The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Chinese Firm Sold Satellites for Intelligence to Russia's Wagner – Contract

By AFP

October 05, 2023



Wagner fighters. **Eric Romanenko / TASS**

Russian mercenary group Wagner in 2022 signed a contract with a Chinese firm to acquire two satellites and use their images, aiding its intelligence work as the organization sought to push Russia's invasion of Ukraine, according to a document seen by AFP.

The contract was signed in November 2022, over half a year into Moscow's invasion of Ukraine in which the Wagner group under its founder Yevgeny Prigozhin was playing a key role on the battlefield.

The satellite images were also used to assist Wagner's operations in Africa and even its failed mutiny in June which has led now to the de facto break up of the group followed by the death of Prigozhin and other key figures in an air crash in August, a European security source told

AFP.

According to a contract seen by AFP written in English and Russian and signed on Nov. 15, 2022, the company Beijing Yunze Technology Co. Ltd. sold two high-resolution observation satellites belonging to the Chinese space giant Chang Guang Satellite Technology (CGST) to Nika-Frut, a company then part of Prigozhin's commercial empire.

The over $30 million (235 million yuan) price was for the satellites themselves and additional services.

The contract also provides for the provision of images on demand, which allowed Wagner to obtain satellite pictures both of Ukraine and areas in Africa where its mercenaries were active including Libya, Sudan, the Central African Republic and Mali, the European security source told AFP, asking not to be named.

According to this source, Wagner even ordered images of Russian territory at the end of May 2023, all along the route between the Ukrainian border and Moscow that was seized by Wagner's forces at the end of June, during the brief mutiny.

The mutiny was aborted within 24 hours and marked the definitive break between Russian President Vladimir Putin and Prigozhin.

There is, however, no mention of ordering images of Russian territory in the contract and the supply of such pictures could not be independently confirmed by AFP.

But there have been media reports that Western intelligence services, including in France and the United States, had intelligence that the mutiny was going to happen before it took place.

'Russia couldn't do this'

The European security source said that the contract with the Chinese firm was still active.

It provides for the acquisition of two Chinese satellites — JL-1 GF03D 12 and JL-1 GF03D 13 — which are in orbit at an altitude of 535 kilometers above the Earth.

In this contract, Wagner also acquired the right to bid for other satellite images from the network held by the Chinese operator CGST, which has around 100 satellites today and aims to reach 300 by 2025.

Gregory Falco, aerospace researcher at Cornell University in the United States, told AFP that Wagner's use of the Chinese technology showed Russia's limits in the sector despite its historic reputation as a great space power going back to the U.S.S.R.

"Russia does not have this type of capabilities. Their satellite program has not been successful recently. There is no way they could do it themselves," he told AFP.

"This is something they're not good at whereas China is at the top of the game."

Asked to comment on the contract, a Chinese foreign ministry spokesperson told AFP: "I am not aware of the situation you describe," adding: "China always takes a prudent and

responsible attitude towards the relevant issues of exports, and acts strictly in accordance with Chinese policies, laws and its international obligations."

'Supplied satellite images to Wagner'

The supply of Chinese satellite data to Wagner appears already known for Washington, with the U.S. Commerce Department, based on a decision of a multi-department commission, announcing on Feb. 24 it would be adding Beijing Yunze Co. Technology to its sanctions list, as well as the satellite image broker Head Aerospace Technology.

"These additions are based on information that these companies significantly contribute to Russia's military and/or defense industrial base and are involved in activities contrary to US national security and foreign policy interests," it said.

On April 12 the State Department also issued sanctions against 80 entities and individuals who it said continue to enable and facilitate Russian aggression, including Head Aerospace Technology, which it described as a "satellite image reseller that supplied satellite imagery of locations in Ukraine to entities affiliated with PMC Wagner and Yevgeny Prigozhin."

AFP was able to verify the identity of the signatory of the contract on the Russian side — Ivan Mechetin. According to multiple sources, the 40-year-old is the general director of the Nika-Frut company, a subsidiary of the Concord group then headed by Prigozhin.

"Nika-Frut is registered as a food trading company, but does many other things. This is a known tendency in Prigozhin's world," said Lou Osborn, of the digital investigative NGO All Eyes on Wagner (AEOW).

According to research via open sources, Nika-Frut, registered as a wholesale trading company, shipped several orders of food goods to the Central African Republic in 2019 for the mining company Lobaye Invest, a historic subsidiary of the M-Finans company, formerly controlled by Yevgeny Prigozhin and linked to the operations of the Wagner group in the CAR. Lobaye Invest has been the target of European sanctions since last February.

According to AEOW, Mechetin also worked during his career with a unit of the Russian army in charge of material support for the fighting forces, and which notably supplied weapons and ammunition to Russian military intelligence the GRU during the invasion of Crimea in 2014.

The monitor said that Beijing Yunze serves as a subsidiary for the acquisition or sale of defense technologies on behalf of Beijing.

The company Head International has, according to multiple Western sources, a marketing agreement with the powerful satellite manufacturer CGST.

CGST is the "gorilla in the room when it comes to Chinese space operation," said Falco, noting the "spectacular" resolution capabilities of their satellites.

Its hundred satellites also allow it a very high revisit rate — passing over the same point of interest several times a day.

'Overestimate centralization'

Whether the Chinese leadership itself had any knowledge of Wagner's interest this spring in satellite images of Russia's own territory in the lead-up to the mutiny remains unclear.

According to the European security source, these images concerned in particular the headquarters of Russian operations for Ukraine in Rostov-on-Don, which Wagner seized in the mutiny, other towns on the road to Moscow as well as other sites of military interest, notably Grozny, the stronghold of pro-Kremlin Chechen leader Ramzan Kadyrov.

For a European space expert, who asked not to be named due to the sensitivity of the subject, it is "obvious" that the highest Chinese authorities are kept informed of any delicate issue involving CGST.

"When the requests are sensitive, there is no doubt that it goes directly back" to China's top authorities under President Xi Jinping, the expert said.

But some analysts are much more circumspect.

"We overestimate the level of centralization in China. Any operation can fall prey to competition between leaders, between administrations, between units of the same administration," said Paul Charon, China specialist at the French military's IRSEM research body in Paris.

"The Chinese, like many others, may have not understood what was happening in the weeks preceding the mutiny," he told AFP, underlining that the financial aspect was probably the prime motivation for the initial contract.

Original url:
https://www.themoscowtimes.com/2023/10/05/chinese-firm-sold-satellites-for-intelligence-to-russias-wagner-contract-a82672