

Podcast Ep 50: Israel's dirty arms trade secrets

[Nora Barrows-Friedman](#) [The Electronic Intifada Podcast](#) 3 February 2022

On episode 50 of The Electronic Intifada Podcast, economist and researcher Shir Hever returns to discuss Israel's weapons and spying programs.

We also talk about the recent revelations that Israel will be clearing all of its business deals with China with the US State Department before they proceed.

Hever highlights the impact that boycott, divestment and sanctions (BDS) campaigns are having on the Israeli economy – something the government there is desperately trying to cover up.

Israeli officials “constantly have to give a spin on every bad economic story that happens,” Hever says. Whenever “there's a little bit of a decline in the exports of commodities for whatever reason, they have to put a spin on it. Otherwise people might start to think, oh, is this because of BDS?”

Hever is the author of [The Political Economy of Israel's Occupation](#) and [The Privatization of Israeli Security](#).

He notes that the recent closing of an Elbit arms factory in Oldham, UK, following sustained protests by activists, was a direct hit to the Israeli weapons manufacturer's expansionist strategy. It creates a precedent that will worry other arms dealers.

And we talk about the blowback against Israel's cyberwarfare technology and, as Hever says, “the level of privatizing of intelligence that only the Israeli government allows to happen and encourages.”

Articles we discussed

- [“Pegasus: Spyware scandal lays bare cracks in Israel’s security ‘success’ story,”](#) Shir Hever, *Middle East Eye*
- [“Israel-China trade caught between US pressure and BDS,”](#) Shir Hever, *Middle East Eye*
- [“Israel’s Elbit sells UK arms factory targeted by activists,”](#) Asa Winstanley

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Full transcript

Lightly edited for clarity.

Nora Barrows-Friedman: Welcome back to The Electronic Intifada Podcast. I’m Nora Barrows-Friedman with Asa Winstanley. Today, we’re happy to have Shir Hever back on the show to talk about a few different topics relating to Israel’s weapons and spying programs and the recent revelations that Israel will be clearing the US State Department first regarding all their business deals with China. Shir is an economist and researcher who understands in depth the economic factors behind Israel’s occupation of the West Bank and Gaza Strip, as well as the Israeli arms and surveillance technology industries. Shir is the author of *The Political Economy of Israel’s Occupation* and *The Privatisation of Israeli Security*. Shir, welcome back to The Electronic Intifada Podcast.

Shir Hever: Hi, thanks for having me on.

Nora Barrows-Friedman: Let’s talk about your recent article in *Middle East Eye*. You wrote that at the beginning of January, “sources in the Israeli government leaked the news that Israel had informed the US State Department that, from now on, all major business deals between Israel and China would be cleared with Washington first. According to *Haaretz*, this was an Israeli initiative rather than succumbing to a direct US demand.” Can you talk more

about the significance of this move by Israel to appease Washington, especially as the US continues to try and undermine China's economic power? What do you make of this?

Shir Hever: Yeah. The pressure by the United States and Israel on this issue goes back decades, it's certainly not a new issue. And it was especially pertinent when we're talking about the arms trade. There were the Harpy drones, a very famous case in which Israel wanted to sell Harpy drones to China and had to cancel. Back in the early 2000s, Israel had already signed an agreement with China to sell a spy plane, the Falcon spy plane, and the United States stepped in and blocked the deal. And Israel had to pay compensation to China for \$1 billion at the time, which was a big blow. And more recently, there was a very shady case, where the Israeli secret police had to round up and arrest about 20 arms dealers. And according to the very little information that was released, these arms dealers are people who are employees of some of Israel's largest arms companies, and not just criminals from the street for trying to sell a suicide drone to a customer without a sales permit. And it turned out apparently that this customer was Chinese or represented a Chinese company and therefore they were arrested because, you know, selling to militias in Africa is fine without a sales permit. But as long as it doesn't fall into Chinese hands. So these are the arms deals.

But now we're not even talking about that, we're talking about civilian infrastructure projects. The Israeli infrastructure system is collapsing. There is a serious crisis in infrastructure. And this has to do with the fact that Palestinian workers were the ones who actually built the infrastructure. The actual workers are being terribly mistreated, not paid for the hard work that they do. During COVID times, there were severe closures to prevent Palestinian workers from coming into Israel and working. There's competition between the Israeli companies about whether Palestinian workers should build residential housing or infrastructure, and so on. The Chinese companies are always ready to come in and offer a cheaper price. But then the US tries to put a lot more pressure. And when it comes to weapons, the US can put that pressure much more easily because Israeli arms technology – there is no such thing as an Israeli arms technology, actually. Everything has some component that is incorporated that was developed in a US company. So as long as there is a component, whether it's in the spy plane or in the drone, or whatever, the Americans can always say,

“this technology belongs to us, that means you have to inform us if you’re selling it to a third party,” and so on.

