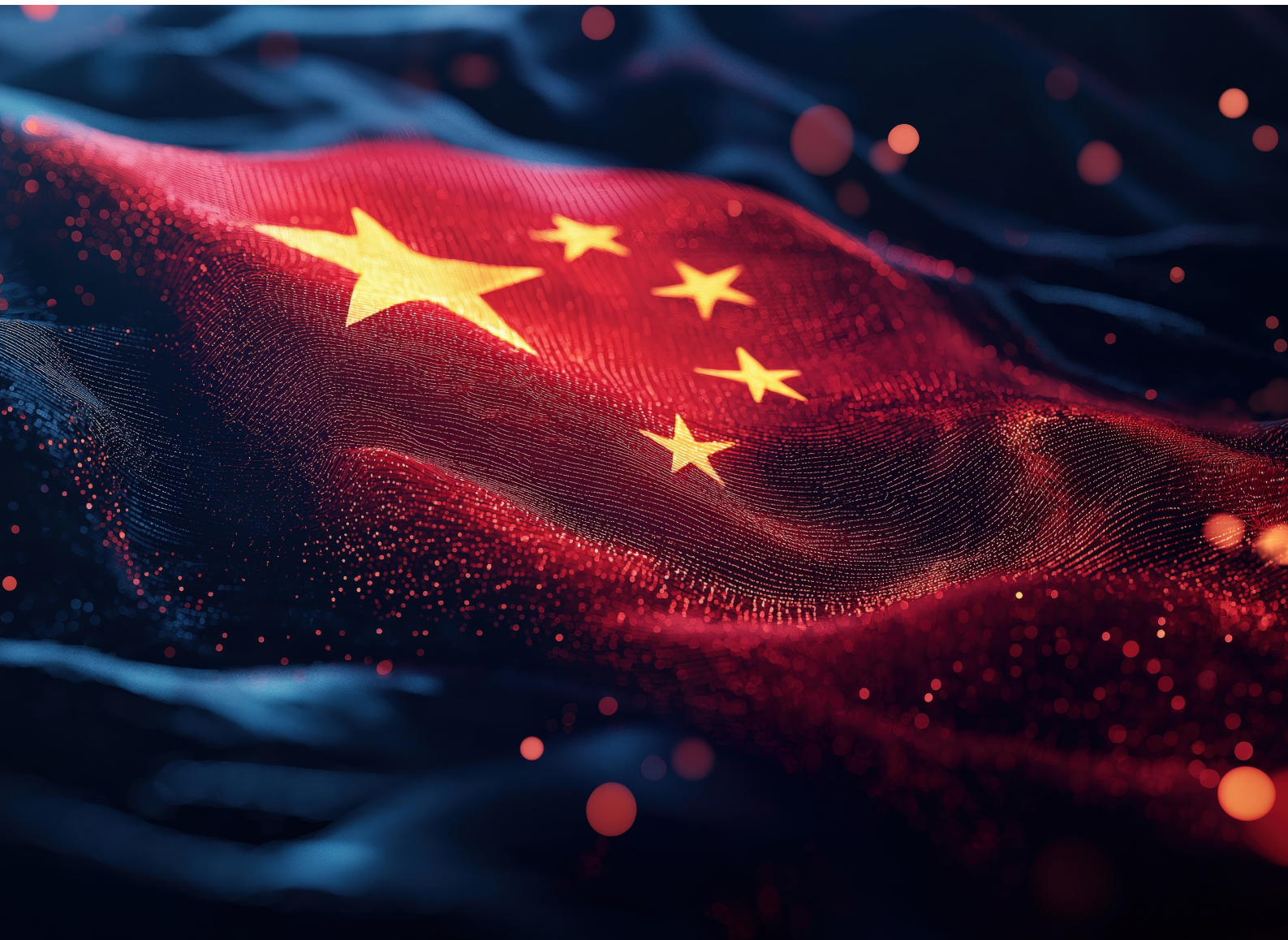


AI Policy and Regulations of China







Comprehensive Report



