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Centre for International  
Governance Innovation

Conference Report – Virtual Workshop, November 19, 2024

# Digital Governance in China Trends in Generative AI and Digital Assets

Alex He, S. Yash Kalash and Paul Samson



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# Digital Governance in China

## Trends in Generative AI and Digital Assets

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The Centre for International Governance Innovation (CIGI) is an independent, non-partisan think tank whose peer-reviewed research and trusted analysis influence policy makers to innovate. Our global network of multidisciplinary researchers and strategic partnerships provide policy solutions for the digital era with one goal: to improve people's lives everywhere. Headquartered in Waterloo, Canada, CIGI has received support from the Government of Canada, the Government of Ontario and founder Jim Balsillie.

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# Table of Contents

vi	About the Authors
vi	Acronyms and Abbreviations
1	Introduction
1	Key Takeaways
5	Regulatory Framework for Digital Assets in Mainland China and Hong Kong
7	Conclusion
8	Agenda
9	Participants

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## About the Authors

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Prior to joining CIGI in 2014, Alex was a senior fellow and associate professor at the Institute of American Studies at the Chinese Academy of Social Sciences (CASS) and a visiting scholar at the Paul H. Nitze School of Advanced International Studies, Johns Hopkins University, in Washington, DC (2009–2010). Alex was also a guest research fellow at the Research Center for Development Strategies of Macau (2008–2009) and a visiting Ph.D. student at the Centre of American Studies at the University of Hong Kong (2004).

Alex is the author of *The Dragon's Footprints: China in the Global Economic Governance System under the G20 Framework*, published in English (CIGI Press, 2016) and Chinese editions, and co-author of *A History of China-U.S. Relations* (Chinese Social Sciences Press, 2009). Alex has published dozens of academic papers, book chapters, and newspaper and magazine articles.

Alex has a Ph.D. in international politics from the Graduate School of CASS and previously taught at Yuxi Normal University in Yunnan Province, China. Alex is fluent in Chinese and English.

**S. Yash Kalash** is research director of digital economy at CIGI. He is an expert in strategy, public policy, digital technology and financial services. He has experience in emerging markets across India, MENA (Middle East and North Africa) and the Asia-Pacific and a distinguished track record advising governments and the private sector on emerging technologies. His expertise spans various industries, including fintech, AI and digital assets, and their impact on geopolitics. His career includes key roles at Roland Berger, the Government of India, Adani Group and KPMG, where he spearheaded strategic digital projects, advised clients on their digital assets and AI strategy, and informed policy and regulatory developments. With an M.Sc. in management from Imperial College London and a B.Sc. in international relations and politics from the University of Bath, Yash combines deep strategic

insight with strong training, making him a versatile and impactful leader in the field of digital economy.

**Paul Samson** is president of CIGI, working on international governance with a focus on policy solutions for the digital era. He was previously a senior official with the Government of Canada, including at the deputy minister level. Among other positions, Paul served as Canada's deputy for finance at the Asia-Pacific Economic Cooperation (APEC) forum and as long-time co-chair of the G20 Framework Working Group on the global economy. Earlier in his career, he worked at several think tanks and universities in Geneva; Washington, DC; Oslo; and Boston. Paul completed a doctorate and an M.A. in international relations at the Graduate Institute, Geneva, and a B.A. at the University of British Columbia. He completed post-doctoral studies in global environment assessment at Harvard University.

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## Acronyms and Abbreviations

<b>AGI</b>	artificial general intelligence
<b>AI</b>	artificial intelligence
<b>BCIs</b>	brain-computer interfaces
<b>BIS</b>	Bank for International Settlements
<b>CBDCs</b>	central bank digital currencies
<b>CCP</b>	Chinese Communist Party
<b>HKMA</b>	Hong Kong Monetary Authority
<b>LLMs</b>	large language models
<b>OTC</b>	over the counter
<b>PBOC</b>	People's Bank of China
<b>UAE</b>	United Arab Emirates

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# Introduction

The Centre for International Governance Innovation (CIGI) hosted its third annual conference on Digital Governance in China on November 19, 2024, focusing on the development and governance of artificial intelligence (AI) and digital assets. Since the release of ChatGPT in November 2022, competition in generative AI and large language models (LLMs) has intensified. The conference began with a discussion on the evolving landscape of AI development<sup>1</sup> and governance in China, a topic that has become central to contemporary geopolitics and international governance.

