CHINA’S GROWING INFLUENCE IN CENTRAL ASIA THROUGH SURVEILLANCE SYSTEMS

POLICY BRIEF BY THE CASPIAN POLICY CENTER

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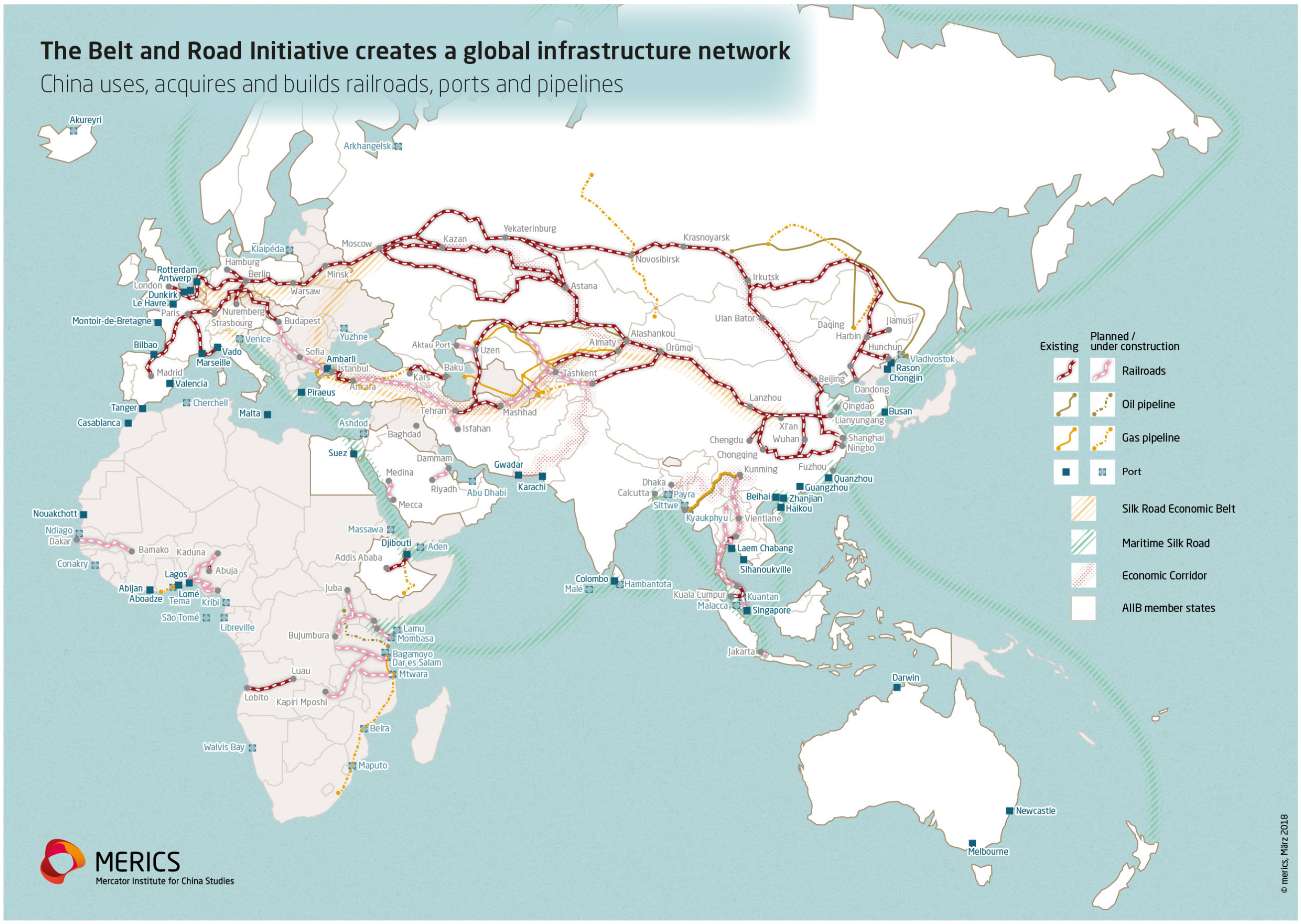
Introduction

