps could have made these deals arduous to conclude. Purportedly at the same time Wanda were experiencing internal financial difficulties and in 2018 tried to sell its stake in Legendary Pictures. Wanda had also offered Viacom which owns Paramount Pictures, to acquire a forty nine percent stake in Paramount pictures in 2016. The deal would have been valued at around US\$5 billion but it was negotiated by Viacom CEO Phillippe Dauman. Dauman was ousted from Viacom in the same year for attempting a coup to take control by declaring the majority owner of Viacom as being mentally incompetent. The deal dissolved when he was dismissed from his position<sup>62</sup>.

Furthermore, another company, Huahua media, a Chinese company which was one of the marketing partners for Transformers Age of Extinction, was unable to fulfil a promised investment of US\$1 billion. The investment was due to finance twenty five percent of Paramount's film slate for three years, but the deal was cancelled shortly after it was reported<sup>63</sup> that the investment never took place. Once again, this occurrence was largely credited to China's interference with outward foreign direct investment with exceedingly large financial transactions which could ultimately have implications on China's domestic economy. LA based TV manufacturer Vizio, also filed a lawsuit against

---

62 Sherisse PHAM, *Dick Clark Productions Owner Pulls the Plug on \$1 Billion Sale to China's Wanda Group*. in *CNNMoney*. Cable News Network, March 13, 2017. <https://money.cnn.com/2017/03/13/news/companies/dalian-wanda-dick-clark-deal-dead/index.html>

63 Meg JAMES, Ryan FAUGHNDER *Paramount Pictures loses Huahua Media slate film financing deal* in "Los Angeles Times" 7 November, 2017 <https://www.latimes.com/business/hollywood/la-fi-ct-paramount-huahua-film-financing-20171107-story.html>

Chinese entertainment conglomerate LeEco after a deal was suddenly called off<sup>64</sup>. The LA based company accused LeEco of faking interest in a merger or joint venture overseas in order to elevate its profile abroad. This could be indicative of the mounting frustration of U.S companies owing to the stagnation of business deals with China due to government interference. Companies are not able to keep their commitment to deals with overseas companies if it interferes with the will of the government. In similar news Anhui Xinke New Materials, a Chinese copper company in attempting to diversify their holdings tried to acquire the American company Voltage Pictures<sup>65</sup>, the production company behind the academy award winning film the Hurt Locker. The deal was for US 350 million, but the company pulled out of the deal in 2016 after Anhui Xinke New Materials were unable to obtain documents required by Chinese business regulators. Previously, Chinese companies regardless of their connection to entertainment, were beginning to look fixedly upon Hollywood as a potential investment playground but since the regulations have tightened many companies are now having to rethink their strategies.

Back in the realm of entertainment however, Huayi Brothers is another company which failed to fulfil investment obligations to Studio 8. An alternative company Fosun International stepped into finance Studio 8 later. They invested US\$200 million and acquired majority ownership of Studio 8. Unfortunately, a US, UK, Chinese co-production with Studio 8 flopped at the box office. Highly anticipated Billy Lynn's Long Halftime Walk (Ang Lee, 2016) performed abysmally at the box office and Fosun International had lost confidence in Studio 8 by the end of 2017<sup>66</sup>. It has been recently reported that Studio 8 is once again looking for new capital and Fosun International does not seem to have a part in this. It is estimated that there are countless deals which sank before media outlets even got wind of the collaboration, such is the nature of Hollywood. Chinese companies running into difficulty with securing finances and gaining approval from both the Chinese side and American financial regulation bodies such as CFIUS was a situation becoming more frequent after the so-called honeymoon period of Sino- U.S ventures in film in the United States. China's own economy was starting to destabilise, and the government needed to ensure any potential damage to the economy's growth was duly managed.

The market for Sino- U.S trade deals in film has since slowed, there is much conjecture that Chinese capital has all but dried up and many of these deals have grinded to a halt. The CPC has

---

64 Georgia WELLS, *LeEco Ditches \$2 Billion Vizio Acquisition* in "The Wall Street Journal" 10 April, 2017 <https://www.wsj.com/articles/leeco-ditches-2-billion-vizio-acquisition-1491856244>

65 Tom GRATER, *Chinese firm aborts \$350m Voltage Pictures acquisition* in "Screen daily" 21 December, 2016 <https://www.screendaily.com/news/chinese-firm-aborts-350m-voltage-pictures-acquisition/5112418.article>

66 Patrick FRATER *China's Fosun Looking at Sale of Studio 8 Stake (Report)* in "Variety" 25 December, 2017 <https://variety.com/2017/biz/asia/china-fosun-looking-to-sell-studio-8-stake-report-1202648672/>



stopped allowing copious amounts of Chinese capital to leave the confines of the domestic markets and are beginning to crack down on corruption, tax evasion and excessive assets overseas. Trade relations between the U.S and China have become increasingly tense over the last few years of the decade and the U.S and China are embroiled in a trade war which officially started in 2018 but the origins of such a trade war are the result of years of terse relations. The CPC also began an overview of the Chinese domestic film industry in 2018 after catching out the Chinese superstar actress Fan Bingbing and various other big names in the Chinese domestic film industry under reporting their earnings in order to evade paying higher taxes. The prevalence of ‘yin and yang contracts’ as well as other forms of misreporting and corruption was brought to the forefront and the perpetrators were punished for all of China to see. This put a significant strain on the domestic film industry all the while, the relations between China and Hollywood are fraught since the trade war and the consequent issues that have arisen preventing the renegotiation of the China-Hollywood film agreement. Although it can be said that many of the deals that were signed and agreed in the middle of the decade around the period of 2014 and 2015, have since been concluded and executed effectively, there are those deals which on the other hand, have fallen through or were dissolved. Now as of 2020 we are at the tail end of many of these initial film agreements as many of these contracts were to last from around three to five years. For the last couple of years, we are now privy to seeing a whole slate of U.S films which reflect Chinese investment and partnerships with Chinese companies thus changing the cinematic experience for both domestic Chinese and global film audiences. In the next chapter we will analyse the obstacles to Sino-US film production such as the ongoing trade war with the United States, the political barriers stemming from the clash of systematic values and how the results of film collaboration between China and the United States have affected Chinese domestic cinema. It will examine the U.S and global audiences, and our understanding of China, through accusations of propaganda and pandering to Chinese censorship bodies and what this might mean for the future of global cinema seen through the lens of Chinese capital.

## **2 Domestic and International Obstacles**

This chapter will scrutinize the economic, political and social elements which have led to Chinese businesses and private companies turning away from foreign investment and how the Sino-U. S film relationship has stalled over the past couple of years. In the previous chapter the rise of Sino-US investment in Hollywood was highlighted with an overview with the structures and deals which were implemented from the nineties and how these partnerships evolved and developed overtime expanding into the thirty four film quota and the sudden rise in Sino-U.S coproduction in order to bypass the strict film quota. These rapid changes hit several roadblocks which have created many obstacles for the Sino-US partnership. The chapter will begin with an overview of the pre-Xi Jinping vs the Xi Jinping era and how the Chinese government's agenda in regard to the domestic film industry in China and how its partnership with the United States has developed and changed over time. It will look at how policy has changed and adapted during the first two decades of the 2000s and how this has affected domestic film studios, private equity film companies and the overseas Hollywood studios acquired by Chinese companies. We will also look at limitations from Chinese government policy and censorship and how these regulations have stifled domestic growth of the Chinese film industry which is poised to overtake the U.S at any time. For instance, we will analyse how the domestic industry participates in China's yin and yang economy which was unveiled through the tax evasion scandal which took place throughout 2018 which has affected China and the U.S. Now film companies are struggling to navigate through the changing tides of government relations with its own domestic film industry which are facing tightened restrictions as a result.

Secondly, we will look at the Sino U.S trade war which has been ongoing since 2018 owing to U.S incumbent president Donald Trump's tariffs on Chinese imports in the U.S and China's subsequent retaliations. The effects of the Sino-U. S trade war are so far-reaching that it has affected other countries around the world and plenty of industries have seen the consequences of it. The next part of the chapter will analyse the causes of the trade war as well as some background into its insemination. Furthermore, inquiring into how the trade war has not only affected Hollywood directly but also how it has affected the deals scheduled to take place between China and the U.S in the midst of this situation and how America's entertainment companies are now beginning to proceed with caution.

The third and final part of this chapter will talk about yet another obstacle to Sino-U. S relations in film and that is the social issue of global audiences and how to reconcile films made for the Chinese

population distributed worldwide. We will see how films are increasingly made for the benefit of Chinese audiences and with the Chinese viewer in mind. Moreover, analysing how these concessions in turn are affecting other global markets unfamiliar with China and its culture. Predictions will also be made as to the future success of the Sino-U. S partnership and the direction in which it will be going towards in the future.

## 2.1 The Political Issues

In order to understand the current state of affairs in China, especially in the realm of business and trade it's imperative to trace back when contemporary China began its transformation which dates back several decades to the 1970s and the beginning of post-Maoist China. Mao's successor Deng Xiao Ping is ubiquitously known for the "Opening up reforms" (*gai ge kai fang*) from December 1978 and into the 1980s which vastly changed the landscape under which China began to do business from that period onwards<sup>1</sup>. Third Plenary Session of the 11th Central Committee of the Communist Party of China announced that China now allowed for de-collectivisation and for entrepreneurs to start-up businesses in order to inspire the nation to grow. Deng is famously quoted as saying "let some get rich first" in regard to China's economic growth<sup>2</sup>. Thus, the period of rapid privatization in China began. By the same token, the era of economic isolation in China was over. China openly began business interactions with the rest of the world with the implementation of an Open-Door Policy. It was through these changes that China released its internal grip and allowed for foreign direct investment in China in addition to allowing Chinese businesses to invest overseas. Notably these changes saw the first symbiosis in contemporary China's relationship with the United States through diplomatic relations with the U.S which at the time was led by President Richard Nixon with the then Secretary of State Henry Kissinger at the helm of Sino-U. S relations. These are the foundations which allowed for the favourable conditions under which the United States were able to enjoy when Hollywood first gained footing in China in the nineties through revenue sharing agreements.

The nineties brought about the move away from the soviet style planned economy and into a socialist market economy, "a socialist economy with Chinese characteristics". This was a term coined by the fourth president of the CPC, Jiang Zemin, a diligent follower of Deng's reforms.

---

1 BERRY, *Postsocialist Cinema In Post-Mao China*

Under Jiang Zemin's leadership style in the nineties, which included a rather passive foreign policy in which there were not many major conflicts but a relatively stable relationship maintained with the U.S with the exception of China's reaction to NATO's bombing of the Chinese embassy in Belgrade in 1999. Jiang Zemin famously proclaimed, "Let us not assume that we can't learn from capitalism."<sup>3</sup> This proclamation took place in 1997 when Jiang Zemin reportedly saw the American movie *Titanic* (James Cameron, 1997). *Titanic* was famously one of the films allowed into China through the new revenue sharing system which was established in 1994 between China and the Motion Picture Association of America (MPAA) the governing body which represented Hollywood film studios, Jiang Zemin claimed that he had been to see the film *Titanic* in order to understand China's foreign competition and how they could use the information to better themselves<sup>4</sup>. Coincidentally, *Titanic* also held the record for the highest grossing film in China's history, although China scholar Jonathan Noble maintains that the success of *Titanic* is likely due to state endorsement by the party and the head of state.

During the nineties the former Ministry of Radio, Film and Television became State Administration of Radio, Film, and Television (SARFT), which lasted from 1998 until 2013, at which time it would be further restructured<sup>5</sup>. SARFT was the state-controlled organisation which would be responsible for National TV channels, radio and film while also being responsible for censoring any media which could offend the Chinese government or maybe in opposition to Chinese culture including imported films from abroad. All film productions needed to be reviewed by SARFT in order to be legally released and distributed in China. Aside from these developments to China's domestic film industry, advantageously, under party control, China was also able to manoeuvre through the 1997 Asian financial crisis with China's constant annual growth in GDP largely unaffected, saw China through its ascension into the WTO and additionally won the bid for the 2008 Beijing Olympics which was to be a giant leap for China's soft power in the global context. Nonetheless an undeniable part of Jiang Zemin's legacy as president of the CPC is arguably the policies which allowed for business officials to become involved with politics which conceivably led to widespread corruption throughout the CPC and led to the rise of China's Yin and Yang economy.

For further analysing the drastic growth of China's soft power influence it is paramount to look at the decade before the incumbent president of China and Chairman of the CPC, Xi Jinping ascended

---

2 [https://baike.baidu.com/reference/6750663/9447eMEYbaJwDcMg-b6tUsHPJtmxbZ\\_R0KSoQ7Fop5fw1iYjJcQFkxBlfK853D1OxvmlavAprtA2Km55IMvcp\\_N7f6sERb-WjYe](https://baike.baidu.com/reference/6750663/9447eMEYbaJwDcMg-b6tUsHPJtmxbZ_R0KSoQ7Fop5fw1iYjJcQFkxBlfK853D1OxvmlavAprtA2Km55IMvcp_N7f6sERb-WjYe)

3 Massoud HAYOUN *What China's Talking About Today: China Loves Titanic 3D* in "The Atlantic" 12 April, 2012 <https://www.theatlantic.com/international/archive/2012/04/what-chinas-talking-about-today-china-loves-titanic-3d/255681/>

4 *ibid*

to power. Under the leadership of Hu Jintao as the General Secretary and Chairman of the Communist party from 2003 until 2013, successor to Jiang Zemin, China saw a new approach to politics, that is to say the Scientific Outlook of development in order to create a “harmonious socialist society”<sup>6</sup>. Hu Jintao’s desire to achieve this harmonious society saw favourable policies for both domestic and international business. Hu is often credited with laying down the framework which solidified China’s role as being an emerging superpower in the world. Hong Kong and mainland China gained closer relations in 2003 with the manifestation of the Closer Economic Partnership Arrangement (CEPA)<sup>7</sup> an economic partnership and free trade agreement between the two governments. Furthermore, Hu Jintao is credited with the success of the Beijing Summer Olympics which took place in 2008, which was an incredible display of all that China has achieved since the opening up reforms in terms of technology, social development and sporting prowess. In addition to the Olympics under Hu’s leadership saw the 2010 Shanghai world expo which was an extravaganza from May 1st until October 31st hosting international exhibitions conveying the achievements of different nations. These are clear illustrations of soft power from the Chinese government showing an updated and modern image to the rest of the world. Soft power on Chinese terms was a clear characteristic of the Hu Jintao era, whereby China was refreshing the way in which it was perceived. It was also under Hu’s administration which founded the Confucius Institute, a public educational organisation founded to promote Chinese language and culture and also to improve and support the teaching of the Chinese language from all over the globe.<sup>8</sup> Although somewhat criticized as projected a narrow view of Chinese society without acknowledging political issues<sup>9</sup> such as the Tibet question and its teaching of simplified Chinese characters rather than traditional as is used in Taiwan and Hong Kong. As of 2019 there are many Confucius Institutes that are closing down due to growing concerns about China’s take on human rights and censorship, however, its establishment was indeed a major milestone for China in terms of spreading cultural propaganda through educational channels and one of the most prominent displays of soft power through the Chinese government.

The twelfth-five-year plan from 2011- 2015<sup>10</sup> saw digital creative industries labelled as one of the strategic emerging industries (SEIs) which were considered the backbone of China’s economy in an

---

5 KOKAS, *Hollywood made in China*

6 Shi LI, Hiroshi SATO, and Terry SICULAR (edited by) *Rising Inequality in China: Challenges to a Harmonious Society*, New York, Cambridge University Press, 2015, pp 3

7 Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), Supplement VIII to CEPA (signed on 13 December 2011), retrieved from [https://www.tid.gov.hk/english/cepa/legaltext/cepa\\_legaltext.html](https://www.tid.gov.hk/english/cepa/legaltext/cepa_legaltext.html)

8 Brierley PENN *China Business: A broader education* in “The New Zealand Herald” 15 April, 2014 2019 [https://www.nzherald.co.nz/china-business-2013/news/article.cfm?c\\_id=1503331&objectid=11238085](https://www.nzherald.co.nz/china-business-2013/news/article.cfm?c_id=1503331&objectid=11238085) Retrieved 6 August

9 *A message from Confucius; New ways of projecting soft power*, “The Economist” 22 October 2009 <https://www.economist.com/special-report/2009/10/24/a-message-from-confucius>

10CNTV *China unveils 12th Five-Year Plan* in “CNTV”, 28 October, 2010

attempt to rid China of its rather derogatory title as being the factory of the world. It was in this period policies made room for outward foreign direct investment. In the same period Hu Jintao officially stepped down as Chairman to the CPC and rising to his former position was former vice president and now incumbent President Xi Jinping. Xi's major motivation was to weed out corruption within the government and to consolidate power, which he effectively did when he was abolished presidential terms in 2018. Another major part of Xi's position has been the development and conception of the One Belt, One Road initiative which is essentially a revival and development of a new Silk Road linking China to the world.

It was under Xi that the 'Chinese Dream' was a prevalent part of Chinese government rhetoric. Xi, has put forward many of his objectives for the Chinese government to attain their goals. Since he entered office in 2013 there have been a number of campaigns such as anti- corruption, advocating internet censorship and the 'Chinese dream' (*Zhong guo meng*). The Chinese dream which places an emphasis on the practice of socialist core values and China focused growth is the notion of these ideals improving China as a nation. Private sector companies faced favourable circumstances in regard to capital leaving China and being invested overseas. These agendas have largely affected China's domestic film industry as well as international investment and they differ greatly from China's policies pre-Xi Jinping. Below is a table which illustrates policies that helped transform China's film sector.<sup>11</sup>

Time	Policy	Major contents	Significance
October 2014	Lecture of Xi Jinping at Art and Entertainment Work Symposium	Creation is a central task; people oriented; art and entertainment development should not blindly follow the market.	Regulate the orientation of content creation
August 2014	Implementation Opinions on Vigorously Supporting Development of Small and Micro Businesses	State SME Galaxy Training Program; online class construction; professional title appraisal; cultural industry start-up and innovation talent support program	Special projects, measures and talent support for small and medium cultural enterprises
May 2014	Notice on Some Economic Policies to Support the Development of Film Industry	Arrange USD 16 million each year, submit key films case by case for approval and support 5-10 key subject films with impact.	Support the film industry development from tax, capital, land and finance
March 2014	Opinions on Deeply Promoting Cultural Financial Cooperation	The Ministry of Culture and PBOC will build cultural and financial cooperation demonstration areas in some regions with mature cultural industry and good financial service basis; play the role of public service platform of the Ministry of Culture for cultural industry investment and financing	Promote cultural and financial cooperation, and encourage the combination of social capital, financial capital and cultural resources
November 2013	Decision of the 18th CPC Central Committee on Steadily Promoting the Construction of Socialist Cultural Power	Online construction, online theme; scale-up, intensification and specialization of the cultural industry	Requirement for overall strengthening of the cultural industry and group internationalization
©2015.03 EntGroup Inc.		www.entgroup.com.cn	

Table 1- 1: Policies concerning the film industry from 2013 to 2014

<https://web.archive.org/web/20101101103414/http://english.cntv.cn/program/china24/20101028/100670.shtml>  
 11 ENTGROUP INC, *China Film Industry report in brief 2014-2015* pg 9 <http://english.entgroup.cn/index.aspx>

The SARFT agency was rebranded and restructured in 2013 taking on the name State Administration of Press, Publication, Radio, Film and Television (SAPPRFT) to include press and publications as part of its responsibility for regulation. By 2014, president Xi worked to increase Chinese soft power<sup>12</sup> and premier Li Keqiang stated the intention of the CPC to promote development of cultural sectors at National People's Congress meeting on the 5th of March 2014. The government increased ticket prices at this time and film screens were being built more frequently. The government determinedly wanted to expand the abilities of domestic film production. It was during the same year that we saw a boom, sparked from Dalian Wanda Group's acquisition of AMC Entertainment in 2014 and pushing the door open for other film companies and private investors from China to have a hand in investment in Hollywood.

In 2015 China officially implemented the official agreement made by president Xi Jinping, during his time as vice president, with former U.S vice president Joe Biden in 2012. In 2012 a tentative arrangement was made but this was simply formalised in 2015. In addition to the thirty- four films that were now part of the film quota, the contract vowed to increase the United States distributors' box office share from eleven to fifteen percent, up to a more reasonable twenty-five percent.<sup>13</sup> Another stipulation from this agreement is that state owned China Film Group Corporation (CFG) will be subject to overseas auditing owing to allegations that box offices in China were rigged in favour of local films thus, stealing revenue away from Hollywood blockbusters. The agreement was said to be renegotiated in 2017<sup>14</sup>. The deal with the MPAA is perhaps one of the strongest catalysts for the growth of Sino-U.S. partnerships by way of film collaboration. It was essentially the green light to show both sides in the bilateral agreement that the CPC was willing to support the accords. Eager for a piece of the action, not only Chinese film companies but also private firms rushed into the Hollywood, guns blazing striking deals with Hollywood entities instantaneously. Through these strategic partnerships many Hollywood entities began to understand the alternative ways in which business was conducted in China. Furthermore, knowledge of how to circumvent the CPC implemented film quota was widely publicised. Co-productions were an omnipresence in the deals made during this time.

What goes up must surely come down. Despite the rise in collaborations the wondrous growth period was destined to end. Chinese box-office revenues were at around US\$8.6bn in 2017, this was

---

12 "Xi Jinping jianshe shehuizhuyi wenhua qiangguo zhaoli tigao guojia wenhua ruanshili"

习近平:建设社会主义文化强国 着力提高国家文化软实力Xi Jinping: building a socialist cultural power and improving the soft power of national culture in "人民网首页" Homepage of people's daily website, 01 January 2014 <http://politics.people.com.cn/n/2014/0101/c1001-23994334.html>

13 Patrick BRZESKI *MPAA Confirms New Hollywood-China Film Distribution Agreement* in "Hollywoodreporter", 5 November 2015 <https://www.hollywoodreporter.com/news/mpaa-confirms-new-hollywood-china-837645>

14 *ibid*

a drastic increase from the value of around US\$1bn just one decade ago<sup>15</sup>. Speculation was that China and Hollywood were bound to end their relationships once both parties were able to extract what they needed from each other, namely, Hollywood wanting to expand its market share in China and to gain access to China's film market. On the other hand, Chinese firms were able to move some of their assets outside of China and film companies were able to obtain new technologies and transferable skills from Hollywood studios and their vast amount of high skilled workers. What simply blind sighted many people was the fact that one of the biggest causes to slow Chinese domestic industry was not Hollywood's overbearing influence, but China's own government through President Xi's relentless war on corruption. In 2018, the State Administration of Press, Publication, Radio, Film and Television (SAPPRFT) was dissolved. It had been the successor of SARFT which was formed in 2013, now it is to be known as the National Radio and Television Administration (NRTA) a new bureau. This new organisation will continue to do part of the work associated with the previous organisations in relation to radio and television but now censorship responsibilities are no longer in the hands of the state council. Film, press and publications are now under the supervision of the Publicity Department of the Central Committee of the Communist Party of China, (CCPPD) which although not officially party of the government is essentially considered to be the propaganda arm of CPC. Scholars argued that a move away from SAPPRFT is an indicative of tighter regulations to come<sup>16</sup>. Its biggest purge to the Chinese domestic film industry happened in the same year. The catalyst of this occurrence being one of China's most famous stars, Fan Bingbing.

