



HUAWEI GOES GLOBAL ACADEMIC FORUM

ON THE RISE OF THE CHINESE TECHNOLOGY ENTERPRISE
AND ITS GLOBAL CHALLENGES

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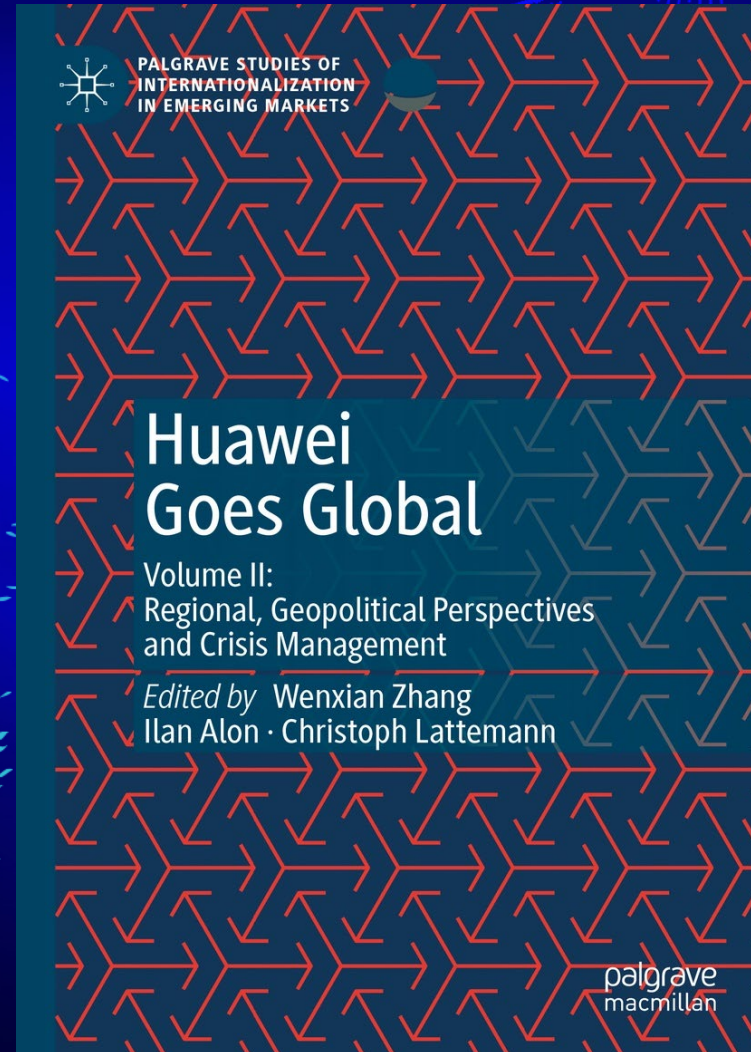
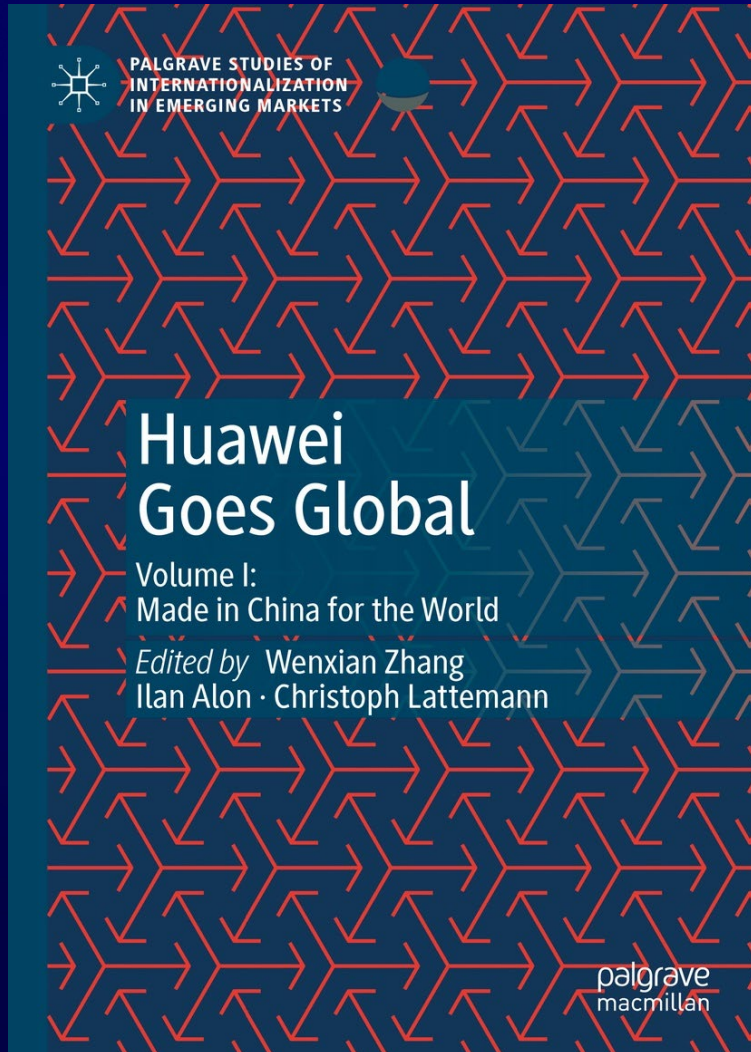
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1. Weaponizing Globalization: Chinese High-Tech in the Crosshairs of Geopolitics

