THE BAMBOO FRAMEWORK FOR AI GOVERNANCE: HOW CHINA REGULATES ARTIFICIAL INTELLIGENCE TO LEAD, CATCH UP, AND PREVENT MARKET BREAKDOWN

A Sectoral Analysis of Industrial Policy, Indigenous Innovation, and the Dual Economic Logic of the AI Plus Strategy

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Abstract

China has developed one of the most comprehensive and economically consequential artificial intelligence regulatory systems in the world. Unlike the European Union's rights based, precautionary approach or the United States' market driven minimalism, China treats AI regulation as an instrument of industrial policy. The state uses regulatory rules to direct AI toward national economic objectives while simultaneously mitigating systemic risks. This article introduces a new analytical framework for understanding this approach: the Bamboo Framework. A healthy AI economy, under this framework, resembles a bamboo forest. It is connected underground by shared roots representing infrastructure. It is strengthened by joints representing regulatory checkpoints. It remains flexible in the wind, representing strategic adaptation. And it is carefully tended by a gardener, the state, such that no single stalk dominates and destabilizes the rest.

To appreciate why this framework is necessary, one must return to a fundamental economic insight. A market is nothing more than people performing tasks for one another. Money is the mechanism by which one person induces another to perform a task. Artificial intelligence, defined as software capable of performing tasks that once required human cognition, disrupts this arrangement. When AI performs a task, the human who would have performed it does not receive payment. If too many humans lose their income, the market itself may collapse. Regulation is therefore not optional. It is a prerequisite for preventing market breakdown.

This disruption also creates a strategic opportunity. Economies that lag behind can use AI to bypass traditional stages of development and catch up to the most productive economies across most industries. China occupies a unique dual position. It leads the world in several fields, including manufacturing, e-commerce, and renewable energy. It must defend these positions against competitors that are also deploying AI. At the same time, China lags in other critical areas including civilian aircraft, advanced chemicals, biological enzymes, and semiconductors. In these lagging sectors, AI offers a pathway to accelerate self-reliance.

Because of this dual reality, China's AI regulations are expected to perform two functions simultaneously. First, they protect and strengthen existing leadership through rules on data security, algorithmic filings, and indigenous innovation in strategic sectors. Second, they actively push AI into lagging industries using subsidies, infrastructure investment, and mandated adoption. This dual logic is already embedded in policies such as the AI Plus

action plan and the amended Cybersecurity Law. The Bamboo Framework, developed in full within this article, explains how these rules operate as a single coherent system. The framework reveals that China's regulations are not a brake on innovation but rather a mechanism for shaping the speed, direction, and distribution of AI driven growth.

Introduction

In March 2024, the Chinese Government Work Report did something it had never done before. It formally proposed the "AI Plus" action plan, calling for faster deployment of intelligent terminals and AI agents, and pushing large scale commercial AI applications across key sectors. These were not just nice words. By early 2026, China's core AI industry had reached an estimated 1.2 trillion yuan, about 174 billion US dollars. It covered more than 6,000 enterprises. Chinese AI patent applications had ranked first globally for several years in a row. More importantly, the National Development and Reform Commission projected that by the end of the 15th Five Year Plan period, from 2026 to 2030, the scale of AI related industries would grow beyond 10 trillion yuan.

These numbers are not just a technological success story. They show a deliberate and sustained state effort to align AI development with China's broader economic transformation. That transformation has several parts: shifting from high-speed growth to high quality growth, cultivating what China calls "new quality productive forces", and moving Chinese industries up the global value chain. But this economic push has come with a growing body of regulation. And in Western discussions, that regulation is often seen as a brake on innovation.

This article offers a different reading. China's regulatory framework for AI is not an obstacle to its AI ambitions. It is a central part of them. By looking at the economic logic inside China's AI regulations, how they allocate resources, shape competition, and set the boundaries of acceptable innovation, we can better understand a distinctive model of state guided technological development. To help with this analysis, we introduce a visual framework that will run through the whole article: the Bamboo Framework. It compares a healthy AI economy to a bamboo forest, with shared roots, regulatory joints, flexible stalks, and a gardener who keeps the whole system in balance. We explain this framework in detail as we go.

The argument unfolds in six chapters. Chapter One looks at the "AI Plus" industrial policy framework. Chapter Two traces the evolution of China's AI regulations, showing how layers of administrative rules have grown into a foundational legal system. Chapter Three analyzes the incentive structure of China's AI governance, including subsidies, state backed funds, and the massive "East Data, West Computing" infrastructure project. Chapter Four explores the link between regulation and technology sovereignty, focusing on open source strategies

and indigenous innovation. Chapter Five surveys the regulatory frontier and identifies pending legislation. Chapter Six concludes with an assessment of expected economic, geopolitical, and societal outcomes.

Chapter One: The Bamboo Framework and the AI Plus Strategy

Any analysis of China's AI regulation must begin not with restrictive laws. It must begin with the industrial policy framework that gives those regulations their economic purpose. In March 2024, China's State Council unveiled the "AI Plus" action plan. This plan signaled a strategic pivot in China's national AI strategy. As one analysis put it, the plan moves the country "from research and governance to deployment and mobilization." The old question was how to build better models. The new question is how to embed AI everywhere.

Before we go deeper into the specifics of AI Plus, we need a clear way to understand how all the different pieces of China's approach fit together. That is why this article introduces a visual framework that will guide the entire discussion. We call it the Bamboo Framework. It is not just a metaphor. It is a practical tool for seeing how China's regulations work as a connected system rather than a collection of random rules.

The Bamboo Framework: A Visual Guide to China's AI Regulation

Imagine a bamboo forest. To a casual observer, it might look like a random collection of plants standing separately. But underneath the soil, something very different is happening. The forest is a highly optimized distributed network. Each part supports the others.

Here is how the metaphor works. The roots, called rhizomes, run underground and connect every bamboo stalk. They share water and nutrients across the entire forest. This represents shared infrastructure. In China's AI economy, that means computing power, data resources, and high-speed networks. No company or region should have to build everything from zero. The state ensures that the roots are strong and that resources flow to where they are needed.

The nodes, or joints, are the visible rings on a bamboo stalk. Bamboo is not one smooth pipe. It has distinct reinforced joints at regular intervals. These joints do not stop the bamboo from growing. On the contrary, they give the stalk the structural integrity to grow very tall without snapping under its own weight or breaking in high winds. In our framework, these joints represent regulatory checkpoints. Algorithmic filings, security assessments, and content reviews. They slow nothing important. They make sure the system can handle pressure without collapsing.

The flexibility of bamboo is legendary. A bamboo stalk bends in a typhoon but rarely breaks. This represents strategic adaptability. China's regulations are not rigid commands written in stone. They evolve as technology evolves and as economic conditions change. The state can tighten rules in one sector while loosening them in another, all without breaking the overall system.

