The Coming Battle for AI

by Ronan Wordsworth - March 7, 2025

In January, China took the tech world by surprise when it unveiled DeepSeek, an artificial intelligence company that has proved to be as competitive as any other but at a much lower cost. The event was a wake-up call to policy officials of all stripes in Washington, who understand that AI will soon affect, to some degree or another, all aspects of political life.

Dominance in this field requires massive computing power, a big enough energy supply to power the vast data centers behind AI, and, finally, the human resources needed to develop new and innovative iterations. It's little wonder, then, that governments are racing to finance the very infrastructure on which AI relies. Within days of the beginning of U.S. President Donald Trump's second term, his administration announced the creation of an enterprise known as Stargate, which plans to invest $500 billion in private sector AI infrastructure. In February, ahead of a multinational AI summit in Paris, France announced investments totaling around $112 billion in AI infrastructure and development. This included $20 billion from Canadian investment firms for new AI projects, up to $50 billion from the United Arab Emirates for new data centres, and large investments in Mistral, a European competitor to OpenAI and DeepSeek. China already has a surplus of data centers, having constructed hundreds in the western provinces, while large tech firms such as ByteDance are investing billions in additional facilities.

Government efforts to take the lead in this nascent geostrategic environment go beyond investment alone. The Biden administration, for example, imposed strict chip export controls in 2022 to prevent China from obtaining the advanced chips presumably needed to run the top AI models. Days before departing the White House, President Joe Biden added more regulations to control exports of the most powerful chips, following further restrictions on chipmaking equipment going to China. This would limit Beijing's ability to manufacture its own advanced chips and semiconductors domestically, or so the thinking went.

Beijing responded by imposing its own restrictions in a field in which it holds a distinct advantage: critical minerals. China is responsible for almost 70 percent of the mining of rare earth elements. And with its large domestic reserves and long-established mining concessions in Africa, it is responsible for more than 90 percent of all rare earth processing. For some minerals, China has a near monopoly. The U.S. produces just 12 percent of global supply and relies on Chinese machinery for

extraction. And so, after Washington introduced the chip bans, Beijing placed restrictions on rare earth extraction and separation technologies. Later, in 2024, it banned the export of some rare earths required for the manufacture of semiconductors.

Washington understands its vulnerabilities in the rare earth supply chain. It's one of the reasons Trump has tied negotiations over the Russia-Ukraine war to mineral rights in Ukraine, and why Biden tried to shore up domestic extraction. It's also why Washington is leveraging security guarantees for Taiwan – the world's foremost semiconductor superpower – into investment for new manufacturing centers in the U.S.

Put simply, AI has the power to transform geopolitics. Traditionally, geopolitical power is derived from the domination of physical space – air, land and sea, with space emerging as a fourth domain during the Cold War. (The cyber realm came not long after the war's end.) And, traditionally, geopolitical power is wielded by economic, political and martial means. AI is unique because not only will it spur an evolution in its own domain (cyber), but it will also affect the others (economics, politics and war). All of them will experience upheavals over the next decade as a direct result of the emergence of faster, better and more capable AI models. These models also have the potential to disrupt the global system, widen the gap between the haves and the have-nots, and endow certain countries with insurmountable leads in the cyber realm.

From an economic perspective, the benefits of advanced AI are many. It can be used to optimize supply chains, better predict macroeconomic trends, detect fraud in banking and financial services, improve financial transactions and increase workplace productivity. It can assist in the optimization of energy resources, agricultural production, resource extraction, disaster relief and management. Crucially, it can also revolutionize labor in certain industries. Take truck drivers as an example. In the U.S alone, some 3.6 million people would potentially be out of work if AI-powered self-driving becomes a reality. Similar transformations are likely to occur in countless other industries, making competitiveness a matter of efficiency in AI models rather than a matter of human productivity. There is a real risk this shift in the labor market will create political instability.

Meanwhile, some of the political uses of AI are already here. Russian disinformation campaigns in Africa, for example, once required thousands of employees to produce content to flood social media and thus alter the news environment in target regions. AI-generated and AI-altered images and videos amplify the effects further, and with the ability to generate targeted content in hundreds of languages or to specific subsets of individuals, the prospect of disrupting political movements is already apparent. Higher powered AI will be even more adept at creating deepfakes, synthetic media

and automated propaganda, making disinformation campaigns more effective and harder to detect. This is likely to intensify as a mainstay of hybrid warfare – undermining adversaries' internal stability through targeted campaigns. The tools currently available to counter this threat are vastly insufficient.

The risk of public unrest aside, governments will be able to use AI to expand mass surveillance, social control and digital repression. Through its ability to process vast amounts of data, AI will make it easier for governments to crack down on subversion and dissent. Even for democratic regimes, the temptation to, say, monitor and combat crime may be too strong to ignore.

But perhaps the most important – and most foreboding – use of AI will be its military applications. In the same way that previous generations of transformative technologies changed the battlefield, the next generation will aid and abet combat operations. The number of ways AI will do so is nearly uncountable, but some examples are instructive: coordinated drone swarms, automated battlefield strategies and communication disruption; surveillance and reconnaissance; early warning and evasion systems; strategic decision-making; increasingly sophisticated cyberattacks capable of disrupting financial markets, critical infrastructure and military operations; and stealth detection.

It's little wonder, then, that governments are scrambling not only for the requisite materials needed to power AI but also for the human talent to develop and operate it. In China, tech companies that had been left out in the cold by the government's regulatory crackdown are now becoming major players. It's unclear how much money DeepSeek, for example, received from the government, but Beijing has been and will continue to be involved in strategic industries such as these. Beijing's public show of support serves two purposes. It reassures tech companies that their investments have not been made in vain, and it sends a message to the rest of the world that China is not only serious about the AI race but also uniquely able to lead it.

Washington has certainly taken notice. Some analysts have called the DeepSeek announcement this generation's Sputnik moment, which triggered the space race with the Soviet Union during the Cold War. Whatever lead the U.S. may have had in the current race is gone. Expect Washington to double down on export controls covering any remaining aspects of high-end computing power as it tries to reestablish its position. For its part, China is likely to intensify the tech war, offering greater support for domestic players and further restricting rare earths.

It's unclear whether AI will continue to be a two-team race. For most, the cost of admission will be prohibitively expensive, so the disparity between the haves and the have-nots will only widen. European players are looking to catch up; the United Kingdom and France are trying to invest in their own domestic capabilities to avoid being left behind.

The emergence of DeepSeek was, more than anything, a wake-up call, one that sent a clear and inscrutable message: that AI is set to revolutionize all forms of geopolitical power. And just as the space race defined international relations in years past, the race for more powerful AI may well define the years to come.

Author: Ronan Wordsworth
Read more from this author on geopoliticalfutures.com

