

Listen up

Huawei, 5G and the new geopolitics

BY DANIEL LEISEGANG

The next generation of wireless systems – 5G – promises to revolutionize our lives. The new mobile communications technology will blow away all current wireless standards and set in place certain pre-conditions for telemedicine, driverless cars and Smart Cities. These advancements are made possible, in part, by a data transmission rate of more than 10 gigabytes per second – i.e. 20 times faster than what 4G can achieve.

Only four companies in the world can supply the components required to build the 5G network: Huawei and ZTE in China, Ericsson in Sweden and Nokia in Finland. According to industry experts, however, only the market leader Huawei possesses the most modern yet also most affordable technology. The company generated revenue of more than \$105 billion in 2018, an almost 20-percent increase over the previous year. Huawei does business in more than 170 countries and regions; approximately half its income comes from outside of China.

The United States government is currently doing all it can to prevent Huawei's growing influence. It is demanding that its allies cease awarding contracts to the company. Washington's official justification is that Beijing could force Huawei to spy on or infiltrate foreign wireless networks or sabotage critical infrastructure.

The US has thus far been unable to produce any evidence to support its assertion. This suggests that for Washington, the issue is less about cybersecurity than about thwarting China's geostrategic rise as it seeks to become the technological and political world power.

The US government is deploying some relatively heavy artiller-



lery, especially vis-à-vis the EU. At the Munich Security Conference in February, Vice President Mike Pence stressed: "We cannot ensure the defense of the West if our allies grow dependent on the East." A few days later, Secretary of State Mike Pompeo traveled to Hungary, Poland and Slovakia, where he threatened each government with the withdrawal of US troops if they fail to thwart Chinese influence in their countries. And in Berlin, a visiting US delegation attempted in December to dissuade the German government from doing any further business with Huawei.

Germany struggled to take a clear position. The country wanted neither to renounce the security guarantees of the US nor jeopardize its increasingly impor-

tant economic ties to China. In mid-February, Berlin finally announced that no providers perse are excluded from playing a role in establishing new wireless technology in Germany. Huawei technology will only be avoided when

Germany's wireless network is one of Europe's worst

building strategically significant networks.

Few were surprised that the decision fell in favor of China. In recent years, the EU has neglected to encourage the development of its own critical digital technologies. Furthermore, the yearly trade volume between China and Ger-

many currently sits at around €200 billion; for years, China has been the largest source of imports for Germany.

In mid-March, irrespective of America's threats, Italy, the third-largest economy in the eurozone,

as well as automobile companies have been working closely with Huawei for some time. The British government, usually a loyal ally of Washington, did criticize Huawei in late March for its ongoing difficulties in closing up security loopholes. However, London is reluctant to ban Huawei from the UK, as it fears additional costs ranging in the hundreds of millions of pounds.

And the German government would ultimately follow the same material economic logic. It can hardly afford to turn down Huawei's assistance. Germany's wireless network is one of Europe's worst, above all in terms of availability and coverage. Moreover, Huawei has been operating in Germany since 2005 and accounts for every second transmission tower

in the Federal Republic. No signs of industrial sabotage or spying by Chinese companies has been discovered over the last 15 years.

Nonetheless, the German government would like to minimize this risk. It is currently negotiating an anti-espionage agreement with Beijing, which would include stricter security requirements for technology companies as well as compulsory certification of their devices. Although Huawei has worked for years with Germany's Federal Office for Information Security and – unlike other providers – allows inspections of the source code underpinning its software, Huawei's transmission technology will be even more closely examined in the future.

Huawei has already indicated that it will permit more stringent measures, provided that they "apply to everyone and are technology-neutral." Thus, the US government's harsh approach could prove to have an unintended boomerang effect, as Washington presumably has no interest in tighter controls. According to the Patriot Act, US competitors like Cisco and Juniper are required to provide US intelligence services with information at their request, not least by way of manipulated hardware and software. The US seems poised to lose the great dispute with Huawei.

However, besides the US there is another loser in this game: the EU. In the struggle for global hegemony, Europe is little more than a ball batted about by the great powers old and new. For its member states, there remains but one small comfort – in the near future they'll have a downright revolutionarily fast wireless network.

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Uber and out

The US ridesharing company is facing considerable resistance in Germany

BY MARTIN GROPP

If you're flying from the United States to Germany and you want to use the American ride-hailing company Uber to get from the airport to downtown, there are two things you need to know: first, you're going to have to land in one of only a few German cities and, second, you should bring a lot of time to spare. While in many US cities and several countries around the world, it's completely normal to order an Uber driver via smartphone rather than wait for a taxi, this is far from the case in Germany.

