

INSIGHTS

The Rise of Chinese Open-Source AI: Implications for Global AI Governance and Innovation

CHHEM Kieth Rethy¹, MD, PhD (Edu), and PhD (His)

¹ *CHHEM Kieth Rethy is a Distinguished Professor of AI and Humanities, Center for Buddhist AI Ethics, Cambodia University of Science and Technology and Advisor to AI Forum*

Overview

China's recent advancements in AI—especially through open-source models like Alibaba's Qwen3 and DeepSeek—have narrowed the performance gap with U.S. models to just 0.3%. This rapid convergence marks a pivotal shift in the global AI landscape, with implications for competition, governance, and access.

Key Developments

- Qwen3 & DeepSeek: Positioned as world-class models, particularly in open-source benchmarks. Qwen3 reportedly matches performance levels of leading U.S. closed-source models.
- Hangzhou as "Cloud Valley" (Liang, Hong, & Jiang, 2025) This development reflects China's broader efforts to shape global AI narratives through government-backed infrastructure and regional AI hubs (Lee, 2024): Emerging as a rival to Silicon Valley with a strong ecosystem built around Alibaba Cloud and advanced AI research institutions.
- China's open-source strategy contrasts with the U.S.'s closed-source approach. It emphasizes accessibility, ecosystem growth, and regional influence—particularly in the Global South. Meanwhile, OpenAI has shifted from its original mission of openness and public benefit to a more commercial, closed model, making its name increasingly misleading (Chang & Lu, 2025).

Analysis and Insights

1. AI Performance Gap Shrinking: China's AI strategy—marked by state support, talent repatriation, and commercial-scale deployment—has enabled its top models to rival U.S. counterparts in record time.
2. Strategic Value of Open-Source: China's open-sourcing of leading models encourages global adoption, fosters innovation, and builds influence. It serves as a counter-model to the U.S. tech monopoly paradigm.
3. Shift in Innovation Geography: The rise of Hangzhou suggests a new innovation axis in Asia. China's tech hubs are moving beyond manufacturing toward foundational research and application-level breakthroughs.

4. Why Europe and Japan Lag: Regulatory overreach, fragmented research ecosystems, and conservative funding mechanisms have slowed their AI development despite early leadership in ethical frameworks.
5. Implications for Global Governance: The bifurcation between open and closed AI ecosystems raises new questions about AI safety, standard-setting, and equitable access. China's strategy offers an alternative model that Global South nations may find appealing (Cuihong & Yin, 2025). The collectivist cultural disposition in China, rooted in Confucianism, Daoism, and Buddhism, fosters higher acceptance of AI as a communal tool, rather than a disruptive force (Song, 2021). This is supported by recent cross-cultural data showing that Chinese citizens perceive significantly greater societal benefits from AI and lower risks compared to their Western counterparts—particularly Germany—due to cultural, political, and media-driven factors (Brauner et al., 2024).

Policy Recommendations

For emerging economies in Southeast Asia, Africa, and Latin America, the focus is on building sovereign AI capacity through open-source tools and Chinese partnerships. These recommendations aim to bypass Western gatekeeping and foster local innovation.

For developed countries, such as the U.S., Europe, and Japan, the report suggests rethinking restrictive regulations and supporting public-private AI accelerators. Despite their claimed ethical leadership, these nations risk falling behind due to overly cautious and regulation-heavy approaches to innovation.

Multilateral organizations are urged to bridge the East-West divide, develop ethical guidelines for open-source AI, and support regional AI hubs—reinforcing a multipolar AI landscape.

Ultimately, these recommendations position China's open-source model as a compelling alternative for inclusive global development. By targeting diverse regions, the strategy promotes AI as a shared resource, not a private asset.

Conclusion

The emergence of China's open-source AI champions reflects a strategic rebalancing in global AI leadership. Other nations can draw key lessons from China's approach to scale, openness,

and integration of policy with industry. A multipolar AI ecosystem is forming—and proactive engagement is essential to ensure it remains inclusive, ethical, and globally beneficial.

References

- Brauner, P., Glawe, F., Liehner, G. L., Vervier, L., & Ziefle, M. (2024). *AI perceptions across cultures: Similarities and differences in expectations, risks, benefits, tradeoffs, and value in Germany and China* [Preprint]. arXiv.
- Chang, C.-C. (K.), & Lu, Y. J. (2025). Balancing mission and market: OpenAI's struggle with profit vs. purpose. *Corporate and Business Law Journal (Arizona State University)*, 6(1), 1–26.
- Cuihong, C., & Yin, J. (2025). Cultural and ethical foundations of AI governance divergence: A comparative analysis of China and the West. *Política Internacional*, 7(1), 215–233.
- Lee, L. C. (2024, February 21). *Implications of China's AI strategy: State engineering, domestic challenges, and global competition*. Asia Society.
<https://asiasociety.org/policy-institute/implications-chinas-ai-strategy-state-engineering-domestic-challenges-and-global-competition>
- Liang, Y., Hong, H., & Jiang, Y. (2025, March 19). World Sci-tech workers urge for collaboration. *Science and Technology Daily*.
https://www.stdaily.com/web/English/2025-03/19/content_307577.html
- Song, B. (2021). Introduction: How Chinese philosophers think about artificial intelligence? In B. Song (Ed.), *Intelligence and wisdom: Artificial intelligence meets Chinese philosophers* (pp. 1–14). Springer.

* Edited with ChatGPT for clarity; all views expressed are solely those of the author.

* The opinions expressed are the author's own and do not reflect the views of AI Forum.