



# Regulatory Landscape and Implications of Artificial Intelligence Generative Content (AIGC) Industry in China

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**Abstract:** The emergence of Artificial Intelligence Generative Content (AIGC) technologies, has captured global attention and industry enthusiasm. As countries and international organizations grapple with regulating this transformative technology, this paper delves into the regulatory landscape of China's AIGC industry. The study maps China's governmental stakeholders, analyzes key regulatory policies, and identifies emerging trends in AIGC management and compliance.

**Keywords:** AIGC, regulation, policy, Artificial Intelligence Generative Content

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## 1. Introduction

China Governmental stakeholders. China, recognizing AI as a cornerstone of its national strategy, has embarked on promoting AI development through coordinated efforts of key ministries. Despite the rapid evolution of the AIGC industry, government bodies are actively preparing to regulate AIGC, with focused attention on stakeholders.

AIGC regulatory policies and mindsets. The regulatory framework for AIGC in China revolves around three core elements: Data, Algorithm & Model Governance, and Independent & Trustworthy AI unique to China. Categorizing AIGC policies based on these elements provides insight into China's regulatory principles, ensuing regulations, and future AI governance trends.

## 2. Data

(1) data security. The effected Cybersecurity Law, [1] Personal Information Protection Law, [2]Data Security Law, [3] Measures of Data Cross-Border Transfer Security Assessment, [4] and looming important data regulations have established a mature system with completed statute laws administering data security under the design of close loop supervision, which had been illuminated by lots of researchers. (2) data quality is critical to AIGC. An industrial standard body, AI Industrial Association (AIIA) endorsed by Ministry of Industry and Information Technology (MIIT), has been adapting and localizing international criteria about data quality. In July, Shanghai Data Trade Exchange kickstarted the launch of “Chinese corpus ecological innovation partnership program”, which aims at the listing and trading of high-quality corpus data products of different industries and fields, promotes the technological innovation and application of AI big model and the construction of the data element market.

## 3. Algorithm & Model governance

Regulating algorithm & models is the key challenge to authority. Various regulators formulate regulations for algorithm and model with rationales specific to their respective regulatory goals.

(1) AIGC technical standards. MIIT views AIGC technical standards as technical directives for algorithm & model development and security. With the unified regulatory tool subject to local criteria, MIIT can administer AIGC's algorithm & model at technology level in terms of technical specifications. MIIT endorse two standard bodies dedicated to standard drafting, who aim to address AIGC algorithms' transparency, explainability, AI impacts, and unwanted bias etc. One is AIIA, which focuses on industry-specific criteria. Another is China Electronic Standard Institute (CESI), an agency under MIIT. CESI's Technical Committee (TC28), which assumed the responsibilities of drafting China information technical standards, initiated the sub working group SC42 to undertake national LLM standard systems in July 2023. Besides the above industrial and national level criteria, MIIT's affiliated technical think-tanks, CAICT, launched Large Scale Pre-training Model Technology and Application Evaluation Methods in May, serving as a recommended AIGC Algorithm Evaluation System. Regulators encourages AIG C industrial players to conduct both 3rd party evaluation and self-evaluation based on this Algorithm Evaluation System.

(2) AIGC content scrutiny & algorithm registration regime. On 13 Jul, seven ministries (CAC, MoE, NDRC, MOST ,

MIIT, MPS and SARFT) jointly released AI Generative Content Service Administration Measure Interim, which was effective from Aug.15th,2023. [5] The key contents included, a) Regulator will conduct categorized supervision to AIGC service. b) Ethics of AIGC service, including national security, antiterrorism, social stability, anti-discrimination, anti-monopoly and anti-unfair competition, protections of IPR, trade secret and individual legitimate rights & interests, are stipulated. AIGC service providers' accountabilities and liabilities were set out. c) AIGC security evaluation and regulatory inspection to content scrutiny, data source & quality and algorithm etc. were mandated by regulators. Besides this policy, over past five years, CAC, the owner of content scrutiny to AIGC and internet information service. Aug.8th, 2023 TC260 released the Cybersecurity Standard Practice Guideline - Method for Content Identification in Generative Artificial Intelligence Services soliciting for public comments within only two-days. This Practice Guidelines set out the relevant requirements of the Interim Measures for the Administration of Generative Artificial Intelligence Services by providing methods for content identification for AIGC services, to ensure that users can easily distinguish text, images, audio, and other media generated by a machine from media created by humans. The Practice Guidelines require that the content identification provided by the AIGC service shall include explicit watermark and implicit watermark to effectively inform users and the public. This also facilitates regulatory authorities in tracing accountability. The regulation will establish practical rules on the identification methods and the information that requires identification in five different scenarios, which will facilitate AIGC service providers in fulfilling their obligation to ensure proper content identification.

