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Policy Report

THE DIGITAL SILK ROAD

Towards a China-Centred Eurasian Tech Ecosystem?

Global Policy Institute:
Riccardo Bosetti

December 2020

Policy Analysis *for a Changing World*

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Introduction

In 2015, the Chinese government officially announced in a governmental white paper the creation of the Digital Silk Road (DSR), also known as Information Silk Road, as a subset of the Belt Road Initiative (BRI) (NDRC 2015). According to Beijing's officials, the DSR's objective would be to create a China-centric digital infrastructure. This would serve both domestically and internationally to outsource industrial overcapacity, "facilitate the expansion of Chinese technology corporations, access large pools of data, and project Beijing sharp power (Adee 2015).

This paper will first describe the birth and development of the DSR, together with its decision-making and ties to China's grand economic strategy. Secondly, attention will focus on the DSR's major and most recent projects, narrowing down to the "Digital Transformation Partnership Action Plan" (5G networks, Smart Cities, cloud-based platforms and artificial intelligence) and "The Internet Plus Strategy" (cellular networks, fibreoptic cables, and data centres, Beidou navigation system and e-commerce). Among this constellation of ventures and technologies, emphasis will be given to the relevance of e-commerce for both the enhancement of Chinese economy and its digital strategy. To this end, the paper will focus on Alibaba's electronic World Trade Platform (eWTP) since in terms of progress and project relevance, it represents the pivotal case for Beijing's digital and market success. This will be exemplified by Malaysia, the country that is at the most advanced stage in implementing the eWTP. This case study will also evaluate the feasibility of the Malaysian projects, the likelihood of success, as well as the downsides for those involved: both Chinese and South East Asian. Finally, the study will pinpoint how Alibaba's digital strategy, and China's more broadly, is impacting and affecting Western countries, in terms of digital and market competitiveness and challenges to business models.

1. Overview

1.1 The Information Silk Road

Compared to the BRI as a whole, the DSR has attracted comparatively limited comment and analyse. This reflects first a general lack of information about the DSR and the relative complexity and novelty of the digital economy itself whose boundaries stretch from basic Information and Communications Technology (ICT) networks, such as fibreoptic cables and 5G systems, to such cutting-edge technologies artificial intelligence (AI) and quantum computing. Further complicated by the dual nature of the DSR which, as noted above, and like the BRI as a whole, exists as both a Chinese domestic and foreign policy.

To shed some light and acquire a better understanding of what the DSR is, we must first retrace its development. First of all, the "Information Silk Road", later rebranded as the DSR, existed way before its official launch in 2016. The DSR is the result of a longstanding process that is well-described by Ajeje Lele and Kritika Roy (2013). "China's science and technology sector has evolved through several phases since the establishment of the People's Republic in 1949. In the first phase, until 1959, technology supported the creation

of heavy industry; the second, up through the end of the Cultural Revolution in 1976, saw economic stagnation and the ideological domination of technology projects. A third phase, under reforms launched by Deng Xiaoping and carried forward by Jiang Zemin until 2001, emphasized the setting up of an independent research base and the gradual shift to market oriented, product-driven research. Since 2002, Chinese policy has increasingly backed high technology industrialization, and has promoted an innovation driven economy. China's intelligent investments in the technological field have helped the country grow internally as well as to spread its technological prowess. China accounts for over 40 per cent of global transactions, and the penetration of e-commerce (in per cent of total retail sales) stands now at 15 percent. China also accounts for 32 percent of global ICT goods exports, and 6 per cent in ICT services exports." (Lele and Roy 2019).

It was these developments that lay behind XI Jinping's 2016, address at the National Congress of the China Association for Science, in which he charted his vision for China to become the leading player in science and technology globally by 2030. And it is precisely at this moment that the DSR comes into the picture, exposing a clear roadmap rooted on four distinct, but interrelated, technologically focused initiatives. First, China must invest abroad in the construction of a digital network that involves cellular infrastructures, fiberoptic cables and data centres. Secondly, to further establish itself as an economic and military power, it must develop advanced technologies such as satellite navigation systems, artificial intelligence, and quantum computing. Third, considering the importance of economic interdependence to international influence, Beijing has to promote e-commerce and digital free trade zones through which its companies could acquire new markets while scaling positions in the related global value chains. Last, but not least, the DSR has to promote Beijing's digital diplomacy and model of governance, ensuring the application and sharing of Chinese digital norms and standards within multilateral institutions.

To accomplish these goals, the DSR can rely on the synergy between the Chinese Communist Party (CCP) and Chinese corporations. As Professor Hong Shen states, "the Digital Silk Road is an initiative driven by the alliance between the Chinese government and Chinese companies to achieve a variety of objectives". First of all, DSR has to solve the issue of industrial overcapacity thus "absorbing some of China's excess industrial capacity through large-scale infrastructures building both in its less-developed areas and abroad; and to facilitate the export of Chinese goods and surplus equipment through the expansion and reorganization of transnational manufacturing and trade networks" (Shen 2018: 19).

Secondly, the DSR has to promote the international expansion of Chinese corporations. Concretely, this does not mean solely the enhancement of e-commerce services and digital free trade zones. It also implies that indigenous digital firms include other industries in their overseas ventures, and in building "globally competitive application platforms to offer Internet services such as cloud computing and big data analysis, to both Chinese and global businesses" (State Council 2015).

Thirdly, the DSR must support the internationalization of the renminbi (Rmb) through the creation of a transnational financial data network that improves the global circulation of the Chinese currency. A case in point would be the full development of the Cross-border Interbank Payment System (CIPS), as an alternative to the U.S.-led Society for Worldwide Interbank Financial Telecommunications (SWIFT). A first step in this direction was the

launch by the Chinese government of its Digital Currency Electronic Payment (DCEP) system. Already in its advanced testing phase, the software is currently available in four cities: Shenzhen, Xiong'an, Chengdu and Suzhou and involves the Commercial Bank of China, China Construction Bank, Bank of China, Agricultural Bank of China, China UnionPay, Tencent and Ant Financial Services (Dimitrov 2020). For using this new digital currency, the banks hold accounts at the Peoples Bank of China (PBoC) and are dependent on Alibaba (Alipay) and Tencent (WeChat Pay) as large payment providers with access to retail users.

Closely related to the DCEP initiative is the Blockchain Service Network (BSN). Launched in collaboration with large enterprises such as China UnionPay, China Mobile Communications Corporation Design Institute and China Mobile Communications Corporation Government, BSN is aimed at "providing a robust, low-cost, high-availability, multi-cloud, internet-of-blockchains infrastructure" (Dimitrov 2020). Differently from the DCEP, the BSN is designed to be cross-platform and to support the most popular Western frameworks such as Hyperledger Fabric (already supported), Ethereum, EOS and Digital Asset's DAML. The speed that BSN is expanding is extraordinary with the goal of 200 server nodes across China by the end of 2020.

Once integrated with the DSR, these two platforms could potentially enhance the CIPS, thus boosting cross-border transactions denominated in renminbi, helping China to gain authority over the global system of international clearing and creating de facto the largest live blockchain infrastructure in the world (Lele and Roy 2019).