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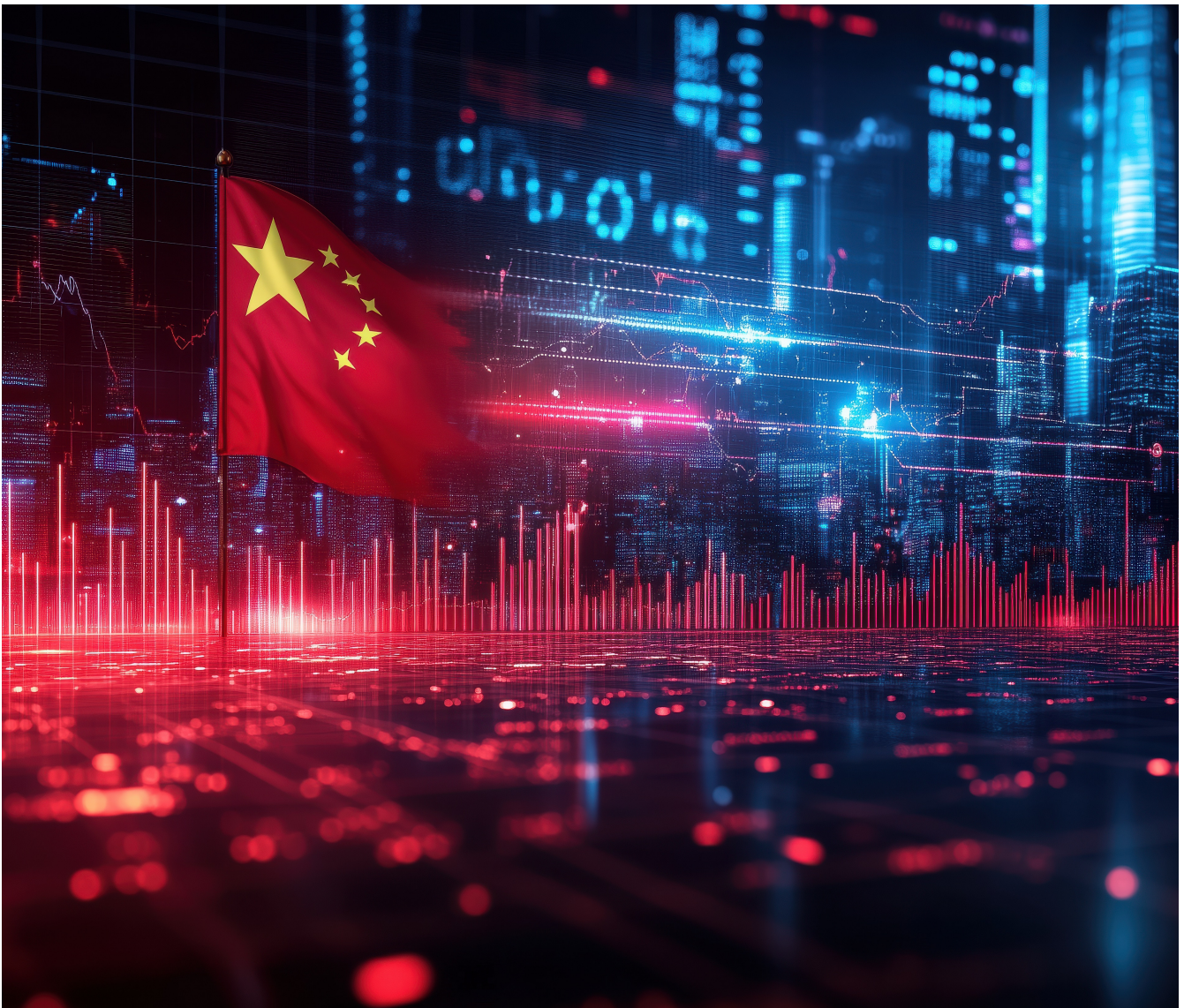
Comprehensive Report

