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Hollywood May Not Be Spared China's Cultural Ascent

By Tang Meng Kit

SYNOPSIS

As US-China trade tensions escalate, a potential Chinese ban on Hollywood films threatens to accelerate cultural and economic decoupling. With China now the second-largest film market, the move would deliver a major blow to American studios while reinforcing China's push for cultural self-reliance. The potential fallout for Hollywood, including shifting market priorities, content censorship, and investor uncertainty may be devastating. China's state-backed cinema seems set to build soft power and shape its own narrative. Can Hollywood adapt as the cultural influence it is familiar with is increasingly contested?

COMMENTARY

The US-China trade war has taken many shapes, including tariffs, tech sanctions, and export bans. Now, culture may become its next frontier.

In response to President Donald Trump's recent escalation of tariffs on Chinese imports, which now total up to 145 per cent, China is reportedly weighing its own countermeasures. Among them is a potential ban on Hollywood movies.

While it may appear symbolic, such a move would have consequences for both sides.

China is no longer just another market for Hollywood. It is the world's second-largest box office. In 2024 alone, Chinese cinemas generated US\$585 million for American studios. Blockbusters like *Godzilla x Kong: The New Empire* earned US\$132 million in China, more than many films earn globally. Even niche releases like *A Minecraft Movie* opened strong, with US\$14.5 million in its first weekend.

If implemented, the ban would go beyond simple economic retaliation. It would add momentum to a growing cultural decoupling. For Hollywood, it would highlight the risks of overreliance on a single market. For China, it would underscore its ongoing effort to assert greater cultural autonomy.

Economic Pressure in Hollywood

The fallout would be immediate.

Studios have increasingly depended on global box office revenue to cover soaring production and marketing costs. For franchise films, especially superhero epics and sci-fi spectacles, China has often been the difference between profit and loss.

Hollywood is already under pressure. Post-pandemic recovery has been uneven. Streaming wars and online home viewing are eroding traditional revenue models. Mergers and acquisitions have added debt. Labour strikes in 2023 halted production and delayed major releases. Losing access to a US\$585 million market could tip vulnerable studios into crisis.

And it's not just ticket sales. Hollywood's blockbuster economy stretches into toys, mobile games, and branded merchandise. *Transformers* films, for example, power everything from theme park rides to apparel lines in Chinese malls. A ban would severely damage these extended revenue chains.

China's Domestic Cinema Boom

As Hollywood braces for impact, China is celebrating a domestic cinema boom.

During the 2025 Lunar New Year Spring Festival, Chinese box office sales hit a record US\$802 million in just four days. These were not imports but homegrown blockbusters.

Films like *Ne Zha 2* and *The Wandering Earth II* packed theatres with stories rooted in Chinese culture and mythology. In 2025, over 80 per cent of China's box office earnings came from domestic productions.

This is no coincidence. It reflects years of state investment in local filmmaking and a shift in audience preference. Gen Z viewers are increasingly turning away from Hollywood's once-dominant franchises. Many see them as formulaic, culturally distant or politically tone-deaf.

Older audiences might feel nostalgic about the golden age of American cinema, but younger Chinese viewers are gravitating toward stories that reflect their identity, humour and worldview.

Hollywood's Strategic Rethink

Without China, Hollywood must quickly adapt.

Studios are eyeing other markets. Japan offers stability, India presents long-term

growth, and Southeast Asia has a young, mobile phone-savvy population. However, none of these markets can match China's scale or spending power.

Streaming offers another workaround. Hollywood may collaborate with Chinese platforms like iQiyi or Tencent Video to release censored versions of films. Some may quietly cater to tech-savvy VPN users. But these are partial solutions at best, and they carry risks.

Piracy looms large. If banned films leak online, they could undermine global box office earnings and strain diplomatic ties. Studios are wary of exposing their intellectual property.

To keep a foot in the market, some may lean further into self-censorship. This is not new. Studios have edited references to Taiwan, altered maps, or softened dialogue to meet Beijing's standards. But the pressure to "sanitise" content could grow, and with it, creative tension.

Co-productions once offered a bridge. Joint ventures like Warner Bros.–Legendary provided a way to localise content while retaining Hollywood polish. However, in today's geopolitics, these partnerships may attract undue suspicion of one sort or another from both sides.

China's Soft Power Play

China is not only shutting the door on Hollywood. It is also building an "empire" of its own.

State-backed studios are producing high-budget, technically polished films that rival Hollywood's biggest franchises. *Wolf Warrior II* was not just a box office success; it was a cultural statement. It told the world that China could craft global hits on its own terms.

This is more than censorship or nationalism. It's about narrative control.

For decades, Hollywood exported not just stories, but also values such as individualism, freedom, and even rebellion. China is exporting a different set of themes: loyalty, sacrifice and collective strength.

Chinese audiences seem receptive, especially younger ones, and they are embracing homegrown heroes. The Marvel Cinematic Universe, once a juggernaut, is now fading from the Chinese mainstream. Audiences want relevance, not just spectacle.

The Global Cinema in Two Versions

Hollywood could adopt a dual-track strategy: censored versions for China and uncensored originals for the rest of the world. But this invites brand confusion. Audiences may detect and resent diluted content.

China is prioritising cultural self-sufficiency by subsidising domestic film consumption

(US\$81.6 million in 2025) and promoting state-aligned narratives through censorship and quotas.

The result is a bifurcated entertainment world. One ecosystem thrives on open markets and creative experimentation, while the other runs on policy direction and internal demand. The Great Firewall no longer just blocks websites; it also shapes cultural identity.

Creative and Financial Risks

This divergence has consequences.

Studios may find themselves caught between two incompatible demands: artistic integrity and market access. Filmmakers will face difficult decisions. Some will adapt, and others will walk away.

Investors are already nervous. Studios with deep exposure to China, such as Warner Bros., face potential stock volatility. Projects may be delayed, downsized or scrapped entirely.

If Trump's tariffs go into effect and China retaliates, the entertainment industry could become collateral damage in a broader economic war. A Hollywood ban may only be the beginning.

Conclusion: Adjusting to a Fragmented Future

A potential Chinese ban on Hollywood films would not merely reflect trade tensions. It would mark a shift in how global stories are told – and where they find their audiences.

Hollywood, long dominant in shaping global cultural narratives, now operates in a more complex environment. China, once a key partner, is charting an independent course.

Streaming and co-productions may offer interim solutions. However, long-term success will depend on Hollywood's ability to evolve by diversifying its stories, engaging new regions, and creating content that resonates across cultural boundaries.

In an age of tariffs, firewalls, and competing worldviews, the challenge is no longer simply selling movie tickets abroad. It is sustaining relevance in a world where storytelling is increasingly locally biased. Politics will permeate everyday life, and public entertainment cannot be separately compartmentalised.

Tang Meng Kit is an aerospace engineer. He recently obtained his postgraduate degree from the S. Rajaratnam School of International Studies (RSIS) at Nanyang Technological University (NTU), Singapore. His research interests include cross-Strait relations, Taiwan politics and policy issues, and aerospace technology.
