The PRC market has become a powerful force in the global media industries, and Hollywood has noticed. Demand for market expansion by Hollywood media conglomerates, combined with China’s thirst for global soft power, has caused the Sino-US industrial relationship to expand. In an era of increasing interaction between China and Hollywood, Sino-US film collaborations reveal the role of policy in joint media production. Hollywood studios and the blockbusters they create with Chinese partners amplify global Chinese media production, while at the same time extending the reach of Chinese soft power. In *Iron Man 3*, Chinese doctors in Beijing perform lifesaving surgery on a beloved American superhero, using traditional Chinese medicine. In *Transformers 4*, CGI (computer-generated imagery) robots rebooted from American cartoons tromp through Guangdong Province and Hong Kong. As this chapter will show, the rise of Sino-US joint production activity in the PRC aligns closely with the country’s financial, technological, and policy priorities.

The role of soft power in China has a long historical trajectory in Chinese media policy. Although the importance of the term “soft power” has been much debated in policy circles since political scientist Joseph Nye’s seminal 1990 article, the concept remains central to how Chinese
policymakers think about media.¹ When I was a visiting fellow at the Shanghai Institutes for International Studies in the summer of 2013, the idea of soft power guided policymakers’ lecture questions throughout my residency. Soft power offers what Chinese policymakers term “cultural security.”² Former president of the People’s Republic of China Hu Jintao observed in the Seventeenth Party Congress in 2007 the need to “enhance the state’s cultural soft power.”³ In 2014, Premier Li Keqiang promoted the development of the cultural sector in his Report on the Work of the Government at the Twelfth National People’s Congress on March 5, saying: “We promoted the sound development of the cultural sector. A number of high-quality cultural works were produced, and more public cultural facilities were opened free of charge. We deepened reform of the cultural management system and developed the market for cultural products.”⁴ Chinese media scholar Wendy Su argues that China’s cultural policy has led to a complete reformulation of the state’s global communication practices.⁵ The high profile of the cultural sector underscores its centrality in China’s global development.

Soft power is a feature of China’s foreign policy at the very highest levels. A January 1, 2014, article in the People’s Daily newspaper, entitled “Build Socialist Culture to Strengthen the Nation, Focus on Improving the Country’s Cultural Soft Power” (Jianshe Shehuizhuyi Wenhua Qiangguo, Zhuoli Tigao Guojia Wenhua Ruanshili), profiled comments by President Xi Jinping encouraging politburo members to “increase the nation’s cultural soft power.”⁶ In this same article, Xi further advocated for efforts to “strengthen construction of international broadcasting capacity, meticulously construct external discourse, exhibit up-and-coming media activity, increase the creativity, inspiration, and accountability of external discourse, tell Chinese stories well, broadcast Chinese voices, and explain Chinese characteristics properly.”⁷ Xi’s exhortations in a newspaper that is commonly considered one of the key mouthpieces of the Chinese Communist Party directly link foreign projection of Chinese international relations discourse to the flowering of the media industries and the rise of the Chinese Dream. (See figure 3.) As Hollywood studios share China’s global trade in media, China, in turn, bolsters its media production capabilities. The Hollywood dream factory and the “Chinese Dream” work together, while mired in a state of perpetual negotiation.
When the People’s Republic of China (PRC) joined the World Trade Organization (WTO) in 2001, the country agreed to open its media markets. Yet rather than smoothly increasing trade, the opening of the PRC’s media markets has exacerbated tensions between the PRC and the United States. In 2007, the United States issued a formal complaint to the WTO, stating that the PRC was not following its commitment to opening its audiovisual markets as outlined in its WTO accession protocol, in the General Agreement on Tariffs and Trade (GATT), and in the General Agreement on Trade in Services (a separate trade agreement). The United States won the WTO dispute in 2009, but implementation took three years and required eighteen different WTO status reports issued by the PRC; agreements on film distribution in the PRC were left to bilateral negotiations. The resulting 2012 Memorandum of Understanding

**Figure 3.** Public advertising advocating the Chinese Dream that reads “Chinese Spirit, Chinese Images, Chinese Culture, Chinese Representation.” (Photo by Aynne Kokas, Shanghai, PRC, July 12, 2013)
between the People's Republic of China and the United States of America Regarding Films for Theatrical Release (MOU), also known as the US-China Film Agreement, required an increase in China's revenue-sharing import quota to include fourteen special-format films (3-D, IMAX) in addition to the twenty films already permitted by Chinese law, for a total of thirty-four imported films in the Chinese market. It further stipulated a review of enforcement in 2017, five years after the initial MOU agreement, emphasizing the long-term nature of policy negotiations surrounding Hollywood’s influence in China.

