

**Forum:** Disarmament and International Security Committee (GA1)

**Issue:** Addressing the issue of state-owned technology developers operating in other countries

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**Position:** Deputy Chair

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## INTRODUCTION

In the past few years, the issue of State-Owned Enterprises (SOEs) operating in other states came into prominence due to a few reasons. Primarily, the economies that have grown very strongly over the past years are with large SOE sectors and incorporated very closely with the international economic system. Also, SOEs that do operate in certain sectors (notably the resource-based industries and government-run public services, (tele)communications, electric and telephone companies, and resource-based industries) of great importance in relation to the improvement and competitiveness of the overall economy has been in leading positions regarding internationalization in many countries around the world. There was a “renaissance” of the SOEs that some states - who actually refrained from governmental ownership over the commercial entities for decades - initiated, and governmental rescue operations that were focused at afflicted financial institutions and sometimes even manufacturing companies that did have worldwide reach contributed to this initiative.

State-owned enterprises justify around 5 percent of employment, 20 percent of the investment, and almost 40 percent of domestic output in states worldwide. SOEs provide crucial services in many important economic sectors, such as utilities, natural resources, and finance. Besides taking the role of representing the government/state in commercial activities, an SOE can also sell physical resources, usually to trading companies and other bodies.

In the past years, the issue of state-owned technology developers has come to prominence due to a few or more appropriately a major incident that involved the People’s Republic of China, a state-owned company, *Huawei Technologies*, and the United States of America. China, very famous for its heavy number of state-owned companies and their unexpected efficiency for the Chinese economy, does own many technology developers as its SOEs. The Chinese multinational information technologies and electronics company Huawei Technologies faced criticism due to many aspects of its activities, specifically regarding stealing of intellectual property, cybersecurity, and human rights abuses.

## DEFINITION OF KEY-TERMS

### State-owned Enterprises (SOEs)

State-owned enterprises (SOEs) are either fully or majorly government-owned companies that undertake interactions and other activities involving extraction (especially the extensive extraction of natural resources without provision for their renewal) on behalf of the state.<sup>1</sup> An SOE is a body that is established or formed by the government via legal means in order for it to participate in activities that have a commercial purpose/nature. Basically, SOEs are formed to undertake commercial activities in support of the state. The government can possess full or partial ownership over an SOE, which is mostly authorized to participate in specific activities. In multiple resource-rich states, SOEs have very important roles in exploiting natural resources and operating the sector of extraction. They may engender critical revenue for the country, enable a state to have better management over the sector, assist the improvement of technologies and skills or even control the exposure to energy transition risks.

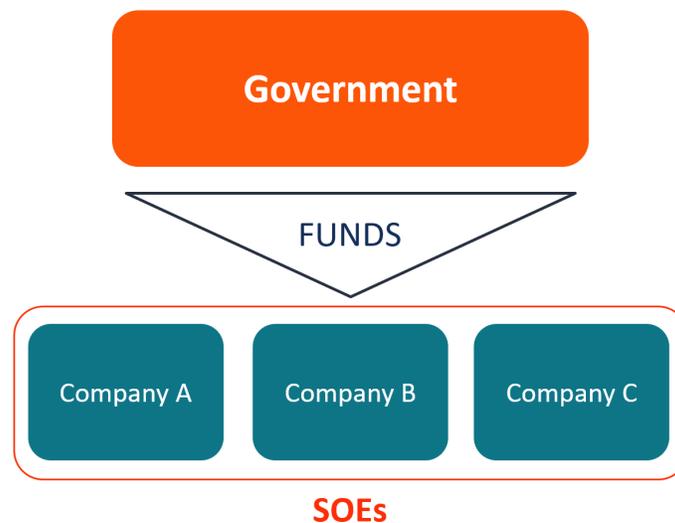


Figure 1: Function of State Owned Enterprise<sup>2</sup>

### Municipally Owned Corporations

Municipally Owned Corporations (MOCs) are corporations that are owned by municipalities and formed to provide local public services. MOCs differ from local bureaucracies since they are

<sup>1</sup> "Role of State-Owned Enterprises." *Extractive Industries Transparency Initiative*, [eiti.org/role-of-stateowned-enterprises](http://eiti.org/role-of-stateowned-enterprises).