The conversation then shifted to a parallel rise in interest surrounding distributed ledger technologies such as blockchain, as well as digital assets more broadly, including central bank digital currencies (CBDCs), cryptocurrencies, stablecoins and others. In particular, the conference examined digital assets in Hong Kong and the development of CBDCs in mainland China in the global context. Innovation in digital assets is also flourishing in other jurisdictions, including East Asia, India and the Middle East. Looking ahead, significant developments are expected in the United States following the second Trump administration, which is expected to embrace crypto-friendly regulatory and legislative environments.

- The United States and China are the two leading nations in the global AI race, with each perceiving the other as ahead in various areas. Geopolitical factors and security tensions in US-China AI competition could lead to an upward spiral of an AI arms race.
- A strategy for China to catch up is likely the open-source approach — adapting other models or using a mixture of experts' models — which may allow Chinese companies to achieve competitive results given constraints in infinitely scaling up by using more chips and expensive model training.
- China is pursuing multiple routes to achieve artificial general intelligence (AGI), not only through LLMs but also through brain-inspired AI based on cognitive neuroscience. This dual approach raises concerns, as the West is heavily focused on LLMs and not hedging its bets. The West should engage in greater scrutiny of Chinese AI research and overall scientific and technological progress to diversify its approaches.
- Rising geopolitical tensions complicate international AI dialogues. There is a need for greater international scientific understanding to address various risks to humanity posed by advanced AI systems that are rapidly developing with great uncertainties.

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# Key Takeaways

## Development and Governance of Generative AI

- China is narrowing the gap with the United States in the field of generative AI and LLMs. The quality of Chinese LLMs is approaching the level of the most advanced US models, such as GPT-4. While US restriction on access to advanced AI chips could hinder China's progress in generative AI in the long run, it has had a minimal impact on China's AI development in the short term.

## Digital Assets

- China's CBDC is a centralized system. Yet its efforts are also selectively shaping the international monetary system through more decentralized systems, such as CBDC-based Project mBridge<sup>2</sup> with like-minded countries, which provides a blueprint for future financial infrastructure.
- China may need to reconsider its cryptocurrency ban in light of global developments, particularly in the United States. Currently, Hong Kong serves as a regulatory testing ground for China on crypto assets, with clear indications that there is interest in exploring flexibility in how virtual assets can be regulated.

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<sup>1</sup> Editorial note: the release of the Chinese DeepSeek-R1 AI model was on January 20, 2025, while this event was held in November 2024.

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<sup>2</sup> For an introduction to Project mBridge, see [www.bis.org/about/bisih/topics/cbdc/mcbdc\\_bridge.htm](http://www.bis.org/about/bisih/topics/cbdc/mcbdc_bridge.htm).

- US policy makers have lacked a clear vision for digital finance and digital assets. The second Trump administration is poised to be favourable to crypto-friendly policies but will not focus on CBDCs. The current gap presents an opportunity for other countries, including China, to advance innovations such as the mBridge project.
- Stablecoins are likely to be at the centre of crypto asset regulation, whether as a vehicle for reinforcing US dollar dominance or potentially challenging it. The strength of the US dollar, both in relative terms and in comparison to other currencies, will have significant implications for whatever technology is introduced in the future.

## Development and Governance of Generative AI in China

### China's Generative AI Developments amid US-China Tech Competition

Chinese generative AI, particularly LLMs, has made significant strides and is catching up with US models after a slow start, approximately eight to nine months following the release of ChatGPT in November 2022. More than 100 LLM models have emerged and been approved by the Chinese government, fuelled by substantial investment from major companies such as Baidu, Alibaba, Tencent and Huawei, along with many cutting-edge tech start-ups.

US restriction on access to advanced AI chips poses long-term challenges for China's generative AI growth but the short-term impact has been limited. To adapt, China has developed both open-source and closed-source LLMs, often fine-tuning models such as Meta's Llama or hybrid models created from a mix of different sources. US companies have been pressured to cut off China's access to their products and there are discussions about possibly restricting access to open-source software as well.

