

China's Digital Silk Road and the Global Digital Order

China's Digital Silk Road is an ambitious vision to catalyze global digitalization. What will it mean for digital governance?

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China's Digital Silk Road (DSR) was [launched in 2015](#) as a component of Beijing's vast vision for global connectivity, the Belt and Road Initiative (BRI). Like the BRI, the DSR is not monolithic and involves many actors at all levels across the Chinese public and private sectors. It is amorphous and the line between official and unofficial DSR projects is often blurry. Comprehensive data on DSR investments is difficult to come by. [According to one estimate](#), by 2018, DSR-related investments in digital infrastructure projects outside of China had reached \$79 billion.

The DSR aims to improve digital connectivity in participating countries, with China as the main driver of the process. On the macro level, the DSR is about the development and interoperability of critical digital infrastructure such as terrestrial and submarine data cables, 5G cellular networks, data storage centers, and global satellite navigation systems. In one of the most recent moves, China completed the launch of its global satellite system, BeiDou, which, in some regions, is more accurate than the United States' global positioning system (GPS). In Asia, Pakistan, Laos, Brunei, and Thailand are among the [countries that have adopted](#) BeiDou, and there is growing use in West Asia (the Middle East) and Africa. At the micro level, the DSR promotes connectivity between local businesses and consumers and among businesses and consumers. Examples include e-commerce, taxi-hailing, fintech (financial technology), and edtech (education technology) platforms and apps, as well as hardware such as routers, smartphones, and PCs.

What Drives the DSR?

The DSR is far more than just an infrastructure project. For China, the DSR is a solution that engenders a less U.S.-centric and a more Sino-

centric Asian and global digital order. China pursues this goal by enabling the opening of new markets for Chinese tech giants such as Alibaba, Tencent, and Huawei, and by strengthening the world's digital connectivity with China.

The DSR fits right in with the Chinese authorities' ambitious national goals such as "Made in China 2025" and "China Standards 2035." These initiatives aim to enhance China's domestic tech innovation, production, and transaction capabilities. In turn, these goals are part of an overarching vision of the Chinese government for tech primacy and greater autonomy in the global digital order.

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But why?

The Chinese government seeks to reduce the country's vulnerable dependence on other tech leaders, especially the United States, Japan, and select European states. The DSR aids Chinese tech giants and smaller players to boost their sales and local knowhow and gain a foothold in overseas markets – often with the help of Chinese government policy facilitation. Regardless of what one makes of the approach, the DSR expands the oligopolistic pool of digital products and services suppliers.

Indeed, a small number of actors lead the tech world, and U.S. tech giants Alphabet (Google), Intel, Amazon, Cisco, and Facebook in particular have a near-global monopoly in their respective domains. For example, by the end of 2018, content providers such as Microsoft, Facebook, and Amazon owned or leased more than half of the undersea cable bandwidth. These cables carry close to 98 percent of international internet data and telephone traffic. Such dominance is not healthy and several actors, including the EU

and Australia, have taken steps to curb these tech giants' sway.

The DSR often focuses on BRI participants and developing economies; but the DSR's reach is not limited to these actors. The initiative fills digital "voids" wherever it spots one. Top recipients of DSR investments even include large European economies such as Germany and Italy. In Europe, projects focus on 5G networks, fintech, and smart city technologies. Through competitive Chinese public-private sector partnership deals, the DSR catalyzes a more digitalized world from Serbia to Mexico to Myanmar. A more digitalized world is not exclusively beneficial to China and Chinese companies. Indeed, DSR digitalization, if accompanied by economic growth, could offer a host of spinoff investment and sales opportunities for non-Chinese tech and non-tech companies too.

But There Are Significant Challenges

As with any initiative of this scale, the DSR comes with some challenges. Particularly, these apply to existing tech giants and digital infrastructure providers who would wish to sustain their lead. Broadly, however, these challenges apply to all stakeholders who favor the vision of a more open, transparent, free, and equitable global cyber domain – and digital governance at large.

In this regard, the [DSR has four significant and far-reaching strategic implications](#). First, China can build and offer digital backbones that are almost entirely homegrown. The backbones are the infrastructure that makes digital communication possible, such as data cables, cellular networks, and data storage centers. Drawing an analogy with Legos, the more backbone China builds, the more it can build on and connect to that foundation – thus

strengthening its position in the global digital order.

Second, the DSR may facilitate China to set standards for digital infrastructure and next-generation tech such as artificial intelligence, robotics, the Internet of Things, blockchain, serverless computing, and so on. Although all tech leaders seek to set standards, existing tech leaders are bound to view emerging Chinese attempts to set standards as competition. Beyond the considerations of existing tech leaders and within the wider global considerations, setting standards brings considerable strategic advantages with it. Moreover, the DSR creates digital arteries that are likely to boost Chinese supply chains, its economy, and, therefore, its overall global economic influence.

Third, China's view on digital governance has a much more state-paternalistic nature. This differs starkly from the average liberal Western view on digital values and norms, especially that of the United States. The Chinese government enforces strict restrictions on the cyberspace in China. It also does not hesitate to closely monitor its netizens in a considerably sealed off domestic "intranet." Granted, China is certainly not the only country to practice a restrictive view on digital governance, and different countries enforce different types and levels of restrictions over cyberspace. Countries like Singapore and India tend to enforce controls on content too, and the EU, for instance, is increasingly regulating content. So, while the DSR does not promote a liberal and transparent cyber domain per se, it is important to note that there are no universal global cyber governance values. Perhaps this is reflective of the diversity of cultures and socio-political values on the human canvas – both online and offline.

Fourth, Chinese businesses, and by extension, Chinese authorities, could gain access to large local data pools through the DSR. By strengthening other countries' reliance on Chinese infrastructure, Beijing could – theoretically – gain a valuable tool of local political influence, although this would depend considerably on local cybersecurity policies and enforcement capacities, among other factors. Such potential exploitation, however, is not exclusive to China. As the Edward Snowden revelations and the Facebook-Cambridge Analytica data scandal showed, any tech provider or cyber tech-advanced actor could abuse their position, if so desired.

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The DSR clearly serves a broader objective of narrowing the global digital divide. It also challenges the existing dominance of the U.S. digital value system and dominant market share of its tech companies. As such, the DSR presents both serious partners in digital transformation for those countries in need of competitively priced digital products and services, as well as competition to existing tech leaders. Regardless of where one stands, amidst a pandemic that has wreaked havoc on the global economy, digitalization and economic growth are as welcome as ever.

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