In infrastructure, we’re talking about seaports, we’re talking about a subway train that’s supposed to operate in Tel Aviv, we’re talking about the tram, the notorious tram in Jerusalem that connects the illegal colonies in East Jerusalem to the west. These projects are not military projects, or at least don’t include any kind of military technology. But the US is still putting pressure. And this of course causes a lot of speculation, “are the Americans afraid that the Chinese are going to put some cameras or listening devices?” And the Haifa port is a port where a lot of US military naval vessels stop for resupplying and refueling, so the Chinese would be able to follow these vessels.

I don’t think that’s so interesting. I think what is interesting is how dependent the Israelis are on this. You know, the Israeli economy became so dependent, especially because of BDS. And when Naftali Bennett, who is now the prime minister, when he was the minister of the economy, he dedicated his short term as the minister of the economy, to fighting BDS in his own way. Which was, he took a trip to China, that was one of the first things he did. And he said on that trip, look, the Chinese, he also had to stop in India, and the Indians, don’t care about occupation. He didn’t use the word “occupation,” he used the word conflict, of course, but we know what he meant. And they don’t care about that. They want our technology, they want our products. So I’m going to sign a lot of deals. And this is going to be our way out, you know, because still, despite all these trips, the biggest trading partner of Israel remains the European Union, where the boycott movement is very strong in the European Union. And there is a lot of pressure on companies to make sure what the primary source of the products are and so on.

So, allegedly, the Chinese don’t care. The Chinese even proved it when they bought Ahava. Ahava is one of the most famous cases of an Israeli company that operates in illegal colony, plunders Palestinian natural resources in the Dead Sea, and then makes them into cosmetic products that are sold around the world. This company became such a symbol for the boycott movement, that their stocks were plummeting, and they started closing shops in the UK. And then the Chinese bought them. Maybe because they thought they could turn it around. They made some statement that they’re going to move the factory inside

the Israeli side of the Green Line. But they haven't done so as far as I know. So there is a lot of dependency on the Chinese market there. And nevertheless, we see the Israeli government in this moment where they need to get this Haifa port done. And they need the subway in Tel Aviv, very, very urgently, saying they're going to get permission from the United States before signing any contract with China.

I think that we need to see this in direct relationship to what's happening in the Ukraine right now. Because the pressure that Ukraine is being put under, you know, that there are talks between Russia and the United States about Ukraine. Whatever the people in Ukraine want is not really part of the conversation. And there is a threat of war, a very real threat. And the Ukrainian government decided of all times to make this announcement that they're going to recognize Jerusalem as the capital of Israel, and move their embassy from Tel Aviv to Jerusalem. And why on earth would they want to do it now of all times?

I think it's pretty clear they're doing it now because they're trying to signal to the United States, we're willing to stand with you on any point, however absurd, and however irrational, as long as you save us, as long as you're willing to take some risks on our behalf. I think it's very clear that the US is not going to take any risks over Ukraine. They're willing to put sanctions on Russia, but they're not willing to do anything more than that. Or to send weapons to Ukraine, but they're not willing to risk human lives for this. And I think what the Israelis are doing with China is the same thing. They are seeing that their hold over public opinion in the global community is dropping. Their hold over their own population is dropping. The Israeli military is facing a severe crisis of discipline, with a lot of soldiers just blatantly ignoring the orders that they're receiving and doing whatever they want. And in these conditions, Israel is very much worried because just a couple of months ago, Congress was able to drop the funding for the Iron Dome system from the budget bill.

Nora Barrows-Friedman: Yeah.

Shir Hever: And then, Yair Lapid, Israel's foreign minister, made urgent calls to the Democratic Party, and basically played out all his cards, cashed in all his chips, to say, please get this funding back on, not because we need the billion dollars but because we can't afford to have the newspapers say that the new

administration in Israel is not on the best terms with the United States. And if the US is not willing to give Israel a full umbrella, then it's going to make the resistance much stronger to the Israeli occupation, to the apartheid system. So please, just get it done so we can say it's done. And I think now they really feel like they're under a lot of pressure and the United States has done so many favors for the Israeli administration. So they're not going to do any more favors. So that's why they're coming out of their own initiative, and saying, Oh, we're also gonna stand with you on China.

