

CEPA AND HONG KONG FILM: THE MIXED BLESSING OF MARKET ACCESS

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Relaxed trade regulations have opened up the mainland market to the beleaguered Hong Kong film industry. But now filmmakers face even more than before the difficult choice between financial advantage and artistic integrity.

The signing of the Closer Economic Partnership Agreement, or CEPA, between Hong Kong and China this August has been hailed by government officials and analysts alike as the most significant and positive development for the Hong Kong economy in quite some time. Under the agreement, 273 categories of products made in Hong Kong will now have unrestricted access to the mainland market, freeing them from various quotas systems at least four years in advance of China's WTO commitments, thus giving Hong Kong an advantage over international competitors. The agreement covers an estimated 67 percent of Hong Kong's total exports to the mainland.

Apart from obvious beneficiaries, such as the R&D and manufacturing sectors, CEPA also grants Hong Kong films unprecedented access to the mainland in two significant ways. First of all, Hong Kong distribution companies will have a much broader scope on the mainland, and starting in January 2004, Hong Kong companies will be allowed to market and distribute films in China directly. Hong Kong investors in mainland movie theaters are now allowed to raise their stakes above the current 50 percent, while audio-visual distributors no longer need to limit their stake to 70 percent.

Secondly, official Hong Kong-China co-productions will be considered domestic even when filming takes place outside of the mainland, which means that most local movies will no longer be subject to the punishing import quota of 20 non-Chinese films a year. The new qualifications for joint productions also relax the minimum ratio of Hong Kong to mainland crewmembers from 3:7 to 5:5, and allow a non-mainland focus for stories. In addition to all of this, under CEPA even Hong Kong films that do not qualify as domestic will have more access to the mainland market than movies from other countries.

This may sound like unqualified great news for the Hong Kong movie industry, which has been battered by years of financial hardship and creative impasse; but there is a dangerous catch. In order to be screened on the mainland, Hong Kong films still have to undergo the strict scrutiny of mainland censors. Neither CEPA nor any other commercial agreement has been able to change the fact that officials of China's Department of Censorship and Propaganda will retain the right to remove all sections of a movie they deem offensive or inappropriate. In the case of a movie shot wholly or partially on the mainland, the censors maintain the right to screen the footage before it is released or taken abroad, and to take permanent possession of those sections they choose to excise.

This poses a serious challenge to the industry's artistic integrity, and will probably deepen the existing trend towards self-censorship as well as outright censorship. Given Hong Kong's current economic malaise, only unusually brave and creative individuals are likely to resist the Chinese market's allure in favor of retaining their artistic independence.

The situation for Hong Kong film has changed dramatically over the past two decades. Throughout the 1980s, Hong Kong was the world's third largest movie producer after India and the United States. But in the 1990s it experienced a sudden decline; while Hong Kong produced 200 films in 1993, by 2002 the total output was just 90. Financial worries have been the main factor behind this steep drop. Caught in a wild speculative bubble in the 1990s, Hong Kong steadily priced itself out of the international market. The time-honored practice of the local film-industry had been to produce many cheap, low-brow movies in the shortest time possible and mainly in the martial arts and period drama genres, which could be easily marketed in South East Asia and the various centers of the Chinese Diaspora in the West. Revenue from these movies was then used to finance and distribute better quality productions both at home and abroad.

This strategy proved unsustainable once Hong Kong's costs shot skyward, and even more so following the 1997-98 regional financial crisis. During this time, most fully convertible Asian currencies suffered heavy devaluation while the Hong Kong dollar remained pegged to the greenback. For countries such as Indonesia going through serious financial

and political turmoil, Hong Kong's cheap kung fu and slapstick became prohibitively expensive, and many Hong Kong filmmakers found themselves bereft of a steady source of income.

At home, too, the repercussions of the financial crisis and the weaknesses it exposed made once plentiful loans harder to obtain, and only detailed, sure-hit film projects could hope to obtain the necessary funding. Anticipating the demise of the industry, many participants cut their losses by leaving the movie world entirely, or by shifting overseas.

This created a bitter paradox: precisely when Hong Kong filmmakers were becoming household names abroad, and Hollywood was welcoming talent from the territory, the top grossing hits in Hong Kong's theaters were foreign productions. In the increasingly gloomy local market conditions China became an ever more enticing prospect for the film industry as well as other sectors, even while import quotas and the problematic censorship system kept it largely out of reach.