Both Hollywood and the Chinese film industry were united in mutual shock in the summer of 2018. China's brightest star, thirty-eight-year-old A-list actress Fan Bingbing had fallen out of favour with the communist party<sup>17</sup>. A communist party member herself, Fan is an actress whose career has spanned over almost three decades and has won the hearts of the Chinese nation with her unrivalled beauty, acting prowess and charming personality. Fan also is a producer in her own right and owns stakes in some prominent Chinese film and entertainment companies. Fan's contracts were leaked for her work on an upcoming movie, the contracts leaked showed two different sums for her work, one contract valued her wages at around US\$1.5 million but on the other contract it stated her salary

---

15 Patrick FRATER, *China Box Office Expands by \$2 Billion to Hit \$8.6 Billion in 2017* in "Variety" 31, December, 2017 <https://variety.com/2017/film/asia/china-box-office-expands-by-2-billion-in-2017-1202650515/>

16 Xu SONG, "Hollywood movies and China: Analysis of Hollywood globalization and relationship management in China's cinema market", *Global Media and China* 2018, Vol. 3(3), 2018, pp177–194

17 May JEONG "The Big Error Was That She Was Caught" : *The Untold Story Behind the Mysterious Disappearance of Fan Bingbing, the World's Biggest Movie Star* in "VanityFair", 26 March, 2019 <https://www.vanityfair.com/hollywood/2019/03/the-untold-story-disappearance-of-fan-bingbing-worlds-biggest-movie-star>



for the same job would be US\$7.8 million<sup>18</sup>. Far more than the originally recorded sum. The two contracts showed that Fan declared one contract to the tax authorities in order to pay fewer taxes on her earnings, and although her production company Fan Bingbing Productions denied the accusations initially, the damage was done and Chinese authorities had to censor discussions about film and tax evasion across all Chinese social media within days. Fan subsequently vanished for months, reportedly placed under house arrest by the Chinese government.

Her disappearance sent shockwaves through the domestic film industry, she also lost many brand partnerships and films she had been cast in were delayed, including an upcoming spy thriller produced by Hollywood actress Jessica Chastain. If China's most prominent star was to be punished for tax evasion the CPC were sending a clear message to other members of the film industry. No one is too big to fail.<sup>19</sup> Fan's whereabouts were unknown for months with much of Chinese and western media speculation as to what had become of her. Finally, months later when Fan Bingbing reappeared it was reported that she was ordered to pay a fine of over US\$100 million shocking the nation. Soon after her appearance the government launched a notice asking all taxation authorities to officially notify all film companies, TV stations, casting companies and film studios to complete self-audits and to pay back taxes from the last two fiscal years. It was said that any who would not comply within the December deadline would face harsh penalties if discovered for tax evasion after their own self-reflection period. This was a way in which to make companies turn themselves in without the government directly involving itself in the affairs of tax evasion within the industry. Suddenly, studios were haemorrhaging millions of dollars in a desperate attempt to pay back taxes before the aforementioned deadline.<sup>20</sup> Production slowed to a halt and many predict that smaller studios may not be able to recover from this blow.

The system of contract Fan Bingbing used to conceal her true amount of earnings was named the Yin and Yang contract. Yin, meaning in the dark, the amount of money which would be concealed, and Yang, the light, this is the lesser sum usually in the public eye. This is a contract system commonly used in many different industries in China, whereby there would be two contracts produced for the same job, with two different payments listed in order to evade paying the full amount of taxes on a deal. Another way in which companies evade taxes in China is to use tax havens within China in order to conceal their wealth. In provinces where taxes for business owners

---

18 Mimi ZOU, *Fan Bingbing's fall from grace turns the spotlight on the far-reaching yin-yang economy in China* in "South China Morning Post" 9 October 2018, <https://www.scmp.com/comment/insight-opinion/united-states/article/2167508/fan-bingbings-fall-grace-turns-spotlight-far>

19 *ibid*

20 *A tax-evasion scandal ensnares Chinese film-production companies* in "The Economist", 7 June, 2018

<https://www.economist.com/business/2018/06/07/a-tax-evasion-scandal-ensnares-chinese-film-production-companies>

are particularly low such as Tibet or cities such as Khorghos<sup>21</sup>, in the Xinjiang Autonomous Region, on the border with Kazakhstan, companies register in these remote locations far from the capital in order to avoid being detected. These practices are particularly common in the film industry and other creative industries within the People's Republic but was most recently brought to light during this scandal. These methods are in direct opposition to the rhetoric of the party which aims to eradicate money worship and corrupt social values deemed prevalent in contemporary Chinese society<sup>22</sup>. With the subsequent rise of new media there is a constant critique that young Chinese people are being heavily influenced by materialism much to the detriment of society. This open attack on the Film industry in particular, has left many companies reeling. The Chinese government conclusively collected an estimated sum of RMB11.7bn in back taxes from self-audits and back taxes, a gastronomical figure, equivalent to a third of China's box office revenue, around RMB37.9bn in 2018<sup>23</sup>. Famed film director Feng Xiaogang was linked to the scandal and purportedly received fines from the government, and in addition, conglomerate, Huayi Brothers reportedly due to associations with Fan Bingbing, had their share prices plummet. At the end of the fiscal year Huayi brothers reported losses of up to U.S\$160 million<sup>24</sup>, in 2019 they reported further losses of up to \$48 million within the first quarter and two films were pulled from release as they had been blocked by the new Chinese censorship bodies. One such film is a highly anticipated blockbuster titled *The Eight Hundred*, a film set during the World War 2 era depicting the Communist party fighting alongside the Chinese Nationalist Party (Kuomintang) to defeat the Japanese. In recent developments, Huayi Brothers have officially concluded an eighteen film financing slate with STX entertainment, leaving room for new deals with other Hollywood companies in the future, January 2020 saw Huayi Brothers receive a US\$100 million loan from Alibaba in a new partnership deal scheduled to last for around five years to pay for operations.<sup>25</sup> This deal highlights the potential struggles in the domestic industry and companies are looking for fresh capital to recover the losses made through the last turbulent few years.

As a result of new regulations, the film industry has decelerated considerably. Box office revenue in

---

21 Laurie CHEN, *Chinese film industry coughs up US\$1.7 billion in back taxes after Fan Bingbing scandal triggers crackdown* in "South China Morning Post", 23 January, 2019 <https://www.scmp.com/news/china/society/article/2183229/chinese-film-industry-coughs-us17-billion-back-taxes-after-fan>

22 Mimi ZOU *Fan Bingbing's fall from grace turns the spotlight on the far-reaching yin-yang economy in China* in "South China Morning Post" 9 October, 2018 <https://www.scmp.com/comment/insight-opinion/united-states/article/2167508/fan-bingbings-fall-grace-turns-spotlight-far>

23 Nancy TARTAGLIONE *Film Industry Pays China \$1.7B In Back Taxes After Fan Bingbing Scandal* in "Deadline" 23 January, 2019 <https://deadline.com/2019/01/china-film-industry-pays-back-taxes-1-7-billion-fan-bingbing-scandal-1202539901/>

24 *China's Huayi Brothers reports loss for 2018*, in "Xinhua net" 29 April, 2019 [http://www.xinhuanet.com/english/2019-04/29/c\\_138022664.htm](http://www.xinhuanet.com/english/2019-04/29/c_138022664.htm)

25 Patrick BRZESKI *Chinese Studio Huayi Brothers Gets \$100M Loan From Alibaba* in "Hollywoodreporter" January,

China in 2019 was valued at around RMB64.2 Billion or around US\$9.2 billion this is a 5.4% increase on the previous year but much slower than previous years and overseas revenue only rose by 0.1%<sup>26</sup> The number of screens in China rose by sixteen percent this year but in spite of this the industry was met with the slowest rate of growth in over a decade. This is purportedly as a consequence of the tax evasion scandal and less investment in China as well as oversea in creative industries abroad. Hollywood blockbusters have only been attributed to one third of Chinese box office, yet in 2012 U.S films accounted for almost half of China's box office. Hengdian world studios, one of China's largest film studios, had television and film production drop by twenty percent in 2019 in addition to film releases that were cancelled and delayed. Cofounder of Huayi Brothers asserted that the "economic situation in 2019 caught us off guard" in regard to Huayi Brothers difficult year whereby the first nine months of 2019 films which they had produced had their release dates cancelled or scheduled.

Warner Brothers movie *Joker (Todd Phillips, 2019)* despite its performance in the U.S box office, has not been released in China and is likely not to pass censor regulators considering the escalation of Hong Kong protests throughout 2019 and the themes addressed in the film. In addition to this ticket prices were increased in 2019 from approximately RMB35.3 to RMB37 on average.

The last film in Disney's latest Star Wars trilogy, despite promotion only managed a US\$12.1 million at the Chinese box office. In essence, 2019 was not a particularly good year for China's film industry both from the production side as well as within distribution of imported films.

A further instance of party control in film in order to protect ideology is the censorship of films which were considered harmless family friendly entertainment. Animations and family friendly content should be something which is easily exportable to China and to the world. However, a number of difficulties have arisen even within some family friendly content. The first of which is the film *Christopher Robin* (Marc Forster, 2018) *Christopher Robin* was a film released based on the Children's book series by British writer A.A Milne. Reportedly the film was banned from screening in China which was down to the fact that the fictional bear character Winnie the pooh has become a symbol of resistance against the communist party due to the perceived resemblance between president Xi Jinping and the character Winnie the Pooh on the internet. Others have counter argued however, maintaining that *Christopher Robin* did not make it into the Chinese cinemas as it simply was not part of the annual film quota and not because of censorship but in all likelihood a film with a character used to ridicule the head of state is not likely to gain entry into the film market.

---

2019 <https://www.hollywoodreporter.com/news/huayi-brothers-gets-100m-loan-alibaba-1178759>

26 FRATER, *China Box Office Expands by \$2 Billion to Hit \$8.6 Billion in 2017*

Conversely, Sino-U. S co-production *Abominable* (Jill Culton, 2018) a story about a young girl who finds and helps a yeti going on a journey to find its family, has been the cause of controversy. The seemingly innocent children's film has been labelled as Chinese propaganda due to a map depicted in the cartoon which conveys China's claims to the South China sea, a heavily disputed claim and cause of tension between several Asian countries and China<sup>27</sup>. Critics see this film as an illustration, quite literally of the Chinese government's attempts at conveying propaganda through film and theorise that it is but a taste of things to come if China continues to have a voice in the production process of Hollywood films. This situation once more serves to highlight how the Chinese government repeatedly fails at soft power by not being able to manage its hard power image in relation to politics and China's global position. Such an overtly political image in a Children's animation sparked condemnation from viewers around the world. Nonetheless one could claim that viewers are potentially more sensitive to the appearance of propaganda from China owing to its reputation as being a country which unceasingly attempts to control its global image.

China's biggest hurdle in cultural industries, particularly in Cinema and the development of the domestic film industry is the unsymmetrical stance between soft and hard power. Critics fear most that China's influence in Hollywood would enhance pro-China visual propaganda for cinema attendees, however most audiences probably will not succumb to Chinese visual propaganda if done unobtrusively as was the case with the *Abominable* film. William Callahan, scholar on China's soft policy argues that China "punches below its weight" as an influential nation because of its unwillingness to scale back on some hard-line policies<sup>28</sup>. China's cultural soft power is constantly undermined when the government makes a decision to tighten regulations or makes a strong economic regulation with global implications. China has technology, education and other resources in regard to soft power yet is somewhat incapable of completely removing the association of military and politics from cultural soft power unlike other global powers such as the United States or Japan.

To recapitulate this portion, we can conclude that these changes in government and politics have definitely set the tone for the way in which China deals with trade and overseas investment but also for the way in which China deals with its own domestic film industry. The CPC policy regarding film throughout the years have always remained rather ambiguous, what remains clear is that no

---

<sup>27</sup>Cecilia YAP, *Uproar Over 'Abominable' Movie's Map of China Spreads in Asia* in "Bloomberg", 17 October, 2019 <https://www.bloomberg.com/news/articles/2019-10-17/philippines-blasts-dreamworks-abominable-for-china-map>  
<sup>28</sup> Paola VOCI, Luo HUI (edited by) *Screening China's soft power*, New York, Routledge, 2018

industry is allowed to grow without the supervision of the CPC. Since China entered the WTO, without fully opening China's film market to foreign entities China has provided the confines in which the Chinese domestic industry could grow and expand, through the business of building new theatre screens every day. Thus, expanding the size of theatres and in turn the audiences, and also by the constant structuring and restructuring of the regulatory bodies, SARFT, then SARPPFT, followed by the newly established NRTA and the CCPPD taking over as the official regulatory bodies of film and press publications. Notably, Hollywood is not the only entity subject to censorship and all film industries must be aware of the will of the party. The CPC have asserted their position as the ultimate deciding factor in the film industry. No deal between Hollywood and China can be passed unless through them, all revenues must be declared to the party and personal greed will not be tolerated. The CPC has demonstrated that the Chinese Film industry will be an official vehicle through which the world can view China and thus content control is paramount. The will of the government is stronger than any one company and business in China must be conducted in a way which will augment and strengthen China's economy and position on the global stage. The harsh example made of Fan Bingbing from her disappearance to the millions in fines for tax evasion, and also the monumental losses from the Huayi Brothers company can attest to this argument. China's political ideologies have shifted from the Jiang Zemin era through to the Hu Jintao era and now finally under president Xi Jinping we are witnessing a renaissance of Chinese socialist thought permeating through every sector of business in China. If the Sino-U.S partnerships in film production hope to continue to flourish both sides need to unite under the CPC in order to avoid falling afoul of China's governmental policies however it remains a common perception is that Hollywood establishments in China would damage or negatively affect China's domestic industry, what has decelerated the industry is not Hollywood, but the Chinese government itself.

## **2.2 Sino-US Trade War and its effects on the U.S film industry**

In this section, this body of work will address the differences between the Chinese economy and the U.S economy as well as an insight into their trade relationships particularly within bilateral film agreements. Furthermore, examining the Sino-US trade war, which is currently in motion, it is another key obstacle which subsequently hinders the relationship between China and the United States making film collaborations an onerous and intricate situation. It will define the elements of the trade war, how it came to be, what the reasons are behind the trade war and in addition how it is affecting multiple sectors of Chinese and American film industries and partnerships. It will look at

the consequences of the trade war and how this situation has contributed largely to the decline in Chinese investment in the U.S film industry and has stagnated multiple negotiations and deals between China and Hollywood. This includes China's reluctance to increase distribution rights for many more U.S films, especially those which are not Chinese co-productions much to the frustration and chagrin of many Hollywood studios.

In actuality although China became a member of the World Trade Organization since 2001, this has not completely eradicated the issues that the United States and other countries have had with China's conduct in relation to trade and foreign policy. The United States has been involved in many back- and- forth disputes with China which has definitely created friction across various different deals in multiple industries<sup>29</sup>. Despite being a part of the WTO, the CPC keeps a very close watch on all inward and outward foreign direct investment, even more so since China's economy has slowed in the last few years ending a period of accelerated growth<sup>30</sup>. Moreover, all deals made affecting China need strict approval from the government in order to begin implementation. The Chinese government's direct interference with business transactions by even its own private companies has been met with widespread frustration and overseas business owners who fall afoul of the government risk being obstructed from further business with mainland China.

China and the United States have always maintained a difficult trade relationship. America operates as a free market economy, a system heavily reliant on supply and demand where prices are self-regulated by the market or the consumers without much direct interference from the government. Free market economies are a common feature in capitalist countries. On the other hand, China uses a socialist market economy, a completely different system based on state owned enterprises and public ownership which is very common among communist or socialist states. China has always maintained a staunch anti-imperialist stance which means business with the United States has always been heavily regulated and supervised by the Chinese state. China wants to avoid giving the U.S too much power within their own economy because of their long-held belief that with U.S money. U.S values could soon follow thus polluted the minds of the people<sup>31</sup>.

---

29 Heather LONG, *How China Doesn't Play Fair on Trade* in "CNNMoney" , 12 July, 2016

<https://money.cnn.com/2016/07/12/news/economy/china-trade-donald-trump/>

30 REUTERS, *China's Economic Growth Set to Slow to 30-Year Low This Year; More Government Support Seen:*

*Reuters Poll*, Reuters, 14 January, 2020 <https://www.reuters.com/article/us-china-economy/chinas-economic-growth-set-to-slow-to-30-year-low-this-year-more-government-support-seen-reuters-poll-idUSKBN1ZD009>

31 Ying MA, *China's America Problem*, in "Hoover Institution" , 1 February, 2002,

<https://www.hoover.org/research/chinas-america-problem>

On the other hand, the United States are cautious with doing business with China as a matter of national security through increased foreign influence. The legislative committee known as the Committee on Foreign Investment in the United States (CFIUS) is an entity which has been established to authorise and review foreign investment transactions in the United States to assess the effect a deal may have on national security. CFIUS oversees not only mergers and acquisitions which take place within the United States but also scrutinises state owned enterprises. The members of this committee have roles in the U.S government. For instance, CFIUS is chaired by the secretary of treasury and members include the defence security among others. Recently the influence of CFIUS is growing in the U.S and an increase in the number of investigations has coincided with this fact.<sup>32</sup> From 2005-2007 China related transactions in the U.S only accounted for about 1.3% of transactions the U.S, roughly at around four out of 313 notices however, this number has augmented to around 19.1% from 2013-2015 now 74 out of 387 thus highlighting the financial dominance of Chinese companies adding to apprehension in Washington and throughout the trade community in the U.S. CFIUS have indeed actively blocked attempted Chinese acquisitions of American financial entities and in 2017 Senate Minority leader Chuck Schumer called upon U.S President Trump on to block all major Chinese investment in the United States including in Hollywood in order to pressure China into submission on a wealth of simultaneous political issues.<sup>33</sup>

The United States mistakenly believed that China would change after its admittance into the World Trade Organization, there are guidelines upon entry whereby countries who join are encouraged to loosen their trade laws and barriers for fellow member states of the WTO. Under this new era United States hoped there would be more opportunities for American businesses to establish offices and do business in China. The reality was quite different. China did make some concessions but not in the way that the U.S were expecting. China agreed to double its foreign film quota after entering the WTO from ten films to twenty but anything more than that was met with much antagonism. Creative industries are a very important source of income for the U.S economy.<sup>34</sup> Thought provokingly, Movie production accounts for over ten percent of gross economic output in the southern California area and directly provides an estimated 40,000 jobs.

---

32 David McLAUGHLIN, Saleha MOHSIN, and Jacob RUND, *Analysis / All About CFIUS, Trump's Watchdog on China Dealmaking: QuickTake* in "The Washington Post", 13 February, 2020,

[https://www.washingtonpost.com/business/energy/all-about-cfius-trumps-watchdog-on-china-dealmaking-quicktake/2020/02/13/76510e36-4e1e-11ea-967b-e074d302c7d4\\_story.html](https://www.washingtonpost.com/business/energy/all-about-cfius-trumps-watchdog-on-china-dealmaking-quicktake/2020/02/13/76510e36-4e1e-11ea-967b-e074d302c7d4_story.html)

33 Patrick BRZESKI, *Hollywood-China Relationship Faces More Pressure as Chuck Schumer Calls on Trump to Block All Deals* in "The Hollywood Reporter", 2 August, 2017 <https://www.hollywoodreporter.com/news/hollywood-china-relationship-faces-more-pressure-as-chuck-schumer-calls-trump-block-all-deals-1026078>

Hollywood has expanded their reach across the globe and China's film market is among the final frontier for the United States to expand their market share. East Asian countries, in particular China and South Korea, were not as heavily hit by the 2008 recession as they had already steered through an Asian financial crisis in 1997. This meant that their industries were stable throughout much of the 2000s and had space to mature and expand. The United States took the matter of China's refusal to open up their markets fully to the WTO court in 2007, the cases lasted a few years and in 2009 the WTO ruled in favour of the U.S., the result was that China needed to allow for more business and trade with American companies<sup>35</sup>. China's economy has been rapidly growing since the opening up reforms in 1978 and in the period between 1979 and 2010 China's GDP has seen an average rise of around nine to ten percent showing rather satisfactory growth. China surpassed Japan in 2010 to become the world's second largest economy in the world and its direct rivalry with the United States has escalated ever since. China is currently the largest economy in the world according to GDP PPP (purchasing power parity)<sup>36</sup> but the United States maintains its position as having the highest GDP at around US\$21.1 trillion. Furthermore, China has the world's most populous country with 1.4 billion people and a fast-growing middle class. China's growing middle-class per capita incomes were around on average an estimated US\$1,750 in 2005, however in only ten years nationwide, this increased to US\$8,000 by 2015<sup>37</sup>. There are endless investment opportunities for international businesses to sell to one of the largest markets in the world.

China is aware of its own position and therefore, leverages it to make sure their own demands are met within the business world. An example of this is through China's relationship with Hollywood. Hollywood is always on the search for new capital to continue to create big budget movies with the use of the latest in film technology and high skilled workers from various creative industries. Such films are increasingly costly to produce, and films require financiers in order to raise capital for the production to get started on the film. China was forced to allow thirty-four films into China in 2012 as a result of the US-China film deal which allows Hollywood films to enter the Chinese market, however, the deal was a five-year deal and was scheduled to be renegotiated in 2017<sup>38</sup>. Due to trade frictions with the United States, China has yet to negotiate leaving Hollywood in a limbo.

---

34 Anousha SAKOUI, *Hollywood Tops Mining Crop Production in Employment Mpaas Says*, in "Bloomberg" , 18 March, 2019 <https://www.bloomberg.com/news/articles/2019-03-18/hollywood-tops-mining-crop-production-in-employment-mpaa-says>

35 OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE, *United States Files WTO Case Against China Over Prohibited Subsidies* in "Office of the United States Trade Representative" , 2 February, 2007 <https://ustr.gov/about-us/policy-offices/press-office/press-releases/archives/2007/february/united-states-files-wto-case-against-chi>

36 Caleb SILVER, *The Top 20 Economies in the World* in "Investopedia" , 5 February, 2020 <https://www.investopedia.com/insights/worlds-top-economies/#2-china>

37 ENTGROUP INC, *China film industry report in brief 2014-2015*

38 Erich SCHWARTZEL, *Hollywood Seeks New Business Terms with China* in "The Wall Street Journal" , 8 February, 2017 <https://www.wsj.com/articles/hollywood-readies-to-renegotiate-terms-of-doing-business-in-china-1486572613>



Renegotiations have started again but no deal has been reached as of yet. This puts the Chinese government at a very powerful position in regard to Hollywood films that wish to enter the Chinese market. Hollywood studio executives are aware that there are only thirty-four spots for films to enter into China as a foreign picture but a way to circumvent this quota is through co-productions. If a film is classed as a co-production in China, it can enjoy the same rights and benefits as a domestic film production<sup>39</sup>. An increasing amount of U.S film production companies are deciding to try their hand at creating a co-production to bypass the film quota or at the very least be palatable enough to be allowed entry into China as one of the thirty-four films. This gives China a very unique leverage over Hollywood.

