The role of the non-state film industry in promoting China's soft power

The Role of Non-state Actors in China's Soft Power

Yanling Yang
Institute for Media and Creative Industries, Loughborough University London, London, United Kingdom
y.yang5@lboro.ac.uk

Abstract

This article explores the role of non-state actors from the film industry in promoting China's soft power. Much research on non-state actors has emphasised the Anglophone world, while little research has been undertaken in the context of non-democratic regimes such as China. Therefore, following scholarly reviews on soft power and the role of its key actors, I have analysed China's approach to soft power and conducted semi-structured interviews with film experts to explore the role of non-state actors in generating soft power. This study reveals that although China has consistently privileged state-owned actors over non-state actors, non-state actors have actually played an increasingly important role in disseminating soft power. It argues that the more powerfully the Chinese authorities emphasise its state actors, the less likely is it that China will win hearts and minds – this is due to its domestic political ideology and censorship mechanism in the field.

Keywords

China; international film industry; cultural diplomacy; non-state actors; public diplomacy; international communication; propaganda; soft power

Introduction: Beyond the Anglophone World

The Chinese government has doubled its budget for projecting soft power during President Xi Jinping's presidency, from $4.75bn in 2011 to $9.5bn in 2018.[1] In contrast, the US Trump administration has announced a 29% cut in budget for diplomacy and foreign aid.[2] While the soft power theory tends to be America-centric, scholars have suggested extending the research scope beyond the Anglophone world.[3] Asia in particular is becoming one of the most important areas of soft power, and the rise of China warrants more international attention in this field.[4] Some scholars even consider that China might threaten the rest of world on the assumption that it will pursue global hegemonic power as a result of investing heavily in soft power.[5]

[1] *The Financial Times*, 'China's Diplomacy Budget Doubles under Xi Jinping', 6 March 2018, https://www.ft.com/content/2c750f94-2123-11e8-a895-1ba1f72c2c11
[2] *Bloomberg*, 'Take the State Department off the Chopping Block. Trump's Cuts to Foreign-policy Spending Amount to Diplomatic Disarmament', 16 February 2018, https://www.bloomberg.com/view/articles/2018-02-16/trump-s-deep-cuts-to-state-department-budget-hurt-diplomacy
[3] Jan Melissen, *Wielding soft power: The New Public Diplomacy* (The Hague: Netherlands Institution of International Relations, 2005), p.xx.
[4] Yasushi Watanabe and David L. McConnell, *Soft Power Superpowers: Cultural and National Assets of Japan and the United States* (Armonk, NY: M.E. Sharpe. 2008), p.xviii.
[5] Christopher B. Whitney and David Shambaugh, *Soft Power in Asia: Results of a 2008 Multinational Survey of Public Opinion* (Chicago Council on Global Affairs in partnership with EAI, 2009).

Even though the term soft power originated in the US, this concept has gained widespread acknowledgment in China. The Chinese government's endorsements of soft power are traceable both in speeches by top officials and in the most influential media, including *China Central Television* (CCTV)*, Xinhua*, *China Daily*, *People Daily* and *Global Times*. In practice, the Chinese government is actively leading the exercise of China's soft power. The latest initiative of the Communist Party of China (CPC) is to set up a giant broadcaster, the so-called 'Voice of China' to strengthen soft power in 2018. Combining the three giant state-owned enterprises (SOEs) – *CCTV*, *China Radio International*, and *China National Radio* – Voice of China will be directly managed by the Publicity Department of the CPC.[6]

In the context of China, SOEs generally refer to those enterprises whose assets are owned by the state, whereas a broader vision would regard SOEs as enterprises with a state-owned component. This paper employs the broader definition of SOEs, whereby they either have absolute shareholding or relative shareholding, or can be operated by central government or its subsidiaries. In contrast, non-state actors have neither shareholding nor are operated by government or its subsidiaries. Scholars argue that although states still occupy the most significant political bodies in the global system, technological development and economic globalisation have enabled non-state actors such as private enterprises and non-governmental organisations (NGOs) to play a role in society and on the international stage.[7] Some even suggest that non-state actors ought to take the lead in disseminating soft power.[8]

In general, mass media and communications, such as news channels, films and music programmes, books and the internet are regarded as influential tools for wielding soft power.[9] China, as an authoritarian regime, has a long history of granting privileges to state actors over non-state actors in these fields. Existing research on China's soft power approaches mainly emphasises state-run projects and state-owned media enterprises, including the Confucius Institute and *Xinhua* expansion, whereas the role of non-state actors in wielding China's soft power remains unclear. With the Chinese film industry developing into the second largest market in the world, the Chinese authorities believe in the potential of film as a means of soft power to present China in a more positive light and expand its culture.[10] Therefore, conducting research on film as an instrument of China's soft power with a focus on the role of non-state actors enriches the empirical research of soft power practice and fills a research gap in this area.

To explore the role of non-state actors in China's soft power, I firstly conducted a document analysis to find out the policy formulation of film in the context of China. All of the data was collected from open sources and mainly drawn from three types of public documents both in Chinese and English: official government policies and regulations; academic works and national reports; and documents from trade journals and inter-industry reports.

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[6] *The Times*, 'China's Xi merges media outlets to beef up propaganda', 21 March 2018, https://www.thetimes.co.uk/article/china-finds-its-voice-as-xi-tightens-his-grip-on-power-j8k7f8hq3

[7] Christopher Hill and Sarah Beadle, *The Art of Attraction: Soft Power and the UK's Role in the World* (London, British Academy, 2014).

[8] *The Christian Science Monitor*, 17 December 2008, https://www.csmonitor.com/World/Asia-Pacific/2008/1217/p01s04-woap.html

[9] Utpal Vyas, *Soft Power in Japan-China Relations: State, sub-state and non-state relations* (London: Routledge, 2011), pp.48-50.

