

## Critical Issues Confronting China:

### Trump's Trade War and Sino-Hollywood Negotiation

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Film embodies aspects of both soft power and hard currency as it projects cultural influences and generates tangible box office revenues and profits. President Trump's trade war with China directly affects Sino-Hollywood negotiations, making Hollywood another victim of the trade war's collateral damage along with the soybean and auto-parts industries. Ying Zhu, Professor of Cinema Studies at the City University of New York and Director of the Center for Film and Moving Image Research at the Academy of Film of the Hong Kong Baptist University, interpreted the dynamics of Sino-Hollywood negotiations in the context of the escalating trade war as a manifestation of a competition between different cultural values and development models.

Zhu delineated a contour of Hollywood's history with China. Soon after the Communist Party took over the mainland in October 1949, Hollywood movies were banned in China. Their next entry into the Chinese market was not until 1994, with the screening of *The Fugitive*. Pirated copies of American movies then became quite common in China in the late 1990s and early 2000s. China's entry into the WTO in December 2001 officially allowed a certain amount of market access for American cultural products, for example, movies, and for American producers to share 20 to 35 percent of the sales. During the bilateral trade negotiations in 2018, China promised greater market access, higher percentage of revenue sharing, and more strict protection of intellectual property, but it backtracked on those promises this past spring.

Zhu explained how both the American and Chinese governments had made cross-border commercial relations very unpredictable and difficult. On the Chinese side, China's tightened capital control over the last couple of years has adversely affected repatriations of box revenues to Hollywood. More importantly, as part of President Xi's increasing centralization of control, the Propaganda Department of the Communist Party has taken over the authority for approving foreign films from the government's State Administration of Radio, Film and Television. Independent films have been mired in red tape. China has instead increased movie imports from Europe and the Middle East, causing Hollywood, as noted, to be a casualty of Trump's trade war.

Zhu traced Sino-Hollywood relations back to 2000-2001, when Congress held hearings on whether to grant China Permanent Normal Trade Relations (PNTR). Congress' final approval of the PNTR status was not only based on foreign policy considerations, such as, propagating

freedom and democracy in the post-Soviet era, but also at the overwhelming urging by American businesses including major US studios and the Motion Picture Producer and Director's Association. Zhu noted that research by some political scientists linked the approval of the PNTR with the rise of Donald Trump in the 2016 presidential election, who campaigned, in part, on ending the "bad deal with China." Now we are witnessing him carrying out his campaign promise and living with its consequences.

Zhu raised the question of who would set the tone of films and whose story would get told, as Hollywood moved into China's market after its WTO entry. Some American blockbuster movies generated, from the Chinese market, revenues so vast and so quickly—millions of dollars in a number of days—that Jackie Chan, a famous Chinese action movies actor, proclaimed, "If people around the world want to study film, they have to study Chinese and speak Chinese."

Film wields cultural influence, however subtle or covert it may be, and economic power confers cultural power. Zhu noted that when Hollywood penetrated the world market, American English and pop culture went with it. As China's economic power continues ascending, will Hollywood speak Chinese? Zhu pointed out that this trend had already started at least in some ways. Lured by enormous revenues, Sino-Hollywood courtship has led to a number of co-productions. However, co-production of films didn't explicitly promote China's soft power. Then Chinese companies began to hire Hollywood stars to play in Chinese movies, for example, in *The Great Wall*. But this movie led to overwhelmingly negative reviews, prompting the Chinese authorities to crack down. Another way for the Chinese to leverage Hollywood was to buy Hollywood expertise for their movies, for example, in *Wolf Warrior II*. China seems determined to make global blockbuster movies with its newly acquired economic might.

Zhu lamented that China's desire for political control has stymied artistic creativity and Chinese movies' global appeal. She quoted Han Han, a well-known Chinese writer in the internet age, "Restriction on cultural activities makes it impossible for China to influence literature and cinema on a global basis, or for us...to raise our heads up proud."

Zhu did not anticipate the synergy and the attraction between Hollywood's expertise and the enormous Chinese market to dissipate despite Trump's trade war, his nativism, and political spasms in both countries. She noted the growth of cinema box-office performance during the Great Depression and Hong Kong's steady cinema revenues in the midst of massive street demonstrations over the past four months. This steady revenue was in contradiction to the downward trend of other industries with declining business and shrinking revenues, such as, hotel, restaurant, and airline industries, and it underscored the appeal of film as entertainment and escape during duress. People want to be entertained, Zhu stated, and therefore, there will not be a decoupling of Sino-Hollywood relations.