

VI. Promoting Digital Freedom and Countering High-Tech Illiberalism

The digital domain will be a primary battleground between freedom and authoritarianism in the Indo-Pacific. A more open approach to the internet, stronger data protections, and shared telecommunications infrastructure would be a catalyst for the kind of free and open region championed by the United States. On the other hand, China's control of these assets would likely be cause for democratic decline and the narrowing of civil liberties and individual rights throughout large swaths of Asia.⁹⁴

Current trends in China provide a stark warning about how the Chinese Communist Party is harnessing a suite of new technologies—ubiquitous surveillance cameras coupled with facial recognition software, big data feeding the development of social credit scores, pervasive online censorship, and more—to facilitate repression and social control. China's high-tech illiberalism is most pronounced in the western region of Xinjiang, now a police state where Beijing has coupled 21st-century innovation with 20th-century-style mass detention camps to persecute the region's Uighur population.

Overseas, China has reoriented its Belt and Road strategy to focus more on digital connectivity, exporting infrastructure not only for communications, but also surveillance and censorship. Through the provision of technology, funding, and know-how, Beijing's digital expansion is making repression easier and more attractive to governments with weak democratic institutions, and further entrenching the rule of fellow authoritarian regimes. As China increases its role in the digital ecosystem of the developing world, Beijing is leveraging its influence to encourage a global shift toward a more closed model of internet governance. Left uncontested, already burgeoning trends of democratic decline and digital repression are certain to accelerate.

Washington has been slow to respond to these troubling trends. U.S. policymakers have largely focused on traditional national security dimensions of China's digital expansion, particularly the spread of its 5G infrastructure. While still managing this legitimate concern, the United States should adopt a more comprehensive approach to the wider set of governance challenges China's high-tech illiberalism poses. Doing so should focus on three main lines of effort.

First, Washington should bolster U.S. engagement with countries throughout the Indo-Pacific with an affirmative agenda in the digital domain, including by establishing a new U.S. Digital Development Fund,

leveraging the new U.S. International Development Finance Corporation, and deploying more digital attachés. Second, America should prevent China from dominating digital infrastructure in the Indo-Pacific, including by developing alternatives to Chinese companies for 5G infrastructure, increasing pressure on Huawei's 5G ambitions, and advancing access to fact-based information as a universal human right.

Finally, the United States should challenge China's most pernicious use of repressive technologies by levying targeted sanctions against individuals and firms that are complicit and imposing export restrictions to prevent U.S. firms from abetting these activities; developing and disseminating the means to disable China's censorship tools; and increasing support for foreign media, civil society, and government accountability throughout the region.

Recommendations for U.S. Policy

BOLSTER AMERICA'S DIGITAL ENGAGEMENT IN THE INDO-PACIFIC

Establish a new U.S. Digital Development Fund that would, in coordination with allies, support information connectivity projects in the Indo-Pacific and beyond

U.S. companies are often at a competitive disadvantage to Chinese firms in third markets given Beijing's financial and political support to its national technology champions. A new U.S. Digital Development Fund would help to rectify this imbalance by leveraging lines of credit to support information connectivity projects overseas, including in the Indo-Pacific. These projects would run the gamut from telecommunications equipment to online payment platforms to smart cities to undersea cables. Although preferencing American firms, the Digital Development Fund should have the ability to support and leverage cooperation with foreign companies based in (or ultimately controlled by) countries that adhere to widely recognized norms of online freedom of expression and privacy. The Digital Development Fund should be a standalone agency, which would ensure it does not get crowded out by competing organizational priorities, and enable it to serve as a symbol of enhanced U.S. economic engagement in the Indo-Pacific.

Direct the new U.S. International Development Finance Corporation to support projects in the Indo-Pacific that provide alternatives to China's digital infrastructure

Washington should leverage the DFC's resources and expanded authorities to promote digital alternatives to China. The DFC can help galvanize the entry of American technology firms that would otherwise not compete against Chinese firms in high-risk markets. Beyond supporting U.S. companies, Washington should leverage the expanded authorities granted to the new DFC to selectively back ally and partner firms that are well positioned to provide alternatives to China's digital infrastructure.