The development of LLMs is happening rapidly, including Chinese models. Platforms such as Hugging Face highlight China's Qwen2.5 model among the top contenders, which are largely variations of Llama. Chinese LLMs are approaching the performance of leading US models such as GPT-4. Data from SuperGLUE in April 2024 shows Chinese models are approaching a similar level of performance.

China's AI strategy may emphasize and leverage its advantage in progress in centralizing and collecting data from various industries. In the long term, China may shift its focus to the application of LLMs rather than solely pursuing scaling laws in LLMs and scaling up model parameters. Open-source AI and models such as the "mixture of experts" approach allow firms to optimize AI performance without continuously scaling up with more chips and investment in model training. Some Chinese start-ups have gravitated toward open-source AI because they recognize the limitations of infinite scaling using more chips. Tech giants such as Alibaba and Tencent also advocate for open-source AI models to accelerate commercialization, expand global reach and circumvent US export controls. However, this approach also creates more compliance risks.

### China's Alternative Path to AGI: Brain-Inspired AI

Beyond developing generative AI and LLMs, China has been investing in brain-inspired AI,<sup>3</sup> an alternative pathway to AGI that mimics human cognitive processes. Unlike the United States, which primarily focuses on LLMs, China integrates neuroscience-based AI with brain-computer interfaces (BCIs) on the route to intelligence research and AGI. There are some US companies working on BCIs, including Neuralink.

In 2017, China released its New Generation AI Development Plan, a foundational document for the country's AI ambitions, emphasizing brain-like information processing, brain-inspired control, cognitive computing and merging human cognition with AI. This includes AI systems that function like the human brain, increasing society's dependence on AI and signifying a potential literal merger of human cognition with AI. Brain-inspired AI refers to accurate mathematical descriptions of physical brain processes run as algorithms on a computer. With at least 30 research institutes dedicated to brain-inspired AI, funded by China's Natural National Science Foundation, the country is placing significant emphasis on neuroscience-based approaches to AI.

<sup>3</sup> Brain-inspired AI refers to AI systems and algorithms that take inspiration from the biological structure, function and principles of the human brain and neural system. See Ren and Xia (2024).

In addition to AI-driven brain modelling (connectomics),<sup>4</sup> China is deliberately developing BCIs to enhance cognitive capabilities. The country views this triad — LLMs, brain-inspired AI and BCIs — as a complementary strategy toward AGI. Chinese research also targets bottleneck problems faced by LLMs, such as object-scene vision, “one-shot” learning, intuitive understanding, creativity, motivation and intent, decision making and theory of mind, areas where human cognition performs easily.

Beyond LLMs, leading AI scientists in China are optimistic about the potential of brain-inspired AI as being a pathway to AGI. A survey of around 100 Chinese scientists found 84 percent believe brain-inspired AI will surpass competing approaches and 74 percent anticipate it will ultimately lead to AGI. The Beijing Institute for General Artificial Intelligence is spearheading a shift from data-heavy machine learning toward more efficient cognitive computing, focusing on “small data, big tasks.”

China’s approach reflects a broader vision for AI that extends beyond statistical models, integrating biological intelligence principles to develop more general and adaptive AI systems. There is no sustained program within the United States or elsewhere in the world dedicated to understanding China’s unique approach to AI. It is crucial that we examine China’s strategy closely to gain insight into these advancements.

## Developments in AI Governance in China

Chinese AI governance is primarily led by the government but influenced by tech giants such as Baidu, Alibaba and Tencent through interaction with the government’s regulation making or via their own specifications being adopted by regulators. As a forerunner in AI governance, China has implemented regulations since 2019, covering deepfakes, generated content and personal data protection. Currently, China is preparing two comprehensive AI laws: the AI Law of the People’s Republic of China and the AI Model Law 2.0., aiming to balance security concerns with innovation.

Since 2023, China has shown a keen interest in preventing large-scale risks in AI safety while pursuing cutting-edge development including the advancement of AGI. The Politburo of the Chinese Communist Party (CCP) in April 2023 emphasized AI risks prevention. In 2024, the CCP’s third plenum proposed oversight systems to manage risks and ensure AI safety. China’s forthcoming national AI law is expected to introduce safety measures for foundation models and AGI value alignment.

At the local level, China’s top three AI hubs are testing policies on AGI focusing on ethics, international cooperation and evaluation frameworks. The Chinese government has broadened AI safety beyond cybersecurity, classifying it as a public safety and national security concern.