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2. Huawei at Bay? Global Interdependencies Provoked by the 5G Network Rollout

Laura Kirste and Dirk Holtbrügge, University of Erlangen-Nürnberg, Germany

3. Market Entry Strategies of Huawei in Germany and the Russian Federation from a Network Theory Perspective

Mario Glowik, Berlin School of Economics and Law, Germany

4. Huawei in Central and Eastern Europe: Varying Anchors, Differing Perceptions

Ágnes Szunomár, CERS Institute of World Economics and Corvinus University of Budapest, Hungary

5. Huawei's Carrier Business in Southeast Asia

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6. Red Teaming: Huawei's Organizational Learning Strategy

William Chongyang Zhou and Sunny Li Sun, University of Massachusetts Lowell, USA

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Weaponizing Globalization: Chinese High-Tech in the Crosshairs of Geopolitics

Dr. Francis Schortgen

University of Mount Union, USA

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NATIONAL INNOVATION CONTEXT

- ❑ Cultivation of broad technology ecosystem
- ❑ “Made in China 2025”
- ❑ “Next Generation Artificial Intelligence Development Plan”

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COMPETITION CONTEXT

- ❑ **Costs of losing the race for 5G leadership**
- ❑ **Huawei – timing and liability of foreignness**
- ❑ **25% tariffs on 1,300 Chinese products (3 April 2018)**

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GEOSTRATEGIC CONTEXT

- ❑ Gradual decline of U.S. economic leadership & innovation capacity
- ❑ Foreign Investment Risk Review Modernization Act
- ❑ Paradigm shift – from *trade* to *tech* war

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Huawei at Bay? Global Interdependencies Provoked by the 5G Network Rollout

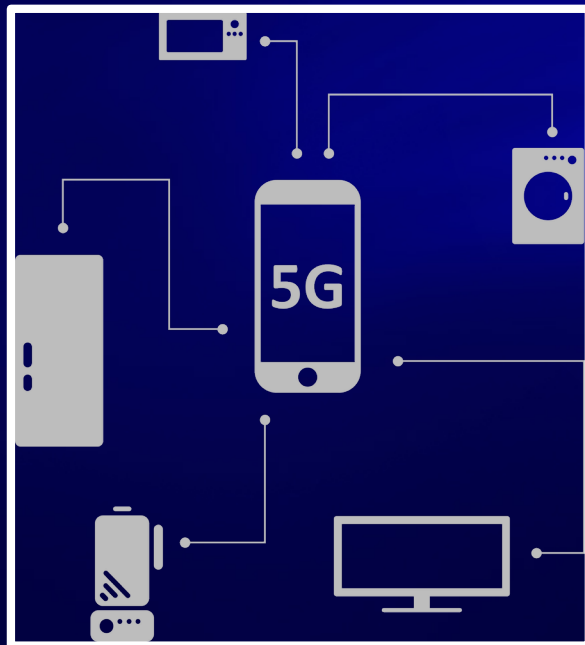
*Laura Kirste, M.Sc. and Dr. Dirk Holtbrügge
University of Erlangen-Nürnberg*

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Huawei is a global leader in 5G – a technology that enables users to bridge geographic space in almost real time



Smart traffic,
e.g., self-driving cars and communicative traffic lights

Medical applications,
e.g., remote robotic surgery

Smart commodity supply,
e.g., power networks

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The Chinese and the “Western” approach to digitalization display differences that are possibly irreconcilable

Rule-based capitalistic system

Data-driven meritocratic structure

Open-source/innovation

National innovation strategy

Transnational access

National firewall protection



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These fundamental differences have caused mistrust and caution on behalf of those states that are required to purchase 5G components from foreign suppliers