The U.S federal government does not exercise any direct control over Hollywood. The Motion Picture Association of America (MPAA), however, does have some political links and the last few CEOs and chairmen of the MPAA have been indeed had political ties to the U.S government and a history in politics. The founder Jack Valenti was assistant to the former president Lyndon B. Johnson, the previous chairman of the MPAA Chris Dodd was a U.S senator until 2011<sup>40</sup>. His successor and incumbent Chair of the MPAA Charles Rivkin was the Assistant Secretary of State for Economic and Business Affairs at the U.S. Department of State up until he assumed his current position in 2017<sup>41</sup>. The situation in China is vastly different. In China the government controls all film production and distribution through state owned bodies such as the China Film Group which is a state monopoly for producing and distributing films, CFG even operates movie theatre chains. Foreign film companies must go through this state-owned entity in order to gain access to the Chinese film market. Logically speaking, if the only way to circumvent the film quota in China is through the Chinese state then arguably, Chinese state is indirectly affecting Hollywood movies. Many films are now tailor made to appease the CPC in order to gain approval and access to distribution in China. Companies hire specialists and invite Chinese regulatory bodies to be a part of the process from the very beginning in order to ensure coherence between the guidelines set by Chinese regulatory bodies and the Hollywood script writers and producers<sup>42</sup>. In time this could result in a threat to the way in which Hollywood is allowed to operate and the types of films that are allowed to be made if studios are increasingly reliant on Chinese distribution in the future.

Stemming the flow of Sino-U. S trade deals in the last few years, however, are increasingly soured

---

39 Reference gathered from Motion picture association website <https://www.motionpictures.org/>

40 Pamela McCLINTOCK and Gregg KILDAY, *MPAA Chief Chris Dodd Leaves Complicated Legacy* in “The Hollywood Reporter” ,2 May, 2017 <https://www.hollywoodreporter.com/news/mpaa-chief-chris-dodd-leaves-complicated-legacy-as-hollywoods-top-lobbyist-998841>

41 Reference gathered from Motion picture association website <https://www.motionpictures.org/>

42 KOKAS, *Hollywood made in China*

relations between China and the United States. China has been embroiled in an ever-escalating trade war with the United States officially since 2018. The trade war is an economic conflict which is the result of protectionism whereby states raise or create tariffs or other regulations to create trade barriers against each other. Protectionism are actions or policies ratified by governments in order to protect jobs and domestic businesses from foreign competitors. Protectionism can also be implemented as a method to balance a trade deficit, when the country's level of imports far exceeds their exports.<sup>43</sup> If a country perceives another to have unfair trading practices it could result in the start of a trade war. Often governments feel pressure from domestic trade unions and lobbyists therefore pushing international policies to create a favourable domestic environment. This can escalate when the other country retaliates by creating their own tariffs. Trade wars can happen within a number of sectors and its effects can be so far reaching that it may even affect other countries not directly involved in the trade war due to effects on currency and other global trading deals. The United States and China are two of the world's largest economies with GDPs of around US\$21.1 trillion for the US and US\$15.5 trillion for China respectively.<sup>44</sup> It appears inexorable that many other countries across the globe would also feel the far reaching effects of a Sino-U.S trade war.

The commencement of a trade war between China and the U.S have seen tariffs increased on a number of products in both countries. This has resulted in rising costs and decreasing investments and its currently having a profound effect on China's slowing economy as well as the U.S economy. The effects of the on-going trade war can definitely be felt by both sides in various sectors of the Chinese and American Economy. China's biggest imports from the U.S are soybeans, commercial aircrafts and auto parts to name a few<sup>45</sup>. On the other hand, the U.S imports computers and accessories, mobile phones, apparel and footwear. Businesses within these sectors were hit with tariffs on imports and exports thus affecting the flow of business. Most of these imports are through the medium of U.S manufacturers of whom rely on processing trade. Raw materials are supplied by manufacturers in the U.S and sent to China to be assembled there at a much lower cost, they are considered imports after they are shipped back to the U.S. In conjunction with these principal sectors being hit, almost every trade sector has been afflicted including creative industries. The film industries both in China and the U.S are instances of the sustained casualties of the trade war. The Chinese government is increasingly less likely to agree to distribution slots for a variety of

---

43 James CHEN, *Trade War* in "Investopedia", 21 August 2019 <https://www.investopedia.com/terms/t/trade-war.asp>

44 Reference gathered from International Monetary Fund website <https://www.imf.org/en/Countries/CHN>

45 Wendy SU and Sarah ZHENG, *China Targets US Soybeans, Cars, Planes with New Trade Tariffs* in "South China Morning Post", 5 April, 2018 <https://www.scmp.com/news/china/diplomacy-defence/article/2140263/china-strikes-back-25pc-tariffs-106-us-imports-all-out>

American films hence the halted negotiations on the US-China film deal. This sudden development has come at a time where Hollywood films are largely dependent on China's box office and approximately 65,000 screens for much of its success and revenue<sup>46</sup>.

The general economy-affiliated populace acknowledges that when U.S president Donald Trump increased tariffs on a number of U.S products it sparked the current Sino- U.S trade war. On the 12th January 2017, China customs published data which valued China's trade with the U.S. It was valued at RMB3.95 trillion or around US\$659.8 billion in total, a twelve percent increase from the previous year, which accounted for 14.2% of China's total import and export value, of which exports to the U.S are around RMB2.91 trillion, an increase of 14.5%. Imports to the U.S had risen to around 17.3%. The trade surplus with the U.S was valued at around RMB1.87 trillion, an increase of around 13% at that time.<sup>47</sup> These figures demonstrate the symbiotic relationship between China and the U.S when it comes to trade, they are partners who are *bi bu ke shao de* or absolutely necessary to each other's growth.

The latest developments which led to the foundation of the trade war can be traced back as far as 2017, in the summer of that year a U.S trade representative launched a formal investigation of China due to alleged unfair trade practices, a common complaint among U.S business entities who deal with China. Several articles were published in national newspapers alleging Chinese companies of intellectual property theft. In the *New York Times*, an article written by former U.S intelligence officers Dennis C. Blair and Keith Alexander argues that intellectual property theft from Chinese companies actually spans a variety of American sectors, including fashion designs, pirating films and theft of software and technology<sup>48</sup>. Blair and Alexander argue that Chinese hackers have been accused of stealing trade secrets for the production of steel, private defence contractors, and national laboratories. Their article highlights the growing fears and suspicion the American government had towards China's software development and use of technology. The argument is that doing business with China is at the expense of U.S security. Lobbyists believe that China could use American intelligence and technology to keep the American public under surveillance and in turn to develop tools which could be used to the detriment of the American population which could affect cyber privacy and exacerbate pre-existing issues such as piracy and

---

46 KOKAS, *Hollywood made in China*

47 BBC NEWS 中文“Zhongmei enxia tingzhan jian dan maoyizhan jiuqing shei ying shei shu”中美摠下‘停战’键但贸易战究竟谁赢谁输.”(China and the United States press the "armistice" button, but who wins or loses the trade war) BBC News 中文, 24 May, 2018. <https://www.bbc.com/zhongwen/simp/business-44230243>.

48 Dennis C. BLAIR, and Keith ALEXANDER. “China's Intellectual Property Theft Must Stop.” *The New York Times*. *The New York Times*, August 15, 2017. <https://www.nytimes.com/2017/08/15/opinion/china-us-intellectual-property-trump.html>.

other variations of intellectual property theft<sup>49</sup>.

In addition to this apprehension, the U.S faced a trade deficit through which import of Chinese goods far exceeds export to China. Furthermore, China owns twenty-eight percent of the U. S's public debt to foreign countries. This led America to feel vulnerable to the strength of the Chinese economy.

According to another article published on 28th January 2018 in the International Financial News (*Guo Ji Jin Rong Bao*)<sup>50</sup> The first warning a trade war was on the verge of eruption began when president Donald Trump approved import tariffs around thirty to fifty percent on solar panels and washing machines. The United States had begun implementing protectionist policies as part of Trump's 'Make America Great Again' agenda. This was a controversial slogan used for much of Donald Trump's election campaign during the 2016 elections, where he alleged, he would return America to its former glory through lifting up American owned businesses. Michael Delaney, a United States trade representative for Asia, expressed in an interview that the U.S needs to sustain, protect and maintain trade efforts but due to the size and scope of the United States' economy it could create harm or affect other countries.<sup>51</sup> However, analysts maintain that even if the U.S did not have a trade deficit with China, it would have a trade deficit with one or more other countries. They also theorise that one of the specific causes of the trade deficit as being consequential to the U.S blocking sales of high technology products to China, which is considered a U.S strength. China is currently considered to be one of the world's most effective producers of medium technology products. Moreover, if the U.S imposes tariffs on China in the area of medium technology, it could backfire and create costly consequences for the U.S. In essence, a trade deficit is perhaps an indirect repercussion of restricting China from obtaining high technology through American businesses.

There are varying opinions as to which side has the most to lose in regard to this trade war. A signed article by Zhu Wenben, the deputy director of the China Development bank research institute, and Li Yijun of the department of international strategy division argue that the deficit is mainly against the interests of the United States. Although expert in Chinese economy Salvatore Babones asserts that a trade deficit means different things in different circumstances, it was generally agreed that a trade war could easily do damage to both economies if prolonged. Economist Paul Krugman estimated that US\$6.4 trillion dollars will flow into the U.S in the next

---

49 ibid

50 INTERNATIONAL FINANCIAL NEWS, (*Guo Ji Jin Rong Bao*) 国际金融报: 中美贸易战

“一触即发” ? (International financial news: the Sino US trade war is "on the verge of breaking out"?) in

“International Financial News” (*Guo Ji Jin Rong Bao*) 28th January 2018

ten years, driving up the dollar. On the other hand, according to Oxford Economics forecast analysis, the Chinese market actually supports around 2.6 million jobs in the U.S and the article states that a trade war could actually result in eliminating jobs in the U.S. ultimately more detrimental to the American economy in the long run.<sup>52</sup> This analysis is certainly true when looking at the employment landscape in Southern California, many creative industries are being rejuvenated by Chinese capital. Mergers and acquisitions of businesses that are struggling, by private Chinese firms - allows for entertainment companies and theatre chains to keep afloat and allowing for jobs to be retained during times of economic turbulence in the States.

Subsequently, Forbes published an article in March of the same year speculating that, as history has shown us, trade conflicts are not good for markets<sup>53</sup>. The article gives an example of when former United States president George W. Bush imposed steel tariffs between eight percent and thirty percent in March of 2002, which were scheduled to remain in effect until 2005. Like Trump's recent steel and aluminium tariffs, the European Union threatened to retaliate by implementing countermeasures and took the matter directly to the WTO. Consequently, the WTO ruled against the United States a mere two years later and Bush was forced to drop the tariffs. This caused the dollar to plummet during the WTO verdict. A similar devaluation of the dollar could also happen during this conflict with China. The aforementioned article warned against a trade war and in agreement with other Economists urged China and the U.S to seek an amicable negotiation to minimise damage to markets before both sides were met with the consequences. The adumbrations were largely ignored by the Trump administration, plunging the U.S into an ongoing trade war with China. As things have escalated over the last couple of years a number of markets have indeed been affected. One such market is Hollywood.

Several different reasons are attributed as to why the trade war has occurred. Several experts say the first and most important being It appears that both sides do not seem to understand each other fundamentally and that is truly the core issue at the heart of the trade war. According to a piece published by the Financial Times in September 2018, which analysed the many obstacles U.S China relations faced in the run up to the trade war observe that fundamentally knowing yourself and

---

51 Michael DELANEY, *Trump Has Shifted the Trade Paradigm - for the Worse* in "The Hill" , 5 December, 2018.

<https://thehill.com/opinion/finance/419843-trump-has-shifted-the-trade-paradigm-for-the-worse>.

52 OXFORD ECONOMICS LTD. Understanding The Us-China Trade Relationship, Oxford Economics Ltd., 2017

<https://www.oxfordeconomics.com/recent-releases/understanding-the-us-china-trade-relationship>

53 Kenneth RAPOZA ,*How 'Trade Wars' Can Impact Markets* in "Forbes" 23 March, 2018,

<https://www.forbes.com/sites/kenrapoza/2018/03/23/how-trade-wars-can-impact-markets/#465ac3324c77>

knowing your enemy is crucial in any major war.<sup>54</sup> This comes from a noteworthy piece of Chinese literature *The Art of War* penned by the philosopher Lao Tzu. One of the key themes is to know your opponent and that includes a political one. The journalist, Tom Mitchell accuses both sides of 双方知己不知彼 (*shuang fang zhi bu ji bu shi bi*) mutually not being able to understand each other and furthermore false assumptions. Moreover, what is essentially more crucial is the fact that both sides are unable to predict each other's next moves.

China had made hastily drawn assumptions about the current state in which the U.S. finds itself, the CPC took for granted that the U.S. would be weakened by the Republicans losing seats in the Senate during the biennial United States Senate elections in November, 2018 causing president Trump to back down from conflict with China. However regardless of the current state of affairs in the Senate or the House of Representatives it remains that Trump in an attempt to solidify his power wanted to display the utmost level of strength and that includes in regard to his foreign policy. This means that he will do whatever it takes to present America as being powerful and unyielding, to appear to be actively putting in place his America first strategy which won him the presidential election back in 2016. The point remains however, that the U.S has drastically underestimated China's economy. Although, China's economy has been slowing down for the last several years, it's simply not at the rate that America has forecasted and despite the slowing of China's economy and its debts growing, China still remains one of the world's largest economies second only to the US and the growth rate has slowed to 6.7% which is not dire. These figures are not subject to change anytime soon. The article concludes once more that drawn-out trade war between both countries can only harm one another. Multiple sources within the economy world in 2018 issued statements warning both sides about the perils of an all-out trade war, which inevitably were largely ignored by both sides.

The trade war continued throughout 2018 escalating well into the summer of 2019 and it is still an evolving conflict. Slowly but surely many sectors have reportedly felt the sting of the trade war. In the first half of 2019 many news outlets began to break stories detailing the many ways in which the trade war was beginning to affect the film industry in the U.S with many sources asserting that negotiations are currently at a standstill and soured relations are to blame for China's unwillingness to accept distribution for more American made films to its Chinese audiences.<sup>55</sup>

---

54 Tom MITCHELL “Zhongmei maoyizhan: shuangfang yibuzhibi” 中美贸易战：双方知己不知彼 (Sino US trade war: both parties don't understand each other) in “FT中文网” 5 September,2018, <http://www.ftchinese.com/story/001079274>

55 Zhang YIMOU, *Here's How the Trade War Is Affecting Hollywood* in “ChinaFile” ,08 March, 2019, <http://www.chinafile.com/reporting-opinion/viewpoint/heres-how-trade-war-affecting-hollywood>

These tensions are the result of many years in the making, as early as 2007 when the United States had continually issued complaints to the World Trade Organization as a way to coerce Chinese authorities to widen access to film markets and audio-visual industries, the constant battle resulted in an MOU or Memorandum of Understanding for the distribution of film which allowed for co-production regulations to be stipulated. However, there were still subsequent issues on the Chinese side. As of 2020 China has yet to fully open up their film market. Releasing films in China is still an uphill battle for many Hollywood studios, not to mention independent filmmakers. Films still need to be approved by the appropriate governing bodies after going through checks, anything untoward results in censorship. Studios then are given the option to either edit or remove the offending content or risk an overall screening ban in China. A trade war directly affects China's dealing with Hollywood because the Chinese government are fiercely involved in matters regarding foreign direct investment and acquisitions. There are regulations in place that even private companies must adhere to when doing business with foreign countries and any dealing with an American business sector is instantly affected by their trade relations as it could affect the amount invested, the nature of investment or even if the exchanges are allowed to move forward. In recent years there have been new policies implemented ensuring Chinese business owners can keep a tight control of their investments and limiting the scope of overseas investment to tackle China's slowing economy.

China and the United States have indeed begun a revision of the five-year film deal which limited the number of foreign film exports to China to thirty-four films and guaranteed twenty-five percent shares in box office revenues. The U.S.- China film deal was initiated in 2012 and the deal was surmised to be renegotiated after five years which should have been in 2017. Hollywood had been pushing for an increased access to China's expanding film market, an increase in revenue sharing films and a higher share of box office receipts. Chinese negotiators purportedly offered to raise the annual quotas in April 2018. It is speculated that Hollywood is striving to increase box office revenue to twenty eight percent from the current rate of twenty five percent, this would be a three percent increase and a great leap for Hollywood despite being far less than what Hollywood could earn in other global markets<sup>56</sup>. Nevertheless, the talks stalled in view of querulous U.S -China trade negotiations. There have been reports that renegotiates had started in the summer of 2019, but China and Hollywood have yet to come to a new arrangement. Ying Zhu, a professor and expert of Cinema Studies looks in depth at the effects of the ongoing trade war on Hollywood and the cinematic industry<sup>57</sup>. She ascertains that both the unfavourable trade policies paired with Beijing's investigation into tax evasion from entertainment companies have made it more difficult for

---

56 Hallie DETRICK *Hollywood Is Having Trouble in China—But Not for the Reason You 'd Think* in "Fortune" 28 May, 2018 <https://fortune.com/2018/05/28/hollywood-china-film-negotiation-trump/>

Hollywood to do business in China which is putting a strain on the film industries on both sides. China has always made it abundantly clear that support of films should be on their terms and to further political and cultural goals, sharing a communist ideology such as Xi Jinping thought, with ‘people as the masters of the country’ and shared socialist core values<sup>58</sup>. This understanding clearly has led to the Sino-US cooperation on blockbusters which do not have a clear and definable political edge so as not to rock the boat. Another consequence of this entanglement is that a lot of smaller productions are overlooked and are also struggling to break into China as political relations with the U.S have soured since the trade war.

Forthwith, although the denouement of the trade war remains unknown, it is clear however the damage had already been done to a variety of markets. Talks are being delayed and investors are becoming nervous about the outcome. This alone could be a long-standing effect of the trade war. It appears inevitable that China will continue to increase the number of movies allowed to be imported into China to meet market demand- but possibly with stricter guidelines for the U.S to adhere to. The latest wave of Hollywood blockbusters have been able to reach Chinese audiences but Chinese restrictions of trade and U.S government's refusal to back down means that the nature of film deals must be favourable to the China market (such has always been the nature of Sino-Hollywood negotiations).

In conclusion China has not shut its doors to Hollywood because of the trade war but it has made China more conscious in how it does business with every sector so as not to concede too much to the demands of the United States. Hollywood is also aware of the leverage China has over film distribution in the Chinese market. In order to enter the market Hollywood must comply with the regulations stipulated by the Chinese state for as long as Hollywood remains reliant on Chinese capital. China needs Hollywood too but, in a way, which allows China to benefit from the intellectual property and technology that it has to offer. Hollywood's appearance in China and in the Chinese domestic film market is a strategic and symbiotic relationship and can only exist as long as China stands to gain from it.

### **2.3 Sociocultural: the people, the audience**

There is a topic which is not discussed as often in the discourse of Sino-U.S. relations in

---

57 ZHANG Yimou, *Here 's How the Trade War Is Affecting Hollywood*

58 Salvatore BABONES, *What 'Xi Jinping Thought' Stands For*, in “Forbes” , 22 October,2017  
<https://www.forbes.com/sites/salvatorebabones/2017/10/22/what-does-xi-jinping-thought-mean-and-how-does-it-compare-to-america-first/#7eb161de3262>



film, especially regarding China's current presence in Hollywood. A clear issue which has arisen as a result of China's investment into Hollywood studios and motion pictures is the battle for hegemony and the potential cultural disconnect from western and other global audiences in the pursuit of box office revenue from Chinese audiences. The United States of America has long since illustrated their socio-political values to their own citizens and audiences around the globe through film through its earnest depiction of the benefits and advantages of a capitalist society. The American Dream, the opportunity for individual upward social mobility and success, freedom and democracy have been constant themes that have been visited and revisited in a multitude of genres that have made it to the silver screen over the past century of film. One of the matters which arises from China's investments is the fact that the political messages which overtly praise the American way of life over its Chinese counterpart must be managed to ensure that the Hollywood production will be suitable for entry into the Chinese market and therefore must not contain any agendas that appear in opposition with China's own socio-political values<sup>59</sup>. Experts assert that Hollywood in order to become truly transnational in its films "must be subjected to increasingly thorough forms of cultural and ideological cleansing", especially when dealing with China to ensure their message can be well received by the Chinese regulatory bodies and latterly by China's audiences. China still self identifies as a communist state with a socialist market economy and remains ever critical of the aforementioned American capitalist values. Hollywood, in the last few years has now become somewhat co-dependant on Chinese box office revenue and investment from Chinese financiers in order to gain access to even larger film budgets and earn substantial returns on films. Filmmakers, producers and screenwriters are more aware of this and we are now at a time where many upcoming films are conceived with China on the mind from the very point of inception. Co-productions often have Chinese censors on set as consultants and are monitoring all aspects of the films' development even down to the script writing process. How this will affect future storytelling, location, and even casting choices is worthy of debate, even more so how these changes may affect the way in which global audiences receive Hollywood films.

The Chinese dream, a term heavily promoted by China's president Xi Jinping, which champions collective effort and socialism is fundamentally at odds with the ideals behind the American one. The Chinese dream implores the citizens of China to embrace socialist core values and reject materialism. The Chinese dream is said to allow for the rejuvenation of the Chinese nation and to build a strong nation and a strong military. China is a country which struggles to balance hard power with soft power in favour of its long-term hard power goals such as military force and a

---

59 Elizabeth EZRA and Terry ROWDEN (Edited by) *Transnational cinema: The film reader*, "In Focus" . New York, Routledge, 2010, pp1-12

mighty economy. Furthermore, the CPC encourages loyalty to the party and its leader, president Xi. This means that many Hollywood produced films have plots which may be incompatible with the ideas that the CPC hope to promote. The Chinese regulatory bodies have the right to veto any film which does not meet the expectations and guidelines set by the organisation in place. This means that even if a film starts as a co-production between the U.S and China it could lose its status at any point if the filmmakers refuse to adhere to guidelines. Films which are not co-productions but perhaps are co-financed with a Chinese company could also risk being refused entry into the Chinese market under the foreign film quota that China abides by. This means that playing by the rules stipulated by the China Film Co-Production Corporation is essential to enter the market. Films are now censored from conception with regulatory bodies on film sets advising the directors and staff on how to proceed throughout the production, they are in the meetings with script writers advising changes to make sure the script is relatable to Chinese audiences. To save both time and money many studios are welcoming this approach to avoid discord later on in the postproduction process.

