

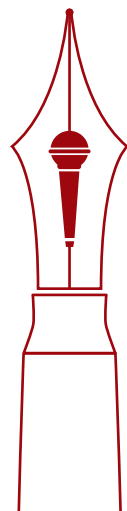
IN HIS OWN WORDS

DIALOGUES WITH REN

VOLUME I

2019.01

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2019.05





Pushing a car out of mud

In March 2008, a Huawei logistics manager went onsite with the supplier to survey the warehouses and road conditions of a new project on Indonesia's Kalimantan Island. Because of poor road conditions, the team's car got stuck in deep mud. Working together, the team all got out and pushed the car free, so they could continue moving forward.



Creating a communications bridge for tropical rainforest inhabitants

In April 2010, there were no highways or feasible means of air transport in the tropical rainforests of Colombia. Despite the scorching heat and suffocating undergrowth, Huawei employees carried communications base stations up the mountains on their shoulders, connecting 2,759 local inhabitants to the rest of the world.



Commitment at 6,500 meters above sea level

In August 2007, Huawei helped customers build sites at 5,200 and 6,500 meters of Mount Everest. The weather on the plateau changed constantly, and the sites were frequently buffeted by wind and snow. Huawei employees broke down the loads of goods and materials needed for the sites and carried them up the mountains on their shoulders or in their hands. After ten days of hard work, the team built a mobile network that provided coverage for all major mountaineering routes and camps.

Photo of a base station at 6,500 meters of Mount Everest



Network cutover on a windy and snowy Christmas night

During the 2010 Christmas holidays, Huawei spent months migrating wireless base stations for its customers in the Alps. During the winter, the mountain passes were sealed by heavy snow, dozens of centimeters thick. To ensure their progress, the project team and local employees gave up their holidays, battled the severe cold, and successfully completed delivery as planned.

Photo by Chen Yong, from a site in the Alps



Heroes are forged, not born.

During World War II, the famous IL-2 kept flying even after being riddled by anti-aircraft shells and machine-gun fire from other planes. Although badly damaged, it finally made its way back home.

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Ren Zhengfei's International Media Roundtable

January 15, 2019 Shenzhen, China

01 ***Mobile World Live:*** To kick this off, it will be great if you can give a little background on how your experience in military shapes your management style with Huawei. And the tie with that is, now that Huawei is under a bit of scrutiny worldwide, how are those ties with the military impacting Huawei's future as it continues to grow?

Ren: I joined the military during China's Cultural Revolution. At that time, there was chaos almost everywhere, including in agriculture and the industry. The country was facing very difficult times. These difficulties were reflected in people's diets and clothing. I remember that, in 1962, at the most difficult of times, every Chinese person was allotted only one-third of a meter of cloth. That amount could be used only for patching. So I never wore clothes without patches when I was young.

The central government hoped that every Chinese person could get at least one decent piece of clothing every year, so they decided to introduce the most advanced equipment from a French company called Technip Speichim and build a large synthetic fiber factory. This was used to produce some synthetic fibers with the hope that every Chinese person could be given synthetic fabric clothes. The factory was situated in a northeast city called Liaoyang, which is along a river called the Taizi River. The conditions there were very

harsh. Back then, China was in complete chaos, and the central government was trying to mobilize local engineering teams for the construction of that factory. However, no team answered the call. Therefore, the government had to mobilize military teams to build the factory.

It was a very advanced set of equipment from the French company, and the engineering capabilities of the military were not up to the task. I had been to college, and people like me could play a role in that project.

When we just arrived at the site, it was dozens of square kilometers, and there was no housing at all. So everyone slept on the grass, and it was in July or August. Later, the factory got some funding and built some shabby housing that provided little shelter from the rain and wind. You can image how harsh the conditions were. If you ask me how I felt back then, I would say: First, we had been given access to the world's most advanced technology. That French company had a very high level of automated controls that no Chinese companies had. This was the first time that I had learned what the world's most advanced technology looked like.

Second, we learned to endure hardship. Our housing was very shabby, so we constantly felt cold as it couldn't protect us from the wind. Just imagine, the temperature could drop to minus 28 degrees Celsius. China was

facing huge economic challenges at that time. The supply of meat and cooking oil was very limited. For ordinary people living in Northeastern China, their monthly supply of cooking oil was around 150g. There was no supply of fresh vegetables at all, so we had to pickle some vegetables like cabbages and radishes we got in autumn in large concrete pots, and rely on pickled foods for six months at a time. Our staple food was sorghum. It was far from delicious. So in a nutshell, we learned from the world's most advanced technology while living a life that could be seen as primitive. That's how I felt back then.

But I was happy then, because if you read too many books in other parts of the country, you could get criticized. The factory was probably one of the few places that people could read. We had to read to understand how this modern equipment worked. At the time, I was a technician of a company in the military, and then I became a deputy director of a small construction research institute with just twenty plus people. That's actually a title equivalent to a deputy-regimental level. My dream back then was to reach the military rank of Lieutenant-Colonel before China disbanded its military forces. Unfortunately, that did not happen. So I'm just a veteran without a military rank.

02 *Financial Times*: I have a question regarding your personal experience. It is reported that you participated in the National Congress of the Communist Party of China back in 1982. How come you attended that conference, and what is the relationship between Huawei and the Communist Party of China today?

Ren: When we built the synthetic fiber factory, we ran short of a kind of instrument used to test the advanced equipment. One technician with the Shenyang Automation Research Institute told me that he saw similar instruments when he traveled abroad, and he described to me what they looked like.

Through mathematical inference, I was able to produce a design of the instrument in question. But I was not 100% sure if my mathematical inference was correct, so I went to consult a professor with the Northeastern University of China. His name was Li Shijiu. I wanted to confirm whether the inference made sense. The professor affirmed my inference. In the end, I invented that instrument.

That's also the time when the "Gang of Four" was smashed and the country was trying to find readily available examples to demonstrate that science and technology were valuable. My little invention was exaggerated into something really big and it was promoted in various media outlets, including

newspapers, magazines, movies, etc. And because of such massive publicity, luckily I was chosen to be a member of the National Science Conference.

If you are aware, that's a time when you had to be a CPC member even to become the head of a cooking team in the military. I was selected to attend the National Science Conference, but I was not a CPC member. My supervisor felt that was really strange, so with the help of party organizations, I became a CPC member. The reason I was not a member was not because I didn't do my job well enough. It was because of my family background.

My father was labeled as a "capitalist roader". For this, he was actually locked up in a cow barn at one point in time. You know, for an educated person back then, an intellectual, his or her background or history would be much more complicated than that of a cadre among farmers and workers. It was because of such close scrutiny of my father that he was in such a difficult situation for over 10 years before his name was cleared. And because of this family connection, there was no possibility for me at the time to become a CPC member.

After I joined the party in 1978, China encouraged leaders to have "four qualities": young, professional, educated, and revolutionary. I happened to meet the requirements, and was recommended to be a member

of the 12th National Congress of the Communist Party of China. And in the end, I was selected. Unfortunately, I was too young to truly understand what the big reform was all about in that historical moment. That was really a pity. I was a complete technical geek back then. Today, I still love my country. I support the Communist Party of China. But I will never do anything to harm any other nation.

03 ***Associated Press:*** As I understand, over the last few weeks or months, it must have been very stressful for you. Thank you for taking the time to talk with us today. I want to ask a question about security. Security incidents occur a lot recently. The security concerns raised by governments such as the US and Australia are not about the capabilities of Huawei's technologies. These governments appear to be concerned that every company in China, fundamentally Huawei, is under the authority of the Communist Party of China. If the Communist Party requires Huawei to do something, the company has to obey. I'm wondering, what assurances can you give foreign customers that Huawei is able to protect the safety of their networks or protect the confidentiality of information? Under the legal circumstances of China, what can Huawei say to customers about the limits of its abilities to give

assurances about that?

Ren: The first point I want to make is that over the past 30 years, our products have been used in more than 170 countries and regions, serving more than 3 billion users in total. We have maintained a solid track record in security. Huawei is an independent business organization. When it comes to cyber security and privacy protection, we are committed to siding with our customers. We will never harm any nation or any individual. Secondly, China's Ministry of Foreign Affairs has officially clarified that no law in China requires any company to install backdoors. Neither Huawei, nor I personally, have ever received any requests from any government to provide improper information.

Associated Press: Pardon me. I'm not arguing with you. Any government, the United States or Australia, would say you are a company that sells networks. A customer has to trust a vendor with the most secret information about how a national telecommunications network operates. Suppose, for instance, the Ministry of State Security were to come to Huawei to ask Huawei to give information about a foreign country to the Ministry of State Security. Legally, there's nothing Huawei can do to refuse. Huawei must obey. So what can and will Huawei do to reassure customers?

Ren: Can I sell Huawei to you?

***Associated Press:* Yes, I did just buy a Huawei product.**

Ren: If you cannot afford [to buy Huawei], I would probably have to shut the company down. Customer-centricity has been at the very core of Huawei's business operations since our founding. We will never do anything to harm the interests of our customers. Apple is an example we look up to in terms of privacy protection. We will learn from Apple. We would rather shut Huawei down than do anything that would damage the interests of our customers in order to seek our own gains.

04 *Wall Street Journal:* I was hoping to ask you about your daughter, Meng. It's been just more than one month since she was detained in Canada. I was just wondering how you're feeling knowing this was an [extradition] request? And tell me if you feel that your daughter has been targeted because she is your family member and because of her position in Huawei?

Ren: As you must be aware, the case of Meng Wanzhou right now is in legal proceedings. So, we'd rather leave it to legal proceedings. I won't provide much comment about it here.

As Meng Wanzhou's father, I miss her very much. And I'm deeply grateful to the fairness of the Honorable Justice, William Ehrcke. I'm also much grateful to

Prosecutor John Gibb-Carsley and Prosecutor Kerri Swift. I also thank the Alouette Correctional Centre for Women for its humane management. Thanks to Meng Wanzhou's cellmates, for treating her kindly.

I also appreciate the consular protection that the Chinese government has provided in safeguarding the rights and interests of Meng Wanzhou as a Chinese citizen. I trust that the legal systems of Canada and the United States are open, just, and fair, and will reach a just conclusion. We will make our judgment after all the evidence is made public.

05 *Bloomberg:* You are the father of Ms. Meng. And now your daughter has been treated like this. You mentioned just now you trust the legal proceedings. But is it because Meng is part of your family that she is being targeted by US and Canada? What's your personal feeling?

Ren: You know, I certainly do not have access to the email correspondences between the US Department of Justice and the Canadian Department of Justice. Maybe in the future when they make this evidence public, I will see whether it is because Meng is my daughter that she is being targeted. We will wait to see more evidence that will be made public in the proceedings that follow.

06 *CNBC:* I just want to follow up on the answer you gave to Joseph in which you mentioned Apple, in your response. You were referring to the case when Apple was asked to hand over evidence from an iPhone and they took it to court. Is that what you will do if there was a request from the Chinese government for data from the networks? Just a second one, let's say, topic. What kind of correspondence do you have with the US authorities around some of the other engagements that may let you back in the market? What have the conversations been? And what is coming up for the very thing?

Ren: We don't have any channels for communicating with the US government, and, honestly, we don't know much about each other. Regarding what would happen if the implied cyber-security case occurred, I believe I have made myself very clear: We will never harm the interests of our customers.

07 *Fortune:* A couple of points have been raised already regarding issues which foreign nations may consider as causes of concern for Huawei, namely military background, affiliations with the Communist Party, etc. Another primary concern foreign nations have is that the government somehow has ownership for Huawei. Huawei claims to be an employee-owned company,

but the exact way that the shares are spread out among its employees is still secret. If you were to make that information public or even make Huawei public, you would surely have resolved all the suspicions, so why do you keep the shareholding structure private?

Ren: First, I think there are very few success stories where public companies become strong and big. Capital tends to be greedy. Whenever there is an immediate interest, capital tends to take it away, and that would certainly compromise the long-term pursuit of ideals. We are a private company, so we are able to remain committed to our long-term ideals.

Ever since we were a relatively small company, with just several hundred employees, we have focused all of our efforts in one direction. Even as we grew larger, to several thousand, tens of thousands, or even today with over 100,000 employees, we have maintained the same focus as we move forward.

Our annual R&D investment has reached 15 to 20 billion US dollars. Over the next five years, we are going to invest a total of more than 100 billion US dollars into R&D. Public companies, however, are unlikely to do this, because they focus on making their balance sheets look good. What matters more to Huawei is the future industry structure. Our decision-making system is different from public companies. It is very simple, and we are working

hard to make the information society a reality.

Here, I also have a piece of information to share with you. We have 96,768 shareholding employees. Just a few days ago on January 12, we completed the election of the new representatives of shareholding employees at 416 polling stations across over 170 countries and regions. The entire process of this election lasted about one year. We first communicated our *Articles of Governance* to all employees. Through those efforts, our employees became more familiar with how the corporate governance structure of this company works.

Then, we nominated candidates at different tiers of our organization. All candidates then gave some presentations to win the support of the constituency. At that time, they were only nominated, not yet elected. Then the list of nominated individuals was put together, and submitted to a higher-level department for review. Feedback from more shareholding employees was collected. After that, we had a certain level of convergence, meaning the list of individuals was narrowed down. And then that shortlist was subject to reviews, discussions, and deliberations at higher levels of the company, which also took into account the opinions of people around those individuals. The shortlist then got shorter. This list was reported to the Election Committee, then it was sent back again, further polished

and narrowed down to a list of roughly 200+ individuals. This list was published on our internal information sharing platform to collect employee feedback, and then the list of candidates was finalized.

On January 12, we completed the voting – the election – of our shareholding employee representatives around the world. Over the past few days, our messengers around the world have been taking those votes back to Shenzhen. The Representatives' Commission is the highest decision-making authority in Huawei, and the company is owned by our 96,768 shareholding employees. Our shareholding employees are currently working at Huawei or are retired former employees who have worked at Huawei for years. There is no single individual that owns even one cent of Huawei's shares without working at Huawei. There is no external institution or government department that owns our shares, not even one cent's worth. We have a shareholding registry that lists the shares held by our shareholding employees. Journalists who are interested are welcome to take a look at it.

I myself am the founder of this company. At the time when I wanted to found Huawei, I did not have enough money. When I got demobilized from the military, my ex-wife and I received a total of CNY3,000 as compensation from the military. At the time, a minimum

of CNY20,000 was required as registered capital to start a company in Shenzhen. By pooling funds from different people, I managed to get CNY21,000 to register Huawei.

Today, the total number of shares that I personally have within Huawei is 1.14%, and the stake that Steve Jobs had in Apple was 0.58%. That means there is still potential for my stake to be further diluted. I should learn from Steve Jobs.

08

Financial Times: Last year, it was reported that the African Union said there was infiltration from the Chinese side on their equipment based in Ethiopia. And we also learned that some of the equipment used by the African Union was provided by Huawei. Do you have any comment on that? You have said that Huawei will never harm the interest of any customer or individual. Suppose one, either Chinese or foreigner did something illegal here in China, and they left some trace on their Huawei smartphone, for example. Huawei, just like any other company, is supposed to provide support and cooperate with public security authorities because it is required by the law. Then in that case, would Huawei cooperate? Then, imagine that one Chinese or one foreigner committed a crime in countries outside of China, what would be Huawei's actions in those cases?

Ren: For Huawei employees, whether they are Chinese or non-Chinese, if they violate local laws, we'll always cooperate with the investigations. We stand strongly against any behavior that violates laws and regulations. Within Huawei, we have a very sound internal and external compliance management system. The idea is to prevent those wrongdoings or bad things from happening. Those who commit violations will be disciplined by our compliance department. Huawei may grow even bigger in the future. In the cloud era, our society is becoming more and more complex. If we do not govern our behavior through discipline, we might get overwhelmed.

For the breach of equipment used by the African Union, it had nothing to do with Huawei.

09 ***Fortune:*** Following up on that and about how Huawei implements its disciplinary actions, just last week, a member of Huawei's staff was arrested in Poland on suspicion of spying. Huawei has fired that employee already without waiting for the trial, without waiting for the evidence to move forward. Whereas in Canada, where Meng Wanzhou was arrested in December, Huawei appears to at least stand by her and is still, in a sense, putting trust in her innocence. So why was the decision made to fire the employee in Poland? Why

has that action not been taken in Canada?

Ren: Both cases are in the judicial process, and I'm not in a position to make further comments other than the information available from our official statements.

10 Bloomberg: My question is more related to Huawei's business. In light of recent developments, especially where some European countries have also stopped using Huawei's equipment based on the concerns on cyber security, what impacts will this have on Huawei's business? What actions and plans does Huawei have in mind or what do you think Huawei should be doing to address this kind of situation and to sustain its business in those markets, like Europe, US, and other Five Eyes countries?

Ren: First, it has always been the case that some customers accept Huawei and others don't. This is nothing new at all. If only a handful of congressmen decide that Huawei should not be accepted, then that does not represent the entire government. We can reach out to talk with the right stakeholders. If those individual opinions become orders coming from a government, then we may have to stop our sales there.

One of the major topics currently in question is 5G. If you look at 4G, I do not believe there was any controversy

or debate about it. So, for products where there is no such debate, we will continue working to drive our sales. Some countries have decided not to buy equipment from Huawei. Therefore, we can shift our focus to better serve countries that welcome Huawei. We can build high-quality networks in those countries to prove that we are trustworthy. Therefore, it's like a peaceful race from a technical point of view, and I think that's fair.

11

***Associated Press:* Chinese foreign ministry arrested two Canadian citizens on national security charges. Yesterday, a court pronounced a death sentence for a Canadian who was accused of drug charges. Some people outside of China suggested that these two Canadians were detained basically as hostages in connection with the arrest of Meng Wanzhou in Canada, and the drug case might have been influenced by that case. How do you feel having people say this sort of thing about your company or that you are personally connected to Chinese government taking hostages to help you or that there might be some political influence on this drug case to help your company? How does that make you feel?**

Ren: I don't know the whole story about this case, and it is not related to Huawei in any way.

12 *Wall Street Journal:* I was wondering about the rollout of 5G networks in coming years. There are a number of countries taking a lead from apparently the United States to put new restrictions on Huawei's participation in 5G, and perhaps even more broad restrictions on top of that. I was just wondering, last week Polish officials stated they would like a unified position with NATO with regards to Huawei. In light of these new potential restrictions, what does this mean for Huawei knowing that it might be effectively locked out from a significant chunk of the world's telecommunications networks in the future, both from a business sense and a reputational sense? And how will Huawei contend with these restrictions?

Ren: To start with, I'm not sure how far this proposal will go, and whether or not Poland is able to push it through. I think countries like France and Germany might have a greater say in NATO.

So I'm not sure if Poland can get its proposal accepted. Even if they get what they want, it does not matter so much to Huawei. Because, as you know, we are not a public company – we aren't overly concerned about beautiful numbers, or a nice-looking balance sheet. If we are not allowed to sell our products in certain markets, we would rather scale down a bit. As long as we can feed our employees, I believe there will always be a future for Huawei.

As I mentioned, right now our R&D investment averages 15–20 billion US dollars per year. That puts Huawei in the top 5 position across all industries in the world in terms of R&D intensity. In total, we have been granted 87,805 patents. In the United States, we have registered 11,152 core technology patents. We are actively involved in 360+ standards bodies, where we have made more than 54,000 proposals.

So we are the strongest in terms of telecommunications capabilities. I believe people will make their own comparison in the end between countries that choose Huawei and countries that don't work with Huawei. Of course, there is no way we can control their choice.

In terms of 5G, we have signed 30-plus commercial contracts today, and we have already shipped 25,000 5G base stations. We have 2,570 5G patent families. I believe that, as long as we develop very compelling products, there will be customers who will buy them.

If your products are not good, no matter how strong you go for publicity, nobody will buy them. So what matters to Huawei more is working to streamline our internal management, improve our products, and improve our services. I think that's what we should work on to address the challenges of this changing world.

There are only several companies in the world

working on 5G infrastructure equipment, and not many companies are engaged in microwave technology. Huawei is the only company in the world that can integrate 5G base stations with the most advanced microwave technology. With that capability, our 5G base stations don't even need fiber connections. Instead, they can use superfast microwave to support ultra-wide bandwidth backhauls. This is a compelling solution that makes a lot of economic sense. It works best for sparsely populated rural areas.

We should not presume that rural areas are poor. A lot of villa districts in the US tend to be in the countryside. Without fiber, how can they enjoy an 8K resolution TV experience in the future? If Huawei is not involved in this, these districts may have to pay very high prices in order to enjoy that level of experience. By then, things might become very different. Those countries may voluntarily approach Huawei and ask Huawei to sell them 5G products rather than banning Huawei from selling 5G systems. We are a company that is customer-centric; therefore I think it is possible that we will sell our equipment to them.

13

CNBC: Mr. Ren, I just want to go back to a point you made earlier. You said that if there was a request by the government to access data, to create backdoors

and networks, then you would deny it. You would not comply. Considering that you are a member of the Communist Party, how could you deny what they are asking for? What means do you have to actually fight against any request from the Chinese government to do any of these things? What assurance would you be able to give to your customers that if there was a request for something along those lines you would actually be able to fight it?

Ren: We are a company, and we are a business entity. The values of a business entity are such that it must be customer-centric and the customer always comes first. We are a business organization, so we must follow business rules. Within that context, I can't see close connections between my personal political beliefs and the business actions we are going to take as a business entity. I think I already made myself very clear earlier. We will certainly say no to any such request. After writing this quote in your story, maybe 20 or 30 years down the road, if I am still alive, people will consider this quote and check my behavior against it, as well as the behavior of our company.

CNBC: This one just follows up the previous one asked. Like you mentioned, Apple went to court against the government. Is there a system here such that you can take the government to court to fight

such requests?

Ren: If I or Huawei deny those requests, I think it should be the government in question that files litigation against Huawei, not the other way around. Whether or not the government would file such litigation, I don't know.

14 ***Mobile World Live:*** The trade war developing with the US seems to have moved beyond just a trade war, and the term "Cold War" has come up a bit. Looking at the technology camps – GSM and CDMA, years ago I participated in CDMA. What are your thoughts on the two technology camps? Do the US and China lead these camps in technology, which is facing tailwinds similar to what we see in mobile platforms like Android and iOS?

Ren: I want to use the example of railways to answer this question. We once had diversified standards, with a narrow track, standard track, and wide track. This added many difficulties to the transportation industry throughout the world. Similarly, in the area of communication, we also have gone through a period where different standards coexisted. That also increased the deployment costs of the networks. We have seen that for 3G and 4G. In order to unify communications

networks, we have worked hard to come up with a unified global standard. I think the 5G standard serves as a very good foundation for humanity to move toward an intelligent world. Arbitrarily dividing technology into two different camps will only harm the interests of the world. I believe the ideals of the technological community and scientists, as well as the wisdom of political figures coming together, will determine the future of humanity. Personally, I strongly support unified global standards.

15 *Wall Street Journal:* I'd like to follow up my colleague from Associated Press's question on the detained Canadians and the case of the Canadian who was just sentenced to death. I know some of these cases don't have anything to do with Huawei, but the perception is that they do have a connection to Huawei. I'm wondering if you could comment on whether you think this helps or hurts Madam Meng's chances for her release. And then, on that, I just wanted to talk a little bit about your personal relationship with Madam Meng, as your daughter, and how that's translated into the workplace at Huawei.

Ren: Personally, I don't see any connection between those cases and the case of Meng. In Meng's case, I believe we just need to leave the outcome to the proper legal proceedings.

As far as the relationship between me and Meng as father and daughter, I would say, it's a close relationship in some aspects and not so close in others.

Why do I say it's not so close? Throughout her childhood, I was in the military, which means that each year I was away for 11 months, spending one month with my family. Meng had to go to school, and after school, she had to do her homework. Therefore, our connection during her childhood and adolescence was not that strong. In addition, when I started Huawei, I had to fight for the survival of this company, spending 16 hours a day in the office. I have one son and two daughters, and I do not think my relationship with them was very close. As a father, I feel indebted to them. I once talked to all of them, asking if they would prefer we spent more time together as a family. The alternative I gave them was that I would build a platform upon which they could grow. Their response was, alright, we would choose a platform for our professional development.

Within Huawei, Huawei's management system is one based on processes. Processes are cold things, and I do not directly supervise Ms. Meng's responsibilities, so we don't have a strong connection in the workplace, either. Of course, maybe after my retirement in the future, I will try my best to compensate for these things.

16 ***Bloomberg:*** Follow-up question on that: You talked about retirement. Do you have any plan right now to retire? And the two other questions are related to the United States. You mentioned earlier that you do not have access or channels to talk to the US government. Right now we have so many foreign media outlets and journalists here. What is the message that you want to communicate through us to the US government? Trump also mentioned or tweeted that he could intervene in Meng's case if that would serve the trade negotiations with China. What would you say about that? And how do you feel about Donald Trump as a person?

Ren: To your first question, the timing of my retirement will depend on when Google can invent a new medicine that will allow people to live forever. I'm waiting for that medicine.

To your second question, the message to the US that I want to communicate is collaboration and shared success. In our high-tech world, it is increasingly impossible for any single company or even any single country to do the whole thing.

In the industrialization era, maybe one nation alone would have all the capabilities needed to produce a complete textile machine, a complete train, or a complete ship. We are in a world of information. In

an information society, interdependence between one another is very significant. And it is these interdependencies that drive society to progress even faster. The information society we are going to see will be massive. And for any single market opportunity, it cannot be sustained or supported by any single company. Instead, it calls for the concerted efforts of thousands or even tens of thousands of companies working together.

As for your third question, for President Trump's comment that he might intervene in the case of Meng Wanzhou, we need to wait and see whether he acts upon this. Right now I can't make a judgment about that.

And then for President Trump as a person, I still believe he's a great president, in the sense that he was bold to slash taxes. I think that's conducive to the development of industries in the U.S.

With the increasing adoption of AI in industry and also in the management of companies, traditional challenges like trade unions, social welfare issues, and possible strikes might be mitigated.

Reducing taxes is conducive to encouraging investment. It is like digging a trench in the ground, which makes it easy for water to flow into that trench.

However, it's also important to treat all countries and all companies – which are potential investors – nicely, so that they will proactively invest. Benefits from increased investment can offset loss of revenue from tax cuts for the government.

If countries or companies are frightened, let's say, by the detention of certain individuals, then those potential investors might be scared away, and the favorable environment created by tax cuts will not perform to expectations.

17 ***Financial Times:* Many people are saying that the suspicion around Huawei's 5G in Europe and the United States is not all about technology. It is about politics as well. Some people even argue that Huawei perfectly embodies the Cold War going on between China and the US. What do you have to say about that?**

Ren: First, I would say Huawei is not that important. We are like a small sesame seed, stuck in the middle of conflict between two great powers. What role can we play? The trade conflict between China and the US has not had a major impact on our business. We are expected to continue our growth in 2019, but that growth won't be greater than 20%.

Second, some people in the West believe that

Huawei's equipment is stamped with some sort of ideology. That's as silly as people smashing textile machines back during the industrial revolution, as they thought advanced textile machines would disrupt the world. We only provide equipment to telecom operators, and that equipment doesn't have an ideology. It is controlled by telecom operators, not by Huawei. So I definitely hope that people do not go back to the old days of the industrial revolution when textile machines were being smashed.

18

Fortune: You were talking earlier about the need for the telecom industry worldwide to be integrated and be interconnected. Let's look at what happened to your state-owned rival ZTE last year when sanctions of America shut down the company's production. Are you worried that something similar might happen to Huawei if the US were to impose sanctions? Will it stifle Huawei's business? Secondly, I read that when Huawei was still young, and just a manufacturer of telephone switches, you had a meeting with Jiang Zemin when you told him that telephone switches were related to national security, and that a country without its own telephone switches is a country without its own military. I just want to ask, what do you mean by that? Maybe you still think domestically

producing telecoms equipment is vital to China's national security?

Ren: We have been investing heavily in R&D for years, and we have extended great effort. We are a company that is different from ZTE. What has happened to ZTE, I believe, will not happen to Huawei. On top of that, we have made it clear in our corporate policy and fundamental business principles that we must abide by all applicable laws and regulations in the countries where we operate, including all applicable export controls and sanction laws and regulations of the United Nations, the United States, and the European Union. We are committed to building and improving our compliance system.

If this type of situation did happen to Huawei, it would impact Huawei, but I think the impact would not be very significant. That is because I believe telecom operators around the world would continue to trust us.

Let me give you some examples. One example is the tsunami that happened in Japan. There was nuclear leakage in Fukushima. People were evacuated from the affected areas, but Huawei employees went to the affected areas to restore telecommunications equipment. Huawei employees risked their lives and restored 680 base stations within two weeks. That was a really important lifeline, especially in those difficult times.

Meng Wanzhou also flew from Hong Kong to Japan during that time. There were only two passengers on that flight. Huawei is a company that does not run away in the face of disasters. Instead, we march toward those disaster-stricken areas.

The second example is a tsunami that happened in Indonesia. 47 Huawei employees restored 668 base stations in affected areas within 13 hours, supporting the disaster relief efforts.

Another example is the 9.1-magnitude earthquake that happened in Chile. Three Huawei employees were out of touch at the epicenter of the earthquake. The local team sought my opinion when they were about to send a rescue team. I thought there could be subsequent earthquakes and I feared that there would be even greater losses if we were to send the rescue team. We decided to wait patiently. Finally, those three individuals managed to contact their supervisor. That supervisor told them where microwave equipment was broken. And then those three individuals returned to repair the microwave equipment. We then shot a short movie based on their experience. Afterwards, I went to Chile and talked with those employees. The richest man in Chile gave me a box of very good wine as a gift. I gave it to the three employees.

The other example is Africa. In a lot of African

countries, there is not only war, but also very serious disease. A lot of Huawei employees have contracted malaria. A great number of Huawei employees often go to war- or disease-affected areas to do their job. We have pictures to prove it. If you are interested, we can have our public relations staff send them to you.

We're able to do these things partly because we are not a public company, so we can work truly for our ideals, and for the greater good of society. Public companies tend to focus more on their financial numbers. So no matter how harsh the conditions are, we have committed ourselves to working for the bigger ideals of society.

I also visited a village near Mount Everest at an altitude of 5,200 meters, as well as the base stations nearby. I told everyone that, if I'm personally afraid of death, how could I motivate my people to charge forward?

If Huawei were a public company, I think a lot of behavior that I shared with you just now would not have been possible. Over the past 30 years, Huawei has made very admirable contributions to the progress of people around the world, especially people living in poor and remote areas. Some of our people have even sacrificed their lives. Those people should never be forgotten. Likewise, we should not forget the contributions that

Huawei has made to society. More importantly, we shouldn't allow suspicion to confuse the facts.

For your second question, President Jiang Zemin once came to visit Huawei. That was a time when Huawei was very, very small, and the floor, made of cement, was still wet, not even dry yet. President Jiang did not give any specific instructions. I have never heard of what you mentioned just now. But he did encourage us to work harder.

19 ***Wall Street Journal:* Who do you have in mind to succeed you as the CEO of Huawei? The second question is about your roles in setting Huawei's culture, which is known for, it's very aggressive, with high standards, and is described by people as "wolf culture". What's your role in shaping Huawei's culture? Why is Huawei's culture important?**

Ren: The only reason Huawei exists is to serve our customers. Authority is the propellant and lubricant that drives our shared values. Those who will succeed at the highest levels of leadership and those who will hold the authority in their hands will serve as the propellant and lubricant for driving our shared values forward. If authority is not tempered by constraint, it will hinder or even destroy our shared values. Therefore, our *Articles*

of Governance are designed with the idea of realizing a division of authority, shared progress, and checks and balances. This will ensure that the authority flows in a closed loop, and renews itself with every circulation.

The company cannot place its future squarely on the shoulders of any single individual. If this person runs into trouble, then wouldn't that mean our company's operations would halt? In light of the future uncertainties in the environment where we survive and thrive, we must stick to collective leadership so that we can overcome one difficulty after another, and continually achieve success.

The vitality and continuity of this collective leadership mechanism will be achieved through orderly succession. As I mentioned earlier, this year, we completed an election that was attended by 96,768 employees across 170 countries and regions. This whole governance structure is meant to form a new institution of authority. Therefore, it is the succession at an institutional level that we are looking at and using to guarantee that our shared values, essentially customer centricity and customer value creation, are safeguarded and inherited.

We have several layers of different governance bodies. For each level of governance, the roles and responsibilities are focused and clear. There are divisions of authority, while at the same time checks are

conducted and balance is maintained. That will help prevent authority from becoming too concentrated.

In addition, this helps prevent authority from being used without constraint and stops it from being abused. For example, one governance body within Huawei is what we call the Core Elite Group. The members of the Core Elite Group used to be board members and members of the Supervisory Board. The Core Elite Group is intended to safeguard the long-term interests of Huawei, and also is entrusted with the authority to select governance leaders. We drew inspiration from a famous European management guru, Fredmund Malik, when we designed this governance structure. We also drew inspiration from the governance structure of other established companies throughout Europe and around the world.

Board members are selected based on meritocracy. Their responsibility is to grow more crops or increase the fertility of our soil. They are supposed to lead the company forward. Seniority does not matter when we select board members. Members of the Supervisory Board are selected based on integrity. They oversee the performance of the board members and other senior executives. This is what we mean by authority flowing in a closed loop and renewing itself through every circulation.

We currently have three rotating chairmen. Each of these takes turns to be in charge for six months. During those six months, that individual is the highest leader in Huawei. But this highest leader is also subject to the law of our company. The law is our *Articles of Governance*, and the authority of the Rotating and Acting Chairman is also subject to our collective decision-making mechanism. In other words, the Rotating and Acting Chairman has the right to propose a motion. These motions are then subject to discussion among the three rotating chairmen before they can be presented to the Executive Committee of the Board of Directors.

The Executive Committee consists of seven executives. They will vote, and a majority must be achieved before any motion can be then presented to a plenary session of the Board of Directors. During a plenary session of the Board of Directors, we also follow the principle of majority. No motion can become a board resolution until it passes voting or a decision is made at the plenary session.

Apart from the rotating chairmen, we also have a Chairman of the Board. The Chairman of the Board chairs the Representatives' Commission to ensure rules set out in the *Articles of Governance* are followed by the Executive Committee and the whole Board of Directors.

We also have the Supervisory Board, which supervises

the behavior of board members. So to your question, I don't know exactly who my successor will be. Successors will naturally appear during this circulation, and this process of renewing authority. It's not someone that I appoint. I am not a king.

20 *CNBC:* I just want to ask about your business outlook for the year. I notice this is not typically being the method for Huawei's business, but how much is at the front of your mind, given that some of your European competitors are struggling, the likes of Ericsson for example? Would that help you to diversify your business? Can you give us your revenue outlook for 2019 that you are targeting?

Ren: In 2019, we might face challenges and difficulties in the international market. That's why I said earlier that our growth next year would be less than 20%, and I think our annual revenue for 2019 will probably be around 125 billion US dollars. We will not take advantage of the difficulties that our peers like Nokia and Ericsson are facing, in order to seize their market shares. I also think that the macro environment is in their favor, because there are restrictions on Huawei in some countries, but there are no restrictions on those companies. Therefore, I believe they may have more opportunities than Huawei.

21 *Financial Times:* Several questions related to the PLA. What is the relationship between Madam Sun Yafang and Chinese Ministry of State Security, and how does that relate to Huawei? Second, what is your business collaboration with the PLA, or PLA-related institutions? If yes, what type of products do you provide to them? Third, is there any R&D collaboration or partnerships between Huawei and PLA-affiliated institutions?

Ren: For the first question, the biography of Madam Sun Yafang is available on Huawei's website. Second, we are probably selling a small amount of civilian products to the PLA, but I don't know the exact number, because it is not our major customer. Third, we don't have any R&D collaboration or partnerships with the PLA-affiliated institutions.

22 *Wall Street Journal:* You were talking about President Donald Trump and the investment environment in the US. What are your views on the issues of trade war which is the access of American companies to the Chinese market? Currently foreign investment in the sector where Huawei is involved, which is cloud, is quite restricted. Do you think China should open up the access for foreign companies, and what impacts will this have on Chinese technology companies?

Ren: I'm a person that always advocates open policies; however, I'm not the one who is making decisions.

I can share several stories with you. In 2003, there was litigation between Huawei and Cisco that drew wide attention at the time. Back then, Huawei was still a fairly small company. That was, I would say, an overwhelming case that we had to deal with, and I personally felt enormous pressure, which was mainly attributable to a lack of experience. However, even back then, I didn't try to win the case by inciting nationalistic sentiments against Cisco. Several years later at an airport meeting that I had with John Chambers, he told me that he was aware of Huawei's attitude towards Cisco at the time. This is because we believe that China, as a nation, would only have hope once it opens up and implements reform. The country should not close its door simply because of one company, Huawei.

When unexpected huge incidents happened, like US companies that suddenly decided to stop buying Huawei phones, some people in China said we should do the same to Apple's iPhones in China. My opinion was that the Chinese government should not take similar measures against Apple in China. The national interests or policies around economic reform and opening up cannot be sacrificed for the benefit of Huawei. Even in light of the recent setbacks we encountered in some

Western countries, we still support China, as a country, to become even more open. I think China can become more prosperous only when it becomes more open, and continues to press ahead with its reform agenda.

Wrap-up by Ren: I want to thank every one of you for spending so much time listening to me. I know I do not always speak very precisely, but I think this has been a fantastic opportunity for us to get to know each other better.

I also believe there will be future opportunities for us to meet with each other. Maybe we can deep dive into some of your questions in the future. I think today we covered a lot of topics, and by asking broader questions, I think you have done me a favor. I'm usually more concerned about interrogation-type questions with many follow-up questions. After our meeting today, I think we can drink coffee together some time and have some more casual talks. However, please don't make those casual talks into headlines. I believe we will have more heart-to-heart talks. Once again, my sincerest thanks to all of you.



Ren Zhengfei's Chinese Media Roundtable

January 17, 2019 Shenzhen, China

01

Caijing: Huawei has run into some difficulties lately. Can I ask, have you done a systematic assessment, internally, to determine whether your years of investment in R&D are going to be enough to overcome these difficulties?

Ren: I would say that more than a decade ago, we foresaw the difficulties that we might encounter today. We have been preparing for more than a decade. So, we have not been caught completely off guard for the challenges we face. We will certainly be affected by these challenges, but the impact will not be very large. They will not cause us any major problems.

Caijing: Given the current environment, what do you think about the importance of independent innovation?

Ren: I have never liked the term "independent innovation". I think that science and technology are the shared wealth of humankind. We have to stand on the shoulders of our predecessors. This is the only way to shorten our journey to becoming the world's frontrunner. Aside from farmers who work the land, people shouldn't insist on doing everything by themselves.

If you mean the spirit of independent innovation, then I support it. That means where other people have created something, we should respect their intellectual property, obtain their permission for our use, and pay for it. If we

want to do it again, then we still need permission, and we still need to pay them. That's what the law says. Of course, scientists are all independent innovators. What I'm talking about here are engineering innovations for a company like Huawei.

02 *iGet App:* I would like to follow up on that: What is Huawei's worst-case plan for this current wave of anti-globalization?

Ren: Changes in the external environment don't have that much of an impact on us. We are confident that our products are better than anyone else's. You couldn't make people not want to buy them, even if you wanted to.

I'll give you a few examples: There are very few equipment vendors who can do 5G, and Huawei does it the best. There are not many vendors who can make microwave transmission equipment, and Huawei has the most advanced. Combining a 5G base station with the most advanced microwave technology? There is only one company that can do it, and that's Huawei. We are going to combine our 5G base stations with microwave transport into a single unit. Our 5G base stations don't even need fiber connections. Instead, they can use superfast microwave to support ultra-wide bandwidth backhubs.

In the past, some have said that this technology

is only suited for rural areas. But 5G demands ultra-broadband and microwave delivers ultra-broadband. It works for a wide range of Western countries, too. In most Western countries people live in separate, detached houses. If they want to watch high-definition 8K TV, and access high-speed data, then they need to buy our equipment. Of course, they can choose not to buy from us. Then they will have to pay a very high price to set up some other network.

Our technological breakthroughs have also generated many market opportunities for us. They have given us a lot of what we need to survive. So we aren't as worried as everyone outside Huawei seems to imagine.

03 *Global Times:* For a long time now, the most common accusation from the West against Chinese companies, including Huawei, has been that they steal intellectual property. What do you think about this?

Ren: I can't speak on behalf of all Chinese companies. I can only represent Huawei. Huawei has been involved in several major legal cases in the US, and they have all been resolved with positive results. Huawei today has 87,805 patents, of which 11,152 are US patents. Our technologies and patents are valuable to the information society in the US. We have reached

patent cross-licensing agreements with many Western companies. Huawei cannot speak for other companies, but for ourselves, we absolutely respect other people's intellectual property.

04 ***Xinhua News Agency:* Why does China not have companies like Qualcomm, which use their intellectual property to grow? There are some companies in Shenzhen that do have their own intellectual property, but have been blocked by lawsuits and foreign companies, so in the end they cannot break free, and end up at the bottom of the value chain. I'd like to know how you think China's intellectual property systems ought to be adjusted.**

Ren: If we thought of intellectual property rights as being just the same as other property rights, then maybe China would be better at technological innovation and development. That is to say, we need to state that intellectual property rights are a kind of property right. When you infringe someone's intellectual property rights, you are taking their property. This type of environment would be conducive to innovation.

And without innovation, how can we have a Qualcomm here in China? We should recognize that protecting intellectual property is good for the country's

long-term growth, and not an excuse by some Western countries to block us. Therefore, our country should not support counterfeit goods or knock-offs, and instead should support and protect creativity. Possibly the growth rate will slow a little, but the quality of the growth will be better, and we will see much more competitive companies emerging.

05 ***Xinhua News Agency:*** There is a feeling out there that we are returning to the McCarthy era: That companies and people are subject to attack because they have been branded with a communist label. Do you have the sense that the National Intelligence Law of the People's Republic of China, particularly clause 7, hinders Huawei in any way in the international markets? Do you feel that there is a need to provide some reasonable interpretation of the law?

Ren: First of all, we aren't in a position to interpret the law. But the Chinese government has made its position clear, and the Ministry of Foreign Affairs of the PRC has clarified that no Chinese law obliges any company to install backdoors.

Secondly, the Chinese government also points out that all companies are obliged to comply with the applicable laws and regulations wherever they operate.

That includes export control and sanction laws by the UN, US, and EU.

06 *Shenzhen Satellite TV:* Hello, Mr. Ren. I've been reporting on the news in Shenzhen for many years, and as I recall, over the last 30 years, it's very rare for you to come out and give several interviews over the course of just a few days. Even the international media has remarked on it, saying it's unusual for you to come and meet the media. Is this in response to the unusual difficulties that Huawei is facing? Would you agree with this assessment? What is the message that you are conveying in these meetings? My second question is: Certain Western governments have made accusations about Huawei's cyber security. Do you think that these are simply the result of historical prejudice, or are there some areas where Huawei still needs to improve? How can Huawei dispel the doubts in these Western countries?

Ren: To your first question, these meetings with the media were at the request of our public relations department. They said, at this time, we want to send a message of confidence to our 180,000 employees and to our many customers. We want them to understand us and to trust us. And we want to reassure the general public that we haven't actually run into very major

difficulties.

You probably haven't been to any of our internal meetings. Internally, the mood is very upbeat. We don't feel as if we're in the middle of some great difficulty. But the outside world doesn't know this, so we need to send a message of confidence. They want me to come and talk, because that has more impact. So when I talk to the media, the message I am sending to the public is a message of confidence. Of course, our growth this year may slow a little. I expect it will be less than 20%.

To your second question, on cyber security, we need to distinguish between information security and cyber security. Right now they're all mixed up, and they aren't the same thing. For 30 years, Huawei has provided network services to over three billion people in more than 170 countries and regions, and has maintained a very good track record in security. But of course, we still need to keep improving. We are currently looking at redesigning our software architecture to achieve four goals: simplified network architecture; simplified transaction models; the most secure networks; and GDPR-compliant privacy. Over the next five years, we will be investing heavily in R&D so that we can build the world's best networks. In five years' time, our annual sales revenue will probably double what it is now.

07 *China Business News:* I remember the first time I interviewed you, in 2014, you said, "What is mysterious about Huawei? Lift the veil, and you will only see our wrinkles." I remember that very clearly, but do you think that in the last five years Huawei has really lifted its veil? The questioning voices seem to be only growing in volume, internationally.

Ren: That's because they are seeing more wrinkles! The bigger we get, the more problems we have. If we shrank down to just a tiny point, if we were just the size of a potato, just like a farmer working in his fields, then everyone would know what we were about, and no one would have any doubts about us. As we've got bigger, people can't see the whole picture any more. And even we can't see where the next 10 or 20 years of innovation are going to take us. So people may continue to have questions. But these questions are valuable to us. Scientists love questions – they have to have questions, or they won't ever discover anything new! A scientist doesn't believe everything blindly, so he makes new discoveries. This tells us that questions are a necessary side-effect of progress.

Changes in the information society of the future are beyond our imagination. Over the next 20 to 30 years, there will be a massive transformation, which will dramatically change the way we live. For example,

AI is being applied in our industrial processes, and will greatly increase our production efficiency. You have all visited our production lines. That facility today is not fully intelligent; it's just partially intelligent. But already you saw there aren't many people on the production line. In five years' time, that line may only need five or six people, perhaps even just two or three. And they will mainly be there to carry out maintenance. Of course, many of the people on our lines are PhDs. They're not ordinary machine operators, particularly on the optical chip production line. PhDs with good practical skills are very hard to find.

For any country in the world right now, the focus has to be on education, mainly basic education, and especially in rural areas. A country can't have successful basic research programs unless it provides solid basic education to its children. If we spend a bit more money on rural schools, we will be able to attract outstanding teachers to go and teach there, and motivate outstanding students to go to teachers' colleges. Think back to the older generation like Mao Zedong, Su Yu, Huang Kecheng, Xu Guangda, and Yun Daiying. They all went to teachers' colleges. There was a virtuous cycle of letting the brightest minds develop even brighter minds. Today, that cycle has been broken. Teachers' pay is low. Children see that learning does not lead to high pay, so they don't want to study. This will not provide a strong

basis for the next 20 to 30 years. Society may very well become divided.

Manufacturing that has been completely automated with AI may just return to the West, because there will no longer be problems with labor: no unions, no expensive employee benefits, no strikes.... Production that can't be automated may relocate to Southeast Asia, Latin America, southern Europe, and other locations with relatively low labor costs.

That's the type of polarization that China is facing. We ought to make basic education a matter of vital national strategy in order to face up to the coming transformation in society. Raising the education level of every single Chinese person should be the primary responsibility of the CPC and the government, and the duty of every citizen. Every apartment block and skyscraper around us will be old and rusting in two or three decades' time. If we invest in education, low-income children will be PhDs in two or three decades. They will be leading the way, and the country can march into a period of greater prosperity.

At this crucial moment in history, all Huawei can do is put our own house in order. We can't impose our will on anyone else. So we are investing heavily and charging forward. Just now a journalist from CCTV asked me, "You aren't making very much money, so why invest

so much in research?" For example, our profits this year were 9 billion US dollars, but we invested 15 to 20 billion US dollars in research. But in reality, those 15 billion US dollars aren't an investment—they're a cost. In reality it came from our customers. The money our customers give us isn't for generating profits, it's for generating investment.

Why do we stay ahead of the competition? The lifecycle of new technologies is getting shorter and shorter. In the past, scientists would invent new equations, and then it would be 50 or 60 years before anyone realized that these equations were of any use. After electromagnetism was discovered, it took five or six decades before people found it could be used in radio communications. After that it was another few decades... But that sort of thing is not possible any more. The process has been dramatically shortened. It may not be quite at the millisecond level, but it's very short indeed. If we don't conduct basic research ourselves, and just sit and wait for others to do it, we may end up far behind the times.

China is the most populous nation on earth. If we can turn ourselves into a human capital superpower then we could confidently compete with anyone. That is why elementary school teachers ought to be more respected. Of course, teachers are much better paid today than

they used to be. But to give this country hope for the future – to succeed amid global competition – we should make teaching a profession of real honor.

Today, everyone can see how successful Huawei is. But a very important part of that success can be attributed to scientists from other countries. Huawei offers higher salaries than Western companies, so a lot of scientists have come to work for us. We have at least 700 mathematicians, over 800 physicists, 120 or more chemists, and 6,000 to 7,000 basic researchers. We also have over 60,000 engineers and senior engineers. This is the team we put together to forge ahead. So if this country wants to compete with the West, the only way is to invest 50 or 60 years, or even a century, in transforming our education.

Transforming education isn't about building fancy schools, it's about teachers. The Whampoa Military Academy was known for nothing more than the leg wrappings their students wore and Kangda University in Yan'an for nothing more than its wooden benches. You've seen movies about Kangda University – they set up their benches out in the fields and listened to Mao Zedong lecturing. And out of that they were able to build a new China. Weren't Whampoa and Kangda two of the world's great military schools? So, it's not about the quality of the hardware or the environment.

It's about the people. Teachers are the soul of humanity, and if a country wants to have any hope, it should give the utmost respect to its teachers.

***China Business News:* When you talk about basic education, are you trying to give a warning to society?**

Ren: I think that we as a society should live by two mottos: Let the brightest minds develop even brighter minds. And no matter how poor we are, we can't let our teachers be poor.

***China Business News:* Do you plan to do something in particular to address this?**

Ren: Our job is to run Huawei as best we can, to be an example for everyone. What does Huawei have? Nothing! Huawei has no political connections, no unique resources. We have nothing except for the brains of our employees. What we have done is bring together a cohort of Chinese minds and foreign minds, so that we can achieve the success we have today. This just goes to show you the power of education.

08

***The Paper:* In the 4G era, Huawei outperformed its competitors and became a leader. We thought then that Huawei would target a broader market in the 5G era. Up until now, though, Huawei has had to**

face many external barriers. You just mentioned that Huawei actually anticipated these barriers. My first question is: What measures will Huawei take to overcome these barriers? We visited two of Huawei's labs this morning and clearly saw Huawei has invested heavily in basic research. The Chinese government also encourages businesses and universities to conduct this kind of basic research. So my second question is: What do you think about basic research?

Ren: A teacher once said in her letter of resignation, "The world is large and I want to have a look." It's true, the world is large, and there are many places where we can do 5G, but we can't do all of them at the moment. The exclusion of Huawei from a few markets does not mean that we are excluded from most. The role of 5G has actually been exaggerated, so have Huawei's accomplishments. We have been moving really quickly, and some of our young people are so excited that they just keep talking. This has resulted in a bit of hyperbole.

Honestly, the world isn't in such urgent need of 5G. What people need most right now is broadband, which isn't the primary value of 5G. 5G means much more than broadband. To make full use of 5G, we need to wait for more market needs to develop, and this will take time. Don't think of 5G as a tide that ebbs and flows with the moon. And don't think that if you miss it,

you will miss the opportunity to make a fortune. Instead, 5G will develop over time.

Japan and South Korea are making great use of 4G, which is enough for the time being. This is not the case in China, though. Our smartphones can only reach speeds of about 20 to 30 Mbit/s, even though the 4G networks we provide can deliver speeds up to 300 to 400 Mbit/s, fast enough to support 8K video. The reality in China is that, during the day, our networks can only deliver 20 to 30 Mbit/s, so we can only watch 4K video. 8K video is impossible.

Why? It's because the network architecture isn't great. Because the country doesn't have mathematicians dedicated to researching telecom carrier network architecture. If we can't solve these network architecture problems, there will be no fundamental difference between our 5G and 4G networks. It's like if I have a big mouth, but a small throat. Even if I could fit a huge chunk of steak in my mouth, I wouldn't be able to swallow it. 5G base stations aren't a cure-all, so we need to be more patient.

In the future, 5G will work on millimeter waves. When that happens, for twice cost you can get 100 times greater bandwidth. In other words, you can download dozens of high-definition videos in just a second. We have been able to prove this in our labs. 5G's potential

has not yet been brought into full play. We are going too fast. Shenzhen's use of 5G for live broadcasting of the CCTV Spring Festival Gala is only one demonstration of 5G capabilities; for the time being, it's not enough for large-scale commercial application.

When it comes to technological research, we have a saying at Huawei: "absorbing the energy of the universe over a cup of coffee". What does that mean? It means discussing and working with others, like Google. Google's parent company reinvests its profits into the research of things that seem impossible, for example, the immortality project. They are contributing to social progress and reinvesting their wealth in exploring the future. The same is true at Huawei.

So when we say "absorbing the energy of the universe over a cup of coffee", we are learning from Google: We invest our money to explore the future of humanity. We fund the basic research of university professors because they are the lighthouses of the world. They light the way for us, and for others outside the company too. The difference is, at Huawei we learn things faster, so we develop things faster as well. That's it.

We have over 15,000 scientists and experts dedicated to basic research. Their job is to turn money into knowledge. We also have more than 60,000 people dedicated to product development. They are turning

knowledge into money. We also provide the support external scientists need to explore their own fields.

***The Paper:* If this is the case, then it doesn't seem suitable for basic research to come from companies.**

Ren: If companies don't do basic research, we would be unable to take the lead in our fields or stay ahead of others and earn extra money. We wouldn't be able to make extra investments, and we would end up being an OEM. Why are we confident that we will continue to stay ahead of the competition? In electronics, we have already developed the most advanced chips – our ARM-based CPU and AI chips. In photonic switching, we are also the most advanced. In quantum computing, we are not yet an industry leader, but at least we are studying how to use quantum computers once they are developed by others.

In electronics, photonics, and quantum communications, we are ahead of others in the first two domains and a follower in the third. We have seen that only when we do basic research can we earn extra profits, have enough money for strategic investment, and lead society forward. External scientists often welcome Huawei, because we see them as lighthouses. We don't infringe upon any of their interests.

According to the US *Bayh-Dole Act*, universities and

non-profit organizations are entitled to apply for patents and own the patents of their inventions funded by the federal government. This provides a strong impetus for them to translate scientific research into commercial applications.

We learn from the *Bayh-Dole Act*. We aren't after anyone's property. We choose to work with professors who are top experts in their domains, not the schools themselves.

09 ***Shenzhen Economic Daily:* What do you think of Huawei's basic research? What's your personal goal? I remember two years ago when you attended China's Science and Technology Innovation Conference, you said Huawei had entered into uncharted territory. Is Huawei still at this level?**

Ren: Overall, we are still unsatisfied with our own basic research. Why do I say this? Over the past 30 years, we have made breakthroughs in mathematics, because it is critical to mobile phones and systems. However, in disciplines like physics, chemistry, neurology, and brain science, we are a late comer and are still trying to catch up. Future electronic sciences will be a combination of all these disciplines. Not many people who currently work in these disciplines want to join us. So we still

have a long way to go when it comes to building an information society through science.

When I spoke of uncharted territory, I was mostly talking about latency. Autonomous driving for example is all about latency. Not long ago, my wife and my younger daughter rode in an autonomous car for over two hours down an expressway in Germany. Europe now has Level 3 autonomous driving. As you might have noticed, Huawei and Audi are working together on Level 3 autonomous driving solutions. Level 5 is the highest level for autonomous driving. When that becomes a reality, 5G will have a role to play, but latency will still be an issue.

So right now, our exploration into uncharted territory is about reducing latency. Every circuit has capacitors and resistors, which cause latency. It is impossible to have zero latency. Our world is now running on a saturation curve, and we happen to be on the top of the curve. Newcomers can easily catch up. This is a risk that we face. It's very easy to develop new electronics these days. It's all about stacking up chips. So the things we currently excel at will no longer be our strengths in the future. In this domain, we are also worried that, eventually, we may not be able to continue moving forward.

When the Chinese Premier visited an Imec design platform during his trip to Belgium, they showed him

that this platform could produce three-or even one-nanometer chips. If we have already reached our physical limits and we still can't meet people's needs, what should we do? Especially now, since we can't use grapheme to replace silicon just yet.

We can only stack up chips. But then we have to figure out how to dissipate the heat between these chips. This also requires cutting-edge technology. So thermology will be on the most cutting edge of scientific research in the electronics industry. Huawei also stays ahead in research in this domain, but the things we do are too abstract. We are still finding our path forward to address future challenges. If we keep looking here and there, and we can't find the path forward, then our followers will soon catch up.

10 ***People's Daily:** In one of my previous conversations with an entrepreneur, he said everyday he feels jittery, like he is walking on thin ice, worrying about being overtaken by his peers and being abandoned by his customers. I want to ask if you have similar worries.*

Ren: We also say similar things in our daily work. But if we truly felt that way, we wouldn't be able to move forward. In actuality, we know what we're doing, but we always tend to exaggerate our concerns, as if we were

really worried. Don't take those words too seriously.

***iGet App:* Will Huawei be the next to fall?**

Ren: Definitely.