[10] *Deloitte*, 'China's Film Industry – a New Era', 2017.

I then conducted semi-structured interviews with both state and non-state actors, including policy makers and experts from the film industry, to investigate the role of non-state actors in promoting soft power. This research adopted a two-stage sampling method for the interviews. I firstly collected data on the selected institutional samples (including three state-supported actors and three non-state actors) from their official websites and news reports to find out their missions and approaches to promoting Chinese films abroad. I then interviewed twelve senior managers within these organisations to explore the key issues and challenges involved in disseminating Chinese films, with a focus on non-state actors.

From the state actor perspective, the China Film Co., Ltd. (China Film) is the most influential SOE of the Chinese film industry. Being the most representative example of SOE in the film industry, China Film has been the main body responsible for executing state policy in China. Its subsidiary, China Film Promotion International (CFPI), is another suitable example because of its function and mission. As the government sponsors CFPI, it functions as a bridge between China and the international market, aiming to promote Chinese film abroad. Beijing International Film Festival (BIFF) was also chosen as a subject, as it is the state-backed platform for showcasing Chinese films to foreign distributors in China.

From the non-state actor perspective, as China's largest cultural enterprise with national and international media exposure, Dalian Wanda Group (hereafter: Wanda) was selected because many researchers and influential international media frequently deemed it to be China's soft power tool. With its extraordinary merger and acquisition of cinema chains on the international market, Wanda has become by far the world's largest movie exhibitor. China Lion Film Distribution (hereafter: China Lion) was chosen mainly because it is a private corporation that specialises in distributing Chinese films to the international market outside of China. It is worth noting that the major founder, Jiang Yanming, received an award from the China Film Bureau in 2012 for being one of two outstanding contributors in promoting Chinese film internationally. The shareholders of China Lion include two leading non-state owned corporations: Huayi Brothers Media Corporation and Bona Film Group Ltd. Another sample is the Chinese American Film Festival (CAFF) which showcases Chinese films annually in the US, including Hollywood, Los Angeles, and San Francisco. Founded and sponsored by US-based EDI Media Inc. in Hollywood, the CAFF has developed over a decade from a simple film showcase event into an influential film festival with an opening ceremony and other events.

The sample might seem rather limited, as there are few organisations and professionals involved in exporting Chinese film abroad. Scholar has indicated the extremely comparative international film market that China faces: Hollywood remains the dominant player on the international stage and foreign-language films including Chinese films seem very unlikely to challenge the US administration and Hollywood.[11] This is despite the fact that the Chinese domestic market is the second biggest in the world, and is due to surpass the North American market in 2020.[12]

After discussing the scholarly debates around the term 'soft power' and the role of its key actors, this article highlights China's strategy and practice toward soft power projection within the film industry. It argues that states play an irreplaceable role in soft power projection despite their different political systems and ideological backgrounds, and discloses that non-state

[11] Antonlos Vlassis, 'Soft power, global governance of cultural industries and rising power: the case of China', *International Journal of Cultural Policy*, Vol.22, No.4 (2016), pp.481-496.
[12] The Economic Times, 27 November 2017.

actors have contributed to promoting China's soft power with heavy governmental interventions. In comparison to other studies dealing with soft power in China, this article is distinguished by not only focusing on non-state actors from an authoritarian country, but also providing film insiders' views on the generation of soft power. It therefore combines the latest primary and secondary empirical research, which is crucial for the understanding of soft power in both empirical and theoretical terms.

Scholarly Debates on Soft Power and Its Key Actors

There are many existing terms for describing the activities of promoting the national interest with overseas audiences in the field of international relations, such as propaganda, public diplomacy and soft power. However, neither is there definitional consensus between propaganda, public diplomacy and soft power, nor a single clear-cut agreement about these terms. They are often treated as synonyms, or the ways in which they overlap are implied in projecting nations' interests. In general, the terms 'public diplomacy' and 'soft power' sound more neutral in international relations, while the term 'propaganda'[13] has a negative reputation and is often connected with non-democratic nations like China.

In order to respond to the "downturn in foreign perceptions" of America's public diplomacy[14], the term 'soft power' emerged, and it has been defined as "the ability to get whatever you want through attraction rather than coercion or payment".[15] Soft power might be viewed as an umbrella term for both propaganda and public diplomacy because its conception seems broader than the other two terms. The core of all of these terms appears similar: they are closely connected to promoting the national interest by shaping perceptions in other countries. In the case of China, some scholars consider public diplomacy to be one of the major types of China's soft power activities and criticise China for inappropriate application of public diplomacy and soft power by merely spending money[16]. Actually, this is one of the major differentiations among the various debates on soft power between Chinese scholars and other researchers. Many scholars view economic elements as components of China's soft power; in contrast, Nye regards it as payment, which is not a form of soft power but hard power.[17] Such logic seems intent on assuming that "all things democratic are good and all things non-democratic are bad".[18] In other words, propaganda clearly relates to authoritarian influence while public diplomacy is connected to democratic nations.

As for those who can wield soft power, scholars have different opinions concerning the role of state actors or non-state actors. Nye's soft power framework is 'state-centred', meaning that state actors are envisaged as the primary agents for generating soft power. In fact, states directly or indirectly exercise soft power through diverse sources. For example, the Chinese government broadcast images of China on screens around Times Square in New York in 2017.

