



Digital Economy Amid Rising International Tensions Roundtable 25 Oct 2025

# Weaponized interdependence in a bipolar world

## And further findings on the political geography of cloud

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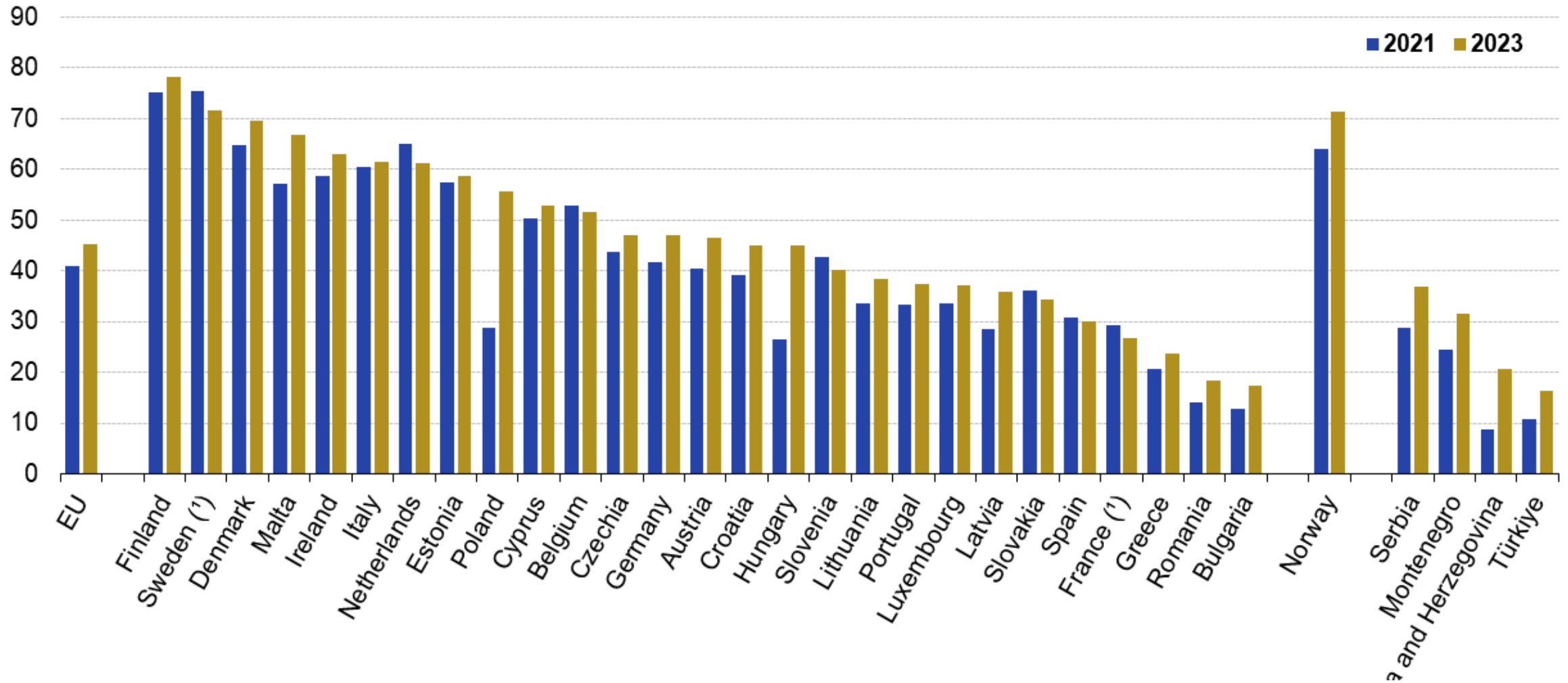
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# EU enterprises buying cloud computing services