The 2014 Report to Congress on China’s WTO Compliance underscored that China had “not yet fully implemented its MOU commitments.” In a public hearing before the Trade Policy Staff Committee on China’s WTO Compliance, the Office of the United States Trade Representative further elaborated by explaining that few films could secure import quota slots. Additional distribution options were limited because of the power of Chinese state-owned enterprises, opaque censorship processes, and special protected periods for the distribution of local films, with each of these practices violating the US-China Film Agreement of 2012.

In China, the film-import “master contract,” or the agreement outlining policies for the importing of foreign films into China, is reportedly under negotiation to more accurately reflect WTO commitments. China’s State Administration of Radio, Film, and Television (SARFT) (Zhongguo Guangbo Dianying Dianshi Zongju) first established co-production regulations, outlined in “The Stipulation of the Administration of Chinese-Foreign Co-production,” at an executive meeting on June 15, 2004, three years after China’s accession to the WTO. In 2013, the newly formed State Administration of Press, Publication, Radio, Film, and Television (SAPPRFT) (Zhongguo Xinwen Chuban Guangbo Dianying Dianshi Zongju) absorbed SARFT and adopted its existing policies. However, through July 2015, the imported film master contract on the official SAPPRFT website reflected a policy written in 2009, which stipulated specific domestic Chinese film distributors for foreign and coproduced films, in opposition to the 2012 ruling. Given that SARFT was absorbed into SAPPRFT in 2013, this indicates that the website had been updated since the 2012 decision was issued but still included the 2009 policy, rather than the 2012 ruling. The tension caused by increasing
access to the Chinese market despite ambivalence about opening the market epitomizes the types of challenges the PRC faces in working with the United States, and vice versa.

In addition to China’s film-import regulations, central government media policy informs the rise of other types of Sino-US media collaborations. The Chinese government’s film co-production policy allows foreign films with sufficient Chinese talent and financing to be treated as “local” films for the purpose of distribution and to circumvent the country’s thirty-four-film import quota. The quota on imported films restricts foreign access to a market that was worth USD 6.8 billion in 2015. PRC co-production policy allows films to apply for approval at the preproduction, rather than the postproduction, stage. Hollywood producers therefore have strong market incentives to follow Chinese co-production policy from the beginning of a project to secure market access. Although co-productions provide US film companies an important entry point into the PRC’s market, the SAPPRFT (and, by extension, the central government) has final-cut and distribution approval of any film that is considered an official PRC product—including co-productions. Any films produced within the context of the Sino-US film co-production policy are thus beholden to a complex political approval landscape for distribution in the PRC, which begins during preproduction. Through co-production policy, the PRC can leverage Hollywood expertise in developing its domestic media industries and national brand.

Still, Chinese policymakers have reason to be concerned about foreign investment in a changing domestic industry. Protecting culture industries from Hollywood has been the subject of multilateral negotiations around the world, including negotiations in the “Uruguay Round” of the GATT from 1986 to 1994, WTO negotiations, and the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions in 2005. Pushback from WTO member countries against Hollywood’s influence led to a cultural exception to protect domestic culture industries. At the same time, China’s state-owned media industries—and its film studios in particular—wield a huge amount of power. As film scholars Emilie Yueh-yu Yeh and Darrell William Davis compellingly argue, state-owned film groups broker between the pressure to expand the market and the pressure to protect the national screen industry. Even as state-owned
film groups privatize, the inertia behind long histories of government involvement continue to protect domestic industries. When extended to the role of media in China’s larger economic plan, these tensions become even more acute.

The PRC’s twelfth five-year plan, released in 2011, identified the country’s media industries as a major pillar for economic growth that should therefore receive central government support. Within the policy context of the PRC’s twelfth five-year plan, Sino-US media is an extension of the PRC central government’s role as a media industry stakeholder. The plan discusses the growth of media industries in terms of the development of hard infrastructure (physical spaces for industrial development) and soft infrastructure (workforce skills development).  

Brandscapes—what architect, academic, and branding expert Anna Klingmann refers to as “the demarcation of territory by brands”—demand both hard infrastructure (as in the case of the production studio Oriental DreamWorks) and soft infrastructure (as with the requirements for Chinese talent to be used in Sino-US film co-productions). China’s cultural policy demands growth, which not only stimulates the Chinese media economy, but also creates an opportunity for Hollywood media conglomerates that can amplify domestic capabilities.