Although Uber currently offers its services in Germany, it does so in only four cities: Frankfurt am Main, Düsseldorf, Munich and Berlin. And, depending on the city and the time of day, you might have to wait for your Uber driver for as long as it takes to get your luggage at the airport – 45 minutes or longer. Plus, your Uber driver is not going to be a private person in their own car – as is usually the case in other cities; instead, you'll probably get a professional chauffeur, sometimes even a regular taxi driver.

Simply put, Germany is not an Uber country. By now, the country's Uber-resistant reputation has become almost a badge of pride. The company – which investors say has a potential stock

market value of €120 billion on the eve of its public offering – has been attempting to gain a foothold in the motherland of the automobile, but all its efforts have encountered one reaction in particular: resistance.

It would appear the problem isn't a lack of private drivers interested in offering their services, as is the case in other countries. Rather, courts in Germany have prohibited Uber's standard business model from operating in their country. Other Uber offers have failed here as well: in December 2018, the company's professional chauffeur service, Uber Black, was declared inadmissible ex post by Germany's Federal Court of Justice, the highest court in the country. At the time, the federal court determined that the limousine service violated Germany's Passenger Transport Act.

The problem, at least according to the court, is that professional chauffeurs in Germany are only allowed to accept orders that have been received via a centralized dispatch office or by telephone. The Federal Court of Justice ruled that Uber does not fulfill this requirement, as drivers receive their orders via smartphone app. In other words, before they accept a new order, chauffeurs would have to first drive back to the dispatch office, because they would otherwise be in violation of German law.

Although this blue law is virtually never enforced, the ruling of the court stands.

This is why there are only two types of services Uber can currently offer: taxi drivers via Uber Taxi and professional chauffeurs via Uber X. This time, the company is making a great effort to comply with the Passenger Transport Act. At their relaunch in Frankfurt last December, the company took great pains to show how in-demand it was. In fact since January first, half a million users in Frankfurt have tried to book a ride via the smartphone app. Most of these attempts probably came from people who had just arrived at the airport, which is, after all, the largest in Germany.

"Frankfurt and Uber are a perfect match," said Christoph Weigler, Uber's managing director for Germany. Weigler noted that a constructive dialog with the city, with drivers, but also "with other mobility service providers" is crucial in the area. But these "other mobility service providers" – that is, taxi drivers in Frankfurt but also throughout Germany – are putting up quite a resistance to their competition.

In February, taxi drivers organized the first "action day" in Berlin with roughly 700 participants. The second one followed in mid-April, but was organized for all of Germany. The protests were prompted by the reform plans

submitted by Federal Transport Minister Andreas Scheuer (CSU), who was seeking to change the Passenger Transport Act, and thus repeal drivers' obligation to return to the dispatch office after completing a ride. If this reform were to pass, drivers would be permitted to simply move on to their next customer when instructed by the Uber app, rather than only by telephone. In addition, Scheuer wants to make it possible for several passengers with the same destination to ride together in these cars. This "pooling," which works in other cities using the Uber app, has also been banned in Germany.

The president of the Federal Association of Taxis and Car Rentals (BZP) recently had some sharp criticism of Scheuer's plans. "The proposals coming from the ministry are all unilaterally in favor of Uber & Co. – and at the expense of taxis. This threatens the very existence of the taxi industry."

Even the ecological transport association Verkehrsclub Deutschland (VCD) considers the current Passenger Transport Act to be outdated. And yet, without mentioning the name Uber, the association still opposes any unrestricted market access, which it considers neither necessary nor helpful: "What we need is a carefully proportioned liberalization, one in which municipalities maintain planning sovereignty over ridesharing services." Ger-



Uber alles – not: Berlin taxi drivers protesting against a potential rival in April

many's Federal Cartel Office, on the other hand, sees the increase in competition resulting from services such as Uber as a positive development. Last year, Andreas Mundt, president of Germany's highest competition authority, said that innovative business ideas in traditional sectors should be welcomed in principle: "But we need uniform conditions for ridesharing services."

It's probably going to take some time before such conditions are in place in Germany, even if Transport Minister Scheuer continues to apply pressure. Indeed, even the federal government's grand coalition agreement signed by the center-right CDU and center-

left SPD contains the following language: "New platform-based digital mobility services require a secure legal basis for their approval." The agreement also says that the Passenger Transport Act will have to be modernized.

It looks like travelers in the habit of calling an Uber when they land will still have to wait. And they'll have to have two things in hand when traveling to Germany: patience and a plane ticket to either Berlin, Düsseldorf, Frankfurt or Munich.

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