Source: *Eurostat*

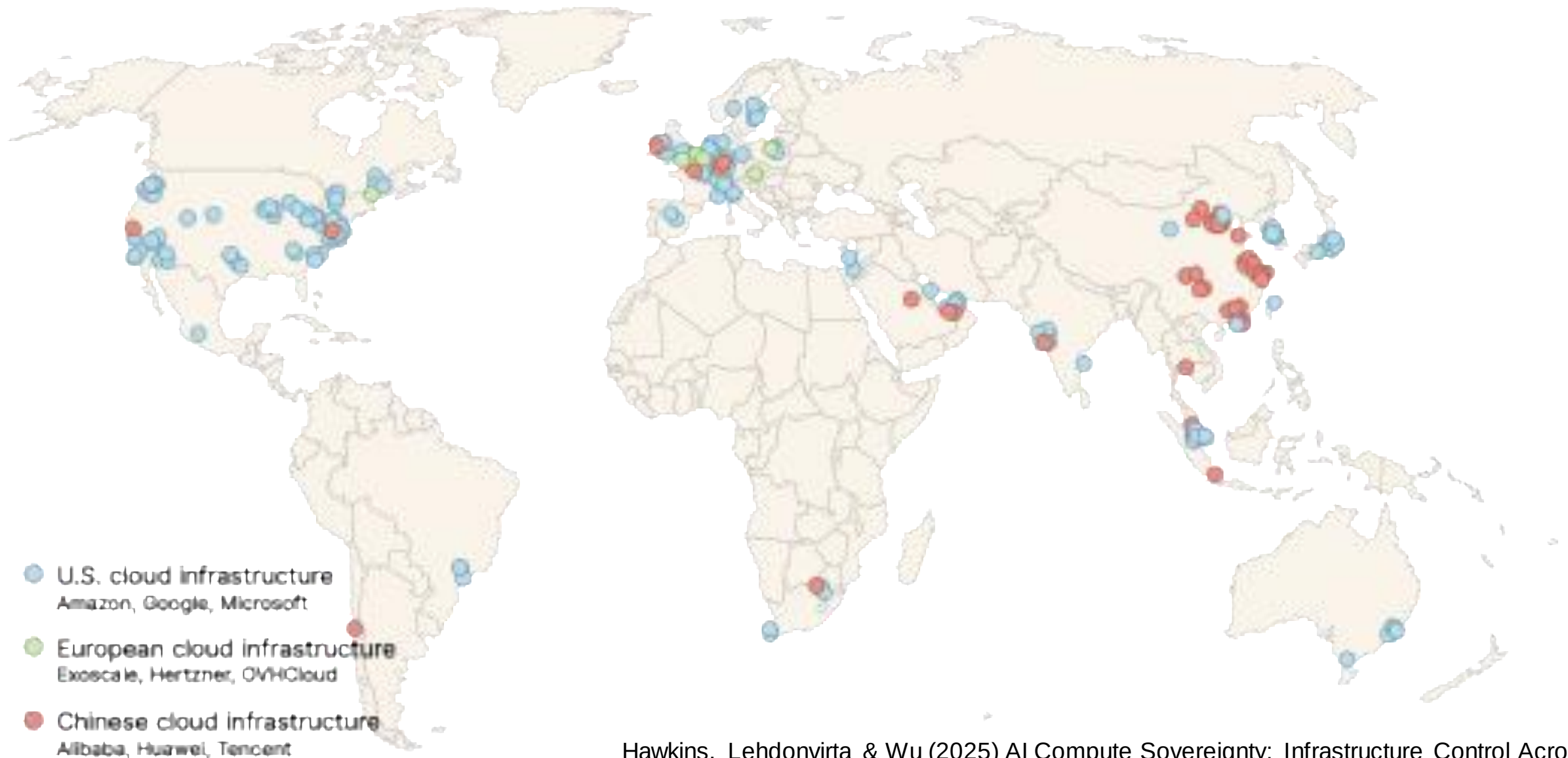






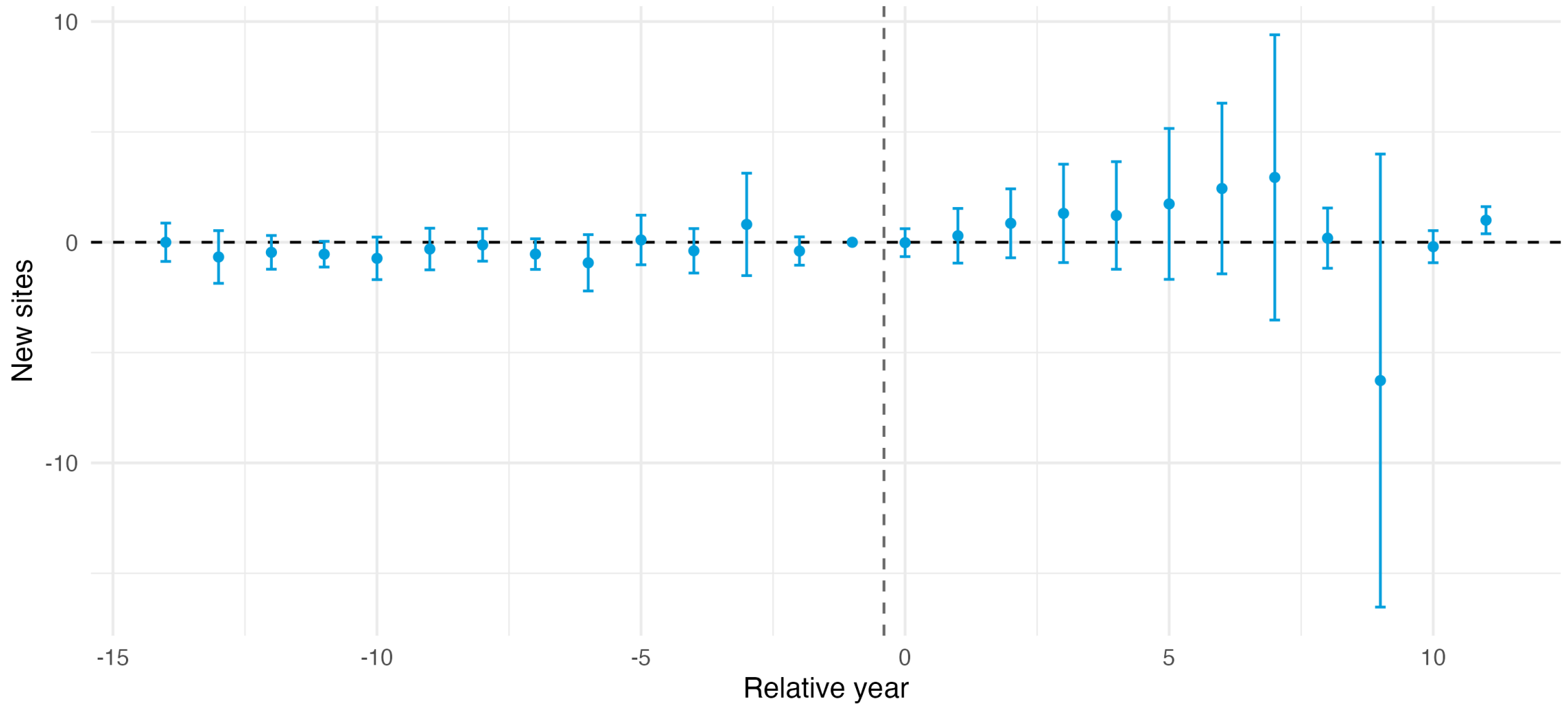


# Where is the cloud and who owns it?

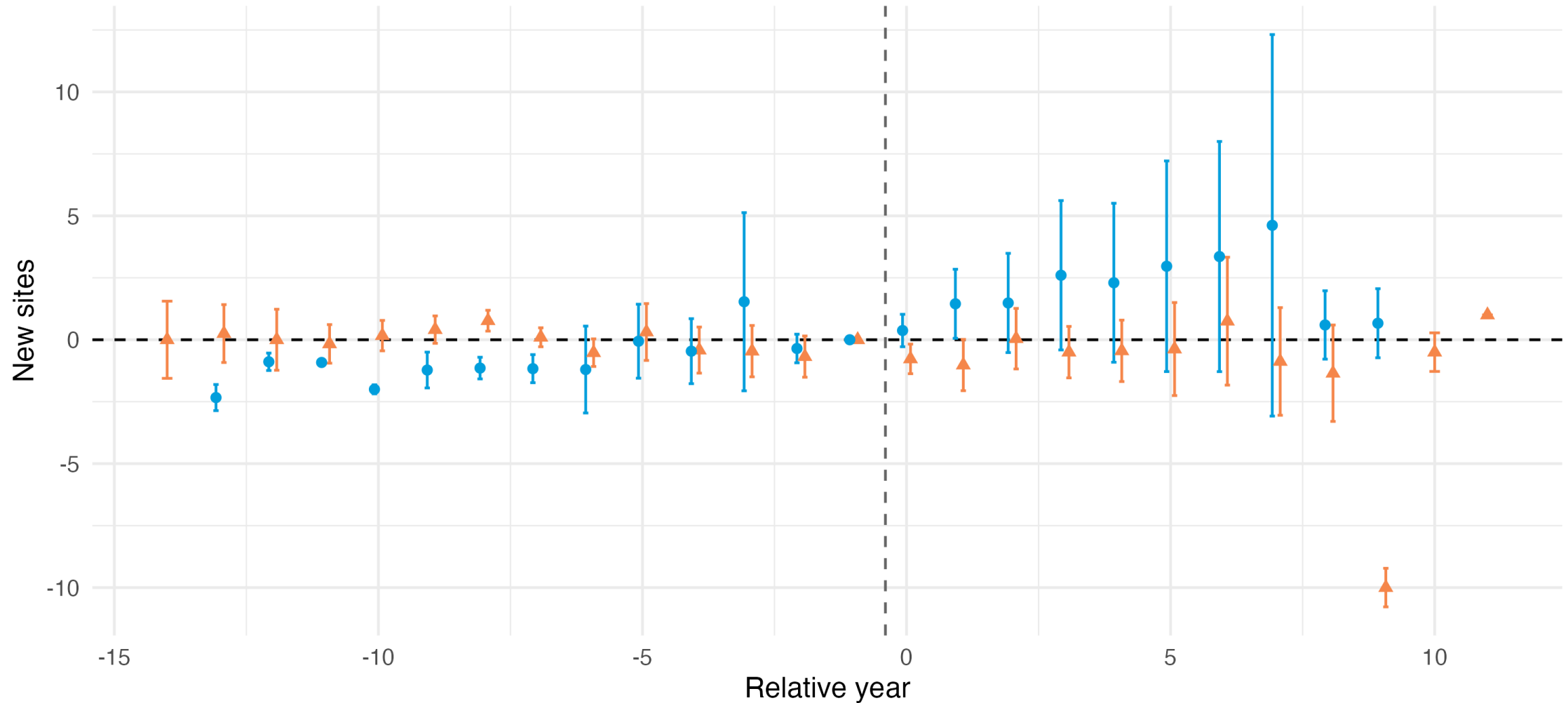


Hawkins, Lehdonvirta & Wu (2025) AI Compute Sovereignty: Infrastructure Control Across Territories, Cloud Providers, and Accelerators. Online working paper.

