



Huawei and the New Thirty Years War

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Executive Summary

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Analysis

The senior most officials in the Forbidden City are convinced that the arrest in Vancouver, Canada, of Huawei CFO Meng Wanzhou was an intentional provocation aimed to derail any agreement or understanding that could have been reached in Buenos Aires. These officials note that Meng Wanzhou was arrested on 1 December - the day presidents Xi Jinping and Donald Trump dined in Buenos Aires in an effort to defuse the escalating trade war.

Moreover, as US National Security Advisor John Bolton acknowledged, the White House had advance knowledge of the impending arrest and approved it. "I knew in advance. This is something that we get from the Justice Department," he said. "And these kinds of things happen with some frequency. We certainly don't inform the president on every one of them." Although the arrest was in connection with alleged violations of sanctions on Iran, Bolton stressed the US overall concerns with the practices of Chinese companies. He explained that the US has "had enormous concerns for years about the practice of Chinese firms to use stolen American intellectual property, to engage in forced technology transfers, and to be used as arms of the Chinese government's objectives in terms of information technology in particular." Beyond "this particular arrest," Bolton added, "Huawei is one company we've been concerned about."

For the Forbidden City, the arrest of Meng Wanzhou confirms their worst fears. Having committed to the new Thirty Years War (2018-2049) as the predominant aspect of US-Sino relations, and having internalized the possibility that this war might escalate from an economic/trade confrontation to an armed conflict - Beijing is now inclined to consider and analyze any development in the context of the new Thirty Years War.¹ The arrest of Huawei's Meng Wanzhou is not different. That Huawei has long been Washington's bête noire only adds to the Chinese conviction that the arrest is part of a larger conspiracy against both the PRC and Huawei.

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Xi Jinping and his inner circle went to the dinner with Donald Trump in Buenos Aires with great trepidations. A study by leading experts of the Institute of Economics at the Chinese Academy of Social Sciences that was submitted just before the Chinese delegation left Spain for Argentina warned that the PRC should "prepare for lengthy trade war with US" irrespective of the outcome of the Xi-Trump summit. "We shouldn't and can't accept the US imposed terms for a 'ceasefire'. The trade war won't end in two or three years and we should make long-term mental preparations," wrote Pei Changhong, the former director of the Institute who led the study group. "Suppressing potential rivals is a political tradition in the US, no matter who is in office," he added. "Tit-for-tat may be only way to stop Beijing's US influence drive." Pei Changhong urged Xi Jinping to reiterate during the dinner that "China has its own timetable and road map."

Indeed, Xi Jinping and his team did not expect anything beyond a symbolic short-term cease-fire or truce - which is what they ultimately got from Trump. The Forbidden City considers the outcome of the Buenos Aires dinner a harbinger of the attitude of both Trump and official Washington toward Beijing. In both words and body language, Chinese officials note, Xi Jinping was forthcoming and relaxed while Trump was tense and acrimonious. Both sides agreed on a 90-day truce, ending 1 March, in which they would try to reach agreement on the overall path to resolving the tariff war. Otherwise, the higher US tariffs will go into effect.

¹ See: Yossef Bodansky, *Is the New Thirty Years War Already Escalating?*, ISPSW Issue No. 586, November 2018; and Yossef Bodansky, *The New Thirty Years War (2018-2049)*, ISPSW Issue No. 583, October 2018



The initial report by the PRC's state news agency Xinhua emphasized that the Chinese delegation "stood firm in protecting its core interests" and struck back against US ideas in a "strong and powerful manner". Xinhua further reported that "the Chinese side has not lost its rational thinking because of bullying, nor did it panic in the face of the unprecedented trade war." Chungyan Chow, the editor of the *South China Morning Post*, noted that "Xi Jinping hasn't really defused the Trump bomb. He just bought 3 month breathing space."

The key issue, from Beijing's point of view, is Washington's insistence on including the Made-in-China 2025 initiative in the trade negotiations. The Chinese are ready for meaningful compromises over the import and export of goods in order to reduce the trade imbalance. As well, they are willing to let major US entities operate in China with greater freedoms and authority so that they can increase their value and profits - thus further reducing the trade imbalance.