<sup>2</sup> "State Owned Enterprise (SOE) - Overview, Purpose, and Examples." *Corporate Finance Institute*, 24 Apr. 2021, [corporatefinanceinstitute.com/resources/careers/companies/state-owned-enterprise-soe/](http://corporatefinanceinstitute.com/resources/careers/companies/state-owned-enterprise-soe/).

governed by executive boards that are specifically appointed and are of independent corporate status.<sup>3</sup>

### Corporatization

Corporatization means restructuring or transforming an asset or organization that is already state-owned into a corporation. These kinds of organizations usually have a board of directors and shareholders. However, what's different with these companies from publicly traded companies is that in this case, the government is the only shareholder of the company, and the shares in the company cannot be publicly traded. The main purpose of corporatization is to provide a chance or a medium for the government to get ownership of the company while the company still runs as efficiently as its private counterparts. In addition, the government could recognize that by joining the private sector company's performance could be improved<sup>4</sup>.

### State Capitalism

State capitalism is an economic system that functions as follows: The state undertakes business and commercial economic activity, and the facilities and resources for producing goods are managed as SOEs or where there is a dominance of corporatized government agencies or of public companies that are publicly listed and in which the government has shares<sup>5</sup>.

### Mass Surveillance

Mass surveillance is the monitoring of either the entire or the portion of a population. The surveillance is usually carried out by governments or governmental organizations, for example National Security Agency (NSA) and the Federal Bureau of Investigation (FBI), but it can also be carried out by corporations. The legality of and the permission required to engage in mass surveillance varies though it does depend on the nation's own legal system. It is the most specific indicator and a distinguishing trait of totalitarian regimes.

## BACKGROUND INFORMATION

### State Owned Enterprises and Their Impact on Societal Sectors

SOEs are favored very much internationally since they allow governments to undertake

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<sup>3</sup> "Performance of Municipally Owned Corporations: Determinants and Mechanisms." *Wiley Online Library*, John Wiley & Sons, Ltd, 18 Mar. 2020, [onlinelibrary.wiley.com/doi/10.1111/apce.12268#:~:text=7%2C%20we%20conclude.-,2%20MUNICIPALLY%20OWNED%20CORPORATIONS,and%20have%20independent%20corporate%20status.](https://onlinelibrary.wiley.com/doi/10.1111/apce.12268#:~:text=7%2C%20we%20conclude.-,2%20MUNICIPALLY%20OWNED%20CORPORATIONS,and%20have%20independent%20corporate%20status.)

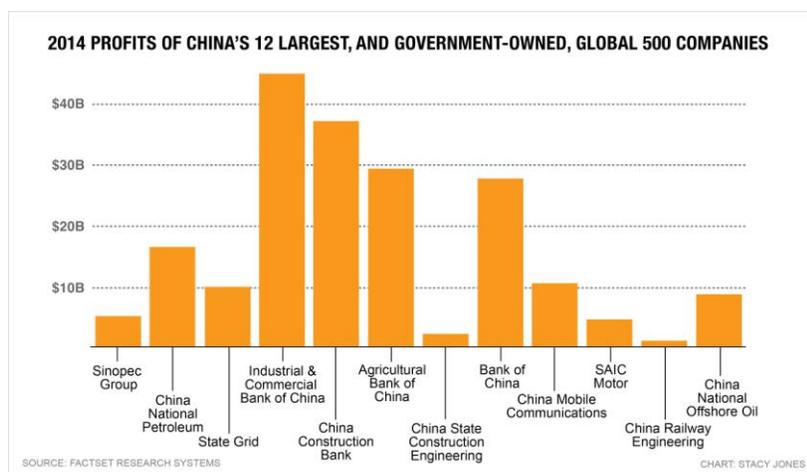
<sup>4</sup> Kenton, Will. "Corporatization." *Investopedia*, Investopedia, 19 May 2021, [www.investopedia.com/terms/c/corporatization.asp](https://www.investopedia.com/terms/c/corporatization.asp).