CEPA brings at least a partial solution to the problem of access, but will in turn create an even sharper dichotomy between those filmmakers who are willing to stick to safe themes, and others who style themselves as "guerrilla" filmmakers.

Film, of course, is not the only Hong Kong arena pitting those who are willing to stand up to the sycophants against those who decide to follow the path of least-resistance. What is striking, however, is the wide gap that remains between the Hong Kong and mainland film worlds, and the apparent extent to which the Hong Kong authorities, as well as certain artists, seem to be willing to sacrifice much of the freedom that has made the local movie industry so vibrant.

This was recently brought into stark relief during a seminar held at the Hong Kong Film Archives to coincide with the 2003 "Chinese Film Panorama," a two-week showcase of some of the most successful official Chinese productions. This annual exercise brings to Hong Kong mainland films of dubious box-office appeal that would otherwise never be screened through over-cautious local distributors.

With rare exceptions, these films are an exercise in walking the official line with a camera on one's shoulder, and they show how much the official studios are still willing to operate as little more than high-end propaganda machines. When compared to the mainland's increasingly courageous independent productions - which pay the price of being confined to the international film festival circuit or to underground showings - these official productions, for all their technical accomplishment, represent a quick step back in time.

The 2003 Chinese Film Festival was celebrated with an unprecedented flurry of official speeches and cocktails, bouquets and red carpets, as an unusually large number of Chinese cadres from the relevant departments had decided to grace the event. The Hong Kong Film Archive complimented the festival with its seminar exploring the possibilities offered by increasing interaction between the Hong Kong and mainland movie industries. Among the speakers was Tong Gang, Director General of the Film Bureau of China's State Administration of Radio, Film & TV. The discussion consisted mainly of self-con-

gratulatory statements on the progress made by the Chinese movie industry in various fields, and questions from the audience on rather technical aspects of the CEPA concessions, until an anonymous speaker cast a pall on the rosy atmosphere. "As a Chinese," he said, "I am ashamed of the fact that we still have not talked about the problem of censorship on the mainland, and the fact that all the free access we are talking about does not exist for films deemed political! As a Chinese, I am ashamed when I see the extent of the political pressure exercised on artists as a whole. Some of the best movies produced on the mainland are banned, and we are pretending this is not the case. Even in literature, our first Nobel Prize laureate, Gao Xinjiang, cannot publish in China! This is how we treat our best minds. Can we add this topic to the discussion?"

The panel looked on stoney-faced until the moderator intervened by saying, "I'm afraid we're going beyond the scope of our seminar, which is about film and not literature, so we will have to ask for the next question." The anonymous member of the audience made a quick, nervous exit, and the discussion swiftly reverted to the percentage of Hong Kong crew and capital allowed under CEPA and the bright future awaiting the Chinese film industry.

It is proof of a sad state of affairs that this question should have caused no more than a ripple. Indeed, it appears that the Hong Kong film industry has developed a system of parallel universes allowing those who struggle for artistic independence and those who do not particularly care about it to coexist with scarce acknowledgment of each other.

Immediately after CEPA was signed, for example, one of the main concerns was to determine exactly what was likely to incur the wrath of Chinese censors. As in many other cases, however, this is an area dominated by apparently deliberate ambiguity, and Hong Kong has become overrun with rumors of what is and is not acceptable under existing Chinese law. The lack of clear detail leaves most preferring to err on the side of caution. The supernatural and other manifestations of "feudal superstition" are apparently high on the list of taboo topics, as are explicit sex scenes, politics and homosexual love stories. Many members of the film industry have started toeing the line even before being asked to do so. In one example among many, Bey Logan, producer of the box-office hit *Twins Effect*, announced soon after CEPA that the sequel to the ghost and vampires story would be a "period drama," a precaution that should guarantee full distribution on the mainland.

Less troubled by these concerns are members of the "guerrilla school," Hong Kong filmmakers who, like their mainland counterparts, have for some years been testing the boundaries of their own courage and more relaxed attitudes on the mainland. Like other independent filmmakers, they hire actors and crew in China and shoot on location without applying for official permits, counting on the tendency for local officials to gladly turn a blind eye. While guaranteeing a large degree of artistic freedom, this also means that all involved are technically breaking the law, and that in the event of difficulties they would be without any protection.

