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Americas Overhyped Worries About Chinese Money in Hollywood

U.S. authorities should watch, not reject, Chinese investment in the entertainment sector.

By **Jean-Marc F. Blanchard**

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As it has grown, Chinese outward investment (COI) has provoked excitement and concern around the world. This is no different with respect to COI in the United States, with the latter increasingly apprehensive even though it has been receiving COI for quite some time. Anxieties range from worries about Chinese “theft” of intellectual property to Chinese control of natural resources and key infrastructure such as telecommunications (think of Washington’s opposition to Huawei’s participation in the American telecommunication network) to the presence of Chinese firms in areas near military installations to job loss to impact on American food security (e.g., the Shuanghai International-Smithfield Foods and the China-National Chemical Corporation-Syngenta mergers and acquisitions).

Of late, much of the focus has been on COI in the entertainment and leisure sectors. In mid-September, sixteen members of the U.S. Congress **sent a letter** to the Government Accountability Office cautioning about Chinese steps “to exert propaganda controls on American media.” Clearly, some of these alarm cries are prompted by the fact that it is election season in the U.S., but they also have to do with some recent, prominent Chinese deals in the entertainment sector such as Dalian Wanda’s acquisitions of AMC Cinemas and Legendary Entertainment, Tencent, Hony Capital, and others investments in STX Entertainment, and the purchase by Alibaba Pictures of a stake in Amblin Partners.

We know quite definitively, too, that Beijing has long had an agenda to promote China, Chinese values, and China-favored policies regarding Taiwan, a more democratic international system, and latitude for each country to adopt a government suitable to its own national conditions through **mechanisms such as Confucius Institutes**, people-to-people exchange, and selective “payments” to and punishments upon those firms and governments who back/oppose its favored message. Meanwhile, American media companies have modified the content of films to suit Chinese preferences, albeit often in insignificant ways. On top of this, Chinese state-owned enterprises (SOEs), which are behind much of the COI, obviously have close ties to Beijing. Of course, many acquisitive Chinese firms do their own thing and, beyond this, many are not SOEs. That said, even private firms can be connected to the government through personal relationships and formal institutional channels, involvement in various government bodies, initiatives, and policy deliberations, and sensitivity to nationalist sentiment. Regarding the last point, according to various reports, Wang Jianlin, the head of privately owned Dalian Wanda, said he “wants to ‘change the world where rules are set by foreigners.’”

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Given this, it is understandable why there is sensitivity in Washington and elsewhere about Chinese inroads in the U.S. entertainment sector. But is there reason to fear it? There is if it is assumed that Chinese entertainment products targeted at the U.S. will always inject politically slanted messages, but Huaiyi Brothers Media, Oriental DreamWorks and other Chinese firms’ many partnerships with Hollywood firms on films such as *Forbidden Kingdom*, *Looper*, and *Kung Fu Panda 3* indicate this is not necessarily the case. There is if it is assumed the Chinese message is universally bad, but it is hard to see how one can make this assumption given some of the values – Chinese culture, Chinese language and Confucianism – China has been trying to promote in its soft power endeavors. There is if it is assumed China’s message will not be counteracted by other messages from other conventional or nonconventional media sources, other players such as U.S. government officials and non-governmental organizations, and events within or without China, but this is highly questionable. Indeed, American perceptions of China have been significantly shaped by U.S. policymakers and events inside and outside China. There is if it is assumed that the American people are easily thought controlled or will be receptive to China’s message, but this is a debatable proposition given the poor success of many Chinese films here. There is if we can assume China’s hard sell of its own agenda will not promote a backlash among the American people or select American groups, but cases where there has been a backlash against Confucius Institutes for hard selling China’s positions suggest otherwise.

Given the above, one can reasonably question if there should be as much paranoia about Chinese investment in the entertainment sector as there is. Transparency is needed, though, and in this regard Congressional hearings and continued monitoring is useful, but if, even at home, the “American” media message really is so vulnerable to the “Chinese” one then perhaps Congress should be focusing its efforts on strengthening the American one rather fretting about Chinese money flowing into its domestic entertainment sector.

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