

# Huawei executive arrest – a provocation too far



*The US's persecution of Meng Wanzhou represents a dangerous escalation of its trade war against China.*

Following an extradition request by the [USA](#), Miss Meng Wanzhou, chief financial officer of the technology giant Huawei (pronounced 'wah-way' in Chinese), who is also the daughter of company founder Ren Zhengfei, was detained at Vancouver airport by the Canadian authorities on Saturday 1 December during a layover in Canada. Ms Meng was en route to Mexico from Hong Kong via Vancouver. During the stopover to change planes, she was arrested over allegations of violating US sanctions against [Iran](#). The arrest of Ms Meng was already in train when US president [Donald Trump](#) and Chinese president Xi Jinping were sitting down to dinner at a summit in Argentina – a gratuitous insult. This outrageous act is a step too far; taking hostages in the form of detaining executives carries echoes of a spy thriller in the global power struggle for pre-eminence in the field of technology. Not surprisingly, Chinese officials have accused the US of "hooliganism" and threatened Canada with "serious consequences" unless Ms Meng is released.

## Dangerous escalation of the US-China trade war

This declaration of war by the US against Chinese business enterprises, besides being unprecedented, invites retaliation and puts senior US business executives travelling overseas at far greater risk of such actions by other countries. Although they may be detained for their alleged *personal* crimes (such as, for instance, embezzlement, bribery or violence), the US hardly ever arrests business executives, be they US or foreign, for crimes allegedly committed by their corporations. The very fact that a Chinese top business executive has been singled out for this outrageous treatment, rather than the several dozen culpable CEOs and CFOs, is itself a staggering provocation hurled at not only the Chinese business community but also the Chinese government and people. The charge against Ms Meng is the alleged violation of US sanctions against Iran. However, her arrest must be seen in the context of a plethora of companies, both US and foreign, that have violated US sanctions on Iran, [Cuba](#) and Sudan. In 2011 for instance, JP Morgan paid \$88.3m in fines for contravening sanctions on these three countries. All the same, its CEO

Jamie Dimon was not dragged off a plane into custody. Besides JP Morgan, 25 giant financial institutions, both US and non-US, have been fined for contravening [US sanctions](#), without any of the CEOs or CFOs of these sanctions-violating banks being detained. In every one of these cases it was the corporation, not an individual officer, that was held liable. Equally, the executives of major financial institutions were not held to account for the widespread lawbreaking preceding, or following, the 2008 crisis that brought the imperialist financial edifice to near meltdown, although the banks involved paid a whopping \$243bn in fines. ([Meng arrest a huge provocation to China](#) by Jeffrey Sachs, Asia Times, 11 December 2018) In the light of this, one may safely conclude that the arrest of Ms Meng has little to do with alleged sanctions-busting and everything to do with the attempt by US imperialism to undermine China's economic and technological development. This is being pursued through the imposition of punishing tariffs on Chinese exports to the US, the blocking of western markets to Chinese high-technology exports, and the prevention of Chinese purchases of US and European technology businesses. The US, in other words, is busy waging a [reckless economic war](#) against the [People's Republic of China](#).

## Struggling to preserve US tech dominance

Being at the cutting edge of technology, Huawei is the principal target of the US attempt to halt China's rise as a technologically advanced country. US actions are motivated by a mixture of commercial and geopolitical considerations. By targeting Huawei, the US is not only protecting its own companies in this field, which appear to be lagging behind, but is also trying to maintain its dominance – which will certainly disappear if China becomes the leading economy with a leading and vibrant tech industry. Thus, the arrest of Ms Meng has nothing to do with upholding the international rule of law. One can just imagine what the US reaction would be if China, for instance, took to telling American corporations with whom they could or could not trade. Following the Iran nuclear deal of 2015, the [United Nations](#) security council passed Resolution 2231 calling upon all

countries to drop sanctions on Iran. The US has [unilaterally walked away](#) from the deal and reimposed sanctions on Iran in violation of this security council resolution. Thus, it is the US and the US alone which presents the greatest threat to international law and global peace alike – not Huawei or the People’s Republic of China (PRC). The very existence of the PRC and its economic development, especially in the areas of information and communications technology (ICT) presents a threat to US domination. According to the Financial Times of 28 July 2018, China manufactures approximately 90 percent of global IT hardware and three-quarters of all smartphones, with Chinese technology ubiquitous and world-leading. The leading suppliers of 5G telephones are all Chinese. In 2015, President Xi of China set his country the goal of leading the world in artificial intelligence (AI) and other advanced technologies by 2025. In 2017, there were more research papers on AI published in China than in the US. “We tell ourselves,” wrote the author of the Financial Times article, “that western liberal democracy is the key to creativity in technology, but it turns out that a centralised command economy can do innovation pretty well.” ([Wake up to the security risks of China's tech domination](#) by Robert Hannigan) The policy unveiled in 2015 by President Xi set out 10 sectors – such as robotics, semiconductors and advanced medical technology – in which domestic companies were expected to dominate in the Chinese market and compete globally. China fiercely rejects the western claim of forced technology transfers and, according to the Chinese ministry of commerce, paid almost \$30bn in intellectual property royalties to US companies in 2017. ([Beijing plays down 'Made in China' policy](#) by Lucy Hornby, Financial Times, 15 July 2018)

