

# *The US' strategy is not the best way to deal with Huawei*

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It is clear that the United States government has made a strategic decision to go after Huawei, the Chinese telecommunications equipment maker.

What is not clear is whether there is a coherent strategy behind this decision. Is the goal to reform and improve Huawei? Or to destroy it? And is it part of a coherent American strategy to manage the rise of China? The rest of the world has already decided that this cannot be stopped, barring a catastrophic breakdown of internal legitimacy (which is unlikely).

If the aim is merely to rein in Huawei, then the US' moves against it may attract international support. If, for example, Huawei, had violated US law in exporting a sample from a company called Akhan Semiconductor, it deserves to face the full penalties available to American prosecutors.

At the same time, Huawei may also be willing to adapt to the best practices and norms governing global multinational corporations.

Indeed, it has already gone further than any other Chinese corporation in adapting to Western norms, employing leading Western consultancies and accountants to shape its corporate governance. Huawei insists it is not a state-owned enterprise but is fully owned by its employees, with profits going to the employee-shareholders.

The US is right to highlight a specific security concern about Chinese government control or manipulation of Huawei 5G switching systems. However, there are practical ways of dealing with this.

That has been recognised by Germany's economy minister Peter Altmaier, who declared that Huawei would not be banned from bidding for Germany's 5G network as long as it offered assurances that it would comply with German regulations.

British intelligence chiefs have made similar noises. Last week, Mr Jeremy Fleming, director of GCHQ, the British government's communications intelligence hub, said that while the "opportunities and threats" posed by Chinese technology had to be acknowledged, a supplier's country of origin should not be grounds for an automatic ban.

Meanwhile, America's envoy to the European Union, Mr Gordon Sondland, has urged European countries to snub Huawei, lending credence to the suspicion that the US' aim is simply to destroy one of China's most successful global companies.

That attempt will fail. For Beijing, it would be an enormous loss of face (which is particularly important in an Asian context) to see a great Chinese success story wiped out by an American attack. The Chinese government will fight tooth and nail against it. In the past, the threat of American retaliation would have halted many countries in their tracks. But the world has moved on.

The low-cost, technologically advanced 5G networks promised by Huawei offer many developing countries, especially in Asia and

Africa, an opportunity to take full advantage of the new digital economy. There is no comparable American system on offer.

The US warning is asking developing countries: can you trust the Chinese not to spy on you? But most such nations understand that they are already being spied on. US whistle-blower Edward Snowden confirmed that the data of the seven billion human beings living outside the US is being swept into the computers of the US National Security Agency. And probably Russian computers, too. As one Asian columnist observed, the US is "having a tough time trying to convince countries that a spying China is more dangerous than a spying America".

Even if the US and its allies in the Five Eyes intelligence network (the United Kingdom, Australia, Canada and New Zealand) completely opt out of dealing with Huawei, most countries in the world will adopt 5G networks based on Chinese technology.

Any US strategy for managing Huawei should also be consistent with the country's wider strategy for dealing with the rise of China. Undoubtedly, anti-China sentiment has spiked in Washington. But even if the immediate trade war is postponed or resolved, further measures aimed at Beijing are likely to be adopted by US President Donald Trump.

Yet while tensions between the US and China will definitely intensify in the coming months and years, one fundamental question remains: can China's progress towards global economic pre-eminence be stopped?

In one way or another, the rest of the world will adapt and make room for China, including for leading Chinese corporations such as Huawei. The US' effort to stop the company (and the rise of China) will be regarded by others as too little, too late.

China is already well on its way towards becoming No. 1, so any unilateral US campaign against Beijing (and Chinese companies) will fail. However, a multilateral campaign that forges globally accepted rules for corporations such as Huawei could work.

Sadly, multilateralism is anathema to the Trump administration, which means that the most viable strategy for managing China will be ignored. The result will be a China-centric world. FINANCIAL TIMES

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