Films such as the Sino-US collaborative production *Iron Man 3* and *Transformers 4* demonstrate how blockbuster production in the PRC can train Chinese media industry labor. Intense special effects meet the demands for infrastructure innovation outlined in the twelfth five-year plan, which stipulates “cultural innovation, video production, publication, printing and reproduction, performing and entertaining arts, digital contents, and animation.” The plan articulates “a need to implement . . . major cultural industrial projects, and [to] enhance the construction of cultural industrial bases and the building of cultural industrial clusters with special regional characteristics.” The growth of co-ventures—think Shanghai Disney Resort and Oriental DreamWorks—that build hard and soft infrastructures drives cultural production in the Chinese and US media industries.

Similarly, the twelfth five-year plan also underscored the importance of international trade in reaching China’s media industry development goals. Explicitly, it “encourage[d] cultural enterprises to engage in cross-region,
cross-trade, cross-ownership operations and reorganizations; and raise the scale, intensification, and professional level of the cultural industry.”

The plan emphasized the high-level policy- and decision-making that back film and media collaborations, from major blockbusters to media production parks, between the PRC and the United States.

There is reason to follow this strategy: Chinese central planning in the 1990s and early 2000s was effective in developing the country’s industrial landscape. The number of buildings for Chinese creative-industry clusters is increasing throughout the country, with government support. Communications scholar Wendy Su argues that, through central planning, China has effectively harnessed the power of Hollywood to do China’s soft power work. Even so, Hollywood and China continue to negotiate the terms of the balance of global media power with each new deal creating uncertainty for both sides.

Hollywood

The Chinese government’s approach to regulation of the film industry is very different from the inconsistent intervention of the US federal government in Hollywood. Blockbusters made in the United States, such as *Independence Day* (1996), and military-themed superhero films, such as the *Captain America* series (2011 to 2016) and the *Iron Man* series (2008 to 2013), are produced with ad hoc cooperation from the US federal government via the public affairs offices of specific military branches, including the Marine Corps Motion Picture and TV Liaison Office, the Air Force Entertainment Liaison Office, the US Army Community Relations Office–West, and the Navy Office of Information–West. According to these organizations’ websites, filmmakers can choose to use these resources, just as the offices can choose to support or not support certain films. Policymakers advocate for the industry as a whole more rarely, usually in conjunction with trade groups and industry representatives.

Feature film production in Hollywood has never been an official state-run enterprise, unlike large portions of the PRC’s film industry. However, this does not mean that censorship, albeit industry driven, has not played an important role in shaping both Hollywood itself and Hollywood’s global influence. The Motion Picture Producers and Distributors of
America established the Motion Picture Production Code of 1930 (also known as the Hays Code) in March 1930. The group changed its name to the Motion Picture Association of America (MPAA) in 1945. Industry partners established the Hays Code via collusive industry efforts to consolidate power. However, like China's censorship practices, the Hays Code influenced the types of films produced in Hollywood until the code fell out of favor in the period from the mid-1950s to the mid-1960s. The Motion Picture Association of America remains the dominant trade organization for the United States and still provides content ratings for films.

Despite a lack of official authority over each other, Hollywood and Washington, DC, have historically been mutually influential. Non-governmental lobbying organizations contribute to larger policy debates regarding the growth of Sino-US media. Washington, DC, insiders have run the MPAA since 1966. Jack Valenti, a former advisor to US president Lyndon B. Johnson, was the organization's head from 1966 to 2004. Dan Glickman, who succeeded Valenti, was previously secretary of the United States Department of Agriculture and a congressman from Kansas. Starting in 2011, Christopher Dodd, a former Connecticut senator, assumed the role of MPAA chairman and CEO. Because of its significance in setting US policy and circulating images of the United States around the world, the MPAA has long held the nickname the “Little State Department.” The movement of high-level US government officials into positions of leadership with the MPAA demonstrates the importance of the US federal government’s influence in Hollywood’s relationship with Chinese regulators.

In 2011 the Motion Picture Association of America began hosting screenings of Chinese film co-productions each November. Chinese film regulators are typically the special invited guests or official partners, and American industry partners cohost. This type of event calls attention to the type of joint efforts between the US trade association and the Chinese government that create the conditions for media collaboration. Yet cooperation also presents the downsides of the globalization of Chinese media policy. If films can enter the Chinese market only after Chinese censors have approved them, then the US efforts to increase market quotas in the PRC stands as an example of exchanging freedom of expression for mar-
ket-access opportunities. The MPA lobbies heavily for access to the Chinese market, even while turning a blind eye to the concessions US filmmakers may have to make to the Chinese SAPPRFT to get their films approved for Chinese distribution.