Over the past year, Chinese AI safety research has grown significantly, covering LLMs unlearning, AI misuse and risks in biology and chemistry, as well as self-awareness risks associated with LLMs. Beyond academia, industry leaders such as Zhipu AI and Alibaba are applying safety measures such as reinforcement learning from human feedback and supervised fine-tuning to ensure AI alignment and prevent toxic content. The China Artificial Intelligence Industry Alliance is developing AI safety benchmarks and risk management frameworks. Prominent Chinese experts have recently advocated for “red lines” that AI systems must not cross to avoid existential risks, minimum AI safety research funding and the allocation of 10–20 percent of AI companies’ resources to governance, safety and ethics. There is also growing interest in tax incentives for AI safety work and expanding China’s international AI dialogue.

On the international stage, China actively participates in AI governance but faces exclusion from some Western-led initiatives, such as the US AI Safety Summit. Despite its involvement in the UK and Seoul AI Safety Summits and UN AI resolutions, it remains uncertain whether China will have meaningful participation in some of the key emerging international governance mechanisms for frontier AI safety. China is strengthening AI ties with the Global South by launching the China-Africa AI Policy Dialogue and the China-BRICS<sup>5</sup> (Brazil, Russia, India, China, South

<sup>4</sup> Connectomics is defined as an emerging area of neuroscience research that focuses on mapping and analyzing the connections within the brain. See [www.sciencedirect.com/topics/neuroscience/connectomics#definition](http://www.sciencedirect.com/topics/neuroscience/connectomics#definition).

<sup>5</sup> The BRICS countries are Brazil, China, Russia, India, South Africa, Egypt, Ethiopia, Indonesia, Iran and the United Arab Emirates (UAE).

Africa, Egypt, Ethiopia, Indonesia, Iran and the United Arab Emirates [UAE]) Artificial Intelligence Development and Cooperation Center. However, these initiatives risk deepening divisions in global AI governance. Track 1.5 and Track 2 dialogues between China and the West have expanded since 2022, offering alternative non-governmental fora for AI safety discussions amid rising geopolitical tensions. These dialogues play a key role in maintaining technical and policy exchanges when diplomatic engagement is strained.

## Geopolitics of AI and the US-China Security Dilemma

The transformative impact of AI spans civilian and military applications, fuelling global competition. China's New Generation AI Development Plan, issued in 2017, aims for AI supremacy by 2030, while the United States prioritized AI leadership through an executive order on AI in 2019. The AI arms race has intensified, with major nations — especially the United States and China — investing in advanced AI for strategic advantage.

Both the United States and China perceive each other's AI advancements as threats, driving escalating competition. US restrictions on AI chips have spurred China to accelerate AI development, particularly for military applications. China's response, in turn, heightens US anxieties, creating a cycle of mutual distrust. Even civilian AI breakthroughs such as ChatGPT and AlphaGo are viewed as having potential military applications, reinforcing the security dilemma.

This race risks diverting resources from stability-oriented defence strategies while encouraging aggressive AI-enabled military development. Rapid AI deployment without proper risk assessments could compromise safety, particularly regarding AI in nuclear command-and-control systems, increasing the risk of unintended escalation.

To address the growing AI security dilemma, several measures are needed. First, bilateral and multilateral confidence-building measures must be established to strengthen communication channels, transparency agreements and AI crisis management mechanisms between China and the United States. Second, global AI safety norms must be created through establishing international AI regulations and safety standards to prevent governance fragmentation. Third, AI arms control agreements

must be explored via developing treaties to ban or limit AI weapons, advocating for a no-first-use policy and regulating AI use in command-and-control systems, especially for nuclear weapons.

## Global Implications of China's AI Governance Approach

### China's Multifaceted Approach to AI and AGI

China's AI governance differs from that of Western nations, focusing more on regime stability than safe algorithms. Its AI "safety" regulations primarily protect the CCP and state interests, reflecting concerns over the democratization of technologies such as LLMs.

Unlike the West, China is pursuing multiple paths toward AGI, including integrating AI with cognitive neuroscience but not limiting it to big data-driven LLMs. Some in the West dismissed the value of brain-inspired studies of AI and what cognitive neuroscience can do for AI and AGI. While China may be a year or two behind the United States in this area, it is committed to merging AI with cognitive neuroscience, a strategy that offers the country a potential advantage over Western approaches.