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[13] Philip M. Taylor, *Munitions of the Mind: A History of Propaganda: A History of Propaganda from the Ancient World to the Present Day* (Manchester: Manchester University Press, 1995), p.304.
[14] Melissen, *Wielding soft power.* p.15.
[15] Nye, *Soft Power. p.x.*
[16] Shambaugh, 'China's Soft-Power Push'.
[17] Young Nam Cho and Jong Ho Jeong, 'China's Soft Power: Discussions, Resources, and Prospects'. *Asian Survey*. Vol.48, Issue 3, (2008), pp.453–472.
[18] Gordon, Houlden and Heather, Schmidt, 'Rethinking China's Soft Power' *New Global Studies*, Vol.8, Issue 3, 2014, pp.213–221.

Likewise, the UK government's 'GREAT Britain' campaign aims to promote the UK internationally as a great place to visit, study and do business.

However, the role of state actors in the dissemination of a nation's soft power is controversial. Some scholars have argued against the role of states in cultural projects, providing examples that demonstrate how this can sometimes be counterproductive and fail to win the hearts and minds of the intended audience. For example, some have questioned whether government-arranged projects have the ability to generate soft power [19] and even argue that culture should be independent of political power and left to non-state actors [20]. Kaori and Katsuji's analysis of NGOs in the US, UK and Japan concluded that non-state actors play an important role in wielding soft power.[21]

Actually, even though diplomacy remains generally state-centric, scholars have highlighted a rise in non-state actors internationally. [22] [23] [24] From the 1990s on, the state's monopoly on diplomacy has been steadily declining due to "expanding perceptions of international agency to include firms, non-governmental organizations and other actors" who increasingly intervene in diplomatic activities.[25] The important role of non-state actors in exercising soft power can be identified in the work of academics examining the role of cinema.[26] For example, as a non-state actor, the Hollywood film industry is frequently cited as a means of soft power in many scholars' works. Meanwhile, Tokyo advocates its "public-private partnership" approach to "selling the Japanese dream", which demonstrates that Japan works closely with private actors.[27] Some have even suggested that non-state actors ought to take the lead in disseminating soft power because state actors lack credibility.[28]

Therefore the question arises: who is best positioned to project and generate soft power – state actors or non-state actors? And what is the role of non-state actors in wielding soft power? To answer these questions, this research examines the crucial interrelation between film and soft power with the focus on the stakeholders in the context of China. As Johnson observes, "for a thorough analysis of film policies in specific national contexts, one should examine the internal tensions and the diverse articulations between cinema and state".[29]

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[19] Watanabe and McConnell, *Soft Power Superpowers,* p.xx.
[20] Ogoura, 'The Limits of Soft Power'.
[21] Kuroda Kaori, and Imata Katsuji, 'Evolution of 'Legitimacy' Discussion of International Development NGOs and its Absence in Japan' *ARNOVA Annual Conference*, Denver, CO, pp.20–22 November, 2003. http://www.csonj.org/images/Arnova2003.pdf
[22] Teresea La Porte, 'The Legitimacy and Effectiveness of Non-state Actors and the Public Diplomacy Concept'. *Public Diplomacy Theory and Conceptual Issues*, ISA Annual Convention, San Diego, pp.1-4 April, 2012.
[23] Kaori, and Katsuji, 'Evolution of 'Legitimacy' Discussion of International Development NGOs and its Absence in Japan'.
[24] Alexander Wendt, *Social Theory of International Politics*. (New York: Cambridge University Press, 1999), p.1.
[25] Kelley John, 'The New Diplomacy: Evolution of a Revolution', *Diplomacy and Statecraft*. Vol. 21, Issue. 2, (2010), pp.286-305.
[26] Wendy Su, 'New Strategies of China's Film Industry as Soft Power', *Global Media and Communication*, Vol.6, Issue.3 (2010), pp.317–322.
[27] Yee-Kuang Heng, 'Mirror, Mirror on the Wall, Who Is the Softest of Them All? Evaluating Japanese and Chinese Strategies in the 'Soft' Power Competition era', *International Relations of the Asia-Pacific*. Vol.10, Issue.2, (2010), pp.275–304.
[28] The Christian Science Monitor, 17 December 2008.
[29] Johnson, *Setting the Record Straigh,* pp.134–135.

State-led, State Actors-focused Approach to China's Soft Power

Although soft power remains a relatively undeveloped concept that as yet lacks a systematic theoretical framework in the academic realm, practitioners and policy makers often take a pragmatic approach towards the concept. Soft power has had an overwhelming reception in China as it offers an alternative way of countering the so-called "China threat theory", and China desires to create a friendly international environment for its development.[30] Theoretically, mainstream Chinese discourse of soft power fully aligns with the principle of state-centric and culture-focused. The "cultural school" scholars view culture rather than foreign policy and political ideology as the core of China's soft power.[31]. Practically, instead of promoting China's political values and its development model, Chinese policymakers adopt culture as the most appropriate resource of China's soft power.[32] In fact, the Chinese government is actively leading the exercise of China's soft power and has invested large amounts of money into it, covering diverse areas such as investment overseas, peacekeeping and humanitarian assistance, cultural exchange programmes, public diplomacy and participation in multilateral institutions.[33]

For example, the Chinese leadership has not only formulated policies but also invested heavily in order to nurture and boost the state-owned media Going-Out Project with the hope that they would be able to compete with their Western counterparts. The media Going-Out Project was launched in 2009 with a budget of approximately $6 billion.[34] Major state-owned media actors, such as the Big Four (*CCTV*, *Xinhua News Agency*, *China Radio International* and *China Daily*), form the core of this blueprint. Taking *Xinhua* as an example, it started its dramatic expansion with $1.5 billion in state funding with the aim of competing with main players such as *Reuters* and *Bloomberg*.[35] Similarly, the state-run newspaper *China Daily* has also gone international by producing a plethora of international editions, and it views *The Times, The Daily Telegraph*, and *The Guardian* as competitors in the global market.