The grove is the whole forest. If one giant stalk hoards all the sunlight and all the nutrients from the soil, the smaller stalks die. The whole ecosystem collapses. That is what we call market breakdown. A good gardener, in this case the state, ensures that sunlight and resources are distributed across the forest. No single stalk is allowed to kill the rest.

Now we map this metaphor onto six concrete regulatory principles. Each letter of the word B.A.M.B.O.O. stands for one principle.

B is for Bifurcated Strategy, the Two Track Approach

The idea is simple. China is in a unique position. It leads the world in some industries, like electric vehicles, renewable energy, and industrial automation. But it lags in others, like civilian aircraft, advanced chemicals, biological enzymes, and semiconductors. The regulations therefore follow two different tracks. In areas where China leads, the rules are streamlined. They help domestic companies scale quickly and defend their global market position. In areas where China lags, the rules become highly protective. The state mandates indigenous innovation and restricts foreign control. This helps the economy catch up. The visual is bamboo adapting to its environment. It grows rapidly toward the light where it can, and it reinforces its roots where the soil is poor.

A is for Access as Infrastructure, Total Availability

The idea here is that AI needs to be available equally for everyone. If only a few mega corporations can afford the computing power to run AI, the market will break down. The rich will get richer and the small players will die. The government treats AI infrastructure, data centers, computing clusters, and high-quality datasets, as a public utility. Much like water or electricity. Through programs like "East Data, West Computing" and "computing vouchers," the state subsidizes access for small startups and traditional businesses. The visual is the underground root system of the bamboo forest. Even a small new stalk gets the nutrients it needs to grow. No monopoly of resources is allowed.

M is for Market Continuity, Preventing Economic Breakdown

This is the core economic insight of the whole article. A market is simply people performing tasks for each other. Money is just the token we use to get somebody else to do a task for us. Artificial intelligence is software that can perform tasks which once required human cognitive processing. If AI does the task, the human does not get paid. If humans have no money, the market crashes. That is why regulation is not optional. It is necessary to prevent this breakdown. The state mandates human in the loop systems for critical tasks. It also actively pushes "AI Plus" into traditional sectors of agriculture and manufacturing. The goal is to create new types of human tasks rather than just eliminating old ones. The visual is the flexible bamboo stalk. When the wind of cognitive disruption hits, the regulatory joints allow the economy to bend and absorb the shock instead of snapping and collapsing.

B is for Bridging the Cognitive Gap, Managing the Transition

Because AI replaces human cognitive processing, there will be a painful transition period. Human skills will become obsolete. Workers will be displaced. The government does not pretend this will not happen. Instead, it actively manages the transition. There are massive reskilling initiatives. AI literacy is being embedded into the national school curriculum. Labor is guided from shrinking sectors into growing areas, what China calls the "new quality productive forces." The visual is the distinct nodes on a bamboo stalk. Growth does not happen in one smooth chaotic leap. It happens in structured, managed, step by step segments.

O is for Opportunity for All, Universal Distribution

AI must provide the same opportunities for everyone. We must prevent the creation of a cognitive underclass, people who have been entirely locked out of the economic loop by automation. Policies are designed to ensure that AI serves the real economy and the broader population. This includes AI in eldercare, rural healthcare, and small business logistics. This aligns directly with China's national goal of "Common Prosperity." The visual is a healthy bamboo grove where the canopy is managed so that sunlight reaches the forest floor.

O is for Orchestrated Harmony, the State as System Administrator

A completely unregulated free market tends toward monopoly. That is fatal when the monopolized resource is cognitive labor itself. The government acts as the ultimate system administrator, or if you prefer, the head gardener. It does not write every line of code. Private companies still innovate and compete. But the state sets the environmental variables. It prunes dangerous growth through security reviews and algorithmic filings. It makes sure the

whole system runs harmoniously toward national goals. The visual is the bamboo forest as a deliberately cultivated ecosystem, not a wild chaotic jungle. It is maintained by a gardener who understands how the whole network functions.

With this framework in hand, we can now examine the AI Plus strategy and see how each piece of regulation fits into the bigger picture.

AI Plus as the Expression of the Framework

The AI Plus framework operates at three levels. First, it redefines AI's role in the economy. AI is no longer a niche sectoral technology. It is a form of national infrastructure, as pervasive in Chinese life as electricity or the internet. This directly reflects the A in our framework, Access as Infrastructure.

Second, AI Plus establishes explicit quantitative targets. By 2027, China aims to achieve a secure and reliable supply of key AI technologies. It wants to maintain global leadership in industrial scale. It plans to deploy 1,000 high level industry AI agents. It will build 100 high quality domain specific industry datasets. And it will identify 500 representative AI application scenarios. These targets show the Bifurcated Strategy in action. In sectors where China already leads, the targets focus on scaling and deployment. In lagging sectors, the targets focus on building domestic capacity.

Third, AI Plus creates institutional mechanisms for achieving these targets. There is cross ministerial coordination involving the Ministry of Industry and Information Technology, the Cyberspace Administration of China, the National Development and Reform Commission, and the National Data Administration. This is the Orchestrated Harmony principle. The state acts as the system administrator, making sure different agencies work together rather than against each other.

The Economic Logic: Diffusion and Structural Transformation

The economic logic of AI Plus is twofold. In the near term, it is a diffusion strategy. The plan prioritizes the deployment of existing AI technologies across manufacturing, healthcare, education, eldercare, and public services. These are sectors where China sees AI as critical to offsetting severe labor shortages and raising productivity.

Take manufacturing. AI is being integrated into what China calls "smart factories." Predictive maintenance systems use sensors and machine learning to fix machines before they break. Computer vision systems inspect product quality at speeds no human can match. Supply chains are optimized by algorithms that adjust to demand in real time. This is Market Continuity in practice. New tasks are created for humans even as old tasks are automated.

Take healthcare and eldercare. China's population is aging rapidly. There are not enough young people to care for the elderly. AI driven diagnostic tools, robotic care assistants, and telemedicine platforms are being heavily subsidized. They relieve pressure on a healthcare system that is already stretched thin. This is Bridging the Cognitive Gap. The state manages the transition by guiding resources toward sectors with the greatest social need.

Take agriculture. AI is used for precision farming. Drone imagery and soil sensors help farmers optimize crop yields. This addresses food security concerns that have worried Chinese planners for decades. This is Opportunity for All. Rural populations, which have often been left behind in previous waves of industrialization, get access to tools that raise their productivity and income.

In the longer term, AI Plus is a structural transformation strategy. By 2035, the plan envisions the creation of an "intelligent society." In that society, knowledge application, automated decision making, and machine-driven services become the fundamental building blocks of economic and social life. This is the full realization of the Bamboo Framework. The roots are deep. The joints are strong. The forest is balanced. And the gardener is watching.

