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Huawei - A Case Study in China's Tech Ambitions and Geopolitical Power Plays

Book Review of "House of Huawei: Inside the Secret World of China's Most Powerful Company" by Eva Dou.

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In 2018, Meng Wanzhou, daughter of Huawei's CEO Ren Zhengfei and the company's Chief Financial Officer, was arrested in Vancouver under the provisions of the Canada-US extradition treaty. She was accused of fraud and violating US sanctions against Iran. Huawei was already the world's largest telecommunications equipment supplier, but Meng's arrest - and her sophisticated dressing sense through the three years she was under house arrest - raised the company's international profile. It also intensified public scrutiny of Chinese technology companies. The previous year, ZTE, another Chinese telecom giant, was subjected to US restrictions and penalties on similar grounds.

Separate from the issue of sanctions evasion, there was an ongoing debate about the security risks of companies like Huawei participating in Western countries' 5G infrastructure networks, including in Canada. 5G was just beginning to be considered a strategic technology, and Meng's arrest prompted many to ask if Huawei performed surveillance for the Chinese state.

In 2017, the Chinese government passed the National Intelligence Law, which stated that "all organisations and citizens shall support, assist, and cooperate with national intelligence efforts" (Daum 2024). This landmark legislation - among the first publicly available Chinese laws about national intelligence - brought global attention to the link between the Chinese private sector and the Communist Party of China (CPC).

Given that Huawei is the world's largest builder of "pipes" that made the world's internet networks, concerns arose about whether Huawei was relaying the data these pipes carried back to China. In short, what is the interplay between Huawei and the CPC, and is the company a national security threat for liberal democracies?

It is in this light that Eva Dou's *House of Huawei* is a relevant read. The book's success lies in its measured account of a notoriously secretive company - and its reclusive founder - exclusively through open-source information. In nuanced and precise detail, Dou, a long-time technology journalist, traces the company's rise since its founding in Shenzhen in 1987. The book situates Huawei's fortunes in the context of China's political economy. In doing so, Dou offers a glimpse into China's changing

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political landscape and international posture along with the shifting attitudes of other nations towards China. A few themes emerge.

Ren's 'Iron Army'

First, Dou highlights how Ren Zhengfei's personal experiences and ethos have shaped Huawei's organisational and business culture. The book delves deep into the life of Huawei's enigmatic founder, who grew up in a time of intense deprivation and famine. Ren's family also suffered brutal persecution during the Cultural Revolution in the 1960s and 70s. He would later go on to describe this period a "disaster for the nation" but a "baptism" that made him politically mature.

Upon graduating from college, Ren started his career in the military, working for the PLA Engineering Corps. This was a lucky opportunity - made possible by the American war in Vietnam - given that the Cultural Revolution was waging a war on intellectuals within China at that time.

These life experiences would shape his value system and outlook as he led Huawei. Ren prioritised discipline, personal sacrifice, and perseverance, even going as far as calling his employees an "iron army" and endorsing a competitive "wolf culture" in the company's sales team. The book presents Huawei as a Silicon Valley 'move fast and break things'-style startup but at the scale of a global conglomerate.

Ren also had a knack for witty, militaristic maxims capable of inspiring and galvanising people. "Even Deng Xiaoping could go down and up three times. Why can't you go down and up three times?" he asked, drawing parallels between the company's demotion policy and the nation's leader having been purged thrice in his career. This is reflective of a techno-nationalism widespread among the Chinese citizenry.

Ren's astute reading of the changing political winds in China and abroad, combined with his long-term strategic thinking, would serve the company well. Like many other companies were supported by technology transfers from joint ventures with foreign firms, Huawei and the broader telecommunications industry in China was propped up by Shanghai Bell. A lax intellectual property rights (IPR) regime further enabled the industry. In fact, many Chinese successes of the time had in common a willingness to push the boundaries of what may be legal; when in doubt, they would err on the side of taking action rather than seeking permission.

For instance, Huawei started out as a contract manufacturer of analog switches, and its first designed switch was admittedly a "copy-cat" that was eventually legalised. Accusations of such infringements would follow Huawei as it expanded globally in the 2000s, with Cisco, Motorola, and Xiaomi filing lawsuits against the company for IPR infringements until it emerged as an innovation powerhouse on the world stage.

This echoes China's journey from a manufacturer of cheap knock-offs to a global technological superpower that made large R&D investments. Huawei, too, consistently ploughed back a minimum of 10% of its sales into R&D, as stated explicitly in its 'Basic Law' that "profit maximisation is by no means our only pursuit".