Nora Barrows-Friedman: It's fascinating to hear you analyze this. I want to take a step back. You mentioned that in large part Israel is really facing this economic squeeze, you know, due to boycott, divestment, and sanctions campaigns. And we frequently hear from Israeli officials, from Israel lobby organizations, that BDS has no impact, that the Israeli economy is as strong as it's ever been. And BDS, at the same time, is a campaign that nobody should be supporting, because it doesn't make an impact. But at the same time, Israel put together an entire ministry, the ministry of strategic affairs that has now been essentially folded into the foreign ministry, to combat boycott movements around the world. Can you talk a little bit more about the impact that the BDS campaigns, especially in Europe, have had on the Israeli economy and how Israel is trying to really obfuscate that fact.

Shir Hever: The people who put together the BDS movement, they had and still have a keen understanding of the Israeli psyche, the Israeli culture, the Israeli political system. And I think they've understood from the very beginning, that BDS is never going to have a noticeable economic impact on the Israeli economy in the sense, you know, that people would say, Oh, we want to buy things, but suddenly, we don't have the money anymore, or to import, or people are losing their jobs in the thousands because factories get closed down. That's not really on the BDS agenda, and never has been.

The point was to make Israelis realize that their crimes are out in the open and people are discussing them. And the very idea that people are standing in front of a supermarket handing out flyers and boycotting may cost the Israeli farmer who was probably in the West Bank in an illegal colony, selling some red peppers, maybe, you know, a couple of euros or dollars or whatever, or a couple of hundred. That's not going to destroy the Israeli economy. But when that video

gets on YouTube, this is activating a discussion inside Israel that then goes on to the ministry of strategic affairs, and goes into hundreds of millions of dollars to try to stop the BDS movement. That's where the impact is really.

When the Israeli government says we are willing to spend a lot of resources and not just resources in terms of money, but also in terms of time, in terms of legitimacy, in terms of ruining the relationship with Jewish communities, which say, you're willing to go to lengths to fight the BDS movement that are just too much for us. I'm speaking from Germany right now. In Germany, the parliament was pressured by Israel to pass this resolution, not even a law but more of a declaration, that compared the BDS movement with the crimes of the Nazis. So Jews are horrified by that. And even if we don't support BDS, it's still a movement, a non-violent movement that is based on human rights and international law. You cannot compare that to the Nazis. So this is part of the price they're paying for it. Now, the minister [Gilad] Erdan was the BDS minister of Israel and not the smartest Israeli politician by far.

Nora Barrows-Friedman: It's quite a competition there, yeah.

Shir Hever: Yeah. But one of the first things that the new administration, the new Bennett-Lapid administration, did was to close this department, to close the ministry. They didn't just fold it into the foreign ministry. They made a statement that this ministry is doing more harm than good. Because they realized that these measures of espionage – and I hope we'll have a little bit of time to talk about espionage as well and cyber technology – these measures are really giving Israel such a bad name. That it's doing the work of BDS for the activists.

Asa Winstanley: Yeah. The interesting thing about the ministry of strategic affairs is that it was always controversial within Israel, within the different factions of the Israeli government. For one thing, it was always seen as essentially, you know, a Likud-Netanyahu kind of project. You know Erdan was very close to Benjamin Netanyahu. It was always seen by the sort of liberal Zionists and the labor Zionists as kind of too crude and too showy and too open, because they were always declaring what the ministry of strategic affairs were doing. Whereas the labor Zionists saw it as something that should be done quietly, by basically coming under the auspices of the ministry of foreign affairs,

and essentially the Mossad and other intelligence agencies done in a very quiet way. And this was really the downfall of the ministry of strategic affairs, that it was too late, as you said, it was too embarrassing, really, essentially.

Shir Hever: Also The Marker, a newspaper which is the economic attachment to Haaretz, they did a study and discovered that almost 20 percent of the budget of the ministry goes to publications inside Israel in Hebrew.

Asa Winstanley: Right.

Shir Hever: Right, because they were trying to project to the Israeli public: We're dealing with BDS on your behalf. But this message was the main message rather than actually trying to stop BDS.

Asa Winstanley: Public relations is interesting. I didn't know it was that high, 20 percent of the budget.

Nora Barrows-Friedman: That's extraordinary.

Shir Hever: Yeah, almost 20 percent of the budget. And they got a far-right actor in Israel, one of the very openly racist actors in Israel, to be the face of that campaign. And he did these videos in Hebrew, he doesn't even speak English, where he explained how BDS is a terror organization in it, but who is he trying to convince? I think that's a very interesting thing. If he's trying to convince Hebrew speaking Jewish Israelis not to support BDS. Okay, that's an interesting strategy.

Nora Barrows-Friedman: Definitely worth the money there.