# Do data localization laws cause data centre construction? (with Otto Kässi)



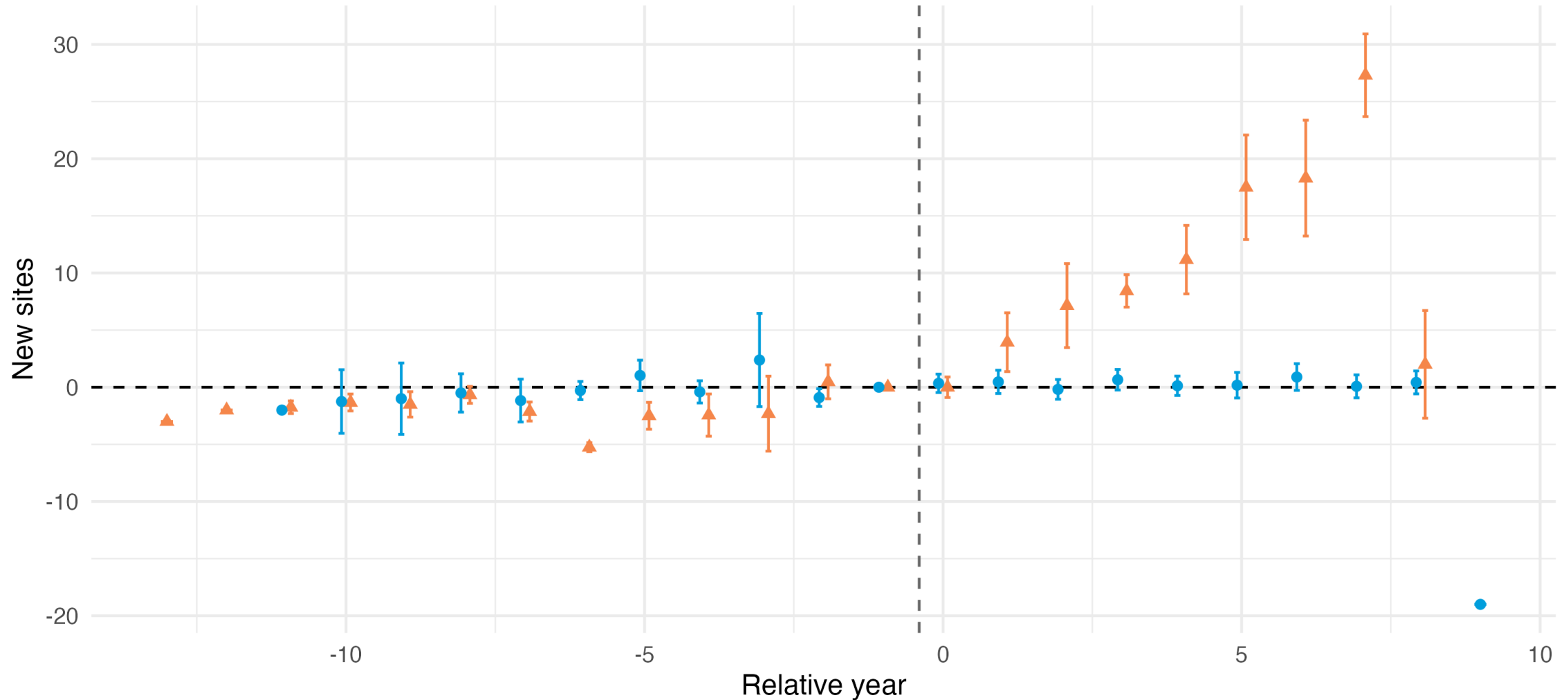
# Do data localization laws cause data centre construction? Split by downstreamness