<sup>5</sup> "Keywords : A Vocabulary of Culture and Society : Williams, Raymond : Free Download, Borrow, and Streaming." Internet Archive, New York : Oxford University Press, 1 Jan. 1985, [archive.org/details/keywordsvocabula00willrich](https://archive.org/details/keywordsvocabula00willrich).

commercial activities. SOEs contribute a great deal to the Gross Domestic Product (GDP) and the state's global market reach. Even though SOEs do have a negative reputation for being very much open to exploitation and corruption in multiple countries, if they were put into good use, SOEs can help increase the economic growth and development rapidly as well as the country's access to and all activities in foreign states.<sup>6</sup>

### Criticism of Huawei

The Chinese multinational information technologies and electronics company Huawei Technologies faced multiple criticisms due to many aspects of its activities, specifically



regarding intellectual property, cybersecurity, and human rights abuses.

Figure 2: China's State Owned Companies<sup>7</sup>

Huawei faced many allegations, specifically from the United States (the US) and its allies, regarding its wireless networking equipment containing backdoors that allowed mass surveillance by the Chinese government. Huawei stated that its products did not constitute any risks or threats and claimed that there was no evidence that supported the allegations made by the US. Huawei also partnered with British officials in order to form a laboratory to audit its products<sup>8</sup>.

<sup>6</sup> "Introduction to the Special Issue on 'Innovation in State Owned Enterprises: Implications for Technology Management and Industrial Development.'" *Taylor & Francis*, [www.tandfonline.com/doi/full/10.1080/13662716.2019.1551838](http://www.tandfonline.com/doi/full/10.1080/13662716.2019.1551838).

<sup>7</sup> Cendrowski, Scott. "China's Global 500 Companies Are Bigger than Ever-and Mostly State-Owned." *Fortune*, Fortune, 24 Apr. 2021, [fortune.com/2015/07/22/china-global-500-government-owned/](http://fortune.com/2015/07/22/china-global-500-government-owned/).

<sup>8</sup> McCaskill, Steve. "Huawei: US Has No Evidence for Security Claims." *TechRadar*, TechRadar Pro, 28 Feb. 2019, [www.techradar.com/news/huawei-us-has-no-evidence-for-security-claims](http://www.techradar.com/news/huawei-us-has-no-evidence-for-security-claims).

## Stealing of Intellectual Property

Huawei also faced allegations that it engaged in corporate espionage in order to steal its competitors' intellectual property. In 2019, the company was restricted from performing commerce with American companies, due to certain claims suggesting that Huawei purposefully exported technology from the US to Iran which was against the sanctions imposed by the US<sup>9</sup>.

In 2011, as a further act to preserve its intellectual property Huawei filed lawsuits in France, Hungary, and Germany against ZTE for trademark and patent infringement. As a response, ZTE sued Huawei for patent infringement in China<sup>10</sup>. In January 2011, Huawei filed a lawsuit against Motorola with the aim of protecting its intellectual property from being transferred to Nokia Siemens Network (NSN) without Huawei's consent in illegal ways after NSN accused Motorola's wireless network business.

In September 2014, T-Mobile from the US filed a lawsuit against Huawei, which claimed that Huawei stole technology from its Washington headquarters. In May 2017, after a jury agreed with T-Mobile on Huawei committing industrial espionage and theft of intellectual property eventually in the US, Huawei was to pay \$4.8m.

## Security Concerns

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<sup>9</sup> Diplomat, David Alton for The. "Huawei's Human Rights Record Has Been Shamefully Ignored ." – *The Diplomat*, For The Diplomat, 7 Feb. 2020, [thediplomat.com/2020/02/huaweis-human-rights-record-has-been-shamefully-ignored/](https://thediplomat.com/2020/02/huaweis-human-rights-record-has-been-shamefully-ignored/).

<sup>10</sup> Clarke, Gavin. "Huawei Draws Blood in ZTE Patent Tussle." *The Register*® - *Biting the Hand That Feeds IT*, The Register, 11 May 2011, [www.theregister.com/2011/05/11/huawei\\_v\\_zte/](http://www.theregister.com/2011/05/11/huawei_v_zte/).

In a 2011 open letter, Huawei said that the concerns regarding cybersecurity were



"unfounded and unproven" and called upon the American government to investigate

Figure 3: Countries that have banned Huawei<sup>11</sup>

any aspect of its business. The US-based non-profit organization Asia Society conducted a review of Chinese companies that were reportedly aiming to invest in the US, including Huawei. It was found that only a few investment deals were blocked following unfavorable findings or were recommended not to apply<sup>12</sup>.