1.2 DSR decision-making and its ties to Chinese political economy

As mentioned, the People's Republic of China's (PRC) ambitious digital strategy spans all areas of economy and society and combines major domestic and international projects. To achieve its macro-economic and social re-engineering, the CCP under Xi Jinping is building the DSR on two distinctive levels of its political economy: "top-level policy design" and a unique private-party-state nexus in the ICT sector (Mercator Institute for China Studies 2019).

Under "top-level policy design", every DSR project has to pass through a three-step decision-making process that involves the CCP Central Committee, three ad hoc Small Groups of Reform,^[1] and the State Council. The CCP draws attention to a specific digital policy, this is taken into account by the Central Cyberspace Affairs Commission and the Commission on Military and Civilian Integrated Development. These commissions, in agreement with the "Small Groups of Reform", which are responsible for formulating a clear draft law that encompasses all the practical aspects of the project, such as costs, financial feasibility and long-term benefits (Lele and Roy 2019). Subsequently, the draft law is further analysed and developed by the State Council whose various ministries will be responsible for enforcement and oversight. For instance, the National Reform and Development Commission (NRDC) will look at project's inter-sectoral coordination and placement within pre-existing industrial sectors. The Ministry of Finance will supervise standards and expenditure quotas of the project in relation to the approval of annual budgets of government departments. The Ministry of Industry and Information Technology will then set general guidelines within its overall industrial policy.

Alongside state policymaking, China has also been systematically fostering different forms of private-state-party collaboration to bolster the ICT sector and DSR programmes (such as the BSN and DCEP previously discussed). Practically, the CCP has been shielding the growth of its tech giants Alibaba, Baidu and Tencent[2] from sharp foreign competition, essentially by blocking foreign companies such as Amazon or Facebook from the Chinese market. Concurrently with this practice, the government has been providing state-funding and preferential procurement for its companies through deregulation practices and ad hoc fiscal exemptions (e.g. setting up incubators and providing tax deductions for tech start-ups; privileged access to local, provincial and national procurement markets and free licences to set-up credit-scoring pilot projects). In return, private companies have allowed the CCP to set up party committees in their companies and adjusted their investment strategy to prioritize state projects. This “co-optation system” has been financed through classic means, such as capital funds and bank loans, as well as more elaborate schemes such as venture capital funds (set up by the government) and “special management share” - where the government buys 1 – 2 percent of total shares of a listed company (Lele and Roy 2019). In terms of effectiveness, this framework has led Chinese companies to substantial growth across multiple sectors, such as logistics, e-commerce, fintech, autonomous driving, and digital health (Lele and Roy 2019). In other words, Xi’s private-party state nexus has enabled / ensured China to become, together with the United States the leading force within the global digital economy. Indeed, according to the UNCTAD Digital Economy Report 2019, these two countries now “account for 75 per cent of all patents related to blockchain technologies, 50 per cent of global spending on IoT [Internet of Things], more than 75 per cent of the world market for public cloud computing [...] and 90 per cent of the market capitalization value of the world’s 70 largest digital platforms” (UNCTAD 2019).

1.3 Two sides of the same coin: The ‘Digital Transformation Partnership Action Plan 2020’ and ‘the Internet Plus strategy’

In early March, President Xi Jinping in one of his speeches on the deployment of prevention and control measures for COVID-19 pandemic asked for a renewed commitment to “major initiatives in the development of the “industrial internet,” including policies for the construction of a new digital industrial infrastructure”. In addition to the projects already planned for the DSR, Xi asked China’s large telecoms operators to upgrade with high-quality communications networks all the country’s regions and cities (Savic 2020). This blueprint implies a digital upgrade of China’s industrial internet to the innovative 5G networks, cloud-based systems, the enhancement of AI as well as enhancement of smart cities programs. China’s capacity to fulfil these ambitious goals relies on its own progress in domestic digitisation as well as digital internationalization.

The “Digital Transformation Partnership Action Plan 2020”: from 5G networks and smart cities to AI and internet industrial platform

Domestically China’s National Development and Reform Commission (NDRC) has accepted Xi’s requests, inserting them in the Digital Transformation Partnership Action Plan 2020. A program whose aim is to fulfil DSR ambitions by progressively pushing domestic digitisation through supporting the digital transition of small and medium-sized

enterprises. In order to do so the NDRC aims to strengthen “the provision of information integration, open resource networking, software and hardware support, supply chain management, and professional training” (Savic 2020).

5G networks, Smart Cities and cloud-based platforms

The 5G networks now under development by Huawei and ZTE will not simply revolutionize China’s industrial internet, they will also enhance (and make possible) the smart cities’ projects whose services will be managed entirely by artificial intelligence and the Internet of Things.

Safe cities with zero environmental impact, whose services will always be online 24 hours a day. A concrete example of this ideal city is the financial technology hub to be built at Xiong’an at a cost of US\$580 billion dollars and another US\$91 billion for the infrastructure necessary for internal and external transport to the city (Pieranni 2020). Started in 2017, the project involves Chinese high-tech giants such as Baidu, Alibaba and Tencent as well as China Mobile, Unicom and Telecom that will test the new 5G wireless networks in the city.

The plan also implies that 5G networks strengthen and expand the usage of digital currencies as well as smart manufacturing and delivery services (typical of the e-commerce sector). Mu Changchun, head of the PBoC Digital Currency Research Institute, assured that the digital currency will be exchanged without an internet connection, and it will guarantee contactless payments (Hall 2020). Shenzhen, Suzhou and Chengdu, as well as the Xiong’an New Area will be the selected metropolitan areas to carry out the first pilot tests in the use of this “digital yuan” (mainly in the transport, food and retail sectors).

Currently in a more advanced phase is the development of smart manufacturing and delivery, of which the Alibaba Cloud industrial internet platform represents the best example. The platform is currently operational in the Waxing district of Huizhou City. Thanks to its “cloud-based intelligence” technology (enhanced by 5G networks) the platform is able to “almost simultaneously connecting the data flow between the supply, the production and marketing links while transferring the needed information directly to manufacturers for production” (Hall 2020). This cloud-based platform would not only bolster productivity, but it would also raise total revenues. Indeed, according to Alibaba’s estimates, with the industrial platform now in place, the city’s annual average sales of US\$8.8 billion) will rise to US\$14.1 billion) by the end of 2020 (Hall 2020).

Artificial Intelligence

As has already been noted, artificial intelligence (AI) is one of the main drivers in the development of Chinese digital strategy. Indeed, in the future, AI sector will guarantee profits and substantial growth across multiple sectors, such as logistics, e-commerce, fintech, autonomous driving, and digital health in which China wants to become a global leader. To this end, Beijing has prepared the Next Generation Artificial Intelligence Development Plan that is aimed at catching up with the West by 2020, overtaking it by 2025, and becoming the global leader in AI by 2030. China has already made great strides in developing complementary or AI-derived technologies such as facial recognition, blockchain technologies, and quantum computing, all supported by substantial R&D funding (Fischer 2018). Over the past 10 years, Beijing has invested approximately US\$50 billion in the research and devel-

opment of these technologies, reaching investment levels that were 10 times higher than the American counterpart (Lele and Roy (2019). Concurrently with financial backing, China has reorganized its academic system, emphasising the need for training new AI talents. This strategy has certainly played out well. According to the estimates of the Allen Institute for Artificial Intelligence, China has reached the record number of 30,000 scientific publications on AI in 2018 alone (Simonite 2019).