group ● High downstream ▲ Low downstream

Source: Kässi & Lehtonvirta, work in progress

# Do data localization laws cause data centre construction? Split by GDP per capita



group ● High GDP per capita ▲ Low GDP per capita

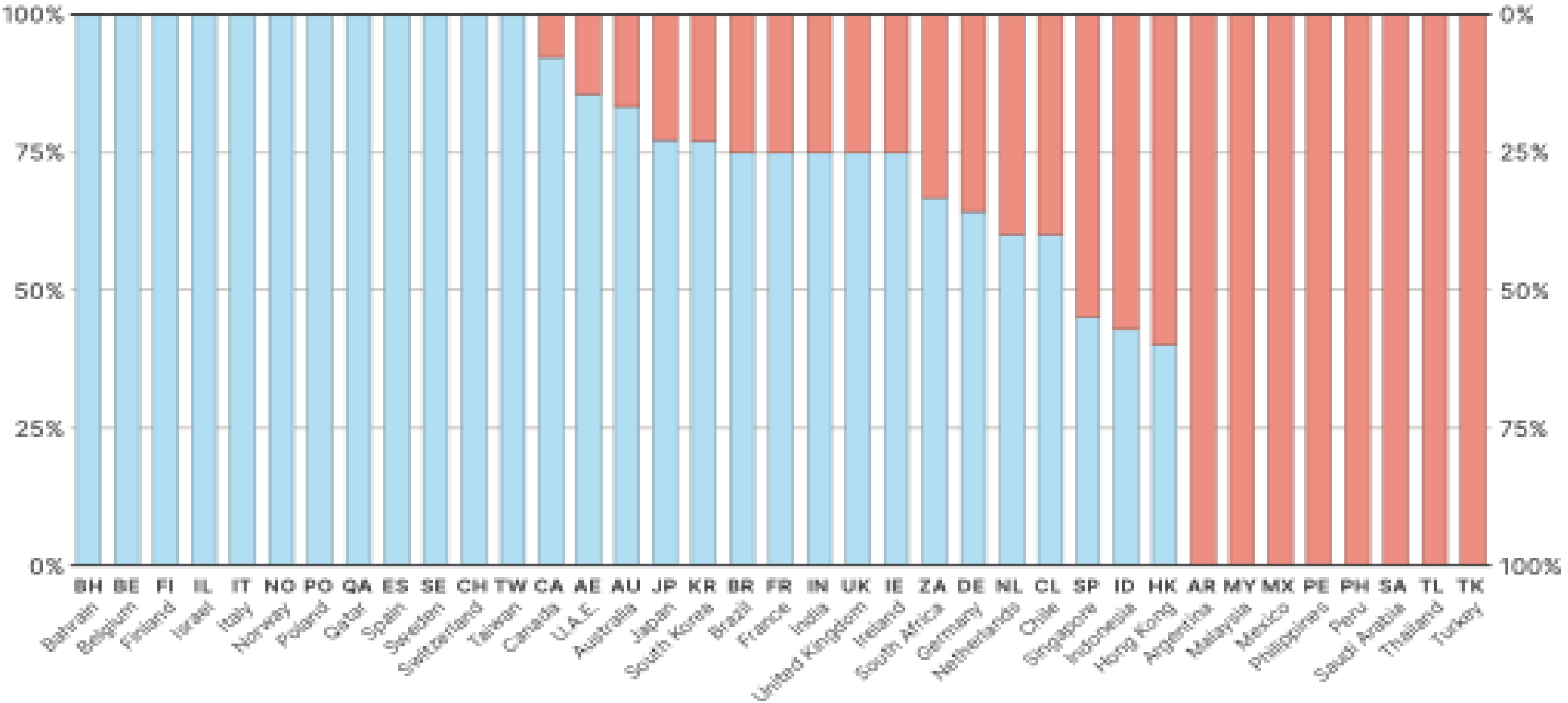
Source: Kässi & Lehdonvirta, work in progress

# U.S. vs. Chinese cloud infrastructure by country



↑ Proportion of U.S. availability zones

Proportion of Chinese availability zones ↓



Lehdonvirta, Wu & Hawkins (2025) Weaponized interdependence in a bipolar world: How economic forces and security interests shape the global reach of U.S. and Chinese cloud data centres. *Review of International Political Economy*.