In 2018, a French newspaper reported that China was engaged in hacking of the African Union headquarters in Ethiopia from 2012 to 2017. The building was built by Chinese contractors that included Huawei as well, and its equipment was also said to be involved in this hacking. Both Chinese and Ethiopian governments denied these allegations.

Four members of the Five Eyes (FVEY) international intelligence alliance Australia, New Zealand, Canada, and the US (Four of five members of the Five Eyes Alliance (FVEY)) deemed that the use of Huawei telecommunications equipment, especially using 5G networks, had "significant security risks". As Canada carries out a security review; only Britain from the FVEY allowed Huawei to participate in the rollout of the new technology in November 2018, and New Zealand suggested blocking its intelligence agency from using Huawei equipment due to significant network security concerns. The

<sup>11</sup> Redigolo, Tim. "Huawei 5G: Who Owns Huawei? The REAL Reason behind Trump Feud with China Company." *Express.co.uk*, Express.co.uk, 30 Jan. 2020, [www.express.co.uk/news/world/1234655/Huawei-5g-who-owns-huawei-why-donald-trump-huawei-boris-johnson-uk-5g-network](http://www.express.co.uk/news/world/1234655/Huawei-5g-who-owns-huawei-why-donald-trump-huawei-boris-johnson-uk-5g-network).

<sup>12</sup> "The Chinese Cyber-Threat." *Asia Society*, 4 Aug. 2011, [asiasociety.org/blog/asia/chinese-cyber-threat](http://asiasociety.org/blog/asia/chinese-cyber-threat).

NZ ban followed a similar ban in Australia in August 2018 as well.

### United States Involvement

In 2018, the US President Donald Trump signed the National Defense Authorization Act for Fiscal Year 2019, that barred the US government from purchasing hardware from Huawei or ZTE. As a response Huawei sued the U.S. government in 2019, alleging that it failed to produce evidence to support its restrictions, and that Congress failed to provide it due process.

In May 2019, the Department of Commerce added Huawei and 70 foreign subsidiaries to its entity list under the Export Administration Regulations, citing the company having been indicted for "knowingly and willfully causing the export, re-export, sale, and supply, directly and indirectly, of goods, technology and services (banking and other financial services) from the United States to Iran and the government of Iran without obtaining a license from the Department of Treasury's Office of Foreign Assets Control (OFAC)".<sup>13</sup>

In June 2019 at the G20 summit, Trump and Chinese president and general secretary Xi Jinping agreed to resume trade negotiations. Trump made statements implicating plans to ease the restrictions on U.S. companies doing business with Huawei, explaining that they had sold a "tremendous amount of products" to the company.<sup>14</sup>

### Human Rights Abuses

Huawei allegedly played a role in the Chinese government's persecution of the Uyghur population in Xinjiang and other ethnic and religious groups. It also allegedly imposed forced labor on Uyghur people. In June 2020, after Huawei allegedly provided material support to the Chinese government on human rights abuses, the US Secretary of State Mike Pompeo announced that the US will be imposing VISA restrictions on Huawei employees.

### Violations of economic sanctions

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<sup>13</sup> "Addition of Entities to the Entity List." *Federal Register*, 21 May 2019, [www.federalregister.gov/documents/2019/05/21/2019-10616/addition-of-entities-to-the-entity-list](http://www.federalregister.gov/documents/2019/05/21/2019-10616/addition-of-entities-to-the-entity-list).

<sup>14</sup> Miller, Matthew. "President Trump Lifts US Ban on Huawei at G20 Summit." *ZDNet*, ZDNet, 29 June 2019, [www.zdnet.com/article/president-trump-lifts-us-ban-on-huawei-at-g20-summit/](http://www.zdnet.com/article/president-trump-lifts-us-ban-on-huawei-at-g20-summit/).

Iraqi officials reported that Huawei supplied equipment to the Iraqi military in 2001 and 2002 during the rule of Saddam Hussein which violated the sanctions imposed by the United Nation on Iraq since 1991 - Huawei denied the claims.

