



Written by [Luis Miguel](#) on November 11, 2021

China's Military Embraces AI — With the Help of American Companies

China is racing to surpass America's military capabilities — and it's doing so with the help of U.S. companies.

Ryan Fedasiuk, a researcher at Georgetown University's Center for Security and Emerging Technology, spent a year as member of a team analyzing 350 Chinese military equipment contracts related specifically to artificial intelligence, part of a publicly available dataset of 66,000 records published in 2020.

The [report](#) from the research reveals that China is using AI in significant ways as part of its military strategy and will continue to invest in expanding its AI infrastructure in applications that include autonomous vehicles, intelligence analysis, decision support, electronic warfare, and cyber operations. Moreover, [Fedasiuk's findings](#) indicated that China obtains much of the technology it needs for these capabilities from American firms, often indirectly through "private" Chinese companies that serve the interests of the Chinese Communist Party (CCP).

"Perhaps most importantly for U.S. policymakers, our investigation into the PLA's buying habits shows how Chinese progress in military AI is being driven, in part, by access to American technology and capital," Fedasiuk writes.

"Our report highlights the critical role U.S. companies play in supplying China with data, software and funding. This points to serious shortcomings in the U.S. export control system, which wasn't built to screen the high volume of technology transfer and capital flows into China, and which struggles to distinguish between military and civilian purchasers."

The records Fedasiuk's team examined showed that China seeks to make its military more connected and autonomous. Off-the-shelf autonomous drones and AI-enabled surveillance software were frequent items of purchase for the People's Liberation Army.

According to the report, intelligent and autonomous vehicles made up over a third of the dataset. This included large numbers of fixed-wing drones and rotorcraft. These could potentially be used to saturate the air defenses of Taiwanese or American forces in a defense of the island.

Per the research, China's focus wasn't so much on lethal autonomous weapons or automated nuclear



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launch, but more on back-office tasks such as intelligence analysis and predictive maintenance — systems that support, rather than replace, human decision-making processes.

In total, the Georgetown University group estimated that China spends \$1.6 billion a year in AI systems and equipment.

As noted above, the report highlights “serious shortcomings” in America’s export-control system, one of which is a failure to distinguish between military and civilian purchasers, which results in US companies “inadvertently” powering China’s military advances in AI.

“The overwhelming majority of advanced computer chips at the heart of China’s military AI systems are designed by U.S. firms like Intel, NVIDIA and Xilinx, and manufactured in Taiwan,” Fedasiuk writes.

One issue is that American companies typically aren’t selling directly to the communist regime. They’re doing business with “private” Chinese firms, but these firms then go on to resell to the PLA:

Some Chinese suppliers make an entire business out of sourcing foreign data or components and reselling them to sanctioned Chinese defense companies and army units. Others partner with U.S. tech firms on AI research or buy ship-tracking data from U.S. satellite companies. Notably, some companies that supply the Chinese military with AI-based battle management and cybersecurity software are financed by U.S.-based venture capital companies....

Many firms sell to the PLA but also to civilian companies. This is part of Chinese President Xi Jinping’s emphasis on “military-civil fusion,” or integrating the civilian and military technology industries. As part of military-civil fusion, private companies that contribute to China’s military modernization receive extensive research subsidies and tax breaks from the state.

Fedasiuk notes that America’s current export-control system is not suited to block resources from going to a nation as large and as economically intertwined with the United States as China. The current system was created to place selective pressure on rogue states and companies that engage in human-rights violations or nuclear proliferation. But it’s ill-suited to stop the current transfer of technology to Beijing, as adding entities to the export blacklist is a long and tedious process.

The report recommends providing for the ability to “screen transactions that deal with broad categories of technology, rather than investigate individual companies or people,” which would allow for greater responsiveness in cracking down on problematic transfers of technology.

If the United States fails to take definitive action, we should not be surprised when Chinese forces one day successfully use our own technology against us.



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