Shir Hever: Yeah, Gilad Erdan, by the way, is still Israel's ambassador to the UN, which I think shows the level of contempt that the Israeli government has to the UN. They didn't even bother putting somebody from one of their own parties. They kept this Netanyahu guy over there just because they can't be bothered finding somebody else. But now the most recent news is that Yair Lapid quietly got the government to approve reopening a part of this ministry of strategic affairs, a company called Concert, which used to be called Kela Shlomo, like the sling of Solomon. You know, David was the one with the sling, not Solomon, they got their Bible wrong, anyway.

But now they're calling it Concert. And it's a project which is supposed to act secretly through espionage methods. But the funding has to be matched through either private donors or civil society organizations. This is exactly what toppled The Israel Project (TIP) in the US, when they had to match the donations. And they said, well, civil society money cannot go to government-sponsored espionage, that would get us in trouble. And eventually they went bankrupt because the donors backed down. And Concert is trying to bring that back in. And I think that's very worrisome, of course, because we don't want to be spied upon. But it is interesting to see that Yair Lapid, who has apparently learned nothing, is still urgently feeling the need to talk to his own public and to show something that they're doing against BDS, which means yes, they are very much worried about BDS all the time. They constantly have to give a spin on every bad economic story that happens. You know, there's a little bit of a decline in the exports of commodities for whatever reason, they have to put a spin on it. Otherwise people might start to think, oh, is this because of BDS?

Nora Barrows-Friedman: Shir, let's take a look at the broader political economy of Israel's apartheid and military occupation structure. You wrote about the ongoing protests by activists in the UK against Elbit Systems and the factories that this Israeli arms giant has set up there as Asa has reported. And of course, as we've covered in the podcast just a few weeks ago, activists were able to shut one of them down in Oldham. You wrote that it was, "a blow to Elbit's expansion strategy. It creates a precedent that could slow down or even reverse the company's growth trajectory and serve as a warning to the arms industry that selling weapons is a political act, and that arms companies could be held accountable for violations of human rights and international law committed using their products." Can you talk more about the Elbit situation and what this says about the precarity of the Israeli arms companies' expansionist strategy?

Shir Hever: Elbit is the biggest Israeli arms company. In 2018, they bought the fourth biggest company, thereby becoming the biggest. And they bought it from the government with a massive bailout and the government forgave all the debts of the company so that they could be given to Elbit pretty much for free. That made Elbit a very powerful corporation within the Israeli arms industry. But Elbit has their own financial strategy, where they keep growing all the time, because they have to somehow prove that they could stand on the same level as

the US gigantic corporations, you know: Northrop Grumman, Boeing, General Electric.

And Elbit is tiny compared to those. So in order to try to carve a market share for themselves, they keep going deeper into debt, buying new companies, small companies, either Israeli companies or others. They've actually bought a small company from BAE Systems in the UK, to get a foothold in the UK. And every time they do that, they can leverage the fact that now they have another company to go to the bank, and say, well, now we have a bigger base, more workers, more factories, more more customers, so we want another loan, which we need to buy another company, right. So this is how it works. And the fact is that in the last 20 years or so, almost 20 years, interest rates were very low overall, and especially after the 2008 crisis. So that gave Elbit pretty much very cheap financing to keep growing the company, and I don't want to get into boring finance stuff. But it becomes very interesting when that strategy hits a wall. And now it does hit a wall in the UK. That's a very exciting development. Because if they have to sell a company and lose some of their market share, they're reversing the trend.

Asa Winstanley: So what was the reaction in the markets when Elbit had to sell this Ferranti factory? You know, it tried to sort of spin it as, I forget the exact phrase but it was quite funny. It was something like a consolidation, or a refocusing of their business.

Nora Barrows-Friedman: We're pivoting to something else.

Shir Hever: Yeah. The market responded positively because the Israeli media did not report a word about this. And the thing is, the Israeli media, especially the economic newspapers, are staffed by low-paid journalists, really low-paid, overworked journalists, I don't envy them. They have to fill a newspaper every day with lots of stories, economic stories. And what they do often is they get press releases from the companies, take off the logo of the company and put it in the newspaper almost word for word. That's not just in Israel, that's a problem all over.

Nora Barrows-Friedman: Yeah.

Shir Hever: Elbit Systems, more than any other company in Israel, is the one that sends those press releases. And they keep sending them because they need to get investors inside Israel to buy their stocks. And they need lots of money coming in through investment to be able to keep this leveraging for further mergers and acquisitions as part of their strategy. So they are now not telling the truth to the investors. Of course, they have to write full financial reports. They're also the best reported company among all these Israeli arms companies, because they're also traded in the US. So they have more transparency than most companies when it comes to their finances. But when it comes to things that are more political and require some speculation, some analysis, they're not legally obligated to talk about it. So they just don't talk about it.