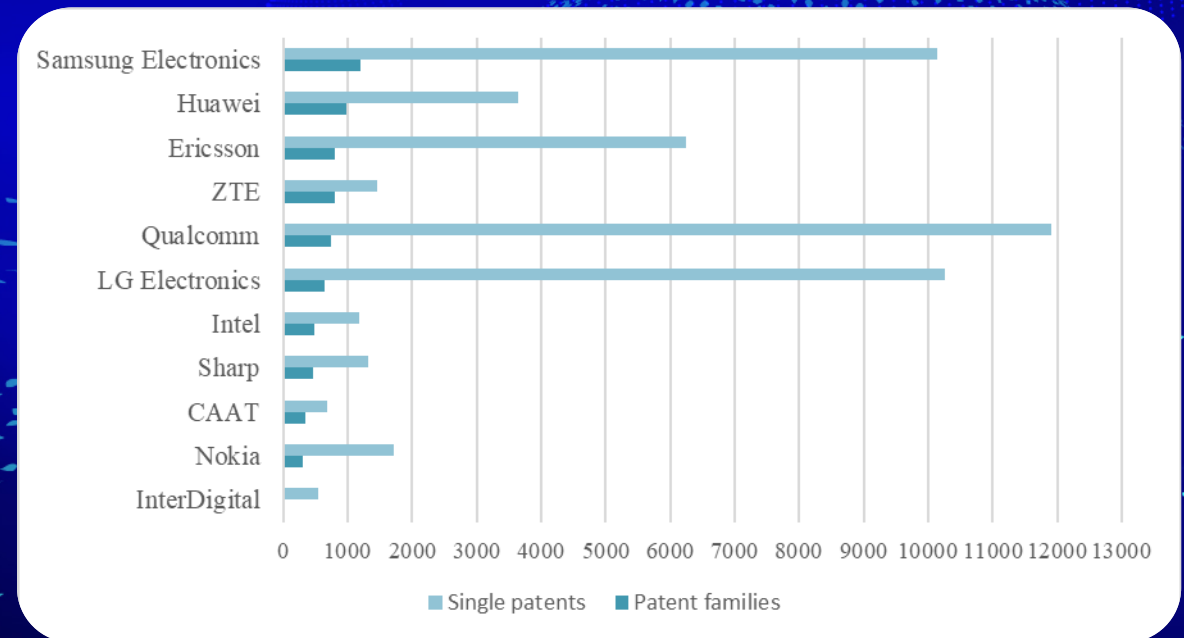
“

We must not allow that China puts pressure on Europe through Germany and thereby prevents Europe from reclaiming its independency with regard to key technologies.*

Michael Brand,

CDU parliamentary spokesman for human rights

*analogously translated from German



Amount of 5G patents of leading companies globally in 2019

■ Single patents ■ Patent families

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Market Entry Strategies of Huawei in Germany and the Russian Federation from a Network Theory Perspective

Mario Glowik
Berlin School of Economics and Law
Germany



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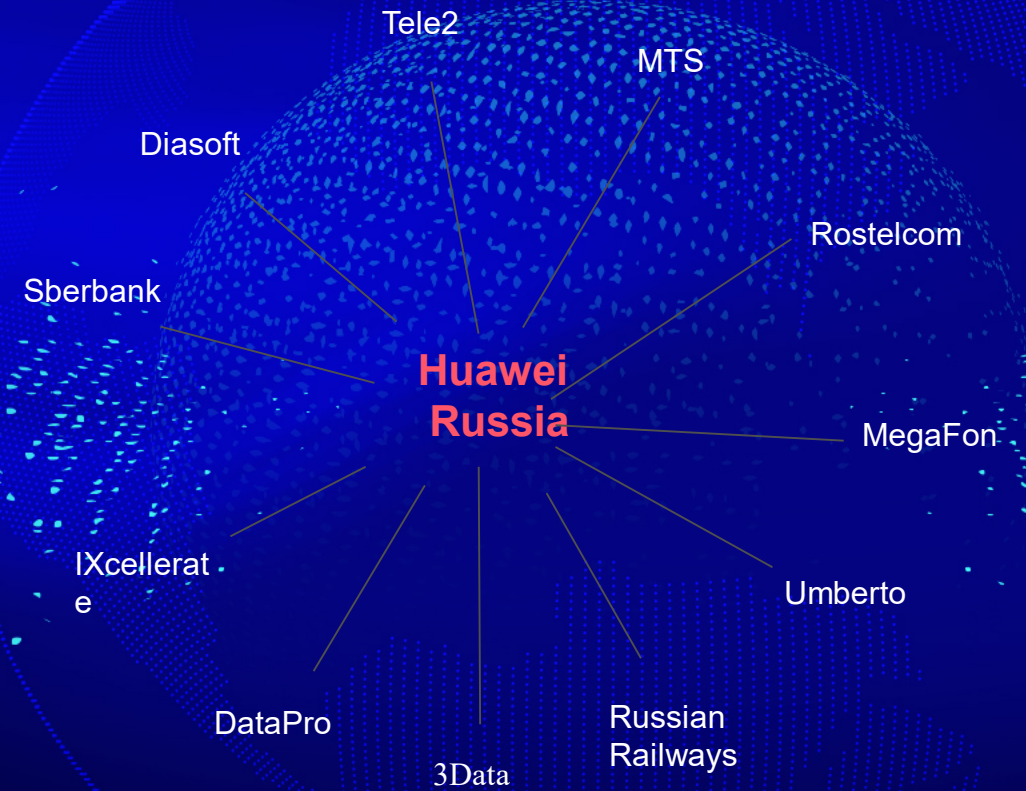
I aim to describe, through network lens, whether and how relationships developed since the 1990s, help Huawei's management realize and implement its market entry strategies in the Russian Federation and Germany.