The lack of a comprehensive US state-level media policy, combined with Hollywood’s lobbying power in the nation’s capital, has created a dynamic in which Hollywood’s economic needs are at the forefront of the US side of Sino-US media industry development. This produces twin outcomes: first, the US government supports the growth of Hollywood blockbusters in the Chinese market, and second, major US media products are beholden to the content restrictions placed on Chinese media productions. That Hollywood and China would collaborate to meet their joint goals of cultural export (China) and expanded market share (Hollywood) makes sense, but the landscape becomes much more complicated when we consider the role of US trade policy in bringing these goals to fruition. Further, the implication is that Hollywood studios that have long been self-regulating through US trade organizations must now rely on approval from the SAPPRFT to distribute films in a key market. By contrast, within the Chinese context, there is more formal policy dialogue at the central government level discussing the outward, global expansion of the PRC’s media industries.35

The incongruity between China’s and America’s approaches to managing the media industries at the highest levels demonstrates the fundamental challenges in developing sustained industrial collaboration. In the PRC, government intervention drives the media industries, whereas in the United States, the media industries, in large part, drive the government. This distinction has led to strange bedfellows, with Hollywood and China negotiating what global consumers can access and how. The outcome is the creation of models in which Chinese government officials are poised to have final-cut approval of major blockbusters and other transnational cultural products. Chinese government oversight over the production process precipitates a watershed moment that is changing the nature of global media for everyone, from leaders of global media capitals to the most casual of movie fans.

The following vignettes further illustrate how the US and Chinese governments influence policymaking related to Sino-US collaborations.
Chinese and US Policymakers in the Global Media Industries

The February 2012 meeting in Washington, DC, between then Chinese vice president Xi Jinping and US vice president Joe Biden to discuss boosting the PRC’s quotas for importing films underscored the Sino-US media policy priorities at the highest levels of government. The 2012 Xi-Biden meeting and related WTO action led the PRC to increase its foreign film import quota from twenty to thirty-four films per year. The fourteen films added to the quota were slated to be “special-format” productions in platforms ranging from IMAX to 3-D, thereby linking Hollywood’s technology advantage with the PRC’s media policy to expand the country’s digital theatrical footprint and product range. The increase offered additional opportunities for Hollywood studios to access the Chinese market. Special-format film distribution relies heavily on theater-based technologies that cannot be replicated in a home setting. In the context of Sino-US film, this both reduces piracy risk and drives revenue to Chinese theaters.

Additional distribution of 3-D and other types of special-format American films increases digital theatrical content in China while protecting Chinese domestic filmmakers working in 2-D from foreign competition. The Chinese market’s rapid special-format growth has also supported the development of new filmmaking practices. IMAX now converts both imported and Chinese films into the IMAX format for the Chinese market—focusing on Chinese films that might not otherwise be altered in this way—during summer blackout periods when foreign films cannot be released in the Chinese market. IMAX’s conversion strategy has been so successful in the Chinese market that it established an IMAX China subsidiary that trades publicly on the Hong Kong stock exchange. The special-format distribution quota increase is an example of a comparatively successful negotiation between Chinese and US interests for the growth of both media industries.

Although government intervention in the media industry is consistent with China’s planned economy, the practice is somewhat of an anomaly for the United States. For example, during Xi’s February 2012 visit with Biden, the two men worked with Hollywood film executive and producer...
Jeffrey Katzenberg to successfully agree on the establishment of Oriental DreamWorks—a joint venture to create family branded entertainment in China backed by Chinese investors China Media Capital, Shanghai Media Group, Shanghai Alliance Investment Limited and Hollywood’s DreamWorks Animation SKG.\(^{39}\) Katzenberg was seated next to Xi at President Obama’s February 2012 State Department Luncheon in Washington, DC. Xi Jinping also attended a Los Angeles Lakers basketball game accompanied by none other than Katzenberg during his 2012 visit.\(^{40}\) That Biden, Xi, and Katzenberg brokered one of the milestone industrial collaborations between a major US corporation and Chinese government and private sector partners underscores the complex public-private collaboration between the PRC and the United States. Media collaborations draw US politicians and industry leaders together in a way that evokes the close relationships among Chinese politicians and executives in other sectors.\(^{41}\)

In August 2012, Katzenberg’s DreamWorks Animation announced on its website that it was planning to open a new co-venture, Oriental DreamWorks, in the Xuhui District of Shanghai. The intersection of the highest levels of Chinese and US leadership and the participation of key Hollywood players offers a view of how important the media industries are to the Sino-US relationship.

As the Chinese media market grew, the relationship between the US and Chinese media policy also evolved. Negotiations structure Sino-US media industry collaboration while presenting opportunities to assert authority as the relative sizes of the Chinese and US media markets change. With the proliferation of major international productions and brands, the significance of Sino-US relations in both countries’ media and cultural products increases. Leaders on both sides of the Pacific actively bridge policy gaps to expand China’s market influence and Hollywood’s market share.

