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Opinion – The US-China Tech Hegemony Contest: A Threat to the Neoliberal World Order

<https://www.e-ir.info/2025/10/16/opinion-the-us-china-tech-hegemony-contest-a-threat-to-the-neoliberal-world-order/>

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The competition between the US and China for global power has become one of the defining features of the world's geopolitical landscape in the 21st century. While the power struggle is unfolding on multiple fronts including defence, economy, and geopolitics, technology has become a prominent frontier. From the announcement of the USD 500 billion AI infrastructure project Stargate by US President Trump to the deep tech market upsets caused by the launch of China's AI Chatbot, Deepseek, the tech race between the US and China is in full swing. Technology is an integral part of almost every aspect of modern life – from communication, navigation, healthcare, defence, and transportation to finance and entertainment. Achieving hegemony in the technological arena would not only translate into economic and military advantages but also yield an ideological dominance in the global governance models and structural norms of the international system.

The existing global order is largely perceived to be based on neo-liberal values of the free market, international cooperation and multilateralism. However, as the tech contest between the two nations intensifies, challenges to the principles of the neoliberal world order become greater. To understand these challenges, an understanding of the key sectors and the competing models adopted by the US and China for tech development is crucial. It is also important to assess the rise of exclusionist tech alliances and how they are not only leading to market fragmentation but also deepening the global tech divide.

One of the key fronts of this competition is Artificial Intelligence (AI). Over the past decade, global AI markets have undergone rapid growth, with the latest estimates reflecting a market size of a whopping USD 454.12 billion in 2023. The AI market is currently being led by the US, with a spending of USD 328 billion in the five years, 2019-2023. China follows with an investment of USD 132 billion in the same period. Moreover, to gain AI hegemony, both China and the US have also integrated AI-based state policies and initiatives including US' National AI Initiative Act (2021) and China's New Generation Artificial Intelligence Development Plan. Multiple other sectors are also interrelated with this broad competition for AI superiority between the US and China. These sectors include semiconductors, AI algorithms, quantum computing, 5G technologies, Big Data and autonomous systems. Both sides have their own unique strengths and weaknesses. However, to gauge the impact of US-China tech contestation on the neo-liberal world order, an examination of the respective and often contrasting tech development strategies of both sides would be prudent.

The approaches of the US and China towards tech development are rooted in their divergent political and economic ideologies. The US' approach is based on a market-oriented economy in which the private sector leads technological development and innovation. Several US-based companies including Microsoft, Apple, Google, OpenAI, Intel, AMD and Qualcomm are currently leading the way in tech innovation in their respective domains. However, this approach has become increasingly protectionist and interventionist over the past few years, going against the neo-liberal principles of globalisation and free markets. The CHIPS and Science Act of 2022 is a key example, where the US government allocated over USD 52 billion in subsidies to its local semiconductor manufacturing and placed restrictions on the global semiconductor supply chain tied to China.

Similarly, competition in the domestic telecommunication sectors of the US has also been limited as evident by the

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stringent regulations placed by the US on foreign companies including China's Huawei and ZTE. It is also important to note that big data plays an important role in the competition. Data is the fuel of the AI and Machine Learning (ML) industry, as these systems are trained on big data. Both the US and China are increasingly restricting the flow of their data, as marked by China's Data Security Laws and Trump's bid to ban TikTok. Therefore, despite the US claims of leading tech development through market competition, innovation and global integration, increasing state regulations and interventions in domestic and global markets would result in growth disparities among industries and market fragmentation. This stands in stark contrast to the neo-liberal ideals of globalisation and multilateral cooperation. The US protectionism trend, especially in the tech sector, is only expected to become more pronounced under the second presidency of Donald Trump.

With an emphasis on strict export controls, investment restrictions and tightening of visa regulations, Trump's second term is set to accelerate the trend of protectionism in the US tech sector. For example, in January 2025, the U.S. Department of Commerce Bureau of Industry and Security (BIS), expanded export controls on advanced integrated circuits (ICs), software and AI model weights. Then in September 2025, the export control list was further expanded by the US, primarily affecting Chinese companies. Similarly, in February 2025, President Trump directed the Committee on Foreign Investment in the United States (CFIUS) to restrict Chinese investment in strategic areas with a stated aim to 'protect' US national security interests. Strict H-1B visa rules have also been proposed, which could adversely affect the US tech sector as around 19% of all STEM workers in the US are foreign born according to the National Science Foundation.