Such state-backed initiatives demonstrate that Beijing officials are determined to place a particular focus on expanding state-run media entities in order to reach out to international audiences. All of the above major actors in China's media soft power push have common characteristics: they are state-run actors that possess positions of absolute power and represent the official voice. Such initiatives assume that the more positive the news coverage is for China, the better the image of the country conveyed; moreover, as all the actors are state-backed, they are more likely to go along with government policy. Although China's pursuit of soft power and global communication is deeply "elitist, technocratic and culturally essentialist", critics have argued that this Going-Out Policy and the expansion of official media will guarantee neither greater levels of visibility nor expected outcomes.[36] Charged with disseminating only

[30] Hongyi *Lai* and Yiyi Lu (eds.), *China's soft power and International Relations.* (London: Routledge, 2012).
[31] Yu, Xintian, 'Ruanshili Jianshe yu Zhongguo Duiwai Zhanlue (The Construction of Soft Power and China's Foreign Strategy)', *The Research on International Issues*. Vol.2, Issue.16, (2010).
[32] Ingrid d'Hooghe, 'The Limits of China's Soft Power in Europe: Beijing's Public Diplomacy Puzzle', in Sook Jong Lee Jan Melissen (ed.), *Public Diplomacy and Soft Power in East Asia* (New York: Palgrave Macmillan, 2010), pp. 163-190.
[33] Shambaugh, 'China's Soft-Power Push'.
[34] Zhengrong, Hu and Deqiang, Ji, 'Ambiguities in Communicating with the World: the 'Going out' Policy of China's Media and Its Multi-layered Contexts' *Chinese Journal of Communication*. Vol.5, Issue 1, (2012), p.33.
[35] Shanthi, Kalathil. 'China's Soft Power in the Information Age: Think Again'. *ISD Working Group on the Internet and Diplomacy*, 2011.
[36] Yuezhi Zhao, 'China's Quest for 'Soft Power': Imperatives, Impediments and Irreconcilable Tensions?' *Javnost - The Public*. Vol.20 Issue 4, (2013), pp.17–29.

the positive aspects of China, the credibility of the state-owned media sector remains questionable.

In order to explore the role of key actors in China's soft power, it is necessary to understand the interaction between the Chinese government and film as cultural policies are "particularly enmeshed with national histories and political cultures".[37] To begin with, politically, China is an "authoritarian state with a CPC-led, Party-State political system".[38] Economically, while Russia and Eastern Europe have completely privatised their economies, China has chosen to adopt market mechanisms for its SOEs. Such initiatives are regarded as distinguishing "Chinese film marketisation from capitalist economies", and scholars refer to a "socialist market economy"[39] or a "market economy with Chinese characteristics".[40] These characteristics refer to the status of film within China serving two functions: both the ruling party and the market.[41]

Based on the investigation of China's film policy since the establishment of the PRC in 1949, research shows that the view of the ruling party of China – that the function of the culture service serves political interests – has not fundamentally changed.[42] For example, in the document "Implementation Rules of Going-Out Project (Trial)" issued in 2001, the regulation emphasised that all those working within China's film industry should maintain the correct political ideology at all times. Available scholarship has also highlighted that although the Chinese film industry has undergone remarkable changes, the film sector has to "dance with shackles" within China's political systems and censorship regulation.[43]

It is important to indicate that the Chinese government has instituted a complicated licensing system in which film production, distribution and exhibition, importing and exporting all require separate licenses under full control of the government.[44] The most remarkable point is that, from March 2018 onwards, China has placed the film industry under more direct control of its Publicity Department of Communist Party, which is the powerful division of the CPC in charge of ideology-related work and China's information dissemination system.[45]

Due to the principle of single-party domination of the state and single-party rules mandating the loyalty of SOEs, it should not be surprising to see that the ruling party views SOEs as more important than non-SOEs in the context of China. This might be one of the most distinct differentiations between China and other Western countries in terms of governing the cultural industry. Although the PRC was established in 1949, it was only during the era of 'reform and opening up' from 1977 onwards that non-state-owned film enterprises were permitted to

[37] Kevin V. Mulcahy, 'The Government and Cultural Patronage: a Comparative Analysis of Cultural Patronage in the United States, France, Norway, and Canada *In*: Joni M. Cherbo and Margaret. J. Wyszomirski, eds. *The Public Life of the Arts in America* (New Brunswick: Rutgers University Press, 2000), p.165.
[38] Anne-Marie Brady, *Marketing Dictatorship: Propaganda and Thought Work in Contemporary China: Propaganda and Thought Work in China* (New York: Rowman & Littlefield Publishers. 2007), p.2.
[39] Zhu, Ying, Chinese Cinema's Economic Reform From the Mid-1980s to the Mid-1990s. *Journal of Communication*. Vol.52, Issue. 4, (2002), pp.905–921.
[40] Emilie Yueh-yu Yeh and Darrell William Davis, 'Re-nationalizing China's Film Industry: Case Study on the China Film Group and Film Marketisation' *Journal of Chinese Cinemas*. Vol.2, No.1, (2008), pp.37–51.
[41] Su, 'New Strategies of China's Film Industry as Soft Power', p.318
[42] Yanling Yang, 'Film policy, the Chinese Government and Soft Power' *New Cinemas: Journal of Contemporary Film* Vol.14, no.1 (2016), pp.71-91.
[43] Su, 'New Strategies of China's film industry as soft power', p.318
[44] China State Council, '*Regulation for the Administration of Films'*, 2001.
[45] Zhang Yu, 'China to Establish Powerful State-media Conglomerate Unifying Three Heavyweight Broadcasters' 26 March 2018, *Global Times,* http://www.globaltimes.cn/content/1095280.shtml