Hence, discussions on AI safety should extend beyond chip control and data access to focus also on alternative AI development paths. Governments, academia and think tanks must scrutinize China's distinct approach, given its unique trajectory in AI and its potential impact.

### AI Risks and Geopolitical Tensions

The AI arms race has heightened global concerns. Despite tensions, a recent agreement reached between Chinese President Xi Jinping and then US President Joe Biden at the sidelines of the APEC 2024 San Francisco meeting highlights common ground on critical issues, such as AI's role in nuclear weapons control. AI risks include public safety and national security that transcend geopolitical boundaries, such as misuse by rogue actors or in biological security (for example, synthesizing harmful pathogens).

Growing geopolitical tensions and confrontations among major powers complicate and can easily derail international AI dialogues. There is a pressing need to foster a deeper shared scientific understanding of AI risks,

especially as powerful AI systems develop with significant and uncertain implications.

### Proposing a “Red Lines” Approach to AI Governance

A “red lines” approach to AI governance could define worst-case scenarios and establish early warning systems for AI development. This approach would help to identify approaching risk thresholds and facilitate international cooperation, even amid geopolitical differences. Trust building should start with universally shared AI concerns, such as data biases, system truthfulness, fraud prevention and ensuring human safety, all of which provide a foundation for collaboration.

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## Regulatory Framework for Digital Assets in Mainland China and Hong Kong

### China’s CBDC Development

China developed its CBDC, known as the e-CNY, primarily to address domestic concerns such as improving currency issuance efficiency, providing an alternative to private payment systems and promoting financial inclusion in underserved areas. The e-CNY is a centralized, account-based system operating on a two-tiered model. The People’s Bank of China (PBOC) issues digital currency to about 10 authorized providers, including banks, telecom firms and financial tech companies, which then distribute it to the public.

The e-CNY complements private payment systems, operating like an asset in a digital wallet. The relationship between private payment systems and retail e-CNY is similar to a wallet and its contents. Currently in pilot stage across 17 provinces, the system processes around 10,000 transactions per second, though more scalability is needed if it is to become a mainstream payment method.

The e-CNY also balances anonymity with regulatory needs. Smaller transactions allow

more for anonymity, while larger ones require identification for anti-money laundering and counter-terrorism financing compliance. For example, the most anonymous type of account allows a total balance of 10,000 yuan (US\$1,200), with a single transaction limit of 2,000 yuan and a daily payment cap of 5,000 yuan.

Looking ahead, the viability of e-CNY will depend on whether it can effectively replace M0 (cash in circulation), which is a small portion of China’s money supply. With M0 representing about 10 trillion yuan and China’s broader money supply (M2) reaching 300 trillion yuan, maintaining a vast e-CNY system solely to replace M0 may not be cost-effective. However, if the e-CNY expands to assume a role closer to that of M2, it could disrupt the financial system and financial stability. Questions remain about e-CNY’s scale, the role of traditional banks and the need for strong cybersecurity to support a massive system.

### Global Implications of China’s Approach to CBDC

China’s approach to CBDCs is a selective reshaping process, underpinned by multiple calculations. It helps China actively shape international governance by promoting principles such as “no detriment,” “compliance” and “interconnectivity” for cross-border CBDC use. These principles are part of the ISO 20022 standard and have been suggested for Group of Twenty discussions.

China’s CBDC push helps reduce reliance on the US dollar, addressing concerns about potential sanctions and restrictions on its banks and supporting its broader strategy to influence future CBDC frameworks. As a first mover in this area, China seeks to ensure international legitimacy by collaborating with global financial institutions such as SWIFT and the Basel Committee.

China is also fostering decentralized CBDC systems with like-minded countries, contributing to the emergence of fragmented CBDC networks. This approach contrasts with the centralized US dollar system and raises questions about regulatory adequacy, business model sustainability and managing cross-border data flow and security. The lack of international cooperation in digital currency technologies could lead to fragmentation and interoperability issues, as well as challenges in mutual recognition of CBDCs across borders.

