

Company Feature

CISCO'S INVOLVMENT IN THE ISRAELI OCCUPATION

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Cisco's Involvement in the Occupation

Cisco Systems is a US-based publicly traded company, that develops, manufactures and sells hi-tech services and products for various sectors.

Through its Israeli subsidiary, Cisco – Israel, Cisco Systems is currently involved in the establishment of technological hubs in the occupied Palestinian territory and in the Syrian Golan, as well as, in the Naqab (Negev) region. The company is complicit in Israel's expanding visual surveillance apparatus in Jerusalem and has won an Israeli Ministry of Defense (IMOD) tender to provide servers and IT support to the Israeli military.

Further, through its Israeli subsidiary, Cisco Systems is involved in the emerging Palestinian hi-tech sector. This involvement takes the guise of technological development and job creation but in fact, contributes to the structural dependency of the Palestinian economy on that of Israel.

The company's involvement in activities related to Israel's occupation comes in violation of international law and contradict its stated commitment to human rights and the UN Global Compact for Corporate Social Responsibility.¹

Prior to publication, Who Profits contacted Cisco Systems to share the information presented here and request a response. None was received.

Technological Hubs on Occupied Land

In 2016, Cisco announced a three-year partnership with the Israeli government to advance the, "Digital Israel National Initiative" (hereinafter: Digital Initiative).²

1 Cisco, [Corporate Social Responsibility](#).

2 Cisco, ["Cisco and Israel Announce Partnership to Accelerate Country Digitization"](#), 26 June 2016.

Israel's Digital Initiative was outlined by the government in 2013 in Resolution No. 1046.³ The Initiative, falls under the remit of the Ministry for Social Equality, and aims to formulate and implement a national digital policy for economic development, while increasing both national and local government efficiency.⁴

As part of this partnership, the launch of a joint collaborative effort with the Israeli government to open 100 technological hubs, was announced in 2018. These hubs, equipped with Cisco's technology, are to bring prosperity to "Israel's geographical and economic periphery", by providing local entrepreneurs with the space and support they need to develop new business ideas and connect them to Tel Aviv, Israel's technological and economic center.⁵

In February 2019, the Ministry for the Development of the Negev and the Galilee, announced the allocation of 90 million NIS (~ 25 million USD) for the launch of 45 such hubs, all of which will be equipped with Cisco communication technology.⁶

Hubs on Occupied Land:

Two of the 10 hubs opened to date are located on occupied territory. One is located in the occupied Syrian Golan –at the Ha'Emir junction, between the settlement of Sha'al and

3 The Prime Minister's Office, ["National Initiative "Digital Israel"](#), 15 December 2013.

4 Ministry for Social Equality, ["The Digital Israel National Initiative: The National Digital Program of the Government of Israel"](#), June 2017.

5 Meir Orbach, ["Cisco Launched a Network of Technology Centers in Israel"](#), (Hebrew) Calcalist, 6 March 2018.

6 The Ministry for the Development of the Periphery, the Negev and the Galilee, ["Joint Work area "Klika Tefen Tower" is Underway!"](#), 20 February 2019.

Odem, the other is located in the regional council of the settlement of Mateh Binyamin, in the occupied West Bank. At least one additional hub is planned in the Golan and three others will serve settlements in the West Bank (Modi'in Illit, Beitar Illit and the Shomron Regional Council).⁷ Additionally, twenty-six hubs are planned for Jerusalem, including in occupied East Jerusalem.⁸

The Syrian Golan, the West Bank and East Jerusalem are recognised as occupied lands under international law and by the majority of the international community. Cisco's participation in a project which designates them as Israeli "periphery" areas contributes to efforts to legitimise Israel's illegal annexation and occupation of these territories.

These technological hubs directly benefit Israel's industrialisation on occupied land. In addition, they also encourage the population of settlements through job creation, whilst bolstering settlements' economic power. This comes at the direct expense of Palestinian and Syrian communities and is illegal under international law.⁹

7 The Ministry for the Development of the Periphery, the Negev and the Galilee, "[Klika – Joint Work Spaces of the Ministry for the Development of the Periphery, the Negev and the Galilee](#)," (Hebrew) 6 February 2019.