However, the Made-in-China 2025 initiative is both sacrosanct for Beijing and the center of attention for Washington. The Made-in-China 2025 initiative aims to bring China to total scientific-technological and industrial self-sufficiency. This means particularly catching up on the production of hi-tech items that China currently imports, mainly from the US. This disparity is the precursor for major crises in the near future, believe senior and highly influential experts in Beijing and Shanghai. "China will still need to prepare for the worst scenario of a 'decoupling' of the Chinese and American economies, in particular in the hi-tech sector," warned Wang Yong, the Director of the Center for International Political Economy at Peking University.

Specifically, Beijing focuses on both scientific-technological self-sufficiency and hi-tech production capacity for the vastly expanding and modernizing People's Liberation Army, as well as the defense-oriented national industrial base. The brewing crisis with the US markedly increases the significance of self-reliance. "The Chinese leadership is banking on a revival in self-reliance to add momentum to its military modernization drive as tensions with the United States threaten to deny China access to essential technology," wrote Minnie Chan in the 7 December issue of the *South China Morning Post*. "The drive for self-reliance is at the center of Beijing's 'Made in China 2025' campaign to become a leading power in various advanced technologies, including industrial robotics, high-speed trains and semiconductors." The PLA's military political education emphasizes "the spirit of the 'Two Bombs, One Satellite'" - that is, the development in the 1960's of indigenous strategic capabilities against a hostile world.

While Washington presents the opposition to the Made-in-China 2025 initiative in terms of preserving lucrative US exports to the PRC - Beijing remains convinced that the primary objective of Washington is to prevent the PRC from self-sufficiency at the national security field in order to retain additional means of US pressure on the PRC.

Huawei is a special add on. Official Washington hates and fears Huawei. The company's huge growth potential constitutes a viable threat to major US competitors. Presently, with the emergence of the 5G networks challenge, Washington dreads that international customers will opt for the already available proven technology of Huawei rather than wait for US competitors to develop their own catch-ups. Absent commercial logic for preventing would-be customers from adopting Huawei systems - Washington opted to lean on allies, starting with the five-eye partners (the UK, Canada, Australia and New Zealand), by highlighting potential national-security threats.

Alas, Huawei has been negotiating quietly with the UK's GCHQ a resolution to the dispute that would answer all these concerns. The agreement was reached in the first week of December. Huawei agreed to address the



serious risks that the GCHQ claims to possibly exist in its 5G networks equipment and software. Senior officials from the GCHQ's National Cyber Security Center and Huawei executives agreed on a series of technical undertakings that will change Huawei's practices in the UK and will keep Huawei eligible for participating in future 5G telecoms networks. Since the UK's GCHQ and its procedures are highly influential in Canada, Australia and New Zealand - the GCHQ's agreement with Huawei can reverse these countries' recent caving to US pressure to banish Huawei. Hence, Beijing reasons, Washington was desperate to tarnish Huawei as soon as possible, and Meng Wanzhou's planned change of flights in Vancouver provided a perfect opportunity.

However, official Beijing separates between the core issues, the looming crises and possible war with the US, and unpleasant side shows such as the Huawei crisis or the trade war 90-day truce. There is growing tension between Washington and Beijing concerning all other major bilateral issues with not one of them showing any sign of resolution in the near-term.

The most prominent issue of contention between the US and the PRC is the future of the Korean Peninsula. Beijing and Washington have diametrically opposite views of the long-term future of the Korean Peninsula. The current US-Sino interaction regarding North Korea focuses on the contemporary process of defusing the DPRK (through denuclearization and economic-governance reforms). Trump's Washington adamantly refuses to recognize Beijing's legitimate long-term interests, let alone discuss them. At the same time, Trump's Washington is pressuring both Beijing and Seoul to slow down their embracing of Pyongyang, as well as to not normalize relations and relax sanctions. The US adamantly refuses to consider the PRC's urging for the US to adopt a reciprocal approach toward denuclearization. Simply put, the US insists that the PRC and the RoK sacrifice their own vital and vested interests on the altar of the US interests - that, when both the PRC and the RoK are direct neighbors of the DPRK while the US is on the other side of the Pacific Ocean. The Forbidden City has long resolved that this is not going to happen no matter what. The unresolved question is over the intensity, timing and circumstances of the inevitable crisis over the long-term future of the Korean Peninsula. As the de-facto integration of North Korea into the regional rail and hydro-carbon transportation system accelerates, and, consequently, as the entire East Asia is further integrated into the Chinese- and Russian-led Eurasian Sphere (including the BRI) - the US is rapidly losing its clout and relevance. The breakout through crisis is increasingly the only way left open for Trump's Washington.