***iGet App:* But not necessarily the next one?**

***Caijing:* Others are talking about making their companies a century-old brand and creating a lasting heritage. What do you think about this?**

Ren: It is very hard to create a century-old brand. The key is to get rid of slackness. A senior government official once told me he wanted to summarize takeaways from Huawei's management system. I asked him not to. We did enjoy rapid growth in our first 20 years, but over the past 10 years we have also seen a decline in growth. Why is that?

The main reason is that our employees slack off when they get rich. They are reluctant to go to hardship regions and they are no longer willing to take challenging jobs. Getting rid of this slackness is a challenge for us. That's why we put such great emphasis on self-reflection within our company. We want to gradually weed out slackness through self-reflection. But I don't think this process is easy. In truth, reinventing ourselves is much more difficult than helping others reinvent themselves.

11

iceo.com: Last year at a Huawei human resource workshop, your employees submitted a lot of suggestions to you, which they summarized into a list called "Ten Things Ren Zhengfei Should Improve". Do you think their suggestions made sense? Have you improved based on these suggestions?

Ren: We published this list openly on our *Xinsheng Community*, an internal online forum we use at Huawei. All of our 180,000 employees were invited to brainstorm and discuss how to make changes. The aim of this exercise is to create a company culture that will gradually transform some of our internal mechanisms. Usually, I only read critical comments on *Xinsheng Community*, and skip the good ones. I want to see what happens on the ground, and whether our management is doing the right thing. If I find something wrong, I send someone to investigate whether there is really a problem.

12

CCTV: You talked a lot about basic research. Did you ever think of becoming a scientist when you were young? Have you ever thought that you might have taken the wrong path in life? As you just mentioned, Huawei has a lot of money and does not know how to spend it. Huawei has developed very compelling products. Now, there was a rumor that Huawei planned to cooperate with Yuan Longping, the Father

of Hybrid Rice, to develop rice that can grow in seawater. Huawei denied this rumor, but the rumor may reflect the desire that many people have for Huawei to deliver more and better products. Does Huawei have plans to expand into other sectors?

Ren: Ever since we were a relatively small company, with just a few hundred employees, we have focused all of our efforts on one direction. Even as we grew larger, from several thousand employees, to tens of thousands, and now today with over 100,000, we have maintained this same focus as we move forward.

Our annual R&D investment alone has reached somewhere between 15 and 20 billion US dollars. And that's just investment in R&D. Other departments are charging forward too, so our spending is far more than just 15 to 20 billion. Only by focusing on a single direction can we secure a strong foothold in this world. If we had too many distractions, we wouldn't be able to run fast like a high-speed train.

When we say we have too much money to spend, what we are trying to emphasize is our desire to increase our investment for the future. We need to spend our money, but it's not easy to spend that money in the right way. Every department needs to spend money, and we have an extremely strict budget review process. For example, we have allocated 3.68 billion US dollars

for strategic purposes. Our departments are under great pressure to spend the money we allocate them effectively.

I'd like to share another example. Many of our trainees within our Huawei University are PhDs and masters, including graduates from top universities overseas. Outstanding employees who have successful field experience come back to Huawei University to receive further training, and then they go back to the field again to further gain hands-on experience. This process constantly repeats itself, and that takes a lot of money. Huawei University is still under restoration right now, or we would give you a tour. You are welcome to visit it next time though.

13 ***Caixin Weekly:*** Mr. Ren, you mentioned that there may be many opportunities in the future intelligent world. Huawei has become a leader in many fields like chips, servers, and cloud, and it seems that there are no benchmarks for Huawei worldwide. Does Huawei have business boundaries? If yes, what are the boundaries? Many partners are worried that Huawei will take away their business.

Ren: In fact, all Huawei does is make piping, providing infrastructure for the flow of information. Aren't the

servers and storage equipment that we provide like a pool? Aren't the devices we provide like water taps? All these technologies are interconnected.

Why has Huawei made such rapid progress in consumer technologies? Because we have a lot of strategic reserves in pipe technology, and we allocate our surplus resources, including our scientists, to serve our consumer business. So our consumer business has taken huge leaps forward.

We will never expand into sectors beyond these business boundaries. The day before yesterday, a foreign journalist asked me if Huawei would make cars. I said never. We only develop individual modules that can be used in connected cars. We provide electronic modules, like edge computing, for cars. We might be the world's best in this domain, but we will not expand into making cars. What we will do is enable carmakers to use our modules to make autonomous driving a reality.

But again, we will never make cars. We have boundaries, and we will never cross those boundaries. We only focus on the fields that revolve around information pipes, and lop off anything that strays beyond these boundaries.

14 *Caixin Weekly:* Recently, I've seen a lot of reports or speeches, including those from US think tanks, saying that China and the US, may lead two separate camps when it comes to technology in the future. What are your views on this? We know that Huawei never takes sides, but will it be possible for Huawei to remain independent from this game between the world's largest players?

Ren: If there is a competition between China and the US, China's top priority will be education. We have assigned more than 40,000 Chinese employees to overseas postings over the years, and most of them have been reluctant to return to China. Why? Their children's education. How could they get their children enrolled in schools in China? China's educational system is totally different from the rest of world.

There are also many other issues that hinder the return of our employees and their children. Even in Africa, our employees' children can go to the best schools available. Here in Shenzhen though, they just can't. This is just one example of how education is the most pressing issue for China. We must protect our children's right to education. As parents, what we care most about is our children. Therefore, it's wrong to blindly pursue demographic dividends, as AI is reshaping our way of production.

In response to a question from Mr. Zhu Yanfeng, the President of Dongfeng Motor, I once said that China can start with tractors to advance its autonomous driving agenda. We should avoid competing neck-to-neck with the West. We can make tractors that work 24/7, without worrying about mosquitoes, heavy rain, or high mountains. Can't we improve our agricultural productivity this way?

15 *Jiemian News:* You have mentioned AI many times during the interview. Many companies currently view AI as a major target and are talking a lot about it. Are you concerned that this trend will turn AI into a bubble?

Ren: We may see an AI bubble, but we shouldn't be afraid of it bursting. Huawei is happy to hire experts and engineers that fail as the bubble bursts. Why? Because we need to change our production structures and our global service structures. We need people like them. Why do we need people who have failed? Their ideals are more often than not too big for the platforms they work on. Huawei's platform is big – big enough for them to dance to their heart's content.

Why might AI bubble? When there are too many companies creating the same thing all at once, even if the market only needs one of them, that's when bubbles

occur. For example, who could replace Microsoft's Office systems? When a robot that fits the definition of "robot" in every sense appears, 90% of robot companies will be in trouble. Therefore, it's difficult for me to say whether AI will bubble.

Let me tell you about how Huawei deploys base stations on mountains in Xinjiang, China. Couriers from JD, China's largest online retailer, go up the mountains on motorcycles, and install our equipment using our product guides. Our engineers in Xi'an then commission the equipment and run acceptance tests. Once acceptance reports and invoices are generated, we pay the JD couriers.

If we don't use AI to raise efficiency, there is no way we can reduce costs, generate high profits, or increase future-oriented strategic investment.

16 *Nanfang Daily:* What do you think are the major difficulties facing Huawei right now?

Ren: It's hard to say, beyond difficulties, there's nothing but difficulty. There are difficulties everywhere.

17 *Caijing:* What's your plan for international business expansion?

Ren: There won't be any change [to our current plan]. We will continue with what we have been doing.

Caijing: What areas do you plan to focus on?

Ren: We won't change our direction or enter into domains that we are not familiar with.

18 *Global Times:* Western media agencies have already asked questions about Ms. Meng Wanzhou, but I still would like to talk about this. I hope you can answer my questions as a father. When did you first hear that your daughter was detained in Canada? Are you currently able to communicate freely with her? How is she doing? US authorities have until January 29 to formally request extradition. Do you currently foresee any difficulties?

Ren: Meng Wanzhou and I were both going to Argentina to attend a meeting. She was supposed to be a primary host for the meeting. Unfortunately, she was detained when transferring flights in Canada. I set off two days later and transferred through another country.

We will settle the case through legal procedures. As a father, I'd like to first thank the Chinese government for safeguarding my daughter's rights and interests as a Chinese citizen and providing her with consular

protection. I also want to thank the general public for their support for and attention to Meng Wanzhou's case.

I am currently able to reach my daughter by phone. Over the phone, we tend to just joke around with each other. Wanzhou is very tough.

19 *Caijing:* You are against the idea of independent innovation behind closed doors, right? But you have acknowledged in the past that the first inventor of quantum computers will probably be IBM or Microsoft.

Ren: That is my personal opinion.

***Caijing:* Huawei may not be the first inventor [of quantum computers].**

Ren: I'm sure we will not be.

***Caijing:* Huawei has been pouring huge sums of money into research and innovation every year. You also said that Huawei must stand on the shoulders of its predecessors in order to move ahead. How do you strike a balance between joint technological innovation and independent innovation?**

Ren: I support the spirit of independent innovation. The innovation of all scientists is inherently independent. It is part of the spirit of innovation. I think it's feasible

to emphasize independent innovation in cutting-edge domains with a lot of unknowns. An example is China's Chang'e 4 Lunar Probe. If others don't give you what you need most, you have to be independent and create it on your own.

But we shouldn't overemphasize independent innovation at lower levels. Trying to independently innovate a simple screw doesn't make sense. Small and medium-sized companies in Japan and Germany are great. There is a Japanese company out there that has been making screws for decades. They have good screws that never become loose, and are perfect for high-speed equipment, high-speed rails, and aircrafts all over the world.

I once visited Leica. Its factory is located in a small village. One lady there had been working on surface painting for 35 years. She said machines cannot replace her because her technique is more refined, so she can continue to do the work. I think it's definitely feasible for a person to completely focus on a single job in a down-to-earth manner. As long as someone is already great at a job, we don't have to reinvent the wheel in order to prove how great we are. I think openness is the only way we can reach our targets rapidly.

20

Caixin Magazine: The US may be the cause of many problems. Using our magazine as a platform, what would you like to say most to the US government or people?

Ren: I think opposition [against Huawei] only really comes from a few politicians in the US. These few people cannot truly represent the whole of the American people. They cannot represent all of its industries, companies, or science and technology communities. The US industry and business communities still firmly support us. They are committed to enhancing cooperation with Huawei. The voices of a few politicians may be loud, but we need to wait and see what role they will end up really playing.

21

iGet App: Why did you call Donald Trump a great president? Your comment has generated a lot of discussion.

Ren: President Trump has reduced tax rates to extremely low levels. This is good for industrial development, potentially giving the US a hundred-year edge. However, the US economy will decline sharply if Mr. Trump continues to pick fights, intimidate other countries, and arrest people without any justification. These actions will scare away investors. If that happens, no one will be able

to make up for the lost tax revenue, eventually leading to a significant slowdown in the US economy.

The US may truly flourish if the next president maintains low tax rates and focuses on improving relationships with other countries. The next president might say, "Come invest in the US. We have a good business environment for you: low tax rates and cheap land. Everything is cheap."

Mr. Trump has done a great job in tax cuts. Similarly, Deng Xiaoping dug a "trench" [in Shenzhen] so that water (investment) would flow into it, giving a strong boost to the Chinese economy. For this reason, I said Mr. Trump is a great president. But he also faces fair criticism in other aspects. No one dares to invest in the US right now. So you see, there are two sides to that coin.

In the UK, former Prime Minister David Cameron and former Chancellor George Osborne told me that they wanted to cut taxes and reduce welfare a bit. These two would offset each other and result in a balanced economy. How would they reduce welfare? They wanted people living on government-backed benefit plans to first apply for a job. Those who couldn't get a job would be provided community service positions, such as looking after the elderly, providing housework services, or cleaning streets. If people didn't work, they wouldn't be entitled to government benefits. The UK is pressing

ahead with tax cuts, lowering the tax rate down to 17%. As a result, the UK is re-opening its door to investment.

22 ***Xinhua News Agency:*** You just mentioned that Huawei will invest 100 billion US dollars to restructure networks. Could you please elaborate on this? Which systems will you restructure? Is there a timetable for this? This kind of restructuring can't possibly be a response to changes in the international market or public opinion. This initiative must involve your strategic assessment of future opportunities. In your opinion, what important opportunities will emerge from the global communications market?

Ren: Our plan is to simplify networks, simplify network transaction models, build the world's most secure networks, and enable privacy protection in line with Europe's GDPR standards. As long as we can meet these four objectives, we will still be able to grow.

China Business News: How about future opportunities?

Ren: Network architecture restructuring and future demands for video will present us with tremendous room for development. In our exhibition halls, you were able to watch 8K TV. It was amazing, wasn't it? Economically, Beijing, Shanghai, Guangzhou, and Shenzhen in China are primed for these technologies, so why shouldn't we take a crack at it?

23 *Caijing:* Huawei currently looks like it has a bright future ahead of it. Why did you say that Huawei will be the next to fall?

Ren: It's bound to happen sooner or later. It is a philosophical proposition, not a realistic one.

24 *iGet App:* Huawei is one of the few companies, if not the only company, that is very successful in both B2B and B2C businesses. How did you make that happen?

Ren: We applied our technological know-how from our network business to our mobile phone business. Take the imaging systems of our mobile phones as an example. They were originally developed using our mathematical research for network imaging systems. Moving forward, our network connectivity business will be even more successful. Our networks will support the best and most intelligent connections. All of these domains are interconnected.

25 *iGet App:* Is your success in the consumer business accidental?

Ren: As you know, we are moving into an intelligent world. How can we give that world the ability to sense? We must use devices, which rely on sensors and screens to sense. Therefore, there will be an avenue for the development of the device sector, including the Internet

of Things. Mobile phones are just a sub-section of the device sector.

26 ***The Paper:*** When you were interviewed by the international media two days ago, you commented that Apple is an example you look up to in terms of privacy protection. Huawei also advocated "learning from Ericsson" in the past. Given your current business structure and scale, is there still a role model for Huawei to learn from? What do you think Huawei should do now and how will you determine the direction of your business presence?

Ren: First of all, Amazon's development model is worth learning from. Originally a bookstore, Amazon has suddenly become the world's biggest competitor to carriers and telecom equipment vendors. Second, Google is also a marvelous company to look to. Let's just see how Google taps into the full potential of its army of PhDs. Third, Microsoft is also a good role model. How is it possible to say there are no role models left for us to learn from? Teachers are everywhere. There is always someone for us to learn from.

27 ***The Paper:*** Apple is also currently caught in an innovation dilemma and its performance and stock

price are declining. What are your comments on this?

Ren: Apple is a great company, as it has driven the development of mobile Internet and led to dramatic structural changes to society.

28 *Xinhua News Agency:* **How do you want Chinese netizens to perceive Huawei? What kind of image do you want Huawei to establish outside of China?**

Ren: I think Chinese netizens should have more tolerance. As you are aware, some scientists were lambasted by people on the Internet for their unconventional insights. These scientists are just like Copernicus. His heliocentric theory was considered nonsense when he first proposed it. People thought, "How dare you challenge commonly accepted beliefs? Do you have some kind of god complex?" We need to tolerate the Copernicuses of our day, so that our country can create new things. Scientists may come up with a lot of new ideas, and some of them may not be easy to understand. We must show tolerance.

29 *Global Times:* **You have a military background. You are also a CPC member. Is this experience and identity an advantage or a burden for you when you manage**

such a large multinational company?

Ren: There is no necessary link between these two things. Please do not confuse business models with ideology. Let me give you an example. In the West, many people believe in a higher power. However, they designed the first coal-powered train. We are in a business world today. Being a CPC member doesn't mean we have to be like Lei Feng, fully devoting ourselves to work and never asking for anything in return. It doesn't mean we shouldn't go out and evolve our business models. Why do we need to develop a market economy? We want to use laws of economics to deal with laws of economics.

30

***People's Daily:* You placed cyber security and privacy protection at the top of Huawei's agenda for this year. What's the reason behind this?**

Ren: This is a permanent requirement, not just a part of this year's agenda. Why? In the age of transmission and switching, no virus could compromise network security. Therefore, in the 1980s, we did not need to worry about cyber security in our communications systems. The emergence of IP networks later involved different routing paths and presented us with several new vulnerabilities. In the future, we will enter the cloud

age, where vulnerabilities exist everywhere. Customers will buy from those who can ensure cyber security. The reason we place cyber security at the top of the company's agenda is that we will need to support the new cloud age. So this is not just a requirement for this year; it is a permanent requirement.



Ren Zhengfei's Japanese Media Roundtable

January 18, 2019 Shenzhen, China

01

Host: Before we begin, I'd like to ask a question on behalf of some of my colleagues in the media. Several people have told me that you are a fan of Japan, Mr. Ren, and that you like the song *Spring in the North Country* (by Sen Masao). When did you first go to Japan? What are your impressions of Japan? Why do you like *Spring in the North Country*?

Ren: I first went to Japan over 30 years ago, when I was still very young. I have visited many times since, and of course, the country has left a deep impression on me. After the Second World War, Japan was in an even more difficult situation than China has faced in its history of natural disasters. That Japan has been able to develop into the flourishing country it is today is clearly due to the hard work of the Japanese people.

I only have a very simple understanding of the song *Spring in the North Country*. A young man leaves his home for work, and forgets to write to the girl back in his home village. When he returns home a few years later, she is already married. Marriage is a narrow bridge, so when one person is walking on it, there isn't room for anyone else. Losing love because of the pressures of work – I think a lot of people have experienced this. It speaks to me, what the Japanese people experienced while trying to raise themselves up through hard work. In China, it is often understood as a love song, but I

don't think that's quite what it is. I think this is a song about dedication. Everyone has to leave home and find a job. Who will be the one to suffer the most? Mothers. Mothers always worry about whether their children are eating properly. Japan and China both have experienced poverty. Not every family could send all of their children to university. Mothers would often ask the elder brother or sister to get a job and earn some money, so that perhaps a younger brother or sister could get more of an education. Fathers and big brothers would both work in the fields, so elder brothers would look just like their fathers, faces full of deep-set wrinkles, not talking much but smoking their cigarettes, and having a few drinks to relax when they have the time. Spring in the North Country is the story of Japan's culture of hard work. We understand that very well, because we have experienced poverty, too.

Everyone knows how beautiful the Japanese cherry blossom is, but how should we understand that cherry blossoms being a symbol of the Japanese spirit? A single pink petal of a cherry blossom is not particularly beautiful. A full flower is not beautiful, either. One cherry blossom tree alone is not beautiful, nor is a small grove of sakura trees. What is beautiful is an entire landscape covered with cherry blossoms. And it is this whole landscape of cherry blossoms that represents the spirit of the Japanese nation. The unity of the Japanese people

is rare, and it is the source of Japan's beauty.

Everyone sees how China has been transformed in the last 30 years; of course, we have not progressed enough. We need to redouble our efforts for the next 30 years or even longer. Every nation has its unique strengths, and we can all learn from each other. We have plenty to learn from the conscientiousness of the Japanese, and their high-quality management.

02 *Mainichi:* We visited your Songshan Lake campus yesterday, and saw the black swans. We thought Huawei may now be facing a "black swan" moment. As I understand it, Mr. Ren, you very rarely give press interviews, but in the past few days you have met with Western media and Chinese media as well as with us, the Japanese media. I'd like to ask, are you talking to the media because of certain crises?

Ren: First, thank you for visiting our Songshan Lake campus, known as Xi Liu Bei Po Cun. We are building Huawei University there, at a site called Sanya Slope. The Songshan Lake campus was designed by Nikken Sekkei Ltd. A Japanese architect named Okamoto led the design of the entire campus. The artistry and architectural design are all Japanese. We're just residents!

Secondly, the reason for my recent series of interviews

is that our public relations department asked me to do so. They believe that at this moment we need to boost the confidence of our 180,000 employees, so that they remain committed. We also hope to help our customers understand us better. We are sending a positive message to the world, so that the public understands us even better, and we also aim to inspire confidence in partnerships with Huawei in certain regions.

03 *Asahi Shimbun:* Yesterday we visited Huawei's Cyber Security Lab, and saw a lot of the work that Huawei has been doing on cyber security. But it seemed to us as though this work is all going on at the technical level. The suspicions of certain countries, led by the US, focus on whether Huawei is truly free from government control. When you spoke with the Chinese media yesterday, you also said "please don't confuse business models with ideology". In the past you have said, "Huawei has never received any improper requests from the Chinese government." Huawei has a presence in more than 170 countries, and you may well obtain top secret information. I would like to ask, what is the standard that you apply to distinguish proper from improper? If the Chinese government made requests that were legal under Chinese law, then would Huawei provide information to the government?

Ren: First, Huawei has stood the test of time for 30 years now. Huawei provides network services to over three billion people in 170 countries and regions. For three decades, we have maintained a very strong security record. Our values are that we are customer-centric. We aim to do whatever is best for our customers. We would not do anything that goes against their interests. Someone might ask me, "In the future, will you comply if the rules require a transfer of customer data?" I would tell them, no. Anyone who requires us to do something like that, we would refuse. I won't do it, and this company won't do it.

Secondly, we are just an equipment vendor. Control of networks is in the hands of the carriers, not ours. We don't hold any customer data.

04 Toyo Keizai: Huawei is a very democratic company, with globally unique operating models that we can discuss and learn from. I think that in Huawei's corporate governance, there is a gap in information disclosure, and that is around the Party committee. Applying the values of European, American, and Japanese companies, if a company has this organization, then key information about it should be disclosed. Could you talk about the Party committee within Huawei? You are a CPC member yourself; what

**is your position in the Communist Party of China?
What role do you play?**

Ren: First, Huawei is owned entirely by its 96,768 shareholding employees. There is not one yen of stock held by a non-employee. Not one yen of stock is held by any external organization. No government body holds even one yen of our stock. My personal holding is the largest, at 1.14% of the stock. Steve Jobs held 0.58% of Apple, so I think my personal holding could be reduced a little further.

At Huawei, each department nominates candidates to be representatives of our shareholding employees, and then feedback is solicited level by level. The latest round of elections took all of 2018 to complete. On January 12, 2019, we finished the voting process at 416 polling stations across more than 170 countries. A total of 115 representatives were elected.

Second, under the CPC constitution, all companies in China are obliged to set up a Party committee. The Party committee is democratically elected by Party members. It's not an administrative department within Huawei. The committee members are not appointed through any administrative process within the company. I myself do not hold any Party position. The Party does not get involved in any of the company's decisions or operations. Its main function is educating employees and increasing

employee awareness. It reminds our staff to comply with regulations and obey the law, to help ensure internal and external compliance.

We have an internal network called the *Xinsheng Community*. The *Xinsheng Community* is managed by the Party committee. It's completely open. Anyone can read it, any time.

05 *Kyodo News:* There is a rumor that certain countries, including Japan, are making moves to exclude Huawei. What is the company doing to respond to these moves? Second, we believe that these suspicions are not really directed at Huawei, but are a result of a lack of trust in the Chinese government. How do you see the situation?

Ren: The only solution is to ensure we make the best products and deliver the best services, to help our customers maximize their value. That way our customers will continue to accept us. I am not too worried about these issues.

06 *Diamond Weekly:* There is a line in the Huawei Charter that says, "Huawei is only a communications equipment provider; it does not offer information

services." Today, Huawei is the world's second largest vendor of smartphones, and the largest vendor of communications equipment. You have also set targets in AI and cloud services. I am struggling to understand, given this excellent foundation, why Huawei doesn't offer information services.

Ren: If we offer information services, then we might begin competing with our customers. Then they would no longer buy our equipment, and we would quickly wither away. Everyone has seen that we are entering the cloud service domain, but in fact, we are providing the fertile soil in which cloud services grow. All the crops, the corn, the soybeans, the sorghum, the sweet potatoes, the peanuts...we don't grow any of them. They are all delivered by information service providers. But we provide the platform – the fertile soil in which these services can grow.

07 *Diamond Weekly:* I understand, but might a future generation change this rule? For example, when another executive takes your place?

Ren: We have a governance structure that very effectively transmits our corporate values, and we have our *Articles of Governance*. This document is like the company's constitution. All managers in the company have to swear

an oath to uphold the *Articles of Governance* before they are appointed above a certain level. Might individual plotters and schemers sneak in there? No, that would be impossible, because as soon as they betray the spirit of our *Articles of Governance*, everyone will see it and will push them out. We will never follow any one person like a cult. We will always move forward towards our shared values. We'll never go against these goals.

08 *Yomiuri Shimbun:* It is not just the US government now. The Japanese government may well follow the US's decision. Will that affect Huawei?

Ren: I have never felt that Huawei has been excluded by the Japanese government. I am sure that China and Japan will stay on friendly terms, because the two countries reinforce and depend on each other. China and Japan will be richer and stronger if we work together. So I have never felt as though Japan is a cold place. I think that Japan will continue to embrace us.

09 *Jiji Press:* Last month Ms. Meng Wanzhou was detained in Canada. How did you feel when you heard about that? And how does Huawei intend to handle this incident?

Ren: I was shocked when I heard that Meng Wanzhou had been detained in Canada. She and I were both going to Argentina to attend the same meeting. She was supposed to be the main host for the meeting. I set off two days later and transferred through another country. The meeting was still a success in the end, which was some consolation to Ms. Meng, because she had been preparing for this meeting for a full year.

Meng Wanzhou's incident is in legal proceedings. I won't say too much about it here. I'm grateful for the concern and attention our Japanese friends here, and the Japanese people in general, have shown for Ms. Meng. Huawei is a responsible company, and we have a very good record on cyber security in Japan. We are working hard to ensure that our customers' networks function as normal under any circumstances.

Throughout the earthquake, tsunami, and Fukushima nuclear leakage crisis, Huawei staff ran towards the dangerous zone as everyone else was running away. We restored 668 base stations within two weeks in order to support rescue and relief efforts. At that time, Wanzhou flew from London back to Hong Kong and then from Hong Kong to Tokyo. On that flight from Hong Kong to Tokyo, there were only two passengers, and she was one of them.

When she was detained in Canada, a Tokyo resident

wrote her a letter. Wanzhou and all our family choked up when we read it, and Wanzhou wrote back to the sender. At least the people of Japan still remember us. The friendship between China and Japan is built on connections between individuals like that. As long as people are making connections, that relationship is lasting.

We also have much to learn from the way the Japanese deal with hardship. For example, when I went to Japan, I noticed that people eating out would always order one dish from Fukushima. It was their small way of supporting the disaster-hit area. We should learn from this spirit of solidarity, and buy more vegetables and pork from China's poor, mountainous regions. It could be part of our poverty relief efforts. In the aftermath of the Wenchuan earthquake in China, we all saw the dedication and heroism of the rescue teams from Japan.

10

***Nikkei Business:* Which countries might make moves to "oust" Huawei in light of the trade war between China and the US? How do you feel about this situation? What impact will it have on Huawei and the Chinese economy in the mid- to long-term?**

Ren: In the past there were some customers who didn't buy Huawei's equipment. That didn't mean that all

customers around the world were against us. Now, there are a few customers who are no longer buying from us. But at the same time, those who didn't buy from us are now beginning to buy our equipment. For us, it all balances out in the end. This year we will continue to grow, but I predict that our growth rate will be slower than 20%.

11

***Mainichi:* This is the first time you've given an interview to the Japanese media, Mr. Ren. I've always wanted to ask you something that we are very interested in: Given your age, what are your instructions to your successors, including Meng Wanzhou?**

Ren: First, my successor will certainly not be Meng Wanzhou. Ms. Meng is a manager. She is very skilled at handling internal management issues. But my successor will definitely be a fighter. It will be someone with deep insight into the markets, someone with a very strong technical background, and plenty of experience out there in the marketplace. They will have to have a profound understanding of philosophy and sociology. A leader is not someone who works at the coalface day after day, shoulder to shoulder with the workmen. A leader's most important ability as well as their most important responsibility is to have a clear vision of the path forward.

Our succession mechanisms are different from any other company. It's not up to an executive to decide who will be their successor. Instead, the leadership team as a whole recommends the candidates. The representatives of our shareholding employees will consider and select the next leadership team from among them. It won't be one person, it will be seven people. They will form the Executive Committee of the Board of Directors. Among those seven, there will be three who rotate to chair the Executive Committee meetings. Each person will get just six months as the rotating chair each term. When the Executive Committee meets, the chair must be the last to speak. If they speak first, then everyone may just be guided by their opinions. The group of seven should have full and frank discussions, even a few arguments, and then vote and come to a decision. Four votes will constitute a majority in the Executive Committee. But this will not yet be a board resolution. It is a proposal to the board, which will be presented to the full 17-member Board of Directors for discussion. Only after that discussion does the full Board of Directors vote and come to a resolution.

All of these rules and procedures are monitored by the Representatives' Commission, which is led by the company's chairman of the Board of Directors, and also by the Supervisory Board. The company's highest leaders are subject to the "rule of law", which means our *Articles*

of Governance. And these leaders are also subject to a democratic decision-making process. With this mechanism in place, the leadership team can gradually be replaced with the next generation. So we don't need one successor; we need a group of successors.

12 ***Toyo Keizai*: This year is the 40th anniversary of China's reform and opening up. Deng Xiaoping once said, "China will not seek hegemony", which helped China attract investment from foreign countries. Japanese companies are also very willing to work with Chinese companies. But now new obstacles are emerging, in the form of information security and cyber security. The trade issue between China and the US is in nature a competition for hegemony. Huawei is a great company, but in recent years it has seemed as though it wants to do everything and can do everything. It has grown incredibly fast, and this has provoked fear in Japanese business. What do you think about economic hegemony?**

Ren: In the 1980s, the friendly relations between China and Japan were a really wonderful thing. Japan invested heavily in China, and helped to drive China's economic development. For many years, there have been many missteps in the relationship between the two countries, but with the recent meeting between President Xi and

Prime Minister Abe, China and Japan have restored friendly relations. China has also amended its own commitments at the WTO. We believe that China is becoming more open. It's important not to confuse public opinion with what we can see and hear with our own eyes and ears. We should seize the opportunity and grow even faster.

Huawei will continue to grow. First, Huawei will never make cars. The products that Huawei manufactures are highly complementary to those made in Japan. A lot of our materials and components are sourced in Japan. Last year Huawei procured 6.6 billion US dollars of materials and components in Japan. This year, that figure will be about 8 billion US dollars, and in five years' time, our procurement will top 20 billion. So Huawei is not seeking hegemony. We are a buyer. And we also help press for improvements in Japan's precision manufacturing of components and materials. We are setting increasingly higher requirements for our Japanese partners, so we are a factor for advancement in Japanese industry. Huawei brings long-term, sustainable growth for our Japanese suppliers.

13

***Nikkei:* The US is placing restrictions on the business that its companies can do with Chinese vendors. Last year ZTE was hit with an order banning US producers**

from supplying it semiconductors, causing great difficulty to the company's production. If the US were to impose embargoes on Huawei, what response would Huawei have, or what would you do?

Ren: We would never find ourselves in the same situation as ZTE. These kinds of restrictions would have some impact on us, but not that big. If the US really decided to take those steps, it would force us to develop our own replacement products. The end result wouldn't be good for the US.

14

Kyodo News: There are now a series of allegations that have been made against Huawei around the world, for example, the claim that Ms. Meng Wanzhou broke US law, some issues in Poland, and claims in the US that Huawei has stolen technology. In Poland, Huawei very quickly terminated the involved employee's contract. Is that because an internal investigation corroborated the accusations or some other misconduct of this employee?

Ren: On the civil suit between Huawei and T-Mobile, all of the disputed issues have already been resolved in court. Neither side has suffered any loss. As to whether the US plans to file criminal charges, we have not been informed yet. That's just media reporting.

The Meng Wanzhou incident is undergoing legal proceedings, so I can't comment on it. In Poland, we have issued a lot of company regulations demanding that our staff always comply with the law and regulate their personal conduct. If this person is found innocent in court, we can rehire him and compensate him for his losses.

15 ***Diamond Weekly:*** Huawei invests a lot of money in R&D. In the Japanese business world, many people are curious: How does Huawei secure sufficient cash flow? Can you confirm that you don't receive funding from the Chinese government or the CPC? In this series of interviews with the media, you've tried to show us that Huawei is open and transparent, and I do think you've been very open on the subject of cyber security. But in terms of finances, I think Huawei could be a little more open and transparent, as a multinational company.

Ren: Our financial reports are audited annually by KPMG. And our annual financial reports are all published online, going back many years. You can check them all. KPMG certainly isn't hiding anything.

Everyone knows that we invest a lot in research, but this investment is all accounted for in our costs. We set aside a certain proportion of our revenue specifically for

R&D. We turn our profits into capital, so that we are able to support our heavy investment in R&D. We've never had any serious barriers or difficulties with cash flow.

16 *Asahi Shimbun:* Last year was Huawei's 30th anniversary. I understand that you had been through the Cultural Revolution, and that when you came to Shenzhen you were hungry for something different. Today's new hires have a very different experience. Perhaps they are not as hungry as you once were. You once said, "It will take 50 to 60 years for Huawei to catch up with the US." Do you think that Huawei can narrow the gap with the US?

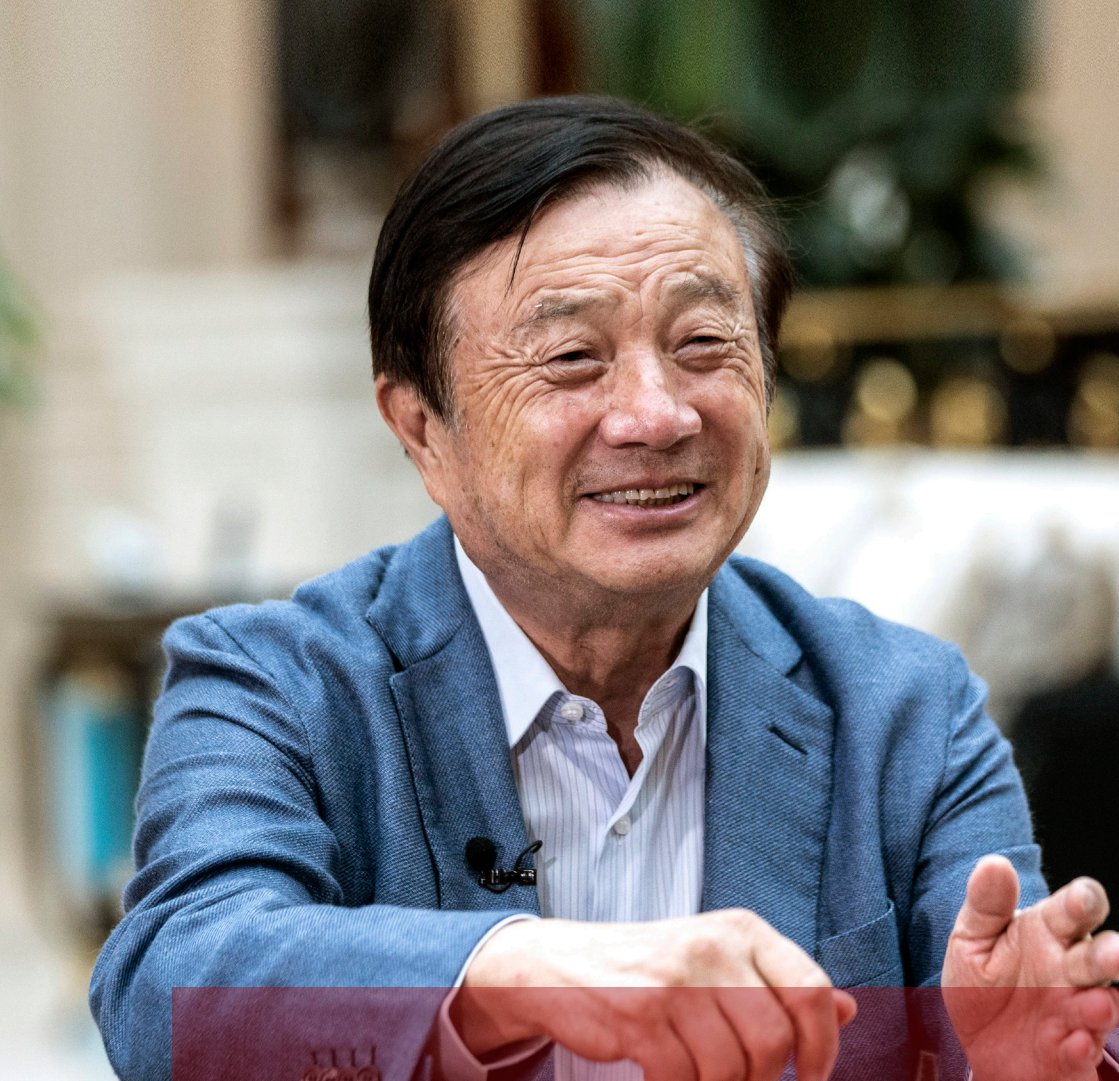
Ren: I said that there is still a 50-to-60-year gap between China and the US, not between Huawei and the US.

Huawei has many employees who are now very wealthy. If they don't want to work hard any more, they are welcome to retire. Our regulations say they are allowed to retain some of their company shares, and they will be able to live on the dividends. If they don't want to work, but stay in their positions, then our young people will not have opportunities for advancement. Huawei needs a constant turnover of new blood to keep us in fighting form.

I actually find that young people are more committed than we are. They are not driven by hunger. They are driven by a sense of mission. Of course, there are some young people who are lazy. They don't have much to do, so they go online and spout off. The Internet has a very powerful amplification effect, so the result is that everyone thinks young people are lazy. In fact, there are still a lot of hard workers.

Five thousand years from now, there will still be presidents, and they will be elected from the youth of that time. I am confident that young people will prove even more dedicated than us. I think we are getting better, generation after generation, not getting worse.

Thank you, our friends in the media, for visiting Huawei. Now that we know each other, we will have more opportunities to meet and talk in the future. Talking more is the only way for us to really understand each other. Huawei remains open and transparent to the media and the public. Thank you all for coming.



Ren Zhengfei's Interview with the BBC

February 18, 2019 Shenzhen, China

Karishma Vaswani: This is an opportunity for the world to understand your position. These are a lot of misconceptions about Huawei right now around the world. And the BBC and myself, we want to understand your point of view. This is really that chance and that opportunity. We are very grateful to get that opportunity. So I will be pitching questions to you that the whole world wants to know about Huawei. I want you to know that I will be fair and I am very grateful for this opportunity.

Ren: It's my pleasure to answer your questions. I feel as though the eyes of the whole world are on Huawei, and I am grateful to the US government for this. Huawei is a small company. We are not very well-known. But now many senior US government officials are lobbying around the world, saying that Huawei is an important company that has problems. They are drawing the attention of the whole world to Huawei. People begin to know Huawei and will understand with a deeper look that Huawei is a good company. We have rapidly growing sales, and the sales volume of our device business grows 50% on average every month. Therefore, we thank the US government for advertising Huawei.

Karishma Vaswani: It is my responsibility to ask you the questions that the world has. Some of them might sound difficult, but my desire is to understand your

position and I want you to feel comfortable in this conversation.

Ren: As we are talking freely, I may give some humorous answers to your questions, so I only hope you and the audience will understand my humorous touch sometimes.

01

Karishma Vaswani: Thank you very much, Mr. Ren, for joining us. I want to start by asking you a little bit about your company. You have built this company in just 30 years. It's a remarkable achievement, but I want to understand: What are some of the challenges you faced when you first began?

Ren: I founded Huawei when China began to implement its reform and opening-up policy. Deng Xiaoping believed that the Chinese military was too large and needed to be significantly downsized. Hundreds of thousands of soldiers, if not more than a million, were released from the military and sought employment in civilian life.

At that time, China was shifting from a planned economy to a market economy. Not only people like myself, but even the most senior government officials, did not have the vaguest idea of what a market economy was. Deng Xiaoping advocated the theory of

"crossing the river by feeling the stones on riverbed". The fact is, if something goes wrong when you are in the river, you might drown. When China shifted to a market economy, we had no idea of what a market was or what to do. It seemed it was hard to survive.

I am an ambitious man. After leaving the military, I came to Shenzhen. The city pioneers open market practices and is probably the most open market in China. When I was in the military, I just did exactly what I was ordered to do. However, when I began to work in a market economy and engage in transactions of products, I felt at a loss. I suffered from unfairness and deception. I stumbled, but had to rise up again, because I had to raise my family. I then thought of the possibility of starting a small business. The registered capital was roughly CNY21,000, which is about 2,000 pounds. Not all the money came from my pocket. The compensation I received upon leaving the military was only about one-fifth of this amount, so I pooled funds from different people and founded Huawei.

These times brought us to the path we are on right now.

By taking this path, our aim was to work for survival, rather than for ideals. Back then, we didn't have any ideals, because we were finding it so difficult to survive as a company. My portion of the registered capital was

less than half of the monthly salary a waitress can earn today. How could we possibly have ideals then? Our priority was to survive.

02 Karishma Vaswani: You have painted a picture of great difficulty and hardship that you have gone through, but today Huawei is a top telecoms equipment seller in the world. How did you do this?

Ren: After founding Huawei, I did research on what exactly a market economy was all about. I read many books on laws, including those about European and US laws. At that time, there were very few books on Chinese laws, and I had to read those on European and US laws.

I figured out that the market economy was about two things: the customer and the product. And the law governs what's in between – the transaction. We obviously couldn't control our customers, so we had to get hold of the products. I had worked in research. Therefore, we began to do research on products, building products and selling them to customers.

03 Karishma Vaswani: What is your next goal for Huawei now that you have seen so much success?

Ren: When I founded Huawei, the communication industry was at the start of enormous changes in the 30 years that followed—changes as massive as if mankind had gone through thousands of years in that period of three decades. Back then, we didn't really have any telephones [in China]. The only phones we had were those hand-cranked phones that you see in old World War II films. We were pretty undeveloped back then.

Huawei started out by making simple equipment for rural markets. Instead of spending the money we'd earned, we invested it back into our business, making more advanced equipment. It was a time when China was in great needs for industrial development, and our equipment, though certainly not the best, still had market appeal. If we were to start Huawei now I don't know if we could succeed. As time went on, we came to realize that we might just be able to succeed, so we focused all of our effort on what we were doing at the time.

If someone can maintain focus on one thing, then they will definitely succeed. I was focused on communications technology. If I had focused on raising pigs, I might have become a pig expert. If I had focused on making tofu, I might have become the king of tofu.

Unfortunately, I chose communications. This industry is very challenging. The bar is too high. Ericsson's CEO

once asked me, "The situation in China back then was so difficult. Where did you find the courage to enter such a demanding industry?" I told him that we did this without really understanding just how high the barrier to entry was. But we started anyway, and there was no way to back off, because if we pulled out then we wouldn't have anything. I had spent all the 21,000 RMB of initial investment, and would have ended up begging on the streets. So we had to keep forging ahead, one step at a time.

We had a very limited amount of strength, so we narrowed our focus to a tiny area, and that's where we chose to strike. Pushing forward little by little, we began to see success. It builds up over time. It's an effective approach, what I call our needle-point strategy. We just focus on a single point, and we've been focusing on that point for 30 years now. From several hundred employees, to several thousand, to tens of thousands, and now with 180,000 people. We put all of our energy behind one single point: information and communications technology.

Every year we invest 15 to 20 billion US dollars in R&D. Huawei is one of the top 5 companies in the world for R&D investment. This focused approach to investment has helped us succeed.

Why have we succeeded while other companies find

it difficult? Publicly listed companies have to pay a lot of attention to their balance sheets. They can't invest too much, otherwise profits will drop and so will their share prices. At Huawei, we fight for our ideals. We know that if we fertilize the "soil", it will become more bountiful, and in the end the land still belongs to us, so we should not hand out the "fertilizers". So we invest, and we invest more heavily than others. That's how we've managed to pull ahead and succeed.

It's different for listed companies. We are not a public company, so we don't have to worry about fluctuations in our balance sheets. If we were a public company, being stuck in a storm of public opinion like today would certainly see our stock price plummet. But we don't really feel it. We just keep pressing forward.

We believe that our consistent focus over the past couple of decades is what paved the way for our success.

04

Karishma Vaswani: Thank you. That was interesting. But your success, according to what you've described, is now under threat, isn't it? The United States has launched an attack that's targeted your company. The Department of Justice has put forward charges saying that Huawei stole technology from an American company. Do you think that's fair?

Ren: To start with, what are our ideals for the next three decades, or even longer? To provide people with information services. In the next 20 to 30 years, we will see a great technological revolution. The emergence of AI will make the information society intelligent. In the era of cloud and AI, we will see explosive growth in data, bursting forth like a tsunami. This data needs the support of the most advanced connection and computing equipment possible.

I don't think 5G or any other form of data transmission has truly met the pinnacle of people's needs. And I believe there are still more profound needs that must be addressed. Right now human society is only in the early phases of the massive change that lies ahead. And Huawei is only at the starting line of this transformative journey. We still have a long way to go before we can deliver faster, more real-time, more accurate, and more affordable information services.

Over the past three decades, Huawei has helped to bridge the digital divide by providing information services to 3 billion people in more than 170 countries and regions. With affordable ICT services, underprivileged kids living in remote regions can see what the world is like outside, and they can grow better to become the "backbone" of society. Huawei's role is to provide services that make the world a better place.

I think the charges and accusations by the US against Huawei should be handled by the law. I trust the US is an open and transparent country governed by the rule of law, so they should handle these matters through legal procedures. Sometimes I feel happy [about what the US is doing to Huawei]. The US is the world's most powerful country. Their senior officials are talking about Huawei wherever they go, including in places where Huawei has not yet launched any ad campaigns and the locals don't know about us. Because of this, people all over the world now know Huawei. Huawei is now at the center of global discussion. This is a massive and cheap advertisement for us. When people ultimately realize Huawei is a good company, our sales might be even easier. We don't have difficulties today, and we may have a more favorable environment to sell our products in the future.

I'm not feeling much indignation about the accusations made by the US. These are ongoing legal cases. Just let the law take its due course.

05 Karishma Vaswani: I appreciate that. But I read through some of these charges the DOJ has put against you. The evidence is very compelling. The emails that are there show that Huawei's employees in China asked for specific prototypes from their colleagues in the

United States, repeatedly. How are you going to deny this?

Ren: Now that the US Department of Justice has filed the indictment, let's leave it to the court to decide.

06

Karishma Vaswani: I understand, and I appreciate that it's a legal procedure, but the world really wants to understand it. The US is trying to paint you as a company that cannot be trusted. It says you've stolen technology from American companies, not the first time. It says companies like Cisco, Nortel, and Motorola, they all accused Huawei of stealing their ideas, stealing their technology. The United States is trying to say Huawei can't be trusted. What do you have to say about that?

Ren: Many of our technologies, not just our 5G, optical switching, and optical chips, are far ahead of those of Western companies. We have a huge number of leading technologies and those technologies are really complicated, some of which only our peers can really understand. The charges that the US has made against Huawei are fairly marginal. Huawei did not become what it is today by "stealing" US technology. How could we steal a technology from the US that they don't even have? People need to focus on more than just Huawei's

problems and weaknesses; they need to also see Huawei's contributions to humanity. Huawei now owns over 80,000 patents. Huawei has contributed to the foundation of a digital society. In other words, part of the foundation of the digital society is built by Huawei.

In the US alone, we have obtained more than 11,000 patents. These are our legitimate rights granted by the US law. We have offered many services to people around the world, and we are becoming more open. We have submitted more than 54,000 proposals to standards organizations. We consider these a contribution to humanity and this contribution deserves to be recognized. Other problems should be solved according to the law.

07 Karishma Vaswani: So why do you think the US is trying to paint Huawei as a company that cannot be trusted?

Ren: There is virtually no Huawei equipment deployed in the US. Has this solved the US's cyber security issue? If yes, then other countries can also solve this issue by not having Huawei. Sacrificing one company is worth it if it is for the sake of the world. But the truth is that the US has not solved their information security issue. How could they share their experience with other countries? If

they say, "We don't use Huawei equipment, but we still have an information security issue," could that argument convince Europe not to use Huawei equipment? Huawei has been serving three billion people in over 170 countries for over 30 years. There is no record of security breaches with Huawei. What is the factual basis for the US's charges? Our customers have experienced our networks over the past two to three decades, and consumers have the ability to make their own choices. We still have to rely on the law to solve this problem and the court will come to a conclusion.

08 Karishma Vaswani: The US is pressuring its allies. It says, "We don't use Huawei's equipment". It's telling the world not to use Huawei equipment, because it says Huawei's equipment could be used to spy for China. Is this true?

Ren: Over the past 30 years, many customers have chosen not to use Huawei equipment. This is not something that has started happening recently. It is understandable that some countries have decided not to use our equipment. As for the charges that our equipment may contain backdoors, as I stated in the interviews from the Wall Street Journal and other international media outlets, we have never installed backdoors in our equipment or engaged in any spying

activities. We will not accept any request to do so. If there was such a request, I would rather disband the company.

On February 16, 2019, Yang Jiechi, a member of the Political Bureau of the Communist Party of China (CPC) Central Committee and Director of the Office of the Foreign Affairs Commission of the CPC Central Committee, said at the Munich Security Conference that the Chinese law doesn't require companies to install backdoors. He added that the Chinese government requires all companies to abide by international laws and the laws of the United Nations, and stressed that operational compliance is a must for all companies in countries where they operate. The Chinese government has also officially stated that they have never required companies to install backdoors. I have personally promised and the company as a whole has promised that there is no backdoor in our equipment. Our 30-year track record also proves that our equipment does not contain backdoors.

I don't really understand what the US has in mind. If European companies use Huawei equipment, then the US would be unable to access their data because they wouldn't be able to get in. Europe has also required their data not to be transferred out of the region, so the US won't be able to get in, because our equipment contains

no backdoors and the US won't be able to get into European networks.

09

Karishma Vaswani: You say that you have never been asked by the Chinese government to create this backdoor, and that you would shut the company down if you were asked. It's a very big company. You have 180,000 people. If it comes down to the question of survival between your company and perhaps not creating a backdoor, but just giving access to the Chinese government, what would you do in that situation?

Ren: Top officials of the Chinese government have clearly stated that the government has never required companies to install backdoors. Huawei will not do it either. Our sales revenue is hundreds of billions of US dollars, and if we installed backdoors, it would cause our customers all over the world to dislike Huawei, and we would have no business at all. Without business, how would we repay our bank loans then? We cannot take that risk. When I said "disbanding the company", I want to show our determination. I want to show you that we will never do such a thing or hand over any information to the government.

10

Karishma Vaswani: I understand, and I think some of the confusion or the misconceptions out there about Huawei are because of your links to the Chinese military and the Chinese Communist Party. You enjoy special privileges that perhaps some government employees enjoy. You have a Communist Party Committee inside your company. That raises lots of questions about how close Huawei is to the Chinese government. Why do you have this party committee within your company? Why do you need it and what does it do?

Ren: Huawei is registered in China, so we must comply with all applicable laws and regulations in China. We need to pay taxes to the Chinese government, create jobs, and fulfill our social responsibilities, such as contributing to local communities. In fact, before we established a party committee, the Chinese branches of Motorola, IBM, and Coca Cola had already established theirs. This is a requirement of the Chinese law, and we operate in accordance with law. The role of this committee is to unite employees and encourage them to work harder and build their wealth, as this is in the interests of the countries, their people, and the employees themselves. Employees earn money from their work, so this is in their own interests. They also pay taxes, so this is in the interests of the countries. The party committee at Huawei only educates its employees;

it is not involved in any business decisions.

According to Chinese law, all companies in China, including Chinese and foreign companies, must establish a party committee, and we must all obey the law. Just like British citizens who love Britain, the Chinese also love China. The British support their ruling party. If they don't, why would they vote for it? If you vote for the ruling party, then you support the ruling party. In China, the ruling party is the Communist Party, so we also support the party. Only when every person loves their country and supports their ruling party can a country advance. Voters outside China have the right to express their opinions. Chinese netizens are now doing this, too. Our country is making reforms, which is understandable.

11 Karishma Vaswani: But Mr. Ren, with all due respect, China is not the United Kingdom. This is a country where people routinely are arrested; they disappear. The Chinese Communist Party has ultimate control over everything here. It even has control over your courts of law. What assurance can you give people watching this program that, if the Communist Party were to ask you to provide them with a backdoor or to give them access to your information, you could say no?

Ren: I don't know whether there are such incidents in

China, but nobody at Huawei has disappeared for no reason. We are a company, and never get involved in politics. We gain our customers' trust by working hard and doing every job to the best of our ability. We have never, and will never, take or receive bribes. I have told the Western media that we will never install backdoors. The official media of the Chinese government has also announced that they will never require Chinese companies to do so. Nobody has made such a request to me. This shows that China believes that companies should serve society and the whole world; they cannot break international rules if they want to go global.

Since no such incident has ever happened and we have no experience ourselves, I cannot answer this question.

12

Karishma Vaswani: With what seem like inconsistencies to the West—the fact that you have had links to the military, the fact that there is a Chinese Communist Party committee in your firm, the fact that China is a one-party state—can you see how difficult it is for many people around the world to believe that you are free of influence from the Chinese Communist Party?

Ren: The Communist Party of China is leading the reform and opening-up of the country. If this meeting

took place 30 years ago, it would have been very dangerous for me. Today, I can receive your interview and be straightforward when answering your acute questions. This shows that China has a more open political environment. Of course, our country will become more open and there will be more social changes.

Thirty or forty years ago, I did not have the chance to study in the West, while many of my friends studied in the US and Canada. This is because I served in the military, had no ID card, and thus had no right to do so. Therefore, I missed that great timing to study abroad. After returning to China, my friends told me what a supermarket was. Back then, I didn't have any idea of what a supermarket was. You could image how superficial my understanding of a market economy was. Now China has changed greatly. At least our economic system is pretty close to those of Western countries.

I was a very low-ranking officer in the People's Liberation Army. After leaving the army, I had no connection or interaction with it. I was not a high-ranking officer as the US described. I served in an ordinary civil construction project. I began as a technician of a company in the military, and then I became an engineer. As I performed well, I then became a deputy director of a small research institute with just

twenty plus people. That's actually a title equivalent to a deputy-regimental level, the highest military ranking I have ever received. My dream back then was to reach the military rank of Lieutenant-Colonel before China cut down on its military forces. Unfortunately, I didn't realize that dream, leaving me as a veteran without a military rank, and without any connections to the military.

So please don't think that Huawei becomes what it is today because we have special connections. We have seen companies that were 100% state-owned but still failed. Huawei has become what it is today because of our hard work. Of course, during this process, we have learned from Western philosophies, cultures, and management practices. So when you visit Huawei, you may feel it is more like a Western company, rather than a Chinese one.

13 Karishma Vaswani: You mentioned that you have no connections to the military. Our research has shown that when your daughter Meng Wanzhou was traveling through Canada, she was reportedly traveling with a passport that is usually issued to state-owned enterprise employees or government employees. Further to that, our research has also shown that your chairwoman, previously to this, Madam Sun Yafang, had worked at one point in

her career with the Ministry of State Security, the intelligence services here in China. Can you help me understand why you say you have no links or connections to the military?

Ren: First, regarding Meng Wanzhou's passports: China went through a long period of reform. Originally, China did not issue personal passports. Ordinary people held "ordinary passports for public affairs" and government workers held "official passports". As China became more open, personal passports were issued. We travel overseas frequently and our passports fill up with stamps. Once all the pages are stamped, we need to apply for a new one. I may have more passports than Wanzhou, because I need to renew my passport whenever all pages are used up. So altogether, I have had many pages with stamps. I don't know what the legal procedure is to reveal how many passports Wanzhou has held. I myself have many passports. This is because when all the pages are fully stamped, the passport is considered expired and you can keep it. After they cut off a corner from the cover of the expired passport, some country visas on it may still be valid. However, one person can only have one valid passport.

As for Sun Yafang, we have published her profile on the website. Our company has 180,000 employees. They come from a variety of backgrounds. We cannot say that

only people with a spotless record as elementary school students can be employed. Our employees come from all different places. We need to assess their behavior, not where they are from. Otherwise, how would it be possible for us to access and hire this many employees? Therefore, you should check her profile on our website. I don't think it's okay to suspect or guess where this person used to be. Are those guys who have returned from the US spies for the US? Definitely not. We have recruited many Chinese graduates from the US.

14

Karishma Vaswani: I see. I just want to go to a point about Chinese law. I know you have addressed Chinese law, and that the government has given you assurances that you are not bound by some of the articles in Chinese law. But a lot of people have asked that, given the fact that these laws require all individuals and organizations to assist in intelligence gathering, how could you refuse, if asked by the Chinese government, to assist in intelligence gathering? Do you have a choice? Can you refuse?

Ren: You need to ask the Ministry of Justice about this question. I cannot answer questions about Chinese laws. What I can tell you is that we would never do such a thing. We have never done it before. We aren't doing it today. We won't do it tomorrow. Our company is

shouldering a great responsibility of bringing the world into the information society. In our process of becoming a world leader, we need to lead by setting consistent rules and standards, so we could not do this kind of thing. Personally, I am resolutely against the behavior. My subordinates and successors wouldn't do such a thing.