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Introduction

China's political, economic, and foreign policy landscapes have undergone significant transformations in recent years. The Chinese government has strategically positioned artificial intelligence (AI) as a core driver of economic transformation, with ambitious goals to establish itself as a global hub for AI innovation by 2030. Through its New Generation AI Development Plan launched in 2017, China established a phased approach to AI governance and development, aiming to initially establish AI ethical norms and policies by 2020, followed by AI laws, regulations, and security assessment capabilities by 2025. This transition is supported by a robust ecosystem integrating infrastructure, data, talent, and innovation, positioning China as a key player in demonstrating how nations can align strategy, ecosystem enablers, and industry-specific innovation to harness AI's transformative potential. This report examines China's AI governance framework, policies, and achievements, analyzing its legal regulations, government action plans, intellectual property mechanisms, investments, and judicial decisions related to AI technology development and implementation.





1. Recent Legal Regulations (2020-2025)

China's approach to AI regulation has primarily followed a "vertical" approach, addressing specific risks arising from types of AI technologies rather than implementing a comprehensive "horizontal" approach like the EU's AI Act. The Chinese government has introduced multiple AI regulations since 2020, establishing a layered governance framework. In January 2023, the Deep Synthesis Provisions came into effect, strengthening supervision over deep synthesis technologies and services. These provisions apply to both 'deep synthesis service providers' and 'deep synthesis service users' and define deep synthesis as technology utilizing generative or synthetic algorithms to produce text, graphics, audio, video, or virtual scenes.

In March 2022, the Internet Information Service Algorithmic Recommendation Management Provisions took effect, requiring providers of AI-based personalized recommendations to uphold user rights and allow users to select or delete tags about their personal characteristics. Companies are prohibited from offering different prices based on personal characteristics and must notify users if a recommendation was algorithm-based while giving users the option to opt out. The regulation mandates increased transparency and audits of recommendation algorithms, including the creation of an algorithm registry.

In July 2023, China issued the Interim Measures for the Management of Generative Artificial Intelligence Services, becoming one of the first countries to regulate generative AI technologies. The measures apply to services that provide generated text, images, audio, video, and other content to the public within China. They require providers to carry out data processing activities using legal data sources, respect intellectual property rights, obtain consent for personal information use, and maximize the authenticity, accuracy, objectivity, and diversity of training data.

China has also implemented comprehensive data protection regulations that impact AI development. The Personal Information Protection Law (PIPL), effective from November 1, 2021, is China's first comprehensive data protection law targeting personal information protection. In January 2025, the Network Data Security Management Regulations took effect, enhancing personal information protection and cross-border transfer rules. Companies in China now face additional obligations with mandatory data protection audits starting in 2025, setting new compliance benchmarks.

In December 2024, China's National Intellectual Property Administration issued guidelines on patent applications for AI-related inventions, providing guidance to firms seeking IP protection for innovations involving or assisted by AI. This followed the September 2024 release of an AI Safety Governance Framework by the National Technical Committee 260 on Cybersecurity, outlining principles for tackling AI-related risks in accordance with a "people-centered approach".

2. Government AI Action Plan

China's AI strategy follows a structured and phased approach outlined in the Next Generation AI Development Plan launched in 2017. This plan set ambitious goals, aiming to position AI as a core driver of economic transformation by 2025 and establish the country as a global hub for AI innovation by 2030. The plan reflects an emphasis on long-term planning, balancing innovation with safety through adaptive regulations.

In 2023, President Xi Jinping put forward the Global AI Governance Initiative, contributing China's proposal on how to develop and govern AI. To advance global AI governance, China advocates for upholding a comprehensive and balanced approach, a fair and inclusive framework, and multilateralism. In furtherance of these goals, China proposed the AI Capacity-Building Action Plan for Good and for All with five key vision areas.



The first focus area aims to promote AI and digital infrastructure connectivity by improving the global layout and interoperability of AI and digital infrastructure, actively assisting countries, especially those in the Global South.

The second area seeks to empower industries through AI Plus Application, exploring ways for AI to enhance the real economy across various fields including industrial manufacturing, traditional agriculture, green transition, and climate change response.