Augment U.S. digital diplomacy in the Indo-Pacific with additional digital attachés and high-level "digital delegations"

The Department of Commerce's Digital Attaché Program is an excellent tool for American companies that need assistance in understanding foreign regulatory policies and market dynamics. There are already Digital Attaché trade officers located in many major economies in the Indo-Pacific, including China, India, Indonesia, Japan, Singapore, and South Korea.⁹⁵ But there are still important opportunities to expand the program within the region to additional countries, including the Philippines, Thailand, and Vietnam. Another high-profile digital diplomacy opportunity would be the establishment of U.S. "Digital Delegations." Co-led by the U.S. secretaries of state and commerce, these delegations would bring leaders from American technology companies to countries in the Indo-Pacific traditionally underserved by the U.S. private sector, such as Indonesia.

PREVENT CHINA'S DOMINANCE OF DIGITAL INFRASTRUCTURE IN THE INDO-PACIFIC

Revitalize global competition in 5G wireless technology

The United States has taken a series of defensive measures in response to China's unfair competitive practices in 5G, as well as security concerns associated with China-controlled telecommunications infrastructure. Beyond just playing defense, the United States should also seek to revitalize American innovation, particularly in the radio access network (RAN). Rather than back a "national champion" as China has done with Huawei, the

United States should pursue a market-driven solution that leverages the advantages of American innovation and open competition. The U.S. government should work with U.S. industry leaders and allies and partners to revitalize competition in the global wireless telecommunications market, ensuring secure and trusted supply chains for telecommunications equipment.

One promising solution is to reorient the global telecommunications market by pushing for a shift to network virtualization—software-defined networks operating on generic hardware, rather than proprietary hardware. Because the software industry has relatively low barriers to entry, network virtualization promotes vendor diversity by enticing new entrants to the market. Increased interoperability prevents vendor lock-in, and marketplace competition incentivizes superior security practices for vendors to differentiate themselves from their competitors. Finally, network virtualization leverages American strengths in software and opens the door for U.S. firms to compete in 5G.

The U.S. government has a number of policy tools to work with industry to revitalize the 5G ecosystem, including R&D funding, tax incentives, and government buying power. OSTP should sponsor an interagency process, including the departments of State, Commerce, and Defense and the intelligence community, to work in partnership with U.S. industry leaders and U.S. allies and partners to identify market-driven solutions to revitalize the health of the global 5G ecosystem, particularly the RAN, and specific government policy actions that could assist the development of a more competitive market. Software virtualization should be considered, among other potential solutions, as a means to spur continued innovation, fair competition, and trusted suppliers for secure 5G networks.

Increase pressure on Huawei's 5G ambitions while honing the current U.S. approach to the company

A decision by U.S. allies to allow Huawei to participate in their 5G networks poses significant national security risks, including that China could disrupt telecommunications networks during times of geopolitical tension. In addition, multiple assessments have found "significant" security flaws in Huawei equipment.⁹⁶ In response to these concerns, the U.S. government enacted rules in 2019 to prevent the export of most U.S.-made equipment to Huawei. However, existing Commerce Department rules do not prevent companies from shipping equipment to Huawei that is not of U.S. origin, and both U.S. and multinational companies continue to sell to Huawei.

As a result, Huawei has largely been able to continue operating, including building 5G networks, despite U.S. actions.

The United States should escalate pressure on Huawei's capacity to roll out 5G equipment by expanding prohibitions on the sale of equipment and services used in 5G network infrastructure to cover sales by the foreign subsidiaries of U.S. companies and to foreign companies, after an appropriate consultative process. Choking off Huawei's ability to purchase international parts and not just U.S.-origin equipment for 5G network equipment would create significant operational challenges to Huawei's efforts to build such networks and would deter network operators from purchasing such equipment from Huawei.

However, the United States should carefully calibrate its approach to Huawei's non-5G business, including handsets and tablets, which poses fewer risks and where Huawei is likely to remain a significant global player. The Commerce Department should carefully weigh whether to approve licenses for U.S. firms selling hardware and software to Huawei's handset business (and other non-5G business), considering the costs and benefits to U.S. firms, U.S. technology leadership, and whether cutting off such equipment effectively advances U.S. goals in undermining Huawei's 5G ambitions.

