

EXAMPLES OF CHINESE MILITARY TIES TO ALIBABA, TENCENT, AND BAIDU

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According to recent reports, the U.S. Department of Defense (with the concurrence of the U.S. Department of State) is considering expanding the list of Communist Chinese Military Companies (CCMCs) to include tech giants Alibaba Group and Tencent Holdings.^{1,2} Alibaba and Tencent, along with Baidu, are three of China's most prominent tech firms and cloud service providers, often collectively referred to as "BAT." All three companies are entrenched in the Chinese government's high-tech, dual-use innovation drive. If these companies are added to the Pentagon blacklist, they would be subject to forthcoming U.S. investment prohibitions in accordance with Executive Order (EO) 13959.

Involvement in China's High-Tech Civil-Military Fusion Initiative

Alibaba, Tencent, and Baidu have been identified by the Chinese government as national new-generation artificial intelligence open innovation platforms with applications such as big data analysis, biometric modalities, and autonomous systems. As noted below, these dual-use applications have been designated by the Chinese government as strategic military resources and key to civil-military fusion efforts.

- ❖ In January 2019, executives from Alibaba and Ant Group reportedly met with representatives from the Military-Civilian Fusion Division of the Xi'an Development and Reform Commission and the Xi'an Weapons Science & Technology Industrial Base to discuss the development of next-generation information technology (IT) and opportunities for military-civil fusion.³ The Xi'an Weapons Base is a collaboration between Shaanxi Province and China North Industries Group Corp. (Norinco), a state-owned defense conglomerate

¹ <https://www.reuters.com/article/us-china-usa-alibaba-tencent/u-s-considering-adding-alibaba-tencent-to-china-stock-ban-sources-idUSKBN29C04Y>

² <https://www.wsj.com/articles/u-s-considers-adding-alibaba-tencent-to-china-stock-ban-11609961075>

³ <https://kuaibao.qq.com/s/20190117A14NK300>

with an important role in China's national defense modernization drive. It serves as the central node for several defense innovation incubators unveiled in November 2018.⁴

- ❖ The vice president of Alibaba Cloud Computing, Song Jie, spoke at the inaugural Military Big Data Forum hosted by the PLA's Academy of Military Sciences in July 2018, where military, academic, and business leaders deliberated on ways to transition the benefits and technologies of e-commerce to national defense. The forum was co-organized by the Chinese Academy of Sciences, Tsinghua University, and the Chinese Academy of Command and Control.⁵
- ❖ In 2018, the head of the local Reform and Development Bureau called for military industrial groups to relocate their R&D bases to Xiong'an New Area, which is positioned to develop emerging high-tech capabilities, promote the development of military-civilian fusion, and address China's strategic needs (among other civilian functions).⁶ Accordingly, dozens of high-tech companies and research institutions have launched projects in Xiong'an, including Tsinghua University's National Defense Technology High-End Laboratory and Alibaba's Cainiao Smart Logistics Future Center Project.⁷
- ❖ According to U.S. intelligence, China's Ministry of State Security Operations provided a "seed investment" to Tencent "when they were trying to build out the Great Firewall and the monitoring technology" and, "if at any point China's security services need assistance, [Tencent is] providing it."⁸
- ❖ In January 2018, Baidu partnered with the 28th Research Institute of China Electronics Technology Group Corp. (CETC) to establish the Joint Laboratory for Intelligent Command and Control Technologies in Nanjing to collaborate on high-tech military-civilian fusion projects in areas such as big data, cloud computing, and artificial intelligence to bolster "national defense informatization."⁹ CETC develops military-oriented information systems and was previously subordinate to China's Ministry of National Defense.¹⁰

⁴ <http://cpc.people.com.cn/n1/2017/0615/c64387-29342231.html>

⁵ <http://www.d1net.com/bigdata/news/530236.html>

⁶ <http://finance.sina.com.cn/china/2018-05-17/doc-iharvfhu6598298.shtml>

⁷ <http://www.bjlhcg.com/cmi/index.php?ac=article&at=read&did=198>

⁸ <https://foreignpolicy.com/2020/12/23/china-tech-giants-process-stolen-data-spy-agencies>

⁹ https://web.archive.org/web/20190704194117/http://www.sohu.com/a/218485100_779538;

<https://www.aspi.org.au/report/technological-entanglement>

¹⁰ <https://soft2011.nju.edu.cn/article/294>

- ❖ Beihang University launched one of China's first graduate programs in AI in collaboration with industry partners, including Baidu.¹¹ Beihang is a leading research university and spends an estimated 60% of its research budget on defense R&D, including a "large number" of state-led projects on military equipment and weapons systems with a focus on military aeronautic technologies (including intelligent UAVs).¹²

Contributions to China's Pursuit of Military Cloud Computing Capability

China is working to develop a military cloud computing system in a race that parallels the United States, and these systems are developed by leading companies like Alibaba in partnership with known Chinese military equipment suppliers and Chinese companies affiliated with PLA high-tech weapons development programs. Military cloud computing is more complex than civilian cloud computing due to the heightened requirements for information security and confidentiality.