participate in the film market. Before 1977, under the Soviet-style planned economy and politicised culture mechanisms, all sectors of the film industry – including production, distribution and exhibition – were under state control and directly subsidised. SOEs executed national film policy as part of the planned economic system and monopolised the domestic market in the context of nationalisation.
During the period of 'reform and opening up', after decades of transition from a "planned economy to a more broadly market-conforming economic environment",[46], legislative provisions were issued to strengthen China's film industry by means of raising funds and opening the market up to private and international enterprises. Examples include the "Interim Provisions on the Administration of Chinese-Foreign Equity and Contractual Joint Ventures of Radio and Television Program Production" and "Legislative Procedures for Radio, Film and Television",[47] both of which provided more opportunities for non-state actors to participate in the film industry. The state even opened up the film market for foreign financial investment from Hong Kong and Taiwan, both of which had been banned from participating in the Chinese market for over three decades. Non-state actors from the film industry started expanding dramatically and breaking the monopoly of SOEs that dominated the industrial landscape of China's centrally planned economy. Although China gradually allows private and foreign businesses to invest in the film market, non-state actors remain highly regulated by the government and play a supplement role in the development of the Chinese film industry.

All of the above measures encouraged non-state actors to participate in the Chinese film industry but at the same time SOEs continued to enjoy privileges in certain sectors. For example, although the state council issued guidance in 2010 on the promotion of wealth-creation and the development of the film industry to encourage non-state actors to invest in the film industry and treat non-state actors on equal terms with state actors, state actors still received many more benefits. In the case of film distribution, only two SOEs – Huaxia Distribution Co. Ltd. (hereafter: Huaxia) and China Film – are eligible to make large profits by importing foreign films (mainly Hollywood blockbusters) to China. Neither Hollywood film studios nor private and international participants are allowed to challenge this privilege. As a result, there is still no competition in the field of distributing foreign films into the Chinese market – the second largest film market globally. Scholars argue that "the Chinese state weaves both global capital and market forces into the state mechanism and subjects these two forces to its manoeuvring."[48]

The Role of Main Actors in China's Soft Power Projection

Along with China's Going-Out Policy, Chinese policy makers have endorsed three categories including film festivals, film exhibition and film exports as legitimate actions for promoting Chinese film overseas.[49] To invest the role of non-state actors in disseminating China's soft power, I selected one state-owned actor and one non-state actor, to respectively correspond the three categories. As Table 1 shows, in the category of film festivals, I selected the state-owned

[46] Carsten A Holz, *China's Industrial State-owned Enterprises: Between Profitability and Bankruptcy* (Singapore: World Scientific Publishing Co Pte Ltd. 2003), p.31.
[47] China Film Yearbook (China Film Yearbook Press, 2005), p.10.
[48] Wendy Su, 'Cultural Policy and Film Industry as Negotiation of Power: The Chinese State's Role and Strategies in its Engagement with Global Hollywood 1994-2012', *Pacific Affairs:* Vol.87, no.1 March 2014.
[49] Zhengrong Hu and Deqiang Ji, 'Ambiguities in Communicating with the World: the 'Going out' Policy of China's Media and Its Multi-layered Contexts', *Chinese Journal of Communication,* Vol.5, Issue.1, (2012), pp. 32-37.

actor BIFF and the non-state actor CAFF. In the category of film exhibition, I selected China Film and Wanda. In the category of film exports, I selected CFPI and China Lion.

Table 1 State and Non-state Actors Selected for Case Analysis

	State Actor	**Non-state Actor**
Film Festivals	BIFF	CAFF
Film Exhibition	China Film	Wanda
Film Exports	CFPI	China Lion

To investigate which actors do what in the film industry's to contribute China's soft power with a focus on non-state actors, for each of the above six cases the analysis will focus on three aspects. Firstly, I will introduce the background and mission of the actors in order to discover their relationships with the government authorities. Secondly, through reviewing the activities of these participants in promoting Chinese film globally, I will disclose their different roles and approaches in the implementation of Going-Out Policy. Finally, I will analyse the key issues and challenges faced by these key participants, along with their views on the formulation and implementation aspects towards Going-Out Policy in the context of film as a tool of China's soft power.

In terms of the film festivals, the BIFF is funded in 2011 and supported and sponsored by the government of the Municipality of Beijing. Apart from screening local and foreign films, it also hosts other film-related activities with focuses on promoting Chinese films to international filmmakers as well as providing a platform for film exchanges between China and the world. However, what this government-established platform could achieve is restricted by many factors.

First, it faces crisis of credibility due to a negative reputation of "a stodgy, state-run affair — more of an occasion for political genuflection than a pure celebration of cinematic art".[50] For example, the Oscar-winning homosexuality film *'Call Me by Your Name'* was pulled from the festival line-up without any explanation in 2018. Instead, the homegrown military drama '*Operation Red Sea'* competed in the festival's main competition. The latest case is a Canadian filmmaker Maja Zdanowski's work *'In God I Trust'* has been rescinded over political tensions between China and Canada in 2019.[51] The situation echoes Beijing's de facto block on all Korean films in 2017 due to the diplomatic conflict between China and Korea.[52] Apart from this, another problematic issue results from its inappropriate subsidies mechanism. Its reward system is outcome-oriented: the government only rewards those films that have successfully gone overseas and earned box office revenues.[53] However, it is actually small

[50] Patrick Brzeski 'Beijing Film Festival Facing Filmmaker Backlash Amid Increased Censorship' *The Hollywood Reporter*, 13 April 2018, https://www.hollywoodreporter.com/news/beijing-film-festival-facing-filmmaker-backlash-increased-censorship-1100498.