## **Huawei the disruptor**

Huawei is particularly in the crosshairs of imperialism because, within three decades, it has come from nowhere to become the world’s second-largest smartphone maker, after Samsung but ahead of Apple, an amazing feat considering that it started selling smartphones only in 2009, but overtook Apple in the second quarter of 2018. The company is the ultimate disrupter which has shaken up the US telecoms market, producing first-class quality equipment at highly competitive prices. Owned by its employees, it has a huge workforce and the shift changes at its headquarters in Shenzhen have been likened to London’s Wembley stadium emptying and refilling again. ([Huawei 'crashes party' to become world's largest telecoms kit supplier](#) by Nic Fildes and Louise Lucas, Financial Times, 6 December 2018) Out

of its workforce of 180,000, about 80,000 are employed in research and engineering, with an annual research budget of \$13bn. In 5G – the next generation of telephony – Huawei is leading the way. According to Neil McRae, BT’s chief network architect, “there is only one true 5G supplier and that is Huawei”. The costs of banning Huawei, as the US is attempting to do, will be prohibitive, for it is the world’s largest telecoms equipment maker, and most telecoms equipment is manufactured in China. ([How Huawei used the UK to become a global giant](#) by Nic Fildes, Financial Times, 7 December 2018) The US has mobilised its satellites and flunkies in the so-called Five Eyes intelligence network, which includes the US, Britain, Canada, Australia and New Zealand, on spurious security grounds without a shred of evidence to exclude Huawei kit from their networks. It is pressurising its junior partners to purge their data networks of equipment by Huawei – a world leader in 5G communications technology. Huawei’s success frightens imperialism, especially the US, to death as it epitomises China’s best vision for itself – a hugely successful high-tech country. Hair-raising scare stories are regularly being spread by the intelligence agencies of the imperialist countries concerning the alleged potential risk of Chinese eavesdropping, monitoring of data flows, and the possibility of a backdoor in the code that might be used to shut down the network and cripple the economies of the countries using Huawei’s equipment – the fear of a 'big red button' in Shenzhen. “The warning concerning the danger of Chinese espionage, especially addressed to Italy, Germany and Japan, countries which house the most important US military bases, came from the same US intelligence agencies which have been spying on the telephone communications of their allies for years, in particular in Germany and Japan,” wrote Manilo Denucci on the Global Research of 5 December 2018. ([Behind the US attack on Chinese smartphones](#))

## **China builds global trading infrastructure, bypassing imperialist control**

The real reason, he argued correctly, is that Huawei’s progress in the field of telecoms is “emblematic of a general tendency” that is threatening to undermine US supremacy. He went on to cite the following words quoted from two different articles in the New York Times: “The west was certain that the Chinese approach was not going to work. All it had to do was wait. It’s still waiting. China is planning a vast global network of commerce, investments and

infrastructures, which will remodel financial and geopolitical relations.” Add to this the [New Silk Road](#) that China is engaged in building across 70 Asian, European and African countries. The New York Times examined 600 projects carried out by China in 112 countries, ranging from oil and gas pipelines, hydroelectric dams, bridges, roads and railways to ports. All this activity is considered by Washington to be “an aggression against our vital interests”, in the words of the Pentagon in its [National Defense Strategy for the United States of America 2018](#). The Pentagon characterises China as a “strategic competitor which uses a predatory economy to intimidate its neighbours.” In a classic case of the pot calling the kettle black, the Pentagon clearly overlooks the real predator not very far from its headquarters, which has used every means – economic and military – including scores of military bases in scores of foreign countries, a military budget of \$700bn a year, and a huge economy, waged predatory wars against a number of countries and is now [driving to war against China and Russia](#). As Manilo Denucci pointed out: “While China is building dams, railways and bridges, useful not only for its commercial network, but also for the development of the countries concerned, in the US wars, dams, railways and bridges are the first targets to be destroyed.” The Pentagon report cites the “long-term strategic competition with China and Russia” as its “main priority”, adding that for this purpose “we shall modernise our nuclear forces and reinforce trans-Atlantic alliance of Nato”. In barely-disguised language, it is in the drive to war that the Pentagon sees the salvation of the US’s problems in the economic sphere.

## **Desperate attempts to turn back the tide are doomed to fail**

The US will be no more successful in stopping the rise of China than Britain was in earlier times in stopping the rise of the US. Resisting the heavy pressure from the governments and intelligence agencies of the imperialist countries, many big telecoms companies in the west are pushing ahead with trials of Huawei’s 5G equipment, as they rightly fear that a ban on Huawei would set back the roll-out of the new mobile internet generation. O2, the British mobile phone network, is proceeding with these trials in January 2019; it will test Huawei’s equipment at 200 mobile sites across London. O2’s rivals, EE and Vodafone, have already launched 5G trials with the use of Huawei’s equipment while Three has signed a deal with Huawei for its £2bn 5G network build. In response to the warnings from politicians and intelligence

agencies that Huawei should not be trusted with 5G, British telecoms executives have stated that they have already made commitments, and any move to ban Huawei would retard the introduction of 5G by nine months to a year. Britain is one of Huawei’s most important foreign markets, as it supplies all of the country’s major telecoms corporations with equipment. ([O2 to test Huawei 5G equipment in London](#) by Nic Fildes, Financial Times, 22 December 2018) In the light of the foregoing, one can clearly see that Ms Meng’s detention by the subservient Canadian authorities on the instructions of the US is no ordinary and isolated affair. On the contrary, it fits into the US’s war against China on many fronts – trade, economic, technological, psychological, cultural, information, and, in the final analysis, military. The US is determined to “prevent China’s entry into frontier industries”, AI and semiconductors, feeling threatened that China spent 2.1 percent of its GDP on research and development in 2016, up from 0.9 percent in 2000. Only the US spends more in dollar terms. ([Donald Trump and Xi Jinping must negotiate a careful trade deal](#) by Raghuram Rajan, Financial Times, 4 December 2018) Ms Meng’s arrest must be seen in its proper context, as an outrageous provocation that endangers the peace and security of the world. It should be condemned in the harshest of terms by the proletariat and oppressed peoples everywhere.

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