How It Actually Works: The Three Layer Governance Architecture

Crucially, AI Plus is not merely a set of government directives. It operates through what observers call China's distinctive three-layer governance architecture. The top layer is the central government, which sets the overall direction and the national targets. The middle layer is local governments, which adapt the national plans to their specific regional conditions. The bottom layer is enterprises, which do the actual innovation and deployment.

In this model, top level guidance, local coordination, and enterprise creativity achieve a dynamic balance. The private sector is driving AI development in China. The big tech companies like Alibaba, Tencent, Baidu, ByteDance, and Huawei are investing billions. Well-funded startups like DeepSeek, Moonshot, and Minimax are pushing the frontiers of what AI can do. But they all operate within a framework of state defined priorities and state supplied infrastructure.

By the end of 2025, Beijing had invested tens of billions of dollars in AI infrastructure. This complements the massive private commitments from the same tech giants. The "East Data, West Computing" project, which we will discuss in Chapter Three, is a perfect example. The state builds the pipes. Private companies pump the water. Neither can succeed without the other.

This public private coordination is the operational heart of China's AI economic model. And the Bamboo Framework gives us a language to describe it. The roots are shared. The joints are enforced. The flexibility is maintained. The whole grove grows together.

In the next chapter, we will trace the evolution of China's AI regulations. We will show how a series of administrative rules, some of them quite modest at first, have grown into a foundational legal architecture that now includes explicit provisions in national law. But the reader should keep the Bamboo Framework in mind. Each new regulation, each new filing requirement, each new security review is not a brake on innovation. It is a joint in the bamboo. It gives the whole system the strength to grow tall without breaking.

Chapter Two: From Administrative Rules to Foundational Legislation

The regulatory system that supports AI Plus did not appear overnight. It came together layer by layer, piece by piece. Understanding this evolution helps us see how economic thinking became embedded in China's AI laws. To make this easier for the non-specialist, imagine building a house. First you pour the foundation. That is the broad data and cyber laws. Then you build the rooms. That is the specific rules for algorithms, deepfakes, and generative AI. Now the workers are putting on a single roof. That will be the comprehensive AI law.

The Foundational Pillars, 2017 to 2021

Before China wrote any rules specifically about AI, it established three foundational digital laws. These were the Cybersecurity Law, which took effect in 2017. The Data Security Law, which took effect in 2021. And the Personal Information Protection Law, also effective in 2021. Together, these three laws created the basic structure of China's digital governance.

They created a system for classifying data. Data could be labeled as "core," "important," or "general." They set out security obligations for companies that handle data. They gave individuals certain privacy rights. And they placed the Cyberspace Administration of China, or CAC, in charge of oversight. None of these laws mentioned AI directly. But they built the institutional framework that later AI regulations would sit on top of. In the Bamboo Framework, these foundational laws are the underground roots. They are not visible to the casual observer, but they supply water and nutrients to everything that grows above.

The Sectoral Regulations, 2022 to 2023

As AI applications spread, China started writing rules for specific use cases. It did this through a series of targeted administrative measures. There were three main ones.

First came the Algorithmic Recommendation Provisions in March 2022. These targeted the algorithms used by apps like Douyin, which is the Chinese version of TikTok, and by e-commerce sites like Taobao. The rules did several things. They mandated transparency, meaning platforms had to tell users in basic terms how their algorithms worked. They banned something called dynamic pricing, which is when a platform charges different prices to different users based on what their data says about how much they are willing to pay. And they required platforms to offer users a simple button to turn off algorithmic

recommendations entirely. This is Market Continuity in action. When algorithms start manipulating prices, the market breaks down. Regulation steps in to prevent that.

Second came the Deep Synthesis Provisions in January 2023. These targeted what most people call deepfakes. The rules required clear visible watermarks on any AI generated image, video, or audio. If you saw something created by AI, you would know it immediately. The rules also required companies to get explicit consent before cloning a person's face or voice. No more putting a celebrity's face on a stranger's body without permission. This relates to the Bifurcated Strategy. In sectors where deepfakes could cause social instability, the state protects citizens by making the technology transparent.

Third came the Generative AI Interim Measures in August 2023. These applied to public facing generative AI services, things like chatbots and image generators. The rules mandated safety assessments before a product could launch. They required that training data be obtained lawfully. And they insisted on content moderation aligned with “core socialist values”. It means the AI cannot produce content that calls for the overthrow of the government or that destabilizes society. But it also means the AI should not generate hate speech, child exploitation material, or instructions for making weapons.

Taken together, these three measures established a clear pattern. The rules were application specific, not blanket laws covering everything at once. They were enforced by administrative agencies, not left to industry self-regulation. And they tried to balance two things at once, encouraging innovation while controlling risks. This was not regulation for its own sake. It was regulation in service of an economic agenda. The goal was to make sure that AI tools built consumer trust and did not destabilize the information environment. In Bamboo terms, these sectoral rules are the first joints on the stalk. They give structural integrity to the growing technology.

The Algorithmic Filing System as a Market Shaping Tool

One part of this system is often misunderstood by outsiders. It is the CAC's Algorithmic Filing System. Here is how it works. Any company in China that wants to deploy a new recommendation algorithm or a new generative AI model to the public must file paperwork with the CAC. They have to submit technical details, a security self-assessment report, and an ethical review document.

For the non-technical reader, think of it like this. In many countries, a new drug cannot be sold until the health authorities approve it. The authorities review the recipe, the testing data,

and the safety information. The Algorithmic Filing System does the same thing for software. The government reviews the AI's "recipe" to make sure it will not produce harmful, illegal, or politically sensitive content.

This system has an important economic effect that is not always obvious. It creates a barrier to entry. A small startup with limited resources may struggle to complete all the paperwork and meet all the standards. A large domestic firm with a compliance department will find it much easier. So, the filing system favors well-resourced domestic companies over foreign competitors and over fly by night local startups. At the same time, when a large firm gets its filing approved, that approval acts as a government seal of approval. Consumers trust the product more. This is the Orchestrated Harmony principle. The state acts as the system administrator, setting the rules of the game so that the market operates smoothly and the strongest domestic players come out on top.

The Foundational Turn, 2024 to 2026

The most important development in this whole story is happening right now. China is moving to embed AI governance within a single unified national law. The National People's Congress has included a comprehensive Artificial Intelligence Law in its legislative planning. A draft was published for public consultation in December 2025.

This upcoming law is expected to bring together the current multi-layered system into one statutory framework. It will likely make official what has been happening in practice for years: a coordinated approach that is neither purely promotional nor purely restrictive. The law will legally mandate state support for basic AI research and computing infrastructure. At the same time, it will strengthen risk monitoring and security supervision. In Bamboo terms, this is like the gardener deciding to write down the rules for the entire forest in a single document. The roots, the joints, the flexibility, the distribution of sunlight, all become part of a formal system rather than just a set of habits.