This segment will analyse the ways in which these new requirements to co-production films financed by Chinese companies have changed the viewing experience for audiences across the globe with audiences seeing more of China's presence in film in regards to setting, plot and characters as a direct result of Chinese production companies and studios co-producing and financing Hollywood blockbusters. We will also see how the appeasement of China and its movie audiences might impact audiences in mature markets around the world and how they may come to regard this new viewing experience.

The first instance of major instance of a Hollywood blockbuster movie changing to appease foreign audiences before the rush of co-productions in the mid-2010s, is the movie *Looper* (Rian Johnson. 2012). The movie was a science fiction thriller starring American actor Joseph Gordon-Levitt which was partially financed by Chinese production company DMG Entertainment. The movie centred around the past and present versions of the protagonist; a contract killer named Joe who has to kill his future self when he comes face to face with him in the modern day. Parts of the film had to be reshot to include imagery in Shanghai to appeal to Chinese audiences.<sup>60</sup> However, these scenes did not resonate with international audiences so two separate endings were released. Nonetheless, despite the concessions that were made during the production of the film, the movie entered the Chinese market as one of the thirty-four films in the foreign movie quota and was not considered a

---

<sup>60</sup> Steven ZEITCHIK, *A more Sino-centric version of 'Looper' will be released in China* in "Los Angeles Times" 19 June, 2012 <https://www.latimes.com/entertainment/movies/la-xpm-2012-jun-19-la-et-mn-joseph-gordon-levitts-looper->

co-production. Film scholar Aynne Kokas coined the term “Faux-production”<sup>61</sup> to describe films like *Looper* that were made with the facade of being a co-production. A film which perhaps uses China as a location for filming, is financed by a Chinese company or in some cases uses local Chinese workers on set or Chinese talent. Although these films have several attributes of a co-production, they do not have the status as such. This lack of co-production status could be due to disagreement with the content, problems with the script, or evening the casting. However, in some cases, some of these films were not intended to be co-productions from the beginning but were simply produced with one eye on the Chinese film market.

Such films illustrate our first matter of contention, that is to say, the issue of global audiences. The United States has been at the forefront of cultural hegemony for decades, arguably for as long as TV and film has been in existence. American English is one of the most widely taught languages in the world. Through globally recognisable businesses and brands America has spread its influence into almost every single sector and industry in the world. This wave of Americanization is present in business practices, legal practices, customs and ways of life. A vast amount of countries in the world remain heavily influenced by the U.S and still look to America as an indicator of pop culture, which of course could be beneficial to China in the long run through long term collaboration. However, many audiences will face a disconnect, whereby they are unable to relate to the scenes, imagery and dialogue inserted for the benefit of Chinese audiences. Many audiences in film markets across the globe have become accustomed to Americanization in film. Hollywood blockbuster films tend to follow the same patterns and story arches. Many of the cities, locations and imagery already feel familiar to the audience through American media exposure. Furthermore, the storytelling, the way in which the film develops usually follows many western storytelling plot devices. Many film subplots, characters, and even locations may no longer resonate as much with global audiences who are not as culturally aware of China as they may be of the United States and other ‘Western’ countries. In the future non-U. S global markets could become accustomed to the way in which Chinese lifestyles are portrayed through film and it might even ultimately be well received, however this could take some time.

It must be noted that in order to be considered a co-production with a Chinese firm, the feature film must have China featuring heavily in the storyline or plot, and not as a villain, one third of the cast must be Asian, and also part of the film should be shot in China. These three requirements ensure that aspects of China, the cities, and the culture should be included in a co-production. Although

this is to enrich the viewing experience of the Chinese film going audiences, it may isolate other people watching from other countries. Other places in the world such as the European market, the African market and the South Asian and Middle Eastern markets may not respond as positively to the prominence of China in a Hollywood movie, furthermore, they may not understand the cultural significance of these scenes or characters. For instance, cultural differences might affect the motivations of the characters in the film, thus affecting their desires and their relationships. Hollywood needs to ensure that while working to include China as a significant part of their blockbuster hit films, they do not isolate other markets in the process.

A secondary matter which connects to this issue is the following: a potential added cost of the onerous task of shooting extra scenes or hiring extra actors in the middle of a production to flatter Chinese audiences, but without isolating American and global audiences. This duality of having separate releases and extra scenes could affect the budgets of many of these movies and in turn could make some of these blockbuster movies slated for a Chinese release, more costly to produce. Before widespread awareness of Chinese censorship affecting film production in Hollywood came to light, in 2012 film *Red Dawn* made global headlines for editing in the postproduction phase so as to not offend China. The cold war drama had initially depicted China as the enemy in the screenplay but due to public outcry, the script was hastily amended to feature North Korea as the enemy instead. Similarly the Hollywood zombie action film *World War Z* came into the spotlight for also amending their script, the original novel indicates that a virus which contaminates the population originated in China but scenes which alluded to China's culpability were cut in order for the film to have a better chance at passing Chinese film censors. Another movie which illustrates this is the film *Iron Man 3* (Shane Black, 2013), third in the *Iron Man* series and part of the *Marvel Universe* film franchise. In the aforementioned film, the Chinese release features extra scenes and China-centred imagery, there is a Chinese product placement and a cameo by the Chinese superstar actress Fan Bingbing as a doctor who ultimately saves Iron Man's life. Although *Iron Man 3* was co-financed by Chinese company DMG Entertainment, it was not officially considered to be a co-production. These gratuitous scenes although were added into the film for the benefit of Chinese audiences, were not well received by filmgoers as many of the Chinese audience felt these inclusions were too forced<sup>62</sup>. These state of affairs further highlight that fact that in order to enter and appeal to the Chinese market Hollywood still needs to be vigilant to deliver and give Chinese audiences what they would like to see on screen, that is to say, seamless representation and not just

---

61 Aynne KOKAS, "Predicting Volatility between China and Hollywood: Using Network Management to Understand Sino-US Film Collaboration" *Global Media and Communication* 14, 3, 2018. pp 233–248.

62 KOKAS, *Predicting volatility between China and Hollywood: using network management to understand Sino-US film collaboration*

superfluous content.

A tertiary situation Hollywood faces is the release of movies that are considered less culturally valuable for more established film markets both in the U.S and abroad. Big blockbuster hits such as *Transformers 4* and *World of Warcraft* were culturally valuable to emerging markets such as China due to a population very interested in gaming but in western box offices these movies were widely panned. *Transformers 4* scored a mere 5.6 rating on IMDB's rating system and a meagre eighteen percent on rotten tomatoes<sup>63</sup> both movie review websites. Despite their poor performances in Western box offices both were a success in China hence leading people to worry the partnership with Chinese companies will beget lower quality blockbusters for easy revenue. If emerging film markets without a majority of viewers who are more accustomed to higher quality films are being targeted, how can we ensure that quality films will still be produced for mature markets to continue to enjoy? Much of the criticism surrounding conglomerate Tencent's entry into the Hollywood film industry is often centred around the genre of films which are being developed into blockbusters, namely, Michael Bay-style<sup>64</sup> action movies and films based on games, none of which are taken seriously by film critics.

Depictions of sexual freedom have come into discussion as part of the discourse on Sino-U. S collaboration. China happens to be conservative nation on the topic of sexuality, especially how it is depicted on screen. A clear illustration of this was the Chinese media ban on actress Tang Wei after she appeared as the lead actress the sexually explicit spy period drama *Lust Caution* (Ang Lee, 2007). Tang Wei did not work in the domestic Chinese film industry for three years after the film was released. Sci-Fi drama *Cloud Atlas* (The Wachowskis, 2012) was another example of a film which was heavily censored due to its portrayal of sexuality. The film had around forty minutes of content cut from the Chinese release which was ultimately around almost one quarter of the films running time. Film critics speculate this was mainly due to the same sex storyline portrayed by actors Ben Whishaw and James D'Arcy as well as other graphic scenes in the film. For China same-sex relationships and the portrayals of such relationships remain somewhat a taboo subject. In the *Star Trek* film, *Star Trek Beyond* (Justin Lin, 2016) the franchises' only Asian character is seen as being in a same sex relationship in the U.S release but the scenes which allude to that were removed from the Chinese version of the film furthermore, the actor revealed there was even a kiss scene

---

63 *TRANSFORMERS: AGE OF EXTINCTION* in "Rotten Tomatoes"  
[https://www.rottentomatoes.com/m/transformers\\_age\\_of\\_extinction](https://www.rottentomatoes.com/m/transformers_age_of_extinction)

64 Michael Bay is an American film director famous for his often fast paced and ostentatious action movies and vivid cinematographic style.

which was removed entirely from the final version of the film<sup>65</sup>. This is an instance of film studios starting to self-censor with an eye on global and Chinese distribution. America is more liberal than China in terms of LGBTQ rights and same sex marriage is a legal right in the U.S. Instances such as these could lead to friction between global and Chinese audiences in the future if American made films remove depictions of same-sex relationships and families from its films especially, at a time where diversity and representation in Hollywood and its lack thereof is at the forefront of conversations. There are already debates from audiences that Hollywood is not doing enough to portray and normalise these situations and interference from Chinese censors or Hollywood screenwriters cutting out this content to appeal to China would be considered as a way in which China is interfering with how these issues can be seen on our screens. Furthermore, this could trickle into other matters such as the portrayal of political and religious freedoms in films.

Chinese ideals in the way of beauty standards and gender roles could also be forced upon unsuspecting audiences with the rise of Chinese influence in Hollywood produced films, an example being, China's preference for strong male leads with a lack of female diversity. As film scholar Aynne Kokas points out in a 2019 article in the *Journal of Chinese Cinemas*, of all the films which fall under her categorisation as "Faux Productions" every single one of them has a Caucasian male lead<sup>66</sup>. China's growing influence in Hollywood could force Hollywood to abandon some forms of diversity in order to appeal to China's vast film market. This could mean the silencing of female led movies, and also the less ethnically diverse casting so as not to confuse or even offend Chinese audiences. China has a very particular and very singular view of beauty; female leads in China almost always adhere to this ideal look and Chinese ethnic minorities tend to be underrepresented in China's own domestic film industry. There have also been cases of Chinese films casting Caucasian male actors in leading roles which have caused much debate from particularly Asian Americans, who are among the one of the most marginalised groups in Hollywood, especially when it comes to representation on the silver screen. Many of the Chinese diaspora in the United States reacted negatively in regard to casting Matt Damon in the leading role in the Sino- U.S co-production the *Great Wall*, (Zhang Yimou, 2016) which is a period film set in the Song Dynasty. Films produced in China heavily featuring Caucasian males leads instead of Asian American actors has led to much disappointment among Asian American communities. On the other hand, films such as *Crazy Rich Asians* (Jon M. Chu, 2018) were not met with the same treatment in China. The film is based on a bestselling series of novels by Singaporean Chinese

---

65 Benjamin LEE, *John Cho: gay kiss was cut from Star Trek Beyond* in "The Guardian" 21 July, 2016 <https://www.theguardian.com/film/2016/jul/21/john-cho-gay-kiss-cut-star-trek-beyond>

66 Aynne KOKAS, Producing Global China: The Great Wall and Hollywood's Cultivation of the PRC's Global Vision" *Journal of Chinese Cinemas* 13, 3, February 2019, pp 215–27

writer Kevin Kwan. The plot shows a love story between a man from a wealthy Singaporean Chinese family and a middle class Chinese American girl. Although it was widely praised in the U.S, a film made with an eye on Asian audiences, filmed in Singapore and, with the sequels poised to feature mainland China quite heavily, the film suffered from many censorship issues, a long delay and ultimately, a limited release in China where it eventually tanked at the Chinese box office.

The main cause of censorship was due to the ostentatious displays of wealth depicted in the film, which comes at a time where the Chinese government is trying to steer society away from money worship. Moreover, the film itself was released in the midst of the domestic tax evasion scandal in 2018 which shook up China's domestic film industry. Nonetheless, this reasoning could be seen as a contradicting viewpoint from the Chinese film bodies because other Chinese domestic films with similar themes were allowed a smooth domestic film release. A comparative example is the smash hit *Tiny Times* (Guo Jingming, 2013). The film series, originally a bestselling novel, also written by the director, Guo Jingming, is a story which depicts four wealthy Chinese girls who are childhood best friends navigating through their lives. An article published by the BBC in 2014 argues that the film directly opposes the ideology of Chinese communism.<sup>67</sup> "It is a wholesale celebration of conspicuous consumption and materialism", according to the journalist Tim Brook. Furthermore, the writer draws comparisons to American films, *Sex and the City* and *the Devil Wears Prada*. While it is essentially a coming of age tale, these 'rich girls' lead lives of extreme opulence and expensive brand names and luxury cars are constantly mentioned. The first film was released in 2013 with three sequels released thereafter (the last having been released in 2015). The first in the franchise was able to gross RMB 484 million (US\$79.7 million)<sup>68</sup>. Many critics argue that this film delineates the future of China's youth. That many of the youth living in China today, particularly the millennials and generation Z, have grown to become materialistic and individualistic. This film was not met with censorship or delays with its release and performed very well at the box office but, an American film depicting Asians in a very similar way faced many obstacles on the way to its release. Notably, the aforementioned age groups are considered to make up a large portion of Chinese cinema audiences. According to a China Film industry report published by industry consulting firm Ent Group Inc. in 2014 audiences aged between 19-40 years of age made up eighty-seven percent of China's film audiences in the previous two years<sup>69</sup>. This is reflective of the

---

67 Tom BROOK *Tiny Times: China's Sex and the City?* In "BBC" 11 August, 2014

<http://www.bbc.com/culture/story/20140811-chinas-sex-and-the-city>

68 Kevin MA *Personal Tailor sets China 2-D opening record* in "Film Business Asia" 20 December, 2013

<https://web.archive.org/web/20140223020150/http://www.filmbiz.asia/news/personal-tailor-sets-china-2-d-opening-record>

69 ENTGROUP INC, *About Us* <http://english.entgroup.cn/index.aspx>

growing middle class in China and the desire for cinema goers to see more storylines that feel closer to their own realities.

China's film market is made of a relatively young target audience and they will continue to grow to make up the future demographics of Chinese filmgoers, this could mean that the Chinese cinema audiences may demand to see more youth-oriented films like *Tiny Times* in the future. If American studios are allowed to import these sorts of films into China would Chinese audiences be as receptive to American films expressing the same or similar themes? To add to this question, will the Chinese government allow these types of films depicting extravagant displays of wealth to continue to be produced and released domestically if this is what audiences want to see on screen? What remains to be seen is that the Chinese film industry appears to be at a crossroads when it comes to the themes that are allowed to be presented to a wider audience. According to statistics on the China Film Report, in 2013 published by Ent Group over half of the domestic film audiences in China believed that China's own domestic films had themes which were too conservative and lacked innovation, the report argues that part of the problem is that China does not have an explicit film rating system which can cause confusion when it comes to the idea of censorship with its own domestic films.

The criticism regarding the lack of innovation in Sino-U. S film collaboration is a recurring argument from audiences and scholars alike. Of the myriad of films that received financing from Chinese investors, most of them were films of a pre-existing franchise or series for example, *Transformers*, *Terminator* and *Mission Impossible*, all of which received financial backing from Chinese films in the latter half of the decade. Even *Iron Man 3* which is not actually considered a true co-production was the third in a wildly successful trilogy of films which were later added to the Marvel Comic Universe canon. The reliance on pre-existing narratives gives a somewhat recycled feeling with respect to much of the content that is created and could affect more sophisticated markets. As China's film market matures, many Chinese film goers may become disillusioned with the genres of films that are usually chosen for co-productions. Conversely, this could lead to internal pressure from within the Chinese domestic audience to allow more than thirty-four films into China for a greater variety of film genres simply to maintain cinema attendance.

Corresponding to the issue of beauty and depictions of beauty in China-Hollywood collaborations, culturally China has a vastly different idea when it comes to the perception of female beauty both on and off screen. The ideal standard in Chinese beauty is described as being slim, having long shiny black hair, pale white skin, a small round face with a pointed chin as well as big eyes with



double eyelids. Golden globe award-winning Chinese-Korean American actress Nora Lum, also known by her stage name, Awkwafina, who also played a role in the film *Crazy Rich Asians*, received much criticism from Chinese audiences in her leading role in another film to reach the silver screen last year: *Last Farewell* (Lulu Wang, 2019). The main subject of criticism; not being beautiful enough to be a female protagonist.<sup>70</sup> This is not the first time Chinese audiences have criticised the casting choices of Hollywood directors when it comes to Asian representation but there seems to be a preconceived notion of what actors need to look like in order to appear on screen according to many Chinese viewers. While China-centric beauty standards may be given prominence in China when it comes to casting decisions, in Hollywood the decision of casting character actors, who perhaps are not as conventionally beautiful are sometimes linked with more relatability and authenticity in storytelling and arguably is very much a strength in Hollywood. Nonetheless, the United States does have a notably different, and perhaps more diverse standard of beauty to China. In the United States, especially in Hollywood, the beauty norm is arguably toned, tanned and blonde. However, there is an increasing level of diversity among leading actors in recent Hollywood films with the inclusion of actors and actresses of different ethnicities to reflect the growing multiculturalism in the United States especially with the increase of mixed families. A by-product of Sino-US collaboration could be potential friction when it comes to casting choices by production companies, in order for a film to seamlessly fit into the mould of a Chinese *Dapian*, and casting choices may be affected which could further alienate non-Chinese global audiences.

Yet another impediment Hollywood's film studios encounter when collaborating with Chinese companies on a film is the ever-present culture clash between the two nations. Many American directors have purportedly faced difficulties when it comes to working with China and Chinese companies to produce and direct a film owing to a multitude of reasons from creative to political differences. As often as there has been a successful film collaborated between the U.S and China on the contrary there has been a history of many failed deals between China and Hollywood studios, or with directors whose creative ideas are repeatedly rejected by the relevant co-production bodies. It is not to say that China is to blame for failed collaborations between the U.S and China. The ways of conducting business in both countries are extremely different. American film producers, screenwriters and directors are also used to a certain level of creative freedom when creating a production which they may perhaps have to learn to relinquish when working on a film that needs to be suitable for Chinese audiences too. American Film director Oliver Stone was decidedly critical of the Chinese way of producing films after a string of failed co-productions. Stone, a

---

70 Kenrick DAVIS, *Chinese Audiences Debate Chinese-ness of 'The Farewell'* in "Sixth Tone" 13 January, 2020 <https://www.sixthtone.com/news/1005069/chinese-audiences-debate-chinese-ness-of-the-farewell>

celebrated auteur, known for his films *Platoon* and *Wall Street* spoke at the Beijing International Film Festival in 2014 scolding the Chinese film industry for its reluctance to portray the founder of the CPC Chairman Mao as anything less than a hero. He called out the film industry for over-protecting Chinese history in relation to his attempts to get a co-production approved in China. Contestably this does more to illustrate some of the hurdles when it comes to screening to Chinese society, it appears that perhaps U.S filmmakers lack the discernment of the intricate issues that exist in Chinese society which would make it difficult to allow a film with an anticipatedly high level of controversial politics on screen. China is still under communist rule and does not necessarily follow the same ideas as the U.S in regard to freedom of speech and creative freedom in media productions. Co-productions are indeed a precarious business. They need to resonate with both the U.S and Chinese audiences while also being suitable for a wider release across the globe. The biggest criticism of Sino – U.S co-production *The Great Wall* is that although it was an extravagant production with a huge budget and a world-famous A-list actor as the lead, it failed to speak to either audiences in the U.S and in China. Such a mis-marriage purveys that there is much work to be done in order to understand how to find an equilibrium between the desires of the U.S audiences and the Chinese audiences in film collaborations.

Another such instance of the difficulties directors face when trying to produce and distribute films in China, is in reference to the latest film by director Quentin Tarantino. Tarantino's works have been met with much censorship in China, despite being one of the most famous film directors of the twenty first century. Tarantino's films are usually characterised by stylized violence making them unsuitable for release in China. This was due to change with the release of his latest film *Once Upon a Time in Hollywood (2019)*, starring Brad Pitt and Leonardo Di Caprio tipped to be Tarantino's first Chinese film release. The project was supposed to be released just after Golden Week in October 2019, a very prestigious release date slot in which to screen a foreign film. Usually around important national holidays in China the Chinese film authorities would have an unofficial blackout period whereby only local Chinese films are allowed to be screened at nationwide theatres. Despite widespread anticipation from Sony Pictures, Tarantino and Chinese film goers, the movie was cancelled. Shannon Lee, the daughter of distinguished martial arts star Bruce Lee, issued a complaint to the Chinese film authorities owing to Tarantino's portrayal of her late father as an overexaggerated and arrogant character. Officially it is reported that this matter and Tarantino's subsequent refusal to censor his portrayal led to the ban. The film is no longer scheduled for release in China despite having the financial backing of Bona Film Group. However, an alternative point of view is that purportedly, Tarantino is yet another victim of the Sino-US trade war as the situation between the two countries is very precarious. Whether this will be a temporary

ban, or a full cancellation remains to be seen but many film critics predict that the film will still be allowed a screening but most likely only after the Academy Awards take place in February 2020.

A genre of film which could definitely unite China and Hollywood are animations. Animations are arguably the closest and easiest way to bridge the gap between Chinese and U.S audiences. Animations can be dubbed into Chinese by famous or well-known Chinese stars or dubbed into English by American or English-speaking actors, thus making them more relatable to local audiences. Furthermore, animations are almost certainly guaranteed to meet censorship requirements as they tend to be family friendly stories which illustrate lessons on morality. One such film which appealed greatly to Chinese audiences was *Kung Fu Panda* (John Stevenson; Mark Osborne, 2008)<sup>71</sup> which depicts the story of a lazy panda who overcomes all obstacles to achieve his dream of mastering kung fu and protects his home in the process. The series was such a success that the third film was actually a co-production with Pearl Studio, (formally known as Oriental DreamWorks), the China based joint venture by Chinese investment companies CMC, Shanghai Media Group, Shanghai Alliance investment and American company, DreamWorks Animation. In view of the fact that it was a film about Chinese legends and folklore the story was easily translatable on screen. The film also uniquely promotes China to western audiences through the imagery of Chinese culture and the portrayal of a panda, the national animal of China, as a hero.