Xi Jinping’s first visit to the United States as the PRC’s president had links to the media industries. The June 2013 Sunnyland Summit was the first face-to-face meeting between US president Barack Obama and after Xi became president in March 2013.\(^{42}\) The summit was strategically located at the Annenberg Foundation Trust residence at Sunnylands in Southern California, owned by the same foundation that funds the School of Communication at both the University of Southern California and the
University of Pennsylvania. Although the event’s focus was not Sino-US media policy, the entire region surrounding the summit was steeped in the industry. The Southern California backdrop to this historic meeting between the two leaders foreshadowed the strong media and communication emphasis of future meetings between Obama and Xi.

In September 2015, Chinese president Xi Jinping visited Washington, DC; Seattle; and New York City for meetings with US industry leaders. This visit, like Xi’s earlier visits to the United States, coincided with a rash of Sino-US dealmaking and networking with US media industry leaders. Warner Bros. and the Chinese media investment firm China Media Capital announced the opening of Flagship Entertainment, a new co-venture based in Hong Kong and designed, like Oriental DreamWorks, to produce English- and Chinese-language content. The announcement of the agreement between China Media Capital and Warner Bros., in conjunction with Xi Jinping’s visit, continued the trend established in 2012, when Xi's visit to the United States coincided with negotiations about Oriental DreamWorks. State-level diplomacy is thus closely tied to the business of the global entertainment brands of China and Hollywood.

The guest list for the state dinner hosted by President Barack Obama during the visit further reinforced the media and technology emphasis of President Xi Jinping’s trip. Of roughly two hundred people from both countries, eighteen were representatives of entertainment companies or their guests. Another eighteen US guests were media personalities or their guests. Twelve additional attendees were leaders in the technology industries. Judy Chu, one of the four members of the United States House of Representatives at the event, represents Los Angeles, and the following week opened the 2015 US China Film and Television Industry Expo. Also present was Christopher Dodd, former US senator and the chairman and CEO of the Motion Picture Association of America. A total of fifty-two American guests at the 2015 state dinner for Xi Jinping were involved in the media and technology industries, dwarfing representation from any other industrial sector and roughly equivalent to the number of US government officials. Significantly, Walt Disney Company CEO Robert Iger, Dreamworks CEO Jeffrey Katzenberg, and their guests were reportedly four of the eighteen people at the dinner’s head table. The outsized presence of figures from the media and technology industries underscores
the significance of these industries in the relationship between the two countries. Yet the presence of US CEOs of media and technology companies that still cannot legally operate all their business units in China, such as Netflix and Facebook, points to the precariousness of Hollywood’s investments in China.

As Xi Jinping’s US meetings suggest, one of the most remarkable aspects of Sino-US media joint ventures in the twenty-first century is that they have been spearheaded by industry leaders and policymakers in both countries. This dynamic is made all the more provocative by the mythology surrounding both Hollywood producers and Chinese political leaders.49 The US government does not have direct authority over Hollywood, though Peter Decherney, among others, asserts that this has not always been the case; meanwhile, the Chinese government does have substantial authority over its media industries. Indeed, the incongruity in the level of influence that government officials in China and the United States have over the media industries leads to a particularly complex bilateral media policymaking environment.

MEDIA POLICY ON SCREEN

Chinese and US trade policy have infiltrated the narratives and production practices of Sino-US film collaborations. The following sections use two of the first big-budget Sino-US blockbuster collaborations to examine how stakeholders broker the changing relationship between Chinese and US media industries in the products that emerge from these policies. Released in May 2013, Iron Man 3 was the third in a series of comic book adaptations about American military contractor Tony Stark, whose alter ego is the title character Iron Man. In the film, a terrorist attacks Stark’s home, his best friend, and his cache of wearable robotics. At the time of its worldwide release in 2013, the movie became the fifth-highest-grossing film ever, with a total global revenue of USD 1.215 billion, including more than USD 121 million in the PRC, according to the trade website Box Office Mojo. The success of Iron Man 3 in the Chinese market signaled a turning point in the intersection of Chinese media policy, US media investment, and Sino-US media culture.
Iron Man 3 debuted in the PRC before its release in the United States, and it broke opening-day records there. Producers released the film in China before the United States in an attempt to avoid piracy in the PRC. The practice mirrored troubleshooting tactics for intellectual property protection exercised by other US industries operating in the market. By releasing a blockbuster of Iron Man 3’s scale in the Chinese market first, the film demonstrated the influence of the Chinese market on the global media industries.

