



## **Blacklisting Huawei and the New Thirty Years War**

**Yossef Bodansky**

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### **Executive Summary**

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\* Intentionally or unintentionally, the Trump White House has already made the US effort to destroy Huawei a crux of the overall Sino-American confrontation. The Forbidden City accepted the challenge and also made the fate and well-being of Huawei a key measure of China's resolve and ability to resist the US onslaught. Thus, the US blacklisting of Huawei only reinforces China's defiance and resolve to become the global Hegemon despite US opposition.

### **About ISPSW**

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The Institute for Strategic, Political, Security and Economic Consultancy (ISPSW) is a private institute for research and consultancy. The ISPSW is an objective, task-oriented and politically non-partisan institute.

In the increasingly complex international environment of globalized economic processes and worldwide political, ecological, social and cultural change, which occasions both major opportunities and risks, decision-makers in the economic and political arena depend more than ever before on the advice of highly qualified experts.

ISPSW offers a range of services, including strategic analyses, security consultancy, executive coaching and intercultural competency. ISPSW publications examine a wide range of topics connected with politics, the economy, international relations, and security/ defense. ISPSW network experts have held – in some cases for decades – executive positions and dispose over a wide range of experience in their respective fields of expertise.



## Analysis

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Huawei and the relentless US campaign against the company have become a core issue in the rapidly escalating Sino-US Trade War, and even more so in the new Thirty Years War (2018-2049). Both the treatment and fate of Huawei are interlinked with the mega-trends governing the Chinese long-term policies.<sup>1</sup>

Since the Fall of 2018, the Forbidden City has considered the series of crises with the US the beginning of a new Thirty Years War (2018-2049) aimed to guarantee the ascent of China as a global Hegemon despite desperate efforts by the US-led West to prevent this. This Thirty Years War is deemed by Xi Jinping's Beijing to be imperative for the decisive last sprint that will guarantee the successful completion of China's Hundred Years Marathon. Indeed, senior officials in Beijing warn that the PRC will not hesitate to use both economic and military force in order to defeat and reverse any attempt at containing the historic ascent of China to becoming the global Hegemon comes 2049.

Hence, there are very important consultations inside the Forbidden City about the future of the overall Sino-US relations because of the recent onslaught on Huawei. President Xi Jinping and the upper-most Chinese leaders are very furious about the blacklisting of Huawei by President Donald Trump in person, and resolved not to let the US make an example out of, let alone destroy, Huawei. For Xi Jinping and the upper-most leaders in the Forbidden City, the ruthlessness of the US crackdown of Huawei in the name of "national security" while Trump himself is ready to include the fate of Huawei and the possible reversal of the blacklisting as part of the negotiations with Xi Jinping at the G20 Summit are a proof of Washington's perfidy.

Thus, the planned Xi-Trump summit meeting at the G20 in late June might be canceled by Beijing as a demonstration of the futility of Sino-US trade negotiations and in fury over the US mistreatment of Huawei. European diplomats in Beijing point out that several Chinese senior officials and experts consider the Huawei crisis the threshold of the new era of economic/trade and security confrontations with the US. For official Beijing, the blacklisting of Huawei is a major escalation of the ongoing fateful war over the ascent of China as the global Hegemon over the next thirty years. The Beijing-based diplomats have no doubt that the PRC will not compromise on such a sacred historic ascent.

Ultimately, the case of Huawei is but a part of a far greater undertaking facing China. The crux of the challenge facing Beijing is Washington's ruthless determination to prevent China from obtaining technological capabilities, economic growth, and the ascent to global power position. Chinese senior officials are talking of "a digital iron curtain" aimed to suppress China and ensure an ostensible US supremacy. The PRC has no doubt about the extent of the US resolve to reverse China's scientific-technological development from the repeated demands regarding the Made-in-China 2025 initiative during the trade talks with the US since December 2018.