Another such film which was met with success was the Disney film *Zootopia* (Byron Howard; Rich Moore, 2016)<sup>72</sup> which was a film about a rabbit who dreamt of becoming a police officer in the big city defying all stereotypes and hurdles in the process. The film sent a positive message and warned about the dangers of profiling. Despite the film's debatably political message, the film was allowed an extended run in China. This preferential treatment was virtually unprecedented and ended up becoming the highest grossing foreign film in China in 2016, though this could be down to Disney's pre-existing relationship with China. Disney has been a presence in China for years, since the creation of Disney English schools in 2005, to the beginning of the Disneyland resort project which began in 2009 and resulted in the opening of the Shanghai Disneyland resort in 2015. Global film studies expert, Xu Song ascertains that establishing and maintaining a good relationship with Chinese authorities is quintessential when it comes to the Sino-US film industry and a studio's relationship could make or break the films Chinese release and the potential success of such film<sup>73</sup>.

---

71 Li Huiqun, "Opportunities and Challenges of Globalization for the Chinese Film Industry." ,Global Media and Communication 6,3, December 21, 2010, pp 323–28

72 Rob CAIN, *Zootopia' Now China's Leggiest Movie Ever, Closes In On Disney's 'Ultron' Record \$240 Million in "Forbes"* , 03 April, 2016, <https://www.forbes.com/sites/robcaain/2016/04/03/zootopia-now-chinas-leggiest-movie-ever-closes-in-on-disneys-ultron-record-240-million/#135fd27c6b3d>

73 Xu SONG, "Hollywood movies and China: Analysis of Hollywood globalization and relationship management"

The amount of promotion, how long the films are shown in the cinemas and even the number of cinemas which screen the movie are essentially down to the relationship between Hollywood and China Film Group or the other authorised distributing bodies in China, however CFG and Huaxia hold a monopoly on distribution in China. The only way to uphold this precarious relationship for many Hollywood studios remains to follow the guidelines stringently and play by the rules of the Chinese state. Only then can the relationship continue to be enhanced in the future. It can be asserted that these are the key reasons why Hollywood studios give precedence to the customisation of films for Chinese audiences.

Citizens of the internet, or netizens as they are commonly referred to, are another massive part of box office success in China and having loyal and devoted fans can make or break the success of a film. One film which was able to utilise such weaponry was the *Fast and Furious 7* movie where the actors participated in interacting with fans by sending video messages to support Chinese students doing the *gaokao* (formalised college entrance exams)<sup>74</sup> and also by attending premieres and other promotion events in China. These events allowed the actors to form a connection with fans which arguably enhanced the buzz around the film and helped the film to ultimately perform better at the box office. Actors and actresses praise their experience in China and talk about their positive experiences with China and Chinese fans in order to build a rapport. Films which received heavy promotion in China and allow Chinese fans to feel included often stand a better chance at box office success. British actor Tom Hiddleston, famous for his role in Marvel's Avengers franchise, starred in a Chinese advertisement for Centrum vitamins at the beginning of 2019 roughly one month before the final film in the Avengers franchise was due to be released in China, the advert, shot in a point of view or POV style played on his 'heart throb image' and was wildly popular in China. Even an advert such as this one, even if not affiliated with the Avengers franchise may have helped to indirectly boost ticket sales to the final instalment of the series.

Despite widespread apprehension about China's presence in Hollywood and potentially forcing Hollywood to adapt to bend to China's will there are some who are critical of this conclusion. One could argue that China is not the only country to pour foreign capital into Hollywood and so having a majority influence is not something which could happen at a rapid pace and without opposition. Furthermore, Dominic Ng, CEO of East West Bank ascertains that foreign firms have around US\$60 billion of assets in the U.S film and music industry.<sup>75</sup> In accordance with analysis to the U.S bureau of Economic Analysis it is reported that private fixed assets stock of the film industry was around \$300 billion in 2015, twenty percent of the assets were foreign and less than one percent

---

74 ibid

were Chinese company's investments. With an increase over the last few years he estimated that acquisitions in Hollywood have perhaps increased but are still below five percent. Ng additionally argued that Chinese owned studios are under a magnifying glass and that excessive forms of censorship would be easily spotted by the MPAA, other Hollywood entities and media outlets<sup>76</sup>. This line of argument reassures us that Hollywood can remain creative for the foreseeable future as China has not exactly enacted a mass takeover of the U.S film industry. Any influence is subjected to time and any push back from audiences will definitely cause studios to rethink their approach. Studios will have to come up with a way to appease Chinese censors without losing the cohesion and quality in locally made Hollywood films.

To consummate this contention, this portion of work maintains that there are multitudinous obstacles which cause a hindrance to Sino-U. S film collaboration. America and China are two countries which are politically opposed with completely different social values. China is a country of collectivism with the trends and ideas heavily dictated by the populous through a mix of traditional notions and new social media trends. America alternately is a capitalist country with notions about democracy, individualism and freedom of speech. American films which discuss controversial topics such as politics, sexuality and grizzly moments in history receive critical acclaim, in China however, these films are censored. Film directors are given creative freedoms in the U.S whereas in China directors must keep within the confines of what the party deem appropriate to show its citizens. China has their own standards of beauty which have existed for thousands of years. America's ideal beauty is ever evolving. These are only a handful of instances where China and the U.S are polar opposites, doing business together in order to create a product successful on both sides of the spectrum is a challenge to say the least. With these strict guidelines one can only speculate how these co-productions may evolve in the future. While some scholars and film critics believe that there are only two major outcomes: the first is that China concedes and allows for more creative freedoms within co-productions and lessens censorship regulations or the second which is that the U.S in order to maintain the inflow of investment bends and adapts to the will of the Chinese adhering to questions of location, screenwriting and casting choice in order to appease the government. Others have argued that this will not be the case and that the relationship between China and Hollywood is evolving at an unpredictable pace, the relationship is formed by studio collaboration but also by the will of the average cinema attendee and netizens in the age of social media. What we believe to be true about Sino-U. S relations in film today may be nugatory tomorrow.

---

75 Dominic NG, *Chinese Investment in Hollywood: Focus on Opportunity* in "China Business Review" 28 November, 2016,

76 *ibid*

### 3 Tencent Pictures, a case study

#### 3.1 The Rise of Tencent in the domestic Film Industry

Tencent, now officially known as Tencent Holdings Ltd. are well known across the globe as the technology giants who pioneered the Chinese messaging apps QQ and WeChat. Tencent was established in 1998 in Shenzhen, China and has successfully opened a number of divisions under the umbrella of Tencent Holdings Ltd. Tencent's reach extends into payment services, music, online gaming, TV and sports, web portals smartphones, and even artificial intelligence. In 2015 the firm, which is most known for its high technology and presence worldwide in the video gaming industry in addition to its social media platforms, inaugurated Tencent pictures, its production and film distribution arm of the company focusing on content creation such as online dramas and investing in feature-length films having provided capital for over fifteen non-Chinese feature films to date. Tencent Holdings is widely considered to be one among the most valuable companies in East Asia and holds stakes in a vast range of Hollywood and local film companies Snap, STX Entertainment, Tang Media Partners/ Global Road, WME-IMG China and Skydance to name a few<sup>1</sup>. This case study aims to analyse just how Tencent has built an empire from technology to content creation and how its new foray into the production and distribution of films marks a new era for the Chinese film industry as well as Sino-US partnerships in film.

Tencent revolutionised social media in China first with their venture QQ launched in 1999 which was China's first instant messenger service. Tencent however has since penetrated the Chinese market with WeChat (*wei xin* 微信), a social messaging app which allows users to communicate in real time which has garnered users from all across the globe. Launched in 2011, and currently with around an estimated one billion users worldwide<sup>2</sup>, it has since become a ubiquitous part of daily life in China. WeChat is immensely successful owing to the diverse range of features the app possesses, WeChat users can use the app for mobile payments, shopping as well as standard messaging and

---

1 Brzeski, Patrick. "James Wang - Meet 7 Key Players in China's Film Industry." *The Hollywood Reporter*, May 8, 2018. <https://www.hollywoodreporter.com/lists/meet-7-key-players-chinas-film-industry-1107529/item/china-key-players-james-wang-1107521>.

2 "Xinlangzonghe qingjie qijian weixin quanqiu yuehuo yonghushuchao shi yi" 新浪综合.

"马化腾：春节期间微信全球月活用户数超10亿。" 马化腾|微信|春节\_新浪科技\_新浪网, (Sina general. "Ma Huateng: during the Spring Festival, wechat has more than 1 billion monthly active users worldwide") Ma Huateng, wechat, Spring Festival, Sina Technology, 5 March, 2018. <http://tech.sina.com.cn/i/2018-03-05/doc-ifxipenm9397924.shtml>.

sharing “moments” pictures and videos with fellow users. Notably, Tencent were supported by the Chinese government<sup>3</sup> for WeChat since its infancy as its launch coincided with the “Twelfth Five-Year Plan” from 2011-2015 in which the CPC were actively supporting and endorsing the growth of e-commerce and digitalization in China alongside some of their numerous other policies for boosting development.

In addition to having a hand in the flourishing social media industry in China, Tencent also has a successful video gaming division launched in 2003 with a focus on publishing online video games. Through a series of enterprising acquisitions such as the majority acquisition of Riot Games, a video game development country in 2011, Tencent has now grown to become the largest gaming company in the world. Tencent hosts successful titles such as *Call of Duty Online*, a popular first-person shooter game and *League of Legends*, a multiplayer online battle arena (MOBA) game. These game genres are not only popular in Asia but also worldwide. Both of these game titles are included in competitive gaming tournaments or eSports which is a fast growing and lucrative industry across the globe. Professional gamers play against each other either solo or in teams in order to win huge, often monetary prizes and sponsorship deals. Professional gamers are now treated as somewhat athletes and celebrities with huge followings around the world. For Tencent to have major stakes in these titles allows the company to have a sizable presence in the international gaming and esports industries. Much of Tencent’s domestic success in the gaming industry also could be due to its willingness to help promote patriotism through its media channels thus being able to remain on par with the CPC vision of the development of Chinese society. Through remaining in good graces with the CPC, Chinese companies can ensure favourable business and trade policies and less operating restrictions. An example of Tencent demonstrating its support for the CPC is through a game launched in 2017 encouraging players to “clap for president Xi Jinping.” The players of this game had to press their screens repeatedly within a time limit during a speech given by president Xi about reducing poverty. This innovative app reflects the Chinese government’s own utilisation of modern-day tools to reach the younger generation. Furthermore, in 2019 Tencent games have also made deals with the state and the Publicity Department of the Communist Party of China and have pledged to develop more patriotic games for its users in the future.<sup>4</sup>

Correspondingly, 2012 saw Tencent launch a comic book publisher which has now become China’s

---

3 ECOVIS R&G CONSULTING LTD *E-commerce in China; Industry Report* (Beijing) and *Advantage Austria*. 2015 in [www.ecovis-beijing.com](http://www.ecovis-beijing.com)

4 HUANG Zheping *Tencent Helps Communist Party Pay Homage to the China Dream* in “Bloomberg News”. 6 August 2019. <https://www.bloomberg.com/news/articles/2019-08-06/tencent-helps-communist-party-pay-homage-to-the-china>

largest online animation in 2014 just two years after its foundation. Comic books are a very lucrative industry in China as they are very popular across generations, not to mention comic books proprietorship allows for entertainment companies to expand their intellectual property ownership. Tencent launched its music arm which signed exclusive deals to distribute music in China with Universal Music Group, Sony, Warner Music Group and South Korea's YG entertainment. These strategic collaborations have allowed Tencent to gain an advantage with music streaming and distribution in China and in December 2017 it was reported that Tencent music had formed an alliance with Swedish media company *Spotify*<sup>5</sup>. It should not come as a surprise that 2015 brought the launch of Tencent Pictures yet another venture for Tencent, this time highlighting their foray into the world of film production and distribution. Officially Tencent Pictures was established on 17th September 2015. In Tencent's 2015 financial report, the company communicated the desire to "enhance IP value via original productions of movies and TV series,"<sup>6</sup> while also combating piracy of their online publishing content. The same financial report also mentioned partnerships with content providers such as NBA, HBO and Paramount. They pledged to grow digital content subscription by optimizing their business model.

News of Tencent treading the waters of film production came to surface in 2014 when Tencent announced seven upcoming film projects that it would be co-financing.<sup>7</sup> Alongside state owned China Film Group Corporation (CFG), Tencent invested funds in the largely successful World of Warcraft movie *Warcraft* (Duncan Jones, 2014) based on the hit video game of the same name released through American game development company Blizzard Entertainment in 2004. It was a film which although flopped completely in the United States, was able to generate a vast amount of revenue and was met with much success from the Chinese audiences. Films based on video games were still a relatively new concept in Hollywood and many fans of these video games were very critical about the ways in which these stories have been translated on to the silver screen. According to box office revenue tracker; Box Office Mojo, *Warcraft* was only able to gross around US\$47.4 million in the United States, however through its China release was able to gross around US\$225 million for a total of around US\$439 million worldwide. The triumph of *Warcraft* at the box office illustrated to investors and studios alike the potential gains from the Chinese film market alone. It showed that films do not necessarily need to perform well across the globe to earn revenue, the Chinese film market alone had box office power stronger than many existing and sophisticated

---

dream

<sup>5</sup> WANG Yue, *China's Tencent Has Quietly Built An Entertainment Empire That Western Tech Giants Can Only Envy* in "Forbes" 19 December, 2017. <https://www.forbes.com/sites/ywang/2017/12/19/chinas-tencent-has-quietly-built-an-entertainment-empire-that-western-tech-giants-can-only-envy/#28e60bd37304>.

<sup>6</sup> TENCENT 2015 ANNUAL REPORT

<sup>7</sup> CHINA FILM INSIDER, *Headlines from China: A Short History of Tencent Pictures* In "China Film Insider", 16 August,



markets.

As early as 2015 news spread that the technology firm Tencent was looking to invest in or buy either a film or animation studio in order to directly compete with other Chinese conglomerates and also to establish themselves as producers of films as in addition to distributing films domestically. Another rival tech conglomerate Alibaba founded by entrepreneur Jack Ma, purchased a majority stake in ChinaVision media, eventually renamed to Alibaba Pictures. Alibaba's film venture went on to become the biggest film company in China by worth, as it was considered to be worth around US\$9.6 billion by June 2015<sup>8</sup>. Moreover, "China's Google", a multinational company specialising in internet services known as Baidu also entered the film industry in China by establishing streaming services and investment in original film and television content with its venture iQiyi. Indeed, Tencent pictures were also established for the purpose of beginning to pour investment into original content creation and distribution of films. Eventually, in 2018 Tencent reached a deal to acquire film and TV studio New Classics Media for US \$2.25 billion after earlier in the same year acquiring 27% stake in the company for around US \$524 million according to the *Hollywood Reporter*<sup>9</sup>. Arguably production companies should strive to own their own studios in order to avoid renting space from other companies which facilitates the creation of content on a company's own premises. Tencent in essence were reiterating their commitment to their venture into the domestic and international film production industries.

Around November in 2015 it was announced that American media titan Metro-Goldwyn-Meyer had reached a distribution deal with Tencent. Metro Goldwyn Mayer (MGM) was founded in 1924 and is one of the oldest and most prestigious film studios in Hollywood attributable to its production and distribution of much of Hollywood's golden age cinema. MGM also boast an expansive and extremely lucrative film library including the rights to American cinema classics such as the *Wizard of Oz* (Victor Fleming, 1939) and the rights to the entire library of James Bond movies, one of the longest running film series in history dating from 1962 to the most recent title *No Time To Die* directed by Cary Joji Fukunaga and due to be released spring 2020. The aforementioned series was the subject of this deal with Tencent gaining the online distribution rights to release the film in China through Tencent's various streaming platforms. This deal was significant for Tencent because it communicates the growth of Tencent's influence in the global TV and film streaming

---

2018. <http://chinafilm insider.com/headlines-from-china-a-short-history-of-tencent-pictures//>

8 Rob CAIN, *Is Jack Ma's Alibaba Pictures Really Worth \$10 Billion?* in "Forbes", 7 June, 2015.

<https://www.forbes.com/sites/robcaain/2015/06/07/is-jack-mas-alibaba-pictures-really-worth-12-billion/#2b189b42551b>.

9 Patrick BRZESKI, *China's Tencent Buys Film Studio New Classics Media for \$2.25B* in "The Hollywood Reporter", 14 August, 2018. <https://www.hollywoodreporter.com/news/tencents-china-literature-acquires-film-studio-new-classics-media-225b-1134569>

industry. Tencent have been expanding their influence at an alacritous rate. Tencent were also able to leverage its position in China as a tech giant to obtain an international footing in the distribution world to acquire high quality and exclusive content to distribute to its local audiences in China. Streaming platforms are an incredibly important source of income for film and TV production as it targets audiences who perhaps would reject traditional cinema attendance in favour of comfort and convenience of their own home. Tencent have obtained the distribution rights for a number of US Television and entertainment platforms such as the NBA, America's National Basketball Association, lucrative owing to the popularity of basketball in China. In addition, satellite television network HBO which releases many popular TV series from the United States. Tencent have been providers of many international TV series and content on its streaming platforms in China thus allowing a commercial presence as an international TV company within a local brand.

In conjunction with these distribution deals and upcoming film production projects, reportedly, Tencent is following in the footsteps of the famous American multinational conglomerate The Walt Disney Company, by emulating Disney's business model and strategy<sup>10</sup> and Tencent's method is by spreading its intellectual property across a wide field of entertainment including books, films, anime, and games. This approach is likened to Disney, regarding Disney's business strategy which includes, in addition to feature length films, publishing books and comic books, games and wildly successful chain of resorts and theme parks across the globe. Disney is also launching Disney+ which is considered to be a direct rival to Netflix, Amazon Prime, Hulu and other global TV subscription streaming sites. Disney was founded in California in 1923 by Walter 'Walt' Disney and his brother Roy Oliver Disney. The company was founded as a cartoon and later film studios producing original family friendly content. Since its establishment almost 100 years ago Disney has expanded to include five divisions and regional subsidiaries spread out across the continents. Disney has television networks, consumer products and interactive media. Disney has also established and cultivated a long-standing partnership with China since the introduction of English schools in with the first official school opening in 2008 in Shanghai, also in Shanghai in 2015 was the opening of the Shanghai Disneyland resort. Disney has used alternative methods to gain a loyal following for its brand and original branded content through merchandise and strategic collaborations in China. Considering Disney's global success Tencent could potentially also draw its expansion strategy based on Disney's blueprint. Tencent and Disney have already formulated a new partnership to release an original Star Wars story<sup>11</sup> which will be available in Chinese through

---

10 Jonathan PAN, *The Next Disney Will Come from China and Its Name Is Tencent* in "Wired" 16 June, 2017. <https://www.wired.com/2017/01/the-next-disney-will-come-from-china-and-its-name-is-tencent/>.

11 Tom GRATER, *Disney & Tencent Publishing Label Partner On First Original Chinese 'Star Wars' Story* in "Deadline", 18 October, 2019. <https://deadline.com/2019/10/disney-tencent-partner-first-original-chinese-star-wars->

Tencent's literature division. It can be said that Disney is known for their unique and creative ways for infiltrating China's relatively closed market. This new venture with Tencent will work to increase the Chinese fan base for Star Wars. Star Wars is a franchise which, although is highly acclaimed worldwide, lacks a Chinese fanbase. This could be due to the fact that the original Star Wars trilogy was released in the 1970s while China had still closed its doors to American film. There has not been a generation of Chinese people to grow up and pass down their enthusiasm for the Star Wars franchise to younger generations. By Disney choosing Tencent as the distributors of this new series it indicates further how well Tencent have used their own skills as a company through social media platforms and data research and technology to produce quality goods and gain success across multiple industries. Disney is perhaps aware that Tencent has the capability to not only produce the content and distribute to respective markets but also to lead successful marketing campaigns on its social media platforms whilst using its data to further analyse and understand the markets and China as an audience. Conversely Tencent Pictures can exchange technology and talent in this alliance to further the objectives of the company both domestically and abroad.

Naturally, Tencent seems poised to emulate Disney's creative endeavours. Tencent, like Disney, has focused on the acquisition of intellectual property and according to Bloomberg had announced US\$20.8 billion worth of acquisitions and investments in 2016. Disney boasts a formidable catalogue of original content through music, games and movies, both live action and animation in a variety of genres ranging from family friendly films to action and superhero franchises, to locally produced TV shows and movies through Disney's international divisions around the world. Tencent hope that by acquiring the rights to game titles they can venture into more innovative uses for its intellectual property. Furthermore, Tencent also has plans to expand their own streaming platform, Tencent Video. These plans coincide with Tencent's intellectual property goals as they could expand their own film library holding exclusive distribution rights in China for many of their own film projects. Presumably these provisions were meticulously planned by Tencent before the establishment and announcement of Tencent Pictures.

Since its inception, Tencent Pictures has been pouring capital into the production and distribution of a number of film titles both Chinese and non-Chinese over the last few years. According to *The Numbers*<sup>12</sup> a movie industry data website that, through automated systems tracks box office revenue using algorithms, analysing six films out of the list of titles Tencent have invested in, a sum was released sharing the total production budget so far. This production budget totalled at around US

---

story-1202763405/

12 Resources gathered from The Numbers Website, <https://www.the-numbers.com>

\$561 million and the worldwide box office total stands at US \$2,579, 905,103 for all six titles combined. In addition to this, according to an article on China Film Insider, as of 2019, of the fifteen non-Chinese movies Tencent invested money in, in total they had earned around RMB17 billion at Chinese box office. Tencent has made deals to finance a slate of films scheduled for release over the next few years and as stated by China Daily, in June of 2019 it was announced that Tencent's main focal point will be not only co-financing films but to veer into production.<sup>13</sup> Tencent Pictures spent much of its inception simply co-financing and investing in American and local productions but by stepping into the role of a production company creating its own unique content, Tencent is allowing itself to step into the forefront of Chinese film entertainment thus emerging as a major player.

Tencent Pictures hosted a conference in March of 2019 named the Tencent New Cultural and Creative Ecology conference at which Tencent conveyed the core values at the heart of the content that they hope to develop, produce and distribute. The three core aims are listed content created which would, enrich life, warm the heart and touch humanity.<sup>14</sup> Tencent also disclosed their use of technology and media to enhance their steps into the China film market. Tencent aims to use new media and their own social media platforms to gather data as to the needs and interests of the Chinese audiences. Through this knowledge they will be able to develop films which are well received by Chinese audiences. Tencent are unique because of their position as technology and gaming giant as opposed to the more traditional Chinese private film companies such as the Huayi Brothers. Tencent have utilised their position in new media industries to develop their understanding of other key industries for the purpose of expansion and to gain a solid footing in Hollywood. Tencent's flexibility and innovation allows for a diverse range of interests.