Furthermore, Beijing has become home to the second largest pool of AI scientists and engineers, nearly 18,200 people, ranking behind the United States (29,000) (O'Meara 2019). These achievements are mainly due to the collaboration between the public and private sectors. Companies such as Baidu, Tencent, Alibaba and iFlyTek actively collaborate with the Chinese government, within the AI National Team. This body was created in 2017 precisely to make the AI development strategy more efficient, timely and organized. To date, the AI National Team includes 15 tech companies, each of which, based on its expertise, follows the development of a specific technology. For example, Baidu develops autonomous driving, Alibaba Group Holding follows smart city initiatives, Tencent Holdings has specialized in the development of computer vision in medical diagnosis and iFlyTek in speech recognition (Dai 2019). SenseTime was added last year, with its focus on intelligent vision. For all these companies, AI represents an opportunity to leapfrog foreign competitors, mainly Western ones, and penetrate markets by acquiring quotes and positions in global value chains.

Internet Plus Strategy: from fibre land cables to e-commerce platforms

"A strategy whose aim is to develop cross-border e-commerce, better build a China-ASEAN Information Harbour, create a regional financial information centre and push forward digital economic cooperation among these countries" (Yini 2015).

Complementary to the Digital Transformation Partnership Action Plan 2020, the Internet Plus Strategy represents the latest and most ambitious foreign policy that Beijing has to offer. Its objective is as simple as it is ambitious: to export Chinese services and technologies across the world, and create a China-centered political, economic and digital network. To achieve this goal, Beijing is reliant on the DSR infrastructure and technologies to reach and conquer new and untapped markets. To date, the action of the Internet Plus Strategy has mainly focused on information technology, e-commerce, and telecommunications. The economic formula has so far comprised merging state-led infrastructure development projects with digital connectivity (Mensah and Jianing 2016).

This tactic has not only paved the way for the domestic firms to internationalise their operations but also made China the largest beneficiary of the scheme. For instance, in 2015, the Industrial and Commercial Bank of China and the China Development Bank gave a credit line of US\$2.5 billion to Bharti Airtel, the largest telecom operator in India, for its domestic infrastructure projects. Bharti Airtel then outsourced part of its network equipment to Huawei and ZTE, thereby giving a boost to the external markets of the two Chinese internet giants (Lele and Roy 2019). With the Internet Plus plan, the Chinese government has been increasingly taking advantage of the ongoing market shift towards digitalization.

However, to understand how this strategy is actually evolving it is necessary to follow the efforts made by Chinese corporations and the Chinese government to promote China's digital platform economy. This necessitates an examination of the role of fibre land

cable projects, sealable cables, data centre construction, satellite navigation systems and e-commerce achievements.

Fibre land cables projects

China's state-owned enterprises such as China Telecom, China Unicom and China Mobile are already developing overland cable links between Europe and Asia. In this context, the China–Pakistan fibre optic cable represents probably the primary project under construction (European Institute for Asian Studies 2018). Officially launched in May 2016 as part of the large terrestrial trans-Eurasian network envisioned by the DSR plan, this terrestrial cable is intended to link Pakistan to China and from there to Central Asian states and Europe (Lele and Roy 2019). After just two years the project was completed and inaugurated on 13 July 2018. The total cost of the project was “US\$44 million out of which 85% was provided as a loan at an interest rate of 2% per annum by Exim Bank of China” (Rauf 2019). For Pakistan, this project has met most of the rise in internet demand, giving full coverage of 3G and 4G networks for nearly 17 million people, whereas for China, it has signified bypassing “the crowded and onerous chokepoint in the Strait of Malacca,” realizing alternative global connections” (Lele and Roy 2019).

As part of the China-Pakistan Economic Corridor (CPEC) Beijing has also signed cooperation agreements with Central Asian countries such as Turkmenistan, Afghanistan, and Kyrgyzstan on fibre optic cables (Belt and Road News 2019). China Telecom in partnership with Kyrgyzstan's RTC is constructing the China-Kyrgyzstan cross border fibre optic cable system that now accounts for two routes (the Bishkek-Osh and Naryn Torguat) is a case in point. As stated by the chairman of Kyrgyzstan's State Committee for ICT, this project is just the first instalment of the future digital collaboration between China and Kyrgyzstan. Indeed, a third route that would link Balykchy and Naryn in the eastern part of the country is already under construction. The Kyrgyz nexus will connect to complementary cable systems in Turkmenistan and Afghanistan as part of the broader transnational Silk Road Gateway 1 cable network that links East Asia with the Middle East (ESCAP 2017). To date, the most recent project accomplished is the 820 kms CPEC fibre optic line between China and Pakistan that inter-connects Rawalpindi to Kunjrab.

Submarine cables

Another benchmark for the DSR digital internationalization is the manufacture of submarine cables, with China's global share increasing from just 7% in 2012-2015 to 20% in 2016-2019 (Lee 2017). According to the East Asian Centre at the University of Washington, the increase of Chinese firms' participation in laying of undersea cables is based on a dual investment strategy: consortium partnerships and merger and acquisitions.

Consortium partnerships generally involve a group of two or more individuals, companies, or governments that work together to realise a shared objective or project. Their main advantage is that, when they are created, all stakeholders involved have the opportunity to set standards for such critical areas as product compatibility and consumer safety. Those countries that develop and set standards have a competitive advantage over those that do not, and countries and industries that agree to a worldwide standard are often leaders in international trade. Since the Chinese government and its state-owned enterprises (SOEs),

such as China Telecom and China Unicom, are usually the main investors in ICT projects (such as the new SEA-ME-WE-5 cable connecting Europe, the Middle East, and Southeast Asia that involves 19 SEA-ME-WE companies and 14 governments), they are able to effectively set those standards, shaping a China-led digital worldwide network (SEA-ME-WE 5 2015).

On the other hand, there are private companies, such as Huawei Marine Systems (HMS) or ZTE that invest and take part in ICT projects worldwide (Mercator Institute for China Studies 2019). According to the HMS official website, the company is currently collaborating with Hengtong Marine, a subsidiary of Hengtong Group, in laying 12,000 km of cable systems between Asia, Africa and Europe. The project's aim is to reduce latency and "providing a new information expressway for interconnection between the regions" (Huaweimarine 2020). Other current Chinese projects include the latest undersea cable lines between Indonesia and the Philippines (Hao 2019), and the China-Myanmar cross border fibre optic 33 cables net for the efficient transmission of information (Lele and Roy 2019). But probably, the most significant project in South-East Asia is the Asia- Africa-Europe-1 (AAE-1) subsea cable system with a 25,000 km network and a "design capacity of 40Tbps that will connect Asia, Africa, and Europe".[3]

Data centres

Along with submarine and fibre land cables we must mention the construction of data centres since they represent the junction points in the DSR digital framework (Pacific Forum 2019). Particularly prominent is Alibaba whose activity in building data centres has been boosted by involvement in DSR projects. In April 2017, Alibaba Cloud reported that in the past fiscal year, its service had grown over 400% in overseas markets, with a strong focus in major BRI countries. In the same year, Alibaba announced "its plan to open three new data centres in India, Indonesia, and Malaysia in 2018, all of which are considered key countries in BRI" (Riccio 2017). As the vice-president of Alibaba stated, Alibaba's overseas investment in data centres could be the pathway for other Chinese companies to enhance their overseas operations (Yi 2017). Especially for those companies, in such areas as software, whose activity is focused on manufacturing intermediate products essential for the construction of data centres and the supply of related services.