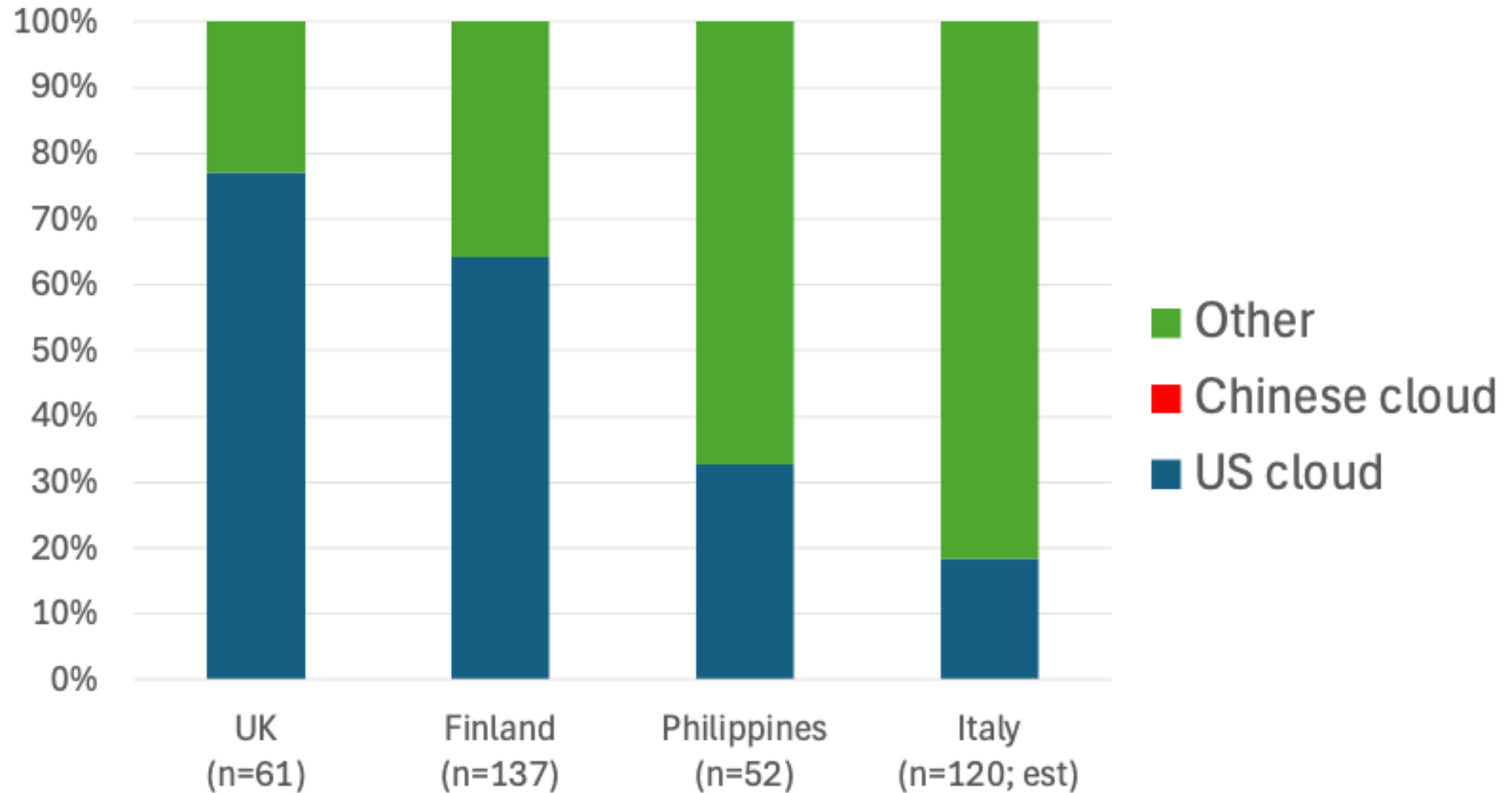


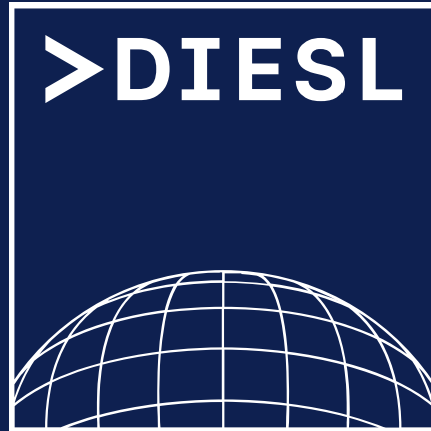
Table 2. Network hub attachment model coefficients (SE in parenthesis)

|                        | Null model   | Model 1      | Model 2      | Model 3      | Model 4      |
|------------------------|--------------|--------------|--------------|--------------|--------------|
| Fixed int.             | .81 (.12)*** | .88 (.13)*** | .86 (.13)*** | .86 (.13)*** | 1.05 (.25)** |
| <i>Impo</i>            |              | .44 (.15)**  |              | .38 (.16)*   | .53 (.40)    |
| <i>Expo</i>            |              | -.16 (.15)   |              | .15 (.19)    | -.01 (.39)   |
| <i>Coop</i>            |              |              | .40 (.11)*** | .30 (.12)**  | .51 (.32)    |
| <i>Conf</i>            |              |              | -.26 (.13) * | -.40 (.14)** | -.54 (.36)   |
| Rand int.              |              |              |              |              | (1.52)       |
| Trials                 | 316          | 316          | 316          | 316          | 316          |
| Clusters               | 37           | 37           | 37           | 37           | 37           |
| Df                     | 36           | 34           | 34           | 32           | 31           |
| Resid. dev.            | 134.37       | 124.71       | 117.85       | 110.08       | 25.35        |
| AIC                    | 182.82       | 177.16       | 170.3        | 166.53       | 149.00       |
| Nagelk. R <sup>2</sup> | .00          | .23          | .36          | .49          | .70          |