[51] Meredith MacLeod, 'Canadian film pulled from Beijing festival over 'politics', *CTV News*, 29 March 19, https://www.ctvnews.ca/entertainment/canadian-film-pulled-from-beijing-festival-over-politics-1.4357930

[52] The Hollywood Reporter, 'Beijing Festival Says Lack of Korean Films "Not a Political Decision"' 14 April 2017, https://www.hollywoodreporter.com/news/beijing-festival-says-lack-korean-films-not-a-political-decision-994020.

[53] Luan, Guozhi, 'Zhongguo Dianying Ruhe yu Haiwai Shichang Duijie (How to Internationalise Chinese Film)', Renmin Wang (*People.net),* 2013. http://culture.people.com.cn/n/2013/1115/c172318-23548982.html

budget films with a lack of support in the production and distribution sectors that need financial support from the government.

Unlike the state-sponsored BIFF, CAFF is an influential independent film festival, which is held to showcase Chinese films annually and has screened over 800 films in the US between 2005 and 2017. Knowing how to deal with censorship while maintaining its reputations as non-state actor remains challenging for CAFF. It has very consciously kept their distance from direct intervention by the Chinese Film Bureau. As Interviewee C2 noted: "we won't accept any sponsor other than official endorsement from government to keep independent from them". However, even though CAFF based in the US and independent from the monitoring of the Chinese government, it is still indirectly affected by China's censorship mechanisms. According to CAFF's website and Interviewee C2, one of CAFF's selection categories is that only Chinese films with the "Dragon Mark", referring to the official license of production and exportation from the Chinese Film Bureau, will be accepted by the festival committee. Interviewee C2 said that: "CAFF must obey China's policy and not upset the Chinese government". As one Chinese film official once told Interviewee C2:

> Of course, we cannot fully monitor CAFF as a company based in the US, but we may forbid Chinese participants from attending your events. Thus, it won't make sense if there are no participants from China's side for the Chinese American Film Festival.

In terms of film exhibition, as the most dominate SOE within China's domestic market, China Film has an obligation to promote Chinese film on the international film market.[54] However, both document analysis and interviews indicated that China Film has mainly focused on importing foreign films into the Chinese market to build profits instead of promoting Chinese films overseas. Taking the 2015 report of the China Film IPO prospectus as an example, its overseas revenue was almost zero in comparison to the domestic market. Interviewees A1, B1 and B2 pointed out that the possible reason for this might be that, as China's film market is blossoming, it is much easier to make a profit through the rapidly growing domestic market with a protectionist government than from the highly competitive overseas market. Therefore, it is reasonable to assume that China Film lacks motivation to promote Chinese films overseas.

The state actors are facing conflicts between service for the party and their own economic efficiency. For example, the film *The Founding of a Republic* (2009), made to coincide with the 60th anniversary of the CPC founding of China, was screened on the American film market, however it was reported that nobody attended its screening, even though audiences were admitted for free.[55] Interviewee A1, an expert on the international film market, observed that: "the reality is that China Film aims to import Hollywood blockbusters to China through which to make profit, there is no point for them to export such kinds of Chinese propaganda films abroad unless there is an order from the government". As a result, China Film has a very limited impact on contributing to China's soft power overseas.

With its extraordinary merger and acquisition of cinema lines on the international market, Wanda has the facilities and privilege to spread China's soft power by screening Chinese films

[54] China Film Co., Ltd. IPO prospectus *(Zhonguo Dinying Gufen Youxian Gongsi Shouci Gongkai Faxing Gupiao Zhaogu Shuomingshu) China Securities Regulatory Commission*, 2015, p.262. http://www.csrc.gov.cn/pub/zjhpublic/G00306202/201506/t20150626_279715.htm

[55] David Bandurski, '*China's 'Third Affliction*', *The New York Times*, 7 November 2011, http://latitude.blogs.nytimes.com/2011/11/07/chinas-third-affliction/

through its international cinema chains (it became the world's largest movie exhibitor in 2016).[56] However, Wanda has been accused of having political intentions in the process of expansion. For example, *The Guardian* reported that Wanda "turns hard cash into soft power".[57] In comparison with these outsiders, some Chinese film experts hold different views on this issue. Interviewee B2, a vice president from *Wanda Cultural Industry Group and Wuzhou Film Distribution*, and Interviewee A3, a film expert from a research organisation, regard Wanda's expansion overseas as merely business activities without political intentions. It is worth noting that the *New York Times* conducted a year-long investigation and concluded that there is no evidence that Wanda has connections with Chinese politicians.[58]

Despite the rapid expansion, Wanda's ambition in the overseas film market has been severely restricted by the changing domestic political environment and macroeconomic policy in China. Unexpectedly, Wanda has been forced to draw back from its overseas expansion since it was placed on a watch list by Beijing authorities in 2017. In its latest push to reduce offshore holdings under pressure from Beijing, Wanda had to cancel planned projects and sell substantial parts of its portfolio including core media interests.[59] For example, Wanda sold a 22 percent stake in the world's largest cinema chain AMC Entertainment to a US investment company. Wanda declared that it would now focus on the Chinese domestic market in response to the Chinese government's call for economic caution and its concerns over capital flight. As Wang Jianlin, Chairman of Wanda said, "the big picture is the state policy and macroeconomic environment. Companies have to follow the trend of the national economic development".[60]

In terms of film export, funded by government and overseen by the Film Bureau, CFPI is a SOE that functions by facilitating the participation of Chinese film on the international stage. Although CFPI has the same function as its international counterparts, such as the US Motion Picture Association of America (MPAA) and UniFrance Film, it's inappropriate design as a profit-making company seriously impedes its effectiveness for promoting Chinese films overseas (Interviewees A1, B1, C1). In comparison with its international peers who have well-designed websites with accurate and updated content, CFPI has neither a website nor any other open resources except its Sina Weibo account.[61] Interviewee A1 commented, "We do not have a website because our budget is very tight and we do not have money to maintain it". Thus, all information about the activities of CFPI has been collected from either interviews or its Weibo account. It is worth noting that CFPI has to locate in one of CFC's workplaces due to its tight budget.