In addition to Alibaba, other companies have started investing in the construction of data centres. During February 2020, Huawei launched its first 5G testbed in Thailand as part of the DSR. Thailand having previously set up a US\$22.5 million cloud data centre in the Eastern Economic Corridor, in which Alibaba, JD.com, and Tencent have also expressed interest in investing. Concurrently with these ventures, Huawei launched its Cloud and AI Innovation Lab in Singapore, which is intended to align with the city-state's Smart Nation strategy. Also in April, Huawei signed a US\$172.5 million contract to support the Konza Data Centre and Smart Cities project, a planned technology hub 40 miles south of Nairobi, Kenya. While s Alibaba Cloud, which continues its build-out of cloud computing services abroad, announced a partnership in May with smart traffic system controller Sena Traffic Systems to build a traffic management system in Malaysia (Triolo et al 2020).

Of all the data centres under construction, the one that stands out is the cloud computing and data centre 'Datahaven' - located in the Tibetan city of Lhasa. The 645,000 square meter

data facility is going up on the top of the world to boost and ease data exchange between China and its neighbours in South Asia. The centre is expected to increase data transmission and therefore trade and investment activity between, in particular, China, India, Nepal and Bangladesh. Developed by private tech firm Ningsuan Technologies, the construction of the Lhasa data centre began in 2017 and is scheduled for completion around 2025 or 2026, a grand investment that will total almost US\$1.69 billion. The cloud facility is estimated to be able to generate US\$1.4 billion in revenue each year when it goes into full operation (Liao 2020).

Satellite navigation system or Beidou

In a work report presented to the National People's Congress in March 2016, Prime Minister Li Keqiang spoke of supply-side structural reforms, which included support for innovative enterprises (Perez 2017). The Prime Minister underlined the importance of creating a Chinese satellite navigation system alongside its marine and onshore infrastructure, through which further enhance China's DSR strategy. For this reason, within the 2025 Made in China Strategy, Beijing announced a massive investment for digital up-grading of China's Beidou navigation system.

Since 2009, like the European Union's GALILEO and Russia's Global Navigation Satellite System (GLONASS), China has been developing and constantly updating its Beidou-3 to cope with the primacy of US GPS system. However, despite some progress, Beidou's coverage was limited to China, until both the BRI and the DSR were announced. In fact, in order to comply with the rising logistic needs of the initiatives (e.g. following through satellite maps the progress of the work as well as efficiently manage in real time the movement of goods and materials between the countries participating in the BRI) it had to develop at a faster pace. For this reason, as mentioned above, the CCP has been pouring in substantial financing to expand and improve its services. In just five years the Beidou-3 satellite system has succeeded in connecting over 30 countries, including Pakistan, Laos, Brunei, and Thailand (Siddiqui 2019) - all members of the BRI. While the Chinese government hopes to be able to supply the system to all BRI members (60 countries) by the end of 2025. Logistically, the Beidou navigation system can now count on a network of 55 active satellites whose last prototype - model 3B - was launched on 23rd June from the Xichang Satellite Launch Centre in southwest China (Howell 2020) a. In addition, before this mission two other rockets departed from Jiuquan Satellite Launch Centre on May 12th (Bartels 2020). According to a statement released by China Aerospace Science and Industry Corporation (CASIC), these rockets, named 2 Xingyun-2 01 and Xingyun-2 02, transported the first two satellites in the planned constellation of 80 low Earth orbit satellites designed to support the Internet of Things within the larger DSR framework (Xinhuan 2020).

Like its GPS counterpart, the Beidou-3 system, has both military and civilian use. As noted above, its application in the civil sector intends above all to guarantee medium to long-term economic advantages: more specifically, greater efficiency in terms of logistics and production of every single BRI project as well as enhancement of economic interdependence between BRI partners. The adoption of a shared platform would allow, thanks to constant data sharing between the participants, a more incisive and punctual analysis, intervention and monitoring capacity for all BRI projects.

The Beidou system provides direct benefits to the People's Liberation Army, enhancing China's military capabilities and reducing any reliance it may have upon a satellite navigation system operated by the United States Department of Defence, as is the case with GPS (Pieranni 2020). Furthermore, from a strategic point of view, as more nations become dependent on the Beidou system, China's influence with these nations will increase.

E-commerce: Beijing's new frontier for the DSR

The sector that would benefit most from the expansion of the DSR is e-commerce. Domestically, sector companies such as Alibaba and Tencent have boosted China's economic growth and made industrial upgrading and restructuring thrive thanks to their major investments in new businesses and technologies. With the launch of its messaging app in 2011, Tencent has contributed to the creation in less than a decade of a digital ecosystem where "an all-purpose app allows people to use it for payments, e-commerce" (Chen 2020) and other services. Nowadays, WeChat counts on more than a billion active users, just behind Facebook and WhatsApp, which respectively accounts for 2 and 1.6 billion users worldwide (Sapra and Mariani 2020). However, differently from the Zuckerberg companies, WeChat is not just an app, it's like a real Internet network. Indeed, the app works through a myriad of mini programs or mini sites that every single Chinese citizen can access to enjoy multiple services (from booking a hotel to buying fruit in an online store or making wedding cards).

Nonetheless, to work properly and improving the service, this app requires enormous amounts of data to allow its algorithms to become more and more efficient. It is therefore necessary to constantly widen the audience of those who have access to the internet and have a smartphone. Although this has not been a problem for the vast majority of the Chinese population living in coastal areas, entire communities in rural China have been left out from this process. To solve the issue, another big high-tech company, Alibaba, comes into play. Since 2013, Jack Ma's company has launched its shopping site called "Taobao villages"; an initiative to promote internet penetration as well as sales and trades between rural villages and urban areas. The aim is to solve two problems at once, unemployment and demographic decrease in Western China, by creating new jobs opportunities while reducing urban migration. According to the Asian Development Bank's (ADB) estimates, adopting Taobao is resulting in three advantages: gaining access to standard internet services and a key trading platform (Alipay and Ali Express), forming scalable clusters and making the number of online merchants thrive (IMF 2019). By mid-2019, according to Alibaba, there were more than 4,000 Taobao villages in China with a total revenue of some US\$ 1.4 million per year (Xinhuan 2019).

Alibaba and Tencent's efforts have not only led to higher levels of computer literacy but have also enabled the accelerated development of a strong digital economy at the top of which we find e-commerce services, with 81% of Chinese internet users using e-commerce apps (Xiang and Linbo 2014).

However, private initiatives are not the only reason China has become the world's biggest retail market with the national online retail sales of goods and services that reached US\$200 billion in the first quarter of 2017, 32.1% higher than a year before (PwC 2020). Indeed, such results have only been possible thanks to a well-planned and constantly updated industrial policy by the central government. Since the 1990s, there have been a large number of government measures aimed at encouraging the development of e-commerce.