(3) Copyright. There are various stakeholders, e.g. data owner, AI developer, end user, service provider etc., at different stages, e.g. application design & modelling setting up, content input & generation, etc., in AIGC entire life circle. So far, in China, the State Bureau of Press, Publication, Radio, Film and Television is responsible for publication administration, while China National Intellectual Property Administration oversees IPR protection.

#### **4. China's secure, independent & trustworthy AIGC**

(1) Restriction of Foreign AIGC service. In the AI Generative Content Service Administration Interim Measures, which would stipulate that Foreign AIGC service should comply with legislations relevant to foreign investment. This implies that deployment of foreign AIGC should be subject to the Foreign Investment Negative List or China Restricted Imported Controlled Technology Catalog. (2) Self-reliant and independent AIGC. China Govt actively expedites the development of China ITAI industry, which focuses on achieving technology controllability and independency by means of replacing foreign technology with domestic technology. ITAI industry includes securing and controlling the whole industrial chains from IT underlying infrastructure hardware and application-level software and covers key sectors of application software, cybersecurity, IT infra, and basic software. (3) Current regulatory regime extends to AIGC. On Jul.13th, the Ministry of Public Security released a whitepaper on Artificial Intelligence Security Standardization, which is a directive guidance of introducing Multi-Level Protection Scheme compliance requirements to AI industry. [6] This implies MPS's regulatory intention to adopt MLPS to regulate AI industry.

#### **5. Observation on AIGC regulatory tendency**

(1) AIGC Model and algorithm Scrutiny and Registration system. It can be observed that the authority has been conducting a feasibility study about AIGC Model and algorithm Scrutiny and Registration system, which is similar to current administrative methods on version number permitting of online games. (2) Lashing AIGC crime. China Supreme Court has been considering to issue a judicial opinion about AI crime, which will likely be harsh, while the punitive provision will be strengthened. In the meantime, authority expedites legislative process. For instance, in Jun. 2023, State Council released 2023 legislation plan, where China AI Law was listed and will be submitted to the National People's Congress's review by 2024. (3) The AIGC national teams. CNGOV considers AIGC as the national strategy and key initiative of society development. CNGOV steers China ICT giants to cooperate with SOEs by integrating AIGC with key vertical industries. In July, 2023 Beijing released 30+ vertical industrial LLMs codeveloped by SOEs partnering with private companies. Unlike Made in China 2025, the CNGOV keeps very low profiles and less exposure about AIGC national task force.

#### **6. Implications to industries**

Three implications were sorted out listed here. (1) China regulatory standards. China regulatory policies about data, algorithm & model as mentioned above might supervise foreign relevant products and solutions. Although china standard bodies refer international criteria, it can be speculated that China AIGC standards rooted with secured and controllable regulatory rationale might impact foreign companies' existing products and lead to technical deviation from international criteria. (2) US and China technology controls. Both China Govt import control and US GOV export control, as double

strikes, have curbed foreign AIGC business. (3) Impairing end users' confidence. Unexpected compliance burdens are still existing and will not be vanished within short term. This hurts China customer's trust and confidence. How to eliminate clients' fears and rectify their potential prejudice arise from political issues is common challenge to foreign industrials and china end user.

## 7. Conclusion

China's proactive approach to regulating the AIGC industry demonstrates alignment with international regulatory principles and standards. While certain technical aspects are still evolving, the impending comprehensive regulatory framework fosters predictability for industry players and underscores China's commitment to innovative yet responsible AIGC development.

## References

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