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## ABSTRACT

In the newest era of great power politics, China seeks to emulate Hollywood in its campaign to win over hearts and minds around the world. From record-breaking box office grosses to unprecedented foreign direct investment, Asia's biggest power has radically reshaped the global media and entertainment landscape. As China has benefited from the transformation, so too has Hollywood. The cost of doing business with Beijing, however, is significant: studio executives and filmmakers compromise their creative freedom by submitting to the central government's ubiquitous regime of censorship. The uneasy nature of their partnership, alongside rising political tensions and widespread film industry changes, has destabilized the *pari deaux* between China and Hollywood. This study investigates whether or not China can overcome these challenges to accomplish its ultimate ambition: becoming the world's leading cultural power. It finds that China will aggressively pursue its soft power agenda despite uncertainties, successfully strengthening homegrown creative production and expanding its influence overseas.

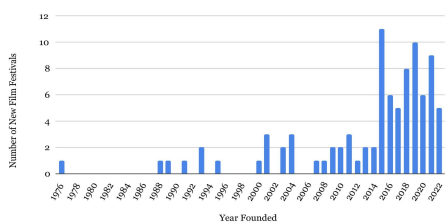
## HISTORICAL BACKGROUND

- The Sino-Hollywood Exchange is a three act story:
  - Act I: Hollywood exports American culture around the world.
  - Act II: China opens its borders in the 1990s, allowing studios to access billions of box office dollars in exchange for censorship compliance.
  - Act III - China seeks to replace the US as the world's foremost cultural power.
- Foreign films can only enter China as co-productions, flat-fee, or revenue-sharing.
- Timeline of quota system:
  - 1994: *The Fugitive* (1993) starring Harrison Ford becomes the first revenue-sharing film released in China. The *de facto* revenue-sharing quota is 10.
  - 1999: The US and China negotiate a Bilateral WTO Agreement, which establishes the flat-fee quota at 40 and increases the revenue-sharing quota to 20.
  - 2012: A new MOU between the two countries increases the revenue-sharing quota to 34 and raises US take-home revenue to 25 percent of box office grosses

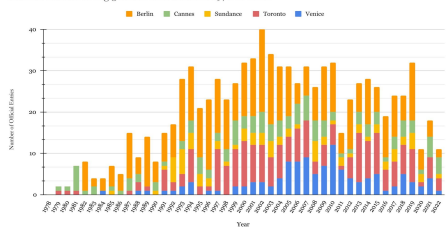
## DATA COLLECTION

- I measured four unique metrics to gauge China's success in overcoming existing challenges on its quest to become the world's leading cultural powerhouse. Metrics 1 and 3 serve as internal indicators that measure the strength of domestic creative production. As external indicators, Metrics 2 and 4 reveal the penetration of Chinese filmography abroad. The specifics of all four metrics are detailed below:
- 1.) Examines the proliferation of China's domestic film festival circuit starting from 1976, when the Hong Kong International Film Festival was founded (top left)
  - 2.) Surveys the Big Five Film Festivals – Berlin, Cannes, Sundance, Toronto, Venice – to gauge the overseas reception of Chinese productions (middle left and bottom left)
  - 3.) Tracks the Chinese box office's Top 25 performers in terms of total gross earnings (RMB) from 2008 to 2022 (top right and upper middle right)
  - 4.) Assesses the worldwide box office's Top 100 performers in terms of total gross earnings (USD) from 1993 to 2022 (lower middle right and bottom right)

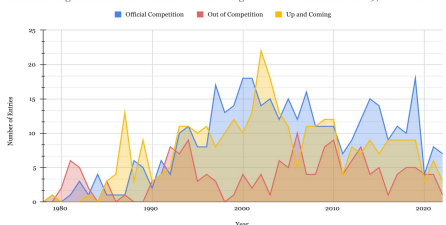
New Chinese Film Festivals



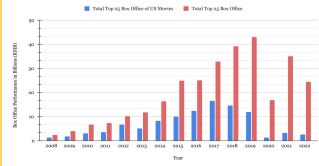
Chinese Entries at Big 5 Film Festivals from 1978 to 2022



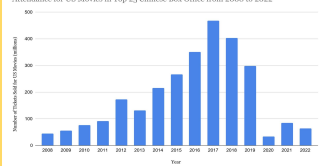
Thematic Segmentation for Chinese Entries at Big Five Film Festivals from 1978 to 2022



Top 25 Chinese Box Office Performance from 2008-2022



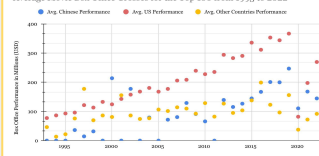
Attendance for US Movies in Top 25 Chinese Box Office from 2008 to 2022



Percentage Share of the Top 100 Worldwide Box Office from 1993 to 2022



Average Movie Box Office Grosses for the Top 100 from 1993 to 2022



## FINDINGS

- A strong growth narrative beginning from the early 2010s endures despite the Covid-19 pandemic, rising geopolitical tensions, and widespread changes within the film industry.
- China's box office and domestic film festival circuit are flourishing, launching quick recoveries after short-term pandemic-era stalls.
- Despite best efforts to secure acclaim from prestigious international film festivals, China has experienced relative stagnation in the reception of its homegrown films, although it is worth noting that more films have received official competition recognition than before.
- The US remains dominant at the worldwide box office, although China and other countries' slices of the pie have increased in recent years.

## PREDICTIONS

- Framework: China is relentlessly strategic, and will remain so for the foreseeable future
- Prediction #1: Chinese film consumption continues exponential growth.
    - Large untapped market potential; new technologies put China on cutting edge
  - Prediction #2: TMT conglomerates develop increasingly ubiquitous brands.
    - Promising homegrown IP franchises; theme parks, cartoons, toys, video games
  - Prediction #3: China draws from rich bank of culture, history, and mythology to continue producing great content despite censorship and corporatization.
    - Six Generations of filmmakers; new brands; moving beyond "red movies"
  - Prediction #4: Underlying incentives motivate China's continued overseas engagement, and vice versa, in face of geopolitical tensions.
    - Embarking on a correctional course; more co-productions and M&A activity
  - Prediction #5: China becomes the world's leading cultural superpower through the emergence of the developing world.
    - Belt and Road Initiative; shifting world demographics; 10,000 Villages Project

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