At the 2019 Shanghai International Film Festival, Yu Dong, president of the Bona Film Group coined the acronym BAT, this acronym refers to the new media and tech conglomerates Baidu, Alibaba and Tencent collectively<sup>15</sup>. Yu prophesied that all film studios in China would ultimately end up as subsidiaries of one of the three Chinese multinationals<sup>16</sup>. Yu's proclamation highlights Tencent's input into the development of the Chinese film industry, these monumental

---

13 HE Wei, *Tencent to Shift into Movie Production* in "Chinadaily", 20 June, 2019. <https://www.chinadaily.com.cn/a/201906/20/WS5d0ae3e1a3103dbf1432942b.html>.

14 ZHOU Xiaobai, *tengxun fuzongcai cheng wu tengxun yingye jiangjujiao sanglefangxiang* "腾讯副总裁程武：腾讯影业将聚焦三个方向." Tencent vice president Cheng Wu: (Tencent film industry will focus on three directions) TechWeb, March 24, 2019. <http://www.techweb.com.cn/internet/2019-03-24/2728984.shtml>.

15 ENTGROUP INC, *China film industry report in brief 2014-2015*

16 SHEN Xinmei, *Are Video Streaming Platforms Killing Film Studios in China?* in "Abacusnews", 2 December, 2019. <https://www.abacusnews.com/tech/are-video-streaming-platforms-killing-film-studios-china/article/3039897>.

conglomerates that are rooted in technology, internet and artificial intelligence have ventured into the film industry changing the landscape of film production in China and thereupon, Sino-US partnerships in film. Although some film critics may remain incredulous, perhaps there is substantial truth to Yu's standpoint. Tencent, Alibaba and Baidu all hold stakes of various amounts in a wide number of studios and film companies both in China and the U.S. Alibaba Pictures, for example, has a minority stake famed director, Steven Spielberg's own film company Amblin Partners which distributes films by DreamWorks Pictures, Universal Pictures and Amblin Entertainment. Tencent, in addition to acquiring a stake in New Classics Media also snatched up around a ten percent stake in Skydance Media, a U.S production company<sup>17</sup>. These investments are in addition to domestic film industry deals, for instance both Alibaba Pictures and Tencent have invested billions of RMB in Bona Film Group since 2016 and both companies are shareholders with a sizable stake in Huayi Brothers which allows Huayi Brothers to access social media resources from Tencent. Tencent also has agreed to produce a slate of films with American company STX entertainment to which audiences are recently seeing come into fruition.

Additionally, at the aforementioned Shanghai Film Festival, Tencent released the titles of the films which they had invested in. This includes not only locally produced patriotic films and films which err on the politically safe side aimed at Chinese domestic audiences but also, Hollywood movies showing a diverse film slate. Not only has Tencent set its sights on the U.S film industry with its co-productions in the United States, Tencent also plans to enrich the domestic film industry with its own locally produced content. The vice president of Tencent group and CEO of Tencent pictures Edward Cheng maintained, according to China Daily, that;

"Compared with Western markets, the standardization of China's movie industry is still in its infancy. But digitalization is fuelling fresh momentum and can help us narrow the gap sooner"<sup>18</sup>.

Many film critics agree that a large reason behind the success and growth of China's film market is because of the use of technology to build more screens everyday (it is estimated that China has built around 25 screens per day in the last few years), expanding theatre spaces, and thus increasing audiences, but also through using technology to help with content creation and distribution in fresh ways.

One such film in the pipeline to be produced by Tencent pictures is a film dubbed the "Chinese

---

17 Ben FRITZ, *Tencent Buys Stake in Skydance, Production Company Behind Terminator* in "The Wall Street Journal", 26 January, 2018. <https://www.wsj.com/articles/tencent-buys-stake-in-skydance-production-company-behind-terminator-1516929271>.

Lord of the Rings” by Variety magazine<sup>19</sup>. The *Fengshen* trilogy or (*Fengshen san bu qu*) is slated for release in September 2020. Tencent hosted an “Internet Night” at the 28th Golden Rooster and Hundred Flower film Festival in 2019 where it was announced that they would be coproducing blockbuster epic *Fengshen* in partnership with company Beijing Culture and third local company. A production of this scale is crucial for Tencent to assert its position within the domestic film industry. Tencent have worked on domestic titles before, having co-produced the film *Wandering Earth* (*liulang diqiu*, Frant Gwo, 2019) which obtained RMB4.65 billion at the Chinese box office becoming the third highest grossing film in Chinese history. *Fengshen* based on a sixteenth century novel *The Investiture of the Gods* (*Fengshen Yanyi*) written by Xu Zhonglin, is a story of historic tradition and Chinese folklore dealing with ideas such as fairies, gods, demons and people. The upcoming film directed by acclaimed Chinese director Wuershan, has received Hollywood style treatment, the film project has recruited big names in Hollywood production to assist with its conception. The film has script consultants who hail from the United States, as well as Barrie Osbourne, the producer of *Lord of the Rings* as a consultant of the film. In addition, Douglas Smith, a visual effects supervisor famous for his work in various Hollywood action movies such as *Independence Day* (Roland Emmerich, 1996) and *Star Wars* (George Lucas, 1977)<sup>20</sup>. Use of high technology plays an immense role in this project as production aims to push the boundaries of quality in Chinese cinema. There are reportedly around two thousand staff members on this film project including eight hundred artists for set design making this an elaborate project. Producers hope that the film can be considered an epic in the eyes of the Chinese audience when it is released. For new production companies and studios in China technology is a key point for development and the transfer of skills between Hollywood and China remains a necessary part of the relationship between China and the U.S. China realises that in order to eventually compete on a global scale and to satisfy their own audiences a higher bar must be set in the quality of domestic films. The director of *Fengshen*, Wuershan told Variety in an interview, that;

“Chinese markets are the largest in the world but do not have the quality or scale parallel to its status”<sup>21</sup>.

Tencent are currently navigating through the domestic crackdowns in the film industry which have affected studios due to harsh regulations by Chinese censors and a clampdown on tax avoidance

---

18 HE Wei, *Tencent to Shift into Movie Production* in “Chinadaily.com.cn”, 20 June, 2019.

<https://www.chinadaily.com.cn/a/201906/20/WS5d0ae3e1a3103dbf1432942b.html>

19 Rebecca DAVIS, *Director Wuershan Wants to Make China's 'Lord of the Rings' With 'Fengshen Trilogy* in Variety, 24 September, 2019. <https://variety.com/2019/film/features/wuershan-fengshen-trilogy-china-1203301222/>

20 XU Fan *Filmmaker gets going on epic franchise with old Chinese novel* in “China Daily” 08 June 2017, [http://www.chinadaily.com.cn/culture/2017-06/08/content\\_29663020\\_3.htm](http://www.chinadaily.com.cn/culture/2017-06/08/content_29663020_3.htm)

21 Rebecca DAVIS, *Director Wuershan Wants to Make China's 'Lord of the Rings' With 'Fengshen Trilogy*

after the tax evasion scandal of 2018,<sup>22</sup> currency leaving China is being stemmed and the local industry is hard hit. Edward Cheng of Tencent pictures told reporters his stance on the matter that the domestic Chinese film industry needed to keep faith in regard to the recent crackdowns and restrictions permeating through their industry.<sup>23</sup> These limitations however have not hindered Tencent's international film ventures, and Tencent has persevered with its foray into Hollywood. A number of upcoming titles have Tencent Pictures attached to their production, mostly action sequels and films adapted from successful game titles. In spite of the tendency for Tencent to invest in films related to action or gaming one of the films co-financed by Tencent which does not follow this formula is *A Beautiful Day in the Neighbourhood*, (Marielle Heller, 2019), nominated for and slated to win at the Academy awards in February 2020 this could be demonstrating the versatility of investments Tencent have made in upcoming feature-length pictures.

In addition to the obstacles Tencent have to face within China through the restrictions and limitations placed on the domestic film industry in China, Tencent would also need to manage the quality of the films they produce to make sure they perform just as well abroad as they do within the Chinese box office. Many international and sophisticated film markets have less than favourable opinions of films adapted from video games and despite the popularity of the original game franchise very few films in this genre tend to have good box office performances and even less have favourable reviews from critics. There is a widespread consensus that arguably most films adapted from games or successful franchises tend to be badly executed owing to the faults in the original storyline in the game as well or the fact that they are already quite similar to pre-existing films<sup>24</sup>. Yet many of these titles tend to have simple storylines with little in the way of political messages, therefore perhaps passing through censorship with more ease than a drama which touches upon issues faced in society.

In order to better appeal to a variety of audiences, these types of films need to have more credible scriptwriting, better developed plots and a strong cast of talented actors. It is not merely a case of ostentatious special effects and the latest in CGI technology that makes a magnificent film. In order to sustain revenue and add value to their productions Tencent need to follow in the footsteps of other Chinese film companies such as the Bona Film group who co-invested in Quentin Tarantino's

---

22 Laurie CHEN, *Chinese Film Trade Pays US\$1.7 Billion in Back Taxes amid Crackdown* in "South China Morning Post", 23 January, 2019. <https://www.scmp.com/news/china/society/article/2183229/chinese-film-industry-coughs-us17-billion-back-taxes-after-fan>.

23 Rebecca DAVIS, *Tencent Pictures' Lineup Is a Mix of Hollywood Content and Chinese Propaganda* in "Variety", 20 June, 2019. <https://variety.com/2019/film/news/edward-cheng-tencent-pictures-1203246187/amp/>.

24 Paul TASSI, *Three Reasons Video Game Movies Always Seem To Be Terrible* in "Forbes", 20 February, 2018. <https://www.forbes.com/sites/insertcoin/2018/02/20/three-reasons-video-game-movies-always-seem-to-be->

critically acclaimed film *Once Upon A Time in Hollywood* which earned around US\$329.4 million without even having a Chinese release<sup>25</sup>. If Tencent can be involved from the beginning of the process of a big budget project, thus enabling the project to bypass censorship issues with China, with a strong story line, an A-list cast and led by an award winning director, and the film is able to enter the Chinese market the profit margin could be gastronomically high and overseas audiences may be more receptive to China-led projects in the future. How *A Beautiful Day in the Neighbourhood* and *Once Upon A Time in Hollywood* fares during the award season could also affect the types of films Tencent may co-finance in the future. Another case which illustrates the potential success of Tencent in Hollywood is the film *Wonder Woman*. (Patty Jenkins, 2017) Developed from the DC Comics franchise of the same name and produced in association with Tencent pictures, *Wonder Woman* grossed over US\$821 million worldwide.<sup>26</sup> The film featured Israeli actress Gal Gadot as the lead character Diana/Wonder Woman and other A-list Hollywood stars such as Chris Pine also feature in the film. The film was a smash hit, widely praised as being a strong female led superhero movie with a female film director at the helm also working to disprove the longstanding notion in Hollywood that a superhero movie needed a male lead in order to gain the audience's attention. Tencent Picture's having their name attached to such a project lends more credibility to their participation in Hollywood's film industry as they can be seen as making valuable and successful films and not simply car-crash action movies that are doomed to fail at the box office with extravagant budgets and excessive amounts of CGI. Although Tencent will not be investing in the sequel scheduled for release in the summer of 2020, investment in films akin to this one may prove lucrative in the future.

As with all entities that are relatively new to an industry, a reassurance period highlighting the prowess and skills of a company is much needed. Upcoming film project, the *Zombie Brothers* will give another opportunity for Tencent Pictures to showcase its talent as a major production house. This original content piece is seemingly receiving Hollywood treatment from the offset<sup>27</sup>. *The Zombie Brothers* is a film project with STX Entertainment in partnership with Tencent based on a successful online comic book series in China. STX Entertainment has received investment from Tencent since 2016 and the capital inflow has helped the company to produce some mid-level

---

terrible/#7474a9e41d9e.

25 Rebecca DAVIS, *China's Bona Film Boards Quentin Tarantino's 'Once Upon a Time in Hollywood*, in "Variety" ,29 January, 2019. <https://variety.com/2019/film/news/quentin-tarantino-bona-film-once-upon-a-time-in-hollywood-1203120215/>.

26 Mark HUGHES, *Wonder Woman Is Officially The Highest-Grossing Superhero Origin Film* in "Forbes" , 2 November, 2017. <https://www.forbes.com/sites/markhughes/2017/11/02/wonder-woman-is-officially-the-highest-grossing-superhero-origin-film/#4056f3d5ebd9>.

27 Dave MCNARY, *'Isn't It Romantic' Director in Talks to Helm 'Zombie Brother* in "Variety" , 10 September, 2019. <https://variety.com/2019/film/news/todd-strauss-schulson-zombie-brother-stxfilms-tencent-1203329156/>.



budget popular films in the U.S. The film will be utilising foreign talents for instance, American director Todd Strauss-Schulson is poised to be the director of this film with American screenwriter Alex Ruben, known for his work in award-winning U.S TV series *Community*. By employing noted talent from the U.S, it is possible to observe that the project is aiming to utilise international know-how in order to enhance the success of this project. On the back of the success of Chinese co-production animation *Abominable*, animation films could also be potential products for Tencent to take advantage of to distribute globally. As a company known for technology, if able to leverage their skills to create high quality and expertly crafted animation this could be an avenue of further exploration for Tencent.

An alternate point of view to examine is with regard to bringing Chinese cinema to the forefront of the global stage, the notion that Tencent Pictures needs a strategy to bolster its image as an effective production company with break out Chinese blockbuster films. It can be argued that simply attaching its own name to an American product may bring revenue but not necessarily prestige abroad. However, by following the company's method of investing in intellectual property and original content, Tencent could be the company which launches Chinese blockbusters onto the global stage. Tencent has an incredibly vast platform henceforth, with a strong story or plot, a well written screenplay and high-quality production Chinese film can be exhibited and enjoyed across the globe. A key point of discourse regarding Chinese films is that many high-profile Chinese blockbusters try to emulate the story of an American Hollywood movie which gives the film an air of inauthenticity. Furthermore, many Chinese blockbuster movies rely heavily on CGI to portray fantasy scenes. CGI is widely debated within both U.S and Chinese industries because many filmmakers can overuse CGI cheapening the end product and with new technologies developing at a rapid pace, many CGI films tend to age badly. These expensive Chinese blockbuster films are not always met with success at the box office. Fantasy film trilogy *Asura* was scrapped because of its terrible box office performance<sup>28</sup> despite being one of the most expensive Chinese films ever made. It can be maintained notwithstanding that a film with a uniquely Chinese story and a global reach has the potential to become a widely acclaimed blockbuster. An example would be a film adaptation of the bestselling book *The Three Body problem* or *san ti* (三体), by Chinese author Liu Cixin who also wrote *Wandering Earth*, which was consequently adapted into a well-received Chinese blockbuster. There has already been an attempt at an adaptation of this book, the project started in

---

28 Patrick BRZESKI, *China's First \$100M Film Pulled From Cinemas After Disastrous Opening Weekend* in "The Hollywood Reporter", 15 July, 2018. <https://www.hollywoodreporter.com/news/chinas-first-100m-film-pulled-cinemas-disastrous-opening-weekend-1127224>.

2015 but was eventually dropped in 2017 as the first cut received negative reviews<sup>29</sup>. The plot of the three-body problem has captivated audiences around the world as the book has been translated into around twenty languages and has won numerous literary prizes<sup>30</sup>. A book of this calibre uniquely Chinese in origin, if reshot and produced by a company like Tencent who are now leaders in the domestic film industry in terms of finance and tech capabilities with a strong production team, and excellent screenwriting, the film -or any film of this nature could become an internationally enjoyed film bringing acclaim to the genre of Chinese blockbuster and to Tencent as global film producers.

Tencent are uncommon in the Chinese business ecosystem in the film and production industry because of the company's tech background and the manner in which it operates. Like the other two companies of BAT, Tencent is a company which grew in strength owing to the rise of the internet at the beginning of the new millennium. Operating in a way that could be considered less "Chinese" and more international from the onset Tencent Holdings Inc is the quintessential contemporary Chinese publicly traded multinational enterprise thus encompassing the term 'transnational'. While many companies established in China grew with a link to the state and the CPC. Tencent was funded through venture capital and overseas foreign direct investment. Furthermore, Tencent was taken public in 2004, not long after its formation and was listed on the Hong Kong Stock exchange<sup>31</sup>. The company's first investments were both unique and calculated ventures spread over a variety of internet related businesses from e-commerce, to logistics and gaming. Tencent found its global brand and continued to invest into businesses in which to reinforce said brand. By sticking to a market niche Tencent were able to grow their stock portfolio across a wide variety of industries. Even their foray into the film industry is intrinsically linked to their gaming ventures and many of their game titles are in talks for film and TV adaptations.

BAT companies started off from video platform channels to content creation and mass marketing utilising social media, in addition to data analysis and video on demand services, these advantages are rooted in the fact that Tencent and other companies which make up BAT have successfully linked their internet businesses with other departments. E-commerce gives Tencent another advantage as their online ticketing platform allows them monitor how films that they have produced or have invested in are performing at the box office. Tencent's own ticket platform allows users to have access to price information, seat booking and rating reviews all of which can feed into data on audience preferences. <sup>32</sup>

---

29 ENTGROUP INC, "Premiere of Film Based on Acclaimed Sci-Fi Novel 'The Three-Body Problem' Pushed Back until 2017" , [http://english.entgroup.cn/news\\_detail.aspx?id=5822](http://english.entgroup.cn/news_detail.aspx?id=5822).

30 Alexandra ALTER, *How Chinese Sci-Fi Conquered America* in "The New York Times" , 3 December, 2019. <https://www.nytimes.com/2019/12/03/magazine/ken-liu-three-body-problem-chinese-science-fiction.html>.

31 TENCENT HOLDINGS LTD. ,*about us*, <https://www.tencent.com/en-us/about.html#about-con-1>

32 32 ENTGROUP INC, *China Film Industry report in brief 2014-2015* pg 9 <http://english.entgroup.cn/index.aspx> pg29

Overview of BAT's film and TV development				
Overview		Baidu	Alibaba	Tencent
Original business		Online search – middle page business	IM – social contact with acquaintances– Game business	E-commerce platform – payment business
Development status	Development subject	Iqiyi Film / Baidu Film (internally established)	Alifilm (acquisition) / Heyi Film (participates of Youku Tudou)	Tencent Film + (business division)
	Content production	Huace Iqiyi	Culture China / cooperation agreement with Zhou Xingchi / Internet big film	Tencent copyright development
	Propaganda and distribution resources	Baifa Youxi, Nuomi	Entertainment Investment Fund, Taobao Film, Maoyan Film, Sina Microblog	Wechat Film, QQ Film, Dianping, Wechat
	New media channels	Iqiyi/PPS	Youku Tudou	Tencent Video
Development purpose		Big data traffic conversion + video content demand	E-commerce mode derivatives + collaborative culture and entertainment investment arrangement	User conversion + improvement of the interactive entertainment sector + video platform requirements
Development characteristics		Technology – rely on Internet search and video technology	Business – Copy B2C, C2C, O2O models	Entertainment – with social user as core
©2015.03 EntGroup Inc.		www.entgroup.com.cn		

Table 6- 1: Overview of BAT's film & TV development

Tencent Pictures' venture into mainstream Hollywood and upward trajectory is a clear illustration of Chinese conglomerates that are aware of the power they hold as global players in numerous markets. Tencent is currently a giant in the video and online gaming world and with the same efforts have now effectively achieved the same level of success in the Chinese film production industry. Tencent has emerged as one of the biggest competitors in the film production industry of China despite the formation of Tencent Pictures being a relatively new enterprise, compared to some of the other private film firms which have previously dominated the domestic film industry in China such as Dalian Wanda and Huayi Brothers. Tencent also makes use of their own technology in the use of their own social media platforms in order to promote films that they are financing, producing and distributing. Through data analysis they also can tap into the needs of Chinese audiences to anticipate tastes in film among target demographics and monitor cinema footfalls nationwide. Understanding China as one of the largest film markets in the world, companies such as Tencent Pictures are using their funds to make sure they are first movers in the scramble to buy up Hollywood studios in addition to acquiring and expanding their portfolio of intellectual property. By owning the rights to a wide array of film titles, Tencent can also reduce domestic competition from rival studios and other privately-owned companies.

Moreover, if production companies such as Chinese state-owned CFCC, as well as private companies such as Huayi Brothers, Bona Film Group and digital giants such as Alibaba and Tencent are directly involved with the Hollywood studio and with the production of a movie, it means that it could directly influence how China is perceived in films and how global audiences receive the message of a film which features China at the forefront. Thus, achieving Tencent group's ambition of international exploration and showcasing Chinese culture to the world. This is a

very influential position to be in and one that can vastly affect the way in which film is produced and delivered to worldwide audiences in the future. This could mean that international audiences may become more accustomed to seeing China on screen through the stipulations of Chinese co-production as well as being more exposed to Chinese and East Asian culture in mainstream blockbuster movies and not just in art house pictures made by Chinese directors. Furthermore, directly through Tencent's participation in film production increasingly more gaming fans may have a chance to see their favourite games portrayed in film form on the silver screen. While this initially has the potential to cause a backlash among audiences outside of China who perhaps see action films based on games as largely unnecessary and badly executed, eventually with the right technological advances, and better screenwriting perhaps this venture could be a winning formula for the future of Hollywood blockbusters and a game changer for Tencent.

### **3.2 Conclusions**

As we come to the end of this study, we can underline that unquestionably the trade relationship between the United States and China is an important and longstanding one. Both parties have had to work together to obtain plentiful benefits from one and other despite the differences in politics and now more than ever competing as global rivals in economy particularly within the import and export of goods and manufacturing of said goods sold worldwide. China has had record levels of economic growth since opening up to the world at the end of the seventies and has, over the last few decades been able to make significant strides to shake the negative stigma of being the factory of the world, this reflects the new ambition of China, from starting off as the factory of the world they have now become the second largest economy in the world showcasing their new characterised modernity. From the 1950s when China banned U.S cinema, unbeknownst to China, China was putting its film industry at a future disadvantage by isolating themselves which although was done in order to prevent the spread of outside ideas, the result was that China was also isolating itself from the rest of the world by not having a reference in which to build a viable cinema industry. China's domestic industry was further set back throughout the Cultural Revolution as we saw. Filmmakers did indeed draw on these experiences to create new genres, but they were not well received domestically as the nation's audiences had experienced a leap backwards in cultural and artistic expression. At the same time China was just establishing their relationship with Hollywood studios by allowing companies such as Universal and Paramount pictures to distribute films in China, following the government strategy of opening to a slow and steady capitalisation of society. All of this was happening alongside the rise of a new middle class with wealth but also with the

same “scars” as those in the creative industries. The audience was no longer able to relate to past difficulties and a lot of emphasis was placed on new opportunities of wealth. In the nineties, Hollywood films were bringing in revenue through flat fee agreements in addition to films which were imported from greater China, but cinema attendance remained low until the introduction of revenue sharing in the early nineties. Revenue sharing was China’s way to bail out their struggling industry and the imported films were single-handedly propping up the domestic industry for much of the nineties by raising a stream of income which could be redirected into the development of film projects in the domestic industry. Nonetheless, in this period filmmakers in China were struggling with the censorship of their art. Throughout, what remains clear is that the Chinese state has always had a hard time separating art from political motivations and propaganda. This is a theme visible, time and time again throughout the development of China's film industry from the nineties into the noughties. Although joining the WTO was indeed a turning point for China it did not have the implications foreign entities were hoping for. Foreign entities mistakenly believed that China would relax its trade regulations in order to ease trade negotiations, but they remained significantly isolated. From the U.S film perspective twenty films released annually to the Chinese film market was nowhere near enough considering Hollywood's output. However, leveraging advanced technology and the WTO regulations towards a stagnant film industry the U.S were able to coerce China into increasing the film quota slightly.