I assume, by developing relationships with local stakeholders, such as telecom firms, administrative authorities, suppliers, and customers, Huawei has increased its regional resource commitments in order to gain a promising local market positioning.

Therefore, in this chapter of the book, important network actors of Huawei in Russia and Germany are introduced, aiming to figure out similarities and differences of Huawei's network building efforts in both countries.

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Through various agreements with locally leading telecommunication providers, Huawei sells key electronics and telecommunication components, planning and maintenance services in Germany and Russia.

Huawei cooperates with railway companies in Germany and the Russian Federation. Railway logistics play a major role in the “one belt, one road” trading and transportation system.

Huawei has addressed complex projects such as city infrastructure digitalization including information technology networks, traffic monitoring and energy saving solutions in Duisburg and Gelsenkirchen (Germany). Both cities are located geographically in western Europe at the end of the “one belt, one road initiative”.

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Huawei in Central and Eastern Europe: varying anchors, differing perceptions

Agnes Szunomar, PhD

*CERS Institute of World Economics and Corvinus
University of Budapest*

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- Huawei's activities in Poland, Hungary and Romania
 - how it cooperates with host country institutions,
 - relates to competitors and
 - how employment relations look like.
- CEE countries' approach towards the company before and after the Huawei security scandal
 - political level versus business level?
 - how China, Huawei and its growing presence are perceived by the media

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	POLAND	HUNGARY	ROMANIA
Printed dailies or weeklies	Wprost, Gazeta Wyborcza; Polityka; Fakt; Polska – The Times	Magyar Nemzet, Magyar Idők, Népszava, HVG, Magyar Narancs; Világgazdaság	Adevarul; Bursa; Capital; Ziarul Financiar
Online media sources	businessinsider.com.pl; wprost.pl; wyborcza.pl; wyborcza.biz; fakt.pl; money.pl; polityka.pl; parkiet.com; tvp.info; wiadomosci.dziennik.pl; wirtualnemedial.pl; dorzeczy.pl; natemat.pl; polskatimes.pl; wiadomosci.wp.pl; aszdzienik.pl	Index.hu; 444.hu, Direkt36; Origo; 24.hu; Euronews (hu.euronews.com); Délvilág, Kisalföld, Demokrata.hu; Privátbankár; Mfor.hu; Prtforlio.hu, Piac és profit	Agerpres (national news agency); Forbes Romania; Profit.ro; Economiesociala.net; Business Review; Hotnews
Other sources	Official website of Huawei Poland; Official website of the Chancellery of the Prime Minister of Poland	Website of the Hungarian Government; the website of University of Győr; Official website of Huawei Hungary	Website of the Presidential Administration; Financial Times; Official website of Huawei Romania

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Poland: The tone of most of the commentaries was rather critical, especially in pro-government conservative media, which support Polish pro-American stance in international relations. The media stipulated that using Huawei products may be considered not secure

Romania: Some of the articles are very critical as regards Huawei from the perspective of security issues and links to the Chinese government. At the same time, there are neutral opinions as well as interviews with managers of Huawei Romania, that focused on the company's strengths.

Hungary: Huawei featured in the Hungarian media several times in the analyzed period, both in pro- and anti-government media sources, but almost none of these articles mentioned Hungary or referred to potential risks that Huawei's Hungarian engagement could pose to the country.

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Huawei's Carrier Business in Southeast Asia

Dr. Serina Al Haddad

Rollins College, USA

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1) Introduction

- Huawei has been a long-time partner with the telecommunication companies in the Southeast Asian countries.
- This relationship came to a test when the U.S. imposed sanctions on leading Chinese technology companies like Huawei and ZTE.
- Huawei's first mover advantage in the 5G technology enabled the company to become a leader in the 5G race.