#### Huawei, by the Numbers

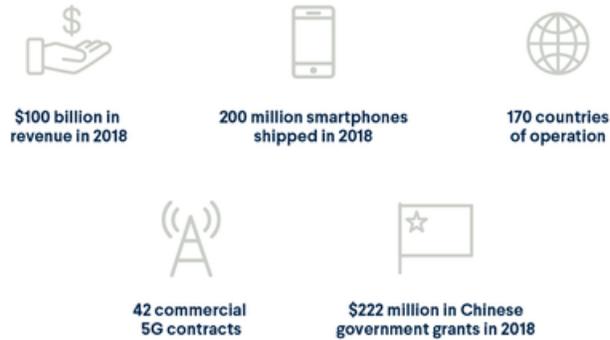


Figure 4: Huawei's annual statistics (2018)<sup>15</sup>

In 2019, Huawei was restricted from performing commerce with American companies, due to certain claims suggesting that Huawei purposefully exported technology from the US to Iran which was against the sanctions imposed by the US. In the same year, Huawei was accused of having links to a state-owned company in China for conducting operations in North Korea to a Mauritian company operating in Syria.

#### Operations in Other Countries and the Following Reactions

In 2019, Bloomberg News published a report alleging that between 2009 and 2011, Vodafone Italy discovered several security vulnerabilities in its Huawei fixed-line network equipment and unsecured telnet on its home routers that could give Huawei access to Vodafone's network. The report claimed that some of them persisted through 2012, and the same vulnerabilities could be found in Huawei equipment used by other regional Vodafone subsidiaries. Both Huawei and Vodafone disputed Bloomberg's allegations.

The Czech Republic's cybersecurity agency issued a warning against Huawei and ZTE products as well.

Huawei commissioned attorneys of the London-based law firm Clifford Chance and Beijing-based law firm Zhong Lun to review two Chinese bills commonly cited in these

<sup>15</sup> "Huawei: China's Controversial Tech Giant." *Council on Foreign Relations*, Council on Foreign Relations, [www.cfr.org/backgrounder/huawei-chinas-controversial-tech-giant](http://www.cfr.org/backgrounder/huawei-chinas-controversial-tech-giant).

allegations (the 2017 National Intelligence Law <sup>16</sup>, and the 2014 Counter-Espionage Law<sup>17</sup>). They concluded that there was no such requirement in Chinese law for backdoors to be included in telecom equipment and that the laws were directed more towards the actual operators of telecom services, and not extraterritorial.

### **An Alternative Platform: Tiktok**

TikTok, known in China as Douyin is a video-sharing social networking service owned by Chinese company ByteDance<sup>18</sup>. TikTok is an international version of Douyin, which was originally released in the Chinese market in 2016 and even though they have almost the same user interface they don't have access to each other's content. TikTok was banned completely in India by the Ministry of Electronics and Information Technology in June 2020, along with 223 other Chinese apps, with a statement saying they were "prejudicial to sovereignty and integrity of India, defense of India, security of state and public order"<sup>19</sup>. The ban became permanent in January 2021. On September 18 2020, TikTok filed a lawsuit against Trump after he ordered Tiktok to be banned. On 23 September 2020, TikTok filed a request to stop the app from being banned by the Trump administration.

## **MAJOR COUNTRIES AND ORGANIZATIONS INVOLVED**

### **Huawei Technologies**

Huawei faced many allegations, specifically from the United States (the US) and its allies, regarding its wireless networking equipment containing backdoors that allowed mass surveillance by the Chinese government. Huawei stated that its products did not constitute any risks or threats and claimed that there was no evidence that supported the allegations made by the US. Huawei also partnered with British officials in order to form a laboratory to audit its

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<sup>16</sup> "Beijing's New National Intelligence Law: From Defense to Offense." *Lawfare*, 31 Oct. 2019, [www.lawfareblog.com/beijings-new-national-intelligence-law-defense-offense](http://www.lawfareblog.com/beijings-new-national-intelligence-law-defense-offense).

<sup>17</sup> China Law Translate. "反间谍法." *China Law Translate*, China Law Translate, 22 Aug. 2019, [www.chinalawtranslate.com/en/anti-espionage/](http://www.chinalawtranslate.com/en/anti-espionage/).

<sup>18</sup> Isaac, Mike. "U.S. Appeals Injunction Against TikTok Ban." *The New York Times*, The New York Times, 8 Oct. 2020, [www.nytimes.com/2020/10/08/technology/us-appeals-injunction-against-tiktok-ban.html](http://www.nytimes.com/2020/10/08/technology/us-appeals-injunction-against-tiktok-ban.html).

