



American Movies Should Not Have to Be Approved by Bureaucrats in Beijing

Description

Posted by Larry Gleeson

By Therese Shaheen

Last week's phone call between President-elect Donald Trump and Taiwan president Tsai Ing-wen had all the makings of a Hollywood blockbuster. The world is on edge with the election of an untested U.S. president determined to confront China. Upstart Taiwan creates the flashpoint: The leader calls the U.S. president — even before he takes office — and initiates a secret dialogue. Military forces are on alert. Markets waver. There are appeals for calm. But it's too late. The fuse is lit. Watch the movie to see how it ends.

Probably the most appropriate working title for a Hollywood treatment of what took place between Tsai and Trump is "Much Ado About Nothing." There are many ways in which America's China policy with respect to Taiwan has become a jumble of inconsistencies and dangerous unrealism, starting with the implication in our policy that Taiwan exists only insofar as China permits us to recognize its existence. While the call between the two leaders was unorthodox, the reaction to it is more a reflection of a stultified underlying policy than an upset to the world order.

A bigger problem with the supposition that this episode might one day make for good Hollywood treatment is that before long, there might be no one to make such a film that is not somehow tied to the growing Chinese involvement in the U.S. film industry. From production to distribution, Chinese companies are increasing their stakes in one of the crown jewels of U.S. industry.

Much has been written about China's Dalian Wanda Group, which took a majority stake in the U.S. theater chain AMC in 2012. Earlier this year, Dalian Wanda made an offer for the smaller Carmike theater chain. Together, the two chains own more than 8,000 screens, roughly one-fifth of the U.S. total.

On the production end of the process, Alibaba Pictures in October announced a co-production, co-finance partnership with Amblin Entertainment, Steven Spielberg's production company. This in the wake of January's announcement that Dalian Wanda bought the finance and production company

Legendary Entertainment. The purchase of a major Hollywood studio by Dalian Wanda, Alibaba, or some other China interest seems a matter of time.

So what? Foreign investment in Hollywood is not unheard of; indeed, Japan's Softbank had an estimated 10 percent stake in Legendary and was one of the investors bought out by the Dalian Wanda purchase. The stalwarts at the Wall Street Journal editorial page rightly noted in an October editorial that "the movie business is a competitive market with none of the immediate security risks of defense contractors or power-plant operators."

To that end, the expressed intent of the Alibaba and Dalian Wanda deals mentioned is to create a global production and distribution network for what is clearly a global industry. While more movies are made in India than anywhere else and China is second only to the U.S. in total box office (but is the fastest growing country in that category), the U.S. remains a global leader in content and bankability. One measure: Global box office for 2016 is expected to be about \$38 billion, but the combined gross of the Harry Potter, Avengers, and Batman franchises alone is about 15 percent of that. By the way, Legendary Entertainment, now owned by Dalian Wanda, produced the Batman series.

It is understandable that U.S. filmmaking interests are looking for every advantage they can get to distribute films in China, which accounts for more than 10 percent of global box office. China's movie-going public is anchored by a growing urban middle class that has disposable income and is enamored with all things Western, from automobiles to iPhones. Co-finance, co-production deals to make movies makes perfect sense.

It also makes perfect sense that U.S. filmmakers will do all they can to avoid running afoul of a Chinese government that is increasingly obvious about two things that intersect in ways that put a bull's-eye on the moviemaking process: control over the media and the use of "soft power" to enhance its role in the world.

On the first point: The Communist government under Xi Jinping is cracking down on so-called civil-society activities. The regime's attempts to stifle dissent are becoming clear to the public. These include placing restrictions and conditions on Internet access by ordinary citizens, arrests of dissident bloggers, and even abducting several booksellers from Hong Kong and spiriting them back to the mainland for harassment and intimidation.

This control extends to moviemaking. Last month, the Standing Committee of the National People's Congress approved a new film-industry-promotion law, ostensibly to modernize the domestic industry. The Chinese film industry is already heavily protected. According to China Law Blog, the draft law does not change existing prohibitions on "foreigners engaging independently in film production in China." Foreigners still cannot distribute films in China, and quotas on foreign-film imports continue.

By entering into co-production and co-finance agreements with Chinese interests, U.S. filmmakers obviously hope to get over, around, or through these restrictions and gain access to a fast-growing urban market. To do so, though, Spielberg and other auteurs will probably have to accept the overall intent of the new domestic law, which, according to the Wall Street Journal, is "to serve the people and socialism, prioritize social benefit, and coordinate social and economic effects."