Now, what do you think the speculators or the investors are going to think when they discover that this story has been kept from them? So, sure, right now, they don't know anything about this, and Elbit is pushing the big project they had with Greece, a 20-year contract for improving the Greece navy and air defense system and training systems for pilots for 1.7 billion euros. A very, very big contract for Elbit. Which, of course, also begs the question, why does Greece need all this money? And it brings a little bit back to Ukraine, because the only real enemy that Greece might be pointing their guns at is Turkey. And both countries are supposed to be NATO. But that's a whole different issue. But Elbit is pushing that deal, not talking about what's going on in the UK. And once the investors realize that this is a company that is going to, you know, keep their dirty little secrets quiet, while activists are successfully shutting down their factories, then they're not going to be able to count on Israeli investors as much as they can right now.

Asa Winstanley: Why does Elbit have these factories in the UK in the first place? Like it did have 10, and now has nine remaining factories. Why are they here in the first place? Surely they're not reliant on British technology in the same way they are reliant on American technology. Is this more to do with their expansion strategy that you were describing of buying these companies out?

Shir Hever: Well, part of it is buying the companies and showing that they have a bigger production base. But really, it's not about production. It's about controlling the customers. And all of these deals are done between people. You know, the arms industry is the most corrupt sector of the economy. So when a

representative of Elbit, some lobbyist, is meeting with some British politician and saying: don't you want our shiny new drone for whatever shenanigans you are going to do overseas? Or just to be able to say, we're going to protect our soldiers with this new, late, state-of-the-art drone made by Elbit? And the politician says: that sounds nice, but I have a limited budget. There are other companies that are willing to offer their shiny drones as well, why should I buy yours? Then the Elbit person can say: oh, you can also say you're creating jobs, because we're going to make some of those drones in a factory in your constituency. That's how it works.

Asa Winstanley: So the politicians then have buy-in.

Shir Hever: Exactly. That's always how it works. Some countries, by the way, we spoke about China before. China simply has it in its laws. You know, if you want to sell products to China, you have to produce some portion of that product in China. So you can't just export finished materials. But in certain sectors, I don't want to get into all the technical details, but this is a big part of it, that Elbit would have to buy some factories in China, hire people, create jobs if they want to sell to China. But in other countries, like the UK, it's not necessarily written in the law, but it is common practice and it is part of the political benefit that politicians would get from buying those drones.

Nora Barrows-Friedman: I mean, that happens here in the US all the time. In the context of Ukraine, you know, most if not all of the elected officials vying for war against Russia, you know, sending these quote unquote lethal aid shipments to Ukraine. Their constituencies make up a large portion of the workforce for Raytheon, for Lockheed Martin, for GE, which are producing these weapons. So it's not out of the political context here at all.

Shir Hever: You know that Elbit has its own lobby in the US, which is not going through AIPAC, but they have their separate lobby, just for Elbit. And it's smaller than AIPAC, and AIPAC itself is smaller than GE and Lockheed Martin and Raytheon. But when they want to talk directly about the arms industry, they have their own lobbyists to talk directly to the Americans and they have subsidiary companies in the United States for that exact purpose.

Asa Winstanley: Well, that's really interesting because I don't think we hear so much about the Elbit lobbyists.

Shir Hever: Yeah, no politician would like to meet with them in the open. You don't want to meet the arms dealers in the open but lobbyists still do their jobs behind closed doors.

Nora Barrows-Friedman: Amazing. Shir, you mentioned Concert earlier. Can you talk a little bit more about the surveillance matrix that Israel is not just involved in, but you know, selling the technology all over the world. The NSO group, specifically. There was an issue that came up very recently that that tech technology, that the Pegasus technology developed by NSO, is being used against citizens of Israel as well as human rights defenders and journalists, especially people who are working in the the Palestinian human rights organizations. And now it seems that many of NSO Group's officials are jumping ship. Can you talk a little bit about what's happening with NSO and why it's significant?

Shir Hever: Yeah, well, it's a huge topic. And I think we should really start by asking the question. It's not just an NSO, right, there's also Cellebrite, there's also Candiru, there's also Black Cube, and a bunch of others. And all these companies are known collectively as offensive cyber companies or espionage companies. And they are all Israeli. Where are all the American cyber companies, offensive cyber companies? There are some talks about a UAE company called Darkmatter, which actually employs a lot of Israeli ex officers.