Many countries may choose not to believe us or work with us. However, in this large world, there are still many countries that welcome us. We have already won 30 5G contracts and shipped over 30,000 5G base stations. People are increasingly aware of our advanced products and are more willing to accept us. Let the facts speak for themselves. We cannot depend on speculation, as speculation is not the law and accusations are not court decisions.

15

Karishma Vaswani: So, are you saying that, if countries keep raising these sorts of security concerns about you, you will not want to go and do business with them, and you will not enter their markets?

Ren: No. We can understand their concerns. If they are concerned for the time being, we can hold off and wait until their worries have been addressed. We don't want to make trouble for other governments.

The UK also has had concerns about us, but this

doesn't affect our investment in the country. We just bought 500 acres of land in Cambridge County to build an optical chip plant. We are leading the world on optical chips. This plant aims to export optical chips to many other countries. Our plant in the UK will receive oversight from the UK. Why can't we sell the chips that have gone through the UK oversight to other Western countries? This way, we don't need to produce these in China. The chips manufactured in China can be sold to China and some other countries that accept Chinese chips. Therefore, our investment in the UK is quite heavy. I am not saying that if you doubt us, we will not invest in your country. These are two different things. We may not operate in your market, but it won't influence our efforts to deploy strategic resources in a reasonable manner. Sooner or later, people will know that we are honest people.

16

Karishma Vaswani: The UK government, as I'm sure you know, has said that it can work around or mitigate the risks that they found in your technology. But that doesn't mean it can't still ban Huawei, in the UK, from 5G. What would you do if the UK decided to ban Huawei all together? Would you pull your investment out of the UK? Would you cut jobs over there?

Ren: The UK has been a very friendly place for us. In

recent years, we have had a very good partnership with the UK government. We established our security evaluation centre in the UK and volunteered to show all information to the UK government. The UK knows that we have gaps in our software engineering over the past three decades. That is because our software architecture is not scientific enough and our source code is not standardized enough. These gaps must be addressed and our software engineering must improve to ensure that the networks will be more secure. The UK's OB report is not a total negation of us. It just points out the issues that have to be tackled. We are determined to make the changes, and many of our employees have already started to strengthen the software to bring it in line with the UK's standards.

Starting now, we will invest a total of over 100 billion US dollars in restructuring the whole network over the next five years. To restructure the network is to simplify network architectures, base stations, and transaction models. And it is also about ensuring the highest level of both internal and external network security and observing Europe's GDPR to protect privacy. While we are restructuring the network, we are also making business progress. We believe that five years from now, our sales revenue will exceed 250 billion US dollars. Doubts from the US are not making our market shrink. Instead, our market is growing. When customers see such a major

power in fight with our small company, it proves that we are really good at what we do. We can even increase our prices. Some countries not buying from us may result in higher prices for other countries. We may even raise the prices for countries that have turned around to buy from us. It's like shopping in a mall. If you bargain and leave without buying, and turn round to buy it, knowing that you want the clothes, the vendor will not lower the price, but even raise it a bit. These increases in price can be used to ensure better network security, instead of giving it away. We don't want to emphasize these price increases, but we want to stress our efforts to build better networks. In the future, our networks will be intelligent and the whole world will be driven by the cloud. In an intelligent, cloud-driven world, our company will provide the most secure and trusted products. Until then, you will need to buy from me. There will be no other choices. This way we have the opportunity to invest and reform.

The UK has had some concerns about us. These concerns drive us forward. I don't think they are a bad thing. Instead, I see them as progress. Once we recognize our problems, we need to try our best to improve on them. We are not a company that can do everything just right, so we need to constantly improve. Currently, a group of outstanding employees has engaged in network modernization in the UK. It is highly likely that they will become key pillars for network restructuring

following the improvement and will embrace greater responsibilities.

17 Karishma Vaswani: You sound very confident. And you sound like you don't believe that the US will convince its partners to stop doing business with you. Why are you so confident that the US won't be successful in getting other countries to ban Huawei's equipment?

Ren: Their allies may or may not believe in them. For countries who believe in them, we will hold off. For countries who feel Huawei is trustworthy, we may move a little faster. The world is so big; we can't walk across every corner of it. If all countries choose to buy our products today, our company would be overwhelmed. We cannot sell or produce enough products for the whole world. Therefore, we believe having countries accept us in one at a time will be best for sustainable development.

18 Karishma Vaswani: What kind of impact would it have on your business if the US is successful in getting many of its partners in the West to shut your equipment out?

Ren: When the West goes dark, it's bright in the East.

When it's dark in the north, we still have the south. The United States doesn't represent the whole world, but only one group of people.

19 Karishma Vaswani: But the US is a powerful country. It has a lot of influence, even in this part of the world. What would you do if they were successful in convincing your customers, even in Asia Pacific for instance? Isn't that enough to kill your 5G ambitions in the West and around the world?

Ren: There's no way the US can crush us. The world needs Huawei because we're more advanced. I think even if they convinced more countries not to use us for the time being, we could just scale things down a bit. We are not a listed company, and we aren't fighting for good balance sheets. Downscaling will help us get really good at what we do, so we will be ready to make better products that people will love.

At the same time, the US is constantly hurling accusations at us, finding fault with us. This pushes us to make our products and services better, which makes our customers like us more. That's where our opportunity lies. Only if customers liked us, would they be willing to buy from us despite the difficulties. I'm not too worried about any misgivings in the US or other countries. If they point

out any areas where we need to improve, we'll improve.

20

Karishma Vaswani: How much do you think this is about jealousy of how well Huawei has done or how well China has done?

Ren: We're no more than a tiny sprout. I don't think a great nation like the US has much to be jealous of. The US has been in a position of absolute power for decades. And it will maintain its relative strengths for decades to come. Huawei's just a tiny sprout that popped out of nowhere. Would the US get jealous of a sprout? I don't think so. They have such strong technology and such a promising future. So I don't think they're acting out of jealousy. They probably just don't understand us. If they understood us, they wouldn't be so suspicious. I really wish US government officials could come to visit us like you have. Take a look at our Xi Liu Bei Po Cun, our research and the environment here, meet our scientists, see how devoted they are, the attention they pay to detail. The US is an innovative country. They are open-minded, far more open-minded than I am. I've never been jealous of others, and the US isn't jealous of us.

21

Karishma Vaswani: What about China? Do you think the US is jealous of China?

Ren: I don't entirely understand the relationship between these two governments and countries. Huawei is a business organization, and we are rarely involved in politics. Instead, we focus on our own development. Personally, I think China should continue to open itself up to the rest of the world. In China, I have never said anything against the US or other Western companies. Even when Huawei was being treated somewhat unfairly by Western companies, I expressed my hope that the Chinese government would refrain from reducing the market share of Western companies in China, and I even required our employees not to attack their market share.

I believe China can benefit from the reform and opening-up policy. China has more or less tried to close itself off from the outside world for 5,000 years. Yet we had found ourselves poor, lagging behind other nations. It was only in the last 30 years since Deng Xiaoping opened China's doors to the world that China has become more prosperous. Therefore, China must continue to move forward on the path of reform and opening-up. I don't think China should close its doors because of Huawei, and I don't think the US will close its doors, either. The 250-year history of the US has been one of openness. During this period, it has attracted the world's finest talent and civilizations, and made the greatest accomplishments the world has ever seen. This is why I do not believe the US will ever close its doors to

the outside world. China should not do this, either. China is a developing country, and we need to learn from Western companies, welcome their investment, and encourage them to do business here. Our population of 1.3 billion represents a huge market. I don't think Western companies will abandon this market and I certainly don't want to see that happen.

After Meng Wanzhou was arrested in Canada, Chinese people were still flocking to purchase clothes from Canada Goose. This shows that Chinese people are not overly emotional or populist. I think this is part of the impact social advances in the last 30 years have had on people's mind. We should acknowledge that China is an open country, and is becoming increasingly more open, which is great for the world. If everyone sees things from this perspective, there is sure to be less confrontation. Economic globalization is a must, not a choice. During the industrial revolution, a sewing machine, bicycle, car, train, or ship could all be manufactured in one country. However, it is impossible for any country to build an information society all on its own. This must be established by many countries working together, following a set of agreed standards. Therefore, we believe that in the information society, openness and collaboration will enormously benefit every country, and China must continue to open itself up to the world. We don't want China to close itself off

because of Huawei. I want China to continue becoming even more open. Perhaps one day we will see that many things in China are comparable to those in the UK. We have seen very clear social progress. For example, many people spat in the street 30 years ago, but far fewer people do this now. In the past, people would swarm to get onto a bus, even pushing others aside. Now, however, people are much more inclined to quietly line up in queues and get on buses in an orderly fashion. These are all signs of progress in China. We must be reminded of such positive progress, and remember it took Western countries several hundred years to get to where they are today. There are many movies about the frontiers when the US started developing its Western regions, showing that it had many problems of its own back then. However, after remaining open all those years, the US is highly developed today. We believe that China will open up and make progress even faster in the future, and that the entire world will reach the same advanced level of civilization.

22

Karishma Vaswani: You've talked about how Chinese companies have come up and how China has changed, really. That is what I've heard you say to me. But the allegations from the US are that many of these companies, many of these changes you described,

have come about unfairly, that Chinese companies like you have an unfair advantage here in China, and that's why they are so successful around the world. They get government support. They have connections in the government here as well that help them overseas. What would you say to them?

Ren: First of all, I can't speak on behalf of all Chinese companies. I can only represent Huawei. I have never managed or taken the time to get to know other companies, and therefore cannot speak on their behalf. But any company would be hit hard overseas if they don't follow international laws and the laws of the countries in which they operate. If this occurred, they would have to learn from those experiences.

When Huawei started operating outside of China, we learned a lot about management from Western companies. Our financial reports are audited by KPMG in accordance with strict procedures. All issues will be identified and must be corrected. It took us 30 years to build ourselves into an orderly company. I believe other Chinese companies have learned a lot from their setbacks and other experiences outside of China. Huawei does not receive government subsidies, and the audit reports from KPMG are publicly available. We would be happy to provide you with a copy of an audit report so that you can see how KPMG audits Huawei and

illustrates what Huawei is like.

I think Chinese society as a whole is gradually progressing. There are, of course, always bad people out there. We can see from newspapers every day that bad people get arrested. This means China is gradually adopting a very effective rule of law and optimizing the relevant systems.

23 Karishma Vaswani: Do you see now, as a result of the US pressure on some of the countries around you, that you will be forced to go into other markets? What are the other markets that might oppose you?

Ren: One of Huawei's core values is staying customer-centric. If customers choose Huawei, we provide them with excellent services. If they do not choose us, then we simply don't provide services to them. Regarding which countries accept or refuse us, that choice has not been made in many countries. Press stories do not represent government policy or the law. If a law was put in place to ban Huawei, then we must comply with such laws, and can stop doing business in those countries. Personal remarks from government officials are not law or government policy. The US has not promulgated any laws regarding Huawei. If they had such a law, we would follow it, but no such laws have been passed yet.

24 Karishma Vaswani: Given the fact that the US is trying to go around the world convincing its allies not to do business with you, what are some of the other markets that you are looking at? I know that you say those countries have not banned you yet, but are you looking at other markets?

Ren: We don't pay attention to particular countries. Instead, we pay attention to our customers. If our customers choose Huawei, we will do our best to meet their requirements. If customers do not choose us, we will try to serve them in the future.

25 Karishma Vaswani: So the UK is a country that is still considering using Huawei. It wants to work with you, and it's looking through trying to mitigate some of the technological risks. What would you say to UK consumers to reassure them of some of the security concerns that we've talked about, that you are not a company helping China to spy on the world?

Ren: Our issue in the UK is mainly related to software. There is software that was written when we were a smaller company, which needs to be more resilient. But there are no backdoors, security issues, or privacy-related issues. The software needs to be more robust; otherwise, the networks might be more vulnerable or

break down in the event of an attack. However, this has not happened over the past 20-plus years. Networks are massive. No country or company can say for sure that their equipment is absolutely reliable. That's just impossible. The UK government is giving us an early warning that Huawei's networks might be vulnerable and may break down in the future in the case of an attack if we don't act to improve. We are working to address this issue, and it does not have an impact on the consumers.

26

Karishma Vaswani: I want to just continue with the UK point for a second. Given the fact that the decision has still not been made there, how important is the future of Huawei in the UK with regards to your investment plans and jobs? Are you able to guarantee that you will not be pulling out of the UK, you will not be taking jobs out of the UK?

Ren: Huawei employs around 1,500 locals and has directly and indirectly created 7,500 jobs in the UK. We have R&D centres in Edinburgh, Bristol, and Ipswich. Recently, we decided to establish a factory for optical chips in Cambridge. We also have a training centre in Birmingham. We will not withdraw these investments. We remain committed. Why? We believe the UK will buy our equipment sooner or later. We cannot cut our

ties to it because they do not purchase from us for the time being. If we see a jacket in a shopping mall that we really like, but could not buy it because it has been reserved for someone else, does that mean we will never shop in that mall again? We would visit it again to see whether more came into stock, and would buy it as soon as it was available. For us, the UK will offer us many "clothes" sooner or later, and we will visit this "shopping mall" again. We won't withdraw our investment. On the contrary, we will continue to invest. We have our confidence in the UK, and we hope the UK will have more confidence in us so that we can continue to make more investment in the country.

If the US does not trust us, we will turn to invest more in the UK. Take a look at the size of the land we bought in Cambridge, and you'll see how ambitious we are in the UK. We will not stop visiting the mall just because it doesn't sell us the jacket for the time being. We won't do that.

The UK has remained open over the years, and I'm really impressed about it. I believe all the issues we face in the UK can be addressed.

27

Karishma Vaswani: Are you hoping that the UK example will help to convince other European allies

as well?

Ren: We don't want to use the example in one country to convince others. If the UK government makes the right decision and places its trust in Huawei, we may make bigger investments in the country. In fact, we have big investments in many other countries, including Germany, Hungary, France, and Italy. But still the UK is in the leading position.

As you know, the UK is home to Arm, a company that specializes in developing CPUs. Years ago, Huawei was worried that the US would not sell CPUs to us, so we chose to strengthen our partnership with Arm at a time when it was not as big. Arm was sold for 32 billion US dollars in 2017. With the money, it has achieved greater development. Today, the UK, or Europe has earned its place in CPU, next to the US. In the communications space, there are electrons, photonics, and quantum. With the photonics chip factory we are planning to build in the UK, the UK, or Europe will gain a leading position versus the US, as no US companies are currently working on the same technology. Therefore, Huawei has created many opportunities for the UK and for Europe to stand up equally [as the US]. There were once concerns in Europe that there were no European IT or software companies as successful as the US companies. Success can be expected with our future collaboration. Because of

Huawei's involvement in these two projects, Europe has gained an equal footing at the forefront. Europe should understand what we are doing there. We view Europe as a home market. We want to be deeply integrated into local communities and develop like a local company in Europe. If we were to withdraw our investment, all our prior efforts over the years would go in vain.

28 Karishma Vaswani: Mr. Ren, I would like to raise the issue of your daughter. This is a personally a very challenging time for you. She is in Canada, she's been arrested by the US's request, and she faces extradition. How do you feel about this and what will you do if she is sent to jail?

Ren: I object to what the US has done. This kind of politically motivated act is not acceptable. The US likes to sanction others whenever there's an issue. They will use such methods, we object to this. But now that it has come to this stage, we'd better leave it to the court.

29 Karishma Vaswani: You say you are against this and you say this is politically motivated. China is now saying that the release of your daughter could be a factor between the United States and China in their trade war. How do you feel about your family being

dragged into this conflict between the US and china?

Ren: I don't know whether the Chinese government has said that. I only know Trump had said something to this effect. I don't think Meng Wanzhou's case is part of the trade talks between China and the US. I've never seen a single word about this in any press or public announcements beyond Trump's statement that this could be considered during the trade talks. He said the US would consider it, but the Chinese government hasn't. Personally, I would not like to see Huawei stand in the way of China's reform and opening up process. I hope China remains open to the US, the UK, and the rest of the world, so that we can work together to drive the world forward.

30**Karishma Vaswani: Why do you think Huawei is being dragged into the trade war in this way?**

Ren: I have no idea. I don't think Huawei has anything to do with the China-US trade war. The fight between the two countries is intense, but our sales revenue is growing rapidly. In my opinion, the trade war hasn't had any impact on us.

31**Karishma Vaswani: What is it like as a father to see your daughter in such a difficult situation?**

Ren: Great men are made through hardships. Throughout history, many great people had suffered many hardships. Hardships are an important asset of our lives. We accept that this has happened and trust in the law to solve the problem.

32

Karishma Vaswani: Was she a successor that you were grooming, that you were hoping to see become the CEO one day? How much loss has the absence of her cost your company?

Ren: First, she could never become my successor, because she has no technical background. My successor must have the ability to gain technical insights and be able to make judgments about future technologies and customer needs. She comes from a financial background and is an exemplary manager. However, she does not have that particular quality that is required for strong leadership, to point the way forward like a beacon. She is not my successor for sure.

To answer your second question. There is no impact on Huawei's business due to Meng Wanzhou's loss of freedom. The company is actually growing faster and better. It may have been a mistake to arrest Meng Wanzhou. They may have thought Huawei would fall apart if they arrest Wanzhou, but this arrest didn't beat us. We are still moving forward. Our company operates

based on established processes and procedures and does not rely on any one individual. Even though I am gone one day, the company will not stop moving forward.

33 Karishma Vaswani: It does though seem that the world is heading to a sort of split, where the technology or Chinese companies are welcome, like yourself, and where they might not be, like in the United States. How do you see that kind of impact in the future with regards to the success of Huawei, if this division exists in the world?

Ren: I don't think we are ready in our mind to lead the world. I think the US still leads the world in technology and science. We simply don't have the ability to dominate. We are still one of the many players that are trying to do its part to serve mankind. We don't really aim to grab more market share. We just plan to keep moving forward at our own pace and will not hinder the development of other companies. We don't have the intent, nor the capacity to dominate the world.

34 Karishma Vaswani: I understand what you have been trying to tell me, and I really appreciate it. I want to understand what kind of relationship the Chinese companies have with their government. It's quite

different from the way companies in the US and Europe operate. Can you explain to us that kind of relationship?

Ren: I don't know about other companies. I only know my own company. I think any company must operate according to the law, and must pay taxes. If we don't pay enough in taxes, we would be in trouble. Huawei is a company that operates in compliance with all applicable laws. I don't know about other companies. I cannot speak for them.

35 Karishma Vaswani: Do you think the damage to Huawei's reputation has already been done?

Ren: No. I'd actually like to thank the US government for the great advertising they've done for us. We feel very proud that we could face off with such a powerful country.

36 Karishma Vaswani: Do you think that the Chinese system and the perception of how it operates make it harder for Chinese companies to succeed globally?

Ren: I don't know much about other companies and their management systems. However, we comply with all

applicable laws in countries where we operate, including UN resolutions. I'm not concerned about what other companies do, because they do not pay me money. Why should I care about them? I'm only concerned about Huawei. We will remain true to customer interests and never hold any other intentions.

37

Karishma Vaswani: I appreciate what you are saying and why you, as a business, take care about politics. But the rest of the world looks at China and it looks at the way this government operates. It sees that it's becoming more oppressive. It's wondering how a company like yours, operating in China, won't be free of that influence when it goes out to the rest of the world. What would you say to that?

Ren: We do business in other countries to make money. The Chinese government has nothing to do with our overseas development. In no way whatsoever. We comply with all applicable laws in countries where we operate, and all of the money we make in other countries is subject to the management of the State Administration of Foreign Exchange of China. That's all the pressure we face from the government. I'm not clear yet whether our tax rate will drop when we pay taxes to the Chinese government for our overseas profits. As far as I'm concerned, I don't think there are such

requirements. But I cannot represent other companies.

I know nothing about other companies and do not have personal relationships with any of them. I devote my heart and soul to Huawei and read some books. Therefore I don't know about other companies and cannot answer questions about them.

In China, we study the laws that are applicable to our operations, and don't have much knowledge about others. I'm not a politician who can comment on the law. I'm a businessman, not an entrepreneur yet.

38 Karishma Vaswani: I know you say it's not your place to comment from a political perspective, but the Chinese government has been quite vocal in defending Huawei to the rest of the world. They have been very strident when they go around the world saying Huawei is innocent, and Meng Wanzhou's arrest is not the right thing to do. Does that make it more challenging for you as a Chinese company trying to operate overseas?

Ren: First, it is the Chinese government's duty to protect its people. If the US attempts to gain competitive edge by undermining China's most outstanding hi-tech talent, then it is understandable if the Chinese government, in turn, protects its hi-tech companies. This is good for

China's economic development.

Now that our case is already in legal proceedings, I will not make any further comments on it. The laws of the US and Canada should first be open and transparent, and then be just and fair. The US should make all correspondence about Huawei public, so that we can understand the entire process, and the reason for their actions against Huawei, and then make judgments and defend ourselves at court. Now that we've begun the judicial process, I will not make any further comments on this.

39

Karishma Vaswani: If there is one thing you would say to the world right now, what would it be?

Ren: Moving forward, the future information society will be characterized by collaboration for shared success. We are in an Internet era, where knowledge and culture cannot be constrained to one place, or only available to the few people who will use them to create something. This was the case only when transportation was not fully developed, when the train, ferry, or car was not invented. Back then, it was understandable that those places that understood how to effectively grow crops would become rich while others wouldn't. But today, the means of transportation are developed. Communications tools and

the Internet are all well developed. Advanced civilizations may emerge in any place. Only when these advanced civilizations are put together, will the future intelligent world and the cloud era come into shape. This era will be jointly created by the whole world, not a single country or a company. Together, we should jointly create a better society for mankind, and at Huawei we believe we are only making our due contributions.

40 Karishma Vaswani: Do you think the West misunderstands Chinese companies like Huawei or China itself?

Ren: In the West, it is only politicians who do not understand us. Western companies and scientists know Huawei very well. Just this morning, I met with the CEO of a huge Western company and we had a very good discussion. Such people are not hostile to any company, because we are in the same industry, and we understand where we are. Politicians, however, might not understand us well. They may wonder how it is possible for such an advanced company to come from what was previously such a poor country. They should come to visit Huawei as well, so I can receive them and answer any questions they may have. I welcome them.

I gave you honest answers today without any pre-

conceived answers, and I will happily do the same with them. Over time, they will come to understand us.

41

Karishma Vaswani: As I was saying to you earlier, I read your secrets to leadership: be humble, have passion, and always be learning. Am I correct?

Ren: Yes, you are right.

42

Karishma Vaswani: And you believe in the element of fire, because you want everyone to have fire in their passion. But you also think that fire must be constrained. That's why you like fireplaces. Is that true?

Ren: Both fireplaces and fires have nothing to do with me. They are ultimately just decorations in a building. Sometimes sitting by the fireplace for a chat has added to the atmosphere, but it has nothing to do with my love for fireplaces. I love a lot of things. The countryside is my favorite. My greatest regret is that I did not become a farmer. I read a lot of books and news about agriculture and how to grow crops. What I do and what I like reading are in conflict. Fire doesn't necessarily relate to me.

This is our annual report audited by a US accounting

firm. This tells the truth about us.

43

Karishma Vaswani: What I've heard from you over the interview is, it seems to me, that you are a very committed businessman, and you just want to run your company. You want to get down to serving your customers, you want to have the best technology in the world, and you want to invest in research and development. It's become very difficult for you to just focus on your business, right? It's become very challenging for you to just focus on your business, because of all of these controversies and allegations surrounding you.

Ren: I also care about my daughter. I have three kids, and I care about all of them. They have their own personalities though, and we don't always get along with each other. When Meng Wanzhou was young, I was in the military and often far from home. Her mom took care of her. I had to be away from home for 11 months every year, and when I was home for only one month she was in school during the day and did her homework at night and then went to sleep. We haven't spent much time together, but she has always worked hard and she is great with people and things.

I still remember when she was studying in the

Huazhong University of Science and Technology, her mom told me to give her some money and I gave her 10,000 RMB. When she graduated, she gave back 9,500 RMB to me. She is very frugal. The first time she went to Moscow for an exhibition, I gave her about 5,000 US dollars. When she came back, she returned more than 4,000 US dollars to me. She spent only a little money. She is also very independent. When we started working with IBM consultants on the Integrated Financial Services (IFS) program, she was the program manager and worked very hard. She threw herself into the program for ten or twenty years. She has a deep understanding of project management, so she has done a great job in finance.

Those who do an excellent job in finance are interested in balance, management, and efficiency. Huawei's leaders are not expected to focus on horizontal balance, but dive vertically for breakthroughs. So it's impossible for my daughter to be the CEO or chairman. This is going back to your previous question.

When Meng Wanzhou was detained, as her father, my heart broke. How could I watch my child suffer like this? But it happened. What could I do? We can only solve the case through legal proceedings. We don't believe that we have any wrongdoing, because we have been so strict with ourselves at Huawei. How could there

be any wrongdoing?

The United States will disclose their evidence in the future, and the court will come to a conclusion. For now, Wanzhou is under house arrest, but she still has a strong will and is studying multiple courses online every day. Some of our colleagues still communicate with her online regarding the company's strategy issues.

As a father, I can't let myself be overwhelmed by emotion. I want to see my children fly high and free. All of my children have strong characters. They are all working hard to become better. As parents, we cannot ask our children to stay by our side forever. I think their personal development is more important.

I think this hardship is a valuable opportunity for her. Undergoing such a big issue will give her strength for the future. I think I should thank the US government for that. I believe that she will reach even greater heights because of this.

44

Karishma Vaswani: It's been said that it has taken you long time to talk to the media. You have been very quiet, you have stayed away from the press. People say that's because you are secretive, that Huawei is secretive. Why did it take you so long to come and open yourself and Huawei to the world? Why has it

taken this crisis to open to the world?

Ren: Honestly, Huawei has always maintained a pretty high profile. All our leaders are out there, people like Richard Yu and Eric Xu, speaking publicly every day. So why haven't they become an Internet celebrity? Why has everyone zeroed in on me? I tend to be shy, not good in big groups of strangers. I'm good at poring over documents.

My wife once asked me what I loved. I said that I loved working with paper. She asked why. I said that documents and manuscripts are full of philosophy, logic, and real substance. When you write something and send it out, it might not have any impact for three to five years. However, 30 years later, when you look back and read them again, you realize that we've progressed with such consistency of purpose. This is what philosophy, logic, and management bring.

I wish I could spend more time on internal affairs, not external ones. So I didn't go for Chairman of the Board. The chairman has to be responsible for all of the company's business registration, signing this and that. Those are all a bunch of chores. It's like cleaning, and that's not what I want to do. I don't want to do anything but manage this company. My character has determined this.

Sometimes people ask me why I'm so great. I tell

them: I'm not a squirrel; I don't have a big tail. (Note: This is a pun, "great" sounds the same as "big tail" in Chinese). If I say I'm not great, they say I'm pretending to be humble. Therefore, I can't talk to the media. If I say I'm great, they don't believe it. If not, I'm being fake.

At this historic moment, our public affairs team is forcing me to speak out more. They say when I speak, people pay more attention, that other corporate executives can't draw that much attention. If the CEO is out there having coffee in public, why not take a picture? I don't really speak in public, and am not much for socializing. If I go out for coffee, I don't feel free to be myself. Inevitably many people take pictures and put them on the Internet.

"Wow, Ren leads such a plain life!" I don't know why people think drinking coffee is plain living. They say the same when I eat. Maybe I'm not in the mood for meat, so I have some vegetables instead. And then you've got people saying how great I am.

What you see in the media isn't really me sometimes. And I don't really have time to explain myself, so I don't meet with the media all that often. That's not true, actually. I did do an interview with the BBC in Davos several years ago, and it was broadcasted live. So I do meet with the media, but not so frequently.

Our public affairs team is getting squeezed by you media folks, and now they're squeezing me. So I have to come out and put on a show. Sometimes I say the wrong thing. I have never received media training, and I always speak what's on my mind. So I can't help but say the wrong thing sometimes. If I do, I hope you can forgive me.

45

Karishma Vaswani: I have one final question to ask. You have talked in the past about being inspired, in your leadership, by the West. What was it about European history that inspired you? Why were you drawn to it? And now that you are getting this resistance from the West, have you changed your mind?

Ren: First, I think the UK has had a deep impact on me. This is the country where the constitutional monarchy was established. Under this framework, kings and queens are placed under law, and the law is in the hands of parliament. The king is not the most powerful, and is subject to legal restrictions. He's subject to collective decisions in parliament. This has created a well-balanced country. The Glorious Revolution in the UK made it possible for the country to avoid conflict for 350 years. This has made the UK a very developed nation today, and it has had a great impact on me.

Second, the Puritans. After they sailed across the ocean to America, they inherited the rule of law from Britain. America is a large continent. During its rapid expansion, the West was in chaos, so it was impossible for them to establish very detailed laws. People in Britain, however, were super attendant to details in their legal system. This weakened the momentum of their innovation. Right now the overall management frameworks in the US are all quite standardized, but with a lot of flexibility at the end points. This has led to a dynamic society.

We have a similar system at Huawei, with a very rigid overall system, but very flexible end points. We give people the freedom to grow, so we've got not only order, but also democracy and freedom in our company. It looks like a miracle to people outside Huawei.

I actually learn from two cultures. One is the British culture. In this culture, clear and standardized management is the backbone of society. Second, it is the American culture. This is a culture that is open at the end points and that encourages openness and competition. We don't manage everything to death. All of this has had an impact on me. So much philosophy in the West is rich with meaning. I've learned a lot from it. Everything I write these days is at once standard, but also a little mischievous around the edges.

Some of our people have taken the time to read and understand what I write, and those are the ones who become key employees at Huawei. Those who don't quite understand continue doing their part at other levels in the company, and in this way we've created an organization with a certain order to it.

Karishma Vaswani: Thanks so much for your time. I could talk to you all day and it has been a really interesting conversation. We really appreciate the time that you have given us to try and understand where you are coming from. I think it is a very difficult situation that you are in.

Ren Zhengfei's Interview with CBS

February 19, 2019 Shenzhen, China

01 Bianna Golodryga: Thank you so much for sitting down with us. You rarely give interviews. Why have you decided to give one now?

Ren: For the most part I speak within the company. I speak with different teams almost every day, actually. I tend to pay more attention to internal management at Huawei, and I don't feel as though I should take on external communications. I think that should come from our rotating chairmen, people who actually do the work. I want to do more in terms of internal management, so I don't engage with the media all that often.

We're in a unique situation right now. Our public relations department thinks I have a lot of influence, so they've asked me to speak out more to help us communicate better with the outside world.

02 Bianna Golodryga: Your company's name is making a lot of headlines. There are a lot of charges and accusations against your company, specifically, your daughter, who is under house-arrest in Vancouver, charged with Iran sanctions violation. How was she doing?

Ren: In the past, Huawei was not a well-known company. We build telecoms networks, and our customers were only about 300 large companies

around the world. When we started making consumer products, our name started to become known. Now a lot of people know us as a smartphone manufacturer. Of course, some people like our phones and some don't. Those who don't like our stuff don't pay that much attention to us. Now the US is bringing charges against us. They're an incredibly powerful country, and in a way they've made Huawei known around the world. Of course, the US may not be able to tell whether or not Huawei is a good company for the time being, but it helped us get our name out. Now everyone knows about that company called Huawei, so we'd like to thank them for the advertising.

The charges made against us are not a verdict. They are only the first steps in a legal process. We can resolve these issues through legal proceedings. Let the courts decide. I believe the arrest of Meng Wanzhou in Canada was politically motivated. My daughter is a very nice person who studies hard and works hard. She was responsible for building Huawei's financial management system, which is one of the best in the world.

Wanzhou is also very brave. Right after the huge earthquake in Japan, the one with the tsunami and the nuclear crisis, she hopped on a plane from Hong Kong to Tokyo to help with the disaster relief work. There were only two passengers on that flight, and she was

one of them. After Wanzhou was arrested in Canada, a young girl in Tokyo even wrote her a thank-you letter, which was published in the Japanese media. Wanzhou is currently under house arrest, and is using this time to take multiple online courses to improve herself. She feels time is precious, and she doesn't want to waste it.

Sometimes we talk over the phone. Our calls aren't private, so we just shoot the breeze and joke around with each other. From what I can tell, she is in good spirits.

03 Bianna Golodryga: And I know she also had a birthday last week. It must be hard for you to miss your daughter's birthday.

Ren: I think this birthday is very meaningful for her. As an old Chinese saying goes, "Great men are made through hardship." These scars will ultimately give her thicker skin. The hardship she's going through right now will be a turning point. It will give her wings, and I think she'll come out of it more mature.

Wanzhou has been a very hard worker ever since she was a child, but she has never experienced any major setbacks. This setback will leave an indelible mark in her memory. It will make her more mature. It will make her stronger. In this sense, I think this is a very meaningful

birthday for her.

04 Bianna Golodryga: You said that the charges against her are politically motivated. Obviously, she is facing extradition to the United States. These are serious charges leveled against her. If convicted, she could spend 30 years in jail in the United States. Why do you call these charges politically motivated?

Ren: The legal systems in the US and Canada are open, just, and equitable. They will ultimately disclose their evidence and remain transparent throughout the entire process. I'm afraid I will only be able to answer your questions once they've reached a verdict in court.

05 Bianna Golodryga: The indictment claimed that Huawei defrauded four large banks, including HSBC, into clearing transactions with Iran, and that of course would be in violation of international sanctions and that they did it through a subsidiary company called Skycom. What is your relationship with Skycom?

Ren: These issues are currently in legal proceedings. We're going to have to wait for a verdict before we can answer questions like this.

06 Bianna Golodryga: Do you have a statement as to whether or not Huawei violated international sanctions?

Ren: Again, that's for the courts to decide.

07 Bianna Golodryga: You said in the past that you felt guilty about your daughter's predicament, why?

Ren: I think I was not around enough when my children were young. I spent most of my time working.

08 Bianna Golodryga: You said that you felt guilty as a father, why?

Ren: I joined the military when my children were still very young, and I was not at home for 11 months out of the year. During the month I was at home, they had homework, and they had school. I didn't have a lot of time with them. Their mother was mainly responsible for their education and upbringing. We weren't very close.

After I started Huawei, it was very difficult to ensure the company's survival. I had to do 16-hour days in the office, or working on other business activities. This meant I wasn't able to take care of my children when they were growing up and going to school. I was lacking in that respect.

09 Bianna Golodryga: It must be hard for you, not only as CEO possibly losing your CFO essentially, but also as a father to see your daughter facing extradition and potentially prison-time. How does that make you feel wearing both hats, as CEO and as a father?

Ren: I'm actually okay, I think. Because I believe the legal system will respect the facts and evidence, and the courts will adhere to their principles of openness, justice, and fairness. I will wait for the courts' decision. It won't affect the company's work at all, because we operate based on a mature set of processes and systems. No single person can affect the operations of the whole company.

10 Bianna Golodryga: I want to go back to what you said earlier, calling your daughter's arrest politically motivated. I'm wondering if you consider the timing of her arrest, happening in the middle of trade negotiation, and a trade war potentially between China and the United States, do you feel that you, your company, or your daughter is used as a tool?

Ren: Both China and the US are major powers, like two massive wrecking balls. Huawei is more like a small tomato. If those two want to collide, how could we possibly stand in the way? It's just not possible. And trying

to do so wouldn't create any value. Meng Wanzhou isn't a valuable tool in that equation. I would say that her case doesn't have much to do with the China-US trade war. The two countries need to adjust their relationship through politics, laws, and institutions. Individuals like us don't play a big role in matters like this.

Meanwhile, as the China-US trade war has grown more intense, Huawei saw much higher growth in January 2019 than we did in the same month last year. So the trade war hasn't had much impact on us. And there's no way that Huawei could possibly have an impact on the trade war, either.

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Bianna Golodryga: President Trump reportedly said that he would consider intervening on your daughter's behalf and many believe that would be part of a larger trade deal. What was your reaction when you heard that from President Trump?

Ren: I didn't have a reaction to that. President Trump loves tweeting his thoughts. He is a straightforward president. But I still think that the situation with Meng Wanzhou should be handled by law.

Mr. Trump is a great president. He was able to cut US taxes in such a short period of time. This is difficult to do, especially in a democratic country. All democratic

countries are big on debate: People debate and argue for a long time to reach a consensus. US taxes went from high to low, and they reached a consensus relatively quickly, forming it into law. This will be good for the US economy over the next one hundred years. When tax rates are lower, there's less of a burden on companies, so they can grow faster. This will prime society for a period of rapid growth. President Trump's approach [to taxes] is a great initiative.

I've been saying all along that China should cut taxes. This gives companies a breather so they can gather their strength and create more competition. Tax cuts are relatively slow in China. The country has a heavy burden. Many regions in China are still impoverished. The country needs quite a bit of money to help solve this, so they can't cut taxes all at once, only little by little. So what President Trump has done in this respect is pretty great.

There is something else I would like to say, though. If President Trump keeps on intimidating other countries and companies, and randomly grabbing people, it's going to scare off investors. And then how are they going to make up for lost tax revenue?

They cut taxes to encourage investment. Tax revenue from new investors can help fill that gap and the US will continue to thrive. I think the US should change its

policies. It should be friendlier to businesses. If they're not, no one will want to invest because there's risk. It has an impact. Resolving this issue is also important for the US's image overseas.

12 Bianna Golodryga: Do you hope that President Trump would intervene on your daughter's behalf?

Ren: I don't know about this, because I don't know him. I've never had any contact with him, so I don't think I'm really in a position to comment on this one way or another. If he were my friend, I would be able to fully understand him. The fact is, I only know about him from his tweets and speeches. I think he made some good points in his recent State of the Union address. I read through it – it's good.

13 Bianna Golodryga: You speak very highly at President Trump, yet he's likely to issue an executive order banning your company from doing any business in the United States. How do you square the two?

Ren: To be honest, we haven't had too much business in the US over the years, but we've never given up on this country. We keep on trying, and this is because we respect the US. If they don't let us sell, then we won't sell.

However, some US politicians are saying that Huawei is a security threat. We barely have any equipment over there, how could we pose a security threat? If the US is secure without Huawei, maybe they can use this to convince other countries around the world. But are US networks really secure without Huawei? Is their information secure?

If they can't manage security even when Huawei isn't there, it's wrong to believe that the US can secure itself just by keeping us out. Every country and every customer has the choice to work with us or not. We operate in a market economy, and we can accept that. We sell our products in many countries around the world, and plenty of operators don't buy our stuff. It's not like we hold it against them. There are many reasons not to buy from someone, and there's no way that Huawei can take hold of every single market. There are markets everywhere out there, but we don't have enough products to serve them all. If the US bans us, it means that US law doesn't allow us to sell there. And if that's the case, we won't sell there. And that's that.

But other companies might go to the US market, which is still good for the US economy. I believe that the new tax policy [of the US] is great. It's very difficult to achieve, but the US did it. It's difficult in any country. You have to balance tax cuts with other factors, including

spending, the social safety net, and things like that. But the US made it happen. It's a great nation.

14 Bianna Golodryga: You talked about the big issue here, and that is the United States government and the security agencies believing that you provide a backdoor to Chinese intelligence. Can you refute that categorically?

Ren: As I have stated in previous interviews, we absolutely have not and will never do anything like that. One, we have never engaged in any form of espionage, and would never allow our employees to engage in that type of behavior. Two, we have not and will never install backdoors in our equipment.

Some ask, what if Chinese law requires you to install backdoors? I would categorically refuse. Absolutely I will not respond to any demands for us to install backdoors.

At the Munich Security Conference on February 16, 2019, Yang Jiechi, a member of the Political Bureau of the Communist Party of China (CPC) Central Committee and Director of the Office of the Foreign Affairs Commission of the CPC Central Committee, made it very clear:

First: Chinese law does not require companies to install backdoors.

Second: The Chinese government always requires Chinese companies to abide by international rules and the laws and regulations of the countries where they operate.

The Chinese government has made itself clear, and I have made myself clear. Our message is the same: There are no backdoors.

Over the past 30 years, Huawei has served three billion people in more than 170 countries and regions. We have maintained a fantastic track record in cyber security for three decades now, and this attests to the fact that our equipment doesn't have backdoors. And it will stay that way for the next 30 years. We are unequivocal about this.

I can clearly state here: No one has ever instructed us to do this, and no one will. We have made ourselves very clear, and the Chinese government reiterated this at the Munich Security Conference.

15 Bianna Golodryga: You said you would never take any instruction like that from the Chinese government, even if they came to you. Wouldn't that put you out of business? How can you say no to the Chinese government?

Ren: As I just said, Yang Jiechi, a member of the Political Bureau of the Communist Party of China Central Committee, stated expressly at the Munich Security Conference that no such requirements exist within Chinese law.

He is a senior official of the Community Party of China, and he speaks on behalf of the Chinese government. So when I say "no," that's in line with what the state requires. No security issues exist.

16 Bianna Golodryga: Your current chairman said that Huawei is being accused of lying, and unjust and immoral bullying. Do you believe that the United States is currently bullying Huawei?

Ren: I think it's normal for a country to question a company. But this needs to be done through a legal process and the US legal system. We need an open and just process to determine who's right and who's wrong.

Over the past 30 years, we have been involved in a number of lawsuits in the US, and we did not lose any of them. This at least shows that Huawei has done relatively well in this respect.

If we are able to use the courts to resolve issues like this, I think that our Chairman's comments will be proven

correct. We should let the legal process take its due course, as the US is a country that follows the rule of law.

17 Bianna Golodryga: Do you believe that the United States is trying to put Huawei out of business?

Ren: Will Huawei go out of business? I don't think so. We're full of life. It's possible that pressure from the US is actually making us more motivated and driving us to work harder.

Someone once said, "The easiest way to collapse a fortress is to attack it from within." I want to say that external pressure will only make a fortress more united, resilient, and effective. How could it collapse?

Many of our customers have been working with us for over two decades. They know Huawei best and know what motivates us. Consumers make their own decisions, and they won't decide to buy something or not just because someone else told them to. We are confident that we will continue to survive and thrive. This will not have a large impact on us.

18 Bianna Golodryga: I asked this because Vice President Pence and Secretary Pompeo were both in Europe last week, trying to persuade the US allies not to use

Huawei as they roll out 5G technology. Vice President Pence at the Munich Security Conference said, "We cannot ensure the defense of the West if our allies grow dependent on the East." Do you view that as a threat?

Ren: First, I need to thank them. They are both taking on a great task for their country. I have seen Mike Pence's financial disclosures. He only has about 15,000 US dollars in personal savings, and 15,000 US dollars for his two children's education. As a government official, he is fighting for politics and his ideals. This, in my opinion, makes him great. Mike Pompeo is also a great man, with a PhD degree in political science from Harvard University.

They are advertising Huawei's 5G all over the world. Before, no one really knew what 5G was for. Now the entire world knows about 5G, and when they look into it more closely, they realize that only Huawei does 5G the best. Only our 5G is the best in the world. This has helped amplify our impact. We are seeing more contracts, not less. And we're getting them faster than before, including in Europe.

That's why I said I need to thank them for getting our name out there – and for free. So I am very grateful to them. Please give them my thanks.

19 Bianna Golodryga: That's a little bit of sarcasm there.

Ren: No, I'm not being sarcastic at all. Huawei is a company, and the US is a great nation. Our conflict with the US and its top officials has helped get our name out there.

20 Bianna Golodryga: I'm sure they will watch our interview and they can interpret that however they might. One of the concerns that they're trying to espouse to the allies in Europe is that Huawei's 5G is closely related to military technology. The US appears to be saying that they may reconsider sending US troops in certain European countries if they continue using Huawei technology. What is your response to that?

Ren: To start with, they seem to view 5G as a type of equipment for military control. 5G is not an atomic bomb. Atomic bombs hurt people and cause safety problems, but 5G brings benefits to people and offers us information channels and pipes. These channels and pipes are controlled by operators and governments. We provide equipment only, similar to water pipes and taps. They won't be a big threat to security. After all the hypes, people will ultimately calm down and see what

our equipment is really like. We think that Europe will make their own assessment. I don't mean any sarcasm. I have never said otherwise to the media. We are happy to see the publicity they have done for us. In fact, many countries don't take Huawei very seriously, not even knowing who we are. This publicity has helped Huawei raise our profile and expand our markets. We are getting more contracts faster. Due to the recent events, the sales of our consumer products in January rose by 68%. So I believe that this will not be a big crisis for us and it will not greatly impact us.

Before Western countries say Huawei poses a threat to the West, they should first assess Huawei's contributions to society. First, we provide services to three billion people in 170 countries and regions, and we have contributed greatly to bridging the digital divide, like giving poor countries access to information and education opportunities. China is ahead of many countries in terms of network development, and China is now seeing a decline in poverty. This is because people have access to new information, new technologies, new jobs, and new sales techniques. We bring benefits to humanity; we are not a threat to society, and would never cause it harm.

Second, we have more than 80,000 patents. These are our contribution to the foundation of the digital

society. More than 11,500 of these core patents were granted by the US government, giving us legitimate rights. We are a big contributor to the US's information development, not a threat.

As for the backdoor question, I have clarified many times that there are absolutely no backdoors in our equipment. We would never take that risk and do something that we shouldn't do.

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Bianna Golodryga: Have you ever given any information to the Chinese government in any way, shape, or form from your clients, your customers, even if it's a local, domestic customer?

Ren: Over the past 30 years, Huawei has never done that. And I believe that we will never do this in the future.

22

Bianna Golodryga: Could Huawei possibly have a backdoor without your knowledge?

Ren: It is impossible. All of our departments, from the top down, have emphasized that no backdoors are allowed. Huawei equipment contains no backdoors. If any backdoors did exist, the US would have discovered them long ago as they have such advanced technologies.

23 Bianna Golodryga: Despite warnings from the United States, you had the intelligence agencies from the United Kingdom say that they can mitigate the risk and they will likely continue to do business with Huawei as they roll out 5G technology, and New Zealand also said that they will look at your agreement; they had once banned it. Do you view that as vindication against the accusations from the United States?

Ren: I don't think so. I think the US is reminding everyone that there may be some issues and that they need to assess them. We have established a cyber security evaluation centre in the UK where our source code is subject to inspection by the UK government. During our 10-year partnership with the UK, there has never been a security incident. Huawei has built very strong "walls". We have the world's best defense capacity. US company Cigital made an assessment, saying our systems are the strongest in terms of attack prevention. When the UK government checked our software in detail, they found that the code was not up to their standards. But why was this the case? Because we were a small company 30 years ago. The code we wrote in the past, is not up to today's standards. Now we are asked to make improvements on the code running on the live networks of the UK and restructure the networks using new software standards designed for

the next 30 years. So we have decided to spend 2 billion dollars to improve the source code on these networks. The UK has concluded that the issue surrounding Huawei is manageable, since we've had ten years of partnership. The UK has made its point: People say there may be some issues surrounding Huawei, but they are manageable.

Moving forward, technology will only develop faster and information traffic will increase, requiring equipment with large capacity. We remain wary about this. In the past, one floor of a building was required to house the equipment that served 100,000 users. Now, a much smaller space like this would be enough to house the equipment that serve millions of users. We are also concerned about security incidents or faults caused by network technologies. A small incident can have a huge impact, but there has not been any.

Recently, the networks of some companies have experienced outages in many countries. I don't think these companies deserve harsh blame. However, they need to accept what has happened and make improvements. No single company will always be successful in the network field, including Huawei. But we have well-designed systems in place to prevent and tackle network issues. Cyber security and information security are two different things. We sell network pipes,

and we sell equipment to carriers who decide what passes through these pipes. It is not in our hands.

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Bianna Golodryga: So then what is your response when you hear the director of CIA Gina Haspel say that she would never use a Huawei product because of the safety and intelligence concerns; the director of the NSA also said that he would not use your products, and former director of CIA Michael Hayden said he has enough evidence to persuade him that Huawei is spying for China?

Ren: These people may not directly use our equipment. However, the US government spends 85 billion US dollars on IT equipment every year, and numerous Huawei patents are used in the creation of this equipment. Huawei is a significant contributor to IT development, and we may be one of the top companies in terms of IT. 5G will be used widely worldwide, and 5G products, no matter where they are from, are built on the back of Huawei's contributions.

We think it's understandable if some customers say they won't use our products. The world is huge. We can't expect everyone to use our products, and we don't have the capacity to serve everyone, either. Their opinions are understandable, and we accept that people have

different views regarding us. We only strive to serve customers well where the opportunity to do so exists, and will pull out where we face rejection.

25 Bianna Golodryga: They maybe find it hard to believe, as much that you deny, that China if ever approached you about using backdoor access to any customer information, that you would say no or would have any opportunity to say no.

Ren: A senior Chinese government official made a statement at the recent Munich Security Conference. These US politicians should trust in what the Chinese government has said. It's wrong to use assumptions as evidence for alleged crimes. Evidence should be something real. It's natural if someone refuses to use Huawei's products out of concerns. This is not really any different to choosing clothes in a shopping mall. You won't like all of the clothes out there, and if you don't like them, don't buy them.

26 Bianna Golodryga: We know for a fact that President Trump has not always believed the intelligence that his intelligence committee has provided him. Is there anything that you would want to tell President Trump to refute what his intelligence advisors are telling him now about Huawei?

Ren: First of all, Huawei's financial reports have been audited by KPMG, and this has been the case for nearly two decades. These audit reports are available online and reveal Huawei's matters regarding finance and management.

Second, Huawei is a member of more than 300 standards bodies, and has submitted tens of thousands of proposals. These memberships and submissions attest to what we have done and what we have contributed to these organizations. Mr. Trump doesn't have to ask me what Huawei is like. He only needs to talk to major companies and scientists in the US. They are more familiar with Huawei than US politicians are because they have engaged with Huawei for several decades. This is the best way to find the right examples to make correct judgments about Huawei. Mr. Trump could even invite Huawei's competitors for a cup of coffee, and learn what they think of Huawei. Huawei is like an open book, and being open is not an easy task.

27 Bianna Golodryga: Your competition in the past however has accused you of stealing intellectual property and technology, in particular T-Mobile. You settled a lawsuit with the company when they accused you of stealing an arm of its robot called Tappy. You said this was the work of a few agents, but there is

evidence that FBI found, they found internal e-mail suggesting that the company rewarded stealing intellectual property. Is that the case?

Ren: We have made it very clear that we have not and do not reward employees for any misconduct. We will take disciplinary action against anyone with this type of behavior. The T-Mobile and San Diego cases are already in legal proceedings, so we need to wait for the court's decisions.

28

Bianna Golodryga: Let's just be clear. You never authorized internal e-mails that rewarded employees who stole intellectual property from competitors?

Ren: We would definitely take disciplinary action against employees who do this. Any employees who engage in this type of misconduct must be disciplined. If this type of behavior were to go unpunished, our company wouldn't be able to survive in this world.

Huawei is a large company. We have more than 180,000 employees, and our sales revenue is more than 100 billion US dollars. If we condoned misconduct, we'd have a lot more problems ahead of us, not just one or two lawsuits. We wouldn't be able to keep our doors open. That's why we would never reward this type of

behavior. There's no way.

We have a lot of respect for intellectual property. We are pushing for the Chinese government to strengthen its protection of intellectual property rights, and I think China needs to continue protecting these rights. China can only become an innovative country if it protects intellectual property rights in the same way as it protects other property rights.

The US has risen to be the world's most powerful nation in just over 200 years. This is attributable to its strong protection of intellectual property rights. We need to respect the US for that and learn from them.

29 Bianna Golodryga: And you're quickly following suit and catching up; [you're] the second largest economy now. It's very impressive, the scale and size of Huawei, you're in 170 countries, and you're a privately owned company. Do you currently or have you in the past received or relied on any subsidies from the Chinese government?

Ren: Huawei doesn't receive subsidies from the Chinese government, except for a few that support scientific research. These are clearly listed in our KPMG-audited annual reports. For the most part, though, we don't accept any subsidies from the government. We do

accept some for basic research, national standards research projects, or other things the country's working on, but they are very few in number. Again, you can see those in our financial reports. We also received some subsidies from European governments for basic research.

30 Bianna Golodryga: The allegation is that there is not a level-playing field for your competitors, and in fact, Huawei is guaranteed at least a third of China's 5G network contracts, foreign competitors are not. Is that fair in your opinion?

Ren: No one is guaranteed a market share like this. All companies have to compete for it.

31 Bianna Golodryga: Why not? I'm curious, let's go down this road. Why shouldn't Huawei and ZTE be compared?

Ren: Because Huawei and ZTE are completely different companies. I don't know much about ZTE. Why is everyone always lumping Huawei and ZTE together? I don't really know what kind of company they are. We actually engage more with Ericsson and Nokia. A company's market share is determined through competition, and our market share outside China is

larger than it is in China. We have mostly focused on our business overseas.

32 Bianna Golodryga: Do you think there's a level-playing field for competitors in China right now?

Ren: I think we compete based on who makes the best products. History will prove that. In the 1980s when China began to implement the reform and opening-up policy, nearly all products in the Chinese market were from foreign companies. It's no longer up to the government to decide where people get their products from. All procurement today follows market-economy rules. Bids are evaluated openly and fairly. I don't think there's any special treatment for domestic vendors here.

33 Bianna Golodryga: Do you think that's the policy that President Xi espouses to?

Ren: I think that China is advocating more openness in its policy. You may have heard some of President Xi Jinping's remarks at the China International Import Expo. He said that China would allow foreign capital in the financial sector, gradually lower the tariffs for the automobile sector over the next five years, approve fully foreign-owned automobile companies, and open up

all manufacturing sectors. We'll have exactly the same policies for both Chinese and foreign companies. The expo is a good example of China's openness in policy.

Last December, during the celebration of China's 40th anniversary of reform and opening up, the country showed greater consideration for private companies, so they could receive fairer treatment. In the past three decades, foreign companies have been treated as "VIPs", state-owned enterprises have been treated as "sons", and private enterprises as "nephews". We're lower on the totem pole than you guys. I wish we were in the same position as foreign companies. However, this focus on foreign companies has actually helped China grow out of poverty and begin to develop. In addition, the inflow of foreign companies has also stimulated China's industrial progress and development. Chinese companies have realized how strong their foreign counterparts are and have learned a lot from them.

Being open is key to China's future. And only through reforms will Chinese companies prosper. I firmly believe that. I have never supported the idea of excluding foreign companies. Even when some foreign companies were trying to give us a hard time, at Huawei, we never saw them as our enemies. Instead, we called them peers, which in Chinese, literally means our business friends. We don't treat them badly, and this has won us respect

from our customers. Maybe our market share is a bit higher because of this. But if we take too much, I'd feel bad. There's no reason to take that much. We need to leave some of the market for others.

34 Bianna Golodryga: Is this a view that you've shared with President Xi?

Ren: I didn't have the opportunity to share these points with President Xi. These are some of our thoughts drawn from our experience lawfully doing business in China. I wouldn't have the opportunity to share our views, and even if I did, they may not listen.

35 Bianna Golodryga: Because there is a view in the West that he's taking more of a nationalist turn in controlling state enterprises as opposed to leaving companies more independent. Do you think that's hurting your brand, your name, and your view points?

Ren: We need to look to what President Xi has said to better understand his ideas. At the Boao Forum for Asia, he announced many policies for opening up. Then in November last year, at the China International Import Expo, he announced many measures China will take to open its market to the West. In December, during the

celebration of China's 40th anniversary of reform and opening up, he announced that China will enhance the reformation of state-owned enterprises. These are all nothing more than reforms and opening up. In my opinion, China will become more open, not close its door to the world. Viewing China as a foreigner, you probably can't feel that. But we were born here and grew up in China, so we know how the environment has been gradually changing over the past 30 years.

When China just started opening up, it was very difficult for us to get a loan of 10,000 US dollars (about CNY80,000). We did everything we could but we still couldn't get a loan as big as we needed. Later, we were able to get loans like this, and things gradually changed. So I don't think China will take a path that centers on state-owned enterprises. The biggest weakness of state-owned enterprise is their inefficiency, which leads to high operating costs. China hasn't built a complete system of resource taxes yet, so state-owned enterprises may have advantages in some resource-related industries. But in industries of open and free trade, state-owned enterprises will face much greater pressure.

36

Bianna Golodryga: Many Americans are just hearing about your company and your name recently. What would you like the American public to know about

Huawei, and what Huawei brings with 5G?

Ren: First of all, I would like to express my thanks to the US government. Without their high-profile campaign, most people wouldn't have any idea who Huawei is. We basically have few sales in the US, and our market presence there is very small, so consumers don't know much about Huawei.

The message we want to convey to the American people is that we can work together and share the success. An information society is different from an industrial society. In an industrial society, a country could close up its doors and make sewing machines all on its own, for example. They could do it themselves without the help of other countries. The same is true of tractors, cars, trains, and even ships.

