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Beijing identifies key sectors for creating a 'people-vehiclehome' ecosystem.

GLOBAL VIEW

China's Ambitious AI Blueprint

Haggling in Switzerland's Bürgenstock Resort Lake Lucerne over the memorandum of understanding between the U.S. and Iran has dominated headlines, but the real news this month is coming out of China.

That news was easy to miss. Couched in the often impenetrable prose of Chinese bureaucrats and prefaced with the ritual genuflections toward Xi Jinping's expressed vision for his country, "Implementation Opinions on Accelerating the Development of 'AI+Consumption' " doesn't strike the casual observer as a gripping read.

But as the Claude-enabled translation provided by Bill Bishop's invaluable Sinocism newsletter makes clear, something important is happening. China is launching a full-scale push to roll out artificial intelligence across its economy and make this sector the foundation of its economic strategy. The text's 17 points outline a plan to accelerate the rise of AI and reinvigorate the Chinese economy by reorienting it around the new technologies.

As the bureaucrats put it, their goal is to "fully, accurately, and comprehensively implement the new development concept, give full play to China's advantages of a super- large-scale market, broad consumption scenarios, and abundant consumption-data resources, accelerate the demonstration application of new AI products, services, and scenarios, promote the entry of AI into tens of millions of households and tens of millions of shops, cultivate and form new consumption growth points and new momentum, drive the iterative upgrading of new AI technologies and products, open up new AI industries and new tracks, and better meet the people's needs for a better life."

The bureaucrats identify key sectors where they will focus. AI-enabled humanoid robots will transform industries like elder care. They envision a "people-vehicle-home" ecosystem that links smart cars, smart roads and smart homes. Brain-computer interfaces, AIenabled smart glasses, wearables and other consumer products will roll out across the domestic and, increasingly, international markets. China will develop "a solid security line of defense," which will protect its burgeoning ecosystem from malicious (and foreign) penetration. The current document doesn't exist in a vacuum. It's aimed at implementing the August 2025 decree by the State Council (China's supreme administrative body) that lays out an ambitious 10-year plan for advancing AI and creating a new kind of intelligent society and economy that, the Communist Party hopes, will lead to the realization of the socialist modernization of China.

Laying out a blueprint is one thing, transforming an economy another, but Western observers would be unwise to scoff. China's planned economy has enormous and growing problems, but its planners remain extremely effective when it comes to directing investment

into favored sectors and creating regulatory structures that favor the kind of investment and development that the party prefers.

Think of solar power and electric vehicles. When Western greens were trying to sell their grandiose plans for the so-called energy transition, they touted the jobs that the new industries would create. But China was able to create markets for solar power and electric vehicles at home by providing subsidized credit and shaping the regulatory climate to favor, for instance, the production and purchase of electric vehicles over fossil- fuel models. Intense competition among

Chinese firms to take advantage of these opportunities (plus perhaps the usual contribution of intellectual property theft and reverse engineering), gave Chinese manufacturers a commanding lead.

The plan is to repeat this strategy on a broader scale with AI. Unlike the Stalinist Soviet planners who built centrally planned industries, the Chinese planners are focusing on creating markets in designated sectors. This sometimes ends badly (think of the massive Chinese real-estate bubble) but often works well in the short to medium term. Note

China means business, closing more than 12,000 degree programs deemed obsolete and opening more than 10,000 courses on AI, robotics and advanced computing in recent years. If the Communist Party pursues its AI strategy with the focus and total control it has brought to favored economic sectors in the past, we should expect rapid improvements to the underlying capabilities of AI models and the swift integration of technology into consumer- facing industries.

Keeping up with China's pace will test the U.S. In the Chinese system, Mr. Xi and a few of his associates can impose policies on the entire country. That isn't how it works here. Developing public support for the next stages of the information revolution so that the U.S. doesn't fall behind is harder than issuing top-down rules from Beijing.

Building a national consensus around supportive policies for these strategically indispensable technologies will be hard. But the future of human freedom may depend on our getting this done quickly and well.

By Walter Russell Mead
