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FROM TRADITIONAL COLONIALISM TO DIGITAL CAPTURE – CHANGING DIMENSIONS OF 'SOVEREIGNTY' IN THE ERA OF AI AND GLOBALISATION

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I. ABSTRACT

The increasing use of artificial intelligence and digital technologies has fundamentally altered global power dynamics, thereby introducing a new era of "Digital Colonialism." It is different from traditional colonialism, which was based on territorial conquest and political domination. However, digital colonialism is exercised through control of data, digital infrastructure, algorithms and platform governance. This paper discusses the shift from historical colonial structures and processes to new forms of digital dependencies where, frequently, multinational technology corporations and platforms powered by artificial intelligence set themselves up as quasi-sovereign actors. It is diluting the regulatory capacity of nation-states. This study examines the competing nations of the United States, China, the European Union, and India. It is a new way of expanding their presence beyond national physical borders. Furthermore, the paper highlights the multidimensional risks that digital dependencies carry, ranging from economic vulnerability to political manipulation and cybersecurity issues. The research shows how dependency on foreign-owned digital platforms can undermine national autonomy and the inequalities of power between the world's rich and poor. It concludes by providing recommendations which include strengthening domestic digital infrastructure, adoption of robust data governance, as well as promotion of digital public goods. This will contribute to a deeper understanding of the role of digital technologies in redefining sovereignty, power, and governance in the contemporary global order.

II. KEYWORDS

Digital Colonialism, Artificial Intelligence, Sovereignty, Quasi-Sovereigns, Globalisation, Digital Dependencies.

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III. INTRODUCTION

Sovereignty has historically been understood as the supreme authority of the state over its territory, population, and resources. It encompasses the legal, political, and moral authority to legislate, govern, and regulate within a defined boundary. From the Peace of Westphalia[2] to the post-colonial re-ordering of the international system, sovereignty has remained central to political imagination. Yet, in the 21st century, it is undergoing a deep transformation. The rapid proliferation of digital technologies, particularly artificial intelligence, has fundamentally challenged this traditional conception. It presents a form of domination that differs significantly from territorial colonialism. Traditional colonial powers relied on physical occupation, economic exploitation, and cultural imposition to exercise control. Digital Colonialism functions through the extraction of data, control of digital infrastructure, etc.[3]

In this new era, multinational technology corporations exercise quasi-sovereign powers. Companies like Google, Amazon, Meta, and Microsoft control global digital infrastructure, influence public discourse through algorithms, and develop AI tools that affect economic and political outcomes worldwide.[4] These quasi-sovereign actors operate beyond the traditional reach of state regulation and threaten national autonomy and democratic governance. Unlike historical colonialism, which was visible and territorial, digital colonialism is diffuse, often invisible, and embedded within the everyday practices of individuals, governments, and businesses.[5]

The rise of digital technologies, particularly artificial intelligence, has generated forms of dependency that call into question the ability of states to exercise meaningful self-

[2] The Peace of Westphalia, 1648.
[3] Digital Colonialism, *available at:* https://visionias.in/current-affairs/monthly-magazine/2025-08-19/polity-and-governance/digital-colonialism (last visited on Sept. 20, 2025).
[4] James Yoonil Auh, "AI and Digital Neocolonialism: Unintended Impacts on Universities" University World News, July 12, 2024. available at: https://www.universityworldnews.com/post.php?story=20240711180643315#:~:text=The%20impact%20of%20AI%2Ddriven,the%20distribution%20of%20knowledge%20globally. (last visited on Sept. 29, 2025).
[5] Digital Colonialism: Neo-Colonialism of the Global South, *available at:* https://globalsouthseries.in/2023/01/25/digital-colonialism-neo-colonialism-of-the-global-south/ (last visited on Sept. 20, 2025).

determination.[6] This paper seeks to examine these new realities and reassess sovereignty in the age of globalisation.

A. RESEARCH PROBLEM

The main challenge is the changing dimensions of sovereignty that have been completely altered in the era of technological dominance. In the context of the implementation of data legislation or AI regulatory frameworks, states may implement laws, but they lack the force of implementation. For instance, the dominance of Amazon, Microsoft, and Google in the area of cloud services is the main example from the digital marketplace that is effectively closed to the majority of the world's governments.[7] Moreover, algorithmic decision-making or analysis results in an increasing proportion of black box algorithms, which makes them hard to account for. In this sense, the paradox is that on the one hand, states claim digital sovereignty, on the other, they are structurally embedded in technologically and geo-politically dependent relationships.