The decade that followed China’s ascent into the WTO was characterised by continuous growth; economic growth and in addition growth of China’s own box office. A rise in the number of middle-class families meant that more individuals were able to afford to go to the cinema frequently rebuilding China’s cinematic audiences. The Chinese government was also establishing policies to enable Chinese private companies to conduct new business abroad. Cultural industries in China were gaining more importance and funding from the state which also allowed these companies to expand their horizons to higher standards. Many of these companies had attempted to copy Hollywood’s business model and operations and were accepting funding and skill transfers through their deals with Hollywood. Towards the end of the decade however, there was a reversal of fortune whereby, in contrast, the U.S box office became stagnant as China’s own was beginning to flourish. Both sides discovered potential gains from a symbiotic partnership. China could provide capital from its growing businesses to fund Hollywood film productions and marketing and distribution efforts within China. Hollywood on the contrary would be able to fund big budget movies and have a higher chance of having them exhibited in China’s relatively closed domestic market. The second decade of the millennium brought about the beginning of these tentative deals between Hollywood and China and once other companies saw the potential success of these investments, private

Chinese firms snapped up Hollywood studios in a frenzy of acquisitions. This followed the China Hollywood film agreement negotiated by Xi Jinping and Joe Biden in 2012 which extended the import quota to include fourteen films on IMAX format. An illustration of how Hollywood successfully leveraged its technology to gain a foothold in China. U.S companies were also attempting to lure China through beginning to feature China as more of a presence in films. Hollywood made movies were beginning to use product placement of Chinese products to appease Chinese viewers and customising scenes to pander to Chinese audiences, not always successfully. The following years saw further growth in China- U.S film collaborations as Chinese companies turned from simply being co-financiers to becoming fully fledged producers of American films in the form of Sino- U.S co-productions, although the early efforts were shaky. Films like the Great Wall, directed by famed auteur Zhang Yimou, were greeted poorly and considered ridiculous by the west and failed to do well at the box office. Other films which featured China were considered too forced even by Chinese audiences. Both sides were clearly failing to strike a balance between the needs and wants of both audiences.

Shortly after these events the Sino-U. S acquisition bubble burst. China became frustrated with billions of dollars in Chinese capital being invested over in the U.S as China's own economy was beginning to slow down and the government began to place new restrictions on overseas investment to regain control on the money flow. On top of that, China and the U. S's trade relationship began to deteriorate after the election of U.S president Donald Trump following his strict agenda on import tariffs. China and the U.S became embroiled in a serious trade war damaging the economy on both sides. Meanwhile Sino- U.S film collaboration became a collateral casualty of the trade war. The China Hollywood film agreement due for renegotiation in 2017 had been taken off the table, and a future agreement has yet to come to a conclusion. In addition to this issue the Chinese government began an internal campaign to crackdown on corruption, tax evasion and so-called moral degradation, deemed prevalent in the Chinese domestic film industry. The industry was shaken up with the dissolution of SAPPFT, the Chinese film authorities in favour of film being overseen by China's publicity department once again relegating Chinese film to an arm of Chinese propaganda, much like the industry's role during the Maoist era. Censorship and intimidation have always been the most powerful tool to control the people in the artistic industries stopping their line of production. Filmmakers and workers within the Chinese domestic film industry are still attempting to navigate through these increasingly difficult situations.

In other news, global audiences and Chinese audiences are facing a disconnect with what is presented to audiences in film. With the rise of major Internet players such as Alibaba and Tencent

in the film production game, viewers have started getting use to see action blockbusters featuring heavy use of CGI and video game adaptations as a result of the aforementioned inflow of cutting edge technology from US companies and its subsequent development by Chinese companies; much to the chagrin of the sophisticated film watcher who lament the lack of good quality films being produced by U.S companies that are funded in part or in full by Chinese firms. In China, science fiction blockbusters have gained huge traction but there is still a general consensus that Chinese movies are perceived as being behind, this means that Chinese blockbusters are still competing with Hollywood films in China, while Hollywood is also trying to find a winning formula for films to resonate better with Chinese audiences taste and cultural sensibilities, a field which has yet to be faced fully. This matter is made explicit by the genres of films which are being produced on both sides. In order to appease strict Chinese censors Hollywood screenwriters have begun the censorship process from the development phases of films, this has led to western audiences to worry as to whether or not Hollywood films will inevitably become vehicles for Chinese propaganda in the future as many noticeable changes have been pointed out in big budget high profile productions by the western audience. China's conservative views do not match with America's liberal ideals and this has created a tangible cultural clash in the realm of film production, Hollywood films must sacrifice a chance at China's box office for instance in the case of films like *Deadpool* or *Once Upon a Time in Hollywood*. Or the scenes and storylines must change to make sure the film can bypass censors to have a hope to be included in China's film quota or not to lose co-production status.

Fundamentally, what we are witnessing is the evolution of Chinese soft power and how China is learning to manage its image in numerous ways. China needs to tightly regulate the direction of investment inflow and inward foreign direct investment and, also, the inflow of cultural materials to keep control over what citizens are able to see, in order to maintain the CPC's omnipotence. On the U.S side we can clearly see a nation struggling to hold on to its position as the strongest economy in the world that has successfully built its identity in defining itself as the major defender of democracy and freedom. By kowtowing to Chinese regulations through film and trade tariffs we are seeing a future where the U.S conceivably loses much of this perception. If China is able to harness its soft power, it could change the way we in the west perceive China as a nation and the Chinese as individuals; by seeing more Chinese actors and actresses on screen and films which normalise the Chinese way of life, cinema goers, especially younger audiences, will grow up seeing China in a way which is very similar to the ubiquitous world image that the U.S has circulated since the beginning of cinema: an image of modernity and strong values. While for many in Hollywood the relationship with China is simply monetary, the implications of dealing with China will always be

political owing to the heavy involvement of the Chinese government in all foreign transactions. The U.S government does not directly interfere with Hollywood but perhaps if the impression of Chinese government influence over Hollywood becomes apparent the U.S government may have to interfere to force studios to scale back on pro-China imagery in films. To counter China's, influence the U.S government has been more scrupulous over Sino- U.S dealings with the legislative body CFIUS playing a greater role in analysing business transactions. One the grounds that this symbiosis is relatively new, the eventual outcome is rather challenging to project. Nonetheless, it is thoroughly conceivable that China will transfigure its image quite possibly through film, perhaps with locally made blockbusters with Hollywood elements or Hollywood films with the Chinese portraying heroes and saviours in the manner of films like *Gravity*, *The Martian* and *Iron Man 3*. It appears evident that this was premeditated by the Chinese government all along. After all, it is believed that "Either the East Wind prevails over the West Wind or the West Wind prevails over the East Wind."



## Bibliography

BERRY, Chris, *Postsocialist Cinema In Post-Mao China The Cultural Revolution After The Cultural Revolution*, New York, Routledge, 2004

BERRY, Chris and FARQUHAR Mary *China on Screen*, New York, Columbia University Press, 2006

CARTER, David, *East Asian Cinema*, Kamera BOOKS, 2010

CLARK, Paul “Film-Making in China: From the Cultural Revolution to 1981”, *The China Quarterly*, 94, June 1983, pp. 304-322

CURTIN, Michael, *Playing to the world largest audience*, Berkeley and Los Angeles, University of California press, 2007

EZRA, Elizabeth and Terry Rowden (Edited by) *Transnational cinema: The film reader*, “In Focus”. New York, Routledge, 2010

GARDELS, Nathan and MEDAVOY, Mike, “China Cracks Down on “Western Values” in Textbooks, but Embraces Hollywood’s ‘Captain America’”, in *New Perspective Quarterly*, 32, 2, 2015, pp 2-7

KOKAS, Aynne, *Hollywood made in China Oakland*, University of California Press, 2017

KOKAS. Aynne “Predicting Volatility between China and Hollywood: Using Network Management to Understand Sino-US Film Collaboration” *Global Media and Communication* 14, 3, 2018. pp 233–248

KOKAS, Aynne “Producing Global China: The Great Wall and Hollywood’s Cultivation of the PRC’s Global Vision” *Journal of Chinese Cinemas* 13, 3, February 2019, pp 215–27

LI, Huiqun, “Opportunities and Challenges of Globalization for the Chinese Film Industry.”, *Global Media and Communication* 6,3, December 21, 2010, pp 323–28

LI, Shi, Hiroshi Satō, and Terry Sicular (edited by) *Rising Inequality in China: Challenges to a Harmonious Society*, New York, Cambridge University Press, 2015

MAO Tse-tung (毛泽东), *Máo Zhǔxí Yǔlù 毛主席语录* (Quotations from Chairman Mao Tse-tung), Beijing, Foreign Languages Press 1966

MITTLER, Barbara, “Eight Stage Works for 800 Million People: The Great Proletarian Cultural Revolution in Music- A View from Revolutionary Opera”, *The Opera Quarterly*, 26, 2, 2010, pp377

NYE, Joseph Nye. *Bound to Lead: The Changing Nature of American Power*, London: Basic Books, 1990

OXFORD ECONOMICS LTD. *Understanding The Us-China Trade Relationship*, Oxford Economics Ltd., 2017

SONG, Xu, Hollywood movies and China: Analysis of Hollywood globalization and relationship management, *China's cinema market Global Media and China*, 3,3, 2018, pp 177–194

STORRS, Landon R. Y. “McCarthyism and the Second Red Scare.” *Oxford Research Encyclopedia of American History*, 2015

SU, Wendy, To Be or Not To Be?—China's Cultural Policy and Counterhegemony Strategy Toward Global Hollywood from 1994 to 2000, *Journal of International and Intercultural Communication*, 3,1,2010,pp 38-58

UNION RESEARCH INSTITUTE, *CCP Documents of the Great Proletarian Cultural Revolution,1966-1967*, Union Research Institute, Hong Kong,1968, pp595-602

VOCI, Paola and Luo Hui (edited by) *Screening China's soft power*, NewYork, Routledge, 2018

WAN Jihong and Kraus, Richard, “Hollywood and China as Adversaries and Allies”, *Pacific Affairs*,75,3,2002, pp. 419-434

YANO, Christine R., “Wink on Pink: Interpreting Japanese Cute as It Grabs the Global Headlines.” *The Journal of Asian Studies* 68,3, 2009, pp 681–88

YEH, Emilie Yueh-yu and Davis Darrell William , “Re-nationalizing China's film industry: case study on the China Film group and film marketization”, *Journal of Chinese Cinemas*, 2,1, 2008, pp37-51

ZHANG, Rui, *The cinema of Feng Xiaogang Hong Kong*, Hong Kong University Press, 2008

ZHANG Yingjin and Zhiwei Xiao, “Shi Hui”, *Encyclopedia of Chinese Film*, London, Routledge, 2014 p. 304

## Filmography

*Abominable*. Directed by Jill Culton. 2019; United States: Universal Pictures

*Asura*. Directed by Peng Zhang. 2018; China: Zhenjian Film Studio Ningxia Film Group

*Beautiful day in the neighbourhood* Directed by Marielle Heller. 2019; United States Sony Pictures Releasing

*Big Shot's Funeral (Da Wan)*. Directed by Feng Xiaogang. 2001; United States:

*Blue Kite, The (Lan Fengzheng)*. Directed by Tian Zhuangzhuang. 1994; United States: Kino International.

*Christopher Robin*. Directed by Marc Forster. 2018; United States: Walt Disney Studios Motion Pictures

*Cloud Atlas*. Directed by The Wachowskis, Tom Tykwer. 2012; United States: Warner Bros. Pictures

*Crazy Rich Asians*. Directed by Jon M. Chu. 2018; United States: Warner Bros. Pictures

*Crouching Tiger, Hidden Dragon (Wo Hu Cang Long)*. Directed by Ang Lee. 2000; United States: Sony Pictures Classics.

*Curse of the Golden Flower*. Directed by Zhang Yimou, 2006; United States: Sony Pictures Classics

*Doctor Strange*. Directed by Scott Derrickson. 2016. United States: Marvel Studios

*Evening Bell (Wan Zhong)*. Directed by Wu Ziniu. 1998; China: August First Film Studio

*Farewell my concubine*. Directed by Chen Kaige. 2003; China: Beijing Film Studio

*Fast and Furious 7*. Directed by James Wan. 2015; United States: Universal Pictures.

*Gravity*. Directed by Alfonso Cuarón. 2013; United States: Warner Bros. Pictures

*Hero*. Directed by Zhang Yimou. 2002; United States: Miramax Films

*House of Flying Daggers*. Directed by Zhang Yimou. 2004; United States: Sony Pictures Classics

*Independence Day*. Directed by Roland Emmerich. 1996; United States: Twentieth Century Fox Film Corporation.

*Iron Man 3*. Directed by Shane Black. 2013; United States: Marvel Studios.

*Joker*. Directed by Todd Phillips. 2019; United States: Warner Bros. Pictures

*Peaks and Troughs: An analysis of the fluctuating relationship between China and Hollywood*

*Kung Fu Panda*. Directed by John Stevenson, Mark Osborne 2008; United States: Paramount Pictures

*Kung Fu Panda 3 (Gongfu Xiongmao 3)*. Directed by Alessandro Carloni and Jennifer Yuh. 2016.; United States: Twentieth Century Fox Film Corporation.

*La la land*. Directed by Damien Chazelle. 2016; United States: Lionsgate

*Last farewell*. Directed by Lulu Wang. 2019; United States: A24

*Letter with a feather (Ji Mao Xin)*. Directed by Shi Hui. 1954; China: Shanghai Film Studio

*Looper*. Directed by Rian Johnson.2012; China: DMG Entertainment; United States: Sony Pictures Releasing.

*Lust, Caution (Se, Jie)*. Directed by Ang Lee. 2007; United States: Focus Features.

*Mission: Impossible—Rogue Nation*. Directed by Christopher McQuarrie. 2015; United States: Paramount Pictures.

*Once Upon a time in Hollywood*. Directed by Quentin Tarantino. 2019; United States: Sony Pictures Releasing

*Raise the red lantern*. Directed by Zhang Yimou.1991; United States: Orion Classics

*Salt of the Earth*. Directed by Herbert J. Beiberman. 1954; United States: Independent Productions Sony Pictures Classics.

*Star Trek Beyond*. Directed by J. J. Abrams. 2016; United States: Paramount Pictures

*Still life*. Directed by Jia Zhangke. 2006; United States: Xstream Pictures

*The fugitive*. Directed by Andrew Davis. 1993; United States: Warner Bros.

*The Martian*. Directed by Ridley Scott. 2015; United States: Twentieth Century Fox

*The Meg*. Directed by Jon Turteltaub. 2018; United States: Warner Bros. Pictures

*Tiny Times (xiao shidai)*. Directed by Guo Jingming. 2013; China: China Film Group Cooperation, Dasheng International Media

*Titanic*. Directed by James Cameron. 1997; United States: Paramount Pictures

*To Live (huo zhe)*. Directed by Zhang Yimou.1994; United States: The Samuel Goldwyn Company

*Transformers: Age of Extinction*. Directed by Michael Bay. 2014; United States: Paramount Pictures.

*Wandering Earth (liuliang diqiu)*. Directed by Frant Gwo 2018; China: China Film Group Corporation

*Warcraft*. Directed by Duncan Jones. 2014; United States: Universal Pictures

*World War Z*. Directed by Marc Forster. 2013; United States: Paramount Pictures

## Web Resources

“Xi Jinping jianshe shehuizhuyi wenhua qianguo zhaoli tigao guojia wenhua ruanshili”  
习近平:建设社会主义文化强国 着力提高国家文化软实力Xi Jinping: building a socialist cultural power and improving the soft power of national culture in “人民网首页” Homepage of people's daily website, 01 January 2014 <http://politics.people.com.cn/n/2014/0101/c1001-23994334.html> (last accessed 28 January 2020)

Alter, Alexandra, “How Chinese Sci-Fi Conquered America.” *The New York Times*. *The New York Times*, December 3, 2019. <https://www.nytimes.com/2019/12/03/magazine/ken-liu-three-body-problem-chinese-science-fiction.html>.

Babones, Salvatore What 'Xi Jinping Thought' Stands For, in “Forbes”, 22 October,2017 (4 December 2019) <https://www.forbes.com/sites/salvatorebabones/2017/10/22/what-does-xi-jinping-thought-mean-and-how-does-it-compare-to-america-first/#7eb161de3262>

BBC News 中文, 中美摠下‘停战‘键 但贸易战究竟谁赢谁输.” *BBC News 中文*. BBC, May 24, 2018 (last accessed 28 November 2020). <https://www.bbc.com/zhongwen/simp/business-44230243>

Blair, Dennis C., and Keith Alexander. “China's Intellectual Property Theft Must Stop.” *The New York Times*. *The New York Times*, August 15, 2017 (21 November 2019) <https://www.nytimes.com/2017/08/15/opinion/china-us-intellectual-property-trump.html>

BROOK, Tom *Tiny Times: China's Sex and the City?* In “BBC” 11 August, 2014 (last accessed 10 October 2019)<http://www.bbc.com/culture/story/20140811-chinas-sex-and-the-city>

BRZESKI , Patrick, *China's First \$100M Film Pulled From Cinemas After Disastrous Opening Weekend* in “The Hollywood Reporter”,15 July, 2018 (last accessed 16 January 2020). <https://www.hollywoodreporter.com/news/chinas-first-100m-film-pulled-cinemas-disastrous-opening-weekend-1127224>.

Brzeski, Patrick *Chinese Studio Huayi Brothers Gets \$100M Loan From Alibaba* in “Hollywoodreporter” 23 January, 2019\_ (Last accessed 12 August 2019)\_ <https://www.hollywoodreporter.com/news/huayi-brothers-gets-100m-loan-alibaba-1178759>

Brzeski, Patrick *Hollywood-China Relationship Faces More Pressure as Chuck Schumer Calls on Trump to Block All Deals* in “The Hollywood Reporter”,2 August, 2017 (Last accessed 2 September 2019)\_ <https://www.hollywoodreporter.com/news/hollywood-china-relationship-faces-more-pressure-as-chuck-schumer-calls-trump-block-all-deals-1026078>

*Peaks and Troughs: An analysis of the fluctuating relationship between China and Hollywood*

Brzeski, Patrick *MPAA Confirms New Hollywood-China Film Distribution Agreement* in "Hollywoodreporter", 5 November 2015 (Last accessed 8 August 2019)\_  
<https://www.hollywoodreporter.com/news/mpaa-confirms-new-hollywood-china-837645>

BRZESKI, Patrick *Warner Bros.' Flagship Entertainment Unveils 12-Movie Slate for China* in "Hollywoodreporter" 16 March, 2016\_ (Last accessed 8 August 2019)\_  
<https://www.hollywoodreporter.com/news/warner-bros-flagship-entertainment-unveils-876092>

Brzeski, Patrick, *China's Tencent Buys Film Studio New Classics Media for \$2.25B* in "The Hollywood Reporter", 14 August 2018 (last accessed 12 October 2019).  
<https://www.hollywoodreporter.com/news/tencents-china-literature-acquires-film-studio-new-classics-media-225b-1134569>.

Brzeski, Patrick. "James Wang - Meet 7 Key Players in China's Film Industry." The Hollywood Reporter, May 8, 2018. (Last accessed 10 October 2019)  
<https://www.hollywoodreporter.com/lists/meet-7-key-players-chinas-film-industry-1107529/item/china-key-players-james-wang-1107521>.

Cain, Rob *Zootopia' Now China's Leggiest Movie Ever, Closes In On Disney's 'Ultron' Record \$240 Million* in "Forbes", 03 April, 2016 (Last Accessed 6 October 2019)  
<https://www.forbes.com/sites/robocain/2016/04/03/zootopia-now-chinas-leggiest-movie-ever-closes-in-on-disneys-ultron-record-240-million/#135fd27c6b3d>

Cain, Rob, *Is Jack Ma's Alibaba Pictures Really Worth \$10 Billion?* in "Forbes", 7 June, 2015 (last accessed 29 November 2019). <https://www.forbes.com/sites/robocain/2015/06/07/is-jack-mas-alibaba-pictures-really-worth-12-billion/#2b189b42551b>.

Chen, James *Trade War* in "Investopedia", 21 August, 2019 (last accessed 6 October 2019)  
<https://www.investopedia.com/terms/t/trade-war.asp>

Chen, Laurie *Chinese film industry coughs up US\$1.7 billion in back taxes after Fan Bingbing scandal triggers crackdown* in "South China Morning Post", 23 January, 2019  
<https://www.scmp.com/news/china/society/article/2183229/chinese-film-industry-coughs-us17-billion-back-taxes-after-fan>

CHEN, Laurie, *Chinese Film Trade Pays US\$1.7 Billion in Back Taxes amid Crackdown* in South China Morning Post, 23 January, 2019 (last accessed 12 October 2019).  
<https://www.scmp.com/news/china/society/article/2183229/chinese-film-industry-coughs-us17-billion-back-taxes-after-fan>.

CHINA FILM INSIDER *Headlines from China: A Short History of Tencent Pictures* in "China Film Insider", August 16, 2018 (last accessed 18 November 2019).  
<http://chinafilminsider.com/headlines-from-china-a-short-history-of-tencent-pictures/>

*Peaks and Troughs: An analysis of the fluctuating relationship between China and Hollywood*

China Media Monitor Intelligence *When Heroes Are Born - China's Production Industry Looking Forward to Change* in “China Media Monitor Intelligence” (last accessed 18 december 2019) <https://web.archive.org/web/20111005165508/http://www.cmmintelligence.com/?q=node%2F6270>

China state council legal document (2000) Document number 41(guofa , "Guanyu zhichi wenhua shiye fazhan ruogan jingji zhengce de tongzhi" (关于支持文化事业发展若干经济政策的通知) Circular of the State Council on several economic policies to support the development of cultural undertakings (last accessed 18 January 2019)  
<http://www.ccdy.cn/pubnews/450273/20060316/482828.htm/>.