But we're in an information society now. Everyone has to work together and build a global network, piece by piece. No single country can do it alone. All countries around the world need to work together to build a society for the future.

What contributions can we make to benefit the American people? Our networks are great, so some of our equipment might be suitable for the US. It's up to the US to decide whether or not to use our networks. If they choose not to use them, we can provide our

products to other markets, and then come back to the US at a later date. Sooner or later we will be able to make our contributions to the US.

37 Bianna Golodryga: There are two more questions for you. Thank you so much for your time. This is more about you personally. I read your biography, I know you came from one of the poorest provinces in the country, your parents were teachers, and your grandfather cured pork. How did somebody who came from so little become one of the richest men in the country?

Ren: I grew up in a remote mountainous region of Guizhou Province, which is a poor region of China. Both of my parents were school teachers, and devoted their lives to rural education because they believed that teaching children in rural areas was the only way our country would become prosperous.

I had many siblings, and my parents struggled financially. They could not spend much time with us, so we were naughty children. They gave us more freedom, and let us fly high and free, leading us to develop strong characters. Today, most children in China are only children. Their parents have high expectations of them, and people in general are much better off now, so they

tend to overprotect their children. When our generation was young, nobody controlled us. We grew up in a carefree environment, which allowed us to fully develop our unique characters. We may not have studied that much, but we were under less pressure.

Once we grew up, we knew that we had to work hard to earn a place in society. That's exactly what we did.

I studied every night until 1 a.m. in the morning every day for almost 50 years. Many people think that I've stopped learning, but that's not true. I would be unable to run Huawei if I stopped learning. Decades ago, I was somewhat left behind by the fast-moving times. When I left the military, computers had been widely adopted in society, but I didn't know what a computer was. About 30 or 40 years ago, many of my friends went to study in the US or Canada. When they returned and shared their stories with us and told us about things like supermarkets, I didn't have a clue what they were talking about. They said that in a supermarket you just took the things you wanted from shelves. How did that work? I really didn't understand the concept.

Take another example. We didn't understand how a bathroom was attached to the bedroom. Was that even possible? Didn't it smell? I couldn't imagine this sort of bathroom. That's what it was like when I was young. Back then, China was somewhat closed off from the

rest of the world, and we did not know the US was so advanced.

When did I start getting to know the US better? It was during the Cultural Revolution, when China sent a military delegation to visit West Point. After that, the way West Point was run was covered in China. This broadened my horizons for the first time. I was greatly impressed by the management style. We originally thought US soldiers were spoiled and soft. They even drank coffee during the war in Korea, while we didn't even have water. I realized that much of what I understood about the US was incorrect.

It took a long time for us to shift from a closed-off era to an open one. Before my first visit to the US, I thought everything would be extremely expensive there, and we might not be able to afford many things. As we did not have any credit cards, we took a lot of cash with us. After arriving in the US, we found that it was impossible for us to spend all of the cash we had brought with us because things were actually very affordable. It was unbelievable. We didn't understand how the market economy helped greatly reduce prices, and saw many new things that we had never seen before.

The prosperity in the US wasn't taken, it was built. It can be attributed to the hard work of numerous outstanding people. Many talented individuals around

the world have come to the US to make inventions and create wealth.

What should Huawei learn from the US? We need to be open-minded and attract the best people to come and contribute to the company's growth. The company's not about creating wealth for me or my family. Nobody can get wealthy if the company isn't profitable. This allowed us to unite many people who worked hard together and gradually made Huawei into what it is today.

My life is actually very simple. My wife often criticizes me and says that I don't have many friends or hobbies. I reply that I do have hobbies: reading and writing documents. I especially enjoy working on documents. I come to work every morning after having breakfast at 7:30. I find I am most efficient between 8 a.m. and 9 a.m., and I always choose to review and sign documents during this period. I'm also in high spirits between 9 a.m. and noon, and often attend meetings or listen to work reports. In the afternoons, I'm not that energetic, so I grab a cup of coffee and talk with colleagues to hear their thoughts, including any critical comments.

I've seen a lot of criticism of Huawei and myself on our *Xinsheng Community*. If I think a critical comment makes sense, I want to sit down with that person and listen to what they have to say. If someone is really great

at criticizing, I would probably ask the HR department to do some research and find out whether that individual is performing well in their own job, as they are so good at criticism.

If they've done great in the past few years, and they've also given some great criticism, then they're clearly an outstanding employee and we should fast-track their promotion.

When I recommend fast-tracking people, our other executives might not agree, but mentioning it has an impact. They may start paying more attention to that person, and eventually some of our people are fast-tracked.

We have a really great employee in a small country in Africa. When my wife and I visited him, he told me, "Boss, this year I was promoted by three grades." But later the president of his regional office told me that this guy was actually promoted by four grades.

Why the discrepancy? The general manager of his country office said that they had already decided to promote him again in December, but they hadn't told him yet.

This guy is only 26 years old, but he is already managing a country office at Huawei. When it comes to making the most of talent, we don't limit ourselves to a

super rigid system. We're like the US in that respect.

The US is a great country. Many great minds like Brzezinski, Kissinger, Madeleine Albright, and George Soros all come from Eastern Europe, but they have managed to serve in important positions in the US government. They have made great contributions to the US. This is a result of US openness. We need to learn from the US, and be more open. This will make us stronger, and that's the direction we're working towards.

Me, I have a very narrow focus. It's in my personality. So our company has a narrow focus too. We're not interested in things like real estate, and we will never reach beyond our focus to make easy money in other areas. We do the things that are the most difficult and the least profitable, because others aren't willing to do them. The most difficult and least profitable thing is telecoms. It's 5G. We are currently rolling out 5G, and soon we'll see 6G too.

Soon we'll have some new equipment that is a great fit for the US. For example we're leading the industry in both 5G and microwave. We are creating millimeter wave equipment, and our antennas are as small as a dinner plate. We have combined both 5G and microwave to deliver ultra-broadband services for spread-out neighborhoods. Microwave can support 100 Gbps, and a 5G base station can support 10 Gbps. Combined, these

two can provide ultra-broadband services for the upscale villa districts in the US.

Why can't these villa districts enjoy broadband services now? Because the land in the US is privately owned. There would be complex negotiations over laying fiber lines through the land of every household. Without fiber, many wealthy people in the US can't enjoy 8K TV. Right now we have 4K TV in China, but the US doesn't have it yet. The Japanese have access to 8K right now. Our equipment will only need an iron pole, and we can cover all of the houses within a few kilometers. No other country or company can do it. But we can, and we are more than happy to sell it to the US in the future if they welcome us.

Sooner or later, the US will get to know us and find that they actually like us. How does the saying go? "No discord, no concord." We might fight a bit, but the more we fight, the more they'll come to realize that we're not that bad after all. I think we can become good friends. Then we can shake hands, and we'll be solid. You don't have to worry about Huawei posing a threat. What threats can we possibly pose to the world? A world in peace benefits everyone. Why in the world would we want to get involved in any of that bad stuff?

There is no fundamental conflict of interest between China and the US. With the Boxer Indemnity program,

the US started providing funding to Tsinghua University, helping develop talent in China. During World War II, many US citizens sacrificed their lives to halt the spread of fascism. These are great contributions to humanity.

Since the reform and opening-up policy was launched by Deng Xiaoping, China and the US began talking again. China has grown from a backward country into what it is today. There is no fundamental conflict of interest between Huawei and the US.

Even if the US came to us and said, "Hey, we're opening our market to Huawei," we might not be able to handle it. The US is huge. It's highly developed, and has massive demand. We might not be able to keep up.

See, we've got problems with supply. I guess our planning system is outdated. A lot of people yell at our consumer group. They say our phones are out of stock, so they come to me for help. But I can't get my hands on them either! You have to buy them online, and our website has no idea who I am. Why would it help me jump the line?

We're still developing, step by step. One day, I trust we will be able to make our contribution to the US.

38 Bianna Golodryga: So, final question: To anybody who says the United States and China are inevitably headed for a collision course in cyber warfare, you say what?

Ren: I hope never to see collisions between countries. Peaceful coexistence should be our ultimate goal, and I don't support an arms race. By spending less on the military, countries can spend more to make living conditions better for their people.

There shouldn't be a fight for cyberspace. Huawei has licensed our intellectual property rights to both Apple and Qualcomm. We have signed non-disclosure agreements, so I can't disclose business secrets. We have signed IPR licensing agreements with numerous US companies. We peacefully coexist with them, and there are no disagreements between Huawei and these companies.

At social levels, there shouldn't be any collisions either. If I assume that you are my imaginary enemy, and you hold the same view of me, then we might end up becoming true enemies. But if I assume that you are my friend, I might be nicer to you. You might invite me for a cup of coffee, and I might take you for a steak meal. Such interactions can strengthen our friendship.

China and the US should safeguard world peace.

This is a great responsibility for both countries. China is still far behind the US, and many products made in China are of low value and fill some of the gaps [left by US players]. Many products made in the US are technologically sophisticated and have huge value. This means both countries can trade their products. Some US politicians said that the US should not sell chips to China. I find this ridiculous. Why wouldn't you sell your products if you can earn money? If you don't sell your product to a company, you are actually forcing it to make a similar product one day, and you will not be able to sell your product any longer.

Our world should be a convergent world. The Internet shouldn't be a battleground. Why should there be cyberwar? I don't think such a thing will ever happen, and if it did happen, I would never engage in it.

Huawei's products are like water pipes, and water – or data, so to speak – flows through them. Our 5G base stations are like water taps that control the flow of water. We don't have any control over network equipment. Only telecom operators have such control. They manage their equipment through Huawei products, and ultimate authority still resides with the countries where the equipment is used.

We don't support any potential [cyber] war. Every country wants to possess more intellectual property

rights and do more things, but they are also worried about paying too much for the IPRs of others. Apple and Qualcomm are filing against each other because Apple wants to pay less while Qualcomm wants to earn more. This is a conflict of commercial interests, not a political conflict, and I believe it will be solved in a way that creates benefits for society.

Our ideal is to work for the greater good of all humanity. Otherwise, we wouldn't have climbed 6,500 meters to install base stations on Mount Everest. We had to lug all that equipment 6,500 meters up in the air. It was enormously difficult. I have been to some of the base stations at the base camp of Mount Everest. That's 5,200 meters above sea level. Everyone told me I couldn't go. I said if I was too afraid to risk my neck, how could we ask our engineers to? Even in war-torn countries, you can see Huawei people. Without properly functioning networks, there would be even more casualties.

Huawei people remained at their posts in malaria-stricken African countries. When the earthquake hit Japan, there was nuclear disaster. Everyone was worried about the radiation. They called me. I asked how bad it was. When the first atomic bomb was tested in China, many Chinese people went to watch. They had no idea what nuclear radiation was, but they went out to hoot

and holler about it. At the time it caused very few health issues. So when Japanese people were being evacuated, our engineers were going in the opposite direction. They restored more than 600 base stations. The Japanese government saw what we did, and they praised us. They said "Huawei is a Japanese company". This is one of the reasons why we have been doing well in Japan all these years.

The tsunami in Indonesia claimed tens of thousands of lives. Our team, which was only a few dozen of people, managed to get their networks up and running again within just a few days. My wife and I also went to visit our staff on a Bolivia plateau at an altitude of more than 4,000 meters. There were several thousand base stations there.

To be honest, we didn't make a lot doing this kind of work in underdeveloped countries. A lot of times we can't exchange the money we get for US dollars. In Sudan, for example, there's plenty of money that we're never going to see again. It's the same in many countries. But we work for our ideals; we work to serve mankind's needs. If we were a listed company, a capital-driven company, we would only work in lucrative countries, not the ones where we can't make any money. If this was the case, many countries would be left with poor network coverage. This is not how we operate. We

work to serve people's needs. It's fine if we earn less. In fact, we didn't earn less. You just said that I am a wealthy person. You are right, I am.

(Closing) Ren: Thank you. I'd like to take this opportunity to say hello to the American people. Through their hard work, they have set a good example for the rest of the world over the past few centuries. We greatly admire their down-to-earth spirit. We should all learn from them.

Ren Zhengfei's Interview with CNN

March 13, 2019 Shenzhen, China

Ren: Be straightforward and ask any questions you want. I will be very frank in my answers, including with any of your trickier questions. Don't worry. I like how frank Americans are. You aren't afraid to ask any question you want. I was a fan of the US when I was young. Today, I still believe the US is a great nation. Your advanced institutions, flexible innovation mechanisms, clearly-defined property rights, and respect and protection of individual rights have attracted the world's best talent to invest and innovate in the US. Billions of people have participated in this process. Without your openness, you wouldn't have been able to develop into the world's strongest power in just over 200 years.

01 Matt Rivers: Well, thank you so much, Mr. Ren, for sitting down with us. And the fact that you're sitting down with us, I think it's interesting. I'll be honest; I don't think six months ago maybe this interview would have happened. So why have you decided to speak more publicly now?

Ren: I've always been a pretty open person, actually, but I like to focus on internal management more than external publicity. I really get US culture, and many of our company's management systems were inspired by those in the US.

We engage with the media a lot these days. Our PR department feels this is a particularly important time for us, and because of my personal influence, they have asked me to take a more active role in communicating with the media, and maybe have some impact on global audiences. So it's understandable for me to interact more with the media these days.

02 Matt Rivers: Understood. This is the first time that you've spoken since Huawei sued the United States government for blocking Huawei's access, Huawei's products for use in federal agencies. But if the United States clearly feels that Huawei products are a national security threat, does the United States not have a legitimate right to protect its own interests?

Ren: Huawei has tried to keep a low profile, and we were always like a "silent lamb". No matter what others said, we always stayed silent and didn't refute what was said. When we expanded into overseas markets, some people said we were communists. Then, when we returned to China, other people said we were capitalists, because we were sharing our profits with our employees and many of our employees had high incomes. We don't know whether we are communists or capitalists, and we don't waste time trying to explain who we are. Instead,

we spend our time improving our internal management and providing better products and services, so that customers will understand and accept us.

The US began attacking us more than 10 years ago; they didn't just start doing this recently. This is because they are suspicious of us. As I have just mentioned, when we began to expand into overseas markets, they believed that we were communists. So they began attacking us, but we remained silent. Recently, however, they started resorting to legal means to attack us. We now think it is necessary for us to clarify some things. Otherwise, misperceptions about us would only grow. We have prepared for months, and we want to make our voice heard.

The US says we are a threat to its national security; they should provide evidence. The whole world is currently talking about cyber security. How has Huawei become the only target? Are Ericson, Cisco, and Nokia free of cyber security issues? There is virtually no Huawei equipment deployed in the US. Does this mean the US has no security issues? If it does, then the US can persuade other countries not to use Huawei equipment. However, the truth is that US networks are still insecure without Huawei. We feel it is now time for us to clarify this issue, and that's why we have sued the US government. Our lawsuit challenges the US's law.

The US follows the principle of separation of powers, but they impose a ban on us without a trial. They are violating the very law they made. We don't know whether we will succeed or not, but we will challenge the US on a broader front. Let's see whether they have evidence or we have problems.

03 Matt Rivers: Right. And I want to get into your arguments on this a little bit later. But just speaking specifically about this lawsuit, why now? Because you are facing a series of legal challenges in the United States. Does it not put at risk or make more complicated your ability to perhaps influence getting your daughter back or hurt your standing to actually resolve your issues in the United States by filing this lawsuit?

Ren: We chose this timing because the act is scheduled to take effect in August. Now is the time for us to set the record straight. As for the legal challenges you mentioned, we have indeed seen many lawsuits involving Huawei in recent years. They happen from time to time. We believe our current legal action and the openness and transparency of the US legal system will help resolve these issues.

04 Matt Rivers: Right. Do you feel like you have very little left to lose by filing this lawsuit now, given your standing currently with the United States government?

Ren: No. We still hope to provide services to the American people. The US has the world's most advanced technologies, so we hope to work more closely with US companies to contribute even more to the information society and all humanity. It's not the case that Huawei has no opportunity to work with US companies. I still see a lot of opportunities out there. But there will always be setbacks. That said, these setbacks will not impact our consideration of the US market in the future.

We need to set the record straight on each issue one by one.

05 Matt Rivers: Right. I understand what you're saying about the timing of the lawsuit, but I can't help but notice the timing of the lawsuit being filed during the National People's Congress. We know this is an incredibly important time for the government. They don't like being upstaged during the National People's Congress. And yet, after your very public announcement, government officials were not only not upset, but they rushed to support it. So my

question is: was there any coordination in the rollout plan of this lawsuit with the Beijing government?

Ren: The timing of the lawsuit and the case in Canada was not planned. After we set the date for when the lawsuit would be filed, we decided not to invite any Chinese media outlets to the press conference, primarily to avoid diverting media attention from the session of the National People's Congress. This is a domestic event of utmost importance, far more important than ours. After foreign media reports on our press conference were massively reposted by Chinese media, government officials expressed their positions. We hadn't known this and hadn't discussed our plan with the government. We chose to resort to legal means to address our issues with the US.

06 Matt Rivers: Can you see or understand, though, why people might be suspicious? I mean, this is the most important time of the year for the Communist Party. Not only were they not upset, the government official, about your announcement, but they publically supported it. The timing of this just feels unusual to me.

Ren: This may have been a coincidence. We didn't want to spark a huge reaction in China, so we didn't invite any

Chinese media outlets to attend our press conference. We didn't want any media coverage in China. However, media coverage outside China ended up reaching China, and had some impact. We are aware that the Chinese government has been making some important decisions during a recent session of the National People's Congress.

We feel that the Chinese government has started to fully understand Huawei. We are telling Western countries that we can sign no-backdoor and no-spy agreements with them. The Chinese government has said that they can sign this type of agreement, too.

At the recent Munich Security Conference, Yang Jiechi, a member of the Political Bureau of the Communist Party of China (CPC) Central Committee and Director of the Office of the Foreign Affairs Commission of the CPC Central Committee, said that the Chinese government always requires Chinese firms to abide by international rules and the laws and regulations of the countries where they operate, and that China has no law requiring companies to install backdoors or collect foreign intelligence. This is an official announcement made by the Chinese government to the world.

This is also the message implied by the Chinese government to us that we can sign a no-backdoor and no-spy agreement if a country requires us to do so. If

a country wants to sign such an agreement with the Chinese government to ensure that Chinese companies never install backdoors or collect intelligence, we would like to push for the signing of such agreements. As a company, we already made it clear to the world that we can sign no-spy agreements, and that we have not and will never implant backdoors.

We think the Chinese government has gradually understood the difficult situations Huawei is in. The US has always been suspicious of Huawei, as they think we are communists, and they are scared that we would steal their data. We have never done that kind of thing, not even once, over our 30-year history.

Given the current delicate situation, the Chinese government has made it clear that it will never require companies to do things like this. Therefore, we can also confidently tell all countries in the world that we can sign no-backdoor agreements. If any countries have doubts, we can invite the Chinese government to be present at the signing ceremony, to endorse Huawei's position of not implanting backdoors.

The public announcement made by one of China's senior officials at the Munich Security Conference I mentioned just now is a clear indication of the Chinese government's stance. We already told foreign governments and companies that Huawei would never

do things like that. But the backdoor issue has become pretty serious now. Foreign companies will not believe us if we just tell them our stance and the Chinese government does not clarify its stance. Since the Chinese government made its stance very clear at the Munich Security Conference, it is very important for us to clarify that Huawei is a secure company.

07 Matt Rivers: The irony of you using the United States legal system to counterattack, if you will, the U.S. government to make your case and yet your counterparts, American counterparts, Google, Facebook, et cetera, all blocked in mainland China, do not have the same ability to use the Chinese legal system to make their case for access to China. What do you make of that?

Ren: Personally, I have been calling for our counterparts like Google and Amazon to enter the Chinese market, because I think this would benefit China. But that's just my personal opinion. When I talk about this with others, I always support the entry of these companies into the Chinese market. As I just mentioned, I think this would benefit China.

China's Internet is chaotic, and there are no clear boundaries regarding what we can and cannot talk

about on the Internet. However, that is not the case in other countries, where there are effective mechanisms in place to manage the Internet. If such companies and China can reach an agreement on the legal front, I firmly support their entry into the Chinese market.

Currently, China's manufacturing sector is open to the outside world. Perhaps in the future, when establishing wholly foreign-owned enterprises in China, approval from the Chinese government will not be required. But government approval will still be required for joint ventures.

In the past, if foreign companies wanted to operate in China, they had to establish joint ventures with Chinese companies. Now, foreign companies can set up their own business in China.

I hope that the Chinese government can open the Internet sector to the rest of the world, just like they did in the manufacturing sector. I am open to this idea and fully support it. However, I cannot speak on behalf of the Chinese government. These are just my own comments.

08

Matt Rivers: Right. Understood. Should the opportunity arise, would you ever go to the United States to support your case, or would you be afraid to go to the United States right now?

Ren: I am not an expert in law, so I don't think it would make much difference if I went to the US. We have little presence in the US market. I don't think there is any value for me to visit the US. It is more appropriate to leave the situation to our legal counsel.

09 Matt Rivers: Would you be nervous, though, to go to the United States? If you decided to go, would that make you nervous?

Ren: I have never thought of going to the US, so there is nothing to be nervous about.

10 Matt Rivers: Fair enough. I want to move to President Trump. He recently tweeted, as he often does, about 5G technology in this particular case. The president said in part, "I want the US to win through competition and not by blocking out currently more advanced technologies". He's talking about Huawei there, right?

Ren: I don't know who he was referring to. And I don't know if it's a good idea for the President to lead his country through tweets. Maybe that's an American style of doing things. Presidents should think carefully about what they say, and their words need to be reviewed by a certain institution.

But the US is a free country, and the US President has the freedom of speech like any other citizen. Does what he says represent the law? Does what he says really count? I don't know the answers to these questions.

He was talking about opening the 5G market to more advanced technologies. There are many companies around the world that can deploy 5G. Advanced technologies do not necessarily indicate Huawei. The US does not necessarily need to use Huawei's products. If the US does open its 5G market, we also need to consider many factors, such as the bidding costs and environmental barriers.

11

Matt Rivers: If President Trump was sitting in this chair instead of me, and you had five minutes with him, what would you tell him?

Ren: I would tell him that he is great. No other country in the world can cut taxes in such a short period of time. Lower tax rates help attract and boost investments, create economic prosperity, and build leaner governments.

President Trump set a good example for the Chinese government, and the Chinese government has now cut taxes by three percent. I think with his tax cuts, President Trump is pushing all governments to cut taxes. When

taxes are cut, governments will need to downsize their scale. This will ease the burden on public finance, and drive economic development.

Also, when a country moves towards rule of law, you can't manage it with bureaucracy. There's no need for so many administrative staff. That only creates a heavy burden for the general public. That's why I say he has set a good example.

But, I think the US might have taken the wrong approach. If they continue intimidating other countries and companies, and randomly detaining people, it's going to scare off investors. And then how are they going to make up for lost tax revenue?

If no one is willing to invest, and the US cannot fill the gap caused by tax cuts, the US government would have to cut their expenditures.

China began cutting its taxes three or four decades ago. Back then, the corporate tax rate was 55%, but the rate was much lower for foreign-funded companies, at only 15%. Foreign-funded companies were also offered other preferential policies. They were exempted from taxes during their first two years and only had to pay half tax from their third to fifth year in China.

From the very outset, foreign-funded enterprises didn't believe the Chinese government would implement

this policy. When they did, foreign investments flooded into China. This contributed to China's current prosperity.

So I think President Trump needs to be more open-minded to investments from all companies, and be more tolerant of the world. This will encourage more investments, and bring one hundred years of prosperity to the US.

I don't think the next US president will change the low tax laws. Instead, he or she may shake hands and make friends with all countries and companies around the world. These countries will then believe the US to be a trustworthy country, and they will invest in the US. This will bring prosperity to the US.

The US has a solid foundation. Tax cuts will very likely deliver more than 100 years of prosperity to the US. Heavy taxes are not conducive to industry development.

12

Matt Rivers: So, you're saying President Trump is a great president, at least in certain regards. However, his government clearly views your company as a security threat. It was just this week that the United States told Germany that if Germany would install Huawei products, the United States would limit intelligence sharing. So what do you say to that? What's your response?

Ren: Well, I was not commenting from the perspective of my personal feelings or company interests. I look beyond company interests, my personal feelings, and my family crisis when I say that the tax cut policy of President Trump will potentially give the US a hundred-year edge. But this might not happen while the Trump administration is in power. No one will dare to invest in the US if they just threaten other countries, companies, or individuals. This is because investing in the US would mean getting stuck there.

It's unclear what issues we may face because of what the US is saying to other countries. It doesn't matter much. If a country doesn't buy our products, we can still sell to other countries, and we might scale our business down a little bit. Huawei is not a public company, so we are not worried about the balance sheet. If a public company's balance sheet reports losses, their share prices might plummet, putting the company on the brink of collapse. Unlike a public company, Huawei can still survive by cutting our headcount and expenditure. That is the advantage of not taking Huawei public.

13

Matt Rivers: Yeah. And I understand your argument there. And I understand that you consistently deny the U.S. claims that you allow the Chinese government to have access to your products. But clearly, that's not

convincing the United States. You're in a climate right now where you've got the Vice President and the U.S. Secretary of State all going around the world basically saying to these countries, "If you work with Huawei, your relationship with the United States will get worse." If they continue that, does that not threaten the existence of your company?

Ren: Again putting aside my personal interests, family crisis, and company interests, I have always believed that the US is a great nation. Its advanced institutions, innovation mechanisms, and innovation powerhouses will lead to its long-term prosperity as a nation. The US has remained the absolute leader in technology over the past several decades, and will remain so in the coming decades. Our commitment to learning from the US will not change. It will not change just because of the hardships I am personally facing.

You might ask if this will happen to China. I think it's possible. Over the past 5,000 years, China's biggest weakness has been its closed-door policy. This explains why our country did not enjoy real prosperity until the 1980s. It began to prosper after Deng Xiaoping implemented the reform and opening-up policy [in the 1980s]. If the US government closes itself off, the country will be left behind and overtaken by others.

I don't think my personal interests are that important.

When I consider the relationship between China and the US, and between Huawei and the US, I'm actually thinking about my aspiration, rather than about sales. If money were important to me, then why would I have such a low portion of company shares in Huawei? Money isn't important to me. I am more focused on my aspiration, which is to contribute to humanity. How? Imagine if Huawei were a public company; we would not go to do business in underdeveloped and war-torn countries, in malaria-infected regions, or in the Himalayas. Doing business in these places isn't profitable at all. But we are still doing it, because this is how we can serve humanity. This is our aspiration. We are not going to harbor anti-American sentiments just because the US government has conflicts of interest with us.

14 Matt Rivers: Just to be clear, you're not worried about the solvency and the profitability of your company moving forward?

Ren: We are not worried about Huawei's survival. Our sales revenue grew by 35.8% year-on-year in January and February 2019. In fact, we think we will see very strong growth this year, and may even need to take steps to control that growth.

We must learn from Apple by setting higher prices

so that all of our competitors will be able to survive. We will not try to squeeze the market by lowering our prices. In spite of all the pressure we are currently under, we still sell our products and solutions at high prices to maintain good order in the market.

Huawei's survival as a company isn't a concern right now. We have become what we are today without expanding in the US market. We may become larger and stronger if the US realizes one day that Huawei is a friend and lets us enter their market.

We do not believe that our survival is at risk. If the US does not allow US companies to sell components to Huawei, it will only hurt those US companies. Huawei is the third largest buyer of chips in the world. Without us, the financial reports of many US companies will worsen, resulting in huge fluctuations in the stock market. On our end though, if these companies aren't selling components to Huawei, we still have other options. This also wouldn't affect Huawei's survival.

Huawei is actually the poorest tech company in the world. However, we reinvest more than any other company in order to realize our ideals and create a better future. Huawei ranks among the top five companies worldwide in terms of R&D investment. In the past, our investment in R&D focused more on innovations in engineering technology, and we are now

a leader in engineering technology. Now we place more emphasis on theoretical innovation, making large-scale strategic investments for a better future 10 or even 20 years from now. We are investing in many domains including mathematics, physics, chemistry, cranial nerves, and brain science. We will become even more competitive over the next 10 to 20 years.

We want to enhance collaboration with the US and achieve shared success in the world. We aren't trying to edge out US companies. For example, our ARM-based CPUs are more advanced than Intel's x86 CPU, but we have decided not to sell our CPUs on the open market to ensure x86's market share. We don't want to cause US companies to collapse. We mainly use our ARM-based CPUs on our own equipment.

Huawei is now a top three player in terms of AI chipsets, and could enter top two quite soon. But we don't sell AI chipsets on the open market. Instead, we only use them on our own equipment. We don't compete with US companies in this domain. Huawei's survival is not in question.

Disrupting the natural flow of technology from the US to China will only cause losses to US companies. It will be a huge loss for US companies if they miss out on the Chinese market, which serves 1.3 billion people. This would very quickly be reflected in their financial

statements. Huawei does not care too much about our financial statements, because we are not a public company, and we don't have to worry about what the outside world says about us. If there is a time when our financial statements don't look good, our employees will know that's because we have invested a lot into our "soil", which will help us grow a larger harvest in a few years. So they are not worried about our financial statements.

15 Matt Rivers: Sure. And I understand all of that. And I totally get that. I want to move on, though. You've said that you have never been told by the Chinese government to compromise your security in any way. But what if that changes? Because we know how strong and powerful the Communist Party is. And if they come to you and say you need to install a backdoor on your cell phones moving forward, how can you actually say no to that?

Ren: A top government official has already stated, at the Munich Security Conference, that the Chinese government does not require companies to install backdoors. I have also just mentioned that our company can sign no-backdoor and no-spy agreements. We can also invite the Chinese government to express their stance during the signing of these agreements. If we

still receive such requests after all of this, I would rather shut the company down and I, personally, would no longer want this company. I don't want to make gains from doing such things. The most important thing is to maintain peace and stability in the world, not create trouble. I would never accept any requests to install backdoors.

Over the past three decades, we have never received such requests. I can make it clear today that if we receive such requests in the future, we will categorically refuse them.

16 Matt Rivers: So, you say you would shut the company down, but Mr. Ren, with all due respect, how do I buy that? You would destroy the livelihoods of 180,000 employees. You could face personal legal jeopardy yourself. Would you do all that just to make a stand on principle?

Ren: Our global sales are worth hundreds of billions of US dollars, so we would never do anything, for example, installing backdoors, to jeopardize this in the first place, as this would cause more than 170 countries and regions to lose trust in us. If we took such orders, we would lose our business and our 180,000 employees would lose their livelihoods. So whether you believe it or

not, we promise that we will never do such things as this would prove that we couldn't be trusted. Our customers would then stop buying our products and our company and our 180,000 employees would be unable to survive. Our employees can only survive if we don't do these things.

Personally, I don't worry about my safety. I'm old and I don't have many years left. Chinese law is humane and guarantees adequate living conditions for senior officials and executives. And even if I went to jail, the conditions would not be as harsh as in some other cells. In addition, all dinners there are free, so this isn't a problem for me, and I'm not worried about it at all.

17 Matt Rivers: Right. Understood. A couple – just two more questions before we go have some tea. Beyond the security threat, the United States also accuses Huawei of stealing intellectual property including from companies like T-Mobile. Can you say, unequivocally here and now, that Huawei never steals intellectual property?

Ren: Yes, we can assure you that. Huawei has immense respect for intellectual property, and isn't out to steal it from others. Regarding the pending lawsuit, we need to have faith in the court, which I believe will come to a

just conclusion. I'm not the person who can give you any more insight on this.

Huawei holds more than 90,000 patents. This is a massive contribution to digital platforms around the world. More than 11,500 of our core patents were granted in the US, all of which are essential patents for information technologies. Our rights in the US are protected by the US law. We've put a lot of work into these technologies, and we've done so as a contribution to mankind. Of course, we've had some conflicts and setbacks along the way. We hope to solve these issues through the open, just, and fair judgment of the court. We will respect the court's final ruling.

18

Matt Rivers: If the United States government was open to the possibility, would you negotiate for greater access to the United States? And if you would be willing to negotiate with the U.S. government, what would you be willing to put on the table and offer from your side?

Ren: If the US government is willing to talk, it's already a positive sign of progress. For years, we have been struggling to find an opening to communicate with the US government. Unlike some companies that have tons of people lobbying the US congress or government in

their favor, we can only rely on our own actions to prove ourselves. If the US is open to talking, we would be very happy to accept the offer. However, we won't consider entering the US market in the near future.

19 Matt Rivers: Last question from me before we go downstairs for tea. You say that your company is not a security threat. The United States government says it is, and they're effectively calling you a liar. Does that not make you angry?

Ren: No, it doesn't make me angry. The US government has to think it over. We have tens of thousands of patents, which have contributed significantly to the information society. These patents also have tremendous value for US companies. US industries have been using our patents without even knowing it. If the law grants us more rights, we'll be in a stronger position in the US. We have only established patent cross-licensing agreements with Apple, Qualcomm, Ericsson, Nokia, and Samsung within a certain scope. Other large companies have not obtained a license to use our intellectual property.

20 Matt Rivers: Just to continue that conversation, as a father, I know that you believe that this is going to end well for your daughter, but...

Ren: I was really shocked by what happened with my daughter. How come it happened to her? But I've managed to stay calm. With her situation we can only take things as they come. We have to believe that the legal systems in the US and Canada are open and transparent. They need to put all the facts and evidence on the table, and that's the only way we can prove whether there's a problem or not. We believe that Meng Wanzhou won't have any big problems, so we aren't worried much about it. But it's a shame. She's a professional, and she won't be able to come to work for a long time. Since ancient times heroes have been born of hardship, cuts and bruises will toughen her up. This period of hardship isn't necessarily a bad thing for her. I think it will only make her stronger.

21 Matt Rivers: I understand, this must be tough time for you personally, but I know that you had difficult childhood, so how does the time that you're going through now compare to the hardship that you faced when you were young?

Ren: I think life has always been difficult. Things have never really gone smoothly. When I was young, we were poor and were in an adverse political situation. I had to work very hard to get any work opportunities. I worked so hard and didn't have time to take care of my

children. Later there were opportunities in front of me, but if I didn't keep working hard we wouldn't have seen any results. So I have never been able to take care of my children in the way I would have liked to. Technically my youngest daughter is in a better environment, but even so we don't have too much time to spend together, and we aren't very close. So things have always been hard. When I was young things were hard. They're hard now too. So I don't think the current situation stands out as particularly difficult for me.

22

Matt Rivers: Did you take any lesson from your childhood? I mean you spoke quite strongly about the influence of your family on your life, did you take any lesson that they taught you?

Ren: Parents definitely have an impact on their children. Our situation growing up wasn't great, so as much as we could, we tried to do more and talk less. After my wife and I had been married for a long time, someone asked her who was the more talkative one, me or her? She said that she's the one that talks more. She doesn't think I'm talkative. Why do I keep to myself so much? That's because when I was a kid I witnessed all the hardships my parents went through. So in school I buried myself in my books, doing math and physics problems. When I entered the workforce, I devoted myself to learning

different systems and management models. I paid little attention to social and political issues. This has shaped my character, and also because of my character, I wasn't the type to play around with my children, play hide-and-seek and things like that. My wife scolded me just the other day. She said my daughter wanted a top when she was a kid. Just a two-euro thing. But I didn't get her one. Now that I'm able to buy one, she doesn't want it anymore.

23 Matt Rivers: I'm struck by your positivity here, because I think most people if looking at your current situation, they'd expect you to be perhaps not so happy, and not as effusive in your praise for the United States. How are you able to separate the very real challenge that your company is facing right now while maintaining this kind of positive attitude?

Ren: We expect great growth in the future. To do that, we need to learn from the best of all things. If not, how can we do better ourselves? The US has a lot of great things, which we have to admit. When I visited the US back in 1992, I said that it didn't achieve its wealth and prosperity through plunder. The US made its money from advanced technology. It was an even trade. That was my position towards the US back in 1992, and today my attitude is not negative. If the US is willing to

work with us, we can make an even greater contribution to mankind.

They mentioned they want to develop 6G. It's good. We can work together with the US for better 6G. It's no problem. I'm not the type to quibble over little gains and losses. If I were a narrow-minded person, Huawei wouldn't be where it's at today. The philosophy that brought us here, I learned it from the US actually. The philosophy of how to be open.

24 Matt Rivers: What are you most excited about the future of Huawei? Of all these things that's going on, 5G and servers, all these different things, what aspect of your future that you're most excited about?

Ren: Today what makes me the most excited is the pressure we're getting from the US. After 30 years of development, we see laziness among the team, a tendency to decline. Many middle and senior managers have made enough money and aren't willing to work hard anymore.

A famous person once said that the easiest way to bring down a fortress is from within and the easiest way to reinforce it is from outside. Our fortress has let its guard down, and complacency has kicked in. But pressure from the US has forced us to be united and

stick together. We're united as one now, and we're determined to make better products. This has eased the burden on me personally, because our people are working harder than ever before. They're out there clamoring louder than I am, so I can relax a bit and have more time to speak highly of the US.

I hope they won't develop any anti-US sentiment. We don't want any of our employees to harbor negative or narrow-minded feelings against the US. And we're against populism too, because in the end that only makes you fall behind. We need to learn from US progress and openness. That way we can become more advanced too.

25

So you're actually saying that what's happening to your company right now is a good thing.

Ren: Yes.

Ren Zhengfei's Interview with CTV National News

March 13, 2019 Shenzhen, China

01

Lisa LaFlamme: We have many things to discuss today. But I would like to start with this beautiful place that we are in. Congratulations! Was this a dream for you to create? You call it a customer welcome center. Was this a dream for you?

Ren: Actually, right behind this door is an exhibition hall where you can see our products and technologies. After a tour of our exhibition hall, we can sit here with customers to chat and learn more about each other. This was the idea behind our design. If customers want to stay here a little bit longer, this allows us to talk longer, which is our goal.

02

Lisa LaFlamme: And you must be a student of history, because as I walk through here and also, your European village that we visited yesterday, I couldn't help but think of all of the history that you have created here in Shenzhen, what's the message you're sending?

Ren: Credit goes to the architect, not me. He envisioned a museum of the world's most beautiful buildings in Dongguan. So he brought the essence of these buildings to the village there, which can accommodate over 20,000 of our technical employees.

We have three exhibition halls like this one. This hall is for our carrier customers. They will soon be able to

experience our 5G technologies right here. We have a similar exhibition hall for enterprise products and another for consumer products. Each business group has their own exhibition hall.

03 Lisa LaFlamme: So you look to the future of 5G, but through the buildings of the past.

Ren: We set up this exhibition hall to give our customers a premium experience. Unlike at the Mobile World Congress (MWC) in Barcelona, this showcase is permanent, not dismantled right after four days of exhibition. Every six or twelve months, we update the exhibits on display. Customers who experience the latest technologies here firsthand trust us more.

04 Lisa LaFlamme: And I can't help but think when I read your story that you've written about your life and growing up as a very poor boy, and I look around here, and I wonder for you, if you remember those days clearly, growing up, a boy with very little food, very few clothes, and a family of seven children. What do you think sometimes, wandering through this opulence that you've been able to create?

Ren: I tend to forget things. Once I have passed a road, I don't look back. We need to look ahead. I don't like to

dwell on the past. The hardship we experienced when we were young is gone, and we don't need to care too much about that anymore.

Before China's reform and opening-up in the late 1970's, we had a different political and historical landscape. However, after Deng Xiaoping ushered in this new era of reform, China opened up to a new world that we need to embrace with courage. But that can't happen if we burden ourselves with the past.

To me, China's reform and opening-up is more about learning from the West – from its philosophy, history, and development. We Chinese people have our own culture and 5,000 years of civilization. We remained closed off over much of this long period. For this reason, we failed to prosper. In the past three decades, however, we've become more open and have witnessed tremendous changes. We believe China's reform and opening-up brought opportunities and hope to the country. Policies of China will continue to become even more favorable. Some people from the West may not fully understand our current situation, but living here lets us feel the change every day. Our laws and institutions are changing for the better every day. Developments towards the rule of law and the market economy have become more prominent features of our country. We have full confidence in our future development.

05 **Lisa LaFlamme:** I wanted to talk a little bit more about your history, because you're such a true rags-to-riches story and I'm deeply fascinated at what moments, perhaps, today, come back to you, what messages from your father do you think of today that make you yourself, surprised at how far you've been able to come.

Ren: I can remember that my parents were very busy back then. Due to the poor economic conditions of the time, they needed to work very hard at the expense of taking care of us. We were naughty kids and tended to get into trouble wherever we went. Without strict supervision from our parents, our personalities grew naturally, we developed the ability to think independently, and we had a lot of chances to be creative. This benefitted me a lot when I grew up. Today, parents impose a lot on their children. This parenting approach dictates how young minds develop. Their children might know a lot, but might lack the motivation to innovate when grown up. So, I think the most important thing my parents did was to leave us naughty kids alone and allow us to "horse around".

06 **Lisa LaFlamme:** That's a good thing, did you parent your children that way?

Ren: Their mothers get all the credit for raising them, and rightfully so. I barely took care of them. When I was young, I served in the military thousands of miles away and rarely had the chance to come home. Back then, phones were still scarce and we could not access them easily. I could only write letters to my family. I didn't write very often though, because I was busy with my work. I wanted to accomplish something, so that I could earn my position at work. I did have a short break to go home every year. But my children were at school in the day and busy with homework in the evening. When that was finished, it was time for bed. So we didn't really communicate much during those years. Their mothers took care of them and they tended to be quite strict. As a father, I didn't have much say in family matters. My youngest child loves ballet and sports, and is a top student. This should be attributed to her mother's diligent work as a "gardener".

Traditionally in China, fathers tend to be strict and mothers tend to be lenient. My children, in contrast, have their strict mothers and a lenient father. I am pretty relaxed with children and usually let them do what they want. If you want to act up, go ahead. If you want to read novels, do it. If you want to take a break from studying, go rest. If your teacher says you don't have to do your homework as long as your parents agree, I would ask where I should sign my consent. We should

be more flexible with our children and allow them to develop their own personalities. But in general, our generation's parenting tends to differ from our parents' in that we place more restrictions on our children.

07 Lisa LaFlamme: And now all of Canada knows your daughter. We all know Meng Wanzhou as a result of what happened to her in December in Vancouver. I want you to take me back to that day, when you first heard that your daughter had been taken under arrest.

Ren: Meng Wanzhou and I were going to attend a meeting in Argentina. It was about our transformation at representative offices, and she was supposed to be the facilitator of that meeting. After she was detained, I set off two days later to Argentina, and I didn't transfer flights in Canada. The meeting turned out to be a great success, and afterward I told her, "Even though you were not here, the meeting went very well."

First, Meng has no criminal record and has never committed a crime. Second, she has not committed any crime in Canada. Both China and Canada are victims in this case. People from both countries have been hurt emotionally and the relations between the two countries have suffered. Meng has filed a lawsuit against Canadian authorities, and I believe this is her own decision. I fully

support her on this.

I still believe that the US and Canadian legal systems are open and transparent and will ultimately come to a fair conclusion. So we should not allow this incident to affect the relations between Huawei and Canada, or our confidence in Canada. We will not cut our investments in Canada. The more closed-off the US is, the more favorable the situation is for the development of Canada. Let me give you an example. If our scientists cannot get visas to go to the US, we hold our international conferences in Canada. Of course, these scientists are not just from China, but from all over the world.

I think the Meng Wanzhou case is an independent and personal case. It should not affect the relations between Huawei and Canada, or the relations between China and Canada. Our investment in Canada will not change.

08 Lisa LaFlamme: So you didn't see this as a personal attack when your own daughter was arrested?

Ren: As I have told other international media, I don't know whether this was done because she is my daughter. We will have to wait until the correspondence between Canadian and US judicial departments is made public. After that, we can find out whether this incident targets me, Meng Wanzhou, or Huawei. I believe that

the Canadian judicial system is open and transparent and the truth will eventually come out at court.

09 Lisa LaFlamme: If you had flown together, do you ever think about the fact that you, yourself, may have been arrested in Canada, had that day, you had taken the same flight?

Ren: Maybe. Then I could have been with her and she would not have been so lonely.

10 Lisa LaFlamme: How often do you have a chance to speak to your daughter?

Ren: Sometimes. In the past, we might not have even had one phone call in an entire year; we didn't even send greetings to each other on holidays. This is because we each have our own families. Recently, however, we call each other every few days, telling jokes and stories and talking about funny things on the Internet. But overall, we don't talk that much. This situation has actually brought us closer.

11 Lisa LaFlamme: That's fascinating, but your relationship, are you suggesting, is improving because of this experience? Because of this arrest?

Ren: Yes. She had actually planned to resign from Huawei about a month before she was detained in Canada. Someone else told me of her decision and asked me to persuade her to stay. She was unhappy about some things in the company. However, after she was detained, her relationship with us has improved a lot. She began to realize how hard we were working and the difficulties we were facing. Maybe it's because her own development had gone so smoothly, so when things weren't going right, she couldn't really stand it. After this incident, though, she has come to know how hard it has been for us to grow into what we are today.

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Lisa LaFlamme: So she's toughening up as a result of this you're saying. She certainly seems like a very strong and smart businesswoman, you know, someone who would know exactly what she's doing. The allegation is that she helped evade sanctions against Iran, and what's your reaction to that?

Ren: I think all evidence should be made public in the future. This case will be decided by the court, so I will not comment on this issue today. The case is now in legal proceedings, so the law will take care of it.

13

Lisa LaFlamme: What about Prime Minister Trudeau? Prime Minister Trudeau has said he has no role in this

process. Do you accept that? Do you accept the Prime Minister's reaction to the arrest of your daughter in Canada on a U.S. extradition treaty?

Ren: The case is now in legal proceedings, and the law will make the appropriate decision. There's no point in me making a comment. We have to rely on the law to address this issue.

14 Lisa LaFlamme: So I know you say this is not going to affect your business relationship with Canada. And I wonder how it can not. The arrest of your daughter and your business relationship; are they not tied together?

Ren: We cannot let our personal emotions affect major company decisions. Canada only imposes limitations on our market access. There is no limitation on our investment in other areas, so we can continue to invest and grow unless the government imposes clear limitations in these areas. If such a thing were to happen, we would withdraw. However, without such restrictions, we will continue to invest. We might not sell 5G to Canada, because it is close to the US. This makes doing so too sensitive.

15

Lisa LaFlamme: So the Chinese government seems to have a different reaction; they said that there will be retaliation as a result of the arrest of Meng Wanzhou. In fact, we've seen Canadians detained, and I would like to get your thoughts on the fact that the Chinese government, on some level, is taking this further than you are as a reaction, retaliation to the arrest of your daughter. Is that undermining your own argument?

Ren: We don't know what the specifics of the Chinese government's reaction. It's up to the government. They are obliged to protect the consular rights of Chinese citizens. As a company, we choose to resolve this issue through legal means, and use Canadian and US laws to protect our interests.

16

Lisa LaFlamme: The Chinese ambassador to Canada, after the arrest of your daughter, basically accused Canada of being white supremacists. It was big headline news in Canada and I wonder what your reaction is, then, to inflammatory comments like that?

Ren: I think this is his personal opinion. Everyone has the right to express their opinion. I think his comments are understandable.

17 Lisa LaFlamme: What do you think of how Prime Minister Justin Trudeau has reacted to this? I'm sure you've been following it just as closely.

Ren: I have never met Prime Minister Trudeau and I don't know much about him. He is young and is of course different from people of my age, so I fully understand some of his decisions. We are relying on the legal system to protect our rights, including the personal rights of Meng Wanzhou. She is protecting her rights through the lawsuits.

18 Lisa LaFlamme: The Chinese government has called her arrest a human rights abuse, while the Canadian government says this is an open, transparent, fair, and unbiased legal proceeding. Which one do you think is true?

Ren: We won't know the answer until the court makes a final decision and all evidence and correspondence are made public.

19 Lisa LaFlamme: A lot of people in Canada are questioning the fact that your daughter is suing Canada as a result of her detention. And she has the right to sue. And you know there are Canadians in

detention here in China. And I wonder if you think that they would be given the same right, those Canadians who have been detained after your daughter's arrest. Could they sue their Chinese captors over the allegations, or is there a double standard?

Ren: Your question is about the relationships between China and Canada. I'm not a government official and I do not represent the government, so I'm not in a position to comment on this. Meng Wanzhou has not committed any crime. It's our right to sue Canada.

20 Lisa LaFlamme: So you stay out of the politics. Has politics dirtied this entire situation in your opinion?

Ren: In China, we must comply with Chinese laws and regulations. We must do the same in other countries around the world. And we must also follow the resolutions of the United Nations. We need to do everything in our power to ensure compliance in all countries where we operate. We adopt a rigorous approach to managing internal and external compliance.

When it comes to the lawsuits, I think we can give our comments after court decisions are made and evidence is made public. Legal proceedings in the West take a long time, but we are patient and we will wait.

21 Lisa LaFlamme: It must be disturbing to know that there is a 30-year prison sentence, if found guilty. If the extradition takes place, and she does go to the United States. However, Donald Trump has said he may intervene in your daughter's behalf. He said this twice now. Do you trust him?

Ren: The decision on whether to extradite Meng Wanzhou must be based on fair legal proceedings. Even if she is extradited, the legal systems of the US and Canada must be open and transparent and provide evidence to substantiate their charges. I don't think the US or Canada will impose a sentence on Meng Wanzhou without providing evidence. The US and Canada are countries that follow the rule of law and put law above everything else. Therefore, it's necessary for the US and Canada to handle Meng Wanzhou's case based on facts and evidence through open and transparent legal proceedings. Then the case can be handled the way it should be.

22 Lisa LaFlamme: So do you trust Donald Trump?

Ren: First, I've never had any contact with President Trump. Second, I know basically nothing about him. What Mr. Trump has said is his personal opinion, so I'm not going to comment on it.

23 Lisa LaFlamme: His opinion, though, revolves around your company, and we've heard Vice President Pence, we've heard his Secretary of State stand up on world stages and say to Western allies, "Do not do business with Huawei". And I wonder, first of all, your reaction to the fact that these top men in the Trump administration are threatening your company this way.

Ren: I think we should pay them for doing advertising for Huawei. Huawei has never been more famous than we are today. With so many senior US politicians advertising our company around the world, people everywhere are becoming aware of Huawei. They may not know for sure if Huawei is a good or bad company, but they start to learn about Huawei. When they visit our website and see the facts, they know that Huawei is a good company.

In January and February, our sales revenue grew 35.8% year-on-year, which is much higher than expected. Thanks to those US politicians, carriers and consumers have come to know Huawei better. I'd like to thank them for advertising Huawei.

24 Lisa LaFlamme: But there are countries including Canada right now who are debating this issue in parliament and in private back offices, whether or not

they should follow the American advice and example and ban Huawei.

Ren: There is basically no Huawei equipment in the US networks. If networks are secure without Huawei, then I think it's worthwhile to ban Huawei to keep these networks secure. But are US networks really secure without Huawei? Is their information secure? The answer is No. The US isn't secure even if it keeps Huawei out. Will Canadian networks be secure without Huawei?

The US has not produced any evidence that Huawei is the only company with security issues. Are other companies free of security issues? With technology developing at such a fast pace, issues are bound to occur. Issues are what drive our society forward: Once an issue appears, people need to rapidly work out a solution, and that's how our society has evolved into what it is today, by addressing issues over the past several millennia.

I don't think the US has made a convincing case for a Huawei ban. That's why the remarks made by its Vice President Mike Pence and Secretary of State Michael Pompeo in other countries have failed to produce positive results. That said, I think they are great politicians. The bank account of Mr. Pence is worth no more than 15,000 US dollars, and each of his education savings plans for his children is worth no more than

15,000 US dollars. For someone who is vice president, he doesn't have much personal property. He has indeed dedicated himself to politics. He is a great politician, and has dedicated himself to serving US politics.

I am not being sarcastic when I say this. I respect them. They are using their prestige to tell the world how important Huawei is. The fact is, Huawei is not that important. 5G is not that powerful. It's just an ordinary technology. These politicians have exaggerated its role, only to call people's attention to this technology. 5G is well-known now, but this was not the case for earlier generations of communication technology. I'm not worried about their lobbying against Huawei around the world, because every country will make its own decision. Carriers have worked with Huawei for more than 20 years, and we have served 3 billion people worldwide who have trusted us for more than 20 years. These customers will make their own judgments. They have the right to decide and choose whether to work with Huawei. We are not worried about this.

25

Lisa LaFlamme: So what is your message to the Canadian government as they weigh this decision? What do you want them to know about your business practices and these allegations?

Ren: Canada is a country with abundant natural resources and terrific geographic conditions. It's also in North America and is culturally quite similar to the United States. At a time when the US is closing its doors and shutting foreign investment out, I believe Canada should be more open and attract more foreign investment to boost its economy. I think Canada should choose an open approach rather than follow in the US's footsteps, because a closed approach will do no good at all.

The US has developed into a major power in just 200 years. How has it achieved this? I think it is its openness, which attracted the world's bright minds. And the inventions they created have been protected by the US through intellectual property laws. That's how the US has grown to be such a big power today. Canada should also open its doors. This is the right path forward, a path that will lead Canada into a world power. China also needs to stay open and implement reforms.

26 Lisa LaFlamme: I know that you say 5G is not so important. Everybody has made it so important. But it is your future. You've created it. I wonder if you concern right now that your empire is at risk as a result of all of this.

Ren: No. I'm not particularly concerned about this. I

believe we will only grow better, not worse. In fact, what has happened lately has helped get our name out there. Huawei was just a company that was unknown to many people until we faced off with this powerful rival. This has made our company look powerful. People are more willing to buy our products now.

27

Lisa LaFlamme: So why has 5G become kryptonite? Superman had kryptonite. How do you call it? It seems like the new Cold War on technology is 5G. Why?

Ren: I have no idea. I think 5G is just another technology, like an information "water tap", and it is only bigger and carrying more "water". Why are people considering it to be a nuclear weapon? I don't know why this connection was even made in the first place.

28

Lisa LaFlamme: I'm sure you've analyzed this deeply. Why does the world, the United States in particular, seem so afraid of Huawei?

Ren: It's an interesting question. I also wonder why a country as powerful as the US is really afraid of a small company like us. The US is the global leader in terms of technological innovation. They draw from technologies and talent from all over the world. How could it possibly be afraid of Huawei? Maybe they are severely overestimating

us. We are not as strong as they think we are.

29

Lisa LaFlamme: There are assumptions that somehow you're linked to the Chinese government. That would be the concern they say publicly – a security risk. Do you believe that?

Ren: We comply with Chinese laws and we pay taxes to the Chinese government. That's all about our relationship with the Chinese government. Nothing else. We have no ties with the Chinese military. The US should stop fixating on my experience in the military. I was a very low-ranking officer back then, without any titles. The US government has exaggerated the impact of this experience on my life. Let's not overthink it.

As to the concerns that we may install backdoors for the Chinese government, a top Chinese government official just stated at the Munich Security Conference that the Chinese government would never require Chinese companies to install backdoors. We have also promised that we would sign no-backdoor agreements with carriers all over the world. The Chinese government has agreed that we can do this. If necessary, perhaps we can invite the Chinese government to witness the signing of such agreements. This shows that the Chinese government endorses our signing of such agreements.

The top Chinese government official also said at the Munich Security Conference that if foreign governments want to sign no-backdoor agreements with the Chinese government, they might be willing to do so. All these concerns really are for nothing. The Chinese government does not need to infringe upon the interests of other nations. So today I can assure you that this will never be a problem. And I understand the Chinese government's approach to this kind of issue and I believe that they will never require companies to do such things.

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Lisa LaFlamme: So this is the compromise you would present to sort of calm the suspicions of countries that may have a trust issue with your country as a result of what they perceive the relationship is with the Chinese government?

Ren: We have not and will never install backdoors. Our global sales are worth hundreds of billions of US dollars. If there were backdoors in our equipment and someone found them out, no customer would buy our equipment in any of the 170+ countries and regions where we operate. This would cause our company to collapse and our employees would all leave and start their own business.

Then how could I repay our bank loans? I don't have

many shares and I wouldn't be able to pay the loans off on my own. So I won't take that risk, for my own sake. The Chinese government has made it clear that they don't require companies to install backdoors and I believe their words carry weight.

31 Lisa LaFlamme: I think that it does come to trust. And I use that word intentionally. There are a lot of people who wonder if you have an option to say no. What are consequences of saying no to the Chinese government?

Ren: We would always say no to such requests. I don't think there would be any unbearable consequences, because Chinese leaders have already made their stance quite clear in international forums. We would be following their instruction by rejecting such unreasonable requests. What consequences could saying no possibly have?

32 Lisa LaFlamme: So you've taken, now, the aggressive act of suing the U.S. government. And do you hear on any level that that lawsuit may actually hurt the case of your daughter?