B. RESEARCH OBJECTIVES

The present paper aims to fulfil the following objectives:

1. To trace the history of sovereignty as an evolving concept from its roots in traditional colonialism through to the digital age.
2. To scrutinise how BigTech companies are quasi-sovereign subjects within the new global structure.
3. To examine and compare the strategic approaches to digital sovereignty in the United States, China, the European Union, and India.
4. To evaluate the risks and issues involved with reliance on overseas-owned digital technologies
5. To make legal and policy recommendations that will help in improving digital sovereignty.

[6] Renata Avila Pinto, "Digital Sovereignty or Digital Colonialism?" 15 *International Journal on Human Rights* 15-27 (2018).
[7] Digital Colonialism, *available at:* https://visionias.in/current-affairs/monthly-magazine/2025-08-19/polity-and-governance/digital-colonialism (last visited on Sept. 20, 2025).

C. RESEARCH QUESTIONS

The research aims to answer the following questions:

1. How does the history of colonialism add to the contemporary form of digital colonialism?
2. What are the structural differences and similarities in the practices of the USA, Europe, China, and India?
3. How do Big Tech firms function as quasi-sovereign actors, and what are the political implications?
4. What difficulties are encountered by the states that seek to restore sovereignty in the AI era?

D. RESEARCH HYPOTHESIS

The research hypothesis posits that private corporations, particularly Big Tech companies, are effectively becoming quasi-sovereigns by exercising control over digital infrastructure and norms, thereby limiting the sovereign powers of states.

E. RESEARCH GAP

Despite the formation of an emerging discourse on digital sovereignty and data colonialism in the last few years, there are significant lacunae. Most of the works are limited to specific geographic areas like Africa and the Global South. Thus, there is not much emphasis on the major global powers. Furthermore, there is still a lack of theoretical articulation of the quasi-sovereign activities pursued by Big Tech. Accordingly, this study aims to fill this critical gap by incorporating comparative analysis.

F. RESEARCH METHODOLOGY

This article uses a comparative doctrinal research approach. It consists of Primary and Secondary sources.

 (ISSN: 2583-7753)

1. **Primary Sources:** The research will examine statutes, regulations, and judicial decisions relevant to digital sovereignty and governance. It includes Data protection laws such as the European Union's General Data Protection Regulation (GDPR), India's Digital Personal Data Protection Act (2023), and China's Cybersecurity Law (2017). Artificial Intelligence regulations, including the European Commission's AI Act Proposal. Also, case studies like Facebook's Free Basics in India.
2. **Secondary Sources:** Scholarly articles, books, and journal papers will be reviewed to provide academic perspectives and critical debates on digital colonialism, Big Tech governance, and sovereignty.

G. LITERATURE REVIEW

The reviewed literature can be categorised into the following key themes:

1. **Historical Evolution of Sovereignty:** On this theme, *"Sovereignty: An Introduction and Brief History" by Daniel Philpott (1995)*[8] has been studied. It traces the history of sovereignty from the Peace of Westphalia to the present era.
2. **Digital Colonialism:** On this theme, the paper titled *"Digital Colonialism: US Empire and the New Imperialism in the Global South," by Michael Kwet (2019)*[9] describes digital colonialism as a form of US domination. Pinto similarly debates whether digital sovereignty can be achieved or whether "digital colonialism" is the more accurate. Further, *"Globalisation and Digitalisation: A New Form of Colonialism and Digital Economic Dependence in the Global South" by Anamaria Holotă and Hesam Jebeli-Bakht-Ara (2025)*[10] re-emphasises this point, showing how digitalisation gives rise to economic dependency in the Global South.

[8] Daniel Philpott, "Sovereignty: An Introduction and Brief History" 48 *Journal of International Affairs* 353-368 (1995).
[9] Michael Kwet, "Digital Colonialism: US Empire and the New Imperialism in the Global South," 60 *Race & Class* 3-26 (2019).
[10] Anamaria Holotă & Hesam Jebeli-Bakht-Ara, "Globalization and Digitalization: A New Form of Colonialism and Digital Economic Dependence in the Global South "19 *Proceedings of the International Conference on Business Excellence* 432-443 (2025).

3. **Big Tech as Quasi-Sovereigns:** On this theme, three papers have been reviewed. The paper on *"Weaponised interdependence" by Henry Farrell and Abraham Newman (2019)*[11] argues that states can exploit every system to control others. Further, the work title *"Data, Big Tech, and the New Concept of Sovereignty" by Hongfei Gu (2023)*[12] highlights how Big Tech forms a new concept of sovereignty. The third paper, titled *"Chip War: The Fight for the World's Most Critical Technology", by Chris Miller, Simon and Schuster (2022)*[13] provides first-hand data analysis on how the semiconductor increase has been pushing these dependencies.
4. **Geopolitics, AI, and the Future of Sovereignty:** The works by *Toussaint Nothias* in *"Access Granted: Facebook's Free Basics in Africa" (2020)*[14] offer an intellectual history of digital colonialism. The European Commission's proposed AI Act and the GDPR further represent attempts to create global norms that align sovereignty with human rights.