<sup>19</sup> "India Bans TikTok, WeChat and Dozens More Chinese Apps." *BBC News*, BBC, 29 June 2020, [www.bbc.com/news/technology-53225720](http://www.bbc.com/news/technology-53225720).

products<sup>20</sup>. It also faced accusations that Huawei employed forced Uyghur laborers in its supply chain.

### People's Republic of China

Undeniably, tech companies in China have reached a level where they seem utterly unstoppable. Both venture capital investment and private equity grew from \$14 billion to \$120 billion between 2012 and 2017. In 2017, 34 more Chinese companies joined the elite ranks of startups valued at more than \$1 billion and Chinese companies are improving on ideas from overseas and innovating in their own right. China's established tech firms - notably Baidu, Alibaba, and Tencent, or the BATs - are experiencing enormous growth. Tencent Holdings, with nearly one billion users, reported that its net income almost doubled in the last quarter, to \$3.3 billion. Communist Party committees have been installed at many tech firms, reviewing everything from operations to compliance with national goals. Regulators have been discussing taking a one-percent stake in some giants, including Alibaba and Tencent (both are state-owned big technology companies), along with a board seat. Tech companies have been widely encouraged to invest in state-owned firms, in the hopes of making them more productive. The common denominator of all these efforts is that the government wants more control<sup>21</sup>.

### United States

Having a strict policy against China itself and all its state-owned technology developers, the US had many incidents regarding the theft of intellectual property, network security concerns, and human rights abuses with state-owned enterprises. In 2018, former US President Trump signed the National Defense Authorization Act for Fiscal Year 2019, which barred the US government from purchasing hardware from Huawei or ZTE. The US also filed lawsuits against these multiple times and continues its allegations against Chinese tech companies regarding cybersecurity.

### Five Eyes Alliance (FVEY)

The Five Eyes (FVEY) is an alliance of intelligence agencies of Australia, Canada, New Zealand, the United Kingdom, and the United States. It is the most well-known of all espionage alliances in the world. At a virtual meeting held in June 2020, the five-member countries shared concerns regarding Covid-19 and a belligerent China flexing its muscles in the Indo-Pacific region. There has been talk about including countries like South Korea, India, and Japan as additional members of the Five Eye since they are seen as natural team members of this alliance in regards to the recent geopolitical developments caused by China.

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<sup>20</sup> McCaskill, Steve. "Huawei: US Has No Evidence for Security Claims." *TechRadar*, TechRadar Pro, 28 Feb. 2019, [www.techradar.com/news/huawei-us-has-no-evidence-for-security-claims](http://www.techradar.com/news/huawei-us-has-no-evidence-for-security-claims).

<sup>21</sup> *BusinessTimes.com.sg*, [www.businessTimes.com.sg/technology/in-china-tech-is-now-all-but-state-owned](http://www.businessTimes.com.sg/technology/in-china-tech-is-now-all-but-state-owned).

## Alibaba Group Holding Limited

Alibaba Group is a Chinese multinational technology company specializing in e-commerce, retail, Internet, and technology. It is one of the top 10 most valuable corporations and is the 31st-largest public company in the world according to the *Forbes Global 2000* 2020 list. In late 2020, *The New York Times* reported that Alibaba developed and marketed facial recognition and surveillance software in order to detect Uyghur faces and other ethnic minorities in China. Alibaba responded to the allegations that it was "dismayed to learn" that its Alibaba Cloud developed this feature.<sup>22</sup>

## Tencent Holdings Ltd.

Also known as Tencent, is a Chinese multinational technology conglomerate<sup>23</sup> holding company. Tencent is the world's largest video game vendor, and one of the most valuable companies. In late 2019, since the regulators claimed that Tencent's user data rules were violating the censorship rules, Chinese government ordered the tech company to improve its user data rules. In a December 2020 article in *Foreign Policy*, a former senior official of the CIA stated that the CIA concluded that Tencent received funding from the Ministry of State Security early on in its establishment and this was said to be a "seed investment" that was provided "when they were trying to build out the Great Firewall and the monitoring technology." Tencent denied this allegation.<sup>24</sup> In 2021, media reports claimed that Tencent and Ant Group were working with the People's Bank of China to develop digital currency. In January 2021, a lawsuit was filed in California, US against Tencent, alleging user censorship and surveillance via WeChat.