In the wake of the collapse of the Soviet Union, newly formed Central Asian nations – Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan – sought to expand their political, economic, and security ties beyond the Soviet Union's former allies. At the same time, a rapidly rising China, seeking to expand regional economic and security ties, views the newly independent Central Asian nations as ideal partners and aims to establish Chinese-dominated trade routes along the ancient Silk Road. With increasing bilateral cooperation between China and Central Asia, especially for high-tech surveillance systems, China has strengthened its influence in the region, challenging traditional Russian authority and American policy interests. But at the same time, Beijing and its technology have raised security and sovereignty risks for the Central Asian states themselves.



Source: [Mercator Institute for China Studies](), May 2018.

The Belt and Road Initiative

In September 2013, Chinese President Xi Jinping announced the creation of what came to be known as the Belt and Road Initiative (BRI). The project aims to increase connectivity by creating land and maritime trade routes: the Silk Road Economic Belt and the Maritime Silk Road.[1] Within a year, China began to refer to them as the One Belt, One Road initiative. Two years later, China settled on the name, Belt and Road Initiative. Through the BRI, China is building transportation and trade infrastructure, as well as investing in industries along the way. All this falls under the rubric of "hard power."

In Central Asia, Chinese aid is sometimes favored over Western aid because it is offered without the conditions that Western donors and their lending institutions often tie to loans. Since China is not a member of the Organization for Economic Co-operation and Development – and its own lending institutions do not explicitly require political considerations like good governance and basic human rights – Chinese loans become more attractive than conditional Western aid. However, these loans do come with the implicit expectation that the recipient states will adhere to Chinese international policies. Such policies are the suppression of Uyghurs, the refusal to recognize Taiwan, and siding with China in the UN. Further, China offers these loans at relatively low interest rates. The money from these loans is usually reinvested into Chinese companies that use Chinese, rather than local, workers for the projects. Although the loans are low interest, the collateral the recipient countries offer often includes national wealth like mines and other essential infrastructure resources. In recent years, this kind of "predatory lending" has shaken some countries like Malaysia and Sri Lanka and poorer countries in Central Asia like Kyrgyzstan and Tajikistan with China not hesitating to seize countries' infrastructure when they cannot maintain repayment of their debt to Beijing.[2] For instance, after Sri Lanka failed to pay its debts, it was forced to lease Hambantota Port to a Chinese state-owned company for 99 years.[3]

The Digital Silk Road

In 2015, China launched the Digital Silk Road (DSR) – a component designed to export Chinese technology by investing in digital infrastructure abroad, promoting e-commerce and digital free-trade zones, establishing Chinese-monitored digital diplomacy.[4] While this initiative has the power to improve digital connectivity for developing economies, it also spreads Chinese influence and soft power by making partner nations more dependent on China for connection with the global digital world. The United States has taken measures to combat Chinese soft power within its own digital sphere by banning Chinese technology corporations seen as a security risk, but economically developing nations have little choice if they want to improve digital connectivity. In Central Asia specifically, Chinese government-controlled technology companies have been working with national governments and local cell-service providers to establish facial recognition software to streamline payment processes and to enforce public security. However, citizens' data obtained by this technology and states' security systems could be at risk of Chinese exposure.

The Digital Silk Road in Central Asia

Kazakhstan

In October 2019, in Kazakhstan's capital of Nur-Sultan, the Kazakh company IPay launched an application allowing bus commuters to pay for their fare using facial recognition cameras located on board.[5] While the company that designed the app is Kazakhstani, the hardware used in the facial recognition cameras is made by Hikvision – a Chinese state-owned surveillance company.[6] Similarly, in late 2019, the small city of Akkol was proclaimed the first complete "Smart City" in Kazakhstan. Akkol is digitally monitored by programmed video cameras to detect traffic violations, items left without supervision, and weapons.[7] These cameras monitor the city night and day through high-resolution and thermal imaging. Authorities say this system is more efficient for enforcing laws and responding to threats. Similarly, Nur-Sultan's city government has begun to install facial recognition cameras in its buildings to track possible security threats. The city government plans to use these same cameras throughout public areas of the city.[8] While the intention is to maintain public safety, the companies from which hardware or cell service is being received are largely Chinese government-owned companies; 2,000 Huawei cameras already overlook Nur-Sultan.