H. RATIONALE AND SCOPE OF RESEARCH

In the 21st century, the most important disputes about sovereignty are not about claims to land anymore. But it is more about claims of jurisdiction over data, algorithms, and digital systems. Inadequate understanding of these digital dependencies by states would make their sovereignty claims symbolic. Accordingly, this paper takes a comparative approach which focuses on four major actors, namely the United States, China, the European Union and India. The study is limited by the fact that it relies solely on secondary sources and that it's difficult to obtain the information.

I. SIGNIFICANCE OF THE STUDY

The importance of this research has multiple levels.

[11] Henry Farrell and Abraham Newman, "Weaponised Interdependence," 44 International Security 42-79 (2019).
[12] Hongfei Gu, "Data, Big Tech, and the New Concept of Sovereignty" 29 *Journal of Chinese Political Science* 1-22 (2023).
[13] Chris Miller, Simon and Schuster, *Chip War: The Fight for the World's Most Critical Technology*" (Scribner, USA, 2022).
[14] Toussaint Nothias, "Access Granted: Facebook's Free Basics in Africa" 42 *Media, Culture and Society* 329-348 (2020).

1. First, it contributes to the ethics of Internet technology by re-articulating the idea of sovereignty in digital spaces. Sovereignty is not absolute, but is fragmented and divided between state and non-state actors.
2. Second, the project provides important lessons for governments aiming to control digital infrastructures and maintain both innovations and connectivity to global supply chains.[15]
3. Third, from a social and ethical standpoint, the study highlights the issues of inequality in power distribution and highlights the danger of the unchecked digital dependencies in perpetuating colonialism in new forms.[16]

IV. HISTORICAL BACKGROUND

A. Origins of Sovereignty in Early Modern Europe

To explore current forms of digital dependency and resistance to sovereignty, it is essential to reflect on historical patterns of sovereignty and colonialism. This will require an analysis of the extent to which legal and normative notions of sovereignty have been developed, and an examination of those who sustain global power.

As per Western Political Theory, the concept of modern sovereign statehood came into the picture during the 16th to 18th centuries. The Peace of Westphalia of 1648[17] is the landmark milestone that institutionalised the statutory authority of the state over its internal matters.[18] It gave the right of protection against any form of external infringement. Traditionally, international relations scholarship portrays Westphalia as the moment when the principle of state sovereignty, defined as the supreme authority of each state within its own territory, was institutionalised.

[15] Gerda Falkner, Sebastian Heidebrecht, et. al. "Digital Sovereignty – Rhetoric and Reality" 31 *Journal of European Public Policy* 2099-2120 (2024).
[16] Anamaria Holotă & Hesam Jebeli-Bakht-Ara, "Globalization and Digitalization: A New Form of Colonialism and Digital Economic Dependence in the Global South "19 *Proceedings of the International Conference on Business Excellence* 432-443 (2025).
[17] The Peace of Westphalia, 1648.
[18] Daniel Philpott, "Sovereignty: An Introduction and Brief History" 48 *Journal of International Affairs* 353-368 (1995).

This peace was further expanded by various scholars, including Bodin, Grotius, etc.[19] Originally, sovereignty meant the right of the states to remain free from interference by any other sovereigns. It gives them the right to exercise power over their own territory.

Over time, the Westphalian model established itself as a body of law and as diplomatic practice. It includes the principles of respecting the integrity of territory, the validity of treaties, the conditions of warfare, as well as the sovereignty of territory. The early developments that challenged this paradigm were beginning to carve into the theoretical framework of sovereignty so that the ideal of sovereign equality between states became conditional rather than absolute.[20]

However, contemporary scholarship suggests this narrative is more complex. Some scholars argue that sovereignty as a legal and political idea predated 1648, particularly in the works of Jean Bodin (16th century), who conceptualised sovereignty as the absolute and perpetual power of the state. Others contend that the Westphalian treaties were primarily about religious toleration and territorial adjustments in the Holy Roman Empire, rather than a comprehensive blueprint for sovereignty.

Historians such as Andreas Osiander and Stephen Krasner note that the notion of "Westphalian sovereignty" was retrospectively constructed in the 19th and 20th centuries to legitimise the modern state system. Thus, while the Peace of Westphalia is symbolically important, the actual development of sovereignty was gradual, contested, and shaped by multiple intellectual, legal, and political traditions over centuries.