\*\*\*: p<.001; \*\*: p<.01; \*: p<.05

# Public sector digital services hosting

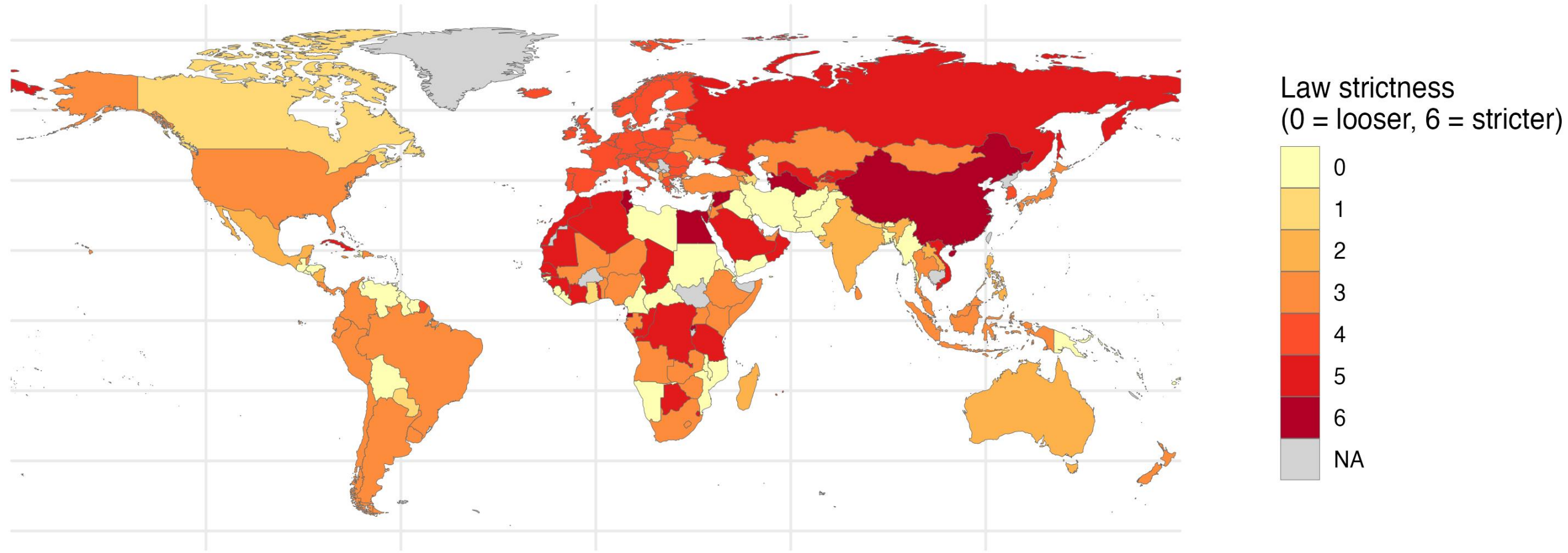




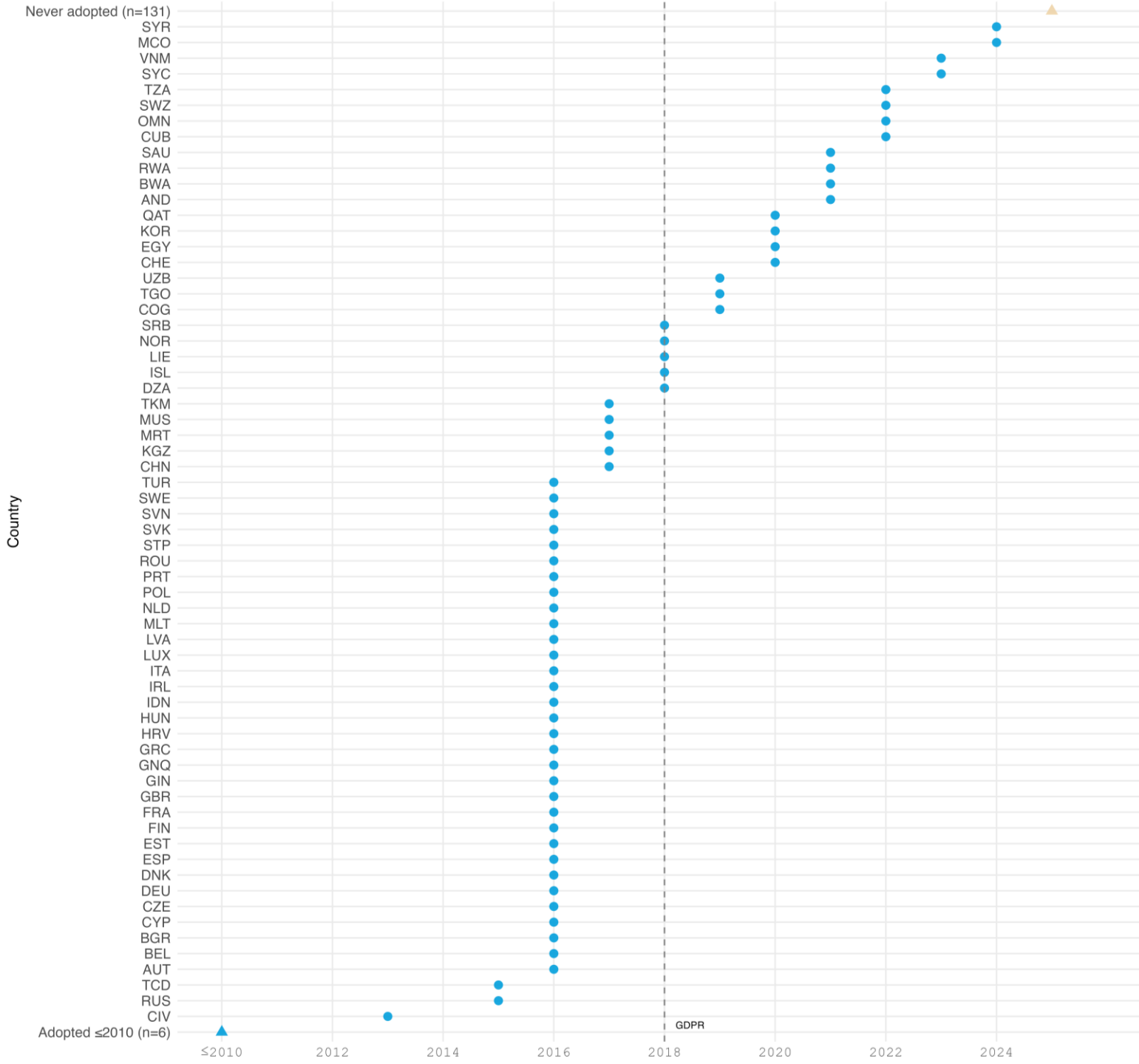
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# Data localization law strictness by country