Therefore, there is now unprecedented resolve in Beijing to reach as fast as possible scientific-technological independence and self-sufficiency, particularly in the latest hi-tech and all futuristic technologies. The efforts to attain this range from the refocusing and reinforcing of China's vast scientific-technological research and development network of institutions to enticing foreign companies and academic institutions to participate in the Chinese effort in return for both market benefits and compensations for possible damages due to US blacklisting.

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<sup>1</sup> For Background see: Yossef Bodansky, Huawei and the New Thirty Years War, ISPSW Issue No. 589, December 2018



The European diplomats are convinced that the Chinese objectives will be attained expeditiously irrespective of the US threats and sanctions, as well as irrespective of the domestic socio-economic costs. Indeed, Xi Jinping and other Chinese leaders now highlight the country's anticipated suffering and sacrifices on the long road to realizing China's historic triumph and ascent. Concurrently, the PRC is committing to what is described by the Beijing-based European diplomats as the "Made-in-China 2025 initiative on steroids".

Meanwhile, beyond the scientific-technological issues, China and Russia are united in their resolve to consolidate the Eurasian Sphere as soon as possible (also because of the crisis in the Persian Gulf and its impact on the energy/hydro-carbon markets). A strong and long-lasting Eurasian Bloc will be attained by the harnessing of Europe. The Kremlin is committed to a great effort on this issue before German Chancellor Angela Merkel leaves office in 2021.

Consequently, between the anticipated marked developments in the Belt and Road Initiative and the political evolution of the Eurasian Sphere – China will have a far greater economic influence on Europe, as will Russia have on account of the energy and hydro-carbon spheres.

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What all of this means for Huawei?

Initially, Huawei will suffer as a political pawn. European diplomats in Beijing report that Huawei is "a super big issue" for Xi Jinping in person and the upper-most echelons in the Forbidden City. Chinese senior officials are warning diplomats (both officially and off the record) that their respective countries and the EU must not cooperate with the US or the reverberations will be very harsh. All the diplomats' reports stress that this is a coordinated pressure from the very top in Beijing. The European governments are bewildered and don't know what to do. Several governments are scared of the Chinese threats of wrath, but also dread yet another confrontation over Huawei with the hostile and vindictive Trump Administration. Huawei is stuck in the middle of the crossfire.

China-based experts from Europe and Israel anticipate that the next 2-3 years will be difficult for Huawei. Huawei will replace the current US-origin OS and components with new Chinese substitutes, and will adapt its production lines accordingly. Significantly, official Beijing will go all out to support Huawei in this transformation – from financial assistance to setting priorities to the nation's research and development centers and production infrastructure. These experts are unanimous in their anticipation that the new generation of Huawei products will be significantly better than the current one. Other Chinese manufacturers are expected to follow suit as part of the overall delinking of China from US-origin technology.

As well, Huawei's main European competitors will not be able to overtake it on the main 5G technologies and pricing, and the network issues are hardly affected by the latest US blacklisting. And there, most countries have already decided to ignore the US pressure to boycott Huawei.

The next big question is what's then?

The huge Chinese market is secured for Huawei. The growing sense patriotism and nationalism throughout China will add to the lure of Huawei's quality and price.

Huawei is a most popular brand in Africa, India, the Middle East and Southeast Asia on account of superior reliability and competitive prices. The development of the developing world is tied to the modernization of wireless communications – so there can be no substitute for the lure of Huawei's 5G networks, and customers



will remain with the Huawei brand Android or no Android. Huawei is immensely popular in Russia and the former Soviet Union on account of high reliability and low price. The Russian speaking countries have their own indigenous Apps – so the availability of Android is not a big issue for as long as the Russian-language services remain available.

The impact of the US blacklisting on laptops and 2-in-1s – Huawei's latest line of products – is far more challenging. It will not be easy to come up with a substitute for the Microsoft Windows and Office software, particularly since the business and government communities worldwide rely on a wide array of Windows-compatible software that is not easy to replace or replicate.