CNTV *China unveils 12th Five-Year Plan* in “CNTV”, 28 October, 2010 (Last accessed 6 September 2019)\_  
<https://web.archive.org/web/20101101103414/http://english.cntv.cn/program/china24/20101028/100670.shtml>

COONAN, Clifford *China's Citic Guoan Invests \$150M in Dick Cook Studios* in “Hollywoodreporter” 19 April, 2015\_ (Last accessed 10 August 2019)\_  
<https://www.hollywoodreporter.com/news/chinas-citic-guoan-invests-150m-790122>

Davis, Kenrick *Chinese Audiences Debate Chinese-ness of 'The Farewell'* in “Sixth Tone” 13 January, 2020 (last accessed 29 January 2020) <https://www.sixthtone.com/news/1005069/chinese-audiences-debate-chinese-ness-of-the-farewell>

DAVIS, Rebecca *Tencent Pictures' Lineup Is a Mix of Hollywood Content and Chinese Propaganda* in “Variety”, 20 June, 2019 (last accessed 28 November 2019).  
<https://variety.com/2019/film/news/edward-cheng-tencent-pictures-1203246187/amp/>.

DAVIS, Rebecca, *China's Bona Film Boards Quentin Tarantino's 'Once Upon a Time in Hollywood,* in “Variety”, 29 January, 2019 (last accessed 2 December 2019).  
<https://variety.com/2019/film/news/quentin-tarantino-bona-film-once-upon-a-time-in-hollywood-1203120215/>.

DAVIS, Rebecca, *Director Wuershao Wants to Make China's 'Lord of the Rings With 'Fengshen Trilogy'* in Variety, 24 September, 2019 (last accessed 15 October 2019).  
<https://variety.com/2019/film/features/wuershao-fengshen-trilogy-china-1203301222/>

Delaney, Michael *Trump Has Shifted the Trade Paradigm - for the Worse* in “The Hill”, 5 December, 2018 (last accessed 28 December 2019) <https://thehill.com/opinion/finance/419843-trump-has-shifted-the-trade-paradigm-for-the-worse>.

Detrick, Hallie *Hollywood Is Having Trouble in China—But Not for the Reason You'd Think* in “Fortune” 28 May, 2018 (last accessed 27 November 2019)  
<https://fortune.com/2018/05/28/hollywood-china-film-negotiation-trump/>

ECOVIS R&G Consulting Ltd *E-commerce in China; Industry Report" (Beijing) and Advantage Austria. 2015* (last accessed 18 December 2019) in [www.ecovis-beijing.com](http://www.ecovis-beijing.com)

*Peaks and Troughs: An analysis of the fluctuating relationship between China and Hollywood*

ENTGROUP INC *Premiere of Film Based on Acclaimed Sci-Fi Novel 'The Three-Body Problem' Pushed Back until 2017*, 23 June, 2016 (last accessed 16 January 2020) [http://english.entgroup.cn/news\\_detail.aspx?id=5822](http://english.entgroup.cn/news_detail.aspx?id=5822).

Entgroup Inc, *About Us* (last accessed 16 January 2020) <http://english.entgroup.cn/index.aspx>

FENG, Jiayun *China and Hollywood: Is the romance over?* In “Supchina” 12 December, 2019 (last accessed 15 January 2020) <https://signal.supchina.com/china-and-hollywood-is-the-romance-over/>

Frater, Patrick *China Box Office Expands by \$2 Billion to Hit \$8.6 Billion in 2017* in "Variety" 31, December, 2017 (last accessed 15 December 2019) <https://variety.com/2017/film/asia/china-box-office-expands-by-2-billion-in-2017-1202650515/>

FRATER, Patrick *China's Fosun Looking at Sale of Studio 8 Stake (Report)* in “Variety” 25 December, 2017 (last accessed 15 December 2019) <https://variety.com/2017/biz/asia/china-fosun-looking-to-sell-studio-8-stake-report-1202648672/>

FRITZ, Ben *Tencent Buys Stake in Skydance, Production Company Behind Terminator* in “The Wall Street Journal”, 26 January, 2018 (last accessed 13 December 2019). <https://www.wsj.com/articles/tencent-buys-stake-in-skydance-production-company-behind-terminator-1516929271>.

GRATER, Tom *Chinese firm aborts \$350m Voltage Pictures acquisition* in “Screen daily” 21 December, 2016 (last accessed 6 October 2019) <https://www.screendaily.com/news/chinese-firm-aborts-350m-voltage-pictures-acquisition/5112418.article>

Grater, Tom, *Disney & Tencent Publishing Label Partner On First Original Chinese 'Star Wars' Story* in “Deadline”, 18 October, 2019 (last accessed 9 January 2020). <https://deadline.com/2019/10/disney-tencent-partner-first-original-chinese-star-wars-story-1202763405/>

GREALY, Liam *Awarded Abroad and Banned in China: The Blue Kite* in “Media Classification”, 2017 (last accessed 28 November 2019) <https://www.mediaclassification.org/timeline-event/awarded-abroad-banned-china-blue-kite-film-censorship/>

Guo Ji Jin Rong Bao 国际金融报 (INTERNATIONAL FINANCIAL NEWS) “Zhong mei maoyizhan yichujifa?” 国际金融报：中美贸易战“一触即发” International financial news: the Sino US trade war is "on the verge of breaking out"? in the “International Financial News” 国际金融报 (Guo Ji Jin Rong Bao) 28th January 2018 (last accessed 20 November 2019) <http://opinion.jrj.com.cn/2018/01/29035424019688.shtml>

HAYOUN, Massoud *What China's Talking About Today: China Loves Titanic 3D* in “The Atlantic” 12 April, 2012 (last accessed 27 December 2019) <https://www.theatlantic.com/international/archive/2012/04/what-chinas-talking-about-today-china-loves-titanic-3d/255681/>



*Peaks and Troughs: An analysis of the fluctuating relationship between China and Hollywood*

HE Wei *Tencent to Shift into Movie Production* in “Chinadaily”, 20 June, 2019 (last accessed 27 December 2019).

<https://www.chinadaily.com.cn/a/201906/20/WS5d0ae3e1a3103dbf1432942b.html>.

He Wei, *Tencent to Shift into Movie Production* in “Chinadaily.com.cn”, 20 June, 2019 (last accessed 20 December 2019).

<https://www.chinadaily.com.cn/a/201906/20/WS5d0ae3e1a3103dbf1432942b.html>.

HUANG Zheping *Tencent Helps Communist Party Pay Homage to the China Dream* in “Bloomberg News”. 6 August 2019. <https://www.bloomberg.com/news/articles/2019-08-06/tencent-helps-communist-party-pay-homage-to-the-china-dream>

HUGHES, Mark, *Wonder Woman Is Officially The Highest-Grossing Superhero Origin Film* in “Forbes”, 2 November, 2017 (last accessed 2 January 2020) .

<https://www.forbes.com/sites/markhughes/2017/11/02/wonder-woman-is-officially-the-highest-grossing-superhero-origin-film/#4056f3d5ebd9>.

INTERNATIONAL MONETARY FUND website <https://www.imf.org/en/Countries/CHN>

JAMES, Meg and Ryan FAUGHNDER *Paramount Pictures loses Huahua Media slate film financing deal* in “Los Angeles Times” 7 November, 2017 (Last accessed 13 December 2019).

<https://www.latimes.com/business/hollywood/la-fi-ct-paramount-huahua-film-financing-20171107-story.html>

JEONG , May “*The Big Error Was That She Was Caught*”: *The Untold Story Behind the Mysterious Disappearance of Fan Bingbing, the World’s Biggest Movie Star* in “VanityFair”, 26 March, 2019 (last accessed 08 January 2020) <https://www.vanityfair.com/hollywood/2019/03/the-untold-story-disappearance-of-fan-bingbing-worlds-biggest-movie-star>

JONES, Terril Yue and Denny THOMAS *China's Wanda to buy U.S. cinema chain AMC for \$2.6 billion* in “Reuters” 21 May, 2012 (last accessed 12 September 2019).

<https://www.reuters.com/article/us-amcentertainment/chinas-wanda-to-buy-u-s-cinema-chain-amc-for-2-6-billion-idUSBRE84K03K20120521>

JOURDAN, Adam, *China's Perfect World to fund Universal movies in \$250 million deal* in “Reuters” 17 February, 2016 (Last accessed 13 December 2019) <https://www.reuters.com/article/us-perfect-world-universal-pictures-chin-idUSKCN0VQ12X>

LEE, Benjamin, *John Cho: gay kiss was cut from Star Trek Beyond* in “The Guardian” 21 July, 2016. (last accessed 12 September 2019) <https://www.theguardian.com/film/2016/jul/21/john-cho-gay-kiss-cut-star-trek-beyond>

LIANG, Tracy *History of China Import Film Quota and Revenue-Sharing Remittance* in “Green Hasson & Janks”, 20 April, 2017 (last accessed 12 December 2019),

<https://www.greenhassonjanks.com/blog/history-of-china-import-film-quota-and-revenue-sharing-remittance>

*Peaks and Troughs: An analysis of the fluctuating relationship between China and Hollywood*

LONG , Heather *How China Doesn't Play Fair on Trade* in “CNNMoney”, 12 July, 2016 (last accessed 21 November 2019) <https://money.cnn.com/2016/07/12/news/economy/china-trade-donald-trump/>

MA, Ying, *China's America Problem* in “Hoover Institution”, 1 February, 2002, (Last Accessed 12 August 2019) <https://www.hoover.org/research/chinas-america-problem>

MA, Kevin *Personal Tailor sets China 2-D opening record* in “Film Business Asia” 20 December, 2013 (last accessed 14 October 2019) <https://web.archive.org/web/20140223020150/http://www.filmbiz.asia/news/personal-tailor-sets-china-2-d-opening-record>

Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), Supplement VIII to CEPA (signed on 13 December 2011), retrieved from [https://www.tid.gov.hk/english/cepa/legaltext/cepa\\_legaltext.html](https://www.tid.gov.hk/english/cepa/legaltext/cepa_legaltext.html) (last accessed 28 January 2020)

MCCLINTOCK. Pamela and Gregg Kilday, *MPAA Chief Chris Dodd Leaves Complicated Legacy* in “The Hollywood Reporter”, 2 May, 2017 (last accessed 30 October 2019) <https://www.hollywoodreporter.com/news/mpaa-chief-chris-dodd-leaves-complicated-legacy-as-hollywoods-top-lobbyist-998841>

MCLAUGHLIN, David, Saleha Mohsin, and Jacob Rund, *All About CFIUS, Trump's Watchdog on China Dealmaking: QuickTake* in “The Washington Post”, 13 February, 2020, (last accessed 14 February 2020) [https://www.washingtonpost.com/business/energy/all-about-cfius-trumps-watchdog-on-china-dealmaking-quicktake/2020/02/13/76510e36-4e1e-11ea-967b-e074d302c7d4\\_story.html](https://www.washingtonpost.com/business/energy/all-about-cfius-trumps-watchdog-on-china-dealmaking-quicktake/2020/02/13/76510e36-4e1e-11ea-967b-e074d302c7d4_story.html)

MCNARY, Dave *'Isn't It Romantic' Director in Talks to Helm 'Zombie Brother* in “Variety”, 10 September, 2019 (last accessed 28 December 2020). <https://variety.com/2019/film/news/todd-strauss-schulson-zombie-brother-stxfilms-tencent-1203329156/>.

MILLER Daniel and Julie Makinen *Former Disney Executive Dick Cook Inks \$500-Million Production Deal with Chinese Film Company*, in “Los Angeles Times”, 30 March, 2016, (Last accessed 12 December 2019) <https://www.latimes.com/entertainment/envelope/cotown/la-et-ct-cook-china-carnival-20160329-story.html>

MITCHELL Tom “Zhongmei maoyizhan: shuangfang yibuzhibi” 中美贸易战：双方知己不知彼 (Sino US trade war: both parties don't understand each other) in “FT中文网” 5 September, 2018 (last accessed 29 January 2020), <http://www.ftchinese.com/story/001079274>

Mitchell, Wendy *Bona Film Invests \$235m in TSG* in “Screendaily” 6 November , 2015 (last accessed 9 December 2019) <https://www.screendaily.com/news/bona-film-invests-235m-in-tsg/5096560.article>

Motion picture association website <https://www.motionpictures.org/>

*Peaks and Troughs: An analysis of the fluctuating relationship between China and Hollywood*

NG, Dominic, *Chinese Investment in Hollywood: Focus on Opportunity* in “China Business Review” 28 November, 2016, (last accessed 7 December 2019)

<https://www.chinabusinessreview.com/chinese-investment-in-hollywood-focus-on-opportunity/>

NYE, Joseph, "China's Soft Power Deficit To Catch up, its politics must unleash the many talents of its civil Society". *The Wall Street Journal*. 8 May 2012

Office of the United States Trade Representative, United States Files WTO Case Against China Over Prohibited Subsidies in “Office of the United States Trade Representative”, 2 February, 2007 (last accessed 2 February 2020) <https://ustr.gov/about-us/policy-offices/press-office/press-releases/archives/2007/february/united-states-files-wto-case-against-chi>

OXFORD ECONOMICS LTD. *Understanding The Us-China Trade Relationship*, Oxford Economics Ltd. 2017 (last accessed 02 February 2020) <https://www.oxfordeconomics.com/recent-releases/understanding-the-us-china-trade-relationship>

PAN, Jonathan, *The Next Disney Will Come from China and Its Name Is Tencent* in “Wired” 16 June, 2017 (last accessed 24 October 2019). <https://www.wired.com/2017/01/the-next-disney-will-come-from-china-and-its-name-is-tencent/>.

PENN, Brierley *China Business: A broader education* in “The New Zealand Herald” 15 April, 2014 2019 (last accessed 13 December 2020) [https://www.nzherald.co.nz/china-business-2013/news/article.cfm?c\\_id=1503331&objectid=11238085](https://www.nzherald.co.nz/china-business-2013/news/article.cfm?c_id=1503331&objectid=11238085) Retrieved 6 August

PHAM, Sherisse, Dick Clark Productions Owner Pulls the Plug on \$1 Billion Sale to China's Wanda Group. in CNNMoney. Cable News Network, 13 March, 2017. (Last accessed 13 December 2019) <https://money.cnn.com/2017/03/13/news/companies/dalian-wanda-dick-clark-deal-dead/index.html>

RAPOZA, Kenneth *How 'Trade Wars' Can Impact Markets* in “Forbes” 23 March, 2018 (last accessed <https://www.forbes.com/sites/kenrapoza/2018/03/23/how-trade-wars-can-impact-markets/#465ac3324c77>)

Resource and Documents from World Trade Organization website: [https://www.wto.org/english/thewto\\_e/acc\\_e/a1\\_chine\\_e.htm](https://www.wto.org/english/thewto_e/acc_e/a1_chine_e.htm) (last accessed 15 November 2019)

REUTERS, *China's Economic Growth Set to Slow to 30-Year Low This Year; More Government Support Seen: Reuters Poll*, Reuters, 14 January, 2020 (last accessed 02 February 202) <https://www.reuters.com/article/us-china-economy/chinas-economic-growth-set-to-slow-to-30-year-low-this-year-more-government-support-seen-reuters-poll-idUSKBN1ZD009>

ROTTEN TOMATOES [https://www.rottentomatoes.com/m/transformers\\_age\\_of\\_extinction](https://www.rottentomatoes.com/m/transformers_age_of_extinction)

SAKOU, Anousha *Hollywood Tops Mining Crop Production in Employment Mpaas Says* in “Bloomberg”, 18 March, 2019 (last accessed 18 December 2019)

*Peaks and Troughs: An analysis of the fluctuating relationship between China and Hollywood*

<https://www.bloomberg.com/news/articles/2019-03-18/hollywood-tops-mining-crop-production-in-employment-mpaa-says>

SCHWARTZEL, Erich *Hollywood Seeks New Business Terms With China* in “The Wall Street Journal”, 8 February, 2017 (last accessed 3 November 2019) <https://www.wsj.com/articles/hollywood-readies-to-renegotiate-terms-of-doing-business-in-china-1486572613>

SHEN, Xinmei. *Are Video Streaming Platforms Killing Film Studios in China?* In “abacus news”, 2 December, 2019 (last accessed 10 January 2020). <https://www.abacusnews.com/tech/are-video-streaming-platforms-killing-film-studios-china/article/3039897>.

SILVER, Caleb *The Top 20 Economies in the World* in “Investopedia”, 5 February, 2020 (last accessed 12 February 2020) <https://www.investopedia.com/insights/worlds-top-economies/#2-china>.

SINA TECHNOLOGY, “xinlangzonghe qingjie qijian weixin quanqiu yuehuo yonghushuchao shi yi” 新浪综合 . “马化腾：春节期间微信全球月活用户数超10亿。” 马化腾|微信|春节\_新浪科技\_新浪网, (Sina general. “*Ma Huateng: during the Spring Festival, wechat has more than 1 billion monthly active users worldwide*”) *Ma Huateng, wechat, Spring Festival*, Sina Technology, 5 March, 2018 (last accessed 20 January 2020). <http://tech.sina.com.cn/i/2018-03-05/doc-ixipenm9397924.shtml>.

SU, Wendy and Sarah Zheng, *China Targets US Soybeans, Cars, Planes with New Trade Tariffs* in “South China Morning Post”, 5 April, 2018 (last accessed 12 October 2019) <https://www.scmp.com/news/china/diplomacy-defence/article/2140263/china-strikes-back-25pc-tariffs-106-us-imports-all-out>

Studio 8 *A Filmmaker-Driven Media Company* in “studio8” (Last accessed 24 Jan 2020) [https://www.studio8.com/about/ "Studio 8"](https://www.studio8.com/about/ ). Studio 8.

TANG Yuankai, *More and More “Mixed-Blood” in Chinese Movies* in “Chinatoday”, 2005 (last accessed 20 October 2019) <https://web.archive.org/web/20110514235149/http://www.chinatoday.com.cn/English/e2005/e200504/p58.htm>

TARTAGLIONE ,Nancy *Film Industry Pays China \$1.7B In Back Taxes After Fan Bingbing Scandal* in “Deadline” 23 January, 2019 (last accessed 08 January 2020) <https://deadline.com/2019/01/china-film-industry-pays-back-taxes-1-7-billion-fan-bingbing-scandal-1202539901/>

TASSI , Paul, *Three Reasons Video Game Movies Always Seem To Be Terrible* in “Forbes”, 20 February, 2018 (last accessed 19 January 2020) <https://www.forbes.com/sites/insertcoin/2018/02/20/three-reasons-video-game-movies-always-seem-to-be-terrible/#7474a9e41d9e>.

*Peaks and Troughs: An analysis of the fluctuating relationship between China and Hollywood*

TENCENT HOLDINGS LTD. *about us*, <https://www.tencent.com/en-us/about.html#about-con-1>

The Economist *A message from Confucius; New ways of projecting soft power*, “The Economist” 22 October 2009 (last accessed 15 December 2019) <https://www.economist.com/special-report/2009/10/24/a-message-from-confucius>

THE ECONOMIST, *A tax-evasion scandal ensnares Chinese film-production companies* in “The Economist”, 7 June, 2018 (last accessed 08 January 2020) <https://www.economist.com/business/2018/06/07/a-tax-evasion-scandal-ensnares-chinese-film-production-companies>

The Numbers Website <https://www.the-numbers.com/>

WANG, Yue *China's Tencent Has Quietly Built An Entertainment Empire That Western Tech Giants Can Only Envy* in “Forbes”, December 19, 2017 (last accessed 14 November 2019) <https://www.forbes.com/sites/ywang/2017/12/19/chinas-tencent-has-quietly-built-an-entertainment-empire-that-western-tech-giants-can-only-envy/#28e60bd37304>.

Weightman, William. “*Why China Won't Abandon Its Controversial Trade Policies* in “The Diplomat”, 25 May, 2018 (last accessed 8 November 2019) <https://thediplomat.com/2018/05/why-china-wont-abandon-its-controversial-trade-policies/>.”

WELLS, Georgia, *LeEco Ditches \$2 Billion Vizio Acquisition* in “The Wall Street Journal” 10 April, 2017 (Last accessed 13 December 2019) <https://www.wsj.com/articles/leeco-ditches-2-billion-vizio-acquisition-1491856244>

XINHUA NET, *China's Huayi Brothers reports loss for 2018*, in “Xinhua net” 29 April, 2019 (last accessed 2 October 2019) [http://www.xinhuanet.com/english/2019-04/29/c\\_138022664.htm](http://www.xinhuanet.com/english/2019-04/29/c_138022664.htm)

XU Fan Filmmaker gets going on epic franchise with old Chinese novel in “China Daily” 08 June 2017 (last accessed 27 September 2019), [http://www.chinadaily.com.cn/culture/2017-06/08/content\\_29663020\\_3.htm](http://www.chinadaily.com.cn/culture/2017-06/08/content_29663020_3.htm)

YAP, Cecilia *Uproar Over ‘Abominable’ Movie’s Map of China Spreads* in Asia in “Bloomberg”, 17 October, 2019 (last accessed 12 January 2020) <https://www.bloomberg.com/news/articles/2019-10-17/philippines-blasts-dreamworks-abominable-for-china-map>

ZEITCHIK, Steven *A more Sino-centric version of ‘Looper’ will be released in China* in “Los Angeles Times” 19 June, 2012 (last accessed 8 October 2019) <https://www.latimes.com/entertainment/movies/la-xpm-2012-jun-19-la-et-mn-joseph-gordon-levitts-looper-will-be-released-differently-in-china-20120619-story.html>

ZHANG Xin *Lionsgate agrees film finance deal with Chinese broadcaster Hunan TV* in “IHS Markit” 19 March, 2015 (last accessed 9 December 2019) \_

*Peaks and Troughs: An analysis of the fluctuating relationship between China and Hollywood*

<https://technology.ihs.com/527294/lionsgate-agrees-film-finance-deal-with-chinese-broadcaster-hunan-tv>

ZHANG Yimou, *Here's How the Trade War Is Affecting Hollywood* in "ChinaFile", 08 March, 2019, (accessed 18 September 2019) <http://www.chinafile.com/reporting-opinion/viewpoint/heres-how-trade-war-affecting-hollywood>

ZHOU, Xiaobai. *tengxun fuzongcai cheng wu tengxun yingye jiangjujiao sanganfangxiang*“腾讯副总裁程武：腾讯影业将聚焦三个方向。” Tencent vice president Cheng Wu: (Tencent film industry will focus on three directions)\_TechWeb, March 24, 2019 (last accessed 18 January 2020). <http://www.techweb.com.cn/internet/2019-03-24/2728984.shtml>.

ZOU, Mimi *Fan Bingbing's fall from grace turns the spotlight on the far-reaching yin-yang economy in China* in "South China Morning Post" 9 October 2018 (last accessed 08 January 2020), <https://www.scmp.com/comment/insight-opinion/united-states/article/2167508/fan-bingbings-fall-grace-turns-spotlight-far>