V. COLONIALISM AND ITS IMPACT ON SOVEREIGNTY

The rise of European empires during the fifteenth century marked a new level of domination of subordinate territories, peoples, and resources. They were often used in a command capacity, with little or no consent.[21]

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[19] *Ibid.*
[20] *Ibid.*
[21] Digital Colonialism: Neo-Colonialism of the Global South, *available at:* https://globalsouthseries.in/2023/01/25/digital-colonialism-neo-colonialism-of-the-global-south/ (last visited on Sept. 20, 2025).

In reality, the definition of sovereignty was changed in colonial governance. While the colonial powers retained formal legal sovereignty over their colonies, the rule was often exercised through the agency and proxy of the local population.[22] However, basic things like taxation, legal jurisdiction and indigenous rights were subordinated to the commonwealth.

Economically, besides the colonisation of natural resources, colonial extraction implied exploitation of labour, the appropriation of land and raw materials, as well as the control of local trade routes.[23] Politically, colonialism took the form of the suppression of political independence. The voluntary expressions of sovereignty of the colonised peoples were systematically curtailed, both de jure and de facto.[24]

VI. SOVEREIGNITY IN THE POST-COLONIAL ERA AND THE RISE OF DIGITAL DEPENDENCIES

When the formal colonial rule ended, new states gained sovereignty by becoming members of the United Nations. Their sovereignty was acknowledged by the other states, and they enjoyed exclusivity in internal control of their territories. Nevertheless, most post-colonial states still attributed their development to colonial powers and depended on them. Thus, they have not achieved independence in a genuine sense of their development.[25]

Dependency theory, particularly popular in Latin America, gave centrality to the character of global economic relations, including trade, investment, and finance.[26] The poor countries provided raw materials and low-wage labour, while core countries retained control over production, capital, technology and finance.

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[22] *Ibid.*
[23] Anamaria Holotă & Hesam Jebeli-Bakht-Ara, "Globalization and Digitalization: A New Form of Colonialism and Digital Economic Dependence in the Global South "19 *Proceedings of the International Conference on Business Excellence* 432-443 (2025).
[24] *Ibid.*
[25] Digital Colonialism: Neo-Colonialism of the Global South, *available at:* https://globalsouthseries.in/2023/01/25/digital-colonialism-neo-colonialism-of-the-global-south/ (last visited on Sept. 20, 2025).
[26] *Ibid.*

At the same time, various legal and normative dimensions of sovereignty were burdened by external debt, the IMF and the World Bank, treaty obligations, aid and technological dependence. Effectively, while states possessed formal sovereignty, they often lacked the capacity, such as technical infrastructure, scientific research, higher education institutions, industrial capacity, and regulatory powers, that would enable them to enjoy that sovereignty.[27]

VII. EMERGENCE OF "DIGITAL COLONIALISM"

With the advent of phones, television, and mass media in the 20th century, new types of dependence emerged. This came to be known as "Digital Colonialism". It highlights that information flows in weaker countries could be controlled by the entry of foreign media. There have recently been scholars that begun to use terms like digital colonialism or data colonialism to relate how control over data, algorithms, cloud services, etc, leads to dependence. Similarly, the collection and processing of data still follow old extraction patterns. People in the Global South give up data, which is processed elsewhere and the decisions about AI models, regulation, and algorithm standards are made by big players.[28]

VIII. KEY LESSONS FROM HISTORY RELEVANT FOR DIGITAL DEPENDENCIES

Some lessons from history are particularly relevant when considering how sovereignty is being challenged in the modern world of digital dependence:

1. **Concept of Effective Sovereignty:** Colonial rule often kept a legal system that said a country had power, but real control was vested elsewhere. Modern states might look sovereign on paper, but don't really exercise control over digital supply chains or rules on algorithms.
2. **Lack of Economic and Technological Resources:** Just as colonial powers owned key production resources, today, only a few states or companies own

[27] Anamaria Holotă & Hesam Jebeli-Bakht-Ara, "Globalization and Digitalization: A New Form of Colonialism and Digital Economic Dependence in the Global South "19 *Proceedings of the International Conference on Business Excellence* 432-443 (2025).
[28] Hongfei Gu, "Data, Big Tech, and the New Concept of Sovereignty" 29 *Journal of Chinese Political Science* 1-22 (2023).

chips, data centres, software platforms, and research. Without local capability, sovereignty claims lack strength.