The crisis over the South China Sea will also keep escalating until an accidental clash will spark a wider conflict and possibly even war. The US and allies continue to escalate FONOPs and rhetoric concerning UNCLOS while refusing to legitimize, let alone address, the Chinese perception of the issue. The US-led West refuses to consider the legacy and relevance of the Chinese historic ruling of the South China Sea and particularly the lingering impact of losing the South China Sea to the British and French navies during the Century of Humiliation (1839-1949). It is simply impossible for any government in Beijing to reverse the reclaiming of the South China Sea given the rise of deep-rooted Chinese nationalism in all vestiges of society, culture and governance. That the navies enforcing the FONOPs include not only the American but also the British, French and Japanese - China's most hated tormentors during the Century of Humiliation - only exacerbates and widens the gap between Beijing and Trump's Washington. No amount of provocative sailing/flights and close calls will ever cause China to accept the return of a posture established during the Century of Humiliation - and this, Trump's Washington refuses to comprehend.

The future of the de-facto state on Taiwan is another point of contention that is becoming increasingly explosive. The population of Taiwan is deeply divided over their long-term future - torn between further



consolidating their state-building achievements and some form of legal accession to Mainland China (as manifested in the further integration of the Taiwanese economy with the PRC's, and the acceptance, by Taipei, of passport and visa regimes identical to these of Hong Kong and Macao). Beijing is adamant about the ultimate legal integration of Taiwan into the PRC - albeit with a special status. For Beijing, left to be determined is whether this will be achieved by the gradual peaceful embracing and convincing of the Taiwanese (which is Beijing's preferable method), or the use of overwhelming force (which, the PLA insists, will happen only in case of intolerable provocation such as a unilateral declaration of independence or in case of a major violent incident). Meanwhile, although the US is legally committed to the One China core policy - Trump's Washington is doing exactly the opposite as a lever of pressure on Beijing and because of economic expediency (mainly military exports). Beijing dreads that the US-facilitated military build-up will be understood by nationalist elements in Taipei as manifestation of a commitment by Trump's Washington to their de-facto independence. Beijing simply cannot permit this to happen.

The Uighurs are back as a major issue in Sino-West relations with the US playing a prominent role. The reason for the sudden political awareness in the West is the orchestrated media reporting of widespread human rights abuses against the civilian population in Xinjiang. Concurrently, there is a growing dread in Beijing of a Kosovo-style US-driven Uighur secessionism in Xinjiang in order to both prevent the rise of China's "behind the Urals" infrastructure (the key to withstanding a future war with the US) and in order to derail the consolidation of the BRI and the Eurasian Sphere through the spread of radical pan-Turkism (which Turkey is already conducting, according to Ankara, on behalf of the US). Indeed, there is a discernable radicalization of the Uighur population in Xinjiang - from innocent grassroots quest for traditional Turkic-Muslim way of life to the widespread popping up of Islamist mosques and Jihadist Jamaats sworn to Jihad-via-terrorism. Beijing does not ignore the concurrent build-up of sizeable Jihadist forces in northern Afghanistan - an amalgam of veterans of the Jihad in Syria and Iraq originally from China's Xinjiang, Russia's Muslim underbelly, the Caucasus, and the greater Central Asia. That these thousands of Jihadists "somehow" made their way safely from the Middle East to northern Afghanistan only increases the apprehension in Beijing, Moscow and regional capitals that this is part of the US-led onslaught on the consolidation of the Eurasian Sphere through the use of Jihad. The ongoing crackdown of the Uighurs of Xinjiang is an integral part of Beijing's desperate efforts to prevent Kosovo-style upheaval and war.