Recent initiatives include the Guiding Opinion on Commencing the Creation of Model Cities in China (2011), and the Circular on Issues Concerning the Promotion of Sound and Fast E-commerce Development (2012). Both of which were part of the e-commerce component of China's 12th Five-Year Plan Period (2011-2015) and aimed at making China a global e-commerce leader.

Specifically, these measures have ensured the full development of e-commerce, from building e-commerce model cities and regulating online payment, to promoting the application of Integrated Circuit (IC) cards and e-commerce standardization. With the approval of the eCommerce law in 2017, the CCP has included online transaction security, intellectual property rights and consumers' rights protections. Beijing has done so to strengthen the brand value of its companies operating in e-commerce providing more legal guarantees for Chinese products and services.

All these reforms have done nothing but strengthen the giants of the sector such as Alibaba and Tencent who have been able to develop their own digital-transaction platforms as part of China's digital platform economy. These cutting-edge ecosystems provide a host of value-added services for buyers and suppliers, such as financing, logistics, and market solution consulting. Today, anyone (firm or individual) can sell and buy goods on these platform, access logistics support such as warehousing, and after-sales services while charging various types of fees, such as credit deposits, entry fees, annual fees, commissions, advertising, and transaction fees.

Furthermore, all costumers, can take advantage of a series of mobile payment services to perform their e-transactions in even smarter way. For example, Tencent has its mobile payment services for Chinese users on WeChat, a mobile text and voice messaging communications service. Alibaba has broadened its Alipay service, the largest e-payment service provider in China, with Alipay Wallet, a mobile app that facilitate online payments, but also support offline, point-of-sale payments using barcodes or Quick Response (QR) codes .

However, these services, although present in China, are still not widespread abroad. In the eyes of Beijing, the DSR will solve this issue through internationalizing Chinese e-commerce services through its economic and digital infrastructure. For now, in terms of progress and project relevance, the best example of this strategy is Alibaba's electronic World Trade Platform (eWTP) which we will now analyse more in depth.

2. Alibaba's the electronic World Trade Platform (eWTP)

2.1 eWTP structure and objectives

At the 2016 Boao Forum for Asia, Jack Ma first communicated the idea of Alibaba's electronic World Trade Platform (eWTP), which was later detailed during the 2016 G20 meetings in Hangzhou by the B20 SME (Small and Medium-sized Enterprise) development taskforce that he chaired,. In Alibaba's view, the eWTP corresponds to a "private sector-led and all stakeholder initiative, for public-private dialogue that incubate e-trade rules and foster a more effective and efficient policy as well as business environment for cross border electronic trade (e-trade) development" (Seoane 2019). In other words, the eWTP envisions a

model of business where electronic commerce hubs (so called “e-hubs”), through the use of digital platforms and government benefits, will enable SMEs to export globally, with low or no taxes, fast logistics, and an efficient customs process (Alibaba 2016).

In Jack Ma’s vision the e-hubs will create an “ecosystem” that would build “the fundamental digital and physical infrastructure for the future of commerce, which includes marketplaces, payments, logistics, cloud computing, big data and a host of other fields” (Kelsey 2017). In order to make this dream come true, the eWTP needs to establish and rely on Digital Free Trade Zones (DFTZs). The main reason DFTZs are so crucial for the eWTP success is that they facilitate cross-region business, investments and make shipment and cargo costs more affordable for SMEs companies, especially in developing countries (at which the initiative is primarily aimed). In order to work properly e-commerce trade needs a whole range of services to support the speedy delivery of goods to customers, the so-called e-fulfilment, which defines the whole delivery process from sales to delivery. Together with e-fulfilment services, the DFTZ provides an efficient e-fulfilment hub, fully equipped with a satellite services hub and an e-Services Platform (Yean 2018). When all these services are in place, the e-hub goes ‘global’ by connecting to other e-hubs and their digital free-trade zone worldwide.

Operationally, Alibaba’s online commerce platforms involves a dual level of possible engagement. On the one hand, entrepreneurs take advantage of the platform upload function to add information online on their products to quickly update and constantly show them off to their customers. On the other hand, customer will have the opportunity not simply to buy items online, but also to access a great variety of eWTP - related digital services such as: “logistic services, customs declarations, and shipment and FOREX facilities for receiving payments” (Siddiqui 2019).

2.2 Malaysian Digital Free Trade Zone: Alibaba’s frontrunner eWTP

In order to enhance its platform, Alibaba has signed collaboration agreements both with countries and international institutions such as the World Trade Organization (WTO), UNCTAD, and UNDP. Multilaterally, as part of the BRI/DSR, the United Nations (UN) have integrated the development of the eWTP within the 2030 Agenda for Sustainable Development (Institute of Development Studies 2019). Despite being different in nature, the DSR and eWTP share the same broad aim of the 2030 Agenda: to “deepen ‘connectivity’ across countries and regions: connectivity in infrastructure, trade, finance, policies and, perhaps most important of all, among peoples” (Guterres 2017). In addition, the World Bank has offered its analytical and advisory services, ranging from project founding and financing to implementation procedures, to the DSR, and consequently to the eWTP (as key aspect of the initiative).

Bilaterally, to enhance its e-hubs network, Alibaba has been fostering a series of agreements. Some of these projects are still on paper, such as those in Argentina and Ethiopia (signed respectively in 2017 and 2019) whereas others are already in the early stage of development. This is the case for the Belgian e-hub in Liège and the Rwandese development in the city of Kigali. Both centres are bridgeheads for Alibaba penetration of the European and African e-commerce markets. However, it is the Malaysian e-hub, together

with is its Digital Free Trade Zone, that remains by far the most important and advanced development. This was Alibaba's first e-hub outside China and was made possible by collaboration with the state-owned Malaysia Digital Economy Corporation, announced in March 2017 (Alibaba 2017).

The reason the Malaysian e-hub still holds the prominent position within eWTP network, could be that the country is a relevant hub within the broader Maritime Silk Road; and secondly and foremost, Alibaba's technologies being an excellent match for Malaysia's pre-existing digital development strategy (Malaysian Chinese Association 2017). Indeed, the 2016 National E-Commerce Strategic Roadmap already envisioned the Malaysian government's interest in supporting the country's digitalization process given that only 20–25% of firms had presence online (MITI 2016: 39). Nonetheless, a prompt digitalization process through national investments would have been difficult to guarantee, due to the country's lack of financial resources and technical proficiency. And it is precisely at this moment that Alibaba comes into play, solving these two issues at once: generous investments and a large and efficient network of services (thanks to its well-established experience in the sector).

Since its beginning in 2017, Alibaba divided the e-hub development in two phases. The first upgraded and renovated the existing Low Cost Carrier Terminal (LCCT). This cost US\$9 million and was overseen by Pos Malaysia and Lazada Group and is now fully operational (Malaysian Digital Corporation 2017). In the second and still current phase, Cainiao Network, the logistic arm of Alibaba, is building in partnership with Malaysia Airports, the Aeropolis DFTZ Park. The Park will include sea freight via Port Klang and railway cargo to Bukit Kayu Hitam, "which will support a regional multimodal transshipment hub" (Howell 2020b) and link to Alibaba's planned eWTP hubs in other countries. It is also planned to scale up the e-hub by establishing it as a regional centre, mainly through an e-fulfilment hub, and a logistics hub with warehousing facilities, that Cainiao will construct in collaboration with the Malaysia Airports Holdings Berhad (MAHB) (South China Morning Post 2018).