Iron Man 3 started its life as an official Sino-US co-production between the Walt Disney Company, Marvel Studios, and American-run, Chinese-licensed DMG Entertainment, according to the Marvel Studios website on May 29, 2012. The film production was the outcome of policy processes—neither a film co-production nor exclusively an imported film, Iron Man 3 is an example of what I term a “faux-production” in this text. All films that attempt to get co-production approval in the PRC bear the bureaucratic imprint of Chinese regulators from the beginning of the production process. Faux-productions, by contrast, occur when either the producer or the Chinese government declines to complete the co-production process after having received co-production approval for at least part of the film’s production process. In other words, faux-productions are a product of policy negotiations between stakeholders over co-production policy. The faux-production process can shift the content of a production without providing a guarantee of distribution in the Chinese market. In an interview about the 2012 Sino-US faux-production Looper, director Rian Johnson stated that he decided to shoot his film in Shanghai rather than in Paris to take advantage of Chinese film co-production policy. The film, despite beginning as a co-production, was released in the Chinese market as an import, rather than as a co-production. Faux-productions—essentially partial co-productions—reflect how Chinese media policy and Hollywood interests draw attention to the limitations of US federal government lobbying on behalf of Hollywood in the Chinese market. Iron Man 3 was ultimately subject to multiple stages of Chinese government review, both as a co-production and as an imported film.

The complexity of the Chinese film co-production process also belies the unpredictability of Sino-US media collaborations. Indeed, after Laurie Burkitt of the Wall Street Journal proclaimed on March 8, 2013, that Iron Man 3
“blasts away the China co-production myth,” the film’s producers revealed that two different versions would be released—one in the United States and one in the PRC. The Chinese version was treated as one of the films in the PRC’s thirty-four-film import quota rather than as a co-production. The time, effort, and access provided to the state-run China Film Co-production Corporation (CFCC) (Zhongguo Dianying Hezuo Zhipian Gongsi), China’s official co-production company, and to the SAPPRFT were also unprecedented for a major Hollywood film that ultimately became part of the PRC’s foreign import quota. During production, Chinese censors regularly visited the Iron Man 3 set and gave notes on the script.53 This practice of censorship during production is common with film co-productions, which are treated like domestic Chinese films in the PRC market, but Iron Man 3 was officially an imported foreign film.54 The SAPPRFT thus both influenced the content of this major Hollywood release and required that the film be subject to the comparative unpredictability of film import rules. As a result, the co-production process and related co-production policy frameworks influenced a product that extended beyond the policy’s official reach.

Although for Iron Man 3, Marvel Studios did not meet the preconditions for a film co-production release, it accommodated the Chinese market by creating a special version of the movie specifically for PRC distribution. Chinese audiences reacted negatively to the scenes that were added specifically for the film’s Chinese version, suggesting that influence over the production process does not immediately translate to gains in cultural soft power.55 In Chinese online forums, domestic viewers criticized the differences between the international and Chinese versions of the film. One of the most excoriated moments was an advertisement inserted into the Chinese version for an energy drink from milk manufacturer Yili, a drink that ostensibly helped bring Iron Man back to life. Other largely lambasted sequences included a scene of small talk between Chinese doctors in charge of conducting a risky surgery (aided by acupuncture, of course) on the body of Iron Man’s human alter ego, Tony Stark. Despite audience disapproval, the ceding of control in a Hollywood blockbuster to Chinese regulators and distributors marked a moment of transformation in Hollywood’s relationship with China.

But it was not only the images on screen that demonstrate China’s role. Publicity stills from production in Beijing circulated in the global trade
press during the film’s production. The final version of the film contained no exterior shots of Beijing, but the production stills communicated China’s importance as a shooting location by sharing Chinese location images with industry observers, even if not directly with audiences. Leaked production stills show Chinese actor Wang Xueqi and the character of Iron Man in front of Beijing’s iconic Yongding Gate, though this image didn’t make the final cut. American reporting on the filming of blockbusters in the PRC offers industry publicity for China’s media production brand even for scenes that audiences never actually see.

Through *Iron Man 3* the SAPPRFT to flexed its regulatory muscles in the context of the release of a major global blockbuster. In exchange for being vetted by Chinese censors at nearly every stage of production and featuring special (albeit poorly received) Chinese scenes, the filmmakers received a greater measure of certainty that they could advance their brand within the unpredictable Chinese market. This ultimately resulted in huge box-office revenue in the PRC. The choice to release the film in China first paid off financially; the PRC, where it had box-office records of USD 63.5 million in its first five days, was the film’s largest international market.