3. **Epistemic and Cultural Domination:** Colonialism wasn't only about land or resources. But it was more about the norms, what we know, and what is legal. In the digital age, it is a matter of concern whose values, data, and models count.
4. **Legal and Normative Framework:** Existing international law, treaties, IP laws, etc, set boundaries on a sovereign's capacity to do over what they couldn't do in the digital space.

IX. TRANSITIONAL MOMENT: GLOBALISATION, TECHNOLOGICAL DIFFUSION, AND REGULATORY RESPONSES

From the late 20th century on, globalisation got way more intense. Trade started to become more predictable, the internet, mobile phones, and computers everywhere, people started investing everything across borders, and many big multinational companies emerged worldwide. This brought more connections but new gaps as well. Some countries were able to grab, make, regulate, or host technology, while others had only to buy tech produced elsewhere.

Governments started pulling out rules slowly. National Data Protection laws, intellectual property treaties (like TRIPS), and rules on how data moves across borders. International groups like the OECD are giving advice on digital policy; regional bodies like the EU are coming up with data privacy standards.[29] At the same time, people were arguing about national security, privacy and surveillance. These are illustrative of ways in which countries are attempting to regain control in areas of the digital world. Yet, because infrastructure remains in a few places, the extent of a country's ability to regulate varies. The less-powerful states feel pushed aside by them and their sovereignty, no matter what they say about it.

[29] Gerda Falkner, Sebastian Heidebrecht, et. al. "Digital Sovereignty – Rhetoric and Reality" 31 *Journal of European Public Policy* 2099-2120 (2024).

X. DIGITAL COLONIALISM IN THE ERA OF AI

Digital Colonialism has emerged as a key concept in critical discourse on globalisation, technology, and sovereignty. It refers to how power over digital infrastructures, platforms, and data reproduces colonial systems of dominance and subjugation. Unlike the earlier form of colonial powers that relied on controlled territorial occupation, digital colonialism relies upon the ownership of technologies, intellectual property, and data ecosystems.[30]

A striking example of digital colonialism in the AI age is the consolidation of power in a small number of multinational tech corporations (or "Big Tech"), which monopolise global markets for cloud, storage, and development tools for AI. Corporations are quasi-sovereign, and they don't just determine what people are employed for economic activities, but they determine what people do and should do and how they ought to communicate and what kind of opinions are given through their platform.

Data is at the centre of this new colonialism. The extraction, processing and exploitation of user data is often done without equitable remuneration, transparent regulation and meaningful consent. Big Tech companies now harvest digital resources that are the raw materials for AI development and machine learning.

Another aspect of digital colonialism is the imposition of technologies that impose a standard built around the interests of the powerful. For example, US-based companies set de facto international norms when it comes to software, social media and search. While China is pushing forward with a new model of digital governance that relies on state control, surveillance and technologies.[31] As a result, using regulatory tools like the General Data Protection Regulation[32] (GDPR) and the proposed AI Act, the

[30] Renata Avila Pinto, "Digital Sovereignty or Digital Colonialism?" 15 *International Journal on Human Rights* 15-27 (2018).
[31] ECDPM, "Global Approaches to Digital Sovereignty: Competing Definitions and Contrasting Policy" 1-56 (2023).
[32] General Data Protection Regulation (EU) 2016/679.

European Union strives to exercise digital sovereignty by providing normative standards on a global level.[33]

The advent of the AI era has further heightened these flaws. More and more, computer systems in the artificial intelligence (AI) field are utilised for economic manufacturing, monitoring, and executive decisions in government.

Moreover, digital colonialism interacts with geopolitical strategies. The United States and China, in particular, are engaged in a technological contest in which not only economic but also ideological control over digital governance is at stake.[34] Smaller states, in contrast, are struggling to achieve the same.

At a normative level, digital colonialism has pressing implications for democracy, human rights, and global justice. AI tools often reproduce social inequalities already in existence, and there are concerns that surveillance capitalism and predictive analytics could erode citizens' autonomy and redesign political processes in ways that are both opaque and unaccountable. These facts underscore the necessity of rethinking sovereignty in a way that embraces digital interdependence but resists exploitative hierarchies of control.

XI. CASE STUDY

A. "Facebook's Free Basics in India"

A great example from the age of digital colonialism is Facebook's Free Basics in India. In 2015, the company announced that it wanted to bring internet to millions of Indians who lacked it. It introduced a list of websites, including Facebook itself, that would be free as their costs were covered by Facebook and other partners.[35]

[33] Gerda Falkner, Sebastian Heidebrecht, et. al. "Digital Sovereignty – Rhetoric and Reality" 31 *Journal of European Public Policy* 2099-2120 (2024).
[34] Digital Colonialism in the age of AI, *available at*: https://escholarship.org/uc/item/7xj9b67c (last visited on Sept. 22, 2025).
[35] Toussaint Nothias, "Access Granted: Facebook's Free Basics in Africa" 42 *Media, Culture and Society* 329-348 (2020).