The name 'Huawei Basic Law' itself echoed Hong Kong's mini-constitution, suggesting Ren's ambition to build a company that was "radically different, something separate from China even while a part of it".

Leveraging China's Political Economy

The second major theme that emerges from Dou's work is how Huawei navigated China's political economy, while investing in its own capabilities and taking significant risks. Huawei's first significant elevation to national champion status came through a joint venture with provincial and municipal telecom bureaus, who were also its customers. This was a gross conflict of interest, but such 'win-win' arrangements were characteristic of the early private sector in China, against the backdrop of "common prosperity" rhetoric promoted by the CPC to achieve greater social and economic equity across the country.

This complex interplay between the state and private sector in China, especially in an industry as sensitive as telecom, would continue through the decades. The company doubled down on this initiative by launching a nationwide partnership with local governments and restructuring into a "collectively-owned" enterprise, a move that granted it government protection as well as preferential access to loans.

Importantly, as evidenced by its R&D investments, Huawei was able to tread the cautious balance between being a national champion and strategically leveraging state support without becoming complacent. In acknowledging that becoming a wholly state-owned enterprise (with slow-moving bureaucratic and risk-averse tendencies) would be antithetical to its global aspirations, Huawei offers a cautionary tale for companies operating in sectors that are deemed strategic by their governments. While Huawei benefited from China's open embrace of its business sector in several ways, including with CPC executives extolling its products on their travels abroad, it was also careful to decline excessive offers of financial loans that may discredit its business charter and ambitions.

The book highlights Huawei's relentless export-orientation. Huawei's initial foray into the export market in the 1990s was checkered by its business ties in Iran, Iraq (then under UN sanctions), and various war-zones. These markets, often considered "rogue" regimes, had less fierce competition owing to the absence of western firms, and were designated as premium postings, with various incentives making them desirable for Huawei employees. This also reflected the Chinese population's lingering sympathy towards countries under sanctions, which had been imposed on China post the 1989 Tiananmen Square protests and remained fresh in their memory.

Dou's telling of the Huawei story also highlights the significance of technology to national power and security. Ren clearly understood this well. He famously told the then-president Jiang Zemin in 1994 that "a country without its own program-controlled switches is like one without an army".

Science and technology (S&T) has consistently been top priority at the highest levels of China's political leadership, and the country has a distinct state-led and top-down approach to technological governance. In China's drive for self-sufficiency without any foreign dependence in the sector, Ren appealed for more state intervention, not less. Eventually, Huawei's digital switch and its large rural presence would help it chip away at the market share of foreign firms operating in China.

Securitisation of technology continued through the decades, and in 2015, Xi Jinping announced the Made in China initiative, marking many critical and emerging sectors, including telecom, as important to transform the country into a high-tech innovation powerhouse and avoid the middle-income trap. This approach, coupled with the threat of a rising China, would later result in Western pushback against Huawei.

Learning & Adapting

Another key theme that Dou's book highlights is the humility, pragmatism, and willingness of the Chinese entrepreneurs and political leadership to learn from others, irrespective of political and ideological differences. Historically, this includes the Self-Strengthening Movement of the 19th century and Deng's visit to Japan in the 1970s, which are remarkable gestures in setting aside historical animosities in pursuit of progress (Schell and Delury 2014), (Arumi 2022).

China's opening up to the world and encouraging investments into the country, as evidenced by FDI being as high as 6.2% of the country's GDP in 1993, provides another data point ("Foreign direct investment, net inflows (% of GDP) - China | Data"). The book points to a few examples of this in Huawei's journey. In the style of Silicon Valley startups, Huawei had its own version of an employee stock option pool to incentivise loyalty, demonstrating an adoption of western incentives for a still-nascent Chinese market. Hiring IBM for management consultation so as to avoid the "long road of trial and error", the incorporation of references to "Japan's great management" and "Germany's meticulous hard-working people" in the company's oath, establishing an R&D base in the US as early as 1993, systematically recruiting global talent, all point to a defining corporate cultural ethos.

Additionally, the book draws attention to the impact of the export restrictions and international bans imposed on the company in recent times. Huawei has had to sell off a few subsidiaries, with Ren Zhengfei repeatedly emphasising that the company's goal was simply to survive, adapt, and be resilient in the face of external pressure. Huawei's research partnerships with Western universities have suffered, and efforts at self-sufficiency as well as domestic capability building and production are in a zealous overdrive. While the company is not growing in annual revenues since the institution of these bans, it continues to maintain its dominance both within China and in other emerging markets.