The direction of travel is clear. China started with administrative rules for specific applications. Then it built foundational data and cyber laws. Then it passed sectoral regulations for algorithms, deepfakes, and generative AI. Now it is moving toward a comprehensive AI law that will cover everything. The evolution is from risk management to active economic steering. The state is no longer just reacting to problems. It is proactively shaping the direction of the entire AI industry. And the Bamboo Framework helps us see that each new rule, each new filing requirement, each new security review is not a brake on

innovation. It is a joint in the bamboo, giving the whole system the strength to grow tall without breaking.

In the next chapter, we will look at the incentive structure that makes this system work. That means subsidies, state backed investment funds, and the massive "East Data, West Computing" infrastructure project. But keep the Bamboo Framework in mind. The roots are the foundational laws. The joints are the sectoral regulations and the filing system. The gardener is the state. And the whole forest grows together.

Chapter Three: The Incentive Structure. Subsidies, Infrastructure, and Talent

If the regulatory framework defines the rules of the game, the incentive structure decides who gets to play and how they play. China's AI economic strategy does not rely only on commands and prohibitions. It also uses a dense network of subsidies, state-backed investment funds, and targeted local innovation zones. In the Bamboo Framework, this is the nutrient rich soil and the root system. Without the right incentives, the bamboo stalks cannot grow no matter how good the joints are.

State Backed Investment and Patient Capital

At the national level, China has created several financing instruments to support AI development. The most famous is the China Integrated Circuit Industry Investment Fund, commonly called the Big Fund. This fund has poured billions of yuan into semiconductor and AI chip companies. State owned platforms like the Beijing AI Industry Investment Fund and funds under the Shanghai government have also been actively investing in the country's top AI startups.

These state backed investments serve three economic functions. First, they provide what is called patient capital. This means long-term investment that does not demand immediate profitability. AI research is expensive. It can take years before a product makes money. Private investors often do not have that kind of patience. The state can wait. Second, these investments signal government commitment to specific technological directions. When the state puts its own money into a sector, private investors see that as a green light. They become less afraid to invest. Third, these investments help build domestic capacity in strategic areas like chips, large language models, and AI agents. This is the Bifurcated Strategy in action. In lagging sectors like semiconductors, the state provides patient capital to help domestic firms catch up. In leading sectors, the state invests to help domestic firms defend their global position.

The East Data, West Computing Project

No discussion of China's AI incentives is complete without this project. It is massive. It is ambitious. And it perfectly illustrates the Access as Infrastructure principle.

Here is the problem. AI requires immense computing power, what engineers call "compute." This means thousands of processors running day and night to train and run AI models. The processors get hot. They consume enormous amounts of electricity. Eastern China has most of the tech companies and most of the users. But it also has high energy costs, limited land, and frequent power shortages. Western China has the opposite problem. It has abundant renewable energy from wind and solar. It has cooler climates that make it cheaper to cool down data centers. It has plenty of cheap land. But it lacks the technology companies and the users.

The solution is the East Data, West Computing project. It is a national strategic project launched by the central government. The plan involves building massive state subsidized computing hubs in western provinces like Guizhou, Inner Mongolia, and Gansu. These hubs are filled with graphics processing units, or GPUs, the specialized chips that are best for AI work. Then the government provides something called Computing Power Vouchers.

Think of these vouchers as coupons. A startup in Shanghai wants to train a new AI model. Instead of buying its own expensive GPUs and paying high electricity bills, it can apply for a voucher. The voucher subsidizes up to 60 percent or even 100 percent of the cost to rent computing power from one of the western hubs. The startup pays very little. The western hub gets business. The environment benefits from renewable energy. Everyone wins.

This project solves two economic problems at once. First, it drastically lowers the cost of AI development for domestic companies, especially small startups that could not otherwise afford the computing power. Second, it stimulates economic development in China's less developed western regions. Those regions get new jobs, new infrastructure, and new tax revenue. This is the Opportunity for All principle. The bamboo forest does not let the western stalks wither while the eastern stalks grow tall. The gardener makes sure resources flow to where they are needed.

Local Innovation Hubs and Subsidies

China's local governments are not waiting for instructions from Beijing. They are competing with each other to become AI hubs. This competition has produced a flurry of local subsidies and innovation zones.

Take Shanghai. The city has built the Zhangjiang AI Innovation Town, a two square kilometer complex that integrates research labs, office space, housing, and public facilities. The goal is to cluster 1,000 AI enterprises by 2030 and reach an industry scale of 100 billion yuan. The

local government offers subsidies for computing power, rent reductions, and tax breaks for AI companies that move in.

Take Hangzhou. The city released an action plan with 17 initiatives and 20 supportive policies. These include a 10 billion yuan computing power voucher program over four years. Companies can get combined subsidies of up to 60 percent of their computing costs. There are also subsidies for hiring AI talent and for building open-source projects.

Take Wuxi. The high-tech zone launched policies specifically supporting open-source AI projects. A project that obtains national approval can receive a direct cash reward of up to 5 million yuan.

This proliferation of local subsidies creates a competitive dynamic among Chinese cities. Each city wants to be the next AI capital. The risk is duplication and inefficiency. Some cities may build data centers that sit half empty. Others may offer subsidies that simply move companies from one city to another without creating new value. But there is also a benefit. Competition forces cities to innovate in their policy design. It creates multiple pathways for startups to get support. And it scales up the entire industry much faster than a single centralized plan could manage. In Bamboo terms, the local hubs are like individual stalks competing for sunlight. The gardener lets them compete because competition makes the whole forest stronger. But the gardener also makes sure no single stalk kills the others.

The Human Capital Dimension

Money and infrastructure are not enough. You need people. China has been very clear about the scale of its talent challenge.

The overall digital talent pool in China is large. As of the end of 2024, it stood at around 33 million people. But the demand was roughly 65 million. That is a gap of 32 million workers. The shortage is even more acute for high end talent. These are researchers who understand advanced mathematics, computer science, hardware engineering, and business strategy all at once. Only a small fraction of the workforce has these skills.

China is responding in several ways. The Ministry of Education has accelerated the cultivation of elite talent in AI and integrated circuits. New AI curricula have been introduced at universities. AI literacy is being embedded into the national curriculum from primary school through university. The government wants every educated citizen to understand the basics of how AI works.

The results are already visible. Former Deputy Director of the Development Research Center of the State Council, Wang Yiming, put it this way. China now has 250 million people with higher education. The number of engineering graduates each year equals the total number of engineering graduates from all developed countries combined. "Talent and human capital are the most proactive conditions," he said. "No other country can sanction that."

This is the Bridging the Cognitive Gap principle. The state knows that AI will make some skills obsolete. But instead of just letting workers suffer, the state invests heavily in reskilling and education. It guides the labor force from shrinking sectors into growing sectors. And it builds a talent pipeline that can sustain the AI industry for decades.