8 Meir Orbach, "[Cisco Launched a Network of Technology Centers in Israel](#)", (Hebrew) *Calcalist*, 6 March 2018.

9 The Hague Regulations and the Fourth Geneva Convention prohibit settlements under occupation and considers them as a war crime. The international community has consistently reiterated international law provisions, deeming Israeli settlements illegal. Through various resolutions, the UN Security Council continues to call for complete Israeli withdrawal from the occupied territory, including East Jerusalem and the Syrian

Hubs in the Naqab:

In the Naqab, where ten Cisco technology equipped hubs are planned, two are located in Palestinian towns – one in Hura and the other in Ar'arat al-Naqab (two out of seven Palestinian Bedouin towns in the Naqab).¹⁰ These hubs form part of the Israeli government's industrialisation and resettlement plan which strives to create jobs in the Naqab, in the hope of drawing Jewish Israelis to settle in the region, while concentrating its Palestinian communities into ghettoised residential areas. For more information on this plan and its effects on the Naqab's Palestinian community see Who Profits' report: [Plundering the Sun: the Israeli Solar Energy Industry and Palestinian Forced Displacement](#).

Acquisition and Investment in Israeli Start-ups

Cisco's involvement in Israel's Digital Agenda follows a long trend of acquisition and investment in Israeli hi-tech start-up companies. Since the late 1990's Cisco has spent over 2 billion USD in acquisition of Israeli start-up companies. Cisco also invests in over 25 Israe-

Golan. Furthermore, in 2014, the UN's Office of the High Commissioner for Human Rights restated that the Israeli settlements "encompass all physical and non-physical structures and processes that constitute, enable and support the establishment, expansion and maintenance of Israeli residential communities beyond the Green Line of 1949 on the occupied Palestinian Territory". UN Office of the High Commissioner for Human Rights, "Statement on the Implications of the Guiding Principles on Business and Human Rights in the Context of Israeli Settlements in the Occupied Palestinian Territory", 6 June 2014, p.1 (footnote 2).

10 Hagar Bohbot, "[Meet Cisco's Digitisation Program in Israel](#)", (Hebrew) Ynet, 5 February 2018.

li start-up companies.¹¹ One of these investments is in Team8, a cyber-security incubator. According to Team8 it raised 18 million USD from a series of venture capital funds and strategic private investors, one of which was Cisco.¹²

Team8 was co-founded by Nadav Zafrir and Liran and Israel Grinberg - all veterans of the Israeli military's technology and intelligence unit, known as Unit 8200. Israel Grinberg is the former head of Unit 8200, while Nadav Zafriri is also the founder of the Israeli military's Cyber Command.¹³

The development of Israel's multi-million-dollar hi-tech industry has been linked to the privatisation of knowledge amassed by the Israeli military and Unit 8200, in particular.¹⁴ Unit 8200 is the Israeli military's biggest intelligence unit, developing in-house technology for coercive spying tactics, including the collection of sexual, personal, financial and other information, exposing Palestinians to extortion by Israel's security services.¹⁵

11 Inbal Orpaz, ["Cisco Purchases the Israeli CloudLock for \\$300 million"](#), (Hebrew) The Merker, 28 June 2016.

12 Liran Grinberg, ["Cyber "Think Tank" Team 8 Raises \\$18 Million Series A Round To Develop And Launch Cyber-Security Startups"](#), Team8, 10 February 2015.

13 Team8, [Leadership Team](#), Team8.vc

14 See Ori Swed, "Military Capital in the Israeli Hi-Tech Industry", *Armed Forces & Society Journal*, January 2013 and Dr. Daphne Getz and Dr. Itzhak Goldberg, ["Best Practices and Lessons Learned in ICT Sector Innovation: A Case Study of Israel"](#), *The World Bank Development*, 2016. 8 June 2017.

15 Peter Beaumont, ["Israel's Unit 8200 Refusniks: 'You Can't Run from Responsibility,'"](#) *The Guardian*, 12 September 2014.

Entrenching Economic Dependency

In 2008, Cisco signed a collaborative deal with the Palestinian President, Mahmoud Abbas, for the investment of 10 million USD for the development of the Palestinian hi-tech sector.¹⁶ The investment was managed by Gai Hatzroni, then the manager of the software development department at Cisco-Israel.¹⁷

The deal involved outsourcing work to Palestinian engineers and technicians, led by Cisco Israel. This Cisco project was a milestone in setting a trend in the outsourcing of work to a skilled, yet comparatively cheap Palestinian work force by Israeli and Israeli intermediaries of international companies.¹⁸ Palestinian workers are paid well below the wages of an Israeli hi-tech worker (2,500 and 4,000 USD respectively). Since Cisco's deal in 2008, the Israeli subsidiaries of Intel, Microsoft and Mellanox, have also outsourced work to Palestinian technicians.¹⁹ This outsourcing process reduces production costs through exploitation, and entrenches the dependency of Palestinian economic development on the economic and political interests of the occupying power.

In recent years the Palestinian hi-tech sector has experienced a noticeable growth. According to the Palestinian Information and Technology Association of Companies, there are over 250 Palestinian hi-tech companies, while the sector constitutes around

16 Cisco, ["Cisco Announces \\$10 Million Investment to Support Job Creation and Economic Development in the Palestinian Territories,"](#) 29 January 2008.