Once the e-hub and DFTZ have been completed (supposedly by end of 2020, but maybe later due to the COVID outbreak), Alibaba will include its financial services in the platform. Alipay wallet will be available for those firms and customers operating in the Aeropolis DFTZ Park thanks to the agreement between two of Malaysia's financial services providers, Maybank and CIMB, and Ant Financial Service Group (Kaur 2017). It is also expected that Alibaba Cloud, the cloud computing arm of Alibaba group, will establish a datacentre providing all the e-services. When up and running, the e-platform will guarantee improved market access, integrated trade facilitation and a reduction in "the cargo clearance time from six to three hours at the KLIA Air-Cargo Terminal 1 (KACT1)" (Howell 2020).

Currently, Alibaba and Lazada are the only two main platforms available at the zone and Alibaba holds an 83% equity stakes in Lazada, which it acquired in 2017. Nevertheless, Malaysia Digital Economy Corporation (MDEC) has declared that other operators will join the platform as the project further develops. This has been done to reassure and, at the same time, silence the critics of the eWTP Initiative (especially those concerned with the risks implicit in Alibaba's monopoly of the Malaysian sector, that is discussed below).

Logistically, the Malaysian eWTP works as follows: first Malaysian entrepreneur uploads information on their products through Alibaba's cloud to Alibaba's online commerce plat-

forms. Customer can place their order through the Malaysia pavilion, a sub-portal where interested Chinese customers can acquire Malaysian products, or they can directly engage with a Malaysia-based vendor on Ali Express. Once the transaction has been fulfilled, the Malaysian seller begins the export process through varied digital facilities provided by DFTZ's one-stop e-service. In order to run smoothly, this frictionless trade hinges on Alibaba's data technology provided by the Alibaba Cloud, connecting Malaysian SMEs and consumers with their Chinese counterparts.

2.3 eWTP's issues: from digital colonialism to economic disruption

While the eWTP could seem just an alternative mean for least developed countries to digitalize their economies, it is much more than that. Indeed, all these e-hubs could be read as a new type of public-private (and transnational) partnership for digital trade. In this sense, the eWTP could be seen as one of the operating arms of the BRI since they share the same goal: complementing the development strategies of countries involved by leveraging their comparative strengths (People's Republic of China no date). Therefore, like the BRI, the eWTP could be viewed as a new type of 'inclusive globalization' that provides an alternative way to development for the least developed countries. However, several scholars and observers, such as Abhineet Kaul (director at Frost & Sullivan's Asia Pacific public sector and government practice) and Saiful Wan Jan (visiting senior fellow at Singaporean think tank ISEAS-Yusof Ishak Institute) question this win-win narrative, stating that it is hard to view the project as a just new form of equal cooperation between countries. Furthermore, they believe that Alibaba's initiative neither appears to be just another business unit of the firm, a solo private strategy to acquire untapped markets and make more profits. Besides, it seems to "be more a clear and bold initiative to shape global trade that expresses the growing influence of Chinese internet firms" and "the eWTP is nothing more than a counter-hegemonic discourse that, based on the economic and technological power of Alibaba and its support of the BRI, attempts to globalize a China-centred and privately led global digital trade order to challenge the previous wave of US-led globalization and its infrastructure" (Seoane 2019).

These charges of Chinese initiatives being the instruments of Beijing's 'takeover of the world' order are not new, and they have been advanced before against the BRI and DSR as a whole (although Chinese officials have always denied them). However, as for the eWTP, Jack Ma has not shied away the close relationship between the eWTP and the Belt and Road Initiative. Specifically, in a letter to Alibaba's shareholders, Jack Ma highlights this shared interest by stating that "the Chinese government's push for the BRI presents a unique opportunity for Alibaba to grow our business internationally" (Srivastav 2020). Alibaba's digital platform seems therefore not driven just by economic interests but appears also to pursue a broader political vision, more precisely Xi Jinping's vision. A vision where China emerges as a cyber superpower that fosters "indigenous innovations" and its "network sovereignty" (Zhao 2010) abroad, aiming to challenge the USA's cyber-hegemony while establishing a Chinese 'digital colonialism'. A thesis further bolstered by the fact that Alibaba retains strategic control of the eWTP platform and therefore of the data in its 'eco-system'. The risk is therefore that countries participating in the eWTP will find themselves depending entirely

on Chinese regional infrastructure, access to platforms and data sharing. This could lead to a situation where China becomes the main gatekeeper for developing countries wanting to harness new technologies and value chains for their development.

These concerns are part of a broader debate on whether Alibaba's initiative is really a win-win project that creates more economic opportunities for local SMEs, or it is just a vehicle to exploit local resources while conquering market shares and ousting competitors. If we are to believe Alibaba's official intents, the company is only worried about the growth and wellbeing of foreign countries and their populations. Yet these cooperative narrative of the eWTP's narrative divert attention away from a central advantage that Alibaba aims to extract from the facilitation of trade with the eWTPs: data. As we've previously outlined, data is the new fuel of the modern economy and its control is at the core of all of China's plans for its future economic primacy from Made in China 2025 to the Internet Plus Strategy. Therefore, even setting aside defining the eWTP or DSR as a hegemonic strategy for China's rise, evidence suggests that Alibaba's construction of a global digital infrastructure for e-commerce as a part of the digital Silk Road "is neither innocent nor purely a Samaritan endeavour but rather, its key strategy is to ensure its future commercial success through the acquisition of data" (PwC 2020).

Besides 'the battle for data', critics of the eWTP (and DSR as well) warn that this initiative could develop not only a greater dependence for other countries on the emerging China-centred transnational digital infrastructure, but it might also cause disruptive trends in those state-economies. For instance, according to Abhineet Kaul, a director at Frost & Sullivan's Asia Pacific public sector and government practice, the eWTP could effectively establish a monopoly for Alibaba in all those markets that host e-hub (Malaysiakini 2018). Abhineet Kaul evidences this by underlining that as for now e-hubs allow only Alibaba's platforms and services to be delivered to local business, excluding other players and therefore shielding the company from undesired competitors (e.g. Amazon).

Faced with this kind of accusation, Alibaba replies that "this platform is open to any company willing to similarly make their own investment of money and resources to develop the necessary infrastructure and embrace a public-private partnership model to foster more cross-border trade in Malaysia and elsewhere" (Chandran 2018). Such claims are often defended and revived by the authorities of the host countries that harbour these projects. In this sense, Malaysia's minister of Communications and Multimedia, Datuk Seri Salleh Said Keruak's endorsement to Alibaba as to be intended:

"Alibaba was the natural private-sector partner to establish and kick-start this project, but we are engaged in discussions with several other ecosystem players as well and - in due course - our vision is to see more eCommerce players coming on board as partners to make the most of the DFTZ" (Institute of Development Studies 2020).