Mainland actors or technicians who openly assist clandestine productions incur the risk of not being offered work by

the official studios. In practical terms, this problem seems to concern fewer and fewer people, as alternative sources of employment exist in areas such as advertising and overseas productions. But this does nothing to alleviate censorship, and those who live in government housing, or who aspire to public funding for their own projects, usually make a point of avoiding "guerrilla" productions.

The most high-profile case of "guerrilla" cinematography by a Hong Kong director so far is Stanley Kwan's *Lan Yu*, inspired by an anonymous novel that appeared only on the Internet. Shot in Beijing with a mainland cast, the story touches on many sensitive topics: its main characters, two men, engage in a passionate love affair, but the story also deals with male prostitution and official corruption. Meanwhile, the story unfolds against the background of the 1989 protests and their brutal suppression. The film did remarkably well both in Hong Kong and Taiwan (where it won various awards), but mainland viewers have no legal access to the film.

Other famous examples of clandestine filming include Fruit Chan's *Durian Durian*, which portrays in a sympathetic, light-hearted and non-judgmental manner a young woman from the Northeast coming to Hong Kong and earning a living through prostitution. A sizeable portion of this story was shot on location in China without official permits.

"For years now we have been promised a new Film Law, less ambiguous and restrictive," says a local film critic, "but so far, there is no sign of it. Recently, even more people have begun discussing it, and the Chinese authorities are talking about introducing a rating system, which may indicate that this time the law is truly forthcoming. But nobody knows how long it will take, or what it will look like. So in the meantime, everyone goes to the mainland to shoot, and then comes back and shows the movie wherever possible. Cooperation is expanding every day, both officially and especially unofficially, which makes everyone bolder," she adds.

Increasingly, a third option has become available: multiple endings. It started with *Infernal Affairs*, a new twist on one of Hong Kong cinema's beloved themes, cops vs. triads, directed by Andrew Lau and Alan Mak. In the version released in Hong Kong, the bad guy gets away with multiple murders and walks away under the nose of the befuddled police. To obtain distribution in the mainland, however, the amoral plot had to be redeemed through a moral ending: in the second version the bad guy's cover is blown and he is promptly arrested, allowing the audience to return home uplifted and warned that crime does not pay.

In all likelihood this strategy will become more and more widespread both in Hong Kong and on the mainland. Li Yang filmed his highly acclaimed *Blind Shaft*, a movie about illegal mines, in the usual underground manner, which means his film can be distributed only abroad and in Hong Kong. But in the hope of one day winning approval for screening in China, Li shot not one but four different endings. The sensitivity of the theme and the fact that it was shot without permits make it quite unlikely that *Blind Shaft* will soon be allowed a public screening, but the trend is worth noting nevertheless.

Meanwhile, many have decided that under the improved

atmosphere it is wiser to wait than to push. For example, Thomas Chung, producer of *Silver Hawk*, which was banned on the mainland three years ago, was recently told that the ban had been lifted and his movie will open in China in January. His next project, according to a recent interview, is to make a film about vampires for mainland audiences. Although this topic is currently taboo, Chung's patience may be rewarded once again.

For now, the prospects opened by CEPA have breathed new life into the Hong Kong movie industry, and production in the territory has increased dramatically. Most producers and directors have decided to take advantage of this sudden bonanza by shelving all controversial projects and churning out love stories and action thrillers that end with the criminals behind bars.

Hollywood is more than willing to lend a hand. In the past few years both Columbia and Warner Brothers have opened subsidiaries in Hong Kong in an effort to pool local talent at its source, and to be better placed for advancing into the Chinese market once it opens further. The first success by Warner Brothers was the production *Turn Left, Turn Right* directed by Johnnie To and Wai Ka Fai, a rather free adaptation of a Taiwanese comic book by Jimmy Liao. In terms of cross-border co-operation the film is a great achievement: American money, Taiwanese ideas, Hong Kong film-making skills and a cast that comprises actors from Taiwan, Hong Kong, China and even Japan. Unfortunately for the audience, it came out as a sugary love story with little of the original comic's quirky charm, and drags on rather longer than necessary. But as this is not considered an obstacle to access the Chinese market, *Turn Left Turn Right* is a likely harbinger of things to come: highly polished productions with no politics, no labor rights, no controversy, no corruption, no sex-workers, no getting away with murder, no homosexuality and hardly any ghosts or vampires.

Those who may wish for something chewier will still have to go underground and join or support the "guerrillas."