The third focus promotes enhancing AI literacy and strengthening personnel training by actively promoting AI application in education, conducting exchange and training of AI professionals, sharing expertise and best practices, and protecting the digital rights of women and children.

The fourth area aims to improve AI data security and diversity by promoting the orderly cross-border flow of data, exploring the establishment of a global data-sharing platform, protecting personal privacy, and promoting equality and diversity in AI data sets.

The fifth area focuses on ensuring AI safety, reliability, and controllability by upholding fairness principles and supporting the establishment of global, interoperable AI risk assessment frameworks under the United Nations framework.

To implement the Action Plan, China commits to engaging with all countries on AI capacity-building cooperation, carrying out cooperation on AI models and applications, working with other countries on green development, establishing international cooperation platforms, and holding AI capacity-building programs for developing countries.

By the end of 2025, the Chinese government plans to hold 10 AI workshops and seminars primarily aimed at fellow developing countries. China is also ready to work with other countries to promote AI literacy among the public, develop data infrastructure, and strengthen policy exchanges related to AI testing, evaluation, certification, and regulation.



3. Intellectual Property & Data Usage

China has emerged as the world's leading producer of generative AI patents, with more than 38,000 GenAI patents filed between 2014-2023—six times the number filed by inventors in the United States, which ranked second. According to a report from the UN World Intellectual Property Organization (WIPO), GenAI patents currently represent 6% of all AI patents globally. The top patent applicants include Chinese companies like Tencent (2,074 inventions), Ping An Insurance (1,564), Baidu (1,234), and the Chinese Academy of Sciences (607).

China follows the principle of territoriality in IP protection, meaning IP rights acquired under the country's laws are only valid within China's territory unless protected by international agreements. China primarily follows a "first-to-file" rule for IP registration, which means the first entity or individual to register IP rights holds those rights exclusively, regardless of the original user, with limited exceptions. The country has made significant strides in recent years to improve IP protection as the government seeks to spur domestic innovation and improve the business environment.

In terms of data usage, China has implemented comprehensive data and privacy regulations with three pillar laws: the Personal Information Protection Law (PIPL), the Cybersecurity Law, and the Data Security Law. The PIPL, effective from November 1, 2021, is designed to protect the privacy and personal information of Chinese citizens and imposes obligations on Chinese organizations and foreign companies operating in China. The law defines "personal information" as any information related to an identified or identifiable natural person within China, excluding anonymized information.



For AI systems specifically, China has introduced regulations for automated decision-making technologies under the PIPL. Organizations that use automated decision-making must ensure transparency in the process, guarantee fairness and impartiality, and not impose unreasonable differential treatment. Users must be provided with options to opt out of personalized decision-making or refuse automated decisions.

In September 2024, China's Cyberspace Administration released draft measures titled "Measures for Labelling Artificial Intelligence Generated Synthetic Content" for public consultation. These regulations apply to network information service providers offering AI-generated content services to the public in China, including algorithm recommendation service providers, deep synthesis service providers, and generative AI service providers. The measures require service providers to clearly outline labeling methods in user agreements and ensure all AI-generated content is labeled both explicitly (visible labels) and implicitly (embedded metadata).



4. AI Outputs & IP Protections

China's handling of AI-generated content has evolved significantly, with courts increasingly recognizing copyright protection for AI outputs. In November 2023, the Beijing Internet Court handed down a groundbreaking ruling in a copyright infringement case involving an AI-generated image, addressing whether AI-generated works are protectable by copyright and who owns such copyright. The case involved a plaintiff who used Stable Diffusion to generate an image of a young woman by inputting various prompts and adjusting parameters, then later found the defendant using the image without permission.

The court examined whether the picture constituted a "work" under China's Copyright Law, which requires originality and intellectual achievement. It found that the plaintiff demonstrated intellectual input by designing the image's elements through detailed prompts such as "Japan idol," "cool pose," and "film grain," then further adjusting these prompts based on preliminary images. This process reflected the plaintiff's subjective aesthetic choices and original judgment, leading the court to rule that the image qualified for copyright protection as an original work.