But other than Darkmatter, there are no other companies in other countries. And it's not because the Israelis have some kind of technology that the other countries don't have. It's not about the technology, it's about the willingness to employ technology that most countries only reserve to be used by their own secret service or intelligence branches, for a private sector. So that's a level of privatizing of intelligence that only the Israeli government allows to happen and encourages to happen. NSO, and also to some extent the other companies, have had a terrible year. The last thing that spy companies want is to be in the headlines, to have their methods exposed, to have their workers exposed by the news, by Human Rights Watch, by Amnesty International.

Nora Barrows-Friedman: The targets exposed, too. I mean, people are saying Pegasus was installed on my phone. Yeah.

Shir Hever: That is very damaging to them and NSO is on the verge of bankruptcy. That's one of the reasons that they're jumping ship. There's enormous pressure on the Israeli government, what are you doing about this? This company constantly boasts that they operate with Israeli license, with the license of the Israeli ministry of defense and that they don't move without permission and encouragement by the Israeli government. So the Israeli government should take responsibility. But that's how privatization works. Right?

The profit has been privatized but the risk stays public. And that's the issue there. So I think the companies are having a bad year. But it's also because of their business model that makes them different from all the other companies, which is they use the Israeli expertise of surveillance that was developed for occupation, for controlling the civilian population by constant surveillance. And they take that, and the main technological advantage of that kind of surveillance is that it saves labor. Because other countries also have surveillance. China is not a very liberal democracy. And it's not a country where people can say what they want about the government without being listened to. Right.

The government is listening to what people are saying. But they're doing it by different means. They actually have security personnel, listening to the conversations, reading texts, reading posts on social media, and making judgment calls. This is disloyal, this is subversive, this is okay. The Israelis don't want to do that. The Israelis found out that if you take security officials and expose them to too many texts and conversations by Palestinians, they could become convinced, they could go native, as the British used to say during the glory days of the empire, when their officers went native and started to integrate into Indian society, for example. So they don't want that to happen. They don't want these radio officers to read what you have in your phone themselves. What they want is to have an algorithm that will pick out the suspicious things and they'll only look at those.

Asa Winstanley: Right.

Shir Hever: And what NSO is doing, specifically NSO with the Pegasus program, is they're outsourcing the hard work of processing the data to their customers and only giving the tools to actually obtain the data, to hack the phones themselves. So they sell the technology to Morocco and Morocco says, okay, we're going to listen to the phone of President [Emmanuel] Macron in France. We're going to sell it to [President Alexander] Lukashenko in Belarus, and he's going to decide which of the demonstrators against his administration he wants to listen to. And that's how these companies operate, which of course is a recipe for disaster because you sell to the worst dictators of the world. And they then go ahead and violate human rights using your technology. You have permission from the Israeli government to do that. And then people get murdered or tortured, and so on.

So this is a model that no other country, no other private sector of another country wants to get into. They know that it's a very bad investment. It can only end in disaster. The more recent development now that you've alluded to, is the fact that there was an investigation by an Israeli newspaper that discovered that Israeli police is also among the customers of NSO, and they bought the Pegasus program and installed it on phones of Israelis. Okay but then, of course, people first assumed, oh, well, Palestinian Israelis, right, you know, Palestinian activists who could also be terrorists and fighting against the state and so on. So it's fine. But no, this journalist discovered that actually, the police decided to use that program against protestors, Jewish protestors, who protested the Netanyahu administration. The Black Flag movement, if you heard of it. Which was an anti-corruption movement that said Netanyahu has to go to jail for his corruption. Not because of the occupation, not because of apartheid, just because -

Nora Barrows-Friedman: Yeah that stuff was just fine, right.

Shir Hever: And these people supported the current administration, so they're in the mainstream now. We're not talking about some radical activists, we're talking about people who basically are the voters of the current government. And things like hacking into their phones to find out if they're using Grindr, which is an app for homosexual encounters, by somebody who was married to a woman, so to then shame him or blackmail him.

Asa Winstanley: Similar techniques to what Unit 8200 uses on Palestinians.

Nora Barrows-Friedman: That's right. Yeah.

Shir Hever: Well, Unit 8200, which is using those techniques, are the people who then go and work in NSO and in Cellebrite all these companies.

Asa Winstanley: Right, and this is kind of the root of it all, isn't it? It's interesting because you mentioned all these different Israeli offensive cyber companies. I've called them cyber mercenaries in the past. And the common thread with all of these, or most of these companies, is that their main personnel tend to be trained by Unit 8200. They have their experience in Unit 8200. And I suppose it's almost like a kind of university for these sorts of cybercriminals, essentially. Could you talk a little bit about Unit 8200 and the connection between all these companies?