## China's CBDC and Its Influence on Project mBridge: Geopolitical Implications

Traditionally, banks have been central to financial infrastructure, facilitating transactions and enforcing sanctions. Project mBridge aims to create a new financial infrastructure — a multi-CBDC platform for international payments. This blockchain-based pilot, hosted by the Bank for International Settlements (BIS), involves central banks from China, Hong Kong, Thailand and the UAE. It allows private financial institutions to conduct cross-border transactions through a wholesale platform managed by central banks, with the anchors and nodes being operated by those central banks.

In traditional cross-border payments, businesses rely on banks and correspondent banks, often requiring US dollars. This complex process involves intermediary banks and a web of relationships. The blockchain-based mBridge, however, allows payments through CBDCs, bypassing correspondent banks. Central banks operate nodes and confirm the transactions on the closed blockchain platform, ensuring streamlined transactions in the payer's and payee's local currencies.

Currently in its minimum viable product stage, mBridge could be used for industries such as semiconductors and medical equipment. According to a BIS report, the platform supports transactions in Thai baht, UAE dirham, renminbi and the Hong Kong dollar, without involving the US dollar. The BIS report found that China's digital yuan performed best on the platform due to the PBOC's existing infrastructure, giving it a technical advantage.

mBridge represents a potential blueprint for future financial infrastructure but it also raises key governance questions — such as who enforces the regulatory framework and manages platform access. A critical concern is whether mBridge could be used to circumvent sanctions.

A speculative scenario: If mBridge becomes a dominant cross-border payment system, especially for lower-income countries with high transaction costs, its governance could hold significant geopolitical power. China could influence the platform's operations, potentially excluding non-compliant entities or bypassing US sanctions. With more countries adopting

CBDCs and private-sector cryptocurrencies thriving in Hong Kong, China's role in the evolving financial landscape will be substantial.

## Virtual Asset and Stablecoin Policies in Hong Kong

Hong Kong has long been a key hub for digital assets, hosting major crypto exchanges and stablecoins. However, regulatory changes over a three-and-a-half-year period caused many projects to relocate to places such as Dubai and Singapore. In October 2022, Hong Kong's virtual asset policies took a significant turn when the financial secretary announced the city's ambition to become a virtual asset hub. Since then, regulators such as the Securities and Futures Commission and the Hong Kong Monetary Authority (HKMA) have played central roles in shaping the regulatory landscape. Key developments include the introduction of the Virtual Asset Trading Platform in June 2023 as well as a retail virtual asset policy framework.

By late 2023, Hong Kong authorized tokenized investment products and Bitcoin exchange-traded funds, becoming the second jurisdiction globally to offer such products following the United States. Hong Kong's trading volume surpassed regions such as Australia and the United Kingdom. Another major move was the launch of the e-Hong Kong dollar, a virtual asset payments network that started with retail use and later expanded to wholesale transactions. In early 2023, the HKMA issued a discussion paper on crypto-assets and stablecoins, followed by a consultation on stablecoin issuer regulations later that same year.

When evaluating a jurisdiction's virtual asset readiness, four elements are key: virtual asset trading, regulated stablecoin regimes, third-party custodians and over-the-counter (OTC) trading platforms. Hong Kong's latest updates include OTC trading regulations and a stablecoin issuer sandbox established in March 2024. Stablecoins, similar to CBDCs, are gaining attention globally. Few jurisdictions have established stablecoin frameworks, with notable examples in the European Union, Hong Kong, Japan, Singapore, the UAE and the United Kingdom. Hong Kong is set to finalize its stablecoin regulations by early 2025, with its allowance for multi-currency issuance setting it apart.

Interestingly, the United States has remained absent from the stablecoin market, even though 99.5 percent of fiat-backed stablecoins are US dollar-denominated. While the US dollar remains dominant, the rise of non-US-dollar stablecoins for domestic and international payments reflects a growing demand for alternative currencies.

## Implications for the Future Evolution of the Global Digital Financial System

### Project mBridge's Future

After the BIS's exit, Project mBridge may operate independently. While there may be exploration or tensions, especially regarding issues such as circumventing sanctions, it offers an alternative cross-border payment system. Its simplicity and convenience address the need for payment methods beyond the US dollar. The future of mBridge will depend on building a transparent governance framework, addressing trust, technology, stability and business models. As international finance becomes more fragmented, the demand for non-dollar-based payment systems will drive the development of CBDCs and digital assets.

