



Protectionism shows US fears of strengthened Chinese competition

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Section 516 of the Consolidated and Further Continuing Appropriations Act, passed in late March, requires US agencies like NASA to seek approval from federal law enforcement officials before importing IT system.

Cyber security is an excuse to block Chinese competition from entering the US market.

If anything, it shows China to be more open economically. China has let US high technology into its more sensitive sectors such as banking.

Chinese banks' IT systems and ATMs are run on software made by US companies such as NCR and others. Moreover, US high-tech firms have penetrated another sensitive sector, the Chinese aircraft industry, in which military and civilian technologies are deeply intertwined.

China has shown itself to be much more open in its handling of economic diplomacy.

In economic history, it has always been the case that ruling economies try to change the rules of the game, so as to keep competitors at bay.

If I were Lenovo, I'd be careful too as section 516 throws a very wide net and affects its US government customers. The critical question though is this: Is the US ready for the fallout?

Nowadays, there is a widespread globalization of the IT supply chain, which might make it almost impossible for US agencies to strictly follow Section 516.

Most US tech companies have most of their components manufactured by foreign firms, and most of these suppliers are in China.

If China were to reciprocate, and call the US bluff by blocking US tech companies in China, then the future of US companies, and US jobs would be at serious risk.

I don't think the current US administration is that shortsighted.

China didn't ask for this fight, but it shouldn't be scared by it. China needs to show the US that it has more to lose than China does.

Cyber security has been politicized, because if it were a technical issue, then the market would have obliged the US government to force US agencies to buy Huawei products because they are safer, better priced and have better quality.

This is purely about the US being a bad loser and realizing that China is getting its act together and going up the value chain. So they invented this security excuse as a way of slowing down China.

And of course, if the US government can win cheap votes in the process by appearing to be tough on China, then it wins there too. Nevertheless, it's a hollow victory because the US consumers lose hands down. So much for free markets.

When the boss of British Petroleum (BP) was dragged in front of a congressional committee for a hearing, there was good cause. BP had been involved, without any doubt, in one of the largest pollution incidents in the US.

But what did Huawei and ZTE do to merit the same fate and stand in front of US congressmen to testify as if they were already guilty?

There was no proof of any wrongdoing and they had not being found guilty in any court.

US discrimination and false allegations about Huawei are not new. The US has been playing a subtle character assassination game for years, building up to the trumped up charges.

On the other hand, Huawei was not well advised in its dealings with the US and West in general. It should have had a more sophisticated communication strategy.

The article was compiled by Global Times reporter Yu Jincui based on an interview with Sameh El-Shahat, CEO of China-i Ltd, a risk and communication advisory company based in Beijing and London. yujincui@globaltimes.com.cn

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