### CHINA HAS A DIGITAL GRAND STRATEGY. DOES THE PRESIDENT KNOW?

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The answer to the above question is, regrettably, no. We have been unable to find anyone in government, who has heard of this strategy, which raises a few questions: Does China have a digital grand strategy? If so, is it part of our calculations in the current grand strategic competition over technology?

This is worrying. China's digital grand strategy has a name: Digital China. "Digital China" was elevated to the elite level of a Chinese Communist Party national developmental strategy by Xi Jinping personally, 6 years ago. As a concept, it dates back even further to Xi's elevation to General Secretary in 2012. In fact, Xi Jinping started thinking grandly about digital technology more than 20 years ago when he was still a provincial governor. All of this has been extensively covered in Chinese-language newspapers for 20 years.

So, why is China's digital grand strategy so poorly understood?

Because it was published almost exclusively in Chinese. Not in English. Not only that, what is out there has been carefully designed for Western audiences.

On Feb. 27, the CCP Central Committee and State Council issued guidelines (in Chinese only) for accelerating "Digital China," a standard practice on informatization policy dating back more than 15 years. Within hours, PRC state-owned media launched a propaganda campaign to describe to the world for the first time—in English—what Digital China is. It was artful. It was masterful. It was also inaccurate in many ways.

It was an example of disinformation at its best. Although overlapping with the truth, the state media narrative is inconsistent with Digital China's theoretical origins, party definition, and current execution, as laid out in authoritative PRC sources. Beijing admitted it had a digital grand strategy for the first time and designed our first impression. Why did it take 10 years to come out? We are not quite sure, but we have a guess.

Nor has Western media covered the project. Only the *South China Morning Post* in Hong Kong took on the challenge—in the opposite direction. The venerable newspaper repeated the state-controlled message and elevated it. Digital China was now a "grand digitalization plan." Comically, Digital China *is* a grand digitalization plan (the term "digitalization" is a CCP term-of-art), just not the one described in *South China Morning Post*.

In contrast to the obsessive Western coverage of China's Belt and Road Initiative in 2013, Digital China has only been discussed by a handful of China and tech experts—many of whom are still struggling to understand the nature of the strategy. Just a few days before the announcement of Digital China's new guideline, Pacific Forum published a major research paper on the strategy, "Digital China: the Strategy and its Geopolitical Implications," where we sought to introduce the plan to a Western audience.

It is difficult to know why the plan seems to have escaped widespread notice in the West. Perhaps the daily nature of the US-China technology competition makes for better reading, perhaps the nature of the

strategy—theoretical and couched in dry CCP jargon—makes it hard to digest. But this should not stop anyone from trying to understand what it is and informing our government and the public.

As noted above, the concept has been around since 2012. However, the intellectual—even ideological—origins date back to 2000. At this time, Xi Jinping was governor of Fujian province and was casting around for a campaign that would bring local government into the digital age and jumpstart the digital economy. This role that Fujian has as Digital China's "ideological source" is still in evidence as the province hosts the annual Digital China Summit.

To some extent, Western confusion is understandable. There have been so many technology plans and strategies that it feels like "just another" strategy/slogan dreamt up by Xi Jinping. As we note in our paper, Digital China did originally emerge as just another plan—a strategic plan, before gradually evolving to become a "grand strategy," by which Xi wishes to digitally transform China, and through this process provide a "strong digital impetus" for China to become a "Modernized Socialist Great Power."

So, why should Western policymakers—and Western journalists—care about Digital China? Given that we are in a deep competition with China over technology and data standards, it only makes sense for us to know the overall structure, foundational thinking, and assumptions of Chinese policy. At present, it rather feels as though the United States is responding piecemeal to Chinese actions rather than understanding Chinese intent and then developing a counter strategy of our own.

The US effort to counter Huawei's penetration and domination of global 5G architecture is a case in point. Huawei is just one part of a much larger Digital China 5G ecosystem made of up dozens if not hundreds of firms. Similarly, concern over TikTok's usage of data is understandable. But China focuses on "Basic Systems for Data" at strategic level many tiers higher. Efforts to stymie China's semiconductor ambitions through chokepoints are having an impact. But the Digital China strategy has long anticipated such an action and is already implementing responses, such as digitalized supply chains carried by a new global Industrial Internet, part of Digital China.

Not knowing or understanding China's grand strategy also impacts US messaging to third party nations. At present, US allies and partners in Southeast Asia and Europe remain skeptical of US motivations. Seeing no strategy of our own, partly-persuaded by a new "Digital China" strategy that state-run media tells them is both forward thinking and focused on global cooperation, they view US policies as mercantilist, driven by the same mindset that saw Washington pull out of the Trans-Pacific Partnership in 2017.

The problem is one of messaging. The United States has not effectively persuaded others that Chinese ambitions are a threat to their national interests as well. But here's what China is doing, right now. Beijing has executed a digital grand strategy for 6 years and is now building a "new" messaging campaign to describe it to a world often baffled by the US-China technology competition.

## What should we be doing?

There are two elements to the Digital China strategy that we believe play against Beijing's narrative that its intent is only to assist the developing world develop their economies. The first one is that Marxism is a deliberate part of Digital China—right down to the way that the CCP elevated data a factor of production. For the first time in decades, Marxism is being touted as a "modern" ideology, an alternative model to governance and development. The problem with that should be easy enough to understand for those familiar with the failures of Marxism 1.0.

Secondly, the strategy is very much about China becoming the dominant power in the international system through the mastery of data intelligence. A world in which the primary superpower is a Marxist data-obsessed one-party state should scare European and Asian allies and partners—no matter their creed.

At this stage, there's no way we can know whether China will be successful in this ambition. But we do know that our responses so far are responsive, tactical, and do not draw from a wider appreciation of Chinese

thinking. China has an ideologically driven strategic approach. We are playing whack-a-mole.

We'll say it again: Can someone please brief our president?

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