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The 5G Tender in Israel and the Global Struggle against Huawei

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The United States is intensifying its pressure on allies not to install Chinese 5G communications infrastructure and may punish those that ignore its warning. At the same time, Huawei is at the center of political turmoil around the world, and some cellular providers have chosen Western alternatives rather than waiting for decisions by their governments about the use of Chinese technology. Although the Israeli government has not made any official pronouncement on this matter, the likelihood that Israeli 5G infrastructure will include Chinese technology is almost nil. In light of American initiatives now gaining steam to form a coalition of Western nations that will avoid using Chinese 5G technology and will develop alternatives, Israel can play an active role in this coalition and contribute advanced technological capabilities. For Israel this is an opportunity to strengthen its political, security, and economic ties in the West.

The United States continues to struggle against Chinese communications companies, and on June 30, 2020 the Federal Communications Commission (FCC) declared Huawei and ZTE threats to US national security. This follows an announcement on June 12 by the US Department of Defense that Huawei is one of 20 Chinese companies with ties to the Chinese security establishment that operate on American soil. These measures are part of a broader effort to prevent civilian and business entities from transferring American technologies to Chinese security agencies. However, after complaints from American companies that government policy does not make clear what exactly is prohibited, and more than a year after the Department of Commerce placed Huawei on a blacklist forbidding US companies to collaborate with Huawei, the US began creating a system of permits allowing American companies to collaborate with it in certain fields.

Alongside these steps, the State Department, together with the American think tank CSIS, published a document entitled “Clean Networks,” in which it listed sample countries that used "safe" communications providers to set up their 5G networks, including Latvia, Poland, the Czech Republic, and Sweden. The aim of the document is to try and promote a coalition of countries that see eye-to-eye on the need to secure their communications infrastructure and future technologies that will rely on that infrastructure, "by relying on only trusted vendors who are not subject to unjust or extra-judicial control by

authoritarian governments, such as the Chinese Communist Party." A similar proposal by another American think tank that has recently aroused interest is the establishment of the so-called D10 group of ten "leading democracies," including G7 members, alongside South Korea, India, and Australia, which together would establish and develop alternatives to the equipment and technologies of Chinese companies in the 5G field.

One G7 member that already announced practical steps is the UK. In July it was reported that the National Cyber Security Centre (NCSC) report presented to Prime Minister Boris Johnson claimed that American restrictions on Huawei preventing it from purchasing American technologies will probably force Huawei to use "unreliable" technology, which would then constitute an information security threat. It is now expected that the UK will take steps to stop the spread of Chinese infrastructure and remove it by the end of this year. If this infrastructure is in fact removed, this will represent a change from the previous policy set in January, whereby communications companies defined as high risk will be not be permitted to participate in the development of the most sensitive core components of cellular networks, and that their portion of these networks will be limited to 35 percent. This turnaround in British policy is a result of domestic political pressure on Johnson, as well as forceful messages from the US to the effect that installing Chinese communications infrastructure would harm American intelligence sharing with the UK.

However, given that Huawei has recently installed several 5G antennas for each of the four cellular providers in the UK (Three, EE, Vodafone, and O2), and that previous generations of cellular infrastructure have included components made by Huawei, removing all Chinese infrastructure will be very costly. According to research by the analysis firm Assembly, the price of removing Huawei infrastructure will probably be around £6.8 billion; Vodafone also warned that blocking Huawei will damage the field of British 5G. The UK was harshly criticized by the US for its intent to allow Huawei to establish a chip development center at a cost of around £1 billion. An investigation by the *Telegraph* revealed that Huawei funded many studies by British academic institutions on dual-use technologies: 15 out of the 17 studies in the investigation dealt with UAV swarm technologies. British experts claimed that China is using Huawei's activity in British academia to benefit Chinese security initiatives by funding joint research projects by British and Chinese universities. In June, the Chinese ambassador to the UK warned that blocking Huawei would lead to countermeasures by China.

In Canada, which is also a G7 member, cellular service providers recently chose Western alternatives instead of waiting for a government decision on the use of Chinese technology. For example, Telos and BCE – two of the leading cellular providers in Canada – joined Bell when they announced in June that they would use Ericsson and Nokia for their 5G infrastructure. Huawei also took another hit when a Canadian court

refused to release its former CFO Meng Wanzhou from arrest on suspicion of circumventing US sanctions against Iran. Documents acquired by Reuters show how Huawei allegedly hid its relations with Skycom, a company working on its behalf in Iran, and presented Skycom as merely a trading partner. Meng's trial was tied to the arrest of two Canadian citizens just after Meng was arrested in late 2018, and increased tensions between China and Canada after a Chinese court accused them of spying. These events may make the Canadian Prime Minister's future decision about participation by Chinese companies in Canadian 5G networks easier.

Meanwhile Huawei continues to advance commercial contracts for building 5G infrastructure around the world. As of now, Huawei has reported 91 commercial contracts, including 47 with European countries. In comparison, Ericsson reported that it had signed 97 contracts, and Nokia and the Chinese firm ZTE reported 74 and 46 contracts, respectively. It is therefore not impossible that Huawei's competitors are gaining traction at its expense, as they are the apparently the beneficiaries of political decisions that weaken Chinese companies on this matter, particularly since in February 2020 Huawei led in number of contracts signed.

In Israel, the Ministry of Communications announced in early June that the date for submitting basic proposals for the frequencies tender had closed. Six cellular service providers applied to the tender in three groups: Partner with Hot Mobile; Cellcom with Golan Telecom and Xphone; and Pelephone. It is expected that frequency licenses will be granted in September and the stage of installing infrastructure will begin by the end of the year. It was also reported that there are more than 25 companies in Israel developing various 5G applications, and these can be an important component for Israel to strengthen its technological ties with other Western countries.

In May US Ambassador to Israel David Friedman met with Minister of Communications Yoaz Hendel and with the chairman of the Knesset Foreign Affairs and Defense Committee Zvi Hauser and discussed, inter alia, the involvement of Chinese communications companies in 5G networks. In previous generations of communications infrastructure in Israel there were no Chinese components, and in spite of the absence of an official Israeli government pronouncement on the matter, the likelihood that 5G infrastructure here will include Chinese technology is slim to none. The media also reported that the request by Hutchison Corp. of Hong Kong to receive a permit to control the Partner cell provider, after it regained controlling shares that had previously been purchased from it by businessman Haim Saban, is now being examined by the security establishment.

Recommendations for Israel

In the competition between the United States and China there are signs of decoupling in the 5G technologies field, which has become an active economic and technological front and a test of political-security loyalty. Israel's actions in this field are closest to those of the US, if not even more conservative; in terms of public statements Israel has kept a low profile and refrained from publicly opposing China, as it has also tended to do in other fields. International initiatives led by the US around 5G technologies create potential for Israel for technological, economic, and security collaboration with the US and other Western countries, as a basis for a Western technological coalition that would be able to supply its members advanced and secure communications alternatives. Such a coalition would offer an opportunity for Israel, with its technological capital, to participate and to strengthen its political, security, technological, and economic relations. Given that Israel, unlike other Western countries, is unlikely to use Chinese-made 5G infrastructure, it should strive to be recognized for this by the US, in order to balance rising tensions with the US about other issues, including Chinese investments in technology and infrastructure in Israel. In addition, and in light of American identification of Chinese bodies that are linked to China's security establishment or that are active in Iran, Israel should examine the activity of these companies within its territory and seek to reduce the risks entailed – be they clandestine security exports, indirect assistance to Iran, or sources of additional friction with the US establishment.