## The European Union (EU)

SOEs of China are one of the main obstacles that prevent China and the EU from agreeing on a bilateral investment agreement (BIT). The EU claims that state owned enterprises don't fully follow market principles fully as they receive government support and this cripples market efficiency. The foreign direct investment (FDI) transactions of China in the EU increased immensely as seen in the figure<sup>25</sup> on the right.

## World Bank

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<sup>22</sup> Afp. "Alibaba 'Dismayed' That Alibaba Cloud Developed Feature Allowing Firms to Identify Uighur Minorities." *Hong Kong Free Press HKFP*, 7 Apr. 2021, [hongkongfp.com/2020/12/18/alibaba-dismayed-that-alibaba-cloud-developed-feature-allowing-firms-to-identify-uighur-minorities/](https://hongkongfp.com/2020/12/18/alibaba-dismayed-that-alibaba-cloud-developed-feature-allowing-firms-to-identify-uighur-minorities/).

<sup>23</sup> conglomerate: a thing consisting of a number of different and distinct parts or items that are grouped together.

<sup>24</sup> Dorfman, Zach. "Tech Giants Are Giving China a Vital Edge in Espionage." *Foreign Policy*, 23 Dec. 2020, [foreignpolicy.com/2020/12/23/china-tech-giants-process-stolen-data-spy-agencies/](https://foreignpolicy.com/2020/12/23/china-tech-giants-process-stolen-data-spy-agencies/).

<sup>25</sup> "How to Handle State-Owned Enterprises in EU-China Investment Talks." *Bruegel*, [bruegel.org/reader/state-owned-enterprises-in-EU-China#](https://bruegel.org/reader/state-owned-enterprises-in-EU-China#).

The World Bank, in between 2008 and 2018, initiated 1,008 projects with 2,187 interventions that supported the reform of State-Owned Enterprises in the energy and financial sectors, with a combined value of around \$71.7 billion in financing. SOEs are heavily supported by the World bank for their contributions to the international economy.<sup>26</sup>

## TIMELINE OF EVENTS

DATE	DESCRIPTION OF EVENT
November 2011	The US House Intelligence Committee says it will investigate foreign companies and Huawei welcomes the investigation.
March 2012	Australian government excludes Huawei from tendering for contracts with NBN Co, a government-owned corporation that is managing the construction of the National Broadband Network.
October 2012	The US House Intelligence Committee issues a report finding Huawei and ZTE “national security threat” but a review ordered by the White House could not find any concrete evidence for that.
October 2012	Canadian government excludes Huawei from its plans to build a secure government communications network.
March 2014	The New York Times says that the US National Security Agency (NSA) has been operating a secret program against

<sup>26</sup> “Chapter 1: State-Owned Enterprise Challenges and World Bank Group Reforms.” *ieg.worldbankgroup.org*, [ieg.worldbankgroup.org/evaluations/state-your-business/chapter-1-state-owned-enterprise-challenges-and-world-bank-group](http://ieg.worldbankgroup.org/evaluations/state-your-business/chapter-1-state-owned-enterprise-challenges-and-world-bank-group).

	Huawei for 7 years.
June 2020	France's cybersecurity agency discourages telecom operators from using Huawei equipment though it's not banned.
August 2020	President Emmanuel Macron, says that France won't be formally excluding Huawei for its upcoming 5G telecommunication networks, but still favored European providers due to security concerns.
August 2020	U.S. President Donald Trump signs an executive order to ban TikTok transactions if it is not sold by ByteDance. Trump also signs a similar order against the WeChat application owned by the Chinese company Tencent.

## RELEVANT UN RESOLUTIONS, TREATIES, AND EVENT

### [A/RES/62/274](#)<sup>27</sup>

The United Nations resolution adopted by the General Assembly in its 62nd session in 2008 on the topic of “strengthening transparency in industries” also deals with the state of SOEs and their transparency policies in financial, energy, technology, and other economic sectors.