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[56] Patrick Brzeski, 'It's Official: China's Wanda Acquires Legendary Entertainment for $3.5 Billion', *The Hollywood Reporter*. 1 November 2016. http://www.hollywoodreporter.com/news/official-chinas-wanda-acquires-legendary-854827

[57] Jonathan Kaiman, 'How Chinese Tycoon Wang Jianlin is Turning Hard Cash Into Soft power', *The Guardian*. 9 December 2014. http://www.theguardian.com/world/2014/dec/09/how-chinese-tycoon-wang-jianlin-is-turning-hard-cash-into-soft-power

[58] Michael Forsythe, 'Wang Jianlin, a Billionaire at the Intersection of Business and Power in China', *The New York Times*. 28 April 2015. http://www.nytimes.com/2015/04/29/world/asia/wang-jianlin-abillionaire-at-the-intersection-of-business-and-power-in-china.html

[59] Kane Wu, Liana B. Baker, Julie Zhu, 'Exclusive: China's Wanda Group explores Legendary Entertainment stake sale – sources', 26 Oct 2018, https://uk.reuters.com/article/uk-wanda-sale-m-a-exclusive/exclusive-chinas-wanda-group-explores-legendary-entertainment-stake-sale-sources-idUKKCN1N00DZ

[60] Vivienne Chow, 'Wang Jianlin Says Dalian Wanda will Concentrate on Investing in China', *Variety,* 25 July 2017, https://variety.com/2017/biz/news/wang-jianlin-dalian-wanda-concentrate-investing-in-china-1202505739/.

[61] Sina Weibo is a Chinese microblogging website. Akin to a hybrid of *Twitter* and *Facebook*, it is one of the most popular sites in China.

The paradox of CFPI is that it carries out duties to promote Chinese films on the international stage with very limited governmental subsidies, whereas it has to operate as a company to make profits to compete with international competitors. Interviewee A1 explained that: "In fact, few Chinese films have the potential to make profits overseas. Chinese Blockbusters films have their own ways to be distributed internationally therefore they do not need us". Based on this, Interviewee A1 regarded CFPI as a "concept" without pragmatic approach in terms of promoting Chinese films abroad, and the constraints in mechanism design profoundly impede CFPI to work effectively under the current circumstances. Similarly, interviewee B1 commented: "All CFPI can provide is only a booth on international film festival. There is lack of professional support from CFPI for us. We have to do everything by ourselves".

By contrast, China Lion opens a new window for increasing the visibility of Chinese films and making great efforts with Chinese diaspora communities overseas. It is important to indicate that Interviewee B1 expressed that China Lion will not distribute film without official permission simply as "it is not worthy it to damage its relationship with Chinese film officials". China Lion has distributed approximately 70 Chinese films overseas, including the UK, North America, New Zealand and Australia, since its establishment in 2010.[62] To curate its digital catalogue, China Lion has recently sold a Nine-Film Slate to North American streaming and aggregation firm Digital Media Rights.[63]
In fact, China Lion adheres to the "modern themes with small production" of Chinese films. Interviewee B1 described that "When we first started, we tried different genres of Chinese films from the propaganda films such as *The Founding of a Republic,* to the Hong Kong *3-D Sex and Zen: Extreme Ecstasy,* then we decided to focus on modern themes as the selection criterion of distributing Chinese films". Among those 70 Chinese films, over 96% are non-Kung Fu films, which Western distributors would not normally choose. This confirms China Lion's founding intention to specifically distribute modern Chinese films overseas. As a result, China Lion opens a new window for non-blockbusters or low budget Chinese films to the overseas market.

In light of the above cases and interviews, unlike state actors, which are deemed to be strategic or pillar sectors, non-state actors receive less support from the Chinese government. On one hand, those state actors who are supposed to be the main actors in the execution of the Going-Out Policy are in fact either lacking in motivation or hindered by inappropriate management systems. On the other hand, the strength of non-state actors is neglected by the Chinese government due to its unique political and economic system. Nevertheless, according to interviewees from both state and non-state backgrounds, non-state actors including CAFF, Wanda and China Lion play an important role in promoting soft power through actively distributing and exhibiting films to overseas audiences.

Although each has different issues in promoting Chinese films on the international stage, it seems that non-state actors face some common challenges: credibility and censorship. This research suggests that even though non-state actors are independent from Chinese government, they still face the challenges of credibility on the international market. CAFF and China Lion both very consciously keep their distance from government and indicate how to deal with

[62] Compiled by the author from different sources, including IMDb, Box Office Mojo and China Lion Weibo 2018.
[63] Patrick Frater 'Digital Media Rights Buys Nine-Film Slate From China Lion (EXCLUSIVE)', 31 May 2019, https://variety.com/2019/digital/asia/digital-media-rights-buys-9-film-slate-from-china-lion-1203229954/

censorship while maintaining their reputations as non-state actors remains challenging for them.

As for the censorship issue, CAFF and China Lion intend to select official approval films to avoid tensions with film authorities, therefore they are indirectly affected by government censors from Beijing. In Wanda's case, on the international stage, it's rapid expansion overseas has invited suspension of acting a tool to buy China's soft power by many influential international medias; Back in China, Wanda has been directly intervened due to the trend of state policy.