17 Maya Benjamin, ["Hi-Tech in the Palestinian Authority: "There is A Real Hunger for Success Here""](#) (Hebrew), *TechTime*, 29 June 2015.

18 Matan Ofer, ["Breaking the Hi-Tech Barrier"](#), (Hebrew) *Yediot Ahronot*, 8 May 2017.

19 Ibid

12% of Palestinian GDP, equivalent to 500 million USD.²⁰

Surveillance in Jerusalem

Cisco is involved in expanding Israel's visual surveillance apparatus in Jerusalem, which predominantly targets the Palestinian population under its control.²¹

In August 2017, Cisco made an offer to the Jerusalem Municipality to launch a pilot project for the development of 'Smart City' technology, free of charge. The 36-month joint venture is to be implemented in two sites in the center of West Jerusalem, with the prospect of expansion. This pilot project includes the implementation of technology, communication equipment and CCTVs, connected to a command and control center. The center is to be equipped with video analysis software and technology which include a voice detection capacity and the ability to detect and alert about the presence of lingering groups. The center will have the ability to analyse footage from up to 10,000 CCTV cameras.²²

In recent years, Israel's security strategy in Jerusalem has relied heavily upon investment in visual surveillance networks. Private corporations are complicit in facilitating a wider monitoring range with adverse impacts on Palestinians living in the city. The activities generate huge profits for these corporations.²³

For a detailed analysis of how Jerusalem has become a testing ground for corporations developing urban surveillance technology see Who Profits' report: ["Big Brother" in Jerusalem's Old City: Israel's Militarized Visual Surveillance System in Occupied East Jerusalem](#).

20 The Palestinian Information Technology Association of Companies, www.home.pita.ps/wp/

21 Who Profits, ["Big Brother" in Jerusalem's Old City: Israel's Militarized Visual Surveillance System in Occupied East Jerusalem](#), November 2018.

22 On file with Who Profits.

23 Ibid

[lem's Old City: Israel's Militarization Visual Surveillance System in Occupied East Jerusalem.](#)

Services to the Israeli Military

In 2017, Cisco cut a multi-million-shekel three-year deal with the Israeli military to upgrade military defense networks.²⁴ Cisco servers are to be delivered through the Israeli company Bynet Data Communication Ltd. (a member of the [Rad- Bynet Group](#)), a contract formerly held by the now defunct Hewlett-Packard (HP).²⁵ For Cisco this contract is of both financial benefit and ideological significance. Cisco Israel's CEO, Oren Sagi stated that it is "an integral part of our commitment to the State of Israel,".²⁶

This is not the first contract the company has signed with the Israeli military. In 2013 the company won a 150 million USD tender for the supply of communication equipment to the Israeli military.²⁷

Financial Information:

Ownership: Major shareholders: Vanguard Group Inc (10.46%), Blackrock Inc. (9.85%), State Street Corp (5.73%), Bank of New York Mellon Corp (3.06%), Bank of Maerica Corp /DE/ (2.75%).

24 Meyer Orbach, ["Cisco Will Provide the Ministry of Defense With Servers Worth Around \\$250"](#), (Hebrew), *Calcalist*, 16 January 2017.

25 Aliran Robin, ["Cisco Won the Tender for the Supply of Servers to the Security Forces – Worth about One Billion Shekels"](#), (Hebrew) *The Marker*, 16 January 2017.

26 Roben Aliron, ["Cisco Won the Tender for the Provision of Servers to the Security Forces - Worth About One Billion Shekels"](#), (Hebrew) *The Marker*, 16 January 2017.

27 Navit Zomor, ["Today: Cisco to Fire 280 Workers."](#) *Clacalst* (Hebrew), 2 November 2014.

CEO: Charles H. Robbins

Traded: Publicly traded in NASDAQ under the ticker symbol CSCO.

Revenues: 49.3 Million USD in 2018.

Partners: The company holds strategic alliances with the following companies: Accenture Ltd; Apple Inc.; AT&T Inc.; Cap Gemini S.A.; Citrix Systems, Inc.; Dell Technologies Inc.; LM Ericsson Telephone Company; Fujitsu Limited; Inspur Group Ltd.; Intel Corporation; International Business Machines Corporation; Italtel SpA; Johnson Controls Inc.; Microsoft Corporation; NetApp, Inc.; Optum; Oracle Corporation; Red Hat, Inc.; SAP AG; Sprint Nextel Corporation;

Tata Consultancy Services Ltd.; VMware, Inc.; Wipro Limited.

Other partners include the Jerusalem Municipality, the Israeli Ministry of Defense, Bezeq and the Israel Electric Company (IEC).

Subsidiaries: The company operates more than 150 subsidiaries worldwide.

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