### [A/75/816](#)<sup>28</sup>

Transmitted to the UN General Assembly by the Secretary General Antonio Guterres on the topic of “developments in the field of information and telecommunications in the context of international security” in 2021, the report of the Open-ended Working Group on Developments in the Field of Information and Telecommunications in the Context of International Security

<sup>27</sup> “Strengthening Transparency in Industries :” *United Nations*, United Nations, [digitallibrary.un.org/record/637058?ln=en](https://digitallibrary.un.org/record/637058?ln=en).

<sup>28</sup> “Developments in the Field of Information and Telecommunications in the Context of International Security :” *United Nations*, United Nations, [digitallibrary.un.org/record/3908015?ln=en](https://digitallibrary.un.org/record/3908015?ln=en).

deals with the recent cybersecurity and international security concerns regarding the telecommunications sector and other technology developers.

### **European Union (EU) Institutional Paper on “State-Owned Enterprises in the EU: Lessons Learnt and Ways Forward in a Post-Crisis Context”<sup>29</sup>**

Acknowledging the essential contribution of SOEs to the economy in the EU, this report analyzes and overview the SOEs in the EU in general and points out to the risks and problems that are faced in each country of the EU. This paper was published in July 2016 and provides a great overview of the SOEs and their function and general info about the topic that is relevant.

### **“Corporate Governance of State-Owned Enterprises: A Toolkit” Published by the World Bank<sup>30</sup>**

“Corporate Governance of State-Owned Enterprises: A Toolkit” provides a framework for government officials and SOE managers with other tools for improving their current state. The toolkit was published in 2014 and mostly focuses on commercial SOEs on a national level.

## **PREVIOUS ATTEMPTS TO SOLVE THE ISSUE**

Multiple times, many international organizations including the World Bank, the European Union, and the Organisation for Economic Co-operation and Development (OECD) have published frameworks and guidelines for a better management of the SOEs on both national and international levels; however, even though the papers were necessary and thorough, the SOEs, especially those operating on an international level, were still causing many problems including cybersecurity concerns. The United Nations, acknowledging the issue at hand, has discussed the topic in the General Assembly and published several reports, however the tensions caused by especially technology companies have not been eased - though small SOEs, especially those in the EU are seen to be very effectively and securely working.

Additionally, the SOEs of China have been criticized many times by the international community and especially the US has filed multiple complaints and lawsuits against those SOEs. Australia, Canada and the US have banned many tech companies from China and many companies have been accused of theft of intellectual property and cybersecurity violations. These bans and lawsuits have not resulted in success and only increased the tension between tech companies.

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<sup>29</sup> “State-Owned Enterprises in the EU.” *European Commission*, 2016, [ec.europa.eu/info/sites/default/files/file\\_import/ip031\\_en\\_2.pdf](http://ec.europa.eu/info/sites/default/files/file_import/ip031_en_2.pdf).

<sup>30</sup> “Corporate Governance of State-Owned Enterprises.” *World Bank Group*, [documents1.worldbank.org/curated/en/228331468169750340/pdf/Corporate-governance-of-state-owned-enterprises-a-toolkit.pdf](http://documents1.worldbank.org/curated/en/228331468169750340/pdf/Corporate-governance-of-state-owned-enterprises-a-toolkit.pdf).

## POSSIBLE SOLUTIONS

### Development of International Legislation, Regulations on Data Protection and New NGOs

One of the most important aspects of this issue is the legal part of it, there needs to be certain guidelines and most importantly internationally agreed legislation regarding the operation of SOEs - specifically tech companies. This can be done by the UN General Assembly passing a resolution first as a suggestion and later, with the initiative of certain countries an international agreement can be reached. However, delegates should keep in mind that they have to be delicate and refrain from intervening with the national sovereignty and internal affairs of the states - especially the relationship between the government and the SOE itself. Additionally, the involvement of NGOs -or if necessary, new founded ones- can be considered in solving the issue at hand. Most importantly, even though there are many frameworks and guidelines published by both the UN and other NGOs, development of essential and up to date international regulations and measures on data protection should also be included in delegates' resolutions.

### International Cooperation

While writing their resolutions, delegates should keep in mind that the greatest solutions are the ones reached in unison, for that reason in their resolutions delegates should strive to encourage international cooperation and understanding regarding the operations of the SOEs and other tech companies. Compliance with the international agreements is also very crucial.

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