Fight Over Censorship, Human Rights Further Frays Tech Ties Between U.S. and China

New battle lines in the U.S.-China rift are adding to trade and cybersecurity woes, raising fears that a full-scale decoupling of the two nations’ intertwined tech industries is underway.
The pressure on both American and Chinese technology firms ratcheted up several notches last week, as concerns over Beijing’s censorship and human rights record further erode tech-industry ties between the two nations. Combined with long-running trade tensions and escalating cybersecurity fears, experts say, the latest sources of strain may unravel the fraying connections between the world’s two technology powerhouses.

“The depth and breadth of the decoupling remains unclear, and there are some guardrails and limitations in some areas that will be hard to breach,” said Paul Triolo, head of global tech policy at research firm Eurasia Group. “But definitely both sides have already made decisions around this, particularly China, and the U.S. actions will have the effect of accelerating China’s push to reduce, or if possible eliminate, dependence on the U.S. for core technologies.”

Actions undertaken last week by both the U.S. and Chinese governments and American tech firms themselves threaten to undermine the already shaky relationship between the two tech industries.

The Commerce Department’s decision to place 28 Chinese entities on its dreaded “Entity List”—including SenseTime, the world’s second-most valuable artificial intelligence start-up, and several other AI firms—
effectively blacklisted those companies from doing business with U.S. partners. Several of the Chinese firms rely largely, if not exclusively, on U.S.-made computer chips.

The government ostensibly took the action in response to those entities' involvement in Beijing's ongoing repression campaign against the Muslim population in western China. The Chinese government, however, suggested the move was undertaken to "thwart China’s development," and promised a response.

At the same time, an escalating struggle over the perceived adoption of Beijing's strict censorship regime by Chinese and U.S. tech companies roiled both Washington and the tech industry.

Sen. Marco Rubio called for an official Treasury Department investigation into Chinese company TikTok's acquisition of the video-sharing platform Musical.ly, primarily over concerns that the Chinese-owned app is censoring content related to the Hong Kong protests and other topics forbidden by Beijing.

U.S. tech companies also came under fire for allegedly kowtowing to Chinese censorship demands. Apple took down an app allowing Hong Kong protesters to monitor police activity targeting their demonstrations, while Google removed from its own app store a game allowing users to role-play as a Hong Kong protester.

The trade conflict between the U.S. and China has already upset the delicate relationship between tech firms in both nations. And this year's blacklisting of Huawei, China’s premier telecommunications company, by the Commerce
Department over cybersecurity fears threw both the Chinese and American telecom industries into disarray.

Now, some expect the new action taken by the U.S. government against Chinese AI firms will accelerate divisions between investors and researchers in both countries. Many American companies currently operate AI centers in China—including Google, which opened an AI research center in Beijing in 2017—and both money and research personnel flow in huge quantities between the two nations.

“The likelihood is that U.S. firms and AI R&D in general lose from this action,” Triolo said, “because these Chinese companies are leaders in key areas such as facial and image recognition and natural language processing, compete in global competitions, publish research, and attend key AI conferences.”

Other experts were less sure that new restrictions on Chinese AI firms would hurt U.S. companies, given the narrow focus on human rights violations in one region of China.

“Compared to the other moves that we’ve done against Chinese companies, this is probably one of their better ones in terms of actually being targeted at the actors who you think are causing harm,” said Caleb Watney, an expert in AI policy at the libertarian-leaning R Street Institute.

Watney added, however, that the blacklisting was still significant “as a longer-term trend of disentanglement between U.S. and Chinese firms.”

Others said the best way to preserve broader tech ties between the two nations is to ensure that U.S. trade negotiators—who reportedly reached
a temporary cease-fire with their Chinese counterparts on Friday—take pains to separate trade talks from any actions taken against Chinese tech firms over censorship or human rights violations.

“The Chinese will likely want to make this part of the decoupling conversation and act as though what’s going on is the U.S. trying to quash their successful companies,” said Helen Toner, director of strategy at Georgetown’s Center for Security and Emerging Technology. “I think if that becomes the dominant narrative, that would be a real loss for the U.S.”

But many observers still expect diminished collaboration between U.S. and Chinese tech firms regardless of whether a trade deal is eventually reached.

Triolo pointed to discussions regarding the restriction of Chinese drone developer DJI from the U.S. marketplace over concerns about how it handles data, suggesting the company could also soon be placed on the Entity List. The listing of Chinese tech companies on American stock exchanges despite their failure to meet proper auditing standards is another potential breakdown point, according to several experts.

It’s not clear whether the U.S. tech industry recognizes the threat of a large-scale breakup with China. But as concerns move beyond trade and cybersecurity and into questions of human rights and censorship, some experts think a major split may be inevitable.

“The blind spot was that many in the tech sector treated transnational supply chains as a fact of nature rather than a political-economic choice,” said Steven Weber, a professor of political science and information at the University of California, Berkeley.
Washington, said Weber, “would prefer our economic and technological relationship with China to look more like it did with the Soviet Union—very low levels of interdependence.

“Many here in [Silicon] Valley thought that was impossible, that history couldn’t be reversed,” he said. “But we will see how far [Washington] can take it.”