Actively reject the notion of “internet sovereignty” and advance access to fact-based information as a universal human right

Beijing has developed an authoritarian model of information management in which the state not only exercises censorship but also surveils populations, aggregates data, and curates content to shape popular perceptions in support of CCP goals.⁹⁷ Moreover, China is increasingly trying to market and export its concept of a closed and censored internet.⁹⁸ China's authoritarian model of information management appeals to less open governments in the Indo-Pacific, and in recent years, online freedom has eroded in the region, particularly in Southeast Asia.⁹⁹

The United States should take action—unilaterally, with allies and partners, and in multilateral organizations—to challenge Beijing's model and reinforce democratic alternatives. This starts with periodically introducing fact-based information into China's online ecosystem to highlight critical developments such as the protests in Hong Kong and demonstrate that Washington rejects Beijing's concept of “internet sovereignty.” In conjunction with select allies and partners, the United States should promote efforts to develop technology, institutional capacity, and media literacy in countries

of strategic importance to help citizens identify disinformation and inorganic content amplification in an increasingly polluted online space. Lastly, the United States should cooperate with allies and partners at the United Nations and in other relevant multilateral organizations to advance access to fact-based information.

CHALLENGE CHINA'S SURVEILLANCE STATE DOMESTICALLY AND OVERSEAS

Leverage America's economic toolkit to target actors facilitating the spread of China's high-tech illiberalism

The United States should use a combination of sanctions and export controls to impose costs on Chinese individuals and companies and deter American firms from becoming complicit in the use or creation of new digital tools for repressive ends. The executive branch has taken an important step forward by adding a significant number of Chinese high-tech companies implicated in human rights abuses against Uighurs in Xinjiang to the Entity List.¹⁰⁰ It should not undercut this action by offering temporary exemptions to American firms that do business with these companies. In concert with the use of the Entity List, the executive branch should leverage the Magnitsky Act as a response to Chinese human rights abuses in Xinjiang. It should also expand Magnitsky Act sanctions to include executives and managers in Chinese technology companies active in Xinjiang. This action will ensure that responsible individuals in China incur a personal economic cost for being directly involved in Beijing's systematic campaign of repression.

Design new means to circumvent China's “Great Firewall”

The United States should seek to disrupt the CCP's system of online censorship, which is a core element of Beijing's repressive toolkit. In the lead-up to its late 2017 Party Congress, Beijing began cracking down on virtual private networks (VPNs) and other mediums of dissent that had allowed Chinese consumers and visitors to China to circumvent China's firewall and access censored content.¹⁰¹ Since then, a variety of circumvention technologies, such as Freegate and Ultrasurf, have enabled users to penetrate firewalls by routing users' requests through unblocked webpages.¹⁰² The United States should expand and diversify its toolkit for communicating directly with Chinese citizens, both through circumvention technologies and other measures—including expanding

Chinese-language websites—to help create an alternative, fact-based information infrastructure.¹⁰³ Beyond developing more tools to evade firewalls, the U.S. government should continue to fund technologies and the distribution of devices that help dissidents maintain digital security, ensure mobile access, and reconstitute websites after a cyberattack.¹⁰⁴ To develop these tools and foster further innovation, the U.S. government should expand the sources of technology funding to include foreign governments, foundations, and the private sector.¹⁰⁵

Promote independent media, civil society, and government accountability throughout the Indo-Pacific

Independent media and robust civil society are vital to insulating countries from adopting China’s model of high-tech illiberalism.¹⁰⁶ Since 2018, the U.S. government has bundled existing programs intended to strengthen democratic institutions and processes in strategically important countries under its Indo-Pacific Transparency Initiative, modestly increasing the funding available for such activities. Congress should double the current level of resources and avoid earmarking funds to specific countries or programming in order to enable the executive branch to rapidly respond as countries become receptive to American capacity-building efforts, as occurred after elections in the Maldives and Malaysia. Beyond capitalizing on emerging opportunities through more flexible funding, the United States should more actively support foreign civil society organizations that can promote good governance and play an important role in providing fact-based coverage of Beijing’s activities within their home countries. Finally, in highly repressive environments where civil society is weak or nonexistent, the U.S. government can support public use of technologies to circumvent online censorship and protect journalists’ anonymity in order to promote at least a limited flow of fact-based information concerning China’s activities.¹⁰⁷