Beyond *Iron Man 3’s* production process, an important message about the change in the balance of global power is embedded within the film’s narrative. The film is the tale of Tony Stark, a defense company CEO trained at the Massachusetts Institute of Technology, who transforms himself into a superhero using his engineering acumen, ultimately saving the world from a corrupt US politician. The film follows Stark (aka Iron Man) as he battles Aldrich Killian, a villainous technology entrepreneur secretly backed by the US vice president, who seeks to mainstream eugenically altered fighters. In the film’s Chinese version, Stark’s international collaborators are Chinese physician-scientists in Beijing, albeit in roles reduced from those in the film’s original script. The film valorizes collaborative investment in advanced technology while simultaneously casting doubt on US government motives. In the film’s American version, the role of the Chinese scientists was excised, hiding traces of international collaboration, lest this story element create any cognitive dissonance for American viewers.

Even throwaway gags in *Iron Man 3* illustrate the numerous ways in which media is essential to shaping state-level policy. For example, after experiencing an embarrassing debacle in *Iron Man 2* (2010), US govern-
ment bureaucrats in *Iron Man 3* rebrand Tony Starks’s Iron Man clone for the US government from “War Machine” to “Iron Patriot” to improve press coverage. In the movie, the repeated diegetic reports about the rebranding of the machine emphasize the importance of the media industries in a movie that is promoting American interests abroad. The front for the US vice president’s treachery is an actor whose character is called the “Mandarin” and whose fearsomeness is bolstered by the high production value of the propaganda videos he makes in his own studio. Notably, the ethnicity of the villainous Mandarin was Chinese in the Iron Man comic book series, but not in the film, in recognition of the importance of the Chinese market. Much like in *Iron Man 3*, in the Marvel film adaptation of *Doctor Strange* (dir. Scott Derrickson 2016), a character that was originally Tibetan in the *Doctor Strange* comic book series is played by Tilda Swinton, a Caucasian actor. The choice to change the ethnicity of a member of a minority group with a contested relationship to the PRC government at a minimum raises questions, despite denials by the studio, Marvel, that the move had creative motivations. The casting choices suggest a strategic whitewashing of Hollywood films, one that avoids casting Chinese people as unlikable villains or drawing attention to hot-button political issues like Tibet.

*Iron Man 3*’s narrative also contextualizes the major historical changes in US, Chinese, and global trade policy that facilitated the production of this Sino-US blockbuster. The movie’s plot begins in the first moments of the year 2000, the same year the US Congress enacted legislation (H.R. 4444) granting the PRC permanent natural trade status upon its entrance into the WTO. The PRC’s new trade status and WTO entry marked a significant moment in the country’s meteoric rise to global economic prominence. After the PRC’s WTO accession, film policy was one of the first cultural policies that focused on developing joint financing and technology transfer. It is therefore no coincidence that dialogue in this megablockbuster, penned by Western screenwriters Shane Black and Drew Pearce, referred to the last moments of the twentieth century as “the good old days,” a time when Hollywood reigned.

Apropos of the *Iron Man 3* narrative, the PRC central government’s policy for growth supports the intersection of the media and technology industries. The country’s twelfth five-year plan supported “the innovation
of culture, science and technology." The rise of the media industry in parallel with increased technological innovation suggests how the PRC’s cultural policy seeps into essential parts of the country’s trade relations with the United States. The question is not just about the co-creation of culture but also about the resulting joining of broad industries, from technology to media to science. *Iron Man 3* drew these issues together in its narrative and provided a global pop culture representation of how technology, entertainment, science, and industry work together.

*Iron Man 3*, despite being successful financially, was neither a full soft power nor policy win for China. The film tested, but then ultimately circumvented, the co-production process. The “Chinese elements” added to the film were visibly forced into the narrative. Marvel Studios claimed a share of the Chinese box office that might otherwise have gone to local Chinese films. At the same time, the PRC’s media and trade policy demonstrated the beginnings of Chinese soft power in Hollywood. The film was a big-budget parable, and Chinese distributors profited from its success. The give-and-take involved in faux-productions such as *Iron Man 3* draws attention to the ways in which policy drives Chinese and US film industries to become more entwined, demanding compromises from both.