In the Bamboo Framework, the human capital dimension is like the underground rhizome. The roots do not just transport water and nutrients. They also grow new shoots. Each new shoot is a young person trained in AI. Over time, the forest expands. The gardener makes sure the soil is rich and the seeds are planted. The rest happens naturally.

Putting It All Together

The incentive structure has three layers. At the top is state-backed patient capital, provided through funds like the Big Fund and state-owned investment platforms. This supports the Bifurcated Strategy by directing money to lagging sectors and strategic priorities. In the middle is the East Data, West Computing project, which treats computing power as public infrastructure and makes it accessible to everyone through vouchers. This is Access as Infrastructure. At the bottom is a competitive ecosystem of local innovation hubs and subsidies, which encourages rapid scaling and multiple pathways to innovation. And running through all of it is the human capital strategy, which ensures that the talent pool grows as fast as the industry needs.

The Bamboo Framework helps us see how these pieces fit together. The roots are the foundational laws and the incentive structure. The joints are the regulatory checkpoints. The flexibility comes from local experimentation. The distribution of sunlight comes from computing vouchers that send resources to the west. And the gardener, the state, watches everything, adjusts the dials, and makes sure the whole forest grows in harmony.

In the next chapter, we will look at how regulation and industrial strategy come together in the fight for technology sovereignty. We will talk about open-source strategies, indigenous innovation, and the geopolitical pressures that are shaping China's AI trajectory.

Chapter Four: Technology Sovereignty. Open Source, Standards, and Indigenous Innovation

The most distinctive feature of China's AI regulatory approach is how deeply regulation and industrial strategy are integrated. The goal is technology sovereignty. This is not traditional protectionism, where a country simply blocks imports. It is a direct response to global pressures, particularly export controls on advanced semiconductors. These pressures have made indigenous innovation a national priority. In the Bamboo Framework, technology sovereignty is like the strength of the root system. If the roots are weak, the whole forest can be cut down by outside forces. If the roots are deep and spread wide, the forest survives any storm.

The Geopolitical Context and Regulatory Shielding

Since 2022, certain countries have tightened export controls on advanced AI chips. This has affected China's access to the most cutting-edge processors from companies like Nvidia. In response, China has doubled down on indigenous innovation. The government has made clear that relying on foreign chips for strategic AI systems is no longer acceptable.

China's regulatory toolkit has been deployed to protect leading domestic AI companies. The Algorithmic Filing System, which we discussed in Chapter Two, creates a compliance environment that favors domestic players. Foreign companies can still operate in China, but they must navigate a system designed for local conditions. The Data Security Law and the Foreign Investment Security Review are also used to scrutinize foreign involvement in domestic AI. The government sees indigenous AI capabilities as critical national assets. They must remain under domestic control.

This is the Bifurcated Strategy. In sectors where China leads, the regulations are streamlined for scaling. In sectors where China lags, such as advanced chips, the regulations become protective. The state restricts foreign control and mandates indigenous innovation. The bamboo stalk reinforces its roots where the soil is poor.

Open Source as a Strategic Weapon

One of the most interesting and effective elements of China's strategy is its embrace of open-source AI. Companies like Alibaba, with its Qwen models, and DeepSeek have released

highly capable AI models to the global public for free. Anyone can download them, use them, and build applications on top of them.

Why would a company give away its best technology? The answer is not charity. It is strategy.

First, by open sourcing their models, Chinese companies encourage developers around the world to build on top of Chinese architecture. This creates ecosystem lock in. Think of what Android did for mobile phones. By giving away the operating system for free, Google made sure that most phone makers used Android. Then Google made money from services on top of that ecosystem. Chinese AI companies are doing the same thing. They want the global AI community to become dependent on their platforms.

Second, open source allows Chinese firms to bypass some hardware restrictions. Advanced chips are hard to get. But open-source models can be optimized to run efficiently on less capable, domestically available chips. Software can compensate for hardware limitations. This is a classic catch up strategy.

Third, open source helps China position itself as a champion of "AI for all." This contrasts with some Western companies that tightly guard their proprietary models and charge high fees for access. China can say, we share our technology freely. The world should trust us. The Chinese government actively supports open-source development because it helps Chinese technical standards become the global default.

In Bamboo terms, open source is like the underground rhizome. The rhizome spreads in all directions, sending up new shoots in unexpected places. Each new shoot, each new developer using a Chinese model, strengthens the overall forest. The gardener encourages this spread because a bigger forest is a stronger forest.

Standards as Strategic Instruments

Less visible than open source, but perhaps more important in the long run, is China's push to shape international AI standards. Standards are the technical rules that determine how different AI systems work together. They cover everything from data formats to safety testing procedures.

As of late 2025, China had released dozens of national AI standards. These cover basic software, hardware compatibility, computing infrastructure, and safety governance. Dozens more standards are under development. China has established a complete AI standard system framework.

At the World Artificial Intelligence Conference in Shanghai, Chinese leadership proposed the creation of a World AI Cooperation Organization. This would be a new international body focused on AI governance. The proposal signals China's ambition to play a leading role in global standard setting.

The strategic logic is simple. He who writes the standards writes the rules of the market. If Chinese standards become the global default, then Chinese companies will have a natural advantage. Their products will already comply with the standards. Foreign companies will have to adapt.

This is the Orchestrated Harmony principle on a global scale. The state acts as the system administrator not just for the domestic market but for the international system as well. The bamboo forest does not stop at the national border. The gardener wants the forest to spread across the whole world.

The Indigenous Innovation Imperative

At the heart of China's approach is a commitment to indigenous innovation across the entire AI value chain. This means chips, models, applications, and standards all developed domestically.

China's semiconductor industry is led by Huawei and several domestic chipmakers. They are aggressively developing their own AI accelerators, the specialized processors designed for AI work. The gap between domestic chips and the most advanced foreign chips is narrowing. Some experts estimate the gap in certain model architectures is now just six to twelve months. This is a dramatic improvement from just a few years ago, when the gap was measured in years.

Financial projections support this picture. Morgan Stanley projects that domestic AI chip revenue in China will grow from around 6 billion US dollars in 2024 to 51 billion dollars in 2030. That is a compound annual growth rate of 42 percent. Self-sufficiency in chips is expected to rise from about 33 percent to 76 percent over the same period. Bank of America projects that China's AI capital expenditure will reach 700 billion yuan in 2025 and grow to as much as 2.5 trillion yuan by 2030.

Regulation plays a critical role in this indigenous innovation push. The Algorithmic Filing System, the security assessments, and the content alignment requirements all create a compliance environment that favors domestic providers. Local knowledge matters.

Language capabilities matter. Established government relationships matter. A foreign company can compete, but it will always be at a disadvantage compared to a local firm that has been working with the CAC for years.

This is the Bifurcated Strategy again. In lagging sectors like advanced chips, the state uses regulation to create space for domestic firms to catch up. In leading sectors like applications and deployment, the state uses regulation to help domestic firms defend their position. The bamboo stalk grows differently in different parts of the forest. The gardener adjusts the watering and pruning accordingly.