Ren: That's possible. But we think Meng Wanzhou's case has nothing to do with Huawei's case. These are

two different things. Meng Wanzhou's case is a personal matter, so she should file a lawsuit separately. Her case has no connection with Huawei's case. These are different actions taken to protect different rights.

33 **Lisa LaFlamme:** But they both converge in the United States. The United States wants your daughter. You are now suing the United States government. And I just wonder if you are concerned that there could be retaliation as a result of this.

Ren: Are these two cases linked? I don't think so.

34 **Lisa LaFlamme:** Okay. If you don't. All right. She is being extradited to the United States and you are suing the United States government. But you don't see a relationship there?

Ren: No, I don't.

35 **Lisa LaFlamme:** You have always been a man who has been able to foresee the future. Obviously, even as a young man, you worked hard to build this enormous business, this successful business. I wonder if you were at some point able to predict that one day your company would be under attack like this.

Ren: I think sooner or later we would have some kind of conflict with US companies in this industry. Now, we are in the 5G sector, but the US does not have a 5G industry. So the conflict isn't that intense.

Huawei is now the third largest buyer of US chips. If the US doesn't sell us chips, many US companies would see a decline in their business. This would influence their stock value, but wouldn't really impact our production. The US does have more advanced chips than we do, but without US chips, we can still develop world-leading products.

So I think only collaboration can lead to shared success. Conflict won't do anyone any good.

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Lisa LaFlamme: So you don't feel there is damage to your company as a result of all of this?

Ren: I think this has had some impact on Meng Wanzhou personally. She has always been positive and motivated to do better. But all of a sudden, she can't come to work. She may feel lonely now.

But this has had a positive impact on our company. This is really a good thing for us. Why? Because after 30 years of development, we have started seeing our teams become slack and complacent. Many employees

have made enough money, and don't want to work hard anymore. They are reluctant to work in hardship positions. If this trend continues, we will fall like some Western companies.

But pressure from the US has forced us to be stronger, to stand united, and to stick together. Under this pressure, those who have already fallen behind are forced to work hard to improve; otherwise they will be edged out of the company.

So the pressure has made us stronger, not weaker. It serves as an external force that drives us to change the status quo after 30 years of development.

We have failed to solve this issue internally. Just issuing a bunch of internal official directives doesn't help. But the sudden external force has already impacted us. That's why I say pressure from the US has a positive impact on us. But Meng Wanzhou has to suffer personally.

37

Lisa LaFlamme: And you said earlier that you thought this would actually strengthen her. And I've read in the past that when you were asked if she would be one of your successors or if you were grooming her to be your successor, you didn't think she had the maturity. Do you think this experience changes that and that

she may now be someone you would consider as a possible successor?

Ren: Throughout history, heroes have always been born from hardship. Cuts and bruises toughen you up. This period of hardship will make her stronger, and push her to accomplish even greater things.

She has a strong background in management, and she is very good at complex coordination horizontally across the company. But Huawei's leaders are expected to dive vertically for breakthroughs. They must have the ability to gain insights into the next 10 or 20 years. This can only be done by someone with a technical background.

Those without a technical background won't be able to predict what is coming over the next 10 or 20 years. If our company relied on management to improve, she would have a chance, but that's not how Huawei works. She doesn't have the technical background, so she could not be my successor.

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Lisa LaFlamme: So that hasn't changed, then; she's still not your successor?

Ren: No, she's not.

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Lisa LaFlamme: You talk about how – whoever it is – has to see the future. You are such a visionary on the future, but I wonder what surprises you most about the speed of change of technology. We've watched it in your own campus here, the extraordinary efficiency that exists in your plants, on your factory floors; what surprises you most about the speed of change?

Ren: I believe the world will experience tremendous changes over the next 20 to 30 years, which will be beyond our imaginations. 20 to 30 years ago, we could not have imagined the current information society. Similarly, it is impossible for us to picture how the world will look 20 to 30 years from now.

Technology is advancing at a speed faster than humanity has ever experienced. Can Huawei keep pace with these advancements? We don't believe we have a definite answer to this question. A Canadian professor put forward the concept of artificial intelligence more than 20 years ago. Actually, British scientist, Alan Turing, brought up the concept of artificial intelligence 70 to 80 years ago, but this was not widely recognized. As computers and transmission technology today are highly developed, people are recognizing the increasing importance of AI. I believe Canada is very well positioned in AI. The three fathers of AI are all in Canada. In the future, a small number of people are very likely to

generate huge amounts of wealth. Most people won't have to work. Instead, they can just enjoy life, and will have sufficient money to support themselves.

I don't know whether you have visited our production lines. We can produce a premium phone from scratch in about 20 seconds, but very few staff works on our production lines. Maybe we will only need five or six people for a line in the future. This means AI will play an increasingly important role in improving production efficiency.

When that happens, countries like Canada and Switzerland will become big industrial powers. Why is that? With the help of AI, one person will be able to do the work that is done by 10 people today. This means that Canada would be equivalent to an industrial nation with 300 million people, Switzerland to an industrial nation with 80 million people, and Germany to an industrial nation with 800 million people. They will have more production capacity in terms of industrial goods than the world will need. In the new era, as tremendous progress is being made in AI, new computers, and new research, we don't know if we will be left behind.

Some people asked me what Huawei would look like in three years. My answer was: "It may go bankrupt." To prevent this, we must race against time and keep pace with the rapid changes that are taking place around the

world. We are not scared of the US's campaign against Huawei, but we are scared that we might be unable to keep up with the developments in the world and be unable to meet people's needs.

We are now slightly ahead of others, and it might be an issue for us, because our employees may become complacent and stop working hard. As a result, we may be cast away from the world. About 140 years ago, the center of the world was Pittsburgh, as it was the heart of the iron and steel industry. About 70 years ago, the center of the world was Detroit, as it was the heart of the auto industry. Where is the center of the world today? I don't know. I think it is constantly shifting. Countries with better systems and more open policies will stand out regardless of their populations, because our future production models will need very few people or no people at all. We have started incorporating AI into our production.

I can give you one example. Huawei's laboratory has developed a simplified version of AI technology, which is currently used in Africa. It is not yet fully intelligent. In the past, one Huawei engineer could design four sites every day in Africa. With the help of this technology, each engineer can now design 1,200 sites a day. Two years ago, we reduced the number of engineers by more than 10,000, because we no longer need so many.

Therefore, countries rich with highly-educated talent resources will enjoy an increasing edge in the future, and a large population will no longer be an advantage. Issues that cannot currently be resolved in Western countries, including social welfare, unions, and strikes, will no longer be issues. As AI technology becomes more advanced, robots will be widely adopted. They will only need electricity, and will never go on strike. By then, the serious issues Western countries face today will be resolved. After real AI becomes a reality, large-scale industrial production will shift to the West. Production activities for which AI cannot be adopted may move to countries in Southeast Asia, where labor costs are low.

China is somewhere between these two types of countries, and faces a great challenge in determining the right direction. I don't think a large population alone can resolve China's future development issues. How can we survive? We have no answer for that, either.

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Lisa LaFlamme: Well, that's the question and the responsibility. Do you bear, do you feel the responsibility that comes with a future that includes fewer people, more automation, and a lot of people without jobs?

Ren: This is an inevitable trend, and I can give you one

example. Microsoft has AI software for phones. While two people talk, this software could have real-time translation in 50 languages, and also transcribe the audio to text. In the past, this work would have required many people.

AI will gradually be adopted in many production activities. Another example is smartphones. They are becoming more advanced than ever, and the level of precision required for manufacturing is 10 micrometers. People simply cannot do this. We must rely on machines, and it's not just about ordinary digital processing; we must rely on image recognition.

Production models have changed greatly. With these changes, the West has unique advantages, thanks to its solid cultural foundation. Issues like social welfare, unions, and strikes have slowed down its development. However, if these issues no longer exist, the West will continue to develop rapidly, and this will strengthen its culture and technology. We believe significant changes will take place over the next 20 to 30 years. Who will win? Who will lose? No one knows. We just hope that we will survive.

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Lisa LaFlamme: So we hope we survive, yes. Does it worry you? There's a lot of trust that goes into the fact

that technology can go in any direction, we trust the people that are creating the software for that. Do you trust that this is taking society in the right direction?

Ren: This is not something about me being worried or not. Nobody can stop the development of humanity. If our company does not work on it, still other companies do and we may collapse. We don't want to collapse, so we work on these technologies as others do. I think this will be the situation in the future, companies racing against each other. Where will this take humanity?

I think our world should put an end to the arms race and turn to peaceful development. All countries want to maximize their own interests. Some may choose guns, cannons, and warships as their means of gaining interests. Why not focus all the attention on production activities to create more value and benefit the whole world?

For example, we can develop AI-powered tractors which can work in the field 24/7 without needing to worry about mosquitoes, the cold, or storms. The quality of operations will also improve. AI can also work in remote areas where people will not go. This will create more wealth for humanity. AI will drive more robust and civilized development of society. From the perspectives of management and technology, I believe AI is a good thing.

Of course, some hold negative views about AI from societal perspectives. They are worried that AI will replace people, but I don't think that will happen in the next 20 to 30 years. We don't really have to worry about that during this period. When AI has the ability to replace people, we can pass laws to prevent this.

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Lisa LaFlamme: It is a fascination to me that, as the founder of the world's largest networking technology, you come from a country that actually restricts information, no Twitter, no Facebook, no Google; and we talk about the future. And I wonder if you ever lobby your own government to open the doors more on the flow of information.

Ren: I strongly support Google, Facebook, and Amazon to enter the Chinese market. My attitude towards this has never changed. I always speak out for Apple, even though we compete with them. Whenever we have the chance, our company will always speak out for Apple and other Western companies. We have always been open like that. Only through open competition can we grow stronger. Protectionism isn't good for companies. So we compete with our Western peers in international markets, and that's how we've grown strong like we are today. And that's probably why the US government has overestimated us. Actually, we are not as strong as they think.

43

Lisa LaFlamme: You just mentioned Apple and it makes me think, you know, the world knew Apple as Steve Jobs; you, however, have been a mystery man until very recently. Why have you decided to come forward, put your name to Huawei so that the world can get to know you?

Ren: Everyone in my family is a big fan of Steve Jobs. And aside from me, all of them use Jobs's products. When he died, my youngest daughter even organized a memorial and held a moment of silence for him. So my family really admires him. He improved mobile Internet for mankind, helped the Internet become more developed, and changed society. He was a great man.

Why did I come forward? Talk to our public relations team. They're totally using me. They realized they might not be able to win over the media, so they're taking advantage of me. I never really showed my face in the past. They said if I come forward now, people will pay more attention. So they tricked me to come out and speak. First, they tricked me to Davos, saying it was a small closed-door meeting. When I got there, the closed-door meeting turned out to be a global live stream. All of a sudden, I was out in the spotlight. I know today's communication will also be broadcast worldwide, but I feel free to talk frankly. Both of us, and the whole world, all we want is to create a happy and prosperous future

for everybody. We all should work together for shared success. No company can prop up information society alone. So we fully support our competitors. I have never attacked any one of them.

44

Lisa LaFlamme: And so do you like the attention?

Ren: Of course not. It makes me lose all my freedom. Once I had 200 yuan in my pocket. And it just sat there for half a month – I couldn't find anywhere to spend it. Until one day, I had a coffee somewhere and I insisted on giving them that money for the coffee. I was finally able to get rid of it. I get too much attention, so I'm not really free. When I go to the airport, people take photos of me. When I walk into a cafe, they also take photos of me. The photos are then posted online with made-up captions that come from nowhere. So I feel like a turtle. I just want to go and hide in my own dark corner. That corner is home. So my life isn't all that free and happy.

Some people say I am a public figure, so I must be responsible for the public. But it's not like I'm a listed company. Why do I have to take responsibility like that? I have no choice. I'm an Internet celebrity now. It's no good for me.

Correspondent: You are an Internet celebrity, it's true. And now they're going to see this palace and they're all

going to want to come here to Shenzhen, you threw the doors open to the public.

45 Lisa LaFlamme: I want to ask you about historic work ethic, and how it enters in today, and by that, I mean, the story behind the black swans that we have seen here on the property.

Ren: These black swans have nothing to do with me. I don't like black swans. I'd rather give them away. They always eat up the flowers and grass, and mess up the environment.

46 Lisa LaFlamme: So it's not true this story that's out there that you personally wanted black swans because you always wanted to be reminded yourself and you wanted all of your employees to be reminded, that disaster can come at any moment?

Ren: People make up so many stories. There are all these online stories about me. I'd say 98% is fake or exaggerated. So if you want to really understand us, go meet our PR people. They can explain things, and it's probably going to be a lot more accurate. Our company is not all good. If you visit our online forum *Xinsheng Community*, you'll find a lot of criticism about Huawei.

Many of the critics are some of our best employees. When they complain about Huawei's management, we usually try to reflect on ourselves and make improvements. That's how we've survived till now. If we stopped improving and closed ourselves up, we would die off in no time. We are not a listed company, so we don't need to go out and sing our own praises all the time to boost our stock price. Or shoulder any losses if we say anything wrong. We aren't a public company, so can say all the bad stuff we want about ourselves. Now that we're used to it, it's a daily opportunity for us to fill gaps and put things straight.

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Lisa LaFlamme: You can do whatever you want. It's a private company; is that what you're saying? You owe nothing to anyone, including the Chinese government?

Ren: That's right. We paid \$20 billion dollars in taxes last year. I think they're more concerned about all the taxes we pay.

48

Lisa LaFlamme: But do you know about the story about black swans? It's been reported by the Economist, New York Times, and Time.

Ren: I know black swans and grey rhinos. But the black

swans in our company have nothing to do with me.

49

Lisa LaFlamme: So, now that we are getting to know you, the world, we are all very fascinated by you. As I say, this story that started with nothing. 3,400 U.S. dollars has grown to this. And I wonder if you can share with me, what your daily life is like.

Ren: When we just started the company, we didn't have a single penny left by the day we got our business license. At the time we thought the name Huawei wasn't catchy and wanted to change it. But the name was on the business license and we didn't have the money to change it. Back then, we didn't have many employees, and when we had to transport products, we did it on public buses. Without others' help, I had to carry them myself. These products were heavy, and it was difficult to carry them all at once. So I would take some of them, walk 20 meters, put them down, and then went back to carry more of them. I moved the products 20 meters at a time because they had to be kept within view in case of any losses. Bus conductors were nice back then and would allow me to bring our stuff on the bus. There's no way they'd let you do that these days, so if we were in the same situation now, we probably wouldn't have succeeded.

In short, when things were just starting out, we didn't have any technology, we didn't have any special background, and we didn't have capital. All we had was our credibility. We worked as an agent for a vendor and we earned a commission. That's how we grew. When we started growing too much, the vendor refused to provide us with their products anymore because they were afraid we would dominate the market. So we were forced to research and develop on our own.

From that time on, we started investing more and more of the money we earned in R&D. I didn't buy my own house until 2000. I lived in a rented flat that was only about 30 square meters large. The flat faced the West, right into the sun. At that time I was investing all I earned back into R&D, so I didn't buy a house until 2000.

We believe that our future depends on investment. Even today I don't have many personal assets. Why? Because my wealth is in the form of paper, that is, company shares. They will be worth nothing if the company shuts down. So we all invested our money in the company and put our faith in it. We believed the company could survive. In this way, we shared a common fate. That's how the company got where it's at today. Of course we faced many troubles along the way, but it's not a big deal. All problems are solvable. It's only

a matter of time.

50 Lisa LaFlamme: So this is such a fascinating history. So let's take it right to today. And what does your normal day look like?

Ren: Actually my daily life is quite relaxing. I usually get up early – I'm at my best from about eight to nine in the morning. So I come to my office to revise documents. Then I attend meetings because I'm more energetic in the morning. I get a bit tired in the afternoon, so I have some casual talks with different people and listen to their thoughts. After I finish my supper, I go for a walk, and then have a bath. Then I check emails and write replies. Then I surf the Internet and read news. Sometimes, I play Douyin, like TikTok in the West. At around one o'clock in the morning, I go to bed. That's a normal day for me. Sometimes I have trouble sleeping. And when that happens, I just surf the Internet again.

51 Lisa LaFlamme: And you also now, phone your daughter in Vancouver more often?

Ren: Yes, but not that often. I didn't phone her every day.

52 Lisa LaFlamme: Are those conversations you look forward to, to hear how her state of mind is?

Ren: They're mostly just normal conversations, checking in on each other. Because we can't really expect any miracles.

53 Lisa LaFlamme: Her children are not with her right now. Do you have a relationship with your grandchildren while she is in detention in Canada?

Ren: Her children are taken care of by their grandfather and grandmother on their father's side. When school lets out they will go to Vancouver to see her. I see them too, but not very often.

54 Lisa LaFlamme: Have you been to Vancouver? Have you been to Canada?

Ren: Yes. Canada is a beautiful country, and Vancouver is also very beautiful. I remember that when I took a train between Banff and Kamloops, the mountains, the snow, everything was so stunning. I took a train for a day, then I flew to Vancouver.

55 Lisa LaFlamme: Very beautiful. Would you be concerned if you arrived in Canada, you also would end

up being arrested?

Ren: I think Canada probably knows better this time around. They're nobody's fool, and wouldn't trigger another major event like this by detaining me.

56

Lisa LaFlamme: Do you have a message for your daughter? She'll be able to watch this interview.

Ren: She's studying right now. She takes several online courses every day. She doesn't want to waste her time there. It's good for her to put her mind at rest, and take some courses while waiting for the court's proceedings. I'd say take it easy. Take things as they come.

57

Lisa LaFlamme: If you could predict the future, when do you believe Meng Wanzhou will be back here in Shenzhen?

Ren: It's hard to say. I hope she keeps up with her exercise, though, and doesn't just stay indoors all day. Go out and jog, get a good workout. Keeping healthy is the most important.

Lisa LaFlamme: I want to thank you so much for taking the time to sit down with us today. It's fascinating to talk to you.



Ren Zhengfei's Interview with LA Times

March 14, 2019 Shenzhen, China

Norman Pearlstine: First of all, I want to thank you very much for taking the time to meet with us. I realize you have been, in these last two months, I think you may have spoken to more journalists than you have spoken to in many decades together. If it is okay with you, I would prefer not to repeat the questions that I have read in transcripts with the BBC, with other foreign correspondents. If you are comfortable with what you told them, those being your feelings, I would rather try to ask some different kinds of questions. So I would first like to ask about how you think about the future, and then some questions about how Huawei grew from 1987 until now, and then some questions about where the industry is likely to be going on as opposed to just Huawei.

Ren: I'm more than okay with those questions, we have plenty of time. Let's try doing this Q&A style so you can ask the questions one by one and I will answer them one by one. If we don't have enough time for all your questions this morning, I can reschedule my meeting in the afternoon and we can keep going after the lunch break.

Norman Pearlstine: Well, that is very generous of you and we will try not to abuse your hospitality and your

generous offer.

Ren: Feel free to ask whatever question you might have, no matter how hard they are. I'll be honest. More often than not, the trickiest questions are the ones that help create understanding.

01 Norman Pearlstine: Let's take a minute to talk about the most recent development with the decision to go to a federal court in Texas to try to compel the United States government to behave in a different way. I know you have spoken about wanting to leave discussion of the lawsuit itself to the courts and not to the press. But I would love to understand the motivation for the litigation. Why bring a lawsuit? Commentators have suggested this would be a difficult mitigation or lawsuit to be successful in the court of law, which made me wonder whether the motivation was to appeal to a court of public opinion, and or whether was to try to get a better understanding of why the United States government has been such a persistent critic of Huawei.

Ren: The United States has been attacking Huawei for over 10 years now. No matter how minor the issue they wanted to bring up was, they would rally multiple government departments and agencies to create an overwhelming campaign.

We have done everything that we can to remain silent and tolerant. But being tolerant does not mean we are numb. Being silent does not mean we are cowards.

In the past, we encountered multiple types of lawsuits and litigations, but with other US businesses, not with the US government.

The US government has passed a bill to single Huawei out without any executive or judicial process. If the law is likely to go into effect in August, we will face restrictions. So we have to make our voice heard now. We have a very strong legal base for this. We very deliberately and thoroughly considered all our options before we took this action.

If we win this case, it would prove the greatness of the US legal system. The whole world would be able to see the system's fairness and greatness. Even if we lose the case, the evidence that will be presented by the U.S. Government during the trial will prove Huawei doesn't have these alleged problems.

Maybe the United States won't actually be able to modify the law, but they won't be able to keep claiming that Huawei was a company with problems.

Whatever the result, I believe, this will put all the questions to an end.

02 **Norman Pearlstine: If you had to predict, one year from now, five years from now, will Huawei have a business presence in the United States and is it important to have a business presence in the United States? I was looking at your financial performance for the first two months of this year compared to a year ago and it seems that you are doing very well without being in the United States. I recognize, of course, that being blacklisted could have implications outside of the United States as well as in it.**

Ren: We are not necessarily seeking a business presence in the United States. But at the very least, we should tell the truth. The United States is a very powerful nation. When they speak, many people listen. If we do not speak up and tell the truth, there may be misconceptions about us.

03 **Norman Pearlstine: Do you feel that you should have been speaking up years ago? Or have things changed so much in the West since this new administration has come in, that you now feel more need than say, 7 or 8 years ago?**

Ren: For Huawei as a company, we tend to remain silent. Show patience. It's not easy to show who we truly are, not just in the United States but here in China as well. China for the most part is a socialist country, but

the way we organize ourselves within Huawei is capitalist in nature, with our employees investing in the company. The majority of our employees earn more than average for Chinese people. Yet in China, underprivileged people still account for two-thirds of the population. In that context, if we overly promote ourselves in China, it might have the opposite effect. That's why we have chosen to stay focused, pretty much entirely on our business, so that our customers are happier and give us more contracts. Employees who don't want to work hard but still want to make more money will be sifted out.

When we expanded our business outside of China, the outside world seemed to think that Huawei was a representative of China or some sort of communist company. So they grabbed a stick and beat us on the head. Here in China, we also get the switch, but this time on our butts. They called us capitalists back then. We were struggling to survive. Against this backdrop, we decided it's best to keep a low profile. We have bitten our tongues until our patience wore thin. The 2019 National Defense Authorization Act in the United States has compelled us to make our voice heard.

So back to your question, why didn't we step up or speak up in the past? Because we can't remain silent anymore. We need to speak up now.

04 Norman Pearlstine: We have a saying in the United States that sometimes people sometimes mistake kindness for softness. So if I understand, well, when I have been interested in Huawei for a very long time because I first worked in California in the 70s when companies like Intel were just beginning to grow. And so I read the Rand report from 2005. I read the house committee report from 2012 which seems to quote the Rand report from 2005. I now see what a government is saying in 2019, and it seems like it is the same information as I read 14 years ago. It at least tries to make a case that Huawei is an extension of the Chinese government. Yet, when I speak to some of the people who have worked with you for a very long time, and when I read about your earliest time, it seems like the government was not your friend when you began Huawei. That you were having to compete against government owned enterprises. Chinese government, you were competing against. Even as ZTE is a majority government owned, or very close to it. But today it seems like the Chinese government has embraced you, has talked about competencies and has been very public in criticizing US and Canadian governments. In some ways it seems like the Chinese government's embrace of Huawei may do more harm than good. And I wonder if that's a fair characterization. Because I do think of you as

a capitalist company just as I thought that Deng Xiaoping was encouraging enterprises when he was the head of state to behave the way Huawei behaves.

Ren: Silence does not mean cowardice and tolerance does not mean apathy. But this time, we're resorting to legal procedures to hopefully clear up the doubts or questions that people may have. If issues surrounding Huawei are addressed during negotiations between China and the United States, potential risks might arise. Because you never know if a new Member of Congress might bring up the old story and claim that it is not clearly explained yet. That would bring us back to the same situation we're in today, dealing with lawsuits one after another. And that's where we hope that a more thorough approach will clear up all of this misunderstanding and let the court decide, so that in the future we won't need to revisit the same old story.

Therefore, to sustain Huawei's development over the next twenty or thirty years, we have to resort to legal means to elucidate and then clarify any doubts that people have. The Chinese government takes action to protect the legitimate rights and interests of their people. In this context, those actions are understandable and reasonable.

In light of the overwhelming campaign of the United States, it's necessary for the Chinese government

to make its voice heard. I can see how this may have negative consequences regarding our global reputation. But whether it's in the United States or Canada, we choose to take legal actions. We believe both the American and Canadian courts are open and transparent. Once all evidence is presented to the courts and to the media, the facts will be clear.

So on the one hand, people are seeing what the Chinese government does. On the other, they see Huawei take the legal road. These two actions are not related. Last year, we paid 90.5 billion yuan in tax in China. If the Chinese government remains silent or does not express its support for its high-performing enterprises that pay taxes and are being unfairly treated, the United States might target other big Chinese companies. We have seen this happen with other countries, such as Alstom from France and Toshiba from Japan. So the US government does not have a one-hundred-percent clean reputation in this regard, and I think it is understandable that the Chinese government voices its opinions.

05 Norman Pearlstine: So I don't know about these other cases that you mentioned. But it does seem to me, I cannot recall any case in recent decades where the United States government has been so persistent in its efforts to attack a foreign corporation. I know that

especially in the world of telecommunications, the national interest maybe, and business interest can collide, but do you think that the United States is really trying to damage Huawei or is the United States trying to damage China?

Ren: I think the US right now is actually helping drive sales for Huawei, and increase our influence. As a private company, we didn't have this much influence before, and we do not have a high social status. Now, thanks to this massive campaign that the United States has started, more companies go online to check out what kind of company Huawei truly is. This helps drive up our sales.

Norman Pearlstine: So all publicity is good publicity?

Ren: That's what is happening externally. Those are very high-profile US officials that are essentially running a publicity campaign for Huawei. I also want people to know about how positively this has impacted Huawei internally.

Norman Pearlstine: It's surprising because if it is so positive, why bring the lawsuit?

Ren: A famous person once said that the easiest way to bring down a fortress is from within, and the easiest way to reinforce a fortress is from outside. How do we interpret this?

After 30 years of dedication, a large number of people within Huawei are pretty rich. But their spirit of hard work and dedication is dying out. Even the people you see sitting here with us are very rich. They may not be willing to go on assignment in Africa or go install base stations on Mount Everest. They don't want to go to the places that are stricken by AIDS or Ebola. I think our organization is slacking off.

Norman Pearlstine: Is it because it has got so big?

Ren: Not necessarily. It is because our employees are getting richer. Especially in our HQ here in Shenzhen, we see a large number of senior executives and highly-paid employees. As a matter of fact, many of those people may not be needed anymore because our business operations have matured.

The company has been calling for more streamlined business management and operations, yet it has not been successful. If this continues, Huawei will also probably start to decline after growing for another 30 years, like many other Western companies.

Yet, with this pressure from the United States, the majority of our people are in crisis-mode. If we do not change our organization or streamline our structure, there will be no other way out.

This pressure has pushed Huawei to be more united. It has nurtured a new spirit of hard work and

dedication in our employees. That has provided us with an opportunity to remove surplus managers. Some of our generals might be sent back to the front lines to act as soldiers again; we won't keep them as company commanders. Our current front line commanders have worked extremely hard for many years to earn their positions. How could we send someone from headquarters to take their positions?

This is just like if you and I tried to go back to elementary school right now. I guess it would only take 10 minutes to finish all the work we did in first grade, 20 minutes for second grade, and 30 minutes for third grade. It would maybe take less than a day to graduate from elementary school. It would only take two days, to graduate from middle and high school. Three days maybe for undergraduate. Maybe we would only need a month to get a PhD.

Executives have the experience and capabilities needed to fight for the opportunity to excel, even if they're assigned to an entry-level position on the front line. That would be much better than directly appointing them to a managerial position on the front line. This is good for everyone.

Of course, this kind of change can't happen overnight. We think it's going to take three to five years for us to finish this transformation. If that can

be done successfully, we can reduce management costs at headquarters by several billion dollars. Our expected sales revenue five years down the road will be between 260 billion and 300 billion US dollars. The US government has provided us with the catalyst for this change. If you had the opportunity to meet with Mike Pompeo or Mike Pence, do bring my thanks to them. I'm serious.

Norman Pearlstine: I promise to do that.

Ren: If they come to visit China, if they are willing to meet with me, I would be more than happy to host them. I'd roll out the whole welcome wagon.

If an egg cracks from the inside, you have a chicken. But we're not an egg, our shell is not that delicate. We are made of iron. If you apply enough external pressure to iron, you can forge even stronger alloys. Our business grew by 35.8% year-on-year in the first two months of this year.

Now why did we file this lawsuit? I hope the US government can provide evidence to show the world what kind of a company Huawei truly is. My primary concerns have been that the company is slacking off and our employees are getting complacent. Now, this external pressure makes me excited, because I can use it to change our company.

06 Norman Pearlstine: Many thoughts as I was listening to you. We have a saying in adversity, "that which does not kill me makes me stronger". But there's high risk, of course, when you take this course because you have to be sure that it will not kill you. I understand what you're saying about needing to strengthen a company that might be getting a little complacent with so much success, but it sounds almost like you are advocating a cultural revolution, almost the Gang of Four, for Huawei. I don't think that's really what you mean though, is it? In terms of going back to be re-educated?

Ren: Nobody can develop a thick skin without scars. Throughout history, heroes have come from hardship. This is not a cultural revolution. In any company, employees that are left behind will have to leave. There is something different at Huawei, though. Employees who meet certain criteria can choose to keep their company shares in order to support themselves.

Our employees are actually happy if we streamline our organization and transfer them to our major business teams. For example, two years ago, we disbanded one department that was working on software. It had 10,000 employees, and had spent around 10 billion US dollars on R&D without delivering any compelling products. Therefore, we decided to

restructure this department. At the time, we were concerned that some employees might be unhappy, and even considered raising their salaries.

However, before we did anything, all of these employees moved to our major business teams, including our device and cloud teams. I believe these employees should take some of the credit for our rapid growth in the consumer business over the past several years.

They left a product line that was performing poorly, and moved to a successful product line that offered them more development opportunities. Of course, they needed to be tested in these new positions. This month, we're going to hold an awards ceremony to commend these people. This team of 10,000 to 20,000 employees completed the transition process without any complaints. They said they wanted to choose 3,000 people from their team to walk on the red carpet. We have no problem with that. We just don't know whether our red carpet will be long enough.

Norman Pearlstine: We have the same problem in our business with so many people who grew up with a physical newspaper having to learn to convey information on a Mate X or an even smaller phone. It's very difficult to re-educate people who have grown up with one system and I admire your success.

07 **Norman Pearlstine:** Listening to you talk, I wish, I wonder if you could spend a few minutes just comparing Huawei today and you personally today, from when you started in 1988 in a small apartment with so few employees. We have taken a tour of Huawei these last couple of days and seen spectacular architecture. We have seen so many employees doing such cutting-edge technology work involving the latest technology. As you reflect upon your own history and career, how did you go from being an unemployed soldier, reliant on Hong Kong PBX with no real technical experience? If I understand, you were an architect in terms of your education. How did you make that switch? Especially you started this company in your mid-forties. In America I can only think of one executive who started a new company at that age, Mr. Ralph Roberts from the Comcast company. He used to make belts for pets and then he built a big technology company. But I would love to know what it was that pushed you forward and made you successful.

Ren: That was a time of transition for China. China's military was significantly downsized, and people like us were thrown back into society. At that time the country was also transitioning from a planned economy to a market economy.

It has been extremely difficult to get where we are

today. Just imagine how difficult it will be for North Korea to transition to a system like the United States. When we were demobilized and tried to participate in civilian life, it was like we were abandoned by society. The old days when we could get a fixed monthly pay were gone. We had no idea what the market economy was. I didn't even know what a supermarket was. Many of my good friends, they went to study abroad in the United States, in Canada back then. When they returned to China, they talked about supermarkets and how great they were. But I didn't even have the vaguest idea of what a supermarket was. And then of course, over time, I figured it out. I remember when my wife's nephew came to Shenzhen for a visit. He was in a supermarket, where he saw other people taking things off the shelf as they pleased. He said, "I should take some too. It's free, right?"

That's not an exaggeration. It really shows how shallow an understanding people like us had about the market economy 30 years ago. Yet we had already been thrown into the deep end. How were we supposed to survive? We had to raise our families. We had to feed them. Life was very difficult back then, especially at the very start when I founded Huawei. My family members often went to the vegetable market in the evening. Because that was when you could find dead fish and dead shrimp sold at a very cheap price. You know kids,

they had to have some protein, and otherwise they wouldn't grow up strong. Back then when we had chicken, we would first eat the meat off the bones. Then we would use the bones to make soup. That's the life of Chinese people more than 30 years ago. And Wanzhou was also brought up in that environment.

Compared to today, we can see the significant efforts that China has made to reform and open up. From the perspective of the West, maybe they would argue that China hasn't been bold enough with its reform agenda. But imagine back 30 or 40 years ago. Not the fact that we're sitting here and talking to each other. Even if we just shook hands I might have been put in prison. Today, we can talk freely, not just about the U.S., but also about our own issues. So China has gone to great lengths when it comes to political reform. Regarding culture and education, China has fallen behind the rest of the world for a long time. So this whole process for China has been slow to some. But for us, we understand how things are. That's why we have showed patience. When there weren't laws for something, we wouldn't do it. Once there were laws for it, then we would follow them.

08

Norman Pearlstine: You talked about the chicken with the bones. Some people have told me that in the early days you would make soup and take it to your

employees and serve it to them. Is that a true story?

Ren: That's exaggerated. What happened was we were on holiday one time and my employees wanted to try my famous braised cooking. So I made something for the trip and we brought it with us. It wasn't soup though.

Here's another true story. There was once I was on a business trip in Turkmenistan and the office there was pretty small. I spent a day and a half there with nothing to do, so we toured the local market. We bought a big pig's head. I made braised pig head for everyone. It was the head of an old female pig and it took six hours. We spent that time chatting and getting to know each other even better. But that wasn't soup either.

Some weekends, I stay at home and do the cooking. My wife likes to accuse me of cooking for the housekeepers.

09 Norman Pearlstine: In addition to Turkmenistan, I know you also visited the United States and when you made that trip or trips, were you influenced by anything that you saw, any management style, any lessons learned?

Ren: I have always been a big fan of the US, ever since I was young. This has not changed until today. Even in

the most difficult times, the Cultural Revolution in China, the People's Liberation Army General Staff Department still arranged for representatives to head for West Point. There was quite a bit of coverage about the visit on *Jiefangjun Bao* (PLA Daily). Those stories were very true because their descriptions echoed what we saw later with our own eyes. Our company has kept learning from the US military. For example, at Huawei, we use exams to improve training effectiveness. This is one of the areas where we learned from the US military.

We have been learning in a very serious way from the US. Over the last 20 to 30 years, we have invited 20 to 30 consulting firms from the US to teach us the American way of managing business. We have probably paid close to 10 billion US dollars in consulting fees. We also hired KPMG as our auditor. This is our annual report audited by KPMG.

Norman Pearlstine: Is this the most recent one?

Ren: No, it's the annual report for 2017. We're going to publish the latest version on March 29, and I'm going to send you a copy then.

10

Norman Pearlstine: We talked a lot about the U.S. We talked a little bit about Canada. My wife is Canadian and we bought an apartment in Vancouver a couple of

years ago so I will be there by March 22nd. I would like to, if possible, speak to your lawyers in Vancouver to try to understand what is going on with Canada, with the U.S. and with the CFO. Because to me, it's a part of this whole puzzle that is hardest for me to understand. I understand trade disputes. I understand sanctions and fines but this is the first time I am aware of where a case like this has been brought and I know that Canadians are very conflicted, so I would like to sort of understand that a little better.

Ren: Both Canada and China are victims in this case. As a saying goes, if a snipe and a clam are locked in fight, the only advantage goes to the fisherman.

The U.S. is benefitting a lot from its trade negotiations with China while Canada is suffering a lot. Meng Wanzhou has no criminal record, and she didn't commit any crimes in Canada. So, I don't think Canada took the wisest course of action. Meng has travelled to many countries. Why have those countries never taken action? Currently, there is an ongoing judicial process on this, so we'll leave it to legal procedures.

Norman Pearlstine: I understand. I was not suggesting otherwise, I was hoping to get better guidance from your legal representatives because it is a case that I quite frankly don't understand.

Ren: It should be fine for you to meet with our lawyers

in Canada.

Norman Pearlstine: I was trained as a lawyer but Canadian law is a little bit beyond my competence.

11 Norman Pearlstine: Can you talk a little bit about Shenzhen and the importance of Shenzhen as the place you came to and a place that has grown almost as fast as Huawei? And was Shenzhen important to you, being a new city? I would love to just get your understanding of that.

Ren: Shenzhen is an immigrant city. Several decades ago, many people, especially young and ambitious people, swarmed to Shenzhen, then the forefront of China's reform and opening up policy. You could say it is similar to the Mayflower arriving in the United States. Of course, in the United States, these Pilgrims signed a compact on the ship. However, Shenzhen doesn't have the power of legislation.

As a test of reform, Shenzhen has strived to make breakthroughs in terms of the reform agenda. One of its first reforms was to pay two cents RMB as an incentive for dump trucks. Two cents RMB is equal to about one-fifth of a US cent. Even with this small incentive, the efficiency at the time increased substantially. This reform caused a storm across China. It was seen as a capitalist

policy, and many believed that had to be removed. In spite of this, Shenzhen has been growing and making solid efforts to get rid of the old system. It has been a painstaking process. Many successful government officials at the time made mistakes, but they will not be forgotten. Any progress in history comes at a certain cost.

12 Norman Pearlstine: Well, thank you for having us. I think a part of the problem in the United States is the misunderstanding of the role of the government and the party here in China, that people in the United States feel that anything associated with the government and the party, therefore, is nefarious. Perhaps, Mr. Ren can help demystify this aspect, this relationship with Huawei. It's quite ordinary for a company to have a party committee. Maybe you could talk about the organs of the government that Huawei has to comply with or stay in touch with in order to do business overseas?

Ren: First of all, Chinese law stipulates that any companies operating in China must have a party committee. Before Huawei established one, the Chinese branches of Motorola, IBM, and Coca Cola already had one. What these party committees do is to ask employees to work hard. Actually, many foreign companies operating in China welcome a party committee.

Huawei's party committee isn't in any way involved in our business decisions. Their biggest responsibility is ensuring the integrity and business conduct of our employees. And committee members are elected by vote, not assigned from outside of Huawei.

As for Huawei's relationship with the Chinese government, we first and foremost obey Chinese laws. Secondly, we pay taxes. Thirdly, the Chinese government has for years subsidized enterprises that invest in basic research. We also receive such subsidies. And we also get similar subsidies from the European Union. But the total subsidies we receive are at less than 0.2 percent of our annual revenue.

By the way, the R&D subsidy programs I mentioned are open to all companies, including foreign companies. This kind of subsidy isn't for applied technology. It's for basic research, and findings need to be publicized to benefit all humanity. I think that is the extent of Huawei's relationship with the Chinese government.

13

Norman Pearlstine: Journalists often grapple with the question of whether we are Americans first or journalists first because of the information we usually have. In your job, what is your priority? To your country or to your company?

Ren: First, we have already made our position clear to the European Union that we are willing to sign a no-spy agreement.

If people argue that business-to-business no-spy agreements don't really guarantee anything, then the Chinese government can come out to witness or endorse the signing of such an agreement.

If a foreign government is willing to have their high-level government officials sign an agreement with the Chinese government to ensure that Chinese companies will never engage in spying activities or install backdoors, the Chinese government may also consider signing such an agreement.

I think the Chinese government understands Huawei's current situation regarding the backdoor issue with the world at large. At the recent Munich Security Conference, Yang Jiechi, a senior official in the Chinese government, made it very clear that China does not require Chinese companies to install backdoors or violate international laws or the laws of the countries in which they operate.

Currently, we are pushing for a no-spy agreement with European countries. This whole process is in limbo though, because US companies are not willing to sign such an agreement. If even just one country, like one in Europe, is willing to sign an agreement like this with the Chinese government, I think the impact would be

significant. This would help create an understanding between China and the United States.

14 Norman Pearlstine: Given your strategy of suing the United States, would you encourage Facebook to sue to gain access in China? Would you encourage the American automakers to sue to exit joint ventures? Would you encourage other companies not to have to share technology to China?

Ren: First, I support US manufacturing companies in being able to win the right to establish wholly-owned foreign companies here in China. They could try to do so and maybe their applications would get approved. If a local government in China wants automakers to establish joint ventures in order to gain a certain advantage, those automakers can present arguments to the central government. The arguments can clarify their stance regarding why they want to reject joint ventures and instead establish wholly-owned foreign companies.

Huawei also does not want to enter into any joint ventures outside China, because there would be so many things to consider and manage. This would be very time-consuming.

Maybe it would be worth US companies trying to apply to establish wholly-owned entities. They can make

their cases to the Chinese government, and explain that they only want to establish wholly-owned companies, rather than joint ventures. This would eliminate issues such as those surrounding technology transfers.

If US Internet companies want to enter the Chinese market, perhaps they should start with companies that are not politically sensitive, like Amazon. These companies can talk with the Chinese government to get permissions first. There is always a sequence of what comes first. Others can come later. Personally, I believe everyone should have equal rights.

Norman Pearlstine: So saying that the definition of a joint venture is "the same bed, different dreams"?

Ren: If you want to make things go belly up, go for a joint venture. "Hey, I really want to start a joint venture with you. You take 99% of the stake, and I'll take 1%. All you need to do is give me a credit card. I'll swipe the credit card like crazy, until the 99% is used up." So if you don't want to get things done, go for a joint venture.

15 Norman Pearlstine: And the executive who I was closest to in America was Mr. Andy Grove of Intel who wrote a book called, Only the Paranoid Survive, and listening to Mr. Ren, I am very much reminded of him and his philosophies.

Ren: I'm a fan too – I agree with what he says, and I'm a paranoiac like he is.

16 Norman Pearlstine: I think you have the best job I have ever heard because you have veto power. Will your successor have the same kind of power or is this just for founders?

Ren: We originally wanted to remove this veto power after a certain point of time. That might be this or next year. But after seeing what's happening with Brexit, we don't think we can leave the fate of the company solely to a democratic process. So we've decided to hold onto veto power for now. Our *Articles of Governance* state that veto power can be inherited, but that's not going to be by my family. Instead, veto power is going to be collectively exercised by an elite group made up of seven elected members. It is possible that none of them are my family members.

17 Norman Pearlstine: I was just saying that this is not for transcript.

Ren: It doesn't matter. You can include this in your transcript.

Norman Pearlstine: But I was very interested about what you were saying that we need go back to, go

back to home and starting over when you get too much into being in the corporate position, and which is why once a year, I try to do a recording trip like this, to remind myself how hard it is to be a young journalist.

Ren: I think you and I are both young fellows. So there's hope that Google will invent some sort of reverse-aging medicine in our lifetimes. If we can revert back to say, 18 years old, let's get together and celebrate.

Norman Pearlstine: We can do that. Yes, I look forward to that.

18 Norman Pearlstine: Personally, I hope that you and your daughter are able to talk to each other and give each other support.

Ren: I talk to my daughter quite often at the moment. Her mother is also currently in Canada to be with her.

19 Norman Pearlstine: So I just want to ask quickly about the architecture of Huawei campus, because this building yesterday when we took the train from the "Czech" to "France" to "Germany", what was in your mind when you were deciding on this very unusual campus?

Ren: It was the outcome of our tender process. The Songshan Lake Campus was designed by a Japanese

architect named Okamoto from Nikken Sekkei Ltd. We had an expert panel review different design options for this campus. The panel liked his design very much and chose it.

There is a story about this Japanese design master. He doesn't speak English, even though he received his bachelor's, master's, and PhD degrees in the US. He is a genius.

Norman Pearlstine: I worked in Japan for three years and don't speak any Japanese and I worked in Hong Kong for three years and don't speak any Cantonese, but I am not a genius.

Ren: You are a genius. Okamoto is an architectural genius. You are a media genius.

20 Norman Pearlstine: I read one comment where you said that your daughter would not succeed you because her background is in finance and you think Huawei is now so big that it needs someone whose background is technology. Is that correct?

Ren: Yes.



Ren Zhengfei's Interview with Handelsblatt and Wirtschaftswoche

April 11, 2019 Shenzhen, China

Ren: It's a great pleasure to meet with you. Please feel free to be really direct with your questions. You can ask whatever tough questions you may have. I will be very frank in answering them. I have a bit of a weakness, I am too truthful and it makes me misspeak sometimes.

01 Beat Balzli, Wirtschaftswoche: Mr. Ren, you attribute your success as an entrepreneur to three guiding principles of leadership: modesty, passion, and the willingness to keep on learning. Which one is the most important?

Ren: I've never said anything like that before. There must be some kind of misinterpretation online. To me, the most important thing for a company is direction, a direction that creates value for customers. There are many people in the world who are modest, and many who study hard, but they can't necessarily create wealth. Since the wealth belongs to our customers, forcing them to take it from their pockets and hand it over is called "robbery". If you just sneak around and steal their money, you are a thief. The only way a customer will happily give you their money is if you create value for them, an equivalent exchange.

02 Beat Balzli: You praised Donald Trump, your worst enemy, recently, as a great president for his economic

policy. Which principle of leadership is that in this instance?

Ren: Businesses worldwide are under a heavy burden. If this burden cannot be relieved, businesses will have no vitality. Germany is rolling out an initiative called Industry 4.0. It's not purely about technology. With this initiative, businesses will be less pressured by the needs to pay high wages and provide various benefits for employees. And there will be fewer strikes. If AI is widely adopted in Germany, one person will be able to do a job that currently requires 10 people. If that becomes a reality, Germany's population of 80 million will become equivalent to 800 million, making it a greater industrialized nation. That means Germany could contribute even more to the world.

President Donald Trump is great because he cut tax rates in such a short period of time in a democratic country. His purpose should be to attract foreign investment. But if he intimidates other countries and businesses, people around the world would have concerns about investing in the US, and the US's tax cut policy would be much less effective.

I think German Chancellor Angela Merkel is great. Launching the Industry 4.0 initiative will produce the same positive results as tax cuts. If Germany regards China as a business partner, that could bring Germany

huge market opportunities. According to China's new foreign investment law, fully foreign-owned enterprises can be established in China. It means that German enterprises, including machinery and car manufacturers, can start their fully-owned businesses in China. That could expand the potential market for German businesses while reducing their costs. And it would bring Germany even more economic prosperity.

The real message China wanted to get across to the world when President Xi Jinping and Premier Li Keqiang visited Europe was that China wants to open itself up to the world even more.

03 Sven Afhueppe, Handelsblatt: You praised Donald Trump, but Donald Trump is your worst enemy now. The US is trying to persuade its allies, Germany included, to no longer employ Huawei technology or to at least reintroduce security checks. What, in your view, is the principle of the leadership of Mr. Trump, considering the attacks against you?

Ren: I would not make my judgments about the world based on the interests of Huawei. I hope that the Chinese government will also note the possible positive outcomes from the tax reform policies that Donald Trump has initiated. I also hope that China

will substantially reduce the heavy tax burdens to help Chinese companies grow better.

The high tax rates in China were built on the relatively lower labor costs China had in the past. Now labor costs in China are very high. If the high tax rates continue, I think it would simply hurt China's own development as the country moves forward.

04**Sven Afhuppe: Has the US boycott against Huawei already affected your business?**

Ren: No. Our business grew by 30.6% year-on-year in 2019 Q1 and the profit grew by 35.4%. I would like to thank some of the US politicians who have been calling on others to block us around the world. This makes everyone start to think "Has the US ever been afraid of anyone? They have been afraid of no one. But why are they afraid of Huawei, a little rabbit? This 'little rabbit' must be making some really good products." Now some countries even buy our equipment without testing it. What the US has been doing is not actually helping them achieve their goals. It's doing the opposite.

Before the US started publicizing 5G, I personally was a bit concerned about its future. At the time, I thought the pace of 5G research was too fast and we weren't actually at a point where some commercial applications

must depend on 5G. Scientists always feel so proud of what they work on, so they talk up the technology when they see some achievements in 5G. As a result, customer requirements have been pushed too fast.

Unfortunately, the US sees 5G as a strategic weapon, which actually pushed its development. If you look at the access network, from 5G base stations to optical and microwave transmission, everything is really transparent. Data packages aren't opened; they are just transmitted. Edge computing is only performed on the core network.

5G is like a water tap and optical transmission is the pipe that carries water. 4G was a smaller tap, while with 5G, the tap is just bigger. That's it. The US has treated this water tap as if it were a "nuclear bomb", catching everyone's attention. So everyone keeps talking about 5G. In a sense, the 5G era is approaching faster because of the push from the US.

Sha Hua, Handelsblatt: So you think the action of the US was politically motivated?

Ren: I think so, because they do not want to see US companies overtaken by other companies in any industry. Even though the industry we are in is not that important, they still don't want to see us outperforming US companies, and want to suppress us. Unfortunately, this pressure from the US has become a catalyst for our growth in the 5G industry.

05 **Beat Balzli: Is Huawei probably the most prominent victim of the US-China trade war?**

Ren: I would not think so, because we have virtually no sales in the US market. The only impact we might be seeing is from other Western countries that have a good relationship with the US.

European countries certainly do not want to see their data being transmitted to China. They definitely don't want to see their data transmitted to the US, either. The reason German Chancellor Angela Merkel did not shake hands with President Trump was because she insisted on keeping European data in Europe.

Germany has proposed that networks should be built with equipment from multiple vendors, meaning some equipment would be from China, some from the US, and some from other countries. It's like building a wall surrounding data that no country can penetrate, using "bricks" supplied by all different countries. In that way, German data will be well protected. We support this proposal from Germany.

Mr. Yang Jiechi, a member of the Political Bureau of the Communist Party of China (CPC) Central Committee and Director of the Office of the Foreign Affairs Commission of the CPC Central Committee, made a statement at the Munich Security Conference that the

Chinese government always requires Chinese firms to abide by international rules and the laws and regulations of the countries where they operate, and that China has no law requiring companies to install "back doors" or collect foreign intelligence.

At the press conference held after the recent session of the National People's Congress, Premier Li Keqiang also made it clear that the Chinese government does not require Chinese businesses to eavesdrop on other countries.

Last month we talked with Germany's Federal Ministry of the Interior, expressing our willingness to sign a no-spy agreement with the German government, in which we promise that Huawei networks contain no backdoors. I'm also willing to push the Chinese government to sign a no-backdoor agreement and an agreement on complying with the GDPR with the German government.

It will be difficult for the US to collect intelligence from places in Europe where Huawei equipment is deployed.

06

Sven Afhueppe: I want to go back to the trade war aspect. From the bigger picture, it's a new Cold War because Huawei as a company and China is

fast becoming a superpower and threatening the number one position of the USA? So Huawei is the perfect target in this super power battle?

Ren: What you're saying makes a lot of sense, and I've had similar concerns. Some Western countries like to take sides on certain matters. If China and Russia decide to start doing the same thing, it may start another Cold War.

If the West doesn't want another Cold War, they need to be open, and put up with the development of other countries.

The US's trade war is making the world more radicalized and unbalanced. We should see that the world is maturing and the coming information society has played a big role in balancing things out.

We certainly don't want to see the world fall back into a Cold War. We've hoped China would open further, and it is already opening up more every day. If Europe trades more with other countries and increases its trade volume by over one trillion euros, there will be less conflict and more peace around the world. In addition, European countries will have more disposable money to help them resolve some internal problems. I think the whole world should focus back on economic development; we need to seek peace and shared economic development.

07 **Sven Afhueppe: But if it comes to a new Cold War, it would be very bad for the world economy, for companies like Huawei, Daimler, Siemens, and so on. Do you fear a new era of protectionism around the world?**

Ren: I don't think this new protectionism will last long. Large Western companies, not us, are the ones who are the most concerned about the protectionism. Their biggest concern would be an executive order from the White House saying, "You cannot sell your products to China." For those Western companies, if they can't sell their products to China's 1.3 billion people, their financial statements and stock prices will suffer, and their markets will be hit hard.

Some small innovative companies have developed cutting-edge products. If the US does not allow them to sell their products to China, what should they do? They might move to either China or Germany, because as a company, if they cannot sell their products, they will starve.

When the US tries to impose sanctions on others, hoping to see them go downhill, they are also on a decline.

08 **Beat Balzli: It's typically a Cold War. The US accuses a company like you for spying for China by deploying**

your technology. They accuse you very heavily. Did you see any proof? Did you see any documents that are the basis of these accusations against you?

Ren: We have been trying very hard to prove who we truly are, but the US government doesn't believe us. Now, they need to provide facts and evidence to support their accusations against Huawei.

Beat Balzli: So what the Americans are talking about is just a fairy tale? It's not true?

Ren: Certainly.

09 Sven Afhuppe: After the attacks by the US government, we've seen a global decline in trust in Huawei technology. What should you do to restore trust in Huawei technology?

Ren: I don't think we need to rebuild that trust. Our customers, including those from the West, have built their trust in us over the past 20 to 30 years. Our 30 years of history has proven this already. That trust isn't going to disappear just because a few authoritative people say something. While the whole world is paying attention to this topic, we should really take a step back and ask what contributions Huawei has made to society as a whole.

Huawei has contributed about 90,000 patents worldwide. Those are all new patents. We know there are some established companies that have hundreds of thousands of patents, but they have not contributed as much as we do to new networks. No matter whether the US admits it or not, their information networks cannot bypass Huawei's patents.

Second, not only have we connected three billion people around the world, we have also forged connections to all sorts of business sectors like finance. If Huawei disappeared, that would be a threat to the world.

Third, if Huawei ever acted maliciously in any one country, like implanting a backdoor in our equipment, then we would lose our markets in over 170 countries. If that happens, how could we repay our bank loans? Huawei's employees could leave the company, but I couldn't. This would be worse than death for me. How could I possibly agree to implant backdoors?

10

Sven Afhuppe: When it comes to data security, do you trust US tech companies like Google, Amazon, and Facebook? Do you trust them?

Ren: If we were trying to build an information network that guards against absolutely everyone, the cost would be enormous. There would be no way for us to sell our

products.

Our networks only guard against hostile competitors and malicious attacks. We have no hostile competitors amongst Western companies, so we don't guard against Western companies. We also don't guard against the US government, the German government, the Chinese government, or any other government. They will not forward information about us to our competitors.

11

Beat Balzli: The lack of trust in Huawei technology is also a cultural thing. Data protection is a central principle of digitalization for the people in Europe. In China, data protection is not so important. So do you understand the concerns of the European citizens and politicians?

Ren: Of course. Huawei firmly complies with the GDPR. However, Huawei's role is only to provide equipment. The networks are owned and run by telecom operators and Internet service providers. Huawei is just a vendor that provides network gear. We are like a provider of water taps.

12

Sven Afhuppe: Right. You mentioned the good and deep relationship between Huawei and Germany.

Chancellor Merkel just refused to boycott Huawei. Have there been any discussions between Huawei or Beijing and Germany in that case?

Ren: I don't know what the Chinese government is thinking. They don't tell me about it.

Sven Afhuppe: Are you happy with the German government handling the matter?

Ren: It was how these things should be handled. To ensure cyber security, we need to pass all market tests, including technological verifications, instead of just rushing to some unfounded conclusion. Isn't Germany establishing a common security standard? We also need to comply with this standard. Of course, regardless of where a company is located, it needs to protect privacy, follow the GDPR, and never install backdoors.

Sven Afhuppe: And you do not fear their objection?

Ren: I am not concerned about this. We don't have any problem with it at all, and we are willing to accept this type of oversight. The more stringent the oversight is, the better off we will be. Some are afraid of this type of oversight, but I won't say who they are. I think you can guess.

13

Sven Afhuppe: Do you have any new investment plans in Germany?

Ren: Yes, we do. We have established a lot of research centers in Germany and purchased a factory in Weilheim to produce high-performance equipment. We're going to move our manufacturing facilities for cutting-edge products to Europe step by step. Recently, we bought 513 acres of land in Cambridge for the production of optical chipsets. And some of our production facilities for 5G base stations may be located in Europe. Germany is one of our preferred locations.

In addition to our investment in Germany, many technologies and equipment used here in China are also from Germany. You have visited our intelligent production line. Much of our equipment there is from Germany. Our software primarily comes from Siemens and Bosch, and some are from Dassault of France. As Huawei grows rapidly, we will position Europe as a second strategic base for Huawei.

Huawei's collaboration with Leica is a perfect example of our investment in Germany. Leica's work is based on physics, and Huawei's work is based on mathematics, so the two companies reinforce each other by working together. The research center jointly established by the two companies is located in the same village where Leica is located. Over the past few years after beginning to work with Huawei, Leica's business has grown rapidly.