Shir Hever: There are some reports, and of course, this is confidential so I don't have the facts to back it up, but I did read several reports saying that this is the biggest unit in the Israeli military. It is certainly the most sought after unit, because anyone who gets into that unit will almost certainly have a job after being released from military service. And therefore, a lot of schools are offering – high schools – are offering you know: our best students might get into Unit 8200, so you should study hard, or maybe pay for extra extra classes after the school day, and things like that. So you have a better chance to get into that unit.

Within that unit, they are developing technologies. But the Israeli state comptroller discovered that the technologies that are developed by the unit, these surveillance technologies are not patented. So the government, the ministry of defense, makes no effort to protect those technologies as their own, because that is part of the payment for the soldiers. Once they finish their obligatory military service, they get picked up by those private companies. Also by Elbit, by the way. Elbit is a big hirer of Unit 8200 graduates. And then they can bring that technology with them and say: Oh, this is what I developed for the Israeli military. It's not patented, I can reproduce it again. I can create it for you for a fee. And that's how they get their job. But the ministry of defense, you know, you would expect them to have an interest in protecting these technologies. But actually the ministry of defense is full of generals who first

served in the military then worked in those private companies, then go into politics. So it's their friends, it's their social circles. They don't want to disrupt the way these technologies get into the hands of private companies.

Asa Winstanley: That's really interesting. And I hadn't put it that way before and I'm not sure what your sources are for that. But it chimes with everything that I know about Unit 8200 and how it operates. So Unit 8200 hasn't patented these kinds of technologies and techniques, espionage technologies and techniques, but Unit 8200 as a unit of military intelligence, so my question to you is: Is it therefore a safe assumption that all of these kind of technologies like Pegasus, you know, the spyware that can basically hijack a target's phone, is it fair to assume then that Israeli military intelligence, the Mossad, the Shin Bet, all have this technology themselves to use in their own secret operations?

Shir Hever: Yeah, absolutely. They have the technology. There is no doubt about that. They can if they want to hack the phones. The problem is, do they also have the personal power and the inclination and the desire to use the data that they gather in a meaningful way? And that's where we have two kinds of intelligence. There is SIGINT and HUMINT. SIGINT is short for signal intelligence, HUMINT is human intelligence. SIGINT is Israel's, you know, flagship. That's what they do best. Which means that if what they want to know is, what is your body temperature at this particular moment, regardless of where you are, they have means of obtaining that information. But if they want to know what you're thinking, if they want to know if you're planning some action, and if that action is going to be a terror attack or is going to be a peaceful demonstration. That's where they completely lose it and have no idea whatsoever. And that's the problem because NSO, one of the members of the board of directors of NSO, is a good friend of Ayelet Shaked. Ayelet Shaked is currently the Israeli minister of housing. She was the minister of justice in the last Netanyahu government.

Asa Winstanley: Ayelet Shaked reposted a manifesto calling Palestinians little snakes that should all be killed basically.

Shir Hever: Yeah, she always defends that quote by saying that she only quoted from somebody else who said that. But at the time, she failed to mention that. And she's in the same party with Naftali Bennett, who's now the prime

minister. Naftali Bennett wanted NSO to take charge of the COVID social distancing enforcement back in the last wave of COVID in Israel. And he said, Wouldn't it be good if we have the technology to hack all the phones, so we can track everybody and make sure they don't infect each other? Now, the thing is, this caused a major uproar in the Israeli public, they said, We don't want to be spied upon and so on. But like you said, the technology already exists in the hands of the Israeli secret police, and so on. So the secret police are okay to the Shin Bet. They are not a private company, they can do it.

And so the government did approve that the secret police is going to track the whole population. And then it created a very interesting situation in which they used an algorithm to decide whether you violated the quarantine or whether you were in contact with somebody who was infected with COVID. But the algorithm is not a person and makes a lot of mistakes. So they have a way to know your exact coordinates at any given time, for example, but they don't know how high you were. So you had different people in the same building, but on different floors. And they say, Oh, you met somebody who was infected. But it was on a different floor, you didn't actually meet that person. But you still have to go into quarantine.

Asa Winstanley: I presume part of this is from GPS and phone mastering signals and those things are not accurate within that amount of distance, right.