Facial recognition technology FacePay in use in Nur-Sultan, Kazakhstan, 18 October 2019.
Source: Informburo.kz

Kyrgyzstan

In Kyrgyzstan, Huawei is the main technology provider for the most-used Kyrgyz cellular service carriers: the UK's Sky Mobile and Lebanon's Alfa Telecom.[9] In October 2019, a new police command center opened in Bishkek, provided and partially funded by Chinese company CEIEC, that was fitted with 60 cameras, 20 of which had facial recognition capabilities.[10] Minister of Interior Affairs Kashkar Dzhunushaliyev said that the government plans to install 1,000 cameras in Bishkek and will begin this process throughout the country.[11] While the constitution of Kyrgyzstan has laws protecting its citizens' right to privacy requiring individuals to consent to data collection and making data collection of personal information illegal without consent, these laws can be exempted for national security reasons. Although Kyrgyz authorities have built these systems to lower crime rates within cities, as yet, there are no laws pertaining to facial recognition. By contracting with Chinese companies, the government risks compromising citizens' personal information and state security systems to the Chinese government.

Tajikistan

In 2013, Tajikistan worked with Huawei to establish a "safe city" surveillance system in Dushanbe that cost $22 million.[12] Only $1.1 million of the total sum was Tajik-financed, while $20.9 million came from a long-term loan from the China-dominated Shanghai Cooperation Organization (SCO).[13] More than 855 cameras have been placed around Dushanbe at intersections and along main streets. Deputy Head Director of "Safe City" Furkat Shoimardonov said that more facial recognition cameras will be installed at the Dushanbe airport and other crowded places such as markets, shopping centers, and parks.[14] According to Shoimardonov, these cameras scan faces to compare with other faces and then detect minute differences. If the camera detects a 25 percent resemblance to a wanted individual, that person will be sent to the "safe city" center.[15] Tajik cellular service companies are also in jeopardy because China owns TK mobile, one of Tajikistan's five cellular service providers.

Uzbekistan

The Chinese company Huawei has been instrumental in improving telecommunications in Uzbekistan in the past decade. In 2008, Huawei helped modernize the Uzbek telecommunication systems for $21 million, and in 2011, Uzbekistan used the money from the Chinese Development Bank's loan to purchase $18 million in technology to improve telecommunications by integrating Huawei's 5G network with local Uzbek providers. More recently, Uzbekistan closed a $1 billion deal to improve surveillance systems in Tashkent in 2019.[16] Tashkent is now considered one of Huawei's "safe cities," with its cameras monitoring busy streets and automatically reporting traffic violations. In May 2019, over 800 of these cameras were updated to "digitally manage political affairs" with Huawei's assistance.[17] President Shavkat Mirziyoyev stated that the "safe city" initiative should be implemented in the entire country by 2023.[18]

Smart Akkol presentation, Akkol, Kazakhstan, 18 January 2019. Source: Akorda.kz

Implications of the Digital Silk Road in Central Asia

Central Asian countries gain 5G service by contracting with Chinese technology companies, helping them further connect with each other and the global world. Using this artificial intelligence (AI) system not only streamlines law-enforcement but provides greater incentives for citizens to follow the law, reducing crime rates. Similarly, it incentivizes citizens to abide by the laws without strengthening the visible presence of security forces. In some cases, citizens' responsibilities, such as paying for bus fares, is also folded into AI duties.