14 **Beat Balzli:** I want to go back to the boycott. Germany refused the boycott, also Great Britain. But there are still some doubts. China is not a democracy like Germany. And a lot of companies in China are very close to the government. How close is Huawei to the government? What is the relationship between Huawei and the Chinese government?

Ren: We follow the laws in China and pay taxes to the Chinese government.

15 **Beat Balzli:** You're one of the most famous business leaders in this country. Normally there's a close relationship between such business leaders and the government. When were you last received by President Xi?

Ren: That was in 2015 in the UK. President Xi was there visiting our UK office, so I accompanied him during that visit.

16 **Beat Balzli:** The success of Huawei is amazing. You built a small company into a really big company. Has that been possible without the help, direct or indirect, of the state?

Ren: From day one, when Huawei was founded, we

have focused entirely on just one thing: creating value for our customers. The business boundary we set for ourselves was the communications industry. In our early days, we had just two multi-meters and one oscilloscope for work. That's when we had just started out, and we made up our mind to serve our customers.

We have focused on a single point, from several dozen employees, to several hundred employees, to several thousand, to tens of thousands, and now 180,000. We have still remained focused on that point. And we invest very heavily in that point of focus. Currently, our R&D investment reaches US\$20 billion every year. We focus our efforts and resources on a very narrow area, which is how we have achieved breakthroughs.

17 Beat Balzli: You say you have no special relationship with the government, but if you take a concrete case like New Zealand, huh? New Zealand has a boycott against Huawei and after the boycott, China made big, big pressure on New Zealand. So, there's a connection?

Ren: We will no longer do 5G in New Zealand or Australia. The Chinese government didn't understand our intentions and their efforts might be in vain.

18 Sven Afhuppe: Have you ever been asked by the Chinese government to do any special things?

Ren: Never.

19 Beat Balzli: But in the Chinese law, there's a relationship between companies and the government to help in national security, no? It's enshrined in Chinese law?

Ren: At the Munich Security Conference, Yang Jiechi, a member of the Political Bureau of the Communist Party of China (CPC) Central Committee and Director of the Office of the Foreign Affairs Commission of the CPC Central Committee, made it very clear that the Chinese government always requires Chinese firms to abide by international rules and the laws and regulations of the countries where they operate, and that China has no law requiring companies to install "back doors" or collect foreign intelligence.

Premier Li Keqiang also reiterated this message at a press conference. Hasn't the Chinese government made their stance clear?

20 Sven Afhuppe: At the beginning of the US attacks against Huawei, your daughter was arrested in Canada. What is your view and what is your comment

on that case?

Ren: I think the US must present their evidence. If they fail to present sufficient evidence, I have reason to believe that she was held as a political hostage. I think what really matters in the court are facts and evidence.

Beat Balzli: How often do you contact your daughter?

Ren: We call each other all the time when we want to talk. The Americans who are eavesdropping on our calls must be working really hard. They don't know when we might make a call. I might not make a call for days, and they just have to wait around for it. They are working really hard.

21

Sven Afhuppe: The legal situation between Huawei and the US is pretty complicated. We have seen the boycott of the US, we have seen the arrest of your daughter, we have your legal accuses against the US government. Could you imagine an end of that legal affair?

Ren: It's not just the US filing lawsuits against Huawei. It can also happen the other way around.

22

Beat Balzli: Do you think there have been any chance with you, you have sued the US government, do you think you have a chance there before the court?

Ren: We still believe in the US's separation of powers, in the independence of the US judicial system, and in the strength of the US legal system. We believe that we will win. If Huawei wins the case, it will prove that the US has a great judicial system. If Huawei loses the case, but the US still presents no solid evidence to substantiate their charges against Huawei, it will also prove our innocence.

23 Beat Balzli: What are you doing now to improve your image in the US?

Ren: The US has been campaigning against Huawei, so we have no plans to go after a large share in the US market. We have no choice but to defend ourselves in court.

24 Beat Balzli: Some weeks ago, you sent an invitation for a Huawei event and the Chinese embassy sent the same invitation also to the journalists, at least that's not the right way to get the trust back, huh?

Catherine Chen: We published an open invitation letter to the media. Reports that the invitation was issued through the embassy are false.

Ren: We hope more journalists can come and see

the real Huawei. The Shenzhen campus is just one of our facilities around the world. We have facilities in other major cities in China, such as Beijing, Shanghai, Hangzhou, Nanjing, and Suzhou, as well as facilities in Munich, Bonn, and more. We have established research institutions in many places around the world. You can't really understand the big picture of Huawei without taking a look at all these places.

25 Sven Afhuppe: Huawei is a leading technology company regarding different products. And the philosophy is based on working hard, improving yourself every day. What is the next real big innovation Huawei is inventing?

Ren: I think our future innovation will still be oriented towards providing network connections to people around the world.

26 Sven Afhuppe: How important will AI be in the future for Huawei?

Ren: Very important, and even more important to Germany, because production in Germany is already highly automated and supported by information technologies. I think Germany is well positioned to make Industry 4.0 a reality.

Sven Afhuppe: So German companies should invest more in AI?

Ren: Yes. Using AI does not necessarily mean AI has to be manufactured in Germany. No matter where the technology comes from, as long as it can create wealth for Germany, German companies should embrace it. Currently, the US is the strongest in AI. Germany needs to overcome its labor shortage if it wants to achieve leapfrog development in its industry. That's part of why Germany has used buses to carry millions of workers from Turkey. Once Industry 4.0 is realized and AI is widely deployed, Germany will become a greater industrialized nation, with an equivalent of 800 million people. By then, Germany will have enough capacity to produce goods that are more than sufficient for the whole world.

27 Sven Afhuppe: May I ask you a personal question? Right now you have reached the age of 75 years. How long are you planning running Huawei?

Ren: That depends on how soon Google can come out with a medicine that helps people live forever.

28 Beat Balzli: Why are you so fascinated by European architecture? Yesterday I was in your campus. Where

comes this fascination for the architecture?

Ren: The design of these buildings actually had nothing to do with me. We had an open tender process and our expert panel chose the proposal of a Japanese designer. He received his bachelor's, master's, and PhD degrees in the US, but he doesn't speak English. He is a genius in architecture.

29 Sven Afhuppe: You were very impressive when talking about global politics, the trade war, the Cold War, European politics, and Chinese politics. Could you ever imagine moving into politics for the last years of your career?

Ren: I'm a businessman and will always remain a businessman. I would never go into something related to politics.

30 Sha Hua: You said that you know, you shouldn't steal from your clients because that would not be a good idea to rob people. But you have had employees who have been stealing technology, like Tappy. It's a very famous case.

Ren: Just as we take the protection of our own intellectual property rights seriously, we fully respect

others' intellectual property rights. Our policy makes it clear that employees are prohibited from infringing on the intellectual property and trade secrets of other companies. There have been some isolated instances of individual employees failing to comply with the company's policy.

Huawei's technologies are very advanced and sophisticated. How could Huawei have become what it is today by stealing some small technologies? Our success is mainly attributable to our focus on mathematics in our early years. Now, we are also paying attention to some general domains like physics, chemistry, and biology. What is radio? It is electromagnetic waves expressed in mathematical equations.

A few isolated cases do not represent Huawei's corporate culture.

Chen Lifang: Our company is guided by principles. If individual employees have done something wrong, they are disciplined by the company.

31 Sha Hua: I mean, there's a saying that people follow their leader. And this may be part of the company culture that this sort of phenomenon occurred in the past?

Ren: Huawei is a company with more than 180,000

employees, including non-Chinese employees. Our company is growing very fast, and our education and training programs may not fully keep up with our fast growth.

Employees who make mistakes are disciplined by the company. If the bad things that happened were a result of our corporate culture, then how would we have become a global leader? We are ahead of our peers and not just by a small margin. That's why the US is coming after us.

Where are we getting all these things that our peers don't have? Of course, we have created them on our own. We are very strong in basic research. To give you a better idea, I would like to give you an example.

Our latest smartphone, the P30, offers 50x zoom. That means you can shoot photos of the stars and the moon in the sky with this phone. It can also be used as a night-vision device. You might wonder what the point of these functions is. These are fantasies of scientists, and we have to understand their thoughts.

32

Sha Hua: When you were giving an interview with CCTV, you said you reject the invitation to attend a ceremony celebrating the anniversary of China's 40 years of reform, because you have more important

thing to do.

Ren: No. What I want to do is to focus entirely on running Huawei.

Sha Hua: Is this a privilege to say no to this invitation?

Chen Lifang: You might think it is a privilege. But for us, this represents the progress of the Chinese government, because the government understands and accepts that Mr. Ren said no to attend this ceremony. This has nothing to do with privilege. Simply put, others might think such things are an honor, but Mr. Ren does not think so.

33

Sven Afhueppe: Okay, wonderful. Right now, a lot of employees of Huawei own shares of the company. Do you have any plan to go public?

Ren: No, we have no plans for now, but maybe after 3,000 years. If you're patient enough, you are welcome to buy our shares then.

Wrap-up:

Ren: We human beings captured the first-ever image of a black hole yesterday. This is the result of mankind's joint effort. The same will be true for 5G. Don't ever

think that 5G is a proprietary product or patent of Huawei. To make 5G a reality, the whole world needs to work together and help each other. Let's cheer yesterday's breakthrough and astronomers' decades of perseverance!

Ren Zhengfei's Interview with Time

April 12, 2019 Shenzhen, China

Ren: It's a great pleasure for me to be with you here today.

Charlie Campbell: Fantastic. I know you've given a lot of interviews recently. I don't want to go over the same questions again, but unfortunately, we have to hear you in your own words answering some questions. I know it would be quite familiar to you. But please bear with us and we'll try to make it a bit more interesting this time.

Ren: You can be very direct or even very tough in bringing up your questions and I will be very honest in giving you my answers. I sometimes feel like the veil of mystery has been lifted from Huawei, but some people just refuse to believe us. I trust that if we continue to communicate like this, they will get to understand us eventually.

Charlie Campbell: I have spent last week touring your campus and meeting a lot of your colleagues. And this has been a great experience and it's very impressive.

01 **Charlie Campbell:** You just posted your annual revenue of 107 billion US dollars and Huawei has been growing every year since you founded the company. How big can Huawei get? What's your goal in mind?

Ren: It is not the size of the business that we are after. We aspire to provide good services to all. We're just concerned that technological advancement cannot keep pace with people's ever-evolving needs. The communications world is migrating to the cloud step by step. Now, there are many small clouds spreading all over the world. In the future, all these small clouds will be connected to form a huge, global cloud. What matters most to Huawei is whether we have the ability to serve that global market. Therefore, we invest a lot into future-oriented scientific research. We're trying to explore some of the new scientific discoveries and technological inventions, and preparing to invent products that can better adapt to future needs.

As you know, over the last 500 years or so, China has not made significant contributions to the world in terms of scientific and technological invention and discovery. We hope we can make a difference now as it migrates to the cloud. To achieve this, we have brought a large number of scientists onboard at Huawei. At the same time, we also support outside scientists and college professors from around the world, helping them explore the future. What we are doing now aims to address the needs of humanity. It's not all about the balance sheet. As we work with universities, we adopt principles similar to how investment works according to the US's *Bayh-Dole Act*. That means we provide funds, but the research

findings belong to the professors, not Huawei.

02 Charlie Campbell: At the moment, just as what you have said that China is lagging behind in technology and striving to catch up with the West. It seems that 5G is the moment where China has overtaken the West and is pioneering new technology. Do you think this is the new normal now that China will always be ahead of the West?

Ren: That's impossible. China has to learn from and catch up with the West when it comes to basic education, including education in elementary schools and middle schools, especially in rural areas. Higher education institutions should focus on academic research, like scientists do. Doctoral papers should be full of insight. We must lay a solid foundation in this aspect. So the better time for us to discuss the question you've just raised would probably be 50 to 60 years or even 100 years from now. The West has creative approaches to all different types of education, ranging from elementary education to higher education, but China still takes a unified approach: exams. With this approach, it's difficult for geniuses to emerge in China.

For that reason, I think it's unlikely that China can catch up with the West within a short period of time in every regard of science and technology. That's why we've

been calling for the Chinese government to pay more attention to education, and to change its status as an underdeveloped country and a follower. Children should think independently. We also hope China can make technological contributions to the world in the future.

5G is only a tool. Its value and role have been exaggerated. We don't think the contribution that 5G will make to society will be as enormous as some people have imagined.

03 Charlie Campbell: I learned that Huawei filed the largest number of patents last year worldwide. But the US still accuses Huawei of stealing intellectual property, and in fact, of having a bonus system for employees who steal intellectual property. Has Huawei ever stolen intellectual property?

Ren: First, Huawei highly respects intellectual property rights; otherwise, we would have disappeared because our intellectual property may have been stolen by others.

Second, Huawei has done a lot to drive IPR protection in China. Our annual R&D investment is between 15 billion and 20 billion US dollars. Our R&D competence centers are scattered around the world, and we have around 80,000 R&D employees. We are already a leading

player. That is not something you can achieve by stealing from others. Individual employees will be punished for their wrongdoings, and they do not represent Huawei.

04 Charlie Campbell: Regarding these allegations by the US, do you think they are doing this because they want to use Huawei as leverage to get a better trade deal with the Beijing government?

Ren: Maybe.

Charlie Campbell: Have you felt as though you are being used as a pawn? Do you think it's unfair?

Ren: I just wonder, is Huawei that valuable? I don't think the company is so valuable as to play a role in China-US negotiations. We are like a small tomato stuck between the two countries.

05 Charlie Campbell: Your daughter was arrested in Canada and is expected to be extradited to the US. There are very serious charges against her, do you fear for her safety?

Ren: All charges must be based on fact and substantiated with evidence. Then, with open, transparent, fair, and just legal proceedings, we will know

whether or not we actually have a problem. We don't think there will be any problem as long as everything is made public. We still place our faith in the courts.

06 Charlie Campbell: Do you believe the charges against her are politically motivated?

Ren: Maybe. I don't know for sure what those people who started this were thinking, so I can only guess.

Charlie Campbell: I imagine you are in constant contact with Meng Wanzhou and you speak to her a lot. How is she doing?

Ren: She has been busy these days, taking six online courses. She hopes to get a PhD in Canada. Her mother is with her right now and has often told me that Wanzhou is always busy and in good mood.

Charlie Campbell: What about her children, your grandchildren? How are they coping with the estrangement?

Ren: They are still young, so they don't necessarily understand what is really going on. They can definitely feel that their mother is going through something tough. Whenever they have a break from school, they fly to Canada to be with their mother.

07 Charlie Campbell: At the moment, the US government has banned Huawei from its infrastructure. Why do you think is this? What do you think lie behind?

Ren: I don't know their motives, but it doesn't matter much to Huawei that we aren't present in the US market. We haven't ever really been present in the US market.

Charlie Campbell: It seems at the moment you're speaking to a lot of American media, trying to convince America that Huawei products are safe and that Huawei is a legitimate company, so you must want to be present in America.

Ren: No, we don't want to enter or serve the US market. The US is taking us too seriously. So we hope that through these dialogues, we can reveal the truth and better understand each other. Whether we can establish our presence in the US market is not that important to us, because even without the US market, we have already become the world's number one. So, we are not in dire need of building our presence in the US market.

By having dialogues with the US media outlets, we want to dispel misconceptions about Huawei. For example, your understanding of Huawei must have changed after visiting us. You are welcome to visit our top labs. I think you'll see how our scientists lead the world.

Actually, scientists and entrepreneurs in the US know Huawei pretty well. I have spoken with them quite a lot recently, and we will further our cooperation with each other. But US politicians do not know much about Huawei. So, what we can do is give them a better idea of Huawei through media coverage. If they only rely on their imagination and don't come to visit Huawei, it will be hard for them to understand what Huawei is truly like.

As I said earlier, some US scientists and companies know Huawei pretty well. So I think maybe US politicians should talk to US scientists and companies more, so that they can have a better understanding of Huawei.

08

Charlie Campbell: You said it doesn't matter for Huawei if America doesn't buy Huawei products because you are already number one. But for America, Huawei's 5G is by far the most advanced in the world. Do you think that the American government is doing the American people a disservice by not investing in Huawei because of the benefits 5G could bring for the American economy? I mean, do you think that the American government is doing the American people a disservice because Huawei has the potential to aid the American economy and industry with this 5G?

Ren: I think collaboration for shared success is vital in

today's world. Working together to reinforce each other will lead to shared success. The US has remained open over the last 200-plus years, which is the fundamental reason the US has risen from a small country to the most powerful nation in the world.

Openness is conducive to economic development, and globalization is in the interest of the US. If the US government comes up with policies that ban the sale of certain things to certain countries, American companies will make less money, which will affect the US economy.

Therefore, openness is the best policy for the US, and China must learn from the US to become more open to the outside world. Otherwise, the Chinese economy will not be able to continue developing.

Deng Xiaoping is great primarily because he opened China's doors to the outside world – doors that had remained closed for roughly 5,000 years. Because of him, China has seen initial prosperity after just 40 years' efforts.

People of my generation experienced a period when China was closed off from the world. The ideal we had back then was not to wear fancy clothes. We just wanted enough food for ourselves. Things are totally different today. We are more than able to feed ourselves, and we even have a lot of meat to eat. This is the progress that

China has made, and we should take notice.

In addition, China has made substantial political progress. For example, 30 to 40 years ago, it was simply impossible to have face-to-face interviews like the one we are having now. If I ran into you on the street, I would immediately turn around and run away because talking with you would be a political risk.

Now, we're having this face-to-face interview, and I've talked to many other media outlets. Many of them are concerned that I may get a phone call from Beijing telling me I have said something wrong, but I haven't received such calls. That shows the political progress that China has made. I think this is progress that people should acknowledge.

I believe China and the US must enhance their collaboration in order to achieve shared success. China is a market of 1.3 billion people, while the US has advanced science and technology. If these two come together, it will form an engine that can drive the world economy forward and take the world out of its current difficult situation.

If I had an opportunity to talk to the leadership of the Chinese government, my only suggestion to them would be that China should become more open.

Charlie Campbell: So the government would take

your phone call if you want to contact them?

Ren: Perhaps, but I don't have their phone numbers.

09

Charlie Campbell: The American government accuses Huawei technology of having backdoors which can be exploited by the Chinese government. You said before that you'd rather disband the company than betray your customers. But would you be willing to go to jail to challenge the Chinese government if they made a demand?

Ren: I have said this in the past, and my position remains the same today. If any country identified a malicious backdoor in Huawei's devices, our business in over 170 countries would be severely impacted, and our revenue would decline sharply. By then, all our employees would have left Huawei. They could start their own businesses with their technical know-how and other capabilities. But I would have to stay. I think having to repay tens of billions in bank loans on my own would be more miserable than death. Comparatively, I think going to jail is a better option.

When I first expressed this position, I had not heard anything in response from the Chinese government. At the Munich Security Conference, Yang Jiechi, a member of the Political Bureau of the Communist Party of

China (CPC) Central Committee and Director of the Office of the Foreign Affairs Commission of the CPC Central Committee, made it very clear that the Chinese government always requires Chinese firms to abide by international rules and the laws and regulations of the countriesc where they operate. He also pointed out that China has no law requiring companies to install "backdoors" or collect foreign intelligence. Premier Li Keqiang then further reiterated that position at a press conference held after a recent session of the National People's Congress. I believe that they, as top government leaders, accurately represent China's position. Recently, when Premier Li Keqiang visited our booth in the "16+1 Summit" in Dubrovnik, he repeatedly told us not to install backdoors.

Now, Huawei is pushing for the signing of a no-backdoor and no-spy agreement with multiple governments. It is also our suggestion that there should be a unified global rule or agreement barring all telecom operators and equipment vendors from installing backdoors. However, it might take a while for the whole world to agree on this. From Huawei's point of view, we're ready to push the Chinese government to sign a no-backdoor and no-spy agreement with any other willing government. In light of this, I'm sure you understand why I'm not concerned about going to jail.

10 **Charlie Campbell:** Yet, just last month, Huawei's Chief Legal Officer Song Liuping publicly acknowledged that Chinese laws may require companies to respond to government requests for assistance and help against terrorism and criminal activities. If such a request was made, would you feel obliged to hand over information even if you were not sure of the charges or the premises?

Ren: The information would not be coming from Huawei. It would come from the networks owned by the public security authorities. This has nothing to do with us.

Charlie Campbell: But how do the public security authorities have access to Huawei's technology, the data?

Ren: They wouldn't access Huawei's systems. They would get the data from their public security systems, the systems supported by telecom operators. All governments of sovereign states have the power of governance within their states.

11 **Charlie Campbell:** Has the Chinese government ever made a request to you for confidential customer information?

Ren: No, not even once. The networks are owned by

telecom operators and the states. Huawei is just an equipment provider. We don't have any authority or ability to do anything on the networks.

When something goes wrong with network equipment and a telecom operator's in-house engineers cannot deal with it, they ask Huawei for maintenance. However, we can only work on equipment after we have obtained approval from the telecom operator. And after the work is done, we need to return all of the data to the telecom operator.

12

Charlie Campbell: I understand that the UK government is working with Huawei to assess the security of Huawei's systems. Huawei handed over all source code to the UK government for examination. The UK government has not found any backdoors at all, but has found some bugs and glitches in Huawei's software. Does that concern you?

Ren: I think that technologies are always evolving. We are only human. We can never be perfect. Rather, we just keep getting better. It's normal for them to find areas that we need to improve. We are not saying that our equipment is perfect. We are just saying there is no malicious issue with our equipment.

13 Charlie Campbell: You come from a military background. How does that influence the way that you run your company?

Ren: I was a low-ranking engineer when I was with the military. And I had no managerial experience there. I started as a technician and was kind of promoted to engineer. If I know a thing or two about the military, I probably learned from the Internet. I studied West Point and biographies of American generals. I would compare the differences in the way that American generals and former Soviet Union generals managed their militaries, and try to take some inspiration and apply what I've learned to Huawei.

Because I was in such a low-level position when I was in the military and didn't gain much experience there, I learned most of what I know about the military from the Internet. I'm a person who does not have many hobbies. Besides coming to work and revising our corporate documents, I do some reading, I surf the Internet, and I even spend some time on a video app called Douyin, known as TikTok outside China.

14 Charlie Campbell: No. Oh. TikTok. So, some of Huawei's earliest contracts were with the Chinese military and the Chinese government. I mean, how important were

they to the success of Huawei during the early days?

Ren: First of all, we have never relied on contracts with the Chinese government or military for our development. Our contracts are signed with Chinese telecom operators. Those operators are not the government. What's worth noting is that in our early days, our equipment was not that advanced, so we could only sell it to rural areas. We couldn't even manage to make county-wide sales.

Through a dozen years of effort and despite tremendous difficulties since our founding, we managed to establish a presence in the telecom operator market. That's when we started to sell in China's county-level cities.

15

Charlie Campbell: Today, Huawei is number one in the world. I'm just wondering what is Huawei's role in the Chinese government's "Made in China 2025" strategy?

Ren: Huawei does not play a very big role in China's "Made in China 2025" strategy. We are just continuing to follow our own path. I think maybe the "Made in China 2025" initiative has a similar purpose to Germany's Industry 4.0 – to expedite the national industrialization process. However, there's a big gap between China and Germany in terms of industrialization.

In China, a significant portion of industry is still based on manual work, so the first step is to move from labor-intensive manual work to mechanization. The next step following that is automation, and then the adoption of information technology. Only after all these steps are completed can we talk about China being on the same track as Industry 4.0.

Currently, a lot of our industry is still not automated. "Made in China 2025" is just giving Chinese companies a new direction. Most of our equipment used in our production lines is from Germany and Japan. Our software is from Siemens, Bosch, and Dassault. Many master's and doctorate degree holders are working on our production lines, operating them, doing research, and improving the way our production lines work. We have basically achieved semi-AI-empowerment on our production lines.

16

Charlie Campbell: But it seems that the Chinese government seems to treat Huawei with great importance. And after your daughter Meng Wanzhou was arrested, about a dozen of Canadians were arrested in response, while China also banned Canadian imports of canola. This can be seen as a cooling of the relationship between the countries. Can you see why, from the outside, it might seem that the Chinese government and Huawei are closely linked?

Ren: I don't know why people have this association or what it means. What I do know is that Meng Wanzhou has not committed any crime in Canada or the US. Arresting Wanzhou isn't the right move. However, I think it is right for the Chinese government to provide consular protection to its citizen. She is an executive of a large company and was arrested for no reason.

Charlie Campbell: But don't you think that it is counterproductive for Huawei, because of the image it sets out, if people are extra-judicially detained, in response?

Ren: I don't know the specifics of the cases you mentioned. I only know what's going on with Huawei. I don't think I am able to explain.

The US is the most advanced nation when it comes to science and technology. The country has enjoyed absolute leadership over the last several decades in this area. And in the next several decades to come, the US will continue to enjoy relative leadership. I think the US should be more confident in the fact that Huawei is like a small rabbit, without the capacity to disrupt any industry. Therefore, they should be friendlier to Huawei and treat us fairly.

Since I was young, I have been a fan of the United States. Here today, I remain a fan of the United States.

If you carefully read through the corporate documents I have issued over the last several decades, you will find that they are full of American spirit. I think some US politicians may be wrong if they are trying to find leverage. The way Huawei has grown in China – a socialist country – is more to do with what I call "employee capitalism", because we distribute our capital to our employees. So we're kind of like a lubricant that facilitates the integration of different things and reduces confrontation. Why is this lubricant now becoming a target of the US?

17

Charlie Campbell: Do you consider yourself a socialist?

Ren: Let's not look at socialism and capitalism as purely political systems. To me, socialism and capitalism are just wealth distribution systems. Socialism is about distributing wealth based on how much labor one put in and their contributions. Those who contribute more will get more. Capitalism is about distributing wealth based on the size of your investment.

For example, if we were dockhands and I could only carry one bag while you could carry three, then your income should be three times of mine. There would be a 200% gap. But, in capitalism, if you invested 10 billion dollars while I invested 500,000 dollars, and our profit

margin was both 10%, then you would earn 1 billion dollars and I'll only earn 50,000 dollars. This gap exists because capital has no life and can grow exponentially. That's how the income gap has widened.

At Huawei, we believe that those who contribute more should get paid more. We have a hierarchical distribution curve. I believe that income disparity shouldn't be too significant. That's why Deng Xiaoping proposed that China develop a socialist market economy. Socialism emphasizes equity, while market economies allow for differences. Top contributors deserve to be rewarded more, but disparity should not be too significant as I just said. There should be a balance. Why didn't socialism work in the past? The answer is because many people understood equity as egalitarianism.

Deng Xiaoping also proposed that China had only achieved the initial stage of socialism. What did he mean by the initial stage? He meant that we acknowledged the existence of income disparity. Deng was also famous for saying, "Let some people get rich first and they need to help those who are left behind get rich as well."

Deng's theory is actually somewhat similar to Protestantism, don't you think? Catholicism was always focused on communal obligation, but Martin Luther's reform allowed individuals to stand on their own, leading to 500 years of prosperity in the West.

18

Charlie Campbell: The Chinese government recently gave you an award to remark the 40 Years of Opening and Reform, and I believe you turned it down. Can you let us know why?

Ren: Do you think becoming famous means anything to me? Do you think I'm the kind of person who wants to be famous? I'm a person dedicated to my work. If I had accepted the award, I would have had to attend a lot of events, socializing with different people outside Huawei. And I would have been given honors by governments at all levels. Then I would have no time to revise corporate documents. I would rather focus on how to turn Huawei into a better company. That's a more practical thing for me to do. What's wrong with letting someone else have the glory?

I'm a person who doesn't care so much about the past. I have won some honorary titles, but I have lost almost all of them. I haven't even kept a single memento. I just keep pressing forward. I don't want to stop and accept an award. If I were the kind of person that liked to accept awards, I would have accepted a lot. If I had a lot of medals to show off, would that mean I'm a capable person? Would that mean I could make better 5G technologies?

Charlie Campbell: Are you a member of the Communist Party?

Ren: Yes, I am.

Charlie Campbell: Do you think it's strange because you try to distance yourself from the government a lot. And you say that you turned down these awards and you want to concentrate on the company. So why are you a member of the Communist Party?

Ren: Being a Party member does not mean you have to accept those awards. As long as you have faith and attend some learning sessions, you can become a Party member. If being a Party member meant you had to accept some medals, how much metal would China need to produce enough medals for all the 80 million Party members?

19 Charlie Campbell: Do you not see that other countries or customers abroad might feel concerned that you have split loyalties to the party and also to your company?

Ren: I do have a sense of loyalty, but it is to my customers. As for the Communist Party of China, their loyalty is to the Chinese people. But again, my loyalty is to my customers. I don't think there is a conflict.

20 Charlie Campbell: Your campus here is really magnificent. There are all kinds of architectural styles.

Did you plan all of this? Where does the impetus and inspiration for Huawei's amazing campus come from?

Ren: We run an international open tender process for construction projects. Architects from around the world participate in the bidding process. Our Capital Construction Department reviews those tenders and selects a winner.

For example, the architect for our Songshan Lake campus is a Japanese man named Takashi Okamoto. He got his Bachelor's, Master's, and PhD degrees in the US, yet he does not speak English. But he's a genius. He's great at drawing, and he won the bid for the Songshan Lake project. That's how the campus came to look like what it is today.

Charlie Campbell: The Japanese was educated in America but made a campus recalling Europe. That is very interesting.

Ren: Yes, indeed. I think he is here at Songshan Lake today. If you want to talk with him, I can arrange for that. You guys can talk and have a dinner together.

Charlie Campbell: That's very kind. Thank you.

21

Charlie Campbell: At the moment, America has a President who says quite aggressive things about

China, accuses China of stealing American jobs and this kind of thing. What is your opinion about President Trump?

Ren: I think that by saying these things, President Trump is reminding the Chinese government that China needs to really deal with their own things. Otherwise, it might end up being defeated by others. We need to pay attention to our own development.

Charlie Campbell: It sounds like you're siding with President Trump over the Chinese government.

Ren: President Trump is pushing us to change. Isn't that good?

22 Charlie Campbell: At the moment, there seems to be a split between America and Australia and Japan which don't allow Huawei technology and most countries who still allow Huawei technology. Do you fear that, with 5G, technologies across the world might be split, bifurcated, and then there'll be two separate systems which might have trouble communicating and dealing with each other?

Ren: I think we have seen many twists and turns throughout human history. Look at the old rail system. We used to have wide tracks, standard tracks, and

narrow tracks. That significantly added to the challenges and difficulties for world trade. But, even if trains moved slowly, the impact on world trade was not that significant. And historically, we also had different standards for communications equipment. Even up to 4G, we are still using three different types of standards. That adds to the costs of telecom operators and also consumers. That's why we're seeing a greater desire across the world to have unified standards. They bring down cost, speed up connectivity, and provide better services to people around the world. We already have unified standards for 5G. This is not something as simple as politicians drawing a line through the middle and saying we have two different versions. If that's the case, I think the end result would be much higher costs.

Our current unified 5G standards are the result of 10 years of hard work from hundreds of thousands of scientists and engineers around the world. Because of this, I don't think these standards will be reversed so easily.

23 Charlie Campbell: You said earlier that you think the impact of 5G has been overblown. Given how much money and energy Huawei has invested in 5G, that seems a bit of a strange statement.

Ren: You know, we have too much money. If we don't

invest in the future, we could only distribute it to our employees. Then they will become overweight. In that case, how can they move fast? So we choose to invest in the future. If we priced our equipment too low, that would destroy society. It would cause disasters to Western companies. If we price our products relatively high, we leave space for other companies to survive. Once we make high profits, maybe higher than what we need, we take some to support university professors and scientists in better exploring the future. As we work with universities, we adopt principles similar to how investment works according to the US's *Bayh-Dole Act*. That means we provide funds, but the research findings belong to the professors, not Huawei.

24 Charlie Campbell: You mentioned you liked TikTok before. I was wondering how transformative you think artificial intelligence will be in the telecom industry and for society in general?

Ren: I think AI is going to play an extremely important role, not only in the telecom industry, but in society as a whole. Production will become highly intelligent, which could substantially increase productivity. For example, if tractors were powered by AI, they could work 24/7. AI can work even in harsh or tough environments.

AI will also greatly enrich the material and mental wealth of humanity. Therefore, I think all countries must take AI very seriously. Right now, the US is in the leading position in the AI domain.

Charlie Campbell: A lot of people worry that, you know, AI will come along and take human jobs and therefore it will cause social and political unrest. Do you have any of those fears?

Ren: I think this is just the imagination of sociologists, politicians, or writers who don't know that much about AI. Scientists strive to use AI to improve productivity, optimize the way people work, and enrich the material and mental wealth of humanity.

I don't know whether you have toured our production lines. There are not many people working there, but I would say that they are only partially powered by AI. In the future, efficiency will be significantly higher. We would only need five or six people to run one production line.

Western countries face some social problems, including high salaries, high social welfare, and union strikes, which have caused some setbacks in the West regarding industrialization over the past 20 to 30 years. Some industries have even been relocated to countries where workers are not so overprotected.

Future production models will require fewer people than we do today. I think the West will once again be able to fully utilize its strengths. If an AI-powered robot can do the work of 10 people, then the US will develop into an even greater industrial power, with a workforce equivalent to 3 billion people.

Charlie Campbell: So how do you foresee the society of the future in 50 or 100 years' time, people will not be working in industrialized manufacturing anymore and it will just be AI? How do you foresee the future?

Ren: Some people will continue to work, and those people will be extremely highly paid. Other people can live happily without having to go to work. Therefore, if people want to work in the future, they have to study hard and keep pace with the times. I think that would be better for society.

25 Charlie Campbell: Would we have to reform the tax system to provide those people that couldn't find work or didn't want to work?

Ren: Changing tax law is the job of the government. I don't know how. The Chinese government takes Huawei seriously because we pay nearly 20 billion US dollars in taxes around the world every year. Tax payment used to be in the charge of Meng Wanzhou. The US authorities

might have thought that we wouldn't be able to pay our taxes without her. But that is not the case. We are a company that runs according to rules and processes. Even though she is not here, our company is still running quite well.

Charlie Campbell: That's probably why you're allowed to say what you want and you don't get a phone call from Beijing?

Ren: Nothing I say is false! Why would they give me a phone call? Do you think anything I've said so far was not true?

Charlie Campbell: No, certainly not.

26

Charlie Campbell: There was one Huawei employee arrested in Poland and charged with spying. I was just wondering what your response is to these allegations.

Ren: It is our corporate policy that all of our employees must not violate local laws and regulations. If they do, we will not go easy on them.

Charlie Campbell: So, you admit that this employee was doing something untoward on behalf of another power?

Ren: We don't know what that person did. But we are supportive of what the government of Poland has done since it is their legitimate right.

We work to ensure compliance, both internally and externally. Internally, we have put effective oversight in place. We are also ready to be subject to external oversight.

We absolutely cannot allow our employees to do whatever they want. If we allowed that, Huawei would have fallen apart long ago.



Ren Zhengfei's Interview with CNBC

April 13, 2019 Shenzhen, China

01 Arjun Kharpal: Mr. Ren, you started Huawei over 30 years ago with 5,000 US dollars. What were you thinking at the time and what were your expectations for the company?

Ren: When I had just started Huawei, we still did not understand China's reform and opening-up policy. The country wanted to reform and open its doors. However, most of us didn't really understand how important this decision made by the CPC's Central Committee was.

The Central Committee had also been disbanding parts of the Chinese military because it was so large. Most of us also didn't understand that move. Some top military officers didn't understand it, either. They had thought that disbanding was to weed out unnecessary troops and strengthen the remaining units. The engineering troop I was in was among one of the first troops to be disbanded. The railway and engineering corps were let go along with us. This was because we were never intended to engage in military operations. After we were discharged, we were assigned to different places across China.

At the time, the market economy was beginning to take shape in China, at least in coastal cities. These cities were moving away from the previous planned economy.

I felt very uncomfortable with the transition from

the military to Shenzhen which was at forefront of the reform and opening-up. I couldn't really get what the market economy was about, so I ended up making a mistake while working for a state-owned company which got me let go. Where was I supposed to go from there? I had no idea.

I had a vague feeling at the time though, that the communications industry was about to explode and so I started looking for opportunities in this market with tremendous potential. We just wanted to produce some small things that could easily be sold. We did not know that communications is about an end-to-end network that aims to connect the whole world. So our products needed to be standardized. Otherwise, we wouldn't be able to sell our equipment. We chose a tough road. The industry had high requirements. Our company was very small then and almost had no capital or technology. It was hard times.

I majored in architecture back in school, but I studied electronics technology myself. It was analog technology, that is, analog automatic control. The major form of analog control was a proportional-integral-derivative control. By the time I left the military, 186, 286, and 386 had dominated the computer world. I could not keep up with the times. But I still had to find a job to feed my family. I was naive and took it for granted that I could

earn money playing with this huge industry. I hadn't realized that the communications industry was so cruel.

However, there was no way back. I raised a total of over 20,000 RMB to pay the variety of fees needed to start a company. By the time I got my business license, I didn't have a single penny left. There was no chance for us to step back and start another business. So we gritted our teeth and pushed ahead.

02 Arjun Kharpal: You were in the People's Liberation Army. You survived some hardships like famine. What did you learn at the time that helped you start Huawei and guide your philosophy?

Ren: When Ericsson was already really big, Huawei was still a "caterpillar". Twenty years ago, the then CEO of Ericsson asked me where I got the courage to enter the communications industry despite its high entry barriers. I told him that I didn't actually know that the barriers were so high, and once we had entered the industry, there was no turning back.

I lived through the great famine that hit China, and the economic recovery that followed. I also participated in a large project that brought equipment in from France. These experiences taught me to endure hardships. Because I had faced too many hardships,

I wasn't troubled at all by the hardships we faced in the early days of Huawei. When I was young, I had no ideals. Wearing nice clothes or seeking education in a better university was not what I wanted. I only wanted to keep my belly full. That's my only ideal.

After I joined the army, I was tasked to establish a chemical fiber factory in Liaoyang, a city in the northeast of China. The factory's equipment was from France, and at the time, it was some of the world's most advanced equipment with a high level of automated controls.

Back then, it would reach minus 20-something degrees Celsius in the winter. We were living in an adobe house that only provided us a little shelter from the wind. Every night, we took turns fueling the stove, because if it went out, we would have frozen. During the day, we were building a highly modernized factory. The contrasts were stark.

For me, it was an exciting experience. Back then, China was still going through the Cultural Revolution. The country paid little attention to technology and knowledge, but we were working on a project that required technology and knowledge. Living in such extremely harsh conditions and working on such a highly modernized project was really a good experience for me.

Back then, we couldn't test instruments from foreign countries. China also couldn't buy some testing instruments, so I invented one. Today, the instrument I made may not be an innovative technology, but at that time, it was a small but good invention. At that time, China was just beginning with its reform and open-up policy, and was paying more attention to technology, talent, and knowledge. I happened to have this invention, and the value of my invention was exaggerated by the country, which led to a promotion for me. Before I was able to settle into this new position though, China disbanded many of its military forces and everyone had to go find another job. As a result, I went back to where I started and jumped into the market economy.

03 Arjun Kharpal: You mentioned the Ericsson CEO at the time said it was a bold move to jump into this space. Huawei is now the world's largest telecoms equipment maker. What have been the driving forces behind that?

Ren: When I was a kid, I didn't have many hobbies mainly because my family was poor. I liked reading books, doing homework, and solving math equations on scrap newspaper. During China's Cultural Revolution, I designed a small instrument using my math skills, and

actually received recognition from the government for this device. Small projects like this ignited my passion for scientific research.

When we first entered the telecom industry, we started by reselling products from another company. We earned a bit of money this way. Later, that company stopped working with us. Drawing on this experience, we developed our own 40-line switch for rural markets that could support at most 40 users. This switch was used by hotels and small organizations. In our early days, we relied on only two multi-meters and one oscilloscope to develop the product. That's how we started out.

After I was discharged from the army, I ran into a big trouble at work. I didn't understand the market economy, and was even cheated once. Later, after I founded Huawei, I still had to pay off the debts I had from the company I had previously worked for. I had no money to hire a lawyer to defend me on the court, so I ended up reading a lot of books on law and learned that the market was about two things: the product and the customer. The law governs what's in between – the transaction. We obviously couldn't control our customers, so we had to get hold of the products. We also had to understand the law. By studying law on my own, I realized that only a focused approach to scientific research could lead to new products.

04 Arjun Kharpal: I want to talk a bit about your management style. You often use military imagery and images of battles in your speeches and communications with the employees at the company. Is this a battle for you?

Ren: I often talk about staying focused. Tanks can cross a soft swamp, but needles can pierce hard things through. We have limited resources and technologies. Everything is limited. If we spread things too thin, there is no way we will be successful. So instead, we choose to narrow our focus, like a needle point, on a specific area where we can make breakthroughs. We just focus on a single point. At first, we had several hundred employees focus on this point, then we had several thousand, tens of thousands, and now we have hundreds of thousands. We always focus all of our energy on this same single point. Every year we invest 15 to 20 billion US dollars in R&D.

At Huawei, we often talk about the term of "Van Fleet Load", which was invented by a general of the US army. We invest heavily in our focus area. At first, this focus approach let us start pulling ahead of our Western peers in a given area. And then, once we had established some market presence, we began to build up capital. But our strategy of focused investment never changed as our capital grew. We remained focused on this same

single point. Gradually, we have become a leader in this narrow, focused area.

Western companies are no different. Microsoft focuses on Windows and its Office Suite. Intel only makes chipsets. Both Amazon and Google have their own focus areas. Unlike Chinese companies that set up many businesses but most cannot be called successful, US companies know how to narrow their focus and then charge forward. We are actually learning from US companies.

Why do I like to use military terms? Because they are simple and easy to understand. When I can't find a better term to easily describe how business works, I use military terms.

05 Arjun Kharpal: Do you feel that your military-style speeches empower the employees here? Or do you feel sometimes they are intimidated by that style of leadership?

Ren: There are perhaps some employees who have been intimidated by my military-style speeches, because about 160,000 employees have left Huawei over our history. But there are still more than 180,000 employees working at Huawei.

In total, 300,000 to 400,000 people have joined Huawei. Why do Huawei employees today accept these things? Because we want to grow our harvest and produce actual results. Otherwise, how can we make ends meet? If we couldn't make ends meet, we wouldn't be able to survive. Our employees are used to the way I speak. So I don't think they are intimidated.

06

Arjun Kharpal: I want to move onto some of the criticisms of your company, some of the allegations towards Huawei. One of the accusations that critics have said towards Huawei over the years is that you have been stealing intellectual property in order to grow. That's an accusation that continues to hang over the company. What is your response to that?

Ren: Huawei always respects intellectual property rights. We have signed patent cross-licensing agreements with many companies.

We invest heavily in research every year. For example, we employ more than 700 mathematicians, 800 physicists, and 120 chemists. Around 15,000 Huawei employees are dedicated solely to basic research. Their job is to turn money into knowledge. We invest 3 to 5 billion US dollars in this area every year.

Our annual R&D investment is around 15 billion US

dollars. We have more than 60,000 R&D employees who are turning knowledge into products and then into money. We have really invested a lot in this process. We are already a world-leading company. That is not something you can achieve by stealing from others.

Within our 20-billion-dollar annual R&D budget, we set aside 3.4 billion US dollars for strategic investment. A part of this strategic investment is used to sponsor the research of university professors in a way similar to how investment works according to the US's *Bayh-Dole Act*. Under this act, the US government provides funding to university researchers, but any achievements they make belong to the universities, not the US government. Similarly, when we sponsor universities, any discoveries will belong to the universities, not Huawei. If we want to own the results of this research, we can buy it from the universities. We won't just claim them because of our sponsorships. This is how our technology remains ahead of others.

Of course, US companies are also sponsoring universities around the world. Companies like Google have done an excellent job doing this. When hiring talent, they sometimes pay six times a position's expected salary in order to win the top talent they want. I think Huawei is still a little conservative in this regard. In the future, we may also pay five or six times average salaries to win over the world's outstanding talent.

We are creating our own IPR. We are also pushing the Chinese government to increasingly respect IPR and strengthen its legal system for IPR protection. I myself have done a lot in this regard.

Some IPR lawsuits filed against Huawei are due to policy violations by individual employees. These are only the actions of individuals, and we will certainly hold these employees accountable.

07 Arjun Kharpal: I want to also address some of other criticisms towards your company. Some governments have criticized the relationship between Huawei and the Chinese government. There have also been questions about your past as a communist party member and what that means for Huawei. And also, some countries have also said that Huawei could be a risk because it could work for the Chinese government and carry out espionage on behalf of Beijing. How do you respond to some of these very, very strong criticisms from governments around the world?

Ren: Huawei is based in China. So firstly, we must abide by Chinese laws and regulations. Secondly, we need to pay taxes to the Chinese government. Our relationship with the Chinese government is primarily defined by these two points. Our subsidiaries in other countries

also have this relationship with local governments. They also need to follow local laws and regulations and pay local taxes. If we didn't pay taxes or follow the laws and regulations in the over 170 countries where we operate, we wouldn't have survived in those countries.

Our financial statements are audited by KPMG, which can clearly show whether or not we are supported by the Chinese government. KPMG wouldn't hide anything for us. We have become what we are today with our own strength.

08 Arjun Kharpal: You mentioned you abide by the local laws here in China. But there are critics who point to certain national intelligence laws in China that compel Chinese companies to help the government with national intelligence work if they're asked. If the Chinese government or any other government asks you to hand over data, how would you react?

Ren: First, Mr. Yang Jiechi, a member of the Political Bureau of the Communist Party of China (CPC) Central Committee and Director of the Office of the Foreign Affairs Commission of the CPC Central Committee, made a statement at the Munich Security Conference that the Chinese government always requires Chinese

firms to abide by international rules and the laws and regulations of the countries where they operate, and that China has no law requiring companies to install backdoors or collect foreign intelligence.

Second, Premier Li Keqiang reiterated this point at a press conference following a recent session of the National People's Congress.

On April 12, at the "16+1 Summit" in Croatia, Premier Li repeatedly told all our employees not to install backdoors on networks. This represents Chinese state leaders' position on backdoors, so it is impossible for us to install backdoors on our equipment.

Even if we were ordered to, Huawei would still not install backdoors. If a single backdoor was found in even one of the 170 countries where we operate, our sales would shrink in all of them. Then a large number of our employees would resign, but I cannot leave. I would have to repay tens of billions of dollars in debts. If I could not pay, I would be hounded by creditors every day. How can I live a life like that? So we would never follow anyone's instructions to install backdoors. It will never happen.

09

Arjun Kharpal: But if the government said, "it's a national security emergency, and you have to do it",

what would your reaction be? To stand down from the company?

Ren: Definitely. I won't give in just because they ask.

10 Arjun Kharpal: What guarantees can you give to customers that their data is safe?

Ren: We have worked closely with our customers for 30 years. This proves our products are secure. In the future, we will never do anything that harms customer interests and our products will remain secure.

Networks belong to our customers, not us. We just provide the equipment used to build these networks. We don't own customers' information. So it would be impossible for us to provide security assurance all on our own.

11 Arjun Kharpal: Mr. Ren, you talk a lot about the distance between Huawei and the Chinese government. But what we've seen publicly is senior officials in the government talking at times on Huawei's behalf. Is that useful to the company, or do you find that a distraction?

Ren: First, it's understandable that government leaders

would take pride in the great companies of their country.

Second, Huawei is being stuck in an extremely difficult situation – the US is launching intense attacks against us. If the US government speaks ill of Huawei, why couldn't the Chinese government speak in our favor? That creates a kind of balance. In the past, no one spoke up for us.

Right now, the support of the Chinese government may not necessarily help our sales, but when the US government criticizes us, it tells the world how great Huawei is. Over the past century, which countries and companies have made the US scared? The US hasn't been scared of anyone or anything though. For such a powerful country to be scared of a small company like us, some other countries are saying, "Are your products really that good? If even the US government is scared, we don't need to test your products. We'll buy them directly." That's why some deep-pocketed countries with rich oil reserves are buying from us. They are buying our products in large quantities as the US government is advertising for us.

The US government is actually advertising for us in a good way. Some US politicians are criticizing Huawei everywhere they go. These great people are going to great lengths to find fault with a little rabbit or mouse like us. This shows that the little rabbit or mouse must

have something great to offer.

Arjun Kharpal: So would you say the US is scared of Huawei?

Ren: If they aren't scared of us, why are they advertising for us everywhere they go?

12 Arjun Kharpal: Let's talk a little bit about the US for a moment. I want to use a case analogy here. Do you see that Huawei is a pawn in the broader US-China trade war that's going on at the moment?

Ren: First, I don't know what the US is after and have no idea how they are going to resolve the trade disputes. But I don't think Huawei can help solve the disputes between the US and China. If we get caught in the middle, we will be crushed like a watermelon when these two powers clash. We don't have much influence over China-US trade relations.

Second, we don't really sell in the US market, so we will not be affected by a sales ban. We will not be affected by increased tariffs, either. As I said, this is because we have no real presence in the US market.

If the US thinks we can be used as a pawn, I'd say they probably have the wrong person. We cannot help solve the China-US trade disputes, because we don't

really sell in the US and have no influence on China-US relations.

As far as I know, Huawei has never been mentioned in any of the China-US talks or in any official news releases. Neither side has mentioned Huawei, which means Huawei does not actually carry much weight. We are not that important in the bilateral relations between the two countries. We will need to sort out our problems with the US by ourselves.

13

Arjun Kharpal: But the US has put intense pressure on some of its allies in Europe, for example, Germany and the UK, to block Huawei from 5G networks. There's a lot of disagreement, of course, on what the right course of action is in Europe. Do you still feel Europe is open to Huawei, or could one country blocking Huawei mean that the whole union stops Huawei from participating in 5G?

Ren: First, I think our customers already know Huawei pretty well since we have worked with them for nearly 30 years.

Second, customers have the right to make their own choices. They don't choose certain goods just because a politician says so. So I don't think there will be a significant impact on Huawei's business.

In Europe, we will face some difficulties in the short term, but there will be no impact on our business. I can share some numbers with you. Sales of our consumer business increased by more than 70% in the first quarter of the year. Sales of our network equipment enjoyed a 15% increase in Q1 of this year. These figures show that we are still growing, not declining. So this won't impact us too much.

European countries want to think over all their options a bit. I think it's the right thing for them to do. Germany proposed the establishment of a unified global convention that would bar all equipment vendors from installing backdoors, and require them to sign a no-spy agreement. We firmly support this. We endorse unified global standards that make installing backdoors a crime.

When we were negotiating with the German government about such an agreement, we didn't know top officials from the Chinese government were also discussing the same thing. We began this negotiation because we think it's the right thing to do.

No backdoors. This message has been reiterated by many senior officials of the Chinese government, including Yang Jiechi, who stated his position at the Munich Security Conference, and Premier Li Keqiang, who made similar statement at a press conference shortly after a recent session of the National People's

Congress. When attending a summit in Croatia, Premier Li also told our employees not to install backdoors. So we believe our engagement with the German government will be endorsed by the Chinese government. We are also willing to push the Chinese government to sign a cyber security agreement with the German government. We will comply with European cyber security standards and the GDPR.

Over the next five years, we will invest more than 100 billion US dollars in R&D to restructure our networks. In particular, we will build the simplest networks, ensure cyber security, and protect user privacy. We will also increase our sales revenue, which is now more than 100 billion US dollars, to around 250 billion US dollars. We are going to make this happen.

Will Europe understand us when they see how much effort we are putting into this? If they do, they will buy some of our products. If they don't, they might not buy our products. If that happens, we will just sell our products to other countries that do accept us. We can scale down a little bit.

14

Arjun Kharpal: Would you support similar ideas about no-spy agreements in other countries, including the US? Is that the right way forward?

Ren: I can't speak for other countries or companies; I have no authority over them, but we support this agreement proposed by the German government, and will definitely be one of the first to observe it.

15

Arjun Kharpal: I want to switch topic a little bit to talk about your daughter, Meng Wanzhou. She's, of course, facing extradition to the U.S. How did you feel after her arrest in December?

Ren: I think the most essential factors to judge guilt are facts and evidence. Facts and evidence should be made public and transparent in the courts, which are the basis for fair and just judgment. This is fundamental to solving problems.

I believe they may not have the evidence or the facts to prove her guilt. Huawei has kept a low profile, ever since it was founded. Nothing we've achieved would give us the right to neglect any laws or overlook the technologies of any country. If we didn't abide by those laws and regulations, we wouldn't survive even a day.

This case is undergoing legal procedures, and we believe it will be solved in court. The US and Canadian legal systems are open, transparent, just, and fair. We will wait for the court to make its judgment.

16 Arjun Kharpal: But what was the personal effect of her arrest on you as a father?

Ren: I think my children have grown up without experiencing much hardship. Struggling a bit can be good for them. Cuts and bruises toughen her up, and even since ancient times, heroes were born of hardship. I think this challenge will be good for my daughter. These difficulties will make her stronger and prepare her for even greater things ahead.

17 Arjun Kharpal: Have you spoken to her recently? If so, what did she say to you? What did she speak about?

Ren: We have calls quite often, talking about family. We don't talk about anything else, because we know that our communication is being monitored. What else can we talk about? Nothing but life.

18 Arjun Kharpal: You've mentioned that she wanted to leave the company before she was arrested. What's next for Meng Wanzhou in her life, in her career?

Ren: I don't know. I had thought that this was an Internet rumor initially, so I said that without much thought. I was later told that she sent me a letter, where she mentioned that she wanted to leave the company. After all these

upheavals, she has changed her mind and doesn't want to leave. She has understood the difficulties that the company is facing and wants to help us see this through.

During World War II, there was a famous Il-2 aircraft that kept flying after being riddled with bullets from both other planes and anti-air defenses. Meng is now in a similar situation. She will be a hero if she makes it back to us. I think that is how this story is likely to end.

19 Arjun Kharpal: So that's a metaphor for your daughter? So you said she doesn't want to leave anymore. So what is her role at this company if she is eventually released?

Ren: She will continue to do what she has been doing.

20 Arjun Kharpal: I want to go back a little bit to talk about the US-China trade war because Meng Wanzhou was arrested in Canada on behalf of the US authorities. Do you think she's a hostage in this broader US-China trade battle?

Ren: Maybe.

21 Arjun Kharpal: You said Huawei should not be used as leverage between the US and China, and Donald

Trump, President of the United States, said that he could intervene in the Meng Wanzhou case as part of a bigger trade deal between the US and China. Is that something you would welcome?

Ren: I don't know. President Trump hasn't shared his thoughts with me.

Arjun Kharpal: Have you tried to reach out to the president to speak to him about it?

Ren: I don't have his phone number.

22 Arjun Kharpal: If you say that Meng Wanzhou is maybe a hostage in this US-China trade battle, does that mean some of the allegations, from a legal point of view, you don't believe in?

Ren: Regarding the allegations against Meng Wanzhou and Huawei, the US Department of Justice has sued Huawei, and Huawei has pleaded not guilty in the court. We also sued the US government in Dallas. The US government must present evidence to substantiate their charges against Huawei as this lawsuit proceeds.

So we will leave these issues up to the courts. The negotiations between China and the US have nothing to do with Huawei. Huawei was not mentioned in any of the negotiation meeting minutes published by the

US and China. Therefore, we will count on the law to address these issues. We believe US laws are open, transparent, fair, and just.

23 Arjun Kharpal: Mr. Ren, you said you haven't spoken to Mr. Trump, but what do you think of his leadership style and his tactics?

Ren: I would like to comment on President Trump without considering his administration's treatment of Huawei. I would like to express my own opinions instead of as a Huawei representative.

I would say he is a great president. He is the first president of a democracy to reduce taxes significantly within such a short period of time. His tax cuts are helping revitalize enterprises. Enterprises can now transfer their funds in other countries back to the US because of a low tax rate of 12%. This helps the US greatly improve their national reserve. Many companies' financial statements last year weren't great because they needed to pay income tax arrears. But this year, once the slate is wiped clean, the financial statements they will release in July will be much healthier. The US stock market may witness a significant rise this July. Investor and consumer confidence will increase, and the US economy may take a turn for the better. This is thanks

to Trump. That's why I said he is a great president.

But he also has his own shortcomings. If President Trump continues intimidating other countries and companies, and keeps randomly detaining people, who would risk investing in the US? If no one dares to invest in the US, then how can they make up for lost tax revenue? The government would find it hard to address its deficit. When he reduces taxes, he must be hoping to attract more investment. But if investors are scared that they won't get their money back, they won't dare to invest in the US.

Let's look at an example. If the US opens its telecom industry and its operators say they are going to purchase tens of billions of dollars in equipment from us, I wouldn't believe it and wouldn't be willing to make billions of investments. I would be afraid that they would pull out suddenly and stop doing business with us. In that case, our tens of billions of dollars would be stuck in the US. That is not what I want to see. After he reduced taxes, he should have been friendlier to other countries and try to convince everyone that the US is a great place to invest. If everyone went to invest in the US, the US economy would grow dramatically. The US doesn't need to conquer the world through violence. They have great technologies, skilled labor, and economic strength. Any one of these things could help them conquer the world.

