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ChinAI #377: American Data Center Hegemony - the Center-Satellite Structure

BY JEFFREY DING · CHINAI NEWSLETTER · 12 OCTOBER 2026

Greetings from a world where...
this could be the Iowa football's year
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Feature Translation: In the US-China AI race, the deciding factor isn't compute, it's another thing

Context: Among U.S. policymakers and Western media outlets, I've seen a narrative popping up that China is winning the AI race by spreading its technology through infrastructure deployments abroad. For instance, this [Newsweek article](#) observes, "Beijing is only too happy to spread its tech through existing channels like the Belt and Road Initiative infrastructure export program." It's always clarifying to read how Chinese experts view the situation on the competition over the global deployment of data centers. The winner of last week's Around the Horn issue, a Beijing Cultural Review essay published back in 2024 by Yanhui He, researcher at Peking University's school of journalism, presents a very different perspective: the U.S. maintains hegemony in global data center construction, based on a "center-satellite" structure.

Key Takeaways: Sometimes we forget the baseline reality that Google, Microsoft, Amazon and other U.S. companies own more than half of the globe's hyperscale data centers.

- This Beijing Cultural Review piece reminds us that American “hegemony in computing power” rests not just on chips and algorithms but rather large-scale appropriation and integration of resources such as computing power, electricity, cooling energy, and land. “Regions such as Ireland and the Netherlands have thus become strategic hubs for companies like Amazon and Google, thanks to their extensive internet infrastructure,” He writes.
- Based on 2023 data, the U.S. hosted 5,000 data centers, whereas China, Germany, and the UK combined to host less than 2,000. Again, this doesn't even count all the overseas data centers owned by U.S. companies.

The essay alleges that the U.S. advantage is rooted in a “center-satellite” [中心—卫星] structure that relies on exploiting other countries. We've noted some examples from European countries that have robust internet infrastructure. As France and Germany endeavored to build their own sovereign clouds, they also continued to rely on Microsoft and Google cloud infrastructure.

- He continues, “This ‘center-satellite’ dependency structure is even more pronounced in developing countries. In Nigeria, 80% of public health data is stored on cloud servers owned by companies such as Google, Amazon, and Microsoft. Local scholars have pointed out that this practice primarily benefits internet companies by boosting their profits and data acquisition, without enhancing Nigeria's own capacity to store public data. In 2022, the Indian industrial giant Adani Group signed a cloud computing contract with Google to migrate its core applications and data to Google Cloud, while the African bank NedBank announced that Microsoft would manage its customer data.”
- Notably, the author frames the U.S.'s global deployment of data centers as exploiting these satellite zones, which has triggered counter-movements against data centers and cross-border data flows. However, U.S. dominance is sticky: “Even for entities located outside the U.S., the cost of routing data to the U.S. for processing remains relatively low. For example, data from numerous European enterprises is processed at U.S.-based data centers before being utilized by local users. The majority of micro and small enterprises oppose Europe's stricter regulation of cross-border data flows, as it would significantly increase their operating costs.”

Where does China fit into this center-satellite structure? The essay positions China's data center approach as constituting a “special case” system [特殊系统]. In contrast to Europe, China's domestic data center market is dominated by Chinese companies; the only international provider that ranks among the top five is Amazon (with 8.1% share).

- In this sector, China's restrictions on foreign investment have played a mixed role. They've protected the domestic market, requiring foreign

entities to obtain a license to operate data centers. At the same time, Microsoft and Amazon have entered the market by partnering with Chinese firms that handle local operations.

- He also points out that China's digital expansion is beholden to the U.S.-dominated "center-satellite" order. For example, NetEase Games, Bilibili, and other Chinese companies with overseas operations rely heavily on Amazon: "It commands nearly 80% of the market share for data processing services supporting Chinese companies' international expansion."
- The essay concludes that the current AI race can also be seen as "a competition over the strategic deployment of data centers" where satellite zones bear the costs of data centers on behalf of the dominant power.

FULL TRANSLATION: In the US-China AI race, the deciding factor isn't compute, it's another thing

ChinAI Links (Four to Forward)

Must-read: Can China close the high-end AI data gap?

Published in *Inferential Gap*, this was one of the most informative analyses I've read in the past month. The post is motivated by a *Forbes* report that Chinese AI labs rely on U.S. suppliers for post-training data (e.g., step-by-step demonstrations provided by experts, verifier scores on agent completion tasks). Incorporating original research and calculations, the author provides an overview of China's post-training data landscape and concludes, "I don't think the U.S. providers possess a permanent, across-the-board moat when it comes to high-quality post-training data."

Should-read: Models for International Private Sector Cooperation on Frontier AI Safety

This report, led by Conor McGlynn and Saad Siddiqui, points out the role of private sector cooperation in addressing frontier AI safety risks. I especially like the section that reviews other institutional models in related domains. I was happy to contribute to this one.

Should-read: There Is No A.I. "Race"

For *The New Yorker*, Chang Che debunks the "What About China" question in debates over whether the U.S. can regulate and/or slow down AI development amidst a technological race with China. His piece also incorporates insights from my book and comments from myself.

Should-read: China races to build data centres in bid for AI supremacy

In a *Financial Times* report, Eleanor Olcott traveled to Ulanqab, Inner Mongolia to understand China's data center buildout. See also last week's

Around the Horn for a Chinese-language perspective, written by someone who calls Ulanqab their hometown.

Thank you for reading and engaging.

