

Does China's world AI coalition change the global order?

written by Joseph Rozen | 28.07.2026

China launched the World AI Cooperation Organization (WAICO) in Shanghai on July 16, with some 29 countries joining as founding members. China's aim is to reach at least 40 members to outnumber the American-led tech coalition Pax Silica. Even U.N. Secretary-General António Guterres attended the WAICO launch ceremony, handing Beijing a meaningful image win.

Yet compared to China's other international initiatives, such as the Asian Infrastructure Investment Bank and the Belt and Road Initiative, which drew Western countries and even G7 members, WAICO remains isolated. Chinese President Xi Jinping told the audience that AI development "should not be a solo performance by one country, but a symphony of international cooperation," an unmistakable jab at Washington.

In practice, WAICO is not a real coalition, but a Chinese effort to manufacture high visibility and the appearance of cooperation, deepening Chinese influence across the Global South, including in AI. The knowledge, technology and rules are all made in China. Moreover, WAICO members include Russia, Belarus, Pakistan, Cuba, Venezuela, Indonesia, Malaysia, Brazil, South Africa, Senegal and about a dozen more African and Asian states already under some level of Chinese influence. Nearly every major BRICS economy has joined, except India, which signed onto the American framework back in February. The only country hedging its bets in both camps is resource-rich Kazakhstan, which recently joined the Abraham Accords in an effort to get closer to the United States.

On the other side stands the American-led Pax Silica framework, launched in December, which likely served as the trigger for WAICO's creation. Israel is a founding member alongside the United States, Japan, South Korea, Singapore, the United Kingdom, the United Arab Emirates, Australia and Greece, with additional countries joining later as partners. Under this umbrella, real cooperation is taking place, aimed at securing global AI supply chains among leading countries in their respective fields.

While WAICO is selling subsidized Chinese software models to countries that

can't afford or build their own, Pax Silica is built around the physical stack: critical minerals, energy, chips, manufacturing and logistics. That difference reflects exactly where each side holds the advantage. China controls roughly 60% of global rare-earth mining and about 90% of refining and separation capacity. The United States and its partners still lead in the development of the most advanced models and chip designs. Thus, each side is investing in shrinking its weaknesses while preserving its strengths.

China is not shy about using its advantages as weapons, not just assets. After Japanese Prime Minister Sanae Takaichi said in November 2025 that a Chinese assault on Taiwan could be treated as an existential threat to Japan, Beijing tightened its rare-earth export licensing regime in December 2025 and banned dual-use rare-earth exports to Japan outright in January 2026.

On the American side, the Pentagon expanded its list of "Chinese military companies" to 188 entities on June 8, sweeping in civilian tech giants like Alibaba, BYD and Baidu, and the Trump administration layered on a 25% semiconductor tariff from mid-January alongside a tightly conditioned approval for Nvidia to sell China its H200 chip.

China hit back two weeks after the Pentagon's move, adding 10 American entities to its own export control list, including MP Materials and USA Rare Earth—the two companies Washington is counting on to break free of rare-earth dependence on China. In the background, talks between U.S. President Donald Trump and Xi continue, with a potential meeting to take place in September.

Meanwhile, the supposed technology gap between China and the West is narrowing faster than it appears. Chinese models (DeepSeek, Zhipu's GLM line, Alibaba's Qwen) have been closing on Western benchmarks for over a year now, a product of the civil-military fusion Beijing has accelerated across its tech sector. Just before the Shanghai summit, Moonshot AI released Kimi K3, a 2.8-trillion-parameter open-weight model that still trails Claude Fable 5 and GPT 5.6 but outperforms Claude Opus 4.8 and GPT 5.5 on a number of benchmarks. This is strong evidence that the software gap the West is counting on to offset China's mineral advantage is closing fast.

WAICO accelerates this trend, but at the same time creates a risk for affiliated members. Even though Chinese models currently have the technical ability to

integrate with Western models like Claude and ChatGPT, Western companies will likely block such cooperation in practice for fear that Beijing would exploit it for intellectual property theft and espionage. Middle powers' room to maneuver is shrinking.

These developments carry implications for Israel. Unlike the mineral-rich Gulf states or the manufacturing powers in the Pax Silica coalition, Israel's value lies not in raw materials but in AI expertise, chip design and cybersecurity. Israel therefore has a direct stake in Pax Silica delivering a non-Chinese supply chain for the inputs its own tech industry depends on. If the mineral chokepoint is used against Washington's allies the way it was just used against Japan, Israel is exposed to high costs as well.

The deeper point Israeli policymakers and the business sector should focus on is whether Israel is investing enough, fast enough, in the parts of Pax Silica where its exposure is greatest. Israel needs to diversify mineral sources, chip manufacturing and energy security. It must be prepared for the potential impact of shifts in this field on leading industries (defense, aviation and space). Such preparation should also include creating more intimate frameworks with Pax Silica members separate from the larger Pax Silica forum—mainly with India, Singapore and Japan.

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