In May 2018, Westone Information Industry announced that its parent company, China Electronics Technology Group Corp. (CETC), had signed a strategic cooperation agreement with Alibaba Cloud to develop a high-security cloud platform for military customers, known as "Cybersecurity Feitian." According to a report from October 2018, Westone is planning to expand its military business by collaborating with Alibaba Cloud and other key technology companies to develop the platform.¹³ This joint project with Alibaba would be considered an important achievement in the Chinese military's IT infrastructure construction.

Westone is a leading information security equipment provider and a major cybersecurity and communications encryption supplier for the PLA.¹⁴ The company was established by the 30th Research Institute of CETC, which develops military high-tech weapons and information security equipment.¹⁵

¹¹ <https://www.jstor.org/stable/pdf/resrep16985.10.pdf>

¹² [https://s3-ap-southeast-2.amazonaws.com/ad-aspi/2019-](https://s3-ap-southeast-2.amazonaws.com/ad-aspi/2019-11/The%20China%20Defence%20Universities%20Tracker_0.pdf)

[11/The%20China%20Defence%20Universities%20Tracker_0.pdf](https://ev.buaa.edu.cn/Research/Research_Projects.htm); https://ev.buaa.edu.cn/Research/Research_Projects.htm

¹³ http://vip.stock.finance.sina.com.cn/q/go.php/vReport_Show/kind/company/rptid/4392821/index.phtml

¹⁴ <https://www.intelligenceonline.com/corporate-intelligence/2020/06/24/westone-top-pla-cybersecurity-and-encryption-supplier.109240261-art>

¹⁵ http://dacas.iie.cas.cn/xwdt/kydt/201708/t20170830_381087.html

Involvement in Dual-Use Deployment of BeiDou System

Major tech companies such as Alibaba, Baidu, and Tencent are key to the deployment of China's BeiDou satellite navigation system through the joint efforts of leading military and private enterprises. BeiDou is an international ground-based network developed indigenously for both civilian and military applications and allows the Chinese military to reduce reliance on foreign-controlled communication and navigation networks. BeiDou terminals have been deployed throughout the PLA ground forces, PLA Navy ships, Second Artillery Force, and the PLA Air Force.¹⁶ Below are examples of Chinese "big tech" involvement in this effort.

Qianxun Spatial Intelligence is a high-precision satellite positioning services provider established in August 2015 by Norinco and Alibaba, equally owned by both companies.¹⁷ Qianxun SI operates the BeiDou Ground Base Enhancement System (BGBES), a network consisting of a series of ground base stations and operating and precision positioning systems that support BeiDou by providing accuracy (although they are not inherently part of BeiDou).¹⁸ Norinco was responsible for developing BeiDou and announced last year that it was building the BeiDou+ Land and Maritime Defense and Control System, with BeiDou at its core to provide border defense personnel and UAVs with high-precision monitoring and communication capability in border regions, including in Xinjiang and the South China Sea. The system has reportedly been adopted by China's frontier troops, public security forces, and coast guards.¹⁹

- ❖ In October 2020, Baidu Maps announced its in-depth cooperation with China Mobile on the "5G+ BeiDou high-precision positioning" system, becoming the first map vendor in the industry to support the carrier's consumer-grade mobile phone precision positioning system.²⁰
- ❖ Beijing Navinfo Technology, in which Tencent holds a minority stake and has invested significant capital, announced its plans to begin mass production of semiconductors for navigation systems using BeiDou in 2020.²¹

¹⁶ <https://jamestown.org/program/putting-precision-in-operations-beidou-satellite-navigation-system/>

¹⁷ https://www.sohu.com/a/282423036_475389;

<https://web.archive.org/web/20150824185412/http://www.norincogroup.com.cn/cn/newsdetail.aspx?id=38549&type=1>

¹⁸ <https://m.marketscreener.com/quote/stock/SPREADTRUM-COMMUNICATIONS-55453/news/Spreadtrum-Communications-Joins-Forces-with-Qianxun-Weizhi-to-Accelerate-the-Industrialization-of-23212216/>; <http://www.un-spider.org/news-and-events/news/beidou-navigation-satellite-system-ground-system-improves-precision>

¹⁹ http://eng.chinamil.com.cn/view/2019-05/24/content_9513199.htm

²⁰ <https://cnetechpost.com/2020/10/30/baidu-maps-supports-beidou-high-precision-positioning-system-on-china-mobiles-5g-network>

²¹ <https://www.straitstimes.com/asia/east-asia/china-is-building-beidou-a-12-billion-rival-to-the-american-run-gps>

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