



## Chinese Foreign Investments in Hollywood

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Since the start of 2017, this heightened scrutiny and the stricter controls over money leaving China have had a direct impact on a number of Hollywood deals. In part due to China's restrictions on money leaving the mainland, Paramount Pictures has not received any payments due from the billion-dollar financing deal with its Chinese partners—Shanghai Film Group and Huahua Media. In early March, the current owners of Dick Clark Productions, the producer of *American Idol* and the Golden Globes, terminated their \$1 billion deal with Dalian Wanda Group because the Chinese real estate conglomerate “failed to honor its contractual obligations.” Smaller deals have suffered a similar fate. Weeks after Voltage Pictures, an indie finance, production and sales company, announced its \$350 million acquisition by Anhui Xinke New Materials, the Chinese copper manufacturer terminated the deal.

Despite these casualties, it is unclear what the lasting impact of China's recent investment policies will have on Hollywood. Within a matter of weeks, the Chinese internet giant, Alibaba Group, pledged to create one million jobs in the United States and invest \$7.2 billion in media and entertainment over the next three years. Further, with its foreign currency reserves stabilizing, China may relax its controls over foreign investment. However, the future of Hollywood's relationship with China will also largely depend on the further development of relations between China and the Trump administration.

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