Another concern is that Malaysian firms may find themselves facing stiff competition from Chinese firms — many of which are supported by the government in Beijing. As Chan Xin Ying, a Malaysia research analyst at Singapore's Nanyang Technological University, pinpoints that the e-service platform in Malaysia is open to more Chinese (small and medium-sized firms) from China. Satish Raguchandran, founder of Russell Taylors, a firm that imports and re-brands kitchen appliances from China, for sale in Malaysia, expressed similar fears on Chinese unfair competitiveness. In response, Alibaba said the

eWTP remains “open, transparent and inclusive,” adding that the program “is not favourable to small businesses of one country over another (Malaysian Chinese Association 2017). And again, the Malaysian government, backing the Chinese view, also listed several local companies that have seen revenue increase since the DFTZ went live in November 2019 (Institute of Development Studies 2019).

However, one cannot fail to consider that such inclusiveness exists only in words, the economic reality is quite different. Previous economic disparities between China and third countries (hosting an e-hub) would inevitably influence how Alibaba’s initiative affects local economies. For instance, the eWTP could negatively impact on the relatively nascent digital development in least developed countries. In fact, if there are no rules that limit competition within e-hubs, local firms would struggle to thrive due to the fierce competitiveness of their Chinese counterparts. Indeed, Beijing in terms of high-skilled labour and innovative practices is far ahead than most of developing countries, therefore, in countries like Malaysia only few firms will succeed in taking advantage of the eWTP; and even if they do so, to close the technological gap with Beijing, they will have to invest a lot in terms of both finance and time. Hampering the development of native digital firms might not only negatively affect know-how transfer and transition to a digital economy but it could also hinder local employment growth (both elements that are at the core of all eWTP project). Alibaba counterargues this point by claiming that, although differences exist, the eWTP will help local SMEs to foster their built-in advantages to further boost their exports: “eWTP role is to provide tools and training to help more small and medium-sized companies get online and access global export markets.” (Institute of Development Studies 2019). This concern over monopoly mirrors international worries around the Belt and Road initiative, where Chinese contractors tend to rely heavily on Chinese labour and expertise, cutting off local workers. However, recent observations on the use of Alibaba’s digital platforms by New Zealand’s SMEs suggests that deeper levels of internationalization with China will instead require more and not less hiring of local personnel, to attain a fine-grained knowledge of the local market (Jin and Hurd, 2018).

Nonetheless, in their findings, Jin and Hurd stress that only resourceful SMEs may be able to globalize as Alibaba intends, whereas those without such capabilities will find that going ‘digital’ is just not enough. On the same line Tham Siew Yean, researcher at the Yusuf Ishak Institute has argued that to successfully “getting on board the ecommerce train [...] changes in the way local SME’s way of doing business will be needed” (Yean 2018). As Yean points out, the DFTZ will inevitably ease the entry of imports as the change in the de minimis threshold will favour imports over exports. In this context Chinese business would have the upper hand over Malaysian ones, considering their relative advantage in cost and scale of production. In order to prevent additional competitive threats, local SMEs, which are already facing declining comparative advantages vis-a-vis China, will have to develop a proper e-commerce “export” strategy, “that complies with the rules and regulatory requirements of targeted export markets” (Yean 2018). Therefore, local SMEs will require a lot in terms of financial and human resources to comply with/adapt to the new DFTZ environment. This means they will be required to set up new business strategies that will help them survive in the domestic market and penetrate the export one. De facto, just a small group of local SMEs would be financially able to perform this transition and take advantage of e-hub

services by effectively “going global” (Yean 2018).

2.4 eWTP a challenge for the West: from digital standards to a new business model

So far, we have highlighted the purpose, functioning, and problems that follow the expansion of eWTP. The focus has been on developing countries, such as Malaysia because it is to them that Alibaba’s platform is mainly addressed. However, the fact that emerging economies are the reference consumer of eWTP does not mean that Jack Ma’s e-platform has no implications for Western countries and their companies. Besides economic competition, the eWTP could impact at ideological and political levels on the long-term race for technology primacy between China and the West. The two crucial factors that affect this competition: the regulatory character (setting international standards for high-tech sectors such as e-commerce in this case) and the business model are examined below.

Chinese digital standards: “A strategy of market dominance and bureaucratic offensive”

In modern trade, governments, more specifically their companies and businesses, can gain a powerful edge on their competitors if they are the first mover in setting standards and rules within a sector. With its company executives working in close alliance with the CCP, China has adopted an aggressive multipronged approach to push its norms globally through a mix of market dominance and bureaucratic offensive.

In regard to market dominance, China has created a domestic mass market in areas such as autonomous vehicles, e-commerce services, bike-sharing, payment system and facial recognition to become their main producer and, therefore, their main exporter; with the result of progressively establishing its technologies abroad and the standards which regulate them. This has happened with 5G technology where Huawei and ZTE are the main frontrunner – indeed, they account for 48.7% of worldwide sales of 5G equipment (Lan 2020). Using their market position, these two companies have significantly influenced the approval of “the 3rd Generation Partnership Project (3GPP) 5G technology as International Mobile Telecommunications-2020 (IMT-2020) 5G standard at the ITU-R Working Party 5D meeting in July 2020”. The same logic could also apply to the e-commerce sector, where Alibaba is headed only by Amazon in terms of turnover and sales worldwide and could well come to influence the rules/standards that regulate this industry as well.

Whereas, as for the bureaucratic offensive, China has adopted a dual approach (Beattie 2019):

- progressively extending their influence in international bodies/organisations such as the International Telecommunication Union (ITU) - a Geneva-based organisation made up of industry and official representatives that sets standards in telecoms – or industry bodies such as the US-based Institute of Electrical and Electronics Engineers, which creates specifications for technologies such as wireless and integrated voice/data systems.
- Update and conform its digital regulations and guidelines by incorporating “best practices” from across various international sources. For instance, the 2020 Guidelines – which outstand the contentious Cyber Security Law 2017 – have taken inspiration from EU’s General Data Protection Regulation (GDPR).

A new business model: China-centred and China-dependent

A second and more compelling aspect of the eWTP for the West, is the prospect of a new business model (alternative to the Western one), which will be inevitably China-centred and China-dependent. In order to better understand its peculiarity, we must draw a comparison between Alibaba's model and Amazon's (which represents at its best the Western e-commerce business model).

First of all, Alibaba and Amazon are competitors on the market, but they have very different origins. Amazon was born and developed around the B2C model, a model that has successfully transferred to other countries through Amazon International websites, becoming the first worldwide provider for e-commerce services and digital contents. While, Alibaba has built up its success by adopting a B2B approach, creating Alibaba.com, a global wholesale marketplace that connected Chinese manufacturers with overseas buyers. In the last 20 years it has been developing its B2C (also C2C) service within the Chinese market, becoming the first provider of e-commerce services in the country. Now, it aims to export its services and platforms abroad.