Open Source, Standards, and Sovereignty Working Together

The three elements we have discussed, open source, standards, and indigenous innovation, work together as a system. Open-source spreads Chinese technology globally. Standards lock in those technologies as the default. Indigenous innovation ensures that the core components, especially chips, are not vulnerable to foreign pressure.

In the Bamboo Framework, we can see this clearly. The open-source rhizome spreads underground, connecting distant parts of the forest. The standards are like the joints on each stalk, giving structure and interoperability. The indigenous innovation imperative is the deep root system that anchors the whole forest against storms. The gardener, the state, tends to all three at once.

The result is a model of technology sovereignty that does not rely on simply closing borders. China is not building a wall around its AI industry. It is building a garden that is open to the world, but on its own terms. The rules are set in Beijing. The seeds are Chinese. And the gardener decides which plants get water and which get pulled out.

In the next chapter, we will look at the regulatory frontier. We will discuss what new rules are coming, including the comprehensive AI law, AI agent regulations, and the governance of anthropomorphic AI like virtual companions. The bamboo forest is still growing. The gardener is still writing new rules.

Chapter Five: The Regulatory Frontier - What Comes Next

China's AI regulatory system is still growing. It is not finished. Several major developments are either already underway or likely to appear soon. Each of these new rules has important economic consequences. In the Bamboo Framework, this is like watching the forest expand. New stalks are emerging. New joints are forming. The gardener is already planning where to plant next season.

The Comprehensive AI Law

The most anticipated development is a single unified AI Law. The National People's Congress has included such a law in its legislative planning. Drafts have been circulated for expert review and public consultation. China's legislative process can be deliberate. Laws are studied carefully before they are passed. But the direction is clear. China will eventually bring together its current multi layered system into one statutory framework.

What would this law do? It would provide greater legal certainty for businesses. Right now, companies must navigate several different regulations: the Algorithmic Recommendation Provisions, the Deep Synthesis Provisions, the Generative AI Interim Measures, and others. A single law would put everything in one place. This certainty is crucial for attracting long-term investment. Investors do not like surprises. They want to know the rules of the game before they put their money down.

The law would also embed economic priorities in statutory language. It would likely mandate state support for basic AI research. It would require continued investment in computing infrastructure. It would establish the legal basis for the "AI Plus" strategy. In other words, the economic logic we have been discussing throughout this article would become written law, not just administrative guidance.

In Bamboo terms, the comprehensive AI Law is like a master plan for the entire forest. The gardener writes down the rules for spacing, watering, pruning, and harvesting. Everyone knows what to expect. The forest grows more efficiently as a result.

AI Agent Regulation

AI technology is changing fast. A few years ago, the main AI products were chatbots. You would type a question. The chatbot would type an answer. But the next wave is something different. It is called AI Agents.

An AI Agent is not just a chatbot. It is a system that can perform multi step tasks on its own. For example, you could tell an AI Agent, "Book me a flight to Toronto, find a hotel near the conference center, and reserve a dinner table at Eataly restaurant." The agent would then search flight options, compare prices, make the booking, do the same for the hotel, and then find and reserve the restaurant. All without you doing anything except giving the initial instruction. In a business setting, an AI Agent could manage a supply chain, adjusting orders based on real time demand and inventory levels.

This power creates new risks. What happens if an AI Agent makes a bad decision? What if it books a flight on the wrong day or orders too much inventory? Who is responsible? China is moving to answer these questions with new regulations.

The government is introducing a tiered regulatory system for AI Agents. In high-risk sectors, things like healthcare, finance, and public safety, the rules will be strict. Companies will have to meet mandatory technical standards. They will have to file their AI Agents with the government. There will be product recall mechanisms if something goes wrong. In low-risk sectors, the rules will be lighter. Companies can self-regulate.

The guidelines also mandate human oversight. An AI Agent cannot operate entirely on its own. A human must be able to review its decisions and override them if necessary. There will also be a national registration platform. Each AI Agent will receive a digital ID. This ensures traceability. If an AI Agent causes harm, the authorities can track down the company that deployed it.

The economic logic here is very clear. By approving specific use cases and encouraging state procurement in fields like smart manufacturing and embodied robotics, the government is creating guaranteed demand for AI Agent technologies. If you build an AI Agent that meets the government's standards, you will have a customer. This is the Market Continuity principle. The state does not just regulate. It also buys. It creates markets where none existed before.

In Bamboo terms, AI Agent regulation is like building new joints for a new type of stalk. The technology is different from what came before. It needs different reinforcement. The gardener studies the new growth and adds the necessary supports.

Data Rights and Judicial Guidelines

Data is the fuel for AI. Without high quality data, even the best algorithms are useless. China has taken a distinctive approach to data. It officially recognizes data as a "factor of production." This puts data in the same category as land, labor, capital, and technology. It is a fundamental input to the economy.

But recognizing data as a factor of production is not enough. You also need clear rules about who owns data and how it can be traded. This is where the Supreme People's Court comes in. The Court has announced plans to refine judicial rules governing AI and data property rights over the next five years.

These new rules will cover several areas. They will clarify who owns the data generated by AI systems. If an AI creates a new dataset, does that dataset belong to the company that owns the AI, the person who gave the instructions, or the people whose information is in the data? The rules will answer these questions. The rules will also govern data transactions. They will create legal frameworks for buying and selling datasets. They will establish what constitutes a valid data contract and what happens when a data contract is broken.

The economic goal is to create a formalized data market. In this market, companies can legally buy and sell high quality datasets to train their AI. A hospital could sell anonymized medical records to a pharmaceutical company for drug discovery. A logistics company could sell traffic pattern data to a city government for urban planning. Raw data becomes a liquid, monetizable economic asset.

This is the Access as Infrastructure principle extended to data. The roots of the bamboo forest are not just computing power. They are also data. The gardener makes sure that data flows through the root system efficiently. Companies can tap into the data they need. And the owners of the data get paid for sharing it.

Other Emerging Regulations

Beyond these three major developments, there are other rules on the horizon. We will mention them briefly.

Anthropomorphic AI rules were issued in draft form in December 2025 and will take effect in July 2026. These apply to AI companions, virtual idols, and other AI systems that pretend to be human. The rules require service providers to clearly notify users that they are

interacting with an AI, not a real person. They also ban providing such services to minors and introduce a minor protection mode.

AI content labeling measures took effect in September 2025. These require both visible watermarks and invisible metadata tags on AI generated content. The goal is transparency. Users should know when they are seeing or hearing something that an AI created.

International cooperation is also advancing. China has proposed the creation of a World AI Cooperation Organization. This would be a new international body focused on AI governance. It would sit alongside existing organizations like the International Telecommunication Union. The proposal signals China's ambition to help write the global rules for AI.

