Exporting the Surveillance State via Trade in AI

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Abstract :
What are the international ramifications of China's emergent leadership in facial recognition AI? We collect global data on facial recognition AI trade deals and document two facts. First, we show that China has a comparative advantage in this technology. It is substantially more likely to export facial recognition AI than other countries, and particularly so as compared to other frontier technologies. This comparative advantage may stem in part from the Chinese government's demand for the technology to support its surveillance state -- a form of "home-market" effect -- as well as Chinese firms' access to large government datasets. Second, we find that autocracies and weak democracies are more likely to import facial recognition AI from China, in particular those lacking domestic AI innovation or experiencing political unrest. No such political bias is observed in AI imports from the US or in imports of other frontier technologies from China. To the extent that China may be exporting its surveillance state via trade in AI, this can enhance and beget more autocracies abroad. Regulations of AI trade should thus be framed around regulations on products with global externalities.