However, these advantages come at heavy costs. Many Central Asian states are trapped in a borrowing and investing cycle with China as their national debt grows. For example, about 40 percent of Kyrgyz public debt and 50 percent of Tajik public debt are owed to Chinese banks, particularly China Export-Import Bank and Exim Bank.[19] If this debt continues to grow, China could force Central Asian countries to lease out transportation infrastructure or give rights to China to extract natural resources. This already occurred in 2014 when Tajikistan was forced to give mining rights for gold mines to China's TBEA Company after it failed to pay back loans for a new combined heat and power plant outside of Dushanbe.[20]

Moreover, contracting with Chinese technology companies poses a threat to national security due to the Chinese National Security Law by which all Chinese companies must abide. Article 11 of that law states that "all citizens of the People's Republic of China, state authorities, armed forces, political parties, people's groups, enterprises, public institutions, and other social organizations shall have the responsibility and obligation to maintain national security."[21] Experts have interpreted this law to mean that if the Chinese government requests information from Chinese technology companies, these companies are obligated to hand over any details, including user data and security systems. In essence, experts think that this law allows the Chinese government access into the personal data and security data of foreign citizens and their governments.

For any country, this poses a major risk to national security. However, within Central Asia particularly, where markets and investments are heavily dependent on China, this could, in a worst-case scenario, allow China to obtain economic and security leverage over the region through access to sensitive information and security systems. Through piling up debt, increased market control, and possible national security breaches, Central Asian states are more likely to comply with Chinese demands and, consequently, lose sovereignty and be swept ever more strongly into China's sphere of influence.

Response in Central Asia

Central Asian governments continue to work with Chinese technology companies despite increasing fears of backdoors built into Chinese technology and possible security breaches. Governments cite public safety as their top priority as they use Chinese technology to ever more closely monitor their citizens. However, in some instances, governments have expressed their concern about utilizing Chinese technology and opted to contract with other companies. For example, in September 2018, Kyrgyzstan opted to contract with the Russian company, Vega, to install its facial-recognition cameras as a "safe city" system in Bishkek, turning down a $60 million deal that Huawei had offered.[22] Despite this decision, a year later in October 2019, Huawei helped open a new police command center in Bishkek equipped with facial recognition technology. Due to the low costs, the prospect of streamlined security, and the newest technology, Central Asian states continue to contract with Chinese companies to establish updated security and AI systems.

Some protests against Chinese influence have erupted, most notably in Kazakhstan and Kyrgyzstan; however, these protests are not about specific privacy breaches or Chinese technology. In September 2019, protests against increasing Chinese influence began in Zhanaozen, in southern Kazakhstan, spreading to other cities, including Nur-Sultan.[23] Similarly, in February 2020, in the town of At-Bashi in Kyrgyzstan, demonstrators gathered to protest the construction of $275 million Chinese logistic centers that had been agreed when President Xi Jinping visited Kyrgyzstan the previous year.[24] In August 2019, sentiment against

Chinese influence also erupted when Kyrgyz villagers and Chinese mine workers clashed at a Chinese-owned mine in Naryn.[25] Despite these sporadic demonstrations against increasing Chinese influence, Central Asian governments continue to work with Chinese companies.

Policy Recommendations

It is unlikely that Central Asian governments will stop contracting with Chinese technology companies, since this appears to be the only failsafe way to ensure total data security for citizens and government security systems. By turning to their own national, Russian, or Western companies, Central Asian countries would be less threatened by security breaches and increased control by the Chinese government. By diversifying security and cellular service providers, nations would see more competition in their markets and decrease the risk of control by a monopoly. As governments continue to contract with Chinese technology companies, concrete bilateral laws should be established to ensure information protection and privacy rights and to guarantee personal and national information security. Such laws should increase transparency between governments and technology companies, creating a safer environment to conduct business. Relationships and networks between Central Asian governments and Chinese technology companies have long been established and will continue. However, only through bilateral agreements and a more diverse technology market, will Central Asia be able to protect itself and its citizens.

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