Putting It All Together

The regulatory frontier is busy. A comprehensive AI Law will consolidate existing rules into a single framework. AI Agent regulations will address the next generation of autonomous systems. Data rights rules will create a formal market for the fuel that powers AI. And other measures will handle specific issues like anthropomorphic AI and content labeling.

In the Bamboo Framework, each new regulation is a joint on a growing stalk. The forest is not static. It expands every year. New stalks emerge. Old stalks get stronger. The gardener watches everything, adds new supports where needed, and prunes where growth is unhealthy. The goal is not to stop growth. The goal is to make sure the whole forest grows tall, stays flexible, and survives any storm.

In the next and final chapter, we will look at expected outcomes. What will all this regulation produce? We will discuss economic effects, geopolitical consequences, and social impacts. The bamboo forest is growing fast. But where is it headed?

Chapter Six: Expected Outcomes and Potential Hiccups

What can we expect from this unprecedented mobilization of regulatory and industrial resources? The evidence so far suggests several likely outcomes. But important uncertainties remain. In the Bamboo Framework, this is the moment when the gardener steps back and looks at the whole forest. Some stalks are growing tall and straight. Others are showing signs of disease. The wind is picking up. The gardener must decide where to water and where to prune.

We will first look at the expected economic, geopolitical, and social outcomes. Then we will examine the problems and potential hiccups that could slow down or derail China's AI strategy.

Economic Outcomes: Scale, Concentration, and Upgrading

The most straightforward expectation is continued rapid growth in China's AI sector. Research institutes like CCID project that China's core AI industry will account for more than 25 percent of the country's digital economy revenue by 2030. In absolute terms, the market size of what China calls the "smart economy" could reach nearly 30 trillion yuan by 2035. That is a very large number.

More interesting is the shape of this growth. China's AI sector is likely to become more concentrated. The government has a target to "cultivate 2 to 3 ecological leading enterprises and a cohort of Little Giant SMEs." Little Giant is the government's term for highly specialized, innovative small and medium sized enterprises. This suggests an industrial structure similar to what China achieved with electric vehicles. A few dominant platforms control the core technology. Around them, a dense ecosystem of specialized suppliers handles components, services, and applications. This structure has advantages. It combines the scale and resources of large firms with the agility and innovation of small firms. It also makes regulation easier. The gardener only needs to monitor a few large stalks, not every blade of grass.

Perhaps the most significant economic outcome is China's attempt to escape the Middle-Income Trap. This is a situation where a country gets stuck at a certain level of wealth and cannot advance to high income status. Many countries have fallen into this trap. China does not want to be one of them. By injecting AI into traditional industries like textiles, steel, and logistics, China aims to shift these sectors from competing on cheap labor to competing on what Chinese planners call "comprehensive competitive advantage." That means

automation, data driven optimization, and smart logistics. The goal is to move up the global value chain.

Geopolitical Outcomes: A Bifurcated AI World

The geopolitical implications of China's AI strategy are profound. By building a comprehensive domestic AI ecosystem, from chips to models to applications to standards, China is positioning itself as an alternative pole in a world that is increasingly split into two AI spheres. One sphere is led by the United States. The other is led by China.

The United States maintains advantages in some areas. It has greater absolute computing capacity. It has a more diverse venture capital ecosystem. It leads in foundational breakthrough research, the kind of basic science that creates entirely new technologies. But China is narrowing the gap in applied model performance. In some areas, Chinese models are now within months of American ones. China also leads globally in AI related patents and academic publications. And most importantly, China leads in the sheer volume of real-world deployment. More Chinese factories, hospitals, and farms are using AI today than their American counterparts.

China's active pursuit of international standardization suggests it does not intend to accept a subordinate position in a US dominated system. The proposal for a World AI Cooperation Organization is a direct challenge to the existing order. China wants to help write the rules of the road, not just follow them. This is the Orchestrated Harmony principle extended to the global level. The gardener wants to tend a forest that spans the whole world.

Societal Outcomes: Productivity Gains and Distributional Challenges

Within China, the societal outcomes will be mixed. There is good news and bad news.

The good news is that AI driven productivity gains are absolutely essential. China faces severe demographic challenges. The workforce is shrinking. The population is aging rapidly. There are not enough young people to care for the elderly or to staff factories. The AI Plus plan explicitly frames AI as critical to offset labor shortages and to support healthcare, eldercare, and education. For China, AI is not just an economic luxury. It is a demographic necessity. Without AI, the aging population would eventually drag down growth. With AI, China hopes to maintain productivity even as the number of workers declines.

The bad news is that these same productivity gains could make inequality worse. There is a risk of a growing divide between technologically advanced coastal regions like Shenzhen

and Shanghai and less developed inland areas. The coast gets the data centers, the investment funds, and the talent. The interior gets whatever is left. There is also a risk of labor market dislocation for low skill workers. China's digital talent gap is measured in millions. High skill AI jobs will boom. But routine jobs, the kind that do not require advanced training, may vanish. The government's emphasis on reskilling and workforce development is an acknowledgment of this challenge. But the scale of the needed adjustment is immense. Millions of workers will need to learn new skills. Not all of them will succeed.

Problems and Potential Hiccups

No strategy is perfect. China's AI regulatory and industrial approach faces several significant problems and potential hiccups. We will discuss the most important ones.

Overregulation and Innovation Stifling. The first risk is that the regulations become too heavy. The Algorithmic Filing System, the security assessments, the content reviews, the data localization requirements, all of these create compliance costs. For a large company like Alibaba or Tencent, these costs are manageable. They have legal teams and compliance departments. For a small startup with five employees, the costs can be crippling. The gardener may be so focused on pruning and shaping that the forest stops growing altogether. China's leaders are aware of this risk. The government has repeatedly emphasized the need to balance regulation with innovation. But as the regulatory system expands, the risk of overregulation grows with it.

The Semiconductor Gap. Despite rapid progress, China still lags in advanced semiconductor manufacturing. The gap may be narrowing, but it has not disappeared. The most advanced AI chips are still made outside China. If export controls tighten further, or if there is a disruption in global supply chains, China's AI industry could face a severe hardware constraint. Software optimization can compensate only up to a point. You cannot run a modern AI model on a twenty-year-old processor. This is the most serious technical hiccup facing China's AI strategy. The bamboo forest needs strong roots. Chips are the deepest roots of all.

Local Protectionism and Duplication. The competition among local governments to become AI hubs has benefits, but it also has costs. Some cities may build data centers that sit half empty. Others may offer subsidies that simply move companies from one city to another without creating new value. This is called local protectionism. Each city wants to keep its own companies and its own tax revenue. The central government tries to coordinate,

but local officials have their own incentives. The result can be wasteful duplication. The gardener tells each stalk to grow toward the sun. But the stalks may end up shading each other instead.