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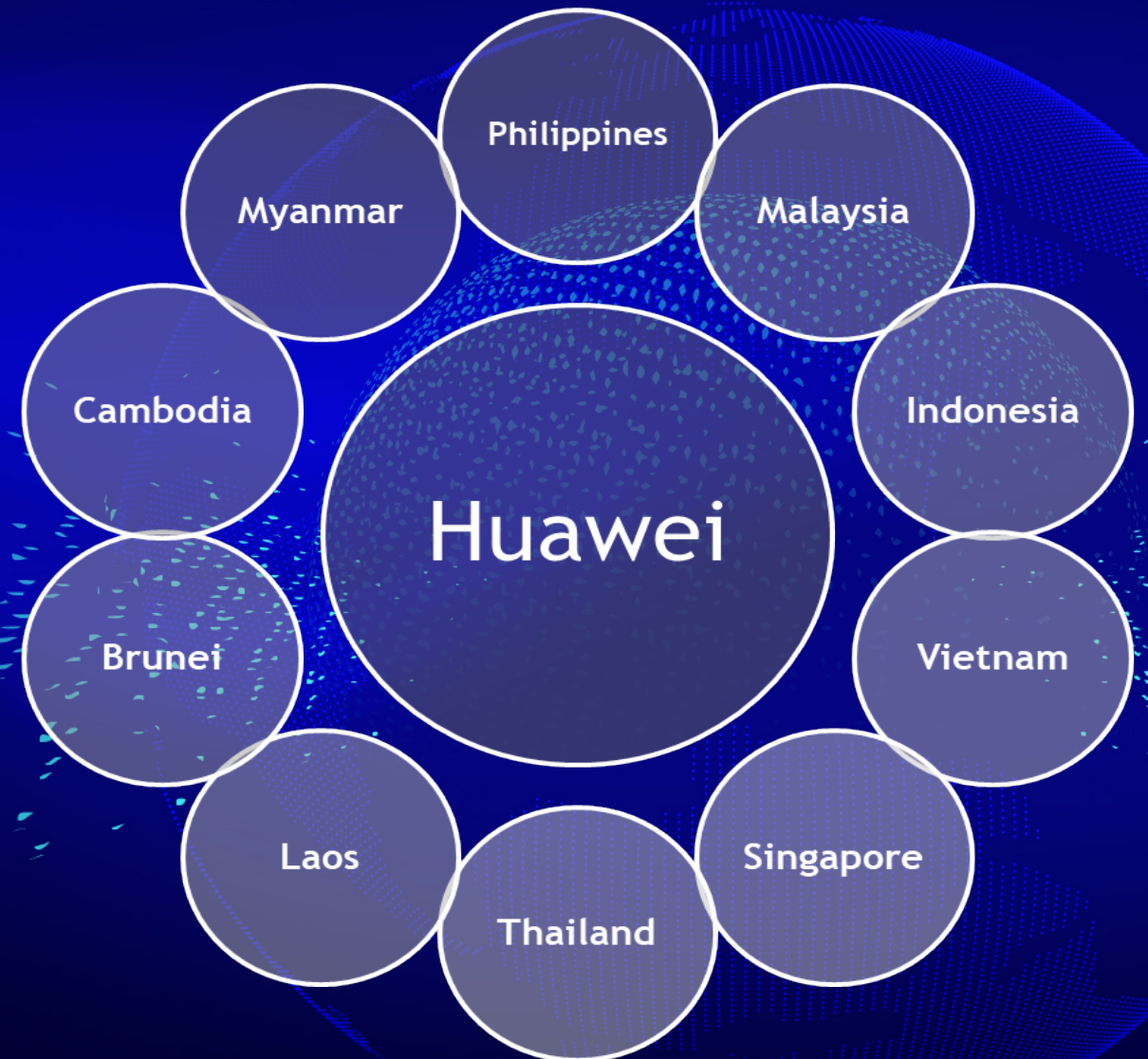


2) History of Huawei in Southeast Asia:

Huawei established loyal customers in the region by offering unparalleled customer and community services

3) U.S. Sanctions:

How It May Shape Huawei's Business in Southeast Asia



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Conclusion and Summary

- While the carrier market was dominated by industry giants when Huawei started establishing its international presence, Huawei was able to penetrate the Southeast Asian market in the late 1990s.
- Huawei was able to successfully employ a global strategy: a business internationalization strategy focused on high-cost reduction (by having its operating decisions centralized and standardized across the other countries) with some level of local responsiveness.

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Red Teaming Strategy: Huawei's Organizational Learning and Resilience

William Chongyang Zhou

Sunny Li Sun

University of Massachusetts Lowell

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- “Red Team”: an imaginary enemy within an organization
 - IBM
 - eBay
- Sun Tzu: “oblique and frontal relationships engender each other”
 - Mutual transformation of two forces: the frontal (Zheng), and the oblique (Ji)



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- Winter is coming
 - Ren: “It is spring now, but that means winter is not too far away”
- Huawei established a Red Team in the 1990s
 - Ren: “the Red Team is trying to find a way to deny the Blue Team”
- Three different functions
 - A mutual transformation between Red and Blue Teams;
 - learning from rivals;
 - using Red Team as a backup plan