Many Indian groups, analysts and tech experts criticised the initiative. They viewed it as a problem that would limit users' choice of online hoarding and possibly would make theft of user data by Facebook.

The backlash was huge. We called it a new form of "digital colonialism" that posed a threat to India's internet freedom. "Save the Internet" movement galvanised public opinion, and in 2016, India's telecom regulator banned differential pricing for data and thereby ending Free Basics.[36] It was a big win for India's digital sovereignty, as it refused foreign tech systems that impede democratic choice.

Further, the example of Free Basics illustrates that there is an ongoing issue with digital colonialism being not merely about introducing technology, but also about normalising corporate interests within how people consume the internet. It highlights that nations and civil society can fight back for sovereignty, equality, and justice online.

XII. COMPETING VISIONS OF DIGITAL SOVEREIGNTY (US, CHINA, EU, INDIA)

The digital sovereignty debate illustrates that the bigger powers embrace a completely different notion of digital sovereignty. These variations stem from the history each country has had, its political structure, economic goals, and the way it looks at technology. There is no consensus on a model - each state has its own conception reflecting the global power games. Briefly, the United States, China, the EU, and India do not approach territoriality in the digital realm in the same manner.

A. Technological and Infrastructure Control Systems: Digital control is the decision of who owns and operates the hardware network and system.

1. The United States maintains its supremacy through its monopoly of chip design, cloud computing and internet regulatory standards. Many of the carriers of the world's digital infrastructure, such as Amazon's Web

[36] *Ibid.*

Services, Microsoft Azure, and Google Cloud, run services established in the U.S., bringing U.S. standards to all corners of the globe.[37]

2. China does it differently. Among other initiatives are: the "Made in China 2025" plan, an initiative led by the government through the Aerospace Group and the Belt and Road Initiative, which has a "Digital Silk Road." China provides technology through Huawei's 5G and supplies of surveillance equipment while funding residential factories in its own country.[38]
3. EU is actively engaged with the development of projects like GAIA-X, a European Cloud platform that can act as a replacement for services provided by the U.S. India is also emphasising self-sufficiency.
4. Digital India and Make in India initiatives are targeted at expanding the local production of telecom equipment, smartphones and chips so that the country can no longer rely on foreign companies.[39]

B. Data Governance and Ownership of Information: The crucial point of digital control is the rules that govern data.

1. The US system is a market society in which private business is allowed a lot of freedom, with government regulations by and large. This allows U.S. firms to keep building their data businesses and for their services to easily cross borders to transmit data.[40]
2. China uses the opposite. It's Cybersecurity Law[41] (2017) and Data Security Law (2021) state that key data produced within China must remain within the country. This parallels the concept of "cyber sovereignty" espoused by China, when the state has the last word in what runs in its cyberspace.

[37] Chris Miller, Simon and Schuster, *Chip War: The Fight for the World's Most Critical Technology*" (Scribner, USA, 2022).
[38] Henry Farrell and Abraham Newman, "Weaponized Interdependence," 44 *International Security* 42-79 (2019).
[39] Government of India, "Report on Make in India and Digital India Initiatives" (Ministry of Electronics and Information Technology, 2021).
[40] Michael Kwet, "Digital Colonialism: US Empire and the New Imperialism in the Global South," 60 *Race & Class* 3-26 (2019).
[41] Cybersecurity Law of the People's Republic of China, 2017.

3. The European Union is one of the regulatory leaders. It's the privacy-defending General Data Protection Regulation[42], and it's now a universal law created for companies all around the globe to abide by, particularly when they manage EU citizens' data.
4. India also has a Digital Personal Data Protection Act[43] (2023). It strikes a balance between business responsibilities and government oversight while recognising data as a national asset and potentially leveraging it for economic development.

C. AI Regulation and Ethical Frameworks: In the field of regulation of AI, ideas about sovereignty vary more.

1. The U.S. plays a role in focusing on innovation first, while not only pushing for fast tech growth, but it also mostly leaves rules up to businesses. While there are still people talking about AI ethics, for many, it seems to be impolitic to impose rules that would slow the U.S. competitiveness against China.
2. China considers AI as one of the keys to national power. Its "Next Generation AI Development Plan" from 2017 aims for China to be a world leader for AI by the year 2030. The plan depends on intense government control and links AI to military, business, and politics.
3. The EU has the biggest rule set in the world, by proposing its Artificial Intelligence Act, which classifies each AI tool by risk and offers developers their responsibilities depending on that. This "precaution" style demonstrates the EU's concept that sovereignty means the setting of rules, even if it is not in a position to dominate an industry.[44]
4. India is only just beginning and has published papers on "responsible AI for all", but has no hard rules yet, and demonstrates both the promise and the limitations of a middle ground plan.