Similarly, it is also not clear what direction China's S&T ecosystem is headed towards. Tight regulations stifling China's international linkages, including the free flow of people, talent, R&D and capital, are likely to sober, if not derail, China's technological ambitions. Hostile external environments often push nations to prioritise S&T endeavours, likely leading to non-linear breakthroughs in the short term. In his book *The Politics of Innovation* (Taylor, 2016), Mark Zachary Taylor calls this the theory of creative insecurity. However, it remains to be seen if Huawei and the broader Chinese tech ecosystem will not be slowed down relative to that of the US over the medium to long term.

One argument against the US institutionalisation of export controls in 2017 was that keeping an adversary dependent and under its watch was leverage worth cultivating. In retrospect, at least in Huawei's case, its relentless focus on advancing itself and investing in substantial long-term fundamental research makes it difficult to believe that this argument held much weight.

Huawei's Geopolitical Quagmire

Is Huawei a tool in the service of the CPC? The book lays out the facts to establish both sides of the argument. As far back as the 1990s, the company was approached for its sensitive capabilities in domestic surveillance and policing. There is now evidence that the telecom sector was always a potential conduit for a backdoor by the Chinese state. Huawei's complex entanglement with the state, and its founder's statements in light of the sector's importance to national security, make a strong case for a company capable of compromise.

Besides, the Xi Jinping administration has passed a flurry of laws granting state intelligence agencies unfettered access to private companies' data, intellectual property, and more if necessary (Nikakhtar 2021). Additionally, Huawei's role in Xinjiang as a major provider of advanced surveillance infrastructure, specifically targeting the Uyghur ethnic community, is well known.

While the book points out that critical applications pertaining to the military and defence almost always operate in secure environments, separate from civilian use cases, and that it is theoretically possible to operate secure software in unsecured hardware or conduct technical audits, it also underscores that the risk is too significant for a nation to outsource large scale network infrastructure projects to the company. As former Australian prime minister Malcolm Turnbull explained his decision to ban Huawei from the country's 5G networks - "Our approach was a hedge against a future threat: not the identification of a smoking gun but a loaded one". The decision, in many countries that are US allies or partners, was also likely a political one.

However, it must be emphasized that there are no saints here. IBM had provided technology services to the Nazi regime. China's own Great Firewall had been bolstered with Cisco's help. As the book underscores, in an ironic twist, the Snowden documents had revealed in 2014 that the NSA in the US had infiltrated Huawei's networks to snoop on its targets using the company's products, making Huawei the victim of Washington's surveillance playbook. Part of the US's confidence that Huawei could be a national security threat from China was because it had itself exploited the company's products for its intelligence goals.

The book provides a key lesson in realpolitik by drawing our attention to this. It presents Huawei as a tech conglomerate caught in the quagmire, a sharp reminder of the increasing distrust and zero-sum competition between the world's two rival superpowers.

While the criticism that the book offers no "secret" information (as stated by its subtitle), and does not draw from any new primary interviews, is valid, Dou does not disappoint in terms of the depth of research and synthesis of publicly available information (Gebski, 2025). The book is an engaging read about a boy from the Guizhou Hills who later founded a multinational corporation, and offers a vivid case study of what consistent investments in R&D, relentless hard work, and lots of tact can make possible. It is also a powerful illustration of the blurred lines between accountability and ambition, and the costs and consequences of one's actions.

In the case of Meng Wanzhou, she returned to much fanfare and public life in China after her release. Her detention improved her standing in the eyes of both, Huawei employees and her father, who had previously insisted that none of his children were worthy successors. Meng was no longer the pampered daughter of Huawei's founder and was seen to have personally sacrificed and suffered for the company. In fact, she had emerged victorious - a "fighter" - and demonstrated her commitment and resilience in the face of US pressure. In a way, she became the embodiment of the ethos that her father has sought to inculcate among Huawei's employees.

In conclusion, in its timely and accessible exploration of the geopolitical stakes that shadow global tech, *House of Huawei* is a valuable read for anyone interested in China, its technology development ecosystem, and global competition today.

***House of Huawei: The Secret History of China's Most Powerful Company* by Eva Dou, Portfolio, 2025, Pages 432, Hardcover ₹1908; Kindle ₹371.**

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