Here's another way to think about that: self-censorship. For example, Alibaba's partner Amblin, or Dalian Wanda's subsidiary Legendary, are not likely to want to make two versions of their movies

“one for the U.S. and one for China” and so will likely take care to exclude from them anything that Beijing might see as not “prioritizing social benefit” for Chinese viewers.

What might that look like? No need to guess, because it’s already happening. In pre-release publicity for the Marvel blockbuster *Doctor Strange*, screenwriter C. Robert Cargill acknowledged, as reported in the *New York Times*, why a key character drawn from the original comic is Tibetan but in the film is played by a British actress, Tilda Swinton. “If you acknowledge that Tibet is a place and that he’s Tibetan, you risk alienating one billion people,” Cargill said in an interview. Just in case you wouldn’t get his point, he also expressed concerns about “the risk of the Chinese government going, ‘Hey, you know one of the biggest film-watching countries in the world? We’re not going to show your movie because you decided to get political.’”



Tilda Swinton (left) in a scene from *Doctor Strange*

Got it. And this was a film made by Marvel Studios, and distributed by Marvel’s owner, Walt Disney Studios, a U.S. public company. How might self-censorship look when Dalian Wanda is financing the film and opening distribution doors across the country and attempting not to run afoul of the same government that kidnaps obscure booksellers in Hong Kong?

It’s one thing for Amblin or Legendary to engage in self-censorship to get movies that have been paid for by Chinese companies distributed in China. But the Marvel example is something we had better get used to: Movies produced and paid for by U.S. companies and distributed in the U.S. are censored in the hope that the same movie might somehow find its way into Chinese distribution.

While U.S. national security doesn’t depend on whether a role in a movie based on a comic book is played by a British or a Tibetan actor, it is pretty obvious that the same kind of self-censorship will apply to political thrillers, historical fiction, real-world history, documentaries, and anything else that producers hope will be distributed in China. At the very least, the burden of proof is on filmmakers to demonstrate otherwise.

This plays into the attention that the Communist government under the Xi regime pays to so-called soft power. The world is fixated on the rise of the Chinese navy, its adventurism in the South China and Philippine Seas, and other “hard power” demonstrations that are raising concerns in the region and in the United States. But Xi intends to extend China’s influence in less belligerent ways, too. These include a proliferating number of international forums such as the Boao Conference, the hosting

of global events such as the Olympics and Special Olympics, and investments in CCTV and other foreign-language television.

Core to the soft-power thesis are public diplomacy and related activities. The U.S. understood this for years going back to World War II, when it produced pro-military, pro-government films and, after the war, established Voice of America. The Chinese may simply believe they are modernizing that approach by controlling film content. Shaping the image of China and its interests through the global film industry could hardly be considered an incidental objective for Beijing when we consider the draft film-industry-promotion law or the efforts by Alibaba, Dalian Wanda, and others seeking a stronger foothold in the U.S. film industry.

To address this, the U.S. should consider some modernizing approaches of its own. That may already be underway. In September a bipartisan group of 16 members of the House of Representatives wrote to the comptroller general of the United States to ask for a review of the Committee on Foreign Investment in the United States, “to determine whether its . . . authorities have effectively kept pace” with the current security landscape.

CFIUS is an interagency group that, under the auspices of the Treasury Department, determines whether potential foreign investments in U.S. entities could undermine national security. CFIUS has heretofore focused on national security and proposed investments in critical infrastructure. The September congressional letter asks the comptroller general this pointed question: “Should the definition of national security be broadened to address concerns about propaganda and control of the media and “soft power” institutions?”

It’s the right question, and a review of the future of CFIUS is the right lever to pull. The Trump administration seems predisposed to ask such questions. President-elect Trump and many of his advisers seem to have no qualms about acknowledging the obvious: The Chinese government intervenes in markets of all types to exert its will. That Beijing would attempt to influence the global filmmaking industry to achieve its own ends doesn’t sound like something that would meet a lot of doubt or skepticism from the new administration, some of whose appointees will constitute the CFIUS.

This has never happened. . . . There’s no road map for this,” Legendary Productions founder and CEO Thomas Tull said at the time of the Dalian Wanda takeover of the company. Now, while it’s still possible (maybe) to watch a movie in a theater in Kansas and not have to question whether a bureaucrat in Beijing approved it, is a good time to start making that map. Therese Shaheen is a businesswoman and CEO of US Asia International. She was the chairman of the State Department’s American Institute in Taiwan from 2002 to 2004.

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