On the other hand, China follows a state-centric and capitalist model of tech development. The government plays a central role, as it not only sets up strategic objectives for tech development but also directs resources to national companies such as Tencent, Huawei, and SenseTime. This model is rooted in China's long-term objective of achieving tech hegemony and self-reliance, as envisioned in the *Made in China 2025* initiative. While this model offers the advantage of achieving rapid, focused and result-oriented tech growth, there are some associated challenges as well. For example, there remains a risk of lacking interoperability with global market standards due to the development of isolated technological frameworks. Moreover, private innovation becomes limited due to over-reliance on state subsidies, and access to global supply chains also becomes restricted due to geopolitical pushbacks. China's emphasis on self-sufficiency in the tech domain has also given rise to a parallel digital ecosystem, which further adds to the global market fragmentation of the tech sector. China has been developing its own independent tech platforms such as the operating system HarmonyOS, the navigation system of BeiDou, and AI chatbot Deepseek. Under its Digital Silk Road (DSR), China is also exporting its technologies to a plethora of countries in the immediate region and beyond such as Angola, Djibouti, Egypt, Ethiopia, Kenya, Nigeria, Zambia in Africa, Cuba, Mexico, Peru in Latin America, Bangladesh, Laos, Myanmar, Malaysia, Indonesia, Thailand, Pakistan, Singapore, South Korea, Türkiye in Asia and Saudi Arabia, and the United Arab Emirates (UAE) in the Middle East along with others. Developing countries lack indigenous tech infrastructure and need to rely on affordable technological development offered by China, however, Chinese systems do come with their unique standards and protocols that may not always align with existing domestic systems. As a result, a parallel tech ecosystem is now rising with alternative 5G, navigation systems, AI, and semiconductor supply chains – further reducing the prospect of multilateral cooperation and foreign investments. Market fragmentation has become a common consequence of the contrasting tech development models being pursued by both the US and China. The world is now faced with a bifurcated technological market where choices in tech infrastructure, governance and cybersecurity are increasingly aligning with geopolitical considerations rather than neoliberal values of multilateral cooperation, free markets and economic integration.

Developing nations are caught between contrasting tech ecosystems of the West and China, neither of which fully aligns with the neoliberal ideals of free-market competition, global standardisation, and economic interdependence. This is evident by the rise of competing tech alliances in the last few years, including the West-led initiatives such as Chip 4 Alliance, Global Partnership on AI (GPAI), The Clean Network Initiative, EU-U.S. Trade and Technology Council (TTC), as well as China-led alliances such as Digital Silk Road (DSR), China-CEEC digital cooperation, and BeiDou Satellite Navigation System, among others. In stark contrast to the neo-liberal values of free market and inclusivity, these exclusionist tech alliances pose the risk of giving rise to tech monopolies and selective partnerships, which would further deepen the tech divide for countries in the Global South. As the US and its allies claim to

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promote open-market, innovation-driven tech, and China advances a state-backed, infrastructure-heavy approach, many countries in the Global South face challenges in getting free and equitable access to emerging technologies, digital infrastructure, and AI development, reinforcing global disparities in technological growth and digital sovereignty.

For example, in 2025, Malaysia announced its plans of deploying 3,000 Huawei “Ascend” AI chips as a part of its national AI infrastructure project. However, Malaysia soon had to backtrack on this plan following criticism and warnings from the US. Similarly, in May 2025, US categorically warned that the use of Huawei’s “Ascend” AI chips anywhere in the world would be considered a violation of US export controls. China responded by threatening legal actions against any individual or organization that enforce or assist in these US measures. Therefore, developing countries must deal with the complex task of navigating through US export controls and the compelling technological offerings of China.

The US-China contest for tech hegemony is not merely about gaining technological superiority in the fields of AI, Quantum computing and semiconductors, rather it is a struggle for asserting competing values, rules, and institutions that will govern the global technological landscape for decades to come. The neo-liberal values of free market, inclusivity, economic interdependence and multilateralism are being affected by the rise of exclusionist tech alliances, fragmentation and the bifurcation of the tech market. As this competition intensifies, the global tech divide would deepen further. Consequently, states in the global South are bound to get caught in the middle with the complex task of not only navigating this fragmented digital space but also ensuring their own autonomy and development.

About the author:

Muhammad Faizan Fakhar is a Senior Research Associate at the Centre for Aerospace and Security Studies (CASS), Islamabad. He is a researcher, and academic specialising in strategic affairs, emerging technologies, and public policy. Mr Fakhar has extensive experience working with leading research and academic institutions in Pakistan. His academic contributions encompass peer-reviewed journal articles, book chapters, research reports and opinion pieces on South Asian security dynamics and societal impacts of emerging technologies. With Master’s in Strategic Studies and Bachelor’s in Electrical Engineering, he brings a multidisciplinary approach to analysing complex issues at the intersection of technology, security, and society.