[42] General Data Protection Regulation (EU) 2016/679.
[43] Digital Personal Data Protection Act, 2023 (Act 22 of 2023).
[44] Artificial Intelligence Act (EU) 2024/1689.

D. Geopolitics and Norm Setting Strategies: Digital sovereignty is visible in foreign policy.

1. The U.S. uses its companies and control of important Internet protocols to maintain an open data system while also choosing technology ties as a tool for sanctioning and export-limiting rivals.
2. China provides a different, state-governed internet model for partners in Africa, Asia and Latin America to build digital infrastructure to enable good government control.
3. The EU considers itself a "norm-setting power", and it attempts to use its rule-making power to influence worldwide discussions in regards to privacy, ethics around artificial intelligence and digital rights.
4. India, being caught between the two, is aiming for its own independence, i.e. working with both US and Chinese companies but also pushing for Homegrown services like Aadhaar and unification of payment information like Unified Payment Interface (UPI), which is another way of state-led development and Sovereignty.[45]

XIII. AI, BIG TECH AND THE QUASI-SOVEREIGNS

Artificial intelligence has turned big tech companies into tiny governments. Usually, a nation has the power to make the laws within its limits. Now, those jobs are done by a lot of private companies. They control the markets worldwide, they work out rules on how to act with people, they work out how to work with information, how to deal with conflicts on their sites, so they work in a kind of way without being a state or governing.

Big tech gets its power from 3 things: infrastructure, data, and rules. When they own infrastructure such as AWS, Azure, or Google Cloud, for example, key to services needed by governments and companies. If AWS goes down, private firms and public services in many states get affect this are how much the state of them.

[45] Reetika Khera, "The Aadhaar Debate: Where are the Sociologists?" 52 *Sage Journals* 336-342 (2018).

With the help of data, companies like Meta and Google even possess more information than many governments. They can monitor, forecast, and control people in ways that most governments cannot. The Cambridge Analytica story demonstrated how elections can be changed by a private company, which was a job for governments.

The third part of it is making rules. By creating algorithms and guidelines, big tech determines what one can say and what is hidden, with ramifications for everyone. The suspension of political leaders by Twitter demonstrated the potential for a company to have an impact on a nation's politics and the people's trust.

AI makes them able to become more powerful in putting corporate influences in the decision-making process. Microsoft collaborates with governments on AI tools for police: Google is building AI health tools. These firms provide public services that are normally offered by governments. This is quite a paradox: states need the companies' help, but they also want to control them.

Big tech has implications for world politics. U.S. companies spread U.S. influence in countries outside the U.S. as they had their own goals apart from the government's. Chinese companies like Huawei, Alibaba, and Tengzhou are part of China's game, so it's difficult to draw distinctions between state and business. The European Union has adopted aggressive legal measures and regulations to restrict access to these companies, while in India, the government has required foreign platforms to store data within the country and make them responsible.

In the end, big tech acting like mini states raises big questions: who is responsible and who has the right to rule? Companies don't have dispensation from voters, but they have the power that adds to the lives of billions. This demonstrates the urgent need to rethink sovereignty in the AI age and to consider how power is shared, challenged and - in some cases - often taken over by businesses.

XIV. RISKS AND CHALLENGES ASSOCIATED WITH DIGITAL DEPENDENCIES

While transitioning from the old traditional colonialism to the new world of digitalism has created new threats to the nations, communities, and individuals. Too much

reliance on the giants of technology that are lurking across the globe can jeopardise a nation's freedom, democracy and progress.

1. **Economic Interdependency and Loss of Independence:** Digital dependence makes economies vulnerable in a way that old colonies were tied to resource extraction. Many developing countries rely on internet, cloud, and AI platforms of foreign origin, so local companies compete poorly, and the economy as a whole is a hostage to any outage situation: for instance, Amazon Web Services or Microsoft Azure host government data and any change in these systems could disrupt the country's economy.[46] Big tech monopolies stifle local innovation, leading to "digital extractivism" that extracts data from the Global South for Global North companies.[47]
2. **Political Vulnerability and the Threat to Democracy:** Having digital platforms means having political agency. Social media companies shape what people think and vote through their algorithms. For example, Cambridge Analytica proved that Facebook data was used to manipulate elections[48]
3. **Cyber Sovereignty and the Security Threat:** National security is undermined by digital hypochondria. Nations that rely on foreign technology for defence, finance or communications controls open themselves to spyware, cyber-attacks, and coercion, as evidenced by the pushback against Huawei's 5G (inexpensive but powerful, likely associated with Chinese interests), and the use of US technologies (like the US CLOUD Act), signing on to American law.[49]
4. **Cultural Homogenization and the Erosion of Local Identities:** Western tech giants not only bring in gadgets, but they also bring their own culture. It is