The relationship between policy and economic demands in the production of Chinese and American visual culture became even more complex in 2014, when the release of *Transformers 4* actually anticipated mass political action in Hong Kong. July 1 is a public holiday in Hong Kong, commemorating the territory’s 1997 return to mainland China, a day historically marked by protests in Hong Kong. Paramount Studios and the SAPPRFT jointly decided at a 2013 meeting in Beijing on a release date for the *Transformers 4* movie of Friday, June 27, 2014, the weekend immediately preceding the July 1 holiday. *Transformers 4* includes prominent scenes of a fictional PRC minister of defense sending ships into Hong Kong’s harbor. The images appeared on screens around Hong Kong the weekend before the mass protests there against PRC government authority, which involved more than 500,000 protestors (of Hong Kong’s seven million residents) and marked the beginning of a series of democracy protests in Hong Kong eventually referred to as the Umbrella Movement. The presence of the Chinese military in Hong Kong’s Victoria Harbour in
the film visually extends its power in a way that would be politically unfeasible in real-world Hong Kong. The film also included images of a dominant police presence in Hong Kong, which foreshadowed images of the police presence on the streets on July 1. As protests raged in Hong Kong, *Transformers 4* bested previous Chinese box-office receipts, according to the trade website Box Office Mojo in July 2014.

*Transformers 4* offers a startling example of the commingling of the Hollywood dream factory and the “Chinese Dream.” First, the film demonstrates the movement toward horizontally integrated media conglomerates described by communications scholar Robert McChesney and media analyst Edward S. Herman (2004). It promotes a major US commercial brand property— *Transformers*—that carries both box-office potential and a proven record of success as a branded property in television, merchandise, and video games, as well as high potential for future theme park investment. The film created ancillary media-branding opportunities not only for horizontally integrated Hollywood media conglomerates, but also for Chinese media companies. In preparation for shooting the film, New China TV—the digital video arm of the Chinese state news agency Xinhua—reported on August 27, 2013, that a reality show on Chinese TV would recruit new Chinese actors to take part in *Transformers 4*. A promotional clip shows *Transformers 4* director Michael Bay introducing the reality show to Chinese audiences and depicts producer Lorenzo di Bonaventura and Paramount Pictures president of worldwide distribution and marketing Megan Colligan as judges.

The reality show clip reveals several ways in which the trade in blockbusters advances Chinese domestic cultural policy. First, the new show generated domestic television content. Second, the “talent search” aspect of the show furthered the goal of domestic media talent development through Hollywood film investment. Finally, the clip (and related production news surrounding *Transformers 4*) spotlights the rise of China’s domestic media industry. Far from representing one-way cultural imperialism, Sino-US blockbusters such as *Transformers 4* involve a constant back-and-forth of branding efforts between Chinese and Hollywood partners that reflect the demands of both US trade and investment and Chinese soft power.
Transformers 4 asserts China’s worldwide importance as a film location, a fact that was magnified by the film’s global box-office success. A US-based special effects trade publication released production stills of Michael Bay shooting on the Great Wall of China even though that footage was never incorporated into the film. Additional supplementary production footage, or B-roll, featuring the shooting process includes footage taken at the Great Wall and was released on the US website YouTube on June 21, 2014, with the title TRANSFORMERS 4 [Making Of Video]. Although this footage of China’s greatest historical architectural achievement did not make the film’s final cut, the fact that the Transformers 4 crew received permission to shoot at such a significant landmark demonstrates the ways in which the Sino-US media relationship is growing, and fuels a perception on the part of Chinese regulators that Hollywood films offer China the opportunity to further project its cultural power. As in the case of Iron Man 3, the stills of shooting in China, despite appearing primarily in trade materials rather than in multiplexes, signal to professionals the type of productions that have been successfully made in the PRC.

The changing relationship between China and Hollywood has important policy implications that influence both countries’ media industries. Global popular culture is increasingly becoming an output of the overlapping industrial and policy interests in both countries. However fanciful they may seem, superhero blockbusters about national defense reveal how media industry leaders and policymakers broker the PRC’s and the United States’s changing positions in the global order.

Media industry collaboration between the PRC and the United States is a key factor in trade relations between the two countries. The financial success of blockbuster collaborations and related products demonstrates that media brand co-ventures influence both trade and global entertainment. For example, Transformers 4 box-office grosses, excluding ancillary income, reached nearly the USD 1 billion mark according to trade website Box Office Mojo. Collaboration does not come naturally, but trade policy partially accommodates collaboration in two key ways. The first approach to managing collaboration is pressure through such international organizations as the WTO. By enforcing China’s WTO accession agreement and subsequent related decisions, the WTO resists limit foreign access to its media market. Second, as China’s media industry continues to develop, in
part through collaborative projects and foreign direct investment stimulated by domestic policies, Chinese products and firms become more competitive in the market. The role of policy and related issues of soft power and cultural sovereignty in the Sino-US relationship is complex. Fortunately, blockbusters are revealing how Sino-US relations are changing, if the audiences of the world know how to look.