China Development Forum 2024
The Continuous Development of China

Symposium on AI Development and Governance
(Panel Discussion I)

Hosted by the Development Research Centre of the State Council (DRC) and organized by the China Development Research Foundation (CDRF), the China Development Forum (CDF) 2024 was held at Diaoyutai State Guesthouse in Beijing from March 24th to March 25th. The afternoon of March 24 saw the convening of the "Symposium on AI Development and Governance." During the "Panel Discussion I," five notable speakers participated: Holger Klein, Chairman of the Board & CEO, ZF Group; Joseph Sifakis, Founder, Verimag Laboratory; 2007 A.M. Turing Award Laureate; ZHENG Yongnian, Director, The Institute for International Affairs, Qianhai, The Chinese University of Hong Kong, Shenzhen; Board Director, Guangzhou Institute of the Greater Bay Area (GIG); Bob Sternfels, Global Managing Partner, McKinsey & Company and Douglas Peterson, President & CEO, S&P Global. The symposium was chaired by Zhang Shunxi, vice president of the DRC.

Holger Klein opened with insights into AI's swift advancement through the lens of an automotive tech company. He viewed AI as a transformative power reshaping our work, from the way engineers

write code to how products and processes are optimized. Four examples were provided to illustrate this point. The first is the temperature monitoring of electric vehicle engines. An electric vehicle's engine spins at high velocities, with temperatures climbing if it over-rotates. AI can often measure speeds that manual methods can't gauge accurately, significantly aiding in the reduction of motor failure rates. The second is employing AI algorithms for autonomous driving. Autonomous vehicles must navigate turns and U-turns independently, requiring timely decision-making. Current AI systems can validate the precision of vehicular decisions to ensure they meet safe driving standards. Third, the computational power needed to support AI advancements is available at this stage. Fourth, AI has seen widespread adoption in corporate management.

These four examples clearly demonstrate AI's growing significance in company operations. Regarding this, Holger Klein mentioned that the current challenge lies in educating corporate staff on utilizing AI, something ZF is actively pursuing. The goal is to ensure employees embrace AI to enhance human intelligence in their work, not to replace humans with machines. It's believed that AI will become an essential component in the development and operation of the automotive industry. Governments, businesses, universities, research institutions, and users must collaborate to identify a safe approach to mitigate the risks posed by AI.

Joseph Sifakis pointed out that, in the contemporary world, there were two differing perspectives regarding the ultimate goal of AI. Some contended that it should be AGI, striving to create

superintelligent agents surpassing human cognitive abilities to make effective decisions across various domains—healthcare, finance, transportation, and manufacturing. Others argued that the ultimate goal was autonomous AI, constructing machines with human-level intelligence capable of supplanting human labor in established entities like self-driving vehicles, intelligent factories, and autonomous networks. However, what currently exists is still weak AI, an intelligent assistant offering services through user interaction. Joseph Sifakis believed that AI could be utilized in three distinct capacities: as an assistant, as a monitor, and as a controller. China could leverage its extensive industrial system to forge ahead on the path towards autonomous AI.

Two primary types of risk are associated with AI: technological and human-made, both controllable through regulatory or legal frameworks. Unemployment resulting from AI-induced automation can also be managed with suitable social policies. Moreover, there are two societal risks: one concerns balancing choice and performance. If it cannot be ensured that the system uses reliable information impartially and neutrally, then decision-making should not be left to the system; another risk involves improving performance. Consideration must be given to whether this is offset by the lack of human oversight.

Regarding the creation of a global regulatory framework, Joseph Sifakis stated that while there is recognition of the need to regulate AI, there is no consensus on how to practically implement such regulation. Differences also exist in AI regulation between the EU and the United States. The EU enforces stricter and more

robust AI regulations, having passed the Artificial Intelligence Act and the Digital Services Act, adopting a risk management approach, and mandating high reliability for AI systems in critical applications. Conversely, the United States has comparatively fewer mandatory regulations, like its Executive Order on AI, which provides recommendations and guidance. Regulators and BigTech companies in the United States are aligned, championing ethical AI principles. However, from a technical standpoint, it does not assess AI systems against very stringent technical criteria.

Joseph Sifakis opined that the chances are slim for a consensus on the global AI regulatory framework currently advocated by the UN. The United States is capitalizing on its generative AI prowess to follow a self-regulating, market-centric approach to regulation. In practice, significant progress in AI regulation can only be made by leading in autonomous AI and collaborating with pertinent nations to establish secure AI regulatory frameworks.

Zheng Yongnian highlighted that AI is a tool, and its development and governance must advance concurrently. AI development primarily adheres to four models: those of the United States, the European Union, other Asian countries, and China. The United States exemplifies a development-centric model with limited regulation, where generative, commercial AI thrives. The EU follows a regulation-centric approach, transforming its vast market into global rules and standards. In Asia, Singapore and Vietnam employ AI to bolster economic development, representing a national model of open and efficient governance. China's approach

is primarily regulatory-focused, with notable advancements in facial recognition, visual image processing, and personal data management.

Regarding development, China and the United States each possess comparative advantages in AI, complementing and offering learning opportunities to one another; in governance, collaboration between China and the United States in AI governance is of greater significance. Both nations boast a solid foundation in AI, with ample opportunities for collaboration and actionable initiatives. Such cooperation would be beneficial for global peace and development.

Bob Sternfels made four observations regarding the application of generative AI. First, there is enormous potential to be tapped. Upon examining 63 key AI technology areas, McKinsey & Company forecasted a potential impact of USD 2.6 trillion to 3.4 trillion in the future, with manufacturing, marketing, software engineering, and R&D comprising about 70% of the total scale. Second, scaling presents a significant challenge. AI technology has the capacity to hasten change and necessitates skill enhancement. Third, a paradigm shift in organizational structure is necessary, involving changes in talent assessment criteria, shorter strategy implementation times and talent pooling, with a focus on customer service and nurturing in-house tech expertise. Fourth, balancing opportunities and risks is crucial, particularly in conducting comprehensive risk assessments and establishing a risk management framework. From this foundation, to better apply AI, Bob Sternfels posed four questions: First, has your enterprise

incorporated AI into its development roadmap? Second, does a corresponding talent strategy align with the development strategy? Third, have any excessively radical measures been implemented? Fourth, are risks and opportunities evaluated with equal consideration?

Douglas Peterson discussed five key elements concerning S&P's implementation of AI. The first element is vision. As a data company, AI enables S&P to concentrate more on decision-making and analytical levels, focusing on the crux of issues and making pivotal decisions. The second element is data. Generative AI relies on data, and S&P cleans and organizes it for use by large models. The third element is talent. It's essential to ensure that staff members learn and grasp AI, aligning human development accordingly. The fourth element is governance (organizational structure). S&P has set up the appropriate AI architecture and a regular discussion system to evolve around AI. The fifth element is safety and quality. The quality of AI-generated information must be managed to avoid the dissemination of misinformation.

Building on this, Douglas Peterson also underscored the significance of people and AI governance. Global entities like S&P should not only adhere to universal AI standards but also establish an AI governance framework through collaboration to meet the new demands of the AI era.

(China Development Press Authors: Liu Changjie, Luo Rensheng, Xu Jing; Reviewer: Yang Liangmin)

--Background Information--

Under the mandate 'Engaging with the world for common prosperity', China Development Forum (CDF) serves as an important platform for Chinese government to carry out candid exchanges and discussions with leaders of global businesses and international organizations as well as foreign and Chinese scholars. Initiated in 2000, CDF has made remarkable contributions for the policy exchange and international collaborations between China and the world.

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