Talent Mismatch. China produces more engineering graduates than any other country. That is a strength. But quantity is not the same as quality. Many graduates lack the advanced skills needed for cutting edge AI research. The gap between what universities teach and what industry needs is real. The government is investing heavily in education, but education reforms take years to produce results. In the meantime, Chinese companies may struggle to find enough high-quality researchers and engineers. This is the Bridging the Cognitive Gap principle in reverse. The gap is not closing as fast as the industry needs.

Social Resistance. The labor market dislocations caused by AI could lead to social unrest. Workers who lose their jobs to automation may not quietly accept retraining. They may protest. They may demand compensation. The Chinese government is very sensitive to social stability risks. That is why the AI Plus plan emphasizes reskilling and new job creation. But reskilling programs do not always work. Some workers are too old to learn new skills. Others live in regions where new jobs are not available. If the social costs of AI become too high, the government may be forced to slow down deployment. The gardener may have to choose between productivity and peace.

International Backlash. China's push for global standards and its proposal for a World AI Cooperation Organization may be seen by other countries as an attempt to impose Chinese rules on the world. This could lead to a backlash. The United States and its allies may create their own separate AI governance system. Europe already has the EU AI Act. A fully bifurcated world, with incompatible standards and restricted technology flows, would harm everyone. It would raise costs for companies. It would slow down innovation. And it would make it harder to address global challenges like pandemic prediction and climate modeling that require international cooperation. The bamboo forest cannot grow in a vacuum. It needs sunlight and water from the whole world.

The Unpredictable Nature of the Technology Itself. Finally, there is the risk that AI technology evolves in unexpected directions. No one predicted the rapid rise of large language models a few years ago. No one can predict what will come next. China's regulatory system is designed to be flexible and adaptive. But flexibility has limits. If a truly disruptive new AI capability emerges, the existing regulations may not cover it. The gardener

may be caught off guard. By the time new rules are written, the damage may already be done.

Conclusion: A Forest in Progress

China has built the most comprehensive and economically focused AI regulatory system in the world. It is not a brake on innovation. It is a tool for steering the direction, speed, and fairness of AI driven growth. The Bamboo Framework, which we introduced in this article, helps us see how all the pieces fit together.

The roots are the foundational laws and the incentive structure. They provide water and nutrients to the whole forest. The joints are the regulatory checkpoints, the algorithmic filings and security assessments that give each stalk the strength to grow tall without snapping. The flexibility comes from local experimentation and open-source strategies. The bamboo bends in the wind but rarely breaks. The distribution of sunlight comes from computing vouchers and data markets. No single stalk is allowed to starve the rest. And the gardener is the state, watching everything, adjusting the dials, pruning where necessary, and making sure the whole ecosystem stays in harmony.

But the forest is still growing. Problems remain. Overregulation could choke the new shoots before they mature. Semiconductor constraints could cut off the deepest roots. Local duplication could waste water and nutrients. Talent mismatches could leave gaps in the canopy. Social resistance could uproot whole sections of the grove. International backlash could block the sunlight from outside. And technological surprises, the ones no one sees coming, could change the shape of the forest overnight.

The gardener has done impressive work so far. The rules are thoughtful. The investments are large. The results are visible. But the typhoon season is not over. The soil could still erode. New pests could appear. A bamboo forest looks strong, but it requires constant care.

For the rest of the world, watching China's AI experiment is not just an academic exercise. The outcome will shape the global economy for decades. If China succeeds, its model of state guided, regulation driven AI development will be studied and copied by other countries. If China fails, the world will learn a different set of lessons. Either way, the bamboo forest is worth watching. It is growing fast. And it is already changing the landscape.

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Bank of America Global Research. 2026 Market Outlook: Ten Key Macro Predictions. (December 2025). Forecasts AI capital expenditure cycle of approximately $750 billion globally. Projects China's AI capital expenditure will reach 700 billion yuan in 2025, growing to 2–2.5 trillion yuan by 2030 (approximately 25–30 percent compound annual growth rate).

H. Comparative International AI Regulatory Frameworks

European Union

European Parliament and Council of the European Union. Regulation (EU) 2024/1689 (EU Artificial Intelligence Act). (Official Journal version, June 13, 2024; entered into force 2024). Establishes a risk-based, rights-protective framework for AI systems, including prohibited practices, high-risk system requirements, and governance mechanisms.

United States

Executive Office of the President (Biden Administration). Executive Order 14110: Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence. (October 30, 2023). Directs federal agencies to develop AI safety and security standards, mandates disclosure requirements for certain AI developers, and establishes a National AI Research Resource.

I. Official Statements and Public Remarks

Wang Yiming, Former Deputy Director of the Development Research Center of the State Council. Remarks on Digital Economy and New Quality Productive Forces. (Multiple public engagements, most notably at CCID Smart Economy Forum, April 2026). Statements on China's digital talent pool of 250 million higher-educated individuals, engineering graduate output, and the strategic role of talent in AI development.

Cyberspace Administration of China. Publication of Fourteenth Batch of Domestic Deep Synthesis Service Algorithm Filing List. (November 6, 2025). Demonstrates the ongoing operation of China's algorithmic filing and registration system.

J. Official Chinese Media Repositories (for reference to official announcements)

Xinhua News Agency. Government Work Report archive. (Official record of 2024–2026 government work reports).

China Central Television (CCTV). Coverage of AI Plus initiative and smart economy strategy. (2024–2026).

China Daily. Reports on 15th Five-Year Plan and AI development. (2025–2026).

People's Daily. Coverage of AI standardization, the East Data West Computing project, and the amended Cybersecurity Law. (2024–2026).

K. Chinese Academic and Legal Commentary (Supplementary)

Zhou Hui. "Legal Tools Essential for AI Regulation." China Daily. (January 16, 2026). Commentary on the role of legal frameworks in AI governance.

Zhao Peng. "Comments on CSL Amendment Article 20." Futures Law (published by Peking University Law School). (May 2026). Analysis of the newly added AI provision in the Cybersecurity Law.

He Bo. "Strengthening Legal Integration in AI Governance." Futures Law. (May 2026). Discussion of the move toward a unified Chinese AI law.

Anonymous (Futures Law editorial). "The Systematic Advancement of China's Artificial Intelligence Legislation: Structure, Process, and Prospects." Futures Law. (May 2026). Overview of China's multi-layer, gradual legislative approach to AI governance as distinct from the EU's single-comprehensive-law model.

Notes on Usage

1. For laws and regulations, the official Chinese language version is authoritative. English translations provided by Stanford University's DigiChina project, China Law Translate, and other academic sources are included for reference.

2. For policy documents (e.g., State Council Opinions), the official Chinese document number is provided where available. Copies in Chinese may be accessed via the State Council website (www.gov.cn).

3. For reports from research institutions (e.g., Stanford HAI, MERICS, CCID), the original published reports are the authoritative sources.

4. This reference list reflects the state of China's AI regulatory framework as of May 2026. Legislation and policies continue to evolve rapidly.