They don't need a warship to conquer the world. The cost of using a warship is high. If they attack a country, that country will fight back. If a country is poor and they have nothing to lose, they aren't afraid of being attacked. But the US is in a different situation. It's a wealthy country, so it has a lot to lose.

So I think Trump is a great president, but he didn't consider all the angles when it came to attracting foreign investment. I said this as an outsider without considering his treatment of Huawei.

24

Arjun Kharpal: In terms of the way he's negotiated with China, some people would say that actually he's managed to get concessions for the US. Does China feel under pressure from President Trump's tactics in the negotiations?

Ren: I am not a government official, so I don't know what the governments have talked about. I only care about the growth of my company. I don't know what the government officials have said, what concessions they have made, or what opportunities or benefits they've received. And I don't really care about all that. I only hope that the policy of the Chinese government will be increasingly favorable to industry development. When China is strong, it will not be afraid of negotiations.

25 Arjun Kharpal: You said you've not had any communication with Donald Trump. But if you were in the room with the US President, what would be your message to him?

Ren: Collaboration and shared success. When two nations or companies meet, they must collaborate to achieve shared success. The US is a strong economy and offers many high-quality products. China has a population of 1.3 billion consumers. The US needs the Chinese market, and China needs technology from the US. The collaboration between these two countries would create two "trains" that can tow the global economy out of trouble.

I believe China and the US should stress collaboration and shared success. There is nothing else that I want to share with him.

26 Arjun Kharpal: Mr. Ren, you've said in the past that the US government hasn't seen Huawei's technology and source code. Would you invite Donald Trump and his administration to your campus here in Shenzhen to let them see the technology that you have, to put their fears at rest?

Ren: They are more than welcome to come visit us in Shenzhen.

27 Arjun Kharpal: A bit about the US market. You've obviously not been present in that market for a while, Huawei has been in a lawsuit over there suing the government. Is it your ultimate aim to get back to business in the US market or just clear your name there?

Ren: We want the US government to treat Huawei fairly and without prejudice. Whether or not we can get back to business in the US depends on whether our customers want to buy from us. It does not depend on what Donald Trump has to say.

28 Arjun Kharpal: I want to switch focus a bit to a big bright spot in the company, and that's the consumer business; it's a multi-billion-dollar business now. And you've said that you want to be number one in smartphones. You've often looked up to Apple as a role model. Steve Jobs and Tim Cook have managed to turn Apple to an iconic brand. Do you think Huawei is at that point yet?

Ren: I think Mr. Jobs was a great man. When he passed away, I was on a vacation in the mountains with my family. My younger daughter is a fan of Mr. Jobs, so she proposed that we stop for a moment of silence to mourn him, and we did. Mr. Jobs was great not because

he created Apple, but because he created an era, the mobile Internet era. Saying that he was great is an understatement. I think he was super great.

Apple is also a great company. It is great in that it has always pushed to make the market bigger, not smaller. With an "umbrella", Apple sells at high prices and maintains high quality. It has grown the market, enabling many other companies to survive. When I look back on how Huawei developed in the telecom market, we actually made some missteps. We set prices based on our costs, which were relatively low. Our costs were low for two reasons. First, as our technology advanced rapidly, we managed to bring down the costs of our products. Second, thanks to the Western management approaches we brought in, our operational costs were also kept low. As a result, we set our prices at a relatively low level, which made it hard for Western companies to compete with us. We have reflected on this a lot.

We have raised our prices and now many people think Huawei is expensive. With higher prices, we leave room for other companies' development. We also earn more, but we will not distribute this extra money to our employees or shareholders. Instead, we will use it to fund universities and scientists for their research and explorations into the future. That future may be closely related to our business, but it also may not be.

Our strategy for investment is like this: If a technology is still two billion light years away, we may invest just a little money, like a sesame seed. If a technology is 20,000 kilometers away, we can invest a little more, like an apple. If a technology is just several thousand kilometers away, we will invest a lot more, like a watermelon. If a technology is just five kilometers away, we will invest heavily (a business version of a Van Fleet Load). We will rush towards and focus all of our efforts on this technology. We will expand it, and dive deeper into it. This way, we will be able to make world-leading products.

To give you a simple example. The polar code technology used in 5G was not invented by Huawei. It is an invention of Erdal Arıkan, a Turkish professor in mathematics. Around 2008, Professor Arıkan published a mathematics paper. Our scientists spotted it two months later, and spent 10 years turning his theories into the 5G standards of today. So the standards the US finds so compelling are actually all built on a single mathematics paper.

Moving forward, we will invest more in this direction. This can help us address the problem of how we distribute our increasing profit. We will not distribute any extra profit to our employees. Otherwise, they will become overweight and won't be able to move fast. We will not distribute the extra profit to shareholders, either.

If they have too much money, they would be obsessed with capital gains. So we won't do that. We need to make our value distribution reasonable. We will put more money into research in new frontiers.

29 Arjun Kharpal: And part of that R&D budget has gone into 5G, into chips, you've got your own 5G chip. Typically, they've been used in Huawei's products. Are you starting to think about how your own intellectual property like chips could be used and sold to third parties like Apple?

Ren: We are open to Apple in this regard.

30 Arjun Kharpal: And in terms of innovation in smartphones, Huawei was one of a handful of companies to come out with foldable phones. Are you convinced this is the future or is this just a gimmick in the smartphone market?

Ren: Huawei's path has not been exactly straight forward. We are exploring what products customers may like. Foldable phones are just one of the products that we have explored. Whether they will gain mass popularity among consumers has yet to be determined by the market.

31 Arjun Kharpal: Mr. Ren, we spoke about Apple and Steve Jobs. You're seen as a visionary very much here in China in the technology world. Steve Jobs is known more internationally. You are less known internationally. Why do you think that is?

Ren: Because I don't actually know technology that well, and I didn't invent anything.

Arjun Kharpal: But you created the world's largest telecom company.

Ren: I don't know about technology, management, or finance. I am just taking a bucket of "glue". I stuck our 180,000 employees together, and encouraged them to forge ahead. Huawei's achievements were not created by me alone, but by our 180,000 employees. So it's impossible for me to enjoy the same prestige as Jobs. When the state wanted to give me some awards for all of this, I felt ashamed. I'm not the one responsible for these achievements, and I shouldn't be the one receiving honors.

32 Arjun Kharpal: Mr. Ren, I want to move onto a bigger picture of the world of technology. Technology has moved on so rapidly in the past few years that a lot of people are talking about the impact of technology on society. We live in a very connected world. Do you feel

that technology has been a force for good or a force for evil?

Ren: I think technology will advance even faster than we could ever imagine. Some people asked me what the world would be like in 20 or 30 years. I said I couldn't even imagine what it would look like in two or three years.

When Huawei was just founded, the world of communications was extremely under-developed. Today, only 30 years later, ultra-broadband has become accessible in most rural areas around the world. This is beyond what anyone had imagined. In the next two or three decades, technology will advance even faster. In particular, the emergence of AI has accelerated social progress.

AI has emerged because of several key advancements: First, massive computing power. Second, ultra-broadband connections, and ultra-large storage systems, as well as micro-computing storage and edge computing. As society moved forward, AI was made possible. AI is also developing faster than what we can imagine. It will greatly increase productivity.

For example, if AI is applied to tractors, they will be able to work 24 hours a day. They wouldn't need to rest, just to refuel. So productivity will be greatly improved.

A great increase in material wealth would also help to significantly enrich culture. So AI should be a force for good.

Many scientists also proposed that genetic technology should be gradually integrated with electronic technology to create "new people". It's now just a scientific fantasy, and wouldn't necessarily ever happen. But even if it did happen, it would be at least 30 years from now. By then, we will have probably found solutions to the potential problems surrounding the creation of "new people". I think currently AI has greatly improved productivity. It is good for society and can greatly increase social wealth.

The US has highly developed technology, but it also has a shortage in labor. With AI, workers will be 10 times more efficient, so the US will be a major technological powerhouse with an output equal to that of 3 billion people. They will be able to produce more quality products than the whole world can consume.

So AI will make the world better, not worse. Even if AI poses other threats, we can manage them with laws and rules. So there is no need to worry too much about some comments posted on the Internet.

of artificial intelligence. Elon Musk, for example, has continuously warned about the impacts on jobs and actually, artificial intelligence getting more intelligent than humans. He said recently that could potentially wipe out humanity. What do you make of his views?

Ren: The first time I heard warnings about the societal impact of AI was from Bill Gates and Stephen Hawking. Bill Gates changed his mind though during his later speeches, suggesting that AI could greatly boost social progress. Of course, we can still be concerned about this, but we believe we will have the ability to harness AI and create benefit. Take machine translation as an example. AI can help translate text into 70 different languages simultaneously. This hurts no one. It helps reduce many people's workloads. This does mean though that many translators and stock analysts and the like will lose their jobs. They can transfer to other industries though, and take on new roles. I don't think we need to worry too much about the adverse impact of this technology. Otherwise, we will be hindering scientific advancement.

34 Arjun Kharpal: One of the concerns is that these powerful technologies like artificial intelligence are being developed by a small group of very, very big technology companies. And there is concern that some of these large technology companies just have too

much power. Do you think that companies like yours are too powerful and need to be regulated?

Ren: As technology develops, the future world will become "winner-takes-all". What company can outperform Microsoft in Office and Windows? None. So Microsoft is the winner and it dominates the market. More and more companies are harnessing new technologies more quickly. This is because technology is lifeless and can be widely applied. It is likely that monopolies you just mentioned will naturally appear. We support transparent regulation over companies with new technologies, and we are willing to be subject to such regulation. That's why we told the German government that we are willing to accept their regulation. However, monopolies in these kinds of technologies will benefit the world, rather than harm it. What we have is not some kind of nuclear bomb or weapon. What is the problem with translation software that has faster computing? Is only slower computing good for us?

AI will benefit our society. We should not worry that it will hinder social progress. Genetic inheritance was discovered by Gregor Mendel during his experiments on pea hybridization. People back then thought his discovery was useless and ignored it for 100 years. Then scientists realized the value of genes and DNA. At that time, China didn't accept Mendel's theories; instead, we

followed Ivan Michurin's theories. This meant we were left behind for many years in this area.

Now we talk a lot about genetic modification, or gene editing. People don't object to the editing of plant genes. Why cannot we edit human genes? When there is no cure to a disease, maybe we can look into gene editing. Of course, several decades from now, that would potentially cause other side effects that we can't predict, but mitigating the side effects is better than immediate death. It at least might give us time to find real cures. Being born blind and deaf is caused by missing genes. What if we could identify and change the genes that cause the condition? Google is now helping blind people see the world with nerve sensors, although they are not as good as human eyes. Technologies are advancing. 20 or 30 years from now, outstanding talent may be able to combine genes with electronics technology to create new "people". This is an idea that scares people, but right now, it is not yet anywhere near reality.

35 Arjun Kharpal: Mr. Ren, as we come to the end of the conversation, I want to focus on your future. You've grown the company over 30 years to the size of it now. Have you thought of retiring any time soon?

Ren: It depends on my mental agility as I get older. I

think Google might one day come up with a medicine that helps people live forever, but I may not be able to see it coming.

36 Arjun Kharpal: Do you have a succession plan in place when you eventually do retire?

Ren: Huawei's future iterative succession system is clearly defined in our *Articles of Governance*. We can give you a copy if you want. Iterative succession must take place in an orderly fashion. It's not up to me to designate a successor. Don't worry that Huawei would end up having no successor. In fact, we have too many. But Meng Wanzhou will definitely not be the successor.

37 Arjun Kharpal: You mentioned in our conversation that people ask you about your vision for 20 to 30 years, but you don't even know what's going to happen in the next two to three years. Just tell me what you think are going to be some of the significant technological developments over the next two years that you see coming.

Ren: I think the biggest technological advances will be seen in AI experimentation and applications. At Huawei, we have two major areas that we are focusing on for

the future.

First, we want to provide the best connectivity in the world, and 5G is part of connectivity.

Second, we strive to become the world's best in edge computing. We will not work on supercomputing and intermediate computing. We only focus on edge computing.

We are also collaborating with many vendors in the storage domain, trying to do better, because in edge computing, we will see either CPUs embedded into storage devices or the other way around. This will change the architecture proposed by John Von Neumann. Combining storage and computing will enable devices to run faster. Of course, large equipment still relies on an architecture that has separate computing and storage devices. So we will also work hard to contribute to a cloud world.



Ren Zhengfei's Interview with Chinese Media

May 21, 2019 Shenzhen, China

01

CCTV: I am a reporter for live broadcast. You have a military background, so one thing we have in common should be that we are both punctual. How time flies! Four months ago, in this same place, we had an interview. At that time, the public all felt that Huawei had hit its lowest point. Everyone was so concerned about Huawei, so you started taking many interviews from journalists inside and outside of China. We didn't expect today's situation to be even more complicated, or even more difficult, than four months ago. Just now, another media representative took out a photo of a bullet-ridden aircraft. I was also given this same photo. I heard that you like this photo very much, the photo of the badly damaged fighter aircraft.

Ren: I first saw this photo on wukong.com, feeling that the aircraft was quite like our company. So I sent it to my colleagues. The Carrier BG thought the aircraft in this photo is akin to its situation and started using it for communications.

Later, we found that there were not many problems with the Carrier BG, since it has been getting fully prepared over these past 10-plus years. So our current situation is that we are repairing our "aircraft" during its flight so that it can make its way back home.

CCTV: But this aircraft was able to fly back, because its vital parts, such as its fuel tanks and engines, were not

damaged. Only the non-vital parts of its wings were damaged. But if its vital parts were attacked during a flight, how was it possible for it to make its way back?

Ren: I want to tell you two stories about Germany and Japan during World War II. Germany refused to surrender, so its cities were flattened by air-strikes. Japan was also attacked by intensive bombardments. The US army threatened that if Japan did not give up, intense bombing would also flatten the country. At the end of the day, Japan decided upon a compromise, which was to announce the country's surrender but keep their Emperor. By the time the surrender came, the majority of Japan's industrial infrastructure was destroyed, but the country did not suffer the fate of being leveled like Germany.

Back then, there was a famous slogan: "Even if everything else is lost, as long as people remain, they will revitalize the nation." The truth is, Germany was able to revitalize its economy and restore all its houses to the extent before the war in just a few years. The Japanese economy also recovered very quickly. This was attributable to their talent, education systems, and foundation. This is what matters most. So even if we lose everything else, we can't lose our talent. This includes their qualities, skills, and confidence. This is very important.

CCTV: Yesterday (US time), the US issued a temporary license to Huawei. In other words, its restrictions on Huawei can be lifted in the following 90 days. What's your view on this license? What could you do in these 90 days? If the news is true and the US cancelled the imposed restrictions after 90 days, how would you comment on such a reversal?

Ren: First of all, 90 days doesn't mean much to us, and we have prepared. To us, the most important thing is to do our job well. What the US will do is out of our control. I would like to take this opportunity to express my gratitude to the US companies that we work with. Over these 30 years, they have helped us to grow into what we are today. They have made many contributions to us. They have taught us how to get on the right track and run the company. As you know, most of the companies that provide consulting services to Huawei are based in the US, including dozens of companies like IBM and Accenture.

Second, we also have been receiving support from a large number of US component and part manufacturers over all these years. In the face of the recent crisis, I can feel these companies' sense of justice and sympathy towards us. Two days ago, at around two or three a.m., Eric Xu (one of Huawei's rotating chairs) called me, telling me how hard our US suppliers had been working

to prepare goods for us. I was in tears. As a Chinese saying goes, a just cause attracts much support, while an unjust one finds little. Today, some US companies are communicating with the US government about the approval.

The US has added Huawei to the Entity List. That is to say if a US company wants to sell something to Huawei, it needs to obtain approval from the US government.

The US is a country ruled by law. US companies must abide by the laws, and so must the real economy. So you guys from the media should not always blame US companies. Instead, you should speak for them. The blame should rest with some US politicians. I don't think we should throw blame indiscriminately without knowing whether it will fall on the right persons. We may end up targeting the wrong persons if we do so. The media should understand that these US companies and Huawei share the same fate. We are both players in the market economy.

US politicians might have underestimated our strengths. I don't want to say too much about this, because Ms. He Tingbo, President of HiSilicon, made all these issues very clear in her letter to employees. And all mainstream newspapers inside and outside of China have reported on this letter.

You touched upon the damaged aircraft just now. We have some non-core products for which we haven't prepared "spare tires", or Plan Bs, so to speak. These products will be phased out sooner or later. So the US move will have some impact on these products. But in sectors where we have the most advanced technologies, at least in the 5G sector, there won't be much impact. Not just that, our competitors won't be able to catch up with us within two to three years.

02 *People's Daily:* I want to ask a question about chips. I noticed that you said in an interview with Japanese media on May 18 that "Huawei does not need chips from the US. There is no problem with Huawei." In a letter to your employees, you mentioned that Huawei has strengths and has made preparations. Can I ask where your strengths come from and what you have done to prepare?

Ren: First, we are always in need of US chips. Our US partners are fulfilling their responsibilities and asking for approval from Washington. If this approval is granted, we will still buy chips from these suppliers. We may even sell chips to US companies (to help the US make more advanced products). We won't exclude our US partners or seek to grow entirely on our own. Instead, we will grow together.

Even if there is an insufficient supply from our partners, we will face no problems. This is because we can manufacture all the high-end chips we need ourselves. In the "peaceful period", we adopted a "1+1" policy – half of our chips come from US companies and half from Huawei. Despite the much lower costs of our own chips, I would still buy higher-priced chips from the US. We cannot be isolated from the world. Instead, we should become part of it.

Our close relationships with US companies are the result of several decades of effort on both sides. These relationships won't be destroyed by a piece of paper from the US government. As long as these companies can obtain approval from Washington, we will continue to buy in large volumes from them. It may be the case that they cannot obtain approval quickly. We have ways to go through this transition period. Once approval is granted, we will maintain our normal trade with these US companies and work together to build an information society for humanity. We don't want to work alone.

We can make chips that are as good as those made by US companies, but this does not mean that we will not buy chips from the US.

03

***Xinhua News Agency:* You once said that Huawei wouldn't be working behind closed doors and would**

cooperate with others. Now you are saying that Huawei will be doing both things. Does this mean that US trade protectionism and the US ban on Huawei are essentially disrupting global supply chains and causing chaos in the market? The US has been accusing Huawei in many aspects, such as corporate governance and finance. What do you think are the focus areas of the criticisms? Why are they targeting Huawei?

Ren: I'm not a mind reader, so I don't know exactly what [those US] politicians are thinking. I think we should not be the target of US-led campaigns just because we are ahead of the US. 5G is not an atomic bomb; it's something that benefits society.

In terms of network capacity, 5G is 20 times larger than 4G and 10,000 times larger than 2G. The power consumption per bit of our 5G base station is ten times lower than 4G, and the size is 70% smaller. Our 5G base station is very small indeed, about the same size as a briefcase. It's also light – about 20 kilograms. You don't have to build a cell phone tower for 5G base stations, because they can be installed anywhere – on poles or walls. They can work for decades because they are made of anti-corrosion materials. This means that our 5G equipment can be installed even in underground sewage systems. It is especially suitable for European markets, where there are many areas with historical buildings and

it's impossible to build giant cell phone towers like those in China. Of course, the existing towers in China won't lay idle, because our 5G base stations can be installed on them too – it's just that we don't need to build new towers.

With our 5G base stations, our customers in Europe can reduce their engineering costs by 10,000 euros per site. They won't need to use cranes for installation, and they won't need to build cell phone towers. In the past, our customers had to use cranes to install huge pieces of base station equipment, and the surrounding roads had to be blocked off during the installation process. Now, they can easily install our 5G base stations by hand. It's super easy.

The bandwidth of 5G is very high – so high that it can support a huge amount of high-definition content and easily transmit 8K video. They're saying that 5G will reduce costs tenfold; in fact it's more like 100-fold. This means that ordinary people can watch high-definition TV programs, and they can learn a lot from these programs. To develop further, every country needs to rely on culture, philosophy, and education. These form the foundation of national development. Therefore, 5G will change our society for the better. Latency on 5G networks is extremely low, so 5G will be rapidly adopted in many industries for all sorts of purposes.

[Regarding the image referred to earlier] The CCTV reporter was concerned about whether the engine of the aircraft was broken. While there might be "holes" in our aircraft wings, we will continue to focus on developing our core and to lead the world in these areas. The more advanced a product is, the more comprehensive its Plan B will be.

***Xinhua News Agency:* Do you think the international market has been disrupted?**

Ren: I don't think so. Europe will not follow in the footsteps of the US, and the majority of US companies are communicating closely with us.

04 *Global Times:* You mentioned the impacts on Huawei. The letter from HiSilicon President has created a lot of excitement in the media. People in the chipset industry take an objective approach to the gaps between companies in China, the US, and other countries in terms of chips and other core components. What do you think is the position of Huawei's in-house products and R&D? The letter also gave an assurance that Huawei can ensure supply continuity. Is that assurance true? Is there any critical point? Where is it?

Ren: I think that if you feel worked up about something, you should start by taking a cold shower. In my opinion,

what's most important is to be calm and level-headed. Getting over-excited and shouting slogans is of no use if our capabilities are not strong. The important thing is to work hard towards success.

It's worth learning from US companies in terms of their depth and breadth in science and technology. We lag far behind in many aspects. Some small US companies are providing super advanced products. We have only focused on our business and become a leader, but we haven't attempted to compare ourselves to the US as a nation. On a business level, I think the gap is quite small between Huawei and certain US companies. On the national level, however, there are huge gaps between China and the US.

The gaps on the national level have much to do with economic bubbles in China. There are bubbles in many sectors, including peer-to-peer (P2P) lending, the Internet, finance, and real estate. There are copycat products, which are also bubbles. As a result, bubbles are appearing in academia, too. Developing a new fundamental theory takes several decades. If academics focus more on shouting slogans than on developing solid theories, then our country will not become stronger in the decades to come. We should keep our feet on the ground and concentrate on our work.

05

The Paper: My question is about chips. The letter from Ms. He Tingbo, HiSilicon President, was very inspiring. Records show that HiSilicon was established in 2004. After so many years of efforts, you can produce your own chips for many purposes. How did you make the chip plan in the first place? How did you or Huawei decide to make your own chips? Ms. He said that Huawei began planning for the most extreme conditions many years ago. During an interview two days ago, you said that Huawei no longer needs US chips. Can you tell us more about the planning process? Is the planning result in line with your current situation? How well can you serve customers if the US companies stop supplying chips to you?

Ren: We have made a lot of sacrifices – we have paid very little attention to ourselves and our families, especially our parents. We have done all this because our goal is to make it to the very top. Nowadays, we cannot help but shouting our goal out loud: We want to be the global leader. We want to be No. 1 in the world. In the past, we didn't let our employees say it out loud, because we thought it might cause conflicts with the US.

In early 2000, we were hesitant, and we wondered if it would be possible for Huawei to wear an "American cowboy hat". So we decided to sell Huawei to a US company for about 10 billion US dollars. A contract was

signed with this company, and all relevant procedures were completed. The deal was ready to be completed once it received the approval of the US company's Board of Directors. While we were waiting for approval, the negotiation team, including me, all put on floral-print clothes, running and playing ping pong on the beach.

While we were waiting, the Board of Directors of the US company was reelected. Their new board chair was somewhat short-sighted and rejected the acquisition deal. If we had been sold to this company, we would have been able to get our American cowboy hat and try to take the world by storm. After this deal failed, our senior executives were deciding whether to sell Huawei to someone else. All of our younger executives unanimously said no. I could not reject this, so I replied, "We will have to square off against the US when we reach the top. We need to get prepared." Since then, we have been considering the question of what happens when we meet the US at the top, and have begun to make preparations for this. That said, we will ultimately embrace each other because we want to work together with them to make contributions to society.

***The Paper:* Other Huawei executives have stated that Huawei is able to continue serving customers. Will the US ban affect your major customers and business? How will you respond?**

Ren: We will certainly be able to continue serving our customers. Our mass production capacity is huge, and adding Huawei to the Entity List won't have a huge impact on us. We are making progress in bidding worldwide.

Our growth will slow down, though not by as much as everyone imagines. In the first quarter of this year, our revenue grew 39% over the same period last year. This rate decreased to 25% in April, and may continue decreasing towards the end of this year. But the US ban will not lead to negative growth or harm the development of our industry.

06 ***Science and Technology Daily:** If the US cuts off the supply chain, how will the industry be impacted?*
Two days ago, I saw that Fang Zhouzi (an Internet celebrity) tweeted "If the spare tire is good, why not use it before a blowout?" What's your opinion on it?

Ren: If we use spare tires in all our products, that means we are seeking the so-called "independent innovation". The main purpose of independent innovation is to become a dominant player. But we want to have partners all over the world. For that reason, his idea of using the spare tire before a blowout is not on our minds. He doesn't understand our strategic thinking. We don't want to hurt our partners. We want to help them have robust financial statements, even if it means we

have to make adjustments.

As I mentioned, we don't intend to stop using the components of US companies, but we haven't told them about this. We hope US companies can continue to be our suppliers, so that we can serve humanity together. Previously, we've shared information about our chip development with our suppliers. We've even shared our research results with them. We outsource production to our suppliers. That's why the suppliers are so kind to us. Again, to answer the question "If the spare tire is good, why not use it before a blowout?", spare tires are backups. Why should we use them before our current tires burst?

***Science and Technology Daily:* How will the industry be impacted if the US does cut off the supply chain?**

Ren: Our company will not end up with an extreme supply shortage. We have got well prepared. At the beginning of this year, I predicted that something like this would occur two years later, and that the US would not take action before the US lawsuit against us was settled in court. We were quite sure that they would take action against us whatever the result was. We thought we would have two years to make preparations. But when Meng Wanzhou was arrested, it sparked everything off.

You may know that we were also working during

the last Spring Festival holiday, and I paid visits to our employees working during the holiday. In China alone, 5,000 service personnel, such as security guards, cleaners, and canteen workers, stayed to serve our "fighters". They received salaries several times higher than normal. The company paid double for food from suppliers, and paid service personnel extra. Many of our staff didn't even go home during the Spring Festival. In order to save time for work, they made makeshift beds on the floor to take an afternoon nap. Also during the May Day holiday, many of our staff chose to stay here.

07 ***NetEase:* Speaking of Plan B, how much has Huawei invested in this plan over the years? If Plan B is not put into use, will Huawei continue to invest in the plan?**

Ren: We have invested so much that I cannot give a concrete figure. For both Plan A and Plan B, the budget and headcount were allocated together. Previously, Plan A received most of the budget, but now most of the budget will be allocated to Plan B. I don't know exactly how much the budget is. Every report I receive is several pages long. And instead of asking questions about every single component, I just do a general review. Making a plan is just one step. We have to identify the key phases for each component. So we are preparing little by little. Otherwise,

we would not have hired 80,000 to 90,000 R&D engineers.

08 *Financial Weekly:* After the US export control goes into effect, Huawei's suppliers in Japan, Europe, and Taiwan are expected to help Huawei a lot. If this export control fails, do you think the US government will put pressure on companies like TSMC? Huawei can produce its own chips, but it does not have the capabilities of the entire value chain.

Ren: If more companies refuse to succumb to the pressure, then even more will follow. Don't worry too much about this. After all, this is not happening.

Financial Weekly: Considering Google's recent action, users in Europe are very worried that Huawei phones will not be able to use the latest Android system in the future. What's your opinion on this?

Ren: Google is a good company – a highly responsible company. They are also trying to persuade the US government to solve this problem. We're now discussing viable solutions for this, and our experts are still working on this. So I can't give you a detailed answer today.

09 *qq.com:* How long will this tough situation last? Will this be a turning point in Huawei's development?

Ren: You are asking the wrong person; you should ask President Trump this question. I think there are two sides to this. Of course, we will be affected, but it will also inspire China to develop its electronics industry in a systematic and pragmatic manner. In the past, China threw a lot of money at developing the industry, but it turned out that this approach didn't work. To build bridges, roads, and houses, maybe it's true that we just need to invest money, but to develop chips, money alone is not enough. We need scientists, physicists, and chemists as well. How many of our people are truly studying hard? How many doctorate papers bring true insights? Under such conditions, it is very difficult for China to succeed by relying on its own innovation, so why not take a cross-border approach to innovation? We can establish innovation centers in many countries. We can establish research centers in any locations that have the capabilities we need.

A lot of talent has returned to China, which is very important. But China's personal income taxes are relatively high. If talented people returned to China from abroad, they would have to pay a lot of taxes. We cannot expect them to act like Lei Feng forever – Lei Feng gave everything he had to the country and to the party. Although they are all top experts, there are no incentives for them, and they even have to pay higher taxes. Recently, I heard that the personal income tax

rate will be cut to 15% in the Guangdong-Hong Kong-Macao Greater Bay Area, but how exactly will this policy be enforced? Will people entitled to this policy need to get a hukou, or a job in this region? If yes, what's the point of this policy? There should be a flow of scientists. If they work eight hours every day at the same place, are they true scientists? We need to create opportunities for scientists to come back to China.

The first major shift of talent in the world occurred with the move of three million Jews from the Soviet Union to Israel. Israel then became a scientific and technological hub. The second shift is underway. The US is not open to foreign countries and lots of talent cannot engage in classified research. A well-known US media outlet wrote an article, asking the US one question: "If China invented a cancer drug, would it pose a threat to US national security?" A US cancer center dismissed three Chinese scientists, which is the reason the journalist asked this question.

As a result, many scientists have lost confidence in working in the US. Why not take this opportunity to welcome them back to China? But they might ask, "How? In China, it is difficult for our children to enroll in schools; we cannot buy cars because we have no hukou; and we have to pay high taxes." We need to adjust our policies to attract talent from around the world.

200 years ago, the US was just a barren land of Native Americans. It was the right policies that turned the US into the global leader it is today. China's civilization is 5,000-years old. With such a solid foundation, we need to create favorable policies to attract talent from around the world to start businesses in China.

East European countries are relatively underdeveloped, but a large number of leaders, scientists, and financiers in the US are East Europeans. Why don't we welcome talent from these countries to China, or establish research centers in those countries? We can establish theoretical research facilities with China as the center to fight against US restrictions. If we stick to our current approach, it will be difficult to succeed. China is weak in basic theories, though it has seen some progress over the past few years.

I have emphasized the importance of mathematics at the national science conference, and I heard that graduates majoring in mathematics can now more easily find jobs than in the past. How many of us are willing to study mathematics? I didn't major in math. I once said I wanted to find a good university to study math after I retired. The president of a university asked me why. I replied I wanted to study the Second Law of Thermodynamics. He then asked why again. I said I wanted to study the origin of the universe. He said he

would welcome me as a student. I still haven't retired yet, so it looks like I won't be able to go. When I was an engineering student, I studied higher mathematics, which is about the very basics of mathematics. China must remain pragmatic and work harder to make changes in mathematics, physics, chemistry, neurology, brain science, and many other disciplines. Only by doing so can we secure a foothold in this world.

China's philosophy to date is mostly about metaphysics. Although some have adopted Buddhism, all the texts are in Sanskrit, and they have not been translated into Chinese. The West has promoted metaphysics and mechanical materialism, giving birth to disciplines like physics, chemistry, mathematics, and geometry. That's why they have advanced industry. Based upon their strong industry, they have built industrialized nations and led the whole world.

I don't mean that metaphysics is useless, though it focuses on virtual things that don't exist in the real world. The gaming industry is developing rapidly in China. Many of our modes of production may be virtualized. About 50% of AI scientists are Chinese, and if they are not welcome in other countries, we should welcome them here in China. They can then work on platforms at the bottom layer, providing us with a solid foundation.

I believe that if we can bring in outstanding talent, it will be good for our reform. If we keep emphasizing independent innovation, I think we are wasting our precious time.

10 ***National Business Daily:*** **Has the Hongmeng OS been used on a small scale within Huawei?**

Ren: Sorry, I can't answer this question today. We can make our own operating system, but it doesn't necessarily mean that it will replace other operating systems. We need to use operating systems for our work in artificial intelligence and the Internet of Everything, but I'm not clear on which are used and which are not. So I can't really answer your question yet.

National Business Daily: **Many articles these days are reporting on "Huawei shocks" – that is, how Huawei has been shocking the whole world.**

Ren: Our staff are not sensitive to such reports. None of us has been shocked, because they are nothing special to us. The articles online often exaggerate a lot. For example, it was reported online that Infineon stopped their supply to us. No such thing has happened. It was a made-up story. If you really want to know what's going on with us, you can visit our *Xinsheng Community*. We don't ban accounts, even if people criticize the

company there. In fact, the HR department reviews how people are criticizing us. If anyone provides especially constructive criticism, the department will look into their performance over the past three years. If they are high performers, they will be transferred to the Secretariat to help with some specific issues. After being trained at our "Headquarters of the General Staff" for half a year, they will be sent to other departments. These people have a lot of potential to eventually become leaders. On the contrary, blindly singing our praises online may make us complacent, because it's no more than empty talk. When people post specific criticisms on our *Xinsheng Community*, we will analyze the situation accordingly. Without self-criticism, we wouldn't be surviving today.

11

***Caijing:* I want to ask you a question about Huawei's Plan B, which many people are concerned about. Ten years ago, you began to show a sense of crisis and talk about how international situations would affect Huawei.**

Ren: All my speeches regarding Plan B published by Huawei's Executive Office are publicly available. I don't remember exactly when I began to talk about it, but I have repeatedly mentioned our Plan B. People just didn't pay much attention to it until the recent attack that the US launched against Huawei.

Caijing: Over the past several years, you have shown a great sense of crisis, made preparations at both the macro and micro levels, i.e. in both strategy and how to ensure business continuity. When what you have envisioned becomes a reality and the attacks against Huawei become more serious than what you previously thought, do you have any new ideas? We have seen too many articles talking about how trade frictions between China and the US affect Huawei. When the challenge truly comes, do you have any new ideas?

Ren: Business continuity is all about our Plan B, or our "spare tire" plan. Spare tires ensure that when cars break down, they can continue running after tires are replaced. We have ensured our business continuity step by step. In fact, many parts we use in our products have been put into production. Despite this, we are open to parts from outside the company. Half of our parts are produced by other companies. I once said in an article that we should buy at least 50 million chipsets from Qualcomm every year. So we have never excluded or resisted foreign companies.

The world's largest spare tires are atomic bombs. What can they be used for? Since World War II, they have never been used again. Senior government officials in China have often worked on atomic and hydrogen

bombs. And their loyalty to the country also counts. Those who are both capable and excel at technology can be promoted to a minister or provincial governor. Some can even become governors by age 40. I really envy them. When I was 40, I was still finding a job.

Spare tire is now a buzz word. In fact, it's quite normal practice in our company. He Tingbo has become well known because of her letter regarding Plan B. She published the letter just during the night when the US issued the ban on Huawei. She just couldn't bear it anymore. She has been through a lot these years. She felt bad. Her team has been working so hard, but they just couldn't keep their chins up.

***Caijing:* So you mean that spare tires are always available at Huawei and you don't know whether they will be used.**

Ren: Spare tires are certainly useful. They are part of our solutions, instead of being independent of them. We will use them on a rolling basis when necessary.

12 *Caijing:* Now people have two completely different sentiments towards Huawei. Some have shown great patriotism and escalated their support of Huawei as a patriotic act. Some think that support toward Huawei has become entwined with patriotism toward

the whole country; in other words, people will not be considered patriotic unless they support Huawei. This situation is now becoming more serious.

Ren: My children prefer Apple products over Huawei's. Does it mean that they don't love Huawei? Of course not. I have mentioned this quite a lot, and Richard Yu (CEO of Huawei's Consumer BG) was mad about me – he saw it as me promoting other companies' products over Huawei's. But this is the reality: We cannot simply say that one is patriotic if they use Huawei products and they are not if they don't use Huawei products. Huawei's products are ultimately commodities. People use them if they like them. Politics should be left out of it. Huawei is just a company. We have never said anything about contributing to Chinese national pride in our advertising. At our latest oath-taking ceremony, someone might have shouted something along those lines, but we immediately issued a file to discourage shouting out such slogans. They can hold celebration parties and give out medals. It's okay to say things like this privately in their spare time, sure, but we must never stir populism.

I often use a lot of examples just to throw some cold water on Huawei. We should not promote populism; populism is detrimental to the country. To have a promising future, China must be more open. Following the recent China-US negotiations, CCTV said China

should further reform and open up. I was very happy to hear that. In fact, we should have reformed and opened up earlier. China has made a commitment to the WTO and we need to honor this commitment after we benefit from it. We should make some contributions so that we can unite more friends around us. China has too much money. Why are we only putting it in the US? Why not lend some to Europe, Russia, and Africa? One might worry about their ability to repay it. These countries use their national credit as collateral. Well, maybe they can't repay it this year, but what about in 100 years? We don't have an urgent need for the money anyway. Doing this would help disperse our risks. Why does China only buy agricultural products from certain countries? It could also buy from Ukraine. That would contribute to their economy.

13 *Science and Technology Daily:* You've mentioned that developing chips requires not only money but also physicists and mathematicians. As a company, Huawei, as well as you personally, have repeatedly talked about basic education and basic research, and we also know that Huawei focuses on this area from some of your advertisements. What specific actions is Huawei taking in basic education and basic research? What kind of support will this provide to Huawei's future

development?

Ren: First, we have 26 centers of expertise for R&D globally. We currently have over 700 mathematicians, 800 physicists, and 120 chemists working at Huawei. We have an Institute of Strategic Research, which provides a large amount of funding to well-known professors at top universities around the world. We don't expect return on this investment. The way we sponsor research is similar to how investment works according to the US *Bayh-Dole Act*. It's the universities that benefit from the investment. By doing so, we will work with more scientists researching technologies at different stages.

5G standards are widely considered to have a huge impact on society. Few people would imagine that they originated from a mathematics paper written by Turkish professor Erdal Arikan over a decade ago. We discovered this paper two months after its publication. Then we started to do research, perform analysis, and apply for patents based on this paper. Thousands of Huawei employees have been involved in this research. It took us a decade to convert the math paper into technologies and standards. We have the most 5G standard-essential patents in the world – about 27% of the total.

Professor Arikan is not a Huawei employee, but we sponsor his lab so that he can take on more PhD students, whom we also support. We also sponsor a university

professor in Japan. He once had four PhD students, all four of whom later joined Huawei but continued to work at his office. Then he recruited four more PhD students to work for him, with all eight working for him at the same time. All those papers belong to them, not us. If we need to use their academic outcomes, we need to pay them. This approach is similar to the US *Bayh-Dole Act*. We use such approach to work with more scientists.

We held a global scientist conference last week, and I attended the conference remotely through video. Several brilliant young scientists, all doctorate degree holders, attended the conference and introduced the technology to me. They explained to me what each of those papers would mean to society in the future. We constantly have this kind of communication around the world. This enables us to absorb new ideas, and also helps them understand our requirements. This way, we are able to constantly inform each other.

When it comes to winning talent, Western companies are more far-sighted than we are. They identify talent and then recruit them to work as interns, providing dedicated training to them during their internship. This is different from the traditional job seeking method graduates follow in China.

Now we have more opportunities to compete with US companies in terms of recruitment, but we are not

strong enough to attract the talent. We give job offers to some excellent, very talented students as early as their second year of university. For example, students from the Novosibirsk State University have been the champions or runners-up in the International Collegiate Programming Contest for six consecutive years. Google paid salaries five or six times higher than normal to employ them. Starting this year, we will pay even more than Google to attract such talent to work on innovation in Russia. We will join the competition for talent.

We don't require scientists to always be successful. Failures are also a form of success, because they develop talent. In this way, we are able to constantly move forward.

14 *jiemian.com:* I visited Huawei's lab and saw many inventions, such as anti-corrosion equipment and heat conduction. They seem to be based on chemical theories we learn in high school. These applications are magical. Is this a reflection of what you call basic science and basic education? What support will such basic science bring to Huawei at this critical moment?

Ren: Actually, even junior high school students learn the general equations for a nuclear chain reaction, but it's not an easy task to build an atomic bomb. Basic science seems to be simple, but it's difficult to apply

it in practice. Therefore, some foreign inventions may look simple, but they are based on numerous other inventions. A small component may be developed based on thousands or even tens of thousands of patents.

15 Sina: You are talking about enhanced investment in mathematics and basic disciplines. What about Huawei's level of investment in the world? What made you recognize the importance of basic disciplines? What are your goals and expectations for future investment?

Ren: Let's look at an example. The camera of the HUAWEI P30 smartphone is a reflection of how mathematics can be applied in practice. Photos are not simply captured but calculated through mathematics. Human eyes are equivalent to about 100 million lenses, but a camera only has one lens. Our smartphone is able to use calculations to divide the image captured by the light sensors in a single lens into tens of millions of visual lenses, and then reproduce the image.

Mathematicians in our company have a slogan – Making smartphones that outperform human eyes. I once criticized this idea in an internal speech. I think it's unnecessary. However, they are stubborn and I can't change their minds. They say our smartphones can

capture an image of the moon and views a thousand kilometers away. This may be true, because mathematics can help restore weak light signals.

When I visited our mathematicians in our research center in Nice, France, I said, "The sea and sky of Nice are blue. Why are the formations developed by our mathematicians also based on a blue color?" Previously, the images captured by our smartphones were bluish, but now this seems to have been corrected.

Our strategic "spare tires" have contributed to the fast development of our smartphones. Some strategic "spare tires" developed for our network business were not used in that area, and were transferred to the consumer business. The consumer business has benefited a lot from these resources, and is able to upgrade its products every three months. Most contributions come from mathematicians. Physicists have also contributed to the development of trichromatic sensors.

Therefore, business in the electronics industry is impossible to develop if we are still relying on components manufactured by others. There are also mathematical achievements in other vendors' components, but you need to pay more money to gain access to what they developed. I think we should strive to be the world leader in this area.

16 *Huanqiu.com:* For a period the US has been attacking Huawei, and also urging its European allies to put pressure on or even block Huawei. If the US continues to push its European allies to close their markets to Huawei, will you visit 10 Downing Street or the Élysée Palace in person to persuade them to open their doors to Huawei through more direct and effective methods?

Ren: I used to have afternoon tea at 10 Downing Street. They asked me how I learned to catch up with the rest of the world, and I said it was the afternoon tea. Therefore, they received me with afternoon tea at Downing Street. We've been communicating with leaders of different countries. Every country has their own interests. The campaign of the US will not be powerful enough to call on everyone to follow them.

17 *ifeng.com:* I've been closely following what phone manufacturers can do to support accessibility for people with disabilities since last year, because technological progress plays a very important role in helping these people. Huawei is a company with lofty aspirations. This year's Global Accessibility Awareness Day fell on May 16 last week. As a leading tech company, what has Huawei done to promote accessibility and inclusion for people with disabilities?

What plan do you have in this area?

Ren: During one of my trips to Japan, I tried a pair of special glasses made by our company that allowed me to clearly see employees working thousands of miles away, and I could provide guidance and instructions to them. With these glasses, I could see all drawings, and know immediately whether something I was looking at was correct or not. This is something we are doing now, but I don't know whether these devices have been launched in the market.

Theoretically, I think we will be able to support people with disabilities in future. I don't know exactly what progress we have made on this front. I'll ask someone to check, but I do believe that theoretically speaking we can stimulate people's senses through the cranial nerves.

The wireless glasses I mentioned just now allowed me to see the engineering work our employees were doing thousands of miles away. Our scientists showed this new product to me. But it has not been launched in the market.

18

ifeng.com: Apple has been paying a lot of attention to basic education, and they have done a very good job in this area. iPads and iPhones are very useful to help children learn. Huawei also takes basic education,

including basic disciplines, very seriously. Actions speak louder than words. Specifically, what has Huawei done in this area? Can you share your ideas about education?

Ren: The basic responsibility for improving people's competences and qualifications lies with the government. No company can assume the responsibility for improving the capabilities of our nation. We talk about education, but that does not mean we should get involved in this domain.

The only way for China to achieve a positive outcome in future competition with the US is to improve the quality of education. As for commodities that can be used to help improve education, that is a separate matter.

To improve the quality of education, I believe the most important thing is to show respect for teachers. If teachers are well respected across society, more people will want to become teachers. Teachers are highly respected and well-paid in Shenzhen. That's why we have seen news reports about 253 candidates applying for a single vacancy in some schools in Shenzhen.

Huawei has helped Tsinghua University High School establish a school called Tsinglan School. The president of that school said it will become the best school in

China, because the tuition fees there are extremely high. The school only enrolls around 2,000 students, and the admission pool is open to all of society. Many Huawei employees want to send their children to the school, and some asked me to help them get their children enrolled. I told them that there was nothing I could do about that.

What I'm trying to say is that we can significantly improve the quality of education only when the social and economic status of teachers improves. Why do I have so much to say about this? Both of my parents were rural school teachers working in a remote mountainous town in Guizhou Province, but they didn't allow their children to become teachers. If even teachers discourage their own children from becoming teachers, how can our country have a bright future?

I saw and experienced the many hardships my parents faced as a result of being teachers at that time in history – low social ranking, discrimination, and poor pay, so I never considered becoming a teacher myself.

19

***China Business Journal:* I have two questions. First, the consumer business now accounts for the largest part of Huawei's revenue, followed by the carrier and enterprise businesses. What proportions do you think these three businesses will take in Huawei's revenue in five or ten years' time? Second, in the current**

situation, how would you define the future role of HiSilicon in Huawei?

Ren: The role of HiSilicon is a support team to Huawei, one that moves forward in tandem with the operating team of the company. It can be likened to a fuel truck, a crane, or a field medic that moves forward together with the core operation.

As for our three business groups, we don't take the view that the most profitable one is the most important. Only the department that is responsible for building network connections will be able to become number one in the world. It is the very department that has come under attacks from the US. I have compared it to a badly damaged aircraft. Actually, we have realized that this department does not face as many difficulties as others because it has been preparing for a long time. Our 5G, optical transmission, and core network technologies are free from the pressure that is being put on this department, and these technologies will be the world leaders for many years to come.

20 ***China Business News:*** The assembly order from HiSilicon has gone viral online recently. This unit has been hiring talent from around the world. When will it become an independent unit in the future?

Ren: The answer is never. HiSilicon is a support team to Huawei's operating team, and will never become an independent unit. As I just described, to our core operation, it is like a fuel truck, crane, or field medic. Our operating team is the department responsible for building network connections. It may not necessarily generate the highest revenue for our company in the future, but it is the strategic high ground. The US has taken administrative measures against Huawei because it could not seize the strategic high ground. We will never give up this strategic high ground just for the sake of making more money. HiSilicon will never become part of our operating team and steal the thunder at Huawei.

21 ***China Business News:*** We know Huawei has made preparations in terms of business continuity management, but a server or base station involves too many parts and components. Why are you so optimistic?

Ren: We will make a list of the problems we face and solve them one by one.

22 ***People's Daily:*** I have a question about R&D. Huawei has invested heavily in R&D. In which areas will you focus your future investments? What technological

preparations will you make?

Ren: We have been working on a single point for three decades. At first, we had several dozen and several hundred employees focusing on this point, then we had tens of thousands, and now we have over a hundred thousand. We have been focusing all of our energy on this same single point, which inevitably results in breakthroughs. Every year we invest 20 billion US dollars in R&D, and no listed company has ever had the courage to invest so much money into a single area like we do.

We have been working on the information transmission domain. Our Consumer BG works on the "water taps", while our Carrier BG works on the "pipes". The harder we work on this domain, the more likely it will be for us to lead the world and maintain our position. In addition, we will continue to increase our investment in R&D.

I do not think that some downward pressure on our financial performance will affect our investment in R&D. Our employees are not greedy; they have enough money to make ends meet. I have even made comments about the partners of many of our R&D employees for being frugal. Some people asked me how I could identify our dedicated employees. I said if we talked to those people who purchased several items at luxury stores, and found out that their partners worked at Huawei, then those

Huawei employees are our dedicated employees. After they make money at Huawei, their partners should be able to spend it, so that they are motivated to make more money.

Huawei will continue working in the ICT domain, and will not enter other domains. Rumor has it that Huawei will engage in automobile manufacturing, but that's not true. Our connected vehicle products serve world-leading carmakers, and mainly include vehicle-mounted computing and electronics products. This may develop into a huge industry. We work with companies in the automotive industry to achieve autonomous driving. However, putting Huawei's logo on a car sent by our partner does not mean that we will manufacture cars. We will not randomly enter other domains.

23

Sohu: You take basic education very seriously. Is it possible for you to become involved in basic education in one way or another in the future?

Ren: Basic education is the responsibility of the government. Companies should focus on their own business. We don't want to be distracted during our business operations by becoming involved in basic education.

Building massive networks for humanity is Huawei's

biggest social responsibility. We have connected three billion people around the world, including people in some African regions where Western companies don't want to do business because they cannot make money. If Huawei collapsed, it would have a huge impact on the world.

Huawei will not engage in education. We are even going to downsize our operating team, and get rid of some less important departments. Employees working in these departments can continue to move forward alongside us as our partners.

During the last Chinese Spring Festival vacation, when Huawei employees worked overtime, more than 5,000 people provided services. During this period, we doubled the prices we paid for the services we received and promptly provided extra rewards to these people.

24 *21st Century Business Herald:* In our eyes, Huawei's management philosophy is Mr. Ren's management philosophy. What do you think is the essence of Huawei's management philosophy? International management theories have long been dominated by the West. Do you think now is the time for China's management philosophy to be exported to the outside world? There are now many books about Huawei's success formula. Is there really such a formula for

success? Can others copy Huawei's model?

Ren: Huawei has no philosophy. Personally, I have never studied philosophy or carefully read any philosophy book. I've never met the authors of those books you mentioned. It's possible that they just made them up. The so-called Huawei philosophy is casually written, and has nothing special. If there really is such a thing as Huawei philosophy, I would say it is to "stay customer-centric and create value for customers".

This is because our money comes from our customers' pockets. There are three ways to obtain customers' money. The first is to rob, which violates the law. The second is stealing, which is not the right way, either. If you stole money, you would be detained in the police station. The third is to have our customers willingly give us their money. To make that happen, we must provide them with quality goods and services that they need. That's our one and only secret of success.

I'll take our company's cafés as an example. They are doing very well. Why? They do business carefully and sincerely, and don't play tricks. At first, five or six Huawei employees managed these cafés and lost money. They had high salaries and company shares, but lost money in the cafés businesses.

Then I told them to start up their own cafés. This way,

they ended up earning 700,000–800,000 yuan every year. Some people at headquarters said they wanted to investigate these cafés, as they were suspicious of the reason why these cafés had started making a profit. I told them that every time they investigated, I would dismiss one of them. Why? Because their teams were overstaffed and couldn't focus on the right things.

As long as the cafés pay their rental, water, and electricity expenses, meet sanitary requirements, and maintain an appeal to our employees, why do you bother minding something that is none of your business? That's also why Huawei has a very small logistic team. It only has 703 employees but provides support for over 180,000 Huawei people across 170 countries and regions around the world.

25 ***Xinhua News Agency:*** I've recently read a speech you delivered at a Representatives' Commission meeting. In the speech, you described Huawei's approval of the *Charter of Corporate Governance* as an institutional development milestone. The document also described Huawei's corporate governance structure. What is the direction of Huawei's governance?

Ren: Actually, our governance structure and *Charter of Corporate Governance* have been published on our Intranet. The election of the new Board of Directors

took more than a year, and more than 90,000 people were engaged in the process. They keep learning about and communicating these documents, but the media is not very interested. As to your question, I cannot fully explain this to you today. It is a comprehensive system.

***Xinhua News Agency:* What kind of company does Huawei want to become in the future? Or which direction does Huawei want to move along?**

Ren: We will not allow capital injection. Besides that, we are open to discuss anything.

26 ***CCTV:* We have a deep impression that Mr. Ren has a very strong sense of crisis, even in times of peace. For example, Huawei began to have a Plan B for chips more than a decade ago. I'm very curious about how you got this sense of crisis at first?**

Ren: You would build a sense of crisis if you had been beaten by others many times.

27 ***36kr:* In your answers to many questions, you said Huawei has a Plan B and you are optimistic about the current situation. What is your biggest concern at the moment? This event has affected your family members. Have your daily exchanges with your family**

influenced your decision-making?

Ren: They detained my daughter, trying to shake my will, but my family's encouragement has solidified my will. In her letter to me, my daughter said she would be mentally prepared for the long run. She is very optimistic. That has greatly reassured me and eased my pressure. I need to go beyond myself, my family, and Huawei to think about the world's issues. Otherwise, I cannot stay objective.

International journalists were very candid when they talked with me. Our public relations department has published full transcripts of these interviews. I will give them to you today. Why are we speaking out so frequently? If we took a narrow view, we would be on the opposite side to the Western media, and even to you. However, I should avoid the influence of personal opinions, so that we could discuss issues on an equal footing.

Most of Huawei's executives do not consider issues based on their personal interests or our corporate interests. We are a global company, and we have many friends that accept and support us around the world.

28

CCTV: I am very interested in proprietary intellectual property rights and independent innovation. Many

people think that proprietary intellectual property rights and independent innovation are the only way to ensure survival. You mentioned just now that HiSilicon has created some "spare tires" to support Huawei's long-term survival, and this is built on your independent innovation. But you also said that you would give up non-critical parts of an "aircraft" if that's the right thing to do, because you don't want to waste your time and energy. Why is there such a big difference?

Ren: If you mean the spirit of independent innovation, then I would encourage it. Innovation should build on human civilizations. This is the right approach. All scientists are independent innovators. Why? They crack some mysterious questions that no one can understand.

But we must understand that we need to stand on the shoulders of our predecessors to promote scientific and technological innovation. HiSilicon does not innovate independently out of nothing. They have paid a huge amount of royalties to obtain licenses for the use of others' intellectual property rights. They have signed cross-licensing agreements, some of which are permanent licenses. Our innovations are intertwined with others, and we have produced our own innovations building on those of others.

We agree that we need to encourage the spirit of

independent innovation. But we must clearly define it. If you make something that others have already produced, you cannot use it. If you want to use it, you have to pay for their original ideas. This is what the law says. Patents are granted to those who filed for them first.

Alexander Stepanovich Popov first discovered radio waves, but the Soviet Union suspended the announcement of this news for the sake of confidentiality. Instead, Guglielmo Marconi in Italy filed the first application, so he was granted a patent for the invention of radio waves. Many people thought airplanes were invented by the Wright brothers, but actually, the Wright brothers were not the inventors. They were just the first to fly the airplanes. Nikolay Zhukovsky was considered the real inventor of airplanes. His work on fluid-mechanic equations helped lay the foundation for aerodynamics and lift the wings.

Why are our jet engines still not good enough today? Who invented jet engines? The Chinese.

When Deng Xiaoping visited the UK to buy Spey engines, Spey agreed to sell their engines to China. When Deng asked further whether they would sell their engines for military use, they also said they would. At that time, what China wanted was to buy civil engines and use them to make civil aircrafts.

Later on, the British also sold engines for military use. The engines in China's Xian H-6 bombers were also bought from the UK.

When Deng stood up and saluted the British scientists on-site, the British scientists stood up to return a salute. They said, "We have to thank the great inventions from Chinese scientists."

When Deng returned to China, he managed to find out who invented this engine. It was Wu Zhonghua. Where was this guy? He was breeding pigs in Hubei Province. So Deng decided to assign the inventor to serve as the Director of the Institute of Engineering Thermophysics in Beijing. Why couldn't we build on Wu's work and delve deeper into it? Why couldn't we make theoretical breakthroughs in jet engines?

Now, aircraft engine design is an experimental science, not a theoretical science. But aircraft design must be a theoretical science. You can have a look at a speech about aircrafts by Sergey Kuzhugetovich Shoygu in Russia.

According to him, US aircrafts are very sophisticated and they can fly for 4,000 to 5,000 hours. But Russian aircrafts are not that advanced and can only fly for 1,000 hours.

Shoygu asked, can an aircraft fly for 1,000 hours

during wartime? Actually, most of them are destroyed before they get the chance to fly for 1,000 hours. So why bother creating an aircraft that can fly for 4,000 or 5,000 hours? What's more, they are very expensive. So the Russians have determined their aircraft design principles according to their actual needs.

He said that an aircraft was not flying very fast because it lacked a flat metal surface. So the Russians added layers of laminar film to the wings of the aircraft. This helped solve the lubrication issue at high-velocities. This way, Russian aircrafts could fly very fast as well.

The stealth principle of the F-22 stealth fighter was invented by mathematicians from the Soviet Union in the 1950s. They said that the diamond cut surface had stealth functionality. But after a long period of research, the Soviet Union concluded that this function was useless. Why? Because they couldn't make it happen.