Nevertheless, the two companies are not mere market rivals, they also bear two distinct business models. In the words of Hendrik Laubscher, Forbes journalist, both Amazon and Alibaba "offer brands opportunities to generate sales but while one is focused on self-enrichment (Amazon) the other offers a gateway to a platform that is aimed at mutual opportunity and success (Alibaba)" (Achim 2019). This distinction is rooted on how the two companies collect and use their data. Amazon famously does not share data with third-party sellers or brands as Amazon wants to generate revenue and compete with their partners. Alibaba, on the other hand, is willing to share data with brands to empower them to make more sales on the Alibaba platform. In other words, Alibaba is essentially enabling its partners by giving them all the means to succeed, while Amazon is restrictive with data sharing because they see their partner brands as competitors (Achim 2019).

As Jack Ma recalled during World Bank conference on "Disruptive Development", Alibaba's goal is to offer an e-commerce model based on the "making money on the internet". This means helping small businesses to grow by solving their problems through internet technology (Disruptive Development 2019). Alibaba's policy in helping small businesses stands in stark contrast to Amazon, who is often (fairly or otherwise) criticized for making it harder for small businesses to compete and stay relevant online. This is mainly due to the fact that Alibaba doesn't sell products themselves. Instead, they simply offer a web platform that facilitates the exchange of good. Whereas Amazon is both producer (thus competitor) and retailer of other and its own products. Therefore, their goal is going to be different, more precisely it revolves around building "the world's most customer centric company. An impressive customer service – in terms of pricing, delivering and customer support" (Youderian 2015) which has made Amazon so far the world's largest e-commerce company.

Alibaba's more profitable and scalable model could be an advantage for any head-to-head battles in new markets. Its message of inclusive globalization could grip the interest of emerging markets, disenchanting by Western win-at-all-costs mantra (typical of neo-liberal teachings). It is therefore not surprising that the DSR and eWTP, designed as a tool to export this new model of "inclusive globalization", could prove attractive for developing econo-

mies. In this new global system, eWTP would be the “software” that offers the services, whereas the BRI the “hardware”, or the infrastructure through which these services are made available. The eWTP will provide the entire portfolio of platforms that Alibaba owns, from Taobao, Tmall and Juhuasuan that manage C2C and B2B respectively, up to Alibaba.com and Alipay (Wu and Gereffi 2018).

Conclusions

Although the eWTP is still in its early stages, its influence, especially in developing economies, is already remarkable. As this study has pointed out, the eWTP has the potential to enhance and deepen China’s role/leadership as the primary digital power in these new markets. As previously accounted, the eWTP is just the last instalment of a long-standing grand strategy, the Digital Silk Road, which comprehends: The Digital Transformation Partnership Action Plan 2020 and the Internet Plus Strategy. Both these initiatives, conceived by the CCP apparatus, have the aim of upgrading China’s digital capabilities - by developing the innovative 5G networks, cloud-based systems, AI technologies, smart cities programs, and e-commerce services - and creating/ establishing a transnational digital network – full of fibre land and sea cables, data centres, satellite navigation system – at whose centre lies China. In other words, Beijing is attempting to shape a new China-centric digital order. As we have seen, in doing so, it is following two distinct approaches: top-level policy design and a private – state party nexus. The former is a three-step decision-making process where the CCP Central Committee, three ad hoc “Small Groups of Reform” and the State Council assess, define, and ultimately approve long-term national policies. The latter implies different forms of private-state-party collaboration to bolster the ICT sector and DSR programs through: shielding its tech companies from foreign competition; state-funding and preferential procurement (e.g. deregulation practices and fiscal exemptions); (and divert investments to support and achieve national priorities and strategic goals. And Alibaba’s eWTP is a clear attempt to pursue this logic, for its platform will create an ‘ecosystem’ – e-hubs - that deliver services and new technologies to the hosting countries. To this digital ecosystem would be added DFTZs that are crucial elements for the eWTP success because, as we have illustrated, they facilitate cross-region business, investments and make shipment and cargo’ costs more affordable for SMEs companies, especially in developing countries. Namely, developing economies represent the main target of this project since/ due to their desperate need for new and low-cost technologies and digital services for their economic growth and development. For this reason, Beijing relies on the fruitful development of the DSR, and by the extent of Alibaba’s eWTP infrastructures and technologies to reach and conquer these new and untapped markets. However, despite all the business advantages that this platform clearly guarantees, there are evident political and economic risks. In the paper, I have considered the case of Malaysia, but this reasoning could be made for any developing country. The paper has identified four issues:

1. First, the creation of an e-hub whose services are provided by a single operator - in this case Alibaba - on privileged economic conditions (since it would be in a DFTZ) could

in time establish an e-commerce monopoly: since Alibaba would be the sole operator in those markets.

2. In the second place, for third countries, relying massively on foreign infrastructure without developing their own could somehow hamper the development of native digital firms as well as spillover effects in terms of know-how transfer (for the transition to a digital economy) and local employment growth. In the absence of concrete technology and industrial development in these countries, local businesses would find it even more difficult to compete with Chinese companies that, in terms of high-skilled labor and innovative practices, are far ahead of most of the other developing countries.
3. Therefore, in countries like Malaysia only few firms could succeed in taking advantage of the eWTP and even if they do so, to close the Technological gap with Beijing, they will have to invest a lot in terms of both finance and time.
4. Depending entirely on a Chinese regional infrastructure could pose problems for national security. In the short term, especially regarding sharing and possible data breach. A risk already raised in Western countries with the suspension of orders for the construction of their 5G networks to another Chinese company, Huawei. In the long term, however, as more and more countries rely on China's digital infrastructures and their regulations, standards and norms that distinguish the Chinese Regulatory-digital model could also be enhanced.

The risk that the West occurs, as the eWTP asserts itself in the world, is not only that of being challenged on the normative stage (in the formulation of new norms and regulations for key sectors for the new technologies) but also to be outdated/ rivalled regarding the promotion of its business and development model (especially to emerging economies). Alibaba's model of inclusive globalization could grip the interest of emerging markets by offering a gateway to a platform that seems to guarantee mutual opportunity and success. In conclusion, the more developing countries adopt Jack Ma's innovative model, the greater are the chances that Alibaba and Beijing's presence in developing markets will grow. The eWTP and DSR could therefore use developing markets to bolster the rise of China and make its companies more competitive - de facto evading, and eroding, Western primacy rooted in more mature markets where "Amazon, eBay, Rakuten, and other local players already meet the needs of most customers" (Mensah and Jianing 2016). Becoming the main provider of e-commerce services could create a network of countries that over time would become more China-dependent (on the provision of infrastructures and services) and more China-centred (due to economic and technological dependence). But above all, these initiatives could in the end further underpin the Chinese government's current phase of internationalization and promoting of its soft power: economic, regulatory, and technological (Mensah and Jianing 2016).

Notes

[1] The leading small group system is the most important coordination and decision-making mechanism that the CCP uses to integrate the work of various government departments. This system revolves around three important actors: the group leaders, the heads of the lead departments, and the office directors. These actors use formal institutional and informal political channels to carry out their work and to make sure that the leadership's policies are implemented. For now, leading small groups have enabled the CCP leadership to maintain control over its bureaucrats, resulting in the emergence of integrated fragmentation.

[2] To summarize, Leading Small Groups (LSG) and the existing party-state-private nexus in the ICT sector (composed by the CCP and high-tech firms like Baidu, Alibaba and Tencent) constitute the political and economic core executive that plans and put into action all DSR projects.

[3] See Note 1.

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