On the issue of ownership, the court determined that an AI model cannot be an author because it is not a natural person, legal person, or unincorporated association. Since the Stable Diffusion designer only created the AI model but wasn't involved in the intellectual input for the specific image, and the license explicitly states the designer does not claim rights to output content, the plaintiff was deemed the rightful author and copyright owner.

This ruling contrasts with the approach taken by the United States Copyright Office, which has refused protection for AI-generated visual artworks in at least four cases. US guidance reiterates that copyright protects only materials produced by human creativity, analyzing protection for AI-assisted works on a case-by-case basis, but generally finding user prompts alone insufficient to justify copyright protection.

Another significant case emerged in February 2024 when the Guangzhou Internet Court ruled that an AI company had infringed on the copyright of the Japanese superhero Ultraman through unauthorized copying and adaptation. Some images generated by the company's AI service were found to be substantially similar to the original character, illustrating the potential liability of service providers for AI tool outputs. The court ordered the defendant to compensate the plaintiff for economic losses equal to 10,000 yuan (\$1,389).

China's regulatory approach to AI-generated content also includes the requirement that such content be clearly labeled. The Deep Synthesis Regulations mandate that service providers use technical measures to add unobtrusive marks to AI-generated content. Where deep synthesis services may "lead to public confusion or misidentification," more prominent markings must be provided. In March 2025, China released new labeling requirements for AI-generated content that will take effect on September 1, 2025, imposing explicit and implicit labeling obligations on internet information service providers.

5. AI Investments & Computing Power

China's AI industry has grown rapidly, with an annual growth rate exceeding 10% between 2018 and 2022. The China Academy of Information and Communications Technology reported that the core AI industry's value reached RMB 508 billion (US\$75 billion) in 2022, marking an 18% year-on-year increase. Cities like Beijing, Shanghai, and Shenzhen are leading this transformation, leveraging vast markets and diverse sectors.

In January 2025, China created a new artificial intelligence investment fund with an initial capital of 60 billion yuan (US\$8.2 billion), just days after the United States further tightened export controls for advanced semiconductors. The National AI Industry Investment Fund was incorporated in Shanghai as a joint venture of state-backed Guozhi Investment (Shanghai) Private Equity Fund Management and the China Integrated Circuit Industry Investment Fund (CICF) Phase III. This fund's creation reflects Beijing's determination to advance the nation's AI capabilities despite greater tech restrictions imposed by Washington.

Major Chinese tech firms—including Baidu, Alibaba, Tencent, and ByteDance—have invested heavily in large language models (LLMs). Baidu launched Ernie Bot just four months after ChatGPT-3, and China has since developed at least 240 LLMs through collaborations between tech giants, startups like Minimax and Zhipu AI, and academic institutions such as Peking and Tsinghua universities. In February 2025, Alibaba announced it would allocate at least 380 billion yuan toward cloud computing and AI. In March 2025, Honor pledged \$10 billion in artificial intelligence investments over the next five years.



To support its AI ambitions, China has made substantial investments in computing power infrastructure. In October 2023, the government announced plans to boost the country's aggregate computing power by more than 50% by 2025, targeting a total computing power of over 300 EFLOPS. EFLOPS, equal to one quintillion floating-point operations per second, measures a computer's speed. In August 2023, China's computing power reached 197 EFLOPS, up from 180 EFLOPS in 2022, ranking second behind the United States.

China also launched the "East Data, West Computing" plan in February 2022, a mega project to establish eight national computing hubs and 10 national data center clusters to channel computing resources from eastern regions to less developed yet resource-rich western areas. By the end of 2025, China aims to have a comprehensive computing power infrastructure system in place, with various types of newly added computing power in national hub nodes accounting for over 60% of the country's total. Additionally, the proportion of green electricity in newly built data centers will exceed 80%.

Investments in advanced technologies, such as expansive 5G networks and energy-efficient green data centers, provide a solid foundation for AI applications. These infrastructural advances support the deployment of high-capacity computing power essential for training large-scale AI models. With one of the fastest-growing data ecosystems globally, China has developed strategies to improve data interoperability and accessibility across sectors.