China's governing of its film sector and serving of political objectives, together with its complex censorship mechanism, are the main obstacles that have constrained the promotion of soft power. The essential divergence between the Chinese government and other states in promoting soft power within the film industry might be that the Chinese government has intervened heavily through its censorship system across production, distribution and exhibition: the film contents have to be politically correct (Interviewee A1), while both distribution and exhibition overseas must be associated with the official approval certificate (Dragon Mark). In contrast, other governments tend to position themselves as facilitators for cultivating their film industries, while keeping a respectable distance from film production. Otherwise, the government may easily invite suspicion that they are trying to manipulate information and promote propaganda films. As Interviewee B2 commented on the current role the Chinese government plays in soft power:

> The ways of the Chinese government in promoting film overseas are not very wise because of its political identity. As a Communist Party ruling China, it is very sensitive and may raise ideological conflicts between non-democratic and democratic countries.

Interviewee A1 suggested that the Chinese government should adjust its role in China's soft power: "for example, the American government always hides behind the curtain and there seems no direct interference in its film productions". As soft power "springs largely from individuals, the private sector and civil society", [64] the Chinese government should recognise the role of non-state actors in the context of soft power. In this case, the Japanese government's attitude to public-private partnerships offers an alternative approach through working closely with private actors.

However, this is not to say that soft power should be left to non-state actors. Although non-state actors play an essential role in promoting soft power, the role of the government is irreplaceable. In fact, the government does play an important role in facilitating soft power. In some areas, it is only the government that could create environments and get different institutions working together. For example, the government could negotiate intellectual property rights and international trade rights. This research argues that the government should act as a facilitator, but not as censor. In the case of China, as Interviewee A2 says:

> It is the [Chinese] government who encourages us Going-Out every year. However, China neither has clear subsidy policies nor has it had a very consistent policy on the implementation stage. In contrast, China has a very complex censorship system to discourage film exports. These entire disadvantages need to be changed from a national policy-making level.

[64] Joseph Samuel Nye, Jr., *Is the American Century Over?* (MA: Polity Press. 2015), pp.1–2.

In other words, China's soft power policy is so fragmented that it is described as "slogans on paper" (Interviewee B3). As Interviewee A1 commented: "even though the central government has a sound policy, it is unlikely to implement it in practice. For us, it feels like driving a car on the ice, it turns around and around without moving forward at all". Interviewee C3 further suggested that the government's support is best reflected by international negotiations or protection for its industry, for example, fighting against piracy and protecting intellectual property rights.

In this case, the South Korean government offers a good example: it has adjusted its policy from 'censorship and political control' to viewing the "cultural industry sectors as a vital element of economic development".[65] Furthermore, the Korean government intends to provide "increased institutional support through copyright legislation to ensure fair trading and ongoing support for exporters to assist the cultural industries to maintain and grow their share of global cultural product markets".[66] After all, "soft power is about national pride as much as expert data".[67] In terms of how to support but not interfere with cultural sectors, the BBC might be another example for China to emulate: "it has money voted to them by parliament but also maintain[s] a strict and visible independence from government".[68]

Conclusion: The Dilemmas of Film as a Tool of China's Soft Power

Based on China's practice of employing film as an instrument of soft power, this research argues that the practice of soft power falls in line with the scholarly debates on the terms of propaganda, public diplomacy, and soft power. The terms per se are neutral – whether they have negative connotations or not depends on how they are practiced and by whom. As discussed previously, the term directly refers to non-democratic nations such as China. As other nations' soft power strategies have focused on states' interests, China's soft power strategy is also state-centric and state actors are regarded as the main agents of a nation's interests. The difference is that China is an authoritarian nation and adopts censorship mechanisms to govern its film industry. As a result, non-state actors from China also facing the challenge of having political intensions.

Combining all of the above scholarly discussion and the empirical research on China's film and soft power, this study provides the whole picture of the research setting in analysing the role of non-state actors from the film industry in China's soft power. It therefore contributes to theoretical debates and practices of research on soft power by presenting a timely empirical setting to study the subject of non-state actors and soft power in the non-Western world.
The findings of this research shed lights on the roles of non-actors in other aspects of China's soft power strategy. Non-state actors should maintain a strict and visible independence from Chinese government to avoid being accused of having political intentions and losing credibility with international audiences. The findings of this research may apply to future research, such as the government-supported broadcasting giant *Voice of China*. Since its establishment, it has

[65] Seung-Ho Kwon and Joseph Kim, 'The Cultural Industry Policies of the Korean Government and the Korean Wave', *International Journal of Cultural Policy,* Vol.20, Issue.4, (2014), pp.422-439.
[66] Kwon and Kim, 'The Cultural Industry Policies of the Korean Government and the Korean Wave', p.435.
[67] Michael Keane, 'Keeping up with the neighbours: China's soft power ambitions', *Cinema Journal* Vol.49, No.3 (Spring 2010), p.135.
[68] Ditchley Foundation, 2012, pp.3-4.

already been viewed as “Beijing’s new propaganda machine” by Western media such as CNN, BBC and Bloomberg. Therefore, it is assumed that *Voice of China* may not be able to win the hearts and minds of international audiences duo to its close links with Chinese government. It is reasonable to assume that the more the Chinese government officially acknowledges its government-sponsored investments in soft power, the more suspicious the international audiences would be.

The findings of my research have also a broader implication for our understanding of soft power both in authoritarian regime and beyond. Authoritarian governments may easily invite suspicion if they are trying to manipulate information and promote propaganda films. Governments should act as a market facilitator and negotiator in international trade matters instead of operating censorship mechanisms to increase credibility with international audiences. In other words, for each nation adopting approaches to projecting soft power abroad, the government should keep a distance from the production and provide more support in terms of copyright legislation to ensure fair trading.

Yanling Yang, a Leverhulme Research Fellow at the Institute for Media and Creative Industries at Loughborough University London. She is conducting her research project entitled: film co-productions as soft power for the UK and China. She works closely with film policy makers and practitioners in both nations. Yanling's main research interests include co-production films, cultural policy, digital media, soft power and international communication.