But here, there might be a twist from the grassroots not at the control of Huawei. The world is awash with cheap but high-quality counterfeits of the latest MS Windows and Office software that even take updates and patches. All over the developing world, one can find tech-savvy youth who not only sell the counterfeits, but install them on the buyers' laptops and computers. Most of these counterfeits originate from the PRC, Taiwan and the rest of East Asia. Presently, most countries are cracking down on the production of these counterfeits – albeit with partial success at best. However, should the developing world be deprived of the latest MS Windows and Office software due to the US blacklisting of Huawei and others – people will go back to installing the counterfeits and governments will look the other way given the grassroots' needs. People will simply take their new laptops and computers to the nearby corner and have the youth install counterfeit MS software over the indigenous OS they might have come with.

The real challenge for Huawei will be Europe, Australia, New Zealand and Japan where there are sophisticated customers who demand a wide variety of Apps for their phones. However, the EU is desperate to destroy the monopolies of the hated American tech giants (Google, Facebook, Microsoft, etc.) because they put themselves above the EU's laws and regulations and refuse to pay taxes. Brussels will therefore support the introduction of, and actively assist in pushing, an alternate OS that will reduce the omnipotence of the hated American entities. EU senior officials predict that should the new Huawei OS permit the use of existing Apps and/or provide for a comparable variety – Huawei will enjoy the EU's active support in returning to European markets.

There will also be pressure on the EU and specific European governments to closely cooperate with China and Russia on all matters – including consumer electronics – as part of the growing and consolidated Eurasian Sphere.

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Intentionally or unintentionally, the Trump White House has already made the US effort to destroy Huawei a crux of the overall Sino-American confrontation. The Forbidden City accepted the challenge and also made the fate and well-being of Huawei a key measure of China's resolve and ability to resist the US onslaught. And Beijing has greater patience and more time than a Washington facing the elections of 2020.

For Xi Jinping, at stake is the historic ascent of China as a global Hegemon comes 2049. Attaining scientific-technological independence and self-sufficiency comes 2025 has long been a crucial milestone on the road to greatness and preeminence. China is not going to reverse its ascent, or even slow it down, on account of trade negotiations and possible war with the Trump Administration. In committing to the new Thirty Years War, Xi Jinping and the Forbidden City took into consideration the possibility of a shooting war with the US and a consequent horrific damage to the Chinese heartland and economic infrastructure. Beijing is willing to endure



wars and hardships in order to realize the historic ascent of China. By comparison, helping Huawei weather the US crackdown is nothing.

Chinese heritage and nationalistic fervor guarantee overwhelming popular support for the ascent of China to global Hegemon – including acceptance of the entailed hardships. Besides, there exist the enforcement powers of the PRC's vast security authorities should the grassroots waver.

Thus, the US blacklisting of Huawei only reinforces China's defiance and resolve to rise and become the global Hegemon despite US opposition. As such, the crackdown of Huawei is taking the two countries closer to a far greater and fiercer confrontation than trade imbalance or access to the Android OS.

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**Remarks:** Opinions expressed in this contribution are those of the author.

### About the Author of this Issue

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Yossef Bodansky has been the Director of Research at the International Strategic Studies Association [ISSA], as well as a Senior Editor for the *Defense & Foreign Affairs* group of publications, since 1983. He was the Director of the Congressional Task Force on Terrorism and Unconventional Warfare at the U.S. House of Representatives between 1988 and 2004, and stayed on as a special adviser to Congress till January 2009. In the mid-1980s, he acted as a senior consultant for the U.S. Department of Defense and the Department of State.

He is the author of eleven books – including *Bin Laden: The Man Who Declared War on America* (New York Times No. 1 Bestseller & Washington Post No. 1 Bestseller), *The Secret History of the Iraq War* (New York Times Bestseller & Foreign Affairs Magazine Bestseller), and *Chechen Jihad: Al Qaeda's Training Ground and the Next Wave of Terror* – and hundreds of articles, book chapters and Congressional reports.

Mr Bodansky is a Director at the Prague Society for International Cooperation, and serves on the Board of the Global Panel Foundation and several other institutions worldwide.



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