6. Judicial Decisions on AI

China's courts have issued several landmark decisions on AI-related cases, particularly concerning copyright and intellectual property. In November 2023, the Beijing Internet Court ruled that an AI-generated image in an intellectual property dispute was an artwork protected by copyright law, marking the first case of its kind in China. This decision recognized that AI-generated content can be subject to copyright protection if the human user contributed substantially to the creation of the work.

In this case, the court ruled that an AI machine cannot be an author of the work since it is not human. The plaintiff was entitled to the copyright of the photo generated by the AI machine because they personally chose and arranged the order of prompts, set the parameters, and selected the style of the output, which demonstrated a sufficient level of originality. This ruling set a precedent for considering AI-generated content as potentially copyrightable when there is substantial human input.

In February 2024, the Guangzhou Internet Court issued another significant ruling on a case of infringement of copyright by an AI-generated service, the first effective ruling of its kind globally. This case involved the Ultraman character, where the copyright owner exclusively authorized the copyright of the series images to the plaintiff, while the defendant operated a website providing AI conversation and image generation functions. The court found that the images generated by the defendant partially or completely copied the original artistic work, thus infringing on the plaintiff's reproduction rights. Some generated images also formed new features based on the original expression, infringing on adaptation rights.

The judgment specified the duty of care for providers of generative AI services. Since users lack clear awareness of potential copyright infringement risks, providers should remind users through service agreements. AI service providers should also establish complaint reporting mechanisms and prominently label AI-generated content that may cause confusion. The court emphasized balancing rights protection and industry development, suggesting it's not appropriate to excessively burden service providers while they should actively fulfill reasonable duty of care.

In March 2025, the Changshu People's Court announced a case concluding that AI-generated works can be protected by copyright. The plaintiff had used Midjourney to create an image and then Photoshop to refine it. After obtaining copyright registration and posting it on social media, the plaintiff discovered companies had used similar images without permission. The court found for the plaintiff, determining that their crafting of prompts and subsequent modification reflected unique choices and arrangement, making the image an original work protected by copyright.

Beyond copyright cases, China has integrated AI into its legal system. Hangzhou courts started employing an AI judge's assistant program called Xiao Zhi 3.0 in 2019. Initially handling repetitive tasks, the technology now records testimony, analyzes case materials, and verifies information in real-time. Another system, Xiao Baogong Intelligent Sentencing Prediction System, suggests penalties based on big data analysis of case information and prior judgments. These implementations have raised questions about the balance between AI efficiency and human judgment in legal decision-making.

Conclusion

China has made remarkable strides in developing a comprehensive AI governance framework, establishing itself as a significant player in the global AI landscape. The country's approach to AI regulation has been characterized by a vertical, adaptive method that addresses specific technological risks while promoting innovation and development. This dual focus on development and security has been a consistent theme across China's AI regulations, reflecting the government's desire to harness AI's transformative potential while mitigating potential risks.

The implementation of key regulations such as the Interim Measures for the Management of Generative AI Services, the Deep Synthesis Regulations, and the Algorithmic Recommendations Provisions demonstrates China's proactive stance on governing emerging AI technologies. These measures, combined with comprehensive data protection laws like the PIPL and the Network Data Security Management Regulations, which came into effect on January 1, 2025, create a multifaceted regulatory environment that aims to balance innovation with safety.

China's government has articulated ambitious goals through its AI action plans, including the Next Generation AI Development Plan and the AI Capacity-Building Action Plan for Good and for All. These initiatives not only focus on domestic development but also emphasize international cooperation, particularly with developing countries, reflecting China's aspirations for global AI leadership.

