

summaries



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AI DIFFERENCES BETWEEN THE U.S. AND CHINA: WHAT INVESTORS SHOULD BE AWARE OF

Artificial Intelligence (AI) is changing the world. It allows machines to perform tasks that typically require human intelligence—like learning, decision-making, and problem-solving. Today, the United States and China lead the AI race. Although they use AI in similar ways, important differences exist.

Both countries use AI to improve their economies. They use AI in important areas like healthcare, farming, transportation, and manufacturing. In healthcare, AI helps doctors read MRIs and X-rays quickly and correctly. On farms, AI checks soil, watches weather, and tracks crops to help farmers get better harvests. In transportation, AI controls self-driving vehicles, making travel safer and easier. Factories use robots powered by AI to make products faster and cheaper.

Though both countries use AI similarly, their approaches in innovation, speed, and control differ significantly. The U.S. focuses on new ideas, deep research, and protecting new inventions. Big companies—like Nvidia, Google, Microsoft, and OpenAI (maker of ChatGPT)—invest heavily in AI. The U.S. has top universities, skilled talents, advanced chips, and fewer government restrictions. These advantages help the U.S. remain strong in AI and create reliable opportunities for investors.

China takes a different approach by quickly integrating AI into daily life. Large Chinese companies—like Alibaba, Tencent, Baidu, Huawei, and DeepSeek—quickly bring AI technology to people. When I visited my parents in Shanghai, China, this April, I saw AI-driven robots serving food in restaurants and delivering items directly to hotel guests. These robots replaced the need for human staff. I also noticed AI-powered drones delivering packages to customers. Beyond consumer applications, facial recognition technology, another form of AI, is widely used in cities. Chinese news frequently reports police using AI-enabled surveillance cameras to identify and locate criminals at large. While these examples demonstrate AI's power and usefulness, they also raise serious concerns about privacy and the ethics of constant surveillance by the government.

Another major difference is that China collects significantly more data, providing an advantage for AI training. Data helps AI learn patterns, make accurate predictions, and improve overall performance. For example, during COVID-19, the Chinese government required citizens to use phone apps with QR codes, which quickly tracked people's locations and health status. This approach was intended to help control the virus spread, but it also provided the government with extensive

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datasets valuable for AI model training. In contrast, the U.S. collects data mostly through businesses, consumer apps, online activities, and voluntary sharing by users, without direct mandates from the government.

In addition to data collection differences, China also tightly controls AI content. This means the government decides what information AI can use and share. The Cyberspace Administration of China (CAC) requires AI systems like DeepSeek to follow rules aligned closely with socialist values. AI companies face serious penalties if they share or discuss information criticizing or negatively portraying the Communist Party or the government. This type of censorship is not good for AI models because it limits their access to comprehensive and balanced data, weakening their ability to accurately understand and respond to complex topics. For example, I asked DeepSeek to tell me about the June 4th, 1989 Tiananmen Square massacre when the government used military force to stop pro-democracy demonstrations. DeepSeek refused to answer this question and suggested I change the topic. In contrast, U.S. freedom of speech laws limit government control over AI content. Data privacy is protected through

various regulations, but these typically focus on safeguarding personal information rather than censoring content.

Even with these differences between the U.S. and China, the broader trend remains clear. Just as personal computers, the internet, and smartphones significantly changed our lives, AI will bring similar transformative effects. It can greatly enhance productivity, accelerate innovation, and reshape industries. Moreover, AI will enable faster connections between people and accelerate the exchange of information on a global scale.

Our role as your financial advisor is to closely monitor these developments on your behalf. While differences between the U.S. and China affect investment risks and opportunities, we will keep you informed and confident. History shows that investing patiently in technology companies rewards investors greatly over time. Staying calm, focused, and invested will ensure you fully participate in the ongoing AI revolution.

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