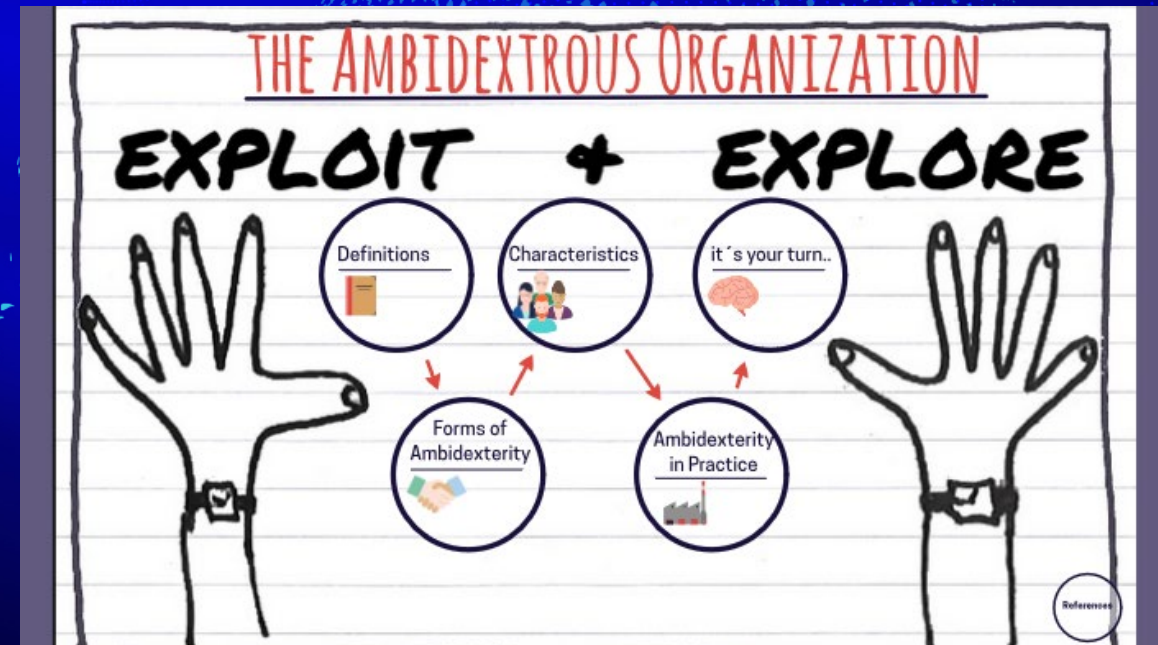
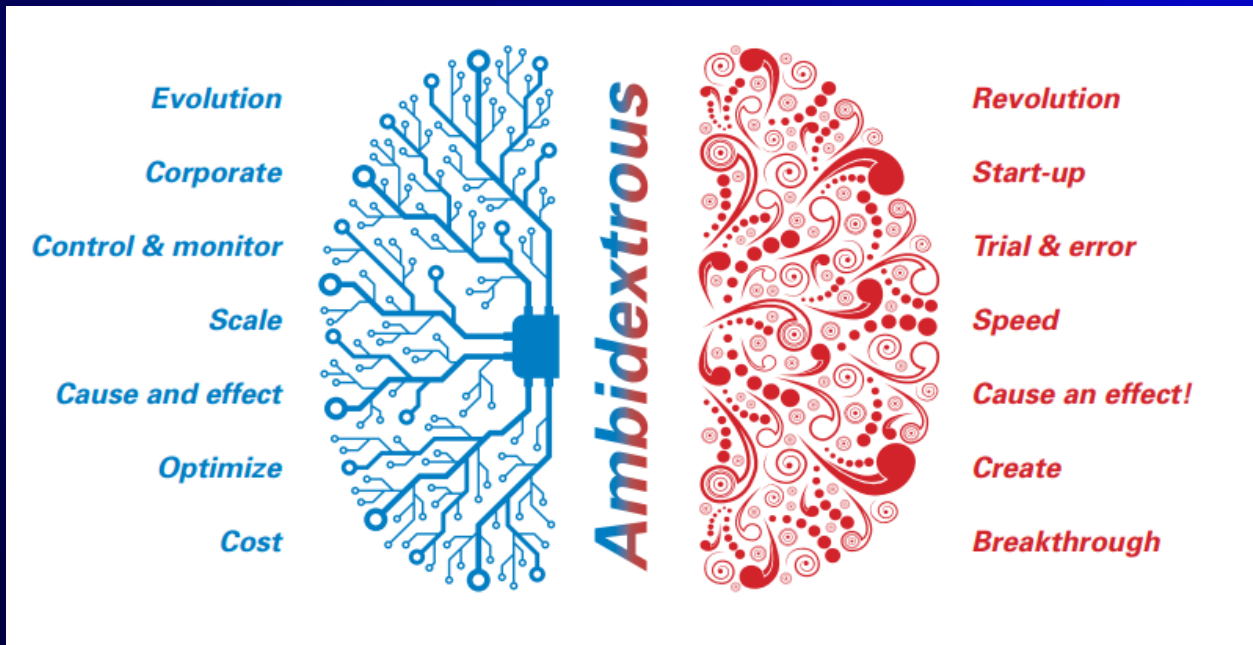


