ASIA PROGRAM

China Analysis Group

XIX China Analysis Group Meeting

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Online discussion panel via Zoom

Theme: "Artificial Intelligence, technological warfare and changes in the world order: China, USA and Brazil

THEMATIC GUIDELINES

The ongoing China-USA competition and how it has exacerbated under the impact of COVID-19 are the subject of much debate nowadays. There could be a myriad of approaches to it with regard to both the nature and the future of the current rivalry, encompassing geopolitical, military, economic, technological and financial consequences to the competitors, third party countries, international relations and the international order. Artificial Intelligence (AI) has been handpicked by the Chinese government as the main driving force for China's industrial upgrading and economic transformation in the next decades,[1] as stated in "The New Generation Artificial Intelligence Development Plan (AIDP)", issued by the State Council in July 2017[2].

This document unifies many policies established in previous years (Internet+, some features of Made in China 2025, the 13th Five-Year Plan) and underlines the importance of AI in various sectors, including defense, social welfare, and the need to develop standards and ethical norms for its use. AI was included in many documents before AIDP as one technology among others, whereas the new document clearly puts it at the center of a national comprehensive strategy and as a fundamental tool for international competition.

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[1] Roberts, H., Cowls, J., Morley, J. *et al.* The Chinese approach to artificial intelligence: an analysis of policy, ethics, and regulation. *AI & Soc* (2020). https://doi.org/10.1007/s00146-020-00992-2

[2] China Science and Technology Newsletter. No.17, September 2017. Next generation Artificial Intelligence Development Plan. http://fi.china-embassy.org/eng/kxjs/P020171025789108009001.pdf

Meanwhile, the United States 2017 National Security Strategy states that "China, for example, combines data and the use of AI to rate the loyalty of its citizens to the state and uses these ratings to determine jobs and more". The new "United States Strategic Approach to the People's Republic of China", issued last May, underscores AI use in surveillance technologies in Xinjiang and the importance of reinforcing screening mechanisms for Chinese investments and export controls in order to prevent the acquisition of technology by the Chinese firms/government. It also highlights the importance of the "Executive Order on Maintaining American Leadership in Artificial Intelligence", issued in February 2019[3], which states "The United States is the world leader in AI research and development (R&D) and deployment. Continued American leadership in AI is of paramount importance to maintaining the economic and national security of the United States and to shaping the global evolution of AI in a manner consistent with our Nation's values, policies, and priorities…Maintaining American leadership in AI requires a concerted effort to promote advancements in technology and innovation, while protecting American technology, economic and national security, civil liberties, privacy, and American values and enhancing international and industry collaboration with foreign partners and allies". The said document also confers priority upon AI in Federal agencies, in a whole-of-government approach, including prioritization of funds and research.

The PRC's AIDP plan defines a set of key steps and goals for China, which include the achievement of a major breakthrough in basic AI theory by 2025 and to be world-leading in some applications, while codifying law ethical standards for AI. By 2030, China seeks to become the world's innovation center for AI, with further upgrades in the laws and standards. One key aspect of the AIDP is that although it is a national strategy, it relies heavily on the private sector and local governments for implementation. Thus, China has appointed some national champions (e.g. Baidu – autonomous vehicles, Alibaba – Smart Cities, Tencent – medical diagnosis) and enhanced incentives for them, while maintaining a high degree of competition.

As addressed by Roberts, H., Cowls, J., Morley, J. et al. (2020), beyond understanding the technological aspects of the dispute in AI, it is important to understand why China has chosen AI to underpin its long-term strategy. At least three aspects emerge as fundamental, because they could make a substantial difference within China:

- International competition: AI will enhance China's national competitiveness and allow for "leapfrogging developments" in the military. One should consider, though, the risks of a new arms race and China has been highlighting the importance of avoiding unintentional escalations and building an appropriate international framework.

- Economic development: with the diminishing contribution of traditional factors to Chinese economic growth (abundant labor force, urbanization), innovation (i.e. TFP) needs to gain center stage in driving the economy and could have positive effects amid the profound changes of automation and robotization, with the creation of new jobs. There are many concerns, however, with underlying risks and growing inequality.

- Social governance and moral governance: using AI for better targeting social services and improving social welfare to mitigate challenges such as population aging, environmental challenges and even improving moral values. Examples include

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[3] White House. "Executive Order on Maintaining American Leadership in Artificial Intelligence".
https://www.whitehouse.gov/presidential-actions/executive-order-maintaining-american-leadership-artificial-intelligence/

improvements in the health system, administration of justice and the Social Credit System. The main area for concern here is the trade-off between efficiency and privacy.

The AIDP also establishes the desire of China to become a world leader in defining ethical norms and standards for AI. There have been increasing attempts on that side: in March 2019, the Ministry of Science and Technology established the National New Generation Artificial Intelligence Governance Expert Committee, which issued eight principles; and the Standardization Administration of the PRC released a white paper on AI Standards. Other government agencies, universities and companies have also developed their AI principles. One of the most contentious issues is the debate over what type of data should be protected. It is generally acknowledged that in Asian societies group and community relations are more important than individualistic rights. Notwithstanding cultural, ideological and public opinion aspects, the issue of protection of personal information is also taken very seriously by Chinese respondents according to local surveys. Accordingly, China has been in many aspects a leader in trying to deal with this issue in Asia. Moreover, voluntary standards in China have substantial clout in enforcing government policy standards. The loopholes are mostly due to the weak administration of justice and the government's power to collect and use data.

As briefly introduced above, the role of Artificial Intelligence as an economic driver and one of the main areas for intense competition in the international arena in the next decades has broad implications for economic leadership, military advancements and social transformation. It also implies vast requirements for regulation and standard-setting in digital ethics. With these implications in mind, we invite our speakers and audience to address the session's main theme and hereby suggest a few aspects to be discussed:

- How has the centrality of AI in the PRC's science, technology and innovation (ST&I) policy impacted the design, development and implementation of ST&I policy itself? For example, does AI imply a new relationship between the government and private sector that could be applied throughout society? How to deal better with the privacy issue? How could the new challenges feed into the new Five-Year Plan?

- Since the launching of Made in China 2025 (2015) and the Artificial Intelligence Development Plan (2017), the competition with the United States has markedly intensified and the bilateral relationship has been in its lowest point since its full re-establishment in 1979. In times of technological warfare and decoupling, what role will the China Standards 2035 Plan have in shaping China's position for stronger competition? What are the implications for third countries?

- Brazil has important and substantial economic links with both the United States and China. In a world that could be increasingly fractured between different standards, will it be possible to maintain an open technological environment and not choose sides? How should Brazil position itself in the standard-setting debate?

- Building upon the Brazilian current legal framework for the Internet and digital activities, what concrete partnerships could we consider with China and the USA in order to advance our social and economic development? What lessons could be shared to promote Brazil as a valued partner? How could the bill that establishes the framework for the development and

use of AI in Brazil, currently in Congress, affect the scenario for AI development in the country?