[46] Digital Colonialism, *available at:* https://visionias.in/current-affairs/monthly-magazine/2025-08-19/polity-and-governance/digital-colonialism (last visited on Sept. 20, 2025).
[47] Anamaria Holotă & Hesam Jebeli-Bakht-Ara, "Globalization and Digitalization: A New Form of Colonialism and Digital Economic Dependence in the Global South "19 *Proceedings of the International Conference on Business Excellence* 432-443 (2025).
[48] 4. James Yoonil Auh, "AI and Digital Neocolonialism: Unintended Impacts on Universities" University World News, July 12, 2024. available at: https://www.universityworldnews.com/post.php?story=20240711180643315#:~:text=The%20impact%20of%20AI%2Ddriven,the%20distribution%20of%20knowledge%20globally. (last visited on Sept. 29, 2025).
[49] Gerda Falkner, Sebastian Heidebrecht, et. al. "Digital Sovereignty – Rhetoric and Reality" 31 *Journal of European Public Policy* 2099-2120 (2024).

creating a "digital monoculture" that displaces traditional expression and endangers cultural pluralism.

5. **Ethics and Human Rights Issues:** These are major contours of how the ethics of digital dependency run. Acting outside domestic human rights frameworks, exporting AI surveillance technology to authoritarian countries, and harvesting personal data while denying explicit consent for it are clear examples of how companies are exploiting the current regime to act outside of ethical guidelines and disrespect human rights.
6. **Digital Divide:** Finally, dependence on digital activity is becoming a global digital divide. Countries not indigenous to their own tech-companies remain trapped in terms of dependency upon imports that come with unfair terms, both marginalising the North-South gaps and also preventing developing countries from influencing the global digital agenda.

XV. CONCLUSION

The transformation from traditional colonialism to digital dependencies is one of the most profound shifts in the history of sovereignty. Unlike colonial empires that relied on physical acquisition of territories, the new digital order functions through infrastructure, algorithms, and data flows controlled largely by a handful of multinational corporations. This form of "digital colonialism" does not conquer land but captures attention, resources, and decision-making power in ways that fundamentally undermine state autonomy.

The analysis demonstrates that sovereignty in the twenty-first century cannot be understood merely in territorial terms. Political legitimacy, economic independence, and cultural autonomy are increasingly shaped by those who operate beyond the traditional domain of states. Whether through the dominance of the US, China, or the European Union, it reveals a fractured global digital order where sovereignty is constantly being negotiated.

For developing nations like India, the challenge is more prevalent. Digital dependencies risk creates global inequalities, where states become consumers of technologies designed elsewhere, rather than producers of knowledge and

innovation. To overcome these vulnerabilities, states must create a balance between the need for openness in global trade at the same time safeguard autonomy, accountability, and democratic values.

XVI. SUGGESTIONS

After a detailed study, it can be suggested as follows:

1. **Strengthening Domestic Digital Infrastructure:** States must invest in indigenous digital infrastructure. This reduces reliance on foreign corporations and promotes technological self-reliance.
2. **Specific Legal Framework**: Data should be treated as a sovereign resource. Policies like India's data localisation framework or the EU's General Data Protection Regulation (GDPR) can ensure that data collected within a jurisdiction remains subject to local laws and oversight.
3. **International Norm-Building on Digital Governance**: Just as the post-war period produced international law on sovereignty and human rights, the digital age requires treaties on AI ethics, cross-border data governance, and cyber sovereignty. This prevents unilateral dominance by a few states or corporations.
4. **Robust Regulation of Big Tech**: Antitrust measures, algorithmic transparency requirements, and content accountability frameworks are necessary to check the quasi-sovereign powers of Big Tech. The EU's Digital Markets Act offers a useful model for balancing innovation with fairness.
5. **Bridging the gap:** International cooperation must prioritise capacity-building in developing nations. Investments in digital literacy, rural internet access, and affordable technology are essential to ensure that digital colonialism does not widen global inequalities.
6. **Incorporating Human Rights in Digital Policies:** Sovereignty in the digital era must be people-centric. Embedding privacy, dignity, and democratic participation into digital governance frameworks ensures that the rights of citizens remain at the heart of technological progress.

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