These are Jeff Ding's (sometimes) weekly translations of Chinese-language musings on AI and related topics. Jeff is an Assistant Professor of Political Science at George Washington University.

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Any suggestions or feedback? Let me know at chinainewsletter@gmail.com or on Twitter at [@jjding99](https://twitter.com/jjding99)

In Defence of 'Hidden' Fees

BY HARRY RUSHWORTH • FULL STEAM AHEAD • 12 OCTOBER 2026

This week, the campaign against the cost-of-living crisis found a new target: no-frills carriers and their love of charging 'hidden' fees on flight tickets. Even the PM is on the case, announcing that the government will ban charges to change your name or sit with your family.

Charges to change the passenger name on bookings, to make sure your group sits together, and to make other booking changes are common on low-cost carriers.

Consumer campaigners have long taken issue with the list of supplementary charges that airlines levy on supposedly unprepared customers, and whilst at face value one might think their cause is just, it's worth thinking about why these charges exist to start with.

If I asked a Brit what the cheapest airline is, I'd expect most respondents to say Ryanair. It is infamous for being cheap; the papers are full of stories of angry holidaymakers who thought they'd got a bargain holiday only to have been hit by a charge for having oversized baggage at the terminal gate. Their social media is perhaps too transparent about the quality of their service - they're cheap but not much more. Their own TikTok pokes fun at their random seat allocations. easyJet, Britain's other large low-cost carrier, has been compared to FlyLo in the mockumentary *Come Fly With Me*.



Ryanair planes lined up at Berlin-Brandenburg Airport at sunrise; Source.

But far from abusing customers and taking advantage of them, the reason these carriers are able to offer such affordable base prices to the masses, is because they both aggressively cut operating costs, and charge for elements of a flight that most other carriers would provide as standard.

They might not care for customer comfort and convenience, but they do care about customer satisfaction; they just optimise for value for money.

Charges for extras play an important role in making that value for money possible. Importantly, many of these charges are presented to the user before booking the flight. Do you want to pay for a larger hold back? No, I'll *manage*. Would you like to pay extra now to choose your seat rather than be randomly allocated? I'll *try my luck at seat roulette*.

These extra charges are never mandatory, but the fact that some people pay them is what allows the base price to be lower for those who don't.

The people who complain about being ripped off by the low-cost carriers when these charges suddenly appear are also the people who would likely never stump up three to four times the cash for an equivalent distance with a flag carrier like BA or Iberia. Comfort and convenience cost.

In the same way that having multiple-classes on the same plane has enabled the lower middle classes to travel long-distance economy, the no-frills carriers are best thought of as an additional layer below that, a Sub-standard-Economy class so to speak, that opened up short-haul to the masses.

So whilst some may celebrate the demise of the additional charges, they may not realise we may also get the demise of the cheap flight that made their trip possible to start with.

Price Discrimination in action

To take Ryanair as an example, last year, their average base fare was €51, about £432.

It's a miracle of capitalism and the modern world that one can travel abroad by plane after working just three and a half hours on the minimum wage. It's almost unbelievable that these airlines can turn a profit on such

low revenue, but base fares made up only 67% of Ryanair's total revenue last year. The remainder comes from ancillary revenue; all of the baggage, priority boarding, seat selection, and in-flight sales that the airline manages to tack on to customers.

In other words, Ryanair makes an additional £21 from every customer on average from these extra charges.

- A name change costs £115,
- seat selection can cost anything from £3 to £42.50,
- and every extra kilogram of luggage over your limit at the airport is £13, even though it's as little as £1 a kilo at the time of booking³.

Nobody has to pay these charges, but the fact that some do either because they want extra perks or because they were careless at booking is why the majority of us can enjoy lower fares.

The seat charges are clearly visible on the second page of the booking process, long before the flight is confirmed, or any payment made. It's hard to argue that this is 'hidden'.

Ban the charges on these 'frills' and the base prices will have to go up in order to maintain the revenue and protect carriers' already tight margins. If just two people on a flight pay the name change charge today, that's more than £1 off of the fare for every single other passenger on the average flight⁴. If a quarter of people on a flight would pay an average of £20 for a seat, that's the equivalent of £5 on everyone's base fare.

One can argue that these charges are unfair to some, but low-cost carriers are known for these practices, and the terms and conditions are already transparent. Price discrimination is a good thing, and consumers are particularly sensitive to price changes when operating at such low fares. There are many who can travel as they do, whether students or low-income households, precisely because these charges exist. It is thanks to those who are willing to pay for extras or who are careless at booking, that the most price sensitive are able to travel at all.

A policy change that will make airlines bump up their base fares is hardly the right response to a cost-of-living crisis.

To leave you with a final thought, when you next find yourself being held up in a queue whilst boarding your flight because someone in front of you was careless enough to misspell their name, just remember that they will now get a cheaper flight, and you, someone who booked diligently, will have to pay that little bit more.

1

Cheapest base fare for a one-way flight on the 21st November from London to Madrid at time of writing: Ryanair £23, Iberia £67, British Airways £78.

2

Ryanair 2026 Annual Report. Available at: <https://investor.ryanair.com/wp-content/uploads/2026/06/Ryanair-2026-Annual-Report.pdf>

3

Ryanair Fees. Available at: https://www.ryanair.com/gb/en/useful-info/help-centre/terms-and-conditions/termsandconditionsar_1713394128

4

£230 spread across a flight of 180 people.