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- Purpose: actively create conflicts
- Help build organizational ambidexterity
- Remain vigilant, “winter-is-coming” consciousness



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Gaining Legitimacy: An Uphill Battle for Chinese Multinationals

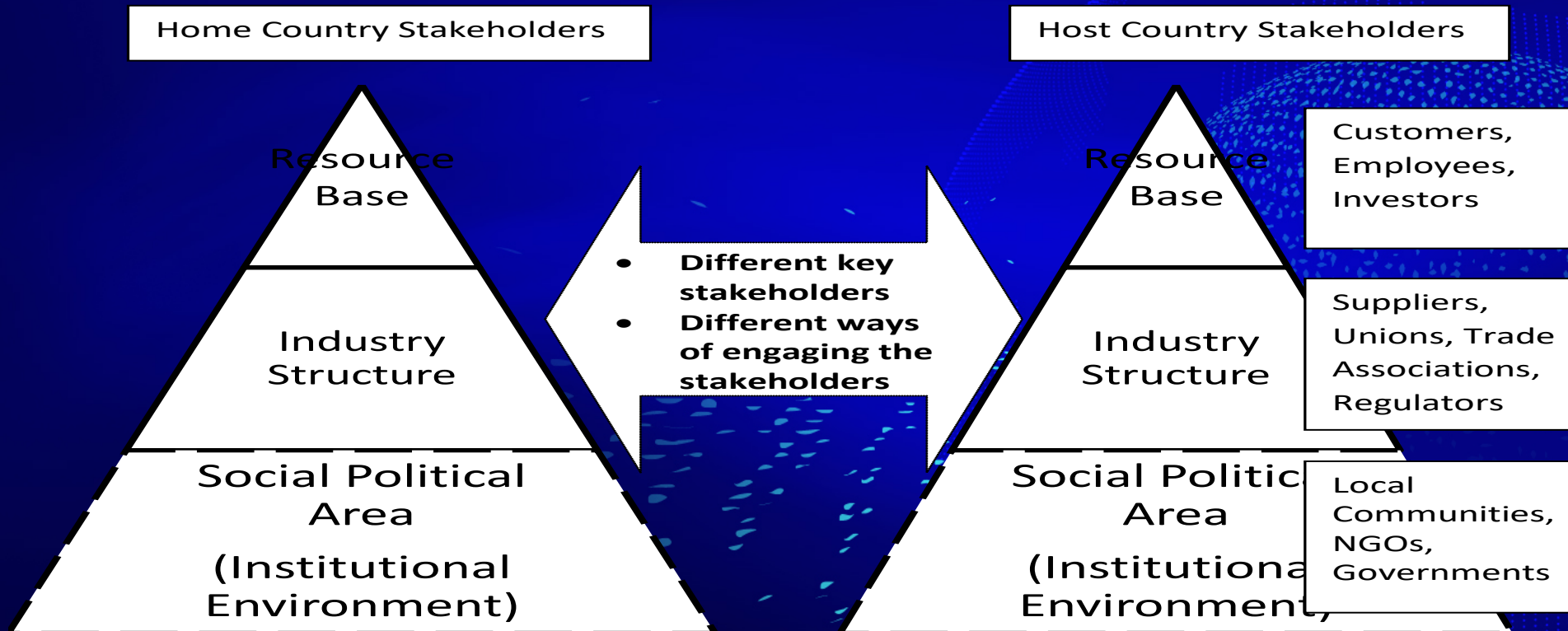
**Lei Li, University of Nottingham Ningbo China
(With Sunny Li Sun, University of Massachusetts Lowell)**