Writing in the 9 December issue of the *South China Morning Post*, Cary Huang concluded that "the summit did nothing to address the strategic aspect of the rivalry between the world's chief political adversaries... And that can mean only one thing: the US-China confrontation is here to stay."

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Hence, for the Forbidden City, even if Beijing were to fully comply with Washington's demands on trade issues - there will always remain the other issues of core-conflicts and the overall specter of a US drive to contain the ascent of the PRC as a global Hegemon. "Trade war with [the] US has deep roots and dangerous potential," Zhang Lin wrote in the *South China Morning Post* back in mid-October. "The conflict between China and the United States is a competition between two different civilizations and value systems. ... For now, the rivalry between the world's two largest economies is not a cold war, dividing the world into two camps. But there is a danger that that will happen." Beijing is convinced the process had already begun and therefore escalates the new Thirty Years War (2018-2049).



Moreover, even the forthcoming evolution of the trade war as understood from the discussions at the Xi-Trump dinner is essentially a fateful struggle for the heart and soul of the PRC. In early December, the highly influential Development Research Center of the State Council submitted a long and detailed report by a team of experts directed by Chen Changsheng about the long-term implications of the trade negotiations with the US. The report urged the Forbidden City to reject all US demands for opening and democratization, and instead hold onto “the state-directed economic model” that has worked so well for China. The report stressed further that the PRC need not adopt Western-style democracy in order to “become a high-income country” - an argument made by US negotiators. China’s economic development and growth over the last 40 years is the result of the uniquely Chinese model of society and governance. The further development of this Chinese model, rather than adopting Western-style reforms as demanded by the US, will guarantee the continued ascent of the PRC. The report noted that the US objection to the Chinese economic model has become a major point of contention in the trade negotiations. The US argues that the PRC’s state-run economic model harms competition and is biased against foreign entities. The US also objects to the growing success of the PRC in exporting the Chinese model to developing countries in Asia and Africa as part of the BRI. The report asserted that Beijing will refuse to make any significant changes to the Chinese model. Hence, the report concluded, Beijing must focus on shielding the PRC’s state-directed economic model from US-led criticism and demands for change, as well as on resisting any and all US demands for economic and governance changes, even if the result will be a major crisis in the trade negotiations.

Thus, for Beijing, the arrest of Huawei’s Meng Wanzhou on the day of the Xi-Trump dinner with the advance knowledge and approval of the Trump White House is a proof of the veracity of their worst-case scenarios. The US is committed to containing China and actively preventing its ascent as a global Hegemon comes 2049. To attain this goal, the US is ready for a major confrontation and even war with the PRC. It is inconceivable for Beijing that Trump’s Washington does not recognize, let alone comprehend, the deeper and profound issues at the core of the many friction points. In this context, the tariff war and trade crisis are but minor elements of the all-out US onslaught that focuses on the core issues. And when Washington realized that Beijing might agree to a cease-fire in the trade war and the resumption of negotiations addressing all the US concerns, thus removing the *raison d’être* for the further escalation in all other facets of the Sino-US confrontation - Washington prepared a provocation to stall the negotiations.

This, the forbidden City stresses, is the real motive behind the arrest of Huawei’s Meng Wanzhou. Indeed, numerous Chinese senior officials, academicians and commentators are unanimous in calling on Beijing not to let the provocation go without retaliation. On 6 December, the *Global Times* became the standard bearer of the call for escalation - reflecting the sentiments of Xi Jinping and his Forbidden City. Senior experts opined that Meng’s arrest was “an intentional effort” by the US to “heat up the ongoing trade war.” A senior official of the Ministry of Commerce told the paper that “the ‘kidnaping’ [of] Chinese citizen Meng” was aimed to ensure that “the China-US trade row could become a protracted war.” Hu Xijin, the Editor in Chief of the *Global Times*, asserted that Meng’s arrest was a “declaration of war” against China.

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

About the Author of this Issue

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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