



December 2, 2024

China's Digital Platforms

Research Project for Risk in the Information Sphere

Implementation Report

On October 16, 2024, the Research Project for Risk in the Information Sphere at Nakasone Peace Institute held a discussion based on a report by Dr. Mochinaga Dai, Associate Professor at the Shibaura Institute of Technology. The summary is as follows.

Dr. Mochinaga presented a report entitled “China’s Digital Platforms.” First, he outlined the “Digital Silk Road (DSR)” initiative in the telecommunications sector as a representative project in which China exercises its influence overseas through the Belt and Road Initiative (BRI). The DSR is a project in which the Chinese government sells projects that utilize information and communication technology to BRI participating countries and promotes the provision of funds and technology. As an example, he cited the introduction of a facial recognition system for identifying criminals in Myanmar. The problems with the DSR are (1) a situation of “digital infrastructure lock-in,” in which economic and technological dependence on China deepens in countries receiving support from China, making it difficult for them to migrate to a different infrastructure platform; and (2) China’s social management methods becoming the de facto standard, strengthening China’s influence on rules and values in the international system. This in effect means the promotion of Chinese values in the social implementation of technology.

Why do so many countries accept China-origin technology, even though it contains potentially high risks, and what kind of impact does the influence that China exerts through technology have?

In this regard, there is a need to first consider the “economic balance” among the three parties—the U.S., China, and the rest of the world—as well as the “security balance” such as the alliance relationship centered on the U.S. and the threat perception against China. Information and communication technology (ICT) is an important factor affecting the balance of economy and security in many countries, including (1) national security, (2) economic development, and (3) political stability. Similarly, China has strategically strengthened its technological influence, recognizing that ICT is related to the three factors of “national security,” “economic development,” and “political stability” for the modernization of social governance. From 2006 to 2010, the Chinese government offered preferential policies to domestic companies, followed by infrastructure construction and other measures to support the overseas expansion of Chinese companies. In the 2020s, China began to recoup its investment through the BRI, advocating a “dual circulation” strategy that aims for economic development by linking domestic and overseas circulations using capital, technology, and

influence. By supporting the overseas expansion of Chinese companies through projects such as optical fiber installation projects and submarine cable projects, by constructing railroads, roads, and telecommunication lines in the BRI countries, and by combining infrastructure construction and ICT (platform), China can increase the recipient countries' dependence on China's economy and technology.

China itself is also taking the lead in discussions on the establishment of technology standards, acquiring technology from other countries and using it to pursue its own interests and focusing on the financial sector to reduce the impact of U.S. sanctions. China's challenges in the financial sector include the development of the Cross-Border Interbank Payment System (CIPS), an international RMB payment network system, and the entry of digital payment platforms in emerging economies.

Furthermore, the Chinese government and companies seek to acquire technology standards by using two different approaches: the "de jure standard" and the "de facto standard." The de jure standard approach is to gather know-how, human networks, and technology trends for standardization activities, take the lead in proposing standards in areas where Chinese companies can demonstrate strength, and create an environment favorable to overseas expansion by extending China's domestic standards into international standards. The de facto standard approach refers to China taking a leading position in fields with few international regulations, such as fintech, for example, by acquiring a share of the online payment market, such as QR codes, through acquisitions or capital tie-ups with local companies in the Southeast Asian region.

As part of its promotion of comprehensive internationalization using cyberspace, China advances e-commerce through infrastructure development, internationalization of social networks and payment platforms, and other efforts including commerce and culture. For example, China advocates its own ideas on cyberspace to the international community, suggesting that the Cybersecurity Law of the People's Republic of China (Chinese Cybersecurity Law) can be a solution to international cyberspace governance. In this way, China is advancing its claims on security and data sovereignty. Against this backdrop, China's challenge is the high dependence on Western technology seen in the countries participating in the BRI, and the emergence of countries that avoid Chinese products, such as Viet Nam and Singapore. Apart from gaining economic benefits, China's proposals on data governance have not been well supported. An "imperfect dual circulation" exists.

The compatibility between ICT and authoritarian regimes has both merits and demerits. For example, the state can restrict and control the freedom of its citizens through control of information, including censorship, surveillance, and the spread of disinformation. By shaping a competitive environment in favor of the ruler, the state can change the choices of its citizens. These are the aspects of ICT that show a strong compatibility with authoritarian regimes. On the other hand, in the case of a personalist dictatorship, large-scale or complete suppression of information is difficult to achieve. Information transmission tends to be slow due to bureaucracy, etc., and if a dictator makes a wrong decision, correcting it takes an enormous amount of time and effort. This is a point of incompatibility. How to view the regulatory power of cyberspace in the context of authoritarianism can be discussed

from four aspects: law, norms, markets, and codes (architecture). In the case of China, control of the market has been tightened so much that it is no longer able to suppress information that goes against the regime. By trying to exert regulatory power overly weighted toward the law (tightening control on the people) it has also lost balance.

China's use of ICT to exert influence is nothing more than an attempt to assert its own legitimacy regarding the social implementation of technology through the proliferation of technologies and institutions that support authoritarian values and should be regarded with great caution.

In the Q&A session following the above report, questions and comments were exchanged on such topics as a "project's top-down structure," "recent characteristics of infrastructure investment," "issues related to military-civilian fusion companies," "trends in cognitive warfare due to the expansion of Chinese media," "expansion into Africa," "differences in positions and thinking within the Chinese government and in China," and "space-related projects."