“Real” Institutional Distance and Implications for Legitimacy in Host Countries



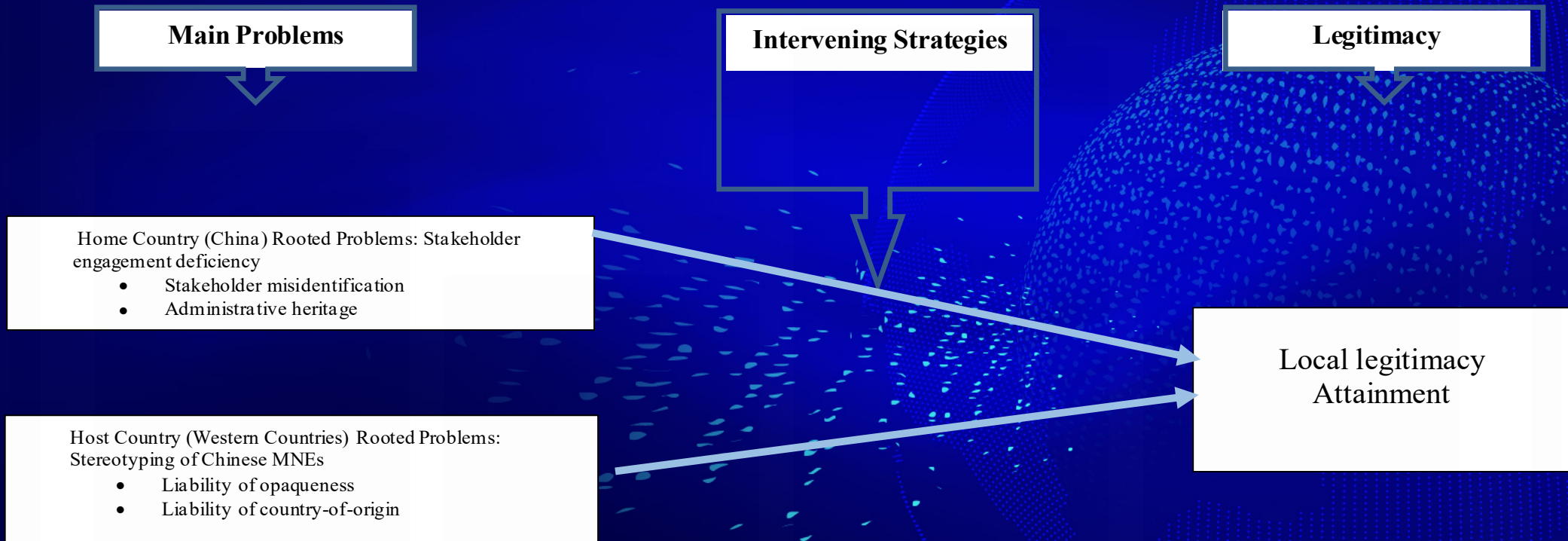
- Legitimacy was defined as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions” (Suchman, 1995:574).
- Since “legitimacy is conferred upon or attributed to the organization by its [stakeholders] – like beauty, it resides in the eyes of the beholder” (Ashforth & Gibbs, 1990:177).

Stakeholder Engagement in the Cross-border Contexts



Phillips (2003) argues that the competitors and the media are special stakeholders. It seems to be clear that competitors are industry-based stakeholders and the media are social-political stakeholders.

Stakeholder Engagement and Legitimacy Attainment in Developed Western Countries



Huawei needs to develop both negotiation and defensive strategies in engaging the governments and media in developed Western countries

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Huawei and Global Cybersecurity

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<https://www.linkedin.com/in/andy-purdy-jd-cissp-cipp-us-9b1b554>

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Cyber security and privacy protection must be top priorities. We recommend three principles:

- *Integrity and Trustworthiness, Accountability and Capability, Openness and Transparency.*

Cyber security is a shared global responsibility

- All stakeholders: governments and industry alike
- International cooperation, standardization, best practices, and risk-based approaches

Collaboration is key

Taking on an open, transparent and sincere attitude, government, customers, partners, and competitors should collaborate to address cyber security and privacy threats and challenges.

Conformance

We need objective and transparent conformance programs and independent product testing – “trust through verification” -- to address the challenge.

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- Trust Should Be Based on Facts, Facts Must Be Verifiable, and Verification Must Be Based on Standards

Facts

Over the past 30 years, we have maintained a solid track record in cyber security



170+ countries



3+ billion people



1,500 carrier networks

Verification

Established cyber security center, providing technical verification and evaluation platform



Banbury, UK

2010.11



Bonn, Germany

2018.11



Brussels, Belgium

2019.03

- For cyber security & privacy protection, technology without ideology, let technology return to technology.
- We believe that facts must be verifiable, and verification must be based on standards.
- We advocate international unified collaboration, unified security standards, and open & transparent verifiable mechanisms.

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Conclusion

- The only safe assumption is that all systems expose us to external intelligence penetration and potential disruptive attack.
- We have to find ways to protect ourselves and accept that nothing is foolproof.
- If all systems are penetrable, the only answer is to be extra vigilant. Picking on one company or one country just distracts you from being alert to threats from elsewhere.
- Government, private sector, academia and other experts should *collaborate* to manage cyber security risk and promote resilience and transparency.

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Questions & Answers

Moderated by Dr. John McIntyre



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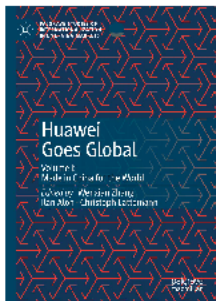
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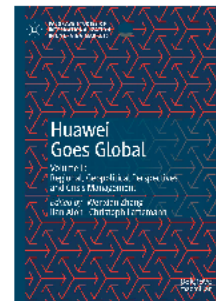
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