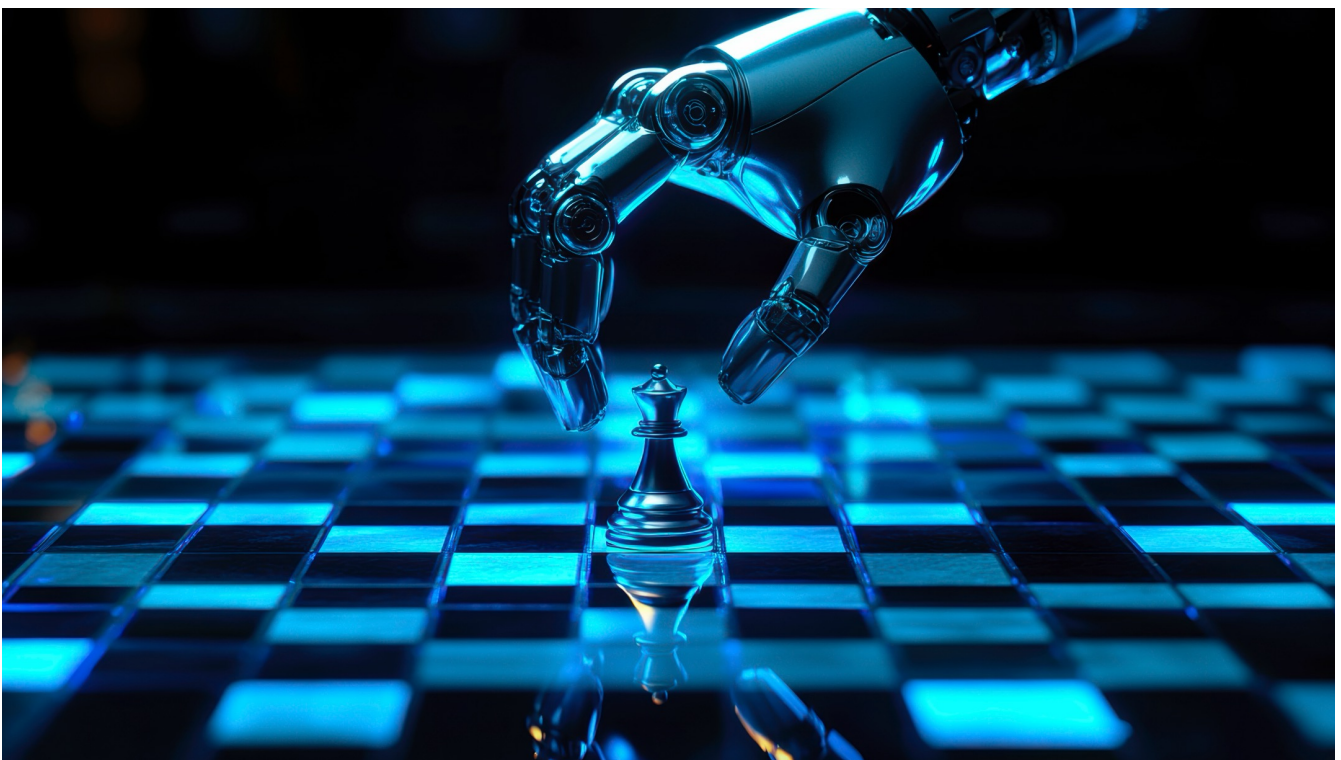


In the realm of intellectual property, China has emerged as the world leader in generative AI patents, significantly outpacing other countries. The country's courts have made groundbreaking decisions recognizing copyright protection for AI-generated content under certain conditions, potentially influencing global approaches to AI and IP.

China's commitment to AI is further evidenced by substantial investments in both AI development and computing power infrastructure. The creation of a new AI investment fund with initial capital of 60 billion yuan in early 2025, along with major investments from tech giants like Alibaba and Honor, demonstrates the country's determination to advance its AI capabilities. Similarly, plans to boost computing power by more than 50% by 2025 and initiatives like the 'East Data, West Computing' project showcase China's strategic focus on building the infrastructure necessary for AI innovation.

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As China refines its AI governance framework and increases investments in the sector, it is becoming a significant player in the global AI landscape. While challenges remain, including balancing innovation with security concerns and navigating international tensions, China's multifaceted approach to AI development and regulation between 2020 and 2025 has established a foundation for continued advancement in this critical technological domain.



Country AI Policies, Regulations and Strategies Report