### China's Potential Reconsideration of Its Cryptocurrency Ban

Currently, China bans cryptocurrency transactions (while cryptocurrency ownership is in a legal grey area) due to concerns over fraud and regulation. However, as cryptocurrencies gain mainstream acceptance with better regulatory frameworks globally, China may need to reassess its stance. Instead of an outright ban, adopting a regulated approach would align with developments in other countries, particularly in the United States. Hong Kong's regulatory policies serve as a model for China, providing a sandbox for crypto assets and offering a flexible regulatory environment for digital assets and the potential tokenization of real-world financial products, as well as CBDC or stablecoin-based digital currency exchange operations.

### The United States Needs a Clear Vision for Digital Assets

The United States has lacked a cohesive vision for digital finance and digital assets. Without a clear understanding of US interests in this space, it is difficult to create policies that support the nation's

position in global digital finance. A vision — likely led by the private sector — should be developed, even if not centred on CBDCs. In particular, the United States needs to address the growing role of stablecoins, most of which are pegged to the US dollar. Currently, they are primarily being used for facilitating crypto trading, cross-border remittances and, potentially, cross-border payment, as well as providing developing countries with access to the actual physical US dollar or a store of value in stablecoins pegged to the US dollar in the face of devaluing local currencies.

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## Conclusion

AI has the potential to be the most powerful technology ever developed by humanity. Governments are paying close attention to it, both for economic reasons and for core geostrategic interests, making AI central to nearly all international governance discussions in the coming years. At a minimum, without a deeper understanding of AI's development and governance — particularly in China, where key narratives and intersections exist — we will not be able to develop effective solutions for the governance of AI in general, especially in the context of international cooperation.

The same applies to digital assets. As the conversation deepens, China's role will be central in shaping the discourse and its influence on the future of digital assets cannot be overlooked.

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# Agenda

November 19, 2024

9:00 a.m.-9:10 a.m.

## Welcome and Introduction

- **Paul Samson**, President, CIGI

9:10 a.m.-10:20 a.m.

## Panel 1: Latest Developments of AI and Its Governance in China

- **Moderator: Duncan Cass-Beggs**, Executive Director, Global AI Risks Initiative, CIGI
- **AI Development and Governance in China**
  - **Wendy Chang**, Analyst, Mercator Institute for China Studies (MERICS)
- **Big Tech and AI Governance in China**
  - **Zeyi Yang, Senior Writer**, Chinese Tech, WIRED
- **US-China AI Race and Geopolitics of AI**
  - **Jinghan Zeng**, Professor of China and International Studies, Lancaster University
- **Chinese Power and Artificial Intelligence**
  - **Zeyi Yang, Senior Writer**, Chinese Tech, WIRED
- **US-China AI Race and Geopolitics of AI**
  - **William Hannas**, Professor and Lead Analyst, Center for Security and Emerging Technology, Georgetown University
- **The State of AI Safety in China**
  - **Kwan Yee Ng**, Senior Program Manager, Concordia AI

10:20 a.m.-10:30 a.m.

## Health Break

10:30 a.m.-11:25 a.m.

**Panel 2: Regulatory Framework for Digital Assets in China and Hong Kong**

- **Moderator: S. Yash Kalash**, Research Director, Digital Economy, CIGI
- **China's CDBC and Its Influence on Project mBridge**
  - **Yaya Jata Fanusie**, Director of Policy for AML & Cyber Risk, Crypto Council for Innovation
- **China's Approach to CBDC and the Emerging CBDC Network**
  - **Heng Wang**, Professor, Associate Dean (Faculty Matters & Research), and Lee Kong Chian Fellow, Yong Pung How School of Law, Singapore Management University
- **e-CNY Developments and Some Forward-Looking Issues**
  - **Kai Guo**, Executive President, China Finance 40 Forum (CF 40)
- **Virtual Asset and Stablecoin Policies in Hong Kong**
  - **Sean Lee**, Co-Founder, CSO, IDA; Senior APAC Advisor, Crypto Council for Innovation

11:25 a.m.

**Closing Remarks**

- **Paul Samson**, President, CIGI

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## Participants

**Susan Ariel Aaronson**

Research Professor, Elliott School of International Affairs, George Washington University; CIGI Senior Fellow

**Daniel Araya**

Senior Fellow, CIGI

**Guillaume Beaumier**

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