Shir Hever: One of the boasts of these companies is that they can improve the accuracy. But this still leaves us with SIGINT and not with HUMINT, not human intelligence. So you know, Bennett's party tried to do a favor for NSO and give them this massive contract. That didn't work out. But now it comes out that actually NSO did sell that program to the Israeli police and it was used against Israeli citizens. And that caused a major uproar, because how dare the Israeli police use this horrible program against Jewish Israeli citizens whose only crime was to demonstrate against corruption? And then, of course, there was a big question, did an Israeli judge approve that surveillance or not? And the Israeli police kept giving conflicting, contradictory answers. Like, we never used the program on anybody. And we had a judge approve all the cases where we used the program. So yeah, pick one.

Asa Winstanley: It sounds massively corrupt as well. Because if the Shin Bet has similar technologies to Pegasus, why does the Israeli police need to buy Pegasus, anyway? It all sounds very strange to me.

Shir Hever: Yeah, well, the idea is that, of course –

Asa Winstanley: Not that I care.

Nora Barrows-Friedman: Full spectrum dominance, yeah.

Shir Hever: The actual police officers are barely capable of reading and writing. They need somebody to, they need a private company to come in and install the program for them. And I think it also teaches us something about how NSO was involved in all these other countries, because I don't think that they just, you know, sent a CD ROM or something.

Asa Winstanley: This is what I've been saying, like there's no way in hell, like that doesn't even exist anymore anyway, for one thing. Software these days is a service, isn't it? Like it's over the internet. It's streamed as it were. At a minimum, all these countries must have had at least support from NSO to run these things.

Shir Hever: Absolutely.

Asa Winstanley: If not just actually NSO people operating it. I mean, that's what I would deduce.

Nora Barrows-Friedman: Yeah.

Shir Hever: The other day, I heard this fascinating conversation in one of Israel's few critical news shows. They were discussing this big scandal. And they had a Palestinian journalist come on the show. And the Palestinian journalist said, you know, whenever you have a discussion about anything to do with security or big issues, you never have a Palestinian journalist on the panel. It's always an all-Jewish panel. And this time, you had a discussion about the NSO scandal, and Pegasus being used against Israeli citizens. And still you didn't have any Palestinian journalists on the panel. They had eight journalists around the same table, all of them Jews. But that's good. So this time, it was good,

because it was the first time that Israelis felt something that Palestinians feel every day, and got a taste of what it means to be surveilled upon every moment of your life. And they don't need us to explain it to them anymore. So let them deal with it for a change. I think that was a very interesting discussion. Of course, Israelis know that Palestinians are being surveilled all the time. But the right not to be surveilled becomes the privilege of the colonizer. And if they lose that privilege, then the whole security of, We are the colonizers, and this is our land, and we have all the privilege is falling apart. It's a moment of panic.

Nora Barrows-Friedman: Shir, finally, looking ahead, as COVID continues to affect, impact, destabilize global economies, as Israeli arms companies continue to be, as they put it in this panic over their abilities to expand, and as the BDS movement globally, continues to challenge and confront the Israeli economy. What can you say about the year ahead, and where these trends you think may be going?

Shir Hever: I think that COVID had a tremendous negative impact on the Palestinian solidarity movement around the world. That was a major setback. Because human rights activists and justice activists need the ability to go out into the streets and demonstrate together and meet in person. And of course, when we are all facing these surveillance technologies, then the fact that we depend so much on digital communication is only making people more vulnerable to this. And then of course, you also have the economic impact of COVID, which distracted a lot of Israelis from the BDS movement, because they said, Oh, well, if there are no tourists anymore, that's has nothing to do with BDS or with Palestinian resistance. It's about COVID. And the economy suffers from that. And then people assign it to COVID.

The Palestinian economy has taken a major blow as well, of course. You know, one of the most important Palestinian tourist organizations ATG, the Alternative Tourism Group, they are fully aware of how the tourism industry exploits the Palestinian economy. Every tourist that comes to visit the West Bank ends up paying quite a lot of money into the Israeli economy as well whether they want to or not. But they still have the slogan "come and see." Because when people see the wall with their own eyes and see the conditions that Palestinians live under, that is a major way to convince them. And you cannot get the same impression if you watch it through a camera, through a

video, it's not the same. So I'm very much hopeful that we're going to start to see an end or a decline in infections and in deaths and in the pandemic so that people can resume a little bit of normalcy. And I think a lot of pent up energy, activist energy, of people who are not able to exercise their rights to protest is going to come out once it's possible. And I'm very hopeful that we're gonna see a change.

Nora Barrows-Friedman: Thank you so much. Shir Hever. Shir is the author of *The Political Economy of Israel's Occupation* and *The Privatisation of Israeli Security*. Thank you so much for all of your work and for being with us on The Electronic Intifada Podcast again. Thanks Shir.

Shir Hever: Thank you.

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