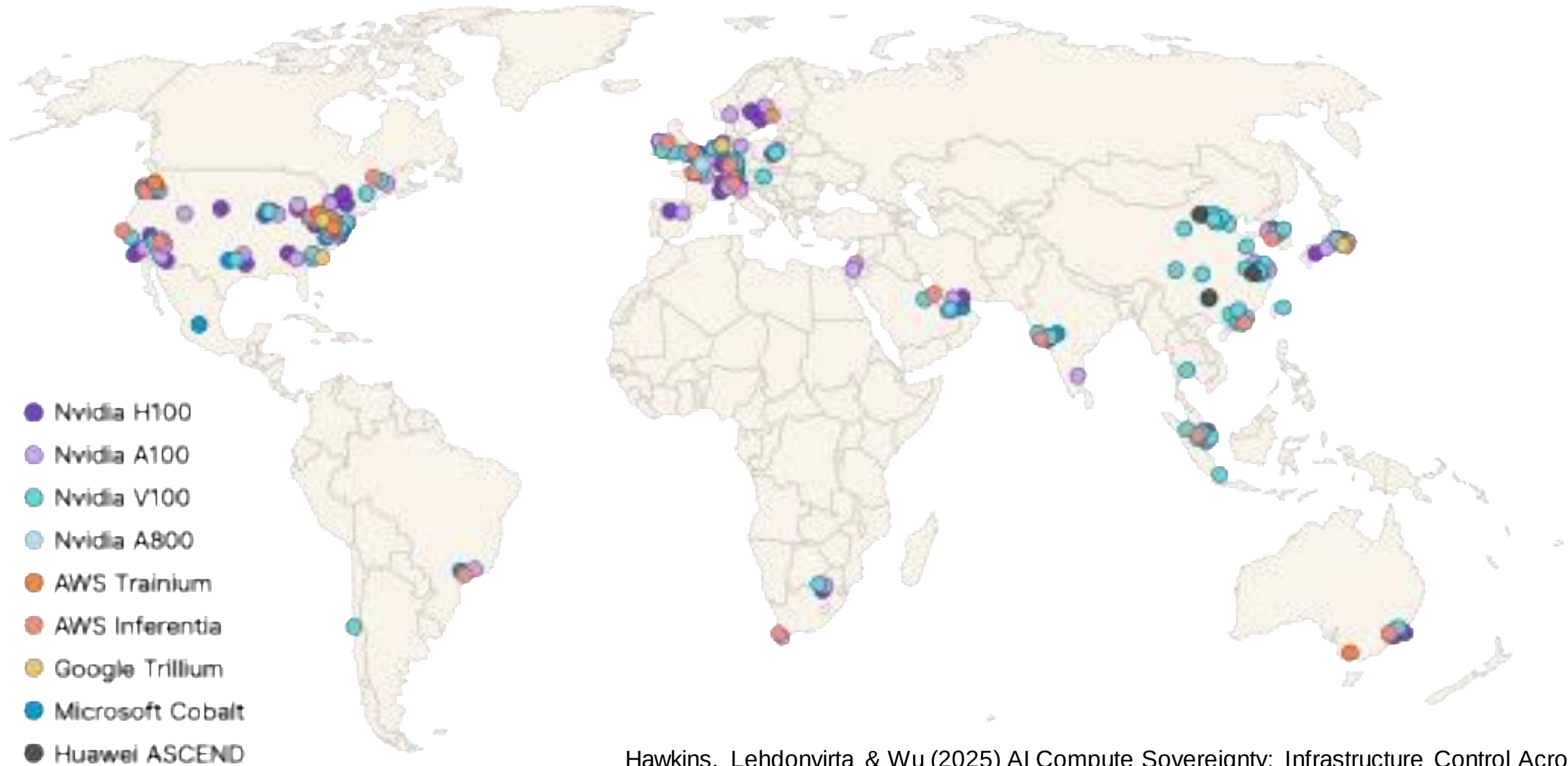
Source: Kässi & Lehdonvirta, work in progress. Strictness variable collated by Linh Ngo from the Digital Trade Integration Database and Digital Policy Alert



## Year of GDPR-level or stricter data transfer restriction adoption

Source: Kässä & Lehdonvirta, work in progress. Strictness variable collated by Linh Ngo from the Digital Trade Integration Database and Digital Policy Alert

# Cloud AI compute infrastructures



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