They approved the publication of the paper on this principle. When the Americans read the paper, they thought they had found a treasure. It took the US 20 years to produce the F-22 stealth fighter. But now, our meter-wave radars can detect F-22 fighters.

In fact, there were many scientists doing original research in China in the 1950s, but now there are bubbles everywhere. How can this research environment

help make our country more competitive in basic research? We need to change the environment for research.

***Caijing:* You made a very important point just now – we must be clear about what independent innovation is truly about. So are you against closed, and repetitive independent innovation?**

Ren: If you mean the spirit of independent innovation, then I support it. But if you are talking about doing innovation independently, then I object it.

***Caijing:* If you define independent innovation this way, others would refute your point by referring to HiSilicon.**

Ren: When it comes to innovation, HiSilicon also stands on the shoulders of others.

Zhu Guangping: Independent innovation does not mean innovating all by yourself. The key to innovation is to grasp the core part of a system, rather than reinventing the wheel. This would be meaningless.

Mr. Ren places great emphasis on mathematics. At its core, mathematics answers both the whys and hows. Say, you can easily make a hoe, does that mean you understand the principles behind it? What is the best shape, for example?

We know we can verify these things through experiments. But what are the theories behind these experiments? How can we identify the gaps between our theories and experiments? What are the limits? We have to verify these with theories.

CCTV: I don't agree with you. When it comes to automotive manufacturing, some say that Li Shufu is an important figure in China's automotive industry, because he was able to lever Volvo with capital. But people also call him "a giant with short legs", because he does not possess the technology to produce engines. Most automotive companies in the world possess the technology to produce engines, but Chinese companies don't. In this case, isn't independent innovation critical?

Ren: I'm not against Li Shufu, but can we say things like shock absorbers, steel shims, and tires are the products of independent innovation?

Let me tell you a story about how Germans make cars. When I visited Stuttgart in Germany, the dean of the University of Stuttgart's faculty of engineering took me to observe their first-year students' class during their first few weeks. Each student was given a piece of iron and a drawing of a wheel gear. They then had to make a gear with just a knife. After they made the gear, they would not be graded. They could only receive a grade when they fitted the gear into the gearbox, and the car

had driven away and back safely. This is what underpins the German automotive industry.

What are the differences between European cars and Chinese cars? Why are European cars more expensive? Because they are more reliable. Many companies can make cars, but that doesn't necessarily mean they can all make best cars. To make good cars, you need extensive technological achievements of human civilizations. So I don't think it can be called independent innovation.

Zhu Guangping: Independent innovation doesn't mean you do everything yourself. It means you need to find out what you are good at. We all know that weaknesses are usually what lead to failures. So the key is to identify your strengths.

Ren: We can buy things that we are not good at making ourselves. Why bother making things we are not good at?

***CCTV:* If you can't buy things you don't have, then are you doomed?**

Ren: The situation we are in is an extreme one, and not everyone has to go through this. We should move forward based on the achievements of human civilizations. If it is independent innovation like you said, where are you going to get the material for steel plates? If you have to source them from others, then it cannot be called independent innovation.

29

***CCTV:* Do you think the situation you are in is accidental or will it be the new norm for Chinese companies in the future?**

Ren: I've never spent time studying specific social issues in China. I'm speaking to you today because our public relations department is pushing me to do so. They treat me a bit like a shield that can block "bullets" coming towards us, and that's how I have come to be here. I'm old, and I can make some sacrifices because I don't have many things to worry about.

I spend most of my time researching the company's internal problems. I'm also interested in the technologies relevant to our businesses worldwide. This helps me identify what strategic mistakes we might have made. I don't really get along with my own family. I spend such little time with my children and my wife as well. She once accused me of only caring about my company, not them. If I also cared about social issues, I would probably end up losing my family. So I'm not in a position to comment on social issues and I don't have extra energy to study other Chinese companies.

30

***Financial Weekly:* Is there a way to address the spectrum concerns raised by the US Department of Defense?**

Ren: I suppose I am addressing it?

31

Huxiu.com: I was given a brochure about your previous interview transcripts with foreign media outlets. I read it carefully and found some strange questions asked by foreign media. In fact, I noticed that there are some misunderstanding and ideological issues between countries. In your opinion, how can these issues be addressed? Have you ever considered changing the way Huawei will position and promote itself outside China in the future, or what you will do to improve your approach to globalization?

Ren: We do not seek to solve our reputation issues outside of China through media campaigns. I think we will ultimately need to solve these issues by providing excellent services to our customers. We are very advanced, and our customers will realize this if they start using our services.

Let me give you an example. The Chairman of the South Korean LG Group once reached out to me and said he wanted a 300Mbps LTE network. I even objected to him at first. I told him 100Mbps would be enough and 300Mbps would not be necessary. He came to persuade me with the help of two interpreters. He insisted on 300Mbps. So we sold him equipment that could deliver

300Mbps. Soon after that, Pope John Paul II visited South Korea, and 300,000 people gathered in an area of 1.3 square miles. Everybody was taking photos and sending them out through our 300Mbps network, and the network did not crash.

The second example is about how we helped to ensure smooth communications during the Hajj. Before we took over the network, all carriers had suffered from network breakdowns during the event. However, this has not happened once since we started providing the services. The very moment before four to five million Muslims started praying, everyone would turn off their phones. When the praying was over, everyone would turn their phones back on and get authentication at the same time. But our network still did not crash and all communications went smoothly. This is a good example of how we shape our reputation in the world. We do not seek to change our reputation simply through media campaigns.

As for investments outside China, this is because we need to do this. For example, we have invested in an optical chip factory in the UK, aiming to make the UK the hub for the exports of these chips in the future. We also have factories in Germany and Japan. We build factories as needed, not for the purpose of boosting our reputation. We don't need a better reputation; we need purchase orders.

32 *Guancha.cn:* Yesterday we visited your Exhibition Hall for Virtual Restricted Shares. I had two feelings which lead to my two questions for you:

First, regarding the ownership structure, Huawei has taken a totally different path compared to other major technology companies in East Asia, such as Samsung Electronics and TSMC. In these companies, foreign entities or individuals hold at least 50% of company shares. This type of ownership structure means Western capital can obtain capital gains from leading Eastern Asian companies like Samsung Electronics and TSMC. What's your view on the differences here and the topic of capital gains?

Second, Huawei's ownership structure is a model that Huawei has been exploring and finds fitting. Huawei has communicated with Western media about this over the past few years. But I learned yesterday that there are still some misunderstandings among Western media outlets. They don't believe Huawei's shares are fully owned by its employees. Rather, they think Huawei's ownership structure is more of an employee rewarding scheme. This tells me two things about the West. First, Western technology companies value talent and technology, which I admire. On the other hand, they tend to misunderstand or simply do not understand things that do not work the Western

way. What do you think is the root cause of Western misunderstandings?

Ren: I'm not interested in capital, so I haven't done any research about that. If Western media outlets are interested in it, they can do the research themselves. But no matter what, I will not let external capital enter our company. The problem for our company now is that we earn too much money. This is partly because we cannot lower prices. If we lowered our prices, the market of other companies would be squeezed and Huawei would share the fate of Xiang Yu, the Hegemon-King of Western Chu, eventually failing. So we cannot do this as an industry player.

In this regard, Apple is a role model. It's like an umbrella beneath which many small companies shelter and survive. If Apple charged low prices, there would be no other mobile phones in the world. With the excessive money that we earn, we use some of it for strategic investments, but we don't seek horizontal expansion. Instead, we use it to fund universities and scientists. At Huawei, we have scientist conferences which bring together numerous leading scientists from around the world, which I think is a miracle.

So we don't let external capital into our company. Capital investors are inherently greedy, which would stand in the way of the realization of our ideals.

***Guancha.cn:* What do you think is the root cause of Western misunderstandings of Huawei's ownership structure?**

Ren: Such misunderstandings do not appear just today. Western misunderstandings about China have existed for decades. It's okay as long as our ownership structure complies with Chinese laws and regulations.

33 *Financial Weekly:* The US government detained Ms. Meng in Canada, and then imposed an export ban on Huawei, citing the Department of Justice's sanctions against Iran as the reason. In order to find a way out, would you be willing to talk with the US government, the Department of Commerce, and the Department of Justice?

Ren: We have sued the US government, haven't we? We would rather talk with them in court through lawyers, where the US has to provide evidence against us.

***Financial Weekly:* That means you won't talk with them in private?**

Ren: I don't have private access to them. Can anyone give me Trump's phone number?

34

NetEase: I'd like to ask a more relaxed question. Last year, you took a family photo with your youngest daughter Annabel Yao and her mother Yao Ling in Paris. As a snapshot of one of your then-rare public appearances, this photo fascinated the outside world. How would you describe yourself as a father and a husband? How much time do you spend with your family? Since Annabel is now studying at Harvard, what kind of job do you want her to pursue in the future?

Ren: I feel I owe my children a lot. I was serving in the army when my first two children were still young, and went back home every 11 months. When I was at home, my children had to go to school during the day, do homework in the evening, and then go to sleep. Life went on like this every day, so we barely had any communication. Life wasn't very easy for my young daughter either. The company was struggling to survive at that time, so I had to spend over 10 hours at the company every day or go on business trips for months. To enter the international market and prove that Huawei's success was not built on corruption, I stayed overseas for a few months in a row and had little contact with my children. They have become who they are through their own efforts, and they demand a lot of themselves.

My little daughter danced 15 hours a week during her middle school and high school. She did homework

every night after dancing, and didn't get to sleep until one o'clock in the morning. At her university, she works until two o'clock in the morning, or even until 4 or 5 a.m. to do algorithms. She loves art, and every time she was invited to a debutante ball, she would ask me and her mother whether she could attend. I was always very supportive of her. Because if I threw cold water on her even once and forced her to choose another way, she could easily blame me and her mother for any problems she ran into in the future. We felt it would be much better to support her in doing whatever she wants to. When she brought up the idea of taking a family photo, I was the first to support her and allowed her to post it online. Her mother had thought that I would decline this request, but I didn't. I owe my children, and the least I can do is support them, so that my daughter can focus on her studies and take control of her own destiny.

***NetEase:* Could you please tell us a bit about your wife?**

Ren: I have been married twice and have three children. My ex-wife is very tough. She used to be a political commissar of 300,000 Red Guards in Chongqing. She was a big shot back then and I was not even one of the Red Guards. I didn't have a girlfriend after graduating from university, and someone introduced her to me. I don't know what she saw in me, because she was

already somebody and I was nobody. I had nothing but good academic performance. My family was poor and my father was locked up in a "cow shed". But she just fell in love with me. After 20 years, our marriage came to an end. My current wife, Yao Ling, is very gentle and capable. She has dedicated over 20 years of her life to educating and cultivating our daughter. She has been successful in this regard. My ex-wife gets along with Yao quite well, and even my marriage certificate with Yao and my little daughter's household registration record (hukou) were taken care of by her.

35 *People's Daily:* Google has suspended some business with Huawei. To respond to this, Huawei has made a media statement. I'd like to know how Huawei will be impacted in terms of the Android operating system.

Ren: There would be some impact. Google is a great company, and we are both finding solutions and discussing possible remedies.

36 *Global Times:* I see many job ads by HiSilicon these days, including on its WeChat account. Chinese companies, including Alibaba and Tencent, are facing the common challenge of attracting more high-end talent and international talent. What is Huawei's plan

for building a high-end talent resource pool? Have you set any specific standards in terms of compensation and benefits for high-end talent?

Ren: The answer is a sense of mission. We will certainly set specific standards for compensation and benefits, but more importantly, I believe we need to give our employees a sense of mission and opportunities to fulfill their missions. We also need to allow our scientists to do research freely.

Global Times: I toured Huawei's offices in Europe a few months ago, and I found that many non-Chinese employees have a good understanding of Huawei's culture. I myself am reading some books about Huawei, and I'm curious what drives you, as a private company with strong Chinese characteristics, to become an international company with a generally-accepted corporate culture.

Ren: What you read about Huawei in books written by people outside of Huawei is by and large untrue. Most of the information in such books comes from online documents, but we don't oppose this kind of writing because they live on this. I suggest you go to the *Xinsheng Community* and get access to real Huawei stories. Non-Chinese employees are basically the same as us, in that we both are committed to serving our customers. That means we share the same value.

Global Times: China's work culture, including the recently discussed "996" working hour system, has conflicted with Western working cultures. I'm wondering how Huawei manages and coordinates these conflicts.

Ren: We respect the labor laws in every country where we operate and make sure the working hours are reasonable. But our employees have a strong sense of mission, which drives them to continuously make accomplishments. Our non-Chinese scientists actually work harder than our Chinese scientists, and many of them still aren't married despite being in their 30s or even 40s.

37

Science and Technology Daily: As you mentioned above, Huawei's key operating teams are becoming more capable and stronger. While layoffs are a sensitive talking point in the Chinese market, many ICT companies are going to or have cut jobs. Since Huawei was established in 1987, there haven't been any massive layoffs. What's your opinion about layoffs?

Ren: The number of former Huawei employees exceeds the number of current employees. How did they end up leaving Huawei? Some of them left of their own will. If some business fails, it is the commander's liability, not

the employee's. When we remove a department, we should find a way for its employees who have developed many skills as they grow.

For example, the company recently commended the application & software department. I approved the department's request to invite 10,000 employees to walk the red carpet, which ended up with several thousand employees. In 2017, we held a strategy retreat in Shanghai and decided to scale down the application & software department which had made no major achievements. When we decided to remove this department, I was afraid that its employees would suffer in their new departments because they might not have good performance or their personal grades were low. So I privately told the HR department to raise their salaries before they left. Two years later when I visited them, I found many of them had set out to a new journey even before their salaries were raised, and contributed a lot to the success the Consumer BG and the Cloud BU. They went for strategic opportunities, and got promotions while finding the opportunities to make contributions. During this process of scaling down, most of the redundant personnel were transferred to key strategic operating teams. Only a few mediocre employees were advised to leave. While restructuring our organization, we remove departments, but don't dismiss employees.

38

The Paper: Richard Yu said that you used iPhone in the past, but now you use Huawei's own high-end phones. Are you using a P30?

Ren: The P30 is too advanced. My phones are not the latest. If I use advanced phones, I have to study the new functions, which is a waste of time for me. I don't need new functions.

The Paper: Have you always favored the CNBG (carrier network business)?

Ren: No. I often scold those who I favor. Otherwise, why do I scold them? I also scold Richard Yu a lot.

The Paper: How do you see the growth of the CBG (consumer business)?

Ren: After all, it is a support business. It aims to make money and give it to the CNBG to help it become a global leader. The CNBG uses the money the CBG gives it to charge ahead and capture "Mount Everest". Even if we can't grow crops there, it is still right we capture it. This is the principle we follow. It's not that I favor the CNBG.

The Paper: I think Richard Yu is very capable.

Ren: I didn't say that he is not capable. You media people are all saying good things about Richard Yu. Please call Richard right now.

***The Paper:* Can you summarize the development of the CBG over the past several years?**

Ren: When we recognize a department, we must not just praise it. We need to correct its mistakes and drive it to move in the right direction. We have a lot of reflection internally. Sometimes, members of the Board of Directors Executive Committee quarrel, but they will often reach a consensus eventually.

Richard Yu: I hope that we can gain more of your support, boss. Some of your words might be misinterpreted or misunderstood, and some people even used these words to attack us relentlessly.

Ren: Richard, you don't walk tall today.

***Financial Weekly:* You set a 150-billion-dollar goal for the CBG?**

Ren: They set it themselves, and I am sure they will not attain it.

***Financial Weekly:* You place hope in them, aren't you?**

Ren: Market demand has approached the saturation curve. When you move forward along the saturation curve, you may put in a lot of effort, but cannot widen the gap between you and the followers. The gap will only gradually narrow. For example, it is very difficult to download two movies within a second. It doesn't

actually matter much to users if they can download one movie or two movies within a second. Even if we invest heavily in technology for this, we won't see any big difference in its application. This will easily cause losses to the company. It is easy to take the lead while an industry is rising. However, it is hard to do so when we begin to approach the saturation curve. Therefore, I am not sure what will happen in the future.

39 ***Caijing:* Regarding the shareholding structure. I previously interviewed some Huawei employees. They are very concerned about one issue: In the past, Huawei's shares grew along the way, and they bought many shares in Huawei, which benefited them tremendously. However, they have one question now. Uncertainty about the future is increasing. If Huawei encounters problems, will dividends and earnings per share be impacted?**

Ren: Naturally. Whether to buy or sell company shares is up to the employees themselves. The mechanism is open and our employees are not bundled with the company. Dividends from Huawei shares are expected to drop. Our Blue Team has criticized the company for "distributing dividends at a rate of more than 30% for 30 years in a row." They asked, "How long will this continue?" Therefore, I criticize the Board of Directors

Executive Committee every year, saying that profits are increasing so much, and our strategic investment is not sufficient. Their self-reflection minutes for the previous year are still on my desk, and I haven't approved them yet. This year, Donald Trump approved the sanctions on Huawei, which may cause our profits to drop slightly.

***Caijing:* This means they need to take the good with the bad?**

Ren: We understand what some employees think, and they can take back their money if they want.

***Caijing:* You just mentioned that as long as you don't allow capital into Huawei, you can adopt any path for your future development. Capital is a very sensitive topic and we've already heard all kinds of rumors.**

Ren: Rumors are just rumors. We will never allow capital into Huawei. This is a consensus shared by all our executives. We work for ideals, not money.

40

***36kr:* Regarding the operating system, which department is responsible for it? Will you open up the source code to attract some developers?**

Ren: I can't say for sure which department is responsible for this. We will try our hand at this. It is not technically difficult to develop an operating system. What is difficult

is building an ecosystem. This is a big issue, and we should take it easy.

41 *jiemian.com:* Yesterday, I went to visit your Exhibition Hall for Virtual Restricted Shares and I was shocked. Huawei is highly bundled with the rights and interests of its employees. You hold only 1.4% of company shares and you only have the power of veto. In many companies today, the founder often has rights that align with their shares or demands more rights than their shares can provide. Your influence in Huawei is incredible. What is the essence of this?

Ren: At the beginning of the year, we completed the election for representatives of our shareholding employees, who become members of our new Representatives' Commission. This was a result of more than one year of preparations. These members were elected on a one-share-one-vote basis. Why didn't people outside Huawei know about this? I don't know why our employees have voluntarily kept this a secret. These representatives of shareholding employees do not represent shares. Instead, they represent shareholding employees and vote company decisions on a one-person-one-vote basis. The company's Board of Directors makes decisions through voting, which also follows the one-person-one-vote principle. As authorized by the

Board of Directors, its Executive Committee manages the company's daily operations.

42

***Pear Video:* You have never used your power of veto, Mr. Ren. Have you ever wanted to use it at a specific moment? Or, what would be likely to prompt you to use your veto in the future?**

Ren: "Brexit." There was a date that my power of veto would expire. I had planned to give it up when that date arrived. However, when we passed the new *Charter of Corporate Governance*, the UK happened to vote on Brexit. If we allowed voting as they did, the fate of Huawei might be ruined as a company. That would be a regret, so we retained the power of veto, which is temporarily in my hands. When some members of our Executive Management Team exit to form a Core Elite Group, I will give up this power and hand it over to the Core Elite Group, which will be made up of seven people. Then the Core Elite Group will be able to veto decisions on critical issues. Normally there is no need to use the power of veto on business matters.



Ren Zhengfei's Interview with Bloomberg TV

May 24, 2019 Shenzhen, China

01 Tom Mackenzie: Mr. Ren, thank you very much for the time to talk to us. President Trump has described Huawei as a dangerous company. He said, and I'm quoting, "From a security standpoint and from a military standpoint, this is a dangerous company." How do you respond to that?

Ren: I have no idea why he considers us to be a danger. We provide information and communications services to three billion people around the world, including those in underdeveloped African countries and other hardship regions. Like missionaries in the past, we try hard to bring culture (communications services) to the depths of the thickest forests. We have been serving humanity with religious devotion. How is it possible that he considers us to be a danger?

5G is not an atomic bomb. It is a tool for communicating information. The content of communications has nothing to do with the tool. Take a microphone as an example. We cannot say that this microphone is a dangerous tool, because it can transmit and amplify voices. But those who speak with a microphone may say something that poses a threat. How can a tool itself be dangerous?

His accusation is unsubstantiated. Does he have the confidence to analyze the accusation for the public?

02 **Tom Mackenzie: The US decision to blacklist Huawei is being framed by some US lawmakers as a death sentence for the company. Do you see this as a question of life and death for Huawei?**

Ren: First of all, the US has decided not to purchase our equipment. This is their freedom in a market economy. They can choose not to buy or sell a product. This is not an issue. But the US believes that we pose a threat to security. We have virtually no presence in its market. How does its security have anything to do with us? It has nothing to do with us.

The US is a country ruled by law. In such a country, what's most important is evidence. But the US has failed to present any evidence to prove that we are a security threat and instead has directly added us to this blacklist. A journalist once asked Mike Pompeo where the evidence was. See what his reply was. He said that they asked the wrong question. So I think it may be wrong to add us to the Entity List.

The US is acting with too much anxiety. This is irrational. The country has dominant advantages all over the world and this has been so for quite a long time. Even if some countries manage to catch up in the future, the US still has its relative strengths. Certain companies make some breakthroughs in certain areas. They should be happy about this, because other players can work

with them to provide better services to humanity. How can they consider this a threat?

Is it possible that Huawei will collapse after being put on the list? No, we won't. But our aircraft is bullet-riddled. As you can see in this photo, this is an Il-2 bomber made by the former Soviet Union during World War II. It is actually a portrayal of Huawei. Despite being badly damaged, we don't want to crash and just want to make our way back home. Our current situation is difficult, but it won't cause us to collapse. Adding Huawei to the Entity List may cause us some trouble. But we are repairing our aircraft while adjusting our route back. We will definitely survive.

We will still be a global leader in 5G, as well as some other areas. And our competitors won't be able to catch up with us within one or two years.

03

Tom Mackenzie: You talk about the aircraft analysis and it's an interesting one. The list of companies that supply Huawei with components, as well as software, and are now cutting off the supply of both is growing. This includes Qualcomm, Intel, and Google. So I guess the question is, how long can you survive without these supplies, in terms of both components and software?

Ren: The US is not the world's police and should not seek to manage the whole world. Other countries can decide whether to do business with us based on their own interests and positions. If a company decides not to trade with us, we'll patch that hole in our aircraft with sheet metal or cardboard. We will keep flying and do the repairs at the same time, so that the aircraft continues to fly. How long can it fly? How should I know? We hope to make it to the top of Mount Everest. That's our ideal. The US shares this same ideal. The difference might be that they climb up from the south, with a backpack full of canned beef and coffee. We are moving up from the north with field rations. Without bottled water, we need to melt snow to drink.

Why does the US go to such extremes when dealing with Huawei? What makes them so scared? The US is so powerful. Why does such a small company as ours deserve so much attention from them? I'm thrilled about this, as we are valued and our role has been exaggerated. What the US has done is publicity, good publicity actually, for us. I'm very grateful for what they have done.

04

Tom Mackenzie: You talked about reaching Everest. What does that mean? What does Everest look like for you? What is the company's ultimate goal once

you reach it?

Ren: I think Huawei's goal is to work hard to develop advanced technologies and provide cutting-edge services to humanity. The US also wants to achieve this goal. What's wrong with us sharing this same goal and providing services to humanity?

05 Tom Mackenzie: Do you think the recent actions by the US will be more painful for Huawei or for your US suppliers?

Ren: It hurts both.

06 Tom Mackenzie: In terms of 5G, because there has been a lot of focus on 5G technologies, can you continue to offer the same quality, in terms of 5G technology, without US components?

Ren: We don't have problems with 5G. We can maintain the quality of our most advanced products.

Tom Mackenzie: In terms of the services of core networks, have you developed your own chips that can replace US supplies?

Ren: Yes.

Tom Mackenzie: Do we have a timeframe when those

in-house chips developed may be able to be used as a substitute for some of those US supplies?

Ren: Actually, we have been using our in-house chips for a long time. We used to have a "1+1" policy – half of the chips we used came from Huawei, and half from US companies. This could protect the interests of our US suppliers as well. We could also verify that our products worked in real-world scenarios this way. If the US imposes more restrictions on Huawei, we may have to use more of our in-house chips than those from the US. If Washington allows US companies to continue selling chips to Huawei, we will continue buying US chips in large quantities. US companies and Huawei have a symbiotic relationship. We will not discard our partners just because we are able to make chips on our own; otherwise, no one would be willing to cooperate with us in the long term.

Our goal in making our own chips is not to substitute other companies and create a closed system. Our goal is to better understand future technologies. We don't intend to completely substitute the chips of US companies. We hope to maintain long-term, amicable relationships with US companies. The point is not that we will replace the chips from the US when ours are already. We've been using our own chips all along.

07 Tom Mackenzie: Are you looking to change your supply chains at all to ensure that you have the components that you need? Is that a process that you're looking at now?

Ren: No. We will keep our existing supply chains unchanged, and will continue placing purchase orders with US companies. If they can no longer provide supplies to us, then the proportion of our in-house products will increase. It is up to us to find ways to solve our own problems.

08 Tom Mackenzie: As it stands, Huawei is the leader in 5G technology. Can the actions of the US be an advantage to your competitors like Nokia and Ericsson?

Ren: Yes, it will be good for these companies. When they can make more money, they can better serve humanity. Both Nokia and Ericsson are great companies. Many years ago, when the EU wanted to sanction Huawei for dumping practices, Sweden and Finland were the first to object. I would say this was due to prompting from Ericsson and Nokia. We have treated each other well, and we have never seen each other as an adversary. Isn't it a good thing if they can secure more market share and assume more responsibility for serving humanity in

place of us?

09 Tom Mackenzie: You talked about having two-year lead in terms of 5G on your competitors. Does that lead get eroded?

Ren: Of course. If we fly slower because our aircraft wings are riddled with bullet holes, our peers can certainly catch up because they can fly faster. But we are fixing these holes, and when this work is done, we will fly faster.

10 Tom Mackenzie: How much damage do you expect to be felt in the consumer division of your business – smartphones and laptops, which depend on US chips and US software?

Ren: Huawei is definitely impacted. The precise extent of impact will be assessed by the respective product line or department. They will find alternatives, or remedies, so to speak. We will pursue reasonable progress. Our growth rate may not be as high as predicted, but we will still see growth. The fact that we can continue growing in the most challenging environment shows that we are a great company. Of course, I have never bragged about myself in my whole life; I'm just praising myself this time because we are facing the biggest difficulty so far.

11 Tom Mackenzie: And you have bragging rights because earlier this year you overtook Apple as the No. 2 smartphone maker as your smartphone sales in the first quarter jumped by 50%. And because you do have the goal of becoming the No. 1 smartphone maker in the world, does that goal now have to be shelved?

Ren: Apple is huge. Two years ago, we became a bit bigger than them – like a peach. In the next two years, we may have become smaller than them, like a plum. But a plum is still fit for consumption, even though it may taste bitter.

Tom Mackenzie: So you still want to be the No. 1 smartphone maker?

Ren: No. We can scale either up or down. Huawei is not a public company, so we don't aim for big numbers or high profits. Survival is the best thing we can hope for.

12 Tom Mackenzie: I want to ask about your operating system. We've been told that you want to develop your own in-house operating system. Can you tell us what that's going to look like and when we can expect to see that?

Ren: When it comes to the operating system, the difficulty is not the technology. Building an ecosystem

is the most difficult thing. Apple and Google have built robust ecosystems. Huawei has always supported the ecosystems of Apple, Google, and Microsoft. We have followed their lead. There will be new operating systems, for the Internet of Things and the like. Can we develop some simple operating systems? I can't say for sure that we will be doing very well in this, but we will make effort. Just as how we produce other components, chips, and products – we put effort into it.

Tom Mackenzie: So the key challenge is building an ecosystem, because Apple and Google spent years building their ecosystems. Will that be a key challenge around OS?

Ren: Yes, you'd be right.

13 Tom Mackenzie: There are calls by some in China for Beijing to retaliate against Apple. Is that an option that China should be looking at taking?

Ren: Definitely not! If it were, I'd be the first to oppose such actions. Why should we act against Apple? Apple is a great leader in the world. Without Apple, there would have been no mobile Internet, and the world would not have been as colorful as it is today. Apple is like a teacher to us, leading our way forward, and a student would never act against his teacher. If Beijing does so,

you can come interview me and I will be the first to voice my opposition to blocking Apple.

Some people say that since the US has blocked Huawei, China might as well block Apple. I've always been against this idea. Apple is a great company that serves humanity. Why shouldn't we use Apple products? Some of my family members are using iPhones, and Huawei phones as well, of course.

Tom Mackenzie: Does that nationalism and populism concern you?

Ren: No. We strongly oppose populism and petty nationalism. In a global economy, we must work together to achieve shared success. We live in a big world, and it's impossible for a single company to support the world alone. Again, we strongly oppose populism and nationalism. Even if we can rise to become the world's No. 1, we will partner with others to serve humanity, not just by ourselves.

14 Tom Mackenzie: President Trump has repeatedly suggested that Huawei could be a factor in any trade deal between the US and China. How likely is that, do you think, from your perspective?

Ren: The US has sued us and we have filed our

counterclaim. Now that the cases are undergoing legal proceedings, what do we need to negotiate? We will leave them to the court. We don't have anything to do with China-US trade talks. The US has bought almost nothing from Huawei, and even if they want to in the future, we would not necessarily sell to them. It's better that we wait for the court's ruling. I believe the US justice system is open and transparent.

Tom Mackenzie: I just had to bring it up because it's the President saying, Huawei could be a part of these trade negotiations, which is why I brought it up.

Ren: If he called me, I might not pick up. He doesn't have my phone number though, of course.

15 Tom Mackenzie: Trump says he is master of the art of the deal. You're a deal maker as well. Do you think you could make a deal with Trump if that was a possibility?

Ren: How can we negotiate with Trump after the US sued Huawei? The US is a country ruled by law. We should leave the case to the court.

16 Tom Mackenzie: You have said in the past that you think President Trump is a great president. Do you

still think he is a great president?

Ren: Trump is a great president. He tells the whole world that Huawei is a great company and not to sell us components. As a result, we are winning more contracts and can hardly keep up with the increasing orders. He is a great president because he tells the world how great Huawei is.

17 Tom Mackenzie: Many people see parallels between ZTE and Huawei. ZTE last year accepted a deal with the US that involved changing their board and paying a significant fine. It involved quite significant oversight as well. Are there any conditions that would be possible to Huawei if that meant lifting the yoke of these restrictions?

Ren: I don't know about ZTE and haven't engaged with them before. The US sued us at the District Court for the Eastern District of New York, where we will defend ourselves. We will see them in court.

18 Tom Mackenzie: Your daughter is being held in Canada and faces extradition to the US from Canada, and she's facing charges in the US of fraud and breaking sanctions against Iran. Those are the

allegations from the US side. President Trump has suggested that he could intervene to help your daughter, presumably you welcome that kind of intervention?

Ren: Canada is a country ruled by law. We will clarify in court how the Canadian government acted illegally during its law enforcement. Meng has not committed any fraudulent activities. We have made this clear in court. Both the US and Huawei should provide evidence in court in the future, and we have our evidence. Meng was treated unfairly, which may have been politically motivated. Since Trump himself is a politician, how could he intervene? He just wants China to offer some benefits to the US. We didn't commit any crime, so why should we ask our country to offer benefits to the US?

Tom Mackenzie: Have you spoken with Meng lately?

Ren: Yes.

Tom Mackenzie: How is she?

Ren: She is studying while under house arrest.

19

Tom Mackenzie: Do you think the legal action against Canada and the US is helping your cause, or is there a risk that it inflames tensions?

Ren: The US and Canada took action against us first;

we then countersued. Why are we considered to be the one disrupting the social order, when we are merely responding to the call of the US? Why did the US sue us even though they knew that it would disrupt the social order? Why shouldn't we file a counterclaim after they sued us? The US is a fair, open, and transparent country. It has the right to sue us and we have the right to defend ourselves.

20

Tom Mackenzie: What do you think America's long-term strategy is, when it comes to China? Do you think it is about trying to, as some would argue, contain China's rise?

Ren: I'm not a politician and I don't know about politics. You need to ask President Trump these questions because he is a politician.

Tom Mackenzie: You have rich experience and you've built up a phenomenally successful business. You've traveled to many countries and you're very well versed in what happens internationally. There are some who have said that this is the point when we are facing, essentially, a new cold war. Is that a risk?

Ren: I don't think I'm a very capable person. My capabilities are limited to managing this company. I turn a deaf ear to things irrelevant to Huawei and I don't

comment on them, including things relating to China. This is because I don't know about the practices of other Chinese companies.

My travels to many countries have been for fun only. I could talk at length if you were to ask me about which places have good coffee, or which places have beautiful scenery, but I am not the right person to ask when it comes to politics.

21

Tom Mackenzie: OK, let me ask you about technology. Because there are those who say that if we keep going down the path we're going down, we'll have a situation where we, essentially, have two technology ecosystems: one driven by China, one driven by the US. Is that a risk?

Ren: The world has always walked a bumpy road. In the industrialized age, we had different standards for railways: narrow track, standard track, and wide track, which hindered the development of international trade. Back then, everything moved slowly, so the different standards of railways didn't create much trouble. When it comes to communications standards, we had multiple standards before 5G appeared. Different standards drove up costs for users and made it difficult to access communications services.

Since 5G appeared, bandwidth costs have been greatly reduced. In terms of network capacity, 5G is 20 times larger than 4G and 10,000 times larger than 2G, but the size of 5G equipment is much smaller and its power consumption is only a tenth of what 4G equipment consumes.

In this new age, even those without much money can afford broadband services, giving them more opportunities to receive cultural education. In the information society, children even in remote regions can see what the world looks like. Then they will develop faster, grow more harvests, and create more wealth. More people will be lifted out of poverty. All this will benefit society.

I'm not sure whether there will be two systems of technical standards. If yes, when the two sides meet at the top of the mountain, with one climbing from the north and the other from the south, we will not fight with each other; instead, we will embrace each other to celebrate our success in driving the digitization of humanity. We will toast to each other. Since there is only snow at the top of the mountain, we will use melted snow instead of champagne for the toast. Ultimately, we are jointly serving humanity. It doesn't really matter whether there is one standard, two standards, or more standards. What really matters is reducing service costs.

22

Tom Mackenzie: As you sit here today, what is your assessment of how long this trade war could go on? We've heard a former Chinese senior official say it could continue till 2035. We've heard Jack Ma say it could go on for two decades.

Ren: I don't know how to predict this. I'm only responsible for managing our company. Our business can be scaled up or down. When under attack, our business could be scaled down to the size of a table tennis ball. Then it could be scaled up to the size of a volleyball, and then to a basketball. We can adjust the size of our business anytime.

23

Tom Mackenzie: The critics of Huawei would say that you've got to where you are through intellectual property theft and government support. What is your response to that?

Ren: We have developed technologies that the US hasn't developed yet. How could we steal technologies that do not even exist? We would need to wait for the US to invent them first. Regarding whether we are supported by the government, we have been audited by KPMG, and KPMG can provide you with our audit report. Jumping to conclusions could result in a wrong judgment. If we were behind the US in terms of

technology, would US politicians step up efforts to attack us? We are attacked because we are ahead of them.

24 Tom Mackenzie: In the past, you faced legal challenges from Cisco, from Motorola, and from T-Mobile. What does that say about the culture of the company, and what steps have you taken to address those issues that came up as a result of those legal cases?

Ren: First, all of these cases have been heard in court in the US. We must respect the courts' judgments. We require all of our employees to never violate any regulations or laws. We have a huge amount of technology. If someone asks what contributions we've made to humanity, I would say we have over 90,000 patents, many of which are patents we have recently obtained for the information society. We have made huge contributions to the information foundation of the digital society. Among our patents, over 11,500 core patents were filed in the US, and the US government has approved these patents. They should come to understand Huawei's contributions to humanity, and the disputes between us may be gradually resolved.

25 Tom Mackenzie: How did you manage to go from behind your competitors, like Ericsson, like Nokia, to

**being the leader in 5G? What steps were implemented?
How did you manage to make that leap?**

Ren: First, we work while others are having coffee. In general, we work much harder than others. Second, individually, we are not that wealthy. We distribute our profits to employees, and this helps attract excellent scientists and talent to join us. I am not super wealthy, although I suppose I am rather rich. It is true that I was poor in the past, but I have been forced to become rich over the past 20 years. As a Chinese saying goes, people gather around you when you share money with them. When we share our money, scientists around the world come to join us or work with us. That explains our fast pace of growth. Perhaps scientists come to join us because in the US, more money is going to Wall Street, not to scientists.

26

Tom Mackenzie: If at a moment of national crisis, the government came to you and said, "We need your help, we need your cyber skills, and we need access to your network because it's for the good of the country, for the government, for the good of Chinese people," how would you respond?

Ren: We would definitely not install backdoors. We won't ever do such a thing. We are serving humanity, not intelligence agencies. Why would we install backdoors?

Tom Mackenzie: You are a member of the Communist Party. You've taken an oath of allegiance to the Communist Party. If the Communist Party leadership came to you at the moment of conflicts between the US and China, do you say no to that oath? Do you break that oath and stand by the company? How do you make that decision?

Ren: According to its oath, the Communist Party of China is loyal to the people. The oath does not include anything against the US.

Tom Mackenzie: Just help us understand, what are the practical steps for denying a request like that in China?

Ren: The Chinese government has never made any such requests. According to an article published by a German newspaper, no backdoors have ever been found in Huawei's systems. The UK said it has the toughest and most rigorous oversight regime in the world for Huawei; that's why they trust us and continue to use our equipment. Huawei has a proven track record in security, and we will never accept any request to implant backdoors or collect intelligence for anyone in the future.

27

Tom Mackenzie: You mentioned the UK. They published a report through your cyber security center

there last year, saying that they were very concerned that Huawei hasn't addressed some of the issues that they brought up with Huawei, that those issues posed a risk to Britain's telecom companies?

Ren: This report criticized Huawei in a well-intentioned way. Indeed, Huawei is not without its flaws. If there are issues that need to be addressed, we will make improvements.

You can also ask some US companies whether they would comply with any request to install backdoors, and see what their answer is.

28 Tom Mackenzie: How would you characterize your relationship with the Chinese government?

Ren: I pay taxes to the Chinese government and abide by Chinese law.

Tom Mackenzie: Have you spoken to the government since the blacklisting?

Ren: There is no need for me to do that. Regarding our issues with the US government, we will leave everything to the court to decide. Why would I need to talk to the Chinese government?

Tom Mackenzie: There have been reports that they

might be looking at offering financial assistance to your company. Is that something you'll consider?

Ren: There has been no such thing. You will be able to see that in our financial statements. If Western banks reduce loans to Huawei, we may apply for more loans from Chinese banks. In the past, we borrowed a considerable amount from Western banks because of their lower interest rates. However, if Western banks refuse to offer loans to Huawei, we will get loans from Chinese banks even though the interest rates are higher. This is only about business. It has nothing to do with the government.

Tom Mackenzie: Does the Chinese government, or any of its entities, own any stake, any part of Huawei?

Ren: No, absolutely none at all.

29 Tom Mackenzie: A lot of this, maybe all of this, comes down to a question of trust and, from the US side, mistrust of Huawei and of China. Do you think there are additional steps, beyond the steps you've already taken, that you could take to improve that trust, whether that is restructuring the company or listing the company? Is there anything you can do to build on that trust?

Ren: We have worked with our customers for 30 years, and we are serving three billion people. The trust our customers and users have in us will not simply disappear because of something someone says to them.

Huawei will not go public in order to earn some people's trust. We are clean, so we don't need to worry about what others have to say about us.

30 Tom Mackenzie: Are you winning the argument in Europe?

Ren: We definitely do not have the upper hand. The US is very good at influencing public opinion around the world. Huawei's voice is too soft; it's like the sound of the wind blowing against the grass, which is overwhelmed by the sound of the waves at sea. Nevertheless, we need to speak out and make our voice heard. In the past, we believed that silence does not mean cowardice and tolerance does not mean apathy, and we kept stepping back, but they just didn't want to give us a break. So we want to say something. However, ultimately not many people would be able to hear what we say, because the US is very good at influencing public opinion.

31 Tom Mackenzie: Your business success certainly speaks to the trust that you have clearly built up with many

of your clients. But the question of trust applies to the government, and I wonder if there is anything that you feel, personally as CEO and founder, you could have done to improve that trust, or to build that trust?

Ren: In fact, most governments trust Huawei very much. When disasters happen anywhere in the world, Huawei is often among the first to stand up and respond to the disaster. When a devastating earthquake hit Japan and caused a serious nuclear disaster on March 11, 2011, all other companies evacuated at this critical moment. But Huawei employees stayed and headed in the opposite direction towards the disaster-stricken area to restore communications equipment, which supported the repair of the nuclear power plants. When Meng Wanzhou flew from Hong Kong to Tokyo at that time, there were only two people on that flight. One was Meng Wanzhou and the other was a Japanese person.

We are a responsible company that works for the destiny of humanity. After Indonesia was hit by the devastating tsunami, Huawei immediately donated plenty of cash and equipment, and several hundred Huawei employees promptly set out to the coastal area to restore communications equipment, which greatly facilitated the disaster relief effort.

During the magnitude-9 earthquake in Chile, three of our employees were trapped at the seismic center

and lost contact with us. The rep office called me, asking whether they should send people to find them. I said that since there might be aftershocks, we should wait patiently; otherwise, the rescue team could also be trapped by the earthquake. After waiting a few days, the three missing employees finally called us and said they were safe and sound.

However, the local director didn't know that Huawei had decided to put lives above all. He asked these three employees to go to repair the broken microwave devices. So they just got their backpacks and headed straight to the center of the disaster area to support the relief effort. We have made a short, three-minute video based on their story, with these three employees playing themselves.

Later, when I went to Chile, the country's richest man gave me a box of fine wine. I then went to see one of the three employees and gave the box of wine to him. He happily accepted and didn't bother to share a bottle with the senior executives sitting next to him. He is such a straightforward, great person.

In addition, Huawei has been working hard in many areas of Africa stricken by infectious diseases, such as plague, Ebola, AIDS, and malaria; many Huawei employees there even contracted malaria themselves. Therefore, Huawei applies a famous rule of the US army

for promotion, which says that only people who have been on the battlefield, engaged in battle, and gotten scars can be promoted. At Huawei, people who have never worked in hardship areas will not be promoted to senior leadership positions.

32 Tom Mackenzie: Let me go back a little bit to your history. I want to paint a picture for our audience of who you are and what motivated you. How did you go from being an engineer in the People's Liberation Army to building and setting up Huawei as a company in 1987?

Ren: My personal experience can be divided into two parts:

The first was when I worked within the system of a planned economy. I had served in the army before the large-scale disarmament, when China adopted a planned economy system. Within that system, I served as an engineer up to the level of Deputy Regimental Chief. But all of a sudden, the army carried out a large-scale disarmament, and many of us had to leave. We were directly thrown into the vast ocean of the market economy.

Thus, the second part of my life was spent working in the market economy. At first, I had no idea what the market economy was about. For example, I didn't

understand why people sold something at the price of 12 yuan when it was bought with only 10 yuan. Wasn't that cheating? My thinking was still restricted by past experience. Naturally, I choked many times in that ocean of the market. I also trusted everyone too much. When I worked in a small company, some people cheated me out of money. I tried to get the money back, but I couldn't afford to hire lawyers. So I studied the law on my own to defend myself. After I read the laws of many countries, I realized that the market economy was in fact about two things: the goods and the customer; and the law governs what's in between – the transaction. I can never control customers, but I could get hold of goods and follow the law. That's what motivated our R&D efforts. We must do research on goods and sell them to our customers through legal transactions, if we want to earn money from our customers.

In that situation, I was dismissed by my previous employer, so I had to find another job. It was right after China had adopted the reform and opening-up policy, and begun allowing educated young people to return to cities. The government also allowed these young people to do business, such as selling tea or steamed buns, since they could not arrange jobs for all of them. In Shenzhen, starting tech companies was allowed. So I decided to give it a try and started Huawei. Actually, I set up Huawei because I had no other way to make a

living. Ever since founding the company, I have stuck to my original idea, which is to make quality goods and sell them to customers at reasonable prices to earn money. That's the very simple reason why I set up Huawei, and how it has managed to get where it is today.

33

Tom Mackenzie: What were your ambitions for the company back in 1987?

Ren: At that time, we didn't even have enough food. My only wish was to survive. My daughter was still very little. Her mother often told me that she needed to buy stale fish and shrimp in the market at 5 o'clock in the afternoon and cook them for our daughter to make sure she got enough protein, as children cannot grow healthily without enough protein. Back then, we were only able to maintain the minimum standard of living. It was impossible for us to have any ambitions, because we didn't even know if we could survive. My most famous slogan at Huawei is "survive, survive, and survive". Even today, the story of the damaged aircraft that I talked about is still about survival. I don't have great ambitions.

34

Tom Mackenzie: Did you ever imagine that you will be sitting here today in this position?

Ren: People who do not have much desire often turn out to be more capable. I have never imagined myself here, nor have I wanted to earn a lot of money. So I hold only a small portion of company shares. I did not even own an apartment back in 2000. My wife and I rented only 30 square meters, or half the size of this meeting room. It faced west and there was no air-conditioner.

There was no turning back for us. If we did, there would be nothing but poverty. But if we moved forward, there would be some hope. There was certainly no hope if we turned back. So we had to bite the bullet and forge ahead. Suddenly, we are seeing the light at the end of the tunnel, and finding ourselves at the top of the mountain.

If the US had not attacked us, we wouldn't have known that we are somebody in the world. Thanks to them, we're now aware of where we stand and we are very proud. Even if Huawei collapsed today, we would still be proud. Because it was Trump, not a nobody, that defeated us.

35 Tom Mackenzie: To what extent does your military experience influence the way that you run the business?

Ren: There is no turning back. All we can do is to put one foot in front of the other. We have to plod on,

powering the grain mill like a donkey. It's the flour we grind that gives us the drive to charge forward. Step by step, we have somehow managed to overtake others and stay ahead. The nature of the military involves facing up to difficulties and challenges and moving forward one step at a time.

36 Tom Mackenzie: You had another difficult period for the company in 2000. You talked about the year 2000, when Cisco sued Huawei over intellectual property infringement. Compared to that period, is now a more difficult period for the company than 2000, or was that still one of the most challenging periods for Huawei?

Ren: For us, there has been no period without difficulties. Every period is the most difficult.

37 Tom Mackenzie: It's also being reported that you considered selling the business to Motorola in 2000. I think it's 2000. Is that a happy twist of fate that you didn't end up selling the company?

Ren: I think Motorola was silly in this case. That week, Christopher Galvin was replaced by Ed Zander. Mike Zafirovski, Motorola's second chair, had negotiated with us on all transaction contracts and signed off on all the

paperwork.

While waiting for final approval, we all put on floral-print clothes, ran around, and played ping pong on the beach. We then learned that Ed rejected this acquisition.

Years later, when I met the CEO of Ericsson, he said Mike had cried when talking about what had happened. He wondered why this great acquisition had been vetoed.

At that time, we at Huawei were afraid of the US. We knew that we were going to have to square off against the US as we continued to develop. We knew who we were then, so we planned to sell Huawei and go into the tourist and tractor sectors. But the deal failed, so we were engaged in new discussions over whether to continue with technology or sell Huawei to someone else. I was ready to compromise. That's my style. I always compromise if that's the right thing to do.

However, all of our younger executives said they wanted to continue with our business. They all had a technical background. If they gave up technology and went into tourism, they didn't think they'd be good at flying tourist flags. So they decided to stick with technology.

I replied, "We might be in conflict with the US ten years from now. So we need to move forward, and work hard to improve." They unanimously said yes. Now,

we're in a hard fight, like an aircraft riddled with bullet holes. But we are not divided. We are even more united – this might have something to do with our forecasts back then.

But can we? We don't know the answer yet. Someone asked me what if the engines and fuel tanks are hit. Don't ask me whether our aircraft can still fly if no one sells engines, fuel tanks, or fuel to us.

These will all be new challenges. We will meet these challenges head-on. We have to play it by ear when exploring the way forward.

As for your question of whether our aircraft can land, I can't say it for sure, because what really matters is that we land safely. Now, this damaged aircraft is still flying in the air. It might not withstand fierce winds and might drop to the ground.

Tom Mackenzie: Does this make Huawei stronger, automatically?

Ren: Not necessarily. I would say it's a trial by fire. It helps us reinvent ourselves.

38

Tom Mackenzie: Where do you think Huawei's greatest opportunities lie in the future?

Ren: As we haven't yet solved the problem with our survival, how can we talk about the future? There is still a question mark over whether the US will give us the license to survive. It's too early to talk about the future.

39

Tom Mackenzie: Speaking of survival, the company is famous for spending heavily on R&D, 10% of revenue every year, and that in some respect has been a major catalyst of driving Huawei to the forefront of the 5G technology era. Given the actions that the US has taken, does that mean that you're going to have to ramp up that R&D spending even more to develop your own in-house products and components?

Ren: We used to set our prices relatively low based on our costs. This gave some Western companies a hard time; some even went bankrupt. I was not proud of that. But now our prices are set relatively high, higher than those of Ericsson and Nokia, and we have earned a lot of money because of this. Now our salary standards are higher when compared to the West. If we continued to distribute more money to our employees, they would become complacent. To avoid this, we are spending more money on funding scientific research and investing into the future. This is what we call "increasing the fertility of our soil" at Huawei. Apple is the greatest company in the world. Selling at high prices, Apple is like

a big umbrella, beneath which many other companies sell products at lower prices and survive. Inspired by Apple, we have also opened an umbrella of our own; only ours is lower. We don't charge low prices, either. This is because we have many measures in place to bring the costs down. With extra money made, we will invest more into scientific research and the future.

As long as we have enough to subsist on, we will continue to ramp up investments. Even in the hardest times, we will still invest into the future. Otherwise, there would be no future at all. If the company suffered losses to the point where we couldn't pay employee salaries, that would be another story. We don't have such a problem at the moment. Moving forward, we will save money that could be saved, but we will not cut funds for R&D investments. Otherwise, the company would collapse.

40 Tom Mackenzie: When it comes to the fight for talent, we have seen many Chinese students having their visas in the US denied, and some Chinese academics being denied access to the US. Is that a potential opportunity for Huawei to attract Chinese talent to the company?

Ren: It depends on whether our departments in different

domains are short of such talent. If yes, of course we are happy to bring them in.

41

Tom Mackenzie: What do you think will be the most significant technological changes in the future?

Ren: Artificial intelligence.

Tom Mackenzie: AI? Is that going to be an increasing focus for the company and for you?

Ren: At the moment, AI chips and AI systems are widely used at Huawei. Without AI supporting our product lines and management systems, our management costs would be enormous and there would be no extra money for R&D. In addition, AI has been widely used in our products.

42

Tom Mackenzie: How long do you plan to be the CEO of the company?

Ren: I'm not sure. Perhaps I will stay in this position for some time.

Tom Mackenzie: Do you have any succession plans in place?

Ren: We've always had a succession plan. My successor is not a single person, but a group of people under which

there is another group of people and then another. It's like a chain that underpins a huge succession plan. Our succession plan is not about a single person. What if there was only one successor and that successor became ill? And we are a damaged aircraft. So our succession plan is not about a single person, but about a group of people.

43

Tom Mackenzie: I just want to bring it back to some of the original topics we talked about at the beginning around the supplies. We talked about how some of the major suppliers, like Intel, Qualcomm, Arm, Panasonic, and Google, are restricting their supply of components and software to Huawei. Just explain to us how you weather that storm. What exactly have you put in place in terms of contingency? Can you just give us a few more details around the contingency plans that have been put in place?

Ren: US companies must assess their own interests and their own situation before making decisions. We support suppliers making their own assessments. There has been a lot of media coverage about this, but what's really going on remains unclear at the moment.

Tom Mackenzie: But you started to put contingency plans in place over a year ago. We have been told. What made you take that decision? How did you

know? What underpins that decision to start planning for this eventual reality?

Ren: Our contingency plans were not only meant to deal with emergencies, but also to help us become an industry leader. If the industry cannot provide advanced technologies such as more advanced chips and components, we will have to develop them ourselves. But we only develop some of them. We wouldn't be able to afford the costs of doing everything ourselves. We have prepared the core parts of the aircraft, including engines and fuel tanks. But we don't have many components to create the wings. We still need to examine which parts have been damaged and then fix them. Two or three years down the road, you will see whether we have survived or not when you come to interview us.

44 Tom Mackenzie: You talked about survival. What issue could be a cause that would kill the company?

Ren: The biggest potential killer of Huawei would be a lack of confidence, of willpower, and of unremitting effort.

45 Tom Mackenzie: One way to look at what happened to Huawei is to look at what China has done to US companies in the past, blocking some of America's top

technology companies. So some would argue that, in some respect, the US is just playing catch up in terms of putting in restrictions around Chinese technology companies.

Ren: They are not just limiting our access to the US market; they are closing in on us all around the world. If they just limited our access to the US market, I would be willing to accept that, because I had no particular desire to enter the US market to begin with.

Tom Mackenzie: China has restricted many of America's top technology companies from operating here. So some would argue that it's only fair that it's leveling the playing field.

Ren: They are lobbying all around the world against us. It is not an issue of limiting our access to the US market. It is preventing us from buying parts and components. The US is even enacting laws to limit us, but they need to tell us what we have done wrong. The US is a country that exercises the separation of powers, but they reached a verdict on us simply following a vote by legislature. That was unconstitutional, so we filed a lawsuit against them.

46

Tom Mackenzie: You did talk to the Chinese press and you talked then that China could have reformed and opened up more quickly. I wonder if you think if some

of those steps had been put into place around reform, around opening up the market here at an earlier stage, we wouldn't be in the position that we're now in.

Ren: We must not link our matter to the issue of whether China should accelerate its reform and opening-up. They are two different things. I have always been a supporter of China's reform and opening-up, because this initiative has already contributed towards China's wealth, strength, and prosperity, and will continue to do so. China must no longer close its door. It had closed its door for at least 5,000 years, during which China was poor. In 30 years of its reform and opening-up, China has become prosperous. Opening-up is good for China. This has nothing to do with Huawei's fate. I support China's continued efforts to open up.

However, it is necessary to open up step by step. The US is the most open country; but it still doesn't allow Huawei to enter its market, does it? If the US can open up step by step, why can't China?

47

Tom Mackenzie: As you sit here today, where do you see Huawei in five years' time? What is your vision for the company? What are your expectations for what this company looks like within that time frame?

Ren: I can't imagine what things will be like in five years' time. We'd better first imagine what things will be like in three years. When you come to visit us in three years' time, please bring a rose and lay it before our tomb if Huawei is gone. If Huawei is still here, I will give you a big cake. I hope that when you visit us in three years, you won't bring a rose, but instead, I will be baking a big cake for you. This is what I wish for, but I don't know what will happen in future.

Tom Mackenzie: Still survival?

Ren: Survival is always our top priority. Without survival, development won't be possible. I don't have any dreams. I think we still need to be practical and address the problems facing us today.

48

Tom Mackenzie: Just returning to the question of Cisco and the legal action it took in early 2003. Is there more that you could have done in your position between that period and now to address some of these concerns, whether it is concern about trust or examples of some Huawei employees infringing on intellectual property?

Ren: Even before the Cisco case, we had already attached great importance to intellectual property management. That was why we could settle such a big case with Cisco

out of court. However, that case made us more alert. After that, we paid more attention to intellectual property management. Our intellectual property is a great contribution to humanity. We have many constraints inside Huawei in this regard.

49

Tom Mackenzie: In terms of culture, Huawei's culture is famous for driving its employees very hard to make those wings drive forward and push the company ahead of its rivals. Is that drive, that ambition, that relentless drive to be better, that culture in some ways to blame for some of these examples, whether it's the example of T-Mobile's Tappy robot when you had Huawei employees trying to get intelligence on that piece of equipment. Is that a statement, to some extent, of the culture of Huawei driving employees so hard?

Ren: For specific cases that are still undergoing legal proceedings, we will wait for the court to decide. In general, our management at Huawei is effective.

Tom Mackenzie: Has the company ever set up any systems at all or schemes to reward employees for stealing intellectual property?

Ren: Absolutely not.

Tom Mackenzie: The US Department of Justice said that there was a bonus scheme that was put in place to encourage Huawei employees to steal intellectual property?

Ren: The US Department of Justice has filed a lawsuit, and we need to wait for court decisions.

Tom Mackenzie: And you wouldn't condone such a system?

Ren: Absolutely not.

Content in this publication is based on excerpts of Huawei founder and CEO Mr. Ren's interviews with the media.

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